

## Chapter 4: Housing



### INTRODUCTION

Housing is an important component of all communities. Not only do the quality, availability, affordability, and diversity of housing enhance the quality of life in a city, it also supports economic development and contributes to a community's sense of place.

Housing is not a single, one size fits all, commodity. Personal housing needs change as life passes from young, single adults to family, to elderly. This chapter provides an inventory and analysis of North Mankato's existing housing and paints a broad picture of future residential development.

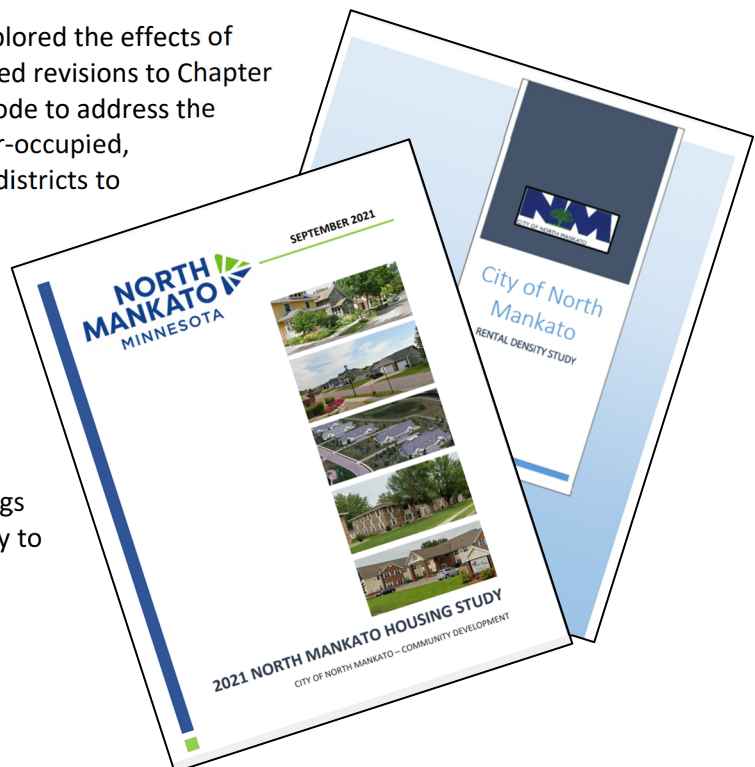
### PREVIOUS AND ONGOING HOUSING RELATED PLANS

#### North Mankato Rental Density Study and Ordinance (2016)

The North Mankato Rental Density Study explored the effects of properties within the community and provided revisions to Chapter 151, Section 18 of the North Mankato City Code to address the increasing conversion of single-family, owner-occupied, residential homes in low-density residential districts to multi-family.

#### North Mankato Housing Study (2021)

The City studied its residential housing stock to identify needs and set targets for various types of housing options including single-family detached, single-family attached, and multi-family including apartments and senior living facilities. Findings from the Study are incorporated as necessary to help shape North Mankato housing goals, objectives, and policies.



## 2021 NORTH MANKATO HOUSING STUDY

The following are key highlights from the 2021 North Mankato Housing Study:

Finding	Details	City Targets
<b><i>North Mankato is a Growing Community:</i></b>	North Mankato's population is growing. In 2020, it was up 1,085 (8.1%) from 2010.	Target an additional 1,600-2,255 (1.1%- 1.6%) population growth by 2030
<b><i>Housing Unit Demand Exists in All Categories:</i></b>	The City added approximately 50 households annually from 2010-2020.	Target housing unit increase to 74 units per year to spur population growth.
<b><i>Home Ownership Housing is in Demand:</i></b>	<ul style="list-style-type: none"> <li>Age groups inclined to purchase homes are increasing (i.e. Ages 33-44 and 65+)</li> <li>Single-family are most constructed</li> </ul>	Target 49-50 owner-occupied, single-family homes per year
<b><i>Rental Housing Needed:</i></b>	<ul style="list-style-type: none"> <li>Very low vacancy on all rental types (i.e. market rate, tax credit, subsidized units).</li> </ul>	Target 25 units per year
<b><i>Senior Housing Demand is Low:</i></b>	<ul style="list-style-type: none"> <li>Unused capacity in Greater Mankato</li> <li>Growth in 65+ will increase demand</li> </ul>	Re-evaluate needs in the future as 65+ population increases

## INVENTORY AND ANALYSIS

The 2015 Comprehensive Plan examined estimates of housing unit supply and characteristics provided by the U.S. Census Bureau's American Community Survey (ACS). While Census data is generally acceptable when observing a community's big picture, it's estimates contain margins of error that can skew that picture. In 2021, the city of North Mankato completed a housing study which takes a deeper dive into housing unit construction from 2011-2020. Data from both sources is integrated into this chapter as appropriate to provide the most accurate "snapshot" of current housing trends in the City during the development of this plan.

### Housing Supply

#### A. Quantity and Types of Housing Units

**Table 4-1** shows data from the 2000-2020 ACS regarding the quantity and types of housing units in North Mankato compared to Nicollet County and the state of MN. The ACS estimates that in 2020 there were 6,015 housing units in North Mankato, which is 283 more units than identified in 2010. Roughly 63.7% of those were single-family detached houses, which is lower than the county (67.8%) and the state (67.0%). Roughly 6.2% were single-family attached units (townhouses), which is slightly higher than the county (5.8%) but lower than the state (7.4%). The City had a slightly higher percentage of multi-family housing than the county (and a slightly lower percentage than the state. There was no data available for the Mankato Metropolitan Statistical Area (MSA).

According to the 2020 ACS, there were decreases in the number of single-family attached, 2–4-unit multi-family, and mobile homes. As noted in **Table 4-1**, a decrease in the number of units is unlikely. Based on known trends in the community, the decrease shown in the data is likely due to the margin of error occurring ACS statistics. Also, ACS data estimates are conservative, showing only 283 additional units in the City over the 2010-2020 timeframe.

