

HOUSING

I. INTRODUCTION

The purpose of this Chapter is to summarize housing conditions within the City of Montgomery and establish goals and work items promoting a healthy residential infrastructure and furthering a variety of life-cycle housing options. This chapter includes:

- An analysis of existing housing conditions including life-cycle housing, Montgomery's population characteristics, the existing housing stock, and vacancies;
- Housing affordability;
- A summary of historical building activity,
- An assessment of residential densities;
- An overview of the Montgomery HRA and Housing Programs;
- A summary of future housing needs; and
- Housing Objectives, Policies and Housing Plan.

The issues have been identified through:

- An analysis of City demographics;
- An evaluation of historical building trends gathered from building permit information on file at the City offices;
- A Housing Study, completed in June, 2007 by Community Partners Research, Inc. ;
- Input from the Montgomery Housing Redevelopment Authority (HRA);
- Input from a Community Survey; and
- Statistics from the National Association of Realtors and Economic Indicators.

II. LIFE CYCLE HOUSING

The housing stock within a community must be responsive to the needs of its residents. Housing needs are not static but change over time as people move through different stages of their lives. Housing needs tend to evolve from: (1) affordable basic units for young people just beginning to enter the workforce to; (2) affordable single family units for first time home buyers and young families to; (3) move-up housing for people with growing families and/or incomes to; (4) empty-nester dwellings for persons whose children have grown and left home to; (5) low maintenance housing options for aging persons as their ability to maintain their property decreases; and finally to; (6) assisted living environments to provide health and medical care to the elderly.

To address the life-cycle needs of residents, it is critical that a community provides a wide range of housing:

- **Types** (i.e. apartment/townhome/condominium rental, townhome/condo/single-family owner occupied, assisted living);
- **Sizes** (i.e. one, two, three bedroom rentals; starter homes; move-up homes); and
- **Values:** (i.e. efficiency – luxury rental units; starter homes – executive homes).

The development of life-cycle housing works to sustain the community by preventing a polarization of residents in one age or income group. As one generation of residents moves through its life cycle it can move into the housing provided by the previous generation, just as the next generation will move into the housing being vacated.

III. POPULATION CHARACTERISTICS/GROWTH

Montgomery's existing population, as described in the Demographic Overview (Chapter 3), reports a median age of 35.1 years. The median age in Le Sueur County was 39.8 years of age and the State median age was 37.4 years.

The State Demographer's Office projects future population by age group at a counties level between 2010 and 2035. Projections suggest the fastest growing age group in Le Sueur County is anticipated to be those 70-79 years (a 312% increase) and 80+ years (a 237% increase). This will have an impact on the type of housing required in the future. It is also noted that within Le Sueur County the 0-4 year old age groups is anticipated to grow the slowest at 8% growth.

A community's median income affects the types of housing units which are needed or residents can afford. Likewise, the type of housing lots and products offered can ultimately affect the median income of a community. The 2010 inflation adjusted median *family* income in Montgomery was \$64,828. This compares to a 2000 Census median family income of \$48,011. The median *household* income in Montgomery was \$45,473, compared to a 2000 Census median household income of \$34,145. The increase in family and household incomes, along with reduced interest rates has increased the price point for housing for many households in Montgomery.

Despite an overall increase in the median household and median family incomes, 18.5% of individuals and 15.3% of all families in Montgomery are below the poverty level. This increased from 11.6% of individuals and 8.1% of families in 1999, suggesting a continued need for affordable or subsidized housing to serve this segment of the population. (Source: US Census Bureau, 2007-2011 American Community Survey).

IV. EXISTING HOUSING STOCK

The existing housing supply in Montgomery includes a variety of housing units, with a majority of the units being one unit detached homes. Nearly 87% of owner-occupied housing units contain one to two units, while 6.8% of renters are in buildings with 10 or more units. According to the 2010 census the make-up of the existing housing stock is as follows:

**TABLE 5-1
TYPES OF HOUSING MONTGOMERY**

Units in Structure	Total	% All Occupied Housing Units
1, detached	972	76.8%
1, attached	58	4.6%
2 units	70	5.5%
3 or 4 units	20	1.6%
5 to 9 units	15	1.2%
10 to 19 units	16	1.3%
20 or more units	69	5.5%
Mobile home or other type of housing	46	3.6%
Total	1,266	100%

SOURCE: 2010 Census. Occupied housing units.

Of the 1,306 housing units, 1,185 are occupied. Of these, 77.7% are owner-occupied and 22.3% are renter-occupied. The percent of owner-occupied to renter-occupied in area communities is shown in Table 5-2. The City of Montgomery's percent of rental units to total units is about 5% higher than Le Sueur County's make-up, as illustrated in the following table.

**TABLE 5-2
OWNER-OCCUPIED AND RENTAL STATISTICS 2010 CENSUS**

Area	Occupied Housing Units	% Owner-Occupied Units	Renter Occupied Units	% Renter Occupied Units
Le Center City	670	73.2%	245	26.8%
Le Sueur City	1,141	69.6%	499	30.4%
Lonsdale	1,129	88.4%	148	11.6%
Montgomery City	1,185	77.7%	264	22.3%
New Prague City	2,084	76.9%	1,370	23.1%
Le Sueur County	8,911	82.8%	1,847	17.2%

Source: U.S. Census Bureau

As depicted in Table 5-3, 2010 statistics indicate that just over 64% of all households are family households. Children 18 years and under in age reside in 31.7% of all family households.

**TABLE 5-3
FAMILIES BY PRESENCE OF CHILDREN & FAMILY TYPE, CITY OF MONTGOMERY – 2010 CENSUS**

Households by Type	Number
Total Households	1,185
Total Family Households	760 (64.1% of all total households)
Total Family Households with children under 18 years old	376 (31.7% of all total households)
Husband and wife family households with own children under 18 yrs old	240 (20.3% of all total households)
Male householder, no wife present with own children under 18 years old	49 (4.1% of all total households)
Female householder, no husband present with own children under 18 years old	87 (7.3% of all total households)

Source: U.S. Census Bureau

Table 5-4 illustrates 2010 Census data shows that nearly 40% of those occupying housing units within the community moved in 2005 or later. Nearly 2/3's of householders moved into their current household since 2000.

