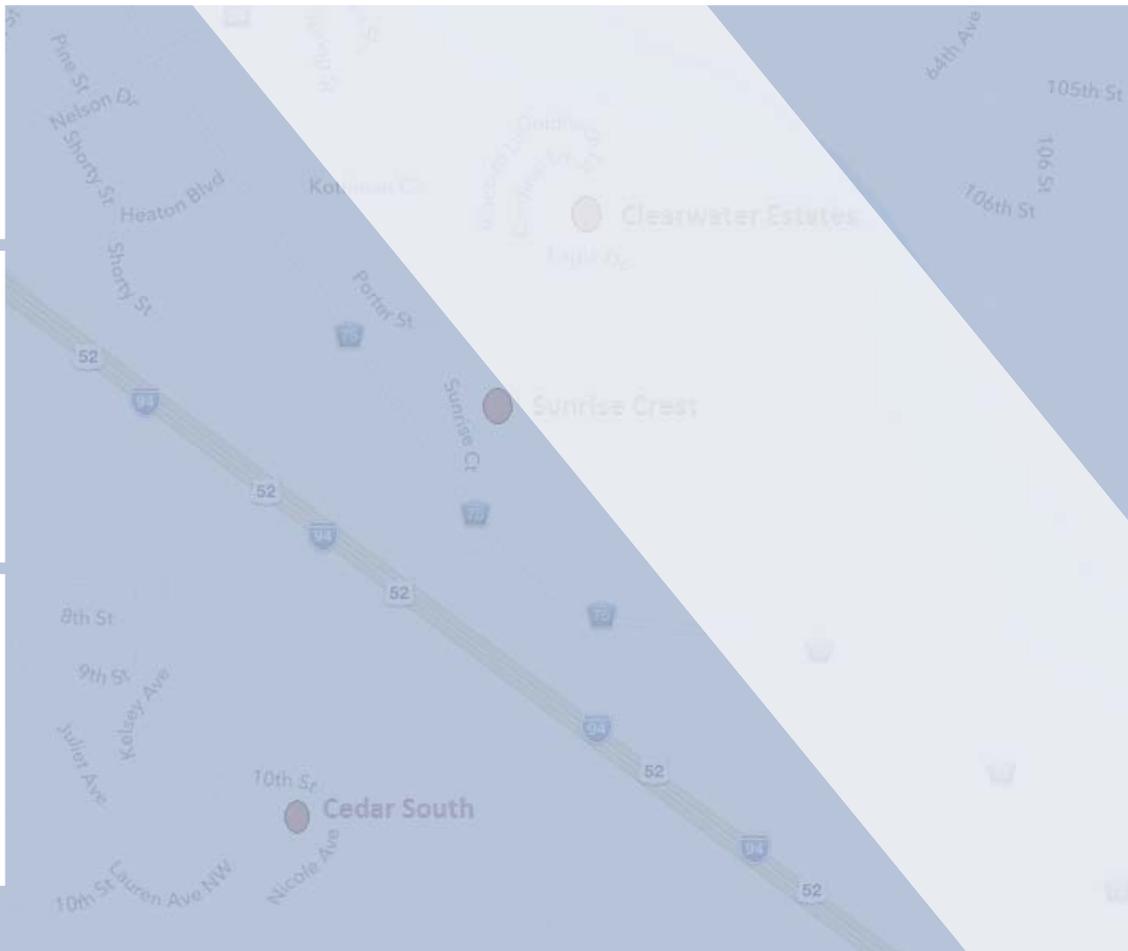




City of **CLEARWATER**

*Housing Market Report*

**2013**



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## PURPOSE AND SCOPE OF RESEARCH

Housing is an important component of all communities. Quality, available, affordable and diverse housing enhances quality of life, supports economic development, and contributes to a community's sense of place. As such, WSB & Associates, Inc. was engaged by the City of Clearwater to conduct a Housing Study to assess the housing market conditions and provide recommendations for housing needs within the City of Clearwater. The market analysis focuses on the housing needs within the City of Clearwater including market rate, subsidized, and move-up housing for various age categories including owner-occupied and renter occupied housing options. This project was funded in part by the Initiative Foundation, a regional foundation and by a grant from Agstar.

Clearwater's Housing Market Study should be used as a reference to guide planning efforts, financial initiatives and strategies, and provide direction to the City regarding the approach it should take; the types of housing opportunities the City should promote; and the roles in providing those opportunities. This Study is flexible to meet any unforeseen housing needs and future land use decisions. 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 is designed to be a broad analysis of the entire Clearwater housing market and is intended to guide planning efforts, especially as they relate to future land use designations.

This Study contains data from both primary and secondary research. Primary research includes interviews with local officials, the real estate community, and banking officials. Secondary research data includes data from the US Census, the Minnesota Department of Employment and Economic Development (DEED), Wright County, or other local planning agencies. Secondary research is always used for a basis for analysis and is carefully reviewed along with other factors that may impact projections. All of the information on pending developments was gathered by WSB & Associates, Inc. and is accurate to the best of our knowledge.

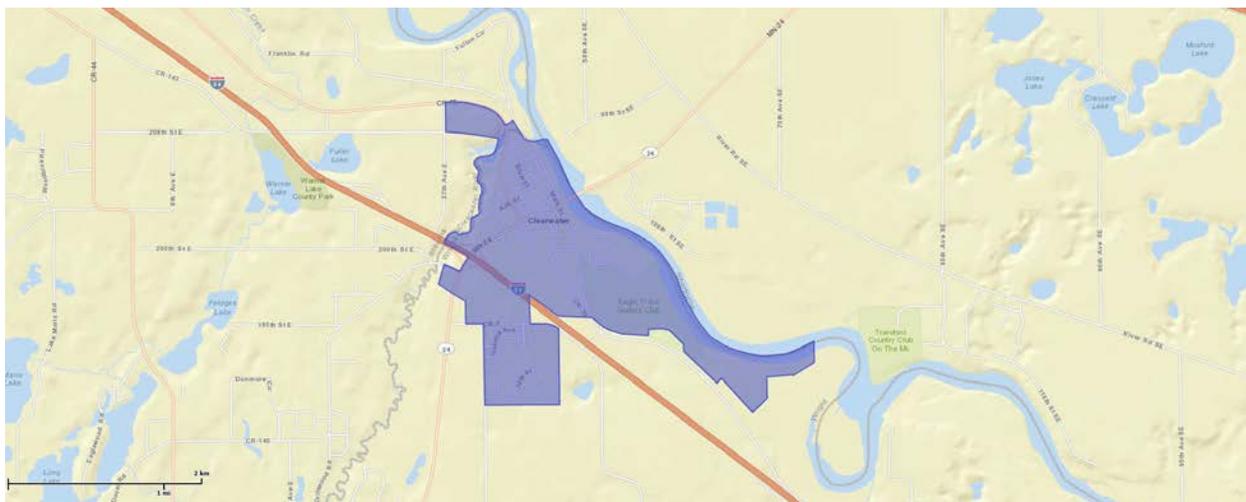


# INVENTORY AND ANALYSIS

## DEMOGRAPHIC CHARACTERISTICS

This section looks at the demographic characteristics that underlie the need for various types of housing in the City of Clearwater. The U.S. Census and Minnesota State Demographic Center served as the primary sources for the demographic overview. While population projections are an effective planning tool when used correctly, their accuracy is dependent on several factors including assumptions for birth rates, 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 occur. Therefore, Clearwater should use the population projections presented in this Market Study as a general guide and not as an absolute certainty. Moreover, the City should periodically review and update the population projections based on new conditions.

WSB & Associates, Inc. determined the “Study Area” based on geographic and man-made boundaries, community orientation, our knowledge of the area, and the dictates of the proposal. Considering these factors, we determined a Study Area for the area contained within the City of Clearwater, City of Annandale, City of Clear Lake, and Clearwater Township. Wright County and the State of Minnesota are also included as part of the analysis in this Study.





## HISTORIC POPULATION CHANGE

The City of Clearwater grew substantially in terms of total population between the 2000 and 2010 census, growing by more than double from 858 to 1,735.

