



NORWOOD YOUNG AMERICA ECONOMIC DEVELOPMENT COMMISSION

Wednesday, July 10, 2024 - 6:00pm

City Hall Council Chambers, 310 Elm Street West

AGENDA

1. **Call to Order**
 - A. Pledge of Allegiance
2. **Adoption of Agenda**
3. **Approve Minutes**
 - A. April 10, 2024, EDC meeting
4. **Introductions, Presentations, and Public Comment**

(Citizens may address the Economic Development Commission about any non-agenda item of concern. Speakers must state their name, address, and limit their remarks to three minutes. The Economic Development Commission will take no official action on these items but may refer the matter to staff for a future report or direct that the matter be scheduled for a future meeting.)
5. **Business**
 - A. WSB Housing Study Update
 - B. Carver County CDA - Maxfield Housing Study
 - C. Small Business Seminar Wrap Up
 - C. Tacoma West Industrial Park Phase 2 Update
 - D. Metropolitan Council Update
 - E. NYA Manufacturer Today Event - October 25, 2024
6. **Chamber of Commerce Update**
7. **City Council & Other Commission Updates**
8. **Upcoming Meetings** - Next EDC meeting - 6:00 p.m., August 14, 2024
9. **Adjournment**

July 16 th	Park and Rec Commission Meeting	5:30 PM
July 18 th	Sr. Advisory	9:00 AM
July 22 nd	Workshop/EDA/City Council Meeting	5:00 PM/6:00 PM
August 6 th	Planning Commission Meeting	6:00 PM
August 6 th	National Night Out	6:00-7:30 PM Legion Park/Pool Park
August 9 th	West Carver Community Pool	Last day of the 2024 season
August 12 th	City Council Meeting	6:00 PM
August 13 th	Primary Elections	7:00 AM – 8:00 PM (City Hall-Council Chambers)

Carol Lagergren

Mike McPadden

Andrea Gerth

Mike Eggers

Dan Traxler

Open Seat

Open Seat

NYA Chamber Liaison

August 14 th	NYA Food Distribution	12:30-1:30 PM
August 14 th	EDC Meeting	6:00 PM
August 15 th	Sr. Advisory	9:00 AM
August 20 th	Park and Rec Commission Meeting	5:30 PM
August 22 nd -25 th	Stiftungsfest	Willkommen Park (See schedule for times)
August 26 th	Workshop/EDA/City Council Meeting	5:00 PM/6:00 PM

NORWOOD YOUNG AMERICA ECONOMIC DEVELOPMENT COMMISSION

Wednesday, April 10, 2024 - 6:00pm

City Hall Council Chambers, 310 Elm Street West

Minutes

In Attendance: Carol Lagergren, Mike McPadden, Andrea Gerth, Dan Traxler

Absent: Chamber Representative, Mike Eggers

Staff: CEDD Karen Hallquist

Guest: none

1. Call to Order

Chair Lagergren called the meeting to order at 6:00pm.

A. Pledge of Allegiance

2. Adoption of Agenda

Motion: MM/AG to approve the agenda. Motion passed 3-0.

3. Oath of Office – Dan Traxler

- Commissioner Traxler read the Oath of Office

4. Approve Minutes

A. March 13, 2023, EDC meeting

Motion: MM/AG to approve the minutes as presented. Motion passed 4-0.

5. Introductions, Presentations, and Public Comment - None

6. Old Business/Update

A. Housing Study Update

Staff is awaiting the updated housing study.

B. Small Business Seminar

Hallquist shared that everything is set for the event. The business panel will be Emilee Metcalf from ProAuto, Janelle Wilkens from OnPoint Nutrition, and Sandi Harms from Northside Grill.

C. Tacoma West Industrial Park Phase 2

Hallquist shared the following updates:

- The City of NYA was awarded the \$100,000 Carver Co CDA DGPI Development Grant toward the infrastructure costs.
- Northwest Asphalt won the bid for the project – the goal is to start end of May/early June.
- There is no word yet on the status of the MVE/USDA loan application.
- There are businesses interested in land.

D. Site Selection March 2024

Included in the packet was the MN section of the Site Selection march 2024 magazine which included the ad for TWIP2.

E. Carver County CDA DGPI Development Grant

With City Council approval, staff submitted a Development grant application to the Carver County CDA with the requesting amount of financial support of \$100,000 for the Tacoma West Industrial Park Phase 2 Infrastructure Project. Carver County CDA Board will hear application requests at their March meeting. The City will be notified of the status of selected recipients by April.

7. Chamber of Commerce Update

McPadden shared that Springfest Artisan Fair is coming up on Saturday, June 1, 2024. The Chamber is looking for additional vendors.

8. City Council & Other Commission Updates

City Council – CL

- Railroad Street project will start soon.
- 2025 project is 4th Ave/4th Street areas.
- The Arbor Day event is on Thursday, May 30th at 9am at Prairie Dawn Park.

DL shared that the 110th Anniversary of Citizens State Bank will be on Wed, June 12th.

9. Upcoming Meetings - Next EDC meeting – 6:00 p.m., June 12, 2024.

10. Adjournment

Motion: MM/AG to adjourn at 6:48pm. Motion passed 4-0.

Respectfully submitted,

Karen Hallquist, Community & Economic Development Director



TO: Economic Development Commission

FROM: Karen Hallquist, Community & Economic Development Director

DATE: July 10, 2024

SUBJECT: Business/Updates

7.A Housing Study

WSB has submitted a draft copy of the City of NYA Housing Analysis. Commissioners are asked to read this in preparation for the meeting discussion.

7.B Carver County CDA – Maxfield Housing Study

Carver County CDA contracted Maxfield Research & Consulting to conduct a “Comprehensive Housing Needs Analysis for Carver County, MN.” The study – 336 pages – is available on the following link:

<https://www.carvercda.org/news/p/item/57180/2024-comprehensive-housing-needs-analysis-for-carver-county>

Norwood Young America is paired with the City of Hamburg for the study. The community is found to be very favorable for all lifecycle, affordable, and market-rate housing. Included in the packet is an article in the Thursday, July 4, 2024, edition of The Patriot about the CDA housing study.

7.C Small Business Seminar – Wed, May 8th

Participants were pleased with the information presented by OrangeBall Creative and the panel of business owners from the NYA area. Next year’s Small Business Week event will be the week of May 5th. Staff was informed of a Small Business Resource Fair hosted by the City of Farmington this coming month. A forum such as this could be considered for a future event.

Small Business Resource Fair



Tuesday, July 16
8 am to 10:30 am
City Hall Commons Area

Agenda:

- 8 am to 8:30 am: Check in, drinks, coffee, and networking
- 8:30 am to 9:30 am: Introductions from the exhibitors
- 9:30 am to 10:30 am: Network with the exhibitors and other small business owners

Rooms for private conversations will be available in City Hall

All Farmington small businesses are invited to attend!

UNEXPECTEDLY BOLD

To ensure ample space and refreshments - please RSVP to Stephanie at ASaman@FarmingtonMN.gov or call 651-280-6823

7.D Tacoma West Industrial Park Phase 2

Staff will share the following updates at the meeting:

- MVE/USDA loan application details and timeline
- Construction timeline
- Business updates
- Marketing efforts

7.D Metropolitan Council Update

Included in the packet is the latest 2023 Annual Population Estimate for the City of Norwood Young America from the Met Council. According to their data, NYA's population estimate as of April of 2023 is 4,092.

7.E NYA Manufacturer Today Event – October 25, 2024

The last Central Trades & Advisory Group meeting was in May. It was decided at that time to choose Friday, October 25, 2024, as the 2024 event day. The forum of the event continues to be good; however, it was discussed to allow other businesses to participate this year. More details to follow.



CITY OF NORWOOD YOUNG AMERICA



Housing Analysis

CITY OF NORWOOD
YOUNG AMERICA, 310
Elm St W, MN 55368

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Executive Summary

Housing is a critical component of all communities. Housing quality, availability, affordability, and variety enhance the quality of life, support economic development, and contribute to a community's sense of place.

This housing analysis focuses on the current market conditions in Norwood Young America, the identified market study area for housing, and the projected need for future housing opportunities. This housing review has resulted in several observations that should be included in planning for the future growth of Norwood Young America and intended land uses associated with that growth. The findings identified below will help Norwood Young America in determining the best course of action for meeting the needs of the community. However, it should be remembered that the information that is provided in the study, observations, and recommendations are a snapshot in time and market conditions (interest rates, unemployment rates, inflationary pressures) will require Norwood Young America to adjust implementation of the study over time. The following summarizes the findings and recommendation of this study.

Key Findings

- Norwood Young America's population rate of growth has slowed, much like the surrounding area.
- Norwood Young America's population is aging, driving a greater potential demand for senior housing opportunities.
- Housing affordability in Norwood Young America is limited due to lack of new affordable residential development. Meaning, that a substantial portion of Norwood Young America residents are experiencing a higher housing cost burden.
- Rent within Norwood Young America accounts for a higher portion of resident's income than the market study area.
- Housing values in Norwood Young America are, on average, lower than the greater market study area.
- Market constraints and to a lesser degree development fees, are restricting developer interest in proposing new housing projects in Norwood Young America.
- The availability of lifecycle housing opportunities is limited in Norwood Young America, which may lead to residents moving to other communities as their housing desires evolve throughout their lives.
- Norwood-Young America is a bedroom community that exports three times the number of workers than it attracts on a daily basis.

Recommendations

- Norwood Young America should identify and promote sites or areas for development within the community to encourage the construction of affordable, reasonably priced housing.
- The continued growth of Norwood Young America, particularly by young adults, may benefit from the creation of programs to encourage younger homeowners and families to live in the community.
- The creation of additional life-cycle housing opportunities to retain current residents as they age and to maintain those that commute out of the community for employment opportunities.
- The city should seek out federal, state, and county resources to encourage affordable housing development.

