

# Watonwan County Housing Study **FINAL PRESENTATION**



2025 - 2026

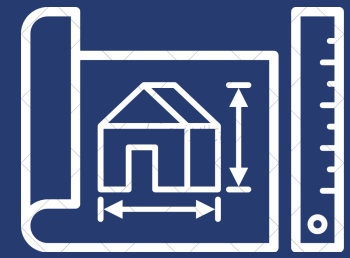
# ABOUT CEDA



CEDA started as a **grant writing** organization specializing in the administration of block grant funding. Grant writing is an important part of the work we do today. Our Grant's Department and team members raised over \$8 million in 2025.



As the organization expanded, CEDA realized a need for small communities to have their own **economic development** staff available on-site. Today, we serve over 70 communities through our Community Support Program.



While working in communities CEDA also realized a need to provide **planning** services for small communities to further economic development efforts. Over time this has developed into a formalized structure with its own department.

# POPULATION TRENDS

- Watonwan County has seen some population decline over the last 50 years, but St. James and Madelia have shown population growth over the same time frame. This decline at the county level has been slowing down recently, while the rate of growth in the two cities has stayed pretty consistent.
- The housing study examines ways to support continued growth in St. James and Madelia, and encourage growth throughout the rest of the County.

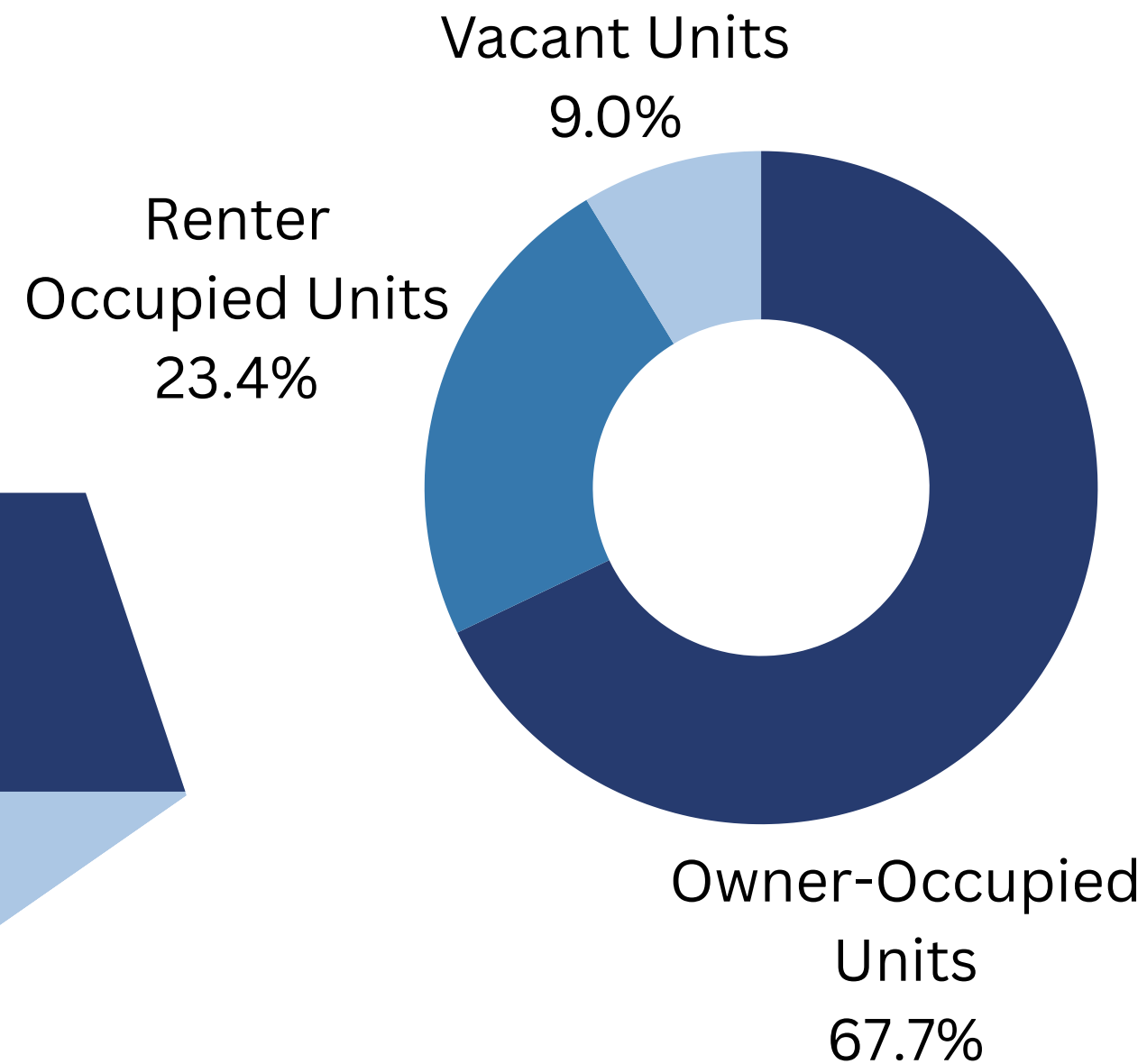
## Population Trends

	1970	1980	1990	2000	2010	2020	2025	2030
<b>Watonwan County</b>	13,298	12,361	11,682	11,826	11,211	11,253	11,184	11,129
<b>St. James</b>	4,027	4,346	4,364	4,695	4,605	4,793	4,880	4,951
<b>Madelia</b>	2,316	2,130	2,237	2,340	2,308	2,396	2,425	2,448