**Table 4-1. Housing Supply by Type - 2000 - 2020**

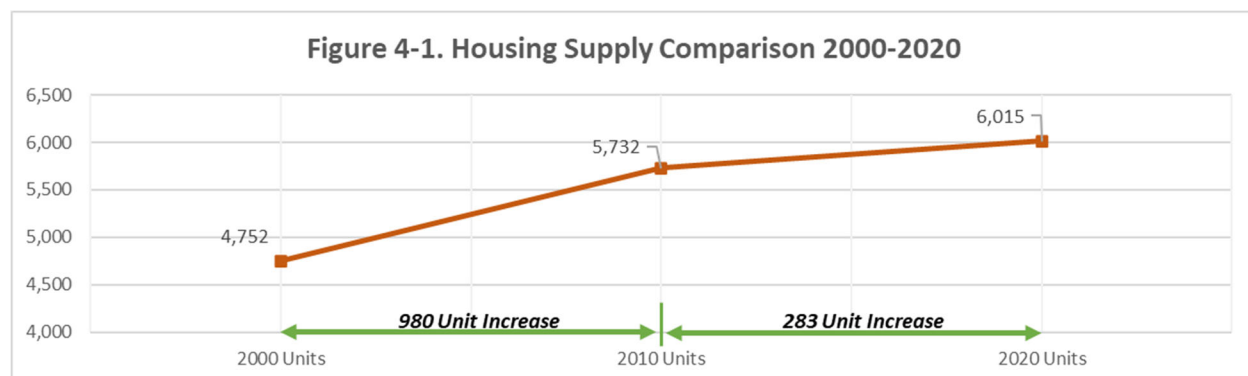
Housing Type	2000 Units	2000 %	2010 Units	2010 %	2020 Units	2020 %	2020 Nicollet County %	2020 State %
Single-Family Detached	3,066	64.5%	3,430	59.8%	3,831	63.7%	67.8%	67.0%
Single-Family Attached	252	5.3%	380	6.6%	372	6.2%	5.8%	7.4%
2-4 Unit Multi-Family	459	9.7%	597	10.4%	426	7.1%	5.8%	4.1%
5+ Unit Multi-Family	728	15.3%	931	16.2%	1,104	18.4%	14.9%	18.2%
Mobile Home	247	5.2%	394	6.9%	282	4.7%	5.3%	3.2%
<b>Total Units</b>	<b>4,752</b>	<b>100%</b>	<b>5,732</b>	<b>100%</b>	<b>6,015</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Source:** US Census Bureau, 2000-2020 American Community Survey 5-Year Estimates

**Note:** Its unlikely that estimates for 2020 Single-Family Attached or 2-4 Unit Multi-Family homes would have decreased within the 2010 to 2020 timeframe. This decrease is likely due to high margins of error in the ACS calculations.

Building permit data from the City of North Mankato (referenced from the 2021 Housing Study) shows the construction of 527 housing units over the period from 2010 through 2020 which is significantly higher than those estimated in the ACS. Data indicates that over that period, the City constructed 279 (53%) single-family detached, 113 (21%) single-family attached, and 135 (26%) multi-family housing units.

Despite the differences between the ACS and City data, the ACS reported that the period from 2000 to 2010 exhibited substantially more housing unit construction than the period from 2010 to 2020 with an estimated 980 units vs. 283 units respectively over the 10-year periods (**Figure 4-1**).



**Source:** US Census Bureau, 2000-2020 American Community Survey 5-Year Estimates.

## B. Characteristics of Household Type

**Table 4-2** compares the distribution of family and non-family households in North Mankato, the county, the MSA, and the state in 2010 and 2020. North Mankato's family households did not exhibit the same increase as comparison geographies from 2010 to 2020. North Mankato family households increased by 2.9%, which is similar to the state (3.4%), but lower than the county (5.5%) and the MSA (8.9%) over the decade.

The number of households reported by the ACS is somewhat conservative compared to 2020 data used in the 2021 Housing Study reported by Esri (Environmental Systems Research Institute) which shows that there was 8.9% growth over the period from 2010 to 2020. Regardless of this, data show that the number of households continues to grow, but at a decreasing rate as shown in **Figure 4.1**.

**Table 4-2. Household Type Distribution - 2010 - 2020**

Household Type	2010				2020				Change #/%			
	North Mank.	Nicollet Cnty	MSA	MN	North Mank.	Nicollet Cnty	MSA	MN	North Mank.	Nicollet Cnty	MSA	MN
Total Households:	5,402	12,150	36,039	2,085,917	5,705	12,821	39,211	2,207,988	303 (5.6%)	671 (5.5%)	3,172 (8.8%)	122,071 (5.9%)
Total Family Households:	3,456	8,018	21,920	1,358,178	3,556	8,457	23,861	1,404,798	100 (2.9%)	439 (5.5%)	1,941 (8.9%)	46,620 (3.4%)
Total Non-Family Households:	1,946	4,132	14,119	727,739	2,149	4,364	15,350	803,190	203 (10.4%)	232 (5.6%)	1,231 (8.7%)	75,451 (10.4%)
Married Couple:	2,859	6,530	17,673	1,082,905	2,759	6,764	18,433	1,110,550	-100 (-3.5%)	234 (3.6%)	760 (4.3%)	27,645 (2.6%)
Male Household, no Wife Present:	143	428	1,340	82,987	273	610	2,096	95,422	130 (90.9%)	182 (42.5%)	756 (56.4%)	12,435 (15%)
Female Household, no Husband Present:	454	1,060	2,907	192,286	524	1,083	3,332	198,826	70 (15.4%)	23 (2.2%)	425 (14.6%)	6,540 (3.4%)

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

### C. Comparison of Owner-Occupied and Renter-Occupied Units

It is important for communities to have a mixture of both owner-occupied and renter-occupied units. In general, many communities strive to have roughly 65-70% of their housing units owner-occupied. In 2020, approximately 72.6% of the housing units in North Mankato were owner-occupied, which is less than the county (73.5%) but higher than the MSA and the state (71.9%). Refer to **Tables 4-3** and **4-4**, for additional information.

In the past, it was becoming increasingly common for the city of North Mankato to have owner-occupied, single-family homes sold and converted to rentals. While conversion of some owner-occupied homes to rental housing is necessary to accommodate market forces and provide housing choices, too much turnover within established neighborhoods can have a detrimental impact.

The City completed the Rental Density Study in 2016 to identify issues related to the increasing conversion of single-family and two-family, owner-occupied, residential homes to renter-occupied homes in R-A, R-1, R-1S, and R-2 residential zoning districts. The study findings informed revisions to Chapter 151, Section 18 of the North Mankato City Code to place a cap on the number of rental licenses that can be issued to dwelling units in these zoning districts.

