



# Housing Needs Analysis for Winsted, Minnesota

Prepared for:  
**City of Winsted**

Prepared by:  
**Viewpoint Consulting Group, Inc.**

Date:  
**August 19, 2021**



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Adam Birkholz  
City Administrator  
City of Winsted  
201 First Street N  
Winsted, MN 55395

**Subject: Housing Needs Analysis for Winsted, Minnesota**

Dear Mr. Birkholz:

Attached is the *Housing Needs Analysis for Winsted, Minnesota* conducted by Viewpoint Consulting Group, Inc. The analysis projects housing demand through 2030 and gives recommendations on the amount and type of housing that could be built in Winsted to satisfy demand over the next five years. Detailed information regarding recommended housing concepts can be found in the Demand Analysis and Conclusions section at the end of the report.

Thank you for selecting Viewpoint Consulting Group, Inc. to conduct this analysis of Winsted's housing needs. Please contact us if you have any questions regarding the housing needs analysis.

Sincerely,

Viewpoint Consulting Group, Inc.

A handwritten signature in blue ink that reads "Jay Thompson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jay Thompson  
President

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## Key Findings

The City of Winsted engaged Viewpoint Consulting Group, Inc. to conduct an analysis of housing needs for the City of Winsted, Minnesota. Calculations of housing demand from 2021 to 2030 are found in the *Demand Analysis and Conclusions* section of the report. Recommendations are also provided on the amount and types of housing that should be developed to accommodate the housing needs over the next five years. The following are key highlights from the housing needs analysis.

1. Winsted has experienced strong population growth of 513 people during the 1990s and 261 people during the 2000s. However, in the aftermath of the Great Recession and corresponding housing downturn, home construction was limited during the 2010s. Hence, Winsted's population declined during the 2010s, falling to 2,240 in 2020. This decade (2020 to 2030) Winsted is projected to grow by 425 people (+19%). This rapid growth projection stems from a growing local employment base and from some people migrating outward from the Twin Cities Metro Area.
2. Winsted's population growth is projected among all major age groups this decade. The senior population will begin to grow more quickly as the baby boom generation ages. The younger population will still grow as younger families move to Winsted. Growth of all age groups should create demand for a variety of housing types, including rentals, single-family homes, townhomes, and senior housing.
3. Excluding senior housing, there is projected demand for 196 new housing units in Winsted between 2021 and 2030. Out of that demand, about two-thirds is for owner-occupied housing (132 units) and about one-third is for rental housing (64 units). For seniors, there is demand for about 50 units, about half of which would be supportive housing (congregate independent/assisted living) and half for active seniors (market rate 55+ senior rental).
4. Housing types by number of units to meet projected demand in Winsted over the next five years (from 2021 to 2026) is below:
  - Single-family owner-occupied
    - o Entry-level = 48 - 50 units
    - o Move-up = 8 - 10 units
  - Townhomes/condominiums = 18 - 20 units
  - General occupancy rental
    - o Market Rate Apartments = 30 - 32 units
    - o Market Rate Townhomes = 10 - 12 units
    - o Independent/Assisted Living = 22 - 26 units
    - o 55+ Senior Apartments = 22 - 24 units

5. It is recommended that a three-year lot supply be maintained in Winsted, which ensures adequate consumer choice without excessively prolonging developer carrying costs. Winsted currently does not have an available lot supply as the last subdivision – Grass Lake Farms, became built out in the mid-2000s. It is recommended that at least one new subdivision come on-line within the next year with at least 34 lots. The lots should be priced to accommodate homes with base prices of about \$300,000 to \$325,000. A small number of lots in a new subdivision(s) with premium locations should be priced to accommodate homes priced at over \$325,000. After a new subdivision comes on-line with approximately 34 lots, it is likely that additional lots would need to come on-line within two years to keep pace with demand for at least 12 new single-family homes annually.
6. The target markets for townhomes in Winsted are empty-nesters and young seniors who want to own their residence but do not want the responsibility of maintenance and also younger households seeking affordability. There remains 18 lots available for new townhomes in Winsted on the Lake. This includes lots for a mix of detached villa, twinhomes, and quad units. Thus, the current lot supply in Winsted should accommodate the need for additional townhomes in Winsted for the next few years. To keep pace with demand for three to four new townhomes annually, an additional subdivision with lots for 10 to 12 townhomes will likely be needed by 2025. To capture most of the target market, it is recommended that lots be made available to accommodate one-level townhomes with two bedrooms and attached two-car garages in the \$225,000 to \$250,000 price range.
7. The analysis found demand for 40 to 45 units of additional rental housing in Winsted over the next five years. This demand is immediate, as there are almost no vacant units to accommodate current needs or projected growth. A 30 to 32-unit apartment building is recommended along with a 10 to 12-unit rental townhome building. Apartment units should have gross rents (including utilities), beginning at \$850 for one-bedroom units and \$1,100 for two-bedroom units. A townhome building should feature two-story units with attached two-car garages and rents beginning at \$1,200 for two-bedroom units and \$1,400 for three-bedroom units.
8. The Gardens of Winsted campus contains skilled nursing care and memory care assisted living housing that is meeting the needs of those specific markets. What Winsted does not contain is congregate independent and assisted living housing. Based on the calculated level of unmet demand, it is recommended that a building be added in Winsted that would provide 22 to 26 units of independent and assisted living housing. If physically possible, the most financially feasible development of this size would likely be an expansion of The Gardens of Winsted campus.
9. Winsted contains Linden Wood, a subsidized apartment for low-income seniors seeking rental housing but who do not need the level of care found in an assisted living setting. A market rate senior development with 20 to 24 units is recommended for active seniors also seeking rental housing, but who do not income-qualify for Linden Wood. A townhome development is recommended, with rents beginning at \$1,350 for two-bedroom units.

## Purpose and Scope of Study

Viewpoint Consulting Group, Inc. was engaged by the City of Winsted to conduct an analysis of the housing needs in the City of Winsted. The purpose of this analysis is to calculate the depth of unmet demand for various housing types in Winsted through 2030. Based on the analysis, recommendations are provided on specific housing developments that could be developed in the next five years to meet the unmet need.

### Scope of Services

The scope of this study includes the following:

1. Analysis of demographic trends and characteristics and economic conditions as they relate to the potential demand for additional housing in Winsted.
2. Analysis of current market conditions for rental housing, owner-occupied housing, and senior housing in Winsted.
3. Calculation of demand for rental, owner-occupied, and senior housing in Winsted through 2030.
4. Recommendations on appropriate housing types to develop within the next five years to satisfy unmet housing demand.

The data analyzed in this report includes both primary and secondary data. Primary data is data collected by Viewpoint Consulting Group, Inc. through interviews with property managers, Realtors, major employers, and city staff. Secondary data is gathered from other sources and is accurate to the best of our knowledge. Secondary data utilized in this report is from the U.S. Census Bureau, Minnesota Department of Employment and Economic Development, Minnesota Demographic Center, McLeod County Assessor, and ESRI (a national demographics firm).

## Winsted Overview

Winsted is a community with an estimated 2020 population of 2,380 people located in Minnesota, in northeastern McLeod County. Winsted benefits from a strong employment base and its proximity to the seven-county Twin Cities Metropolitan Area. The Twin Cities Metropolitan Area has a population of about 3.2 million people, and it contains about 1.7 million jobs. Downtown Minneapolis is about 40 miles straight east of Winsted and Interstate 494 is about 32 miles east of Winsted. At these distances, jobs in Minneapolis and its western suburbs are within commuting distance of Winsted.

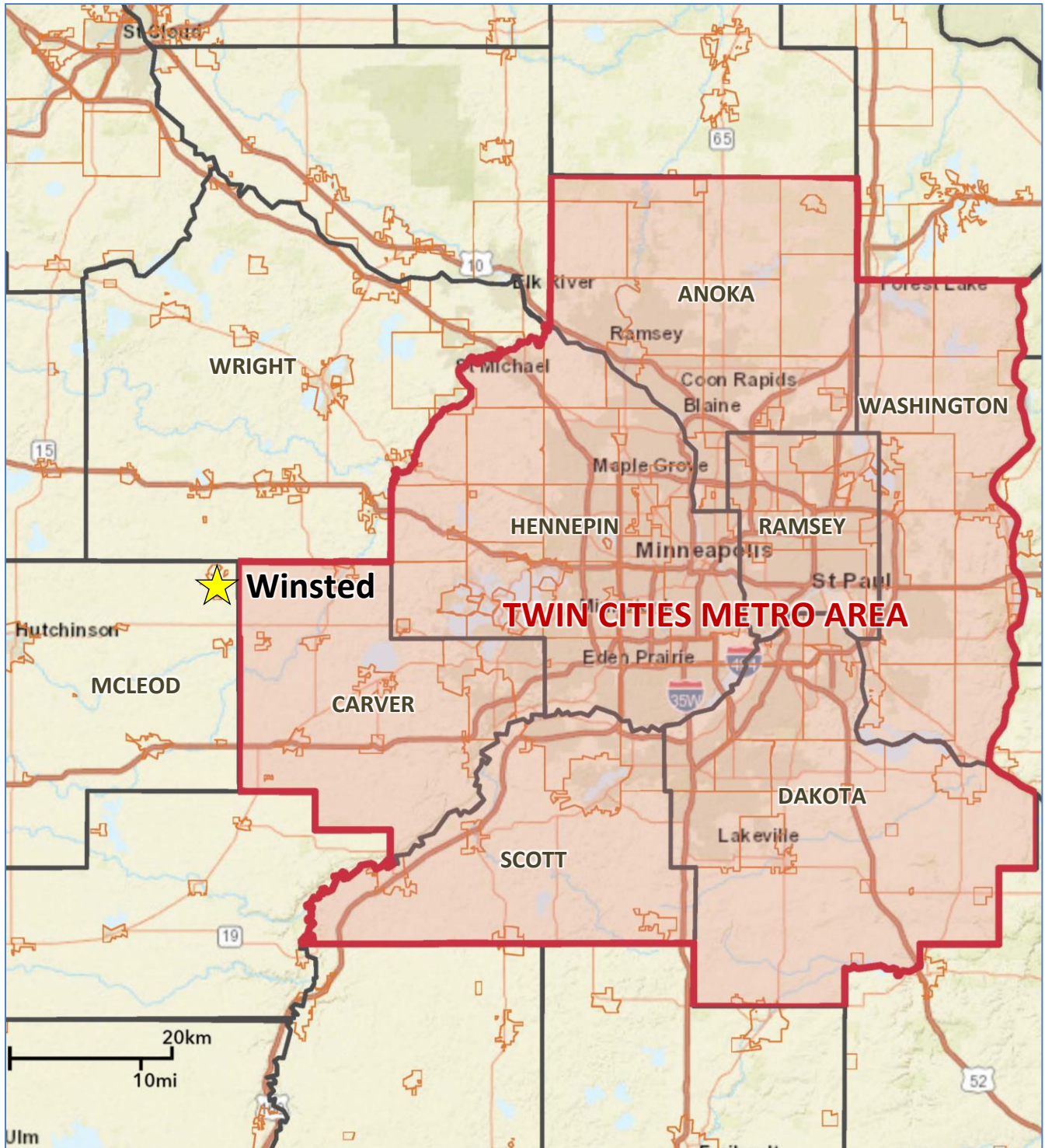
Winsted is situated on County Road 6, which connects with State Highway 7 about three miles south of Winsted and with US Highway 12 about six miles north of Winsted. These are the primary transportation routes that connect Winsted to the greater surrounding area. Surrounding communities include Howard Lake, Waverly, and Montrose to the north, Watertown and Mayer to the east, and Lester Prairie to the south. Hutchinson, which is the county seat of McLeod County and has a population of about 14,000, is about 20 miles west of Winsted. Winsted shares its school district with Howard Lake and Waverly. Howard Lake-Waverly-Winsted High School is located on County Road 6 between Winsted and Howard Lake.

Winsted has consistently grown each decade since its incorporation in the 1870s. Its picturesque setting on Winsted Lake and a diversified employment base have contributed to its steady growth, along with its proximity to the Twin Cities Metro Area. Among the major employers in Winsted are Millerbernd Manufacturing, Tetra Pak, AZZ Galvanizing, K-Way Express, ProForm Fabrication, SJF Material Handling, and The Gardens at Winsted.

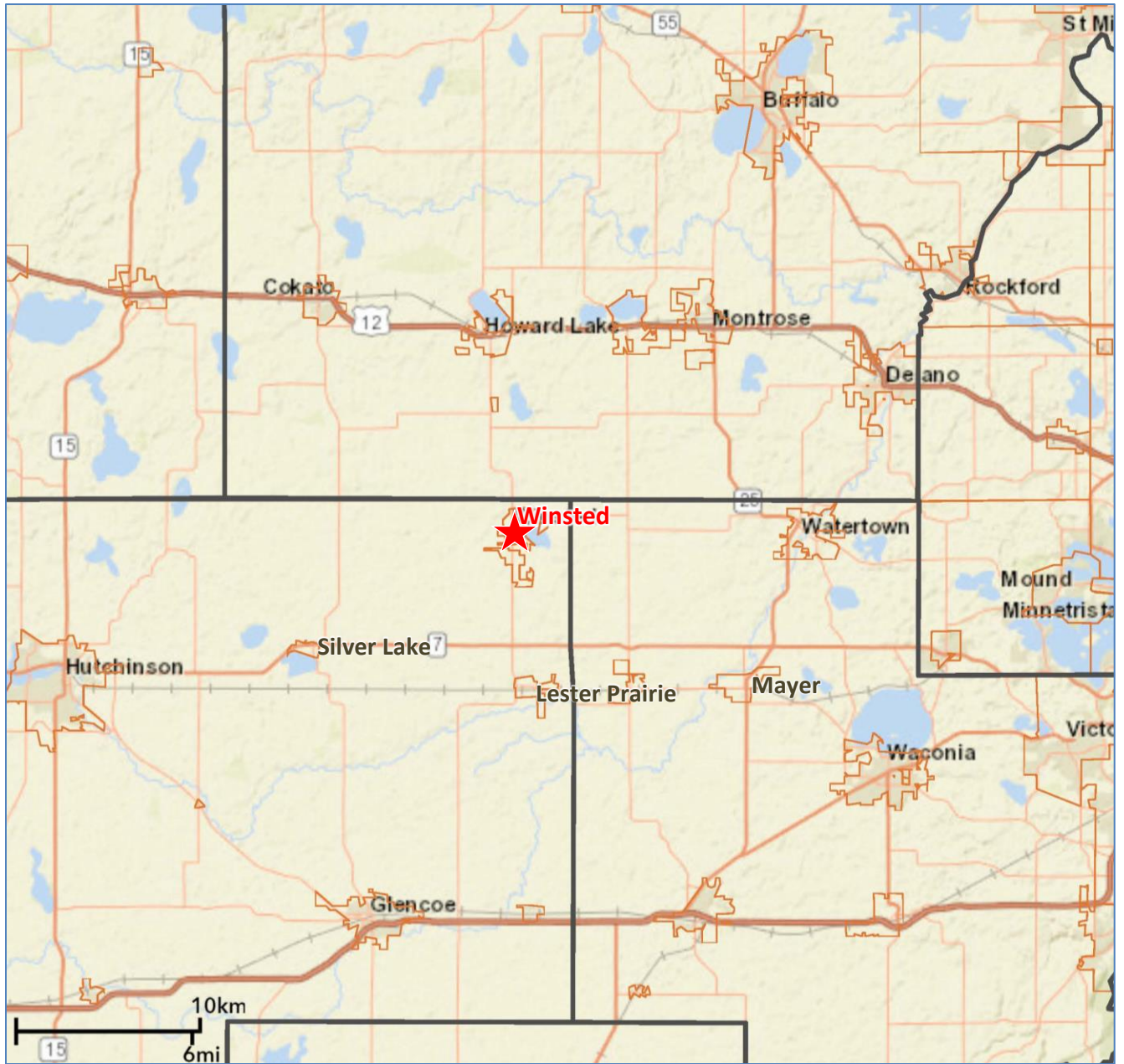
### Winsted Population

1940	660
1950	941
1960	1,163
1970	1,266
1980	1,522
1990	1,581
2000	2,094
2010	2,355
2020	2,380 (est.)

### Winsted Regional Location



Winsted, Minnesota



## Demographic and Employment Analysis

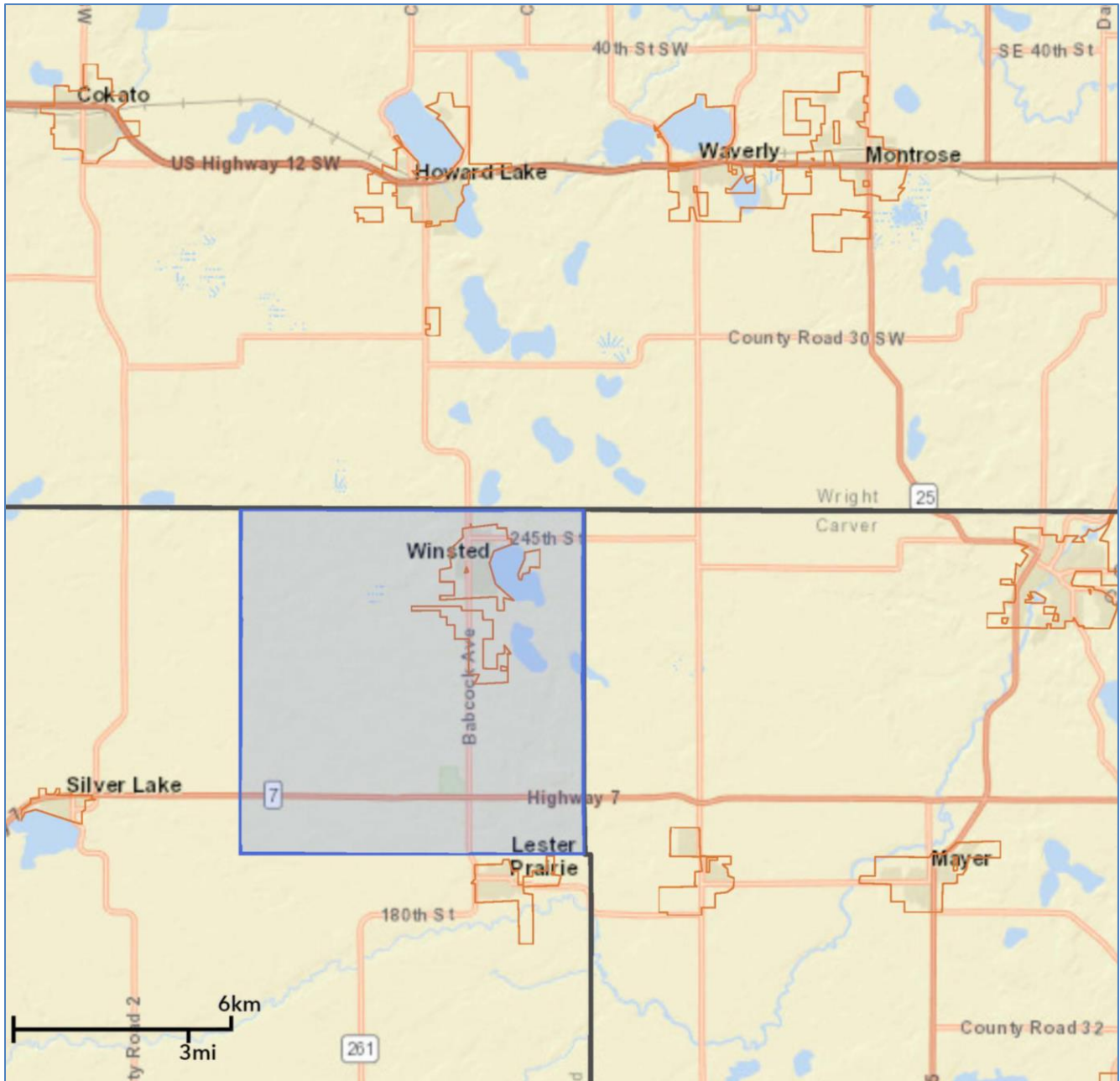
This section of the report examines demographic and economic factors related to the current and future demand for housing in Winsted. Demographic factors examined include population and household growth trends, population age distribution, and households by income, tenure, and size. Economic factors include employment growth trends, jobs by industry types, and major employer interviews. A review of these characteristics provides insight into the demand for various types of housing in the community.

