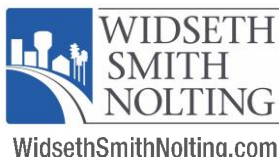


Comprehensive Housing Study and Needs Analysis

City of Lewiston, Minnesota
May 2018



Prepared by



In cooperation
with





May 25, 2018

Ms. Rebecca Charles
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Dear Ms. Charles:

Attached is the *Comprehensive Housing Study and Needs Assessment for Lewiston, Minnesota* conducted by Wideth Smith Nolting & Associates. The study and needs assessment projects housing demand from 2018 through 2033, and provides recommendations on the type of housing that could be built in Lewiston to satisfy demand from residents through 2033.

The study identifies a potential demand for approximately 290 new housing units through 2033. The greatest gaps in available housing, given the age demographics, that will make up the greatest percentage of the population over the next 15 years, is senior housing. At current construction levels, the existing supply is insufficient to meet the demand for the projected 90 percent growth by 2033. The greatest loss in population is the millennial generation (between the ages of 15 and 24 years old) with a decline of 30 percent projected by 2033 in just the age cohort of 20–24 years old.

Based on our findings, demand was identified for most major housing product types with the greatest demand identified for senior and rental housing (all income levels). The *Recommendations* section at the end of the report has more information and suggestions for correcting the housing imbalances currently in place.

Lewiston is a great community and we have enjoyed researching and assisting the City to make insightful decisions that meet your housing needs and goals. If you have any questions or need additional information, please contact us.

Sincerely,

WIDETH SMITH NOLTING & ASSOCIATES

Logan Tjossem
Senior Planner

Craig Britton, PE
Vice President

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Executive Summary

Purpose Statement

The City of Lewiston, MN has contracted with Widseth Smith Nolting & Associates (WSN) to conduct a *Comprehensive Housing Study and Needs Analysis*. The Housing Study provides the City of Lewiston, developers, and the community a meaningful sense of the current housing needs and priorities. The result will identify current and future needs, a recommended housing mix, and the suggested amount and types of housing that could be developed to meet the identified needs of the City for the next five, ten and fifteen years.

Scope of Work

The scope of this study comprises present data and future projections including: an analysis of the demographic and economic characteristics of the City, a review of the income levels of existing households, economic employment and population projections, and housing needs.

Recommendations are supported by available data to help the City of Lewiston identify needed housing as well as the type of housing the community can support. Recommendations and suggestions will also include programs for development and redevelopment on the number and types of housing that could be considered in the City as well as any incentives that may or may not be helpful to accomplish the needs of the City.

About Lewiston

The City of Lewiston, located in Winona County, is part of the bluff lands area of Minnesota with hills and valleys making up most of the topography. At an elevation of 1,214 mean sea level (MSL) and 1.15 square miles, 1,622 people call this home.

The small community is centrally located between three major urban centers: Rochester (35 miles west) and Winona (15 miles east) in Minnesota, and La Crosse, Wisconsin (45 miles east). The location has appeal for new families looking for a small-town atmosphere and a reasonable commute to employment opportunities. In addition, an active business sector is working to keep Lewiston viable.

Lewiston has a public elementary and high school, a Lutheran parochial school, and three churches (within city limits): St. John's Evangelical Lutheran (WELS), St. Rose of Lima (Roman Catholic), and St. Paul's Evangelical Church (UCC-ELCA). In addition, within two miles of Lewiston are Immanuel Lutheran Church (LCMS) at Silo, which includes a parochial school, and Lewiston Church of the Brethren.

Demographic Analysis

- As of the 2010 Census, the City of Lewiston had 1,622 people and 600 households. The City is projected to grow to 2,323 people and 880 households by 2033.
- The 2016 median household income in Lewiston was \$59,821 with an estimated 13% of households having an annual income below \$15,000.
- In 2016, 39% of males never married, but only 23% of females never married. Approximately 50% of males and 57% of females are currently married.
- The average household size in 2016 was 2.6 people with families making up 72% of the Lewiston households.
- The majority of Lewiston is White with only 3% reporting Black or African American.
- Most residents living in Lewiston are native to the United States (99%) and 71% were born in the state of Minnesota.
- Lewiston residents have a high educational attainment with 30% holding a high school diploma and 60% having some college or a higher education degree.

Economic Profile

- The 2016 estimated labor force is 890 residents with 1,221 individuals over the age of 16.
- Unemployment is only at 2.6% according to the 2010 Census, but has increased to 6.5% according to the 2016 American Community Survey (ACS) estimate. Statewide the unemployment rate was 3.2% in October 2016.
- Lewiston has a well-diversified employment field. Management, business, science, and art occupations comprise 29% of the field. Production, transportation, and material moving occupations followed with 24% of the jobs, sales and office occupations with 22%, service occupations at 15%, and natural resources, construction, and maintenance occupations at 10%.
- The sectors currently employing the most people are manufacturing, education services, and healthcare.
- Most employed workers earn a private wage or salary, with only 13% working for government and 7% self-employed.
- Most households commute by car alone to work (79%) with an average commute time of 23.5 minutes. Only 11.6% carpooled with the remaining 8.3% utilizing alternative modes of travel or working from home.

Existing Housing Characteristics

- The existing housing demographics in Lewiston are split 2/3 owner-occupied and 1/3 renter occupied, which is similar to the breakdown in Winona County.
- Of the 588 housing units estimated in 2016, there is a proliferation of detached single-family homes (71%). Only 14% of the existing multi-family developments have more than four housing units.

- Lewiston saw a rise in the number of housing units between 2000 and 2010 at a rate of 9.6 annually. A decline in the number of units occurred between 2010 and 2016, with a loss of 71 housing units, according to the U.S. Census Bureau.
- According to the Lewiston Comprehensive Plan, 286 acres of land are zoned for one- and two-family housing units, while only 21 acres are zoned for multiple-family dwellings.
- The median value of an owner-occupied housing unit is \$144,200 compared to the average value in Winona County of \$156,400.
- The average monthly housing cost is \$1,288 (for mortgage holders), and the average rent is \$613.10.
- Three large construction periods occurred in Lewiston's history—prior to 1939 and between 1970 to 1979 and 2000 to 2009.
- A very low vacancy rate in both owner occupied, and rental units exists. Only 22 housing units were estimated to be vacant in 2016.

Various Housing Issues

- Lewiston currently does not have transitional housing or support shelters. However, there is one state licensed provider for foster care or supported living services. There are two assisted living facilities. Speltz's Senior living is two facilities under one license.
- The vacancy rate and existing homes on the market show there is a severe lack of available housing units for purchase.
- Thirty-seven percent of renters are paying more than 30 percent of their household income on housing each month.
- The city has a jobs-to-housing ratio of 1.6 to 1, which is relatively balanced. However, data on commuting trends shows that most of the Lewiston's workforce commutes to work outside the city limits (67%).
- No owner-occupied units were identified as vacant and only 5.5 percent of rental units were vacant.

Recommendations and Conclusions

Below are the conclusions and suggested areas of focus Widseth Smith Nolting & Associates formulated from the housing study research. Contained within the Recommendation section at the end of the report are numerous programs and tools Lewiston could consider helping resolve the existing concerns and projected needs for housing.

- There is a housing shortage in Lewiston that needs to be addressed in the next five years given the projected population growth.
- Additional affordable units are needed to support the projected growth in population in the next five to ten years, especially for the 37 percent of renters currently paying more than 30 percent of their income on housing.

- While not a concern in the immediate future, thought should be given in the next 25 to 30 years for additional senior living facilities. Within 15 years, the 60- to 64-year-old age cohort is expected to rise by more than 80 percent and will begin retiring and aging out of their existing homes.
- An effort should be made to attract more jobs to Lewiston to help with the rising unemployment rate. A jobs–housing balance policy could be a good tool to resolve this issue.
- Supportive services should be monitored to assess whether the growth in population necessitates the construction of this type of housing.

Market Area

Definition of Market Area

The Market Area for housing in Lewiston is defined by major thoroughfares, traffic patterns, commuting patterns, community boundaries, and our general knowledge of the area. The Lewiston Market Area is generally rural with draws to the Primary Cities of Rochester and Winona and Secondary Cities Altura, Elba, Rollingstone, St. Charles, and Stockton. Primary and Secondary Cities in the Market Area are categorized by population and incorporation status (see Table 1).

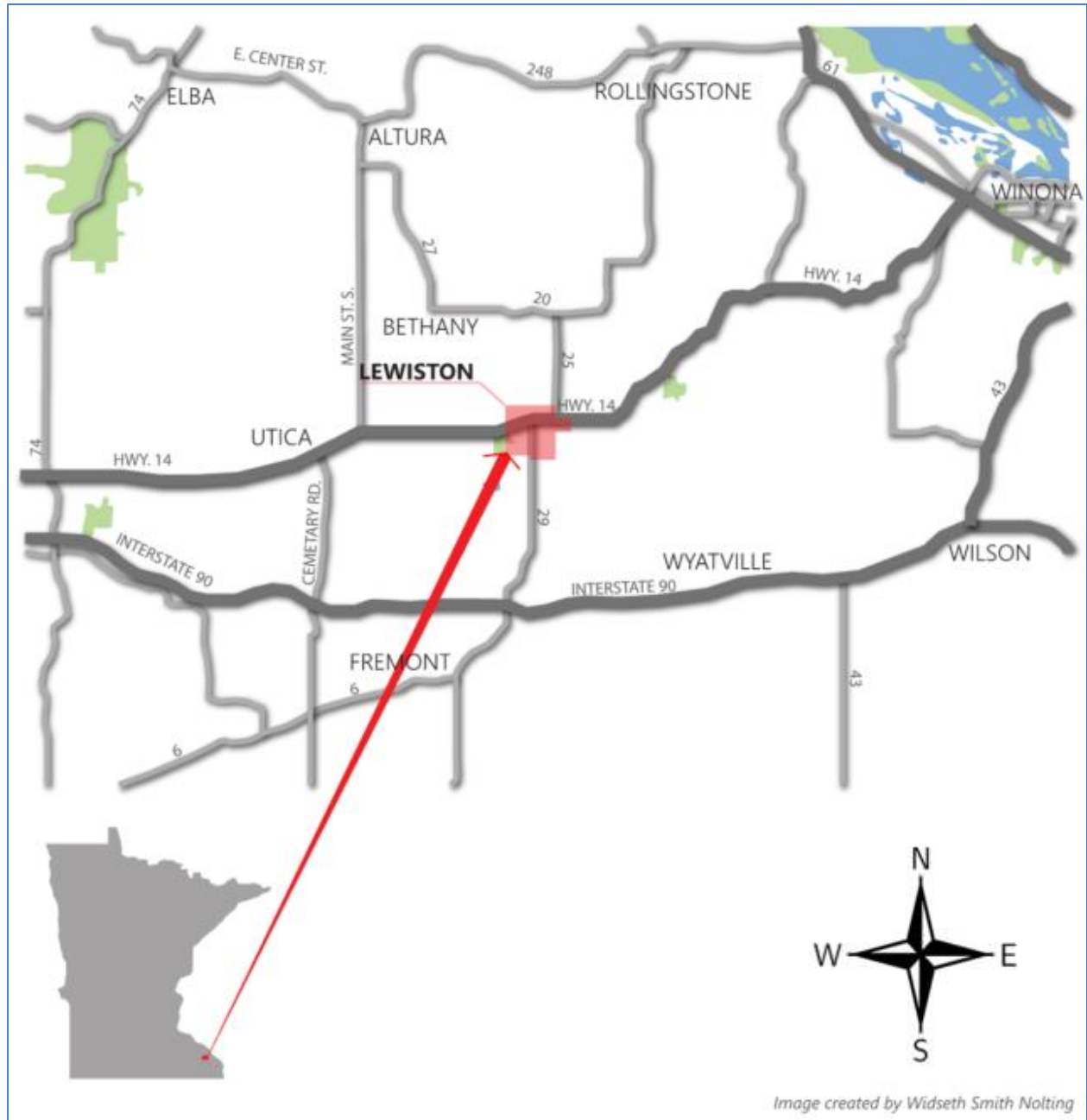
Although recognized, but not shown, a portion of demand draws from outside the Lewiston Market Area, including cities along Highway 14 east toward Winona, MN and Interstate 90 to La Crosse, WI as well as west towards Rochester, MN. Additionally, The Lewiston Independent School District 857 draws people from as far north as the ridge above Minneiska and to the south of Hart.