**Table 4-3. Owner- Vs. Renter-Occupied Housing Tenure - 2020**

	Occupied Units	Owner-Occupied Units		Renter-Occupied Units	
		#	%	#	%
<b>North Mankato</b>	<b>5,705</b>	<b>4,139</b>	<b>72.6%</b>	<b>1,566</b>	<b>27.4%</b>
Nicollet County	12,821	9,420	73.5%	3,401	26.5%
MSA	40,715	27,828	68.3%	12,887	31.7%
State	2,207,988	1,588,611	71.9%	619,377	28.1%

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

**Table 4-4. Housing Tenure by Type - 2020**

Units per Structure	Owner-Occupied					Renter-Occupied				
	North Mankato		County	MSA	State	North Mankato		County	MSA	State
	#	%	%	%	%	#	%	%	%	%
Single-Family Detached	<b>3,450</b>	<b>84.4%</b>	87.2%	85.7%	85.3%	<b>212</b>	<b>13.5%</b>	17.5%	17.7%	19.2%
Single-Family Attached	<b>279</b>	<b>6.8%</b>	5.0%	4.2%	7.8%	<b>93</b>	<b>5.9%</b>	9.1%	10.1%	8.3%
2-4 Unit Multi-Family	<b>62</b>	<b>1.5%</b>	0.8%	0.8%	1.2%	<b>355</b>	<b>22.7%</b>	19.1%	17.2%	11.7%
5+ Unit Multi-Family	<b>31</b>	<b>0.8%</b>	0.3%	1.6%	2.7%	<b>892</b>	<b>57.0%</b>	53.0%	53.1%	59.3%
Mobile Home	<b>268</b>	<b>6.6%</b>	6.6%	7.7%	3.0%	<b>14</b>	<b>0.9%</b>	1.4%	1.9%	1.5%
<b>Total Units</b>	<b>4,090</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>1,566</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

Since the adoption of the revised Code, the City has limited the number of rental licenses issued to 10% of properties per block which has limited the conversion of homes to rentals throughout the city, thus preserving the community's residential character.

#### D. Vacancies

Today, the city of North Mankato has an overall housing vacancy rate of 4.4%, which is 0.4% lower than the vacancy rate for the county, nearly 2% lower than the MSA, and almost 5% lower than the state. North Mankato had a lower vacancy rate than comparison geographies in 2010 also. Vacancy rates for all comparison geographies have decreased across the board with the City and County decreasing approximately 0.4% and the state decreasing by 1.8%. Low vacancy rates indicate a need for more housing units and data from this and the 2021 Housing Study show there is a shortage of options in all housing categories.

**Table 4-5. Vacant Housing - 2020**

Year	North Mankato		County	MSA	State
	#	%	%	%	%
2000	<b>302</b>	<b>6.0%</b>	5.3%	N/A	8.3%
2010	<b>284</b>	<b>4.8%</b>	5.2%	N/A	11.1%
2020	<b>270</b>	<b>4.4%</b>	4.8%	6.2%	9.3%

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

#### E. Value of Housing

The median value of owner-occupied housing units in North Mankato in 2020 was \$207,600 – up 23.4% (or \$39,300) from the median value in 2010 of \$168,300. Housing valued in the range of \$200,000 to \$299,000 is the largest concentration of owner-occupied housing using units in North Mankato, consisting of 38% of total owner-occupied units. The 2015 Comprehensive Plan suggested there was a relatively small choice of higher valued housing units in North Mankato in 2012, as 92.8% of housing is valued below \$300,000. This percentage has since decreased, with roughly 85% of housing valued below \$300,000 in 2020.

The 2020 median values of owner-occupied housing in the county, the MSA, and the state were \$205,000, \$198,100 and \$235,700 respectively. Refer to **Table 4-6** for additional information.

**Table 4-6. Owner-Occupied Housing by Value - 2020**

	North Mankato		Nicollet County	MSA	State of MN
<b>Owner-Occupied Units</b>	<b>4,139</b>	<b>100.0%</b>	<b>9,363</b>	<b>25,321</b>	<b>1,551,290</b>
Less than \$50,000	<b>343</b>	<b>8.3%</b>	7.0%	7.5%	5.1%
\$50,000 to \$99,999	<b>95</b>	<b>2.3%</b>	6.7%	7.2%	8.5%
\$100,000 to \$149,999	<b>541</b>	<b>13.1%</b>	17.5%	19.2%	13.8%
\$150,000 to \$199,999	<b>974</b>	<b>23.5%</b>	28.0%	25.7%	18.9%
\$200,000 to \$299,999	<b>1,571</b>	<b>38.0%</b>	27.0%	25.5%	27.0%
\$300,000 to \$499,999	<b>456</b>	<b>11.0%</b>	11.6%	12.0%	19.4%
\$500,000 to \$999,999	<b>110</b>	<b>2.7%</b>	1.8%	2.5%	6.2%
\$1,000,000 or more	<b>49</b>	<b>1.2%</b>	0.4%	0.4%	1.1%
<b>Median (dollars)</b>	<b>\$207,600</b>		<b>\$205,000</b>	<b>\$198,100</b>	<b>\$235,700</b>

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

#### F. Owner monthly Costs as Percentage of Household Income

Housing decisions should not be based solely on the value of housing, but also the cost of housing expenses in relation to household income. In general, housing costs (taxes, insurance, principal, interest, etc.) should not exceed 30% of total household income.

The North Mankato Housing Study references data from the ACS which indicates that North Mankato exhibited a substantial increase of 21.4% in median household income over the period from 2015 to 2019. In 2019, median income was \$67,278, which was the highest increase among geographies examined. 64% of households in North Mankato had incomes greater than \$50,000 which was lower than the MSA but higher than the county and the state at the time.