Introduction

The City of Norwood Young America is a small community in Carver County, Minnesota that is located to the south-west of the Minneapolis-St. Paul metropolitan statistical area (MSA). Prior to their merger, Norwood Young America was two cities, Norwood, and Young America. Norwood was platted in 1856 with Young America being platted in 1872. Throughout most of their history, Norwood and Young America principally served as centers of a rural farming community. Growth in the two communities were spurred by the extension of the railroad in 1872, resulting in the attraction of new businesses. The Chamber of Commerce and the West Carver Partnership reintroduced the idea of a merger in 1992, which set in motion the merging of the two cities in 1997 to form the new city of Norwood Young America.

Norwood Young America is a desirable place to live. According to AreaVibes, Norwood Young America has a livability score of 85/100, which is considered exceptional. Determining factors in the scoring include housing value, cost of living, amenities, school district scoring, crime, and user ratings. These factors play into the location choices of people moving into the area; however, as indicated in this report, availability of housing choices is limited in Norwood Young America.

The purpose of this housing study is to help Norwood Young America better understand demographic trends, issues, and opportunities that impact its housing market and how the city can meet future housing needs. The scope of the study includes an overview of demographic and economic trends in Norwood Young America, neighboring communities, and Carver County. The study also includes review of the existing housing stock, the competitive market area for housing, and identification of sites that may be appropriate to fill future housing needs. It should be noted that the findings presented in this report should not be used to determine the market feasibility of any single development or project; rather, it is designed to be a broad analysis of the entire Norwood Young America housing market and is intended to guide planning efforts, especially as they relate to future land development.

Market Study Area

The WSB team identified the market study area based on geographic and man-made boundaries, community orientation, and our knowledge of the area. Considering these factors, we determined an overall market study area that includes the City of Norwood Young America and a market area that includes the neighboring cities of Cologne, Mayer, Watertown, Carver, Glencoe, Waconia and the townships of Young America, Helen, Camden, and Benton. In addition, Carver County is included in the demographic analysis as a point of reference. Though outside the scope of this report, it is important to note that changes in population, available housing stock, and other development activities in neighboring communities will affect Norwood Young America's housing market.

**FIGURE 1: CITY OF NORWOOD
YOUNG AMERICA**

Source: Esri Business Analyst



Demographic Analysis

This section looks at the demographic characteristics of Norwood Young America and the residential market area. This study contains data from both primary and secondary research. Primary research includes interviews with local officials, developers, and the real estate community. Secondary research data includes data from the US Census, American Community Survey (ACS), Department of Employment and Economic Development, and Esri Business Analyst. Secondary research is always used as a basis for analysis and is carefully reviewed along with other factors that may impact projections.

Population Trends and Projections

In 2010, the U.S. Census reported Norwood Young America's population as 3,580. This number increased to 3,863 by the 2020 Census. The Department of Employment and Economic Development 2022 population estimate is 4,008 and it is projected to increase to 4,014 by 2028 which is a 0.14% percent increase over that five-year period. Compared to other cities and townships within the market area, Norwood Young America's growth rate was generally higher during the past two decades, growing 7.91% between 2010 and 2020 as the city added 283 residents. However, the City's growth rate is expected to slow over the next five years which is a trend occurring in much of Minnesota. Norwood Young America is projected to grow at a slower rate over the next half-decade while other comparison communities' populations are projected to decrease in the same timeframe. Within Carver County it is projected that more growth will occur in the eastern part of the county, which is to be expected given its location closer to the Minneapolis St Paul Metro Area. In summary, it is assumed that Norwood Young America will continue to experience steady reasonable growth and is attracting a population that is looking for a semi-rural or suburban experience at a lower price point than that found within the Metro Area. Carver County is projected to grow at a 4.54% rate, with the City of Mayer driving most of this growth at a 35.95% rate. With this anticipated population growth, an increased and diversified housing stock will be needed to enable the city to meet the demand. *Table 1* provides the population trends across the market area.

TABLE 1: PROJECTED POPULATION TRENDS						
Area	Populations		Projections		Percentage Increase	
	2010	2020	2023	2028	2010-2020	2022-2027
Norwood Young America	3,580	3,863	4,008	4,014	7.91%	0.14%
Carver County	91,039	106,922	110,136	115,146	17.45%	4.54%
Cologne	1,597	2,047	2,062	2,357	1.47%	14.30%
Mayer	1,857	2,453	2,542	3,456	32.09%	35.95%
Watertown	4,246	4,659	4,848	5,318	2.08%	9.69%
Carver City	3,994	5,241	6,371	6,926	31.22%	8.71%
Glencoe	5,684	5,744	5,832	5,555	1.06%	-2.13%
Helen Township	830	833	843	796	0.36%	-2.57%
Camden Township	919	924	912	881	0.5%	-3.39%
Benton Township	711	753	748	846	5.91%	2.49%
Waconia	11,055	13,036	13,593	13,161	17.92%	-3.18%
Young America Township	650	683	693	711	5.08%	2.59%
Sources: U.S. Census Bureau 2000, 2010, 2020 decennial Census; Esri forecasts for 2022 and 2028						

	Populations	Projections	Percentage Increase
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Area	2010	2020	2022	2027	2010-2020	2022-2027
Norwood Young America	3,580	3,863	3,947	4,014	7.91%	1.70%
Hutchinson	14,169	14,504	14,803	15,053	2.36%	1.69%
Carver County	91,039	106,922	110,426	115,146	17.45%	4.27%
Glencoe	5,684	5,744	5,640	5,520	1.06%	-2.13%
Helen Township	830	833	817	796	0.36%	-2.57%
Glencoe Township	515	514	504	494	-0.19%	-1.98%
Waconia	11,055	13,036	13,151	13,161	17.92%	0.08%
Norwood Young America Township	650	683	694	711	5.08%	2.39%
Sources: U.S. Census Bureau 2000, 2010, 2020 decennial Census; ersi forecasts for 2022 and 2027						

While population projections are an effective planning tool when used correctly, their accuracy is dependent on several factors including assumptions for birth and death rates, migration, and economic conditions. Assumptions are based on past trends and the best information available at the time; but assumptions do not always remain true and unexpected changes can and do occur. Therefore, Norwood Young America should use the population projections presented in this study as a general guide and not as an absolute certainty. Moreover, the City should periodically review and update the population projections based upon new economic and development conditions.

Age Distribution

In addition to knowing how many people currently live and are projected to live in Norwood Young America, an understanding of the population's age composition will help the city plan for and provide necessary and desired housing types and community services for its residents.

According to Esri estimates, the current median age in Norwood Young America is 36.4 years compared to Carver County at 36.2 years and the State of Minnesota at 40.3 years. This younger population, if invested in and built around, will provide a long-term housing and community growth opportunity. *Table 2* provides an overview of the age composition of Norwood Young America residents and the projected changes between 2022 and 2027. Today, most of the population is between the ages of 25 and 64, with the largest cohort at 35 to 44 with 564 people (14.3% of the city's population). This age group is reaching their highest earning potential, resulting in the ability to provide significant positive influence in the city. Another issue raised by the table below is that the population cohorts are not evenly distributed throughout the community's population. This may mean that residents need to move out of the community to find the type of housing, employment, or amenities they are looking for. For example, looking at the drop in population between the 70 to 84 cohort and the over 85 group, some of the difference in population size is most likely caused by elderly moving out of town to assisted living arrangements.

By 2028, there is an anticipated decline in the 55 to 64 and 85+ age groups, with a gradual increase in all other age groups equaling an overall increase of 70 residents. This is natural and a part of the housing cycle, the decline in the 55 to 64 age group is due to this group approaching retirement and making several lifestyle changes, including moving to new places. But this creates opportunities for the city.

TABLE 2: CITY OF NORWOOD YOUNG AMERICA PROJECTED AGE TRENDS						
Age	2023		2028		Change from 2023-2028	
	Number	Percent	Number	Percent	Number	Percent
Under 5 years	252	6.4%	263	6.6%	11	0.20%
5 to 9	267	6.8%	279	7.0%	12	0.20%
10 to 14	283	7.2%	283	7.1%	17	0.30%
15 to 24	421	10.7%	431	10.8%	10	0.10%
25 to 34	515	13.1%	503	12.6%	(12)	-0.50%
35 to 44	579	14.7%	603	15.1%	24	0.40%
45 to 54	448	11.4%	459	11.5%	11	0.10%
55 to 64	532	13.5%	439	11.0%	(93)	-2.50%
65 to 74	397	10.1%	420	10.5%	23	0.40%
75 to 84	153	3.9%	227	5.7%	74	1.80%
85+	83	2.1%	80	2.0%	(3)	-0.10%
Source: Esri forecasts for 2023 and 2028						



Most communities are seeing an increase in the overall age of their residents, making it important to plan housing development with an aging population in mind. According to the Urban Institute, one in six people in the United States is an older adult (age 62 or older), and one in four adults have a disability. Both groups face unique housing challenges, including affordability and a housing stock that lacks accessibility features.

According to the 2022 AARP *Home and Community Preferences Survey*, 77% of adults aged 50 and older want to remain in their homes for the long term – a number that has been consistent for more than a decade. For some adults, though, aging in place is not a desirable or viable option. Some older adults are seeking less maintenance, fewer stairs, and downsizing, the houses they leave behind will contribute to the city housing stock and allow for new families or families that want to move through the housing cycle realize these goals.

