

Southwest Region

Although the Southwest region spans 18 counties, it is among the least populous regions in Minnesota with fewer than 114,000 households. Nearly 28 percent of the total household population is in Kandiyohi or McLeod counties, both of which are located just outside of the Twin Cities metropolitan area. By 2035, the population is projected to decline by 6 percent, falling by 15,302 people, marking the largest population decline and rate of decline in the state. However, the Southwest region has the lowest rates of both renter and owner cost burden. It also has the lowest rates of senior housing cost burden with 48 percent of senior renters and 20 percent of senior homeowners paying more than 30 percent of their income on housing. The annual cost of living¹ in the Southwest region ranges from \$43,900 (Upper Minnesota Valley) to \$46,640 (Southwest Central), with housing accounting for 19 percent of expenses.

Top 5 Facts



The Southwest region has the lowest rate of renter cost burden in the state, with 37 percent of renters spending more than 30 percent of their income on housing – significantly below the state rate of 44 percent.



Homes have a relatively low median value in the region, with five counties (Big Stone, Cottonwood, Lac qui Parle, Lincoln, and Pipestone) in the top 10 percent of counties with the lowest ranking values in the state.



The Southwest region has the lowest rate of senior owner cost burden (20 percent) and the second lowest rate of senior renter cost burden (49 percent) in the state.



The region has the highest proportion of aging owner-occupied homes with nearly half built prior to 1960. Yet, in 2017, only 412 new single-family permits were issued for construction, just 3 percent of permits statewide.



With the exception of heavy truck drivers, the cost of rent for a modest two-bedroom apartment is out of reach for four of the five most in-demand jobs in the region.

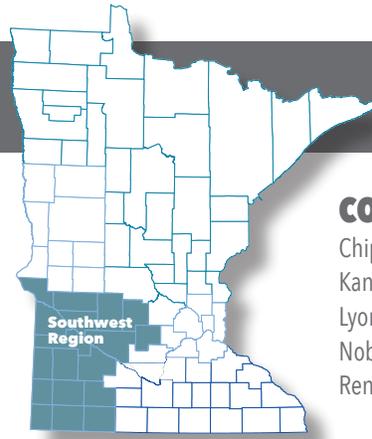
SOUTHWEST REGION

Rental Housing

The Southwest region has the third smallest renter population in the state, with only 27,840 renter households. These renter households account for 25 percent of the entire household population, less than the state average of 28 percent. Lyon County, which is anchored by the city of Marshall, has the highest percentage of renter households in the region at 32 percent. In total, Kandiyohi, McLeod and Lyon counties have the largest number of renter households, accounting for nearly 40 percent of the region's total renter households.

The Southwest region has the lowest rate of renter cost burden in the state, with 37 percent of renters spending more than 30 percent of their income on housing — significantly below the state rate of 44 percent. The region also has four of Minnesota's top 10 least renter cost burdened counties: Chippewa, Lac qui Parle, Big Stone and Rock counties. In these counties, only 29 to 31 percent of all renter households experience housing cost burden.

The trends related to change in gross rent since 2000 have varied significantly across the region; Lyon County is the one county



COUNTIES: Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, Yellow Medicine

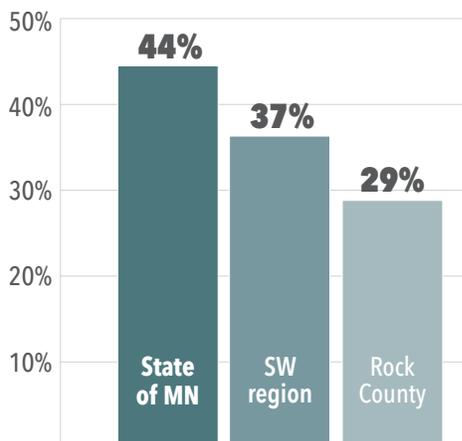
statewide that saw a decline in rent in the state, falling by 2 percent over this time period. Meanwhile, Big Stone, Cottonwood, and Lincoln counties have seen tremendous increases in rent. Big Stone and Cottonwood alone have seen the steepest uptick in rent in the state, rising by 52 percent and 41 percent respectively. Despite these major increases in rent, Big Stone County remains one of the most affordable counties for a rental unit in the state, with an overall median gross rent of \$498 in 2017, and is able to maintain very low rates of renter cost burden.

In the Southwest region, there are approximately 7,775 renter households that are extremely low income, or earning less than 30 percent of area median income.

Homeownership

There are approximately 85,560 owner households in the Southwest region, accounting for 75 percent of the region's total household population. At a regional level, 18 percent of all owner households experience housing cost burden, making the Southwest the least owner cost burdened region in the state. Big Stone, Lincoln, and McLeod Counties have seen significant increases in owner income since 2000, ranging from 19

Cost-burdened renter households



The Southwest region has the lowest rate of renter cost burden in the state

CITY SPOTLIGHT: Willmar

Willmar is the largest city in the Southwest region, with an estimated 7,470 households. While the total number of households has grown minimally, the share of renter households has increased by 13 percent from 2000 to 2017. Both renter and owner incomes have declined in the city since 2000, falling by three and five percent, respectively. Yet, rent has increased by 14 percent in the city over that same time period — and the percentage of renters that pay more than they can afford has increased from 36 percent to 45 percent.

percent to 27 percent, marking three of the top 10 largest increases in the state. However, current median owner income in the Southwest region remains relatively low compared to other regions.

