



Housing Market Analysis and Demand Estimates for Clearwater, Minnesota

Prepared for:

City of Clearwater

Prepared by:

Viewpoint Consulting Group, Inc.

Date:

December 28, 2023



December 28, 2023

Annita Smythe
City Administrator
City of Clearwater
605 County Road 75
Clearwater, MN 55320

Subject: Housing Market Analysis and Demand Estimates for Clearwater, Minnesota

Dear Ms. Smythe:

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

Thank you for selecting Viewpoint Consulting Group, Inc. to conduct this market study of Clearwater's housing needs. Please contact us if you have any questions.

Sincerely,

Viewpoint Consulting Group, Inc.

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

Jay Thompson
President

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Key Findings

The City of Clearwater engaged Viewpoint Consulting Group, Inc. to conduct an assessment of housing needs for the City of Clearwater, Minnesota. Calculations of housing demand from 2023 to 2030 are found in the *Demand Analysis and Conclusions* section of the report. Recommendations are also provided on the amount and types of housing that should be developed to accommodate the housing needs over the next five years. The following are key highlights from the housing needs assessment.

1. Clearwater doubled its population during the 2000s, from 858 in 2000 to 1,735 in 2010. Due largely to the Great Recession and resulting downturn in the housing market, growth slowed during the 2010s. Clearwater's 2020 population was 1,922. Growth is projected to quicken this decade (2020 to 2030). Clearwater is projected to reach a population of 2,500 in 2030 (+30.1%). The projected growth projection stems from the housing already constructed this decade (134 housing units) plus the current level of demand being shown for both rental and owned housing in Clearwater. Additionally, Clearwater could potentially exceed the growth projections by capturing employees working in the surrounding area, particularly along the Interstate 94 corridor from St. Cloud to the northwestern suburbs of the Twin Cities.
2. Clearwater is projected to experience growth among all age ranges this decade. This includes particularly strong growth among the senior population as the baby boom generation ages. Overall, demographic trends should lead to demand for a variety of housing types in Clearwater, including rentals, single-family homes, townhomes, and senior housing.
3. Excluding senior housing, there is projected demand for 220 new housing units in Clearwater between 2023 and 2030. Out of that demand, about 55% is for owner-occupied housing (about 125 units) and about 45% is for rental housing (about 100 units). For seniors, there is demand for about 145 units, about 90 units of which would be supportive housing (congregate independent/assisted living) and 55 units for active seniors (55+ senior rental).
4. Housing types by number of lots/units to meet projected demand in Clearwater over the next five years (from 2023 to 2028) are below:
 - Single-family owner-occupied
 - o Entry-level = 40 - 55 lots
 - o Move-up = 5 - 10 lots
 - Townhomes/twinhomes = 25 - 30 lots
 - General occupancy rental
 - o Affordable Townhomes = 10 - 15 units
 - o Market Rate Apartments = 80 - 85 units
 - o Market Rate Townhomes = 25 - 30 units
 - o Supportive Senior Housing = 70 - 80 units

5. It is recommended that a three-year lot supply for single-family homes be maintained in Clearwater, which ensures adequate consumer choice without excessively prolonging developer carrying costs. Clearwater has only a few available lots as Cedar South and Sunrise Crest are nearing completion. It is recommended that at least one new subdivision come on-line within the next year with at least 40 to 55 lots. The lots should be priced to accommodate homes with base prices of about \$350,000 to \$400,000. A small number of lots in a new subdivision(s) with premium locations should be priced to accommodate homes priced at over \$400,000. By the end of the decade, it is likely that additional lots would need to come on-line to keep pace with demand.
6. There is projected demand for about 40 twinhomes/townhomes from 2023 through 2030. With no existing lots available in Clearwater to accommodate this housing type, a subdivision with 25 to 30 lots is recommended within the next year. Most of the demand for townhomes is likely for one-level units that appeal to empty nesters/retirees. The recommended townhomes/twinhomes should have two or three bedrooms with attached two-car garages in the \$325,000 to \$350,000 price range.
7. The analysis found demand for about 100 units of additional rental housing in Clearwater through 2030. However, most of this demand is immediate, as there are almost no vacant units to accommodate current needs or projected growth. Additionally, there is demand for about 30 units of market rate rental housing from seniors. Since this may be insufficient to support a stand-alone senior rental property, there is potential to meet some of this senior need within rental buildings open to all ages. Combined, 115 to 130 units of rental housing are recommended in Clearwater over the next five years.
8. About 80 to 85 units of the recommended market rate units in Clearwater should be in an apartment-style building. Half of this demand will be met by Clearwater Residential Suites when it opens in February 2024 with 42 units. That leaves a need for another building with about 40 to 45 units. Like other newer apartments in Clearwater, it could be a three-story building with attached garages. Recommended beginning rents for market rate apartments are about \$1,100 for one-bedroom units and \$1,450 for two-bedroom units. While these rents are market rate and would be among the highest in Clearwater, they would still be affordable to households with incomes less than 80% of AMI, and thus would be considered workforce units. In 2023, 80% of AMI ranged from \$69,600 for one-person households to \$99,360 for four-person households.
9. About 25 to 30 units of the recommended market rate units in Clearwater should be in a townhouse-style building. Units could be side-by-side twinhomes or four-plex units, such as Orchard Lane Townhomes. They should be one-level units with attached garages, which would increase their appeal to seniors even if they are open to residents of all ages. Rents should begin at \$1,600 for two-bedroom units and \$1,800 for three-bedroom units.
10. It is recommended that a 12 to 16-unit rental townhome development be added for households who would be unable to afford rents at the recommended market rate

developments. A large portion of the unmet demand is from families with children seeking three-bedroom units. To accommodate families with children, it is recommended that affordable rental housing be townhome units. Recommended rents are \$1,175 for two-bedroom units and \$1,350 for three-bedroom units. These rents are considered affordable to households with incomes at 50% of AMI for Wright County and are also below the Payment Standard for Housing Choice Vouchers, making them eligible for the program.

11. Clearwater does not contain a senior housing property that provides personal care services. It is recommended that a property that contains 70 to 80 units of independent, assisted living, and memory care housing be added within the next five years. Based on the calculated level of unmet demand, it is recommended that a building be added that would provide 28 to 32 units of independent living, 30 to 34 units of assisted living, and 12 to 14 units of memory care housing. The assisted living and memory care could be developed together in a single building. Independent living could be developed at the same time or in a later phase, attached to the assisted living/memory care building.

Purpose and Scope of Study

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

Scope of Services

The scope of this study includes the following:

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

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

Clearwater Overview

Clearwater is a community with a 2020 population of 1,992 people located in central Minnesota, in Wright County. It is on Interstate 94, about nine miles southeast of St. Cloud and about 30 miles from the Seven-County Twin Cities Metropolitan Area. Clearwater's location on Interstate 94 with proximity to both St. Cloud and the Twin Cities Metro Area has contributed to its growth in recent decades. Its population has more than doubled since 2000. Overall, Wright County has been one of the fastest growing counties in Minnesota (growth of 13.3% last decade made it the third fastest growing county in the State).

Clearwater's population was under 300 until growth during the 1970s pushed it to 379 in 1980. Clearwater grew by a couple hundred people during both the 1980s and 1990s and then growth accelerated during the 2000s when the Cedar South Additions came on-line, adding over 300 lots. As with many other communities across the state and nation, growth in Clearwater was modest during the 2010s, as the Great Recession and resulting downturn in the housing market curtailed housing construction.

Clearwater Population

1950	224
1960	274
1970	282
1980	379
1990	597
2000	858
2010	1,735
2020	1,992

Clearwater contains a grocery store (Coborn's), restaurants (Burger King, Dairy Queen, Nelson Brothers Restaurant & Bakery, and Taco Gringo), community amenities such as a library and several parks, and several major employers. Clearwater is in St. Cloud School District 742, with the local elementary school being in Clear Lake and Tech High School being about 12 miles away in St. Cloud. These amenities, plus a scenic setting along the Mississippi River and easy access to employment in the surrounding area via Interstate 94 contribute to Clearwater's appeal as a residential location.

Clearwater Regional Location



Clearwater, Minnesota



Demographic and Employment Analysis

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

Study Area Definition

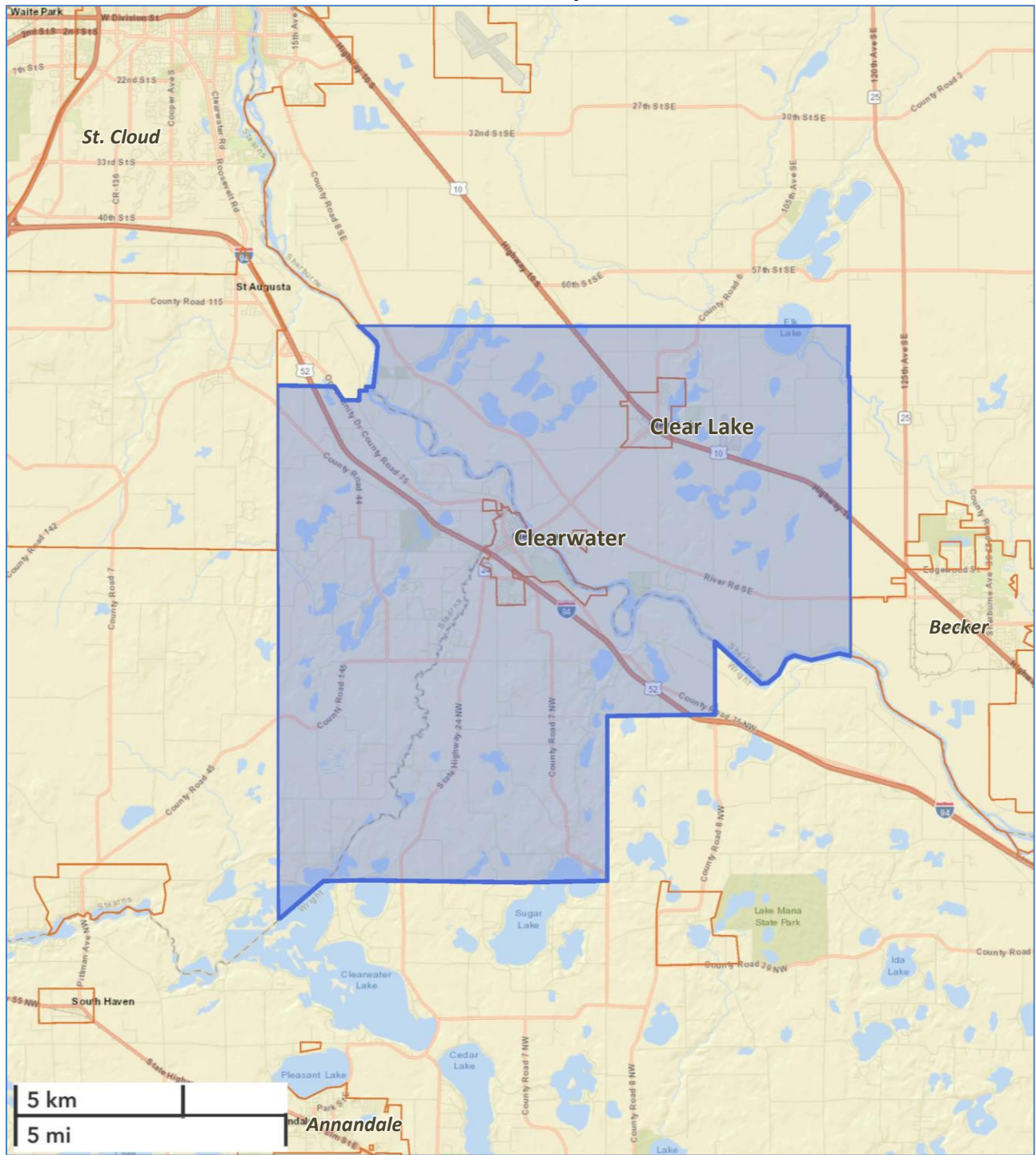
The geographic area examined for determining current and future housing demand in Clearwater is largely based on community orientation and our knowledge of the draw areas for housing. The study area for Clearwater is a relatively small area. It is defined as the following cities and townships surrounding Clearwater.

- Clearwater (mostly Wright County)
- Clearwater Township (Wright County)
- Lynden Township (Stearns County)
- Clear Lake (Sherburn County)
- Clear Lake Township (Sherburne County)

Demographic growth trends and characteristics in the Study Area are analyzed to help determine future housing demand, while considering that many potential buyers/renters will cross-shop with housing in surrounding communities before choosing where to live. In particular, many of Clearwater's future residents will likely work in St. Cloud or other communities in the surrounding area with larger employment bases but choose to live in Clearwater.

A map of the Study Area is shown on the following page.

Clearwater Study Area



Demographic Highlights

The following are key demographic highlights from Tables 1 through 10. Demographic data was obtained from the U.S. Census Bureau, from both the decennial census and the American Community Survey. Population and household projections were made by Viewpoint Consulting Group, Inc. based on data provided by the Census Bureau, ESRI, and the Minnesota Demographic Center, along with local building trends and employment growth trends.

Population and Household Growth Trends and Projections

- Clearwater’s population grew during the 1990s, increasing from 597 in 1990 to 858 in 2010. This growth was the result of 109 households being added during the decade. During the 2000s, the population more than doubled as new housing construction resulted in 353 households being added. In 2010, Clearwater’s population reached 1,735.
- Coinciding with the nationwide downturn in the housing market, Clearwater’s population grew more modestly during the 2010s – it added 187 people, reaching 1,922 in 2020. As a whole, Wright County’s population growth declined from 38.6% during the 2000s to 13.3% during the 2010s.
- The remainder of the Study Area also experienced population and household growth during the 2000s and 2010s. Clear Lake, the other community in the Study Area, lead the remainder of the Study Area in population growth during the 2000s (+279 people). During the 2010s, Clear Lake Township lead the remainder of the Study Area in growth (+136 people).
- In 2020, the total population in the Study Area was 7,426. Clearwater accounted for 26% of the Study Area’s total population. This was up from 1990 when Clearwater accounted for 12% of the Study Area’s total population.
- Both Clearwater and the Study Area are projected to experience an increase in population and household this decade (2020 to 2030). It is projected that Clearwater will reach a population of 2,500 in 2030 driven by the addition of 215 households. In total, the Study Area is projected to have a population of 8,590 in 2030 with 449 households being added.
- Household growth is a better indicator of overall housing demand since households, by definition, are occupied housing units. With growth of 215 households projected this decade, there would essentially need to be 215 new housing units added to accommodate this growth. Additional housing units would be needed to accommodate pent-up demand, replacement demand, and senior housing demand.