Household Income

According to Esri data derived from the ACS, the 2023 median household income in Norwood Young America is \$68,633 which is down from 2022 Median Household Income of \$75,905. The median 2023 home value is \$316,379 which is up from \$271,447 in 2022. Median household income refers to the income level earned by a given household where half of the households in the geographic area earn more and half earn less. The average household income in Norwood Young America is \$88,474. Average household income is the income that all households would have if the total income of all households combined was equally distributed among all households. Because the average household income is greater than the median household income, there is income concentrated in wealthier households. In this situation, median income provides a more accurate estimate of the income available to a majority of households since its value is not affected by either very low or very high-income outliers.

Table 3 indicates household income in Norwood Young America in 2023 and forecasts out to 2028. A majority of households fall within the \$50,000 to \$149,999 income brackets. Looking forward to 2028, the number of households making \$50,000 or more will increase, coinciding with a nearly 16% total decrease of households making less than \$50,000. This points to an increasingly wealthy population in Norwood Young America, which may increase demand for more expensive housing opportunities. This increased income will also help make homes more affordable. However, it is forecast that two thirds of the households will continue to have an income under \$100,000 with 49% having an income under \$75,000.

TABLE 3: NORWOOD YOUNG AMERICA HOUSEHOLDS BY INCOME				
	2023		Projected 2027	
Average Household Income	\$85,477		\$99,795	
Median Household Income	\$68,633		\$78,834	
	Number	Percent	Number	Percent
Less than \$15,000	56	3.5%	50	3.1%
\$15,000 to \$24,999	100	6.2%	74	4.5%
\$25,000 to \$34,999	137	8.6%	119	7.3%
\$35,000 to \$49,999	190	11.9%	175	10.7%
\$50,000 to \$74,999	389	24.3%	363	22.2%
\$75,000 to \$99,999	235	14.7%	195	11.9%
\$100,000 to \$149,999	294	18.4%	347	21.2%
\$150,000 to \$199,999	178	11.1%	287	17.5%
\$200,000+	22	1.4%	27	1.6%
Source: Esri forecasts for 2023 and 2028				

Affordable housing is important for the growth and attractiveness of individual communities. When discussing affordable housing in this report, we mean the provision of housing where residents pay 30% of their gross income on housing costs. We do not necessarily mean “affordable housing”, such as subsidized housing that may be income restricted. Most likely both “affordable housing options” are needed in the community as the price of construction, land, labor, and materials continues to rise making it harder for families to find reasonable housing for a reasonable price. It is still possible to provide market rate affordable housing to residents who may only spend 30% of their income on housing, depending upon their household incomes. More and more, especially for lower income households, government intervention is needed to provide financially reasonable housing alternatives.

The City of Norwood Young America currently has a Housing Affordability rating of 124 based on Esri data. The Housing Affordability Index is based on a value of 100 which represents an area where the median income is sufficient to qualify for a loan on a home valued at the median home price and the owner would not be cost burdened. Values greater than 100 indicate greater affordability. These numbers are based on the median values (household income, home values, credit scores, downpayment, and monthly debt levels) and may not reflect the affordability of housing to all income groups.

The city’s household income data can be used to further evaluate housing affordability in Norwood Young America. Using household income to determine affordability means that after paying housing costs, an individual should have enough money for necessities like food, health care, and transportation. The US Department of Housing and Urban Development (HUD) defines affordable housing as housing (for rent or mortgage payments) where the renter/homeowner is paying no more than 30% of their gross household income for gross housing costs.

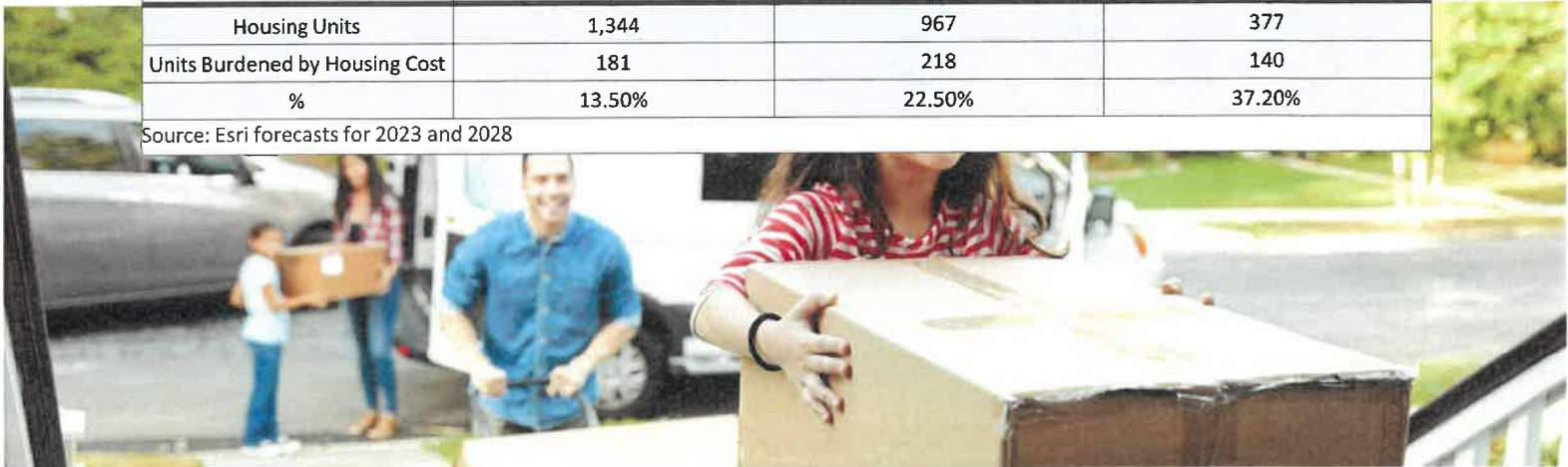
Using Norwood Young America’s median income of \$68,633 a household should spend less than \$1,715.83 per month (PITI) on housing. When considering affordability, this would equate to a home valued at \$253,925, based current interest rates. Understanding the dynamics of housing affordability in Norwood Young America, *Table 4* summarizes the monthly income of Norwood Young America households and the percentage of housing costs as it relates to their income. In this exercise over 13 percent

of households in Norwood Young America spend more than 30% of their income on housing. However, rental households are almost three times more likely to pay more than 30% of their income on housing costs resulting in housing meaning that the residents are being “cost burdened.” Also shown, those earning less than \$35,000 suffer from a lack of affordable housing opportunities. This clearly indicates that there is a shortage of units charging \$500 and \$900 per month in rent. This is not a Norwood Young America issue but is common in almost all communities across Minnesota. Meeting this low-cost need will require that both developers and cities reduce the cost of developing new residential units.

**TABLE 4: MONTHLY HOUSING COST AS PERCENTAGE OF HOUSEHOLD INCOME
(NORWOOD YOUNG AMERICA)**

Annual Income	Occupied Housing Units		Owner-Occupied Units		Renter-Occupied Units	
	Number	Percent	Number	Percent	Number	Percent
Less than \$20,000	35	2.6%	90	6.7%	35	2.6%
Less than 20%	21	1.5%	64	4.8%	12	0.88%
20 to 29%	9	0.6%	5	0.4%	9	0.69%
30% or more	5	0.4%	20	1.5%	13	0.97%
\$20,000 to \$34,999	147	10.9%	106	7.9%	41	3.07%
Less than 20%	86	6.4%	76	5.6%	14	1.04%
20 to 29%	36	2.7%	6	0.5%	11	0.81%
30% or more	21	1.6%	24	1.8%	15	1.14%
\$35,000 to \$49,999	152	11.3%	109	8.1%	43	3.17%
Less than 20%	89	6.6%	78	5.8%	14	1.08%
20 to 29%	38	2.8%	7	0.5%	11	0.84%
30% or more	22	1.6%	25	1.8%	16	1.18%
\$50,000 to \$74,999	296	22.0%	213	15.8%	83	6.18%
Less than 20%	174	12.9%	152	11.3%	28	2.09%
20 to 29%	73	5.5%	13	1.0%	22	1.63%
30% or more	43	3.2%	48	3.6%	31	2.30%
\$75,000 or more	624	46.4%	449	33.4%	175	13.02%
Less than 20%	366	27.2%	321	23.9%	59	4.41%
20 to 29%	155	11.5%	27	2.0%	46	3.44%
30% or more	90	6.7%	101	7.5%	65	4.84%
Housing Units	1,344		967		377	
Units Burdened by Housing Cost	181		218		140	
%	13.50%		22.50%		37.20%	

Source: Esri forecasts for 2023 and 2028



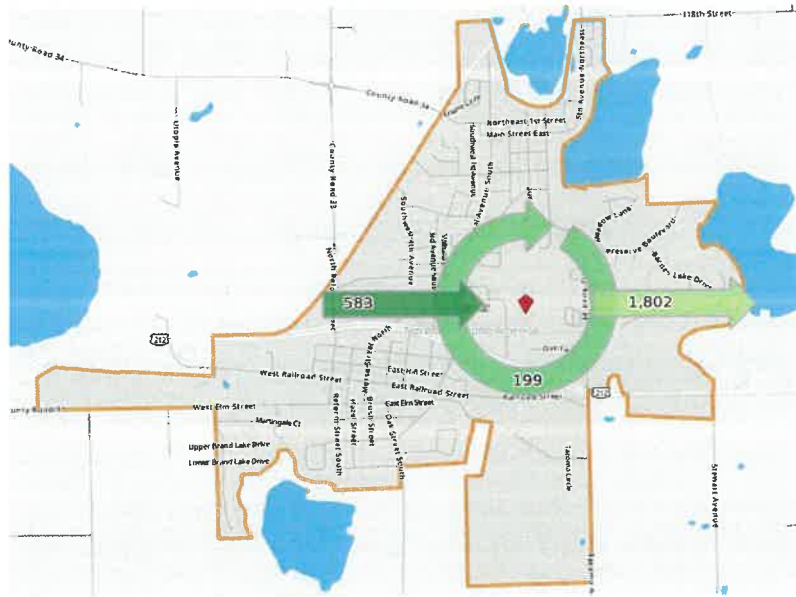
As shown in *Table 5*, the average and median gross rents for Norwood Young America are \$1,007 and \$1,210, respectively. Using the HUD definition of 30% of the household income to determine affordability, a household would need to make between \$40,280 (average rent) and \$48,400 (median rent) to be qualified as affordable. The use of the median rent will allow for a true picture of rent affordability as the extremes of the rents are cancelled out. When compared to *Table 4 – Annual Household Income and Housing Costs* 19.2% of the households make less than \$35,000 indicating a significant need for additional affordable housing in Norwood Young America. This is common in Minnesota and the especially evident in the MPLS/St. Paul MSA creating a significant problem for the residents finding affordable housing.

