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Introduction

This section provides the following information and data for the City of Faribault:

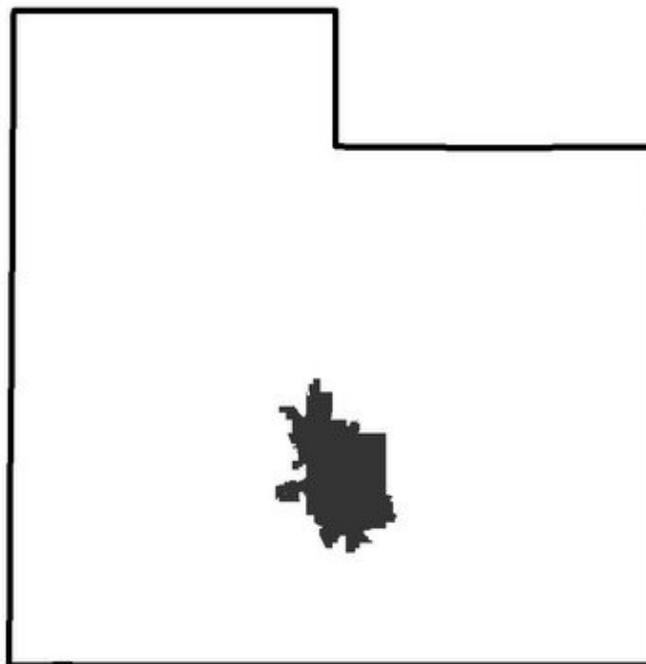
- ▶ Demographic data
- ▶ Existing housing inventory
- ▶ Rental housing inventory
- ▶ Housing findings and recommendations

The City of Faribault is the county seat for Rice County. Faribault is located in south central Rice County and is situated at the confluence of the Cannon and Straight Rivers. The current population is 23,352 and the city has 8,317 households.

Faribault is located on Interstate 35 and Minnesota Highways 3, 21 and 60 and is approximately 50 miles south of Minneapolis and St. Paul.

The Minnesota Schools for the Deaf and Blind, Shattuck-St. Mary's and the Faribault Correctional Facility are located in Faribault. Faribault is also home for many large industries. The City of Faribault has a historic downtown and there are several recreational lakes in the area.

City of Faribault Location



Demographic Overview

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. At the time that research was completed for this Study, the Census Bureau had released 2010 Census information. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, are not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the American Community Survey data. The American Community Survey estimates were derived from five-year sampling, obtained between 2005 and 2009.

Population Estimates and Trends

The following table presents the City of Faribault and Rice County’s population and population growth percentage for the decades from 1980 to 2010. The data was obtained from the U.S. Census Bureau.

Table 1 Population Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Faribault	16,241	17,085	20,818	21.9%	23,352	12.2%
Rice County	46,089	49,183	56,665	15.2%	64,142	13.2%

Source: U.S. Census

- ▶ The 2010 U.S. Census Bureau’s population data was released in March, 2011. Population growth has accelerated rapidly from 2000 to 2010. The 2010 Census reports that Faribault’s population was 23,352 in 2010. This is a 2,534 person increase since 2000, or 12.2%.
- ▶ The 2010 population for all of Rice County was 64,142. This is a gain of 7,477 people, which is a 13.2% population increase since 2000.
- ▶ Based on the U.S. Census, the City of Faribault gained 3,733 people from 1990 to 2000, a 21.9% increase, while Rice County gained 7,482 people, a 15.2% increase.

Population Projections

The following table presents population projections using three different sources. To plan for future housing needs and issues, it is necessary to project future population growth and changes. The 10-year growth trend is based on the rate of change between 2000 and 2010, using the 2010 Census, projecting this rate of growth forward between 2010 and 2015. The 20-year growth trend uses the same methodology, but calculates an annual growth rate from the 1990 and 2010 Census data. The third projection is from Community Partners Research, Inc., based on population growth and housing units constructed over the past five years, which accounts for the impact the downturn in the economy has had on the local housing market and ultimately population growth.

Table 2 Population Projections Through 2015				
	2010 Population	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Faribault	23,352	24,773	25,493	23,752
Rice County	64,142	68,374	69,019	66,053

Source: U.S. Census

- ▶ The population projected from the 10-year growth rate for Faribault, estimates the city’s population to be 24,773 in 2015, which is an increase of 1,421 people. The projection based on the 20-year growth rate estimates the population to increase by 2,141 people by 2015.
- ▶ The 10- and 20-year growth trend population projections for Rice County estimate an increase of between 4,232 and 4,877 by the year 2015.
- ▶ Community Partners Research, Inc.’s population projection based on five-year trends is more conservative than the 10- and 20-year trend projections and reflects the downturn in the housing economy. Community Partners Research, Inc. estimates that Faribault’s population will be 23,752 in 2015, which is a gain of 400 people.

Population by Age

The following table compares populations by age in 2000 and 2010, along with the percentage changes.

Table 3 Persons by Age - 2000 - 2010						
Age	City of Faribault			Rice County		
	2000	2010	% Change	2000	2010	% Change
0-19	6,043	6,491	7.4%	17,474	18,243	4.4%
20-24	1,474	1,548	5.0%	5,775	6,174	6.9%
25-34	3,044	3,531	16.0%	6,628	7,653	15.5%
35-44	3,352	3,143	-6.2%	8,894	8,019	-9.8%
45-54	2,459	3,200	30.1%	6,972	9,265	32.9%
55-64	1,632	2,374	45.5%	4,447	6,907	55.3%
65-74	1,311	1,518	15.8%	3,201	4,146	29.5%
75-84	1,010	1,020	1.0%	2,273	2,566	12.9%
85+	493	527	6.9%	1,001	1,169	16.8%
Total	20,818	23,352	12.2%	56,665	64,142	13.2%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Over the last decade there were some significant percentage changes in the age make-up of the population in the city. The largest numeric gain occurred among people age 55 to 64 years old. This age group increased by 742 people, or 45.5%. The 45 to 54 age range increased by 741 people, a 31.1% gain. All of the other age ranges, with the exception of 35 to 44, also experienced population increases.
- ▶ The 35 to 44 age range was the only age range that experienced a population decline. This age range declined by 209 people. The 35 to 44 age range often represents first time home buyers and households looking to sell their starter home for a more expensive home.
- ▶ Growth in each of the senior age ranges, 75 and older, were somewhat minimal in Faribault with the increase of 44 people.
- ▶ Age change patterns for all of Rice County were very similar to the Faribault patterns. Like Faribault, strong growth did occur in each of the age ranges between 45 and 64 years old.

Group Quarters Population

Faribault has a large group quarters population. Group quarters are defined by the Census Bureau as all persons not living in households. Two general categories of persons in group quarters are recognized: 1) institutionalized persons, and 2) other persons in group quarters, also referred to as “non-institutional group quarters”. The large group quarters population in Faribault is primarily based on the large population at the Faribault Correctional Facility.

Table 4 Faribault Group Quarters Population Trends - 1990 to 2010					
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Faribault	1,194	1,887	58.0%	2,579	36.7%

Source: U.S. Census

- ▶ Faribault’s group quarters population has increased substantially in recent years. After an increase of 58% between 1990 and 2000, the population has increased by an additional 36.7% from 2000 to 2010.

