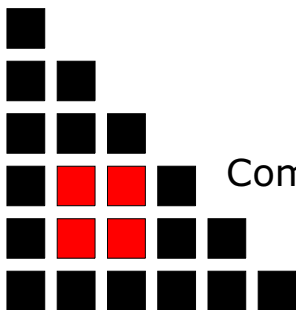


POPE COUNTY HOUSING STUDY

City of Westport

April 2018

An analysis of the overall housing needs
of cities in Pope County



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Project Overview

Community Partners Research, Inc., was hired by the Pope County Housing and Redevelopment Authority to complete a housing study for nine cities in the County. These individual, city-level studies were intended to Update a Countywide study that had been completed in 2007 by Community Partners Research.

This Update was completed between November 2017 and February 2018. Each city was examined individually, although to better understand the surrounding area, the County was divided into two larger market areas, based around the larger Cities of Glenwood and Starbuck, as will be explained further on the following page.

Primary data sources that were used in the following analysis included the U.S. Census Bureau, the Minnesota State Demographer's Office, Esri, Inc., and records maintained by the individual cities and Pope County.

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. Both the U.S. Census Bureau and the Minnesota State Demographer's Office have released demographic estimates for the year 2016. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For more detailed demographic variables, the Census Bureau's American Community Survey has been examined. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. For very small jurisdictions, only a limited number of surveys are completed, and the reliability of the estimates can sometimes be questioned. The following tables incorporate the 2016 American Community Survey data, when it is viewed as reliable.

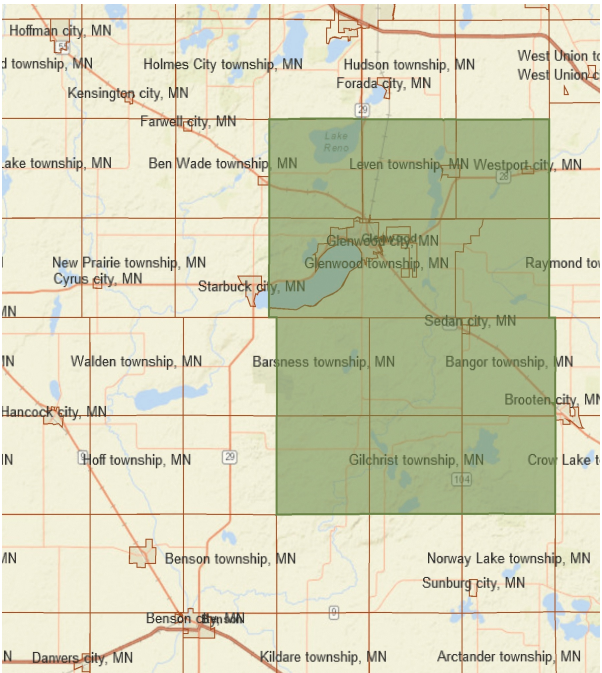
The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For the small cities in Pope County, the 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

One final data source that is used is Esri, Inc., a private data reporting service. Esri estimates are available for 2017, with projections to 2022. For the larger cities of Glenwood and Starbuck, Esri's city-level estimates have been used. However, for the smaller cities, where the accuracy of Esri's data is more questionable, only the larger market area aggregation has been used.

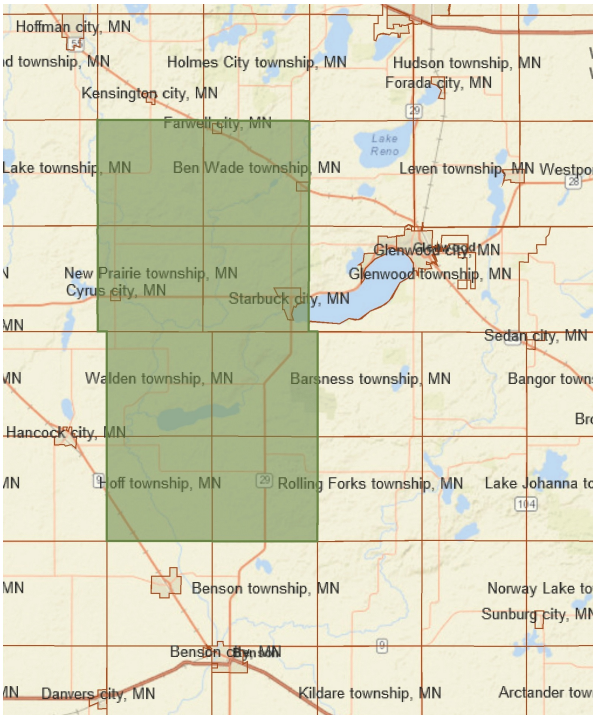
Market Area Definition

To help place each of the cities in a regional context, a larger market area designation has been assembled and analyzed. The Glenwood Market Area is a group of 17 County jurisdictions generally located in the eastern half of Pope County, including the Cities of Westport, Glenwood Long Beach, Sedan and Villard, and the Townships of Bangor, Barsness, Chippewa Falls, Gilchrist, Glenwood, Grove Lake, Lake Johanna, Leven, Minnewaska, Reno, Rolling Forks and Westport.

Glenwood Market Area



Starbuck Market Area



Population Trends Analysis

The most recent official population estimates for Westport and Pope County are for 2016, and were prepared by the Minnesota State Demographer's Office. For population, additional estimates exist from the U.S. Census Bureau for 2016, and from Esri, Inc., for 2017. While the following table displays the 2016 estimate from the State Demographer, the other recent estimates are discussed in the text that follows.

| Table 1 Population Trends - 1980 to 2016 | | | | | | | |
|---|----------------|----------------|----------------|-----------------------|----------------|-----------------------|------------------|
| | 1980 Census | 1990 Census | 2000 Census | % Change 1990-2000 | 2010 Census | % Change 2000-2010 | 2016 Estimate |
| Westport | 50 | 47 | 72 | 53.2% | 57 | -20.8% | 57 |
| Market Area | 7,332 | 6,970 | 7,320 | 5.0% | 7,288 | -0.4% | 7,343 |
| Pope Co. | 11,657 | 10,745 | 11,236 | 4.6% | 10,995 | -2.1% | 11,026 |

Source: U.S. Census Bureau; MN State Demographer

Westport has experienced some upward and downward movement in the number of City residents over the past several decades, but the overall long-term change has been very limited. The 2016 estimate from the Minnesota State Demographer's Office placed the City's population at 57 people, unchanged from the 2010 Census count. However, the 2016 estimate was only seven people higher than the 1980 Census count.

The Census Bureau also issues annual population estimates, effective for July 1, 2016. This estimate placed Westport's population at 56 people, very similar to the State Demographer's estimate.

Due to the small size of Westport, no specific estimate was obtained from Esri.