# OWNERSHIP, RENTAL, & VACANCY

## St. James Housing Tenure



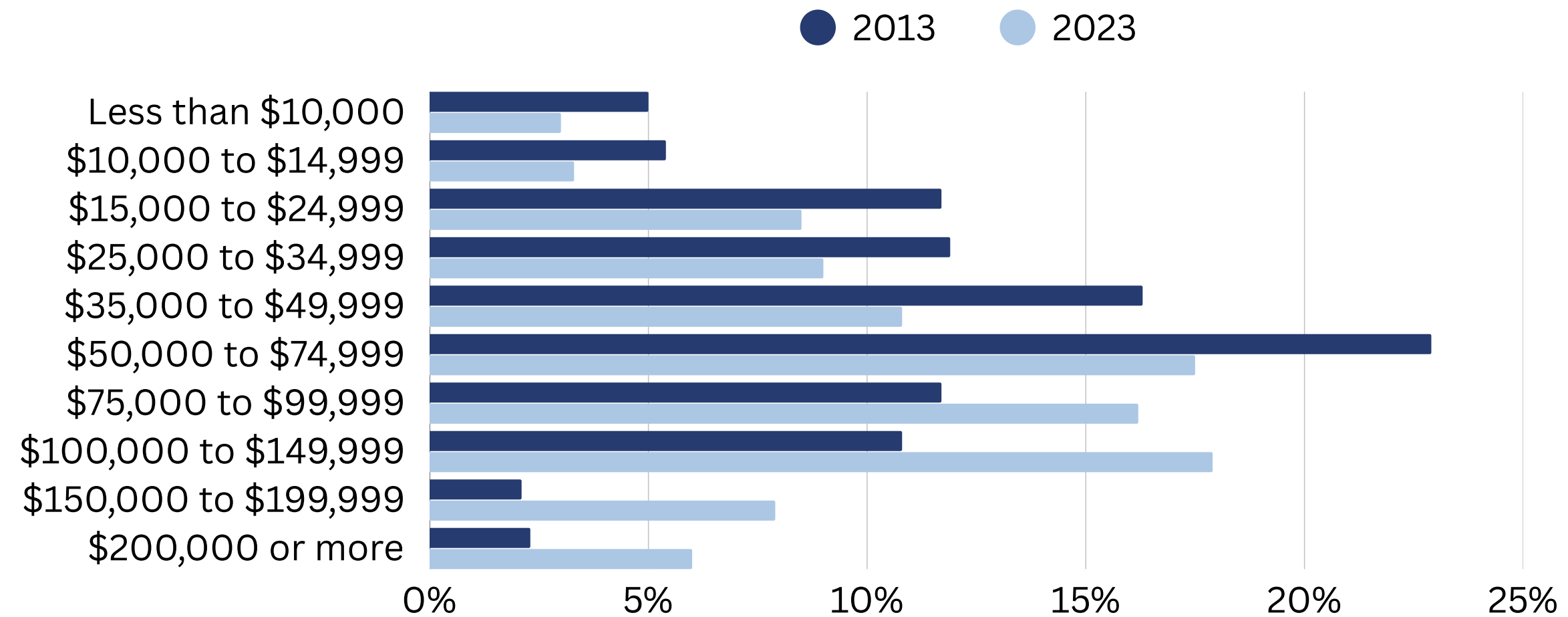
- Data from ESRI shows a slightly above-average vacancy rate. This number is higher than the recommended vacancy rate of 5% which is the ideal number that would allow for adequate housing mobility.
- The mix of owner-occupied and renter-occupied is in line with recommended ratios, indicating there is a good mix of housing options. The housing study will also explore lifecycle housing needs and additional housing types



# HOUSEHOLD INCOME

The median household income is \$70,593 (2023) and has increased by 42% since 2013.