Table 1
Population and Household Growth Trends
Clearwater Study Area
1990 to 2020

	---- Census ----				--- Change ---			
	1990	2000	2010	2020	2000 to 2010		2010 to 2020	
					No.	Pct.	No.	Pct.
POPULATION								
Clearwater	597	858	1,735	1,922	877	102.2	187	10.8
Clearwater Twp.	1,156	1,368	1,306	1,372	-62	-4.5	66	5.1
Lynden Twp.	1,616	1,919	1,938	1,816	19	1.0	-122	-6.3
Clear Lake	315	266	545	641	279	104.9	96	17.6
Clear Lake Twp.	1,225	1,630	1,539	1,675	-91	-5.6	136	8.8
Total	4,909	6,041	7,063	7,426	1,022	16.9	363	5.1
<i>Wright County</i>	<i>68,710</i>	<i>89,986</i>	<i>124,700</i>	<i>141,337</i>	<i>34,714</i>	<i>38.6</i>	<i>16,637</i>	<i>13.3</i>
<i>Greater Minnesota</i>	<i>2,086,378</i>	<i>2,277,417</i>	<i>2,454,358</i>	<i>2,543,390</i>	<i>176,941</i>	<i>7.8</i>	<i>89,032</i>	<i>3.6</i>
<i>Minnesota</i>	<i>4,375,099</i>	<i>4,919,479</i>	<i>5,303,925</i>	<i>5,706,494</i>	<i>384,446</i>	<i>7.8</i>	<i>402,569</i>	<i>7.6</i>
HOUSEHOLDS								
Clearwater	218	327	680	785	353	108.0	105	15.4
Clearwater Twp.	375	479	483	526	4	0.8	43	8.9
Lynden Twp.	507	642	698	702	56	8.7	4	0.6
Clear Lake	107	102	205	222	103	101.0	17	8.3
Clear Lake Twp.	409	574	586	646	12	2.1	60	10.2
Total	1,616	2,124	2,652	2,881	528	24.9	229	8.6
<i>Wright County</i>	<i>23,013</i>	<i>31,465</i>	<i>44,473</i>	<i>50,509</i>	<i>13,008</i>	<i>41.3</i>	<i>6,036</i>	<i>13.6</i>
<i>Greater Minnesota</i>	<i>772,349</i>	<i>873,671</i>	<i>969,478</i>	<i>1,014,464</i>	<i>95,807</i>	<i>11.0</i>	<i>44,986</i>	<i>4.6</i>
<i>Minnesota</i>	<i>1,647,853</i>	<i>1,895,127</i>	<i>2,087,227</i>	<i>2,253,990</i>	<i>192,100</i>	<i>10.1</i>	<i>166,763</i>	<i>8.0</i>

Sources: US Census, MN Demographic Center, Viewpoint Consulting Group, Inc.

- Clearwater’s, as well as Wright County’s and Minnesota’s, average household size declined from 1990 to 2010. Between 2010 and 2020, Clearwater’s average household sized declined again (to 2.45 people per household in 2020), while Wright County’s and Minnesota’s stabilized.

Average Household Size (People per Household)

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Clearwater	2.74	2.62	2.55	2.45
Wright County	2.95	2.83	2.78	2.78
Minnesota	2.58	2.52	2.48	2.49

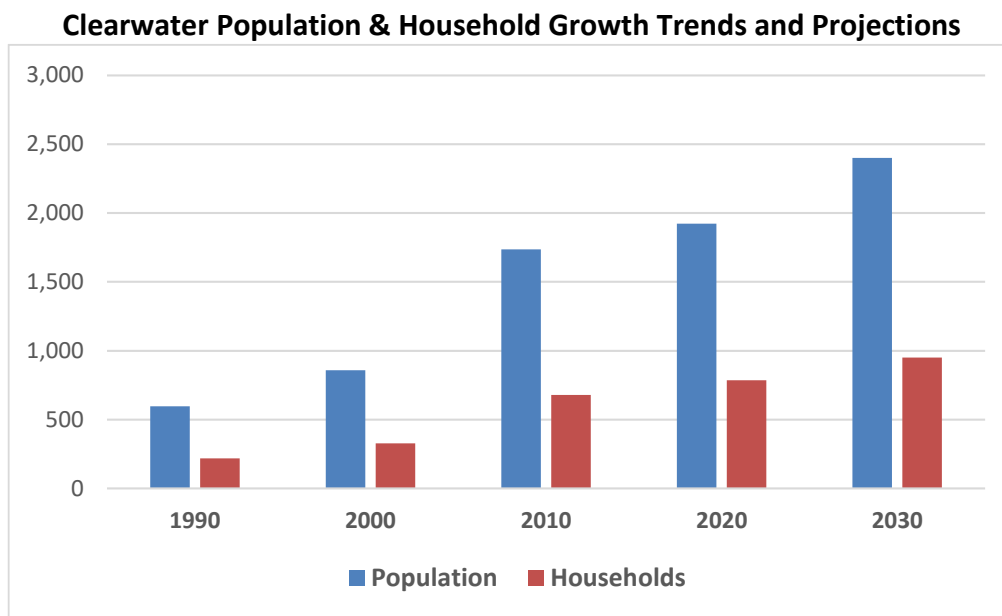


Table 2
Population and Household Growth Projections
Clearwater Study Area
2010 to 2030

	-- Census --		Projection 2030	--- Change ---			
	2010	2020		2010 to 2020		2020 to 2030	
				No.	Pct.	No.	Pct.
POPULATION							
Clearwater	1,735	1,922	2,500	187	10.8	578	30.1
Clearwater Twp.	1,306	1,372	1,500	66	5.1	128	9.3
Lynden Twp.	1,938	1,816	1,725	-122	-6.3	-91	-5.0
Clear Lake	545	641	880	96	17.6	239	37.3
Clear Lake Twp.	1,539	1,675	1,985	136	8.8	310	18.5
Total	7,063	7,426	8,590	363	5.1	1,164	15.7
<i>Wright County</i>	124,700	141,337	160,000	16,637	13.3	18,663	13.2
<i>Greater Minnesota</i>	2,454,358	2,543,390	2,608,000	89,032	3.6	64,610	2.6
<i>Minnesota</i>	5,303,925	5,706,494	6,050,000	402,569	7.6	343,506	6.0
HOUSEHOLDS							
Clearwater	680	785	1,000	105	15.4	215	27.4
Clearwater Twp.	483	526	580	43	8.9	54	10.3
Lynden Twp.	698	702	710	4	0.6	8	1.1
Clear Lake	205	222	320	17	8.3	98	44.1
Clear Lake Twp.	586	646	720	60	10.2	74	11.5
Total	2,652	2,881	3,330	229	8.6	449	15.6
<i>Wright County</i>	44,473	50,509	58,000	6,036	13.6	7,491	14.8
<i>Greater Minnesota</i>	969,478	1,014,464	1,045,000	44,986	4.6	30,536	3.0
<i>Minnesota</i>	2,087,227	2,253,990	2,400,000	166,763	8.0	146,010	6.5
Sources: US Census, MN Demographic Center, Viewpoint Consulting Group, Inc.							

Population Age Distribution

- As shown in the chart below, the greatest population growth in Clearwater this decade (2020 to 2030) is projected among seniors. This is a nationwide trend as the first baby boomers began turning age 75 in 2021. Growth of this age group should lead to an increased need for single-level townhomes and senior housing in Clearwater.
- Slower growth of 55-to-64-year-olds is projected in Clearwater this decade. Again, this is a nationwide trend as baby boomers (born between 1946 and 1964) will be aging out of the 55 to 64 age group.
- Children (under age 20) are projected to increase in Clearwater this decade, largely as a result of growth in adults ages 25 to 54.
- Seniors ages 75 and over are the primary target market for senior housing. This age group numbered 33 in Clearwater in 2000. It increased to 64 in 2010 and to 104 in 2020. With the first baby boomers turning age 75 in 2021, the population is projected to grow more rapidly this decade. There are projected to be 170 age 75+ seniors in Clearwater in 2030. Growth of seniors should lead to the need for a variety of housing types. This includes one-level homes for independent seniors on one end of the spectrum to assisted living for seniors who require personal care services on the other end.

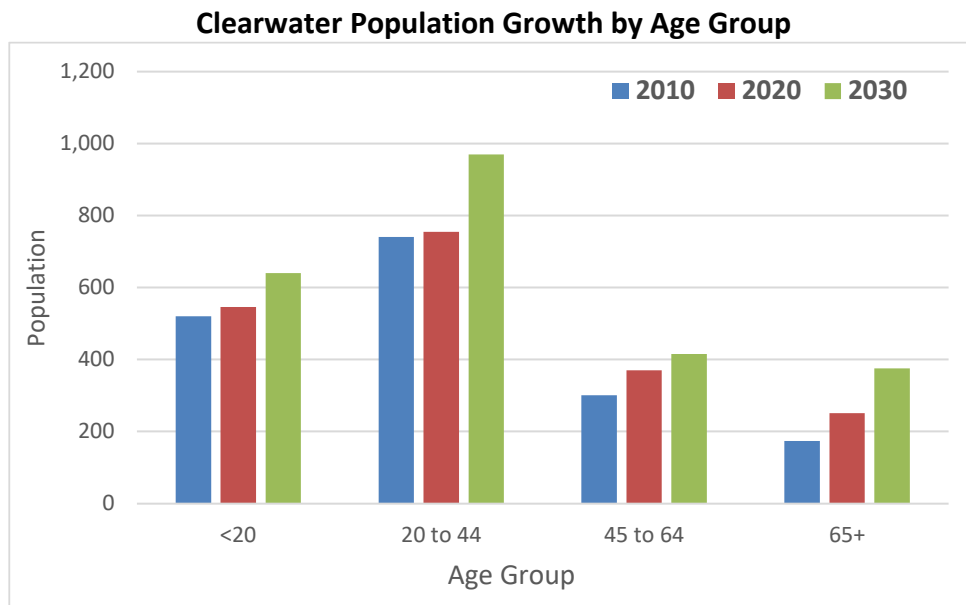


Table 3
Projected Population Growth by Age
Clearwater Study Area
2000 to 2030

	2000	2010	2020	2030	---- Change ----			
					2010 - 2020		2020 - 2030	
					No.	Pct.	No.	Pct.
Clearwater								
<20	299	520	546	650	26	5.0%	104	19.0%
20-24	43	121	120	165	-1	-0.8%	45	37.5%
25-34	140	431	355	520	-76	-17.6%	165	46.5%
35-44	139	188	280	335	92	48.9%	55	19.6%
45-54	71	194	183	225	-11	-5.7%	42	23.0%
55-64	89	107	187	210	80	74.8%	23	12.3%
65-74	44	110	147	225	37	33.6%	78	53.1%
75 - 84	22	50	85	140	35	70.0%	55	64.7%
85+	11	14	19	30	5	35.7%	11	57.9%
Total	858	1,735	1,922	2,500	187	10.8%	578	30.1%
Remainder of Study Area								
<20	1,665	1,433	1,333	1,410	-100	-7.0%	77	5.8%
20-24	212	228	268	315	40	17.5%	47	17.5%
25-34	607	476	483	550	7	1.5%	67	13.9%
35-44	994	720	666	695	-54	-7.5%	29	4.4%
45-54	785	1,053	719	765	-334	-31.7%	46	6.4%
55-64	500	793	974	935	181	22.8%	-39	-4.0%
65-74	267	398	701	920	303	76.1%	219	31.2%
75 - 84	121	169	282	400	113	66.9%	118	41.8%
85+	32	58	78	100	20	34.5%	22	28.2%
Total	5,183	5,328	5,504	6,090	176	3.3%	586	10.6%
Study Area Total								
<20	1,964	1,953	1,879	2,060	-74	-3.8%	181	9.6%
20-24	255	349	388	480	39	11.2%	92	23.7%
25-34	747	907	838	1,070	-69	-7.6%	232	27.7%
35-44	1,133	908	946	1,030	38	4.2%	84	8.9%
45-54	856	1,247	902	990	-345	-27.7%	88	9.8%
55-64	589	900	1,161	1,145	261	29.0%	-16	-1.4%
65-74	311	508	848	1,145	340	66.9%	297	35.0%
75 - 84	143	219	367	540	148	67.6%	173	47.1%
85+	43	72	97	130	25	34.7%	33	34.0%
Total	6,041	7,063	7,426	8,590	363	5.1%	1,164	15.7%

Sources: US Census; Viewpoint Consulting Group, Inc.

Household Sizes

- Table 4 shows that in 2020, Clearwater had an estimated 538 households that owned their housing and 247 households that rented their housing. Among the owner households, the majority had two people (38%, or 202 of 538 owner households). Among renter households, the majority were singles (40%, or 100 of 247 renter households had just one person).
- Families with children typically prefer to own single-family homes. Hence, 73% of Clearwater’s households with four or more people lived in owned housing.
- A larger percentage of young single people rent their housing before purchasing a home. In addition, many single seniors choose rental housing as they age and no longer desire the responsibilities of maintaining a single-family home. Hence, the greatest number of renters in Clearwater are singles.
- Many of the smaller sized owner households are comprised of either empty-nesters or single seniors. If available, many of these seniors prefer single-level homes versus two-story homes.

Clearwater Households by Size of Household in 2020

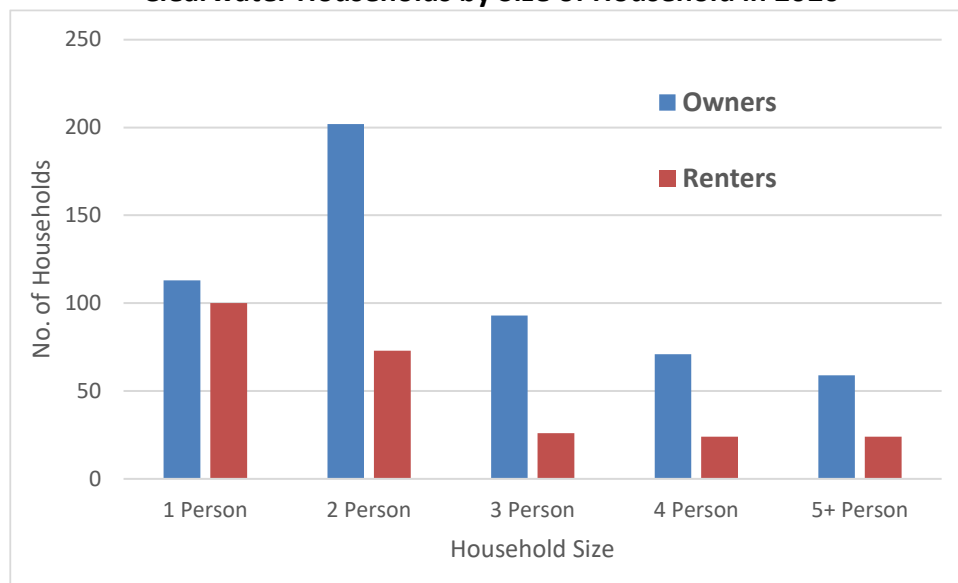


Table 4
Households by Size and Tenure
Study Area
2020

Household Size	Clearwater	Remainder of Study Area	Study Area
Owner Households			
1 Person	113	330	443
2 Person	202	855	1,057
3 Person	93	273	366
4 Person	71	263	334
5+ Person	59	230	289
Total	538	1,951	2,489
Renter Households			
1 Person	100	53	153
2 Person	73	40	113
3 Person	26	21	47
4 Person	24	16	40
5+ Person	24	15	39
Total	247	145	392
Total Households			
1 Person	213	383	596
2 Person	275	895	1,170
3 Person	119	294	413
4 Person	95	279	374
5+ Person	83	245	328
Total	785	2,096	2,881
Source: 2020 Census; Viewpoint Consulting Group, Inc.			

Tenure by Age of Householder

- Sixty-nine percent of Clearwater’s households in 2020 were owners. Between 2010 and 2020, Clearwater added an estimated nine owner households but lost 41 renter households. The result was the homeownership rate increased to 75% in 2020.
- The youngest households have the greatest propensity to rent. Table 5 shows that 61% of households under age 25 in Clearwater rented their housing in 2020. This decreased to about 36% of 25-to-54-year-olds and steadily declined to 10% among age 75-to-84 households. The rental rate increased to 33% among age 75+ households as many seniors are no longer able or willing to maintain their single-family homes.
- Although the propensity for households under age 25 to rent their housing is higher, there are more renters in each of the next three older age groups. Many of the renters in the youngest age groups are people who choose to rent until they become established in their jobs and the community before making the long-term commitment of purchasing a home. Many middle-aged renters have modest-income jobs and are long-term renters.