For the aggregated Glenwood Market Area, which includes 17 separate jurisdictions in the eastern half of Pope County, the State Demographer also shows limited population change after 2010. Overall, the 2016 estimate showed an increase of 55 residents for the entire area, or 45 people outside of the City of Glenwood.

The Census Bureau's 2016 estimate for the entire Market Area was once again very similar to the State Demographer's, with 7,337 residents for the aggregated area, up by 49 people from the 2010 Census.

The Esri report for the aggregated Market Area showed 7,577 people in 2017. This estimate is well above the other sources, although it is also one year forward from the estimates available from the Demographer or the Census Bureau. If accurate, the Esri Estimate shows the entire Market Area adding 289 people since 2010. Excluding the population growth attributable to Glenwood, the Esri estimate would also show the remainder of the Market Area adding 243 residents.

It is not known why Esri believes that more growth has been occurring outside the City of Glenwood, in the rural townships and small cities that form the Market Area. However, there is a large volume of seasonal/recreational use housing along Lake Minnewaska and elsewhere in the eastern portion of the County. Occupancy of this housing by year-round residents could be the reason that Esri believes a greater level of population growth has existed.

For all of Pope County, the State Demographer's 2016 estimate showed 11,026 people, up by 31 people from 2010. This estimate was very similar to the Census Bureau's which showed 11,049 in 2016.

Esri placed the countywide population at 11,453 people in 2017. Although the effective date is one year forward in the Esri estimate, this source has a much higher population level for the County, and reflects the growth they believe has occurred within the Glenwood Market Area.

Group Quarters

At the time of the 2010 Census, Westport had no residents in group quarters housing. The Demographer's 2016 estimate still showed no group quarters residents in the City.

Race/Ethnicity

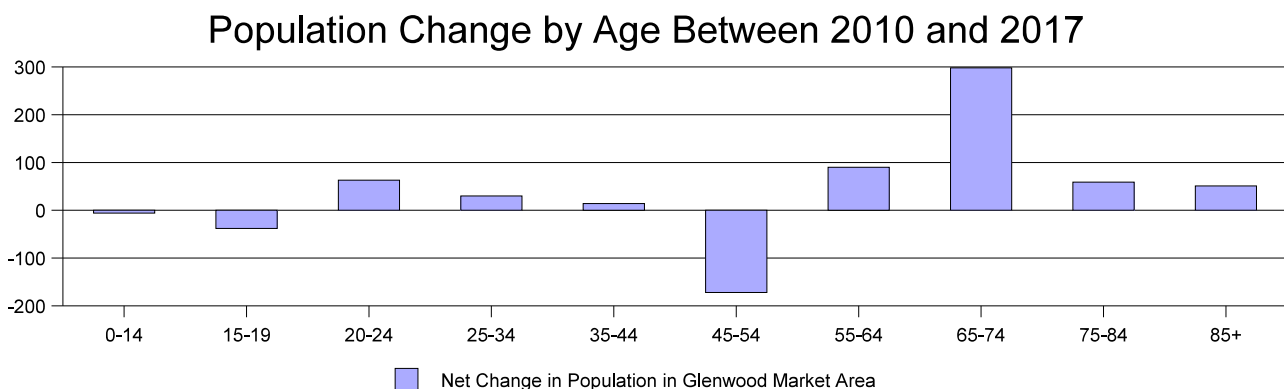
At the time of the 2010 Census only a small number of City residents identified themselves as a race other than White, or having an Hispanic/Latino ethnicity. Due to the limited diversity, no further demographic details have been provided by race or ethnicity.

Population by Age Trends: 2010 to 2017

Esri's 2017 population estimate for the Glenwood Market Area includes the age distribution of the population. In the following table, Esri's age-based 2017 population estimates have been compared to the age distribution that existed at the time of the 2010 Census to examine changing patterns. It is important to note that Esri's total population estimate is higher than other available sources.

| Table 2 Population by Age - 2010 to 2017 | | | |
|---|----------------------|-------|--------|
| Age | Glenwood Market Area | | |
| | 2010 | 2017 | Change |
| 0-14 | 1,279 | 1,273 | -6 |
| 15-19 | 414 | 376 | -38 |
| 20-24 | 287 | 350 | +63 |
| 25-34 | 760 | 790 | +30 |
| 35-44 | 774 | 788 | +14 |
| 45-54 | 1,115 | 943 | -172 |
| 55-64 | 1,095 | 1,185 | +90 |
| 65-74 | 769 | 967 | +298 |
| 75-84 | 530 | 589 | +59 |
| 85+ | 265 | 316 | +51 |
| Total | 7,288 | 7,577 | +389 |

Source: U.S. Census; Esri

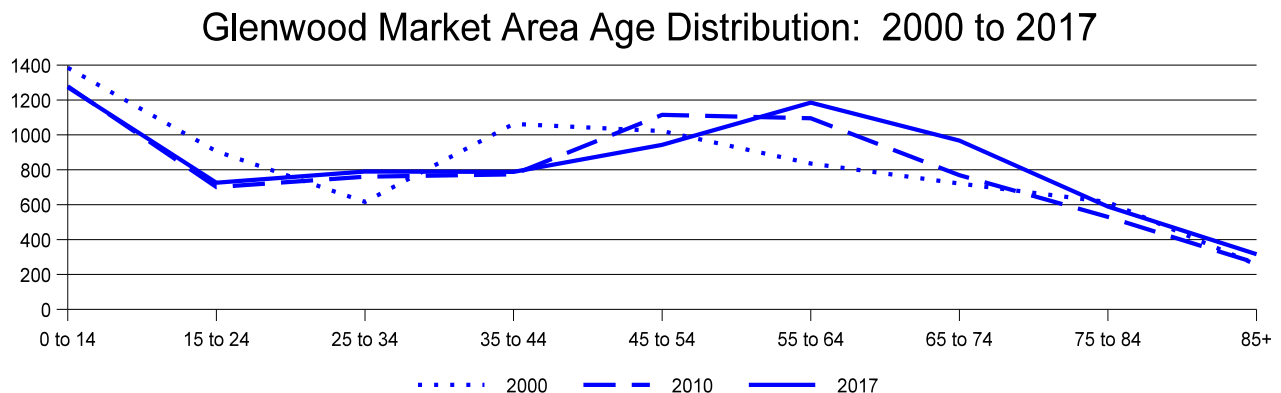


The age-based estimates from Esri track the age progression of the large baby boom generation, as the Glenwood Market Area jurisdictions have been adding people in the prime baby boomer age ranges between 55 and 74 years old. In 2017, nearly all of the baby boomers were within this 20-year age range.

At the same time, there has often been a decrease in most of the younger age groups, especially in the 45 to 55 year old range, as the baby boomer migration resulted in a numeric reduction within this trailing age cohort.

If grouped into larger aggregations, the Glenwood Market Area added 498 people age 55 or older, but lost 109 people age 54 or younger so far this decade.

