A Comprehensive Housing Needs Analysis for the City of Fergus Falls, Minnesota

Prepared for:

Fergus Falls HRA
Fergus Falls, MN

June 2026

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June 3, 2026

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Mr. Olson:

Attached is the analysis titled, "A Comprehensive Housing Needs Analysis for the City of Fergus Falls, Minnesota." The Housing Needs Analysis examines current housing market conditions and determines the market potential for developing different types of owned and rented housing in the community to 2036.

The scope of this study includes an analysis of the demographic and economic characteristics of the City of Fergus Falls and surrounding area, a review of existing housing stock characteristics, and market analyses covering the for-sale, rental and senior housing markets. Additionally, the study includes an assessment of housing affordability in the community. Detailed demand calculations and development concept recommendations are provided for Fergus Falls and the study concludes with an evaluation of key opportunities and challenges associated with housing development in the community.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING

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President

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Attachment

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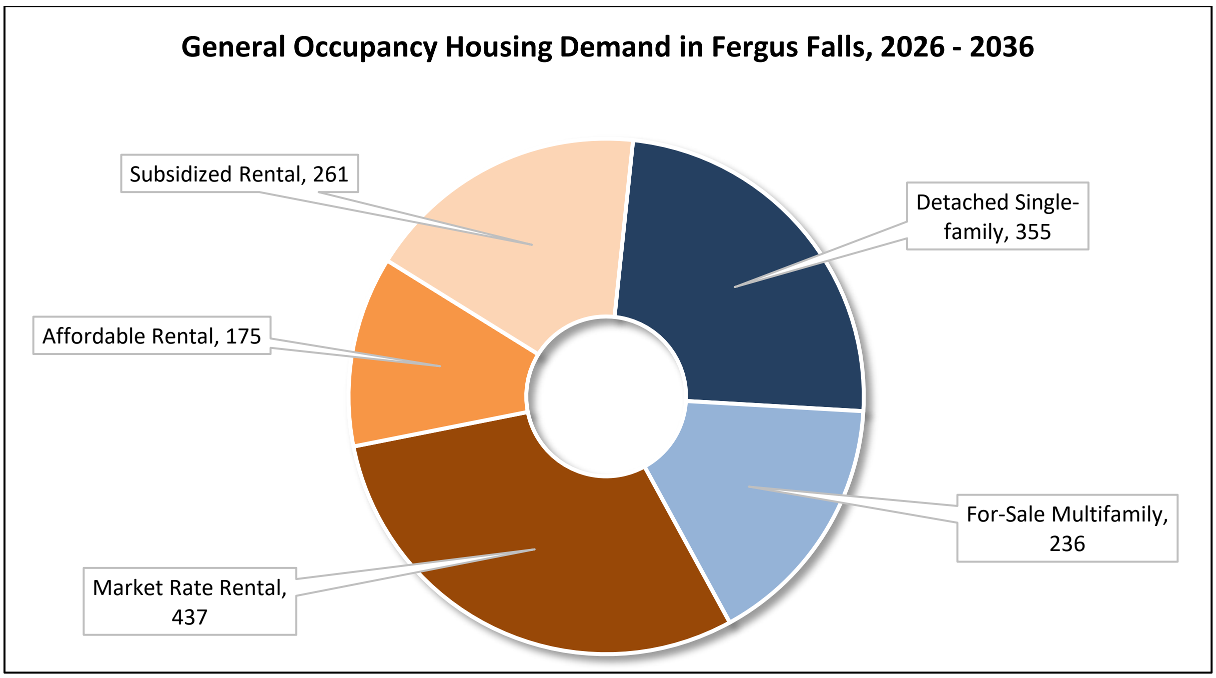
Executive Summary

Key Findings

- There are needs across the housing continuum, but feedback from area stakeholders indicates that moderately priced housing, ownership and rental targeted to the area's workforce, move-up housing targeted to growing families and housing alternatives for older adults and seniors (townhomes, twin homes) are the most pressing needs in Fergus Falls. Demand is also strong for affordable and subsidized housing, especially for seniors.

- Much of the projected demand may not be satisfied, particularly senior housing, as many seniors prefer to age in place instead of moving to alternative housing. Additionally, funding availability for affordable and subsidized housing is limited, which makes it challenging to develop enough new housing to meet the projected demand.



Demographic Analysis

- In 2010, Fergus Falls had 13,138 people and 5,814 households. By 2020, the population had increased to 14,119 (7.5%) while the number of households increased 6.1% to 6,171. Growth in Fergus Falls outpaced growth in the PMA, which experienced a population increase of 3.5% and household growth of 3.4% during the same period.

- The rate of population growth in Fergus Falls is expected to continue to outpace growth in the PMA. From 2026 to 2031, the population in the City is projected to increase by 2.4%, adding 350 people, while population in the PMA is projected to grow 2% (460 people).

- Between 2031 and 2036, the population of Fergus Falls is forecast to increase 2.5% (375 people) against household growth of 3.9% (260 households). During this time, the PMA is forecast to have a 2.1% increase in population and a 3.1% increase in households.

- In 2026, the largest adult cohort in Fergus Falls is the 75+ cohort, with a total of 2,008 people (13.9% of the population). The largest adult cohort in the PMA is aged 65 to 74, representing 13.6% of the population.

- Between 2026 and 2036, the 20 to 24 age cohort is forecast to experience strong growth, increasing nearly 24% after contracting from 2010 to 2026. The largest percentage increase is projected to occur in the 75+ age cohort (28.7%), while the 45 to 54 age group is forecast to experience 19.7% growth during the same period.

- In 2026, Fergus Falls' median household income is estimated to be $54,940, 23.2% lower than the PMA ($67,691). Between 2026 and 2031, the median household income of Fergus Falls is expected to increase 11% to $61,040 by 2031.

- In Fergus Falls, an estimated 62% of all households own in 2026, giving it a homeownership rate that is lower than the PMA (72.1%) and the Region (75.4%). In Fergus Falls, the largest growth in owner households from 2010 to 2026 occurred in the 35 to 44 age group (31.1%) and 65 to 74 (70.4%) age groups. This is due primarily to the larger size of these age groups demographically. Renter households experienced their strongest growth among the 35 to 44 (66.4%) and 65 to 74 (92.9%) age groups in Fergus Falls during the same period.

- In Fergus Falls, households living alone are estimated to be the most common household type (44.8% of all households), followed by married couples without children (24%) in 2026. Family households represent 49% of households.

Employment Analysis

- In 2025, Otter Tail County had an annual labor force of 31,007 with 29,574 employed residents (4.6% unemployment). By comparison, the unemployment rate was 4.7% in Northwest Minnesota and 3.9% in Minnesota.

- The City of Fergus Falls is a net importer of workers. There are an estimated 5,762 workers commuting into the City for work, compared with 2,393 workers who leave the City for work. In 2025, there were 22,564 jobs in Otter Tail County, including 9,265 jobs in Fergus Falls. Fergus Falls contains 41% of all jobs in Otter Tail County, while employment in the County represents 10.1% of all jobs in Northwest Minnesota.

- A household earning the average weekly wage in Fergus Falls ($1,145) would be able to afford an apartment renting for $1,489 per month to not exceed 30% of its monthly income on housing costs, significantly higher than the average rent for market rate rental housing units in the community ($1,016).

Housing Characteristics

- There are an estimated 6,518 housing units in Fergus Falls, 97.9% of which are occupied. In the PMA, there are an estimated 10,879 housing units, of which 88.7% are estimated to be occupied.

- Detached single-unit structures are the most common housing type in the Market Area, comprising 70% of units in the PMA, including 58% of the units in Fergus Falls. By comparison, 75% of occupied housing units in Northwest Minnesota are single-unit detached structures.

- From 2010 through 2025, 514 new housing units were permitted in Fergus Falls. Single-family detached, twin homes and townhomes accounted for 41% of the total units permitted in Fergus Falls, while 59% were multifamily.

For-Sale Housing Market Analysis

- Despite a softening in the market (indicated by the increased marketing times), there has been strong price appreciation since 2019. The median resale price in Fergus Falls for detached single-family homes increased 55.2%, climbing from $158,450 in 2019 to $245,900 in 2025, an average of 7.7% annually.

- New construction actively-marketing, single-family homes in Fergus Falls have a median list price of $496,450 which equates to $216 psf based on the median size of 2,643 square feet. New construction actively-marketing owned multifamily homes in Fergus Falls have a median listing price of $346,900, which equates to $222 psf based on the median size of 1,647 square feet.

- Maxfield Research identified 97 existing vacant lots among 22 subdivisions in Fergus Falls, although most are not currently listed for sale on the MLS. A number of these lots are owned privately or by adjacent landowners and may or may not be available for future development.

- As of May 2026, there were 10 residential lots available for sale in the PMA. This information excludes larger acreages and commercial land that may also be listed for sale in the PMA. The median size of lots currently available for sale in Fergus Falls is 28,401 square feet (0.65 acres), ranging from 0.42 acres (18,295 square feet) for a lot in Meadow Brook Manor in Fergus Falls to 2.17 acres for a lot in the Village Cooperative Addition.

Rental Housing Market Analysis

- Nationally, the equilibrium vacancy rate for market rate rental housing is considered to be 5.0%, which allows for normal turnover and an adequate supply of alternatives for prospective renters.

- Based on our survey of general occupancy apartment buildings in Fergus Falls, we found that market rate properties were 2.3% vacant, affordable properties were 3.4% vacant and subsidized properties were 2.8% vacant. Affordable and subsidized property managers indicated vacancies were due to recent move-outs and expected the units to fill quickly.

- The average monthly rental rate across all market rate general occupancy properties is $1,016, ranging from a low of $695 for studio units to a high of $1,301 for three-bedroom units.

Senior Housing Market Analysis

- Strong growth occurred among seniors from 2010 to 2026 in the PMA. During this time, the 65 to 69 population grew by 57.4%, the population aged 70 to 74 increased 59.1% and the 75 to 79 population expanded by 38.5%. Between 2026 and 2036, the largest growth among the senior cohorts is expected in the population over age 75, increasing by 31.1%, an increase of 893 people.

- Maxfield Research identified a total of 15 senior housing facilities in the PMA, totaling 654 units. In total, there are 90 market rate active adult rental units, 73 market rate ownership units, 222 affordable and subsidized rental units, 116 independent living units, 103 assisted living units and 50 memory care units.

Housing Affordability

- The HRA has a current allocation of 189 Housing Choice Vouchers, of which, 133 are in use in Fergus Falls. As of May 2026, the waiting list consists of 139 households.

- An estimated 18% of owner households and 44% of renter households are estimated to be paying more than 30% of their income for housing costs in Fergus Falls. Compared to the PMA average, the percentage of cost burdened households is slightly lower in PMA. NW Minnesota cost burdened households are 20% for owner households and 40% for renter households.

- An estimated 66% of owner households could afford to buy an entry-level home priced at $200,000 in the PMA. By comparison, 40% of owner households could afford to purchase a home priced at $350,000.

- An estimated 51% of renter households can afford to rent a one-bedroom unit priced at $892/month, 44% of renter households could afford a two-bedroom unit priced at $1,054/month. An estimated 39% of renter households could afford to rent a one-bedroom apartment for $1,200 per month in a new apartment property in Fergus Falls.

Housing Demand Analysis

- As summarized in the chart below, demand is identified for 1,373 general occupancy housing units in Fergus Falls between 2026 and 2036. For-sale units account for 43% of the anticipated demand to 2036, including 355 detached single-family and 236 multifamily units. Demand for rental units accounts for 57% of the anticipated demand to 2036, including 391 market rate, 156 affordable and 235 subsidized units.

- Additional lots will be needed to be able to meet the projected demand for for-sale housing in Fergus Falls over the next ten years.

Summary of Housing Demand in Fergus Falls
2026 to 2036

HOUSING DEMAND SUMMARY
CITY OF FERGUS FALLS
May 2026

General Occupancy Housing Demand 2026 to 2036	
For-Sale Units	**591**
Detached Single-Family Units	355
Other/Multifamily Units*	236
General Occupancy Rental Units	**873**
Market Rate	437
Affordable^	175
Subsidized^	261
Total General Occupancy Housing Units	**1,464**

Excess Senior Housing Demand	2026	2031	2036
Market Rate Active Adult	**133**	**164**	**178**
Ownership Units	51	63	69
Rental Units	82	101	109
Affordable & Subsidized Senior Housing^	**364**	**384**	**404**
Subsidized Units	160	172	184
Affordable Units	204	212	220
Service-Enhanced Senior Housing	**197**	**263**	**292**
Independent Living (IL)	95	118	135
Assisted Living (AL)	39	63	70
Memory Care (MC)	63	82	87
Total Senior Housing Units	**694**	**811**	**874**

*Includes twin homes, townhomes, condominiums
^Subsidized = affordable to households at 30% AMI or less
^Affordable = affordable to households at 30% to 60% AMI
Totals may not add due to rounding

Source: Maxfield Research & Consulting

Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the Fergus Falls HRA to prepare a Comprehensive Housing Needs Analysis for the City. The analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households in the community.

The scope of this study includes an analysis of the demographic and economic characteristics of Fergus Falls and the surrounding Primary Market Area (PMA), a review of existing housing stock characteristics and market analyses covering the for-sale, rental and senior housing market segments. Additionally, the study includes an assessment of housing affordability in the area. Detailed housing demand calculations to 2036 and development concept recommendations are provided for the community. The study concludes with an evaluation of challenges and opportunities associated with housing development in Fergus Falls.

Methodology

This report includes both primary and secondary research. Primary research includes personal interviews, data on existing rental properties and information on pending developments. Secondary research, which is credited to the source when used, is always used as a basis for analysis and is carefully considered along with other factors that may impact projections. Secondary data resources include:

- City of Fergus Falls
- Craftsman Construction Cost Manual
- ESRI
- Greater Lakes Association of Realtors
- Minnesota Department of Employment and Economic Development (DEED)
- Minnesota Department of Health
- Minnesota Housing
- Minnesota Realtors
- Minnesota State Demographic Center
- Otter Tail County parcel data
- United States Census Bureau Decennial Censuses, American Community Survey and Local Employment Household Dynamics
- United States Department of Housing and Urban Development (HUD)

Demographic Review

Introduction

Demographic characteristics and trends are important factors when evaluating housing needs in any given market. This section of the report reviews the demographic and economic characteristics of Fergus Falls and the surrounding area to provide insight into demand for various housing product types. The following topics are evaluated.

- Population and household growth trends and projections
- Age distribution of the population
- Household income distribution by age group
- Household tenure by income and age group
- Average household sizes
- Household types
- Race and ethnicity
- Household mobility

Data sources utilized for this analysis include ESRI Inc., a nationally recognized demographic services firm, the Minnesota State Demographic Center, the U.S. Census Bureau Decennial Censuses and the U.S. Census Bureau American Community Survey ("ACS").

The ACS is an ongoing statistical survey that gathers data previously contained only in the long form of the Decennial Census to provide an ongoing portrait of demographic, economic, social, and household characteristics every year, not just every ten years. Maxfield Research and Consulting utilizes five-year data estimates, which provide a larger sample size and have a longer data collection period than the one-year data estimates. At the time this analysis was prepared, the 2020-2024 ACS was the most recent five-year data available.

For reference, a household is an occupied housing unit, while a householder refers to the person in whose name the housing unit is owned or rented. A housing unit is defined as a house, an apartment, a group of rooms or a single room occupied or intended for occupancy as separate living quarters.

Market Area Definition

Maxfield Research determined the draw area for housing in Fergus Falls, Minnesota based on geographic and man-made barriers, commuting patterns, community orientation, places of employment, proximity to other communities and our general knowledge of housing draw areas.

Based on these factors, the Primary Market Area (PMA) was delineated as the Cities of Fergus Falls, Dalton, Elizabeth and Underwood along with 14 townships in Otter Tail County, Minnesota as summarized below.

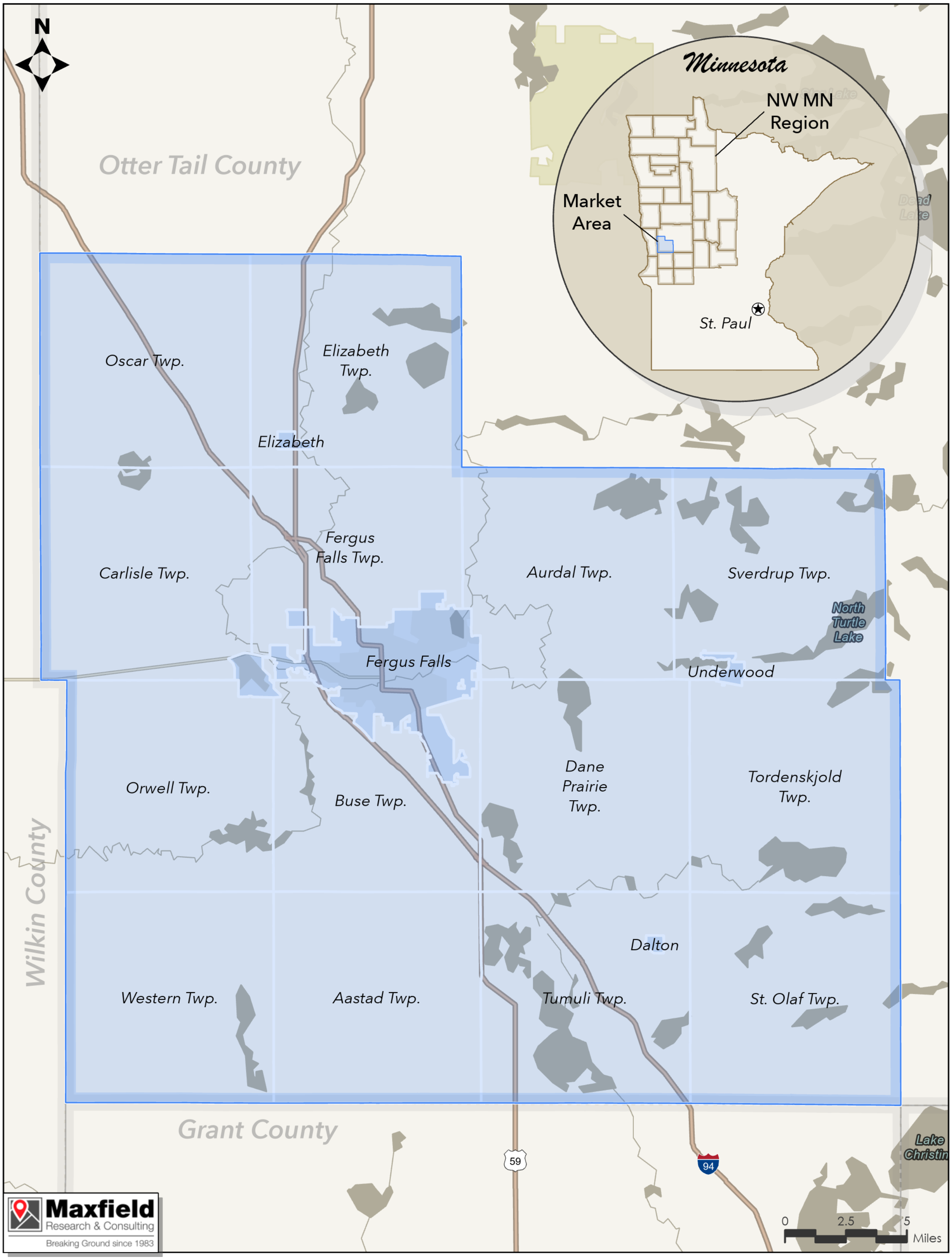
Fergus Falls Market Area		
Cities	**Townships**	
Dalton	Aastad	Orwell
Elizabeth	Aurdal	Oscar
Fergus Falls	Buse	St. Olaf
Underwood	Carlisle	Sverdrup
	Dane Prairie	Tordenskjold
	Elizabeth	Tumuli
	Fergus Falls	Western

Housing demand in Fergus Falls will be driven primarily by household growth and turnover of existing households in the PMA. A portion of the demand, however, will be generated from outside the area, so select demographic and economic comparisons are made to Otter Tail County, the 26-County Northwest Minnesota Planning Area as defined by the Minnesota Department of Employment and Economic Development (DEED), and the State of Minnesota.

NW Region			
Counties			
Becker	Grant	Norman	Stevens
Beltrami	Hubbard	Otter Tail	Todd
Cass	Kittson	Pennington	Traverse
Clay	Lake of the Woods	Polk	Wadena
Clearwater	Mahnomen	Pope	Wilkin
Crow Wing	Marshall	Red Lake	
Douglas	Morrison	Roseau	

We estimate that 70% of the demand for housing units in Fergus Falls will be generated from the PMA, depending on product type. The remaining portion of demand (30%) will come from outside the defined PMA. The following map illustrates the location of Fergus Falls in the PMA along with its regional location in Otter Tail County, Northwest Minnesota and the State of Minnesota.

Primary Market Area & Regional Location



Population and Household Growth Trends

The table on the following page presents population and household growth trends in the Market Area from 2010 to 2036. The 2010 and 2020 figures are from the United States Census. Estimates for 2026 are based on a review of population and household estimates provided by the Minnesota State Demographer, the U.S. Census, and ESRI with adjustments made by Maxfield Research based on recent residential development activity to reflect current year data.

Population projections for 2031 and 2036 are based on forecasts published by the Minnesota State Demographic Center and ESRI. Maxfield Research applied the projected annual rate of growth to the 2026 estimate to arrive at the projections for Northwest Minnesota. We then made projections for the PMA and the City of Fergus Falls based on a review of the Minnesota State Demographer's forecast for Otter Tail County, ESRI's projections, household size trends, and changes to the proportion of the Region's growth that occurred in each area since 2010. Housing projects in the development pipeline were also taken into consideration.

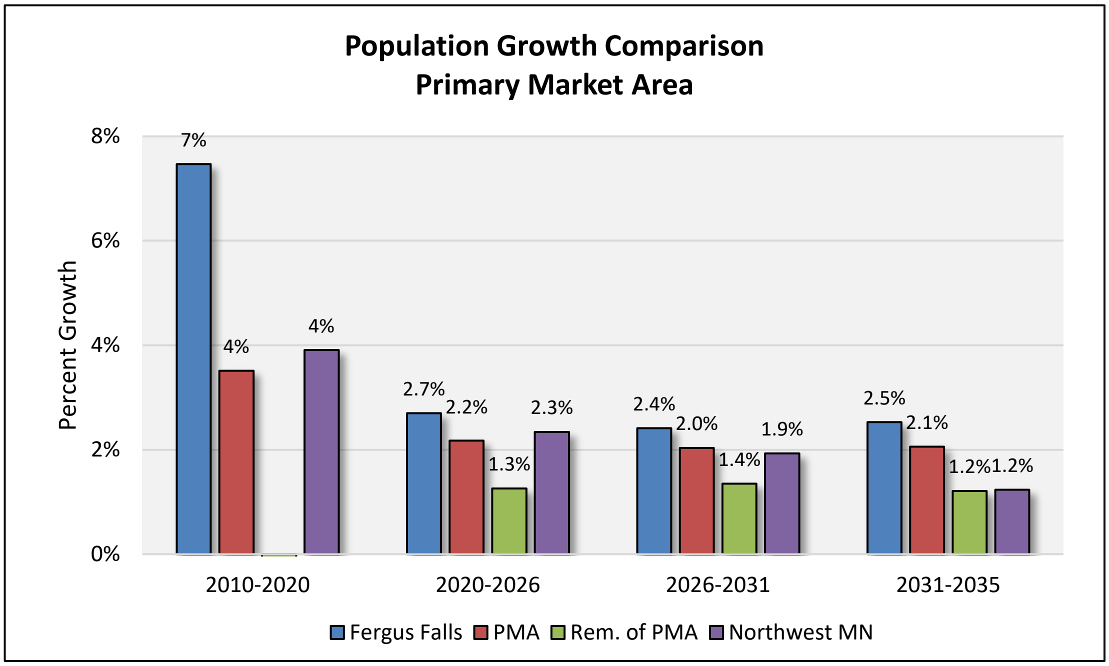
- In 2010, the population of Fergus Falls was 13,138 with 5,814 households. By 2020, the population had increased to 14,119 (7.5%) while the number of households increased 6.1% to 6,171.
    - Growth in Fergus Falls outpaced growth in the PMA, which experienced a population increase of 3.5% and household growth of 3.4% during the same time.
- We estimate that the PMA grew 2.2% from 2020 to 2026, adding 482 people. Most of the PMA's population growth occurred in the City of Fergus Falls, which added an estimated 381 people, a 2.7% increase from 2020.
- Households expanded 2.7% in the PMA and 3.4% in Fergus Falls from 2020 to 2026.
- Population growth in Fergus Falls is expected to continue to outpace growth in the PMA. From 2026 to 2031, the population in the City is projected to increase by 2.4%, adding 350 people, while population in the PMA is projected to grow 2% (460 people).
- Between 2031 and 2036, the population of Fergus Falls is forecast to increase 2.5% (375 people) against household growth of 3.9% (260 households). During this time the PMA is forecast to experience a 2.1% increase in population and a 3.1% increase in households.
- Achieving the projected population and household growth in Fergus Falls will be dependent on the availability of suitable housing options in the community catering to a variety of household types, age groups and income levels.

TABLE 1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
PRIMARY MARKET AREA
2010 to 2036

Population	Fergus Falls		PMA		Remainder of PMA		Northwest MN	
2010 Census	13,138		21,406		8,268		553,805	
2020 Census	14,119		22,158		8,039		575,441	
2026 Estimate	14,500		22,640		8,140		588,910	
2031 Forecast	14,850		23,100		8,250		600,286	
2036 Forecast	15,225		23,575		8,350		607,706	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	981	7.5%	752	3.5%	-229	-2.8%	21,636	3.9%
2020 - 2026	381	2.7%	482	2.2%	101	1.3%	13,469	2.3%
2026 - 2031	350	2.4%	460	2.0%	110	1.4%	11,376	1.9%
2031 - 2036	375	2.5%	475	2.1%	100	1.2%	7,420	1.2%

Households	Fergus Falls		PMA		Remainder of PMA		Northwest MN	
2010 Census	5,814		9,095		3,281		224,890	
2020 Census	6,171		9,400		3,229		234,970	
2026 Estimate	6,380		9,650		3,270		241,553	
2031 Forecast	6,620		9,930		3,310		247,238	
2036 Forecast	6,880		10,240		3,360		251,118	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	357	6.1%	305	3.4%	-52	-1.6%	10,080	4.5%
2020 - 2026	209	3.4%	250	2.7%	41	1.3%	6,583	2.8%
2026 - 2031	240	3.8%	280	2.9%	40	1.2%	5,685	2.4%
2031 - 2036	260	3.9%	310	3.1%	50	1.5%	3,880	1.6%

Sources: US Census; ESRI; MN State Demographic Center; Maxfield Research & Consulting



Population Age Distribution

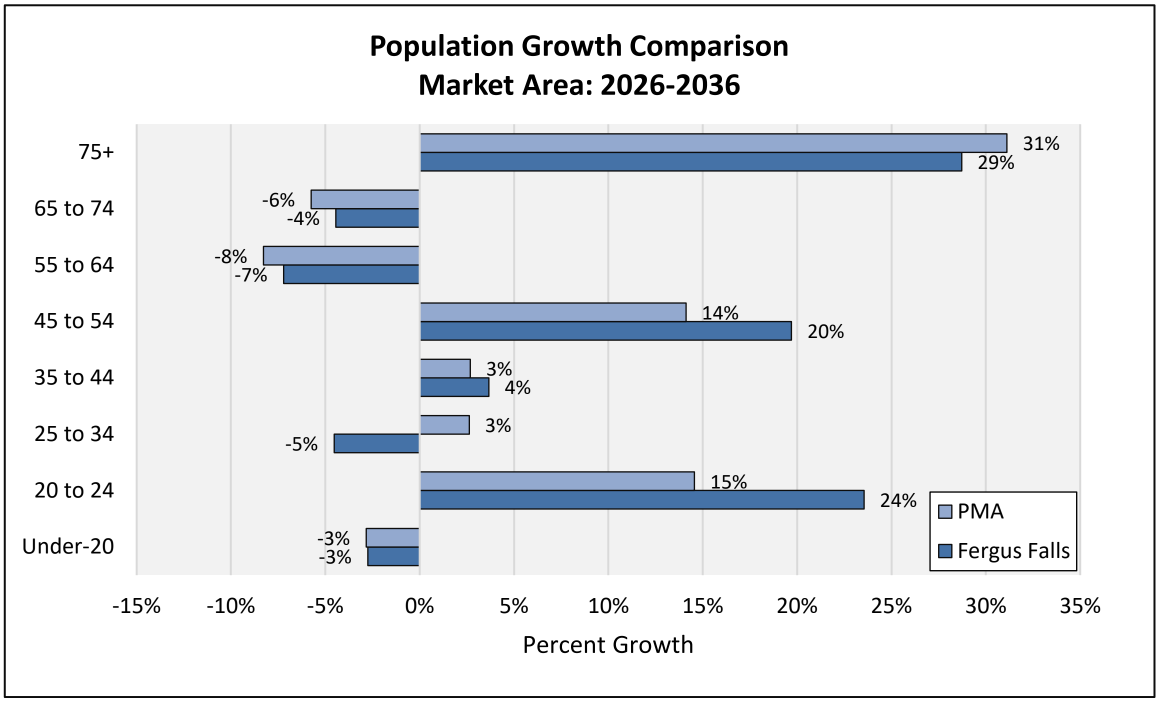
The table on the following page presents the age distribution of the Market Area population from 2010 to 2036. Information from 2010 and 2020 is sourced from the U.S. Census. Age distribution data for 2026 and 2031 was provided by ESRI, with adjustments made by Maxfield Research to reflect the most current population estimates and forecasts. Age distribution projections for 2036 are based on data provided by the Minnesota State Demographic Center and adjusted by Maxfield Research.

The age distribution of a community's population helps evaluate the type(s) of housing needed. For example, younger and older people are more attracted to higher-density housing located near services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes.

- In 2026, the largest adult cohort in Fergus Falls is the 75+ cohort, with a total of 2,008 people (13.9% of the population). The largest adult cohort in the PMA is aged 65 to 74, representing 13.6% of the population.

- As in the PMA, the largest adult age cohort in Northwest Minnesota are people aged 65 to 74, representing 13.1% of the population.

- The senior population of Fergus Falls will transition to older age cohorts. The proportion of the older adult population aged 55 to 64 will decrease from 11.4% of the population in 2026 to 10.1% in 2036, while the 65 to 74 age cohort declines from 12.1% of the population in 2026 to 11% in 2036. The population over age 75 is expected to increase from 13.9% of the population in 2026 to 17% by 2036.



- From 2010 to 2026, the largest population growth in Fergus Falls occurred in the 65 to 74 age cohort, which grew 66.6%, adding 703 people. The second largest growth occurred in the 35 to 44 age group increased 47%.

  - In addition, the under 20 age cohort grew 9.3%, adding 292 people between 2010 and 2026.

- Between 2026 and 2036, the 20 to 24 age cohort is forecasted to experience strong growth during this period, increasing nearly 24% after contracting from 2010 to 2026.

  - The largest percentage increase is projected to occur in the 75+ age cohort (28.7%), while the 45 to 54 age group is forecast to experience 19.7% growth during the same period.

- The largest population declines in Fergus Falls are projected to occur in the 55 to 64 age group (7.2%), 25 to 34 age group (4.5%) and 65 to 74 age group (4.4%), which are a result of demographic shifts that are occurring generally throughout Minnesota.

TABLE 2
POPULATION AGE DISTRIBUTION
MARKET AREA
2010 - 2036

	Census		Estimate	Projection		Change			
						2010-2026		2026-2036	
Age	2010	2020	2026	2031	2036	No.	Pct.	No.	Pct.
Fergus Falls									
Under-20	3,151	3,366	3,443	3,351	3,348	292	9.3	-95	-2.7
20 to 24	760	734	686	827	847	-74	-9.8	162	23.5
25 to 34	1,621	1,672	1,636	1,477	1,562	15	0.9	-74	-4.5
35 to 44	1,270	1,700	1,867	1,884	1,935	597	47.0	68	3.7
45 to 54	1,793	1,351	1,445	1,673	1,729	-348	-19.4	285	19.7
55 to 64	1,620	1,797	1,657	1,471	1,538	37	2.3	-120	-7.2
65 to 74	1,056	1,621	1,759	1,837	1,681	703	66.6	-78	-4.4
75+	1,867	1,878	2,008	2,331	2,585	141	7.6	577	28.7
Total	**13,138**	**14,119**	**14,500**	**14,850**	**15,225**	**1,362**	**10.4**	**725**	**5.0**
Primary Market Area									
Under-20	5,208	5,292	5,242	5,111	5,094	34	0.7	-149	-2.8
20 to 24	1,027	1,001	1,018	1,141	1,167	-9	-0.8	148	14.6
25 to 34	2,295	2,329	2,277	2,216	2,337	-18	-0.8	60	2.6
35 to 44	2,193	2,626	2,800	2,807	2,875	607	27.7	75	2.7
45 to 54	3,400	2,293	2,359	2,612	2,692	-1,041	-30.6	333	14.1
55 to 64	2,923	3,329	2,993	2,632	2,745	70	2.4	-248	-8.3
65 to 74	1,948	2,761	3,082	3,183	2,904	1,134	58.2	-177	-5.8
75+	2,412	2,527	2,869	3,400	3,761	457	18.9	893	31.1
Total	**21,406**	**22,158**	**22,640**	**23,100**	**23,575**	**1,234**	**5.8**	**935**	**4.1**
NW Minnesota									
Under-20	145,550	148,368	146,186	142,095	140,578	636	0.4	-5,608	-3.8
20 to 24	34,279	30,749	33,566	34,783	35,005	-713	-2.1	1,439	4.3
25 to 34	61,193	62,590	62,649	64,923	67,667	1,456	2.4	5,018	8.0
35 to 44	59,824	66,199	70,993	70,230	69,976	11,169	18.7	-1,017	-1.4
45 to 54	82,184	61,348	63,901	70,561	72,564	-18,283	-22.2	8,662	13.6
55 to 64	73,432	83,886	74,191	67,229	69,703	759	1.0	-4,488	-6.0
65 to 74	50,498	69,682	76,885	78,144	72,572	26,387	52.3	-4,313	-5.6
75+	46,845	52,619	60,539	72,320	79,641	13,694	29.2	19,102	31.6
Total	**553,805**	**575,441**	**588,910**	**600,286**	**607,706**	**35,105**	**6.3**	**18,796**	**3.2**

Sources: US Census; ESRI; Minnesota State Demographic Center; Maxfield Research & Consulting

- Typical housing products sought by households in various age groups include:

  - Rental housing targeting the young adult (20 to 24 and 25 to 34) age groups
  - Move-up ownership housing for family households (age 35 to 54), and,
  - Maintenance-free, single-level housing (ownership or rental) targeting the empty nester population (55 to 74 age group)
  - Age-restricted active adult or service-enhanced (i.e. assisted living) senior housing for people age 70 and older.

- Based on age distribution projections for Fergus Falls and the PMA, housing demand is expected to be strongest for units catering to the older senior population, move-up and entry-level ownership housing and rental housing for all age groups.

Household Income

Household income data helps ascertain the demand for different types of housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the U.S. Department of Housing and Urban Development (HUD). The tables on the following pages present data on household income by age of householder for Fergus Falls and the PMA in 2026 and 2031. The data is estimated by ESRI with adjustments made by Maxfield Research to reflect current household estimates and projections.

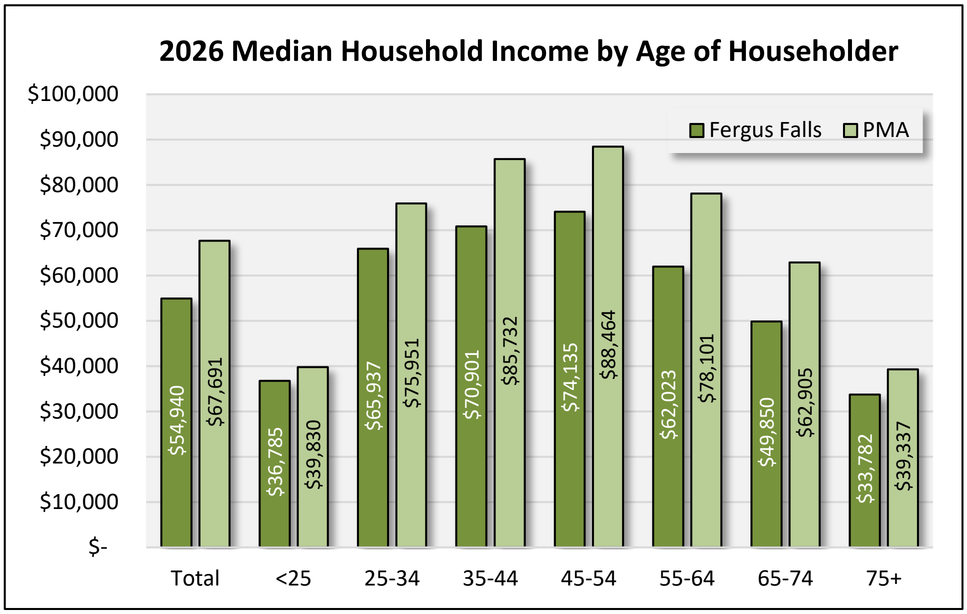
- In 2026, Fergus Falls's median household income is estimated to be $54,940, 23.2% lower than the PMA ($67,691).