Table 5 Group Quarters Population as Percentage of Total Population				
	% of 1980 Population	% of 1990 Population	% of 2000 Population	% of 2010 Population
Faribault	8.1%	7.0%	9.1%	11.0%

Source: U.S. Census; Minnesota State Demographer

- ▶ Despite an increase in the city’s overall population, the group quarters residents continue to represent a larger share of the total population. In 2010, group quarters residents represented 11% of the city’s population.

Table 6 Faribault Group Quarters Population by Residence - 2000 to 2010			
Residence Type	2000 Population	2010 Population	% Change 2000-2010
Institutionalized Persons			
Correctional Institutions	1,158	2,084	80%
Nursing Homes	192	265	38%
Non-Institutionalized			
Other group quarters	387	230	-40.6%

Source: U.S. Census

- ▶ The largest increase in group quarter residents is due to the Faribault Correctional Facility, which had a 926-person increase from 2000 to 2010.

Household Estimates and Trends

The following table presents the City of Faribault and Rice County’s population and population growth percentage for the decades from 1980 to 2010. The data was obtained from the U.S. Census Bureau.

Table 7 Household Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Faribault	5,836	6,392	7,472	16.9%	8,317	11.3%
Rice County	14,276	16,347	18,888	15.5%	22,315	18.1%

Source: U.S. Census

- ▶ The 2010 U.S. Census Bureau household data was released in March, 2011. The Census reports that the City of Faribault had 8,317 households in 2010. The city gained 845 households since the 2000 Census, which is an 11.3% increase.

- ▶ Rice County had 22,315 households in 2010, an increase of 3,427 households since 2000, a gain of 18.1%.

- ▶ From 1990 to 2000, Faribault gained 1,080 households and Rice County gained 2,541 households.

Average Household Size

The following table provides U.S. Census Bureau information on average household size.

Table 8 Average Number of Persons Per Household 1980 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Faribault	2.56	2.49	2.53	2.50
Rice County	2.83	2.66	2.65	2.55

Source: U.S. Census

- ▶ In most Minnesota communities, average household size has decreased in recent decades. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, fewer children per family, etc.
- ▶ The average household size in Faribault actually increased from 1990 to 2000, but between 2000 and 2010, the city’s average household size decreased. The average household size in 2000 was 2.53 and has decreased slightly to 2.50 persons per household in 2010.
- ▶ The average household size for all of Rice County has continued to decrease since 1980. However, the county’s average household size of 2.55 in 2010 is still relatively large, compared to most Counties in Greater Minnesota.

Household Projections

The following table presents population level projections using three different sources. To plan for future housing needs, it is necessary to project population changes. The 10- year growth trend is based on the rate of change between 2000 and 2010, using the 2010 Census, and projects this rate of growth forward between 2010 and 2015. The 20-year growth trend uses the same methodology, but calculates an annual growth rate from the 1990 and 2010 Census data calculating forward to 2015. The third projection is from Community Partners Research, Inc., and is based on household growth and actual housing units constructed over the past five years.

Table 9 Household Projections Through 2015				
	2010 Households	2015 Projection from 10-year growth trends	2015 Projection from 20-year growth trends	2015 Projection Community Partners Research, Inc.
Faribault	8,317	8,787	8,943	8,477
Rice County	22,315	24,339	24,352	23,082

Source: U.S. Census; Community Partners Research, Inc.

- ▶ We have calculated projections from the city’s 10- and 20-year growth rates. The 20-year growth trends project the city to add 626 new households between 2010 and 2015, or an annual average of 125 households per year. Household projections based on 10-year growth rates expect the city to add 470 households, or an annual average of 94 households.
- ▶ The 10- and 20-year growth trend projections for all of Rice County are very similar and highlight the consistent rate of household growth over the last 20 years. These projections expect the county to add between 2,024 and 2,037 new households from 2010 to 2015. On an annual average, this would equate to 404 to 407 new households per year.
- ▶ Community Partners Research, Inc.’s household projection based on five-year trends is more conservative than the 10- and 20-year trend projections and reflects the downturn in the housing economy. Community Partners Research, Inc. estimates that Faribault will have 8,477 households in 2015, which is a gain of 160 households, which is an average of 32 households per year. We are also projecting that Rice County will have 23,082 households in 2015, which is a gain of 767 households. These projections are based on actual housing construction and estimated household growth over the past five years.

Households by Age of Householder

The following table compares households by age of householder in 2000 and 2010, along with the percentage changes.

Table 10 Households by Age - 2000 - 2010						
Age	City of Faribault			Rice County		
	2000	2010	% Change	2000	2010	% Change
15-24	440	685	55.7%	1,016	1,177	15.8%
25-34	1,325	1,316	-0.7%	2,974	3,219	8.2%
35-44	1,676	1,449	-13.5%	4,658	3,981	-14.5%
45-54	1,393	1,603	15.1%	3,871	4,960	28.1%
55-64	936	1,351	44.3%	2,524	3,944	56.3%
65-74	788	909	15.4%	1,919	2,511	30.8%
75+	914	1,004	9.8%	1,926	2,523	31.0%
Total	7,472	8,317	11.3%	18,888	22,315	18.1%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Comparing 2000 and 2010 Census data, the City of Faribault added households over the last decade in all but two of the defined age ranges. The number of households with a head of household in the 35 to 44 year old age range declined by 13.5%. The 25 to 34 age range decreased by nine households or 0.7%.
- ▶ The largest numeric increases occurred among households in the 55 to 64 year old range, which increased by 415 households, the 15 to 24 year old range, which increased by 245 households and the 45 to 54 age range which increased by 210 households.
- ▶ The number of senior households in the 65 to 74 year old range increased by 121 households during the decade, while there was an increase of 90 households in the 75 and older age range.
- ▶ Patterns for all of Rice County were very similar, with the largest numeric gains occurring in the age ranges between 45 and 64 years old, and a decrease in households in the 35 to 44 age range. However, Rice County added households in the 25 to 34 age range and Faribault experienced a slight decrease in this age range.

Household Characteristics

The following table presents data on household characteristics from the 2010 Census. Data has been presented as percentages of the total households to allow for comparative analysis between the City of Faribault, Rice County, and the State of Minnesota.

Table 11 Households by Type - 2010								
	Married Couple Family		Male Householder No Wife Present		Female Householder No Husband Present		Non-Family Household	
	With Related Children	W/O Related Children	With Related Children	W/O Related Children	With Related Children	W/O Related Children	1 Person	Non-Family
Faribault	19.0%	25.5%	3.7%	2.0%	8.4%	4.0%	31.0%	6.4%
Rice County	22.9%	31.5%	2.9%	1.8%	6.0%	3.0%	25.9%	6.0%
Minnesota	21.2%	29.6%	2.3%	2.0%	5.9%	3.6%	28.0%	7.4%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Faribault had a below average percentage of families with and without children when compared with county-wide and statewide averages. The city had a high percentage of one person households when compared with Rice County and the State of Minnesota. One person households often reflect a significant senior population, which is the case in Faribault, based on population by age demographic data.
- ▶ When compared to Faribault and the State of Minnesota, Rice County had a higher percentage of married couples, both with and without children.
- ▶ Faribault’s percentages of single parent families were above the statewide patterns.

