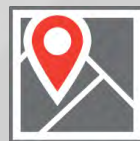


Comprehensive Housing Needs Assessment City of Lakeville, Minnesota

Prepared For:

City of Lakeville
Lakeville, MN

April 2023



Maxfield
Research & Consulting

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Maxfield

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Breaking Ground since 1983

April 28, 2023

Ms. Tina Goodroad
Community Development Director
City of Lakeville
20195 Holyoke Avenue
Lakeville, MN 55044

Dear Ms. Goodroad:

Attached is the *Comprehensive Housing Needs Assessment for Lakeville, Minnesota* conducted by Maxfield Research and Consulting, LLC. The study projects housing demand from 2023 through 2040, and provides recommendations on the amount and type of housing that could be built in Lakeville to satisfy demand from current and future residents over the next decades and beyond. The study identifies a potential demand for over 9,000 new housing units through 2040. About 90% of the total demand was for general occupancy housing, while senior housing accounted for 10% of the demand.

Overall, the housing market within all sectors has been strong during and through the COVID-19 pandemic. Lakeville has been one of the hottest submarkets in the Twin Cities Metro Area for new for-sale construction as buyers have flocked to Lakeville for more space, excellent schools, and the hybrid work environment that has resulted in increased mobility rates and distance from the office. As a result, housing costs have escalated significantly since 2020; however, construction and sales velocity are taming down due to higher mortgage rates let by the Federal Reserve as they fight 40-year high inflation. Rental vacancies and senior housing vacancies are both hovering around 3%; indicating pent-up demand for new product. Another 700 units are in the development pipeline that will alleviate some of the low vacancy rate pressure.

Detailed information regarding recommended housing concepts can be found in the *Recommendations & Conclusions* section at the end of the report. If you have any questions or need additional information, please contact us. We have enjoyed conducting this study for you.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Matt Mullins
Vice President
Attachment

Max Perrault
Research Analyst

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KEY FINDINGS

This section highlights the key findings from the Comprehensive Housing Needs Assessment completed for the City of Lakeville. Calculations of projected housing demand are provided through 2030 and recommendations for housing products to meet demand over the short-term are found in the *Conclusions and Recommendations* section of the report.

Key Findings

1. Despite the COVID-19 pandemic, the Lakeville housing market and economy has fared better than expected and outperformed many Metro Area communities. In fact, Lakeville's location as a south metro suburban community with excellent schools boomed during the past three years. Lakeville has been one of the hottest real estate markets for new construction and consistently is within the top five communities for for-sale housing development permits. At the same time, the unemployment rate hit a new record low (1.6%) and the labor force has recovered all jobs lost from the pandemic.
2. Population growth this past decade exceeded last decade (+13,536 persons); although the number of new households was slightly lower than last decade (+4,582 households). Projections for this decade indicate a deceleration of growth trends, however higher than the Dakota County and 7-County Metro Area projected growth through 2030.
3. Lakeville's near-term growth is led by the Millennials and Baby Boomers. The aging baby boomer generation (ages 58 to 76 in 2022) is impacting the composition of Lakeville's population. Younger seniors (ages 65 to 74) have exceptionally high growth rates over the next five years (+31%). This shift will result in demand for alternative housing products; both for-sale and rental housing types. At the same time, there is strong growth in the older Millennial generation (+13%) that will be seeking home ownership opportunities and quality rental housing.
4. Lakeville continues to be a strong single-family housing market as over 42% of the existing households are families with children, compared to 29% in the Metro Area. The housing market appreciation is driven in-part by excellent schools that are sought after and driving real estate activity from families with kids. Only 17% of Lakeville residents are living alone (single-tenant occupancy); however, that number will increase with the number of rental apartments under construction and in the development pipeline.
5. Although Lakeville boasts an exceptionally low unemployment rate and increasing labor force, wages are lower. Average weekly wages in Lakeville are 19% lower than Dakota County and 29% lower than the Twin Cities Metro Area. As a result, Lakeville is a major exporter of workers as Lakeville residents commute to other cities for higher earnings. Roughly 74% of jobs in Lakeville are filled by non-Lakeville residents commuting into the city for employment.

KEY FINDINGS

6. For-sale housing costs are higher in Dakota County compared to the Metro Area. In addition, Lakeville housing costs are amongst the highest in Dakota County in-part because of the high number of new construction homes driving up the overall median sales price. The pandemic accelerated home price appreciation across the Twin Cities and Lakeville home prices are up 28% since 2020. However, the Federal Reserve's increase of interest rates over the past year has slowed down the market in late 2022 and 2023 and price appreciation has topped out and is stabilizing. The rapid increase in mortgage rates has priced many buyers out of the market and many sellers are unwilling to sell to give up their low mortgage rate. As such, the market is slowly correcting after the massive pandemic run-up.
7. Given the strong housing demand in Lakeville since the pandemic, Lakeville has been absorbing lots at a feverish pace and has been one of the hottest new construction markets in the Twin Cities. Although we find Lakeville has enough lots in the short-term, a variety of lot types will need to be platted and converted to finished lots to meet future demand long-term. Furthermore, lot size compression will continue as builders/developers need to increase density to cover high infrastructure, inflation, and ever increasing development costs in the housing sector.
8. The overall rental vacancy rate in Lakeville is 3.3% (excluding properties in initial lease up). Rental vacancy rates are just under equilibrium for affordable housing (4.9%) and are low for market rate housing (3.3%). However, there are roughly 700 units under construction, approved, or proposed that will meet the demand in the near-term and vacancy rates should push higher with the new supply.
9. Despite the pandemic and impact on older adults, senior housing in Lakeville is posting a low 3.3% vacancy rate compared to significantly higher vacancies in most Twin Cities suburban communities. Affordable, active adult, and independent senior housing products have vacancy rates under 2%, whereas the more service-based assisted living and memory properties are at equilibrium. Given the strong growth in younger seniors this decade, demand will be highest for senior product targeting active seniors. Demand for service-based senior housing will increase as the decade progresses.

Purpose and Scope of Study

Maxfield Research and Consulting LLC (i.e., “Maxfield Research”) was engaged by the City of Lakeville to update the Comprehensive Housing Market Study for the City of Lakeville. The Housing Market Study provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City of Lakeville.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock, building permit trends, and residential land supply; an analysis of the market condition for a variety of rental and for-sale housing products; an analysis of housing affordability and development costs; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Demographic Analysis

- Between 2010 and 2020, the City of Lakeville’s population increased by 13,536 people (24%), while households grew by 4,582 households (24%). Growth is expected to continue through 2030, as Lakeville is projected to grow by 8,510 people (+12%) and 4,135 households (+18%).
- The largest increases in Lakeville’s population will come from younger seniors (ages 65 to 74), who are projected to grow by 25% and older seniors (75+), who are projected to grow by 44%. At the same time, there is strong growth in the older Millennial generation (+13%).
- Overall, The City of Lakeville had an estimated median household income of \$121,336 in 2023 and is projected to increase by 12.5% to \$136,504 in 2028. Non-senior household median incomes peak in the 35 to 44 age group at \$136,564. The median income for seniors age 65+ is \$77,469.
- Between 2010 and 2020, the homeownership rate decreased slightly from 87.7% to 87.2% in the Lakeville. As households progress through their life cycle, housing needs change and the proportion of renter households decrease significantly as households age out of their young adult years. This trend is apparent as 56% of households under the age of 25 rent their housing, while households between the ages of 35 and 64 were overwhelmingly homeowners, as 91% owned their homes.

Employment Trends

- The City of Lakeville had an unemployment rate of 1.6% in November 2022 which is slightly lower than Dakota County (1.8%) and the State of Minnesota (2.0%). Additionally, the City’s unemployment rate has decreased 3.8% from a peak of 5.4% in 2020, which was a result of the global pandemic COVID-19.

EXECUTIVE SUMMARY

- As of the 2nd Quarter 2022, the average weekly wage in the City of Lakeville is 17% lower than the average weekly wages in Dakota County (\$1,055 vs. \$1,251). Lakeville's lower wages are mainly due to the higher percentage of retail, accommodation and food services, and health care and social assistance occupations that have lower wages than other industry sectors.
- The City of Lakeville is a major job exporter as the ratio of people employed in the city (approx. 27%) is lower than those employed outside the city (63%). Additionally, there is an interior flow of 4,694 residents (9.5%) that live and work in the City of Lakeville. Among Lakeville residents that commute elsewhere for employment, 12% commuted to Minneapolis, 8% commuted to Burnsville, and 8% commuted to Bloomington.
- Of the roughly 18,134 workers who work in Lakeville, 26% live in the City of Lakeville. The remaining 74% of the workers are commuting from mostly Farmington (7.5%), Apple Valley (6.9%), and Burnsville (6%).

Housing Characteristics

- Residential construction in Lakeville is dominated by single-family homes as more than 60% of building permits issued were for single-family dwellings between 2010 and November 2022. During this same time period, the City issued building permits for an average of 374 single-family units, 83 townhome (attached and detached) units, and 156 multifamily units. Additionally, residential building peaked in 2020, as a recent high of 1,223 units were permitted.
- The majority of the homes in Lakeville are relatively new as 66% of homes were built since 1990. Additionally, the highest proportion of homes were built either in the 1990s (28%) or in the 2000s (25%).
- The predominant renter-occupied structure in Lakeville is single-unit structures (single-family homes, townhomes, condos, etc.), which account for 57% of all rental units. This includes single-family detached units (24%) and single-family attached (33%). Larger structures of 50 units or more account for 15% of renter-occupied units in Lakeville.
- The median owner-occupied home in the City of Lakeville was \$325,400 in 2020. Approximately 30% of the owner-occupied housing stock in the City of Lakeville was estimated to be valued between \$300,000 and \$399,999.
- The median contract rent in Lakeville was \$1,373 in 2020 compared to Dakota County, which was \$973. Approximately 71% of Lakeville renters paying cash have monthly rents at or above \$1,000/month.

Rental Housing Market Analysis

- In total, Maxfield Research inventoried 1,947 general occupancy multifamily rental units in Lakeville across 19 multifamily developments. At the time of the survey, there were 150 vacant units resulting in an overall vacancy rate of 7.7%. Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover. The elevated number of vacancies are, in part, due to the substantial number of new deliveries.
- Market rate projects make-up approximately 85% (1,660 units) and the overall vacancy rate among market rate properties was 8.2%, but after excluding projects in initial lease-up, the stabilized vacancy rate is 3.0%. Affordable properties make-up the remaining 15% (287 units) and posted a 4.9% vacancy rate.

Senior Housing Market Analysis

- There are 12 senior housing developments in Lakeville with a total of 861 units. There were 28 vacancies identified within the housing developments posting an overall vacancy rate of 3.3%. Generally, healthy senior housing vacancy rates range from 5% to 7% depending on service level.

For-Sale Housing Market Analysis

- The average and median price of single-family homes in the City of Lakeville was approximately \$546,740 and \$519,103 respectively as of 2022. Over a five-year period in the City of Lakeville, the average and median sales price increased 34% and 33%, respectively between 2018 and 2022.
- An average of 1,437 homes (single-family and for-sale multifamily) have been sold annually in the City of Lakeville since 2018.
- The median resale price of single-family homes for sale in Lakeville was \$519,103 as of 2022. Based on the median resale price, a household would need an income of about \$148,315 to \$173,034 based on an industry standard of 3.0 to 3.5 times the median income. About 12.5% of Lakeville households have annual incomes at or above \$148,315.
- Like most communities across the State of Minnesota; supply is at or less than two months in both Lakeville and Dakota County. As such, home buyers have few options for purchasing a home in the Lakeville area.
- As of the 4th Quarter 2022, there are 25 single-family subdivisions with available lots in Lakeville. Based on these subdivisions, there are about 530 vacant developed lots. Additionally, there are another 1,355 future lots in the same subdivisions.

Planned and Proposed Housing Developments

- As of December 2022, there are 11 pending for-sale developments, totaling 566 single-family homes, 198 attached townhomes, and 232 detached townhomes. Additionally, there are three pending rental developments totaling 699 units and two senior projects totaling 413 units.

Housing Demand Analysis

- Based on our calculations, demand exists in the City of Lakeville for the following general occupancy product types between 2023 and 2040:
 - Market Rate Rental 607 units
 - Affordable Rental 400 units
 - Subsidized Rental 160 units
 - For-Sale Single-Family 4,851 units
 - For-Sale Multifamily 2,166 units
- In addition, we find demand for multiple senior housing product types. By 2030, demand in Lakeville for senior housing is forecast for the following:
 - Active Adult (Ownership) 239 units
 - Active Adult (Market Rate Rental) 459 units
 - Active Adult Subsidized 40 units
 - Independent Living 103 units
 - Memory Care 59 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for the City of Lakeville through 2040. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT				
CITY OF LAKEVILLE				
2023 - 2030/2040				
		Purchase Price/ Monthly Rent Range ¹	2023 - 2030 Units	2030 - 2040 Units
Owner-Occupied Homes (2023 to 2040)				
<i>Single Family</i> ²				
	Entry-level	\$400,000 - \$500,000	550 - 650	800 - 900
	Move-up	\$550,000 - \$650,000	800 - 900	1,150 - 1,250
	Executive	\$650,000+	450 - 550	600 - 700
	Total		1,800 - 2,100	2,550 - 2,850
<i>Townhomes/Twinhomes/Villas</i> ²				
	Attached Townhomes	\$350,000 - \$475,000	375 - 425	525 - 575
	Twinhomes / Detached Townhomes/Villas	\$425,000+	450 - 500	650 - 700
	Total		825 - 925	1,175 - 1,275
Owner-Occupied Total			2,625 - 3,025	3,725 - 4,125
General Occupancy Rental Housing (2023 to 2040)				
<i>Market Rate Rental Housing</i>				
	Apartment-style	\$1,250/Studio - \$2,500/3BR	160 - 180	240 - 260
	Townhomes	\$2,000/2BR - \$2,900/3BR	90 - 100	100 - 120
	Total		250 - 280	340 - 380
<i>Affordable Rental Housing</i>				
	Apartment-style	Moderate Income ³	160 - 180	220 - 240
	Townhomes	Moderate Income ³	80 - 90	80 - 90
	Total		240 - 270	300 - 330
Renter-Occupied Total			490 - 550	640 - 710
Senior Housing (i.e. Age Restricted) (2023 to 2030)				
			2023 - 2030	
	Active Adult Ownership / Co-op ⁴	\$200,000+	150 - 200	
	Active Adult Market Rate Rental	\$1,800/1BR - \$2,500/2BR	250 - 350	
	Independent Living	\$2,400+ per month	80 - 100	
	Memory Care	\$5,000+ per month	40 - 50	
Senior Total			520 - 700	
¹ Pricing in 2023 dollars. Pricing can be adjusted to account for inflation.				
² Recommendations include the absorption of existing previously platted lots. Most entry-level demand will be accommodated through the resale market.				
³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA).				
⁴ Senior Cooperative assumption cost is based on share cost = 40% of its actual value.				
Note - Recommended development does not coincide with total demand. The City of Lakeville may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research and Consulting, LLC				

Purpose and Scope of Study

Maxfield Research and Consulting, LLC. was engaged by the City of Lakeville to conduct a *Comprehensive Housing Needs Analysis* for Lakeville, Minnesota. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental, senior, and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Methodology

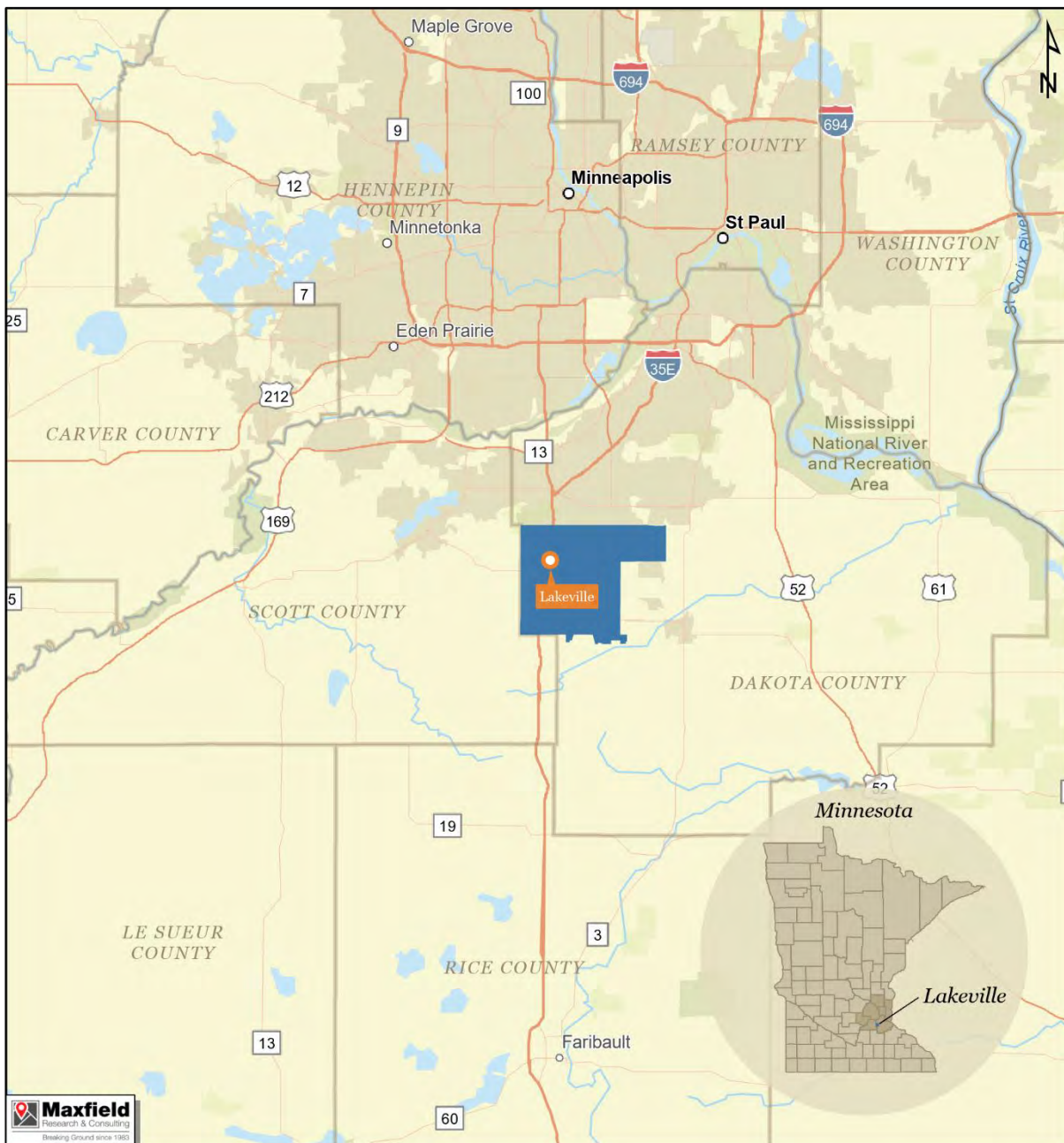
During the course of the study a number of resources were utilized to obtain information in the analysis. The primary data and information sources include the following:

- U.S. Census Bureau; American Community Survey
- Minnesota Department of Employment and Economic Development (DEED)
- United States Department of Housing and Urban Development (HUD)
- ESRI
- CoStar, Inc.
- Regional Multiple Listing Service of Minnesota (MLS)
- City of Lakeville and associated agencies
- Dakota County and associated agencies
- Longitudinal Employer-Household Dynamics (LEHD)
- Minnesota Geospatial Commons
- Metropolitan Council
- Minnesota Housing Finance Agency (MHFA)
- Novogradac
- Phone calls/emails from property owners/managers, realtors, brokers, developers, employers, among others, etc.

Introduction

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Lakeville, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, net worth, household types, household tenure, and peer city comparison. A review of these characteristics will provide insight into the demand for various types of housing in the City of Lakeville.

Regional Location

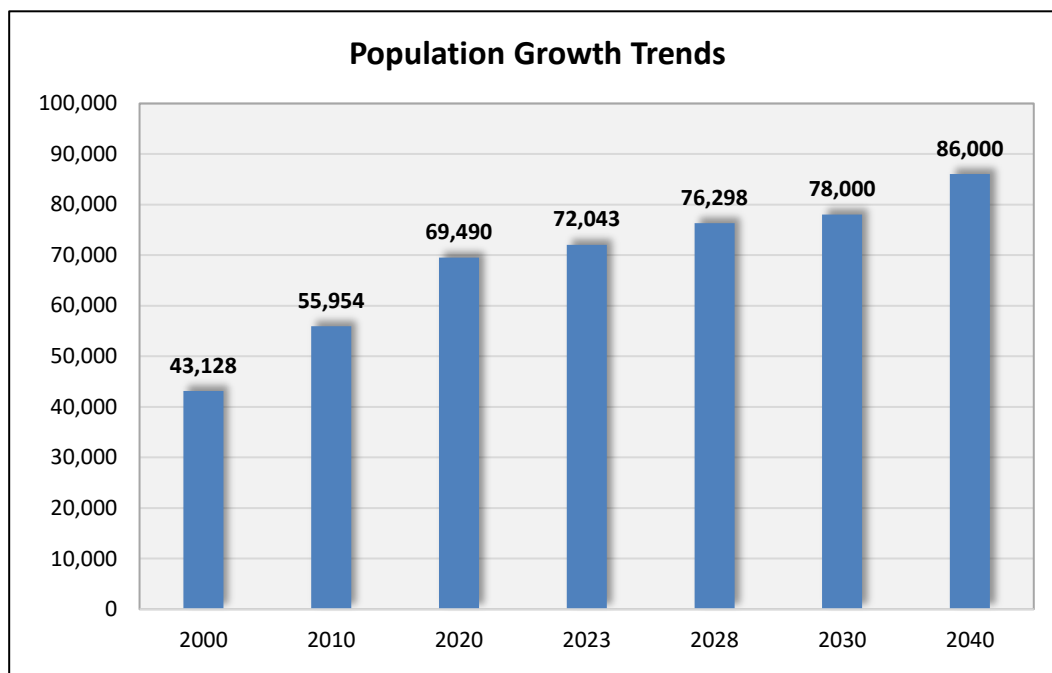


Population and Household Growth Trends and Projections

Table D-1 presents the population and household growth trends and projections from 2000 to 2040. The 2000 to 2020 data is from the U.S. Census. Estimate and projection data is calculated from the Minnesota State Demographer; ESRI (a national demographics service provider); and the Metropolitan Council, with adjustments calculated by Maxfield Research and Consulting LLC. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the current housing market, covered employment, and review of building permit trends.

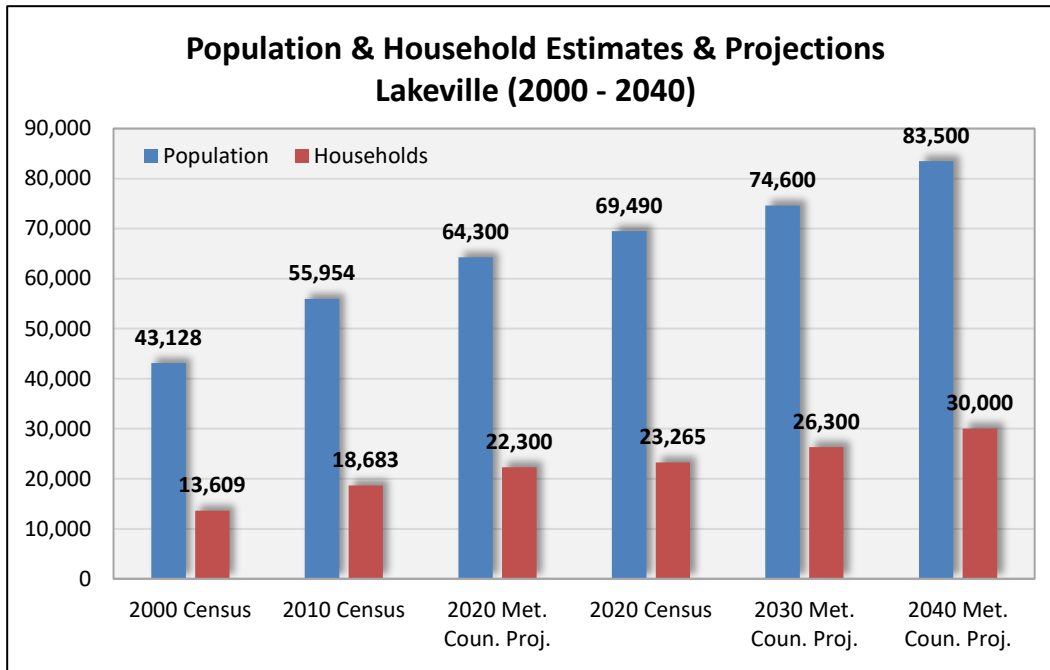
Population

- The City of Lakeville’s population grew by 13,536 people (24%), while Dakota County’s population increased by 10% between 2010 and 2020. The Twin Cities Metro Area by 11% during that same time period.
- In 2010, the City of Lakeville accounts for approximately 14% of Dakota County’s population. In 2020, these figures have increased slightly to 15.8%. By 2040, the City of Lakeville is projected to account for 16.5% of Dakota County’s population.
- We project that between 2020 and 2030, the City of Lakeville will increase by approximately 8,510 people (12%), while Dakota County is forecast to grow by 9.3%. By 2040, we project the City of Lakeville will increase by another 10% (8,000 people) between 2030 and 2040.



DEMOGRAPHIC ANALYSIS

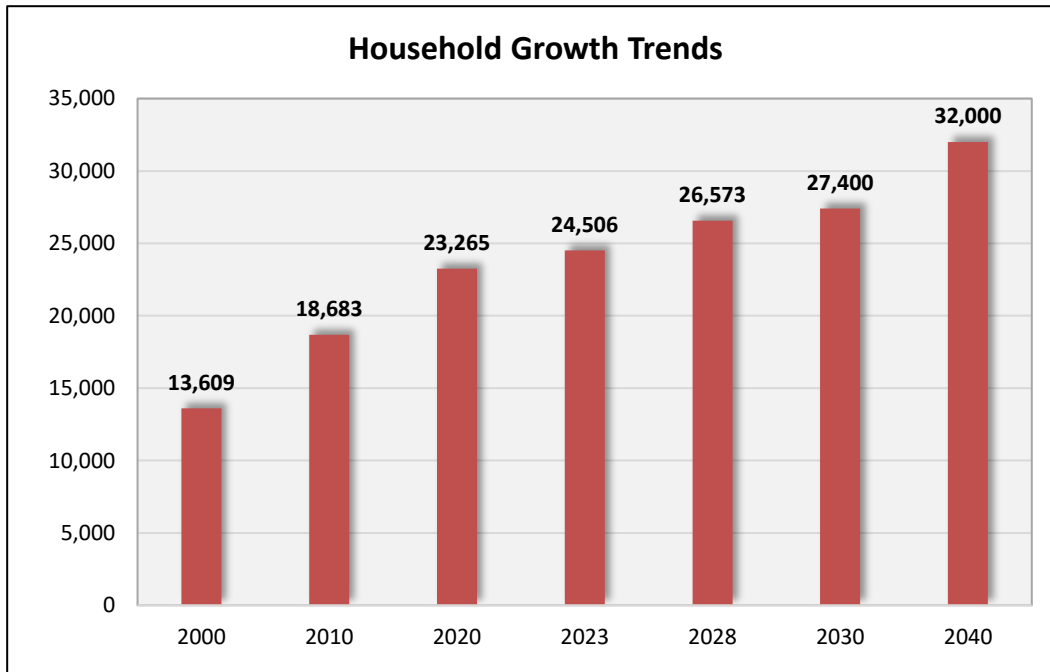
TABLE D-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS CITY OF LAKEVILLE 2000 to 2040													
								Change					
	U.S. Census			Estimate	Forecast			2000 to 2010		2010 to 2020		2020 to 2030	
	2000	2010	2020	2023	2028	2030	2040	No.	Pct.	No.	Pct.	No.	Pct.
POPULATION													
City of Lakeville	43,128	55,954	69,490	72,043	76,298	78,000	86,000	12,826	29.7%	13,536	24.2%	8,510	12.2%
Dakota County	355,904	398,552	439,882	452,187	472,696	480,900	521,580	42,648	12.0%	41,330	10.4%	41,018	9.3%
Seven-County Metro Area	2,642,062	2,849,567	3,163,104	3,227,620	3,286,438	3,451,000	3,653,000	207,505	7.9%	313,537	11.0%	287,896	9.1%
HOUSEHOLDS													
City of Lakeville	13,609	18,683	23,265	24,506	26,573	27,400	32,000	5,074	37.3%	4,582	24.5%	4,135	17.8%
Dakota County	131,151	152,060	168,008	174,456	185,202	189,500	207,040	20,909	15.9%	15,948	10.5%	21,492	12.8%
Seven-County Metro Area	1,021,456	1,117,749	1,239,526	1,264,908	1,287,328	1,351,000	1,447,000	96,293	9.4%	121,777	10.9%	111,474	9.0%
PERSONS PER HOUSEHOLD (PPH)													
City of Lakeville	3.17	2.99	2.99	2.94	2.87	2.85	2.69						
Dakota County	2.71	2.62	2.62	2.59	2.55	2.54	2.52						
Seven-County Metro Area	2.59	2.55	2.55	2.55	2.55	2.55	2.52						
Sources: U.S. Census Bureau; ESRI; Metropolitan Council; MN State Demographic Center; Maxfield Research & Consulting, LLC													



- As depicted in the chart above, previous Metropolitan Council projections fell short of the 2020 Census numbers, as population was 5,190 persons higher and households were 965 higher than previously projected. As a result, our estimates are in-line with recent U.S. Census figures and our projections factor in building permit trends, which were provide by the City of Lakeville.

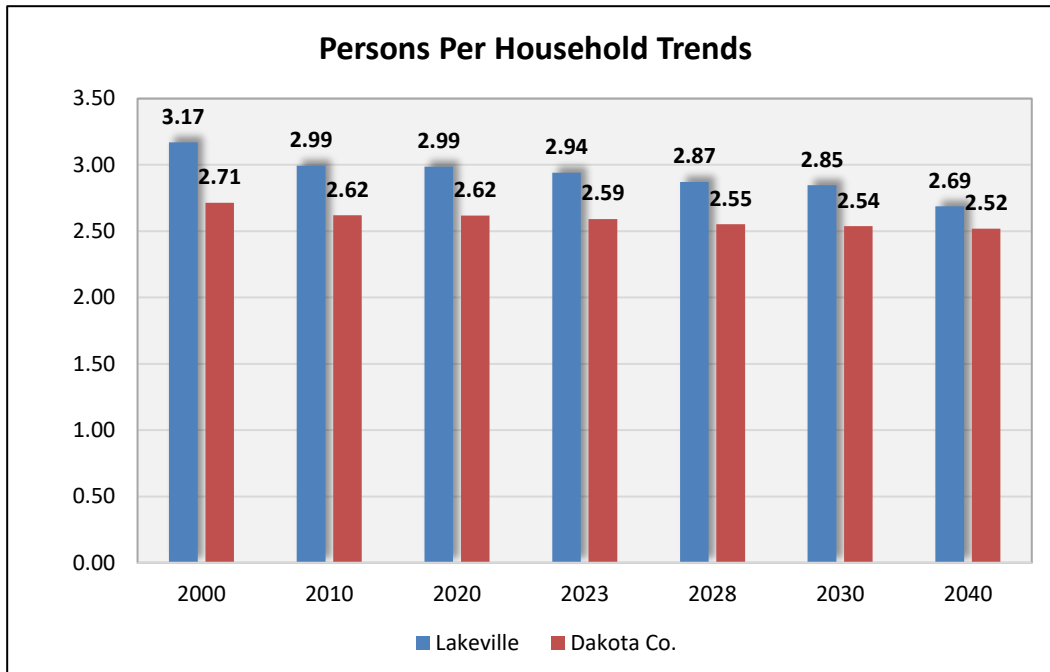
Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- Lakeville gained 4,582 households (24.5%) during the 2010s, increasing its household base to 23,265 households as of 2020. Dakota County’s households grew by 10%, while the Twin Cities Metro Area household base increased by 11% between 2010 and 2020.
- We project household growth in the City of Lakeville to increase by 4,135 households (17.8%) between 2020 and 2030, while households in Dakota County are projected to increase by 13%. By 2040, households in Lakeville are forecasted to grow to 32,000, an increase of 17%.



Persons Per Household

- The City of Lakeville observed no change in persons per household between 2010 and 2020. However, we believe the household growth rates will be higher than population growth rates over the next decade, thus decreasing the number of persons per households.
- In 2010, the average household size was 2.99 in Lakeville and 2.62 in Dakota County. Larger households are characteristically found in suburban communities. We project that the City of Lakeville will have an average household size of 2.85 by 2030, decreasing further to 2.69 by 2040.



Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons within nine age cohorts for the City of Lakeville, Dakota County, and the Twin Cities Metro Area in 2000 and 2010 with estimates for 2023 and projections for 2028. The 2000 and 2010 age distribution is from the U.S. Census Bureau. Maxfield Research and Consulting LLC derived the 2023 and 2028 projections by adjustments made to data obtained from ESRI, the State of Minnesota, and the Metropolitan Council. The following are key points from the table.

- Between 2000 and 2010, the majority of growth in Lakeville occurred in the middle-aged population (ages 45 to 64) and those under 20 years-olds. Between 2023 and 2028, the largest growth is expected in those ages 35 to 44 (1,362 people) and 65 to 74 (1,287 people).
- The City of Lakeville’s population of 20 to 34 year olds, which consists primarily of renters and first-time homebuyers, grew by 50% (4,461 people) between 2010 and 2023, but is only expected to increase by 4% (530 people) between 2023 and 2028. This is primarily due to a decrease in the 20 to 24 age group (-364 people) between 2023 and 2028.

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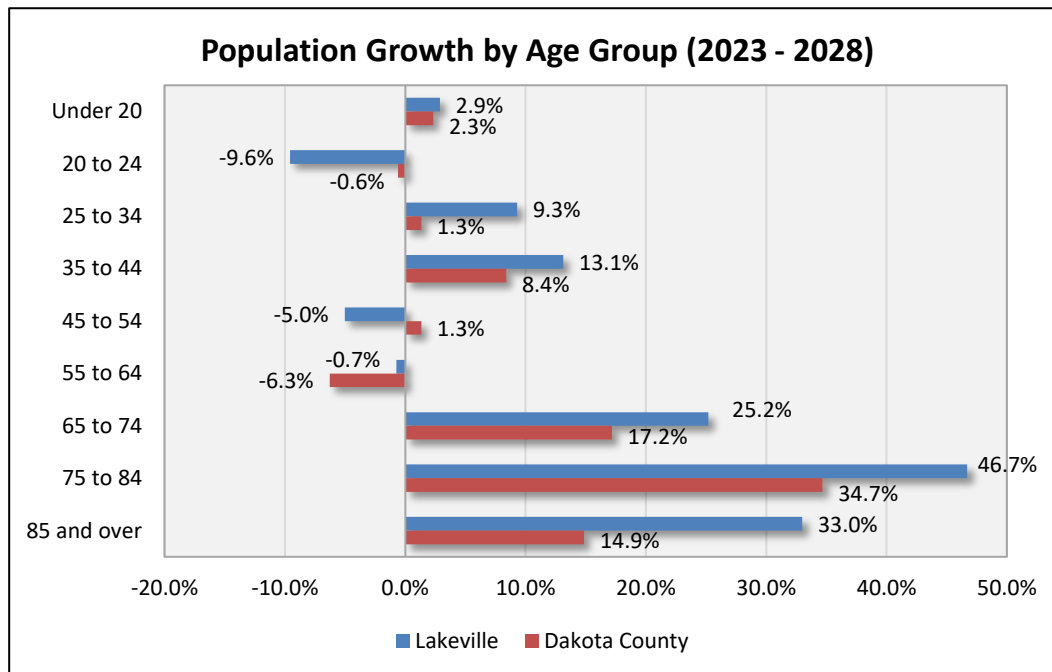
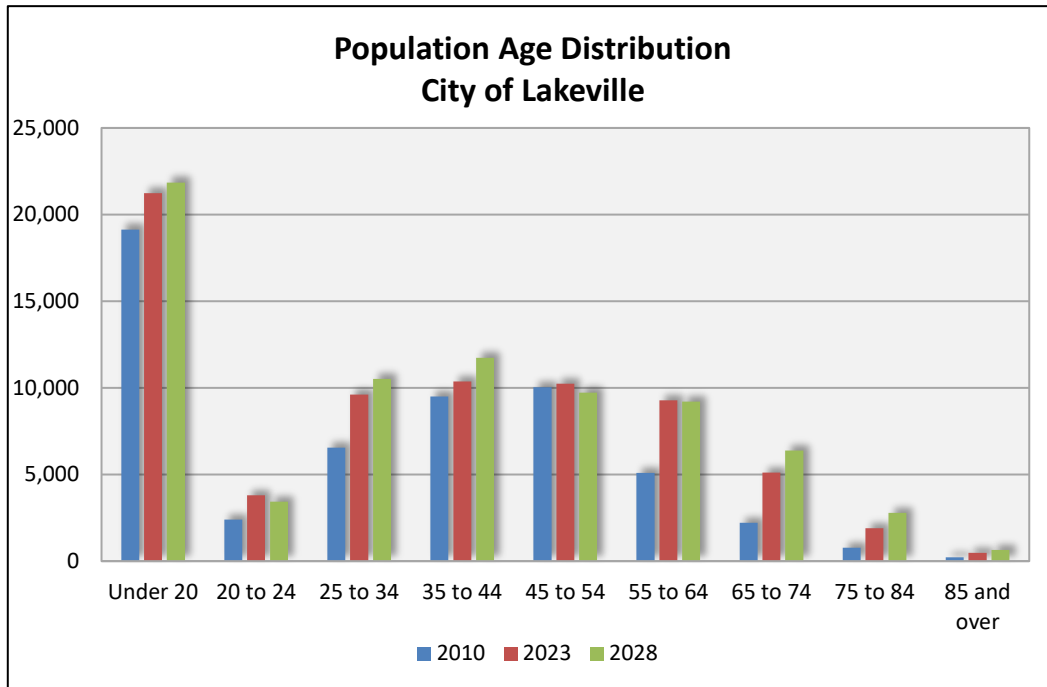
TABLE D-2 POPULATION AGE DISTRIBUTION CITY OF LAKEVILLE 2000 to 2028										
Age	Census		Estimate	Projection	Change					
	2000	2010	2023	2028	2000-2010		2010-2023		2023-2028	
	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
City of Lakeville										
Under 20	16,530	19,142	21,236	21,845	2,612	15.8	2,094	10.9	610	2.9
20 to 24	1,561	2,401	3,800	3,436	840	53.8	1,399	58.3	-364	-9.6
25 to 34	6,554	6,558	9,620	10,514	4	0.1	3,062	46.7	894	9.3
35 to 44	9,757	9,513	10,367	11,729	-244	-2.5	854	9.0	1,362	13.1
45 to 54	5,215	10,031	10,234	9,719	4,816	92.3	203	2.0	-515	-5.0
55 to 64	2,285	5,097	9,287	9,218	2,812	123.1	4,190	82.2	-69	-0.7
65 to 74	838	2,226	5,109	6,395	1,388	165.6	2,883	129.5	1,287	25.2
75 to 84	320	769	1,906	2,796	449	140.3	1,137	147.9	890	46.7
85 and over	68	232	485	645	164	241.2	253	108.9	160	33.0
Subtotal	43,128	55,969	72,043	76,298	12,841	29.8	16,074	22.3	4,255	5.9
Dakota County										
Under 20	112,231	113,912	116,773	119,487	1,681	1.5	2,713	2.3	2,713	2.3
20 to 24	19,817	21,839	24,303	24,159	2,022	10.2	-144	-0.6	-144	-0.6
25 to 34	54,030	54,279	61,151	61,972	249	0.5	822	1.3	822	1.3
35 to 44	68,194	56,912	63,665	69,004	-11,282	-16.5	5,339	8.4	5,339	8.4
45 to 54	49,249	66,334	57,484	58,255	17,085	34.7	771	1.3	771	1.3
55 to 64	26,137	45,460	60,846	57,031	19,323	73.9	-3,816	-6.3	-3,816	-6.3
65 to 74	14,842	22,433	41,756	48,925	7,591	51.1	7,169	17.2	7,169	17.2
75 to 84	8,502	12,315	18,982	25,562	3,813	44.8	6,581	34.7	6,581	34.7
85 and over	2,902	5,068	7,227	8,301	2,166	74.6	1,074	14.9	1,074	14.9
Subtotal	355,904	398,552	452,187	472,696	42,648	12.0	20,509	4.5	20,509	4.5
7-County Metro Area										
Under 20	768,028	774,287	116,773	119,487	6,259	0.8	2,713	2.3	2,713	2.3
20 to 24	173,732	190,135	24,303	24,159	16,403	9.4	-144	-0.6	-144	-0.6
25 to 34	411,155	420,311	61,151	61,972	9,156	2.2	822	1.3	822	1.3
35 to 44	469,324	391,324	63,665	69,004	-78,000	-16.6	5,339	8.4	5,339	8.4
45 to 54	363,592	440,753	57,484	58,255	77,161	21.2	771	1.3	771	1.3
55 to 64	200,980	326,007	60,846	57,031	125,027	62.2	-3,816	-6.3	-3,816	-6.3
65 to 74	130,615	163,425	41,756	48,925	32,810	25.1	7,169	17.2	7,169	17.2
75 to 84	90,292	97,442	18,982	25,562	7,150	7.9	6,581	34.7	6,581	34.7
85 and over	34,338	45,883	7,227	8,301	11,545	33.6	1,074	14.9	1,074	14.9
Total	2,642,056	454,521	452,187	472,696	207,511	7.9	20,509	4.5	20,509	4.5

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

- Those ages 65 plus age cohorts are projected to grow by 2,337 people (31%) between 2023 and 2028. The growth in these age cohorts can be primarily attributed to the baby boom generation aging into their young senior years.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-

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aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.



Household Income by Age of Householder

The estimated distribution of household incomes in the City of Lakeville for 2023 and 2028 are shown in Tables D-3. The data was estimated by Maxfield Research and Consulting LLC based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with the average income of \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research and Consulting LLC uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$50,000 income would translate to an affordable single-family home of \$150,000 to \$175,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- The City of Lakeville has an estimated median household income of \$121,336 in 2023. It is projected to increase over the next five years to \$136,504 in 2028 (12.5%).
- With a household income of \$116,412, a younger household in Lakeville (the median household income for the 25 to 34 cohort) could afford a monthly housing cost of about \$2,910 based on an allocation of 30% of income toward housing. A senior household (75+) in Lakeville with an income of \$49,279 (the median household income of seniors 75+) could afford a monthly housing cost of \$1,643, based on an allocation of 40% of income toward housing.
- By comparison, the median income for the City of Lakeville (\$121,336) is 18% higher compared to Dakota County (\$101,032) and a 25% higher than the Metro Area (\$94,175).

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TABLE D-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF LAKEVILLE 2023 and 2028								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2023								
Less than \$15,000	664	33	72	64	97	119	130	149
\$15,000 to \$24,999	475	13	50	36	50	95	114	117
\$25,000 to \$34,999	883	43	129	100	84	162	176	189
\$35,000 to \$49,999	1,469	61	256	199	186	276	234	258
\$50,000 to \$74,999	2,224	95	363	272	324	392	505	272
\$75,000 to \$99,999	3,190	88	662	613	565	640	468	153
\$100,000 to \$149,999	6,871	80	1,211	1,637	1,667	1,472	688	116
\$150,000 to \$199,999	4,215	36	688	1,010	1,177	945	295	64
\$200,000+	4,515	23	574	1,137	1,397	1,039	287	59
Total	24,506	471	4,004	5,067	5,547	5,141	2,898	1,377
<i>Median Income</i>	<i>\$121,336</i>	<i>\$73,516</i>	<i>\$116,412</i>	<i>\$136,564</i>	<i>\$144,716</i>	<i>\$127,235</i>	<i>\$90,863</i>	<i>\$49,279</i>
2028								
Less than \$15,000	489	24	44	49	55	58	96	163
\$15,000 to \$24,999	320	8	31	18	19	45	79	119
\$25,000 to \$34,999	554	28	68	52	34	79	116	177
\$35,000 to \$49,999	976	39	161	117	102	139	157	262
\$50,000 to \$74,999	2,021	80	298	216	234	300	497	395
\$75,000 to \$99,999	3,249	96	656	591	470	580	592	265
\$100,000 to \$149,999	7,503	102	1,375	1,774	1,518	1,482	995	257
\$150,000 to \$199,999	5,754	57	1,011	1,423	1,349	1,198	542	174
\$200,000+	5,708	28	775	1,524	1,510	1,211	503	157
Total	26,573	461	4,419	5,764	5,290	5,092	3,578	1,969
<i>Median Income</i>	<i>\$136,504</i>	<i>\$88,399</i>	<i>\$132,176</i>	<i>\$155,258</i>	<i>\$159,221</i>	<i>\$146,749</i>	<i>\$111,011</i>	<i>\$65,959</i>
Change - 2023 to 2028								
Less than \$15,000	-175	-8	-28	-15	-42	-61	-34	14
\$15,000 to \$24,999	-155	-5	-19	-17	-30	-51	-35	2
\$25,000 to \$34,999	-329	-15	-61	-48	-50	-83	-60	-12
\$35,000 to \$49,999	-493	-22	-95	-82	-84	-138	-77	4
\$50,000 to \$74,999	-203	-15	-64	-56	-90	-92	-8	123
\$75,000 to \$99,999	59	7	-6	-22	-95	-61	124	112
\$100,000 to \$149,999	632	22	164	137	-150	11	307	140
\$150,000 to \$199,999	1,539	21	322	413	171	253	247	111
\$200,000+	1,193	5	202	387	113	172	216	98
Total	2,067	-10	415	697	-257	-49	679	592
<i>Median Income</i>	<i>\$15,168</i>	<i>\$14,883</i>	<i>\$15,763</i>	<i>\$18,694</i>	<i>\$14,506</i>	<i>\$19,514</i>	<i>\$20,147</i>	<i>\$16,680</i>

Sources: ESRI; Maxfield Research & Consulting, LLC

Non-Senior Households

- In 2023, 1.9% of the non-senior (under age 65) households in Lakeville had incomes under \$15,000 (385 households). All of these households would be eligible for subsidized rental housing. Another 1.2% of Lakeville’s non-senior households had incomes between \$15,000 and \$24,999 (244 households). Many of these households would qualify for subsidized housing, but many could also afford “affordable” or older market rate rentals. If housing

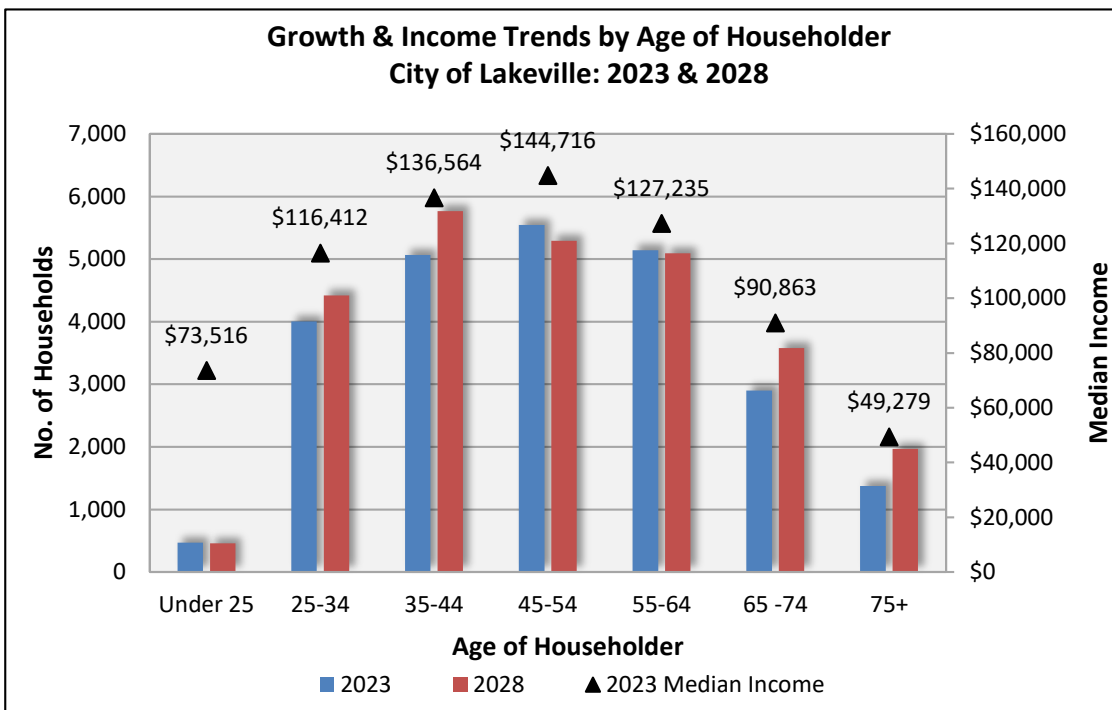
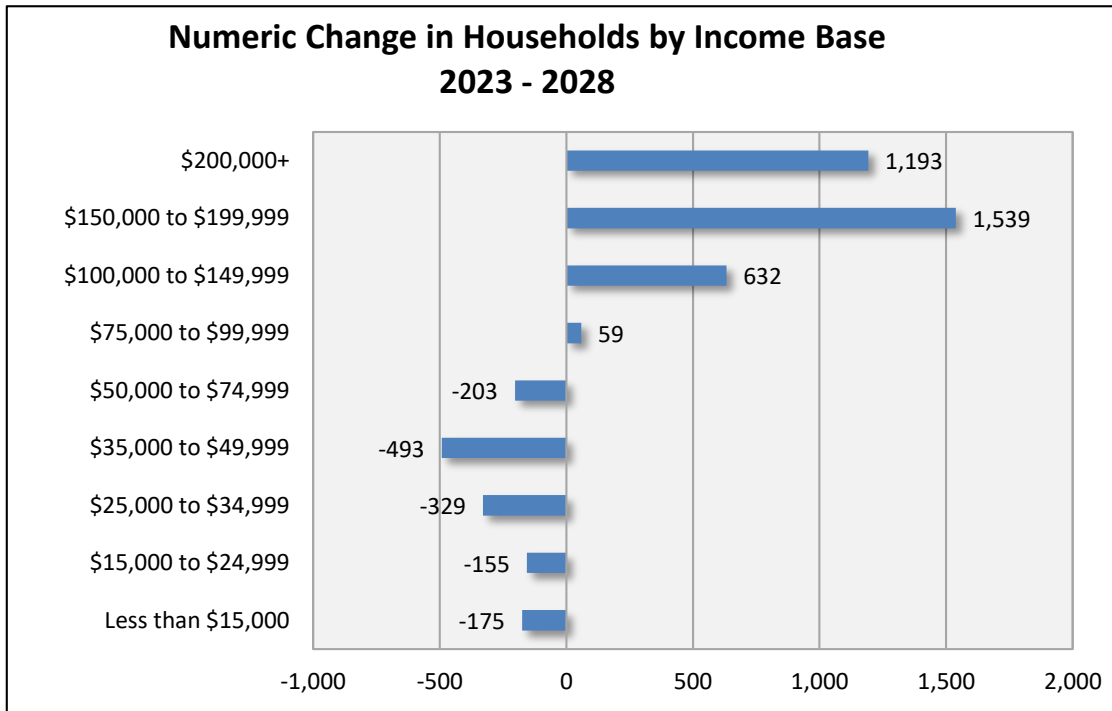
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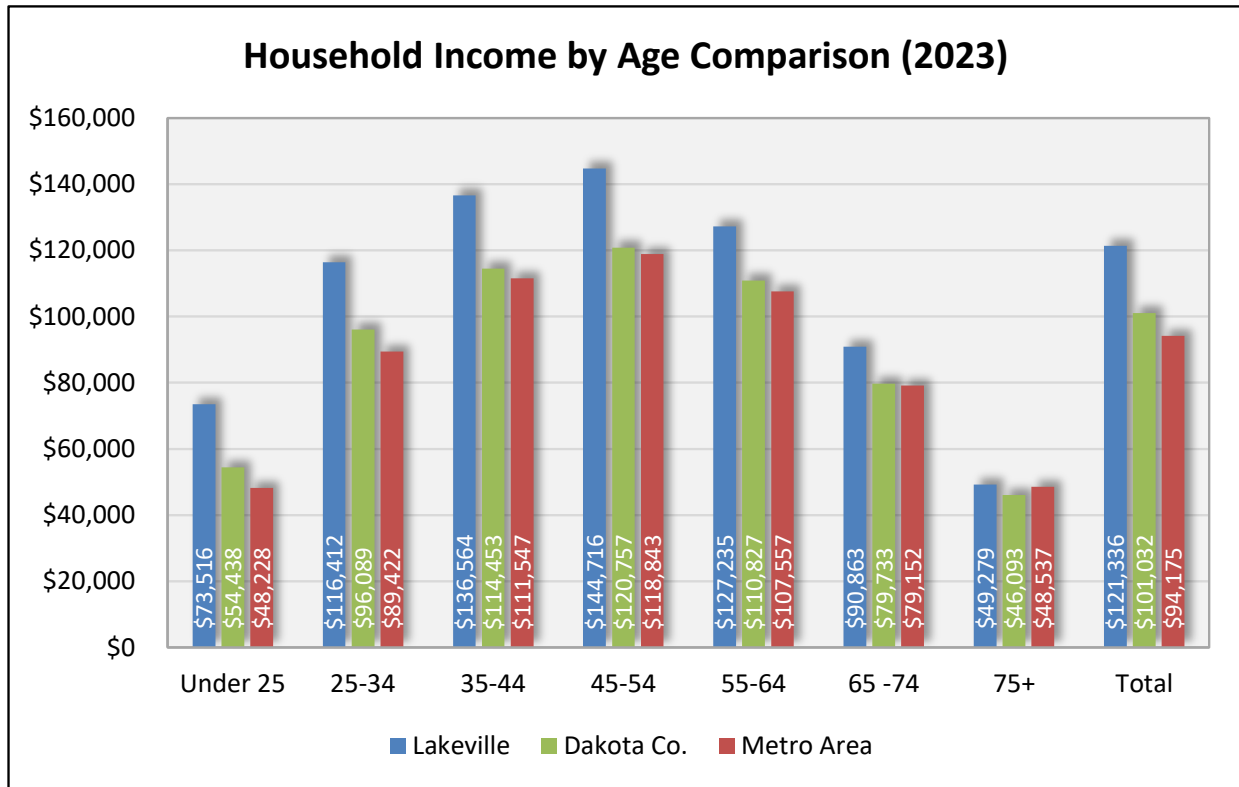
costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.