- As households age through the lifecycle, incomes tend to peak in their 40s to early 50s. As illustrated in the following chart, this trend is evident in the PMA. In Fergus Falls, the 45 to 54 age group has the highest estimated income at $74,135. The highest incomes in the PMA were also in the 45 to 54 age group, which has an estimated income of $88,464.

- Between 2026 and 2031, the median household income of Fergus Falls is expected to increase 11%, at an estimated $61,040 in 2031. As a result, incomes are not projected to keep pace with inflation, which has averaged 2.8% over the past ten years.

  - By comparison, the median household income is projected to increase 13% in the PMA from 2026 to 2031, averaging 2.6% increases annually.

- Household growth is projected to be strongest among the higher income brackets in Fergus Falls. Within the PMA, all income brackets over $100,000 are expected to increase. Income brackets between $150,000 to $199,999 and $200,000+ are expected to increase by 33%.



- Based on the 2026 median household income in Fergus Falls ($54,940), a household could afford an apartment unit renting for $1,374 per month. The following figure illustrates affordable monthly rents by age group in the City based on that age group's median household income.

Rent Affordability by Age Group in Fergus Falls
Based on Median Household Income

Age Group	Household Income	Affordable Rent
Total	$54,940	$1,374
<25	$36,785	$920
25-34	$65,937	$1,648
35-44	$70,901	$1,773
45-54	$74,135	$1,853
55-64	$62,023	$1,551
65-74	$49,850	$1,246
75+	$33,782	$845

- As presented in the Rental Housing Market section of this study, the average monthly rent for market rate rental housing units in Fergus Falls is $1,016. Based on this rent, a household would need to have an annual income of $40,640 or greater to not exceed 30% of its monthly income on rental housing costs.
  - In 2026, an estimated 6,622 households in the PMA (68.6% of the total) are estimated to have incomes of at least $40,640.
  - Rental housing affordability varies by age group, ranging from 48.4% of all households over the age of 75 and 50.5% of households under age 25 to 78.5% of households age 35 to 44.

TABLE 3

HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF FERGUS FALLS 2026 & 2031								
		Age of Householder						
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
				2026				
Less than $15,000	665	51	60	60	67	106	138	183
$15,000 to $24,999	758	33	57	75	75	107	164	246
$25,000 to $34,999	746	44	89	96	58	100	145	214
$35,000 to $49,999	816	53	115	141	95	117	141	154
$50,000 to $74,999	1,004	40	138	181	136	169	175	165
$75,000 to $99,999	848	29	135	156	142	155	143	89
$100,000 to $149,999	935	18	142	206	160	172	143	94
$150,000 to $199,999	284	1	42	49	57	43	46	46
$200,000 or more	324	3	46	74	57	61	57	26
Total	**6,380**	**271**	**823**	**1,039**	**848**	**1,031**	**1,152**	**1,216**
Median Income	**$54,940**	**$36,785**	**$65,937**	**$70,901**	**$74,135**	**$62,023**	**$49,850**	**$33,782**
				2031				
Less than $15,000	637	57	48	54	70	82	127	199
$15,000 to $24,999	688	36	43	54	77	81	155	242
$25,000 to $34,999	698	47	65	86	61	77	134	228
$35,000 to $49,999	781	53	102	129	98	94	130	176
$50,000 to $74,999	1,030	51	126	161	157	152	189	195
$75,000 to $99,999	920	32	122	171	178	140	155	122
$100,000 to $149,999	1,057	22	144	224	195	169	169	134
$150,000 to $199,999	377	2	44	68	74	47	64	77
$200,000 or more	432	4	58	95	81	74	83	37
Total	**6,620**	**303**	**754**	**1,042**	**990**	**915**	**1,205**	**1,410**
Median Income	**$61,040**	**$37,609**	**$74,620**	**$81,607**	**$79,576**	**$70,903**	**$57,431**	**$38,374**
				Change 2026 - 2031				
Less than $15,000	-28	6	-12	-6	2	-24	-10	16
$15,000 to $24,999	-70	3	-14	-22	1	-26	-9	-4
$25,000 to $34,999	-47	4	-23	-10	3	-23	-11	13
$35,000 to $49,999	-35	-0	-13	-12	3	-24	-11	22
$50,000 to $74,999	26	11	-11	-19	21	-18	13	30
$75,000 to $99,999	72	3	-12	15	36	-15	12	33
$100,000 to $149,999	121	4	3	18	35	-4	26	40
$150,000 to $199,999	94	1	2	20	17	5	18	31
$200,000 or more	108	1	12	20	24	13	26	11
Total	**240**	**32**	**-69**	**3**	**143**	**-116**	**53**	**194**
Median Income	**$6,099**	**$824**	**$8,683**	**$10,707**	**$5,442**	**$8,880**	**$7,581**	**$4,592**
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting								

TABLE 4

HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
PRIMARY MARKET AREA
2026 & 2031

		Age of Householder						
	Total	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
2026								
Less than $15,000	812	55	77	70	82	126	166	237
$15,000 to $24,999	875	34	63	80	83	123	194	298
$25,000 to $34,999	928	47	106	114	70	127	186	278
$35,000 to $49,999	1,098	61	147	159	118	162	209	243
$50,000 to $74,999	1,585	51	193	229	187	301	340	284
$75,000 to $99,999	1,319	38	185	229	213	261	242	151
$100,000 to $149,999	1,739	27	236	347	322	356	304	147
$150,000 to $199,999	615	4	75	104	117	120	119	75
$200,000 or more	679	3	80	171	129	142	114	40
Total	**9,650**	**319**	**1,161**	**1,503**	**1,322**	**1,719**	**1,874**	**1,752**
Median Income	**$67,691**	**$39,830**	**$75,951**	**$85,732**	**$88,464**	**$78,101**	**$62,905**	**$39,337**
2031								
Less than $15,000	764	61	62	61	84	93	147	257
$15,000 to $24,999	792	36	49	60	84	89	177	298
$25,000 to $34,999	839	52	80	96	70	95	159	287
$35,000 to $49,999	1,019	62	129	146	115	122	182	264
$50,000 to $74,999	1,566	61	175	210	196	241	339	345
$75,000 to $99,999	1,396	40	181	232	246	229	263	204
$100,000 to $149,999	1,878	32	255	358	354	329	335	214
$150,000 to $199,999	776	4	91	125	147	132	157	120
$200,000 or more	901	4	115	208	183	166	158	67
Total	**9,930**	**352**	**1,135**	**1,495**	**1,478**	**1,496**	**1,916**	**2,057**
Median Income	**$76,642**	**$40,463**	**$85,513**	**$94,310**	**$94,181**	**$86,973**	**$72,709**	**$46,082**
Change 2026 - 2031								
Less than $15,000	-48	6	-15	-9	2	-33	-19	21
$15,000 to $24,999	-83	2	-14	-20	1	-35	-17	0
$25,000 to $34,999	-89	5	-27	-18	0	-32	-27	9
$35,000 to $49,999	-78	1	-17	-13	-4	-40	-27	22
$50,000 to $74,999	-19	10	-19	-20	9	-61	-1	61
$75,000 to $99,999	77	2	-4	3	32	-32	22	54
$100,000 to $149,999	139	5	20	12	32	-26	30	67
$150,000 to $199,999	161	0	16	21	29	12	38	45
$200,000 or more	221	1	35	37	53	25	44	27
Total	**280**	**33**	**-26**	**-8**	**156**	**-222**	**42**	**305**
Median Income	**$8,951**	**$633**	**$9,562**	**$8,578**	**$5,717**	**$8,872**	**$9,803**	**$6,745**

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting

- As presented in the For-Sale Market section of this study, the 2025 median resale price for detached single-family homes in Fergus Falls was $245,900. A household would need a minimum annual income of $72,418 to be income-qualified (based on 30% of income) for a single-family home purchased at the median price. This assumes a 30-year interest rate of 6.36% (May 2026), a buyer makes a 10% down payment and has good credit.
  - An estimated 4,515 households in the PMA (47% of the total) have incomes of $72,418 or higher.
  - For-sale housing affordability in Fergus Falls (based on the 2025 median resale price for detached single-family homes) ranges from 25% of households under age 25 to 61% of households in the 45 to 54 age group.
- This data indicates that the existing housing is relatively affordable proportionate to household incomes in the PMA. Although younger households moving into the for-sale market may find it difficult to purchase a home on a single income.

Household Tenure by Income

The following table shows the estimated household tenure by income in the Market Area in 2026. Data is based on an estimate from the 2020-2024 American Community Survey and adjusted by Maxfield Research to reflect 2026 data. Generally, the higher the income, the lower the percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income on housing, while middle-aged households in their prime earning years generally allocate 20% to 25% of their income to housing.

- Less than half of households with incomes under $49,999 are owner households in Fergus Falls. Among all households earning less than $49,999, 47.6% are owner households.
- Owner households dominate each income bracket over $50,000. Among all households earning over $50,000, 52.4% were owner households.
  - Homeownership peaks among households earning $150,000 or more at 96%.
- Median household incomes are substantially higher among owner households compared to renter households in Fergus Falls. Owner households have an estimated median household income of $72,315 compared to $37,192 among renter households.
- The highest proportion of renter households in Fergus Falls has incomes in the $50,000 to $74,999 range (20.3% of renter households), followed closely by households with incomes of less than $15,000 (19.4%).

- In the PMA, the difference between owner and renter median household incomes is even larger, while owner households have an estimated household income of $88,114 compared to $35,753 among renter households.

- In the PMA, 19.7% of renter households have incomes in the $35,000 to $49,999 range while 18.8% have incomes of less than $15,000. Households with incomes below $15,000 comprise the largest proportion of renter households in Northwest Minnesota (19.1%).

TABLE 5

TENURE BY HOUSEHOLD INCOME
MARKET AREA
2026

	Fergus Falls		PMA		NW Minnesota	
	No.	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Owner Households						
Less than $15,000	64	12.0	131	20.5	8,752	43.6
$15,000 to $24,999	327	47.3	397	48.9	9,344	51.5
$25,000 to $34,999	483	56.7	644	62.3	11,375	63.3
$35,000 to $49,999	522	60.9	754	66.4	18,764	63.8
$50,000 to $74,999	676	57.9	1,161	68.6	32,441	74.6
$75,000 to $99,999	552	71.8	996	80.3	28,474	84.2
$100,000 to $149,999	795	83.4	1,633	88.9	40,458	91.4
$150,000+	535	96.1	1,240	98.2	32,639	95.0
Subtotal:	*3,954*	*62.0*	*6,957*	*72.1*	*182,247*	*75.4*
2026 Median HH Income	***$72,315***		***$88,114***		***$91,692***	
Renter Households						
Less than $15,000	470	88.0	507	79.5	11,322	56.4
$15,000 to $24,999	365	52.7	414	51.1	8,803	48.5
$25,000 to $34,999	369	43.3	390	37.7	6,597	36.7
$35,000 to $49,999	335	39.1	382	33.6	10,644	36.2
$50,000 to $74,999	491	42.1	530	31.4	11,073	25.4
$75,000 to $99,999	216	28.2	244	19.7	5,337	15.8
$100,000 to $149,999	158	16.6	203	11.1	3,811	8.6
$150,000+	22	3.9	22	1.8	1,718	5.0
Subtotal:	*2,426*	*38.0*	*2,693*	*27.9*	*59,306*	*24.6*
2026 Median HH Income	***$37,192***		***$35,753***		***$42,058***	
Total Households	**6,380**	**100**	**9,650**	**100**	**241,553**	**100**

Sources: 2020-2024 American Community Survey; Maxfield Research & Consulting

Household Tenure by Age

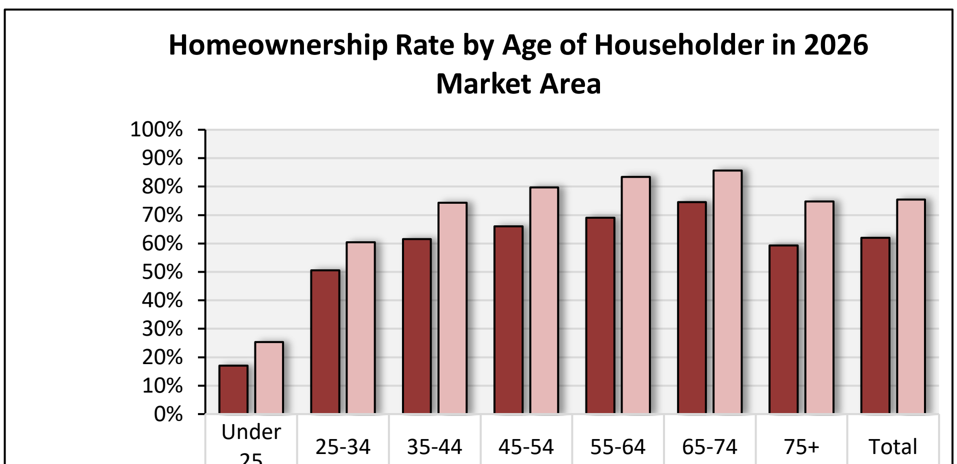
The table on the following page summarizes household tenure by age of householder for the Market Area in 2010 and 2026. Data for 2010 is obtained from the Decennial Census, while the 2026 information is based on the 2020 Decennial Census and adjusted by Maxfield Research to reflect 2026 household estimates. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as dormitories and nursing homes.

Household tenure information is important in understanding households' preferences to rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others.

- In Fergus Falls, an estimated 62% of all households own in 2026, giving it a homeownership rate that is lower than the PMA (72.1%) and the Region (75.4%).

- In the prime ownership years (35 to 64), 65.5% of households in Fergus Falls own in 2026, compared to 76% in the PMA and 81% the Region.

- Typically, the youngest and oldest households rent their housing in greater proportions than middle-aged households. This pattern is apparent among households in Fergus Falls, where the highest rental rates occurred among the under 25 (82.9%) and 25 to 34 (49.5%) age cohorts, as well households over age 75 (40.7%) in 2026.



	Under 25	25-34	35-44	45-54	55-64	65-74	75+	Total
Fergus Falls	17.1%	50.5%	61.6%	66.1%	69.0%	74.5%	59.3%	62.0%
NW MN	25.4%	60.4%	74.3%	79.7%	83.4%	85.6%	74.7%	75.4%

- In the PMA, an estimated 77.7% of households under age 25 rent, while 40.2% of households in the 25 to 34 age group rent. In the Region, 74.6% of households under age 25 and 39.6% of households in the 25 to 34 age group are renters.

TABLE 6

TENURE BY AGE OF HOUSEHOLDER
MARKET AREA
2010 & 2026

	2010					2026				
	No.	Pct.	No.	Pct.	No.	No.	Pct.	No.	Pct.	No.
Fergus Falls	Owner		Renter		Total	Owner		Renter		Total
Under 25	69	20.1%	275	79.9%	344	46	17.1%	225	82.9%	271
25 to 34	468	55.6%	374	44.4%	842	416	50.5%	407	49.5%	823
35 to 44	488	67.0%	240	33.0%	728	640	61.6%	399	38.4%	1,039
45 to 54	750	72.4%	286	27.6%	1,036	560	66.1%	288	33.9%	848
55 to 64	766	75.1%	254	24.9%	1,020	712	69.0%	319	31.0%	1,031
65 to 74	504	76.8%	152	23.2%	656	859	74.5%	293	25.5%	1,152
75+	663	55.8%	525	44.2%	1,188	721	59.3%	495	40.7%	1,216
Total:	**3,708**	**63.8%**	**2,106**	**36.2%**	**5,814**	**3,954**	**62.0%**	**2,426**	**38.0%**	**6,380**
PMA	Owner		Renter		Total	Owner		Renter		Total
Under 25	91	23.3%	300	76.7%	391	71	22.3%	248	77.7%	319
25 to 34	707	62.2%	429	37.8%	1,136	694	59.8%	467	40.2%	1,161
35 to 44	882	74.5%	302	25.5%	1,184	1,076	71.6%	427	28.4%	1,503
45 to 54	1,566	82.4%	335	17.6%	1,901	1,005	76.0%	317	24.0%	1,322
55 to 64	1,451	83.8%	281	16.2%	1,732	1,370	79.7%	349	20.3%	1,719
65 to 74	1,009	84.6%	183	15.4%	1,192	1,541	82.2%	333	17.8%	1,874
75+	996	63.9%	563	36.1%	1,559	1,200	68.5%	552	31.5%	1,752
Total:	**6,702**	**73.7%**	**2,393**	**26.3%**	**9,095**	**6,957**	**72.1%**	**2,693**	**27.9%**	**9,650**
NW Minnesota	Owner		Renter		Total	Owner		Renter		Total
Under 25	2,773	24.9%	8,372	75.1%	11,145	2,315	25.4%	6,804	74.6%	9,119
25 to 34	18,977	63.7%	10,824	36.3%	29,801	17,947	60.4%	11,756	39.6%	29,703
35 to 44	25,244	78.3%	6,988	21.7%	32,232	28,522	74.3%	9,844	25.7%	38,366
45 to 54	38,684	84.0%	7,349	16.0%	46,033	28,672	79.7%	7,311	20.3%	35,983
55 to 64	37,517	87.4%	5,411	12.6%	42,928	36,104	83.4%	7,161	16.6%	43,265
65 to 74	27,011	87.2%	3,975	12.8%	30,986	39,978	85.6%	6,721	14.4%	46,699
75+	22,472	70.7%	9,293	29.3%	31,765	28,708	74.7%	9,710	25.3%	38,418
Total:	**172,678**	**76.8%**	**52,212**	**23.2%**	**224,890**	**182,247**	**75.4%**	**59,306**	**24.6%**	**241,553**

Note: Some totals may not add due to rounding

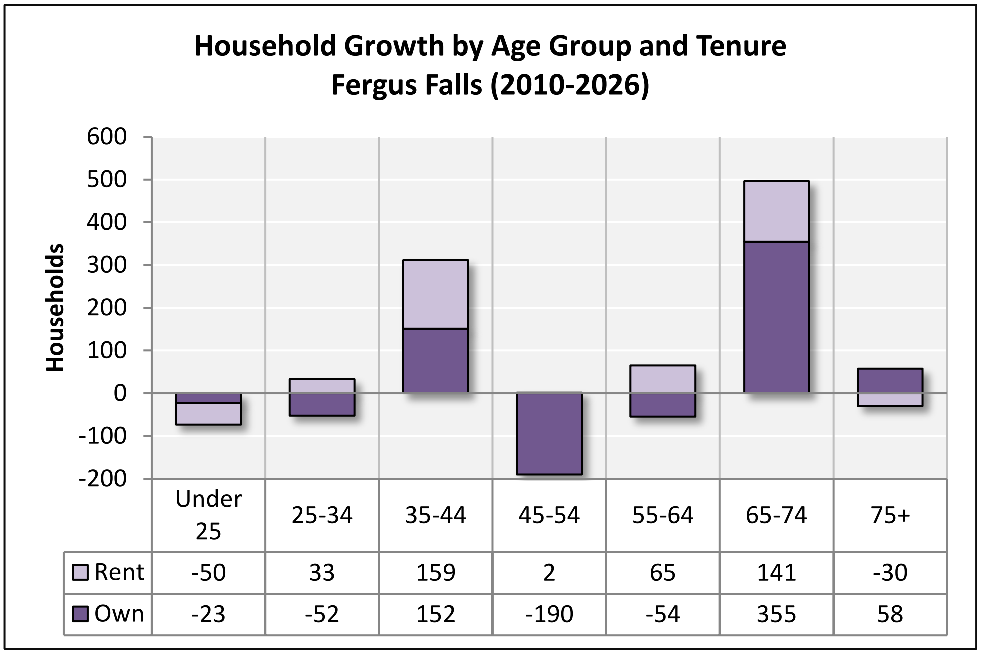
Sources: U.S. Census; Maxfield Research & Consulting

- The number of owner households in Fergus Falls grew by an estimated 246 households between 2010 and 2026, an increase of 6.6%, while the number of renter households expanded 15.2% (320 households).

- By comparison, Northwest Minnesota experienced 5.5% growth in owner households compared to 13.6% growth in renter households between 2010 and 2026.

- The strongest owner household growth from 2010 to 2026 in Fergus Falls occurred in the 35 to 44 (31.1%) and 65 to 74 (70.4%) age groups. During the same time, ownership contracted the most in the 45 to 54 age group (25.3%).

- Renter households experienced their strongest growth among the 35 to 44 (66.4%) and 65 to 74 (92.9%) age groups in Fergus Falls during this period.



Tenure by Household Size

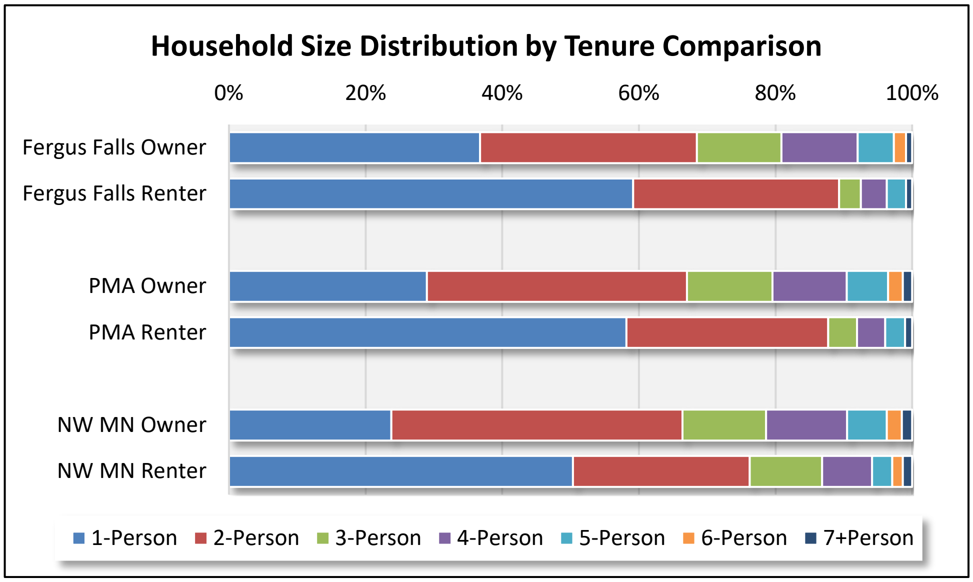
The following table summarizes household tenure by size of household in the Market Area during 2010 and 2026 from the U.S. Census and ACS. Note that some totals may not add due to rounding. The tables show the number and percent of renter and owner housing units by household size. All data excludes unoccupied units and group quarters.

- In 2010, owner households in Fergus Falls recorded an average household size of 2.37, while the average renter household size was 1.74. By 2026, the average size of owner households decreased to 2.33, while the average renter household size declined to 1.55.

- The average owner household size is 2.45 and the average renter household size is 1.57 in 2026.

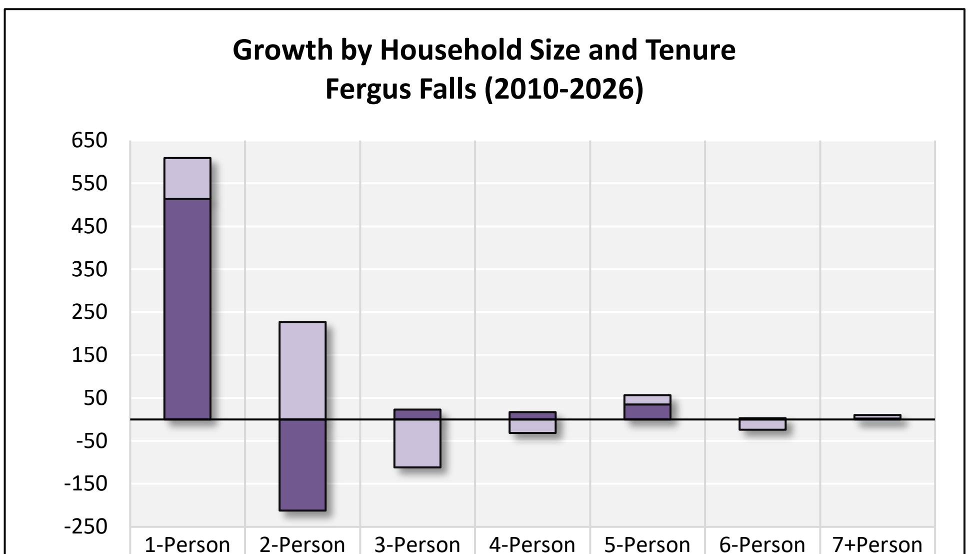
- In 2026, one- and two-person households are, by far, the most common household size in Fergus Falls, representing 22% and 30.6% of all households, respectively.

  - In Fergus Falls, renter households were much more likely to be single-person households (56% of all renter households) compared to owner households (38%). Single person households also represented the largest proportion of renter households in the PMA at 54%.



- Two-person households represented the largest share of owner households in the PMA (39%).

- The largest growth in Fergus Falls households occurred among single-person owner households, which grew 52% from 2010 to 2026, adding 514 households. Two-person renter households grew by 227 households (18%) and five-person owner households added 35 households (19%). The large increase in single-person owner households most likely is a result of significant growth in the senior 65+ cohort.



	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+Person
Rent	95	227	-112	-31	21	-24	8
Own	514	-212	23	17	35	3	3

TABLE 7

HOUSEHOLD SIZE BY TENURE MARKET AREA 2010 & 2026										
	2010					2026				
	No.	Pct.	No.	Pct.	No.	No.	Pct.	No.	Pct.	No.
Fergus Falls	**Owner**		**Renter**		**Total**	**Owner**		**Renter**		**Total**
1-Person	989	44.0%	1,259	56.0%	2,248	1,503	52.6%	1,354	47.4%	2,857
2-Person	1,511	76.5%	464	23.5%	1,975	1,299	65.3%	691	34.7%	1,989
3-Person	483	72.3%	185	27.7%	668	506	87.4%	73	12.6%	579
4-Person	439	78.8%	118	21.2%	557	456	84.0%	87	16.0%	543
5-Person	181	80.8%	43	19.2%	224	216	77.1%	64	22.9%	280
6-Person	70	74.5%	24	25.5%	94	73	100.0%	-	0.0%	73
7+Person	35	72.9%	13	27.1%	48	38	64.4%	21	35.6%	58
Total:	***3,708***	***63.8%***	***2,106***	***36.2%***	***5,814***	***3,954***	***62.0%***	***2,426***	***38.0%***	***6,380***
Avg. HH Size	**2.37**		**1.74**		**2.14**	**2.33**		**1.55**		**2.04**
PMA	**Owner**		**Renter**		**Total**	**Owner**		**Renter**		**Total**
1-Person	1,535	53.0%	1,359	47.0%	2,894	2,068	58.6%	1,464	41.4%	3,532
2-Person	2,897	84.1%	549	15.9%	3,446	2,714	78.5%	743	21.5%	3,456
3-Person	890	80.1%	221	19.9%	1,111	893	89.4%	106	10.6%	999
4-Person	852	84.4%	157	15.6%	1,009	775	88.1%	104	11.9%	880
5-Person	319	84.8%	57	15.2%	376	433	85.5%	73	14.5%	506
6-Person	148	82.2%	32	17.8%	180	154	100.0%	-	0.0%	154
7+Person	61	77.2%	18	22.8%	79	97	79.0%	26	21.0%	123
Total:	***6,702***	***73.7%***	***2,393***	***26.3%***	***9,095***	***6,957***	***72.1%***	***2,693***	***27.9%***	***9,650***
Avg. HH Size	**2.43**		**1.82**		**2.27**	**2.45**		**1.57**		**2.20**
NW Minnesota	**Owner**		**Renter**		**Total**	**Owner**		**Renter**		**Total**
1-Person	38,242	60.5%	24,964	39.5%	63,206	43,996	60.8%	28,408	39.2%	72,404
2-Person	73,685	85.3%	12,706	14.7%	86,391	78,927	84.4%	14,592	15.6%	93,518
3-Person	23,535	78.8%	6,324	21.2%	29,859	22,650	79.1%	5,979	20.9%	28,629
4-Person	21,130	82.6%	4,463	17.4%	25,593	21,914	84.2%	4,107	15.8%	26,021
5-Person	10,280	82.5%	2,183	17.5%	12,463	10,814	86.6%	1,669	13.4%	12,483
6-Person	3,727	79.3%	973	20.7%	4,700	4,055	82.1%	884	17.9%	4,939
7+Person	2,079	77.6%	599	22.4%	2,678	2,787	78.3%	772	21.7%	3,559
Total:	***172,678***	***76.8%***	***52,212***	***23.2%***	***224,890***	***182,247***	***75.4%***	***59,306***	***24.6%***	***241,553***
Avg. HH Size	**2.48**		**2.07**		**2.39**	**2.50**		**1.87**		**2.34**
Sources: U.S. Census; 2020-2024 American Community Survey; Maxfield Research & Consulting										

Household Type

The following table summarizes household type trends in Fergus Falls and the PMA compared to Northwest Minnesota in 2010 and 2026. Data for 2010 is obtained from the Decennial Census, while the 2026 data is based on the 2020-2024 American Community Survey and adjusted by Maxfield Research to reflect 2026 household estimates. Shifting household types can stimulate demand for a variety of housing products.

Married couple households with children typically generate demand for single-family detached ownership housing. Married couples without children, which are generally younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home, may prefer multifamily housing for convenience reasons.

Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing. Changes in non-family households (households living alone and households composed of unrelated roommates) drive demand for rental housing.

- In Fergus Falls, households living alone are estimated to be the most common household type (44.8% of all households), followed by married couples without children (24%) in 2026.
- Family households represent 49% of households in 2026. Family households consist of married couples with children (14.4%), married couples without children (24%) and other family households (10.6%).
- From 2010 to 2026, non-family households experienced the largest growth, adding 700 households (27.4%) in Fergus Falls, notably single-person households.
- Family households accounted for a greater proportion of households in the PMA (58%) compared to Fergus Falls, while the proportion of single person households was lower (36.6%).
- Non-family households experienced the largest growth in the PMA, increasing by 717 households (21.6%), primarily single-person households (22% growth).

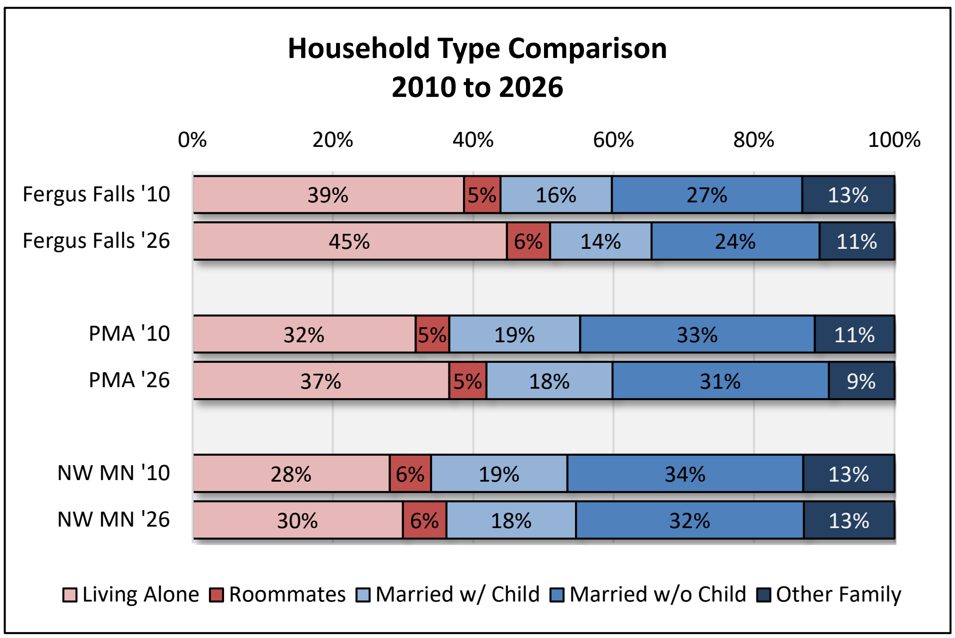


TABLE 8
HOUSEHOLD TYPE
MARKET AREA
2010 & 2026

	Fergus Falls		Primary Market Area		NW Minnesota	
	2010	2026	2010	2026	2010	2026
Total Households	**5,814**	**6,380**	**9,095**	**9,650**	**224,890**	**241,553**
Non-Family Households	**2,552**	**3,252**	**3,326**	**4,043**	**76,422**	**87,440**
Living Alone	2,248	2,857	2,894	3,532	63,206	72,404
Other (Roommates)	304	395	432	511	13,216	15,035
Family Households	**3,262**	**3,128**	**5,769**	**5,607**	**148,468**	**154,113**
Married w/ Children	922	920	1,699	1,730	43,674	44,569
Married w/o Children	1,578	1,530	3,039	2,975	75,637	78,419
Other Family	762	679	1,031	903	29,157	31,125
Change (2010 - 2026)	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Total Households	**566**	**9.7%**	**555**	**6.1%**	**16,663**	**7.4%**
Non-Family Households	**700**	**27.4%**	**717**	**21.6%**	**11,018**	**14.4%**
Living Alone	609	27.1%	638	22.0%	9,198	14.6%
Other (Roommates)	91	29.8%	79	18.4%	1,819	13.8%
Family Households	**-134**	**-4.1%**	**-162**	**-2.8%**	**5,645**	**3.8%**
Married w/ Children	-2	-0.2%	31	1.8%	895	2.0%
Married w/o Children	-48	-3.1%	-64	-2.1%	2,782	3.7%
Other Family	-83	-10.9%	-128	-12.5%	1,968	6.8%

Sources: U.S. Census; 2020-2024 American Community Survey; Maxfield Research & Consulting

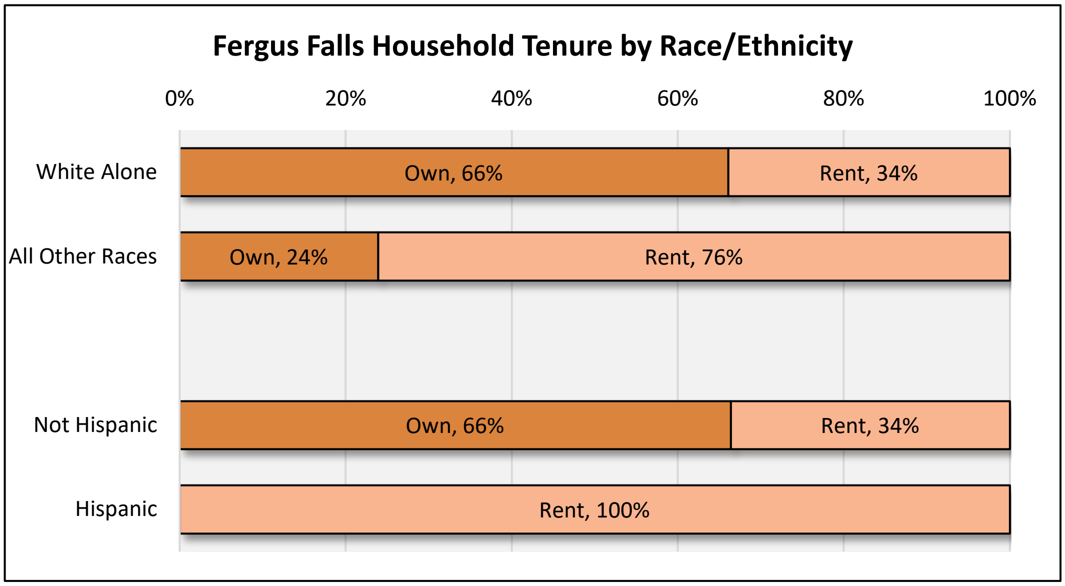
Race and Ethnicity

The following information provides a breakdown of the Market Area population by race and ethnicity. This data is useful in that it illustrates shifts in the demographic characteristics of the Market Area population from 2020 to 2026. Data for 2020 is obtained from the Decennial Census, while current estimates are sourced from ESRI and adjusted by Maxfield Research to reflect 2026 population estimates.

Federal standards mandate that race and ethnicity are separate and distinct identities and Census results are based on self-identification. A person may be categorized as one of two ethnic categories; “Hispanic or Latino” origin or “Not Hispanic or Latino.” In addition, a person can self-identify as having one or more racial identity, including “White,” “Black or African American,” “American Indian or Alaska Native,” “Asian,” and “Native Hawaiian or Other Pacific Islander.” Respondents could also identify as being “Some Other Race.”

- In 2026, “White Alone” comprises the largest proportion of Fergus Falls’ population, at an estimated 91.1% compared to 92.2% in the PMA and 87.1% in Northwest Minnesota. People identifying as Two or More Races were the second most populous group in Fergus Falls (4.7% of the population), the PMA (4.4%) and the Region (5.3%).

- Based on 2020-2024 American Community Survey estimates, 66% of White households in Fergus Falls own their housing. The home ownership rate drops to 24% among all other races in the City. An estimated 0% of Hispanic households own compared to 66% of non-Hispanic households in Fergus Falls.



- Between 2020 and 2026 in Fergus Falls, the largest growth occurred among the White Alone population (329 people, 2.6% growth), while people identifying as being Two or More Races increased by 46 people (7.2% growth).

- The number of people self-identifying as being of Hispanic or Latino origin expanded in Fergus Falls by 42 people between 2020 and 2026, growing 12.1%. Growth of the Hispanic and Latino population was also recorded in the PMA, where the population increased 11.9% and by 16.7% in the Region.