Table 5 - Renter Occupied Units by Gross Rent also breaks down the number of units and the monthly rent associated with those units. In Norwood Young America, 75% of the units rent for more than \$900 per month compared to 32% of the units in Carver County renting for more than \$900 per month. In Carver County, 51% of rental units have monthly rent between \$500 and \$899 per month resulting in more opportunities for rental housing being affordable in the County than in Norwood Young America. This number could include a number of units that are located in single-family homes and other non-traditional units resulting in a lower rental point. Future attraction of new residents, including those that need lower rents may ultimately allows Norwood Young America to have a stronger local economy by adding workers of all pay ranges and increasing population growth. Norwood Young America will need to balance the development of new rental units with both market rate and subsidized or rent restricted units to better reflect the dynamics of the County with a balanced unit inventory.

TABLE 5: RENTER OCCUPIED UNITS BY GROSS RENT				
	Norwood Young America		Carver County	
Average Gross Rent	\$1,007.00		\$1,343.00	
Median Gross Rent	\$1,210.00		\$1,242.00	
	Number	Percent	Number	Percent
Less than \$100	0	0.0%	0	0.0%
\$100 to \$249	0	0.0%	52	1.5%
\$250 to \$499	0	0.0%	386	11.3%
\$500 to \$699	42	11.1%	796	23.3%
\$700 to \$799	15	4.0%	609	17.8%
\$800 to \$899	36	9.5%	351	10.3%
\$900 to \$999	93	24.7%	306	8.9%
\$1,000 to \$1,249	93	24.7%	498	14.6%
\$1,250 to \$1,499	12	3.2%	152	4.4%
\$1500+	86	22.8%	156	4.6%
No Data	0	0.0%	116	3.4%
Total	377	100.0%	3,422	100%

Source: ACS 2016-2020 Estimate

INFLOW VERSUS OUTFLOW



Commuting Characteristics

Analyzing commuting characteristics illustrate the overall resident retention that Norwood Young America holds within the market area. Meaning, how employees both work and live in Norwood Young America, and how many either live in Norwood Young America and commute to other nearby areas or work in Norwood Young America and live elsewhere. Looking at *Table 6*, Norwood Young America has a retention rate of over 9.9%, meaning that the city currently has a little over 2,000 working residents, and 199 of those people also work in Norwood Young America. This retention rate is generally higher than the other comparison cities, however most of the comparison cities are like Norwood Young America and are bedroom communities. Cities that retain a greater number of residents are employment centers (Glencoe and Waconia) that have a larger commercial /industrial tax base. This figure highlights a potential for growth in Norwood Young America of the employment base allowing residents to live and work in the community. The greater retention of these residents will allow for the local businesses to retain a greater percentage of retail expenditure, benefiting the local economy.

TABLE 6. EMPLOYMENT INFLOW AND OUTFLOW JOB COUNTS

	Work in City, Live Outside	Live in City, Work Outside	Work and Live in City	Retention
Norwood Young America	583	1,802	199	9.9%
Carver County	22,281	39,238	12,642	24.4%
Cologne	396	1,092	55	4.8%
Mayer	150	1,309	15	1.1%
Watertown	428	2,257	153	6.3%
Carver City	463	3,015	59	1.9%
Glencoe	2,417	2,044	823	28.7%
Helen Township	152	371	6	1.59%
Camden Township	114	446	5	1.11%
Benton Township	425	419	7	1.64%
Waconia	4,131	5,316	1,233	18.8%
Young America Township	15	547	109	16.6%

Source: US Census On the Map Tool

Housing Characteristics

This section examines owner and renter-occupied housing stock, occupancy, and affordability for Norwood Young America and the market study area. Included as part of the analysis are single-family home resale trends, single family lot listings, interviews with local real estate professionals and others involved in the local housing market to gain their feedback on existing market conditions and trends.

Existing Housing Stock

In the 2020 Census, 1,433 total housing units were counted in Norwood Young America. The majority of those (77%) were single-family (attached/ detached), which is a lower percentage than Carver County's single-family units at 85.3%. This lower percentage is not surprising as multi-family units need access to city services to be fully developed. Public utilities are available in Norwood Young America but not in many areas of Carver County. Consistent with this finding, Norwood Young America has a higher percentage of duplexes, 3–4-unit buildings, 20+ unit buildings, and mobile homes than Carver County.

Table 7 illustrates both a greater housing diversity within the City and reflects Carver County's rural nature, reducing the areas that would be available for multifamily housing development. Absent in Norwood Young America's housing stock are higher density buildings that contain 10-19 units. This may present a market niche opportunity for multifamily housing stock in the city, increasing housing options and potentially affordability.

TABLE 7: HOUSING UNITS BY UNITS IN STRUCTURE				
	Norwood Young America		Carver County	
	Number	Percent	Number	Percent
Single family detached	883	61.62%	29,046	73.0%
Single family attached	221	15.42%	4,910	12.3%
Duplex	28	1.95%	410	1.0%
3-4 units	47	3.28%	499	1.3%
5-9 units	19	1.33%	664	1.7%
10-19 units	0	0.00%	477	1.2%
20+ units	217	15.14%	2,934	7.4%
Mobile home	18	1.26%	853	2.1%
Boat, RV, van, etc.	0	0.00%	22	0.1%
Total Housing Units	1,433	100.00%	39,815	100%
Source: ACS 2016-2020 Estimate				

To ensure adequate housing stock diversity and affordability, many communities strive for a balance of owner-occupied and renter-occupied units. Traditionally this is reflected in a 65%-35% split between the two, respectively. As shown in *Table 8*, Norwood Young America was estimated to have about 72% owner-occupied housing and 28% renter-occupied housing in 2020. This is more balanced than the County as a whole, but the city may want to consider targeting some more dense multi-family housing to provide options for residents.

TABLE 8: OCCUPIED HOUSING BY YEAR HOUSEHOLDER MOVED INTO UNIT				
	Norwood Young America		Carver County	
	Number	Percent	Number	Percent
Owner Occupied	967	71.95%	31,595	83%
Renter Occupied	377	28.05%	6,618	17%
Total	1,344	100%	38,213	100%
Source: ACS 2016-2020 Estimate				

Vacancy Rates

In terms of unit vacancy, in 2020, Norwood Young America was estimated to have a lower rental and higher owner-occupied vacancy rate than the County. However, in Norwood Young America, the majority of the vacant properties (50.6%) were owner/occupied units that are currently listed for sale. This household vacancy exceeds any of the surrounding locations in the market study area which have a lower portion of vacant units listed for sale. This could be the result of a variety of factors, both economic and geographic. It will be interesting to ascertain if this is a consistent trend, the number of single-family residences for sale, or if it is just an aberration.

Norwood Young America's estimated renter vacancy rate of 0.63% indicates greater need for additional units, which would be a potential area of growth for the city. Diversifying the rental market would increase prospects and the desire to live in Norwood Young America. A market vacancy rate of 5% is generally considered full market with vacancy rates below 5% indicating a pent-up demand for units.

TABLE 9: VACANCY RATES COMPARED TO TOTAL HOMES		
	Rental	Homeowner
Norwood Young America	0.63%	2.93%
Carver County	0.68%	0.49%
Source: ACS 2016-2020 Estimate		

Owner-Occupancy Housing Values

The median value of owner-occupied home in Norwood Young America is \$316,379 with the median values for the market study area being shown in Table 10. The median home value for Norwood Young America is lower than all of the areas except Glencoe and Helen Township which are to the west of Norwood Young America. This could be reasonably expected as these communities are further from the Metro Area. Meanwhile the median home value in Norwood Young America ranges from 3% (Mayer) to 36% (Camden Township) lower than the rest of the study area. This gap may reflect larger rural lots and larger more expensive homes in rural communities versus more traditional city-sized residential lots and home sizes. Compared to the County, the cost of a home is \$123,411 less in Norwood Young America, indicating greater affordability but the lower value may also be a result of age of the homes or smaller lot sizes; this data alone cannot provide a full explanation of the cost variation. What it does indicate is that Norwood Young America is providing a product that may not be as available in other parts of the market and current housing trends may reflect a housing niche which is attractive to existing and future residents.