## Watonwan County Household Income Growth

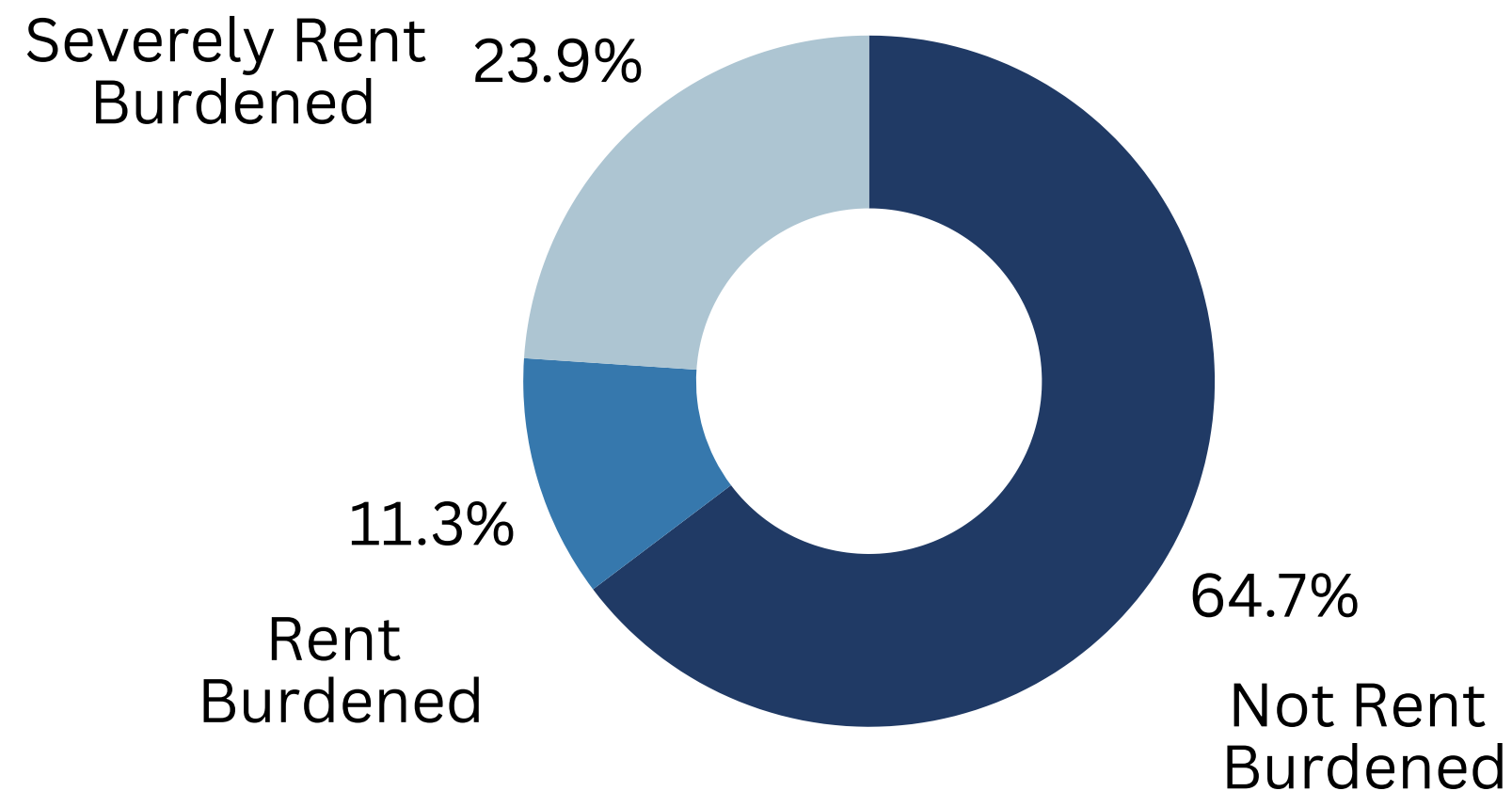


# HOUSING COSTS & INCOME



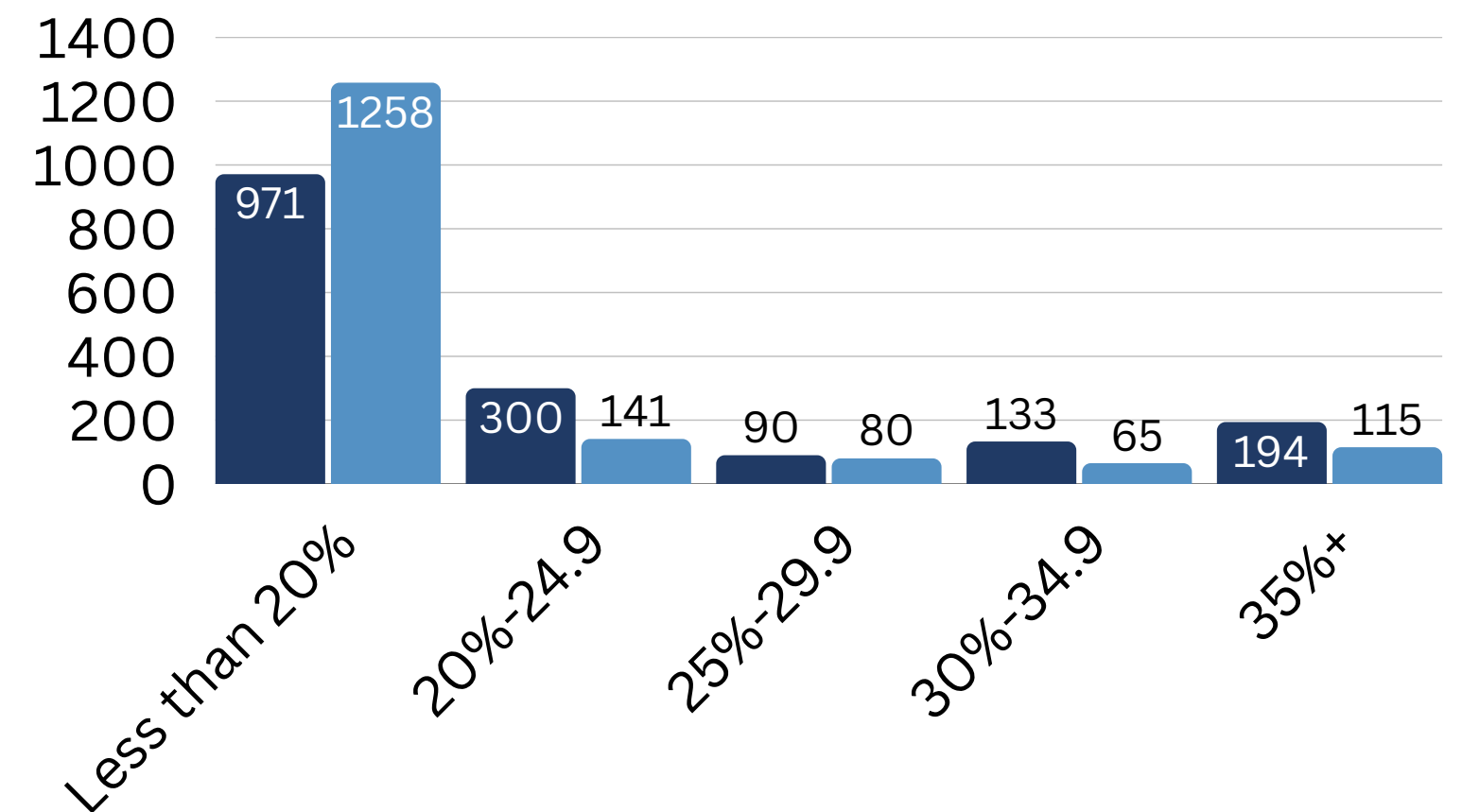
By federal standards, households spending more than 30% of their income on housing are cost-burdened. Those spending more than 35% of their income on housing are severely cost-burdened.