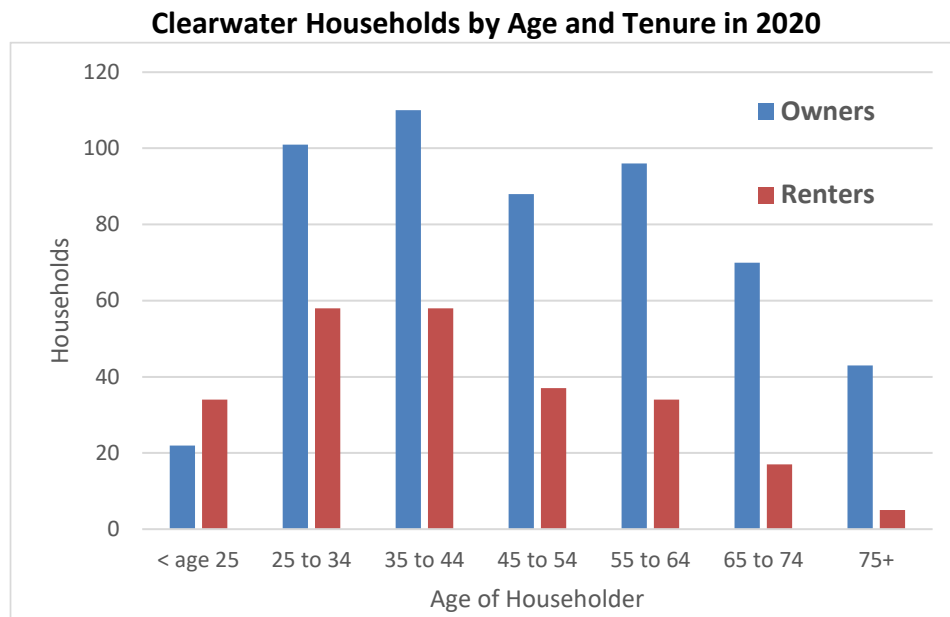


Table 5
Households by Age and Tenure
Study Area
2000, 2010, & 2020

	Clearwater			Study Area		
	2000	2010	2020	2000	2010	2020
Households	327	680	785	2,124	2,652	2,881
Owner Households	242	483	538	1,904	2,309	2,489
< age 25	5	15	22	28	35	60
25 to 34	54	155	101	285	319	268
35 to 44	62	91	110	547	417	391
45 to 54	39	80	88	447	614	460
55 to 64	43	52	96	317	484	612
65 to 74	24	50	70	172	275	458
75 to 84	11	32	43	85	125	198
85+	4	8	8	23	40	42
Renter Households	85	197	247	220	343	392
< age 25	15	25	34	30	36	48
25 to 34	28	69	58	67	96	90
35 to 44	20	24	58	45	57	84
45 to 54	3	47	37	17	77	55
55 to 64	5	16	34	17	32	54
65 to 74	3	10	17	17	20	31
75 to 84	5	4	5	14	16	16
85+	6	2	4	13	9	14
Homeownership Rate	74%	71%	69%	90%	87%	86%

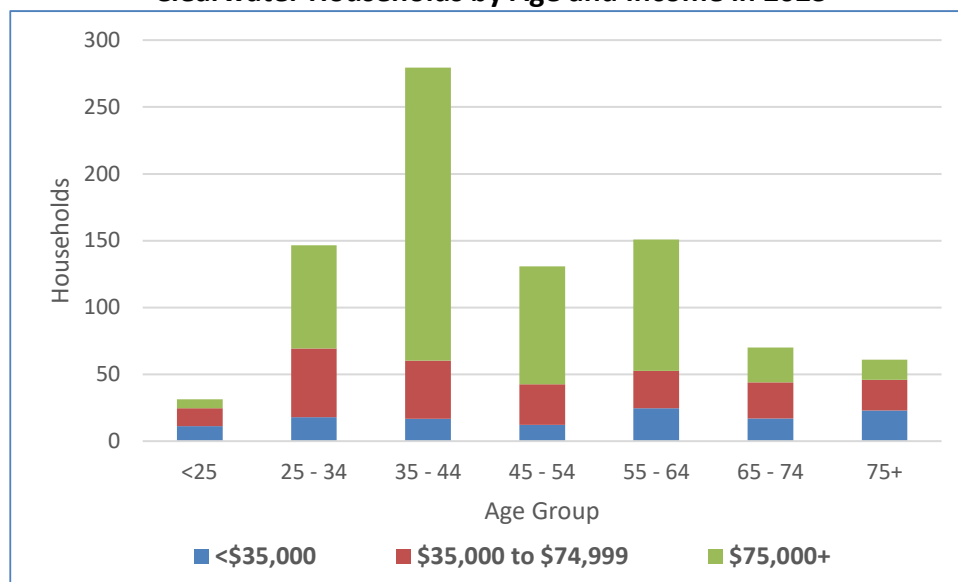
Sources: US Census; Metropolitan Council; Viewpoint Consulting Group, Inc.

Household Income by Age of Householder

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

- The estimated median household income in Clearwater’s Study Area in 2023 (\$92,992) is higher than the median household income of Greater Minnesota (\$71,253). Overall, the incomes in the Study Area indicate that many people seeking housing in Clearwater could either afford rents at newer market rate rental properties or afford prices of newer single-family homes.
- Median incomes for households in Clearwater peaked at almost \$108,000 in the 35 to 44 age group in 2023. Most households with incomes at or above this median could afford to purchase a home valued at more than \$300,000 provided they have an adequate down payment. About 44% of all non-senior households (under age 65) in Clearwater had incomes of \$108,000 or more.
- As of 2023, 16% of Clearwater’s non-senior households have incomes of \$150,000 or more. Depending on the amount of debt they have, size of their down payment, and interest rates, most of these higher-income households could afford homes priced at about \$425,000 or more.

Clearwater Households by Age and Income in 2023



- In 2023, 25% of the non-senior (under age 65) households in Clearwater had incomes under \$60,000 (190 households). Most of these households would be eligible for affordable rental housing (in 2023, Wright County's income limits for the Housing Tax Credit Program at 60% AMI were \$52,200 for 1-person households and \$59,640 for 2-person households). Many households with incomes above \$60,000 could afford market rate rental housing in Clearwater or purchase some older homes. If housing costs absorb 30% of income, households with incomes of \$60,000 could afford \$1,500 per month in gross rent or mortgage payments.
- ▶ Income-limits for the Low Income Housing Tax Credit program (LIHTC) from the Minnesota Housing Finance Agency are shown below at 50%, 60% and 80% of AMI. To be considered affordable, Minnesota Housing Finance Agency limits gross rents for units affordable at 60% AMI to \$1,398 for one-bedroom units, \$1,677 for two-bedroom units, and \$1,938 for three-bedroom units.

2023 Income Limits by Household Size for Wright County

	<u>1P</u>	<u>2P</u>	<u>3P</u>	<u>4P</u>	<u>5P</u>
50% AMI	\$43,500	\$49,700	\$55,900	\$62,100	\$67,100
60% AMI	\$52,200	\$59,640	\$67,080	\$74,520	\$80,520
80% AMI	\$69,600	\$79,520	\$89,440	\$99,360	\$107,360

Source: Minnesota Housing Finance Agency

2023 Maximum Gross Rents by Bedroom Size for Wright County

	<u>0BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
50% AMI	\$1,087	\$1,165	\$1,397	\$1,615	\$1,801
60% AMI	\$1,305	\$1,398	\$1,677	\$1,938	\$2,161
80% AMI	\$1,740	\$1,864	\$2,236	\$2,584	\$2,882

Source: Minnesota Housing Finance Agency

- Senior households with incomes greater than \$50,000 can generally afford new market-rate senior housing. Based on a 40% allocation of income for housing (higher than the 30% threshold for younger households since seniors generally have more savings and fewer living expenses), this translates to gross rents of about \$1,600 (rent plus utilities). In 2023, an estimated 70 senior (age 65+) households in Clearwater had incomes above \$50,000, as did about 369 senior households in the remainder of the Study Area. Some seniors residing outside the Study Area would also consider new rental housing options in Clearwater as their care needs increase.

**Table 6
Household Income by Age of Householder
City of Clearwater
2023 and 2028**

2023 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	49	6	6	10	7	12	6	3
\$15,000 to \$24,999	27	2	6	2	2	4	4	6
\$25,000 to \$34,999	47	3	7	4	3	8	7	14
\$35,000 to \$49,999	89	11	17	17	12	11	8	13
\$50,000 to \$74,999	127	2	35	27	18	17	19	10
\$75,000 to \$99,999	137	2	23	50	21	22	14	3
\$100,000 to \$149,999	264	3	37	107	49	54	8	6
\$150,000 to \$199,999	75	0	10	38	11	13	2	0
\$200,000+	55	1	7	23	7	9	2	6
Total	870	31	146	280	131	151	70	61
Median HH Income	\$90,037	\$39,091	\$78,160	\$107,882	\$100,780	\$100,245	\$60,206	\$42,209
<i>Wright County Median</i>	<i>\$102,312</i>	<i>\$64,870</i>	<i>\$106,470</i>	<i>\$115,496</i>	<i>\$114,812</i>	<i>\$100,672</i>	<i>\$75,514</i>	<i>\$40,914</i>
<i>Greater MN Median</i>	<i>\$71,253</i>	<i>\$43,178</i>	<i>\$75,356</i>	<i>\$96,253</i>	<i>\$94,436</i>	<i>\$78,293</i>	<i>\$60,072</i>	<i>\$36,486</i>
2028 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	43	6	6	7	5	9	6	3
\$15,000 to \$24,999	22	4	4	2	1	4	3	4
\$25,000 to \$34,999	40	5	6	2	2	5	7	12
\$35,000 to \$49,999	78	15	9	11	12	11	8	12
\$50,000 to \$74,999	149	12	27	26	27	17	23	16
\$75,000 to \$99,999	160	6	21	56	30	26	16	5
\$100,000 to \$149,999	288	5	32	118	68	47	8	9
\$150,000 to \$199,999	106	0	12	47	24	21	2	0
\$200,000+	74	2	5	30	15	10	3	9
Total	960	56	123	300	185	150	76	70
Median HH Income	\$95,664	\$47,351	\$84,106	\$112,037	\$105,870	\$101,792	\$62,166	\$54,332
<i>Wright County Median</i>	<i>\$109,134</i>	<i>\$73,339</i>	<i>\$113,480</i>	<i>\$122,539</i>	<i>\$122,535</i>	<i>\$110,629</i>	<i>\$87,620</i>	<i>\$48,367</i>
<i>Greater MN Median</i>	<i>\$79,573</i>	<i>\$46,796</i>	<i>\$82,999</i>	<i>\$103,604</i>	<i>\$103,560</i>	<i>\$89,113</i>	<i>\$69,241</i>	<i>\$41,302</i>
Change From 2023 - 2028								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-7	1	1	-3	-2	-4	0	0
\$15,000 to \$24,999	-5	1	-2	0	-1	-1	-1	-2
\$25,000 to \$34,999	-7	2	-1	-2	-1	-3	0	-2
\$35,000 to \$49,999	-11	4	-8	-6	0	0	0	-1
\$50,000 to \$74,999	22	10	-7	-1	9	1	4	6
\$75,000 to \$99,999	23	4	-2	6	9	4	2	2
\$100,000 to \$149,999	23	2	-5	11	19	-7	0	3
\$150,000 to \$199,999	32	0	2	9	12	8	0	0
\$200,000+	19	1	-2	6	8	1	1	3
Total	90	25	-24	21	54	-1	6	9

Sources: ESRI; Viewpoint Consulting Group, Inc.

Table 7
Household Income by Age of Householder
Clearwater Study Area
2023 and 2028

2023 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	191	9	12	13	21	45	45	45
\$15,000 to \$24,999	117	7	8	7	9	19	35	31
\$25,000 to \$34,999	116	5	12	10	8	19	22	39
\$35,000 to \$49,999	297	18	40	28	30	59	52	70
\$50,000 to \$74,999	405	13	53	55	55	85	104	41
\$75,000 to \$99,999	498	17	75	109	90	115	78	15
\$100,000 to \$149,999	711	12	103	197	164	159	55	19
\$150,000 to \$199,999	425	3	55	99	75	120	58	15
\$200,000+	275	1	28	71	62	59	39	15
Total	3,035	86	388	590	515	679	488	290
Median HH Income	\$92,992	\$55,054	\$96,609	\$112,340	\$108,560	\$99,551	\$70,335	\$39,911
<i>Wright County Median</i>	<i>\$102,312</i>	<i>\$64,870</i>	<i>\$106,470</i>	<i>\$115,496</i>	<i>\$114,812</i>	<i>\$100,672</i>	<i>\$75,514</i>	<i>\$40,914</i>
<i>Greater MN Median</i>	<i>\$71,253</i>	<i>\$43,178</i>	<i>\$75,356</i>	<i>\$96,253</i>	<i>\$94,436</i>	<i>\$78,293</i>	<i>\$60,072</i>	<i>\$36,486</i>
2028 Households by Age								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	175	12	8	12	16	28	37	61
\$15,000 to \$24,999	76	4	4	5	3	9	19	31
\$25,000 to \$34,999	88	7	5	7	5	11	16	37
\$35,000 to \$49,999	223	18	25	19	22	36	34	70
\$50,000 to \$74,999	455	21	46	53	57	78	132	69
\$75,000 to \$99,999	569	20	69	133	103	116	99	30
\$100,000 to \$149,999	747	19	93	211	168	153	70	33
\$150,000 to \$199,999	559	3	69	128	94	136	90	39
\$200,000+	347	2	32	97	72	69	45	29
Total	3,240	105	352	665	541	636	542	399
Median HH Income	\$100,713	\$62,009	\$106,251	\$118,269	\$113,066	\$108,967	\$81,564	\$50,120
<i>Wright County Median</i>	<i>\$109,134</i>	<i>\$73,339</i>	<i>\$113,480</i>	<i>\$122,539</i>	<i>\$122,535</i>	<i>\$110,629</i>	<i>\$87,620</i>	<i>\$48,367</i>
<i>Greater MN Median</i>	<i>\$79,573</i>	<i>\$46,796</i>	<i>\$82,999</i>	<i>\$103,604</i>	<i>\$103,560</i>	<i>\$89,113</i>	<i>\$69,241</i>	<i>\$41,302</i>
Change From 2023 to 2028								
Income	Total	< 25	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 +
<\$15,000	-17	3	-5	-1	-4	-17	-8	16
\$15,000 to \$24,999	-40	-3	-4	-2	-6	-10	-16	0
\$25,000 to \$34,999	-28	1	-7	-4	-3	-8	-6	-2
\$35,000 to \$49,999	-73	0	-15	-9	-8	-23	-18	0
\$50,000 to \$74,999	50	7	-7	-2	2	-7	28	28
\$75,000 to \$99,999	71	3	-6	24	13	1	21	15
\$100,000 to \$149,999	36	6	-10	14	3	-6	15	14
\$150,000 to \$199,999	134	0	14	29	19	16	32	24
\$200,000+	72	1	4	26	10	10	6	14
Total	205	19	-36	75	26	-43	54	109

Sources: ESRI; Viewpoint Consulting Group, Inc.

Household Income by Tenure

- ▶ Data on household incomes by tenure for 2021 is obtained from the Census Bureau’s American Community Survey. As is the case with most communities, the estimated percentage of renters steadily declines in Clearwater from the lower to higher income groups. Conversely, the percentage of owners steadily increases from the lower to higher income groups. In 2021, 75% of households with incomes below \$15,000 in Clearwater were renters, declining to 13.6% of households with incomes of \$100,000 to \$150,000.
- ▶ When applying the percentages in Table 8 to the 2023 households by income data in Table 6, 86% of households with incomes of \$75,000 or more in Clearwater are owners. The majority of households with incomes between \$50,000 and \$74,999 are also homeowners (57%). Only 36% of households with incomes below \$50,000 are homeowners. Many of these are likely seniors whose homes are paid off and who’s primary income is Social Security benefits.
- ▶ When applying the percentages in Table 8 to the 2023 households by income data in Table 6, approximately 48% of the renters in Clearwater could afford market rate rental housing (incomes of \$50,000 or above). Most households with incomes below \$50,000 would be income-qualified for affordable, but some would also be able to afford rents at older market rate properties.