Households by Tenure

The following table provides household tenure data for the City of Faribault, Rice County and the State of Minnesota. The data was obtained from the 2010 U.S. Census.

Table 12 Households by Tenure - 2010					
	Total Occupied Units	Owned Units	Percent Owned Units	Rented Units	Percent Rented Units
Faribault	8,317	5,628	67.7%	2,689	32.3%
Rice County	22,315	16,897	75.7%	5,418	24.3%
Minnesota	2,087,227	1,523,859	73.0%	563,368	27.0%

Source: U.S. Census

- ▶ Faribault had a renter occupancy rate of 32.3% at the time of the 2010 Census, which is above the statewide percentage of 27%. However, this is very common for a regional center that provides rental options for a surrounding trade area. Countywide, the rental rate was below the statewide percentage.

Table 13 Household Changes by Tenure - 2000 to 2010						
	Owned Units			Rented Units		
	Occupied Units in 2000	Occupied Units in 2010	Change in Owner-Occupied	Occupied Units in 2000	Occupied Units in 2010	Change in Renter-Occupied
Faribault	5,460	5,628	168	2,012	2,689	677
Rice County	14,710	16,897	2,187	4,178	5,418	1,240

Source: U.S. Census

- ▶ Between 2000 and 2010, Faribault added 168 owner households and 677 renter households. This increased the percentage of renter occupancy from 26.9% in 2000 to 32.3% in 2010.
- ▶ Between 2000 and 2010, Rice County had net household growth of 2,187 households and 1,240 renter households. This increased the percentage of renter occupancy from 22.1% in 2000 to 24.3% in 2010.

Renter Households by Household Size

The following table examines renter households by household size in 2000 and 2010. Only renter households have been analyzed as part of the planning process for additional rental housing development.

Table 14 Renter Households by Household Size - 2000 to 2010						
Renter Household Size	City of Faribault			Rice County		
	Households in 2000	Households in 2010	Numeric Change	Households in 2000	Households in 2010	Numeric Change
1 Person	1,001	1,301	300	1,921	2,540	619
2 Person	457	524	67	1,049	1,153	104
3 Person	244	337	93	521	677	156
4 Person	184	252	68	390	520	130
5 Person	71	131	60	179	293	114
6 Person	33	91	58	69	141	72
7+ Person	22	53	31	49	94	45
Total	2,012	2,689	677	4,178	5,418	1,240

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Between 2000 and 2010, Faribault added 217 larger family renter households with four or more persons.
- ▶ In 2010, Faribault had 527 renter households with four or more people.
- ▶ There was also significant growth in small renter households including an increase of 300 one person households.
- ▶ For all of Rice County there was significant growth in all sizes of one person renter households, including 619 one person households.
- ▶ Rice County also had a 361 household increase in large family households, with four or more people.
- ▶ Approximately 55% of Rice County’s rental household increase occurred in the City of Faribault.

Tenure by Age

The following table identifies home ownership or renter status by age of householder in the year 2010. Information is provided for the City of Faribault and for Rice County.

Table 15 Households Tenure by Age - 2010				
Age of Householder	City of Faribault		Rice County	
	Owners	Renters	Owners	Renters
15 - 24	116/16.9%	569/83.1%	254/21.6%	923/78.4%
25 -34	753/57.2%	563/42.8%	2,047/63.6%	1,172/36.4%
35 - 44	1,041/71.8%	408/28.2%	3,114/78.2%	867/21.8%
45 - 54	1,234/77.0%	369/23.0%	4,151/83.7%	809/16.3%
55 - 64	1,075/79.6%	276/20.4%	3,398/86.2%	546/13.8%
65 - 74	726/79.9%	183/20.1%	2,165/86.2%	346/13.8%
75-84	505/72.7%	190/27.3%	1,353/77.5%	392/22.5%
85+	178/57.6%	131/42.4%	415/53.3%	363/46.7%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Household tenure by age patterns in Faribault show a preference for home ownership among households age 25 years old and older. The highest rates of home ownership existed among households age 45 to 74 years old, which were in excess of 77%.
- ▶ Younger households, age 24 and under, were predominantly renters. The rate of renter occupancy for households age 85 and older was 42.4%.
- ▶ Tenure patterns in the county showed an even stronger preference for home ownership in most age ranges. For the entire county, the rate of ownership among households age 35 to 84 years old was 77.5% or greater.
- ▶ Although the rate of home ownership is high in Faribault and Rice County, the rate of home ownership is lower than it was in 2000, which is a reflection of the downturn in the housing economy.

2010 Income Data

Household income represents all independent households, including people living alone and unrelated individuals in a housing unit. Families are two or more related individuals living in a household. The income data was obtained from the 2010 American Community Survey.

Table 16 Median Household Income - 1999 to 2010			
	1999 Median	2010 Median	% Increase
Faribault	\$40,865	\$45,324	10.9%
Rice County	\$48,651	\$57,270	17.7%
Minnesota	\$47,111	\$56,456	19.8%

Source: U.S. Census; American Community Survey; Community Partners Research, Inc.

Table 17 Median Family Income - 1999 to 2010			
	1999 Median	2010 Median	% Increase
Faribault	\$49,662	\$56,946	14.7%
Rice County	\$56,407	\$69,345	22.9%
Minnesota	\$56,874	\$70,658	24.2%

Source: U.S. Census; American Community Survey; Community Partners Research, Inc.

- ▶ The City of Faribault’s median household income in 2010 was \$45,324, a 10.9% increase from 1999. The city’s median family income was \$56,946, a 14.7% increase from 1999.
- ▶ Using the commonly accepted standard that 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Faribault could afford approximately \$1,133 per month for ownership or rental housing in 2010, and a median income family could afford \$1,424 per month in 2010.
- ▶ Using the “rule of thumb” standard that a household can afford to purchase a house that is approximately 2 ½ times annual income, a median income household in the City of Faribault could afford a home valued at approximately \$113,310 and a median income household in Rice County could afford approximately \$143,175.

Faribault 2010 Income and Housing Costs - Renters

In addition to collecting income data, the 2010 American Community Survey also collected information on housing costs. The following table provides data on the number of renter households in Faribault that are paying different percentages of their gross household income for housing costs. For comparison, the same information has been provided from the 2000 Census.

Table 18 Gross Rent as a Percentage of Household Income - 2010		
Percentage of Household Income for Housing Costs	Number of Renter Households 2010	Percent of All Renter Households 2010
0% to 19.9%	438	20.1%
20% to 29.9%	720	33.1%
30% to 34.9%	112	5.2%
35% or more	882	40.6%
Not Computed	22	1.0%
Total	2,174	100%

Source: American Community Survey

- ▶ The Census reported that nearly 46% of renter households in Faribault were paying more than 30% of their income for rent, including 40.6% of all renter households that were paying more than 35% of income for housing. Based on accepted housing industry standards, households that pay more than 30% of their income for rent, have a housing cost burden.