**TABLE 5-4
MONTGOMERY HOUSING UNITS BY YEAR HOUSEHOLDER MOVED IN**

Year Household Moved In	Population in Occupied Units	Percent in Occupied Units
2005 or later	473	39.9%
2000-2004	303	25.6%
1990-1999	152	12.8%
1980-1989	93	7.9%
1970-1979	86	7.3%
1969 or Earlier	77	6.5%
Total	1,184	100%

Source: U.S. Census 2010

Housing Unit Vacancies

The 2010 Census identifies 121 vacant housing units within the City (9.3% vacancy rate). Of the vacant units, 42 were for rent, two (2) were rented but not occupied, 33 were for sale, seven (7) were sold but not occupied, eight (8) were seasonal recreational or occasional use, and 29 were “other vacancies” (According to the 2010 Census Definitions Other is defined as, “If a vacant unit does not fall into any of the categories specified above, it is classified as “Other vacant.” For example, this category includes units held for occupancy by a caretaker or janitor, and units held for personal reasons of the owner.”). The homeowner vacancy rate was 3.4% and the rental vacancy rate was 14.7%.

V. HOUSING AFFORDABILITY

“Affordable Housing” is defined differently by various organizations. The United States Department of Housing and Urban Development 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 80 percent of the area’s median family income.

The 2010 Census reports that the median monthly housing cost for housing units, with a mortgage, in Montgomery was \$1,325 per month, which equates to 46.6% of the median household income of \$45,473 and 35% of the median family income of \$64,828. Of the 920 owner-occupied units, only 67.8% had a mortgage. Of the 296 units without a mortgage, these households were spending a median \$427 per month on housing costs or 11.39% of the median household income or 8% of the median family income on housing. According to the 2010 Census Definitions, “the amounts reported include everything paid to the lender including principal and interest payments, real estate taxes, fire, hazard, and flood insurance payments, and mortgage insurance premiums. It also includes, where appropriate, the monthly condominium fee for condominiums, and mobile home costs (installment loan payments, personal property taxes, site rent, registration fees, and license fees).”

The Table below depicts the number of owner-occupied units in the City of Montgomery with and without mortgages, and the median value of the units and median monthly housing costs. The median value home suggests affordable housing exists for the community’s income levels.

**TABLE 5-5
ESTIMATED ACTUAL HOUSING COSTS**

Area	All Occupied Hsg. Units*	Owner-Occupied Units With Mortgage	Owner Occupied Median Value	Median Monthly Housing Cost for Housing Units with a Mortgage	Owner-Occupied Units Without Mortgage	Median Monthly Housing Cost for Housing Units without a mortgage
City of Montgomery	1,184	624	\$138,000	1,325	296	\$427

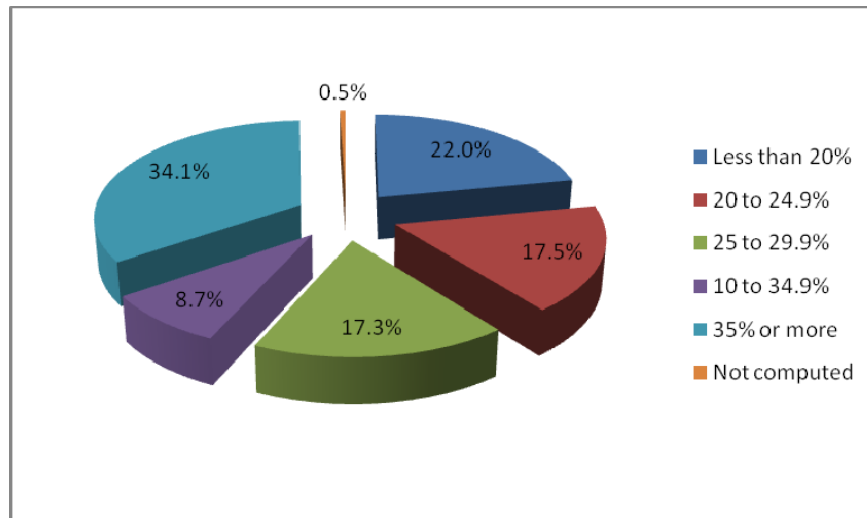
Source: 2010 U.S. Census.

Of the 624 housing units with a mortgage, 42.8% were spending 30% or more of their household income on housing costs. The Following chart and table illustrate the percent of income those with a mortgage are spending monthly. It is important to note that nearly 1/3 of owners (32.2%) did not have a mortgage.

**TABLE 5-6
CITY OF MONTGOMERY MONTHLY COST AS A PERCENT OF HOUSEHOLD INCOME**

Amount of Mortgage	# of Households	% of Households with a mortgage	% of all Owner Occupied Housing Units
Less than 20.0 percent	137	22.0%	14.9%
20.0 to 24.9 percent	109	17.5%	11.8%
25.0 to 29.9 percent	108	17.3%	11.7%
30.0 to 34.9 percent	54	8.7%	5.9%
35.0 percent or more	213	34.1%	23.2%
Not computed	3	0.5%	0.3%
Housing Units with a mortgage	624	100%	67.8%

**CITY OF MONTGOMERY MONTHLY COST AS A PERCENT OF HOUSEHOLD INCOME
HOUSING UNITS WITH A MORTGAGE**



The U.S. Census Bureau classifies household and family income differently. Household income is defined as total money received in a calendar year by all household members 15 years old and over. Family income is the total income received in a calendar year by family members related by birth, marriage or adoption. Many households are not families. For example, single people living alone or with non-related roommates are considered a non-family household. Median household income is often lower than median family income.

**TABLE 5-7
INCOME (IN 2012 INFLATION-ADJUSTED DOLLARS)**

Annual Income	Households	% of Households	Families	% of Families
Less than \$10,000	70	6.2%	15	2.1%
\$10,000 to \$14,999	64	5.6%	9	1.2%
\$15,000 to \$24,999	92	8.1%	57	7.9%
\$25,000 to \$34,999	150	13.2%	90	12.4%
\$35,000 to \$49,999	255	22.5%	124	17.2%
\$50,000 to \$74,999	204	18.0%	158	21.9%
\$75,000 to \$99,999	169	14.9%	161	22.3%
\$100,000 to \$149,999	100	8.8%	85	11.8%
\$150,000 to \$199,999	31	2.7%	24	3.3%
\$200,000 or more	0	0.0%	0	0.0%

Source: 2010 Census

'Median' is created by dividing income distribution data into two groups, one having incomes greater than the median and the other having incomes below the median. 'Average' income is calculated by adding all incomes together and dividing the total by the number of responses. The following Tables compare the City of Montgomery and Le Sueur County's housing affordability data in terms of median household income (Table 5-8) and Montgomery and Le Sueur County in terms of median family income (Table 5-9).

