

Comprehensive Housing Needs Analysis For The City of Bloomington, Minnesota

Prepared For:
Bloomington HRA
Bloomington, MN

April 2017
Revised May 2018



Maxfield
Research & Consulting

7575 Golden Valley Road
Suite 385
Minneapolis, MN 55427
612.338.0012
www.maxfieldresearch.com



May 4, 2018

Mr. Bryan Hartman
Program Manager
Bloomington HRA
1800 West Old Shakopee Road
Bloomington, MN 55431

Dear Mr. Hartman:

Attached is the *Comprehensive Housing Needs Analysis for Bloomington, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2017 to 2030 and provides recommendations on the amount and type of housing for Bloomington that could be built to satisfy housing needs from 2017 to 2025.

The study identifies an estimated potential demand for 1,475 to 1,915 new housing units to 2025. Because the population is aging in Bloomington, we estimate that an estimated 40% of the total demand will be for age-restricted housing types. However, younger households also seek housing in Bloomington and have taken advantage of older properties that are more affordable. Demand for housing at entry-level and move-up is strong from non-senior buyers, but land scarcity and high development costs for traditional housing products remain barriers to creating new housing that will meet the needs of younger buyers. Condominium product may meet the needs of some younger and older buyers where the units can be built at high-density. There continues to be strong demand for infill new single-family construction, however this will continue to be expensive due to redevelopment and high land costs in the community.

Demand for affordable housing for non-seniors and seniors is also in high demand and we recommend the development of these housing products in the short-term. Based on our findings, we found demand for most housing products with strong demand for maintenance free for-sale general occupancy housing products. We recommend maintenance-free products such as townhomes/twinhomes/condominiums to fulfill this need for owned multifamily. At the same time demand exists for all senior housing products and service levels to meet the growing needs of an aging community. Detailed information regarding recommended housing concepts can be found in the *Recommendations* section at the end of the report. If you have any questions or need additional information, please contact us. We have enjoyed conducting this study for you.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

A handwritten signature in black ink that reads "Mary C. Bujold". The signature is written in a cursive style with a large, prominent initial "M".

Mary Bujold
President
Attachment

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| EXECUTIVE SUMMARY | 1 |
| DEMOGRAPHIC ANALYSIS | 6 |
| Introduction | 6 |
| Population and Household Growth Trends and Projections from 1990 to 2040 | 7 |
| Age Distribution Trends | 10 |
| Household Income by Age of Householder | 13 |
| Net worth | 19 |
| Tenure by Household Income | 21 |
| Tenure by Age of Householder | 23 |
| Household Type | 25 |
| Tenure by Household Size..... | 27 |
| Diversity..... | 29 |
| Mobility in the Past Year | 31 |
| Summary of Demographic Trends | 33 |
| EMPLOYMENT TRENDS | 35 |
| Employment Trends | 35 |
| Employment Growth Trends and Projections..... | 35 |
| Resident Labor Force and Workforce Employment..... | 36 |
| Employment, Earnings and Employment by Educational Attainment | 39 |
| Commuting Patterns | 43 |
| Inflow/Outflow | 44 |
| Major Employers | 46 |
| Historical Employment..... | 47 |
| HOUSING CHARACTERISTICS | 48 |
| Introduction | 48 |
| Residential Construction Trends 2000 to Present | 48 |
| American Community Survey..... | 50 |
| Age of Housing Stock..... | 51 |
| Housing Units by Structure and Occupancy or (Housing Stock by Structure Type) | 53 |
| Owner Occupied Housing Units by Mortgage Status | 54 |
| Owner-Occupied Housing Units by Value | 54 |
| Renter-Occupied Units by Contract Rent..... | 55 |
| FOR-SALE HOUSING ANALYSIS | 57 |
| Introduction | 57 |
| Overview of For-Sale Housing Market Conditions..... | 57 |
| Home Resales in Bloomington | 58 |
| Home Resales by Price Point..... | 64 |
| Current Supply of Homes on the Market..... | 67 |
| New Subdivisions Marketing..... | 72 |

TABLE OF CONTENTS
(continued)

| | <u>Page</u> |
|--|-------------|
| Pending For-Sale Developments | 75 |
| Realtor Interviews | 75 |
| Summary of For-Sale Housing Market Conditions | 76 |
| RENTAL MARKET ANALYSIS | 78 |
| Introduction | 78 |
| Overview of Rental Market Conditions..... | 78 |
| General Occupancy Rental Projects | 84 |
| Non-Traditional Rental Units | 96 |
| Natural Occurring Affordable Housing (i.e. Unsubsidized Affordable)..... | 97 |
| Rental Licensing Ordinance..... | 112 |
| Housing Choice Vouchers..... | 113 |
| Summary of Rental Market Conditions..... | 114 |
| SENIOR HOUSING ANALYSIS | 115 |
| Senior Housing Defined..... | 115 |
| Senior Housing in Bloomington | 116 |
| Summary of Senior Housing Market Conditions..... | 123 |
| PENDING RESIDENTIAL DEVELOPMENTS..... | 125 |
| Pending Residential Developments | 125 |
| HOUSING AFFORDABILITY | 127 |
| Introduction | 127 |
| Rent and Income Limits..... | 127 |
| Housing Cost Burden..... | 130 |
| Housing Choice Vouchers..... | 135 |
| Housing Costs as Percentage of Household Income..... | 135 |
| HOUSING DEMAND ANALYSIS | 138 |
| Introduction | 138 |
| Demographic Profile and Housing Demand | 138 |
| Housing Demand Overview | 139 |
| Estimated Demand for For-Sale Housing..... | 143 |
| Estimated Demand for General Occupancy Rental Housing | 145 |
| Estimated Demand for Independent Adult Few Services Senior Housing | 147 |
| Estimated Demand for Subsidized/Affordable Independent Senior Housing..... | 149 |
| Estimated Demand for Congregate Senior Housing | 150 |
| Demand Estimate for Assisted Living Housing | 152 |
| Estimated Demand for Memory Care Housing..... | 155 |

TABLE OF CONTENTS
(continued)

| | <u>Page</u> |
|---|----------------|
| RECOMMENDATIONS AND CONCLUSIONS..... | 157 |
| Introduction/Overall Housing Recommendations..... | 157 |
| Recommended Housing Product Types..... | 160 |
| CHALLENGES AND OPPORTUNITIES | 170 |
| HOUSING PROGRAMS | 177 |
| APPENDIX..... | 182 |
| Definitions | 182 |

LIST OF TABLES

| <u>Table Number and Title</u> | <u>Page</u> |
|--|--------------------|
| D1. Population and Household Growth Trends and Projections, Bloomington Market Area, 1990 to 2040..... | 8 |
| D2. Population Age Distribution, Bloomington Market Area, 2000 to 2040 (Revised) | 11 |
| D3. Household Income by Age of Householder, Bloomington, 2017 & 2022..... | 16 |
| D4. Household Income by Age of Householder, Remainder of PMA, 2017 & 2022 | 17 |
| D5. Household Income by Age of Householder, Hennepin County, 2017 & 2022 | 18 |
| D6. Household Income by Age of Householder, Twin Cities Metro, 2017 & 2022 | 19 |
| D7. Estimated Net Worth by Age of Householder, Bloomington Market Area, 2016..... | 21 |
| D8. Tenure by Household Income, Bloomington Market Area, 2017..... | 22 |
| D9. Tenure by Age of Householder, Bloomington Market Area, 2010 & 2017 | 24 |
| D10. Household Type, Bloomington Market Area, 2010 & 2017 | 26 |
| D11. Tenure by Household Size, Bloomington Market Area, 2010 & 2017..... | 28 |
| D12. Population Distribution by Race, Bloomington Market Area, 2010 & 2017 | 30 |
| D13. Mobility Estimate in the Past Year by Age for Current Residence, Bloomington, 2017 | 32 |
| | |
| E1. Employment Growth Trends and Projections, Bloomington, Hennepin Co. and Twin Cities Metro Area, 2000 - 2040..... | 35 |
| E2. Annual Average Resident Employment, Bloomington, MN 2000 through 2016 | 37 |
| E3. Covered Employment Trends, Bloomington, MN 2000, 2005, 2010, 2015, 2016..... | 39 |
| E4. Employment By Earnings, Bloomington 2015 | 40 |
| E5. Employment By Educational Attainment, 2015 | 41 |
| E6. Business Summary by Industry Sector, 3 rd Quarter 2016..... | 42 |
| E7. Commuting Patterns, Bloomington, 2014 | 44 |
| E8. Commuting Inflow/Outflow Characteristics, Bloomington, 2014 | 45 |
| E9. Major Employers, Bloomington, 2015 | 46 |
| E10. Historical Total Annual Employment, 1995 – 2016 | 47 |
| | |
| HC1. Residential Construction Building Permitted Units Issued, Bloomington Analysis Area, 2000 through 2015 (per Metropolitan Council) | 49 |
| HC2. Residential Construction Building Permits Issued, Bloomington, 2000 through 2016 | 50 |
| HC3. Age of Housing Stock, Bloomington, 2016 | 52 |
| HC4. Housing Units by Structure & Tenure, Bloomington, 2015 | 53 |
| HC5. Owner-Occupied Housing Units by Mortgage Status, Bloomington, 2015 | 54 |
| HC6. Owner-Occupied Units by Value, Bloomington, 2015..... | 55 |
| HC7. Renter-Occupied Units by Contract Rent, Bloomington, 2015..... | 56 |
| | |
| FS1. Home Resales, Bloomington, 2007 through 2016..... | 60 |
| FS2. Single-Family and Multifamily Residential Resales, West Blmgtn, 2007 through 2016 | 61 |

**LIST OF TABLES
(continued)**

| <u>Table Number and Title</u> | <u>Page</u> |
|--|--------------------|
| FS3. Single-Family and Multifamily Residential Resales, East Bloomington, 2007 through 2016 | 62 |
| FS4. Resales by Price Point, City of Bloomington, 2016 | 66 |
| FS5. Homes Currently Listed For-Sale, Bloomington, February 2017 | 68 |
| FS6. Active Listings by Housing Type, Bloomington, February 2017..... | 69 |
| FS7. Active Listings by Housing Type, Bloomington, February 2017..... | 71 |
| | |
| R1. Average Rents/Vacancies Trends, Bloomington, 4 th Quarter 2010-2016 | 78 |
| R2. Bedrooms by Gross Rent, Renter-Occupied Housing Units, Bloomington, Hennepin County and Minnesota, 2015 | 82 |
| R3. General Occupancy Rental Developments Year Built, Bloomington, February 2017 .. | 85 |
| R4. Unit Type Summary, Selected General Occupancy Rental Developments, Built 2000 or later, February 2017 | 88 |
| R5. Unit Type Summary, Selected General Occupancy Rental Developments, Built 1980 to 1999, Bloomington, February 2017 | 89 |
| R6. Unit Type Summary, Selected General Occupancy Rental Developments, Built 1959 to 1980, Bloomington, February 2017 | 90 |
| R7. Affordable and Subsidized General Occupancy Rental Developments, Bloomington, March 2017 | 92 |
| R8. Unit Type Summary, Small Buildings and Non-Traditional Rentals, February 2017 | 96 |
| R9. Monthly Rents Based on Income Limits, Household Size, and AMI, Hennepin Co., 2016 | 99 |
| R10. Multifamily Market Rate Rental Developments, Naturally Occurring Rental Housing, Rental Properties Constructed 2000 or later, February 2017 | 100 |
| R11. Multifamily Market Rate Rental Developments, Naturally Occurring Rental Housing, Rental Properties Constructed 1980 to 1999, February 2017 | 102 |
| R12. Multifamily Market Rate Rental Developments, Naturally Occurring Rental Housing, Rental Properties Constructed Prior to 1980, February 2017 | 104 |
| R13. Multifamily Market Rate Rental Developments, Naturally Occurring Summary, Properties Built After 2000, March 2017..... | 108 |
| R14. Multifamily Market Rate Rental Developments, Naturally Occurring Summary, Properties Built 1980 to 1999, March 2017 | 109 |
| R15. Multifamily Market Rate Rental Developments, Naturally Occurring Summary, Properties Built Prior to 1980, March 2017..... | 110 |

**LIST OF TABLES
(continued)**

| <u>Table Number and Title</u> | <u>Page</u> |
|---|--------------------|
| R16. Multifamily Market Rate Rental Developments, Naturally Occurring Summary, All Properties, March 2017 | 111 |
| S1. Surveyed Unit Type Summary, Senior Housing Developments, March 2017 | 120 |
| HA1. MHFA/HUD Income and Rent Limits, Hennepin County, 2016 | 128 |
| HA2. Maximum Rent Based on Household Size and Area Median Income, Hennepin County, 2016 | 129 |
| HA3. Housing Cost Burden, Bloomington and Selected Cities, Hennepin County and Twin Cities Metro and Minnesota, 2015 | 131 |
| HA4. Bloomington Housing Affordability – Based on Household Income, 2016 | 137 |
| HD1. For-Sale Housing Demand, Bloomington, 2017 to 2030 | 144 |
| HD2. Rental Housing Demand, Bloomington, 2017 to 2030 | 146 |
| HD3. Market Rate Active Adult Housing Demand, Bloomington, 2017 and 2030 | 147 |
| HD4. Deep-Subsidy/Shallow Subsidy Independent Housing Demand, Bloomington, 2017 and 2030 | 150 |
| HD5. Market Rate Congregate Rental Housing Demand, Bloomington, 2017 and 2030..... | 151 |
| HD6. Market Rate Assisted Living Demand, Bloomington, 2017 and 2030 (Revised) | 154 |
| HD7. Market Rate Memory Care Demand, Bloomington, 2017 and 2030 (Revised)..... | 156 |
| CR1. Summary of Housing Demand, Bloomington, March 2017 (Revised) | 157 |
| CR2. Recommended Housing Development, Bloomington, 2017 to 2025 (Revised) | 159 |

Purpose and Scope of Study

Maxfield Research and Consulting LLC (i.e. “Maxfield Research”) was engaged by the Bloomington Housing and Redevelopment Authority (HRA) to conduct a *Comprehensive Housing Needs Analysis* for the City of Bloomington. The Housing Market Study provides recommendations on the amount and types of housing that could be developed in order to meet the needs of current and future households who choose to reside in Bloomington.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock, building permit trends, and residential land supply; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied. Data for this report was compiled by using a number of different sources including Metropolitan Council, Minnesota Department of Employment and Economic Development, US Census Bureau, ESRI Inc. and others. **Data presented is the most recent available for the components presented, but not all data sources compile and present information for the same years at the same time. Therefore, information presented in each section that is sourced through secondary published sources may have different timelines.**

Demographic Analysis

- As of 2017, Bloomington is estimated to have 88,590 people and 38,215 households. Bloomington is forecast to grow by 600 people and 450 households between 2017 and 2020 and by another 2,055 people and 1,315 households between 2020 and 2030. Recent growth estimates are exceeding previous projections made by the Metropolitan Council. Maxfield Research has adjusted for the accelerated growth in making our projections.
- From 2017 to 2020, the number of people under age 35 and between 45 and 64 is expected to decrease while the number of people age 35 to 44 and age 65 years or older is expected to increase. After 2020, the cohorts ages 65 years or older are expected to experience strong growth.
- Bloomington had an estimated median household income of \$63,902 in 2017 and the Remainder of the Primary Market Area (PMA) had a median household income of \$83,372. Non-senior household median incomes peak in the 45 to 54 age group at \$84,842 for Bloomington and \$116,706 for the Remainder of the PMA. The median income for Bloomington senior households age 65 to 74 is \$59,845 and for 75+ is \$39,419.
- Between 2010 and 2017, homeownership rates decreased from 68.9% to 67.8% in Bloomington. The decline is largely a result of an increase in renter households due to the housing market slowdown during the recession and an increase in the number of lender-mediated properties which shifted more households toward rental housing.

EXECUTIVE SUMMARY

- Households living alone accounted for the highest household type percentage as of 2017 at 32.2%, followed by married couples without children households at 30.7%. Married couple households with children dropped to 16.0% as of 2017, from 19.0% as of 2010.

Employment Analysis

- Bloomington and Hennepin County had an unemployment rate of 3.3% in December 2016, which was slightly lower than the Metro Area average of 3.4% and lower than the State of Minnesota (3.8%).
- Of the roughly 90,057 workers who work in Bloomington, nearly 11% live in Bloomington. Most workers commute from Minneapolis (11%), St. Paul (6.4%), Burnsville (3.7%), Eagan (3.2%) and Eden Prairie (3.1%). Bloomington is a major importer of workers with 80,370 workers commuting into Bloomington daily while 31,000 commute out of the City. An estimated 9,687 workers both work and live in Bloomington.

Housing Characteristics

- Per the Bloomington Community Development Department, there were 2,904 units permitted from 2000 through 2016. In 2006 and 2007, building permits decreased substantially, but started to rise again in 2007.
- An estimated 64% of Bloomington's housing stock was built between 1950 and 1980, while 9% of the housing stock was built since 2000.
- Approximately 64% of Bloomington homeowners have a mortgage compared to 73% of Hennepin County and 73% of the Metro Area. About 15% of homeowners with mortgages also have a second mortgage or home equity loan.
- The median owner-occupied home value in Bloomington was estimated at \$216,800 as of 2015. Approximately 21% of the owner-occupied housing stock in Bloomington was estimated to be valued at \$300,000 or higher.
- The median contract rent in Bloomington was \$892 in 2015. Based on a 30% allocation of income to housing, a household would need an income of \$35,680 to afford the median contract rent in Bloomington.

Rental Housing Market Analysis

- In total, Maxfield Research inventoried 8,806 market rate general occupancy rental units in Bloomington. We exclude 393 units at IndiGO at Bloomington Central Station as this property is still in its initial lease-up period. Therefore, there were 112 units vacant of 8,413 resulting in an overall vacancy rate of 1.3% among stabilized rental properties. Typically, a healthy rental market maintains a vacancy rate of roughly 5.0%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.
- Affordable and subsidized rental properties comprise 1,276 units and no units were vacant.

Senior Housing Market Analysis

- There are 2,277 units of age-restricted housing (market rate and subsidized) located in Bloomington. There were 18 vacant units identified posting an overall vacancy rate of 0.8%. Generally, healthy senior housing vacancy rates range from 5% to 7% depending on service level. The very low vacancy rate for senior housing in Bloomington indicates there is demand for additional senior housing products in the community.

For-Sale Housing Market Analysis

- The Bloomington home resale price was lowest in 2011 when it decreased to \$199,450. However, the median resale value has increased annually since 2011. The median home resale value in 2016 was \$232,000, an increase of 7% from 2015 (\$217,000).
- The number of resales in Bloomington averaged 998 homes annually from 2007 through 2016. The fewest number of resales occurred after the recession in 2010 with 795 resales; while 2016 established a new high in Bloomington of 1,263 resales.
- Compared to the Metro Area average and other neighboring communities, lender-mediated properties (i.e. short sales and foreclosures) in Bloomington were generally on par with the Metro Area during the recession. As of 2016, lender-mediated properties accounted for only 5.5% of resales in Bloomington.
- The single-family housing stock accounted for 72% of the resale sales volume in Bloomington as of 2016. Multifamily for-sale housing products are more affordable and are priced about 30% lower than single-family homes.
- On average, the price of an existing home in Bloomington is about 40% less than the cost of new construction. The cost of an existing home is on-par with Hennepin County (\$138 PSF vs. 136 PSF); new construction costs in Bloomington have recently escalated much higher than Hennepin County averages (\$223 PSF vs. \$176 PSF). Hennepin County new construction prices are also about 10% higher than the Metro Area average.

EXECUTIVE SUMMARY

- As a fully-developed, second-ring suburban community, there are few available lots for new construction in Bloomington. At this time, only Dwan Bluff is proposed, 13 single-family lots. Recent new home prices in Bloomington have ranged from about \$450,000 to \$700,000.

Housing Demand Analysis

- Based on our calculations, demand exists in Bloomington for the following general occupancy product types between 2017 and 2030:
 - Market rate rental 849 units
 - Affordable rental 745 units
 - Subsidized rental 319 units
 - For-sale single-family 227 units
 - For-sale multifamily 721 units
- In addition, we find very demand for multiple senior housing product types. By 2030, demand in Bloomington for senior housing is forecast for the following:
 - Active adult ownership 538 units
 - Active adult rental 871 units
 - Active adult affordable 730 units
 - Congregate 402 units
 - Assisted Living 553 units
 - Memory care 378 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for Bloomington over the short-term to 2025. Detailed findings are described in the *Recommendations* section of the report.

EXECUTIVE SUMMARY

| RECOMMENDED HOUSING DEVELOPMENT (REVISED) | | | | |
|---|--|--|----------------------|-----------------------|
| BLOOMINGTON | | | | |
| 2017 to 2025 | | | | |
| | | Purchase Price/ Monthly Rent Range ¹ | No. of Units | Development Timing |
| Owner-Occupied Homes | | | | |
| Single Family² | | | | |
| | Move-up | \$400,000 - \$600,000 | 25 - 30 | As lots are available |
| | Executive | \$600,000+ | 15 - 20 | As lots are available |
| | Total | | 40 - 50 | |
| Townhomes/Twinhomes/Detached Townhomes² | | | | |
| | Entry-level | \$250,000 - \$280,000 | 50 - 60 | 2017+ |
| | Move-up | \$280,000 - \$450,000 | 35 - 50 | 2017+ |
| | Executive | \$450,000+ | 20 - 25 | 2017+ |
| | Total | | 105 - 135 | |
| Condominiums | | | | |
| | Entry-level | \$200,000 - \$280,000 | 50 - 80 | 2020+ |
| | Move-up | \$280,000 - \$450,000 | 100 - 150 | 2020+ |
| | Executive | \$450,000+ | 50 - 60 | 2018+ |
| | Total | | 200 - 290 | |
| Total Owner-Occupied | | | 345 - 475 | |
| General Occupancy Rental Housing | | | | |
| Affordable Rental Housing | | | | |
| | Apartment-style | Moderate Income ³ | 200 - 250 | 2017+ |
| | Townhomes | Moderate Income ³ | 50 - 80 | 2017+ |
| | Subsidized | 30% of Income ⁴ | 35 - 50 | 2017+ |
| | Total | | 285 - 380 | |
| Market Rate Rental Housing | | | | |
| | Apartment-style | \$1,300 to \$2,500 | 250 - 350 | 2020+ |
| | Townhomes | \$2,000 to \$3,000 | 25 - 30 | 2017+ |
| | Total | | 275 - 380 | |
| Total Renter-Occupied | | | 560 - 760 | |
| Senior Housing (i.e. Age Restricted) | | | | |
| | Senior Cooperative | \$80,000+ | 70 - 80 | 2018+ |
| | Active Adult Market Rate Rental ⁵ | \$1,200/1BR - \$1,450/2BR | 80 - 100 | 2017+ |
| | Active Adult Affordable Rental ⁵ | Moderate Income ³ | 100 - 120 | 2017+ |
| | Independent Living/Congregate | \$2,000/1BR - \$2,800/2BR | 120 - 140 | 2018+ |
| | Assisted Living | \$3,000/EFF - \$4,300/2BR | 100 - 120 | 2018+ |
| | Memory Care | \$4,000/EFF - \$5,200/1BR | 100 - 120 | 2018+ |
| | Total | | 570 - 680 | |
| Total - All Units | | | 1,475 - 1,915 | |
| ¹ Pricing in 2017 dollars. Pricing can be adjusted to account for inflation. ² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability. Due to Bloomington's location and desirability, there is pent-up demand that exceeds replacement need. ³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Hennepin County Income limits. ⁴ Subsidized housing is difficult to develop; mixed income properties may have a small proportion of these units incorporated in a larger property. Note - Recommended development does not coincide with total demand. Bloomington is unlikely to be able to accommodate all recommended housing types based on land availability and development constraints. | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | |

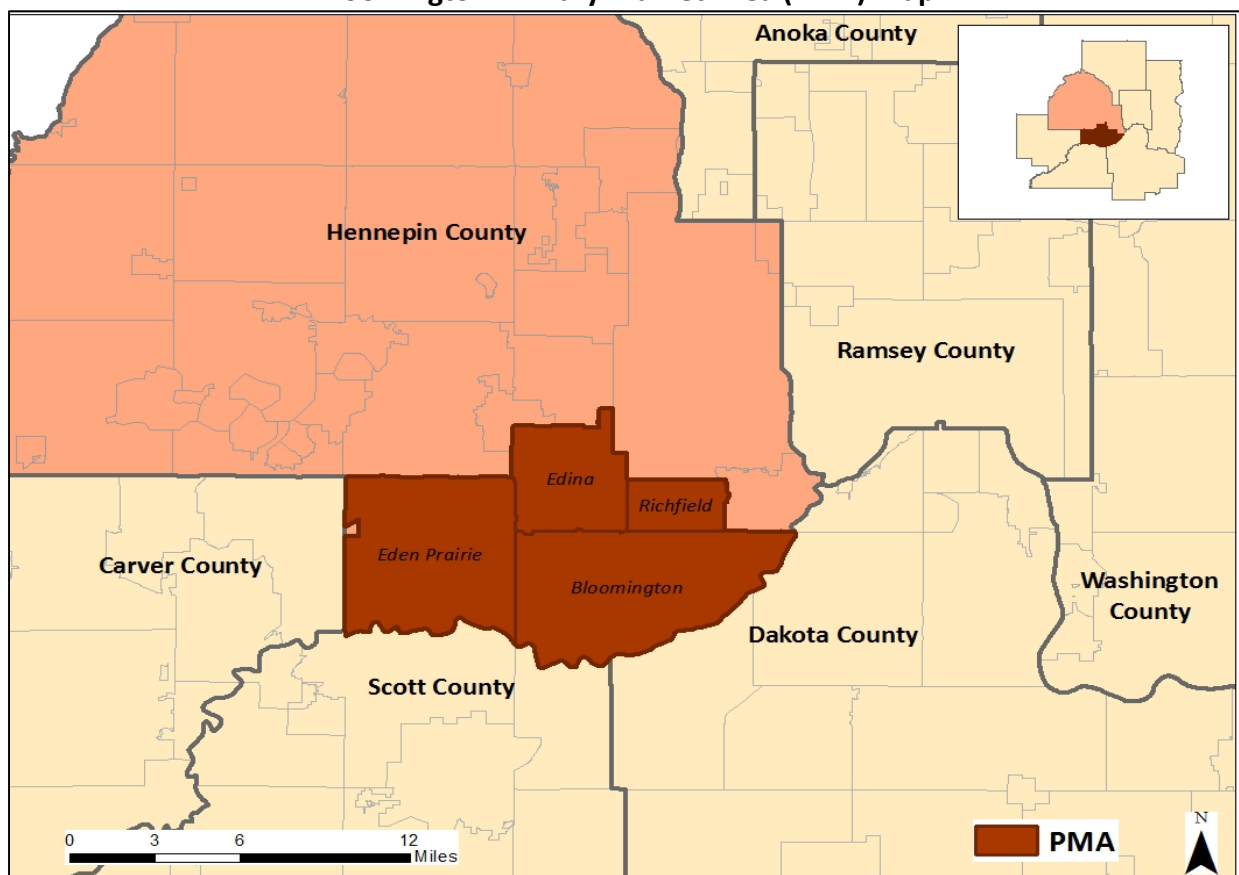
Introduction

This section of the report examines factors related to the current and future demand for owner- and renter-occupied housing units in Bloomington, Minnesota. It includes an analysis of population and household growth trends and projections, age distribution, household income, net worth, household type, household tenure, diversity, and mobility trends. A review of these characteristics provides insight into the demand for various types of housing products in Bloomington.

Definition of Primary Market Area

The analysis focuses on housing needs for the City of Bloomington. Demand however, for housing products in the City is also affected by its connections to adjacent communities and the Twin Cities Metro Area and households' mobility in an area we have defined as the Primary Market Area (PMA) for housing for Bloomington. The PMA includes the Cities of Bloomington, Eden Prairie, Edina and Richfield.

Bloomington Primary Market Area (PMA) Map



In defining the PMA, we considered factors such as commuting/travel patterns, employment and general household movement patterns over time in the Metro Area. Additional demand will also come from outside of the PMA as households in the Metro Area are highly mobile.

Population and Household Growth Trends and Projections from 1990 to 2040

Table D-1 presents population and household growth trends and projections from 1990 to 2040. The 1990 to 2010 data is from the U.S. Census. Estimates and projections were calculated from the Metropolitan Council; ESRI (a national demographics service provider); with adjustments calculated by Maxfield Research and Consulting LLC to provide current estimates. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the current housing market, employment, and review of building permit trends along with the potential for increased density related to new housing development.

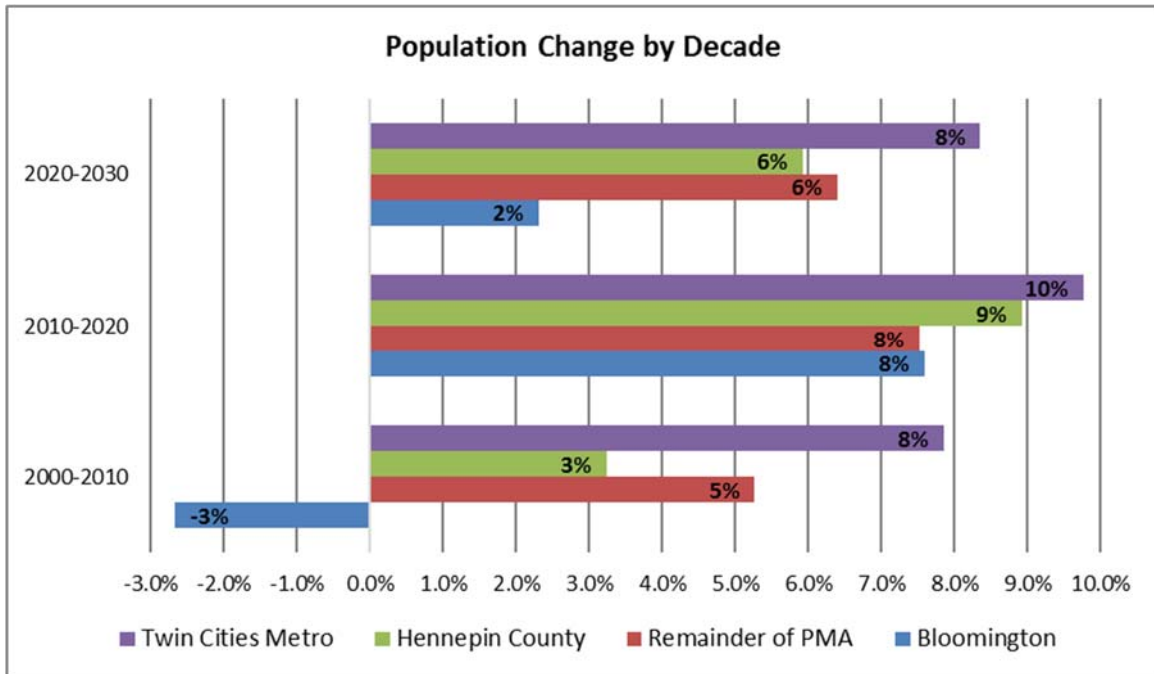
Population

- Between 2000 and 2010, Bloomington experienced a -2.7% decline in population and a -1.4% decline in households.
- From 2010 to 2020, Bloomington is forecast to add 6,267 people, a 7.6% increase in population. The increase in population is comparable to the expected growth of the Remainder of the Primary Market Area (7.5%) and is just below the growth of Hennepin County (8.9%) and the seven county Twin Cities Metro (9.8%).
- Population is anticipated to increase from 2020 to 2030 in all areas, but the gains are expected to be smaller than those made between 2010 and 2020, with population growth ranging between 2.3% in Bloomington to 8.4% in the Twin Cities Metro Area.

DEMOGRAPHIC ANALYSIS

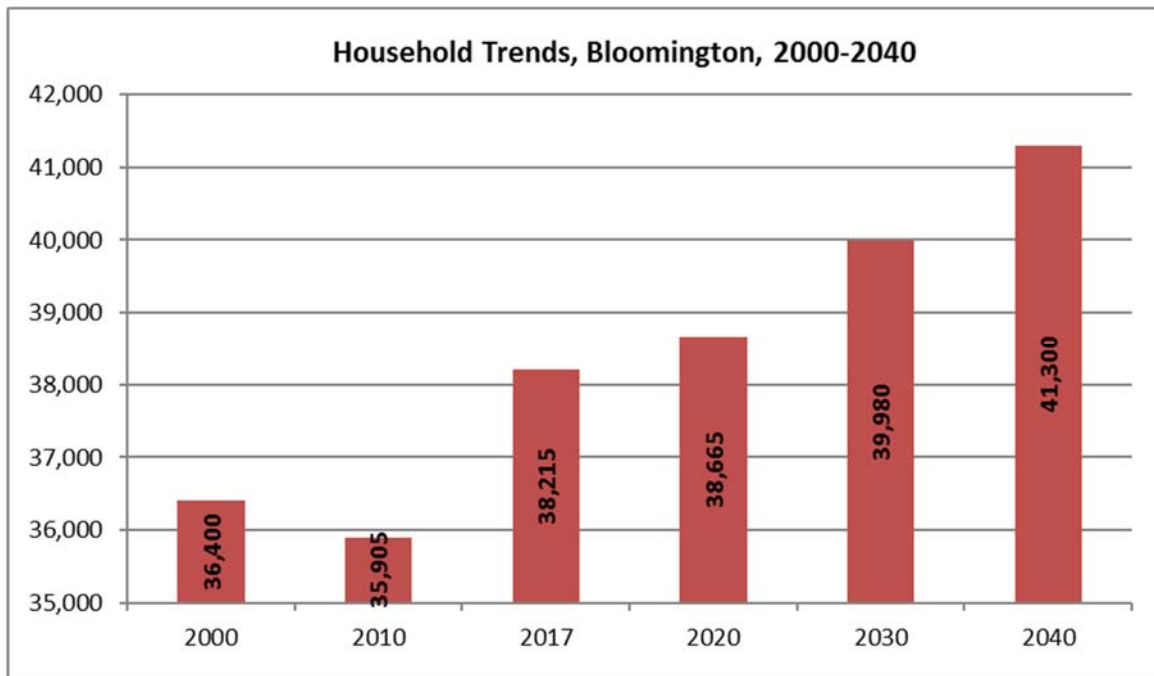
**TABLE D-1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
BLOOMINGTON MARKET AREA
1990 to 2040**

| | U.S. Census | | Estimate | Forecast | | | Change | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|--------------|----------------|--------------|----------------|------------|
| | | | | | | | 2000 to 2010 | | 2010 to 2020 | | 2020 to 2030 | | |
| | 1990 | 2000 | 2010 | 2017 | 2020 | 2030 | 2040 | No. | Pct. | No. | Pct. | No. | Pct. |
| POPULATION | | | | | | | | | | | | | |
| Bloomington | 86,335 | 85,172 | 82,893 | 88,590 | 89,190 | 91,245 | 93,300 | -2,279 | -2.7 | 6,297 | 7.6 | 2,055 | 2.3 |
| <i>Remainder of PMA</i> | <i>121,091</i> | <i>136,765</i> | <i>143,966</i> | <i>151,550</i> | <i>154,800</i> | <i>164,700</i> | <i>172,700</i> | <i>7,201</i> | <i>5.3</i> | <i>10,834</i> | <i>7.5</i> | <i>9,900</i> | <i>6.4</i> |
| <i>Hennepin County</i> | <i>1,032,431</i> | <i>1,116,200</i> | <i>1,152,425</i> | <i>1,224,382</i> | <i>1,255,220</i> | <i>1,329,580</i> | <i>1,406,640</i> | <i>36,225</i> | <i>3.2</i> | <i>102,795</i> | <i>8.9</i> | <i>74,360</i> | <i>5.9</i> |
| <i>7-County Metro Area</i> | <i>2,288,721</i> | <i>2,642,056</i> | <i>2,849,567</i> | <i>3,044,232</i> | <i>3,127,660</i> | <i>3,388,950</i> | <i>3,652,060</i> | <i>207,511</i> | <i>7.9</i> | <i>278,093</i> | <i>9.8</i> | <i>261,290</i> | <i>8.4</i> |
| HOUSEHOLDS | | | | | | | | | | | | | |
| Bloomington | 35,815 | 36,400 | 35,905 | 38,215 | 38,665 | 39,980 | 41,300 | -495 | -1.4 | 2,760 | 7.7 | 1,315 | 3.4 |
| <i>Remainder of PMA</i> | <i>52,482</i> | <i>56,526</i> | <i>59,420</i> | <i>63,746</i> | <i>65,600</i> | <i>70,800</i> | <i>74,800</i> | <i>2,894</i> | <i>5.1</i> | <i>11,380</i> | <i>19.2</i> | <i>5,200</i> | <i>7.9</i> |
| <i>Hennepin County</i> | <i>443,583</i> | <i>456,129</i> | <i>475,913</i> | <i>512,437</i> | <i>528,090</i> | <i>566,360</i> | <i>600,730</i> | <i>19,784</i> | <i>4.3</i> | <i>90,447</i> | <i>19.0</i> | <i>38,270</i> | <i>7.2</i> |
| <i>7-County Metro Area</i> | <i>922,224</i> | <i>1,021,454</i> | <i>1,117,749</i> | <i>1,214,931</i> | <i>1,256,580</i> | <i>1,378,470</i> | <i>1,491,780</i> | <i>96,295</i> | <i>9.4</i> | <i>138,831</i> | <i>12.4</i> | <i>121,890</i> | <i>9.7</i> |
| <p><i>Note: Hennepin County and Metro Area totals sourced to Metropolitan Council (2020 to 2040).</i> <i>Remainder of the Primary Market Area includes the following cities: Eden Prairie, Edina, Richfield</i> <i>Twin Cities Metro includes the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington</i></p> | | | | | | | | | | | | | |
| Sources: U.S. Census Bureau; ESRI; Metropolitan Council; Maxfield Research & Consulting, LLC | | | | | | | | | | | | | |



Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since, by definition, a household is an occupied housing unit. Additional demand however, can come from changing demographics of the population base, which results in shifts in demand for different housing products.
- The number of households in Bloomington declined by -1.4% between 2000 and 2010. Between 2010 and 2020 however, an increase of 2,760 households or 7.7% is expected, primarily due to increases in housing density.
- In all areas, household growth is expected to outpace population growth as the trend of smaller household sizes and more people living alone continues.



Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons in nine age cohorts for Bloomington, the Remainder of the Primary Market Area, Hennepin County, and the Metro Area in 2000 and 2010 with estimates for 2017 and projections for 2020, 2030 and 2040. The 2000 and 2010 age distributions are from the U.S. Census Bureau and the projections are based on estimates by the Minnesota State Demographic Center. The following are key points from the table.

- Between 2000 and 2010, the population in all age cohorts under age 55 in Bloomington experienced a decline, while age cohorts age 55 and over reported increases in population.
- Between 2010 and 2020, modest increases are projected for the under 18 and 25 to 34 cohorts while the 35 to 44 cohort is expected to see gain of 13.2% (1,261 people). Significant gains are projected for all cohorts age 55 years and older.
- The population over age 65 is forecast to increase 15% in Bloomington between 2020 and 2030.
- The growth of population over 65 in Bloomington mirrors the overall trend in the greater Twin Cities Metro Area where the population over 65 is also projected to increase rapidly between 2020 and 2030.

DEMOGRAPHIC ANALYSIS

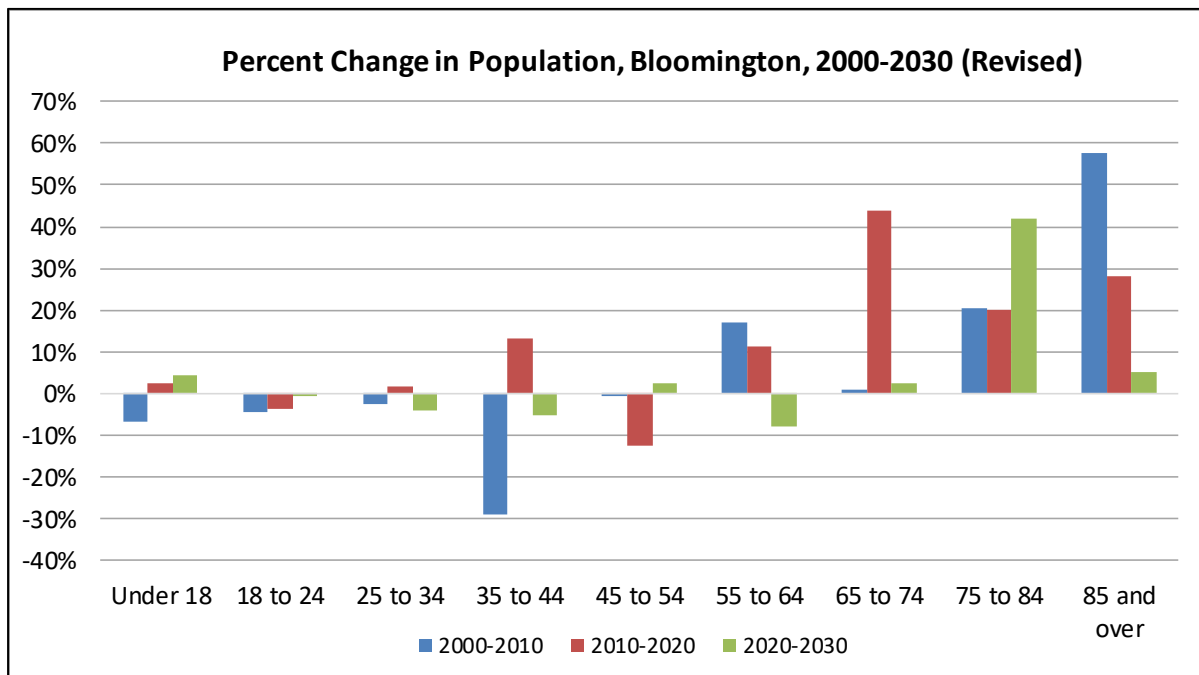
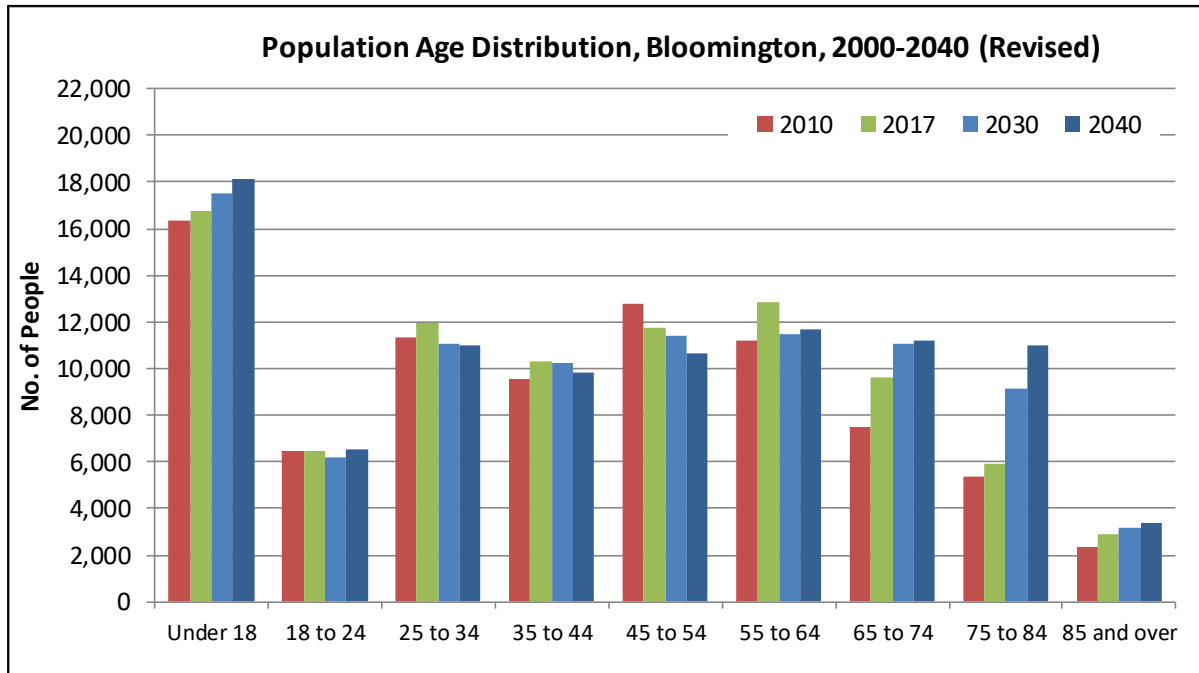
| Age | Census | | Estimate | Forecast | | | Change | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------|----------------|------------|----------------|------------|
| | 2000 | 2010 | 2017 | 2020 | 2030 | 2040 | 2000-2010 | | 2010-2020 | | 2020-2030 | |
| | No. | No. | No. | No. | No. | No. | No. | Pct. | No. | Pct. | No. | Pct. |
| Bloomington | | | | | | | | | | | | |
| Under 18 | 17,560 | 16,363 | 16,744 | 16,768 | 17,519 | 18,100 | -1,197 | -6.8 | 405 | 2.5 | 751 | 4.5 |
| 18 to 24 | 6,790 | 6,485 | 6,467 | 6,243 | 6,205 | 6,531 | -305 | -4.5 | -242 | -3.7 | -39 | -0.6 |
| 25 to 34 | 11,602 | 11,312 | 11,960 | 11,506 | 11,041 | 11,009 | -290 | -2.5 | 194 | 1.7 | -465 | -4.0 |
| 35 to 44 | 13,426 | 9,531 | 10,276 | 10,792 | 10,219 | 9,797 | -3,895 | -29.0 | 1,261 | 13.2 | -573 | -5.3 |
| 45 to 54 | 12,838 | 12,762 | 11,782 | 11,149 | 11,406 | 10,636 | -76 | -0.6 | -1,613 | -12.6 | 257 | 2.3 |
| 55 to 64 | 9,598 | 11,222 | 12,846 | 12,487 | 11,497 | 11,663 | 1,624 | 16.9 | 1,265 | 11.3 | -990 | -7.9 |
| 65 to 74 | 7,419 | 7,502 | 9,656 | 10,792 | 11,041 | 11,196 | 83 | 1.1 | 3,290 | 43.9 | 249 | 2.3 |
| 75 to 84 | 4,437 | 5,350 | 5,936 | 6,422 | 9,125 | 11,009 | 913 | 20.6 | 1,072 | 20.0 | 2,703 | 42.1 |
| 85 and over | 1,502 | 2,366 | 2,923 | 3,032 | 3,194 | 3,359 | 864 | 57.5 | 666 | 28.2 | 161 | 5.3 |
| Subtotal | 85,172 | 82,893 | 88,590 | 89,190 | 91,245 | 93,300 | -2,279 | -2.7 | 6,297 | 7.6 | 2,055 | 2.3 |
| Remainder of PMA | | | | | | | | | | | | |
| Under 18 | 34,528 | 35,170 | 28,643 | 29,102 | 31,622 | 33,504 | 642 | 1.9 | -6,068 | -17.3 | 2,520 | 8.7 |
| 18 to 24 | 8,674 | 9,145 | 11,063 | 10,836 | 11,200 | 12,089 | 471 | 5.4 | 1,691 | 18.5 | 364 | 3.4 |
| 25 to 34 | 18,008 | 19,194 | 20,459 | 20,124 | 19,929 | 20,379 | 1,186 | 6.6 | 930 | 4.8 | -195 | -1.0 |
| 35 to 44 | 24,232 | 18,734 | 17,580 | 18,731 | 18,446 | 18,134 | -5,498 | -22.7 | -3 | 0.0 | -284 | -1.5 |
| 45 to 54 | 20,755 | 23,387 | 20,156 | 19,350 | 20,588 | 19,688 | 2,632 | 12.7 | -4,037 | -17.3 | 1,238 | 6.4 |
| 55 to 64 | 11,493 | 18,194 | 21,975 | 21,982 | 20,752 | 21,588 | 6,701 | 58.3 | 3,788 | 20.8 | -1,229 | -5.6 |
| 65 to 74 | 8,860 | 9,256 | 16,519 | 18,266 | 19,929 | 20,724 | 396 | 4.5 | 9,010 | 97.3 | 1,662 | 9.1 |
| 75 to 84 | 7,729 | 6,955 | 10,154 | 12,694 | 16,470 | 20,379 | -774 | -10.0 | 5,739 | 82.5 | 3,776 | 29.8 |
| 85 and over | 2,486 | 3,931 | 5,001 | 5,263 | 5,765 | 6,217 | 1,445 | 58.1 | 1,332 | 33.9 | 501 | 9.5 |
| Subtotal | 136,765 | 143,966 | 151,550 | 156,348 | 164,700 | 172,700 | 7,201 | 5.3 | 12,382 | 8.6 | 8,352 | 5.3 |
| Hennepin County | | | | | | | | | | | | |
| Under 18 | 267,502 | 261,345 | 287,505 | 287,542 | 280,198 | 281,161 | -6,157 | -2.3 | 26,197 | 10.0 | -7,344 | -2.6 |
| 18 to 24 | 108,767 | 113,551 | 95,470 | 92,945 | 99,531 | 100,253 | 4,784 | 4.4 | -20,606 | -18.1 | 6,586 | 7.1 |
| 25 to 34 | 183,860 | 187,523 | 179,771 | 164,296 | 157,743 | 175,046 | 3,663 | 2.0 | -23,227 | -12.4 | -6,554 | -4.0 |
| 35 to 44 | 191,872 | 154,304 | 164,082 | 169,966 | 147,914 | 146,418 | -37,568 | -19.6 | 15,662 | 10.2 | -22,052 | -13.0 |
| 45 to 54 | 156,068 | 171,130 | 170,496 | 157,806 | 169,520 | 152,781 | 15,062 | 9.7 | -13,324 | -7.8 | 11,714 | 7.4 |
| 55 to 64 | 85,773 | 133,758 | 160,258 | 169,871 | 155,713 | 173,211 | 47,985 | 55.9 | 36,113 | 27.0 | -14,158 | -8.3 |
| 65 to 74 | 59,737 | 66,516 | 93,776 | 127,884 | 166,466 | 157,893 | 6,779 | 11.3 | 61,368 | 92.3 | 38,583 | 30.2 |
| 75 to 84 | 44,942 | 42,476 | 51,181 | 63,195 | 124,025 | 166,693 | -2,466 | -5.5 | 20,719 | 48.8 | 60,830 | 96.3 |
| 85 and over | 17,679 | 21,822 | 21,843 | 21,714 | 28,469 | 53,184 | 4,143 | 23.4 | -108 | -0.5 | 6,755 | 31.1 |
| Subtotal | 1,116,200 | 1,152,425 | 1,224,382 | 1,255,220 | 1,329,580 | 1,406,640 | 36,225 | 3.2 | 102,795 | 8.9 | 74,360 | 5.9 |
| Twin Cities Metro | | | | | | | | | | | | |
| Under 18 | 697,534 | 700,960 | 758,045 | 737,227 | 728,992 | 785,589 | 3,426 | 0.5 | 36,267 | 5.2 | -8,236 | -1.1 |
| 18 to 24 | 244,226 | 263,462 | 235,571 | 245,367 | 245,900 | 264,991 | 19,236 | 7.9 | -18,095 | -6.9 | 533 | 0.2 |
| 25 to 34 | 411,155 | 420,311 | 410,104 | 382,055 | 413,072 | 445,142 | 9,156 | 2.2 | -38,256 | -9.1 | 31,016 | 8.1 |
| 35 to 44 | 469,324 | 391,324 | 399,102 | 403,482 | 372,542 | 401,466 | -78,000 | -16.6 | 12,158 | 3.1 | -30,940 | -7.7 |
| 45 to 54 | 363,592 | 440,753 | 442,668 | 404,516 | 408,150 | 439,837 | 77,161 | 21.2 | -36,237 | -8.2 | 3,634 | 0.9 |
| 55 to 64 | 200,980 | 326,007 | 396,253 | 437,717 | 405,847 | 437,356 | 125,027 | 62.2 | 111,710 | 34.3 | -31,870 | -7.3 |
| 65 to 74 | 130,615 | 163,425 | 233,053 | 312,476 | 436,396 | 470,276 | 32,810 | 25.1 | 149,051 | 91.2 | 123,920 | 39.7 |
| 75 to 84 | 90,292 | 97,442 | 123,110 | 156,213 | 307,955 | 331,864 | 7,150 | 7.9 | 58,771 | 60.3 | 151,742 | 97.1 |
| 85 and over | 34,338 | 45,883 | 46,325 | 48,606 | 70,097 | 75,539 | 11,545 | 33.6 | 2,723 | 5.9 | 21,491 | 44.2 |
| Total | 2,642,056 | 2,849,567 | 3,044,232 | 3,127,660 | 3,388,950 | 3,652,060 | 207,511 | 7.9 | 278,093 | 9.8 | 261,290 | 8.4 |

Sources: U.S. Census Bureau; ESRI; Minnesota State Demographer; Maxfield Research and Consulting LLC

- Bloomington experienced a decline in population among all cohorts under age 55 between 2000 and 2010, with those ages 35 to 44 experiencing the largest decline in population, decreasing by -23%.
- From 2010 to 2020, all age cohorts 55 years or older are anticipated to experience increases in population due primarily to the aging of the Baby Boom generation. As of 2017, Baby Boomers range in age from 53 to 71 years.

DEMOGRAPHIC ANALYSIS

- From 2020 to 2030, population cohorts under age 44 are expected to remain stable or decrease modestly. Modest growth is expected to occur however, among people under 18.



Household Income by Age of Householder

The estimated distribution of household incomes in Bloomington for 2017 and 2022 are shown in Table D-3. For comparison, the household income distribution by age is shown in Table D-4 for the Remainder of the Primary Market Area. Tables D-5 and D-6 show this same information for Hennepin County and the Twin Cities Metro Area. The data was estimated by Maxfield Research based on income trends provided by ESRI, Inc. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines housing as affordable if a household spends no more than 30% of its gross income for housing costs. For example, a household in Bloomington with the median annual income of \$63,902 would be able to afford a monthly housing cost of about \$1,597. Maxfield Research uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments. Senior households that require support services will often spend higher proportions, up to as much as 90% of their income to obtain housing and support services.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home, given today's relatively low mortgage interest rates. Thus, a \$63,902 income would translate to an affordable single-family home price of \$191,706 to \$223,657. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but does not include savings or equity in an existing home which may allow them to purchase a higher priced home.

- Bloomington has an estimated median household income of \$63,902 in 2017 and is expected to increase over the next five years to \$74,100 in 2022 (+16.0%).
- The median household income for Bloomington was slightly below Hennepin County (\$67,047) and the Twin Cities Metro (\$70,404) in 2017. The Remainder of the PMA had a higher median income, \$83,372, compared to the other geographies.
- Between 2017 and 2022, Bloomington is expected to see the highest increase in the median household income (16%) compared to the increase in the median household income in the Remainder of the PMA (12.2%), Hennepin County (15%) and the Twin Cities Metro (14%).

Non-Senior Households

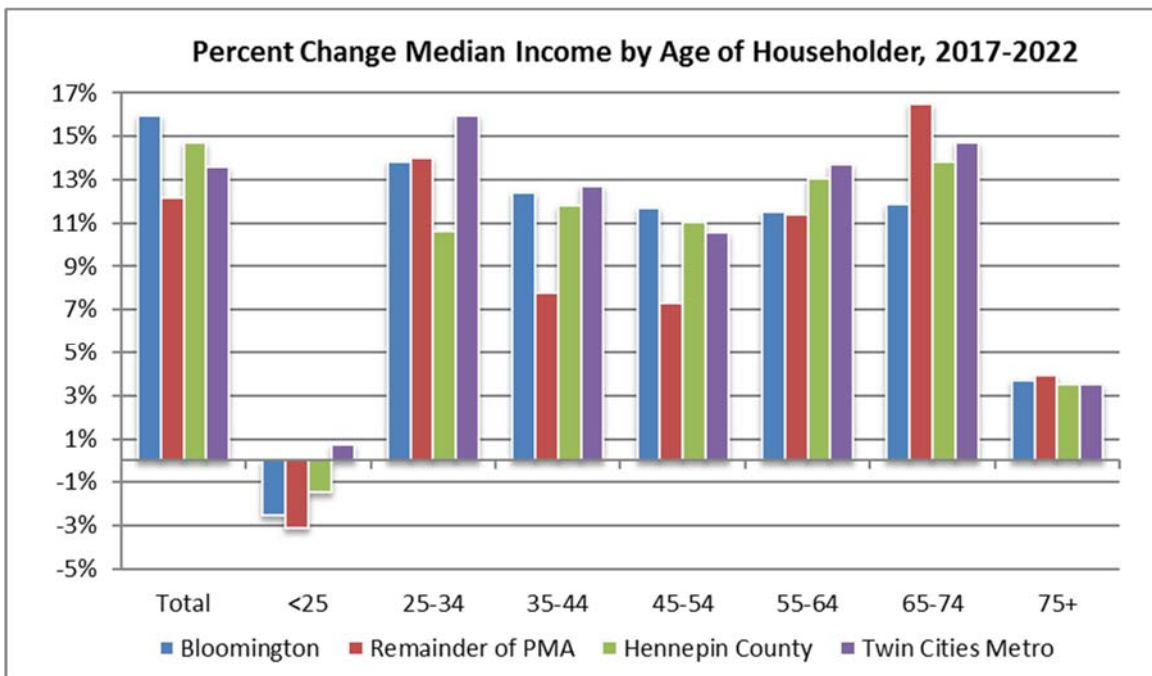
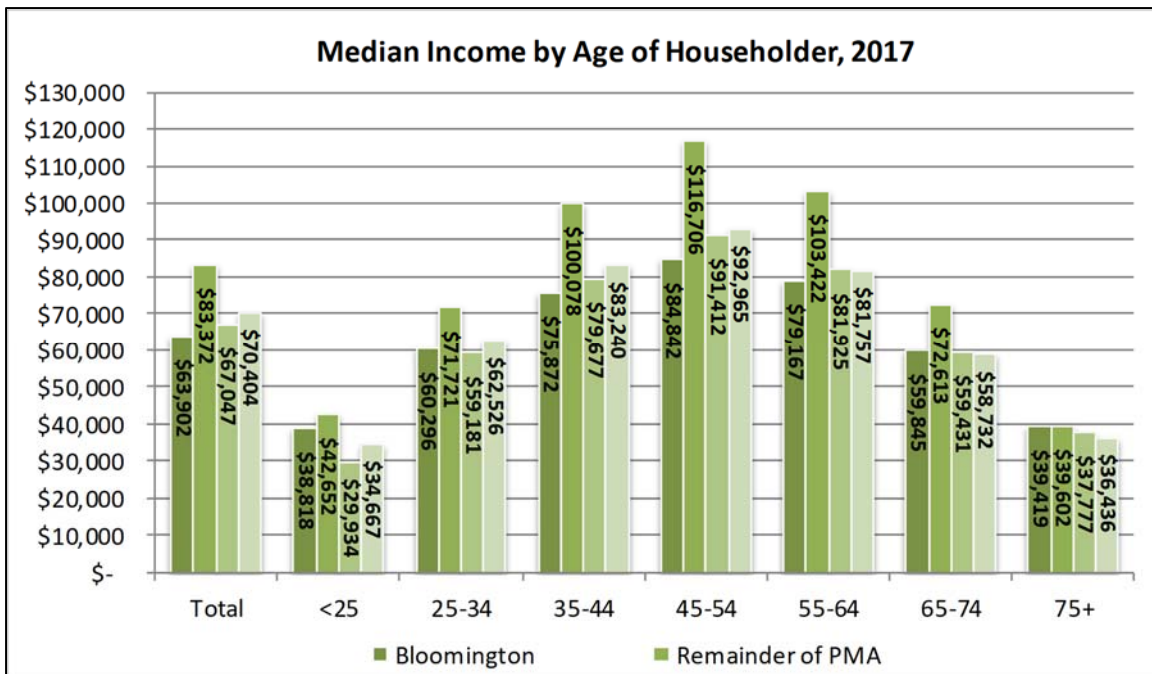
- In 2016, 6.4% of non-senior (under age 65) households in Bloomington had incomes under \$15,000 (1,696 households). All of these households would be eligible for deep-subsidy rental housing. Another 5.4% of Bloomington's non-senior households had incomes between \$15,000 and \$25,000 (1,422 households). Many of these households would qualify for deep-subsidy housing, but a portion may be able to afford shallow-subsidy rental housing. The very tight rental housing market in many communities in the Twin Cities has

DEMOGRAPHIC ANALYSIS

resulted in rising rents. At an average monthly rent of approximately \$750 for a studio or one-bedroom unit at an older rental property, a household would need an income of at least \$30,000 annually to afford to pay this amount of rent per month. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month. There are a very limited number of rental properties in Bloomington that have rents even at the upper end of this range.

- The proportion of residents eligible for deep subsidy rental housing in Bloomington is lower than Hennepin County (7.8%) and the Twin Cities Metro (9.7%), and comparable to the Remainder of the Primary Market Area (5.4%).
- The proportion of households earning between \$15,000 and \$25,000 was similar in all geographies, ranging from 4.2% in the Remainder of the Primary Market Area to 6.2% in Hennepin County.
- In most geographic areas, household median incomes peak in the 45 to 54 age group, this group is usually considered to be in their peak earning years. In 2017, the median household income in Bloomington was highest in the 45 to 54 age group at \$84,842. By 2022, the median income for 45 to 54 age group is projected to increase to \$94,784 (11.4%).
- The 45 to 54 age cohort had the highest median incomes in the Remainder of the PMA (\$116,706), Hennepin County (\$95,548) and the Twin Cities Metro (\$92,965).
- In 2022, the median household income will remain at its highest for those ages 45 to 54 in all geographies. Within the 45 to 54 age group, Bloomington will experience the greatest rate of increase (11.4%) compared to the increase in the 45 to 54 age group in the Remainder of the PMA (7.3%), Hennepin County (11.1%) and the Twin Cities Metro (10.6%).
- The median estimated home value in Bloomington as of 2016 was \$232,000. The income required to afford a home at this price would range from about \$66,286 to \$77,333 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). Using the data compiled for income by age of householder, an estimated 38% of non-senior households in the City of have incomes of \$66,286 or more in 2017.