MARKET AREA		
Subject: City of Lewiston, Winona County		
Population* 2010: 1,622		
<u>Primary City</u>	<u>County</u>	<u>Population*</u>
Rochester	Olmsted	106,769
Winona	Winona	27,592
<u>Secondary City</u>		
Altura	Winona	493
Elba	Winona	152
Rollingstone	Winona	664
St. Charles	Winona	3,735
Stockton	Winona	697
Source: 2010 Census, Widseth Smith Nolting & Associates		

Market Area Boundary

Table 1: Market Area (2010 Census, WSN)

The Market Area Boundary serves as the immediate draw and comparison for Lewiston within Winona County and identifies the Primary Market Area (PMA). The Market Area Boundary is divided north/south by State Highway 14 and Interstate 90, and is generally framed in on the east by Highway 43 and on the west by County Highway 74. See the Market Area Boundary Map on the next page.



Map 1: Market Area Boundary

Demographic Analysis

Introduction

The Demographic Analysis section includes an analysis of overall population, population by age as well as household growth trends and projections including age distribution, income, and size. A review of these characteristics provides insight into the demand for various types of housing in the City of Lewiston. Charts 1 and 2 show population trends and projections from 1960 to 2033. The 2000 to 2010 data and estimated 2016 data draws from the U.S. Census. Estimates and projection data by WSN is calculated from the U.S. Census and ESRI (a national demographics service provider).

Population Trends and Projections

Lewiston's population grew by 136 people (+9.2%) and the remainder of the Market Area grew by 572 people (+0.1%) between 2000 and 2010. The Market Area, including Lewiston, has seen an increase in population during the past decade (+9.3% overall). In 2010, the Primary Market Area included two submarkets that had a decrease in population; Elba (-28.9 %) and Rollingstone (-4.7%). Lewiston accounts for approximately 21% of the Market Area's population.

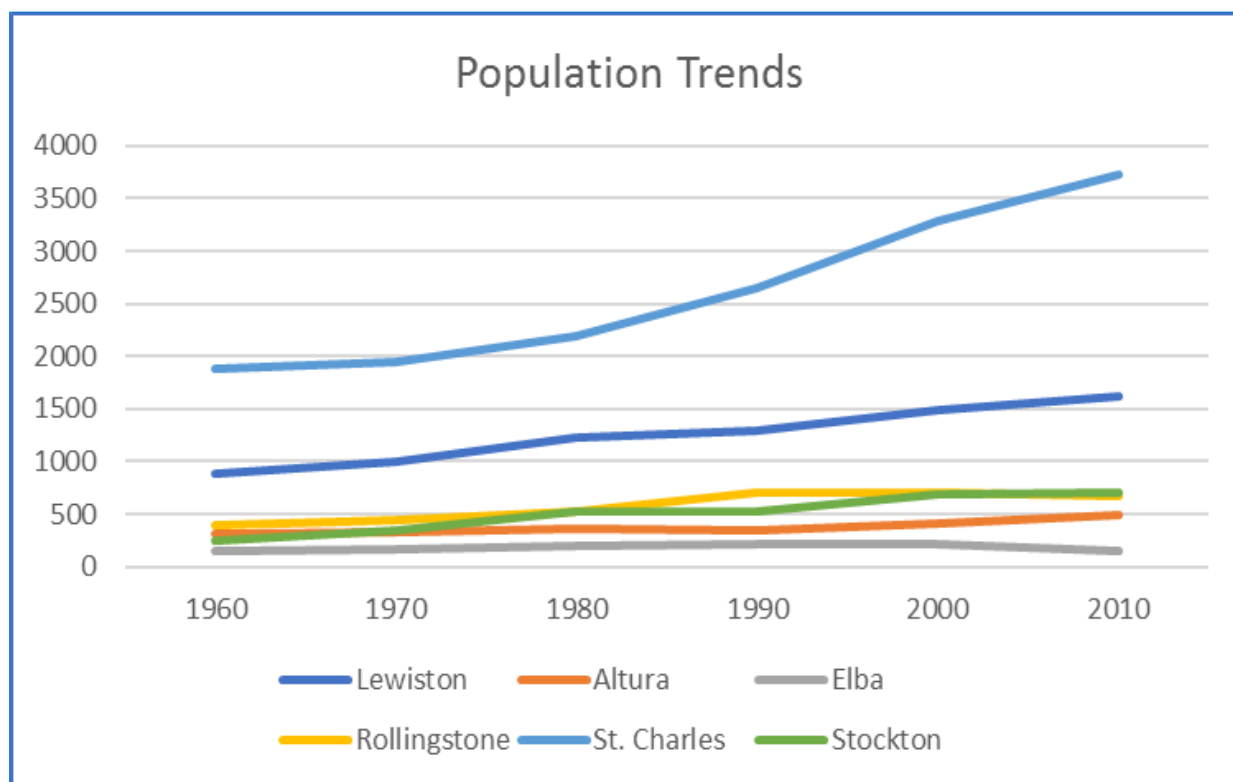


Chart 1: Population Trends (U.S. Census)

If trends continue, like what occurred since 1960, WSN projects that Lewiston will have an overall increase in population in the next 15 years of 703 people by 2033. WSN projects the remainder of the PMA to increase by 9,184 people with an overall projected increase in the Market Area (including Lewiston) between the years 2010 and 2033 to 11,507 people.

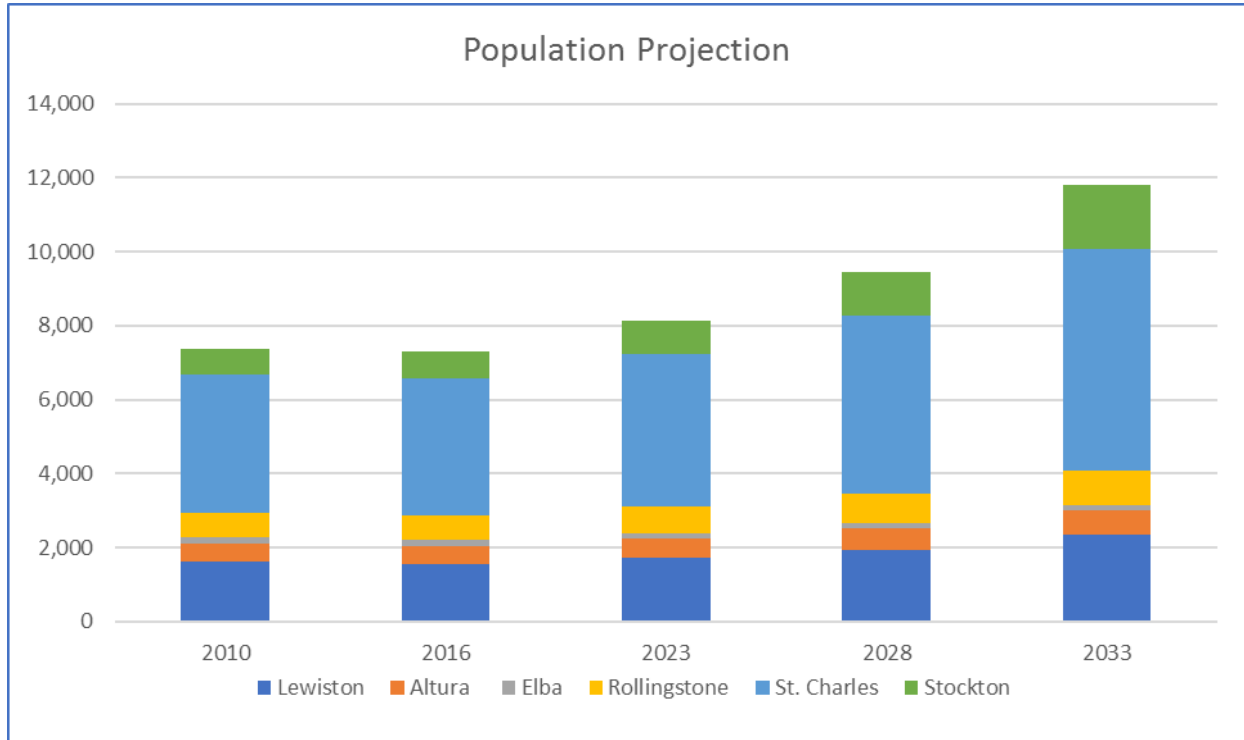


Chart 2: Population Projection 2010-2033 (U.S. Census; WSN)

The stacked column chart above compares parts of a whole, in this case, parts of the population within the Market Area. This shows how the representative city populations contribute to the Market Area's change over time. Table 2 represents WSN's projected Market Area population over the next five, ten and fifteen years and the projected percentage change from 2010 to 2033 based on the trends from the Census years 1960, 1970, 1980, 1990, 2000, and 2010.

Population Projection Table						
	2010	2023	2028	2033	Difference	% Change
Lewiston	1,620	1,706	1,934	2,323	703	43.0%
Altura	493	526	577	671	178	36.0%
Elba	152	159	162	167	15	9.9%
Rollingstone	664	716	814	979	315	47.4%
St. Charles	3,735	4,138	4,805	5,968	2,233	59.7%
Stockton	697	835	1,025	1,399	702	100.7%

Table 2: Population Projections with Percentage Change (U.S. Census; WSN)

Age Distribution Trends and Projections

Age distribution affects demand for different types of housing since needs and desires change at different stages throughout an individual's life. Error! Reference source not found.3 and Chart 3 show the distribution of residents within 13 age cohorts for Lewiston in 2000 and 2010. As indicated, the largest share of the population is between 25 years and 54 years old. However, the largest increase is between the ages of 45 years to 64 years, specifically the age cohort of 60 to 64 years.