In 2020, 21.4% of homeowners (with a mortgage) in North Mankato had monthly costs that were 30% or more of their household income, compared to 23% in the county and 22.2% in the MSA, and 21.6% in the state. This is a 7% decrease from the 28.1% of homeowners in 2012 (from the 2015 North Mankato Comprehensive Plan) spending more than 30% on housing costs. Refer to Table: 4-7. These figures suggest that housing was generally equally affordable

**Table 4-7. Owner Monthly Costs as Percent of Household Income - 2020\***

	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
<b>Total (# of Units)</b>	<b>2,781</b>	<b>100.0%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Less than 20%	1,437	51.7%	52.0%	52.2%	51.8%
20% to 24.9%	450	16.2%	14.5%	16.1%	16.3%
25% to 29.9%	299	10.8%	10.5%	9.5%	10.2%
30% to 34.9%	71	2.6%	4.4%	5.8%	6.2%
35% or more	524	18.8%	18.5%	16.4%	15.4%

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

\* Housing Units with a Mortgage



compared to the comparison geographies. They also suggest that about one out of five homeowners in North Mankato may find it difficult to make their mortgage payments. Consequently, some may default on their loans and others may find it difficult to keep up with household maintenance and repairs.

#### G. Contract Rent

The 2015 Comprehensive Plan reported that in 2012, rental housing units accounted for roughly 26.9% of the occupied housing units in North Mankato. As of 2020, the number of renter-occupied units has increased to 28.9%.

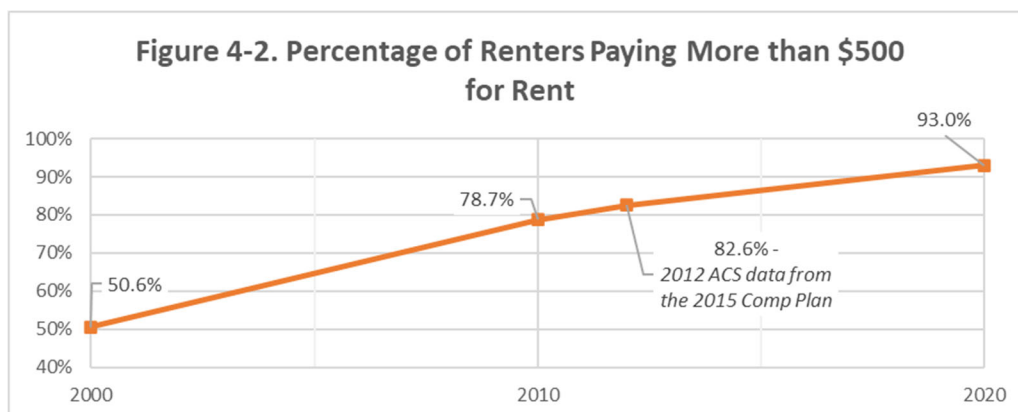
In 2012, roughly 82.6% of the renter-occupied units had a monthly rent of \$500 or more. This has increased to nearly 93%, which is higher than all other geographies by a margin of 9.5% to 12.5%.

The percentage of those paying more than \$500 for rent in the county, MSA, and state were 83.4%, 83.1%, and 80.4% respectively. Refer to **Table 4-8** for additional information. **Figure 4-2** shows the significant rent increase that occurred from 2000 to 2020.

**Table 4-8. Renter-Occupied Housing Units by Gross Rent - 2020**

	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
<b>Total Units Paying Rent</b>	<b>1,566</b>	<b>100.0%</b>	<b>3,401</b>	<b>13,621</b>	<b>619,377</b>
Less than \$200	0	0.0%	3.0%	1.7%	2.7%
\$200-\$299	9	0.6%	2.8%	2.8%	4.5%
\$300-\$499	84	5.4%	8.5%	9.1%	8.3%
\$500-\$749	640	40.9%	31.5%	28.9%	16.8%
\$750-\$999	525	33.5%	31.6%	25.0%	23.4%
\$1,000 to \$1,499	174	11.1%	14.2%	21.7%	27.1%
\$1,500 or more	116	7.4%	6.0%	7.5%	13.1%
Median (Dollars)	818	-	836	857	944
No Rent Paid	18	1.1%	2.3%	3.2%	4.1%

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates



The 2021 North Mankato Housing Study reports that, while there was a 12.2% increase in homeowner income since 2010 (2019 ACS estimates), renter income exhibited little to no increase (less than 0.3%). This proves homeowners are positioned to absorb increased housing costs while

renters are not, justifying the need for more affordable housing options in the City.

#### H. Renter Monthly Costs as Percentage of Household Income

In 2020, 39.6% of renters paid over 30% of their household income in rent (**Table 4-9**). This is a slight decrease from the 40.2% recorded in the 2012 ACS (2015 Comprehensive Plan). This is slightly higher than the county (38%) but significantly lower than the MSA (46.2%) and the state (44%).

**Table 4-9. Gross Rent as Percent of Household Income - 2020**

	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
<b>Total Specified Units</b>	<b>1,593</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Less than 15%	255	15.3%	14.8%	13.2%	13.0%
15% to 19.9%	191	11.5%	16.8%	12.1%	12.9%
20% to 24.9%	279	16.8%	14.8%	12.2%	13.0%
25% to 29.9%	209	12.6%	11.4%	10.6%	11.6%
30% to 34.9%	85	5.1%	7.1%	9.0%	8.8%
35% or more	574	34.5%	30.8%	37.2%	35.2%

*Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates*

#### I. Age and Maintenance of Housing Stock

In 2020, roughly 48.5% (2,891 units) of the City's housing units were constructed before 1980. Just 14.2% of the housing units in North Mankato were built before 1940. The number of new housing units built since 2010 (8.8%) is generally consistent with the MSA (7.6%) but higher than the county (5.0%) and the state (5.7%) (**Table 4-10**).