TABLE 9

POPULATION DISTRIBUTION BY RACE & ETHNICITY
MARKET AREA
2020 - 2026

Race/Ethnicity	2020 Census		2026 Estimate		Change 2020-2026	
	No.	Pct.	No.	Pct.	No.	Pct.
Fergus Falls						
White Alone	12,878	91.2%	13,207	91.1%	329	2.6%
Black Alone	246	1.7%	229	1.6%	-17	-6.9%
American Indian Alone	121	0.9%	135	0.9%	14	11.2%
Asian Alone	112	0.8%	104	0.7%	-8	-7.4%
Pacific Islander Alone	8	0.1%	11	0.1%	3	41.2%
Some Other Race Alone	117	0.8%	131	0.9%	14	12.3%
Two or More Races*	637	4.5%	683	4.7%	46	7.2%
Total	**14,119**	**100%**	**14,500**	**100%**	**381**	**2.7%**
Hispanic (ethnicity)	348	2.5%	390	2.7%	42	12.1%
Primary Market Area						
White Alone	20,471	92.4%	20,875	92.2%	404	2.0%
Black Alone	286	1.3%	284	1.3%	-2	-0.8%
American Indian Alone	136	0.6%	159	0.7%	23	16.8%
Asian Alone	142	0.6%	134	0.6%	-8	-5.5%
Pacific Islander Alone	12	0.1%	12	0.1%	0	2.4%
Some Other Race Alone	182	0.8%	191	0.8%	9	4.7%
Two or More Races*	929	4.2%	986	4.4%	57	6.1%
Total	**22,158**	**100%**	**22,640**	**100%**	**482**	**2.2%**
Hispanic (ethnicity)	457	2.1%	511	2.3%	54	11.9%
NW Minnesota						
White Alone	505,322	87.8%	512,782	87.1%	7,460	1.5%
Black Alone	7,592	1.3%	8,636	1.5%	1,044	13.8%
American Indian Alone	23,325	4.1%	23,955	4.1%	630	2.7%
Asian Alone	3,506	0.6%	3,795	0.6%	289	8.2%
Pacific Islander Alone	264	0.0%	300	0.1%	36	13.8%
Some Other Race Alone	7,313	1.3%	8,411	1.4%	1,098	15.0%
Two or More Races*	28,119	4.9%	31,031	5.3%	2,912	10.4%
Total	**575,441**	**100%**	**588,910**	**100%**	**13,469**	**2.3%**
Hispanic (ethnicity)	18,469	3.2%	21,555	3.7%	3,086	16.7%

Sources: U.S. Census; ESRI; Maxfield Research & Consulting

Resident Mobility

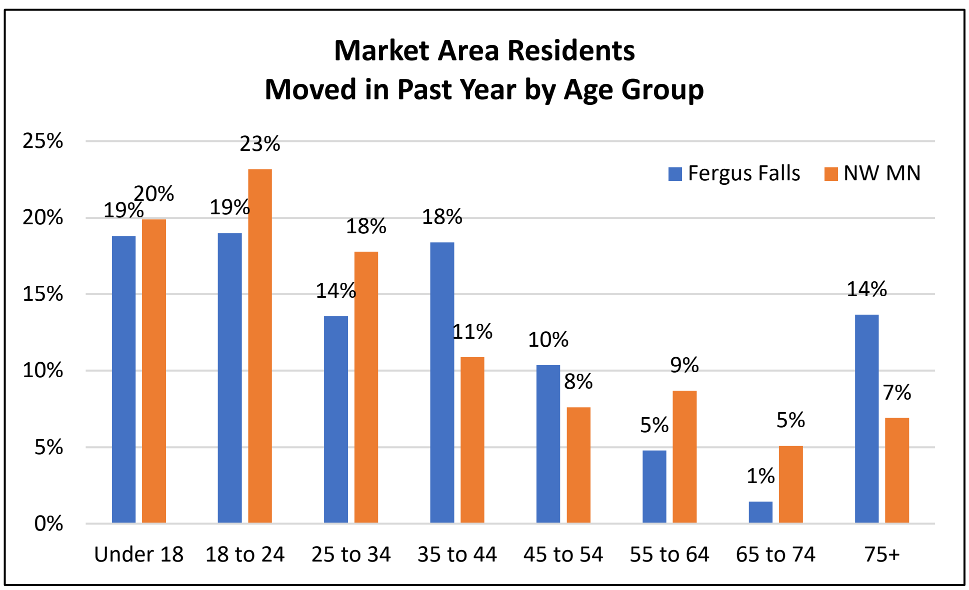
The table on the following page summarizes mobility patterns of Market Area residents within a one-year timeframe. Data for 2026 is based on the 2020-2024 American Community Survey and adjusted by Maxfield Research to reflect current year population estimates. People move for various reasons, but housing is a primary motivator, followed by family-related reasons, and job-related reasons. Local moves are generally housing-related, while longer-distance moves are often job-related.

- Most residents in the Market Area did not change residences within a one-year period according to ACS data, including 84.7% of residents in Fergus Falls, 88.2% in the PMA, and 88.8% of residents in Northwest Minnesota.

- Among the 15.3% of residents who moved in Fergus Falls, most moved within Otter Tail County (9.4%).

- Renter households and younger households tend to be more mobile than owner households and older households. This trend is visible in the City as people ages 18 to 24 and 25 to 34 were the most mobile age cohorts.

- The following graph illustrates the number of residents that moved to Fergus Falls in the past year by age group compared to resident mobility by age group in Northwest Minnesota. Younger age cohorts were more mobile in Fergus Falls compared to Northwest Minnesota.



- Among the residents that moved in Fergus Falls within the one-year period, 19% were under 18, while another 19% were age 18 to 24. Under 18 residents may indicate family households relocating to the Fergus Falls.

TABLE 10

RESIDENT MOBILITY IN PAST YEAR BY AGE GROUP
MARKET AREA
2026

Age	Not Moved		Moved from: Within Same County		Different Co., Same State		Different State		Abroad	
Fergus Falls	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	2,376	16.4%	196	1.4%	156	1.1%	64	0.4%	0	0.0%
18 to 24	756	5.2%	251	1.7%	89	0.6%	73	0.5%	7	0.0%
25 to 34	1,244	8.6%	224	1.5%	3	0.0%	73	0.5%	0	0.0%
35 to 44	1,520	10.5%	205	1.4%	79	0.5%	122	0.8%	0	0.0%
45 to 54	1,150	7.9%	142	1.0%	84	0.6%	3	0.0%	0	0.0%
55 to 64	1,815	12.5%	76	0.5%	0	0.0%	30	0.2%	0	0.0%
65 to 74	1,666	11.5%	16	0.1%	0	0.0%	15	0.1%	0	0.0%
75+	1,762	12.2%	249	1.7%	42	0.3%	11	0.1%	0	0.0%
Total	**12,289**	**84.7%**	**1,359**	**9.4%**	**454**	**3.1%**	**391**	**2.7%**	**7**	**0.0%**
PMA	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	4,228	18.7%	271	1.2%	183	0.8%	129	0.6%	15	0.1%
18 to 24	1,121	5.0%	269	1.2%	106	0.5%	74	0.3%	7	0.0%
25 to 34	1,887	8.3%	242	1.1%	27	0.1%	86	0.4%	0	0.0%
35 to 44	2,309	10.2%	240	1.1%	83	0.4%	133	0.6%	4	0.0%
45 to 54	2,137	9.4%	162	0.7%	98	0.4%	7	0.0%	0	0.0%
55 to 64	3,258	14.4%	98	0.4%	13	0.1%	48	0.2%	3	0.0%
65 to 74	2,790	12.3%	23	0.1%	10	0.0%	18	0.1%	0	0.0%
75+	2,247	9.9%	258	1.1%	41	0.2%	13	0.1%	0	0.0%
Total	**19,978**	**88.2%**	**1,563**	**6.9%**	**562**	**2.5%**	**508**	**2.2%**	**29**	**0.1%**
NW Minnesota	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	117,156	19.9%	6,669	1.1%	3,608	0.6%	2,630	0.4%	202	0.0%
18 to 24	33,791	5.7%	5,599	1.0%	6,403	1.1%	3,006	0.5%	262	0.0%
25 to 34	52,595	8.9%	5,079	0.9%	4,001	0.7%	2,429	0.4%	207	0.0%
35 to 44	62,698	10.6%	3,286	0.6%	2,522	0.4%	1,259	0.2%	110	0.0%
45 to 54	58,869	10.0%	2,285	0.4%	1,733	0.3%	857	0.1%	138	0.0%
55 to 64	79,262	13.5%	2,261	0.4%	2,276	0.4%	1,060	0.2%	126	0.0%
65 to 74	70,068	11.9%	1,427	0.2%	1,123	0.2%	746	0.1%	55	0.0%
75+	48,561	8.2%	2,622	0.4%	1,331	0.2%	502	0.1%	99	0.0%
Total	**523,000**	**88.8%**	**29,228**	**5.0%**	**22,997**	**3.9%**	**12,488**	**2.1%**	**1,198**	**0.2%**

Sources: 2020-2024 American Community Survey; Maxfield Research & Consulting

Employment Trends

Introduction

Employment characteristics are relevant when evaluating housing needs in any given market area as employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households, however, choose to commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. In many areas, particularly less densely populated areas, people will choose to live further from their place of work because they prefer a rural lifestyle (i.e. they want to live on a wooded lot or be near a body of water) or suitable housing may not be available in their employer's community.

This section of the report evaluates employment trends and characteristics in Fergus Falls as they relate to housing demand in the community, with select comparisons made to Otter Tail County and Northwest Minnesota. The following topics are reviewed.

- Labor force, resident employment and unemployment trends
- Commuting patterns
- Job growth trends and projections
- Employment and average wages by industry sector
- Major employers

The Minnesota Department of Employment and Economic Development (MN DEED) is the primary data resource for this section of the study. Other information sources include the United Stated Bureau of Labor Statistics and the United States Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program.

Resident Employment

The following table shows information on the labor force, resident employment and unemployment in Otter Tail County compared to Northwest Minnesota and Minnesota. Data is sourced from MN DEED. City-level resident employment data is only available for large cities in Minnesota, so information specific to Fergus Falls is not available. Resident employment data reveals the workforce and number of employed people living in the area. It is important to note that not all these individuals necessarily work in the area.

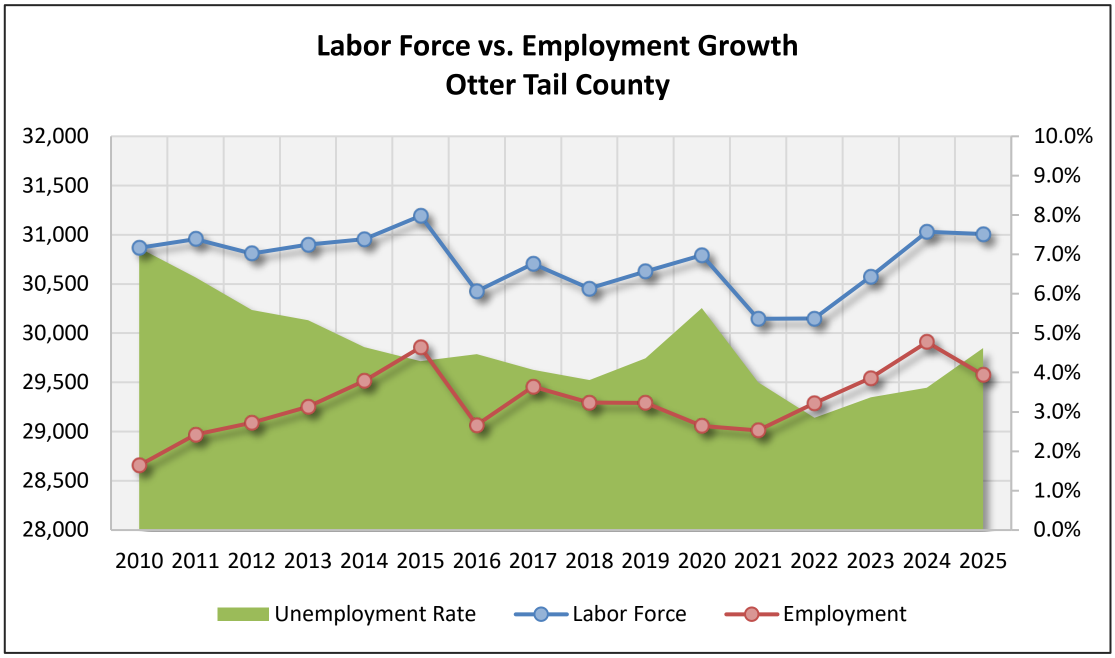
TABLE 11
LABOR FORCE AND RESIDENT EMPLOYMENT TRENDS
FERGUS FALLS MARKET AREA
2010 - 2025

	Otter Tail County			Northwest Minnesota			Minnesota		
Year	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate
2025	31,007	29,574	4.6%	303,860	289,477	4.7%	3,171,537	3,047,038	3.9%
2024	31,031	29,909	3.6%	301,898	290,611	3.7%	3,137,559	3,039,322	3.1%
2023	30,575	29,544	3.4%	296,444	286,329	3.4%	3,108,093	3,020,890	2.8%
2022	30,149	29,289	2.9%	292,476	283,731	3.0%	3,070,397	2,993,599	2.5%
2021	30,145	29,013	3.8%	292,561	280,961	4.0%	3,045,287	2,933,282	3.7%
2020	30,793	29,058	5.6%	297,740	279,119	6.3%	3,117,663	2,922,198	6.3%
2019	30,628	29,292	4.4%	295,601	282,601	4.4%	3,111,673	3,009,672	3.3%
2018	30,454	29,294	3.8%	293,101	281,206	4.1%	3,075,089	2,982,657	3.0%
2017	30,705	29,456	4.1%	294,583	281,325	4.5%	3,071,005	2,963,829	3.5%
2016	30,426	29,066	4.5%	294,798	280,201	5.0%	3,023,110	2,906,348	3.9%
2015	31,194	29,856	4.3%	300,940	286,758	4.7%	3,005,413	2,891,672	3.8%
2014	30,955	29,517	4.6%	297,224	282,046	5.1%	2,979,798	2,852,487	4.3%
2013	30,899	29,252	5.3%	295,766	278,358	5.9%	2,961,728	2,812,452	5.0%
2012	30,810	29,088	5.6%	296,666	277,809	6.4%	2,949,769	2,783,181	5.6%
2011	30,957	28,969	6.4%	298,609	276,709	7.3%	2,952,527	2,760,399	6.5%
2010	30,869	28,657	7.2%	297,986	274,362	7.9%	2,940,816	2,723,025	7.4%

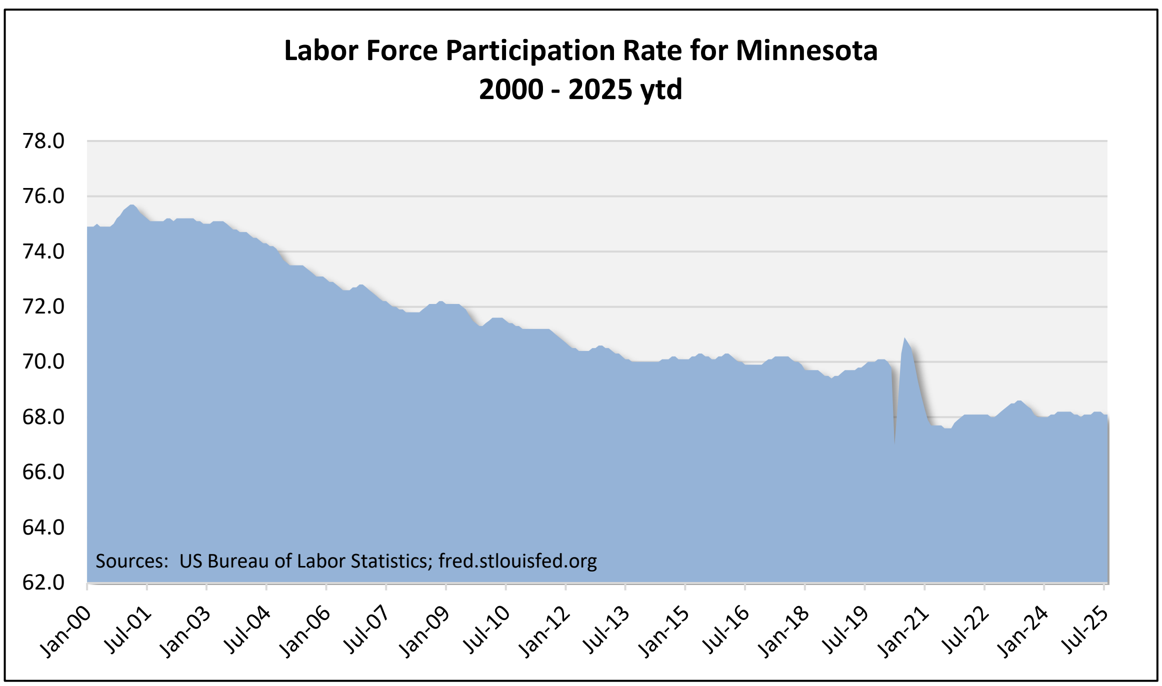
Sources: Minnesota DEED; Maxfield Research & Consulting

- In 2025, Otter Tail County had an annual labor force of 31,007 with 29,574 employed residents (4.6% unemployment).
  - By comparison, the unemployment rate was at 4.7% in Northwest Minnesota and 3.9% in Minnesota.
- Otter Tail County's labor force increased by 138 people between 2010 and 2025 (0.8% change), while resident employment increased 3.2% (917).
  - By comparison, Northwest Minnesota experienced 2% labor force growth against a 5.5% increase in resident employment between 2010 and 2025, while Minnesota's labor force expanded 7.8% against an 11.9% resident employment increase.

- Because resident employment growth has outpaced labor force growth, unemployment rates dropped in the area, declining from 7.2% in 2010 to 4.6% during 2025 in Otter Tail County. The Region's unemployment rate decreased from 7.9% in 2010 to 4.7% in 2025.



- Decreasing labor force participation has also contributed to the declining unemployment rates. The decline was due to several factors, notably an aging population but also by workers being forced out of the labor market, children needing to attend school from home and increased unemployment benefits, among others.



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting pattern data for the City of Fergus Falls from the U.S. Census Bureau Local Employment Dynamics data for 2023, the most recent data available.

The following table provides a summary of the inflow and outflow characteristics of the workers in Fergus Falls. Outflow reflects the number of workers living in the area but employed outside the City, while inflow measures the number of workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in Fergus Falls.

- The City of Fergus Falls is a net importer of workers. There are 5,762 workers commuting into the City for work, compared with 2,393 workers who leave the City for work.
- The number of people who live and work in Fergus Falls (interior flow) is substantial, representing 3,924 workers.
- With 5,762 workers commuting into Fergus Falls for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

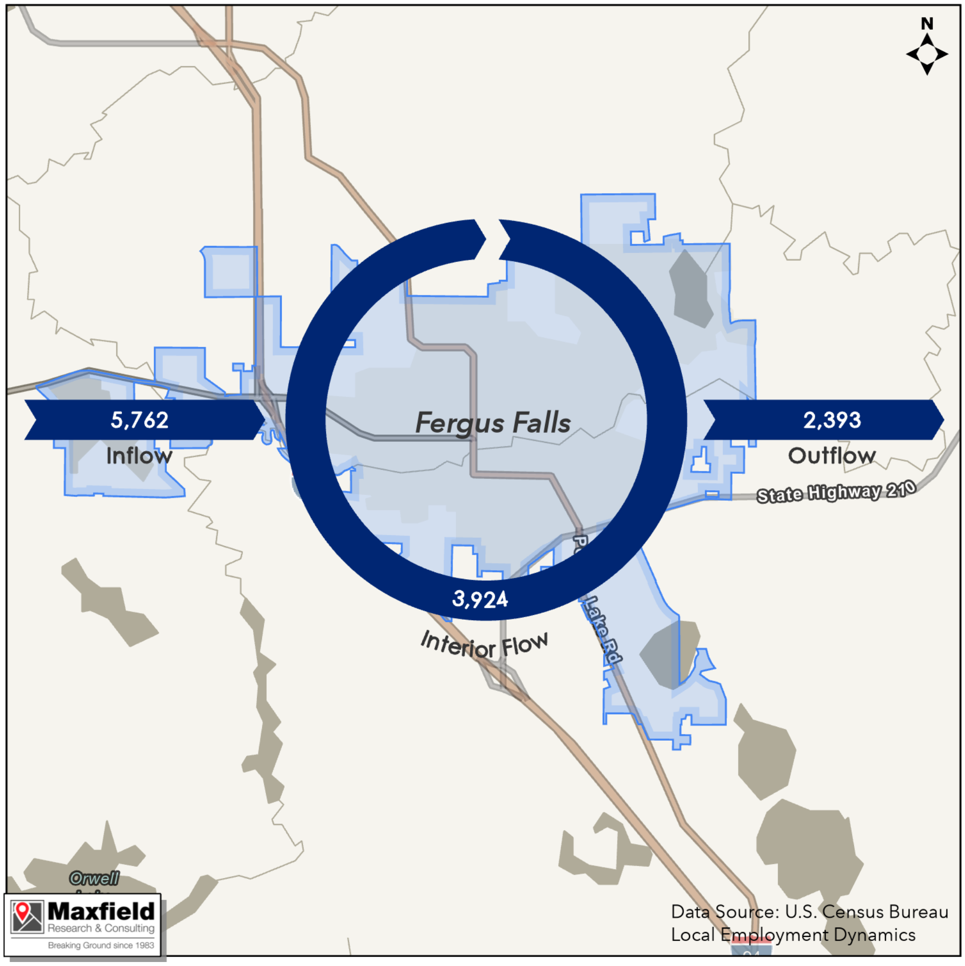
TABLE 12
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
FERGUS FALLS
2023

	Outflow		Inflow		Interior Flow	
Primary Jobs	**2,393**	**100%**	**5,762**	**100%**	**3,924**	**100%**
By Age						
Workers Aged 29 or younger	626	26.2%	1,060	18.4%	846	21.6%
Workers Aged 30 to 54	1,183	49.4%	2,944	51.1%	2,002	51.0%
Workers Aged 55 or older	584	24.4%	1,758	30.5%	1,076	27.4%
By Monthly Wage						
Workers Earning $1,250/month or less	533	22.3%	1,166	20.2%	1,000	25.5%
Workers Earning $1,251 to $3,333/month	543	22.7%	1,387	24.1%	1,087	27.7%
Workers Earning More than $3,333/month	1,317	55.0%	3,209	55.7%	1,837	46.8%
By Industry						
"Goods Producing"	546	22.8%	671	11.6%	436	11.1%
"Trade, Transportation, and Utilities"	496	20.7%	1,175	20.4%	904	23.0%
"All Other Services"*	1,351	56.5%	3,916	68.0%	2,584	65.9%

*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting

2023 Commuting Pattern
City of Fergus Falls



The following table highlights commuting patterns, including distance and destination, of workers with primary jobs in Fergus Falls based on Local Employment Dynamics data for 2023. Home Destination summarizes where workers live who are employed in the City, while Work Destination represents where workers are employed who live in Fergus Falls.

- There were 3,924 people living and working Fergus Falls, this represented 40.5% of workers employed in the City and 62.1% of workers living in Fergus Falls.
- Workers in Fergus Falls were most likely to commute from All Other Locations 52.7%, with workers commuting from Battle Lake (1.1%) and Pelican Rapids (1%).
- Among workers living in Fergus Falls, 27.4% commuted to All Other Locations, with 3% of workers living in Fargo, 1.2% in Wahpeton, and 1.1% in Alexandria.

- People working in Fergus Falls were most likely (56%) to commute less than 10 miles. Workers living in Fergus Falls were also most likely to commute less than 10 miles, representing 66.3% of workers.

- An estimated 19% of the workers in Fergus Falls commute from a distance of 10 to 24 miles while another 13% come from more than 50 miles away.

TABLE 13
COMMUTING PATTERNS
FERGUS FALLS
2023

Home Destination by Place			Work Destination by Place		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
Fergus Falls city, MN	3,924	40.5%	Fergus Falls city, MN	3,924	62.1%
Battle Lake city, MN	111	1.1%	Fargo city, ND	190	3.0%
Pelican Rapids city, MN	97	1.0%	Wahpeton city, ND	73	1.2%
Elbow Lake city, MN	84	0.9%	Alexandria city, MN	69	1.1%
Wahpeton city, ND	69	0.7%	Willmar city, MN	69	1.1%
Fargo city, ND	63	0.7%	Detroit Lakes city, MN	68	1.1%
Alexandria city, MN	62	0.6%	Minneapolis city, MN	60	0.9%
Dalton city, MN	61	0.6%	Breckenridge city, MN	47	0.7%
Detroit Lakes city, MN	56	0.6%	Battle Lake city, MN	44	0.7%
Breckenridge city, MN	51	0.5%	Pelican Rapids city, MN	43	0.7%
All Other Locations	5,108	52.7%	All Other Locations	1,730	27.4%
Home Destination			**Work Destination**		
Distance Traveled	**Count**	**Share**	**Distance Traveled**	**Count**	**Share**
Primary Jobs	9,686	100.0%	Primary Jobs	6,317	100.0%
Less than 10 miles	5,428	56.0%	Less than 10 miles	4,186	66.3%
10 to 24 miles	1,868	19.3%	10 to 24 miles	269	4.3%
25 to 50 miles	1,180	12.2%	25 to 50 miles	485	7.7%
Greater than 50 miles	1,210	12.5%	Greater than 50 miles	1,377	21.8%

Home Destination = Where workers live who are employed in the selection area
Work Destination = Where workers are employed who live in the selection area

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting

Employment Growth Trends

The following table shows employment growth trends and projections from 2010 to 2035 for Fergus Falls, Otter Tail County and Northwest Minnesota. Data is sourced from the Quarterly Census of Employment and Wages (QCEW) and represents annual average employment. All establishments covered under the Unemployment Insurance Program are required to report wage and employment data quarterly. Federal government establishments are also covered by the QCEW program. Workers and jobs excluded from these statistics include the self-employed, family farm workers, and those who work only on a commission basis.

Projections for 2035 are based on 2022-2032 industry projections for Northwest Minnesota, the most recent forecast available from MN DEED. Maxfield Research applied the projected annual rate of growth to 2025 employment data to arrive at the forecast for the Region. We then projected employment for Otter Tail County and Fergus Falls based on a review of changes to the proportion of the Region's growth that occurred in each area since 2010.

- In 2025, there were 22,564 jobs in Otter Tail County, including 9,265 jobs in Fergus Falls.
  - Fergus Falls contains 41% of all jobs in Otter Tail County, while employment in the County represents 10.1% of all jobs in Northwest Minnesota.

TABLE 14
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
FERGUS FALLS MARKET AREA
2010 to 2035

Annual Employment	City of Fergus Falls	Otter Tail County	Remainder of County	Northwest Minnesota
2010	10,172	21,350	11,178	207,558
2019	9,879	22,843	12,964	223,235
2020	9,336	21,662	12,326	210,996
2025	9,265	22,564	13,299	226,221
2035 Forecast	**10,000**	**24,139**	**14,139**	**237,118**

Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2019	-293	-2.9%	1,493	7.0%	1,786	16.0%	15,677	7.6%
2019 - 2020	-543	-5.5%	-1,181	-5.2%	-638	-4.9%	-12,239	-5.5%
2020 - 2025	-71	-0.8%	902	4.2%	973	7.9%	15,225	7.2%
2025 - 2035	**735**	**7.9%**	**1,575**	**7.0%**	**840**	**6.3%**	**10,897**	**4.8%**

Sources: MN DEED; Maxfield Research & Consulting

- Employment in Fergus Falls decreased 2.9% between 2010 and 2019, while employment in the County increased 7%. Northwest Minnesota experienced a 7.6% increase in jobs during the same time.

- Due, in part, to the COVID-19 pandemic and subsequent recession, employment in the County contracted 5.2% between 2019 and 2020, including a 5.5% decrease in Fergus Falls.

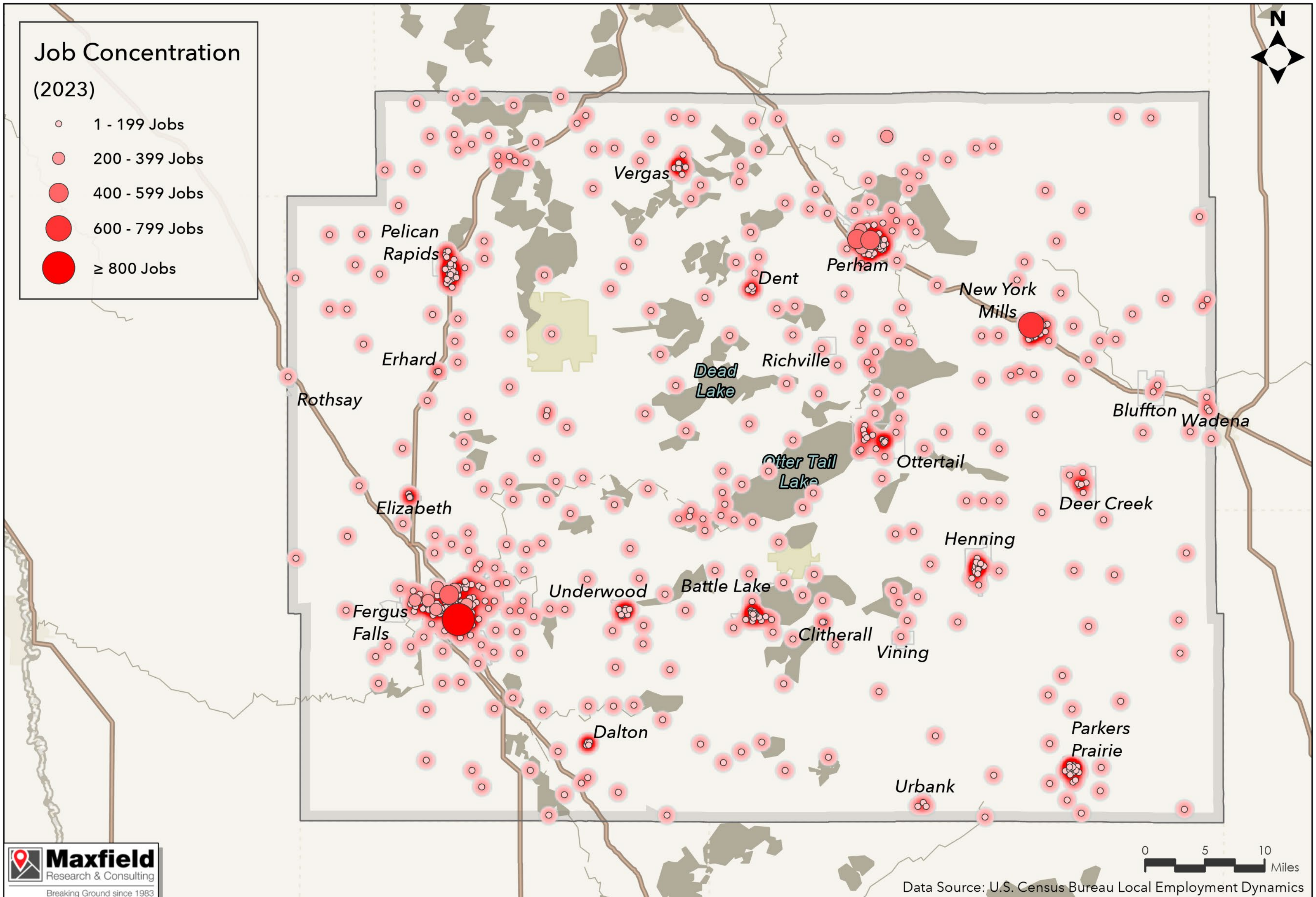
- From 2020 to 2025, employment recovered to pre-COVID levels, increasing 4.2% in Otter Tail County and decreasing 0.8% in Fergus Falls during this time.

- Moderate job growth is anticipated to 2035. Otter Tail County is forecast to experience a 7% increase in employment from 2025 to 2035, adding 1,575 jobs. Fergus Falls is projected to gain 735 jobs (7.9% increase).

- While projections indicate employment growth in Fergus Falls and the County, actual job growth will be based on increased, or decreased, hiring at area employers.

- Labor availability will be a key factor impacting the ability of Fergus Falls and Otter Tail County to sustain employment levels and achieve the projected job growth. New housing will be needed to support potential labor force growth in the area.

Otter Tail County Job Concentrations



Industry Employment and Wage Data

The tables on the following pages display information on the employment and wage situation in Fergus Falls and Otter Tail County compared to Northwest Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED and represents data for the second quarter of 2023, 2024, and 2025.

Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers, or one employer comprises too much of the employment in that geography.

- Education and Health Services was the largest employment sector in Fergus Falls during the second quarter of 2025, with 3,288 reported jobs (35% of the total), followed by Trade, Transportation and Utilities with 2,072 and jobs (22.1%).

- Education and Health Services and Trade, Transportation and Utilities were the largest employment sectors in Otter Tail County and Northwest Minnesota.

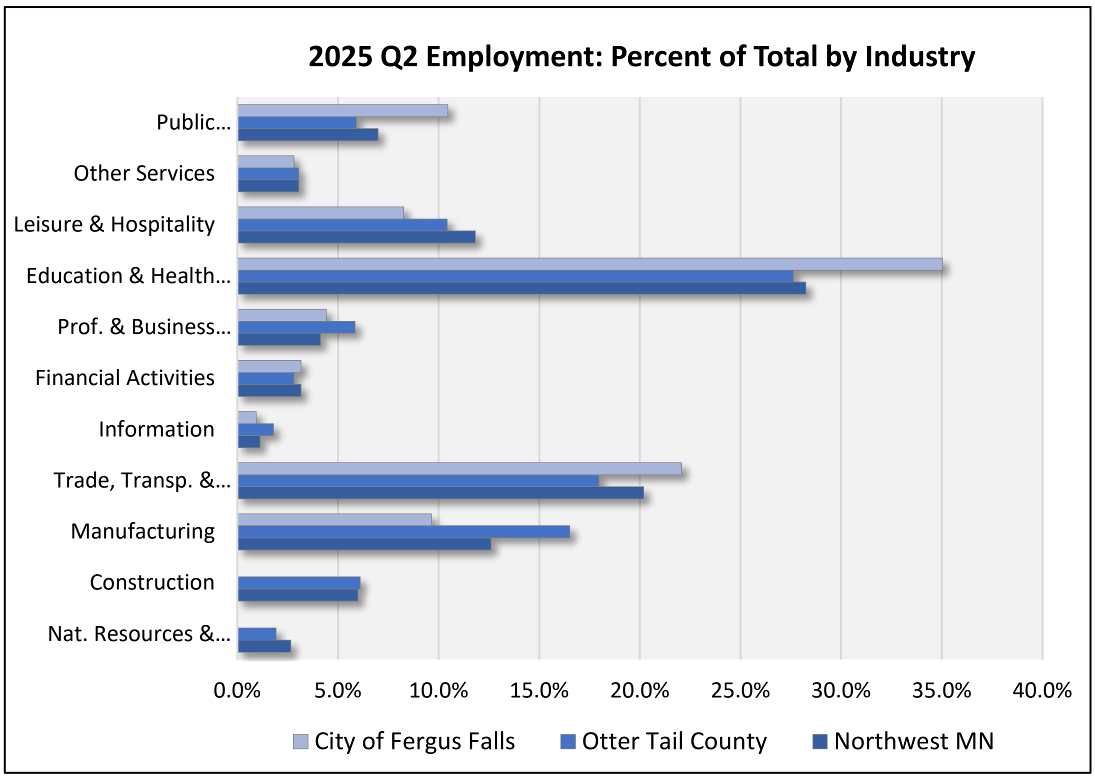


TABLE 15
INDUSTRY EMPLOYMENT TRENDS
FERGUS FALLS MARKET AREA
2023 - 2025

Industry	2023 Q2	2024 Q2	2025 Q2	Change 2023-2024 No.	Change 2023-2024 Pct.	Change 2024-2025 No.	Change 2024-2025 Pct.
City of Fergus Falls							
Total, All Industries	**9,744**	**9,680**	**9,384**	**-64**	**-0.7%**	**-296**	**-3.1%**
Natural Resources & Mining	11	18	--	7	63.6%	--	--
Construction	254	261	--	7	2.8%	--	--
Manufacturing	932	939	906	7	0.8%	-33	-3.5%
Trade, Transportation & Utilities	2,201	2,177	2,072	-24	-1.1%	-105	-4.8%
Information	93	94	88	1	1.1%	-6	-6.4%
Financial Activities	305	278	297	-27	-8.9%	19	6.8%
Prof. & Business Svcs.	435	396	415	-39	-9.0%	19	4.8%
Education & Health Svcs.	3,374	3,310	3,288	-64	-1.9%	-22	-0.7%
Leisure & Hospitality	818	855	775	37	4.5%	-80	-9.4%
Other Services	319	350	264	31	9.7%	-86	-24.6%
Public Administration	1,000	1,001	982	1	0.1%	-19	-1.9%
Otter Tail County							
Total, All Industries	**23,159**	**23,536**	**23,070**	**377**	**1.6%**	**-466**	**-2.0%**
Natural Resources & Mining	424	487	443	63	14.9%	-44	-9.0%
Construction	1,317	1,393	1,410	76	5.8%	17	1.2%
Manufacturing	3,922	3,858	3,810	-64	-1.6%	-48	-1.2%
Trade, Transportation & Utilities	4,343	4,363	4,144	20	0.5%	-219	-5.0%
Information	429	445	416	16	3.7%	-29	-6.5%
Financial Activities	662	638	650	-24	-3.6%	12	1.9%
Prof. & Business Svcs.	1,399	1,386	1,350	-13	-0.9%	-36	-2.6%
Education & Health Svcs.	6,220	6,264	6,372	44	0.7%	108	1.7%
Leisure & Hospitality	2,295	2,467	2,404	172	7.5%	-63	-2.6%
Other Services	742	799	704	57	7.7%	-95	-11.9%
Public Administration	1,403	1,432	1,364	29	2.1%	-68	-4.7%
Northwest MN							
Total, All Industries	**227,826**	**231,432**	**229,512**	**3,606**	**1.6%**	**-1,920**	**-0.8%**
Natural Resources & Mining	5,600	5,957	6,100	357	6.4%	143	2.4%
Construction	13,282	14,021	13,765	739	5.6%	-256	-1.8%
Manufacturing	30,398	29,966	28,919	-432	-1.4%	-1,047	-3.5%
Trade, Transportation & Utilities	47,425	47,542	46,337	117	0.2%	-1,205	-2.5%
Information	2,623	2,607	2,599	-16	-0.6%	-8	-0.3%
Financial Activities	7,405	7,305	7,275	-100	-1.4%	-30	-0.4%
Prof. & Business Svcs.	9,297	9,334	9,481	37	0.4%	147	1.6%
Education & Health Svcs.	62,356	64,120	64,838	1,764	2.8%	718	1.1%
Leisure & Hospitality	26,825	27,535	27,128	710	2.6%	-407	-1.5%
Other Services	7,049	7,152	7,009	103	1.5%	-143	-2.0%
Public Administration	15,563	15,889	16,058	326	2.1%	169	1.1%

Sources: MN DEED; Maxfield Research & Consulting

- Employment in Fergus Falls contracted 0.7%, losing 64 jobs, between the second quarters of 2023 and 2024. An additional 296 jobs were lost between the second quarters of 2024 and 2025 resulting in a 3.1% drop in employment.