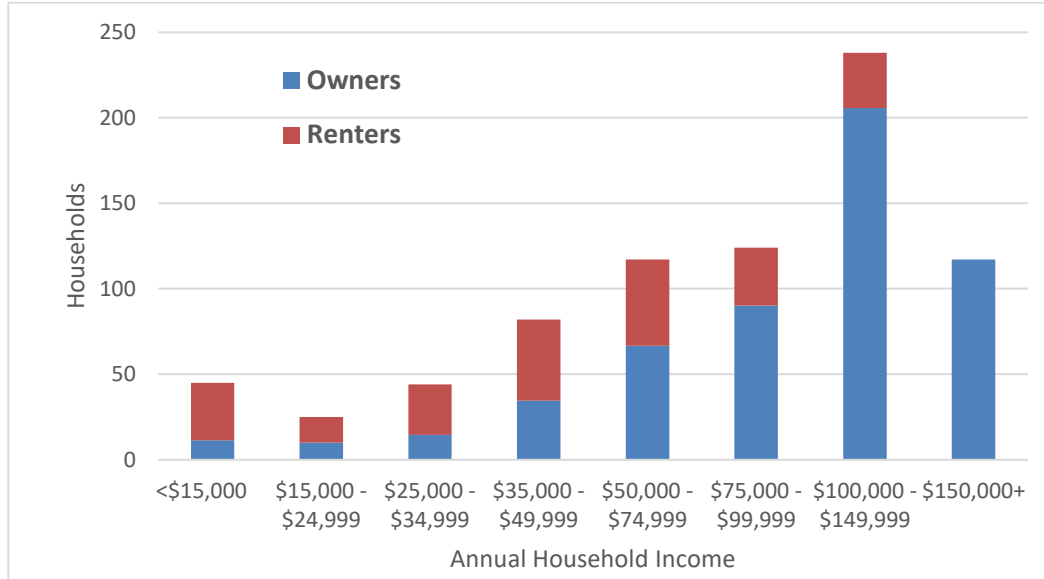
Table 8
Estimated Tenure by Household Income
Clearwater
2021

Income Range	Clearwater		Study Area		Minnesota
	Percent Owners	Percent Renters	Percent Owners	Percent Renters	Percent Renters
<\$15,000	25.0%	75.0%	68.6%	31.4%	63.5%
\$15,000 - \$24,999	40.0%	60.0%	66.4%	33.6%	54.4%
\$25,000 - \$34,999	32.8%	67.2%	68.6%	31.4%	46.8%
\$35,000 - \$49,999	42.0%	58.0%	69.6%	30.4%	39.8%
\$50,000 - \$74,999	56.9%	43.1%	84.7%	15.3%	30.4%
\$75,000 - \$99,999	72.7%	27.3%	88.5%	11.5%	22.0%
\$100,000 - \$149,999	86.4%	13.6%	95.9%	4.1%	13.6%
\$150,000+	100.0%	0.0%	96.4%	3.6%	7.1%
Median Household Income	\$85,703	\$48,125	\$95,871	\$48,984	

Sources: American Community Survey 2021; Viewpoint Consulting Group, Inc.

- ▶ The chart below highlights that the propensity to own increases as household incomes increase. Overall, 52% of the renter households in Clearwater had incomes below \$50,000 in 2021. Conversely, 87% of all owner households in Clearwater had incomes greater than \$50,000.

Estimated Distribution of Households in Clearwater by Income and Tenure in 2021



Housing Cost Burden

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

- ▶ Table 9 shows that as of 2021, an estimated 16% of owners and 27% of renters in Clearwater were cost burdened. These rates compare to statewide housing cost burdened rates of 18% of owners and 44% of renters.
- ▶ Lower-income households were the most likely to be cost burdened. Seventy-three percent of the owners and 84% of the renters with incomes below \$20,000 were estimated to be cost burdened. Among households with incomes above \$75,000, 3% of the owners and none of the renters were cost burdened.

Table 9
Estimated Housing Costs as Percentage of Income by Tenure
City of Clearwater
2021

	Owners	Renters
< \$20,000	30	49
<20%	4	0
20%-29%	4	8
30%+	22	41
\$20,000 - \$34,999	38	40
<20%	7	8
20%-29%	3	17
30%+	29	15
\$35,000 - \$49,999	34	44
<20%	12	8
20%-29%	11	33
30%+	11	3
\$50,000 - \$74,999	124	70
<20%	75	40
20%-29%	31	21
30%+	18	8
\$75,000+	313	43
<20%	272	40
20%-29%	31	3
30%+	10	0
Total	540	247
<i>Number of Households paying 30%+</i>	89	68
<i>Percent of Households paying 30%+</i>	16%	27%
Sources: 2021 American Community Survey; Viewpoint Consulting Group, Inc.		

Household Type

Table 10 shows the composition of Clearwater’s households by type of household in 2000, 2010, and 2020. The types of households in the table are categorized by those with children and those without children. Within each of these main categories are married households. For households without children, non-married households include those living alone and those not living alone. Those not living alone are generally cohabitating couples and roommates. Among Other Families, most are most often single parents.

- In Clearwater from 2010 to 2020, households with children declined by 4.3% (-11 households) while households without children increased by 27.2% (+116 households). The greatest numerical growth was among Households Living Alone (+47 households), followed by unmarried households with no children (+37).
- The greatest numerical decline was among Married Couples with Children (-16 households). This is a trend across the state as the youngest baby boomers aged into their mid-50s resulting in an increasing percentage of the population becoming empty nesters. While married couples with children declined, married couples without children increased by 20% (+32 households) during the 2010s.
- In 2000 and 2010 the number of households without children in Clearwater held steady at 63%. It increased to 69% in 2020. Again, this was largely due to the aging of the baby boomers resulting in an increased percentage of empty nesters.

Household Type Trends in Clearwater

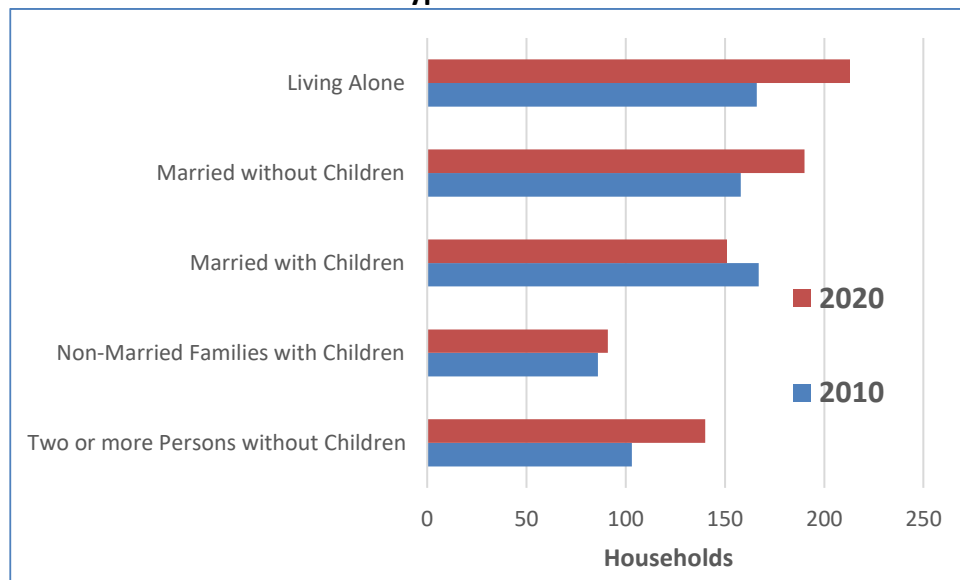


Table 10
Household Type
City of Clearwater
2000, 2010 & 2020

	2000	2010	2020	Change, 2010 - 2020	
				No.	Pct.
<u>Households with Children</u>					
Married	80	167	151	-16	-9.6%
Other Family	41	86	91	5	5.8%
Subtotal	121	253	242	-11	-4.3%
<u>Households with no Children</u>					
Married	94	158	190	32	20.3%
Living Alone	79	166	213	47	28.3%
Not Living Alone	33	103	140	37	35.9%
Subtotal	206	427	543	116	27.2%
Total	327	680	785	105	15.4%
Source: US Census Bureau; Viewpoint Consulting Group, Inc.					

Employment Growth Trends

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

Recent employment growth trends for Wright County are shown in Tables 11 and 12. Table 11 presents resident employment data in the county from 2012 through 2022. Resident employment data is an annual average of the work force and number of employed people living in the County. Not all these employed people work in the County. Table 12 is the number of jobs in Clearwater and Wright County from 2012 to 2022. It shows the number of jobs in the County which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from the Minnesota Department of Employment and Economic Development. The following are key trends from the employment data:

Resident Employment

- Since 2012, the unemployment rate in Wright County has generally been below Minnesota's and the nation's unemployment rate. In 2022, it was slightly lower than Minnesota's (2.1% compared to 2.2% statewide), and much lower than the nation's unemployment rate (3.6%).
- Wright County's employment base peaked at 74,807 people in 2019, before declining to 72,766 in 2020 due to the COVID-19 pandemic. In 2022, total employment rebounded to a new peak of 75,573 people.
- With an unemployment rate of 2.1%, it is likely that growing businesses will need to draw employees from outside the area to fill new positions or coax local residents back into the labor force. Bringing in workers from outside the area will lead to housing demand to accommodate the growing population. If the supply of housing in Clearwater is not sufficient to accommodate new employees to the community, some people will seek housing in nearby communities where housing is available.

**Table 11
Resident Employment,
Wright County
2012 to 2022**

	--- Wright County ---			MN	USA
	Labor Force	Employment	% Unemploy.		
2012	70,570	66,460	5.8%	5.6%	8.1%
2013	70,481	66,928	5.0%	4.9%	7.4%
2014	70,914	67,910	4.2%	4.2%	6.2%
2015	71,438	68,795	3.7%	3.7%	5.3%
2016	72,305	69,488	3.9%	4.0%	4.7%
2017	74,512	71,863	3.6%	3.6%	4.4%
2018	75,674	73,266	3.2%	2.9%	3.9%
2019	77,480	74,807	3.4%	3.3%	3.7%
2020	77,159	72,766	5.7%	6.2%	8.1%
2021	75,116	72,797	3.1%	3.4%	5.3%
2022	77,219	75,573	2.1%	2.2%	3.6%

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

Employed Residents of Wright County



Employment Growth Trends

- Table 12 shows that Clearwater had 874 jobs in 2022, up 32.4% from 2012. Also in the Study Area is Clear Lake, which contained 185 jobs in 2022.
- Residents of Clearwater have a short drive to many more jobs than the 874 that exist in the community. Throughout Wright County there are 45,810 jobs. In the St. Cloud Metro Area (St. Cloud, Sartell, Sauk Rapids, Wait Park, St. Joseph, and St. Augusta), which is largely within a 15-mile drive from Clearwater, there are about 70,000 jobs. Monticello is about 15 miles from Clearwater and had 8,453 jobs in 2022. Becker is about 10 miles away and had 3,111 jobs in 2022.

Table 12
Employment Trends (Number of Jobs)
Clearwater and Wright County
2012 to 2022

	<u>Clearwater</u>	<u>Clear Lake</u>	<u>Wright County</u>	<u>Monticello</u>	<u>Becker/ Becker Twp.</u>	<u>St. Cloud Metro*</u>	<u>Minnesota</u>
2012	660	194	37,136	7,411	2,484	70,476	2,644,935
2013	638	183	37,621	7,617	2,639	71,348	2,692,170
2014	634	197	38,795	7,792	2,674	73,282	2,729,613
2015	646	202	41,003	7,869	2,764	73,454	2,774,450
2016	637	186	42,285	7,886	2,862	74,649	2,813,648
2017	620	179	43,251	8,233	2,859	75,341	2,853,895
2018	679	146	44,022	8,573	2,868	74,548	2,882,004
2019	867	157	45,051	8,527	2,918	75,030	2,901,365
2020	922	154	43,311	8,121	2,752	69,341	2,707,821
2021	823	170	45,034	8,257	2,926	69,508	2,774,288
2022	874	185	45,810	8,453	3,111	69,999	2,851,778
Change, 2012 to 2022							
Number	214	-9	8,674	1,042	627	-477	206,843
Percent	32.4%	-4.6%	23.4%	14.1%	25.2%	-0.7%	7.8%
* St. Cloud Metro Area includes St. Cloud, Sartell, Sauk Rapids, St. Joseph, Waite Park, and St. Augusta.							
Source: MN Dept. of Employment and Economic Development - Quarterly Census of Employment and Wages; Viewpoint Consulting Group, Inc.							

Clearwater Commuting Patterns

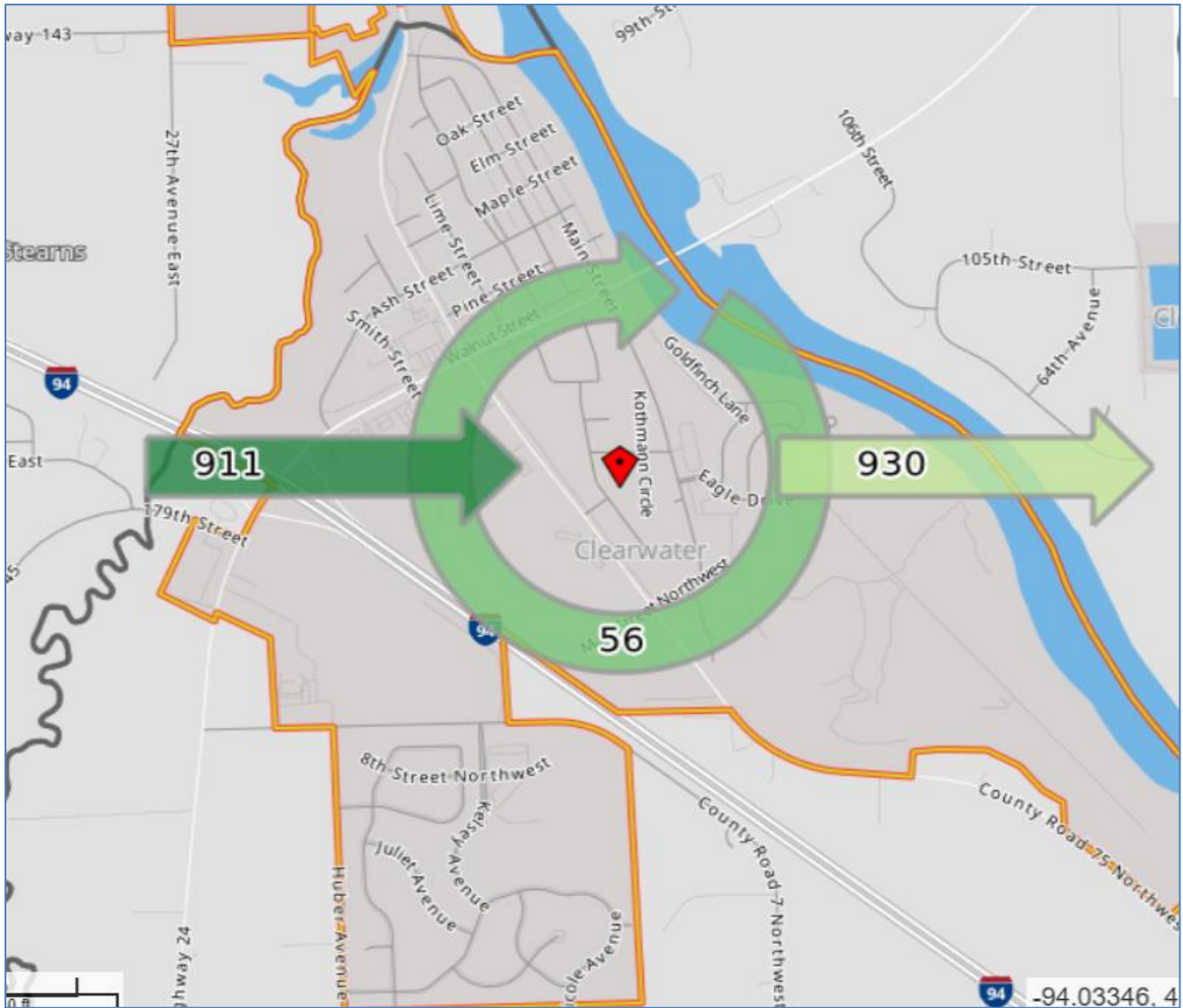
Not all residents of Clearwater work in Clearwater and vice versa – some workers in Clearwater commute from elsewhere. Data on commuting trends as of 2021 is shown in Table 13. The data (Local Employment Dynamics) is from Census Bureau’s Center for Economic Studies. The table identifies the top communities in which Clearwater residents are employed and communities in which Clearwater workers reside. The following are key highlights.

