

Update of Comprehensive Housing Needs for The City of Moorhead, Minnesota

Prepared For:

City of Moorhead
Moorhead, Minnesota

May 2017



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Maxfield
Research & Consulting

May 1, 2017

Ms. Lisa Bode
Community Development Division Manager
City of Moorhead
500 Center Avenue
Moorhead, MN 56561-0779

Dear Ms. Bode:

We are pleased to submit the analysis titled "Update Comprehensive Housing Needs Analysis for the City of Moorhead, Minnesota."

The study updated growth trends and demographic characteristics of the population and household base in the Primary Market Area, analyzed recent historic and current market conditions for for-sale, rental and senior housing and calculated demand for general occupancy for-sale and rental housing and senior housing.

Based on the analysis, the study identifies current lot supply and projects residential construction and absorption for the for-sale market and considers the potential demand for additional rental and senior housing products in the market between 2016 and 2030.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Mary Bujold
President

Attachment

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Key Findings

- Moorhead continues to experience strong population and household growth as the economic recovery has ensued. Along with the F-M Metro Area, Moorhead's 2017 population and household estimates are exceeding previous projections.
- Over the next five years, the older age cohorts (65 to 84) will experience the greatest growth. The younger portion of this range may choose housing products such as twinhomes/detached villas while those that are older may consider senior-specific properties. The twinhome sprinkler regulation temporarily suppressed construction of this product in Moorhead, but demand remains strong.
- A tight single-family home market in the F-M Metro Area for entry-level homes is fueling cross-shopping across the Metro Area in Moorhead for entry-level buyers. If shortages of entry-level homes persist and the market tightens further, prices are likely to rise and may create some affordability challenges for younger buyers.
- The opening of the new elementary school and the expansion of the middle school are likely to attract young families to Moorhead. The property tax rebate is an added incentive to attract these households, but it is likely that the schools will be the larger draw.
- Moorhead has experienced new apartment construction recently, similar to other communities in the F-M Metro Area. While Moorhead's vacancy rate increased at the end of 2016 along with Fargo and West Fargo, the increase is likely due to the seasonal slowdown with additional time needed for new units to absorb into the marketplace.
- By summer 2017, there will be an estimated 640 serviced buildable lots available in Moorhead. Using the recent average annual construction for single-family and 2-4 unit properties, these lots would last approximately 2.5 to 3 years. If construction accelerates, then additional lots may be needed after only two years.
- Student populations in Moorhead are a substantial portion of the renter base and job growth in the F-M Metro Area is encouraging more of these graduates to take jobs in the area. Respondents to the student survey identified a desire for new student housing, but price-sensitivity among this group may present challenges to developing new private market student housing.
- Moorhead is focused on trying to attract new households to the community and is promoting programs to increase its ability to capture a larger share of the growth in the region. Outreach to the greater F-M Metro Area community and an effective communication strategies to the public and to local builders will ensure that the city remains competitive with its neighbors.

Study Impetus

Maxfield Research and Consulting, LLC was engaged by the City of Moorhead to update its previous housing and market analysis to reflect current and projected market conditions in Moorhead and the greater Fargo-Moorhead Metropolitan Area (F-M Metro Area). The focus communities incorporated into analysis are the City of Moorhead (Oakport Tract 2 is now a part of Moorhead) and referred to in the report as either Moorhead or the Moorhead Market Area in addition to the Cities of Fargo and West Fargo. For the senior housing analysis, Dilworth was included in the Moorhead Market Area as most prospects would likely seek senior housing in Moorhead where the majority of the product is located. During the course of the research, some data may be only available at the County level or other smaller adjacent communities may be included to round out a specific segment of the analysis.

Regional Setting

The F-M Metro Area is home to a diverse array of businesses and a growing business base. Recent national rankings of the F-M Metro Area include:

- #1 Milken Institute for Best Performing Cities Index, 2015 which ranks metropolitan areas by how well they are creating jobs and sustaining economic growth. The components include job, wage and salary, and technology growth.
- #4 overall among mid-size metros by Area Development Leading Locations;
- #19 overall among 373 Metropolitan Areas (2015);
- #1 in Forbes for Best Small Places for Business and Careers (2014);
- #6 American Institute for Economic Research ranking of the Top College Towns & Cities with population of less than 250,000 (2014-2015).

As of the end of 2016, 136,286 people living in the F-M Metro Area were employed for an overall unemployment rate of 2.7%. Total employment in the F-M Metro Area was 142,700, which indicates that more people commute into the F-M Metro Area for employment than live there.

Young people looking for jobs can seriously consider the F-M Metro Area as one with good job prospects and the F-M Metro Area ranks high for new job opportunities and relatively low cost of living.

Although a number of these rankings refer directly to growth that has occurred on the North Dakota side of the River, Moorhead continues to benefit from the strong growth occurring in the F-M Metro Area. More jobs overall and more people coming to the area for careers, recreation, education and other reasons increases Moorhead's exposure to more companies, businesses and people that can see firsthand what Moorhead has to offer.

Education

In November 2015, Moorhead voters approved a referendum to construct a new elementary school and to expand the middle school to incorporate grades 5 and 6 into a separate wing to bring about a smoother transition for students between elementary school and middle school. A new community auditorium will also be constructed at the middle school as part of the expansion. These new facilities will open in 2017 and are anticipated to provide smaller class sizes and ease the burden of a rapidly growing K-12 population in the Moorhead School District. In addition, the new facilities are anticipated to increase the desirability of single-family homes in Moorhead located in close proximity. The current development cost of these new facilities is under budget and the additional amount of property taxes will be less than what was originally anticipated.

Employment

A generally low cost of living and strong employment is encouraging for students attending post-secondary education institutions in the area to remain in the F-M Metro Area to take jobs. This is a turnaround from previous decades, when many young people left the area for employment elsewhere. The strong employment base in the F-M Metro Area and significant construction and development have also lured workers away from the Bakken where the oil industry employment substantially declined in 2015.

The December 2016 unemployment rates remain well below the 2011 rates experienced by Moorhead (4.8%) and Clay County (5.5%). At 2.4%, the current unemployment rate in the City of Moorhead is 1.1% lower than the ten-year average of 3.5%. Similarly, the 2.3% unemployment rate in Fargo is 0.6% lower than the ten-year average rate of 2.9%. Clay County, Minnesota and Cass County, North Dakota are experiencing similar disparities between their current unemployment rates and their ten-year averages.

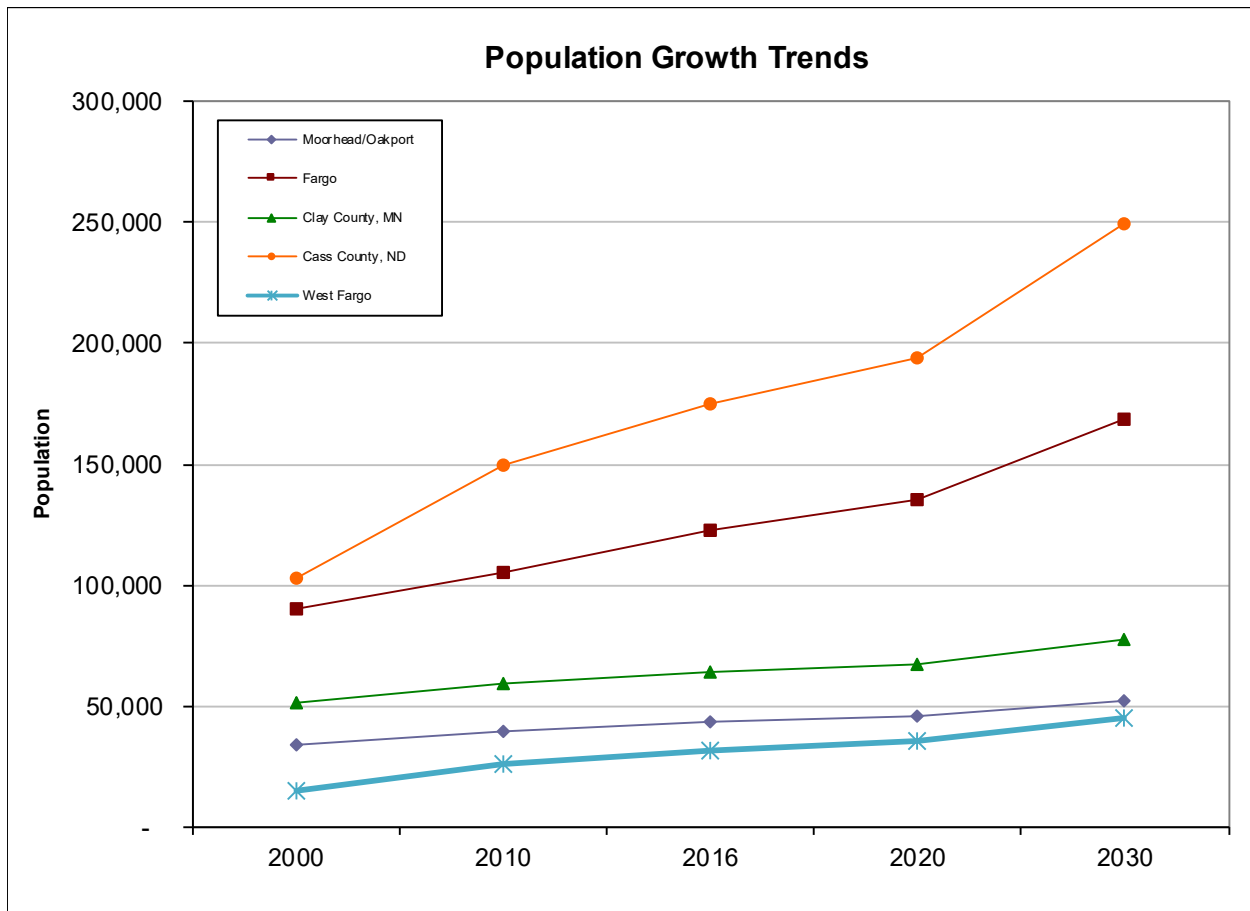
Demographic Trends

Population growth is forecast to continue between 2010 and 2030. The proportional increase for Moorhead is slightly lower for 2010 to 2020 than from 2020 to 2030 (increase of 15.0% from 2010 to 2020 and increase of 13.1% from 2020 to 2030). The population of Moorhead is

EXECUTIVE SUMMARY

expected to grow at a rate of 1.5% annually between 2010 and 2020, compared to 1.8% annual growth between 2000 and 2010.

Civilian employment in Fargo skyrocketed after 2010 with employment projected to increase by 32,990 employed people between 2010 and 2020, versus 2,336 in Moorhead between 2010 and 2020. Strong employment growth in Fargo provides opportunities for people living in Moorhead to work in Fargo, but have their place of residence in Minnesota.

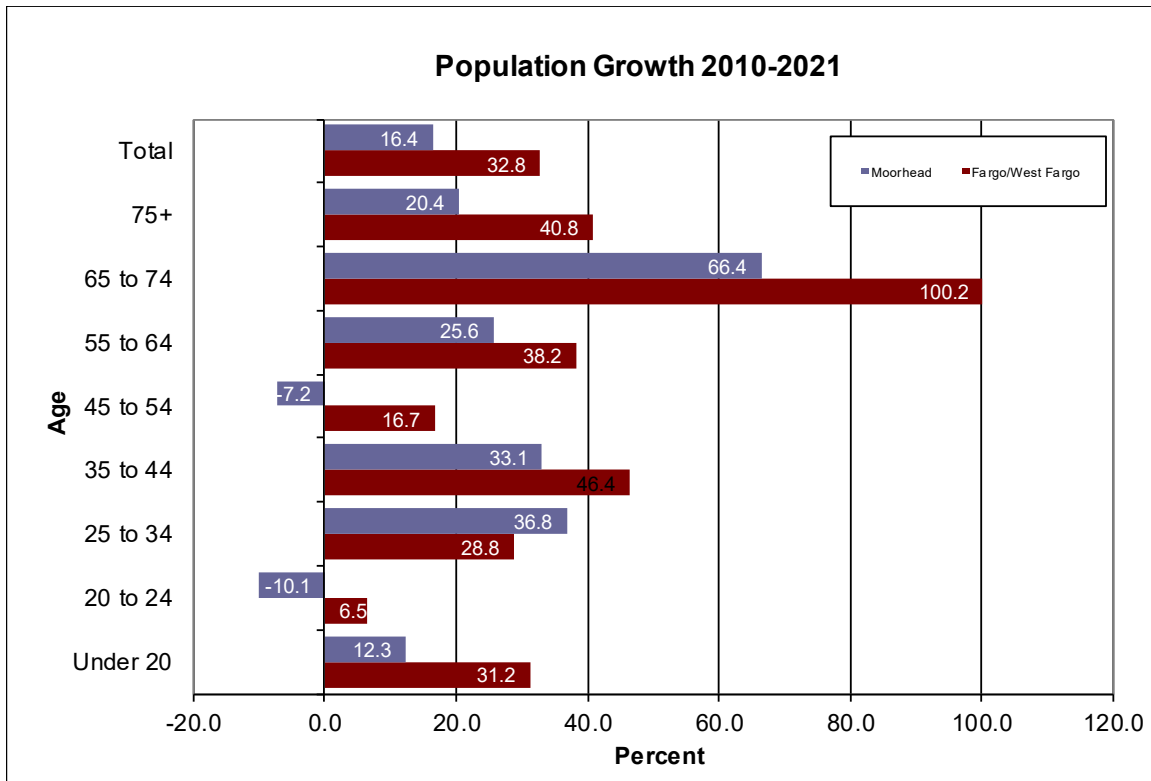


Proportionate to the number of households that exist in Moorhead and Fargo, Moorhead has experienced a higher growth rate of the two communities in 2016, 3.0% in Moorhead vs. 2.4% in Fargo. Despite Moorhead's downturn in 2011 and 2012, there has been a strong comeback in residential construction.

In considering single-family development in Moorhead, the average number of single-family homes constructed per year was 174 from 2014 through 2016. In Fargo, the number was 430 and in West Fargo, it was 477 per year.

Age Distribution

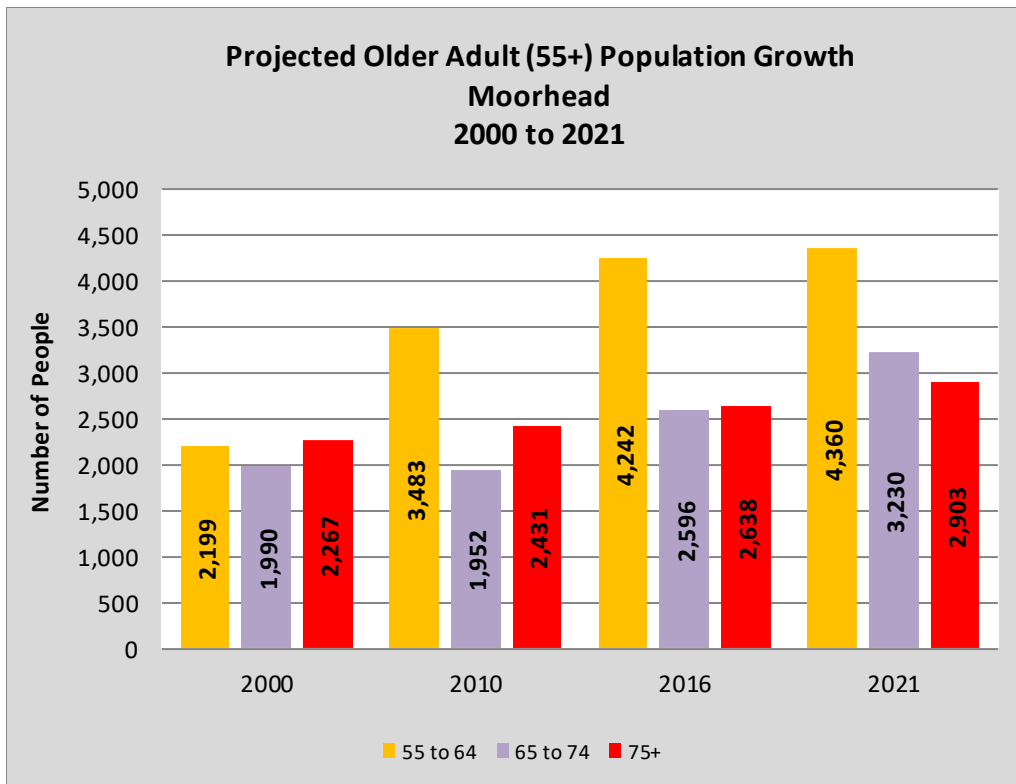
The largest adult age cohort in Moorhead as of 2010 was people ages 20 to 24 (6,348 people), a large portion of which represent college students attending one of the three post-secondary education institutions in Moorhead. A portion of these people are likely to remain in the community and contribute to an increase in the age 25 to 34 category between 2016 and 2021.



- In the F-M Metro Area, the highest rate of growth over the next five years (2016 to 2021) is predicted to occur among older adults, ages 65 years or older, in each community. Aging of baby boomers led to an increase of 1,513 people (40.5%) in the 55-64 population of Moorhead between 2000 and 2010. As this group ages, the cohorts age 65 or greater are predicted to see increases throughout the region, particularly the 65-74 age group which is projected to grow 66.4% in Moorhead and 100.2% in Fargo/West Fargo between 2010 and 2021.

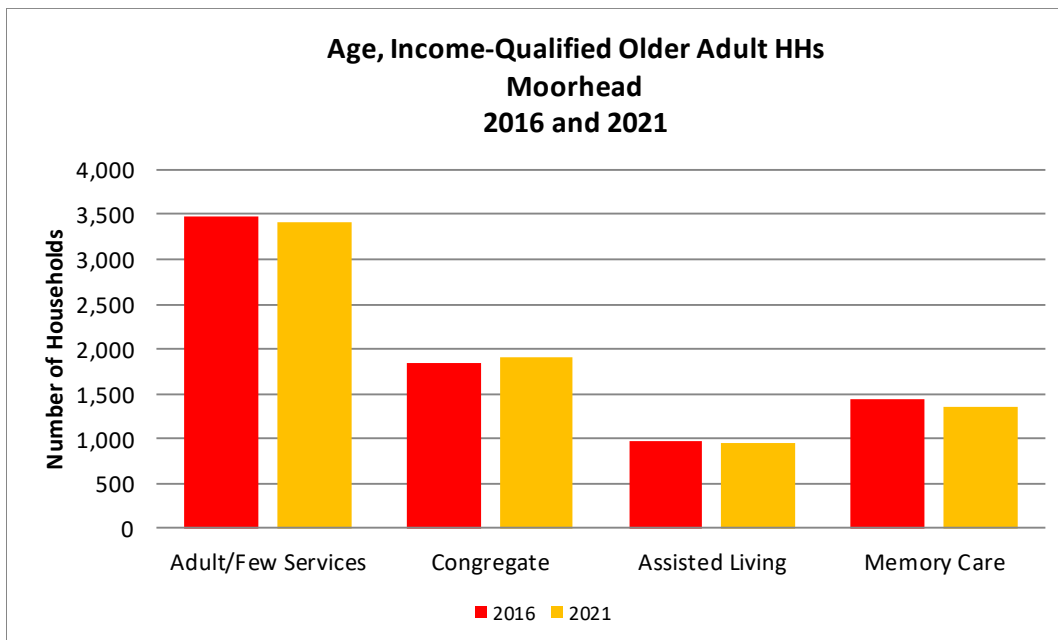
Senior Population and Households

Between 2016 and 2021, the older adult and senior population in Moorhead is projected to add 2,627 people (33.4%) and 1,459 households (29.1%).



Qualified for Market Rate Senior Housing

The chart below shows the number of age and income-qualified households that would be estimated to qualify for market rate senior housing in Moorhead.



The lower number of households age and income-qualified reflects the majority of the growth in households at income levels that are below what would qualify these households for market rate senior housing based on the projected household income distribution and accounting for projected inflation in the pricing of market rate senior housing options.

Household Income

In 2016, the median household income in Moorhead is estimated at \$52,156 and is projected to decrease slightly by 2021 to \$51,182, an average annual adjustment of -0.37%. The median income in Fargo/West Fargo is an estimated \$52,618 in 2016 and is projected to increase to \$55,613 by 2021, an increase of 5.7% or an average annual adjustment of 1.1%. These estimates are revised each year and may change year-to-year based on the most current data available.

Estimates and forecasts of median household incomes have been provided by ESRI Inc., a national demographic forecasting firm. The estimates and projections are compiled combining several different data sources including the US Census Bureau American Community surveys (1-year and 5-year estimates), information on household net worth, proportion of households in each age and income group, among other factors. The modest anticipated decrease in median household income is focused primarily on the youngest and oldest age cohorts, those under age 35 and those age 75 or older. These groups are most likely to be affected by entry level wages, turnover in the employment base and increases in accumulated retirement savings.

Household Tenure

With an estimated ownership rate of 63.3% in Moorhead, the overall rate of homeownership is significantly higher than in Fargo/West Fargo which has an ownership rate of 48.8%. The percentage of owners in Moorhead increased just slightly between 2010 and 2016 (0.4%) while the home ownership rate declined 0.8% in Fargo/West Fargo.

The higher percentage of renters in Fargo/West Fargo can be attributed, in large part, to the 25-34 and 35-44 age cohorts where 64% and 40% of the householders, respectively are renters, compared to 42% and 23% of these householders in Moorhead.

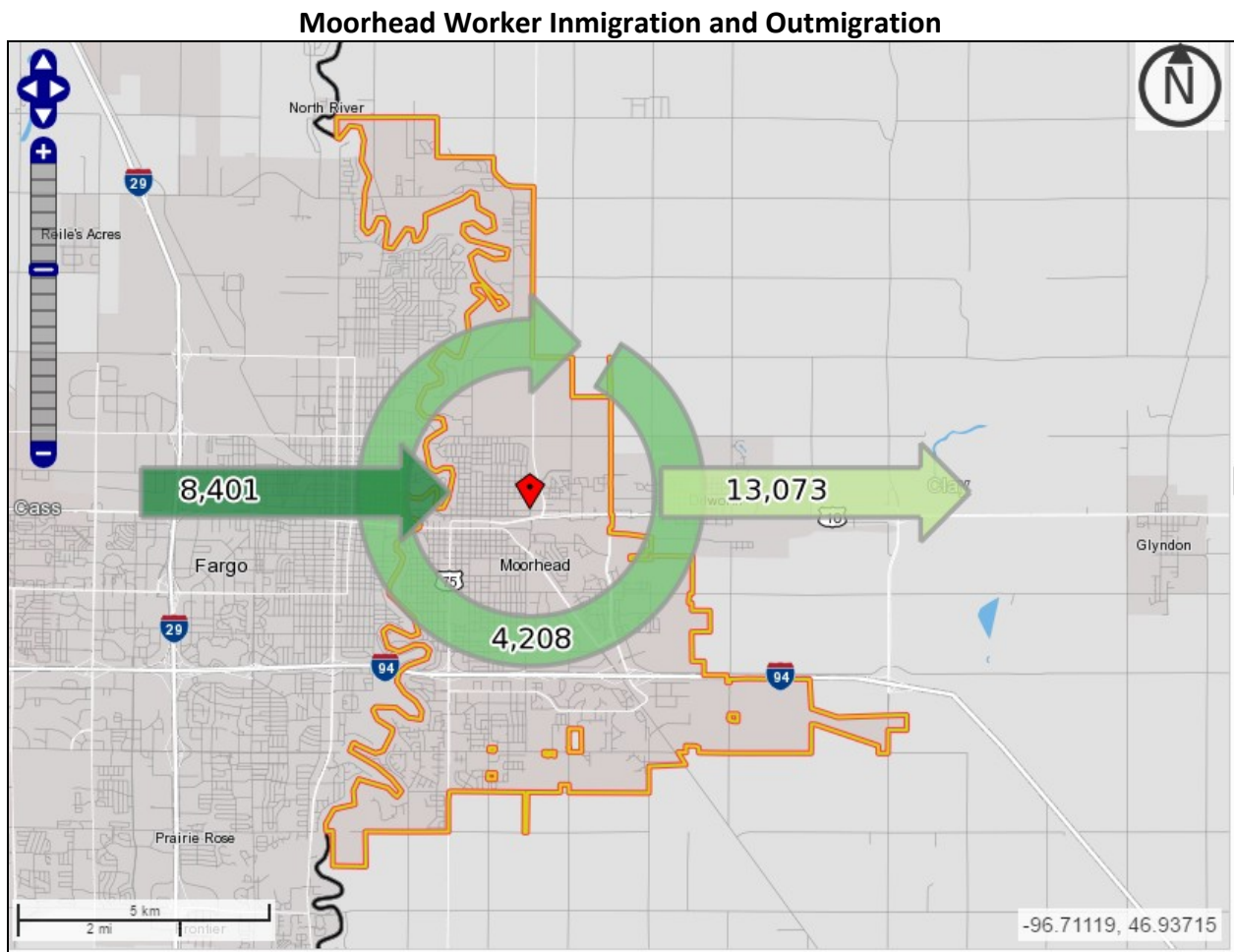
In Moorhead, the most significant change occurred in the 35 to 44 age cohort which experienced a 5.2% increase in home ownership between 2010 and 2016. The same age group in Fargo/West Fargo experienced a 0.6% decrease in home ownership in the same time period.

Commuting Patterns

In Moorhead, 52.5% of Moorhead residents work in Fargo and 24.4% work in Moorhead. Much smaller proportions of Moorhead residents work outside of these two communities in West Fargo (5.3%) and Dilworth (1.8%).

Of those that work in Moorhead, 33.4% also live in Moorhead and 25.6% live in Fargo with much smaller proportions in West Fargo (5.5%) and Dilworth (3.4%).

The map below shows the number of workers that commute into Moorhead daily for work (8,401) and the number of workers that leave the city to work in other locations (13,073). The number shown in the center of the circle reflects the number of workers that live and work in Moorhead (4,208).



Cost-Burdened Households

Between 2010 and 2015, there was a decrease in the percentage of renter households that pay between 30% and 34.9% of their incomes for housing, but an increase in the proportion of households that pay between 35% to 49.9% and those that pay 50% or more of their incomes for housing. Although there has been an increase in the number of units that provide rents affordable to households with middle incomes, those at the lowest end of the income scale often continue to fall further behind due to cuts in funding for Housing Choice Vouchers and substantially reduced development of housing units targeted to meet the needs of households with incomes of less than 30% of the Area Median Income (AMI).

While a robust economy may bring an increase in jobs and higher wages, households with incomes at the very lowest end of the income spectrum may have other barriers that may inhibit their ability to find housing at a cost that is affordable to them. A more robust economy also means that rents typically increase and then housing costs increase across the board, making it more difficult for households at the lower end of the income spectrum. The data indicates there is a need for additional rental housing and/or vouchers that would provide assistance to households with low incomes to be able to obtain housing that they can afford.

Moorhead and Fargo Vacancies and Rental Rates

The overall physical vacancy rate for the F-M Metro Area was 9.2% as of 4th Quarter 2016 and according to Appraisal Services, the current vacancy rate indicates that supply continues to outpace demand in the F-M Metro Area. Vacancies increased slightly from December 2015 through March 2016, but vacancies in West Fargo decreased while Moorhead vacancies remained relatively stable. Between December 2015 and December 2016, the overall vacancy rate in the F-M Metro Area increased from 4.5% to 9.2%. Since 2010, the overall average vacancy rate for the F-M Metro Area has increased as multifamily construction has increased. Significant fluctuations in vacancy rates are likely a result of surveying properties that have not yet reach stabilized occupancy.

Rental rates in Moorhead compared to Fargo are slightly lower for properties constructed in 1999 or earlier, but are modestly higher in Moorhead for properties constructed in 2000 or later. The lower rental rates in Moorhead for properties built 1999 or earlier as compared to Fargo, may be a result of the substantial amount of apartment product developed in Fargo in the 1980s and 1990s, while much of Moorhead's rental product prior to 1999 was constructed in the 1970s and 1980s.

New product rental rates are similar, but still higher, on average, in Moorhead. Rents at some properties constructed post 2000 in Fargo are higher than Moorhead because of an urban location in the Downtown and new construction. In comparing similar properties, average rental rates continue to be modestly higher in Moorhead than in Fargo. Higher rental rates in

Moorhead versus Fargo may be attractive to potential developers, but other factors must also be considered such as overall construction/labor costs, land prices, property taxes and other development costs that may affect the rent levels required for multifamily to be financially feasible.

Senior Housing

Moorhead has a total of 749 units of senior housing ranging across the service level from active adult, income-restricted to market rate memory care facilities. Overall, Moorhead has a relatively balanced number of age-restricted units in each of the service level categories. Interviews conducted in the Moorhead market revealed that Moorhead can support additional senior housing in the short-term to satisfy some pent-up demand for these product types.

Shallow-Subsidy and Deep-Subsidy (Affordable Housing)

There is a constant demand for housing in Moorhead targeted to households with incomes at or less than 60% of the Household Adjusted Family Median Income (adjusted for household size) and most households that are served through the Clay County HRA express a preference for living in Moorhead or Dilworth because of close proximity to shopping, transportation and other amenities. If there are no units available in Moorhead or Dilworth, households will take a unit located in Clay County, outside of Moorhead, with the objective of being able to relocate to Moorhead within 12 to 18 months.

Lot Supply in Moorhead

By summer 2017, there will be approximately 640 fully-serviced buildable lots located in various subdivisions throughout Moorhead. At the current average rate of single-family home and townhome development over the past three years in Moorhead, these lots would last a little over three years. If housing development increases due to the opening of the new elementary school and other factors, then additional lots may be needed sooner.

There were an estimated 477 available lots in Fargo as of August 2016 and 1,105 lots in West Fargo at year end 2015.

Need for Additional Lots

Based on the level of new residential development that has occurred in Moorhead over the past three years, additional serviced lots should be maintained at a sufficient lot supply to support ongoing residential development. The construction of the new elementary school is

HOUSING MARKET ANALYSIS

anticipated to cause an uptick in demand for new housing in the City. Therefore, bringing new serviced lots on-line will continue to ensure that the City will be able to meet the demand for new homes over the next several years.

Therefore, at an average permit issuing rate of 174 units (average of the three previous calendar years for single-family or average of 195 per year including single-family and townhome development (2-4 units), Moorhead would have approximately a three-year supply of buildable lots.

Average single-family residential construction in each of the cities over the past three years has been:

Moorhead	174 units	Fargo	430 units	West Fargo	477 units
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Active Home Listings

As of year-end 2016, active listings of homes on the market in the F-M Metro Area including Moorhead, Fargo and West Fargo totaled 450 homes. We note that the winter months usually have the lowest inventory levels with increased home supply coming on the market beginning in the spring and summer. The highest number of active home listings for each community were clustered in the following price categories:

- Moorhead - \$200,001 to 250,000 and \$250,001 to \$300,000
- Fargo - \$150,001 to \$200,000 and \$200,001 to \$250,000
- West Fargo - \$250,001 to \$300,000 and 200,001 to \$250,000

These price categories are subject to change depending on the number and price of homes that are for-sale at any given time.

In reviewing timing of market sales, we note that average list times have decreased as market activity has increased and the supply of homes on the market has also decreased. According to the Fargo-Moorhead Association of Realtors, the supply of homes on the market decreased in 2015 and has decreased again in 2016. This is causing prices to rise on existing homes as well as new construction. Entry-level homes priced between \$150,000 and \$230,000 are low in supply relative to the demand (F-M Assoc. of Realtors). With the housing market tight in Fargo and West Fargo, other locations are reaping the benefits of increased demand such as north Moorhead, Dilworth and Horace. Buyers are seeking out other locations to be able to get the home they want.

Lot Absorption – F-M Metro Area

There has been a modest slowdown in residential construction activity across the F-M Metro Area. Moorhead has experienced a slowing in new construction primarily because of a slowdown in townhome construction. A new Minnesota building code requirement for townhome units went into effect at the beginning of 2015. The new regulation requires townhome units to have a full sprinkler system in the unit. This fire suppression system substantially raises the cost for this type of housing product. Builders have significantly reduced the development of this product type because the price increase has pushed a number of potential buyers out of the market. Moorhead is requesting the State Legislature to revise the definition of townhomes to exclude two-unit twin homes so sprinkler systems are not required on twin homes.

North Dakota does not require sprinkler systems in twinhomes, thereby providing a competitive edge to North Dakota in attracting buyers that are seeking that type of housing product at a more affordable price point. Navigating the differences between state regulations when communities share a border continues to be very challenging.

We estimate that average lot absorption over the next three years will be 180 units annually. With this level of absorption, the serviced lot at the end of 2016 would not meet the need for 2017. Bringing on additional serviced lots in 2017 will be necessary to support projected demand.

With the substantial amount of residential construction that occurred in 2015, it appears that a “breather” was necessary to allow for absorption of units. Growth is projected to continue to occur, but the unemployment rate is low. Additional workers must be attracted to the area to continue to be able to support ongoing new development. One issue that remains is the low level of supply for entry-level homes in the market. There are not enough entry-level homes to meet the demand and new construction is priced at a level that typically is higher than most first time homebuyers can afford. Townhomes provided additional supply for first-time homebuyers, but with the new sprinkler regulation, the supply of these units is reduced and the pricing has increased.

For-Sale Housing Demand

The following table shows the projected for-sale housing demand segmentation for Moorhead by price point in the near-term (2016-2021) and long-term (2022-2030).

FOR-SALE HOUSING DEMAND SEGMENTATION BY PRICE POINT		
MOORHEAD		
2016-2021 and 2022-2030		
	5-Year Demand	8-Year Demand
	2016-2021	2022-2030
Single-family		
Under \$250,000	144	96
\$250,001 to \$400,000	529	432
\$400,001 to \$550,000	240	385
Over \$550,001	48	48
Multifamily		
Under \$250,000	135	137
Over \$250,000	90	137
Source: Maxfield Research and Consulting, LLC		

Historic and Projected Lot Absorption-Moorhead

To ensure adequate lot supply, it is recommended that Moorhead consider maintaining a three to four-year supply of serviced lots to support for-sale housing demand. If construction remains strong, then lot supply should be at the higher end of the range.

APPENDICES

Study Impetus

Maxfield Research and Consulting, LLC was engaged by the City of Moorhead to update its previous housing and market analysis to reflect current and projected market conditions in Moorhead and the greater Fargo-Moorhead Metropolitan Area (F-M Metro Area). The focus communities incorporated into the majority of the analysis is the City of Moorhead (Oakport is now a part of Moorhead) and referred to in the report as the Moorhead Market Area in addition to the Cities of Fargo and West Fargo. For the senior housing analysis, Dilworth was included in the Moorhead Market Area as most prospects would likely seek senior housing in Moorhead where the majority of the product is located. During the course of the research, some data may be only available at the County level or other smaller adjacent communities may be included to round out a specific segment of the analysis.

Scope of Services

Information provided in the report includes:

- Update analysis of demographic and economic growth trends;
- Update of demographic characteristics of the population and household base;
- Update analysis of housing market conditions including rental and for-sale products and senior housing;
- Update analysis of home foreclosures and home value trends
- Survey of students at Minnesota State University Moorhead (MSUM), M-State and Concordia College (housing, commuting)
- Calculations of demand for a variety of housing product types and recommended development strategies for the short-term and the long-term.

Data Resources

This study includes both primary and secondary research. Primary research includes personal interviews with business owners/managers, property managers, commercial and residential brokers, and community development staff. Secondary research is credited to the source when used and, upon careful review of other factors that may impact projections, is used as a basis for analysis. Secondary sources of data include:

- ▶ U.S. Census Bureau
- ▶ ESRI
- ▶ Minnesota State Demographic Center
- ▶ Clay County Assessor
- ▶ Clay County HRA
- ▶ Moorhead HRA

PURPOSE AND SCOPE OF ASSIGNMENT

- ▶ City of Moorhead-various departments
- ▶ City of Fargo-various departments
- ▶ City of West Fargo-various departments
- ▶ Metropolitan Council of Governments
- ▶ Minnesota Department of Employment and Economic Development
- ▶ Fargo-Moorhead Area Association of Realtors
- ▶ Area Homebuilders Association of Fargo-Moorhead
- ▶ Minnesota Housing Link; Minnesota Homeownership Center

Geography and the Red River

The City of Moorhead is situated in northwest Minnesota on its border with North Dakota and adjacent to the Red River. The Red River flows northward from Minnesota into Canada flowing out into Lake Winnipeg. The rich soil of the Red River Valley has long been a significant agricultural area. Because of the generally surrounding flat topography, significant precipitation in the area both from rain and snow often creates substantial flooding in the region including the communities of Wahpeton (ND) and Breckenridge (MN), Fargo (ND) and Moorhead (MN) and Grand Forks (ND) and East Grand Forks (MN). Flood walls were constructed in Grand Forks and East Grand Forks after the Flood of 1997 when the waters of the Red River reached some three miles inland. Significant flooding has also occurred in Fargo and to a lesser degree in Moorhead as Moorhead's rise above the River has a higher elevation topographically than that of Fargo, usually resulting in slightly lesser damage. However, a 500-year flood event could easily flood a substantial portion of the F-M Metro Area. The proposed F-M Diversion project is intended to create a 36-mile long channel that would divert water away from the Red River at a rate of 20,000 cubic feet per second.

Flood mitigation efforts continue in the area to reduce flood impacts to homes and businesses in close proximity to the River. In 1994, 1997 and 2002, Moorhead took part in FEMA's Hazard Mitigation Grant program (HGMP) to mitigate flooding and reduce future flood losses. The City of Moorhead purchased 49 properties in low-lying riverfront neighborhoods after the 2009 flood using \$9.3 million of combined federal, state and local funding for flood mitigation projects. Additional purchases of flood prone homes continued in 2010 through a state appropriation, allowing for the acquisition of another 51 homes in 2010 and the first quarter of 2011. In total, the City of Moorhead has removed more than 240 homes from the floodplain through acquisition and 199 properties through Letters of Map Revision for accredited flood mitigation projects (Horn Park, Woodlawn Park and Moorhead County Club neighborhoods). The City's objective has been to prioritize buyouts based on each property's critical evaluation against the new 100-year flood elevation. All buyout participation has thus far been voluntary and continues to remain so.

Metropolitan Area

The F-M Metro Area ranked 204th in size of the 367 MSAs in the United States. Total MSA population as of 2010 was 208,777, according to the Census Bureau.