## Watonwan County Renters



## Watonwan County Homeowners

- Households with a Mortgage
- Households without a Mortgage



# HOUSING CONDITIONS

## 1 Dilapidated

1 A rating of 1 was the lowest possible rating and indicated the home was dilapidated. Homes rated 1 contained multiple deficiencies, and are likely candidates for demolition. Likely homes rated a 1 have been abandoned.

## 2 Major Repair

2 A rating of 2 indicated the home needs major repair. It likely has multiple improvements that need to be addressed. This could be projects such as a new roof, siding, windows and doors, or foundation.

## 3 Minor Repair

3 A rating of 3 indicated the home needs minor repair. It is likely in good condition, but may have a tired appearance, and may have one improvement that needs to be addressed.

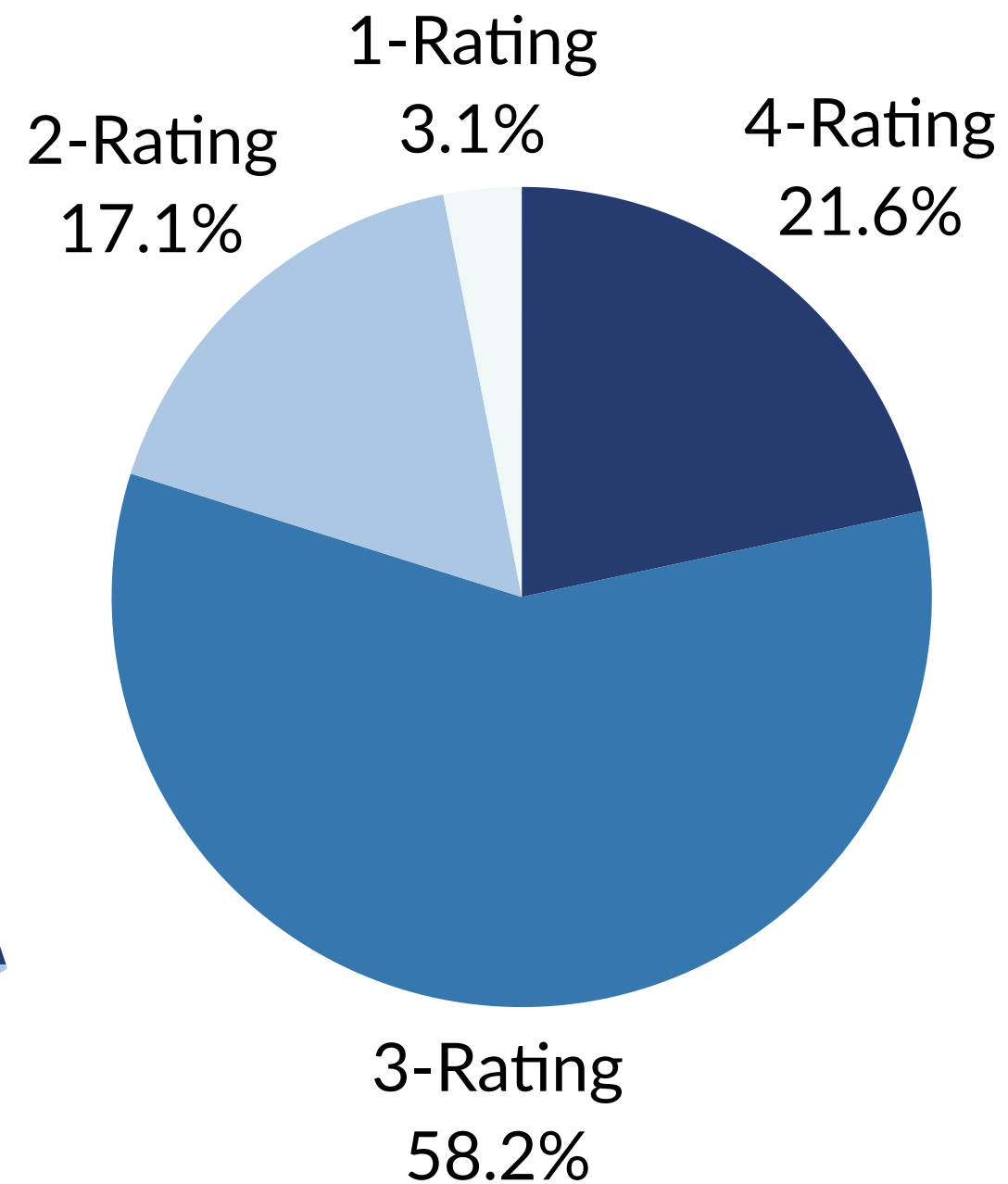
## 4 Sound

4 A rating of 4 indicated the home appears structurally sound and in good condition. There are no deficiencies, and the home appears to be "move-in ready".