TABLE 10: MARKET AREA MEDIAN HOME VALUE (OWNER-OCCUPIED UNITS)

	Median Home Value	Norwood Young America Comparison	
Norwood Young America	\$316,379	n/a	n/a
Carver County	\$439,790	(\$123,411)	71.94. %
Cologne	\$407,026	(\$90,647)	77.73%
Mayer	\$327,580	(\$11,201)	96.58%
Watertown	\$334,368	(\$17,989)	94.62%
Carver City	\$400,176	(\$83,797)	79.06%
Glencoe	\$213,594	\$102,785	148.12%
Helen Township	\$283,8989	32,481	111.44%
Camden Township	\$498,551	(\$182,172)	63.46%
Benton Township	\$448,026	(\$131,647)	70.62%
Waconia	\$420,000	(\$103,621)	75.33%
Young America Township	\$439,790	(\$112,969)	73.69%
Source: Esri (2023) & ACS 2017-2021 Estimate			

The lower median home value in Norwood Young America may indicate there is less new development occurring than in the other nearby population centers. While Norwood Young America may be able to utilize its affordable housing to attract lower- to moderate- income households, it will be difficult to retain higher-income families if they see housing values growing at a slower rate or if Norwood Young America does not have new higher value homes with the increased amenities.

Looking at the breakdown of housing values, Norwood Young America has a much higher percentage of homes valued between \$150,000 and \$300,000 – with 18% more units proportionally than Carver County. Conversely, the proportion of homes that are valued at more than \$200,000 is greater for the County. This highlights greater housing affordability in Norwood Young America compared to neighboring rural areas, which may lead to an increased demand for both property and land in the City. A complete comparison of the owner-occupied housing values in Norwood Young America compared to Carver County are shown in *Table 11*.



TABLE 11: OWNER OCCUPIED HOUSING VALUE

	Norwood Young America		Carver County	
Home Value	Number	Percent	Number	Percent
Less than \$50k	91	9.41%	1,009	3.2%
50k-99.9k	0	0.00%	380	1.2%
100k-149.9k	131	13.55%	1,093	3.5%
150k-199.9k	148	15.31%	1,992	6.3%
200k-299.9k	324	33.51%	7,538	23.8%
300k-499.9k	223	23.06%	12,216	38.6%
500k-999.9k	50	5.17%	6,456	20.4%
Greater than 1,000k	0	0.00%	941	3.0%
Total	967	100.00%	31,625	100.0%

Source: ACS 2016-2020 Estimate,

Single Family Home Sales and Lot Listings

In addition to the County appraised value of homes, which traditionally lags the market conditions, the use of listing prices and resulting sales price can provide a timelier reflection of housing values. This comparison of median sold and listing price including the listing price per square foot is shown in *Table 12* for the market study area. In February 2024, the median listing home price in Norwood Young America was \$350,000; however, the median sales price was \$299,500. While all the communities in the market study area were seeing homes being sold for less than the listing price, Norwood Young America homes are selling for 85.6% of the listing price, comparable to the rest of the market area where the cities fall between 83.5% (Watertown) and 95.85% (Mayer). This discrepancy reflects the changing housing marketplace with the cooling of the housing market being driven by higher interest rates.

TABLE 12: FOR SALE AND RENT TRENDS

	Median SOLD Home Price	Median Listing Home Price	Listing Price/Sq Ft	Homes for Sale	Units for Rent	Days on Market
Norwood Young America	\$299,500.00	\$350,000.00	\$156.00	29	2	29
Carver County	\$453,000.00	\$490,000.00	\$221.00	783	62	39
Cologne	\$392,000.00	\$412,900.00	\$281.00	47	2	50
Mayer	\$370,000.00	\$386,000.00	\$268.00	34	0	134
Watertown	\$325,000.00	\$389,200.00	\$242.00	42	0	132
Carver City	\$480,000.00	\$559,000.00	\$217.00	94	6	36
Glencoe	\$240,000.00	\$262,000.00	\$148.00	25	4	54
Waconia	\$440,000.00	\$487,500.00	\$202.00	158	9	35

Source: Realtor.com (viewed February 2024)

In addition to the listing and actual sale price of homes in a community, the time that homes are on the market can also provide insight into market activity. The shorter period homes are on the market (actively listed for sale) the stronger the market conditions and the market is considered a sellers' market. Conversely, if homes are on the market for a longer period, then the market is considered a

buyers' market, with more sellers than buyers. A market is considered balanced when properties are on the market for approximately 40 days.

In review of the data obtained, Norwood Young America houses are on the market for 29 days (days on the market is a point in time which can change daily) indicating a strong sellers' market and a higher demand for homes than in the surrounding communities, depending upon price point. In the market area, the next strongest sellers' market would be Waconia with 35 days on the market. However, the Waconia market, as shown, has a higher median price and price per square foot.

Active Subdivisions

There are several subdivisions within the city that have future phases under development: 6 lots on Emma, and 4 townhome lots on Oak Ln, 1 Mixed use property: Commercial Lot at 420 Railroad St W. For future development there is: 61.32 acres - Kloth land off Elm Street, 60.60 acres - JAM Properties off Tacoma, and 22.66 acres - STP Enterprises in Preserve. In the reserve there is also the Wenlund Property, called out in the Future Land Use plan for Single Family Residential, this property is 57.48 acres, but would need to be annexed by the city first.

Affordable Housing

According to Affordable Housing Online, Norwood Young America has 2 low-income apartment opportunities (income restricted). One of the facilities is Oak Grove Senior Apartments and the other is Poplar Ridge Apartments. Norwood Young America is a large enough community to additional units for both seniors and low-income individuals. These types of facilities that can help the local economy and supporting them will in turn support the local economy by providing housing opportunities. The senior facility helps meet the need for affordable housing for the growing senior population.

TABLE 13: HUD RENTAL ASSISTANCE INCOME QUALIFICATIONS								
AMI Band	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	\$21,700	\$24,800	\$27,900	\$31,000	\$33,500	\$36,000	\$39,640	\$44,120
50%	\$36,200	\$41,400	\$46,550	\$51,700	\$55,850	\$60,000	\$64,150	\$68,250
80%	\$54,950	\$62,800	\$70,650	\$78,500	\$84,800	\$91,100	\$97,350	\$103,650
Source: Affordablehousing.com (viewed June 7th, 2023)								

Poplar Ridge is available to those that qualify under the Rural Development Program, which means total household income must be under one of the following limits based on household size and apartment option available. Households earning up to the income limit in the table below for their household size are eligible for units participating in the Rural Development Program in Norwood Young America, but actual income limits may differ for units at Poplar Ridge.

TABLE 14: RURAL DEVELOPMENT PROGRAMS					
1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
\$61,450	\$69,400	\$77,400	\$85,400	\$91,800	\$98,200
Source: rentcafe.com (viewed and updated June 2023)					

Housing Market Constraints

Cost to Build

Housing supply and affordability is heavily impacted by the cost of development, which includes the cost of construction, financing, and land acquisition. Recent events—the pandemic, the war in Ukraine, and rising inflation—have also highly impacted labor and the supply chains leading to rising material costs, supply shortages, labor shortages, and general uncertainty throughout the construction industry.

According to CBRE's 2022 Construction Cost Trends, construction costs are forecast to be a 14.1% year-over-year increase by the end of 2022. While sitting currently at "higher than normal", but it is anticipated that this escalation will stabilize to the 2-4% range in 2024, which will be more on par with historical averages. Because construction costs interact with the price of rent, in the near term, the cost of building will be one of the greatest impediments to establishing new and affordable housing in Norwood Young America and the wider market area.

Land Constraints

Norwood Young America contains lakes, wetlands, rivers, and streams making it a very desirable place to live. However, these amenities may present challenges when trying to develop. Often there are increased costs in working around site amenities, so they are not adversely impacted by grading and development. Often special construction techniques are required, or areas of the site must remain undisturbed to do existing regulations. This may also impact the cost of bringing utilities to the site, the cost of which is borne by the developer. Currently, inside the city, wetlands comprise approximately 13% or 161 acres of land. In most cases, these areas are protected by State and Federal regulations and cannot be disturbed.

The presence of Highway-212 is both a plus and negative within the community. The highway bisects the community, at times creating a barrier between the two sides of the city due to its wide roadbed and high traffic and speeds. On the other hand, the presence of Hwy 212 allows residents easy access to jobs within Carver County and the western suburbs of the Metro Area. This means that residents can enjoy the small-town amenities of Norwood Young America while maintaining their employment base elsewhere. The ability for fast and easy access to jobs and services not found within the community allows Norwood Young America to retain their residents. Ensuring Hwy 212 is maintained and provides reasonably quick access to the Metro Area should continue to be a long-term goal of the city. The city, however, should look for ways to overcome the barrier Hwy 212 can create between the north and south section of town. This type of issue is very common for cities which have been built around a transportation system that continues to grow at a more robust rate, creating both positive and negative impacts on the community.

According to the Minnesota Department of Natural Resources County Biological Survey, there are currently no Environmentally Sensitive areas in Norwood Young America. The topography of Norwood Young America is relatively flat, removing topographic obstacles to development. The soil types within the city only impose slight limitations to site development.

The cities of Cologne and Glencoe serve as bookends to the potential future growth of the city along Highway 212. The undeveloped area along Highway 212 between the cities is encompassed by Benton Township to the east and Young America Township to the west. Camden Township borders Young America Township to the north providing additional area for growth in the future. There is limited area in Norwood Young America for new development as shown in Table 20 requiring the city to focus on annexation to provide for long term development of additional housing opportunities and growth of the community. The city currently has an orderly annexation

agreement with Young America Township providing the opportunity to begin creating areas for future housing development. Norwood Young America may want to begin working on developing additional orderly annexation agreements with Benton and Camden townships to allow for long-term growth. This process would allow for the creation of new greenfield developments for both housing and commercial/industrial growth in the future. A vital aspect of annexation is that the proposed land to be annexed must be approved by the corresponding property owners, which can take quite a while. Initiating discussions about an orderly annexation agreement with the townships is a proactive approach to determining the future growth boundaries and development density of Norwood Young America while providing an opportunity to focus on shared community values.