- In most areas, household median incomes peak in the 35 to 44 age group and that group is usually considered to be in their peak earning years. Similar to many areas, median incomes for households in Lakeville peak at \$136,564 for the 35 to 44 age group in 2023. The 45 to 54 age group has a median income of \$144,716 in 2023. By 2028, the median income for the 35 to 44 and the 45 to 54 age groups are projected to increase to \$155,258 (+14%) and \$159,221 (+10%) respectively. The 55 to 64 age group is projected to increase to \$146,749 (15%) by 2028.

Senior Households

- The oldest householders are likely to have lower incomes in 2023. In Lakeville, 4% of households ages 65 to 74 had incomes below \$15,000, compared to 11% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2023 median income for Lakeville householders age 65 to 74 and 75+ are \$90,863, and \$49,279, respectively.
- Generally, senior households with incomes greater than \$40,000 can afford market rate senior housing in Lakeville. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,333. About 3,236 senior households in Lakeville (76% of senior households) have incomes above \$40,000 in 2023.
- The median income for seniors age 65+ in Lakeville is \$77,469 in 2023. It is projected to increase by \$17,548 (+23%) to \$95,017 by 2028.





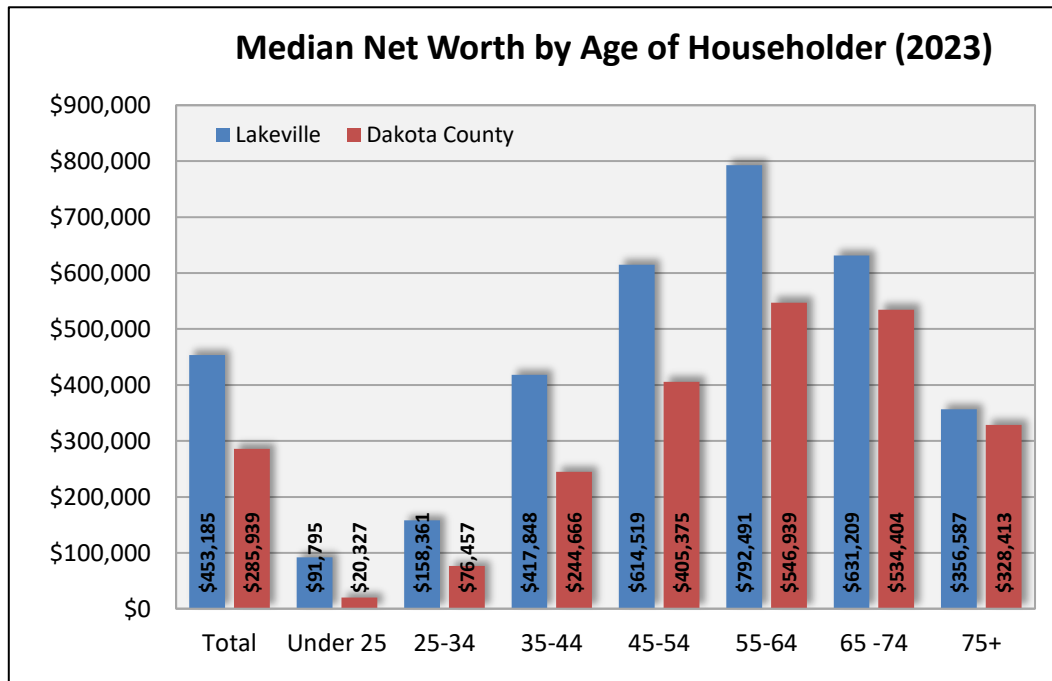
Net Worth

Table D-4 shows household net worth in Lakeville in 2023. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

- The City of Lakeville had an average net worth of \$1,753,425 in 2023 and a median net worth of \$453,185. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. Communities with high levels of farming equipment and land assets tend to also increase the average and median net worth in those areas.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak for older adults and seniors with a median net worth of \$792,491 for those ages 55 to 64 in Lakeville. Older adults and senior households usually have a higher net worth also due to their 401k’s, and other retirement funds. Also, senior households that continue to have higher average net worth could be an indication of larger land acreages/land assets being primarily retained by households in senior age cohorts.

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- Households often delay purchasing homes and instead choose to rent until they acquire sufficient assets to cover the costs of a down payment and closing costs associated with home ownership. This will be especially true in the short-term as tightening lending requirements make mortgages with little or no down payments more difficult to obtain in today's mortgage lending environment (spring 2023).



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**TABLE D-4
NET WORTH BY AGE OF HOUSEHOLDER
CITY OF LAKEVILLE
2023**

	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
City of Lakeville								
Less than \$15,000	1,521	61	484	259	190	207	221	100
\$15,000 to \$34,999	462	62	148	77	52	41	64	20
\$35,000 to \$49,999	293	20	132	37	20	38	37	10
\$50,000 to \$99,999	1,790	124	678	393	192	175	97	130
\$100,000 to \$149,999	1,529	79	492	264	299	226	88	82
\$150,000 to \$249,999	2,951	76	800	613	545	490	243	185
\$250,000 or more	15,959	51	1,269	3,425	4,250	3,964	2,150	850
Subtotal	24,506	471	4,004	5,067	5,547	5,141	2,898	1,377
<i>Median Net Worth</i>	<i>\$453,185</i>	<i>\$91,795</i>	<i>\$158,361</i>	<i>\$417,848</i>	<i>\$614,519</i>	<i>\$792,491</i>	<i>\$631,209</i>	<i>\$356,587</i>
<i>Average Net Worth</i>	<i>\$1,753,425</i>	<i>\$138,681</i>	<i>\$266,137</i>	<i>\$1,318,922</i>	<i>\$2,331,842</i>	<i>\$2,856,679</i>	<i>\$2,026,624</i>	<i>\$1,205,929</i>
Dakota County								
Less than \$15,000	23,544	2,207	7,937	4,274	2,086	2,844	2,669	1,527
\$15,000 to \$34,999	6,750	854	1,961	1,673	675	586	770	231
\$35,000 to \$49,999	3,257	168	999	625	378	495	410	182
\$50,000 to \$99,999	16,393	845	4,754	3,651	2,211	2,176	1,171	1,586
\$100,000 to \$149,999	11,406	506	2,735	2,120	2,333	1,903	835	973
\$150,000 to \$249,999	20,398	318	3,723	4,863	4,019	3,393	1,803	2,278
\$250,000 or more	92,708	147	5,193	16,426	20,268	23,452	17,465	9,757
Subtotal	174,456	5,045	27,302	33,632	31,971	34,849	25,124	16,534
<i>Median Net Worth</i>	<i>\$285,939</i>	<i>\$20,327</i>	<i>\$76,457</i>	<i>\$244,666</i>	<i>\$405,375</i>	<i>\$546,939</i>	<i>\$534,404</i>	<i>\$328,413</i>
<i>Average Net Worth</i>	<i>\$1,407,861</i>	<i>\$63,751</i>	<i>\$175,622</i>	<i>\$956,587</i>	<i>\$1,762,771</i>	<i>\$2,379,605</i>	<i>\$1,904,443</i>	<i>\$1,281,702</i>
Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.								
Sources: ESRI; Maxfield Research & Consulting, LLC								

Tenure by Household Income

Table D-5 shows household tenure by income for the City of Lakeville in 2020. Data is an estimate from the American Community Survey. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. It is important to note that the higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households; spend more than 30% of their income, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

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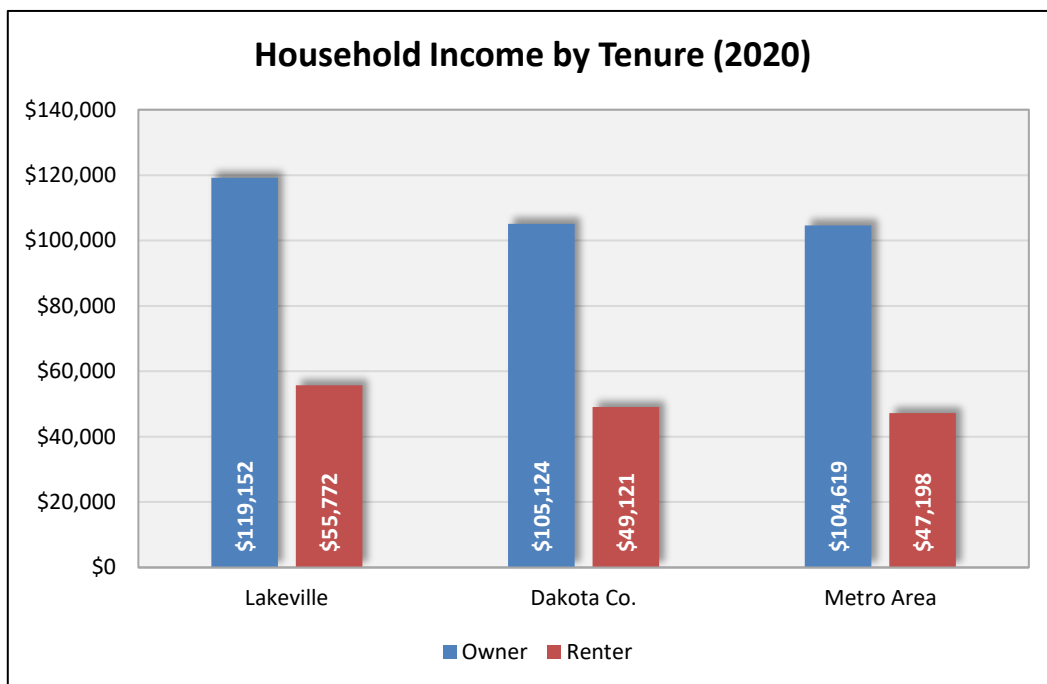
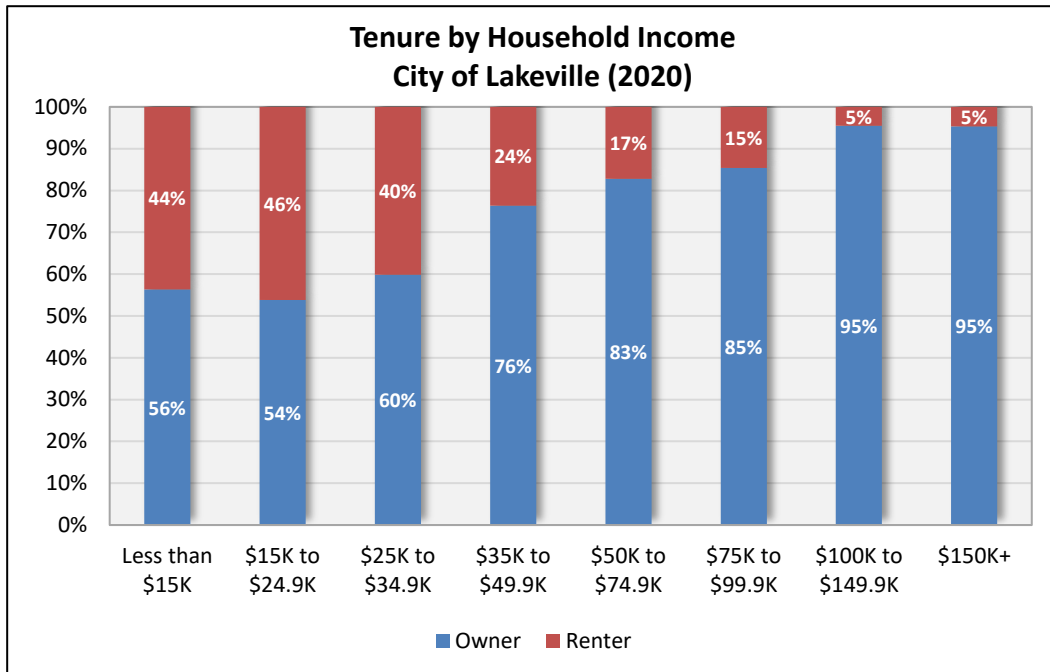
TABLE D-5
TENURE BY HOUSEHOLD INCOME
CITY OF LAKEVILLE
2020

	City of Lakeville				Dakota County				Twin Cities Metro Area			
	Owner		Renter		Owner		Renter		Owner		Renter	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$15,000	437	56.3	339	43.7	3,027	39.6	4,612	60.4	24,096	30.5	54,999	69.5
\$15,000 to \$24,999	288	53.8	247	46.2	3,773	43.4	4,913	56.6	27,201	39.2	42,259	60.8
\$25,000 to \$34,999	634	59.9	425	40.1	5,308	55.1	4,322	44.9	35,552	45.9	41,982	54.1
\$35,000 to \$49,999	1,236	76.4	382	23.6	9,755	58.6	6,892	41.4	65,007	52.5	58,922	47.5
\$50,000 to \$74,999	2,311	82.8	481	17.2	17,686	67.6	8,490	32.4	122,408	62.8	72,465	37.2
\$75,000 to \$99,999	2,597	85.4	443	14.6	18,128	77.8	5,162	22.2	118,902	72.7	44,596	27.3
\$100,000 to \$149,999	5,532	95.5	263	4.5	30,957	87.7	4,324	12.3	193,204	83.2	38,975	16.8
\$150,000+	6,869	95.3	336	4.7	34,116	94.5	1,998	5.5	239,519	92.1	20,669	7.9
Total	19,904	87.2	2,916	12.8	122,750	75.1	40,713	24.9	825,889	68.8	374,867	31.2
Median Household Income	\$119,152		\$55,772		\$105,124		\$49,121		\$104,619		\$47,198	

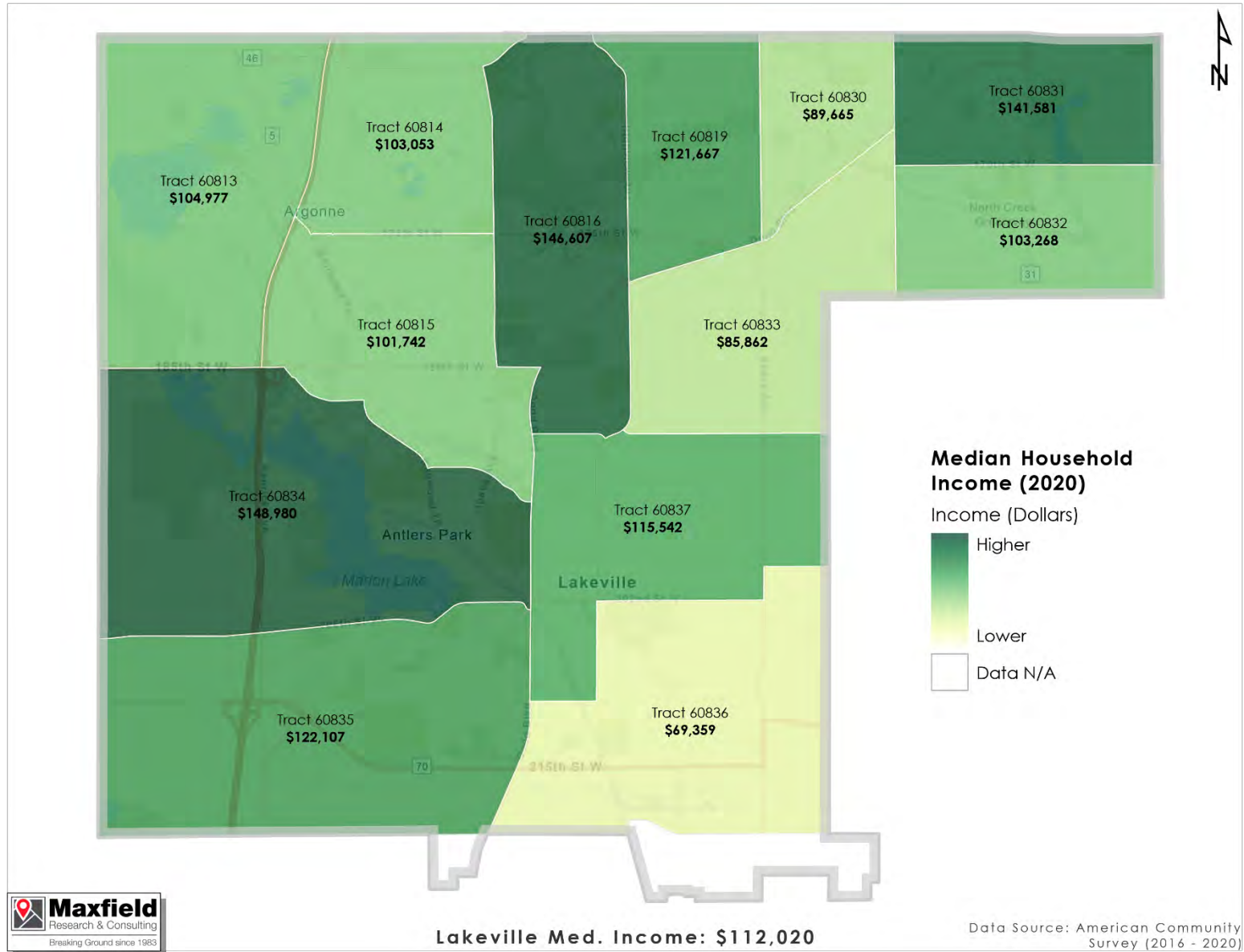
Source: U.S. Census Bureau - American Community Service; Maxfield Research & Consulting, LLC

- Typically, as income increases, so does the rate of homeownership. This can be seen in the City of Lakeville, where the homeownership rate increases from 56% of households with incomes below \$15,000 to 95% of households with incomes above \$150,000.
- In 2020, the median incomes of owners was \$119,152 while the median incomes of renters was \$55,772 in Lakeville. Owner incomes are an estimated 12% higher than owner incomes in Dakota County (\$105,124), while renter incomes are 13% higher when compared to Dakota County (\$49,121).
- A portion of renter households that are referred to as lifestyle renters, or those who are financially able to own but choose to rent, have household incomes above \$50,000 (about 52% of the City of Lakeville's renters in 2020). Households with incomes below \$15,000 are typically a market for deep subsidy rental housing (about 12% of the City of Lakeville's renters in 2020).

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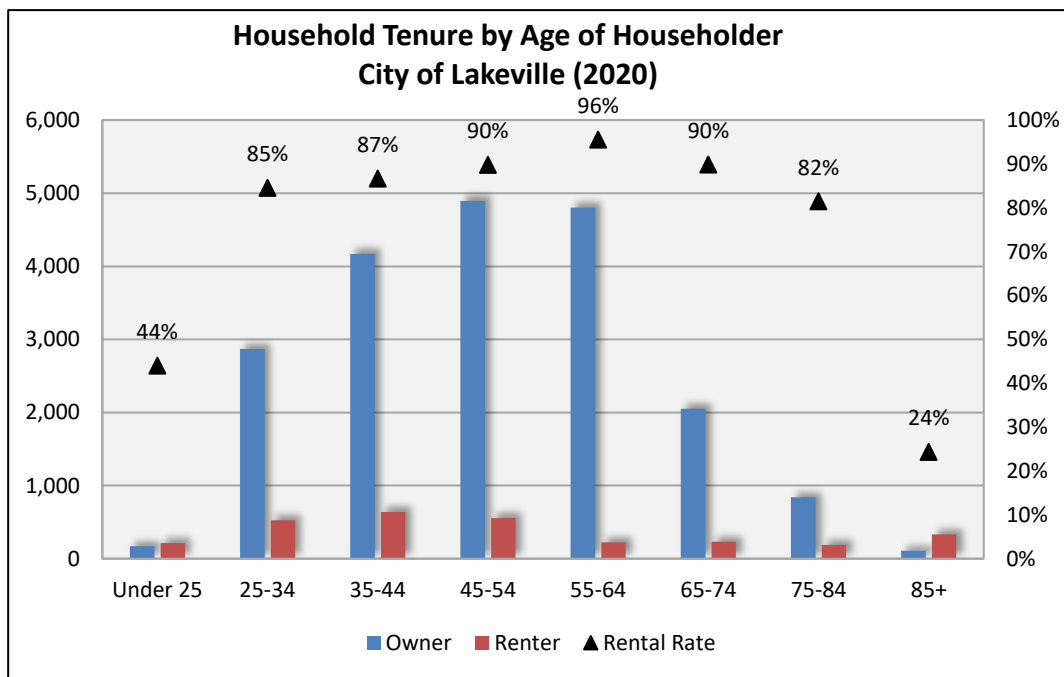
Lakeville Median Household Income by Census Tract



Tenure by Age of Householder

Table D-6 shows the number of owner and renter households in the City of Lakeville by age group in 2010 and 2020. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual’s life cycle.

- In 2010, 87.7% of all households in the City of Lakeville owned their housing. By 2020, that percentage declined slightly to 87.2%. The number of owner households in Dakota County decreased by 1.4% between 2010 and 2020.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households’ age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.
- In 2020, 56% of the Market Area’s households Under 25 rented their housing, compared to 15% of households between the ages of 25 and 34. Householders between 35 and 64 were overwhelmingly homeowners, as 91% owned their homes.



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**TABLE D-6
TENURE BY AGE OF HOUSEHOLDER
CITY OF LAKEVILLE
2010 & 2020**

Age		City of Lakeville				Dakota County			
		2010		2020		2010		2020	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	173	55.6	171	44.1	1,175	23.7	1,257	26.2
	Rent	138	44.4	217	55.9	3,789	76.3	3,533	73.8
	Total	311	100.0	388	100.0	4,964	100.0	4,790	100.0
25-34	Own	2,308	79.8	2,869	84.6	15,464	60.6	13,480	56.0
	Rent	584	20.2	524	15.4	10,044	39.4	10,576	44.0
	Total	2,892	100.0	3,393	100.0	25,508	100.0	24,056	100.0
35-44	Own	4,309	88.7	4,167	86.7	23,990	77.8	23,179	75.5
	Rent	548	11.3	641	13.3	6,831	22.2	7,532	24.5
	Total	4,857	100.0	4,808	100.0	30,821	100.0	30,711	100.0
45-54	Own	5,210	91.9	4,895	89.8	32,020	84.6	26,324	81.6
	Rent	460	8.1	555	10.2	5,823	15.4	5,950	18.4
	Total	5,670	100.0	5,450	100.0	37,843	100.0	32,274	100.0
55-64	Own	2,746	92.6	4,801	95.6	23,605	87.0	28,438	84.8
	Rent	221	7.4	222	4.4	3,514	13.0	5,078	15.2
	Total	2,967	100.0	5,023	100.0	27,119	100.0	33,516	100.0
65-74	Own	1,184	88.4	2,054	89.9	11,998	85.7	18,853	84.9
	Rent	155	11.6	232	10.1	2,008	14.3	3,360	15.1
	Total	1,339	100.0	2,286	100.0	14,006	100.0	22,213	100.0
75-84	Own	381	77.8	839	81.5	6,349	76.2	8,827	80.6
	Rent	109	22.2	190	18.5	1,980	23.8	2,121	19.4
	Total	490	100.0	1,029	100.0	8,329	100.0	10,948	100.0
85+	Own	72	45.9	108	24.4	1,707	49.2	2,392	48.3
	Rent	85	54.1	335	75.6	1,763	50.8	2,563	51.7
	Total	157	100.0	443	100.0	3,470	100.0	4,955	100.0
TOTAL	Own	16,383	87.7	19,904	87.2	116,308	76.5	122,750	75.1
	Rent	2,300	12.3	2,916	12.8	35,752	23.5	40,713	24.9
	Total	18,683	100.0	22,820	100.0	152,060	100.0	163,463	100.0

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

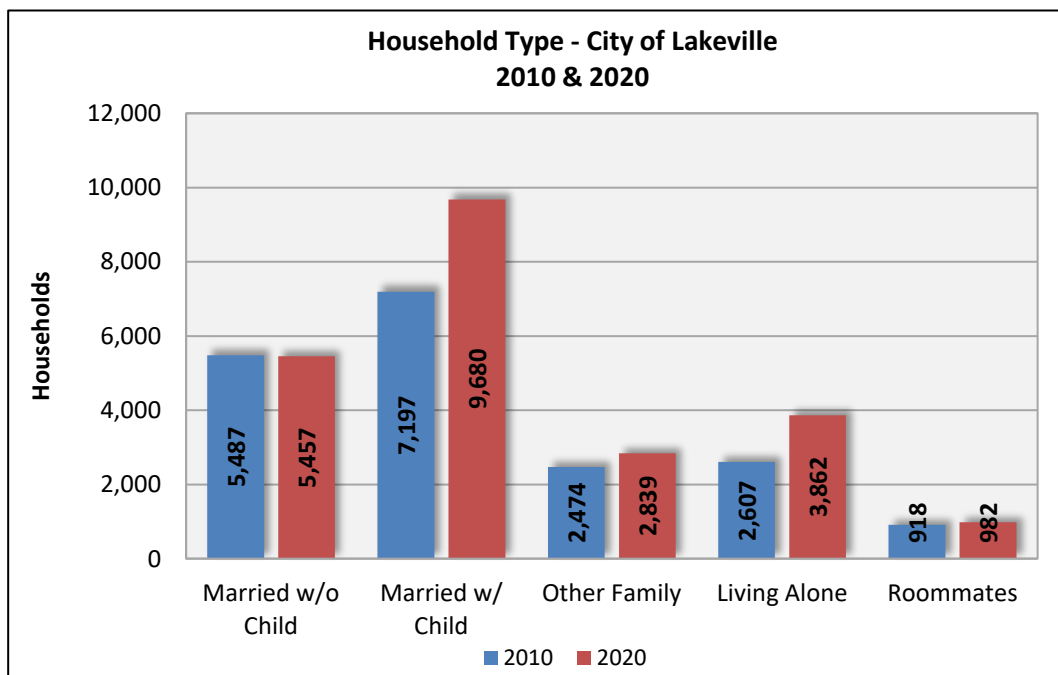
Household Type

Table D-7 shows a breakdown of the type of households present in the City of Lakeville in 2010 and 2020. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

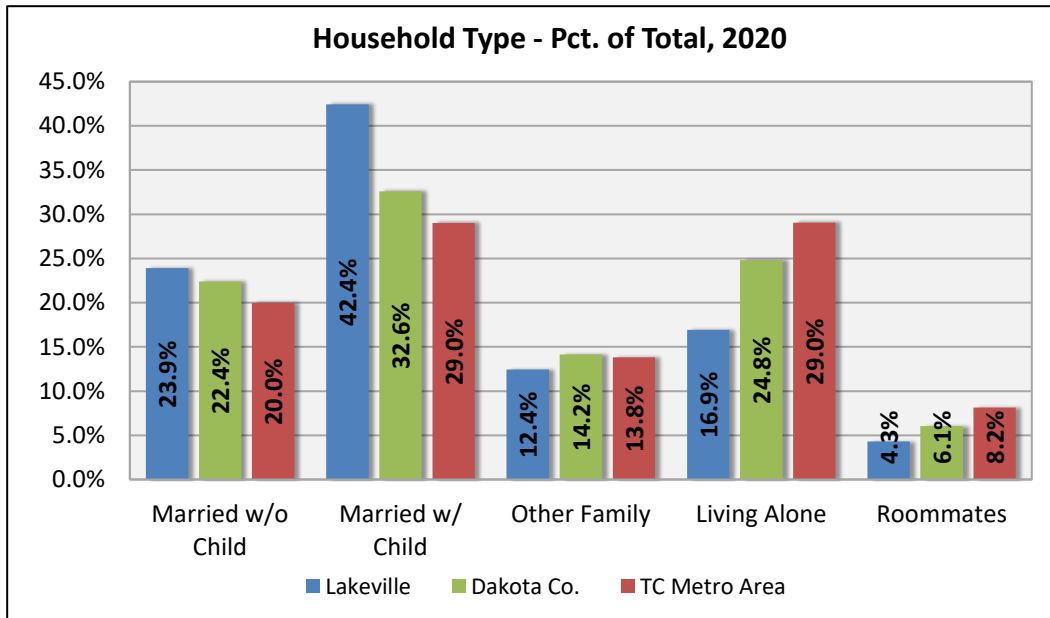
- Between 2010 and 2020, the City of Lakeville experienced an increase in all household types, except for Married without Children household, which declined by 30 households (0.5%). Significant increases occurred among Living Alone households (48%) and Married with Children households (34%).

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- By comparison, the City of Lakeville had a higher proportion of Married with Children households (42% of total), while Dakota County had only 33%. Additionally, Lakeville had a lower proportion of Living Alone households (17%) compared to Dakota County (25%).
- The differences in housing types between Lakeville and Dakota County, reflect more availability of multifamily rental housing in Dakota County compared to the prominence of single-family homes in Lakeville. For example, non-family householders tend to rent their housing more than other categories. This includes elderly widows and young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are likely to move to multifamily housing to shed the burden of home maintenance and to have opportunities for socialization. About 21% of Lakeville households were non-family households in 2020, while 31% of Dakota County's households and 37% of Metro Area households were non-family.



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**TABLE D-7
HOUSEHOLD TYPE
CITY OF LAKEVILLE
2010 & 2020**

Number of Households	Total HH's		Family Households						Non-Family Households			
	2010	2020	Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
			2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
City of Lakeville	18,683	22,820	5,487	5,457	7,197	9,680	2,474	2,839	2,607	3,862	918	982
Dakota County	152,060	163,463	44,458	36,614	39,472	53,243	21,818	23,144	36,620	40,559	9,692	9,903
Twin Cities Metro Area	1,117,749	1,200,756	298,723	239,877	244,687	348,262	164,086	165,958	319,030	348,692	91,223	97,967
Percent of Total												
City of Lakeville	100%	100%	29.4%	23.9%	38.5%	42.4%	13.2%	12.4%	14.0%	16.9%	4.9%	4.3%
Dakota County	100%	100%	29.2%	22.4%	26.0%	32.6%	14.3%	14.2%	24.1%	24.8%	6.4%	6.1%
Twin Cities Metro Area	100%	100%	26.7%	20.0%	21.9%	29.0%	14.7%	13.8%	28.5%	29.0%	8.2%	8.2%

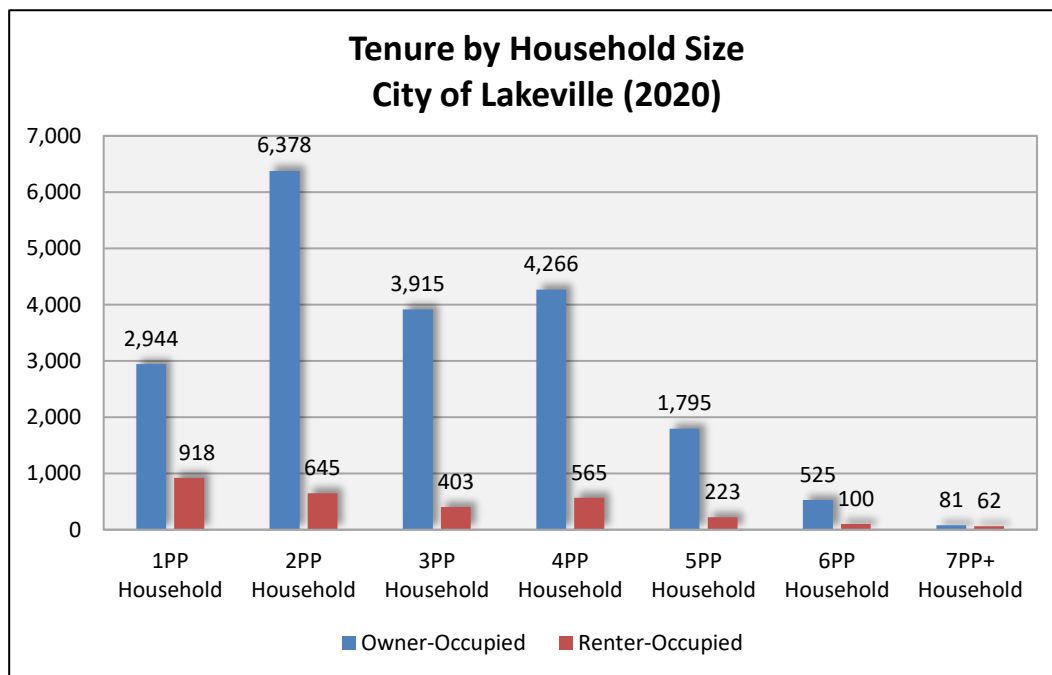
* Single-parent families, unmarried couples with children.

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

Tenure by Household Size

Table D-8 shows the distribution of households by size and tenure in the City of Lakeville in 2010 and 2020. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in the City of Lakeville.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children as well as older adults and seniors who choose to downsize from their single-family homes. In 2020, approximately 15% of all owner-occupied households were one-person households, while 31% of the renter-occupied households were one-person households in the City of Lakeville.
- Over half (54%) of renter households in the City of Lakeville in 2020 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.
- Two-person households (32%) in the City of Lakeville are the highest percentage of household types among owner households. This is followed by four-person households, which account for 21% of owner occupied households.



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**TABLE D-8
TENURE BY HOUSEHOLD SIZE
CITY OF LAKEVILLE
2010 and 2020**

Size	CITY OF LAKEVILLE							
	2010				2020			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	1,934	11.8%	673	29.3%	2,944	14.8%	918	31.5%
2PP Household	5,019	30.6%	552	24.0%	6,378	32.0%	645	22.1%
3PP Household	3,236	19.8%	420	18.3%	3,915	19.7%	403	13.8%
4PP Household	3,865	23.6%	370	16.1%	4,266	21.4%	565	19.4%
5PP Household	1,638	10.0%	186	8.1%	1,795	9.0%	223	7.6%
6PP Household	491	3.0%	62	2.7%	525	2.6%	100	3.4%
7PP+ Household	200	1.2%	37	1.6%	81	0.4%	62	2.1%
Total	16,383	100.0%	2,300	100.0%	19,904	100.0%	2,916	100.0%

Size	DAKOTA COUNTY							
	2010				2020			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	22,451	19.3%	14,169	39.6%	24,578	20.0%	15,981	39.3%
2PP Household	40,653	35.0%	9,485	26.5%	45,153	36.8%	11,334	27.8%
3PP Household	20,404	17.5%	5,375	15.0%	20,730	16.9%	5,448	13.4%
4PP Household	20,393	17.5%	3,833	10.7%	20,817	17.0%	3,934	9.7%
5PP Household	8,434	7.3%	1,768	4.9%	8,053	6.6%	2,549	6.3%
6PP Household	2,672	2.3%	718	2.0%	2,131	1.7%	964	2.4%
7PP+ Household	1,301	1.1%	404	1.1%	1,288	1.0%	503	1.2%
Total	116,308	100.0%	35,752	100.0%	122,750	100.0%	40,713	100.0%

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

Diversity

The population distribution by race, Table D-9 presents the diversity of the population in the City of Lakeville for 2010 and 2020. The data was obtained from the U.S. Census and American Community Survey.

- In 2020, “White Alone” comprised the largest proportion of the population in Lakeville (87%), Dakota County (84%), and in the Twin Cities Metro Area (77%). The percentage has decreased since 2010 where “White Alone” was 89% in the City of Lakeville and 85% in Dakota County.

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**TABLE D-9
POPULATION DISTRIBUTION BY RACE
CITY OF LAKEVILLE
2010 and 2020**

NUMBER	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino ¹ <i>Ethnicity not Race</i>	
	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
City of Lakeville	49,970	54,914	1,407	1,944	200	144	21	45	2,276	3,472	660	162	1,420	2,112	1,955	2,805
Dakota County	339,499	328,845	18,709	26,711	1,647	825	216	133	17,451	20,899	9,556	1,224	11,474	14,661	23,966	31,069
Twin Cities Metro Area	2,246,356	2,218,057	238,723	296,720	20,906	13,467	1,262	866	183,421	234,897	74,516	12,513	84,383	106,902	167,558	199,688
PERCENTAGE																
City of Lakeville	89.3%	87.5%	2.5%	3.1%	0.4%	0.2%	0.0%	0.1%	4.1%	5.5%	1.2%	0.3%	2.5%	3.4%	3.5%	4.5%
Dakota County	85.2%	83.6%	4.7%	6.8%	0.4%	0.2%	0.1%	0.0%	4.4%	5.3%	2.4%	0.3%	2.9%	3.7%	6.0%	7.9%
Twin Cities Metro Area	78.8%	76.9%	8.4%	10.3%	0.7%	0.5%	0.0%	0.0%	6.4%	8.1%	2.6%	0.4%	3.0%	3.7%	5.9%	6.9%

¹ US Census respondents list themselves ethnically Hispanic or Latino and racially in one of the other listed categories.

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

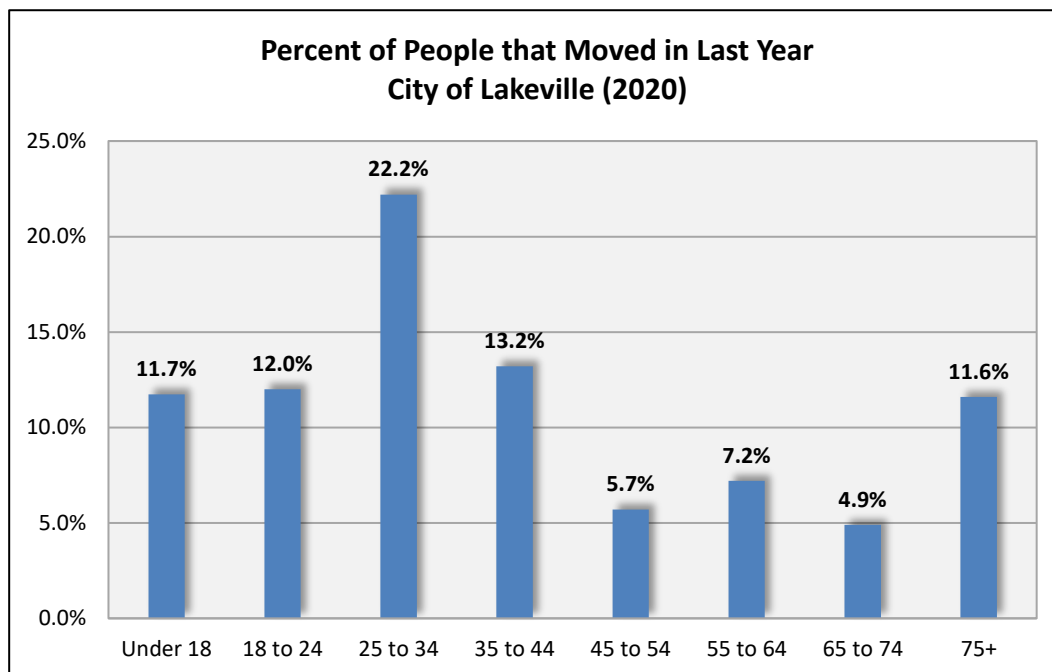
DEMOGRAPHIC ANALYSIS

- U.S. Census respondents that list themselves ethnically as Hispanic or Latino, racially list themselves in various race categories. As of 2020, 4.5% of the City of Lakeville’s population was Hispanic/Latino. The Hispanic/Latino population was 3.5% of the City of Lakeville’s population in 2010.
- The Native Hawaiian or Pacific Islander Alone population experienced the largest percentage growth between 2010 and 2020 in Lakeville, increasing by 114%.

Mobility in the Past Year

Table D-10 shows the mobility patterns of the City of Lakeville residents within a one-year time frame (2020 is the latest data available).

- The majority of residents in the City of Lakeville (89%) did not move within the last year.
- Of the remaining residents that moved within the last year, approximately 6.1% moved from Lakeville but remained within the same county and 2.9% moved to a different county but within the same state.
- A greater proportion of younger age cohorts tended to move compared to older age cohorts. In the City of Lakeville, approximately 22% of those age 25 to 34 moved within the last year compared to 12% of those age 75+.



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Lakeville	Not Moved		Moved								
	Same House		Within Same County		Different County Same State		Different State		Abroad		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
Age											
Under 18	15,431	88.3%	1,057	6.0%	444	2.5%	468	2.7%	82	0.5%	
18 to 24	4,514	88.0%	308	6.0%	200	3.9%	103	2.0%	5	0.1%	
25 to 34	6,271	77.8%	1,008	12.5%	492	6.1%	282	3.5%	8	0.1%	
35 to 44	7,683	86.8%	735	8.3%	142	1.6%	292	3.3%	0	0.0%	
45 to 54	9,499	94.3%	342	3.4%	141	1.4%	71	0.7%	20	0.2%	
55 to 64	8,325	92.8%	404	4.5%	188	2.1%	45	0.5%	9	0.1%	
65 to 74	3,528	95.1%	70	1.9%	67	1.8%	45	1.2%	0	0.0%	
75+	2,108	88.4%	26	1.1%	196	8.2%	55	2.3%	0	0.0%	
Total	57,360	88.7%	3,950	6.1%	1,869	2.9%	1,359	2.1%	124	0.2%	
Dakota County											
Age											
Under 18	87,852	89.4%	5,783	5.9%	2,897	2.9%	1,366	1.4%	405	0.4%	
18 to 24	25,148	75.0%	3,018	9.0%	3,856	11.5%	1,341	4.0%	168	0.5%	
25 to 34	41,651	75.0%	5,609	10.1%	5,720	10.3%	2,110	3.8%	444	0.8%	
35 to 44	50,014	87.3%	4,010	7.0%	2,177	3.8%	974	1.7%	115	0.2%	
45 to 54	52,749	92.2%	2,174	3.8%	1,659	2.9%	400	0.7%	229	0.4%	
55 to 64	54,309	94.0%	1,733	3.0%	1,387	2.4%	231	0.4%	116	0.2%	
65 to 74	34,576	95.5%	724	2.0%	579	1.6%	145	0.4%	181	0.5%	
75+	22,145	92.5%	934	3.9%	575	2.4%	239	1.0%	48	0.2%	
Total	368,445	87.8%	23,985	5.7%	18,850	4.5%	6,807	1.6%	1,705	0.4%	
Twin Cities Metro Area	2,614,746	85.9%	212,541	7.0%	137,636	4.5%	61,431	2.0%	16,245	0.5%	

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

Demographic Comparison to Peer Cities

Table D-11 provides a demographic summary comparison for Lakeville and peer cities. With the guidance of Lakeville city staff, the following communities were identified as peer cities and are included in the analysis: Apple Valley, Blaine, Burnsville, Cottage Grove, Eagan, Maple Grove, Plymouth, and Woodbury. The peer cities were identified to be similar to Lakeville by their population or within a similar geography.

- The City of Lakeville had the largest numeric and percentage increase in population between 2010 and 2020 compared to the selected peer cities. Additionally, Lakeville had the highest persons per household among peer cities, with a household size of 2.99 in 2020.
- Compared to the peer cities, Lakeville had the third highest median household income (\$112,020) of all identified peer cities. Burnsville had the lowest median household income (\$76,017).
- Peer city percentage of owner households vary from 89% in Cottage Grove to 68% in Burnsville. Lakeville had a homeownership rate (87.2%) that ranks second among the seven cities identified in the table.
- Lakeville is the youngest city among peer cities, with a median age of 36.0 in 2020.

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TABLE D-11
PEER CITIES COMPARISON
CITY OF LAKEVILLE & PEER CITIES

	Lakeville		Apple Valley		Blaine		Burnsville		Cottage Grove		Eagan		Maple Grove		Plymouth		Woodbury	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
Demographic Summary																		
Population (2020)	69,490		56,374		70,222		64,317		38,839		68,855		70,253		81,026		75,102	
Households (2020)	23,265		21,464		25,830		25,480		13,105		27,609		27,507		33,208		28,304	
HH Size (2020)	2.99		2.63		2.72		2.52		2.96		2.49		2.55		2.44		2.65	
Population Growth (2010 - 2020)	13,536 24.2%		7,290 14.9%		13,036 22.8%		4,011 6.7%		4,250 12.3%		4,649 7.2%		8,686 14.1%		10,450 14.8%		13,141 21.2%	
Household Growth (2010 - 2020)	4,582 24.5%		2,589 13.7%		4,753 22.6%		1,197 4.9%		1,386 11.8%		2,360 9.3%		4,640 20.3%		4,545 15.9%		5,710 25.3%	
Median HH Income (2020)	\$112,020		\$90,162		\$86,796		\$76,017		\$102,600		\$93,332		\$113,793		\$112,631		\$108,055	
Median Age (2020)	36.0		37.8		37.4		37.1		36.5		38.9		40.5		40.4		37.9	
Owner-Occ. HH (2020)	19,904 87.2%		16,014 77.7%		20,132 87.0%		16,295 68.2%		10,904 88.9%		18,831 70.3%		23,728 85.2%		22,864 72.7%		21,118 81.3%	
Renter-Occ. HH (2020)	2,916 12.8%		4,587 22.3%		3,019 13.0%		7,603 31.8%		1,362 11.1%		7,974 29.7%		4,117 14.8%		8,606 27.3%		4,851 18.7%	

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

Employment Trends

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

Employment Growth and Projections

Table E-1 shows projected employment growth in the City of Lakeville and Dakota County. Table E-1 shows employment growth trends and projections from 2000 to 2040 based on the most recent Metropolitan Council projections.

Note that the employment data for 2020 reflects unemployment caused by the COVID-19 pandemic.

TABLE E-1 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS CITY OF LAKEVILLE 2000 to 2040				
Annual Employment	City of Lakeville		Dakota County	
2000	10,583		153,403	
2005	12,949		170,908	
2010	13,553		168,868	
2015	16,256		184,043	
2020	17,026		178,028	
Q2 2022	20,669		186,650	
2040 Forecast	22,500		230,280	
Change	No.	Pct.	No.	Pct.
2000 - 2010	2,970	28.1%	15,465	10.1%
2010 - 2020	3,473	25.6%	9,160	5.4%
2020 - 2040	5,474	32.2%	52,252	29.4%
Sources: MN DEED; Met. Council; Maxfield Research & Consulting, LLC				

- There was an estimated total of 20,669 jobs in the City of Lakeville during the second quarter of 2022, which was roughly 11% of the Dakota County total (186,650 jobs).
- The City of Lakeville’s employment is anticipated to increase by 32% between 2020 and 2040 while employment in Dakota County is forecasted to increase by 29%. Job creation in the Twin Cities Metro Area continues to grow, making the area more appealing for housing.