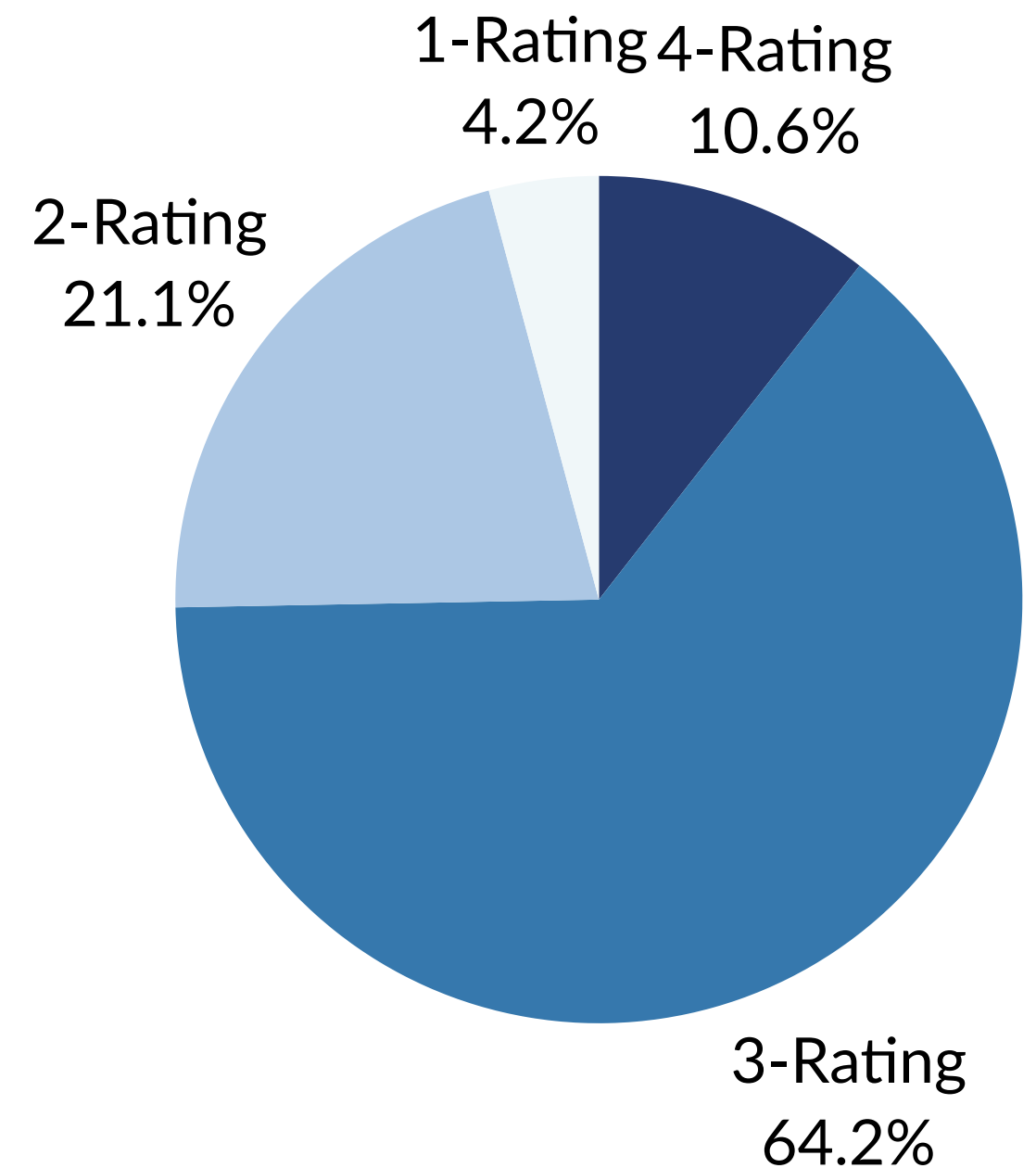


# WINDSHIELD SURVEY RESULTS

## St. James Windshield Survey Results



## Madelia Windshield Survey Results





# **COMMUNITY ENGAGEMENT**

# STRATEGY SESSION

Two working sessions were held with the Housing Steering Committee. These sessions were used to review data, validate findings, and identify priorities based on both quantitative trends and lived experience within the County. These working sessions ensured that the study reflects local knowledge, practical constraints, and realistic implementation.

The Committee was led through a facilitated activity to better understand the community's target market, developer readiness, and grant funding availability. Discussions covered the following topics:

- Apartment Style Rental Housing
- Upscale Apartment Rental Housing
- Owner-Occupied Housing for Families
- Owner-Occupied Housing for First-Time Homebuyers