The F-M Metro Area encompasses the entire Counties of Clay in Minnesota and Cass in North Dakota. Within the F-M Metro Area are the Cities of Fargo (105,549 people), Moorhead (38,065 people), West Fargo (25,830 people) and Dilworth (4,024 people) (in order of size). Clay County, MN had a 2010 population of 58,999 and Cass County had a population of 149,778. Moorhead and Dilworth comprised 71% of Clay County's population while Fargo and West Fargo comprised 88% of Cass County's population.

FACTORS AFFECTING GROWTH AND DEVELOPMENT

The FM Metro Area is home to roughly 26,000 college students; the City of Moorhead has four colleges and universities including Minnesota State University-Moorhead, Concordia College, M-State-Moorhead and Rasmussen College. North Dakota State University is located just across the River in Fargo, near to the Downtown and close to Moorhead. Enrollments at area colleges and universities have remained relatively stable, but are down modestly primarily due to demographic decreases in the number of students ages 15 to 18 that are graduating from high school. High school graduations are anticipated to increase starting in 2016 and continuing through the mid-2020s, which should result in modest enrollment increases locally at the higher education institutions.

The F-M Metro Area is home to a diverse array of businesses and a growing business base. Recent national rankings of the F-M Metro Area include:

- #1 Milken Institute for Best Performing Cities Index, 2015 which ranks metropolitan areas by how well they are creating jobs and sustaining economic growth. The components include job, wage and salary, and technology growth.
- #4 overall among mid-size metros by Area Development Leading Locations;
- #19 overall among 373 Metropolitan Areas (2015);
- #1 in Forbes for Best Small Places for Business and Careers (2014);
- #6 American Institute for Economic Research ranking of the Top College Towns & Cities with population of less than 250,000 (2014-2015).

As of the end of 2016, 136,286 people living in the F-M Metro Area were employed for an overall unemployment rate of 2.7%. Total employment in the F-M Metro Area was 142,700, which indicates that more people commute into the F-M Metro Area for employment than live there.

Young people looking for jobs can seriously consider the F-M Metro Area as one with good job prospects and the F-M Metro Area ranks high for new job opportunities and relatively low cost of living.

Although a number of rankings refer directly to growth that has occurred on the North Dakota side of the River, Moorhead continues to benefit from the strong growth occurring in the F-M Metro Area. More jobs overall and more people coming to the area for careers, recreation, education and other reasons increases Moorhead's exposure to more companies, businesses and people that can see firsthand what Moorhead has to offer.

Education

In November 2015, Moorhead voters approved a referendum to construct a new elementary school and to expand the middle school to incorporate grades 5 and 6 into a separate wing to bring about a smoother transition for students between elementary school and middle school. A new community auditorium will also be constructed at the middle school as part of the expansion. These new facilities will open in 2017 and are anticipated to provide smaller class sizes and ease the burden of a rapidly growing K-12 population in the Moorhead School District.

Regional Factors

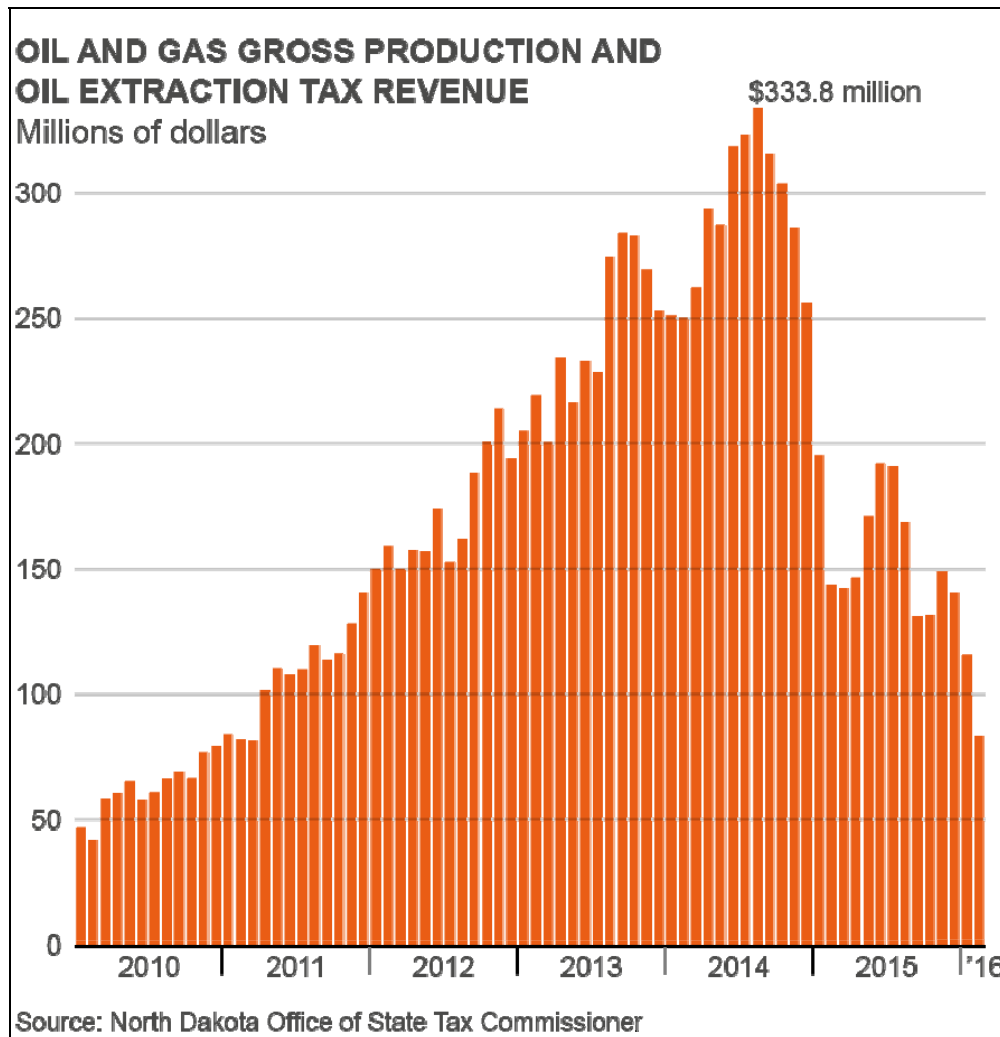
As the national economic recovery has ensued, not all areas of the Country have benefited in the same manner. Minnesota has generally experienced a strong comeback from the Recession with unemployment rates that fell rapidly. Moorhead has and continues to benefit from the very strong employment growth that has occurred in Cass County, ND and principally Fargo. With unemployment rates low, households residing in Moorhead have convenient access to jobs throughout the region.

A generally low cost of living and strong employment is encouraging for students attending post-secondary education institutions in the area to remain in the F-M Metro Area to take jobs. This is a turnaround from previous decades, when many young people left the area for employment elsewhere. The strong employment base in the F-M Metro Area and significant construction and development have also lured workers away from the Bakken where the oil industry employment substantially declined in 2015.

The State of Minnesota has, at different times, made available incentives to local units of government, to assist them in undertaking various types of projects and to help them compete in areas where there may be a financial, economic, or other type of limitation that results in another state having a greater ability to attract economic development.

The Minnesota Department of Employment and Economic Development (DEED) manages the Border Cities Enterprise Zone program which provides tax credits to businesses to qualifying businesses that are the source of investment, job creation, and retention. Additional incentives are available at the local level to provide further support for economic development.

At the time of the previous study in 2011, North Dakota was benefiting from significant oil production in the western region of the State. The reduction in oil prices that began in 2015 left many workers out of a job and many businesses with substantially reduced revenues. The building boom in the Bakken has halted and many new buildings and apartments are standing vacant. Oil revenues in North Dakota have plummeted over the past year.



Recently, national analysts indicated that oil prices may now be making a shift upward. The rate by which oil prices escalate may determine how quickly the Bakken can recover and to what degree. In the interim, construction labor and traditional economic development in the F-M Metro Area is the dominant growth support of the Region.

In times of economic prosperity, residents and businesses tend to increase their interest in community amenities and public services. During times of economic recession, residents and businesses tend to increase their interest in reducing taxes, the availability of living wage jobs and other components that directly impact their household or business costs. As the past few years have demonstrated, relative economic prosperity has caused residents and businesses to increase their interest in community amenities and public services.

Moorhead Competitiveness in the Local/Regional Market

Minnesota is generally considered to have a high quality of life. Despite its location in the “frost belt,” Minnesota continues to enjoy the following:

- Relatively low homestead property taxes
- No statewide sales tax on food or clothing
- Generally low utility costs (natural gas and electricity)
- Strong public education system
- High quality post-secondary educational institutions
- Abundant recreational opportunities
- Strong community park systems throughout the state
- High quality healthcare (HMOs/Mayo Clinic)
- High quality public services such as fire, police, public infrastructure

Many of these benefits have accrued to local communities in varying degrees. Moorhead’s ability to attract residents and businesses to the community has, in great measure, been connected to many of these statewide factors that have also been a part of the local economic environment.

While Moorhead has been able to reap its share of the new development that has occurred in the Region, the City continues to experience challenges in certain areas. For example:

- Limited retail and business development
- High corporate income tax (state-wide)
- High personal income tax (state-wide)

The more robust economy has dampened concerns in some of these areas, but with strong housing development in the community, new rooftops should bring greater investment in commercial retail businesses more now than in the past.

The current robust economy creates an opportunity for Moorhead to take advantage of the economic development that is occurring on both sides of the River to spur additional commercial development as well as new housing development.

Introduction

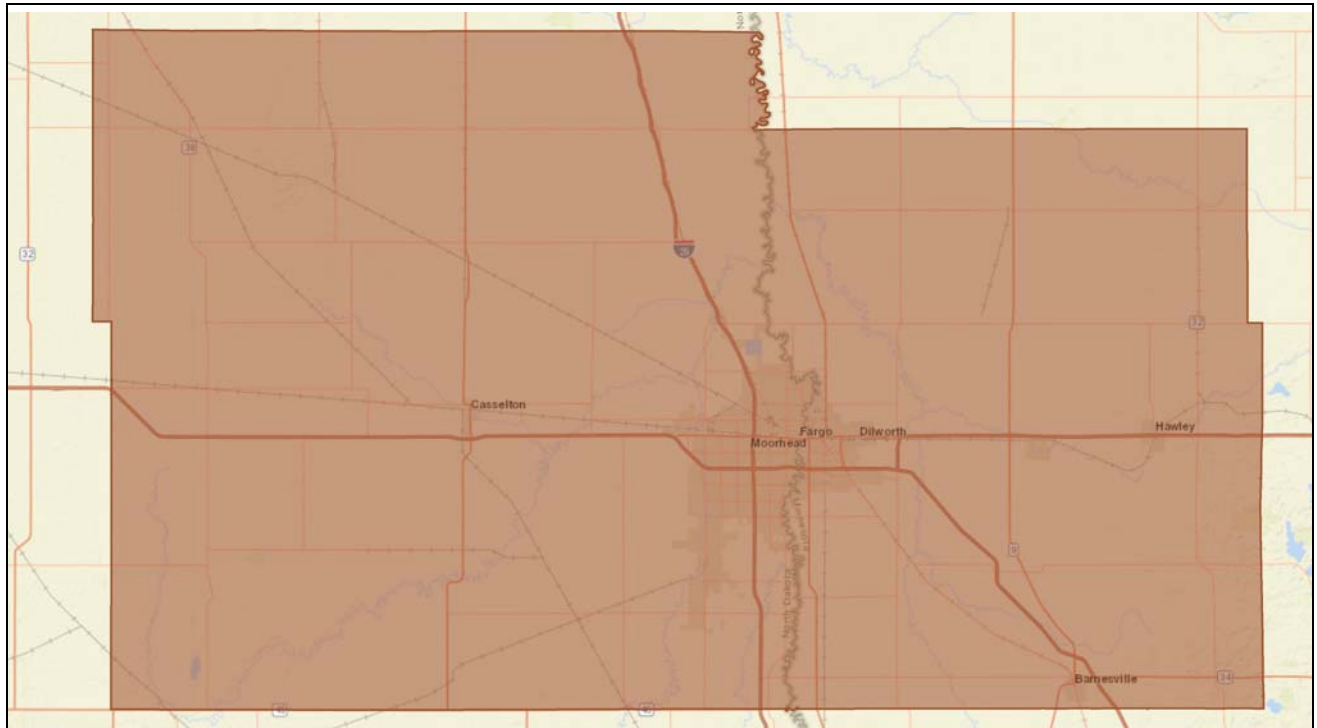
This section of the report examines demographic factors driving economic development activity in the Moorhead Market Area. It includes an analysis of population and household growth trends and projections, projected age distribution, household tenure, household types and employment data for the Moorhead Market Area. A review of these characteristics will provide insight into demand for future residential and commercial development.

Market Area Definition

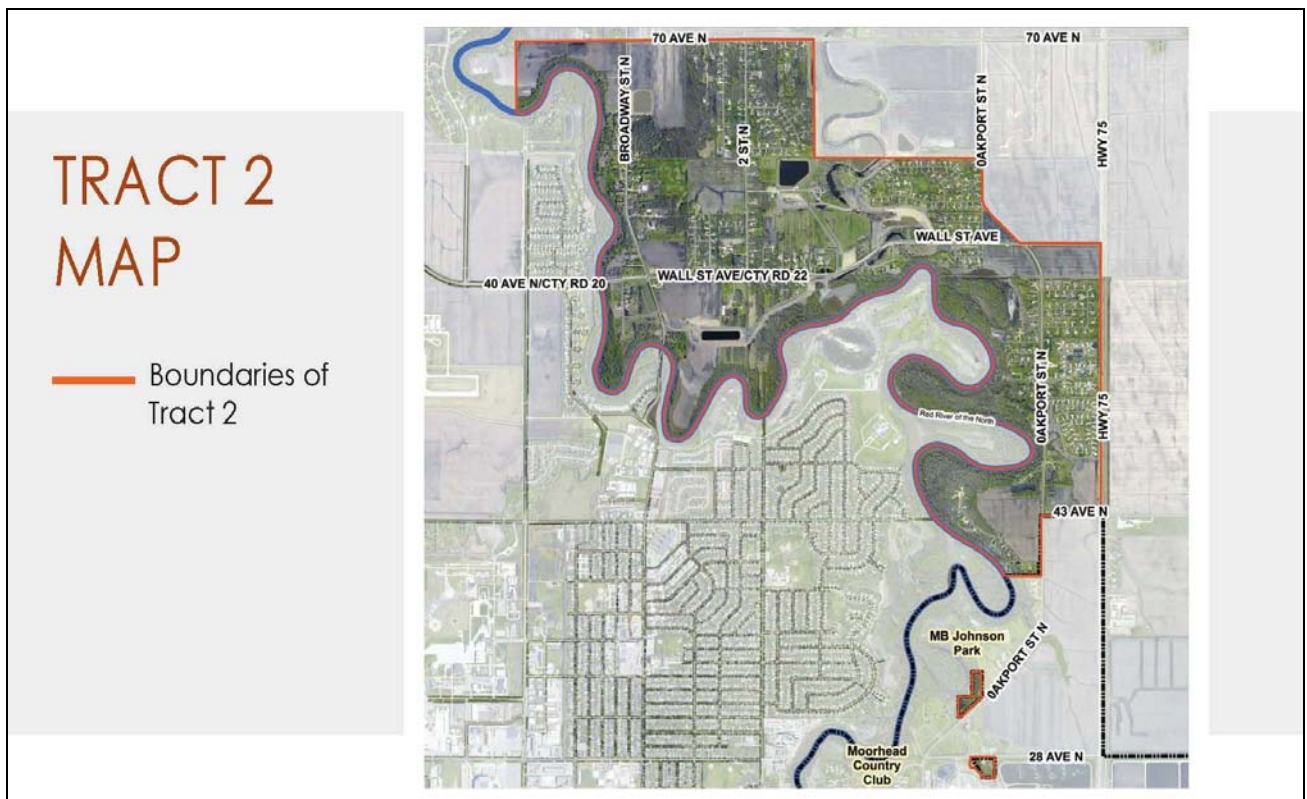
The Market Area evaluated for this economic development analysis includes the Cities of Moorhead and Dilworth in Minnesota with comparisons to Fargo and West Fargo in North Dakota. Additional data for Clay County, Minnesota and Cass County, North Dakota is also included. As of January 1, 2015, an area known as “Tract 2” of Oakport Township (the primary populated area) was annexed to the City of Moorhead. Data prior to 2015 includes Tract 2 for consistency.

Maps of the Market Area and the Regional Setting are located on the following page.

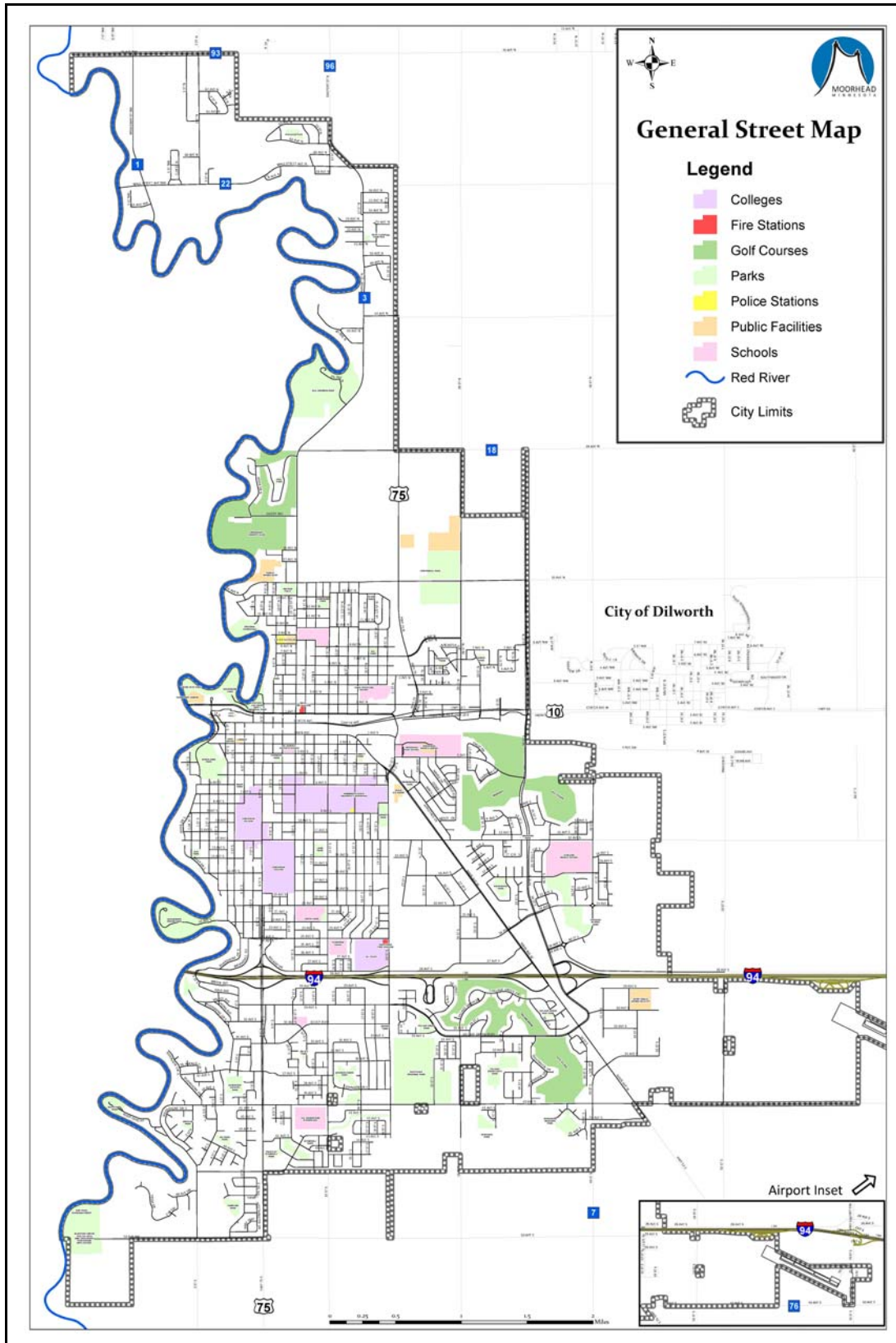
F-M Metro Area



Tract 2 Oakport Annexation



City of Moorhead Current Boundaries



Population and Household Growth Trends

Table 1 presents population, household and employment growth trends in the Moorhead Market Area from 2000 to 2030. The 2000 and 2010 figures are from the U.S. Census while population and household data for 2016, 2020 and 2030 are based on projections from ESRI (a nationally recognized demographics firm), with adjustments by Maxfield Research to reflect recent local growth trends. Adjustments have been made that reflect the most recent population and household estimates as published by the Minnesota Demographic Center, building permit data and our knowledge of the housing market to better reflect the unique local dynamics of the area.

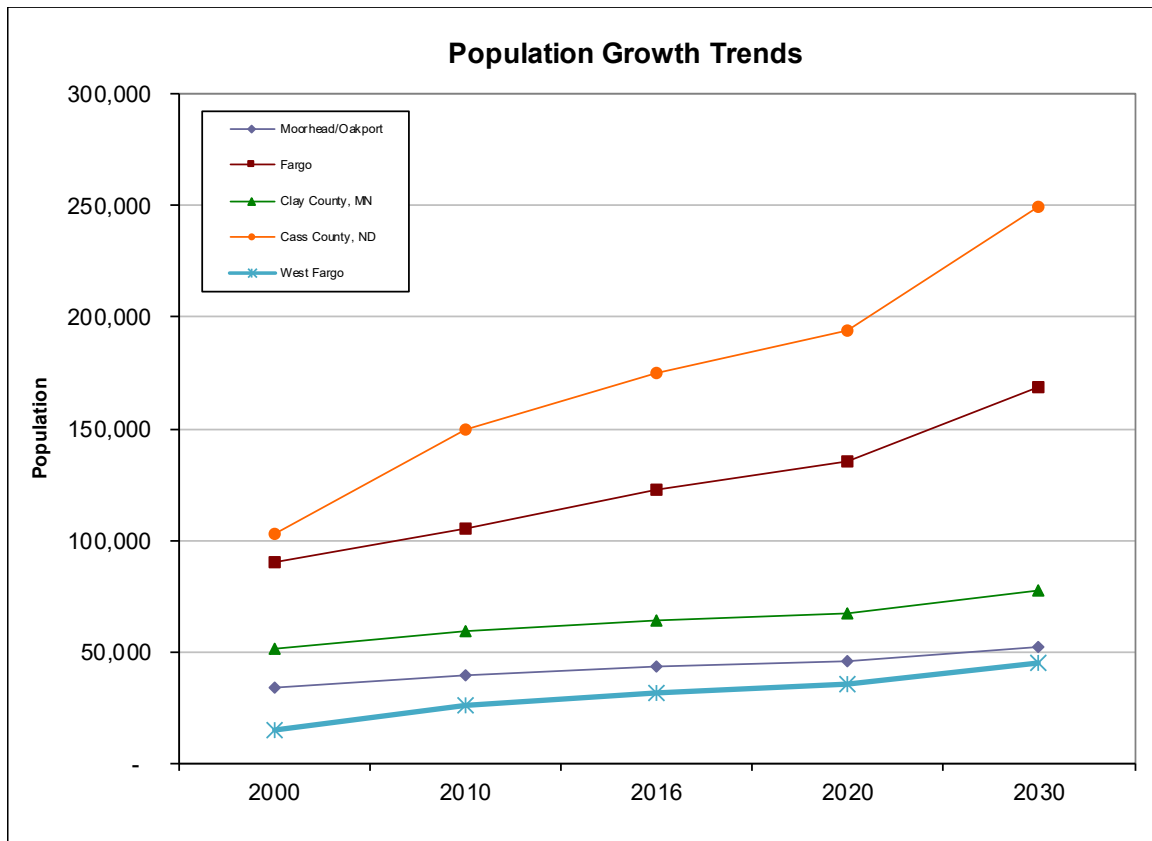
Employment projections for Moorhead and Clay County, Minnesota are based on forecast regional employment growth for 2014 – 2024 from the Minnesota Department of Employment and Economic Development (MN DEED). The MN DEED projection is for the Northwest Minnesota region and the percentages were applied to the 2015 QCEW (Quarterly Census of Employment and Wages) data for Moorhead and Clay County. Projections for Fargo and Cass County, North Dakota were taken from *North Dakota Employment Projections: 2008 – 2018 Edition* which is a Job Service North Dakota publication. The statewide employment growth projection was applied to 2015 data for Fargo and Cass County.

The following are key figures from Table 1.

- Between 2000 and 2010, Moorhead added 5,696 people (16.8%) and 2,698 households (22.1%). By comparison, the Fargo/West Fargo area population grew 24.5% (25,840) while the number of households increased 26.9% (12,100). The rate of household growth was higher than the rate of population growth during this period, which indicates a trend toward somewhat smaller household sizes.
- In the Fargo/West Fargo area, Fargo added 14,950 people (16.5%) between 2000 and 2010 while the population of West Fargo nearly doubled. West Fargo's population grew from 14,940 in 2000 to 25,830 in 2010 which equates to 72.9% growth.
- Population in Clay County, Minnesota increased 15.2% between 2000 and 2010, but the area of the County outside Moorhead grew by 10.2%. Similarly, across the River in Cass County, North Dakota, population in the area of the County outside Fargo/West Fargo increased by 4.5% compared to 21.6% growth countywide.
- Looking ahead, population growth is forecast to continue between 2010 and 2030. The proportional increase for Moorhead is slightly higher for 2010 to 2020 than from 2020 to 2030 (increase of 15.0% from 2010 to 2020 and increase of 13.1% from 2020 to 2030). The population of Moorhead is expected to grow at a rate of 1.5% annually between 2010 and 2020, compared to 1.8% annual growth between 2000 and 2010. Population growth in Fargo/West Fargo is expected to occur at a 2.6% annual rate between 2010 and 2020 after growing by 2.2% per year in the 2000's.

DEMOGRAPHIC REVIEW

TABLE 1 POPULATION, HOUSEHOLD AND EMPLOYMENT FORECAST MOORHEAD MARKET AREA 2000 to 2030									
	Census		Estimate	Forecast		Change			
	2000	2010	2016	2020	2030	2010-2020		2020-2030	
						No.	Pct.	No.	Pct.
Population									
Moorhead/Oakport	33,866	39,862	43,424	45,827	51,840	5,965	15.0%	6,013	13.1%
Fargo	90,599	105,549	122,580	135,135	168,636	29,586	28.0%	33,501	24.8%
West Fargo	14,940	25,830	31,444	35,224	45,413	9,394	36.4%	10,189	28.9%
Clay County, MN	51,229	58,999	64,370	67,500	77,181	8,501	14.4%	9,681	14.3%
Cass County, ND	102,874	149,778	175,363	194,100	249,127	44,322	29.6%	55,027	28.3%
Minnesota	4,919,479	5,303,925	5,521,500	5,687,161	5,974,304	383,236	7.2%	287,143	5.0%
Households									
Moorhead/Oakport	12,232	14,930	16,407	17,373	19,800	2,443	16.4%	2,427	14.0%
Fargo	39,268	46,791	53,830	59,360	73,800	12,569	26.9%	14,440	24.3%
West Fargo	5,771	10,348	12,512	13,966	16,350	3,618	35.0%	2,384	17.1%
Clay County, MN	18,670	22,279	24,688	26,108	29,640	3,829	17.2%	3,532	13.5%
Cass County, ND	51,315	63,899	74,173	82,025	102,618	18,126	28.4%	20,593	25.1%
Minnesota	1,895,127	2,087,227	2,178,790	3,025,575	3,067,201	938,348	45.0%	41,626	1.4%
Civilian Employment*									
Moorhead	17,876	22,464	23,876	24,800	27,100	2,336	10.4%	2,300	9.6%
Fargo	55,361	56,510	76,306	89,500	119,500	32,990	58.4%	30,000	39.3%
Clay County, MN	27,138	31,873	34,804	36,760	40,760	4,887	15.3%	4,000	11.5%
Cass County, ND	74,498	82,974	99,003	109,700	135,700	26,726	32.2%	26,000	26.3%
Minnesota	2,705,591	2,732,147	2,927,728	2,985,000	3,085,000	252,853	9.3%	100,000	3.4%
Sources: U.S. Census Bureau; Bureau of Labor Statistics; Minnesota Demographer; ESRI; Maxfield Research and Consulting, LLC Civilian employment is equal to the number of residents in each jurisdiction that are employed. *Moorhead and Clay County Employment forecasts from MN DEED *Fargo and Cass County Employment forecasts from Job Service North Dakota, Labor Market Information Center, Projections Unit									



Civilian employment in Fargo skyrocketed after 2010 with employment projected to increase by 32,990 employed people between 2010 and 2020, versus 2,336 in Moorhead between 2010 and 2020. Strong employment growth in Fargo provides opportunities for people living in Moorhead to work in Fargo, but have their place of residence in Minnesota.

Commercial Permits

Table 2 presents commercial building permit trends in the Moorhead area from 2000 through 2016. These figures are sourced from the Cities of Moorhead, Fargo and West Fargo.

The following summarizes key points from Table 2.

- From 2000 to 2010, the City of Moorhead issued an average of 29 commercial building permits per year, compared to 22 in West Fargo and 161 in Fargo. From 2011 through 2016, Moorhead issued an average of 24 commercial permits per year, compared to 62 in Fargo and 64 in West Fargo. The average valuation of new commercial permits from 2011 through 2016 was \$17.3 million in Moorhead, \$133.7 million in Fargo and \$35.8 million in West Fargo.

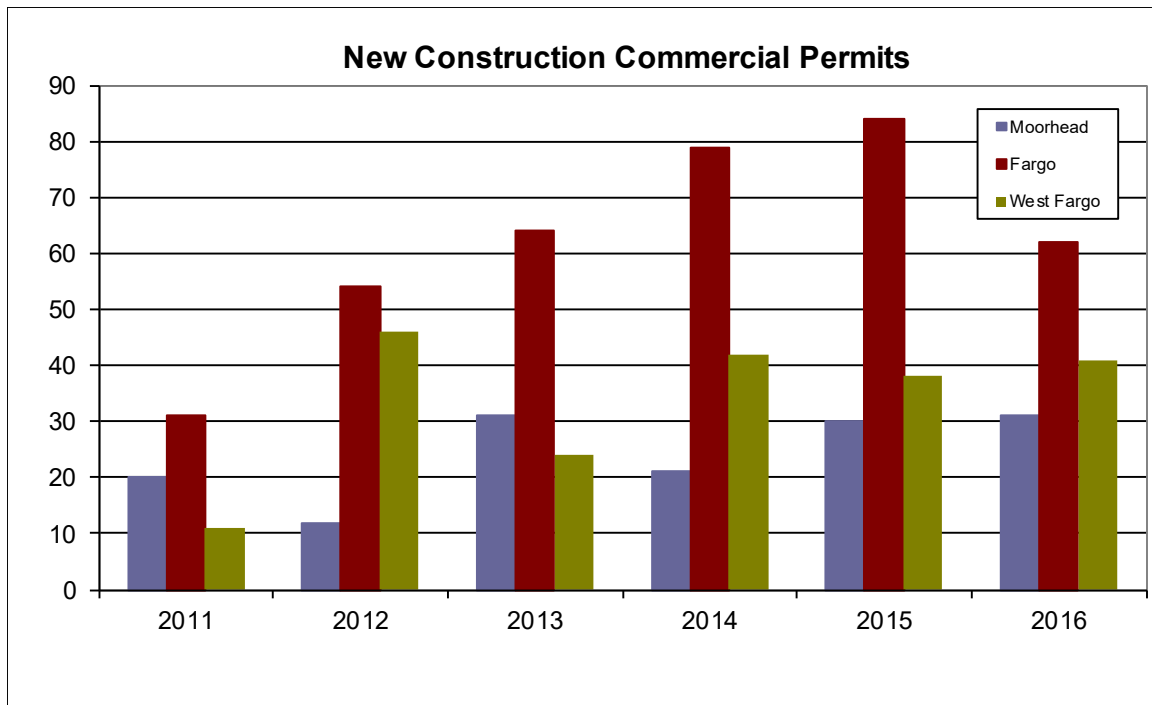
DEMOGRAPHIC REVIEW

- Commercial building activity through the decade followed national trends, with peaks and troughs mirroring economic cycles. In Moorhead, permit activity peaked in 2001 then dropped off sharply in 2002 after the economic recession of 2001. A similar trend was identified in Fargo and West Fargo during the same period. Permit activity gained steam as the economy recovered in the middle part of the decade before declining as the nation's economy entered the "Great Recession" in late 2007.
- Since 2011, commercial construction in Moorhead, Fargo and West Fargo has been robust with the recovery. In addition to new construction, remodels also accelerated. Moorhead issued 31 permits for new commercial construction in 2016, with a total value of \$33.1 million, an increase of 310% over 2012. Fargo and West Fargo also experienced similar increases in commercial development. Fargo posted a total value of \$482.3 million in 2014 as Sanford Health constructed a new hospital campus. West Fargo issued 41 new commercial permits in 2016 for a total value of \$51.1 million.

TABLE 2
SUMMARY OF COMMERCIAL PERMITS ISSUED-NEW CONSTRUCTION AND REMODELS
(Number of Permits and Value)
2011 through 2016

Year	Moorhead		Fargo		West Fargo	
	New Construction		New Construction		New Construction	
	Permits	Value	Permits	Value	Permits	Value
2011	20	\$4,956,205	31	\$30,081,468	11	\$6,650,000
2012	12	\$8,071,975	54	\$65,903,210	46	\$40,308,536
2013	31	\$34,676,965	64	\$76,140,336	24	\$25,560,300
2014	21	\$12,473,597	77	\$482,318,840	42	\$50,396,971
2015	30	\$10,466,714	84	\$60,723,155	38	\$40,456,630
2016	31	\$33,067,240	62	\$86,914,623	41	\$51,114,550
Year	Remodels		Remodels		Remodels	
	Remodels		Remodels		Remodels	
	Permits	Value	Permits	Value	Permits	Value
2011	88	\$20,622,809	385	\$48,542,844	55	\$20,377,156
2012	85	\$26,241,528	367	\$43,373,493	48	\$8,387,845
2013	74	\$11,698,091	384	\$41,525,963	55	\$8,887,962
2014	92	\$27,725,696	386	\$83,300,770	54	\$7,261,405
2015	92	\$9,440,945	363	\$76,325,464	51	\$29,452,612
2016	72	\$80,945,338	390	\$97,140,526	79	\$12,022,550

Sources: City building departments; Maxfield Research and Consulting, LLC



Residential Permits

Table 3 presents a summary of residential permits issued for combined Moorhead and Tract 2. As of January 1, 2015, Moorhead annexed Tract 2 of Oakport Township. Other jurisdictions for which data are provided include Fargo and West Fargo.

The table shows that from 2000 through 2016, Moorhead issued an annual average of 346 residential permits, Fargo issued an average of 1,118 permits and West Fargo issued an average of 526 permits. Average annual value of permits issued was \$37.0 million for Moorhead, \$112.8 million for Fargo and \$67.1 million for West Fargo. Over the past six years (2011 through 2016), the fewest number of permits issued in Moorhead was 150 in 2012. Since 2012, residential development in Moorhead has been substantial. In 2015, Moorhead, permitted a total of 505 residential units, the highest number since 2005 when the total was 523 units. In 2016, residential permits totaled 487, the second highest number. Similarly, Fargo and West Fargo also have enjoyed robust residential development over the past six years. Proportionate to the number of households that exist in Moorhead and Fargo, Moorhead experienced a higher growth rate than Fargo in 2016 (3.0% versus 2.4%). Despite Moorhead’s downturn in 2011 and 2012, there has been a strong comeback in residential construction.