Age	% in 2000	% in 2010	% Change
Under 5 years	7.5	8.2	9.3%
5 to 9 years	8.0	9.0	12.5%
10 to 14 years	8.6	8.7	1.2%
15 to 19 years	8.6	5.9	-31.4%
20 to 24 years	5.0	3.9	-22.0%
25 to 34 years	12.6	12.2	-3.2%
35 to 44 years	16.4	14.5	-11.6%
45 to 54 years	11.6	14.7	26.7%
55 to 59 years	4.0	5.2	30.0%
60 to 64 years	2.9	4.6	58.6%
65 to 74 years	6.3	6.1	-3.2%
75 to 84 years	5.5	4.2	-23.6%
85 and over	3.1	2.3	-25.8%

Table 3: Population Change by Age Cohort 2000-2010 (U.S. Census)

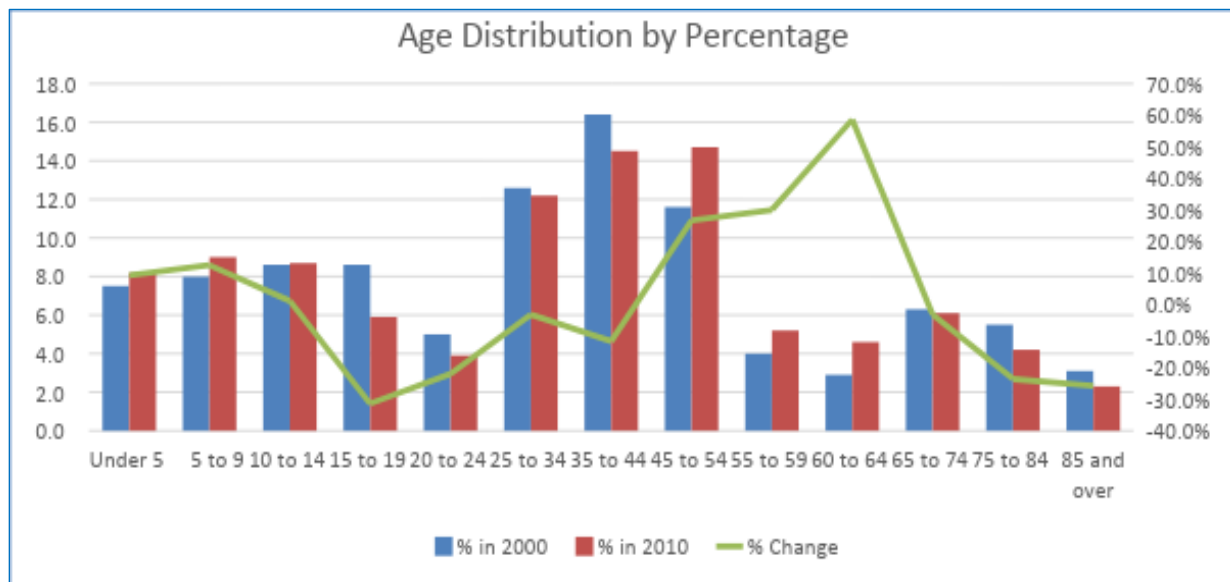


Chart 3: Age Distribution by Percentage (U.S. Census)

If trends continue like what has occurred since 2000, WSN projects the largest age distribution increase will be between the ages of 45 years and 64 years, specifically the age cohort of 60 to 64 years.

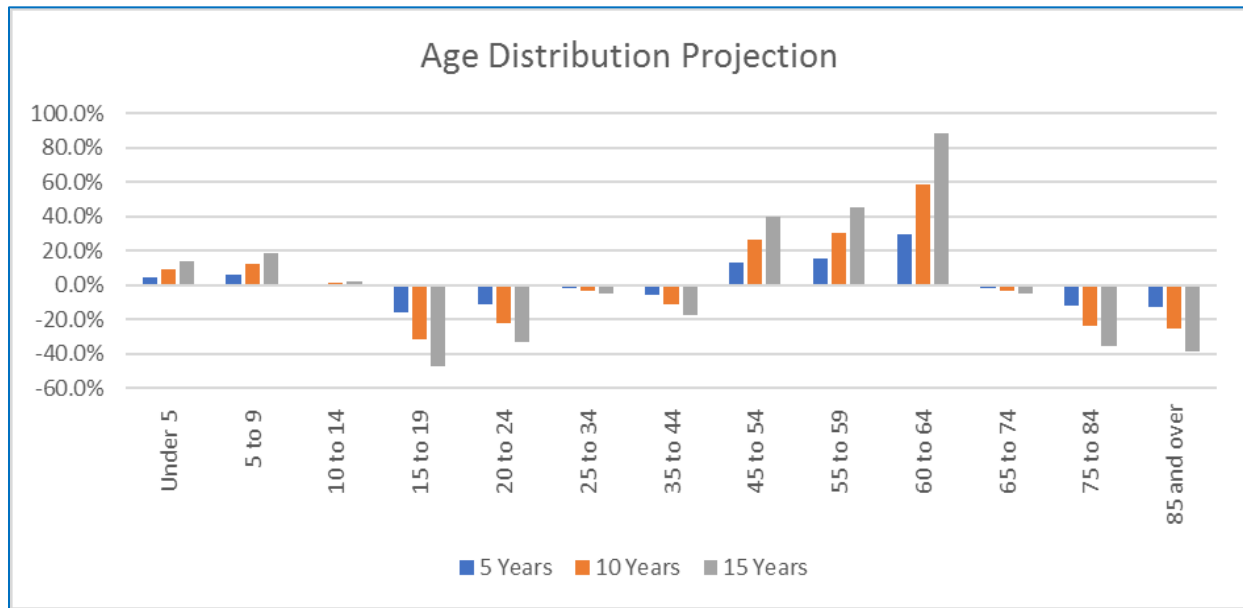


Chart 4: Age Distribution Projection (U.S. Census & WSN)

Households by Income

The median household income in Lewiston was \$59,821. An estimated 13 percent of households had an annual income below \$15,000 and 4 percent had an annual income over \$150,000. Of the estimated 86 percent of households receiving earnings, 11 percent were receiving income from retirement sources other than Social Security. An estimated 26 percent of the households received social security. Males (52 percent of the Lewiston population) earned on average \$11,687 more than females.



Chart 5: Income by Source (U.S. Census)

Households by Age

The 2016 median age in Lewiston was 41.1 years old. Dependent populations (those under 18 and over 65 years old) comprised a total of 40 percent of the estimated population between 2012 and 2016. Households with one or more individuals under the age of 18 makes up 34 percent of Lewiston's households, while 23 percent have one or more individuals 65 years and over.

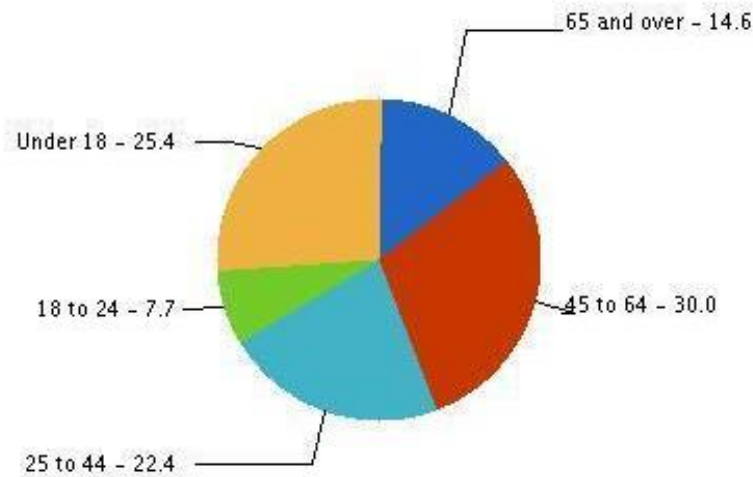


Chart 6: Age by Cohort (U.S. Census)

Households by Size

By 2016 there were 566 households in Lewiston. The average household size was 2.6 people. Families (including both married couples and other families) made up 72 percent of the total Lewiston households. Of the 14 percent considered "other families," 8 percent were female householder families with no husband present, but with children less than 18 years of age. Nonfamily households made up 28 percent of all households, while 58 percent were married couple families.

Population 15 years old and over	Males	Females
Never married	39.3	23.0
Now married, except separated	50.0	57.2
Separated	0.0	2.2
Widowed	1.1	7.5
Divorced	9.6	10.1

Table 4: Marital Status by Gender (U.S. Census)

Estimates show 50 percent of males and 57 percent of females over the age of 15 are currently married. Most nonfamily households were people living alone, but some included people cohabitating without relationship to the householder.

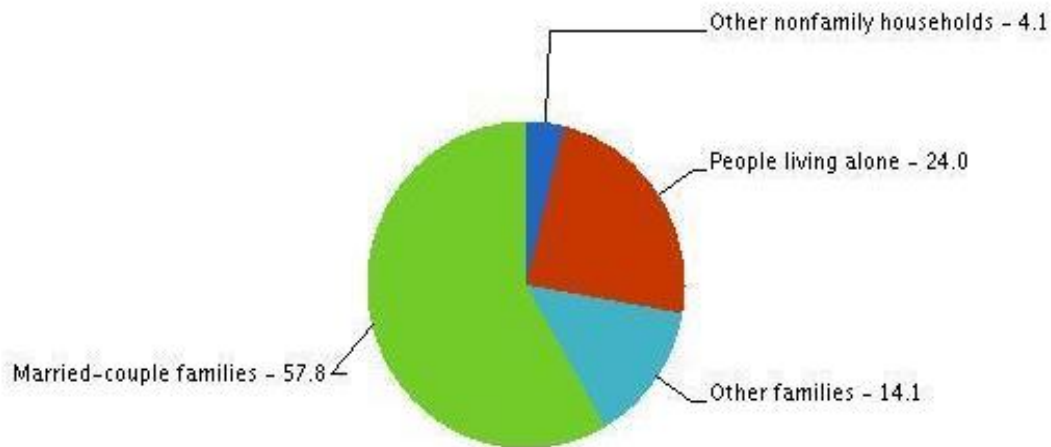


Chart 7: Marital Status (U.S. Census)

Households by Ethnicity and Culture

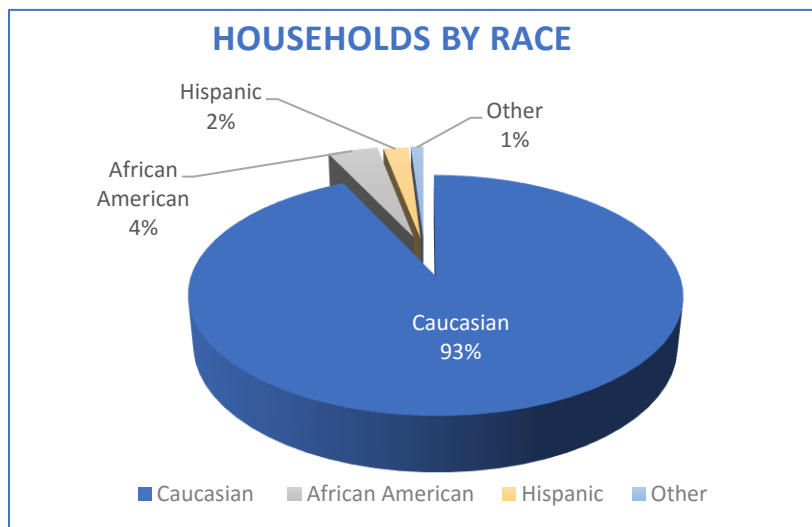


Chart 8: Households by Race (U.S. Census)

The population of Lewiston has 93 percent of the population reporting Caucasian in 2016. Four percent of the population identified as Black or African American. Two percent identified as Hispanic and one percent as other.

Most residents living in Lewiston, Minnesota in 2016 were native to the United States (99 percent). Of these residents, 71 percent were born in the state of Minnesota. Of the 1 percent of the foreign-born population, 100 percent were naturalized U.S. citizens and entered the country prior to 2010. Foreign born residents come from two primary countries—Africa and Asia. Only 2 percent of the population, at least five years old, spoke a language other than English at home. Of those speaking a language other than English at home, 38 percent spoke Spanish and 62 percent spoke another language. Less than 0.5 percent stated they did not speak English “very well.”

Much of the Lewiston population has lived within the City for at least one year. Of the remaining 9 percent that were not living within Lewiston for more than one year, 5.6 percent were in Winona County, 2 percent in Minnesota, and 1.8 percent in a different state or were living abroad.