  - Northwest Minnesota experienced job growth between the second quarters of 2023 and 2024, adding 3,606 jobs, a 1.6% increase in employment. From Q2 of 2024 to 2025, employment contracted -0.8% (-1,920 jobs).

- The average weekly wage in Fergus Falls was $1,145 in the second quarter of 2025. Wages were higher in Fergus Falls compared to Otter Tail County ($1,007) and Northwest Minnesota ($1,030).

- The highest weekly wage in Fergus Falls was reported in the Public Administration sector ($1,615), which accounts for 11% of employment in the City.

- The largest employment sector, Education and Health Services, reported an average weekly wage of $1,129, 1% lower than the average weekly wage in 2025.

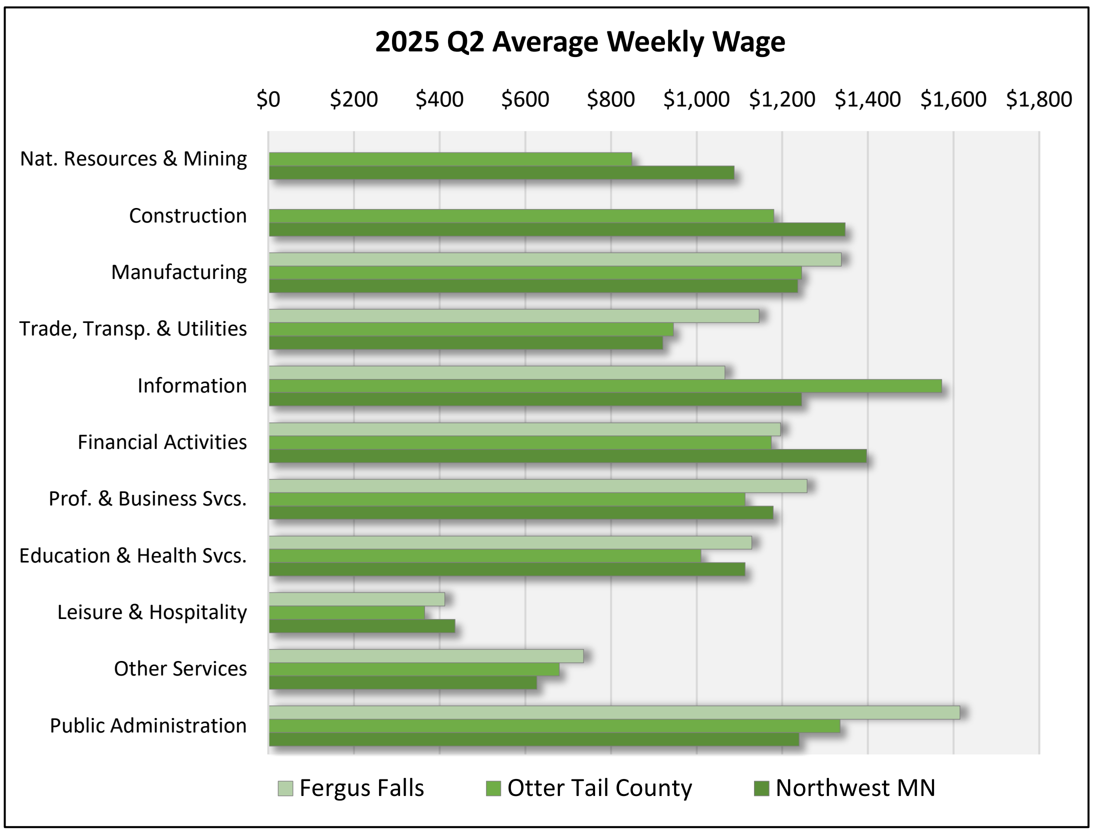


TABLE 16
AVERAGE WEEKLY WAGES
FERGUS FALLS MARKET AREA
2023 - 2025

				Change			
				2023-2024		2024-2025	
Industry	**2023 Q2**	**2024 Q2**	**2025 Q2**	**No.**	**Pct.**	**No.**	**Pct.**
City of Fergus Falls							
Total, All Industries	**$992**	**$1,059**	**$1,145**	**$67**	**6.8%**	**$86**	**8.1%**
Natural Resources & Mining	$1,177	$788	--	-$389	-33.1%	--	--
Construction	$1,174	$1,363	--	$189	16.1%	--	--
Manufacturing	$1,201	$1,280	$1,338	$79	6.6%	$58	4.5%
Trade, Transportation & Utilities	$953	$1,003	$1,146	$50	5.2%	$143	14.3%
Information	$972	$1,034	$1,066	$62	6.4%	$32	3.1%
Financial Activities	$1,181	$1,280	$1,196	$99	8.4%	-$84	-6.6%
Prof. & Business Svcs.	$1,181	$1,274	$1,258	$93	7.9%	-$16	-1.3%
Education & Health Svcs.	$984	$1,065	$1,129	$81	8.2%	$64	6.0%
Leisure & Hospitality	$360	$382	$412	$22	6.1%	$30	7.9%
Other Services	$551	$581	$736	$30	5.4%	$155	26.7%
Public Administration	$1,381	$1,483	$1,615	$102	7.4%	$132	8.9%
Otter Tail County							
Total, All Industries	**$918**	**$950**	**$1,007**	**$32**	**3.5%**	**$57**	**6.0%**
Natural Resources & Mining	$845	$864	$849	$19	2.2%	-$15	-1.7%
Construction	$1,124	$1,193	$1,180	$69	6.1%	-$13	-1.1%
Manufacturing	$1,125	$1,139	$1,245	$14	1.2%	$106	9.3%
Trade, Transportation & Utilities	$836	$867	$946	$31	3.7%	$79	9.1%
Information	$1,469	$1,523	$1,572	54	3.7%	$49	3.2%
Financial Activities	$1,098	$1,198	$1,174	$100	9.1%	-$24	-2.0%
Prof. & Business Svcs.	$1,062	$1,090	$1,113	28	2.6%	$23	2.1%
Education & Health Svcs.	$916	$974	$1,010	$58	6.3%	$36	3.7%
Leisure & Hospitality	$347	$352	$365	$5	1.4%	$13	3.7%
Other Services	$576	$602	$679	$26	4.5%	$77	12.8%
Public Administration	$1,143	$1,195	$1,335	$52	4.5%	$140	11.7%
Northwest MN							
Total, All Industries	**$955**	**$989**	**$1,030**	**$34**	**3.6%**	**$41**	**4.1%**
Natural Resources & Mining	$1,007	$1,034	$1,088	$27	2.7%	$54	5.2%
Construction	$1,232	$1,313	$1,347	$81	6.6%	$34	2.6%
Manufacturing	$1,152	$1,185	$1,236	$33	2.9%	$51	4.3%
Trade, Transportation & Utilities	$862	$889	$921	$27	3.1%	$32	3.6%
Information	$1,167	$1,228	$1,245	$61	5.2%	$17	1.4%
Financial Activities	$1,258	$1,312	$1,397	$54	4.3%	$85	6.5%
Prof. & Business Svcs.	$1,087	$1,115	$1,179	$28	2.6%	$64	5.7%
Education & Health Svcs.	$1,032	$1,072	$1,113	$40	3.9%	$41	3.8%
Leisure & Hospitality	$412	$413	$436	$1	0.2%	$23	5.6%
Other Services	$571	$595	$627	$24	4.2%	$32	5.4%
Public Administration	$1,136	$1,194	$1,239	$58	5.1%	$45	3.8%

Sources: MN DEED; Maxfield Research & Consulting

- A household earning the average weekly wage in Fergus Falls ($1,145) would be able to afford an apartment renting for $1,489 per month to not exceed 30% of its monthly income on housing costs, significantly higher than the average rent for market rate rental housing units in the community ($1,016).

Major Employers

The following list provides a summary of the major employers in Fergus Falls. Data is sourced from the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access (EMMA) General Obligation Bonds Official Statement for the City of Fergus Falls, which was posted in 2024, the most recent available. Updates to the number of employees were made based on employer interviews where available.

- The thirteen largest employers in Fergus Falls employed 3,388 people. This accounted for 35% of industry employment in Fergus Falls.
- Lake Region Healthcare is the largest employer in the City with 845 employees. The medical industry accounts for 41% of the major employers in Fergus Falls.
- Independent School District No. 544 (Fergus Falls) is the second largest employer with 422 employees. The education industry represented 15% of employees among the largest employers in Fergus Falls.

TABLE 17
MAJOR EMPLOYERS
CITY OF FERGUS FALLS
2024

Employer	Industry	Employees*
Lake Region Healthcare	Medical	845
ISD No. 544 (Fergus Falls)	Education	422
Otter Tail County	Government	391
Otter Tail Power Company	Utility	369
PioneerCare	Medical	210
City of Fergus Falls	Government	188
Productive Alternatives	Human Services	179
Minnesota Department of Veterans Affairs	Medical	179
LB Homes	Medical	149
Vector Windows	Manufacturing	146
Northern Contours	Manufacturing	130
Minnesota State Community & Technical College	Education	100
ShoreMaster	Distribution	80
Total		**3,388**

Sources: EMMA MSRB; Maxfield Research & Consulting

It was mentioned that employees as West Tool and Design would likely prefer ownership housing if they could obtain that. New hires earn an estimated $22/hour. An estimated 25% of workers do not live in Fergus Falls and commute to work. Those that live outside of Fergus Falls prefer larger lots to be in proximity to recreational amenities. It was also stated that the housing market has become much more expensive.

Fergus Falls just needs more housing of all types. It is very challenging to recruit professionals to the City because they cannot find owned housing that meets their needs. SCR is seeking to expand. New hires at Green Plains make $19/hour, but employees can earn multiple bonuses. A few years ago, Green Plains increased their wage levels to attract more and better talent.

Housing Characteristics

Introduction

This section of the report examines characteristics of the existing housing stock in Fergus Falls and the surrounding area compared to the Region. Housing demand is influenced, in large part, by factors related to the supply of housing in a market area such as the age and condition of the housing stock, as well as financial considerations. The following topics are covered.

- Housing units by structure type and tenure
- Age of the existing housing stock
- Residential building permit trends, and
- Geographic Information System (GIS) maps illustrating key characteristics of Fergus Falls' existing housing stock

The U.S. Census Bureau American Community Survey ("ACS") is the primary data resource for the Housing Characteristics section of this report. Maxfield Research and Consulting utilizes five-year data estimates which provide a larger sample size and has a longer period of data collection than the one-year data estimates. At the time this analysis was prepared, the 2020-2024 ACS was the most recent five-year data available, although data is adjusted by Maxfield Research to reflect the 2020 Census and recent residential building data. Residential building permit data for the City was provided by the City of Fergus Falls. Parcel data was provided by Otter Tail County.

A housing unit is defined as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters, while a household is an occupied housing unit. A householder refers to the person in whose name the housing unit is owned or rented.

Housing Stock by Structure Type and Tenure

Information presented in the following table summarizes the number of housing units by structure type and tenure in Fergus Falls compared to the Remainder of the PMA and Northwest Minnesota. Data is sourced from the 2020-2024 ACS, adjusted by Maxfield Research to reflect 2026 housing unit estimates based on 2020 Census data and recent residential building activity.

- There are an estimated 6,518 housing units in Fergus Falls, 97.9% of which are occupied. In the PMA, there are an estimated 10,879 housing units, of which 88.7% are estimated to be occupied.

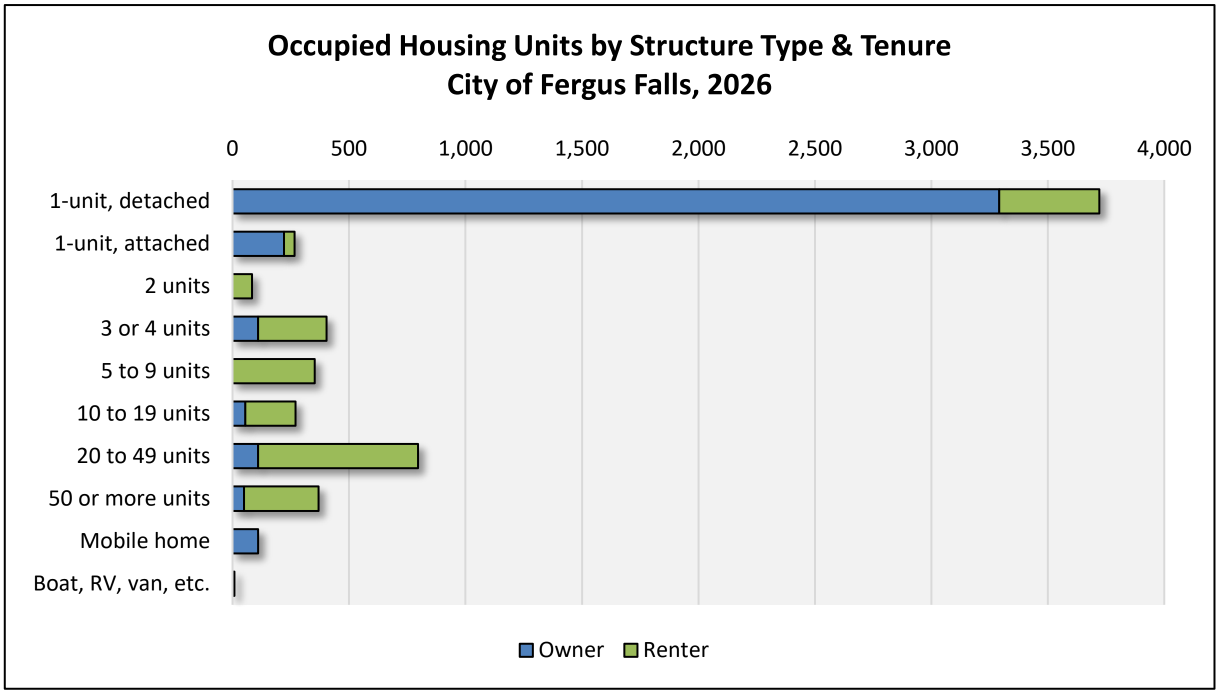
TABLE 18
HOUSING UNIT STRUCTURE TYPE BY TENURE
MARKET AREA
2026

	Fergus Falls		Remainder of PMA		PMA		Northwest MN	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total Housing Units	**6,518**		***4,361***		**10,879**		**319,284**	
Occupied Housing Units	**6,380**	**97.9%**	***3,270***	***75.0%***	**9,650**	**88.7%**	**241,553**	**75.7%**
Owner	**3,954**	**62.0%**	***3,003***	***91.8%***	**6,957**	**72.1%**	**182,247**	**75.4%**
1-unit, detached	3,291	51.6%	*2,854*	*87.3%*	6,145	63.7%	164,083	67.9%
1-unit, attached	221	3.5%	*14*	*0.4%*	235	2.4%	4,832	2.0%
2 units	0	0.0%	*1*	*0.0%*	1	0.0%	400	0.2%
3 or 4 units	110	1.7%	*2*	*0.1%*	112	1.2%	358	0.1%
5 to 9 units	0	0.0%	*0*	*0.0%*	0	0.0%	318	0.1%
10 to 19 units	55	0.9%	*0*	*0.0%*	55	0.6%	186	0.1%
20 to 49 units	110	1.7%	*0*	*0.0%*	110	1.1%	395	0.2%
50 or more units	49	0.8%	*0*	*0.0%*	49	0.5%	136	0.1%
Mobile home	110	1.7%	*132*	*4.0%*	242	2.5%	11,417	4.7%
Boat, RV, van, etc.	9	0.1%	*0*	*0.0%*	9	0.1%	122	0.1%
Renter	**2,426**	**38.0%**	***267***	***8.2%***	**2,693**	**27.9%**	**59,306**	**24.6%**
1-unit, detached	430	6.7%	*170*	*5.2%*	599	6.2%	17,339	7.2%
1-unit, attached	45	0.7%	*4*	*0.1%*	49	0.5%	3,207	1.3%
2 units	84	1.3%	*0*	*0.0%*	84	0.9%	2,532	1.0%
3 or 4 units	294	4.6%	*24*	*0.7%*	318	3.3%	4,083	1.7%
5 to 9 units	352	5.5%	*20*	*0.6%*	372	3.9%	4,652	1.9%
10 to 19 units	214	3.4%	*14*	*0.4%*	228	2.4%	7,789	3.2%
20 to 49 units	686	10.8%	*0*	*0.0%*	686	7.1%	11,225	4.6%
50 or more units	321	5.0%	*0*	*0.0%*	321	3.3%	5,763	2.4%
Mobile home	0	0.0%	*36*	*1.1%*	36	0.4%	2,675	1.1%
Boat, RV, van, etc.	0	0.0%	*0*	*0.0%*	0	0.0%	42	0.0%

Sources: 2020-2024 American Community Survey; Maxfield Research & Consulting

- Among all occupied units, detached single-unit structures are the most common housing type in the Market Area, comprising 70% of units in the PMA, including 58% of the units in Fergus Falls. By comparison, 75% of occupied housing units in Northwest Minnesota are single unit detached structures.

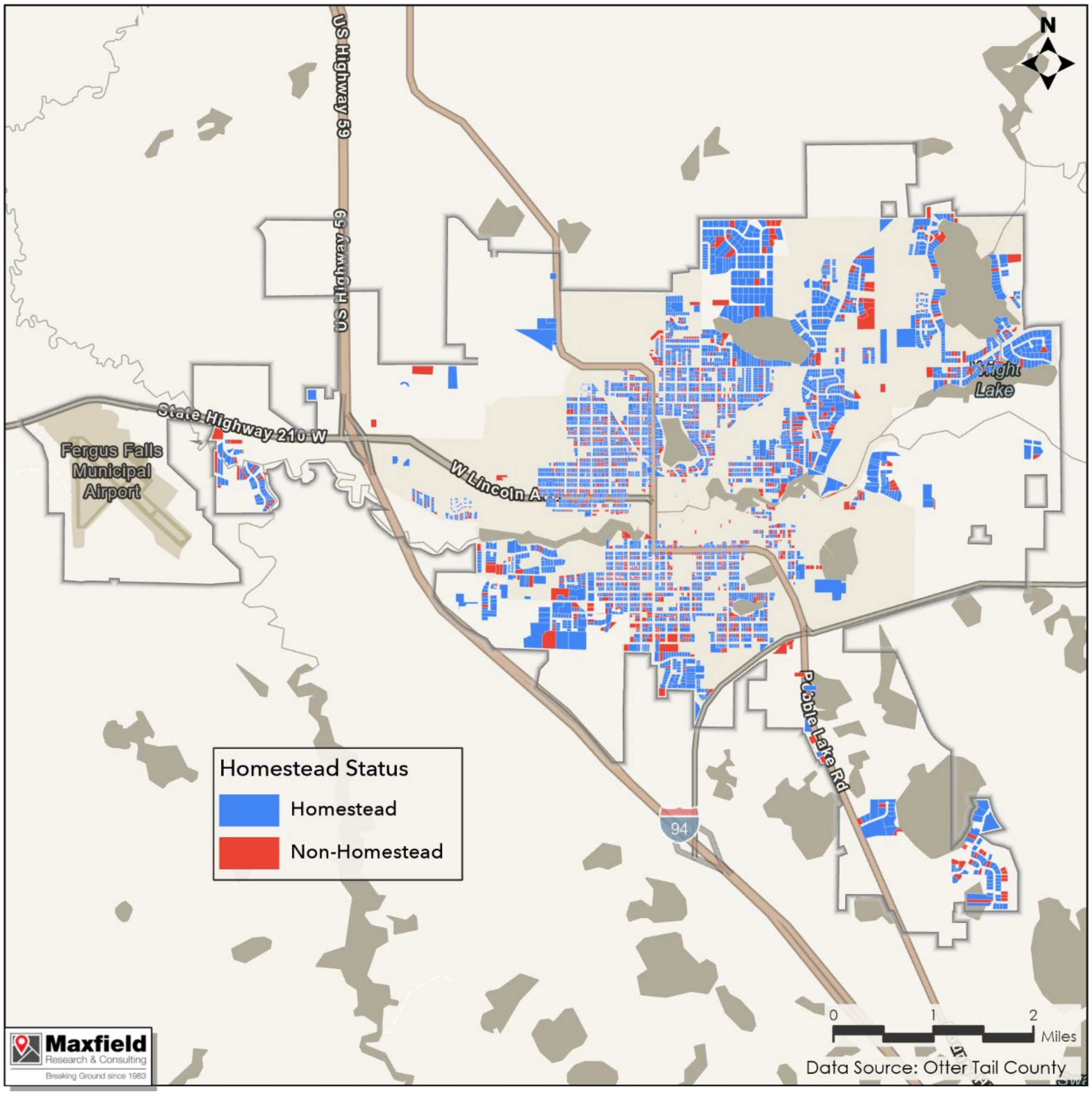
- Of the owned housing units in Fergus Falls, an estimated 51.6% are single-unit detached structures compared to 63.7% in the PMA and 67.9% in the Region.



- An estimated 11% of the renter-occupied units in Fergus Falls are in structures with 20 to 49 units, compared to 7% in the PMA. The highest proportion of rental units in Northwest Minnesota are single-family detached structures (7%).

- The following map illustrates the location of residential parcels in Fergus Falls by homestead status. A property is designated as a homestead if it is the owner's principal residence. Examples of non-homestead residential property include rental units and second homes.

Homestead vs. Non-Homestead Property Map
City of Fergus Falls



Age of Housing Stock

Information in the table on the following page is sourced from the 2020-2024 American Community Survey (ACS) with adjustments made by Maxfield Research to reflect 2026 housing unit estimates based on 2020 Census data and residential building permit data. The table includes the number of housing units built prior to 1940 and during each subsequent decade in Fergus Falls and the Remainder of the PMA compared to Northwest Minnesota. The Census Bureau began collecting year-built data in 1940.

- The largest share of housing in Fergus Falls (17.4%) was built from 1939 or earlier. The 1970s represent the second largest share of housing (16.2%) in the City.

- Housing built before 1940 represents 18.5% of the housing stock in the PMA compared to 14% in Northwest Minnesota.

  - While many homes built before 1940 may be in good condition, housing units this age are at risk of becoming substandard or functionally obsolete, and maintenance costs are generally higher than newer housing units.

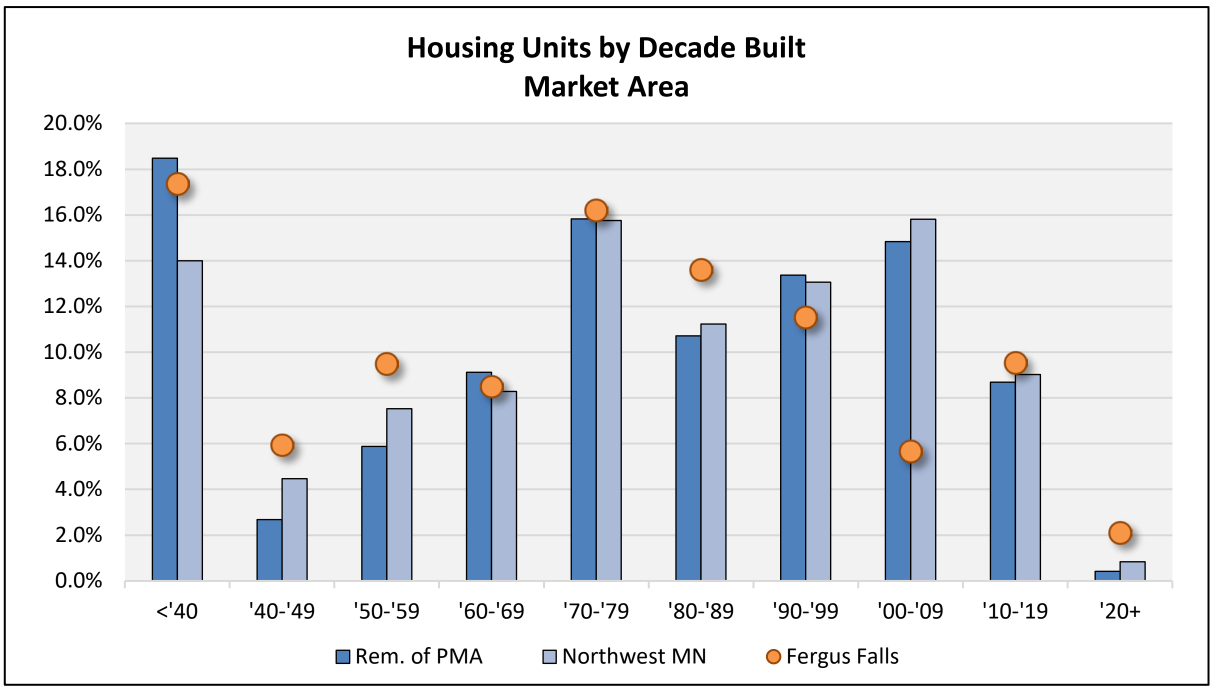


TABLE 19

HOUSING UNITS BY YEAR STRUCTURE BUILT
MARKET AREA
2026

	Fergus Falls		Remainder of PMA		PMA		Northwest MN	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total	**6,518**	**100%**	***4,361***	***100%***	**10,879**	**100%**	**319,284**	**100%**
2020 or later	138	2.1%	*18*	*0.4%*	156	1.4%	2,650	0.8%
2010 to 2019	622	9.5%	*379*	*8.7%*	1,001	9.2%	28,801	9.0%
2000 to 2009	369	5.7%	*647*	*14.8%*	1,017	9.3%	50,506	15.8%
1990 to 1999	752	11.5%	*583*	*13.4%*	1,335	12.3%	41,703	13.1%
1980 to 1989	887	13.6%	*467*	*10.7%*	1,355	12.5%	35,854	11.2%
1970 to 1979	1,056	16.2%	*690*	*15.8%*	1,746	16.1%	50,316	15.8%
1960 to 1969	554	8.5%	*398*	*9.1%*	952	8.8%	26,445	8.3%
1950 to 1959	619	9.5%	*256*	*5.9%*	876	8.0%	24,050	7.5%
1940 to 1949	388	5.9%	*117*	*2.7%*	504	4.6%	14,262	4.5%
1939 or earlier	1,132	17.4%	*806*	*18.5%*	1,938	17.8%	44,696	14.0%

Sources: 2020-2024 American Community Survey; Maxfield Research & Consulting

Residential Construction Trends

The table on the following page displays the number of new housing units permitted for single-family, townhomes/twin homes, and multifamily structures in Fergus Falls from 2010 through 2025. Data was provided by the City of Fergus Falls.

- From 2010 through 2025, 514 new housing units were permitted in Fergus Falls.

- Single-family detached, twin homes and townhomes account for 41% of the total units permitted in Fergus Falls, while 59% were multifamily.

- *Sunset Ridge Apartments* has 105 units, which accounts for 35% of new multifamily units permitted in Fergus Falls since 2010.

TABLE 20

BUILDING PERMIT TRENDS FERGUS FALLS 2010 - 2025		
Year	**Single-Family**	**Multifamily**
2025	20	0
2024	19	0
2023	17	0
2022	13	24
2021	16	0
2020	29	0
2019	16	0
2018	10	0
2017	7	36
2016	13	60
2015	18	36
2014	6	76
2013	8	0
2012	6	0
2011	8	69
2010	7	0
Total	**213**	**301**
Avg/Year	**13**	**19**

Note: Single-Family includes single-family detached, twin home, and townhomes. Totals are shown for units permitted.

Sources: City of Fergus Falls

The following photographs represent a sample of Fergus Falls' housing inventory.


New construction detached single-family


New construction twinhome


Pre-1940's detached single-family


2000s era detached single-family


Mobile/Manufactured style home


Split-level home

For-Sale Market

Introduction

Maxfield Research analyzed the for-sale housing market in Fergus Falls and the surrounding area by collecting data on home sales, home listings and the supply of residential lots in the area. This section of the report reviews recent home sale trends against the supply of available for-sale housing, including detached single-family and multifamily housing. For the purposes of this analysis, housing sales data for townhomes and twin homes (i.e. attached single-family) are combined with sales information for condominium units under the “multifamily” description.

This section evaluates for-sale housing market conditions in Fergus Falls by examining the following data.

- Home resale trends
- The supply of homes currently listed as available for sale
- A review and analysis of the residential lot supply
- Information on new construction sales activity

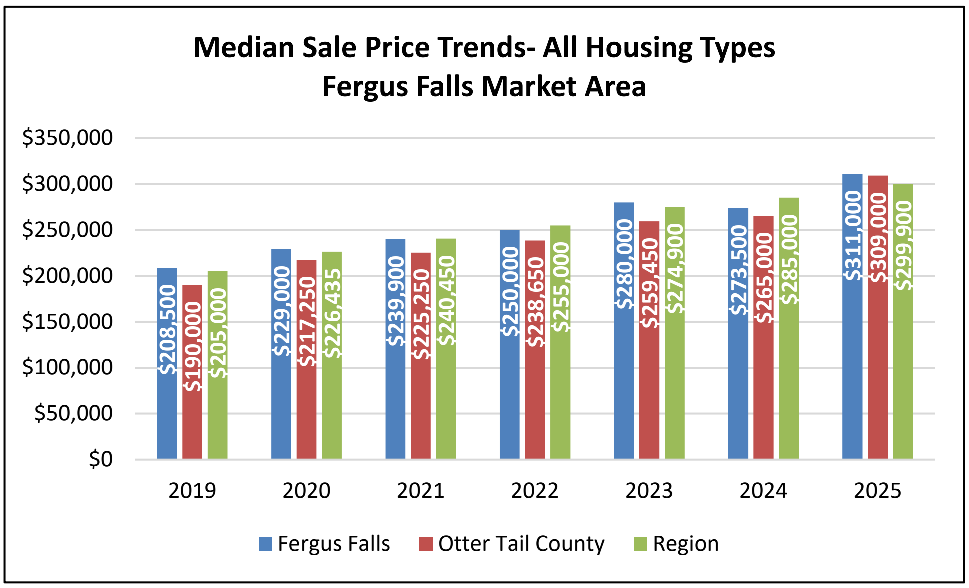
Data was collected in May 2026. Information on home resales and active listings was obtained from Greater Lakes Association of Realtors and includes all transactions sold through a Realtor via the Multiple Listing Service (MLS) which generally accounts for 90% to 95% of all home sales. Private sales (not sold on the MLS by a Realtor) are excluded. Residential land supply data was sourced from the Otter Tail County property records, while information on actively-marketing residential lots was provided by Greater Lakes Association of Realtors.

Home Resales

The following graph summarizes median home resale (excludes new construction sales) price trends from 2019 through 2025 for Fergus Falls and Otter Tail County. Data for Fergus Falls and Otter Tail County is sourced from Greater Lakes Association of Realtors. Data represents pricing for all housing product types (i.e. detached single-family, townhomes, condominiums, etc.)

- In Fergus Falls, the median resale price for detached single-family homes jumped 55.2%, climbing from $158,450 in 2019 to $245,900 in 2025, averaging 7.7% increases annually.

- By comparison, median resale prices increased 62.9% in Otter Tail County (8.6% annual growth) and 46.3% in the Region (6.6% annual growth) between 2019 and 2025.



- Overall, median resale price trends in Fergus Falls have generally tracked with Otter Tail County and the Region, though Fergus Falls' median resale price declined in 2024 while the County's and the Region's prices continued to rise. In 2025, the median resale price for all product types in Fergus Falls ($311,000) was 1% higher than the County ($309,000) and 4% higher than the Region ($299,900).

The table on the following page presents home resale data from 2019 through 2025 for Fergus Falls and Otter Tail County. The table displays the median resale price, number of closed transactions, and marketing times (average days on market) for all detached single-family and owned multifamily (i.e. townhomes, twin homes, condominiums) resales. Note that data is based on the location of the sale as entered by a Realtor into the MLS, so it is possible that some sales listed under Fergus Falls actually occurred in a nearby township.

TABLE 21
RESIDENTIAL RESALES
FERGUS FALLS & OTTER TAIL COUNTY
2019 - 2025

	Detached Single-family					Multifamily				
	Median Price	Pct. Change	Closed Sales	Pct. Change	Avg. DOM^	Median Price	Pct. Change	Closed Sales	Pct. Change	Avg. DOM^
Fergus Falls										
2025	$245,900	17.1%	204	-1.0%	66	$197,500	-18.5%	9	-35.7%	94
2024	$210,000	2.4%	206	25.6%	49	$242,200	-13.5%	14	-30.0%	97
2023	$205,000	7.0%	164	-42.0%	40	$280,000	-13.5%	20	11.1%	67
2022	$191,600	2.2%	283	0.4%	36	$323,750	--	18	--	57
2021	$187,500	8.7%	282	-6.6%	13	--	--	7	--	13
2020	$172,500	8.9%	302	0.0%	8	--	--	6	--	6
2019	$158,450	--	302	--	4	$156,000	--	1	--	--
Otter Tail County										
2025	$309,500	14.2%	722	-1.9%	89	$305,000	35.6%	23	-14.8%	100
2024	$271,000	4.0%	736	6.1%	73	$225,000	-2.3%	27	-3.6%	56
2023	$260,500	8.5%	694	-13.8%	58	$230,250	13.2%	28	-6.7%	39
2022	$240,000	6.2%	805	-11.2%	48	$203,450	-0.8%	30	-3.2%	39
2021	$226,000	3.9%	907	-8.7%	49	$205,000	-3.5%	31	47.6%	30
2020	$217,500	14.5%	993	11.6%	94	$212,500	1.5%	21	16.7%	76
2019	$189,950	--	890	--	84	$209,450	--	18	--	26

Multifamily includes attached single-family (townhomes, twin homes) and condominiums
^DOM = Days on Market

Sources: Greater Lakes Association of Realtors; Maxfield Research & Consulting

- From 2019 through 2025, there were 5,925 resales in Otter Tail County. Of all resales in Otter Tail County since 2019, 97% were detached single-family homes (5,747) while 3% (178) were owned multifamily units. In Fergus Falls, 96% of all resales since 2019 were detached single-family while 4% were owned multifamily.

- Resale activity in the County increased from 76 sales per month in 2019 to 85 sales per month in 2020 and decreased to 78 resales per month in 2021. Resale volume declined to 60 sales per month in 2023 before increasing slightly to 62 sales per month in 2025.

  - In Fergus Falls, resale activity peaked at 26 sales per month in 2020. In 2025, Fergus Falls averaged 18 resales per month.

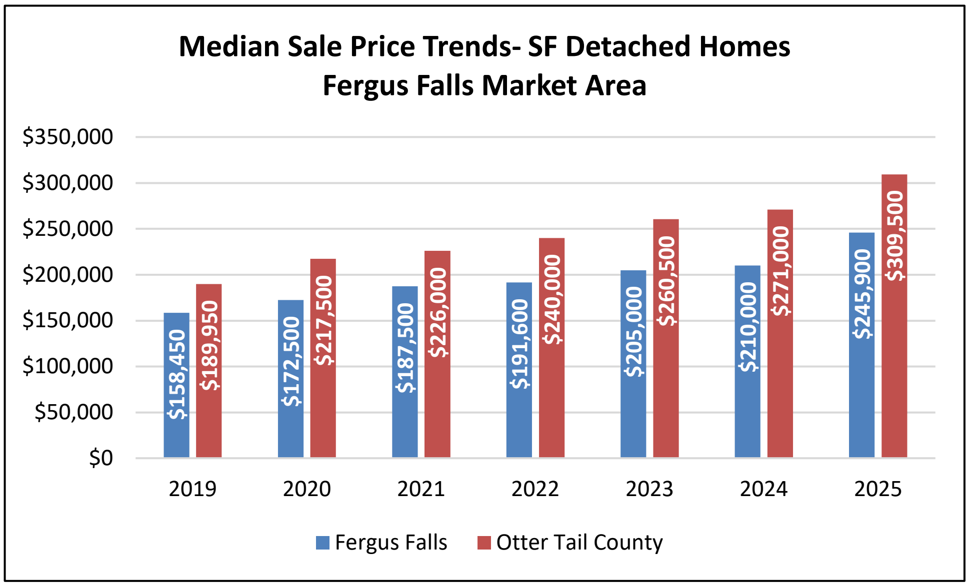
- Sales volume decelerated due, in large part, to rising mortgage rates, which caused sales activity to slow across much of Minnesota. In the Region, sales volume declined 15% in 2022 and 12% in 2023 but increased 38% in 2024 and 3% in 2025 to a recent high.