DEMOGRAPHIC REVIEW

**TABLE 3
SUMMARY OF RESIDENTIAL PERMITS ISSUED
(Number of Units and Value)
2000 through 2016**

Year	Moorhead							
	SF	Value	2-4	Value	5+	Value	Total	Value
2000	93	\$10,709,100	44	\$1,216,700	0	\$0	137	\$11,925,800
2001	106	\$13,060,500	6	\$520,000	36	\$1,710,000	148	\$15,290,500
2002	200	\$24,160,900	38	\$3,449,100	124	\$5,731,000	362	\$33,341,000
2003	195	\$26,052,000	4	\$410,000	160	\$7,850,000	359	\$34,312,000
2004	293	\$41,535,100	4	\$550,000	178	\$10,183,700	475	\$52,268,800
2005	329	\$45,208,600	62	\$5,110,700	132	\$9,222,000	523	\$59,541,300
2006	335	\$45,923,600	8	\$752,000	145	\$9,927,900	488	\$56,603,500
2007	233	\$35,709,800	38	\$4,247,000	68	\$2,440,000	339	\$42,396,800
2008	192	\$28,374,400	5	\$738,900	217	\$14,340,000	414	\$43,453,300
2009	177	\$25,170,300	0	\$0	124	\$7,812,000	301	\$32,982,300
2010	165	\$25,016,500	0	\$0	0	\$0	165	\$25,016,500
2011	84	\$16,202,900	21	\$2,782,313	60	\$4,090,000	165	\$23,075,213
2012	87	\$13,924,700	3	\$590,000	60	\$3,000,000	150	\$17,514,700
2013	131	\$25,018,300	2	\$191,000	274	\$18,940,000	407	\$44,149,300
2014	180	\$35,200,439	24	\$3,240,000	245	\$15,659,000	449	\$54,099,439
2015	197	\$39,534,900	15	\$2,476,880	293	\$22,420,000	505	\$64,431,780
2016	145	\$30,145,300	24	\$3,600,000	318	\$26,477,448	487	\$60,222,748
Average	185	\$29,174,618	18	\$1,544,945	143	\$6,292,418	346	\$37,011,982
Year	Fargo							
	SF	Value	2-4	Value	5+	Value	Total	Value
2000	304	\$35,192,600	39	\$2,427,000	511	\$18,760,000	854	\$56,379,600
2001	327	\$37,519,600	24	\$1,772,000	581	\$23,618,900	932	\$62,910,500
2002	401	\$45,813,500	38	\$3,596,700	781	\$32,971,000	1,220	\$82,381,200
2003	455	\$59,540,500	82	\$5,775,000	444	\$19,172,200	981	\$84,487,700
2004	441	\$59,843,200	14	\$1,263,000	520	\$28,920,000	975	\$90,026,200
2005	491	\$75,926,000	3	\$609,900	406	\$28,641,000	900	\$105,176,900
2006	470	\$75,030,300	4	\$440,000	379	\$33,936,000	853	\$109,406,300
2007	447	\$71,948,000	0	\$0	537	\$40,886,900	984	\$112,834,900
2008	404	\$56,489,500	0	\$0	225	\$16,175,000	629	\$72,664,500
2009	353	\$49,574,400	0	\$0	731	\$12,481,700	1,084	\$62,056,100
2010	213	\$35,164,900	121	\$13,262,500	507	\$30,992,100	841	\$79,419,500
2011	283	\$51,232,666	0	\$0	683	\$37,660,900	966	\$88,893,566
2012	403	\$74,216,260	3	\$200,000	691	\$46,107,747	1,097	\$120,524,007
2013	411	\$79,518,225	110	\$13,750,000	1,170	\$86,000,850	1,691	\$179,269,075
2014	312	\$71,509,464	65	\$14,897,842	1,897	\$139,890,471	2,274	\$226,297,777
2015	526	\$114,137,978	0	\$0	902	\$76,040,902	1,428	\$190,178,880
2016	451	\$115,845,254	25	\$6,309,670	818	\$73,298,646	1,294	\$195,453,570
Average	394	\$65,206,020	31	\$3,782,565	693	\$43,856,136	1,118	\$112,844,722
Year	West Fargo							
	SF	Value	2-4	Value	5+	Value	Total	Value
2000	124	\$12,904,200	30	\$1,976,000	30	\$850,000	184	\$15,730,200
2001	241	\$27,136,000	8	\$269,000	72	\$2,875,200	321	\$30,280,200
2002	283	\$32,333,200	47	\$2,393,700	32	\$1,700,000	362	\$36,426,900
2003	506	\$58,806,500	3	\$210,000	144	\$5,489,600	653	\$64,506,100
2004	654	\$74,104,100	0	\$0	361	\$16,830,000	1,015	\$90,934,100
2005	444	\$51,374,400	0	\$0	638	\$27,571,300	1,082	\$78,945,700
2006	243	\$32,157,200	16	\$1,125,000	51	\$3,400,000	310	\$36,682,200
2007	279	\$36,431,800	38	\$3,010,000	6	\$300,000	323	\$39,741,800
2008	157	\$29,511,500	0	\$0	10	\$680,000	167	\$30,191,500
2009	181	\$29,884,700	0	\$0	42	\$3,797,000	223	\$33,681,700
2010	132	\$23,457,500	66	\$6,971,000	48	\$2,500,000	246	\$32,928,500
2011	158	\$32,163,000	23	\$2,325,114	115	\$7,050,286	296	\$41,538,400
2012	429	\$88,009,467	0	\$0	418	\$28,040,000	847	\$116,049,467
2013	601	\$108,961,413	0	\$0	276	\$18,550,000	877	\$127,511,413
2014	541	\$112,123,637	0	\$0	441	\$33,185,203	982	\$145,308,840
2015	476	\$105,602,635	4	\$450,000	134	\$12,019,400	614	\$118,072,035
2016	414	\$97,085,173	31	\$4,340,000	0	\$0	445	\$101,425,173
Average	345	\$56,002,731	16	\$1,357,048	166	\$9,696,352	526	\$67,056,131

Note: Moorhead totals include Oakport Tract 2 permits

Sources: Cities of Moorhead, Fargo and West Fargo; US Census; Maxfield Research and Consulting, LLC

DEMOGRAPHIC REVIEW

The construction of new public schools underway in Moorhead and other qualitative factors have likely enhanced Moorhead's ability to attract a higher number of new households into the community.

Moorhead experienced relatively strong multifamily development during this period, building an average of 143 units annually from 2000 through 2016, but from 2013 through 2016, the average has been much higher, 283 units. In comparison, Fargo developed an average of 1,197 multifamily units annually (2013 through 2016) and West Fargo developed an average of 213 units annually over the same period. Fargo has been consistently developing the majority of the F-M Metro Area's multifamily housing for the past decade.

In considering single-family development, in Moorhead, average single-family homes constructed per year was 174 from 2014 through 2016. In Fargo, it was 430 and in West Fargo it was 477 per year.

There are several factors that have driven the increase in residential construction in the region: strong employment growth, low mortgage interest rates, favorable first-time homebuyer program rates, property tax rebates for new residential construction, pent-up demand, demographic trends and some investment speculation. Moorhead's residential construction appears to be keeping pace with demand, but growth still lags behind that of Fargo and West Fargo.

Age Distribution

The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes.

Information from 2000 and 2010 is sourced from the U.S. Census. The 2016 estimate and 2021 projection were calculated by Maxfield Research and Consulting, LLC are based on information from ESRI, a reputable national demographics firm and Minnesota Demographic Center, the State's demographics and planning division. Table 4 presents the age distribution of the Moorhead Area (Moorhead/Oakport) population from 2000 to 2021.

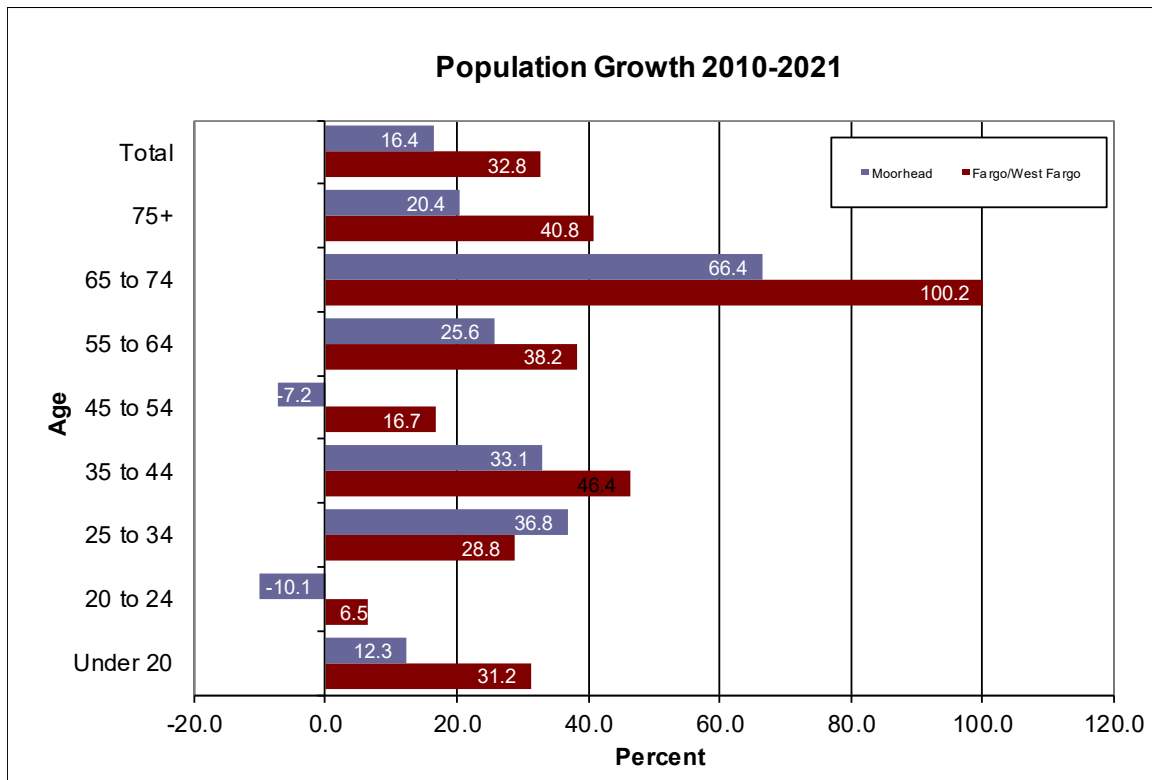
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Age	Census		Estimate	Forecast	Change					
	2000	2010	2016	2021	2000-2010		2010-2016		2016-2021	
					No.	Pct.	No.	Pct.	No.	Pct.
Moorhead										
Under 20	10,550	11,225	11,764	12,608	675	6.0	539	4.8	844	7.2
20 to 24	5,793	6,348	5,764	5,709	555	8.7	-584	-9.2	-55	-1.0
25 to 34	3,645	5,434	6,926	7,436	1,789	32.9	1,492	27.5	510	7.4
35 to 44	4,658	3,935	4,490	5,238	-723	-18.4	555	14.1	748	16.7
45 to 54	3,764	4,639	4,446	4,304	875	18.9	-193	-4.2	-142	-3.2
55 to 64	2,199	3,712	4,541	4,664	1,513	40.8	829	22.3	123	2.7
65 to 74	1,990	2,078	2,772	3,458	88	4.2	694	33.4	686	24.7
75+	2,267	2,501	2,719	3,011	234	9.4	218	8.7	292	10.7
Total	34,866	39,872	43,422	46,428	5,006	14.4	3,550	8.9	3,006	6.9
Fargo/West Fargo										
Under 20	27,854	32,840	38,268	43,091	4,986	15.2	5,428	16.5	4,823	12.6
20 to 24	14,364	17,826	17,434	18,985	3,462	19.4	-392	-2.2	1,551	8.9
25 to 34	17,597	23,553	28,249	30,332	5,956	25.3	4,696	19.9	2,083	7.4
35 to 44	15,675	15,563	19,137	22,785	-112	-0.7	3,574	23.0	3,648	19.1
45 to 54	13,195	15,846	17,155	18,499	2,651	16.7	1,309	8.3	1,344	7.8
55 to 64	6,737	13,042	16,350	18,028	6,305	48.3	3,308	25.4	1,678	10.3
65 to 74	5,109	6,094	9,714	13,409	985	16.2	3,620	59.4	3,695	38.0
75+	5,008	6,615	7,715	9,314	1,607	24.3	1,100	16.6	1,599	20.7
Total	105,539	131,379	154,022	174,443	25,840	24.5	22,643	17.2	20,421	13.3
Clay County, MN										
Under 20	16,029	16,959	17,660	18,965	930	5.5	701	4.1	1,305	7.4
20 to 24	5,532	7,147	6,802	6,699	1,615	22.6	-345	-4.8	-103	-1.5
25 to 34	5,643	7,792	9,475	10,184	2,149	27.6	1,683	21.6	709	7.5
35 to 44	7,522	6,522	7,184	8,188	-1,000	-15.3	662	10.2	1,004	14.0
45 to 54	6,160	7,561	7,139	6,884	1,401	18.5	-422	-5.6	-255	-3.6
55 to 64	3,746	5,940	7,210	7,429	2,194	36.9	1,270	21.4	219	3.0
65 to 74	3,187	3,419	4,413	5,540	232	6.8	994	29.1	1,127	25.5
75+	3,410	3,659	4,002	4,457	249	6.8	343	9.4	455	11.4
Total	51,229	58,999	63,885	68,346	7,770	15.2	4,886	8.3	4,461	7.0
Cass County, ND										
Under 20	29,499	38,490	44,503	50,025	8,991	23.4	6,013	15.6	5,522	12.4
20 to 24	11,936	18,392	18,527	20,075	6,456	35.1	135	0.7	1,548	8.4
25 to 34	19,672	25,552	30,445	32,937	5,880	23.0	4,893	19.1	2,492	8.2
35 to 44	15,964	18,362	22,107	26,000	2,398	13.1	3,745	20.4	3,893	17.6
45 to 54	8,717	19,023	20,340	21,785	10,306	54.2	1,317	6.9	1,445	7.1
55 to 64	6,960	15,409	19,366	21,442	8,449	54.8	3,957	25.7	2,076	10.7
65 to 74	5,393	7,174	11,407	15,907	1,781	24.8	4,233	59.0	4,500	39.4
75+	4,733	7,376	8,668	10,613	2,643	35.8	1,292	17.5	1,945	22.4
Total	102,874	149,778	175,363	198,784	46,904	45.6	25,585	17.1	23,421	13.4
Note: Oakport Township Tract 2 was officially annexed to Moorhead as of January 1, 2015; totals for Moorhead include this area.										
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting, LLC										

The following are key trends regarding the age distribution of the Moorhead Market Area's population:

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- In 2010, the largest cohort by age in the Moorhead area was the under-20 age group, totaling 11,225 people (28.2% of the total population). As of 2016, the largest cohort in the Moorhead area remains people under 20, which is estimated to have increased to 11,764, an increase of 4.8% over the past six years.
- The largest adult age cohort in Moorhead as of 2010 was people ages 20 to 24 (6,348 people), a large portion of which represent college students attending one of the three post-secondary education institutions in Moorhead. A portion of these people are likely to remain in the community and contribute to an increase in the age 25 to 34 category between 2016 and 2021.



- The under-20 age group was also the largest cohort in Fargo/West Fargo with 32,840 people (25.0% of the total population) in 2010. As of 2016, this age group is estimated to have 38,368 people or still 25% of the total population.
- The highest rate of growth over the next five years, 2016 to 2021, is predicted to occur among older adults, ages 65 years or older, in the FM Metro Area, in each community. Aging of baby boomers led to an increase of 1,513 people (40.5%) in the 55-64 population of Moorhead between 2000 and 2010. As this group ages, the cohorts age 65 or greater are predicted to see increases throughout the region, particularly the 65-74 age group which is projected to grow 66.4% in Moorhead and 100.2% in Fargo/West Fargo.

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- The primary market for service-enhanced senior housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- Moorhead is projected to experience a decrease in the middle age cohorts with the 45-54 age population declining by -142 people or -3.2% by 2021. The projected population loss in this age cohort is a result of the comparatively small number of people that will move into that age group between 2016 and 2021, a phenomenon known as the “baby bust.” The “baby bust” is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply. Fargo/West Fargo is not expected to experience a similar trend as people in the 45 to 54 age group are projected to continue to increase.
- In Moorhead, the 25-34 and 35-44 age cohorts are projected to experience modest increases of 7.4% and 16.7%, respectively. By comparison, Fargo/West Fargo is expected to have increases of 7.4% and 19.1%, respectively in these age groups.

Household Income

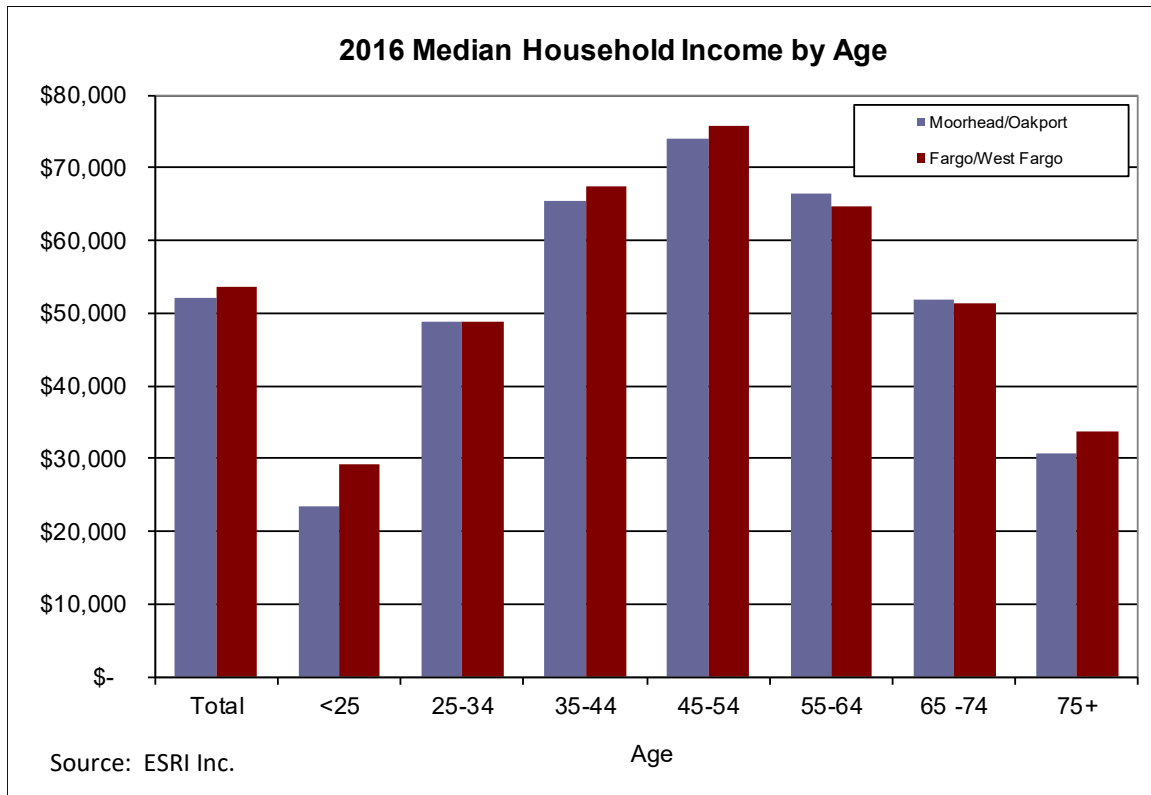
Household income data is important when considering the demand for different types of owned and rented housing based on the size of the market at specific cost levels. In general, housing costs of up to 30 percent of income are considered affordable by the Department of Housing and Urban Development (HUD).

Tables 5 and 6 present data on household income by age of householder for Moorhead in 2016 and 2021. The data is estimated by ESRI, a nationally recognized demographic services firm, and adjusted by Maxfield Research and Consulting, LLC to reflect the most current local household estimates and projections. The chart below shows the 2016 Median Household Income by Age of Householder for the Moorhead Area and Fargo/West Fargo.

Estimates and forecasts of median household incomes have been provided by ESRI Inc., a national demographic forecasting firm. The estimates and projections are compiled combining several different data sources including the US Census Bureau American Community surveys (1-year and 5-year estimates), information on household net worth, proportion of households in each age and income group, among other factors. The modest anticipated decrease in median household income is focused primarily on the youngest and oldest age cohorts, those under age 35 and those age 75 or older. These

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groups are most likely to be affected by entry level wages, turnover in the employment base and increases in accumulated retirement savings.



The following are key points from Tables 5 and 6:

- In 2016, the median household income in the Moorhead Area is estimated at \$52,156 and is projected to decrease slightly by 2021 to \$51,182, an average annual adjustment of -0.37%. The median income in Fargo/West Fargo is an estimated \$52,618 in 2016 and is projected to increase to \$55,613 by 2021, an increase of 5.7% or an average annual adjustment of 1.1%.
- Slight decreases in median household income are projected for the age 25 to 34 and age 65 to 74 cohorts in Moorhead.
- The 45-54 age cohort has the highest median household income in the F-M Metro Area. Moorhead shows a median household income for this age group of \$74,067 while Fargo/West Fargo shows \$80,701, respectively. In Moorhead, the age 45 to 54 cohort is anticipated to decrease by 96 households between 2016 and 2021.
- As households age through the lifecycle, household incomes tend to peak in the late 40s to mid-50s. This age cohort typically considers move-up housing. Although some homeowners in their mid-50s to mid-60s may elect to purchase a move-up

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home, an increasing proportion of homeowners in this age group are now considering other options, such as an owner-occupied twinhome, condominium or rental townhome. Single-level living is often preferred when making this transition.

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2016								
Less than \$15,000	2,313	539	523	224	201	305	164	357
\$15,000 to \$24,999	1,790	336	407	179	146	166	164	392
\$25,000 to \$34,999	1,609	213	367	198	160	206	189	276
\$35,000 to \$49,999	2,101	214	477	289	268	274	272	307
\$50,000 to \$74,999	3,109	201	718	518	498	540	371	263
\$75,000 to \$99,999	2,196	80	457	397	449	483	207	123
\$100,000 or more	3,289	96	540	702	798	722	293	138
Total	16,407	1,679	3,489	2,507	2,520	2,696	1,660	1,856
Median Income	\$52,156	\$23,469	\$48,776	\$65,420	\$74,067	\$66,333	\$51,793	\$30,748
2021								
Less than \$15,000	2,728	608	638	287	215	335	234	411
\$15,000 to \$24,999	1,841	332	431	193	127	161	187	410
\$25,000 to \$34,999	1,529	184	351	200	129	179	210	276
\$35,000 to \$49,999	2,578	258	582	364	290	320	380	384
\$50,000 to \$74,999	2,080	123	499	383	289	330	280	176
\$75,000 to \$99,999	2,552	91	543	498	457	516	292	155
\$100,000 or more	4,308	117	710	986	917	900	459	219
Total	17,616	1,713	3,754	2,911	2,424	2,741	2,042	2,031
Median Income	\$51,182	\$21,590	\$45,893	\$76,030	\$82,002	\$76,571	\$50,627	\$31,394
Change 2016 - 2021								
Less than \$15,000	415	69	115	63	14	30	70	54
\$15,000 to \$24,999	51	-4	24	14	-19	-5	23	18
\$25,000 to \$34,999	-80	-29	-16	2	-31	-27	21	0
\$35,000 to \$49,999	477	44	105	75	22	46	108	77
\$50,000 to \$74,999	-1,029	-78	-219	-135	-209	-210	-91	-87
\$75,000 to \$99,999	356	11	86	101	8	33	85	32
\$100,000 or more	1,019	21	170	284	119	178	166	81
Total	1,209	34	265	404	-96	45	382	175
Median Income	-\$974	-\$1,879	-\$2,883	\$10,610	\$7,935	\$10,238	-\$1,166	\$646

Sources: ESRI; Maxfield Research and Consulting LLC

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	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2016								
Less than \$15,000	7,959	2,168	1,812	750	689	998	563	979
\$15,000 to \$24,999	6,311	1,211	1,481	698	577	704	667	973
\$25,000 to \$34,999	7,558	1,253	1,883	1,057	741	848	861	915
\$35,000 to \$49,999	9,437	1,295	2,585	1,427	1,074	1,187	1,037	832
\$50,000 to \$74,999	12,581	969	3,375	2,179	1,974	1,851	1,417	816
\$75,000 to \$99,999	9,213	556	2,111	1,953	1,807	1,708	655	423
\$100,000 or more	13,283	476	2,425	3,058	3,332	2,613	1,041	338
Total	66,342	7,928	15,672	11,122	10,194	9,909	6,241	5,276
Median Income	\$52,618	\$28,865	\$50,348	\$66,722	\$75,410	\$64,194	\$49,851	\$31,831
2021								
Less than \$15,000	9,047	2,378	2,031	896	715	1,068	787	1,172
\$15,000 to \$24,999	6,905	1,273	1,550	783	550	731	864	1,154
\$25,000 to \$34,999	9,301	1,518	2,205	1,335	813	975	1,260	1,195
\$35,000 to \$49,999	8,464	1,203	2,185	1,271	879	1,025	1,105	796
\$50,000 to \$74,999	12,763	987	3,230	2,322	1,816	1,738	1,762	908
\$75,000 to \$99,999	11,910	764	2,563	2,650	2,210	2,074	1,061	588
\$100,000 or more	13,283	476	2,425	3,058	3,332	2,613	1,041	338
Total	71,673	8,599	16,189	12,315	10,315	10,224	7,880	6,151
Median Income	\$55,613	\$28,950	\$51,950	\$74,695	\$80,701	\$72,167	\$52,169	\$31,170
Change 2016-2021								
Less than \$15,000	1,088	210	219	146	26	70	224	193
\$15,000 to \$24,999	594	62	69	85	-27	27	197	181
\$25,000 to \$34,999	1,743	265	322	278	72	127	399	280
\$35,000 to \$49,999	-973	-92	-400	-156	-195	-162	68	-36
\$50,000 to \$74,999	182	18	-145	143	-158	-113	345	92
\$75,000 to \$99,999	2,697	208	452	697	403	366	406	165
\$100,000 or more	0	0	0	0	0	0	0	0
Total	5,331	671	517	1,193	121	315	1,639	875
Median Income	\$2,995	\$85	\$1,602	\$7,973	\$5,291	\$7,973	\$2,318	-\$661

Sources: ESRI; Maxfield Research and Consulting, LLC

- By 2021, growth in the number of households is anticipated to be highest among households ages 35 to 44 and then households ages 65 years or older. This information combined with the previous observations and recognized housing preferences, suggests increased demand for single-family homes and for-sale townhomes (including single-level living) and increased demand for upscale rental housing from those that prefer to rent rather than own their homes.

Household Tenure

Table 7 shows household tenure by age of householder for Moorhead in 2010 and 2016. The 2010 data is gathered from the U.S. Census, while the 2016 information was prepared by Maxfield Research using the most recent estimates (2015) from the American Community Survey (Census Bureau) and adjusted for the current year estimates for the jurisdictions. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. All data excludes unoccupied units and group quarters such as dormitories.

The following are key points from Table 7:

- The propensity of households to own their housing increases the older the householder until age 65 when households begin considering maintenance-free rental living, either as a lifestyle decision or because their health dictates a move to a community that provides support services. Those moving into senior housing are doing so later in life, typically now in their late 70s to early 80s. Households in their 50s to mid-70s typically continue to own, but may relocate to a smaller home or one that is association-maintained to free themselves from outside upkeep and maintenance.
- With an estimated ownership rate of 63.3% in Moorhead, the overall rate of homeownership is significantly higher than in Fargo/West Fargo which has an ownership rate of 48.8%. The percentage of owners in Moorhead increased just slightly between 2010 and 2016 (0.4%) while the home ownership rate declined 0.8% in Fargo/West Fargo.
- The higher percentage of renters in Fargo/West Fargo can be attributed, in large part, to the 25-34 and 35-44 age cohorts where 64% and 40% of the householders, respectively are renters, compared to 42% and 23% of these householders in Moorhead.
- In Moorhead, the most significant change occurred in the 35 to 44 age cohort which experienced a 5.2% increase in home ownership between 2010 and 2016. The same age group in Fargo/West Fargo experienced a 0.6% decrease in home ownership in the same time period.
- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent in Moorhead as 89.8% of the under age 25 population rents in Moorhead and 94.4% of that age group rents in Fargo/West Fargo.

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Age		Moorhead/Oakport				Fargo/West Fargo			
		2010		2016		2010		2016	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	223	11.4	202	10.2	538	6.6	539	5.6
	Rent	1,727	88.6	1,770	89.8	7,645	93.4	9,063	94.4
	Total	1,950	100.0	1,972	100.0	8,183	100.0	9,602	100.0
25-34	Own	1,536	55.4	1,902	58.2	5,165	38.8	5,597	35.9
	Rent	1,237	44.6	1,367	41.8	8,137	61.2	9,980	64.1
	Total	2,773	100.0	3,269	100.0	13,302	100.0	15,577	100.0
35-44	Own	1,613	71.8	2,050	77.0	5,575	60.4	6,136	59.8
	Rent	632	28.2	611	23.0	3,655	39.6	4,127	40.2
	Total	2,245	100.0	2,661	100.0	9,230	100.0	10,263	100.0
45-54	Own	2,074	76.6	2,079	72.8	6,315	65.4	7,360	66.7
	Rent	632	23.4	778	27.2	3,346	34.6	3,677	33.3
	Total	2,706	100.0	2,857	100.0	9,661	100.0	11,037	100.0
55-64	Own	1,797	79.4	1,910	77.5	5,686	70.1	6,787	69.0
	Rent	465	20.6	553	22.5	2,424	29.9	3,056	31.0
	Total	2,262	100.0	2,463	100.0	8,110	100.0	9,843	100.0
65 +	Own	2,175	72.6	2,247	70.5	5,040	58.2	5,956	59.4
	Rent	819	27.4	938	29.5	3,613	41.8	4,064	40.6
	Total	2,994	100.0	3,185	100.0	8,653	100.0	10,020	100.0
TOTAL	Own	9,418	63.1	10,390	63.3	28,319	49.6	32,375	48.8
	Rent	5,512	36.9	6,017	36.7	28,820	50.4	33,967	51.2
	Total	14,930	100.0	16,407	100.0	57,139	100.0	66,342	100.0

Sources: U.S. Census Bureau; Maxfield Research and Consulting

- Within the prime ownership years (35-64), 75.7 of the householders in Moorhead own compared to 65.1% in Fargo/West Fargo as of 2016.
- Between 2010 and 2016, the percentage of renters increased for most middle age cohorts, a result of the Recession when homes prices deflated and households' skepticism regarding the benefits of owning a home increased. The number of renters in Moorhead increased by 505 households, growth of 9.2%. In Fargo/West Fargo, the number of renter households increased by 5,147, growth of 17.9% during the period.
- With a homeownership rate of 71% for all households over the age of 65 in Moorhead, a reasonable portion of residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing.

Household Size

Table 8 shows the number of owner- and renter-occupied households by household size in 2016 (based on information from the U.S. Census). The data is useful in that it shows size differences between rental and owner-occupied housing. Figures were compiled using Census estimates and HISTA data from Ribbon Demographics.

- Owner-occupied housing units represent 63.3% of the total 16,407 housing units in Moorhead, compared to 44.3% in Fargo and 75.4% in West Fargo.
- Owner-occupied units with two people make up the largest percentage of units in Moorhead and West Fargo at 25.7% and 28.3%, respectively. Renter-occupied units comprised of a single individual living alone comprised 27.8% of all housing units in Fargo, compared to 17.6% in Moorhead.
- Single person households comprise the largest category of renter-occupied housing units in Moorhead. In Moorhead, 48.6% of all rental units are occupied by a single person. This proportion increases across the River as 50.0% of the rental units in Fargo are occupied by one person. In West Fargo, the percentage is much lower, only 24.4% of rental units are occupied by one person.
- A significant portion of housing units is occupied by two people in Moorhead at 34.5% and in Fargo at 39.5%, respectively. West Fargo is similar to the other two geographies with 37.6% of all housing units occupied by two people.

**TABLE 8
HOUSEHOLDS BY SIZE AND TENURE
MOORHEAD/OAKPORT
2016**

	Moorhead/Oakport		Fargo		West Fargo	
	Number	%	Number	%	Number	%
Total Housing Units	16,407	100%	48,959	100%	10,125	100%
Owner-occupied housing units	10,456	63.7%	21,686	44.3%	7,636	75.4%
1-person household	1,955	11.9%	4,650	9.5%	1,278	12.6%
2-person household	4,214	25.7%	8,563	17.5%	2,867	28.3%
3-person household	1,462	8.9%	3,720	7.6%	1,461	14.4%
4-person household	1,831	11.2%	2,977	6.1%	1,373	13.6%
5-person household	627	3.8%	1,228	2.5%	535	5.3%
6-person household	238	1.5%	283	0.6%	86	0.8%
7-or-more-person household	128	0.8%	59	0.1%	36	0.4%
Renter-occupied housing units	5,951	36.3%	27,273	55.7%	2,489	24.6%
1-person household	2,891	17.6%	13,634	27.8%	608	6.0%
2-person household	1,439	8.8%	7,982	16.3%	945	9.3%
3-person household	775	4.7%	3,490	7.1%	356	3.5%
4-person household	607	3.7%	1,205	2.5%	197	1.9%
5-person household	133	0.8%	683	1.4%	272	2.7%
6-person household	96	0.6%	222	0.5%	85	0.8%
7-or-more-person household	10	0.1%	57	0.1%	26	0.3%

Household Tenure by Income

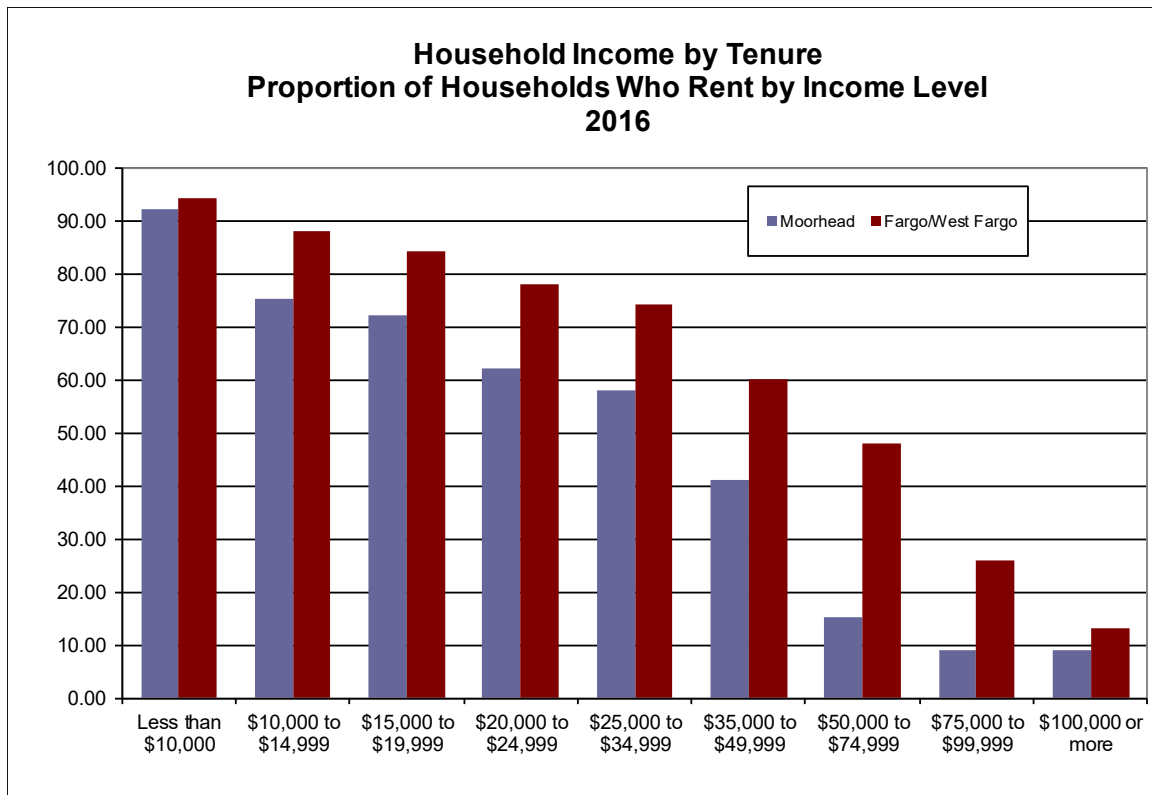
Table 9 shows the number of owner- and renter-occupied households by income cohort as of 2016 (based on data from the American Community Survey and updated with local household estimates for the Market Area geographies). The data is useful in that it shows the housing tenure choices for households based on income levels. Typically, the higher the income, the lower the percentage of their income a household allocates toward housing. Many lower income households and many young and senior households, spend more than 30% of their incomes on housing while households in their peak earning years often spend between 25% to 30% of their incomes. Senior households that require supportive living services may spend up to 80% to 90% of their income on combined housing and care. The following are key points from Table 9.

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- Typically, homeownership increases as income increases, a pattern that is evident in the Moorhead Market Area. Of households earning less than \$35,000 per year in Moorhead, 70.5% are estimated to rent their housing whereas only 29.5% of households earning \$35,000 per year or more rented their housing. There has been a slight shift upward of households renting their housing at all income levels, signaling potentially lifestyle changes across some age and income groups.
- Fargo/West Fargo experienced an increase in the proportion of households with incomes of less than \$35,000 renting their housing. As of 2016, an estimated 36% of households with incomes of \$35,000 or more rented their housing while 82% earning less than \$35,000 rented.
- The majority income group in Moorhead as of 2016 are owner households with incomes that range from \$50,000 to \$74,999 (2,666 households or 14.6%) followed by households with incomes of \$100,000 or more (14.3%). In Fargo/West Fargo, the largest combined income group is owner households with incomes of \$100,000 or more, 10,117 households or 17.2% of all households.

	Moorhead/Oakport				Fargo/West Fargo			
	Total	Own	Rent	Pct. Rent	Total	Own	Rent	Pct. Rent
Less than \$10,000	1,235	103	1,132	91.7%	4,051	238	3,813	94.1%
\$10,000 to \$14,999	939	230	709	75.5%	2,865	359	2,506	87.5%
\$15,000 to \$19,999	890	251	639	71.8%	2,867	457	2,410	84.1%
\$20,000 to \$24,999	1,089	416	673	61.8%	3,520	764	2,756	78.3%
\$25,000 to \$34,999	1,809	754	1,055	58.3%	7,461	1,913	5,548	74.4%
\$35,000 to \$49,999	2,136	1,262	874	40.9%	8,981	3,624	5,357	59.6%
\$50,000 to \$74,999	3,070	2,621	449	14.6%	10,486	5,417	5,069	48.3%
\$75,000 to \$99,999	2,431	2,205	226	9.3%	7,168	5,332	1,836	25.6%
\$100,000 or more	2,808	2,555	253	9.0%	11,584	10,117	1,467	12.7%
TOTAL	16,407	10,397	6,010	36.6%	58,983	28,221	30,762	52.2%

Source: U.S. Census Bureau; Maxfield Research and Consulting, LLC



Household Type

Table 10 shows household type trends in the Moorhead Market Area in 2010 and 2016. Data for 2010 was collected from the US Census. The 2016 estimate was compiled by Maxfield Research based on American Community Survey estimates for 2015 and local households estimates for each geography for 2016.

The following are key points from Table 10.

- In 2010, people living alone was the largest household type category in the Market Area, representing 28.4% of all households in Moorhead and 34.8% in Fargo/West Fargo. As of 2016, people living alone remains the largest household type category in the Market Area, followed by married couples without children.
- Married couples without children in the Moorhead Market Area represented 25.4% of all households in 2010, compared to 25.9% in 2016. Fargo/West Fargo experienced a larger numerical increase in the number of married couples without children, but the proportion of this group decreased from 22.4% in 2010 to 21.9% in 2016.

DEMOGRAPHIC REVIEW

- Non-family households (roommates) decreased in Moorhead, declining from 11.9% as of 2010 to 9.2% as of 2016; in Fargo, this household category decreased just slightly from 12.9% to 12.5%.