DEMOGRAPHIC ANALYSIS



DEMOGRAPHIC ANALYSIS

| | Age of Householder | | | | | | | |
|--------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Total | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65 -74 | 75+ |
| 2017 | | | | | | | | |
| Less than \$15,000 | 2,762 | 182 | 433 | 288 | 300 | 494 | 355 | 711 |
| \$15,000 to \$24,999 | 2,694 | 159 | 344 | 284 | 260 | 375 | 404 | 867 |
| \$25,000 to \$34,999 | 3,578 | 181 | 554 | 447 | 426 | 505 | 547 | 918 |
| \$35,000 to \$49,999 | 5,579 | 244 | 883 | 743 | 692 | 817 | 997 | 1,204 |
| \$50,000 to \$74,999 | 6,956 | 210 | 1,070 | 952 | 1,148 | 1,328 | 1,237 | 1,011 |
| \$75,000 to \$99,999 | 5,266 | 106 | 791 | 848 | 1,087 | 1,207 | 775 | 452 |
| \$100,000-\$149,999 | 6,183 | 86 | 923 | 1,128 | 1,422 | 1,422 | 734 | 467 |
| \$150,000-\$199,999 | 2,802 | 27 | 351 | 464 | 717 | 700 | 399 | 144 |
| \$200,000+ | 2,396 | 13 | 170 | 353 | 620 | 712 | 387 | 140 |
| Total | 38,215 | 1,207 | 5,519 | 5,507 | 6,673 | 7,561 | 5,834 | 5,915 |
| Median Income | \$63,902 | \$38,818 | \$60,296 | \$75,872 | \$84,842 | \$79,167 | \$59,845 | \$39,419 |
| 2022 | | | | | | | | |
| Less than \$15,000 | 2,992 | 201 | 453 | 323 | 277 | 453 | 455 | 830 |
| \$15,000 to \$24,999 | 2,637 | 149 | 300 | 275 | 200 | 333 | 442 | 937 |
| \$25,000 to \$34,999 | 3,100 | 147 | 445 | 413 | 295 | 398 | 532 | 869 |
| \$35,000 to \$49,999 | 5,669 | 237 | 828 | 747 | 590 | 763 | 1,135 | 1,371 |
| \$50,000 to \$74,999 | 5,204 | 143 | 734 | 768 | 726 | 940 | 1,059 | 835 |
| \$75,000 to \$99,999 | 5,840 | 115 | 844 | 1,030 | 1,041 | 1,235 | 986 | 589 |
| \$100,000-\$149,999 | 7,221 | 89 | 1,016 | 1,411 | 1,426 | 1,578 | 988 | 713 |
| \$150,000-\$199,999 | 3,534 | 23 | 424 | 649 | 784 | 824 | 590 | 241 |
| \$200,000+ | 2,731 | 14 | 188 | 445 | 580 | 752 | 528 | 225 |
| Total | 38,928 | 1,116 | 5,232 | 6,061 | 5,918 | 7,277 | 6,717 | 6,608 |
| Median Income | \$74,100 | \$37,841 | \$68,649 | \$85,294 | \$94,784 | \$88,297 | \$66,959 | \$40,879 |
| Change 2017- 2022 | | | | | | | | |
| Less than \$15,000 | 230 | 19 | 21 | 36 | -23 | -41 | 100 | 118 |
| \$15,000 to \$24,999 | -57 | -10 | -43 | -9 | -61 | -42 | 38 | 70 |
| \$25,000 to \$34,999 | -478 | -34 | -109 | -34 | -131 | -107 | -15 | -50 |
| \$35,000 to \$49,999 | 90 | -7 | -55 | 4 | -102 | -55 | 138 | 167 |
| \$50,000 to \$74,999 | -1,752 | -67 | -337 | -184 | -422 | -388 | -177 | -177 |
| \$75,000 to \$99,999 | 574 | 9 | 53 | 182 | -45 | 28 | 211 | 137 |
| \$100,000-\$149,999 | 1,038 | 3 | 93 | 282 | 3 | 156 | 255 | 245 |
| \$150,000-\$199,999 | 732 | -4 | 73 | 185 | 66 | 124 | 191 | 97 |
| \$200,000+ | 336 | 1 | 17 | 92 | -40 | 40 | 141 | 85 |
| Total | 713 | -91 | -287 | 554 | -755 | -285 | 883 | 693 |
| Median Income | \$10,198 | -\$977 | \$8,353 | \$9,422 | \$9,942 | \$9,130 | \$7,114 | \$1,460 |

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

Senior Households

- Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two incomes or higher social security benefits. The 2017 median income for Bloomington householders age 65 to 74 and 75+ are \$59,845 and \$39,419, respectively.
- Compared to Bloomington, senior incomes in the Remainder of the Primary Market Area are higher for those 65 to 74 years old, \$72,613. Median incomes for the 65 to 74 age cohort in Hennepin County (\$59,431) and the Twin Cities Metro (\$58,732) were comparable

DEMOGRAPHIC ANALYSIS

to Bloomington (\$59,845). For the 75 and over age cohort, incomes were similar in all areas, ranging from \$36,436 to \$39,602.

| | Total | Age of Householder | | | | | | 75+ |
|--------------------------|-----------------|--------------------|-----------------|------------------|------------------|------------------|-----------------|-----------------|
| | | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65-74 | |
| 2017 | | | | | | | | |
| Less than \$15,000 | 6,390 | 391 | 940 | 706 | 662 | 1,118 | 716 | 1,856 |
| \$15,000 to \$24,999 | 6,424 | 332 | 765 | 661 | 535 | 822 | 989 | 2,320 |
| \$25,000 to \$34,999 | 7,181 | 358 | 1,118 | 957 | 767 | 924 | 1,149 | 1,908 |
| \$35,000 to \$49,999 | 9,972 | 410 | 1,696 | 1,525 | 1,153 | 1,408 | 1,607 | 2,173 |
| \$50,000 to \$74,999 | 15,459 | 489 | 2,663 | 2,395 | 2,305 | 2,762 | 2,374 | 2,471 |
| \$75,000 to \$99,999 | 12,951 | 262 | 2,116 | 2,358 | 2,484 | 2,928 | 1,738 | 1,066 |
| \$100,000-\$149,999 | 17,946 | 247 | 2,554 | 3,612 | 4,241 | 4,125 | 2,065 | 1,102 |
| \$150,000-\$199,999 | 9,707 | 65 | 1,127 | 2,122 | 2,575 | 2,377 | 1,020 | 420 |
| \$200,000+ | 15,157 | 93 | 883 | 2,886 | 4,783 | 4,305 | 1,686 | 522 |
| Total | 101,188 | 2,647 | 13,862 | 17,222 | 19,504 | 20,770 | 13,345 | 13,837 |
| Median Income | \$83,372 | \$42,652 | \$71,721 | \$100,078 | \$116,706 | \$103,422 | \$72,613 | \$39,602 |
| 2022 | | | | | | | | |
| Less than \$15,000 | 6,864 | 476 | 999 | 746 | 609 | 958 | 945 | 2,130 |
| \$15,000 to \$24,999 | 6,394 | 345 | 702 | 598 | 416 | 707 | 1,121 | 2,505 |
| \$25,000 to \$34,999 | 6,391 | 336 | 934 | 838 | 528 | 750 | 1,186 | 1,820 |
| \$35,000 to \$49,999 | 10,369 | 477 | 1,685 | 1,499 | 1,059 | 1,309 | 1,933 | 2,407 |
| \$50,000 to \$74,999 | 11,491 | 389 | 1,890 | 1,784 | 1,440 | 1,838 | 2,087 | 2,061 |
| \$75,000 to \$99,999 | 13,976 | 301 | 2,278 | 2,534 | 2,312 | 2,863 | 2,347 | 1,341 |
| \$100,000-\$149,999 | 20,780 | 288 | 2,904 | 4,116 | 4,237 | 4,572 | 3,057 | 1,605 |
| \$150,000-\$199,999 | 11,953 | 86 | 1,473 | 2,588 | 2,759 | 2,840 | 1,556 | 650 |
| \$200,000+ | 16,843 | 99 | 1,097 | 3,182 | 4,545 | 4,711 | 2,441 | 768 |
| Total | 105,060 | 2,800 | 13,962 | 17,886 | 17,905 | 20,548 | 16,673 | 15,287 |
| Median Income | \$93,507 | \$41,325 | \$81,783 | \$107,845 | \$125,236 | \$115,230 | \$84,591 | \$41,158 |
| Change 2017- 2022 | | | | | | | | |
| Less than \$15,000 | 474 | 85 | 59 | 40 | -53 | -160 | 229 | 274 |
| \$15,000 to \$24,999 | -30 | 14 | -63 | -63 | -119 | -115 | 132 | 184 |
| \$25,000 to \$34,999 | -790 | -22 | -185 | -119 | -239 | -174 | 37 | -88 |
| \$35,000 to \$49,999 | 396 | 67 | -11 | -26 | -94 | -99 | 325 | 234 |
| \$50,000 to \$74,999 | -3,968 | -99 | -773 | -611 | -865 | -923 | -287 | -409 |
| \$75,000 to \$99,999 | 1,025 | 40 | 162 | 176 | -171 | -65 | 608 | 275 |
| \$100,000-\$149,999 | 2,833 | 42 | 350 | 504 | -5 | 447 | 992 | 503 |
| \$150,000-\$199,999 | 2,245 | 21 | 347 | 465 | 184 | 463 | 536 | 230 |
| \$200,000+ | 1,686 | 6 | 214 | 297 | -238 | 406 | 755 | 246 |
| Total | 3,872 | 152 | 100 | 664 | -1,599 | -222 | 3,328 | 1,449 |
| Median Income | \$10,135 | -\$1,327 | \$10,062 | \$7,767 | \$8,530 | \$11,808 | \$11,978 | \$1,556 |

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

- Older senior householders have lower incomes compared to younger senior householders. In Bloomington, 6.1% of households ages 65 to 74 had incomes below \$15,000, compared to 12% of households age 75 and over. Many of these low-income older senior households rely solely on social security benefits.
- Generally, senior households with incomes greater than \$30,000 will be able to afford market rate senior housing. Based on a 40% allocation of income for housing, this

DEMOGRAPHIC ANALYSIS

translates to monthly rents of at least \$1,000. As of 2017, 74% (8,679) of senior households in Bloomington have incomes of \$30,000 or more.

| | Age of Householder | | | | | | | |
|--------------------------|--------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | Total | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65 -74 | 75+ |
| 2017 | | | | | | | | |
| Less than \$15,000 | 51,749 | 6,832 | 10,618 | 6,825 | 6,192 | 8,473 | 5,147 | 7,662 |
| \$15,000 to \$24,999 | 38,413 | 4,004 | 7,079 | 4,876 | 3,956 | 5,008 | 5,395 | 8,096 |
| \$25,000 to \$34,999 | 42,148 | 3,648 | 8,991 | 6,436 | 5,320 | 5,409 | 5,506 | 6,838 |
| \$35,000 to \$49,999 | 58,932 | 3,635 | 12,585 | 9,924 | 7,704 | 8,377 | 8,372 | 8,336 |
| \$50,000 to \$74,999 | 86,175 | 3,606 | 17,761 | 14,499 | 14,580 | 15,752 | 11,549 | 8,429 |
| \$75,000 to \$99,999 | 67,123 | 1,775 | 13,237 | 12,849 | 13,977 | 14,266 | 7,360 | 3,659 |
| \$100,000-\$149,999 | 83,477 | 1,527 | 15,055 | 18,003 | 19,707 | 17,542 | 7,939 | 3,704 |
| \$150,000-\$199,999 | 38,744 | 435 | 5,918 | 8,521 | 10,317 | 8,676 | 3,647 | 1,230 |
| \$200,000+ | 45,674 | 368 | 3,741 | 9,262 | 13,795 | 12,267 | 4,892 | 1,350 |
| Total | 512,437 | 25,830 | 94,985 | 91,194 | 95,548 | 95,770 | 59,806 | 49,304 |
| Median Income | \$67,047 | \$29,934 | \$59,181 | \$79,677 | \$91,412 | \$81,925 | \$59,431 | \$37,777 |
| 2022 | | | | | | | | |
| Less than \$15,000 | 56,161 | 7,352 | 11,460 | 7,432 | 6,048 | 8,212 | 6,681 | 8,975 |
| \$15,000 to \$24,999 | 37,882 | 3,743 | 6,724 | 4,569 | 3,221 | 4,573 | 6,109 | 8,943 |
| \$25,000 to \$34,999 | 38,561 | 3,271 | 8,083 | 5,860 | 4,068 | 4,634 | 5,834 | 6,810 |
| \$35,000 to \$49,999 | 64,564 | 4,086 | 13,525 | 10,568 | 7,562 | 8,587 | 10,505 | 9,731 |
| \$50,000 to \$74,999 | 63,206 | 2,515 | 12,573 | 10,903 | 9,148 | 10,817 | 10,098 | 7,151 |
| \$75,000 to \$99,999 | 74,824 | 1,970 | 14,763 | 14,576 | 13,714 | 14,940 | 10,074 | 4,787 |
| \$100,000-\$149,999 | 99,365 | 1,739 | 17,715 | 21,497 | 20,504 | 20,422 | 11,767 | 5,721 |
| \$150,000-\$199,999 | 49,096 | 541 | 7,671 | 10,949 | 11,616 | 10,632 | 5,633 | 2,055 |
| \$200,000+ | 52,085 | 403 | 4,474 | 10,772 | 13,634 | 13,582 | 7,103 | 2,116 |
| Total | 535,744 | 25,620 | 96,988 | 97,126 | 89,516 | 96,399 | 73,805 | 56,290 |
| Median Income | \$76,903 | \$29,506 | \$65,470 | \$89,098 | \$101,515 | \$92,633 | \$67,660 | \$39,103 |
| Change 2017- 2022 | | | | | | | | |
| Less than \$15,000 | 4,412 | 520 | 842 | 607 | -144 | -260 | 1,535 | 1,313 |
| \$15,000 to \$24,999 | -532 | -262 | -355 | -307 | -734 | -435 | 714 | 847 |
| \$25,000 to \$34,999 | -3,587 | -377 | -908 | -575 | -1,252 | -775 | 328 | -28 |
| \$35,000 to \$49,999 | 5,632 | 451 | 940 | 645 | -142 | 210 | 2,134 | 1,395 |
| \$50,000 to \$74,999 | -22,970 | -1,091 | -5,188 | -3,596 | -5,432 | -4,935 | -1,450 | -1,278 |
| \$75,000 to \$99,999 | 7,701 | 195 | 1,526 | 1,727 | -263 | 674 | 2,714 | 1,128 |
| \$100,000-\$149,999 | 15,888 | 212 | 2,660 | 3,494 | 797 | 2,880 | 3,828 | 2,018 |
| \$150,000-\$199,999 | 10,352 | 106 | 1,752 | 2,427 | 1,300 | 1,956 | 1,986 | 825 |
| \$200,000+ | 6,411 | 35 | 734 | 1,510 | -160 | 1,315 | 2,211 | 766 |
| Total | 23,307 | -210 | 2,003 | 5,932 | -6,032 | 629 | 13,999 | 6,986 |
| Median Income | \$9,856 | -\$428 | \$6,289 | \$9,421 | \$10,103 | \$10,708 | \$8,229 | \$1,326 |

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

DEMOGRAPHIC ANALYSIS

| | Age of Householder | | | | | | | |
|--------------------------|--------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | Total | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65 -74 | 75+ |
| 2017 | | | | | | | | |
| Less than \$15,000 | 103,342 | 10,895 | 19,393 | 13,296 | 12,714 | 18,189 | 11,571 | 17,284 |
| \$15,000 to \$24,999 | 83,494 | 7,046 | 13,906 | 10,009 | 8,839 | 11,530 | 13,463 | 18,701 |
| \$25,000 to \$34,999 | 95,237 | 7,082 | 18,624 | 14,233 | 12,230 | 13,037 | 13,555 | 16,478 |
| \$35,000 to \$49,999 | 139,236 | 7,549 | 27,351 | 23,353 | 18,931 | 21,062 | 20,953 | 20,038 |
| \$50,000 to \$74,999 | 215,431 | 8,224 | 42,637 | 36,740 | 38,944 | 40,733 | 29,711 | 18,441 |
| \$75,000 to \$99,999 | 170,360 | 3,733 | 31,253 | 33,549 | 38,745 | 37,305 | 18,578 | 7,198 |
| \$100,000-\$149,999 | 216,192 | 3,545 | 35,647 | 49,182 | 55,041 | 45,242 | 19,937 | 7,598 |
| \$150,000-\$199,999 | 94,837 | 902 | 13,168 | 21,458 | 27,458 | 21,466 | 8,157 | 2,227 |
| \$200,000+ | 96,801 | 714 | 7,717 | 20,220 | 30,363 | 25,624 | 9,786 | 2,376 |
| Total | 1,214,931 | 49,689 | 209,697 | 222,040 | 243,265 | 234,188 | 145,711 | 110,341 |
| Median Income | \$70,404 | \$34,667 | \$62,526 | \$83,240 | \$92,965 | \$81,757 | \$58,732 | \$36,436 |
| 2022 | | | | | | | | |
| Less than \$15,000 | 112,997 | 11,851 | 21,121 | 14,680 | 12,126 | 17,539 | 15,085 | 20,596 |
| \$15,000 to \$24,999 | 82,844 | 6,630 | 13,232 | 9,406 | 6,991 | 10,524 | 15,159 | 20,901 |
| \$25,000 to \$34,999 | 87,013 | 6,218 | 16,504 | 12,967 | 9,105 | 11,118 | 14,339 | 16,763 |
| \$35,000 to \$49,999 | 151,261 | 8,392 | 29,034 | 24,623 | 17,787 | 21,338 | 26,006 | 24,081 |
| \$50,000 to \$74,999 | 157,702 | 5,844 | 30,178 | 27,468 | 23,913 | 28,280 | 25,794 | 16,226 |
| \$75,000 to \$99,999 | 193,050 | 4,293 | 35,618 | 38,927 | 37,865 | 40,515 | 26,032 | 9,800 |
| \$100,000-\$149,999 | 261,679 | 4,168 | 43,111 | 60,332 | 56,992 | 54,411 | 30,456 | 12,210 |
| \$150,000-\$199,999 | 122,222 | 1,152 | 17,459 | 28,346 | 30,990 | 27,396 | 12,992 | 3,885 |
| \$200,000+ | 112,190 | 785 | 9,413 | 24,094 | 30,175 | 29,285 | 14,561 | 3,876 |
| Total | 1,280,958 | 49,332 | 215,669 | 240,845 | 225,944 | 240,407 | 180,423 | 128,339 |
| Median Income | \$79,964 | \$34,930 | \$72,510 | \$93,831 | \$102,802 | \$92,967 | \$67,367 | \$37,712 |
| Change 2017- 2022 | | | | | | | | |
| Less than \$15,000 | 9,655 | 956 | 1,727 | 1,384 | -589 | -650 | 3,514 | 3,312 |
| \$15,000 to \$24,999 | -650 | -415 | -674 | -602 | -1,848 | -1,006 | 1,696 | 2,201 |
| \$25,000 to \$34,999 | -8,224 | -864 | -2,119 | -1,265 | -3,125 | -1,919 | 784 | 285 |
| \$35,000 to \$49,999 | 12,025 | 844 | 1,683 | 1,270 | -1,143 | 276 | 5,053 | 4,043 |
| \$50,000 to \$74,999 | -57,729 | -2,381 | -12,460 | -9,273 | -15,031 | -12,453 | -3,917 | -2,215 |
| \$75,000 to \$99,999 | 22,690 | 560 | 4,365 | 5,379 | -880 | 3,211 | 7,453 | 2,602 |
| \$100,000-\$149,999 | 45,487 | 623 | 7,463 | 11,150 | 1,950 | 9,169 | 10,519 | 4,612 |
| \$150,000-\$199,999 | 27,384 | 249 | 4,291 | 6,889 | 3,532 | 5,930 | 4,835 | 1,658 |
| \$200,000+ | 15,389 | 71 | 1,695 | 3,874 | -188 | 3,661 | 4,775 | 1,500 |
| Total | 66,027 | -358 | 5,972 | 18,805 | -17,321 | 6,219 | 34,712 | 17,998 |
| Median Income | \$9,560 | \$263 | \$9,984 | \$10,591 | \$9,837 | \$11,210 | \$8,635 | \$1,276 |

Sources: ESRI; US Census Bureau; Maxfield Research and Consulting LLC

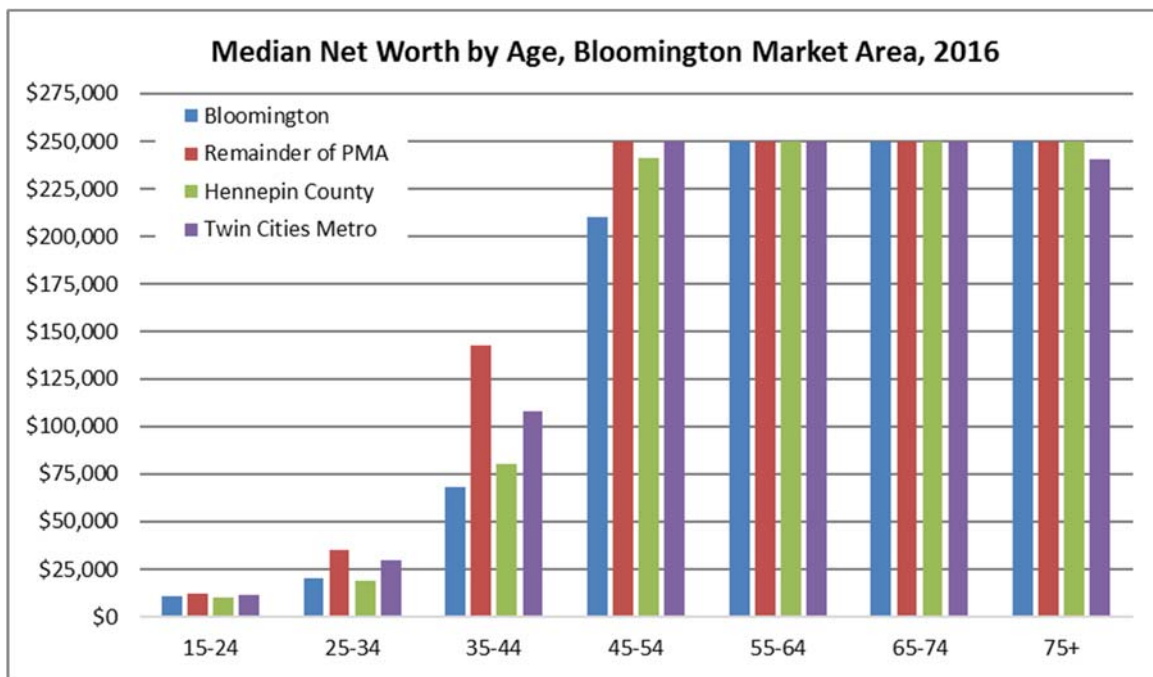
Net Worth

Table D-7 shows household net worth in Bloomington in 2016, along with the Remainder of the Market Area, Hennepin County and the Twin Cities Metro. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

DEMOGRAPHIC ANALYSIS

According to data released by the National Association of Realtors in 2014, the average American homeowner had a net worth estimated at 31 to 46 times greater than that of a renter and that in 2016, the average American homeowner's net worth is estimated at 45 times greater than that of a renter. Research was based on the 2013 Federal Reserve survey that showed the average net worth of a homeowner was \$194,500, whereas the average net worth of a renter was \$5,400.

- Bloomington households had an average net worth of \$907,510 in 2016 and a median net worth of \$170,572. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 65 to 74 age cohort. The median net worth in Bloomington for age cohorts 55+ was \$250,001 in 2016. The average net worth was greatest for the 65 to 74 age cohort at \$1,708,035. Senior households usually have higher net worth due to their savings, investments, and other retirement funds.
- The Remainder of the PMA reported the highest average net worth (\$1,136,680) and highest median net worth (\$259,085). Hennepin County had the lowest average net worth (\$734,628) and lowest median net worth (\$130,507).
- The highest average net worth (\$1,851,260) was reported for the 65 to 74 age cohort in the Remainder of the PMA.



DEMOGRAPHIC ANALYSIS

| | Age of Householder | | | | | | | |
|--------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|------------------|------------------|
| | Total | | 15-24 | | 25-34 | | 35-44 | |
| | Average | Median | Average | Median | Average | Median | Average | Median |
| Bloomington | \$907,510 | \$170,572 | \$32,035 | \$11,105 | \$124,009 | \$20,166 | \$498,651 | \$67,836 |
| Remainder of PMA | \$1,136,680 | \$259,085 | \$62,479 | \$12,390 | \$189,014 | \$35,387 | \$931,748 | \$142,669 |
| Hennepin County | \$734,628 | \$130,507 | \$34,120 | \$10,255 | \$121,847 | \$18,666 | \$568,580 | \$80,372 |
| Twin Cities Metro | \$743,598 | \$164,978 | \$38,576 | \$11,201 | \$138,252 | \$29,899 | \$571,234 | \$108,160 |
| | 45-54 | | 55-64 | | 65-74 | | 75+ | |
| | Average | Median | Average | Median | Average | Median | Average | Median |
| Bloomington | \$896,524 | \$210,126 | \$1,319,935 | \$250,001 | \$1,708,035 | \$250,001 | \$893,404 | \$250,001 |
| Remainder of PMA | \$1,273,919 | \$250,001 | \$1,607,035 | \$250,001 | \$1,851,260 | \$250,001 | \$958,915 | \$250,001 |
| Hennepin County | \$834,331 | \$241,358 | \$834,331 | \$250,001 | \$250,001 | \$250,001 | \$769,425 | \$250,001 |
| Twin Cities Metro | \$838,068 | \$250,001 | \$1,143,875 | \$250,001 | \$1,350,779 | \$250,001 | \$698,719 | \$240,900 |

Sources: ESRI; Maxfield Research and Consulting, LLC

Tenure by Household Income

Table D-8 shows household tenure by income for Bloomington, the Remainder of the PMA, Hennepin County and the Twin Cities Metro in 2017. Data is an estimate from the American Community Survey (2015) and adjusted for household estimates to 2017. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. The higher the income, the lower 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, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

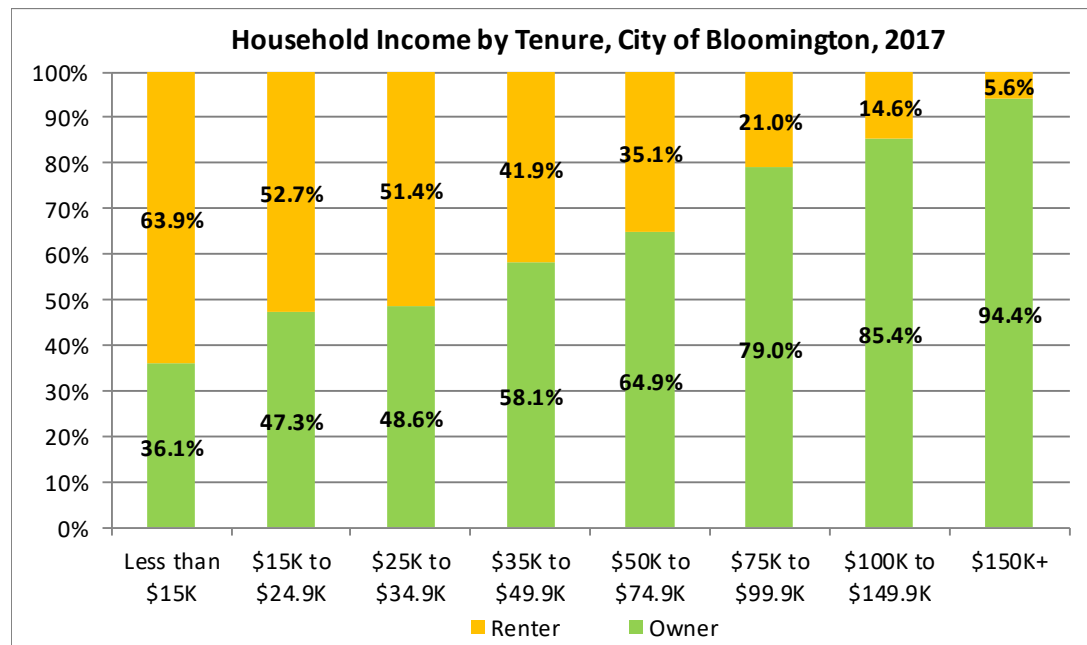
- Typically, as income increases, so does the rate of homeownership. This can be seen in Bloomington, where the homeownership rate increases from 36.1% of households with incomes below \$15,000 to 94.4% of households with incomes above \$150,000.
- A portion of renter households that are referred to as lifestyle renters, those who are financially able to own but choose to rent, typically have household incomes of \$50,000 or more and accounted for an estimated 40% of Bloomington's renters in 2017. The proportion of lifestyle renters is higher in the Remainder of the PMA (48.3%), but Bloomington's proportion of lifestyle renters is modestly higher than Hennepin County (37.3%) and the Twin Cities Metro (36.5%)
- Households with incomes below \$15,000 are typically a market for deep-subsidy rental housing (an estimated 14.9% of Bloomington's renter households as of 2017). The proportion of renters eligible for deep subsidies in the Remainder of the Market Area is lower than Bloomington (13.3%).

DEMOGRAPHIC ANALYSIS

**TABLE D-8
TENURE BY HOUSEHOLD INCOME
BLOOMINGTON MARKET AREA
2017**

| Income | CITY OF BLOOMINGTON | | | | REMAINDER OF PMA | | | | HENNEPIN COUNTY | | | | TWIN CITIES METRO | | | |
|--------------------------------|---------------------|--------------|-----------------|--------------|------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-------------------|--------------|-----------------|--------------|
| | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. |
| Less than \$15,000 | 1,044 | 36.1% | 1,845 | 63.9% | 1,703 | 42.0% | 2,354 | 58.0% | 11,798 | 23.0% | 39,528 | 77.0% | 28,319 | 27.1% | 76,037 | 72.9% |
| \$15,000 to \$24,999 | 1,438 | 47.3% | 1,600 | 52.7% | 1,872 | 45.3% | 2,259 | 54.7% | 15,626 | 36.4% | 27,273 | 63.6% | 37,251 | 38.9% | 58,404 | 61.1% |
| \$25,000 to \$34,999 | 1,553 | 48.6% | 1,642 | 51.4% | 2,244 | 51.0% | 2,159 | 49.0% | 18,636 | 44.0% | 23,731 | 56.0% | 46,497 | 48.4% | 49,480 | 51.6% |
| \$35,000 to \$49,999 | 3,195 | 58.1% | 2,300 | 41.9% | 3,491 | 59.3% | 2,396 | 40.7% | 32,179 | 52.4% | 29,220 | 47.6% | 82,998 | 57.8% | 60,701 | 42.2% |
| \$50,000 to \$74,999 | 4,866 | 64.9% | 2,637 | 35.1% | 6,340 | 66.3% | 3,229 | 33.7% | 54,281 | 62.3% | 32,803 | 37.7% | 147,359 | 68.3% | 68,343 | 31.7% |
| \$75,000 to \$99,999 | 4,510 | 79.0% | 1,198 | 21.0% | 5,584 | 71.2% | 2,260 | 28.8% | 49,062 | 73.6% | 17,624 | 26.4% | 135,505 | 79.5% | 35,043 | 20.5% |
| \$100,000 to \$149,999 | 4,888 | 85.4% | 838 | 14.6% | 8,312 | 82.0% | 1,824 | 18.0% | 67,697 | 82.5% | 14,315 | 17.5% | 185,102 | 87.7% | 26,012 | 12.3% |
| \$150,000+ | 4,397 | 94.4% | 263 | 5.6% | 13,059 | 91.1% | 1,283 | 8.9% | 72,063 | 91.6% | 6,602 | 8.4% | 166,616 | 93.7% | 11,264 | 6.3% |
| Total | 25,891 | 67.8% | 12,324 | 32.2% | 42,605 | 70.6% | 17,764 | 29.4% | 321,342 | 62.7% | 191,095 | 37.3% | 829,647 | 68.3% | 385,284 | 31.7% |
| Median Household Income | \$79,511 | | \$41,978 | | \$103,919 | | \$50,756 | | \$88,508 | | \$37,048 | | \$87,876 | | \$36,853 | |

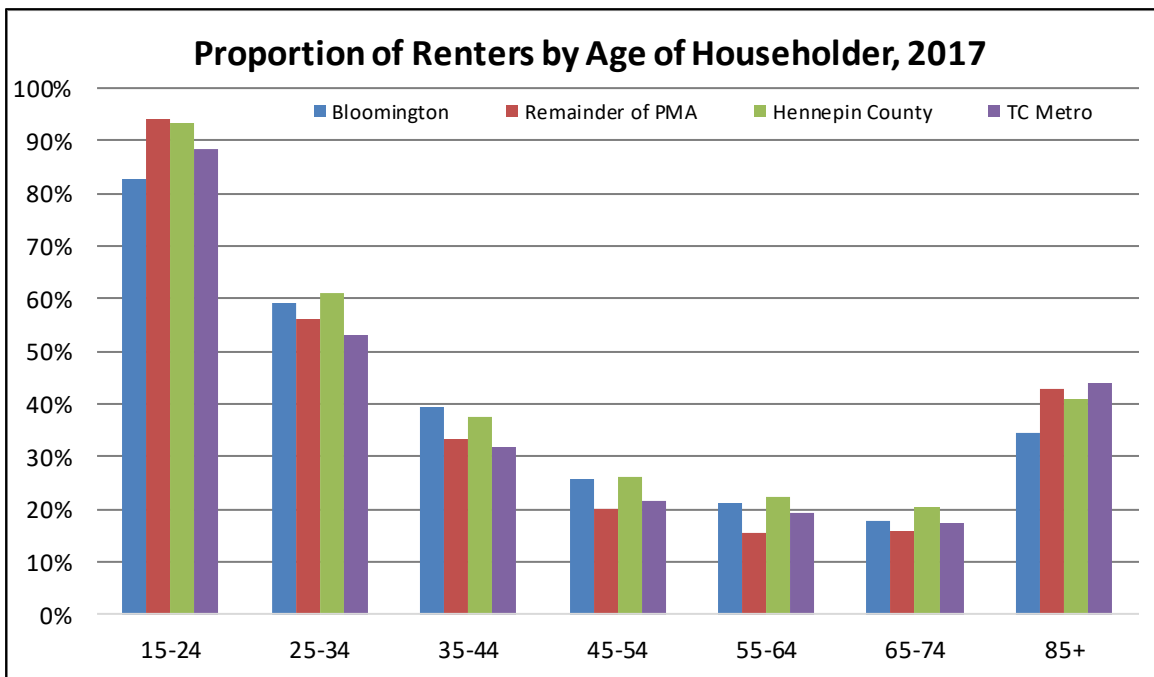
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC



Tenure by Age of Householder

Table D-9 shows the number of owner and renter households in Bloomington by age group in 2010 and 2017. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual’s life cycle. The following are key findings from Table D-9.

- In 2000, 68.9% of all households in Bloomington owned their housing. By 2017, that percentage declined to 67.8%. A similar pattern was observed in the Remainder of the PMA, Hennepin County, and the Twin Cities Metro, which experienced a decline in homeownership rates between 1.56% to 1.72%.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases as households’ age out of their young-adult years. By the time households reach their senior years however, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.
- The proportion of homeowners increases as households age, through the 65 to 74 age cohort in Bloomington. In this age cohort, homeowner households reached the highest proportion of 82.3% before declining to 65.6% among households 85 and older. In nearly every age cohort, the proportion of renter households increased between 2010 and 2017.



DEMOGRAPHIC ANALYSIS

**TABLE D-9
TENURE BY AGE OF HOUSEHOLDER
BLOOMINGTON MARKET AREA
2000 and 2017**

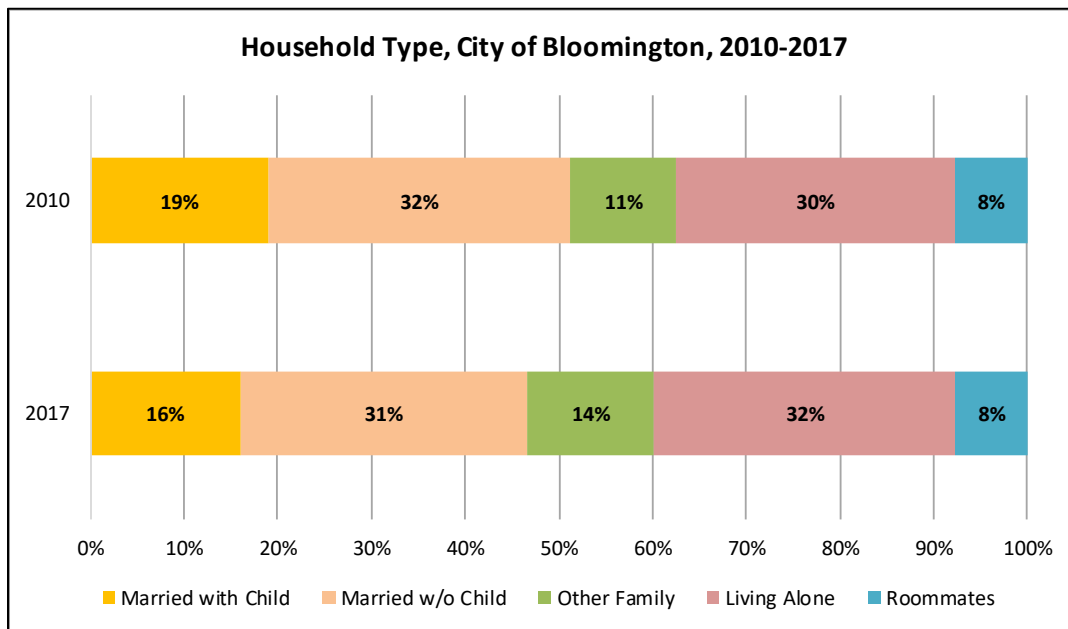
| Age | | CITY OF BLOOMINGTON | | | | REMAINDER OF PRIMARY MARKET AREA | | | | HENNEPIN COUNTY | | | | TWIN CITIES METRO | | | |
|--------------|--------------|---------------------|--------------|---------------|--------------|----------------------------------|--------------|---------------|--------------|-----------------|--------------|----------------|--------------|-------------------|--------------|------------------|--------------|
| | | 2010 | | 2017 | | 2010 | | 2017 | | 2010 | | 2017 | | 2010 | | 2017 | |
| | | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| 15-24 | Own | 173 | 13.1 | 201 | 17.3 | 245 | 15.6 | 74 | 5.9 | 2,790 | 10.9 | 1,525 | 6.8 | 7,947 | 16.0 | 5,252 | 11.7 |
| | Rent | 1,143 | 86.9 | 962 | 82.7 | 1,325 | 84.4 | 1,185 | 94.1 | 22,734 | 89.1 | 20,854 | 93.2 | 41,789 | 84.0 | 39,784 | 88.3 |
| | Total | 1,316 | 100.0 | 1,163 | 100.0 | 1,570 | 100.0 | 1,259 | 100.0 | 25,524 | 100.0 | 22,379 | 100.0 | 49,736 | 100.0 | 45,036 | 100.0 |
| 25-34 | Own | 2,272 | 42.8 | 2,453 | 41.0 | 4,283 | 46.2 | 4,434 | 44.0 | 39,850 | 42.3 | 40,575 | 39.0 | 102,236 | 50.6 | 104,566 | 46.8 |
| | Rent | 3,038 | 57.2 | 3,536 | 59.0 | 4,989 | 53.8 | 5,645 | 56.0 | 54,312 | 57.7 | 63,512 | 61.0 | 99,716 | 49.4 | 118,935 | 53.2 |
| | Total | 5,310 | 100.0 | 5,989 | 100.0 | 9,272 | 100.0 | 10,079 | 100.0 | 94,162 | 100.0 | 104,087 | 100.0 | 201,952 | 100.0 | 223,501 | 100.0 |
| 35-44 | Own | 3,307 | 63.2 | 3,331 | 60.6 | 7,418 | 72.6 | 7,313 | 66.8 | 57,684 | 66.6 | 57,364 | 62.6 | 154,678 | 72.3 | 151,968 | 68.1 |
| | Rent | 1,926 | 36.8 | 2,163 | 39.4 | 2,797 | 27.4 | 3,632 | 33.2 | 28,946 | 33.4 | 34,206 | 37.4 | 59,303 | 27.7 | 71,345 | 31.9 |
| | Total | 5,233 | 100.0 | 5,494 | 100.0 | 10,215 | 100.0 | 10,945 | 100.0 | 86,630 | 100.0 | 91,570 | 100.0 | 213,981 | 100.0 | 223,313 | 100.0 |
| 45-54 | Own | 5,582 | 75.4 | 5,402 | 74.2 | 11,088 | 82.9 | 10,841 | 79.9 | 75,651 | 75.4 | 74,207 | 73.9 | 202,404 | 79.8 | 203,023 | 78.4 |
| | Rent | 1,821 | 24.6 | 1,876 | 25.8 | 2,290 | 17.1 | 2,732 | 20.1 | 24,688 | 24.6 | 26,246 | 26.1 | 51,379 | 20.2 | 55,866 | 21.6 |
| | Total | 7,403 | 100.0 | 7,278 | 100.0 | 13,378 | 100.0 | 13,573 | 100.0 | 100,339 | 100.0 | 100,453 | 100.0 | 253,783 | 100.0 | 258,889 | 100.0 |
| 55-64 | Own | 5,479 | 81.2 | 5,981 | 78.9 | 9,373 | 84.6 | 10,545 | 84.7 | 65,466 | 79.5 | 73,099 | 77.6 | 162,595 | 82.6 | 184,638 | 80.8 |
| | Rent | 1,269 | 18.8 | 1,601 | 21.1 | 1,710 | 15.4 | 1,905 | 15.3 | 16,891 | 20.5 | 21,144 | 22.4 | 34,355 | 17.4 | 43,744 | 19.2 |
| | Total | 6,748 | 100.0 | 7,582 | 100.0 | 11,083 | 100.0 | 12,450 | 100.0 | 82,357 | 100.0 | 94,243 | 100.0 | 196,950 | 100.0 | 228,382 | 100.0 |
| 65-74 | Own | 3,997 | 85.8 | 4,261 | 82.3 | 4,972 | 83.7 | 6,153 | 84.2 | 34,028 | 80.0 | 42,072 | 79.5 | 85,347 | 82.6 | 106,413 | 82.4 |
| | Rent | 662 | 14.2 | 919 | 17.7 | 968 | 16.3 | 1,157 | 15.8 | 8,502 | 20.0 | 10,853 | 20.5 | 17,998 | 17.4 | 22,658 | 17.6 |
| | Total | 4,659 | 100.0 | 5,180 | 100.0 | 5,940 | 100.0 | 7,310 | 100.0 | 42,530 | 100.0 | 52,925 | 100.0 | 103,345 | 100.0 | 129,071 | 100.0 |
| 75-84 | Own | 2,970 | 81.9 | 3,168 | 82.0 | 3,734 | 76.8 | 3,676 | 74.7 | 21,975 | 75.6 | 22,802 | 75.2 | 50,083 | 75.6 | 53,785 | 75.7 |
| | Rent | 657 | 18.1 | 694 | 18.0 | 1,128 | 23.2 | 1,244 | 25.3 | 7,108 | 24.4 | 7,536 | 24.8 | 16,185 | 24.4 | 17,268 | 24.3 |
| | Total | 3,627 | 100.0 | 3,862 | 100.0 | 4,862 | 100.0 | 4,920 | 100.0 | 29,083 | 100.0 | 30,338 | 100.0 | 66,268 | 100.0 | 71,053 | 100.0 |
| 85+ | Own | 957 | 59.5 | 1,094 | 65.6 | 1,751 | 56.5 | 1,840 | 57.3 | 8,677 | 56.8 | 9,697 | 59.0 | 17,185 | 54.2 | 19,989 | 56.0 |
| | Rent | 652 | 40.5 | 573 | 34.4 | 1,349 | 43.5 | 1,370 | 42.7 | 6,611 | 43.2 | 6,745 | 41.0 | 14,549 | 45.8 | 15,697 | 44.0 |
| | Total | 1,609 | 100.0 | 1,667 | 100.0 | 3,100 | 100.0 | 3,210 | 100.0 | 15,288 | 100.0 | 16,442 | 100.0 | 31,734 | 100.0 | 35,686 | 100.0 |
| TOTAL | Own | 24,737 | 68.9 | 25,891 | 67.8 | 42,864 | 72.1 | 44,876 | 70.4 | 306,121 | 64.3 | 321,341 | 62.7 | 782,475 | 70.0 | 829,634 | 68.3 |
| | Rent | 11,168 | 31.1 | 12,324 | 32.2 | 16,556 | 27.9 | 18,870 | 29.6 | 169,792 | 35.7 | 191,096 | 37.3 | 335,274 | 30.0 | 385,297 | 31.7 |
| | Total | 35,905 | 100.0 | 38,215 | 100.0 | 59,420 | 100.0 | 63,746 | 100.0 | 475,913 | 100.0 | 512,437 | 100.0 | 1,117,749 | 100.0 | 1,214,931 | 100.0 |

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

Household Type

Table D-10 shows a breakdown of the type of households present in Bloomington in 2010 and 2017. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- In 2010, the largest household type in Bloomington was married couples without children, which represented 32% of households. By 2017, the largest household type was those living alone, again representing 32% of the households.
- Bloomington had a higher proportion of married without children households, 30.7%, compared to the Remainder of the PMA, Hennepin County and the Twin Cities Metro, which ranged between 24.4% and 28.4% in 2010.
- At the same time, Bloomington reported the lowest proportion of married with children households, 16.0%, compared to all other areas which reported between 18.7% and 24.0% of households as married couples with children. This category increased however, between 2010 and 2017, but other categories increased by higher proportions resulting in a stable percentage as of 2017.



- Among all areas, the greatest change in household type was for People Living Alone in the Twin Cities Metro, where this segment increased by 9.6%, followed closely by Bloomington where this segment increased by 9.2%.
- In Bloomington, the largest increases in household type occurred among people living alone (9.2%), followed by married couples with children (6.2%) and Other Family households (4.8%).

DEMOGRAPHIC ANALYSIS

**TABLE D-10
HOUSEHOLD TYPE
BLOOMINGTON MARKET AREA
2010 & 2017**

| <i>Households</i> | Total HH's | | Family Households | | | | | | Non-Family Households | | | |
|--------------------|-------------------------|---------------|--------------------------|--------------|--------------------------|---------------|----------------|--------------|------------------------------|---------------|---------------------|--------------|
| | | | Married w/ Child | | Married w/o Child | | Other * | | Living Alone | | Roommates ** | |
| | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 |
| Bloomington | 35,905 | 38,215 | 5,731 | 6,088 | 11,013 | 11,528 | 4,874 | 5,110 | 11,545 | 12,606 | 2,742 | 2,882 |
| Remainder of PMA | 59,420 | 63,746 | 14,253 | 15,581 | 16,885 | 17,880 | 6,717 | 7,276 | 17,936 | 19,129 | 3,629 | 3,878 |
| Hennepin County | 475,913 | 512,417 | 89,084 | 96,210 | 116,099 | 128,717 | 67,702 | 71,891 | 155,807 | 167,971 | 47,221 | 47,628 |
| Twin Cities Mero | 1,117,749 | 1,214,931 | 244,687 | 261,445 | 298,723 | 333,987 | 164,086 | 176,478 | 319,030 | 349,653 | 91,223 | 93,367 |
| Percent | | | | | | | | | | | | |
| Bloomington | 100.0 | 100.0 | 16.0 | 15.9 | 30.7 | 30.2 | 13.6 | 13.4 | 32.2 | 33.0 | 7.6 | 7.5 |
| Remainder of PMA | 100.0 | 100.0 | 24.0 | 24.4 | 28.4 | 28.0 | 11.3 | 11.4 | 30.2 | 30.0 | 6.1 | 6.1 |
| Hennepin County | 100.0 | 100.0 | 18.7 | 18.8 | 24.4 | 25.1 | 14.2 | 14.0 | 32.7 | 32.8 | 9.9 | 9.3 |
| Twin Cities Mero | 100.0 | 100.0 | 21.9 | 21.5 | 26.7 | 27.5 | 14.7 | 14.5 | 28.5 | 28.8 | 8.2 | 7.7 |
| | Change 2010-2017 | | | | | | | | | | | |
| | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| Bloomington | 2,310 | 6.4% | 357 | 6.2% | 515 | 4.7% | 236 | 4.8% | 1,061 | 9.2% | 140 | 5.1% |
| Remainder of PMA | 4,326 | 7.3% | 1,328 | 9.3% | 995 | 5.9% | 559 | 8.3% | 1,193 | 6.7% | 249 | 6.9% |
| Hennepin County | 36,504 | 7.7% | 7,126 | 8.0% | 12,618 | 10.9% | 4,189 | 6.2% | 12,164 | 7.8% | 407 | 0.9% |
| Twin Cities Mero | 97,182 | 8.7% | 16,758 | 6.8% | 35,264 | 11.8% | 12,392 | 7.6% | 30,623 | 9.6% | 2,144 | 2.4% |

* Single-parents with children

** Includes unmarried couples without children and group quarters

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

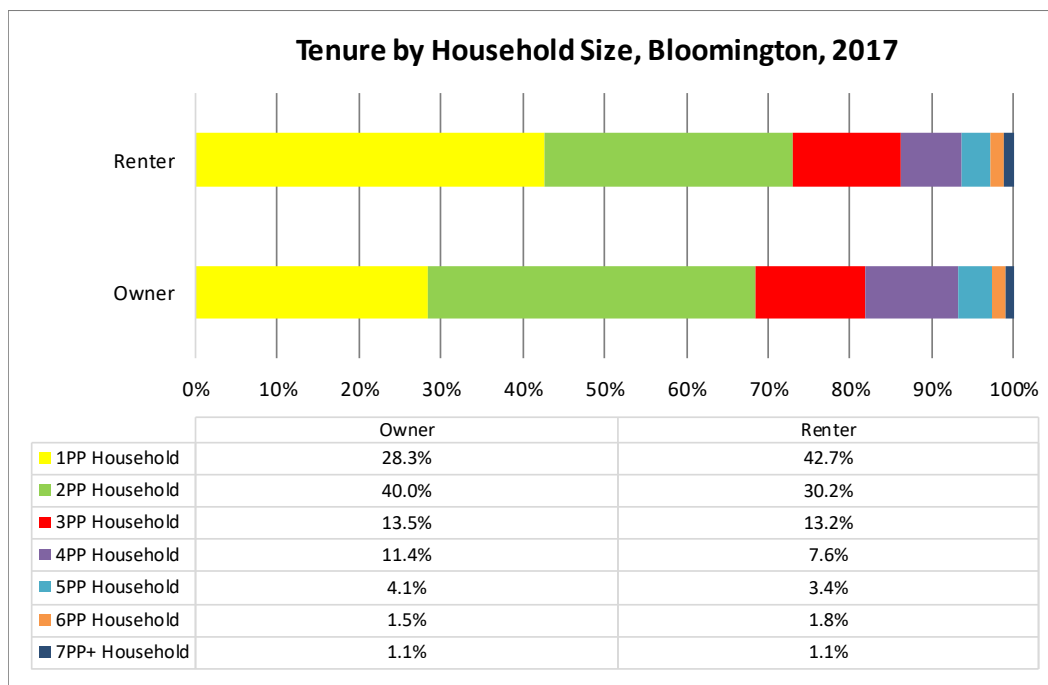
DEMOGRAPHIC ANALYSIS

- Although Bloomington showed an increase in all household types between 2010 and 2017, the proportion of married couples with children remained essentially stable, due primarily to larger increases among people living alone and married couples without children. Increases in households with fewer people, on average, in each household will impact the type of housing in demand in Bloomington. Smaller household sizes may favor maintenance free housing options located near amenity-rich areas as opposed to large single-family homes.

Tenure by Household Size

Table D-11 shows the distribution of households by size and tenure in the Bloomington, the Remainder of the PMA, Hennepin County and the Twin Cities Metro in 2010 and 2017.

- Household size for renters is usually smaller than for owners. This trend is because the typical market segments for rental housing are younger households and less likely to be married with children and older adults who elect to downsize from their single-family homes. In 2017, an estimated 43% of the renter-occupied households in Bloomington were single-person households, compared to only 28% of owner households.



- An estimated 73% of renter households in Bloomington in 2017 have either one or two people. One-person households are likely to seek one-bedroom units, while two-person households may prefer either a one- or two-bedroom unit. Two-person households with a parent and child or roommate are likely to prefer a two-bedroom unit. Only 27% of renter households in Bloomington in 2017 had three or more people in the household.

DEMOGRAPHIC ANALYSIS

**TABLE D-11
TENURE BY HOUSEHOLD SIZE
BLOOMINGTON MARKET AREA
2010 AND 2017**

| Size | CITY OF BLOOMINGTON | | | | | | | |
|----------------|---------------------|---------------|-----------------|---------------|----------------|---------------|-----------------|---------------|
| | 2010 | | | | 2017 | | | |
| | Owner Occupied | | Renter Occupied | | Owner Occupied | | Renter Occupied | |
| | Number | Pct. | Number | Pct. | Number | Pct. | Number | Pct. |
| 1PP Household | 6,467 | 26.1% | 5,078 | 45.5% | 7,340 | 28.3% | 5,266 | 42.7% |
| 2PP Household | 10,167 | 41.1% | 3,117 | 27.9% | 10,362 | 40.0% | 3,719 | 30.2% |
| 3PP Household | 3,498 | 14.1% | 1,293 | 11.6% | 3,493 | 13.5% | 1,627 | 13.2% |
| 4PP Household | 2,897 | 11.7% | 934 | 8.4% | 2,962 | 11.4% | 939 | 7.6% |
| 5PP Household | 1,092 | 4.4% | 408 | 3.7% | 1,055 | 4.1% | 415 | 3.4% |
| 6PP Household | 350 | 1.4% | 197 | 1.8% | 400 | 1.5% | 223 | 1.8% |
| 7PP+ Household | 266 | 1.1% | 141 | 1.3% | 280 | 1.1% | 134 | 1.1% |
| Total | 24,737 | 100.0% | 11,168 | 100.0% | 25,891 | 100.0% | 12,324 | 100.0% |

| Size | REMAINDER OF PRIMARY MARKET AREA | | | | | | | |
|----------------|----------------------------------|---------------|-----------------|---------------|----------------|---------------|-----------------|---------------|
| | 2010 | | | | 2017 | | | |
| | Owner Occupied | | Renter Occupied | | Owner Occupied | | Renter Occupied | |
| | Number | Pct. | Number | Pct. | Number | Pct. | Number | Pct. |
| 1PP Household | 10,476 | 24.4% | 7,460 | 45.1% | 11,350 | 25.2% | 7,779 | 41.5% |
| 2PP Household | 15,297 | 35.7% | 4,557 | 27.5% | 15,868 | 35.3% | 5,084 | 27.1% |
| 3PP Household | 6,629 | 15.5% | 2,125 | 12.8% | 6,962 | 15.5% | 2,868 | 15.3% |
| 4PP Household | 6,612 | 15.4% | 1,339 | 8.1% | 6,770 | 15.0% | 1,767 | 9.4% |
| 5PP Household | 2,728 | 6.4% | 589 | 3.6% | 2,836 | 6.3% | 723 | 3.9% |
| 6PP Household | 744 | 1.7% | 271 | 1.6% | 887 | 2.0% | 426 | 2.3% |
| 7PP+ Household | 378 | 0.9% | 215 | 1.3% | 316 | 0.7% | 111 | 0.6% |
| Total | 42,864 | 100.0% | 16,556 | 100.0% | 44,988 | 100.0% | 18,758 | 100.0% |

| Size | HENNEPIN COUNTY | | | | | | | |
|----------------|-----------------|---------------|-----------------|---------------|----------------|---------------|-----------------|---------------|
| | 2010 | | | | 2017 | | | |
| | Owner Occupied | | Renter Occupied | | Owner Occupied | | Renter Occupied | |
| | Number | Pct. | Number | Pct. | Number | Pct. | Number | Pct. |
| 1PP Household | 77,198 | 25.2% | 78,609 | 46.3% | 82,052 | 25.5% | 85,925 | 45.0% |
| 2PP Household | 112,157 | 36.6% | 44,706 | 26.3% | 119,488 | 37.2% | 51,998 | 27.2% |
| 3PP Household | 47,338 | 15.5% | 20,044 | 11.8% | 48,226 | 15.0% | 23,267 | 12.2% |
| 4PP Household | 42,878 | 14.0% | 13,330 | 7.9% | 44,924 | 14.0% | 15,942 | 8.3% |
| 5PP Household | 16,863 | 5.5% | 6,653 | 3.9% | 17,438 | 5.4% | 7,341 | 3.8% |
| 6PP Household | 5,442 | 1.8% | 3,255 | 1.9% | 5,643 | 1.8% | 3,654 | 1.9% |
| 7PP+ Household | 4,245 | 1.4% | 3,195 | 1.9% | 3,571 | 1.1% | 2,969 | 1.6% |
| Total | 306,121 | 100.0% | 169,792 | 100.0% | 321,342 | 100.0% | 191,095 | 100.0% |

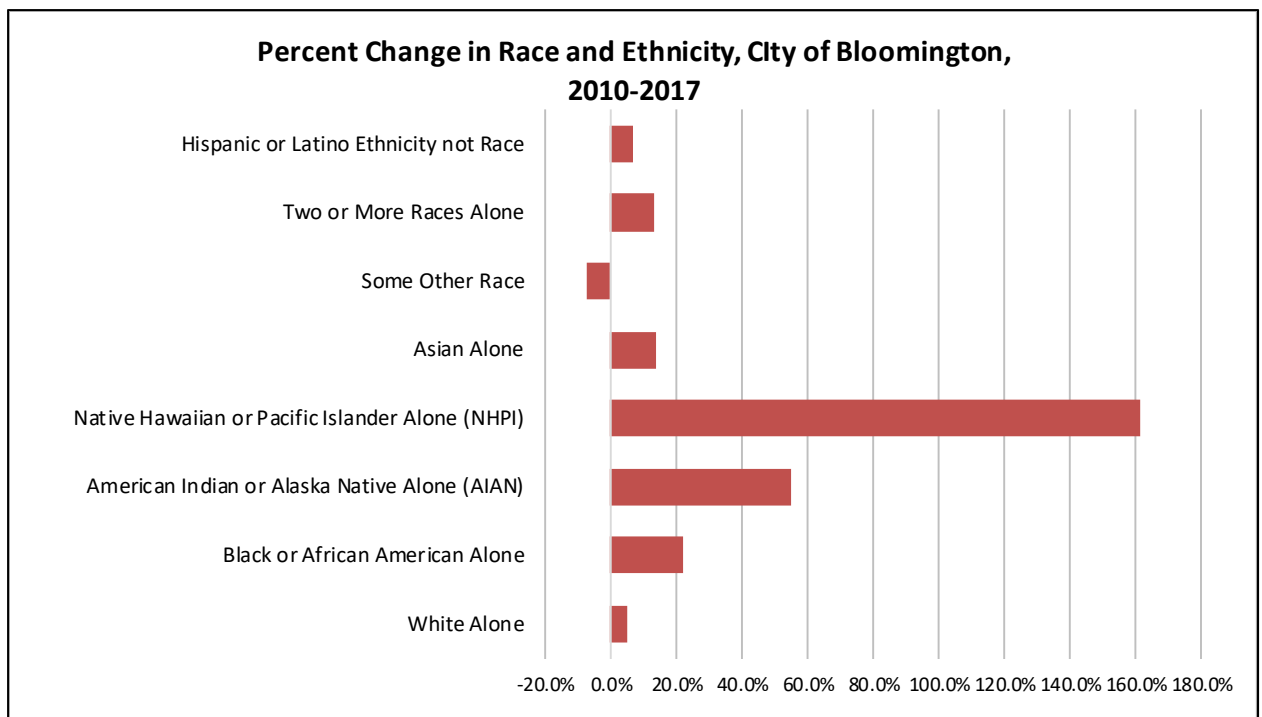
| Size | TWIN CITIES METRO AREA | | | | | | | |
|----------------|------------------------|---------------|-----------------|---------------|----------------|---------------|-----------------|---------------|
| | 2010 | | | | 2017 | | | |
| | Owner Occupied | | Renter Occupied | | Owner Occupied | | Renter Occupied | |
| | Number | Pct. | Number | Pct. | Number | Pct. | Number | Pct. |
| 1PP Household | 171,241 | 21.9% | 147,789 | 44.1% | 185,575 | 22.4% | 164,077 | 42.6% |
| 2PP Household | 280,552 | 35.9% | 87,139 | 26.0% | 304,160 | 36.7% | 104,293 | 27.1% |
| 3PP Household | 128,197 | 16.4% | 42,563 | 12.7% | 131,888 | 15.9% | 49,801 | 12.9% |
| 4PP Household | 123,219 | 15.7% | 29,587 | 8.8% | 129,068 | 15.6% | 35,008 | 9.1% |
| 5PP Household | 50,854 | 6.5% | 14,883 | 4.4% | 52,029 | 6.3% | 17,963 | 4.7% |
| 6PP Household | 16,887 | 2.2% | 6,908 | 2.1% | 16,827 | 2.0% | 7,815 | 2.0% |
| 7PP+ Household | 11,525 | 1.5% | 6,405 | 1.9% | 10,099 | 1.2% | 6,328 | 1.6% |
| Total | 782,475 | 100.0% | 335,274 | 100.0% | 829,647 | 100.0% | 385,284 | 100.0% |

Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC

Diversity

The population distribution by race, Table D-12, presents the diversity of the population in Bloomington, the Remainder of the PMA, Hennepin County and the Twin Cities Metro for 2010 and 2017. The data was obtained from the U.S. Census.

- In 2017, “White Alone” comprised the largest proportion of the population in Bloomington (78.4%), the Remainder of the PMA (80.4%), Hennepin County (74.3%), and the Metro Area (78.2%). The percentage has decreased since 2010 where “White Alone” was 79.7% in Bloomington.
- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2017, 7.6% of Bloomington’s population was Hispanic/Latino. The Hispanic/Latino population was 6.8% of Bloomington’s population in 2010.
- “Native Hawaiian or Pacific Islander Alone” increased from 44 people in 2010 to 115 people in 2017, an increase of 164.4%. This was followed by “American Indian or Alaska Native Alone,” which increased from 329 people in 2010 to 519 people in 2017, an increase of 54.7%.



DEMOGRAPHIC ANALYSIS

**TABLE D-12
POPULATION DISTRIBUTION BY RACE
BLOOMINGTON MARKET AREA
2010 & 2017**

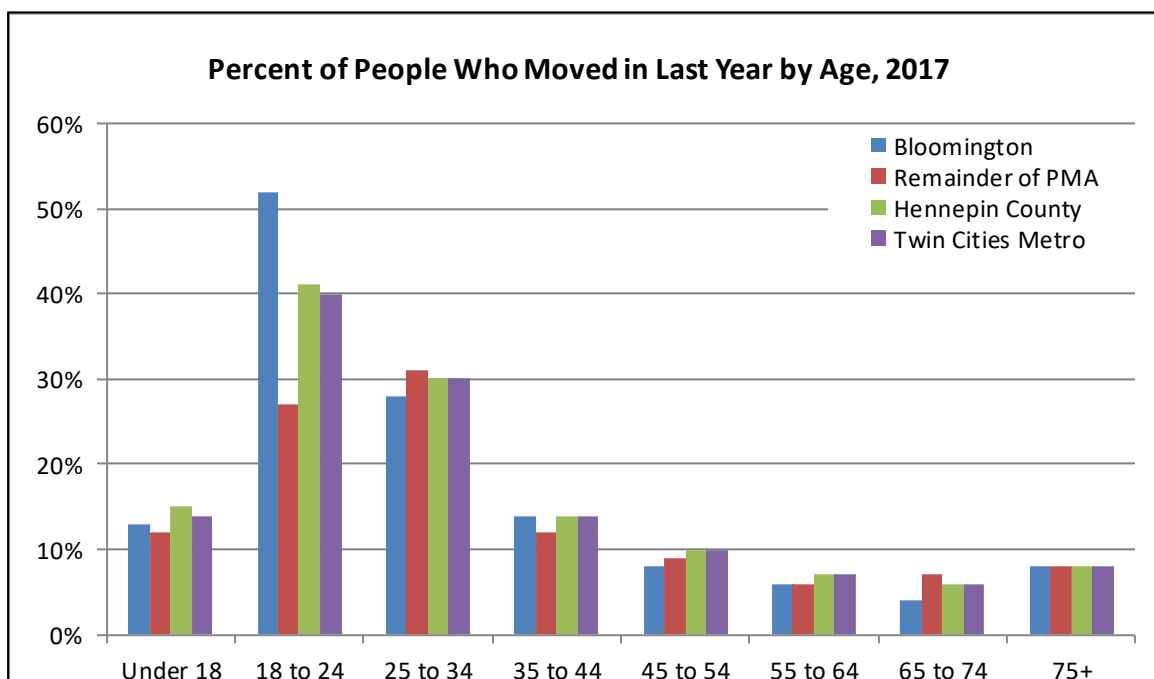
| | White Alone | | Black or African American Alone | | American Indian or Alaska Native Alone (AIAN) | | Native Hawaiian or Pacific Islander Alone (NHPI) | | Asian Alone | | Some Other Race | | Two or More Races Alone | | Hispanic or Latino <i>Ethnicity not Race</i> | |
|--------------------|---------------|---------------|---------------------------------|--------------|---|-------------|--|-------------|--------------|--------------|-----------------|--------------|-------------------------|--------------|---|--------------|
| | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 | 2010 | 2017 |
| Number | | | | | | | | | | | | | | | | |
| Bloomington | 66,087 | 69,416 | 5,957 | 7,269 | 329 | 509 | 44 | 115 | 4,860 | 5,543 | 3,027 | 2,810 | 2,589 | 2,928 | 5,623 | 6,736 |
| Remainder of PMA | 116,538 | 121,878 | 8,086 | 8,006 | 503 | 577 | 59 | 99 | 10,665 | 13,205 | 4,629 | 3,555 | 3,486 | 4,230 | 9,377 | 10,400 |
| Hennepin County | 856,834 | 909,395 | 136,262 | 148,955 | 10,591 | 8,457 | 506 | 486 | 71,905 | 83,214 | 38,878 | 30,978 | 37,449 | 42,897 | 77,676 | 83,534 |
| Twin Cities Metro | 2,246,356 | 2,381,442 | 238,723 | 265,091 | 20,906 | 17,737 | 1,262 | 1,200 | 183,421 | 213,550 | 74,516 | 63,306 | 84,383 | 101,907 | 167,558 | 184,969 |
| Percentage | | | | | | | | | | | | | | | | |
| Bloomington | 79.7% | 78.4% | 7.2% | 8.2% | 0.4% | 0.6% | 0.1% | 0.1% | 5.9% | 6.3% | 3.7% | 3.2% | 3.1% | 3.3% | 6.8% | 7.6% |
| Remainder of PMA | 80.9% | 80.4% | 5.6% | 5.3% | 0.3% | 0.4% | 0.04% | 0.07% | 7.4% | 8.7% | 3.2% | 2.3% | 2.4% | 2.8% | 6.5% | 6.9% |
| Hennepin County | 74.4% | 74.3% | 11.8% | 12.2% | 0.9% | 0.7% | 0.04% | 0.04% | 6.2% | 6.8% | 3.4% | 2.5% | 3.2% | 3.5% | 6.7% | 6.8% |
| Twin Cities Metro | 78.8% | 78.2% | 8.4% | 8.7% | 0.7% | 0.6% | 0.04% | 0.04% | 6.4% | 7.0% | 2.6% | 2.1% | 3.0% | 3.3% | 5.9% | 6.1% |

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

Mobility in the Past Year

Table D-13 shows the mobility patterns of residents in Bloomington, the Remainder of the PMA, Hennepin County and the Twin Cities Metro within a one-year time frame (2017 is the most recent available).