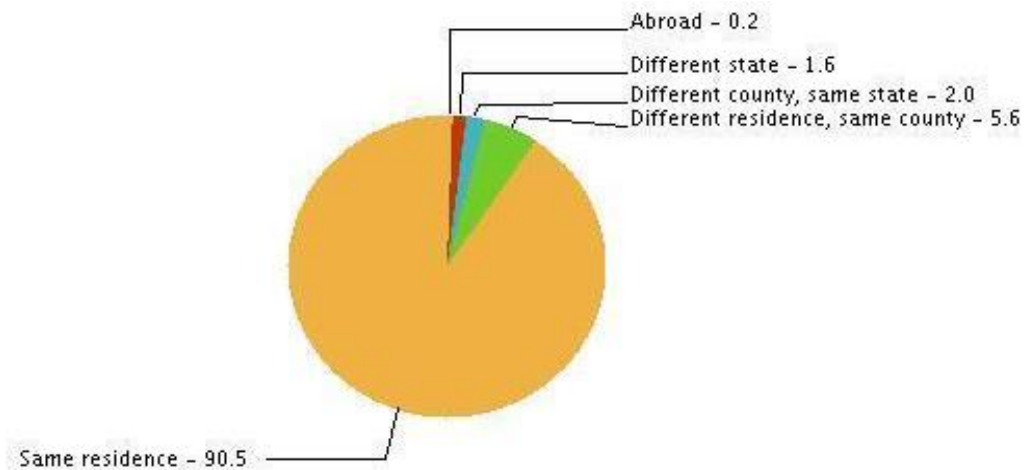


Chart 9: Place of Origin (U.S. Census)

Households by Education

Educational attainment in Lewiston includes 90 percent over the age of 25 having at least a high school diploma and 20 percent with a bachelor's degree or higher. An estimated 10 percent did not complete high school. Total school enrollment between 2012 and 2016 was 406 students. Preschool and kindergarten enrollment was 53, while elementary or high school was 310. College or graduate school enrollment was 43. The civilian noninstitutionalized population between 2012 and 2016 included 13 percent with a disability. There was no clear age concentration; however, 39 percent were over the age of 65.

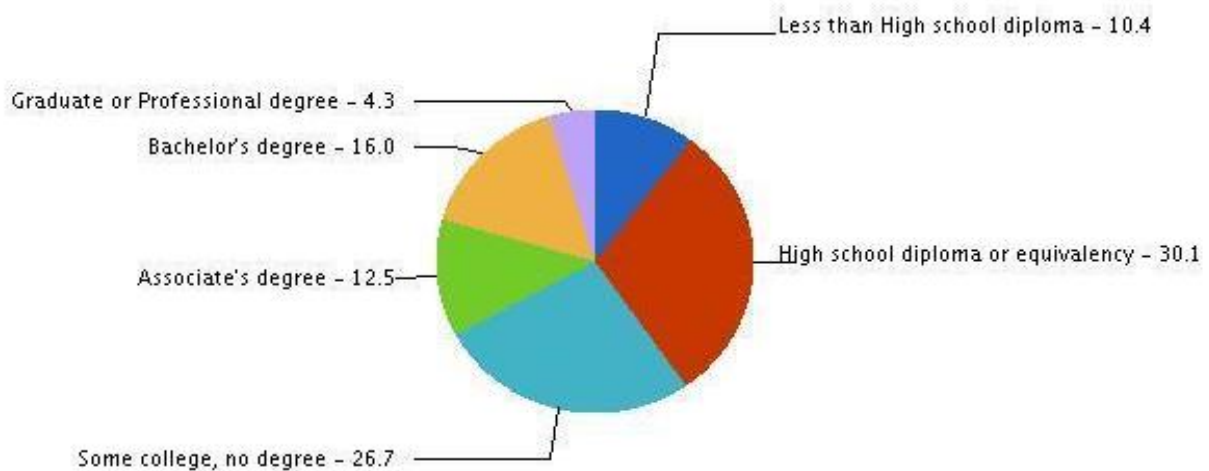


Chart 10: Educational Attainment (2012-2016 ACS)

Household Trends and Projections

Similar to age distribution, household trends and projections affect demand for different types of housing since needs and desires change at different stages throughout an individual's life. Chart 11 and Chart 12 show the distribution of household types as well as the rental rates and projections through 2033. As indicated in Chart 11, the total housing units will continue to rise through 2033 with an increase of 33%. Occupied housing units will also rise by 28%, indicating a consistency with the 43% population increase.

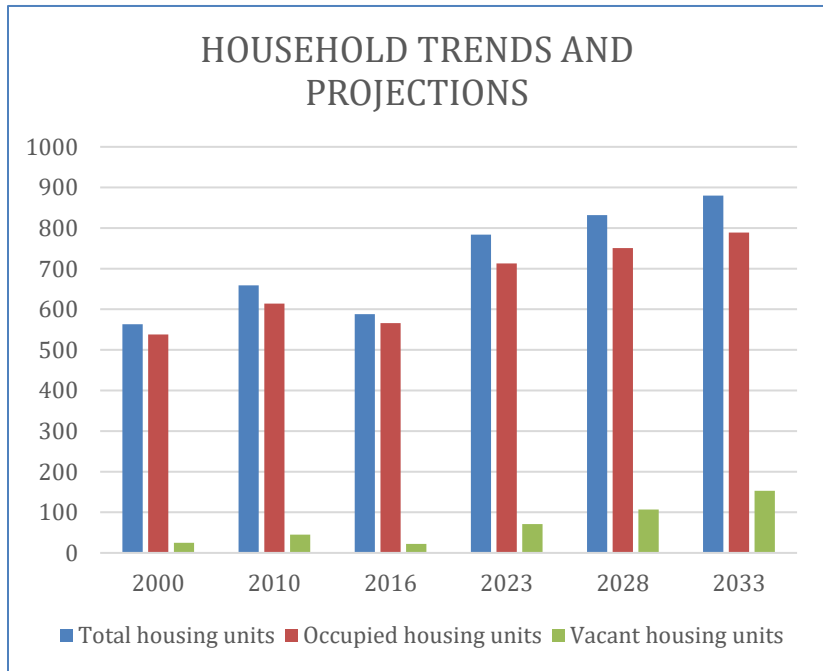


Chart 11: Household Trends and Projections (U.S. Census & WSN)

If household trends continue, like what has occurred since 2000, WSN projects the estimated household (homeowner and rental) vacancy rates combined to be approximately 17%.

Household Rental Rate Trends and Projections

Household rental rate trends give a snapshot of specific market rates and allow estimated projections of a specific market. As indicated in Chart 12, Occupied units paying rent will increase by almost 90 percent. A rental rate of less than \$500 per month will nearly be nonexistent by 2033 while the estimated majority of occupied units will be paying between \$500 and \$999 with a median monthly rent of \$894.

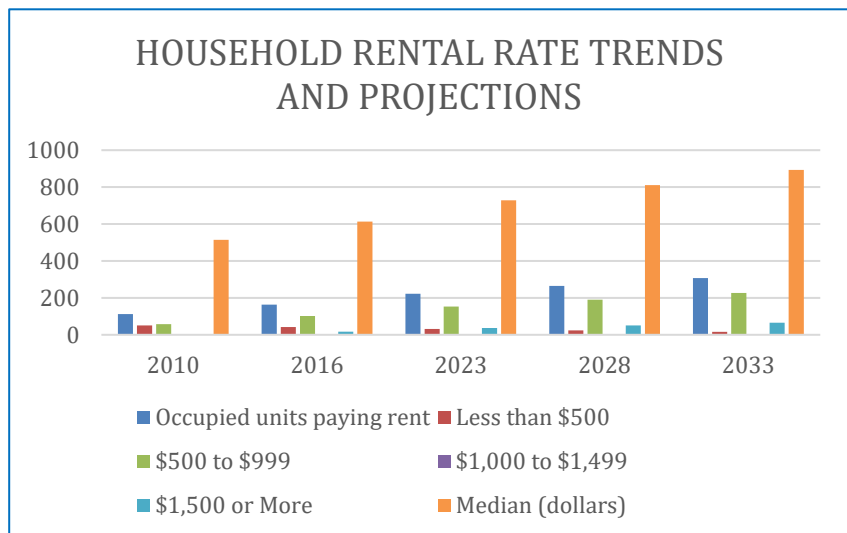


Chart 12: Household Rental Rate Trends and Projections (U.S. Census & WSN)

Summary of Demographic Analysis

- In Lewiston between 2000 and 2010, growth occurred in the following age cohorts: 14 years and under, 45 years to 54 years, and 55 years to 64 years. Growth was slightly higher in 55 years to 64 years but only by 3.3 percent. Over the next 15 years, the largest growth is expected between the ages of 45 and 64, specifically in the age cohort of 60 to 64 years.
- The Lewiston population of 15- to 19-year-olds and 20- to 24-year-olds declined the most between 2000 and 2010 (31.4 percent and 22 percent, respectively), and it is expected to continue to decline over the next 15 years by a significant percentage (30 percent for ages 20 to 24 years).
- The 45 to 54 age group is growing despite demographic shifts in Minnesota and the nation. People moving into this age group followed the baby boomer generation and are characterized as a period of very low birth rates between 1965 and 1974. Lewiston is unique with continued growth projected up to 40 percent in the next 15 years in this age cohort.
- Mirroring trends observed across the nation, the aging baby boomer generation (born between 1946 and 1964), makes up a large percentage of Lewiston's population. These individuals comprised the age groups 55 to 59 and 60 to 64 in 2010. This generation is predicted to have the greatest increase in population: almost 90 percent growth in the next 15 years.
- The current and projected increase in the age groups between 55 and 64 will necessitate an increased need for senior living options. The drastic drop in young adult populations would signify a lesser need to focus housing development on multifamily developments.

ECONOMIC PROFILE

Introduction

Two major indicators of housing need are economic development and employment growth. A rise in the number of jobs leads to an increased need for housing options that reflect the type of employees filling the new positions. Anticipating these trends can lead to more proactive decisions on housing to provide affordable options within a reasonable commute distance.

The 2016 estimated population of individuals over the age of 16 in Lewiston is 1,221 (up 133 people from 2010 Census data) with a total of 890 residents in the labor force. The unemployment rate in Lewiston was 2.6 percent in 2010 but increased to 6.5 percent according to 2016 estimates. The state of Minnesota had an unemployment rate of 3.2 percent in October 2016.

Economic Base: Industry and Key Employers

Lewiston has a diverse economy with no one job type dominating the market. As shown in Chart 13, the highest percentage of jobs are in management, business, science and arts occupations (29 percent), followed by production, transportation, and material moving occupations (24 percent). The primary industry sector is manufacturing, providing 28 percent of jobs, followed by educational services, healthcare and social assistance with 23 percent of the job share. Retail trade represents 12 percent (see Chart 14). Primary employers in Lewiston include Riverside Electronics and the Lewiston Public School District.