Table 19 Gross Rent as a Percentage of Household Income - 2000-2010			
Percentage of Household Income for Housing Costs	Number/% of Renter Households 2000	Number/% of Renter Households 2010	Numeric Change 2000 to 2010
0% to 19.9%	823 / 41.1%	438 / 20.1%	-385
20% to 29.9%	525 / 26.2%	720 / 33.1%	195
30% to 34.9%	124 / 6.2%	112 / 5.2%	-12
35% or more	419 / 20.9%	882 / 40.6%	463
Not Computed	111 / 5.5%	22 / 1.0%	-89
Total	2,002 / 100%	2,174 / 100%	172

Source: U.S. Census; American Community Survey

- ▶ Approximately 463 more households are paying more than 35% of their income in 2010 than in 2000, which is an 11% increase.

Faribault 2010 Income and Housing Costs - Owners

The 2010 American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the city that are paying different percentages of their gross household income for housing costs. For comparison, we have presented the same information from the 2000 Census.

Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	2,412	40.1%
20% to 29.9%	1,756	29.2%
30% to 34.9%	458	7.6%
35% or more	1,333	22.1%
Not Computed	61	1.0%
Total	6,020	100%

Source: American Community Survey

- ▶ A majority of owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, nearly 30% of home owners reported that they paid more than 30% of their income for housing.

Percentage of Household Income for Housing Costs	Number/% of Owner Households 2000	Number/% of Owner Households 2010	Numeric Change 2000 to 2010
0% to 19.9%	2,306 / 53.3%	2,412 / 40.1%	106
20% to 29.9%	1,278 / 29.6%	1,756 / 29.2%	478
30% to 34.9%	225 / 5.2%	458 / 7.6%	233
35% or more	509 / 11.8%	1,333 / 22.1%	824
Not Computed	8 / 0.2%	61 / 1.0%	53
Total	4,326 / 100%	6,020 / 100%	1,694

Source: U.S. Census; American Community Survey

- ▶ In 2000, only 11.8% of all owners reported paying 35% or more of their income for housing. By 2010, this percentage had increased to 22.1% of all owner-occupants. The percentage of households that paid less than 20% of income for housing costs decreased between 2000 and 2010.

Racial and Ethnic Minority Population

The following table compares racial and ethnic minority populations in the City of Faribault from 1990 to 2010. The data was obtained from the 2010 U.S. Census.

Table 22 Racial/Ethnic Population Trends - 1990 to 2010					
	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Race					
White	16,631	18,610	11.9%	19,296	3.7%
Black/African American	58	561	867.2%	1,764	214.4%
Native American	49	139	183.7%	216	55.4%
Asian/Pacific Islander	252	395	56.7%	508	28.6%
Other Race/Two or More Races	95	1,113	1071.6 %	1,568	40.9%
Total All Races	17,085	20,818	21.8%	23,352	12.2%
Ethnicity					
Hispanic/Latino	253	1,852	632.0%	3,026	63.4%
Not Hispanic/Latino	16,832	18,966	12.7%	20,326	7.2%
Total Ethnicity	17,085	20,818	21.8%	23,352	12.2%

Source: U.S. Census

- ▶ The city’s Black/African American population has increased by 1,203 people from 2000 to 2010.
- ▶ The city’s Hispanic/Latino population has increased by 1,174 people from 2000 to 2010.
- ▶ The city’s racial and ethnic population accounts for approximately 6,628 people, which is approximately 28.4% of the City of Faribault’s population.
- ▶ The Somali Community leader’s opinion is that the Somali population was undercounted in the 2010 U.S. Census.

Minority Household Demographic Data

Over the last decade, Faribault and Rice County have increasingly attracted minority residents, some of whom are international immigrants. The following table provides some basic information from the 2000 and 2010 Census about households by race and households by ethnicity.

Table 23 Households by Race/Ethnicity - Faribault - 2000 to 2010				
Race/Ethnicity	2000 Households	2010 Households	Numeric Change 2000-2010	Percentage Change 2000-2010
Black/African American	40	257	217	542.5%
Native American/Alaskan	20	26	6	30.0%
Asian/Pacific Islander	77	183	106	137.7%
Other Race	149	267	118	79.2%
Two or More Races	69	88	19	27.5%
White	7,117	7,496	379	5.3%
Total	7,472	8,317	845	11.3%
Hispanic	388	648	260	67.0%
Non-Hispanic	7,084	7,669	585	8.3%
Total	7,472	8,317	845	11.3%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Although the large majority of Faribault's households are white and non-Hispanic, there has been growth from minority racial and ethnic groups over the last decade. On a percentage basis, Black/African American households represented the fastest growth among racial groups, up nearly 543% between 2000 and 2010. On a numeric basis, White households showed the largest growth, up 379 households between 2000 and 2010.
- ▶ The city also added 260 new Hispanic households, an increase of 67% between 2000 and 2010.
- ▶ The City of Faribault has approximately 1,372 racial and ethnic minority households, which is 16.5% of the total city households.

Minority Households by Tenure

The following table presents minority household tenure information for the City of Faribault from the 2010 Census.

Table 24 Household Tenure by Race/Ethnicity - Faribault - 2010				
Race/Ethnicity	Owner Households		Renter Households	
	Number	Percent	Number	Percent
Black/African American	30	11.7%	227	88.3%
Native American/Alaskan	13	50.0%	13	50.0%
Asian/Pacific Islander	69	37.7%	114	62.3%
Other Race	150	56.2%	117	43.8%
Two or More Races	41	46.6%	47	53.4%
White	5,325	71.0%	2,171	29.0%
Hispanic	376	58.0%	272	42.0%
White, Non-Hispanic	5,252	68.5%	2,417	31.5%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Home ownership rates among some of the racial/ethnic minority groups are relatively low when compared to the White /non-Hispanic population.
- ▶ The lowest rate of home ownership is in the Black/African American community, with an ownership rate of less than 12%. Many of these households may be international immigrants from Somalia.
- ▶ While Hispanic households have a home ownership rate that is lower than for White, non-Hispanic households, the rate of home ownership is 58%.

Existing Housing Inventory

Existing Housing Inventory

The following table identifies owner occupied and rental housing units by year built in Faribault, using data from the American Community Survey and city building permits.

Table 25 Occupied Housing Units by Year Built - Owner/Renter							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-2000	2000-2010
Faribault	1320/620	940/167	786/163	801/337	537/254	700/178	947/455

Source: American Community Survey; City Building Permits

The first number reflects owner-occupied units and the second number reflects rental units

- ▶ The owner-occupied housing stock in Faribault is slightly older than average according to the 2000 Census. The Census identified approximately 21.9% of the owner-occupied housing units at that time as pre-1940 construction. This was above the Statewide average for pre-1940 housing of approximately 18%.
- ▶ Although most of the city’s rental housing was built after 1960, the Census did identify approximately 28.5% of the occupied rental units as pre-1940 built housing.

The following table identifies the number and type of housing units in Faribault.