- The majority of residents in Bloomington (86.4%) did not move within the last year.
- Of residents who moved in Bloomington, they were most likely to move within the county (8.4%).
- In all areas, 18 to 24 year olds and 25 to 34 year olds were most likely to report a move. Of residents in Bloomington who reported a move, 17% were ages 18 to 24 and 30% were ages 25 to 34.
- In Bloomington, a higher proportion of 18 to 24 year olds were more likely to move (17%) compared to the Remainder of the PMA (13%), but this group was more likely to move in Hennepin County (22%) and the Twin Cities Metro (21%).
- After age 35, mobility declines through age 74. There is a slight uptick in mobility among those over age 75 in all areas. This reflects older seniors leaving their single-family homes for alternative housing options.
- The graph shown following Table D-13 shows the percent of people that remained in their same home over the past year.

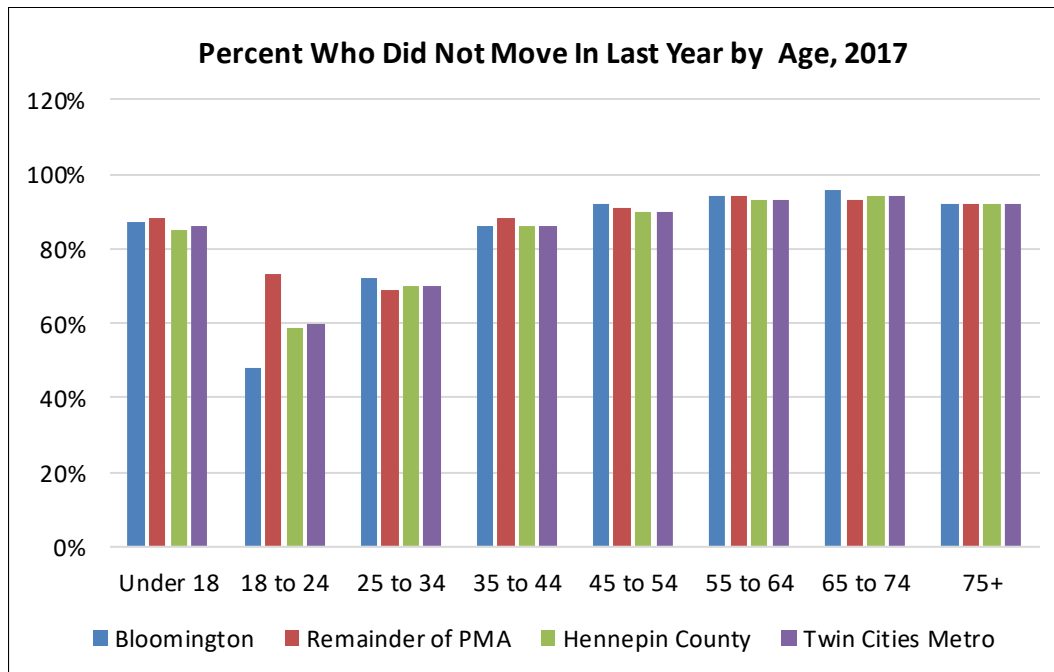


DEMOGRAPHIC ANALYSIS

**TABLE D-13
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
BLOOMINGTON MARKET AREA
2017**

| Age | Did Not Move | | Moved | | | | | | | |
|--------------------------|------------------|--------------|--------------------|--------------|-----------------------------|-------------|-----------------|-------------|---------------|-------------|
| | Same House | | Within Same County | | Different County Same State | | Different State | | Abroad | |
| | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| Bloomington | | | | | | | | | | |
| Under 18 | 13,941 | 87.2% | 1,533 | 9.6% | 331 | 2.1% | 135 | 0.8% | 43 | 0.3% |
| 18 to 24 | 4,627 | 48.1% | 958 | 14.4% | 735 | 11.1% | 318 | 4.8% | 12 | 0.2% |
| 25 to 34 | 9,236 | 71.7% | 1,993 | 15.5% | 908 | 7.0% | 522 | 4.0% | 230 | 1.8% |
| 35 to 44 | 9,193 | 85.7% | 1,050 | 9.8% | 293 | 2.7% | 145 | 1.4% | 46 | 0.4% |
| 45 to 54 | 11,720 | 92.4% | 603 | 4.8% | 171 | 1.4% | 150 | 1.2% | 44 | 0.3% |
| 55 to 64 | 12,174 | 93.5% | 588 | 4.5% | 132 | 1.0% | 65 | 0.5% | 58 | 0.4% |
| 65 to 74 | 7,773 | 96.0% | 179 | 2.2% | 74 | 0.9% | 54 | 0.7% | 17 | 0.2% |
| 75+ | 7,854 | 91.9% | 502 | 5.9% | 162 | 1.9% | 26 | 0.3% | 0 | 0.0% |
| Total | 76,516 | 86.4% | 7,405 | 8.4% | 2,806 | 3.2% | 1,415 | 1.6% | 449 | 0.5% |
| Remainder of PMA | | | | | | | | | | |
| Under 18 | 30,419 | 88.4% | 2,512 | 7.3% | 639 | 1.9% | 598 | 1.7% | 224 | 0.7% |
| 18 to 24 | 6,993 | 72.7% | 1,196 | 12.4% | 675 | 7.0% | 615 | 6.4% | 140 | 1.5% |
| 25 to 34 | 14,620 | 68.9% | 3,558 | 16.8% | 1,300 | 6.1% | 1,076 | 5.1% | 655 | 3.1% |
| 35 to 44 | 17,282 | 87.7% | 1,564 | 7.9% | 342 | 1.7% | 336 | 1.7% | 193 | 1.0% |
| 45 to 54 | 21,717 | 91.3% | 1,173 | 4.9% | 496 | 2.1% | 258 | 1.1% | 155 | 0.7% |
| 55 to 64 | 19,360 | 94.3% | 736 | 3.6% | 223 | 1.1% | 141 | 0.7% | 73 | 0.4% |
| 65 to 74 | 10,646 | 93.0% | 542 | 4.7% | 34 | 0.3% | 142 | 1.2% | 79 | 0.7% |
| 75+ | 10,015 | 92.4% | 467 | 4.3% | 111 | 1.0% | 166 | 1.5% | 77 | 0.7% |
| Total | 131,053 | 86.5% | 11,747 | 7.8% | 3,821 | 2.5% | 3,333 | 2.2% | 1,596 | 1.1% |
| Hennepin County | | | | | | | | | | |
| Under 18 | 222,425 | 85.4% | 25,447 | 9.8% | 6,048 | 2.3% | 4,483 | 1.7% | 2,179 | 0.8% |
| 18 to 24 | 66,479 | 59.0% | 23,049 | 20.4% | 12,902 | 11.4% | 8,459 | 7.5% | 1,868 | 1.7% |
| 25 to 34 | 146,580 | 69.6% | 37,054 | 17.6% | 13,083 | 6.2% | 10,145 | 4.8% | 3,679 | 1.7% |
| 35 to 44 | 139,667 | 85.7% | 14,779 | 9.1% | 4,235 | 2.6% | 3,240 | 2.0% | 1,128 | 0.7% |
| 45 to 54 | 155,584 | 90.2% | 10,744 | 6.2% | 3,108 | 1.8% | 2,489 | 1.4% | 566 | 0.3% |
| 55 to 64 | 142,794 | 92.9% | 7,036 | 4.6% | 1,930 | 1.3% | 1,480 | 1.0% | 508 | 0.3% |
| 65 to 74 | 77,749 | 94.1% | 3,169 | 3.8% | 606 | 0.7% | 746 | 0.9% | 384 | 0.5% |
| 75+ | 62,908 | 91.8% | 3,693 | 5.4% | 1,098 | 1.6% | 591 | 0.9% | 269 | 0.4% |
| Total | 1,014,186 | 82.8% | 124,971 | 10.2% | 43,011 | 3.5% | 31,632 | 2.6% | 10,582 | 0.9% |
| Twin Cities Metro | | | | | | | | | | |
| Under 18 | 559,404 | 85.7% | 61,859 | 9.5% | 14,795 | 2.3% | 11,244 | 1.7% | 5,318 | 0.8% |
| 18 to 24 | 162,558 | 60.0% | 53,646 | 19.8% | 30,041 | 11.1% | 20,078 | 7.4% | 4,444 | 1.6% |
| 25 to 34 | 356,664 | 69.6% | 89,857 | 17.5% | 31,824 | 6.2% | 24,825 | 4.8% | 9,587 | 1.9% |
| 35 to 44 | 347,249 | 85.9% | 36,160 | 8.9% | 10,126 | 2.5% | 7,911 | 2.0% | 2,924 | 0.7% |
| 45 to 54 | 392,271 | 90.3% | 26,366 | 6.1% | 7,974 | 1.8% | 6,077 | 1.4% | 1,594 | 0.4% |
| 55 to 64 | 358,761 | 93.0% | 17,196 | 4.5% | 4,765 | 1.2% | 3,586 | 0.9% | 1,284 | 0.3% |
| 65 to 74 | 195,569 | 93.9% | 8,210 | 3.9% | 1,417 | 0.7% | 1,965 | 0.9% | 1,025 | 0.5% |
| 75+ | 161,336 | 91.8% | 9,203 | 5.2% | 2,676 | 1.5% | 1,674 | 1.0% | 766 | 0.4% |
| Total | 2,533,812 | 83.2% | 302,497 | 9.9% | 103,619 | 3.4% | 77,362 | 2.5% | 26,943 | 0.9% |

Sources: American Community Survey; Maxfield Research and Consulting LLC



Summary of Demographic Trends

The following points summarize key demographic trends that will impact demand for housing in Bloomington.

- The population in the City of Bloomington is forecast to grow by 7.6% (6,297 people) and 2,760 households (7.7%) between 2010 and 2020. Population growth is expected to continue to 2030, with a forecast population growth of 2.3% (2,055 people) and 1,315 households between 2020 and 2030.
- The population over age 65 is expected to experience an increase in Bloomington through 2040, as a result of the aging of the baby boom generation.
- Median incomes are rising in Bloomington, with a 16.0% increase forecast between 2017 and 2022 as incomes rise from \$63,902 to \$74,100.
- As incomes rise, the proportion of homeowners also rises. However, a portion of renter households that are referred to as lifestyle renters or those who are financially able to own but choose to rent, have household incomes of \$50,000 or more. This accounted for an estimated 40% of Bloomington’s renter households in 2017.
- The proportion of homeowners increases as households age beginning with age 35. Homeowner households reached the highest ownership proportion at 82.3%. Households ages 25 to 34 had a homeownership rate of 41.0%. Households ages 75+ had a

DEMOGRAPHIC ANALYSIS

homeownership rate of 82.0% while those ages 85% decreased to 65.6% as the oldest households often elect to relocate to housing options with support services.

- Between 2010 and 2017, married couple households with and without children increased in Bloomington. However, householders living alone experienced the largest percentage increase.
- Renter households were most likely to contain one person, 43% of renter households, followed by two-person households, accounting for 30% of renter households.
- In 2017, “White Alone” comprised the largest proportion of the population in Bloomington, accounting for 78.4% of the population. This proportion represents a decrease of -1.8% in the “White Alone” population from 2010.
- From 2010 to 2017, people that self-identify as Hispanic increased by 19.8% in the City of Bloomington.
- The vast majority of residents in Bloomington (86.5%) did not move within the last year. Of those who moved (13.5%), they were most likely to be ages 18 to 24 or 25 to 34 and most likely to have moved within the same County. Mobility drops after age 34, but rises again beginning with households age 65 to 74 and 75 years or older. However, fully 90% or more of householders ages 55+ did not move within the last year. Older age cohorts may elect to relocate to alternative housing and the oldest households may choose to relocate to housing that provides additional support services.

Employment Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability. Submittals

Employment Growth and Projections

Table E-1 shows projected employment growth in Bloomington, Hennepin County, and the Twin Cities Metro Area. Table E-1 shows employment growth trends and projections from 2000 to 2040 based on the most recent Minnesota Department of Employment and Economic Development (DEED) and Metropolitan Council employment outlook projections.

| | Employment | | | | | | Change | | | | | |
|---|------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------|-----------|-------|-----------|------|
| | Estimated Actual | | | Forecast | | | 2000-2010 | | 2010-2020 | | 2020-2030 | |
| | 2000 | 2010 | 2016* | 2020 | 2030 | 2040 | No. | Pct. | No. | Pct. | No. | Pct. |
| | | | | | | | | | | | | |
| Bloomington | 101,564 | 86,530 | 89,644 | 93,900 | 98,900 | 104,000 | -15,034 | -14.8% | 7,370 | 8.5% | 5,000 | 5.3% |
| Hennepin County | 856,838 | 805,089 | 903,772 | 919,900 | 976,520 | 1,032,580 | -51,749 | -6.0% | 114,811 | 14.3% | 56,620 | 6.2% |
| Twin Cities Metro Area | 1,563,245 | 1,543,872 | 1,709,539 | 1,791,080 | 1,913,050 | 2,032,660 | -19,373 | -1.2% | 247,208 | 16.0% | 121,970 | 6.8% |
| * 2016 Data is from MNDEED Quarterly Census of Employment and Wages (3rd Quarter) | | | | | | | | | | | | |
| Note: Twin Cities Metro represents the 7-County planning region | | | | | | | | | | | | |
| Sources: MN Dept of Employment and Economic Development; Metropolitan Council; Maxfield Research & Consulting, LLC. | | | | | | | | | | | | |

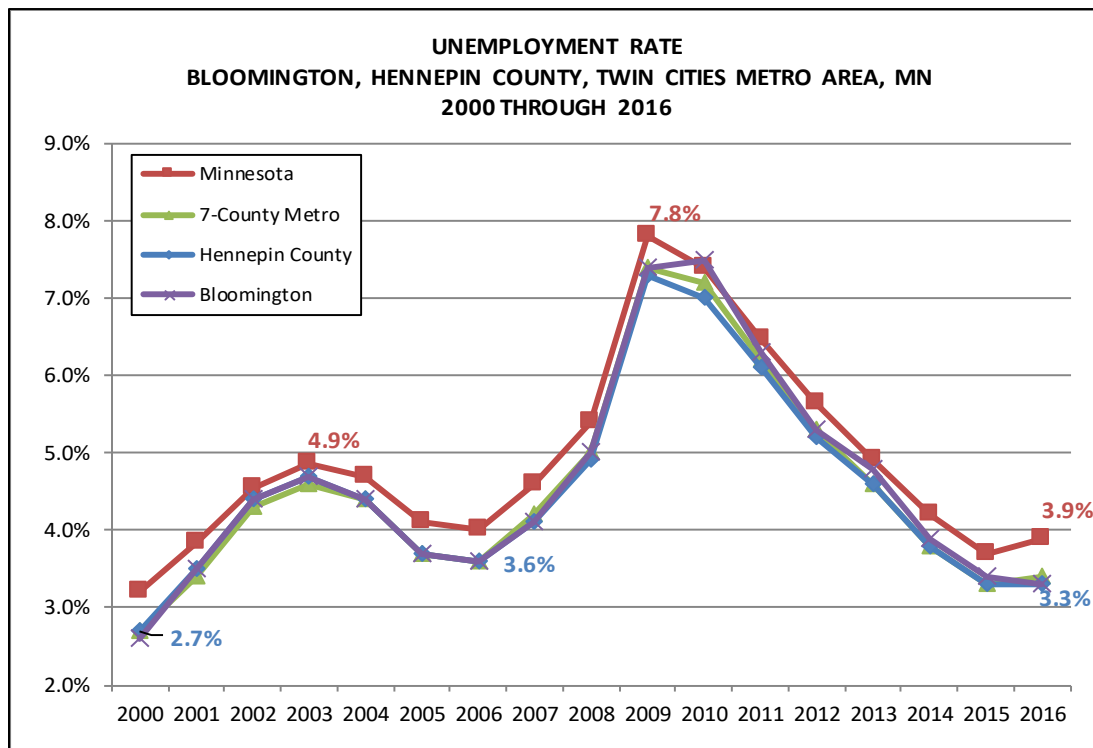
- There were an estimated 86,530 jobs in Bloomington in 2010, which was 10.7% of the County total (805,089 jobs).
- The number of jobs in Bloomington is projected to grow by 7,370 jobs from 2010 to 2020 (8.5%). This is a lower projection than what is expected for Hennepin County (14.3%) and the Twin Cities Metro Area (16.0%). Between 2010 and the 3rd Quarter of 2016, it is estimated that Bloomington added 3,114 jobs, an increase of 3.6%. Employment in Bloomington has increased since 2010, continuing to make the community appealing for housing.
- Bloomington’s employment is anticipated to increase by 5.3% between 2020 and 2030 and is projected to increase by 5.2% between 2030 and 2040.

Resident Labor Force and Workplace Employment

Recent employment growth trends are shown in Tables E-2 and E-3. Table E-2 presents resident employment data for Bloomington from 2000 through 2016. The numbers are compiled from data published by the Minnesota Department of Employment and Economic Development (MNDEED). MNDEED compiles data for large cities in the state and Bloomington is one of those large cities. Resident employment data is calculated as an annual average and reveals the work force and number of employed persons living in the City. Not all of these individuals work in the City or in Hennepin County. Table E-3 presents covered employment data for Bloomington from 2000 through the third quarter 2016. Covered employment data is calculated as an annual average and reveals the number of jobs in the designated area, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. Some agricultural businesses and employees are listed in Table E-3, but not all positions are included. The following are key trends derived from the employment data:

Resident Employment

- The labor force and resident employment (number of people employed) in Bloomington each decreased from 2000 through 2016 by 4,594 people and 4,786 people, respectively. The unemployment rate increased from 2.6% to 3.3% (2000/2016). Hennepin Co.'s unemployment rate was 3.3% and the Twin Cities Metro was 3.4% as of December 2016.



| TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT BLOOMINGTON MN 2000 through 2016 | | | | |
|--|--------------------|-----------------|-------------------|-------------|
| <u>Year</u> | <u>Labor Force</u> | <u>Employed</u> | <u>Unemployed</u> | <u>Rate</u> |
| BLOOMINGTON | | | | |
| 2000 | 51,531 | 50,173 | 1,358 | 2.6% |
| 2005 | 48,054 | 46,265 | 1,789 | 3.7% |
| 2010 | 45,386 | 41,987 | 3,399 | 7.5% |
| 2011 | 45,529 | 42,646 | 2,883 | 6.3% |
| 2012 | 46,471 | 43,986 | 2,485 | 5.3% |
| 2013 | 46,598 | 44,384 | 2,214 | 4.8% |
| 2014 | 46,409 | 44,576 | 1,833 | 3.9% |
| 2015 | 46,710 | 45,127 | 1,583 | 3.4% |
| 2016 | 46,937 | 45,387 | 1,550 | 3.3% |
| Change 2000-2016 | | | | |
| Number | -4,594 | -4,786 | 192 | -- |
| Percent | -9.2% | -9.5% | 14.1% | -- |
| HENNEPIN COUNTY | | | | |
| 2000 | 666,621 | 648,571 | 18,050 | 2.7% |
| 2005 | 652,568 | 628,595 | 23,973 | 3.7% |
| 2010 | 650,891 | 605,294 | 45,597 | 7.0% |
| 2011 | 656,064 | 616,332 | 39,732 | 6.1% |
| 2012 | 662,052 | 628,011 | 34,041 | 5.1% |
| 2013 | 669,800 | 639,295 | 30,505 | 4.6% |
| 2014 | 674,658 | 649,194 | 25,464 | 3.8% |
| 2015 | 679,549 | 657,229 | 22,320 | 3.3% |
| 2016 | 683,629 | 661,008 | 22,621 | 3.3% |
| MINNESOTA | | | | |
| 2000 | 2,812,947 | 2,724,117 | 88,830 | 3.2% |
| 2005 | 2,879,759 | 2,762,732 | 117,027 | 4.1% |
| 2010 | 2,938,795 | 2,721,194 | 217,601 | 7.4% |
| 2011 | 2,946,278 | 2,755,263 | 191,015 | 6.5% |
| 2012 | 2,946,355 | 2,781,140 | 165,215 | 5.6% |
| 2013 | 2,955,266 | 2,808,754 | 146,512 | 5.0% |
| 2014 | 2,961,331 | 2,837,161 | 124,170 | 4.2% |
| 2015 | 2,975,533 | 2,864,583 | 110,950 | 3.7% |
| 2016 | 3,001,131 | 2,884,091 | 117,040 | 3.9% |
| not seasonally adjusted | | | | |
| Sources: MN DEED, Maxfield Research and Consulting LLC | | | | |

EMPLOYMENT

- Hennepin County's unemployment rate has stayed lower than Minnesota's unemployment rate since 2000. The greatest yearly difference was 0.5% lower than the State in 2016.
- The unemployment rate in Hennepin County increased to a high of 7.3% (2009) which was the peak of the recession. As of December 2016 however, the unemployment rate fell to 3.3%, which is considered to be less than full employment (approximately 5.0%).

Covered Employment by Industry

- From 2000 through 3rd Quarter 2016 (most recent data available), the number of jobs in Bloomington decreased by -14,041, or -13.5%. Categories that experienced the greatest decreases include: Finance and Insurance, Information, Manufacturing and Retail Trade. Industries that gained the most jobs during the period were: Health Services (+2,927 jobs), Leisure and Hospitality (+1,211 jobs), Real Estate and Leasing (+471 jobs) and Professional and Business Services (+395 jobs).
- Average weekly wages rose steadily over the period (2000 through 3rd Quarter 2016). Average weekly wages increased by 54.4% or an average annual increase of approximately 2.6%, which is just above the average annual inflation rate over the period analyzed.
- Employment decreased between 2000 and 2010, but rose from 2010 through 2016. This trend is typical of the Recession which affected employment across the country as well as in the Twin Cities. Since 2010, employment has increased by 1,305 jobs (1.5%), supported by the low unemployment rates exhibited in Bloomington, Hennepin County and the Metro Area.

EMPLOYMENT

| | | | | | | Change | | | | | | |
|------------------------------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|-----------------------------|-------------|-------------|-------------|--------------|
| | | | | | | 2000 - 2016* | | Percent of Total Employment | | | | |
| Total Employment | 2000 | 2005 | 2010 | 2015 | 2016* | No. | Pct. | 2000 | 2005 | 2010 | 2015 | 2016* |
| Natural Resources & Mining | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Construction | -- | -- | 1,324 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Manufacturing | 10,068 | 8,703 | 6,867 | 7,284 | 7,539 | -2,529 | -25.1% | 9.7% | 9.3% | 8.0% | 8.2% | 8.4% |
| Wholesale Trade | 7,832 | 7,549 | 7,958 | 8,079 | 7,980 | 148 | 1.9% | 7.6% | 8.1% | 9.2% | 9.1% | 8.9% |
| Retail Trade | 13,185 | 13,228 | 10,502 | 11,761 | 11,691 | -1,494 | -11.3% | 12.7% | 14.2% | 12.2% | 13.3% | 13.0% |
| Transportation and Warehousing | 1,730 | 1,841 | 1,523 | 1,293 | 1,246 | -484 | -28.0% | 1.7% | 2.0% | 1.8% | 1.5% | 1.4% |
| Information | 5,284 | 3,311 | 2,849 | 1,283 | 1,290 | -3,994 | -75.6% | 5.1% | 3.5% | 3.3% | 1.4% | 1.4% |
| Finance and Insurance | 13,414 | 13,363 | 10,330 | 5,961 | 5,875 | -7,539 | -56.2% | 12.9% | 14.3% | 12.0% | 6.7% | 6.6% |
| Real Estate and Leasing | 1,846 | 2,276 | 2,957 | 2,331 | 2,317 | 471 | 25.5% | 1.8% | 2.4% | 3.4% | 2.6% | 2.6% |
| Professional and Business Services | 23,725 | 18,253 | 19,256 | 23,700 | 24,120 | 395 | 1.7% | 22.9% | 19.5% | 22.3% | 26.8% | 26.9% |
| Education | 3,698 | 2,924 | 3,198 | 3,565 | 2,840 | -858 | -23.2% | 3.6% | 3.1% | 3.7% | 4.0% | 3.2% |
| Health Services | 4,640 | 5,445 | 6,803 | 7,653 | 7,567 | 2,927 | 63.1% | 4.5% | 5.8% | 7.9% | 8.6% | 8.4% |
| Leisure and Hospitality | 10,323 | 9,939 | 8,799 | 10,855 | 11,534 | 1,211 | 11.7% | 10.0% | 10.6% | 10.2% | 12.3% | 12.9% |
| Other Services | 2,962 | 2,497 | 2,029 | 1,777 | 1,849 | -1,113 | -37.6% | 2.9% | 2.7% | 2.4% | 2.0% | 2.1% |
| Public Administration | 2,044 | 1,486 | 1,944 | 1,536 | 1,678 | -366 | -17.9% | 2.0% | 1.6% | 2.3% | 1.7% | 1.9% |
| Totals | 103,685 | 93,443 | 86,339 | 88,533 | 89,644 | -14,041 | -13.5% | | | | | |

| | | | | | | Change | | | | | | |
|------------------------------------|--------------|----------------|----------------|----------------|----------------|--------------|--------------|---|-------------|-------------|-------------|--------------|
| | | | | | | 2000 - 2016* | | Percent Difference From Overall Average | | | | |
| Average Weekly Wages | 2000 | 2005 | 2010 | 2015 | 2016* | No. | Pct. | 2000 | 2005 | 2010 | 2015 | 2016* |
| Natural Resources & Mining | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Construction | -- | -- | \$1,118 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Manufacturing | \$1,166 | \$1,437 | \$1,484 | \$1,669 | \$1,817 | \$651 | 55.8% | 1.1% | 1.5% | 1.7% | 1.9% | 2.0% |
| Wholesale Trade | \$1,329 | \$1,555 | \$1,454 | \$1,549 | \$1,541 | \$212 | 16.0% | 1.3% | 1.7% | 1.7% | 1.7% | 1.7% |
| Retail Trade | \$412 | \$474 | \$500 | \$606 | \$609 | \$197 | 47.8% | 0.4% | 0.5% | 0.6% | 0.7% | 0.7% |
| Transportation and Warehousing | \$709 | \$894 | \$1,176 | \$1,230 | \$1,340 | \$631 | 89.0% | 0.7% | 1.0% | 1.4% | 1.4% | 1.5% |
| Information | \$1,236 | \$1,321 | \$1,566 | \$1,689 | \$1,576 | \$340 | 27.5% | 1.2% | 1.4% | 1.8% | 1.9% | 1.8% |
| Finance and Insurance | \$1,097 | \$1,549 | \$1,610 | \$2,115 | \$1,950 | \$853 | 77.8% | 1.1% | 1.7% | 1.9% | 2.4% | 2.2% |
| Real Estate and Leasing | \$873 | \$1,059 | \$1,162 | \$1,306 | \$1,249 | \$376 | 43.1% | 0.8% | 1.1% | 1.3% | 1.5% | 1.4% |
| Professional and Business Services | \$841 | \$1,112 | \$1,281 | \$1,415 | \$1,772 | \$931 | 110.7% | 0.8% | 1.2% | 1.5% | 1.6% | 2.0% |
| Education | \$746 | \$770 | \$807 | \$909 | \$810 | \$64 | 8.6% | 0.7% | 0.8% | 0.9% | 1.0% | 0.9% |
| Health Services | \$630 | \$712 | \$735 | \$803 | \$867 | \$237 | 37.6% | 0.6% | 0.8% | 0.9% | 0.9% | 1.0% |
| Leisure and Hospitality | \$309 | \$322 | \$347 | \$462 | \$493 | \$184 | 59.5% | 0.3% | 0.3% | 0.4% | 0.5% | 0.5% |
| Other Services | \$471 | \$551 | \$627 | \$773 | \$802 | \$331 | 70.3% | 0.5% | 0.6% | 0.7% | 0.9% | 0.9% |
| Public Administration | \$677 | \$974 | \$899 | \$1,303 | \$1,379 | \$702 | 103.7% | 0.7% | 1.0% | 1.0% | 1.5% | 1.5% |
| Overall Average Weekly Wage | \$829 | \$1,017 | \$1,077 | \$1,175 | \$1,280 | \$451 | 54.4% | | | | | |

* through 3rd Quarter 2016
 Note: Industry titles based on the North American Industrial Classification Codes (NAICS)
 Source: Minnesota Workforce Center; Maxfield Research & Consulting, LLC

Employment, Earnings, and Employment by Educational Attainment

Table E-4 displays information on employment by earnings; Table E-5 identifies employment by educational attainment and Table E-6 is a summary of businesses in Bloomington. The employment by earnings is sourced from the US Census, Local Employment-Household Dynamics data (LEHD) and employment by educational attainment is sourced from the US Census (American Community Survey data) as of 2015. The business summary for Bloomington

EMPLOYMENT

is sourced from Minnesota DEED for 3rd Quarter 2016, the most recent data available. Minnesota DEED obtains its business data under the Unemployment Insurance (UI) Program which requires all establishments to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by this program.

Certain industries in Table E-6 may not display any information which means 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.

- As of 2015, an estimated 52.1% of Bloomington employees earned more than \$3,333 per month (24,570). This is slightly lower than Hennepin County (56.3%) and the Metro Area (54.8%) of employees that make more than \$3,333 per month. Bloomington has a higher proportion of employees that make between \$1,251 to \$3,333 per month (29.6%) and a higher proportion of employees that make \$1,250 per month or less than Hennepin County or the Twin Cities Metro Area.
- As of 2015, of those in the labor force, 43.0% have a bachelor's or advanced degree (17,393). This is substantially lower than Hennepin County (52.1%), but only slightly lower than the Metro Area at 46.5%.
- For those in the labor force that are employed, 43.5% have a bachelor's or advanced degree in Bloomington, compared to 53.3% in Hennepin County and 47.4% in the Twin Cities Metro Area.
- For those in the labor force that are unemployed, the highest proportion in Bloomington has some college or associates degree (35.2%). This compares to 32.8% in Hennepin County and 34.5% in the Twin Cities Metro Area. A somewhat smaller proportion in each jurisdiction has a bachelor's and/or advanced degree.

| TABLE E-4 EMPLOYMENT BY EARNINGS CITY OF BLOOMINGTON 2015 | | | | | | |
|--|---------------|---------------|-----------------|---------------|------------------|---------------|
| Type | Bloomington | | Hennepin County | | Metro Area | |
| | No. | Pct. | No. | Pct. | No. | Pct. |
| \$1,250/month or less | 8,630 | 18.3% | 104,691 | 15.5% | 269,136 | 16.5% |
| \$1,251 to \$3,333/month | 13,959 | 29.6% | 190,469 | 28.2% | 468,133 | 28.7% |
| More than \$3,333/month | 24,570 | 52.1% | 380,263 | 56.3% | 893,858 | 54.8% |
| Total | 47,159 | 100.0% | 675,423 | 100.0% | 1,631,127 | 100.0% |

Sources: US Census Bureau; Maxfield Research & Consulting, LLC

EMPLOYMENT

| TABLE E-5 EMPLOYMENT BY EDUCATIONAL ATTAINMENT CITY OF BLOOMINGTON 2015 | | | | | | |
|--|---------------|---------------|-----------------|---------------|------------------|---------------|
| Type | Bloomington | | Hennepin County | | Metro Area | |
| | No. | Pct. | No. | Pct. | No. | Pct. |
| In Labor Force | | | | | | |
| Less Than High School | 2,246 | 5.5% | 29,738 | 5.2% | 66,737 | 4.8% |
| High School or Equivalent, No College | 7,430 | 18.4% | 82,356 | 14.4% | 239,364 | 17.3% |
| Some College or Associate Degree | 13,394 | 33.1% | 161,029 | 28.2% | 433,511 | 31.4% |
| Bachelor's Degree or Advanced Degree | 17,402 | 43.0% | 298,325 | 52.2% | 642,512 | 46.5% |
| Total | 40,472 | 100.0% | 571,448 | 100.0% | 1,382,124 | 100.0% |
| Not In Labor Force | | | | | | |
| Less Than High School | 807 | 12.1% | 16,692 | 16.1% | 36,858 | 14.8% |
| High School or Equivalent, No College | 1,516 | 22.6% | 23,888 | 23.0% | 64,950 | 26.1% |
| Some College or Associate Degree | 2,077 | 31.0% | 28,646 | 27.6% | 72,713 | 29.2% |
| Bachelor's Degree or Advanced Degree | 2,296 | 34.3% | 34,749 | 33.4% | 74,482 | 29.9% |
| Total | 6,696 | 100.0% | 103,975 | 100.0% | 249,003 | 100.0% |
| Employed (In Labor Force) | | | | | | |
| Less Than High School | 1,986 | 5.2% | 26,141 | 4.8% | 58,874 | 4.5% |
| High School or Equivalent, No College | 6,896 | 18.0% | 75,787 | 14.0% | 222,223 | 16.9% |
| Some College or Associate Degree | 12,636 | 33.0% | 151,415 | 27.9% | 410,211 | 31.2% |
| Bachelor's Degree or Advanced Degree | 16,755 | 43.8% | 289,046 | 53.3% | 623,775 | 47.4% |
| Total | 38,273 | 100.0% | 542,389 | 100.0% | 1,315,083 | 100.0% |
| Unemployed (In Labor Force) | | | | | | |
| Less Than High School | 260 | 12.1% | 3,597 | 12.5% | 7,883 | 11.9% |
| High School or Equivalent, No College | 522 | 24.3% | 6,551 | 22.8% | 17,085 | 25.9% |
| Some College or Associate Degree | 728 | 33.9% | 9,424 | 32.8% | 22,770 | 34.5% |
| Bachelor's Degree or Advanced Degree | 638 | 29.7% | 9,129 | 31.8% | 18,315 | 27.7% |
| Total | 2,148 | 100.0% | 28,701 | 100.0% | 66,053 | 100.0% |
| Total | 47,168 | 100.0% | 675,423 | 100.0% | 1,631,127 | 100.0% |

Sources: US Census Bureau; Maxfield Research & Consulting, LLC

EMPLOYMENT

**TABLE E-6
BUSINESS SUMMARY - BY INDUSTRY SECTOR
BLOOMINGTON MN
3rd Quarter 2016**

| Business/Industry | Businesses | | Employees | |
|---|--------------|---------------|---------------|---------------|
| | Number | Pct | Number | Pct |
| INDUSTRY SECTOR | | | | |
| Agriculture, Forestry, Fishing and Hunting | 0 | 0.0% | 0 | 0.0% |
| Mining | 0 | 0.0% | 0 | 0.0% |
| Utilities | 0 | 0.0% | 0 | 0.0% |
| Construction | 0 | 0.0% | 0 | 0.0% |
| Manufacturing | 131 | 4.2% | 7,539 | 8.6% |
| Wholesale Trade | 287 | 9.1% | 7,980 | 9.1% |
| Retail Trade | 487 | 15.4% | 11,691 | 13.4% |
| Transportation & Warehousing | 56 | 1.8% | 1,246 | 1.4% |
| Information | 57 | 1.8% | 1,290 | 1.5% |
| Finance & Insurance | 318 | 10.1% | 5,875 | 6.7% |
| Real Estate, Rental & Leasing | 146 | 4.6% | 2,317 | 2.6% |
| Professional, Scientific & Tech Services | 516 | 16.4% | 8,368 | 9.6% |
| Management of Companies & Enterprises | 50 | 1.6% | 6,840 | 7.8% |
| Admin & Support & Waste Management & Remediation Services | 199 | 6.3% | 8,912 | 10.2% |
| Educational Services | 53 | 1.7% | 2,840 | 3.2% |
| Health Care & Social Assistance | 244 | 7.7% | 7,567 | 8.6% |
| Arts, Entertainment & Recreation | 47 | 1.5% | 2,297 | 2.6% |
| Accommodation & Food Services | 280 | 8.9% | 9,237 | 10.6% |
| Other Services (except Public Administration) | 264 | 8.4% | 1,849 | 2.1% |
| Public Administration | 18 | 0.6% | 1,678 | 1.9% |
| Unclassified Establishments | 0 | 0.0% | 0 | 0.0% |
| Total of Columns** | 3,153 | 100.0% | 87,526 | 100.0% |
| Total Per MN DEED | 3,319 | | 89,644 | |
| ** Totals may not sum to individual line items due to disclosure regulations by MN DEED. | | | | |
| Sources: Minnesota Department of Employment and Economic Development, Maxfield Research & Consulting, LLC | | | | |

- As of 2015, there were an estimated 3,319 businesses with 89,644 employees in the City of Bloomington. Data from MN DEED by industry sector disclosed a total of 3,153 businesses with an estimated 87,526 employees.
- The top three industry sectors by size of business establishment were:
 - Professional, Scientific and Technical Services (516 businesses)
 - Retail Trade (487 businesses)
 - Wholesale Trade (287 businesses)
- The top three industry sectors by number of employees were:
 - Retail Trade (11,691 employees)
 - Accommodation and Food Service (9,237 employees)
 - Administrative Support, Waste Management and Remediation Services (8,912 employees)

EMPLOYMENT

- Retail Trade accounts for 13.1% of employees by industry sector in Bloomington, followed by Accommodation and Food Service (10.6%) and Administration and Waste Management (10.2%).

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often account for a large proportion of households' budgets. Table E-7 highlights the commuting patterns of workers in the PMA in 2014 (the most recent data available), based on Local Employer-Household Dynamics data (LEHD) from the U.S. Census Bureau.

- As shown in Table E-7, 11.6% of Bloomington residents commuted to jobs in Bloomington. Most employees that live in Bloomington commuted to jobs in Minneapolis (28.3%).
- Of workers that commute to jobs in Bloomington, 12.7% also live in Bloomington. The remaining workers commute primarily from Minneapolis (8.5%), Edina (4.2%), St. Paul (4.0%), Eden Prairie (4.0%), Minnetonka (3.5%), Burnsville (3.2%) and Eagan (3.0%).
- Of workers that live in Bloomington, 28.3% commute to jobs in Minneapolis, 6.1% commute to jobs in St. Paul, 5.5% commute to jobs in Burnsville and 5.1% commute to jobs in Eagan. An estimated 11.6% of workers in Bloomington live and work in Bloomington.

**TABLE E-7
COMMUTING PATTERNS
CITY OF BLOOMINGTON
2014**

| Home Destination | | | Work Destination | | |
|--|--------------|--------------|----------------------------|--------------|--------------|
| Place of Residence | Count | Share | Place of Employment | Count | Share |
| Bloomington city, MN | 9,687 | 12.7% | Minneapolis city, MN | 9,841 | 28.3% |
| Minneapolis city, MN | 6,723 | 8.5% | Bloomington city, MN | 9,687 | 11.6% |
| Edina city, MN | 2,609 | 4.2% | St. Paul city, MN | 5,731 | 6.1% |
| St. Paul city, MN | 2,183 | 4.0% | Burnsville city, MN | 3,299 | 5.5% |
| Eden Prairie city, MN | 2,129 | 4.0% | Eagan city, MN | 2,837 | 5.1% |
| Minnetonka city, MN | 1,416 | 3.5% | Eden Prairie city, MN | 2,824 | 4.8% |
| Burnsville city, MN | 1,208 | 3.2% | Lakeville city, MN | 2,533 | 4.7% |
| Eagan city, MN | 1,125 | 3.0% | Richfield city, MN | 2,511 | 4.7% |
| St. Louis Park city, MN | 1,068 | 2.8% | Apple Valley city, MN | 2,307 | 4.4% |
| Richfield city, MN | 996 | 2.4% | Edina city, MN | 1,857 | 1.6% |
| All Other Locations | 11,543 | 51.7% | All Other Locations | 46,630 | 23.2% |
| Distance Traveled | | | Distance Traveled | | |
| Total Primary Jobs | 40,687 | 100.0% | Total Primary Jobs | 90,057 | 100.0% |
| Less than 10 miles | 25,550 | 62.8% | Less than 10 miles | 41,139 | 45.7% |
| 10 to 24 miles | 13,127 | 32.3% | 10 to 24 miles | 34,498 | 38.3% |
| 25 to 50 miles | 584 | 1.4% | 25 to 50 miles | 7,458 | 8.3% |
| Greater than 50 miles | 1,426 | 3.5% | Greater than 50 miles | 6,962 | 7.7% |
| 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, LLC | | | | | |

Inflow/Outflow

Table E-8 provides a summary of the inflow and outflow of workers in Bloomington. Outflow reflects the number of workers living in Bloomington but employed outside of the city while inflow measures the number of workers that are employed in Bloomington but live outside. Interior flow reflects the number of workers that both live and work in Bloomington.

- Bloomington is considered a major importer of workers, as the number of workers coming into the City (inflow) for employment was more than the number of workers leaving the City for work (outflow). Approximately 80,370 workers came into Bloomington for work while 31,000 workers left, a net difference of 49,370 commuting in.

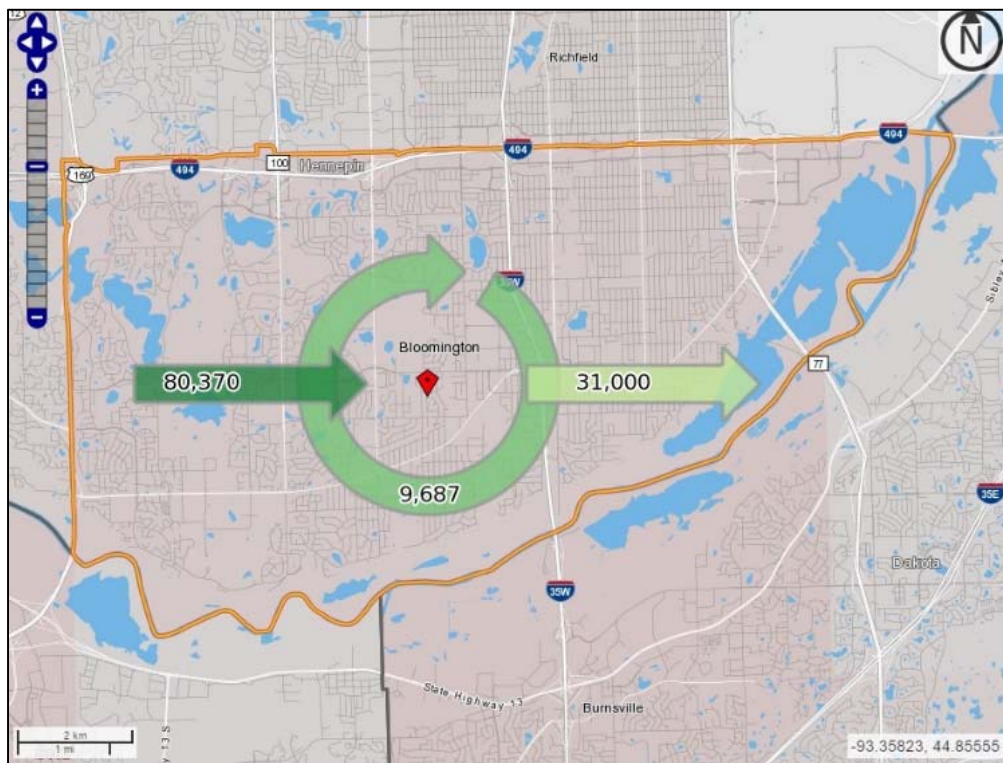
EMPLOYMENT

**TABLE E-8
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
BLOOMINGTON
2014**

| | Outflow | | Inflow | | Interior Flow | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| City of Bloomington | 31,000 | 100.0% | 80,370 | 100.0% | 9,687 | 100.0% |
| By Age | | | | | | |
| Workers Aged 29 or younger | 6,848 | 22.1% | 19,882 | 24.7% | 2,329 | 24.0% |
| Workers Aged 30 to 54 | 16,525 | 53.3% | 45,101 | 56.1% | 4,668 | 48.2% |
| Workers Aged 55 or older | 7,627 | 24.6% | 15,387 | 19.1% | 2,699 | 27.9% |
| By Monthly Wage | | | | | | |
| Workers Earning \$1,250 per month or less | 5,312 | 17.1% | 14,305 | 17.8% | 2,245 | 23.2% |
| Workers Earning \$1,251 to \$3,333 per month | 9,128 | 29.4% | 23,363 | 29.1% | 3,260 | 33.7% |
| Workers Earning More than \$3,333 per month | 16,560 | 53.4% | 42,702 | 53.1% | 4,182 | 43.2% |
| By Industry | | | | | | |
| "Goods Producing" | 3,970 | 12.8% | 6,094 | 7.6% | 797 | 8.2% |
| "Trade, Transportation, and Utilities" | 5,572 | 18.0% | 19,391 | 24.1% | 2,125 | 21.9% |
| "All Other Services"* | 21,458 | 69.2% | 54,885 | 68.3% | 6,765 | 69.8% |

*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, LLC



Major Employers

Table E-9 shows the major employers in Bloomington based on data provided by the City. This table is not a comprehensive list of all employers and presents a selected list of employers and their employees. The following are key points from the major employers table.

- The Mall of America is identified as the largest employer. Including Mall and store employees, the Mall is estimated to employ 13,000 workers. Health Partners, an HMO and health care provider employs an estimated 2,792 people. Bloomington Public Schools is estimated to employ nearly 1,900 workers.

| Name | Industry/Product/Service | Approximate Number of Employees |
|------------------------------|-----------------------------------|--|
| Mall of America | Retail Shopping Center | 13,000 |
| Health Partners | Health Insurer/Medical Provider | 2,792 |
| Bloomington Public Schools | K-12 Education | 1,893 |
| Seagate Technology | Information Technology | 1,700 |
| Toro Company | Manufacture of Lawn Care Products | 1,020 |
| NCS Pearson | Education Assessment Products | 1,018 |
| Donaldson Company | Manufacture of Filtration Systems | 1,016 |
| Express Scripts | Information Technology | 722 |
| Normandale Community College | Post-Secondary Education | 675 |
| MN Masonic Homes | Nursing Home/Senior Care | 626 |
| Total | | 24,462 |

Sources: City of Bloomington; Maxfield Research and Consulting LLC

- The list of major employers represents several industry sectors. The largest is the retail sector followed by insurance, education and information technology.
- The top four employers accounted for nearly 80% of the employment at the top 10 major employers in Bloomington. These employers are considered some of the top employers Metro-wide and attract a substantial number of employees.
- Together, the top ten employers in Bloomington were estimated to employ nearly 24,500 workers or 30% of total employment as of 2015. This reflects a significant concentration of employment among ten employers and that Bloomington has historically attracted large companies.
- As of 3rd Quarter 2016, the average weekly wage in Bloomington was \$1,280 of all industries; Finance and Insurance had the highest weekly wage at \$1,950, followed by Professional and Business Services at \$1,772.

Historical Employment

Table E-10 shows historical employment provided by the City of Bloomington based on estimated total employment that includes covered employees, self-employed and those that would otherwise be excluded from data that is published by the Minnesota Department of Employment and Economic Development.

| TABLE E-10 HISTORICAL TOTAL ANNUAL EMPLOYMENT CITY OF BLOOMINGTON 1995-2016 | |
|--|------------------------------|
| Year | Total Est. Employment |
| 1995 | 93,774 |
| 1996 | 97,598 |
| 1997 | 98,782 |
| 1998 | 102,697 |
| 1999 | 103,472 |
| 2000 | 106,993 |
| 2001 | 101,235 |
| 2002 | 95,456 |
| 2003 | 94,780 |
| 2004 | 96,636 |
| 2005 | 96,996 |
| 2006 | 94,079 |
| 2007 | 93,923 |
| 2008 | 93,757 |
| 2009 | 87,402 |
| 2010 | 88,737 |
| 2011 | 90,436 |
| 2012 | 90,680 |
| 2013 | 92,094 |
| 2014 | 91,711 |
| 2015 | 91,163 |
| 2016* | 92,069 |

Note: 2016 employment is estimated as of 1st Quarter

Sources: City of Bloomington; Maxfield Research and Consulting

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the characteristics of the housing supply in Bloomington by reviewing data on the age of the existing housing stock; examining the number of permits issued for residential units since 2000; and reviewing housing data from the American Community Survey (2011-2015, five-year average estimates) that relates to the Market Area.

Residential Construction Trends 2000 through 2016

Maxfield Research obtained data from the City of Bloomington on the number of building permits issued for new housing units in Bloomington from 2000 through 2016 and compared this with the number of units permitted as identified by data obtained from the Metropolitan Council. Table HC-1 displays units permitted issued for single-family and multifamily dwellings as reported by Metropolitan Council, while table HC-2 displays units permitted issued for single-family and multifamily dwellings as reported by the City of Bloomington. The following are key points about housing development since 2000.

- Per the Metropolitan Council, Bloomington issued permits for 2,811 housing units from 2000 through 2015. This equates for an average of 176 new units annually since 2000.
- The City of Bloomington reported issuing permits for a total of 2,904 new residential units from 2000 through 2016. This equates to an average of 171 units permitted annually since 2000.
- From 2000 through 2006, Bloomington permitted an average of 140 new residential units or a total of 977 units. From 2007 through 2012, the City permitted an average of 167 new residential units, most of which were multifamily. From 2013 through 2016, the City permitted an average of 232 units annually, again most of which were multifamily.
- By 2007, many communities across the U.S. had seen new residential construction decreased due to the effects of the housing market slowdown and the economic recession. The period of lowest residential permitting activity occurred in 2001 (also a recessionary period) and again in 2007 and 2008. After 2008, residential permit totals increased again with some lower totals in 2012 (43 units) and 2015 (31 units).

HOUSING CHARACTERISTICS

- From 2000 through 2016, the average annual number of single-family homes permitted in Bloomington totaled 16. The average number of townhomes was 10 and the average number of multifamily units (including senior and general occupancy rental) was 145.

| HC-1 RESIDENTIAL CONSTRUCTION BUILDING PERMITTED UNITS ISSUED CITY OF BLOOMINGTON <i>per Metropolitan Council</i> 2000 through 2015 | | | | | |
|---|-----------------|-------------------------------------|------------|--------------------------|--------------|
| Year | Units Permitted | | | | |
| | Single-Family | Duplex, Triplex, and Fourplex Units | Townhomes | Multifamily ¹ | Total Units |
| 2000 | 32 | 6 | 0 | 76 | 114 |
| 2001 | 16 | 4 | 23 | 21 | 64 |
| 2002 | 28 | 2 | 0 | 47 | 77 |
| 2003 | 21 | 0 | 17 | 96 | 134 |
| 2004 | 15 | 2 | 39 | 60 | 116 |
| 2005 | 18 | 0 | 50 | 358 | 426 |
| 2006 | 16 | 0 | 27 | 50 | 93 |
| 2007 | 11 | 0 | 5 | 0 | 16 |
| 2008 | 3 | 0 | 0 | 86 | 89 |
| 2009 | 5 | 0 | 3 | 196 | 204 |
| 2010 | 3 | 0 | 0 | 0 | 3 |
| 2011 | 21 | 0 | 3 | 621 | 645 |
| 2012 | 27 | 0 | 16 | 0 | 43 |
| 2013 | 21 | 0 | 10 | 250 | 281 |
| 2014 | 12 | 0 | 5 | 77 | 94 |
| 2015 | 17 | 0 | 0 | 395 | 412 |
| 2016 | na | na | na | na | na |
| Total | 266 | 14 | 198 | 2,333 | 2,811 |

¹ The Metropolitan Council changed the criteria for Multifamily Permits in 2004 from 3+ units to 5+ units

Sources: Metropolitan Council; US Census; Maxfield Research and Consulting LLC

- The increased number of multifamily units permitted reflects a recent increase in demand for general occupancy rental housing and senior housing. New multifamily rentals however, are priced at the top end of the market at per square foot rents that are \$1.80 per square foot or higher. Older rental properties have been increasing rents, but are more affordable to a larger group of households than are the newest market rate properties. It is likely that within the next three years, construction of new market rate rentals will slow due to slower absorption, increased mortgage interest rates and a ceiling on the pricing of new construction.

HOUSING CHARACTERISTICS

- Because of a limited supply of land, multifamily housing development has comprised the bulk of the new residential units developed in Bloomington.

| HC-2 RESIDENTIAL CONSTRUCTION BUILDING PERMITTED UNITS ISSUED CITY OF BLOOMINGTON <i>per City of Bloomington</i> 2000 through 2016 | | | | | |
|--|-----------------|-------------------------------------|------------|--------------|--------------|
| Year | Units Permitted | | | | |
| | Single-Family | Duplex, Triplex, and Fourplex Units | Townhomes | Multifamily | Total Units |
| 2000 | 23 | 2 | 2 | 86 | 113 |
| 2001 | 15 | 1 | 0 | 21 | 37 |
| 2002 | 28 | 1 | 0 | 47 | 76 |
| 2003 | 20 | 0 | 5 | 96 | 121 |
| 2004 | 14 | 1 | 39 | 60 | 114 |
| 2005 | 17 | 2 | 48 | 358 | 425 |
| 2006 | 14 | 0 | 27 | 50 | 91 |
| 2007 | 11 | 0 | 5 | 0 | 16 |
| 2008 | 3 | 0 | 0 | 86 | 89 |
| 2009 | 5 | 0 | 3 | 194 | 202 |
| 2010 | 4 | 0 | 0 | 387 | 391 |
| 2011 | 21 | 0 | 3 | 235 | 259 |
| 2012 | 26 | 0 | 17 | 0 | 43 |
| 2013 | 21 | 0 | 10 | 250 | 281 |
| 2014 | 12 | 0 | 5 | 395 | 412 |
| 2015 | 17 | 0 | 0 | 14 | 31 |
| 2016 | 15 | 1 | 0 | 187 | 203 |
| Total | 266 | 8 | 164 | 2,466 | 2,904 |

Sources: Metropolitan Council; US Census; Maxfield Research and Consulting LLC

American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the Decennial Census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2011 and 2015. Tables HC-2 to HC-6 show key data for Bloomington.

Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2016 based on data from the U.S. Census Bureau American Community Survey (5-Year) and building permit data provided by the City of Bloomington for new residential units. Table HC-3 includes the number of housing units built in Bloomington, prior to 1940 and during each decade since. Data has been added to the table from 2010 through 2016 based on building permit information provided by the City of Bloomington and from information from the Census Bureau for Hennepin County and the Twin Cities Metro Area.

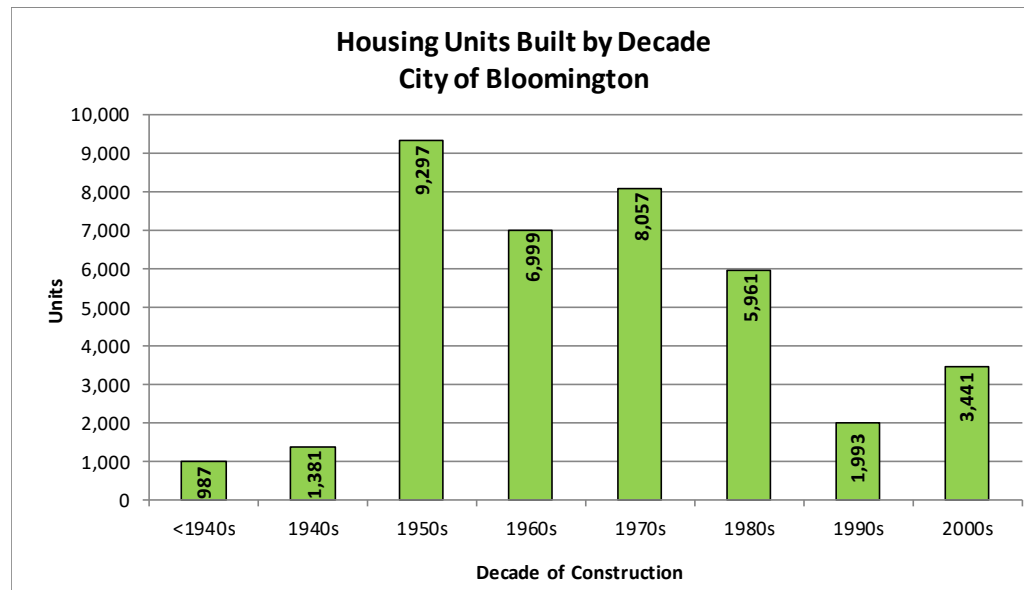
- As of 2016, the City of Bloomington was estimated to have 38,116 housing units, of which 66% were owner-occupied and 34% were renter-occupied. In Hennepin County, an estimated 62% were owner-occupied while in the Twin Cities Metro Area, 73% of the housing stock was owner-occupied.
- Homes in Bloomington and Hennepin County had a median year built of 1970 while homes in the Twin Cities Metro Area had a median year built of 1985. Most housing in Bloomington (64%) was built in the 1950's, 1960's, and 1970's. The greatest number of homes in Bloomington were constructed in the 1950's (24.4%). By comparison, the greatest number of homes in Hennepin County was built prior to 1940 (18.5%).
- Compared to Hennepin County and the Twin Cities Metro Area, 9.0% of Bloomington's housing stock was built since 2000 compared to 13.7% of Hennepin County's and 16.2% of the Twin Cities Metro Area's housing stock.
- Based on data provided by the City of Bloomington, a total of 116 single-family, 36 duplex and townhome units and 1,468 multifamily units have been permitted since 2010.

HOUSING CHARACTERISTICS

**TABLE HC-3
AGE OF HOUSING STOCK
CITY OF BLOOMINGTON, HENNEPIN COUNTY AND TWIN CITIES METRO AREA
2016**

| | Total Units | Med. Yr. Built | Year Unit Built | | | | | | | | | | | | | | | | | |
|----------------------------|------------------|----------------|-----------------|-------------|----------------|------------|---------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|---------------|------------|
| | | | <1940 | | 1940s | | 1950s | | 1960s | | 1970s | | 1980s | | 1990s | | 2000s | | 2010 or later | |
| | | | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | | |
| CITY OF BLOOMINGTON | | | | | | | | | | | | | | | | | | | | |
| Owner-Occupied | 25,002 | 1966 | 757 | 3.0 | 1,031 | 4.1 | 8,013 | 32.0 | 4,561 | 18.2 | 5,009 | 20.0 | 3,607 | 14.4 | 1,039 | 4.2 | 833 | 3.3 | 152 | 0.6 |
| Renter-Occupied | 13,114 | 1975 | 230 | 1.8 | 350 | 2.7 | 1,284 | 9.8 | 2,438 | 18.6 | 3,048 | 23.2 | 2,354 | 18.0 | 954 | 7.3 | 988 | 7.5 | 1,468 | 11.2 |
| Total | 38,116 | 1970 | 987 | 2.6 | 1,381 | 3.6 | 9,297 | 24.4 | 6,999 | 18.4 | 8,057 | 21.1 | 5,961 | 15.6 | 1,993 | 5.2 | 1,821 | 4.8 | 1,620 | 4.3 |
| HENNEPIN COUNTY | | | | | | | | | | | | | | | | | | | | |
| Owner-Occupied | 312,753 | 1967 | 59,724 | 19.1 | 20,362 | 6.5 | 51,676 | 16.5 | 31,070 | 9.9 | 38,821 | 12.4 | 43,979 | 14.1 | 30,348 | 9.7 | 28,552 | 9.1 | 8,221 | 2.6 |
| Renter-Occupied | 195,714 | 1972 | 34,320 | 17.5 | 8,125 | 4.2 | 15,373 | 7.9 | 25,179 | 12.9 | 37,714 | 19.3 | 26,723 | 13.7 | 15,328 | 7.8 | 17,116 | 8.7 | 15,836 | 8.1 |
| Total | 508,467 | 1970 | 94,044 | 18.5 | 28,487 | 5.6 | 67,049 | 13.2 | 56,249 | 11.1 | 76,535 | 15.1 | 70,702 | 13.9 | 45,676 | 9.0 | 45,668 | 9.0 | 24,057 | 4.7 |
| METRO AREA | | | | | | | | | | | | | | | | | | | | |
| Owner-Occupied | 1,043,729 | 1974 | 364,742 | 34.9 | 110,528 | 10.6 | 34,704 | 3.3 | 96,299 | 9.2 | 76,288 | 7.3 | 105,139 | 10.1 | 119,915 | 11.5 | 109,222 | 10.5 | 26,892 | 2.6 |
| Renter-Occupied | 380,675 | 1977 | 59,160 | 15.5 | 13,428 | 3.5 | 28,556 | 7.5 | 46,570 | 12.2 | 72,799 | 19.1 | 56,336 | 14.8 | 39,311 | 10.3 | 42,555 | 11.2 | 21,960 | 5.8 |
| Total | 1,424,404 | 1975 | 423,902 | 29.8 | 123,956 | 8.7 | 63,260 | 4.4 | 142,869 | 10.0 | 149,087 | 10.5 | 161,475 | 11.3 | 159,226 | 11.2 | 151,777 | 10.7 | 48,852 | 3.4 |

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC



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

Table HC-4 shows the housing stock in the City of Bloomington by type of structure and tenure as of 2015.