Resident Labor Force

Recent employment growth trends are shown in Tables E-2, which presents resident employment data for the City of Lakeville from 2012 through November 2022. These numbers were derived from the proportion of jobs in Lakeville as compared to Dakota County and the State of Minnesota. Resident employment data is calculated as an annual average *and reveals the workforce and number of employed persons living in the City*. It is important to note that not all of these individuals necessarily work in the City.

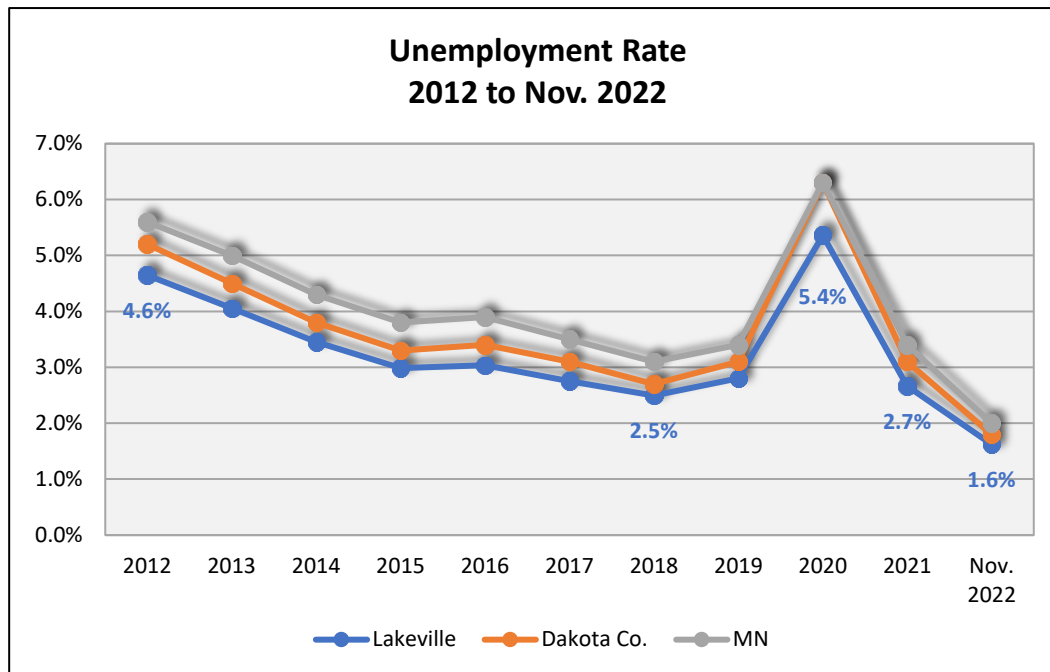
- Resident employment in the City of Lakeville increased by approximately 6,515 people between 2012 and 2021 (+21%) and the unemployment rate decreased from 4.6% in 2012 to 2.7% in 2021. By comparison, Dakota County's unemployment rate also decreased from 5.2% in 2012 to 3.1% in 2021.
- Between 2012 and 2021, the City of Lakeville's labor force increased 19%, despite decreasing by 984 people between 2020 and 2021.
- The City of Lakeville's unemployment rate has stayed fairly consistent with Dakota County's unemployment rate, but slightly lower in all years between 2012 and 2021. The greatest yearly difference being 0.9% lower than Dakota County in 2020.
- Covid-19 caused widespread unemployment in 2020 and early 2021. Although the unemployment rate in Lakeville peaked at 5.4% in 2020, more recently it has fallen to 1.6% as of November 2022.

EMPLOYMENT TRENDS

**TABLE E-2
RESIDENT EMPLOYMENT (ANNUAL AVERAGE)
CITY OF LAKEVILLE
2012 TO NOVEMBER 2022**

Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate	Dakota Co. Unemployment Rate	Minnesota Unemployment Rate
2012	32,078	30,587	1,491	4.6%	5.2%	5.6%
2013	32,727	31,400	1,327	4.1%	4.5%	5.0%
2014	33,344	32,193	1,151	3.5%	3.8%	4.3%
2015	33,581	32,578	1,003	3.0%	3.3%	3.8%
2016	33,945	32,915	1,030	3.0%	3.4%	3.9%
2017	36,021	35,030	991	2.8%	3.1%	3.5%
2018	37,286	36,355	931	2.5%	2.7%	3.1%
2019	38,447	37,370	1,077	2.8%	3.1%	3.4%
2020	39,102	37,006	2,096	5.4%	6.3%	6.3%
2021	38,118	37,102	1,016	2.7%	3.1%	3.4%
Nov. 2022	39,303	38,665	638	1.6%	1.8%	2.0%
Change 2012-'21	6,040	6,515	-475	-2.0%	-2.1%	-2.2%

Sources: MN Dept. of Employment & Economic Deve. (MN DEED); Maxfield Research & Consulting, LLC



Covered Employment and Wages by Industry

Table E-3 presents covered employment numbers as well as wage data in the City of Lakeville from the second quarter 2021 through the second quarter 2022. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area*, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. Some agricultural businesses and employees are listed in this table, but not all positions are included. The Quarterly Census of Employment and Wages (QCEW) is sourced from the Minnesota Department of Employment and Economic Development.

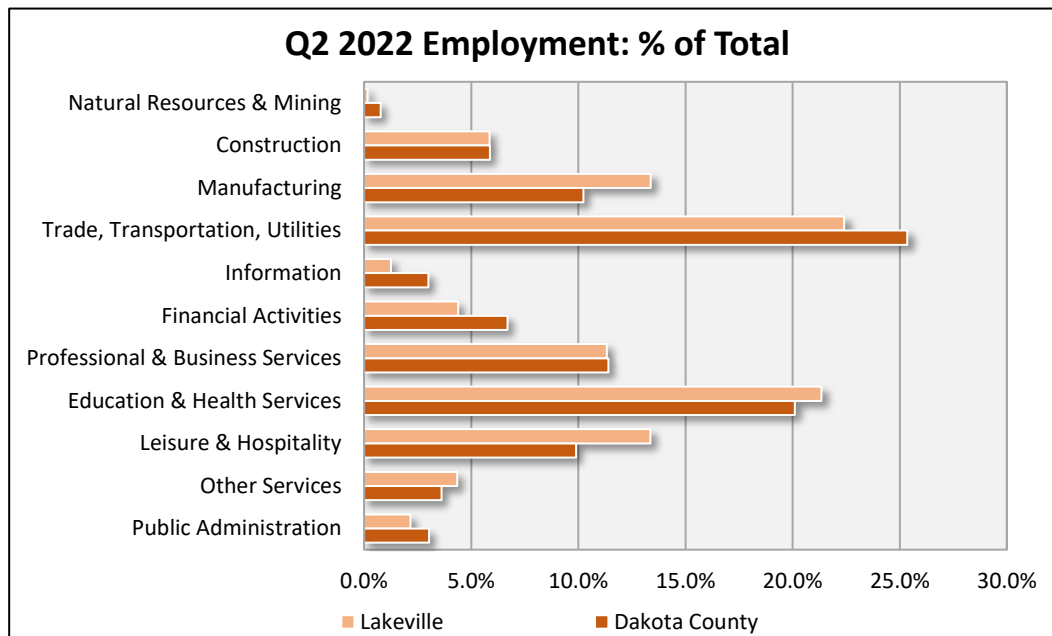
- Between Q2 2021 and Q2 2022, the number of jobs increased in all industries with the exception of the following: Natural Resources & Mining (-10%, but only 4 total jobs), Construction (-2%), and Manufacturing (-1%). The remaining sectors all saw an increase, most notably the Professional & Business Services sector (+31%) and the Information sector (+25%).
- As of Q2 2022, the Trade, Transportation and Utilities sector accounted for the largest share of employment in Lakeville, with 4,630 employees accounting for 22% of employment.
- When compared to Dakota County, the City of Lakeville had a higher proportion of employees in numerous sectors including: Leisure & Hospitality (3.5% higher), Manufacturing (3.1% higher), Education & Health Services (1.2% higher), and the Other Services (0.7% higher) sector.
- The Construction sector saw the largest growth in average weekly wages increasing by \$122 (+7.6%) between Q2 2021 to Q2 2022. The Manufacturing sector saw the second largest growth, increasing by \$70 (+5.9%).
- The only two sectors that saw a decrease in wages between Q2 2021 to Q2 2022 were the Professional & Business Services sector and the Information sector, decreasing by 8% and 3%, respectively.
- At \$1,055, the average weekly wage across all industries in the City of Lakeville is 17% lower than Dakota County (\$1,251). However, wages were higher in the Construction sector were 8% higher in Lakeville compared to Dakota County, as were wages in the Education & Health Services sector (6% higher). Wages in Lakeville are lower given the number of jobs in the service sector and other lowing paying categories.

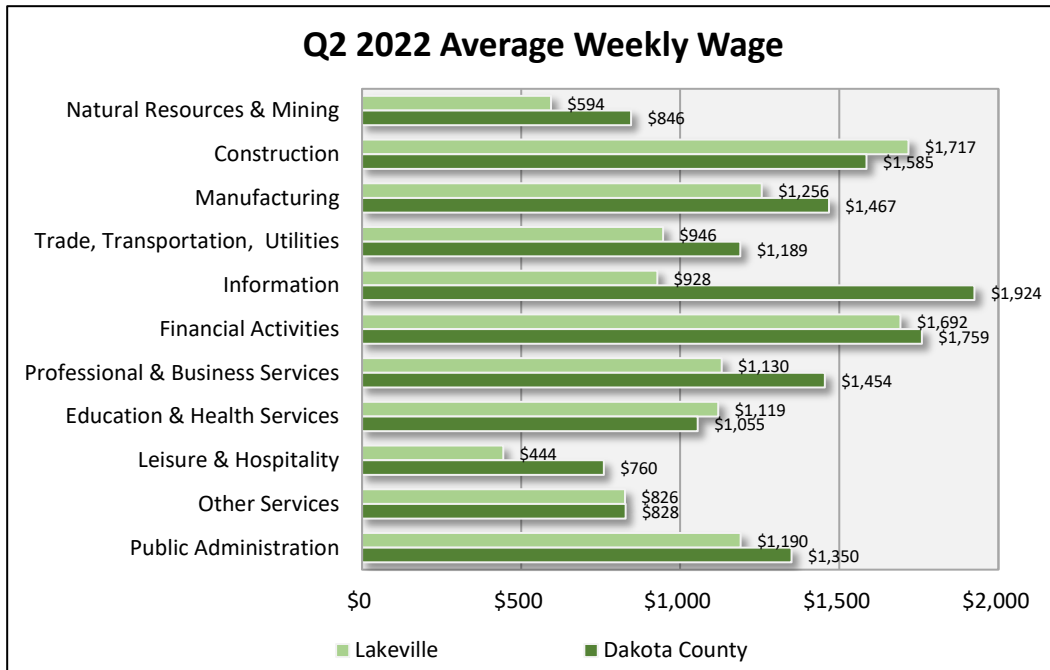
EMPLOYMENT TRENDS

**TABLE E-3
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
CITY OF LAKEVILLE
Q2 2021 AND Q2 2022**

Industry	Q2 2021			Q2 2022			Change Q2 2021 - Q2 2022			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	Employment %	Wage #	Wage %
City of Lakeville										
Total, All Industries	1,352	19,194	\$1,016	1,457	20,669	\$1,055	1,475	7.7%	\$39	3.8%
Natural Resources & Mining	5	39	\$555	6	35	\$594	-4	-10.3%	\$39	7.0%
Construction	142	1,232	\$1,595	152	1,210	\$1,717	-22	-1.8%	\$122	7.6%
Manufacturing	72	2,784	\$1,186	73	2,764	\$1,256	-20	-0.7%	\$70	5.9%
Trade, Transportation, & Utilities	201	4,468	\$881	223	4,630	\$946	162	3.6%	\$65	7.4%
Information	22	207	\$957	28	259	\$928	52	25.1%	(\$29)	-3.0%
Financial Activities	159	775	\$1,676	166	907	\$1,692	132	17.0%	\$16	1.0%
Professional & Business Services	228	1,782	\$1,232	244	2,342	\$1,130	560	31.4%	(\$102)	-8.3%
Education & Health Services	266	4,196	\$1,060	284	4,412	\$1,119	216	5.1%	\$59	5.6%
Leisure & Hospitality	103	2,496	\$404	102	2,761	\$444	265	10.6%	\$40	9.9%
Other Services	150	805	\$795	174	899	\$826	94	11.7%	\$31	3.9%
Public Administration	4	406	\$1,189	5	448	\$1,190	42	10.3%	\$1	0.1%
Dakota County										
Total, All Industries	10,832	182,715	\$1,165	11,374	186,650	\$1,251	3,935	2.2%	\$86	7.4%
Natural Resources & Mining	66	1,330	\$795	68	1,459	\$846	129	9.7%	\$51	6.4%
Construction	990	10,588	\$1,481	1,046	10,961	\$1,585	373	3.5%	\$104	7.0%
Manufacturing	463	18,675	\$1,387	473	19,114	\$1,467	439	2.4%	\$80	5.8%
Trade, Transportation, & Utilities	2,222	46,485	\$1,041	2,294	47,304	\$1,189	819	1.8%	\$148	14.2%
Information	178	4,824	\$1,807	199	5,621	\$1,924	797	16.5%	\$117	6.5%
Financial Activities	1,110	13,721	\$1,768	1,135	12,492	\$1,759	-1,229	-9.0%	(\$9)	-0.5%
Professional & Business Services	1,803	20,281	\$1,491	1,900	21,278	\$1,454	997	4.9%	(\$37)	-2.5%
Education & Health Services	1,967	37,643	\$981	2,096	37,526	\$1,055	-117	-0.3%	\$74	7.5%
Leisure & Hospitality	916	16,967	\$555	941	18,476	\$760	1,509	8.9%	\$205	36.9%
Other Services	1,041	6,760	\$751	1,145	6,745	\$828	-15	-0.2%	\$77	10.3%
Public Administration	76	5,438	\$1,332	77	5,671	\$1,350	233	4.3%	\$18	1.4%

Sources: Minnesota Department of Employment and Economic Development (MN DEED); Maxfield Research & Consulting, LLC





Inflow / Outflow Characteristics

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting patterns in the City of Lakeville. Table E-4 provides a summary of the inflow and outflow characteristics of the workers in the City based on data from the U.S. Census Bureau Local Employment Dynamics data for 2019, the most recent data available.

Outflow reflects the number of workers living in the area but employed outside the City, while inflow measures the number of workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in the City.

- Overall, the City of Lakeville is a major exporter of workers as a higher number of residents commute from the city for work.
- An estimated 13,440 workers come into Lakeville for employment (inflow) daily, while 31,373 resident workers commute out of the City (outflow). An estimated 4,694 people both live and work in the City (interior flow).
- Roughly 74% of the jobs in Lakeville are filled by workers commuting into the City. The highest proportion of workers coming into the City are aged 30 to 54 (52%) and earn more than \$3,333 per month (\$40,000 per year), representing 47% of incoming workers. The “All Other Services” sector brings in most of the employees (57%).

EMPLOYMENT TRENDS

- A higher proportion of outflow workers (64%) earn monthly wages above \$3,333, when compared to workers who commute into Lakeville for work (47%).

	Outflow		Inflow		Interior Flow	
City Total	31,373	100.0%	13,440	100.0%	4,694	100.0%
By Age						
Workers Aged 29 or younger	6,374	20.3%	3,609	26.9%	1,321	28.1%
Workers Aged 30 to 54	18,284	58.3%	6,979	51.9%	2,292	48.8%
Workers Aged 55 or older	6,715	21.4%	2,852	21.2%	1,081	23.0%
By Monthly Wage						
Workers Earning \$1,250 per month or less	5,896	18.8%	3,435	25.6%	1,701	36.2%
Workers Earning \$1,251 to \$3,333 per month	5,532	17.6%	3,623	27.0%	1,224	26.1%
Workers Earning More than \$3,333 per month	19,945	63.6%	6,382	47.5%	1,769	37.7%
By Industry						
"Goods Producing"	3,985	12.7%	2,653	19.7%	554	11.8%
"Trade, Transportation, and Utilities"	5,885	18.8%	3,056	22.7%	839	17.9%
"All Other Services"	21,503	68.5%	7,731	57.5%	3,301	70.3%

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting, LLC.

City of Lakeville Inflow / Outflow



Commuting Patterns

Table E-5 highlights the commuting patterns, including distance and destination, of workers in the City of Lakeville based on data from the U.S. Census Bureau Local Employment Dynamics data. Home Destination summarizes where workers live who are employed in the City, while Work Destination represents where workers are employed who live in the City.

- As the table illustrates, about 87% of the City of Lakeville residents commuted to jobs outside the City, 12% commuted to jobs in Minneapolis (4,479 employees), 7.7% commuted to jobs in Burnsville (2,767 employees), and 7.6% commuted to jobs in Bloomington (2,750 employees).
- Of the people who work in Lakeville, 26% live in Lakeville. The remaining 74% of the workers are commuting from mostly Farmington (7.5%), Apple Valley (6.9%), and Burnsville (6%).
- An estimated 58% of the workers in Lakeville reside within ten miles of their place of employment while 27% travel from 10 to 24 miles. Roughly 9% of the workers commute from 25 to 50 miles and another 5% come from more than 50 miles away.

EMPLOYMENT TRENDS

**TABLE E-5
COMMUTING PATTERNS
CITY OF LAKEVILLE
2019**

Work Destination			Home Destination		
Place of Employment	Count	Share	Place of Residence	Count	Share
Lakeville, MN	4,694	13.0%	Lakeville, MN	4,694	25.9%
Minneapolis, MN	4,479	12.4%	Farmington, MN	1,355	7.5%
Burnsville, MN	2,767	7.7%	Apple Valley, MN	1,254	6.9%
Bloomington, MN	2,750	7.6%	Burnsville, MN	1,095	6.0%
Eagan, MN	2,418	6.7%	Eagan, MN	552	3.0%
St. Paul, MN	2,083	5.8%	Minneapolis, MN	508	2.8%
Apple Valley, MN	1,655	4.6%	Bloomington, MN	493	2.7%
Eden Prairie, MN	1,156	3.2%	Rosemount, MN	490	2.7%
Edina, MN	910	2.5%	Savage, MN	381	2.1%
Rosemount, MN	680	1.9%	St. Paul, MN	373	2.1%
All Other Locations	12,475	34.6%	All Other Locations	6,939	38.3%
Distance Traveled			Distance Traveled		
Total Primary Jobs	36,067	100.0%	Total Primary Jobs	18,134	100.0%
Less than 10 miles	12,787	35.5%	Less than 10 miles	10,528	58.1%
10 to 24 miles	19,470	54.0%	10 to 24 miles	4,984	27.5%
25 to 50 miles	2,262	6.3%	25 to 50 miles	1,619	8.9%
Greater than 50 miles	1,548	4.3%	Greater than 50 miles	1,003	5.5%
Work Destination: Where workers are employed, who live in the selection area.			Home Destination: Where workers live, who are employed in the selection area.		
Sources: U.S. Census Bureau Local Employment Dynamics, Maxfield Research & Consulting, LLC					

Existing Business Mix by NAICS

Table E-6 presents business data as compiled from ESRI and Data Axle, Inc. in 2022. The business inventory database is compiled from multiple sources; including directory resources from the yellow and white pages, annual reports, 10ks, SEC filings, government data, U.S. Postal Service, business trade directories, newspapers, etc. To ensure accurate information, phone telephone verifications are completed for each business in the database. The data is characterized based on the six-digit North American Industry Classification System (NAICS). The NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

- There are approximately 1,447 businesses with 21,175 employees in the City of Lakeville.

EMPLOYMENT TRENDS

- Retail Trade is the largest industry type in terms of businesses (198 businesses) and in terms of number of employees (3,573 employees). The Construction industry has the second most business (141 business) in Lakeville, while Manufacturing ranks second for number of employees (3,249 employees).

Business/Industry	Businesses		Employees	
	Number	Pct	Number	Pct
NAICS CODES				
Agriculture, Forestry, Fishing and Hunting	6	0.4%	18	0.1%
Mining	0	0.0%	0	0.0%
Utilities	1	0.1%	12	0.1%
Construction	141	9.7%	962	4.5%
Manufacturing	84	5.8%	3,249	15.3%
Wholesale Trade	60	4.1%	894	4.2%
Retail Trade	198	13.7%	3,573	16.9%
Transportation & Warehousing	26	1.8%	608	2.9%
Information	33	2.3%	451	2.1%
Finance & Insurance	99	6.8%	880	4.2%
Real Estate, Rental & Leasing	57	3.9%	777	3.7%
Professional, Scientific & Tech Services	132	9.1%	1,207	5.7%
Management of Companies & Enterprises	5	0.3%	10	0.0%
Administrative & Support & Waste Management & Remediation Services	49	3.4%	902	4.3%
Educational Services	54	3.7%	2,265	10.7%
Health Care & Social Assistance	117	8.1%	1,272	6.0%
Arts, Entertainment & Recreation	28	1.9%	435	2.1%
Accommodation & Food Services	91	6.3%	1,912	9.0%
Other Services (except Public Administration)	135	9.3%	1,123	5.3%
Public Administration	30	2.1%	578	2.7%
Unclassified Establishments	101	7.0%	47	0.2%
Total	1,447	100.0%	21,175	100.0%

Sources: ESRI; Maxfield Research & Consulting, LLC

Employer Survey Summary

Maxfield Research and Consulting, LLC surveyed a sample size of employer representatives from major employers in Lakeville regarding recent trends in job growth, employee turnover, and projected job growth. In addition, representatives were asked their opinion about issues related to housing in the area. Community economic development information provides useful job growth data and assists in identifying housing demand in an area. Though our sample size reflected larger employers, we encourage diving deeper into surveying local, smaller employers. The following summarizes key points derived from the surveys.

- Employers identified that a majority of employees lived and commuted from communities in the southern portion of the Twin Cities Metro Area, south of the Minnesota and Mississippi River.

- All employers felt the housing stock in the City of Lakeville was sufficient and that it did not impact their ability to attract or retain employees. Some employers noted that the need for additional housing is minimal, specifically high-density housing.
- Numerous surveyed employers mentioned the expectation to stabilize or increase employment over the next five years. Additionally, some employers did not believe their employees had a difficult time finding housing in the area.

Major Employers

Table E-7 shows major employers in the City of Lakeville. Data is sourced to the City of Lakeville and is current as of 2022, the most recent information available. It should be noted that this is not a comprehensive list of all employers in the city.

These major employers based in Lakeville employ nearly 6,449 people. The largest employer in Lakeville, Lakeville Area Schools employs roughly 1,268 people, which is roughly 20% of all major employers in the table.

Among major employers in the City of Lakeville, the manufacturing industry accounts for the highest share of employees, totaling 2,617 employees or 41% of major employers.

EMPLOYMENT TRENDS

**TABLE E-7
MAJOR EMPLOYERS
CITY OF LAKEVILLE
2022**

Name	Industry/Product/Service	Approximate Total Employee Size
Lakeville Area Schools ISD #194	Public school district office	1,268
Hy-Vee	Grocery store	800
Hearthside Food Solutions	Food Manufacturing	707
TreeHouse Private Brands	Food Manufacturing	452
Post Consumer Brands	Headquarters	415
BTD Manufacturing	Fabricated Metal	390
City of Lakeville	City Government	371
Menasha Corp.	Corrugated Packaging Materials	369
Buddy's Kitchen	Custom Frozen Food Manufacturer	300
NPL Construction	Construction (Utilities)	276
FedEx Freight	Trucking & Delivery	250
ImageTrend	Software Development	227
Fleet Farm	Retail	225
Uponor	Manufacturer	202
Hearth & Home Technologies	HQ & Fireplace Manufacturer	197
Major Employers Total		6,449

Source: City of Lakeville; Maxfield Research & Consulting, LLC

Employment Comparison to Peer Cities

Table E-8 provides an employment summary comparison for Lakeville and peer cities. With the guidance of Lakeville city staff, the following communities were identified as peer cities and are included in the analysis: Apple Valley, Blaine, Burnsville, Cottage Grove, Eagan, Maple Grove, Plymouth, and Woodbury. The peer cities were identified to be similar to Lakeville by their population or within a similar geography.

- The City of Lakeville had the fifth largest resident labor force (39,297) in 2022 compared to the selected peer cities. Additionally, the unemployment rate in Lakeville (1.8%) in 2022 was comparable to many peer cities.
- Compared to the peer cities, Lakeville had the fourth lowest average weekly wage (\$1,055) of the identified peer cities. Apple Valley had the lowest average weekly wage (\$949).
- Peer city percentage of employee inflow varies from 24% in Cottage Grove to 55% in Eagan. Lakeville's proportion of employee inflow is 27% and ranks second lowest among the cities identified in the table. Additionally, Lakeville had the highest employee interior flow (9.5%) among peer cities.

EMPLOYMENT TRENDS

TABLE E-8
EMPLOYMENT PEER CITIES COMPARISON
CITY OF LAKEVILLE & PEER CITIES

	Lakeville		Apple Valley		Blaine		Burnsville		Cottage Grove		Eagan		Maple Grove		Plymouth		Woodbury	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
Employment Summary																		
Resident Employment (2022)																		
Employed	38,597		30,996		37,175		35,292		20,828		38,792		41,706		44,258		41,127	
Labor Force	39,297		31,540		37,945		36,032		21,229		39,497		42,412		45,078		41,806	
Unemployment Rate	1.8%		1.7%		2.0%		2.1%		1.9%		1.8%		1.7%		1.8%		1.6%	
Covered Employment (Q2 2022)																		
Establishments	1,457		1,109		1,753		2,131		583		2,397		2,003		2,874		1,785	
Employment	20,669		15,533		25,354		33,669		9,940		51,198		38,674		55,195		26,506	
Avg. Weekly Wage Annual	\$1,055 \$54,860		\$949 \$49,348		\$1,003 \$52,156		\$1,186 \$61,672		\$1,069 \$55,588		\$1,482 \$77,064		\$1,287 \$66,924		\$1,658 \$86,216		\$970 \$50,440	
Commuting Patterns (2019)																		
Inflow	13,440 27.1%		11,996 30.0%		24,610 40.0%		31,343 48.5%		6,668 24.4%		48,091 55.5%		33,016 47.0%		50,701 54.7%		20,941 34.7%	
Outflow	31,373 63.4%		25,218 63.1%		33,029 53.7%		28,606 44.3%		18,140 66.5%		32,394 37.4%		32,170 45.8%		36,476 39.4%		34,418 57.0%	
Interior Flow	4,694 9.5%		2,747 6.9%		3,858 6.3%		4,661 7.2%		2,465 9.0%		6,216 7.2%		5,049 7.2%		5,476 5.9%		4,993 8.3%	

Source: MN Employment & Economic Development (DEED); U.S. Census Bureau; Maxfield Research and Consulting LLC

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Lakeville by reviewing data on the age of the existing housing supply, examining residential building trends, and reviewing housing data from the American Community Survey that relates to the City of Lakeville.

Residential Building Permit Trends

Maxfield Research obtained data from the City of Lakeville on the number of building permits issued for new housing units in Lakeville from 2010 through November 2022. Table HC-1 displays permits issued for single-family, detached townhomes, attached townhomes, and multifamily dwellings. Multifamily units usually include both for-sale (condominium, townhomes, and townhomes) and rental projects. The following are key points about housing development since 2010.

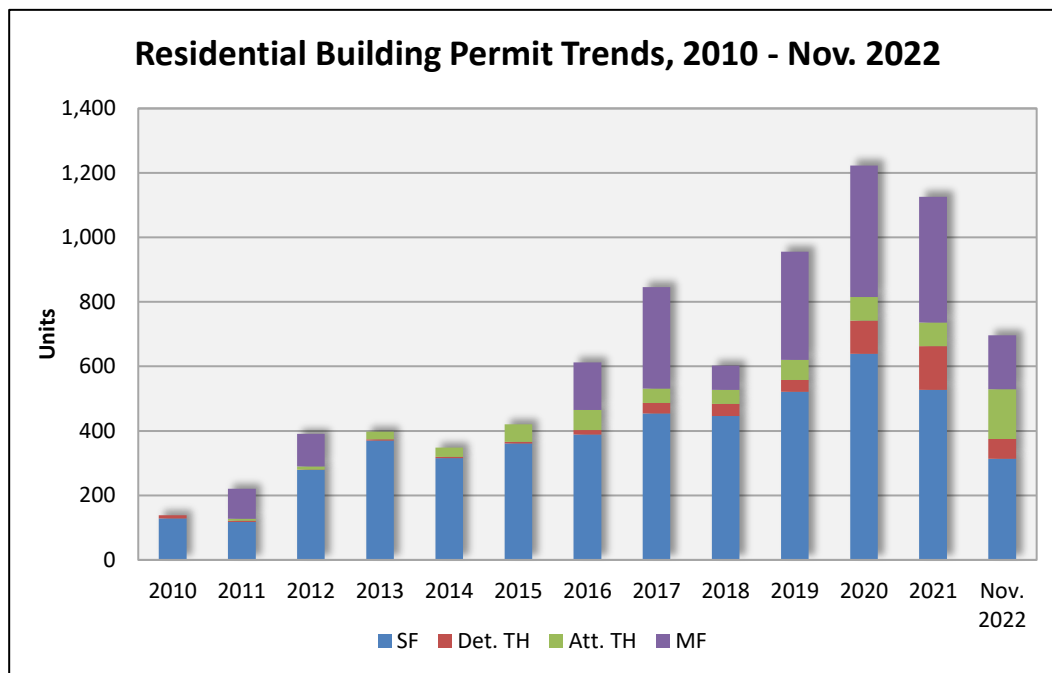
- The City of Lakeville issued permits for the construction of 7,976 new residential units from 2010 to November 2022. That equates to an average of 614 units annually since 2010.
- Between 2010 and 2015, the City of Lakeville issued residential permits for an average of 319 units. Residential permit activity nearly tripled between 2016 and 2021, as permits were issued for an average of 894 units.
- Single-family units account for 61% of all units permitted between 2010 and November 2022. Additionally, the City of Lakeville has permitted an average of 374 single-family units per year since 2010.
- Multifamily building permit has been limited between 2010 and 2015. Many years did not experience any multifamily construction. In 2016, 147 units were permitted and in 2020, a recent high of 408 units were permitted.

HOUSING CHARACTERISTICS

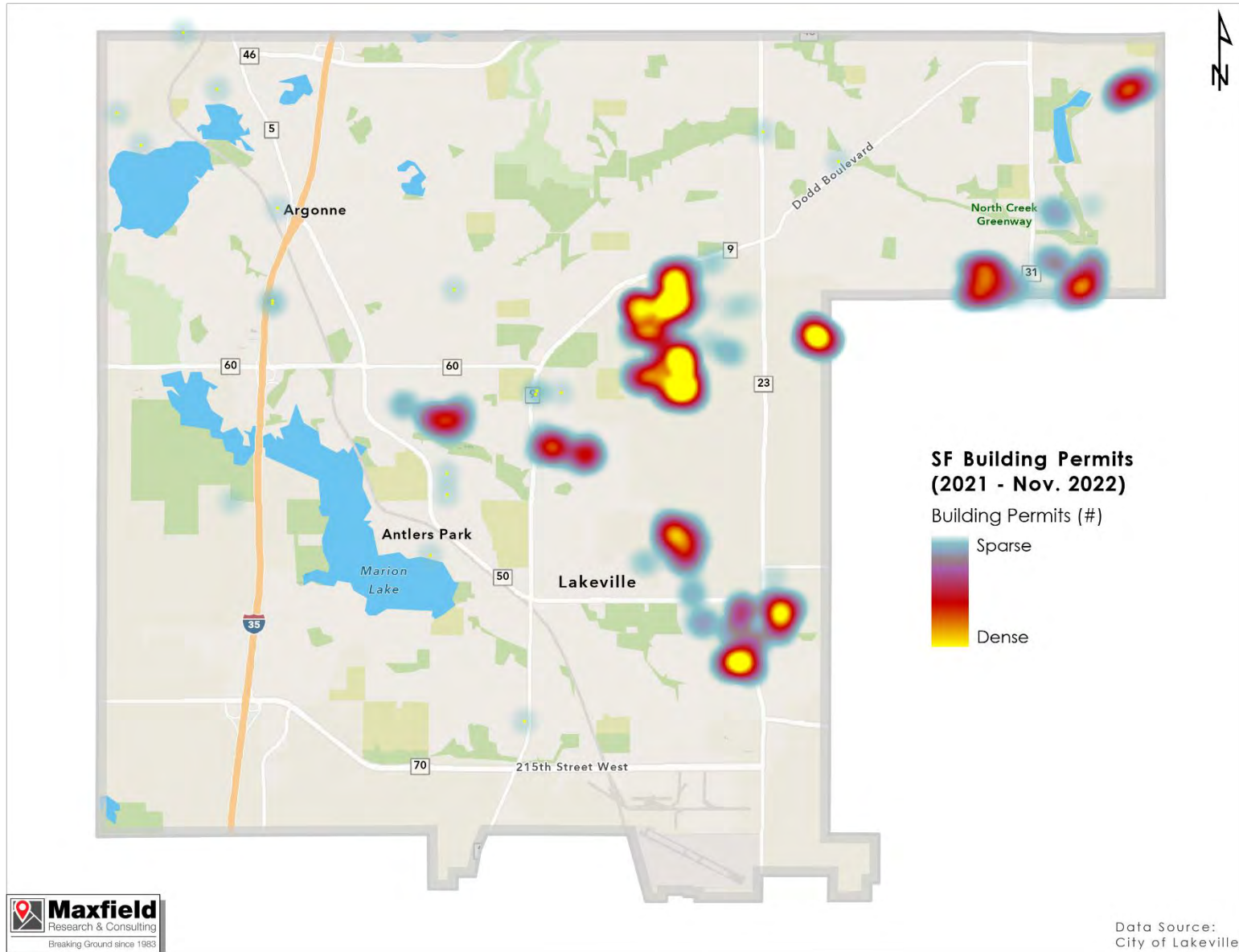
HC-1 RESIDENTIAL BUILDING PERMIT TRENDS CITY OF LAKEVILLE 2010 through November 2022					
Year	Units Permitted				Total Residential Units
	Single-Family	Det. TH	Att. TH	Multifamily	
2010	129	9	0	0	138
2011	118	4	6	93	221
2012	279	1	10	101	391
2013	370	4	24	0	398
2014	316	3	29	0	348
2015	361	5	54	0	420
2016	389	14	62	147	612
2017	454	33	44	315	846
2018	446	38	43	75	602
2019	521	37	62	335	955
2020	639	103	73	408	1,223
2021	527	136	73	390	1,126
2022*	314	61	154	167	696
Total	4,863	448	634	2,031	7,976

*Data provided through November 2022

Sources: City of Lakeville; Maxfield Research and Consulting LLC

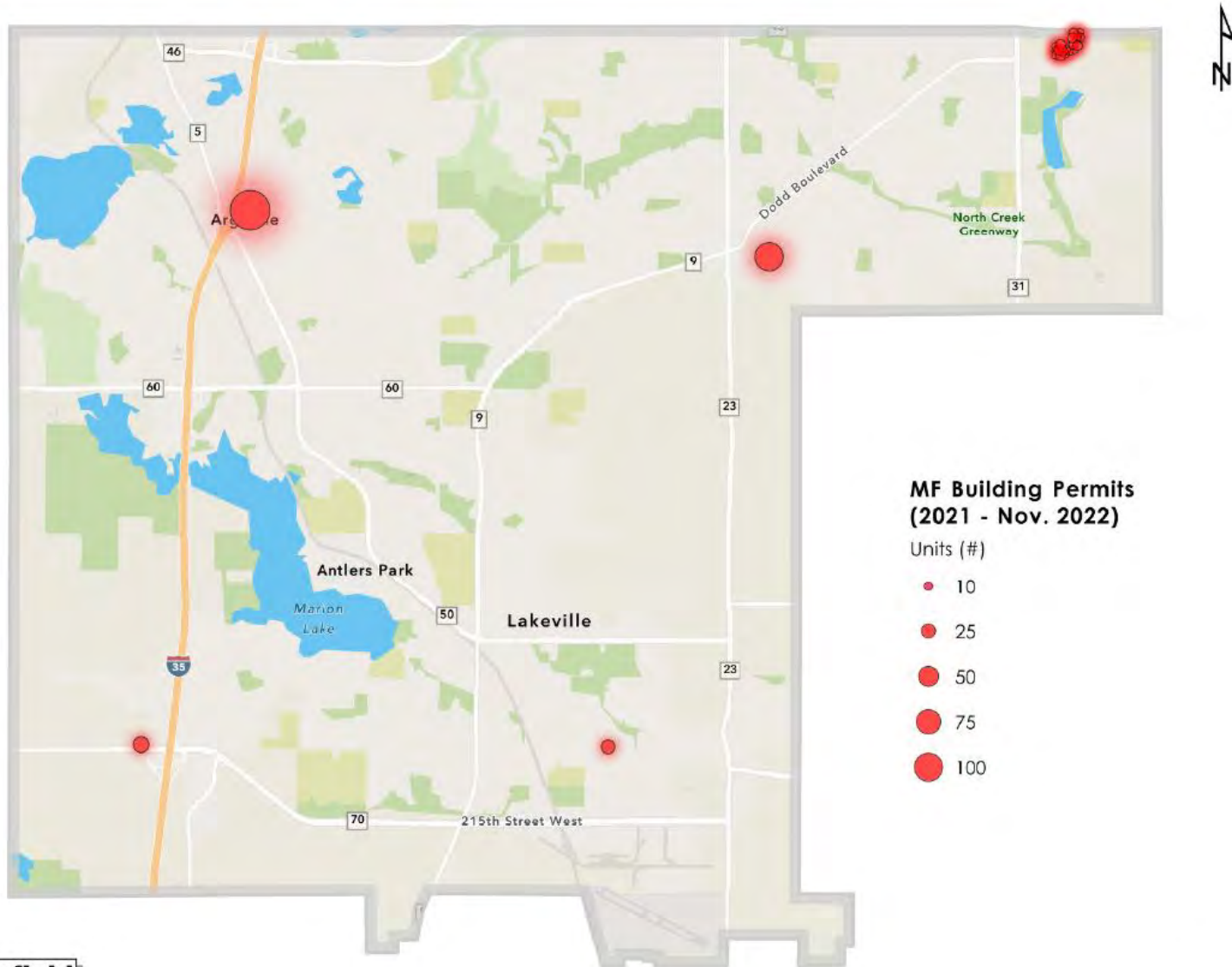


Lakeville Single-Family Building Permits (2021 – Nov. 2022)



Data Source:
City of Lakeville

Lakeville Multifamily Building Permits (2021 – Nov. 2022)



Data Source:
City of Lakeville

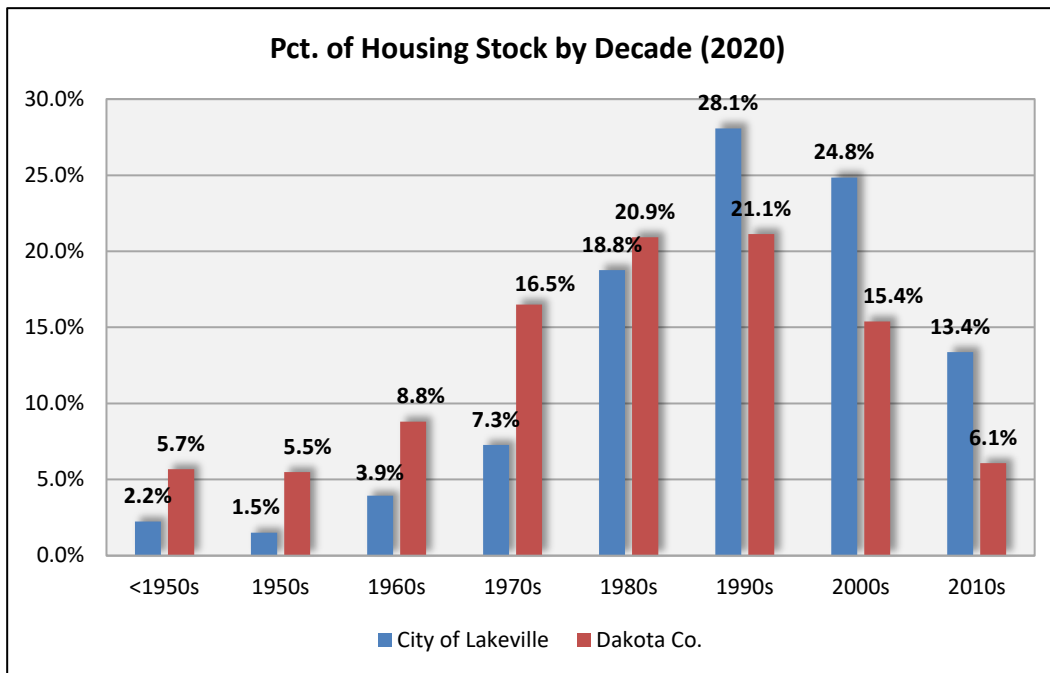
American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2016 and 2020. Tables HC-2 to HC-7 show key data for the City of Lakeville.

Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2020 based on data from the U.S. Census Bureau American Community Survey (5-Year). Table HC-2 includes the number of housing units built in Lakeville, prior to 1950 and during each decade since.

- In total, the City of Lakeville is estimated to have 22,820 housing units, of which roughly 87% are owner-occupied and 13% are renter-occupied.



HOUSING CHARACTERISTICS

**TABLE HC-2
AGE OF HOUSING STOCK
CITY OF LAKEVILLE
2020**

	Total Units	Med. Yr. Built	Year Unit Built															
			<1950		1950s		1960s		1970s		1980s		1990s		2000s		2010s	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
CITY OF LAKEVILLE																		
Owner-Occupied	19,904	1996	380	1.9	311	1.6	880	4.4	1,544	7.8	3,519	17.7	5,806	29.2	4,876	24.5	2,588	13.0
Renter-Occupied	2,916	1997	131	4.5	31	1.1	18	0.6	114	3.9	762	26.1	601	20.6	794	27.2	465	15.9
Total	22,820	1996	511	2.2	342	1.5	898	3.9	1,658	7.3	4,281	18.8	6,407	28.1	5,670	24.8	3,053	13.4
DAKOTA COUNTY																		
Owner-Occupied	122,750	1987	7,017	5.7	7,000	5.7	11,394	9.3	18,468	15.0	25,362	20.7	27,334	22.3	19,470	15.9	6,705	5.5
Renter-Occupied	40,713	1985	2,274	5.6	1,960	4.8	2,980	7.3	8,516	20.9	8,857	21.8	7,219	17.7	5,689	14.0	3,218	7.9
Total	163,463	1986	9,291	5.7	8,960	5.5	14,374	8.8	26,984	16.5	34,219	20.9	34,553	21.1	25,159	15.4	9,923	6.1
METRO AREA																		
Owner-Occupied	825,889	1976	150,710	18.2	96,513	11.7	76,271	9.2	105,684	12.8	122,817	14.9	125,963	15.3	107,479	13.0	40,452	4.9
Renter-Occupied	374,867	1976	66,204	17.7	28,147	7.5	47,609	12.7	69,220	18.5	55,121	14.7	41,174	11.0	36,182	9.7	31,210	8.3
Total	1,200,756	1977	216,914	18.1	124,660	10.4	123,880	10.3	174,904	14.6	177,938	14.8	167,137	13.9	143,661	12.0	71,662	6.0
Note: Total units not equal to total households because data based on sample instead of 100% count.																		
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC																		

HOUSING CHARACTERISTICS

- Homes in Lakeville are newer than homes in Dakota County, as the median year built in Lakeville is 1996 (1996 – owner-occ. | 1997 – renter-occ.), while the median year built in Dakota County is 1986 (1987 – owner-occ. | 1985 – renter-occ.). Although the highest numbers of homes in Lakeville and Dakota County were constructed in the 1990s, the second highest proportion of Lakeville homes were built in the 2000s (25%), while the second highest proportion of Dakota County homes were built in the 1980s (21%). Across the Metro Area, the highest proportion of homes were built prior to 1950.
- Approximately 13% of Lakeville’s housing stock has been built since 2010 compared to 6% of Dakota County and in Minnesota.

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

Table HC-3 shows the housing stock in the City of Lakeville by type of structure and tenure as of 2020.

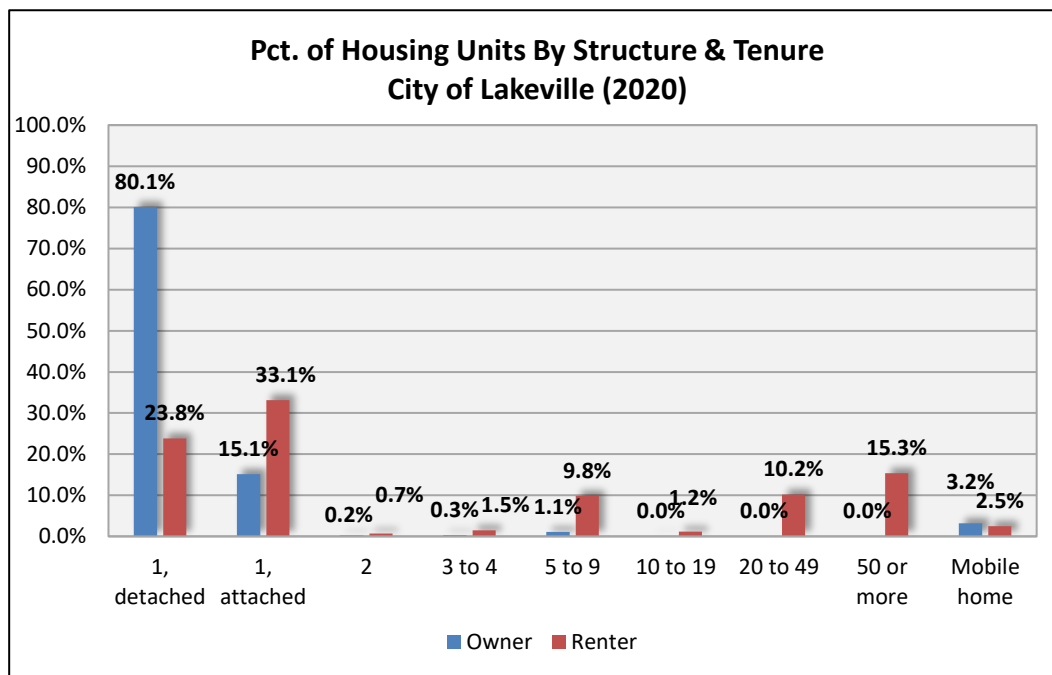
- The dominant housing type in the City of Lakeville is the single-family detached home, representing an estimated 73% of all housing units in 2020 (80% of all owner-occupied housing units and 24% of renter-occupied housing units).
- Approximately 77% of all housing units with two or more units are renter-occupied. Additionally, all housing units in Lakeville with 20 or more units are renter-occupied.
- As of 2020, the Census Bureau identified that mobile homes account for about 3% of all housing units in the City of Lakeville. Of the 3,342 mobile homes found in Dakota County, 21% are located in the City of Lakeville.

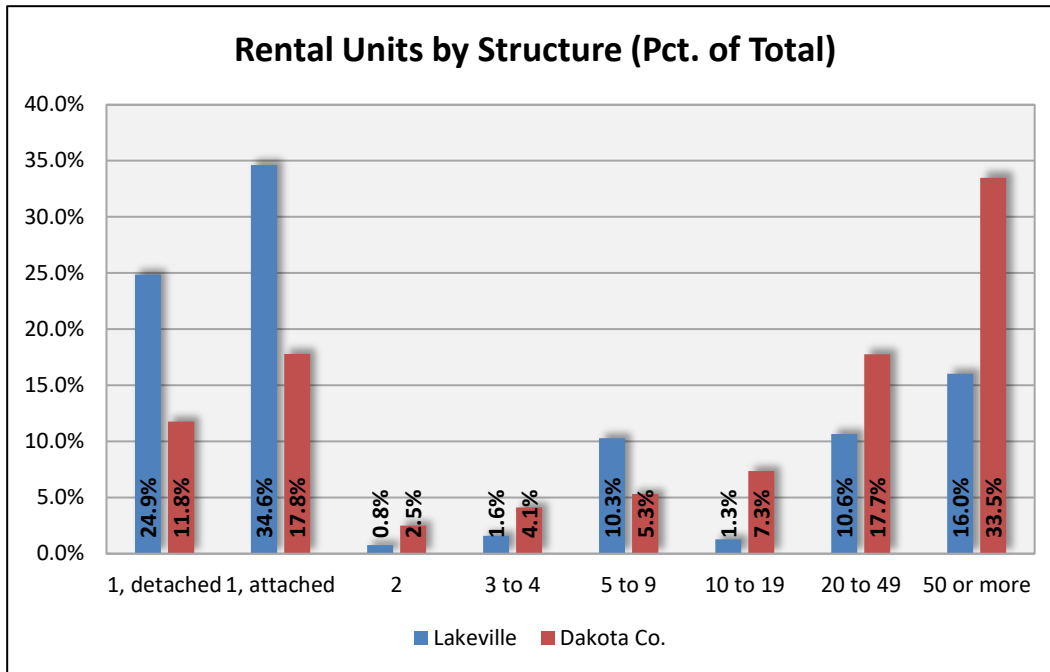
HOUSING CHARACTERISTICS

**TABLE HC-3
HOUSING UNITS BY STRUCTURE & TENURE
CITY OF LAKEVILLE
2020**

Units in Structure	CITY OF LAKEVILLE				DAKOTA COUNTY				METRO AREA			
	Owner-Occupied		Renter-Occupied		Owner-Occupied		Renter-Occupied		Owner-Occupied		Renter-Occupied	
	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.	Occupied	Pct.
1, detached	15,934	80.1%	694	23.8%	92,069	75.0%	4,687	12%	662,385	80.2%	47,308	12.6%
1, attached	3,005	15.1%	966	33.1%	22,231	18.1%	7,090	17%	98,665	11.9%	37,254	9.9%
2	49	0.2%	21	0.7%	301	0.2%	989	2%	7,724	0.9%	20,622	5.5%
3 to 4	61	0.3%	44	1.5%	1,064	0.9%	1,640	4%	5,826	0.7%	17,676	4.7%
5 to 9	216	1.1%	287	9.8%	1,038	0.8%	2,109	5%	6,406	0.8%	21,296	5.7%
10 to 19	4	0.0%	35	1.2%	336	0.3%	2,927	7%	3,724	0.5%	43,542	11.6%
20 to 49	0	0.0%	297	10.2%	811	0.7%	7,072	17%	8,384	1.0%	64,415	17.2%
50 or more	0	0.0%	447	15.3%	2,365	1.9%	13,340	33%	20,001	2.4%	120,258	32.1%
Mobile home	635	3.2%	73	2.5%	2,535	2.1%	807	2%	12,641	1.5%	2,263	0.6%
Boat, RV, van, etc.	0	0.0%	52	1.8%	0	0.0%	52	0%	133	0.0%	233	0.1%
Total	19,904	100%	2,916	100%	122,750	100%	40,713	100%	825,889	100%	374,867	100%

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





Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status and average values from the American Community Survey for 2020 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it’s the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 77% of Lakeville homeowners have a mortgage/debt, while 23% own houses without a mortgage. These figures are slightly higher as compared to Dakota County where approximately 72% of homeowners have a mortgage.
- The median value for homes with a mortgage for the City of Lakeville homeowners is approximately \$331,900, while the median value for homes without a mortgage is \$303,000, a difference of 9.1%. By comparison, the median value for homes with a mortgage in Dakota County is about \$284,700.
- Among homeowners with a mortgage, roughly 2% have a second mortgage, 10% have a home equity loan, and only 0.4% have both a second mortgage and home equity loan.