The aging trends present in the Glenwood Market Area can be traced back to the year 2000 to see the continued “wave” advancement of the baby boom generation.



Household Trends Analysis

The Minnesota State Demographer's Office has also issued household estimates for 2016. The Demographer's estimates are presented in the following table, along with information from past decennial censuses. Esri estimates for 2017 have been examined in the text that follows the table. The Census Bureau does not provide annual household estimates.

| Table 3 Household Trends - 1980 to 2016 | | | | | | | |
|--|-------------|-------------|-------------|--------------------|-------------|--------------------|---------------|
| | 1980 Census | 1990 Census | 2000 Census | % Change 1990-2000 | 2010 Census | % Change 2000-2010 | 2016 Estimate |
| Westport | 16 | 13 | 23 | 76.9% | 22 | -4.3% | 23 |
| Market Area | 2,656 | 2,669 | 2,954 | 10.7% | 3,158 | 6.9% | 3,234 |
| Pope Co. | 4,241 | 4,135 | 4,513 | 9.1% | 4,736 | 4.9% | 4,818 |

Source: U.S. Census; MN State Demographer

When viewed over a longer time period, Westport has added some permanent resident households. Comparing 1980 to 2016, the City has seven households over this 37-year time period. However, most of this is attributable to the 1990s, when the City added 10 households over the decade. Since the year 2000, the household level has remained stable.

The State Demographer has been tracking a more consistent household growth pattern for the entire Glenwood Market Area. If 2016 is compared back to 1980, the entire Market Area has added 578 households, or approximately 16 households in an average year. Between 2010 and 2016, the Demographer's estimate shows 76 total households added, or nearly 13 households per year.

Esri's Market Area estimate is one year more recent and shows a larger level of growth. According to this source, the aggregated area had 3,293 households in 2017, up by 135 households from the 2010 Census count. If accurate, the entire Market Area has been averaging 19 new households per year so far this decade, with 15 households per year in the combined Market Area jurisdictions outside of the City of Glenwood.

The Market Area jurisdictions have a large number of seasonal/recreational use housing units, and based on the Esri estimate, it is possible that over time, some of this housing has been occupied by permanent resident households.

For all of Pope County, the Demographer's 2016 estimate showed growth of 82 households since 2010. Countywide, there has generally been a long-term pattern of gradually adding households.

Esri's 2017 estimate for all of Pope County shows 4,949 total households, up by 213 households from 2010. Esri tends to have a much more optimistic assessment of recent growth patterns in Pope County, showing much higher population and household levels than the other available sources.

Average Household Size

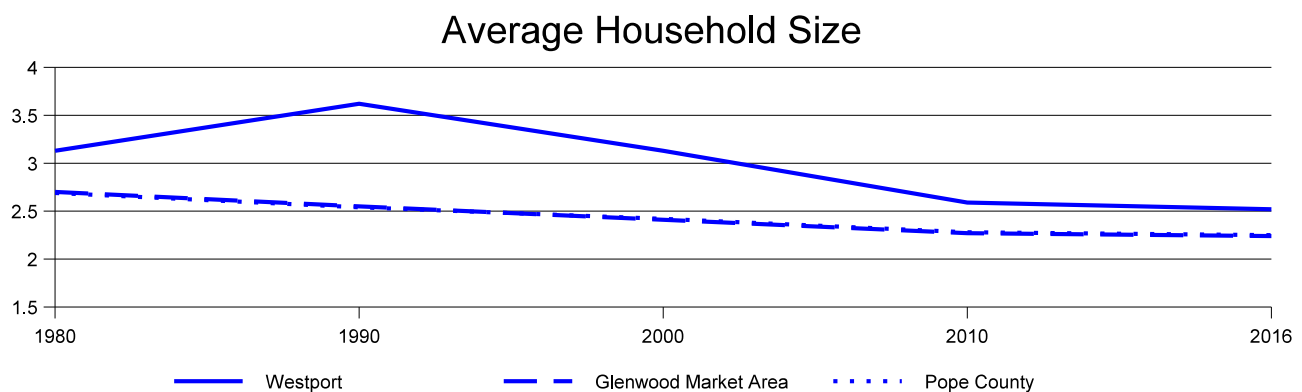
Average household size can be used to define the characteristics of residents over time. Typically, a larger average household size indicates more families with children, while a smaller average household size indicates an aging population, including more people living alone. The following table provides decennial Census information on average household size. The 2016 estimates from the State Demographer are also included.

| Table 4 Average Number of Persons Per Household - 1980 to 2016 | | | | | |
|---|-------------|-------------|-------------|-------------|---------------|
| | 1980 Census | 1990 Census | 2000 Census | 2010 Census | 2016 Estimate |
| Westport | 3.13 | 3.62 | 3.13 | 2.59 | 2.52 |
| Market Area | 2.70 | 2.55 | 2.41 | 2.27 | 2.24 |
| Pope Co. | 2.69 | 2.54 | 2.42 | 2.28 | 2.25 |

Source: U.S. Census; MN State Demographer

The average household size in Westport has become smaller over time, but the City still has a relatively large average size when compared to other jurisdictions. At the time of the 1990 Census, the average household size of 3.62 was very large and well above the Countywide average. By 2016, the City's average household size had decreased to 2.52 persons, but still remained above the County's average household size of 2.25 persons.

There has been a steady decrease in the average household sizes in the Glenwood Market Area and in all of Pope County.

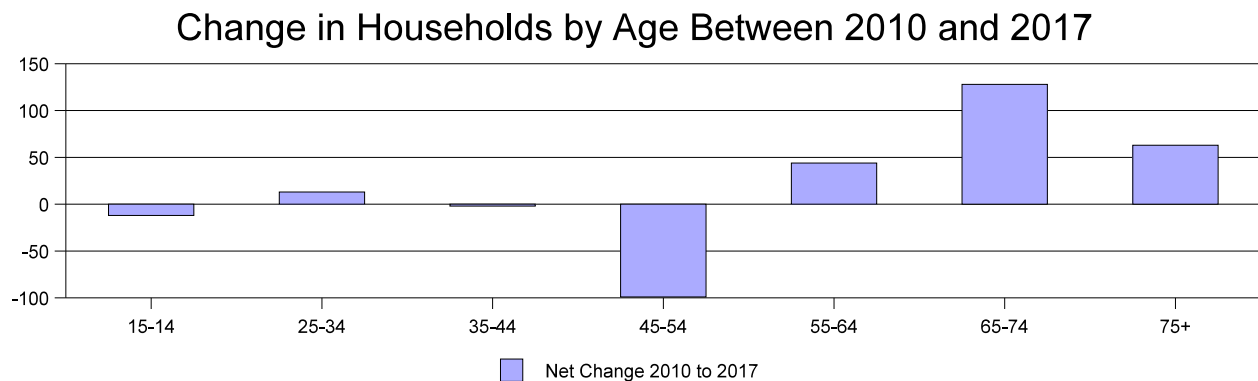


Household Age Trend Estimates

Esri has issued household estimates by age of the householder for 2017. The following table compares Glenwood Market Area households by age of householder in 2010 and 2017, to determine changes that have been occurring in recent years.