- ▶ A large number of people commute to Clearwater for work. As of 2021, an estimated 911 people commuted to jobs in Clearwater (inflow). These commuters filled most of Clearwater’s total of 967 jobs as only 56 jobs were identified as being filled by people who lived and worked in Clearwater (interior flow).
- ▶ While 56 Clearwater residents worked in Clearwater, another 930 Clearwater residents commuted to jobs elsewhere (outflow). The top destination was St. Cloud (118 jobs), followed by Monticello, Minneapolis, Buffalo, and Annandale. This highlights the impact that jobs in St. Cloud and elsewhere in Wright County has on the local housing market. With the ability to work from home for many people, the larger employment centers of Minneapolis and St. Paul made the list of top work destinations.
- ▶ Table 13 shows that people are commuting to work in Clearwater from the tri-county area (Wright, Stearns, and Sherburne) and beyond. St. Cloud is the largest source of employees, followed by Monticello, Becker, Sauk Rapids, Buffalo, St. Augusta, and Sartell. Overall, 72% of people who worked in Clearwater lived in the tri-county area.

Table 13
Estimated Worker Commuting Patterns
Clearwater
2021

Place of Employment	Place of Residence	--- Workers ---	
		Number	Pct.
Clearwater	St. Cloud	115	11.9%
Clearwater	Clearwater	56	5.8%
Clearwater	Monticello	26	2.7%
Clearwater	Becker	29	3.0%
Clearwater	Sauk Rapids	28	2.9%
Clearwater	Buffalo	14	1.4%
Clearwater	St. Augusta	14	1.4%
Clearwater	Sartell	19	2.0%
Clearwater	Waite Park	14	1.4%
Clearwater	Elsewhere in Tri-County*	464	48.0%
Clearwater	Other	188	19.4%
Total		967	100.0%
Place of Employment	Place of Residence		
St. Cloud	Clearwater	118	12.0%
Clearwater	Clearwater	56	5.7%
Monticello	Clearwater	56	5.7%
Minneapolis	Clearwater	55	5.6%
Buffalo	Clearwater	34	3.4%
Annandale	Clearwater	27	2.7%
St. Paul	Clearwater	26	2.6%
Maple Lake	Clearwater	24	2.4%
Maple Grove	Clearwater	24	2.4%
Elsewhere in Tri-County*	Clearwater	203	20.6%
Other	Clearwater	469	47.6%
Total		986	100.0%
* Tri-County area includes Sherburne, Stearns, and Wright Counties.			
Sources: US Census Bureau - Center for Economic Studies; Viewpoint Consulting Group, Inc.			

Clearwater Workforce Inflow/Outflow in 2021



Source: US Census - OnTheMap

Major Employers

As shown in Table 12, Clearwater has about 875 jobs. Representatives of the larger employers shared their perceptions of housing demand and needs among employees currently living in the area and new employees moving to the community. The following points summarize key points from the interviews.

- Difficulty finding housing is not an issue that arises often. This is because most of the staff hired at local businesses are already living in the surrounding area and thus, they are not necessarily looking for housing.
- Most of the workers in Clearwater commute from surrounding communities, including from St. Cloud, much of Wright County, and Sherburne County.
- Clearwater is a very convenient community to get to. Thus, lack of housing in Clearwater has not been a hindrance to hiring employees as they can commute from surrounding communities.

Housing Characteristics

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

Age of Housing Stock

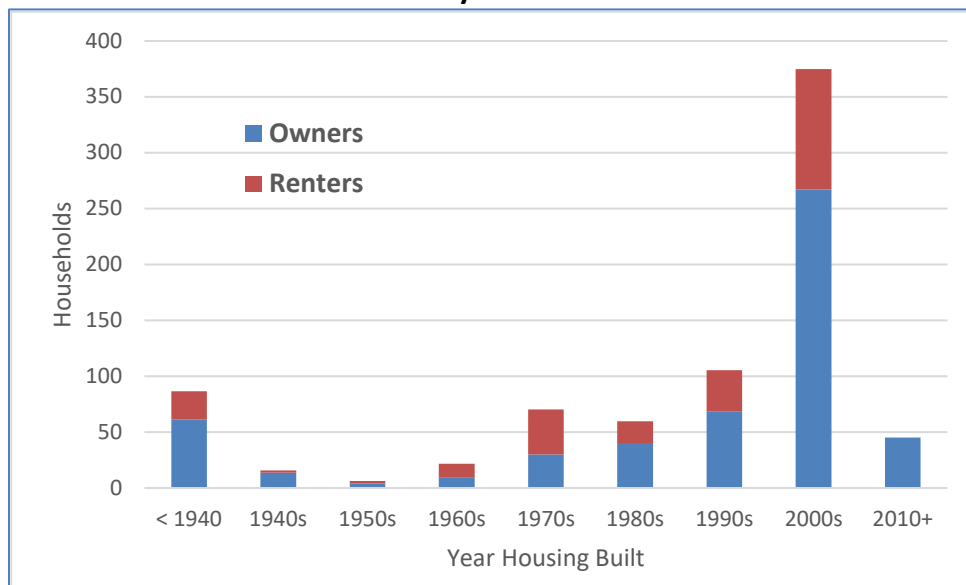
- A review of Clearwater's housing stock from American Community Survey data shows that from the 1940s through the 1980s, an average of 35 occupied housing units were built during each decade. Just over 100 occupied housing units were built. The peak decade was the 2000s, when 375 were built (267 owner-occupied homes and 108 renter-occupied). Housing construction during the 2000s doubled Clearwater's housing stock. More recently, 45 owner-occupied homes in Clearwater were built during the 2010s, but no rental units.
- Largely because of the downturn in the nationwide housing market which coincided with the Great Recession, far fewer homes were built during the 2010s than during the 2000s.
- Homes built prior to 1950, which are now 70+ years old, are more likely to have a substantial need for rehabilitation and/or replacement due to physical or functional obsolescence. In Clearwater, about 13% of the housing units were built before 1950.

Table 14
Estimated Occupied Housing Units by Age of Structure
Clearwater
2020

	Owner		Renter		Total	
	Units	Pct.	Units	Pct.	Units	Pct.
< 1940	61	11.4%	25	10.2%	86	11.0%
1940 - 1949	14	2.5%	2	0.8%	16	2.0%
1950 - 1959	4	0.8%	2	0.8%	6	0.8%
1960 - 1969	10	1.8%	12	4.9%	22	2.8%
1970 - 1979	30	5.6%	40	16.3%	70	9.0%
1980 - 1989	39	7.3%	20	8.2%	60	7.6%
1990 - 1999	68	12.7%	37	15.1%	105	13.4%
2000 - 2009	267	49.6%	108	43.7%	375	47.7%
2010+	45	8.4%	0	0.0%	45	5.7%
Total	538	100.0%	247	100.0%	785	100.0%

Sources: US Census (2021 American Community Survey); Viewpoint Consulting Group, Inc.

Clearwater Households by Decade their Home was Built



Residential Construction

- Permits were issued for 367 new housing units in Clearwater during the 2000s. Permits declined to 47 new housing units during the 2010s as the Great Recession and resulting downturn in the housing market greatly curtailed new housing development. Over half the permitted units during the 2010s occurred in 2018 and 2019 (26 permits) as the housing market began to rebound. Only six new homes were permitted from 2011 through 2015.
- During the first four years of the 2020s, 134 permits have been issued for new housing. This includes 40 permits for single-family homes at 94 permits for two apartments (Mississippi Ridge in 2020 and Clearwater Residential Suites in 2023).

Table 15
Building Permit Trends
Clearwater
2000 to November 2023

Year	---- Housing Units ----		Total
	Single-Family	Multifamily	
2000s	272	95	367
2010	5	0	5
2011	2	0	2
2012	2	0	2
2013	0	0	0
2014	0	0	0
2015	2	0	2
2016	6	0	6
2017	4	0	4
2018	11	0	11
2019	15	0	15
Total	47	0	47
2020	15	52	67
2021	12	0	12
2022	9	0	9
2023*	4	42	46
Total	40	94	134

* Through November 2023

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

Housing Stock by Type of Housing

- The dominant housing type in Clearwater is a single-family home with this type representing an estimated 72% of all housing units in 2020. Single-family homes and townhomes account for nearly all owner-occupied housing units in Clearwater and 15% of the rental units.
- In 2020, about 58% of Clearwater’s occupied rental units (144 units) were in buildings with 20 or more units. Most of these units were in one development – Cedar Ridge. It opened in 2002 and has 127 units in three buildings. Most of the other rental units in Clearwater were in buildings with about 12 to 24 units.

Table 16
Estimated Occupied Housing Units by Type of Structure
Clearwater
2020

	No.	Pct.
Owner Occupied:	538	100.0%
1, detached or attached	530	98.5%
2 to 4 units	0	0.0%
5 to 19 units	0	0.0%
20 or more units	0	0.0%
Mobile Home, etc	8	1.5%
Renter Occupied:	247	100.0%
1, detached or attached	37	15.2%
2 to 4 units	0	0.0%
5 to 19 units	59	23.8%
20 or more units	144	58.4%
Mobile Home, etc	6	2.6%
Total Occupied:	785	100.0%
1, detached or attached	567	72.3%
2 to 4 units	0	0.0%
5 to 19 units	59	7.5%
20 or more units	144	18.4%
Mobile Home, etc	15	1.9%
Sources: US Census (2020 American Community Survey); Viewpoint Consulting Group, Inc.		

Owner-Occupied Housing Market Analysis

This section analyzes Clearwater’s owner-occupied housing market. Analyzed are single-family home resale trends, subdivisions being actively marketed, pending subdivisions, and interviews with local real estate professionals and others involved in the local housing market to solicit their impressions of existing market conditions and trends. The Minnesota Department of Revenue – eCRV provided the data on resale trends. The following are key findings regarding the for-sale housing market.

Home Resale Trends

- Since 2018, an average of 55 existing homes have been sold in Clearwater annually with 2018 and 2019 being the peak years (60 sales each) and 2022 having the fewest sales (46 sales). The average and median sales prices have continually increased each year since 2018. The average sale price increased from \$188,266 in 2018 to \$286,160 in 2023 (through October). The median sale price increased from \$193,900 in 2018 to \$284,950 in 2023.

Table 17
Resale Trends of Existing Single-Family Homes
Clearwater
2018 through 2023

Year	No. Sold	Avg Sales Price	Median Price	Change in Median
2018	60	\$188,266	\$193,900	--
2019	60	\$205,843	\$205,500	6.0%
2020	55	\$233,079	\$226,500	10.2%
2021	53	\$248,637	\$260,000	14.8%
2022	46	\$277,931	\$287,500	10.6%
2023	24	\$284,809	\$284,950	-0.9%

Sources: MN Dept. of Revenue - eCRV; Viewpoint Consulting Group,

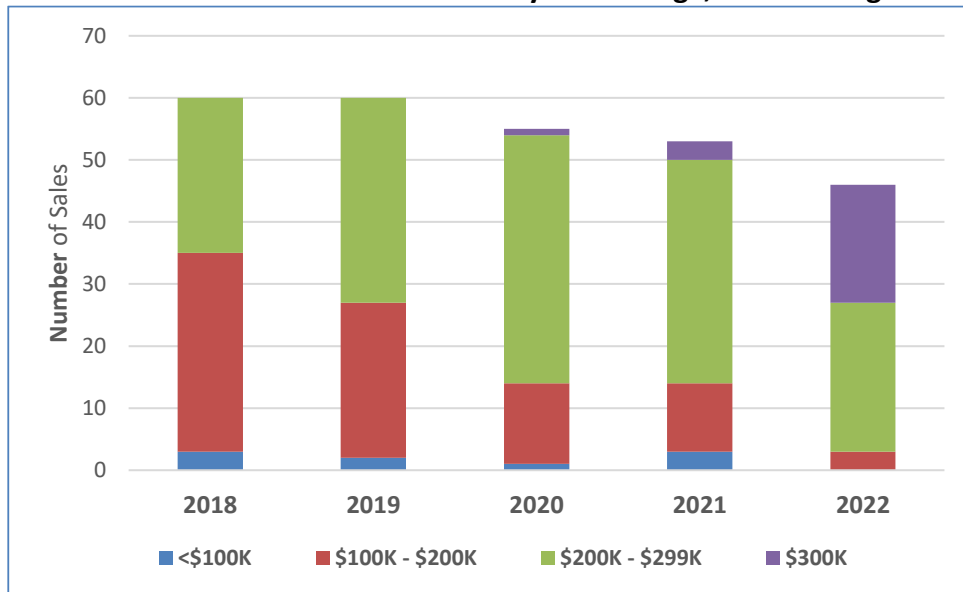
- In 2018, home sales in Clearwater peaked in the \$100,000 to \$199,999 price range (32 sales). During the next four years, the number of home sales peaked in the under \$200,000 to \$299,999 range. By 2022, only three of 46 homes sold for less than \$200,000, while 19 homes sold for more than \$300,000. In 2018, there were no home sales in Clearwater for more than \$300,000.

Table 18
Home Resales by Price Range
Clearwater
2018 through 2023

Sale Price	2018	2019	2020	2021	2022	2023
< \$100,000	3	2	1	3	0	0
\$100,000 - \$199,999	32	25	13	11	3	1
\$200,000 - \$299,999	25	32	37	26	24	13
\$300,000 - \$399,999	0	1	3	10	19	10
\$400,000 +	0	0	1	3	0	0
Total Sales	60	60	55	53	46	24
Percent under \$200K	58%	45%	25%	26%	7%	4%
Percent over \$300K	0%	2%	7%	25%	41%	42%
Median Sale Price	\$193,900	\$205,500	\$226,500	\$260,000	\$287,500	\$284,950

Sources: MN Dept. of Revenue - eCRV; Viewpoint Consulting Group, Inc.

Number of Home Sales in Clearwater by Price Range, 2018 through 2023



Resale Trends of Clearwater Zip Codes and Surrounding Communities

- Table 19 below presents data from Minneapolis Area Realtors' Local Market Update – October 2023. The data is for communities' zip codes, and for Clearwater, there were 53 closed sales in 2023 through October, with a median sale price of \$315,000. This median sale price was lower than in the Clear Lake, Monticello, Becker, and Annandale's zip codes, but higher than the median sale price in the St. Cloud MSA (\$270,000), which includes St. Cloud, Sartell, Sauk Rapids, Waite Park, and St. Joseph.
- The impact of rising mortgage rates on the housing market is reflected in Table 19. Closed sales in 2023 were down from 2022 by 21.9% in Wright County, 29.3% in Sherburne County, and 21.5% in the St. Cloud MSA. The median sale price increased only slightly in Wright County and decreased in Sherburne County. Meanwhile, the average days on market until sale was up by 53.1% and 64.3%, respectively, in Wright and Sherburne Counties.