- In 2025, Otter Tail County averaged 60 detached single-family resales per month, including 17 resales per month in Fergus Falls.

- Otter Tail County averaged two owned multifamily resales per month in 2025, including one in Fergus Falls.

- Marketing times for detached single-family homes increased from 60 days in 2020 to 78 days in 2025, which may reflect affordability pressures, higher interest rates or softening buyer demand compared to earlier years. Despite the softening competition in the market, there has been strong price appreciation in the market.

- Due to limited sales volume, marketing times and median sale prices for owned multifamily units in Fergus Falls have experienced large fluctuations, making it difficult to draw reliable conclusions.



The table on the following page summarizes residential resales in Fergus Falls from 2023 through 2026 by price range, including the price distribution for detached single-family and multifamily resales.

- Detached single-family homes priced between $100,000 and $199,999 have been the most commonly purchased product in Fergus Falls since 2023, representing 35% of all resales followed by detached single-family homes priced in the $200,000 to $299,999 range (28% of all resales).

- Owned multifamily homes priced between $300,000 and $399,999 have been the most commonly purchased product in Fergus Falls since 2023, followed by multifamily homes priced between $200,000 and $299,999.

TABLE 22

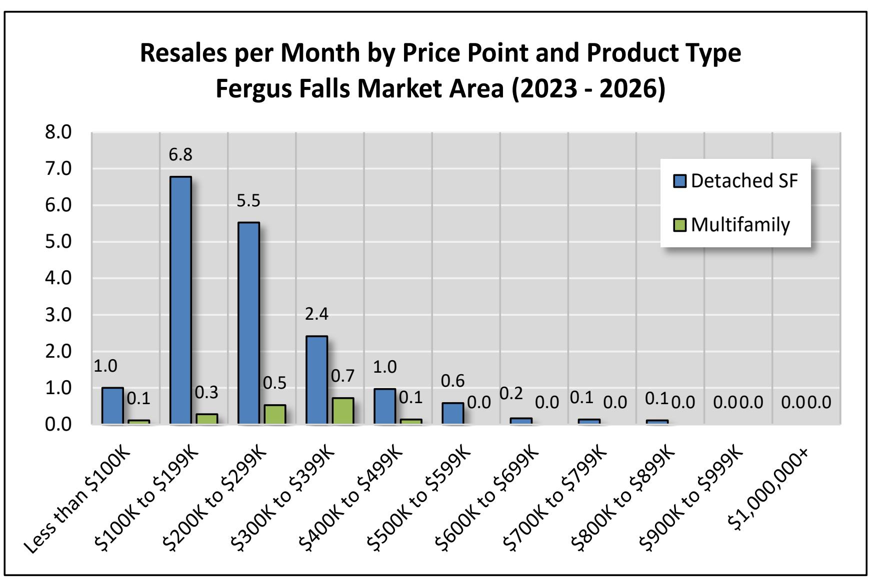
RESIDENTIAL RESALE PRICE DISTRIBUTION
PRIMARY MARKET AREA
2023 - APRIL 2026

	2023		2024		2025		2026^		Total	
	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total
Detached Single-family										
Less than $100,000	15	7.6%	10	4.9%	9	4.6%	2	5.0%	36	5.7%
$100,000 to $199,999	94	47.7%	82	40.4%	54	27.4%	14	35.0%	244	38.3%
$200,000 to $299,999	53	26.9%	65	32.0%	67	34.0%	14	35.0%	199	31.2%
$300,000 to $399,999	17	8.6%	26	12.8%	38	19.3%	6	15.0%	87	13.7%
$400,000 to $499,999	10	5.1%	12	5.9%	12	6.1%	1	2.5%	35	5.5%
$500,000 to $599,999	5	2.5%	7	3.4%	8	4.1%	1	2.5%	21	3.3%
$600,000 to $699,999	1	0.5%	0	0.0%	4	2.0%	1	2.5%	6	0.9%
$700,000 to $799,999	1	0.5%	1	0.5%	3	1.5%	0	0.0%	5	0.8%
$800,000 to $899,999	1	0.5%	0	0.0%	2	1.0%	1	2.5%	4	0.6%
$900,000 to $999,999	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
$1,000,000 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**197**	**100%**	**203**	**100%**	**197**	**100%**	**40**	**100%**	**637**	**100%**
Multifamily*										
Less than $100,000	1	3.6%	2	11.1%	1	6.7%	0	--	4	6.3%
$100,000 to $199,999	4	14.3%	2	11.1%	4	26.7%	0	--	10	15.6%
$200,000 to $299,999	10	35.7%	8	44.4%	1	6.7%	0	--	19	29.7%
$300,000 to $399,999	11	39.3%	4	22.2%	8	53.3%	3	100%	26	40.6%
$400,000 to $499,999	2	7.1%	2	11.1%	1	6.7%	0	--	5	7.8%
$500,000 to $599,999	0	0.0%	0	0.0%	0	0.0%	0	--	0	0.0%
$600,000 to $699,999	0	0.0%	0	0.0%	0	0.0%	0	--	0	0.0%
$700,000 to $799,999	0	0.0%	0	0.0%	0	0.0%	0	--	0	0.0%
$800,000 to $899,999	0	0.0%	0	0.0%	0	0.0%	0	--	0	0.0%
$900,000 to $999,999	0	0.0%	0	0.0%	0	0.0%	0	--	0	0.0%
$1,000,000 or more	0	0.0%	0	0.0%	0	0.0%	0	--	0	0.0%
Total	**28**	**100%**	**18**	**100%**	**15**	**100%**	**3**	**--**	**64**	**100%**

^ Through April 2026

*Multifamily includes townhomes, twin homes, condominiums

Sources: Greater Lakes Association of Realtors; Maxfield Research & Consulting



Active Listings

The following table presents a summary of housing units listed for sale by a Realtor on the MLS in Fergus Falls as of April 2026. Data is presented by price range, including information on the number of active listings, median year built, median size (based on total finished square feet), median price, and median price per square foot.

- There were 34 homes listed for sale in Fergus Falls as of April 2026, with 30 single-family and four owned multifamily homes.

TABLE 23
ACTIVE LISTINGS
PRIMARY MARKET AREA
April 2026

	Listings	% of Total	Median Year Built	Median Size	Median Price	Price per Sq. Ft.
Detached Single-family						
Less than $100,000	0	0.0%	--	--	--	--
$100,000 to $199,999	4	11.8%	1922	1,550	$146,500	$95
$200,000 to $299,999	15	44.1%	1974	1,794	$260,000	$145
$300,000 to $399,999	5	14.7%	1968	2,760	$369,900	$134
$400,000 to $499,999	3	8.8%	2003	2,446	$435,000	$178
$500,000 to $599,999	2	5.9%	2002	4,085	$569,450	$139
$600,000 to $699,999	1	2.9%	2007	3,390	$619,000	$183
$700,000 to $799,999	0	0.0%	--	--	--	--
$800,000 to $899,999	0	0.0%	--	--	--	--
$900,000 to $999,999	0	0.0%	--	--	--	--
$1,000,000 or more	0	0.0%	--	--	--	--
Total:	**30**	**88%**	**1975**	**2,129**	**$270,000**	**$127**
Multifamily (Townhome, Twin Home, Condo, etc.)						
Less than $100,000	0	0.0%	--	--	--	--
$100,000 to $199,999	0	0.0%	--	--	--	--
$200,000 to $299,999	0	0.0%	--	--	--	--
$300,000 to $399,999	3	8.8%	2020	1,696	$364,900	$215
$400,000 to $499,999	1	2.9%	2023	1,647	$489,000	$297
$500,000 to $599,999	0	0.0%	--	--	--	--
$600,000 to $699,999	0	0.0%	--	--	--	--
$700,000 to $799,999	0	0.0%	--	--	--	--
$800,000 to $899,999	0	0.0%	--	--	--	--
$900,000 to $999,999	0	0.0%	--	--	--	--
$1,000,000 or more	0	0.0%	--	--	--	--
Total:	**4**	**12%**	**2022**	**1,672**	**$364,950**	**$218**
Total	**34**	**100%**	**1978**	**1,854**	**$281,950**	**$152**

Sources: Greater Lakes Association of Realtors; Maxfield Research & Consulting

- The median asking price for detached single-family homes was $270,000, 10% higher than the 2025 median resale price of $245,900.

- The median size of the detached single-family homes listed for sale was 2,129 square feet which equates to a median price per square foot (psf) of $127.

- Based on the supply of available for-sale housing in the City as of April 2026, there is a 1.9-month supply of homes available for sale on the market. Equilibrium in the for-sale housing market is generally considered to be a six-month supply, indicating that there is significant pent-up demand in the for-sale housing market in Fergus Falls.

Actively Marketing Residential Lots

The table on the following page summarizes residential lots listed for sale by a Realtor on the MLS in Fergus Falls and the Remainder of the PMA as of May 2026. Data is sourced from Greater Lakes Association of Realtors.

- As of May 2026, there were 10 residential lots available for sale in the PMA. This information excludes larger acreages and commercial land that may also be listed for sale in the PMA.

- The median size of lots currently available for sale in Fergus Falls is 28,401 square feet (0.65 acres), ranging from 0.42 acres (18,295 square feet) for a lot in Meadow Brook Manor in Fergus Falls to 2.17 acres for a lot in the Village Cooperative Addition.

- Lot prices vary depending on location and features, ranging from $30,000 for a 0.52-acre lot in the Deer Valley subdivision to $250,000 for a 0.88-acre lot in the Luther Addition.

- The median price for lots in Fergus Falls is $105,000, which equates to $3.70 psf based on the median size of 28,401 square feet.

TABLE 24
ACTIVELY-MARKETING RESIDENTIAL LOT SUPPLY
PRIMARY MARKET AREA
May 2026

		---------- Lots Listed For Sale ----------				
		Lot Size Range		Lot Price Range		
Subdivision/Location City/Township	Lots for Sale	Min Ac Max Ac	Median Ac Median SF	Min Max	Median Price	Price/Ac Price/SF
Meadow Brook Manor *Fergus Falls*	2	0.42 0.42	0.42 18,295	$48,000 $48,000	$48,000	$114,286 $2.62
Luther Addition *Fergus Falls*	4	0.64 0.88	0.72 31,363	$125,000 $250,000	$125,000	$173,611 $3.99
Village Cooperative Addition *Fergus Falls*	1	2.17 2.17	2.17 94,525	$157,900 $157,900	$157,900	$72,765 $1.67
Deer Valley *Fergus Falls*	1	0.52 0.52	0.52 22,651	$30,000 $30,000	$30,000	$57,692 $1.32
Ridgewood View *Fergus Falls*	1	0.51 0.51	0.51 22,216	$38,900 $38,900	$38,900	$76,275 $1.75
Pebble Hill Estates *Fergus Falls*	1	0.81 0.81	0.81 35,284	$85,000 $85,000	$85,000	$104,938 $2.41
Summary	**10**	**0.42** **2.17**	**0.65** **28,401**	**$30,000** **$250,000**	**$105,000**	**$161,043** **$3.70**

Sources: Greater Lakes Association of Realtors; Maxfield Research & Consulting

New Construction Home Pricing

The following table and related points summarize new construction home sales in Fergus Falls over the past three years along with new construction homes listed for sale by a Realtor on the MLS as of April 2026. Data is provided by Greater Lakes Association of Realtors. Information is presented by subdivision and community and includes the number of sales or listings, property type, total finished square feet, price ranges, and median price per square foot.

- Information is provided on two new construction single-family homes in Fergus Falls that were listed for sale as of April 2026. There were nine new construction single-family sales in Fergus Falls between 2022 and April 2026.

- There are three new construction owned multifamily homes in Fergus Falls that were listed for sale as of April 2026 and 22 new construction owned multifamily sales in Fergus Falls between 2022 and April 2026.

- The new construction actively-marketing single-family homes in Fergus Falls have a median list price of $496,450 which equates to $216 psf based on the median size of 2,643 square feet.

- The new construction actively-marketing owned multifamily homes in Fergus Falls have a median listing price of $346,900 which equates to $222 psf based on the median size of 1,647 square feet.

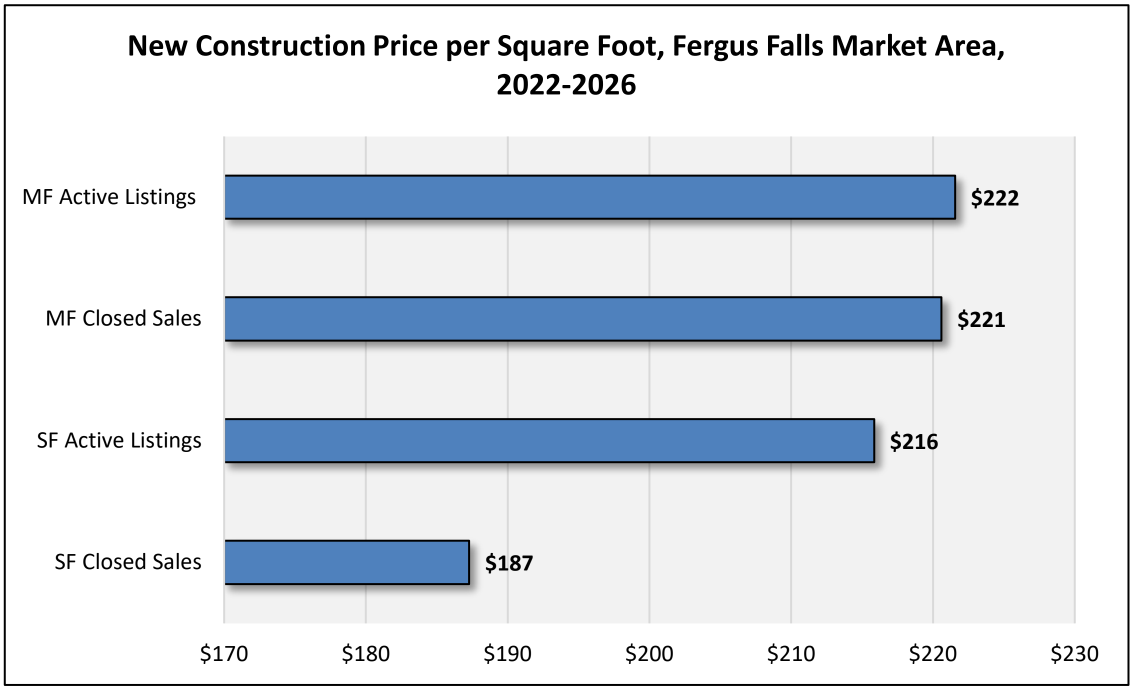


TABLE 25

NEW CONSTRUCTION HOME PRICING SUMMARY
PRIMARY MARKET AREA
April 2026

Community	City/Township	Sales/ Listings	Finished Square Feet Low - High	Finished Square Feet Median	Price Range Low - High	Price Range Median	PSF
Detached Single-Family							
Sales 2022 - April 2026							
Wilmont Estates	Aurdal Twp	1	2,762 - 2,762	2,762	$725,979 - $725,979	$725,979	$263
Rosemount Add	Fergus Falls	1	1,380 - 1,380	1,380	$292,500 - $292,500	$292,500	$212
North Oaks	Fergus Falls	1	3,275 - 3,275	3,275	$540,000 - $540,000	$540,000	$165
Stigen 1st Add	Fergus Falls	1	1,406 - 1,406	1,406	$410,000 - $410,000	$410,000	$292
Rus Dic	Fergus Falls	1	2,643 - 2,643	2,643	$495,000 - $495,000	$495,000	$187
Unplatted- 190th Street	Buse Twp	1	1,734 - 1,734	1,734	$375,000 - $375,000	$375,000	$216
Abundant Life Add	Fergus Falls Twp	1	2,698 - 2,698	2,698	$685,000 - $685,000	$685,000	$254
Aspen	Fergus Falls	1	1,980 - 1,980	1,980	$329,900 - $329,900	$329,900	$167
Unplatted- Douglas Ave	Fergus Falls	1	4,384 - 4,384	4,384	$805,000 - $805,000	$805,000	$184
Summary:		**9**	**1,380 - 4,384**	**2,643**	**$292,500 - $805,000**	**$495,000**	**$187**
Active Listings April 2026							
Highlands	Aurdal Twp	1	3,149 - 3,149	3,149	$629,500 - $629,500	$629,500	$200
Pebble Hills Estates	Fergus Falls	1	1,451 - 1,451	1,451	$443,000 - $443,000	$443,000	$305
Summary:		**2**	**1,451 - 3,149**	**2,300**	**$443,000 - $629,500**	**$496,450**	**$216**
Multifamily							
Sales 2022 - April 2026							
River Oaks Landing	Fergus Falls	3	1,647 - 1,815	1,647	$472,000 - $480,000	$472,000	$287
Prairie View Estates	Fergus Falls	2	1,606 - 1,612	1,609	$320,000 - $350,000	$335,000	$208
Campus View Estates Add	Fergus Falls	9	1,612 - 1,634	1,612	$334,900 - $392,000	$339,900	$211
Campus View Estates	Fergus Falls	8	1,544 - 1,696	1,612	$342,395 - $386,645	$358,968	$223
Summary:		**22**	**1,544 - 1,815**	**1,612**	**$320,000 - $480,000**	**$355,614**	**$221**
Active Listings April 2026							
River Oaks Landing	Fergus Falls	1	1,647 - 1,647	1,647	$489,000 - $489,000	$489,000	$297
Campus View Estates	Fergus Falls	1	1,696 - 1,696	1,696	$364,900 $364,900	$364,900	$215
Prairie View Estates	Fergus Falls	1	1,606 - 1,606	1,606	$359,900 - $359,900	$359,900	$224
Summary:		**3**	**1,606 - 1,696**	**1,647**	**$359,900 - $489,000**	**$364,900**	**$222**
Total New Construction		**36**	**1,380 - 4,384**	**1,664**	**$292,500 - $805,000**	**$346,452**	**$208**

Sources: Greater Lakes Association of Realtors; Maxfield Research & Consulting

Residential Lot Supply

The following table identifies the supply of vacant residential lots in the City of Fergus Falls, as of May 2026. Data is sourced from Otter Tail County Geographic Information System (GIS) parcel records and includes parcels classified as "unimproved residential land."

- We identified 97 existing vacant lots among 22 subdivisions in Fergus Falls, although most are not currently listed for sale on the MLS. It is important to note that a number of these lots are owned privately or by adjacent landowners and may or may not be available for future development.

- The largest number of vacant lots is in the Sundance subdivision (21), while the Woodland Heights 2nd Addition has the second largest number of vacant lots (13).

TABLE 26

RESIDENTIAL LOT SUPPLY BY SUBDIVISION
CITY OF FERGUS FALLS
MAY 2026

Subdivision Name	Total Lots	Developed Lots	Vacant Lots
Aspen	63	61	2
Beck's Pineridge View 1st Addition	7	4	3
Fields Hillside Terrace	32	28	4
Hillside Addition	3	0	3
Kirkbride Addition	3	1	2
Lakeland Addition	79	77	2
McLanes Addition	133	129	4
Meadowbrook Manor	27	24	3
North Division	179	175	4
Pebble Hills Estates	44	37	7
Pebble Hills Estates 1st Addition	6	4	2
Ridgewood View Addition	6	3	3
Ridgewood View 2nd Addition	10	8	2
Riverdale 1st Addition	17	14	3
Riverdale 3rd Addition	12	6	6
Second Addition Pebble Hills Estate	7	3	4
Sundance	21	0	21
Village Cooperative Addition	50	48	2
Wheeler & Rawsons 1st Addition	6	4	2
Woodland Heights	78	76	2
Woodland Heights 2nd Addition	44	31	13
Woodridge Estates Addition	34	31	3
Vacant Residential Lots in Fergus Falls:			**97**

Sources: Otter Tail County; Maxfield Research & Consulting

Rental Housing Market

Introduction

Maxfield Research analyzed the general occupancy (i.e. not age restricted) rental housing market in Fergus Falls and the surrounding area by collecting data on key rental housing industry metrics such as vacancy rates, rental rates and development activity. Data was collected in May 2026. Topics covered in this section of the analysis include:

- An overview of rental housing market conditions
- Summary information from a survey of select general occupancy market rate, affordable and subsidized rental properties in the area
- An inventory of any new rental housing developments in the pipeline in Fergus Falls.

Maxfield Research and Consulting identified and surveyed a select group of general occupancy rental properties in Fergus Falls. Rental housing is typically categorized into one of three sectors:

- Market rate properties (those without income restrictions)
- Affordable properties (those with income restrictions and rents affordable to households with incomes at or less than 80% of Area Median Income) and
- Subsidized properties (restricted to households with incomes at or less than 50% of Area Median Income).

Secondary data resources utilized for this section of the analysis include the American Community Survey and online apartment listing services such as apartment websites and Apartments.com, among others.

Overview of Rental Market Conditions

Maxfield Research utilized ACS data to evaluate rental housing trends in the Market Area. The following table shows median contract rental rates from the 2024 ACS (the most recent data available) compared to estimates from the previous ACS periods.

TABLE 27
RENTAL HOUSING CONTRACT RENT ESTIMATES
FERGUS FALLS MARKET AREA
2020 - 2024

	2020	2021	2022	2023	2024
Monthly Rent					
Fergus Falls	$562	$649	$699	$758	$780
Otter Tail County	$565	$610	$653	$704	$757
Minnesota	$916	$972	$1,074	$1,128	$1,163

Note: Rent equals median contract rent
Sources: ACS 5-year Estimates; Maxfield Research & Consulting

- Median contract rents experienced solid growth between the 2020 ACS and the 2024 ACS periods, including a 39% increase in Fergus Falls from $562 in 2020 to $780 in 2024.

- Rents in Otter Tail County increased 34% to $757 during that five-year period, while average contract rents in Minnesota increased 27% from $916 in 2020 to $1,163 in 2024.

General Occupancy Rental Housing Properties

Maxfield Research and Consulting compiled detailed information for general occupancy (not age restricted) rental properties with eight or more units in Fergus Falls. Data was collected through a telephone survey of managers and owners for each property in May 2026. Information sourced from apartment websites was also utilized.

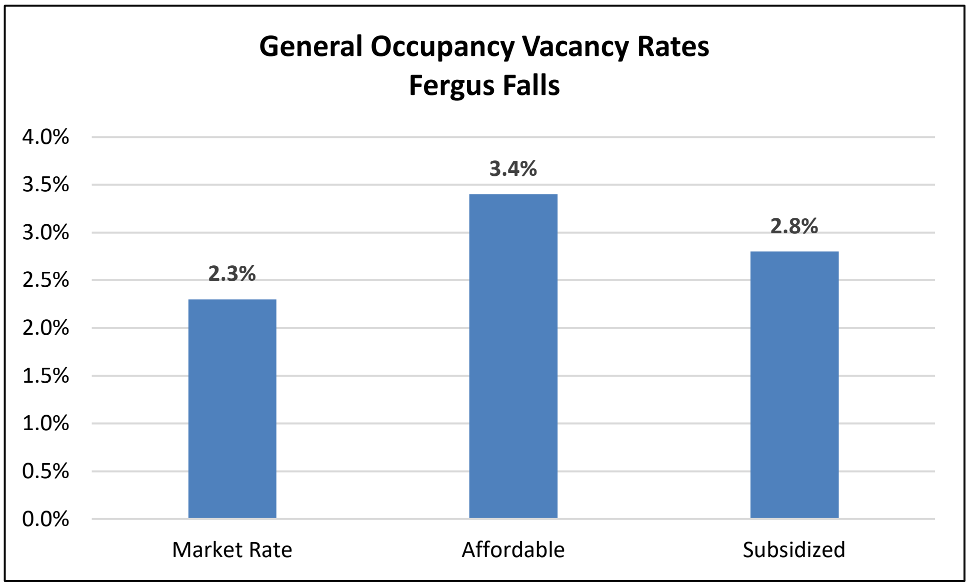
This information is categorized into two groups: market rate housing (properties that do not have any income restrictions) and affordable or subsidized properties which are restricted to residents with incomes at, or below, certain limits depending on the funding source. The following tables and subsequent points summarize the unit mix, average unit sizes, and average rental rate ranges among the participating properties. The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities.

- We surveyed 11 general occupancy affordable and subsidized properties along with 22 market rate rental properties in Fergus Falls.

- In total, the general occupancy rental inventory includes 271 affordable or subsidized units and 665 market rate units.

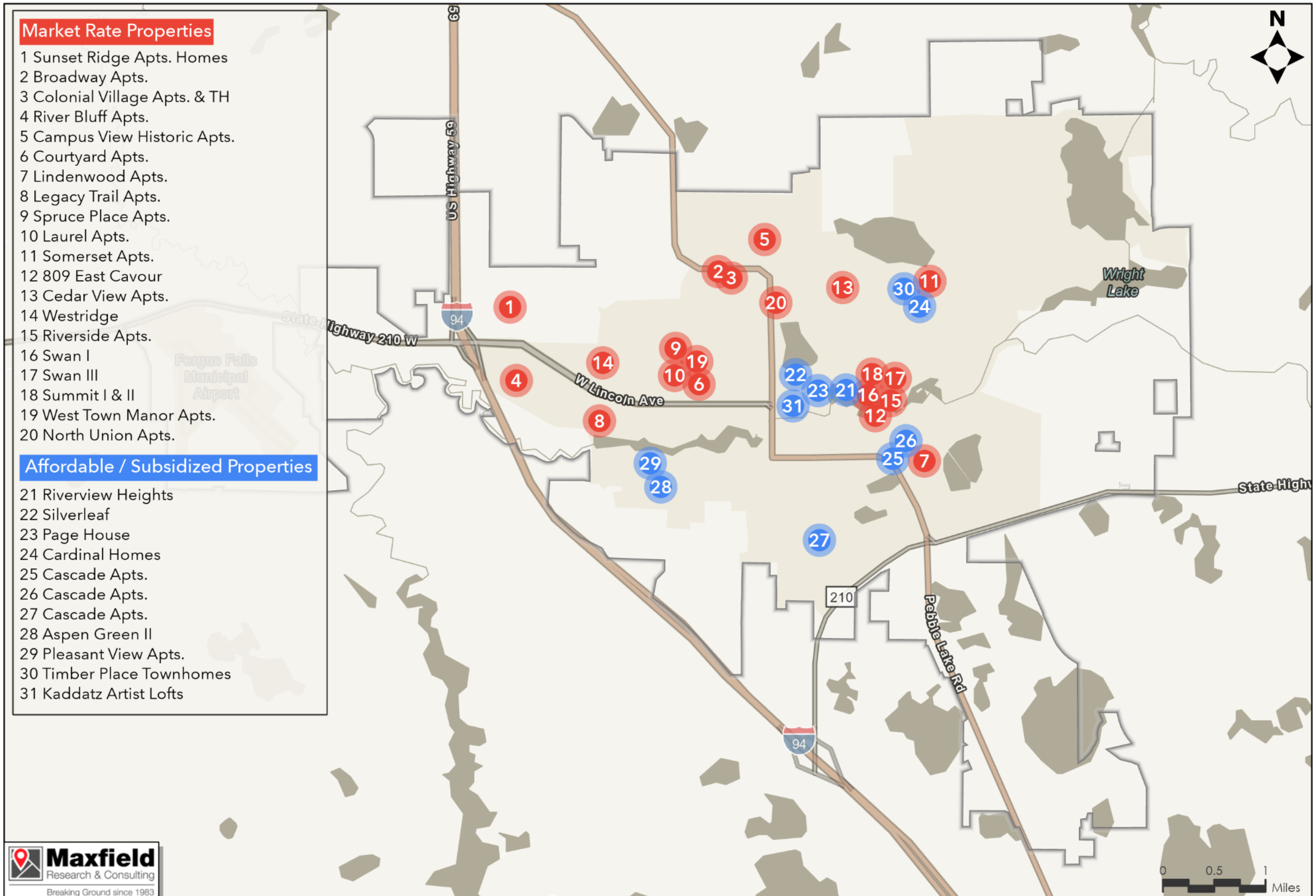
- At the time of the survey, market rate properties were 2.3% vacant, affordable properties were 3.4% vacant and subsidized properties were 2.8% vacant.

  - Affordable and subsidized property managers indicated vacancies were due to recent move-outs and expect the units to fill quickly.



Locations of the surveyed properties are illustrated on the following map.

General Occupancy Rental Housing Location Map



Affordable/Subsidized Property Summary

The affordable and subsidized rental property inventory includes Low-Income Housing Tax Credit (LIHTC), United States Department of Agriculture (USDA) Rural Development and Section 8 (HUD) properties.

Properties financed through the USDA Rural Development and Section 8 programs target "very low" (50% AMI), "low" (80% AMI) and "moderate-income" (more than 80% AMI) households. Tenants in Rural Development and Section 8 housing pay basic rent or 30% of their adjusted income, whichever is greater, while residents in LIHTC properties pay basic monthly rents.

TABLE 28
UNIT TYPE & RENT SUMMARY
SELECT AFFORDABLE/SUBSIDIZED RENTAL PROPERTIES
May 2026

				[redacted]	
Unit Type	**Total Units**	**% of Total**	**Avg. Size**	**Avg. Rent**	**Avg. Rent/ Sq. Ft.**
1BR	148	55%	706	$814	$1.15
2BR	44	16%	908	$884	$0.97
3BR	8	3%	874	NA	NA
4BR	3	1%	1536	NA	NA
2BR TH	28	10%	1117	NA	NA
3BR TH	40	15%	1461	NA	NA
Total:	**271**	**100%**	**742**	**$826**	**$1.11**

Note: 3BR, 4BR, 2BR TH, & 3BR TH are based on 30% of income.

Source: Maxfield Research & Consulting

- We surveyed 15 affordable and subsidized general occupancy apartment properties in Fergus Falls, totaling 271 units. At the time of the survey, there were eight units vacant, resulting in a 3.7% vacancy rate.

  - This data suggests that there is pent-up demand for affordable and subsidized general occupancy rental housing in Fergus Falls.

- Among these affordable and subsidized units, 55% have one bedroom, 16% have two bedrooms, 3% have three bedrooms and 1% have four bedrooms. Two-bedroom townhome units and three-bedroom townhome units make up 10% and 15%, respectively of the affordable and subsidized units.

- On average, units have 742 square feet, ranging from an average size of 706 square feet for one-bedroom units to 1,461 square feet for the three-bedroom townhome units.

- Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- Average monthly rents range from $814 for one-bedroom units to $884 for two-bedroom units.

  - The weighted average rent across all unit types is $826 per month ($1.11 per square foot, on average).

- One-bedroom units target one- to two-person households, while two-bedroom units target two- to four-person households. Three-bedroom units have a six-person maximum household size.

Market Rate Summary

The following table summarizes the unit mix, vacancies, average unit sizes, and average rental rate ranges among the surveyed market rate rental properties in Fergus Falls. Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- We surveyed 22 general occupancy market rate rental properties in Fergus Falls, totaling 665 units.

- Among all surveyed general occupancy market rate units, there were 15 vacancies, resulting in a 2.3% vacancy rate.

- The equilibrium vacancy rate for market rate rental housing is considered to be 5.0%. This suggests pent-up demand for market rate rental housing in Fergus Falls.

- Based on feedback from property managers and owners, vacancies are rare in the Primary Market Area and units lease quickly when they become available.

TABLE 29
RENT SUMMARY
FERGUS FALLS
May 2026

Unit Type	Monthly Rents: Range Low	High	Avg. Rent	Avg. Size	Weighted Avg. Rent/Sq. Ft.
Studio	$695	- $995	$895	450	$1.99
1BR	$670	- $1,195	$892	668	$1.33
2BR	$900	- $1,375	$1,054	913	$1.15
3BR	$1,100	- $1,650	$1,301	1,126	$1.16
3BR TH	$1,145	- $1,145	$1,145	980	$1.17
4BR TH	$1,270	- $1,270	$1,270	1,100	$1.15
Total/Average			**$1,016**	**838**	**$1.21**

Source: Maxfield Research and Consulting

- Among the market rate units, 57% have two bedrooms, 32% have one bedroom, 7% have three bedrooms and 3% are studio units. Another 1% are three-bedroom townhome units and less than 1% are four-bedroom townhomes.

- On average, units have 838 square feet, ranging from an average size of 450 square feet for studio units to 1,100 square feet for four-bedroom townhomes.

- The average monthly rental rate across all market rate general occupancy properties is $1,016, ranging from a low of $695 for studio units to a high of $1,301 for three-bedroom units.

- On a per square-foot basis (psf), the market rate properties have an average rent of $1.21 psf, ranging from $1.15 psf for four-bedroom townhome units to $1.99 for studio units.

Photographs of Rental Housing Properties – Fergus Falls


Sunset Ridge Apartments


Campus View Historic Apartments

Silverleaf

Cascade Apartments


Kaddatz Artist Lofts


Riverview Heights

Senior Housing Market

Introduction

This section provides an assessment of the market support for senior housing, including a review of demographic and economic characteristics of the Market Area's senior population along with detailed information on existing and pending senior housing facilities in the PMA. Data on the senior housing facilities was collected in May 2026. Topics covered in this section of the analysis include.

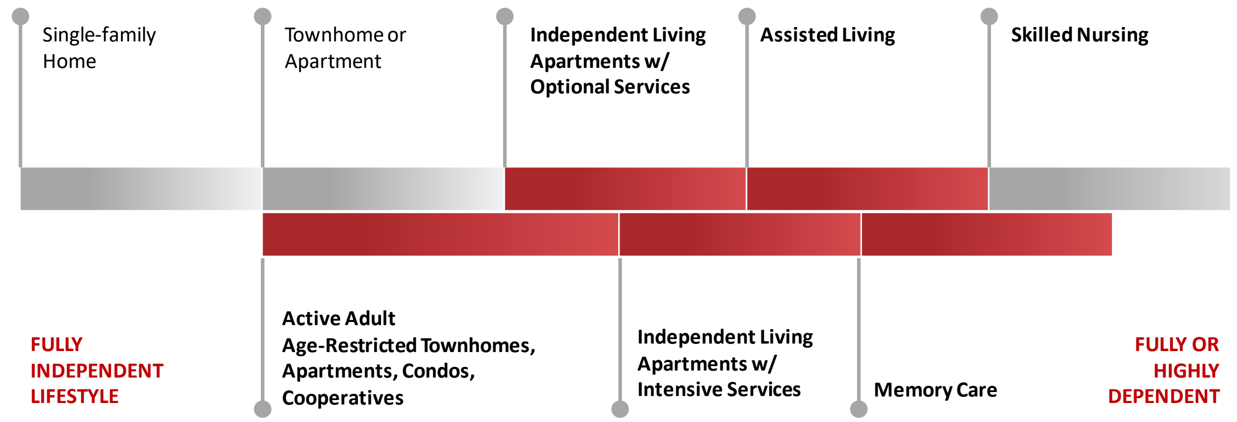
- A definition of senior housing product types
- An overview of older adult and senior demographic characteristics in the area
- Market information on existing and pending senior housing facilities in the PMA.

Secondary data resources utilized for this analysis include the U.S Census Bureau Decennial Census and American Community Survey ("ACS"), along with ESRI and the Minnesota State Demographic Center.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.

FIGURE 1
CONTINUUM OF HOUSING AND SERVICES FOR SENIORS



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs).

For analytical purposes, Maxfield Research and Consulting classifies senior housing into five primary categories based on the level and type of services offered as described in the figure on the following page.

Facilities referred to as “catered living” offer a flexible living arrangement where residents can live independently and purchase assisted living services as needed without relocating to a unit specifically designated for independent living or assisted living.