**Table 4-10. Year Structure Built**

Year Built	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
Built 2010 or Later	527	8.8%	5.0%	7.6%	5.7%
Built 2000 to 2009	793	13.3%	18.3%	16.1%	13.7%
Built 1990 to 1999	823	13.8%	13.8%	11.9%	13.5%
Built 1980 to 1989	931	15.6%	11.5%	10.2%	12.6%
Built 1970 to 1979	669	11.2%	12.8%	13.3%	14.8%
Built 1960 to 1969	574	9.6%	10.4%	9.5%	9.4%
Built 1950 to 1959	451	7.6%	7.6%	8.1%	9.7%
Built 1940 to 1949	347	5.8%	4.2%	4.3%	4.5%
Built 1939 or Earlier	850	14.2%	16.4%	18.9%	16.1%
<b>Totals</b>	<b>5,965</b>	<b>100%</b>	<b>13,600</b>	<b>42,391</b>	<b>2,458,030</b>

*Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates; City of North Mankato Building Permit Data (City of North Mankato building permit data was used for calculating the total units from 1990 to 2020. The total number of units and percentages have been modified from the ACS dataset to reflect this change).*

#### J. Residential Construction

527 new housing units were added in North Mankato between 2010 and 2020. This includes

135 multi-family units and 392 single-family homes. Single-family units include all single-family detached (single dwelling per lot) and single-family attached (townhomes, duplexes, etc.). More information on housing types can be referenced in the 2021 North Mankato Housing Study. Single-family home construction averaged about 25.4 homes per year during that timeframe. The first four years of this decade (2010-2013) have averaged lower numbers at about 24 homes per year. Single-family home construction peaked during the last decade in 2017, with construction of 54 single-family homes and 32 multi-family homes that year.



Data shown in **Table 4-11** and **Figure 4-3** is derived from City records referenced in the 2021 North Mankato Housing Study. The City used the Housing Study to determine North Mankato's performance in the Greater Mankato (herein defined as Mankato, North Mankato, Eagle Lake) housing market to ensure it maintains its share based on population proportion. At the time of the study, North Mankato's population made up 23% of the Greater Mankato area.

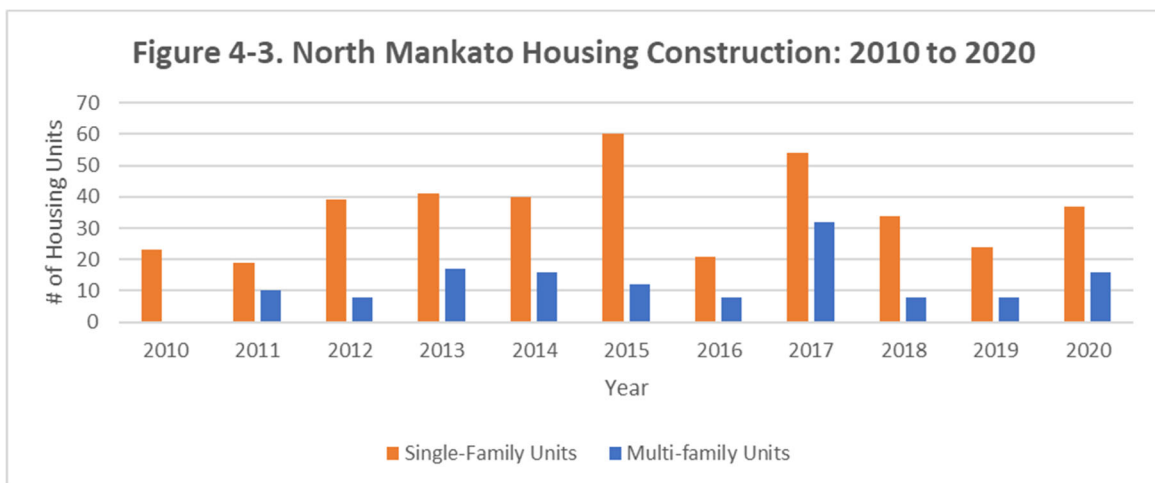
According to the Housing Study, North Mankato remains strong in the single-family detached housing market, exceeding its share while capturing 32% of the market over the 2010-2020 period. However, North Mankato captured only 15% of the market for single-family attached housing stock and 6% of multi-family units, indicating the City should diversify housing stock, increasing those housing types.

Overall, the Housing Study suggests that North Mankato is capturing only 18-19% of the

**Table 4-11. North Mankato Housing Construction Activity  
2010 to 2020**

Year	Single-Family Units	Multi-family Units	Total Units
2010	23	0	23
2011	19	10	29
2012	39	8	47
2013	41	17	58
2014	40	16	56
2015	60	12	72
2016	21	8	29
2017	54	32	86
2018	34	8	42
2019	24	8	32
2020	37	16	53
<b>Totals</b>	<b>392</b>	<b>135</b>	<b>527</b>

Source: City Records



Source: City of North Mankato Records

market area housing unit construction and while targeting 23%. The City hopes to construct more housing to spur population growth and fill any housing option gaps that exist. The City can accomplish capturing 23% of the market by constructing 74 housing units annually including 35 single-family detached units, 14 single-family attached units, and 25 multi-family units per year. Refer to the 2021 North Mankato Housing Study for more information.

#### K. Plumbing, Kitchen, and Telephone

The ACS identified that of the 5,705 occupied housing units in North Mankato in 2020 and estimated that 94 lacked complete plumbing facilities, 65 lacked complete kitchen facilities, and 102 had no telephone service. The City maintains that, while data from the ACS is reliable, there is a margin of error to take into account that may skew estimations. While it may be likely that telephone service is down due to increased cellular usage and a decreasing need for a land line, it is unlikely from the City's view and knowledge of housing that the estimated lack of plumbing and kitchen facilities are accurate. High margins of error support the City's point of view.

#### L. Tenure by Age of Householder

**Table 4-12** and **Figure 4** show the distribution of the owner-occupied and renter-occupied housing units in North Mankato in the year 2020. The figures break down the number of units by the age cohort, as housing needs tend to differ at key stages of a person's life. The figures also show the gradual change in the rate of homeownership within the City.