Extrapolating past growth trends shows steady growth to 2,528 by the year 2020 and 3,259 by 2030. The age distribution remained relatively consistent from 2000 to 2010 with the largest age group being 25 to 34 in both years. The percentage of people 19 and younger decreased from 34.8% to 29.9% while the percentage of those 65 and older only increased from 9% to 10%. Contrary to nationwide trends, the median age actually decreased from 2000 to 2010 from 31.3 to 29.5. However, this will likely be reversed as social trends lead towards an aging of the population. When looking at forecasts for future population age distribution for the county as a whole, Clearwater can expect to experience similar trends, including an increase in the percentage of residents over the age of 65.

**TABLE 1-A: POPULATION CHANGE 1980-2010**

Place	US Census				Change					
					1980-1990		1990-2000		2000-2010	
	1980	1990	2000	2010	No.	%	No.	%	No.	%
Clearwater	379	597	858	1,735	218	57.5%	261	43.7%	877	102%
Study Area Remainder	2,987	3,525	4,318	5,312	538	18.0%	793	22.5%	994	23.0%
Annandale	1,568	2,054	2,684	3,228	486	31.0%	630	30.7%	544	20.3%
Clear Lake	266	315	266	545	49	18.4%	-49	-15.6%	279	104.9%
Clearwater Township	1,153	1,156	1,368	1,539	3	0.26%	212	18.3%	171	12.5%
<b>Study Area Total</b>	<b>3,366</b>	<b>4,122</b>	<b>5,176</b>	<b>7,047</b>	<b>756</b>	<b>22.5%</b>	<b>1,054</b>	<b>25.6%</b>	<b>1,871</b>	<b>36.1%</b>
Wright County	58,681	68,710	89,986	124,700	10,029	17.1%	21,276	30.9%	34,714	38.5%
State of Minnesota	3,806,103	4,075,907	4,375,099	4,919,479	269,804	7.1%	299,192	7.3%	544,380	12.4%

Source: U.S. Census Bureau

## POPULATION ESTIMATES AND PROJECTIONS

Population projections are an effective planning tool when used correctly. However, their accuracy is subject to several factors including assumptions for birth rates, 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 occur. Therefore, Clearwater 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 on new conditions.

In 2010, the U.S. Census reported Clearwater’s population as 1,735. The Minnesota State Demographic Center estimates that Clearwater’s population will be roughly 2,152 in 2015, with an increase to 2, 528 in 2020 and another jump to 3,259 in 2030. Again, it is impossible to know with certainty what Clearwater’s future population will be, but it is reasonable to believe that any future population increases resulting from new housing development or redevelopment in Clearwater, will be offset (to some extent) by a decrease in population resulting from an aging population and diminishing household size. Consequently, Clearwater’s population will likely see a continued increase through 2030 and perhaps beyond. Clearwater’s expected population change is much higher than change with the County and State. *Refer to Table 1-B: Projected Population Change: 2010–2030* for additional information.

**TABLE 1-B: PROJECTED POPULATION CHANGE: 2010-2030**

Place	State Demographic Center			Change					
				2010-2015		2015-2020		2020-2030	
	2015	2020	2030	No.	Pct.	No.	Pct.	No.	Pct.
Clearwater	2,152	2,528	3,259	417	24.0%	376	17.5%	731	28.9%
<i>Study Area Remainder</i>	<i>5,405</i>	<i>6,670</i>	<i>7,371</i>	<i>93</i>	<i>1.8%</i>	<i>1,265</i>	<i>23.4%</i>	<i>701</i>	<i>10.5%</i>
Annandale	3,388	4,279	4,658	160	5.0%	891	26.3%	379	8.6%
Clear Lake	457	537	599	-88	-16.1%	80	17.5%	62	11.5%
Clearwater Township	1,560	1,854	2,114	21	1.4%	294	18.8%	260	14.0%
<b>Study Area Total</b>	<b>7,557</b>	<b>9,198</b>	<b>10,630</b>	<b>510</b>	<b>7.2%</b>	<b>1,641</b>	<b>21.7%</b>	<b>1,432</b>	<b>15.6%</b>
Wright County	134,673	147,422	171,416	9,973	8.0%	12,749	9.5%	23,994	16.3%
State of Minnesota	5,537,385	5,772,258	6,182,306	233,460	4.4%	234,873	4.2%	410,048	7.1%

*Source: Estimate and Projections from US Census and Minnesota State Demographic Center*

Between 1980 and 1990, Clearwater accounted for 28.8% of the Study Area’s growth. In the 1990s Clearwater accounted for a slightly lower percentage (24.8%) of the overall population growth within the Study Area and 46.9% during the early part of the decade. It is anticipated that Clearwater will account for 51.0% of the Study Area’s population growth between 2010 and 2030.



## HOUSEHOLD CHARACTERISTICS AND FORECASTS

In 2010, the US Census reported 680 households in Clearwater and 445 families. A household refers to all persons who occupy a housing unit. So a household could involve family living in a house or it could involve unrelated people sharing an apartment. A family refers to a parent or grandparent living with at least one child. In Clearwater, 57% of family households had children less than 18 years of age. Yet, in the future, it is likely that the percentage of married couples without children living with them will increase. The percentage of single parent households will also increase. Female households with no husband present accounted for approximately 12% of the family households in Clearwater in 2010.

The average household size in Clearwater in 2010 was 2.55 persons, which was down from 2.62 in 2000 (see *Table 1-C: Historic and Projected Households: 2000–2030*). Between 2000 and 2010, the number of new households grew proportionally to the increase in population suggesting stability in household size. In 2000, 68.5% of households were family households, with 37.0% having children under the age of 18. Comparatively in 2010, the number of family households was 65.4% and 37.2% had children under 18. As the population ages and the trend of fewer children continues, Clearwater should expect to see the average household size continue to decrease at a slow rate. These trends have implications for the demand of future housing types in the City of Clearwater. As the proportion of family households decreases, and the size of families also continues to decrease, there will be relatively less demand for 3–4 bedroom homes and more demand for smaller housing units.



**TABLE 1-C: HISTORIC AND PROJECTED HOUSEHOLDS: 2000-2020**

Place	US Census			Change			
	2000	2010	2020*	2000-2010		2010-2020	
				No.	Pct.	No.	Pct.
Clearwater	327	680	991	353	108.0%	311	45.7%
Study Area Remainder	1,744	2,026	2,725	282	16.2%	699	34.5%
Annandale	1,163	1,338	1,836	175	15.0%	498	37.2%
Clear Lake	102	205	202	103	101.0%	-2	-2.0%
Clearwater Township	479	483	687	4	0.8%	204	42.2%
<b>Study Area Total</b>	<b>2,071</b>	<b>2,706</b>	<b>3,716</b>	<b>635</b>	<b>-</b>	<b>1,010</b>	<b>-</b>
Wright County	31,465	44,473	52,316	13,008	41.3%	7,843	17.6%
State of Minnesota	1,895,127	2,087,227	2,339,934	192,100	10.1%	252,707	12.1%

Source: U.S. Census Bureau

\*Based on projected population divided by each city's 2010 average household size

## AGE COMPOSITION

In addition to knowing how many people currently live and will likely live in Clearwater, an understanding of key characteristics of the people, such as their age, education, and employment status, can help the City plan for and provide necessary and desired services for its residents. The following provides an overview of the existing age composition of Clearwater's residents and the anticipated changes in age composition that will occur through the year 2030. Refer to *Table 1-D: Age Composition - 2000*.

**TABLE 1-D: AGE COMPOSITION – 2010**

Age	City of Clearwater		Wright County		Minnesota	
	Number	Percent	Number	Percent	Number	Percent
Under 5	228	13.1%	10,699	8.6%	355,504	6.70%
5 to 9	118	6.8%	10,822	8.7%	355,536	7.23%
10 to 14	87	5.0%	10,048	8.1%	352,342	7.62%
15 to 19	87	5.0%	8,414	6.7%	367,829	7.61%
20 to 24	121	7.0%	5,615	4.5%	355,651	6.56%
25 to 34	431	24.8%	17,496	14.0%	715,586	13.68%
35 to 44	188	10.8%	19,201	15.4%	681,094	16.75%
45 to 54	194	11.2%	18,513	14.8%	807,898	13.53%
55 to 59	60	3.5%	6,630	5.3%	349,589	4.61%
60 to 64	47	2.7%	5,328	4.3%	279,775	3.61%
65 to 74	110	6.3%	6,902	5.5%	354,427	6.01%
75 to 84	50	2.9%	3,529	2.8%	222,030	4.32%
85 and Over	14	0.8%	1,503	1.2%	106,664	1.74%
Median Age	29.5	--	34.6	--	37.4	--

Source: U.S. Census Bureau

## HOUSING SUPPLY

### NUMBER AND TYPES OF HOUSING UNITS

The US Census indicates that there were 680 households in Clearwater in 2010 – 353 more units than identified in 2000. Data describing the household type, as shown below in Table 1–E, was only available as an estimate. The most recent data is from the 2011 American Community Survey. Roughly, 64.6% of the housing units in 2011 were single–family detached houses – this is considerably lower than Wright County (78.2%) and only slightly lower than the State of Minnesota (67.5%). In 2011, roughly 8.7% of the housing units in Clearwater were single–family attached units (townhouses) – this is relatively consistent with Wright County (8.8%) but slightly higher than the State of Minnesota (7.2%). In 2011, the City also had a considerably higher percentage of multi–family housing than Wright County and the State of Minnesota. Refer to *Table 1–E: Housing Supply by Type*, for more information.