| Table 5 Households by Age - 2010 to 2017 | | | |
|---|----------------------|-------|--------|
| Age | Glenwood Market Area | | |
| | 2010 | 2017 | Change |
| 24 and younger | 100 | 88 | -12 |
| 25-34 | 370 | 383 | +13 |
| 35-44 | 420 | 418 | -2 |
| 45-54 | 620 | 521 | -99 |
| 55-64 | 638 | 682 | +44 |
| 65-74 | 464 | 592 | +128 |
| 75 and older | 546 | 609 | +63 |
| Total | 3,158 | 3,293 | +135 |

Source: U.S. Census; Esri

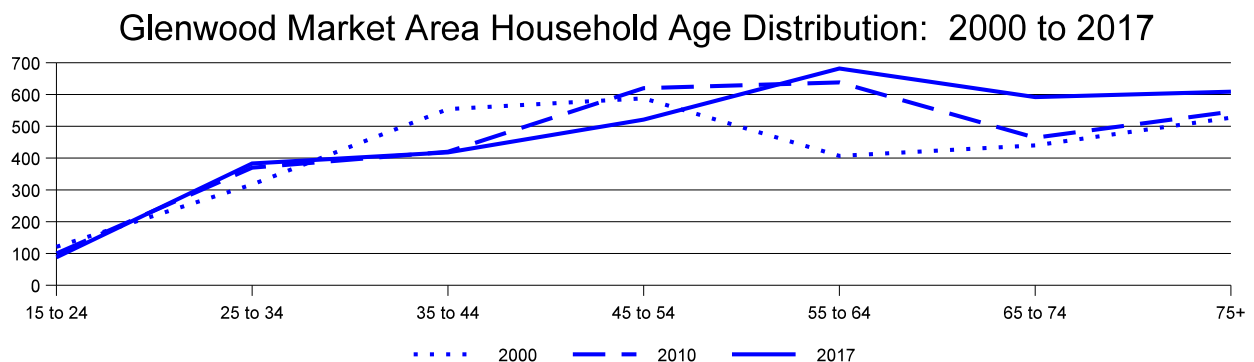


According to the estimates from Esri, the Glenwood Market Area has added 135 total households between 2010 and 2017. This level of household growth is greater than other sources, as the State Demographer's most recent estimate shows only 76 households added between 2010 and 2016.

The Esri estimates follow the same patterns as the population distribution presented earlier, as growth is especially strong in the prime baby boomer ages. Overall, there was an increase of 235 households with a head of household that was age 55 or older, but a reduction of 100 households with a head of household age 54 or younger.

The strongest numeric growth of any age cohort was among households in the 65 to 74 year old age range. The largest loss occurred among households age 45 to 54 years old, as the age cohort trailing behind the baby boom generation was not as large.

Age distribution patterns dating back to the year 2000 show the advancing “wave” created by the baby boom generation. One noticeable trend has been the growing number of households over time within the prime baby boomer age ranges, as the Market Area has attracted and retained these households.



Household Projections

The following table presents household projections. The Demographer has not issued household estimates at the city level, but it is possible to convert a previously issued population projection for Westport into households with some basic assumptions about group quarters residents and trends in average household size. The State Demographer's Office has issued household projections at the county level. However, these are no longer posted on the Demographer's website, and may have been withdrawn.

| Table 6 Household Projections Through 2020/22 | | | | |
|--|---------------|-----------------|-------------------|-----------------|
| | Esri | | State Demographer | |
| | 2017 Estimate | 2022 Projection | 2016 Estimate | 2020 Projection |
| Westport | N/A | N/A | 23 | 23* |
| Market Area | 3,293 | 3,421 | 3,234 | N/A |
| Pope Co. | 4,949 | 5,145 | 4,818 | 4,851 |

Source: Esri; MN State Demographer; * extrapolated by Community Partners Research, Inc.

The only household projection that exists for Westport is the extrapolated projection from the State Demographer's population data. This source would expect a stable household level between 2016 and 2020. There is no evidence that any housing has been added in Westport in many years, and continued occupancy of the existing housing stock would be expected.

It is unlikely that many additional households could be added unless there is an expansion of housing options. Limited excess housing capacity is believed to exist in Westport and housing unit growth that is equal to household growth will generally be required for the community to grow in the future.

Esri does expect more substantial growth for the entire Glenwood Market Area, with a projected increase of 128 households in the combined jurisdictions between 2017 and 2022. More specifically, 36 of these households would be expected in Glenwood, and 92 households in the remaining jurisdictions. If this projected level of growth is actually achieved, a much greater level of growth would be needed within the smaller Market Area jurisdictions going forward.

The household projections issued by the State Demographer's Office for Pope County would expect the County to add approximately 33 households between 2016 and 2020, or an average of 8 to 9 households per year. Through the first six years of this decade, the County has added nearly 14 households per year according to the Demographer, so the 2020 projection could be viewed as conservative.

Esri does expect a greater level of growth Countywide, with the addition of 196 households between 2017 and 2022. On an annual average basis, this would be approximately 39 households per year. Esri estimates that Pope County added 213 households from 2010 to 2017, or approximately 30 households in an average year, so the numeric pace of growth is expected to increase somewhat over the next five years.

Esri's countywide projection is more heavily based on expected growth in the eastern half portion of the County, as defined by the Glenwood and Starbuck Market Area designations. The projected net growth of 196 households over the five-year period allocates 128 total households in the Glenwood Market Area and 68 total households in the Starbuck Market Area.