Table 26 Faribault Occupied Housing Units by Units in Structure					
	Owner Units 2010	Renter Units 2010	Total Units 2010	Unit Construction 2010-2011	Estimated Total 2011
1 Unit Detached	4,785	466	5,251	19	5,270
1 Unit Attached	402	101	503	0	503
2 Units	0	336	336	0	336
3-4 Units	0	159	159	0	159
5+ Units	96	1,053	1,149	114	1,263
Mobile Home	737	59	796	0	796
Total	6,020	2,174	8,194	8,327	8,327

Source: American Community Survey; Building Permits

- ▶ From 2000 to 2011, Faribault added 507 detached single family homes, 229 twinhome/townhome attached units, 97 condominium and 380 multi-family rental units. The table above does not reflect unit demolitions that may have occurred since 2010.

New Housing Construction Activity

The following table identifies the number of housing units constructed in Faribault from 2000 to 2011. The data was obtained from city building permits.

Table 27 Housing Unit Construction Activity - 2000 to 2011					
Year	Single Family	Townhouse	Condominium	Multifamily Rental	Total
2000	75	13	0	28	116
2001	73	14	14	24	125
2002	83	44	71	68	266
2003	71	26	12	8	117
2004	65	49	0	84	198
2005	52	37	0	0	89
2006	36	40	0	0	76
2007	20	4	0	54	78
2008	6	2	0	0	8
2009	5	0	0	0	5
2010	8	0	0	114	122
2011	11	0	0	0	11
Total	505	229	97	380	1,211

Source: City of Faribault

- ▶ From 2000 through 2011, Faribault added 1,211 new housing units through new construction. We believe that 831 of the new units were constructed for owner occupancy, although it is possible that some units could be renter-occupied or vacant. There has been an average of 69 new single family, townhouse and condominium units constructed annually over the past 12 years.
- ▶ There has been ongoing construction of multifamily rental housing as well. From 2000 through 2011, 380 rental units have been constructed.
- ▶ From 2000 through 2011, 1,211 total owner-occupied and rental units have been constructed. From 2000 to 2005, 911 units were constructed and from 2006 to 2011, 298 units were constructed, which is a reflection of the downturn in the housing economy.

Faribault Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 691 single family/duplex houses in four of the City of Faribault's oldest neighborhoods. The neighborhoods were selected with assistance from the City of Faribault Community Development staff. The homes surveyed represent approximately 13% of the single family homes/duplexes in the City of Faribault. Houses that appeared to contain three or more units were excluded from the survey. The boundaries of the four neighborhoods are as follows:

Neighborhood No. 1 - North - 24th St. NW, South - 20th St. NW, East - 2nd Ave. NW, West - 8th Ave. NW.

Neighborhood No. 2 - North - 16th St. NW, South - 7th St. NW, East - 1st Ave. NE, West - 2nd Ave. NW

Neighborhood No. 3 - North - 4th St. NW, South - Division St., East - 9th Ave. NW, West - Lyndale Ave.

Neighborhood No. 4 - North - 1st St. SE, South - 10th St. SE, East - Cannon River, West - Willow St.

Maps showing each of these four neighborhoods are provided on the next three pages.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

- ▶ Dilapidated houses are generally considered beyond repair.
- ▶ Major Repair houses need multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.
- ▶ Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.
- ▶ Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 28 Faribault Windshield Survey Condition Estimate - 2011					
Neighborhood	Sound	Minor Repair	Major Repair	Dilapidated	Total
No. 1	20 (37.7%)	22 (41.5%)	11 (20.8%)	0 (0%)	53
No. 2	77 (23.7%)	172 (52.9%)	68 (20.9%)	8 (2.5%)	325
No. 3	30 (23.3%)	71 (55%)	27 (20.9%)	1 (0.8%)	129
No. 4	79 (42.9%)	82 (44.6%)	19 (10.3%)	4 (2.2%)	184
Total	206 (29.8%)	347 (50.2%)	125 (18.1%)	13 (1.9%)	691

Source: Community Partners Research, Inc.

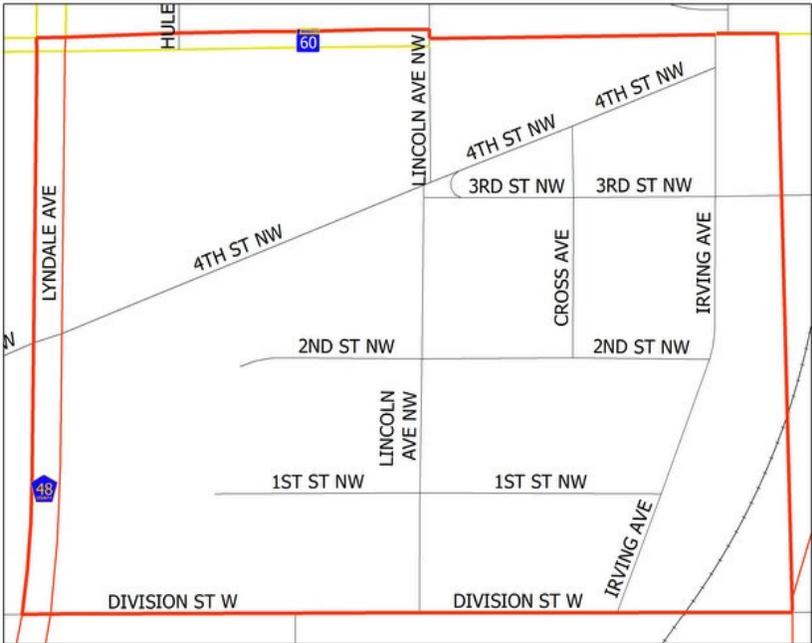
The existing housing stock in the four neighborhoods is generally in fair to good condition. Approximately 30% of the total houses inventoried were rated as Sound, while approximately 50% of the houses were judged to be in need of Minor Repair and 18% need Major Repair.

Thirteen homes in the four neighborhoods were rated as Dilapidated and possibly beyond repair. These houses may be suitable for demolition and clearance.





Neighborhood #2



Neighborhood #3



Neighborhood #4

Faribault Mobile Home Condition

In December, 2011, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 618 mobile and modular homes in the City of Faribault. The mobile and modular homes are located in mobile home parks and modular home subdivisions.

Mobile and modular homes were rated in one of four levels of physical condition. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality. Dilapidated units are generally considered beyond repair. Major Repair units need multiple major improvements such as roof, windows, siding, etc. Units in this condition category may or may not be economically feasible to rehabilitate. Minor Repair units are judged to be generally in good condition and require less extensive repair, such as one major improvement. Units in this condition category will generally be good candidates for rehabilitation programs because they are economically feasible to repair. Sound units are judged to be in good, 'move-in' condition. Sound units may contain minor code violations and still be considered Sound.