Table 19
Home Resale Trends
Clearwater Zip Code and Surrounding Communities
2022 and 2023 (through October)

	<u>Clearwater</u>	<u>Wright County</u>	<u>Sherburne County</u>	<u>St. Cloud MSA</u>	<u>Clear Lake</u>	<u>Monticello</u>	<u>Becker</u>	<u>Annandale</u>
Closed Sales								
2022	74	2,955	1,677	2,474	168	359	161	110
2023	53	2,308	1,185	1,941	62	225	109	86
+ / -	-28.4%	-21.9%	-29.3%	-21.5%	-63.1%	-37.5%	-32.3%	-21.8%
Median Sale Price								
2022	\$302,750	\$379,000	\$355,000	\$258,500	\$314,450	\$316,250	\$340,000	\$354,900
2023	\$315,000	\$384,900	\$349,900	\$270,000	\$349,900	\$340,000	\$335,000	\$360,000
+ / -	4.0%	1.6%	-1.4%	4.4%	11.3%	7.5%	-1.5%	1.4%
Average Sale Price								
2022	\$334,465	\$402,728	\$374,908	\$285,872	\$354,320	\$352,727	\$358,189	\$414,650
2023	\$341,794	\$410,225	\$368,803	\$302,062	\$391,805	\$365,112	\$351,187	\$441,788
+ / -	2.2%	1.9%	-1.6%	5.7%	10.6%	3.5%	-2.0%	6.5%
Price Per Square Foot								
2022	\$189	\$190	\$185	\$146	\$193	\$184	\$170	\$223
2023	\$187	\$194	\$188	\$155	\$211	\$188	\$182	\$279
+ / -	-1.1%	2.4%	1.9%	5.7%	9.6%	1.8%	7.1%	25.3%
Pct. Of Original List Price Received								
2022	100.8%	100.5%	101.2%	99.6%	99.6%	100.9%	99.4%	99.5
2023	98.4%	98.4%	99.2%	98.7%	98.0%	99.2%	98.6%	99.1
+ / -	-2.4%	-2.1%	-2.0%	-0.9%	-1.6%	100.0%	-0.8%	-0.4%
Days on Market Until Sale								
2022	33	32	28	33	55	24	32	32
2023	52	49	46	41	49	48	58	44
+ / -	57.6%	53.1%	64.3%	24.2%	-10.9%	100.0%	81.3%	37.5%

Source: Minneapolis Area Realtors: Local Market Update

Current Supply of Homes on the Market

- As of November 2023, there were three single-family homes actively listed for sale in Clearwater and another 13 homes for sale in the remainder of the Study Area. Table 20 shows that of the three homes listed for sale in Clearwater, the median list price was \$280,000, or similar to the homes already sold in 2023. The listings are for existing homes and exclude new construction homes listed for sale in the Cedar South subdivision.
- The newest home listed for sale in Clearwater was built in 2010 – it has a list price of \$374,900. The oldest listing in Clearwater was built in 1978 and it has a list price of \$275,000.
- Of the 13 homes listed for sale in the remainder of the Study Area, only one was in the city of Clear Lake (a two-year-old home listed for \$339,900). Four of the listings were in rural Clearwater and eight were in rural Clear Water. Four of the listings in rural Clear Lake were lake properties. The four lake properties had an average list price of \$464,000 despite having a median age of 1971.

Table 20
Active Single-Family Home Listings
Clearwater Study Area
November 2023

List Price	--- Number of Active Listings ---		
	Clearwater	Remainder of Study Area	Total Study Area
< \$100,000	0	0	0
\$100,000 - \$199,999	0	0	0
\$200,000 - \$299,999	2	3	5
\$300,000 - \$399,999	1	4	5
\$400,000 +	0	6	6
Total	3	13	16
Average List Price	\$310,000	\$425,000	\$403,400
Median List Price	\$280,000	\$399,900	\$367,450
Median Year Built	1995	1979	1985
Average Sq. Ft.	1,805	2,110	2,050

Source: Realtor.Com; Viewpoint Consulting Group, Inc.

Active Subdivisions

The supply of lots in Clearwater available for new housing construction has primarily dwindled to two subdivisions – Cedar South and Sunrise Crest. They are displayed in Table 21.

- The largest subdivision in Clearwater is Cedar South, which is located south of Interstate 94, east of Huber Avenue. The first addition was platted in 2002 with 122 single-family and townhome lots. The second addition followed in 2004 with 91 lots and the third addition (shown in Table 21) in 2007 with 76 lots. Much of the housing construction in Clearwater since the 2000s occurred in Cedar South. The housing downturn during the late-2000s resulted in many of the lost in the third addition remaining vacant until the mid-2010s, when construction began to pick-up again. Nine lots remain available in Cedar South Third Addition, with lot prices of \$40,000. Most new homes have prices beginning at about \$325,000.
- Sunrise Crest is a 20-lot development that was platted in 2003, north of Highway 75 at Main Street. The lots are priced at about \$37,500 with most newer homes being priced at above \$300,000. Five lots remain available for development in Sunrise Crest.

Table 21
Actively Marketing Subdivisions
Clearwater Study Area
December 2023

Subdivision	Year Platted	Total Lots	Avail. Lots	Avg. Lot Size (sf)	Typical Lot Price	Typical Home Price
Clearwater						
Sunrise Crest	2003	20	5	14,000	\$37,500	\$300,000+
Cedar South 3rd Add.	2007	76	9	14,800	\$40,000	\$325,000
Total		96	14			
Clear Lake						
Hunter Lake Bluff 2nd Add.	2004	47	0	12,100	\$40,000	\$330,000
Parkside (TH)	2023	16	8	6,600	n.a.	n.a.
Parkside 2nd Add. (SF)	2023	22	22	10,200	n.a.	n.a.
Parkside 2nd Add. (TH)	2023	50	50	5,200	n.a.	n.a.
Total		135	80			
Source: Viewpoint Consulting Group, Inc.						

- The closest active subdivisions to Clearwater are in Clear Lake. Some potential buyers in Clearwater may also consider building in Clear Lake if no lots are available locally. Three selected single-family subdivisions and two active townhome subdivisions in Clear Lake are listed in Table 21. There has been considerable construction recently at Hunter Lake Bluff 2nd Addition, and all lots are now sold. Typical lot and home prices in Hunter Lake Bluff 2nd Addition are \$40,000 and \$330,000, respectively. On the west side of Clear Lake, accessed from Church Street, is the Parkside Addition. Infrastructure was finished in 2023 and the first homes are under construction. Pricing is not yet available for Parkside, which is being developed by LGI Homes. Parkside/Parkside 2nd Addition will have a total of 88 homes, of which 66 will be twinhomes and 22 will be single-family homes.
- Some buyers of new single-family homes in Clearwater will also look at options in other communities in the surrounding area. Typical lot and home prices in nine active subdivisions in communities surrounding Clearwater are shown below. Among the subdivisions reviewed, the lowest typical home price is about \$375,000. These are in Annandale (Triplett Farms 3rd), Becker (Elk Wynd Creek), and St. Joseph (Northland Heights). Subdivisions in St. Cloud had typical home prices on the higher end – at generally over \$500,000 (Deer Creek Crossing and Quarry Woods 8th and 9th). Two subdivisions in Monticello had typical home prices in the mid-\$400,000s.

Selected Single-Family Subdivisions in Surrounding Area

<u>Subdivision</u>	<u>City</u>	<u>Typical Lot Price</u>	<u>Typical Home Price</u>
Triplett Farms 3 rd	Annandale	n.a.	\$375,000
Elk Wynd Creek	Becker	\$30,000	\$375,000
Edmonson Ridge	Monticello	\$75,000	\$475,000
Featherstone	Monticello	n.a.	\$450,000
Knottingham Village	Sartell	\$52,000	\$300,000
Deer Creek Crossing	St. Cloud	\$80,000	\$500,000
Quarry Woods 8 th	St. Cloud	\$75,000	\$525,000
Quarry Woods 9 th	St. Cloud	\$85,000	\$600,000
Northland Heights	St. Joseph	\$59,000	\$375,000

- Lot prices in the single-family subdivisions surrounding Clearwater ranged from about \$30,000 to \$85,000. The lot prices were generally between 15% and 20% of the home prices.

Pending Subdivisions

A ninth addition to Clearwater Estate (see Table 21) was approved in 2021. It would have 15 lots. While approved, the timing of development is uncertain as it depends on costs as they relate to making lots affordable to potential buyers.

Interview Summary

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

- Easy access from Interstate 94 to employment hubs, such as St. Cloud, Monticello, Buffalo, and the Twin Cities Metro Area, is the primary driver of demand for housing in Clearwater. Increasing the appeal of Clearwater is its small-town character and its affordability. Homebuyers in Clearwater often work in these surrounding communities.
- Demand for housing in Clearwater is high. Homes that become available for sale are typically sold within a short period of time.
- Some people stated that the appeal of single-family homes from families with children is reduced by Clearwater being in the St. Cloud School District. Others stated that this potential negative impact is minimal since many families open-enroll their children in other schools, such as Annandale, Becker, and Monticello.
- Clearwater's several parks are an amenity for families seeking to purchase homes. The extension of the Beaver Island Trail from St. Cloud will be another amenity attractive to families and other potential buyers. Adding a restaurant(s) and other businesses to Clearwater's downtown and better utilizing the riverfront would be another amenity that would increase Clearwater's housing appeal.
- There will be a need for a new subdivision in Clearwater as the number of lots available for new home construction is dwindling. Existing lots have a price that allows for the construction of entry-level homes – which is what the majority of demand in Clearwater is for. Creating new lots at a price that also allows for the construction of entry-level homes will be key in capturing new home buyers. Ideally, new lots should be priced at under \$60,000.
- Increased construction costs and development fees have driven prices out of the reach of many potential buyers of entry-level homes. Current high interest rates have further reduced affordability.
- Besides families, elderly people downsizing into townhomes make up a portion of Clearwater's home buyers. These elderly people are typically looking for single-level homes with no stairs, and many can afford new construction homes and/or homes at the top-of-the-market in Clearwater.

Rental Housing Market Analysis

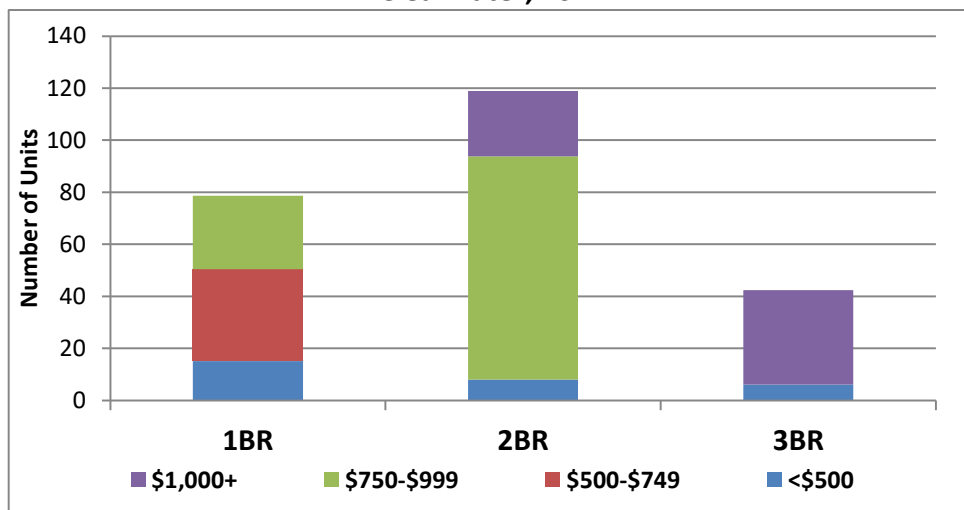
This section of the report analyzes the rental housing market in Clearwater. The analysis includes a survey of rental properties and interviews with real estate agents, rental housing managers, property owners, and others familiar with the Clearwater rental housing stock. Properties are categorized in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

Overall Rental Housing Supply

Table 22 on the following page shows the estimated number of rental units in Clearwater in 2021 by number of bedrooms and gross rent. The rental units include those in all housing types – from mobile homes to single-family homes and apartment buildings. The data is from the Census Bureau’s American Community Survey. The American Community Survey is conducted annually by the Census Bureau. The following are key points from Table 22.

- There were an estimated 247 occupied rental units in Clearwater in 2021. The unit mix of the occupied units was 35% one-bedroom units, 48% two-bedroom units, and 17% three-bedroom units.
- Most one-bedroom units had rents above \$500, while most two-bedroom units had rents above \$750 and most three-bedroom units had rents above \$1,000. The three-bedroom units with rents under \$500 were likely at Clearwater Park View, a subsidized property.

**Estimated Number of Units by Unit Type and Gross Monthly Rent*
Clearwater, 2021**



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

Table 22
Estimated Gross Rent by Bedrooms in Unit
Clearwater
2021

	<u>Number</u>	<u>% of Total</u>
1 bedroom		
Less than \$300	8	3.3%
\$300 to \$499	7	2.9%
\$500 to \$749	42	17.1%
\$750 to \$999	28	11.4%
\$1,000 to \$1,499	0	0.0%
\$1,500 or more	0	0.0%
Subtotal	86	34.7%
2 bedrooms		
Less than \$300	8	3.3%
\$300 to \$499	0	0.0%
\$500 to \$749	0	0.0%
\$750 to \$999	86	34.7%
\$1,000 to \$1,499	25	10.2%
\$1,500 or more	0	0.0%
Subtotal	119	48.2%
3 or more bedrooms		
Less than \$300	0	0.0%
\$300 to \$499	6	2.4%
\$500 to \$749	0	0.0%
\$750 to \$999	0	0.0%
\$1,000 to \$1,499	23	9.4%
\$1,500 or more	13	5.3%
Subtotal	42	17.1%
Total	247	100.0%
Sources: 2021 American Community Survey; Viewpoint Consulting Group, Inc.		

- Very few of the apartment properties in Clearwater contain three-bedroom units. A large proportion of the three-bedroom units in Table 22 (42 units) are found in single-family homes that are converted to rentals.

Rental Housing Inventory

As shown in the demographic and housing stock overview sections, there were an estimated 247 renter households in Clearwater as of 2020. Since then, a 52-unit apartment has opened (Mississippi Ridge) and a 42-unit apartment is under construction (Clearwater Residential Suites). A small portion of renters in 2020 lived in rented single-family homes and mobile homes. Most renters lived in multifamily properties shown in Table 23. The properties in Table 23 have 11 or more units and combine for a total of 298 units. Owners and managers of these larger properties were surveyed as part of this analysis. Information on the surveyed rental properties is summarized in Table 23, including vacancies and monthly rents. The following types of properties were inventoried:

<u>Property Type</u>	<u>Total Units</u>
Market Rate	280
Subsidized/Affordable	18
Senior Rental	0

The following are key highlights about Clearwater’s rental housing supply.