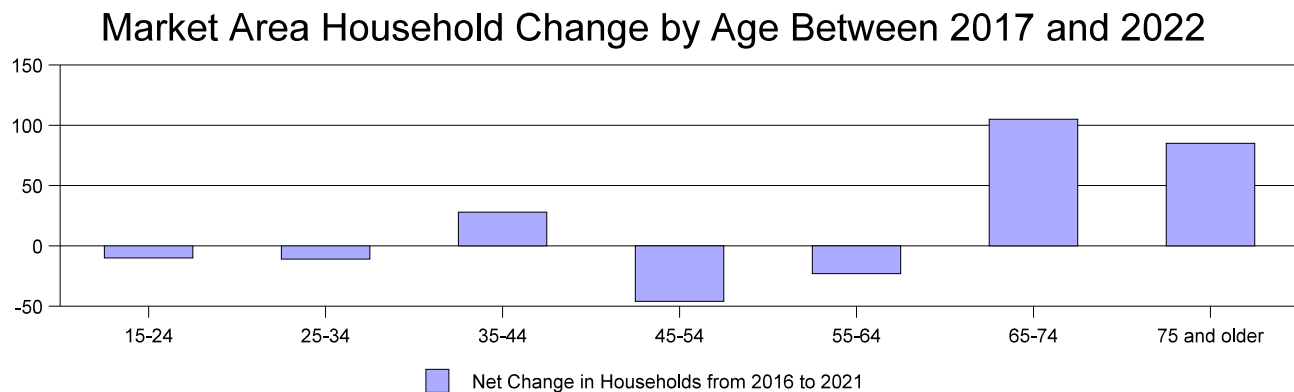
While Esri's countywide total for future households may prove to be overly optimistic, the distribution pattern would tend to be somewhat consistent with the recent past, as tracked by other data sources. Between 2010 and 2016, the Minnesota State Demographer's Office believes that the Glenwood Market Area has added 76 total households while the Starbuck Market Area has added only six total households. For Esri's projection to be accurate, both Market Areas would need to add substantially more households over the next five years but this would be especially true for the jurisdictions that form the western portion of the County.

Household by Age Projections: 2017 to 2022

Esri has generated age-based forecasts for households to the year 2022. These projections can be compared to the data contained in the 2017 Esri estimate to examine the anticipated change over the next few years. These age-based forecasts are presented for the entire Glenwood Market Area.

| Table 7 Market Area Projected Households by Age - 2017 to 2022 | | | |
|---|---------------|-----------------|----------------|
| Age | 2017 Estimate | 2022 Projection | Numeric Change |
| 15-24 | 88 | 78 | -10 |
| 25-34 | 383 | 372 | -11 |
| 35-44 | 418 | 446 | +28 |
| 45-54 | 521 | 475 | -46 |
| 55-64 | 682 | 659 | -23 |
| 65-74 | 592 | 697 | +105 |
| 75+ | 609 | 694 | +85 |
| Total | 3,293 | 3,421 | +128 |

Source: Esri; Community Partners Research, Inc.



According to Esri's projections, most of the change in households by age of householder will occur within three defined age groups. The largest net growth should occur among households age 65 to 74 years old, followed by growth from households age 75 and older. However, a large net reduction is expected among households age 45 to 54 years old, as the age group behind the baby boomers was not as large. Overall, the Market Area should have a decrease of approximately 62 households age 64 and younger, but an increase of 190 households age 65 and older.

2016 Income Data

Annual household income estimates are available through the Census Bureau's American Community Survey. The median income estimates are available at the City and County level, but not for the aggregated market areas. The most recent American Community Survey release is for 2016. This can be compared to the 2010 data to track changes over time.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

| Table 8 Median Income - 2010 to 2016 | | | |
|---|-------------|-------------|----------|
| | 2010 Median | 2016 Median | % Change |
| Households | | | |
| Westport | \$43,125 | \$26,875 | -37.7% |
| Pope County | \$47,196 | \$55,180 | 16.9% |
| Minnesota | \$57,243 | \$63,217 | 10.4% |
| Families | | | |
| Westport | \$40,833 | \$40,833 | 0% |
| Pope County | \$58,581 | \$69,410 | 18.5% |
| Minnesota | \$71,307 | \$79,595 | 11.6% |

Source: American Community Survey 5-year survey

According to the estimates for Westport contained in the 2016 American Community Survey, the median income levels in the community have not increased in recent years. However, in a small community like Westport, the number of surveys that are conducted will be very limited, and the resulting estimates do have a wide margin of error.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Westport could only afford approximately \$670 per month for ownership or rental housing in 2016. A median income family could apply approximately \$1,020 per month without experiencing a housing cost burden.

There was also growth in both the median household income and the median family income for all of Pope County. However, the median levels were still lower than the comparable statewide median levels.

The rate of change for median income levels over time also needs to be compared to inflation. According to the website www.calculator.net/inflation-calculator the inflation rate during this same time period was approximately 10.5%. Using this comparative measure, the rate of change for the median household and family income levels in Westport significantly trailed the rate of inflation.

As will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level. However, in Westport, nearly all households are home owners.

Income Distribution by Housing Tenure

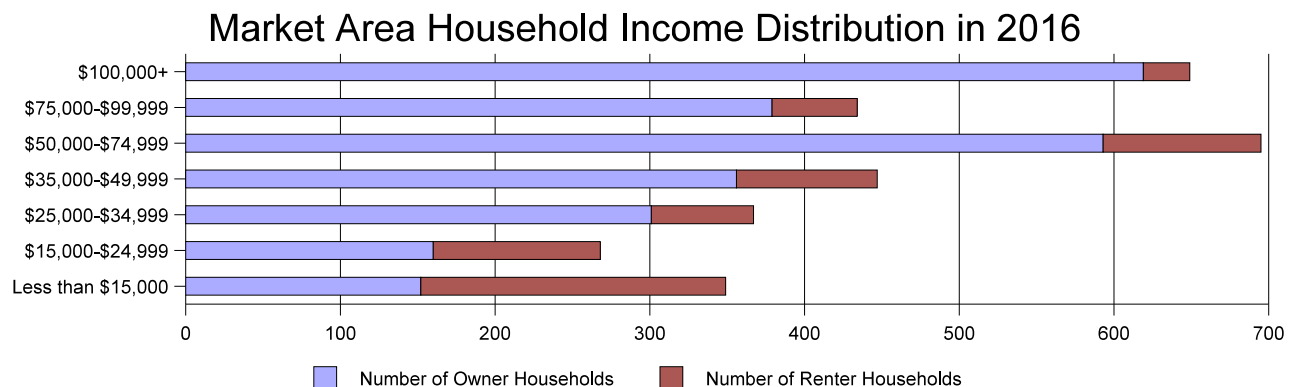
The American Community Survey provided an income estimate by owner and renter status. The following table examines income distribution within the entire Glenwood Market Area.

The American Community Survey appears to have slightly underestimated the total number of households in the Market Area, when compared to other data sources, however this difference was small. While recognized as a conservative estimate for total households, the American Community Survey still represents the best available data on income distributions by housing tenure.