### Primary Market Area Definition

The primary draw area for determining current and future housing demand in Winsted is largely based on community orientation and our knowledge of the draw areas for housing. Winsted is surrounded by communities of similar size. Thus, the primary draw area (Primary Market Area, or “PMA”) for Winsted is a relatively small area. The PMA is defined as Winsted and Winstead Township, which covers 36-square-miles surrounding Winsted. Demographic growth trends and characteristics in the PMA are analyzed to help determine future housing demand, while considering that some potential buyers/renters will cross-shop with housing in surrounding communities before choosing where to live.

A map of the PMA is shown on the following page.

**Primary Market Area**



## Demographic Highlights

The following are key demographic highlights from Tables 1 through 8. Demographic data was obtained from the U.S. Census Bureau, from both the decennial census and the American Community Survey. Population and household projections were made by Viewpoint Consulting Group, Inc. based on data provided by the Census Bureau, ESRI, and the Minnesota Demographic Center, along with local building trends and employment growth trends.

### Population and Household Growth Trends and Projections

- Winsted's population has grown during the past three decades, increasing from 1,581 in 1990 to 2,240 in 2020. During the 2000s, the population grew by 12.5%. This past decade (2010 to 2020), the population declined by 4.9%. The Great Recession at the beginning of the decade largely led to the decline, as very few new homes were built. Few new homes combined with a decline in the average household size of 2.49 people per household in 2010 to 2.32 in 2020 led to the decline. Towards the end of the decade, a limited supply of lots to accommodate new housing construction contributed to much of the slower growth, versus simply a lack of demand for housing.
- Winsted's greatest growth occurred during the 1990s, when 237 households were added. Housing construction remained robust in Winsted into the mid-2000s, but then largely ceased during the Great Recession and corresponding housing downturn (see Table 16 on Page 34). Still, 125 households were added in Winsted during the 2000s. During the 2010s, an estimated 20 households were added, as very little new home construction occurred.
- Both Winsted and the PMA are projected to experience population growth this decade (2020 to 2030) that exceeds the state's overall rate of growth. Additional housing in Winsted will be needed to accommodate future residents and to meet the growth projections. In 2030, Winsted is projected to have 2,665 people and 1,137 households. The household growth rate equates to 17.6%, or far greater than McLeod County's projected growth rate (+3.3%) or Minnesota's (+6.0%). Winsted's proximity on the edge of the Twin Cities Metro Area will contribute to its greater growth than McLeod County.
- The projected growth of 170 households this decade is far greater than what was experienced during the 2010s (growth of 20 households). However, it is in-line with growth experienced during the 1990s (+237 households) and 2000s (+125 households).
- Household growth is a better indicator of overall housing demand since households, by definition, are occupied housing units. With growth of 170 households projected this decade, there would essentially need to be 170 new housing units added to accommodate this growth. Additional housing units would be needed to accommodate pent-up demand and replacement demand.

**Table 1**  
**Population and Household Growth Trends**  
**Primary Market Area**  
**1990 to 2020**

	1990	---- Census* ----		2020	--- Change ---			
		2000	2010		2000 to 2010	2010 to 2020		
					No.	Pct.	No.	Pct.
<b>POPULATION</b>								
Winsted	1,581	2,094	2,355	2,240	261	12.5	-115	-4.9
Winsted Twp	1,103	987	968	936	-19	-1.9	-32	-3.3
<b>Total</b>	<b>2,684</b>	<b>3,081</b>	<b>3,323</b>	<b>3,176</b>	<b>242</b>	<b>7.9</b>	<b>-147</b>	<b>-4.4</b>
<i>McLeod County</i>	<i>32,030</i>	<i>34,898</i>	<i>36,651</i>	<i>36,771</i>	<i>1,753</i>	<i>5.0</i>	<i>120</i>	<i>0.3</i>
<i>Greater Minnesota</i>	<i>2,086,378</i>	<i>2,277,417</i>	<i>2,454,358</i>	<i>2,543,390</i>	<i>176,941</i>	<i>7.8</i>	<i>89,032</i>	<i>3.6</i>
<i>Twin Cities Metro Area</i>	<i>2,288,721</i>	<i>2,642,056</i>	<i>2,849,567</i>	<i>3,163,104</i>	<i>207,511</i>	<i>7.9</i>	<i>313,537</i>	<i>11.0</i>
<i>Minnesota</i>	<i>4,375,099</i>	<i>4,919,479</i>	<i>5,303,925</i>	<i>5,706,494</i>	<i>384,446</i>	<i>7.8</i>	<i>402,569</i>	<i>7.6</i>
<b>HOUSEHOLDS</b>								
Winsted	585	822	947	967	125	15.2	20	2.1
Winsted Twp	362	330	353	383	23	7.0	30	8.5
<b>Total</b>	<b>947</b>	<b>1,152</b>	<b>1,300</b>	<b>1,350</b>	<b>148</b>	<b>12.8</b>	<b>50</b>	<b>3.8</b>
<i>McLeod County</i>	<i>11,815</i>	<i>13,449</i>	<i>14,639</i>	<i>15,240</i>	<i>1,190</i>	<i>8.8</i>	<i>601</i>	<i>4.1</i>
<i>Greater Minnesota</i>	<i>772,349</i>	<i>873,671</i>	<i>969,478</i>	<i>1,020,000</i>	<i>95,807</i>	<i>11.0</i>	<i>50,522</i>	<i>5.2</i>
<i>Twin Cities Metro Area</i>	<i>875,504</i>	<i>1,021,454</i>	<i>1,117,749</i>	<i>1,237,000</i>	<i>96,295</i>	<i>9.4</i>	<i>119,251</i>	<i>10.7</i>
<i>Minnesota</i>	<i>1,647,853</i>	<i>1,895,127</i>	<i>2,087,227</i>	<i>2,234,000</i>	<i>192,100</i>	<i>10.1</i>	<i>146,773</i>	<i>7.0</i>
* 2020 population is from the Census; 2020 households are estimates.								
Sources: US Census; Minnesota Demographic Center; Metropolitan Council; Viewpoint Consulting Group, Inc.								

- Winsted's population declined this past decade while McLeod's population was relatively unchanged, and Minnesota's population grew. This was partly attributed to the average household sizes. As shown below, Winsted's average household size declined the most of the three areas, from 2.49 people per household in 2010 to 2.32 in 2020. McLeod County's average household size declined at a lesser rate and Minnesota's increased slightly.

**Average Household Size (People per Household)**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Winsted	2.70	2.55	2.49	2.32
McLeod County	2.71	2.59	2.50	2.41
Minnesota	2.66	2.60	2.54	2.55

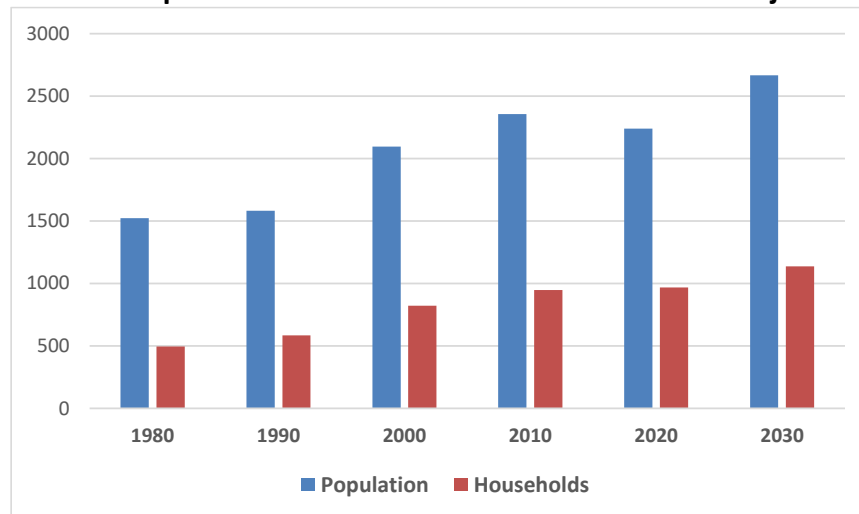
**Table 2  
Population and Household Growth Projections  
Primary Market Area  
2010 to 2030**

	Census 2010	Estimate 2020	Projection 2030	--- Change ---			
				2010 to 2020		2020 to 2030	
				No.	Pct.	No.	Pct.
<b>POPULATION</b>							
Winsted	2,355	2,240	2,665	-115	-4.9	425	19.0
Winsted Twp	968	936	1,016	-32	-3.3	80	8.5
<b>Total</b>	<b>3,323</b>	<b>3,176</b>	<b>3,681</b>	<b>-147</b>	<b>-4.4</b>	<b>505</b>	<b>15.9</b>
<i>McLeod County</i>	36,651	37,925	39,050	1,274	3.5	1,125	3.0
<i>Greater Minnesota</i>	2,454,358	2,590,000	2,550,000	135,642	5.5	-40,000	-1.6
<i>Twin Cities Metro Area</i>	2,849,567	3,163,104	3,445,000	313,537	11.0	281,896	9.9
<i>Minnesota</i>	5,303,925	5,687,000	6,030,000	383,075	7.2	343,000	6.0
<b>HOUSEHOLDS</b>							
Winsted	947	967	1,137	20	2.1	170	17.6
Winsted Twp	353	383	413	30	8.5	30	7.8
<b>Total</b>	<b>1,300</b>	<b>1,350</b>	<b>1,550</b>	<b>50</b>	<b>3.8</b>	<b>200</b>	<b>14.8</b>
<i>McLeod County</i>	14,639	15,240	15,750	601	4.1	510	3.3
<i>Greater Minnesota</i>	969,478	1,020,000	1,080,000	50,522	5.2	60,000	5.9
<i>Twin Cities Metro Area</i>	1,117,749	1,237,000	1,351,000	119,251	10.7	114,000	9.2
<i>Minnesota</i>	2,087,227	2,234,000	2,368,000	146,773	7.0	134,000	6.0

\* 2020 population is from the Census; 2020 households are estimates.

Sources: US Census; Minnesota Demographic Center; Metropolitan Council; Viewpoint Consulting Group, Inc.

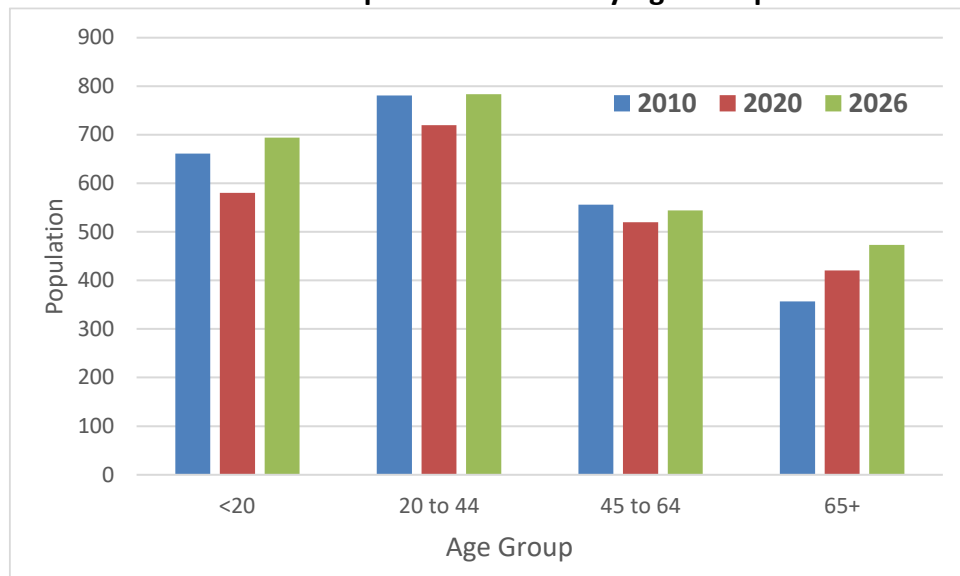
**Winsted Population & Household Growth Trends and Projections**



### **Population Age Distribution**

- As shown in the chart below, with the level of overall population growth projected in Winsted, there should be growth among people in each of the broader age groups over the next five years. Children (under age 20) and adults ages 25 to 54 are projected for strong growth. The high growth rate of children will stem from growth of families.
- In Winsted, the greatest population growth rate the first six years of this decade (2020 to 2026) is projected among seniors ages 75 to 84. This is a nationwide trend as the first baby boomers began turning age 75 in 2021. Growth of this age group should lead to increased need for single-level townhomes and senior housing in Winsted.
- A decline of 55-to-64-year-olds is projected in Winsted. Again, this is a nationwide trend as baby boomers (born between 1946 and 1964) will be aging out of the 55 to 64 age group.
- With growth in Winsted of both younger and older households, a variety of housing types will likely be needed to accommodate growth of people in various life-cycle stages – including owned and rented housing and senior housing.
- Seniors ages 75 and over are the primary target market for senior housing. This age group numbered 213 in Winsted in 2010. It declined in 2020. However, with the first baby boomers turning age 75 in 2021, the population is projected to grow again this decade. There are projected to be 226 age 75+ seniors in Winsted in 2026.

**Winsted Population Growth by Age Group**

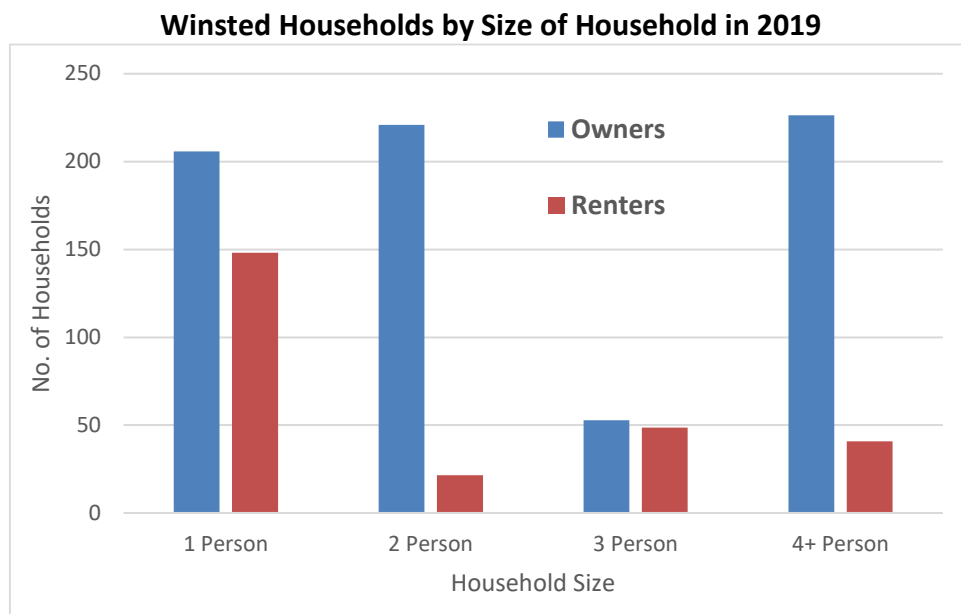


**Table 3**  
**Projected Population Growth by Age**  
**Primary Market Area**  
**2000 to 2026**

	2010	2020	2026	---- Change ----			
				2010 - 2020		2020 - 2026	
				No.	Pct.	No.	Pct.
<b>Winsted</b>							
<20	661	580	694	-81	-12.3%	114	18.3%
20-24	123	113	103	-10	-8.1%	-10	-8.4%
25-34	362	286	328	-76	-21.0%	42	13.7%
35-44	296	321	353	25	8.4%	32	9.0%
45-54	307	250	284	-57	-18.7%	35	13.0%
55-64	249	270	260	21	8.4%	-10	-3.4%
65-74	144	224	247	80	55.8%	23	9.6%
75 - 84	135	126	151	-9	-6.7%	25	20.3%
85+	78	70	75	-8	-10.3%	5	7.1%
<b>Total</b>	<b>2,355</b>	<b>2,240</b>	<b>2,495</b>	<b>35</b>	<b>1.5%</b>	<b>105</b>	<b>4.4%</b>
<b>Primary Market Area</b>							
<20	911	817	959	-94	-10.3%	142	16.1%
20-24	165	167	147	2	1.4%	-21	-11.4%
25-34	439	423	477	-16	-3.6%	54	11.8%
35-44	416	448	497	32	7.7%	49	10.0%
45-54	487	353	378	-134	-27.4%	25	6.6%
55-64	395	397	386	2	0.4%	-11	-2.5%
65-74	240	314	337	74	31.0%	23	6.7%
75 - 84	178	169	206	-9	-5.1%	37	21.6%
85+	92	87	92	-5	-5.4%	5	5.6%
<b>Total</b>	<b>3,323</b>	<b>3,176</b>	<b>3,479</b>	<b>-147</b>	<b>-4.4%</b>	<b>304</b>	<b>8.9%</b>
Sources: US Census; ESRI; Viewpoint Consulting Group, Inc.							

## Household Sizes

- Table 4 shows that in 2019, Winsted had an estimated 706 households that owned their housing and 259 households that rented their housing. Among the owner households, the slight majority had four or more people (32.0%, or 226 of 706 owner households). This was closely followed by two-person households (31%). Among renter households, the majority were singles (57%, or 148 of 259 renter households had just one person).
- Families with children typically prefer to own single-family homes. Hence, 85% of Winsted's households with four or more people lived in owned housing.
- A larger percentage of young single persons rent their housing before purchasing a home. In addition, many single seniors choose rental housing as they age and no longer desire the responsibilities of maintaining a single-family home. Hence, the greatest number of renters in Winsted are singles.
- Many of the smaller sized owner households are comprised of either empty-nesters or single seniors. If available, many of these seniors prefer single-level homes versus two-story homes.