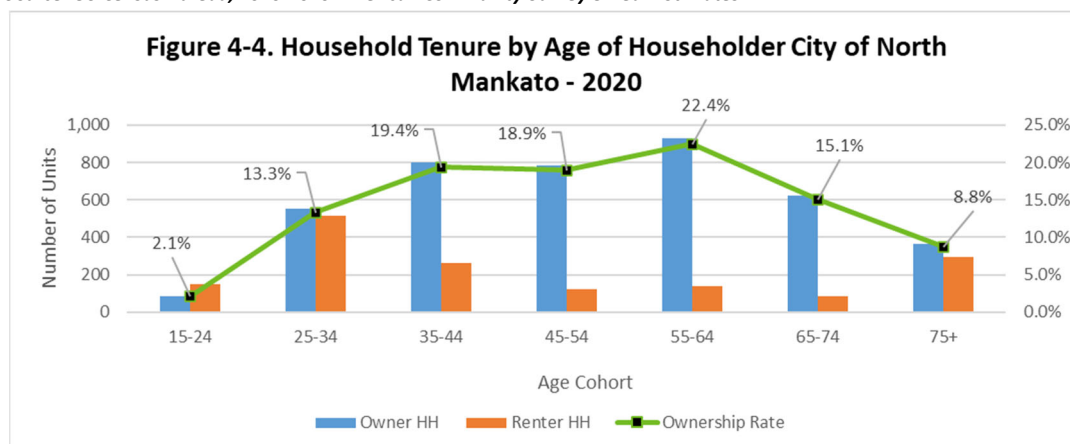
Rental housing is generally most popular with young adults (35 and under) as well as older seniors (75+) in the State of Minnesota. The same is true in North Mankato as there is a lower ownership percentage for younger and older age groups in comparison to those that are more middle aged. With the low cost generally associated with the cost of renting as well as the flexibility in housing situations, young households typically find renting as the preferred housing option. Increased burdens of home maintenance can make rental housing a desirable alternative for seniors.



Table 4-12. Household Tenure by Age of Householder - 2020

Household (HH) Age	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
<b>Owner HHs</b>					
15-24	87	2.1%	1.2%	1.5%	1.1%
25-34	552	13.3%	12.4%	13.7%	11.7%
35-44	802	19.4%	18.1%	17.7%	17.4%
45-54	784	18.9%	19.3%	18.0%	19.5%
55-64	928	22.4%	22.4%	21.5%	22.9%
65-74	623	15.1%	17.6%	16.9%	16.5%
75+	363	8.8%	9.1%	10.7%	11.0%
<b>Total Owner HHs</b>	<b>4,139</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
<b>Renter HHs</b>					
15-24	149	9.5%	10.3%	32.3%	12.1%
25-34	516	33.0%	29.5%	24.9%	27.4%
35-44	260	16.6%	14.4%	11.6%	16.5%
45-54	122	7.8%	10.1%	9.6%	12.4%
55-64	137	8.7%	10.6%	8.5%	12.2%
65-74	85	5.4%	6.6%	4.5%	7.9%
75+	297	19.0%	18.5%	8.6%	11.4%
<b>Total Renter HHs</b>	<b>1,566</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	North Mankato		County	MSA	State
	# of Units	% of Units	% of Units	% of Units	% of Units
<b>Total HHs</b>					
15-24	236	4.1%	3.6%	12.2%	4.2%
25-34	1,068	18.7%	16.9%	17.6%	16.1%
35-44	1,062	18.6%	17.1%	15.6%	17.1%
45-54	906	15.9%	16.9%	15.1%	17.5%
55-64	1,065	18.7%	19.3%	16.9%	19.9%
65-74	708	12.4%	14.7%	12.6%	14.1%
75+	660	11.6%	11.6%	10.0%	11.1%
<b>Total Households</b>	<b>5,705</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates



## Life-Cycle Housing and Profile of Households

The housing needs of a community relate to the demographic profile of the household. Typically, households move through several life-cycle stages; including entry-level households, first time homeowners, move-up buyers, empty nesters/young seniors, and older seniors.

The following describes each of these household types and the effect that they have on housing demands in North Mankato.

### A. Entry-Level Households

People in the 19- to 24-year-old age group typically leave their childhood home and establish their own household. They often rent a house or an apartment because they generally do not have the income and savings needed to buy a home. In addition, many people in this age group move frequently, so they are hesitant to buy a house. They are also more apt to share housing with other unrelated people of similar age.

The entry-level household population in North Mankato will fluctuate annually. Many North Mankato residents that graduate from high school move to other communities to attend a university or to pursue other job opportunities. In the long term, unless current conditions and trends change, North Mankato will not see significant increase in the 19- to 24-year-old age group.

### B. First Time Homeowners

First time homeowners are typically in their 20s and 30s. They are usually “move-up” renters, meaning they “move up” from an apartment to a home. They are often married with young children and prone to moving within a few years of buying their first home for several reasons; including, increased salaries allowing them to move to more expensive housing, an increased number of children may require larger housing, and job opportunities may require that they move to another community.

### C. Move-Up Buyers

Move-up buyers are typically in their 30s and 40s. They move up from the smaller, less expensive house that they had purchased earlier. From an economic growth perspective, this is an important age group of people. Typically, move-up buyers have children in school and an established job. They are less apt to move to another community and start over. Also, professionals who are moving to a community to advance their career are generally looking to move to a more expensive house than what they had in their previous community. North Mankato should continue to ensure that it has adequate choices for those who are looking for move-up housing that will satisfy their needs until they are in their late 50s and beyond.

### D. Empty Nesters and Young Seniors

Empty nesters and young seniors are generally in their 50s and 60s. Often, their children have moved out of their house and left them with a larger house than needed. Empty nesters and young seniors often want to live in a smaller house, like a townhouse, that has less maintenance.

As the baby boom generation moves into this age group, this population will likely increase in North Mankato and there may also be a shift in this population group from

their homes into apartments. There has already been a notable increase in apartment rentals in North Mankato by members of the baby boom generation.

### E. Old Seniors

Those in their 80s and older are often looking for low maintenance or assisted living housing. Senior living community options in North Mankato include the Oak Terrace Senior Retirement Community, Koppen Gardens, and Monarch Meadows. As the population ages, North Mankato should continually ensure that it has adequate housing to meet the needs of seniors.

### F. Special Needs

Housing for those with special needs includes housing for those with mental and/or physical disabilities or health issues and those who are in need of temporary or transitional housing. The number of people with special housing needs is expected to increase as the population of North Mankato continues to age. Currently, Monarch Meadows, Oak Terrace Senior Retirement Community, and Birchwood Cottages offer assisted living units and existing housing for those with Alzheimer's or dementia to help meet some of the special housing needs in North Mankato.

## Affordable Housing

The United States Department of Housing and Urban Development (HUD) generally defines housing as affordable if it costs less than thirty (30) percent of a household's income. However, HUD's Section 8 Income Guidelines are the basis for most affordable housing programs. Section 8 guidelines define low and moderate incomes on a sliding scale, depending on the number of persons in the family. For example, a four-person household is considered "moderate income" if their family income is eighty (80) percent of the area's median family income.