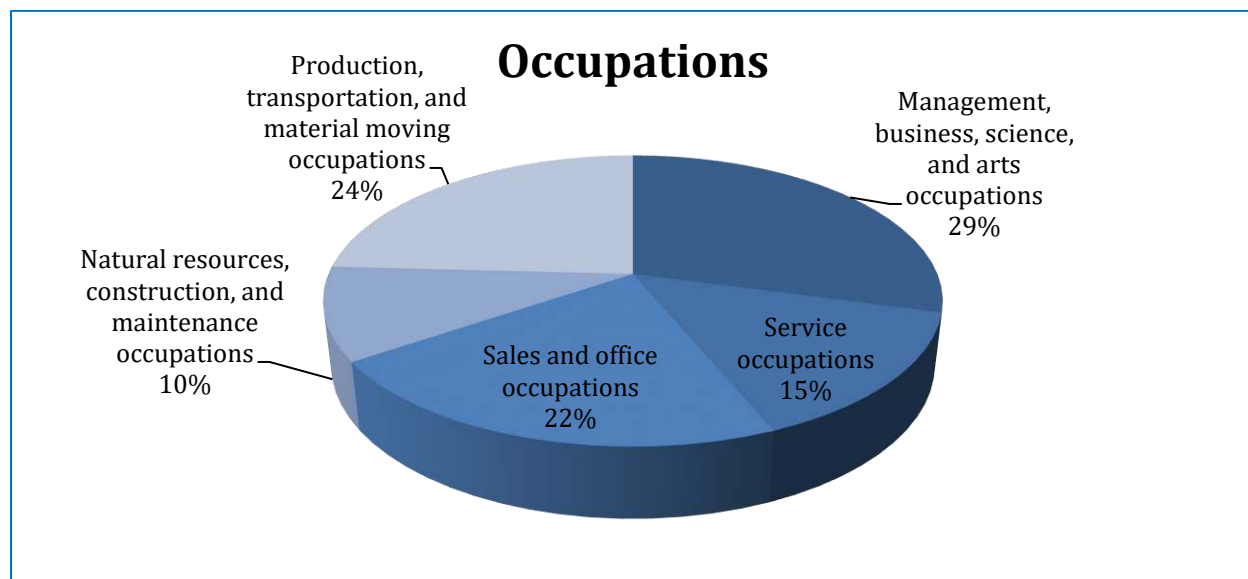


Chart 13: Occupation Type (2012-2016 ACS)

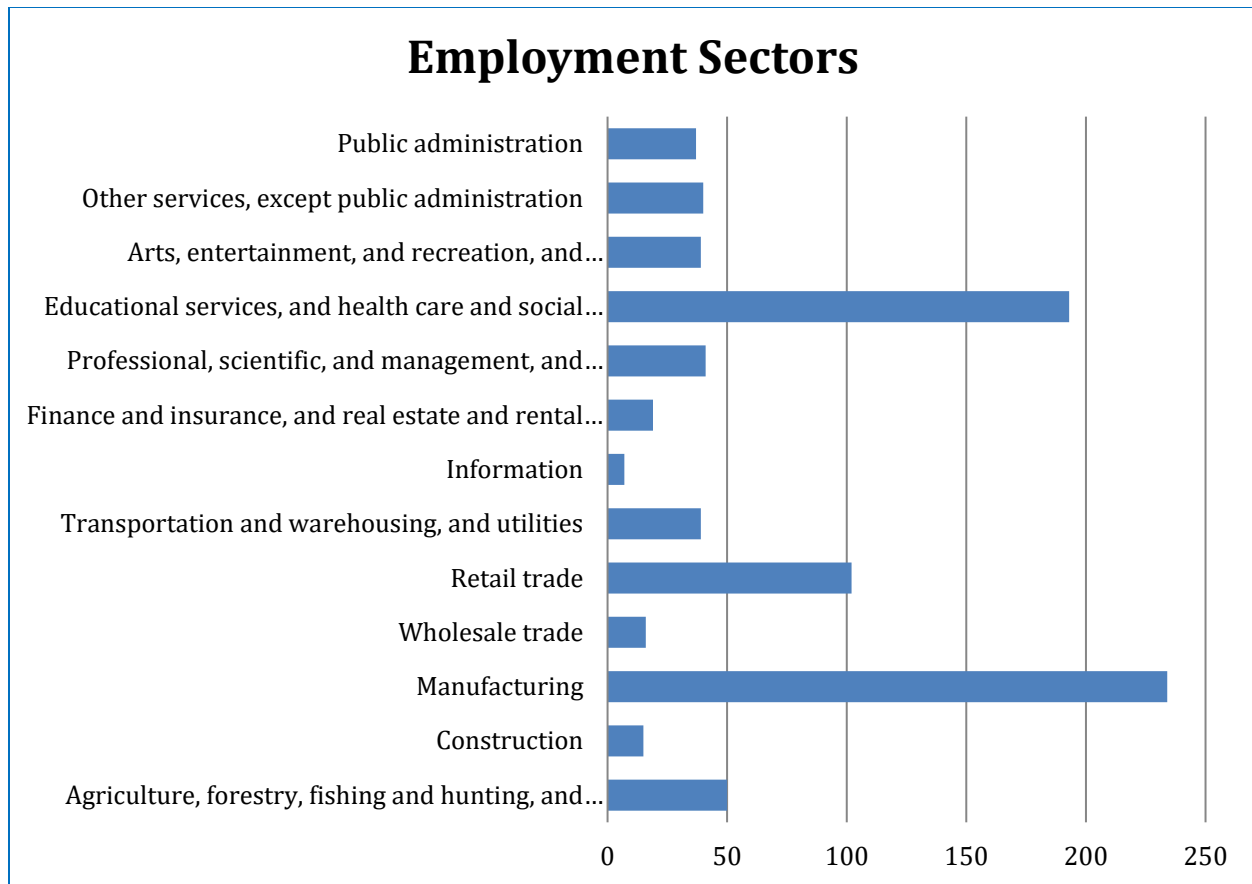


Chart 14: Estimated Employment Sectors (2012-2016 ACS)

Most of the population over the age of 16 is between 35 and 54 years old with a very small percentage between the ages of 20 and 34. A disparity exists among race and ethnicity with 93 percent of the population over the age of 16 identifying as Caucasian. Females comprise roughly 47 percent of the employed workforce. Most workers fall within private wage and salary classification, with only 7 percent self-employed and 13 percent government worker (Chart 15).

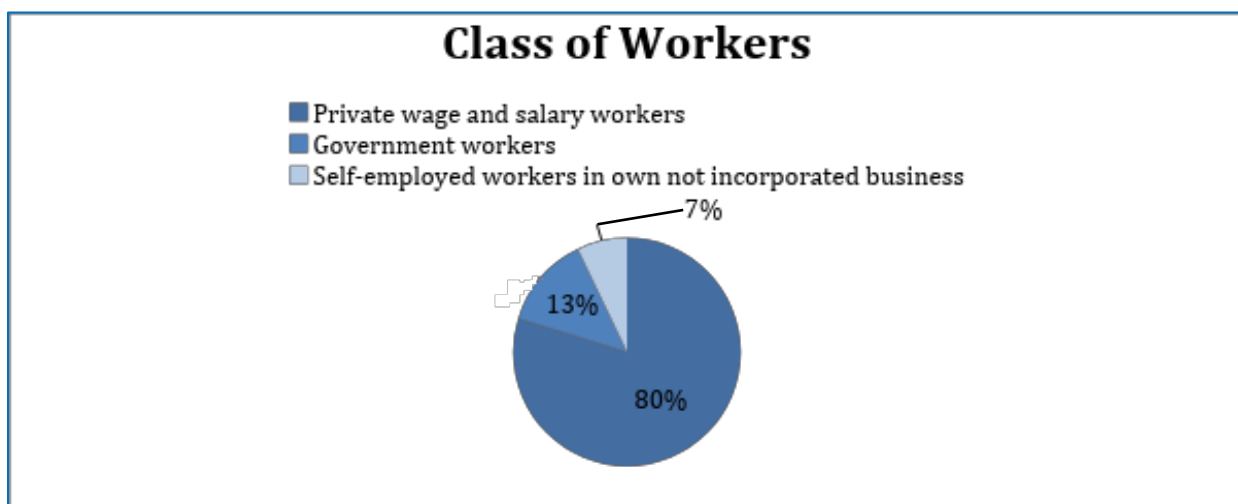


Chart 15: Class of Workers (2012-2016 ACS)

Anticipated Employment Trends

The current breakdown of class of workers is unlikely to change. Without Lewiston's position as a county seat, an increase in government workers is unlikely. There may be a slight increase in self-employed workers as the trend towards home based businesses and cottage industries rises. It is likely that private wage and salary workers will remain fairly consistent, hovering around the current level of 80 percent.

As larger metropolitan cities continue to grow, they are losing land for production and manufacturing industries. Cities like Lewiston can capitalize on this trend and increase the number of manufacturing jobs located within the city. Healthcare is another stable field and has proven to be a large industry provider for Lewiston. With an anticipated need for senior/assisted living facilities, there will likely be growth in this employment sector, as well. Winona County is expected to see a 17.6% rise in healthcare support occupations by 2024.

Focus should be given to attracting jobs to the City of Lewiston. The unemployment rate rose .65 percent annually since 2010 and is currently double the state unemployment rate. If trends continue, the unemployment rate could exceed 10 percent by 2023. Additionally, the largest age cohort growth is expected in 45- to 64-year-olds, a population that is not at retirement age.

Commuting Patterns

While most households prefer to live near their place of employment for convenience, residents in Lewiston have shown they are willing to drive to their destination in order to live in a smaller community. In 2016, the mean travel time to work was 23.5 minutes with 67.4 percent of people working outside their place of residence. An estimated 79 percent of Lewiston workers drove to work alone, and only 11.6 percent carpoolled (see Chart 16).

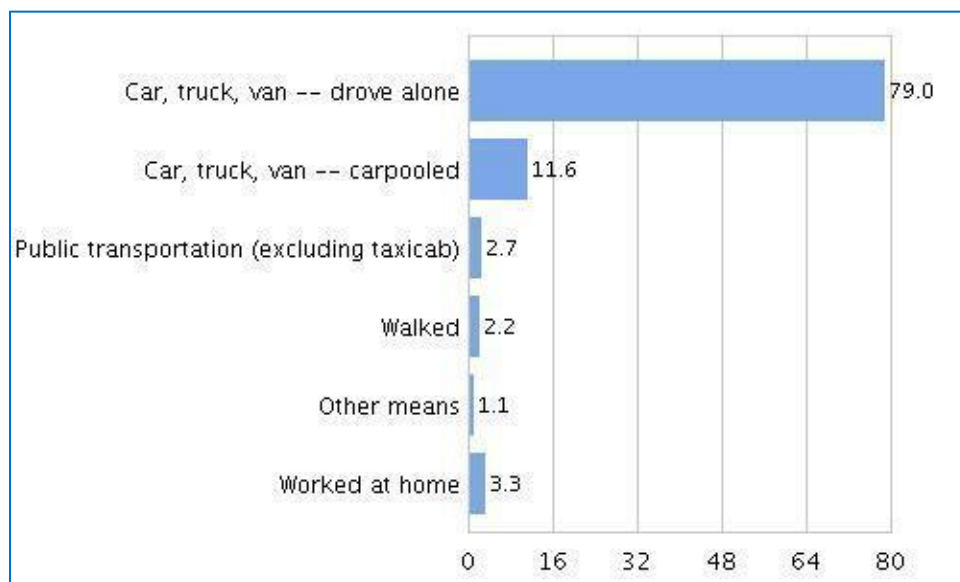


Chart 16: Commuting Trends (U.S. Census)

Labor Shed Identification

A labor shed is the area or region from which an employment center draws its commuting workers and transverse political and geographical boundaries. Labor shed studies are an effective tool to help communities expand their existing businesses, attract new employers, and maintain or recruit a high-quality workforce.

The current average commute time for residents in Lewiston is approximately 23.5 minutes, according to U.S. Census data. With average traffic, this allows commuters to travel approximately 21 miles. This creates an approximate labor shed including cities as far west as Eyota, east to Winona, and nearby towns across the Mississippi River in Wisconsin, including Fountain City, south to Rushford and north to Weaver. This labor shed includes the large population center of Winona, which has the potential to draw an educated and experienced workforce, and Rochester, which employs residents at the Mayo Clinic. Because this data is an average commute time, it would also include residents with shorter commute times traveling within Lewiston and between 5 and 15 minutes to nearby cities.

Summary of Economic Profile

- The 2016 estimated labor force is 890 residents with 1,221 individuals over the age of 16.
- Unemployment was at 2.6 percent according to the 2010 Census but has increased to 6.5 percent according to the 2016 ACS estimate. Statewide the unemployment rate was 3.2 percent in October 2016.
- Lewiston has a well-diversified employment field. Management, business, science, and art occupations comprise 29 percent of the field. Production, transportation, and material moving occupations followed with 24 percent of the jobs, sales and office occupations with 22 percent, service occupations at 15 percent, and natural resources, construction, and maintenance occupations at 10 percent.
- The sectors currently employing the most people are manufacturing, education services, and healthcare.
- Most employed workers earn a private wage or salary, with only 13 percent working for government and 7 percent self-employed.
- Most households commute by car alone to work (79 percent) with an average commute time of 23.5 minutes. Only 11.6 percent carpooled with the remaining 8.3 percent using alternative modes of travel or working from home.