TABLE 10 HOUSEHOLD TYPE MOORHEAD AREA 2010 and 2016						
	NON-FAMILY HHs			FAMILY HHs		
	Total Households	Persons Living Alone	Other (Roommates)	Married w/ Children	Married w/o Children	Other Family
2010						
Moorhead/Oakport	14,930	4,246	2,185	2,937	3,789	1,773
Fargo/West Fargo	<u>57,139</u>	<u>19,874</u>	<u>7,367</u>	<u>9,868</u>	<u>12,815</u>	<u>7,215</u>
Clay County, MN	22,279	6,017	2,076	4,869	6,291	3,026
Cass County, ND	63,899	21,067	7,617	12,104	15,317	7,794
2016						
Moorhead/Oakport	16,407	4,840	2,298	3,511	4,249	1,509
Fargo/West Fargo	<u>71,342</u>	<u>25,375</u>	<u>8,931</u>	<u>12,874</u>	<u>15,653</u>	<u>8,509</u>
Clay County, MN	24,688	6,888	1,802	5,728	6,863	3,407
Cass County, ND	74,173	24,922	8,604	14,316	17,653	8,678

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

- Changes in households living alone and households composed of unrelated roommates tend to drive demand for rental housing in Moorhead. The decrease in Non-Family households (roommates) is most likely lower at this time because of a decrease in the number of students enrolled at local colleges/universities and because of a strong economy. The number of students enrolled at colleges and universities is anticipated to increase again modestly after 2020, which may cause the number of roommate households to increase. In addition, any downturn in the economy may also result in people doubling up again to reduce housing costs. There has also been a general increase in the proportion of people that prefer to rent their housing now than in the past. An increase in the percentage of these household types indicates a shift in housing needs that favors rental development. Younger households that are likely to live alone or with unrelated roommates continue to drive most population growth in the PMA, so it is likely that rental housing will remain in demand.
- Other Family households (primarily single-parent households) can also drive demand for rental housing. Other Family households in Moorhead increased by 113 between 2010 and 2016, now representing 14.0% of all households. This category increased by 1,294 households in Fargo/West Fargo, representing 11.9% of the household base.

Business and Employment Activity

Table 11 shows business and employment activity for Clay County, Minnesota and Cass County, North Dakota as of 2014 and 2015 (the most recent data available). Table 12 provides detailed business employment information by industry for 2015.

Data is collected by state labor market information agencies and presented by the US Census Bureau. Data is assessed as an average of the most recent four quarters available. The data offers relatively current information on employment related to business activity, such as new job hires, job separations (layoffs and terminations), and job contractions and expansions, in order to assess the current business and employment environment. Data is referred to as Local Employment Dynamics.

The following are terms used in the table and their general definitions:

Total Employment – The number of workers employed at the beginning of the quarter by the same employer in the current and the previous quarters.

Gross Job Gains – The number of jobs created during the period.

Gross Job Losses – The number of jobs lost during the period.

Hires – The number of job hires for all position openings at all businesses.

Separations – The number of people that were employed by a business in the previous quarter but not in the current quarter.

Average Monthly Earnings – The average total wages of full-time employees over the quarter adjusted for a monthly basis.

Observations

- Employment has improved in Clay and Cass Counties over the past several years. The most recent annual average data available shows that total employment increased by 1,398 employees in Cass County, but by only 71 employees in Clay County from 2014 to 2015.
- The unemployment rate decreased in Clay and Cass Counties at the end of 2016 and is lower than 2015 when the unemployment rates were 4.3% and 2.7%, respectively. A significant portion of Clay County employment is in the healthcare and education fields, both of which have performed solidly over the past several years are projected to perform strongly moving forward.

DEMOGRAPHIC REVIEW

- Job creation has slowed in Clay County. Between year-end 2014 and year-end 2015, the County increased total employment by 0.4%. Cass County has continued to add a substantial number of jobs, which also benefits Moorhead as a number of people live in Minnesota, but work in North Dakota.
- Gross job gains were less in 2015 than in 2014 in Clay County. Cass County continued to show increases in gross job gains. In Clay County, there were fewer job hires than there were job separations, but both categories experienced increases in 2015 over 2014.
- Both counties saw average monthly earnings increase during the period. Between 2014 and 2015, monthly earnings in Clay County increased by \$12 per month while monthly earnings in Cass County, ND increased by \$134 per month. Average 2015 monthly wages were 7.3% higher in Cass County at \$3,119 compared to \$2,892 in Clay County.

**TABLE 11
BUSINESS AND EMPLOYMENT ACTIVITY
MOORHEAD MARKET AREA
2014 - 2015**

County	Year	Total Employment	Net Job Flows	Job Creation	New Hires	Sep-arations	Turnover	Average Monthly Earnings	Average New Hire Earnings
Clay County, MN	2015	18,526	796	1,972	2,892	3,508	9.9%	\$2,880	\$1,745
	2014	18,455	949	1,069	501	1,675	9.6%	\$2,892	\$1,759
	Change	71	-153	903	2,391	1,833	0.3%	-\$12	-\$14
Cass County, ND	2015	96,766	3,189	7,034	15,857	16,476	8.4%	\$3,253	\$2,064
	2014	95,368	2,543	6,628	14,789	16,129	8.3%	\$3,119	\$1,913
	Change	1,398	646	406	1,068	347	0.1%	\$134	\$151

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

DEMOGRAPHIC REVIEW

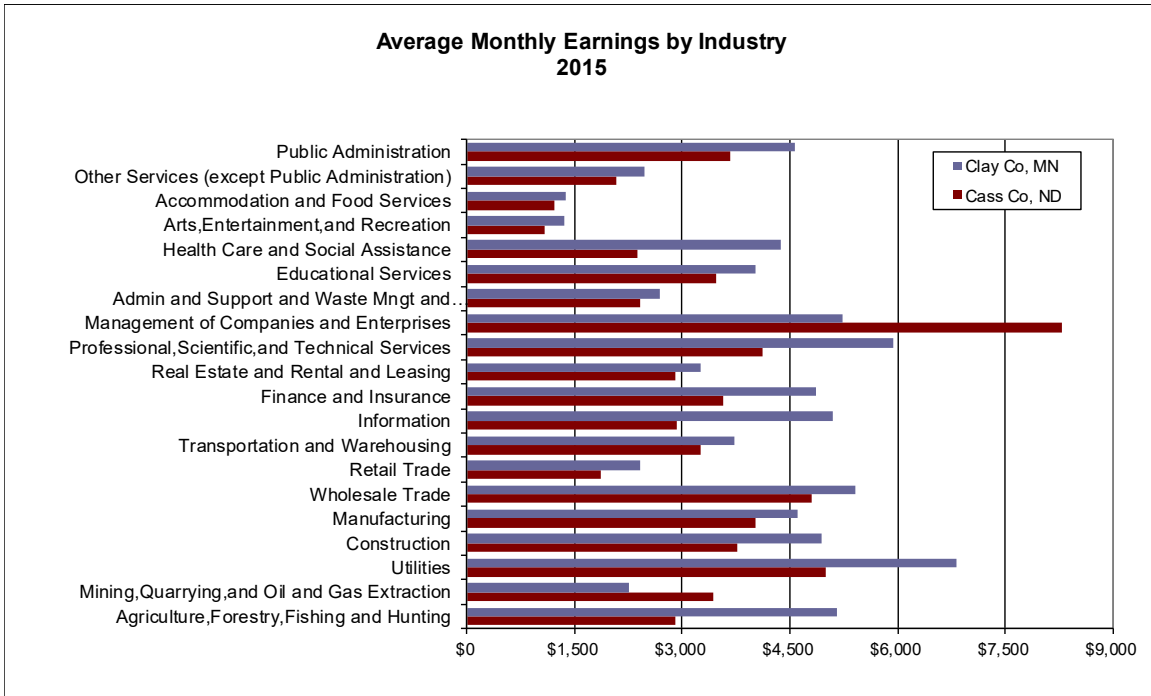
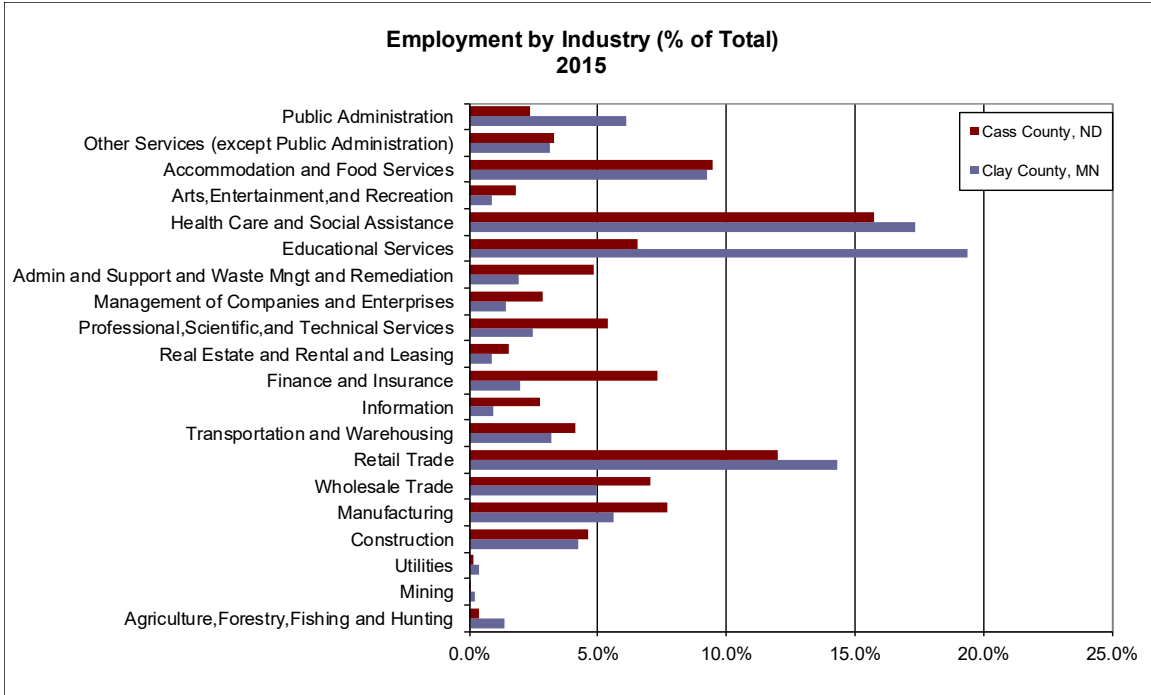
**TABLE 12
BUSINESS EMPLOYMENT AND EARNINGS BY INDUSTRY
MOORHEAD MARKET AREA
2015**

	Clay County, MN		Cass County, ND	
	Employment	Monthly Earnings	Employment	Monthly Earnings
Agriculture, Forestry, Fishing and Hunting	256	\$2,904	421	\$5,160
Mining, Quarrying, and Oil and Gas Extraction	40	\$3,440	19	\$2,264
Utilities	69	\$4,992	176	\$6,824
Construction	785	\$3,760	5,256	\$4,936
Manufacturing	1,044	\$4,016	8,783	\$4,608
Wholesale Trade	918	\$4,804	8,054	\$5,404
Retail Trade	2,665	\$1,860	13,675	\$2,408
Transportation and Warehousing	590	\$3,252	4,732	\$3,716
Information	173	\$2,924	3,126	\$5,096
Finance and Insurance	369	\$3,576	8,369	\$4,864
Real Estate and Rental and Leasing	164	\$2,904	1,727	\$3,252
Professional, Scientific, and Technical Services	465	\$4,124	6,157	\$5,940
Management of Companies and Enterprises	263	\$8,292	3,251	\$5,240
Admin and Support and Waste Mngt and Remediation	355	\$2,408	5,553	\$2,680
Educational Services	3,604	\$3,472	7,490	\$4,012
Health Care and Social Assistance	3,225	\$2,372	17,927	\$4,364
Arts, Entertainment, and Recreation	168	\$1,084	2,046	\$1,356
Accommodation and Food Services	1,719	\$1,216	10,768	\$1,372
Other Services (except Public Administration)	583	\$2,076	3,772	\$2,464
Public Administration	1,140	\$3,664	2,711	\$4,564
Total	18,595	\$3,357	114,013	\$4,026

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

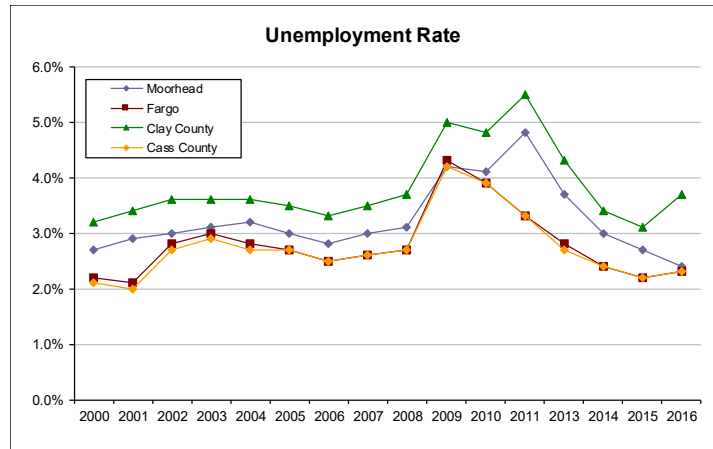
- The three largest employers by industrial classification in Clay County are: Education services at 19.4% of all employment; Health care and social assistance (17.3%); and, Retail trade (14.3%). The top three industries in Cass County are: Health care and social assistance (15.7%); Retail trade (12.0%); and Accommodation and food services (9.4%).

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Resident Employment

Table 13 shows resident employment information that is sourced from the Bureau of Labor Statistics. Resident employment refers to the number of people living in an area who are employed, regardless of where the person works. All information is reported as an annual average of each individual month.



- The resident unemployment rate for Moorhead decreased to 2.4% as of December 2016 a result of a decrease in the labor force and a modest increase in employment through the end of the year. The unemployment rate in Clay County ticked up from 3.1% at the end of 2015 to 3.7% as of the end of December 2016.
- The City of Moorhead has experienced steady labor force and employment growth since 2011. The number of residents in Moorhead that are employed has continued to rise since that time to reach 22,641 as of the end of 2016. Since 2012, Fargo’s resident employment has risen by 9,472 (15.6%).
- The December 2016 unemployment rates remain well below the 2011 rates experienced by Moorhead (4.8%) and Clay County (5.5%). At 2.4%, the current unemployment rate in the City of Moorhead is 1.1% lower than the ten-year average of 3.5%. Similarly, the 2.3% unemployment rate in Fargo is 0.6% lower than the ten-year average rate of 2.9%. Clay County, Minnesota and Cass County, North Dakota are experiencing similar disparities between their current unemployment rates and their ten-year averages.

**TABLE 13
RESIDENT EMPLOYMENT
MOORHEAD MARKET AREA
2000 through 2016**

	City of Moorhead			City of Fargo			Clay County, MN			Cass County, ND		
	Labor Force	Employment	Unemp. Rate	Labor Force	Employment	Unemp. Rate	Labor Force	Employment	Unemp. Rate	Labor Force	Employment	Unemp. Rate
2016	23,205	22,641	2.4%	72,010	70,372	2.3%	36,817	34,484	3.7%	104,234	101,832	2.3%
2015	23,437	22,814	2.7%	65,665	64,241	2.2%	35,850	34,748	3.1%	95,023	92,932	2.2%
2014	23,071	22,387	3.0%	64,217	62,667	2.4%	35,297	34,097	3.4%	92,918	90,656	2.4%
2013	22,781	21,941	3.7%	63,639	61,868	2.8%	34,952	33,462	4.3%	91,467	88,954	2.7%
2012	22,904	21,931	4.2%	62,743	60,900	2.9%	35,153	33,466	4.8%	89,574	86,940	2.9%
2011	22,472	21,388	4.8%	62,938	60,858	3.3%	34,623	32,703	5.5%	89,620	86,697	3.3%
2010	22,030	21,126	4.1%	58,817	56,510	3.9%	33,463	31,873	4.8%	86,334	82,974	3.9%
2009	21,585	20,671	4.2%	59,869	57,298	4.3%	32,825	31,186	5.0%	87,860	84,132	4.2%
2008	21,257	20,592	3.1%	60,076	58,467	2.7%	32,374	31,189	3.7%	87,979	85,624	2.7%
2007	20,529	19,910	3.0%	59,872	58,344	2.6%	31,316	30,221	3.5%	87,055	84,833	2.6%
2006	20,331	19,771	2.8%	58,298	56,845	2.5%	31,324	30,300	3.3%	84,095	81,951	2.5%
2005	19,858	19,255	3.0%	58,081	56,503	2.7%	30,815	29,726	3.5%	82,296	80,050	2.7%
2004	19,484	18,867	3.2%	59,910	58,219	2.8%	30,268	29,166	3.6%	80,543	78,344	2.7%
2003	19,016	18,435	3.1%	58,349	56,626	3.0%	29,643	28,571	3.6%	78,441	76,200	2.9%
2002	18,571	18,014	3.0%	57,405	55,815	2.8%	29,050	28,015	3.6%	77,177	75,109	2.7%
2001	18,295	17,768	2.9%	57,241	56,056	2.1%	28,559	27,595	3.4%	76,975	75,433	2.0%
2000	17,962	17,477	2.7%	56,584	55,361	2.2%	28,029	27,138	3.2%	76,088	74,498	2.1%
	Annual Rate of Change											
	City of Moorhead			City of Fargo			Clay County, MN			Cass County, ND		
2015	1.6%	1.9%	-0.3%	2.3%	2.5%	-0.2%	1.6%	1.9%	-0.3%	2.3%	2.5%	-0.2%
2014	1.3%	2.0%	-0.7%	0.9%	1.3%	-0.4%	1.0%	1.9%	-0.9%	1.6%	1.9%	-0.3%
2013	-0.5%	0.0%	-0.5%	1.4%	1.6%	-0.1%	-0.6%	0.0%	-0.5%	2.1%	2.3%	-0.2%
2012	1.9%	2.5%	-0.6%	-0.3%	0.1%	-0.4%	1.5%	2.3%	-0.7%	-0.1%	0.3%	-0.4%
2011	2.0%	1.2%	0.7%	7.0%	7.7%	-0.6%	3.5%	2.6%	0.7%	3.8%	4.5%	-0.6%
2010	2.1%	2.2%	-0.1%	-1.8%	-1.4%	-0.4%	1.9%	2.2%	-0.2%	-1.7%	-1.4%	-0.3%
2009	1.5%	0.4%	1.1%	-0.3%	-2.0%	1.6%	1.4%	0.0%	1.3%	-0.1%	-1.7%	1.5%
2008	3.5%	3.4%	0.1%	0.3%	0.2%	0.1%	3.4%	3.2%	0.2%	1.1%	0.9%	0.1%
2007	1.0%	0.7%	0.2%	2.7%	2.6%	0.1%	0.0%	-0.3%	0.2%	3.5%	3.5%	0.1%
2006	2.4%	2.7%	-0.2%	0.4%	0.6%	-0.2%	1.7%	1.9%	-0.2%	2.2%	2.4%	-0.2%
2005	1.9%	2.1%	-0.2%	-3.1%	-2.9%	-0.1%	1.8%	1.9%	-0.1%	2.2%	2.2%	0.0%
2004	2.5%	2.3%	0.1%	2.7%	2.8%	-0.2%	2.1%	2.1%	0.0%	2.7%	2.8%	-0.2%
2003	2.4%	2.3%	0.1%	1.6%	1.5%	0.2%	2.0%	2.0%	0.0%	1.6%	1.5%	0.2%
2002	1.5%	1.4%	0.1%	0.3%	-0.4%	0.7%	1.7%	1.5%	0.2%	0.3%	-0.4%	0.7%
2001	1.9%	1.7%	0.2%	1.2%	1.3%	-0.1%	1.9%	1.7%	0.2%	1.2%	1.3%	-0.1%

Sources: Bureau of Labor Statistics, Maxfield Research and Consulting, LLC

Major Employers

Table 14 ranks the major employers in the Moorhead Market Area based on the number of employees per establishment. This information is compiled from the Greater Fargo-Moorhead Economic Development Corporation.

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- Sanford Health continues to top the major employer chart with a total of 6,664 FTE's. Businesses in Fargo with facilities in Moorhead include RD Offutt, Essential Health, Eventide Senior Living Services, US Postal Service, YMCA and McDonalds and Scheels Sports.
- The largest employers in Moorhead are in the educational services industry sector, including: Concordia College; Minnesota State University Moorhead; and, Moorhead Public Schools.

Company	Description	# FTEs	City
Sanford Health	Healthcare and Life Sciences. Healthcare	6,664	Fargo & Moorhead
North Dakota State University	Public University. Education	4,232	Fargo
Essentia Health	Health Care Services	3,167	Fargo/Moorhead
Fargo Public School District One	Public Schools. Education	1,816	Fargo
Noridian Health Care Solutions	Health Care Insurance	1,666	Fargo & Moorhead
West Fargo Public School District 96	Public Schools, Education	1,432	West Fargo
Fargo VA Health Systems	Hospitals	1,022	Fargo
Blue Cross Blue Shield of ND	Health Care Insurance	961	Fargo
U.S. Bank	Financial Institutions, Customer Service	955	Fargo
Moorhead Area Public Schools	Public Schools, Education	925	Moorhead
City of Fargo	Public Government	881	Fargo
Microsoft	Computer Software Services	877	Fargo
Eventide Sr. Living Communities	Senior Housing and Nursing Homes	803	Fargo/Moorhead
Wanzik Construction Inc.	General Contractors	800	West Fargo
Hornbacher's Foods - Administration	Grocers	788	Fargo/Moorhead
Fargo Park District	Recreation	749	Fargo
Minnesota State University-Moorhead	Post-Secondary Education Institution	724	Moorhead
CNH Industrial America	Agricultural Equipment	650	Fargo
Concordia College	Colleges and Universities	648	Moorhead
John Deere Electronic Solutions	Manufacturers	642	Fargo
True North Steel	Steel Fabricators	591	Fargo
Wells Fargo Bank. N.A.	Financial institutions	552	Fargo/Moorhead
Bell State Bank and Trust	Financial Institutions	544	Fargo/Moorhead
Discovery Benefits, Inc.	Employee Benefit Plans	526	Fargo
Swanson Health Products	Health-Nutrition	516	Fargo
Bethany Retirement Living	Assisted Living Facilities	505	Fargo
North Dakota State College of Science	Post-Secondary Education Institution	503	Fargo
Community Options-Res./Emp. Svcs.	Social Services	450	Fargo
YMCA of Cass and Clay Counties	Fitness Centers	443	Fargo/Moorhead
Clay County Government	County Government	435	Moorhead
Cass County Government	County Government	429	Fargo
American Crystal Sugar	Food Processors	419	Moorhead
R.D. Offutt & Co./RDO Equip. Co.	Agricultural Equipment	400	Fargo
AgCountry Farm Credit Services	Financial Services	368	Fargo
(continued)			

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**TABLE 14
MAJOR EMPLOYERS
MOORHEAD AREA
2016**

Company	Description	# FTEs	City
U.S. Postal Service	Mailing Services	350	Fargo/Moorhead
WalMart - Fargo	General Merchandise Retailers	348	Fargo
CCRI Inc.	Disability Services	337	Moorhead
Integreon Managed Solutions	Business Services	330	Fargo
Border States Electric	Electric Equipment - Supplies	328	Fargo
Prairie St. Johns	Addiction Treatment Centers	328	Fargo
Ulteig	Engineering	325	Fargo
FargoDome	Arts-Entertainment	320	Fargo
Eide Bailly, LLP	Agricultural Processing	318	Fargo
McDonald's Restaurants	Fast Food Restaurants	318	Fargo/Mrhd/W.Frgo
Wallwork Inc.	Trucks-Equipment-Parts	307	Fargo
Scheels All Sports Inc.	Sporting Goods	289	Fargo/Moorhead
Cardinal IG	Manufacturers	272	Fargo
Pepsi Beverage Company	Beverages-Wholesale	270	Fargo
Restaurant Technology Services	Business Services	270	Fargo
WalMart-Dillworth	General Merchandise Retailers	270	Dillworth
The Forum of Fargo/Moorhead	Newspapers	267	Fargo
Lutheran Social Services of ND	Social Services	265	Fargo
Titan Machinery-Shared Resource Office	Agriculture Products	264	Moorhead
City of Moorhead	City Government	262	Moorhead
Northern Improvement Company	General Contractors	259	Fargo
Trail King Industries	Manufacturers	255	West Fargo
CoreLink Administrative Solutions	Computer Software-Services	252	Fargo
Community Living Services Inc.	Social Services	250	Fargo
Industrial Builders, Inc.	General Contractors	250	Fargo/West Fargo
Cash Wise Foods	Grocers	248	Fargo/Moorhead
Bank of the West	Financial Institutions	247	Fargo
Bobcat Company/Doosan	Manufacturers	238	Fargo
Petro Serve USA	Convenience Stores/Gas Stations	235	Fargo/West Fargo
Gate City Bank	Financial Institutions	234	Fargo/Moorhead
Integrity Windows and Doors	Manufacturers	234	Fargo
Holiday Inn Fargo	Hotels/Motels	230	Fargo
Tecton Products LLC	Manufacturers	227	Fargo
Walmart-Fargo South	General Merchandise Retailers	223	Fargo
GOLDMARK Property Management	Real Estate Property Management	222	Fargo
Aevinia, Inc.	Electrical Contractors	220	Moorhead
Caterpillar Reman	Remanufacturing	220	Fargo
Minnesota State Community/Tech. College	Post-Secondary Education Institution	220	Moorhead
TMI Hospitality	Hotel Management	220	Fargo
Red River Human Services Foundation	Disability Services	205	Fargo/West Fargo
Villa Maria	Nursing Homes	205	Fargo
North Country Business Products	Food/Beverage Equipment Supplies	200	Fargo
Tech Mahindra (Americas) Inc.	Business Services	200	Fargo
Total		48,415	

Sources: The Chamber of Fargo, Moorhead, West Fargo, Maxfield Research and Consulting, LLC

Commuting Patterns

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. Table 15 highlights the commuting patterns of residents and workers in Moorhead, Fargo and West Fargo in 2014 (the most recent available),

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based on data from the U.S. Census Bureau - Longitudinal Employer-Household Dynamics (LEHD).

The table shows that 52.5% of Moorhead residents work in Fargo and 24.4% work in Moorhead. Much smaller proportions of Moorhead residents work outside of these two communities in West Fargo (5.3%) and Dilworth (1.8%).

Of those that work in Moorhead, 33.4% also live in Moorhead and 25.6% live in Fargo with much smaller proportions in West Fargo (5.5%) and Dilworth (3.4%).

Place of Residence	Employment	Count	Percent	Place of Residence	Employment	Count	Percent
Where Moorhead Residents Work				Where Moorhead Workers Live			
Moorhead	Fargo, ND	9,077	52.5%	Moorhead, MN	Moorhead	4,208	33.4%
Moorhead	Moorhead, MN	4,208	24.4%	Fargo, ND	Moorhead	3,228	25.6%
Moorhead	West Fargo, ND	922	5.3%	West Fargo, ND	Moorhead	698	5.5%
Moorhead	Dilworth, MN	318	1.8%	Dilworth, MN	Moorhead	430	3.4%
Moorhead	Grand Forks, ND	312	1.8%	Glyndon, MN	Moorhead	170	1.3%
Moorhead	Detroit Lakes, MN	81	0.5%	Barnesville, MN	Moorhead	168	1.3%
Moorhead	Glyndon, MN	71	0.4%	Hawley, MN	Moorhead	112	0.9%
Moorhead	Graceville, MN	67	0.4%	Horace, ND	Moorhead	81	0.6%
Moorhead	St. Paul, MN	56	0.3%	Sabin, MN	Moorhead	66	0.5%
Moorhead	Minneapolis, MN	54	0.3%	Detroit Lakes, MN	Moorhead	61	0.5%
Moorhead	Fergus Falls, MN	47	0.3%	Bemidji, MN	Moorhead	59	0.5%
Moorhead	Duluth, MN	46	0.3%	Grand Forks, ND	Moorhead	44	0.3%
Moorhead	Hawley, MN	39	0.2%	Fergus Falls, MN	Moorhead	39	0.3%
Moorhead	Eagan, MN	36	0.2%	St. Cloud, MN	Moorhead	35	0.3%
Moorhead	Thief River Falls, MN	35	0.2%	Wahpeton, ND	Moorhead	33	0.3%
Moorhead	Blaine, MN	33	0.2%	Casselton, ND	Moorhead	29	0.2%
Moorhead	Wahpeton, ND	33	0.2%	Mapleton, ND	Moorhead	27	0.2%
Moorhead	Mapleton, ND	32	0.2%	Crookston, MN	Moorhead	25	0.2%
Moorhead	Other Locations	1,814	10.5%	Other Locations	Moorhead	3,096	24.6%
Total		17,281	100.0%	Total		12,609	100.0%

Sources: US Census Bureau; Maxfield Research and Consulting, LLC

DEMOGRAPHIC REVIEW

**TABLE 16
FARGO COMMUTING PATTERNS
2014**

Place of Residence	Employment	Count	Percent	Place of Residence	Employment	Count	Percent
Where Fargo Residents Work				Where Fargo Workers Live			
Fargo	Fargo, ND	40,675	72.0%	Fargo, ND	Fargo	40,675	45.1%
Fargo	West Fargo, ND	4,119	7.3%	West Fargo, ND	Fargo	10,263	11.4%
Fargo	Moorhead, MN	3,228	5.7%	Moorhead, MN	Fargo	9,077	10.1%
Fargo	Bismarck, ND	1,281	2.3%	Grand Forks, ND	Fargo	1,408	1.6%
Fargo	Grand Forks, ND	1,090	1.9%	Bismarck, ND	Fargo	1,248	1.4%
Fargo	Minot, ND	495	0.9%	Horace, ND	Fargo	1,169	1.3%
Fargo	Jamestown, ND	333	0.6%	Dilworth, MN	Fargo	1,025	1.1%
Fargo	Valley City, ND	227	0.4%	Minot, ND	Fargo	756	0.8%
Fargo	Wahpeton, ND	218	0.4%	Jamestown, ND	Fargo	620	0.7%
Fargo	Williston, ND	201	0.4%	Casselton, ND	Fargo	508	0.6%
Fargo	Dilworth, MN	188	0.3%	Barnesville, ND	Fargo	454	0.5%
Fargo	Glyndon, MN	182	0.3%	Wahpeton, ND	Fargo	432	0.5%
Fargo	Gwinner, ND	123	0.2%	Glyndon, MN	Fargo	399	0.4%
Fargo	Dickinson, ND	114	0.2%	Valley City, ND	Fargo	368	0.4%
Fargo	Casselton, ND	112	0.2%	Harwood, ND	Fargo	284	0.3%
Fargo	Mandan, ND	101	0.2%	Hawley, MN	Fargo	283	0.3%
Fargo	Detroit Lakes, MN	98	0.2%	Mapleton, ND	Fargo	281	0.3%
Fargo	Horace, ND	84	0.1%	East Grand Forks, MN	Fargo	278	0.3%
Fargo	Other Locations	3,617	6.4%	Other Locations	Fargo	20,674	22.9%
Total		56,486	100.0%	Total		90,202	100.0%

Sources: US Census Bureau; Maxfield Research and Consulting, LLC

DEMOGRAPHIC REVIEW

Place of Residence	Employment	Count	Percent	Place of Residence	Employment	Count	Percent
Where West Fargo Residents Work				Where West Fargo Workers Live			
West Fargo	Fargo, ND	10,263	70.4%	Fargo, ND	West Fargo	4,119	36.2%
West Fargo	West Fargo, ND	2,174	14.9%	West Fargo, ND	West Fargo	2,114	18.6%
West Fargo	Moorhead, Mn	698	4.8%	Moorhead, MN	West Fargo	922	8.1%
West Fargo	Bismarck, ND	166	1.1%	Bismarck, ND	West Fargo	183	1.6%
West Fargo	Grand Forks, ND	138	0.9%	Horace, ND	West Fargo	166	1.5%
West Fargo	Mapleton, ND	85	0.6%	Grand Forks, ND	West Fargo	165	1.4%
West Fargo	Minot, ND	65	0.4%	Jamestown, ND	West Fargo	120	1.1%
West Fargo	Casselton, ND	48	0.3%	Dilworth, MN	West Fargo	118	1.0%
West Fargo	Jamestown, ND	46	0.3%	Minot, ND	West Fargo	107	0.9%
West Fargo	Dilworth, MN	41	0.3%	Casselton, ND	West Fargo	81	0.7%
West Fargo	Valley City, ND	34	0.2%	Wahpeton, ND	West Fargo	74	0.7%
West Fargo	Wahpeton, ND	31	0.2%	Mapleton, ND	West Fargo	67	0.6%
West Fargo	Harwood, ND	26	0.2%	Barnesville, MN	West Fargo	60	0.5%
West Fargo	Horace, ND	26	0.2%	Harwood, ND	West Fargo	54	0.5%
West Fargo	Williston, ND	21	0.1%	Valley City, ND	West Fargo	37	0.3%
West Fargo	Dickinson, ND	17	0.1%	Lisbon, ND	West Fargo	35	0.3%
West Fargo	Mandan, ND	17	0.1%	Kindred, ND	West Fargo	34	0.3%
West Fargo	Detroit Lakes, MN	13	0.1%	Glyndon, MN	West Fargo	32	0.3%
West Fargo	Other Locations	663	4.5%	Other Locations	West Fargo	2,894	25.4%
Total		14,572	100.0%	Total		11,382	100.0%

Sources: US Census Bureau; Maxfield Research and Consulting, LLC

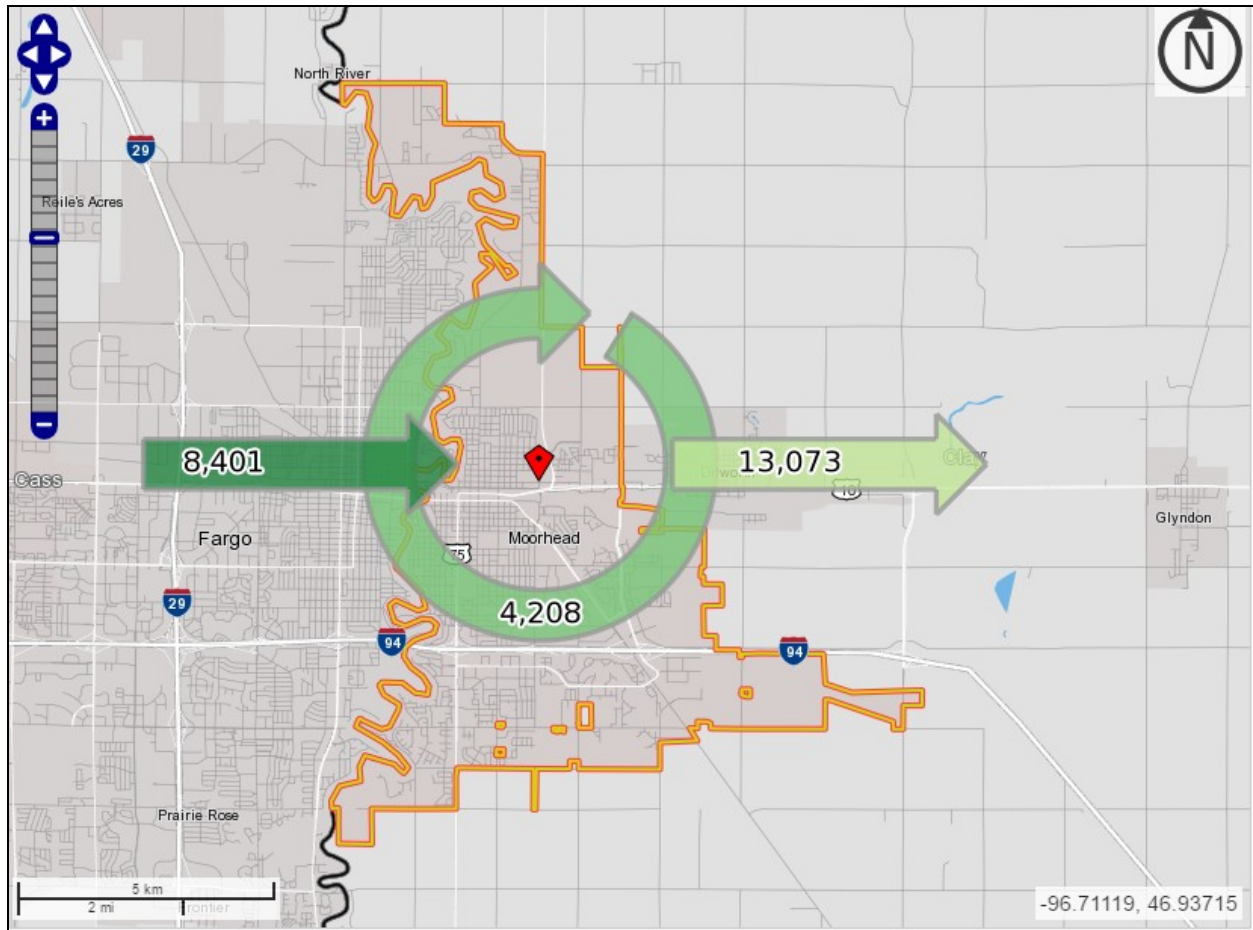
In comparison, 72.0% of Fargo residents work in Fargo and 70.4% of West Fargo residents work in Fargo.

For those that work in Fargo, 45.1% also live in Fargo, but 11.4% live in West Fargo and 10.1% live in Moorhead.

Of those that work in West Fargo, 36.2% live in Fargo and 18.6% live in West Fargo and 8.1% live in Moorhead.

The map on the following page shows the number of workers that come into Moorhead daily for work (8,401) and the number of workers that leave Moorhead daily to work in other locations (13,073). The number in the center of the circle represents the number of Moorhead workers that live and work in Moorhead.

Moorhead Area Worker Immigration and Outmigration



Source: US Census: Longitudinal Employment Household Dynamics (LEHD)

Ratio of Jobs to Population – Fargo/Moorhead Metro Area

Table 18 shows the estimated number of jobs to population for larger communities within the F-M Metro Area. This information was obtained from recent jobs tabulations as matched against covered employment figures for 2015 and population estimates for 2016. The ratio compares the size of a community to the number of local jobs provided. Certainly, there are regional draws in terms of employment with workers being drawn from Clay and Cass Counties in addition to other jurisdictions in the vicinity or in northeastern North Dakota and northwestern Minnesota to support the labor market in the F-M Metro Area. The data shows the ability of each community to provide jobs for its resident base. Moorhead imports workers from other communities to fill needed jobs.