Table 29 Faribault Mobile and Modular Home Condition Estimate - 2011					
Park/Subdivision	Sound	Minor Repair	Major Repair	Dilapidated	Total
Evergreen	44 (29.2%)	39 (25.8%)	50 (33.1%)	18 (11.9%)	151
Knollwood Park	15 (23.4%)	9 (14.1%)	22 (34.4%)	18 (28.1%)	64
Cannon River Park	33 (19.1%)	49 (28.3%)	69 (39.9%)	22 (12.7%)	173
Sunrise Park	37 (55.2%)	12 (17.9%)	15 (22.4%)	3 (4.5%)	67
Copaco Subdivision	83 (71%)	26 (22.2%)	8 (6.8%)	0 (0%)	117
Sunset Subdivision	24 (52.2%)	14 (30.4%)	8 (17.4%)	0 (0%)	46
Total	236 (38.2%)	149 (24.1%)	172 (27.8%)	61 (9.9%)	618

Source: Community Partners Research, Inc.

Of the 618 mobile and modular homes in Faribault, approximately 38% were rated as being in sound condition, and 24% require minor repair. Approximately 28% of the mobile and modular homes need major repairs and 61 (9.9%) of the mobile and modular homes are dilapidated and beyond repair.

Existing Home Sales

This section examines houses that have been sold within a recent 12-month sales period. The information used was obtained from the Rice County Assessor’s Office, through the Beacon portal on the county’s website. This website provides access to county property and tax records, including information that is used for the county’s sales ratio study for the period between October 1, 2010 and September 30, 2011.

The sales information for the city can be sorted into different reports. For its annual sales study, the county examines “good sales”, that are fair market transactions. However, information is also collected on other sales, including “bad sales” that are rejected because they are not considered to be fair market transactions. Two rejection codes include sales of “bank-owned” properties, and “forced” sales transactions, including foreclosures. Although there are other rejection codes, this Study has examined the rejected sales in the bank-owned and forced sale groupings to better understand the significant property transfer activity that has been occurring in recent years due to the distress that has existed in the for-sale real estate market.

All of the sales are for single family units, but a designation is provided for attached housing units, such as twin homes, town houses or condominiums, separate from detached single family homes.

The county’s collection of property sales information is used to compare the fair market sales price to the estimated taxable value. As a result, the county information for good sales primarily reflects existing home sales that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and did have an established tax value.

Table 30 Faribault Residential Sales Activity - 2011 Sales Year				
Unit by Type	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
Single Family Detached	107	\$120,000	\$359,900	\$25,000
Town House	12	\$139,000	\$245,000	\$80,000
Condominium	3	\$106,500	\$110,000	\$93,000

Source: Rice County Assessor; Community Partners Research, Inc.

The median price for a single family “good” house sale in Faribault in 2011 was \$120,000. There were only 107 owner-occupancy, single family detached home sales during this 12-month time period.

The median price was higher for attached housing, but this is based on a small volume of only 12 good sales. The median sale price for town house/twin home units was \$139,000. Only three condominium sales were identified in the 2011 report, with a median price of \$106,500.

Forced Sales Activity in 2011

There were many additional 2011 sales that were not viewed as “good” sales, representing fair market transactions. The county’s reporting system uses various subcategories for “bad” sales, including one group labeled “forced sale; legal action; auction; foreclosure” and another group labeled “bank sale (including HUD)”. For the purposes of this discussion, “bad” sales in these two classifications will be referred to as distressed sales.

For the 2011 sales year, Faribault appears to have had substantially more distressed sales than “good” sales. Actual analysis of the distressed sales is somewhat difficult, because a single property may be reflected multiple times within a single year, as it transfers from the original owner to a bank, and then the same property may be resold by the bank. The analysts have attempted to remove duplicate sales records for a single property in a single year. It is still possible that a single property is reflected twice, by spanning two different sales years. After deleting multiple transfers of a single property in a single year, there were 253 distressed single family houses that transferred ownership in the 2011 sales year, compared to only 108 good sales. There were 24 additional distressed single family sales that were identified as attached housing units, including both condominiums and town houses.

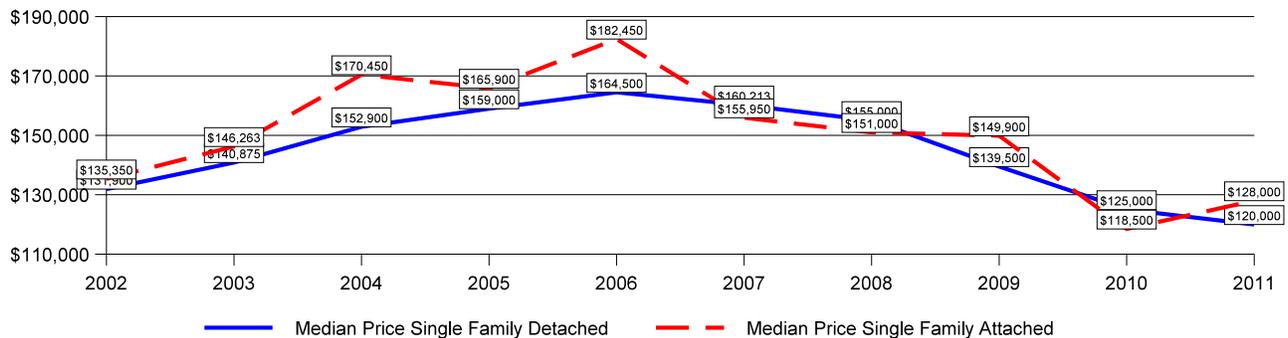
Median Home Sale Price Trends

The county’s website also allows a tracking of sales activity in previous years. The following table uses the 12-month sales period used by the county Assessor, starting October 1st and ending September 30th for each year.

Table 31 Faribault Median Residential Sale Price - 2004 to 2011				
Sales Year	Single Family Detached		Single Family Attached	
	Number of Good Sales	Median Sale Price	Number of Good Sales	Median Sale Price
2011	108	\$120,000	15	\$128,000
2010	133	\$125,000	15	\$118,500
2009	104	\$139,500	15	\$149,900
2008	127	\$155,000	29	\$151,000
2007	170	\$160,213	52	\$155,950
2006	249	\$164,500	18	\$182,450
2005	308	\$159,000	27	\$165,900
2004	301	\$152,900	26	\$170,450
2003	294	\$140,875	34	\$146,263
2002	279	\$131,900	22	\$135,350

Source: Rice County Assessor; Community Partners Research, Inc.

Median Home Sale Price in Faribault - 2002 to 2011



Rice County sales records are available for the past ten years, and show the rapid rise in home prices that occurred in the middle half of the last decade, followed by a steady decline in the median price. The volume of “good” sales generally followed the same pattern, with the number of sales reaching a peak

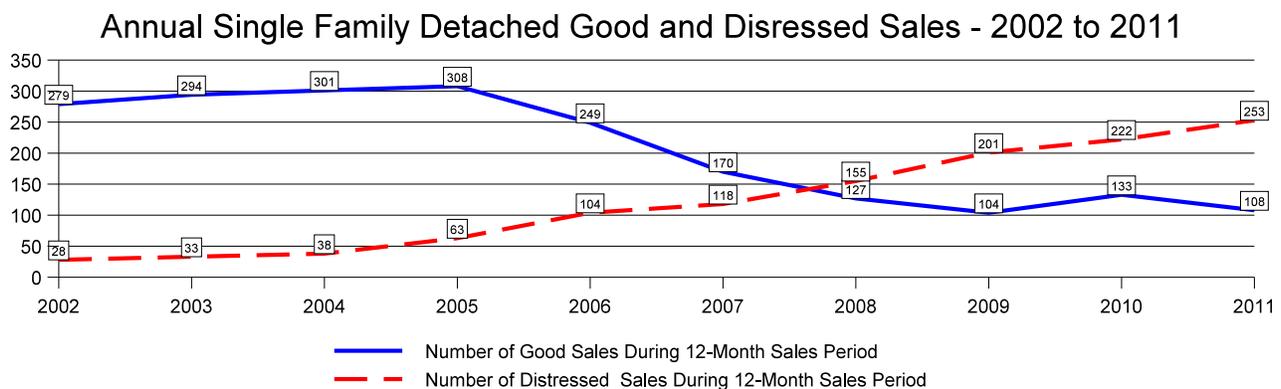
in 2005, and the median sale price reaching its highest level in 2006. Attached single family units also had the highest median price in 2006, although the volume of sales reached its highest level in 2007.