HOUSING CHARACTERISTICS

TABLE HC-4 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS CITY OF LAKEVILLE 2020							
Mortgage Status	CITY OF LAKEVILLE		DAKOTA COUNTY		METRO AREA		MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Housing units without a mortgage	4,600	23.1%	34,080	27.8%	241,486	29.2%	31.2%
Housing units with a mortgage/debt	15,304	76.9%	88,670	72.2%	584,403	70.8%	68.8%
<i>Second mortgage only</i>	460	2.3%	3,159	2.6%	22,719	2.8%	4.3%
<i>Home equity loan only</i>	2,016	10.1%	11,048	9.0%	71,303	8.6%	11.4%
<i>Both second mortgage and equity loan</i>	84	0.4%	440	0.4%	2,527	0.3%	0.6%
<i>No second mortgage or equity loan</i>	12,655	63.6%	73,514	59.9%	484,665	58.7%	52.5%
Total	19,904	100.0%	122,750	100.0%	825,889	100.0%	100.0%
Average Value by Mortgage Status							
Housing units with a mortgage	\$331,900		\$284,700		\$285,429		\$245,100
Housing units without a mortgage	\$303,000		\$268,400		\$266,070		\$215,300
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC							

Owner-Occupied Housing Units by Value

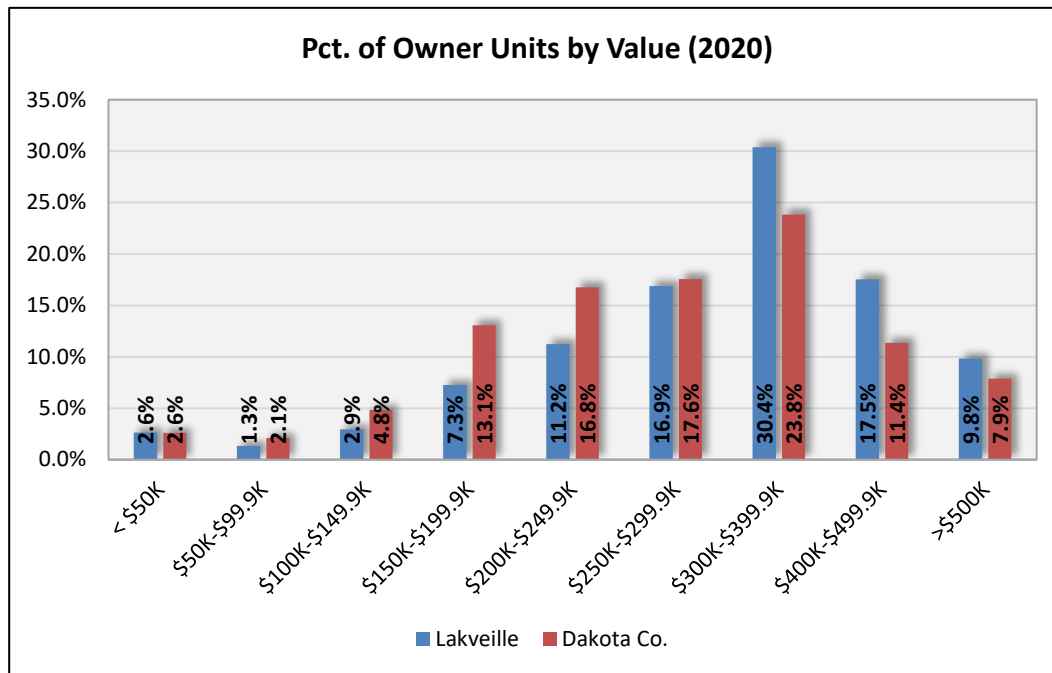
Table HC-5 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The majority of the owner-occupied housing stock in the City of Lakeville is estimated to be valued between \$300,000 and \$399,999 (30%). Approximately 14% is valued under \$200,000, 28% is between \$200,000 and \$299,999, and 58% is over \$300,000.
- The median value among homes in Lakeville is roughly 15% higher than homes in Dakota County and nearly 32% higher than homes in Minnesota.
- By comparison, Dakota County has a median home value of \$280,300, compared to \$325,400 in Lakeville. About 57% of Dakota County homes have a home value of \$299,999 or less, and 43% are worth \$300,000 or more.

HOUSING CHARACTERISTICS

TABLE HC-5 OWNER-OCCUPIED UNITS BY VALUE CITY OF LAKEVILLE 2020							
Home Value	CITY OF LAKEVILLE		DAKOTA COUNTY		METRO AREA		MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Less than \$50,000	522	2.6%	3,208	2.6%	20,110	2.4%	5.2%
\$50,000-\$99,999	264	1.3%	2,582	2.1%	16,556	2.0%	8.5%
\$100,000-\$149,999	583	2.9%	5,922	4.8%	46,729	5.7%	13.8%
\$150,000-\$199,999	1,447	7.3%	16,019	13.1%	114,398	13.9%	18.9%
\$200,000-\$249,999	2,237	11.2%	20,569	16.8%	144,451	17.5%	15.4%
\$250,000-\$299,999	3,361	16.9%	21,567	17.6%	127,593	15.4%	11.6%
\$300,000-\$399,999	6,046	30.4%	29,269	23.8%	168,199	20.4%	13.3%
\$400,000-\$499,999	3,487	17.5%	13,943	11.4%	85,767	10.4%	6.1%
Greater than \$500,000	1,957	9.8%	9,671	7.9%	102,086	12.4%	7.2%
Total	19,904	100.0%	122,750	100.0%	825,889	100.0%	100.0%
Median Home Value	\$325,400		\$280,300		\$279,881		\$235,700

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



Renter-Occupied Units by Contract Rent

Table HC-6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Lakeville and Dakota County was \$1,373 and \$973, respectively. Lakeville’s higher rents are driven by a newer rental housing stock compared to many Dakota County counties. Based on a 30% allocation of income to housing, a household in Lakeville would need an income of about \$54,920 to afford an average monthly rent of \$1,373, while a household would need \$38,920 to afford an average rent in Dakota County.
- Only 24% of Lakeville renters have monthly rents below \$1,000. By comparison, 37% of Dakota County renters and 43% of Metro Area renters pay rents under \$1,000.
- Within Dakota County, most renters (60%) are paying a contract rent of \$1,000 or more.

TABLE HC-6 RENTER-OCCUPIED UNITS BY CONTRACT RENT CITY OF LAKEVILLE 2020							
Contract Rent	CITY OF LAKEVILLE		DAKOTA COUNTY		METRO AREA		MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
No Cash Rent	129	4.4%	1,033	2.5%	8,730	2.3%	4.1%
Cash Rent	2,787	95.6%	39680	97.5%	366137	97.7%	95.9%
\$0 to \$249	59	2.0%	677	1.7%	14,957	4.0%	5.1%
\$250-\$499	124	4.3%	2,328	5.7%	20,996	5.6%	10.4%
\$500-\$749	290	9.9%	3,356	8.2%	31,831	8.5%	16.8%
\$750-\$999	233	8.0%	8,795	21.6%	94,171	25.1%	23.4%
\$1,000+	2,081	71.4%	24,524	60.2%	204,182	54.5%	40.2%
Total	2,916	100.0%	40,713	100.0%	374,867	100.0%	100.0%
Median Contract Rent	\$1,373		\$973		\$937		\$816

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

Housing Units by Occupancy Status & Tenure

Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-7 shows historic trends from 2010 and 2020.

- Although the proportion of owner-occupied housing units remained nearly the same over the decade, the number of owner-occupied units increased by 3,521 between 2010 to 2020. The marginal increase in proportion of owner-occupied units in part is due to a decrease in vacant units.
- Dakota County had significantly higher percentage of renter-occupied units compared to the City of Lakeville (24% compared to 13% in 2020). However, there are fewer vacant units in Lakeville than in Dakota County (1.5% compared to 2.8%).
- About 1.5% of the City of Lakeville’s housing stock was vacant in 2020. It is important to note, however, that the Census’s definition of vacant housing units includes: units that have been rented or sold, but not yet occupied, seasonal housing (vacation or second homes), housing for migrant workers, and even boarded-up housing. Thus, the U.S. Census vacancy figures are not always a true indicator of adequate housing available for new households wishing to move into the area.

TABLE HC-7 HOUSING UNITS BY OCCUPANCY STATUS & TENURE CITY OF LAKEVILLE 2010 TO 2020						
Year/Occupancy	CITY OF LAKEVILLE		DAKOTA COUNTY		METRO AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
2010						
Owner-Occupied	16,383	84.2	116,308	72.9	782,475	65.9
Renter-Occupied	2,300	11.8	35,752	22.4	335,274	28.2
Vacant	773	4.0	7,538	4.7	69,237	5.8
Total	19,456	100.0	159,598	100.0	1,186,986	100.0
2020						
Owner-Occupied	19,904	85.9	122,750	73.0	825,889	65.9
Renter-Occupied	2,916	12.6	40,713	24.2	374,867	29.9
Vacant	348	1.5	4,789	2.8	51,747	4.1
Total	23,168	100.0	168,252	100.0	1,252,503	100.0
Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC						

Housing Characteristics Comparison to Peer Cities

Table HC-8 provides a housing characteristics summary comparison for Lakeville and peer cities. With the guidance of Lakeville city staff, the following communities were identified as peer cities and are included in the analysis: Apple Valley, Blaine, Burnsville, Cottage Grove, Eagan, Maple Grove, Plymouth, and Woodbury. The peer cities were identified to be similar to Lakeville by their population or within a similar geography.

- Compared to the peer cities, Lakeville's age of owner-occupied housing stock (1996) is tied with Woodbury for the newest owner-occupied housing units. The age of renter-occupied homes (1997) ranks first among peer cities.
- The most prominent structure among housing units is one-unit, detached homes (75%) in Lakeville. This ranks it second among peer cities, with only Cottage Grove having a higher proportion of one-unit, detached homes (82%). Additionally, Lakeville had the lowest proportion of structures with 5 or more units (6%).
- The City of Lakeville had the third highest median home value (\$325,400) and median contract rent (\$1,373) in 2020 compared to the selected peer cities. Blaine had the lowest median home value (\$240,700), while Eagan had the lowest median contract rent (\$1,168).

HOUSING CHARACTERISTICS

**TABLE HC-8
HOUSING CHARACTERISTICS PEER CITIES COMPARISON
CITY OF LAKEVILLE & PEER CITIES**

	Lakeville		Apple Valley		Blaine		Burnsville		Cottage Grove		Eagan		Maple Grove		Plymouth		Woodbury	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
Housing Characteristics Summary																		
Median Year Built																		
Owner-Occ. (2020)	1996		1986		1992		1979		1986		1987		1990		1987		1996	
Renter-Occ. (2020)	1997		1995		1992		1983		1986		1987		1996		1987		1994	
Housing Units by Structure (2020)																		
1, detached	16,821	75.1%	11,361	54.7%	16,093	73.1%	11,621	48.1%	10,264	81.7%	14,201	51.8%	17,562	61.4%	18,512	56.4%	15,873	60.0%
1, attached	4,063	18.1%	5,614	27.0%	4,102	18.6%	4,420	18.3%	1,425	11.3%	5,688	20.7%	7,521	26.3%	5,887	17.9%	7,046	26.6%
2 - 4	175	0.8%	332	1.6%	256	1.2%	696	2.9%	77	0.6%	630	2.3%	442	1.5%	550	1.7%	573	2.2%
5+	1,349	6.0%	3,458	16.7%	1,563	7.1%	7,445	30.8%	801	6.4%	6,914	25.2%	3,079	10.8%	7,875	24.0%	2,970	11.2%
Median Home Value (2020)	\$325,400		\$270,600		\$240,700		\$263,700		\$261,500		\$298,700		\$299,700		\$368,600		\$336,600	
Median Contract Rent (2020)	\$1,373		\$1,300		\$1,293		\$1,179		\$1,328		\$1,168		\$1,462		\$1,328		\$1,400	

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

Introduction

For purposes of our analysis, rental properties are classified rental projects into two groups, general occupancy and senior (age-restricted). All senior properties are included in the *Senior Housing Analysis* section of this report. The general occupancy rental properties are divided into three groups: market rate (those without income restrictions); affordable or shallow-subsidy housing (those receiving tax credits or another type of shallow-subsidy and where there is a quoted rent for the unit and a maximum income that cannot be exceeded by the tenant); and subsidized or deep-subsidy properties (those with income restrictions at 30% or less of AMI where rental rates are based on 30% of their gross adjusted income).

Overview of Rental Market Conditions

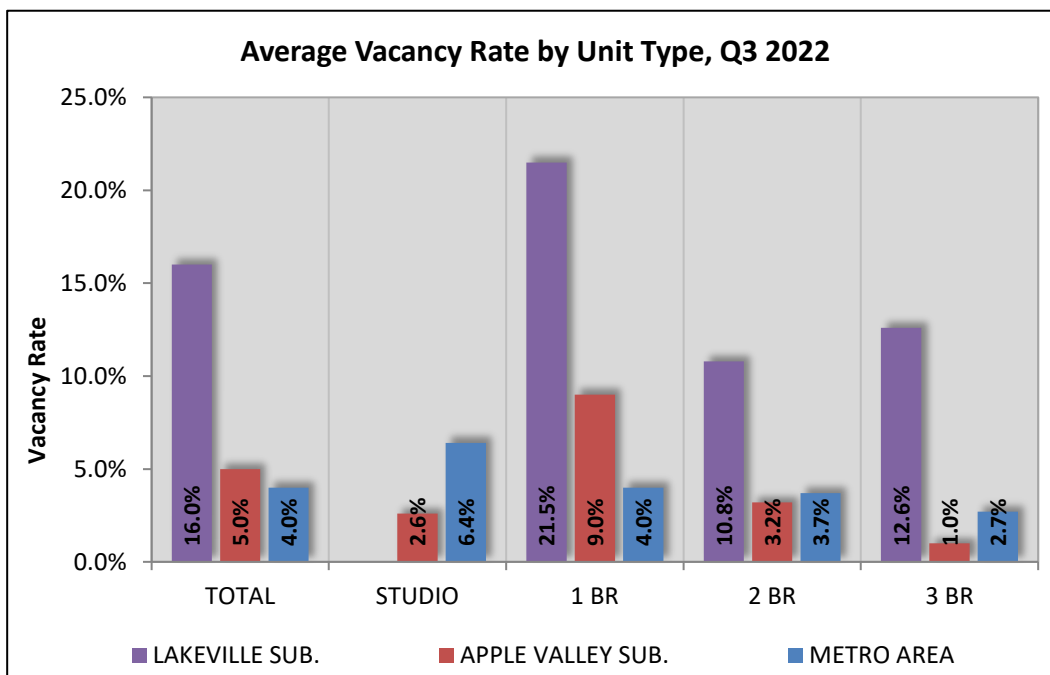
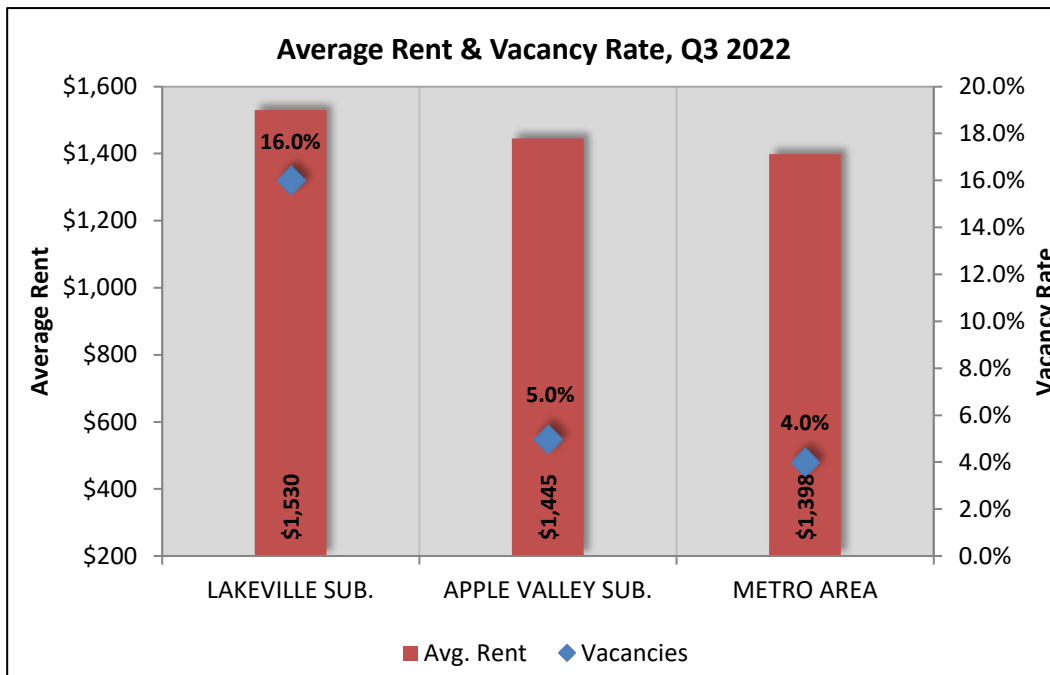
Tables R-1 display average monthly rent and vacancy rate data from Marquette Advisors *Apartment Trends* report for the Twin Cities Metro Area along with the Lakeville / Farmington submarket and Apple Valley / Rosemount submarket. The data is shown for the 3rd Quarter 2021 and 2022, the most recent data available at the time of the study (3rdQ 2022).

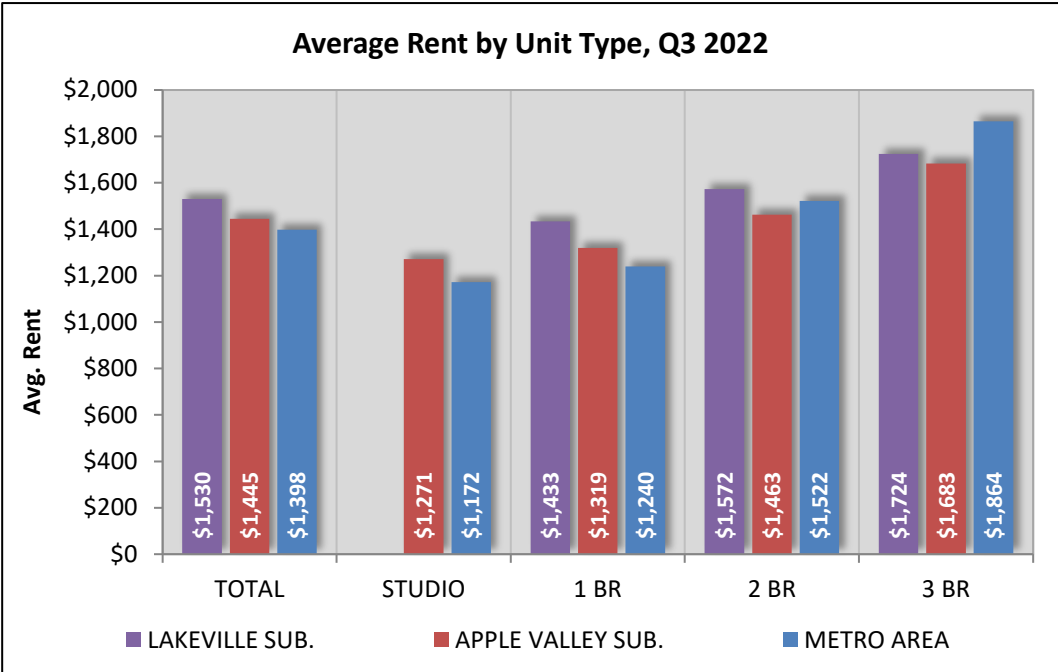
- The equilibrium vacancy rate for rental housing is considered to be 5.0%. This allows for normal turnover and an adequate supply of alternatives for prospective renters. During the third quarter of 2021, the vacancy rate was 5.1% in the Lakeville / Farmington submarket and increased drastically to 16% by the second quarter of 2022. It should be noted that the Lakeville / Farmington submarket has experienced a substantial number of new deliveries, which in part, accounts for the increased number of vacant units and elevated vacancy rate.
- During the third quarter of 2022, the vacancy rate in the surrounding Apple Valley / Rosemount submarket was 5% and 4.0% in the Twin Cities Metro Area overall. Vacancies were the lowest among one-bedroom plus den units (2.3%), three-bedroom units (2.7%), and two-bedroom units (3.7%) in the Twin Cities Metro Area.
- The average rent in the Lakeville / Farmington submarket was \$1,530 through the third quarter of 2022, while the average rent in the Apple Valley / Rosemount submarket was \$1,445 and \$1,398 in the Twin Cities Metro Area. The average rent in the Lakeville / Farmington submarket decreased 1.4% between the third quarter 2021 and the third quarter 2022.
- Average rents in the Lakeville / Farmington submarket are about 6% higher than in the Apple Valley / Rosemount submarket and about 9% higher than across the Twin Cities Metro Area in the third quarter of 2022. These higher rents are in part due to a newer housing stock.

RENTAL MARKET ANALYSIS

TABLE R-1 AVERAGE RENTS/VACANCIES TRENDS THIRD QUARTER 2021 & 2022								
		Total	Studio	1 BR	1 BR + D	2 BR	2 BR + D	3 BR
LAKEVILLE / FARMINGTON SUBMARKET								
Q3/2022	Units	1,179	--	572	29	407	18	151
	No. Vacant	189	--	123	3	44	0	19
	Avg. Rent	\$1,530	--	\$1,433	\$1,548	\$1,572	\$1,977	\$1,724
	Vacancy	16.0%	--	21.5%	10.3%	10.8%	0.0%	12.6%
Q3/2021	Units	935	--	326	29	415	18	145
	No. Vacant	48	--	25	1	15	0	7
	Avg. Rent	\$1,552	--	\$1,446	\$1,557	\$1,625	\$1,977	\$1,527
	Vacancy	5.1%	--	7.7%	3.4%	3.6%	0.0%	4.8%
APPLE VALLEY / ROSEMOUNT SUBMARKET								
Q3/2022	Units	2,520	152	931	35	942	58	381
	No. Vacant	127	4	84	1	30	0	4
	Avg. Rent	\$1,445	\$1,271	\$1,319	\$1,523	\$1,463	\$1,729	\$1,683
	Vacancy	5.0%	2.6%	9.0%	2.9%	3.2%	0.0%	1.0%
Q3/2021	Units	2,396	128	871	35	906	58	377
	No. Vacant	77	4	45	1	19	0	4
	Avg. Rent	\$1,393	\$1,292	\$1,328	\$1,463	\$1,372	\$1,660	\$1,540
	Vacancy	3.2%	3.1%	5.2%	2.9%	2.1%	0.0%	1.1%
TWIN CITIES METRO AREA								
Q3/2022	Units	171,856	12,694	76,518	3,670	68,049	1,807	8,734
	No. Vacant	6,794	813	3,056	85	2,493	87	239
	Avg. Rent	\$1,398	\$1,172	\$1,240	\$1,562	\$1,522	\$2,110	\$1,864
	Vacancy	4.0%	6.4%	4.0%	2.3%	3.7%	4.8%	2.7%
Q3/2021	Units	162,009	11,279	71,320	3,657	65,013	2,286	8,072
	No. Vacant	6,343	730	2,748	107	2,384	129	230
	Avg. Rent	\$1,320	\$1,107	\$1,173	\$1,528	\$1,449	\$2,042	\$1,733
	Vacancy	3.9%	6.5%	3.9%	2.9%	3.7%	5.6%	2.8%
Note: The Twin Cities Metro Area consists of the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.								
Sources: Marquette Advisors; Maxfield Research & Consulting, LLC								

RENTAL MARKET ANALYSIS





General-Occupancy Multifamily Rental Projects

Maxfield Research and Consulting LLC identified and surveyed larger multifamily rental properties of 12 or more units in Lakeville, Minnesota. Table R-2 summarizes information on market rate, affordable, and subsidized general occupancy projects. Table R-3 summarizes unit features and common area amenities among all general-occupancy housing developments.

Our research of Lakeville’s general occupancy rental market included a survey of 19 market rate and affordable apartment properties (12 units and larger) in December 2022. These projects represent a combined total of 1,947 units, including 1,660 market rate units and 287 affordable units.

Although we were able to contact and obtain up-to-date information on the majority of rental properties, there were a few projects that chose not to participate in this survey or were unable to reach and had to rely on information from third party sources.

At the time of our survey, 136 market rate units and 14 affordable units were vacant, resulting in an overall vacancy rate of 7.7%. The industry standard is a vacancy rate of 5% for a stabilized rental market, this rate promotes competitive rates, ensures adequate choice, and allows for unit turnover. The elevated number of vacancies are, in part, due to the substantial number of new deliveries.

RENTAL MARKET ANALYSIS

TABLE R-2 GENERAL OCCUPANCY RENTAL PROPERTIES CITY OF LAKEVILLE DECEMBER 2022							
Property Name/Location	Year Built	Units/ Vacant	Unit Mix	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
AFFORDABLE							
Lakeville Pointe 18010 Kenwood Trl Lakeville, MN	2017	49 0 0.0%	9 - 1BR 26 - 2BR 14 - 3BR	750 - 752 966 - 1,183 1,234 - 1,289	\$1,091 - \$1,101 \$1,328 - \$1,553 \$1,529 - \$1,541	\$1,096 \$1,441 \$1,535	\$1.45 - \$1.46 \$1.31 - \$1.37 \$1.20 - \$1.24
Amenities / Notes: BBQ grills, picnic area, community room, fitness center, surface and attached garage parking, dishwasher, patio/balcony, built-in microwave, and in-unit washer and dryer.							
Keystone Crossing THs 20688 Keystone Ave Lakeville, MN	2017	36 5 13.9%	23 - 2BR 13 - 3BR	980 - 1,144 1,234 - 1,422	\$870 - \$870 \$965 - \$965	\$870 \$965	\$0.76 - \$0.89 \$0.68 - \$0.78
Amenities / Notes: This development is part of the Dakota County Workforce Family Townhome Housing Program (household eligibility restrictions apply). Picnic area, surface and attached garage parking, central AC, in-unit washer and dryer, and patio.							
Meadowlark THs 20904 Holiday Ave Lakeville, MN	2010	40 4 10.0%	6 - 1BR 24 - 2BR 10 - 3BR	893 - 934 980 - 1,144 1,234 - 1,422	\$755 - \$755 \$870 - \$870 \$965 - \$965	\$755 \$870 \$965	\$0.81 - \$0.85 \$0.76 - \$0.89 \$0.68 - \$0.78
Amenities / Notes: This development is part of the Dakota County Workforce Family Townhome Housing Program (household eligibility restrictions apply). Basketball court, picnic area, playground, surface and attached garage parking, central AC, and in-unit washer and dryer.							
Prairie Crossing 20340 Icefall Trl Lakeville, MN	2004	40 1 2.5%	20 - 2BR 20 - 3BR	980 - 1,144 1,234 - 1,422	\$870 - \$870 \$965 - \$965	\$870 \$965	\$0.76 - \$0.89 \$0.68 - \$0.78
Amenities / Notes: This development is part of the Dakota County Workforce Family Townhome Housing Program (household eligibility restrictions apply). Playground, picnic area, surface and attached garage parking, and basketball court.							
Country Lane THs 7754 210th St W Lakeville, MN	2001	29 0 0.0%	1 - 1BR 14 - 2BR 14 - 3BR	893 - 934 980 - 1,144 1,234 - 1,422	\$755 - \$755 \$870 - \$870 \$965 - \$965	\$755 \$870 \$965	\$0.81 - \$0.85 \$0.76 - \$0.89 \$0.68 - \$0.78
Amenities / Notes: This development is part of the Dakota County Workforce Family Townhome Housing Program (household eligibility restrictions apply). Basketball court, picnic area, playground, surface and attached garage parking, central AC, in-unit washer and dryer, and patio.							
Cedar Valley THs 17326 Glacier Wy Lakeville, MN	1998	25 1 4.0%	1 - 1BR 14 - 2BR 10 - 3BR	893 - 934 980 - 1,144 1,234 - 1,422	\$755 - \$755 \$870 - \$870 \$965 - \$965	\$755 \$870 \$965	\$0.81 - \$0.85 \$0.76 - \$0.89 \$0.68 - \$0.78
Amenities / Notes: This development is part of the Dakota County Workforce Family Townhome Housing Program (household eligibility restrictions apply). Basketball court, picnic area, playground, surface and attached garage parking, central AC, in-unit washer and dryer, and patio.							
Lakeville Court Apts. & THs 20390 Dodd Blvd Lakeville, MN	1995	52 3 5.8%	20 - 2BR 32 - 3BR	880 - 880 1,226 - 1,386	\$1,140 - \$1,362 \$1,313 - \$1,503	\$1,251 \$1,408	\$1.30 - \$1.55 \$1.07 - \$1.08
Amenities / Notes: Renovated 2012. Surface and attached garage parking, wall A/C unit, playground, picnic area, in-unit washer and dryer in select units, common area laundry facilities, dishwasher, and walk-in closets. Water/sewer/heat/trash included in rent.							
Colonial Apts. 20596 Hollins Ave W Lakeville, MN	1970	16 0 0.0%	6 - 1BR 10 - 2BR	620 - 620 700 - 700	\$1,050 - \$1,050 \$1,110 - \$1,110	\$1,050 \$1,110	\$1.69 - \$1.69 \$1.59 - \$1.59
Amenities / Notes: Surface and detached garage parking, wall A/C unit, and common area laundry facilities. Water/heat/sewer/trash included in rent.							
Affordable Total Units / Vacant:		287 14 4.9%					

-- Table Continued --

RENTAL MARKET ANALYSIS

TABLE R-2 GENERAL OCCUPANCY RENTAL PROPERTIES CITY OF LAKEVILLE DECEMBER 2022							
Property Name/Location	Year Built	Units/ Vacant	Unit Mix	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
MARKET RATE - INITIAL LEASE-UP							
Arris Apts. 10805 173rd St W Lakeville, MN	2022	197	34 - Studio	515 - 575	\$1,250 - \$1,403	\$1,327	\$2.43 - \$2.44
	(Sept.)	92	99 - 1BR	703 - 794	\$1,450 - \$2,025	\$1,738	\$2.06 - \$2.55
		46.7%	11 - 1BR+D	875 - 875	\$1,853 - \$1,853	\$1,853	\$2.12 - \$2.12
			37 - 2BR	867 - 1,199	\$1,810 - \$2,350	\$2,080	\$1.96 - \$2.09
			16 - 3BR	1,321 - 1,333	\$2,250 - \$2,978	\$2,614	\$1.70 - \$2.23
Amenities / Notes: Game room, clubroom, BBQ grill, outdoor kitchen, outdoor pool, elec. car charger, dog park, sundeck, fitness center, work from home spaces, surface and underground garage parking, patio/balcony, dishwasher, and in-unit washer and dryer.							
MARKET RATE - STABILIZED							
Northlake Lofts 18400 Orchard Trl Lakeville, MN	2022	208	32 - Studio	515 - 706	\$1,196 - \$1,465	\$1,331	\$2.08 - \$2.32
	(Apr.)	5	109 - 1BR	686 - 753	\$1,430 - \$1,543	\$1,487	\$2.05 - \$2.08
		2.4%	7 - 1BR+D	809 - 1,234	\$1,600 - \$1,902	\$1,751	\$1.54 - \$1.98
			52 - 2BR	1,097 - 1,271	\$1,855 - \$2,160	\$2,008	\$1.69 - \$1.70
			8 - 3BR	1,528 - 1,580	\$2,405 - \$2,447	\$2,426	\$1.55 - \$1.57
Amenities / Notes: Fitness center, rooftop sky lounge, outdoor pool, club room, golf simulator, work-from-home spaces, coffee bar, pet spa, playground, in-unit washer and dryer, walk-in closets, patio/balconies, surface and underground garage parking, and dishwasher.							
Edison at Spirit 5181 161st St Lakeville, MN	2020	160	72 - 1BR	752 - 995	\$1,485 - \$2,100	\$1,793	\$1.97 - \$2.11
		0	2 - 1BR+D	1,010 - 1,010	\$1,725 - \$1,725	\$1,725	\$1.71 - \$1.71
		0.0%	44 - 2BR	1,100 - 1,133	\$1,852 - \$1,887	\$1,870	\$1.67 - \$1.68
			42 - 3BR	1,337 - 1,337	\$2,265 - \$2,265	\$2,265	\$1.69 - \$1.69
Amenities / Notes: Outdoor pool, fitness center, clubhouse, courtyard, bike storage, BBQ area, surface and garage parking, dog park, patio/balcony, in-unit washer and dryer, and dishwasher.							
Springs at Lakeville 17400 Glacier Way Lakeville, MN	2020	260	26 - Studio	662 - 662	\$1,198 - \$1,594	\$1,396	\$1.81 - \$2.41
		14	104 - 1BR	798 - 938	\$1,307 - \$1,746	\$1,527	\$1.64 - \$1.86
		5.4%	104 - 2BR	1,088 - 1,209	\$2,140 - \$2,745	\$2,443	\$1.97 - \$2.27
			26 - 3BR	1,334 - 1,436	\$2,182 - \$2,545	\$2,364	\$1.64 - \$1.77
Amenities / Notes: Patio/balcony, in-unit washer and dryer, walk-in closets, outdoor pool, BBQ grills, fitness center, surface and detached/attached garage parking, dog park, clubhouse, dishwasher, and built-in microwave.							
Lakeside Flats 16255 Kenyon Ave Lakeville, MN	2020	120	26 - Studio	588 - 650	\$1,318 - \$1,338	\$1,328	\$2.06 - \$2.24
		4	54 - 1BR	702 - 853	\$1,426 - \$1,496	\$1,461	\$1.75 - \$2.03
		3.3%	34 - 2BR	976 - 1,059	\$1,846 - \$1,866	\$1,856	\$1.76 - \$1.89
			6 - 3BR	1,218 - 1,679	\$2,131 - \$2,828	\$2,480	\$1.68 - \$1.75
Amenities / Notes: Fitness center, BBQ grills, study room, dog park, surface and underground garage parking, clubroom, bike storage, outdoor lounge, fire pits, pet wash station, sky deck, patio/balconies, in-unit washer and dryer, built-in microwave, and dishwasher.							

-- Table Continued --

RENTAL MARKET ANALYSIS

TABLE R-2 GENERAL OCCUPANCY RENTAL PROPERTIES CITY OF LAKEVILLE DECEMBER 2022							
Property Name/Location	Year Built	Units/ Vacant	Unit Mix	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
MARKET RATE							
Edison at Avonlea 7255 181st St W Lakeville, MN	2018	146 0 0.0%	80 - 1BR 15 - 1BR+D 42 - 2BR 9 - 3BR	717 - 875 963 - 991 1,100 - 1,173 1,415 - 1,415	\$1,347 - \$1,561 \$1,580 - \$1,587 \$1,690 - \$1,795 \$1,985 - \$2,025	\$1,454 \$1,584 \$1,743 \$2,005	\$1.78 - \$1.88 \$1.60 - \$1.64 \$1.53 - \$1.54 \$1.40 - \$1.43
Amenities / Notes: Game room, dog park, coffee bar, clubroom, outdoor pool, pet spa, fitness center, surface and garage parking (\$50-\$125/mo.), electric car charging station, car wash station, patio/balcony, in-unit washer and dryer, dishwasher, built-in microwave, and walk-in closets.							
Lakeville Woods 18351 Kenyon Ave Lakeville, MN	2007	77 4 5.2%	1 - Studio 8 - 1BR 12 - 1BR+D 26 - 2BR 18 - 2BR+D 9 - 3BR 3 - 3BR+D	755 - 755 850 - 890 969 - 1,124 1,164 - 1,370 1,284 - 1,349 1,444 - 1,460 1,460 - 1,460	\$1,297 - \$1,297 \$1,417 - \$1,496 \$1,647 - \$1,660 \$1,672 - \$1,886 \$1,695 - \$1,793 \$2,209 - \$2,209 \$2,271 - \$2,271	\$1,297 \$1,457 \$1,654 \$1,779 \$1,744 \$2,209 \$2,271	\$1.72 - \$1.72 \$1.67 - \$1.68 \$1.48 - \$1.70 \$1.38 - \$1.44 \$1.32 - \$1.33 \$1.51 - \$1.53 \$1.56 - \$1.56
Amenities / Notes: Surface and underground garage parking, BBQ grills, picnic area, clubroom, fitness center, car wash station, patio/balconies, in-unit washer and dryer, fireplace, dishwasher, and built-in microwave.							
LakeVillage Apts. 8500 210th St W Lakeville, MN	1991	70 2 2.9%	20 - 1BR 35 - 2BR 15 - 3BR	700 - 700 930 - 930 1,140 - 1,140	\$1,220 - \$1,220 \$1,325 - \$1,325 \$1,595 - \$1,595	\$1,220 \$1,325 \$1,595	\$1.74 - \$1.74 \$1.42 - \$1.42 \$1.40 - \$1.40
Amenities / Notes: Surface and attached garage parking, playground, dishwasher, and wall A/C unit. Gas/water/heat/trash included in rent.							
SouthFork THs 17956 Jubilee Way Lakeville, MN	1988	272 5 1.8%	68 - 1BR 136 - 2BR 68 - 3BR	775 - 775 1,000 - 1,000 1,175 - 1,175	\$1,440 - \$1,535 \$1,700 - \$1,735 \$2,010 - \$2,010	\$1,488 \$1,718 \$2,010	\$1.86 - \$1.98 \$1.70 - \$1.74 \$1.71 - \$1.71
Amenities / Notes: Clubhouse, co-working spaces, outdoor fire pit, sundeck, fitness center, community kitchen, courtyard, outdoor pool, playground, BBQ grills, built-in microwave, central AC, dishwasher, in-unit washer and dryer, patio/balconies, surface and garage parking, and dog park.							
The Oaks of Lakeville 20464 Iberia Ave Lakeville, MN	1971	106 9 8.5%	54 - 1BR 2 - 1BR+D 50 - 2BR	780 - 820 820 - 975 820 - 1,070	\$1,199 - \$1,299 \$1,399 - \$1,399 \$1,499 - \$1,555	\$1,249 \$1,399 \$1,527	\$1.54 - \$1.58 \$1.43 - \$1.71 \$1.45 - \$1.83
Amenities / Notes: Patio/balconies, BBQ grills, picnic area, bike storage, playground, surface and detached garage parking, outdoor pool, common area laundry facilities, dishwasher, and wall A/C unit.							
Village Dweller Apts. 20988 Holt Ave Lakeville, MN	1966	44 1 2.3%	16 - 1BR 4 - 1BR+D 24 - 2BR	650 - 650 725 - 725 875 - 875	\$1,145 - \$1,145 \$1,175 - \$1,175 \$1,220 - \$1,220	\$1,145 \$1,175 \$1,220	\$1.76 - \$1.76 \$1.62 - \$1.62 \$1.39 - \$1.39
Amenities / Notes: Wall A/C unit, surface and detached garage parking, and in-unit washer and dryer. All utilities included except electric.							
Market Rate (Lease-up) Total Units / Vacant		197 92 46.7%					
Market Rate (Stabilized) Total Units / Vacant		1,463 44 3.0%					

Sources: Maxfield Research & Consulting, LLC

RENTAL MARKET ANALYSIS

TABLE R-3 RENT SUMMARY CITY OF LAKEVILLE DECEMBER 2022							
Unit Type	Unit Mix		Rent Avg.	Rent Range		Avg. Size	Avg. Rent/Sq. Ft.
	No.	Pct.		Low	High		
AFFORDABLE							
1BR	23	8.0%	\$965	\$755 - \$1,101		773	\$1.25
2BR	151	52.6%	\$1,035	\$870 - \$1,553		1,016	\$1.02
3BR	113	39.4%	\$1,161	\$965 - \$1,541		1,314	\$0.88
Total	287	100.0%	\$1,079	\$755 - \$1,553		1,114	\$0.97
MARKET RATE (LEASE-UP & STABILIZED)							
Studio	119	7.2%	\$1,343	\$1,196 - \$1,594		606	\$2.22
1BR	684	41.2%	\$1,521	\$1,145 - \$2,100		787	\$1.93
1BR+D	53	3.2%	\$1,645	\$1,175	\$1,902	957	\$1.72
2BR	584	35.2%	\$1,859	\$1,220 - \$2,745		1,062	\$1.75
2BR+D	18	1.1%	\$1,744	\$1,695	\$1,793	1,317	\$1.32
3BR	199	12.0%	\$2,167	\$1,595 - \$2,978		1,293	\$1.68
3BR+D	3	0.2%	\$2,271	\$2,271	\$2,271	1,460	\$1.56
Total	1,660	100.0%	\$1,712	\$1,145 - \$2,978		944	\$1.81

Source: Maxfield Research and Consulting, LLC

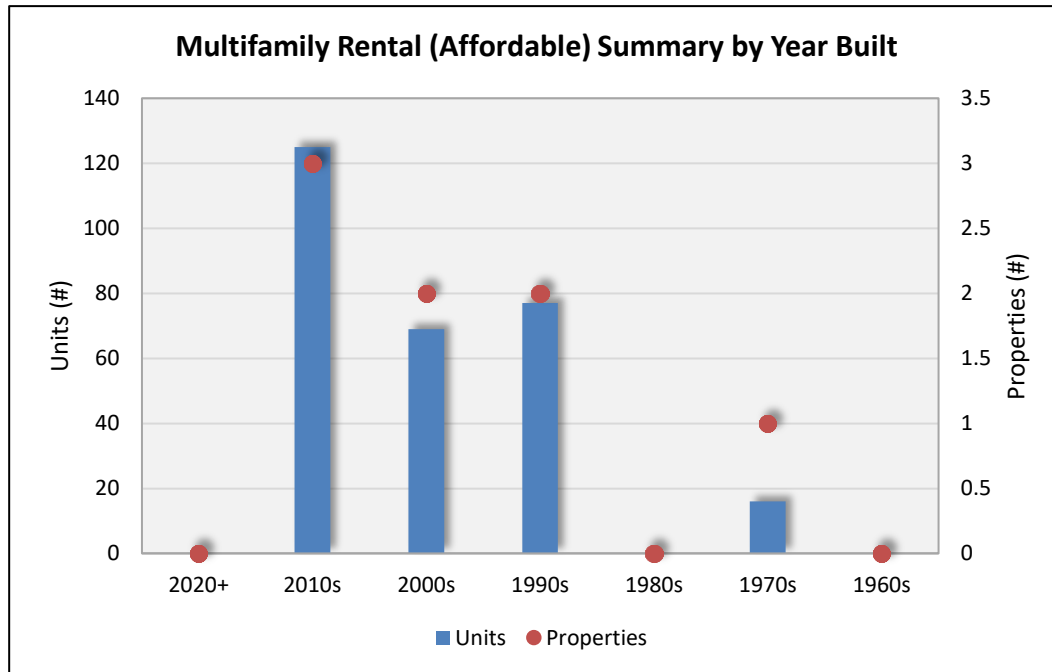
Affordable

- There are a total of eight affordable projects in Lakeville with 287 total units. Combined, 14 units were vacant units as of December 2022, posting a vacancy rate of 4.9%. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. It should be noted that this elevated vacancy rate is in part due to the time-consuming nature of processing resident applications. The Dakota County CDA noted the following wait lists:

Workforce Family Townhomes

<u>Unit Type</u>	<u>Wait List</u>
One-Bedroom	786
Two-Bedroom	3,787
Three-Bedroom	2,349

- Approximately 44% of affordable multifamily housing units were built between 2010 and 2019. Additionally, 27% of affordable multifamily units were built in the 1990s and 24% were built in the 2000s.
- The Dakota County Community Development Agency (CDA) owns five affordable properties in Lakeville, totaling 170 units. These units are affordable at or below 60% Area Median Income (AMI) and include one-, two-, and three-bedroom unit types.

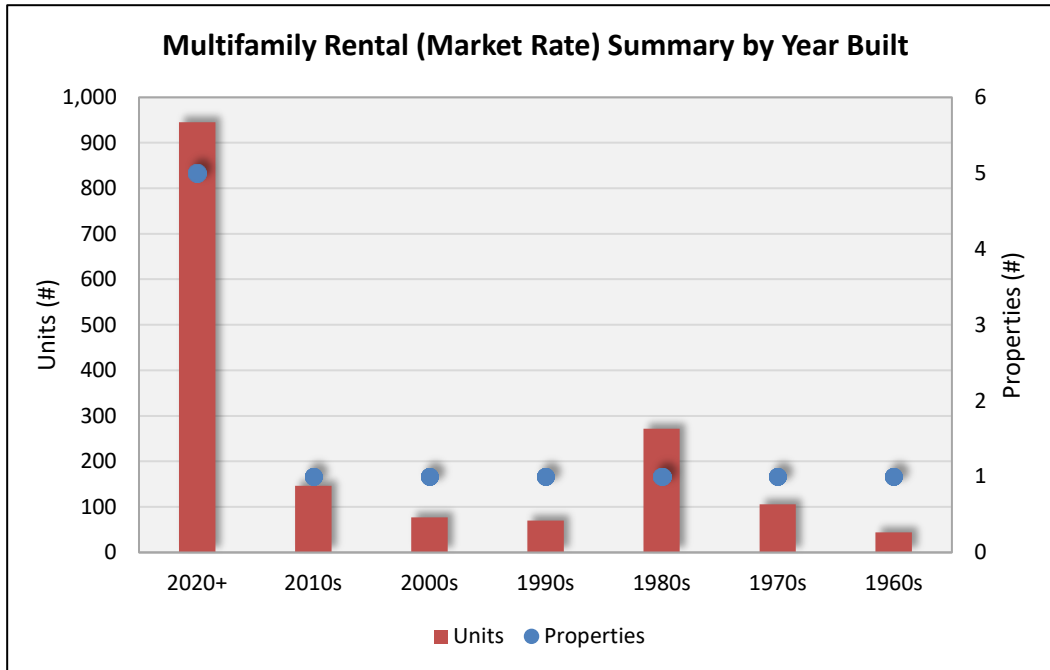


Market Rate

- Most of Lakeville’s market rate general occupancy rental housing has been built in 2020 or newer, as 57% of units (5 properties) were built since 2020.
- A total of 136 vacant units were found in market rate rental projects, resulting in a vacancy rate of 8.2% as of December 2022. As mentioned earlier, the elevated number of vacancies are, in part, due to the substantial number of new deliveries. Excluding newer properties that are in the initial lease-up phase (*Arris Apts.* and *Northlake Lofts*), the vacancy rate across remaining properties is 3.1%, which is below market equilibrium of 5%.
- Turnover at many apartments is primarily driven by residents purchasing homes or leaving the area for employment opportunities. Many tenants will stay in a unit for longer lease terms; especially older adults/seniors.
- Nearly half of the market rate rental projects surveyed are one-bedroom units. The breakout by unit type is summarized below.
 - Studio units: 7%
 - One-bedroom units: 41%
 - Two-bedroom units: 35%
 - Three-bedroom units: 12%

RENTAL MARKET ANALYSIS

- The following is the monthly average rent for market rate units:
 - Studio units: \$1,343/month
 - One-bedroom units: \$1,521/month
 - Two-bedroom units: \$1,859/month
 - Three-bedroom units: \$2,167/month



Select General Occupancy Rental Housing Properties



Arris Apts.