Norwood Young America has a number of beautiful lakes, wetlands, and natural amenities all around it which draws people to the community for the tranquil nature of the area. However, the perception that Norwood Young America is a distance from the Twin Cities Metro Area may be a barrier to investment and potential development. The new improvements along Highway 212 currently scheduled for the next few years should reduce this perception further reinforcing the ease for travelers to commute to the Twin Cities Metro Area. Easy access to jobs and services coupled with a rural style of living surrounded by lakes, wetlands, and open space will help to draw new residents to the community.

Housing Market Interviews

Interviews with 6 local realtors and developers provided valuable first-hand information about the current housing environment in Norwood Young America. Multiple conversations centered around a lack of local grocery store/other retail stores. In particular, a few had mentioned that the addition of a Super Target would solve a lot of the city's problems. While the addition of a Super Target would solve the demand for basic home essentials and groceries, the development of a new Super Target or other big box retailer in Norwood Young America is not a realistic option due to the current market conditions. There are currently a number of big box retailers including Target in under a 5-minute drive time from the city. However, development of a smaller footprint type of retailer (e.g. Aldi's) to meet the grocery need for the community is a reasonable goal. Retailers of all sizes base location decisions on the number of rooftops in a market area; there are other criteria such as housing density, median income, traffic counts but rooftops are an important location criteria. This means the housing development desired by the city to permit growth and maintain residents while attracting new ones, will also result in additional commercial interest, and most likely also attract businesses and industry looking for a ready employee base.

Another opinion from the realtor group was for the city to focus on development of a stronger commercial/industrial base. Norwood Young America would be generally considered a bedroom community. As noted, a greater number of employment opportunities will allow for greater housing demand and needs. This increased employment would also allow for the city to retain residents in the community that may be traveling to other communities for work. This increase in vibrancy, and rooftops, in the community would help drive a greater demand for commercial amenities, giving the community a stronger marketing score for new retailers. The real estate agents had mentioned that there is a very important dichotomy to the housing in the area; the range of home values shows how diverse the area is. The real estate agents indicated they see an equal amount of growth and expansion in all price points within the housing markets.

Pros

- The school district is well respected and a marketing opportunity. Real Estate agents said that the school district is a prime reason family are drawn to Norwood Young America. The Norwood Young America public school district is already doing well, if the city can capitalize on this amenity, then those who do not live in Norwood Young America could be enticed to move to the city.
- Significant growth opportunities for the city for new development, especially new housing opportunities which will help expand the tax base and drive demand for additional amenities in the community.
- The real estate agents also mentioned that there will be an immense growth burst in the city with the increased expansion of Highway 212. Improvements will increase traffic flow and reduce travel time to downtown Minneapolis to 30 minutes. This

increases connectivity with the MSA. Allowing for increased development and density outside the cities. This ease of access to employment and services means that residents can stay in Norwood Young America and get the services they desire without moving closer to the Metro Area. This should be a draw for new residents and help to maintain the existing population.

Cons

- The limited availability of land for development in Norwood Young America is driving up property costs. One developer compared a site that is being sold at \$50,000 an acre to a similar property in Cologne priced at \$16,000 acre.
- Rising development costs (construction costs, state and local taxes, other fees) are creating difficulties in making projects economically viable. While Norwood Young America's fee structure is lower than the surrounding communities, the perception from several respondents is that local fees are higher than the surrounding area.
- The level of rent that the market will accept and the rent that needs to be charged to make projects profitable are not equal resulting in projects not being economical. This problem is being experienced not only in Norwood Young America but across the Metro Area.
- If Norwood Young America wants to attract developers to the city, and especially multi-family or senior housing developers, they will need to incentivize those groups using federal, state, and local funding mechanisms. If this support was provided, developers noted an increased interest in entering the market for higher density projects.
- Without this financial support, developers expressed a concern about the feasibility of larger housing projects due to the lack of return they would receive in support of their bottom line.

One developer underscored the importance of creating new senior living opportunities, as they create more affordable housing options for new families as older residents transition from their single-family homes to senior communities. Looking at the senior housing projections in *Table 15*, the demand for diverse housing opportunities for seniors is needed. In 2027, it is projected that 44.5% of all housing units in Norwood Young America will be occupied by seniors. If no senior living facilities are provided, seniors will try and stay in their existing homes as long as possible, not allowing for the turnover in units to younger newer families.

TABLE 15: SENIOR HOUSING PROJECTIONS (Norwood Young America, 2010-2027)			
Year	2010	2022	2027
Total Population	3,580	3,947	4,014
50+ Population	1,094	1,388	1,354
Total Occupied Units (Owner/Renter)	519	721	723
% Households 55+	37.0%	45.2%	44.5%
Households Occupied by 55+ Population	377	524	525
Source: Age 50+ Profile			

In addition, the lack of housing stock is driving prices up to a level that restricts the market. One agent stated that an entry-level home in the Norwood Young America would cost a minimum of \$300,000, with newer more modern developments running closer to \$450,000 minimum. While there are amenities attracting potential buyers and renters to the city, like the quality of the school district, the housing supply needs to increase to feel the full effect of these attraction factors. Overall, the market environment in Norwood Young America is strong, and the City continues to draw interested parties, but the land and price constraints are limiting its potential.

According to mortgage calculators online, with a 10% down payment on a 30-year fixed-rate loan at 7 percent, a person can afford a \$300,000 house with an annual salary of about \$75,000. That income level is just below the median household income of \$75,905 for Norwood Young America. In order to afford a \$450,000 home a household income of approximately \$120,000 a year is needed.

Housing Demand Analysis

Demand for additional housing in Norwood Young America will come from a mix of household growth and rental demand. *Table 16* outlines calculations for owner-occupied housing demand, and *Table 17* outlines calculations for renter-occupied housing demand in Norwood Young America from 2022 to 2027.

TABLE 16. DEMAND FOR ADDITIONAL OWNER-OCCUPIED HOUSING	
Demand from Household Growth	
Population growth under 65 (2022-2027)	-13
Population growth under 55 (2022-2027)	89
Based on % owner households (ACS 5-year)	76.2%
Average Household Size (2022)	2.45
Demand for new under 55 households	28
Population growth Over 65 (2022-2027)	83
Based on % owner households (ACS 5 Year)	58.72%
Average Household Size (2022)	2.45
Demand for New household growth over 65	20
Demand from new household growth	48
Existing Homes Opened Due to 55-65 Leaving	
Population of Leaving 55–65-Year-olds	103
Based on % owner households (ACS 5 Year)	76.20%
Homeowners leaving	78
Average Household Size (2022)	2.45
Households Opened due to leaving	32
Households Needed due obsolescence	2
Households Needed to fill the Gap	18
Source: U.S. Census Bureau, ESRI Forecasts, WSB & Associates	

TABLE 17. DEMAND FOR ADDITIONAL RENTER-OCCUPIED HOUSING	
Demand from Household Growth	
Population growth under 65 (2022-2027)	-13
Population growth under 55 (2022-2027)	89
Based on % owner rentals (ACS 5 Year)	23.80%
Average Household Size (2022)	2.45
Demand for new under 55 rentals	9
Population growth Over 65 (2022-2027)	83
Based on % owner rentals (ACS 5 Year)	41.28%
Average Household Size (2022)	2.45
Demand for new rentals over 65	14
Total Demand for new rentals	23
Existing Rentals Opened Due to 55-65 Leaving	
Population of Leaving 55–65-Year-olds	103
Based on % owner households (ACS 5 Year)	23.80%
Renters leaving	25
Average Household Size (2022)	2.45
Rentals Opened due to leaving	10
Rentals Needed to fill the Gap	13
Source: U.S. Census Bureau, ESRI Forecasts, WSB & Associates	

Demand from Household Growth

To estimate the new housing demand that would come with the projected household growth in Norwood Young America, it is vital to split up demand by not only owner-occupied and renter-occupied homes, but also by age. Specifically, the aged 65 and older cohort is a good cutoff, as this group tends to have much higher home ownership rates in connection with a lower rental rate. The data from *Table 2 City of Norwood Young America Projected Age Trends* also showed that one age group in particular was negatively affecting the numbers, ages 55-64, so instead of adding them to the calculations they were used to supplement the need for new housing. To estimate demand for both types of housing from the projected household growth, the projected number of new households in both the over 65 cohort and the under 55 cohort were multiplied by that age group's propensity to either own or rent their housing unit. For owner-occupied housing, this method illustrates that there will be a demand for an additional 48 housing units in Norwood Young America in 2027. In relation to renter-occupied housing, this method shows the demand in 2027 to be 23 housing units. Then we calculated the newly available households and rentals created by the leaving population in the 55-64 age range. This gives us a range of between 18-48 units of demand for Norwood Young America. Using this formula, the exact demand is directly related to the number of the 55-64 age cohort that is retained by the city. The rental demand would be between 13-23 units over this time period.

Housing Demand Discussion

While this analysis displays predicted housing demand, as with any estimate there are other variables that need to be considered. One of those that needs more research is that the analysis does not outline the demand for specific housing affordability levels, something that should be prioritized by the city to ensure that they can meet the needs of both existing and potential residents. In addition, this analysis does not consider the strong chance that older residents may transition to senior living facilities or that they may move in with nearby family who are providing supportive care – both of which dampen the need for new housing units for the 65 plus cohort. Also, future development work will heavily influence these demand numbers. If, for example, new avenues are provided for senior housing in the future, there will likely be a decreased demand for new owner-occupied housing. Or, if affordability continues to decrease in the area, there may be an increased demand for cheaper rental housing – which may skew the demand towards renter-occupied units. But as the data sits now, we see that those who fall into the 55-64 range are leaving. This can be due to several things, but the conclusion becomes that those who live in Norwood Young America do not want to or are unable to retire in their current home. There is an influx of people over the age of 64 that are moving in, but the city should do more research to find out why those in the 55-64 range are leaving.