Table 9 Glenwood Market Area Household Income by Tenure - 2016

| Household Income | Number of Owner Households | Number of Renter Households | Total Households |
|---------------------|----------------------------|-----------------------------|------------------|
| \$0 - \$14,999 | 152 | 197 | 349 |
| \$15,000 - \$19,999 | 79 | 53 | 132 |
| \$20,000 - \$24,999 | 81 | 55 | 136 |
| \$25,000 - \$34,999 | 301 | 66 | 367 |
| \$35,000 - \$49,999 | 356 | 91 | 447 |
| \$50,000 - \$74,999 | 593 | 102 | 695 |
| \$75,000 - \$99,999 | 379 | 55 | 434 |
| \$100,000+ | 619 | 30 | 649 |
| Total | 2,560 | 649 | 3,209 |

Source: American Community Survey 5-year estimates



Household income and housing tenure are often linked for most households. More than 57% of all renter households had an annual income below \$35,000 in 2016. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Although no median income estimate exists for the aggregated jurisdictions that form the Market Area, an estimate can be extrapolated from the distribution data. For all renter households an approximate median income was \$28,030 in 2016. If 30% of income is applied to housing, a renter at the median income level could afford approximately \$700 per month.

Conversely, most owner households had a substantially higher income level. More than 62% of owner households had an annual income of \$50,000 or more in 2016. The extrapolated median household income for owners was \$63,110. If 30% of income is applied to housing, a home owner at the median income level could afford approximately \$1,575 per month.

2016 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the Glenwood Market Area.

| Table 10 Gross Rent as a Percentage of Income - 2016 | | | |
|---|------------------------------------|---------------------------|-----------------------|
| Percent of Income for Housing | Renter Households Age 64 and under | Renter Households Age 65+ | All Renter Households |
| Less than 20% | 127 | 65 | 192 |
| 20% to 29.9% | 75 | 31 | 106 |
| 30% to 34.9% | 56 | 12 | 68 |
| 35% or more | 105 | 60 | 165 |
| Not Computed | 85 | 33 | 118 |
| Total | 448 | 201 | 649 |

Source: American Community Survey

Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

According to the American Community Survey, nearly 36% of all renters in the Glenwood Market Area were paying 30% or more of their income for rent. Most of these households were actually paying 35% or more of their income for housing, based on the available estimates.

The rental cost burden statistics showed all age groups were impacted. In numeric terms, most of the cost-burdened households were age 64 or younger. However, a number of senior citizen renter households were also applying 30% or more of their income to housing costs.

Although a housing cost burden could be caused by either high housing costs or low household income, it was primarily due to low income levels for renters. Nearly all of the renter households with a housing cost burden had an annual household income below \$35,000. To avoid a cost burden, these households would have needed a unit with a gross monthly rent of \$875 or less.

2016 Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the Glenwood Market Area that are paying different percentages of their gross household income for housing costs.

| Table 11 Ownership Costs as a Percentage of Income - Market Area | | |
|---|---------------------------------|--------------------------------------|
| Percentage of Household Income for Housing Costs | Number of Owner Households 2016 | Percent of All Owner Households 2016 |
| 0% to 19.9% | 1,428 | 55.8% |
| 20% to 29.9% | 550 | 21.5% |
| 30% to 34.9% | 179 | 7.0% |
| 35% or more | 387 | 15.1% |
| Not Computed | 16 | 0.6% |
| Total | 2,560 | 100% |

Source: American Community Survey

Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. However, approximately 22% of all home owners reported that they paid 30% or more of their income for housing, with most of these applying more than 35% of income for housing costs.

As would be expected, the large majority of cost-burden home owners had a mortgage on their home. However, more than 22% of owners reporting a cost burden had no mortgage. In these cases, it was generally a low annual income that had caused the cost burden, such as a retiree that lived on a fixed income.

Housing Tenure

The 2010 Census provided the last reliable look at housing tenure patterns. The following table examines the number and percentage of owner and renter households.

| Table 12 Household Tenure - 2010 | | | | |
|---|------------------|---------------------------|-------------------|---------------------------|
| | Number of Owners | Percent of all Households | Number of Renters | Percent of all Households |
| Westport | 20 | 90.9% | 2 | 9.1% |
| Market Area | 2,513 | 79.6% | 645 | 20.4% |
| Pope County | 3,778 | 79.8% | 958 | 20.2% |
| State | - | 73.0% | - | 27.0% |

Source: U.S. Census

According to the 2010 Census, the ownership rate in Westport was above 90%, well above the Statewide rate of 73%. The ownership rate for the entire Market Area was at nearly 80%. A large share of the County's rental housing options is located in Glenwood, with more than 47% of all renter households in 2010 living within that City.

Although no reliable information exists for the occupancy tenure distribution in the City in 2018, it is probable that the rental tenure rate has not changed since that time as no additions have occurred within the available housing inventory. Any changes in the occupancy tenure of the City's housing stock would be due to vacancies or tenure movement caused by conversions, if owner-occupied housing switched to rental use or vice versa.

Housing Units and Occupancy Status in 2010

The 2010 Census contained information on the housing units that existed in Westport. The following table presents this information, including the types of vacant units that were present.

| Table 13 Occupancy Status of Housing Units - 2010 | | | | | | |
|--|----------------|--------|--------------|----------|--------------|--------------|
| | Occupied Units | | Vacant Units | | | |
| | Owner | Renter | Rental | For Sale | Seasonal Use | Other Vacant |
| Westport | 20 | 2 | 0 | 1 | 0 | 0 |
| Market Area | 2,513 | 645 | 77 | 103 | 1,183 | 75 |
| Pope Co. | 3,778 | 958 | 107 | 137 | 1,313 | 142 |

Source: U.S. Census

At the time of the 2010 Census, Westport had only one unoccupied housing unit. According to the State Demographer's 2016 estimate, the City added one household after 2010, so presumably the vacant unit has since been occupied.

There was a significant inventory of seasonal/recreational use housing units elsewhere in the Market Area. According to the 2010 Census, there were nearly 1,200 seasonal/recreational properties in the eastern portion of the County, defined in this Update as the Glenwood Market Area.

The availability of some vacant housing, or units that have been seasonal/recreation use only, does allow for household growth if later occupied by permanent residents. However, tracking any unit conversion between the decennial censuses is very difficult.

As stated early, Esri believes that more household growth has been occurring within the Market Area than other sources have been tracking. The number of vacant units present in 2010, especially seasonal/recreational use housing, would make the Esri estimate feasible, if this housing has since been occupied by permanent resident households.

Building Permit Activity

There is no evidence that any housing units have been constructed in Westport in many years. However, there have also been few losses of units, although the removal of some older structures may have occurred over time.

Median Year of Construction

The 2016 American Community Survey included an estimate of the median year of construction for housing. In Westport, the median year for owner-occupancy units was 1953. No estimate of the median year of construction for rental housing was available, due to the small number of rental units in the City.

The age of the owner-occupancy housing stock in Westport is much older than the Countywide averages. For all housing in Pope County, the estimated median year of construction was 1974 for owner-occupancy units.

Units by Structure Type

The 2010 Census did not collect information about structure types. However, at the time of the 2000 Census, all of the housing units in Westport were identified as one-unit structures, with both single family houses and mobile homes reported.

Residential Lots

Westport does not have any newer residential subdivisions. There are probably infill parcels that could be used for new home construction.