- The dominant housing type in the Market Area is the single-family detached home, representing an estimated 79.7% of all owner-occupied housing units and 10.9% of renter-occupied housing units as of 2015.

| Units in Structure | BLOOMINGTON | | | | HENNEPIN COUNTY | | | | METRO AREA | | | |
|---------------------|----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|----------------|-------------|-----------------|-------------|
| | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. | Owner-Occupied | Pct. | Renter-Occupied | Pct. |
| 1, detached | 19,362 | 79.7% | 1,403 | 10.9% | 247,800 | 80.6% | 23,400 | 13% | 632,367 | 80.5% | 50,228 | 13.8% |
| 1, attached | 2,063 | 8.5% | 1,811 | 14.1% | 30,109 | 9.8% | 12,592 | 7% | 93,048 | 11.8% | 37,318 | 10.2% |
| 2 | 41 | 0.2% | 140 | 1.1% | 4,012 | 1.3% | 12,829 | 7% | 6,727 | 0.9% | 23,053 | 6.3% |
| 3 to 4 | 70 | 0.3% | 349 | 2.7% | 2,669 | 0.9% | 8,885 | 5% | 5,410 | 0.7% | 18,481 | 5.1% |
| 5 to 9 | 341 | 1.4% | 123 | 1.0% | 2,588 | 0.8% | 10,911 | 6% | 5,610 | 0.7% | 22,420 | 6.1% |
| 10 to 19 | 162 | 0.7% | 1,500 | 11.7% | 2,076 | 0.7% | 22,573 | 12% | 3,355 | 0.4% | 43,460 | 11.9% |
| 20 to 49 | 532 | 2.2% | 3,648 | 28.4% | 4,620 | 1.5% | 32,276 | 18% | 7,767 | 1.0% | 63,623 | 17.4% |
| 50 or more | 1,608 | 6.6% | 3,715 | 28.9% | 12,573 | 4.1% | 58,794 | 32% | 18,628 | 2.4% | 104,067 | 28.5% |
| Mobile home | 112 | 0.5% | 0 | 0.0% | 910 | 0.3% | 446 | 0% | 12,395 | 1.6% | 1,844 | 0.5% |
| Boat, RV, van, etc. | 0 | 0.0% | 149 | 1.2% | 38 | 0.0% | 95 | 0% | 105 | 0.0% | 248 | 0.1% |
| Total | 24,291 | 100% | 12,838 | 100% | 307,395 | 100% | 182,801 | 100% | 785,412 | 100% | 364,742 | 100% |

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC

- Nearly 29% of the renter-occupied housing units are within structures that have 50 or more units in Bloomington.
- Most of the housing units with three or more units are renter-occupied.

Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status and average values from the American Community Survey for 2015 (5-Year average). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

HOUSING CHARACTERISTICS

- Approximately 64% of Bloomington homeowners have a mortgage. An estimated 15% of homeowners with mortgages in Bloomington also have a second mortgage and/or home equity loan. These numbers are slightly lower compared to Hennepin County where approximately 72.8% of homeowners have a mortgage. The median value of homes with a mortgage among Bloomington homeowners was approximately \$220,700.

| Mortgage Status | BLOOMINGTON | | HENNEPIN CO. | | METRO AREA | |
|--|--------------------|--------------|---------------------|--------------|-------------------|--------------|
| | No. | Pct. | No. | Pct. | Pct. | Pct. |
| Housing units without a mortgage | 8,893 | 35.7 | 83,550 | 27.2 | 182,334 | 26.6 |
| Housing units with a mortgage/debt | 16,014 | 64.3 | 223,845 | 72.8 | 503,556 | 73.4 |
| <i>Second mortgage only</i> | 642 | 2.6 | 12,747 | 4.1 | 30,582 | 4.5 |
| <i>Home equity loan only</i> | 2,948 | 11.8 | 38,113 | 12.4 | 85,592 | 12.5 |
| <i>Both second mortgage and equity loan</i> | 95 | 0.4 | 1,731 | 0.6 | 4,192 | 0.6 |
| <i>No second mortgage or equity loan</i> | <u>12,329</u> | <u>49.5</u> | <u>171,254</u> | <u>55.7</u> | <u>383,190</u> | <u>55.9</u> |
| Total | 24,907 | 100.0 | 307,395 | 100.0 | 685,890 | 100.0 |
| Average Value by Mortgage Status | | | | | | |
| Housing units with a mortgage | \$220,700 | | \$232,200 | | \$224,570 | |
| Housing units without a mortgage | \$209,500 | | \$220,400 | | \$209,350 | |
| Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC | | | | | | |

Owner-Occupied Housing Units by Value

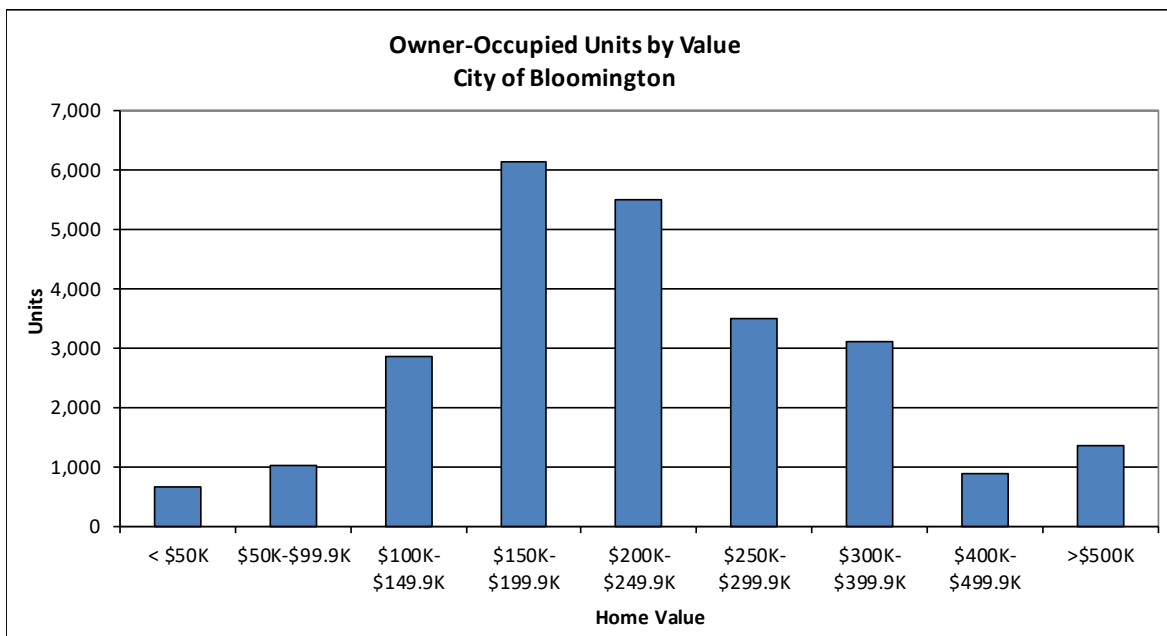
Table HC-6 presents data on housing values summarized in nine price ranges. Housing value refers to the estimated price point the property would sell at if it were for-sale. For single-family and townhome properties, value includes the land and the structure. For condominium units, value refers to only the unit.

- The majority of the owner-occupied housing stock in the City of Bloomington is estimated to be valued between \$150,000 and \$199,999 (24.5%). Exactly 22% is valued between \$200,000 and \$249,999.
- The median owner-occupied home value in Bloomington is \$261,800. Approximately 35% of homes in Bloomington are valued at \$250,000 or higher.

HOUSING CHARACTERISTICS

| TABLE HC-6 OWNER-OCCUPIED UNITS BY VALUE BLOOMINGTON, HENNEPIN COUNTY AND TWIN CITIES METRO AREA 2015 | | | | | | |
|--|---------------|--------------|----------------|--------------|----------------|--------------|
| Home Value | BLOOMINGTON | | HENNEPIN CO. | | METRO AREA | |
| | No. | Pct. | No. | Pct. | Pct. | Pct. |
| Less than \$50,000 | 642 | 2.6 | 8,271 | 2.7 | 28,927 | 3.7 |
| \$50,000-\$99,999 | 1,008 | 4.0 | 14,701 | 4.8 | 38,301 | 4.9 |
| \$100,000-\$149,999 | 2,842 | 11.4 | 38,071 | 12.4 | 105,382 | 13.4 |
| \$150,000-\$199,999 | 6,113 | 24.5 | 63,240 | 20.6 | 168,165 | 21.4 |
| \$200,000-\$249,999 | 5,487 | 22.0 | 50,359 | 16.4 | 134,284 | 17.1 |
| \$250,000-\$299,999 | 3,500 | 14.1 | 34,919 | 11.4 | 93,044 | 11.8 |
| \$300,000-\$399,999 | 3,093 | 12.4 | 43,209 | 14.1 | 106,964 | 13.6 |
| \$400,000-\$499,999 | 880 | 3.5 | 20,240 | 6.6 | 48,125 | 6.1 |
| Greater than \$500,000 | 1,342 | 5.4 | 34,385 | 11.2 | 62,220 | 7.9 |
| Total | 24,907 | 100.0 | 307,395 | 100.0 | 785,412 | 100.0 |
| Median Home Value | \$261,800 | | \$229,200 | | \$229,535 | |

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC



Renter-Occupied Units by Contract Rent

Table HC-7 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

HOUSING CHARACTERISTICS

- The median monthly contract rent in Bloomington and Hennepin County was \$892 and \$874, respectively. Based on a 30% allocation of income to housing, a household in Bloomington would need an income of \$35,680 to afford an average monthly rent of \$892.
- Approximately 36% of Bloomington renters paying cash have monthly rents of more than \$1,000 with 54% of renters paying between \$500 and \$999 and 8.3% of renters paying less than \$500.
- Within Hennepin County, most renters (28.4%) paid a monthly contract rent of between \$750 and \$999 and in Bloomington, most renters (38.6%) also paid a monthly contract rent between \$750 and \$999. Based on the proportion of renters in each of the geographies, rents appear to be somewhat higher in Bloomington than in Hennepin County as a whole.

| Contract Rent | BLOOMINGTON | | HENNEPIN CO. | | METRO AREA | |
|----------------------|---------------|--------------|----------------|--------------|----------------|--------------|
| | No. | Pct. | No. | Pct. | Pct. | Pct. |
| No Cash Rent | 232 | 2.0 | 3,979 | 2.2 | 9,618 | 2.6 |
| Cash Rent | 11,623 | 98.0 | 178,822 | 97.8 | 355,124 | 97.4 |
| \$0 to \$249 | 357 | 3.0 | 11,121 | 6.1 | 20,313 | 5.6 |
| \$250-\$499 | 634 | 5.3 | 11,119 | 6.1 | 23,675 | 6.5 |
| \$500-\$749 | 1,819 | 15.3 | 38,975 | 21.3 | 79,666 | 21.8 |
| \$750-\$999 | 4,575 | 38.6 | 51,905 | 28.4 | 107,773 | 29.5 |
| \$1,000-\$1,500 | 3,305 | 27.9 | 47,983 | 26.2 | 93,061 | 25.5 |
| \$1,500+ | 933 | 7.9 | 17,719 | 9.7 | 30,636 | 8.4 |
| Total | 11,855 | 100.0 | 182,801 | 100.0 | 364,742 | 100.0 |
| Median Contract Rent | \$892 | | \$874 | | \$864 | |

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC.

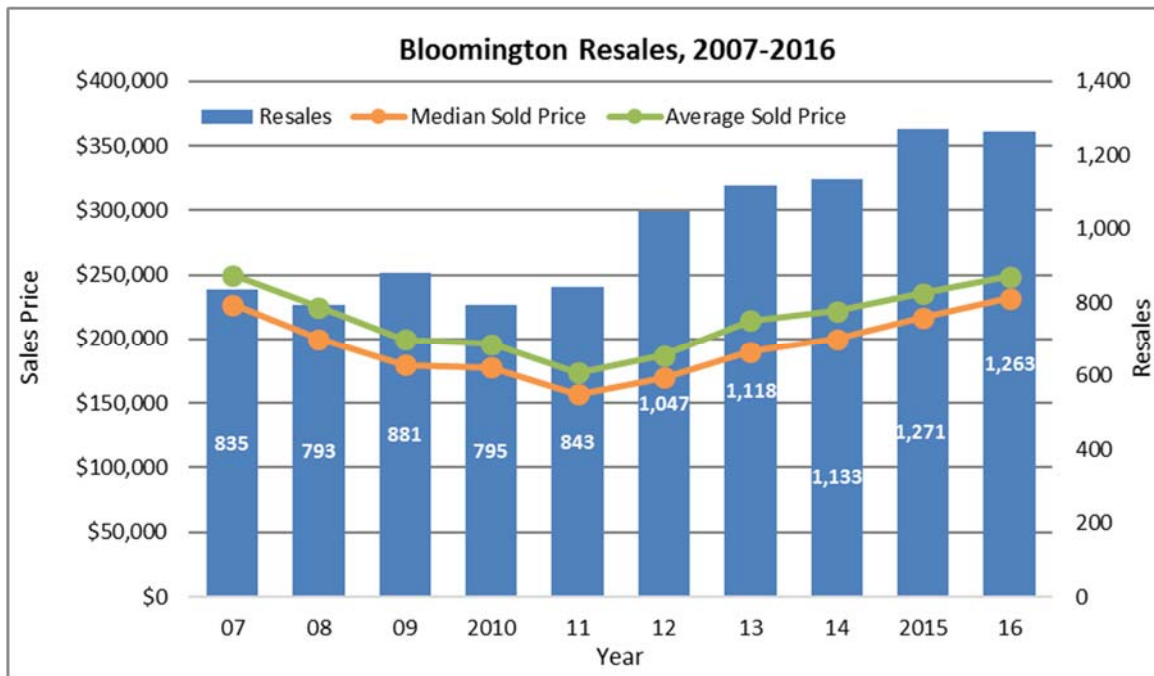
Introduction

Maxfield Research and Consulting LLC analyzed the for-sale housing market in Bloomington by gathering data on single-family and multifamily home resales and active listings; identifying pending for-sale developments; and conducting interviews with local real estate professionals, developers and planning officials.

Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data on single-family and multifamily housing in Bloomington from 2007 through 2016. The data was obtained from the Regional Multiple Listing Service of Minnesota and shows annual number of sales of previously owned homes (resales), median and average pricing, average days on market, cumulative days on market, and percentage of sales that are lender-mediated (i.e. short-sale or foreclosure). Lender-mediated sales were not identified separately in the database until July 2008.

- From 2007 through 2011, average and median resale prices declined each year. In 2007, the average resale price in Bloomington was \$249,965 and the median sales price was \$227,000. The overall resale price declined to an average of \$173,645 and a median of \$157,000 in 2011.
- Beginning in 2012, the for sale housing market in Bloomington began to show signs of recovery following the economic recession and housing market decline. The median resale price of homes in Bloomington has risen between 6.9% and 11.8% per year from 2012 through 2016. The median resale price of a home in Bloomington in 2016 (\$232,000) was 2.2% higher than the median resale price in 2007 (\$227,000).



- The number of listings rose from a low of 795 in 2010 to 1,263 in 2016, while the number of days on market decreased from a high of 59 in 2011 to only 23 in 2016.
- The City of Bloomington also experienced a significant decline in the proportion of lender-mediated properties. In 2011, lender-mediated properties accounted for 25.4% of all resales in Bloomington. As of the end of 2016, only 4.0% of resales in Bloomington were identified as lender-mediated.

Home Resales in Bloomington

Tables FS-2 and FS-3 present summary data for resales for all single-family and multifamily housing units for West Bloomington (FS-2) and East Bloomington (FS-3). For the purpose of regional multiple listing data, home resales are shown separately for east and west geography using Interstate 35W as the boundary between the two areas. West Bloomington contains Zip Codes 55438, 55437 and 55431 and East Bloomington contains Zip Codes 55420 and 55425. The table shows the median resale price and number of resales from 2007 through 2016. The following are key points from Tables FS-2 and FS-3.

- In west Bloomington, the median resale price of single family homes decreased from \$270,000 in 2007 to \$209,500 in 2011.
- Between 2011 and 2012, prices rose for the first time since 2007. By 2016, the single-family home resale price in west Bloomington reached \$279,939, an increase of 3.7% from 2007.

FOR-SALE MARKET ANALYSIS

- Similar to the single-family home market, multifamily home resale prices experienced a decline each year through 2011 before rising again in 2012. By 2016 however, the median townhome resales price of \$163,000 was still 4.4% lower than the median price in 2007 (\$170,000).
- In east Bloomington, the median resale price of single-family homes in 2007 was \$211,750. Single-family home resale prices decreased in 2008, 2009 and 2011, but stayed nearly unchanged from 2009 through 2010. The median resale price rose again in 2012, reaching \$214,900 by 2016.
- The median resale price of multifamily homes in east Bloomington rose 33.3% between 2007 and 2016 from \$135,000 to \$179,900. The increase in the median resale price during the latter portion of this period reflects resales of new properties including Reflections at Bloomington Central Station (condominiums) and townhomes/villas at Bluffs on San Pierre.

FOR-SALE MARKET ANALYSIS

| TABLE FS-1 HOME RESALES CITY OF BLOOMINGTON 2007 through 2016 | | | | | | | | | | |
|--|----------------|------------------|------------------|------------------|------------------|----------------|-----------|-------------------------|-----------|--------------------------------|
| Year | No. Sold | Avg. Sales Price | Avg. % Change | Med. Sales Price | Median % Change | Days on Market | | Cumul. DOM ¹ | | % Lender Mediated ² |
| | | | | | | Avg. | Median | Avg. | Median | |
| 2007 | 835 | \$249,965 | | \$227,000 | | 64 | 49 | 112 | 75 | - |
| 2008 | 793 | \$225,027 | -10.0% | \$200,000 | -11.9% | 70 | 51 | 129 | 91 | 8.7% |
| 2009 | 881 | \$199,856 | -11.2% | \$180,000 | -10.0% | 71 | 44 | 131 | 75 | 21.5% |
| 2010 | 795 | \$196,395 | -1.7% | \$178,000 | -1.1% | 72 | 51 | 129 | 91 | 19.0% |
| 2011 | 843 | \$173,645 | -11.6% | \$157,000 | -11.8% | 84 | 59 | 146 | 102 | 25.4% |
| 2012 | 1,047 | \$187,280 | 7.9% | \$170,000 | 8.3% | 67 | 44 | 113 | 60 | 21.9% |
| 2013 | 1,118 | \$214,446 | 14.5% | \$190,000 | 11.8% | 49 | 31 | 77 | 37 | 16.8% |
| 2014 | 1,133 | \$222,240 | 3.6% | \$200,000 | 5.3% | 46 | 31 | 61 | 37 | 10.2% |
| 2015 | 1,271 | \$235,882 | 6.1% | \$217,000 | 8.5% | 46 | 28 | 63 | 34 | 5.3% |
| 2016 | 1,263 | \$249,043 | 5.6% | \$232,000 | 6.9% | 38 | 23 | 51 | 27 | 4.0% |
| Total 07'-16' | 9,979 | | | | | | | | | |
| Summary 07' through 16' | | | | | | | | | | |
| | <i>Change</i> | | -0.4% | | 2.2% | | | | | |
| | <i>Average</i> | 998 | \$215,378 | | \$195,100 | 60 | 41 | 101 | 63 | |
| ¹ Cumulative Days on Market initiated in 2006. Cumulative days equals the number of days on market over the course of the past year (i.e. covers number of days if the property was relisted) | | | | | | | | | | |
| ² Lender Mediated Properties include foreclosures and short sales. MLS data for this property type began in July 2008. | | | | | | | | | | |
| Sources: Greater Minneapolis Area Association of Realtors, Maxfield Research & Consulting, LLC | | | | | | | | | | |

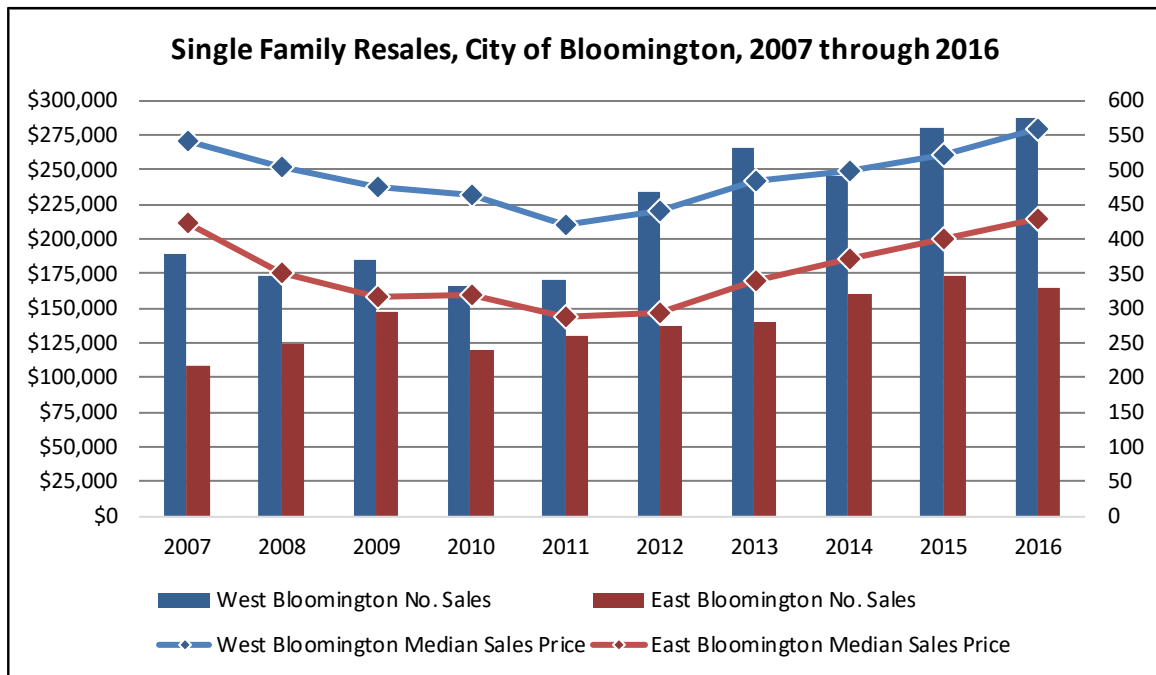
| TABLE FS-2 SINGLE-FAMILY AND MULTIFAMILY RESIDENTIAL REALES WEST BLOOMINGTON 2007 through 2016 | | | | | |
|---|------------------------|---------------------------|---------------|----------------------------|---------------|
| Year | Number of Sales | Median Sales Price | % Chg. | Average Sales Price | % Chg. |
| Single-Family | | | | | |
| 2007 | 379 | \$270,000 | | \$310,369 | |
| 2008 | 348 | \$251,500 | -6.9% | \$285,985 | -7.9% |
| 2009 | 371 | \$236,900 | -5.8% | \$257,399 | -10.0% |
| 2010 | 332 | \$231,750 | -2.2% | \$256,852 | -0.2% |
| 2011 | 340 | \$209,500 | -9.6% | \$225,140 | -12.3% |
| 2012 | 468 | \$219,950 | 5.0% | \$243,767 | 8.3% |
| 2013 | 530 | \$241,250 | 9.7% | \$274,664 | 12.7% |
| 2014 | 490 | \$248,600 | 3.0% | \$277,566 | 1.1% |
| 2015 | 560 | \$260,500 | 4.8% | \$293,220 | 5.6% |
| 2016 | 576 | \$279,939 | 7.5% | \$309,594 | 5.6% |
| Pct. Change | | | | | |
| 07' - 16' | 52.0% | 3.7% | | -0.2% | |
| Multifamily** | | | | | |
| 2007 | 213 | \$170,500 | | \$191,283 | |
| 2008 | 173 | \$160,000 | -6.2% | \$179,364 | -6.2% |
| 2009 | 166 | \$140,000 | -12.5% | \$160,315 | -10.6% |
| 2010 | 175 | \$132,000 | -5.7% | \$151,501 | -5.5% |
| 2011 | 187 | \$125,000 | -5.3% | \$136,276 | -10.0% |
| 2012 | 232 | \$127,000 | 1.6% | \$142,021 | 4.2% |
| 2013 | 245 | \$136,000 | 7.1% | \$146,309 | 3.0% |
| 2014 | 249 | \$150,000 | 10.3% | \$175,135 | 19.7% |
| 2015 | 307 | \$160,000 | 6.7% | \$177,691 | 1.5% |
| 2016 | 281 | \$163,000 | 1.9% | \$182,878 | 2.9% |
| Pct. Change | | | | | |
| 07' - 16' | 31.9% | -4.4% | | -4.4% | |
| ** Multifamily includes twinhomes, townhomes, condominiums, and cooperatives | | | | | |
| Source: RMLS; Maxfield Research & Consulting, LLC | | | | | |

| TABLE FS-3 SINGLE-FAMILY AND MULTIFAMILY RESIDENTIAL RESALES EAST BLOOMINGTON 2007 through 2016 | | | | | |
|--|------------------------|---------------------------|---------------|----------------------------|---------------|
| Year | Number of Sales | Median Sales Price | % Chg. | Average Sales Price | % Chg. |
| Single-Family | | | | | |
| 2007 | 218 | \$211,750 | | \$212,832 | |
| 2008 | 247 | \$175,000 | -17.4% | \$179,234 | -15.8% |
| 2009 | 295 | \$158,000 | -9.7% | \$158,487 | -11.6% |
| 2010 | 239 | \$159,900 | 1.2% | \$159,447 | 0.6% |
| 2011 | 260 | \$143,450 | -10.3% | \$143,301 | -10.1% |
| 2012 | 275 | \$145,900 | 1.7% | \$144,081 | 0.5% |
| 2013 | 280 | \$169,350 | 16.1% | \$174,153 | 20.9% |
| 2014 | 321 | \$185,000 | 9.2% | \$187,620 | 7.7% |
| 2015 | 346 | \$200,000 | 8.1% | \$202,798 | 8.1% |
| 2016 | 329 | \$214,900 | 7.5% | \$214,674 | 5.9% |
| Pct. Change | | | | | |
| 07' - 16' | 50.9% | 1.5% | | 0.9% | |
| Multifamily** | | | | | |
| 2007 | 25 | \$135,000 | | \$158,013 | |
| 2008 | 25 | \$125,579 | -7.0% | \$144,902 | -8.3% |
| 2009 | 49 | \$146,000 | 16.3% | \$147,187 | 1.6% |
| 2010 | 49 | \$109,900 | -24.7% | \$127,313 | -13.5% |
| 2011 | 56 | \$101,000 | -8.1% | \$126,671 | -0.5% |
| 2012 | 72 | \$126,494 | 25.2% | \$130,940 | 3.4% |
| 2013 | 63 | \$143,500 | 13.4% | \$151,908 | 16.0% |
| 2014 | 73 | \$144,900 | 1.0% | \$163,785 | 7.8% |
| 2015 | 58 | \$175,000 | 20.8% | \$187,654 | 14.6% |
| 2016 | 77 | \$179,900 | 2.8% | \$184,394 | -1.7% |
| Pct. Change | | | | | |
| 07' - 16' | 208.0% | 33.3% | | 16.7% | |
| ** Multifamily includes twinhomes, townhomes, condominiums, and cooperatives | | | | | |
| Source: RMLS; Maxfield Research & Consulting, LLC | | | | | |

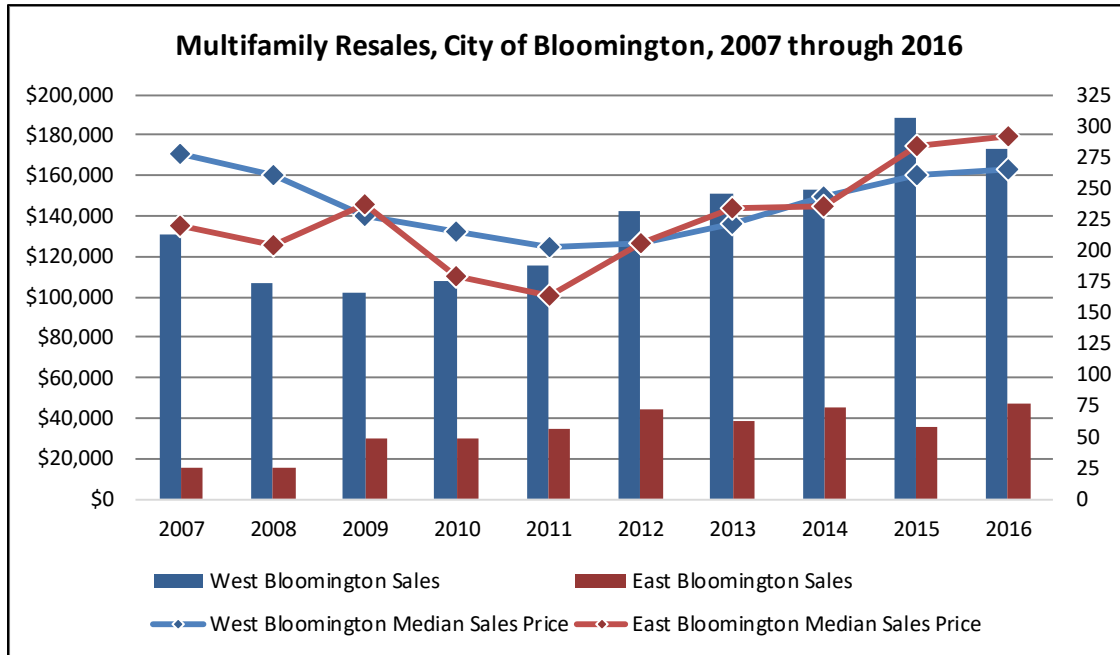
FOR-SALE MARKET ANALYSIS

The following two charts compare the median resale price and number of sales per year for east and west Bloomington for single-family and multifamily resales.

- In all years from 2007 through 2016, west Bloomington recorded more single-family home resales and a higher median resale price.
- On average, the median resale price of single-family homes in west Bloomington was \$68,000 more than the median resale price of single-family homes in east Bloomington from 2007 through 2016.



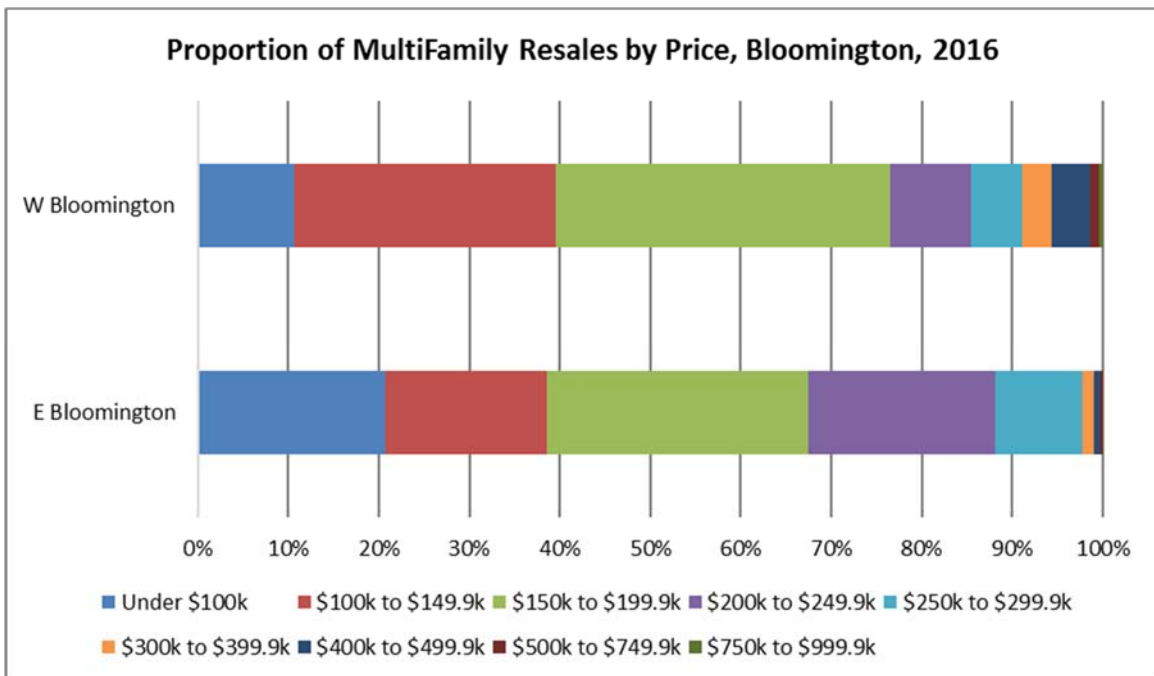
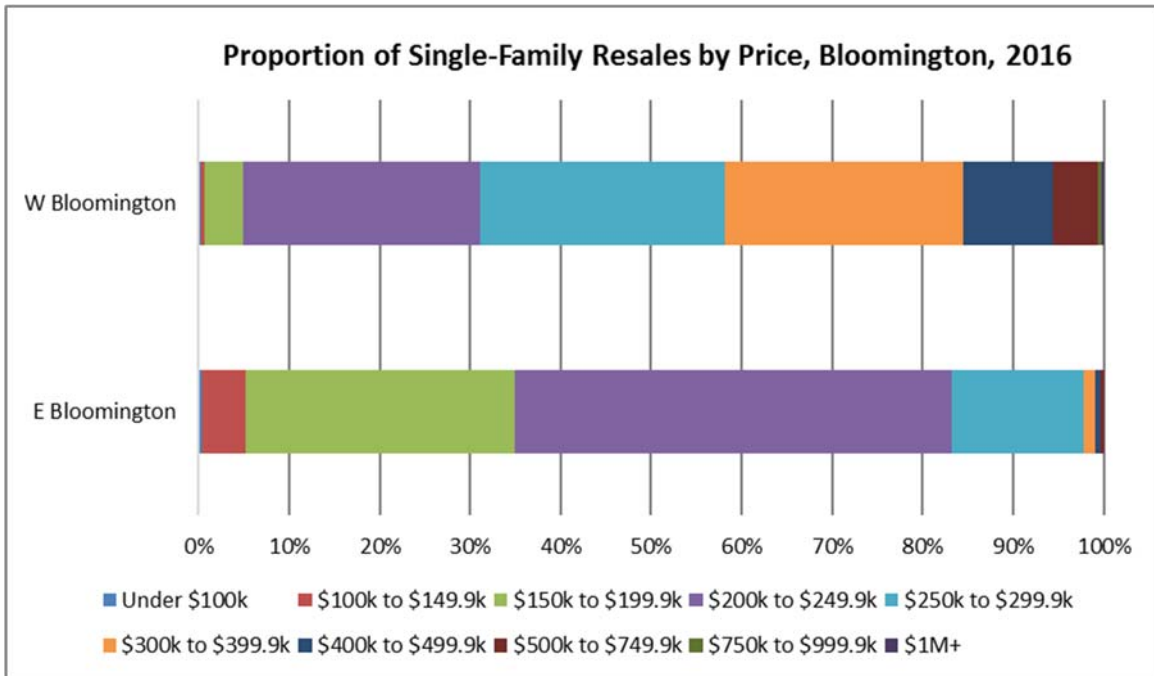
- West Bloomington averaged 168 more multifamily resales per year than east Bloomington from 2007 through 2016.
- Through 2011, the median resale price of multifamily homes in east Bloomington was generally lower than the median resale price of multifamily homes in west Bloomington. By 2012, the median resale price of multifamily homes in east Bloomington was equal to, or higher than west Bloomington through 2016.



Home Resales by Price Point

Table FS-4 shows the number of resales in 2016 by type of housing unit and price distribution among nine price ranges for east and west Bloomington.

- Nearly half of single-family homes sold in east Bloomington in 2016 were priced between \$200,000 and \$249,000. In west Bloomington, 26.2% of single-family homes resales were within the \$200,000 to \$249,000 range and 27.1% of single-family homes resales were between \$250,000 and \$299,999.
- In west Bloomington, 41.8% of single-family resales were above \$300,000 compared to only 2.1% of single-family home resales in east Bloomington.
- In 2016, the median resale price of multifamily homes in east Bloomington was \$179,900 compared to \$163,000 in west Bloomington. Again, the higher price point reflects recent resales of homes at Reflections and Bluffs on San Pierre.
- The majority of multifamily resales in Bloomington were under \$250,000, 83.1% of resales in east Bloomington and 85.4% of resales in west Bloomington were under \$250,000.



FOR-SALE MARKET ANALYSIS

**TABLE FS-4
RESALES BY PRICE POINT
CITY OF BLOOMINGTON
2016**

| Price Range | East Bloomington | | | | West Bloomington | | | | Bloomington Total | | | |
|------------------------|------------------|-------|--------------------------|-------|------------------|-------|--------------------------|-------|-------------------|-------|--------------------------|-------|
| | Single-Family | | Multifamily ¹ | | Single-Family | | Multifamily ¹ | | Single-Family | | Multifamily ¹ | |
| | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| < \$99,999 | 1 | 0.3% | 15 | 19.5% | 1 | 0.2% | 30 | 10.7% | 2 | 0.2% | 45 | 12.6% |
| \$100,000 to \$149,999 | 16 | 4.9% | 13 | 16.9% | 3 | 0.5% | 81 | 28.8% | 19 | 2.1% | 94 | 26.3% |
| \$150,000 to \$199,999 | 98 | 29.8% | 21 | 27.3% | 24 | 4.2% | 104 | 37.0% | 122 | 13.5% | 125 | 34.9% |
| \$200,000 to \$249,999 | 159 | 48.3% | 15 | 19.5% | 151 | 26.2% | 25 | 8.9% | 310 | 34.3% | 40 | 11.2% |
| \$250,000 to \$299,999 | 48 | 14.6% | 7 | 9.1% | 156 | 27.1% | 16 | 5.7% | 204 | 22.5% | 23 | 6.4% |
| \$300,000 to \$349,999 | 4 | 1.2% | 2 | 2.6% | 94 | 16.3% | 6 | 2.1% | 98 | 10.8% | 8 | 2.2% |
| \$350,000 to \$399,999 | 0 | 0.0% | 1 | 1.3% | 58 | 10.1% | 3 | 1.1% | 58 | 6.4% | 4 | 1.1% |
| \$400,000 to \$449,999 | 0 | 0.0% | 0 | 0.0% | 40 | 6.9% | 10 | 3.6% | 40 | 4.4% | 10 | 2.8% |
| \$450,000 to \$499,999 | 2 | 0.6% | 1 | 1.3% | 17 | 3.0% | 2 | 0.7% | 19 | 2.1% | 3 | 0.8% |
| \$500,000 to \$749,000 | 1 | 0.3% | 2 | 2.6% | 28 | 4.9% | 3 | 1.1% | 29 | 3.2% | 5 | 1.4% |
| \$750,000 to \$999,999 | 0 | 0.0% | 0 | 0.0% | 3 | 0.5% | 1 | 0.4% | 3 | 0.3% | 1 | 0.3% |
| \$1,000,000 and Over | 0 | 0.0% | 0 | 0.0% | 1 | 0.2% | 0 | 0.0% | 1 | 0.1% | 0 | 0.0% |
| | 329 | 100% | 77 | 100% | 576 | 100% | 281 | 100% | 905 | 100% | 358 | 100% |
| Minimum | \$67,000 | | \$60,000 | | \$85,000 | | \$69,825 | | \$67,000 | | \$60,000 | |
| Maximum | \$560,000 | | \$527,500 | | \$1,395,000 | | \$765,000 | | \$1,395,000 | | \$765,000 | |
| Median | \$214,900 | | \$179,900 | | \$279,939 | | \$163,000 | | \$249,900 | | \$164,400 | |
| Average | \$214,674 | | \$184,394 | | \$309,594 | | \$182,878 | | \$275,087 | | \$183,204 | |

¹ Includes townhomes, detached townhomes, twinhomes, condominiums, and cooperatives

Sources: Regional Multiple Listing Service of Minnesota (RMLS)

Maxfield Research & Consulting, LLC

Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Bloomington, we reviewed the current supply of homes on the market (listed for sale). Tables FS-5 through FS-7 show homes currently listed for sale in Bloomington as of February 2017. The data was provided by the Regional Multiple Listing Services of Minnesota. MLS listings account for more than 90% of all residential listings in a given area.

Table FS-5 shows the number of listings by property type (i.e. single-family, townhome, twinhome or condominium) while Table FS-6 and FS-7 shows listings by home style. The following points are key findings from the assessment of active single-family and multifamily homes listed for sale in Bloomington.

- There were 124 previously owned homes listed for sale in Bloomington as of February 2017. West Bloomington accounted for 78% of the active listings.
- Over half (53.2%) of active single-family listings were between \$200,000 and \$350,000, while 51.1% of multifamily listings were priced between \$100,000 and \$250,000.
- The median list price in Bloomington was \$319,900 for single-family homes and \$176,000 for multifamily homes. The median price is generally a more accurate indicator of housing values in a community than the average price. Average prices can be easily skewed by a few very high-priced or low-priced homes in any given year, whereas the median price better represents the pricing of a majority of homes in a given market, either listed or sold.
- The median list price for single-family homes varied by location in Bloomington. Single-family homes marketing in west Bloomington had a median list price of \$377,400, compared to \$240,000 in east Bloomington.
- Based on a median list price of \$319,000 for a single-family home in Bloomington as of February 2017, a household would need an estimated income of \$78,511 in order to afford monthly housing payments of \$2,096 (assuming a 10% down payment, 4.265%, 30-year fixed mortgage, property taxes, insurance, and PMI). An estimated 33% of Bloomington's non-senior households have annual incomes at or above \$78,511 as of 2017. A household would need an estimated income of \$47,903 to afford a townhome units at the median list price of \$176,000. An estimated 48% of Bloomington's non-senior households are estimated to have annual incomes at or above \$47,903. A household with significantly more equity (in an existing home and/or savings) could likely afford a higher priced home.

FOR-SALE MARKET ANALYSIS

**TABLE FS-5
HOMES CURRENTLY LISTED FOR-SALE
CITY OF BLOOMINGTON
February 2017**

| Price Range | East Bloomington | | | | West Bloomington | | | | City of Bloomington Total | | | |
|------------------------|------------------|-------|--------------------------|-------|------------------|-------|--------------------------|-------|---------------------------|-------|--------------------------|-------|
| | Single-Family | | Multifamily ¹ | | Single-Family | | Multifamily ¹ | | Single-Family | | Multifamily ¹ | |
| | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. | No. | Pct. |
| < \$99,999 | 0 | 0.0% | 1 | 16.7% | 0 | 0.0% | 3 | 7.7% | 0 | 0.0% | 4 | 8.9% |
| \$100,000 to \$149,999 | 1 | 4.8% | 0 | 0.0% | 0 | 0.0% | 12 | 30.8% | 1 | 1.3% | 12 | 26.7% |
| \$150,000 to \$199,999 | 1 | 4.8% | 0 | 0.0% | 2 | 3.4% | 11 | 28.2% | 3 | 3.8% | 11 | 24.4% |
| \$200,000 to \$249,999 | 10 | 47.6% | 0 | 0.0% | 6 | 10.3% | 6 | 15.4% | 16 | 20.3% | 6 | 13.3% |
| \$250,000 to \$299,999 | 6 | 28.6% | 2 | 33.3% | 9 | 15.5% | 0 | 0.0% | 15 | 19.0% | 2 | 4.4% |
| \$300,000 to \$349,999 | 1 | 4.8% | 0 | 0.0% | 10 | 17.2% | 3 | 7.7% | 11 | 13.9% | 3 | 6.7% |
| \$350,000 to \$399,999 | 2 | 9.5% | 1 | 16.7% | 5 | 8.6% | 0 | 0.0% | 7 | 8.9% | 1 | 2.2% |
| \$400,000 to \$449,999 | 0 | 0.0% | 0 | 0.0% | 3 | 5.2% | 1 | 2.6% | 3 | 3.8% | 1 | 2.2% |
| \$450,000 to \$499,999 | 0 | 0.0% | 0 | 0.0% | 9 | 15.5% | 0 | 0.0% | 9 | 11.4% | 0 | 0.0% |
| \$500,000 to \$749,999 | 0 | 0.0% | 2 | 33.3% | 10 | 17.2% | 2 | 5.1% | 10 | 12.7% | 4 | 8.9% |
| \$750,000 to \$999,999 | 0 | 0.0% | 0 | 0.0% | 2 | 3.4% | 1 | 2.6% | 2 | 2.5% | 1 | 2.2% |
| \$1,000,000 and Over | 0 | 0.0% | 0 | 0.0% | 2 | 3.4% | 0 | 0.0% | 2 | 2.5% | 0 | 0.0% |
| | 21 | 100% | 6 | 100% | 58 | 100% | 39 | 100% | 79 | 100% | 45 | 100% |
| Minimum | \$134,900 | | \$92,400 | | \$150,000 | | \$79,900 | | \$134,900 | | \$79,900 | |
| Maximum | \$375,000 | | \$699,900 | | \$1,750,000 | | \$845,000 | | \$1,750,000 | | \$845,000 | |
| Median | \$240,000 | | \$337,400 | | \$377,400 | | \$169,900 | | \$319,000 | | \$176,000 | |
| Average | \$252,147 | | \$374,833 | | \$436,574 | | \$215,838 | | \$387,549 | | \$237,038 | |

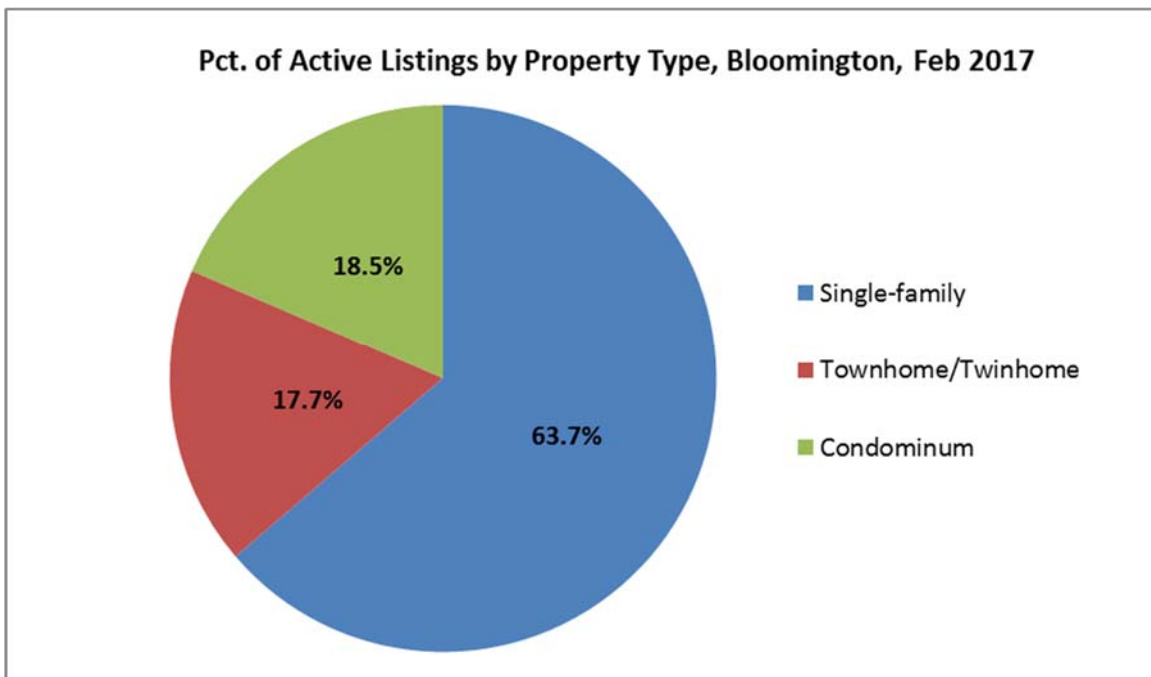
¹ Includes townhomes, detached townhomes, twinhomes, and condominiums

Sources: Regional Multiple Listing Service of Minnesota 32.8%
Maxfield Research & Consulting, LLC

| TABLE FS-6 ACTIVE LISTINGS BY HOUSING TYPE CITY OF BLOOMINGTON February 2017 | | |
|---|-----------------|---------------|
| Property Type | Listings | Pct. |
| Single-family | 79 | 63.7% |
| Detached Townhome/Townhome/Twinhome | 22 | 17.7% |
| Condominium/Cooperatives | 23 | 18.5% |
| Total | 124 | 100.0% |

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

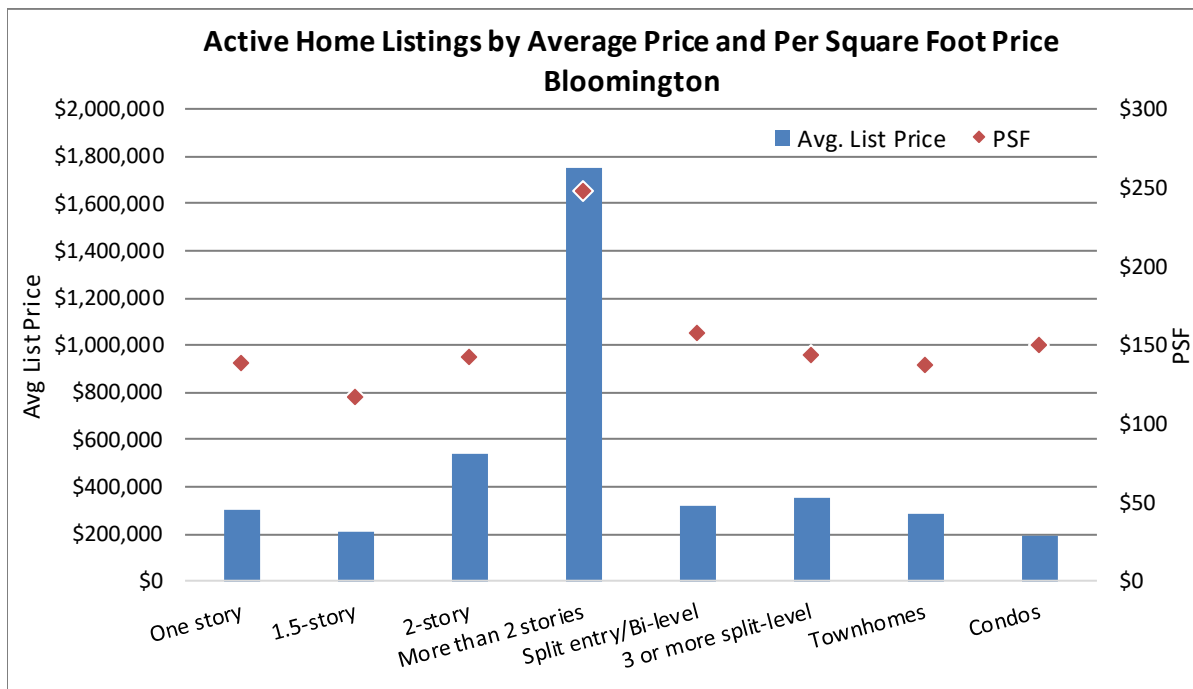
- Among the 124 active listings, 63.7% were single-family homes. The remaining listings were nearly evenly divided among townhomes and condominiums.



- Of the 79 active listings of single-family homes, 46.8% were single-story homes. Two-story homes accounted for the second highest proportion of listings, with 22 homes making up 27.8% of single-family listings.
- Homes with more than two stories had the highest list price (\$1,750,000). There was however, only one listing in this category. Two-story homes had the next highest average list price at \$537,843.

FOR-SALE MARKET ANALYSIS

- One and a half story homes were the smallest in size, with an average of 1,779 square feet, had the oldest average age (1946) and garnered the lowest price per square foot among all single-family home types at \$117.
- There were 17 listings for side-by-side townhomes, accounting for 77.3% of townhome listings. Side-by-side townhomes sold for an average of \$288,329 with an average of 2,100 square feet.
- Of the 23 condo listings, 15 (65.2%) were for units in low-rise buildings. Low-rise condos were listed at \$134 per square foot with an average list price of \$151,493.



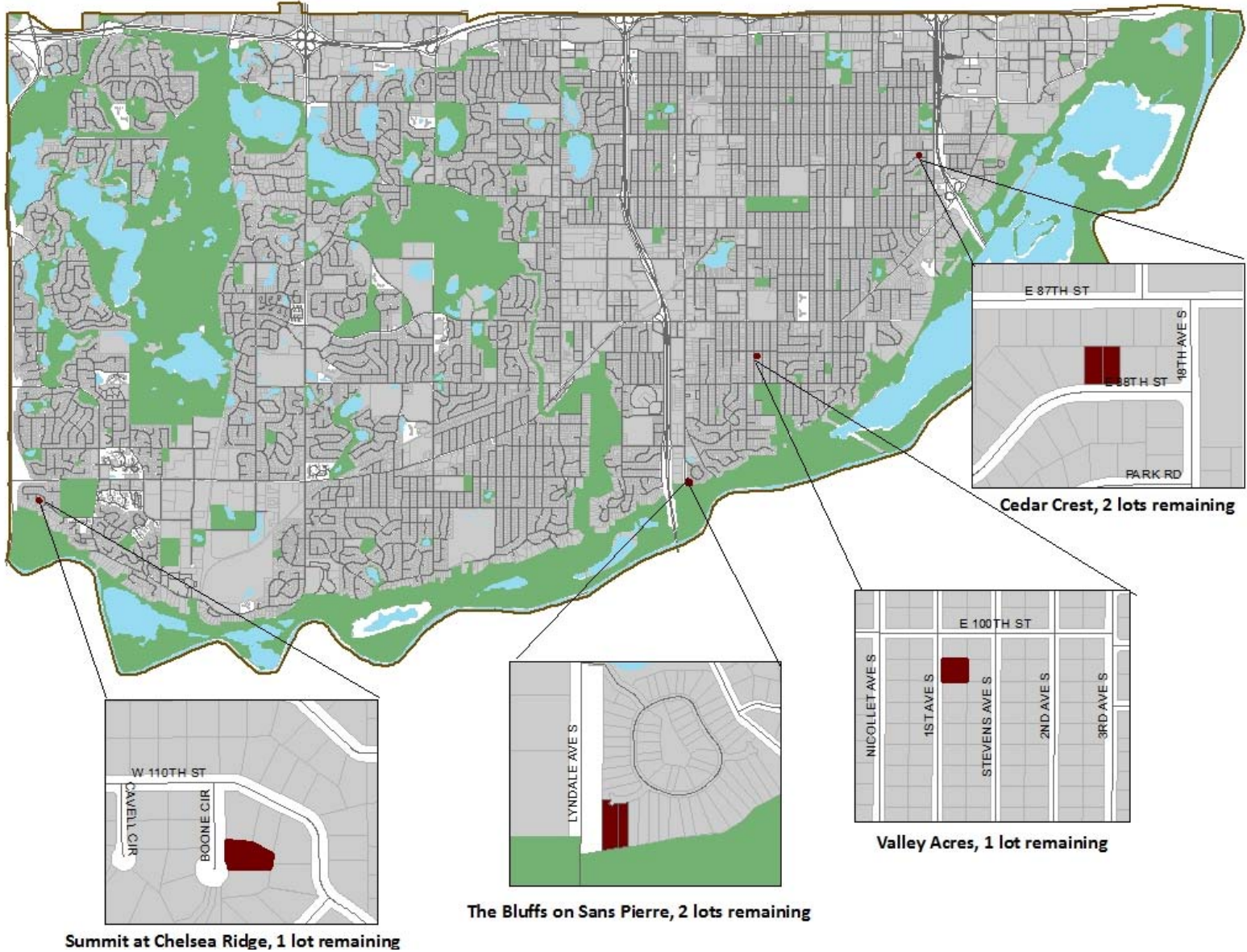
| TABLE FS-7 ACTIVE LISTINGS BY HOUSING TYPE CITY OF BLOOMINGTON February 2017 | | | | | | | | |
|---|------------------------|-------------------------|------------------------|----------------------------|------------------------------------|---------------------------|----------------------------|-------------------------|
| Property Type | No. of Listings | Pct. Of Listings | Avg. List Price | Avg. Size (Sq. Ft.) | Avg. List Price Per Sq. Ft. | Avg. # of Bedrooms | Avg. # of Bathrooms | Avg. Age of Home |
| Single-Family | | | | | | | | |
| One story | 37 | 46.8% | \$298,938 | 2,153 | \$139 | 3.4 | 2.2 | 1960 |
| 1.5-story | 3 | 3.8% | \$207,733 | 1,779 | \$117 | 3.7 | 2.0 | 1946 |
| 2-story | 22 | 27.8% | \$537,843 | 3,778 | \$142 | 4.4 | 3.9 | 1982 |
| More than 2 stories | 1 | 1.3% | \$1,750,000 | 7,046 | \$248 | 5.0 | 5.0 | 2008 |
| Split entry/Bi-level | 9 | 11.4% | \$318,622 | 2,024 | \$157 | 3.6 | 2.7 | 1974 |
| 3 or more split-level | 7 | 8.9% | \$354,624 | 2,465 | \$144 | 3.7 | 2.7 | 1970 |
| Total | 79 | 100.0% | \$387,549 | 2,666 | \$143 | 3.7 | 2.8 | 1969 |
| Townhomes | | | | | | | | |
| Side-by-Side | 17 | 77.3% | 288,329 | 2,100 | \$137 | 2.9 | 2.8 | 1987 |
| Detached Townhomes | 1 | 4.5% | \$699,900 | 3,315 | \$211 | 3.0 | 3.0 | 2012 |
| Quad Townhome | 4 | 18.2% | \$170,600 | 1,417 | \$120 | 2.0 | 2.0 | 1979 |
| Total | 22 | 100.0% | \$285,632 | 2,031 | \$138 | 2.7 | 2.7 | 1986 |
| Condominiums/Cooperatives | | | | | | | | |
| Manor/Village | 4 | 17.4% | \$143,175 | 1,180 | \$121 | 2.3 | 1.8 | 1986 |
| Low-rise (less than 3 stories) | 15 | 65.2% | \$151,493 | 1,130 | \$134 | 1.7 | 1.7 | 1979 |
| Hi-rise (4 or more stories) | 4 | 17.4% | \$384,425 | 1,616 | \$238 | 2.5 | 2.3 | 1990 |
| Total | 23 | 100% | \$190,557 | 1,223 | \$150 | 2.0 | 1.8 | 1982 |
| Sources: Regional Multiple Listing Service of MN; Maxfield Research & Consulting, LLC | | | | | | | | |

New Subdivisions Marketing

As a fully-developed, second-tier suburban community, Bloomington has little new construction residential product as new construction in the City is most likely to occur on in-fill, redevelopment sites, as part of a lot split or due to the removal of an existing older home. The map below shows the location of new construction in actively marketing subdivisions.

- There was one lot marketing in The Summit at Chelsea Ridge. The lot is the last of 14 new home sites created from the subdivision of four existing lots. This is the only new construction lot currently marketing in west Bloomington.
- The Bluffs on Sans Pierre is a 21-acre development approved in 2006. The development includes 17 villa homes, 43 townhomes and the Wealshire memory care facility with 135 beds. There are two villa home sites remaining in the Bluffs on Sans Pierre.
- Valley Acres is marketing one new construction home for sale, a split entry home with three bedrooms and two baths for \$324,900.
- The Cedar Crest Addition is marketing two recently constructed twinhomes with list prices of \$333,000 and \$345,000. Each of these homes has four bedrooms and three bathrooms.

Lots Remaining in Actively Marketing Subdivisions, City of Bloomington, February 2017



Pending For-Sale Developments

In 2014, the Bloomington City Council approved the subdivision of three lots into 13 lots for a new 19-acre, single-family subdivision called Dwan Bluff. The existing three lots were sold in January 2015. At this time, no action has been taken to move forward on the approved plans for the single-family development.

Realtor Interviews

- Several realtors in Bloomington commented on the stability they see in the city. Many people have lived in their Bloomington homes, 20, 30, 40 or more years.
- Realtors all mentioned the lack of housing inventory available. As a result, some potential sellers are hesitant to put their homes on the market because they are afraid they will not be able buy another property.
- Local Realtors define the resale, for-sale market as follows:
 - Entry Level: \$300,000 and under, which usually consists of ramblers, 1.5 stories and split entries.
 - Move Up: \$300,000 to \$450,000 which are mostly four level splits, two stories and some ramblers.
 - Executive: \$500,000 and over which are two story homes.
- Property types vary between east and west Bloomington. In east Bloomington, the housing is mostly 1950s and 1960s ramblers. West Bloomington was identified as having a fair amount of the same style of 1950s and 1960s ramblers as east Bloomington, but offers higher proportions of split-entry and two-story home styles.
- Buyers in west Bloomington are more likely to be move-up or executive buyers. In east Bloomington, the market attracts more first-time home buyers because of its greater affordability. There are also investors renting properties in east Bloomington.
- Sellers in Bloomington are diverse, there are seniors looking to down-size, owners that are relocating or owners taking advantage of the seller's market to move-up or relocate to a different housing product.
- Homes near schools and parks are very desirable. Homes on or near a lake or pond are also very attractive, particularly for buyers that are interested in using the ponds for skating in the winter.
- First-time home buyers are a significant portion of the buyers in Bloomington because they are facing rising rents and entry-level homes offer a hedge against increasing housing costs.

FOR-SALE HOUSING ANALYSIS

- Realtors in Bloomington report that baby boomers looking to downsize also make up a segment of the Bloomington buyer pool, but available product in Bloomington to accommodate this segment is scarce.
- There are buyers who have been renting in Bloomington that are looking to purchase in Bloomington. There are also buyers coming to Bloomington from Richfield and Minneapolis seeking larger homes with larger yards, good schools and attractive neighborhoods.
- With inventory so low, more millennials are branching out to Bloomington, particularly east Bloomington, as an alternative to first ring suburbs.
- Millennials without children often complain that Bloomington is too far from their social networks and not walkable, however, this is beginning to change. As millennials have children, they are more likely to consider Bloomington as they take into account crime, safety and quality of schools.
- School boundaries are the deciding factor for some buyers.
- In the current market, east Bloomington sales are earning more money per square foot compared to west Bloomington. The inventory of homes under \$350,000 is very low; as a result, these properties are selling very fast with sales prices continuing to rise. In west Bloomington, homes are more expensive and are not moving as rapidly.
- Entry level homes in good condition (\$300 and under) are in extremely high demand. These homes are moving quickly, often with multiple offers. There is also a significant move-up demand for homes priced between \$400,000 and \$600,000 that are in good condition and have been updated. In the current market, the least in-demand segment is executive homes priced over \$650,000.
- Realtors commented that there is a need for newer townhome product, specifically single-level townhomes. They believe more empty nesters would consider selling if there were additional new options, such as detached townhomes priced between \$250,000 and \$400,000 or thereabouts.

Summary of For-Sale Market Conditions

- The for-sale market in Bloomington experienced a decline in the number of listings and median resale prices from 2007 through 2011 during the Great Recession.
- Beginning in 2012, the housing market started to show signs of recovery as the number of listings and median resale prices began to rise. A steady increase in the median resale price has continued through 2016.

FOR-SALE HOUSING ANALYSIS

- Single-family homes in west Bloomington had a higher median resale price than east Bloomington each year from 2007 through 2016. In 2016, the median resale price of single-family homes in west Bloomington was \$279,999 compared to a median resale price in east Bloomington of \$214,900.
- Among multifamily resales, east Bloomington had a higher median resale price in 2016, \$179,900 compared to west Bloomington (\$163,000). This was a result of recent resales at Reflections at Bloomington Central Station and Bluffs on Sans Pierre.
- As of February 2017, 124 homes were listed for sale in Bloomington, with 78% of the active listings located in west Bloomington.
- The median resale price of active single-family listings in west Bloomington was \$319,000 and \$240,900 in east Bloomington.
- There were three lots, one single family and two villa lots, available for new construction in actively marketing subdivisions. In addition, there were three new construction homes marketing in Bloomington. One split-entry, single-family home was listed at \$324,900 and two, twinhomes were listed at \$333,000 and \$345,000.

Introduction

Maxfield Research and Consulting LLC identified and surveyed larger rental properties of 24 or more units in Bloomington. In addition, interviews were conducted with rental housing management firms and others in the community familiar with Bloomington's rental housing stock. Information on residential units licensed as rentals in Bloomington was provided by the City.

For purposes of the analysis, rental properties are classified into three general categories, traditional general occupancy, senior (age-restricted) and non-traditional (single-family, townhomes and condominiums that were constructed as owner-occupied, but are currently rented). Senior properties are included in the *Senior Housing Market Analysis* section of this report. Traditional rentals are divided into three groups: market rate (those without income restrictions); affordable or shallow-subsidy housing (those receiving tax credits or another type of shallow-subsidy and where there is a quoted rent for the unit and a maximum income that cannot be exceeded by the tenant); and subsidized or deep-subsidy properties (those with income restrictions at 50% or less of AMI where rental rates are based on 30% of their gross adjusted income).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) and Marquette Advisors *Apartment Trends* report for Minnesota, the Twin Cities Metro Area, Hennepin County and Bloomington to summarize rental market conditions in Bloomington. The data from Marquette Advisors is shown for the 4th Quarter of 2010 through 4th Quarter 2016, while the ACS data is 2011 – 2015 (five-year average). The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the Decennial Census. ACS includes all rental units, regardless of structure size.