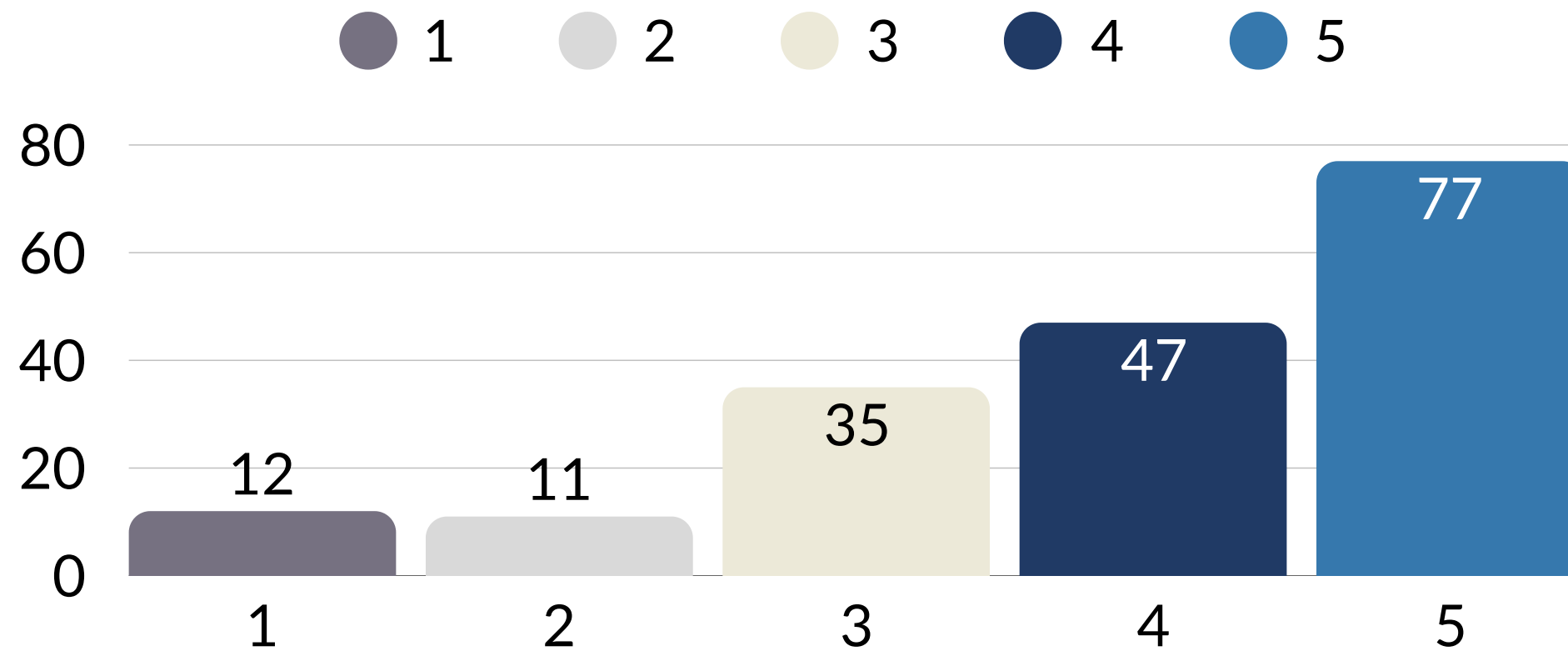


# SURVEY RESULTS



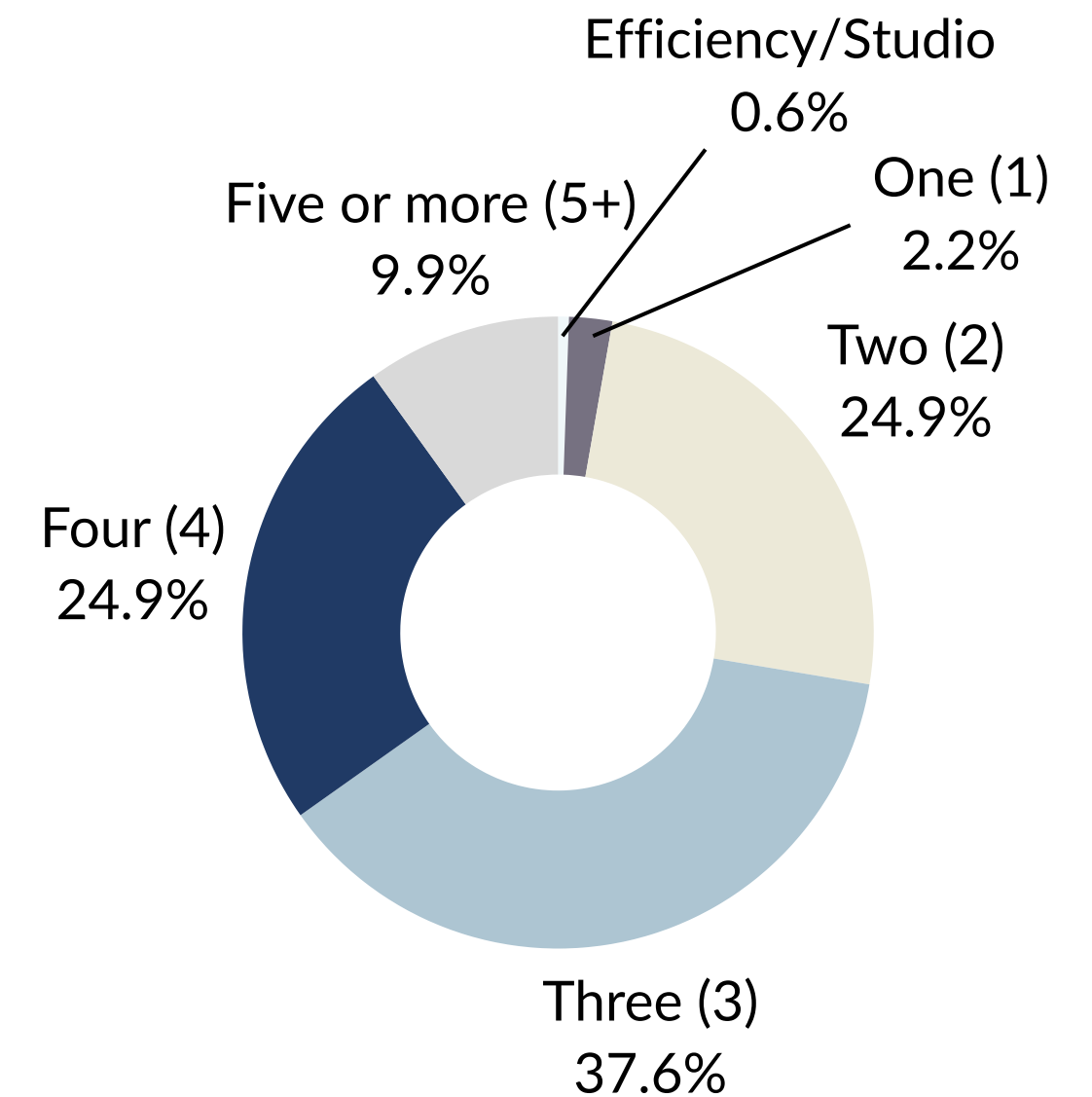
## How satisfied are you with your current housing situation?