**TABLE 5-8
AFFORDABLE HOUSING – GENERAL DEFINITION
30 PERCENT OF MEDIAN HOUSEHOLD INCOME**

Area	Median HOUSEHOLD Income	"Affordable" Monthly Mortgage Payment*	"Affordable" Home Value at 4.5% interest/30 year term	"Affordable" Monthly Rent Payment
City of Montgomery	\$45,473	\$1,137	\$224,000	\$1,137
Le Sueur County	\$ 57,477	\$1,437	\$300,500	\$1,437
State of Minnesota (2006-2010) 5 year est.	\$ 57,243	\$1,431	\$299,300	\$1,431

Source: U.S. Census – 2010 * Note: Does not include down payment or taxes and insurance which may be reflected in monthly mortgage payment

TABLE 5-9
AFFORDABLE HOUSING – SECTION 8 DEFINITION BASED ON FAMILY INCOME

Area	City of Montgomery			Le Sueur County		
	Annual Income	"Affordable" Monthly Rent Payment"	Home Value at 4.5% interest/30 year term	Annual Income	"Affordable" Home Value at 4.5% interest/30 year term	"Affordable" Monthly Rent Payment
Median FAMILY Income	\$64,828	\$1,621	\$319,500	68,053	\$ 335,250	\$ 1,701
Moderate Income 80% of Median Income	\$51,862	\$1,297	\$255,650	40,832	\$ 201,250	\$ 1,021
Low Income or 50% of Median Income	\$32,414	\$810	\$159,700	34,027	\$ 167,700	\$ 851

Source: U.S. Census & Department of Housing and Urban Development for Income. MDG, Inc. calculations of affordable mortgage and rent rates based on Section 8 definition of affordable (30% of income). Affordable mortgage based on 4.5% interest and a 30-year term, with no money down. Rates may vary depending on strength of borrower, market conditions, etc.

* Note: Does not include down payment or taxes and insurance which may be reflected in monthly mortgage payment.

By condensing data above, it is possible to develop a range of affordability for owner-occupied and rental units in the City of Montgomery. Table 5-10 depicts the range of affordability for housing Montgomery residents can afford, given the assumptions used above.

TABLE 5-10
CITY OF MONTGOMERY
RANGE OF HOUSING AFFORDABILITY

	Owner – Occupied Home Value	Monthly Rental Cost or Housing Cost
Affordable for Median Incomes	\$319,500	\$1,621
Affordable for Moderate Incomes (80% of Median)	\$255,650	\$1,297
Affordable for Low Incomes (50% of Median)	\$159,700	\$ 810

*Note: Affordability does not include down payment, PMI, etc. Based on 4.5% interest rate and a 30 year term.

It is noted most housing affordability programs and data place emphasis on creating owner-occupied units at 80% of the median family income (moderate income) and, rental units at 50% 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. Therefore, the Comprehensive Plan as of 2014 will identify "affordable owner-occupied units" as those affordable for moderate income families (80% of median income). Existing and new homes that

are 'affordable' will be those between \$224,000 (based on median household income) and \$319,500 (based on family income) or an average of \$271,750. Affordable rental units are based on 50% of the median family income is in the range of \$810 per month.

It is important to note the definition of 'affordable' in terms of a dollar amount will change as the cost of living increases and interest rates change. Therefore, the City should periodically review income/housing statistics and update the definition as warranted. Factors such as interest rates will impact housing affordability.

AFFORDABLE HOUSING IN MONTGOMERY

The U.S. Census Bureau reports the actual income distribution in the City in terms of both median household and median family incomes. Income distributions can be compared to affordability standards to determine how many households and families in the City of Montgomery may require affordable housing. In Table 5-11, households that may require affordable housing (based on household income) are depicted in the shaded areas.

**TABLE 5-11
CITY OF MONTGOMERY HOUSEHOLD INCOME AFFORDABILITY**

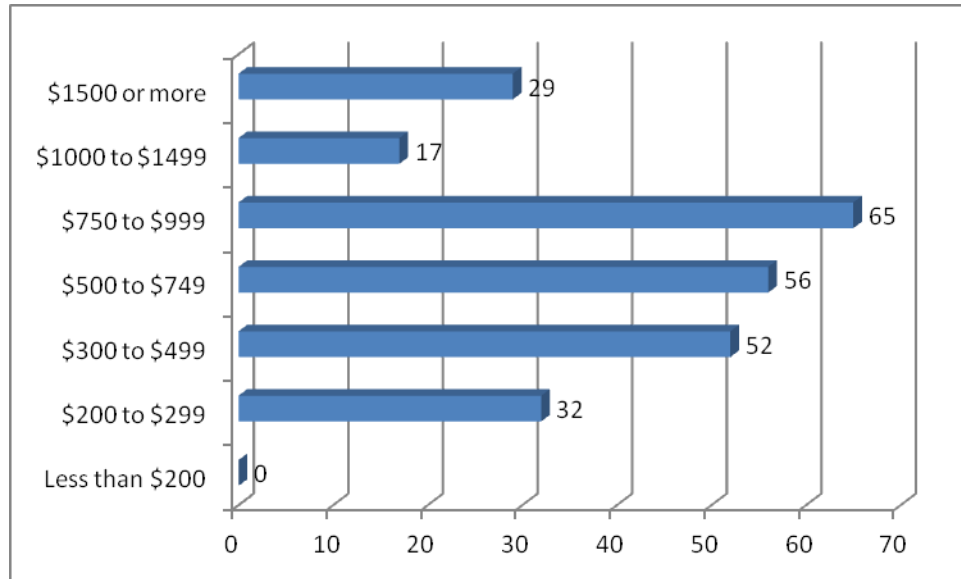
Annual Household Income	Number of Households in Category	Sustainable Monthly Rent - Lower End	Maximum Sustainable Monthly Rent or House Payment
Less than \$10,000	40	\$0	\$250
10,000 – 14,999	41	\$250	\$375
15,000 – 24,999	80	\$375	\$625
25,000 – 34,999	214	\$625	\$875
35,000 – 49,999	285	\$875	\$1,250
50,000 – 74,999	234	\$1,250	\$1,875
75,000 – 99,999	202	\$1,875	\$2,500
100,000 - 149,999	54	\$2,500	\$3,750
150,000 - 199,999	34	\$3,750	\$5,000
200,000 or more	0	\$5,000	NA
Total	1,184		