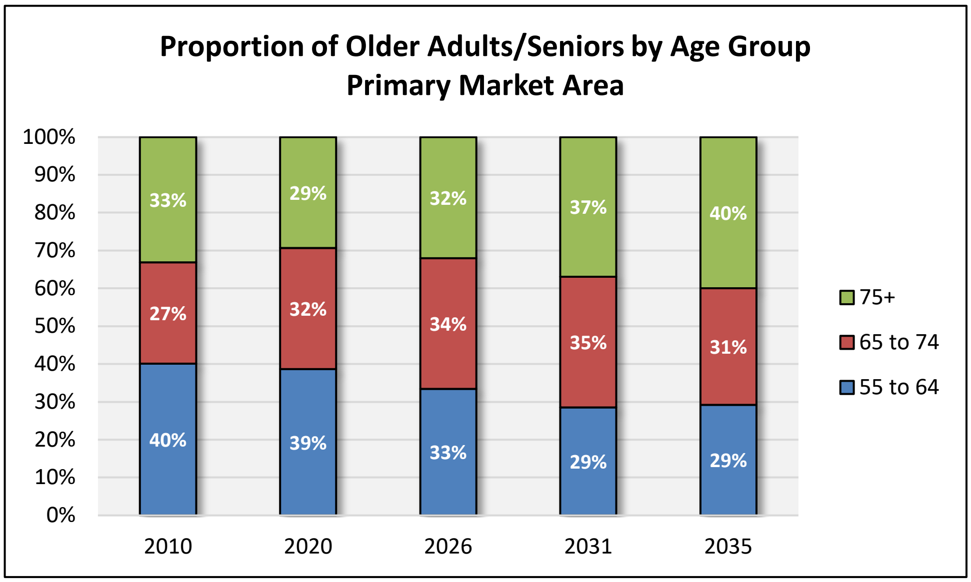
Active Adult
Active Adult properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner (condominium or cooperative) format.
Independent Living
Independent Living properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the building to common areas, because units are smaller than in active adult housing and to encourage socialization. Independent living properties attract a slightly older target market than adult housing (i.e. seniors age 75 or older). Rents are also above those of active adult buildings. Sponsorship by a nursing home, hospital or health care organization is common.
Assisted Living
Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have staff on duty 24 hours per day or at least 24-hour emergency response.
Memory Care
Memory Care properties, designed specifically for people suffering from Alzheimer’s disease or other dementias, is a newer product type in the senior housing market. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of people afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.
Skilled Nursing Care
Skilled Nursing Care, or long-term care, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for people who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

The Demographic Review section of this study presented general demographic characteristics of the population and household base in Fergus Falls and the PMA. The following points summarize key findings from that section as they pertain to the older adult and senior population in the Primary Market Area.

- Strong growth occurred among seniors from 2010 to 2026 in the PMA. During this time, the 65 to 69 population grew by 57.4%, the population aged 70 to 74 increased 59.1% and the 75 to 79 population expanded by 38.5%.

- Between 2026 and 2036, the largest growth among the senior age cohorts is expected in the population over age 75, increasing by 31.1%, an increase of 893 people.



- During this time, population contraction is expected among the older adult population (ages 55 to 64) and the youngest senior population (ages 65 to 69).

- The primary market for service-enhanced housing (i.e. assisted living) is senior households age 75 and older. The key market for active adult housing is comprised of senior households age 65 and older, although active adult properties are often restricted to residents age 55 and older.

- While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Elderly parents often prefer to be near their adult caregivers, so the older adult age cohort (age 55 to 64) also generates some additional demand for service-enhanced senior housing products.

- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, with income allocations as follows: 40% to 50% for market rate active adult housing, 65% for independent living, and 80% to 90% or more for assisted living housing.
  - The proceeds from a home sale, as well as financial assistance from their adult children, are often used as supplemental income to afford senior housing alternatives.

- Median incomes among seniors over age 65 in the PMA are expected to rise 16% from 2026 to 2031. With households over 75 experiencing the largest income growth at 17%.

- Across all older adult and senior age cohorts, households earning more than $75,000 are expected to increase from 2026 to 2031 while households earning less than $75,000 are expected to contract.

- The target market for affordable and subsidized active adult housing is households age 65 and older with incomes at or below 60% Area Median Income (AMI), although some affordable properties may be restricted to households at 80% AMI or lower (workforce and public housing). At 60% AMI, household income limits are $41,880 for a one-person household and $47,880 for a two-person household in Otter Tail County.
  - Using $47,880 as the income limit for affordable housing in 2026, there are an estimated 1,747 income-qualified households age 65 and older in the PMA (48.2% of all age 65 and older households). The number of age- and income-qualified households in the PMA at 60% AMI is projected to increase 9% by 2031, after accounting for inflation. With this maximum income limit, there would be some overlap between income-qualified households for affordable housing and market rate active adult housing.

- The target for market rate active adult housing is comprised of senior households (age 55 and older) with incomes of $40,000 or more.
  - In 2026, we estimate there are 3,406 (age 55 and older) and income-qualified households in the PMA that comprise the key market for active adult housing. The number of age- and income-qualified households is expected to grow 2.4% to 3,489 households by 2031, after accounting for inflation.

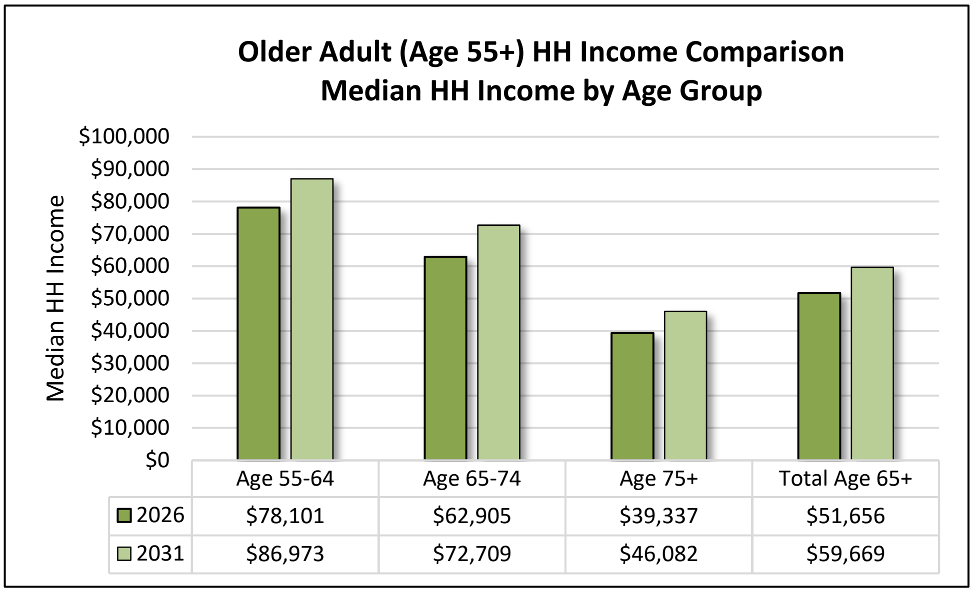
- Independent living housing demand is driven by senior households age 65 and older with incomes of $40,000 or more.
  - For independent living, we estimate the number of age- and income-qualified households in the PMA to be 2,118 in 2026, increasing 11% to 2,351 by 2031.

- Assisted living housing demand is driven by senior households age 75 and older with incomes of $40,000 or more, plus a portion of senior households with incomes below this level who will spend down assets for their housing and care.

  - For assisted living, we estimate the number of age- and income-qualified households in the PMA to be 985 in 2026, increasing 21.9% to 1,200 by 2031.

- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least $60,000. In 2026, we estimate that there are 1,776 age 65 and older households in the PMA that are income-qualified.

  - By 2031, we expect the number of income-qualified 65 and older households in the PMA to increase to 1,960, an increase of 10.3%.



	Age 55-64	Age 65-74	Age 75+	Total Age 65+
2026	$78,101	$62,905	$39,337	$51,656
2031	$86,973	$72,709	$46,082	$59,669

- The estimated homeownership rate in 2026 is 80% for age 55 to 64, 82% for ages 65 to 74, and 68% for 75+ households in the PMA. Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s.

- With a homeownership rate of 76% for all households age 65 and older in the PMA, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives.

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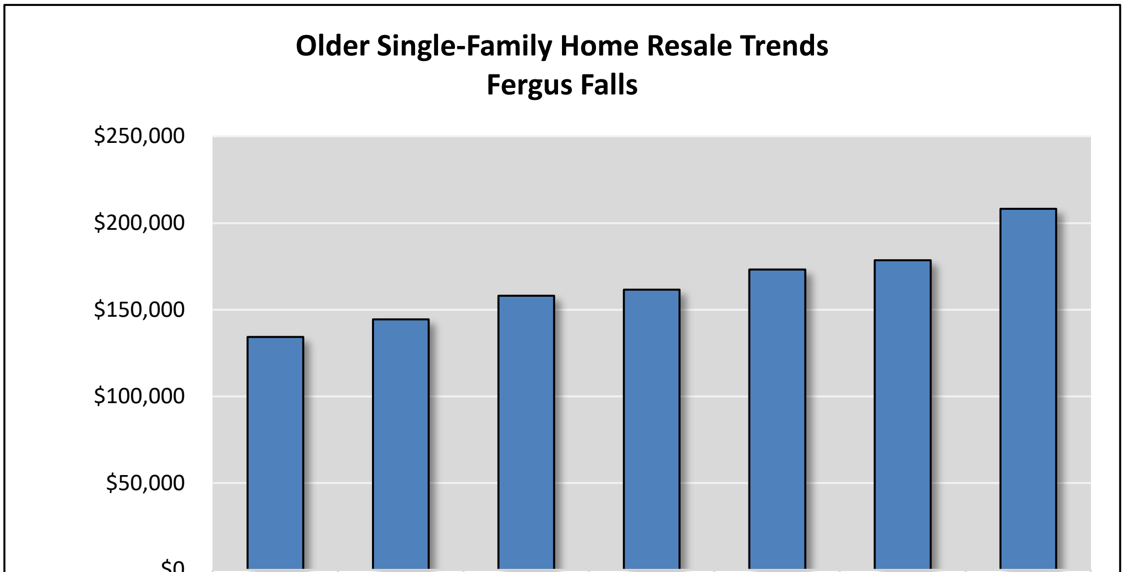
- With a homeownership rate of 76% for all households age 65 and older in the PMA, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives.

Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives. The following information summarizes resale data for homes that were built in 2010 or earlier in the City from 2019 through 2025. Sales of newer homes are excluded because older adults and seniors often reside in older homes and are typically not a market for new single-family home construction, so we evaluate sales data for homes that are at least 15 years old. The data was obtained from Greater Lakes Association of Realtors.

- Resale values of older homes experienced solid growth in Fergus Falls in recent years, climbing from $134,215 in 2019 to $208,250 in 2025.



	2019	2020	2021	2022	2023	2024	2025
Median Price	$134,215	$144,415	$158,100	$161,500	$173,188	$178,500	$208,250

- Based on the 2025 median resale price for older (built in 2010 or earlier) homes in Fergus Falls ($208,250), a senior household could generate an estimated $3,915 of additional income annually ($326 per month) if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

Supply of Senior Housing

The information on the following pages summarizes existing senior housing facilities in the PMA, including supply (number of units) and service level. In-home care facilities and skilled nursing facilities are not included in the supply summary.

- Maxfield Research identified a total of 15 senior housing facilities in the PMA, totaling 654 units.
- In total, there are 90 market rate active adult rental units, 73 market rate ownership units, 222 affordable and subsidized rental units, 116 independent living units, 103 assisted living units and 50 memory care units.
- We incorporate these senior housing units into the demand calculations presented later in this report.

TABLE 30

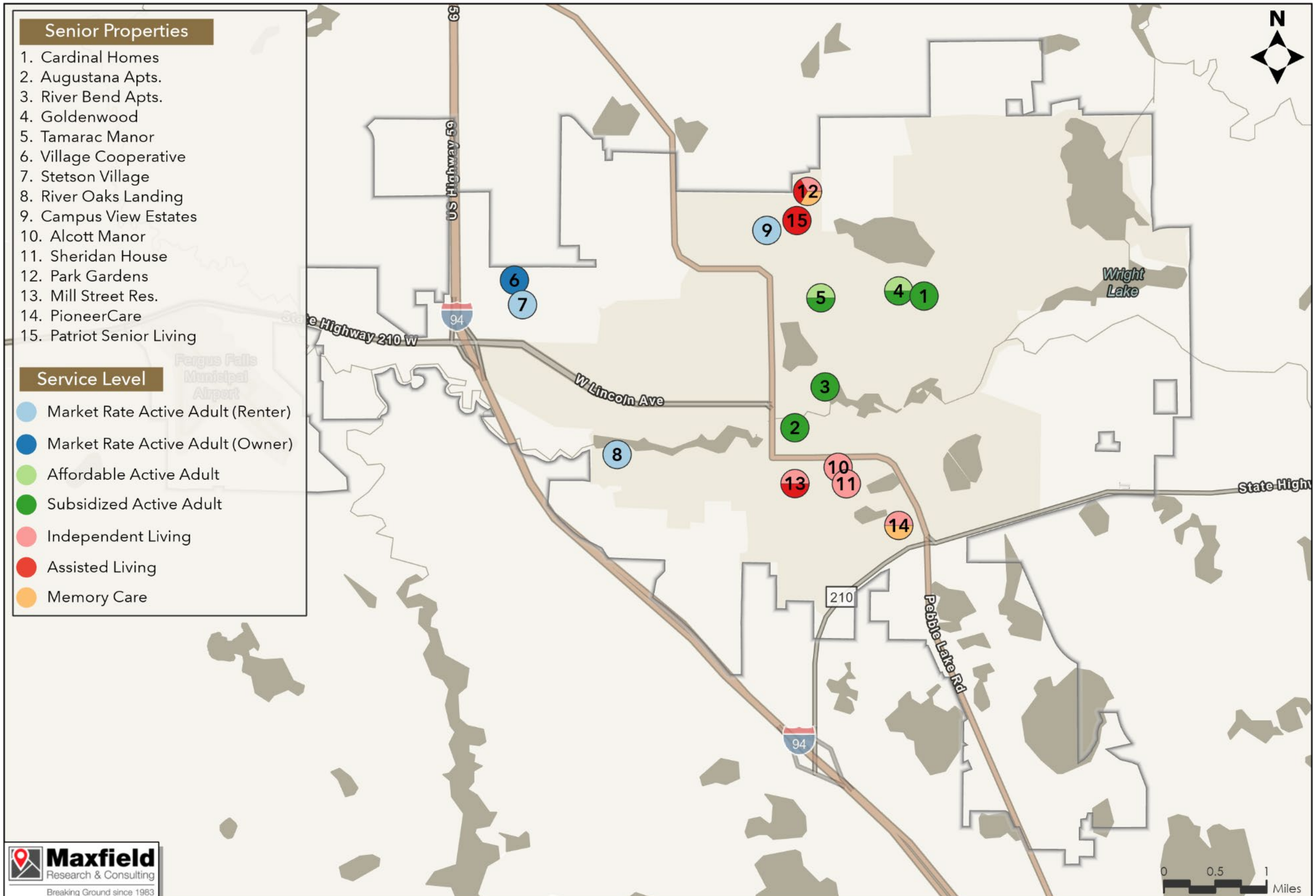
AGE-RESTRICTED SENIOR HOUSING INVENTORY IN THE PMA
APRIL 2026

				Active Adult				Service Enriched		
Name of Property	City	Year Built	No. of Units	MR Rental	MR Own	AFF	SUB	IL	AL	MC
Cardinal Homes	Fergus Falls	1972	34				34			
Augustana Apartments	Fergus Falls	1971	41				41			
River Bend Apartments	Fergus Falls	1979	100				100			
Goldenwood	Fergus Falls	1989	31			5	26			
Tamarac Manor	Underwood	1980	16			7	9			
Village Cooperative	Fergus Falls	2005	49		49					
Stetson Village	Fergus Falls	2011	66	66						
River Oaks Landing	Fergus Falls	2016	24	24						
Campus View Estates	Fergus Falls	2023	24		24					
Alcott Manor	Fergus Falls	2006	18					18		
Sheridan House	Fergus Falls	2000	33					33		
Park Gardens	Fergus Falls	2006	64					5	45	14
Mill Street Residences	Fergus Falls	1996	63					16	47	
PioneerCare	Fergus Falls	2001	80					44		36
Patriot Senior Living	Fergus Falls	2019	11						11	
Total			**654**	**90**	**73**	**12**	**210**	**116**	**103**	**50**

Note: AFF = Affordable & SUB = Subsidized

Source: Fergus Falls Area Chamber of Commerce; Fergus Falls HRA; Maxfield Research and Consulting

Senior Housing Location Map



Selected Senior Housing Properties


Stetson Village

Cardinal Homes

Village Cooperative


River Bend Apartments


Park Gardens


Mill Street Residences

Housing Affordability

Introduction

Affordable housing is a term that has various definitions according to different people and is often a product of supply and demand. According to the United States Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

The following topics are covered in this analysis.

- Naturally Occurring Affordable Housing (NOAH) units
- Household income and rent limits for affordable housing
- Housing Choice Voucher program
- Cost burdened households in the area, and
- Housing costs in the PMA relative to household income.

Minnesota Housing, HUD, the United States Census Bureau American Community Survey (ACS), and the Otter Tail County Housing and Redevelopment Authority (HRA) are the primary data resources for the Housing Affordability section of this report. Additionally, Maxfield Research and Consulting utilizes findings from the For-Sale and Rental Housing Market sections of this study to evaluate housing cost affordability in the community.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, individual properties may have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” can refer to both rental and ownership housing. The definition is broadly defined as housing that targets households earning between 50% and 120% AMI. The following figure summarizes generally recognized AMI Definitions:

FIGURE 1
AREA MEDIAN INCOME (AMI) DEFINITIONS

Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income | Workforce Housing	80% - 120%

Note: Otter Tail County 4-person AMI = $99,700 (2026)

Naturally Occurring Affordable Housing (NOAH)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income restrictions yet are more affordable than other units in a community are considered “naturally occurring affordable housing (NOAH)” or “unsubsidized affordable” units.

The NOAH housing supply is available through the private market, as opposed to assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as age of structure, location, condition, size, school district, etc. Because of these factors, housing costs tend to be lower. According to the *Joint Center for Housing Studies of Harvard University,* the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide.

Unlike assisted rental developments, most unsubsidized affordable units are scattered across older, sometimes smaller, rental buildings. These older properties are often vulnerable to redevelopment due to their age, modest rents, and deferred maintenance. Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Rent and Income Limits

The following table displays the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Otter Tail County. These incomes are published and revised annually by HUD and also published separately by Minnesota Housing based on the date a project is placed into service. Fair Market Rent reflects the amount needed to pay gross monthly rent at modest rental housing in a given area.

TABLE 31
HUD INCOME AND RENT LIMITS
OTTER TAIL COUNTY - 2026

	Income Limits by Household Size							
	Area Median Income (AMI)							
	30%	40%	50%	60%	70%	80%	100%	120%
1 pph	$20,940	$27,920	$34,900	$41,880	$48,860	$55,840	$69,800	$83,760
2 pph	$23,940	$31,920	$39,900	$47,880	$55,860	$63,840	$79,800	$95,760
3 pph	$26,940	$35,920	$44,900	$53,880	$62,860	$71,840	$89,800	$107,760
4 pph	$29,910	$39,880	$49,850	$59,820	$69,790	$79,760	$99,700	$119,640
5 pph	$32,310	$43,080	$53,850	$64,620	$75,390	$86,160	$107,700	$129,240
6 pph	$34,710	$46,280	$57,850	$69,420	$80,990	$92,560	$115,700	$138,840
7 pph	$37,110	$49,480	$61,850	$74,220	$86,590	$98,960	$123,700	$148,440
8 pph	$39,510	$52,680	$65,850	$79,020	$92,190	$105,360	$131,700	$158,040
	Maximum Gross Rent							
	30%	40%	50%	60%	70%	80%	100%	120%
EFF	$523	$698	$872	$1,047	$1,221	$1,396	$1,745	$2,094
1BR	$561	$748	$935	$1,122	$1,309	$1,496	$1,870	$2,244
2BR	$673	$898	$1,122	$1,347	$1,571	$1,796	$2,245	$2,694
3BR	$777	$1,037	$1,296	$1,555	$1,814	$2,074	$2,592	$3,111
4BR	$867	$1,157	$1,446	$1,735	$2,024	$2,314	$2,892	$3,471
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Rent	$678	$749	$983	$1,367	$1,432			

Sources: HUD, Novogradac, Maxfield Research & Consulting

The following table summarizes maximum rents by household size and AMI based on income limits illustrated in the preceding table. The rents in the following table are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two people.

TABLE 32

MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME OTTER TAIL COUNTY - 2026														
			Maximum Rent Based on Household Size (@30% of Income)											
Unit	HH Size		30%		50%		60%		80%		100%		120%	
Type[1]	Min	Max	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	$524	- $524	$873	- $873	$1,047	- $1,047	$1,396	- $1,396	$1,745	- $1,745	$2,094	- $2,094
1BR	1	2	$524	- $599	$873	- $998	$1,047	- $1,197	$1,396	- $1,596	$1,745	- $1,995	$2,094	- $2,394
2BR	2	4	$599	- $748	$998	- $1,246	$1,197	- $1,496	$1,596	- $1,994	$1,995	- $2,493	$2,394	- $2,991
3BR	3	6	$674	- $868	$1,123	- $1,446	$1,347	- $1,736	$1,796	- $2,314	$2,245	- $2,893	$2,694	- $3,471
4BR	4	8	$748	- $988	$1,246	- $1,646	$1,496	- $1,976	$1,994	- $2,634	$2,493	- $3,293	$2,991	- $3,951

[1] One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: Otter Tail County 4-person AMI = $99,700 (2026)

Sources: HUD, Novogradac, Maxfield Research & Consulting

Housing Choice Vouchers

In addition to subsidized apartments, "tenant-based" subsidies such as *Housing Choice Vouchers (HCV),* assist low-income households secure housing through the private market. The tenant-based subsidy is funded by HUD. Under the HCV program, also referred to as Section 8, qualified households are issued a voucher that can be taken to an apartment that has rent levels at or less than the payment standards by bedroom type for their area. The household then pays 30% of their Adjusted Gross Income for rent and utilities, and the Federal Government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Voucher is 50% of AMI based on household size.

- HUD has approved 189 Housing Choice Vouchers and currently, the Fergus Falls HRA has 133 vouchers in use in Fergus Falls. As of May 2026, the waiting list consists of 139 households.

- The Housing Choice Voucher program uses a payment standard which matches the cost of housing and utilities for the local area. Households may use the Voucher for units with rent that is either below or above the payment standard. If the rent is above the payment standard and the tenant selects that unit, then the tenant must pay the difference between the monthly payment standard and the unit rent.

2026 Monthly Payment Standards (Effective 1/1/26)

	0-Bedroom	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Otter Tail County	$745	$823	$1,081	$1,503	$1,575
Fergus Falls	$713	$793	$1,040	$1,437	$1,519

Housing Cost Burden

The following table summarizes the number and percentage of owner and renter households in Fergus Falls, the PMA, and Northwest Minnesota that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2024 five-year estimates and adjusted by Maxfield Research to reflect current household estimates.
The Federal standard for affordability is 30% of income for housing costs. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing. Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not.

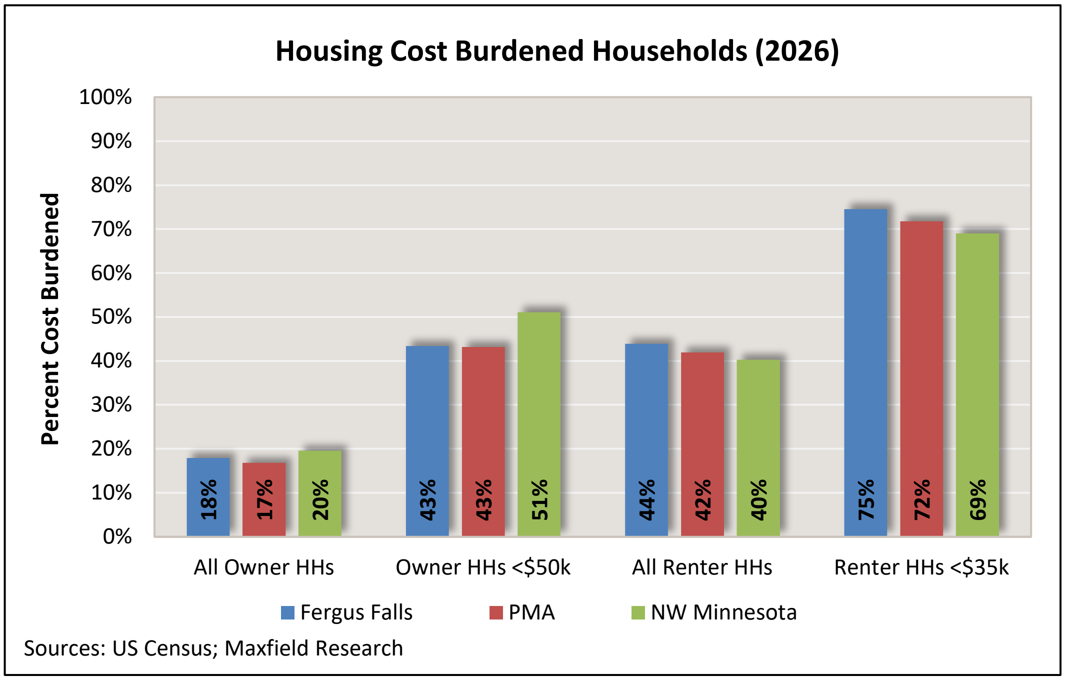
TABLE 33
HOUSING COST BURDEN
PRIMARY MARKET AREA
2026

	Fergus Falls		PMA		NW Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households						
All Owner HHs	**3,954**		**6,957**		**182,247**	
Cost Burden 30.0% or greater	**709**	**17.9%**	**1,172**	**16.8%**	**35,700**	**19.6%**
Cost Burden 30.0% to 34.9%	170	4.3%	267	3.8%	8,131	4.5%
Cost Burden 35.0% to 49.9%	321	8.1%	541	7.8%	13,499	7.4%
Cost Burden 50.0% or more	218	5.5%	363	5.2%	14,070	7.7%
Owner HHs w/ incomes <$50,000	**1,396**		**1,926**		**46,693**	
Cost Burden 30.0% or greater	606	43.4%	831	43.1%	23,835	51.0%
Renter Households						
All Renter HHs	**2,426**		**2,693**		**59,306**	
Cost Burden 30.0% or greater	**1,065**	**43.9%**	**1,129**	**41.9%**	**23,872**	**40.3%**
Cost Burden 30.0% to 34.9%	189	7.8%	216	8.0%	5,112	8.6%
Cost Burden 35.0% to 49.9%	443	18.3%	460	17.1%	7,120	12.0%
Cost Burden 50.0% or more	432	17.8%	453	16.8%	11,640	19.6%
Renter HHs w/ incomes <$35,000	**1,204**		**1,311**		**26,622**	
Cost Burden 30.0% or greater	897	74.5%	942	71.8%	18,380	69.0%

Sources: U.S. Census Bureau; Maxfield Research & Consulting

- An estimated 18% of owner households and 44% of renter households are estimated to be paying more than 30% of their income for housing costs in Fergus Falls. Compared to the PMA average, the percentage of cost burdened households is slightly lower in PMA. NW Minnesota cost burdened households are 20% for owner households and 40% for renter households.

- The number of cost-burdened households in Fergus Falls increases proportionally based on lower incomes. An estimated 75% of renters with incomes below $35,000 are cost burdened and 43% of owners with incomes below $50,000 are cost burdened.



Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a household's adjusted gross income. The following table illustrates key housing metrics based on housing costs and household incomes in Fergus Falls. The table estimates the percentage of PMA householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on averages in the PMA.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 6.36% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- An estimated 66% of existing owner households could afford to buy an entry-level home priced at $200,000 in the PMA. 40% of existing owner households could afford to purchase a home priced at $350,000.

- An estimated 51% of existing renter households can afford to rent a one-bedroom unit priced at $892/month. However, the percentage of renter households that would qualify based on income to rent a unit priced at $1,054 per month is 44%. An estimated 39% of renters could afford to rent a one-bedroom apartment for $1,200 per month in a new apartment property in Fergus Falls.

TABLE 34
HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME
PRIMARY MARKET AREA
MAY 2026

For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			**Townhome/Twinhome/Condo**		
	Entry-Level	**Move-Up**	**Executive**	**Entry-Level**	**Move-Up**	**Executive**
Price of House	$200,000	$350,000	$500,000	$175,000	$275,000	$350,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	$20,000	$35,000	$50,000	$17,500	$27,500	$35,000
Estimated Closing Costs (rolled into mortgage)	$6,000	$10,500	$15,000	$5,250	$8,250	$10,500
Cost of Loan	$186,000	$325,500	$465,000	$162,750	$255,750	$325,500
Interest Rate	6.360%	6.360%	6.360%	6.360%	6.360%	6.360%
Number of Pmts.	360	360	360	360	360	360
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$58,900	$103,076	$147,251	$53,204	$81,321	$102,409
Pct. of all households who can afford[1]	**55.7%**	**30.3%**	**14.4%**	**59.4%**	**41.6%**	**30.6%**
Pct. of owner households who can afford[2]	**66.4%**	**39.9%**	**19.1%**	**70.2%**	**52.0%**	**40.2%**

Rental (Market Rate)						
	Existing Rental			**New Rental**		
	1BR	**2BR**	**3BR**	**1BR**	**2BR**	**3BR**
Monthly Rent	$892	$1,054	$1,301	$1,200	$1,400	$1,550
Annual Rent	$10,704	$12,648	$15,612	$14,400	$16,800	$18,600
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$35,680	$42,160	$52,040	$48,000	$56,000	$62,000
Pct. of all households who can afford[1]	**72.4%**	**67.5%**	**60.2%**	**63.0%**	**57.6%**	**53.6%**
Pct. of renter households who can afford[2]	**50.7%**	**44.5%**	**35.5%**	**39.0%**	**32.4%**	**27.7%**

[1] Based on 2026 household income for all households.
[2] Based on ACS household income by tenure (i.e. owner and renter incomes).
Source: Maxfield Research & Consulting

Demand Estimates

Introduction

Maxfield Research and Consulting was engaged to quantify the potential demand for additional housing in Fergus Falls from 2026 to 2036. Earlier sections of this report examined growth trends and demographic characteristics of the population and household bases in the community, as well as employment trends, housing characteristics and housing market conditions in the area. This section of the report provides our demand calculations for new housing in Fergus Falls to 2036, including the following product types.

- General occupancy for-sale housing demand
- General occupancy rental housing demand calculations, including demand for subsidized, affordable and market rate rental housing
- Owned and rented market rate active adult senior housing demand
- Demand for affordable and subsidized senior rental housing
- Demand for service-enhanced (independent living, assisted living, and memory care) senior housing

Additionally, Maxfield Research summarizes findings from our interviews with area stakeholders, including real estate professionals familiar with Fergus Falls' housing market and representatives from major employers in the community.

Interview Summary

To gain additional insight into housing demand in Fergus Falls, Maxfield Research solicited input from realtors, representatives from major employers and other professionals familiar with the housing market in the area. Topics addressed included the overall condition of the housing market, types of housing being sought in the area, whether there are gaps in the existing supply of available housing and the impact on housing availability has on the ability of employers to attract and retain workers.

- The most needed housing types reported by employers included:
  - More affordable multifamily developments. This includes apartment communities, but also smaller developments such as duplexes and four-plex properties;
  - Single-family homes priced in the $200,000 to $250,000 range;
  - Move-up homes priced in the $300,000 to $350,000 range.
- Employers recognized that employees are having trouble finding rental as well as ownership options in the area. Employers noted that lack of housing options might be affecting their ability to attract new employees to the area.
- There are two housing types that were mentioned as urgent needs in Fergus Falls.
  - Moderately priced housing, both owned and rented, targeted to the area's workforce and entry-level buyers;
  - Housing alternatives for older adults and independent seniors (townhomes, twin homes, villas, apartments, etc.) that want to move out of their single-family homes.
- There is also a need for move-up housing to facilitate turnover in the entry-level market as households transition into larger homes.
- Single-family housing costs in Fergus Falls can generally be defined as follows:
  - Entry-level housing priced around $200,000
  - Move-up housing priced around $350,000
  - New construction housing pricing around $450,000
- There is not much product available under $225,000 and many of the homes at that price point need updates and/or repairs. Some potential entry-level buyers would have a hard time affording the costs for necessary repairs.

For-Sale Housing Market Demand Analysis

Earlier sections of this report examined growth trends and demographic characteristics of the household base in Fergus Falls and the PMA along with housing market conditions in the area. The table on the following page presents demand calculations for general occupancy for-sale housing in the PMA, specifically the City of Fergus Falls, between 2026 and 2036. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households.

First, we calculate demand from new household growth based on the propensity of households to own their housing. For this analysis, we focus on households under age 75 that will account for most of general occupancy for-sale housing demand. We then apply the percentage of households that would likely own their housing (based on household tenure data) to the projected household growth in the PMA from 2026 to 2036.

- We estimate that household growth will generate demand for 413 for-sale housing units between 2026 and 2036.

As of 2026, there are an estimated 5,757 owner households under age 75 in the PMA. Based on household turnover data from the 2024 ACS, we estimate that 36% of these owner households will experience turnover between 2026 and 2036. We then estimate the percent of existing owner households turning over that would prefer to purchase new housing based on national metrics and Market Area trends.

- Total demand from household growth plus existing household turnover equates to 415 new for-sale housing units in the PMA between 2026 and 2036.

An additional proportion is added for households that would purchase their home in the PMA who currently reside outside the area. We estimate that 30% of the potential demand for general occupancy ownership housing would be derived from outside the PMA.

- Overall, we find demand potential for 1,182 new general occupancy for-sale housing units in the PMA between 2026 and 2036.

We estimate that the City of Fergus Falls can capture 50% of the PMA's demand for new for-sale housing units between 2026 and 2036, equating to demand for 591 new units in Fergus Falls. This estimate is based on household growth in the PMA, household turnover, residential development activity and residential lot supply.

Based on the age distribution of households in Fergus Falls, conversations with area real estate professionals, and residential development trends, we estimate that 60% of the householders seeking new housing in Fergus Falls will desire detached single-family homes, while the remaining 40% will seek other housing product types, notably townhomes, twin homes, or condominiums. We anticipate that there will be demand for 355 detached single-family homes and 236 units of multifamily product types in Fergus Falls between 2026 and 2036.

TABLE 35

GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND FERGUS FALLS MARKET AREA 2026 to 2036			
Demand from Projected Household Growth in PMA			
Household growth, 2026-2036[1]		590	
(times) Propensity to own[2]	x	70%	
(equals) Demand from household growth	=	**413**	
Demand from Existing Owner Households in PMA			
Existing owner households, 2026	=	5,757	
(times) Est. % household turnover, 2026-2036[3]	x	36%	
(times) Est. % desiring new housing[4]	x	20%	
(equals) Demand from existing households	=	**415**	
Total demand from household growth+turnover	**=**	**828**	
(plus) Ownership demand from outside PMA	+	30%	
(equals) Demand potential for ownership housing in PMA	**=**	**1,182**	
(times) Percent of PMA demand capturable in Fergus Falls	x	50%	
(equals) Demand potential for new ownership housing in Fergus Falls	**=**	**591**	
		Detached Single-family	**Multifamily***
(times) Pct. of demand for detached single-family vs. multifamily*	x	60%	40%
(equals) Total Demand Potential in Fergus Falls	**=**	**355**	**236**

[1] Projection from "Population and Household Growth Trends and Projections" table
[2] Pct. Owner households from U.S. Census
[3] Based on owner household turnover and mobility data (American Community Survey)
[4] Based on new construction sales data, construction trends, and growth projections by age group
*Multifamily includes attached single-family (i.e. townhomes, twinhomes) and condominium units.
Note: Some totals may not add due to rounding
Source: Maxfield Research & Consulting

Annually, new for-sale housing demand in Fergus Falls equates to 59 new housing units per year, including 36 new detached single-family homes per year and 24 new units of multifamily product types per year.

The demand projections reveal higher potential demand than what has been constructed in the City annually from 2015 through 2025. During this time, the City permitted an average of 16 detached single-family homes and 14 multifamily homes annually.

Rental Housing Demand Analysis

The table on the following page presents our calculation of general occupancy rental housing demand in the PMA and Fergus Falls between 2026 and 2036. Factors considered include demographic trends, population shifts, and pending developments. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the PMA;

2. From existing households that will remain in the Primary Market Area because new product is available and they value other area amenities including proximity to employment, entertainment, and recreation.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing. We estimate that household growth will generate demand for 207 rental housing units between 2026 and 2036.

The second part of the analysis calculates demand from existing households, or turnover demand. Mobility rates were calculated for the renter population based on American Community Survey data and applied to the existing renter household base. As of 2026, there are an estimated 2,141 renter households under age 75 in the PMA. Based on household turnover data from the 2024 ACS, we estimate that 74% of these renter households will turn over between 2026 and 2036.

Then, we estimate the percentage (35%) of the existing renter households that would potentially seek new rental housing. Together with demand from projected household growth plus turnover, total demand for general occupancy rental housing is 558 units in the PMA.

An additional proportion is added for households that would move to a rental property in the PMA who currently reside outside the area. We estimate that 30% of the potential demand for rental housing in the PMA would be derived from outside the area, increasing demand to 1,092 units between 2026 and 2036.