The following are key points concerning Bloomington's rental conditions.

- The equilibrium vacancy rate for rental housing is considered to be 5.0%. This allows for normal turnover and an adequate supply of alternatives for prospective renters. As of the 4th Quarter of 2016, the vacancy rate was 2.7% in the Twin Cities Metro Area and 2.7% Bloomington.
- The vacancy rate for one-bedroom units was slightly higher than for other unit types at 3.0%, but was very low for studio units at 1.3%. No vacancies were identified for two-bedroom plus den units.

RENTAL MARKET ANALYSIS

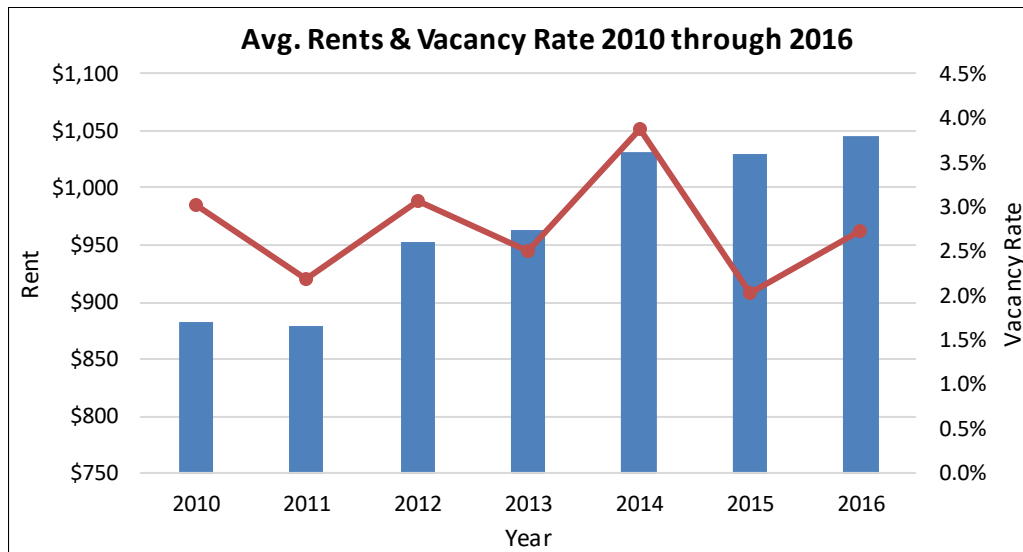
| TABLE R-1 AVERAGE RENTS/VACANCIES TRENDS BLOOMINGTON 4th Quarter 2010 through 2016 | | | | | | | | | |
|---|--------------|----------------|--------------|------------------------|--------------|------------------------|--------------|--------------------------|----|
| | Total | Studio | 1 BR | 1 BR w/ Den | 2 BR | 2 BR w/ Den | 3 BR | 3 BR/D or 4BR | |
| 2016 | Units | 6,868 | 301 | 2,998 | 298 | 2,955 | 73 | 243 | -- |
| | No. Vacant | 187 | 4 | 90 | 8 | 80 | 0 | 5 | -- |
| | Avg. Rent | \$1,045 | \$764 | \$923 | \$1,273 | \$1,157 | \$1,256 | \$1,191 | -- |
| | Vacancy | 2.7% | 1.3% | 3.0% | 2.7% | 2.7% | 0.0% | 2.1% | -- |
| 2015 | Units | 6,843 | 283 | 3,007 | 283 | 2,939 | 91 | 240 | -- |
| | No. Vacant | 139 | 3 | 53 | 9 | 66 | 4 | 4 | -- |
| | Avg. Rent | \$1,029 | \$747 | \$908 | \$1,280 | \$1,137 | \$1,431 | \$1,113 | -- |
| | Vacancy | 2.0% | 1.1% | 1.8% | 3.2% | 2.2% | 4.4% | 1.7% | -- |
| 2014 | Units | 6,824 | 282 | 3,008 | 283 | 2,937 | 73 | 241 | -- |
| | No. Vacant | 265 | 3 | 70 | 90 | 87 | 8 | 7 | -- |
| | Avg. Rent | \$1,031 | \$734 | \$919 | \$1,275 | \$1,138 | \$1,248 | \$1,109 | -- |
| | Vacancy | 3.9% | 1.1% | 2.3% | 31.8% | 3.0% | 11.0% | 2.9% | -- |
| 2013 | Units | 6,393 | 273 | 2,869 | 165 | 2,773 | 63 | 250 | -- |
| | No. Vacant | 160 | 3 | 77 | 1 | 75 | 1 | 3 | -- |
| | Avg. Rent | \$964 | \$714 | \$863 | \$1,040 | \$1,073 | \$1,059 | \$1,115 | -- |
| | Vacancy | 2.5% | 1.1% | 2.7% | 0.6% | 2.7% | 1.6% | 1.2% | -- |
| 2012 | Units | 5,632 | 208 | 2,307 | 161 | 2,654 | 59 | 243 | -- |
| | No. Vacant | 173 | 0 | 58 | 1 | 102 | 3 | 9 | -- |
| | Avg. Rent | \$953 | \$677 | \$824 | \$1,010 | \$1,067 | \$1,010 | \$1,117 | -- |
| | Vacancy | 3.1% | 0.0% | 2.5% | 0.6% | 3.8% | 5.1% | 3.7% | -- |
| 2011 | Units | 5,686 | 239 | 2,539 | 166 | 2,452 | 61 | 229 | -- |
| | No. Vacant | 124 | 2 | 49 | 9 | 63 | 1 | 0 | -- |
| | Avg. Rent | \$879 | \$651 | \$784 | \$985 | \$971 | \$1,053 | \$1,059 | -- |
| | Vacancy | 2.2% | 0.84% | 1.9% | 5.4% | 2.6% | 1.6% | 0.0% | -- |
| 2010 | Units | 6,083 | 205 | 2,642 | 155 | 2,753 | 58 | 270 | -- |
| | No. Vacant | 184 | 8 | 76 | 3 | 88 | 1 | 8 | -- |
| | Avg. Rent | \$883 | \$641 | \$780 | \$895 | \$975 | \$1,149 | \$1,081 | -- |
| | Vacancy | 3.0% | 3.9% | 2.9% | 1.9% | 3.7% | 1.7% | 3.0% | -- |
| Change | Units | 785 | 96 | 356 | 143 | 202 | 15 | -27 | -- |
| | No. Vacant | 3 | -4 | 14 | 5 | -8 | -1 | -3 | -- |
| | Avg. Rent | \$162 | \$123 | \$143 | \$378 | \$182 | \$107 | \$110 | -- |
| | Vacancy | -0.3% | -2.6% | 0.1% | 0.7% | -1.0% | -1.7% | -0.9% | -- |

Sources: Marquette Advisors; Maxfield Research & Consulting, LLC

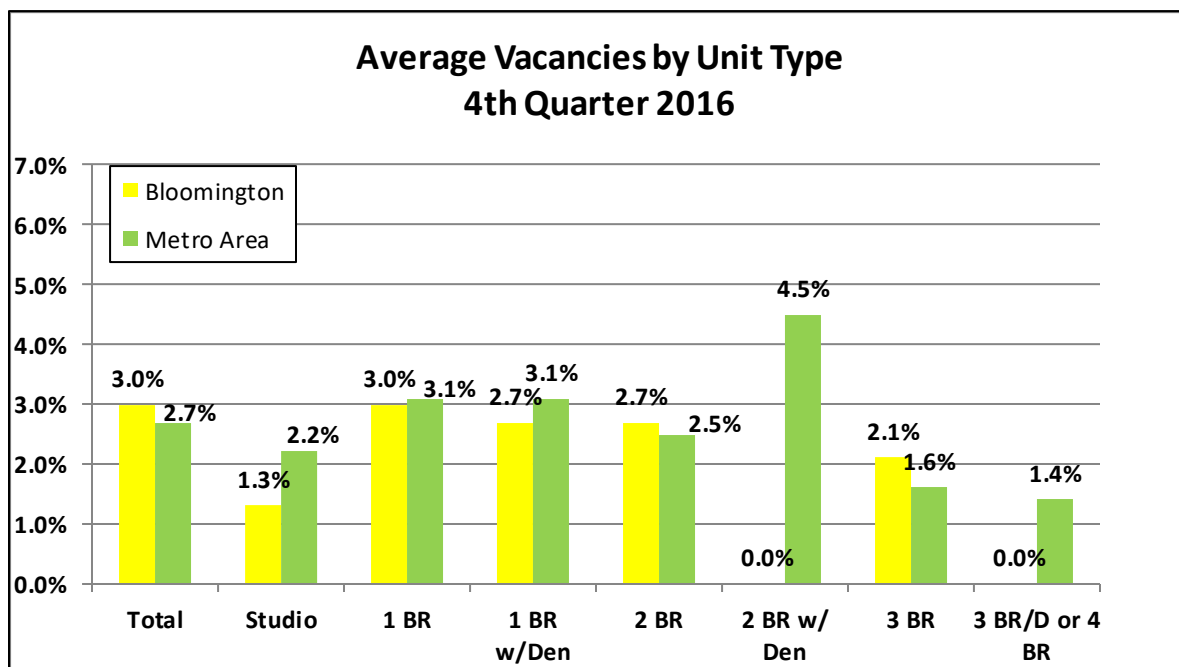
RENTAL MARKET ANALYSIS

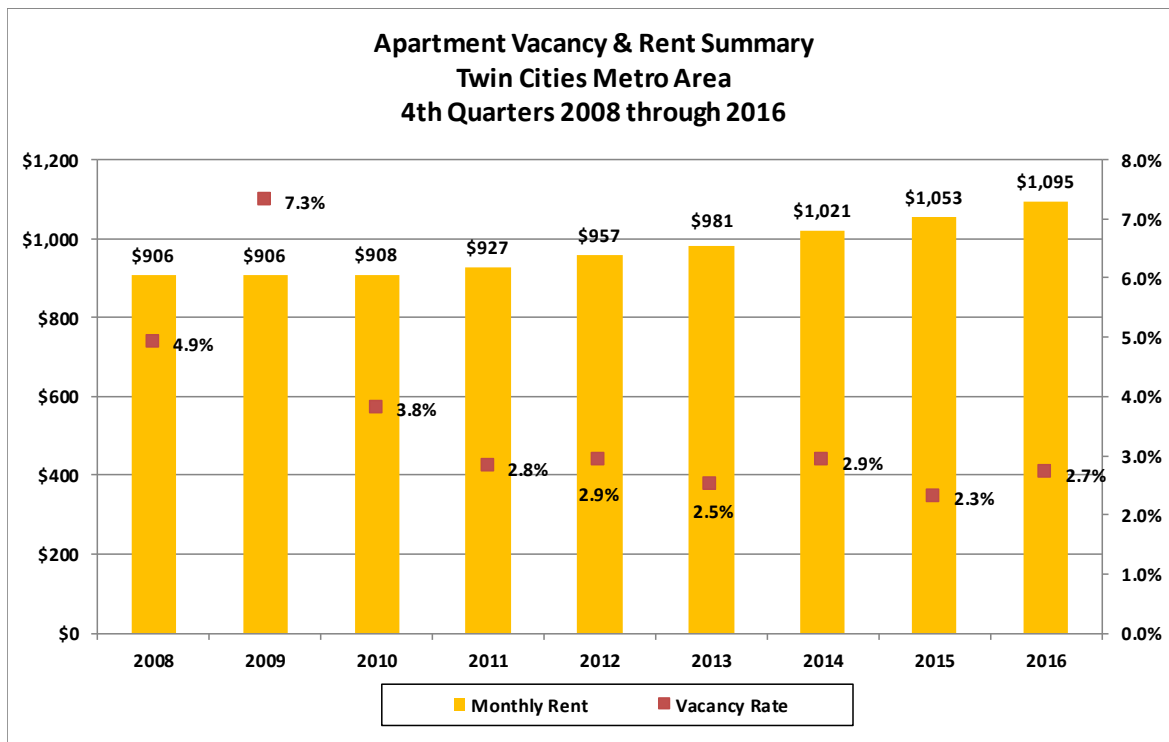
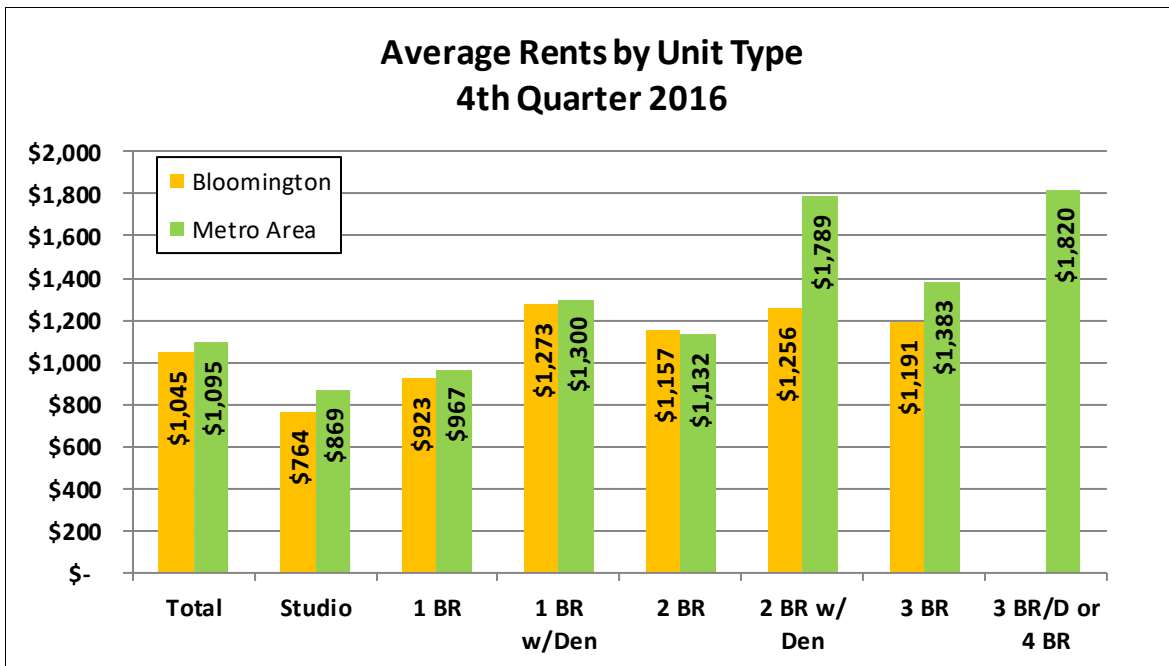
- Between 2010 and 2016, the overall vacancy rate in Bloomington has remained well below the 5% market equilibrium rate, indicating that the rental market in Bloomington remains tight. The lowest vacancy rate occurred in 2015 at 2.0% and the highest was 3.9% in 2014. We note that the overall vacancy rate may be affected by new rental product that is in initial lease-up.
- The average monthly rent in Bloomington increased by \$162 from the end of 2010 through the end of 2016, an increase of 18.3% or an average annual rate of 2.84% over the period. While the average monthly rent in the Twin Cities Metro Area increased by an annual average rate of 3.2% to \$1,095 as of 4th Quarter 2016.
- In Bloomington, average monthly rental rates range from \$764 for a studio unit to \$1,256 for a two-bedroom plus den unit as of 4th Quarter 2016. Monthly rent for three-bedroom units is lower than for two-bedroom plus den units reflecting the older age of many rental properties in Bloomington. Average rents increased the most for three-bedroom units, up 7.0% over the year, followed by 2.2% for studio units. Average rent decreased by -12.2% for two-bedroom plus den units during this same period. Since 2010, the average monthly rent in Bloomington has increased 18.3%, from \$883 per month in 2010 to \$1,045 per month in 2016. A portion of this increase reflects new rental product recently constructed which has higher rents, increasing the overall average.
- The below market equilibrium vacancy rate in Bloomington reflects a tight rental market and limited product available, primarily among older rental properties. Four new market rate properties were surveyed in Bloomington, all built since 2012. Vacancies at these new properties were higher than for older properties and IndiGO is in its initial lease-up period. Older rental properties do not offer the same level of amenities as newer rental housing stock, although many properties built prior to 1980 have been remodeled and include new kitchens, new bathrooms and upgraded common areas amenities.
- The following chart illustrates rental market trends in Bloomington over the past six years. Overall, vacancy rates have remained quite low despite a modest increase in 2014, which was a result of new rental product still in lease-up at that time.

RENTAL MARKET ANALYSIS



- Compared to Edina, Eden Prairie and Richfield, the average rent as of 4th Quarter 2016 was \$1,045 in Bloomington, \$1,338 in Edina, \$1,204 in Eden Prairie and \$919 in Richfield. A comparison of vacancy rates revealed a rate of 2.7% in Bloomington, 2.9% in Edina, 2.5% in Eden Prairie and 1.9% in Richfield.

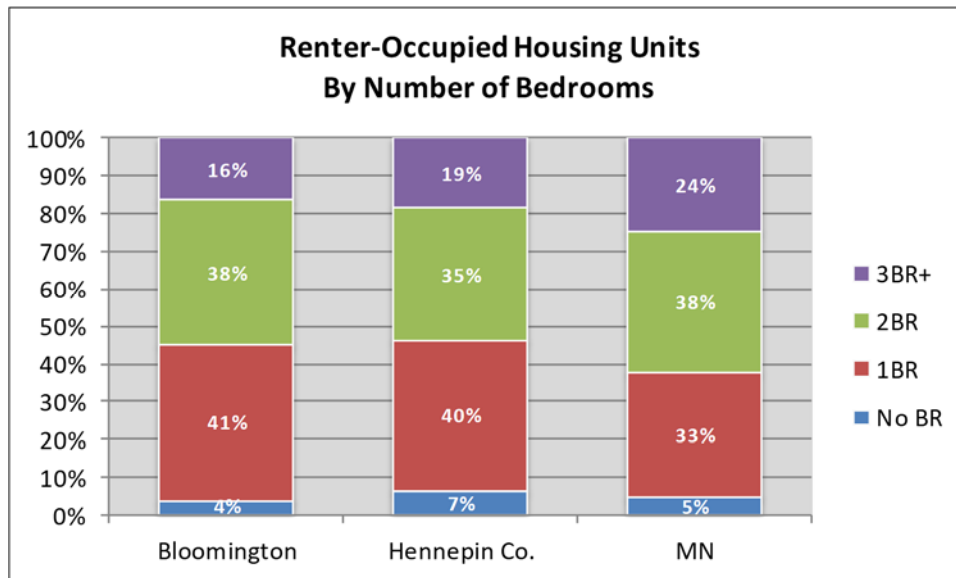




RENTAL MARKET ANALYSIS

| R-2 BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS Hennepin County and Minnesota 2015 | | | | | |
|---|---------------|-------------|----------------|-------------|--------------|
| | Bloomington | | Hennepin Co. | | MN |
| | # | % of Total | # | % of Total | % of Total |
| Total: | 11,855 | 100% | 182,801 | 100% | 100% |
| Median Gross Rent | \$971 | | \$951 | | \$848 |
| No Bedroom | 473 | 4% | 12,192 | 7% | 5% |
| Less than \$300 | 23 | 0% | 1,393 | 1% | 1% |
| \$300 to \$499 | 290 | 2% | 1,342 | 1% | 1% |
| \$500 to \$749 | 149 | 1% | 5,517 | 3% | 2% |
| \$750 to \$999 | 11 | 0% | 2,377 | 1% | 1% |
| \$1,000 to \$1,499 | 0 | 0% | 1,066 | 1% | 0% |
| \$1,500 or more | 0 | 0% | 342 | 0% | 0% |
| No cash rent | 0 | 0% | 155 | 0% | 0% |
| 1 Bedroom | 4,902 | 41% | 72,588 | 40% | 33% |
| Less than \$300 | 278 | 2% | 7,162 | 4% | 4% |
| \$300 to \$499 | 354 | 3% | 3,623 | 2% | 4% |
| \$500 to \$749 | 613 | 5% | 18,031 | 10% | 10% |
| \$750 to \$999 | 2,697 | 23% | 26,223 | 14% | 9% |
| \$1,000 to \$1,499 | 698 | 6% | 13,251 | 7% | 4% |
| \$1,500 or more | 219 | 2% | 3,758 | 2% | 1% |
| No cash rent | 43 | 0% | 540 | 0% | 0% |
| 2 Bedrooms | 4,541 | 38% | 64,026 | 35% | 38% |
| Less than \$300 | 74 | 1% | 2,173 | 1% | 1% |
| \$300 to \$499 | 63 | 1% | 1,655 | 1% | 2% |
| \$500 to \$749 | 171 | 1% | 3,691 | 2% | 7% |
| \$750 to \$999 | 1,320 | 11% | 18,235 | 10% | 12% |
| \$1,000 to \$1,499 | 2,380 | 20% | 28,507 | 16% | 11% |
| \$1,500 or more | 477 | 4% | 8,430 | 5% | 3% |
| No cash rent | 56 | 0% | 1,335 | 1% | 1% |
| 3 or More Bedrooms | 1,939 | 16% | 33,995 | 19% | 24% |
| Less than \$300 | 29 | 0% | 752 | 0% | 1% |
| \$300 to \$499 | 57 | 0% | 1,099 | 1% | 1% |
| \$500 to \$749 | 85 | 1% | 2,297 | 1% | 3% |
| \$750 to \$999 | 67 | 1% | 2,725 | 1% | 4% |
| \$1,000 to \$1,499 | 792 | 7% | 11,771 | 6% | 8% |
| \$1,500 or more | 776 | 7% | 13,402 | 7% | 6% |
| No cash rent | 133 | 1% | 1,949 | 1% | 3% |

Note: Data includes all rental units regardless of income-restrictions.
Sources: 2011-2015 American Community Survey;
Maxfield Research and Consulting, LLC



General-Occupancy Rental Properties

The survey of general occupancy rental properties in Bloomington included 76 market rate, 4 shallow-subsidy and 6 deep-subsidy properties (24 units or larger) in February 2017. These properties represent a combined total of 9,195 units, including 8,806 market rate units (including units in properties that are in initial lease-up), 197 shallow-subsidy (typically properties income-restricted to households with incomes between 50% and 80% of Area Median Household Income and 192 deep-subsidy units (typically properties restricted to households with incomes at or less than 50% of the Area Median Household Income). Market rate units may be affordable to a broad range of households, but do not have income restrictions. Table presented later in this section will show that Bloomington has market rate units that are affordable to households with incomes ranging from 50% to 120% or more of Area Median Household Income. The above totals exclude units in properties that provide housing to individuals with special needs.

There are a variety of rental properties in Bloomington that have fewer than 24 units including three- and four-plex buildings, duplexes, twinhomes and single-family detached units. These properties are excluded from the average rent and vacancy calculations shown on Tables R-4 to R-6. Table R-7 shows affordable and subsidized rental properties. R-8 shows a summary of market rate rental units registered with the City of Bloomington. The total includes all types of rental units including single-family, condominiums, townhomes, duplexes and large multifamily properties. Single-family, condominium and townhome units that were originally owner-occupied, but are currently being rented are considered as non-traditional rentals.

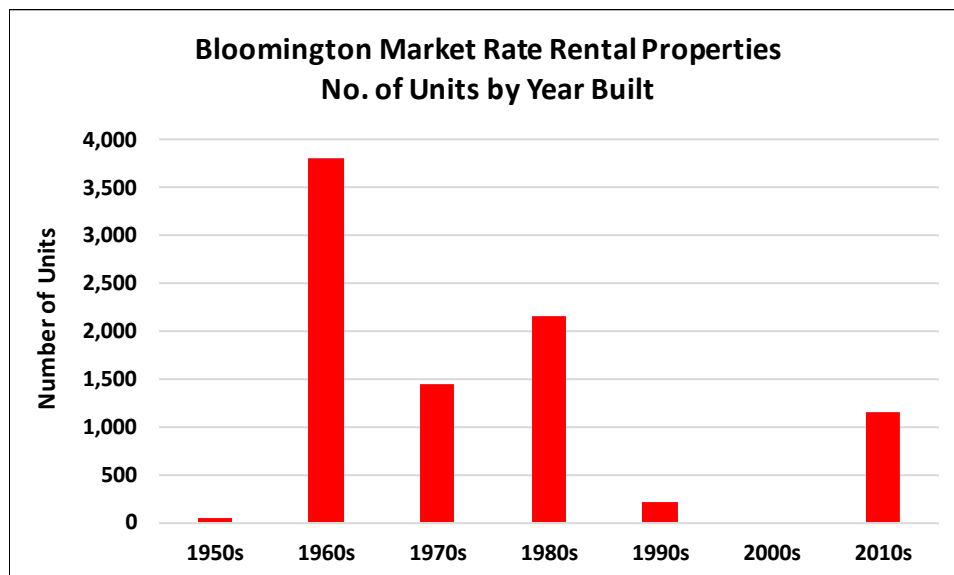
RENTAL MARKET ANALYSIS

The survey of market rate rental properties with 24 or more units identified the following total vacancies by age segment:

| | |
|--|------------------|
| Properties built prior to 1970: | 23 vacant (0.4%) |
| Properties built from 1980 through 1999: | 66 vacant (2.8%) |
| Properties built 2000 or later: | 23 vacant (3.0%) |

In total, the overall vacancy rate among the surveyed market rate rental units was 1.3%. The combined overall vacancy rate is well-below the industry standard of 5% vacancy for a stabilized rental market rate which promotes competitive rates, ensures adequate choice, and allows for sufficient unit turnover. This vacancy rate indicates that additional rental units are needed. However, we note that the vacancy rate was significantly lower for properties built prior to 1970, which generally have rent levels much lower than those built after 2000. The vacancy rate was highest for the newest properties, which also suggests a need for more moderately priced rentals to satisfy the demand.

Table R-3 summarizes year built of Bloomington general occupancy properties. Tables R-4 to R-6 summarizes available unit types, unit sizes, rent levels and per square foot rents grouped by year built among the market rate general occupancy rental properties.



RENTAL MARKET ANALYSIS

| TABLE R-3 MARKET RATE RENTAL PROPERTIES (24 units or more) CITY OF BLOOMINGTON February 2017 | | |
|--|--------------|---------------------|
| Property Name | Built | No. of Units |
| Properties Built Prior to 1980 | | |
| Lyndale Avenue Properties | 1959 | 33 |
| South Pointe | 1960 | 141 |
| Greenway | 1960 | 35 |
| Penn Village Townhomes | 1961 | 30 |
| Fremont Apartments | 1962 | 26 |
| Fremont Court | 1962 | 23 |
| Concord Green | 1962 | 120 |
| 9830 Nicollet | 1962 | 29 |
| Essex Green | 1962 | 29 |
| Penn Apartments | 1962 | 23 |
| Southwind | 1962 | 33 |
| Nicollet Court | 1964 | 86 |
| Parkview | 1964 | 106 |
| Woodland | 1964 | 61 |
| Pendleton | 1964 | 32 |
| Southtown | 1964 | 47 |
| Normandale Lake Estates | 1964 | 105 |
| Cedar Glen | 1964 | 64 |
| Fountain Terrace | 1964 | 48 |
| Chateau'D France | 1965 | 83 |
| Winfield Estates | 1965 | 36 |
| Cedar Manor | 1965 | 24 |
| Stanley Court | 1965 | 45 |
| Lyn Villa | 1965 | 38 |
| Moir Park | 1965 | 75 |
| Maple Commons | 1965 | 24 |
| Tiki Apartments | 1965 | 84 |
| Country Inn-10501 Blmtn. Frwy. | 1965 | 39 |
| Country Inn - 10550 Lyndale | 1966 | 39 |
| Morgan | 1966 | 36 |
| Willows on France | 1966 | 240 |
| Southtown Court | 1966 | 22 |
| Wentworth | 1966 | 30 |
| Cedargate | 1967 | 48 |
| Glacier Yellowstone | 1967 | 30 |
| International Village | 1967 | 351 |
| Old Shakopee Village | 1967 | 94 |
| Oxboro Place | 1967 | 42 |
| Georgetowne Park Townhomes | 1968 | 204 |
| Stanley Terrace | 1968 | 114 |
| Continued | | |

RENTAL MARKET ANALYSIS

| TABLE R-3 MARKET RATE RENTAL PROPERTIES (24 units or more) CITY OF BLOOMINGTON February 2017 | | |
|--|--------------|---------------------|
| Property Name | Built | No. of Units |
| Properties Built Prior to 1980 (continued) | | |
| Cedar Bridges | 1968 | 40 |
| Cedar Cliff | 1968 | 141 |
| Cedar Crest | 1968 | 30 |
| Cedar Court | 1968 | 72 |
| Cedar Court West | 1968 | 36 |
| Willow Court | 1969 | 37 |
| Arbors | 1969 | 55 |
| Village Park of Bloomington | 1969 | 306 |
| Southgate | 1969 | 244 |
| Cedar Commons | 1969 | 105 |
| 10000 Nicollet | 1970 | 36 |
| Masada Manor | 1970 | 48 |
| Cobblehill Apartments | 1971 | 36 |
| Penn-Way | 1971 | 26 |
| Tarnhill | 1971 | 289 |
| Metropolitan Tower | 1971 | 108 |
| Nicollet South | 1971 | 33 |
| The Paragon | 1972 | 216 |
| Pennbrooke | 1973 | 125 |
| Palacio del Sol | 1974 | 47 |
| Cedar Cliff Village | 1974 | 81 |
| Nicollet Woods | 1974 | 21 |
| Pebblebrook Flats | 1975 | 174 |
| Heritage Hills | 1975 | 135 |
| Galaxy Apartments | 1978 | 74 |
| Properties Built Between 1980 and 1999 | | |
| Country Inn - 800-850 W. 106th St. | 1981 | 41 |
| The Highlands | 1983 | 56 |
| Hampshire Hill | 1986 | 534 |
| Cedar Pointe | 1986 | 54 |
| Southwood | 1986 | 66 |
| Bristol Village Apts. & Townhomes | 1987 | 290 |
| Poplar Bridge | 1987 | 170 |
| Devonshire | 1987 | 498 |
| Gables | 1987 | 102 |
| Oak Pointe | 1988 | 135 |
| Tealwood | 1989 | 213 |
| France 98 | 1990 | 120 |
| Pebblebrook Court | 1998 | 84 |
| Properties Built 2000 or Later | | |
| Genessee Apartments & Townhomes | 2012 | 234 |
| The Covington | 2014 | 250 |
| Luxembourg | 2016 | 282 |
| Indigo | 2017 | 393 |
| Total | | 8,806 |
| Source: Maxfield Research and Consulting LLC | | |

Market Rate

- Most of Bloomington’s larger market rate general occupancy rental properties were built prior to 1980. As shown, the median year built of the larger properties included in the survey is 1968.
- The newest market rate general occupancy rental housing properties in Bloomington are: Genessee Apartments, The Covington, Luxembourg Apartments and IndiGO Apartments. These properties opened in 2012, 2014, 2016 and 2017, respectively. IndiGO Apartments, at Bloomington Central Station, is in its initial lease-up period.
- A total of 112 vacancies were found in market rate rental projects, resulting in a vacancy rate of 1.3% as of February 2017. The stabilized equilibrium vacancy rate for market rate rental properties is considered 5% to allow for adequate unit turnover and sufficient choice for renters. A vacancy rate well-below the market equilibrium level indicates substantial pent-up demand for new rental housing.
- Properties were grouped by year built and are labeled by when they were constructed. There is overlap among these groupings as some older properties have been either entirely remodeled, such as Village Park in Bloomington, or partially remodeled (updated kitchens and baths). Remodeling often enables a property to charge higher rents than its original age would indicate. Tables R-4 to R-6 show a summary of these properties by unit type with average rents, average unit size, rent range and rent per square foot.
- Table R-4 shows a summary for properties built in 2000 or later. However, all were constructed after 2010 as no properties were constructed from 2000 to 2010. The table shows that the average rent per square foot is \$1.82 with a monthly rent of \$1,639 and an average square footage of 901. As shown, 44% of the units are one-bedroom and 30% are two-bedroom.
- Rents ranged from \$1,155 for a studio apartment to \$3,275 per month for a two-bedroom plus den unit. Average monthly rents by unit type were:

| | |
|----------|---------|
| Studio: | \$1,317 |
| 1BR: | \$1,481 |
| 1BR+Den: | \$1,517 |
| 2BR: | \$1,928 |
| 2BR+Den: | \$2,685 |
| 3BR: | \$2,615 |

| TABLE R-4 UNIT TYPE SUMMARY SELECTED GENERAL OCCUPANCY RENTAL DEVELOPMENTS PROPERTIES BUILT 2000 OR LATER February 2017 | | | | | | |
|--|--------------|-------------|------------|--------------------------|----------------|--------------------|
| Unit Type | Total Units | % of Total | Avg. Size | Monthly Rents | | |
| | | | | Range Low - High | Avg. Rent | Avg. Rent/ Sq. Ft. |
| Studio | 83 | 7% | 552 | \$1,155 - \$1,550 | \$1,317 | \$2.39 |
| 1BR | 507 | 44% | 754 | \$1,239 - \$1,750 | \$1,481 | \$1.96 |
| 1BR+D | 193 | 17% | 890 | \$1,345 - \$1,810 | \$1,517 | \$1.70 |
| 2BR | 343 | 30% | 1,159 | \$1,635 - \$2,650 | \$1,928 | \$1.66 |
| 2BR+D | 10 | 1% | 1,318 | \$2,095 - \$3,275 | \$2,685 | \$2.04 |
| 3BR/PH | 23 | 2% | 1,424 | \$2,190 - \$3,000 | \$2,615 | \$1.84 |
| Total: | 1,159 | 100% | 901 | \$1,150 - \$3,275 | \$1,639 | \$1.82 |

Source: Maxfield Research & Consulting, LLC

- Table R-5 shows a summary for market rate properties built from 1980 through 1999. The table shows that the average rent per square foot for these properties is \$1.24 with a monthly rent of \$1,166 and an average unit size of 943 square feet. As shown, 38% of the units are one-bedroom and 54% are two-bedroom.
- Rents ranged from \$925 for a studio apartment to \$2,005 per month for a three-bedroom unit. Average monthly rents by unit type were:

Studio: \$977
 1BR: \$916
 1BR+Den: \$1,196
 2BR: \$1,310
 2BR+Den: \$1,339
 3BR: \$1,725

| TABLE R-5 UNIT TYPE SUMMARY SELECTED GENERAL OCCUPANCY RENTAL DEVELOPMENTS CLASS B BUILDINGS (BUILT 1980 TO 1999) February 2017 | | | | | | |
|--|--------------|-------------|------------|------------------------|----------------|--------------------|
| Unit Type | Total Units | % of Total | Avg. Size | Monthly Rents | | |
| | | | | Range Low - High | Avg. Rent | Avg. Rent/ Sq. Ft. |
| Studio | 28 | 1% | 702 | \$925 - \$1,075 | \$977 | \$1.39 |
| 1BR | 903 | 38% | 672 | \$900 - \$1,436 | \$916 | \$1.36 |
| 1BR+D | 74 | 3% | 1,014 | \$1,125 - \$1,219 | \$1,196 | \$1.18 |
| 2BR | 1,275 | 54% | 1,101 | \$1,100 - \$1,550 | \$1,310 | \$1.19 |
| 2BR+D | 6 | 0% | 1,000 | \$0 - \$0 | \$1,339 | \$0.00 |
| 3BR/PH | 77 | 3% | 1,518 | \$1,325 - \$2,005 | \$1,725 | \$1.14 |
| Total: | 2,363 | 100% | 943 | \$900 - \$2,005 | \$1,166 | \$1.24 |

Source: Maxfield Research & Consulting, LLC

- Table R-6 shows a summary for market rate properties built prior to 1980. The table shows that the average rent per square foot for these properties is \$1.16 with a monthly rent of \$1,024 and an average unit size of 881 square feet. As shown, 49% of the units are one-bedroom and 43% are two-bedroom.

- Rents range from \$595 for a studio apartment to \$1,800 per month for a three-bedroom unit. Average monthly rents by unit type were:

Studio: \$793
 1BR: \$921
 1BR+Den: \$969
 2BR: \$1,145
 2BR+Den: \$0
 3BR: \$1,297

- The broad range in rents for each unit type among the oldest properties reflects a variation in features and amenities and units that have been substantially remodeled versus those that have not.

| TABLE R-6 UNIT TYPE SUMMARY SELECTED GENERAL OCCUPANCY RENTAL DEVELOPMENTS CLASS C BUILDINGS (BUILT 1959 to 1980) February 2017 | | | | | | |
|--|--------------|-------------|------------|------------------------|----------------|--------------------|
| Unit Type | Total Units | % of Total | Avg. Size | Monthly Rents | | |
| | | | | Range Low - High | Avg. Rent | Avg. Rent/ Sq. Ft. |
| Studio | 226 | 4% | 554 | \$595 - \$1,000 | \$790 | \$1.43 |
| 1BR | 2,611 | 49% | 758 | \$750 - \$1,200 | \$919 | \$1.21 |
| 1BR+D | 36 | 1% | 1,200 | \$964 - \$974 | \$969 | \$0.81 |
| 2BR | 2,259 | 43% | 1,035 | \$850 - \$1,566 | \$1,158 | \$1.12 |
| 2BR+D | 0 | 0% | 0 | \$0 - \$0 | \$0 | \$0.00 |
| 3BR/PH | 152 | 3% | 1,269 | \$1,105 - \$1,800 | \$1,297 | \$1.02 |
| Total: | 5,284 | 100% | 885 | \$595 - \$1,800 | \$1,027 | \$1.16 |
| Note: A number of Class C buildings have been remodeled to include upgraded kitchens, baths and other features. | | | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | | | |

Shallow-Subsidy

Properties that provide a shallow-subsidy have income restrictions, but households that qualify to reside in units at these properties usually pay a set monthly rent that is affordable to their income level. Properties developed as shallow-subsidy typically have rental rates set at 50% up to 80% of area median household income. At times, a household may qualify at a higher proportion of income (say 60%), but the rent will be set at 50% of AMI. Housing revenue bonds, TIF financing, Low Income Housing Tax Credits are example of programs that offer shallow-subsidies.

- There are four general occupancy rental properties in Bloomington that offer all or a portion of their units at rents that are affordable to households with incomes at or below 80%, 60% or 50% of the household area median family household income (HAMFI) for the Twin Cities Metro Area which was \$85,800 as of 2016. No vacant units were identified at the time of the survey and many of the properties have long waiting lists. Table R-7 shows information on shallow-subsidy and deep-subsidy properties.
- Typically, properties developed under the Low Income Housing Tax Credit program (LIHTC) or other shallow-subsidy program should be able to maintain vacancy rates of 3% or less in most housing markets. The vacancy rate of 0.0% for this category indicates a strong need for additional housing of this type. A total of 197 units was identified that offer a shallow-subsidy.
- The newest shallow-subsidy property is Crossings at Valley View (LIHTC), which was built in 2008 and has 50 units (two- and three-bedroom units). The building features an elevator, underground parking, tot lot, dedicated bike storage, full kitchen appliance package

including in-unit washer/dryers and central air. The property is adjacent to a Hennepin County public library and less than one block from Valley View Middle School and access to public transit is available. Incomes are restricted to 50% or less of AMI.

Deep-Subsidy

Properties that provide deep-subsidies are restricted to households (defined as household income of 50% or less of adjusted median family income where the tenant pays no more than 30% of their income as rent; the remaining portion of the rent is paid to the landlord). Housing programs include project based Section 8, Section 811 (primarily group living arrangements or housing for special needs populations). Housing vouchers also fall into this category, but are used in the private market. Senior programs are discussed in the senior section.

- There are five, deep-subsidy general occupancy rental properties in Bloomington with a combined total of 192 units. There were no vacant units as of March 2017. Some of the properties stated they have closed their wait lists.
- Typically, deep-subsidy rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. A vacancy rate of 0% for these units indicates a need for more of this housing. However, cuts in Federal funding for programs to construct these types of units has resulted in long waiting lists and virtually none of these units are being developed, except when combined with other income-restricted or market rate units. Knox Landing is included in the senior housing section because the property accepts residents age 62, but also accepts a proportion of those under age 62 with physical or mental limitations.
- Based on our conversations with leasing agents at shallow-subsidy and deep-subsidy properties, there is a significant need for additional affordable rental units in Bloomington to serve households that seek properties with rent levels restricted to between 30% and 60% of area median household income.

RENTAL MARKET ANALYSIS

| TABLE R-7 SHALLOW SUBSIDY AND DEEP SUBSIDY GENERAL OCCUPANCY RENTAL PROPERTIES BLOOMINGTON March 2017 | | | | | | | |
|--|------------|------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------------------|--|
| Property Name/Location | Year Built | Units/ Vacant | Unit Mix | Unit Size | Monthly Rent | Rent per Square Foot | Amenities/Comments |
| Shallow-Subsidy Tax-Credit | | | | | | | |
| Lyndale Townhomes 8564 Lyndale Avenue South Section 236 | 2001 | 23 0 0.00% | 11 - 2BR 12 - 3BR | 1,250 1,350 | \$847 \$1,180 | \$0.68 \$0.87 | Two-story townhomes, covered attached parking, central air, private entry, in-unit washer/dryers, full kitchen appliance package. |
| Crossings at Valley View 8735 Portland Avenue S. Section 42 Tax-Credit | 2008 | 50 0 0.0% | 26 - 2BR 24 - 3BR | 884 - 976 1,203 | \$975 \$1,126 | \$1.10 \$0.94 | Rents at or less than 50% of AMI; four units designated for long-term homeless, community room, tot lot, elevator, underground parking w/bike storage. |
| Southview Estates 8901 Aldrich Avenue South | 2002 | 47 0 0.0% | 6 - 1BR 22 - 2BR 19 - 3BR | 1,003 1,012 - 1,018 1,351 | \$1,119 \$1,189 \$1,391 | \$1.12 \$1.17 - \$1.17 \$1.03 | Full kitchen appliance package; balcony/patio, wall-unit air oversized closets, ceiling fans, in-unit washer/dryer. Community center, elevator, attached parking; fitness center |
| Tealwood Apartments 9900 Briar Road | 1988 | 77 0 0.0% | 38 - 1BR 39 - 2BR | 800 - 1,050 1,213 | \$846 - \$939 \$953 - \$1,349 | \$1.06 - \$0.81 \$0.79 - \$0.79 | Affordable units offered to households at low/very low income. Fitness center, outdoor pool, BBQ grills, central air, in-unit w/d, full kitchen appliance |
| Affordable Total | | 197 | 0 | 0.0% | | | |
| Deep-Subsidy | | | | | | | |
| Penn Place 10041 Penn Avenue South Section 8 | 1975 | 45 0 0.0% | 48 - 1BR 10 - 2BR 16 - 3BR | 696 1,231 1,294 | 30% of AGI | n.m. | Heated underground parking available; playground, water and sewer included; storage lockers on each floor, laundry on each floor; bike storage area. |
| Bloomington Family Townhomes 2345 Mendelssohn Lane N Section 8 Layered with Tax Credits | 1982 | 20 0 0.0% | 3 - 2BR 17 - 3BR | 884 - 976 1,203 | 30% of AGI | n.m. | Recreation room, underground parking, elevator, storage units, washer and dryer in some units, and elevator. |
| Blooming Glen Townhomes 724 Southglen Drive Section 8 | 2002 | 50 0 0.00% | 28 - 2BR 18 - 3BR 4 - 4BR | 980 1,120 1,260 | 30% of AGI | n.m. | Playground, water, sewer and trash included; in-unit washer/dryer, private attached garage included; private entries. |
| Sumter Lane Townhomes 10568 Sumer Lane Section 8 | 1978 | 49 0 0.0% | 49 - 3BR | 1,212 | 30% of AGI | n.m. | Two-story townhomes w/private entrances; detached garage available at additional charge; track pick-up included; water/sewer included; heat additional. |
| Highlands Apartments/THs 5200 W. 98th Street Section 8 | 1982 | 28 0 0.0% | 16 - 2BR 12 - 3BR | 1,092 - 1,092 1,339 - 1,339 | 30% of AGI 30% of AGI | n.m. | Heat included; deck off every unit; townhome units. trash pick-up included; free DVD movie rental on-site. |
| Subsidized Total | | 192 | 0 | 0.0% | | | |
| Sources: Maxfield Research and Consulting; Housing Link; Bloomington HRA; MN Housing | | | | | | | |

Selected Representative Rental Properties in Bloomington
Market Rate



Village Park of Bloomington



Concord Green



Cedar Commons



Cedar Glen



Paragon



Pennbrooke

**Selected Representative Rental Properties in Bloomington
Market Rate**



Hampshire Hills



Poplar Bridge



Tealwood



Devonshire



Genessee



Luxembourg

Non-Traditional Rental Units

Non-traditional rental units are those that were not originally constructed as rental properties, but which are being rented due to a variety of reasons. Non-traditional rental units may include single-family homes, townhomes and condominiums, which are owned by single owners that have elected to rent these units in the private market. Most often the tenant is responsible for the upkeep and maintenance of the property, unlike a traditional rental apartment, where the landlord maintains the property.

There has been an increase in the number of non-traditional rental units in Bloomington and generally across the Twin Cities Metro Area as the housing market slowdown during the recession resulted in a number of homeowners relocating or having to leave their owner-occupied homes. Households that were in financial crisis often elected to rent their housing rather than move back into the owner-occupied market. This may have been due to ongoing financial instability or due to a lifestyle choice.

Extended Stay America is currently advertising studio units at \$1,155 per month for a fully-furnished studio that would include all utilities, cable TV and free Wi-Fi. There is no credit check and the property allows pets at additional charge. Continental breakfast is included and housekeeping is an additional charge. A common laundry is available and the studio features a refrigerator, stove-top, microwave, toaster and coffee-maker.

Table R-8 summarizes licensed rental units in Bloomington identifying units that are located in smaller buildings (i.e. single-family homes, condominiums, townhomes and duplexes) along with traditional multifamily properties. Data is compiled from the Environmental Services annual report dated year-end 2016.

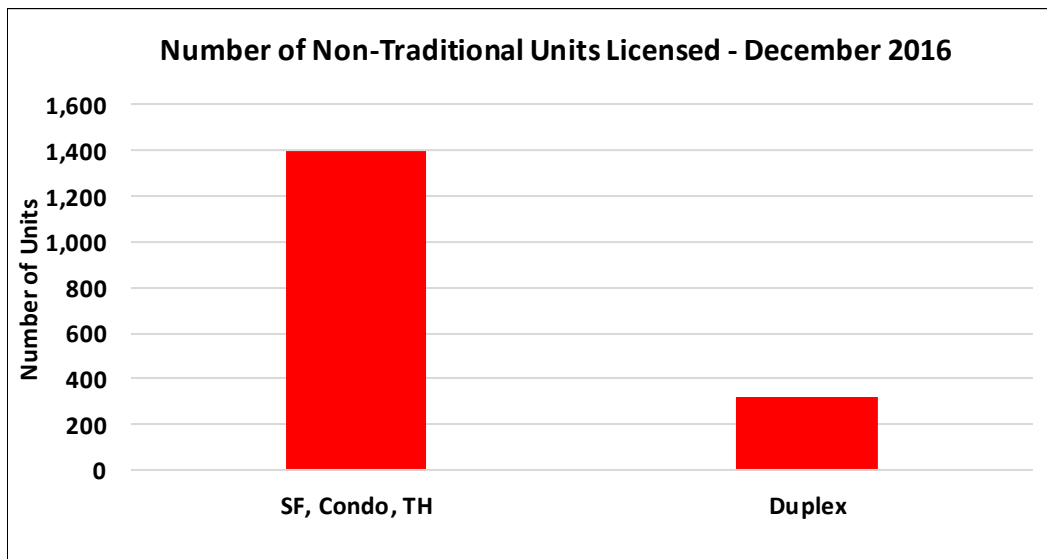
The table shows that most of the units in smaller structures are single-family units or individual condominium or townhome units that are being rented. As of the end of December 2016, the City had licensed 1,394 single-family, condominium and townhome units and 317 duplex units as rentals. Another 10,937 units were issued a license in larger multifamily structures. These smaller structures accounted for 13.5% of all licensed rentals.

**TABLE R-8
UNIT TYPE SUMMARY
SMALL BUILDINGS AND
NON-TRADITIONAL RENTALS
February 2017**

| Building Type | No. of Bldgs. | Total Units | % of Total |
|----------------|---------------|--------------|-------------|
| Duplex | 150 | 263 | 14% |
| Duplex/TW | 40 | 40 | 2% |
| Four-Plex | 46 | 183 | 10% |
| Multifamily | 37 | 356 | 19% |
| Multifamily-TH | 5 | 26 | 1% |
| Single-Family | 1,034 | 1,034 | 54% |
| Total: | 1,312 | 1,902 | 100% |

Notes: Multifamily includes buildings with 5 to 23 units. Four-plex includes 3-4 units. Single-family includes individual condominium units and single-family rentals.

Source: Maxfield Research & Consulting, LLC



Natural Occurring Affordable Housing (i.e. Unsubsidized Affordable)

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 government 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.

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 small properties (one to four unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these properties have rents that are affordable, project-based and private housing markets cannot be easily separated. Some households may income-qualify for both market rate and project-based affordable housing, although the gap is widening between market rate and affordable properties as rents in the private market continue to escalate. Therefore, it is important to recognize the naturally-occurring affordable housing stock to quantify the proportion of renters that might be eligible for housing assistance based on income. Table R-9 illustrates monthly rents by unit type and household size as they relate to affordability. Tables R-10 to R-12 presents a breakdown of all market rate general-occupancy rental projects by household size and area median income (AMI) based on year built. Table R-13 summarizes project data from Tables R-10 to R-12 based on unit type and affordability.

- Among the 8,806 market rate units that were inventoried by unit mix and monthly rents, 63.2% of the units are affordable to householders with incomes at 50% or 60% of AMI. An estimated 26.2% of units are affordable to households with incomes at 80% AMI.
- For properties built after 2000, the majority are affordable to householders with incomes of 80% or higher AMI. As shown on the graph that follows, 314 units are affordable to households with incomes at 80% AMI while 482 units are affordable to households with incomes at 100% AMI. Most of these units are studio, one-bedroom or one-bedroom plus den units. Two-bedroom, two-bedroom plus den and three-bedroom units are primarily affordable to households with incomes at 120% or more AMI.
- For properties built between 1980 and 1999, 66 units are affordable to households with incomes at 60% of AMI, 1,221 units are affordable to households with incomes at 80% AMI while 1,031 units are affordable to households with incomes at 100% AMI. Combined together, the 80% and 100% of AMI categories represent the vast majority of rental units in properties built during this time period.
- For properties built prior to 1980, 1,268 units are affordable to households with incomes at at 50% of AMI; 3,020 units are affordable to households with incomes at 60% of AMI and 963 units are affordable to households with incomes at 80% of AMI. Combined, these three categories represent 99% of units built prior to 1980. A number of these properties have had some remodeling of units and/or common areas. Some properties have also remodeled their building exteriors.

RENTAL MARKET ANALYSIS

- In total, 61% of studio units are affordable to households with incomes at 50% or 60% of AMI. Of all one-bedroom units inventoried, 79% are affordable to households with incomes at 50% or 60% of AMI. Of all two-bedroom units, 52% are affordable to households with incomes at 50% or 60% of AMI and of all three-bedroom units, 34% are affordable to households with incomes at 60% or less of AMI.
- Of all market rate units inventoried, none are affordable to households with incomes at 30% or less of AMI.

RENTAL MARKET ANALYSIS

**TABLE R-9
MONTHLY RENTS BASED ON INCOME LIMITS, HOUSEHOLD SIZE, & AMI
HENNEPIN COUNTY - 2016**

| Unit Type ¹ | HHD Size | | Max. Rent Based on Household Size (@30% of Income) | | | | | | | | | | | |
|------------------------|----------|-----|--|-------------------|-------------------|-------------------|-------------------|-------------------|------|------|------|------|------|------|
| | Min | Max | 30% | | 50% | | 60% | | 80% | | 100% | | 120% | |
| | | | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. |
| Studio | 1 | 1 | \$451 - \$450 | \$751 - \$751 | \$902 - \$901 | \$1,202 - \$1,202 | \$1,503 - \$1,502 | \$1,803 - \$1,803 | | | | | | |
| 1BR | 1 | 2 | \$451 - \$514 | \$751 - \$857 | \$902 - \$1,029 | \$1,202 - \$1,372 | \$1,503 - \$1,715 | \$1,803 - \$2,058 | | | | | | |
| 2BR | 2 | 4 | \$515 - \$579 | \$858 - \$965 | \$1,029 - \$1,158 | \$1,372 - \$1,544 | \$1,715 - \$1,930 | \$2,058 - \$2,316 | | | | | | |
| 3BR | 3 | 6 | \$579 - \$643 | \$965 - \$1,072 | \$1,158 - \$1,287 | \$1,544 - \$1,716 | \$1,930 - \$2,145 | \$2,316 - \$2,574 | | | | | | |
| 4BR | 4 | 8 | \$644 - \$695 | \$1,073 - \$1,158 | \$1,287 - \$1,390 | \$1,716 - \$1,854 | \$2,145 - \$2,317 | \$2,574 - \$2,781 | | | | | | |

¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person Hennepin County AMI is \$85,800 (2016)

Sources: HUD, MHFA, Maxfield Research & Consulting, LLC

RENTAL MARKET ANALYSIS

TABLE R-10
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
MARKET RATE RENTAL PROPERTIES (CONSTRUCTED 2000 OR LATER)
CITY OF BLOOMINGTON
February 2017

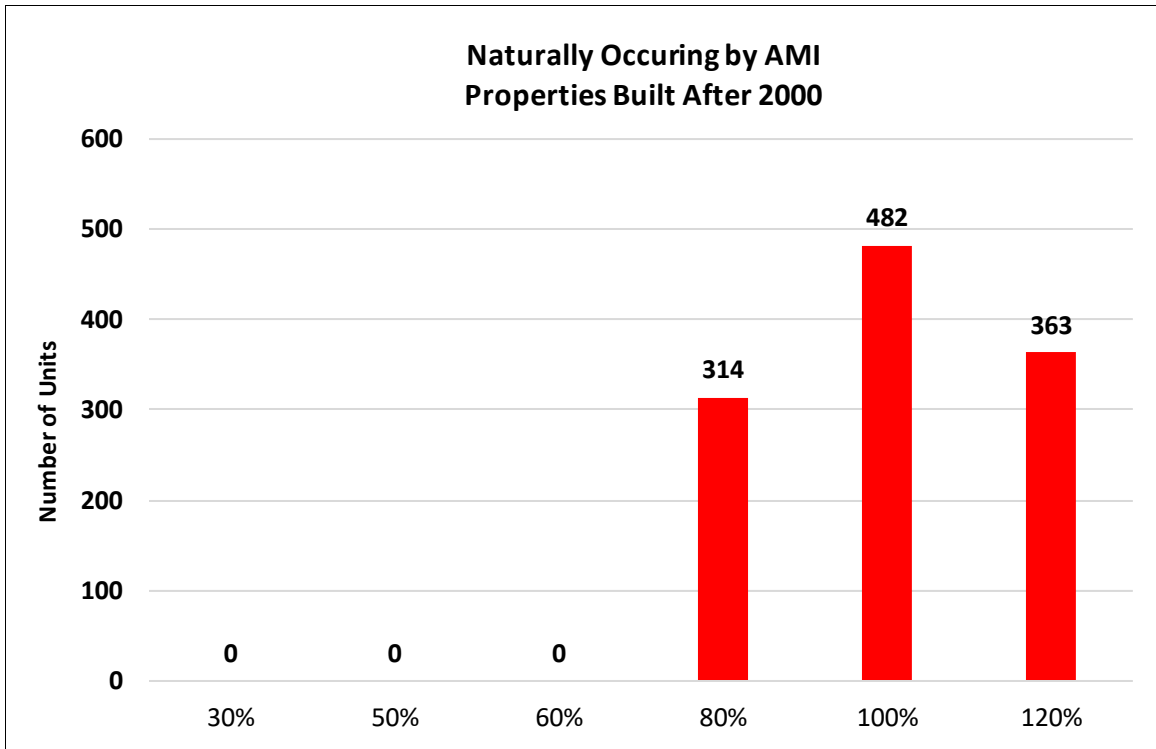
| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | Market Rate Affordability by AMI ² | | | | | |
|-----------------------------|------------|----------------|---------|--|---|-----------|-----------|------------|------------|------------|
| | | Min | Max | | 30% | 50% | 60% | 80% | 100% | 120% |
| Studio | | | | | | | | | | |
| Genessee | 13 | \$1,195 | \$1,275 | \$47,800 - \$51,000 | -- | -- | -- | 6 | 7 | -- |
| Covington | 9 | \$1,155 | \$1,350 | \$46,200 - \$54,000 | -- | -- | -- | 4 | 5 | -- |
| Luxembourg | 15 | \$1,175 | \$1,550 | \$47,000 - \$62,000 | -- | -- | -- | 10 | 5 | -- |
| IndiGO | 46 | \$1,267 | \$1,410 | \$50,680 - \$56,400 | -- | -- | -- | -- | 46 | -- |
| Total/Median | 83 | \$1,271 | | | -- | -- | -- | 20 | 63 | -- |
| One-Bedroom | | | | | | | | | | |
| Genessee | 114 | \$1,350 | \$1,715 | \$54,000 - \$68,600 | -- | -- | -- | 29 | 73 | 12 |
| Covington | 83 | \$1,265 | \$1,650 | \$50,600 - \$66,000 | -- | -- | -- | 55 | 28 | -- |
| Luxembourg | 142 | \$1,285 | \$1,750 | \$51,400 - \$70,000 | -- | -- | -- | 71 | 71 | -- |
| IndiGO | 168 | \$1,239 | \$1,612 | \$49,560 - \$64,480 | -- | -- | -- | 84 | 84 | -- |
| Total/Median | 507 | \$1,481 | | | -- | -- | -- | 239 | 256 | 12 |
| One-Bedroom plus Den | | | | | | | | | | |
| Covington | 110 | \$1,345 | \$1,450 | \$53,800 - \$58,000 | -- | -- | -- | 55 | 55 | -- |
| Luxembourg | 41 | \$1,645 | \$1,810 | \$65,800 - \$72,400 | -- | -- | -- | -- | 20 | 21 |
| IndiGO | 42 | \$1,510 | \$1,739 | \$60,400 - \$69,560 | -- | -- | -- | -- | 42 | -- |
| Total/Median | 193 | \$1,578 | | | -- | -- | -- | 55 | 117 | 21 |
| Two-Bedroom | | | | | | | | | | |
| Genessee | 99 | \$1,700 | \$1,995 | \$68,000 - \$79,800 | -- | -- | -- | -- | 20 | 79 |
| Covington | 38 | \$1,635 | \$1,850 | \$65,400 - \$74,000 | -- | -- | -- | -- | 10 | 28 |
| Luxembourg | 84 | \$1,780 | \$2,060 | \$71,200 - \$82,400 | -- | -- | -- | -- | 16 | 68 |
| IndiGO | 122 | \$1,780 | \$2,112 | \$71,200 - \$84,480 | -- | -- | -- | -- | -- | 122 |
| Total/Median | 343 | \$1,815 | | | -- | -- | -- | -- | 46 | 297 |
| Two-Bedroom + Den | | | | | | | | | | |
| Genessee | 18 | \$2,550 | \$2,650 | \$102,000 - \$106,000 | -- | -- | -- | -- | -- | 18 |
| Covington | 10 | \$2,095 | \$3,275 | \$83,800 - \$131,000 | -- | -- | -- | -- | -- | 5 |
| Total/Median | 28 | \$2,600 | | | -- | -- | -- | -- | -- | 23 |
| Three Bedroom | | | | | | | | | | |
| Genessee | 4 | \$2,850 | \$2,850 | \$114,000 - \$114,000 | -- | -- | -- | -- | -- | 8 |
| IndiGO | 5 | \$2,190 | \$2,577 | \$87,600 - \$103,080 | -- | -- | -- | -- | -- | 15 |
| Total/Median | 9 | \$2,714 | | | -- | -- | -- | -- | -- | 23 |

¹ Based on a 30% allocation of income to housing for general-occupancy. Senior housing projects were excluded from the calculation.

² Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

Note: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%; 80% includes 61% to 80%; 100% includes 81% to 100%; 120% includes 101% to 120%.