VI. RENTAL UNIT SUPPLY

Of the total number of occupied housing units (1,184) in Montgomery enumerated in the 2010 Census, 242 (20.4%) were occupied by renters. The 2010 Census reports the average household size of renter-occupied units was 2.71 people per unit versus 2.43 in owner-occupied units.

The 2010 Census reports that the median gross rent in the City of Montgomery in 2010 was \$694 per month. The Chart below illustrates the gross rent as a percent of the household income. Over 57% of renter-occupied households are paying less than 30% of their household income on rent, with over 42% paying over 30% of their household income in gross rent. As illustrated in Table 5-8, it is suggested the median household can afford monthly rent rates of \$1,137, if 30% of income is spent on housing costs and "affordable rent" for those at 50% of the median is \$810 per month. The following chart illustrates actual monthly rents as reported in the 2010 Census.

GROSS MONTHLY RENT



Source: 2010 Census

A summary of Montgomery's multiple-family rental unit supply is listed in Table 5-12. Montgomery has a number of various rental units, ranging from apartment complexes, to apartments above commercial stores, to single family homes used for rental purposes.

Table 5-12 includes apartment buildings with four or more units, or 10 apartment buildings. This includes over 164 units. According to a 2007 Housing Study, rent rates vary with subsidized and Section 8 units based on tenant income, with rent rates reported at no more than \$450 per month. Montgomery's rental buildings surveyed follows:

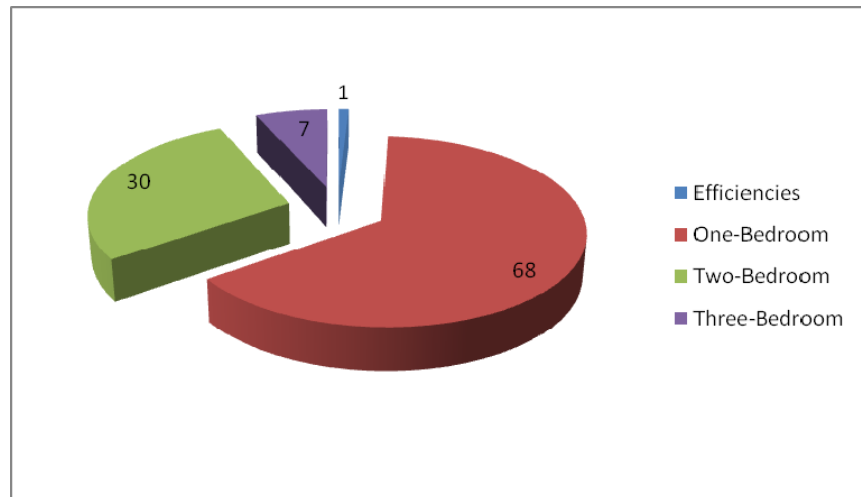
**TABLE 5-12
MONTGOMERY APARTMENT UNITS**

PROJECT NAME	TYPE OF HOUSING General Occupancy/ Elderly	# of UNITS	BEDROOM MIX				RENT				NUMBER OF VACANCIES	YEAR BUILT
			STUDIO	1 BEDROOM	2 BEDROOM	3 BEDROOM or 2+ Den	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM		
Welco West 400, 455 and 488 Welco Dr. N	Market Rate	36	0	6	24	6	NA	\$450	\$550-\$585	\$625 + heat electric	9	1989 to 1996 (Three 12-unit bldgs)
200 1 st Street North	Market Rate	4	0	1	1	1	NA					
215 1 st Street South	Market Rate	5	1	1	3	0	\$350	\$450	\$400-\$575	NA		Late 1800s
Montgomery Apartments	Market Rate	12	0			0	NA			NA		
300 1 st Street South	Market Rate	4	0	2	2	0	NA			NA		Older down-town bldg rental on upper floor
300 Vine Avenue East	Market Rate	4	0	4	0	0	NA	\$550 + Heat & electric	NA	NA		1967 town house style
Meadow Ridge 700 Ash Avenue SE	Subsidized	24	0	24	0	0	NA	\$395-\$556 30% of income	NA	NA		
Montgomery Golden Years	Senior Housing with Services	4										Adult foster care
Traditions of Montgomery 399 Lexington Ave. NW	Assisted Living and Memory Care	40	40		0	0	NA	?	NA	NA	4	Approx. 2009
Park Manor Apartments 300 Oak Ave SE	Senior HUD with Services	30	0	30	0	0	NA	30% of income. Max. \$450/mo.	NA	NA	0	2010
Total		123+	1	68	30	7	\$350	Varies \$395 to \$625				

*Source: Montgomery Housing Study, Community Partners Research, Inc. June 2007. Updated with City of Montgomery Rental Housing Records, 2014 and MDG, Inc. calls to Apartment management, Sept. 2014.

The City adopted a Rental Licensing Ordinance to track locations of rental units and keep landlord information on file. As of January 2014, the City had 100 registered rental units including 10 – one bedroom units, 10 – two bedroom units, 10 – three bedroom units and 10 – other bedroom. The previous table, and chart below, report the number of rental units in 4-plex or greater units. In addition to these units, there are 10 single-family homes which are being used as rental units. Please see **Map 5-1** for locations of rental properties.

RENTAL UNIT BEDROOM COMPOSITION, 2014



Source: Montgomery Housing Study, Community Partners Research, Inc. June 2007.
Updated Jan. 2014.

VII. BUILDING ACTIVITY

Between 2000 and 2013 only one new multi-family residential building was constructed. This was the 30-unit Park Manor Apartments for seniors in 2010.