TABLE 18 RATIO OF JOBS TO WORKER POPULATION FARGO-MOORHEAD METRO AREA 2015			
City	Total Jobs	Total Age 16+ Population	Ratio/Jobs to Population
Moorhead, MN	14,116	31,678	0.45
Fargo, ND	112,806	90,700	1.24
West Fargo, ND	12,615	21,687	0.58
Dilworth, MN	995	3,018	0.33
Data from Quarterly Census of Employment and Wages			
Sources: US Census Bureau, MN DEED, NDWIN			

School Enrollment

Moorhead public school enrollment for K-12 is projected to increase by 1,200 students between 2009 and 2019. Recent increases in enrollment associated with population growth because of substantial new single-family home construction has resulted in a significant shortage of classroom space for grades K-5 and increasing the number of sections needed. The number of K-5 sections increased from 95 in 2009 to 122 in 2015. Overall, public school enrollment from October 2011 to October 2015 increased by 14.6% to 6,232 students.

The School District placed a referendum on the ballot for the November 2015 election seeking funding for new classroom and ancillary education spaces. The referendum passed and now the School District is building a new K-4 elementary school and an addition onto the Horizon Middle School for grades 5 and 6 to accommodate and assist with a better transition into the middle school grades. An auditorium will be developed for school and community use at the Horizon Middle School and the Probstfield Center will return to serving early childhood learning and education center for the youngest learners in the District. The School District is currently under budget on the construction projects because of a competitive bid environment by 8.6%. The estimated increase in property taxes is to be about \$105 annually for an average assessed home value of \$150,000 according to calculations compiled by Ehlers and Associates.

These improvements place Moorhead in a strong position to attract new family households to the community seeking strong education opportunities for their children.

Older Adult and Senior Population and Household Growth Trends

Table 19 presents information on older adult and senior population and household growth trends for the Moorhead Market Area, herein referred to as the Primary Market Area with regards to senior housing. The Market Area for senior housing includes the communities of Moorhead, Dilworth and Oakport. Dilworth was included as there is very little senior housing located in that community and prospects needing services would most likely shop facilities in Moorhead. Data from 2000 and 2010 is from the US Census while 2015 projections were obtained from ESRI, a national demographics forecasting company and revised by Maxfield Research to reflect local growth estimates.

Table 19 shows the age distribution of people and households age 55 and older in the PMA. Historical information for 2000 and 2010 is supplied by the U.S. Census Bureau. Estimates for 2016 and projections for 2021 are provided by ESRI, a nationally recognized demographics firm, and the Minnesota State Demographer.

The following are key points from Table 19:

- In 2010, the Moorhead Market Area totaled 43,476 people and 16,378 households for the combined communities. The older adult and senior population (age 55+) comprised 18.6% of the total population and 30.7% of the total households in the PMA.
- The overall population and household base increased during the 2000s by 12.4% and 16.9%, respectively. The older adult and senior population and household bases (55+) experienced strong growth among primarily the younger and older adult age segments between 2000 and 2010. From 2000 to 2010, the older adult (55+) population increased by 1,410 (21.8%) and 992 households (24.6%).
- Between 2016 and 2021, the older adult and senior population is projected to add 2,627 people (33.4%) and 1,459 households (29.1%).
- The primary market for active adult senior housing is typically people age 65 years or older, although traditional apartment buildings with few or no services most often attract seniors that are age 75 years or older. The market for service-enhanced housing is usually seniors age 75 and older, although memory care residents may be sometimes in their late 50s to mid-70s. Individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, yet they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.

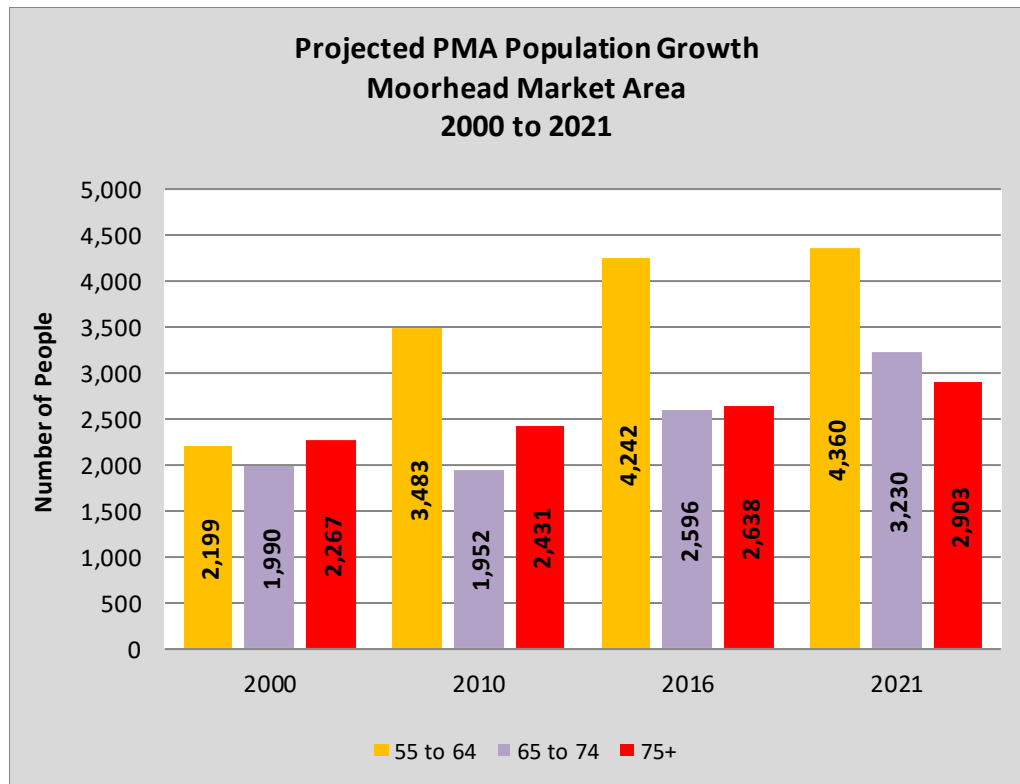
TABLE 19
55+ POPULATION & HOUSEHOLD AGE DISTRIBUTION
MOORHEAD MARKET AREA
2000 - 2021

POPULATION								
Age	2000	2010	2016	2021	2000-2010		2010-2021	
55 to 64	2,199	3,483	4,242	4,360	1,284	58.4%	877	25.2%
65 to 69	971	1,082	1,472	1,824	111	11.4%	742	68.6%
70 to 74	1,019	870	1,124	1,406	-149	-14.6%	536	61.6%
75 to 79	838	824	938	1,118	-14	-1.7%	294	35.7%
80 to 84	741	767	766	797	26	3.5%	30	3.9%
85 +	688	840	934	988	152	22.1%	148	17.6%
Total 55+	6,456	7,866	9,476	10,493	1,410	21.8%	2,627	33.4%
Total 65+	4,257	4,383	5,234	6,133	126	3.0%	1,750	39.9%
Total 75+	2,267	2,431	2,638	2,903	164	7.2%	472	19.4%
Tot. Pop.	33,866	38,065	41,586	44,534	4,199	12.4%	6,469	17.0%

HOUSEHOLDS								
Age	2000	2010	2016	2021	2000-2010		2010-2021	
55 to 64	1,249	2,139	2,542	2,591	890	71.3%	452	21.1%
65 to 74	1,289	1,207	1,566	1,924	-82	-6.4%	717	59.4%
75 +	1,489	1,673	1,805	1,963	184	12.4%	290	17.3%
Total 55+	4,027	5,019	5,913	6,478	992	24.6%	1,459	29.1%
Total 65+	2,778	2,880	3,371	3,887	102	3.7%	1,007	35.0%
Total 75+	1,489	1,673	1,805	1,963	184	12.4%	290	17.3%
Tot. HH	12,232	14,304	15,765	16,953	2,072	16.9%	2,649	18.5%

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

- As of 2016, there are an estimated 2,638 seniors age 75 and older in the combined communities. This is an increase over 2010, when there were 2,431 seniors. By 2021, those age 75 and over are projected to increase by 472 people and 290 households (increases of 19.4% and 17.3%, respectively).



Source: ESRI, Inc.

Older Adult and Senior Household Incomes

Table 20 provides data on incomes for older adult and senior households in the PMA in 2010 and 2015 based on information provided by ESRI. It is important to note that the data does not account for the asset base of senior households or supplemental income that a senior household could gain from the proceeds of the sale of a home or from contributions from family members.

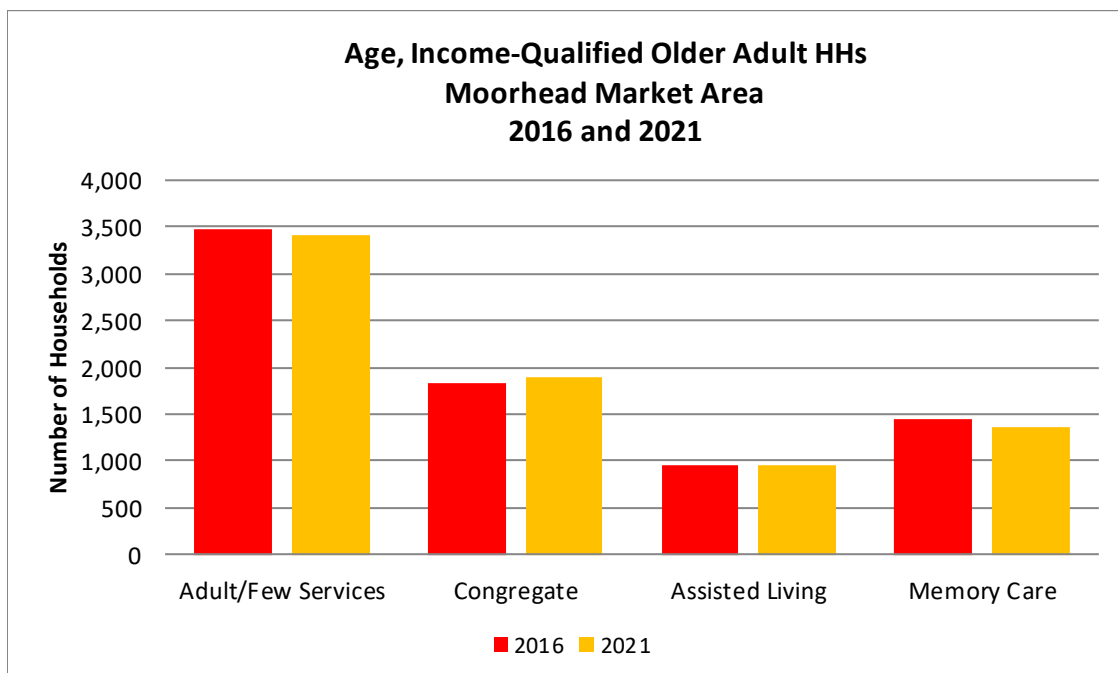
The data in Table 20 helps determine demand for senior housing based on the size of the market at specific income levels. This data is incorporated into our demand calculations, which are presented in a following section.

The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, beginning with an income allocation of 40% to 50% for market rate adult senior housing with little or no services, increasing to 65% for congregate (independent with some services) and to 80% to 90% or more for assisted living and memory care housing. Seniors also often use the proceeds from the sales of their homes, as well as financial assistance from their adult children, as supplemental income in order to afford senior housing alternatives.

DEMOGRAPHIC REVIEW

The following are key points from Table 20:

- In 2016, the estimated median income for all age 65+ households in the PMA is \$39,519. Within this age group, the median income for households between the ages of 65 and 74 is \$51,192 and for households age 75+ is \$30,494. The higher median income for younger senior households (age 65 to 74) compared to older seniors (age 75+) is primarily due to the fact that a higher proportion of younger seniors is married and are more likely to have two incomes, along with the fact that many younger seniors continue to have income-producing employment.
- The chart below shows the age and income-qualified older adult households by service level for those that would qualify for market rate senior housing.



Sources: ESRI, Inc.; Maxfield Research and Consulting, LLC

DEMOGRAPHIC REVIEW

**TABLE 20
OLDER ADULT INCOME DISTRIBUTION
MOORHEAD MARKET AREA
2016 & 2021**

2016								
	55-64		65-74		75+		Total 65+	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under \$15,000	298	13.0	159	10.2	352	19.9	511	15.3
\$15,000-\$24,999	161	7.0	157	10.0	385	21.8	542	16.3
\$25,000-\$34,999	198	8.6	182	11.6	265	15.0	447	13.4
\$35,000-\$49,999	264	11.5	259	16.5	297	16.8	556	16.7
\$50,000-\$74,999	506	22.1	348	22.2	254	14.4	602	18.1
\$75,000-\$99,999	447	19.5	192	12.3	119	6.7	311	9.3
\$100,000 or more	418	18.2	269	17.2	97	5.5	366	11.0
Total	2,292	100.0	1,566	100.0	1,769	100.0	3,335	100.0
Median Income	\$65,078		\$51,192		\$30,494		\$39,519	
2021								
	55-64		65-74		75+		Total 65+	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under \$15,000	329	14.4	227	11.8	404	21.2	631	16.5
\$15,000-\$24,999	158	6.9	179	9.3	401	21.0	580	15.1
\$25,000-\$34,999	173	7.6	202	10.5	263	13.8	465	12.1
\$35,000-\$49,999	312	13.7	365	19.0	371	19.5	736	19.2
\$50,000-\$74,999	313	13.7	265	13.8	169	8.9	434	11.3
\$75,000-\$99,999	477	20.9	269	14.0	148	7.8	417	10.9
\$100,000 or more	521	22.8	417	21.7	150	7.9	567	14.8
Total	2,283	100.0	1,924	100.0	1,906	100.0	3,830	100.0
Median Income	\$75,384		\$49,373		\$31,027		\$39,871	
CHANGE 2016 TO 2021								
	55-64		65-74		75+		Total 65+	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under \$15,000	31	10.4	68	42.8	52	14.8	120	23.5
\$15,000-\$24,999	-3	-1.9	22	14.0	16	4.2	38	7.0
\$25,000-\$34,999	-25	-12.6	20	11.0	-2	-0.8	14	3.2
\$35,000-\$49,999	48	18.2	106	40.9	74	24.9	180	32.4
\$50,000-\$74,999	-193	-38.1	-83	-23.9	-85	-33.5	-168	-27.9
\$75,000-\$99,999	30	6.7	77	40.1	29	24.4	106	34.1
\$100,000 or more	103	24.6	148	55.0	53	54.6	201	54.9
Total	-9	-0.4	358	22.9	137	7.7	491	14.7
Median Income	\$10,306	15.8	-\$1,819	-3.6	\$533	1.7	\$352	0.9

Sources: ESRI; Maxfield Research and Consulting, LLC

DEMOGRAPHIC REVIEW

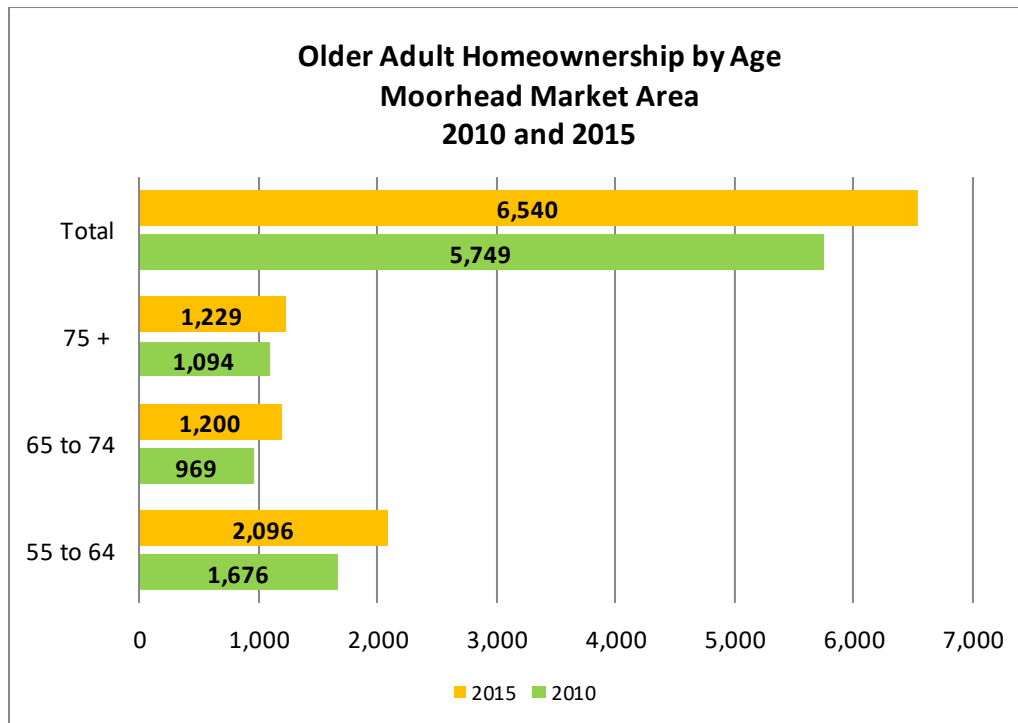
- The target market for market rate active adult senior housing with no services is typically households age 65+ with incomes of at least \$35,000, plus some older adult homeowners with incomes of at least \$30,000. As of 2016, there are an estimated 1,835 older adults with incomes of \$35,000 or more, or 55.0% of all 65+ households.
- The target market for independent market rate senior housing with some or optional services (congregate) is typically senior households age 75+ with incomes of at least \$35,000, plus some senior homeowners with incomes of at least \$30,000. As of 2016, there are an estimated 767 older senior households age 75+ in the PMA with incomes of at least \$35,000, or 43.0% of all 75+ households.
- Including all older senior (age 75+) households with incomes of \$35,000 and over (adjusted for inflation), the number of households projected to income-qualify for service-enriched market rate senior housing is expected to decreased by -55 households between 2016 and 2021, for a total of 712 age- and income-qualified households in 2021.
- Since service enhanced housing is need-driven, seniors with low incomes are still candidates for private pay assisted living and memory care, provided they have home equity or other financial assistance that they can utilize to pay for the costs. Very low-income seniors who are Medicaid-qualified could live in assisted living or memory care facilities that accept Elderly Waivers. The number of Elderly Waivers is typically limited and therefore, there is usually significant demand for waived care in most market areas. This is true in the F-M Metro Area also. However, acceptance of elderly waivers in market rate senior housing is typically capped at between 15% to 20% of residents and most of these residents enter the facility as private pay prior to transitioning over to elderly waiver.

Senior Household Tenure

Table 21 shows the number of older adult and senior households that owned and rented their housing among the combined communities in 2010 and 2015. Data from 2010 is provided by the U.S. Census and 2015 data is from the American Community Survey (5-year estimates). The American Community Survey is sample data compiled each year in between the Decennial Census to provide updated demographic statistics. This information aids in quantifying the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing. Additionally, the information provides insight into the propensity of seniors to rent instead of own their housing.

TABLE 21 OLDER ADULT HOUSEHOLD TENURE MOORHEAD MARKET AREA 2010 & 2015								
	Age of Householder							
	55-64		65-74		75+		Total 65+	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent
2010								
No. of Households	1,676	463	969	238	1,094	579	2,063	817
Homeownership Rate	78%		80%		65%		72%	
2015								
No. of Households	2,096	474	1,200	380	1,229	593	2,429	973
Homeownership Rate	82%		76%		67%		71%	
Change 2010-2015								
No. of Households	420	11	231	142	135	-14	366	156
Pct. Change	25%	2%	24%	60%	12%	-2%	18%	19%

Sources: U.S. Census Bureau, Maxfield Research and Consulting, LLC



DEMOGRAPHIC REVIEW

- In 2010, 72% of age 65+ households owned their housing and the remaining 28% rented. This proportion remained stable with 71% of all age 65+ households owning their housing as of 2015 and 29% renting. As shown, the majority of 65+ households own their homes and would be able to use some or all of the proceeds of a home sale toward alternative housing and services.
- Between 2010 and 2015, homeownership among the 55 to 64 age cohort increased from 78% to 82%. Conversely, the homeownership rate among households age 65 to 74 decreased to 76% from 80% and households age 75+ increased to 67% as of 2015, from 65% in 2010.
- As seniors age, they may no longer desire or be able to maintain their single-family homes. They may prefer to move to housing that offers them greater freedom from home maintenance and/or offers them support services. Seniors typically begin to consider moving into senior housing alternatives in their early 70s. As such, there will be a number of households that will be able to take advantage of additional proceeds from the sales of their homes to use toward alternative housing options, either purchasing another home or renting.

Home Values

Table 22 presents a summary of closed sales of homes in Moorhead, Dilworth, Fargo and West Fargo from the Regional Multiple Listing Service in the FM-Metro Area.

- As of the end of 2015, the median sales price of homes in the F-M Metro Area was \$181,550 with 3,118 closed sales. The median sales price includes all single-family, townhomes and condominiums and includes previously owned and a portion of new construction. In 2015, there were 792 closed home sales in Moorhead and 65 in Dilworth with median sales prices of \$175,000 and \$173,500, respectively. By comparison, there were 700 closed sales in West Fargo and 1,561 closed sales in Fargo.
- The median closed sales price of homes in Moorhead has increased from \$139,000 in 2011 to \$175,000 in 2015, an increase of 4.7% annually during the period or an overall increase of 25.9%. By comparison, the median closed sales price of homes in Fargo rose 4.4% annually while the median closed sales price in West Fargo rose by 5.8% annually over the same period.
- Based on the 2015 median resale value in Moorhead (\$175,000), a senior household could generate approximately \$3,290 of additional income annually (about \$274 per month), if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

DEMOGRAPHIC REVIEW

TABLE 22
FM METRO HOUSING SALES (NEW & EXISTING HOMES)
2012 through 2016

	2012		2013		2014		2015		2016	
	Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	Closed Sales	Median Sales Price	Closed Sales	Median Sales Price
Moorhead	575	\$137,000	655	\$150,000	678	\$160,000	792	\$175,000	696	\$186,400
Dilworth	45	\$135,200	71	\$157,000	52	\$160,500	65	\$173,500	69	\$184,200
Fargo	1,514	\$150,000	1,692	\$159,000	1,570	\$171,800	1,561	\$188,100	1,593	\$204,500
West Fargo	622	\$171,000	708	\$192,000	665	\$202,532	700	\$218,630	699	\$238,188
Total/Median	2,756	\$143,500	3,126	\$158,000	2,965	\$166,150	3,118	\$181,550	3,057	\$195,450

Source: FGO Flex MLS; Maxfield Research and Consulting, LLC

Summary of Demographic Trends

The following points summarize key demographic trends that will impact economic development in the Moorhead Market Area.

- Between 2000 and 2010, Moorhead added 5,965 people (15.0%) and 2,443 households (16.4%). By comparison, the Fargo/West Fargo area population grew 24.5% (25,840) while the number of households increased 26.9% (12,100). The proportional increase in new households was higher than the proportional increase in population, which indicates a gradual trend toward smaller household sizes.
- Commercial building activity through the decade followed national trends, with peaks and troughs mirroring economic cycles. In Moorhead, permit activity peaked in 2001 then dropped off sharply in 2002 after the economic recession of 2001. Permit activity gained steam as the economy recovered in the middle part of the decade before declining as the nation's economy entered the "Great Recession" in late 2007.
- After experiencing a ten-year low in the number of permits issued in 2009, commercial development activity in Moorhead increased in 2010. As of the end of 2016, Moorhead issued 31 commercial permits for a total value of \$33.1 million while 72 permits were issued for remodels with a value of nearly \$81 million.
- In 2010, the largest group by age in Moorhead was the under-20 age group, totaling 11,225 people (28.1% of the total population) in 2010. The largest adult age group was people ages 20 to 24, documenting the substantial size of the largely student population in Moorhead attending one of the City's three or four post-secondary educational institutions. Adults ages 35 to 44 are projected to show strong growth in Moorhead over the next five years, growing by 16.7%.

DEMOGRAPHIC REVIEW

- The largest rate of growth is predicted to occur among older adults in the Moorhead area, those ages 65 to 74. Aging of baby boomers led to an increase of 1,513 people (40.8%) in the 55-64 population between 2000 and 2010. In the next five years, people ages 65 to 74 are projected to increase by 24.7% in Moorhead and 38.0% in Fargo/West Fargo.
- In 2016, the median household income in Moorhead is estimated at \$52,156 and is projected to decrease slightly to \$51,182 by 2021. The median income in Fargo/West Fargo was an estimated \$52,618 in 2016 and is projected to increase to \$55,613 by 2021.
- With an estimated ownership rate of 63.3% in Moorhead as of 2016, the overall rate of homeownership is higher in Moorhead than in Fargo/West Fargo which has an estimated ownership rate of 48.8%. The percentage of owners in Moorhead increased slightly (0.2%) between 2010 and 2016, while the home ownership rate decreased in Fargo/West Fargo by -0.8%.
- Owner-occupied housing units represents 64.0% of the total 17,680 occupied housing units in Moorhead, compared to 44.3% in Fargo and 75.4% in West Fargo. Two-person, owner-occupied housing units comprise the largest percentage of owner-occupied units in the Moorhead area as well as in Fargo and West Fargo at 25.7%, 17.5% and 28.3%, respectively. One-person, renter-occupied housing are the most popular units in Moorhead and Fargo comprising 17.6% and 27.8% of all rental units, respectively in each City.
- The largest income group in Moorhead and in Fargo/West Fargo are households with incomes between \$50,000 and \$74,999 annually. In this group, only 14.6% of the households in Moorhead rented compared to 48.3% in Fargo/West Fargo.
- In 2010, people living alone was the largest household type category in the Market Area. This has remained the same as of 2016. This household type currently represents 29.5% of all households in Moorhead and 35.6% in Fargo/West Fargo. By 2010, the number of married couples with children was surpassed by people living alone and married couples without children as the most common household types in the F-M Metro Area.
- Employment growth since 2010 in the region has been robust, but primarily in Fargo. Moorhead's covered employment remained basically steady between 2010 and 2015 (14,172 in 2010 and 14,116 in 2015). Employment in Cass County, North Dakota (smallest area of geography for analysis) increased by 18,244 jobs from 2010 through 2015.

DEMOGRAPHIC REVIEW

- Since 2010, Moorhead has experienced relatively steady labor force and employment growth, with a downturn in the unemployment rate in December 2016 to only 2.3%. The number of employed residents in Moorhead rose by 1,515 between 2010 and year-end 2016. The number of employed residents in Fargo rose by 13,862 people between 2010 and year-end 2016.
- The largest employers in Moorhead are in the educational services industry sector, including: Moorhead Public Schools, Minnesota State University Moorhead and Concordia College. Other large employers in the F-M Metro Area include Sanford Health Systems, Essentia Health and Noridian Health Care.
- The 2014 commute data shows that 52.5% of Moorhead residents work in Fargo and 33% of Moorhead workers live in Moorhead. An estimated 4,200 Moorhead residents both live and work in Moorhead.

Introduction

This section presents information on the existing housing stock in Moorhead and surrounding communities. Information presented includes data on the age of the housing stock, home values, available residential lot supply, rental vacancy rates and pricing, senior housing products, among other categories. The information is intended to provide an assessment of the current housing market in Moorhead, general comparisons with surrounding communities and an analysis of the potential demand for additional housing units in the community by product type.

Age of Housing Stock

Table 23 shows the estimated age distribution of the housing stock in 2016, based on data from the Census Bureau, American Community Survey and information compiled from building permits. The table includes the number of housing units in each community prior to 1940 and during the subsequent periods since. Figures are shown for Moorhead and Fargo and West Fargo. Summary charts for owned and rental housing follow the table for the largest communities of Moorhead, Fargo and West Fargo.

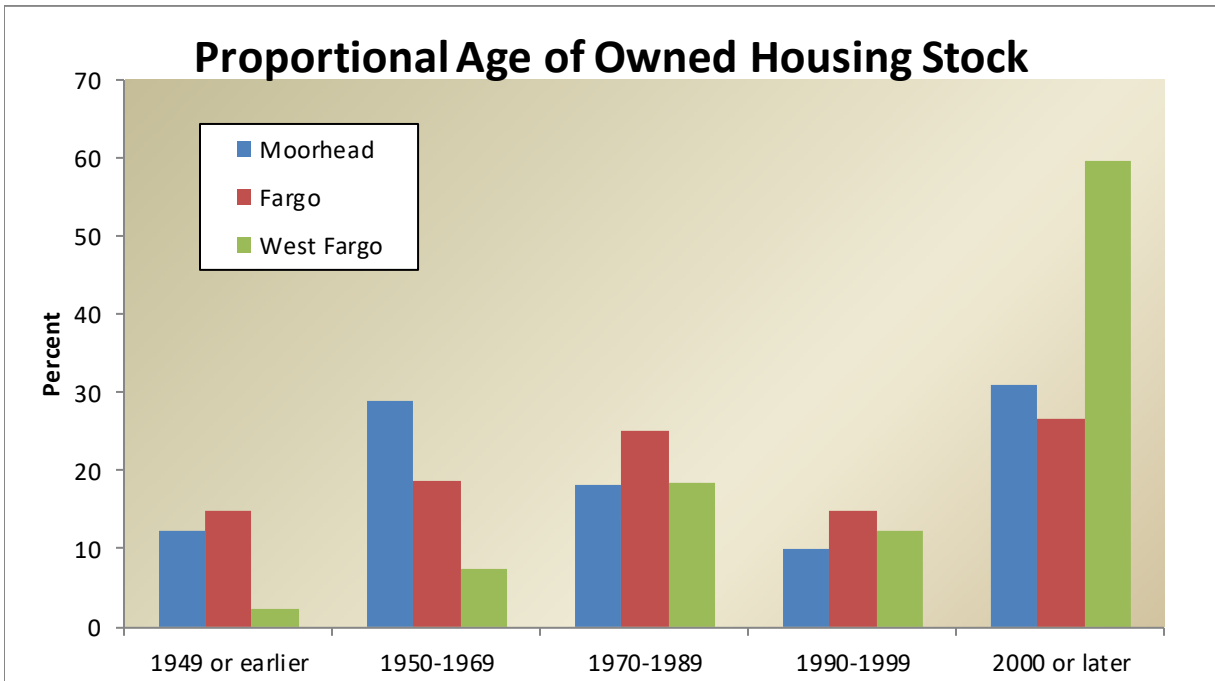
Key points derived from Table 23 are:

- ▶ Overall, the area's housing stock is relatively new. As of 2016, 66% of the owned housing stock among all of the communities was built prior to 2000. In Moorhead, 69.0% of the City's housing stock was built prior to 2000. In Fargo, 73% was built prior to 2000 and in West Fargo, 41% was built prior to 2000.
- ▶ Housing development increased significantly during the 2000s across the F-M Metro Area. Proportionally, the age of Moorhead's housing stock is more similar to Fargo's. The largest difference is during the 1980s and 1990s, when the total percent of owned housing built in Fargo was 25.8%, compared to 17% for Moorhead.
- ▶ From 2000 through 2009, an estimated 22.5% of Moorhead's, 26.2% of Fargo's and 34% of West Fargo's owned housing stock was built. In terms of rental housing stock, the figures are 18.7% for Moorhead, 16.1% for Fargo, and 30.0% for West Fargo. While the number of housing units (rental and owned) is much greater in Fargo, the size of the community is also larger, approximately three times the size of Moorhead.
- ▶ Most recently, 2010 or later, Fargo has generally pulled out ahead in terms of the proportion of its total housing stock built during this period. Some of the shift toward newer housing likely incorporates older housing units that were removed to make way for flood mitigation in the area. A total of 239 homes have been removed in Moorhead since 1990 to make way for flood mitigation projects.

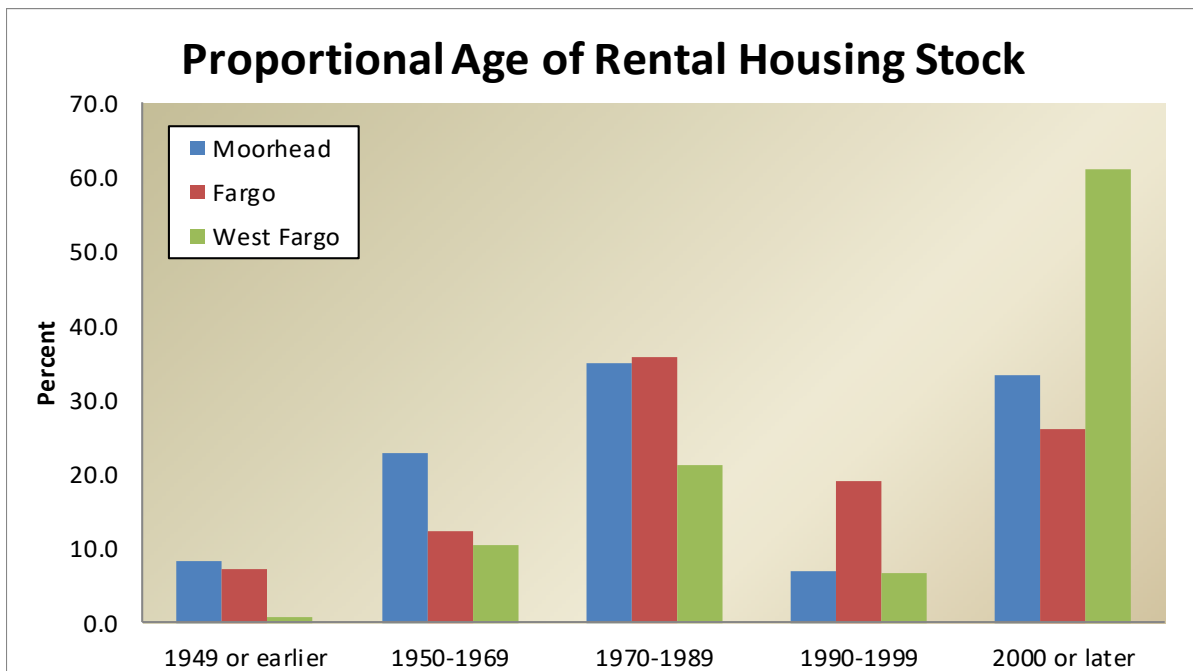
**TABLE 23
YEAR STRUCTURE BUILT BY TENURE
MOORHEAD AND SURROUNDING COMMUNITIES
2015**

	Moorhead		Fargo		West Fargo	
	Number	Pct.	Number	Pct.	Number	Pct.
Total:	17,680	100.0%	57,060	100.0%	14,160	100.0%
OWNER						
All Housing Units	11,313	64.0%	25,293	44.3%	9,546	67.4%
Built 2010 or later	917	8.1%	2,447	9.7%	2,430	25.5%
Built 2000 to 2009	2,415	21.3%	4,297	17.0%	3,254	34.1%
Built 1990 to 1999	1,200	10.6%	3,747	14.8%	1,176	12.3%
Built 1980 to 1989	790	7.0%	2,774	11.0%	518	5.4%
Built 1970 to 1979	1,401	12.4%	3,557	14.1%	1,254	13.1%
Built 1960 to 1969	1,220	10.8%	1,810	7.2%	268	2.8%
Built 1950 to 1959	2,018	17.8%	2,926	11.6%	435	4.6%
Built 1940 to 1949	549	4.9%	983	3.9%	100	1.0%
Built 1939 or earlier	803	7.1%	2,752	10.9%	111	1.2%
RENTER						
Renter occupied:	6,367	36.0%	31,767	55.7%	4,614	32.6%
Built 2010 or later	932	14.6%	5,850	18.4%	1,432	31.0%
Built 2000 to 2009	1,184	18.6%	5,115	16.1%	1,386	30.0%
Built 1990 to 1999	438	6.9%	6,188	19.5%	306	6.6%
Built 1980 to 1989	564	8.9%	3,713	11.7%	288	6.2%
Built 1970 to 1979	1,265	19.9%	4,806	15.1%	688	14.9%
Built 1960 to 1969	951	14.9%	1,919	6.0%	421	9.1%
Built 1950 to 1959	490	7.7%	1,161	3.7%	62	1.3%
Built 1940 to 1949	150	2.4%	848	2.7%	31	0.7%
Built 1939 or earlier	393	6.2%	2,167	6.8%	0	0.0%
Note: Oakport permits included in Moorhead totals.						
▶ Source: U.S. Census Bureau, Building Permit Data; Maxfield Research and Consulting, LLC						

The following charts combine data into larger time periods and show the totals for Moorhead, Fargo and West Fargo, for comparison purposes.



Sources: US Census Bureau: American Community Survey; Various cities



Sources US Census Bureau: American Community Survey Various cities

Rental Housing Market Analysis

Rental Vacancy Rates

Table 24 presents a summary of rental housing vacancy rates for Moorhead, Fargo, West Fargo, and Dilworth. This information is compiled quarterly by Appraisal Services Inc. located in Fargo. The most recent data available is as of 4th Quarter 2016. As shown on the table, the survey incorporates a total of 30,155 rental units, approximately two-thirds of the rental housing stock in the F-M Metro Area. With such a large sample, the accuracy of the data is considered to be reliable.

As shown on the table, the overall physical vacancy rate for the Metropolitan Area was 9.2% and according to Appraisal Services, the current vacancy rate indicates that supply continues to outpace demand in the F-M Metro Area. The Metrowide vacancy rate increased from 4.5% as of the end 2015 to 9.2% by the end of 2016. The overall average vacancy rate for the F-M Metro Area since 2010 has gradually increased as multifamily construction has increased. The large increase in the metrowide vacancy rate between 2015 and 2016 is likely a result of the inclusion of properties that are in initial lease-up and that have not yet reach stabilized occupancy.

According to the report, the December 2016 survey received responses from 53 of the 59 owners and managers surveyed, a high response rate. The strongest performing submarkets in the F-M Metro Area are in the older neighborhoods which include North Fargo and South Fargo. Over 6,000 new apartment units have been constructed since 2012, when vacancy rates were generally less than 3.0%. The market has shown an increase of 4.7% in metro-wide vacancy (December 2015 to December 2016), which likely reflects the inclusion of new rental properties that are still in their initial lease-up period and have been absorbed into the market. While in-migration has been strong, there has been a slow-down in out-migration, as graduating college students are opting to remain in the area where the job market is strong and the cost of living is relatively low. New rental properties are generally offering incentives to accelerate lease-up.

Prior to December 2016, Moorhead, West Fargo and Dilworth had somewhat higher vacancy rates than Fargo. That changed as of December 2016, when the overall vacancy rate in Fargo climbed to 8.9%, reflecting a substantial amount of new construction.