Source: Maxfield Research & Consulting, LLC



RENTAL MARKET ANALYSIS

TABLE R-11
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
RENTAL PROPERTIES CONSTRUCTED FROM 1980 THROUGH 1999
CITY OF BLOOMINGTON
February 2017

| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | Market Rate Affordability by AMI ² | | | | | |
|-----------------------------|--------------|----------------|---------|---|---|-----------|------------|------------|------|------|
| | | Min | Max | | 30% | 50% | 60% | 80% | 100% | 120% |
| Studio | | | | | | | | | | |
| Hampshire Hills | 12 | \$934 | \$1,034 | \$37,360 - \$41,360 | -- | -- | -- | 12 | -- | -- |
| Bristol Village | 6 | \$1,025 | \$1,075 | \$41,000 - \$43,000 | -- | -- | -- | 6 | -- | -- |
| Pebblebrook Court | 10 | \$1,195 | \$1,275 | \$47,800 - \$51,000 | -- | -- | -- | 10 | -- | -- |
| Total/Median | 28 | \$1,055 | | | -- | -- | -- | 28 | -- | -- |
| One-Bedroom | | | | | | | | | | |
| Country Inn | 20 | \$925 | \$925 | \$37,000 - \$37,000 | -- | 20 | -- | -- | -- | -- |
| The Highlands | 12 | \$949 | \$1,029 | \$37,960 - \$41,160 | -- | 6 | 6 | -- | -- | -- |
| Hampshire Hills | 202 | \$976 | \$1,112 | \$39,040 - \$44,480 | -- | -- | 202 | -- | -- | -- |
| Cedar Pointe | 8 | \$900 | \$900 | \$36,000 - \$36,000 | -- | 8 | -- | -- | -- | -- |
| Southwood | 32 | \$955 | \$980 | \$38,200 - \$39,200 | -- | 32 | -- | -- | -- | -- |
| Bristol Village | 148 | \$1,150 | \$1,200 | \$46,000 - \$48,000 | -- | -- | 136 | 12 | -- | -- |
| Poplar Bridge | 60 | \$1,115 | \$1,150 | \$44,600 - \$46,000 | -- | -- | 60 | -- | -- | -- |
| Devonshire | 194 | \$975 | \$1,436 | \$39,000 - \$57,440 | -- | -- | 194 | -- | -- | -- |
| Gables | 48 | \$1,020 | \$1,080 | \$40,800 - \$43,200 | -- | -- | 48 | -- | -- | -- |
| Oak Pointe | 41 | \$1,085 | \$1,190 | \$43,400 - \$47,600 | -- | -- | 41 | -- | -- | -- |
| Tealwood | 104 | \$1,009 | \$1,009 | \$40,360 - \$40,360 | -- | -- | 104 | -- | -- | -- |
| Pebblebrook Court | 34 | \$1,070 | \$1,130 | \$42,800 - \$45,200 | -- | -- | 34 | -- | -- | -- |
| Total/Median | 903 | \$1,025 | | | -- | 66 | 825 | 12 | -- | -- |
| One-Bedroom plus Den | | | | | | | | | | |
| Tealwood | 18 | \$1,219 | \$1,219 | \$48,760 - \$48,760 | -- | -- | -- | 18 | -- | -- |
| The Gables | 56 | \$1,125 | \$1,125 | \$45,000 - \$45,000 | -- | -- | 56 | -- | -- | -- |
| Total/Median | 74 | \$1,172 | | | -- | -- | 56 | 18 | -- | -- |
| Two-Bedroom | | | | | | | | | | |
| Country Inn | 21 | \$1,200 | \$1,200 | \$48,000 - \$48,000 | -- | -- | -- | 21 | -- | -- |
| The Highlands | 32 | \$1,129 | \$1,209 | \$45,160 - \$48,360 | -- | -- | 16 | 16 | -- | -- |
| Hampshire Hills | 320 | \$1,119 | \$1,560 | \$44,760 - \$62,400 | -- | -- | 106 | 214 | -- | -- |
| Cedar Pointe | 46 | \$1,200 | \$1,200 | \$48,000 - \$48,000 | -- | -- | -- | 46 | -- | -- |
| Southwood | 28 | \$1,120 | \$1,160 | \$44,800 - \$46,400 | -- | -- | 28 | -- | -- | -- |
| Bristol Village | 136 | \$1,109 | \$1,362 | \$44,360 - \$54,480 | -- | -- | 68 | 68 | -- | -- |
| Poplar Bridge | 110 | \$1,315 | \$1,400 | \$52,600 - \$56,000 | -- | -- | -- | 110 | -- | -- |
| Devonshire | 304 | \$1,100 | \$1,501 | \$44,000 - \$60,040 | -- | -- | 122 | 182 | -- | -- |
| Gables | 36 | \$1,225 | \$1,225 | \$49,000 - \$49,000 | -- | -- | -- | 36 | -- | -- |
| Oak Pointe | 89 | \$1,225 | \$1,480 | \$49,000 - \$59,200 | -- | -- | -- | 89 | -- | -- |
| Tealwood | 53 | \$1,359 | \$1,449 | \$54,360 - \$57,960 | -- | -- | -- | 53 | -- | -- |
| France 98 | 60 | \$1,265 | \$1,550 | \$50,600 - \$62,000 | -- | -- | -- | 60 | -- | -- |
| Pebblebrook Court | 36 | \$1,240 | \$1,345 | \$49,600 - \$53,800 | -- | -- | -- | 40 | -- | -- |
| Total/Median | 1,271 | \$1,225 | | | -- | -- | 340 | 935 | -- | -- |

Continued

RENTAL MARKET ANALYSIS

TABLE R-11
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
RENTAL PROPERTIES CONSTRUCTED FROM 1980 THROUGH 1999
CITY OF BLOOMINGTON
February 2017

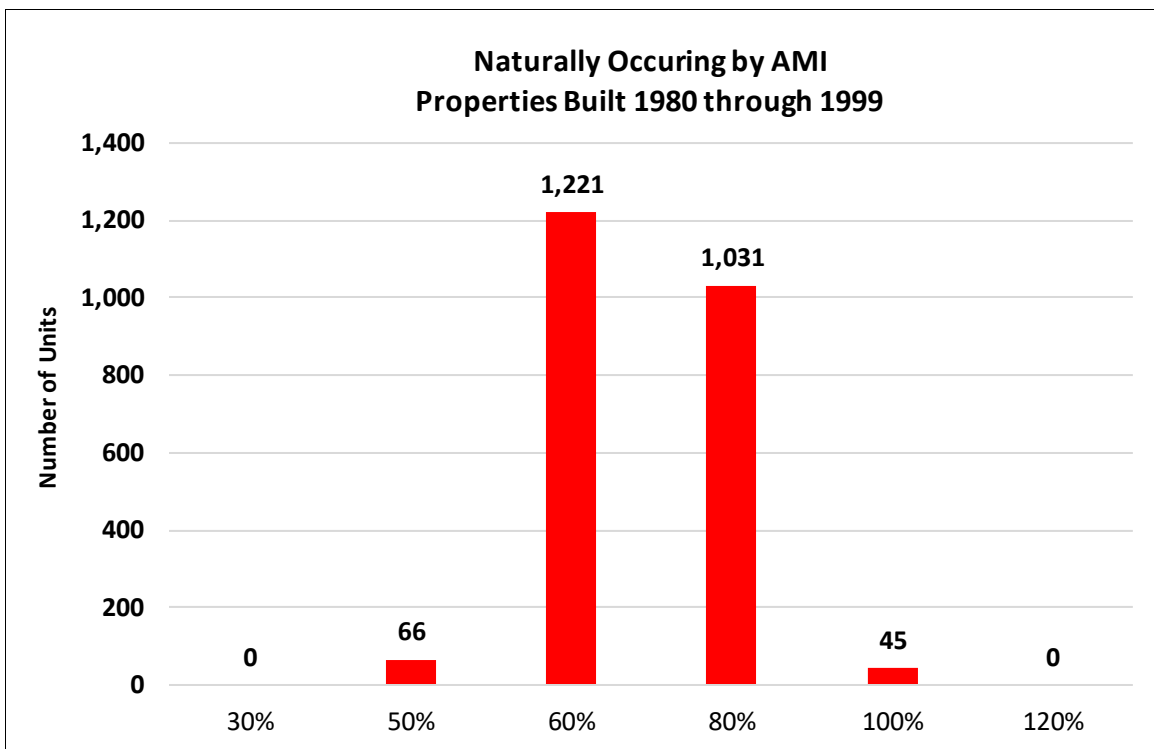
| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | Market Rate Affordability by AMI ² | | | | | |
|--------------------------|-----------|-------------------|-----|---|---|-----------|-----------|-----------|-----------|-----------|
| | | Min | Max | | 30% | 50% | 60% | 80% | 100% | 120% |
| Two-Bedroom + Den | | | | | | | | | | |
| The Highlands | 6 | \$1,339 - \$1,339 | | \$53,560 - \$53,560 | -- | -- | -- | 6 | -- | -- |
| Total/Median | 6 | \$1,339 | | | -- | -- | -- | 6 | -- | -- |
| Three Bedroom | | | | | | | | | | |
| The Highlands | 6 | \$1,359 - \$1,359 | | \$54,360 - \$54,360 | -- | -- | -- | 6 | -- | -- |
| Southwood | 6 | \$1,325 - \$1,325 | | \$53,000 - \$53,000 | -- | -- | -- | 6 | -- | -- |
| Oak Pointe | 5 | \$1,560 - \$1,560 | | \$62,400 - \$62,400 | -- | -- | -- | 5 | -- | -- |
| France 98 | 60 | \$1,625 - \$2,005 | | \$65,000 - \$80,200 | -- | -- | -- | 15 | 45 | -- |
| Total/Median | 77 | \$1,460 | | | -- | -- | -- | 32 | 45 | -- |

¹ Based on a 30% allocation of income to housing for general-occupancy. Senior housing projects were excluded from the calculation.

² Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

Note: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%; 80% includes 61% to 80%; 100% includes 81% to 100%; 120% includes 101% to 120%.

Source: Maxfield Research & Consulting, LLC



RENTAL MARKET ANALYSIS

**TABLE R-12
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
RENTAL PROPERTIES CONSTRUCTED PRIOR TO 1980
CITY OF BLOOMINGTON
February 2017**

| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | Market Rate Affordability by AMI ² | | | | | |
|-----------------------------|------------|--------------|----------|---|---|------------|-----------|-----------|-----------|-----------|
| | | Min | Max | | 30% | 50% | 60% | 80% | 100% | 120% |
| Studio | | | | | | | | | | |
| Lyndale Avenue | 10 | \$750 | \$750 | \$30,000 - \$30,000 | -- | 10 | -- | -- | -- | -- |
| South Pointe | 18 | \$770 | -\$900 | \$30,800 - \$36,000 | -- | 10 | 8 | -- | -- | -- |
| Greenway | 2 | \$750 | -\$750 | \$30,000 - \$30,000 | -- | 2 | -- | -- | -- | -- |
| Nicollet Court | 15 | \$714 | -\$714 | \$28,560 - \$28,560 | -- | 15 | -- | -- | -- | -- |
| Parkview | 21 | \$750 | -\$750 | \$30,000 - \$30,000 | -- | 21 | -- | -- | -- | -- |
| Woodland | 8 | \$795 | -\$795 | \$31,800 - \$31,800 | -- | -- | 8 | -- | -- | -- |
| Chateau De France | 23 | \$750 | -\$750 | \$30,000 - \$30,000 | -- | 23 | -- | -- | -- | -- |
| Moir Park | 11 | \$735 | -\$735 | \$29,400 - \$29,400 | -- | 11 | -- | -- | -- | -- |
| Country Inn | 4 | \$650 | -\$650 | \$26,000 - \$26,000 | -- | 4 | -- | -- | -- | -- |
| Wentworth | 4 | \$625 | -\$625 | \$25,000 - \$25,000 | -- | 4 | -- | -- | -- | -- |
| Glacier Yellowstone | 4 | \$595 | -\$595 | \$23,800 - \$23,800 | -- | 4 | -- | -- | -- | -- |
| Old Shakopee Village | 4 | \$800 | -\$800 | \$32,000 - \$32,000 | -- | -- | 4 | -- | -- | -- |
| Willow Court | 2 | \$720 | -\$720 | \$28,800 - \$28,800 | -- | 2 | -- | -- | -- | -- |
| Arbors | 1 | \$779 | -\$779 | \$31,160 - \$31,160 | -- | -- | 1 | -- | -- | -- |
| Village Park of Bloomington | 24 | \$815 | -\$815 | \$32,600 - \$32,600 | -- | -- | 24 | -- | -- | -- |
| Cedar Commons | 2 | \$842 | -\$842 | \$33,680 - \$33,680 | -- | -- | 2 | -- | -- | -- |
| 10000 Nicollet | 2 | \$895 | -\$895 | \$35,800 - \$35,800 | -- | -- | 2 | -- | -- | -- |
| Cobblehill | 4 | \$805 | -\$805 | \$32,200 - \$32,200 | -- | -- | 4 | -- | -- | -- |
| Tarnhill | 16 | \$850 | -\$850 | \$34,000 - \$34,000 | -- | -- | 16 | -- | -- | -- |
| Metropolitan Towers | 2 | \$789 | -\$849 | \$31,560 - \$33,960 | -- | -- | 2 | -- | -- | -- |
| Pennbrooke | 9 | \$945 | -\$1,000 | \$37,800 - \$40,000 | -- | -- | -- | 9 | -- | -- |
| Palacio del Sol | 7 | \$750 | -\$750 | \$30,000 - \$30,000 | -- | 7 | -- | -- | -- | -- |
| Nicollet Woods | 8 | \$725 | -\$725 | \$29,000 - \$29,000 | -- | 8 | -- | -- | -- | -- |
| Pebblebrook Flats | 13 | \$815 | -\$835 | \$32,600 - \$33,400 | -- | -- | 13 | -- | -- | -- |
| Heritage Hills | 12 | \$950 | -\$950 | \$38,000 - \$38,000 | -- | -- | -- | 12 | -- | -- |
| Total/Median | 226 | \$775 | | | -- | 121 | 84 | 21 | -- | -- |
| One-Bedroom | | | | | | | | | | |
| Lyndale Avenue | 23 | \$825 | -\$825 | \$33,000 - \$33,000 | -- | 23 | -- | -- | -- | -- |
| South Pointe | 65 | \$925 | -\$1,000 | \$37,000 - \$40,000 | -- | -- | 65 | -- | -- | -- |
| Greenway | 26 | \$780 | -\$800 | \$31,200 - \$32,000 | -- | 26 | -- | -- | -- | -- |
| Fremont | 26 | \$815 | -\$815 | \$32,600 - \$32,600 | -- | 26 | -- | -- | -- | -- |
| Fremont Court | 23 | \$805 | -\$805 | \$32,200 - \$32,200 | -- | 23 | -- | -- | -- | -- |
| Concord Green | 120 | \$825 | -\$825 | \$33,000 - \$33,000 | -- | 120 | -- | -- | -- | -- |
| 9830 Nicollet | 18 | \$800 | -\$800 | \$32,000 - \$32,000 | -- | 18 | -- | -- | -- | -- |
| Essex Green | 17 | \$800 | -\$800 | \$32,000 - \$32,000 | -- | 17 | -- | -- | -- | -- |
| Penn Apartments | 23 | \$700 | -\$700 | \$28,000 - \$28,000 | -- | 23 | -- | -- | -- | -- |
| Southwind | 22 | \$750 | -\$750 | \$30,000 - \$30,000 | -- | 22 | -- | -- | -- | -- |
| Nicollet Court | 50 | \$789 | -\$824 | \$31,560 - \$32,960 | -- | 50 | -- | -- | -- | -- |
| Parkview | 66 | \$940 | -\$940 | \$37,600 - \$37,600 | -- | -- | 66 | -- | -- | -- |
| Woodland | 28 | \$895 | -\$895 | \$35,800 - \$35,800 | -- | -- | 28 | -- | -- | -- |
| Pendleton | 20 | \$850 | -\$850 | \$34,000 - \$34,000 | -- | 20 | -- | -- | -- | -- |
| Southtown | 17 | \$760 | -\$780 | \$30,400 - \$31,200 | -- | 17 | -- | -- | -- | -- |
| Normandale Lake Estates | 58 | \$877 | -\$899 | \$35,080 - \$35,960 | -- | -- | 58 | -- | -- | -- |
| Cedar Glen | 32 | \$839 | -\$839 | \$33,560 - \$33,560 | -- | 32 | -- | -- | -- | -- |
| Chateau De France | 26 | \$790 | -\$850 | \$31,600 - \$34,000 | -- | 26 | -- | -- | -- | -- |
| Cedar Manor | 12 | \$839 | -\$839 | \$33,560 - \$33,560 | -- | 12 | -- | -- | -- | -- |
| Stanley Court | 23 | \$975 | -\$975 | \$39,000 - \$39,000 | -- | -- | 23 | -- | -- | -- |
| Lyn Villa | 18 | \$805 | -\$805 | \$32,200 - \$32,200 | -- | 18 | -- | -- | -- | -- |
| Moir Park | 34 | \$815 | -\$815 | \$32,600 - \$32,600 | -- | 34 | -- | -- | -- | -- |
| Maple Commons | 24 | \$825 | -\$825 | \$33,000 - \$33,000 | -- | 24 | -- | -- | -- | -- |
| Tiki Apartments | 42 | \$780 | -\$780 | \$31,200 - \$31,200 | -- | 42 | -- | -- | -- | -- |
| Country Inn | 33 | \$800 | -\$800 | \$32,000 - \$32,000 | -- | 33 | -- | -- | -- | -- |
| Morgan | 18 | \$835 | -\$850 | \$33,400 - \$34,000 | -- | 18 | -- | -- | -- | -- |
| Willows on France | 100 | \$900 | -\$900 | \$36,000 - \$36,000 | -- | -- | 100 | -- | -- | -- |
| Wentworth | 13 | \$775 | -\$775 | \$31,000 - \$31,000 | -- | 13 | -- | -- | -- | -- |
| Southtown Court | 12 | \$825 | -\$825 | \$33,000 - \$33,000 | -- | 12 | -- | -- | -- | -- |
| Cedargate | 24 | \$879 | -\$879 | \$35,160 - \$35,160 | -- | -- | 24 | -- | -- | -- |
| Glacier Yellowstone | 13 | \$795 | -\$795 | \$31,800 - \$31,800 | -- | 13 | -- | -- | -- | -- |
| International Village | 209 | \$950 | -\$1,039 | \$38,000 - \$41,560 | -- | -- | 209 | -- | -- | -- |
| Old Shakopee Village | 38 | \$900 | -\$900 | \$36,000 - \$36,000 | -- | -- | 38 | -- | -- | -- |

Continued

RENTAL MARKET ANALYSIS

**TABLE R-12
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
RENTAL PROPERTIES CONSTRUCTED PRIOR TO 1980
CITY OF BLOOMINGTON
February 2017**

| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | Market Rate Affordability by AMI ² | | | | | |
|--------------------------------|--------------|-------------------|-----|--|---|------------|--------------|------------|-----------|-----------|
| | | Min | Max | | 30% | 50% | 60% | 80% | 100% | 120% |
| One-Bedroom (continued) | | | | | | | | | | |
| Oxboro Place | 20 | \$825 - \$825 | | \$33,000 - \$33,000 | -- | 20 | -- | -- | -- | -- |
| Stanley Terrace | 52 | \$925 - \$925 | | \$37,000 - \$37,000 | -- | -- | 52 | -- | -- | -- |
| Cedar Bridges | 18 | \$895 - \$895 | | \$35,800 - \$35,800 | -- | -- | 18 | -- | -- | -- |
| Cedar Cliff | 101 | \$900 - \$950 | | \$36,000 - \$38,000 | -- | -- | 101 | -- | -- | -- |
| Cedar Crest | 16 | \$825 - \$825 | | \$33,000 - \$33,000 | -- | 16 | -- | -- | -- | -- |
| Cedar Court | 36 | \$875 - \$885 | | \$35,000 - \$35,400 | -- | -- | 36 | -- | -- | -- |
| Cedar Court West | 18 | \$875 - \$875 | | \$35,000 - \$35,000 | -- | -- | 18 | -- | -- | -- |
| Willow Court | 18 | \$850 - \$850 | | \$34,000 - \$34,000 | -- | 18 | -- | -- | -- | -- |
| Village Park of Bloomington | 156 | \$915 - \$1,095 | | \$36,600 - \$43,800 | -- | -- | 156 | -- | -- | -- |
| Southgate | 148 | \$875 - \$895 | | \$35,000 - \$35,800 | -- | -- | 148 | -- | -- | -- |
| Cedar Commons | 72 | \$842 - \$842 | | \$33,680 - \$33,680 | -- | 72 | -- | -- | -- | -- |
| 10000 Nicollet | 26 | \$895 - \$895 | | \$35,800 - \$35,800 | -- | -- | 26 | -- | -- | -- |
| Masada Manor | 29 | \$919 - \$949 | | \$36,760 - \$37,960 | -- | -- | 29 | -- | -- | -- |
| Cobblehill | 16 | \$835 - \$835 | | \$33,400 - \$33,400 | -- | 16 | -- | -- | -- | -- |
| Penn-Way | 6 | \$850 - \$850 | | \$34,000 - \$34,000 | -- | 6 | -- | -- | -- | -- |
| Tarnhill | 145 | \$1,055 - \$1,065 | | \$42,200 - \$42,600 | -- | -- | -- | 145 | -- | -- |
| Metropolitan Tower | 68 | \$904 - \$944 | | \$36,160 - \$37,760 | -- | -- | 68 | -- | -- | -- |
| Nicollet South | 16 | \$899 - \$899 | | \$35,960 - \$35,960 | -- | -- | 16 | -- | -- | -- |
| Paragon | 84 | \$1,025 - \$1,200 | | \$41,000 - \$48,000 | -- | -- | -- | 84 | -- | -- |
| Pennbrooke | 47 | \$1,045 - \$1,200 | | \$41,800 - \$48,000 | -- | -- | -- | 47 | -- | -- |
| Palacio del Sol | 25 | \$875 - \$875 | | \$35,000 - \$35,000 | -- | -- | 25 | -- | -- | -- |
| Cedar Cliff Village | 36 | \$900 - \$900 | | \$36,000 - \$36,000 | -- | -- | 36 | -- | -- | -- |
| Nicollet Woods | 8 | \$825 - \$825 | | \$33,000 - \$33,000 | -- | 8 | -- | -- | -- | -- |
| Pebblebrook Flats | 84 | \$815 - \$835 | | \$32,600 - \$33,400 | -- | 84 | -- | -- | -- | -- |
| Heritage Hills | 53 | \$1,100 - \$1,150 | | \$44,000 - \$46,000 | -- | -- | -- | 53 | -- | -- |
| Galaxy Apartments | 40 | \$980 - \$980 | | \$39,200 - \$39,200 | -- | -- | 40 | -- | -- | -- |
| Total/Median | 2,611 | \$850 | | | -- | 902 | 1,380 | 329 | -- | -- |
| One-Bedroom plus Den | | | | | | | | | | |
| Arbors | 36 | \$964 - \$974 | | \$38,560 - \$38,960 | -- | -- | 36 | -- | -- | -- |
| Total/Median | 36 | \$969 | | | -- | -- | 36 | -- | -- | -- |

(Continued)

RENTAL MARKET ANALYSIS

**TABLE R-12
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
RENTAL PROPERTIES CONSTRUCTED PRIOR TO 1980
CITY OF BLOOMINGTON
February 2017**

| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | Market Rate Affordability by AMI ² | | | | | | |
|-----------------------------|--------------|------------|-----------|--|---|-----|------------|--------------|------------|-----------|----|
| | | Min | Max | | 30% | 50% | 60% | 80% | 100% | 120% | |
| Two-Bedroom | | | | | | | | | | | |
| South Pointe | 58 | \$1,115 | - \$1,200 | \$44,600 | - \$48,000 | -- | 29 | 29 | -- | -- | -- |
| Greenway | 7 | \$850 | - \$895 | \$34,000 | - \$35,800 | -- | 7 | -- | -- | -- | -- |
| Penn Village Townhomes | 30 | \$1,200 | - \$1,200 | \$48,000 | - \$48,000 | -- | -- | -- | 30 | -- | -- |
| 9830 Nicollet | 11 | \$975 | - \$975 | \$39,000 | - \$39,000 | -- | -- | 11 | -- | -- | -- |
| Essex Green | 12 | \$975 | - \$975 | \$39,000 | - \$39,000 | -- | -- | 12 | -- | -- | -- |
| Southwind | 11 | \$925 | - \$925 | \$37,000 | - \$37,000 | -- | 11 | -- | -- | -- | -- |
| Nicollet Court | 21 | \$899 | - \$949 | \$35,960 | - \$37,960 | -- | 21 | -- | -- | -- | -- |
| Parkview | 19 | \$1,100 | - \$1,100 | \$44,000 | - \$44,000 | -- | -- | 19 | -- | -- | -- |
| Woodland | 25 | \$1,125 | - \$1,125 | \$45,000 | - \$45,000 | -- | -- | 25 | -- | -- | -- |
| Pendleton | 12 | \$985 | - \$985 | \$39,400 | - \$39,400 | -- | -- | 12 | -- | -- | -- |
| Southtown | 30 | \$950 | - \$1,070 | \$38,000 | - \$42,800 | -- | 15 | 15 | -- | -- | -- |
| Normandale Lake Estates | 47 | \$1,036 | - \$1,100 | \$41,440 | - \$44,000 | -- | -- | 47 | -- | -- | -- |
| Cedar Glen | 32 | \$909 | - \$909 | \$36,360 | - \$36,360 | -- | 32 | -- | -- | -- | -- |
| Fountain Terrace | 48 | \$1,100 | - \$1,100 | \$44,000 | - \$44,000 | -- | -- | 48 | -- | -- | -- |
| Chateau De France | 34 | \$920 | - \$920 | \$36,800 | - \$36,800 | -- | 34 | -- | -- | -- | -- |
| Winfield Estates | 22 | \$1,150 | - \$1,150 | \$46,000 | - \$46,000 | -- | -- | 22 | -- | -- | -- |
| Cedar Manor | 12 | \$909 | - \$909 | \$36,360 | - \$36,360 | -- | 12 | -- | -- | -- | -- |
| Stanley Court | 22 | \$1,125 | - \$1,175 | \$45,000 | - \$47,000 | -- | -- | 22 | -- | -- | -- |
| Lyn Villa | 16 | \$1,050 | - \$1,050 | \$42,000 | - \$42,000 | -- | -- | 16 | -- | -- | -- |
| Moir Park | 30 | \$995 | - \$1,095 | \$39,800 | - \$43,800 | -- | -- | 30 | -- | -- | -- |
| Tiki Apartments | 42 | \$920 | - \$920 | \$36,800 | - \$36,800 | -- | 42 | -- | -- | -- | -- |
| Country Inn | 41 | \$1,050 | - \$1,150 | \$42,000 | - \$46,000 | -- | -- | 41 | -- | -- | -- |
| Morgan | 18 | \$985 | - \$985 | \$39,400 | - \$39,400 | -- | -- | 18 | -- | -- | -- |
| Willows on France | 140 | \$1,109 | - \$1,159 | \$44,360 | - \$46,360 | -- | -- | 140 | -- | -- | -- |
| Wentworth | 13 | \$925 | - \$925 | \$37,000 | - \$37,000 | -- | 13 | -- | -- | -- | -- |
| Southtown Court | 10 | \$995 | - \$995 | \$39,800 | - \$39,800 | -- | -- | 10 | -- | -- | -- |
| Cedargate | 24 | \$1,019 | - \$1,019 | \$40,760 | - \$40,760 | -- | -- | 24 | -- | -- | -- |
| Glacier Yellowstone | 13 | \$920 | - \$920 | \$36,800 | - \$36,800 | -- | 13 | -- | -- | -- | -- |
| International Village | 142 | \$1,245 | - \$1,355 | \$49,800 | - \$54,200 | -- | -- | 142 | -- | -- | -- |
| Old Shakopee Village | 52 | \$1,200 | - \$1,200 | \$48,000 | - \$48,000 | -- | -- | -- | 52 | -- | -- |
| Oxboro Place | 22 | \$975 | - \$975 | \$39,000 | - \$39,000 | -- | -- | 22 | -- | -- | -- |
| Georgetowne Park Townhomes | 122 | \$1,005 | - \$1,005 | \$40,200 | - \$40,200 | -- | -- | 122 | -- | -- | -- |
| Stanley Terrace | 62 | \$1,150 | - \$1,250 | \$46,000 | - \$50,000 | -- | -- | 62 | -- | -- | -- |
| Cedar Bridges | 22 | \$1,100 | - \$1,100 | \$44,000 | - \$44,000 | -- | -- | 22 | -- | -- | -- |
| Cedar Cliff | 40 | \$1,200 | - \$1,200 | \$48,000 | - \$48,000 | -- | -- | -- | 40 | -- | -- |
| Cedar Crest | 14 | \$975 | - \$975 | \$39,000 | - \$39,000 | -- | -- | 14 | -- | -- | -- |
| Cedar Court | 36 | \$1,045 | - \$1,055 | \$41,800 | - \$42,200 | -- | -- | 36 | -- | -- | -- |
| Cedar Court West | 18 | \$1,030 | - \$1,030 | \$41,200 | - \$41,200 | -- | -- | 18 | -- | -- | -- |
| Willow Court | 17 | \$1,050 | - \$1,050 | \$42,000 | - \$42,000 | -- | -- | 17 | -- | -- | -- |
| Arbors | 18 | \$1,069 | - \$1,179 | \$42,760 | - \$47,160 | -- | -- | 18 | -- | -- | -- |
| Village Park of Bloomington | 126 | \$1,140 | - \$1,225 | \$45,600 | - \$49,000 | -- | -- | 126 | -- | -- | -- |
| Southgate | 96 | \$1,150 | - \$1,150 | \$46,000 | - \$46,000 | -- | -- | 96 | -- | -- | -- |
| Cedar Commons | 30 | \$1,566 | - \$1,566 | \$62,640 | - \$62,640 | -- | -- | -- | -- | 30 | -- |
| 10000 Nicollet | 8 | \$1,100 | - \$1,100 | \$44,000 | - \$44,000 | -- | -- | 8 | -- | -- | -- |
| Masada Manor | 19 | \$979 | - \$1,089 | \$39,160 | - \$43,560 | -- | -- | 19 | -- | -- | -- |
| Cobblehill | 16 | \$960 | - \$960 | \$38,400 | - \$38,400 | -- | 16 | -- | -- | -- | -- |
| Penn-Way | 20 | \$1,000 | - \$1,000 | \$40,000 | - \$40,000 | -- | -- | 20 | -- | -- | -- |
| Tarnhill | 104 | \$1,425 | - \$1,425 | \$57,000 | - \$57,000 | -- | -- | -- | 104 | -- | -- |
| Metropolitan Tower | 38 | \$1,069 | - \$1,079 | \$42,760 | - \$43,160 | -- | -- | 38 | -- | -- | -- |
| Nicollet South | 17 | \$999 | - \$999 | \$39,960 | - \$39,960 | -- | -- | 17 | -- | -- | -- |
| Paragon | 132 | \$1,285 | - \$1,400 | \$51,400 | - \$56,000 | -- | -- | -- | 132 | -- | -- |
| Pennbrooke | 69 | \$1,260 | - \$1,300 | \$50,400 | - \$52,000 | -- | -- | -- | 69 | -- | -- |
| Palacio del Sol | 15 | \$1,100 | - \$1,100 | \$44,000 | - \$44,000 | -- | -- | 15 | -- | -- | -- |
| Cedar Cliff Village | 45 | \$1,150 | - \$1,150 | \$46,000 | - \$46,000 | -- | -- | 45 | -- | -- | -- |
| Nicollet Woods | 5 | \$1,100 | - \$1,100 | \$44,000 | - \$44,000 | -- | -- | 5 | -- | -- | -- |
| Pebblebrook Flats | 62 | \$1,115 | - \$1,215 | \$44,600 | - \$48,600 | -- | -- | 31 | 31 | -- | -- |
| Heritage Hills | 58 | \$1,275 | - \$1,275 | \$51,000 | - \$51,000 | -- | -- | -- | 58 | -- | -- |
| Galaxy Apartments | 34 | \$1,180 | - \$1,180 | \$47,200 | - \$47,200 | -- | -- | -- | 34 | -- | -- |
| Total/Median | 2,259 | | | | | -- | 245 | 1,434 | 550 | 30 | -- |

Continued

RENTAL MARKET ANALYSIS

**TABLE R-12
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
NATURALLY OCCURRING RENTAL HOUSING
RENTAL PROPERTIES CONSTRUCTED PRIOR TO 1980
CITY OF BLOOMINGTON
February 2017**

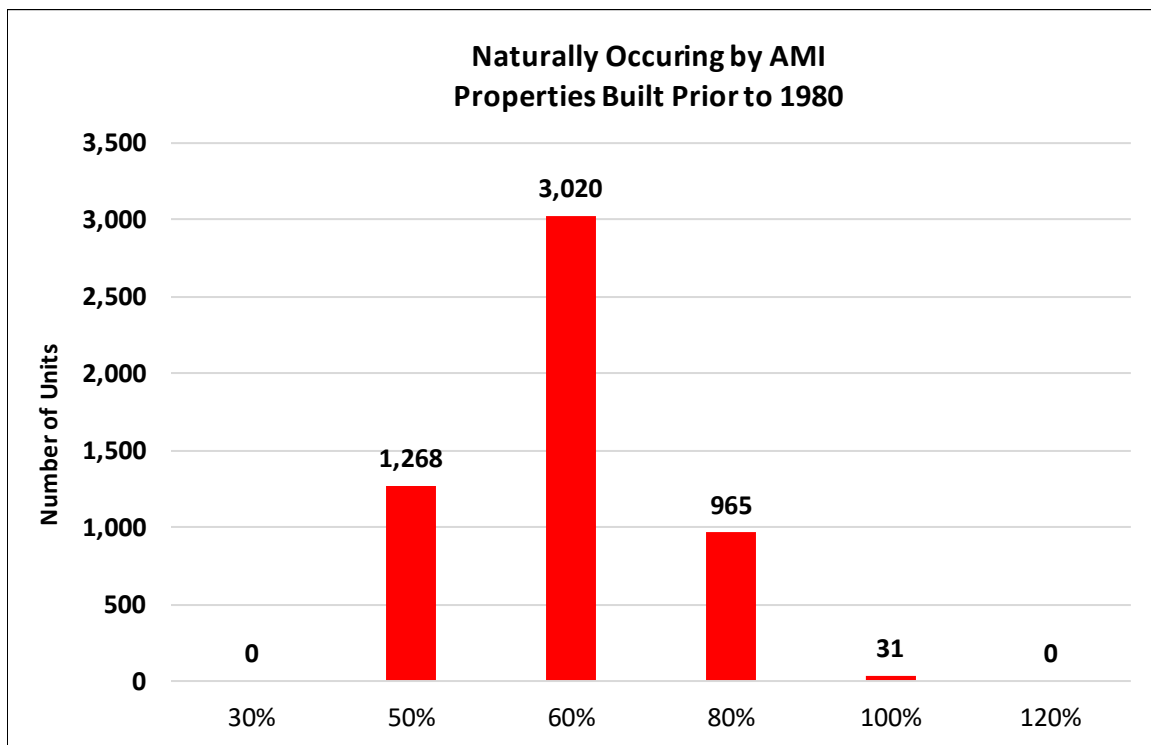
| Unit Type/Project Name | Units | Rent Range | | Min. Income Needed to Afford ¹ | | Market Rate Affordability by AMI ² | | | | | |
|----------------------------|------------|----------------|---------|--|----------|---|-----|-----------|-----------|----------|------|
| | | Min | Max | | | 30% | 50% | 60% | 80% | 100% | 120% |
| Three Bedroom | | | | | | | | | | | |
| Winfield Estates | 14 | \$1,525 | \$1,525 | \$61,000 | \$61,000 | -- | -- | -- | 14 | -- | -- |
| Lyn Villa | 4 | \$1,295 | \$1,295 | \$51,800 | \$51,800 | -- | -- | 4 | -- | -- | -- |
| Georgetowne Park Townhomes | 82 | \$1,105 | \$1,105 | \$44,200 | \$44,200 | -- | -- | 82 | -- | -- | -- |
| Cedar Commons | 1 | \$1,800 | \$1,800 | \$72,000 | \$72,000 | -- | -- | -- | -- | 1 | -- |
| Tarnhill | 24 | \$1,650 | \$1,650 | \$66,000 | \$66,000 | -- | -- | -- | 24 | -- | -- |
| Pebblebrook Flats | 15 | \$1,325 | \$1,355 | \$53,000 | \$54,200 | -- | -- | -- | 15 | -- | -- |
| Heritage Hills | 12 | \$1,345 | \$1,355 | \$53,800 | \$54,200 | -- | -- | -- | 12 | -- | -- |
| Total/Median | 152 | \$1,355 | | | | -- | -- | 86 | 65 | 1 | -- |

¹ Based on a 30% allocation of income to housing for general-occupancy. Senior housing projects were excluded from the calculation.

² Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

Note: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%; 80% includes 61% to 80%; 100% includes 81% to 100%; 120% includes 101% to 120%.

Source: Maxfield Research & Consulting, LLC



RENTAL MARKET ANALYSIS

| TABLE R-13 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY PROPERTIES BUILT AFTER 2000 CITY OF BLOOMINGTON March 2017 | | | | | | |
|--|----------------------------------|-------------|-------------|--------------|--------------|--------------|
| Unit Type | Market Rate Affordability by AMI | | | | | |
| | 30% | 50% | 60% | 80% | 100% | 120% |
| STUDIO | -- | -- | -- | 20 | 63 | -- |
| 1 BR | -- | -- | -- | 239 | 256 | 12 |
| 1 BR + DEN | -- | -- | -- | 55 | 117 | 21 |
| 2 BR | -- | -- | -- | -- | 46 | 297 |
| 2 BR + DEN | -- | -- | -- | -- | -- | 10 |
| 3 BR | -- | -- | -- | -- | -- | 23 |
| Subtotal | -- | -- | -- | 314 | 482 | 363 |
| Pct. Of Total | 0.0% | 0.0% | 0.0% | 27.1% | 41.6% | 31.3% |
| Pct. Of Affordability Category | | | | | | |
| STUDIO | -- | -- | -- | 6.4% | -- | -- |
| 1 BR | -- | -- | -- | 76.1% | 53.1% | 3.3% |
| 1 BR + DEN | -- | -- | -- | 17.5% | 24.3% | 5.8% |
| 2 BR | -- | -- | -- | -- | 9.5% | 81.8% |
| 2 BR + DEN | -- | -- | -- | -- | -- | 2.8% |
| 3 BR | -- | -- | -- | -- | -- | 6.3% |
| Notes: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%, etc. | | | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | | | |

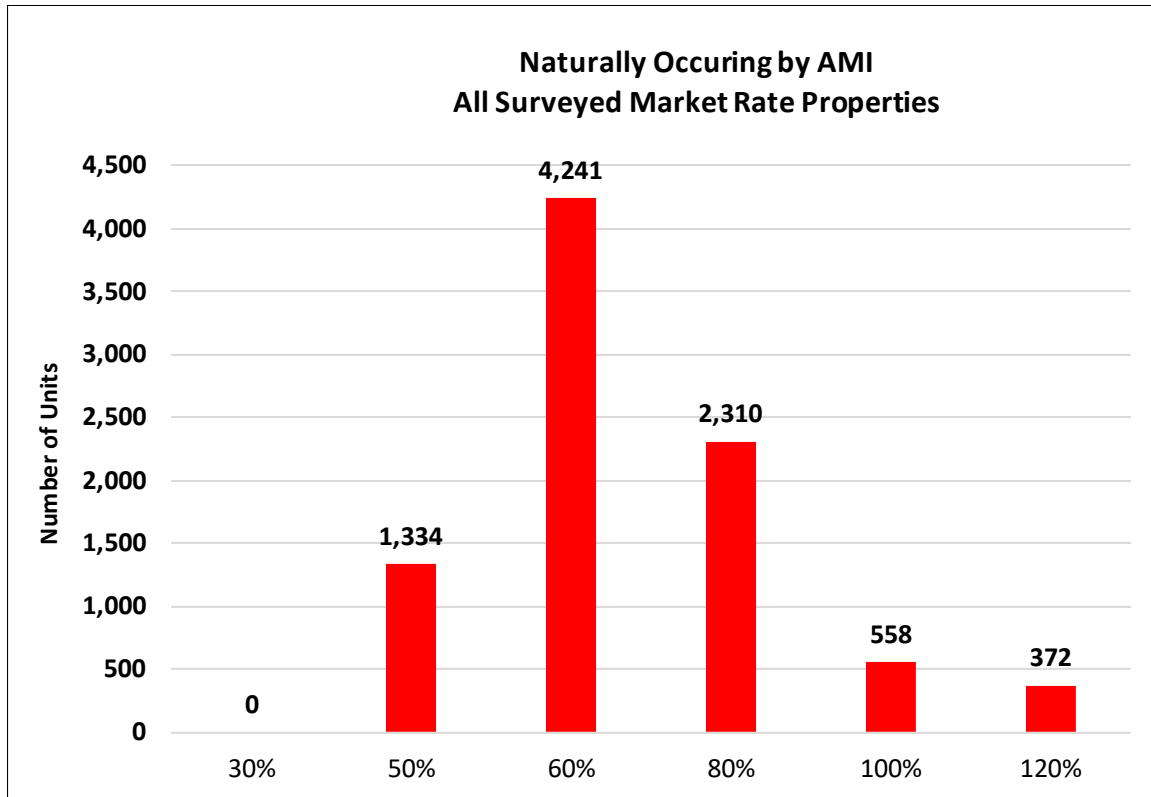
RENTAL MARKET ANALYSIS

| TABLE R-14 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY PROPERTIES BUILT 1980 through 1999 CITY OF BLOOMINGTON March 2017 | | | | | | |
|---|----------------------------------|---------------|--------------|--------------|-------------|-------------|
| Unit Type | Market Rate Affordability by AMI | | | | | |
| | 30% | 50% | 60% | 80% | 100% | 120% |
| STUDIO | -- | -- | -- | 28 | -- | -- |
| 1 BR | -- | 66 | 825 | 12 | -- | -- |
| 1 BR + DEN | -- | -- | 56 | 18 | -- | -- |
| 2 BR | -- | -- | 340 | 935 | -- | -- |
| 2 BR + DEN | -- | -- | -- | 6 | -- | -- |
| 3 BR | -- | -- | -- | 32 | 45 | -- |
| Subtotal | -- | 66 | 1,221 | 1,031 | 45 | -- |
| Pct. Of Total | 0.0% | 2.8% | 51.7% | 43.6% | 1.9% | 0.0% |
| Pct. Of Affordability Category | | | | | | |
| STUDIO | -- | -- | -- | 2.7% | -- | -- |
| 1 BR | -- | 100.0% | 67.6% | 1.2% | -- | -- |
| 1 BR + DEN | -- | -- | 4.6% | 1.7% | -- | -- |
| 2 BR | -- | -- | 27.8% | 90.7% | -- | -- |
| 2 BR + DEN | -- | -- | -- | 0.6% | -- | -- |
| 3 BR | -- | -- | -- | 3.1% | -- | -- |
| Notes: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%, etc. | | | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | | | |

RENTAL MARKET ANALYSIS

| TABLE R-15 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY PROPERTIES BUILT PRIOR TO 1980 CITY OF BLOOMINGTON March 2017 | | | | | | |
|---|----------------------------------|--------------|--------------|--------------|-------------|-------------|
| Unit Type | Market Rate Affordability by AMI | | | | | |
| | 30% | 50% | 60% | 80% | 100% | 120% |
| STUDIO | -- | 121 | 84 | 21 | -- | -- |
| 1 BR | -- | 902 | 1,380 | 329 | -- | -- |
| 1 BR + DEN | -- | -- | 36 | -- | -- | -- |
| 2 BR | -- | 245 | 1,434 | 550 | 30 | -- |
| 2 BR + DEN | -- | -- | -- | -- | -- | -- |
| 3 BR | -- | -- | 86 | 65 | 1 | -- |
| Subtotal | -- | 1,268 | 3,020 | 965 | 31 | -- |
| Pct. Of Total | 0.0% | 24.0% | 57.2% | 18.3% | 0.6% | 0.0% |
| Pct. Of Affordability Category | | | | | | |
| STUDIO | -- | 9.5% | 2.8% | 2.2% | -- | -- |
| 1 BR | -- | 71.1% | 45.7% | 34.1% | -- | -- |
| 1 BR + DEN | -- | -- | 1.2% | -- | -- | -- |
| 2 BR | -- | 19.3% | 47.5% | 57.0% | 96.8% | -- |
| 2 BR + DEN | -- | -- | -- | -- | -- | -- |
| 3 BR | -- | -- | 2.8% | 6.7% | 3.2% | -- |
| Notes: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%, etc. | | | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | | | |

| TABLE R-16 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY ALL SURVEYED PROPERTIES CITY OF BLOOMINGTON March 2017 | | | | | | |
|--|----------------------------------|--------------|--------------|--------------|-------------|-------------|
| Unit Type | Market Rate Affordability by AMI | | | | | |
| | 30% | 50% | 60% | 80% | 100% | 120% |
| STUDIO | -- | 121 | 84 | 69 | 63 | -- |
| 1 BR | -- | 968 | 2,205 | 580 | 256 | 12 |
| 1 BR + DEN | -- | -- | 92 | 73 | 117 | 21 |
| 2 BR | -- | 245 | 1,774 | 1,485 | 76 | 297 |
| 2 BR + DEN | -- | -- | -- | 6 | -- | 19 |
| 3 BR | -- | -- | 86 | 97 | 46 | 23 |
| Subtotal | -- | 1,334 | 4,241 | 2,310 | 558 | 372 |
| Pct. Of Total | 0.0% | 15.1% | 48.1% | 26.2% | 6.3% | 4.2% |
| Pct. Of Affordability Category | | | | | | |
| STUDIO | -- | 9.1% | 2.0% | 3.0% | 11.3% | -- |
| 1 BR | -- | 72.6% | 52.0% | 25.1% | 45.9% | 3.2% |
| 1 BR + DEN | -- | -- | 2.2% | 3.2% | 21.0% | 5.6% |
| 2 BR | -- | 18.4% | 41.8% | 64.3% | 13.6% | -- |
| 2 BR + DEN | -- | -- | -- | 0.3% | -- | 5.1% |
| 3 BR | -- | -- | 2.0% | 4.2% | 8.2% | 6.2% |
| Notes: Categories listed as maximum percentages; for example: 30% includes 0% to 30%; 50% includes 31% to 50%; 60% includes 51% to 60%, etc. | | | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | | | |



Rental Licensing Ordinance

Bloomington has an ordinance that requires the registration of all residential properties that are rented including single-family homes, townhomes, condominiums, duplexes, multifamily buildings, housing with services and accessory dwelling units. The ordinance is designed to ensure all rental properties meet local property maintenance and fire safety codes. The ordinance requires that all landlords or owners obtain a license for their rental units through the city and to pay the applicable fees for the license.

Environmental Health Inspectors annually inspect the interior and exterior of all single-family, condominium, townhome and duplex units that are rented. In addition, they inspect all larger multifamily properties including the exterior of the buildings and the interior common areas and 10% of the interiors of the units within these larger multifamily properties. In 2014, 2015 and 2016, all four-plex units were inspected by the city. They also respond to complaints concerning rental properties and systematically inspect the exterior of rental units throughout the year. Bloomington requires that every dwelling unit rented must have a rental license prior to renting. The focus of the rental inspection program is to maintain the quality and stability of rental dwelling units which will preserve the value of land and buildings throughout Bloomington. Rental housing conditions that adversely affect or are likely to adversely affect the life, safety, general welfare and health of renters can be corrected and prevented by enforcing minimum standards in the city.

The following information was provided by the Environmental Services Department at the City of Bloomington and identifies that as of December 31, 2016, there were 1,394 single-family, condominium and townhome units registered through the licensing program. In addition, there were 317 duplex units. According to the Department of Environmental Services, since 2002, the number of rental single-family, condominium and townhome units has tripled. The increase in these non-traditional rental units was exacerbated by the recession as foreclosures increased and many housing units sold due to foreclosure were purchased by investors. In 2016, the city received a total of 144 new license applications for single-family homes. As noted in the year-end report, housing located east of Interstate 35W “appears to be of an age and size more favorable for use as rental property. The area located east of I-35W is where most of the increase in rented single-family homes is occurring.

All rental properties registered with the city are issued a license including senior properties with rental units, traditional multifamily properties, single-family homes etc.

Housing Choice Vouchers

The Bloomington HRA currently assists 551 households with rental assistance through the Housing Choice Voucher program. This is the largest affordable housing program administered by the HRA. Households being assisted through the program pay 30% of their adjusted gross household income for rent and the remainder of the rental amount is paid for with funds allocated to the Housing Choice Voucher program.

Many cities and counties have, in recent years, experienced a reduction in their allocations toward the Housing Choice Voucher program due to federal budget cutbacks. This has many times resulted in cities and counties being unable to provide assistance for the full number of vouchers that have been allocated to the jurisdiction because additional funds are needed to maintain assistance for those already utilizing vouchers.

The wait list for the Housing Choice Voucher program is closed and is estimated to open again in three to five years after the wait list has been exhausted. The wait list was opened on September 9, 2014 and closed again on September 14, 2014. According to a news account in the Minneapolis Star Tribune, the HRA received 14,559 applications for 1,500 spaces on the wait list. Of those applications, only 5% were from the City of Bloomington and 95% were from applications not residing in the City.

The table below shows the Fair Market Rents as identified by the Department of Housing and Urban Development (HUD) as the payment standard for Housing Choice Vouchers.

RENTAL MARKET ANALYSIS

| FAIR MARKET RENTS HENNEPIN COUNTY, MINNESOTA FY 2017 | | | | | |
|--|--------|-------|---------|---------|---------|
| | Studio | 1BR | 2BR | 3BR | 4BR |
| Fair Market Rents | \$699 | \$862 | \$1,086 | \$1,538 | \$1,799 |
| Source: HUD | | | | | |

Summary of Rental Market Conditions

As of year-end 2016, the overall vacancy rate for market rate units in Bloomington was 2.7% which is less than 5%, the market equilibrium rate that provides for sufficient consumer choice and turnover in a balanced market. The overall vacancy rate for the Twin Cities Metro Area was also 2.7%. Rents have been increasing throughout the Twin Cities Metro Area, in part, because of new market rate rental product coming on-line which has pushed the average rent higher. The generally tight rental market in many locations has also encouraged landlords to raise rents because of high demand. Older properties that have remodeled their units have also raised rents to reflect the higher level of unit finishes.

Affordable rental properties are also experiencing high demand, even more so than the traditional rental market. Properties that offer rental rates affordable to households with incomes at 60% or less of AMI continue to be in high demand, often with substantial waiting lists. Properties that have a Section 8 project-based contract where the resident pays 30% of their income or less for the monthly rent (qualified at 50% or less of AMI), are also in high demand.

The Housing Choice Voucher program currently serves 551 households in Bloomington with housing assistance for households to be able to utilize the private market to find their housing. Budget cuts to the Voucher program have challenged many communities recently in being able to assist as many households through the Voucher program as previously. With rising private market rents and the potential for additional budget cuts, it may become increasingly difficult to continue to serve an optimum number of households through this program.

Bloomington currently has a large proportion of older rental properties that, despite rising rents, have units that can serve households with incomes at 50% of AMI and at 60% of AMI. Among the 8,800 market rate units surveyed, 63% of units had rents affordable to households in the above income categories. One caveat is that we do not know if these units are rented to households at these income levels. It is possible that some of these units are rented to households with incomes higher than 50% or 60% of AMI, but the resident elects to pay a smaller portion of their income toward housing.

Senior Housing Defined

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, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research and Consulting LLC classifies senior housing projects into five categories based on the level of support services offered:

Adult/Few Services; where few, if any, support services are provided, and rents tend to be modest;

Congregate/Optional-Services; where support services such as meals and light housekeeping are available for an additional fee;

Congregate/Service-Intensive; where support services such as meals and light housekeeping are included in the monthly rents;

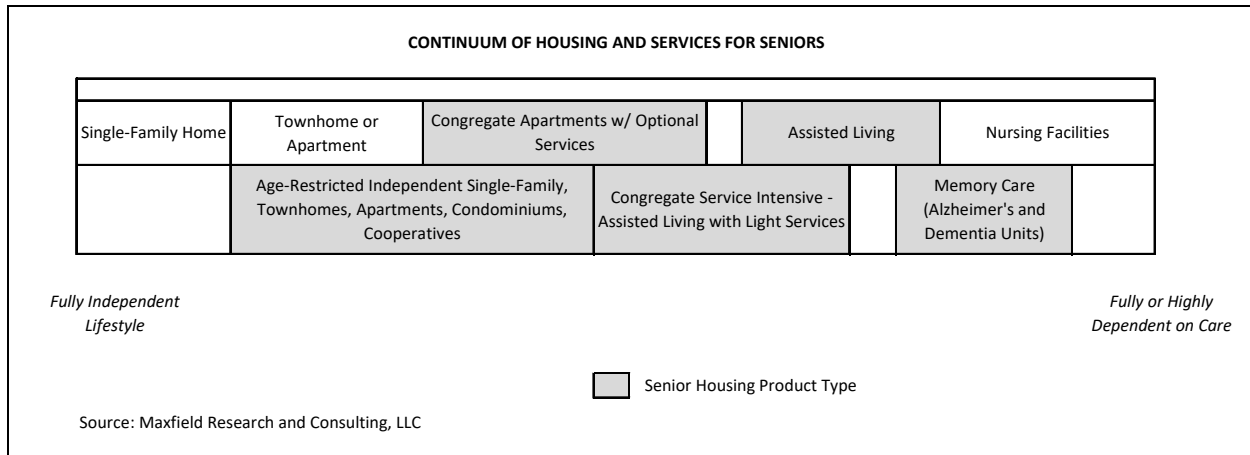
Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional fee.

Memory Care; where more rigorous and service-intensive personal care is required for people with dementia and Alzheimer’s disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and higher rental fees.

These five senior housing products tend to share several characteristics. First, they usually offer individual living apartments with living areas, bathrooms, and kitchens or kitchenettes. Second, they generally have an emergency response system with pull-cords or pendants to promote security. Third, they often have a community room and other common space to encourage socialization. Finally, they are age-restricted and offer conveniences desired by seniors, although assisted living projects sometimes serve non-elderly people with special health considerations.

The five senior housing products offered today form a continuum of care (see the graphic on the following page), from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.

SENIOR HOUSING ANALYSIS



Senior Housing in Bloomington

As of March 2017, Maxfield Research identified a total of 18 senior housing properties in Bloomington. These properties contain 2,277 units. No facilities were in their initial lease-up period at the time of the survey. Of the total units, there were 18 vacancies resulting in an overall vacancy rate of 0.8% for senior housing developments. Several properties provide a continuum of care that includes independent living, assisted living and memory care on the same campus.

Table S-1 provides a summary of the number of senior units by type (market rate and subsidized) and by service level. Information in the table includes year built, number of units and number of vacant units. Additional information regarding each property is included in the Appendix.

The following are key points from the survey of the senior housing supply.

Market Rate Ownership

Bloomington has a total of six market rate ownership properties. All of these properties are cooperative format. Three of the properties are Applewood Pointe properties, two are Realife properties and one is Summerhill. Each of these properties requires the purchase of ownership shares in the cooperative with a blanket mortgage on the property. Owners purchase the right to reside in the property. There is an association whereby the owners have input on how the property is operated. Typically, cooperatives offer larger size units and a higher proportion of two-bedroom units as these properties often attract slightly younger and more independent households. In addition, they usually attract a higher proportion of couples and residents that want to have more input in the operation of their residence. The properties that have been developed in Bloomington have been very successful and absorbed rapidly at the time when they were constructed. Shares are resold to a new household if the current resident(s) choose to leave the cooperative. The cooperative offers benefits of convenience along with ownership.

Residents can deduct a portion of their housing costs on their income taxes, similar condominiums, townhomes or single-family homes.

Market Rate Active Adult

- There are two market rate active adult rental properties in Bloomington, Masonic Square (single-level townhome units) and Summerhouse of Bloomington (elevator building – three stories). As of March 2017, there were no vacancies. These properties contain a total of 144 units and residency is restricted to households age 55+. These properties have a rental format and offer activities, scheduled transportation and housekeeping and may have access to other services for additional charge if those are available in other components of the property. Otherwise, residents are expected to be able to live independently. Over time, some residents may require additional services. They may either move to a more intensive property or may remain at their current residence and contract with an outside provider to have services brought directly to their unit.

Subsidized Active Adult

- Subsidized (deep-subsidy) active adult senior housing offers affordable rents to qualified low income seniors and handicapped/disabled persons. Typically, residents may earn no more than 50% of the area median income adjusted for household size and residents pay 30% of their adjusted gross income for rent. The remaining portion of the rent is typically paid by the Department of Housing and Urban Development. These programs are usually Section 8 or Section 202. For households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable or shallow-subsidy projects are typically funded through the Low Income Housing Tax Credit Program (LIHTC) and residents pay a specific monthly rent that is set at a level whereby households may have an adjusted gross income that is between 50% to 60% of the county's area median income. The vast majority of properties under these programs offer no services and are considered active adult, independent living.
- There are no shallow-subsidy, age-restricted rental properties in Bloomington and five subsidized (deep-subsidy) active adult developments in Bloomington. As of March 2017, there were no vacancies which indicates there is demand for subsidized senior rental units. Equilibrium for senior subsidized housing projects is usually around 3%, allowing for optimal housing availability for potential residents. Most subsidized senior properties offer only one-bedroom units and unit sizes are about 550 square feet. Many of these senior properties maintain waiting lists for units and some waiting lists may be very long (many months or potentially up to a year). Federal programs for the development of deep-subsidy rentals have been substantially reduced in recent years and it is very difficult to obtain the necessary funding to develop additional units.

Continuing Care Retirement Community

- There is one Continuing Care Retirement Community (CCRC) in Bloomington. This property is one of only two CCRCs in the Twin Cities. Residents enter Friendship Village as independent residents and if additional care or services are needed, they can be accessed through the property's on-site assisted living and skilled nursing facilities. CCRCs commonly have a buy-in to the facility to accommodate the resident aging in place whereby they may need additional services and receive a discount on those services for additional care levels based on their initial buy-in. The resident's up-front payment guarantees them any additional cares later in life. Residents must obtain a doctor's confirmation that they are initially able to live independently. Friendship Village is currently constructing additional independent living units, a \$70 million expansion on their existing campus. The property is expanding its independent living component and is replacing its skilled nursing facility through an expansion and will add 100 new independent living units. Reservations are already being taken. The new building is anticipated to be online by 2019. There are no vacancies at Friendship Village and there is a waiting list. Reservations for the new units are anticipated to be closed soon, but there will still be some opportunity to obtain a unit if some of the reservations fall out during the interim period.

Independent Living (Congregate)

- There are three properties in Bloomington that offer independent (congregate) living. These are Founders Ridge, Nine-Mile Creek and Presbyterian Homes (Terrace). These properties have a total of 236 units. At the time of the survey, there were no vacancies among these properties. The very low vacancy rate for independent living facilities indicates there is strong demand for additional independent living units in Bloomington.
- Market rate rents for independent living (congregate units) begin at \$1,458 per month for a one-bedroom unit at Presbyterian Homes (Terrace) and range up to \$2,645 per month for a two-bedroom unit at Nine-Mile Creek. Unit sizes range from 590 square feet for a studio unit at Nine-Mile Creek to 1,350 square feet for a two-bedroom plus den unit at Founders Ridge. Common features include full kitchens in the units, in-unit washers/dryers, window treatments and covered parking (additional fee). Common area amenities include items such as community room, chapel, lounge, greenhouse or garden plots, walking paths and sundeck/outdoor terrace.

Assisted Living

- There are six properties that offer assisted living services in Bloomington. All of these properties offer other service levels in addition to assisted living, including independent living, memory care and/or skilled nursing. As of March 2017, there were seven vacancies for an overall vacancy rate of 2.0%. The market equilibrium vacancy rate for assisted living is 7.0% due to higher turnover at these facilities. The assisted living component at Friendship Village, a continuing care retirement community, does not accept residents in its

assisted living outside of its own residents that reside in independent living, but may have aged in place and require additional assistance.

- Market rate monthly rents for basic services excluding personal care begin at \$2,031 for a studio unit at the Masonic Home to \$4,385 for a one-bedroom unit at Nine Mile Creek and \$4,695 for a two-bedroom unit also at Nine Mile Creek. Additional costs for personal care are based on the needs of the individual resident which are identified based on an initial personal care assessment usually conducted by a registered nurse prior to admittance to the facility. Common features of assisted living properties include full kitchens or kitchenettes, private bathrooms, two or three meals per day, linen services, personal laundry and weekly housekeeping. A full complement of activities is provided as is transportation to shopping and outings. Some facilities will provide transportation to doctor's appointments, but most facilities require the resident to arrange transportation to individual physician appointments.

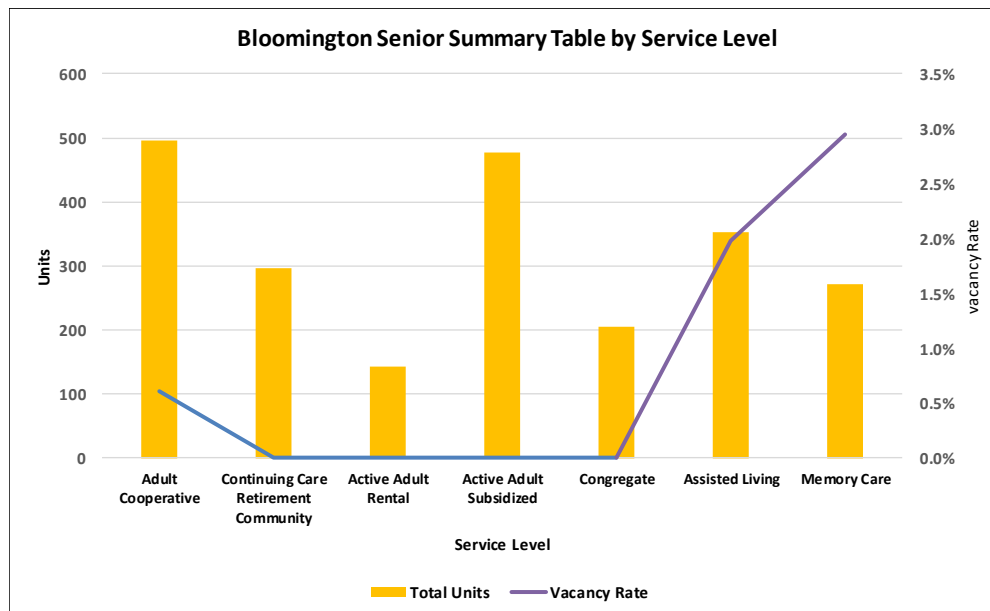
Memory Care

- There are seven facilities in Bloomington that offer memory care units. One property, Wealshire of Bloomington is a freestanding dedicated memory care facility that takes only residents with dementia or Alzheimer's diagnosis. There are four levels of care at the Wealshire in separate neighborhoods representing the four levels of the Alzheimer's disease. Red Pine at Friendship Village is a 27-unit memory care located in the skilled nursing facility on the campus. As mentioned earlier with assisted living, the higher service levels at Friendship Village accept admission only from residents of Friendship Village. As of March 2017, there were eight vacant memory care units (most at the Wealshire), for a vacancy rate of 2.9%, below the market equilibrium rate of 7.0%. The higher vacancy rate for memory care units is due to higher turnover levels at these facilities.
- Market rate rents at memory care facilities in Bloomington for a base level of services begin at \$2,280 for a studio unit at Meadow Woods in East Bloomington and range up to more than \$5,000 per month for a private suite at Red Pine (Friendship Village). Additional personal cares beyond the base level of services are at additional charge depending on the level of services that are required by the resident. Typically, base fees include three meals per day, daily housekeeping, weekly linen change, personal laundry, passive programming, showers twice per week, medication administration and other services such as personal escorts to meals and activities. Most memory care facilities are secured to prevent residents from wandering. There is usually an outdoor walking courtyard with landscaping and resting places; some have gardens and/or gardening plots that may be attended to by residents.

| S-1 SURVEYED UNIT TYPE SUMMARY SENIOR HOUSING DEVELOPMENTS BLOOMINGTON, MN March 2017 | | | | | | |
|---|-------------|-------------|--------------|---------------------------|----------------|--------------------|
| For-Sale Active Adult | | | | Monthly Rents | | |
| Unit Type | Total Units | % of Total | Avg. Size | Range Low - High | Avg. Mo. Fee | Avg. Fee/ Sq. Ft. |
| 1BR | 11 | 2% | 840 | \$42,000 - \$125,000 | \$660 | \$0.79 |
| 1BR+Den | 45 | 9% | 1,163 | \$29,000 - \$160,000 | \$1,035 | \$0.89 |
| 2BR | 263 | 53% | 1,373 | \$62,000 - \$300,000 | \$1,161 | \$0.85 |
| 2BR+Den | 172 | 35% | 1,554 | \$71,000 - \$319,661 | \$1,984 | \$1.28 |
| 3BR | 4 | 1% | 1,893 | \$400,000 | \$2,050 | \$1.08 |
| Total: | 495 | 100% | 1,137 | | \$1,432 | \$1.26 |
| Vacancy Rate: 0.0% | | | | | | |
| Subsidized Active Adult | | | | Monthly Rents | | |
| Unit Type | Total Units | % of Total | Avg. Size | Range Low - High | Avg. Rent | Avg. Rent/ Sq. Ft. |
| 1BR | 458 | 96% | 551 | 30% of AGI | N.A. | N.A. |
| 2BR | 19 | 4% | 736 | 30% of AGI | N.A. | N.A. |
| Total: | 477 | 100% | 551 | 30% of AGI | N.A. | N.A. |
| Vacancy Rate: 0.0% | | | | | | |
| Active Adult Rental | | | | Monthly Rents | | |
| Unit Type | Total Units | % of Total | Avg. Size | Range Low - High | Avg. Rent | Avg. Rent/ Sq. Ft. |
| 1BR | 31 | 6% | 788 | \$1,145 - \$1,550 | \$1,236 | \$1.57 |
| 1BR+Den | 25 | 5% | 1,223 | \$1,455 - \$1,455 | \$1,455 | \$1.19 |
| 2BR | 82 | 17% | 1,198 | \$1,810 - \$2,450 | \$2,266 | \$1.89 |
| 2BR+Den | 6 | 1% | 1,524 | \$2,765 - \$2,765 | \$2,765 | \$1.81 |
| Total: | 144 | 0% | 1,128 | | \$1,924 | \$1.71 |
| Vacancy Rate: 0.0% | | | | | | |
| Congregate | | | | Base Monthly Rents | | |
| Unit Type | Total Units | % of Total | Avg. Size | Range Low - High | Avg. Rent | Avg. Rent/ Sq. Ft. |
| Studio | 18 | 8% | 605 | \$1,560 - \$1,730 | \$1,645 | \$2.72 |
| 1BR | 106 | 45% | 697 | \$1,275 - \$2,030 | \$1,587 | \$2.28 |
| 1BR+Den | 54 | 23% | 925 | \$1,805 - \$2,320 | \$2,078 | \$2.25 |
| 2BR | 43 | 18% | 1,149 | \$2,270 - \$2,645 | \$2,500 | \$2.18 |
| 2BR+Den | 15 | 6% | 1,278 | \$2,430 - \$2,595 | \$2,512 | \$1.97 |
| Total: | 236 | 100% | 861 | \$1,560 - \$2,270 | \$1,929 | \$2.35 |
| Vacancy Rate: 0.0% | | | | | | |
| (continued) | | | | | | |

SENIOR HOUSING ANALYSIS

| S-1 SURVEYED UNIT TYPE SUMMARY SENIOR HOUSING DEVELOPMENTS BLOOMINGTON, MN March 2017 | | | | | | |
|---|-------------|-------------|------------|--------------------------|----------------|-------------------|
| Assisted Living | | | | Base Monthly Rents | | |
| Unit Type | Total Units | % of Total | Avg. Size | Range Low - High | Avg. Rent | Avg. Rent/Sq. Ft. |
| Studio | 133 | 37% | 388 | \$2,031 - \$4,350 | \$3,119 | \$8.04 |
| 1BR | 185 | 51% | 572 | \$2,734 - \$4,385 | \$3,548 | \$6.20 |
| 1BR+Den | 14 | 4% | 1,079 | \$4,385 - \$4,635 | \$4,510 | \$4.18 |
| 2BR | 29 | 8% | 1,008 | \$3,710 - \$4,795 | \$4,485 | \$4.45 |
| Total: | 361 | 100% | 559 | \$2,031 - \$4,795 | \$3,502 | \$6.26 |
| Vacancy Rate: 1.9% | | | | | | |
| Memory Care | | | | Base Monthly Rents | | |
| Unit Type | Total Units | % of Total | Avg. Size | Range Low - High | Avg. Rent | Avg. Rent/Sq. Ft. |
| Studio | 205 | 77% | 321 | \$2,280 - \$5,200 | \$4,181 | \$13.02 |
| 1BR | 45 | 17% | 479 | \$3,385 - \$4,235 | \$3,956 | \$8.26 |
| 2BR | 17 | 6% | 393 | \$3,995 - \$4,500 | \$4,084 | \$10.39 |
| Total: | 267 | 100% | 398 | \$2,280 - \$5,200 | \$4,074 | \$10.56 |
| Vacancy Rate: 3.0% | | | | | | |
| Note: Vacancy rates are calculated from properties that are not in lease-up. | | | | | | |
| Source: Maxfield Research and Consulting, LLC | | | | | | |



Photos of Selected Senior Communities in Bloomington



Applewood Pointe of Bloomington



Applewood Pointe at Southtown



Wealshire of Bloomington (Memory Care)



Presbyterian Homes of Bloomington



Masonic Home



Nine-Mile Creek Senior Living



Summerhouse of Bloomington



Friendship Village

Summary of Senior Housing Analysis

- Bloomington has a variety of age-restricted properties (55+ and 62+) that offer ownership and rental options, independent living, and service-enriched senior housing, covering the senior housing spectrum. Friendship Village, one of only two Continuing Care Retirement Communities (CCRC) in the Twin Cities, is also located in Bloomington.