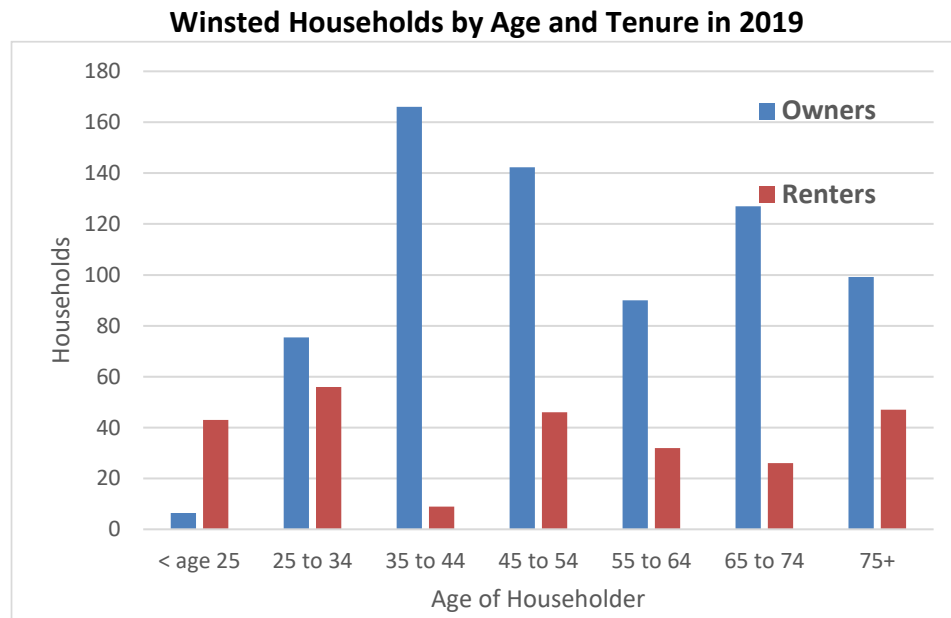


**Table 4**  
**Households by Size and Tenure**  
**Primary Market Area, 2019**

Household Size	Winsted	Remainder of PMA	Primary Market Area
<b>Owner Households</b>			
1 Person	206	69	275
2 Person	221	195	416
3 Person	53	45	98
4+ Person	226	63	289
<b>Total</b>	<b>706</b>	<b>372</b>	<b>1,078</b>
<b>Renter Households</b>			
1 Person	148	0	148
2 Person	21	2	23
3 Person	49	0	49
4+ Person	41	6	47
<b>Total</b>	<b>259</b>	<b>8</b>	<b>267</b>
<b>Total Households</b>			
1 Person	354	69	423
2 Person	242	197	439
3 Person	101	46	147
4+ Person	267	69	336
<b>Total</b>	<b>965</b>	<b>380</b>	<b>1,345</b>
Source: US Census(American Community Survey); Viewpoint Consulting Group, Inc.			

**Tenure by Age of Householder**

- Seventy-four percent of Winsted’s households in 2010 were owners. Between 2010 and 2019, Winsted added an estimated five owner households and 13 renter households. The result was the homeownership rate declining slightly, to 73% in 2019.
- The youngest households have the greatest propensity to rent. The data in Table 5 shows that 88% of households under age 25 in Winsted rented their housing in 2019. This decreased to 43% of 25-to-34-year-olds and continued decreasing to 16% among 55-to-64-year-olds. A third of households ages 65+ rented their housing. The primary markets for rental housing are younger households and seniors who are no longer able or willing to maintain their single-family homes.
- Although the propensity for households under age 25 to rent their housing is higher, the 25 to 34 age group had more renters in Winsted in 2019 (43 renters under age 25 and 56 renters ages 25 to 34). Many of the renters in this younger age group are people who have moved to Winsted and choose to rent for a year or more to become established in their job and the community before they make the long-term commitment of purchasing a home.



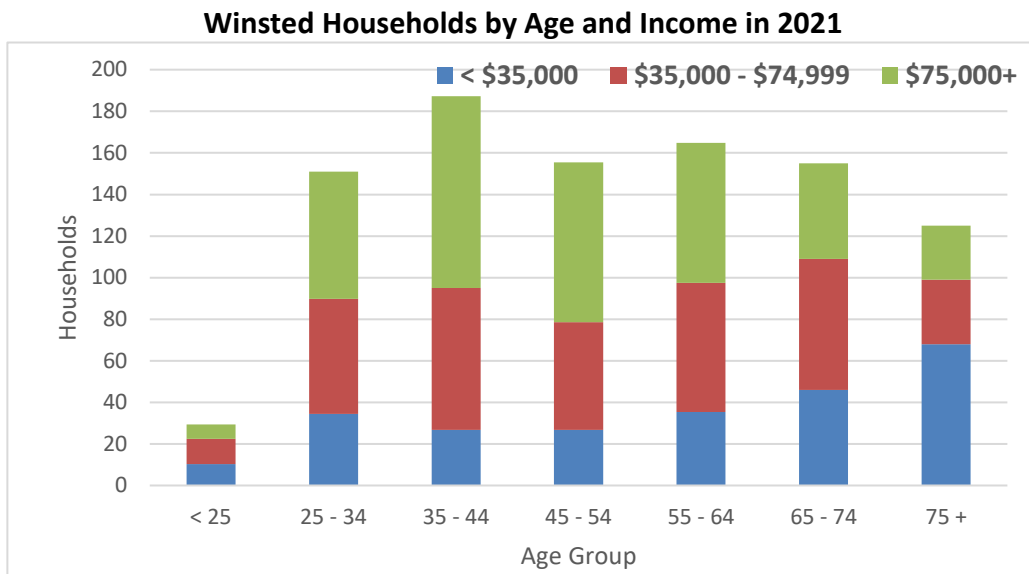
**Table 5**  
**Households by Age and Tenure,**  
**Primary Market Area, 2000, 2010, and 2019 Estimate**

	Winsted			Primary Market Area		
	2000	2010	2019*	2000	2010	2019*
<b>Households</b>	822	947	965	1,152	1,300	1,345
<b>Owner Households</b>	598	701	706	904	1,036	1,078
< age 25	22	15	6	26	18	6
25 to 34	107	140	75	145	164	93
35 to 44	150	128	166	237	183	224
45 to 54	115	147	142	178	241	225
55 to 64	59	70	90	108	196	151
65 to 74	73	121	127	108	120	241
75+	72	80	99	102	114	138
<b>Renter Households</b>	224	246	259	248	264	267
< age 25	40	28	43	43	29	43
25 to 34	49	50	56	60	54	60
35 to 44	38	36	9	43	39	9
45 to 54	34	48	46	35	50	48
55 to 64	8	27	32	9	30	33
65 to 74	19	14	26	21	15	27
75+	36	43	47	37	47	47
Homeownership Rate	73%	74%	73%	78%	80%	80%
* Estimate based on data from the Census Bureau: American Community Survey and ESRI.						
Sources: US Census; Metropolitan Council; Viewpoint Consulting Group, Inc.						

### **Household Income by Age of Householder**

Income by age of householder data helps determine the demand for different housing products based on the size of the market at specific cost levels. The Department of Housing and Urban Development defines affordable housing costs for families as 30% of a household's adjusted gross income. Younger households with greater living expenses often need to allocate a smaller portion toward housing (25% to 30%), while seniors can often spend 40% or more on housing since they generally have lower living expenses.

- The median household income in Winsted’s PMA in 2021 (\$65,578) was slightly higher than the statewide median household income (\$64,146). Overall, Winsted’s incomes indicate that a higher that average percentage of households can afford market rate housing.
- In 2021, only 19.4% of the non-senior households in Winsted had incomes under \$35,000 (134 households). Most of these households would likely be eligible for affordable rental housing (in 2021, McLeod County’s income limits for the Housing Tax Credit Program were \$33,720 for 1-person households and \$38,520 for 2-person households). Most households with incomes above \$35,000 could afford market rate rental housing in Winsted or purchase some older homes. If housing costs absorb 30% of income, households with incomes of \$35,000 could afford \$875 per month in gross rent or mortgage payments.
- Median incomes for households in Winsted peaked at just over \$74,000 for both the 35 to 44 age group and the 45 to 54 age group in 2020. Many of the households with incomes at or above this median could afford to purchase a home valued at more than \$325,000. About 45% of all non-senior households in Winsted had incomes of \$75,000 or more.
- Senior households with incomes greater than \$35,000 can generally afford new market-rate senior housing. Based on a 40% allocation of income for housing, this translates to gross rents of about \$1,100. In 2021, an estimated 166 senior (age 65+) households in Winsted had incomes above \$35,000, as did about 70 senior households in the remainder of the PMA.



**Table 6**  
**Household Income by Age of Householder**  
**City of Winsted**  
**2021 and 2026**

2021 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	59	4	9	6	7	7	11	14
\$15,000 to \$24,999	82	3	12	12	9	14	14	19
\$25,000 to \$34,999	107	3	13	9	11	15	21	35
\$35,000 to \$49,999	84	6	12	10	9	9	18	19
\$50,000 to \$74,999	259	6	43	58	42	53	45	12
\$75,000 to \$99,999	157	4	23	30	35	29	20	15
\$100,000 to \$149,999	132	2	24	45	21	20	16	5
\$150,000+	88	1	14	17	22	18	10	6
<b>Total</b>	<b>968</b>	<b>29</b>	<b>151</b>	<b>187</b>	<b>155</b>	<b>165</b>	<b>155</b>	<b>125</b>
Median HH Income	\$62,443	\$44,499	\$63,979	\$74,134	\$74,229	\$65,068	\$55,007	\$32,806
<i>McLeod County Median</i>	<i>\$65,605</i>	<i>\$46,053</i>	<i>\$70,967</i>	<i>\$79,313</i>	<i>\$79,945</i>	<i>\$72,831</i>	<i>\$58,419</i>	<i>\$37,565</i>
<i>Greater MN Median</i>	<i>\$64,146</i>	<i>\$38,300</i>	<i>\$68,495</i>	<i>\$82,873</i>	<i>\$80,921</i>	<i>\$71,437</i>	<i>\$57,514</i>	<i>\$36,073</i>
2026 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	55	5	8	6	7	6	10	14
\$15,000 to \$24,999	75	3	12	10	7	11	13	18
\$25,000 to \$34,999	99	3	12	7	12	12	18	35
\$35,000 to \$49,999	84	7	13	9	8	8	16	21
\$50,000 to \$74,999	278	8	50	58	47	53	48	14
\$75,000 to \$99,999	187	7	29	35	42	33	23	19
\$100,000 to \$149,999	169	3	32	55	27	23	20	8
\$150,000+	123	2	22	22	31	23	14	9
<b>Total</b>	<b>1,070</b>	<b>37</b>	<b>178</b>	<b>202</b>	<b>182</b>	<b>170</b>	<b>162</b>	<b>138</b>
Median HH Income	\$68,440	\$51,799	\$70,222	\$81,427	\$78,982	\$71,065	\$59,398	\$36,032
<i>McLeod County Median</i>	<i>\$71,212</i>	<i>\$50,705</i>	<i>\$76,842</i>	<i>\$84,983</i>	<i>\$84,850</i>	<i>\$79,147</i>	<i>\$62,794</i>	<i>\$40,552</i>
<i>Greater MN Median</i>	<i>\$70,853</i>	<i>\$41,027</i>	<i>\$76,797</i>	<i>\$88,735</i>	<i>\$86,798</i>	<i>\$78,866</i>	<i>\$63,871</i>	<i>\$39,650</i>
Change From 2021 - 2026								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-4	0	-1	0	0	-1	-1	0
\$15,000 to \$24,999	-7	0	0	-2	-1	-3	-1	-1
\$25,000 to \$34,999	-8	-1	-1	-2	1	-2	-3	0
\$35,000 to \$49,999	-1	1	1	-1	-1	-1	-2	2
\$50,000 to \$74,999	19	2	6	0	5	1	3	2
\$75,000 to \$99,999	30	2	6	4	8	3	3	4
\$100,000 to \$149,999	36	1	8	10	6	4	4	3
\$150,000+	36	1	8	5	9	5	4	3
<b>Total</b>	<b>102</b>	<b>8</b>	<b>27</b>	<b>15</b>	<b>26</b>	<b>6</b>	<b>7</b>	<b>13</b>

Sources: ESRI; Viewpoint Consulting Group, Inc.

**Table 7**  
**Household Income by Age of Householder**  
**Primary Market Area**  
**2021 and 2026**

2021 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	90	8	16	10	10	12	15	20
\$15,000 to \$24,999	105	4	15	14	12	19	18	24
\$25,000 to \$34,999	129	4	16	12	12	19	25	41
\$35,000 to \$49,999	121	8	19	14	12	13	22	32
\$50,000 to \$74,999	334	7	57	70	53	69	58	19
\$75,000 to \$99,999	220	5	34	42	52	43	28	17
\$100,000 to \$149,999	221	3	41	73	34	36	26	9
\$150,000+	133	1	21	24	35	28	16	8
<b>Total</b>	<b>1,353</b>	<b>40</b>	<b>219</b>	<b>259</b>	<b>220</b>	<b>238</b>	<b>208</b>	<b>170</b>
Median HH Income	\$65,578	\$41,089	\$66,965	\$79,313	\$78,501	\$68,590	\$57,485	\$35,000
<i>Winsted Median</i>	<i>\$62,443</i>	<i>\$44,499</i>	<i>\$63,979</i>	<i>\$74,134</i>	<i>\$74,229</i>	<i>\$65,068</i>	<i>\$55,007</i>	<i>\$32,806</i>
<i>McLeod County Median</i>	<i>\$65,605</i>	<i>\$46,053</i>	<i>\$70,967</i>	<i>\$79,313</i>	<i>\$79,945</i>	<i>\$72,831</i>	<i>\$58,419</i>	<i>\$37,565</i>
<i>Greater MN Median</i>	<i>\$64,146</i>	<i>\$38,300</i>	<i>\$68,495</i>	<i>\$82,873</i>	<i>\$80,921</i>	<i>\$71,437</i>	<i>\$57,514</i>	<i>\$36,073</i>
2026 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	81	8	13	8	8	9	14	20
\$15,000 to \$24,999	94	4	15	12	9	15	16	23
\$25,000 to \$34,999	117	4	15	8	13	15	21	41
\$35,000 to \$49,999	117	9	19	12	10	11	20	35
\$50,000 to \$74,999	350	10	64	69	55	68	62	22
\$75,000 to \$99,999	256	8	41	48	58	46	33	22
\$100,000 to \$149,999	271	4	53	89	40	40	33	13
\$150,000+	183	2	32	31	47	37	22	12
<b>Total</b>	<b>1,470</b>	<b>48</b>	<b>252</b>	<b>278</b>	<b>242</b>	<b>241</b>	<b>221</b>	<b>188</b>
Median HH Income	\$73,018	\$48,961	\$75,000	\$88,290	\$82,978	\$75,710	\$63,079	\$38,215
<i>Winsted Median</i>	<i>\$68,440</i>	<i>\$51,799</i>	<i>\$70,222</i>	<i>\$81,427</i>	<i>\$78,982</i>	<i>\$71,065</i>	<i>\$59,398</i>	<i>\$36,032</i>
<i>McLeod County Median</i>	<i>\$71,212</i>	<i>\$50,705</i>	<i>\$76,842</i>	<i>\$84,983</i>	<i>\$84,850</i>	<i>\$79,147</i>	<i>\$62,794</i>	<i>\$40,552</i>
<i>Greater MN Median</i>	<i>\$70,853</i>	<i>\$41,027</i>	<i>\$76,797</i>	<i>\$88,735</i>	<i>\$86,798</i>	<i>\$78,866</i>	<i>\$63,871</i>	<i>\$39,650</i>
Change From 2020 - 2025								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-9	0	-3	-1	-1	-2	-1	0
\$15,000 to \$24,999	-11	0	0	-2	-2	-4	-2	-1
\$25,000 to \$34,999	-12	-1	-1	-3	1	-4	-4	0
\$35,000 to \$49,999	-4	1	0	-2	-2	-2	-2	3
\$50,000 to \$74,999	16	3	7	-2	2	-2	4	3
\$75,000 to \$99,999	36	2	8	6	7	3	5	5
\$100,000 to \$149,999	50	1	12	16	6	4	7	4
\$150,000+	49	1	11	7	12	8	6	4
<b>Total</b>	<b>117</b>	<b>8</b>	<b>33</b>	<b>20</b>	<b>22</b>	<b>3</b>	<b>13</b>	<b>18</b>
Sources: ESRI; Viewpoint Consulting Group, Inc.								

### Household Income by Tenure

- ▶ Data on household incomes by tenure for 2019 is obtained from the Census Bureau’s American Community Survey. As is the case with most communities, the estimated percentage of renters steadily declines in Winsted from the lower to higher income groups. Conversely, the percentage of owners steadily increases from the lower to higher income groups. About 68% percent of households with incomes below \$15,000 in Winsted were renters, declining to 3.7% of households with incomes of \$100,000 to \$150,000.
- ▶ When applying the percentages in Table 8 to the 2021 households by income data in Table 6, 94% of households with incomes of \$75,000 or more in Winsted are owners. The vast majority of households with incomes between \$50,000 and \$74,999 are also homeowners (78%). Among homeowners with incomes below \$25,000 – many are likely seniors whose homes are paid off and who’s primary income is Social Security benefits.
- ▶ When applying the percentages in Table 8 to the 2021 households by income data in Table 6, approximately 47% of the renters in Winsted are income-qualified for market rate rental housing (incomes of \$35,000 or above). Most households with incomes below \$35,000 would be income-qualified for affordable, but most would also be able to afford rents at older market rate properties.

**Table 8**  
**Estimated Tenure by Household Income**  
**Winsted**  
**2019**

Income Range	Winsted		Primary Market Area		Minnesota Percent Renters
	Percent Owners	Percent Renters	Percent Owners	Percent Renters	
<\$15,000	32.4%	67.6%	40.8%	59.2%	65.0%
\$15,000 - \$24,999	40.2%	59.8%	51.4%	48.6%	53.4%
\$25,000 - \$34,999	76.9%	23.1%	78.1%	21.9%	45.6%
\$35,000 - \$49,999	73.7%	26.3%	80.0%	20.0%	37.8%
\$50,000 - \$74,999	78.4%	21.6%	81.9%	18.1%	27.5%
\$75,000 - \$99,999	89.1%	10.9%	92.3%	7.7%	19.0%
\$100,000 - \$149,999	96.3%	3.7%	95.8%	4.2%	11.6%
\$150,000+	100.0%	0.0%	96.9%	3.1%	6.6%
Median Household Income	\$66,932	\$21,734	\$72,577	\$24,895	

Sources: American Community Survey 2019; Viewpoint Consulting Group, Inc.

- ▶ The chart below highlights that the propensity to own increases as household incomes increase. Overall, 63% of the renter households in Winsted had incomes below \$50,000. Conversely, 75% of all owner households in Winsted had incomes greater than \$50,000.

**Estimated Distribution of Households by Income and Tenure  
Winsted, 2019**



### **Housing Cost Burden**

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income on housing. Households who pay more than 30% for housing are considered cost burdened and may have difficulty affording other necessities such as food, clothing, transportation and medical care.

- ▶ Table 9 shows that as of 2019, an estimated 26% of owners and 50% of renters in Winsted were cost burdened. These rates compare to statewide housing cost burdened rates of 17% of owners and 42% of renters.
- ▶ Lower-income households were the most likely to be cost burdened. All the owners and 67% of the renters with incomes below \$20,000 were estimated to be cost burdened. Among households with incomes above \$75,000, none were cost burdened.
- ▶ An estimated 53% of Winsted's owner households with incomes between \$50,000 and \$74,999 were housing cost burdened.