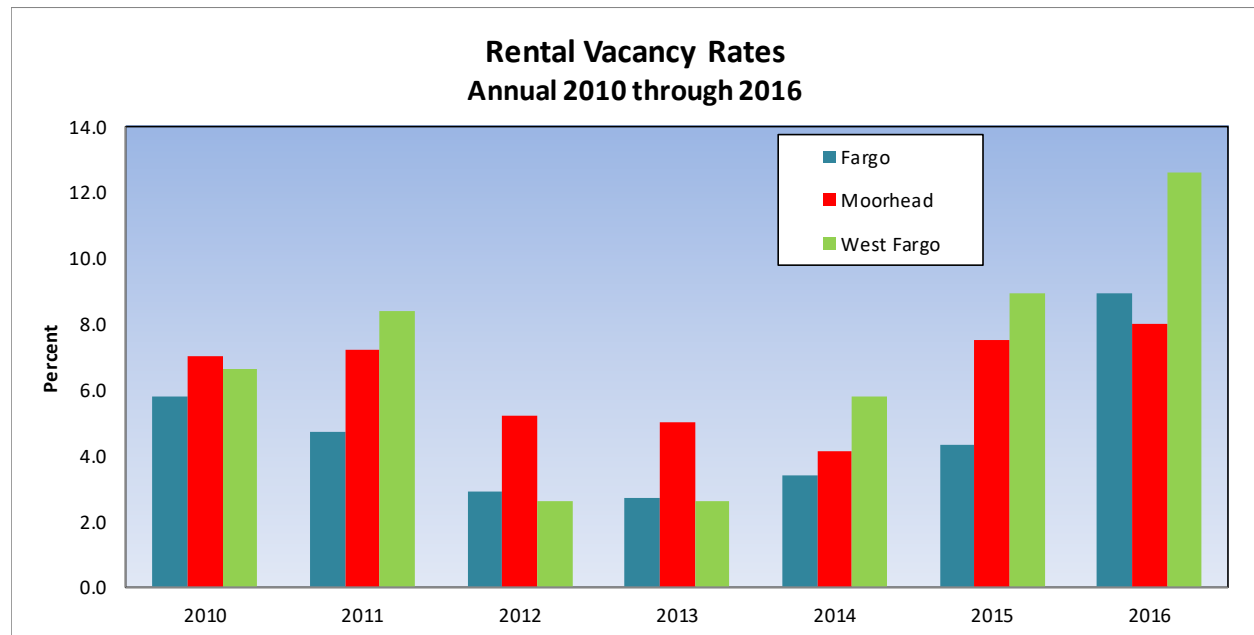
From the data, the rental market remains competitive, but healthy and there is adequate supply available to meet the demands of a variety of tenants in the marketplace. Rents generally remain affordable, but rents at new properties are unaffordable to those with very low incomes.

HOUSING MARKET ANALYSIS

**TABLE 24
SUMMARY OF RENTAL VACANCY RATES
MOORHEAD AND SURROUNDING COMMUNITIES**

Area	12/16 Units Surveyed	Percent Vacant				Average Annual Vacancy						
		12/16	12/15	12/14	12/13	2016	2015	2014	2013	2012	2011	2010
		S. Fargo Area 1	4,726	5.9	3.4	4.2	1.9	4.8	2.7	3.2	2.5	2.1
S. Fargo Area 2	1,840	5.6	3.8	4.1	3.3	4.4	2.4	2.9	2.1	3.4	4.6	5.3
S. Fargo Area 3	1,179	6.7	3.8	5.3	2.8	6.4	3.5	4.6	3.3	3.3	4.9	6.6
S. Fargo Area 4	5,019	7.4	6.0	4.4	3.0	6.7	4.2	3.4	2.6	3.1	4.9	6.0
S. Fargo Area 5	4,958	16.0	7.8	5.7	3.9	12.3	7.2	4.0	3.5	3.6	5.8	6.8
Dwntn. Fargo	1,678	9.2	3.6	--	--	4.4	3.8	--	--	--	--	--
N. Fargo	2,657	6.0	5.4	3.1	2.3	6.7	4.4	2.9	2.3	2.4	4.2	5.7
Total Fargo	22,057	8.9	4.4	2.7	3.8	7.1	4.3	3.4	2.7	2.9	5.8	5.8
Moorhead	3,944	8.0	6.8	5.3	2.1	7.3	7.5	4.1	5.0	5.2	7.2	7.0
West Fargo	3,990	12.6	6.8	3.2	4.1	10.3	8.9	5.8	2.6	2.6	8.4	6.6
Dilworth	164	12.2	4.1	11.3	3.4	10.5	6.3	6.9	4.5	6.3	6.0	8.5
Total	30,155	9.2	4.5	3.2	3.6	7.5	5.3	3.8	3.0	3.2	5.5	6.0

Source: Appraisal Services Inc.



General Occupancy Rentals – Pricing Structure

Recently, new rental housing constructed across the F-M Metro Area has enhanced the offerings available to renters. Similar to amenities now found in new ownership housing, developers of rental housing are incorporating features into new rental apartments to appeal primarily to target markets such as young professionals, empty-nesters/seniors and students that are willing to pay higher rental rates in exchange for upscale features such as stainless appliances, microwave ovens, in-unit washer/dryers, high ceilings, granite counters, community and exercise rooms, and underground parking.

Although these types of developments are usually more prevalent in high-density urban districts, these trends are have also reached larger metropolitan regional centers like Fargo-Moorhead that have more inflow and outflow of people from various types of industry sectors such as technology, education, health care, among others.

Several rental townhome properties have been developed across the F-M Metro Area, in Moorhead, Fargo and West Fargo. Rental townhomes have become a popular rental alternative for households that may prefer more space or greater privacy because of children and/or pets. Rental rates for townhomes represents a strong value in the marketplace as the rent levels are slightly above, but not significantly above traditional apartment rentals, while the square footages are usually larger. The unit often has an attached garage and at some properties, additional garages are available at extra charge. In general, rental townhome developments because of their larger sizes do not usually create as high an investment return as apartments; however, they are often popular with families and young professional couples. If a rambler floor plan is available, empty-nesters also often prefer these units as the transition between a single-family home and a townhome is usually less challenging than shifting from a single-family home to a traditional apartment.

The following paragraphs present a summary comparison of rent pricing structure between older and newer rental properties by unit type in Moorhead, Fargo and West Fargo.

As shown on Table 25 on the following page, rental rates in Moorhead compared to Fargo are slightly lower for properties constructed in 1999 or earlier, but are modestly higher in Moorhead for properties constructed in 2000 or later. The lower rental rates in Moorhead for properties built 1999 or earlier as compared to Fargo, may be a result of the substantial amount of apartment product developed in Fargo in the 1980s and 1990s, while much of Moorhead's rental product prior to 1999 was constructed in the 1970s and 1980s. New product rental rates are similar, but still higher, on average, in Moorhead. Higher rental rates in Moorhead versus Fargo may be attractive to potential developers, but other factors must also be considered such as overall construction/labor costs, land prices, property taxes and other development costs that may affect the rent levels required for multifamily to be financial feasible.

HOUSING MARKET ANALYSIS

**TABLE 25
AVERAGE RENTAL PRICING INFORMATION
MOORHEAD, FARGO AND WEST FARGO
August 2016**

	Apartments		Townhomes	
	2000 or later	1999 or earlier	2000 or later	1999 or earlier
	New Rentals	Older Rentals	New Rentals	Older Rentals
Moorhead				
Studio	\$675 - \$700	\$325 - \$455	n/a	n/a
1BR	\$625 - \$895	\$350 - \$600	\$895	n/a
2BR	\$625 - \$1,050	\$465 - \$710	\$960 - \$1,095	\$650 - \$680
3BR	\$925 - \$1,495	\$720 - \$740	\$1,125 - \$1,495	\$810
4BR	n/a n/a	n/a n/a	\$1,325 - \$1,325	n/a
Fargo				
Studio	\$510 - \$910	\$350 - \$590	n/a	Not Applicable
1BR	\$750 - \$1,295	\$510 - \$910	n/a	
2BR	\$700 - \$2,395	\$530 - \$740	\$695 - \$1,595	
3BR	\$945 - \$2,395	\$630 - \$1,950	\$1,095 - \$1,995	
4BR	\$1,425 - \$2,290	n/a - n/a	n/a	
5BR	\$1,895 - \$1,895	n/a - n/a	n/a	
West Fargo				
Studio	\$450 - \$640	\$350 - \$400	n/a	
1BR	\$530 - \$1,125	\$520 - \$680	n/a	
2BR	\$600 - \$1,335	\$520 - \$945	\$900 - \$1,000	
3BR	\$760 - \$1,325	\$760 - \$1,290	\$1,175 - \$1,300	

Sources: Rent.com; Apartmentfinder.com; apartmentsHQ.com; Apartment Guide; Maxfield Research and Consulting, LLC

Student Enrollment Trends and Student Housing

Introduction

This section presents information on historic enrollment trends among the four larger post-secondary educational institutions in the F-M Metro Area. The four larger educational institutions included are:

- Concordia College
- Minnesota State University-Moorhead
- North Dakota State University
- M State Moorhead

General enrollment trends are shown along with some additional student demographics. A following table identifies the number of student beds on each of the campuses that offers residential housing. M State does not offer on-campus student housing.

In addition, a survey was distributed to students attending post-secondary institutions on the Minnesota side to solicit information regarding their current housing location, their preferences for housing and opinions about the availability of parking on or near the campus where they attend school. Survey results are found in the Appendix to this report.

Post-Secondary Enrollment

Table 26 shows total headcount enrollment at area colleges and universities in the Moorhead area. The data shows that student enrollments have fluctuated more in the past five years than in the five years previous. Most of the fluctuation experienced by the institutions is a result of demographic trends where high school graduations for students in the Upper Midwest have gradually decreased.

North Dakota State University is the second largest public university in North Dakota. Those in Moorhead are also top quality, but are not as large in size as are others in the State. Enrollment at Concordia College decreased in 2014 and again in 2015. M State's enrollment has also fluctuated slightly, but has increased back to its level of 2011. Projections of high school graduations for the Upper Midwest generally show that the low graduation rate is anticipated to bottom in 2015-2016, then rise slowly until about 2023 when it will reach another peak.

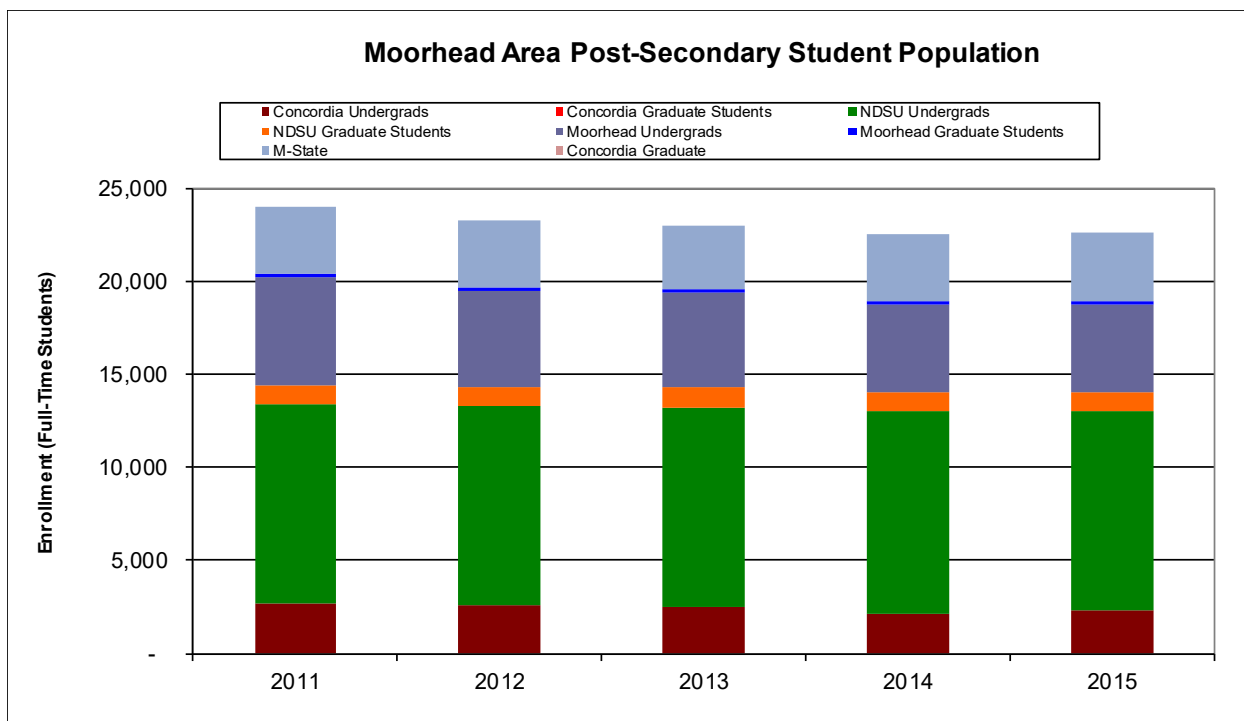
HOUSING MARKET ANALYSIS

**TABLE 26
POST-SECONDARY ENROLLMENT
MOORHEAD AREA
2011 through 2015**

	2011	2012	2013	2014	2015
Undergraduate Full Time	10,675	10,718	10,707	10,863	10,676
Undergraduate Part Time	1,236	1,270	1,241	1,259	1,361
Graduate/Professional Full Time	1,000	1,015	1,091	1,052	1,008
Graduate/Professional Part Time	1,488	1,140	1,590	1,571	1,471
North Dakota State University	14,399	14,143	14,629	14,745	14,516
Undergraduate Full Time	5,830	5,221	5,107	4,731	4,718
Undergraduate Part Time	1,182	1,150	1,051	1,007	1,036
Graduate/Professional Full Time	154	145	153	180	174
Graduate/Professional Part Time	331	333	313	392	427
Minnesota State University Moorhead	7,497	6,849	6,624	6,310	6,355
Undergraduate Full Time	2,698	2,554	2,488	2,125	2,332
Undergraduate Part Time	48	49	43	37	49
Graduate/Professional Full Time	--	--	--	--	--
Graduate/Professional Part Time	28	26	27	17	15
Concordia College	2,774	2,629	2,558	2,179	2,396
M State - Moorhead	3,655	3,566	3,456	3,556	3,656
Post-Secondary Enrollment Total:	28,325	27,187	27,267	26,790	26,923

Sources: North Dakota University System Compliance Report, Minnesota State University Fact Book, Minnesota Private College Council, Maxfield Research and Consulting, LLC

Moorhead Area Post-Secondary Student Population



Number of On-campus Beds

Table 27 presents information on the number of on-campus beds for each of the area institutions. M-State does not provide any on-campus housing for its students. Concordia has an average of 2.28 beds per unit and is able to house nearly all of its undergraduate student population in on-campus housing and requires freshmen and sophomores to live on-campus. Minnesota State University-Moorhead has a total of 1,929 beds or a ratio of 1.99 beds per unit or 27.5% of its undergraduate population is housed in on-campus housing. This compares to 72.5% for Concordia College and 49% for North Dakota State.

If there is no requirement to reside on-campus, many students prefer to find their own housing. Some students prefer to live away from campus to be able to better manage a separation between the environment at college and their home life.

Living off-campus, while sometimes presenting challenges, enables students to transition more rapidly to adulthood and to learn to manage the additional freedom that is afforded off-campus.

Students living off-campus have, in recent years, proven to be a strong market for apartment-style housing with features and amenities that cater to their needs. Safety and security are also important issues for college students. New housing typically provides greater security.

Minnesota State University Moorhead has closed Snarr South Hall for renovations for the current school year. Additional renovations have occurred to other buildings on campus and also at Concordia College.

TABLE 27 ON CAMPUS HOUSING MOORHEAD AREA August 2016				
	Buildings	Units	Beds	Beds/Unit
Concordia College	14	868	1,983	2.28
Minnesota State University Moorhead	9	970	1,929	1.99
M State	0	0	0	0
North Dakota State University	17	2,500	5,280	2.11
Total:	40	4,338	9,192	2.12
Note: Snarr South is closed for 2016-2017 while under renovation.				
Sources: Residential Life Offices; Maxfield Research and Consulting, LLC				

The City of Moorhead conducted a student survey in 2016 to better understand why students live where they do, what types of housing they select, and why. The student survey responses and comments are included on page 116.

Cost-Burdened Households

Table 28 presents information on cost-burdened households in the Moorhead area and Clay County. This information was compiled from the American Community Survey estimates for 2010 and 2015. Information is presented for owner and renter households. Maxfield Research classifies cost-burdened as moderately cost-burdened or severely cost-burdened. Households are considered as moderately cost-burdened if they pay 35% or more of their income for housing costs. Households are considered as severely cost-burdened if they pay 50% or more of their income for housing costs.

The table shows that the proportion of cost burdened owner households in the Moorhead area and Clay County has increased between 2010 and 2015. This is most likely due to the economic recovery and an increase in employment.

	Moorhead Area				Clay County			
	2010		2014		2010		2014	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	10,578	100%	10,617	100%	15,437	100%	15,657	100%
Cost Burden 35% or greater	1,572	14.9%	1,400	13.2%	2,327	15.1%	2,155	13.8%
Owner Households w/ incomes <\$50,000	14,522	100%	14,522	100%	15,437	100%	9,763	100%
Cost Burden 35% or greater	1,902	13.1%	8,937	61.5%	2,679	17.4%	6,424	65.8%
Renter Households								
All Renter Households	5,408	100%	6,142	100%	6,247	100%	6,888	100%
Cost Burden 30% to 34.9%	491	8.0%	380	6.2%	542	7.9%	424	6.2%
Cost Burden 35% to 49.9%	694	11.3%	1,231	20.0%	793	11.5%	1,305	18.9%
Cost Burden 50% or greater	1,695	27.6%	1,751	28.5%	1,833	26.6%	1,891	27.5%
Renter Households w/ incomes <\$35,000	5,408	100%	6,142	100%	6,247	100%	6,888	100%
Cost Burden 35% or greater	2,255	41.7%	2,698	43.9%	2,478	39.7%	2,670	38.8%

Sources: American Community Survey, 2010 and 2014 estimates; Maxfield Research and Consulting, LLC

There has been a modest decrease in the percentage of renter households that pay between 30% and 34.9% of their incomes for housing, but an increase in the proportion of households that pay between 35% to 49.9% and those that pay 50% or more of their incomes for housing. Although there has been an increase in the number of units that provide rents affordable to households with middle incomes, those at the lowest end of the income scale often continue to fall further behind due to cuts in funding for Housing Choice Vouchers and substantially reduced development of housing units targeted to meet the needs of households with incomes of less than 30% of the Area Median Income (AMI). Although a robust economy may bring an increase in jobs and higher wages, households with incomes at the very lowest end of the income spectrum may have other barriers that may inhibit their ability to find housing at a cost that is affordable to them. A more robust economy also means that rents typically increase and then housing costs increase across the board, making it more difficult for households at the lower end of the income spectrum. The data indicates there is a need for additional rental

housing and/or vouchers that would provide assistance to households with low incomes to be able to obtain housing that they can afford.

Senior Housing

Introduction

This section identifies the types of senior housing products that exist in Moorhead and in the surrounding area. Senior housing, as a specific housing product, has increased substantially over the past decade across the country and has expanded locally, more in the Fargo/West Fargo area than in Moorhead, offering seniors a multitude of housing options from limited or no services to products that specifically serve individuals with Alzheimer's and/or dementias. The following graphic outlines the current continuum of care within the senior housing product line. As the population ages, the availability of various types of housing with and without services will be important in order to satisfy the needs of this growing age group. Specifically, the age 85+ cohort is expected to increase exponentially over the next 20 years to 2030.

Interviews in the Moorhead market area revealed that the majority of seniors prefer to remain in their own communities rather than relocate to a new neighborhood. Seniors may move into a new area if their children are close by. Typically, these groups will relocate from greater distances, either from a different state or from another region to be near family and/or relatives or to return to an area where they once had strong connections.

Some seniors, primarily those that are younger and in good health, may select a retirement location far different from their current affiliations such as a place in a warmer climate, a resort style environment or one that offers unique features and amenities. As younger seniors age, they may decide to relocate from these "retirement destinations" to be near family and friends as their service needs increase.

Types of Senior Housing Products

For analytical purposes, Maxfield Research Inc. classifies senior projects into four categories based on the level and type of services offered:

Adult/Few-Services projects are similar to a general occupancy apartment or condominium building, in that they offer virtually no services but have age-restrictions (typically 55+ or older). Organized activities and transportation are usually all that are available at these projects. Because of the lack of services, adult/few-services projects typically do not command the rent premiums of more service-intensive senior housing.

Congregate projects (or independent living with services available) offer seniors support services such as meals and/or housekeeping. These projects typically dedicate a larger share of the overall building area to common areas to accommodate for the smaller units and to encourage socialization. Congregate projects attract a slightly older target market than adult housing, typically seniors age 75+. Rents are above those of the adult/few-services buildings, even at the exclusion of services. Sponsorship by a nursing home, hospital, or other health care organization is common. Some congregate developments may provide space for an on-site, outside health care provider to offer services to residents.

Assisted Living facilities come in a variety of forms, but the target market for most is very frail seniors, generally age 80 or older who are in need of extensive support services. Absent an assisted living option, these seniors may otherwise need to move to a nursing facility. At a minimum, assisted living projects 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 available for additional cost in tiered service packages or a-la-carte). Assisted living facilities also have either staff on duty 24 hours per day or 24-hour emergency response.

Some assisted living facilities offer self-contained dwelling units similar to a regular senior apartment with full kitchens and spacious rooms. Projects offering kitchens in the units may include only two meals per day while those without kitchens in the units generally provide three. Other projects do not have kitchens and are merely updated versions of board-and-care facilities with sleeping units and communal living spaces.

Monthly fees vary depending on the number and type of services included and the size of the units, but most facilities have fees starting at over \$3,000 per month. Because of the high cost of care, many facilities accept financial assistance through Elderly Waivers or other financial assistance programs.

Memory Care facilities are designed specifically for seniors suffering from Alzheimer's or other dementias. Projects will consist mostly of suite-style or studio apartment units and allocate large communal areas for activities and programming.

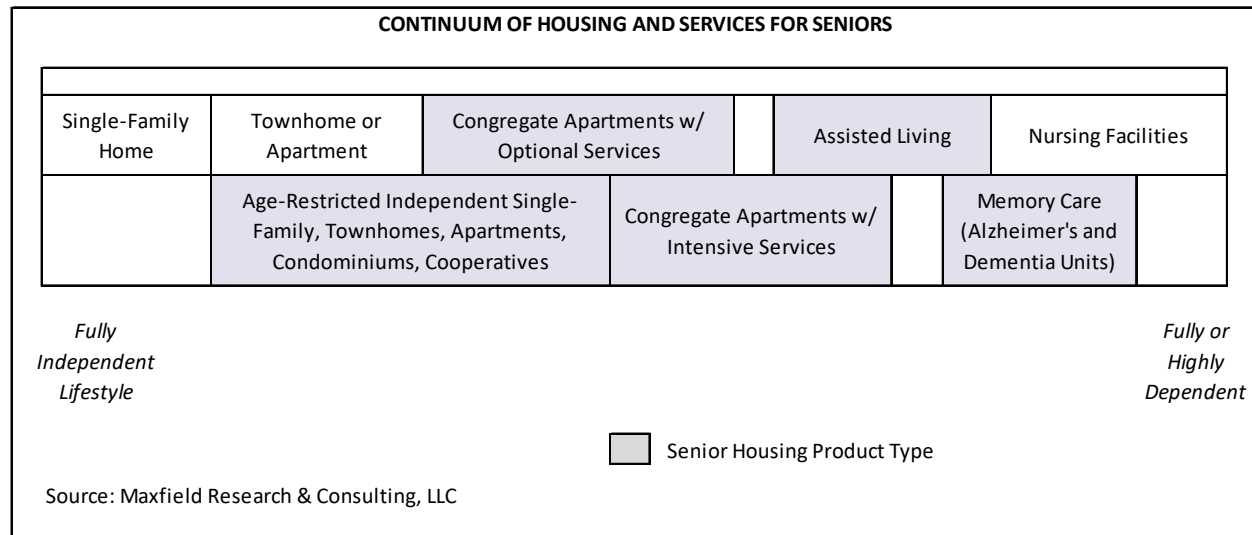
In addition, staff personnel typically undergo specialized training in the care of this population. Because of the greater amount of individualized care required, staffing ratios are much higher than traditional assisted living. The costs of care are also higher. Monthly fees for memory care units typically start at about \$4,000 per month.

Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of people afflicted with Alzheimer's are in two-person households. Therefore, 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.

HOUSING MARKET ANALYSIS

Enhanced Care (or “high-acuity”) units serve seniors with much greater frailty – typically those needing assistance with more than three ADLs, whereas the average resident in traditional assisted living needs assistance with 2.25 ADLs, according to the National Center for Assisted Living. The care provided in the enhanced care is more similar to what seniors generally receive in skilled nursing facilities, such as assistance with eating, toileting, and two-person transfers.

Today’s senior housing products form a continuum of care from a purely residential level to intensive medical care. Often the services offered at these projects overlap with one another and make these definitions somewhat ambiguous. In general, however, distinctions in clientele are made within each type of facility.



Adult/few-services projects tend to attract younger, independent, and active seniors; congregate projects serve independent seniors who desire support services (i.e., meals, housekeeping, transportation, etc.); and assisted living projects tend to attract older, more frail seniors who need assistance with daily activities but do not need the intensive medical care provided by a skilled care facility.

Senior Housing Developments in Moorhead

Table 29 presents an inventory of senior housing developments in Moorhead and Dilworth, affordable and market rate. The table summarizes senior housing developments by service level category from adult, few services housing with few or no services to service-intensive housing that generally targets the frail elderly with Alzheimer’s and dementia illnesses.

TABLE 29			
MARKET RATE/AFFORDABLE SENIOR PROPERTIES			
MOORHEAD/DILWORTH			
August 2016			
Property	City	Year Built	Units/ Beds
Active Adult Rental - Affordable			
Eventide Living Center	Moorhead	1986	46
Park View Terrace	Moorhead	1977	121
Woodlawn Terrace	Moorhead	2001	22
Subtotal			189
Adult Rental - Market Rate			
Farmstead Estates	Moorhead	2008	48
Crossings at Water's Edge	Moorhead	2006/2009	89
Carriage House	Moorhead	1985	36
Subtotal			173
Congregate			
Eventide Catered Living	Moorhead	1992	53
Linden Tree Circle	Moorhead	2000	66
Moorhead Manor	Moorhead	1980s	30
Subtotal			149
Assisted Living			
Eventide-Fairmount	Moorhead	1994	110
River Pointe	Moorhead	2009	24
Golden Living Community	Moorhead	1999	16
Arbor Park Village	Moorhead	2005	10
The Evergreens	Moorhead	1998	15
Houge Estates	Dilworth	2005	8
Serenity Assisted Living	Dilworth	n.a.	11
Subtotal			194
Memory Care			
Eventide - Garden Square	Moorhead	1994	19
The Evergreens	Moorhead	1998	15
Arbor Park Village	Moorhead	2005	10
Lilac Homes	Moorhead	2012	10
Subtotal			54
Total			759
Source: Maxfield Research and Consulting, LLC			

Market rate assisted living and memory care developments may also assist low-income seniors through the Elderly Waiver program. In Minnesota, this program provides assistance with services to seniors that require it. Market rate facilities may determine if they want to accept residents with Elderly Waivers. In most cases, the number of seniors on Elderly Waivers in market rate developments ranges from 0% to approximately 25% of total residency.

Skilled Nursing Facilities

Table 30 shows four skilled nursing facilities in Clay County, two located in Moorhead and two others outside of Moorhead.

TABLE 30 SKILLED NURSING FACILITIES CLAY COUNTY August 2016			
Property	City	Year Built	Units/ Beds
SKILLED NURSING FACILITIES			
Eventide Lutheran Home	Moorhead	n.a.	195
Moorhead Health Care Center	Moorhead	1963	87
Golden Living Center	Barnesville	n.a.	35
Viking Manor Nursing Home	Ulen	n.a.	45
Total			362

Source: Maxfield Research and Consulting, LLC

In total, these facilities provide 282 beds in Moorhead and another 80 beds in the remainder of Clay County for individuals that require intensive nursing care. Valley Care and Rehab is located in Barnesville and Viking Manor is in Ulen. Because Moorhead is a regional center in Clay County, these nursing homes draw residents from outside of Moorhead. Our review of the facilities identified that the facilities in Moorhead have been operating at about 90% range for occupancy. Average occupancy for the State of Minnesota as of 2015 was 89.9%. There are several nursing home located in Fargo and individuals needing nursing care may seek care in North Dakota. The State of Minnesota continues to have a moratorium on new nursing home beds, but will allow beds to be transferred from one area of the State to the other provided that there is a demonstrated need. In general, greater Minnesota tends to be over-bedded while the Twin Cities is generally under-bedded. The State regularly monitors demand for long-term care beds in Minnesota and its general focus has been to push lower levels of care out of nursing home settings to alternative care situations, including assisted living and memory care facilities.

As the overall population of Minnesota ages however and growth in the 85+ population swells, Minnesota may be need to reconsider its current long-term care bed counts.

Income-Based Assisted Housing (Shallow-Subsidy and Deep-Subsidy)

Table 31 presents information on publicly assisted housing in Moorhead. The table shows information on the number of properties that have received deep subsidies and the number of properties that have received shallow-subsidies. Deep-subsidy properties are typically affordable to households that earn no more than 50% of the Household Area Median Family Income (HAMFI) and then households are eligible to pay no more than 30% of their adjusted income for housing costs. The HUD 202, Section 8 and Section 811 programs usually provide this type of rent and income structure.

Shallow-subsidies are those most often financed through the Low-Income Housing Tax Credit Program (LIHTC) which is sponsored through MN Housing. Households leasing at a property that was funded through the LIHTC program usually have maximum rent thresholds of 60% of AMI. Rent levels may be set at 50% or 60% of AMI with the qualifying household required to pay the stated rent. Private developers submit applications to the State to receive tax credit allocations to support a reduction in rents, making those rents more affordable to middle-income households, those with incomes generally between 50% and 60% of Area Median Income. Households that earn less than 50% of the Area Median Income may elect to spend a little more of their income for housing that suits their needs. Households that have Housing Choice Vouchers may elect to use those vouchers for housing that has been developed under the LIHTC program. According to MN Housing's 2016 Program Assessment Report, during FFY 2015, 77% of renter households that were assisted through MN Housing had incomes of \$20,000 or less. In 2015, the Northwest Region received 7.3% of the total assistance dollars provided by MN Housing. The average of the most recent three-year period was 4.4% (2013 through 2015). Previous reports have identified that the Northwest Region has an estimated 3% of the jobs in the State.

Income Qualifications

Properties that are assisted under various housing programs often have maximum income limits that the household must meet in order to reside at the property. Some properties have further qualifications depending on the targeted households that are being served. Table 32 shows the maximum income limits and maximum rents for Clay County, Minnesota for the LIHTC program. Table 33 shows maximum income limits for HUD Section 8, 202, and Section 811 programs along with fair market rents for the Housing Choice Voucher program.

HOUSING MARKET ANALYSIS

Property	Address	Year Built	Rent Range	Funding Program	Vacancies	Units/ Beds
Shallow-Subsidy General Occupancy Rental						
Village Green Manor	3501 Village Green Dr.	1980	\$682 - \$834	LIHTC	0	50
Eastwood Manor	1204 34th Street Cir. S.	1993	\$500 - \$650	LIHTC	3	36
Maple Court Townhomes	1080 17th Ave. N.	2002	\$705 - \$885	LIHTC	0	34
Prairie View Apartments	1106 19th Street S.	2002	\$580 - \$739	LIHTC	2	24
Moorhead Townhomes	3202 17th Street S.	2000	\$785	LIHTC	2	30
Easten Townhomes	2934 4th Avenue N.	2006	\$448 - \$905	LIHTC	1	38
Southview Apartments	3302 South 12th St.	1993	\$525 - \$680	LIHTC	0	15
Woodstone	3220 12th Street S.	1994	\$620 - \$855	LIHTC	0	14
Subtotal					8	241
Shallow-Subsidy Age-Restricted Rental						
Carriage House	3412 Village Green Blvd.	1985	\$650 - \$966	LIHTC	0	36
Subtotal					0	36
Deep-Subsidy General Occupancy Rental						
Fieldcrest Townhomes	1801 Belsly Blvd.	2000	30% of AGI	Section 8	0	40
Moorhead Manor	1710 13th Ave. N.	1994	30% of AGI	LIHTC	0	24
Subtotal					0	64
Deep-Subsidy Age-Restricted Rental						
Parkview Terrace	100 3rd Street N.	1994	30% of AGI	Section 8	0	120
Subtotal					0	120

Source: Maxfield Research and Consulting LLC

HOUSING MARKET ANALYSIS

**TABLE 32
MAXIMUM INCOME LIMITS- LIHTC PROGRAM
CLAY COUNTY, MN
2016**

Percentage of Income	Number of People per Household							
	1PP	2PP	3PP	4PP	5PP	6PP	7PP	8PP
30%	\$15,450	\$17,640	\$19,860	\$22,050	\$23,820	\$25,590	\$27,360	\$29,130
50%	\$25,750	\$29,400	\$33,100	\$36,750	\$39,700	\$42,650	\$45,600	\$48,550
60%	\$30,900	\$35,280	\$39,720	\$44,100	\$47,640	\$51,180	\$54,720	\$58,260

	Maximum Rents by Bedroom Type						
	0BR	1BR	2BR	3BR	4BR	5BR	6BR
30%	\$386	\$413	\$496	\$573	\$639	\$706	\$771
50%	\$643	\$689	\$827	\$955	\$1,066	\$1,176	\$1,286
60%	\$772	\$827	\$993	\$1,146	\$1,279	\$1,412	\$1,543

PP-Persons per Household

Program covered by above income limits is Low-Income Housing Tax Credits (administered by MN Housing and other large cities that are allowed to allocate their own tax credits).

Source: MN Housing

**TABLE 33
HUD INCOME LIMITS
CLAY COUNTY, MN
2016**

	Number of People per Household							
	1PP	2PP	3PP	4PP	5PP	6PP	7PP	8PP
Very Low Income (50%)	\$25,750	\$29,400	\$33,100	\$36,750	\$39,700	\$42,650	\$45,600	\$48,550
Extremely Low Income (30%)	\$15,450	\$17,650	\$20,160	\$24,300	\$28,400	\$32,580	\$36,730	\$40,890
Low-Income (80%)	\$41,200	\$47,050	\$52,950	\$58,800	\$63,500	\$68,250	\$72,950	\$77,650

Fair Market Rents	Fair Market Rents by Bedroom Type				
	0BR	1BR	2BR	3BR	4BR
	\$489	\$600	\$771	\$1,124	\$1,238

Median Family Income
\$73,200

Programs Covered under HUD income limits include Section 8 Project-based, Section 8 Vouchers, Section 811 and HOME programs.

Sources: HUD; Maxfield Research and Consulting, LLC

The rents above reflect current 2016 rates for properties that were placed in service March 2016 or later. Older properties will have maximum rents for LIHTC that are lower than the current rent schedule.

Clay County HRA

Clay County HRA administers the Housing Choice Voucher program for the remainder of Clay County outside of the City of Moorhead. Housing Choice Vouchers may be used in Moorhead for Moorhead properties regardless if the household receiving the voucher may have originally lived outside of Moorhead. In addition, vouchers may be ported across state lines so that vouchers issued in Moorhead may be taken over the North Dakota or elsewhere to be used for housing.

Clay County currently administers the following vouchers through the HRA:

- 360 Housing Choice Vouchers - Traditional Housing
- 55 Housing Vouchers under the Homeless to Housing program
- 48 Housing Vouchers under the HUD Continuum of Care program
- 18 Housing Vouchers through MN Housing Trust Fund (highly mobile and students)
- 481 Total Vouchers**

The Clay County HRA has been consistently able to fund an estimated 348 vouchers from the traditional housing voucher group based on increases in rents and current financial resources. They have gradually been able to increase the number of vouchers targeted to the Homeless to Housing and Continuum of Care programs to their current levels.

The wait list is currently closed for the traditional housing choice vouchers and has been closed since March 2014. It opened for a period of about one month and the HRA received 502 applications after which time the wait list was closed. Applications were capped at the 500 level in order to be able to more rapidly serve those on the wait list based on average turnover. Prior to capping the list, there were more than 800 households on the waiting list.

Since 2014, Clay County HRA and the Fargo Housing Authority have had a coordinated entry system for households that are the most vulnerable. There is no waiting and resources are targeted to households that are the most vulnerable.

In addition to vouchers, Clay County HRA owns and manages a total of 144 units of public and Section 8 housing including special needs, and scattered site.

HUD recently increased Clay County Fair Market Rents which has made it easier for households to find and secure rental apartments in Moorhead. Prior to this increase, a number of apartments within the lower target rent limits were not passing the inspection tests for the Housing Choice Voucher program and households were experiencing difficulty in finding housing where they could use their vouchers. The situation has improved now.

There is a constant demand for affordable housing in Moorhead and most households that are served by the Clay County HRA express a preference for living in Moorhead or Dilworth because of its close proximity to shopping, transportation and other amenities. If there are no units available in Moorhead or Dilworth, households will take a unit in Hawley or Ulen with the objective of being able to relocate to Moorhead within 12 to 18 months.

Clay County has been successful in moving some households into ownership and have not had any owner households lose their homes to foreclosure.

While the Voucher program enables the household to be able to access more housing options in different locations, the household may elect to relocate that Voucher to another geography. The Clay County HRA owns and manages the following housing properties:

Gateway Gardens – focused on households that are qualified under the Minnesota definition of long-term homeless; preference is given to households that are qualified and referred through Churches United homeless shelter; it is located in Moorhead.

Prairie Horizons Townhomes and East Prairie Horizons Townhomes – targeted to households that have been continuously homeless for one year or more at least four times in the past three years. Households must be very low income, living in a shelter or place not fit for human habitation and have a household member that is disabled. On-site case management is provided. Units feature attached garages.