Municipal Services

The City's does not have a municipal water and sewer system. Residents are served by on-site septic systems and private wells. It is probable that any new home construction would require a land parcel that is large enough to meet current standards for on-site systems.

Home Sales

The Pope County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2012.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Pope County Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur with the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales sample that was obtained contained 12 months of activity for the calendar years from 2012 through 2016, but 2017 transactions only represent sales through the end of September. It is therefore possible that the median may differ when the final three months of activity is recorded.

Over the six-year time period reviewed, only one home sale has been recorded in Westport that was an open market transaction. In 2014 a house was sold for \$29,600.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$60,800.

Rental Housing Data

According to the 2010 Census, the City of Westport had only two occupied rental housing units, and no unoccupied rental units, for a total estimated rental inventory of two units. The City's rental tenure rate was 9.1% in 2010, well below the Statewide rental rate of 27%.

Nearly all of the housing options in Westport are believed to exist in single family structures, primarily houses and mobile homes. In recent decades, the large majority of these units have been owner-occupied, but a few rental units have also been available.

Rental Housing Survey

In January and February 2018, a telephone survey was conducted of multifamily rental projects in the cities in Pope County. The survey focused on rental properties with four or more units.

In Westport, no multifamily rental projects were identified and no surveys were completed.

Tenant-Based Rent Assistance Vouchers

Although the City of Westport has no project-based subsidized rental housing, residents do have access to HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Douglas County HRA but the program serves households in both Pope and Douglas Counties.

Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the County can vary from month to month. It is possible that some of the households may be using their rent assistance in one of the subsidized or tax credit projects, if that property does not have rent assistance available for all tenants.

In addition to Housing Choice Vouchers, the Douglas County HRA also administers some rent assistance programs for special need's populations, including homeless individuals and households, and people with persistent mental illness issues.

When contacted in January 2018, there were no households in Westport receiving Voucher assistance. There were 18 participating households countywide, with most of these renters living in Glenwood.

In January, the Voucher program had a waiting list with 81 households that were currently living in either Pope or Douglas County. However, this waiting list does not indicate the total extent of the unmet demand for subsidized housing. Due to its length and the low rate of turnover, no new households had been added to the waiting list since 2016.

Employment and Local Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Employment opportunities are provided by a broad range of private and public business sectors. Jobs are available in manufacturing, commercial services, agriculture, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Due to the small size of the City of Westport, very little city-level data exist on employment and wages. County-level information is presented in the following pages.

Labor Force, Work Force and Unemployment

The Minnesota Department of Employment and Economic Development provides labor force and employment information at the County level. The following table looks at information for Pope County since 2010.

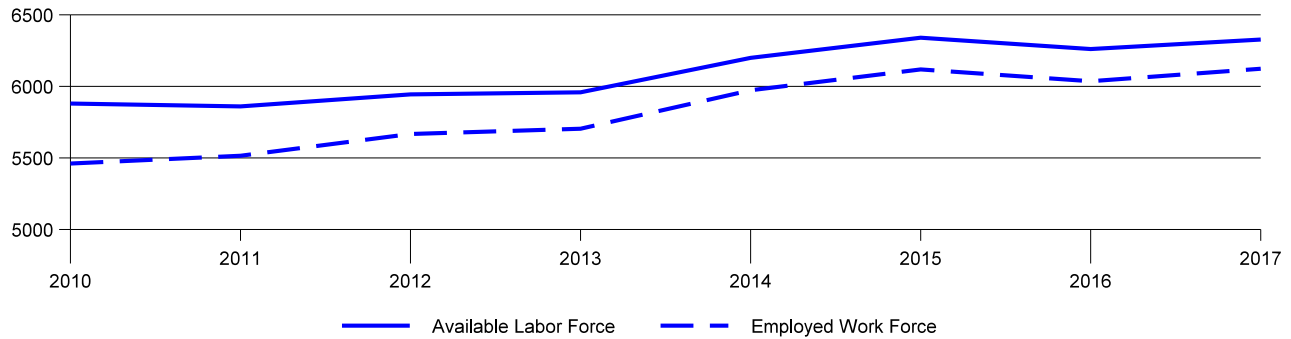
| Table 14 Pope County Labor Statistics: 2010 to 2017 | | | | | | |
|--|-------------|----------|------------|----------------------------|------------------------|------------------------|
| Year | Labor Force | Employed | Unemployed | Unemployment Rate - County | Unemployment Rate - MN | Unemployment Rate - US |
| 2010 | 5,880 | 5,461 | 419 | 7.1% | 7.4% | 9.6% |
| 2011 | 5,860 | 5,515 | 345 | 5.9% | 6.5% | 8.9% |
| 2012 | 5,944 | 5,667 | 277 | 4.7% | 5.6% | 8.1% |
| 2013 | 5,958 | 5,704 | 254 | 4.3% | 5.0% | 7.4% |
| 2014 | 6,199 | 5,973 | 226 | 3.6% | 4.2% | 6.2% |
| 2015 | 6,340 | 6,118 | 222 | 3.5% | 3.7% | 5.3% |
| 2016 | 6,261 | 6,036 | 225 | 3.6% | 3.8% | 4.9% |
| 2017 | 6,327 | 6,123 | 205 | 3.2% | 3.6% | 4.4% |

Source: MN Department of Employment and Economic Development

There has been growth in the size of the County's available labor force in recent years. When comparing 2016 to 2010, the available resident labor force increased by nearly 450 people, or 7.6%.

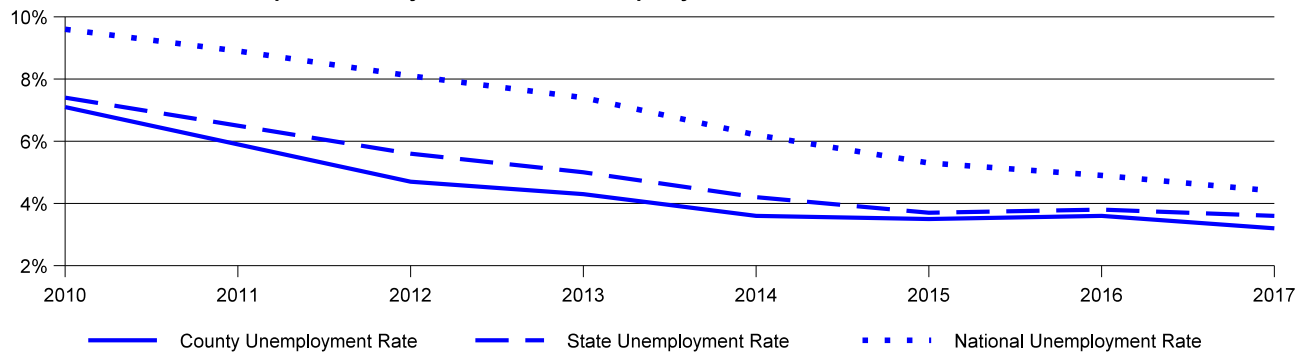
However, while the resident labor force has grown during the current decade, there has been little change over the past three years. In 2015 there were 6,340 County residents in the labor force, compared to 6,327 in 2017.