Table 5-13 summarizes new single-family and townhouse owner-occupied residential building permit information for the previous 13 years. The following charts illustrate new single-family home construction trends. The number of new single-family homes constructed peaked in 2004, with a significant decline the past seven years. The significant spike corresponds with the increased growth in Le Sueur County.

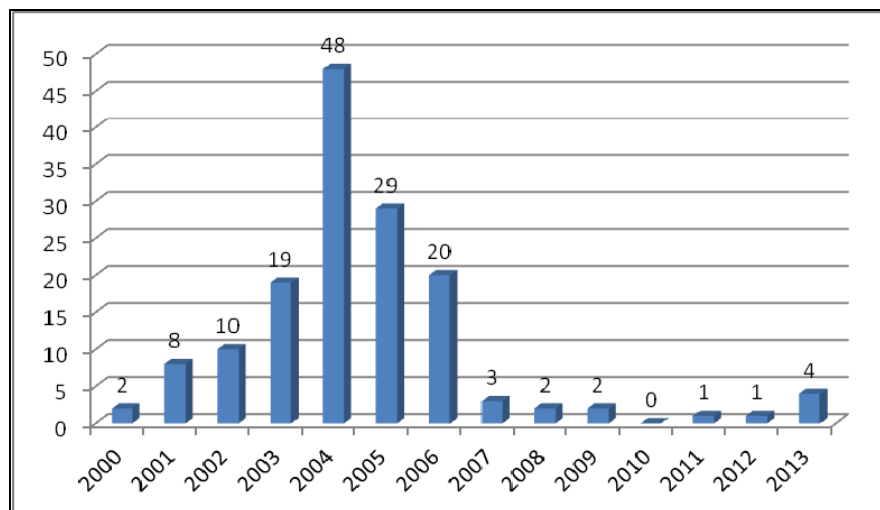
**TABLE 5-13
NEW SINGLE FAMILY & TOWNHOUSE CONSTRUCTION 2000-2013**

Year	Single Family Homes		Townhomes, Owner Occupied	
	#	Value	#	Value
2000	2	\$ 268,400.00	5	\$ 450,000.00
2001	8	\$ 1,032,000.00	12	\$ 990,000.00
2002	10	\$ 1,071,574.00	22	\$ 2,546,814.00
2003	19	\$ 2,657,250.00	8	\$ 1,188,150.00
2004	48	\$ 8,344,500.00	32	\$ 4,609,000.00
2005	29	\$ 4,870,500.00	2	\$ 346,000.00

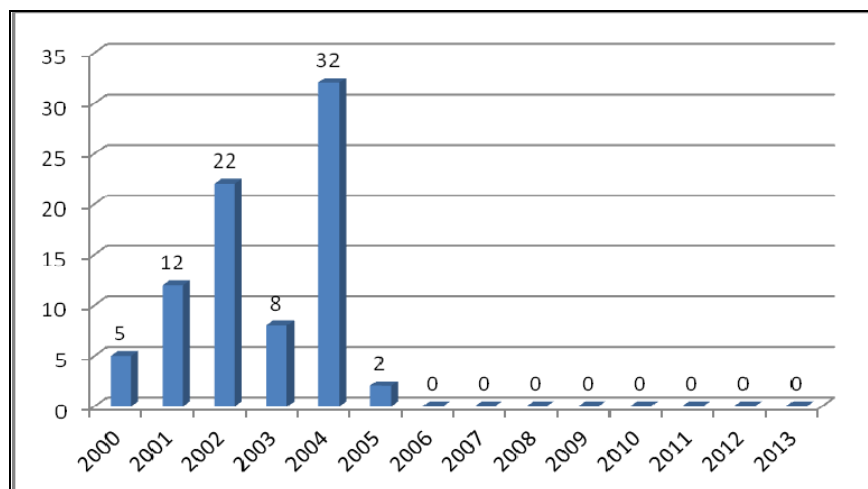
Year	Single Family Homes		Townhomes, Owner Occupied	
2006	20	\$ 2,757,625.00	0	\$ -
2007	3	\$ 640,000.00	0	\$ -
2008	2	\$ 278,600.00	0	\$ -
2009	2	\$ 362,397.00	0	\$ -
2010	0	\$ -	0	\$ -
2011	1	\$ 132,161.00	0	\$ -
2012	1	\$ 347,378.00	0	\$ -
2013	4	\$ 827,844.00	0	\$ -
Total	149	\$ 23,590,229	81	\$ 10,129,964

Source: City of Montgomery Building Permits.

NEW SINGLE-FAMILY HOMES, MONTGOMERY, MN



Likewise, the total market value of new townhomes constructed peaked in 2004 followed by a sharp decline.



At the time of this Comprehensive Plan, there were 13 residential homes listed on www.realtor.com for prices ranging from \$10,900 to \$180,000. In addition, the City has a vacant lot inventory of approximately 350 lots providing opportunity for the construction of new units. Existing home and lot prices suggest the availability of “affordable” housing options.

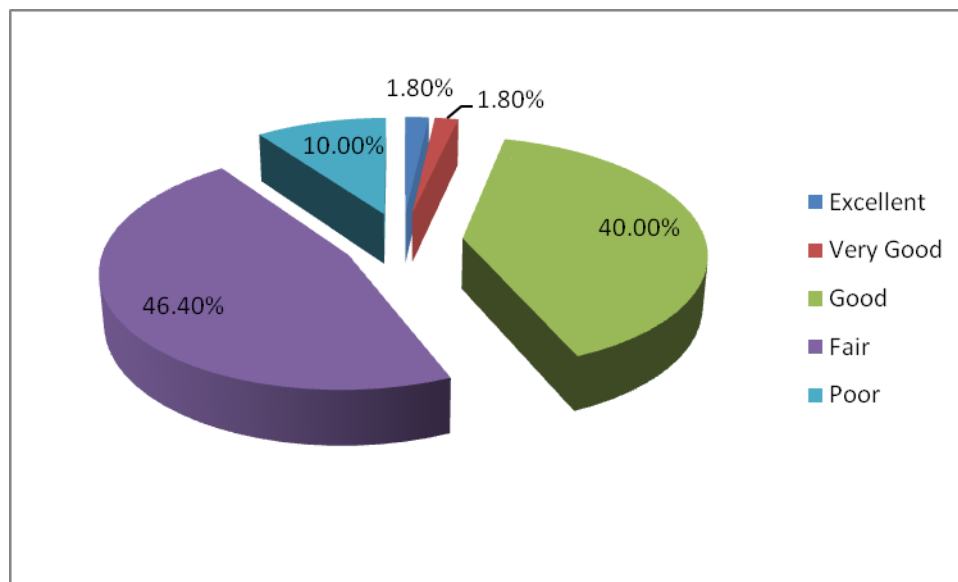
VIII. CONDITION OF EXISTING HOUSING STOCK