**Table 9**  
**Estimated Housing Costs as Percentage of Income by Tenure**  
**City of Winsted**  
**2019**

	Owners	Renters
<b>&lt; \$20,000</b>	<b>24</b>	<b>91</b>
<20%	0	5
20%-29%	0	25
30%+	24	61
<b>\$20,000 - \$34,999</b>	<b>101</b>	<b>44</b>
<20%	46	5
20%-29%	19	8
30%+	36	30
<b>\$35,000 - \$49,999</b>	<b>68</b>	<b>11</b>
<20%	24	0
20%-29%	15	0
30%+	29	11
<b>\$50,000 - \$74,999</b>	<b>180</b>	<b>85</b>
<20%	70	32
20%-29%	15	25
30%+	95	28
<b>\$75,000+</b>	<b>333</b>	<b>29</b>
<20%	241	19
20%-29%	92	10
30%+	0	0
<b>Total</b>	<b>706</b>	<b>259</b>
30%+	184	130
<b><u>Percent Cost Burdened</u></b>		
Winsted	26%	50%
McLeod County	20%	36%
Minnesota	17%	42%
Sources: 2019 American Community Survey; Viewpoint Consulting Group, Inc.		

## Household Type

Table 10 shows the composition of Winsted's households by type of household in 2000, 2010, and 2019. The types of households in the table are categorized by those with children and those without children. Within each of these main categories are married households. For households without children, non-married households includes those living alone and those not living alone. Those not living alone are generally cohabitating couples and roommates. Among Other Families, most are likely single parents.

- In Winsted from 2010 to 2019, households with children grew by 12.1% (+36 households) while households without children decreased by 2.7% (-18 households). The greatest growth was among Other Families with children. Other Families most often are single parents but also blended families.
- Among households without children, married couples, who are often empty nesters, declined slightly. Also declining were non-family households not living alone. This most often includes roommates or cohabitating couples without children. Meanwhile, persons living alone grew by 10.3% between 2010 and 2019. Households living alone are often young singles and older seniors. These two groups have among the highest propensity to rent their housing.

**Table 10**  
**Household Type**  
**City of Winsted**  
**2000, 2010 & 2019 Estimate**

	2000	2010	2019	Change, 2010 - 2019	
				No.	Pct.
<b><u>Households with Own Children</u></b>					
Married	208	199	215	16	8.1%
Other Family	78	97	117	20	20.4%
<b>Subtotal</b>	<b>286</b>	<b>296</b>	<b>332</b>	<b>36</b>	<b>12.1%</b>
<b><u>Households with no Own Children</u></b>					
Married	200	245	223	-22	-9.1%
Living Alone	228	288	318	30	10.3%
Not Living Alone	100	118	93	-25	-21.4%
<b>Subtotal</b>	<b>528</b>	<b>651</b>	<b>633</b>	<b>-18</b>	<b>-2.7%</b>
<b>Total</b>	<b>814</b>	<b>947</b>	<b>965</b>	<b>18</b>	<b>1.9%</b>
Source: US Census Bureau - 2019 American Community Survey; Viewpoint Consulting Group, Inc.					

## Employment Growth Trends

Employment growth is a predictor of housing demand since employment growth generally leads to household formation. If given a choice, many people prefer to live close to their place of employment. Rental housing demand has a particularly strong correlation with job growth since people recently hired and moving into a new community often choose to rent for a period of time before they invest in a home of their own.

Recent employment growth trends for McLeod County are shown in Tables 11 and 12. Table 11 presents resident employment data in the county from 2010 through May 2021. Resident employment data is an annual average of the work force and number of employed people living in the County. Not all these employed people work in the County. Table 12 is the number of jobs in Winsted and McLeod County from 2010 to 2020. It shows the number of jobs in the County which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from Minnesota Department of Employment and Economic Development. The following are key trends from the employment data:

### Resident Employment

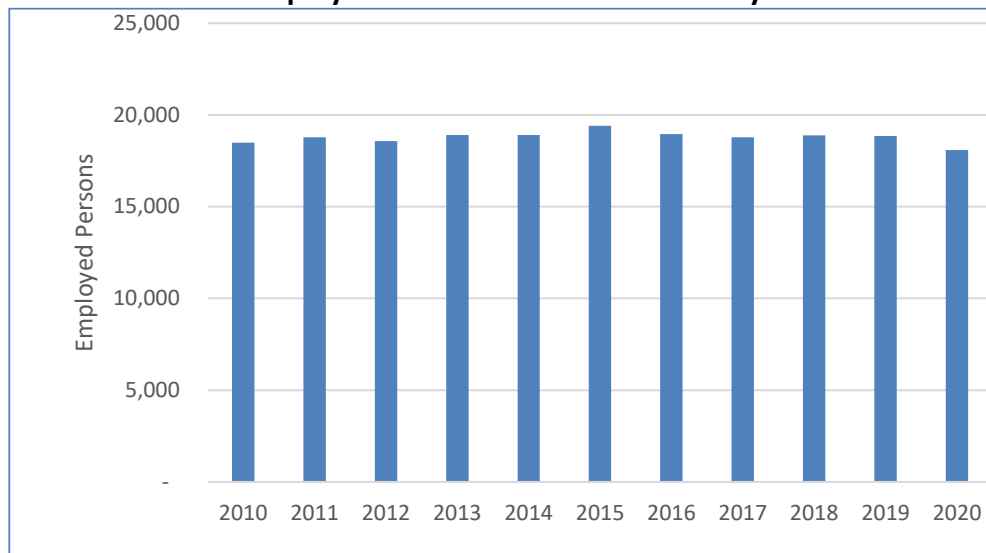
- Over the past decade, the unemployment rate in McLeod County has generally been above Minnesota's but below the nation's unemployment rate. In 2019, before the COVID-19 pandemic began, the unemployment rate was 3.7%; or above Minnesota (3.3%) and even the nation (3.7%).
- McLeod County grew its employment base from 18,487 people in 2010 to 19,408 in 2015, before declining to 18,844 people in 2019.
- The COVID-19 pandemic caused a nationwide spike in unemployment in spring 2020. The peak unemployment rate was in May – at 13.0% nationwide and 9.4% in Minnesota. In McLeod County, the May peak was 7.5%, high for the county but still much lower than the state and nation. By May 2021, the unemployment rates had declined to 5.5% in the nation, 3.7% in Minnesota, and 3.4% in McLeod County. While McLeod County's May 2021 unemployment rate is lower than before the pandemic began, the number of employed people in McLeod County was 17,808 – or down 1,036 from 2019. The labor force was down 1,136, which led to the lowering of the unemployment rate.
- With an unemployment rate of 3.4%, it is likely that growing businesses will need to draw employees from outside the area to fill new positions, or coax local residents back into the labor force. Bringing in workers from outside the area will lead to housing demand to accommodate the growing population. If the supply of housing in Winsted is not sufficient to accommodate new employees to the community, some people will seek housing in nearby communities where housing is available.

**Table 11  
Resident Employment,  
McLeod County  
2010 to May 2021**

	--- McLeod County ---			MN	USA
	Labor Force	Employment	% Unemploy.		
2010	20,307	18,487	9.0%	7.4%	9.6%
2011	20,344	18,789	7.6%	6.5%	8.9%
2012	19,931	18,580	6.8%	5.6%	8.1%
2013	20,019	18,899	5.6%	4.9%	7.4%
2014	19,821	18,906	4.6%	4.2%	6.2%
2015	20,200	19,408	3.9%	3.7%	5.3%
2016	19,831	18,957	4.4%	4.0%	4.7%
2017	19,506	18,775	3.7%	3.6%	4.4%
2018	19,500	18,890	3.1%	2.9%	3.9%
2019	19,578	18,844	3.7%	3.3%	3.7%
2020	19,104	18,079	5.4%	6.2%	8.1%
Mar. 2020	19,042	18,241	4.2%	3.5%	4.5%
May 2020	18,674	17,282	7.5%	9.4%	13.0%
Dec. 2020	19,061	18,128	4.9%	4.6%	6.5%
May 2021	18,442	17,808	3.4%	3.7%	5.5%

Source: MN Dept. of Employment and Economic Development - Local Area Unemployment Statistics; Viewpoint Consulting Group, Inc.

**Employed Residents of McLeod County**



**Employment Growth Trends**

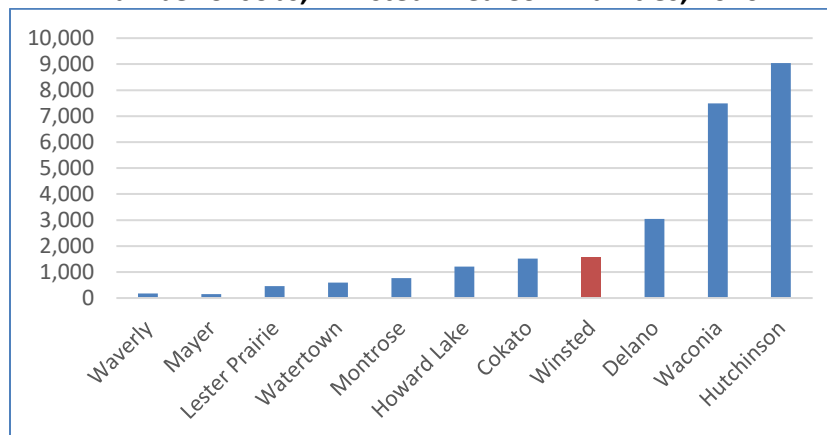
Table 12 shows that Winsted had about 1,500 jobs in 2020, down slightly from 2019, before the COVID-19 pandemic began. As the graph following the table shows, Winsted has a greater job base than many of the surrounding communities of similar population. Within McLeod County, Hutchinson has the most jobs, at about 9,000 in 2020. Besides jobs locally and in surrounding communities, proximity to the roughly 1.7 million jobs in the seven-county Twin Cities Metro Area has a significant impact on housing demand in Winsted.

**Table 12, Employment Trends (Number of Jobs)  
Winsted and McLeod County, 2010 to 2020**

	Winsted	McLeod County	Twin Cities Metro Area	Minnesota
2010	1,267	16,204	1,537,052	2,563,391
2011	1,287	16,615	1,564,365	2,603,526
2012	1,395	16,383	1,590,568	2,644,935
2013	1,435	16,833	1,620,612	2,692,170
2014	1,458	16,762	1,643,371	2,729,613
2015	1,470	17,176	1,675,292	2,774,450
2016	1,462	16,552	1,704,890	2,813,648
2017	1,536	16,287	1,738,403	2,853,895
2018	1,561	16,426	1,762,315	2,882,004
2019	1,577	15,989	1,773,078	2,901,365
2020	1,498	15,062	1,639,026	2,706,953
<b>Change, '10 - '20</b>				
Number	231	-1,142	101,974	143,562
Percent	18.2%	-7.0%	6.6%	5.6%

Source: MN Dept. of Employment and Economic Development - Quarterly Census of Employment and Wages; Viewpoint Consulting Group, Inc.

**Number of Jobs, Winsted Area Communities, 2020**



### Winsted Commuting Patterns

Not all residents of Winsted work in Winsted and vice versa – some workers in Winsted commute from elsewhere. Data on commuting trends as of 2018 is shown in Table 13. The data (Local Employment Dynamics) is from Census Bureau’s Center for Economic Studies. The table identifies the top communities in which Winsted residents are employed and communities in which Winsted workers reside. The following are key highlights.

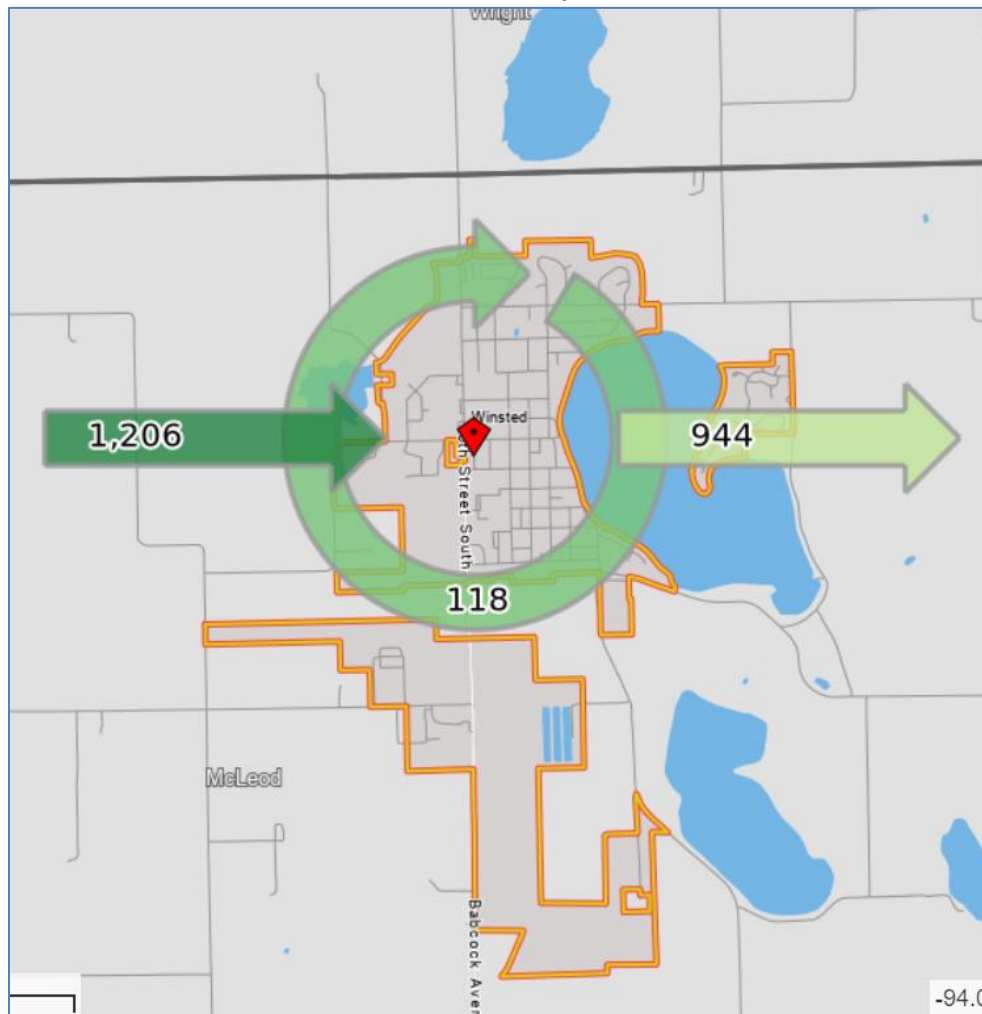
- ▶ A large number of people commute to Winsted for work. As of 2018, an estimated 1,206 people commuted to jobs in Winsted (inflow). These commuters filled 91% of Winsted’s total of 1,324 jobs (the other 118 jobs were filled by people who lived and worked in Winsted (interior flow).
- ▶ While 118 Winsted residents also worked in Winsted, another 944 Winsted residents commuted to jobs elsewhere (outflow). While this is a significant number of persons commuting to jobs elsewhere, Winsted is still a net importer of jobs (+262).

**Table 13**  
**Estimated Worker Commuting Patterns**  
**Winsted, 2018**

<u>Place of Employment</u>	<u>County of Residence</u>	--- Workers ---	
		<u>Number</u>	<u>Pct.</u>
Winsted	McLeod	587	44.3%
Winsted	Wright	242	18.3%
Winsted	Carver	97	7.3%
Winsted	Meeker	81	6.1%
Winsted	Hennepin	70	5.3%
Winsted	Sibley	23	1.7%
Winsted	Other	224	16.9%
Total		1,324	100.0%
<u>County of Employment</u>	<u>Place of Residence</u>		
McLeod	Winsted	392	36.9%
Hennepin	Winsted	205	19.3%
Wright	Winsted	131	12.3%
Carver	Winsted	107	10.1%
Ramsey	Winsted	37	3.5%
Stearns	Winsted	29	2.7%
Other	Winsted	161	15.2%
Total		1,062	100.0%
Sources: US Census Bureau - Center for Economic Studies; Viewpoint Consulting Group, Inc.			

- ▶ Table 13 shows that people are commuting to work in Winsted not just from McLeod County, but from surrounding counties as well. After McLeod, Wright County is the largest source of commuters, followed by Carver, Meeker, and Hennepin. Communities that were the greatest source of workers, in order, were Hutchinson, Glencoe, Howard Lake, Lester Prairie, Silver Lake, Cokato, Litchfield, Watertown, and Mayer.
- ▶ McLeod County is the primary work destination for Winsted residents (estimated at 37% of commuters in 2018). A large portion (19.3%) commute to jobs in Hennepin County, followed by Wright County (12.3%) and Carver County (10.1%). Communities that were the greatest destinations, in order, were Hutchinson, Glencoe, Howard Lake, Chanhassen, Eden Prairie, Waconia, Plymouth, Delano, and Cokato.

**Winsted Workforce Inflow/Outflow in 2018**



Source: US Census - OnTheMap

## **Major Employers**

For a community of its size, Winsted contains a large employment base. As shown in Table 12, Winsted has about 1,500 jobs. With 967 households in the community, this equates to 1.6 jobs for every household in Winsted. In comparison, Minnesota has 1.2 jobs for every household. Table 14 on the following page shows the largest primary employers located in the community. Representatives of these larger employers shared their perceptions of housing demand and needs among employees currently living in the area and new employees moving to the community. The following are key points from the interviews.

- The largest employer in Winsted by far is Millerbernd Manufacturing. Millerbernd Manufacturing employs 500 people locally. The second largest employer is The Gardens at Winsted, with 118.
- Many of the representatives of the employers in Table 14 said that they have a staffing shortage and are actively trying to recruit new employees.
- Overwhelmingly, representatives of the employers in Table 14 stated that a very high proportion of their workforce lives in other communities and commute to Winsted for work. Some of these commuters do so because they could not find housing in Winsted.
- A shortage of housing in Winsted is an issue trying to attract and retain employees. Some people are hired with the intention of moving to Winsted but upon not finding any housing in or near Winsted, they leave their job for a new job closer to their existing home.
- There is a need for all types of housing in Winsted for employees. However, rental housing seems to be the biggest need in terms of getting new hires into the community before they make the commitment to purchase their housing. There is a need for rental housing for entry-level production staff as well as for professional staff.
- Some representatives of the major employers do not hear any comments from employees about difficulty finding housing.
- Some manufacturers in Winsted would like to grow their workforce. However, lack of housing is barrier that contributes to difficulty in attracting new employees.

**Table 14**  
**Major Employers**  
**Winsted**  
**August 2021**

Company	Product/Services	2021 Employees
Millerbernd Manufacturing		500
The Gardens at Winsted		118
AZZ Galvanizing		80
K-Way Express		70
Proform Fabrication		49
SJF Material Handling		32
DiMax		24
Drill Pipe		20
Littfin Truss		20
Winsted Holy Trinity		20
M & N Structures		13
Tetra Pak		n.a.
Source: Viewpoint Consulting Group, Inc.		

## Housing Characteristics

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. The housing stock in Winsted was examined by: 1) reviewing data on the age of the existing housing, 2) examining the housing stock by structure type; and 3) examining residential building trends since 2000. Data was obtained from the U.S. Census Bureau and the City of Winsted (building permits). The following are key findings about the existing housing stock.