It is noted most housing affordability programs and data place emphasis on creating owner-occupied units at eighty (80) percent of the median family income (moderate income) and rental units at fifty (50) percent of the median family income (low income). Since low-income persons are typically renters, the definition of "low income" is tied to the number of persons in each unit. This plan identifies "affordable Owner-Occupied units" as those affordable for moderate income families (eighty (80) percent of median income). Affordable rental units are based on fifty (50) percent of the median income and reflected on a per capita and per family basis.

As mentioned previously, homeowner incomes have generally increased while renter's have not. At the time of this Comprehensive Plan update, market rate multi-family units dominate the rental inventory and vacancy rates are low (0-1.5%) which means costs are high and availability is low. According to the Housing Study, the City contained 185 tax credit units and 73 subsidized units in 2019, among which vacancy rates were 0.7% and 2.7% respectively. Many sources indicate that a 5.0% vacancy rate is ideal as it allows for normal turnover and an adequate supply of options for prospective renters. The limited availability means there are often waiting lists for prospective tenants. During this process, the need for more affordable housing in the Greater Mankato area was significant and at the top of priority lists for local agencies.

## Income by Age of Householder

Looking at income data is also important when predicting future housing demands in the city of North Mankato. In 2012 (data used in the 2015 Comprehensive Plan), the median household income was \$60,836 and the largest employment industries were educational, health and social services, manufacturing, and retail trade. By 2020, the median household income increased to \$71,023 and the top employment industries were the same. The total population in 2020 age 16 and over was approximately 10,603, of which approximately 75.3% were considered to be in the labor force. The

unemployment rate in the city of North Mankato in 2020 was approximately 3.7%. During this same time, Minnesota had an unemployment rate of about 4.6%.

**Table 4-13. Household Income by Age of Householder**

Income	Under 25		25-44		45-64		65+	
	#	%	#	%	#	%	#	%
Less than \$10,000	10	4%	42	2%	13	1%	43	3%
\$10,000 to \$14,999	0	0%	86	4%	116	6%	125	9%
\$15,000 to \$19,999	0	0%	141	7%	8	0%	37	3%
\$20,000 to \$24,999	49	21%	66	3%	27	1%	67	5%
\$25,000 to \$29,999	0	0%	28	1%	58	3%	98	7%
\$30,000 to \$34,999	45	19%	146	7%	72	4%	113	8%
\$35,000 to \$39,999	2	1%	24	1%	66	3%	62	5%
\$40,000 to \$44,999	20	8%	141	7%	38	2%	78	6%
\$45,000 to \$49,999	0	0%	110	5%	49	2%	62	5%
\$50,000 to \$59,999	42	18%	200	9%	61	3%	107	8%
\$60,000 to \$74,999	15	6%	181	8%	230	12%	132	10%
\$75,000 to \$99,999	21	9%	330	15%	274	14%	174	13%
\$100,000 to \$124,999	0	0%	275	13%	391	20%	95	7%
\$125,000 to \$149,999	0	0%	129	6%	137	7%	44	3%
\$150,000 to \$199,999	32	14%	144	7%	192	10%	35	3%
\$200,000 or more	0	0%	87	4%	239	12%	96	7%
<b>Total HHs</b>	<b>236</b>	<b>100%</b>	<b>2130</b>	<b>100%</b>	<b>1971</b>	<b>100%</b>	<b>1368</b>	<b>100%</b>

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

Income distributions as reported by the U.S. Census Bureau can be compared to affordability standards to determine how many households and families in the city of North Mankato may require affordable housing. **Table 4-14** depicts the number of households that may require affordable housing (based on family income) as shown in the shaded area. An estimated 2,329 households (41%) have annual household incomes of less than 80% of the median household income reported by the American Community Survey in 2020.

**Table 4-14. North Mankato Household Income - 2020**

Income	# of HHs in Category	% of Total
Less than \$10,000	108	1.9%
\$10,000 to \$14,999	327	5.7%
\$15,000 to \$24,999	395	6.9%
\$25,000 to \$34,999	560	9.8%
\$35,000 to \$49,999	652	11.4%
\$50,000 to \$59,999	410	7.2%
\$60,000 to \$74,999	558	9.8%
\$75,000 to \$99,999	799	14.0%
\$100,000 to \$149,999	1,071	18.8%
\$150,000 to \$199,999	403	7.1%
\$200,000 or more	422	7.4%
<b>Total HHs</b>	<b>5,705</b>	<b>100.0%</b>

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates

**Table 4-15. Median Household and Family Income - 2020**

Year	North Mankato	Nicollet County	MSA	State
Median Household Income	\$71,023	\$69,174	\$63,288	\$73,382
Median Family Income	\$96,558	\$88,651	\$83,590	\$92,692

Source: US Census Bureau, 2010-2020 American Community Survey 5-Year Estimates



## FUTURE POPULATION AND PROJECTIONS

The future housing projections assume a continued rate of 69 housing units constructed per year, which has been the average number of units constructed over the past 25 years since 1995. This annual rate is approaching the City's construction target of 74 units per year to get back to historic levels of 1.6% annual growth.

The following future population projections were developed by multiplying the number of future housing units by the existing ratio of residents per household (2.42). Therefore, these projections assume a continued rate of housing development of 69 units constructed per year and a constant ratio of residents per household of 2.42. The City recognizes that there are many factors and demographic trends that influence the number of housing units constructed and household size and that these numbers will likely change from year to year.

**Table 4-16. Future Population and Housing Projections**

	2020*	2025	2030	2035	2040	2045	2050
North Mankato Population	14,275	15,107	15,939	16,771	17,603	18,435	19,267
North Mankato Housing Units	6,015	6,359	6,703	7,046	7,390	7,734	8,078

*Source: City Records, US Census Bureau; \*2020 population from 2020 US Census Bureau 2020 Decennial Census*

## HOUSING PROGRAMS AND ORGANIZATIONS

Many municipal powers related to housing come from the housing and redevelopment authority statutes as outlined in Minnesota Statutes, Section §469.001 to §469.047. The Housing and Redevelopment Authority (HRA) Act lists the following activities as public purposes:

- To provide a sufficient supply to adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of the state;
- To clear and redevelop blighted areas;
- To perform those duties according to comprehensive plans;
- To remedy the shortage of housing for low- and moderate-income residents, and to redevelop blighted areas, in situations in which private enterprises would not act without government participation or subsidies; and
- In cities of the first class, to provide housing for persons of all incomes.