Meadowlark Townhomes



The Oaks of Lakeville



Lakeside Flats



Cedar Valley Townhomes



SouthFork Townhomes



Prairie Crossing Townhomes



Lakeville Point

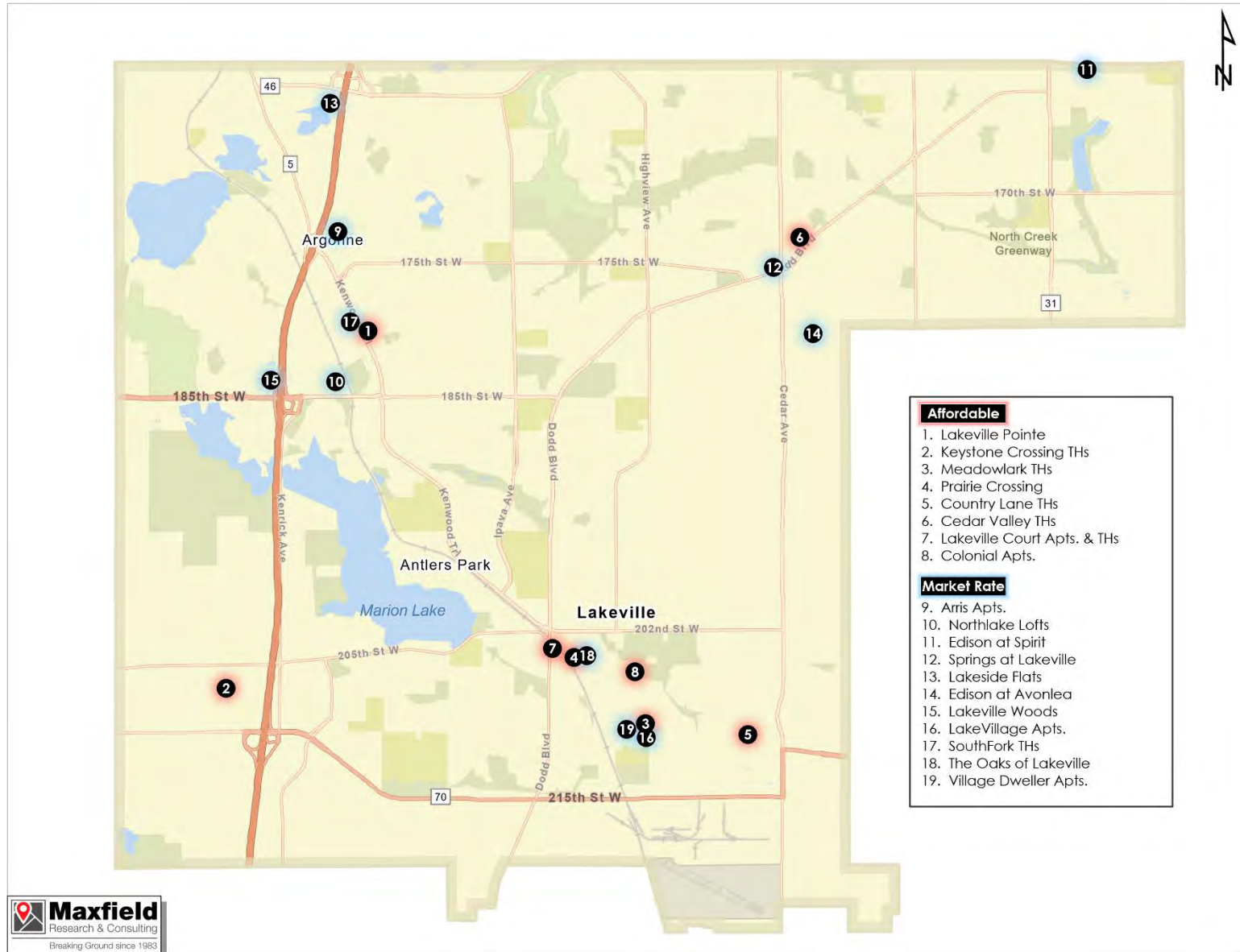


The Edison at Spirit Apts.



The Edison at Spirit Townhomes

Lakeville Multifamily Rental Properties



Housing Choice Voucher Program

The Housing Choice Voucher Program (also known as Section 8) utilizes the existing private rental market in Dakota County to provide decent, safe and sanitary housing opportunities for low-income families, elderly, handicapped and disabled persons at an affordable cost. The CDA administers this federal program for all jurisdictions in Dakota County. The CDA assists over 2,700 households through this program. As of December 2022, there were 186 vouchers used in the City of Lakeville.

- Program participants pay 30% of their adjusted monthly gross income toward rent. The program provides rental assistance which is the difference between participants' rent portion and the contract rent. To be eligible, households must have incomes at or below 50% of median.
- Households that need rental assistance can be housed in private market apartments using a Housing Choice Voucher through the Section 8 Housing Program. The Voucher is portable and remains with the household.
- Landlords may agree to accept tenants with Housing Choice Vouchers. A landlord is advised that they assess what rents are being charged in their geographic area for similar types of units prior to applying to accept Section 8 tenants. The maximum assistance a household is allowed under the Voucher program is the difference between 30% of the tenant's payment and the monthly payment standard by unit size as identified by the CDA. The tenant is required to pay the difference between the allowable subsidy, their income and the rent being charged. If the rent charged exceeds the payment standards, it may be difficult for the tenant to afford to pay the rent based on their income and the assistance they receive.
- Program income limits for the Housing Choice Voucher Program for Dakota County CDA are as follows:

<u>Household Size</u>	<u>Maximum Income</u>
1PP	\$41,100
2PP	\$46,950
3PP	\$52,800
4PP	\$58,650
5PP	\$63,350
6PP	\$68,050
7PP	\$72,750
8PP	\$77,450

RENTAL MARKET ANALYSIS

The payment standards for Dakota County CDA as of May 2022 were:

<u>Unit Size</u>	<u>Payment Standard</u>
0 Bedroom	\$935
1 Bedroom	\$1,180
2 Bedroom	\$1,420
3 Bedroom	\$1,845
4 Bedroom	\$2,155
5 Bedroom	\$2,475
6 Bedroom	\$2,800

Senior Housing Defined

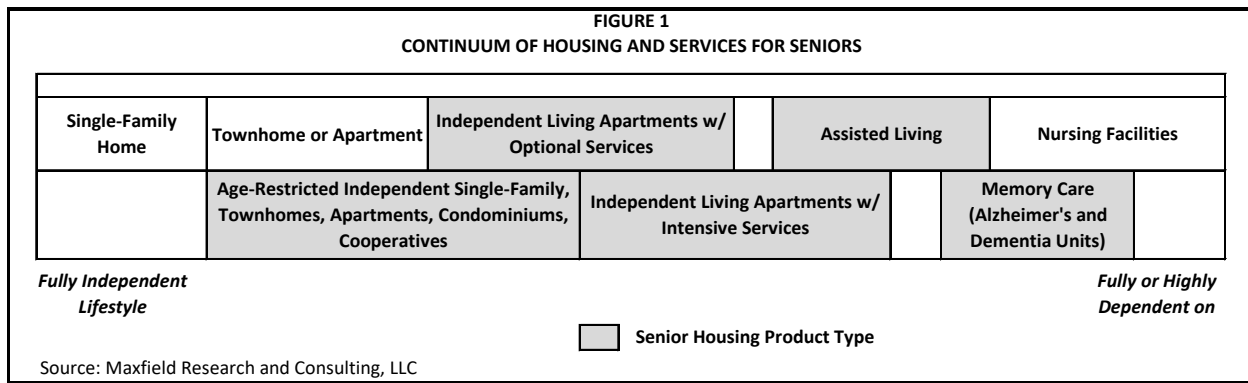
The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research and Consulting LLC classifies senior housing projects into five categories based on the level of support services offered:

- ▶ **Active Adult** properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
- ▶ **Independent Living** properties (or senior living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services. Sponsorship by a nursing home, hospital or other health care organization is common.
- ▶ **Assisted Living** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- ▶ **Memory Care** properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or

SENIOR HOUSING ANALYSIS

widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

- ▶ **Skilled Nursing Care**, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.



The senior housing products available today, when combined with long-term care facilities form a full continuum of care, extending from virtually a purely residential model to a medically intensive one. Often the services available at these properties overlap with another making these definitions somewhat ambiguous. In general, active adult properties tend to attract younger active seniors, who merely wish to rid themselves of home maintenance; independent living properties serve independent seniors that desire support services (i.e., meals, housekeeping, transportation, etc.) while assisted living properties tend to attract older, frail seniors who need assistance with daily activities, but not the skilled medical care available only in a nursing facility.

Senior Housing in Lakeville

As of December 2022, Maxfield Research identified 12 senior housing developments in Lakeville. Combined, these projects contain a total of 861 units with 28 vacancies resulting in an overall vacancy rate of 3.3%. A normal vacancy rate for senior housing is 5% to 7% pending service level. This low vacancy rate could indicate pent-up demand for new product across multiple segments and incomes.

Table S-1 provides information on the surveyed senior housing properties in Lakeville. Information in the table includes year built, number of units, unit mix, number of vacant units, rents/fees, and general comments about each project.

SENIOR HOUSING ANALYSIS

<p align="center">TABLE S-1 SENIOR HOUSING PROPERTIES CITY OF LAKEVILLE DECEMBER 2022</p>						
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description		Monthly Rent / Entry Fee / Sales
				Unit Mix	Size (Sq. Ft.)	
SUBSIDIZED ACTIVE ADULT						
Fairfield Terrace 20720 Holt Ave Lakeville, MN	1985	24	0	23 - 1BR	560 - 560	30% AGI
			0.0%	1 - 2BR	700 - 700	30% AGI
Amenities / Notes: Common area laundry facilities, community room, computer lab, surface parking, and wall A/C unit. Heat included in rent.						
AFFORDABLE ACTIVE ADULT						
Argonne Hills 17688 Junelle Path Lakeville, MN	2017	62	0	36 - 1BR	720 - 720	\$732 - \$732
			0.0%	26 - 2BR	985 - 985	\$897 - \$897
Amenities / Notes: Surface and underground garage parking (\$50/mo.), and community room. Water/heat/trash/sewer included in rent.						
Crossroad Commons 17725 Glasgow Ave Lakeville, MN	2009	87	2	45 - 1BR	670 - 747	\$732 - \$732
			2.3%	42 - 2BR	932 - 1,375	\$897 - \$897
Amenities / Notes: Community room, surface and underground garage parking (\$50/mo.), wall A/C unit, and patio.						
Main Street Manor 8725 209th St W Lakeville, MN	2001	51	1	34 - 1BR	650 - 750	\$482 - \$864
			2.0%	17 - 2BR	850 - 950	\$714 - \$1,094
Amenities / Notes: Rents are based on resident's income, minimum and maximum rents are shown. Surface and underground garage parking (\$50/mo.), wall A/C unit, community room with fireplace, common area laundry facilities, and extra storage available.						
Windsor Plaza 20827 Howland Ave Lakeville, MN	1990	64	3	42 - 1BR	650 - 750	\$482 - \$864
			4.7%	22 - 2BR	850 - 950	\$714 - \$1,094
Amenities / Notes: Rents are based on resident's income, minimum and maximum rents are shown. Library, courtyard, community room, fireplace, surface and underground garage parking (\$50/mo.), common area laundry facilities, community kitchen, and extra storage available.						
Affordable Active Adult Subtotal:		264	6	2.3%		
MARKET RATE ACTIVE ADULT						
Spero Senior Living 19351 Indiana Ave Lakeville, MN	2020	70	0	57 - 1BR	820 - 950	\$1,750 - \$1,900
			0.0%	13 - 2BR	1,335 - 1,335	\$2,800 - \$2,800
Amenities / Notes: Patio/balconies, walk-in showers, walk-in closets, in-unit washer and dryer, community room, surface and underground garage parking (\$65/mo.), fitness center, library, game room, and chapel.						
-- Table Continued --						

SENIOR HOUSING ANALYSIS

<p align="center">TABLE S-1 SENIOR HOUSING PROPERTIES CITY OF LAKEVILLE DECEMBER 2022</p>						
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description		Monthly Rent / Entry Fee / Sales
				Unit Mix	Size (Sq. Ft.)	
INDEPENDENT LIVING						
Kingsley Place 16890 Klamath Trl Lakeville, MN	2021	55	2 3.6%	16 - 1BR	724 - 761	\$2,242 - \$2,480
				3 - 1BR+D	994 - 994	\$2,921 - \$2,921
				26 - 2BR	923 - 1,198	\$2,894 - \$3,514
				10 - 2BR+D	1,146 - 1,292	\$3,436 - \$3,956
				Amenities / Notes:		
Kingsley Shores 16880 Klamath Trl Lakeville, MN	2013	35	1 2.9%	8 - Studio	398 - 483	\$1,334 - \$1,463
				21 - 1BR	607 - 754	\$2,162 - \$2,476
				6 - 2BR	739 - 1,136	\$2,731 - \$3,564
				Amenities / Notes:		
Fountains at Hosanna 9850 163rd St W Lakeville, MN	2012	37	0 0.0%	6 - Studio	457 - 457	\$2,115 - \$2,115
				15 - 1BR	526 - 759	\$2,150 - \$3,475
				2 - 1BR+D	779 - 779	\$3,470 - \$3,470
				14 - 2BR	863 - 1,009	\$3,655 - \$4,185
				Amenities / Notes:		
Highview Hills 20150 Highview Ave Lakeville, MN	2009	61	1 1.6%	13 - 1BR	807 - 807	\$2,825 - \$2,825
				38 - 2BR	1,001 - 1,211	\$3,295 - \$3,940
				10 - 2BR+D	1,211 - 1,211	\$3,940 - \$3,940
				Amenities / Notes:		
Independent Living Subtotal:		188	4 2.1%			
<i>-- Table Continued --</i>						

SENIOR HOUSING ANALYSIS

<p align="center">TABLE S-1 SENIOR HOUSING PROPERTIES CITY OF LAKEVILLE DECEMBER 2022</p>						
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description		Monthly Rent / Entry Fee / Sales
				Unit Mix	Size (Sq. Ft.)	
ASSISTED LIVING						
The Moments 16258 Kenyon Ave Lakeville, MN	2021	60	7 11.7%	60 - Studio	N/A - N/A	\$8,500 - \$11,500
<p>Amenities / Notes: One-time community fee: \$3,500. Three care packages (ranges shown). Custom care packages available. Music and crafts room, gym, movie theater, salon, spa, and dining room.</p>						
Kingsley Shores 16880 Klamath Trl Lakeville, MN	2013 / 2020	35	1 2.9%	8 - Studio 22 - 1BR 5 - 2BR	398 - 482 607 - 754 739 - 1,136	\$2,373 - \$2,497 \$2,561 - \$2,994 \$3,286 - \$4,872
<p>Amenities / Notes: Wellness center, beauty salon / barber shop, surface and underground garage parking (\$72/mo.), additional storage (\$50/mo.), library, theater, activity room, and indoor pool. Additional services available a la carte.</p>						
Fountains at Hosanna 9850 163rd St W Lakeville, MN	2012	30	0 0.0%	6 - Studio 8 - 1BR 2 - 1BR+D 14 - 2BR	457 - 457 526 - 759 779 - 779 863 - 1,009	\$2,115 - \$2,115 \$2,150 - \$3,475 \$3,470 - \$3,470 \$3,655 - \$4,185
<p>Amenities / Notes: One-time community fee: \$2,000. Second person fee: \$150. Care packages ranging from \$1,455 to \$7,075/month. Additional services available a la carte.</p>						
Highview Hills 20150 Highview Ave Lakeville, MN	2009	58	2 3.4%	14 - Studio 7 - 1BR 22 - 1BR+D 15 - 2BR	512 - 560 629 - 787 790 - 910 906 - 1,211	\$2,135 - \$2,180 \$2,580 - \$2,935 \$2,755 - \$3,055 \$3,085 - \$4,065
<p>Amenities / Notes: One-time community fee: \$2,500. Care packages ranging from \$1,000 to \$7,050/month. Additional services available a la carte. Fitness center, in-unit washer and dryer in select units, community patio/terrace, garden boxes, surface and garage parking, patio/balconies with select units, community room, library, and community kitchen.</p>						
Assisted Living Subtotal:		183	10 5.5%			
<i>-- Table Continued --</i>						

SENIOR HOUSING ANALYSIS

<p align="center">TABLE S-1 SENIOR HOUSING PROPERTIES CITY OF LAKEVILLE DECEMBER 2022</p>						
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description		Monthly Rent / Entry Fee / Sales
				Unit Mix	Size (Sq. Ft.)	
MEMORY CARE						
BeeHive Homes of Lakeville 20159 Iberia Ave Lakeville, MN	2019	20	0 0.0%	10 - Semi-P 10 - Studio	N/A - N/A N/A - N/A	\$3,650 - \$3,800 \$2,350 - \$2,350
<p>Amenities / Notes: One-time community fee: \$1,500. Five care packages ranging from \$3,300 to \$6,330/month. Meal plan \$400/month. Additional services available a la carte. Community room with fireplace, dining room, and on-site spa/hair salon.</p>						
The Moments 16258 Kenyon Ave Lakeville, MN	2017	32	4 12.5%	32 - Studio	N/A - N/A	\$7,800 - \$11,800
<p>Amenities / Notes: One-time community fee: \$3,500. Four care packages (ranges shown). Custom care packages available. Music and crafts room, gym, movie theater, salon, spa, and dining room.</p>						
Kingsley Shores 16880 Klamath Trl Lakeville, MN	2013	32	2 6.3%	32 - Studio	398 - 482	\$2,374 - \$2,655
<p>Amenities / Notes: One-time community fee: \$2,000. Care packages ranging from \$3,379 to \$6,763/month. Additional services available a la carte.</p>						
Fountains at Hosanna 9850 163rd St W Lakeville, MN	2012	24	0 0.0%	20 - Studio 4 - 1BR	310 - 457 526 - 526	\$2,185 - \$2,600 \$2,890 - \$2,890
<p>Amenities / Notes: One-time community fee: \$2,000. Second person fee: \$150. Care packages ranging from \$4,075 to \$9,325/month. Additional services available a la carte.</p>						
Highview Hills 20150 Highview Ave Lakeville, MN	2009	24	2 8.3%	24 - Studio	512 - 560	\$6,640 - \$6,640
<p>Amenities / Notes: Fitness center, community patio/terrace, garden boxes, community room, library, and community kitchen.</p>						
Memory Care Subtotal:		132	8 6.1%			
Source: Maxfield Research & Consulting, LLC						

SENIOR HOUSING ANALYSIS

TABLE S-2 SERVICES COMPARISON SENIOR HOUSING PROPERTIES CITY OF LAKEVILLE DECEMBER 2022							
Age Qualif.	Utilities	Transportation	Activities	Meal Program	Hskpg. / Laundry	Health/Misc.	
SUBSIDIZED ACTIVE ADULT							
Fairfield Terrace	62+	Heat included in rent	None	None	None	Common area laundry facilities	None
AFFORDABLE ACTIVE ADULT							
Argonne Hills	62+	Heat, water, sewer and trash included	None	None	None	Common area laundry facilities	None
Crossroad Commons	62+	Heat, water, sewer and trash included	None	None	None	Common area laundry facilities	None
Main Street Manor	62+	Heat, water, sewer and trash included	None	None	None	Common area laundry facilities	None
Windsor Plaza	62+	Heat, water, sewer and trash included	None	None	None	Common area laundry facilities	None
MARKET RATE ACTIVE ADULT							
Spero Senior Living	55+	All utilities included	Scheduled transportation	Planned activities	None	In-unit washer and dryer	None
INDEPENDENT LIVING							
Kingsley Place	55+	All utilities included	Scheduled transportation	Planned activities	Additional cost	Additional cost	24-hour staff, additional services a la carte
Kingsley Shores	55+	All utilities included	Scheduled transportation	Planned activities	Additional cost	Additional cost	24-hour staff, additional services a la carte
Fountains at Hosanna	55+	All utilities included except telephone	Scheduled transportation	Planned activities	Additional cost	Additional cost	24-hour staff, holistic wellness and fitness programs available
Highview Hills	55+	All utilities included	Scheduled transportation	Planned activities	Additional cost	Additional cost	24-hour emergency call system, additional services a la carte
ASSISTED LIVING							
The Moments	62+	All utilities included	Scheduled transportation	Planned activities	Included	Included	24-hour staff, custom care packages available
Kingsley Shores	55+	All utilities included	Scheduled transportation	Planned activities	Included	Included	24-hour staff, additional services a la carte
Fountains at Hosanna	55+	All utilities included except telephone	Scheduled transportation	Planned activities	1 Meal included	Included	24-hour staff, holistic wellness and fitness programs available
Highview Hills	55+	All utilities included	Scheduled transportation	Planned activities	Additional cost	Additional cost	24-hour emergency call system, additional services a la carte
MEMORY CARE							
BeeHive Homes of Lakeville	55+	All utilities included	Scheduled transportation	Planned activities	Included	Included	24-hour staff, additional home health and hospice services available
The Moments	62+	All utilities included	Scheduled transportation	Planned activities	Included	Included	24-hour staff, custom care packages available
Kingsley Shores	55+	All utilities included	Scheduled transportation	Planned activities	Included	Included	24-hour staff, additional services a la carte
Fountains at Hosanna	55+	All utilities included except telephone	Scheduled transportation	Planned activities	Included	Included	24-hour staff, holistic wellness and fitness programs available
Highview Hills	55+	All utilities included	Scheduled transportation	Planned activities	Included	Included	24-hour emergency call system, additional services a la carte

Source: Maxfield Research & Consulting, LLC

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

Subsidized Active Adult

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30% of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available.
- There is one subsidized active adult property in Lakeville. As of December 2022, there were no vacancies in senior subsidized projects, which indicate pent-up demand for subsidized senior rental units. Equilibrium for senior subsidized housing projects is usually around 3%, allowing for optimal subsidized housing availability for potential residents. Typically units sizes at subsidize senior projects are smaller than many of the market rate senior rental projects.

Affordable Active Adult

- There are four affordable active adult senior housing properties in Lakeville and all are Dakota County CDA owned properties. These properties include a total of 264 units and at the time of survey, six units were vacant, resulting in a vacancy rate of 2.3%.
- Rents at *Main Street Manor* and *Windsor Plaza* are based on income and range from a minimum of \$482 to a maximum of \$864 for a one-bedroom unit and \$714 to \$1,094 for two-bedroom units. *Argonne Hills* and *Crossroad Commons* have a flat rent that ranges from \$732 for a one-bedroom to \$897 for a two-bedroom.

Market Rate Active Adult

- *Spero Senior Living* is the only market rate active adult property in Lakeville. As of December 2022, there were no vacancies.
- Rents range from a low of \$1,750 for a one-bedroom unit to a high of \$2,800 for a two-bedroom unit.
- *Spero Senior Living* includes: a community room, surface and underground parking (\$65/month), walk-in showers, walk-in closets, in-unit washer and dryer, fitness center, library, game room, and chapel.

Independent Living

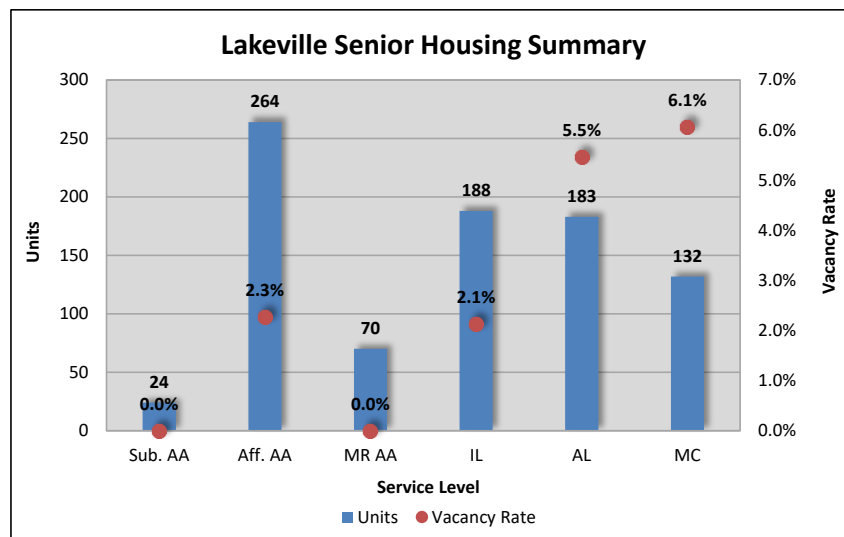
- There are four facilities in the City of Lakeville offering market rate independent living support services. As of December 2022, there was four vacancies in independent living facilities across 188 units for an overall vacancy of 2.1%.
- Rents range for basic services from \$1,334 for a one-bedroom at *Kingsley Shores* to \$4,185 for a two-bedroom at *Fountains at Hosanna*. Rents increase dependent upon additional services needed by tenants. Typical features include an emergency call system, laundry facility, cable TV, and utilities.

Assisted Living

- There are four facilities in the City of Lakeville offering market rate assisted living services. As of December 2022, there was 10 assisted living vacancies, resulting in an overall vacancy rate of 5.5%.
- Market rate rents range from \$2,115 (before services) at *Fountains at Hosanna* to \$11,500 at *The Moments*. Rents increase dependent upon additional services needed by tenants. Typical features include an emergency call system, laundry facility, cable TV, and utilities.

Memory Care

- There are five facilities in Lakeville offering memory care support services. *BeeHive Homes* is the only stand-alone memory care facility in Lakeville, the remaining memory care units are located within separate wings at larger senior housing campuses. As of December 2022, there was eight memory care vacancies, resulting in a 6.1% vacancy rate. This vacancy rate is lower than market equilibrium of 7% and indicates a pent-up demand for memory care rental units.



Select Senior Housing Properties



Argonne Hills



Spero Senior Living



Kingsley Shores



Kingsley Place



Fairfield Terrace



Windsor Plaza

Select Senior Housing Properties - *Continued*

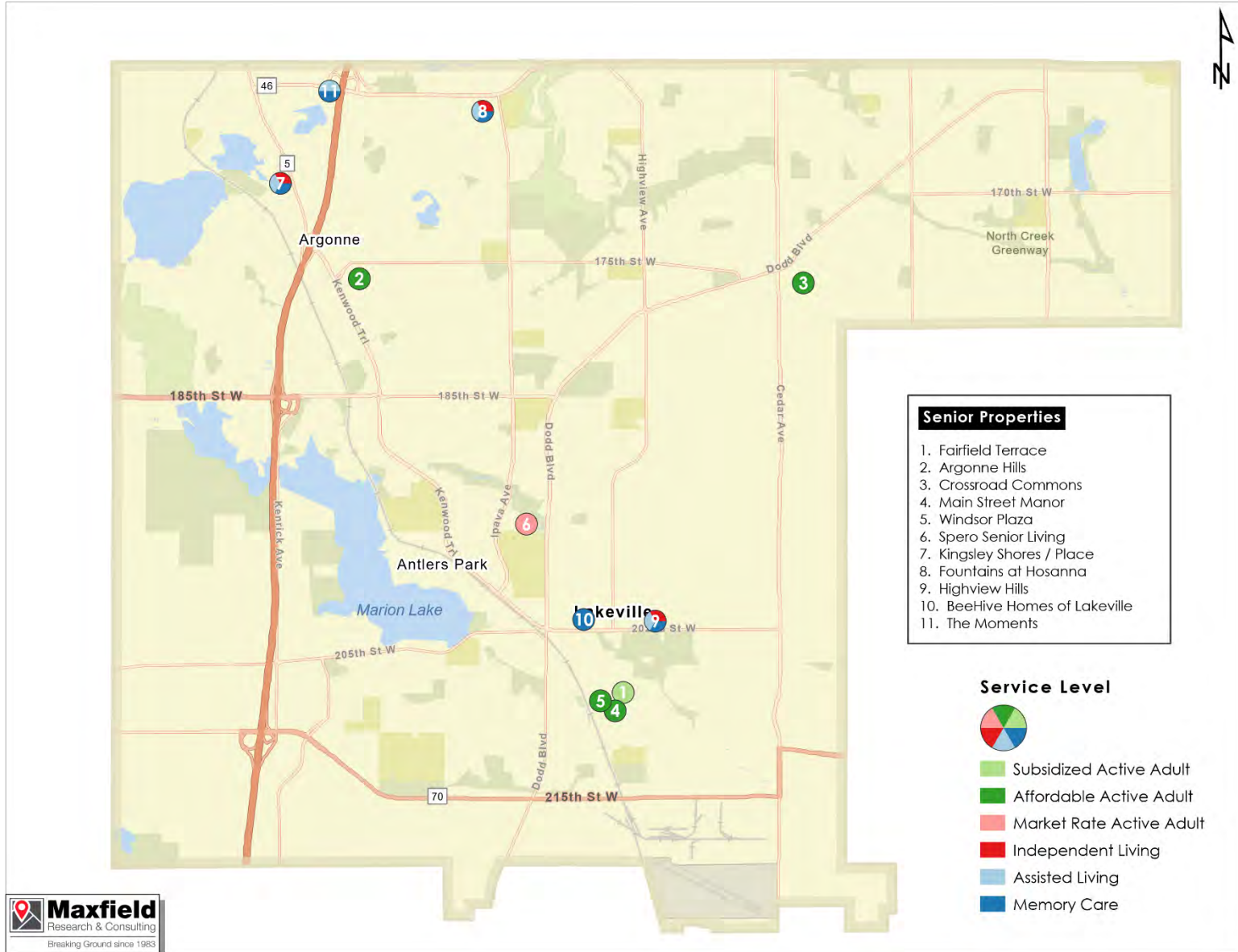


Main Street Manor



Crossroad Commons

Lakeville Senior Housing Properties



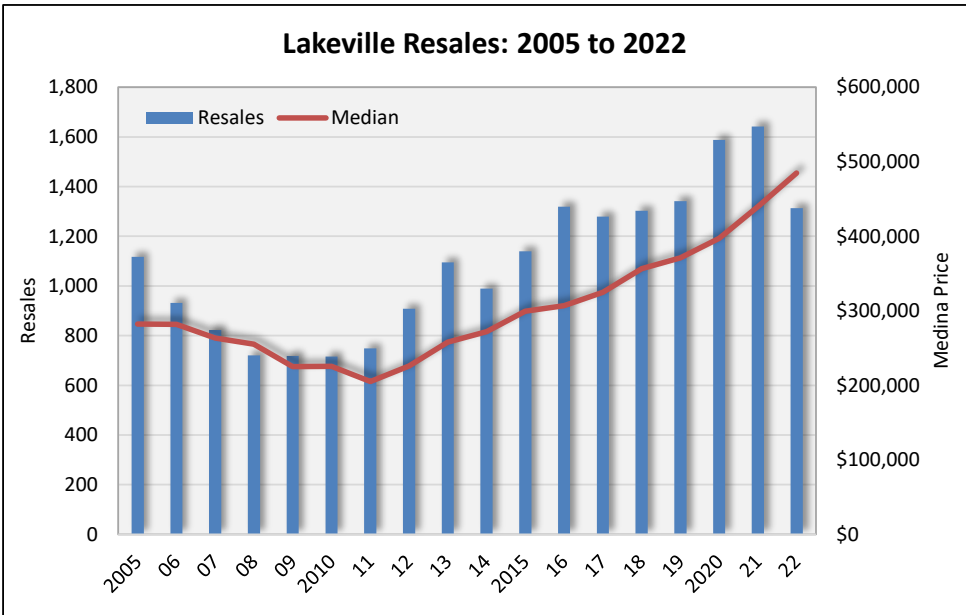
Introduction

Maxfield Research & Consulting, LLC analyzed the for-sale housing market in Lakeville by analyzing data on single-family and multifamily home sales, active listings, lot supply, and the actively marketing subdivisions in Lakeville.

Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data on single-family and multifamily housing in Lakeville from 2005 through 2022. The data was obtained from the Regional Multiple Listing Services of Minnesota (RMLS) and shows annual number of sales, median and average pricing, and sales distribution by single-family and multifamily housing.

- Like across the Twin Cities Metro Area and the nation, pricing in Lakeville reached a high point between 2005 and 2007 at the height of the real estate boom. The median sales price reached a high of \$282,250 in 2005 before significantly falling to \$205,000 in 2011. Since 2011, pricing has been steadily recovering and the median sales price in Lakeville reached a new peak of \$485,000 in 2022.
- Over the past 18 years, Lakeville has averaged about 1,094 resales annually. However, single family housing units dominate and average over 837 homes annually compared to about 257 multifamily homes. Resales peaked in 2021, as 1,642 homes sold, including 1,283 single-family homes and 359 multifamily homes.
- Since the pandemic in 2020, home prices in Lakeville are up 22% between 2000 and 2022. Additionally, median prices appreciated nearly 11% between 2020 and 2021.

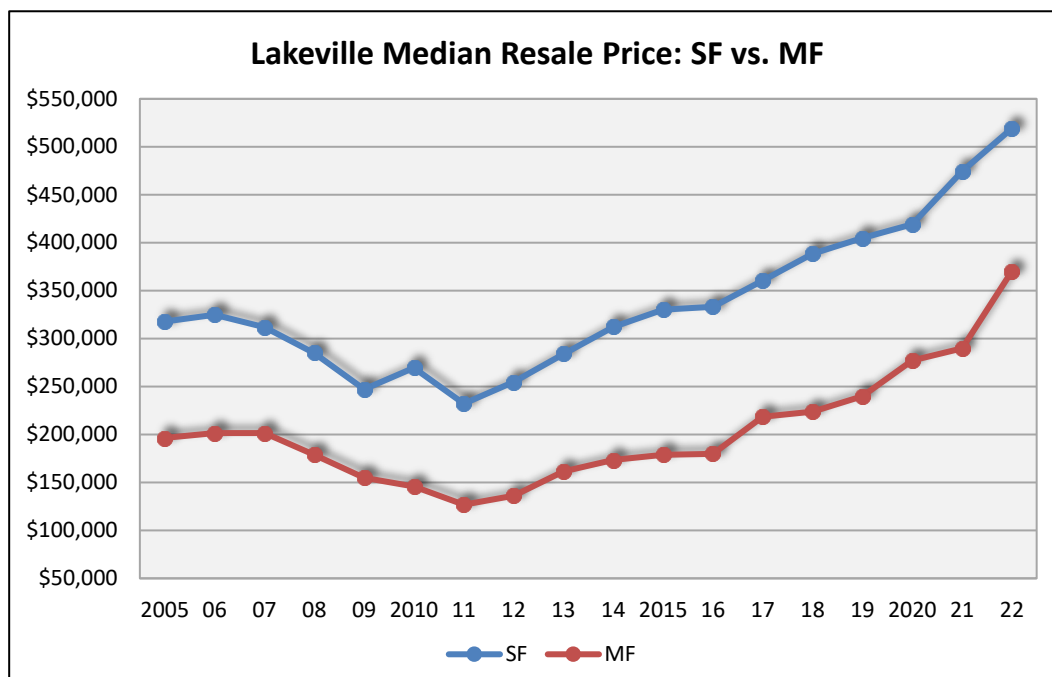


FOR SALE MARKET ANALYSIS

**TABLE FS-1
RESALE TRENDS
CITY OF LAKEVILLE
2005 to 2022**

Year	RESALES			SINGLE FAMILY		MULTIFAMILY		ALL HOMES (SF + MF)	
	SF	MF	TOTAL	Avg.	Median	Avg.	Median	Avg.	Median
2005	813	304	1,117	\$357,432	\$318,000	\$224,153	\$196,420	\$321,530	\$282,250
2006	661	271	932	\$362,372	\$324,900	\$223,312	\$201,388	\$320,604	\$281,757
2007	564	259	823	\$350,497	\$312,000	\$219,171	\$201,500	\$306,735	\$263,500
2008	571	149	720	\$309,286	\$285,000	\$207,505	\$179,000	\$285,377	\$255,000
2009	537	181	718	\$271,267	\$247,250	\$172,265	\$155,000	\$243,821	\$224,900
2010	533	183	716	\$289,063	\$269,560	\$162,264	\$146,000	\$255,904	\$225,250
2011	574	174	748	\$256,885	\$232,225	\$145,017	\$126,925	\$228,350	\$205,000
2012	707	201	908	\$274,409	\$254,843	\$159,871	\$136,150	\$246,242	\$226,000
2013	872	223	1,095	\$303,601	\$284,000	\$197,071	\$161,500	\$280,154	\$258,000
2014	769	220	989	\$336,620	\$312,250	\$199,310	\$173,500	\$303,696	\$272,000
2015	913	226	1,139	\$340,253	\$330,000	\$207,978	\$179,000	\$314,371	\$299,450
2016	1,004	315	1,319	\$356,050	\$333,000	\$217,068	\$179,900	\$322,690	\$307,000
2017	967	312	1,279	\$374,386	\$360,420	\$249,216	\$218,500	\$342,641	\$325,000
2018	1,007	296	1,303	\$407,110	\$388,455	\$260,323	\$224,000	\$372,398	\$356,500
2019	1,019	322	1,341	\$415,646	\$404,797	\$271,979	\$240,000	\$380,049	\$370,999
2020	1,274	314	1,588	\$444,063	\$419,005	\$307,798	\$277,200	\$416,726	\$397,095
2021	1,283	359	1,642	\$499,563	\$474,498	\$329,566	\$290,000	\$460,249	\$440,000
2022	989	324	1,313	\$546,740	\$519,103	\$383,273	\$370,000	\$505,185	\$485,000

Sources: RMLS and Maxfield Research & Consulting, LLC.



Existing vs. New Construction Median Sales Price Comparison

Table FS-2 shows historical median sales pricing of existing homes versus new construction homes from 2005 to 2022. The table compares Lakeville to Dakota County and the Twin Cities Metro Area. The graph on the following page visually displays the sales data.

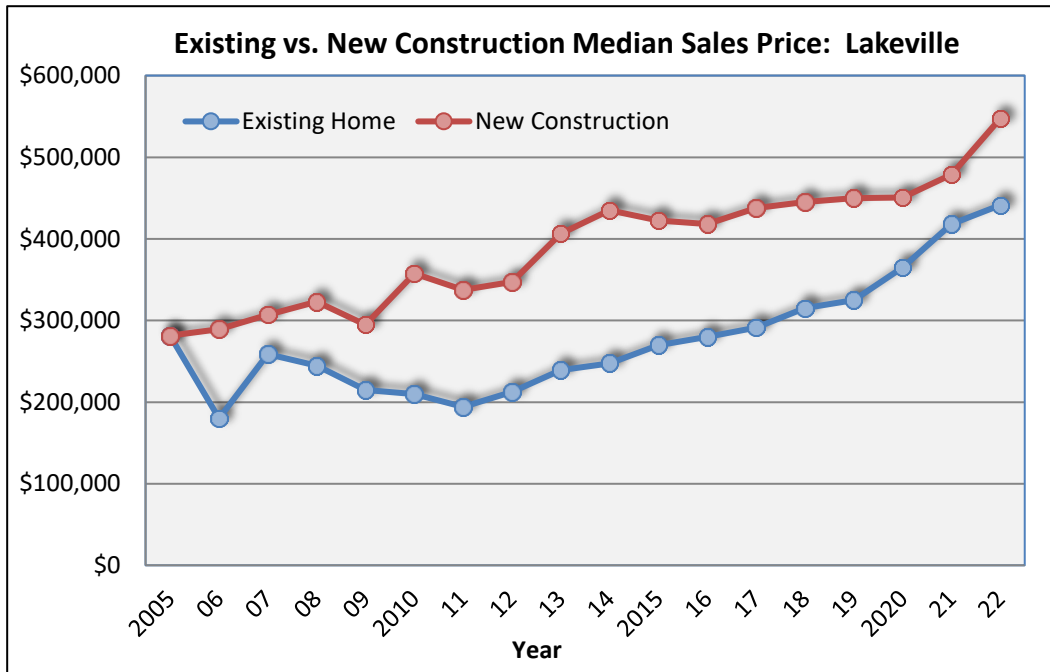
- In 2022, the price of an existing home sale topped \$441,250 compared to over \$547,275 for new construction. New construction commanded a premium of about 35%, compared to the historical average of 30%. New construction in the Twin Cities commanded a premium of 43% in 2022.
- Compared to the Metro Area, new construction in Lakeville is about 5% less whereas existing homes are about 3% than Metro Area home prices, since 2005.
- New construction pricing in Lakeville jumped significantly between 2021 and 2022 having increased by \$68,264 or 14%.

**TABLE FS-2
MEDIAN SALES PRICE COMPARISON
EXISTING HOME VS. NEW CONSTRUCTION
CITY OF LAKEVILLE
2005 to 2022**

Year	Lakeville		Dakota County		Twin Cities Metro Area	
	Existing Home	New Const.	Existing Home	New Const.	Existing Home	New Const.
2005	\$281,450	\$281,331	\$230,000	\$257,720	\$225,000	\$253,350
2006	\$179,900	\$289,460	\$229,900	\$278,685	\$225,000	\$263,200
2007	\$258,980	\$307,000	\$225,000	\$287,125	\$220,000	\$265,000
2008	\$244,628	\$322,940	\$199,900	\$315,000	\$187,900	\$262,000
2009	\$215,000	\$295,000	\$170,950	\$285,000	\$160,000	\$239,000
2010	\$210,000	\$357,500	\$170,000	\$289,990	\$163,900	\$250,000
2011	\$194,000	\$337,493	\$150,000	\$314,372	\$145,000	\$280,000
2012	\$212,500	\$347,188	\$166,400	\$312,000	\$160,000	\$305,000
2013	\$239,400	\$406,526	\$192,500	\$366,535	\$184,900	\$337,418
2014	\$247,500	\$434,990	\$208,000	\$402,754	\$196,158	\$370,776
2015	\$269,950	\$422,535	\$220,000	\$415,500	\$212,400	\$388,646
2016	\$279,900	\$418,327	\$230,000	\$399,000	\$225,000	\$387,036
2017	\$291,450	\$437,774	\$242,000	\$408,000	\$239,900	\$394,995
2018	\$315,000	\$445,075	\$260,000	\$435,500	\$255,000	\$399,500
2019	\$325,000	\$450,000	\$279,900	\$435,953	\$271,500	\$407,787
2020	\$365,000	\$450,625	\$300,000	\$437,580	\$295,000	\$413,000
2021	\$418,000	\$479,011	\$335,000	\$468,303	\$330,000	\$447,635
2022	\$441,250	\$547,275	\$360,000	\$521,664	\$350,000	\$500,363

Note: Twin Cities Metro Area = Twin Cities MSA

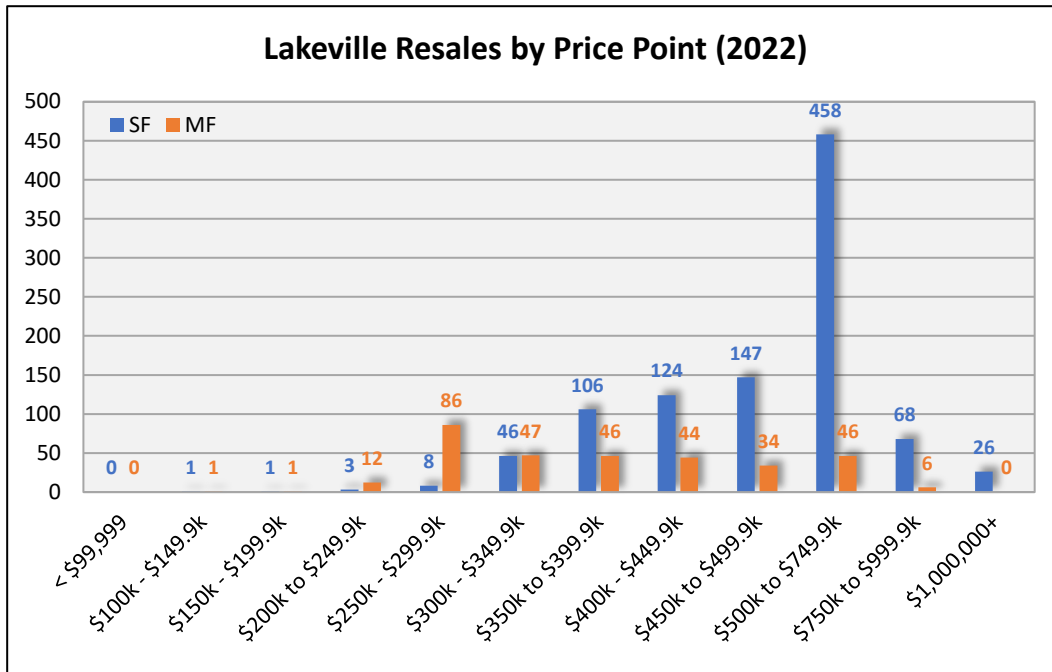
Source: 10K Research & Marketing, Maxfield Research & Consulting, LLC



Home Resales by Price Point

Table FS-3 shows the distribution of sales within 12 price ranges from resales in 2022. The data was obtained from the Regional Multiple Listing Services of Minnesota (RMLS).

- About 9% of sales in Lakeville sold in 2022 were priced under \$300,000. Additionally, nearly 45% of homes were sold between \$300,000 and \$499,999. Combined, about 54% of all sales were priced under \$500,000.
- About 31% of multifamily housing units sold in 2022 were priced under \$300,000, and another 16% were priced at \$500,000 or higher. The median multifamily sale price in Lakeville in 2022 was \$345,000, which was 30% higher than the median multifamily price in Dakota County (\$255,000).
- The largest proportion of single-family homes (46%) were sold in the \$500,000 to \$749,000 price range, while most multifamily homes (27%) were sold in the \$250,000 to \$299,999 price range.



FOR SALE MARKET ANALYSIS

TABLE FS-3
RESALES BY PRICE POINT
CITY OF LAKEVILLE
2022

Price Range	Lakeville						Dakota County						7-County Metro					
	Single-Family		Multifamily ¹		Total		Single-Family		Multifamily ¹		Total		Single-Family		Multifamily ¹		Total	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
< \$99,999	0	0.0%	0	0.0%	0	0.0%	1	0.0%	32	1.4%	33	0.5%	46	1.1%	176	7.8%	222	3.4%
\$100,000 to \$149,999	1	0.1%	1	0.3%	2	0.2%	8	0.2%	108	4.8%	116	1.8%	224	5.4%	785	34.6%	1,009	15.7%
\$150,000 to \$199,999	1	0.1%	1	0.3%	2	0.2%	32	0.8%	169	7.5%	201	3.1%	742	17.8%	1,295	57.1%	2,037	31.6%
\$200,000 to \$249,999	3	0.3%	12	3.7%	15	1.1%	105	2.5%	557	24.6%	662	10.3%	1,782	42.7%	2,317	102.3%	4,099	63.6%
\$250,000 to \$299,999	8	0.8%	86	26.6%	94	7.2%	311	7.4%	603	26.6%	914	14.2%	3,506	84.0%	2,737	120.8%	6,243	96.9%
\$300,000 to \$349,999	46	4.7%	47	14.6%	93	7.1%	485	11.6%	271	12.0%	756	11.7%	4,826	115.6%	1,523	67.2%	6,349	98.6%
\$350,000 to \$399,999	106	10.7%	46	14.2%	152	11.6%	731	17.5%	216	9.5%	947	14.7%	4,820	115.4%	1,149	50.7%	5,969	92.7%
\$400,000 to \$449,999	124	12.6%	44	13.6%	168	12.8%	650	15.6%	145	6.4%	795	12.3%	3,673	88.0%	755	33.3%	4,428	68.7%
\$450,000 to \$499,999	147	14.9%	34	10.5%	181	13.8%	501	12.0%	67	3.0%	568	8.8%	2,782	66.6%	428	18.9%	3,210	49.8%
\$500,000 to \$749,999	458	46.4%	46	14.2%	504	38.4%	1,135	27.2%	86	3.8%	1,221	19.0%	7,130	170.7%	624	27.5%	7,754	120.4%
\$750,000 to \$999,999	68	6.9%	6	1.9%	74	5.6%	164	3.9%	10	0.4%	174	2.7%	1,876	44.9%	166	7.3%	2,042	31.7%
\$1,000,000 and Over	26	2.6%	0	0.0%	26	2.0%	53	1.3%	2	0.6%	55	0.9%	1,362	32.6%	134	41.5%	1,496	23.2%
	988	100%	323	100%	1,311	100%	4,176	100%	2,266	101%	6,442	100%	32,769	785%	12,089	569%	44,858	696%
Median	\$538,045		\$345,000		\$490,483		\$414,950		\$255,000		\$358,687		\$375,000		\$260,000		\$345,000	
Average	\$546,064		\$363,455		\$501,073		\$449,441		\$273,238		\$387,461		\$439,150		\$293,268		\$399,418	

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

Sources: Regional Multiple Listing Service of Minnesota (RMLS); Maxfield Research & Consulting, LLC

Home Resales per Square Foot (“PSF”)

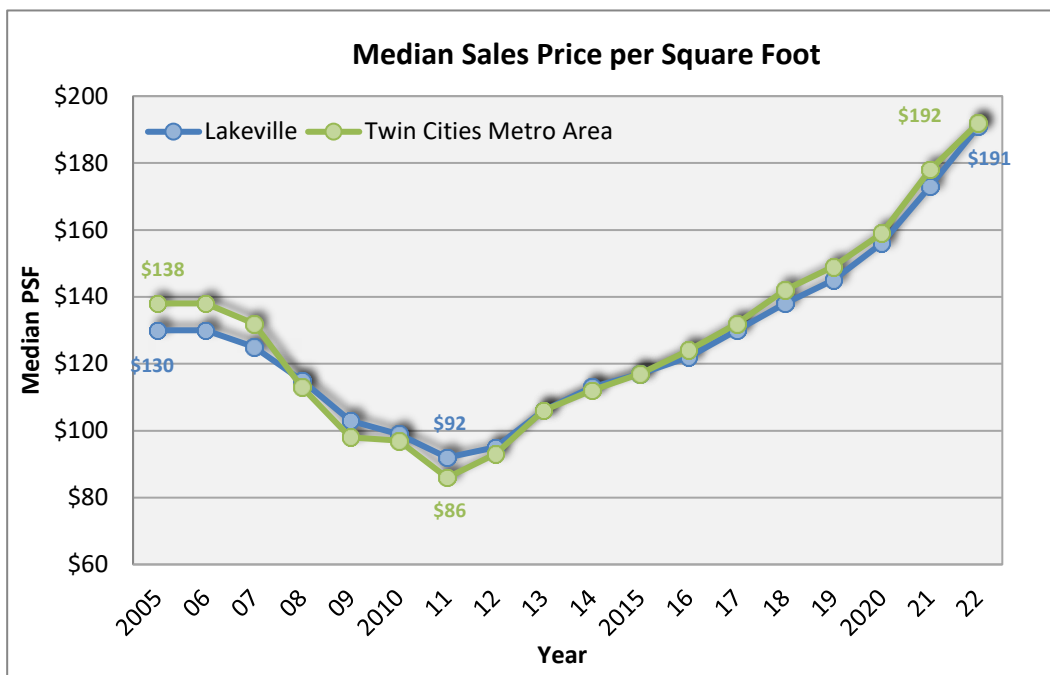
Table FS-4 shows the distribution of sales by sales price per square foot (“PSF”) from 2005 to 2022. The sales per square foot metric is simply the sales price of the home divided by the finished square footage. Table FS-5 illustrates PSF pricing between existing homes and new construction in Lakeville, Dakota County, and the Twin Cities Metro Area. The graph on the following page visually displays the sales data.