Demand for additional housing in Norwood Young America will primarily come from household growth. In 2023 there was a projection of 1,596 households in Norwood Young America. By 2028, this number was projected to increase to 1,624, an increase in 28 households over the next five-year gap.

TABLE 18: HOUSEHOLD ESTIMATES (NORWOOD YOUNG AMERICA)

	2023	2028
Estimated Households	1,596	1,624

Replacement demand is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete. A review of Norwood Young America's housing stock revealed that about 463 housing units (32%) were built prior to 1970. It can be assumed that the value of these homes will decrease at a faster rate relative to other types of housing. Most of these homes are in good condition, meaning that these homes do not need to be significantly renovated or demolished, and we estimate that 0.5% percent per year should be removed annually from the housing supply because of obsolescence, which equates to 2.24 units over the next five years.

TABLE 19: HOUSING UNITS ESTIMATES (NORWOOD YOUNG AMERICA)

	Norwood Young America		Carver County	
	Number	Percent	Number	Percent
Built 2020 or later	0	0.00%	91	3.11%
Built 2010 or later	224	15.53%	5,171	13.02%
Built 2000 to 2009	260	18.03%	9,997	25.17%
Built 1990 to 1999	163	11.30%	7,925	19.95%
Built 1980 to 1989	129	8.95%	6,102	15.33%
Built 1970 to 1979	203	14.08%	3,369	8.48%
Built 1960 to 1969	67	4.65%	2,115	5.31%
Built 1950 to 1959	118	8.18%	1,508	3.80%
Built 1940 to 1949	62	4.30%	609	1.53%
Built 1939 or earlier	216	14.98%	2,928	7.37%
Total	1,442	100.00%	39,724	100.00%

Source: ACS 2016-2020 Estimate



Housing Development Opportunities

Norwood Young America's aerial parcel-based imagery was reviewed against the Comprehensive Plan future land use map and zoning map to determine possible areas for housing development opportunities. With the assistance of City staff, *Table 20* was compiled to provide details on specific sites in the City of Norwood Young America that are currently vacant and may be appropriate for new housing development. *Table 20* also identifies potential entitlements necessary or known site challenges for development. Each site listed lies within the historic city limits and has utilities in the vicinity for hook-up. However, given their location in Norwood Young America's core, many of the sites listed in *Table 20* are redevelopment areas that may have additional unknown issues that can only be discovered through due diligence.

TABLE 20: VACANT DEVELOPMENT OPPORTUNITIES (NORWOOD YOUNG AMERICA)				
ID	Location	Size (acres)	Zoning	Opportunity
1	SOLD	4.23	L-1 Light Industrial	New Business
2	SOLD	10.21		
3	SOLD	5.74		
4	Stormwater Pond	2.75		
5	SOLD	4.77		
6	PID: 580150710	6.02		
7	610 RAILROAD DR	1.28	C-2 General Commercial	New Business
8	620 RAILROAD DR	1.61		
9	630 RAILROAD DR	1.33		
10	625 RAILROAD DR	2.52		
11	PID: 580500530	0.04	C-3 Downtown District	New Business
12	PID: 580145251	0.1		
13	SOLD	0.31	RC-1 Res/Neighborhood Commercial	New Business
14	PID: 580500761	1.92	R-1 Low Density	Single Family Duplex w/SUP
15	SOLD Greenspace	0.31		
16	Parkland	1.2		
17	SOLD	0.28		
18	SOLD Greenspace	0.28		
19	SOLD	0.28		
20	SOLD	0.32		
21	SOLD	0.3		
22	445 EMMA ST	0.3		
23	SOLD	0.34		
24	461 EMMA ST	0.34		
25	465 EMMA ST	0.38		
26	475 EMMA ST	0.45		
27	SOLD Greenspace	0.74		

28	PID: 580500760	1.92	R-1 Low Density	Single Family Duplex w/SUP
29	SOLD	0.84		
30	SOLD	0.75		
31	475 OAK LN	0.75		
32	485 OAK LN	0.67		
33	495 OAK LN	0.64		
34	PID 585250250	22.66		
35	SOLD	0.81		
36	Wetland	1.08		
37	SOLD	0.59		
38	SOLD	0.6	R-2 Medium Density Residential	Single Family Duplex
39	PID: 580760080	0.3		
40	SOLD	0.17		
41	402 5TH AVE NE	0.58		
42	PID: 587280640	0.47	R-3 Medium Density Mixed Residential	Multifamily
43	SOLD Greenspace	0.59		
44	SOLD	0.44		



Development Resources

For new developments in the Norwood Young America area, there are a variety of available resources that can assist with financing for developers. It would benefit the city to understand and promote these resources to encourage affordable, senior-living, and multifamily housing projects. The Minnesota Housing Finance Agency (MHFA) administers multiple programs to assist developers.

MHFA finances housing that low and moderate-income Minnesotans can afford while helping Minnesotans buy and fix up their homes. The Community Activity Set-Aside and the Minnesota City Participation Program can be valuable assets for a community such as Norwood Young America. In addition, MHFA provides tax-exempt bond financing for the construction, acquisition, and rehabilitation of affordable rental housing. They also manage a variety of different loan types and govern other financial assistance opportunities for developers, especially supporting affordable housing development.

The Department of Housing and Urban Development (HUD) has other programs that may assist both the city and potential developers in diversifying the Norwood Young America housing stock. Norwood Young America itself is not a Community Development Block Grant entitlement community, there may be programs available from working through Carver County CDA. The city could use TIF to financially assist projects that meet the requirements for affordability in the legislation or for site cleanup. The city may want to use the programs to spur development.

There are opportunities in the future for redevelopment within the city. Revitalization projects that could create mixed use opportunities, can leverage federal money to create new sites of commerce or housing in Norwood Young America. Housing demand will increase for the city due to the expansion of Hwy 212. Norwood Young America has a prime location, and it would benefit the city to start laying the groundwork so that by the time the expansion is taking place and people are looking to relocate with the easier commute, there will be opportunities that draw these relocating commuters to Norwood Young America.



Housing Observations and Recommendations

This analysis of Norwood Young America's current and future housing environment can guide future planning efforts, financial strategies, and provide direction to the City on how to approach both the current housing stock and new housing opportunities. The housing demand analysis outlined on the preceding pages paints a broad picture of the expected demand for new housing products in Norwood Young America over the next few years. To supplement this, there are observations and recommendations that can be gleaned from this report that highlight specific steps the city can take towards ensuring an equitable and desirable housing environment in the coming years.

OBSERVATION #1

The zoning ordinance and zoning map limit the location and density of housing options within Norwood Young America. As an example, the R-4 High Density residential district is the highest density zoning district that is presently zoned on the zoning map. The density within the R-4 is 18 dwelling units per acre which is lower than what is needed for many multi-family projects. The city-wide building maximum height standard of 35 feet would limit facilities to 3 stories thereby reducing the ability for projects to gain the required density to meet economic feasibility.

OBSERVATION #2

Noticeably absent in Norwood Young America's housing stock are any buildings that support 10-19 housing units. This type of "missing middle" housing is important to ensure overall affordability and availability. As noted, the community currently has less than 1.35 acres zoned for this level of density. The city should review their Comprehensive Plan and zoning ordinance so there is land available for all different housing types and densities to provide options for the future.

OBSERVATION #3

Senior living is in higher demand – as the population ages and the 55-65 segment grows– this population is looking at retirement and identifying housing opportunities that are lower maintenance, single level with significant amenities. These populations may be leaving due to lack of affordable and/or available senior options. Seniors transitioning from their homes contribute to the housing cycle and market by opening up older single-family housing to new families desiring home-ownership. These available homes offer opportunities for new homeowners to the city, who are moving up in the housing market, or are first-time homeowners.

OBSERVATION #4

A majority of the expected future demand for housing comes from the 65 plus cohort, which highlights the need for senior living development. This population cohort is important for the city to retain as they generally have higher disposal incomes and can help make small local businesses have a greater level of success.

OBSERVATION #5

The city currently has limited land available for the development of new or expanded residential development. The city should explore opportunities for additional orderly annexation agreements to be prepared for long-term, reasonable growth. The addition of developable property should have a net positive impact on the projected population growth numbers.

OBSERVATION #6

A housing demand analysis of Norwood Young America illustrates the need for more renter-occupied housing units in the next 5 to 10 years. Based upon the map of vacant available properties in the city (Table 20) there is only 1.35 acres zoned for higher density that is available. The lack of property zoned for multi-family uses may cause developers to overlook the community due to the extra entitlement work of gaining rezoning and Comprehensive Plan amendments.

OBSERVATION #7

There is a lack of projected future owner-occupied housing demand due to a younger population that is more likely to rent. With housing prices rising everywhere, Norwood Young America may be able attract new residents through affordable, and denser, rental housing. Creation of affordable home-ownership options may also drive the demand for differing ownership products and a greater population than currently projected.

OBSERVATION #8

The majority of currently available housing is unaffordable to lower income families (this is a similar problem across the Twin Cities Metro) with new construction having even higher price points.

OBSERVATION #9

Housing in Norwood Young America is currently less attainable by the residents in the city which is consistent with experiences across the entire region. The current price for new homes in the city on the market are listed for \$450,000, requiring an income of \$113,000. The median income of the city is estimated to be \$75,905, which is close to the median sale price of \$299,500 affordability.