**TABLE 1-E: HOUSING SUPPLY BY TYPE – 2000 AND 2010**

Housing Type	2000 Units	2000 Percent	2010 Units	2010 Percent	2010 Wright County Percent	2010 State Percent
Single-Family Detached	220	62.3%	475	64.6%	78.2 %	67.5%
Single-Family Attached	39	11.0%	64	8.7%	8.8%	7.2%
2-4 Unit Multi-Family	9	2.5%	3	0.4%	1.0%	4.5%
5+ Unit Multi-Family	72	20.3%	189	25.8%	7.2%	17.1%
Mobile Home	13	3.7%	4	0.5%	4.7%	3.7%
Other	0	0.0%	0	0.0%	0.1%	0.0%
<b>Total Units</b>	<b>353</b>	<b>100%</b>	<b>735</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: 2007-2011 American Community Survey 5-Year Estimates

## CHARACTERISTICS OF HOUSEHOLD TYPE

Table 1-F: Household Type Distribution – 2000 and 2010 compares the distribution of family and non-family households in Clearwater, the surrounding Study Area, and the State of Minnesota in 2000 and 2010. Clearwater’s percentage of ‘family households’ increased more substantially between 2000 and 2010 than the overall Study Area and the State of Minnesota.

**TABLE 1 -F: HOUSEHOLD TYPE DISTRIBUTION – 2000 AND 2010**

Household Type	2000						2010			Change (Number)			Change (Percent)					
	Study Area			MN			Study Area			MN			Study Area			MN		
	Clear.	Area	MN	Clear.	Area	MN	Clear.	Area	MN	Clear.	Area	MN	Clear.	Area	MN			
<b>Family Households:</b>																		
Married-couple:	175	1,097	1,018,245	325	1,387	1,060,509	150	290	42,264	85.7%	26.4%	4.2%						
Male household, no wife present:	13	78	68,114	41	131	89,707	28	53	21,593	215%	67.9%	31.7%						
Female household, no husband present:	36	195	168,782	79	275	198,799	43	80	30,017	119%	41.0%	17.8%						
<b>Total, Family Households</b>	<b>224</b>	<b>1,370</b>	<b>1,255,141</b>	<b>445</b>	<b>1,793</b>	<b>1,349,015</b>	<b>221</b>	<b>423</b>	<b>93,874</b>	<b>98.7%</b>	<b>30.9%</b>	<b>7.5%</b>						
<b>Non-Family Households</b>																		
1-person household	79	518	509,468	166	735	584,008	87	217	74,540	110%	41.9%	14.6%						
2 or more-person household	24	118	130,518	69	178	154,204	45	60	23,686	188%	50.8%	18.1%						
<b>Total, Non-Family Households</b>	<b>103</b>	<b>636</b>	<b>639,986</b>	<b>235</b>	<b>913</b>	<b>738,212</b>	<b>132</b>	<b>277</b>	<b>98,226</b>	<b>128%</b>	<b>43.6%</b>	<b>15.3%</b>						
<b>Total</b>	<b>327</b>	<b>2,006</b>	<b>1,895,127</b>	<b>680</b>	<b>2,706</b>	<b>2,087,227</b>	<b>353</b>	<b>700</b>	<b>192,100</b>	<b>108%</b>	<b>34.9%</b>	<b>10.1%</b>						



## COMPARISON OF OWNER–OCCUPIED AND RENTER–OCCUPIED UNITS

It is important to have owner–occupied and renter–occupied units. In general, many communities strive to have roughly 65–70% of their housing units owner–occupied. In 2000, approximately 74% of the housing units in Clearwater were owner–occupied – this is much lower than Wright County (84%) and consistent with the State of Minnesota (75%). In 2010, the City of Clearwater’s housing occupancy ratio (owner: renter) evened out slightly, with 71% of the housing units being owner occupied and 29% being renter occupied. Refer to *Table 1–G: Housing Tenure by Type – 2010*, for additional information.

**TABLE 1-G: HOUSING TENURE BY TYPE – 2010**

Units per Structure	Owner Occupied Units	Percent Owner Occupied	Percent Owner Occupied County	Percent Owner Occupied State	Renter Occupied Units	Percent Renter Occupied	Percent Renter Occupied County	Percent Renter Occupied State
Single-Family	371	60.7	73.5	62.5	28	4.6	4.5	5.0
Single-Family Attached	52	8.5	6.5	5.6	12	2.0	2.6	2.0
2-4 Unit Multi-Family	N/A	0	0.2	0.9	3	0.1	0.9	3.5
5+ Unit Multi-Family	7	1.1	0.3	1.9	134	21.9	7.0	15.4
Mobile Home	4	0.6	4.5	2.7	0	0	0.2	0.5
<b>Total Units</b>	<b>434</b>	<b>71%</b>	<b>85%</b>	<b>74%</b>	<b>177</b>	<b>29%</b>	<b>15%</b>	<b>26%</b>

Source: U.S. Census Bureau, 2007-2011 American Community Survey

## VACANCIES

Today, the City of Clearwater faces an overall housing vacancy rate of 10.2 %, which is 2.5% higher than the vacancy rate for the County and just 0.3% higher than that of the State. In the year 2000, Clearwater’s vacancy rate was lower than the rates of both the State and County. From 2000 to 2010, the County vacancy rate decreased just 0.1% compared with a 2.2% increase statewide. Clearwater experienced a 2.9% increase during this same time period. This can partly be explained by the fact that the number of housing units in the City more than doubled during this time and the housing market experienced a significant decline.



<b>TABLE 1-H: VACANT HOUSING BY TYPE - 2010</b>					
<b>Year</b>	<b>City Vacant</b>		<b>County Percent</b>		<b>State Percent</b>
	<b>Units</b>	<b>City Percent Vacant</b>	<b>Vacant</b>		<b>Vacant</b>
2000	28	7.9%	8.4%		8.3%
2010	82	10.8%	8.3%		10.5%

Source: U.S. Census Bureau, 2000 and 2010 Census

## VALUE OF HOUSING

The median value of owner-occupied housing units in Clearwater in 2010 was \$166,900 – up 73.3% (or \$70,600) from the median value in 2000 of \$96,300. Most housing in Clearwater is valued in the range of \$150,000 to \$199,999. In comparison to low and moderate valued housing, there is a relatively small choice of higher valued housing units in Clearwater. The median value of owner-occupied housing in Wright County was \$213,900 and \$201,400 in the State of Minnesota. Refer to *Table 1-I: Owner-Occupied Housing by Value –2010*, for additional information.

