

To: Goodhue County EDA Commissioners & Staff

From: Ron Zeigler & Laura Qualey, CEDA

RE: County-wide Housing Study

Date: September 25, 2024

Background:

In 2020, Goodhue County approved the Comprehensive Housing Needs Analysis that was conducted by Maxfield Research and Consulting, LLC. Coincidentally, this analysis was released at the time when the COVID-19 pandemic was in full swing and the information in the Study quickly changed the dynamics of housing which makes our previous study less reliable and relevant. Below are some reasons as to why updating the Housing Study is necessary for our communities in Goodhue County:

1. Work-from-Home Shift:

- **Remote Work Flexibility:** Many people shifted to remote work, making proximity to urban job centers less crucial. As a result, demand for homes in suburban, rural, and lower-cost areas surged, something not anticipated by pre-pandemic housing studies.
- **Changing Housing Preferences:** With remote work, people began prioritizing homes with office space and larger living areas, leading to increased demand for larger homes in different locations, often outside of city centers.

2. Housing Supply Chain Disruptions:

- **Construction Delays:** Lockdowns and supply chain issues delayed construction projects, reducing housing supply and inflating prices in ways not factored into earlier housing studies.
- **Rising Material Costs:** Building materials like lumber and steel saw sharp price increases during the pandemic, making new construction more expensive and driving up overall housing costs.

3. Urban to Suburban/Rural Migration:

- **Exodus from Cities:** The pandemic accelerated migration from dense urban areas to suburban or rural areas as people sought more space and lower costs, something not predicted in earlier studies, which assumed steady urban growth.
- **Declining Demand in Cities:** Housing studies conducted before the pandemic often assumed high demand for city housing, which declined as people moved out of cities due to remote work and health concerns.

4. Increased Housing Costs:

- **Soaring Property Prices:** The combination of low mortgage rates, remote work flexibility, and heightened demand for suburban and rural homes led to a spike in home prices, making prior affordability models outdated.

- **Rent Changes:** Some areas saw rental prices drop, especially in urban centers, while others experienced skyrocketing rents in suburbs, upending previous assumptions about rent growth patterns.

5. Shifts in Housing Policy:

- **Eviction Moratoriums:** Temporary policies like eviction moratoriums and rental assistance disrupted normal housing market behavior, something pre-pandemic studies did not account for.
- **Government Intervention:** Stimulus payments and housing assistance measures influenced buyer and renter behaviors in ways not considered in earlier studies, affecting both supply and demand dynamics.

These changes resulted in housing markets behaving unpredictably compared to pre-pandemic projections, rendering many older studies outdated. Also, there have been multiple market rate apartment buildings built in Zumbrota, Cannon Falls and Red Wing (which filled up within a few months of opening), which begs the question, 'where did they come from?' If they came from within the County, what is the current status of housing inventory for single family homes; is there a need for additional apartments; what is the need for senior living facilities and new housing developments.

CEDA Team Member Laura Qualey serving as the City of Cannon Falls EDA staff has had a preliminary discussion with representatives of other cities within the County with interest being shown to have an updated study to provide developers and builders. Qualey has also uncovered a [Housing Opportunity Grant](#) through the National Realtor Association that could award up to \$25,500 toward the cost of the study as well as leveraging the [Compeer Financial Rural Feasibility Grant](#) which could also add an additional \$5000 to the funds; both do not require any matching funding requirements.

Recommendation: It is recommended by staff to direct staff to apply for the National Realtor Housing Opportunity Grant, the Compeer Financial Rural Feasibility Study and work with the community leaders to get their commitment and based on the outcome, proceed with retaining the services of Maxfield Research and Consulting (or other such organization) to update the County-wide study.

Action required: If the Board wishes to accept the recommendation, it would be appropriate to pass a motion directing staff to complete the application to NAR and Compeer regards to a county-wide housing study.

Please feel free to forward any questions that you may have so that we can provide the answers to you.

Updated Housing Study for Goodhue County?

Laura Qualey <laura.qualey@cedausa.com>

Tue, Sep 24, 2024 at 4:01 PM

To: Kurt Meister <kurt.meister@cedausa.com>, Mitch Massman <Mitch.Massman@cedausa.com>, Todd Kieffer <todd.kieffer@cedausa.com>, Michael Boulton <Cityadministrator@cityofwanamingo.com>, Elizabeth Howard <elizabeth.howard@ci.pineisland.mn.us>

Hi folks!

I spoke with Scott Arneson at the County to see what the process would be in order to get the County Housing study updated. Before I reach out to get a quote, I need to ask if your community is interested in having more relevant housing info? Red Wing is having a comprehensive housing study done for their city separately and plan on proceeding with that regardless of if there is a County study done; however I think having an updated study would be beneficial to all of our communities. Thoughts? If you are interested in pursuing this I can bring it to the County Commissioner's Board meeting next week with some of the information and grant opportunities I've uncovered that can assist in covering a majority of the costs.

I have to draft a memo with some information by tomorrow afternoon if we want to proceed with this project; you would all have the ability to ask your council about their desire to participate/share costs before I have to submit for one of the grants in mid-October. There is the Compeer Rural Feasibility Grant that is \$5000 your community could apply for to cover some of the costs too.

What are your initial thoughts? Could you pass this by your EDA/Council to get their temperature on it? Thanks.



Laura Qualey

Community & Business Development Specialist

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 **Costs Goodhue County Housing study.xlsx**
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Updated Housing Study for Goodhue County?

Laura Qualey <laura.qualey@cedausa.com>

Wed, Sep 25, 2024 at 4:32 PM

To: meganwenkersmith@gmail.com, bgrudem@ci.zumbrota.mn.us, mayor@goodhueci.mn.us, Neil Jensen <njensen@cannonfallsmn.gov>, jflaten19@gmail.com, clerk <clerk@cityofdennisonmn.com>, Lori Agre <cityclerk@cityofgoodhue.com>, Bellechester City Clerk <bellechester@sleepyeyetel.net>

Hi folks!

I spoke with Administrator Scott Arneson at the County to see what the process would be in order to get the County Housing study updated. Before I reach out to get a quote, I need to ask if your community is interested in having more relevant housing info? Red Wing is having a comprehensive housing study done for their city separately and plan on proceeding with that regardless of if there is a County study done; however I think having an updated study would be beneficial to all of our communities. If you are interested in pursuing this I plan on bringing it to the County Commissioner's Board meeting next week with some of the information and grant opportunities I've uncovered that can assist in covering a majority of the costs.

I apologize for this coming with such short notice, but it was one of those grants that I came across that (if successful) would all have the ability to cover up to \$25,500 of the cost of the study. In 2019, the total cost was about \$30,000 and the County covered half of it and the remainder was split amongst the cities/towns. *I have attached the costs to your community from the last study as a reference.* This would GREATLY reduce the amount that you were responsible for during the last round, but there may still be some participation costs. So, would you please ask your council about their desire to participate/share costs before I have to submit for one of the grants in mid-October. There is the Compeer Rural Feasibility Grant that is \$5000 your community could apply for to cover some of the costs too.

What are your initial thoughts? Could you pass this by your EDA/Council to get their temperature on it? I will be submitting a memo to the Commissioners so it gets on the agenda for next week, but I will not proceed with writing the grant until I know your level of interest. The grant will need to be submitted by October 15th, hence the hurried request from you.

Regards,

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Costs Goodhue County Housing study.xlsx

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