182 responses



## What is your preferred home size? (number of bedrooms)

181 responses

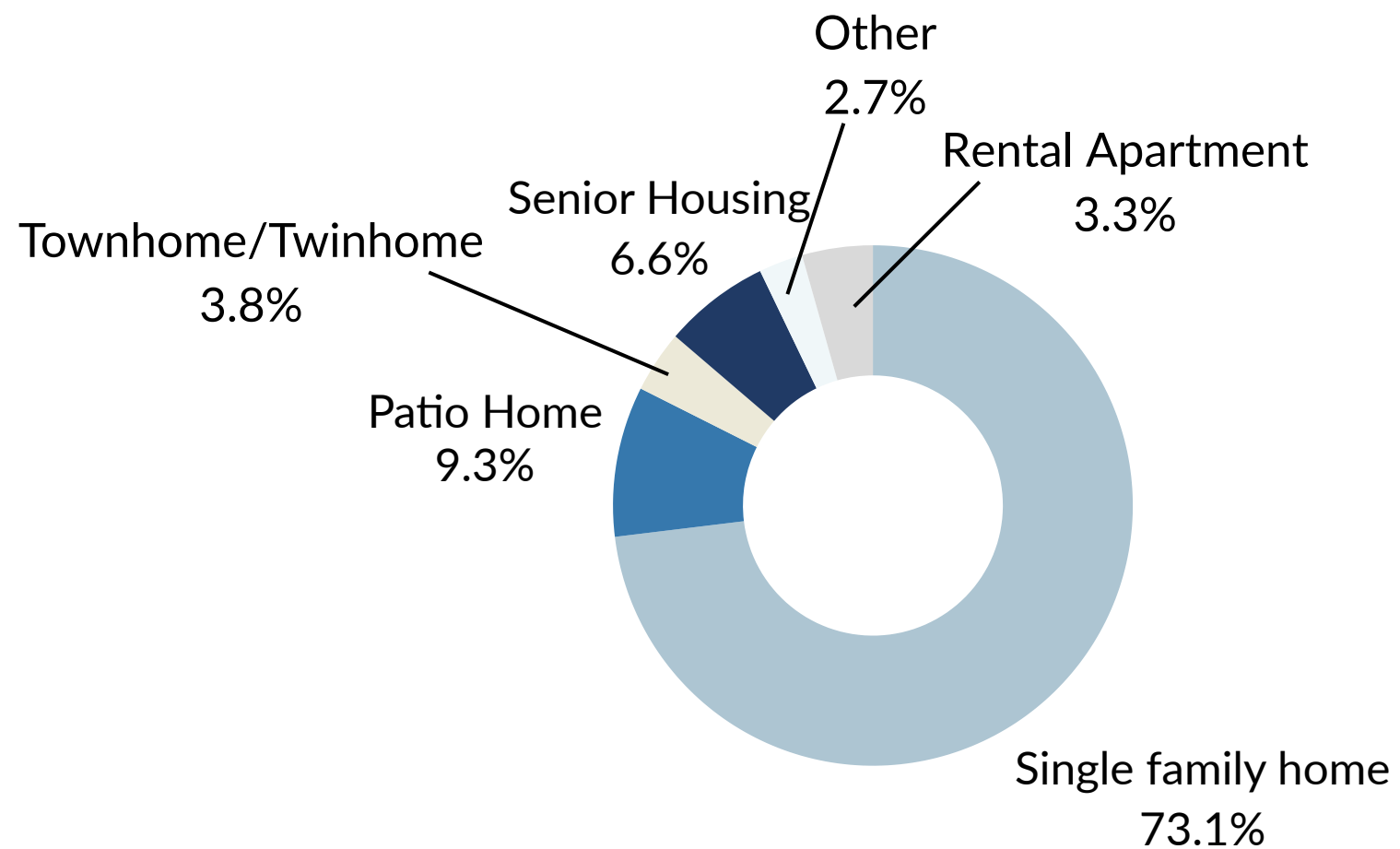


# SURVEY RESULTS



**What is your preferred housing type if you were to relocate?**

182 responses



More apartment options or even rent to own ideas ways to help those who pay in rent what they could be paying on a home but because of credit score

Affordable housing with more than one bedroom. High rent is hard for low income people

Need more remodel assistance for middle income groups. There have been programs in the past, but they are for certain areas of town

Offer options for 65+ to downsize and remain local. Preferably a patio home.

Our county needs affordable loan assistance programs to help people fix and maintain their homes. We are also in need of housing for our special needs community members. Single story, handicapped accessible, independent apts with an local resident overseeing living skills and home safety.