The condition of the existing housing stock in Montgomery has been documented to be in generally good condition. As a part of the Comprehensive Plan survey, survey participants were asked to rate the current quality of housing stock in the City. A majority rate it as “Fair” to “Good”. Responses follow:

TABLE 5-14
CONDITION OF HOUSING STOCK – 2013 RESIDENT SURVEY

Answer Options	Response %	Response Count
Excellent	1.8%	2
Very Good	1.8%	2
Good	40.0%	44
Fair	46.4%	51
Poor	10.0%	11
Other (please specify)		3
<i>answered question</i>		110

HOUSING CONDITIONS – SURVEY RESPONSES



*Comprehensive Plan Survey 2013. Based on 110 Responses.

While not necessarily a determining factor of condition, structure age is a good indicator as to the need to aggressively promote maintenance, rehabilitation and even redevelopment; for as a structure ages, maintenance needs increase. Neglected maintenance, especially for older structures, can lead to deterioration that will have a

blighting influence to adjacent properties and the entire neighborhood. The City has adopted a rental housing license code to assist in encouraging the maintenance of rental housing.

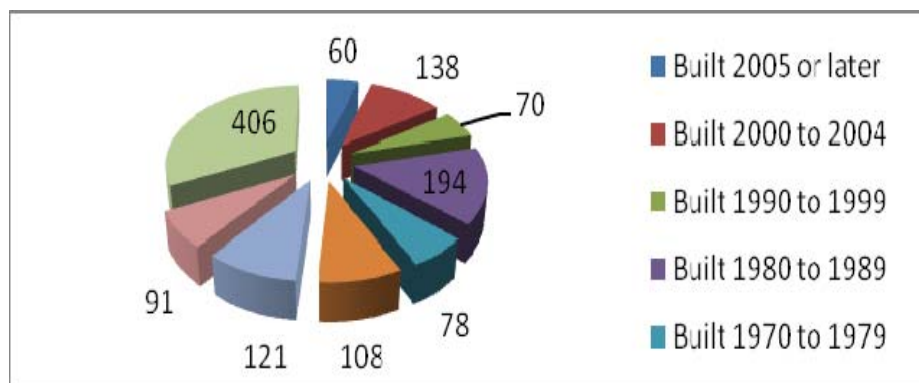
According to the 2010 Census, 15.6% of all housing units were constructed since 2000, and nearly 1/3 of the housing structures were over 70 years old.

**TABLE 5-15
AGE OF HOUSING STRUCTURES IN MONTGOMERY**

Year Built	Estimated # of units	% of Housing Units
Built 2005 or later	60	4.7%
Built 2000 to 2004	138	10.9%
Built 1990 to 1999	70	5.5%
Built 1980 to 1989	194	15.3%
Built 1970 to 1979	78	8.2%
Built 1960 to 1969	108	8.5%
Built 1950 to 1959	121	9.8%
Built 1940 to 1949	91	7.2%
Built 1939 or earlier	406	32.1%
Total:	1,266	100%

Source: 2010 Census

YEAR HOUSING STRUCTURES WERE BUILT IN MONTGOMERY



The 2010 Census gathered data regarding the structural and facility characteristics of housing within the City of Montgomery. According to the Census:

- No housing units lack complete plumbing facilities.*
- Four (4) housing units lack complete kitchen facilities.
- 39 units or 3.3% report no telephone service. This may be due to the use of cell phones versus land lines.

* The U.S. Census data on plumbing facilities were obtained from both occupied and vacant housing units. Complete plumbing facilities include: (1) hot and cold piped water; (2) a flush toilet; and (3) a bathtub or shower. All three facilities must be located in the housing unit for plumbing facilities to be considered complete.

IX. HOUSING NEEDS.

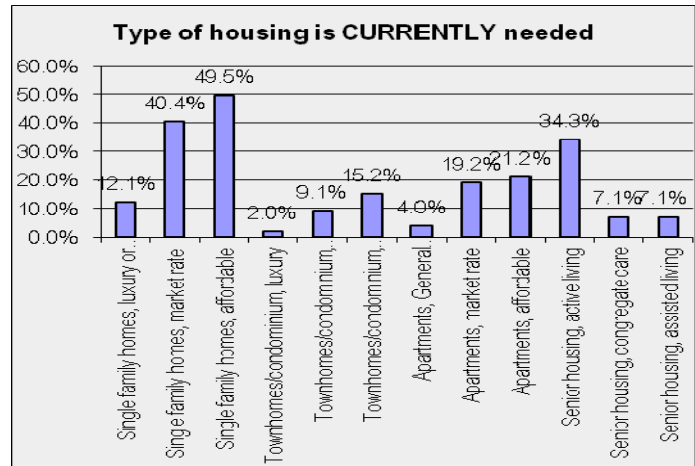
A Montgomery Housing Study was completed in June 2007 by Community Partners Research, Inc. The 2007 Montgomery Housing Study includes projections to the year 2011. The Study recommended the following:

- Development of 10 to 12 Market Rate Rental Housing Units, later in the five year projection.
- Support of the proposed development of 24 affordable rental housing units
- Demand existed for Senior-Designated Market Rate Rental Housing Units
- Senior Housing with Services Recommendations (Note: Park Manor, 1 30-unit senior housing complex was constructed in 2010 to replace a 40 unit senior housing complex which was destroyed by fire)
- Apply for Housing Choice Vouchers/Section 8 Existing Program Allocations from HUD
- Maintain and preserve the existing supply of subsidized housing
- Opportunity to provide housing with services to lower income seniors
- Consider the development of migrant housing

The Montgomery HRA discussed the 2007 recommendations and finds the above housing needs still exist. The HRA has discussed constructing 11 multi-family affordable rental units, once funding is available.