The city of North Mankato can partner or coordinate with various housing programs and organizations that can help address the City's housing needs. The following provides a brief overview of key housing programs and organizations. However, many other government and non-government organizations can help the City address its housing needs as well.

### Minnesota Housing Finance Agency

Minnesota Housing has worked for over 40 years to provide access to safe, decent and affordable housing across the state. The agency finances affordable housing for low- and moderate- income individuals and has a national reputation as one of the finest housing agencies in the country. Minnesota housing partners with for-profit, non-profit and government sectors to achieve its mission. Products and services are provided to help Minnesotans buy and fix up their homes, for the purpose of stabilizing neighborhoods, communities and families. Minnesota Housing also works to support the development and preservation of affordable rental housing through both financing and long-term asset management.

On an annual basis, the City applies for MHFA funds to assist first time homebuyers.

### Department of Housing and Urban Development (HUD)

Operating as a department of the Federal Government, HUD awards grants and financing for a wide variety of housing initiatives including housing development, home buying, rental assistance, avoiding foreclosure and more. For a complete overview of programs visit the department's website at <http://portal.hud.gov/hudportal/HUD>. As a HUD Entitlement Community, the city of North Mankato receives an annual allocation of CDBG funds through HUD.

### CommonBond Communities

CommonBond Communities is a Minnesota-based non-profit that provides affordable housing throughout the Midwest. The organization develops, owns and manages affordable rental apartments and townhomes for low income and disabled individuals and families. CommonBond operates within 50 cities in Minnesota, Wisconsin and Iowa and serves over 5,400 housing units for over 8,500 people.

### Northside Revivals

Northside Revivals is a home improvement program which offers incentives to homeowners completing major remodeling projects valued at \$20,000 or more. Financial incentives include a grant up to \$3,000 and a 50% rebate on your building permit fees. Properties must be homesteaded, owner-occupied homes at least 50 years old. There are no income or housing value limits for participants of this program. Some eligible improvements include:

- Facade Improvements
- Building an addition
- Building a sunroom
- Finishing previously unfinished space
- Constructing a covered front porch
- Converting an attached garage into livable space



As the grant and rebate offered will only cover a small portion of your project, a low-interest loan of up to \$25,000 is available at an interest rate of Prime +1%. Homeowners may borrow up to 100% of the improved value of the property and take up to 20 years to repay.

## VISION FOR HOUSING

The city of North Mankato has a high-quality housing stock and variety of options that allow residents to find housing at all stages of life. Quality housing is available for all income and age ranges. Existing homes have been well maintained and renovated, as the unique character of each neighborhood is preserved. The City is open to creatively seeking opportunities to meet our housing needs and responsibly providing our share of affordable housing. Housing in North Mankato continues to be a strength in attracting young families to the area.

## GOALS, OBJECTIVES, AND POLICIES

The following section outlines the primary goals for housing, followed by a series of objectives and policies intended to influence future housing development to align with the community visions in this plan.

### **GOAL 1: Allow all people the opportunity to call North Mankato their home.**

**Objective 1.1:** Accommodate a variety of housing options to ensure a diverse housing stock.

Policy 1.1.1: Update the 2021 North Mankato Housing Study every five years to re-evaluate community housing needs and to gauge if the City is achieving targeted housing unit growth.

Policy 1.1.2: Attract a variety of residential developers to ensure a diversity of housing styles, layouts and costs.

Policy 1.1.3: Provide a variety of different residential zoning districts that have varying regulations with regard to setbacks, height, density, and lot coverage.

Policy 1.1.4: Ensure that land is available in applicable zoning districts to allow for senior and assisted living facilities.

Policy 1.1.5: Target development of patio-type homes for “empty-nesters” age 55+ looking to downsize.

**Objective 1.2:** Provide quality and sufficient affordable housing that meets the area’s demand.

Policy 1.2.1: Work with developers on providing affordable market rate housing.

Policy 1.2.2: Explore opportunities for providing tax credit and subsidized housing units for low-income individuals and families in North Mankato to meet the needs identified in the 2021 North Mankato Housing Study.

Policy 1.2.3: Work with South Central College to understand the need for student housing.

### **GOAL 2: Provide attractive and desirable residential properties.**

**Objective 2.1:** Maintain residential properties to a high standard while encouraging redevelopment opportunities.

Policy 2.1.1: Consider amendments to the zoning code that promote redevelopment activities and allow residents to make reasonable additions to their homes.

Policy 2.1.2: Monitor “at risk” or “blighted” properties or areas and connect property owners to housing improvement programs, loans and assistance opportunities for rehabilitation.

Policy 2.1.3: Regularly analyze existing ordinances to ensure reasonable maintenance is required to all residential property and make amendments as necessary. Proactively address any properties where compliance is not being met.

Policy 2.1.4: Work with the North Mankato Port Authority to purchase blighted or vacant homes for demolition.

Policy 2.1.5: Revisit the 2016 Rental Density Study to gauge its effectiveness in minimizing the turnover of owner-occupied single-family homes to rental units within established

neighborhoods. Explore outcomes and update section 151.18 of the North Mankato City Code as necessary.

Policy 2.1.6: Maintain a rental licensing program that allows the City to enforce compliance with existing codes and minimum standards.

**Objective 2.2:** Provide residential neighborhoods that are well designed.

Policy 2.2.1: For new development or redevelopment, consider streetscape improvements such as attractive street lighting, boulevards, sidewalks on at least one side of the street, landscaping and vegetation, and other amenities that enhance the visual appearance of neighborhoods. Consider similar opportunities in existing neighborhoods as street reconstruction projects occur.

Policy 2.2.2: Seek opportunities to provide additional green space and recreation amenities in residential areas that may be lacking them.

Policy 2.2.3: Promote moderate and higher density housing in areas where appropriate, such as within and near downtown, commercial areas, and along arterial roadways. Promote development practices that result in low traffic volumes near low density residential areas.

Policy 2.2.4: Promote residential development that occurs in an orderly manner consistent with the future land use plan and that makes efficient and responsible use of municipal utilities and infrastructure expansion.