<b>TABLE 1-I: OWNER-OCCUPIED HOUSING BY VALUE - 2010</b>					
<b>Value</b>	<b>Units*</b>	<b>Percent</b>	<b>Wright County</b>	<b>State</b>	
Less than \$50,000	6	1.4%	5.6%	5.6%	
\$50,000 to \$99,999	33	7.6%	3.0%	9.2%	
\$100,000 to \$149,999	80	18.4%	10.6%	14.3%	
\$150,000 to \$199,999	231	53.2%	25.3%	20.4%	
\$200,000 to \$299,999	64	14.7%	31.6%	27.5%	
\$300,000 to \$499,999	13	3.0%	18.2%	16.5%	
\$500,000 to \$999,999	7	1.6%	4.7%	5.5%	
\$1,000,000 or More	0	0.0%	1.0%	1.0%	
<i>Median Value</i>	<i>\$166,900</i>	-	<i>\$213,900</i>	<i>\$201,400</i>	
<b>Total</b>	<b>434</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

Source: U.S. Census Bureau, 2007-2011 American Community Survey

\*Owner occupied units



## OWNER MONTHLY COSTS AS PERCENTAGE OF HOUSEHOLD INCOME

Housing decisions should not be based solely on the value of housing, but also the cost of housing expenses in relation to household income. In general, housing costs (taxes, insurance, principal, interest, etc.) should not exceed 30% of total household income. In 2010, nearly 46% of homeowners in Clearwater had monthly costs that were more than 30% of their household income, compared to 35.7% in Wright County and 33.6% in the State of Minnesota. *Refer to Table: 1-J: Owner Monthly Costs as Percent of Household Income -1999.* These figures suggest that housing was less affordable in Clearwater than in Wright County and the State of Minnesota in 2010. They also suggest that almost one-half of the homeowners in Clearwater may find it difficult to make their mortgage payments. Consequently, some may default on their loans and others may find it difficult to keep up with household maintenance and repairs.

TABLE 1-J: OWNER MONTHLY COSTS AS PERCENT OF HOUSEHOLD INCOME - 2010				
Percent of Household Income	Units	Percent	Wright County	State
Less than 20%	52	14.8%	28.7%	35.1%
20.0 to 24.9%	69	19.6%	19.3%	17.7%
25.0 to 29.9%	69	19.6%	16.2%	13.6%
30.0 to 34.9%	36	10.2%	10.7%	9.3%
35.0% or More	126	35.8%	25.0%	24.3%
Not Computed	0	-	-	-
<b>Total</b>	<b>352</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: U.S. Census Bureau, 2007-2011 American Community Survey \*Housing Units with a Mortgage

## CONTRACT RENT

In 2010, rental housing units accounted for roughly 29% of the occupied housing units in Clearwater. Roughly, 35.6% of the renter-occupied units had a monthly rent of \$500 or more in 1990. In 2010, roughly 93.7% of units had a monthly rent of \$500 or more, which is higher than Wright County (83.4%), and the State of Minnesota (81.2%). Refer to *Table 1-K: Renter-Occupied Housing Units by Gross Rent - 2010*, for additional information.

**TABLE 1-K: RENTER-OCCUPIED HOUSING UNITS BY GROSS RENT - 2010**

Monthly Rent	Units	Percent	Wright County	State
Less than \$200	0	0.0%	3.4%	3.1%
\$200 to \$299	3	1.7%	4.2%	5.1%
\$300 to \$499	8	4.6%	9.1%	10.6%
\$500 to \$749	59	34.1%	27.6%	27.1%
\$750 to \$999	70	40.5%	22.5%	26.5%
\$1000 to \$1,499	19	11.0%	23.4%	19.9%
\$1,500 or more	14	8.1%	9.9%	7.7%
No Rent Paid	4	-	-	-
<i>Median Rent Paid</i>	<i>\$830</i>	-	<i>\$807</i>	<i>\$783</i>
<b>Total Specified Units</b>	<b>283</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: U.S. Census Bureau, 2007-2011 American Community Survey

## RENTER MONTHLY COSTS AS PERCENTAGE OF HOUSEHOLD INCOME

In 2010, 23.7% of renters paid over 30% of their household income in rent. Refer to *Table 1-L: Gross Rent as Percent of Household Income - 2010*. This number is lower than Wright County (48.5%) and the State of Minnesota (49.4%).

**TABLE 1-L: GROSS RENT AS PERCENT OF HOUSEHOLD INCOME - 2010**

Percent of Household Income	Units	Percent	Wright County	State
Less than 15%	31	17.9%	10.5%	12.0%
15.0 to 19.9%	31	17.9%	14.1%	12.5%
20.0 to 24.9%	38	22.0%	14.1%	13.5%
25.0 to 29.9%	32	18.5%	12.8%	12.6%
30.0 to 34.9%	4	2.3%	11.7%	9.5%
35.0% or More	37	21.4%	36.8%	39.9%
Not Computed	4	-	-	-
<b>Total Specified Units</b>	<b>283</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: U.S. Census Bureau, 2007-2011 American Community Survey



## AGE AND MAINTENANCE OF HOUSING STOCK

In 2010, roughly 22.4% (165 units) of the City’s units were constructed before 1980. Just 8% of the housing units in Clearwater were built before 1939. Clearwater has a relatively new housing stock in comparison to Wright County and the State of Minnesota, with 70.5% of housing units being built since 1990 compared with 50.1% for the County and 27.2% for the State.

TABLE 1-M: YEAR STRUCTURE BUILT				
Year Structure Built	Units	Percent	Wright County	State
2005 or later	118	16.1%	9.3%	4.4%
2000 to 2004	294	40.0%	22.3%	9.3%
1990 to 1999	106	14.4%	18.5%	13.5%
1980 to 1989	52	7.1%	12.1%	12.9%
1970 to 1979	33	4.5%	16.1%	16.0%
1960 to 1969	42	5.7%	5.6%	10.0%
1950 to 1959	21	2.9%	3.9%	10.6%
1940 to 1949	10	1.4%	2.5%	5.0%
1939 or Earlier	59	8.0%	9.7%	18.1%
<b>Total Specified Units</b>	<b>735</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: U.S. Census Bureau; 2007-2011 American Community Survey

## RESIDENTIAL CONSTRUCTION

367 new housing units were added in Clearwater last decade. This includes 95 multifamily units and 272 single family homes. Cedar Ridge Apartments comprised all of the new multifamily units added in the last decade.

Single family home construction averaged about 27 homes per year during the past decade. The first three years of this decade have averaged much lower numbers at 3 homes per year. The majority of the single-family home construction during the last decade occurred in the years between 2003 and 2005, with an average of 73 homes per year.



Table 1-N Building Permit Trends 2000 to 2012			
Year	Single-Family	Multifamily	Total
2000-2009	272	95	367
2010	5	0	5
2011	2	0	2
2012	2	0	2

Source: HUD - SOCDS Building Permit Database

## PLUMBING, KITCHEN, AND TELEPHONE

The U.S. Census identified that of the 611 occupied housing units in Clearwater in 2010, none lacked complete plumbing facilities or complete kitchen facilities. It was estimated that 35 units (5.7%) had no telephone service.

## TENURE BY AGE OF HOUSEHOLDER

Table 1–O shows the distribution of the owner–occupied and renter–occupied housing units in Clearwater in the year 2010. The graphic on the following page breaks down the number of units by the age cohort, as housing needs tend to differ at key stages of person’s life. The graphic also shows the gradual change in the rate of homeownership within the City.

Rental housing is generally most popular with young adults (35 and under) as well as older seniors (75+) in the Study Area, Wright County, and the State of Minnesota. In Clearwater, rental housing is common for many young adults, however, the percentage of seniors choosing to rent is quite low in comparison to the Study Area, the County and the State. With the low cost generally associated with the cost of renting as well as the flexibility in housing situations, young households typically find renting as the preferred housing option. Increased burdens of home maintenance can make rental housing a desirable alternative for seniors.

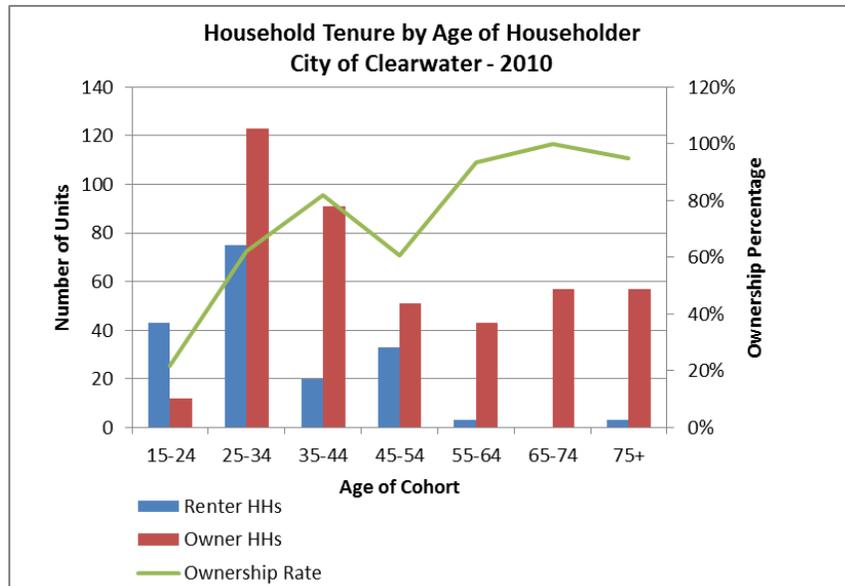
Clearwater accounts for approximately 11.4% of all Study Area housing, yet contains 31.1% of all the renter households in the Study Area. In Clearwater, the percentage of seniors choosing to rent remains low (0% for 65–74 and 5% for 75+).