Market Rate Summary

- Seven market rate rental properties with 11 or more units were identified in Clearwater. Combined they total 280 units. One of the properties – Clearwater Residential Suites – is under construction and scheduled to open in February 2024. Among the other six market rate properties, no vacancies were identified. Thus, if someone or a family was seeking to move to Clearwater on short notice, they would likely be unable to find any rental housing able to accommodate them until Clearwater Residential Suites opens for occupancy. At the time of the survey, seven units at Clearwater Residential Suites were preleased. Rents are \$1,100 to \$1,420 for one-bedroom units and \$1,250 to \$1,535 for two-bedroom units.
- The newest existing market rate property in Clearwater is Mississippi Ridge. It is a three-story, 52-unit property that opened in 2022. All 52 units were leased in less than two months, with about one-third of the residents being seniors who moved from existing homes in Clearwater. Rents at Mississippi Ridge are \$1,130 to \$1,175 for one-bedroom units and \$1,455 to \$1,480 for two-bedroom units.
- After Clearwater Residential Suites and Mississippi Ridge, the newest rental property in Clearwater is Cedar Ridge. Cedar Ridge consists of 127 units in three, three-story buildings that opened in 2002. It is fully occupied, with rents of \$915 for one-bedroom units and about \$1,100 for two-bedroom units and \$1,300 for three-bedroom units. Cedar Ridge is fully occupied.
- Among the three newest market rate properties in the Study Area, the average beginning rent was \$1,050 for one-bedroom units and \$1,270 for two-bedroom units. While being the newest market rate properties in Clearwater, their rents, even after including the cost for resident paid utilities, are considered affordable to low-income households according to

guidelines from Minnesota Housing Finance Agency. For the Low Income Housing Tax Credit Program, the maximum gross rents for units affordable to households earning 50% of Area Median Income are \$1,165 for one-bedroom units and \$1,397 for two-bedroom units. For units affordable to households at 60% of Area Median Income, the maximum gross rents are \$1,398 for one-bedroom units and \$1,677 for two-bedroom units. (See Page 21)

- Among the market rate properties, the unit mix is 107 studio and one-bedroom units, 163 two-bedroom units, and 10 three-bedroom units. With only 10 three-bedroom units in the apartment properties, most larger families with children needing rental housing with three- or more bedrooms would search for rented single-family homes.

Affordable and Subsidized Summary

- There is one subsidized rental property in Clearwater. Clearwater Park View is an 18-unit, HUD Section 8 property. It contains a mix of one-, two-, and three-bedroom units, all of which are occupied. Income-qualified residents pay 30% of their adjusted gross income for rent.
- There are no apartments in Clearwater made affordable through the Low Income Housing Tax Credit (LIHTC) program. The Minnesota Finance Authority is the Housing Tax Credit allocating agency for the state of Minnesota. Since the beginning of the program in 1986, the Minnesotan Finance Agency has helped create over 24,700 LIHTC units in more than 610 properties throughout Minnesota. The 2023 income limit at 60% of area median income for Wright County is \$52,200 for one-person households, \$59,640 for two-person households, \$67,080 for three-person households, \$74,520 for four-person households, up to \$98,400 for eight-person households. The maximum gross rent for units restricted at 60% of area median income is \$1,398 for one-bedroom units, \$1,677 for two-bedroom units, and \$1,938 for three-bedroom units. While considered affordable at 60% of area median income, these maximum rents are generally higher than rents at newer market rate properties in Clearwater.

Senior Rental Summary

- There are no senior housing (age-restricted) properties in Clearwater. The closest property is Clearview Apartments in Clear Lake (which is in the Study Area). Clearview Apartments is a 12-unit, Rural Development property restricted to seniors ages 62+. Rental Assistance is available in 10 of the 12 units, allowing residents to pay 30% of their Adjusted Gross Income for rent. Rent for the other two units is \$610 to \$715 for one-bedroom units and \$685 to \$800 for two-bedroom units.

**Table 23
Clearwater Rental Housing Properties
December 2023**

Property Name	Year Built	Number of Units	Vacant Units	Monthly Rents	Comments
Market Rate General-Occupancy					
Bittersweet 840 Bitter Sweet Dr.	1998	12 - 2BR	0	\$900	3-story building. Rent includes all utilities. Amenities = laundry room.
Cedar Ridge 810 Kelsey Ave.		40 - 1BR	0	\$915	Three 3-story buildings. Rent includes heat, water/sewer, & trash. Tuck-under & detached garages available. Amenities = elevator, in-unit washer/dryers, balconies/patios.
		79 - 2BR		\$1,100	
		8 - 3BR		\$1,300	
		127			
Clearwater 425 Bluff	1968	3 - 1BR	0	n.a.	2-stories. Originally an 1871 building.
		8 - 2BR			
		11			
Clearwater Residential Suites 845 Ash St.	2024 (Feb.)	10 - Stu	n.a.	\$850 - \$1,280	3-story elevator building. Rent includes heat, water/sewer, trash, & internet. Garages = \$85/mo. Amenities = elevator. Seven units preleased.
		12 - 1BR		\$1,100 - \$1,420	
		20 - 2BR		\$1,250 - \$1,535	
		42			
Clearwater River 825 & 835 Ash St.	1980	16 - 1BR	0	\$880	Two 2-story buildings. Rent includes water/sewer & trash. Amenities = community room, exercise room, library, laundry room, and patio with gas grill and picnic area.
		6 - 2BR		\$1,040	
		2 - 3BR		\$1,225	
		24			
Mississippi Ridge 1030 Main St.	2022	26 - 1BR	0	\$1,130 - \$1,175	3-story building with tuck-under garages. Amenities = elevator, in-unit washer/dryers, community room, game room, fitness room, library, patio with grills.
		26 - 2BR		\$1,455 - \$1,480	
		52			
Oak Manor 1120 Porter St.	1971	12 - 2BR		n.a.	
Subsidized Rental					
Clearwater Park View 1040 Porter St.	1991	4 - 1BR	0	30% of AGI	HUD Section 8. 2-story building. Rent includes heat, water/sewer, and trash. Income limit = \$52,500/1P to \$86,940/6P households. Amenities = children's play area.
		8 - 2BR			
		6 - 3BR			
		18			

Source: Viewpoint Consulting Group, Inc.

Clearwater Apartments



Clearwater Rental Apartments



Bittersweet



Cedar Ridge



Clearwater



Clearwater Park View



Clearwater Residential Suites



Clearwater River

Clearwater Rental Apartments



Mississippi Ridge



Oak Manor

Housing Choice Vouchers

In addition to subsidized apartments (Clearwater Park View), there is a “tenant-based” subsidy called Housing Choice Vouchers available to help lower income households find affordable housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD). Wright County’s program is managed by the St. Cloud HRA, which manages the program for a four-county area.

Under the Housing Choice Voucher program, qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines. The household then pays 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. Applicants in Clearwater may be eligible for the program if their income is below 50% of area median income – which in 2023 ranges from \$43,500 for one-person households to \$72,050 for six-person households. With high demand, 75% of new admissions into the program must be eligible at 30% AMI, which ranges from \$26,100 for one-person households to \$43,250 for six-person households.

To be eligible for the Housing Voucher program, rental units must have rent levels allowable under HUD guidelines – or below the “Payment Standard.” In Clearwater (and Wright County), the Payment Standard is \$1,100 for one-bedroom units, \$1,300 for two-bedroom units, \$1,800 for three-bedroom units, and \$2,100 for four-bedroom units. Most residents pay much less in rent than the payment standard.

Currently, there are about 950 vouchers issued in the four-county area. The wait list is closed with about 1,500 applicants in the four-county area.

Supportive Senior Housing Summary

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

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

As shown in Table 24, there are no senior housing properties in Clearwater. Clearwater seniors in need of supportive housing must look to options in the surrounding area. Table 24 shows senior housing properties in neighboring communities, within 17 miles. The biggest concentration of supportive senior housing is in St. Cloud. Table 24 lists four properties in southern St. Cloud that are closest to Clearwater. There are others in St. Cloud as well as in Sartell, Sauk Rapids, Waite Park, and St. Joseph. In addition to St. Cloud, there are properties in Becker, Annandale, and Monticello.

The closest senior housing property with services is Shepherd of Grace in Becker, which is 10 miles away. Sheperd of Grace opened in 2007 with 69 units of independent, assisted living, and memory care housing. Thirteen miles south of Clearwater, in Annandale, is a campus with skilled nursing care (Annandale Care Center), independent, assisted living and memory care housing (Centennial Villa), and independent housing (Pleasant Villa). Pleasant Villa opened in 2021 with 42 units. Centennial Villa is older, having opened in 1987.

Six of the senior properties in neighboring counties listed in Table 24 have a continuum of care – including independent, assisted living, and memory care housing so that residents can remain in the community as their care needs increase. The newest continuum of care property in Table 24 is Willows Landing in Monticello. It opened in 2020 with 92 units of all three care levels.

Table 24
Senior Housing Properties In and Near Clearwater
December 2023

Property Name	City	Year Built	Miles from Clearwater	-- Number of Units/Beds --			
				55+ Rental	Independent	Assisted Living	Memory Care
Clearwater							
-- None --				-	-	-	-
Total				-	-	-	-
Communities surrounding the PMA							
Shepherd of Grace	Becker	2007	10	-	33	18	18
The Sanctuary	St. Cloud	2018	12	-		101	36
St. Benedict's Community	St. Cloud	1986/'93	12	-	95	39	24
Nature's Point	St. Cloud	2004	13	-	-	34	-
Pleasant Villa	Annandale	2021	13	-	42	-	-
Centennial Villa	Annandale	1987/'08	13	-	22	23	12
Mississippi Shores	Monticello	2000	16	49	-	-	-
Talamore	St. Cloud	2020	17	-	64	50	24
St. Benedicts Village	Monticello	2000	17	-	59	61	30
Willows Landing	Monticello	2020	17	-	39	39	14

Sources: Viewpoint Consulting Group, Inc.

Planned and Proposed Rental Developments

As of December 2023, one new rental development was under construction. Clearwater Residential Suites is a three-story, 42-unit market-rate building that is scheduled to open for occupancy in February 2024 (See Table 23 on Page 51). Clearwater Residential Suites will accommodate a portion of Clearwater's rental housing demand through the remainder of the decade.

Interview Summary

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

- Demand from prospective renters seeking a place to live is high in Clearwater, resulting in very few vacancies among existing properties. Much of the demand comes from people seeking to move out of St. Cloud.
- Inquiries for rental housing in Clearwater come from a variety of household types. The existing rental stock accommodates most types. The exception is larger families seeking affordable three-bedroom or larger rental units. These large families are generally not existing residents of Clearwater, but instead live in the tri-county area and are simply seeking housing that meets their needs.
- While there is demand for affordable rental housing in the greater Clearwater area, the lack of public transit in Clearwater makes living in Clearwater challenging to low-income families without their own vehicles.
- Many renters of newer market rate properties in Clearwater work in the greater surrounding area, and many choose Clearwater because of its convenient location on Interstate 94. However, Clearwater apartment properties are facing increasing competition from new apartment properties being developed in Monticello and Becker. Thus, overall demand in Clearwater may be reduced as these surrounding communities add more apartments.
- Empty-nesters/retirees comprise a share of the overall rental demand in Clearwater. Mississippi Ridge satisfied a portion of this demand when it opened in 2021, as about one-third of its residents were local seniors downsizing from their single-family homes.
- There is a need for assisted living housing. Because there are no assisted living facilities in Clearwater, local seniors needing assisted living end up moving to facilities in surrounding communities. If it was a choice, many local seniors would move to a new facility in Clearwater so that they can remain in the community.

Demand Analysis and Conclusions

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

Housing Demand Analysis

Table 25 outlines calculation for owner and renter housing in Clearwater from 2023 to 2030. Demand for additional housing in Clearwater will come from projected household growth as well as pent-up rental demand and replacement need. Table 25 also takes into account that Clearwater can exceed its growth projections by capturing a portion of the people who currently commute into the community for employment as well as capturing some of the people who would work at one of the three proposed wind farms in the surrounding area.

The following paragraphs summarize the demand methodology in Table 25.

Clearwater is projected to add 130 households between 2023 and 2030 (from 870 households in 2023 to 1,000 households in 2030). This correlates to the need for 130 housing units to accommodate the household growth. In 2021, an estimated 910 people lived outside Clearwater and commuted into the community for employment. Most of these people will continue to live in their current home and commute to Clearwater for various reasons. However, some of these people would likely move to Clearwater if appropriate housing was available. It is conservatively estimated that Clearwater housing could capture approximately 5% of the current commuters over the next five years, increasing housing demand in Clearwater by 46 households. This could be increased by another 50% (to 68 households) by capturing some people employed in neighboring communities in Wright, Sherburne, and Stearns Counties (as of 2021, over 90% of Clearwater's residents worked outside the community).

Replacement need is generated from the loss of housing or the need to replace housing units that are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Clearwater's housing stock from the U.S. Census revealed that there are about 100 housing units built prior to 1950. While most of these homes are in good condition, it is estimated that about one percent per year should be removed annually from the housing supply because of obsolescence, which equates to seven units during the remainder of this decade.

Table 25
Clearwater Rental and Owned Housing Demand
2023 to 2030

		2023 to 2030	
A	Household growth	130	
B	Demand from outside Clearwater*	68	
C	Replacement need	7	
D	Total housing demand (A + B + C)	205	
E	Percent rental demand	35%	- 45%
F	Rental housing demand (D x E)	72	- 92
G	Pent-up rental demand	15	- 15
H	Total rental housing demand (F +G)	87	- 107
I	Percent owner demand	55%	- 65%
J	Total owner housing demand (D x I)	113	- 133
<p>* Clearwater has the potential to double its growth projections by capturing 5% of the approximately 910 employees who work in Clearwater but live elsewhere, as well a small percentage of persons employed in the tri-county area.</p>			
Source: Viewpoint Consulting Group, Inc.			

A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Clearwater, no vacant rental units were identified – indicating pent-up demand. There are an estimated 300 rental housing units in Clearwater. With almost no current vacancies, there are not many choices for potential new renters. To reach a 5% vacancy rate, the industry standard for a healthy rental market, 15 units would need to be available immediately. Thus, pent-up demand is calculated for 15 additional rental units in Clearwater.

Based on demographic and market trends, it is estimated that 35% to 45% of the housing demand from projected household growth, demand from outside the community, and replacement need between 2023 and 2030 will be for rental housing. Combined with pent-up demand, there is total demand for approximately 85 to 110 rental units. This demand is for subsidized, affordable, and market rate housing open to residents of all ages. Demand for senior housing is calculated separately.

An estimated 55% to 65% of housing demand in Clearwater between 2023 and 2030 is projected to be for owner-occupied housing. This equates to demand for about 110 to 135 homes from 2023 to 2030 (about 18 homes annually). This demand is for single-family homes and townhomes.

Owner-Occupied Housing Demand

Based on demographic growth trends, building trends and interviews, an estimated two-thirds of the demand for owned units in Clearwater is for single-family homes. This includes demand for move-up homes and entry-level homes marketed to first-time homebuyers. The remainder of demand is for townhome units targeted to empty-nesters and seniors seeking an alternative to their single-family homes, as well as some younger households. This equates to a need for about 75 to 90 new single-family homes and 35 to 45 new townhomes in Clearwater between 2023 and 2030.

Rental Housing Demand

With no available rental units in Clearwater, there is some level of unmet demand for all rental product types. The primary target market in Clearwater is persons working in the surrounding area, particularly along the Interstate 94 corridor from St. Cloud to the northwestern suburbs of the Twin Cities. Based on household income trends, it is projected that the vast majority of rental demand in Clearwater will be from households with incomes of 80% or less of Area Median Income (\$69,600/1-person to \$107,360/5-person). Rental housing developed to meet this demand would be considered “workforce housing,” even if it is market rate with no income limits. Some demand would come from households earning greater than 80% of Area Median Income. While they could afford higher rents, most of these higher-income households would likely seek units with rents similar to those affordable to households earning less than 80% of Area Median Income.

A smaller portion of the overall rental demand would come from households earning less than 50% of Area Median Income (\$43,500/1-person to \$67,100/5-person). While some of these lower-income households could still afford rents at older market rate properties, there are few vacancies in Clearwater to accommodate them. New rental housing with affordable rents and corresponding income-limits would likely be needed to accommodate demand in Clearwater from these low-income households.

Overall, it is estimated that about 85% of the rental demand from 2023 to 2030 (about 75 to 95 units) will be for market rate units. About 15% of the demand (about 12 to 16 units) will be for housing affordable at 50% AMI.