Pope County Labor Force and Employed Work Force



The County's employed work force has also grown in size and the unemployment rate has decreased, from 7.1% in 2010 to 3.2% for 2017. Since 2010, the County's unemployment rate has remained below the Statewide rate, and well below the national unemployment rate.

Pope County Annual Unemployment Rate: 2010 to 2017



Commuting Patterns of Area Workers

Information is available on area workers that commute for employment through the 2016 American Community Survey. The following table examines the travel time to work for Westport residents.

| Table 15 Commuting Times for Westport Residents - 2016 | | |
|---|--------|---------|
| Travel Time | Number | Percent |
| Less than 10 minutes | 0 | 0% |
| 10 to 19 minutes | 3 | 21.4% |
| 20 to 29 minutes | 3 | 21.4% |
| 30 minutes + | 8 | 57.1% |
| Total | 14 | 100% |

Source: American Community Survey

According to the American Community Survey, all employed residents of Westport were commuting 10 minutes or more to work in 2016. Overall, approximately 79% of residents commuted 20 minutes or more, with most of these people traveling 30 minutes or more for employment.

Among the possible locations for Westport workers would be Glenwood, 13 miles, Sauk Centre, 12 miles, or Alexandria, 24 miles.

Community Overview: Westport

Employment and Commuting

The City of Westport is included as part of the larger Glenwood Market Area, and is located in the eastern half of Pope County. The City is approximately 13 miles from Glenwood, and approximately 12 miles from Sauk Centre.

Westport does not have many employment opportunities within the community or immediate area, and nearly all residents must commute for work. In 2016, Census Bureau statistics showed that approximately 79% of the City's employed residents traveled 20 minutes or more for their primary job.

Past and Future Growth

Over the past few decades, the City has experienced very limited growth. If recent estimates for the City are compared to the year 2000, the City's household count has remained stable, but a gradual loss of population has occurred, due to fewer people per household. Since 2010, the demographic statistics have probably remained relatively stable.

The City's supply of habitable housing units is largely fixed. It is not believed that any new housing construction has occurred in many years, although some mobile home replacement may have occurred. Over time, it is possible that some older housing has been lost. In 2018, it is possible that some houses in the City are vacant.

The City does not have municipal sewer or water systems. Instead, onsite septic systems and wells are required. While it is possible that some new housing could be constructed in the future, this would tend to be customized building for a specific home owner. Any larger-scale or speculative construction activity is unlikely in Westport.

Without an expansion of the housing supply, it is doubtful that any future household growth will occur, although it is possible that vacant housing could be occupied. Population growth is equally unlikely, as over time, the average household size for the County has generally been growing smaller.

Housing Tenure Patterns

The last accurate look at occupancy tenure in Westport was from the 2010 Census. At that time, only two households were renting their unit. Although some tenure changes may have occurred after 2010, it is probable that most households in Westport own their housing unit.

Household Income

It is important to note that the accuracy of income estimates for a small city may be questionable, due to the limited sampling that is completed for the American Community Survey. According to the 2016 American Community Survey, the median household income in Westport was only \$26,875. This estimated median was well below the Countywide median household income level of \$55,180, and was the lowest median for any city in Pope County.

The American Community Survey also shows that the median household income level in Westport has dropped since 2010. While the estimate may be flawed, it is also possible that households that had been working in 2010 have since retired, and a higher percentage of residents are now living on a fixed income.

Although income levels in Westport are relatively low, housing costs are also very moderate. The best available information would indicate that the median value for owner-occupancy houses in the City would be below \$70,000. While costs for existing housing are relatively low in Westport, the costs associated with new construction are substantially higher, making new housing development difficult in the City.

Based on the research completed for this Study, the following findings and recommendations have been made.

1. Maintain and preserve the existing single family housing stock

Findings: Most of the housing in Westport exists in single family homes. The City also has some mobile homes. Overall, all of the housing options in the City are believed to exist in one-unit structures.

The existence of affordable single family houses has helped the City to maintain a relatively stable household count in recent years. However, if existing units are lost to deterioration it is probable that the City would lose population and households.

Home values in the City are believed to be very modest. Part of the reason for the lower home values is the estimated age of the single family stock in Westport. According to the American Community Survey, the median year of construction for owner-occupied houses in the City is 1953.

Recommendation: Houses that are lost to disrepair are unlikely to be replaced in Westport. Based on longer-term Census records, the City may have lost a few habitable housing units over time, possibly due to obsolescence or poor condition. If the supply of good quality units decreases in the future, it is probable that the City will lose households and population.

Maintenance and repair of the City's older housing will be an important strategy to maintain community stability. According to the Douglas County HRA, Westport has not participated in a concentrated housing rehabilitation grant in many years. In the future, it may be possible for the City to apply jointly with other small cities in Pope County for a Small Cities Development Program (SCDP) grant.

2. Promote affordable home ownership options as houses become available

Findings: The existing single family houses in the City are generally in a very affordable price range. Although only a limited number of home sales have occurred in recent years, it is probable that the median home value is less than \$70,000. The age of the single family stock contributes to the affordable prices for most homes, as the median year of construction is estimated to be 1953 for owner-occupied units.

Recommendation: Westport can represent an attractive location for potential home buyers looking for an affordable option. However, with limited employment within the City, most residents do need to commute for work. Affordable home ownership options have probably made the community a potential location for people that are willing to commute to the region's largest employment centers, including Glenwood or even Alexandria.

Although few houses may come up for sale in any single year, the very affordable prices for homes in the City make it an option for many Pope County households.

The American Community Survey can be used to compare estimated median home values between Westport and some of the larger communities in the region. In 2016, the median value in Westport was estimated at \$60,800. This was well below the median values in Glenwood at \$123,400, or Sauk Centre at \$138,100. With higher home prices in these larger nearby communities, some households have been electing to live in Westport and drive each day for employment.

The community should promote the affordable existing housing options and access any available resources that exist to assist with home ownership, including down payment and/or first-time home buyer programs.

3. Demolish and clear substandard structures

Findings: This Housing Study did not include a visual housing condition survey. However, secondary evidence would indicate that some substandard housing may exist in Westport. There have probably been some substandard houses that have been removed from the community over time, although demolition records were not obtained.

Recommendation: Ongoing efforts to clear severely substandard structures are encouraged. This will help to enhance the appearance and appeal of the community as a residential location. It may be possible to reuse cleared sites for the placement of new houses or mobile homes. However, this would probably be dependent upon the ability to use the existing well and septic system.