The homeownership rate fluctuated in the year 2010 between ages 35 to 74, ranging from 60.7% for 45 to 54 year olds to 100% for those between 65 and 74. The percentage of rental households in Clearwater increased from 26% to 29% from 2000 to 2010.

**TABLE 1-O: HOUSEHOLD TENURE BY AGE OF HOUSEHOLDER - 2010**

Household Age	Clearwater		Study Area		Wright County		Minnesota	
	Number	Percent*	Number	Percent*	Number	Percent*	Number	Percent*
<b>Owner HHs</b>								
15-24	12	2.0%	55	2.0%	621	1.4%	21,339	1.0%
25-34	123	20.1%	492	18.1%	7,166	16.0%	203,188	9.7%
35-44	91	14.9%	379	13.9%	9,246	20.7%	295,586	14.1%
45-54	51	8.3%	339	12.5%	9,014	20.2%	379,200	18.1%
55-64	43	7.0%	354	13.0%	6,043	13.5%	307,858	14.7%
65-74	57	9.3%	324	11.9%	3,509	7.9%	181,502	8.7%
75+	57	9.3%	204	7.5%	2,334	5.2%	153,697	7.3%
<b>Total Owner HHs</b>	<b>434</b>	<b>71.0</b>	<b>2,147</b>	<b>79.0%</b>	<b>37,933</b>	<b>84.9%</b>	<b>1,542,370</b>	<b>73.6%</b>
<b>Renter HHs</b>								
15-24	43	7.0%	57	2.1%	872	2.0%	86,269	4.1%
25-34	75	12.3%	99	3.6%	1,653	3.7%	151,047	7.2%
35-44	20	3.3%	40	1.5%	1,330	3.0%	89,684	4.3%
45-54	33	5.4%	124	4.6%	972	2.2%	78,169	3.7%
55-64	3	0.5%	54	2.0%	604	1.4%	52,602	2.5%
65-74	0	0.0%	26	1.0%	487	1.1%	30,513	1.5%
75+	3	0.5%	170	6.3%	832	1.9%	63,611	3.0%
<b>Total Renter HHs</b>	<b>177</b>	<b>29.0%</b>	<b>570</b>	<b>21.0%</b>	<b>6,750</b>	<b>15.1%</b>	<b>551,895</b>	<b>26.4%</b>
<b>Total HHs</b>								
15-24	55	9.0%	112	4.1%	1,493	3.3%	107,608	5.1%
25-34	198	32.4%	591	21.8%	8,819	19.7%	354,235	16.9%
35-44	111	18.2%	419	15.4%	10,576	23.7%	385,270	18.4%
45-54	84	13.7%	463	17.0%	9,986	22.3%	457,369	21.8%
55-64	46	7.5%	408	15.0%	6,647	14.9%	360,460	17.2%
65-74	57	9.3%	350	12.9%	3,996	8.9%	212,015	10.1%
75+	60	9.8%	374	13.8%	3,166	7.1%	217,308	10.4%
<b>Total Households</b>	<b>611</b>	<b>100.0%</b>	<b>2,717</b>	<b>100.0%</b>	<b>44,683</b>	<b>100.0%</b>	<b>2,094,265</b>	<b>100.0%</b>



## LIFE-CYCLE HOUSING AND PROFILE OF HOUSEHOLDS

The housing needs of a community relate to the demographic profile of the household. Typically, households move through several life-cycle stages; including entry-level households, first time homeowners, move-up buyers, empty nesters/young seniors, and older seniors.

The following describes each of these household types and the effect that they have on housing demands in Clearwater.

### ENTRY-LEVEL HOUSEHOLDS

People in the 18 to 24 year old age group typically leave their childhood home and establish their own household. They often rent a house or an apartment because they generally do not have the income and savings needed to buy a home. In addition, many people in this age group move frequently, so they are hesitant to buy a house. They are also more apt to share housing with other unrelated people of similar age.

The entry-level household population in Clearwater will fluctuate annually. Many Clearwater residents that graduate from high school move to other communities to attend a university or to pursue other job opportunities. In the long term, unless current conditions and trends change, Clearwater will not see significant increase in



the 19 to 24 year old age group. Nevertheless, there will always be a strong need to provide affordable housing for people of all ages.

## FIRST TIME HOMEOWNERS

First time homeowners are typically in their 20s and 30s. They are usually “move-up” renters, meaning they “move up” from an apartment to a home. They are often married with young children, but increasingly, first time homeowners are single. They are prone to moving within several years of buying their first home for several reasons; including, increased salaries allow them to move to more expensive housing, children may require larger housing, and job opportunities may require that they move to another community.

## MOVE-UP BUYERS

Move-up buyers are typically in their 30s and 40s. They move up from the smaller, less expensive house that they had purchased earlier. From an economic growth perspective, this is an important age group of people. Typically, move-up buyers have children in school and an established job. They are less apt to move to another community and start over. Also, professionals who are moving to a community to advance their career are generally looking to move to a more expensive house than what they had in their previous community. Clearwater must continue to ensure that it has adequate choices for those who are looking for move-up housing that will satisfy their needs until they are in their late 50s and beyond.

## EMPTY NESTERS AND YOUNG SENIORS

Empty nesters and young seniors are generally in their 50s and 60s. Often, their children have moved out of their house and left them with a larger house than needed. Empty nesters and young seniors often want to live in a smaller house, like a townhouse, that has less maintenance.

As the baby boom generation moves into this age group, this population will likely increase in Clearwater. Interviews with persons familiar with the rental market in Clearwater indicate there has been a notable increase in apartment rentals in Clearwater by members of the baby boom generation.



## OLD SENIORS

Those in their 80s and older are often looking for low maintenance or assisted living housing. There are currently no age-restricted or assisted living housing options in Clearwater. As the population ages, Clearwater must continually ensure that it has adequate housing to meet the needs of seniors.

Clearwater should strive to be a senior-friendly community that values the contributions of seniors, promotes positive intergenerational interactions, considers the needs of seniors in community planning, supports the efforts of seniors to live independently, and acknowledges the role that family, friends, and neighbors play in the life of seniors.

## SPECIAL NEEDS

Housing for those with special needs includes housing for those with mental and/or physical disabilities or health issues and those who are in need of temporary or transitional housing. The number of people with special housing needs is expected to increase as the population of Clearwater continues to age. Currently, there are no assisted living units and existing housing for those with Alzheimer's or dementia to help meet some of the special housing needs in Clearwater.

## AFFORDABLE HOUSING

Affordable housing is important to a strong economy and a healthy community. Increasingly, housing is not affordable for many working families and the lack of affordable housing for people of all ages and incomes causes families stress, dampens productivity and stifles job growth. Various organizations define "affordable housing" in many different ways. The United States Department of Housing and Urban Development (HUD) generally defines housing as affordable if it costs less than thirty (30) percent of a household's income. However, HUD's Section 8 Income Guidelines are the basis for most affordable housing programs. Section 8 guidelines define low and moderate incomes on a sliding scale, depending on the number of persons in the family. For example, a four person household is considered "moderate income" if their family income is eighty (80) percent of the area's median family income.



It is noted most housing affordability programs and data place emphasis on creating owner-occupied units at eighty (80) percent of the median family income (moderate income) and rental units at fifty (50) percent of the median family income (low income). Since low income persons are typically renters, the definition of “low income” is tied to the number of persons in each unit. As of spring of 2013 this study identifies “affordable owner occupied units” as those affordable for moderate income families (eighty (80) percent of median income). Affordable rental units are based on fifty (50) percent of the median income and reflected on a per capita and per family basis.