- In total, Bloomington offers the following service levels and number of units:

| | |
|--------------------------------------|------------------|
| Active Adult Ownership | 495 units |
| Active Adult Rental | 144 units |
| Affordable Senior | 477 units |
| Continuing Care Retirement Community | 297 units |
| Independent Living (Congregate) | 236 units |
| Assisted Living | 361 units |
| Memory Care | <u>267 units</u> |
| Total | 2,277 units |

- A new senior continuum of care (independent living, assisted living and memory care), called Portland Commons, has been approved for development and is currently seeking financing. It is anticipated that Portland Commons will move forward with development sometime in 2017 with occupancy scheduled for 2018.
- In addition to market rate properties, Bloomington also offers low-income seniors and those with disabilities income-restricted housing options. There are four deep-subsidy properties that offer independent living to seniors who would not qualify for market rate senior housing.

- Vacancy rates for senior housing properties in Bloomington are below market equilibrium and many facilities are fully-occupied. This indicates that there is additional demand for senior housing in Bloomington. Demand calculations for senior housing are found in a later section of the report.
- Independent senior housing is often best located convenient to shopping, healthcare, churches and other amenities for residents that are active and may still drive. Assisted living and memory care facilities are often best located convenient to major thoroughfares for convenient access for family members that may visit their relatives. Although these site qualifications are not required, senior housing properties developed at locations that have these features have typically performed well.

Pending Residential Developments

There are several pending residential developments that are currently in the planning process. In addition, there are other developments that are under consideration, but which have not yet been formally submitted to the City. This section discusses the developments that have already submitted plans to the City, some of which have received preliminary and/or final approvals.

For-Sale

Dwan Bluff has received final plat approval but the developer has not yet recorded the final plat. The City Council extended the date for final recording of the plat to October 13, 2017. The proposal is to subdivide three lots to create 13 single-family lots for new residential development. The property is located on Overlook Drive (3325-3501) and was the site of the former Dwan Estate.

Market Rate Rental

Palacio del Sol is an older existing 47-unit building located on Old Cedar Road in East Bloomington. The developer submitted plans to change the zoning from R-4 to RM-50 in order to construct a new 32-unit market rate general occupancy building adjacent to the existing building which would increase the number of units on the site to 79. The building is proposed to have 16, one- and 16, two-bedroom units. The building would have 31 below-grade parking stalls in addition to 27 surface parking stalls. There would be improved landscaping, an improved courtyard and swimming pool area and lighting. An application has been submitted for a building permit to begin construction May 2017.

Norman Pointe is a new market rate rental development with 179 units that would be constructed at 5650 West American Boulevard just west of Highway 100. The building will feature a two-level underground parking garage and exterior materials will include stucco, brick and glass. There will be two amenity terraces, one with an outdoor swimming pool, incorporated on the first level of the building. The building is under construction and is scheduled for completion in 2017.

Affordable

The Bloomington HRA has been in discussions with several developers regarding the construction of additional rental housing that would be affordable to households with incomes at 60% or less of the area median household income adjusted for family size. The tight rental market for designated income-restricted affordable rentals and for affordable market rate units indicates that there is a significant demand for additional rental units that would target low- and moderate-income households. Sites are being considered, but no plans have yet been submitted to the City.

Senior

Portland Commons has received approvals to construct a 166-unit continuum of care senior building that would incorporate independent living (congregate), assisted living and memory care housing. The property is located at 8735 Portland Avenue South in East Bloomington. At this time, the developer is in the process of securing financing for the project. Pending final financing, the developer anticipates beginning construction this summer for a 2018 opening.

Presbyterian Homes developed Phase I of **Founder's Ridge** located north of Auto Club Road at Hampshire Curve. Phase I included 19 memory care units, 32 assisted living and 55 independent living units. Three additional phases were proposed by the developer and approved by the City Council. To date, no additional phases have been constructed. Additional phases were to include additional memory care, assisted living and independent living units (94 units) with a Towne Center, 30 units of independent living in brownstone structures near the entrance to the property. There is no timeframe for additional development.

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. 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. HUD also defines various levels of cost-burden. For example, a household that pays 35% or more of their income for housing is considered to be “moderately” cost-burdened while a household paying 50% or more of their income on housing is considered “severely” cost-burdened.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties 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 restricted income segment. Moderate-income housing, often referred to as “workforce housing,” refers to rental and ownership housing. Therefore, the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges by definition.

FIGURE 1
AREA MEDIAN INCOME (AMI) DEFINITIONS

| Definition | AMI Range |
|-------------------------------------|------------------|
| Extremely Low Income | 0% - 30% |
| Very Low Income | 31% - 50% |
| Low Income | 51% - 80% |
| Moderate Income Workforce Housing | 80% - 120% |

Note: Hennepin County 4-person AMI = \$85,800 (2016)

Rent and Income Limits

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Bloomington (based on figures applicable for Hennepin County). These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and published separately by Minnesota Housing (MN Housing uses different income percentages based on the housing programs that they administer) based on the date the project was placed into service. Fair market rent is the amount needed to pay the gross monthly rent for rental housing (overall

HOUSING AFFORDABILITY

market) in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

| TABLE HA-1 MHFA/HUD INCOME AND RENT LIMITS HENNEPIN COUNTY - 2016 | | | | | | | | |
|---|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| Income Limits by Household Size | | | | | | | | |
| | 1 pph | 2 pph | 3 pph | 4 pph | 5 pph | 6 pph | 7 pph | 8 pph |
| 30% of median | \$18,030 | \$20,580 | \$23,160 | \$25,740 | \$27,810 | \$29,850 | \$31,920 | \$33,990 |
| 50% of median | \$30,050 | \$34,300 | \$38,600 | \$42,900 | \$46,350 | \$49,750 | \$53,200 | \$56,650 |
| 60% of median | \$36,060 | \$41,160 | \$46,320 | \$51,480 | \$55,620 | \$59,700 | \$63,840 | \$67,980 |
| 80% of median | \$48,080 | \$54,880 | \$61,760 | \$68,640 | \$74,160 | \$79,600 | \$85,120 | \$90,640 |
| 100% of median | \$60,100 | \$68,600 | \$77,200 | \$85,800 | \$92,700 | \$99,500 | \$106,400 | \$113,300 |
| 120% of median | \$72,120 | \$82,320 | \$92,640 | \$102,960 | \$111,240 | \$119,400 | \$127,680 | \$135,960 |
| Maximum Gross Rent | | | | | | | | |
| | EFF | 1BR | 2BR | 3BR | 4BR | | | |
| 30% of median | \$450 | \$514 | \$579 | \$643 | \$695 | | | |
| 50% of median | \$751 | \$857 | \$965 | \$1,072 | \$1,158 | | | |
| 60% of median | \$901 | \$1,029 | \$1,158 | \$1,287 | \$1,390 | | | |
| 80% of median | \$1,202 | \$1,372 | \$1,544 | \$1,716 | \$1,854 | | | |
| 100% of median | \$1,502 | \$1,715 | \$1,930 | \$2,145 | \$2,317 | | | |
| 120% of median | \$1,803 | \$2,058 | \$2,316 | \$2,574 | \$2,781 | | | |
| Final-2017 Fair Market Rents | | | | | | | | |
| | EFF | 1BR | 2BR | 3BR | 4BR | | | |
| Fair Market Rent | \$699 | \$862 | \$1,086 | \$1,538 | \$1,799 | | | |

Sources: MHFA, HUD, Novogradac, Maxfield Research and Consulting LLC

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects the maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by approximately two people. The Fair Market Rents shown on Table HA-2 are the final 2017 Fair Market Rents for Hennepin County as identified by HUD. Between 2016 and 2017, Fair Market Rents increased from 5.7% to 6.6% over one year. The largest increase was for studio units (6.6%) and the smallest was for two-bedroom units (5.7%). The average increase was 6.2%.

HOUSING AFFORDABILITY

**TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
HENNEPIN COUNTY - 2016**

| Unit Type ¹ | HHD Size | | Maximum Rent Based on Household Size (@30% of Income) | | | | | | | | | | | |
|------------------------|----------|-----|---|--------|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|
| | Min | Max | 30% | | 50% | | 60% | | 80% | | 100% | | 120% | |
| | | | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. | Min. | Max. |
| Studio | 1 | 1 | \$451 | -\$451 | \$751 | -\$751 | \$902 | -\$902 | \$1,202 | -\$1,202 | \$1,503 | -\$1,503 | \$1,803 | -\$1,803 |
| 1BR | 1 | 2 | \$451 | -\$515 | \$751 | -\$858 | \$902 | -\$1,029 | \$1,202 | -\$1,372 | \$1,503 | -\$1,715 | \$1,803 | -\$2,058 |
| 2BR | 2 | 4 | \$515 | -\$644 | \$858 | -\$1,073 | \$1,029 | -\$1,287 | \$1,372 | -\$1,716 | \$1,715 | -\$2,145 | \$2,058 | -\$2,574 |
| 3BR | 3 | 6 | \$579 | -\$746 | \$965 | -\$1,244 | \$1,158 | -\$1,493 | \$1,544 | -\$1,990 | \$1,930 | -\$2,488 | \$2,316 | -\$2,985 |
| 4BR | 4 | 8 | \$644 | -\$850 | \$1,073 | -\$1,416 | \$1,287 | -\$1,700 | \$1,716 | -\$2,266 | \$2,145 | -\$2,833 | \$2,574 | -\$3,399 |

¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person Hennepin County AMI is \$85,800 (2016)

Sources: HUD, Novogradac, Maxfield Research and Consulting, LLC

Housing Cost Burden

Table HA-3 shows the number and percent of owner and renter households in Bloomington and selected nearby cities including Eden Prairie, Edina, Hopkins, Richfield and St. Louis Park, Hennepin County, Twin Cities Metro Area (7-County), and Minnesota that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2015 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break-out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select their desired housing. Moderately cost-burdened is defined as households paying between 35% and 49.9% of their income for housing; while severely cost-burdened is defined as households paying 50% or more 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. The figures in the table focus on owner households with incomes of \$50,000 or less and renter households with incomes of \$35,000 or less.

Key findings from Table HA-3 follow.

- In Bloomington, 21.1% of owner households and 45.1% of renter households are considered cost burdened. Bloomington has a slightly lower proportion of cost burdened owner households as compared to the other selected cities, except for Eden Prairie at 18.8%. It is also lower than Hennepin County (23.4%), the Twin Cities Metro Area (22.4%) and Minnesota (22.0%).
- Bloomington has a lower proportion of cost burdened renter households (45.1%) than Richfield (50.7%), but has a higher proportion than all of the other selected cities. Bloomington has a lower proportion of cost burdened renter households than Hennepin County (46.3%), the Twin Cities Metro Area (46.6%) and just slightly lower than Minnesota (45.3%).
- Among owner households earning less than \$50,000, 48.8% were cost burdened in Bloomington compared to much higher proportions in all of the other selected cities. Bloomington is lower than Hennepin County (60.4%), the Twin Cities Metro Area (58.1%) and Minnesota (50.4%).
- An estimated 84.3% of Bloomington renter households that earn less than \$35,000 were cost burdened; this proportion is nearly equal to that of Eden Prairie at 84.4%. These two communities have the highest proportions of cost-burdened renter households earning less than \$35,000 annually.

HOUSING AFFORDABILITY

**TABLE HA-3
HOUSING COST BURDEN
BLOOMINGTON AND SELECTED CITIES, HENNEPIN COUNTY, TWIN CITIES METRO, MINNESOTA
2015**

| Community | Bloomington | | Richfield | | Edina | |
|---|-------------|-------|-----------|-------|---------|-------|
| | No. | Pct. | No. | Pct. | No. | Pct. |
| Owner Households | | | | | | |
| All Owner Households | 24,907 | | 9,502 | | 15,327 | |
| Cost Burden 30% or greater | 5,265 | 21.1% | 2,561 | 27.0% | 3,690 | 24.1% |
| Owner Households w/ incomes \$50,000 or less | 6,955 | | 3,190 | | 3,505 | |
| Cost Burden 30% or greater | 3,397 | 48.8% | 1,837 | 57.6% | 2,180 | 62.2% |
| Renter Households | | | | | | |
| All Renter Households | 11,855 | | 5,567 | | 5,554 | |
| Cost Burden 30% or greater | 5,350 | 45.1% | 2,822 | 50.7% | 2,106 | 37.9% |
| Renter Households w/incomes \$35,000 or less | 4,894 | | 2,941 | | 1,898 | |
| Cost Burden 30% or greater | 4,125 | 84.3% | 2,396 | 81.5% | 1,478 | 77.9% |
| All Households | | | | | | |
| All Households | 36,762 | | 15,069 | | 20,881 | |
| Cost Burden 30% or greater | 10,615 | 28.9% | 5,383 | 35.7% | 5,796 | 27.8% |
| Median Contract Rent ¹ | \$971 | | \$854 | | \$1,188 | |
| ¹ Median Contract Rent 2015 Note: Calculations exclude households not computed. | | | | | | |
| CONTINUED | | | | | | |

HOUSING AFFORDABILITY

**TABLE HA-3
HOUSING COST BURDEN
BLOOMINGTON AND SELECTED CITIES, HENNEPIN COUNTY, TWIN CITIES METRO, MINNESOTA
2015**

| Community | Bloomington | | Richfield | | Edina | |
|---|--------------------|-------------|------------------|-------------|--------------|-------------|
| | No. | Pct. | No. | Pct. | No. | Pct. |
| Owner Households | | | | | | |
| All Owner Households | 24,907 | | 9,502 | | 15,327 | |
| Cost Burden 30% or greater | 5,265 | 21.1% | 2,561 | 27.0% | 3,690 | 24.1% |
| Owner Households w/ incomes \$50,000 or less | 6,955 | | 3,190 | | 3,505 | |
| Cost Burden 30% or greater | 3,397 | 48.8% | 1,837 | 57.6% | 2,180 | 62.2% |
| Renter Households | | | | | | |
| All Renter Households | 11,855 | | 5,567 | | 5,554 | |
| Cost Burden 30% or greater | 5,350 | 45.1% | 2,822 | 50.7% | 2,106 | 37.9% |
| Renter Households w/incomes \$35,000 or less | 4,894 | | 2,941 | | 1,898 | |
| Cost Burden 30% or greater | 4,125 | 84.3% | 2,396 | 81.5% | 1,478 | 77.9% |
| All Households | | | | | | |
| All Households | 36,762 | | 15,069 | | 20,881 | |
| Cost Burden 30% or greater | 10,615 | 28.9% | 5,383 | 35.7% | 5,796 | 27.8% |
| Median Contract Rent ¹ | \$971 | | \$854 | | \$1,188 | |
| ¹ Median Contract Rent 2015 Note: Calculations exclude households not computed. | | | | | | |
| CONTINUED | | | | | | |

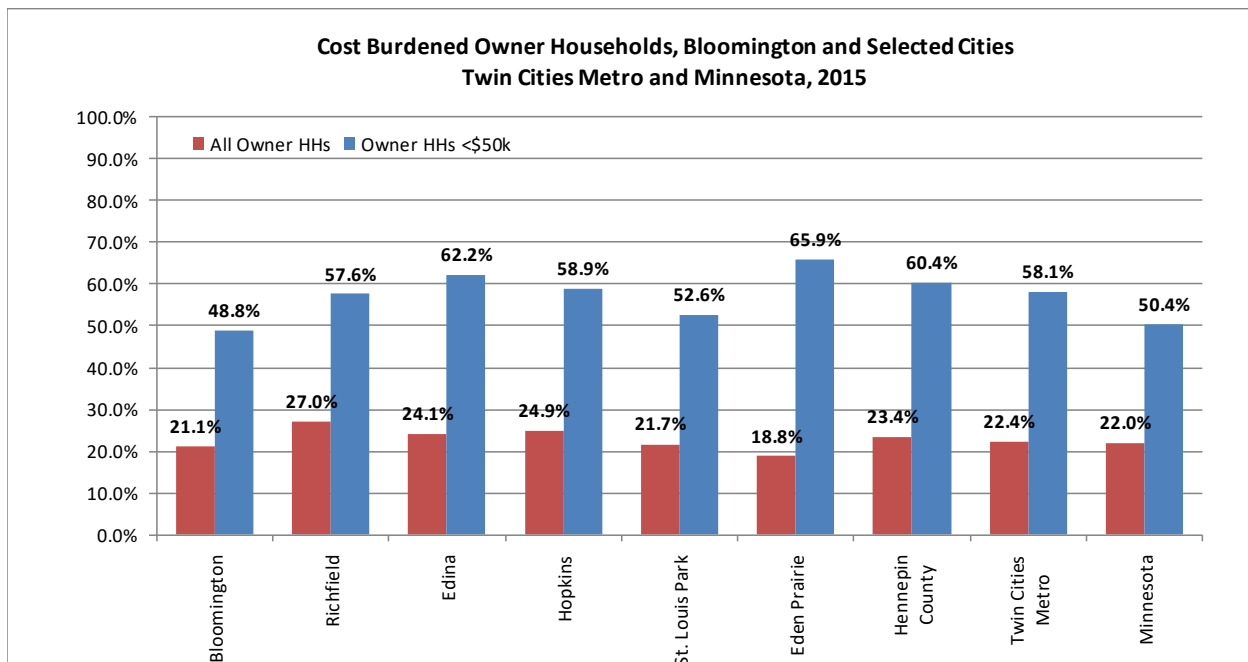
HOUSING AFFORDABILITY

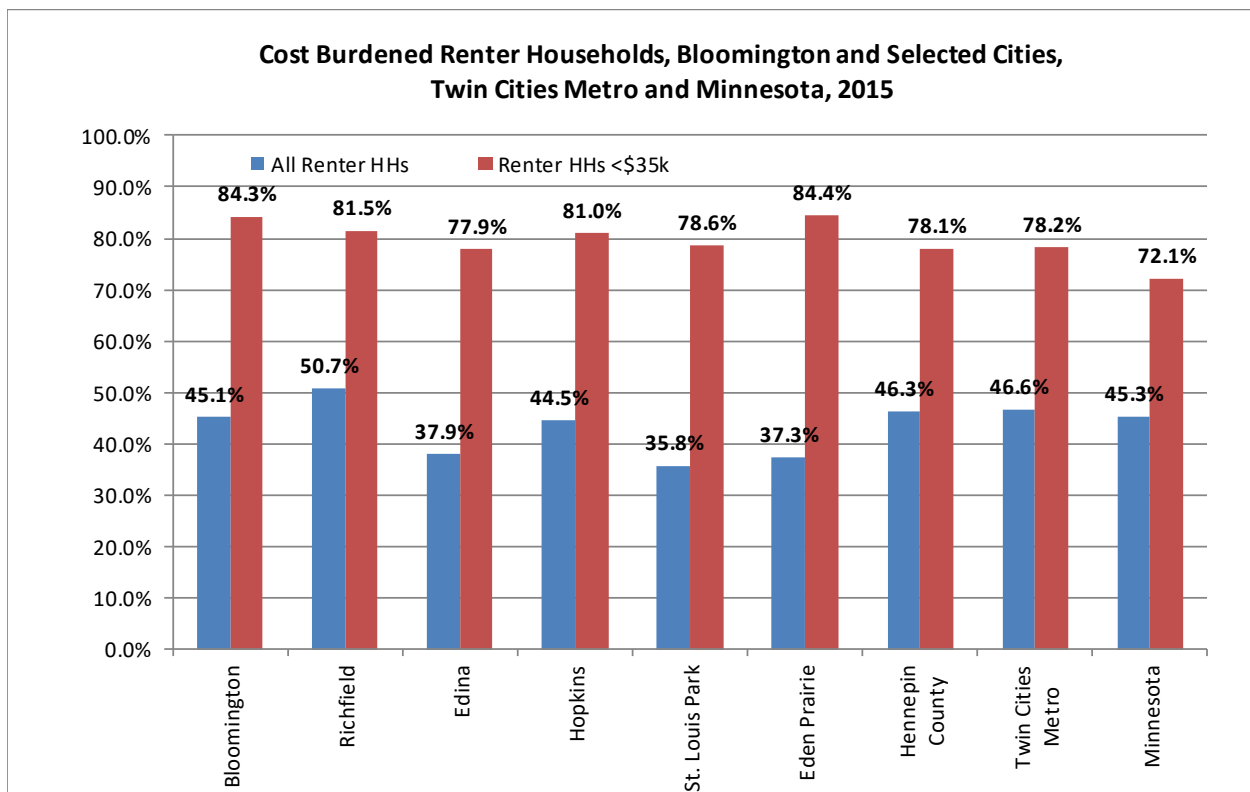
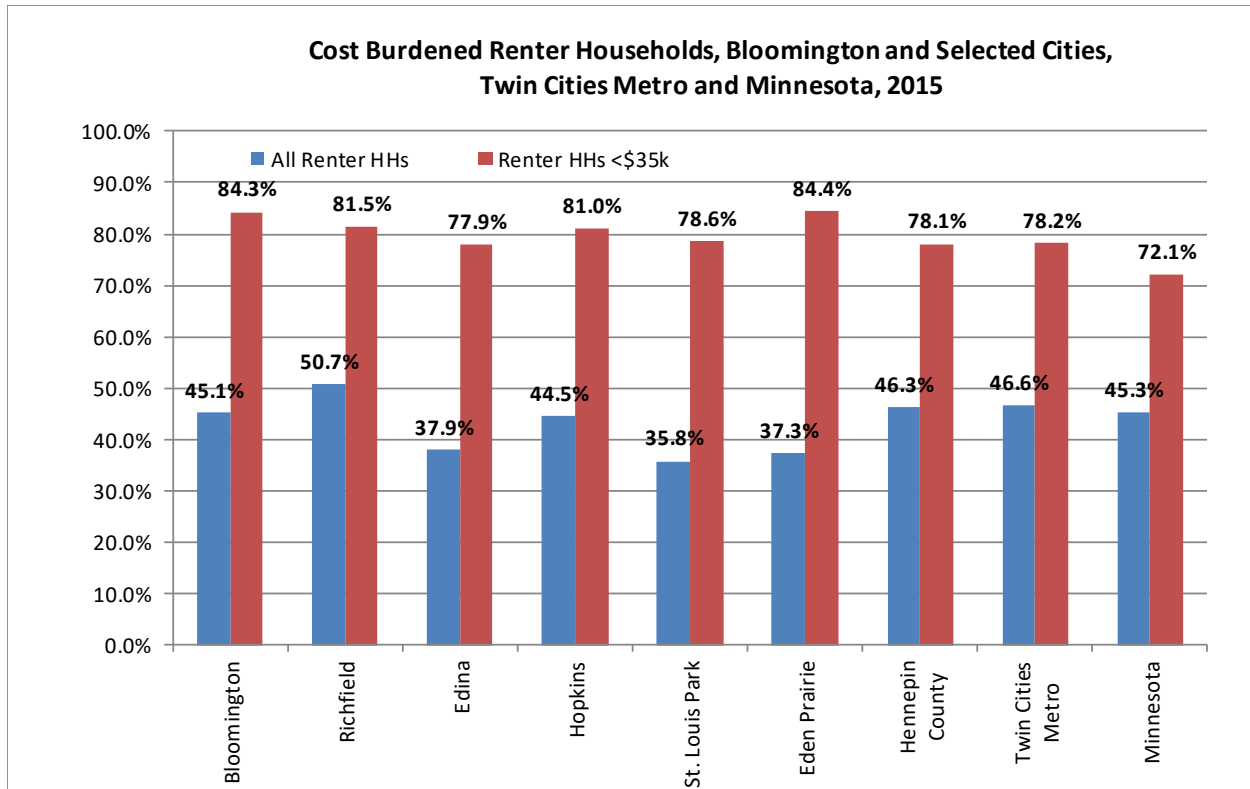
**TABLE HA-3
HOUSING COST BURDEN
BLOOMINGTON AND SELECTED CITIES, HENNEPIN COUNTY, TWIN CITIES METRO, MINNESOTA
2015**

| Community | Hennepin County | | Twin Cities Metro | | Minnesota | |
|--|-----------------|-------|-------------------|-------|-----------|-------|
| | No. | Pct. | No. | Pct. | No. | Pct. |
| Owner Households | | | | | | |
| All Owner Households | 307,395 | | 785,412 | | 1,522,618 | |
| Cost Burden 30% or greater | 71,961 | 23.4% | 175,799 | 22.4% | 334,738 | 22.0% |
| Owner Households w/ incomes \$50,000 or less | 73,442 | | 181,364 | | 443,510 | |
| Cost Burden 30% or greater | 44,329 | 60.4% | 105,298 | 58.1% | 223,625 | 50.4% |
| Renter Households | | | | | | |
| All Renter Households | 182,801 | | 364,742 | | 602,127 | |
| Cost Burden 30% or greater | 84,579 | 46.3% | 170,135 | 46.6% | 272,894 | 45.3% |
| Renter Households w/incomes \$35,000 or less | 86,602 | | 174,115 | | 316,969 | |
| Cost Burden 30% or greater | 67,661 | 78.1% | 136,110 | 78.2% | 228,441 | 72.1% |
| All Households | | | | | | |
| All Households | 490,196 | | 1,150,154 | | 2,124,745 | |
| Cost Burden 30% or greater | 156,540 | 31.9% | 345,934 | 30.1% | 607,632 | 28.6% |
| Median Contract Rent ¹ | \$874 | | \$886 | | \$759 | |

¹ Median Contract Rent 2015
Note: Calculations exclude households not computed.

Sources: American Community Survey 2015 estimates; Maxfield Research and Consulting LLC





Housing Choice Vouchers

In addition to properties that provide rental assistance to tenants on-site through a project-based subsidy, “tenant-based” subsidies such as *Housing Choice Vouchers*, can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD) and is managed by the Bloomington HRA. Under the Housing Choice Voucher program (in the past, also referred to as Section 8) qualified households are issued a voucher that the household can take to an apartment that has rent levels within the payment standards set by the Department of Housing and Urban Development in concert with the local administrative agency. 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 Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-1. The following are key points about the Housing Choice Voucher Program in Washington County.

- The Bloomington HRA currently assists 551 households in Bloomington with housing choice vouchers. At the time of opening of the wait list in September 2014, there were 1,500 slots available for qualified applicants. According to a new report, the HRA received more than 14,000 applications for the available slots. The wait list is now closed, but may open again in another three to five years after the wait list has been depleted. An estimated 95% of households that applied for the voucher wait list were not from Bloomington.
- Recent budget cuts to the total assistance available to communities to support their existing voucher program and rising rents have made it challenging to continue to serve the existing households that are using vouchers. No new vouchers are being issued and there are concerns that if there are further budget cuts, that some communities may have to reduce the number of households that can be assisted.

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households’ adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in Hennepin County for various submarkets. The table estimates the percent of submarket households that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the average for each submarket.

Availability of data may not be always consistent between secondary published resources, but this is taken into account in determining the calculations.

HOUSING AFFORDABILITY

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 4.25% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2015 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2015 ACS

Because of the down payment requirements and generally strict underwriting criteria for a mortgage, not all households will meet the income qualifications outlined above. The for-sale affordability analysis excludes equity that a homeowner may bring with them when purchasing a new residence.

- The median income for all households in Bloomington as of 2016 was an estimated \$63,902. Median incomes however, vary by tenure (owner and renter). According to the 2015 American Community Survey, the median income of Bloomington homeowners was \$79,511 compared to \$41,978 for renters.
- According to the estimated 2017 income distribution for Bloomington, 55% of all households and 62% of owner households could afford to purchase an entry-level home in Bloomington (\$243,000). When adjusting for move-up buyers (\$350,000), an estimated 38% of all households and 44% of owner households would income-qualify.
- An estimated 53% of existing renter households can afford to rent a one-bedroom unit in Bloomington (Avg. 1BR Rent-\$986/month). The percentage of renter income-qualified households decreases to 30% that can afford an existing three-bedroom unit (\$1,548/month). After adjusting for new construction rental housing, the percentage of renter households that are income-qualified decreases. An estimated 32% of renters would be able to afford a new market rate one-bedroom unit (\$1,481 per month) while 18% could afford a new two-bedroom unit (\$1,928 per month) and only 9% could afford a new three-bedroom unit (\$2,615).

HOUSING AFFORDABILITY

**TABLE HA-4
BLOOMINGTON HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME**

For-Sale (Assumes 10% down payment and good credit) (Excludes prior home equity)

| | Single-Family | | | Townhome/Twinhome/Condo | | |
|--|---------------|---------------|---------------|-------------------------|---------------|---------------|
| | Entry-Level | Move-Up | Executive | Entry-Level | Move-Up | Executive |
| Price of House (Previously Owned Homes) | \$243,000 | \$350,000 | \$550,000 | \$160,000 | \$250,000 | \$400,000 |
| Pct. Down Payment | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Total Down Payment Amt. | \$24,300 | \$35,000 | \$55,000 | \$16,000 | \$25,000 | \$40,000 |
| Estimated Closing Costs (rolled into mortgage) | \$7,290 | \$10,500 | \$16,500 | \$4,800 | \$7,500 | \$12,000 |
| Cost of Loan | \$225,990 | \$325,500 | \$511,500 | \$148,800 | \$232,500 | \$372,000 |
| Interest Rate | 4.250% | 4.250% | 4.250% | 4.250% | 4.250% | 4.250% |
| Number of Pmts. | 360 | 360 | 360 | 360 | 360 | 360 |
| Monthly Payment (P & I) | -\$1,112 | -\$1,601 | -\$2,516 | -\$732 | -\$1,144 | -\$1,830 |
| (plus) Prop. Tax | -\$203 | -\$292 | -\$458 | -\$133 | -\$208 | -\$333 |
| (plus) HO Insurance/Assoc. Fee for TH | -\$81 | -\$117 | -\$183 | -\$100 | -\$100 | -\$100 |
| (plus) PMI/MIP (less than 20%) | -\$98 | -\$141 | -\$222 | -\$64 | -\$101 | -\$161 |
| Subtotal monthly costs | -\$1,493 | -\$2,151 | -\$3,380 | -\$1,030 | -\$1,553 | -\$2,425 |
| Housing Costs as % of Income | 30% | 30% | 30% | 30% | 30% | 30% |
| Minimum Income Required | \$59,727 | \$86,026 | \$135,184 | \$41,193 | \$62,114 | \$96,982 |
| Pct. of ALL Bloomington HHDS who can afford¹ | 54.7% | 37.5% | 18.4% | 70.3% | 52.9% | 31.4% |
| No. of Bloomington HHDS who can afford¹ | 19,852 | 13,608 | 6,677 | 25,533 | 19,217 | 11,417 |
| Pct. of Bloomington owner HHDs who can afford² | 61.7% | 44.4% | 23.0% | 80.8% | 64.1% | 38.7% |
| No. of Bloomington HHDs who can afford² | 15,092 | 10,845 | 5,622 | 19,756 | 15,682 | 9,457 |
| No. of Bloomington owner HHDS who cannot afford² | 9,357 | 13,604 | 18,827 | 4,693 | 8,767 | 14,992 |

Rental (Market Rate)

| | Existing Rental | | | New Rental | | |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|
| | 1BR | 2BR | 3BR | 1BR | 2BR | 3BR |
| Monthly Rent | \$986 | \$1,266 | \$1,548 | \$1,481 | \$1,928 | \$2,615 |
| Annual Rent | \$11,832 | \$15,192 | \$18,576 | \$17,772 | \$23,136 | \$31,380 |
| Housing Costs as % of Income | 30% | 30% | 30% | 30% | 30% | 30% |
| Minimum Income Required | \$39,440 | \$50,640 | \$61,920 | \$59,240 | \$77,120 | \$104,600 |
| Pct. of ALL Bloomington HHDS who can afford¹ | 72.0% | 61.3% | 53.1% | 55.0% | 42.4% | 28.3% |
| No. of Bloomington HHDS who can afford¹ | 26,153 | 22,250 | 19,270 | 19,977 | 15,389 | 10,271 |
| Pct. of Bloomington renter HHDs who can afford² | 53.2% | 39.5% | 29.8% | 32.1% | 17.8% | 8.8% |
| No. of Bloomington renter HHDs who can afford² | 6,306 | 4,682 | 3,538 | 3,809 | 2,113 | 1,049 |
| No. of Bloomington renter HHDS who cannot afford² | 5,549 | 7,173 | 8,317 | 8,046 | 9,742 | 10,806 |

¹ Based on 2017 household income for ALL households

² Based on 2015 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$79,511 vs. renter incomes = \$41,978)

Source: Maxfield Research & Consulting, LLC

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Bloomington. This section of the report presents our estimates of housing demand in Bloomington from 2017 to 2030.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often "double-up" with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly-priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically, families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally, couples in their 50's or 60's
5. *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 their responsibilities for upkeep and maintenance
 - Generally, in their late 60's or 70's

6. *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
- Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, 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.

Rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas such as the Twin Cities Metro Area. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

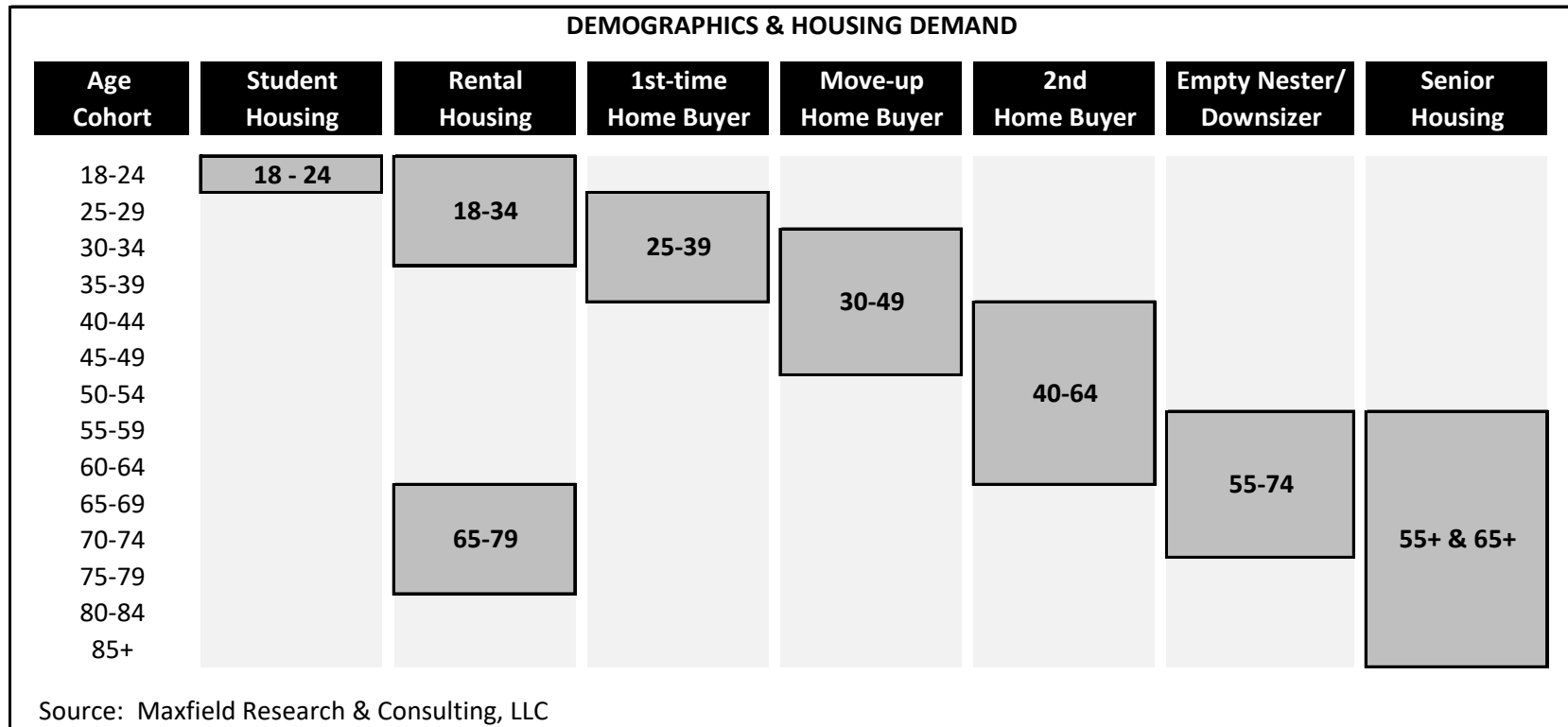
The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in Bloomington. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Bloomington. The ability to accommodate new construction in Bloomington will be constrained by the following factors: availability of land for new residential development, a predisposition toward increased density because of the scarcity of available land and the cost of land for new development. These factors cause the price of new construction single-family and townhomes to generally be at the executive level, pricing at \$500,000 and above for new townhomes (generally detached villas or twinhomes) and \$600,000 and above for new single-family homes.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following points outline several of the key variables driving housing demand.

HOUSING DEMAND ANALYSIS



HOUSING DEMAND ANALYSIS

| TYPICAL HOUSING TYPE CHARACTERISTICS | | | | |
|--------------------------------------|--------------------------------|---|---|--|
| | Housing Types | Target Market/ Demographic | Unit/Home Characteristics | Lot Sizes/ Units Per Acre ¹ |
| For-Sale Housing | Entry-level single-family | First-time buyers: Families, couples w/no children, some singles | 1,200 to 2,200 sq. ft. 2-4 BR 2 BA | 80'+ wide lot 2.5-3.0 DU/Acre |
| | Move-up single-family | Step-up buyers: Families, couples w/no children | 2,000 sq. ft.+ 3-4 BR 2-3 BA | 80'+ wide lot 2.5-3.0 DU/Acre |
| | Executive single-family | Step-up buyers: Families, couples w/no children | 2,500 sq. ft.+ 3-4 BR 2-3 BA | 100'+ wide lot 1.5-2.0 DU/Acre |
| | Small-lot single-family | First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees | 1,700 to 2,500 sq. ft. 3-4 BR 2-3 BA | 40' to 60' wide lot 5.0-8.0 DU/Acre |
| | Entry-level townhomes | First-time buyers: Singles, couples w/no children | 1,200 to 1,600 sq. ft. 2-3 BR 1.5BA+ | 6.0-12.0 DU/Acre |
| | Move-up townhomes | First-time & step-up buyers: Singles, couples, some families, empty-nesters | 1,400 to 2,000 sq. ft. 2-3 BR 2BA+ | 6.0-8.0 DU/Acre |
| | Executive townhomes/twinhomes | Step-up buyers: Empty-nesters, retirees | 2,000+ sq. ft. 3 BR+ 2BA+ | 4.0-6.0 DU/Acre |
| | Detached Townhome | Step-up buyers: Empty-nesters, retirees, some families | 2,000+ sq. ft. 3 BR+ 2BA+ | 4.0-6.0 DU/Acre |
| | Condominiums | First-time & step-up buyers: Singles, couples, empty-nesters, retirees | 800 to 1,700 sq. ft. 1-2 BR 1-2 BA | Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre |
| Rental Housing | Apartment-style rental housing | Singles, couples, single-parents, some families, seniors | 675 to 1,250 sq. ft. 1-3 BR 1-2 BA | Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre |
| | Townhome-style rental housing | Single-parents, families w/children, empty nesters | 900 to 1,700 sq. ft. 2-4 BR 2BA | 8.0-12.0 DU/Acre |
| | Student rental housing | College students, mostly undergraduates | 550 to 1,400 sq. ft. 1-4BR 1-2 BA | Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre |
| Both | Senior housing | Retirees, Seniors | 550 to 1,500 sq. ft. Suites - 2BR 1-2 BA | Varies considerably based on senior product type |

¹ Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research & Consulting, LLC

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc. Bloomington is aging, but as empty-nesters and seniors leave their single-family homes, they are often replaced by younger households, a portion of which will have families. The proportion of households with children, however, has continued to decrease overall in the Twin Cities Metro Area, except for the far outlying suburban communities outside of the core seven counties.

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets. Bloomington continues to be a leader in employment and the substantial amount of employment that exists in Bloomington and the immediately surrounding communities continues to support residential demand in the City.

Consumer Choice/Preferences

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 families, 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. owner to renter or vice versa), or simply move to a new location. Recently, there has been a modest increase in the proportion of households that elect to rent their housing, either younger households or older households. However, increasing demand in the owned housing sector, the high price of new construction and a preference for households to live closer into the core, has resulted in a low supply of existing homes on the market and prices for those homes being bid up or having multiple bid offers. Homes priced to the market are selling at times that are generally 20 days or less in desirable areas.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory may not provide the supply that consumers seek. Inner-ring suburbs such as Bloomington have an older housing that results in higher demand for remodeling services and infill redevelopment.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

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.

After the Great Recession lenders “tightened the belts” on mortgage lending and it was difficult for many buyers to obtain financing. The ability of buyers to obtain mortgage financing has lightened as lenders have eased restrictions that had been in place since the recession. Although mortgage interest rates have recently increased, rates are still very low compared to previous decades. Credit requirements for buyers remain stricter than prior to the Recession.

Mobility

Demand is generally fluid between communities in the Twin Cities Metro Area and is impacted by development activity in neighboring communities in addition to throughout the core seven county metro area in general.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Bloomington from 2017 to 2030.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing as many of these households are either remaining in their single-family homes or they may elect to relocate to a senior housing option. A small portion of these households may choose to relocate to an owned multifamily product such as a twinhome or detached villa. For the purpose of this analysis, we limit demand from household growth to those households under the age of 65. According to household growth projections, Bloomington is expected to add 1,165 new households from 2017 through 2029 and 871 households from 2030 to 2040. We estimate that 50% would decide to own their housing, which produces demand for 583 new general occupancy for-sale housing units from 2017 to 2030.

Demand is also forecast from existing Bloomington householders through turnover. An estimated 17,368 owner-occupied households under age 65 are located in Bloomington in 2017. Based on mobility data from the Census Bureau, an estimated 8% of owner households will turnover in a ten-year period, resulting in 1,389 existing households projected to turnover. Finally, we estimate 10% of the existing owner households would seek new for-sale housing, resulting in demand for 139 for-sale units to 2030.

HOUSING DEMAND ANALYSIS

Next, we estimate that 25% of the total demand for new for-sale units in the Bloomington will come from people currently living outside of the City. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside Bloomington to the existing demand potential, results in a total estimated demand for 822 for-sale housing units to 2030.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 25% of the for-sale owners will prefer traditional single-family product types while the remaining 75% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

The current identified platted lots that are under construction or approved are subtracted from the total. After subtracting the current lot supply in subdivisions (13 lots in Dwan Bluff), there is total demand for 227 single-family lots and 721 multifamily lots/units to 2030.

| TABLE HD-1 FOR-SALE HOUSING DEMAND BLOOMINGTON 2017 to 2030 | | | |
|---|----------|----------------------|----------------------|
| Demand from Projected Household Growth | | | |
| Projected HH growth under age 65 in Bloomington 2017 through 2029 ¹ | | 1,165 | |
| (times) % propensity to own ² | x | 50% | |
| (equals) Projected demand from new HH growth | = | 583 | |
| Demand from Existing Owner Households | | | |
| Number of owner households (age 64 and younger) in Bloomington (2017) ³ | | 17,368 | |
| (times) Estimated percent of owner turnover ⁴ | x | 8% | |
| (equals) Total existing households projected to turnover | = | 1,389 | |
| (times) Estimated percent desiring new housing | x | 10% | |
| (equals) Demand from existing households | | 139 | |
| (equals) Total demand from HH growth and existing HHs 2017 through 2029 | = | 721 | |
| (times) Demand from outside Bloomington | | 25% | |
| (equals) Total demand potential for ownership housing, 2017 through 2029 | | 962 | |
| | | Single Family | Multi-Family* |
| (times) Percent desiring for-sale single-family vs. multifamily ⁵ | x | 25% | 75% |
| (equals) Total demand potential for new single-family & multifamily for-sale housing | = | 240 | 721 |
| (minus) Units under construction or approved platted lots (undeveloped and developed lots) ⁶ | - | 13 | 0 |
| (equals) Excess demand for new general occupancy for-sale housing | = | 227 | 721 |
| ¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC ² Pct. of owner households under the age of 65 (2015 ACS, ESRI, Maxfield Research and Consulting LLC) & adjusted by Maxfield Research ³ Estimate based on 2015 ACS owner households and new owner household growth 2011 to 2015 (under age 65) ⁴ Based on on turnover from 2015 American Community Survey for households moving over a 10-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, detached townhomes, and condominium units. | | | |
| Source: Maxfield Research and Consulting LLC | | | |

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in Bloomington. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Bloomington that want to upgrade their housing situations.

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, demand is limited to growth from households under the age of 65. According to projections, Bloomington is expected to add 1,165 new non-senior households between 2017 and 2030. We estimate that 50% would rent their housing, which produces demand for 583 new general occupancy rental housing units between 2017 and 2030.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 10,048 renter households under age 65 are located in Bloomington in 2017. Based on mobility data from the Census Bureau, an estimated 40% of renter households will turnover in a ten-year period, resulting in 4,000 existing households projected to turnover. Finally, we estimate 20% of the existing renter households will seek new rental housing, resulting in demand for 800 rental units to 2030.

Next, we estimate that 35% of the total demand for new rental units in Bloomington will come from people currently living outside of the Market Area. Adding demand from outside Bloomington to the existing demand potential, results in a total estimated demand for 2,127 rental housing units to 2030.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 15% of the total demand will be for subsidized housing (30% to 40% AMI), 35% will be for affordable housing (41% to 80% AMI), and 50% will be for market rate housing (80% AMI or above and generally non-income restricted).

Next we subtract housing developments under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. There are no subsidized or affordable rental housing projects in the development pipeline and two market rate developments. These projects include:

Norman Pointe – 179 units (under construction)

Palacio del Sol – 47 units (scheduled to begin construction in May 2017)

After subtracting units under construction or pending at 95% occupancy results in demand for 319 subsidized units, 745 affordable units and 849 market rate units.

HOUSING DEMAND ANALYSIS

| TABLE HD-2 RENTAL HOUSING DEMAND BLOOMINGTON 2017 TO 2030 | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|--|-----------------------------|-------------------------------|-------------------------------------|-----|-----|-----|-----|-----|-------|---|---|-----|------------|------------|------------|--|
| Demand from Projected Household Growth | | | | | | | | | | | | | | | | | | |
| Projected HH growth under age 65 in Bloomington 2017 to 2030 ¹ | | | 1,165 | | | | | | | | | | | | | | | |
| (times) Estimated % to be renting their housing ² | x | 50% | | | | | | | | | | | | | | | | |
| (equals) Projected demand from new HH growth | = | | 583 | | | | | | | | | | | | | | | |
| Demand from Existing Renter Households | | | | | | | | | | | | | | | | | | |
| Number of renter HHS (age 64 and younger) in Bloomington (2017) ³ | | | 10,048 | | | | | | | | | | | | | | | |
| (times) Estimated percent of renter turnover ⁴ | x | 40% | | | | | | | | | | | | | | | | |
| (equals) Total existing households projected to turnover | = | | 4,001 | | | | | | | | | | | | | | | |
| (times) Estimated percent desiring new rental housing | x | 20% | | | | | | | | | | | | | | | | |
| (equals) Demand from existing households | | | 800 | | | | | | | | | | | | | | | |
| (equals) Total demand from HH growth and existing HHS 2017 to 2030 | = | | 1,383 | | | | | | | | | | | | | | | |
| (times) Demand from outside Bloomington | | | 35% | | | | | | | | | | | | | | | |
| (equals) Total demand potential for rental housing, 2017 to 2030 | | | 2,127 | | | | | | | | | | | | | | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Deep Subsidy 50% or Less</th> <th style="text-align: center;">Shallow Subsidy 51% to 80%</th> <th style="text-align: center;">Market Rate Rate 81% or above</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">15%</td> <td style="text-align: center;">35%</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">319</td> <td style="text-align: center;">745</td> <td style="text-align: center;">1,064</td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">215</td> </tr> <tr> <td style="text-align: center;">319</td> <td style="text-align: center;">745</td> <td style="text-align: center;">849</td> </tr> </tbody> </table> | Deep Subsidy 50% or Less | Shallow Subsidy 51% to 80% | Market Rate Rate 81% or above | 15% | 35% | 50% | 319 | 745 | 1,064 | 0 | 0 | 215 | 319 | 745 | 849 | |
| Deep Subsidy 50% or Less | Shallow Subsidy 51% to 80% | Market Rate Rate 81% or above | | | | | | | | | | | | | | | | |
| 15% | 35% | 50% | | | | | | | | | | | | | | | | |
| 319 | 745 | 1,064 | | | | | | | | | | | | | | | | |
| 0 | 0 | 215 | | | | | | | | | | | | | | | | |
| 319 | 745 | 849 | | | | | | | | | | | | | | | | |
| (times) Percent of rental demand by product type ⁵ | x | | | | | | | | | | | | | | | | | |
| (equals) Total demand potential for general-occupancy rental housing units | = | | | | | | | | | | | | | | | | | |
| (minus) Units under construction or pending ⁶ | - | | | | | | | | | | | | | | | | | |
| (equals) Excess demand for new general occupancy rental housing | = | | | | | | | | | | | | | | | | | |
| ¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC ² Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research and Consulting LLC). ³ Estimate based on 2015 ACS renter households and new renter household growth 2010 to 2016 (under age 65) ⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period. ⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households) ⁶ Pending/proposed/under construction at 95% occupancy. | | | | | | | | | | | | | | | | | | |
| Source: Maxfield Research and Consulting LLC | | | | | | | | | | | | | | | | | | |

Estimated Demand for Independent Adult/Few Services Senior Housing

Table HD-3 presents our demand calculations for market rate independent senior housing in Bloomington from 2017 to 2030.

In order to determine demand for independent senior housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as seniors age 55 and older, although independent living projects will primarily attract seniors age 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$35,000 or more plus homeowner households with incomes between \$30,000 and \$34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in Bloomington in 2017 to be 4,172 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 5.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 281 independent senior rental units in 2017.

Some additional demand will come from outside Bloomington. We estimate that 30% of the long-term demand for independent senior housing will be generated by seniors currently residing outside Bloomington. This demand will consist primarily of parents of adult children living in Bloomington, individuals who live just outside Bloomington and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Bloomington seniors and demand from seniors who would relocate to Bloomington results in a demand for 1,469 market rate active adult units in 2017.

Independent demand in Bloomington is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in Bloomington, we estimate that 50% of Bloomington's demand will be for adult ownership housing (734 units) and 50% will be for rental housing (734 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 264 adult owner-occupied units and 597 active adult rental units.

HOUSING DEMAND ANALYSIS

**TABLE HD-3
MARKET RATE ACTIVE ADULT HOUSING DEMAND
BLOOMINGTON
2017 AND 2030**

| | 2017 | | | 2030 | | |
|---|----------------------------|-------|-----------------------------|----------------------------|-------|-----------------------------|
| | Age of Householder | | | Age of Householder | | |
| | 55-64 | 65-74 | 75+ | 55-64 | 65-74 | 75+ |
| # of Households w/ Incomes of >\$35,000 ¹ | 6,064 | 4,438 | 3,350 | 5,598 | 6,430 | 4,896 |
| # of Households w/ Incomes of \$30,000 to \$34,999 ¹ | + 248 | 268 | 590 | + 252 | 375 | 453 |
| (times) Homeownership Rate | x 79% | 82% | 74% | x 79% | 82% | 74% |
| (equals) Total Potential Market Base | = 6,260 | 4,658 | 3,787 | = 5,797 | 6,738 | 5,231 |
| (times) Potential Capture Rate | x 1.0% | 6.5% | 17.5% | x 1.0% | 6.5% | 17.5% |
| (equals) Demand Potential | = 63 | 303 | 663 | = 58 | 438 | 915 |
| Potential Demand from Residents | = 1,028 | | | = 1,411 | | |
| (plus) Demand from Outside Bloomington (30%) | + 441 | | | + 605 | | |
| (equals) Total Demand Potential | = 1,469 | | | = 2,016 | | |
| | Owner- Occupied | | Renter- Occupied | Owner- Occupied | | Renter- Occupied |
| (times) % by Product Type | x 50% | | x 50% | x 50% | | x 50% |
| (equals) Demand Potential by Product Type | = 734 | | = 734 | = 1,008 | | = 1,008 |
| (minus) Existing and Pending MR Active Adult Units ² | - 470 | | - 137 | - 470 | | - 137 |
| (equals) Excess Demand for MR Active Adult Units | = 264 | | = 597 | = 538 | | = 871 |

¹ 2030 calculations define income-qualified households as all households with incomes greater than \$45,000 and homeowner households with incomes between \$40,000 and \$44,999.
² Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research and Consulting LLC

Adjusting for inflation, we have estimated that households with incomes of \$45,000 or more and homeowners with incomes of \$40,000 to \$44,999 would income qualify for market rate independent senior housing in 2030. Considering the growth in the older adult base and the income distribution of the older adult population in 2030, the methodology projects there will be demand for 538 adult owner-occupied units and 871 adult rental units in Bloomington. The demand is cumulative, meaning the 2030 demand reflects no additional units being developed between 2017 and 2030. If additional units are developed in these categories, then that inventory must be subtracted from the demand in 2030.

Estimated Demand for Subsidized/ Affordable Independent Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable independent senior housing in Bloomington in 2017 and 2030.

In order to arrive at the potential age and income qualified base for low income and affordable housing, we include all senior (65+) households with incomes less than \$40,000. We exclude homeowner households with incomes between \$35,000 and \$39,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Therefore, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 2.0% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.

Seniors in need-based situations are less selective when securing housing than those in non-need based situations. We estimate that a high-quality site would capture a greater proportion of total demand for financially-assisted housing than for market rate housing.

Using the methodology described above results in a demand potential for 213 total subsidized or affordable senior units. However, after adjusted for household incomes demand results for 109 subsidized units and 104 affordable units.

Next we subtract existing competitive units from the overall demand. There are 477 existing subsidized independent units in the Market Area - minus a vacancy factor of 3% to allow for sufficient consumer choice and turnover). After subtracting these units, demand remains for 105 subsidized and 465 affordable age-restricted units in 2017.

Adjusting for inflation, we estimate that households with incomes up to \$45,000 would be candidates for financially-assisted independent housing in 2030. We reduce the potential market by homeowner households earning between \$40,000 and \$44,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income.

Following the same methodology, we project demand in Bloomington for 193 subsidized units and 537 affordable units in 2030.

HOUSING DEMAND ANALYSIS

| TABLE HD-4 DEEP-SUBSIDY/SHALLOW SUBSIDY INDEPENDENT HOUSING DEMAND BLOOMINGTON 2017 and 2030 | | | | | | |
|---|---------------------|-------|------------------------|---------------------|-------|------------------------|
| | 2017 | | | 2030 | | |
| | Age of Householder | | | Age of Householder | | |
| | 55-64 | 65-74 | 75+ | 55-64 | 65-74 | 75+ |
| # of Households w/ Incomes of <\$40,000 ¹ | 1,611 | 1,602 | 2,836 | 1,322 | 2,195 | 3,187 |
| Less Households w/ Incomes of \$35,000 to \$39,999 ¹ | - 264 | 322 | 389 | - 234 | 456 | 451 |
| (times) Homeownership Rate | x 79% | 82% | 74% | x 79% | 82% | 74% |
| (equals) Total Potential Market Base | = 1,402 | 1,338 | 2,548 | = 1,137 | 1,821 | 2,853 |
| (times) Potential Capture Rate | x 2.0% | 10.0% | 20.0% | x 2.0% | 10.0% | 20.0% |
| (equals) Demand Potential | = 28 | 134 | 510 | = 23 | 182 | 571 |
| (equals) Potential Demand from Residents | = 671 | | | 776 | | |
| (plus) Demand from outside Bloomington (35%) | + 362 | | | + 418 | | |
| (equals) Total Demand Potential | = 1,033 | | | = 1,193 | | |
| | <u>Deep-Subsidy</u> | | <u>Shallow-Subsidy</u> | <u>Deep-Subsidy</u> | | <u>Shallow-Subsidy</u> |
| (times) % by Product Type | x 55% | | x 45% | x 55% | | x 45% |
| (equals) Demand Potential by Product Type | = 568 | | = 465 | = 656 | | = 537 |
| (minus) Existing and Pending Independent Units ² | - 463 | | - 0 | - 463 | | - 0 |
| (equals) Excess Demand for Aff/Sub Units | = 105 | | = 465 | = 193 | | = 537 |

¹ 2030 calculations define income-qualified households as all households with incomes less than \$45,000. Homeowner households with incomes between \$40,000 and \$44,999 are excluded from the market potential for financially-assisted housing.
² Existing units are deducted at market equilibrium, or 97% occupancy.

Source: Maxfield Research and Consulting LLC

Estimated Demand for Congregate Senior Housing

Table HD-5 presents our demand calculations for congregate housing in Bloomington in 2017 and 2030.

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of income-qualified homeowners is based on the 2017 Census homeownership rates of Bloomington seniors. The number of age, income, and asset-qualified households in Bloomington is estimated to be 8,341 households in 2017.

Demand for congregate housing is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.5% of households age 75 and older) results in a local demand potential for 549 congregate units in 2017.

We estimate that seniors currently residing outside of Bloomington will generate 25% of the demand for congregate senior housing. Together, the demand from Bloomington seniors and demand from seniors who are willing to locate to Bloomington totals 686 congregate units in 2017.

HOUSING DEMAND ANALYSIS

Next, we subtract existing congregate units in Bloomington. Although Friendship Village is a lifecare facility, we subtract 25% of the units (107 units at equilibrium) as independent living unit with services. All residents of Friendship Village are subject to an entrance fee and must be admitted as independent seniors. Therefore, demand is reduced to 417 units in 2017.

Adjusting for inflation, we estimate that households with incomes of \$45,000 or more and senior homeowners with incomes between \$40,000 and \$44,999 would qualify for congregate housing in 2030. Following the same methodology, demand is calculated to remain essentially stable at 402 units as of 2030.

| TABLE HD-5 MARKET RATE CONGREGATE RENTAL HOUSING DEMAND BLOOMINGTON 2017 and 2030 | | | | |
|--|--------------------|------------|--------------------|------------|
| | 2017 | | 2030 | |
| | Age of Householder | | Age of Householder | |
| | 65-74 | 75+ | 65-74 | 75+ |
| # of Households w/ Incomes of >\$35,000 ¹ | 4,438 | 3,350 | 5,875 | 3,536 |
| # of Households w/ Incomes of \$30,000 to \$34,999 ¹ | + | 268 | + | 375 |
| (times) Homeownership Rate | x | 82% | x | 82% |
| (equals) Total Potential Market Base | = | 4,658 | = | 6,183 |
| (times) Potential Capture Rate ² | x | 1.5% | x | 1.5% |
| (equals) Potential Demand | = | 70 | = | 93 |
| | | + | | + |
| | | 479 | | 503 |
| Potential Demand from Bloomington Residents | = | 549 | = | 596 |
| (plus) Demand from Outside Bloomington (25%) | + | 137 | + | 149 |
| (equals) Total Demand Potential | = | 686 | = | 745 |
| (minus) Existing and Pending Congregate Units ³ | - | 269 | - | 343 |
| (equals) Total Congregate Demand Potential | = | 417 | = | 402 |
| <p>¹ 2030 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.</p> <p>² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2008 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).</p> <p>³ Competitive units include congregate units at 95% occupancy (market equilibrium).</p> | | | | |
| Source: Maxfield Research and Consulting LLC | | | | |

Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in Bloomington in 2017 and 2030. 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 2009 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 was 87 years in 2008. Hence, 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 from seniors over age 75. In 2017, there are an estimated 8,859 seniors age 75 and older in Bloomington.

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 U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed 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 3,228 seniors in Bloomington.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental 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 housing in Bloomington 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 Bloomington. 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 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 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.

Seventy-four percent of the age 75+ households in Bloomington are homeowners, and the median resale price of homes as of the end of 2016 in Bloomington was \$232,000. Seniors selling their homes for the median resale price would generate an estimated \$218,000 in proceeds after selling costs. With an average monthly fee of \$3,000, these proceeds would last

HOUSING DEMAND ANALYSIS

72 months in an assisted living facility, which is higher than the average length of stay in assisted living (27 months according to the 2009 Overview of Assisted Living). For each age group in Table HD-6, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 2,034 units in 2017.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in Bloomington living alone. Based on 2010 Census data, 48% of age 75+ households in Bloomington lived alone. Applying this percentage results in a total base of 976 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Adding in couples would result in a total of 1,109 age/income-qualified seniors needing assistance in Bloomington including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would 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 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 444 assisted living units in 2017.

We estimate that a portion of demand for assisted living units (30%) will come from outside of Bloomington. Applying this figure results in total potential demand for 634 market rate assisted living units in Bloomington.

There are 353 assisted living units in Bloomington. After adjusting for households that would utilize Elderly Waivers and accounting for the remaining competitive units (minus a 93% occupancy rate) from the total demand potential, demand is calculated for 371 assisted living units in the Bloomington in 2017.

The same calculations are applied to the age/income-qualified base in 2030 with the result that demand increases to 553 units as of 2030.