Senior Housing Demand

Demand was calculated for the number of additional senior housing units needed in Clearwater through the end of the decade. The calculations were made for the various market rate senior housing product types, including affordable and market rate senior rental, congregate independent, assisted living, and memory care.

The calculations of unmet demand for senior housing are based on multiplying the age/income-qualified base by appropriate capture rates for each product type and then subtracting the existing supply. Generally, the age/income-qualified base for market rate senior housing is seniors age 75+ with incomes of \$50,000+, although lower income homeowners also income-qualify by allocating their home equity toward the cost of senior housing. For assisted living and memory care housing calculations, demand from low-income seniors who qualify for the Medicaid Waiver program is included.

Currently, Clearwater does not have any senior housing properties. Thus, there were no units to serve a 2020 population of about 250 age 65+ seniors in Clearwater, or the 1,060 seniors living elsewhere in the Study Area, some of whom would move to a new senior housing property in Clearwater. Between 2020 and 2030, the Clearwater Study Area's age 65+ population is projected to increase by about 38%, which should create demand for additional senior housing units in the community.

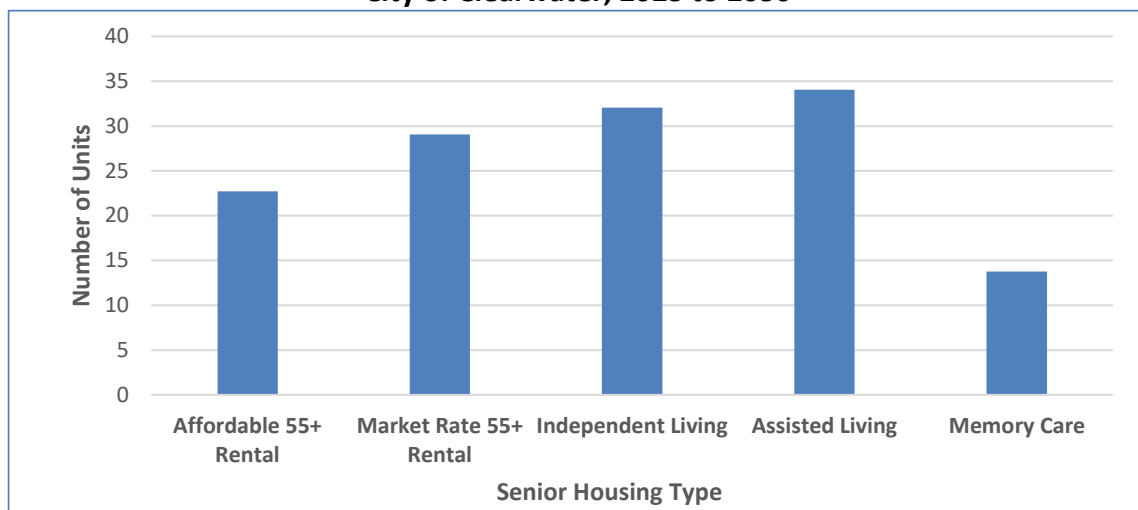
For senior rental housing that does not provide meals or personal care services (or "adult/few-services" housing), demand is calculated for a total of 38 subsidized/affordable units in Clearwater's Study Area and 48 market rate units by 2030. It is estimated that a new development(s) in Clearwater could capture 60% of the unmet demand in the Study Area, or 23 subsidized/affordable units and 29 market rate units by 2030. The market rate demand is generally comprised of seniors with incomes of about \$50,000 or more and could afford rents of about \$1,450 by allocating over 35% of their gross income for rent.

The three levels of supportive senior housing are independent, assisted living, and memory care housing. Again, there are no such units in Clearwater to serve the local population. Utilizing capture rates commonly achieved in similar sized markets across Minnesota and the Upper Midwest, Clearwater's Study Area could currently support about 88 units. With growth of the senior population, about 133 total units could be supported in the Study Area by 2030. New developments in Clearwater could capture an estimated 60% of the Study Area demand, or 87 units by 2030. This includes 32 independent units, 34 assisted living units, and 14 memory care units. Assisted living and memory care includes demand for both private pay units and units for lower-income seniors who would utilize the Medicaid Wavier program to pay for personal care services.

Table 26
Summary of Market Rate Senior Housing Demand, City of Clearwater, 2023 to 2030

	Total Demand in clearwater's Study Area by 2030	Existing Supply	Potential Demand for a Development(s) in Clearwater**
Adult/Few-Services			
Sub/Affordable 55+ Rental	38	0	23
Market Rate 55+ Rental	48	0	29
Subtotal	86	0	56
Supportive Housing			
Independent Living	53	0	32
Assisted Living*	57	0	34
Memory Care*	23	0	14
Subtotal	133	0	87
Total	219	0	143
* Assisted living and memory care demand includes demand for units from both private pay and Medicaid Waiver residents.			
** It is estimated that development(s) in Clearwater can capture 60% of the unmet demand in the Study area			
Source: Viewpoint Consulting Group, Inc.			

Projected Unmet Senior Housing Demand
City of Clearwater, 2023 to 2030



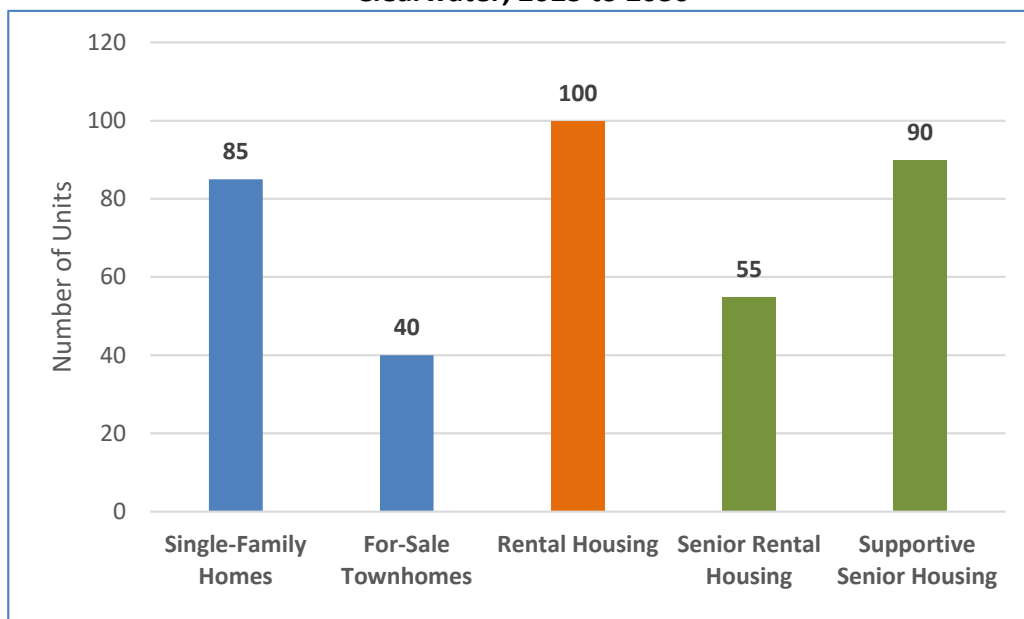
Demand Summary

The chart below highlights overall housing demand in Clearwater from 2023 to 2030. All housing types combined equal demand for 360 units. The greatest share of demand is for single-family homes and for-sale townhomes, which combine for 120 units, or 33% of the total housing demand. Rental housing, which includes affordable and market rate, accounts for 100 units of demand (28%). A large share is for senior housing as the first baby boomers enter their late-70s resulting in this population beginning to grow more rapidly this decade. Supportive senior housing accounts for 24% of the housing demand.

The demand for rental housing and single-family homes is driven largely by people willing to commute to jobs in other nearby communities, particularly the St. Cloud Metro Area and elsewhere in Wright County. Much of the for-sale twinhome/townhome demand and senior housing demand is from seniors living in the Clearwater area who would move into a new property to remain living locally versus moving to senior housing properties in other communities, such as St. Cloud, Monticello, Annandale, and Becker.

The demand for supportive senior housing would largely address a current unmet need, as Clearwater does not contain market rate independent, assisted living, or memory care housing. While growth of the age 75+ population is accelerating due to the aging of the first baby boomers into their mid-70s, the average age at move-in for assisted living housing is about 85 years.

**Projected Unmet Housing Demand
Clearwater, 2023 to 2030**



Housing Recommendations

The following are recommended housing development concepts for Clearwater over the next five years, based on the demand analysis and interviews with people knowledgeable about the Clearwater housing market. Table 27 shows a summary of these development concepts. Detailed recommendations for each housing type are also included.

Table 27
Recommended Housing Developments over the Next Five Years (2023 to 2028)
Clearwater

	<u>No. of Units</u>	<u>Price/Rent Range</u>
Owner-Occupied Housing		
Single-Family Lots		
Entry-Level	40 - 55	\$350,000 - \$400,000
Move-Up	5 - 10	\$400,000+
<u>Total</u>	<u>45 - 65</u>	
Townhomes	25 - 30	\$325,000 - \$350,000
Rental Housing*		
Market Rate Apartments	80 - 85	\$1,100+/1BR, \$1,450+/2BR
Market Rate Townhomes	25 - 30	\$1,600+/2BR, \$1,800+/3BR
Affordable Townhomes	10 - 15	\$1,175/2BR, \$1,350/3BR
<u>Total</u>	<u>115 - 130</u>	
Supportive Senior Housing		
Independent Living	28 - 32	\$2,000+
Assisted Living	30 - 34	\$4,000+
Memory Care	12 - 14	\$6,000+
<u>Total</u>	<u>70 - 80</u>	
* Single-level rental townhomes open to all ages could accommodate some of the senior rental demand. At the recommended rents, the market rate apartments would still be affordable to households at 80% AMI, and thus would be considered "workforce" housing.		
Source: Viewpoint Consulting Group, Inc.		

Single-Family Homes

It is recommended that a three-year lot supply be maintained in Clearwater, which ensures adequate consumer choice without excessively prolonging developer carrying costs. Not including various infill lots scattered throughout the city, Clearwater currently has 14 available single-family lots in two subdivisions (Cedar South and Sunrise Crest). With demand for about 10 homes annually, it is likely that most of these lots will be gone within two years. It is recommended at least one new subdivision come on-line within the next two years with at least 30 lots. The lots should be priced at about \$60,000 to accommodate homes with base prices of about \$350,000. A small number of lots in a new subdivision(s) with premium locations should be priced to accommodate homes priced at over \$400,000.

After a new subdivision comes on-line with approximately 30 lots, it is likely that an additional 30 lots would need to come on-line by the end of the decade to keep pace with demand.

For-Sale Townhomes

There is projected demand for about 40 twinhomes/townhomes from 2023 through 2030. The demand for twinhomes/townhomes is primarily for one-level homes with attached garages that appeal to empty nesters/retirees. There are no lots in Clearwater for this type of housing. It is recommended that 25 to 30 lots be created that can accommodate one-level twinhomes/townhomes. The twinhomes/townhomes should have two or three bedrooms with attached two-car garages in the \$325,000 to \$350,000 price range.

Market Rate Rental Housing

The analysis found demand for about 100 units of additional rental housing in Clearwater through 2030. However, most of this demand is immediate, as there are no vacant units to accommodate current needs or projected growth. Additionally, there is demand for about 30 units of market rate rental housing from seniors. Since this may be insufficient to support a stand-alone senior rental property, there is potential to meet some of this senior need within rental buildings open to all ages. Overall, it is recommended that 105 to 115 units of market rate rental housing be developed in Clearwater within the next five years, in two product types – apartments and townhomes.

Apartments

About 80 to 85 units of the recommended units in Clearwater should be in an apartment-style building. One building is under construction and will meet about half this demand (Clearwater Residential Suites, with 42 units). That leaves a need for another building with about 40 to 45 units. Like other newer apartments in Clearwater, it could be a three-story building with attached garages. There is demand from a wide variety of household types, including younger and older singles, single parents, and couples with and without children. The apartment should contain a mix of mostly one- and two-bedroom units with a few three-bedroom units. Many larger families in Clearwater could be more easily

accommodated by three-bedroom units in a new townhome development. Recommended beginning rents for market rate apartments are about \$1,100 for one-bedroom units and \$1,450 for two-bedroom units. While these rents are market rate and would be among the highest in Clearwater, they would still be affordable to households with incomes less than 80% of AMI, and thus would be considered workforce units. In 2023, 80% of AMI ranged from \$69,600 for one-person households to \$99,360 for four-person households. Corresponding gross rents affordable at these incomes were \$1,864 for one-bedroom units and \$2,236 for two-bedroom units. The recommended rents are well below this level and are closer to rents considered affordable to households earning 50% of AMI.

Townhomes

About 25 to 30 units of the recommended units in Clearwater should be in a townhouse-style building. Units could be side-by-side townhomes or four-plex units. They should be one-level units with attached garages, which would increase their appeal to seniors even if they are open to residents of all ages. Rents should begin at \$1,600 for two-bedroom units and \$1,800 for three-bedroom units.

Affordable Rental Townhomes

It is recommended that a 12- to 16-unit rental townhome development be added for households who would be unable to afford rents at the recommended market rate developments. Many of these lower-income households could afford rents at existing apartments in Clearwater, but there are very few vacancies to accommodate them. A large portion of the unmet demand is from families with children seeking three-bedroom units. To accommodate families with children, it is recommended that affordable rental housing be townhome units. Recommended rents are \$1,175 for two-bedroom units and \$1,350 for three-bedroom units. These rents are considered affordable to households with incomes at 50% of AMI for Wright County and are also below the Payment Standard for Housing Choice Vouchers, making them eligible for the program.

Supportive Senior Housing

Clearwater does not contain a senior housing property that provides personal care services. It is recommended that a property that contains 70 to 80 units of independent, assisted living, and memory care housing be added within the next five years. Based on the calculated level of unmet demand, it is recommended that a building be added that would provide 28 to 32 units of independent living, 30 to 34 units of assisted living, and 12 to 14 units of memory care housing. The assisted living and memory care could be developed together in a single building. Independent living could be developed at the same time or in a later phase, attached to the assisted living/memory care building. It is recommended that independent living be on the campus, versus a separate stand-alone building, to provide a continuum of care. In addition, many of the independent residents would likely be in their 80s at move-in and would likely participate in meal and activity programs provided by the assisted living.

Market Rate Senior Rental Housing without Services

Demand was calculated for 29 market rate senior rentals in Clearwater. This demand is from seniors who remain active and do not need the level of care found in a congregate independent building (such as that recommended above, on a continuum of care campus) and/or assisted living setting, but desire to shed the maintenance responsibility of a single-family home. Demand for 29 units may be too small for a multifamily apartment building to be feasible. As an alternative, the market rate apartments and the single-level townhomes recommended earlier would be a good option to meet a portion of this housing need.

Other Housing Recommendations

The preceding pages outlined new housing products that should be built in Clearwater through the remainder of the decade to satisfy housing demand from current and future residents. In addition, there are other programs that Clearwater can implement to assist in meeting local housing needs and improve the quality of the existing housing stock. Key programs/initiatives that Clearwater should pursue or continue to promote are outlined below.

1. **Housing Rehabilitation**

Overall, Clearwater's housing stock is in good condition, especially considering that over 80% of it is less than 50 years old. That still leaves about 75 owner-occupied homes built before 1960. A home rehabilitation program through the Small Cities Development Program (SCDP) would greatly benefit moderate-income owners of some of these older homes that are in need of repair. We recommend the City of Clearwater apply for rehab funds from SCDP as they assist in the preservation of housing stock affordable to low- and moderate-income households.

2. **Housing Choice Vouchers**

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

The Housing Choice Voucher program is managed by the St. Cloud HRA, which manages the program for a four-county area that includes Wright County. We recommend increased efforts to increase utilization in Clearwater as a way of providing affordable housing to low-income households without having to construct new buildings. The vouchers also increase the pool of potential renters for local market rate properties.