Existing Housing Characteristics

Introduction

Communities that offer a variety of housing options are more attractive to prospective new residents. Housing is the basis for building quality communities, which is why it is important to focus on providing a supply of housing that is both affordable and in good condition. We reviewed data provided by in the ACS 5-year estimates (2012–2016) to determine the age of the existing housing stock, type of units available, and occupancy characteristics.

Housing Stock

In 2000, Lewiston had a total number of 563 housing units. This number increased to 659 by 2010 at a rate of 9.6 new units annually. A decline in housing unit construction occurred between 2010 and 2016, with a loss of 71 housing units according to 2016 estimates by the Census Bureau. Within that six-year span, the data showed a loss of 19 two-family units, which could reflect conversions from two-family to single-family status. Additionally, there was a large decrease in the number of mobile homes from 42 to 26. The Census data estimated a loss of 89 single family detached dwellings, with a rise in three- and four-unit structures and 10- to 19-unit structures (21 and 28 units, respectively).

Despite this recent downtick, the number of housing units is expected to increase based on population projections that anticipate an additional 703 people by 2033. With 60 percent of the occupied housing units accommodating one- to two-person households, a very conservative estimate would necessitate 350 additional housing units. There is, however, 40 percent of the existing housing units with three or more people; therefore assuming a linear growth like the trends between 2000 and 2010, about 290 additional housing units would be required.

By Tenure: rent, own

As shown in Chart 1Chart 17, the existing housing stock is primarily owner-occupied (70 percent) matching the breakdown of Winona County (the State's 2017 Housing Report confirmed the estimated 2012–2016 figures). The average household size of an owner-occupied unit is 2.83 people. The average family size of a renter-occupied unit is similar at 2.16 people. These figures are only slightly higher than the county.

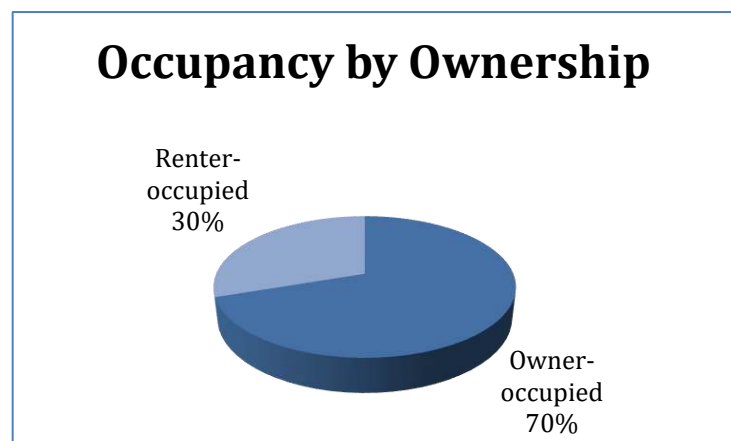


Chart 17: Occupancy by Ownership (2012-2016 ACS)

By Type: single-family, multi-family, market rate, subsidized

Single family detached dwellings comprise the majority of existing housing units in Lewiston. Only 26 percent of the housing units in 2016 had two or more dwelling units. Single family attached or detached structures make up 74 percent of the structures (see Chart 18). There was a total of 26 mobile homes.

The Comprehensive Plan for Lewiston (approved by City Council in 2011) showed 286 acres within the city zoned for one- and two-family housing. Another 21 acres was zoned for multiple-family dwellings. The median number of rooms in all housing units in Lewiston is six. Of these housing units, 67 percent have three or more bedrooms.

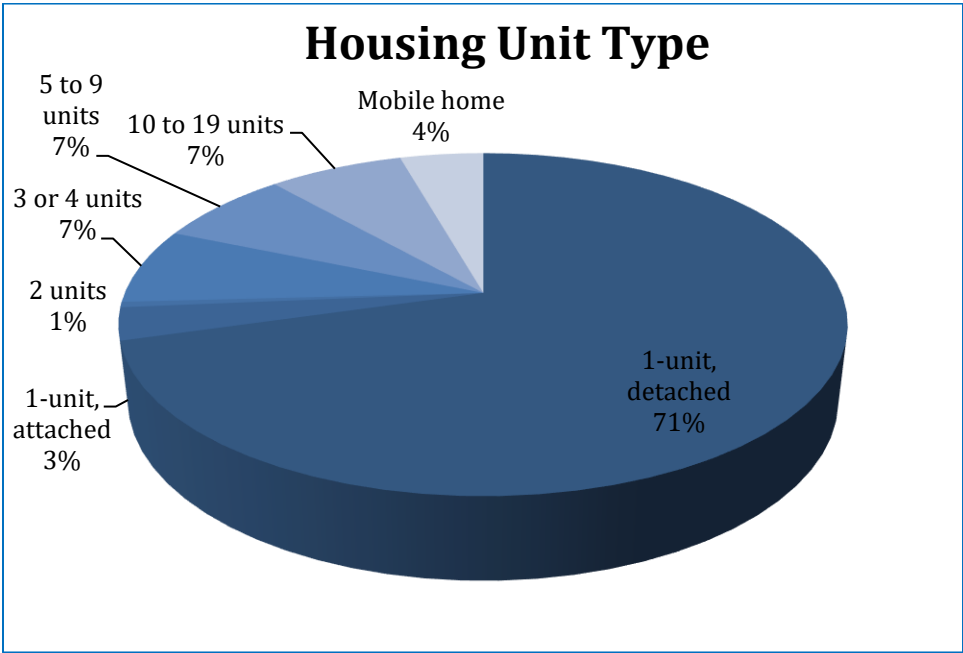


Chart 18: Housing Unit Type (2012-2016 ACS)

By Value: overview of property values and rents

The median value of an owner-occupied housing unit in Lewiston is \$144,200, compared to the average value in Winona County of \$156,400. Of these units, 66.3 percent carry a mortgage, which is 3.5 percent higher than the county. The average monthly housing costs for mortgaged owners was \$1,288 and \$390 for non-mortgaged owners. Renters paid a median cost of \$613.10 monthly. The majority of renters paid between \$500 and \$999 with only 19 households paying more than \$1,000 for rent. Rents have stayed fairly consistent throughout Winona County. Chart 19 shows the percentage of residents that pay more than 30 percent of household income on housing. Owners with a mortgage paying more than 30 percent of household income on housing are estimated at 26 percent; without a mortgage, 17 percent; and renters, 37 percent.

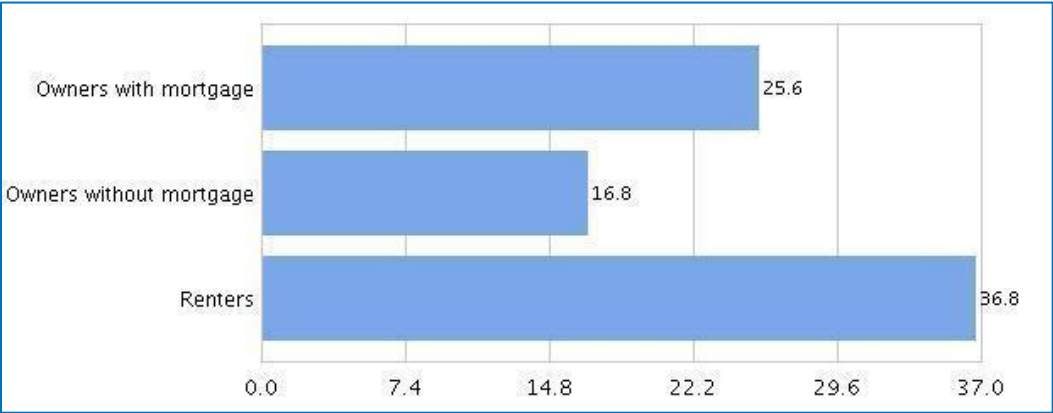


Chart 19: Housing Unit Type by Mortgage Status (U.S. Census)

Gross Rent as a Percentage of Household Income

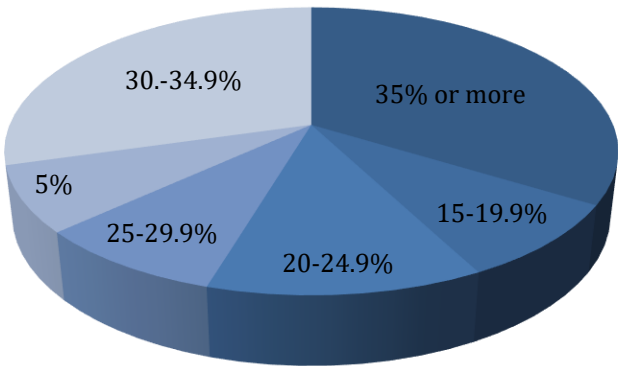


Chart 20: Gross Rent as a Percentage of Household Income (2012-2016 ACS)

By Age and Condition

The age of structures within the city varies. The three biggest construction booms fall prior to 1939, 1970 to 1979, and 2000 to 2009. Prior to 1939, when the railroad was at its peak, 30 percent of the housing units were constructed, roughly the same percent as the county. A second boom period began in the 1960s and continued steadily with an average of 73 new

housing units built each decade thereafter until 2009. A drastic drop in housing units constructed occurred, with only 12 units built between 2010 and 2013 (only 4 units per year compared to 7.3 per year). Winona County did not have a similar spike in building construction during the later years of the 20th century and instead saw a steady rate of construction averaging an approximate 11 percent increase per decade (see Chart 21 and Chart 22).

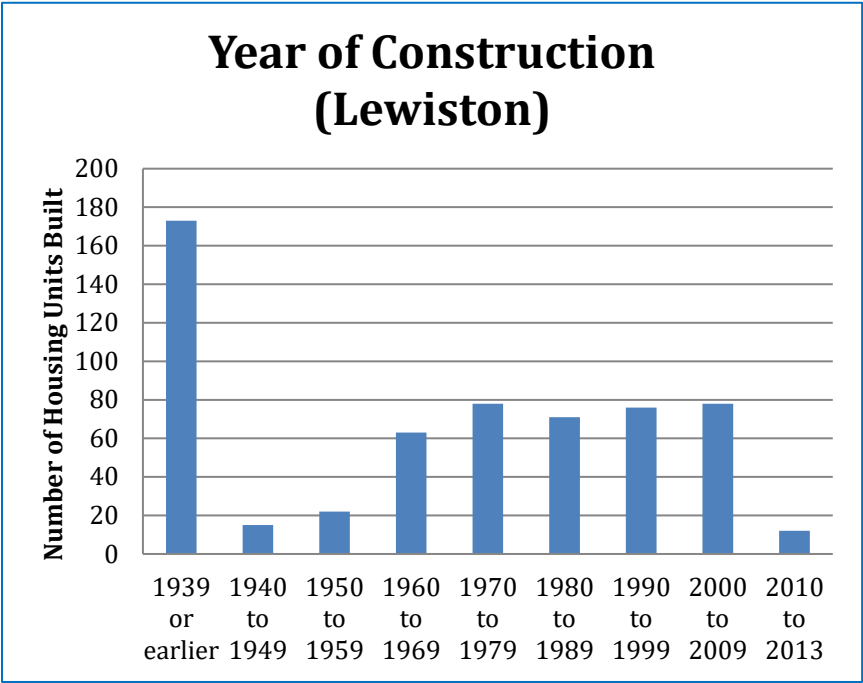


Chart 21: Year of Housing Unit Construction in Lewiston (2012-2016 ACS)