HOUSING DEMAND ANALYSIS

| TABLE HD-6 (REVISED) | | | | | | |
|---|--------|---|--|--------|---|--|
| MARKET RATE ASSISTED LIVING DEMAND | | | | | | |
| BLOOMINGTON | | | | | | |
| 2017 and 2030 | | | | | | |
| Age group | 2017 | | | 2030 | | |
| | People | Percent Needing Assistance ¹ | Number Needing Assistance ¹ | People | Percent Needing Assistance ¹ | Number Needing Assistance ¹ |
| 75 - 79 | 3,389 | 25.5% | 864 | 4,470 | 25.5% | 1140 |
| 80 - 84 | 2,547 | 33.6% | 856 | 4,654 | 33.6% | 1564 |
| 85+ | 2,923 | 51.6% | 1,508 | 3,194 | 51.6% | 1,648 |
| Total | 8,859 | | 3,228 | 12,318 | | 4,352 |
| Percent Income-Qualified² | | | 63% | | | 64% |
| Total potential market | | | 2,034 | | | 2,785 |
| (times) Percent living alone | | | x 48% | | | 48% |
| (equals) Age/income-qualified singles needing assistance | | | = 976 | | | 1,337 |
| (plus) Proportion of demand from couples (12%) ³ | | | + 133 | | | 182 |
| (equals) Total age/income-qualified market needing assistance | | | = 1,109 | | | 1,519 |
| (times) Potential penetration rate ⁴ | | | x 40% | | | 40% |
| (equals) Potential demand from Bloomington residents | | | = 444 | | | 608 |
| (plus) Proportion from outside Bloomington (30%) | | | + 190 | | | 260 |
| (equals) Total potential assisted living demand | | | = 634 | | | 868 |
| (minus) Existing market rate assisted living units ⁵ | | | - 263 | | | 315 |
| (equals) Total excess market rate assisted living demand | | | = 371 | | | 553 |
| ¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 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 estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living) | | | | | | |
| ³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples. | | | | | | |
| ⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. | | | | | | |
| ⁵ Existing and pending units at 93% occupancy. | | | | | | |
| Source: Maxfield Research and Consulting LLC | | | | | | |

Additional demand could come from seniors that will need to receive supplemental income in order to afford assisted living or memory care housing. While some of these seniors will receive income from the sales of their homes, others will need to rely on other sources of public aid. The Elderly Waiver program has provided public funding for seniors who wish to receive “alternative” care that allows them to stay in the community as opposed to receiving similar care at a nursing home.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and most limit the number of waivers accepted within the community to no more than 15% to 20%. Some small facilities may accept higher amounts of residents on waivers and some new facilities will not accept waivers from first-time residents.

Estimated Demand for Memory Care Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in Bloomington in 2017 and 2030.

Demand is calculated by starting with the estimated Bloomington senior (age 65+) population in 2017 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. According to the Alzheimer's Association (Alzheimer's Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are afflicted with Alzheimer's Disease. This yields a potential market of 2,549 seniors in Bloomington in 2017.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 to \$6,000 when including service packages. Based on our review of senior household incomes in Bloomington, homeownership rates and home sale data, we estimate that 53% of seniors in Bloomington would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes 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 number of seniors with Alzheimer's/dementia (2,549 seniors) by the income-qualified percentage results in a total of 1,351 age/income-qualified seniors in Bloomington in 2017.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the 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 later 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 338 seniors in Bloomington.

We estimate that 25% of the overall demand for memory care housing would come from outside of Bloomington. Together, demand totals 450 memory care units in 2017, increasing to 604 units by 2030.

HOUSING DEMAND ANALYSIS

| TABLE HD-7 (REVISED) | | |
|--|----------------|----------------|
| MARKET RATE MEMORY CARE DEMAND | | |
| BLOOMINGTON | | |
| 2017 and 2030 | | |
| | 2017 | 2030 |
| 65 to 74 Population | 9,656 | 11,041 |
| (times) Dementia Incidence Rate ¹ | x <u>2%</u> | x <u>2%</u> |
| (equals) Estimated Age 65 to 74 Pop. with Dementia | = 193 | = 221 |
| 75 to 84 Population | 5,936 | 9,125 |
| (times) Dementia Incidence Rate ¹ | x <u>19%</u> | x <u>19%</u> |
| (equals) Estimated Age 75 to 84 Pop. with Dementia | = 1,128 | = 1,734 |
| 85+ Population | 2,923 | 3,194 |
| (times) Dementia Incidence Rate ¹ | x <u>42%</u> | x <u>42%</u> |
| (equals) Estimated Age 85+ Pop. with Dementia | = 1,228 | = 1,341 |
| (equals) Total Senior Population with Dementia | = 2,549 | = 3,296 |
| (times) Percent Income/Asset-Qualified ² | x <u>53%</u> | x <u>55%</u> |
| (equals) Total Income-Qualified Market Base | = 1,351 | = 1,813 |
| (times) Percent Needing Specialized Memory Care Assistance | x <u>25%</u> | x <u>25%</u> |
| (equals) Total Need for Dementia Care | = 338 | = 453 |
| (plus) Demand from Outside Bloomington (25%) | + <u>113</u> | + <u>151</u> |
| Total Demand for Memory Care Units | = 450 | 604 |
| (minus) Existing and Pending Memory Care Units ³ | - 202 | - 226 |
| (equals) Excess Demand Potential | = 248 | = 378 |
| ¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007) | | |
| ² Includes seniors with income at \$60,000 or above (\$70,000 in 2030) plus 40% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing). | | |
| ³ Existing memory care units at 7% vacancy rate. | | |
| Source: Maxfield Research and Consulting LLC | | |

We reduce the demand potential by accounting for the existing memory care product in Bloomington. There are 272 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate and a portion of units occupied by residents utilizing Elderly Waiver. Subtracting these competitive units results in demand for 248 units as of 2017.

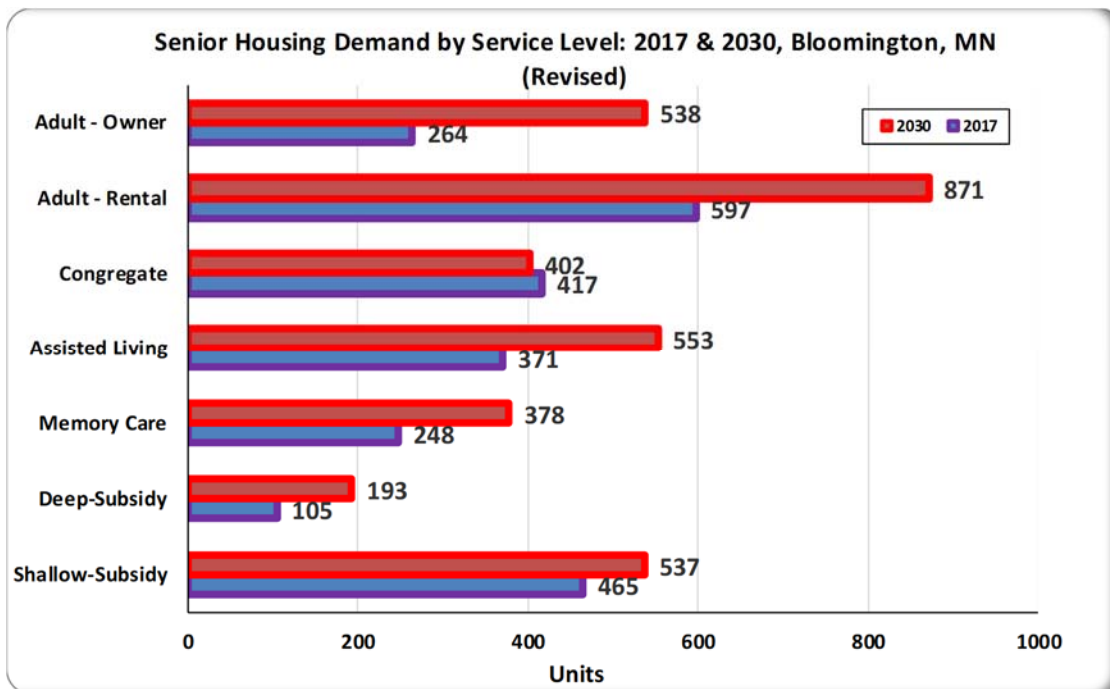
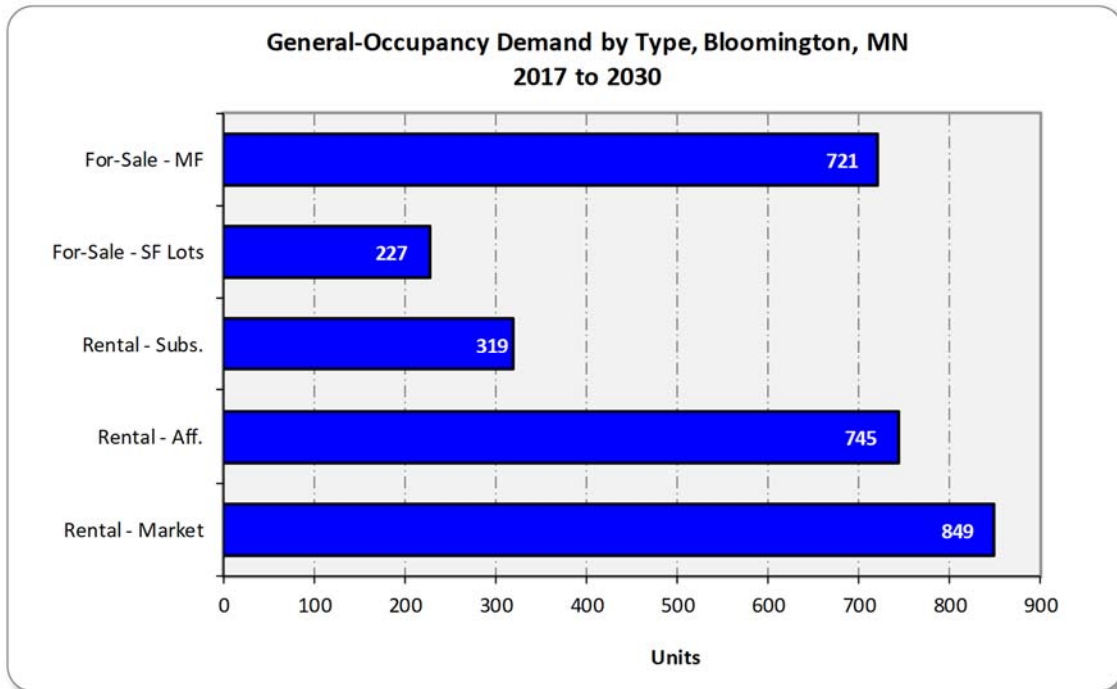
The same calculations are applied to the age/income-qualified base in 2030. Following the same methodology, potential demand for market rate memory care units is expected to increase to 378 units in Bloomington by 2030.

Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Bloomington and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Assessment*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is highly contingent on projected household growth and land availability; household growth could be higher if additional acreage was available for housing development/redevelopment.

| TABLE CR-1 (REVISED) | | |
|--|------------------|--------------|
| SUMMARY OF HOUSING DEMAND | | |
| BLOOMINGTON, MN | | |
| April 2017 | | |
| Type of Use | 2017-2030 | |
| General-Occupancy | | |
| Rental Units - Market Rate | 849 | |
| Rental Units - Shallow-Subsidy | 745 | |
| Rental Units - Deep-Subsidy | 319 | |
| For-Sale Units - Single-family | 227 | |
| For-Sale Units - Multifamily | 721 | |
| Total General Occupancy Supportable | 2,861 | |
| | 2017 | 2030 |
| Age-Restricted (Senior) | | |
| Market Rate | | |
| Adult Few Services (Active Adult) | 862 | 1,409 |
| <i>Ownership</i> | 264 | 538 |
| <i>Rental</i> | 597 | 871 |
| Congregate | 417 | 402 |
| Assisted Living | 371 | 553 |
| Memory Care | 248 | 378 |
| Total Market Rate Senior Supportable | 1,897 | 2,742 |
| Shallow-Subsidy/Deep-Subsidy | | |
| Active Adult - Shallow-Subsidy | 465 | 537 |
| Active Adult - Deep-Subsidy | 105 | 193 |
| Total Shallow/Deep-Subsidy Senior Supportable | 570 | 730 |
| Source: Maxfield Research & Consulting, LLC | | |

RECOMMENDATIONS AND CONCLUSIONS



Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for Bloomington from now to 2030. The proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in the City. For some housing product types, Bloomington will be unlikely to fully meet the demand for new residential units,

RECOMMENDATIONS AND CONCLUSIONS

| TABLE CR-2 (REVISED) RECOMMENDED HOUSING DEVELOPMENT BLOOMINGTON 2017 to 2025 | | | | |
|--|--|--|----------------------|-----------------------|
| | | Purchase Price/ Monthly Rent Range ¹ | No. of Units | Development Timing |
| Owner-Occupied Homes | | | | |
| Single Family² | | | | |
| | Move-up | \$400,000 - \$600,000 | 25 - 30 | As lots are available |
| | Executive | \$600,000+ | 15 - 20 | As lots are available |
| | Total | | 40 - 50 | |
| Townhomes/Twinhomes/Detached Townhomes² | | | | |
| | Entry-level | \$250,000 - \$280,000 | 50 - 60 | 2017+ |
| | Move-up | \$280,000 - \$450,000 | 35 - 50 | 2017+ |
| | Executive | \$450,000+ | 20 - 25 | 2017+ |
| | Total | | 105 - 135 | |
| Condominiums | | | | |
| | Entry-level | \$200,000 - \$280,000 | 50 - 80 | 2020+ |
| | Move-up | \$280,000 - \$450,000 | 100 - 150 | 2020+ |
| | Executive | \$450,000+ | 50 - 60 | 2018+ |
| | Total | | 200 - 290 | |
| Total Owner-Occupied | | | 345 - 475 | |
| General Occupancy Rental Housing | | | | |
| Affordable Rental Housing | | | | |
| | Apartment-style | Moderate Income ³ | 200 - 250 | 2017+ |
| | Townhomes | Moderate Income ³ | 50 - 80 | 2017+ |
| | Subsidized | 30% of Income ⁴ | 35 - 50 | 2017+ |
| | Total | | 285 - 380 | |
| Market Rate Rental Housing | | | | |
| | Apartment-style | \$1,300 to \$2,500 | 250 - 350 | 2020+ |
| | Townhomes | \$2,000 to \$3,000 | 25 - 30 | 2017+ |
| | Total | | 275 - 380 | |
| Total Renter-Occupied | | | 560 - 760 | |
| Senior Housing (i.e. Age Restricted) | | | | |
| | Senior Cooperative | \$80,000+ | 70 - 80 | 2018+ |
| | Active Adult Market Rate Rental ⁵ | \$1,200/1BR - \$1,450/2BR | 80 - 100 | 2017+ |
| | Active Adult Affordable Rental ⁵ | Moderate Income ³ | 100 - 120 | 2017+ |
| | Independent Living/Congregate | \$2,000/1BR - \$2,800/2BR | 120 - 140 | 2018+ |
| | Assisted Living | \$3,000/EFF - \$4,300/2BR | 100 - 120 | 2018+ |
| | Memory Care | \$4,000/EFF - \$5,200/1BR | 100 - 120 | 2018+ |
| | Total | | 570 - 680 | |
| Total - All Units | | | 1,475 - 1,915 | |
| <p>¹ Pricing in 2017 dollars. Pricing can be adjusted to account for inflation.</p> <p>² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability. Due to Bloomington's location and desirability, there is pent-up demand that exceeds replacement need.</p> <p>³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Hennepin County Income limits.</p> <p>⁴ Subsidized housing is difficult to develop; mixed income properties may have a small proportion of these units incorporated in a larger property.</p> <p>Note - Recommended development does not coincide with total demand. Bloomington is unlikely to be able to accommodate all recommended housing types based on land availability and development constraints.</p> | | | | |
| Source: Maxfield Research & Consulting, LLC | | | | |

primarily for low-density development, as units developed in these categories are most likely to target higher-income households. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for 227 single-family housing units in Bloomington to 2030. As a first-tier suburb, Bloomington is fully-developed and has a very limited supply of vacant land available for future housing development. Redevelopment of some sites and combining existing parcels could provide additional opportunities for new single-family construction as has occurred in the recent past. If more sites were available for this type of development, especially at a lower land cost, we acknowledge that single-family housing demand would be very strong for new detached housing subdivisions. Due to land constraints however, new single-family housing will be primarily confined to infill, underutilized, teardowns, or redevelopment areas.

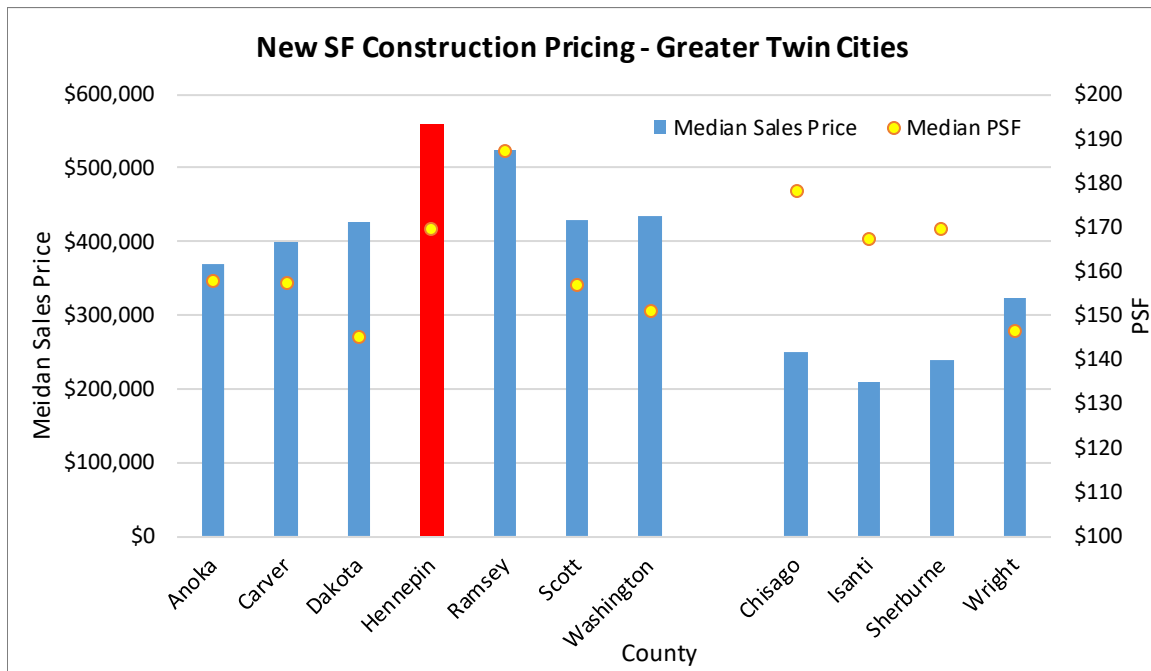
Due to the age and price of the existing single-family homes in Bloomington, a large portion of the housing stock will continue to appeal to first-time and move-up households. An estimated 58% of the owner-occupied housing stock was constructed prior to 1970; therefore, remodeling services and replacement need will continue to grow. The type of homes replaced are those that have already been removed through private and public efforts and are housing units that are considered to be blighted and where remodeling alone is no longer justified. As such, some existing homeowners or others seeking to live in Bloomington may consider replacing existing housing stock with new single-family housing. Replacement need will also be highly driven by location, in particular, the neighborhoods east of I-35W.

Some current Bloomington homeowners who desire move-up and executive housing, may be unable to find housing in the City that meets their needs; resulting in a relocation to another community. This could be a result of the higher cost for new construction move-up product in Bloomington and a limited supply of middle price move-up new construction product compared to communities further south of Bloomington or in outlying areas outside of the core. Maxfield Research recommends that Bloomington continue to promote remodeling activities and new infill single-family housing development. There has been a demonstrated demand for larger, well-located, high-amenity homes attractive to the existing household base and those who desire to relocate to Bloomington. West Bloomington's housing stock, although still somewhat older, has larger size homes, many with 2,500 or more square feet and three to four bedrooms and two-car attached garages.

RECOMMENDATIONS AND CONCLUSIONS

Because of the high land acquisition costs in Bloomington and today's construction costs, it is extremely challenging to build new entry-level single-family homes; therefore, the primary target market segments are move-up and executive buyers. The majority of single-family demand will be from move-up buyers, or those seeking homes generally priced from \$400,000 to \$600,000. A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family.

Executive-level homes are loosely defined as those homes priced above \$600,000. There have been limited tear downs in Bloomington, but the City has cleared some blighted homes on some lots to encourage infill development of new single-family homes. New construction in-fill on combined parcels in the south and southwest areas of Bloomington would fall into the executive level classification. Homes developed on in-fill sites in the core of Bloomington would be priced much lower than this. Due to Bloomington's highly desirable location within the Twin Cities Metro Area, there are likely to be some additional tear downs.



RECOMMENDATIONS AND CONCLUSIONS

There is only one proposed new construction subdivision of 13 lots in the south of Bloomington. The homes that are marketing are infill, built-to-suit or spec homes by builders than range anywhere from \$649,000 to \$842,650. The median price per square (“PSF”) for new construction in Bloomington over the past few years has been \$185 PSF. This is about equal to the average per square foot price for Hennepin and Ramsey Counties. The chart below shows the median sales price and PSF for new single family housing across the Metro Area by county; as depicted in the chart Hennepin County has the highest new construction costs in the Metro Area at \$560,000 (\$190 PSF). Higher costs in fully-developed communities in the Metro Area is primarily driven by lack of land supply and high site acquisition costs.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhomes, detached townhomes and twinhomes. Typically, the target market for owned multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In many housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes. This is true in Bloomington where many of the older townhome and condominium developments offer more affordably priced housing.

As Table FS-2 showed, multifamily resales make-up an estimated 33% of the for-sale housing market in Bloomington. The existing for-sale multifamily housing stock is older and generally is affordable to first-time buyers. The newest project in Bloomington was Bluffs at San Pierre, which offered detached villas and twinhomes, targeting move-up and executive buyers.

Based on the changing demographics and the need for alternative housing types, demand was calculated for 721 new owned multifamily for-sale units in Bloomington to 2030. Because of the modest supply, aging demographics, and desire for association-maintained housing from other age cohorts, Bloomington would benefit from the development of more of these alternative housing product types.

Similar to single-family housing, for-sale multifamily development will be contingent on land availability and demand could be higher if land was more readily available. Demand calculations identified demand for 700 owned multifamily units to 2030. It is likely that not all of the demand will be realized as significant redevelopment would be needed to reach this level. Attached units could be developed as twinhomes, detached townhomes or villas, townhomes/row homes, condominiums or a combination. Because the primary target markets for many of these products are usually empty-nesters and young seniors, most townhomes should be one-level or at least have a master suite on the main level if a unit is two-stories. Although the market for new construction condominiums has been limited because of litigation regarding construction defects, demand remains relatively strong for this product type. Over

RECOMMENDATIONS AND CONCLUSIONS

the past three years, from 2014 through 2016, resales of condominium units in Bloomington reached a little over 500 units.

The following provides greater detail into several for-sale multifamily housing products.

- *Twinhomes*– By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on (also referred to as a duplex). Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of these aging Bloomington residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future.

Twinhomes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing with similar finishing's and square footage. Move-up twin homes have especially been popular in the Twin Cities Metro Area over the past few years and have commanded price premiums. Most new twin homes in the Twin Cities have catered to the move-up or "right-sized" buyers that have commanded prices from \$350,000 to \$550,000 on average. Most of these homes feature a main-level floor plans averaging 1,500 square feet plus lower levels, resulting in an average total finished square footage of about 2,500 square feet. Lot sizes typically average about 40' wide and range from 36' wide to 50' wide.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,800 and 2,000 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a "flex room" that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage,

RECOMMENDATIONS AND CONCLUSIONS

den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$400,000 (slab-on-grade) and will fluctuate based on custom finishes, upgrades, etc.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

Side-by-side townhomes were overbuilt across the Metro Area last decade and suffered during the recession from foreclosures and short sales. Many of these properties were attractive to investors who purchased the homes and converted to townhome rentals. Developers are starting to build new townhome product again in the Metro Area as there is a substantial shortage of affordably priced new construction.

We recommend side-by-side units, which tend to appeal to a slightly broader market, including older adults and retirees as well as younger families with children. Side-by-side units (or rowhomes) have increased density and could provide higher returns on investment to builders/developers that would spread out the costs of infrastructure. Association-maintained townhomes and/or rowhomes can have lot widths ranging from 22' to 35'.

Side-by-side townhomes base pricing should generally range from \$250,000 to \$400,000 and would be attractive to a variety of first-time and move-up buyers. Because of the growth in the older population, two-story units should be designed with the option of a master suite on the main level.

- *Condominiums* – Given Bloomington's excellent location as a second-ring suburban community, the City is well-positioned to attract future condominium development. Although demand is relatively strong for new condominium product, builders and developers have focused on less adverse real estate types due to regulatory effects. In addition to pre-sale requirements and owner-occupied minimums by lenders, condominium developers and contractors have faced a wave of litigation over the past decade related to condo projects that were built prior to the recession, which has deterred building. As a result, most condo developers and lenders today are not willing to take on

RECOMMENDATIONS AND CONCLUSIONS

the risk of developing new construction condos. However, there is a movement to rework the current statutory state law that would provide new opportunities for this condominium construction. Should new legislation come forth, the possibility for new condominium development in Bloomington could increase.

While a condominium development would appeal to a wide range of buyers, including entry-level, move-up, and executive buyers, as well as independent seniors, we suggest that a new construction building primarily target households that would be seeking housing priced between \$250,000 and \$400,000. Prospective buyers would be attracted to condominium housing near employment in Bloomington and Edina, retail and services, and other major roadways and transit.

Of the calculated demand for owned multifamily housing, we recommend that a new condominium building have approximately 150 units. Building style should be mid-rise. Unit mix should primarily include one-bedroom plus den, two-bedroom and two-bedroom plus den units.

General Occupancy Rental Housing

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is below market equilibrium (2.7% vacancy rate) indicating pent-up demand for rental housing.

Due to the age and positioning of the existing rental supply (most pre-1980 construction), a significant portion of units are priced under 80% of AMI, which indirectly satisfies demand from some households that income-qualify for financially assisted housing. The growing renter base however, is seeking newer rental properties with additional and updated amenities that are not sometimes offered in older developments. A number of properties built pre-1970 have had some updating including new kitchens, new baths, and some upgrades to common area amenities. Rent levels have been raised as a result and have been well-received in the Bloomington market. Demand exists for rental housing at all price levels, market rate, affordable and subsidized.

- ***Market Rate Rental*** – Demand calculations identified a need for 849 units. New units are projected to be delivered in the short-term at Norman Pointe and IndiGO is already in its initial lease-up. These properties have been accounted for in the demand calculations. Additional demand for market rate rental may result from a higher proportion of demand coming from outside of the Market Area than was originally calculated here, which would increase the potential demand for market rate rental in Bloomington.
- ***Affordable General Occupancy Multifamily Housing***– There are four affordable rental projects in Bloomington; these developments have been very successful and are all 100% occupied. The existing products target households between 50% and 80% of area median

RECOMMENDATIONS AND CONCLUSIONS

income. However, new affordable projects would have income-restrictions most likely established through programs supported by HUD and could target households with incomes between 50% to 80% of area median income; some, however, may be workforce units with affordability up to 120% AMI.

We find that demand exists for an estimated 745 units to 2030 with rent levels ranging from 51% to 80% of AMI. Affordable housing would attract households that cannot afford new construction market rate housing units, but do not income-qualify for deep subsidy housing (50% or less of AMI). Affordable projects attract a broad group of people based of tenants based on the unit type. One-bedroom units target singles and couples, whereas two and three-bedroom units target families. Some retired seniors would also be attracted to an affordable concept. We recommend an affordable concept that would target residents at 50% to 60% AMI. A workforce housing project targeting households from 80% to 120% AMI could also be pursued in Bloomington, but at these levels, this housing could be market rate with potentially some TIF assistance.

- *Affordable General Occupancy Rental Townhomes*– Rental townhomes affordable to moderate-income households would be in high demand in Bloomington. Affordable rental townhomes have been very popular in many Metro Area communities. These projects would have income-restrictions established by HUD and would likely target households with incomes between 50% to 80% of area median income; however, some could be workforce units with affordability up to 120% AMI. We recommend a project with two- and three-bedroom units and a project of 50 units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals. Because of the lower density of affordable rental townhomes, this housing type could be more difficult to develop due to economies of scale needed to support the project.

Senior Housing

As illustrated in Table CR-1, demand exists for all types of senior housing product types in Bloomington. To 2030, demand exists for nearly 2,500 senior housing units across the product and service-level spectrum. Development of additional senior housing is recommended to provide housing opportunities for the projected growing group of seniors that may need or want to transition from other housing products. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Bloomington: older adult and senior residents are able to relocate to new age-restricted housing in Bloomington and existing homes and rental units that were occupied by seniors become available to other households. Therefore, the development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

RECOMMENDATIONS AND CONCLUSIONS

- Active Adult Rental – Demand was projected for 871 market rate active adult rental units in Bloomington to 2030. Currently, there are only 144 units of active adult rental in Bloomington; the remaining active adult product in Bloomington is income-restricted or in the form of senior cooperatives. It is likely there are seniors who currently reside in general-occupancy housing that would consider a new active adult rental product.

Development of this product could be in a separate stand-alone facility or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established the Minnesota Housing Finance Agency. We recommend a new project of 150 to 200 units. We recommend that rents range from about \$1,200 per month for one-bedroom units and from \$1,450 or more for two-bedroom units. The project should offer transportation, activities, and optional services for housekeeping, etc.

- Active Adult Senior Cooperative – There is are six existing active senior age-restricted for-sale developments in Bloomington – three Applewood Pointe developments, two Realife developments and Summerhill Cooperative on West 102nd Street. In total, these existing developments have 495 units. We project demand for another 260 to 530 units of age-restricted active adult ownership housing to 2030. The cooperative model, in particular, has appealed to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research & Consulting, LLC has found the cooperative model to be well-accepted in suburban communities in the Twin Cities Metro Area and across the Midwest. As such, we recommend 80 to 120 units of senior cooperative housing with sliding scale share costs starting at \$70,000 but recommend a development timeframe between 2020 and 2025.
- Affordable Few Services Rental – Bloomington demand for affordable senior housing is approximately 730 units to 2030. Although this product would be well received by seniors in and near the Bloomington area; it can be difficult to develop given financing challenges and development costs. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency (MHFA). MHFA recently started to consider affordable senior housing projects under the tax credit program and recently expanded expand financing for this product type, but depending on financial resources, may restrict future funding despite the substantial rising demand over the next ten years. Affordable senior housing products can also be incorporated into a mixed-income building which may increase a development's financial feasibility.

RECOMMENDATIONS AND CONCLUSIONS

- Independent Living/Congregate – Bloomington has three congregate rental developments and one, life care property that provide independent living with optional or included services. Friendship Village is expanding its independent living component and the approved Portland Commons will add 78 rental independent living units to the inventory over the next two to three years. Demand was calculated for 402 congregate units to 2030. Demand is anticipated to remain stable between 2017 and 2030. Multiple projects could be supported in the community to meet the demand. New properties are seeing increased demand for larger size units across the board and a higher proportion of two-bedroom units as more couples are making a move to this product type. Originally more service-intensive, many congregate developments have reduced the level of services included and offer more services as optional. As such, this product must typically be combined with assisted living and memory care to support the optional service component for the independent living. We would recommend a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Base monthly rents would begin at \$2,000 for one-bedroom units to \$3,000 for two-bedroom units. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- I'm OK program;
- Daily noon meal (alternative of limited meal program or all optional meals);
- Regularly scheduled van transportation;
- Social, health, wellness and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities
- Activities
- Other services available at an additional charge.

Additional meals and other support and personal care services would be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents should also have the option of receiving assisted living packages in their existing units.

New independent housing should be developed in conjunction with higher care levels such as assisted living and/or memory care.

- Assisted Living and Memory Care Senior Housing – Based on our analysis, there is substantial demand for assisted living and memory care in Bloomington, but most of the demand will occur after 2025 as the target market for these service levels begins to increase exponentially. We project demand to support an additional 553 assisted living units and 378 memory care units by 2030. Demand as of 2017 is at 378 units and is expected to increase as the target market swells.

RECOMMENDATIONS AND CONCLUSIONS

We recommend assisted living units include a mix of studio, one-bedroom, one-bedroom plus den and a few two-bedroom units with base monthly rents ranging from \$2,800 to \$4,500. Memory care unit mix should be mostly studios and one-bedroom units with base monthly rents ranging from \$4,500 and up. Memory care units should be developed in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

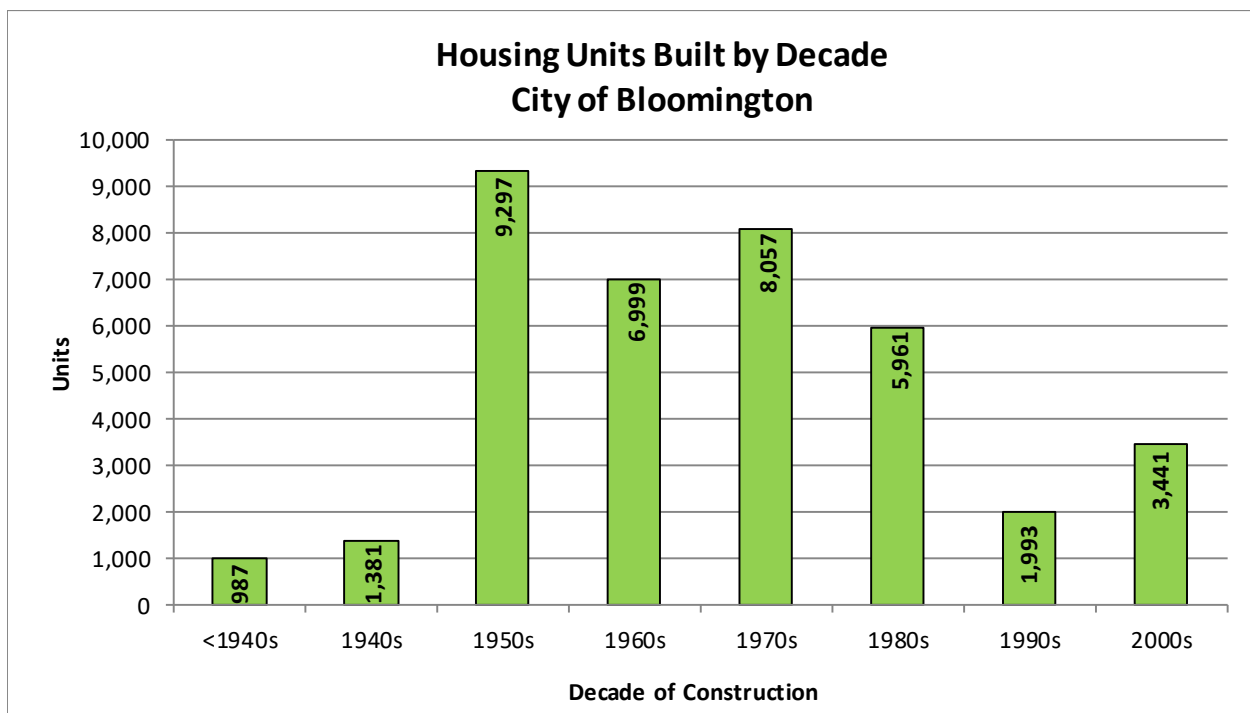
- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Bloomington over the next ten years. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order - alphabetically).

- Age of Housing Stock.** As illustrated in *the Housing Characteristics* Section of the report (Table HC-3, the median year built for a home in Bloomington is 1966 and 58% of the for sale housing stock was built prior to 1970. Because of the older housing stock as a second-ring suburban community, we recommend promotion of remodeling and move-up housing programs that encourage reinvestment into the city’s owner and renter housing stock.

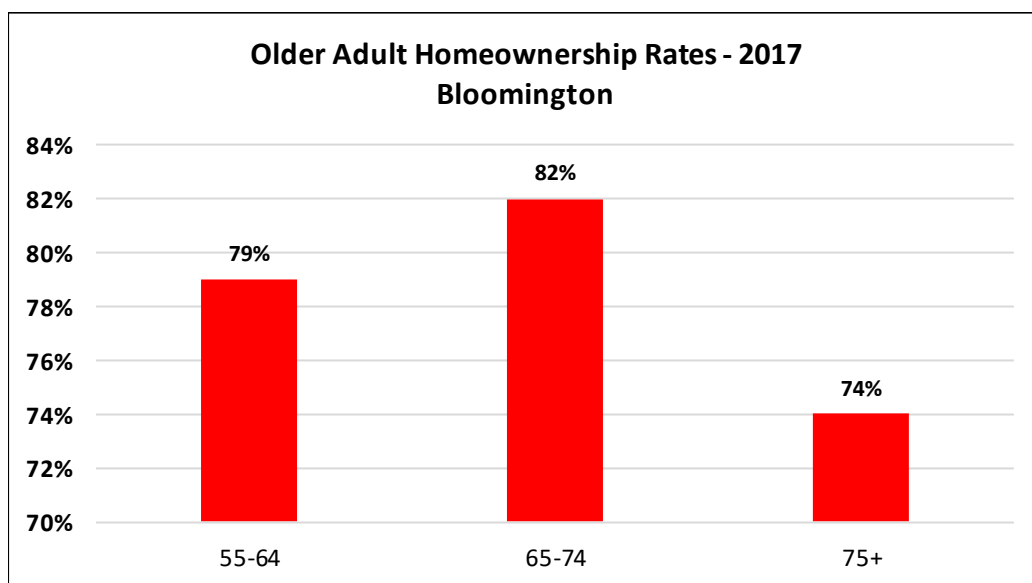


- Affordability.** As illustrated in Table HA-4, based on current home prices, 62% of Bloomington owner householders and 55% of all householders could afford to purchase an entry-level home (\$243,000) given today’s pricing. Also, 55% of all households and 32% of all renter households could afford the average market rent of a new construction one-bedroom unit in Bloomington. Including existing rental units, affordability of a one-bedroom unit increases to 72% of all households and 53% of renter households at an average rent of \$986. Because of the higher rent structures at the new market rental buildings being constructed in Bloomington, the minimum incomes needed to afford a luxury rental are about one and a half times that of the existing rental housing stock in Bloomington. New rental housing is targeting “lifestyle renters” or those with higher incomes who have enough money to buy a house but choose to rent for the convenience

CHALLENGES AND OPPORTUNITIES

and lifestyle. Some of these renters may be cost burdened, but they elect to do so for the location, amenities, and proximity to transit.

- **Aging Population.** As illustrated in Table D-2, there is significant growth in the Bloomington senior population. In addition, Table D-6 shows the Bloomington homeownership rate among seniors 65+ is approximately 78%. The high homeownership rate among seniors indicates there may be a lack of senior housing options or simply that many seniors prefer to live in their homes and age in place. Because of the rising population of older adults, demand for alternative maintenance-free housing products is anticipated to rise substantially by the end of the next decade. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes is also anticipated to increase.



- **Housing Programs.** Compared to other municipalities in the Twin Cities Metro Area, Bloomington has a diverse array of housing programs that promote or preserve the existing housing stock in the community and provide homeownership opportunities for low and moderate-income households. However, many of these tool kits are financially supported through an HRA levy that collects funds based on the market values of property in the community. Money generated from the HRA levy can be allocated to a several housing issues as long they fall within the boundaries established by state law. Typically levy funds are used to supplement existing housing programs, establish new programs/projects, or allocated to administrative needs. Other communities fund housing programs through CDBG funds, the general fund, or through department budgets (i.e. community development, economic development, etc.)

CHALLENGES AND OPPORTUNITIES

The City's bi-annual home fair is widely attended and offers homeowners a wide array of construction resources and offers builders other building trades, the opportunity to expand their services. A listing of the existing housing programs offered through the City and the HRA are found below.

- **Job Growth/Employment/Inflow.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Like most areas across the Twin Cities and Minnesota, the unemployment rate peaked in 2009 during the Great Recession at 9.1%. However, since that time, the unemployment rate has decreased annually and is presently at only 3.3% as of the end of 2016. Although the low unemployment rate is positive, continued declines in the unemployment rate or a protracted low unemployment rate may create challenges in filling jobs with qualified workers.

Bloomington is home to many large companies that are job generators in the Twin Cities. Nearly 98% of the jobs in Bloomington are filled by non-residents of the community. Bloomington continues to capture workers that view the community as a desirable place to live and also to be close to their work.

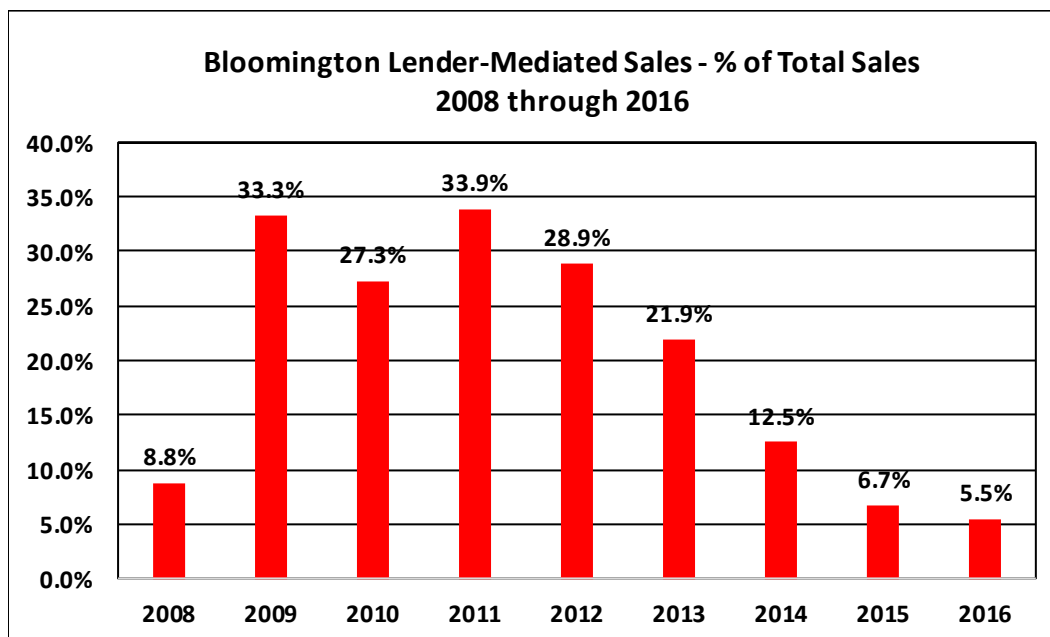
- **Land Assembly/Land Bank.** Land costs and land assembly are some of the most challenging components for new housing development. Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing or other housing product types. The City could consider acquisition if the right opportunity presented itself.
- **Land Constraints/Infill/Teardown's.** Bloomington has a very limited supply of residential lots suitable for single- or two-family housing developments; as such future development will likely occur on infill or redevelopment sites. According to the Regional Multiple Listing Service of Minnesota, there are only a handful of marketing lots in Bloomington with prices ranging anywhere from \$150,000 to \$719,000. Because of the low lot supply, the City may not achieve the housing demand outlined in Table CR-1 unless infill or teardowns prevail. Finally, a scarcity of available lots drives up the cost of land which places upward pressure on the housing prices.

Because of Bloomington's location and continued low mortgage interest rates, the City may see some increase in teardown's. A teardown is defined as a "one-to-one" replacement of an existing housing unit that is replaced with new construction. There is a difference in housing character between the east side of the community and the west side of the community. It is likely that teardowns would be focused on properties between Penn Avenue and Normandale Boulevard based on the size of the lots and age of the housing stock in that area.

CHALLENGES AND OPPORTUNITIES

We recommend the city continue to encourage single-family residential development where it is appropriate to do so.

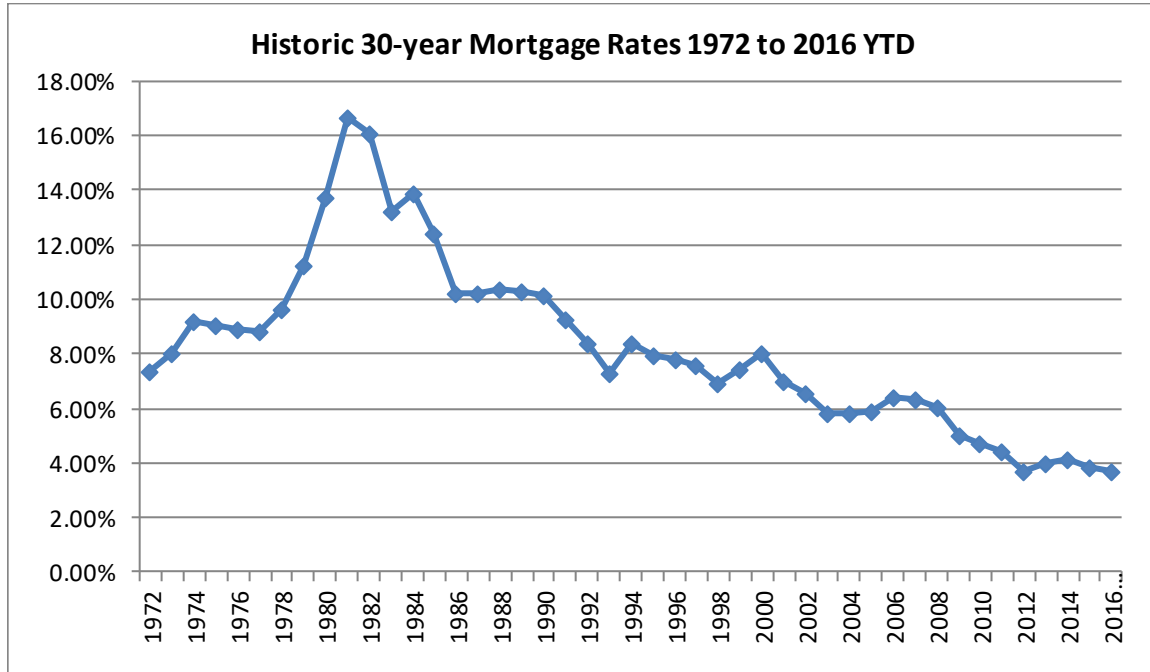
- **Lender-mediated Properties.** As illustrated in Table FS-2, lender-mediated properties have declined substantially since the housing downturn and Great Recession of last decade. Lender mediated properties (i.e. foreclosures and short sales) accounted for 30% to 40% of transactions in between 2009 and 2011 before declining annually since and comprising about 5.5% of transactions in 2016. The continued decline in lender-mediated properties will enhance the overall real estate market and pricing will continue to gain from all the losses of last decade. As most homeowners have regained lost equity, the Bloomington housing market should continue to experience strong activity as existing homeowners are now moving up and/or choosing alternative housing products.



- **Mortgage Rates.** Mortgage rates play a crucial part in 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. Mortgage rates have remained at historic lows over the past several years coming out of the Great Recession. The Federal Reserve has raised the short-term interest rate only twice since the recession; however, they have hinted at rates increasing in 2017. However, at this time it is unknown if the central bank will raise rates to head off inflation. A significant increase in rates (+1% or more; over 5% in the short term) would greatly affect the housing market and would slow projected housing demand.

CHALLENGES AND OPPORTUNITIES

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%.



- **Millennials.** The Millennials (generally defined as persons born in the 1980 and 1990s) are now bigger than the Baby Boom generation and have begun impacting real estate development. The 80 million Millennials have begun to influence real estate as they formed new households. However, many Millennials' are delaying home ownership due to high student loan debt and social changes (i.e. delayed marriage, delayed childbearing, delayed careers, etc.). The median first-time home buyer is now age 32 (an older Millennial) which is up from age 30 about a decade ago. Increasing monthly rents for rental housing in the Twin Cities has also affected the ability of Millennials' to save for a down payment and qualify for a mortgage.

Although Millennials' have favored more urban locations and are typically renters today, survey's show they are not that different in their preferences from other generations. Many millennials' have indicated they still desire to live in the suburbs, however they desire communities with amenities such as parks, walking trails, shopping, proximity to jobs, and entertainment. Once Millennials' start having kids, many will begin households that will shift from renters to buyers.

CHALLENGES AND OPPORTUNITIES

Because Bloomington has relatively affordable older housing stock and is a second ring suburb with plentiful, we believe there is an opportunity to capture Millennials in Bloomington from households currently residing in Minneapolis seeking more housing value for their dollar.

- **Naturally Occurring Affordable Housing/Preservation.** As illustrated in the *Rental Market Analysis* section, about 63% of the market rate rental housing stock in Bloomington is affordable to households with incomes at 50% and 60% of area median income. According to the Harvards Joint Center for Housing Studies (JCHS), unsubsidized rentals account for more than 75% of the affordable housing stock in the United States. It is estimated that over one-third of the naturally occurring affordable housing stock is composed of smaller multifamily buildings from 5 to 49 units. In the Twin Cities Metro Area, it is estimated that 60% of the rental stock is unsubsidized rentals affordable to households at or below 50% AMI.

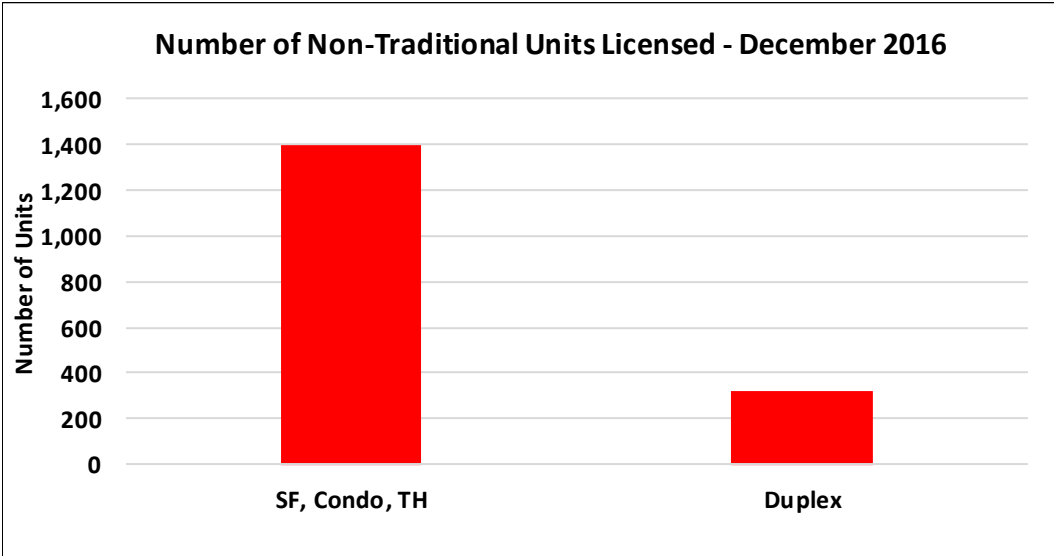
Because the unsubsidized housing market is unregulated and is fluid, there is the chance some affordable market rate units may be lost or if remodeled, rents could then exceed the affordability level for moderate income households. New construction costs for apartments in Bloomington are likely to exceed \$200,000 per unit; whereas an older Class B or Class C rental building may be acquired for \$100,000 or less per unit. Therefore, it is typically more economical to rehabilitate an existing property than build a new one. Because of the high cost of new construction, we recommend the City monitor and encourage the preservation of the unsubsidized rental market as an effort to maintain a sufficient supply of affordable housing.

- **Shadow Rental Inventory.** Shadow rentals are generally considered nontraditional rentals that were previously owner-occupied single-family homes, townhomes, or condominiums. The shadow market has been particularly fueled by homeowners who lost their home to foreclosure after the recession who opt to not rent in a traditional rental complex. Typically, short sales and foreclosures between 2009 and 2012 resulted in substantial price reductions which allowed buyers or investors to charge rents below market while still maintaining a profit. Although shadow market rentals tend to be more affordable, renters run the risk of evictions if the owner does not pay the mortgage.

Because the City implemented and enforces a rental licensing program, it has been able to monitor the number of non-traditional rental units in the community. According to R-8, there were 1,394 licensed single-family, condominium and townhome units and 317 licensed duplex in Bloomington as of December 31, 2016 (15.6% of all licensed rental units in the city). Total units in traditional multifamily buildings was 10,937. As the housing market continues to rebound, some of these properties may transition back to the for-sale market, but once the home is being rented, the financial dynamics often change. Coupled with strong demand for rental housing, it may be challenging to convert these homes back to the ownership sector. Too many rental homes clustered in one area may create a shift in the overall orientation of a neighborhood. The rental licensing program in Bloomington is

CHALLENGES AND OPPORTUNITIES

designed to monitor the quality and condition of the shadow rental market to mitigate any problem properties and improve the overall rental housing stock.



Introduction

The following are housing programs offered through the Bloomington HRA and/or the City of Bloomington to address housing needs of Bloomington residents, preserve and improve the existing housing stock, provide for affordable housing, provide for new housing products, provide for the safety and security of residents residing in rental housing and ownership housing and other strategies and initiatives to support ongoing stability and enhancement of the City's housing stock.

Bloomington HRA Housing Programs/Activities:

- **Housing Choice Voucher (Section 8) Program.** The HRA's 551 voucher Section 8 program has been in operation for over 30 years. This tenant-based program is the largest affordable housing program administered by the HRA. The program's jurisdiction is the City of Bloomington. Over 120 landlords in the City participate in this program. The waiting list is approximately 3-5 years long is closed to new applications. <https://www.bloomingtonmn.gov/cd/hra/affordable-housing>
- **Rental Homes for Future Homebuyers.** This program is designed to assist families make the transition from renting to owning their own home. The participant family rents one of 21 single-family homes from the HRA for a maximum of five years. As the family's income increases, a portion of their rent is put into escrow for use as a down payment for the purchase of their first home. The waiting list is open to new applicants with a wait time of two to three years to be served. Families must be able to pay the minimum rent of \$979 per month and have an income of at least \$25,980 annually to qualify under this program.
- **Assisted Rental Housing Program.** This program is comprised of 26 former Public Housing units that have been converted to Project-Based Section 8 Vouchers (PBV). The units include 20 single-family homes owned by the HRA and six townhome units which are privately owned. Participants are selected off the HRA's Section 8 waiting list.
- **Single-Family Housing Rehabilitation Loan Programs.** The HRA presently operates three rehab loan programs available to homeowners in the City, described below:
 - **CDBG Rehab Loan Program.** This program has been in operation for over thirty years and provides loans to about 30 homeowners per year to make needed repairs and improvements to their home. The loan maximum is \$35,000 and the interest rate is currently 2% with no monthly payments and is offered city-wide. This deferred loan is payable when the home is sold or title is transferred. The program is presently accepting applications. Income limits of 80% of AMI apply. This program is funded by the City's CDBG grant and repayments of old loans.

HOUSING PROGRAMS

- Neighborhood Loan Program. This loan program is offered city-wide and has the same loan maximum and terms of the CDBG loan program. However, the income limit for this program is 100% of AMI. The Neighborhood Loan Program is presently accepting applications and serves about 30 homeowners per year. The program is funded by the use of City and HRA levy funds.
- Curb Appeal Loan Program. The new initiative is designed for homeowners to make exterior improvements to their home that will improve the appearance of the targeted neighborhood. Eligible improvements include siding, windows, roofs and driveways. The maximum loan amount is \$10,000 and the interest rate is 0%. The 2016 target neighborhood is bound by American Blvd. on the North, Portland Ave. on the West, Old Cedar Ave. on the East and the Minnesota River on the South. Applications are being accepted for homeowners in the target area who have incomes of 100% of AMI or below. The program is funded by the use of City levy funds.
- Loan programs web page: <https://www.bloomingtonmn.gov/home-improvement-loans>
- **Home Energy Squad Enhanced.** The HRA partners with the Center for Energy and Environment (CEE) to offer the Home Energy Squad Enhanced program at a reduced cost to Bloomington homeowners. The program is for all homeowners who want to make sustainable energy improvements to their homes. At the visit, energy experts will install energy saving items such as programmable thermostats, door weather-stripping and CFL light bulbs, with a typical value of \$50. A blower door test of the home will also be completed. The test will help prioritize major energy improvements that could be done, such as adding insulation or window replacement.
<https://www.bloomingtonmn.gov/home-energy-squad-enhanced>
- **Community Development Block Grant (CDBG) Program.** The HRA administers the CDBG program on behalf of the City. The activities funded by the program include the single-family rehab loan program, Senior Community Services Household & Outdoor Maintenance for Elderly (HOME) program, West Hennepin Suburban Land Trust and fair housing activities.
- **Redevelopment Activities.** The HRA helps the city to redevelop through focused efforts and key partnerships. The most current activity is the Penn American redevelopment district. This mixed-use redevelopment of former car sales lots includes housing, grocery, retail and a hotel. Future phases of in this district could see additional rental housing, including an affordable component. The HRA typically partners with developers to complete such redevelopment projects. These efforts are funded with a variety of sources, included HRA levy funds, federal/state/county grants and loans and private financing. <https://www.bloomingtonmn.gov/bloomington-housing-and-redevelopment-authority-hra/redevelopment>

HOUSING PROGRAMS

- **Housing Improvement Area (HIA) Program.** The HIA program is a financial tool for improvements in condominiums and townhomes. Administered by the HRA, HIA's are City-funded loans that enable condo and townhome associations to complete needed improvements to common areas of their development that they are otherwise unable to finance. Funding for HIA loans is limited and will be awarded on a competitive basis. <https://www.bloomingtonmn.gov/housing-improvement-area>
- **Blighted Properties Program/Lots for Sale.** The HRA has a pool of funds available for the acquisition and demolition of substandard residential homes. Once the lot is cleared of the blighted home, the lot is then sold to a buyer for the construction of a new owner-occupied home. The HRA works closely with the Environmental Health division to identify homes for possible acquisition. <https://www.bloomingtonmn.gov/residential-lots-sale>

City of Bloomington Housing Programs/Activities:

- **Rental Housing Licensing and Inspection Program.** The rental housing inspection program consists of inspecting all registered rental dwelling units, including: single-family homes, townhouses, condominiums, duplexes, multi-family buildings, housing with services dwellings and accessory dwelling units. Environmental Health Inspectors annually inspect the interior and exterior of all registered rental dwelling units for single-family, condominium, townhome and duplex units in Bloomington. For larger properties, inspectors inspect the exteriors and common area spaces and a sample of unit interiors. They also respond to complaints concerning rental properties and systematically inspect the exterior of rental units throughout the year. Bloomington requires that every dwelling unit being rented must have a rental license prior to renting. The focus of the rental inspection program is to maintain the quality and stability of rental dwelling units which will preserve the value of land and buildings throughout Bloomington. Rental housing conditions that adversely affect or are likely to adversely affect the life, safety, general welfare and health of renters can be corrected and prevented by enforcing minimum standards in the city. <https://www.bloomingtonmn.gov/environmental-health-division/rental-housing-inspection-program>
- **Time-of-Sale (TOS) Housing Inspection Program.** The (TOS) program provides potential purchasers with information about the condition of a dwelling and requires the correction of immediate hazards. A Time-of-Sale (TOS) Housing Inspection must be completed and a Time-of-Sale (TOS) Housing Evaluation Report must be filed with the City of Bloomington for all single and two-family dwellings, condominiums, townhouses and mobile homes offered for sale. Multi-family rental buildings of four (4) or more units are not included. <https://www.bloomingtonmn.gov/building-and-inspections/time-of-sale>

HOUSING PROGRAMS

- **Home Improvement Fair.** The City hosts a Home Improvement Fair every other year, typically in February. The most recent Fair was held in 2016. The event provides guests with the opportunity to visit over 60 vendors from the home improvement industry and also attend any of the multiple how-to seminars presented throughout the day. The event in City Hall attracts over 1,500 visitors.
- **Residential Property Compliance Program.** In order to monitor neighborhood conditions and identify signs of decline in their earliest stages, the City established the Residential Property Code Compliance Program, consisting of resident complaint investigations and systematic inspections. Environmental Health conducts systematic inspections of all residential areas in Bloomington. Each property is inspected for violations of the City's Code and, if observed, orders are issued for those violations. A property that is issued orders is given a reasonable time period to comply with the orders. <https://www.bloomingtonmn.gov/residential-property-code-compliance>
- **Rental Housing Collaborative.** The Rental Housing Collaborative is a city-wide group for managers, owners and other interested persons involved with rental property. The Bloomington HRA facilitates the group with strong involvement from Bloomington Police and the City's Environmental Health Division. The group meets several times per year for presentations on a variety of topics, including legal issues, fair housing, best practices and tenant selection. It is also an opportunity for local owners/managers to network with each other and develop good working relationships with City staff. <https://www.bloomingtonmn.gov/rental-housing-collaborative>
- **Crime-Free Multi Housing.** Coordinated by the City's Police Department, The Crime Free Multi-Housing Program is a partnership between the Police Department, rental property owners and managers, and tenants. The purpose is to provide a safer living environment, and reduce crime and nuisance problems in rental properties. <https://www.bloomingtonmn.gov/police-links/programs/crime-free-multi-housing>

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 rental housing choices of 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.

Congregate (or independent living with services available) – Congregate 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. Congregate 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.

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.

HOUSING DEMAND ANALYSIS

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.

Fair Market Rent – Hennepin County 2016

| | Fair Market Rent | | | | |
|------------------|------------------|-------|---------|---------|---------|
| | EFF | 1BR | 2BR | 3BR | 4BR |
| Fair Market Rent | \$656 | \$813 | \$1,027 | \$1,444 | \$1,693 |

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

HOUSING DEMAND ANALYSIS

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.

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. Maximum Gross Rents for Hennepin County in 2016 are as follows:

Gross Rent Hennepin County – 2016

| | Maximum Gross Rent | | | | |
|----------------|--------------------|---------|---------|---------|---------|
| | EFF | 1BR | 2BR | 3BR | 4BR |
| 30% of median | \$450 | \$514 | \$579 | \$643 | \$695 |
| 50% of median | \$751 | \$857 | \$965 | \$1,072 | \$1,158 |
| 60% of median | \$901 | \$1,029 | \$1,158 | \$1,287 | \$1,390 |
| 80% of median | \$1,202 | \$1,372 | \$1,544 | \$1,716 | \$1,854 |
| 100% of median | \$1,502 | \$1,715 | \$1,930 | \$2,145 | \$2,317 |
| 120% of median | \$1,803 | \$2,058 | \$2,316 | \$2,574 | \$2,781 |

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 households formations, changes in average household size, and net 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 U.S. Department of Housing and Urban Development (HUD) to administer the 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

HOUSING DEMAND ANALYSIS

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.

| | Income Limits by Household Size | | | | | | | |
|----------------|---------------------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| | 1 pph | 2 pph | 3 pph | 4 pph | 5 pph | 6 pph | 7 pph | 8 pph |
| 30% of median | \$18,030 | \$20,580 | \$23,160 | \$25,740 | \$27,810 | \$29,850 | \$31,920 | \$33,990 |
| 50% of median | \$30,050 | \$34,300 | \$38,600 | \$42,900 | \$46,350 | \$49,750 | \$53,200 | \$56,650 |
| 60% of median | \$36,060 | \$41,160 | \$46,320 | \$51,480 | \$55,620 | \$59,700 | \$63,840 | \$67,980 |
| 80% of median | \$48,080 | \$54,880 | \$61,760 | \$68,640 | \$74,160 | \$79,600 | \$85,120 | \$90,640 |
| 100% of median | \$60,100 | \$68,600 | \$77,200 | \$85,800 | \$92,700 | \$99,500 | \$106,400 | \$113,300 |
| 120% of median | \$72,120 | \$82,320 | \$92,640 | \$102,960 | \$111,240 | \$119,400 | \$127,680 | \$135,960 |

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.

HOUSING DEMAND ANALYSIS

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

HOUSING DEMAND ANALYSIS

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, Congregate, 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.

HOUSING DEMAND ANALYSIS

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 80% 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