TABLE 36

GENERAL OCCUPANCY RENTAL HOUSING DEMAND FERGUS FALLS MARKET AREA 2026 to 2036		
Demand from Projected Household Growth in PMA		
Household growth, 2026-2036[1]		590
(times) Propensity to rent[2]	x	35%
(equals) Demand from household growth	=	**207**
Demand from Existing Renter Households in PMA		
Existing renter households under age 75, 2026	=	2,141
(times) Est. % household turnover, 2026-2036[3]	x	74%
(times) Est. % desiring new housing[4]	x	35%
(equals) Demand from existing households	=	**558**
Total demand from household growth+turnover		**764**
(plus) Rental demand from outside PMA	+	30%
(equals) Demand potential for rental housing in PMA	**=**	**1,092**
(times) Percent of PMA demand capturable in Fergus Falls	x	80%
(equals) Demand potential for new rental housing in Fergus Falls	**=**	**873**
(times) % for Workforce & Market Rate (60% AMI or more) units[5]	x	50%
(minus) Pending Market Rate units[6]	-	0
(equals) Excess Workforce & Market Rate Demand	**=**	**437**
(times) % for Affordable (30% to 60% AMI) units[5]	x	20%
(minus) Pending Affordable units[6]	-	0
(equals) Excess Affordable Demand	**=**	**175**
(times) % for Subsidized (30% AMI or less) units[5]	x	30%
(minus) Pending Subsidized units[6]	-	0
(equals) Excess Subsidized Demand	**=**	**262**

[1] Projection from "Population and Household Growth Trends and Projections" table
[2] Pct. renter households from U.S. Census
[3] Based on renter household turnover and mobility data (American Community Survey)
[4] Based on leasing trends and occupancy rates among existing product
[5] Based on income limits and renter household incomes
[6] Units under construction/renovation or approved at equilibrium (95% occupancy)
Note: Some totals may not add due to rounding
Source: Maxfield Research & Consulting

Due to factors such as the geographic distribution of renter households in the PMA, renter household turnover and the location of employment and services (entertainment, shopping, education, etc.), we estimate that Fergus Falls can capture 80% of the rental housing demand potential in the PMA.

- Overall, we find demand for 873 new general occupancy rental housing units in Fergus Falls between 2026 and 2036.

Based on a review of renter household incomes and income limits set by HUD and Minnesota Housing, we estimate the proportion of the total demand potential by rental housing product type, as follows:

- Market rate housing (households with incomes at 60% AMI and higher)
- Affordable housing (affordable to households with incomes between 30% and 60% AMI)
- Subsidized housing (affordable to households at 30% AMI or less)

Due to the income limits in Otter Tail County relative to rents, we understand that there is some crossover between affordable and subsidized demand, as well as between affordable and market rate demand. Some households with incomes between 30% and 60% of AMI may qualify for subsidized housing, depending on income restrictions at the property, as well as new market rate housing depending on rents.

- An estimated 50% of the demand will be for market rate units, 20% of the demand will be for affordable units and another 30% will be for subsidized units.

There were no rental projects pending or under construction in the PMA. As a result, excess demand remains for 873 general occupancy rental units. We estimate that of the 873 units, there is excess demand for 437 market rate units, 175 affordable units and 262 subsidized units.

Senior Housing Demand Analysis

The following table summarizes our senior housing demand estimates for Fergus Falls by service level in 2026, 2031 and 2036, including demand for market rate owned and rented active adult units, affordable and subsidized age-restricted rental units, independent living, assisted living and memory care.

- Growth in age-restricted housing demand is projected across all service levels in Fergus Falls.

- As of 2026, excess senior housing demand is largest for affordable and subsidized rental housing, totaling 364 units. There is also excess demand for 197 service-enhanced units, including 95 independent living units, 39 assisted living units, and 63 memory care units. Further demand for active adult units was also found at 133 units.

- The oldest age cohorts are forecast to experience the largest growth from 2026 to 2036. As a result, excess demand growth is projected to be strongest for service-enhanced units, increasing by 48% (95 units).

- Fergus Falls is also projected to experience a 34% increase in excess demand for market rate active adult units (45 units) between 2026 and 2036, while excess demand for affordable and subsidized units increases 11% (40 units).

TABLE 37

EXCESS SENIOR HOUSING DEMAND BY SERVICE LEVEL CITY OF FERGUS FALLS 2026, 2031, 2036			
	2026	2031	2036
Market Rate Active Adult Units	**133**	**164**	**178**
Ownership	51	63	69
Rental	82	101	109
Affordable/Subsidized Units	**364**	**384**	**404**
Subsidized	160	172	184
Affordable	204	212	220
Service-Enhanced Units	**197**	**263**	**292**
Independent Living	95	118	135
Assisted Living	39	63	70
Memory Care	63	82	87
Source: Maxfield Research & Consulting			

Information on the following pages provides detailed senior demand calculations by product type in Fergus Falls in 2026, 2031, and 2036. Assumptions used to estimate demand in 2036 include 1) the percentages used to determine income- and asset-qualifications for senior housing are the same proportions used for the 2031 calculations; 2) all capture rates hold steady for each age group; and 3) no new product is added between 2031 and 2036.

Market Rate Active Adult Senior Housing Demand

The following table presents our demand calculations for market rate active adult housing in Fergus Falls in 2026, 2031 and 2036. The market for active adult housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with capture rates weighted most heavily toward older seniors. Older seniors are more likely to need or want to relocate to housing products that offer them greater freedom from home maintenance and upkeep and to also offer services, if those are needed.

In order to arrive at the potential age-, income- and asset-qualified base for market rate active adult housing, we include all age-qualified households with incomes of $40,000 or more plus homeowner households with incomes between $35,000 and $39,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort.

Seniors are willing to pay increasing proportions of their income on alternative housing, beginning with an income allocation of 40% to 50% for market rate active adult senior housing with little or no services. Older adult and senior households with incomes of $40,000 allocating 40% of their income toward housing could afford monthly rents of $1,333. We estimate there are 3,559 age-, income- and asset-qualified households in the PMA that comprise the market for active adult housing in 2026.

Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 55 to 64, 5.5% of age 65 to 74, and 17.0% of age 75 and older) results in a demand potential for 248 active adult units in 2026, increasing to 293 units in 2036. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be willing, able, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors residing outside the PMA will generate 30% of the demand for active adult housing, increasing demand to 354 active adult units in 2026. Demand from outside the PMA includes parents of adult children living in the area, people who have an orientation to the area (i.e. church, doctor), and former residents who desire to return upon retirement.

TABLE 38

MARKET RATE ACTIVE ADULT HOUSING DEMAND
FERGUS FALLS MARKET AREA
2026, 2031, 2036

		2026			2031			2036		
Age of Householder		**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**
HHs w/ Incomes of >$40,000		1,288	1,259	859	1,138	1,312	1,038	1,187	1,197	1,149
HHs w/ Incomes of $35,000-$39,999	+	53	69	80	40	60	87	42	55	96
(times) Homeownership Rate	x	80%	82%	68%	80%	82%	68%	80%	82%	68%
(equals) Total Potential Market Base	=	**1,330**	**1,316**	**913**	**1,170**	**1,361**	**1,097**	**1,221**	**1,242**	**1,214**
(times) Potential Capture Rate	x	1.5%	5.5%	17.0%	1.5%	5.5%	17.0%	1.5%	5.5%	17.0%
(equals) Demand Potential	=	**20**	**72**	**155**	**18**	**75**	**187**	**18**	**68**	**206**
Potential Demand from PMA	=		**248**			**279**			**293**	
(plus) Demand from outside PMA[1]	+		30%			30%			30%	
(equals) Total Demand Potential	=		**354**			**398**			**419**	
Product Type		**% Own**		**% Rent**	**% Own**		**% Rent**	**% Own**		**% Rent**
(times) % for Owner/Rental	x	40%		60%	40%		60%	40%		60%
(equals) Demand Potential	=	**141**		**212**	**159**		**239**	**167**		**251**
(minus) Existing & Pending Units[2]	-	69		95	69		95	69		95
(equals) Excess Demand	=	**72**		**117**	**90**		**144**	**98**		**156**
(times) Pct. capturable in City	x		70%			70%			70%	
(equals) Units supportable in City	=	**51**		**82**	**63**		**101**	**69**		**109**

[1] Estimated portion of demand that will come from outside PMA
[2] Existing and pending units are deducted at market equilibrium (95% occupancy).
Source: Maxfield Research & Consulting

Demand for market rate active adult housing is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, existing product and trends for active adult housing, we project that 40% of the demand will be for owner-occupied active adult housing (141 units in 2026), and the remaining 60% of demand will be for active adult rental housing units (212 units in 2026).

From the potential demand, we subtract existing and pending market rate active adult units in the PMA at 95% occupancy. We identified 90 rental units in the PMA with 10 rental units pending. We also identified 73 owner units in the PMA with 12 owner units pending. Overall, we find excess demand for 72 market rate active adult ownership units and 117 market rate active adult rental units in 2026.

Adjusting for inflation and following the same methodology, we project that excess demand will increase to 90 ownership and 144 rental units by 2031. We estimate that excess demand for active adult units will be 98 active adult ownership units and 156 active adult rental units in 2036.

Due to factors such as the geographic distribution of the senior population in the PMA along with the location of services (medical, religious, retail, etc.), we anticipate that Fergus Falls can capture 70% of the excess demand in the PMA.

- Based on this capture rate, we find demand for 133 market rate active adult units in Fergus Falls in 2026, growing to 164 units in 2031 and 178 units in 2036.

Affordable/Subsidized Active Adult Senior Housing Demand

The table on the following page presents our demand calculations for affordable (30% to 60% AMI) and subsidized (30% AMI or less) senior housing units in Fergus Falls in 2026, 2031 and 2036. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate active adult housing, adjustments have been made to reflect demand from low- and moderate-income seniors. The following points summarize these adjustments:

- **Income-Qualifications**: In order to arrive at the potential age- and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2026.

  Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction in Otter Tail County for a two-person household at 30% AMI is $23,940 and the income-restriction for a two-person household at 60% AMI is $47,880.

- **Capture Rates**: Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those not in need-based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the area, we apply a conservative 25% capture rate to the age/income-qualified market to arrive at the potential demand.

Using the methodology described above results in a potential demand for a total of 466 affordable and subsidized senior rental housing units in the PMA in 2026. An additional proportion (30%) is added for senior households that would move into affordable senior housing in the

PMA who currently reside outside the area. In total, we estimate that there is potential demand for 665 affordable and subsidized senior housing units in the PMA in 2026.

Based on the existing and projected distribution of households with incomes less than $47,880, we estimate the proportion of demand for affordable and subsidized units. An estimated 60% of the demand will be for subsidized units and 40% will be for affordable units. In total, we estimate there is demand for 399 subsidized units and 266 affordable units in the PMA in 2026.

Next, we subtract existing competitive units from the demand potential, including 210 subsidized and 12 affordable units. Overall, we subtract 200 subsidized and 11 affordable units from the demand potential after accounting for a 5% vacancy rate, resulting in excess demand for 200 subsidized and 255 affordable units in the PMA in 2026.

TABLE 39

AFFORDABLE/SUBSIDIZED SENIOR RENTAL HOUSING DEMAND
FERGUS FALLS MARKET AREA
2026, 2031, 2036

		2026			**2031**			**2036**		
Age of Householder		**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**
# of HHs w/ Incomes of <$47,880[1]		516	726	1,021	446	731	1,175	465	667	1,300
Less HHs w/ Incomes of $35K to $47,880[1]	-	139	180	209	128	186	242	134	170	268
(times) Homeownership Rate	x	80%	82%	68%	80%	82%	68%	80%	82%	68%
(equals) Total Potential Market Base by Age	=	405	578	879	344	578	1,010	359	528	1,118
Total Potential Market Base			1,862			1,933			2,004	
(times) Ptc. for affordable hsg	x		25%			25%			25%	
(equals) Demand Potential	=		**466**			**483**			**501**	
(plus) Demand from Outside PMA[2]	+		30%			30%			30%	
(equals) Total Demand Potential	=		**665**			**690**			**716**	
Product Type (Subsidized or Affordable)		**Sub.**		**Aff.**	**Sub.**		**Aff.**	**Sub.**		**Aff.**
(times) % Subsidized or Affordable	x	60%		40%	60%		40%	60%		40%
(equals) Demand Potential	=	**399**		**266**	**414**		**276**	**429**		**286**
(minus) Existing & Pending Units[3]	-	200		11	200		11	200		11
(equals) Excess Demand for Units	=	**200**		**255**	**215**		**265**	**230**		**275**
(times) Pct capturable in City	x		80%			80%			80%	
Units supportable in City	=	**160**		**204**	**172**		**212**	**184**		**220**

[1] Based on 2-person HH at 60% AMI; 2031 calculations adjusted for inflation (2.8% annually).
[2] Estimated portion of demand from outside PMA
[3] Existing and pending units are deducted at market equilibrium (95% occupancy).
Source: Maxfield Research & Consulting

To project demand for 2031 and 2036, we increase the income-qualifications to account for inflation and incorporate pending affordable senior housing units, although we did not identify any projects under construction or approved in the PMA. Following the same methodology as outlined above, total excess demand for affordable and subsidized units is projected to increase to 505 units in 2036.

We anticipate that Fergus Falls can capture 80% of the excess demand potential for affordable and subsidized active adult housing in the PMA. Based on this capture rate, we find demand for 363 units in 2026 (160 subsidized and 204 affordable units), 383 units in 2031 (172 subsidized and 212 affordable units), and 404 units in 2036 (184 subsidized and 220 affordable units).

Demand for Independent Living Senior Housing

The table on the following pages presents our demand calculations for independent living senior housing in Fergus Falls in 2026, 2031, and 2036. This analysis focuses on the potential private pay/market rate demand for independent living units.

To arrive at the potential age-income qualified base for independent senior housing, we include all senior households with incomes of $40,000 or more and homeowners with incomes between $30,000 and $40,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort).

Senior households with incomes of $40,000 allocating 65% of their income toward base housing cost could afford beginning rents of $2,167. Households with incomes of $35,000 allocating 65% of their income toward rent and using the proceeds from a home sale could afford rents of $2,262 per month.

- We estimate the number of age/income/asset-qualified households in the PMA to be 2,400 households in 2026, increasing to 2,570 households in 2031. By 2036, the number of qualified households is expected to remain at 2,570 households.

Demand for independent living senior housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. To account for this, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with at least three Instrumental Activities of Daily Living (IADLs), but not six or more Activities of Daily Living (ADLs) and IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in ADLs (bathing, dressing, toileting, transferring, eating) and IADLs (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs

Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs and are more likely to be candidates for service-intensive assisted living. The prime candidates for independent living are seniors needing assistance with IADLs, but not ADLs. We derive the capture rate for independent living housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors age 75+.

For the purpose of this report and understanding that many seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75 and older age group to 15.0%. Multiplying the senior household base by these capture rates results in potential demand for 172 independent living units in 2026, 195 units in 2031 and 212 units in 2036.

TABLE 40

INDEPENDENT LIVING DEMAND
FERGUS FALLS MARKET AREA
2026, 2031, 2036

		2026		2031		2036	
Age of Householder		**65-74**	**75+**	**65-74**	**75+**	**65-74**	**75+**
HHs w/ Incomes of >$40,000		1,259	859	1,312	1,038	1,197	1,149
(plus) HHs w/ Incomes of $30,000 to $39,999	+	162	219	122	177	111	196
(times) Homeownership Rate	x	82%	68%	82%	68%	82%	68%
(equals) Total Potential Market Base	=	1,392	1,008	1,412	1,158	1,288	1,282
(times) Potential Capture Rate	x	1.5%	15.0%	1.5%	15.0%	1.5%	15.0%
(equals) Demand Potential	=	21	151	21	174	19	192
Potential Demand from PMA Residents	=	**172**		**195**		**212**	
(plus) Demand from outside PMA[1]	+	30%		30%		30%	
(equals) Total Demand Potential	=	**246**		**278**		**302**	
(minus) Existing and Pending Units[2]	-	110		110		110	
(equals) Excess IL Demand Potential (units)	=	**136**		**168**		**192**	
(times) Percent capturable in City	x	70%		70%		70%	
(equals) IL Demand Capturable in City	=	**95**		**118**		**135**	

[1] Estimated portion of demand that will come from outside PMA
[2] Existing and pending units are deducted at market equilibrium (95% occupancy).
IL = Independent Living

Source: Maxfield Research & Consulting

We estimate that seniors currently residing outside the PMA will generate 30% of the demand for independent senior housing. Together, the demand from PMA seniors and demand from seniors who would relocate to the area totals 246 independent living units in 2026, increasing to 278 units in 2031 and 302 units in 2036.

Next, we would subtract existing and pending competitive independent living units from the demand potential at equilibrium. Overall, we find excess demand for 136 independent living units in the PMA in 2026. We anticipate 70% of the excess demand potential would be captured in Fergus Falls given a desire for existing residents to remain close and recognizing that some seniors may relocate to be closer to services, family or other or other amenities.

- Based on this capture rate, we find excess demand for 95 independent living units in Fergus Falls in 2026, expanding to 118 units in 2031 and 135 units in 2036.

Assisted Living Demand Estimate

The next table presents our demand calculations for assisted living in Fergus Falls in 2026, 2031 and 2036. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities is 87 years.

The age-qualified market for assisted living is defined as seniors ages 75 and over. In 2026, there are an estimated 2,868 seniors ages 75 and over in the PMA, and we project that this number will increase to 3,761 in 2036.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the Centers for Disease Control and the National Center for Health Statistics, about 35% of seniors need assistance with everyday activities (from 18.6% of 75-to-79-year-olds, to 23.9% of 80-to-84-year-olds and 34.5% of 85+ year-olds).

- Applying these percentages to the senior population yields a potential assisted living market of an estimated 727 seniors in 2026, 860 in 2031 and 914 seniors in 2036.

Due to the supportive nature of assisted living, most daily essentials are included in monthly fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living is to identify the income-qualified market based on a senior's ability to pay the monthly rent.

We consider seniors in households with incomes of $40,000 or greater to be income-qualified for assisted living senior housing in the PMA. Households with incomes of $40,000 could afford monthly assisted living fees of $3,000 by allocating 90% of their income toward the fees.

TABLE 41

MARKET RATE ASSISTED LIVING DEMAND
FERGUS FALLS MARKET AREA
2026, 2031, 2036

		2026			2031			2036		
Age Group		**75-79**	**80-84**	**85+**	**75-79**	**80-84**	**85+**	**75-79**	**80-84**	**85+**
People		1,093	836	939	1,318	975	1,106	1,648	1,149	964
(times) Percent Needing Assistance[1]	x	18.6%	23.9%	34.5%	18.6%	23.9%	34.5%	18.6%	23.9%	34.5%
Number Needing Assitance	=	203	200	324	245	233	382	307	275	333
Total People Needing Assistance			**727**			**860**			**914**	
(times) Percent Income-Qualified[2]			57%			60%			60%	
Total potential market	=		**413**			**518**			**551**	
(times) Percent living alone	x		57%			57%			57%	
Age/income-qualified singles	=		**233**			**293**			**311**	
(plus) Demand from couples (12%)[3]	+		32			40			42	
Age/income-qualified market	=		**265**			**333**			**354**	
(times) Potential penetration rate[4]	x		35%			35%			35%	
Potential demand	=		**93**			**117**			**124**	
(plus) Proportion from outside PMA	+		30%			30%			30%	
Total potential AL demand	=		**133**			**166**			**177**	
(minus) Existing & pending AL units[5]	-		77			77			77	
Excess market rate AL demand	=		**56**			**89**			**100**	
(times) Percent capturable in City	x		70%			70%			70%	
Units Supportable in City	=		**39**			**63**			**70**	

Notes:

[1] The percentage of seniors unable to perform or having difficulting with ADLs, based on the publication Health, United States, 2023 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

[2] Includes households with incomes of $40,000 or more (who could afford monthly rents of $3,000+ per month) plus 40% of the estimated owner households with incomes below $40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

[3] The Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

[4] We estimate that 65% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

[5] Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research & Consulting

According to the Overview of Assisted Living, the average arrival income of assisted living residents was $27,260, while the average annual assisted living fee was $37,281 ($3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of $40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

For the age groups in the table, we estimate the income-qualified percentage to be all seniors in households with incomes at or above $40,000 (who could afford beginning monthly rents of 3,000+ per month) plus 40% of the estimated seniors in owner households with incomes below

$40,000 (who will spend down assets, including home-equity, to live in assisted living housing). This results in a total potential market for 413 units from the PMA as of 2026.

Because most assisted living residents are single (88% according to the Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75 and older in the PMA living alone, or 57% based on Census data. This results in a total base of 233 age/income-qualified singles. The Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 265 age/income-qualified seniors needing assistance in the PMA in 2026.

We estimate that 65% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 35% could be served by assisted living housing.

- Applying this market penetration rate of 35% results in demand for 93 market rate assisted living units in 2026. An estimated 30% of the demand for assisted living units in the PMA will come from outside the area, resulting in total potential demand for 133 assisted living units in 2026.

Next, existing and pending units are subtracted from overall demand. There are 103 assisted living units in the PMA. However, we exclude estimated units occupied by low-income seniors utilizing Elderly Waivers (20%). After subtracting the existing competitive units (minus a 7% vacancy factor) from the total demand we find that there is excess demand for 56 assisted living units in 2026.

Due to the location of services (religious, retail, etc.), and the need for service-enhanced housing (including assisted living) to be located near medical services, we anticipate 70% of the excess demand potential would be captured in Fergus Falls. Based on this capture rate, we find excess demand for 39 market rate assisted living units in 2026 and 63 market rate assisted living units in Fergus Falls in 2031. By 2036, demand for assisted living is anticipated to rise to 70 assisted living units.

Demand for Memory Care Senior Housing

The following table presents our demand calculations for memory care housing in the PMA and the City of Fergus Falls in 2026, 2031 and 2036. Demand is calculated by starting with the estimated senior (ages 65+) population in 2026 and multiplying by the incidence rate of Alzheimer's/dementia among the age cohorts in this population. This yields a potential market of 738 seniors in the PMA. We anticipate that this number will climb to 908 in 2036.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities.

Applying this figure to the estimated population with memory impairments yields a potential market of about 185 seniors in the PMA in 2026, increasing to 216 seniors in 2031 and 227 seniors in 2036.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at $4,500 for base housing with meals, but no medical services. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing. Based on our review of senior household incomes, homeownership rates, and home sale data, we estimate that 50% of seniors in the PMA have incomes and/or assets to sufficiently cover the costs for memory care housing in 2026. These estimates account for married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently.

Multiplying the potential market by the percent income- and asset-qualified results in a total of 91 income-qualified seniors in the PMA in 2026. An additional proportion (30%) is added for seniors that would move into memory care housing who currently reside outside the area, resulting in total demand for 130 memory care senior housing units in the PMA in 2026, increasing to 157 units in 2031 and 165 units in 2036.

Next, existing and pending memory care units are subtracted from the demand potential to find excess demand in the PMA. There are 50 existing memory care units in the PMA.

We anticipate 70% of the PMA's excess demand potential would be captured in Fergus Falls. Based on this capture rate, we find excess demand for 63 memory care units in Fergus Falls in 2026, expanding to 82 units in 2031 and 87 memory care units in 2036. However, labor shortages are likely to inhibit the ability to satisfy demand in this service-enriched category.

TABLE 42
MEMORY CARE DEMAND
FERGUS FALLS MARKET AREA
2026, 2031, 2036

		2026	2031	2036
65 to 74 Population		3,082	3,183	2,904
(times) Dementia Incidence Rate[1]	x	2%	2%	2%
(equals) Est. Senior Pop. with Dementia	=	**62**	**64**	**58**
75 to 84 Population		1,929	2,293	2,797
(times) Dementia Incidence Rate[1]	x	19%	19%	19%
(equals) Est. Senior Pop. with Dementia	=	**367**	**436**	**531**
85+ Population		939	1,106	964
(times) Dementia Incidence Rate[1]	x	33%	33%	33%
(equals) Est. Senior Pop. with Dementia	=	**310**	**365**	**318**
(equals) Total Population with Dementia		**738**	**864**	**908**
(times) Pct. Needing Memory Care Assistance	x	25%	25%	25%
(equals) Total Need for Dementia Care	=	185	216	227
(times) Percent Income/Asset-Qualified[2]	x	50%	51%	51%
(equals) Total Income-Qualified Market Base	=	91	110	115
(plus) Demand from Outside PMA[3]	+	30%	30%	30%
(equals) Total Demand for Memory Care Units	=	**130**	**157**	**165**
(minus) Existing and Pending Units[4]	-	40	40	40
(equals) Excess Memory Care Demand Potential	=	**90**	**117**	**125**
(times) Percent capturable in Fergus Falls	x	70%	70%	70%
Units Supportable in Fergus Falls	=	**63**	**82**	**87**

[1] Alzheimer's Association: Alzheimer's Disease Facts & Figures (2024)
[2] Income greater than $60,000 in 2026 and $65,000 in 2031, plus some lower-income homeowners.
[3] Estimated portion of demand that will come from outside PMA
[4] Existing and pending units at 93% occupancy, minus estimated units occupied by EW residents.

Source: Maxfield Research & Consulting

Conclusions & Recommendations

Introduction

This section of the report summarizes the demand for specific housing products in Fergus Falls and recommends development concepts to meet the housing needs forecast for the community. All recommendations are based on findings of the *Comprehensive Housing Needs Analysis*. The following topics are covered.

- A general profile on how demographic trends impact housing demand,
- Summary of housing demand findings,
- Development concept recommendations to meet projected demand, and
- An overview of challenges and opportunities as they pertain to housing development in Fergus Falls.

The City has three lots that it owns and wants to develop primarily with new for-sale housing. There is one site in Downtown Fergus Falls by the River that is excellent for rental. The concept desired is something that will be more creative than simply side-by-side townhomes. Further information on these Sites is found later this section.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

Entry-level householders

- Often prefer to rent basic, inexpensive apartments
- Will often "double-up" with roommates in apartment setting
- Usually singles or couples without children in their early 20's

First-time homebuyers and move-up renters

- Often married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children
- Prefer to purchase modestly-priced single-family homes or rent more upscale apartments

Move-up homebuyers

- Typically families with children where householders are in their late 30's to mid-40's
- Prefer to purchase newer, larger, and therefore more expensive single-family homes

Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's
- Prefer owning but will consider renting their housing
- Some will move to alternative lower-maintenance housing products

Younger independent seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce responsibilities for housing maintenance
- Generally in their late 60's or 70's

Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Typically older seniors in their early-80's or older

Housing demand can be generated by several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates the construction of new housing units unless there is enough vacant housing available to absorb the increase in households. Demand is also affected by shifting demographics, such as an aging population, which dictates the type of housing preferred.

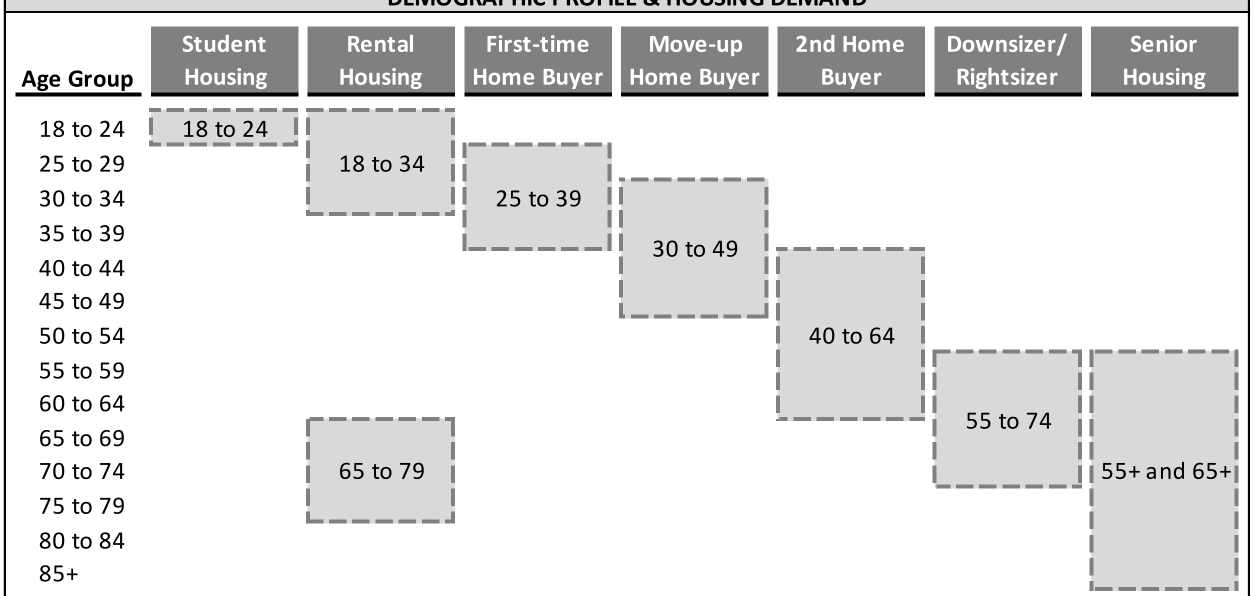
New housing to meet replacement needs may also be required when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

The following summarizes some key factors driving the demand for housing.

Demographic Trends

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household type, size, age of householders, incomes, etc. The following figure illustrates typical life cycle housing needs by age group.

DEMOGRAPHIC PROFILE & HOUSING DEMAND



Source: Maxfield Research & Consulting

Economy & Job Growth

There is a strong connection between economic growth and demand for housing, and housing market expansion often depends on job growth (or the prospect of). Jobs generate income growth which often leads to household formation and housing turnover. Historically, low unemployment has driven both existing home purchases and new home purchases.

Weak, or negative, job growth can restrain household growth and reduce housing demand. Additionally, slow income growth may yield fewer move-up buyers, resulting in reduced housing turnover across all income brackets.

Consumer Choice

A variety of factors contribute to consumer choice and preferences. Many times, a change in family status is the primary factor for a change in housing type (i.e. growing families, empty nest, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move up, downsize, change their tenure status (i.e. renter to owner or vice versa), or simply move to a new location.

Existing Supply

The quality and age of the existing housing stock in a community impacts demand for new housing, as not all housing product types and styles are desired in today's market. Communities with an aging housing stock generally experience higher demand for remodeling services or new home construction if the current inventory does not offer options that consumers seek. Pent-up demand may also exist in markets with limited housing availability as householders postpone a move until new housing product becomes available.

Financing

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing is becoming increasingly challenging after interest rates began rising in 2022, which decreased affordability for buyers. While still low relative to the past 40+ years, elevated interest rates since 2023 combined with increased housing costs have decreased affordability. Mortgage rates more than doubled between early 2022 and late 2023.

Mobility

Housing demand can be somewhat fluid between communities, and demand will be impacted by development activity and housing availability in other nearby communities. Much of the housing demand in a community is generated by the turnover of existing households, and satisfying future demand will be highly dependent on the availability of suitable housing options in the community.

Housing Demand Summary

The following table and charts summarize estimated demand by product type. Housing demand is comprised of several components, including household growth and turnover, pent-up demand and replacement needs. Solid household growth is projected for Fergus Falls, but much of the housing demand will be generated by the turnover of existing households. Satisfying the projected demand and achieving the projected population and household growth in Fergus Falls will be highly dependent on the availability of suitable housing options catering to a variety of household types, income levels and age groups.

TABLE 43

HOUSING DEMAND SUMMARY
CITY OF FERGUS FALLS
May 2026

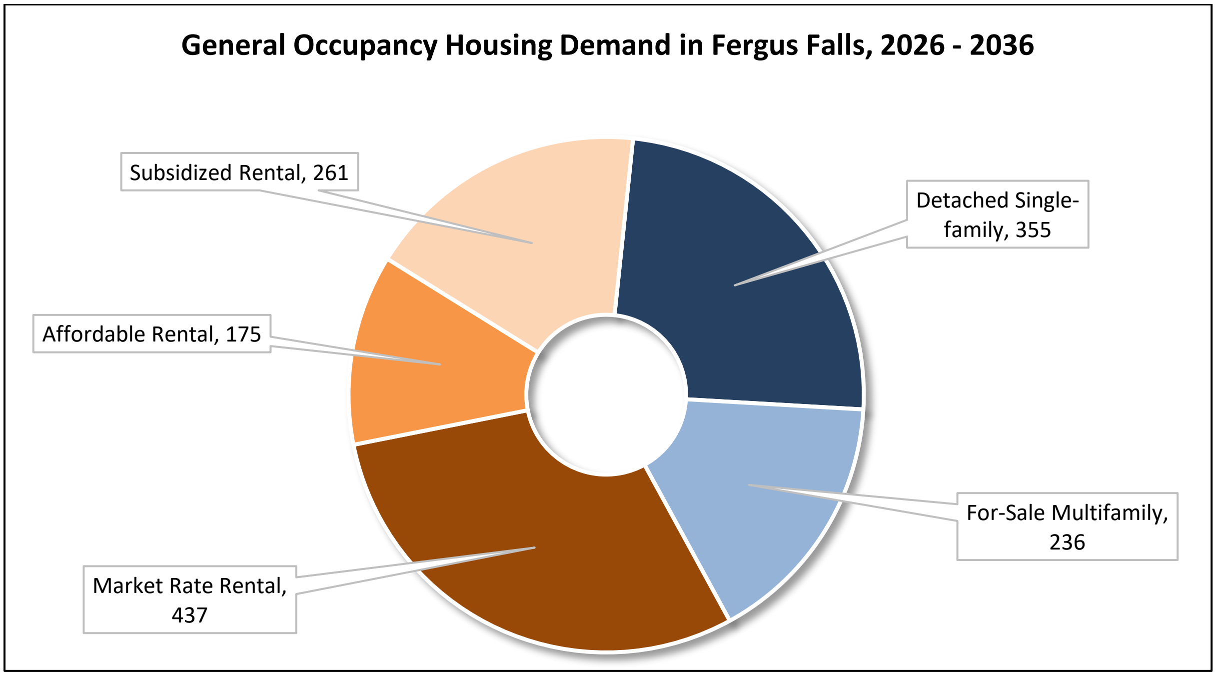
General Occupancy Housing Demand 2026 to 2036	
For-Sale Units	**591**
Detached Single-Family Units	355
Other/Multifamily Units*	236
General Occupancy Rental Units	**873**
Market Rate	437
Affordable^	175
Subsidized^	261
Total General Occupancy Housing Units	**1,464**

Excess Senior Housing Demand	2026	2031	2036
Market Rate Active Adult	**133**	**164**	**178**
Ownership Units	51	63	69
Rental Units	82	101	109
Affordable & Subsidized Senior Housing^	**364**	**384**	**404**
Subsidized Units	160	172	184
Affordable Units	204	212	220
Service-Enhanced Senior Housing	**197**	**263**	**292**
Independent Living (IL)	95	118	135
Assisted Living (AL)	39	63	70
Memory Care (MC)	63	82	87
Total Senior Housing Units	**694**	**811**	**874**

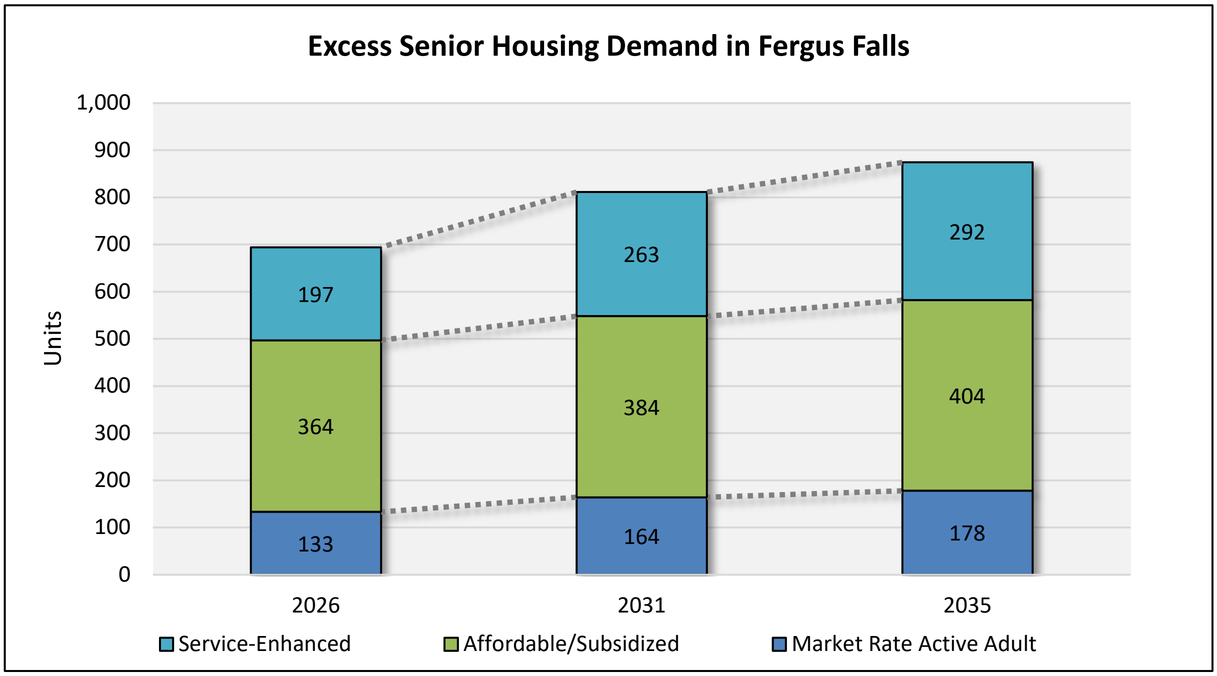
*Includes twin homes, townhomes, condominiums
^Subsidized = affordable to households at 30% AMI or less
^Affordable = affordable to households at 30% to 60% AMI
Totals may not add due to rounding

Source: Maxfield Research & Consulting

In total, we find demand for 1,373 general occupancy housing units in Fergus Falls between 2026 and 2036. For-sale units account for 43% of the anticipated demand to 2036, including 355 detached single-family and 236 multifamily units. Demand for rental units accounts for 57% of the anticipated demand to 2036, including 391 market rate, 156 affordable, and 235 subsidized units.