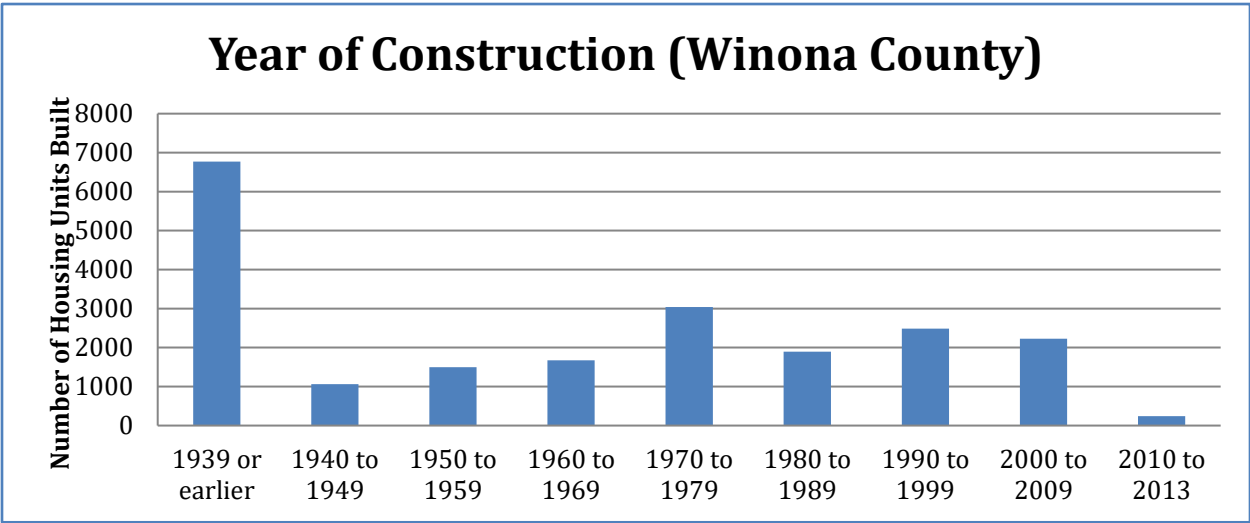


Chart 22: Year of Housing Unit Construction in Winona County (2012-2016 ACS)

Vacancy Rates

Based on the 2012–2016 ACS 5-year estimates, there are a total of 588 housing units in the City of Lewiston. Within Winona County, there are an estimated 20,927 housing units, making Lewiston’s share just under 3 percent of the county’s housing stock. Of the total number of housing units in the city, only 22 were estimated to be vacant. The vacancy rate in Lewiston is 3.7 percent and is well below the 8.8 percent estimated for the county (see Chart 23). Most of the individuals and families occupying the existing housing units moved in between 2000 and 2009.

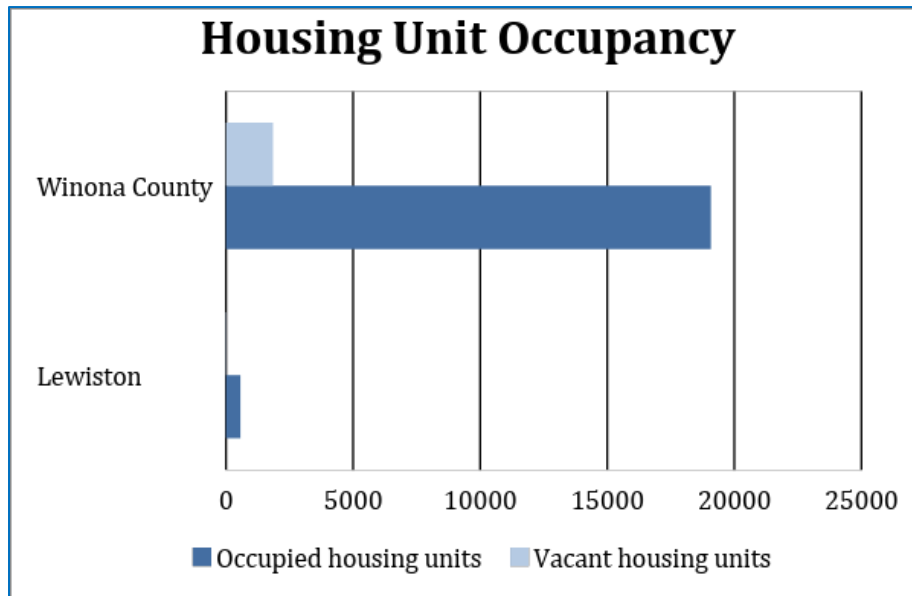


Chart 23: Housing Unit Vacancy Rate (2012-2016 ACS)

Summary of Existing Housing Characteristics

- The existing housing demographics in Lewiston are split 2/3 owner-occupied and 1/3 renter occupied, similar to the breakdown in Winona County.
- Of the 588 housing units estimated in 2016, there is a proliferation of detached single-family homes (71 percent). Only 14 percent of the existing multi-family developments have more than four housing units.
- Lewiston saw a rise in the number of housing units between 2000 and 2010 at a rate of 9.6 annually. A decline in the number of units occurred between 2010 and 2016 with a loss of 71 housing units, according to the U.S. Census Bureau.
- According to the Lewiston Comprehensive Plan, 286 acres of land are zoned for one- and two-family housing units, while only 21 acres are zoned for multiple-family dwellings.
- The median value of an owner-occupied housing unit is \$144,200 compared to the average value in Winona County of \$156,400.

- The average monthly housing cost is \$1,288 for mortgage holders, and the average rent is \$613.10.
- Three large construction periods occurred in Lewiston's history—prior to 1939, between 1970 and 1979, and from 2000 to 2009.
- A very low vacancy rate in both owner-occupied and rental units exists. Only 22 housing units were estimated to be vacant in 2016

VARIOUS HOUSING ISSUES

Introduction

The purpose of a housing study is to identify current market trends and use the data to detect existing or potential housing issues. Once issues have been clearly identified, the proper policies and plans can be put in place to resolve them. This may include updates to the comprehensive plan, establishment of a jobs-housing balance policy, or creation of incentive programs to encourage construction of the housing supply type that is lacking.

A jobs-housing balance implies the community has equilibrium among the dwelling units available and the jobs provided within the city. A good balance will reduce the vehicle miles traveled and keep residents in the city, boosting the local economy. A jobs-to-housing-unit ratio of 1.5:1 implies balance if the average number of workers per households is 1.5. Based on data from the ACS, Lewiston has a jobs-to-housing-unit ratio of 1.6:1. If we assume the average workers per household are 1.5, Lewiston would have a relatively balanced workforce that lives and works within the city. Census data, however, shows an imbalance because 67.4 percent of survey respondents worked outside their place of residence. Additionally, household size averaged 2.5. This shows that a high percentage of Lewiston residents are leaving the city for work and reflects the rising unemployment rate.

For Sale Market Analysis

To obtain a better picture of the available for sale dwelling units in the City of Lewiston, WSN looked at houses on the market as of February 2018. There were eight single family homes and one vacant lot listed for sale within the city. Table 5 shows the homes listed for sale in Lewiston on Realtor.com. The Regional Multiple Listing Services of Minnesota database only returned one active listing in Lewiston.

Of the houses listed, the average list price is \$143,900 with an average of 3.4 bedrooms and 1.9 bathrooms. The average home size is 2,252 square feet. Six out of eight homes were on the market for more than 100 days. Only two homes were listed within two weeks of the search.

List Price	Number of Bedrooms	Number of Bathrooms	Square Footage	Days on Market
\$160,000	4	2	2,280	6
\$187,000	5	3	2,624	14
\$130,000	3	1	2,060	106
\$164,900	3	1	2,080	121
\$161,500	4	2	2,756	137
\$93,000	4	1	2,370	170
\$184,900	2	3	2,532	249
\$69,900	2	2	1,313	288

Table 5: February 2018 Homes for Sale (Realtor.com)

Affordable Housing Strategies

Between 2012 and 2016, 9 percent of the residents of Lewiston were in poverty. An estimated 5 percent of children under 18 years old were living below the poverty level, compared with 15 percent of people over the age of 65. The most affected demographic is female householder families. An estimated 27 percent of households with no husband present had incomes below the poverty level.

There have not been any projects that utilized the Low-Income Housing Tax Credit since 1987 in Lewiston; however Winona County has seen six projects between 1988 and 2004 totaling 271 affordable units. The Department of Housing and Urban Development (HUD) defines affordable housing as “housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.” The gross rent as a percentage of household income (GRPI) showed 37 percent of the occupied units paying rent in Lewiston were unaffordable by the HUD definition. Winona County is ranked number 1 on the list of Severe Renter Cost Burden with 30 percent of renters paying half or more of their income for housing in 2015 (see **Error! Reference source not found.**).

For housing units with a mortgage, most monthly mortgage payments fall between \$1,000 and \$1,499 per month (45 percent). Twenty-three percent of mortgaged homes pay between \$1,500 and \$1,999 with only 15 percent paying over \$2,000 per month.

Existing Housing Stock Preservation Strategies

Many tools exist to help preserve the existing housing stock. They range from enforcement programs to providing incentives. Beginning with the enforcement side of preservation, two main programs to employ are a code enforcement ordinance and a rental licensing program. Both programs will include basic housing standards to protect the exterior aesthetics of owner occupied

SEVERE RENTER COST BURDEN:

Percentage of renter households paying half or more of income for housing in 2015

Rank	Region	% of renters
1	Northland	25%
2	Twin Cities	24%
3	West Central	24%
4	Southern	22%
5	Central	21%
6	Northwest	20%
7	Southwest	20%
	STATE	23%

Rank	County	Region	% of renters
1	Winona	Southern	30%
2	Mahnomen	Northwest	30%
3	Blue Earth	Southern	30%
4	Stevens	West Central	29%
5	Clay	West Central	28%
6	Douglas	West Central	27%
7	St. Louis	Northland	27%
8	Benton	Central	27%
9	Mower	Southern	26%
10	Big Stone	Southwest	26%
11	Polk	Northwest	26%
12	Ramsey	Twin Cities	26%

Source: ACS 5-year estimates, 2015

Table 6: Severe Renter Cost Burden (2015 ACS Estimates)

homes and both the interior and exterior of rental properties. This ensures a stable and reliable supply of housing with minimal maintenance problems if the programs are actively enforced.

An opposite strategy to enforcement is providing incentives for property owners to keep up on maintenance to ensure a continued quality supply of housing in Lewiston. Small grant programs or revolving loan programs can be created to incentivize owners to update siding, repair driveways, or even install energy efficient appliances and features such as solar panels.

Senior/Assisted Living Options

The City of Lewiston does not currently provide supportive services including transitional housing or support shelters. There is one state licensed business to provide foster care or supported living services (Home and Community Options Inc.) to serve four people, 18 years of age and older. There are only two senior/assisted living facilities currently licensed with the Minnesota Department of Health located in Lewiston:

- Lewiston Senior Living LLC (505 East Main Street)
- Speltz Estates Assisted Living (232 Fremont Street South), two facilities under one license

Lewiston Senior Living LLC opened in March 2018. The building was previously used as a nursing home. There are 29 units in the 17,756-square-foot building. The amenities include a full commercial kitchen, hair salon, church, conference room, and dining room. Speltz Estates Assisted Living has been operating since 1990 and offers 11 beds for adult foster care and assisted living services.