# STAKEHOLDER INTERVIEWS

- Limited housing supply and affordability challenges across the county
- Rental housing shortages, especially for workforce households
- Aging housing stock and deferred maintenance create ongoing rehabilitation and redevelopment needs
- Few development-ready lots, particularly in Madelia and St. James
- Growing demand for senior housing and starter homes
- Housing availability impacts workforce retention, especially for employees seeking rental options
- Strong interest in partnerships, funding, and regional collaboration

# SWOT ANALYSIS

## Strengths

- Strong community identity
- Work-live-play lifestyle
- Parks and recreation
- Diverse population
- Strong employment base
- Food manufacturing sector
- Owner-occupied rehab program
- Healthcare access
- Fiber internet access

## Weaknesses

- High development costs
- Limited local incentives
- Limited development capacity
- Infill lot shortages
- Costly infrastructure expansion
- Limited housing inventory
- Low housing mobility
- Smaller retail base

*Canva*

- State and federal funding
- Updated housing study
- Proximity to Mankato
- Infill development potential
- Housing rehabilitation
- Innovative housing construction
- Local builders and entrepreneurs

- Rising construction costs
- Volatile housing market
- Developer recruitment challenges
- Prevailing wage requirements
- Income eligibility restrictions
- Rural financing gaps

## Opportunities

## Threats





# **FINDINGS & RECOMENDATIONS**

# DEVELOP 25-30 OWNER OCCUPIED SINGLE FAMILY HOMES

15-20 Single Family Homes and 10 Patio Homes

With an anticipated growth in population in Madelia and St. James, with the need to replace deteriorating housing units, there is a need for additional single-family homes to serve both families and those looking to downsize.

New construction costs have increased significantly in recent years, which means these homes will likely be suitable as move-up housing options for families looking for additional space, or older adults looking for an option with one-level living.



# DEVELOP 16-18 MULTI FAMILY OWNER OCCUPIED

In addition to owner occupied patio homes, attached one level living units such as duplexes or fourplexes can offer a similar setting while keeping the budget in mind.

While the target market for these units is 65 and up, many rural communities have seen an influx of young people purchasing these units. These units should be offered for purchase, but can be converted to rental.



# DEVELOP 36-46 MARKET RATE RENTAL UNITS

While the County reports a rental unit vacancy rate of 5.7%, the rental housing inventory found a rate of only 1.8%. While talking with local housing stakeholders, it was found that while there are some single-family homes that sit available for rentals, they are not in good condition.

Employment and income levels, primarily in St. James and Madelia, point to a need for additional workforce rental housing. In addition, a small number of rental units built with seniors in mind would help create movement in the housing lifecycle.



# DEVELOP 18-22 SUBSIDIZED RENTAL UNITS

Watsonwan County currently has 290 units of subsidized housing in St. James and Madelia. In order to accommodate the expected growth in both communities it is necessary to maintain the percentage of subsidized units.

Over the next 5 years, it is recommended that St. James and Madelia add 24 - 33 new subsidized units. This can be a stand alone project, or part of a larger rental housing project.



# DEVELOP 19 - 21 SENIOR HOUSING WITH SERVICES UNITS

Currently there are 106 senior with services living units in Watonwan County. This includes assisted living, skilled nursing, and memory care. Over the next 4 years, the 65 and up population in Watonwan County is expected to increase from 20.2% of the population to 23.1% of the population which equates to an increase of 291 additional senior residents.

Research suggests that communities should have a senior living capacity of 2% to 10% of the 65+ population. In Watonwan County, there is currently a capacity of 4.7% for senior with services or 6.8% when independent living options are included.



# OWNER OCCUPIED HOME REHABILITATION

Watsonwan County has an aging housing stock. With 48% of homes built prior to 1950, and 73% built before 1980, it is imperative that the County support a concerted effort for housing maintenance.

Comments from community stakeholders also echoed similar responses with many wanting the City to support home rehabilitation, and to take an active role in code enforcement in residential neighborhoods.



# IMPLEMENTATION



## **Small Cities Development Program**

The Small Cities Development Program provides grant funding to communities for rehabilitating owner occupied houses, commercial buildings, and updating public infrastructure.

## **Federal Home Loan Bank**

The Federal Home Loan Bank offers grant rounds to receive grant funding for home rehabilitation.

## **Local Housing Trust Fund**

Local housing trust funds can help communities leverage public and private resources to fund authorized expenditures including grants and loans for housing rehabilitation.

# RENTER OCCUPIED HOME REHABILITATION

Housing quality or the physical condition of housing plays a vital role in the long term sustainability and preservation of housing units. For existing residents, quality housing ensures safety, stability, and retention of residents. Potential new residents are also influenced by the quality of housing. By maintaining and preserving existing rental units, the City can ensure there are sufficient affordable housing options for residents and new community members.



# IMPLEMENTATION



## **USDA Multi Family Housing Preservation Grant**

This program provides grants to sponsoring agencies for the repair or rehabilitation of housing owned or occupied by low- and very-low-income rural residents.

## **Rental Rehabilitation Deferred Loan Program**

This program provides financing for rehabilitation and repair of naturally occurring affordable housing and federally subsidized housing including USDA 515 properties. The loan is typically 0% interest with a forgivable portion at the end of the term.

## **HOME and PARIF**

Both are structured as 30 year loan programs with 0% interest for rehabilitating multifamily structures. The HOME program also provides financing for new multifamily construction projects.

# THANK YOU!

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