As illustrated below, we also found excess demand for a total of 694 senior units in 2026, expanding to 874 senior housing units by 2036. This level of senior housing demand may not be realized as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services. Additionally, a large portion of the active adult demand (market rate and affordable) could be satisfied with the development of maintenance-free housing products such as apartments and townhomes that are not age-restricted (i.e. general occupancy housing).



Recommendations

Based on findings from this analysis, the tables and comments on the following pages summarize recommended development concepts for general occupancy and senior housing in Fergus Falls to 2036. These proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the community.

<u>For-Sale Housing</u>

Based on information gathered on for-sale properties in the area along with feedback from area real estate professionals, we provide the following conclusions and recommendations regarding the for-sale housing market in Fergus Falls.

- We estimate that demand for 355 general occupancy detached single-family units and 236 multifamily units between 2026 and 2036. Additionally, we find excess demand for 69 active adult ownership units, which would likely be satisfied with the development of townhome, twin home, villa, or condominium products.

- The following table summarizes a potential pricing breakdown for new construction for-sale units in Fergus Falls, including "entry-level", "move-up", and "executive" housing.

TABLE 44
NEW CONSTRUCTION FOR-SALE HOUSING PRICING RECOMMENDATIONS
CITY OF FERGUS FALLS
2026 to 2036

	Purchase Price*	Pct.	Units
Detached Single-Family			
Entry-level	Less than $300,000	30%	107
Move-up	$375,000 to $500,000	55%	195
Executive/Luxury	$600,000+	15%	53
Detached Single-Family Total:		**100%**	**355**
Multifamily (townhomes, twin homes, condominiums)			
Entry-level	Less than $300,000	60%	142
Move-up	$350,000+	40%	94
Multifamily Total:		**100%**	**236**

*Pricing is in 2026 dollars and can be adjusted to account for inflation.

Source: Maxfield Research & Consulting

- A move-up buyer is typically someone who is selling one house and purchasing another one, usually a larger and more expensive home. The move often occurs due to a lifestyle change, such as a new job or a growing family. The 35 to 44 and 45 to 54 age groups are generally target markets for move-up housing, while move-up townhome/twin home units would also target an older buyer (age 55 to 74) looking to downsize or right-size.

- Based on feedback from real estate professionals along with new construction pricing in Fergus Falls and the larger Otter Tail county area, we consider new construction detached single-family homes priced below $300,000 to be entry-level, while move-up new construction detached single-family homes would likely be priced in the $375,000 to $500,000 range.

- Pricing for a new construction entry-level multifamily unit (i.e. townhome, twin home, villa, condominium) would likely be at $300,000 or lower, while pricing for move-up multifamily units would likely begin at $350,000.

- There is limited demand for executive/luxury housing within the City limits of Fergus Falls, although we expect that a small portion (15%) of new construction detached single-family units would be priced for this market ($600,000 and higher).

- We anticipate that 55% of the new detached single-family units (195 units) will target move-up buyers and recommend that 30% (107) be priced at $300,000 or lower to target moderate income buyers (entry-level).

- We anticipate that 40% of the new construction townhome/twin home units (94) will target move-up buyers and/or empty nesters and recommend that 60% (142 units) should be priced below $300,000 to target moderate income buyers.

Because the target market for new multifamily units will be empty-nesters and young seniors (age 65 to 74), most of these units should be zero-entry and single-level or have a master suite on the main level if a unit has two stories.

In addition to older buyers, mid-age professionals, particularly singles and couples without children, will seek multifamily units if they prefer not to have the maintenance responsibilities of a detached single-family home. Younger households may also find purchasing a multifamily unit to be more affordable than a new detached single-family home.

General Occupancy Rental Housing

The following table summarizes the recommended mix of rental housing units by product type, including monthly rent ranges, development timing, and target markets. The recommendations are intended to reflect potential development concepts for new rental housing in Fergus Falls but do not equate to total estimated demand.

The equilibrium vacancy rate for rental housing is considered to be 5% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Based on our survey of general occupancy apartment buildings in Fergus Falls, we found that the stabilized market rate rental properties are 2.3% vacant, while the affordable and subsidized properties had a vacancy rate of 3.7%.

With overall vacancy rates at or less than the 5% equilibrium rate, there is pent-up demand for new general occupancy rental housing in Fergus Falls.

We find excess demand for 782 general occupancy rental housing units in Fergus Falls between 2026 and 2036, including 391 market rate units. Based on the income distribution of renter households, we estimate that there is also demand for 156 affordable and 235 subsidized units by 2036, most of which would be income-restricted.

TABLE 45

GENERAL OCCUPANCY RENTAL HOUSING RECOMMENDATIONS CITY OF FERGUS FALLS 2026 - 2036						
		Monthly Rent Range[1]			No. of Units	Development Timing
Market Rate & Workforce Rental						
Apartments	Studio	$1,050	- $1,450	3BR	60 - 80	2027+
Townhomes	2BR	$1,500	- $1,700	3BR	20 - 30	2027+
Target Markets:	An apartment building would likely attract younger workforce renters, lifestyle renters, and seniors. Rental townhomes would target young family households, empty-nesters, and seniors.					
Affordable Rental[2]						
Apartments	Studio	$873	- $1,246	2BR	50 - 60	2027+
Townhomes	2BR	$1,246	- $1,446	3BR	15 - 25	2027+
Target Markets:	We recommend projects targeting households at 40% to 60% AMI which would likely be comprised of singles, single-parent households, older adults and seniors.					

[1] Pricing in 2026 dollars and can be adjusted to account for inflation.
[2] Affordablity subject to income guidelines; recommended rent ranges based on max rents at up to 60% AMI
Note - Recommended development concepts do not equate to total demand.
Source: Maxfield Research & Consulting

The strongest sources of demand for new rental housing in Fergus Falls will likely be young singles and roommate households along with couples without children in their early/mid-20s to mid-30s who work for area employers. Other family households (i.e. single-parent households) as well as mid-age and older households (never-nesters or empty-nesters) will also account for a portion of demand for new general occupancy rental housing in the area.

Feedback from major employers indicates that many workers that need moderately priced housing (i.e. young teachers, manufacturing workers) earn an entry level and early career salary starting at $20 an hour, with salaried employees earning in the range of $50,000 to $70,000. At $20 an hour, a worker would earn $41,600. However, residents in an affordable property income-restricted at 60% AMI (i.e. a Low Income Housing Tax Credit project) would not be able to make more than $41,880 to qualify.

This income restriction limits the demand potential for this type of housing. Therefore, we recommend a market rate workforce rental development with rent limits set to target households earning between 60% and 100% AMI ($41,880 to $69,800 for a one-person household).

- Market Rate & Workforce Rental Housing – We recommend that average new construction market rate workforce rents range from $1,050 for a studio unit to $1,400 per month for a two-bedroom unit. A $1,050 monthly rent would be affordable to a single-person household earning $42,000 per year ($20.12 per hour).

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, full kitchen appliance package, air-conditioning, garage parking, outdoor recreation (fire pit, grilling area, etc.). Since the pandemic, an increasing number of people are working remotely, a trend that is likely to continue to some degree, so buildings that are well-equipped for telecommuting are becoming more important to renters.

We anticipate that demand also exists for market rate rental townhomes targeting empty-nesters and young families, including those who are new to the community and want to rent until they find a home for purchase or rent long-term. We anticipate that new construction market rate townhome rents would begin at $1,500 for two-bedroom units and $1,700 for three-bedroom units. Units should be larger than in an apartment development and feature contemporary amenities (i.e. in-unit washer/dryer, full kitchen appliance package, kitchen island, high ceilings, etc.), an attached two car garage and some open/green space.

- Affordable General Occupancy Rental Housing – Demand exists for 156 general occupancy affordable units in Fergus Falls, although we anticipate that many qualified seniors would also be drawn to a new affordable general occupancy rental housing development. Affordable rental housing attracts households that cannot afford new market rate rental units but do not income-qualify for subsidized housing. Affordable projects often attract a broad group of tenants based on the unit type. One-bedroom units target singles and couples, while two and three-bedroom units target family households.

  We recommend an affordable project that would target residents at 40% to 60% of AMI. Units should feature air conditioning, full kitchen appliance package, and garage parking. A townhome development should include an attached one/two car garage along with open/green space.

- Subsidized Rental Housing – Subsidized housing receives financial assistance (operating subsidies, rent payments, etc.) from governmental agencies to make rents affordable to low-to-moderate income households. Subsidized housing is challenging to develop financially.

  We find demand for 235 subsidized general occupancy rental housing units in Fergus Falls between 2026 and 2036. However, new subsidized general occupancy developments are rare as available funding is very limited, so we exclude subsidized units from the recommended development concepts table.

  Through the Section 811 Supportive Housing for Persons with Disabilities program, HUD provides funding to develop and subsidize rental housing with support services available for very low- and extremely low-income adults with disabilities. This population could also be served through the Low-Income Housing Tax Credit (LIHTC) program as well as through a combination of other funding resources.

Renter households in need of subsidized housing in Fergus Falls may also apply for the Housing Choice Voucher program through the Fergus Falls HRA, although there are currently 139 households on the wait list. Under the Housing Choice Voucher program, qualified households pay 30% of their Adjusted Gross Income for rent and utilities, and the Federal Government pays the remainder of the rent to the landlord.

Senior Housing

The growing older adult and senior population will support long-term demand for senior housing units in Fergus Falls through 2036. Demand exists for a variety of senior housing products, and we recommend the development of additional senior housing units to provide housing options for these residents as they age.

The development of new senior housing will satisfy housing needs in Fergus Falls by increasing the number of options for older adult and senior residents that want to relocate into new age-restricted housing. Additionally, the development of housing alternatives for seniors will stimulate the turnover of existing homes and rental units occupied by seniors, creating more opportunities for general occupancy buyers and renters.

The following table summarizes a recommended mix of senior housing units by service level including product type, monthly rents, project size and development timing.

TABLE 46

RECOMMENDED SENIOR HOUSING DEVELOPMENT
CITY OF FERGUS FALLS
2026 to 2036

	Pricing Range[1]	No. of Units	Development Timing
Age Restriced Senior Housing			
Active Adult Rental Housing			
Market Rate[2]	$1,200/1BR - $1,500/2BR	26 - 30	2027+
Affordable[2,3]	$873/1BR - $1,246/2BR	50 - 60	2027+
Market Rate Service-Enhanced Senior Housing			
Independent Living	$1,600/1BR - $2,600/2BR	24 - 28	2027+
Assisted Living	$3,200/Studio - $5,000/2BR	12 - 16	2027+
Memory Care[4]	$5,000/Studio - $7,000/1BR	16 - 20	2027+

[1] Pricing in 2026 dollars. Pricing can be adjusted to account for inflation.

[2] Alternative concept is to combine affordable and market rate active adult into mixed-income building.

[3] Affordablity subject to income guidelines; rates based on max rents at 50% AMI

[4] Memory care housing could be a component of an assisted-living or service-intensive building.

Note - Unit amounts reflect recommended size of property that for a single project, but do not equal total calculated long-term demand

Source: Maxfield Research & Consulting

- **Market Rate Active Adult Housing** – Because age-restricted active adult housing is not need-driven, demand for this product type competes, to some degree, with general occupancy housing. We estimate that there is excess demand for 82 market rate active adult rental units in Fergus Falls in 2026, increasing to 109 units in 2036.

  It is likely there are seniors who currently reside in general occupancy rental housing that would consider a new active adult rental product. In addition, there may be seniors who no longer want the burden of home maintenance and would like the choice of an active adult rental product. The rent structure for new active adult rental units would be similar to new general occupancy market rate rental housing, although the unit mix should consist of larger units resulting in slightly higher monthly rents.

  We also estimate that there is excess demand for 51 market rate active adult ownership units in 2026, increasing to 69 units in 2036. Active adult ownership demand can be satisfied through a variety of products, including age-restricted detached single-family or villa communities, townhome/twin home developments, age-restricted condominium projects, or senior cooperative developments.

  We anticipate that much of the excess demand for market rate active adult for-sale units in Fergus Falls can be met by the general occupancy (not age-restricted) market, notably through the development of attached single-family (townhomes, twin homes) and/or condominium units.

  Pricing recommendations for new construction ownership units are reflected in the new construction for-sale housing pricing recommendations table presented previously, although pricing for active adult housing can vary greatly, depending on product type (i.e. cooperative, condominium, twin home), unit sizes, amenities, and availability of services.

- **Affordable and Subsidized Senior Rental** – Excess demand was calculated for 204 affordable senior housing units in 2026. Many candidates for affordable senior rental may be residents at older market rate rental properties. These older properties would have similar (or lower) rents that would be considered affordable for these seniors. An affordable senior housing development would most likely be a LIHTC project through Minnesota Housing. We recommend affordable senior housing developments as either stand-alone buildings or incorporated into a mixed-income development.

  We also find excess demand for 160 subsidized units in 2026. The development of subsidized senior housing can be challenging due to limited financing availability as federal funds have been shrinking. Funding a new subsidized development would likely rely on a mix of sources, including LIHTC, tax-exempt bonds, Section 202 program, Rural Development Section 515 program, and Rural Development rental assistance, among others.

- **Service-Enhanced Senior Housing** – Overall, we find excess demand for 197 market rate service-enhanced senior housing units in 2026, including 95 independent living units, 39 assisted living units, and 63 memory care units, increasing to 292 units in 2036 (135 independent living, 70 assisted living and 87 memory care units).

  While we find excess demand for service-enhanced housing in Fergus Falls, many seniors prefer to age in place and delay moving to senior housing until absolutely necessary, a trend that is particularly true post-COVID. Additionally, labor shortages can make staffing a new facility a challenge.

  Independent Living Service Level

  The monthly fees should include the base monthly rent, utilities, and some services, such as programs (social, health, wellness and educational), 24-hour emergency call system, and regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to independent living residents on a fee-for-service basis. When their care needs increase, residents should be provided the option of receiving assisted living services in their existing units, either in bundled packages or a-la-carte.

  Assisted Living Service Level

  Monthly fees should include base rent, utilities, weekly housekeeping and linen service, professional activity programs, scheduled outings, nursing care management and 24-hour on site staffing. Meal programs may be offered separately. Personal care services and other services should also be available either in service packages or a la carte for an extra monthly charge. The unit mix for assisted living units usually includes studios, one-bedroom and two-bedroom units, although catered living facilities may have other unit types. Base monthly fees usually begin at $3,800 or slightly higher.

  Memory Care Component

  We suggest that any memory care units be in a separate, secured, self-contained wing located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. Fees should include base monthly rent, utilities, three meals per day plus snacks, weekly housekeeping, linen service, professional activity program, scheduled outings, nursing care management and 24-hour on-site staffing. Additional services provided at a memory care facility should include medication reminders, medication administration, and personal care assistance, with other service packages available a-la-carte.

Challenges and Opportunities

The previous tables identified and recommended housing types that would satisfy housing needs in Fergus Falls to 2036. The following summarizes issues that will likely present a challenge, or an opportunity, for new housing development in the community (in no particular order).

- **Affordability.** Among all owner households in Fergus Falls, 18% of owner households and 44% of renter households are estimated to be paying more than 30% of their income for housing costs in Fergus Falls. Compared to the PMA average, the percentage of cost burdened households is slightly lower in PMA. NW Minnesota cost burdened households are 20% for owner households and 40% for renter households.

  Based on current home prices, an estimated 66% of existing owner households could afford to buy an entry-level home priced at $200,000 in the PMA. 40% of existing owner households could afford to purchase a home priced at $350,000. An estimated 51% of existing renter households can afford to rent a one-bedroom unit priced at $892/month. The percentage of renter households that would qualify based on income to rent a two-bedroom unit priced at $1,054 per month is 44%. An estimated 39% of renters could afford to rent a one-bedroom apartment for $1,200 per month in a new apartment property in Fergus Falls.

  Home sale price appreciation and rental rate growth are both outpacing income and wage growth, further widening the gap between households that can afford a housing unit in the area. These trends, coupled with elevated mortgage interest rates, are further exacerbating the housing affordability issue, particularly for first-time home buyers.

- **Aging Population.** There is projected to be significant growth in the older senior population, and the homeownership rate among seniors age 65 and older remains relatively high. High homeownership rates among seniors suggest that there could be a lack of available senior housing options, or that many seniors prefer to live in their home and age in place. The growing senior population, particularly among the oldest adults age 75 and over, will increase demand for maintenance-free housing products. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.

  The development of housing for older adults and seniors can help satisfy some of the demand from younger households through the turnover of existing, older housing units.

- **Big Build.** The Big Build focuses on developing partnerships, pursuing funding and advocating for increased funding to support construction of new homes in Otter Tail County. The Big Build set a goal of 5,000 new and rehabilitated housing units in Otter Tail County in five years, with the project kicking off in December 2019. As part of the Big Build, Otter Tail County works to bring organizations and communities together to identify housing needs, connect resources, build partnerships and provide technical assistance. Through 2025, 3,400 units were added to Otter Tail County.

- **Capture Commuters**. Nearly 60% of the primary jobs in Fergus Falls are filled by workers commuting into the community. An estimated 5,762 workers commute into Fergus Falls for employment, many commuting from more than 50 miles away. Further, feedback from employers was largely consistent in that employees struggle to find their preferred type of housing in the City. As a result, they often end up as commuters from nearby communities.

  Given these factors, there appears to be an opportunity to provide housing options for a portion of these workers. Including younger households with early career positions who would like to relocate to the City but are unable to secure housing. Housing projects targeted to the younger age groups (i.e. rental housing, moderately priced new construction single-family or townhomes) could capture early career workers in Fergus Falls.

  Additionally, potential job growth in neighboring communities could stimulate demand for housing in Fergus Falls. Workers could choose to commute to these areas for employment and reside in Fergus Falls due to school district, lower housing costs, and/or lifestyle preferences.

- **Household Growth and Mobility.** As highlighted in the Demographic Review section of this study, as well as the demand calculations, household growth is projected for Fergus Falls and the PMA between 2026 and 2036 across several age groups.

  Much of the demand for new housing units will be generated by turnover of existing households in Fergus Falls and the PMA, although turnover often leads to opportunities for new households to move into the area. Population and household growth in the community will be highly dependent on the availability of suitable housing options catering to a variety of age groups, income levels, and household types.

- **Job Growth and Unemployment.** Low unemployment often generates demand for both existing home purchases and new home purchases. Otter Tail County and Northwest Minnesota's unemployment have historically tracked above Minnesota but below equilibrium (generally considered to be 5.0% unemployment). The 2025 average annual unemployment rates of 4.6% in Otter Tail County and 4.7% in Northwest Minnesota were slightly above Minnesota (3.9%), but below equilibrium.

  Otter Tail County is projected to add 1,575 jobs between 2025 and 2035 (7% growth), including 7.9% growth in Fergus Falls (735 jobs), compared to 4.8% growth in the Region. Labor availability will greatly impact the ability of Fergus Falls and the County to sustain employment levels and achieve projected job growth. New housing will be needed to support economic development in the area.

- **Mortgage Rates.** Mortgage rates have a significant impact on housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment to maintain the same housing costs.

The 30-year fixed rate mortgage according to Freddie Mac reached 7.79% for qualified buyers in October 2023, the highest rate since November 2000 (7.79%). As of May 2026, it was at 6.36%. Elevated mortgage rates will raise the overall cost of for-sale housing, likely slowing projected for-sale housing demand in the near-term.

- **Residential Lot Supply and Land Availability**. There are 97 existing vacant lots in active subdivisions in Fergus Falls with 10 lots currently listed for sale on the MLS. Based on the for-sale demand calculations, there is just a 0.2-year supply of actively-marketing lots in Fergus Falls. Including all vacant lots in active subdivisions, there is a 1.6-year supply of lots, although many of these may or may not be available for future development. Additional lots will need to be platted to meet long-term demand for new ownership housing in the community.

- **Infill Development.** Infill development provides opportunities in almost every community. Existing lots served by municipal utilities are often overlooked because they can present challenges to development (i.e. small lot sizes). However, infill housing development and redevelopment can be an effective way to create new housing that is consistent with the surrounding neighborhood and potentially removes functionally or physically obsolete housing units, replacing them with new housing.

  With high demand for affordably priced housing, infill can create an opportunity to develop smaller homes on smaller lots that enhance existing neighborhoods and maintain the character of a neighborhood. However, infill housing can often be priced higher than surrounding homes due to costs related to the removal of an existing home and then its replacement with a new construction home. Assistance with demolition through redevelopment funding can reduce expenses and support more affordable housing.

  We recommend that targeted infill, adaptive reuse, and redevelopment sites be actively marketed and promoted as locations for future housing developments in the community. Development of these types of properties could potentially enhance the diversity of housing opportunities available in Fergus Falls and improve housing affordability through reduced infrastructure costs and increased density.

- **Residential Construction and Development Costs**. The cost to build and develop new single-family housing has increased significantly over the past decade across the United States due to several issues, including rising costs (i.e. land, material, labor), lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to "pencil" modestly priced new construction.

  New construction homes in Fergus Falls at the time of our study recorded a median marketing price of $496,450, significantly above the overall median resale price of $245,900 for homes sold Fergus Falls during 2025. The cost of developing new housing continues to escalate with higher borrowing rates, the cost of infrastructure and cost of construction. The median price of new housing is double the cost of an existing home. The price gap significantly reduces the number of households that can afford to purchase a new home. In addition, older homes may require a substantial amount of improvements, effectively increasing the cost of purchasing an older home. A program or programs to address housing improvements to older homes is likely needed to assist homebuyers in being able to

Many communities across Minnesota offer various types of lot incentive programs to stimulate new construction. Most lot incentive programs are offered and administered by a local economic development or housing and redevelopment agency that funds the program. In many cases, the municipalities fund the infrastructure using general obligation improvement bonds. Programs vary considerably between communities, but most have time limits on when houses are constructed after a lot is purchased.

Additionally, it may be difficult to construct new multifamily product given existing market rents and development costs. According to construction cost data from the Craftsman National Building Cost Manual, construction costs in Fergus Falls (utilizing construction averages adjusted for Northwest Minnesota) to develop a “best” quality apartment building with ten or more units would cost between $97,100 to $135,800 per unit (in 2025 dollars) to develop based on a size range of 600 to 900 square feet per unit.

Development costs of this scale will require rents per square foot higher than the existing market rate rental properties in Fergus Falls (average of $1.21 psf). Based on these costs, it may be difficult for a private developer to construct a multifamily apartment building at current market rents. As a result, a public-private partnership or other financing programs would most likely be needed to support new development and reduce rent levels to bridge some of the gap between existing older product and new product and keep rents affordable to local residents/workforce (i.e. tax abatement, general obligation bonds, Tax Increment Financing, funds through Workforce Housing Program from Minnesota Housing).

- **Workforce/Moderate Income Housing** is generally considered to be housing that targets households earning between 60% and 100% AMI. Units are not income restricted but are priced at rates affordable to the local workforce. In Otter Tail County, the workforce housing income band ranges from $41,880 (one-person household at 60% AMI) to $115,700 (six-person household at 100% AMI).

  The development of workforce housing, both owned and rented, is important for communities to attract and maintain employees, although public-private partnerships may be needed to help finance the development of workforce housing. The development of workforce housing can be complex, and many communities ultimately leverage multiple tools and programs to achieve their housing goals.

  In many communities, a City, County, or an Economic Development Authority develops a residential subdivision, and offers lots to buyers at below market prices to stimulate the development of new for-sale housing. Additionally, the construction of move-up housing in a new subdivision could stimulate turnover of existing, lower-priced homes in the community.

Similarly, the development of maintenance-free housing such as townhomes or twin homes (owned or rented) targeted to older adults and seniors would stimulate turnover of existing homes, which could ultimately be purchased by area workers.

Private businesses can partner with each other and with local units of government to help achieve new housing construction. Generally, Employer-Assisted Housing (EAH) programs include any housing initiative that an employer either finances or assists in some way, and they are used to either produce new housing in a community or help employees purchase or rent housing. Examples include land donation, cash contributions, and construction financing. In some cases, employers develop and own housing for their employees. Other methods include down payment assistance, closing cost assistance, gap financing, and rent subsidies. Local units of government can partner with EAH programs by offering TIF, tax abatement, or other housing resources.

Alternative construction methods such as modular construction or Structural Insulated Panel (SIP) construction can provide reduced cost housing. Additionally, alternative housing products, such as accessory dwelling units, Community Land Trusts, and affordable housing cooperatives can also help produce affordable or workforce housing. An affordable housing cooperative provides a homeownership model where residents can purchase a share in the development and commit to reselling their share at a price that maintains long-term affordability. In a housing cooperative, residents collectively own the building or land where they live, not the individual unit. In contrast, Community Land Trusts (CLT) create affordable housing by taking the cost of land out of the purchase price of a home and keep housing affordable for future buyers by controlling the resale price of houses through a ground lease and resale formula.

- **Zoning and Land Use Regulations.** In many communities, restrictive zoning ordinances and other land use regulations can prevent the development of affordably priced housing units by limiting allowable density, regulating minimum lot sizes, and requiring that new homes meet minimum size and parking space standards. We recommend that communities review their land use regulations and look for opportunities to make amendments that would increase flexibility in the types and sizes of housing units allowable within certain zoning districts in a manner that would decrease development costs, increasing affordability.

Target Housing Sites for Development/Redevelopment

The City has identified three sites to be targeted for housing development to include different types of housing products that will aid in diversifying the City's current housing stock and provide new housing options for existing and future residents.

Site 1 – Stanton Avenue

The City's preferred concept is workforce-oriented ownership housing generally targeting a price point of $300,000. Products that could potentially be developed include twinhomes, smaller detached homes (smaller lots), modular home products, attached rowhomes or similar products. An estimated 40 to 50 homes could be accommodated on this Site.

Site 2 – Norgren Property

The preferred concept for this Site would be a phased residential district that would emphasize higher-value housing while maintaining flexibility for mixed housing products where appropriate. Amenities that should be incorporated into the neighborhood include open space, trails, and other quality of life amenities. An appropriate phasing plan could provide for various products to meet the needs of multiple market segments, thereby satisfying demand from several groups, entry-level buyers, move-up and executive buyers and older adults and seniors. The property has 197 acres and could accommodate up to 360 homes. Options for target housing segments include conventional detached housing and workforce housing. Phase I may include up to 60 units of new housing.

Site 3 RTC/Kirkbride Redevelopment

This Site would be maintained as a flexible mixed-use redevelopment opportunity and could include uses such as housing, commercial, institutional, hospitality, health care, office, entertainment and cultural amenities. This property is a historic Site but highly challenging. Up to now, all proposed redevelopment proposals included mixed-use scenarios. The long-term significance of this property and its significant development potential call for a multi-pronged redevelopment strategy that is likely to include a public-private partnership or partnerships, several investors/developers and a various financial tools to optimize the property's potential.

Housing Programs

Many local governments offer housing programs designed to enhance, improve, or develop new housing stock. The following points are designed to provide ideas and suggestions to help the public and private sector support housing programs and incentives to spur housing development in Fergus Falls.

The examples presented on the following pages identify housing tools utilized in other communities; however, this is not an all-inclusive list as many governmental agencies offer different programs based on their individual needs. Federal funds for housing development have been declining for years and the remaining housing programs include the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, Housing Choice Vouchers, Low-Income Housing Tax Credits (LIHTC), and USDA rural housing programs. However, local units of government are increasingly dependent on other resources to support development such as housing trusts or land trusts and housing bonds.

Housing Resources & Support - Otter Tail County, MN

Otter Tail County Community Development Agency (CDA), Otter Tail County Housing and Redevelopment Authority (HRA), Fergus Falls Housing and Redevelopment Authority (HRA), and MAHUBE-OTWA Community Action Partnership provide housing resources and support to assist in creating affordable housing opportunities.

- The Otter Tail County "Housing Trust Fund" (HTF) is a fund created to provide a funding source for housing investment. The main purpose of the HTF is to provide loans and grants to assist with the creation and preservation of new affordable, workforce and mixed income housing, both rental and owner occupied.
- The Family Homeless Prevention and Assistance Program (FHPAP) provides assistance to households experiencing homelessness or who are at imminent risk of homelessness. Additionally, The Otter Tail County HRA and Fergus Falls HRA offer numerous programs designed to help homebuyers, homeowners and renters. These programs include down payment assistance, homebuyer loans, rehabilitation loans, education, etc.
- The Community Growth Partnership Grant is also available to cities in Otter Tail County, with a maximum grant of $50,000 per year requiring a one-to-one match. Funds can be used to develop affordable housing, redevelopment, commercial rehabilitation, public infrastructure and pre-development planning for a future project.

State/National Resources:

Minnesota Housing Finance Agency ("Minnesota Housing") – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multifamily housing sectors.

The Workforce Housing Development Program targets communities in Greater Minnesota where housing shortages hinder the ability of businesses to attract workers. Individual project awards cannot exceed 50% of the total development costs. Program criteria are summarized below.

- To be eligible for the Workforce Housing Development Program, a project area must be either:
  1) a home rule or statutory city located outside of the Twin Cities Metro Area with a population that exceeds 500 residents
  2) a community with a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city, or
  3) an area served by a joint county-city economic development authority
- A vacancy rate of 5% or lower for at least the prior two years
- One or more businesses in the project area (or within 25 miles of the area) that employ 20 full-time equivalent employees

- A statement from participating businesses that a lack of housing makes it difficult to recruit and hire workers, and
- The development must serve employees of businesses in the project area.

The Statewide Affordable Housing Aid (SAHA) is a new (2023) program that helps counties, Tribal nations and greater Minnesota local governments develop and preserve affordable housing. Statewide Affordable Housing Aid will be paid directly to all counties, cities of the first, second, and third class (those with populations above 10,000). Cities in Greater Minnesota that are under 10,000 in population, will be eligible to participate in a discretionary grant program administered by Minnesota Housing for grants of at least $25,000. Housing developed or rehabilitated with funds under this program must be affordable to the local workforce. Qualifying projects include:

- Emergency rental assistance for households earning less than 80% AMI
- Financial support to nonprofit affordable housing providers
- Construction, acquisition, rehabilitation, etc. for homeownership projects for households at 115% AMI and rental housing for households at 80% AMI, and
- New construction or substantial rehabilitation of a building containing more than four units.

The Minnesota Affordable Housing Tax Credit (AHTC) and the Housing Tax Credit Contribution Account (HTCCA) offer a flexible fund that provides loans and grants to developers for eligible housing projects. The fund is capitalized by contributions from taxpayers. Participating taxpayers receive a $0.85 credit for every dollar contributed to the Housing Tax Credit Contribution Account (minimum contribution of $1,000).

- Eligible uses of funds include gap financing, new construction, acquisition, rehabilitation, demolition, construction financing and permanent financing. Eligible awardees include a City, federally recognized American Indian tribe, tribal housing corporation, private developer, non-profit organization, housing and redevelopment authority, public housing authority, owner of the housing.

The Economic Development and Housing Challenge funds the construction, purchase, financing, and redevelopment of single-family homes and multifamily rental properties with deferred loans. The program has a specific goal of enhancing economic development and is a primary resource for workforce housing.

The Low- and Moderate-Income Rental Program (LMIR) provides long-term amortizing mortgage debt for multifamily rental housing affordable to low- and moderate-income households in Minnesota. Eligible activities include new construction, rehabilitation of existing affordable housing, adaptive reuse, preservation of affordable and/or federally assisted housing, and refinance of existing mortgages.

The Workforce and Affordable Homeownership Development Program provides a one-time grant of up to $375,000 for the development of workforce and affordable home-ownership projects across Minnesota. Funds serve households up to 115% AMI and may be used for residential housing development, rehabilitation, land development, infrastructure development, and repair for manufactured home parks.

The Low Income Housing Tax Credit (LIHTC) program, administered by Minnesota Housing, incentivizes developers to create and maintain affordable housing by offering tax credits which provide investors with a reduction in their federal tax liability. Eligible projects include new construction, rehabilitation, or acquisition with rehabilitation of rental housing.

Greater Minnesota Housing Fund – The Greater Minnesota Housing Fund ("GMHF") supports, preserves, and creates affordable housing in Minnesota, addressing housing needs in under-served areas, including cities, towns, rural areas, and Tribal nations. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing.

The Revolving Development Loan Fund awards development loans to create or preserve affordable homes throughout Minnesota.

Minnesota Equity Fund raises equity capital from corporations and banks to invest in sustainable affordable housing developments, including workforce housing, low-income senior housing, mixed-use and mixed-income housing, and supportive housing.

The NOAH Impact Fund finances the acquisition and preservation of naturally occurring affordable rental housing to preserve the long-term affordability of rental units at risk of conversion to higher rents.

Minnesota Department of Employment and Economic Development – MN DEED is the Administrator for federal Community Development Block Grant (CDBG) funds via the Community Development Small Cities Development Program which helps cities, townships and counties with funding for housing, public infrastructure and commercial rehabilitation projects. Cities with fewer than 50,000 residents, townships and counties with fewer than 200,000 residents are eligible for the Small Cities Development Program.

Projects must meet one of three federal objectives, including benefiting people of low and moderate incomes, eliminate slum and blight conditions or eliminate an urgent threat to public health or safety. Housing grant funds are awarded to local units of government, which then lend funds to rehabilitate the local housing stock. Loans may be used for owner-occupied, rental, single-family or multifamily housing rehabilitation. In all cases, housing funds must benefit low- and moderate-income households. Additionally, public facility grants are directed toward wastewater treatment projects.

For CDBG funding, low income is defined as households at or less than 50% AMI while moderate income is defined as households at 80% AMI or lower. Income limits vary by household size, but an estimated 58% of all households in Fergus Falls have incomes at or less than $64,080 (income limit for a two-person household at 80% AMI), including 82% of all renter households and 41% of all owner households.

The data indicates that a large portion of Fergus Falls households would income-qualify for projects utilizing CDBG funds and we recommend that the City pursue Small Cities Development Program housing grants from MN DEED to help serve low- and moderate-income households in the community.

Minnesota Housing Partnership – Minnesota Housing Partnership ("MHP") strengthens development capacity and promotes systems change to expand opportunity, especially for those with the greatest need. They support a diversity of partners to stimulate innovation and drive positive impact in affordable housing and community development in Minnesota and beyond.

MHP has expertise in single and multifamily housing, as well as special needs projects, including supportive, transitional and culturally relevant housing.

United States Department of Agriculture (USDA) Rural Development – Housing support is available through the "Housing and Community Assistance" program that is part of USDA Rural Development. The program is designed to improve housing options in rural communities and operates a variety of programs including homeownership assistance, housing rehabilitation and preservation and rental assistance. We recommend considering utilizing program options targeting entry-level for-sale housing for first-time buyers.

Other Resources

There are many other housing programs that Fergus Falls could consider utilizing to aid and improve the housing stock. The following is a list of potential programs that could be explored.

- Construction Management Services - Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.

- Density Bonuses - Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Municipalities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.

- First-Time Home Buyers - Below market-rate mortgage loans for first-time homebuyers, or those who have not owned a home in the past three years. Financial assistance may also be available for down payment, closing costs, and principal reduction. Usually subject to income guidelines, purchase price limits, and eligible property. Some cities partner with a 3rd party.

- Fix-Up Home Improvement Loan Program- A Fix Up loan may be able to finance most home improvement projects for eligible borrowers. The Fix Up loan's fixed interest rates and extended repayment terms (up to 20 years on some loans) mean monthly payments that may fit your budget.

- Home Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.

- Home-Building Trades Partnerships - Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the "classroom" for future trades people to gain experience in the construction industry.

- Home Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by either city inspectors or third-party licensed inspectors.

- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.

- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.

- Household and Outside Maintenance for the Elderly (H.O.M.E.) - Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.

- Infill Lots - Purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder.

- Land Acquisition/Banking - Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.

- Live Where You Work - Program designed to promote homeownership in the same community where employees work. City provides a grant to eligible employees to purchase a home near their workplace. Employers can also contribute or match the City's grant.

Participants must obtain a first mortgage through participating lenders. The grant can be allocated towards down payment assistance, closing costs, and gap financing.

- Low or No Cost City/County-Supplied Land - Sell city/county-owned land at low/no cost for the construction of mixed-income and affordable housing.

- The Rehabilitation Loan Program and Emergency & Accessibility Loan Program (RLP/ELP)- Assist low-income homeowners in financing home improvements that directly affect the safety, habitability, energy efficiency or accessibility of their homes.

- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The administering agency saves a portion of the monthly rent that will be allocated for a down payment on a future house.

- Scattered Site Housing Program - Target distressed or blighted single-family properties for demolition and rehabilitation. Once demolished, vacant lots can be sold for the construction of a new single-family home.

- Tax Abatement - A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.

- Tax Increment Financing (TIF) - Program that offers communities a flexible financing tool to assist housing development projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.

  TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.

- Waiver or Reduction of Development Fees - There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.

- Visitability- Defined as designs that allow people with mobility impairments to enter and stay, but not live, in a residence. There are three specific design elements that must be incorporated in the dwelling to satisfy the State visitability requirements: the dwelling must include at least one no-step entrance, 32-inch clear opening doorways, and at least a one-half bathroom on the main level that meets minimum clear floor space for half baths. The requirement applies to new construction financed by Minnesota Housing, including single-family homes, duplexes, triplexes, and multi-level townhomes. Communities could adopt similar requirements for a portion of new development projects, particularly developments that utilize municipal finance tools.