For single family detached houses, the median home sale price in Faribault dropped to \$120,000 for the 2011 sales year, the lowest point reached over the 10-year time period that was reviewed. In 2002, the median sale price had been \$180,000. The 2011 median price was down more than \$44,000 from the peak that was reached in the 2006 sales year.

For attached single family units, the median price reached a 10-year low in 2010, at \$118,500. The median has dropped nearly \$64,000 from the highest point in 2006.

Multiple reasons are cited for the drop in home values across the country in recent years, but the number of transactions that are distressed sales is a contributing cause. Houses that are sold through foreclosure, short-sales, or similar distressed means can negatively impact the voluntary sales that would otherwise occur.

The following chart looks at the number of single family detached, owner-occupancy home sales in Faribault over the past 10 years, including both good sales and distressed sales. The distressed sales include the two categories defined above, which are bank-owned sales, and forced sales.



During the earlier years of the past decade, the number of annual distressed sales was relatively small, due to limited foreclosures, bank-owned sales, and similar forced transactions. However, the volume of distressed sales began to increase in 2005, and by 2008, the county recorded more distressed single family sales than good sales in the city. As the number of distressed sales increased, the median price of good sales steadily dropped.

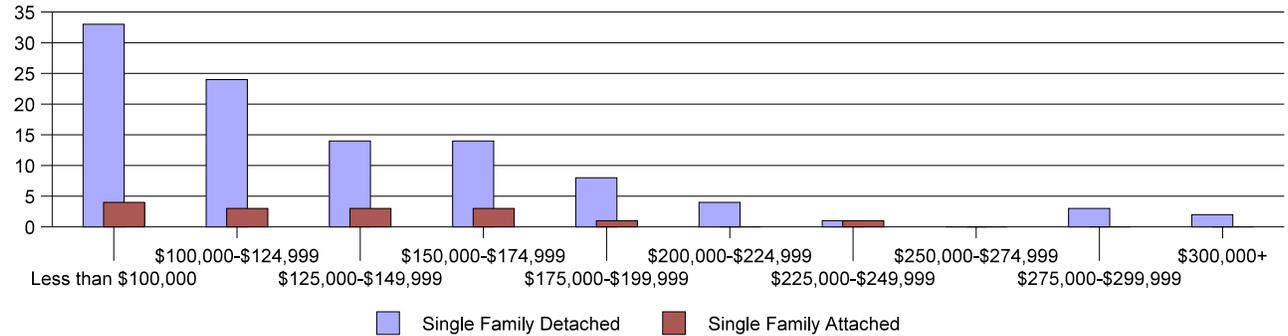
2011 Home Sales by Price Range

The following table looks at single family houses that sold in the past 12-month sales period that were coded as good sales by the county.

Table 32 Faribault Home Sales by Price Range - 2011 Sales Year				
Sale Price	Single Family Detached		Single Family Attached	
	Number of Sales	Percent of Sales	Number of Sales	Percent of Sales
Less than \$100,000	33	32.0%	4	26.7%
\$100,000 - \$124,999	24	23.3%	3	20.0%
\$125,000 - \$149,999	14	13.6%	3	20.0%
\$150,000 - \$174,999	14	13.6%	3	20.0%
\$175,000 - \$199,999	8	7.8%	1	6.7%
\$200,000 - \$224,999	4	3.9%	0	0%
\$225,000 - \$249,999	1	1.0%	1	6.7%
\$250,000 - \$274,999	0	0%	0	0%
\$275,000 - \$299,999	3	2.9%	0	0%
\$300,000+	2	1.9%	0	0%
Total	103	100%	15	100%

Source: Rice County Assessor; Community Partners Research, Inc.

2011 Faribault Home Sales by Price Range



A large majority of recent residential sales were priced less than \$175,000. In the 12-month sales period ending September 30, 2011, more than 82% of all existing, "good" single family detached home sales were for \$174,999 or less. Fewer than 5% of all sales were for \$250,000 or more, and only two sales occurred for more than \$300,000.

Prices were lower for attached single family units, such as town homes or condominiums. Overall, nearly 67% of all attached home sales in 2011 were for less than \$150,000.

The most recent sales year is greatly different from the peak sales periods in Faribault. In the 2006 sales year, when the median price of single family detached sales reached its highest level, nearly 10% of all "good" sales were for \$250,000 or more, and there were nine sales priced at \$300,000 or more.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Faribault. On December 23, 2011, there were 122 homes listed for sale in Faribault. This would include both detached and attached units, such as town houses or condominiums.

It is possible that some of the houses had duplicate listings. The analysts attempted to identify and remove duplicate listings from the data. Some of the homes were identified as not being within the city limits, and these units were also removed. However, it is probable that some of the Faribault listings are actually located outside the city limits.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that are posted for sale in Faribault that would not be part of the MLS, and therefore are not included in this analysis, such as most homes being offered "for sale by owner".

The following table examines the MLS listings by listing price. It includes all types of homes as posted on Realtor.com.

Table 33 Faribault Active MLS Listings by Price Range - 2011		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	29	23.8%
\$100,000 - \$124,999	22	18.0%
\$125,000 - \$149,999	14	11.5%
\$150,000 - \$174,999	13	10.7%
\$175,000 - \$199,999	8	6.6%
\$200,000 - \$224,999	9	7.4%
\$225,000 - \$249,999	6	4.9%
\$250,000 - \$274,999	4	3.3%
\$275,000 - \$299,999	5	4.1%
\$300,000+	12	9.8%
Total	122	100%

Source: Realtor.com; Community Partners Research, Inc.

Based on the listings on Realtor.com, most of the listings in Faribault are priced below \$175,000. Overall, nearly 64% of active listings are priced at \$274,999 or less. Nearly 10% of the listings are priced at \$300,000 or more. The analysis of “good” sales in the past year showed only two houses selling for more than \$300,000, although the inclusion of “bad” sales would have lifted this total somewhat.

Rice County Home Foreclosure Activity

Starting in 2006, many national reports began to surface about the growing number of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and the expansion of sub-prime mortgage lending, as many housing markets cooled and the national economy moved into a period of recession, the foreclosure crisis spread to broader segments of the housing market.