OBSERVATION #10

A number of Norwood Young America residents are burdened (based on HUD Standards) by housing costs; over 37% of renters and 13% of homeowners fall into this category. These numbers follow the trend of housing affordability across the state and are not unique to Norwood Young America.

OBSERVATION #11

Housing affordability in Norwood Young America is related to a number of factors including rising construction, rising interest rates, and labor costs. Developers must increase prices for new construction and correspondingly higher rents for multi-family units to ensure that they meet the requirements of the project financing. However, these rising costs are not unique to Norwood Young America, and the City may be able to impact land prices or further reduce regulatory fees to attract interested parties.

OBSERVATION #12

Norwood Young America has a retention rate of less than 10% of the city's workers which is lower than its surrounding cities. The definition of retention in this case is when citizens work and live in the city. The city also attracts a number of people to work in Norwood Young America, indicating that the city is viewed as a desirable place to work.

OBSERVATION #13

Norwood Young America is encumbered by a lack of commercial amenities to allow residents to meet their basic needs without leaving the community. As mentioned by the realtors and developers, residents have to travel for desired retail goods and services. Commercial follows residential and as the community grows there will be more demand for local services and commercial developers will begin to analyze the benefits of locating within Norwood Young America

RECOMMENDATION #1

Amending the zoning ordinance to provide for greater densities and new development standards to allow for the successful development of new projects. Some of the standards the city should consider would be increasing building heights in certain districts, relaxation of exterior materials and other performance standards in certain, less public areas of the city or increasing flexibility for individual developments.

RECOMMENDATION #2

The city should develop and promote incentives for developers to construct senior and affordable housing in Norwood Young America. There appears to be developer interest and demand for additional housing, but some of the projects require financial support from the City to become financially viable. The City may be able to use financing from federal, state or county sources but the City may need to assist the developer in accessing the funds.

RECOMMENDATION #3

The low vacancy rate in Norwood Young America provides an opportunity to attract new multi-family projects. The city should actively work to create additional higher density sites in the community to allow for the creation of new multi-family projects.

RECOMMENDATION #4

The City Ordinance allows the opportunity for developers to pursue something like Cottage Court-style housing for residents to construct accessory dwelling units (ADU) on their property – both of these types of development would increase housing density and provide additional housing stock while retaining the current character of Norwood Young America. The city should investigate ways to promote these types of development to meet the anticipated growing housing demand.

RECOMMENDATION #5

The city should continue to investigate areas that would be “ripe” for annexation in the nearby townships. The city does have an orderly annexation agreement with Young America Township but should also pursue a similar agreement with Benton and Camden Townships.

RECOMMENDATION #6

The city may establish a request for proposal (RFP) process to identify private development partners for a redevelopment project or site. The RFP allows the city to explain its objectives and to find the developer best suited to bring the segments of the design framework to fruition in this area. The steps in the RFP process include preparing and distribution of the RFP, select preferred development partner, negotiate preliminary development agreement, approve final development agreement, planning review and approval process. The City will need to develop a relationship with the property owner and potentially gain control of the site(s) to have maximum success.

RECOMMENDATION #7

Norwood Young America should analyze the different housing and development regulatory fees for the city in comparison to nearby areas to make sure fees are not a deterrent to new projects. Based on the recent comparison and potential perception that fees are high, the city will need to work to get the correct information out to developers. It is especially important to compare Norwood Young America to the greater metropolitan area, as Norwood Young America is often vying for residents that work in the cities and want to live within driving distance. Interviewees have mentioned the lower fees related to building and developing outside the cities may be a way to attract development projects.

RECOMMENDATION #8

The city should utilize federal and state resources to encourage the development of affordable housing units. Norwood Young America would benefit from workforce housing development, something that developers are interested in pursuing if they are provided the appropriate resources.

RECOMMENDATION #9

Growing the commercial areas and commercial amenities will create additional job opportunities and a stronger local economy. A greater level of retention of local residents for their shopping needs will encourage economic growth and stability.

RECOMMENDATION #10

The development of more employment opportunities in the community will help foster the development of a stronger stable economy attracting additional amenities to the community. In addition, the community should explore employment of new residents and try to align new employment opportunities with existing residents coming to the community.

RECOMMENDATION #11

The city should develop a marketing strategy to promote the city as a great place to live and work. This should include information on the cost comparisons with relation to fees and the city's desire to make development projects easy to complete in the community. The community currently wants to work with developers on projects, but that message needs to be continually expressed to developers.

When compared to the 2040 comprehensive plan we see several similarities. These similarities include:

1. Support the development of a variety of life-cycle housing types, sizes, and values to accommodate residents within a wide range of age and income groups.
2. Promote the expansion of affordable and other housing opportunities through intergovernmental efforts and public-private partnerships.
3. Identify or develop methods and funding options to encourage the rehabilitation or redevelopment of substandard housing.
4. Encourage the development of housing that respects the natural environment of the community as an amenity to be maintained.
5. Allow multi-family housing within or near employment, commercial areas, and public facilities to promote pedestrian commuting and increase opportunities for low and moderate-income people to have access to such services.
6. Promote the rehabilitation and redevelopment of older existing industrial and commercial facilities by continuing to pursue and make available various financial programs and assistance.
7. Encourage and facilitate infill development and mixed-use commercial developments to ensure maximum efficiency of infrastructure and resources.
8. Support initiatives to retain local businesses and talent.
9. Recognize the fundamental linkage between housing and economic development, and work to match housing availability with community employment.
10. Promote redevelopment of vacant businesses within the City's downtown and commercial centers.

Housing study helps local leaders address needs

BY AL LOHMAN
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Housing availability and affordability have been a need expressed by most cities in Carver County.

A recent housing study conducted by the Carver County Community Development Agency (CDA) with Maxfield Research and Consulting confirms the need and outlines in more detail the amount and types of housing that may be developed to meet the needs of current and future households in the county.

The last time the CDA conducted a county-wide study was 10 years ago. It also

conducted specific city housing studies in 2017 to help cities develop their 2040 comprehensive plans. Much has changed since then, and the new data will provide fresh information for the CDA's latest strategic plan, said Allison Streich, CDA deputy director.

Between 2010 and 2023, Carver County experienced an estimated 25 percent population growth (22,496 people), compared to 13 percent growth in the metropolitan area, according to the housing needs analysis. The county is projected to add nearly 20,000 people (17 percent growth) between now and 2030, and again outpacing metro

area populations and household growth. Although the county is a net exporter of workers with more residents leaving the county for work versus non-residents coming here, the housing report indicates that with nearly 22,000 workers commuting to Carver County daily for employment, there appears to be a need to provide housing options for at least portion of those workers. More than 1,600 commute from over 50 miles.

Meanwhile the county is projected to add more than 10,000 jobs between now and 2040, and highway expansion projects – notably

in recent years, the median resale price for detached single family homes increased 40 percent while resale prices for multifamily units jumped nearly 60 percent. The median price for new construction homes in the county also has soared to over \$577,000 for detached single family homes and more than \$363,000 for multifamily units.

The full 300-plus-page housing report, available on the CDA website goes on to provide other detailed information on county demographics, employment trends, housing characteristics and market analysis.

Streich has been sharing information from the report with various cities in the county as requested and is scheduled to have a conversation with Carver County commissioners at their July 9 board meeting. Armed with new housing data, the county and area cities will evaluate next steps in housing plans.

In terms of rental housing, the median monthly contract rent was \$1,164 during the reporting period, with rents varying widely by city. Victoria and Chanhausen have the highest rents, Cologne and Watertown the lowest.

At the state level the Local Affordability and Housing Act all

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Norwood Young America city, Carver County

2023 Annual Population Estimate

Published May 28, 2024 (preliminary; distributed for local government review)



	Housing units	Occupancy rate	Households	Persons per household	Population in households	Population in group quarters	Total population
2023 Estimate	1,722	96.46%	1,661	2.4485	4,067	25	4,092
2020 Census	1,632	95.04%	1,551	2.4629	3,820	43	3,863

The Metropolitan Council estimates population using the housing unit method, which answers three main questions for each jurisdiction as of April 1, 2023.

First, how many housing units did the community have?

- We start with housing units measured by the 2020 Census. We broke down the total number of housing units in the 2020 Census into different housing types using county parcel data and other data sources.
- We then add units built between April 1, 2020 and April 1, 2023, based on permits reported to us by communities. Permit data is [available on our website](#).
 - We assume that 90% of single-family detached units and 85% of townhome/duplex/triplex/quadplex units permitted in 2021 were completed and occupiable by April 1, 2023.
 - Multifamily units permitted in and after 2020 are assumed to be completed if they received a certificate of occupancy by April 1, 2023. Multifamily units permitted before 2020 that were not open at the time of the 2020 Census are also included.
 - Manufactured home data comes from our annual surveys of manufactured home park operators and local governments.
 - Data on other housing (boats, RVs, etc. used as housing) comes from the [most recent American Community Survey data](#); this housing is included in the estimates only if occupied.
- We also examine other housing stock changes reported by jurisdictions. These include demolitions, building conversions (units added or lost), boundary changes (units annexed in or out), and other changes.

	Housing stock April 1, 2020	Permitted and built since 2020	Other changes since 2020	Housing stock April 1, 2023
Single-family detached	1,230	25	1	1,256
Townhome (Single-family attached)	12	14	0	26
Duplex/triplex/quadplex	15	0	0	15
Multifamily (5 or more units)	359	0	50	409
Accessory dwelling units (ADUs)	0	0	0	0
Manufactured homes	16			16
Other units	0			0
Total	1,632			1,722