- The median and average price per square foot declined significantly between 2005 and 2012. Lakeville’s median price per square foot was \$130 in 2005 before declining to its lowest point in 2011 at \$92 per square foot (-30%). Since 2011 the price per square foot has steadily increase to \$191 per square foot (+108%) as of 2022.
- Lakeville housings costs on a median PSF basis are about 1% lower than the Twin Cities Metro Area average. However, Lakeville is priced about 3% higher than Dakota County.
- On average, the price of an existing home in Lakeville is about 20% less than the cost of new construction. The gap between existing housing and new construction continues to grow. In 2022, there is a 16% premium for new construction in Lakeville.
- New construction in Lakeville has on average been 6% lower historically, when compared to the Metro Area. However, in 2022, new construction in Lakeville (\$216) is priced only 1% lower when compared to the Metro Area (\$218).

TABLE FS-4
AVERAGE & MEDIAN SALES PRICE PER SQUARE FOOT (PSF)
CITY OF LAKEVILLE
2005 to 2022

Year	Lakeville		Dakota County		Twin Cities Metro Area	
	Avg.	Median	Avg.	Median	Avg.	Median
2005	\$137	\$130	\$135	\$131	\$150	\$138
2006	\$136	\$130	\$134	\$129	\$150	\$138
2007	\$130	\$125	\$128	\$124	\$143	\$132
2008	\$118	\$115	\$112	\$111	\$120	\$113
2009	\$105	\$103	\$99	\$98	\$104	\$98
2010	\$103	\$99	\$96	\$95	\$104	\$97
2011	\$93	\$92	\$84	\$84	\$93	\$86
2012	\$98	\$95	\$91	\$89	\$101	\$93
2013	\$110	\$106	\$103	\$101	\$113	\$106
2014	\$117	\$113	\$110	\$108	\$122	\$112
2015	\$121	\$117	\$115	\$113	\$127	\$117
2016	\$126	\$122	\$122	\$119	\$134	\$124
2017	\$135	\$130	\$130	\$126	\$143	\$132
2018	\$144	\$138	\$139	\$135	\$154	\$142
2019	\$149	\$145	\$146	\$142	\$161	\$149
2020	\$159	\$156	\$155	\$151	\$170	\$159
2021	\$178	\$173	\$174	\$170	\$190	\$178
2022	\$197	\$191	\$188	\$184	\$204	\$192

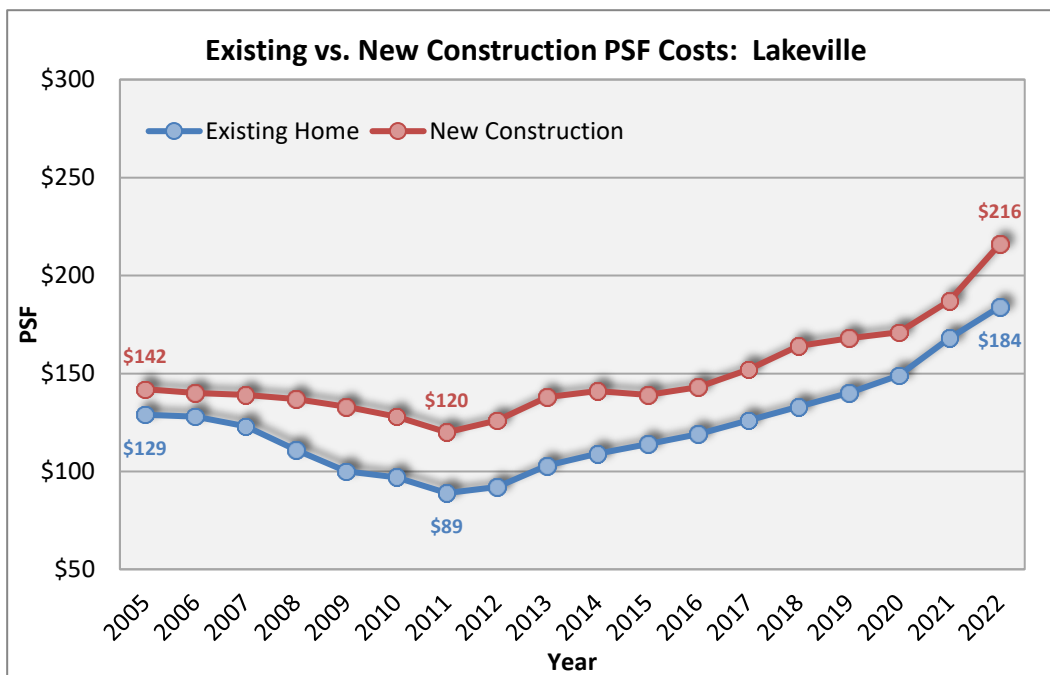
Source: 10K Research & Marketing, Maxfield Research & Consulting, LLC



**TABLE FS-5
 MEDIAN SALES PRICE PER SQUARE FOOT (PSF) COMPARISON
 EXISTING HOME VS. NEW CONSTRUCTION
 CITY OF LAKEVILLE
 2005 to 2022**

Year	Lakeville		Dakota County		Twin Cities Metro Area	
	Existing Home	New Const.	Existing Home	New Const.	Existing Home	New Const.
2005	\$129	\$142	\$130	\$144	\$135	\$168
2006	\$128	\$140	\$128	\$146	\$135	\$169
2007	\$123	\$139	\$123	\$141	\$130	\$161
2008	\$111	\$137	\$109	\$137	\$111	\$146
2009	\$100	\$133	\$97	\$127	\$96	\$128
2010	\$97	\$128	\$93	\$126	\$95	\$129
2011	\$89	\$120	\$82	\$122	\$84	\$125
2012	\$92	\$126	\$88	\$122	\$91	\$131
2013	\$103	\$138	\$99	\$135	\$103	\$140
2014	\$109	\$141	\$106	\$142	\$110	\$151
2015	\$114	\$139	\$111	\$140	\$115	\$154
2016	\$119	\$143	\$117	\$147	\$122	\$157
2017	\$126	\$152	\$125	\$154	\$130	\$163
2018	\$133	\$164	\$133	\$164	\$139	\$172
2019	\$140	\$168	\$140	\$167	\$146	\$176
2020	\$149	\$171	\$149	\$173	\$156	\$180
2021	\$168	\$187	\$168	\$189	\$176	\$197
2022	\$184	\$216	\$181	\$218	\$188	\$218

Source: 10K Research & Marketing, Maxfield Research & Consulting, LLC



Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in Lakeville, we reviewed the current supply of homes on the market (listed for sale). The data in Table FS-6 was provided by the Regional Multiple Listing Services of Minnesota and is based on active listings in March 2023. MLS listings generally account for the vast majority of all residential sale listings in a given area.

- About 231 homes were listed for sale in Lakeville as of March 2023. Single-family homes accounted for 75% of all active listings. Multifamily units mainly consisted of townhomes.
- The median list price skewed higher for single-family homes due to the number of new construction listings marketing. The median list price in Lakeville was \$599,900 for single-family homes and \$439,900 for multifamily homes; combined the median sales price across all housing types is about \$560,000. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.
- Based on a median list price of \$560,000 for both single-family and multifamily listings, a household would need an income of about \$166,833 in order to afford to make monthly housing payments of about \$3,292 (assuming a 10% down payment, 6.50% 30-year fixed mortgage, property taxes, insurance, and PMI). A household with significantly more equity (in an existing home and/or savings) could put more than 10% down and afford a higher priced home.

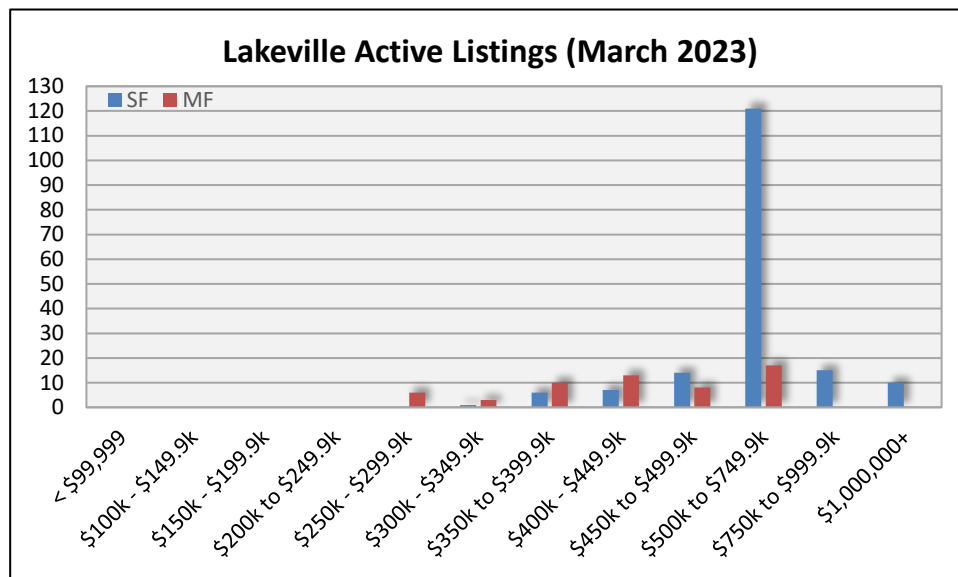
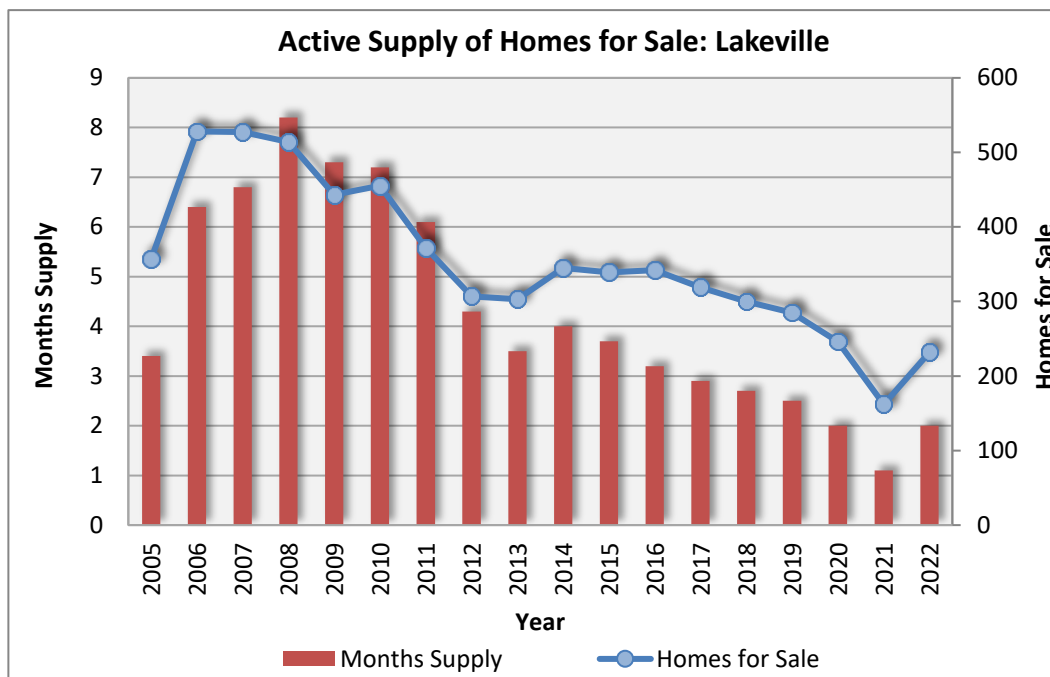


TABLE FS-6 HOMES CURRENTLY LISTED FOR-SALE CITY OF LAKEVILLE MARCH 2022				
Price Range	Single-Family		Multifamily ¹	
	No.	Pct.	No.	Pct.
< \$99,999	0	0.0%	0	0.0%
\$100,000 to \$149,999	0	0.0%	0	0.0%
\$150,000 to \$199,999	0	0.0%	0	0.0%
\$200,000 to \$249,999	0	0.0%	0	0.0%
\$250,000 to \$299,999	0	0.0%	6	10.5%
\$300,000 to \$349,999	1	0.6%	3	5.3%
\$350,000 to \$399,999	6	3.4%	10	17.5%
\$400,000 to \$449,999	7	4.0%	13	22.8%
\$450,000 to \$499,999	14	8.0%	8	14.0%
\$500,000 to \$749,999	121	69.5%	17	29.8%
\$750,000 to \$999,999	15	8.6%	0	0.0%
\$1,000,000 and Over	10	5.7%	0	0.0%
	174	100%	57	100%
Minimum	\$319,900		\$259,900	
Maximum	\$1,974,999		\$719,503	
Median	\$599,900		\$439,900	
Average	\$640,622		\$456,228	
¹ Includes townhomes, twinhomes, and condominiums				
Sources: Regional Multiple Listing Service of MN Maxfield Research & Consulting				

Months of Active Supply

Table FS-7 illustrates the historic supply of actively marketing properties in the City of Lakeville and Dakota County from 2005 to 2022. The table depicts the number of homes for sale over the course of the year and the months of supply. The months of supply metric calculates the number of months it would take for all the current homes for sale to sell given the monthly sales absorption. Generally, a balanced supply is considered four to six months. The higher the months of supply indicates there are more sellers than buyers; and the lower the months of supply indicates there are more buyers than sellers.

- Overall, since the last recession, supply trends and the number of homes for sale have decreased significantly. The number of homes for-sale in Lakeville peaked in 2006 at around 528 homes. The month’s supply dropped from a high of 8.2 in 2008 to 1.1 in 2021.
- Like most communities across the State of Minnesota; supply is at or less than two months in both Lakeville and Dakota County. As such, home buyers have few options for purchasing a home in the Lakeville area.
- Since 2005, Lakeville has accounted for about 20% of all homes for sale in Dakota County.



**TABLE FS-7
ACTIVE SUPPLY OF HOMES FOR SALE
CITY OF LAKEVILLE
2005 to 2022**

Year	Months Supply			Homes for Sale		
	Lakeville	Dakota County	Twin Cities Region	Lakeville	Dakota County	Twin Cities Region
2005	3.4	3.5	4.2	357	2,458	22,706
2006	6.4	6.0	6.6	528	3,339	29,366
2007	6.8	7.4	8.8	527	3,527	32,373
2008	8.2	8.6	9.7	514	3,468	31,557
2009	7.3	7.1	7.3	443	2,905	26,156
2010	7.2	7.3	7.4	455	3,006	26,498
2011	6.1	6.5	7.1	372	2,544	22,712
2012	4.3	3.7	4.5	307	1,811	17,217
2013	3.5	3.1	3.5	303	1,583	15,029
2014	4.0	3.4	3.9	345	1,693	16,178
2015	3.7	3.1	3.4	339	1,717	15,037
2016	3.2	2.4	2.7	342	1,463	13,105
2017	2.9	2.0	2.3	319	1,242	11,272
2018	2.7	1.8	2.2	300	1,100	10,627
2019	2.5	1.8	2.2	285	1,078	10,850
2020	2.0	1.4	1.8	246	879	9,032
2021	1.1	1.0	1.2	162	670	6,803
2022	2.0	1.4	1.5	232	832	7,277

Note: Homes for sale based on rolling 12-month data at end of year

Source: 10K Research & Marketing, Maxfield Research & Consulting, LLC

New Construction Housing Activity

Maxfield Research & Consulting, LLC obtained lot inventory and subdivision data from Metro Study, a homebuilding consulting company that maintains a database of all subdivision activity in the Greater Twin Cities Metro Area. Tables FS-8 to FS-12 provide a variety of information on the new construction market in Lakeville.

The following terms are used in the lot inventory tables:

- Annual Starts and Closings: The sum of activity for the most recent four quarters.
- Closing: Defined as when a “move in” has occurred and the home is occupied.
- Future Lots Inventory: Future lots are recorded after a preliminary plat or site plan has been submitted for consideration by the city.
- Lot Front: Range of all lot sizes within the subdivision; based on the lot front foot width
- Occupied: A buyer has taken possession of the home that was previously under construction or a model home.
- Price: Range of all base home price offered within the subdivision
- Starts: The housing slab or foundation has been poured.
- Total Lots: A summation of all lots platted in a subdivision, including those closed, under construction, and vacant.
- Vacant Developed Lot (VDL): The subdivision is considered developed after subdivision streets are paved and vehicles can physically drive in front of the lot.

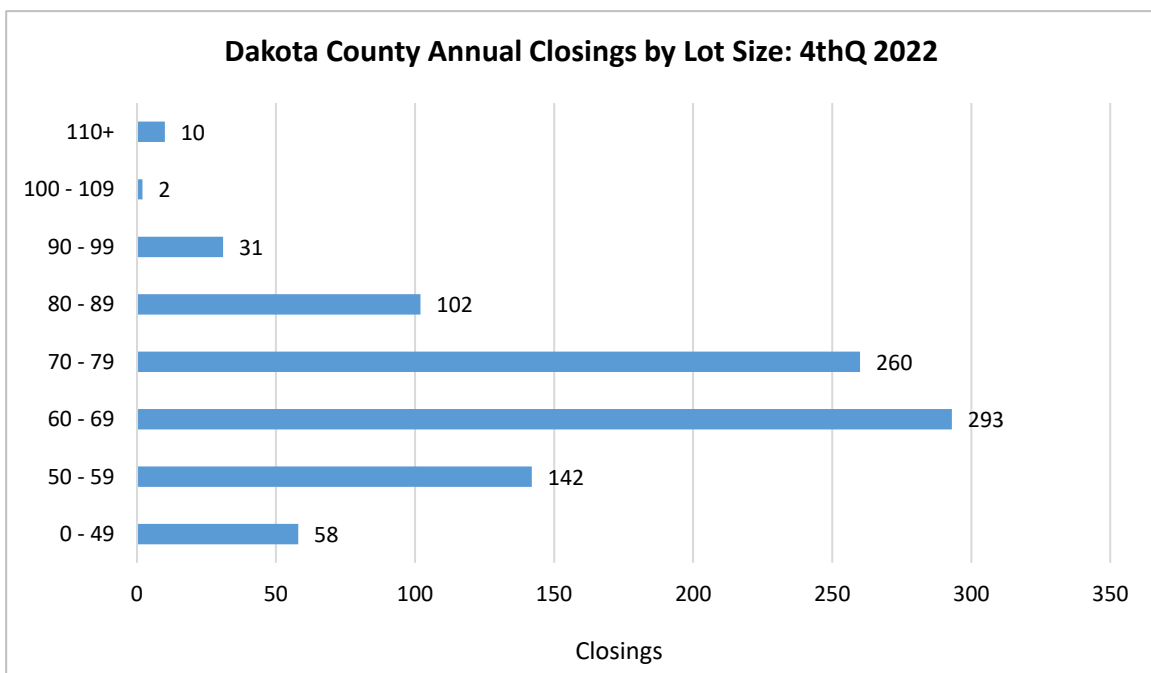
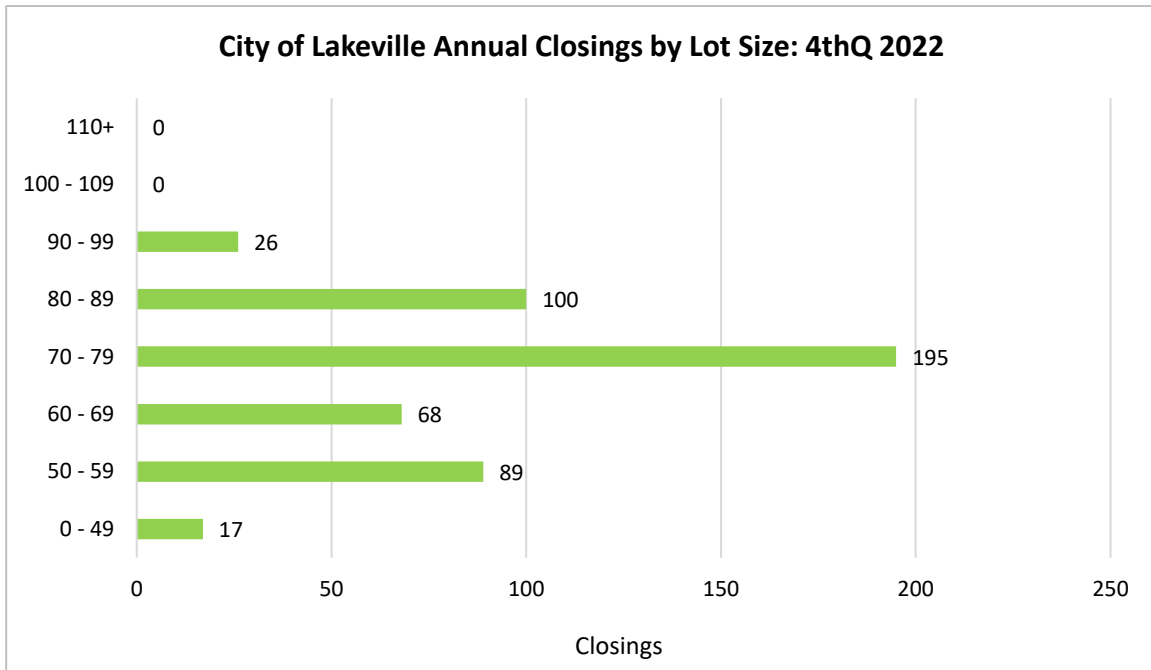
Lot Supply by Lot Size

FS-8 depicts trends in new single-family home construction based on lot size (i.e. front footage). The data is current as of fourth quarter 2022 for Lakeville, Dakota County, and the Twin Cities Metro Area and is broken down by eight different lot size categories.

- Within Lakeville, the vast majority of lot closings have been with lots sizes between 70 and 79 feet. Approximately 40% of all lot closings over the past year have fallen into this category that is generally considered a standard lot size today. However, compared to the Metro Area lot sizes are larger in Lakeville as about 25% of lots in the 7-County were between 70 and 79 feet and another one-third were between 60 and 69 feet.

FOR-SALE MARKET ANALYSIS

- There are very few larger lot sales in Lakeville, only 5% of lot sales were above 90 feet widths.
- Lot sizes have decreased since the Great Recession as developers have sought to maximize density to keep housing more affordable. About one-third of lot closings in the 7-County Metro Area in the past year have been on lots between 60 feet and 69 feet.

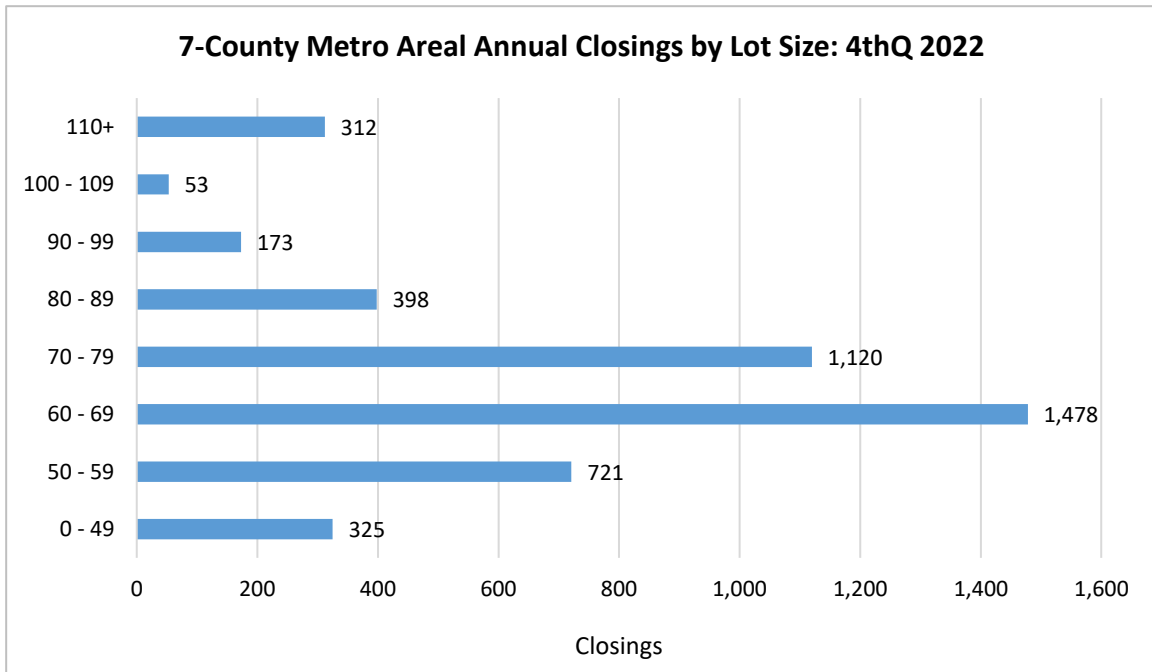


FOR-SALE MARKET ANALYSIS

**TABLE FS-8
LOT SIZE ANALYSIS - DETACHED
LAKEVILLE & TWIN CITIES METRO AREA
4th QUARTER 2022**

Lot Size (Width)	Quarterly		Annual		Fn. Vac. (FV)	Under Const. (UC)	Hsg. Invent.	Vac. Dev. Lots (VDL)	Future Lots (Fut)
	Starts	Closings	Starts	Closings					
Lakeville									
0 - 49	8	4	25	17	8	9	20	13	0
50 - 59	16	30	88	89	4	39	50	87	610
60 - 69	14	24	72	68	0	44	45	36	221
70 - 79	34	82	187	195	15	66	95	259	515
80 - 89	4	22	64	100	0	21	28	119	1,123
90 - 99	0	10	22	26	0	9	10	17	0
100 - 109	0	0	0	0	0	0	0	0	5
110 And Over	0	0	0	0	0	0	0	0	0
Summary	76	172	458	495	27	188	248	531	2,474
Dakota County									
0 - 49	20	14	84	58	8	31	46	81	615
50 - 59	24	43	171	142	7	83	100	307	1,503
60 - 69	45	78	282	293	2	140	157	368	1,117
70 - 79	38	87	212	260	15	83	115	331	725
80 - 89	5	22	72	102	0	29	36	137	1,123
90 - 99	3	13	31	31	0	15	17	51	0
100 - 109	1	0	2	2	0	2	2	5	45
110 And Over	0	1	10	10	0	3	3	18	27
Summary	136	258	864	898	32	386	476	1,298	5,155
7-County Metro Total									
0 - 49	68	99	306	325	59	130	201	488	1,154
50 - 59	154	243	884	721	101	378	523	1,370	3,835
60 - 69	307	435	1,405	1,478	117	659	854	2,282	5,854
70 - 79	140	308	923	1,120	98	325	466	1,397	3,107
80 - 89	85	118	432	398	53	178	255	784	3,195
90 - 99	10	52	123	173	10	46	61	143	254
100 - 109	4	10	49	53	8	20	29	124	436
110 And Over	56	76	316	312	25	142	172	753	1,132
Summary	824	1,341	4,438	4,580	471	1,878	2,561	7,341	18,967
Greater Metro Area Total									
0 - 49	74	115	350	365	64	151	230	600	1,432
50 - 59	179	288	1,065	887	121	464	638	1,707	4,864
60 - 69	367	532	1,831	1,862	222	833	1,160	3,173	8,547
70 - 79	165	361	1,133	1,404	138	390	576	1,807	4,099
80 - 89	107	175	635	639	84	250	363	1,194	4,638
90 - 99	22	74	209	305	17	73	96	447	893
100 - 109	16	33	157	186	34	54	90	337	1,015
110 And Over	122	158	658	642	45	242	296	2,037	2,107
Summary	1,052	1,736	6,038	6,290	725	2,457	3,449	11,302	27,595

Source: Metrostudy, Maxfield Research & Consulting, LLC



New Construction Pricing (Detached Housing Units)

Table FS-9 depicts new construction inventory for detached housing units in Lakeville compared to Dakota County and the Metro Area. The table depicts quarterly and annual starts, finished vacant lots, number of homes under construction and homes previously built, and the number of vacant lots. All of these attributes are provided based on the estimated sales price of the home. Key findings follow.

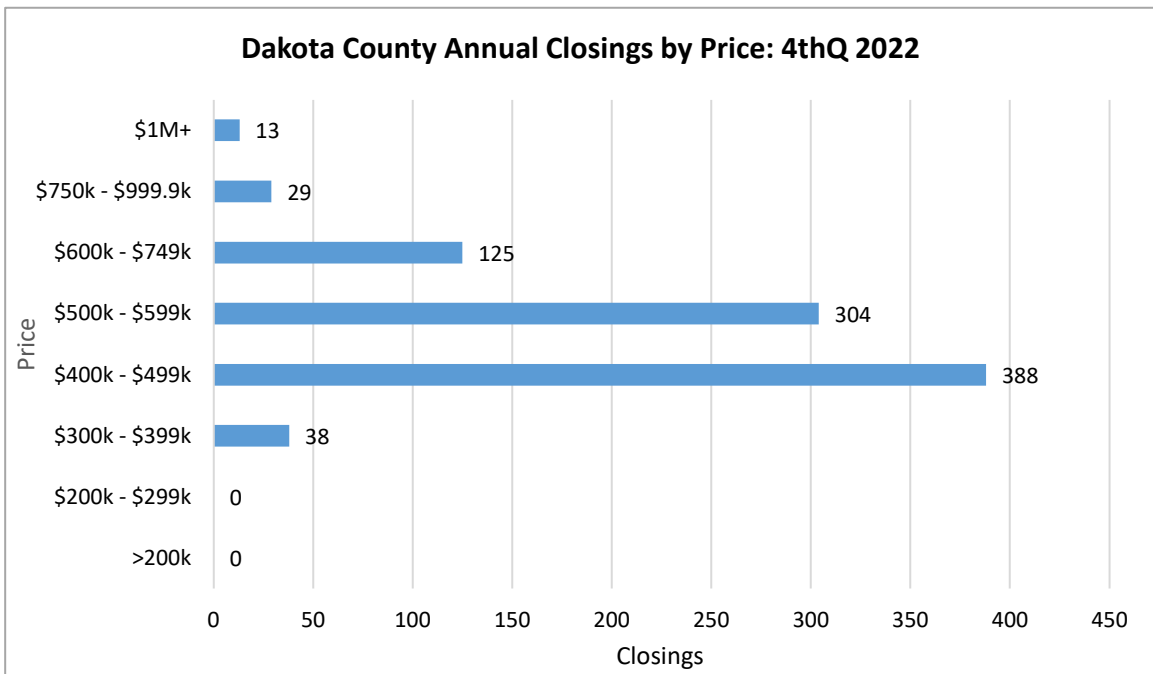
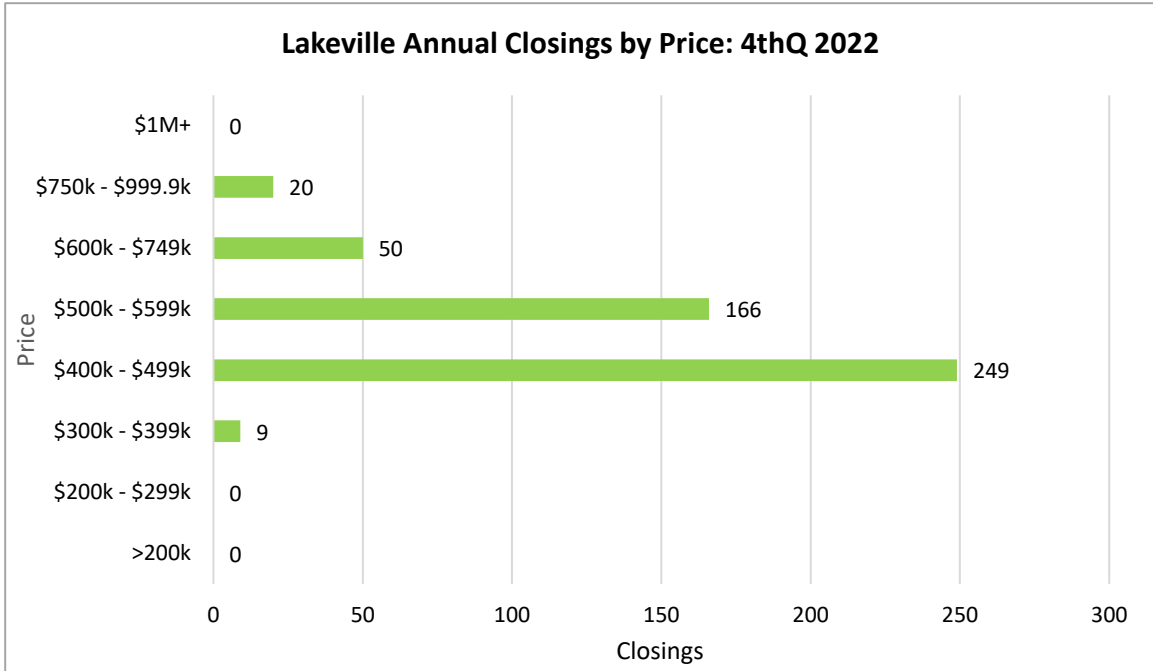
- One-half of new construction closings in Lakeville have been priced between \$400,000 and \$500,000. This compares to 33% in the 7-County Metro Area and 43% in Dakota County.
- About one-third of new construction in Lakeville sold between \$500,000 and \$600,000. This is on-par with Dakota County while the Metro Area accounted for 27% of sales in this price range.
- There are few detached new construction homes in Lakeville, Dakota County, or the 7-County Metro Area. Due to a multitude of factors, affordable new construction has been non-existent for several years in the Metro Area.
- About 10% of new construction detached homes in Lakeville are priced from \$600,000 to \$750,000. About 30% of homes in the Metro Area are priced above \$600,000.

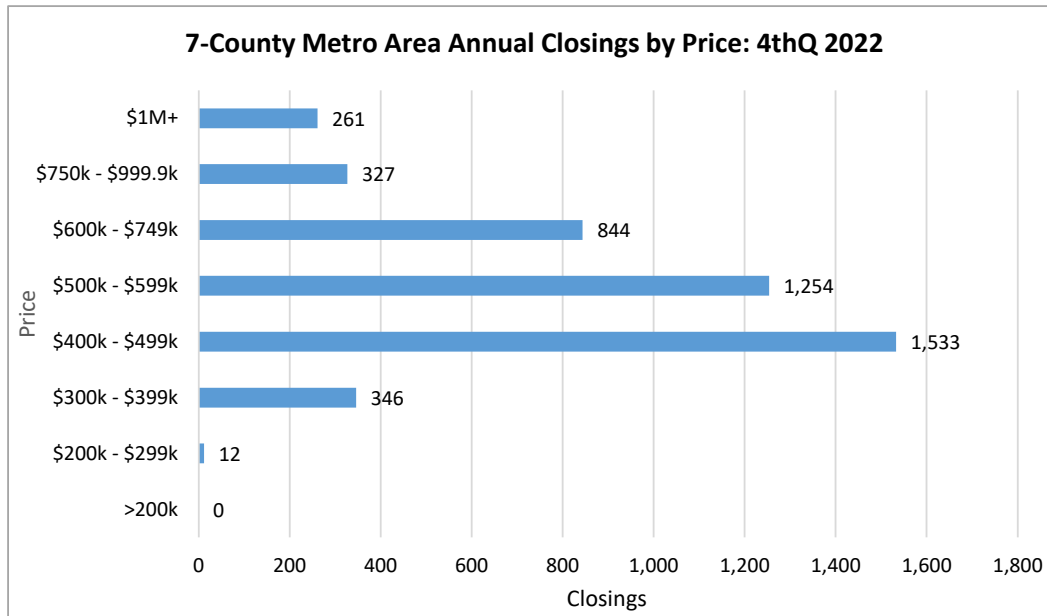
FOR-SALE MARKET ANALYSIS

**TABLE FS-9
NEW CONSTRUCTION ACTIVITY BY PRICE POINT - DETACHED
LAKEVILLE AND TWIN CITIES METRO AREA
4th QUARTER 2022**

Price Point (Base Pricing)	Quarterly		Annual		Fn. Vac. (FV)	Under Const. (UC)	Hsg. Invent.	Vac. Dev. Lots (VDL)
	Starts	Closings	Starts	Closings				
Lakeville								
\$0 - \$199,000	0	0	0	0	0	0	0	0
\$200,000 - \$299,000	0	0	0	0	0	0	0	0
\$300,000 - \$399,000	1	1	5	9	0	1	1	3
\$400,000 - \$499,000	46	87	247	249	24	116	155	271
\$500,000 - \$599,000	22	62	146	166	2	50	62	126
\$600,000 - \$749,000	6	16	43	50	1	16	22	107
\$750,000 - \$999,000	1	7	17	20	0	6	8	23
\$1,000,000 & Over	0	0	0	0	0	0	0	0
Summary	76	173	458	494	27	189	248	530
Dakota County								
\$0 - \$199,000	0	0	0	0	0	0	0	0
\$200,000 - \$299,000	0	0	0	0	0	0	0	3
\$300,000 - \$399,000	8	10	48	38	1	22	25	175
\$400,000 - \$499,000	67	116	408	388	25	183	233	566
\$500,000 - \$599,000	40	87	265	304	2	109	131	330
\$600,000 - \$749,000	12	34	96	125	2	45	55	175
\$750,000 - \$999,000	8	9	35	29	1	21	26	45
\$1,000,000 & Over	1	2	12	13	1	6	7	5
Summary	136	258	864	897	32	386	477	1,299
7-County Metro Total								
\$0 - \$199,000	0	0	0	0	0	0	0	0
\$200,000 - \$299,000	0	0	9	12	0	0	0	4
\$300,000 - \$399,000	38	82	272	346	55	107	170	551
\$400,000 - \$499,000	249	474	1,499	1,533	164	615	846	2,395
\$500,000 - \$599,000	244	378	1,265	1,254	117	510	684	1,772
\$600,000 - \$749,000	149	236	771	844	75	325	442	1,292
\$750,000 - \$999,000	99	89	405	327	40	204	271	920
\$1,000,000 & Over	42	82	216	261	20	121	146	408
Summary	821	1,341	4,437	4,577	471	1,882	2,559	7,342
Greater Metro Area Total								
\$0 - \$199,000	0	0	0	1	0	0	0	0
\$200,000 - \$299,000	1	2	42	63	0	1	3	38
\$300,000 - \$399,000	108	199	800	890	150	272	443	1,927
\$400,000 - \$499,000	334	637	2,095	2,223	274	875	1,243	3,938
\$500,000 - \$599,000	284	445	1,527	1,519	150	599	816	2,321
\$600,000 - \$749,000	164	265	878	939	88	361	494	1,557
\$750,000 - \$999,000	111	103	472	382	42	228	301	1,092
\$1,000,000 & Over	44	85	223	270	21	124	149	429
Summary	1,046	1,736	6,037	6,287	725	2,460	3,449	11,302

Source: Metrostudy, Maxfield Research & Consulting, LLC





Actively Marketing Subdivisions

Tables FS-10 and FS-11 show an inventory of detached and attached lots within platted subdivisions in Lakeville. The tables provide information on the initial date the subdivision became active, product type, lot sizes, typical base pricing, starts and closings, and the lot inventory. Please note: not all of the subdivisions may be actively marketing but may simply have available lots for future development. FS-12 shows pricing and building activity by subdivision. Key findings follow.

- Table FS-10 identifies 25 single-family subdivisions with available lots in Lakeville. Based on these subdivisions, there are about 530 vacant developed lots as of 4th quarter 2022. However, there are another 1,355 future lots in the same subdivisions.
- Most of these subdivisions were platted within the past four years. The Spirit of Brandtjen Farms master planned community was platted in 2006 and is still working through phases. However, the final phase was recently approved.
- Over the past year the number of housing closings has surpassed housing starts. Generally, housing starts have continued to decline to rising interest rates and continued rate hikes by the Federal Reserve.
- The median price of new construction detached single-family housing has been about \$563,000 (\$230 PSF) in Lakeville over the past year with an average square footage of approximately 3,100 finished square feet. This compares to a median price of \$396,500 for townhome units, or about \$205 PSF. Unit sizes are generally smaller compared to detached structures averaging about 1,900 finished square feet.

FOR-SALE MARKET ANALYSIS

**TABLE FS-10
SUBDIVISION & LOT INVENTORY - DETACHED HOUSING UNITS
LAKEVILLE
4TH QUARTER 2022**

Subdivision Name	Initial Active Qtr.	Status	Product Type	Lot Range (Ft.)	Pricing (\$1,000)		Annual Starts	Annual Closings	Currently Occupied	Vacant Developed Lot Inventory (VDL)	Future Units (Fut)	Total Units (Tot)
					Min	Max						
Active Lots												
Spirit of Brandtjen Farm/SF	1Q06	Active 1Q06	Single Family	80'	\$750	\$890	9	13	579	0	1,082	1,664
Berres Ridge	1Q16	Active 1Q16	Single Family	80'	\$400	\$630	28	34	251	53	41	361
Kenwood Hills (DTH)	1Q16	Active 1Q16	Single Family	40'	\$460	\$569	7	3	55	0	0	60
Avonlea/Pinnacle Reserve/DR Horton	1Q20	Active 1Q20	Single Family	70'	\$469	\$556	1	16	72	0	0	75
Knob Hill of Lakeville/North (DTH)	1Q21	Active 1Q21	Single Family	40'	\$410	\$800	18	14	14	13	0	42
Aspen Grove	2Q19	Active 2Q19	Single Family	80'	\$450	\$750	1	5	55	0	0	56
Avonlea/Pinnacle Reserve/Express Premier	2Q20	Active 2Q20	Single Family	65'	\$424	\$480	31	23	66	16	0	109
Feldman Heights	3Q15	Active 3Q15	Single Family	70'	\$400	\$500	0	1	24	1	0	25
Pheasant Run of Lakeville/	3Q16	Active 3Q16	Single Family	85'	\$330	\$500	14	24	173	9	0	187
Knob Hill of Lakeville/	3Q19	Active 3Q19	Single Family	90'	\$350	\$550	22	26	86	17	0	113
Avonlea/Pinnacle Reserve/Freedom	3Q20	Active 3Q20	Single Family	55'	\$399	\$452	34	30	54	14	0	84
Bennett Bluffs	3Q20	Active 3Q20	Single Family	70'	\$430	\$530	2	5	22	1	0	24
Summers Creek/Villa	3Q20	Active 3Q20	Single Family	50'-59'	\$430	\$700	32	37	49	52	0	123
Glacier Creek/SF	3Q21	Active 3Q21	Single Family	70'	\$400	\$600	42	36	36	49	0	99
Knob Hill of Lakeville/North	3Q21	Active 3Q21	Single Family	70'	\$400	\$550	7	18	18	10	0	36
Pheasant Run of Lakeville/North	3Q21	Active 3Q21	Single Family	70'	\$400	\$800	10	3	3	107	0	117
Preserve in Lakeville, The	3Q21	Active 3Q21	Single Family	85'	\$661	\$775	12	24	38	48	0	89
Enclave of Lakeville, The	3Q22	Active 3Q22	Single Family	85'	\$400	\$900	0	0	0	9	0	9
Avonlea/Grove	4Q17	Active 4Q17	Single Family	65'	\$470	\$544	41	45	165	20	0	203
Cedar Crossings Express Premier	4Q19	Active 4Q19	Single Family	70'	\$433	\$459	22	23	107	0	0	123
Cedar Hills/Discovery	4Q20	Active 4Q20	Single Family	70'	\$502	\$635	34	27	27	10	83	139
Cedar Hills/Lifestyle Villa	4Q20	Active 4Q20	Single Family	50'	\$409	\$453	22	22	25	21	149	207
Summers Creek/SF	4Q20	Active 4Q20	Single Family	70'	\$470	\$674	37	51	71	7	0	84
Redstone	4Q21	Active 4Q21	Single Family	70'	\$410	\$900	29	13	13	16	0	47
Highview Ridge	4Q22	Active 4Q22	Single Family	70'	\$500	\$800	3	0	0	58	0	61
Subtotal							458	493	2,003	531	1,355	4,137
					\$25							
Future Lots												
Bee Well Development	0	Future	Single Family	100'	\$0	\$0	0	0	0	0	5	5
Brookshire/Dr Horton	0	Future	Single Family	0	\$0	\$0	0	0	0	0	0	0
Brookshire/Express Premier	0	Future	Single Family	70'	\$0	\$0	0	0	0	0	385	385
Brookshire/Express Select	0	Future	Single Family	55'	\$0	\$0	0	0	0	0	170	170
Caslano/Classic	0	Future	Single Family	65'	\$547	\$650	0	0	0	0	16	16
Caslano/Landmark	0	Future	Single Family	60'	\$551	\$644	0	0	0	0	205	205
Cedar Creek Villas	0	Future	Single Family	55'	\$0	\$0	0	0	0	0	137	137
North Creek in Lakeville/SF	1Q20	Future	Single Family	70'	\$350	\$500	0	2	33	0	47	80
Pheasant Run of Lakeville/North (DTH)	0	Future	Single Family	0	\$0	\$0	0	0	0	0	33	33
Voyageur Farms	0	Future	Single Family	50'	\$0	\$0	0	0	0	0	154	154
							0	2	33	0	1,152	1,185

Source: Metrostudy, Maxfield Research & Consulting

FOR-SALE MARKET ANALYSIS

**TABLE FS-11
SUBDIVISION & LOT INVENTORY - ATTACHED HOUSING UNITS
LAKEVILLE
4TH QUARTER 2022**

Subdivision Name	Initial Active Qtr.	Status	Product Type	Lot Range (Ft.)	Pricing (\$1,000)		Annual Starts	Annual Closings	Currently Occupied	Vacant Developed Lot Inventory (VDL)	Future Units (Fut)	Total Units (Tot)
					Min	Max						
Actively Lots												
Cordelia Freedom (TH)	4Q21	Active 4Q21	Townhouse	25'	\$370	\$370	44	17	17	34	93	171
Crystal Park Express (TH)	4Q21	Active 4Q21	Townhouse	25'	\$300	\$400	30	6	6	22	0	52
Glacier Creek/TH	4Q20	Active 4Q20	Townhouse	30'	\$423	\$445	48	54	73	16	0	114
Kenwood Place (TW)	1Q17	Active 1Q17	Duplex	45'	\$760	\$778	0	7	26	0	0	30
Spirit of Brandtjen Farm/TH	2Q20	Active 2Q20	Townhouse	27'	\$400	\$490	25	8	8	14	0	43
Subtotal							147	92	130	86	93	410
Future												
Brookshire/TH	0	Future	Townhouse	25'	\$0	\$0	0	0	0	0	181	181

Source: Metrostudy, Maxfield Research & Consulting

FOR-SALE MARKET ANALYSIS

- Compared to single-family, there are few new construction attached products marketing in Lakeville. There are only five actively marketing attached subdivisions in Lakeville boasting a total of 86 vacant developed lots. Given high inflation and rising mortgage rates, the demand for townhome style units will continue to grow.

Select For-Sale Housing Properties



Kenwood Place Townhomes



Linden Ridge Single-Family



Spirit of Brandtjen Single-Family



The Commons at Avonlea Townhomes



The Grove at Avonlea Single-Family



Kenwood Hills Villa Home

FOR-SALE MARKET ANALYSIS

TABLE FS-12
SALES ABSORPTIONS BY SUBDIVISION - LAKEVILLE
4Q 2021 to 4Q 2022

Subdivision	Status	ProductType	Min Price	Max Price	LotRange	Active Builders	Annual	
							Starts	Closings
Glacier Creek/TH	Act 4Q20	Townhouse	\$423	\$445	30'	Brandl Anderson Homes	48	54
Summers Creek/SF	Act 4Q20	Single Family	\$470	\$674	70'	DR Horton Inc/Key Land Homes	37	51
Avonlea/Grove	Act 4Q17	Single Family	\$470	\$544	65'	Lennar Homes	41	45
Summers Creek/Villa	Act 3Q20	Single Family	\$430	\$700	50'-59'	Country Joe Homes/Mark Elliot Homes/Summergate Companies	32	37
Glacier Creek/SF	Act 3Q21	Single Family	\$400	\$600	70'	Brandl Anderson Homes/Dream Homes Inc/OneTenTen Homes LLC	42	36
Berres Ridge	Act 1Q16	Single Family	\$400	\$630	80'	Eternity Homes LLC/OneTenTen Homes LLC/Pietsch Builders/Robert McNearney Custom Homes/Sharper Homes/Stone Cottage Construction	28	34
Avonlea/Pinnacle Reserve/Freedom	Act 3Q20	Single Family	\$399	\$452	55'	DR Horton - Freedom Homes	34	30
Cedar Hills/Discovery	Act 4Q20	Single Family	\$502	\$635	70'	Lennar Homes	34	27
Knob Hill of Lakeville/	Act 3Q19	Single Family	\$350	\$550	90'	Brandl Anderson Homes/Eternity Homes LLC/Key Land Homes/Loomis Homes/OneTenTen Homes LLC/Stone Cottage Construction/Thorson Homes	22	26
Preserve in Lakeville, The Pheasant Run of Lakeville/	Act 3Q21	Single Family	\$661	\$775	85'	Country Joe Homes	12	24
Avonlea/Pinnacle Reserve/Express Premier	Act 3Q16	Single Family	\$330	\$500	85'	Eternity Homes LLC/Key Land Homes/KJ Walk/OneTenTen Homes LLC/Pietsch Builders/Thorson Homes	14	24
Cedar Crossings Express Premier	Act 2Q20	Single Family	\$424	\$480	65'	DR Horton - Express Homes	31	23
Cedar Hills/Lifestyle Villa	Act 4Q19	Single Family	\$433	\$459	70'	Lennar Homes	22	23
Knob Hill of Lakeville/North	Act 4Q20	Single Family	\$409	\$453	50'	Lennar Homes	22	22
Cordelia Freedom (TH)	Act 3Q21	Single Family	\$400	\$550	70'	Eternity Homes LLC/Key Land Homes LLC	7	18
Avonlea/Pinnacle Reserve/DR Horton	Act 4Q21	Townhouse	\$370	\$370	25'	Pulte Homes	44	17
Knob Hill of Lakeville/North (DTH) Redstone	Act 1Q20	Single Family	\$469	\$556	70'	DR Horton Inc	1	16
Spirit of Brandtjen Farm/SF	Act 1Q21	Single Family	\$410	\$800	40'	Eternity Homes LLC/Key Land Homes	18	14
Spirit of Brandtjen Farm/TH	Act 4Q21	Single Family	\$410	\$900	70'	Distinctive Design Build Inc/Eternity Homes LLC/Pietsch Builders	29	13
Kenwood Place (TW)	Act 1Q06	Single Family	\$750	\$890	80'	Robert Thomas Homes	9	13
Crystal Park Express (TH)	Act 2Q20	Townhouse	\$400	\$490	27'	RT Urban Homes	25	8
Aspen Grove	Act 1Q17	Duplex	\$760	\$778	45'	Wooddale Builders	0	7
Bennett Bluffs	Act 4Q21	Townhouse	\$300	\$400	25'	DR Horton - Express Homes	30	6
Kenwood Hills (DTH)	Act 2Q19	Single Family	\$450	\$750	80'	OneTenTen Homes LLC	1	5
Pheasant Run of Lakeville/North	Act 3Q20	Single Family	\$430	\$530	70'	OneTenTen Homes LLC	2	5
Feldman Heights	Act 1Q16	Single Family	\$460	\$569	40'	Fieldstone Family Homes	7	3
Enclave of Lakeville, The Highview Ridge	Act 3Q21	Single Family	\$400	\$800	70'	Eternity Homes LLC/Key Land Homes/Loomis Homes/OneTenTen Homes LLC	10	3
	Act 3Q15	Single Family	\$400	\$500	70'	Cedar Custom Builders & Remodlers	0	1
	Act 3Q22	Single Family	\$400	\$900	85'	Superior Contracting	0	0
	Act 4Q22	Single Family	\$500	\$800	70'	Country Joe Homes/Key Land Homes	3	0

Source: Metrostudy, Maxfield Research and Consulting

- As depicted in Table FS-12, the top performing subdivision in Lakeville was Glacier Creek; a townhouse project (villas) by Brandl Anderson Homes. The development had approximately 50 starts and closings this past year, resulting in average sales of around four to five homes per month. Price points were in the lower \$400s which resulted in strong demand for new construction with main-level living options. At the same time, the Glacier Creek single-family homes had 36 closings this past year, or about three home sales per month.
- Lakeville is amongst the busiest new single-family construction market in the Twin Cities. According to the Builders Association of the Twin Cities ("BATC"), Lakeville is the top market this past year followed by Woodbury, Cottage Grove, Blaine, and Shakopee. At the same time, building permit activity pulled back significantly as the year progresses as rising interest rates pushed many buyers out of the market.