### Age of Housing Stock

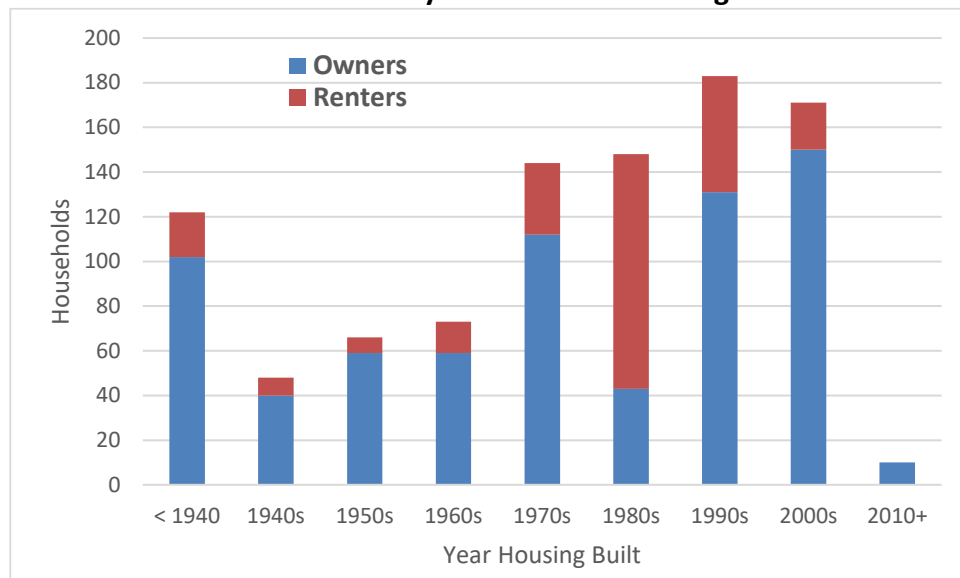
- A review of Winsted's housing stock from American Community Survey data shows that beginning with the 1940s, an average of about 75 owner-occupied housing units were built during each decade. The peak decade was the 2000s, when about 150 owner-occupied homes were built. This followed the 1990s when 131 owner-occupied homes were built. In all, the 1990s and 2000s account for 40% of Winsted's owner-occupied homes.
- After the peak decade of the 2000s, the downturn in the housing market which coincided with the Great Recession resulted in the 2010's accounting for the fewest number of occupied housing units since the 1940s. Only an estimated 10 owner-occupied homes in Winsted were built during the 2010s.
- The 1980s was the peak decade for rental housing construction. Most of the renter-occupied units built before the 1970s and since 2000 are likely single-family homes.
- Homes built prior to 1950, which are now 70+ years old, are more likely to have a substantial need for rehabilitation and/or replacement due to physical or functional obsolescence. In Winsted, about 18% of the housing units were built before 1950. However, a windshield survey of the community revealed that most homes in Winsted are well maintained. We estimate that only a very small percentage of homes, including older homes, are candidates for demolition.

**Table 15**  
**Estimated Occupied Housing Units by Age of Structure**  
**Winsted**  
**2019**

	Owner		Renter		Total	
	Units	Pct.	Units	Pct.	Units	Pct.
< 1940	102	14.4%	20	7.7%	122	12.6%
1940 - 1949	40	5.7%	8	3.1%	48	5.0%
1950 - 1959	59	8.4%	7	2.7%	66	6.8%
1960 - 1969	59	8.4%	14	5.4%	73	7.6%
1970 - 1979	112	15.9%	32	12.4%	144	14.9%
1980 - 1989	43	6.1%	105	40.5%	148	15.3%
1990 - 1999	131	18.6%	52	20.1%	183	19.0%
2000 - 2009	150	21.2%	21	8.1%	171	17.7%
2010+	10	1.4%	0	0.0%	10	1.0%
<b>Total</b>	<b>706</b>	<b>100.0%</b>	<b>259</b>	<b>100.0%</b>	<b>965</b>	<b>100.0%</b>

Sources: McLeod County Assessor; Viewpoint Consulting Group, Inc.

**Winsted Households by Decade their Housing was Built**



**Residential Construction**

- Permits were issued for 169 new housing units in Winsted during the 2000s. Most of the permits were issued during the first half of that decade as the Great Recession and resulting downturn in the housing market greatly curtailed new housing development. The lingering effects of the Great Recession lasted into most of last decade. Only 12 permits were issued for new housing units in Winsted during the 2010s.
- All the permits issued for new housing in Winsted since the 2000s were for single-family homes and townhomes. Other than a memory care assisted living being added in 2011, no new multifamily rental properties have been built in Winsted.
- While permits continue to be low in Winsted, permit activity has increased greatly in surrounding communities. Much of the reason for Winsted’s limited permits is a dwindled supply of available lots. Table 17 shows that in communities such as Howard Lake, Waverly, Montrose, Watertown, and Mayer, housing construction greatly rebounded starting in about 2016. Many of the permits issued were for new homes on lots that were platted before the Great Recession (about 2005 or earlier).

**Table 16  
Building Permit Trends  
Winsted  
2000 to June 2021**

<u>Year</u>	<u>Housing Units</u>	<u>Year</u>	<u>Housing Units</u>	<u>Year</u>	<u>Housing Units</u>
2000	19	2010	0	2020	1
2001	43	2011	0	2021*	0
2002	14	2012	0	2022	--
2003	42	2013	1	2023	--
2004	17	2014	1	2024	--
2005	23	2015	2	2025	--
2006	7	2016	2	2026	--
2007	2	2017	0	2027	--
2008	1	2018	0	2028	--
2009	1	2019	6	2029	--
<b>Total</b>	<b>169</b>	<b>Total</b>	<b>12</b>	<b>Total</b>	<b>1</b>
<b>Average</b>	<b>16.9</b>	<b>Average</b>	<b>1.2</b>	<b>Average</b>	<b>0.5</b>

\* Through July 2021

Source: City of Winsted; Viewpoint Consulting Group, Inc.

**Table 17**  
**Building Permit Trends**  
**Selected Neighboring Communities**  
**2000 to June 2021**

Year	Winsted	Howard Lake	Lester Prairie	Mayer	Montrose	Watertown	Waverly	Total
2005 to 2009	34	28	74	177	263	90	76	742
2010 to 2014	2	2	4	47	79	37	8	179
2015	2	4	4	25	11	11	8	65
2016	2	5	3	32	6	22	19	89
2017	0	10	5	37	39	45	36	172
2018	0	31	6	41	32	39	38	187
2019	6	20	4	20	30	33	52	165
2015 to 2019	10	70	22	155	118	150	153	678
2020	1	25	4	32	23	59	40	184
2021*	0	10	0	13	26	18	28	95

\* Through June 2021

Source: City of Winsted; US Census Bureau; Viewpoint Consulting Group, Inc.

### **Housing Stock by Type of Housing**

- The dominant housing type in Winsted is a single-family home with this type representing an estimated 80% of all housing units in 2019. Single-family homes and townhomes account for nearly all owner-occupied housing units in Winsted and 27% of the rental units.
- There is one rental buildings with 20 or more units in Winsted (Linden Wood). Most other rental buildings are six- to eight-plex buildings. Thus, buildings with 5 to 19 units account for over half the rental housing stock in Winsted. Rented single-family homes and townhomes account for just over one-quarter of the rental housing stock.

**Table 18**  
**Estimated Occupied Housing Units by Type of Structure**  
**Winsted, 2019**

	No.	Pct.
<b>Owner Occupied:</b>	<b>706</b>	<b>100.0%</b>
1, detached or attached	693	98.2%
2 to 4 units	0	0.0%
5 to 19 units	0	0.0%
20 or more units	0	0.0%
Mobile Home, etc	13	1.8%
<b>Renter Occupied:</b>	<b>259</b>	<b>100.0%</b>
1, detached or attached	69	26.6%
2 to 4 units	0	0.0%
5 to 19 units	136	52.5%
20 or more units	40	15.4%
Mobile Home, etc	14	5.4%
<b>Total Occupied:</b>	<b>965</b>	<b>100.0%</b>
1, detached or attached	762	79.0%
2 to 4 units	0	0.0%
5 to 19 units	136	14.1%
20 or more units	40	4.1%
Mobile Home, etc	27	2.8%
Sources: US Census (2019 American Community Survey); Viewpoint Consulting Group, Inc.		

- There is one mobile home park in Winsted (Country Acres) that has 28 pads, with some homes being owned and some being rented.

## Owner-Occupied Housing Market Analysis

This section analyzes Winsted's owner-occupied housing market. Analyzed are single-family home resale trends, subdivisions being actively marketed, pending subdivisions, and interviews with local real estate professionals and others involved in the local housing market to solicit their impressions of existing market conditions and trends. The McLeod County Assessor's Office provided the data on resale trends. The following are key findings regarding the for-sale housing market.

### Home Resale Trends

- Home resale prices were depressed during the Great Recession at the beginning of last decade. Between 2010 and 2015, the median sale price of existing homes in Winsted increased by 24% - from \$111,200 in 2010 to \$138,000 in 2015. Since 2015, home prices have continued to increase and by 2020, the median sale price in Winsted reached \$179,900 – or a 30% increase from 2015. During the first half of 2021, the median resale price in Winsted was \$193,000, which is a 7.3% increase in one year.
- Median sale price is often a more reliable measure of price trends than average since the median is not skewed by outliers. In Winsted, the median resale price increased from \$106,500 in 2010 to \$171,750 in 2020. This equated to an average annual increase of 4.9% over the course of the decade.
- Since 2015 there has been an annual average of 52 sales of existing homes in Winsted. In essence, about 52 homes have been made available each year to people moving to the community, to renters seeking to buy, and to existing homeowners seeking a different home.
- During the past three years the number of home sales in Winsted peaked in the \$150,000 to \$200,000 range (43% of home sales). About one-third of the homes sold from 2018 through 2020 were priced under \$150,000. About 30% of the sales were among homes priced between \$200,000 and \$249,999. Very few homes priced above \$250,000 were sold in Winsted from 2018 to 2020.
- As shown in Table 18, Winsted has about 706 owner-occupied homes (single-family homes and townhomes). Resale data in Table 19 shows that Winsted has averaged 52 home sales annually during the past several years. This equates to 7.4% of the single-family owner-occupied housing stock being sold each year.

**Table 19**  
**Resale Trends of Existing Single-Family Homes**  
**Winsted, 2010 through July 2021**

Year	No. Sold	Avg Sales		Pct. Change
		Price	Median Price	
2010	10	n.a.	\$111,200	-
2015	50	\$142,498	\$138,000	-
2016	55	\$131,283	\$125,000	-9.4%
2017	48	\$146,124	\$143,829	15.1%
2018	47	\$159,047	\$155,000	7.8%
2019	50	\$177,784	\$175,000	12.9%
2020	63	\$170,645	\$179,900	2.8%
2021	12	\$197,375	\$193,000	7.3%

Sources: McLeod County Assessor; Viewpoint Consulting Group, Inc.

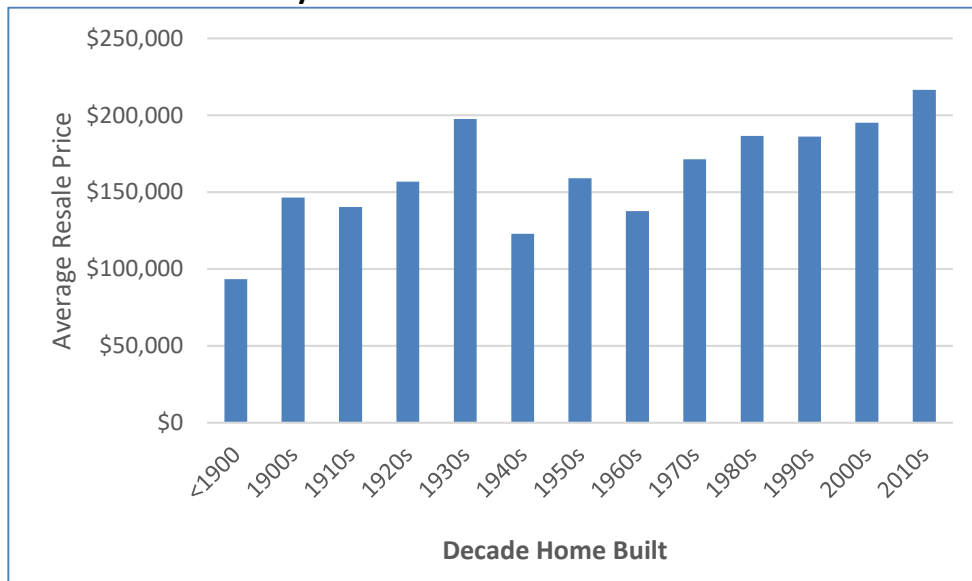
**Table 20**  
**Home Resales by Price Range**  
**Winsted, 2018 to 2020**

Sale Price	-- 2018 --		-- 2019 --		-- 2020 --	
	No. of Sales	Average Sq. Ft.	No. of Sales	Average Sq. Ft.	No. of Sales	Average Sq. Ft.
< \$100,000	8	930	2	885	9	960
\$100,000 - \$149,999	13	980	10	1,200	10	1,010
\$150,000 - \$199,999	18	1,015	28	1,170	23	1,005
\$200,000 - \$249,999	5	1,165	8	1,315	17	1,255
\$250,000 - \$299,000	2	1,675	1	1,662	4	1,520
\$300,000 +	1	2,226	1	2,226	0	--
<b>Total Sales</b>	<b>47</b>		<b>50</b>		<b>63</b>	

Sources: McLeod County Assessor; Viewpoint Consulting Group, Inc.

- In the past three years combined there have been sales of homes built in Winsted in each decade since 1900. Typically, the average home resale price declines as the homes get older. As the chart below highlights, this is not as profound in Winsted. Homes built during the beginning of last century have prices similar to those built from the 1940s through 1960s. Homes built during the 1980s and 1990s are only slightly higher priced. Only homes built since 2010, which is a small number, have an average resale price above \$200,000.

**Average Resale Price of Winsted Homes Sold from 2018 to 2020  
by Decade the Homes Were Built**



**Table 21  
Home Resales by Year Home Built  
Winsted  
2018 to 2020**

Year Built	-- 2018 --			-- 2019 --			-- 2020 --		
	No. of Sales	Average Sales Price	Average Sq. Ft.	No. of Sales	Average Sales Price	Average Sq. Ft.	No. of Sales	Average Sales Price	Average Sq. Ft.
<1900	2	\$69,250	632	4	\$104,125	1,304	1	\$100,000	853
1900 - 1909	1	\$149,900	864	1	\$193,000	1,196	5	\$136,500	886
1910 - 1919	1	\$120,000	812	1	\$175,000	977	2	\$133,500	782
1920 - 1929	2	\$99,000	766	0	\$0	0	2	\$215,000	1,496
1930 - 1939	0	\$0	0	3	\$178,700	1,399	4	\$212,000	1,122
1940 - 1949	3	\$88,667	1,215	5	\$149,411	970	3	\$113,167	947
1950 - 1959	3	\$163,300	1,097	3	\$159,300	1,471	8	\$157,644	1,103
1960 - 1969	4	\$116,706	1,286	4	\$169,000	1,180	6	\$130,750	1,161
1970 - 1979	4	\$166,700	1,058	4	\$170,215	1,503	5	\$176,380	1,162
1980 - 1989	3	\$161,600	1,263	0	\$0	0	2	\$224,500	1,334
1990 - 1999	10	\$181,670	1,140	11	\$179,383	1,095	10	\$198,445	1,192
2000 - 2009	11	\$200,527	1,142	13	\$212,588	1,255	12	\$171,785	1,038
2010 +	1	\$205,000	1,324	0	\$0	0	3	\$220,397	1,160
<b>Total</b>	<b>45</b>			<b>49</b>			<b>63</b>		

Sources: McLeod County Assessor; Viewpoint Consulting Group, Inc.

## Current Supply of Homes on the Market

As of August 2021, there were seven single-family homes actively listed for sale in Winsted. This includes six that had pending sales, meaning that only one home was available for purchase. Table 22 shows that of the seven homes listed for sale, all were listed for prices between \$150,000 and \$250,000. The median list price was \$179,900, the same as the median sale price in 2020, but the average list price of \$201,086 is higher (see Table 19). The sample size of seven homes is small, and as Table 19 also shows, recorded sales through the first half of 2021 have average and median prices above the homes that are currently listed for sale in Winsted.

**Table 22**  
**Active Single-Family Home Listings**  
**Winsted**  
**August 2021**

List Price	Number of Active Listings*
< \$100,000	0
\$100,000 - \$149,999	0
\$150,000 - \$199,999	4
\$200,000 - \$249,999	3
\$250,000 - \$299,999	0
\$300,000 +	0
Total	7
Average List Price	\$201,086
Median List Price	\$179,900
* Active listings includes homes with pending sales.	
Source: Realtor.com; Viewpoint Consulting Group, Inc.	

According to Realtors, the housing market is very strong, and homes typically have offers within days of being listed.

## Active Subdivisions

Winsted has essentially exhausted its supply of lots available for new single-family housing construction. The most recent subdivisions in Winsted are Grass Lake Farms and Winsted on the Lake. The following are summaries of these two subdivisions.

- Grass Lake Farms was platted in 2002 with 37 lots, of which only two in-fill lots remain. Most homes in Grass Lake Farms were built prior to 2007; an average of seven homes were built annually in Grass Lake Farms between 2003 and 2006. The last two homes built in Grass Lake Farms were in 2017. Lots average about 9,500 square feet in Grass Lake Farms. Most of the homes in Grass Lake Farms are now about 15-years-old or older, and recent sales are generally under \$275,000.
- The first addition of Winsted on the Lake was platted in 1998 and the sixth and final addition was platted in 2003. The six additions combine for 34 single-family lots and 115 townhome lots. As of 2021, four single-family lots remain as do lots for 18 twinhome/quad units. The peak years of construction were between 1998 and 2005, when an average of 14 homes were built in Winsted on the Lake annually. The most homes built in one year was 23 homes in 2003. Only four homes were built in 2006 and then none until one home in 2014. More recently, activity has picked up, and there were three homes built in both 2019 and 2020. The more recently built townhomes in Winsted on the Lake have sold for about \$225,000. These are for units that average about 1,200 square feet.

Especially for single-family homes, the current options for potential buyers of new homes in Winsted are active subdivisions in surrounding communities. Table 23 lists 12 subdivisions with single-family lots in towns surrounding Winsted and Table 24 lists six active townhome communities. These subdivisions shed insight into potential home prices and the pace of lot absorption that could be achieved in Winsted if a new subdivision(s) were made available. Information in Table 23 includes year platted, total lots, available lots, average lot size, estimated average lot price, and average home prices. Table 24 includes year platted, total platted units, available units, average unit size, and average home price. A map showing the locations of the subdivisions follows the tables. The following are key points about these subdivisions.

### Single-Family Subdivisions

- The closest subdivisions to Winsted are in Howard Lake and Waverly. As shown in Table 17, home construction activity has intensified in recent years in these communities. In 2020, permits were issued for 25 homes in Howard Lake and 40 homes in Waverly. In Howard Lake, Lake Ridge 2<sup>nd</sup> is an active subdivision that was platted in 2004 with 59 lots, of which 17 lots remain. Seven homes were built before 2008, then none until 2015. In 2020, 14 homes were built and seven are currently under construction. The estimated average lot price in Lake Ridge 2<sup>nd</sup> is \$30,000 and the typical home price is about \$275,000.