Boyer apartments – targeted to households that have a severe mental illness; preference is given to households that are currently in compliance with a recommended treatment program. There are eight units; garages and plug-ins are available.

Moorhead Public Housing Agency

The Moorhead Public Housing Agency administers the Housing Choice Voucher program in the City of Moorhead and in addition, owns and operates the City's public housing program.

LIHTC Program

MN Housing, the State's housing finance agency, funded two Moorhead proposals in the past two years for the development of low/moderate income housing.

Churches United

Churches United is in the process of developing 42 units of housing in Moorhead targeted to formerly homeless persons. The MN Housing Finance Agency awarded Churches United a \$7.5 million grant to assist with the funding of the project. Construction is scheduled to begin spring 2017. The housing is intended to provide transition and support for those that are relocating from the emergency shelter. The shelter has been at capacity for years and regularly turns away 30 to 50 families per month due to lack of space. The 42 units is intended to assist with permanent housing for those that are exiting the emergency shelter.

Renovation of Park View Terrace

In addition to renovating the 120-unit Park View Terrace, located at 100 3rd Street North, seven units will be made available in the building for long-term homeless. Park View Terrace received funding from MN Housing to be able to complete the needed renovations in the building, which provides housing for low-income households 62 years or older and those with a disability.

Lot Supply in Moorhead and Active Residential Subdivisions

By summer 2017, there will be approximately 640 fully-serviced buildable lots located in various subdivisions throughout Moorhead. At the current average rate of single-family home and townhome development over the past three years in Moorhead, these lots would last a little over three years. If housing development increases due to the opening of the new elementary school and other factors, then additional lots may be needed sooner.

There were an estimated 477 available lots in Fargo as of August 2016 and 1,105 lots in West Fargo at year end 2015.

Table 34 shows residential subdivisions in Moorhead that had permits issued for new homes in 2016 along with the total number of permits issued in each subdivision.

Subdivision	No. of Permits Issued 2016
Allyson Parkway	2
Arbor Park	3
Bridgeview Point	1
Evergreen Meadows	2
Hampton Place	13
Horizon Shores	29
Johnson Farms	13
Meadows	1
North Crystal Creek	1
Parkview	9
Prairie Meadows	14
Prairie Skies	2
Shepherd Meadows	1
Stonemill Estates	41
Tessa Terrace	2
Village Green	11
Total	145

Source: City of Moorhead

According to the 2015 annual housing report for the City of West Fargo, the following subdivisions had single-family or twinhome lots available and/or had land available to be platted in the future:

- | | |
|----------------------------|------------------------------|
| The Wilds | River’s Bend at the Preserve |
| South Pond at the Preserve | Charleswood R. Estates |
| Brooks Harbor | Maple Ridge at the Preserve |
| Shadow Wood | West View |
| North Pond at the Preserve | Shadow Creek |
| Eaglewood | Goldenwood |

In early 2015, there were 1,175 serviced vacant single-family and twinhome lots available for sale and development. Four single-family subdivisions were approved during 2015, which provided 316 new service single-family lots. A total of 388 lots were built on during the year so the remaining serviced vacant lot inventory was 1,103. As a general observation, if the current rate of single-family development were to continue in West Fargo, the City would have roughly a 2.5-year supply of serviced lots. Approximately 13% of those lots are smaller in size and targeted for more affordable single-family and twinhome housing.

HOUSING MARKET ANALYSIS

As of the end of 2015, West Fargo had an estimated 450 acres of unplatted land designated for low-density residential development. At the current level of parcels that were platted in 2015, residential land could accommodate as few as 1,350 units or as high as 6,300 units. According to planning staff at West Fargo, there is little land designated for high-density multifamily development and 50 acres for medium-density development, which could yield up to 800 units of townhomes, condominiums or smaller apartment buildings.

Therefore, at an average permit issuing rate of 174 units (average of the three previous calendar years for single-family or 195 units annually including single-family and buildings with 2 to 4 units) and with 640 serviced lots available by summer 2017, Moorhead would have an estimated three-year lot supply. The construction of the new elementary school is anticipated to cause an uptick in demand for new housing in the City. If development accelerates, new lots may need to be platted in another couple of years to be able to maintain at least a three-year lot supply.

Average single-family residential construction in each of the cities over the past three years has been:

Moorhead	174 units	Fargo	430 units	West Fargo	477 units
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Each community has some lots that have been platted, but are not yet serviced. The largest number of un-serviced lots identified is in Moorhead. According to recent building permit trends, Fargo is estimated to absorb between 300 and 400 single-family lots annually, West Fargo is likely to absorb about the same, between 300 and 400 and Moorhead is likely to absorb between 150 and 170.

The ability to absorb additional lots across the Metro Area will continue to be influenced by the following factors:

- The overall economy in the region
- Tax situation (income and property taxes)
- Quality of K-12 education
- Services and amenities available
- Other political factors
- Availability of housing products to meet demand

The construction of two new schools in Moorhead is anticipated to drive some increased demand for single-family homes as these schools come on-line.

Active Home Listings

Table 35 presents current active listings of homes on the market in the F-M Metro Area including Moorhead, Fargo and West Fargo. This information is current as of December 2016. The information is obtained from the Fargo-Moorhead Area Association of Realtors. The table shows that the number of homes currently available on the market has decreased from 2011. This is most likely due to the housing recovery with increased market activity for new construction and existing sales of single-family homes. As shown on the table, active home listings are clustered in the following price categories:

Moorhead - \$150,001 to \$200,000 and \$350,000 to \$400,001

Fargo - \$150,001 to \$200,000 and \$200,001 to \$250,000

West Fargo - \$250,001 to \$300,000 and Over \$500,000

The price categories above reflect the number of homes that were listed for sale as of December 2016, but will fluctuate at any given time depending on the homes that are available for-sale in each community.

In reviewing timing of market sales, we note that average list times have decreased as market activity has increased and the supply of homes on the market has also decreased. According to the Fargo-Moorhead Association of Realtors, the supply of homes on the market decreased in 2015 and has decreased again in 2016. This is causing prices to rise on existing homes as well as new construction. Entry-level homes priced between \$150,000 and \$230,000 are low in supply relative to the demand (FM Assoc. of Realtors). With the housing market tight in Fargo and West Fargo, other locations are reaping the benefits of increased demand such as north Moorhead, Dilworth and Horace. Buyers are seeking out other locations to be able to get the home they want.

Assessed home values in West Fargo rose dramatically in 2015 as assessors played catch-up with homes that had not received an appraisal review for several years. Similar situations also occurred in Fargo and Moorhead, but values on most homes did not rise quite as dramatically. Some downward adjustments in mill rates might occur because of the substantial rise in home prices. The increase in demand for homes has also created stress in the construction market as builders are having difficulty increasing labor supply in the face of rapidly rising housing demand. As prices for new construction increase, it may be difficult for entry-level buyers to get into a new home.

Price Category	Single-Family-Actives			
	Moorhead	Dilworth	Fargo	West Fargo
Under \$100,000	1	2	2	0
\$100,001 to \$150,000	11	2	14	1
\$150,001 to \$200,000	15	1	54	17
\$200,001 to \$250,000	35	3	69	49
\$250,001 to \$300,000	19	4	28	62
\$300,001 to \$350,000	6	3	28	24
\$350,001 to \$400,000	2	--	26	24
\$400,001 to \$500,000	7	--	27	32
Over \$500,000	9	--	37	26
Total	105	15	285	235
Median List Price	\$276,000	\$207,500	\$303,000	\$355,000

Sources: Fargo-Moorhead Multiple Listing Service; Maxfield Research and Consulting, LLC

Lot Absorption

Table 36 presents a brief summary of the average residential construction for single-family homes in Moorhead for the periods 2000 through 2005, 2006 through 2010 and 2011 through 2016.

The table shows that annual average single-family construction 2000 through 2005 was 201 units and was 216 units between 2006 and 2010. From 2011 through 2016, the annual average construction was 179 units. Annual construction for 2016 was 169 units (single-family and up to four units).

There has been a modest slowdown in residential construction activity across the F-M Metro Area. Moorhead has experienced a slowing in new construction primarily because of a slowdown in twinhome construction. A new state building code requirement for twinhome units went into effect at the beginning of 2015. The new regulation requires twinhome units to have a full sprinkler system in the unit. This fire suppression system substantially raises the cost for this type of housing product. Builders have significantly reduced the development of this product type because the price increase has pushed a number of potential buyers out of the market.

North Dakota does not require sprinkler systems in twinhomes, thereby providing a competitive edge to North Dakota in attracting buyers that are seeking that type of housing product at a more affordable price point. Navigating the differences between state regulations when communities share a border continues to be very challenging.

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We estimate that average lot absorption over the next three years in Moorhead will be 180 to 200 units annually.

The number of serviced lots should be monitored so that no one area has an oversupply of serviced lots. If lots are brought on-line in moderate increments, depending on how the lots are laid out may result in significant utility extension costs. If the next increment of lots can be incorporated into an existing street system with a greater benefit for the whole, then costs may be moderated to bring on the next section of serviced lots in these subdivisions.

<u>Average Residential Construction</u>	<u>Number</u>
Average Permits Issued = 2000 through 2005	201 SF units
Average Permits Issued = 2006 through 2010	216 SF units
Average Permits Issued = 2011 through 2016*	179 SF units
Estimated serviced lots at the end of 2016	220
Estimated serviced lots by summer 2017	640
Estimated Absorption = 195 units/yr.	
Sources: City of Moorhead; Maxfield Research and Consulting	

Table 37 shows a summary of year-to-date single-family residential construction for Moorhead, Fargo and West Fargo in 2016. Compared to the level of residential construction activity that has occurred during the three prior years, 2013 through 2015, the pace of new construction has slowed in each community. However, the overall value of single-family construction in Fargo was up slightly, by 1.5% from 2015.

	Moorhead		Fargo		West Fargo	
	Units	Value	Units	Value	Units	Value
2016	145	\$30,145,300	451	\$115,845,254	414	\$97,086,173
Avg. Est. Increase/Decrease from 2015	-26.4%	-23.8%	-14.3%	1.5%	-13.0%	-8.1%
Sources: Cities of Moorhead, Fargo and West Fargo; Maxfield Research and Consulting						

HOUSING MARKET ANALYSIS

As shown, West Fargo and Moorhead experienced more significant slowdowns than Fargo, although the number of new units in Fargo was down by -14.3% in 2016 from 2015.

With the substantial amount of construction that occurred in 2015, it appears that a “breather” was necessary to allow for absorption of units. Growth is projected to continue to occur, but the unemployment rate is low. Additional workers must be attracted to the area to continue to be able to support ongoing new development. One issue that remains is the low level of supply for entry-level homes in the market. There are not enough entry-level homes to meet the demand and new construction is priced at a level that typically is higher than most first time homebuyers can afford. Townhomes provided additional supply for first-time homebuyers, but with the new sprinkler regulation, the supply of these units is reduced and the pricing has increased.

Home Foreclosures

Table 38 presents information on recent home foreclosures in Moorhead and Clay County from 2005 through 2015, the most recent information available. Data for Moorhead separately was unavailable for 2014 and 2015. Information was obtained from the City of Moorhead and through Housing Link and the Minnesota Homeownership Center, which is now tracking home foreclosures throughout Minnesota.

TABLE 38 MOORHEAD AND CLAY COUNTY HOME FORECLOSURES 2005 through 2015							
	2005	2006	2007	2008	2009	2010	2011
Moorhead	16	19	45	38	46	41	41
Clay County	36	44	70	76	85	80	85
	2012	2013	2014	2015			
Moorhead	49	19	n/a	n/a			
Clay County	69	54	43	33			

Sources: Minnesota Housing Link; MN Housing Foreclosure; City of Moorhead Housing Report

Introduction

This section discusses the potential demand for various housing products including for-sale single-family and multifamily housing, rental housing (market rate, shallow-subsidy and deep-subsidy), senior housing and student housing in Moorhead.

Demand calculations are provided for each product type based on projected household growth trends to 2030. Demand calculations for student housing and senior housing are compiled separately and reflect a shift of households to other product types to create demand. For senior housing, demand is generated by seniors relocating to a residential environment that often provides support services in addition to housing. For student housing, demand is primarily based on enrollment projections, the ability to accommodate on-campus beds and housing supply within the community.

For-Sale Housing

Single-Family and Multifamily

Table 39 presents a demand calculation for for-sale housing derived from projected household growth for the City of Moorhead. It is proven that Moorhead will attract a portion of households from outside of the City boundaries. The housing market recovery has created a tight supply of resale homes, especially in the first-time homebuyer price range of \$150,000 to \$230,000. However, new home prices are increasing due to shortages of construction labor, increases in materials and higher land costs. In addition, home prices for twinhome and townhome product have increased substantially due to a recent Minnesota building code change that requires this product type to be sprinklered, adding roughly \$10,000 onto the cost of the unit. Twinhomes and townhome construction was a large portion of the new construction activity, but since the new law went into effect as of January 24, 2015, owned multifamily production has dropped on the Minnesota side.

Moorhead has been at the forefront of flood mitigation in the F-M Metro Area. More than 240 homes have been removed to reduce flood risk. Removal of these homes has also reduced the average age of Moorhead's housing stock, overall.

Demand for single-family housing is projected to increase modestly with the new elementary school and the improvements to the middle school. We have accounted for a modest portion of demand coming from households that prefer to reside in Moorhead, but do not do so now. It seems as though the majority of those that choose to reside in Moorhead come from the Minnesota side of the River.

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As of 2016, 63.3% of Moorhead households are owner households. This proportion has decreased since 2010 when the proportion of owner households was 69.9%. Over the next five years, demand for rental housing is projected to continue to increase modestly as social trends and overall economics have favored rental housing as a lifestyle. The for-sale housing market in the F-M Metro Area has been very strong and entry-level buyers are looking for homes, but are having a difficult time purchasing because the supply is low. New construction abounds, but home prices are rising, keeping some would-be buyers out of the market. Increased costs for land and construction as pushing new construction prices higher and out of reach of some buyers, especially younger buyers. With rising prices for new construction including townhomes, a portion of move-up homeowners and young seniors that would relocate to a townhome product are likely staying in their single-family homes. Some may be remodeling instead of purchasing new. While remodeling revitalizes the existing housing stock, it does not provide a sufficient supply of entry-level homes to meet the demand.

Single-level townhomes are increasing in popularity among all buyer segments, but remain perhaps most popular with empty-nesters and younger seniors. With continued low interest rates, buyers that are creditworthy would like to purchase single-family and townhome product. Townhome product has been serving as an entry-level option for young buyers, but with the increased prices due to the sprinkler regulation, some of those buyers are either not able to afford a townhome or are back to considering an older single-family home.

Demand is segmented below by general price ranges for single-family and multifamily.

FOR-SALE HOUSING DEMAND SEGMENTATION BY PRICE POINT		
MOORHEAD		
2016-2021 and 2022-2030		
	5-Year Demand	8-Year Demand
	2016-2021	2022-2030
Single-family		
Under \$250,000	144	96
\$250,001 to \$400,000	529	432
\$400,001 to \$550,000	240	385
Over \$550,001	48	48
Multifamily		
Under \$250,000	135	137
Over \$250,000	90	137

Source: Maxfield Research and Consulting, LLC

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TABLE 39 FOR-SALE HOUSING DEMAND MOORHEAD MARKET AREA 2016 to 2030													
Demand from Projected Household Growth													
Projected HH growth under age 65 in Moorhead Market Area 2016 to 2030 ¹			1,911										
(times) % propensity to own ²	x	63.3%											
(equals) Projected demand from new HH growth	=		1,210										
Demand from Existing Owner Households													
Number of owner households (age 64 and younger) in Moorhead Market Area (2016) ³			9,045										
(times) Estimated percent of owner turnover ⁴	x	79%											
(equals) Total existing households projected to turnover	=		7,146										
(times) Estimated percent desiring new housing	x	10.0%											
			715										
(equals) Total demand from HH growth and existing HHs 2016 to 2030	=		1,924										
(times) Demand from outside the Market Area			30%										
(equals) Total demand potential for ownership housing, 2016 to 2030			2,566										
		<table border="1"> <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;">80%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">2,052</td> <td style="text-align: center;">513</td> </tr> <tr> <td style="text-align: center;">- 130</td> <td style="text-align: center;">14</td> </tr> <tr> <td style="text-align: center;">= 1,922</td> <td style="text-align: center;">499</td> </tr> </tbody> </table>	Single Family	Multi- family*	80%	20%	2,052	513	- 130	14	= 1,922	499	
Single Family	Multi- family*												
80%	20%												
2,052	513												
- 130	14												
= 1,922	499												
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x												
(equals) Total demand potential for new single-family & multifamily for-sale housing	=												
(minus) Units marketing or approved platted lots (developed lots) ⁶	-												
(equals) Excess demand for new general occupancy for-sale housing	=												
¹ Estimated household growth based on data from Table D-1 as adjusted by Maxfield Research & Consulting, LLC ² Pct. of owner households under the age of 65 (U.S. Census - 2014, ESRI; Maxfield Research). Adjusted by Maxfield ³ Estimate based on 2014 owner households and new owner household growth 2014-2015 (under age 65) ⁴ Based on on turnover from 2014 American Community Survey for households moving over 10-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data includes all available lots in actively and future subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units; Detached townhomes are included in single-family demand.													
Source: Maxfield Research & Consulting, LLC													

General Occupancy Rental Demand

Table 40 presents the demand calculation for general occupancy rental housing and separates the demand into three income categories:

- Market Rate (80% or higher AMI)
- Shallow-Subsidy (50% to 80% of AMI)
- Deep-Subsidy (less than 50% of AMI)

AMI for Clay County is \$73,200 as of 2016.

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A portion of the demand for general occupancy rental housing will be drawn from existing households in the Market Area that want to upgrade their housing situations. A smaller portion of demand will be drawn from outside of Market Area from households that will choose to locate in the area for various reasons, such as a job transfer from out of state. We estimate that 30% of the demand potential for rental housing in the Moorhead Market Area would be derived from outside of the Market Area.

Potential demand is calculated from two categories:

1. From new household growth by age group based on the propensity of households to rent their housing in the Market Area; and,
2. From existing households that will remain in the Market Area because new product is available and they value other area amenities including employment, entertainment and outdoor recreation.

First, we calculate potential demand from new household growth over the next five years by age group based on the propensity of households to rent their housing in the Market Area. The propensity to rent or own is based on Census Bureau 2014 figures by age cohort that have been adjusted to 2016.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. The youngest households are generally unable to afford rents at the top of the market unless they receive assistance from their parents or get a roommate. Consequently, the Market Area has a relatively high renter proportion and mobility rate. Mobility rates were identified by age group (utilizing Census data), as well as the proportion of households that may choose to remain in the area (our knowledge of turnover and leasing at area rental properties), and were applied to the existing household base.

Together with demand from projected household growth and turnover, the total demand for general occupancy rental housing is summarized. In the Market Area, demand is calculated at 1,364 units from the Market Area between 2016 and 2030. Additional demand from outside of the Market Area is estimated at 30%, increasing the demand to 1,949 units over the period.

This demand is further segmented by income level based on the above categories. Therefore, demand is calculated for 292 deep-subsidy units, 682 shallow-subsidy units and 974 market rate units. We subtract pending developments or those that are under construction for each income category. This results in total excess demand for rental housing of 250 deep-subsidy units, 682 shallow-subsidy units and 938 market rate units from 2016 to 2020.

DEMAND ANALYSIS

TABLE 40 RENTAL HOUSING DEMAND MOORHEAD MARKET AREA 2016 to 2030						
		----- Number of Households -----				
		Under 25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth						
Projected Growth in Household Base by 2030		60	354	591	180	901
(times) Proportion Estimated to Be Renting Their Housing ¹	x	89.8%	41.8%	22.9%	24.8%	29.4%
(equals) Projected Demand for Rental Housing Units	=	54	148	135	45	265
Demand From Existing Households						
Number of renter households in 2016		1,971	1,516	676	1,476	1,038
(times) Estimated % of renter turnover between 2016 & 2030 ²	x	100.0%	100.0%	94.8%	86.5%	80.1%
(equals) Total Existing Renter Households Projected to Turnover	=	1,971	1,516	641	1,277	831
(times) Estimated % Desiring New Rental Housing ⁴	x	15%	20%	20%	20%	20%
(equals) Demand From Existing Households	=	296	303	128	255	166
Total Demand From Household Growth and Existing Households		350	451	264	300	431
(equals) Total Demand for Rental Housing		1,364				
(times) Demand from outside the Moorhead Market Area			30%			
(equals) Total demand potential for rental housing, 2016 to 2030		1,949				
		Deep-Subsidy 50% or less AMI	Shallow-Subsidy 50% to 80% AMI	Market Rate 80% or more AMI		
(times) Percent of rental demand by product type ³		20%	30%	55%		
(equals) Total demand for new general occupancy rental housing units		390	585	1,072		
(minus) Units under construction or pending*		42	0	36		
(equals) Excess demand for new general occupancy rental housing		348	585	1,036		
¹ Based on 2014 American Community Survey data. ² Based on Turnover from 2014 American Community Survey for households moving after 2010. ³ Based on the combination of current rental product and household incomes of area renters. ⁴ Based on US Census: Desire to Move and Residential Mobility 2000-2010 from 2010 American Community Survey. * Pending/proposed competitive units at 95% occupancy. Note: Totals may not add exactly due to rounding. AMI Clay County 2016 = \$73,200; household size maximums found on income limits tables Source: Maxfield Research & Consulting, LLC						

Introduction

The following sections address the market potential for limited and expanded senior housing in Moorhead. Earlier sections of this report examined the subject Site, growth trends and demographic characteristics of seniors in the Moorhead area, current senior housing market conditions as well as an inventory of pending senior projects. This section of the report forecasts demand for market rate adult few services, congregate, assisted living and memory care senior housing. Demand calculations are considered in light of additional senior housing units that may be supported in Moorhead and the immediate area.

Explanation of Methodology

The following demand calculations synthesize several characteristics to employ capture and penetration rates that blend national senior housing trends with local patterns and preferences. In our demand calculations, we consider the following factors when assigning appropriate capture rates across age cohorts and for various housing products:

- Household incomes, household tenure and home values;
- The competitive inventory of senior housing facilities including the age of existing facilities along with the current vacancy rates and absorption of new properties; and
- Information derived from surveys conducted with existing senior housing facilities regarding draw patterns, trends in average age and availability and utilization of personal care services.

Moreover, the identification of pending projects in Moorhead is also accounted for in our methodology, most notably in the ability of a well-located site to capture total excess demand and in the subtraction of the planned projects in the 2016 demand calculations. The following demand calculations offer a multifaceted approach of looking at potential demand that, we believe, accurately represents the current and forecast environment for senior housing in Moorhead.

Market Rate Independent Senior Housing Demand Analysis

Active Adult Demand Estimate

Tables 41 and 42 present demand calculations for market-rate, owned and rented senior housing with few or no services housing in the Moorhead area as of 2016 with a projection for 2030. The 2030 projection assumes that no new product would enter the market during that time period. As new product is brought on-line, adjustments will be required to account for the additional units. Significant population changes may also affect demand.

In order to arrive at the potential age-income qualified base for adult/few services senior housing, we include all older adult, younger senior, and older senior households with incomes of \$35,000 or more plus households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from a home sale. We estimate the proportion based on the homeownership rates for each age cohort and the pricing of existing older homes in the area. We estimate the number of age/income/asset-qualified households in the Moorhead area as of 2016 at 3,704 households.

Adult/few services demand in the Market Area is divided into rental and owner-occupied (townhomes, condominiums, and cooperatives) housing. Adjusting to include appropriate capture rates for each age cohort (0.5% of households age 55 to 64, 7.0% of households age 65 to 74, and 16.0% of households age 75 and older) results in a local demand potential for 225 market rate adult/few services rental units in 2016.

Capture rates for age-restricted ownership housing are somewhat lower for older households. Therefore, we adjust the capture rates for owned age-restricted housing to 0.5% of households age 55 to 64, 3.0% of households age 65 to 74 and 7.0% of households age 75 and older, which results in a local demand potential for 80 market rate adult/few services ownership units.

Additional demand will come from outside the Moorhead area. We estimate that seniors currently residing outside the immediate Moorhead area will generate 30% of the demand for senior housing – increasing total demand to 114 ownership units and 322 adult rental units. This demand consists primarily of parents of adult children living in the Moorhead area, individuals who live just outside the Moorhead area and have an orientation to the area, and former residents who desire to return upon retirement.

From this total, we subtract existing and pending units (minus a vacancy factor of 2% for ownership units and 5% for rental units to allow for sufficient consumer choice and turnover). There are no age-restricted ownership units and 173 rental units. Subtracting existing/pending units results in excess demand for 114 ownership and 158 rental units in 2016. These figures are projected to increase to 151 ownership and 277 rental units by 2030 with no additional product brought into the market.

DEMAND ANALYSIS-SENIOR HOUSING

No single site can capture all of the demand in a given Market Area. Properties that have good site qualities could be expected to be able to capture 25% to 30% of the total market demand in the short-term given moderate competition. With the employment market strong and buyers seeking entry-level housing, seniors that want to sell existing homes should be able to do so within a reasonable period of time.

TABLE 41
MARKET RATE ADULT/FEW SERVICES RENTAL HOUSING DEMAND
MOORHEAD MARKET AREA
2016 and 2030

	2016			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	1,635	1,068	767	2,071	1,577	821
# of Households w/ Incomes of \$30,000 to \$34,999 ¹	+ 99	91	133	+ 105	125	142
(times) Homeownership Rate	x 78%	74%	68%	x 76%	72%	65%
(equals) Total Potential Market Base	= 1,712	1,135	857	= 2,151	1,667	913
(times) Potential Capture Rate	x 0.5%	7.0%	16.0%	x 0.5%	7.0%	16.0%
(equals) Demand Potential	= 9	79	137	= 11	117	146
Potential Demand from Market Area Residents	= 225			= 274		
(plus Demand from Outside Market Area (30%) ²	+ <u>97</u>			+ <u>117</u>		
(equals) Total Demand Potential	= 322			= 391		
(minus) Existing and Pending MR Active Adult Units ³	- <u>164</u>			- <u>164</u>		
(equals) Excess Demand for MR Active Adult Units	= 158			= 227		

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 Based on project manager interviews and historical trends. We estimate that roughly 40% of demand will come from outside the market area.

³ Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

DEMAND ANALYSIS-SENIOR HOUSING

TABLE 42
MARKET RATE ADULT/FEW SERVICES OWNERSHIP HOUSING DEMAND
MOORHEAD MARKET AREA
2016 & 2030

	2016			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	1,635	1,068	767	2,073	1,577	821
# of Households w/ Incomes of \$30,000 to \$34,999 ¹	+ 99	91	133	+ 105	125	142
(times) Homeownership Rate	x 78%	74%	68%	x 76%	72%	66%
(equals) Total Potential Market Base	= 1,712	1,135	857	= 2,153	1,667	915
(times) Potential Capture Rate	x 0.5%	2.5%	5.0%	x 0.5%	2.5%	5.0%
(equals) Demand Potential	= 9	28	43	= 11	42	46
Potential Demand from Market Area Residents	= 80			= 98		
(plus Demand from Outside Market Area (30%) ²	+ 34			+ 53		
(equals) Total Demand Potential	= 114			= 151		
(minus) Existing and Pending MR Active Adult Units ³	- 0			- 0		
(equals) Excess Demand for MR Active Adult Units	= 114			= 151		

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 Based on project manager interviews and historical trends. We estimate that roughly 35% of demand will come from outside the Market Area.

³ Existing and pending are deducted at market equilibrium (98% occupancy).

Source: Maxfield Research & Consulting, LLC

Congregate Housing Demand Estimate

Table 43 presents a demand calculation for congregate (independent living with optional services or some services included) senior housing in the Moorhead Area in 2016 with a projection for 2030.

In order to arrive at the potential age- and income-qualified base for congregate senior housing, we have included all senior households with incomes of \$35,000 or more plus households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from a home sale. We estimate this proportion based on the homeownership rates for each age cohort and current pricing for older homes in the Moorhead market. We estimate the number of age/income/asset-qualified households in Moorhead as of 2016 at 1,992 households.

Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.5% of households age 75 and older) results in a local demand potential for 133 congregate units in 2016. We estimate that seniors currently residing outside the Moorhead

DEMAND ANALYSIS-SENIOR HOUSING

**TABLE 43
CONGREGATE LIVING DEMAND
MOORHEAD MARKET AREA
2016 & 2030**

	2016		2030	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$35,000+ in 2016 / \$45K in 2030	1,068	767	1,577	821
(plus)				
# of Hhldrs w/ Incomes of \$30K - \$35K in 2016 / \$40K - \$45K in 2030	91	133	125	142
(times) Homeownership Rate	x 74%	x 68%	x 72%	x 66%
(equals) Potential Market	= 67	= 90	= 90	= 94
(equals) Total Potential Market Base	= 1,135	= 857	= 1,667	= 915
(times) Potential Capture Rate of Congregate Living Demand ¹	x 1.5%	x 13.5%	x 1.5%	x 15.5%
(equals) Potential Demand	= 17 + 116	= 25 + 142	= 25 + 142	
Total Local Demand Potential	= 133	= 167	= 167	
(plus) Demand from Outside the PMA (35%)	+ 57	+ 71	+ 71	
(equals) Total Demand Potential	= 190	= 238	= 238	
(minus) Existing Competitive Units ²	- 142	- 142	- 142	
(equals) Congregate Demand Potential	= 48	= 96	= 96	

¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 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.).

² Competitive existing and pending units at 95% occupancy (market equilibrium).

Source: Maxfield Research and Consulting, LLC

will generate 30% of the demand for congregate senior housing – increasing total demand to 190 units. Demand will consist primarily of parents of adult children living in the Moorhead, individuals who live just outside the Moorhead area and have an orientation to the area and former residents who desire to return upon retirement. Together, the demand from Moorhead seniors and demand from seniors who would relocate to Moorhead totals 190 units of congregate senior housing as of 2016.

Existing units are subtracted from this total (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover). Therefore, an adjusted total of 142 units is subtracted. This results in remaining independent living (congregate) demand of 48 units as of 2016.

Depending on the format and structure of the property, some demand from age-restricted independent rental housing may overlap with demand for congregate housing if most services are optional and households are able to select those services that they need and prefer as they age in place. Seniors are generally relocating to senior housing at a somewhat later age than previously (mid-70s or older). They may already be thinking of the future and do not want to relocate more than once. Therefore, offering this group the flexibility of electing services at the

onset may increase absorption for what had traditionally been a more service enriched setting. The market has evolved to providing greater flexibility and more choices for residents.

Adjusting for inflation, we estimate that households with incomes of \$45,000 or more and homeowners with incomes of \$40,000 to \$44,999 would qualify for market rate congregate housing in 2030. With growth in senior households, we project the age/income-qualified base for congregate housing to grow to 2,582 senior households by 2030. Therefore, demand for congregate senior housing is projected to increase to 96 units in 2030. The increase is a result of a projected increase in the number of age 75+ households which represent the primary market segment for congregate senior housing.

Assisted Living Demand Estimate

Table 44 presents our demand calculations for assisted living senior housing in the Moorhead area in 2016 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 2009 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 2009. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over. In 2016, there were 2,638 seniors ages 75 and over in Moorhead. This figure is projected to increase to 3,290 seniors ages 75 and over by 2030.

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 (1990 & 1991 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 qualified household base yields a potential assisted living market of an estimated 979 seniors in the Moorhead area in 2016, increasing to 1,234 seniors in 2030.

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 Moorhead area is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider all households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating 90% of their income toward the fees.

DEMAND ANALYSIS-SENIOR HOUSING

TABLE 44
MARKET RATE ASSISTED LIVING DEMAND
MOORHEAD MARKET AREA
2016 & 2030

Age group	2016			2030		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	938	25.5%	239	1,442	25.5%	368
80 - 84	766	33.6%	257	905	33.6%	304
85+	934	51.6%	482	1,090	51.6%	562
Total	2,638		979	3,437		1,234
Percent Income-Qualified ²			63%			65%
Total potential market			616			802
(times) Percent living alone			x 54%			54%
(equals) Age/income-qualified singles needing assistance			= 333			433
(plus) Proportion of demand from couples (12%) ³			+ 45			59
(equals) Total age/income-qualified market needing assistance			= 378			492
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from PMA residents			= 151			197
(plus) Proportion from outside the PMA (30%)			+ 65			84
(equals) Total potential assisted living demand			= 216			281
(minus) Existing market rate assisted living units ⁵			- 144			144
(equals) Total excess market rate assisted living demand			= 72			137
¹ The percentage of seniors needing assistance with ADLs, based on the CDC and National Center for Health Statistics (2005)						
² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).						
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, minus units estimated to be occupied by Elderly Waiver residents (20%).						
Source: Maxfield Research and Consulting, LLC						

According to the 2009 Overview of Assisted Living, the average arrival income of advanced assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). The median arrival income of advanced assisted living residents was only \$18,972. This data highlights that a portion of seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of

DEMAND ANALYSIS-SENIOR HOUSING

\$40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

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 PMA living alone, or 54% based on 2010 Census data. This results in a total base of 616 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 333 age/income-qualified seniors needing assistance in the Moorhead area.

We estimate that roughly 60% of the qualified market needing significant assistance with ADLs could either be able to 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 that is provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 151 assisted living units in 2016.

As discussed in the definition section, we estimate that a portion of demand for assisted living units (30%) will come from outside the Moorhead area. This secondary demand will include households currently living just outside the Moorhead area, former residents, and parents of adult children that desire supportive housing near their adult children. Applying this figure results in total potential demand for 232 assisted living units in 2016.

Next, existing and pending assisted living units are subtracted from overall demand. The Moorhead area was identified to have a total of 194 units. We conservatively estimate that about 20% of the assisted living units at properties in the Moorhead area are occupied by residents utilizing public subsidy. We exclude these low income units in our calculations for private-pay assisted living. Including the remaining units at a vacancy rate of 7.0%, we subtract a total of 144 units which equals an excess demand potential for 72 assisted living units in the Moorhead area as of 2016.

Using the same methodology, we find that the potential demand from Moorhead area residents and those that would move to the Moorhead area in 2030 will increase by 46 people. With 30% of demand coming from outside of the area, there will be a total demand for 281 assisted living units in the area as of 2030. The same number of competitive units was subtracted at 144 from the total demand, resulting in an excess demand for 137 units in 2030.

Memory Care Housing Demand Estimate

Table 45 presents our demand calculations for memory care housing in the Moorhead Area in 2016 and 2030. Demand is calculated by starting with the estimated number of area seniors (ages 65+) in 2016 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. This yields a potential market of 768 seniors in the Moorhead Area.

DEMAND ANALYSIS-SENIOR HOUSING

TABLE 45 MEMORY CARE DEMAND MOORHEAD MARKET AREA 2016 & 2030		
	2016	2030
65 to 74 Population	2,596	3,984
(times) Dementia Incidence Rate ¹	x <u>2%</u>	x <u>2%</u>
(equals) Estimated Senior Pop. with Dementia	= 52	= 80
75 to 84 Population	1,704	2,347
(times) Dementia Incidence Rate ¹	x <u>19%</u>	x <u>19%</u>
(equals) Estimated Senior Pop. with Dementia	= 324	= 446
85+ Population	934	1,090
(times) Dementia Incidence Rate ¹	x <u>42%</u>	x <u>42%</u>
(equals) Estimated Senior Pop. with Dementia	= 392	= 458
(equals) Total Population with Dementia	768	983
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	<u>25%</u>
(equals) Total Need for Dementia Care	= 192	= 246
(times) Percent Income/Asset-Qualified ²	x <u>44%</u>	x <u>46%</u>
(equals) Total Income-Qualified Market Base	= 84	= 113
(plus) Demand from Outside the Market Area (30%)	+ <u>36</u>	+ <u>61</u>
Total Demand for Memory Care Units	121	174
(minus) Existing and Pending Memory Care Units	- 40	- 40
(equals) Excess Primary Market Area Demand Potential	= 81	= 134
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
² Income greater than \$60,000 in 2016 and greater than \$70,000 in 2030, plus some lower-income homeowners.		
Source: Maxfield Research and Consulting, LLC		

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a 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 latter 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 192 seniors in the Moorhead Area in 2016.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,000. Although some of the seniors will have high monthly incomes, most will be seniors (or family member of seniors) that would be willing to spend down assets and/or receive financial assistance to afford memory care housing. Based on our review of senior household incomes in the Market Area, homeownership rates, and home sale data, we estimate that 44% of all seniors in the Market Area have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure takes into account married couple

DEMAND ANALYSIS-SENIOR HOUSING

households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the potential market (192 seniors) by 44% results in a total of 84 income-qualified seniors in the Market Area in 2016.

We estimate that 30% of the overall demand for memory care housing would come from outside the Moorhead area, for a total demand for 121 units in 2016. Currently, there are 54 memory care units in the area. Accounting for 20% of the units to be occupied by low-income individuals under the Elderly Waiver program, and subtracting the remaining units at a 7.0% vacancy rate, we subtract 40 competitive units as of 2016. There are no pending memory care developments. Therefore, there is **demand for 81 additional market rate memory care units in the Moorhead area as of 2016, increasing to 134 units by 2030.**

Introduction

Following is a summary of comments that were received from interviews conducted for this assignment.

Post-Secondary Educational Institutions

The location of three post-secondary educational institutions in the City of Moorhead, including Concordia College (private), Minnesota State University-Moorhead (public) and M-State (public) offer educational programs to students locally, regionally, nationally and internationally. These three institutions currently enroll a total 12,407 students combined, down modestly from 2011 when enrollment was 13,100 students. North Dakota State University in Fargo is North Dakota's second largest university, with approximately 14,500 students enrolled. Although a majority of Concordia College's students live on-campus, higher proportions of MSUM's and M-State's students live off-campus in Moorhead and potentially in other parts of the Metro Area. College students represent a large housing segment and currently occupy many homes and apartments in the community as well as close to each of the campuses. Strong job growth in the F-M Metro Area has resulted in a higher proportion of students desiring to remain in the Fargo-Moorhead area after graduation because jobs are available and cost of living is generally considered to be affordable.

Public Education

New investments in the physical plant for Moorhead Schools are expected to ease the challenges of accommodating the strong growth that is projected in the K-12 segment. A new elementary school and improvements to the middle school campus through adding grades 5 and 6 and a new auditorium are expected to position Moorhead schools to respond to the increased demand. These improvements are expected to come on-line in 2017-2018, and are anticipated to attract more households with children to the Moorhead school district.