- Although Lakeville has numerous builders, new construction has been dominated by the two largest builders that have accounted for nearly one-half of new construction starts in Lakeville. Lennar and D.R. Horton combine for about 150 housing starts annually. Keyland Homes, Brandl Anderson Homes, and One Ten Ten Homes all average about 30 homes per year.
- Although there are few “bring your own builder” subdivisions in Lakeville; many subdivisions are semi-closed subdivisions that allow the home buyer to choose from select builders. These subdivisions have architectural covenants in place to ensure design consistency throughout the neighborhood. Most nationals such as Lennar and D.R. Horton prefer to only build within communities they also develop.

Real Estate Professionals Survey Summary

Maxfield Research and Consulting surveyed real estate professionals familiar with Lakeville’s owner-occupied market to solicit their impressions of the for-sale housing market in the city. Key points are summarized below.

- Overall, respondents agreed that demand for for-sale housing is high in the City of Lakeville due to desirable school district, amenities (parks, trails, retail, etc.), and for lifestyle reasons. However, housing affordability was a common issue noted among responses, and many agents attributed that to high land costs and low inventory of entry-level housing. Additionally, agents stated that they predominately serve move-up buyers, as the price for first-time home buyers is too high in Lakeville.
- Survey respondents stated that due to affordability challenges in the city, the product type buyers are mainly seeking is entry-level single-family homes (\$450k and under), followed by townhome or condominium developments.
- The primary market for move-up buyers is new construction, as many buyers want to customize their homes, while first-time home buyers prefer existing resale homes because they are more affordable. It was also noted that because of housing affordability, resales are very competitive and turn in multiple offers.
- Surveys also noted a large number of aging demographic seeking to downsize, which has created challenges for the lack of senior rental housing in Lakeville.
- All respondents agreed that housing in Lakeville was less affordable than surrounding communities, however it continues to be a very desirable community for its local amenities and school district.

Planned and Proposed Housing Developments

Maxfield Research obtained data from community staff members in Lakeville in order to identify housing developments under construction, planned, or pending. As of December 2022, there are three pending multifamily rental developments, four pending senior housing developments, and 11 pending for-sale housing developments. Pending projects are subject to change based on a variety of factors, such as economic conditions, interest rates, lender requirements, financial strength of developer, etc. Maxfield Research assumes all approved projects will move forward and have been accounted for in our demand calculations found later in this report. However, some projects may not move forward after they receive approval, which may impact demand.

- Among the three pending multifamily rental developments is one market rate apartment project (*Livery Modern Apartments* | 204 -units) that is under construction and is slated for completion during the first quarter of 2023. Additionally, there is one approved affordable project (*Authentix Townhomes* | 252 -units) and one proposed project (*179th St Apts.* | 243 -units).
- Currently, there are two senior projects that are under construction, *The Pillars of Lakeville* and *BeeHive Homes of Lakeville*. Additionally, there are two proposed senior projects, *Affinity at Lakeville* and *Estoria Lakeville*. In total, these four projects included 413 units across five service levels.
- Finally, there are 11 pending for-sale housing developments in the City of Lakeville. These projects include a total of 566 single-family homes, 198 attached townhomes, and 232 detached townhomes.

PLANNED AND PROPOSED HOUSING DEVELOPMENTS

TABLE P-1 PENDING HOUSING DEVELOPMENTS CITY OF LAKEVILLE DECEMBER 2022				
Project Name/Location	Units	Type	Developer/Applicant	Status/Notes
General Occupancy Multifamily Rental Housing				
Livery Modern Apartments 16001 Eagleview Dr	204	Market Rate	The Garrett Companies	Under Construction. Q3/4 2023
Authentix Townhomes N of 210th St & W of Keokuk Ave	252	Affordable	Continental 564 Fund	Approved 80% AMI
179th St Apts. SE corner of 179th St & Cedar Ave	243	Market Rate	TE Miller Development	Proposed
Senior Housing				
The Pillars of Lakeville 17701 Glacier Way	100	IL, AL, MC	Oppidan	Under Construction. Q2/3 2023 IL (56), AL (30), MC (14)
BeeHive Homes of Lakeville 8305 210th St W	48	MC	Chevalle Investments	Under Construction. 2023
Affinity at Lakeville 18000 Cedar Ave	174	MR AA	Affinity at Lakeville, LLC	Proposed
Estoria Lakeville 165th St W & Jackdaw Path	91	Senior Co-op	Ebenezer Mgmt.	Proposed
For-Sale Housing				
Berres Ridge 8th Add. N of 202nd St & W of Hamburg Ave	26	SF	Berres Ridge Deve., LLC	Proposed
Brookshire S of 170th St & E of Eagleview Dr	267	SF & Att. THs	D.R. Horton	Approved SF (196) + Att. TH (71)
Caslano S of Dodd Blvd & W of Highview Ave	94	SF	U.S. Home, LLC Lennar	Approved
Cedar Creek Villas NW quad. of 202nd St & Cedar Ave	37	Det. THs	Summergate Deve.	Approved
Cedar Hills 5th Add. E of Cedar & S of 200th St	70	SF & Det. THs	Lennar Homes	Proposed SF (36) + Det. TH (34)
Glacier Creek 5th Add. E of Cedar Ave & S of 179th St	39	SF	CNC Development V, LLC	Approved
Highview Ridge S of Dodd Blvd & E of Highview Ave	61	SF	Youngfield Homes, Inc.	Proposed
North Creek Estates W of Pilot Knob Rd & S of 170th St	79	SF	North Creek of Lakeville, LLC	Proposed Manufactured
Pheasant Run of Lakeville 8th Add. E of Pilot Knob Rd & N of 179th St	33	Det. THs	KJ Walk, Inc	Proposed
Ritter Meadows N of 205th St & W of Keokuk Ave	258	SF, Att. & Det. THs	N/A	Proposed SF (35), Att. TH (127), Det. TH (96)
Voyageur Farms E of Cedar Ave & N of 185th St	32	Det. THs	U.S. Home, LLC Lennar	Approved
MF Rental Units Total:	699			
Senior Units Total:	413			
For-Sale Units Total:	996			
Source: City of Lakeville, Maxfield Research & Consulting, LLC				

Select Pending Housing Properties



Livery Modern Apts. – Under Construction



The Pillars of Lakeville – Recently Completed



Berres Ridge Single-Family – Under Construction



Summers Creek Single-Family – Recently Completed

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges by definition.

FIGURE 1
AREA MEDIAN INCOME (AMI) DEFINITIONS

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

Note: Dakota County 4-person AMI = \$118,200 (2022)

Naturally-Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Rent and Income Limits

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Dakota County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

HOUSING AFFORDABILITY

TABLE HA-1 MHFA/HUD INCOME AND RENT LIMITS DAKOTA COUNTY - 2022								
Income Limits by Household Size								
Area Median Income (AMI)								
	30%	40%	50%	60%	70%	80%	100%	120%
1 pph	\$24,660	\$32,880	\$41,100	\$49,320	\$57,540	\$65,760	\$82,200	\$98,640
2 pph	\$28,170	\$37,560	\$46,950	\$56,340	\$65,730	\$75,120	\$93,900	\$112,680
3 pph	\$31,680	\$42,240	\$52,800	\$63,360	\$73,920	\$84,480	\$105,600	\$126,720
4 pph	\$35,190	\$46,920	\$58,650	\$70,380	\$82,110	\$93,840	\$117,300	\$140,760
5 pph	\$38,010	\$50,680	\$63,350	\$76,020	\$88,690	\$101,360	\$126,700	\$152,040
6 pph	\$40,830	\$54,440	\$68,050	\$81,660	\$95,270	\$108,880	\$136,100	\$163,320
7 pph	\$43,650	\$58,200	\$72,750	\$87,300	\$101,850	\$116,400	\$145,500	\$174,600
8 pph	\$46,470	\$61,960	\$77,450	\$92,940	\$108,430	\$123,920	\$154,900	\$185,800
Maximum Gross Rent								
	30%	40%	50%	60%	70%	80%	100%	120%
EFF	\$616	\$822	\$1,027	\$1,233	\$1,438	\$1,644	\$2,055	\$2,466
1BR	\$660	\$880	\$1,100	\$1,320	\$1,540	\$1,761	\$2,201	\$2,641
2BR	\$792	\$1,056	\$1,320	\$1,584	\$1,848	\$2,112	\$2,640	\$3,168
3BR	\$915	\$1,220	\$1,525	\$1,830	\$2,135	\$2,440	\$3,050	\$3,660
4BR	\$1,020	\$1,361	\$1,701	\$2,041	\$2,381	\$2,722	\$3,402	\$4,083
Fair Market Rent								
Bedroom Type / Rent	EFF	1BR	2BR	3BR	4BR			
	\$932	\$1,078	\$1,329	\$1,841	\$2,145			

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

HOUSING AFFORDABILITY

**TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
DAKOTA COUNTY - 2022**

Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$617	-\$617	\$1,028	-\$1,028	\$1,233	-\$1,233	\$1,644	-\$1,644	\$2,055	-\$2,055	\$2,466	-\$2,466
1BR	1	2	\$617	-\$704	\$1,028	-\$1,174	\$1,233	-\$1,409	\$1,644	-\$1,878	\$2,055	-\$2,348	\$2,466	-\$2,817
2BR	2	4	\$704	-\$880	\$1,174	-\$1,466	\$1,409	-\$1,760	\$1,878	-\$2,346	\$2,348	-\$2,933	\$2,817	-\$3,519
3BR	3	6	\$792	-\$1,021	\$1,320	-\$1,701	\$1,584	-\$2,042	\$2,112	-\$2,722	\$2,640	-\$3,403	\$3,168	-\$4,083
4BR	4	8	\$880	-\$1,162	\$1,466	-\$1,936	\$1,760	-\$2,324	\$2,346	-\$3,098	\$2,933	-\$3,873	\$3,519	-\$4,645

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

Note: Dakota County 4-person AMI = \$118,200 (2022)

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

Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in the City of Lakeville that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2020 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

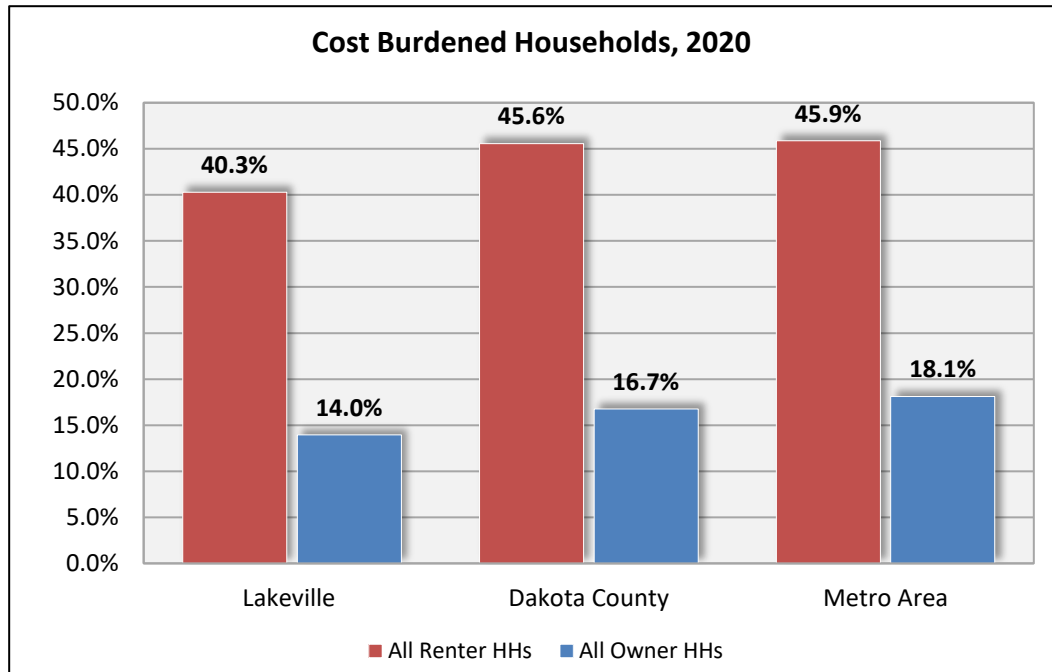
Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

Key findings from Table HA-3 follow.

- About 14% of owner households and 40% of renter householders are estimated to be paying more than 30% of their income for housing costs in Lakeville. Compared to the Dakota County and Metro Area averages, the percentage of cost burdened owner and renter households are slightly higher in Dakota County and the Metro Area than in Lakeville.
- The number of cost burdened households in Lakeville increases proportionally based on lower incomes. About 77% of renters with incomes below \$35,000 are cost burdened and 66% of owners with incomes below \$50,000 are cost burdened.
- Median contract rents in Lakeville (\$1,373) and Dakota County (\$973) are higher than in the Twin Cities Metro Area (\$937) and significantly higher than the median rent in the State of Minnesota average (\$816) in 2020.

HOUSING AFFORDABILITY

TABLE HA-3 HOUSING COST BURDEN CITY OF LAKEVILLE 2020								
	City of Lakeville		Dakota County		Metro Area		Minnesota	
Community	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	19,904		122,750		825,889		1,588,611	
Cost Burden 30% or greater	2,749	14.0%	20,465	16.7%	148,801	18.1%	284,842	17.9%
Owner Households w/ incomes <\$50,000	2,595		21,863		151,856		377,372	
Cost Burden 30% or greater	1,575	65.7%	12,525	58.8%	88,394	59.7%	187,517	49.7%
Renter Households								
All Renter Households	2,916		40,713		374,867		619,377	
Cost Burden 30% or greater	1,116	40.3%	17,921	45.6%	165,816	45.9%	265,967	42.9%
Renter Households w/ incomes <\$35,000	1,011		13,847		139,240		264,370	
Cost Burden 30% or greater	695	76.7%	11,359	87.5%	110,848	84.9%	195,122	73.8%
Note: Calculations exclude households not computed.								
Sources: U.S. Census Bureau; American Community Survey; Maxfield Research & Consulting, LLC								



Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in the City of Lakeville. The table estimates the percentage of Lakeville householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on averages in Lakeville.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 6.00% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2020 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2020 ACS

HOUSING AFFORDABILITY

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- About 32% of Lakeville households could afford to buy an entry-level home (\$350,000) in Lakeville. Furthermore, about 62% of existing owner households could afford to purchase a home of \$350,000.
- About 45% of existing renter households can afford to rent an average one-bedroom unit in Lakeville (approx. \$1,525/month). The percentage of renter income-qualified households decreases to roughly 29% that can afford an existing three-bedroom unit (approx. \$2,165/month). Furthermore, about 40% of renters could afford to rent a one-bedroom apartment at \$1,700 per month within a new development.

HOUSING AFFORDABILITY

**TABLE HA-4
HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME
CITY OF LAKEVILLE**

For-Sale (Assumes 10% down payment and good credit)	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
	Price of House	\$350,000	\$500,000	\$600,000	\$250,000	\$350,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$35,000	\$50,000	\$60,000	\$25,000	\$35,000	\$45,000
Estimated Closing Costs (rolled into mortgage)	\$10,500	\$15,000	\$18,000	\$7,500	\$10,500	\$13,500
Cost of Loan	\$325,500	\$465,000	\$558,000	\$232,500	\$325,500	\$418,500
Interest Rate	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$1,952	-\$2,788	-\$3,345	-\$1,394	-\$1,952	-\$2,509
(plus) Prop. Tax	-\$292	-\$417	-\$500	-\$208	-\$292	-\$375
(plus) HO Insurance/Assoc. Fee for TH	-\$117	-\$167	-\$200	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$141	-\$202	-\$242	-\$101	-\$141	-\$181
Subtotal monthly costs	-\$2,501	-\$3,573	-\$4,287	-\$1,803	-\$2,484	-\$3,165
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$100,037	\$142,910	\$171,492	\$72,122	\$99,370	\$126,619
Pct. of ALL Lakeville HHDS who can afford¹	32.0%	14.7%	8.7%	53.2%	32.5%	21.2%
No. of Lakeville HHDS who can afford¹	7,844	3,590	2,140	13,033	7,962	5,207
Pct. of Lakeville owner HHDS who can afford²	62.3%	38.5%	25.6%	76.7%	62.6%	47.5%
No. of Lakeville owner HHDS who can afford²	12,397	7,653	5,092	15,264	12,466	9,456
No. of Lakeville owner HHDS who cannot afford²	7,507	12,251	14,812	4,640	7,438	10,448
Rental (Market Rate)	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$1,525	\$1,855	\$2,165	\$1,700	\$2,100	\$2,500
Annual Rent	\$18,300	\$22,260	\$25,980	\$20,400	\$25,200	\$30,000
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$61,000	\$74,200	\$86,600	\$68,000	\$84,000	\$100,000
Pct. of ALL Lakeville HHDS who can afford¹	63.7%	51.2%	41.9%	57.1%	43.8%	32.0%
No. of Lakeville HHDS who can afford¹	15,612	12,551	10,270	13,989	10,739	7,848
Pct. of Lakeville renter HHDS who can afford²	45.0%	36.3%	28.7%	40.4%	30.3%	20.5%
No. of Lakeville renter HHDS who can afford²	1,311	1,057	836	1,177	883	599
No. of Lakeville renter HHDS who cannot afford²	1,605	1,859	2,080	1,739	2,033	2,317

¹ Based on 2023 household income for ALL households

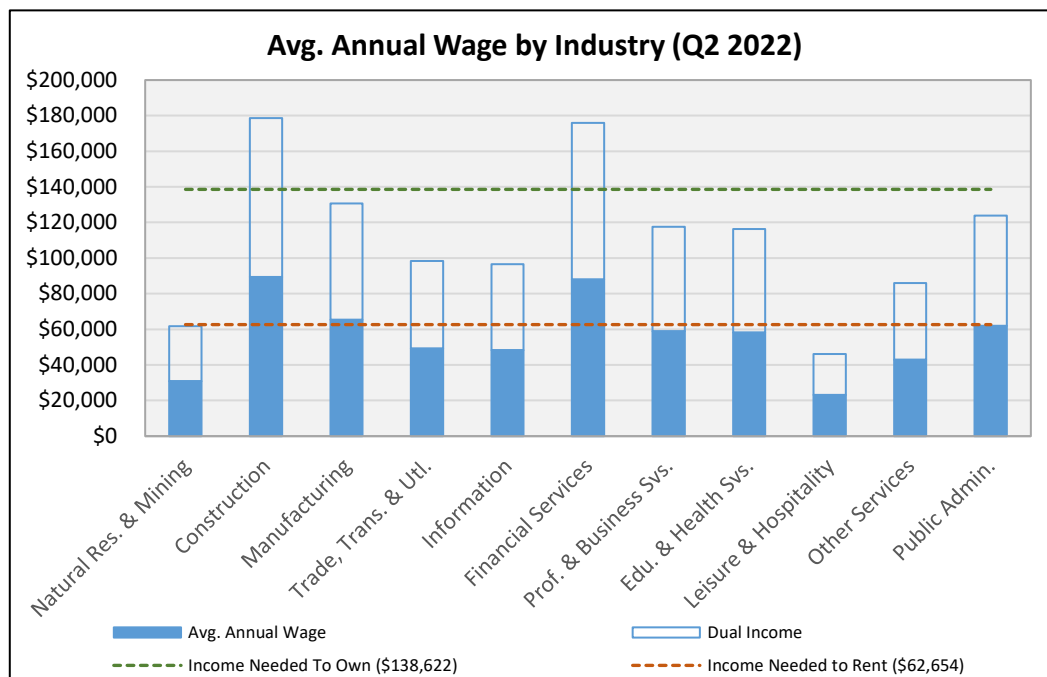
² Based on 2020 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$119,152 vs. renter incomes = \$55,772)

Source: Maxfield Research & Consulting, LLC

Industry Wages & Affordability

Table HA-5 showcase Lakeville wages by industry against the costs for affordable / market rate rental housing and the median resale price of a home in Lakeville. All employment and wage data is sourced to MN DEED and all housing costs are sourced to Maxfield Research based on data collected in this report. Please note that the wage data and housing affordability comparisons is based on **ONE wage earner in a household**. The data does not take into account a 2nd wage earner in the household that would boost household income. Key points follow.

- The average wage in Lakeville is approximately \$1,055 weekly | \$54,860 annual; resulting in “affordable” housing costs of about \$1,372 per month based on a 30% allocation of income to housing. Based on this income, an affordable priced home would likely range from about \$164,580 to \$192,010.
- Based on the overall average rents for affordable (\$1,079) and market rate (\$1,713) units in Lakeville, the only employment sectors that have wages able to afford either affordable or market rate rental housing is the Construction sector and the Financial Services sector. Based on the price of a median priced resale home (\$485,000), no sector is able to afford a home in Lakeville based off of average wages (single-wage earner), especially give the increase in mortgage rates over the past year.
- During the second quarter 2022, the average weekly wage in the City of Lakeville (\$1,055) was 17% lower than the average weekly wage in Dakota County (\$1,251).



HOUSING AFFORDABILITY

TABLE HA-5 HOUSING AFFORDABILITY BASED ON INDUSTRY WAGES CITY OF LAKEVILLE QUARTER 2 2022									
Average Number of Employees			Avg. Weekly Wage	Max. Monthly Housing Cost @ 30% Income	Avg. Aff. Home Price		Can Aff. Rental Hsg. 60% AMI MR		Can Aff. Med. Price Home
Industry	Q2 2022	Pct.	Q2 2022	Q2 2022	Range				
Natural Resources & Mining	35	0.2%	\$594	\$772	\$92,664	\$108,108	N	N	N
Construction	1,210	5.9%	\$1,717	\$2,232	\$267,852	\$312,494	Y	Y	N
Manufacturing	2,764	13.4%	\$1,256	\$1,633	\$195,936	\$228,592	Y	N	N
Trade, Transportation and Utilities	4,630	22.4%	\$946	\$1,230	\$147,576	\$172,172	Y	N	N
Information	259	1.3%	\$928	\$1,206	\$144,768	\$168,896	Y	N	N
Financial Services	907	4.4%	\$1,692	\$2,200	\$263,952	\$307,944	Y	Y	N
Professional and Business Services	2,342	11.3%	\$1,130	\$1,469	\$176,280	\$205,660	Y	N	N
Education and Health Services	4,412	21.3%	\$1,119	\$1,455	\$174,564	\$203,658	Y	N	N
Leisure and Hospitality	2,761	13.4%	\$444	\$577	\$69,264	\$80,808	N	N	N
Other Services	899	4.3%	\$826	\$1,074	\$128,856	\$150,332	N	N	N
Public Administration	448	2.2%	\$1,190	\$1,547	\$185,640	\$216,580	Y	N	N
Totals	20,667		\$1,055	\$1,372	\$164,580	\$192,010			
*** Data based off of one wage earner ***									
Overall Avg. Rent: Affordable Rent \$1,079									
Overall Avg. Rent: Market Rate Rent \$1,713									
Med. Sale Price: \$485,000 for SF & MF (2022)									
Note: Y = Yes, N = No									
Source: MN DEED; Maxfield Research & Consulting, LLC									

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the City of Lakeville. This section of the report presents our estimates of housing demand in the City of Lakeville from 2023 through 2040.

Demographic Profile and Housing Demand

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

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often "double-up" with roommates in apartment setting

2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children

3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically, families with children where householders are in their late 30's to 40's

4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally, couples in their 50's or 60's

5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally, in their late 60's or 70's

6. *Older seniors*

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

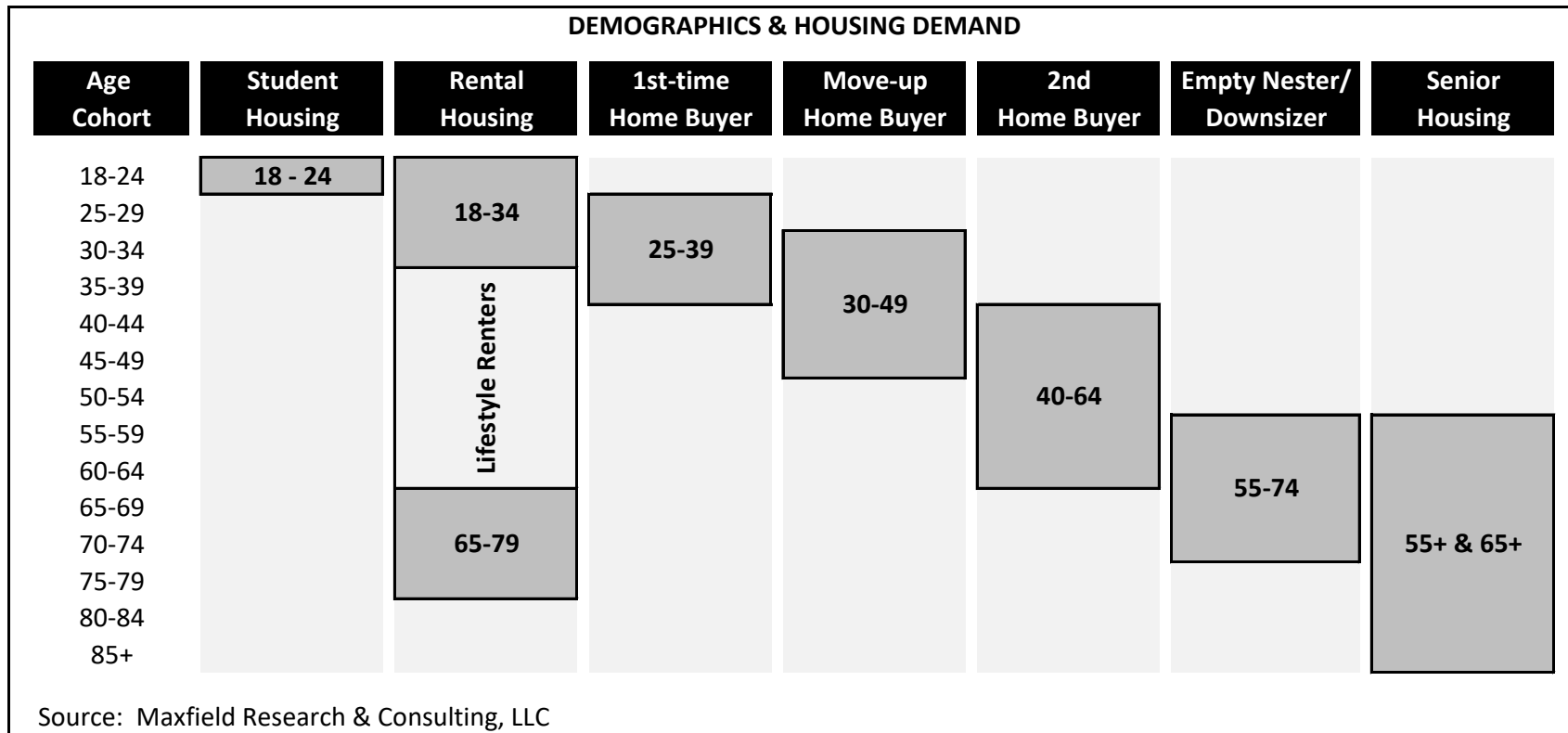
The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the City of Lakeville. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Lakeville.

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

HOUSING DEMAND ANALYSIS



HOUSING DEMAND ANALYSIS

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

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

Source: Maxfield Research & Consulting, LLC

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy and Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing

HOUSING DEMAND ANALYSIS

household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

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

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

Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing has recently become more challenging due to COVID-19. Some lenders are requiring higher down payments and higher credit scores.

Mobility

It is important to note that demand is somewhat fluid between other Metro Area communities and will be impacted by development activity in nearby areas, including other communities outside Dakota County. Mobility rates have recently increased due to the COVID-19 pandemic.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in Lakeville between 2023 and 2040.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the City of Lakeville is expected to increase by 5,090 households under the age of 65 between 2023 and 2040, which produces demand for 4,327 owner households from new household growth.

Demand is forecast to emerge from existing Lakeville householders through turnover. An estimated 17,196 owner-occupied households under age 65 are located in the City of Lakeville in 2023. Based on mobility data from the Census Bureau, an estimated 71% of owner households will turnover in a 17-year period, resulting in 12,159 existing households projected to turnover. Finally, we estimate 15% of the existing owner households will seek new for-sale housing, resulting in demand for 1,824 for-sale units through 2040. Combining demand from household growth and demand from existing households results in demand for 6,150 units through 2040.

Next, we estimate that 20% of the total demand for new for-sale units in the City of Lakeville will come from people currently living outside of the city. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside the City of Lakeville to the existing demand potential results in a total estimated demand for 7,688 for-sale housing units by 2040.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 70% of the for-sale owners will prefer traditional single-family product types while the remaining 30% will prefer a maintenance-free multi-family product (i.e. townhomes, detached townhomes, condominiums, etc.).

We then subtract the current identified platted lots that are available, under construction or approved. After subtracting the current lot supply in subdivisions, we find total demand through 2040 resulting in 4,851 single-family lots and 2,166 multifamily lots.

HOUSING DEMAND ANALYSIS

TABLE HD-1 FOR-SALE HOUSING DEMAND CITY OF LAKEVILLE 2023 to 2040											
Demand from Projected Household Growth											
Projected HH growth under age 65 in the city 2023 to 2040 ¹			5,090								
(times) % propensity to own ²	x	85%									
(equals) Projected demand from new HH growth	=		4,327								
Demand from Existing Owner Households											
Number of owner households (age 64 and younger) in the city (2023) ³			17,196								
(times) Estimated percent of owner turnover ⁴	x	71%									
(equals) Total existing households projected to turnover	=		12,159								
(times) Estimated percent desiring new housing	x	15%									
(equals) Demand from existing households			1,824								
(equals) Total demand from HH growth and existing HHs 2023 to 2040	=		6,150								
(times) Demand from outside the city			20%								
(equals) Total demand potential for ownership housing, 2023 to 2040			7,688								
		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Single Family</th> <th style="text-align: center;">Multi- Family*</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">70%</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">5,382</td> <td style="text-align: center;">2,306</td> </tr> <tr> <td style="text-align: center;">531</td> <td style="text-align: center;">140</td> </tr> </tbody> </table>	Single Family	Multi- Family*	70%	30%	5,382	2,306	531	140	
Single Family	Multi- Family*										
70%	30%										
5,382	2,306										
531	140										
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x										
(equals) Total demand potential for new single-family & multifamily for-sale housing	=										
(minus) Pending undeveloped and developed lots ⁶	-										
(equals) Excess demand for new general occupancy for-sale housing	=		4,851 2,166								
¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC ² Pct. of owner households under the age of 65 (U.S. Census - 2020). ³ Estimate based on 2020 owner households (under age 65). ⁴ Based on on turnover from 2020 American Community Survey for households moving over a 8-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for future lots or scattered lot supply, which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units.											
Source: Maxfield Research and Consulting LLC											

Estimated Demand for General-Occupancy Rental Housing

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

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, the City of Lakeville is expected to increase by 5,090 households under the age of 65 between 2023 and 2040, which produces demand for 764 units from new household growth.

Demand is forecast to emerge from existing Lakeville householders through turnover. An estimated 3,035 renter-occupied households under age 65 are located in the City of Lakeville in 2023. Based on mobility data from the Census Bureau, an estimated 96% of renter households will turnover in a 17-year period, resulting in 2,913 existing households projected to turnover. Finally, we estimate 15% of the existing renter households will seek new rental housing, resulting in demand for 437 rental units through 2040. Combining demand from household growth and demand from existing households results in demand for 1,201 units through 2040.

Next, we estimate that 25% of the total demand for new rental units in the City of Lakeville will come from people currently living outside of the city. Adding demand from outside Lakeville to the existing demand potential, results in a total estimated demand for 1,601 rental housing units by 2040.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 10% of the total demand will be for subsidized housing (30% AMI), 25% will be for affordable housing (40% to 60% AMI), and 65% will be for market rate housing (non-income restricted).

Next we subtract housing projects that are under construction or approved, since these projects will satisfy some of the calculated demand for general occupancy rental housing. Currently, there are 456 pending units. These units are subtracted at 95% occupancy.

After subtracting pending units from the total demand results in demand for 160 subsidized units, 400 affordable units, and 607 market rate units between 2023 and 2040.

HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND CITY OF LAKEVILLE 2023 to 2040			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the city 2023 to 2040 ¹			5,090
(times) Estimated % to be renting their housing ²	x		15%
(equals) Projected demand from new HH growth	=		764
Demand from Existing Renter Households			
Number of renter HHs (age 64 and younger) in the city (2023) ³			3,035
(times) Estimated percent of renter turnover ⁴	x		96%
(equals) Total existing households projected to turnover	=		2,913
(times) Estimated percent desiring new rental housing	x		15%
(equals) Demand from existing households	=		437
(equals) Total demand from HH growth and existing HHs 2023 to 2040	=		1,201
(times) Demand from outside the city			25%
(equals) Total demand potential for rental housing, 2023 to 2040			1,601
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁵	x	10%	25%
(equals) Total demand potential for general-occupancy rental housing units	=	160	400
(minus) Units under construction or pending ⁶	-	0	433
(equals) Excess demand for new general occupancy rental housing in the city	=	160	400
		607	
¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC			
² Pct. of renter households under the age of 65 (U.S. Census - 2020).			
³ Estimate based on 2020 renter households (under age 65).			
⁴ Based on on turnover from 2020 American Community Survey for households moving over 17-year period.			
⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households)			
⁶ Pending units (under construction or approved) at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC			

Estimated Demand for Subsidized/Affordable Active Adult Senior Housing

Table HD-3 presents our demand calculations for subsidized/affordable active adult senior housing in the City of Lakeville in 2023 and 2030.

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

Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need-based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 1.5% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.

An additional proportion is added for senior households that would move into affordable active adult housing in the City of Lakeville who currently reside outside of the City. As a result, we estimate that seniors currently residing outside the City of Lakeville will generate 30% of the demand for shallow/deep-subsidy active adult senior housing, increasing demand to 208 units.

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

Using the methodology described above results in a demand potential for 208 total subsidized or affordable senior units. However, after subtracting existing affordable/subsidized active adult housing and adjusted for household incomes demand results for 39 subsidized units and no affordable units.

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

Following the same methodology, we project demand in the City of Lakeville for 40 subsidized units and no affordable units in 2030.

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TABLE HD-3 DEEP-SUBSIDY/SHALLOW SUBSIDY ACTIVE ADULT HOUSING DEMAND CITY OF LAKEVILLE 2023 & 2030						
	2023			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of < \$40,000 ¹	469	498	541	283	408	654
Less Households w/ Incomes of \$35,000 to \$39,999 ¹	- 92	- 78	- 86	- 48	- 54	- 90
(times) Homeownership Rate	x 96%	x 90%	x 64%	x 96%	x 90%	x 64%
(equals) Total Potential Market Base	= 381	= 428	= 486	= 237	= 359	= 596
(times) Potential Capture Rate	x 1.5%	x 10.0%	x 20.0%	x 1.5%	x 10.0%	x 20.0%
(equals) Demand Potential	= 6	= 43	= 97	= 4	= 36	= 119
(equals) Potential Demand from Residents		= 146			= 159	
(plus) Demand from outside of the City (30%)		+ 62			+ 53	
(equals) Total Demand Potential		= 208			= 212	
		<u>Deep-Subsidy</u>	<u>Shallow-Subsidy</u>		<u>Deep-Subsidy</u>	<u>Shallow-Subsidy</u>
(times) % by Product Type	x 30%	x 70%		x 30%	x 70%	
(equals) Demand Potential by Product Type	= 62	= 146		= 63	= 148	
(minus) Existing and Pending Sub./Aff. Active Adult Units ²	- 23	- 256		- 23	- 256	
(equals) Excess Demand for Sub./Aff. Units	= 39	= 0		= 40	= 0	

¹ 2030 calculations define income-qualified households as all households with incomes less than \$45,000. Homeowner households with incomes between \$40,000 and \$44,999 are excluded from the market potential for financially-assisted housing.

² Existing & pending units (under construction and approved) are deducted at market equilibrium, or 97% occupancy.

Source: Maxfield Research & Consulting, LLC

Estimated Demand for Market Rate Active Adult Senior Housing

Table HD-4 presents our demand calculations for market rate active adult senior housing in the City of Lakeville in 2023 and 2030.

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

We calculate that the minimum income needed to afford monthly rents is \$40,000 or more plus homeowner households with incomes between \$35,000 and \$39,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the City of Lakeville in 2023 to be 8,035 households.

Adjusting to include appropriate long-term capture rates for each age cohort (1.5% of households age 55 to 64, about 8.5% of households age 65 to 74, and 15% of households age 75 and over) results in a market rate demand potential for 402 active adult senior rental units in 2023.

Some additional demand will come from outside of the City of Lakeville. We estimate that 25% of the long-term demand for active adult senior housing will be generated by seniors currently residing outside the City of Lakeville. This demand will consist primarily of parents of adult children living in the City of Lakeville, individuals who live just outside of the City of Lakeville and

HOUSING DEMAND ANALYSIS

have an orientation to the area, as well as former residents who desire to return. Together, the demand from the City of Lakeville seniors and demand from seniors who would relocate to the City of Lakeville results in a demand for 536 market rate active adult units in 2023.

Active adult demand in the City of Lakeville is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in the City of Lakeville, we project that 40% of the City of Lakeville's demand will be for adult ownership housing (214 units) and 60% will be for rental housing (322 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 214 adult owner-occupied units and 255 active adult rental units.

Adjusting for inflation, we have estimated that households with incomes of \$45,000 or more and homeowners with incomes of \$40,000 to \$44,999 would income qualify for market rate independent senior housing in 2030. Considering the growth in the older adult base and the income distribution of the older adult population in 2030, the methodology projected that demand will be 239 adult owner-occupied units and 459 adult rental units in the City of Lakeville.

TABLE HD-4 MARKET RATE ACTIVE ADULT HOUSING DEMAND CITY OF LAKEVILLE 2023 & 2030						
	2023			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	4,672	2,400	750	4,967	3,281	1,377
# of Households w/ Incomes of \$35,000 to \$39,999 ¹	+ 92	78	86	+ 48	54	90
(times) Homeownership Rate	x 96%	90%	64%	x 96%	90%	64%
(equals) Total Potential Market Base	= 4,760	2,470	805	= 5,013	3,330	1,435
(times) Potential Capture Rate	x 1.5%	8.5%	15.0%	x 1.5%	8.5%	15.0%
(equals) Demand Potential	= 71	210	121	= 75	283	215
Potential Demand from Residents	= 402			= 573		
(plus) Demand from Outside of the City (25%)	+ 134			+ 191		
(equals) Total Demand Potential	= 536			= 765		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 40%	x 60%		x 40%	x 60%	
(equals) Demand Potential by Product Type	= 214	= 322		= 306	= 459	
(minus) Existing and Pending MR Active Adult Units ²	- 0	- 67		- 67	- 0	
(equals) Excess Demand for MR Active Adult Units	= 214	= 255		= 239	= 459	

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

Source: Maxfield Research & Consulting, LLC

Estimated Demand for Independent Living Senior Housing

Table HD-5 presents our demand calculations for independent living housing in the City of Lakeville in 2023 and 2030.

The potential age- and income-qualified base for independent living senior housing includes all senior (65+) households with incomes of \$45,000 as well as homeowner households with incomes between \$40,000 and \$44,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2020 ACS homeownership rates of the City of Lakeville seniors. The number of age, income, and asset-qualified households in the City of Lakeville is estimated to be 3,197 households in 2023.

Demand for independent living is need-drive, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 15.0% of households age 75 and older) results in a local demand potential for 157 independent living units in 2023.

We estimate that seniors currently residing outside of the City of Lakeville will generate 25% of the demand for independent living senior housing. Together, the demand from the City of Lakeville seniors and demand from seniors who are willing to locate to the City of Lakeville totals 209 independent living units in 2023.

After subtracting existing and pending independent living units (at 95% occupancy) from demand, overall demand remains for 30 independent living units in 2023.

Adjusting for inflation, we estimate that households with incomes of \$50,000 or more and senior homeowners with incomes between \$45,000 and \$49,999 would qualify for independent living housing in 2030. Following the same methodology, demand is calculated to increase to 103 units through 2030.

HOUSING DEMAND ANALYSIS

TABLE HD-5				
MARKET RATE INDEPENDENT LIVING RENTAL HOUSING DEMAND				
CITY OF LAKEVILLE				
2022 & 2030				
	2023		2030	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$45,000 ¹	2,322	750	3,227	1,287
# of Households w/ Incomes of \$40,000 to \$44,999 ¹	+	78	+	54
(times) Homeownership Rate	x	90%	x	90%
(equals) Total Potential Market Base	=	2,392	=	3,276
(times) Potential Capture Rate ²	x	1.5%	x	1.5%
(equals) Potential Demand	=	36	=	49
		+		+
		121		202
Potential Demand from Market Area Residents	=	157	=	251
(plus) Demand from Outside of the City (25%)	+	52	+	84
(equals) Total Demand Potential	=	209	=	334
(minus) Existing and Pending Independent Living Units ³	-	179	-	232
(equals) Total Independent Living Demand Potential	=	30	=	103
¹ 2030 calculations define income-qualified households as all households with incomes greater than \$50,000 and homeowner households with incomes between \$45,000 and \$49,999.				
² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).				
³ Existing and pending units (under construction and approved) at 95% occupancy (market equilibrium).				
Source: Maxfield Research and Consulting LLC				

Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in the City of Lakeville in 2023 and 2030. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2018 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2023, there are a projected 2,391 seniors age 75 and older in the City of Lakeville.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 787 seniors in the City of Lakeville.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees, which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the City of Lakeville is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$45,000 or greater to be income-qualified for assisted living senior housing in the City of Lakeville. Households with incomes of \$45,000 could afford monthly assisted living fees of \$3,375 by allocating 90% of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$45,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

For each age group in Table HD-6, we estimate the income-qualified percentage to be all seniors in households with incomes above \$45,000 (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 521 units in 2023.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the City of Lakeville living alone. Based on 2020 ACS data, only 39% of age 75+ households in the City of Lakeville lived alone. Applying this percentage results in a total base of 201 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There is a total of 228 age/income-qualified seniors needing assistance in the City of Lakeville including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 91 assisted living units in 2023.

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We estimate that a portion of demand for assisted living units (25%) will come from outside of the City of Lakeville. Applying this figure results in total potential demand for 122 market rate assisted living units in the City of Lakeville.

There is a total of 183 market rate assisted living units in the City of Lakeville. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate that there is current demand for 0 assisted living units in the City of Lakeville in 2023. After applying the aforementioned calculations to the age/income-qualified base in 2030, no further demand is found for assisted living units.

TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND CITY OF LAKEVILLE 2023 and 2030						
Age group	2023			2030		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	1,280	25.5%	326	1,842	25.5%	470
80 - 84	626	33.6%	210	1,017	33.6%	342
85+	485	51.6%	250	659	51.6%	340
Total	2,391		787	3,518		1,151
Percent Income-Qualified²			66%			73%
Total potential market			521			839
(times) Percent living alone			x 39%			39%
(equals) Age/income-qualified singles needing assistance			= 201			324
(plus) Proportion of demand from couples (12%) ³			+ 27			44
(equals) Total age/income-qualified market needing assistance			= 228			368
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from City residents			= 91			147
(plus) Proportion from outside City (25%)			+ 30			49
(equals) Total potential assisted living demand			= 122			196
(minus) Existing market rate assisted living units ⁵			- 170			198
(equals) Total excess market rate assisted living demand			= 0			0
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the 2018 State of Aging in America published by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$45,000 or more, plus a portion of estimated owner households with incomes below \$45,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). \$50,000+ in 2030.						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Memory Care Senior Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in the City of Lakeville in 2023 and 2030.

Demand is calculated by starting with the estimated City of Lakeville senior (age 65+) population in 2023 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. According to the Alzheimer's Association (Alzheimer's Disease Facts and Figures, 2020), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are inflicted with Alzheimer's Disease. This yields a potential market of 668 seniors in the City of Lakeville in 2023.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 to \$6,000 when including service packages. Based on our review of senior household incomes in the City of Lakeville, homeownership rates and home sale data, we estimate that 58% of seniors in the City of Lakeville would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer's/dementia (668 seniors) by the income-qualified percentage results in a total of 458 age/income-qualified seniors in the City of Lakeville in 2023.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 115 seniors in the City of Lakeville.

We estimate that 25% of the overall demand for memory care housing would come from outside of the City of Lakeville. Together, demand totals 153 memory care units in 2023.

We reduce the demand potential by accounting for the existing memory care product in the City of Lakeville. There is a total of 132 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate. Subtracting these competitive units results in a demand for 30 units.

The same calculations are applied to the age/income-qualified base in 2030. Following the same methodology, potential demand for market rate memory care units is expected to increase to 59 units in the City of Lakeville through 2030.