- In Waverly, the two most active subdivisions are Woodland Shores and Windgate at Carrigan Lake. Windgate at Carrigan Lake was platted in 2006 with 58 lots. Three homes were built that year and one in 2007 before the housing market crashed. No homes were built again until 2013. Seven homes were built in 2017, four in 2018, three in 2019, and five in 2020. The price of homes built in 2020 averaged about \$317,000. There are several homes under construction, with about 18 lots remaining. Homes currently being marketed are priced at \$345,000 to \$400,000.
- Woodland Shores was platted in 2005 with 82 lots. Twenty-two homes were built that year and then none until 2014. Several homes are under construction and 14 lots remain available. Thirteen homes were built in 2018, five in 2019, and eight in 2020. The price of homes built in 2019 and 2020 averaged about \$275,000. There are several homes under construction, with about 18 lots remaining. Homes currently being marketed in Woodland Shores have prices of \$320,000 to \$350,000.

**Table 23**  
**Actively Marketing Single-Family Subdivisions**  
**Winsted Area**  
**August 2021**

Subdivision	City	Year Platted	Total Lots	Avail. Lots	Avg. Lot Size	Typical Lot Price	Typical Home Price
<b>Winsted Single-Family Subdivisions</b>							
Grass Lake Farms	Winsted	2002	37	2	9,750	n.a.	\$245,000
Winsted on the Lake 4th	Winsted	2003	14	3	0.5 acres	n.a.	\$300,000+
<b>Single-Family Subdivisions Near Winsted</b>							
Lake Ridge 2nd	Howard Lake	2004	59	17	10,500	\$30,000	\$275,000
Terning Trails 4th	Howard Lake	2019	12	10	7,500	\$18,000	n.a.
Windgate at Carrigan Lake	Waverly	2005	58	18	11,800	n.a.	\$345,000
Woodland Shores	Waverly	2005	82	14	9,500	\$35,000	\$275,000
Carrigan Estates 4th	Waverly	2004	38	8	13,500	\$25,000	\$265,000
White Tail Ridge	Montrose	2007	65	0	10,000	\$25,000	\$290,000
Prairie Ridge 2nd	Lester Prairie	2004	49	3	12,500	\$30,000	\$320,000
Kings Highlands	Watertown	2004	60	4	15,200	\$90,000	\$450,000
Forest Hills 8th	Watertown	2019	25	0	9,600	n.a.	\$300,000
Forest Hills 9th	Watertown	2020	12	0	10,000	n.a.	\$300,000
Forest Hills 10th	Watertown	2021	35	35	10,000	n.a.	\$340,000
Coldwater Crossing 7th	Mayer	2017	28	2	10,400	\$50,000	\$305,000
Fieldstone 2nd	Mayer	2006	22	3	11,500	\$40,000	\$275,000

Source: Viewpoint Consulting Group, Inc.

- White Tail Ridge in Montrose was platted in 2007, but no homes were built until 2017 when eight homes were built. Fifteen were built in 2018, 24 in 2019, and 13 in 2020. Five homes are under construction, at which time White Tail Ridge will be built out. The average price of the homes in White Tail Ridge has been increasing. For the homes built in 2018, the average price was \$240,000. The average price increased to \$275,000 for homes built in 2019 and to \$295,000 for homes built in 2020.
- Prairie Ridge 2<sup>nd</sup> in Lester Prairie was platted in 2004 with 49 lots. Five homes were under construction as of August 2021 and with the recent level of construction, only three lots remain available. The typical lot price is about \$30,000 and the typical price of newer homes is about \$280,000.
- Watertown and Mayer are east of Winsted, in Carver County. In 2020, permits were issued for 59 homes in Watertown and 32 homes in Mayer. In Watertown, most of the homes are being constructed in the Forest Hills subdivision. The 8<sup>th</sup> Addition was platted in 2019 and none of its 25 lots remain. Likewise, the 9<sup>th</sup> Addition opened in 2020 with 12 lots of which none remain. The typical home prices in these additions was \$300,000. The price has risen, and homes will begin at \$340,000 in the 10<sup>th</sup> Addition, which is coming on-line this year. The estimated average lot price in Lake Ridge 2<sup>nd</sup> is \$26,000 and the typical home price as of 2019 and 2020 was about \$300,000.
- In Mayer, Coldwater Crossing 7<sup>th</sup> is the newest subdivision (2017). Only two of its 28 lots remain, and the typical home was priced at about \$305,000. A new phase to Coldwater Crossing is being marketed with base prices beginning at \$340,000.

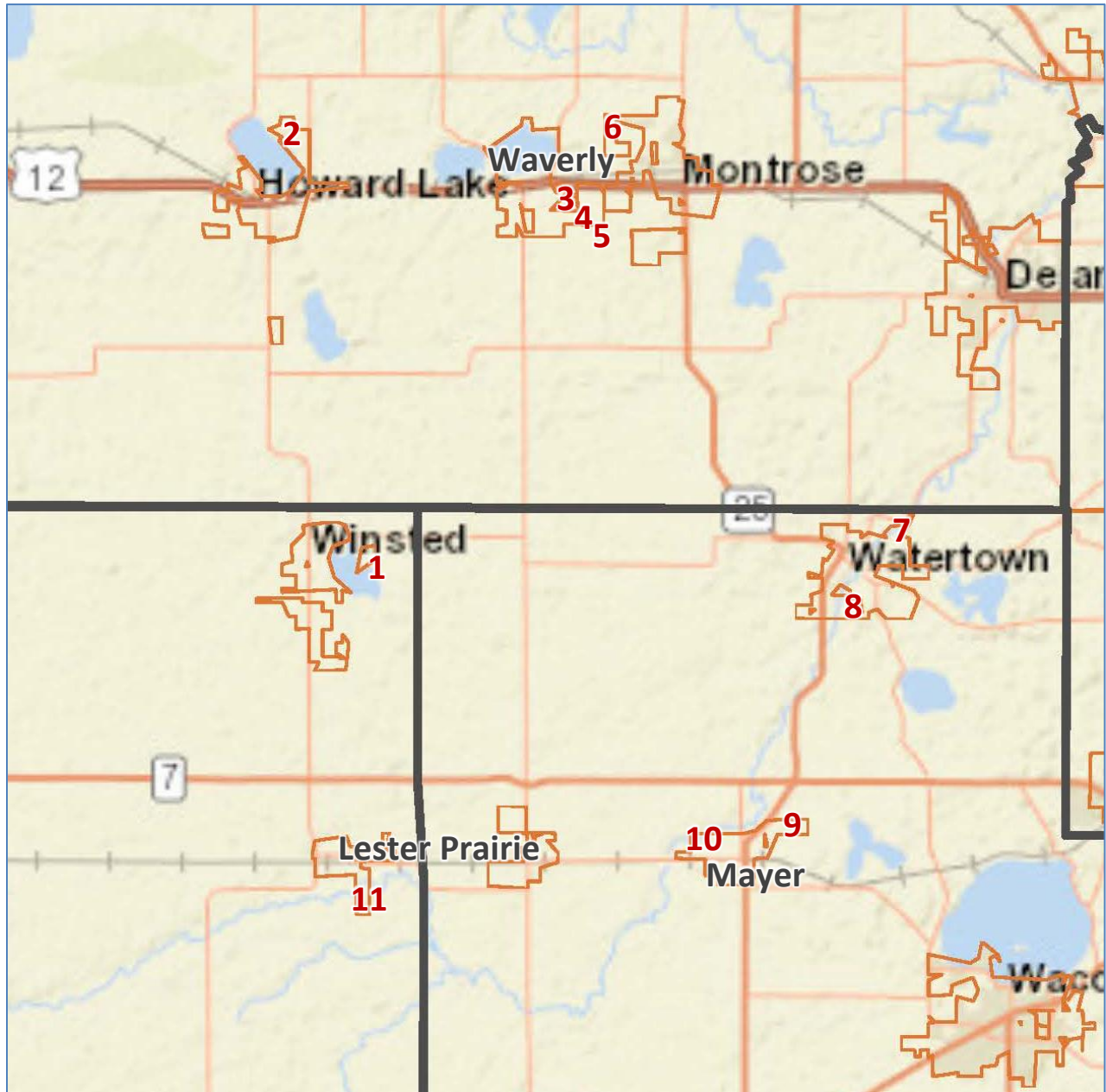
### Townhome Communities

- As mentioned earlier, Winsted on the Lake is a townhome community platted in 1998 with 115 total units, of which 18 remain available (not yet built). Construction at Winsted on the Lake slowed considerably in the mid-2000s, which townhome communities in Waverly, Montrose, Watertown, and Mayer similarly experienced. The townhome communities in Table 24 were platted in 2005 and 2006 but until recently, very few units were built. For example, Sunset Meadows in Mayer was platted in 2006 with 48 twinhome units. Two units at Sunset Meadows were built in 2006, and then none until 2013. Since 2018, 15 units have been built. Currently, pads remain available for 14 units. Units in Sunset Meadows are one-level twinhomes with two-car garages and consisting of two- and three-bedroom units with base prices of about \$295,000. Two-bedroom units have about 1,425 square feet and three-bedroom unit have about 2,000 square feet.
- White Tail Ridge in Montrose was platted in 2006 with lots for 50 twinhome units. Twelve units were built in 2008, and none until 2021. Currently, construction is underway on the remaining 38 units. Listing prices for the twinhome units average about \$325,000, far higher than the original pricing.
- At RiverPointe in Watertown, two six-plex buildings and eight twinhome units were built in 2006, and then none until 2020. Since then, two four-plex buildings have been added and eight twinhome units. Prices for the two-story, four-plex units average about \$235,000. Prices for the twinhome units averages about \$315,000.

**Table 24**  
**Actively Marketing Townhome Communities**  
**Winsted Area**  
**August 2021**

Subdivision	City	Year Platted	Total Lots	Avail. Lots	Avg. Unit Size	Typical Home Price
<b>Winsted Townhome Communities</b>						
Winsted on the Lake	Winsted	1998	115	18	1,200	\$225,000
<b>Townhome Communities Near Winsted</b>						
Windgate at Carrigan Lake	Waverly	2006	12	8	1,567	n.a.
White Tail Ridge	Montrose	2006	50	44	925	\$325,000
RiverPointe 4-/6-plex	Watertown	2005	44	24	1,466	\$235,000
RiverPointe Twinhomes	Watertown	2005	26	10	1,600	\$315,000
Sunset Meadows	Mayer	2006	48	14	1,320	\$290,000
Source: Viewpoint Consulting Group, Inc.						

**Actively Marketing Subdivisions In & Near Winsted**



- |                                     |                                                                        |
|-------------------------------------|------------------------------------------------------------------------|
| 1. Winsted on the Lake              | 7. Forest Hills 8 <sup>th</sup> , 9 <sup>th</sup> , & 10 <sup>th</sup> |
| 2. Lake Ridge 2 <sup>nd</sup>       | 8. Kings Highlands                                                     |
| 3. Carrigan Estates 4 <sup>th</sup> | 9. Fieldstone 2 <sup>nd</sup>                                          |
| 4. Windgate at Carrigan Lake        | 10. Coldwater Crossing 7 <sup>th</sup>                                 |
| 5. Woodland Shores                  | 11. Prairie Ridge 2 <sup>nd</sup>                                      |
| 6. White Tail Ridge                 |                                                                        |

## Pending Subdivisions

A second addition to Grass Lake Farms is proposed. It would be connected to the first addition through extensions of Merganser and Mallard Avenues. As proposed, the second addition would contain 37 single-family lots. They would be similar in size to lots within the first addition.

## Interview Summary

Real estate agents and other persons familiar with Winsted's owner-occupied market were interviewed to solicit their impressions of the current for-sale housing market. The following are key points from those interviews.

- The resale housing market in Winsted is very strong. Homes typically have offers within days of being listed. People moving outward from the Twin Cities Metro Area is a big driver of current demand. While this demand from the Twin Cities has intensified since the COVID-19 pandemic began and more people were able to work from home, it began to get stronger three or four years ago. It is likely going to be a longer-term trend.
- Based on the level of interest from prospective buyers, there is a great need for new single-family homes in Winsted. This demand is from existing homeowners in Winsted who would move into a new home if it was available and also from people who would move to Winsted if new homes were available.
- A segment of homebuyers have a desire for new construction. Currently, this is something that Winsted does not have to offer since there are no lots available to accommodate new construction homes.
- The current shortage of housing is not unique to Winsted, but instead is more of a nationwide problem. The way out is to build more housing.
- Winsted is farther from the Twin Cities than other communities, such as Delano, Watertown, Montrose, and Waverly. To make up for that additional distance, new homes generally have to be at a lower price than new homes in these other communities to be more appealing to potential buyers. It is likely that \$325,000 is about the top end of what new homes should be priced at to be marketable to the greatest pool of buyers.
- The lack of a new single-family housing subdivision is creating a logjam in Winsted's overall housing market. People who would otherwise sell their existing home to move into a new home are unable and thus, they stay in their home, which is now unavailable to other people who would otherwise move to Winsted and purchase it. Many of the existing homes

that are not being listed because of the logjam are at prices affordable to entry-level buyers, for which there is great demand.

- The greatest demand is for homes in the \$250,000 to \$300,000 range. Most two-income households in Winsted can afford these homes. In addition, they are affordable to most people seeking to move from the Twin Cities Metro Area.
- If homes in Winsted are too high for a potential buyer, about their only option is to look at communities farther to the west. The closer to the Twin Cities, the higher the home price. Winsted attracts many buyers who work in the Twin Cities and find that housing is more affordable than Watertown and other communities farther to the east.
- There is a lot of pride among Winsted residents and thus, homes generally are very well maintained. Overall, the physical condition of homes in Winsted is very good.
- Winsted is close to the Twin Cities, but because it is not on a major highway it is overlooked by some potential home buyers. Winsted can still capture some of these potential buyers after they have had a chance to visit the community and see what it has to offer. The grocery store, lake, and general cleanliness are all attributes that are attractive to buyers.
- During the past year, the distance from the Twin Cities has been less of a deterrent to some potential buyers than in the past. If this is just short-term or a long-lasting trend remains uncertain.

## Rental Housing Market Analysis

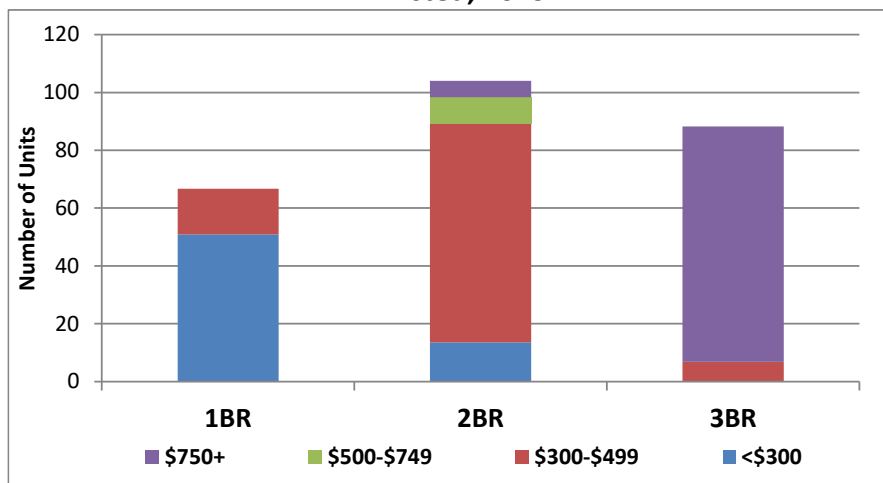
This section of the report analyzes the rental housing market in Winsted. The analysis includes a survey of rental properties and interviews with real estate agents, rental housing managers, property owners, and others familiar with the Winsted rental housing stock. Properties are categorized in this section as rental (general occupancy) or senior (age-restricted).

### Overall Rental Housing Supply

Table 25 on the following page shows the estimated number of rental units in Winsted in 2019 by number of bedrooms and gross rent. The rental units include those in all housing types – from mobile homes to single-family homes and apartment buildings. The data is from the Census Bureau’s American Community Survey. The American Community Survey is conducted annually by the Census Bureau. The following are key points from Table 25.

- ▶ There were an estimated 104 rental units with two bedrooms in Winsted in 2019, which accounts for the greatest proportion of Winsted’s rental housing supply (40%). Units with one bedroom accounted for 26% of the community’s rental stock and units with three or more bedroom accounted for 34%. Over half of the one-bedroom units are at one property – Linden Wood, a subsidized senior building that contain 38 one-bedroom units.
- ▶ Very few of the apartment properties in Winsted contain three-bedroom units. The three-bedroom units in Table 25 (88 units) are primarily found in single-family homes and townhomes that are converted to rentals.

**Estimated Number of Units by Unit Type and Gross Monthly Rent\*  
Winsted, 2019**



\*Gross rent includes the cost of all utilities, whether they are paid by the landlord or tenant.

**Table 25**  
**Estimated Gross Rent by Bedrooms in Unit**  
**Winsted**  
**2019**

	<u>Number</u>	<u>% of Total</u>
<b>1 bedroom</b>		
Less than \$300	44	17.0%
\$300 to \$499	7	2.6%
\$500 to \$749	16	6.1%
\$750 to \$999	0	0.0%
<u>\$1,000 or more</u>	<u>0</u>	<u>0.0%</u>
Subtotal	67	25.8%
<b>2 bedrooms</b>		
Less than \$300	0	0.0%
\$300 to \$499	14	5.2%
\$500 to \$749	76	29.3%
\$750 to \$999	9	3.5%
<u>\$1,000 or more</u>	<u>6</u>	<u>2.2%</u>
Subtotal	104	40.2%
<b>3 or more bedrooms</b>		
Less than \$300	0	0.0%
\$300 to \$499	0	0.0%
\$500 to \$749	7	2.6%
\$750 to \$999	0	0.0%
<u>\$1,000 or more</u>	<u>81</u>	<u>31.4%</u>
Subtotal	88	34.1%
<b>Total</b>	<b>259</b>	<b>100.0%</b>
Sources: 2019 American Community Survey; Viewpoint Consulting Group, Inc.		

- ▶ Table 25 shows that the greatest portion of one-bedroom units have gross rents (rent plus utilities) of \$300 to \$499. This low rent is largely due to Linden Wood, which is a subsidized property. Other one-bedroom units in Winsted have rents between \$500 and \$749. Most two-bedroom units also have gross rents between \$500 and \$749. Only 14% of two-bedroom units have rents of more than \$750.
- ▶ Most three-bedroom units, which are primarily single-family homes, have gross rents of more than \$1,000.

## Rental Housing Inventory

As shown in the demographic and housing stock overview sections, there were an estimated 259 renter households in Winsted as of 2019. An estimated 27% of the renters lived in rented single-family homes and mobile homes. There are an estimated 12 multifamily properties in Winsted with six or more units. Attempts were made to survey the owners and managers of these larger properties as part of this analysis. Information on the surveyed rental properties is summarized in Table 26. The following types of properties were inventoried:

<u>Property Type</u>	<u>Total Units</u>
Market Rate	112
Subsidized/Affordable	24
Market Rate Senior with Services	16
Subsidized Senior	40

The following are key highlights about Winsted's rental housing supply.

### Market Rate Summary

Viewpoint Consulting Group, Inc. identified 10 market rate rental properties with six or more units. Information on these rental properties is summarized in Table 26, including vacancies and monthly rents. The following are key highlights.