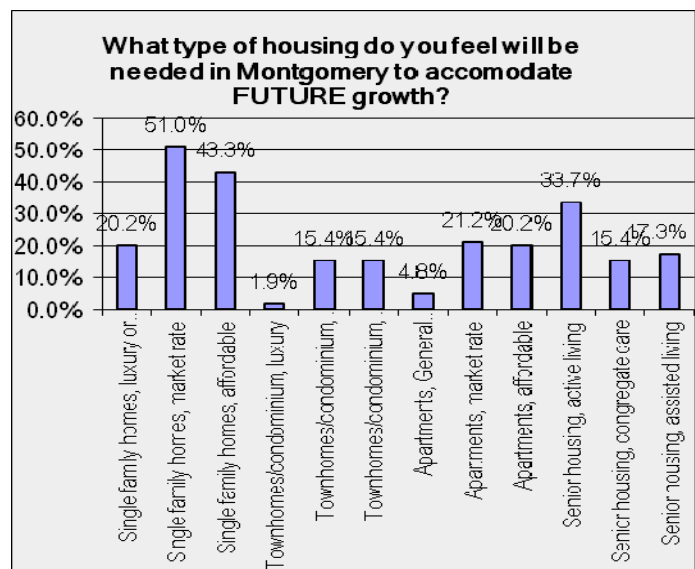
Based on the Demographic projections (Chapter 3), the City of Montgomery projects a need for 777 new housing units between 2010 and 2035. The Demographic Chapter of this plan suggests a 2035 population in Montgomery of 5,000.

As a part of the Comprehensive Plan Survey, participants were asked to identify the type of housing currently needed in the City as well as the type of housing they feel will be needed in the future. At the current time, respondents note the top three needs are single-family affordable and market rate housing, followed by active living housing for seniors.



In the future, residents identified the top three housing needs as market rate single family housing, affordable single family housing and active living senior housing.

Location of Future Housing. Residents were asked to provide input on where the City should plan for various types of housing in the future. The most recommended locations were northeast, northwest and east sides of the city for low density residential subdivisions. Medium density housing was recommended to be located on the west, northeast and east sides of the City. Multiple family or high density housing was recommended to be located on the west, northwest and east sides of the City.



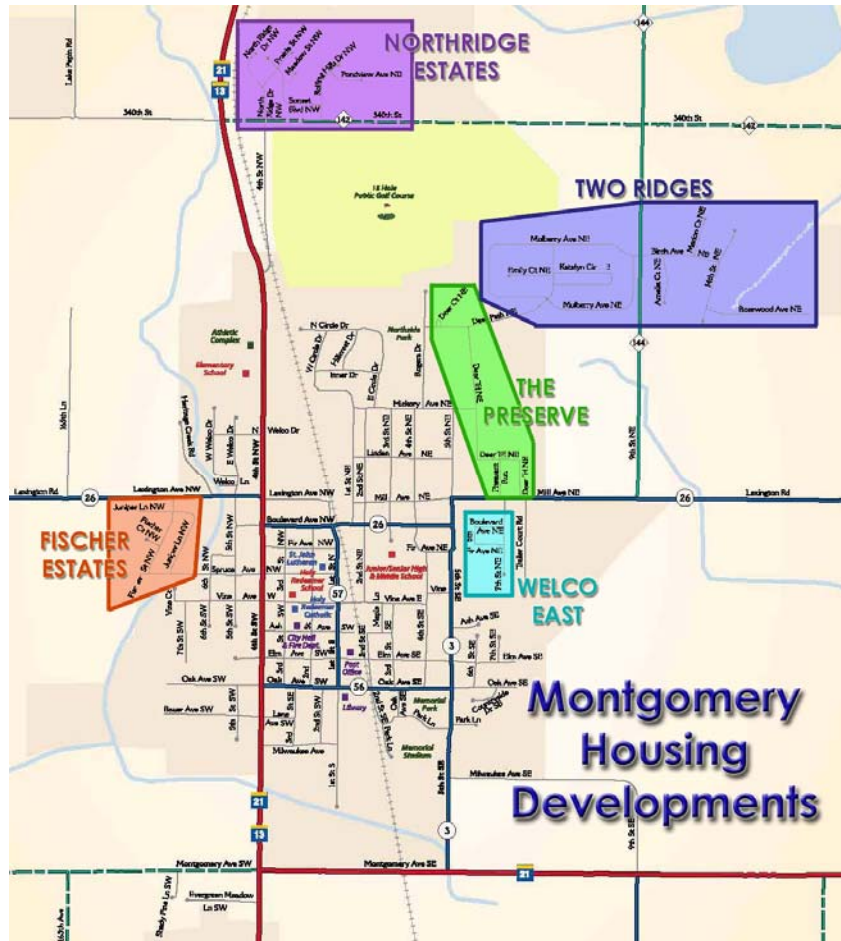
RESIDENTIAL LOTS FOR OWNER-OCCUPIED HOUSING. The City of Montgomery has a number of residential subdivisions with lots available for infill. As noted in Chapter 4, Land Use, these include:

**TABLE 5-16
VACANT RESIDENTIAL LOTS INVENTORY 2013 MONTGOMERY**

FINAL PLATTED LOTS ZONED RESIDENTIAL	Lots	Comments
North Ridge Estates	16	Single Family
North Ridge Estates 2nd Addition	32	Single Family
Stone Ridge	102	Single Family
Stone Ridge	35	Multiple Family
Country Ridge	38	Single Family, 6 undeveloped
Country Ridge 2nd Addition	3	Single Family
Preserve Phase II	4	Single Family
Preserve 4th Addition	22	Single Family
Fischer Estates	15	Single Family
Fischer Estates	10	Multiple Family
Miscellaneous Lots	10	Single Family
Total Final Platted Lots	287	
PRELIMINARY PLATTED LOTS ZONED RESIDENTIAL	Lots	Comments
North Ridge Estates	132	Single Family
Total Preliminary Platted Lots	132	
Total Residential Lots	419	Final and preliminary platted lots
VACANT LAND ZONED MEDIUM OR HIGH DENSITY RESIDENTIAL	Acreage	Comments
675 Welco Drive East	0.51 acres	Zoned Medium Density
Welco East Outlots	4.07 acres	Zoned Medium Density
Total Commercial Acres	4.58 acres	

Source: MDG, Inc. Inventory, December, 2013

The need for newly platted residential developments is not anticipated until 2020 or beyond. Utilization of public infrastructure already developed is encouraged prior to the annexation or further platting of new subdivisions. Locations of existing developments are identified on the following map.