In 2006, there were a total of 3 multi-family housing units designated as “affordable” or “subsidized.” Since then, 2 out of the 3 formerly designated affordable or subsidized multi-family housing units have been converted to market-rate. There is currently a need for additional subsidized or affordable multi-family housing units in Clearwater.

It’s very important to note that the definition used in this Study of “affordable” in terms of a dollar amount will continue to change as the cost of living increases and interest rates change. Therefore, the City should periodically review income/housing statistics and update the definition as warranted. Factors such as interest rates will impact housing affordability.

## **INCOME BY AGE OF HOUSEHOLDER**

Looking at income data is also important when predicting future housing demands in the City of Clearwater. In 2000, the median household income was \$41,696 and the largest employment industries were manufacturing, educational, health and social services, and retail trade. By 2010, the median household income increased significantly to approximately \$51,116 and the top employment industries were the same. The total population in 2010 age 16 and over was approximately 1,157, of which approximately 71% were considered to be in the labor force. The unemployment rate in the City of Clearwater in 2010 was approximately 3.5%. During this same time, Minnesota had an unemployment rate of about 4.9%.



**TABLE1-P: HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER - 2011**

Income	Under 25		25-44		45-64		65+	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$10,000	0	0.0%	11	3.6%	3	2.3%	3	2.6%
\$10,000 to \$14,999	0	0.0%	0	0.0%	7	5.4%	7	6.0%
\$15,000 to \$24,999	14	25.5%	15	4.9%	6	4.6%	22	18.9%
\$25,000 to \$34,999	4	7.3%	35	11.3%	12	9.2%	11	9.4%
\$35,000 to \$49,999	17	30.9%	77	24.9%	31	23.8%	18	15.4%
\$50,000 to \$74,999	20	36.4%	64	20.7%	47	36.2%	34	29.1%
\$75,000 to \$99,999	0	0.0%	78	25.2%	10	7.7%	19	16.2%
\$100,000 to \$149,999	0	0.0%	23	7.4%	11	8.5%	3	2.6%
\$150,000 to \$199,999	0	0.0%	6	1.9%	0	0.0%	0	0.0%
\$200,000 or More	0	0.0%	0	0.0%	3	2.3%	0	0.0%
<b>TOTAL HHs</b>	<b>55</b>	<b>100%</b>	<b>266</b>	<b>100%</b>	<b>130</b>	<b>100%</b>	<b>117</b>	<b>100%</b>

Income distributions as reported by the U.S. Census Bureau can be compared to affordability standards to determine how many households and families in the City of Clearwater may require affordable housing. Table 1-Q depicts the number of households that may require affordable housing (based on family income) as shown in the shaded area. 120 households (29.6%) have median family incomes of less than 80% of the average median family income.



<b>TABLE1-Q: CLEARWATER MEDIAN FAMILY INCOME</b>		
<b>Annual Household Income</b>	<b>Number of Households in Category</b>	<b>% of Total</b>
Less than \$10,000	18	4.4%
\$10,000 to \$14,999	0	0.0%
\$15,000 to \$19,999	22	5.4%
\$20,000 to \$24,999	4	1.0%
\$25,000 to \$29,999	21	5.2%
\$30,000 to \$39,999	55	13.5%
\$40,000 to \$49,999	42	10.3%
\$50,000 to \$59,999	58	14.3%
\$60,000 to \$74,999	91	22.4%
\$75,000 to \$99,999	63	15.5%
\$100,000 to \$124,999	29	7.1%
\$125,000 to \$149,999	0	0.0%
\$150,000 to \$199,999	3	0.7%
\$200,000 or More	0	0.0%
<b>TOTAL HHs</b>	<b>406</b>	<b>100.0%</b>

Source: U.S. Census Bureau (2007-2011 American Community Survey)

## OWNER–OCCUPIED HOUSING MARKET ANALYSIS

This section analyses the City of Clearwater’s owner occupied housing market. Analyzed in this section are single–family home resale trends, home foreclosures, actively marketing subdivisions, pending subdivisions, interviews with local real estate professionals and others involved in the local housing market to gain their feedback on existing market conditions and trends. The Wright County Assessor’s Office provided data on resale trends. The following are key findings regarding the owner–occupied housing market.

### HOME RESALE TRENDS

The average resale price of single–family homes in Clearwater in 2012 was \$115,259. This was an increase from 2011 (\$104,128) and a decrease from 2010 (\$131,179). Between 2010 and 2012, the average resale price has decreased 13.8%. While some of the price changes from year to year can be attributed to the age and quality of the



homes sold during a particular year, interviews with Realtors indicate the average resale price likely bottomed out in 2011 and slow price appreciation is expected.

Median sale price is often a more reliable measure of price trends. In Clearwater, the median sale price decreased from \$120,550 in 2010 to \$110,000 in 2012, which reflects a decrease of 9.6% for that time period. There has been a decrease of 45.4% from the median sale price reported for two quarters in 2006, which was \$159,900.

<b>TABLE 1-R: RE-SALE TRENDS OF EXISTING SINGLE FAMILY HOMES</b>			
<b>CLEARWATER, 2010 TO 2012</b>			
	Number of Sales	Median Sale Price	Average Sale Price
2010	18	\$120,550	\$131,179
2011	38	\$104,000	\$104,128
2012	33	\$110,000	\$115,259

Sources: Wright County Assessor's Office; WSB & Associates, Inc.

During the past two years there has been an annual average of 35 sales of existing single-family homes in Clearwater. In 2010, there were only 18 single-family home sales. Historical data suggest that the annual average of 35 sales of existing single-family homes in Clearwater is closer to normal; 2010 was an outlier. In essence, about 35 homes have been made available each year to people moving into the community, to renters who decide to purchase, and to existing homeowners seeking to purchase a different home.

Table 1-S shows the distribution of existing home sales by price range. In 2012, about 27% of the sales were priced under \$100,000, down from 47% in 2011, and 33% in 2010. This trend reflects a very limited supply of single-family homes affordable to households with incomes of about \$35,000 or less.

For the past three years the number of home sales in Clearwater has peaked in the \$100,000 to \$149,999 range. These homes are generally affordable to households with incomes between \$35,000 and \$60,000.



<b>TABLE 1-S SINGLE-FAMILY HOME RE-SALES BY PRICE RANGE CLEARWATER, 2010 TO 2012</b>			
	Number of Sales		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
< \$50,000	0	5	3
\$50,000 to \$74,999	3	6	1
\$75,000 to \$99,999	3	7	5
\$100,000 to \$149,999	6	16	18
\$150,000 to \$199,999	4	3	5
\$200,000+	2	1	1
<b>Total</b>	<b>18</b>	<b>38</b>	<b>33</b>
 Average Sale Price	 \$131,179	 \$104,128	 \$115,259

Sources: Wright County Assessor's Office; WSB & Associates, Inc.

Table 1–T shows the number of home sales in 2012 by the decade the homes were built. In 2012, 17 of the 33 single–family homes sold we built during the 2000s or later. Similarly, Table 1–M showed that approximately 56% of Clearwater’s owner–occupied single–family homes were built during the 2000s or later. Only 15% of the sales in 2012 were homes built prior to 1980. This highlights the relatively large supply of newer homes available to potential new residents moving to the community.

Table 1–T highlights how the average sale price decreases as the homes get older. Most homes sold in Clearwater in 2012 for under \$100,000 were built in the 1980s and 1990s. Homes priced above \$150,000 were generally built since 2000.

During 2012, the average resale price of homes built since 2000 was substantially higher than of homes built during the 1980s and 1990s. This suggests a good portion of homes built since 2000 are move–up homes versus entry–level homes. This is also reflected in the higher amount of square footage in homes built after 2000 compared to homes that were built in decades prior.

**TABLE 1-T SINGLE-FAMILY HOME RESALES BY YEAR BUILT  
CLEARWATER, 2012**

	Year Built				
	< 1940	1940s & 1950s	1960s & 1970s	1980s & 1990s	2000+
< \$100,000	0	0	3	5	1
\$100,000 to \$149,999	0	0	2	4	11
\$150,000 to \$199,999	0	0	0	1	4
\$200,000 +	0	0	0	0	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>10</b>	<b>17</b>
Median Sale Price	na	na	\$63,300	\$98,850	\$130,000
Average Sale Price	na	na	\$67,600	\$103,958	\$135,410
Average Size (sq. ft.)	na	na	1,378	1,392	1,529

Sources: Wright County Assessor's Office; WSB & Associates, Inc.