- The 10 identified rental properties with six or more units combine for a total of 112 units. These 112 units represent 51% of the non-senior rental units in Winsted.
- Overall, there were two vacant units among the 112 rental units surveyed (1.8% vacancy rate). However, both vacancies were due to normal turnover and there were applicants for both vacancies. Some of the properties have short waiting lists of prospective tenants and generally, vacancies are filled quickly.
- The market rate rental supply in Winsted is largely 25 years old or older. The newest property is Southview Properties, at 221 and 231 Baker Avenue East. It consists of two eight-plex buildings and features detached garages. Most other market rate rental properties in Winsted were built during the 1970s through 1990s.
- There are no larger market rate rental properties in Winsted with on-site managers. The largest building is Shore Drive Apartments, at 12 units. Other buildings have either six or eight units. Amenities are generally limited, with the most typical being common laundry rooms and detached garages.

- For buildings in which information on rents were available, the average rents were \$595 for one-bedroom units and \$675 for two-bedroom units. At most properties, tenants pay heat and electricity, plus detached garages if they are available.
- Among the 10 market rate apartments surveyed, the unit mix was 15 one-bedroom units and 97 two-bedroom units. There were no three-bedroom units.

### **Affordable and Subsidized Summary**

- There are two subsidized rental properties in Winsted. One is general-occupancy (Winsted Park) and one is senior (Linden Wood). Winsted Park has 24 units and is subsidized through USDA Rural Development. Linden Wood is a 40-unit senior building subsidized through HUD.
- There are no vacant units at Winsted Park. Rental Assistance is available for 14 of the 24 units and residents in these units pay 30% of their adjusted gross income for rent. Residents in the other 10 units pay at least a basic rent, which is \$658 for one-bedroom units, \$681 for two-bedroom units, and \$720 for three-bedroom units.
- There are no vacant units at Linden Wood, plus there is a short waiting list among prospective residents. Income-qualified residents at Linden Wood pay 30% of their adjusted gross income for rent. There is a waiver allowing a small percentage of higher-income seniors to live at Linden Wood. Their rent is \$799 for a one-bedroom unit.
- There are no apartments in Winsted made affordable through the Low Income Housing Tax Credit (LIHTC) program. The Minnesota Finance Authority is the Housing Tax Credit allocating agency for the state of Minnesota. Since the beginning of the program in 1986, the Minnesotan Finance Agency has helped create over 24,700 LIHTC units in more than 610 properties throughout Minnesota. To be eligible, LIHTC properties must have 20% or more of the units occupied by individuals or families whose income is 50% or less than the area median gross income and the unit is rent restricted. Alternatively, 40% percent or more of the units in the project must be occupied by individuals or families whose income is 60% or less than the area median gross income and the unit is rent restricted. The 2021 income limit at 60% of area median income for McLeod County is \$33,720 for one-person households, \$38,520 for two-person households, \$43,320 for three-person households, \$48,120 for four-person households, up to \$63,540 for eight-person households. The maximum gross rent for units restricted at 60% of area median income is \$903 for one-bedroom units, \$1,083 for two-bedroom units, and \$1,251 for three-bedroom units. While considered affordable at 60% of area median income, these maximum rents are still higher than rents at newer market rate properties in Winsted.
- There are only two LIHTC properties in McLeod County. This includes one in Hutchinson (Huski Townhomes) and one in Glencoe (Kestrel Park Townhomes). Combined, the two

LIHTC properties have 60 units, all of which are affordable. North Place Apartments was another LIHTC property in Hutchinson, but it was built in 1988 and is no longer being monitored.

### **Housing Choice Vouchers**

In addition to the two subsidized apartments in Winsted (Winsted Park and Linden Wood), there is a “tenant-based” subsidy called Housing Choice Vouchers available to help lower income households find affordable housing. The tenant based subsidy is funded by the Department of Housing and Urban Development (HUD), and is managed by the Kandiyohi County / McLeod County Housing and Redevelopment Authority.

Under the Housing Choice Voucher program, qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in McLeod County may be eligible for the program if their income is below 50% of area median income – which in 2021 ranged from \$28,100 for one-person households to \$43,350 for five-person households.

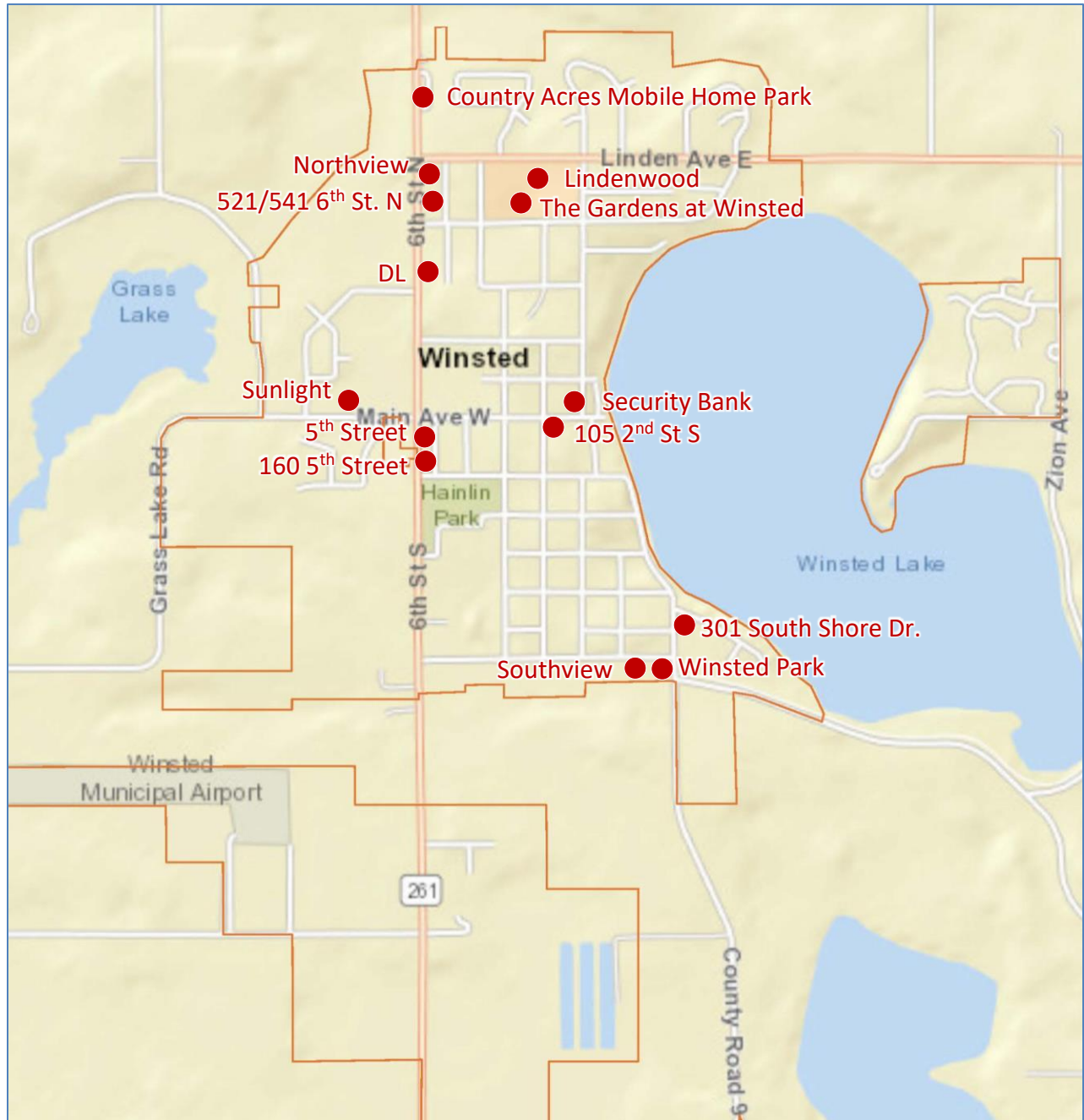
To be eligible for the Housing Voucher program, rental units must have rent levels allowable under HUD guidelines – or below the “Payment Standard.” In McLeod County, the Payment Standard is \$523 for one-bedroom units, \$821 for two-bedroom units, \$1,175 for three-bedroom units, and \$1,412 for four-bedroom units.

Currently, there are 116 vouchers issued in McLeod County. Demand for the program is highest in Hutchinson, the largest community and also the community with the greatest rental housing supply. Four vouchers are currently being utilized in Winsted. Demand for the program is high, and there is a wait list of applicants and currently it takes about six months to two years on the list before a voucher becomes available.

**Table 26**  
**Winsted Market Rate Rental Properties (6+ units)**  
**August 2021**

Property Name	Year Built	Number of Units	Vacant Units	Unit Mix	Monthly Rents	Comments
<b>Market Rate</b>						
<b>521/541 6th St. N &amp; 590 Fa</b> 590 Fairlawn Ave.	1980s	24	0	24 - 2BR	\$675-\$750	Three two-level buildings. Property features detached garages.
<b>DL Apts.</b> 441 6th St. N	1979	8	0	8 - 2BR	\$650	Two-level building. Does not feature garages.
<b>Fifth Street Apts</b> 150 5th St. S	1982	8	0	5 - 1BR 3 - 2BR	n.a.	Two-level building. Does not feature garages.
<b>Southview Properties</b> 221-231 Baker Ave E	1996	16	0	16 - 2BR	n.a.	Two two-level buildings. Property features detached garages.
<b>Northview Apts.</b> 561 6th St. N	1973	8	0	8 - 2BR	n.a.	Two-level building. Does not feature garages.
<b>160 5th St. S</b>	1972	8	0	1 - 1BR 7 - 2BR	n.a.	Two-level building. Does not feature garages.
<b>Security Bank</b> 110 1st. St. N	n.a.	6	1	6 - 1BR	\$595	Apartments above bank building in downtown.
<b>105 2nd St. S</b>	1990s	6	0	2 - 1BR 4 - 2BR	n.a.	Apartments above commercial building in downtown.
<b>Shore Drive Apts.</b> 301 South Shore Dr.	1971	12	0	1 - 1BR 11 - 2BR	n.a.	Two-level building. Does not feature garages.
<b>Sunlight</b> 760-780 Main Ave. W	1990	16	1	16 - 2BR	\$675-\$750	Two two-level buildings. Property features detached garages.
<b>Subsidized</b>						
<b>Winsted Park</b> 241 E. Baker Ave.	1980	24	0	16 - 1BR 6 - 2BR 2 - 3BR	\$658 \$681 \$720 (30% of AGI)	USDA. Two buildings. Rental assistance available in 14 units (30% of AGI).
<b>Linden Wood</b> 215 Linden Ave. W	1982	40	0	38 - 1BR 2 - 2BR	30% of AGI	55+. Waiver for 10% market rate - \$779/1BR. Short wait list.
Source: Viewpoint Consulting Group, Inc.						

### Winsted Market Rate Apartments



Winsted Rental Apartments



Northview



301 South Shore



5<sup>th</sup> Street Apartments



A Plus



DL



Southview Properties

**Winsted Rental Apartments**



Lindenwood



Sawatzke



Security Bank



Sunlight



The Gardens at Winsted



Winsted Park

## Comparable Market Rate Rental Housing Properties Outside the PMA

The existing supply of rental properties in Winsted are older and would not be comparable to a new market rate rental property in Winsted. Thus, newer properties in surrounding communities were surveyed to provide insight into rents achievable by a new property in Winsted. Five comparable properties were surveyed. Information on them is summarized in Table 27. They are located in Annandale, Gaylord, Glencoe, Litchfield, and Paynesville. The following are key highlights about the comparable properties.

- ▶ The comparable properties average 39 units in size, with The Village East in Litchfield being the smallest (30 units) and Pintail Ponds in Annandale being the largest (51 units). All are three-story apartment buildings, except The Village East, which consists of two-story townhome units in three buildings. Units at The Village East have attached garages while the apartment buildings have detached garages.
- ▶ Below are the populations and number of jobs of the communities in which the comparable properties are located, along with their distance from Winsted. Annandale, Gaylord, and Paynesville are similar in population to Winsted, while Glencoe and Litchfield are about double the size. Winsted's job base (1,577 in 2019) is also similar to Annandale, Gaylord, and Paynesville.

<u>City</u>	<u>Miles from Winsted</u>	<u>Population</u>	<u>Number of Jobs (2019)</u>
Annandale	24	3,330	1,440
Gaylord	35	2,273	1,471
Glencoe	19	5,744	2,880
Litchfield	31	6,624	3,971
Paynesville	57	2,388	1,708

- ▶ The average rent among the five properties is \$860 for one-bedroom units, \$1,090 for two-bedroom units, and \$1,255 for three-bedroom units. The average unit sizes are 735 square feet for one-bedroom units, 1,010 for two-bedroom units, and 1,225 for three-bedroom units. At all the apartment buildings, rent includes heat, water/sewer, and trash removal.
- ▶ All the properties except Community Park in Paynesville were fully occupied. This includes Pintail Ponds in Annandale, Panther Heights in Glencoe, which opened in 2019 and are fully occupied.
- ▶ Unit features at the comparable properties are fairly similar – in-unit washer/dryers and balconies/patios. Common areas are a community room, fitness room, picnic area, detached garages, and on-site management. These are features generally not found at existing properties in Winsted.

**Table 27**  
**Summary of Unit Rents and Sizes**  
**Selected Comparable Market Rate Rental Properties Outside the PMA**  
**August 2021**

Property Name	Year Built	Number of Units	Vacant Units	Unit Mix	Unit Size (sf)	Monthly Rent	Comments
<b>Community Park</b> 245 Highway 55 Paynesville	2016	27	3	6 - 1BR 19 - 2BR <u>2 - 3BR</u> 27	668 - 668 917 - 1,011 1,122 - 1,122	\$775 - \$795 \$950 - \$1,020 \$1,150 - \$1,150	3-story apartment building. Rent includes heat, water/sewer, & trash. Amenities include detached garages, community room, fitness room, picnic area, & play area.
<b>Panther Heights</b> 2905 14th St. E Glencoe	2019	50	0	17 - 1BR 30 - 2BR <u>3 - 3BR</u> 50	664 - 664 921 - 1,013 1,230 - 1,230	\$895 - \$900 \$1,125 - \$1,145 \$1,395 - \$1,395	3-story apartment building. Rent includes heat, water/sewer, & trash. Amenities include detached garages, community room, fitness room, & picnic area.
<b>Pintail Ponds</b> 60 Pintail Dr. Annandale	2019	51	0	2 - Stu 12 - 1BR <u>37 - 2BR</u> 51	515 - 515 746 - 785 971 - 1,257	\$825 - \$825 \$975 - \$995 \$1,160 - \$1,395	3-story apartment building. Rent includes heat, water/sewer, & trash. Amenities include tuck-under garages, community room, fitness room, picnic area, & play area.
<b>The Village East</b> 1325 US Highway 12 Litchfield	2018	30	0	6 - 1BR 18 - 2BR <u>6 - 3BR</u> 30	740 - 980 1,025 - 1,025 1,325 - 1,325	\$795 - \$795 \$895 - \$895 \$1,185 - \$1,185	2-story townhome units. Rent includes heat and attached garage. Amenities include a picnic area.
<b>Wolverine Meadows</b> 630 Harvey Dr. Gaylord	2020	38	0	10 - 1BR 19 - 2BR <u>9 - 3BR</u> 38	664 - 775 921 - 1,013 1,230 - 1,230	\$795 - \$895 \$1,095 - \$1,195 \$1,295 - \$1,295	3-story apartment building. Rent includes heat, water/sewer, & trash. Amenities include detached garages, community room, fitness room, & picnic area.
Source: Costar; Viewpoint Consulting Group, Inc.							

## Supportive Senior Housing Summary

Senior housing encompasses a wide variety of product types. The least service-intensive properties are **adult** properties, which offer virtually no support services or health care, but restrict tenancy to those ages 55 and over. Adult properties can be rental or owner-occupied (attached or detached townhomes, condominiums, and cooperatives). Congregate independent or **independent** properties, offer support services such as meals and housekeeping, sometimes included in rent and sometimes a-la-carte. Independent projects attract an older and frailer senior population than adult projects (generally seniors age 75 and over).

The most service-intensive housing types, **assisted living** and **memory care**, offer the highest level of services short of a nursing home. Typical services provided are meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal-care and therapeutic services. The meals and services are either built into the monthly fee, charged through a tiered service package, or charged a-la-carte.

There is one supportive senior housing property in Winsted totaling 16 units. It is The Gardens at Winsted, which is a memory care assisted living building on a campus with skilled nursing care. Adjacent to the campus is Linden Wood, a 40-unit subsidized senior housing building (See Table 26). Linden Wood formally was part of the campus but now has separate ownership. Beyond The Gardens at Winsted, local seniors in need of supportive housing must look to options in the surrounding area. The following are key highlights about the supply of senior housing in Winsted and neighboring communities.

- The Gardens at Winsted features a 65-bed skilled nursing facility and a 16-bed memory care assisted living building.

### Existing Supportive Senior Housing in Winsted

The Gardens of Winsted	65-bed Nursing Home 16-unit Memory Care Assisted Living
------------------------	------------------------------------------------------------

- According to SNFdata, a national provider of information on skilled nursing facilities, the nursing facility at The Gardens of Winsted generally operates at about 62% occupancy, meaning that any one time there are about 25 open beds. The payor mix is about 65% Medicaid, 7% Medicare, and 28% "Other." Medicaid is a federal insurance program that pays for skilled nursing care for qualified low-income seniors who do not have the financial resources to cover the costs of care. Other is most often private-pay residents. Medicare generally covers the cost for short-term rehab stays.

Because of the limited supply of senior housing in Winsted, properties in adjacent communities are listed in Table 28. These properties in other communities would not be directly competitive, but instead are alternative options for local seniors seeking to move from their current homes into maintenance-free or supportive housing, such as assisted living housing. The following are key points from Table 28.

- As shown in Table 28, within about 20 miles of Winsted are numerous senior housing options including market rate senior rental, independent senior living, assisted living, and memory care housing. Senior housing properties were identified in Howard Lake, Silver Lake, Watertown, Cokato, Montrose, Delano, Norwood Young America, Glencoe, Waconia, Hutchinson, and Buffalo. The greatest concentrations of senior housing are in the larger communities of Waconia, Hutchinson, and Buffalo. Not all options in these larger communities are presented in Table 28.
- Of the 15 properties in Table 28 that contain supportive housing, eight contain assisted living and memory care housing and three are continuum of care properties that contain independent, assisted living, and memory care housing. The three continuum of care campuses are Cokato Manor, Grand Meadow, and Havenwood of Buffalo. The first housing units at Cokato Manor opened in 1996 and the property contains skilled nursing care along with independent living (Edgewood Gables), assisted living (Brookridge), and memory care (Heritage Place). In total, it has 56 housing units. Grand Meadow in Glencoe opened in 2009 and contains 54 independent and assisted living units and 11 memory care units.
- Among the 55+ senior rental options in the surrounding area are Oak Grove Senior Residence in Norwood Young America and The Crossings at Town Center in Waconia. Both were developed by the Carver County CDA and are affordable at 100% of Area Median Income. Rents at Oak Grove Senior, which was built in 2010 and is the closer of the two properties to Winsted, begin at an estimated \$925 for one-bedroom units and \$1,250 for two-bedroom units. The rent includes all utilities except electricity. Heritage Square and Shoreline Commons in Howard Lake are also affordable senior rental properties. Shoreline Commons is the newer of these two properties (1999). It is a 24-unit building with rents of \$662 for one-bedroom units and \$752 for two-bedroom units. While these rents are affordable, the income-limit is generous, at \$70,560 for one-person households and \$80,640 for two-person households.