Moorhead has the only Spanish language immersion program in the F-M Metro Area.

Housing

Since the recession, housing has been a bright spot in Moorhead's economic development arena. Development of new single-family homes has certainly kept pace with other communities in the area based on Moorhead's population. Most recently, there is concern that there is insufficient housing product to attract entry-level buyers into the community that potentially want to live in Moorhead. Similar to the comments that were received in the previous study, entry-level homes to meet demand from first-time homebuyers are in short supply. New construction, especially single-family homes, are generally out of reach for first time buyers. Many older homes have been converted into student housing, removing these homes from what is traditionally a first-time buyer product. The supply of older homes on the market has been reduced across the F-M Metro Area.

Retail Businesses

Attracting new retail businesses to Moorhead continues to be a priority for the business community and the City. More sit-down restaurants and basically more restaurant choices in general is a recurring theme. Those that live in Moorhead would like to be able to eat out in Moorhead rather than drive across the River for dinner.

No sales tax on clothing or groceries continues to be an advantage to Moorhead in attracting some people from Fargo to cross the River.

Communication

Those interviewed felt that communication had improved between the City and residents and staff and residents and staff and others. They felt that Moorhead had implemented considerable efforts to enhance and improve communication in all areas and that the City is generally doing a much better job in this area.

A few comments were made that this is an area however that always needs to have attention paid to it and that the City should not rest on its improvements, but continue to place resources toward strong communication strategies and community outreach.

Economic Development

Several of those interviewed focused on the need to have a strong economic development strategy that will support existing businesses and attract new ones to the community. Those that focused on this topic believed that Moorhead must think creatively and use a variety of tools to promote itself to potential businesses and residents.

Current Resale Activity

Realtors indicated that resale activity has been strong, but there are fewer home listings on the market now than even two years ago. Moorhead has the fewest number of homes on the market and Fargo has the most. New construction activity was exceptional in 2015 and then dropped some in 2016.

The group indicated there was demand in the \$250,000 to \$350,000 range with only 19 active listings in that group, less than a six-month supply. The robust economy of the F-M Metro Area and strong transferee markets, particularly into the Fargo area, have had a significant positive impact in the F-M Metro Area housing market. It was agreed that Moorhead has been benefitting from relocations into the F-M Metro Area and can expect to continue to benefit provided that the economy remains strong and new home prices are at levels affordable to the broadest segment of the market.

First-Time Homebuyers

First-time homebuyers were cited as the largest segment of the market that is unsatisfied. Prices are being bid up for entry-level homes because there is a low supply of these on the market. While the development of move-up housing has been exceptionally strong, there is limited product available at the low end of the price range. Active listings were down in all price categories during this report than in the previous report, with the exception of homes priced at \$500,000 or above, which was higher.

Housing

Townhome product in Moorhead was selling quite well and there was a considerable amount of new townhome production prior to February 2015, when the new sprinkler requirement for townhomes took effect. The City had encouraged builders to submit permit applications to get units built prior to the new law. Townhome production is now down considerably. Although there is demand for higher priced units from empty-nesters and young seniors, a number of first-time homebuyers that had been gravitating to the townhome product as an entry-level home have seen prices rise beyond their ability to afford to purchase.

Buyers continue to consider potential market values and market appreciation because there is less assistance from businesses when employees relocate.

Those interviewed felt that Moorhead was benefitting from the current strong economic growth that is occurring in the Region as a whole.

Seniors and Senior Housing

Those interviewed felt that it was time to consider developing more senior housing on the Moorhead side of the River. The North Dakota and Minnesota sides of the River each have a good selection of senior housing options for residents, although several North Dakota facilities are newer. There were comments that Moorhead could support some additional senior housing.

City Process and Communication

Builders felt that the City process had improved in Moorhead regarding development and construction, but that more could be done to improve the perception of objectivity and fairness.

Minnesota is generally perceived as having more rules and regulations which builders perceive as inhibiting growth and development rather than promoting a high quality product. Construction costs and infrastructure costs continue to rise. Some of the new construction has been able to be brought to market at a more reasonable price because of previous lot forfeitures.

Some were concerned that with new subdivisions being brought on-line that the price points for new construction may be rising above the level that the market is willing to pay.

Community Competitiveness

People once came to Moorhead because it was a better buy than purchasing in Fargo, but that is not true anymore. As prices increased in Moorhead, the playing field between Fargo and Moorhead has leveled.

The tables have somewhat flipped in regards to budget and debt issues in Minnesota versus North Dakota with the reduction in revenues from the Bakken oil fields. However, this was seen a perhaps making the playing field more even again between Minnesota and North Dakota.

Builders reiterated that the market needs to perceive that Moorhead is a strong and active community.

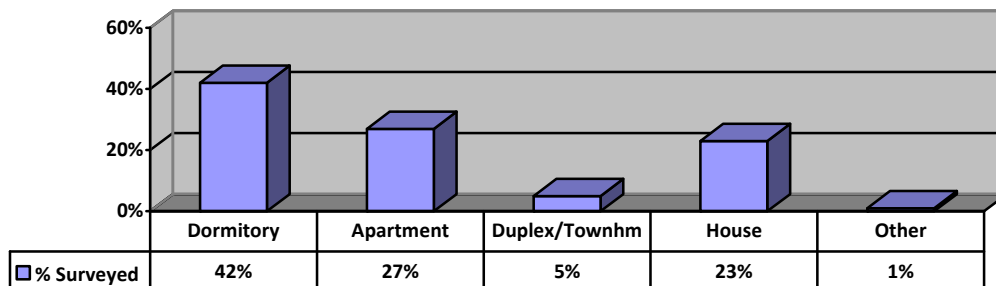
Builders continue to perceive that Fargo's residential development process is more streamlined and more efficient and easier to work with.

MOORHEAD STUDENT HOUSING SURVEY-FINDINGS

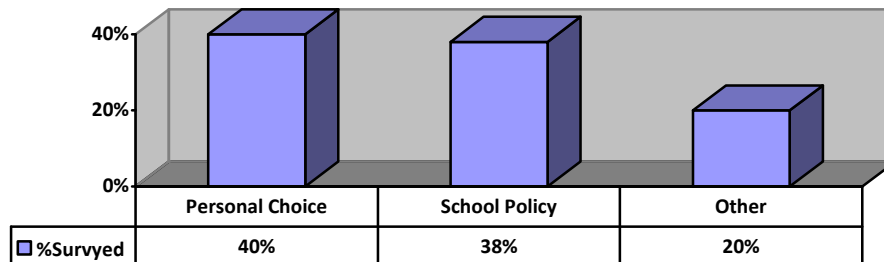
Instructions to respondents: The City of Moorhead is planning for the City’s future housing needs. As a student, you are very important to our community. We are interested in understanding more about why students live where they do, what types of housing they select and why. It will take less than 5 minutes to respond to our brief survey. Thank you!

558 total submissions

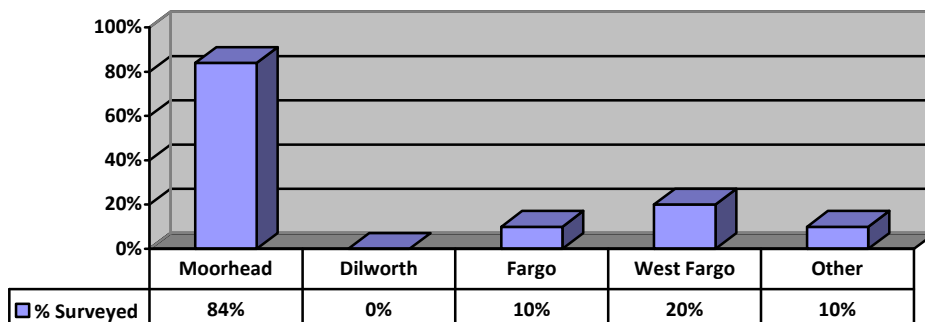
1. Please indicate the type of housing that you live in when school is in session:
(558 responses)



2. If you live on campus, please tell us why you chose this option:
(326 responses)

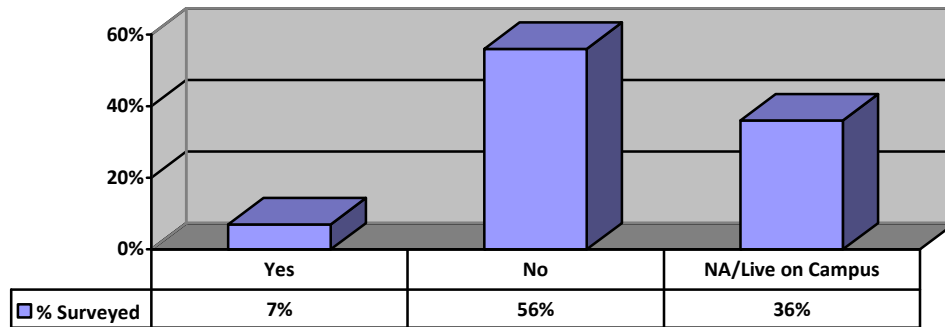


3. Please indicate the city in which you live when school is in session:
(558 responses)

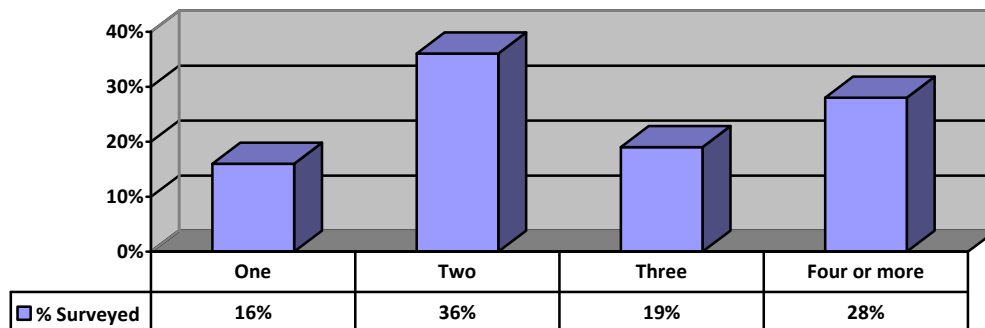


APPENDIX-STUDENT HOUSING SURVEY

4. Do you (or your parents) own the housing that you live in when school is in session?
(556 responses)



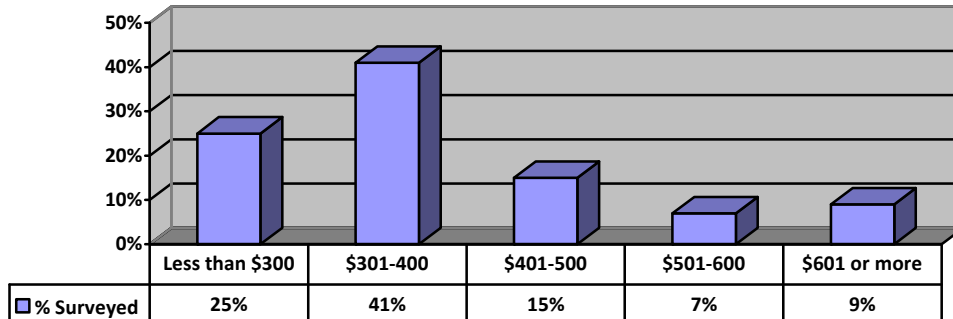
5. Please indicate the number of people including you that usually reside in your housing unit while school is in session:
(558 responses)



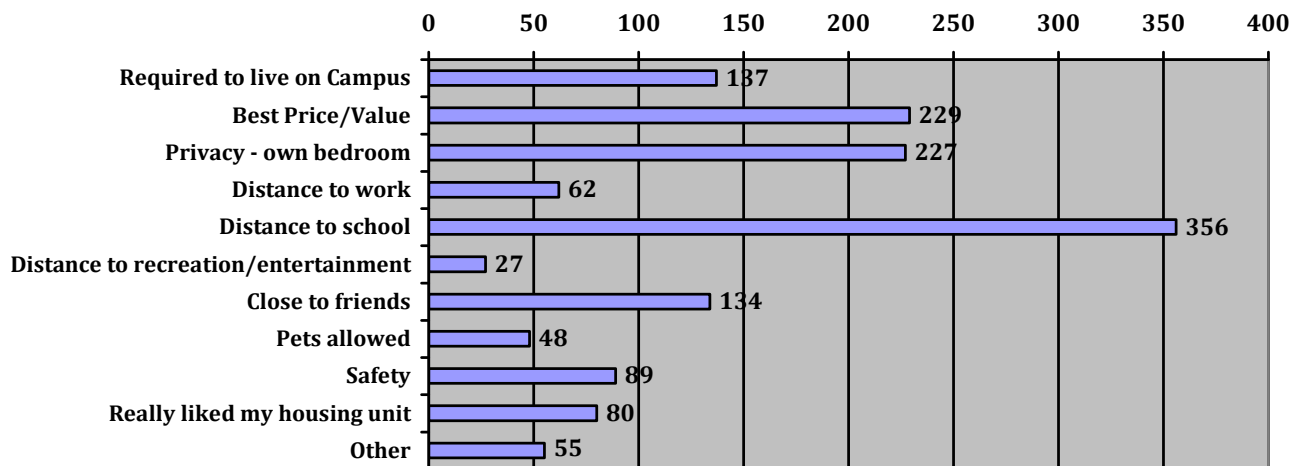
APPENDIX-STUDENT HOUSING SURVEY

6. If you live off-campus, what is your current monthly rent or mortgage payment? If you currently live with roommates, please list only your share of the monthly payment.

(361 responses)

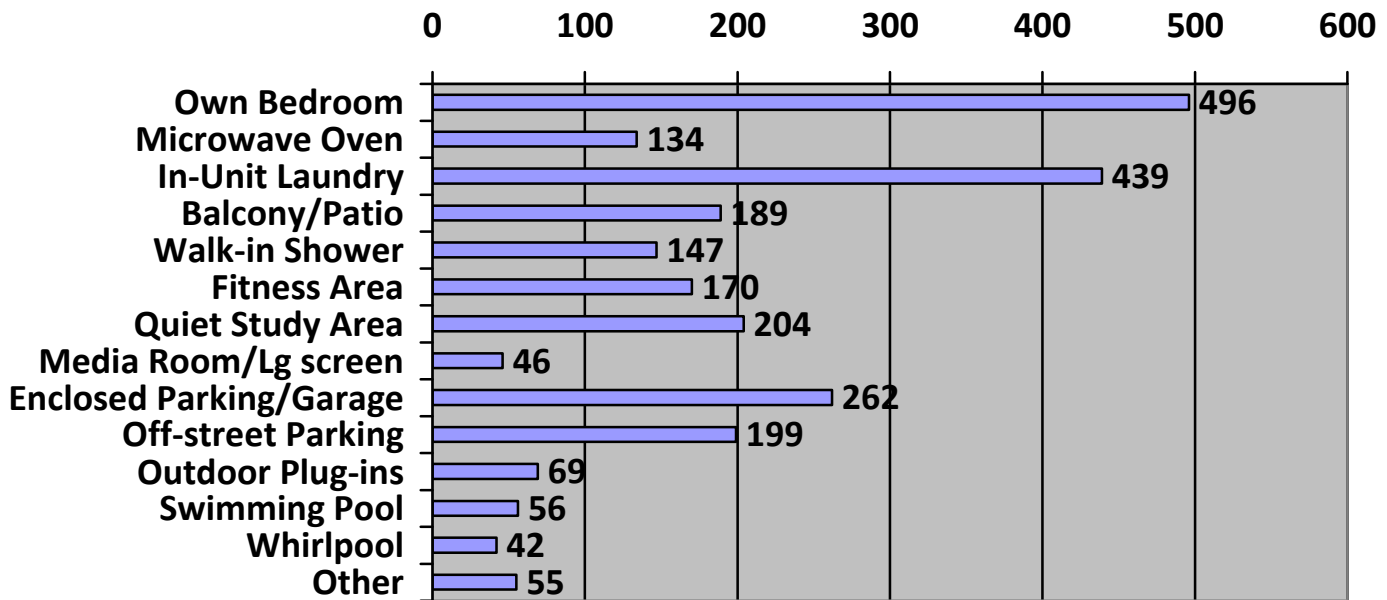


7. Please choose up to three primary reasons why you selected your current housing:



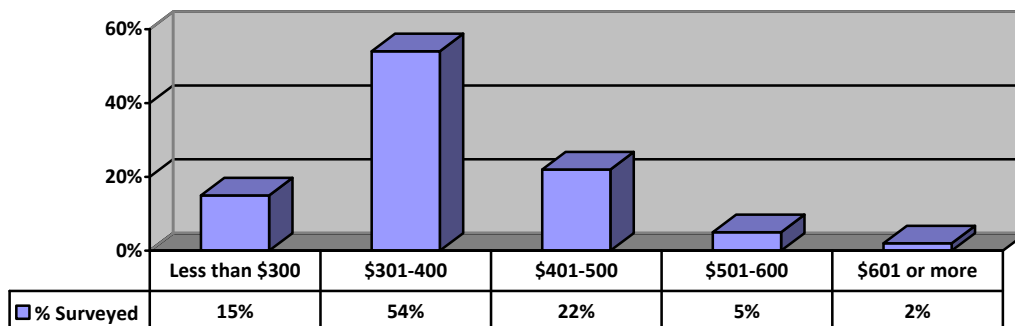
APPENDIX-STUDENT HOUSING SURVEY

8. Regardless of where you live now, which of the following listed features and amenities would be most desirable to you in student housing? Choose up to five features:



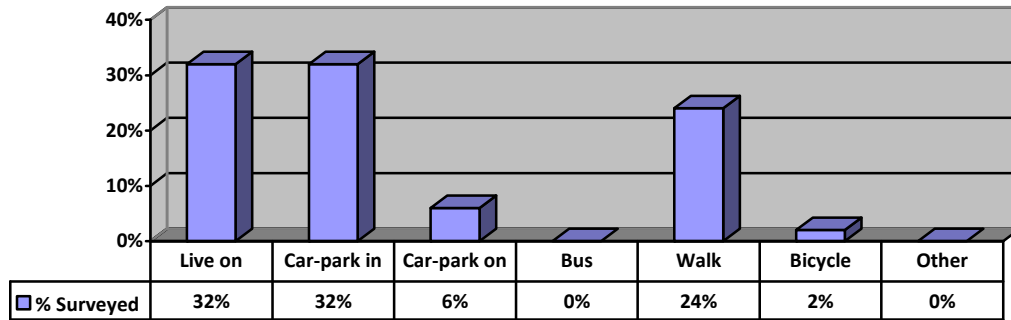
9. Based on your response to Question 8 above, how much would you be willing to pay per month per person to live in student housing that incorporated your desired features?

(549 responses)

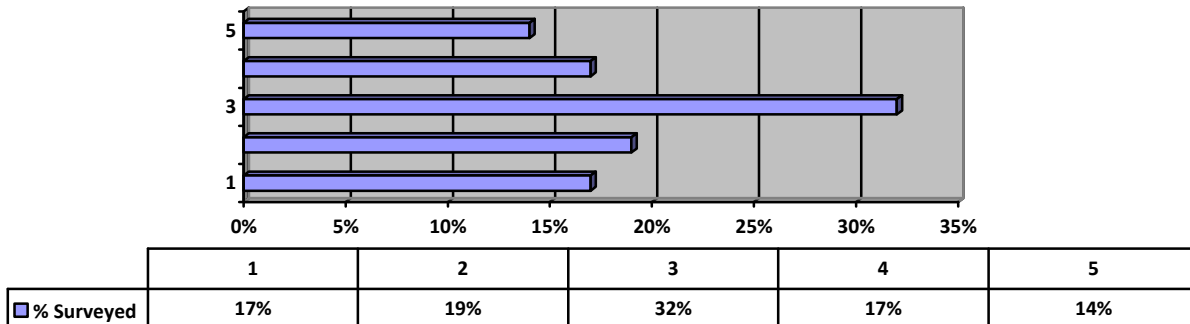


APPENDIX-STUDENT HOUSING SURVEY

10. On most school days, how do you usually get to campus from your home:
(556 responses)

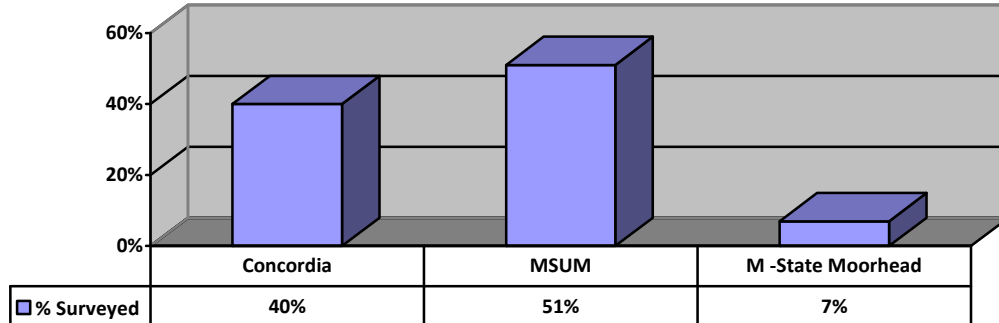


11. On a scale of 1 – 5, with 5 being a high likelihood, how likely are you to live and work in the FM metro area after you complete your education?
(557 responses)

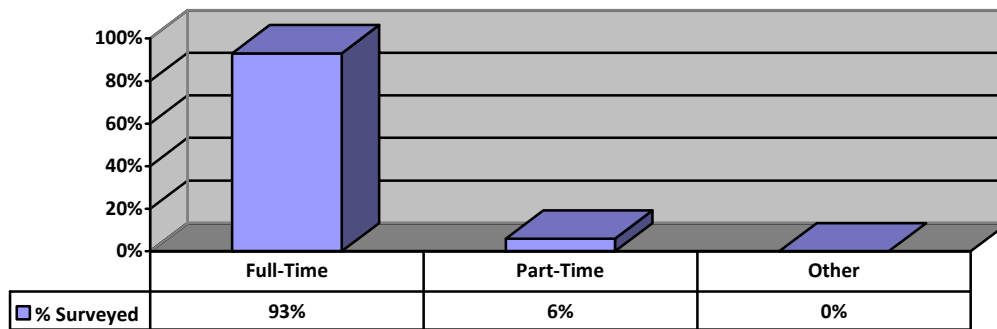


Respondent Demographics:

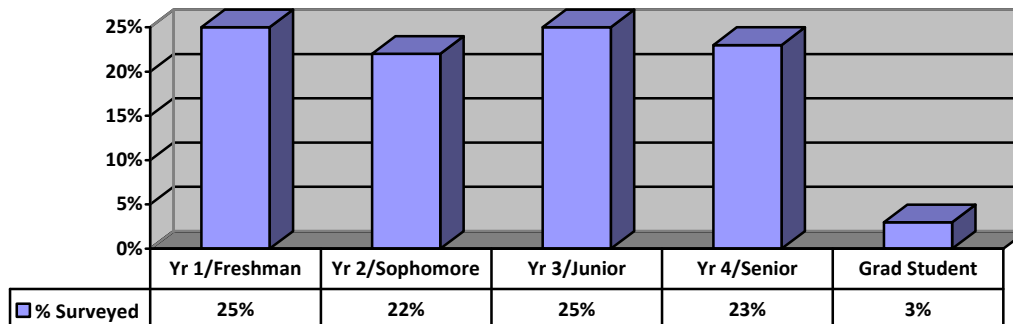
12. I am enrolled at:
(558 responses)



13. I currently attend school:
(556 responses)

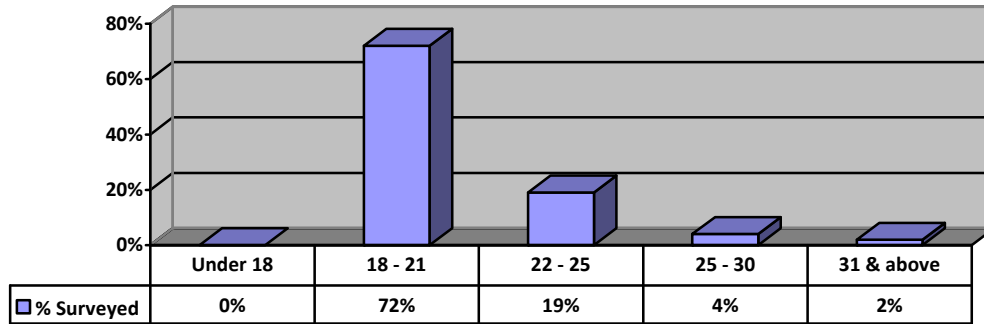


14. Class Status:
(558 responses)

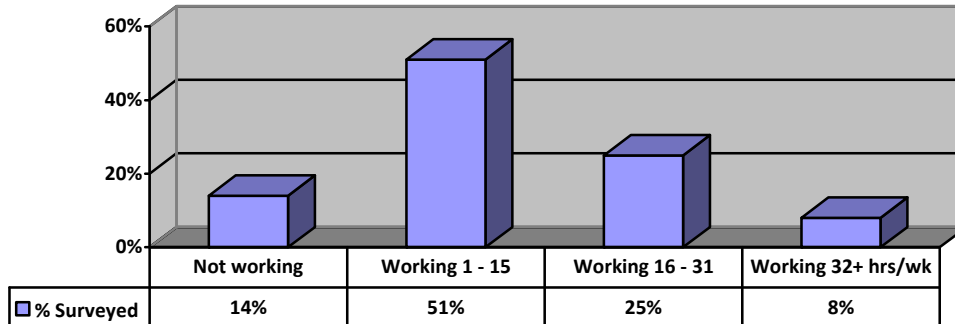


APPENDIX-STUDENT HOUSING SURVEY

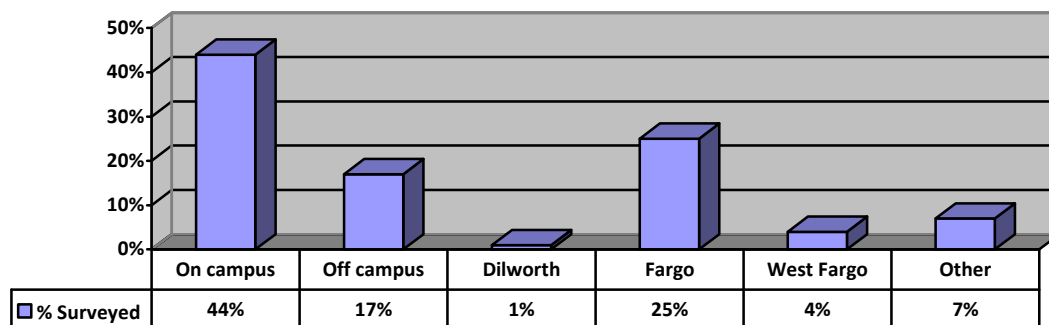
15. Age:
(558 responses)



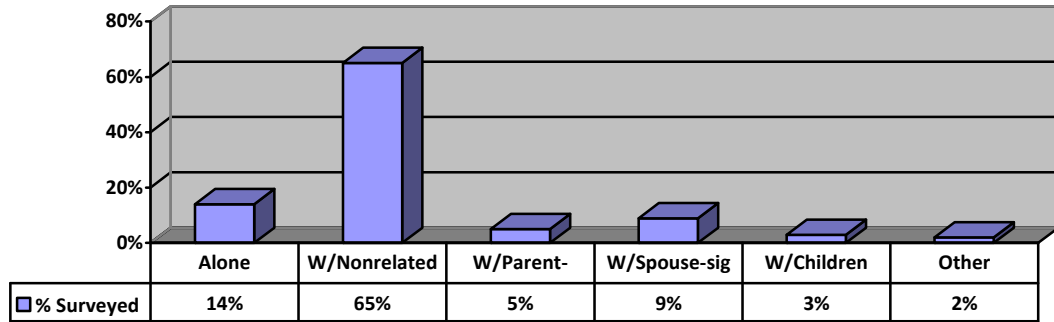
16. Work Status:
(555 responses)



17. If you work in addition to attending school, what is the location of your primary job:
(492 responses)



18. Household Type - I live: [choose all that apply]
(592 responses)



19. Please provide any additional comments you would like:

Please provide any additional comments you would like:

Moorhead/Fargo is a cool, quiet place to live in with cheaper living cost and plenty of job opportunities.

Living in dorms, I pay around \$900 a month: \$300 something for the meal plan and \$600 for a (not shared anymore) room with gross bathrooms. So not worth it when I eat food that probably costs \$3 per meal once maybe twice a day and most of the time zero times a day because of work and short hours. Rant over.

Living at MSUM was not convenient at all for me as an M State student. I would much rather have lived in an apartment, but the price ranges that were available didn't fit me at the time. I wish the city could offer more just for college students/6-9 month leases.

N/A.

Pet friendly apartments are almost nonexistent. I had to get a psychiatrist note to have my dog stay with me. Felon 2nd chance apartments are nonexistent in Moorhead! We only got an apartment because they missed his felony until after lease was signed. We did not have the option to move in the 4 years we lived here despite the fact that we have had no complaints at current residence. There are not many affordable options for college students/graduates who are looking to establish their 1st home to start a family and career in FM. Multiple trailer courts that offer financing, but rent is out of control. In my hometown, I never paid more than \$150 for lot rent.

Need more family housing. More income-based, affordable housing for single-parents attending school, more affordable daycare.

The rent I pay is reasonable. The amount I pay for electricity is reasonable. The amount I pay for stick removal and street lights, and refuse, is atrocious and is even worse when you see it categorized. I will not be staying in the F-M area, but if I did, I would live in Fargo where basic city utilities are included when renting in an apartment complex.

I would have liked to live on-campus to get to know people better but there are not enough low-cost private living options. I have a lot of social anxiety and the thought of being constantly surrounded by noise and people exhausts me--one cannot even show by themselves really! Plus, all the good new housing and jobs are now way south in Fargo or bordering West Fargo. Unfortunately, bus service is horrible out here on Veteran's Blvd. is horrible and I don't have a car. Some winter days, I just didn't attend class because I didn't have the energy to make the bitter cold commute or walk the long distance to the bus stop but need to be out here to work.

"I would love affordable housing closer to campus. I don't want much, just safety, my own space, and an oven. for \$350 a month, max. Goldmark, basically the only option close to campus on the same side of the tracks, isn't that great. We had to move due to rising rent prices and their discriminatory one cat rule, all the way to almost West Fargo.

Actually living on campus is far too expensive, especially considering in order to save money you've got to share a room, great for extraverts, a nightmare for introverts like me. "

I currently live in an apartment by myself that my parents pay for. I plan on moving toward West Fargo after graduation with my significant other. The student housing would be very convenient if it was near the school, because finding a place near MSUM that is of good quality is difficult.

When searching for apartments, my roommate and I found the further from campus you went the better bang for your buck. This is extremely unfortunate for students without vehicles. They are left to pay the same price for a smaller apartment that is dirty, run down, unsafe and overall lesser quality. I would love to see better, affordable options closer to campus.

"I feel the location of the different features of a dorm building are not located well in relation to the dorm rooms. (Kitchen, laundry facilities etc.). Also, I think laundry should be less then \$1 or included in our tuition if living on campus."

Answers based on college senior who will be moving out of Moorhead immediately following graduation.

"College is already extremely expensive as a student. I just can't afford to live on-campus. My current room is \$612/month, for no air-conditioning, no private bathroom, and there is no microwave in the kitchen on our floor, just an oven and a sink. I also have no fridge or anything.

APPENDIX-STUDENT HOUSING SURVEY

The apartments I have looked at that are in my price range are not good. One of them had bugs in the dishwasher and in the vent above the oven. I am looking at apartments with a roommate, but I still don't believe I can afford the cost of living, especially since health issues have made it impossible for me to work for the time being."

Dahl Hall is an amazing dorm on the MSUM campus! I love it here!

On campus living is extremely expensive.

"Moorhead town is a cheater. I hate paying for utilized services. Storm water charges for example, I don't understand why the town charges it. Also, in winter the roads are not clean, I have slipped many times. Very bad service. I wish that the town and its mayor would take a bit of interest in providing services. I am frustrated with this place and the survey still asked whether I want to live in this place after graduation. NO! NOT AT ALL. Provide good service and make this place a better living place and then ask that question.

I'm from Moorhead and am planning on staying, providing I find a career in education. I don't plan on moving until after graduation. I'm willing to pay more but my budget does not allow for it. I will not move into a cookie cutter house. I'd rather stay in an apartment.

"Please, please, please install air conditioning; Please?
Please install functional air conditioning.
PLEASE install functional air conditioning.
If you don't install it now, at least put it in the plans, please."

The housing policy in the city is a joke and a scam; allowing only a maximum of 4 people to rent a housing unit. It's said to cut down on parked cars on the streets but renters just subdivide homes and you get even more people on the street! Just a scam so they can rip off college students and make more money.

I would have liked to live in Moorhead near MSUM, but the housing that is affordable in that area is unsafe. The management companies in Moorhead take advantage of student renters. I experienced many instances of them not following laws, but I did not have time to go through a legal process while being a student and Moorhead did not have any attorney general to represent students/low income renters.

I would consider living in Moorhead if rent is reasonable, having a nice private landlord, government programs willing to help without a ton of hassle or requirements, government programs with a reasonable amount of help to be able to accommodate to my current needs while in college with 2 kids, community activities, friendly welcoming city, resources and services from organizations willing to help, better roads.

I won't live anywhere that I am not allowed to have my dog and I will do anything possible not to live with roommates.

APPENDIX-STUDENT HOUSING SURVEY

"Everything has its own negative and positive side. I choose to live off campus because it's really cheaper than by paying for on-campus living.

Off campus living is cheap and it's like your house your rules, you can do anything but on the other hand on-campus living teaches you a proper way to live in an appropriate way..."

I think more apartments should be offered really close to campus so that we can still walk to class even in winter and not have it be a dorm or a house.

Family-friendly neighborhoods, secure garages and off street parking, pet-friendly housing, and crime-free neighborhoods have been very important to me both as a married undergrad and as a married grad student. It has been difficult to find affordable housing near campus that I would dare to have my children in. A mix of student housing and permanent residents, a strong sense of neighborhood community and a visible police presence are essential.

If MPS charges could stop being ridiculous, that would be awesome. I love living in Moorhead, but MPS is insane. My utility bill goes from \$25 for electricity to \$80 with all the other random charges MPS decides to include. That's a big reason why I'm looking to move to Fargo post-grad.

Parking around campus is ridiculous. 3 hour parking isn't necessary.

I'm an athlete and chose my location due to the close proximity to the athletic facility.

Cheaper rent is better but I don't want to live in a crap hole either because it's hard to work enough hours to afford housing yet I want to feel safe.

Clean, eco-friendly apartment buildings that offers studio, 1-bedroom, and 2-bedroom living apartments are the most desirable right now. It is important to have a safe place to live around campus, so security features such as, controlled access, street cameras, and garage parking are things I personally look for when choosing an apartment. As college students we are looking for functionality at low cost. Frivolous expenditures such as gyms and pools (which are offered on campus) will not attract students if it costs extra.

Finding student housing is the hardest thing. There are no places that I could find off-campus that offered anything specifically for students, and so I'm paying a ton of money for my apartment.

I would never suggest students to live on campus. The quality of housing MSUM provides is not worth the high price they charge. Previous to my apartment, I lived in a house with 5 other roommates, closer to campus than any of the dorms were. Included was a private washer dryer, double garage, large driveway, 6 bedrooms, 2 kitchens, large living space, With rent, high speed internet and utilities, price was \$250 a month per person. Housing on campus is a complete waste of money. Especially the required meal plan-I was gluten-free and unable to eat most

APPENDIX-STUDENT HOUSING SURVEY

things the cafeteria served except iceberg lettuce. I was always sick my freshman year due to the lack of nutrition. Not to mention the bathrooms were filthy and rarely cleaned-showers constantly didn't work. I also don't understand why people would rent an on campus apartment with the prices you charge, when there are more accommodating housing options in Fargo and Moorhead. Please improve the dorms and apartments, or lower rates and I would be in greater support of the on-campus experience.

Knowing what different types of housings options are available in the community and the average price for them would make it easier to find what is available when i am able to live off campus.

Rent in Moorhead is too high. In addition to rent, I also have to pay all of the utilities. It's all the responsibility of owning a house without actually owning it. It would maybe be more manageable if another person lived with us, but we can only have four unrelated roommates living in one house due to Moorhead law.

I am living off campus next year in a rented house with three other roommates to try to reduce living cost.

Food for thought: landlords that are already making students pay for their own water/utilities should not be allowed to use coin operated washers and dryers. That's crap.

Cost and location are big factors in housing for students.

Utilities are very spendy in Moorhead.

I feel like there needs to be a large apartment complex closer to school for students. It gives you that off-campus feel as well as dorm type living. Students will be able to be closer together instead of spread around two towns. It would allow for better academic success and camaraderie. All bigger schools have their own student community.

It would be helpful to students with children to have the option to live on campus.

The Moorhead law that states no more than 4 people can live in a house together unless everyone is related is not ideal since more people that can live in a house together would bring costs down, which is a primary concern as a college student.

I would never choose to live o campus. It is too expensive and Concordia is a dry campus, even in their apartments and town homes.

Harassment from campus police is unbelievable.

It would be better to have a private washroom in the room.

I love being in the Townsite building because it is close to campus and I have my dogs here!

APPENDIX-STUDENT HOUSING SURVEY

Please build more housing near MSUM.

Next year I am moving to an off-campus apartment in Moorhead, and will be paying \$390 a month for my portion. Water, electricity, internet, sewer, and garbage extra, not included in \$390.

Get rid of the 4 person per house rule. Housing would be way more affordable.

I think that there definitely needs to be better and more affordable housing available to students.

Privacy is key, If I had my own room in my on-campus apartment I think I would have stayed.

I think housing is actually cheaper off-campus, which is why most students choose to live off campus. It is difficult finding housing, though, that if a student wants to live with four other people, then they need to find a house with 2 kitchens. These are difficult to find.

Thank you!

I recently moved off campus but my answers are for when I lived on-campus. I think many that live in the dorms live both on and off because living in the dorms can be challenging at times. You should include some questions about living both on and off and why, to better find the needs of student that want off-campus housing but have to live in the dorms due to school policy.

Mixed gender student housing would be a good idea!