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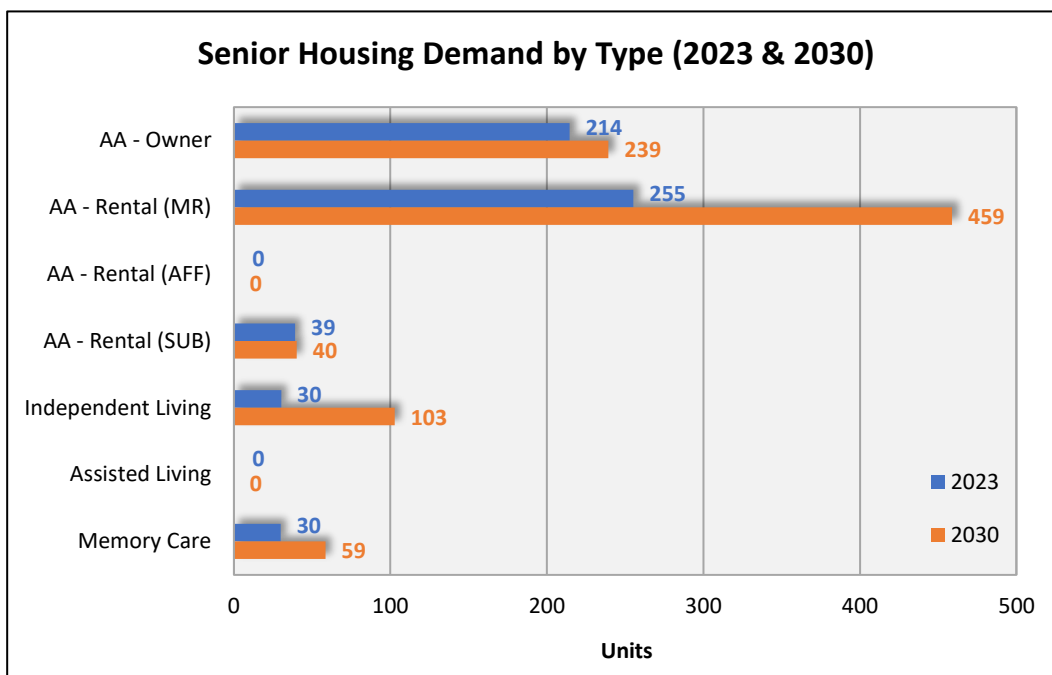
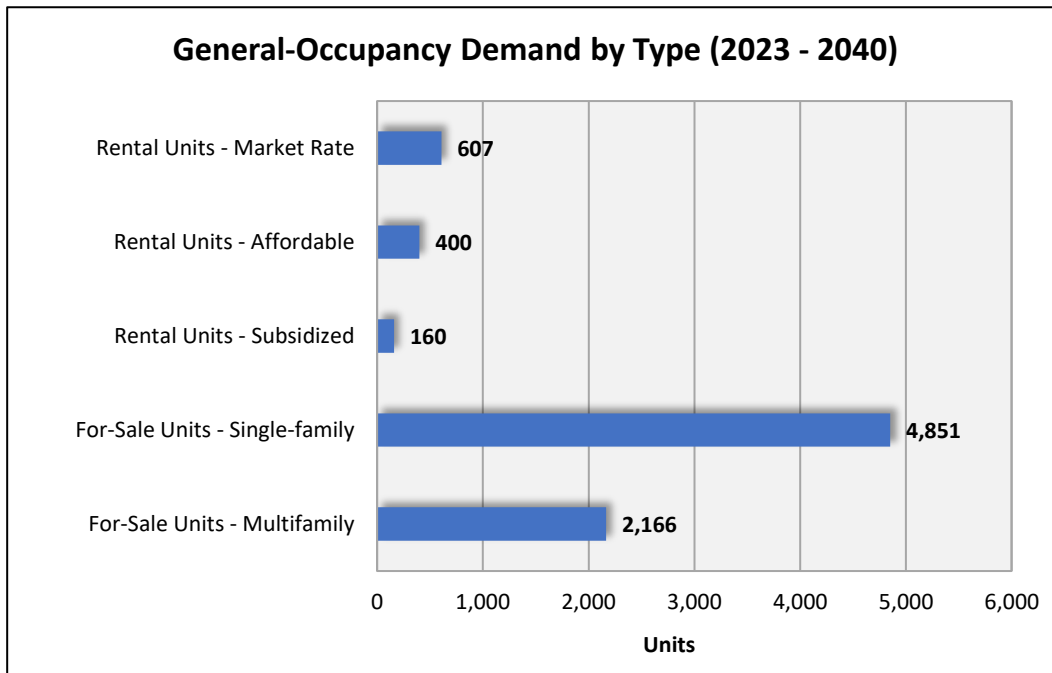
TABLE HD-7 MARKET RATE MEMORY CARE DEMAND CITY OF LAKEVILLE 2023 & 2030		
	2023	2030
65 to 74 Population	5,109	6,538
(times) Dementia Incidence Rate ¹	x <u>2%</u>	x <u>2%</u>
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 102	= 131
75 to 84 Population	1,906	2,859
(times) Dementia Incidence Rate ¹	x <u>19%</u>	x <u>19%</u>
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 362	= 543
85+ Population	485	659
(times) Dementia Incidence Rate ¹	x <u>42%</u>	x <u>42%</u>
(equals) Estimated Age 85+ Pop. with Dementia	= 204	= 277
(equals) Total Senior Population with Dementia	= 668	= 951
(times) Percent Income/Asset-Qualified ²	x <u>69%</u>	x <u>75%</u>
(equals) Total Income-Qualified Market Base	= 458	= 717
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	x <u>25%</u>
(equals) Total Need for Dementia Care	= 115	= 179
(plus) Demand from Outside of the Citya (25%)	+ <u>38</u>	+ <u>60</u>
Total Demand for Memory Care Units	= 153	239
(minus) Existing and Pending Memory Care Units ³	- 123	- 180
(equals) Excess Demand Potential	= 30	= 59
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2020)		
² Includes seniors with income at \$60,000 or above (\$65,000 in 2030) plus a portion of homeowners with incomes below this threshold (who will spend dow assets, including home-equity, in order to live in memory care housing.		
³ Existing and pending units at 93% occupancy.		
Source: Maxfield Research & Consulting, LLC		

Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in the City of Lakeville and recommends development concepts to meet the housing needs forecast for Lakeville. All recommendations are based on findings of the *Comprehensive Housing Market Analysis*. The following table and charts illustrate calculated demand by product type.

TABLE CR-1 SUMMARY OF HOUSING DEMAND CITY OF LAKEVILLE 2023 - 2030/2040		
Type of Use	2023 - 2040	
General-Occupancy		
Rental Units - Market Rate	607	
Rental Units - Affordable	400	
Rental Units - Subsidized	160	
For-Sale Units - Single-family	4,851	
For-Sale Units - Multifamily	2,166	
Total General Occupancy Supportable	8,184	
	2023	2030
Age-Restricted (Senior)		
Market Rate		
Active Adult	470	698
<i>Ownership</i>	214	239
<i>Rental</i>	255	459
Independent Living	30	103
Assisted Living	0	0
Memory Care	30	59
Total Market Rate Senior Supportable	530	859
Affordable/Subsidized		
Active Adult - Subsidized	39	40
Active Adult - Affordable	0	0
Total Affordable Senior Supportable	39	40
Note: Demand includes the subtraction of pending projects.		
Source: Maxfield Research and Consulting LLC		

Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the City of Lakeville. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Lakeville. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.



RECOMMENDATIONS AND CONCLUSIONS

TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF LAKEVILLE 2023 - 2030/2040				
		Purchase Price/ Monthly Rent Range ¹	2023 - 2030 Units	2030 - 2040 Units
Owner-Occupied Homes (2023 to 2040)				
<i>Single Family</i> ²				
	Entry-level	\$400,000 - \$500,000	550 - 650	800 - 900
	Move-up	\$550,000 - \$650,000	800 - 900	1,150 - 1,250
	Executive	\$650,000+	450 - 550	600 - 700
	Total		1,800 - 2,100	2,550 - 2,850
<i>Townhomes/Twinhomes/Villas</i> ⁴				
	Attached Townhomes	\$350,000 - \$475,000	375 - 425	525 - 575
	Twinhomes / Detached Townhomes/Villas	\$425,000+	450 - 500	650 - 700
	Total		825 - 925	1,175 - 1,275
Owner-Occupied Total			2,625 - 3,025	3,725 - 4,125
General Occupancy Rental Housing (2023 to 2040)				
<i>Market Rate Rental Housing</i>				
	Apartment-style	\$1,250/Studio - \$2,500/3BR	160 - 180	240 - 260
	Townhomes	\$2,000/2BR - \$2,900/3BR	90 - 100	100 - 120
	Total		250 - 280	340 - 380
<i>Affordable Rental Housing</i>				
	Apartment-style	Moderate Income ³	160 - 180	220 - 240
	Townhomes	Moderate Income ³	80 - 90	80 - 90
	Total		240 - 270	300 - 330
Renter-Occupied Total			490 - 550	640 - 710
Senior Housing (i.e. Age Restricted) (2023 to 2030)				
			2023 - 2030	
	Active Adult Ownership / Co-op ⁴	\$200,000+	150 - 200	
	Active Adult Market Rate Rental	\$1,800/1BR - \$2,500/2BR	250 - 350	
	Independent Living	\$2,400+ per month	80 - 100	
	Memory Care	\$5,000+ per month	40 - 50	
Senior Total			520 - 700	
¹ Pricing in 2023 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of existing previously platted lots. Most entry-level demand will be accommodated through the resale market. ³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). ⁴ Senior Cooperative assumption cost is based on share cost = 40% of its actual value.				
Note - Recommended development does not coincide with total demand. The City of Lakeville may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research and Consulting, LLC				

Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for 4,851 single-family units in the City of Lakeville through 2040. These calculations factor in vacant platted lots (see Table FS-10 and P-1). Excluding the vacant lots that have yet to be developed, we find demand for about 5,382 single-family homes in Lakeville between 2023 and 2040.

The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. Given the number of existing platted lots in Lakeville and the number of homes constructed annually, the current lot supply is able to meet historical demand for the next two years.

Due to the price of the existing housing stock in Lakeville, most of the existing older housing stock appeals to entry-level buyers. Entry-level homes, which we generally classify as homes priced under \$400,000 will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products built in the Lakeville area, such as move-up single-family homes, twinhomes, rental housing and senior housing. A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually, the move is desired because of a lifestyle change, such as a new job or a growing family. Much of the new single-family construction in Lakeville has targeted move-up and executive buyers (pricing \$550,000+); in part because of the high land costs and increasing construction, material, and labor costs. However, through our research we find demand for a variety of price points of new single-family homes. Although there would be substantial demand for a new single-family housing product priced under \$400,000, financially it will be extremely difficult to develop due to land costs, rising labor and material costs, and 40-year high inflation this past year.

The new construction market has been rather hot in Lakeville over the past few years as the city has permitted an average of 484 single-family homes annually. Coming out of the Great Recession, the city permitted an average of 175 single-family homes. Over the next decade, Maxfield Research is conservatively estimating demand for about 275 new homes annually.

In addition to the currently vacant lots, we recommend building the highest proportion of homes in the move-up level, followed by entry-level, and then executive homes. Once those lots are taken new lots will need to be platted to meet the additional demand. Many of the existing lots are flat and lack the necessary topography for walk-outs; in addition some of the lots have little vegetation. Therefore, demand for lots within subdivisions offering a variety of lot types will be in strong demand.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, twinhomes and condominiums. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In many Twin Cities housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Our analysis of the City of Lakeville for-sale housing stock found numerous maintenance-free products, however, historically buyers in Lakeville have preferred the single-family house. Given the aging of the population and the growth rate in the 55+ population (especially 65-74 age cohorts), Lakeville would benefit from a more diversified housing stock. Based on the changing demographics and the need for alternative housing types, demand was calculated for 2,166 new multifamily for-sale units in Lakeville through 2040. Since 2010, there have been 1,082 new townhome/twinhome/quad units constructed in Lakeville.; an average of about 83 annually for that timeframe.

These attached units could be developed as twinhomes, detached townhomes or villas, cottages, townhomes/row homes, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories. The following provides greater detail into townhome and twinhome style housing.

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

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

Twinhomes are also a preferred for-sale product by many builders as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale

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to the construction process, the price point can be lower than stand-alone single-family housing. We recommend a broad range of pricing for twinhomes; however base pricing should start at around \$425,000.

Many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. The twinhomes should be association-maintained with 40'- to 50'-wide lots on average.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$430,000 and will fluctuate based on custom finishes, upgrades, etc.

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

Because multifamily for-sale housing is mostly untested in Lakeville, we recommend a four-plex concept that could be back-to-back with main-level master bedrooms that would cater to empty-nesters. If the product is successful, future phases could include row homes that would increase density and cater to a broader market. Units should have base prices from \$350,000 to \$400,000 and will fluctuate based on unit finishes, interior vs. exterior units, etc.

General Occupancy Multifamily Rental Housing

Maxfield Research calculated demand for 1,167 general-occupancy rental units in Lakeville through 2040 (607 market rate, 400 affordable, and 160 subsidized units). Please note, the demand figures already account for several rental projects either under construction or in the development pipeline (these have been subtracted out). Our inventory of the general-occupancy rental market found below market equilibrium vacancy rates for stabilized properties; indicating demand for new product. As identified in Table R-2, the majority of townhome-style multifamily rental buildings in Lakeville are income-restricted, and more traditional apartment-style developments are market rate.

- ***Market Rate Rental*** - Lakeville has experienced a rental housing boom this past decade as over 1,090 market rate units have been delivered since 2010 and there are another 699 market rate units pending or proposed as of December 2022. Despite all the new construction, the market rate vacancy rate for stabilized properties remains below equilibrium at 3.0% (excluding projects in initial lease-up).

We recommend new market rental project(s) that will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a market rate apartment project(s) with a unit mix consisting of one-bedroom units, one-bedroom plus den units or two-bedroom units, and two-bedroom plus den or three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2023 dollars) should range from \$1,250 for a one-bedroom unit to \$2,500 for a three-bedroom unit. Average rents in Lakeville are average around \$1.81 per square foot and new construction will be near \$2.00 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking.

- ***Market Rate General Occupancy Rental Townhomes***– In addition to the traditional multifamily structures, we find that demand exists for larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. A portion of the overall market rate demand could be a

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townhome style development versus traditional multifamily design. We recommend a project with rents of approximately \$2,000 for two-bedroom units to \$2,900 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.

- *Affordable and Subsidized Rental Housing*– Subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for about 160 subsidized units over this decade, this product is very difficult to pencil out given the lack of funding available. As such, all of the income-restricted housing will fall under the “affordable” product through the tax credit program. We found strong demand for affordable rental housing (400 units); hence development could result from an apartment-style building and/or townhome-style affordable units.

Senior Housing

As illustrated in Table CR-1, demand exists for all types of senior housing product types in Lakeville through 2030. Due to the aging of Lakeville’s population, senior housing product types show moderate to strong demand among all product types in the short-term. Collectively, senior housing shows demand for 900 units across all service levels.

Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Lakeville: older adult and senior residents are able to relocate to new age-restricted housing in Lakeville, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- *Active Adult (Ownership)* – Maxfield Research and Consulting, LLC projected demand for 239 active adult ownership units through 2030. There were no identified senior age-restricted for-sale development in Lakeville at this time. However, there is one proposed senior cooperative, *Estoria Lakeville*, which is slated to include 91 units. Considering the preliminary phase of this proposed project, it was not subtracted from our demand calculations and would satisfy some demand for active adult owner-occupied housing.

Maxfield Research & Consulting, LLC recommends a cooperative development(s) with a mix of two- and three-bedroom units and a market value share cost of about

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\$200,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research & Consulting, LLC has found the cooperative model to be very well-accepted in rural communities across the Midwest.

- Active Adult Market Rate Rental – Demand was projected for about 459 market rate active adult rental units in Lakeville through 2030. Currently, there is only one market rate rental active adult products in Lakeville; *Spero Senior Living* which has 70 market rate units.

Development of this product could be in a separate stand-alone facility or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established the Minnesota Housing Finance Agency. We recommend between 250 to 350 units be built this decade. The project modest rents with base monthly rents starting at \$1,800 per month for one-bedroom units and from \$2,500 or more for two-bedroom units. The project should offer transportation, activities, and optional services for housekeeping, etc.

Because of the hot real estate market since the pandemic, seniors who decide to sell their home today will receive top dollar and can capitalize on the strong housing market and reallocate funds to maintenance-free housing products.

- Active Adult Affordable and Subsidized Rental – Demand in Lakeville was calculated for only 40 subsidized senior units and no affordable senior units through 2030. This is in part due to the healthy supply of existing affordable/subsidized senior units and due to the higher incomes and homeownership rate in Lakeville. And although this product would be well received by seniors in and near the Lakeville area; it can be difficult to develop given financing challenges and development costs. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency (MHFA). MHFA recently started to consider affordable senior housing projects under the tax credit program and is slowly starting to expand financing for this product type. Affordable/subsidized senior housing products can also be incorporated into a mixed-income building which may increase the projects financial feasibility. Most likely, this product type would be developed through the Dakota County CDA or other non-profits.
- Independent Living – Demand was calculated for just over 100 independent living units through 2030. Based on this demand, multiple projects could be supported in the community to meet this forthcoming demand. We recommend a mix of one-bedroom, one-bedroom plus den, and two-bedroom units. Base monthly rents should range from \$2,400 for one-bedroom units to \$3,600 for two-bedroom units. The

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

- I'm OK program;
- Daily noon meal;
- Regularly scheduled van transportation;
- Social, health, wellness and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities.

In addition, meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. New independent housing could be developed adjacent to an existing senior project or in a stand-alone development.

- Assisted Living and Memory Care Senior Housing – Based on our analysis and the existing senior supply in Lakeville, demand was projected to support an additional 59 memory care units and no new assisted living units through 2030. The City of Lakeville has a healthy number of assisted living and memory care units with four assisted living facilities (183 units) and five memory care facilities (132 units).

Equilibrium for assisted living and memory care is considered a vacancy rate of 7%. And although vacancy rates for assisted living (5.5%) and memory care (6.1%) were found to be below market equilibrium at the time of survey, there are numerous pending senior projects in the pipeline.

Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order – sorted alphabetically).

- **Accessory Dwelling Units (“ADU”):** Accessory dwelling units (“ADUs”) go by several different names such as: In-law suites, garage apartments, backyard cottages, granny flats, guest houses, etc. An ADU is simply a small, stand-alone residential dwelling unit located on the same property as a detached single-family home. However, in some cases an ADU could include an addition on an existing home, apartment over a garage, or be located within an attic or basement within the home. Legally, however, an ADU is still a part of the original parcel’s PID number and title is with the property owner. The most common reason for building an ADU is generating rental income for the homeowner or housing a family member (often for free).

Because of increased density on the property and smaller sized units, ADUs have the potential to increase housing affordability and create a wider range of housing options. Many communities that permit ADUs in their zoning code limit the number of accessory structures to just one; however, some cities have recently revised their zoning code to allow up to two accessory structures. Some communities monitor ADU construction by limiting new construction to only owner-occupied housing units (main structure is owned), minimum lot size, setbacks, and number of occupants or bedrooms in the accessory structure.

Maxfield Research recommends that local planning departments review their existing zoning code and if not already permitted, revise zoning codes to ensure ADUs can be a permitted use. Demand for ADUs has increased significantly since the COVID-19 pandemic as homeowners sought to move family members together in a multi-generational environment. Also, many homeowners will design the ADU as a multifunctional space as a home office and living space away from the main home. Finally, ADUs offer another solution for meeting rental housing demand and/or short-term housing needs.

- **Affordable Housing.** Table HA-1 identified Dakota County Area Median Incomes (“AMI”) and the fair market rents by bedroom type (i.e. \$1,078/one-bedroom unit). The average market rate rent averages for one-bedroom units is about \$1,521/month and the overall average rent per square foot is about \$1.93. Because of the higher proportion of new rental product and higher rent structures at the new market rental buildings in Lakeville, the minimum incomes needed to afford a luxury rental are significantly higher than older existing rentals in Lakeville and neighboring communities. The new rental housing development targets “lifestyle renters” or those with higher incomes who have enough money to buy a house but choose to rent for the convenience and lifestyle. Many of these renters may be cost burdened, but they choose so for the location or amenities. Additionally, the Dakota County CDA has been a major driver of affordable housing as they have helped develop five

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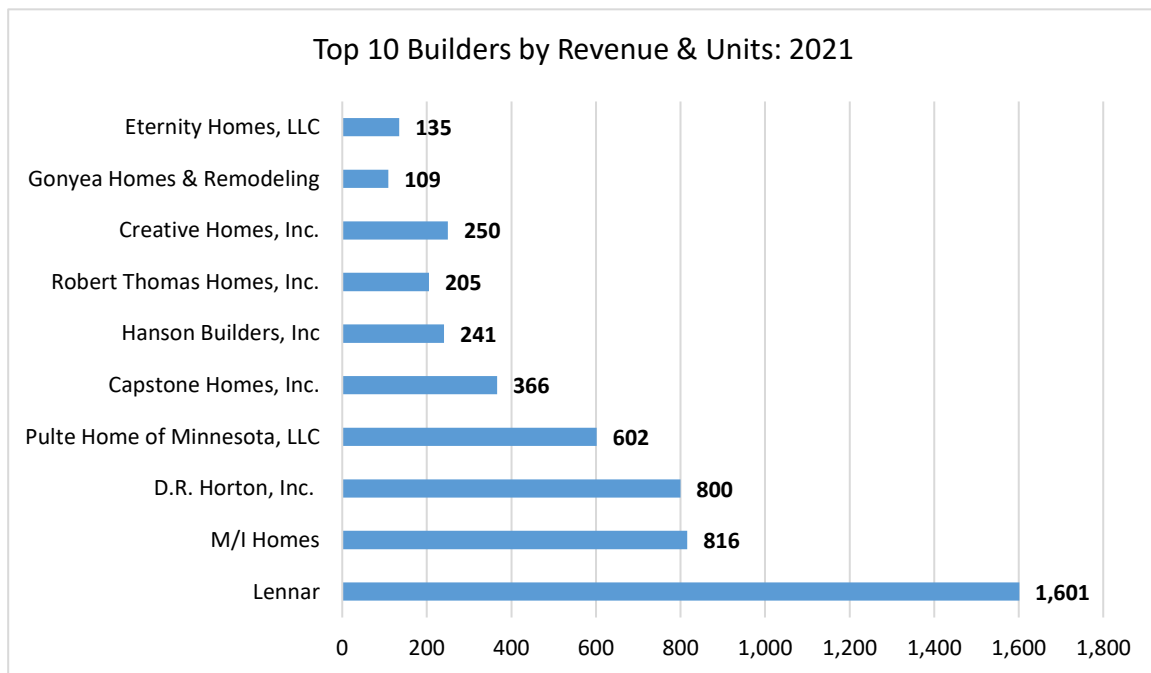
general occupancy rental properties that include 170 affordable units and four senior active adult properties that include 264 affordable units.

- **Aging Population.** As illustrated in Table D-2, there is growth in the City of Lakeville senior population, especially among ages 75 plus (44% growth through 2028). In addition, Table D-7 shows the City of Lakeville homeownership rates among seniors 65+ is approximately 80%. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising this decade. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.
- **Builders.** The Lakeville new construction market has historically been dominated by larger, national builders and regional based builders. Across the Metro Area, 68% of all new homes constructed in 2021 were by the top ten production builders. The following chart summarizes the differences between production, custom, and spec builders. Production builders have increased their market share since the Great Recession in the Twin Cities and across the country, in part because competitors defaulted on lots and homes and smaller builders have gone out of business, while production builders were able to acquire land holdings for a fraction of the original cost to develop. The production builders have also driven new home activity from the development side as land developers are unable to absorb lot development costs for open builder developments. Production builders utilize economies of scale to help keep costs more affordable; whereas smaller local builders without the volume cannot compete on price like the national builders. However, many of the regional builders such as Robert Thomas Homes are able to pass economies of scale along yet offer more custom builder like finishes.

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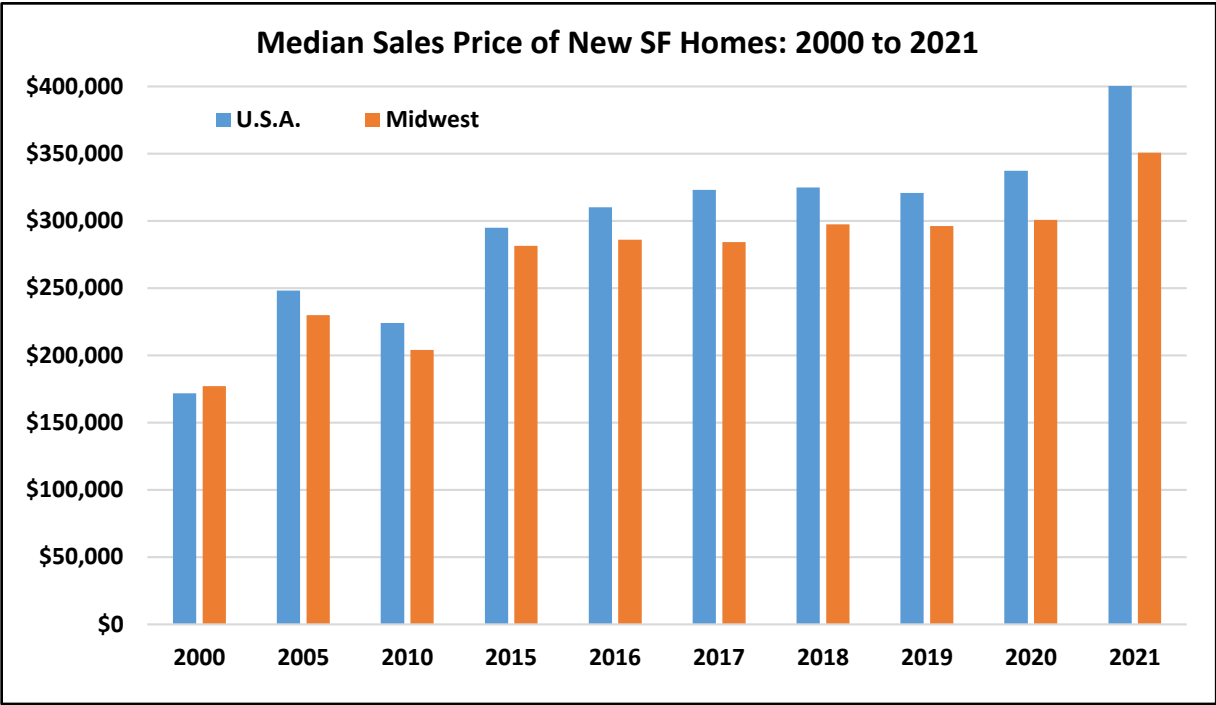
BUILDER TYPES & CHARACTERISTICS			
	Production Builder	Custom Builder	Spec Builder
Land	Typically built on land owned by the builder/developer. Most production builders develop all of the homes within the subdivisions they plat and develop.	Built on land purchased by the home buyer or builder. Most custom builders do not develop the land/lots.	Built on land purchased by the builder. Builder "speculates" they will build and sell a home prior to finding a buyer.
Home Plans	Stock floor plans; however buyers have home style and upgrade options that have been pre-selected by builder.	One-of-a-kind house. Site specific and customized for a specific client.	Home plan per builder. If home sells early during construction phase; buyers have some ability to customize the home.
Volume	Varies based on builder. There are national and regional production builders.	Typically less than 20 or 25 per year.	Varies.
Pricing	Generally build for a variety of price points from entry-level, move-up, and executive.	Tend to cater to move-up or executive-level buyers.	Varies. Most spec homes are entry-level or modest homes. However, spec homes can range across all price points.
Advantages	Lower costs per square foot, homes can be built quicker, fewer decisions for home owners.	Personal service, more creative control, customizable, more flexible, buyer may have more land options.	Lower cost floor plans provides economies of scale. Homes can also be completed relatively fast.
Disadvantages	Few modifications or change orders, fewer options, lot selection based on availability of builder.	Price per square foot is higher, more time to build, significantly more decision time needed from buyers.	Most of the decisions have already been made and buyer may have fewer options.

Source: Maxfield Research and Consulting, LLC



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- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all markets across the U.S.A., as seen in the chart below. New construction pricing peaked last decade between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before starting to rebound in 2012 and beyond. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. New construction in Lakeville is difficult to achieve under \$400,000. At the same time, new construction pricing is at an all-time high coming out of the pandemic due to strong demand and supply and labor constraints for builders that are driving up housing costs. However, with continued interest rate hikes from the Federal Reserve in 2022, construction costs are slowly starting to normalize as labor is loosening.



- **COVID-19 Impacts.** The COVID-19 pandemic has had both direct and indirect effects on the housing industry. The senior housing industry was directly impacted as the virus affected older adults at a much higher rate. Senior properties hit record high vacancy rates and many seniors continue to age in place as long as possible as they have avoided living in a shared space. However, senior properties in Lakeville are performing significantly better than the Metro Area as whole.

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Economically, the unemployment rate in Lakeville was considerably low compared to the rest of the country during the pandemic. In early 2020, the unemployment rates were under 3% before peaking at 5.4% for the year. Unemployment quickly decreased to 2.7% in 2021 and is at a record low of 1.6% at the end of 2022.

Despite the pandemic over the past three years, the local real estate market has performed above expectations and strong demand remains for housing. Lakeville was a major destination for relocating households from more urban communities/neighborhoods in the Twin Cities. Supply remains at an all-time low, however that is slowly leveling-out now with elevated mortgage rates. The pandemic has changed buyer preferences; both internally and externally. Buyers have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more home by locating further from their place of employment. There is also a preference toward new construction and the new home market has been strong since 2020 as builders have not kept the pace with demand.

On the rental side, social distancing initially had an impact on common corridor apartment buildings as all communal areas were shut down and tenants could not utilize amenities. Since the pandemic, the demand for smaller unit sizes has waned as renters desire larger spaces as they work from home, utilize for fitness, etc. With telecommuting and work from home being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. There has been strong demand for townhome-style rentals or a building that has been designed with a separate entrance to eliminate the possible of interacting with others and catching the virus. These trends and preferences will likely continue as the pandemic has waned.

- **Housing Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. City of Lakeville can explore a toolbox of housing programs that would aid in the enhancement of Lakeville housing stock. The following is a sampling of potential programs that could be explored:
 - Construction Management Services: Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department.
 - Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry.
 - Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers,

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building contractors, home products, city inspectors, financial services, community agencies, among others.

- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) Program – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Infill Lots – The City purchases blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically, all construction must be completed within an allocated time-frame (one year in most cases).
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.
- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to workforce families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Remodeling Advisor - Typically a City partners with 3rd party to provide expert advice to homeowners. Remodeling advisors can help evaluate home improvement projects, review bids, building codes, zoning, etc.
- Rental Collaboration - City organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Senior Housing Regeneration Program - Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.
- Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.

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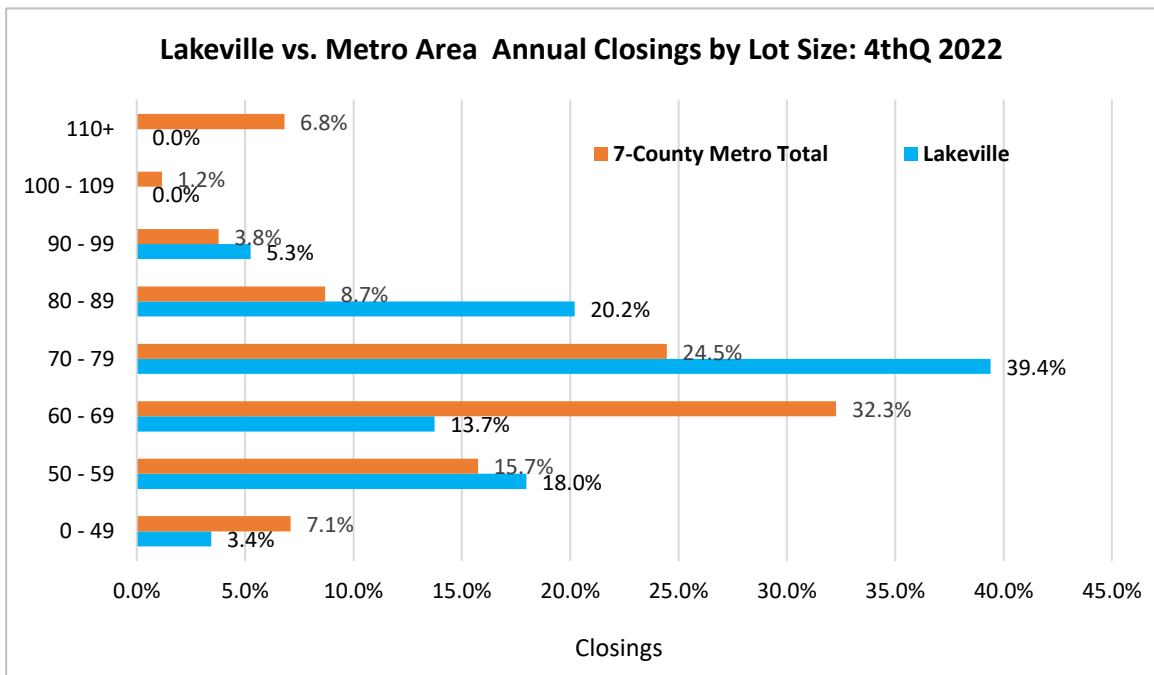
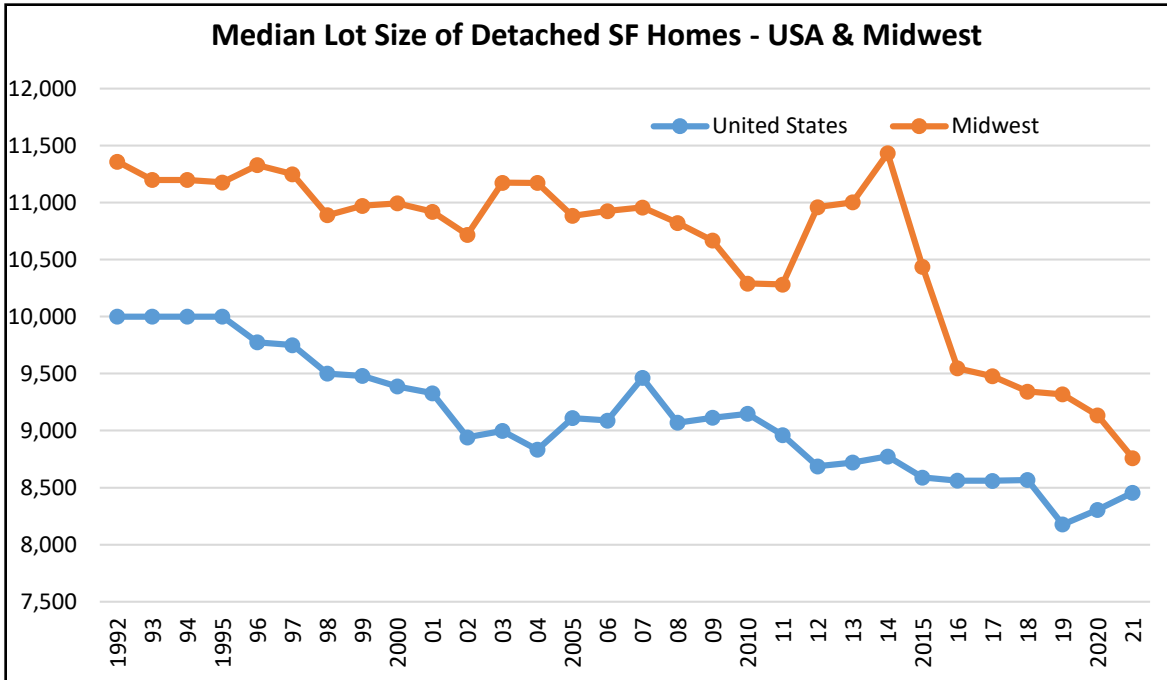
- **Tax Increment Financing (TIF)**: Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
 - **Waiver or Reduction of Development Fees** – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
-
- **Inflation.** U.S. inflation rates hit a new 40-year high of 8.6% in 2022, the biggest yearly increase since December 1981. Rampant price increased for nearly every good and service and specifically energy and food costs are having an impact on American consumers and will eventually affect housing affordability. As a result, the Federal Reserve is implementing interest rate hikes and increasing borrowing costs to hopefully offset a recession. As interest rates have increased for-sale housing demand has slowed and demand for rental housing has increased. This has resulted in higher housing costs for both buyers and renters. Housing assets are in higher demand during inflationary times as real estate values tend to hedge inflation and investors seek out rental housing assets as equity continues to grow. In the short term, household balance sheets will continue to be stretched as rising costs affect Lakeville residents. This could hinder housing production in the near term as new construction will be difficult to pencil.
 - **Job Growth/Employment.** The Covid-19 pandemic created a number of new challenges for businesses, workers, and government. As depicted earlier, the unemployment rate in Lakeville has historically been under 4.0% before shortly rising to 5.4% during the peak shutdowns in spring 2020. These unprecedented challenges had an economic ripple effect across the country as thousands of Americans found themselves out of work with increases in unemployment. However, Lakeville employers weathered the pandemic much better than most of the country as the unemployment rate has stayed low and the area brought back lost jobs from the initial shutdowns earlier in 2020.

The Lakeville unemployment rate has declined to a low of 1.6% and the labor force has grown to a new high in 2022. Although a low unemployment rate is generally considered positive news, an extremely low unemployment rate can be challenging for employers looking to add additional staff. Although additional job creation supports the need for housing, a lack of housing, and especially, affordable housing, can place pressure on attracting workers and new jobs.

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- **Land/Lot Supply.** Tables FS-10 and FS-11 inventoried active subdivisions with available lots. Based on our research there are just over 500 vacant developed and 1,355 future single-family lots, not included scattered lots throughout the city. Based on historical building permit trends, the existing platted lots and future lots would be absorbed in about four to five years. As a result, new lots will need to be platted soon as we recommend a vacant lot supply of about 3- to 5-years for a balanced market.
- **Lifestyle Renters.** Historically, householders rented because they couldn't afford to buy or didn't have the credit to qualify for a mortgage. Today that is no longer the case, and many householders are renting by choice. High-income renters represent the fastest growing market segment of the rental market today; having grown 48% over the past decade. Demand is being driven by the Millennials, would-be buyers on the side-line, and empty nesters. As a result, rental housing is one of the preferred real estate asset classes today across country. Lifestyle renters are attracted to developments offering excellent finishing quality, extensive common area facilities, and typically focus on an environment providing a more social experience. Most of the new market rate rental construction in Lakeville targets the lifestyle renter.
- **Lot Size:** Across the Twin Cities Metro Area and U.S. there has been a growing trend of lot size compression for decades and especially since the Great Recession of last decade. As illustrated in the chart below, the median lot size of a new single-family detached home in the United States sold in 2019 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Nationwide median lot sizes have dropped below 8,200 square feet (0.19 acres) before increasing in 2021 from the pandemic. At the same time, lot sizes decreased in the Midwest to the lowest levels recorded in 2021, down about 15% from 2010.

Lot sizes have decreased in part due to increasing raw land prices, lot prices, and rising regulatory and infrastructure costs (i.e. curb and gutter, streets, etc.). As a result, builders and developers have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units. Many newer single-family subdivisions in the Twin Cities have lot widths of about 65 to 75 feet, down from the standard width of 80 to 90 feet prior to the Great Recession. As illustrated in Table FS-8, about 40% of lot widths are between 70 to 79 feet wide vs. 25% in the Metro Area. A reduction in lot sizes will increase density and provide increased affordability to buyers.



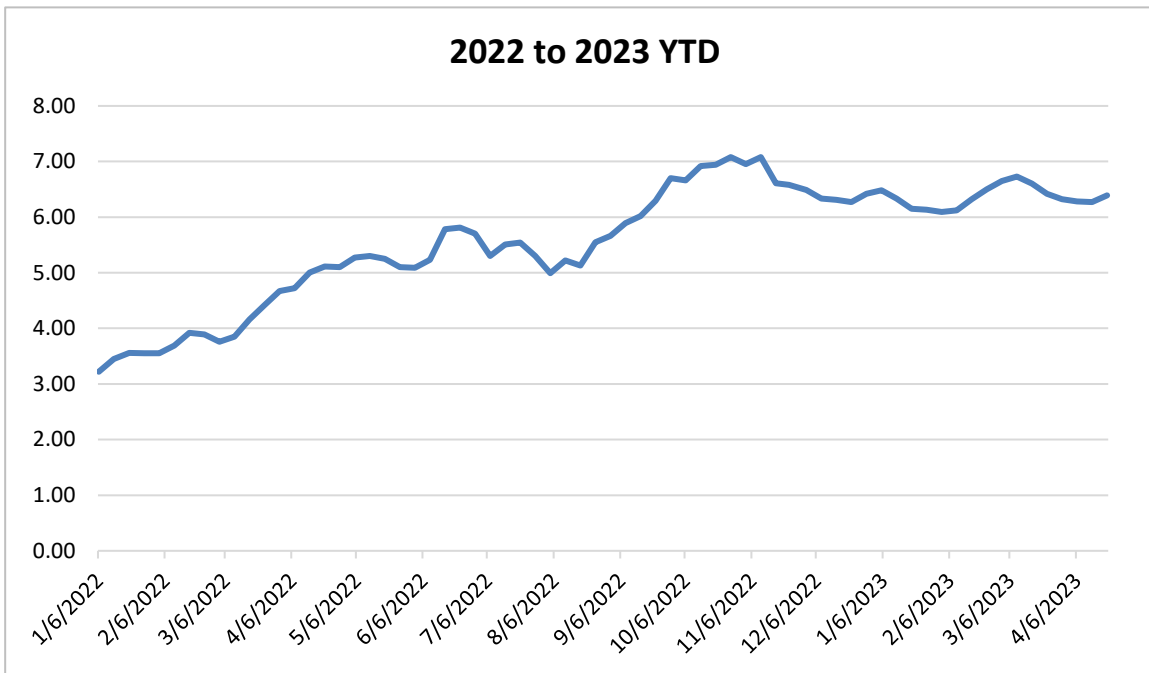
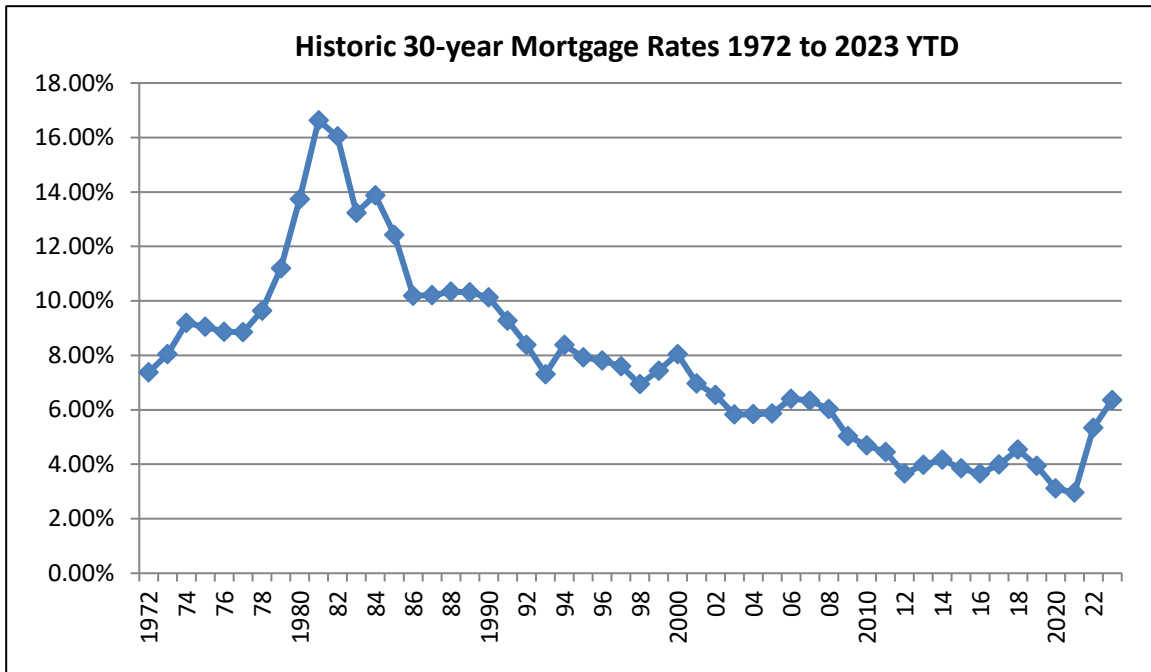
CHALLENGES AND OPPORTUNITIES

- **Modular Housing.** Modular housing, often referred to as prefab housing, is the construction of housing units in a controlled factory-like setting or on a manufacturer's site or lumber yard. Modular housing is gaining steam from developers and investors to combat high construction costs, labor shortages, and speed-up the construction timeline. The biggest advantage modular housing provides is time and shaving months of holding costs off the consumer's bottom line. Originally modular housing was mostly single-family oriented; however, developers are now constructing entire apartment buildings, hotels, senior living, man camps, and college dorms. Historically the biggest challenge of modular housing is transportation, shipping costs, and perception. Modular housing has made huge strides over the decades and are now built on concrete foundations or include basements. The industry continues to battle the stigma of the older mobile homes as the appraisal community continually mis-appraises modular homes due to biases or lack of education on the product. Locally, there is new manufacturer in Owatonna and future modular plants in the works. Maxfield Research believes there is opportunity in the modular construction sector that can be utilized in Lakeville, providing a win-win scenario by providing housing production and passing cost savings along to consumers.

If not already, we recommend the City of Lakeville revise zoning codes to allow for this type of housing if it is not permitted. However, design standards should be enforced in order to ensure incompatible housing does not deter neighborhoods.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have stayed at historic lows for most of the past decade trending under 4.5% (30-year fixed) since around 2010. At the on-set of the COVID-19 pandemic, rates plummeted to at or near an all-time low under 3% for part of 2020 and most of 2021. However, due to a 40-year high inflation the Federal Reserve began hiking rates in 2022 to slow the economy and curtail inflation. The Federal Reserve has implemented five rate hikes to date in 2022 and is expected to be aggressive throughout the end of year into 2023. As a result, the cost of for-sale housing has increased significantly this year and many would-be-buyers are on the sidelines and have been priced out of the market. Compared to early 2022, mortgage payments in the Fall of 2022 are on average about 60% higher than the beginning of 2022 (3.25% vs. 6.75%). As a result, affordability has been crushed and a housing market reset is in play.

The following charts illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1972 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



CHALLENGES AND OPPORTUNITIES

- **Short-Term Stay Housing.** The short-term stay housing market continues to gain ground; in-part from pandemic and for households desiring temporary housing accommodations. Establishments range from hotels, suites, apartments, townhomes, or single-family homes, etc. Many of these furnished units offer weekly and monthly rates that have flexible rental agreements. There has been a growing preference for non-traditional lodging choices as companies such as VRBO, Airbnb, Stay Alfred, Sonder and others make a splash into the rental and hospitality sector. Many apartment owners are entertaining relationships with short-term stay companies as an avenue to lock-up long-term leases with a short-term operator. Maxfield Research recommends addressing local zoning codes to monitor future multifamily concepts that may include short-term and long-term stay leases.
- **Single-Family Rental Housing Demand.** Table HC-3 showed that 24% of the rental housing inventory in Lakeville in 2020 is within single-unit housing structures. Another 33% of units were located within an attached structure such a townhome or condo. Nationwide, it is estimate that 25 of the 43 million rental households in the United States (58%) reside in either single-family rentals, townhomes, duplexes, triplexes and quads. Single-family units, townhomes, and condos make-up about 34% of all rental units in the country and about 23% in the Twin Cities Metro Area.

A recent study by Freddie Mac identified the market share of single-family rentals (“SFR”) by ownership type across the country. The study found that 88% of SFR are owned by investors with between 1 and 10 homes. Institutional investors make-up only 1% of the market share today; even though they are they have the financial backing and are able to acquire larger portfolios.

Demand is strong for SFR by providing renter lifestyle choice and the ability to reside in a detached unit without having to obtain the funds for a down payment on a mortgage. Many SF renters may consider purchasing; however, the rising costs of real estate and the down payment requirements hinder some renters from making the leap to home ownership. The COVID-19 pandemic increased demand for SFR as renters desire more square footage, green space/yards, separate entrances, and more privacy than traditional multi-family structures.

Single-family rental communities have been one of the hottest real estate products to come out of the pandemic over the past few years. Although the Twin Cities is behind the rest of the country, there are several developments in the pipeline or that have recently been completed in the Twin Cities. We recommend exploring purpose-built single-family rental communities in the City of Lakeville and zoning codes that permit the project concept.

- **Starter Home New Construction Lack of Inventory.** As illustrated earlier in the report and from feedback from Realtors, Lakeville lacks entry-level/starter home new construction housing. However, Lakeville is not alone as according to Housing First Minnesota the median price for a new construction home in the Twin Cities is nearly \$525,000 which is the 10th highest in the U.S. In fact, outside of coastal markets, Minnesota has the highest new construction costs in the U.S. According to Metrostudy, only 2% of all new homes constructed in the Twin Cities in 2022 were constructed for less than \$300,000. There are numerous reasons why housing costs for new construction are high in Minnesota, including: land costs, MUSA line mandates, regulatory fees, strict building code, safety codes, zoning minimums, park dedication/impact fees, high cost of materials and labor, etc. Given all these factors, Minnesota new construction is high. The ability to construct new affordably priced new homes will require public/private partnerships and creativity. The following is a sample list of some tools to enhance the probability of bringing down costs:
 - Zoning/density modifications,
 - Reduction of permit/impact fees
 - Building code changes
 - Fast tracking permitting
 - Tax abatement/TIF
 - Housing trusts, land trusts
 - Opportunity zone incentives
 - ADU, Multi-Gen, Tiny homes
- **Zoning/Density Requirements.** One way a jurisdiction can reduce infrastructure costs is through the implementation of flexible zoning requirements. Many communities incorporate Planned Unit Developments (PUD) into their zoning code that allows developers some flexibility from the zoning code in exchange for fulfilling an established set of planning criteria. Because infrastructure costs are one of the key barriers for housing development, PUDs allow more efficient site design and lower infrastructure costs, translating into lower per-unit housing costs compared to a traditional single-family subdivision. We recommend exploring strategies and policies that encourage flexible single-family regulations.

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Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active Adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable Housing – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For purposes of this study we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support

services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts, and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector’s satisfaction, the jurisdiction will issue a “CO” or “Certificate of Occupancy.” Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or “Market Area” that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or “Market Area” that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and

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size for a specific proposed development. Components vary and can include, but are not limited to turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

Gross Density – The number of dwelling units per acre based on the gross site acreage.

Gross Density = Total residential units/total development area

Net Density - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.

Net Density = Total residential units/total residential land area (excluding ROWs)

Detached Housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely Low-Income – Person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Fair Market Rent Dakota County - 2022

Fair Market Rent					
Rent	EFF	1BR	2BR	3BR	4BR
	\$932	\$1,078	\$1,329	\$1,841	\$2,145

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

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents are shown in the figure below.

**Gross Rent
Dakota County – 2022**

	Maximum Gross Rent							
	30%	40%	50%	60%	70%	80%	100%	120%
EFF	\$616	\$822	\$1,027	\$1,233	\$1,438	\$1,644	\$2,055	\$2,466
1BR	\$660	\$880	\$1,100	\$1,320	\$1,540	\$1,761	\$2,201	\$2,641
2BR	\$792	\$1,056	\$1,320	\$1,584	\$1,848	\$2,112	\$2,640	\$3,168
3BR	\$915	\$1,220	\$1,525	\$1,830	\$2,135	\$2,440	\$3,050	\$3,660
4BR	\$1,020	\$1,361	\$1,701	\$2,041	\$2,381	\$2,722	\$3,402	\$4,083

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new household formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing Unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income Limits – Maximum household income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program. See income-qualifications.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market Analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market Rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market Study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by de-

velopers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, existing within a specific geography.

Market Rate Rental Housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-Income Property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another. Mobility rate is often illustrated over a one-year time frame.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-Up Demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based Rent Assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent Burden – Gross rent divided by adjusted monthly household income.

Restricted Rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Consulting, LLC. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-Family Home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized Level of Occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized Housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low-income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract/market rate rent and the amount paid by the tenant toward rent.

Substandard Conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target Population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-Paid Utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover Period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted Units – Units that are not subject to any income or rent restrictions.

Vacancy Period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce Housing – Housing that is income-restricted to households earning between 80% and 120% AMI; however, some government agencies define workforce housing from 50% to 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.