**Table 28**  
**Senior Housing Properties, Winsted Area**  
**August 2021**

Property Name	City	Year Built	Miles from Winsted	-- Number of Units --			
				55+ Rental	Independent	Assisted Living	Memory Care
The Gardens of Winsted	Winsted	2011	0	-	-	-	16
Subtotal				-	-	-	16
<i>Non-Competitive Outside the PMA</i>				-	-	-	-
Heritage Square	Howard Lake	1992	7	24	-	-	-
Shoreline Commons	Howard Lake	1999	7	24	-	-	-
The Lodge of Howard Lake	Howard Lake	2013	7	-	-	18	-
Cedar Crest Estates	Silver Lake	2009	11	-	-	30	10
Westwood Place	Watertown	1989	11	-	-	56	-
Cokato Manor	Cokato	1996/'00	13	-	30	16	10
Rosehaven I & II	Montrose	n.a.	14	30	-	-	-
Legacy of Delano	Delano	2008	18	-	-	35	16
The Harbor at Peace Village	Norwood YA	2006/'16	18	-	-	61	12
Oak Grove	Norwood YA	2010	18	50	-	-	-
Grand Meadow	Glencoe	2009	19	-	27	27	11
Auburn Meadows	Waconia	2012	20	-	-	44	21
New Perspective Senior Living	Waconia	2005	20	-	-	65	39
The Crossings	Waconia	2006	20	68	-	-	-
Westview Acres	Waconia	2005	20	-	75	40	-
Prince of Peace	Hutchinson	1995	21	-	40	-	-
Woodstone Senior Living	Hutchinson	2014	21	-	-	15	15
Ecumen Pines/Oaks	Hutchinson	1999/'05	21	-	-	82	9
Havenwood of Buffalo	Buffalo	2020	22	-	33	33	18
Park Terrace	Buffalo	2008	22	-	-	36	10

Sources: Viewpoint Consulting Group, Inc.

## Planned and Proposed Rental and Senior Housing Developments

As of August 2021, no new rental apartment development proposals are actively being considered by the City of Winsted. There have been initial inquiries about redeveloping a half-block near the downtown with multifamily housing. The redevelopment parcel is south of Main Avenue, between 2<sup>nd</sup> and 3<sup>rd</sup> Streets. No formal application has been submitted for this potential rental development.

## Interview Summary

Interviews with area rental property managers, real estate agents, private owners, and other persons familiar with the rental market in Winsted were conducted to solicit their impressions of the rental housing market. The following are some key points from these interviews:

- There are rarely any vacant rental units available for people moving to Winsted.
- Wages at local employers are very good. Thus, rents at apartment buildings in Winsted are affordable to most people working in Winsted. The level of rent is usually not an issue when people are inquiring about available units.
- Because of their affordability, some of the two-bedroom units in Winsted are being rented by single persons who otherwise would only be able to afford one-bedroom units in communities closer to the Twin Cities Metro Area.
- Construction costs are high enough that it would be difficult to build a new apartment in Winsted with rents anywhere close to rents at existing properties. It is likely that to make a new apartment building affordable, it would need assistance either through a land contribution, tax increment financing, or other public mechanism.
- There is a need for rentals in Winsted for seniors who are currently staying in their single-family homes because there are not many other options. Rentals, such as single-level townhomes, would be appealing to seniors whose current home has a lower value than that of for-sale townhomes.

## Demand Analysis and Conclusions

This section of the report utilizes data collected in the previous sections to calculate demand for owned and rented housing in Winsted through 2030. Recommendations on appropriate housing types to satisfy unmet demand over the next five years are also provided.

### Housing Demand Analysis

Table 29 outlines our calculation for owner and renter housing in Winsted from 2021 to 2030. Demand for additional housing in Winsted will primarily come from projected household growth. Pent-up rental demand will also be a source of housing demand, as will replacement need. Winsted is a job importer and given a choice, people generally prefer to live near their place of employment. Thus, Table 29 also takes into account that Winsted can exceed its growth projections by capturing a portion of the people who currently commute into the community for employment.

The following paragraphs summarize the demand methodology in Table 29.

Winsted is projected to add 153 households between 2021 and 2030 (reaching 1,195 households in 2030). This correlates to the need for 153 housing units to accommodate the household growth. As of 2018, an estimated 1,350 people lived outside Winsted and commuted into the community for employment. Most of these people will continue to live in their current home and commute to Winsted for various reasons. However, it was revealed during interviews that some new employees to Winsted anticipate moving to Winsted but end up moving to surrounding towns instead because they could not find housing in Winsted. Many of these people would likely move to Winsted if appropriate housing was available. We conservatively estimate that if additional housing was built over and above growth projections, Winsted housing could capture approximately 1% of the current commuters over the next five years, increasing housing demand in Winsted by 13 households.

Replacement need is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Winsted's housing stock from the U.S. Census revealed that there are about 180 housing units built prior to 1950. While most of these homes are in good condition, it is estimated that about one percent per year should be removed annually from the housing supply because of obsolescence, which equates to approximately 16 units during the remainder of this decade.

**Table 29**  
**Winsted Rental and Owned Housing Demand**  
**2021 to 2030**

	<u>2021 to 2026</u>		<u>2026 to 2030</u>	
A Projected Household growth	85		68	
B Demand from outside Winsted*	13		0	
C Replacement need	9		7	
D Total housing demand (A + B + C)	107		75	
E Percent rental demand	25%	- 30%	25%	- 30%
F Rental housing demand (D x E)	27	- 32	19	- 23
G Pent-up rental demand	13	- 13	0	- 0
H Total rental housing demand (F + G)	40	- 45	19	- 23
I Percent owner demand	70%	- 75%	70%	- 75%
J Total owner housing demand (D x I)	75	- 80	53	- 56
* Winsted has the potential to exceed its growth projections by capturing a conservative 1% of the approximately 1,350 employees who work in Winsted, but currently live elsewhere.				
Source: Viewpoint Consulting Group, Inc.				

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 (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Winsted, no vacant rental units were identified— indicating pent-up demand. There are an estimated 264 multifamily housing units in Winsted. With no current vacancies, which does not provide any choice for potential new renters. To reach a 5% vacancy rate, the industry standard for a healthy rental market, about 13 units would need to be available immediately. Thus, pent-up demand is calculated for 13 additional rental units in Winsted.

Based on demographic and market trends, it is estimated that 25% to 30% of the housing demand from projected household growth, demand from outside the community, and replacement need between 2021 and 2030 will be for rental housing. Combined with pent-up demand, there is total demand for approximately 40 to 45 rental units. This demand is for all rental housing from subsidized to market rate. Demand for senior housing is calculated separately.

An estimated 70% to 75% of housing demand in Winsted between 2021 and 2030 is projected to be for owner-occupied housing. This equates to demand for 128 to 136 homes from 2021 to 2030 (14 to 15 homes annually). This demand is for single-family homes and townhomes.

### **Owner-Occupied Housing Demand**

Based on demographic growth trends, building trends and interviews, an estimated three-quarters of the demand for owned units in Winsted is for single-family homes. This includes demand for move-up homes and entry-level homes marketed to first-time homebuyers and moderate income households. The remainder of demand is for townhome units targeted to empty-nesters and seniors seeking an alternative to their single-family homes, as well as some younger households.

Three-quarters of the owner-occupied demand equates to a need for approximately 96 to 102 new single-family homes in Winsted, or about 10 to 12 homes annually between 2021 and 2030.

The townhome demand is primarily generated from empty-nesters over age 55. One-quarter of the owner-occupied demand equates to a need for approximately 32 to 34 new single-family homes in Winsted between 2021 and 2030. The demand for townhomes equates to between three and four units annually.

### **Rental Housing Demand**

With almost no available rental units in Winsted, there is some level of unmet demand for all rental product types. The two primary target markets in Winsted are wage earners seeking rental housing with rents that are modest and professionals and higher-income families moving to Winsted. Some wage earners will eventually seek owned housing, but many will also be long-term renters. The professionals and higher-income families moving to Winsted will most often seek owned housing, but they will rent until they are settled in their new employment position. They will seek newer market rate rentals on the upper-end of what currently exists in Winsted.

Based on household income trends, it is projected that nearly all the rental demand in Winsted is from households earning \$35,000 or more annually who could afford gross monthly rents of about \$875 or more. Between 2021 and 2030, this equates to demand for 60 to 69 units. While most of these households would be able to afford market rents in Winsted, some of this demand will be from wage earners whose incomes would qualify for affordable housing at 60% of Area Median Income (\$33,720/1 person to \$48,120/4-person households). Overall, it is projected that three-quarters of the rental demand in Winsted is from wage-earners seeking rental housing with modest rents, or rents affordable to households with incomes of 60% to 80% of Area Median Income (45 to 52 units). The remainder of demand would come from households earning greater than 80% of Area Median Income (\$44,960/1-person to \$64,160/4-person) and who could afford housing with higher-end rents in Winsted.

## Senior Housing Demand

Demand was calculated for the number of additional senior housing units needed in Winsted through 2030. The calculations were made for the various market rate senior housing product types, including market rate senior rental, congregate independent, assisted living, and memory care. Linden Wood is projected to continue satisfying most of the need for subsidized senior rental housing in Winsted - no additional units are needed through the remainder of this decade.

The calculations of unmet demand for market rate senior housing are based on multiplying the age/income-qualified base for market rate senior housing by appropriate capture rates for each product type and then subtracting the existing supply. Generally, the age/income-qualified base for market rate senior housing is seniors age 75+ with incomes of \$35,000+, although lower income homeowners also income-qualify by allocating their home equity toward the cost of senior housing. Senior housing demand is summarized in Table 30.

The Gardens at Winsted is projected to meet the need for memory care assisted living in Winsted over the remainder of the decade. However, an unmet need was identified for the other service levels of market rate senior housing – senior rental, congregate independent, and assisted living. Through 2030, demand was calculated for a development with approximately 24 senior rental, 11 congregate independent units and 14 assisted living units. Combined, demand for the three levels totals approximately 50 units.

**Table 30**  
**Summary of Market Rate Senior Housing Demand, City of Winsted, 2021 to 2030**

	Total PMA Demand	Existing Supply	Unmet PMA Demand	Demand for a development in Winsted
<b>Supportive Housing</b>				
Independent Living	18	0	18	<b>11</b>
Assisted Living	21	0	21	<b>14</b>
Memory Care	16	15	0	<b>0</b>
<b>Total</b>	<b>54</b>	<b>15</b>	<b>39</b>	<b>25</b>
Senior Rental	34	0	34	<b>24</b>

Source: Viewpoint Consulting Group, Inc.

Across Minnesota, the percentage of supportive housing units (independent, assisted living, and memory care combined) to the age 75+ population is about 14%. In the Twin Cities Metro Area, it is higher, at about 18%. If 25 independent and assisted living units were added to Winsted's existing supply of 16 memory care units, the percentage of senior housing units to the age 75+ population in the PMA would be 13.7% in 2026 (41 units divided by 298 seniors).

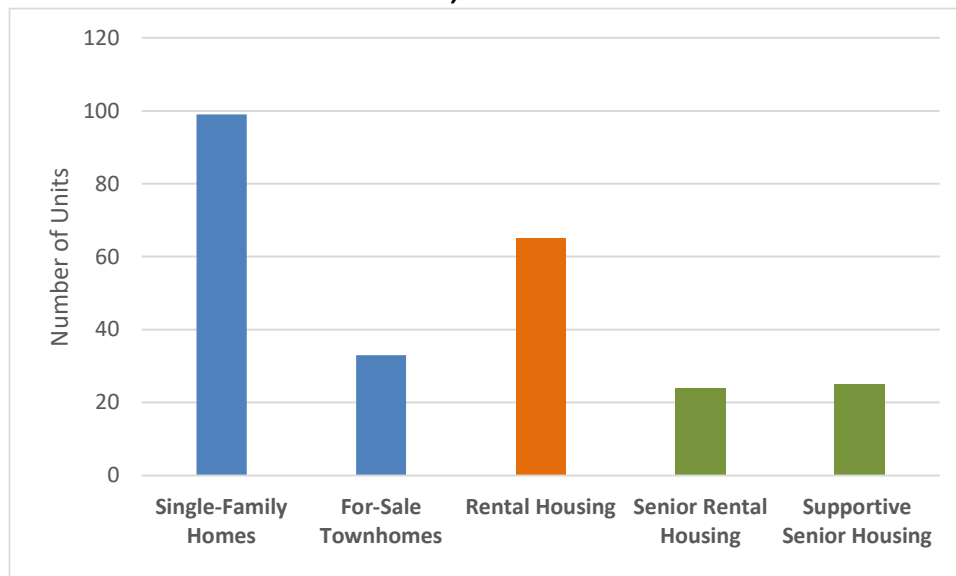
**Demand Summary**

The chart below highlights overall housing demand in Winsted from 2021 to 2030. All housing types combined equal demand for 246 units. The greatest share is for single-family homes (40%), followed by rental housing (26%), and for-sale townhomes (13%).

The high demand for single-family homes and rental housing is driven by people who would move to Winsted for employment either locally or in nearby communities, including commuters to jobs in the Twin Cities Metro Area.

The demand for supportive senior housing would largely address a current unmet need, as Winsted does not contain market rate independent or assisted living housing. While growth of the age 75+ population is accelerating due to the aging of the first baby boomers into their mid-70s, the average age at move-in for assisted living housing is about 85 years. This older age group is projected to remain relatively flat in Winsted until the first baby boomers reach their mid-80s at the beginning of the next decade.

**Projected Unmet Housing Demand  
Winsted, 2021 to 2030**



## Housing Recommendations

The following are recommended housing development concepts for Winsted over the next five years, based on the demand analysis and interviews with persons knowledgeable about the Winsted housing market. Table 31 shows a summary of these development concepts. Detailed recommendations for each housing type are also included.

**Table 31**  
**Recommended Housing Developments over the Next Five Years (2021 to 2026)**  
**Winsted**

	<u>No. of Units</u>	<u>Price/Rent Range</u>
<b>Owner-Occupied Housing</b>		
Single-Family		
Entry-Level	48 - 50	\$300,000 - \$325,000
Move-Up	8 - 10	\$325,000+
Total	56 - 60	
Townhomes/Condominiums	18 - 20	\$225,000 - \$250,000
<b>Rental &amp; Senior Housing</b>		
Market Rate Apartments	30 - 32	\$850+/1BR - \$1,100+/2BR
Market Rate Townhomes	10 - 12	\$1,200+/2BR - \$1,400+/3BR
Independent Living	10 - 12	\$1,500+/1BR - \$2,000+/2BR
Assisted Living	12 - 14	\$3,500+/Stu
Senior Rental Townhomes	22 - 24	\$975+/1BR - \$1,350+/2BR
Total	84 - 94	
Source: Viewpoint Consulting Group, Inc.		

### Single-Family Homes

It is recommended that a three-year lot supply be maintained in Winsted, which ensures adequate consumer choice without excessively prolonging developer carrying costs. Winsted currently does not have an available lot supply as the last subdivision – Grass Lake Farms, became built out in the mid-2000s. We recommend at least one new subdivision come on-line within the next year with at least 34 lots. The lots should be priced to accommodate homes with base prices of about \$300,000 to \$325,000. A small number of lots in a new subdivision(s) with premium locations should be priced to accommodate homes priced over \$325,000.

After a new subdivision comes on-line with approximately 34 lots, it is likely that additional lots would need to come on-line within two years to keep pace with demand for at least 12 new single-family homes annually.

A likely candidate for a new single-family housing subdivision in Winsted would be Grass Lake Farms 2<sup>nd</sup> Addition. To enhance the marketability of a 2<sup>nd</sup> Addition, we recommend creating a primary entrance from Main Street, versus making the only access through the existing subdivision via extensions of Mallard and Merganser Avenues. A new entrance would make the new subdivision more visible and easier to access.

### **Townhomes**

There is projected demand for 18 to 20 townhomes from 2021 through 2030. There remains 18 lots available for new townhomes in Winsted on the Lake. This includes lots for a mix of detached villa, twinhomes, and quad units. All the units are one-level and would appeal to the primary target market in Winsted – empty nesters. There are also two available lots for townhomes in Golden Gate Estates. Thus, the current lot supply in Winsted should accommodate the need for additional townhomes in Winsted for the next few years. To keep pace with demand for three to four new townhomes annually, an additional subdivision with lots for 10 to 12 townhomes will likely be needed by 2025. To capture most of the target market, it is recommended that lots be made available to accommodate one-level townhomes with two bedrooms and attached two-car garages in the \$225,000 to \$250,000 price range.

### **Market Rate Rental Apartments**

The analysis found demand for 40 to 45 units of additional rental housing in Winsted over the next five years. This demand is immediate, as there are almost no vacant units to accommodate current needs or projected growth. A 30 to 32-unit apartment building is recommended featuring mostly one-bedroom and two-bedroom units, along with a few three-bedroom units. The demand for new units is largely from households with incomes above \$35,000. To meet this demand, units should have gross rents (including utilities), beginning at \$850 for one-bedroom units and \$1,100 for two-bedroom units. The building should contain attached or detached garages.

Along with an apartment building, a 10 to 12-unit rental townhome building is recommended to accommodate families moving to Winsted for employment. The townhome building should feature two-story units with attached two-car garages. Units should have rents beginning at \$1,200 for two-bedroom units and \$1,400 for three-bedroom units.

While the target market for rental housing in Winsted includes some households that would income qualify for the Low Income Housing Tax Credit (LIHTC), it is unlikely that program would be needed to assist in the creation of new rental units. The 2021 income-limit for the LIHTC program (at 60% AMI) in McLeod County ranged from \$33,720 for a one-person household to \$48,120 for a four-person household. Maximum gross rents for units restricted at 60% AMI

were \$903 for one-bedroom units, \$1,083 for two-bedroom units, and \$1,251 for three-bedroom units. These rents are similar to recommended market rate units but would have income-limits that would disqualify much of the intended market.

### **Supportive Senior Housing**

The Gardens of Winsted campus contains skilled nursing care and memory care assisted living housing that is meeting the needs of those specific markets. What Winsted does not contain is congregate independent and assisted living housing. Based on the calculated level of unmet demand, it is recommended that a building be added in Winsted that would provide 22 to 26 units of independent and assisted living housing. If physically possible, the most feasible development would likely be an expansion of The Gardens of Winsted campus, since the new building could tap into existing staff and services being offered on the campus.

### **Senior (Age 55+) Rental Housing**

Demand was calculated for 24 market rate senior rentals in Winsted. This demand is from seniors who remain active and do not need the level of care found in a congregate independent and/or assisted living setting, but desire to shed the maintenance responsibility of a single-family home. This building would largely serve seniors who do not income-qualify for Linden Wood, a subsidized senior rental property in Winsted. Demand for 24 units may be too small for a multifamily apartment building. As an alternative, single-level townhomes would be a good option to meet this housing need. Units could be side-by-side twinhomes, quad-units, or in a larger, single-story structure with as many as eight units per building. It is recommended that rents for senior rental townhome units begin at \$975 for one-bedroom units and \$1,350 for two-bedroom units.