RENTAL DEMAND. Senior Active Living was identified by the community, through the 2013 Survey, as the top current and future need. The 2007 Housing Study also indicated a need for market rate senior housing. As the population continues to age, this demand may increase. An updated housing study may assist the HRA in determining demand and rental rate structures.

X. HOUSING PROGRAMS AND MONTGOMERY HRA

The City of Montgomery has an active Housing and Redevelopment Authority (HRA) which advises the City Council and staff on a variety of matters pertaining to affordable housing and redevelopment. The Montgomery HRA constructed a 30 unit senior housing project, Park Manor Apartments, in 2010. The Authority is responsible for oversight of this facility and all public housing in the City of Montgomery.

HRA's have the statutory authority to coordinate housing projects as well as redevelopment projects. The City also has an active Economic Development Authority which facilitates redevelopment. The Montgomery HRA discussed its role as it relates to future infill and housing development. They have expressed an interest in coordinating additional housing related projects such as the coordination of housing studies, housing rehabilitation grants, etc. if staffing and funding is available to support the additional activities.

XI. HOUSING OBJECTIVES, POLICIES & PLAN

HOUSING GOALS & OBJECTIVES

1. Maintain a balanced housing supply with housing available for people at all income levels and unit types which meet the varying life-cycle needs of Montgomery residents.
2. Establish a community of well-maintained housing and neighborhoods including ownership and rental housing by promoting on-going maintenance of owner-occupied and rental housing units.
3. Proactively plan for housing needs including infill of available residential lots.
4. Establish a housing pattern that respects the natural environment while striving to meet local housing needs and the community's share of the area's housing growth.
5. Improve access and linkages between housing, employment and retail centers in Montgomery.
6. Protect the integrity of residential neighborhoods by requiring buffers between neighborhoods and high traffic roads or non-compatible land uses.

HOUSING POLICIES

1. Maintain zoning and subdivision regulations allowing for the construction of a variety of housing types and price ranges.
2. Continue to utilize City ordinances that allow planned unit developments that provide a mixture of housing types.
3. The City shall promote the development of multi-family housing units in areas that are physically suited to serve higher densities and discourage high concentrations of rental housing in any one area.
4. Require the integration of open spaces within residential developments in order to maintain a living environment that is consistent with the City's vision and guiding principles.

HOUSING PLAN

1. Encourage a Balanced Supply of Housing.

The City of Montgomery strives to provide life cycle housing for all market needs including affordable basic units for young people just beginning to enter the workforce; to (2) affordable single family units for first time home buyers and young families; to (3) move up housing for people with growing families and/or incomes; to (4) empty-nester dwellings for persons whose children have grown and left home; to (5) low maintenance housing options for aging persons as their ability to maintain their property decreases; and finally; to (6) assisted living environments to provide health and medical care to the elderly.

In order to maintain a balance of housing options available in the City, the future land use plan includes designations for low, medium and high-density residential developments. The amount of land available in each district should be reviewed periodically to ensure the City's objectives are met.

2. Promote Well-Maintained Housing

According to the 2010 Census, 15.6% of all housing units were constructed since 2000, and nearly 1/3 of the housing structures were over 70 years old. The Community Survey rates the current housing stock primarily as "good" to "fair". To address future maintenance of both owner-occupied and rental housing, the City should continue to address areas such as outdoor storage, landscaping requirements, parking requirements, etc. in its Zoning Ordinance.

The City should continue to enforce the rental ordinance and encourage maintenance of properties.

The City should consider pursuing programs such as the Small Cities Development Grant residential rehabilitation grant to encourage residential maintenance and upkeep.

The City should consider architectural and/or design requirement and a review process for multiple-family housing structures to ensure materials are compatible with surrounding structures.

3. Linkages between Housing, Recreation and Employment

One of the goals of the Comprehensive Plan is to improve linkages between housing, recreation and employment. This may be accomplished through subdivision design with collector streets, trail and sidewalk connections.

According to the 2010 Census, of the 1,476 traveling to work in Montgomery 18 or 1.2% reported walking to work, while another 42 or 2.8% reported working at home. As the City grows, additional industrial and commercial employment opportunities will be available for residents. Providing pedestrian routes for those walking or bicycling, especially along collector streets and arterials, will assist in providing important links between residential neighborhoods and places of employment and retail/service.

4. Address Affordable Housing Needs

Le Sueur County has facilitated Small Cities Development Grant Programs for residential rehabilitation of homes occupied by low income residents. The City should consider participating in a future grant to encourage the rehabilitation of older or dilapidated housing stock. At this time, Le Sueur County Human Services does not coordinate any other housing programs.

The Minnesota Valley Action Council (MVAC) is a non-profit organization with offices in Le Center and Mankato. They offer a variety of housing programs to residents of Montgomery, in Le Sueur County, including but not limited to Section 8 Housing, loan programs, weatherization, homeless prevention housing assistance, and family assets for Independence (FAIM).

The City may wish to consider housing incentive program, which continue to meet life cycle housing goals.

The HRA should continue to pursue the needs identified in the 2007 Housing Study including but not limited to:

- Development of 10 to 12 Market Rate Rental Housing Units.
- Future need for Senior-Designated Market Rate Rental Housing Units
- The application for Housing Choice Vouchers/Section 8 Existing Program Allocations from HUD

- Maintenance and preservation of the existing supply of subsidized housing
- Opportunities to provide housing with services to lower income seniors
- Research with local employers on the need for the development of migrant housing

5. Encourage Infill Programs to Stimulate Residential Development

The City, at this time, offers a building permit incentive for new residential construction. Promotion of the program to builders, realtors, etc. is recommended to encourage infill.

6. Review the Role of the HRA

It is suggested the City review the roles and responsibilities of the HRA and discuss funding and staffing availability to expand the duties of the HRA to include the facilitation of housing studies, seeking and coordination of housing rehabilitation grants and the like.