Rental Market Analysis

Based on the ACS 2012-2016 Estimates, Lewiston has a rental vacancy rate of 5.5 percent. Only one rental property resulted in a search on www.rent.com. Greenvview Estates offers 1- and 2-bedroom units for \$612 per month. Expanding the search to include self-listing sites such as Craigslist only returned one additional rental unit (2-bedroom, 1,100-square-foot apartment for \$550 per month). This lack of available rental units and low vacancy rate suggest Lewiston could benefit from the addition of more rental units.

Housing Affordability Comparison

The housing affordability of Lewiston compared to Winona County is similar. Most rental units are considered affordable, with 63 percent of renters paying less than 30 percent of their income towards housing (see Chart 24). In Winona County, only 51 percent of renters pay less than 30 percent of their income towards rent monthly (see Chart 25).

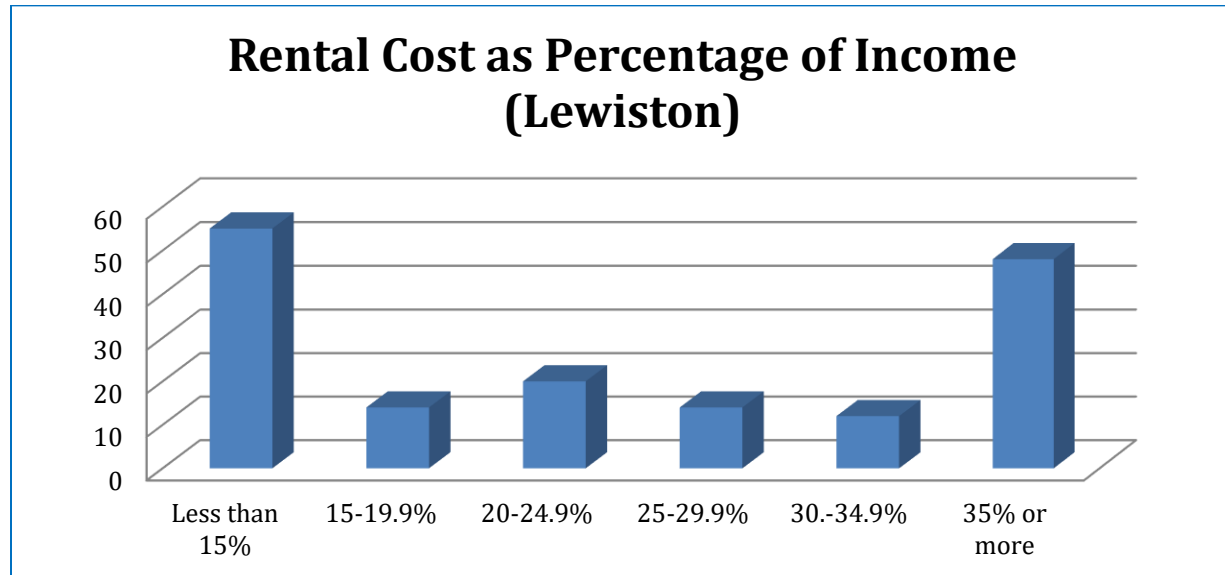


Chart 24: Rental Cost as a Percentage of Income in Lewiston (2012-2016 ACS)

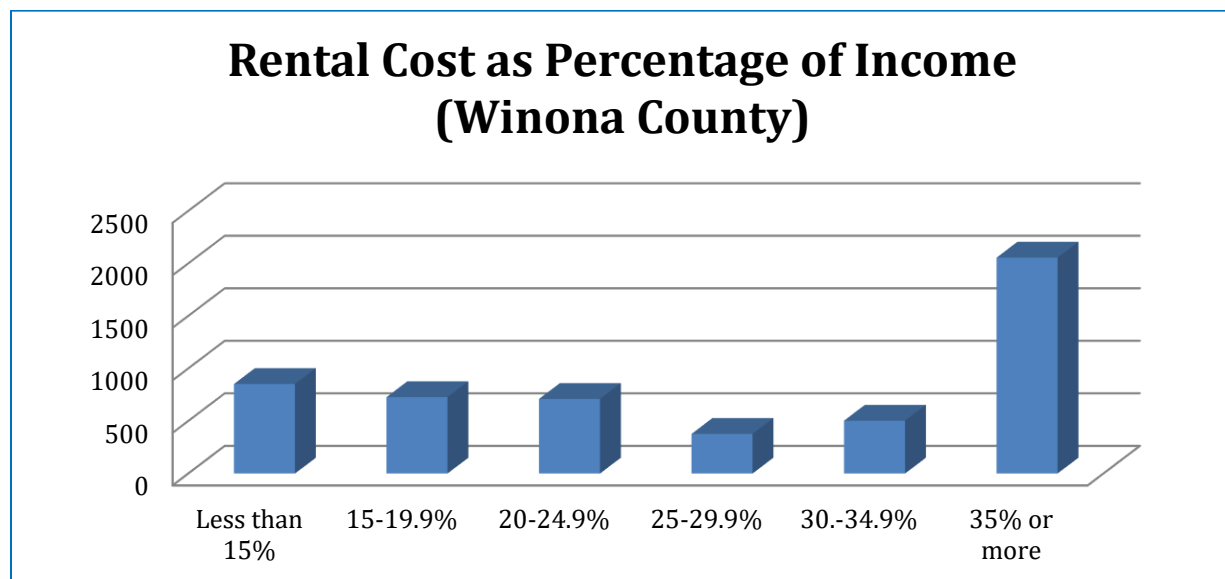


Chart 25: Rental Cost as a Percentage of Income in Winona County (2012-2016 ACS)

The median monthly cost for an owner-occupied housing unit with a mortgage in Winona County is \$1,223. With an average household income of \$52,840, this averages to only 28 percent of income spent on housing. In Lewiston, the median monthly cost of an owner-occupied housing unit with a mortgage is \$1,288. The median household income is \$59,281 which means the average monthly income spent on housing is 26 percent of income. Compared to Winona County, Lewiston is slightly more affordable.

Summary of Various Housing Issues:

- Lewiston currently does not have existing supportive services, which would include transitional housing or support shelters. There is only one state licensed provider for foster care or supported living services. There are two assisted living facilities.
- The vacancy rate and existing homes on the market show there is a severe lack of available housing units for purchase.
- Thirty-seven percent of renters are paying more than 30 percent of their household income on housing each month.
- The city has a jobs-to-housing ratio of 1.6 to 1, which is relatively balanced. Data on commuting trends, however, shows that the workforce commutes in, while 67% of residents are commuting outside the city.
- No owner-occupied units were identified as vacant and only 5.5 percent of rental units were vacant.

Recommendations and Conclusions

Available Programs for Development and Redevelopment

There are several programs available to Lewiston to encourage future development and redevelopment. Some are more obvious, like the Department of Employment and Economic Development (DEED) Workforce Housing Grant Program, while others are more indirect, like the Minnesota Department of Transportation (MnDOT) Local Road Improvement Program. Both work to encourage housing development. While the DEED program supports the physical construction of more units, the MnDOT programs provide the incentives and encouragement for developers to build new units. Lewiston does not qualify for most income-based grant programs because of the low percentage of the population of low income residents. Typically, funders for income-based programs require at least 51 percent Low-Moderate Income residents. Following are a list of programs that are available for Lewiston to consider.

Tax Increment Financing (TIF)

TIF programs give communities a flexible financing tool to assist with housing projects and infrastructure. TIF allows a city to dedicate the increased revenues from a new housing development to make it more affordable or pay for costs incurred by the project. The funds can go to a specific project or be put into a dedicated fund for TIF projects to promote affordable housing.

DEED Workforce Housing Grant Program

This program provides up to 25 percent of the total project costs of a rental housing development. Lewiston would need to provide \$1 for every \$2 in grant funding provided. Applications for this program are due in January of each year. At the time of application, full business plans, site plans, environment evaluations, drawings, floor plans, and estimated rents must be complete. The following criteria must be met:

- Population exceeds 500
- Average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been 5% or less for at least the prior two-year period
- One or more businesses located in the eligible project area, or within 25 miles of the eligible project area, that employs a minimum of 20 FTEs in aggregate
- Business must provide a written statement that the eligible project area has a lack of available rental housing which has impeded their ability to recruit and hire employees.

Minnesota Housing Partnership (MHP)

MHP, based in St. Paul, is a nonprofit organization that helps communities to develop housing projects. They are a resource for cities to provide knowledge and to work with cities and contractors to ensure project success. They do not provide funding for projects, but serve as a valuable resource for information.

MnDOT Safe Routes to School (SRTS)

The SRTS program supports capital projects that promote and encourage more students to walk or bicycle to school by making school routes safer and more accessible. Funding typically falls between \$100,000 and \$450,000. Eligible projects include school site improvements, pedestrian and bicycle facilities, traffic calming, and crossing improvements.

Each grant goes through the SRTS planning process to ensure funding is appropriately used. Planning applications are typically accepted each spring. Actual infrastructure application timelines vary by region.

MnDOT Local Road Improvement Program (LRIP)

LRIP provides funding to local agencies for constructing or reconstructing roads. Available funding is broken into three categories:

- Trunk Highway Corridor Account—local shares of trunk highway projects
- Routes of Regional Significance—road must be regionally or statewide significant
- Rural Road Safety—project must be intended primarily to reduce crashes and increase safety

Applications are typically accepted in late fall/early winter. Funding announcements are made around February of each year. Typical grants fall between \$250,000 and \$1,000,000.

MnDOT Transportation Alternatives Program (TAP)

TAP provides funding to support pedestrian/bicycle facilities, historic preservation, Safe Routes to School projects, and more. Letters of Intent are typically needed in early fall, followed by a full application in January. Awards are announced in spring. Maximum grant awards vary, but there is typically a 20% required local match.

USDA Rural Development Community Facilities Program

This program managed by the U.S. Department of Agriculture is a low-interest loan program that occasionally funds local street projects and is worth considering. Applications are accepted throughout the year. Maximum loan requests vary, but a local referendum would likely be needed for any amounts exceeding \$450,000.

Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA)

SEMMCHRA provides affordable, decent, safe, and sanitary housing to elderly, disabled, and families earning 115% of state median income and below through rental assistance, home rehabilitations, low interest mortgage loans and down-payment programs, family self-sufficiency programs, and single- and multi-family construction.

SEMMCHRA would be a good partner for the City of Lewiston to ensure an adequate supply of affordable housing and programs, such as Section 8, that allows market rate units to become affordable.

With or Without Incentives

Encouraging new housing development in a rural community such as Lewiston is a challenge without proper incentives. Developers will only invest in a new project if they know the profit margins will work in their favor. Offering incentives draws in developers that otherwise would not consider building within the city. Monetary incentives such as reduced building permit fees can encourage developers to consider Lewistown for their next project. Lewiston could also create a Revolving Affordable Housing Loan Fund to help provide capital for affordable housing projects.

Incentives do not need to be solely monetary. Offering services such as fast tracked permitting processes can be enticing to developers that want a quick and easy to understand approval process. Ensuring land is properly zoned for the type of housing needed saves the developer time and money as well. Other options are providing density bonuses that allow a developer to build more than what is allowed by a district. This results in lower housing costs by reducing the land costs per unit.

Conclusions from the Housing Study Research

- There is a housing shortage in Lewiston that needs to be addressed in the next five years, given the projected population growth.
- Additional affordable units are needed to support the projected growth in population in the next five to ten years for the 37 percent of renters currently paying more than 30 percent of their income on housing.
- While not a concern in the immediate future, thought should be given in the next 25 to 30 years for additional senior living facilities. Within 15 years, the 60- to 64-year-old age cohort is expected to rise by more than 80 percent and will begin retiring and aging out of their existing homes.
- An effort should be made to attract more jobs to Lewiston to help with the rising unemployment rate. A jobs-housing balance policy could be a good tool to resolve this issue.
- Supportive services should be monitored to assess whether the growth in population necessitates the construction of this type of housing.