## FORECLOSURES

Beginning in the middle of the last decade, home foreclosures began to have a significant impact on housing markets across the nation. Initially, most foreclosures occurred among buyers with lower credit ratings who had sub-prime mortgages. Gradually, foreclosure activity increased as jobs plummeted and home prices sank precipitously. Table 1-U presents foreclosure data for Wright County and Minnesota. The data is "Sheriff's Sales Foreclosures" and was compiled by the Minnesota Homeownership Center, and published on HousingLink's website.

There were 17,895 foreclosures in Minnesota in 2012. This was down from 21,298 in 2011 and 25,673 in 2010. The State's 2012 foreclosures are also the lowest level since 2006. Wright County had 608 foreclosures in 2012, down from 906 in 2010 and 747 in 2011.

Wright County has maintained a higher foreclosure rate than Minnesota. The foreclosure rate, as shown in Table 1-U, is defined as the number of foreclosed mortgages as a percent of total residential parcels. In 2012, Wright County's foreclosure rate was 1.46% compared to 0.99% in Minnesota. Greater Minnesota had a



foreclosure rate in 2012 of 0.81% while the Twin Cities Metropolitan Area had a foreclosure rate of 1.16%.

Foreclosures have hindered Clearwater’s housing market as they have in the Twin Cities Metro Area and other areas of the State – as evidenced by Clearwater’s steady home depreciation. Out of 87 counties in the State, only 5 had a higher foreclosure rate than Wright County.

<b>TABLE 1-U: HOME FORECLOSURES WRIGHT COUNTY, 2009 TO 2012</b>				
	Wright County		Minnesota	
	Number of Foreclosures	Foreclosure Rate	Number of Foreclosures	Foreclosure Rate
2009	861	2.08%	23,092	1.29%
2010	906	2.18%	25,673	1.42%
2011	747	1.79%	21,298	1.18%
2012	608	1.46%	17,895	0.99%

Sources: HousingLink; WSB & Associates, Inc.

Based on a review of various Realtor websites, there were 20 single-family homes actively listed for sale in Clearwater in May 2013. The homes were unevenly distributed by price range; weighted heavier toward higher priced homes. Only 2 homes were priced below \$75,000 and 13 priced \$150,000 or higher were listed for sale. 5 homes were listed for sale between \$100,000 and \$149,999.

Table 1-V shows the average year built and average size of homes listed for sale by price range. The lowest priced homes are the oldest, with the average age of homes listed for sale under \$75,000 being 1898. On average, homes listed for sale over \$200,000 were built after 2000.

The average list price of homes on the market was \$197,105 in May 2013. While homes typically sell for less than the list prices, the current asking prices suggest that Clearwater should continue to see appreciation in home prices since the low point in 2011.

**TABLE 1-V ACTIVE SINGLE FAMILY HOME LISTINGS  
CLEARWATER, MAY 2013**

	Number of Listings	Average Year Built	Average Size (sq. ft.)
< \$50,000	1	1917	1090
\$50,000 to \$74,999	1	1880	1135
\$75,000 to \$99,999	0	--	--
\$100,000 to 149,999	5	2000	1625
\$150,000 to \$199,999	7	2003	1895
\$200,000+	6	2001	2575
	20	1960	1664
Median List Price	\$167,450		
Average List Price	\$197,105		

Sources: Edina Realty; MLS Northstar; WSB & Associates, Inc.

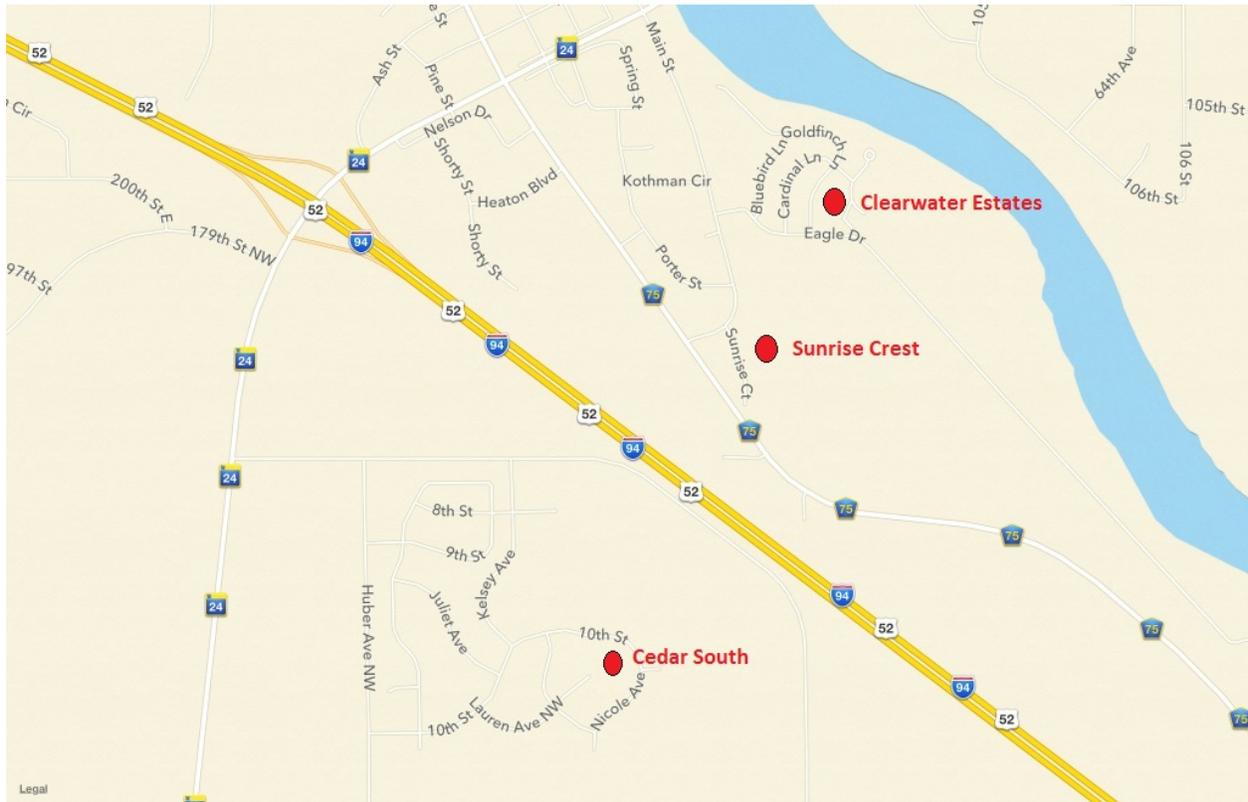
## EXISTING LOT SUPPLY

There are approximately 80 lots available to accommodate new single-family homes in Clearwater. The most recent subdivision platted was Cedar South, which consists of three phases. Phase One is complete and Phase Two is mostly complete. There are 71 actively marketed lots in Phase Three of the Cedar South subdivision. The following are key points regarding the available lot supply.

Most of the lots available for single-family homes in Clearwater are located in the Cedar South subdivision. This subdivision has been active for several years, with most of the growth occurring in 2004. Phase Three is actively being marketed by Oak Realty as, "Oversized City Lots" and currently has 71 available lots with list prices ranging from \$19,900 to \$34,900. There are 2 remaining open lots in Phase Two. Sunrise Crest and Clearwater Estates are the other subdivisions located in Clearwater with available lots. Sunrise Crest has 1 remaining open lot and Clearwater Estates, which currently is marketing 4 open lots. The remaining available lots are North of Clearwater Estates on Main Street along the Mississippi River.



Clearwater Estates has the potential for growth. Although, the additional available property is not currently platted, there is enough space for 7 additional lots along Goldfinch Lane, on the northern tip of the subdivision. There is also potential for development on the southern tip of the Clearwater Estates subdivision. An interview with a Realtor familiar with Clearwater Estates indicates there are no plans to develop the additional space at this time.





# RENTAL HOUSING MARKET ANALYSIS

This section of the report analyses the rental housing market in Clearwater. The analysis includes a survey of rental properties and interviews with rental housing managers, and others familiar with the Clearwater rental housing stock. All the properties in this section are general occupancy. There are currently no senior (age-restricted) rental properties in Clearwater.