Overall, homes have a relatively low median value in the region, with five counties (Big Stone, Cottonwood, Lac qui Parle, Lincoln, and Pipestone) in the top 10 percent of counties with the lowest ranking values in the state. Additionally, McLeod, Lac qui Parle, and Chippewa Counties have seen little or no increase in the median value of home since 2000, which may be indicative of needed rehabilitation of aging owner occupied homes.

In the region, 78 percent of white households are homeowners while only 46 percent of people of color and indigenous households own their homes. However, at 65 percent, the rate of homeownership for Indigenous households is significantly higher than the state average of 46 percent.

Housing Development and Subsidized Housing

Compared to other regions, the Southwest region has the highest proportion of aging owner-occupied homes with nearly half — or 48 percent — in the region built prior to 1960. Aging owner-occupied housing is particularly severe in Pipestone, Lac qui Parle, Big Stone, Yellow Medicine, Jackson and Chippewa Counties, which all rank in the top ten for the largest share of owner-occupied housing built before 1960 in the state, and where 58 to 61 percent of all owner homes were built prior to 1960. In 2017, 412 new single family homes were permitted for construction, accounting for just 3 percent of single family home permits statewide.

In the region, 34 percent of rental units were built before 1960. Despite this need, only 171 multi-family units were permitted for development in 2017, accounting for just 2 percent of all multi-family development in the state. The Southwest region contained just 4,671 subsidized units in 2017, the third lowest amount regionally in the state.



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The Southwest region has the **highest rate of Indigenous homeownership**, significantly higher than the state average of 46 percent.

Southwest Spotlight: When home is hope at Solace Apartments

For people with chemical dependency and mental health issues, accessing a stable home can be incredibly difficult. A lack of available, affordable homes with connected services — such as case management and mental health support — can lead to a cycle of incarceration, profoundly impacting individuals and their community.

But in the Southwest region, a new multi-family supportive housing project, Solace Apartments, is breaking that cycle for individuals and families.

Solace Apartments got its start five years ago with Judge Allison Krehbiel, who serves the 5th Judicial District Court in Nicollet County. She saw that a lack of housing with appropriate services was a barrier to previously incarcerated individuals successfully re-entering their community. She reached out to Rick Goodemann, former CEO of Southwest Minnesota Housing Partnership (SWMHP), to find a solution.

From this call-to-action, a motivated coalition coalesced with stakeholders from the Nicollet County legal offices, the public health department, the school district, a mental health services provider, the City of St. Peter, and the Nicollet County Board of Commissioners. With such a broad and diverse set of organizations at the table, it became clear that providing a pathway to mental health and chemical dependency recovery was more than just an individual issue — it affected the whole community. Home-related stress impacted learning in the classroom; hospitals saw costly emergency room visits; police were called to manage personal crises; and the justice system felt the strain of people cycling back in rather than transitioning out.

Solace Apartments is a key step forward in a long-term solution to address these challenges.



Southwest Minnesota Housing Partnership founding director Rick Goodemann cuts a ribbon at the grand opening of Solace Apartments.

“Since it’s opening in November 2018, things have gone very well,” said Jenn Lamb, the Supportive Housing Specialist at the SWMHP. Solace’s mix of one, two, and three-bedroom affordable units are nearly fully occupied, with the larger units creating important opportunities for parents to reunify with their kids.

Residents are taking ownership of their homes and utilizing available services including a resident services navigator who assists with housing applications, a 24-hour front desk that follows up on safety and security reports, individual and family therapy, chemical dependency treatment, and mental health-related daily skills building.

An artist-in-residence program is also in the works. Art can not only be therapeutic, a new way for residents to “tell their story, build their voice, and build power,” Lamb said.

With the Solace Apartments now open, SWMHP is already planning to implement a development modeled after Solace to address the local needs of Blue Earth County and the City of Mankato. Solace Apartments provides a place to recover — and an opportunity to realize a future full of hope.

Senior Housing

The Southwest region currently contains 32,790 households and 53,911 individuals over the age of 65. The region is expected to see the lowest percent of senior population growth in the state, increasing by 32 percent and gaining an additional 17,342 seniors by 2035. This is half of that of the state, which will see an increase of 64 percent.

The Southwest has the lowest rate of senior owner cost burden (20 percent) and the second lowest rate of senior renter cost burden (49 percent) in the state. Chippewa, Lac qui Parle, and Swift Counties rank in the top 10 counties in the state with the lowest rates of senior renter cost burden, affecting just 24 percent to 34 percent of seniors. Additionally, Lac qui Parle, Jackson, and Redwood rank in the top 10 counties with the lowest rates of senior owner cost burden, affecting just 13 percent to 15 percent of senior homeowners.

Housing Affordability by Occupation

The top five in-demand jobs in the region currently are heavy and tractor-trailer truck drivers, teacher assistants, personal care aides, nursing assistants and retail salespersons. The annual median income of these occupations ranges from \$23,425 (retail salespersons) to \$41,244 (heavy truck driver), leaving a range of \$586 to \$1031 for these positions to spend on housing each month without exceeding 30 percent of their income. With the exception of heavy truck drivers, the cost of rent surpasses median earnings for all top jobs. Not surprisingly, the salary needed for homeownership also consistently exceeds the incomes of four of the five top in-demand occupations. Of the 18 counties in the region, in only one (Lac qui Parle) is a median-value home accessible to two of the top in-demand occupations (truck drivers and nursing assistants).

WAGES AND HOUSING AFFORDABILITY IN KANDIYOHI COUNTY