As shown in the demographic and housing stock overview sections, there are approximately 283 renter households in Clearwater. The overwhelming majority of renters live in larger multifamily properties. The larger multifamily properties were surveyed as part of this analysis. In total, 204 units in 6 properties were surveyed. These include the following:

<u>Property Type</u>	<u>No. of Properties</u>	<u>Total Units</u>
Market Rate	5	186
Subsidized	1	18

Information on the surveyed rental properties is summarized in Table 1–W. The summary table includes year built, occupancy, unit mix, and monthly rents. The following are key highlights.

Property Name	Type of Housing - General Occupancy/Elderly	# of Units	Bedroom Mix				Efficiency	Rent			Number of Vacancies	Year Built
			Studio	1 Bedroom	2 Bedroom	3 Bedroom or 2 + Den		1 Bedroom	2 Bedroom	3 Bedroom or 2 + Den		
Bittersweet Apts	GO	12		12				\$705			0	1998
Cedar Ridge Apts Phase I & II	GO	127		40	79	8		\$635	\$850	\$995	2	2002
Clearwater Apts	GO	11		3	8			\$475	\$525		0	1968
Clearwater Park View	Section 8	18		4	8	6		\$600-\$703	\$700-\$803	\$800-\$902	0	1991
Clearwater River Apts	GO	24		16	6	2		\$625	\$735	\$885	0	1980
Oak Manor Apts	GO	12			12			na	\$625	na	1	1988

Source: Survey of rental property managers, June 2013 by WSB, & Associates, Inc.



## MARKET RATE RENTAL SUMMARY

All of the market rate buildings were at or near 100% occupancy, with some having waiting lists. According to managers, vacancies are fairly rare and they expect that trend to continue for the foreseeable future.

The Clearwater Comprehensive Plan conducted in 2006 also found that market rate apartments were operating near 100% occupancy at that time. The standard for a healthy market that allows for consumer choice and turnover is 95%. Clearwater's rental market has been very tight for nearly a decade.

Cedar Ridge is a 127-unit apartment complex and is the market leader in Clearwater, commanding monthly rents ranging from \$625 to \$635 for one-bedroom units, \$795 to \$850 for two-bedroom units, and \$995 for three-bedroom units.

The other market rate rental apartment properties are Bittersweet, Clearwater Apartments, Clearwater River Apartments, and Oak Manor. Bittersweet rental rates are \$705 for two-bedroom units. Clearwater Apartment rates are \$475 for one-bedroom units and \$525 for two-bedroom units. These properties, while fairly well maintained, are aging and lack common areas, such as community rooms, fitness centers, swimming pools, etc. Clearwater River Apartments and Oak Manor Apartments were formerly affordable or subsidized housing units. Both are now market rate with rents ranging from \$625 for one-bedroom units to \$885 for three-bedroom units.

The unit mix at the market rate apartments is 28.7% one-bedroom, 66% two-bedroom, and 5.3% three-bedroom units. There are very few units with multiple bedrooms available for large families in Clearwater.

## AFFORDABLE RENTAL SUMMARY

There are currently no designated affordable rental (income restricted) properties in Clearwater. As of 2006 there was one designated affordable rental property in Clearwater - Oak Manor Apartments, which was financed through the Low Income Housing Tax Credit program (LIHTC). Oak Manor Apartments have been fully converted to market rate with rent rates of \$625 for two-bedroom units.



## SUBSIDIZED RENTAL SUMMARY

There is one subsidized property in Clearwater – Clearwater Park View, which accounts for approximately 9% of the general occupancy multi-family units surveyed in Clearwater.

Clearwater Park View was financed through Rural Development (USDA). Residents at Rural Development properties pay 30% of their AGI for rent, but not less than the “basic rent” and not more than the “note” rent. These rents are shown in Table 1–W. The exception is residents who receive Rental Assistance, which allows them to pay 30% of their AGI even if it is below the basic rent. Clearwater Park View has rental assistance available for 16 out of 18 total units.

### Photographs of Clearwater Apartments



**Bittersweet Apartments**



**Cedar Ridge Apartments**



**Clearwater Apartments**



**Clearwater Park View Apartments**



Clearwater River Apartments



Oak Manor Apartments

## SENIOR HOUSING SUMMARY

Senior housing includes a wide variety of product types. The least service-oriented properties offer almost no support services or health care, but are age-restricted. These properties are known as *adult* properties and only offer residency to those ages 55 and over.

The most service-oriented housing types include *assisted living*, *memory care*, and *enhanced care*. These properties offer the highest level of services short of a nursing home. Typically, services such as meals, housekeeping, linen changes, personal laundry, and emergency response are included; either built into the monthly rent, or charged a-la-carte.

There are currently no senior housing options available in Clearwater.



## DEMAND ANALYSIS AND CONCLUSIONS

This section of the report utilizes data collected in the previous sections to calculate demand for owned and rental housing in Clearwater through 2020.

### HOUSING DEMAND ANALYSIS

Table 1-X outlines our calculation for owner and rental housing demand in Clearwater from 2013 to 2020. Demand for additional housing in Clearwater will come primarily from household growth. Pent-up rental demand and replacement will also be sources of housing demand.

Clearwater is projected to add 300 households between 2013 and 2020. This correlates to the need for 300 housing units to accommodate the household growth, or an average of about 40 new units annually. While Clearwater will experience strong growth among older adults through the end of this decade, it will also see strong growth among younger populations (20 to 34), as it did last decade. The growth of these younger households is creating demand for rental housing and entry-level homes.

<b>Table 1-X Potential Housing Demand Clearwater, 2013 to 2020</b>			
			2013 to 2020
A. Household growth			300
B. Replacement need			4
C. Total housing demand (A + B)			304
D. Percent rental demand	30%	to	40%
E. Rental housing demand (C x D)	91	to	122
F. Pent-up rental demand	12		12
G. Total rental housing demand (E + F)	103	to	133
H. Percent owner demand	60%	to	70%
I. Total owner housing demand (C x H)	182	to	213

*Source: WSB & Associates, Inc.*



Replacement need is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete. A review of Clearwater's housing stock from the U.S. Census revealed that there are about 90 housing units built prior to 1950. Most of these homes are in good condition, and we estimate that only about one-half percent per year should be removed annually from the housing supply because of obsolescence, which equates to one unit every two years, or about 4 units during the remainder of this decade.

A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand, persons who would normally form their own rental households instead move in with other persons in a housing unit, live with their parents, or live in housing outside of the area. In Clearwater, we found almost no vacant rental units – signifying significant pent-up demand. There are an estimated 175 households under age 65 living in rental housing in Clearwater. At an estimated 99%+ occupancy rate, there are only about 3 vacant units available, which do not provide much choice for potential new renters. To reach a 95% occupancy rate, the industry standard for a healthy rental market, about 15 units would need to be available. Thus pent-up demand is calculated for 12 additional rental units in Clearwater.

Based on demographic and market trends, we project 30% to 40% of the housing demand from household growth and replacement need in Clearwater between 2013 and 2020 will be for rental housing. Combined with pent-up demand, there is a total demand for approximately 100 to 135 rental units. This demand is for all types of rental housing – from subsidized to market rate general occupancy housing to senior housing.

An estimated 60% to 70% of housing demand in Clearwater between 2013 and 2020 is projected to be for owner-occupied housing. This equates to demand for 180 to 215 homes from 2013 to 2020 (25 to 30 homes annually). This demand is for single-family homes and townhomes.



## OTHER HOUSING RECOMMENDATIONS

Projected demand for new housing products in Clearwater through the remainder of the decade from current and future residents is outlined on the preceding pages. In addition, there are other programs that Clearwater can implement to assist in meeting local housing needs and improving the quality of the existing stock. Two key programs/initiatives that Clearwater should pursue are outlined below.

1. Housing Rehabilitation

Maintaining the quality of the existing housing stock is vital to any community. The Small Cities Development Program (SCDP) allocates funding for the purpose of rehabilitation of commercial and residential properties. The funds must benefit low- and moderate-income persons.

2. Housing Choice Vouchers

Housing Choice Vouchers (Section 8), funded by HUD, are a tenant-based rent subsidy utilized by lower income households in market rate housing developments. Voucher recipients pay 30% of their adjusted gross income for rent and the subsidy payment makes up the difference to the landlord. With limited funds available to construct new subsidized housing buildings, Housing Choice Vouchers are a means to meet the housing needs of low-income households who cannot afford market rate housing.