While tracking current foreclosures is relatively easy, predicting future foreclosure activity is difficult. Delinquent borrowers have a number of different procedural steps that must be met before actual foreclosure occurs. Our research examines information about past activity, but does not include a future prediction.

HousingLink and the Greater Minnesota Housing Fund have been tracking mortgage foreclosure activity across the State for the past few years. They have produced annual foreclosure reports since 2007. Their reports provide details on foreclosure activity at the county level, as well as a comparison with other counties in the State.

In addition to collecting information on the number of foreclosures, using Sheriff’s Sale data, HousingLink has also attempted to calculate a rate of foreclosure, by comparing the annual total to the number of residential parcels in each county. While this rate calculation does not yield a perfect number, it does allow for a standardized comparison measure among all of the counties in the State. The following table presents the actual number of foreclosures, followed by the calculated rate of foreclosure, as calculated by HousingLink.

Table 34 Rice County Home Foreclosures - 2005 to 2011							
	2005	2006	2007	2008	2009	2010	2011
Number of foreclosures	79	147	237	298	299	349	268
Rate of foreclosures	0.44%	0.80%	1.25%	1.56%	1.55%	1.80%	1.38%

Source: HousingLink; Community Partners Research

HousingLink reported a rapid rise in the countywide home foreclosure volume since 2005 in Rice County. After stabilizing in 2008 and 2009, the number of foreclosures increased again in 2010. However, the number of foreclosures in 2011 dropped, compared to 2010, and was below the 2008 level.

HousingLink’s methodology for calculating the rate of foreclosure may have changed somewhat in the past few years. In the early years, the rate appears

to have been compared to the estimated number of households, while the past few years have compared foreclosures to the number of residential parcels.

For comparative purposes, Rice County had the 14th highest rate of foreclosure among Minnesota's 87 Counties in 2011.

RealtyTrac Listings

Another source of information that is often cited for national stories on home foreclosures is RealtyTrac, Inc., a private company that has been tracking and reporting on foreclosure activity and bank-owned real estate across the country.

In December 2011, Community Partners Research viewed the RealtyTrac website. There were 53 bank-owned properties that were identified in Faribault, and two government-owned units. It is possible that some of these properties may have had a Faribault mailing address, but may be located outside of the city limits.

RealtyTrac also reports on past foreclosure activity. They report 761 home foreclosures in the Faribault zip code area (55021) between 2006 and 2011. RealtyTrac reports that 247 of the foreclosures occurred in 2010, the single largest year for volume. The number dropped to 213 foreclosures in 2011.

The RealtyTrac information also reports activity in January 2012, with 19 foreclosures in the zip code area. If this monthly level is sustained, 2012 would surpass 2011 for the annual number of foreclosures.

Rental Housing Inventory

Rental Housing

This section of the Housing Study presents information on the supply of rental housing in the City of Faribault, including the results of a telephone survey which contacted most of the larger multifamily rental complexes in the community.

Census Bureau Inventory

According to the 2010 U.S. Census, there were 2,689 occupied rental units, and at least 276 unoccupied rental units in Faribault, for a total estimated rental inventory of approximately 2,965 units. The city's rental tenure rate, for occupied housing, was 32.3%, well above the Statewide rate in 2010 of 27% rental.

According to the 2000 U.S. Census, there were 2,012 occupied rental housing units and at least 61 vacant rental units in April 2000, for a total rental inventory of 2,073 units. Between the 2000 and 2010 Censuses, there was a net increase of 677 renter-occupancy households, and 892 rental housing units.

Rental Registration Program Inventory

The City of Faribault has a rental property registration program which provides data on the rental housing stock. In late 2011, city records showed 2,209 licensed rental units in the community. For comparative purposes, there were 1,833 licensed rental housing units at the end of 1999, and 1,952 licensed units in the summer of 2004.

The number of licensed units in 2011 is well below the number reported in the 2010 Census. Including both occupied and vacant rental housing, the Census total was approximately 750 units greater than the city licensing total.

Some of the difference may be due to unit coverage. For example, city licensing requirements do not appear to apply to specialized forms of senior housing, which may be licensed by the State of Minnesota.

There would also be evidence to suggest that many single family rentals are not licensed with the city. Although the 2010 Census did not provide information on rental units by structure type, the 2009 American Community Survey estimated that more than 500 rental units were present in Faribault in single family detached and attached housing. This total would appear to be more than 200 units greater than the city licensed total in one-unit structures.

This same potential undercount of licensed units was reported in the 2005 Housing Study. In 2004, there were 119 registered single family rental homes according to city records. The 2000 Census had reported 321 single family rental houses.

Acknowledgment of the differences between Census Bureau totals and city records are not intended as a criticism of the rental property registration program, which relies to some extent on property owners properly disclosing the tenure use of their housing units.

Recent Rental Housing Construction

There has been ongoing production of rental housing units in recent years. In 2005, Community Partners Research had completed an update of construction activity through the first half of that decade. Between 2000 and 2004, it was estimated that 196 rental housing units had been constructed in the city, based on building permit reports. Some of the specific projects were Keystone in 2002 with 60 total units of assisted living and memory care housing, Heritage Bluff in 2004 with 68 market rate apartments, River Trail Estates and Twin Homes, constructed in phases between 2000 and 2003, with 30 market rate units, and Maple Lawn Apartments with eight units constructed in 2003.

Since the research for the 2005 Study was completed, it appears that approximately 80 additional traditional rental units have been constructed. The largest projects in the past few years include 2610 Cardinal Avenue, which was constructed in 2007 and has 16 market rate units, and 2310 Park Avenue, permitted in 2010 with 24 market rate units. It is doubtful that 2310 Park Avenue would have been included in any unit count completed for the 2010 Census.

One additional project, Faribault Senior Living, opened for occupancy in 2011, with 90 total units. This project has 14 units devoted to memory care housing, and 76 apartments for assisted living and/or independent senior housing. This project started its initial occupancy in May 2011, and would not have been included in the 2010 Census.

Based on building permit records, it appears that approximately 250 rental units have been added to the local inventory through new construction, between the dates of the 2000 Census and the 2010 Census.

This number is well below the net gain in rental housing that was reported by the Census Bureau, as the city added nearly 900 rental units between the 2000 and 2010 Censuses. This would imply that a substantial number of units may have been converted from owner-occupancy to renter occupancy housing during the decade. It is also possible that rental units were created through

building conversions, such as dividing a single family house into multiple rental units. These types of buildings would not be evident from looking at building permits for new construction.

The theory that a significant amount of tenure conversion occurred over the last decade can be supported by Census Bureau Statistics. Between the 2000 Census and the 2010 Census, Faribault only added 168 owner-occupancy households. The available stock of housing for owner-occupancy increased by fewer than 300 total units, when occupancy and vacancy data are analyzed. However, building permit reports show more than 800 units constructed as single family houses, town homes or condominiums, all of which were presumed to be for owner-occupants.

Since the ownership housing inventory grew at a much lower rate than would be implied through new construction statistics, it can be implied that many houses that had previously been used for home ownership were converted to rental use during this same time period.

Rental Housing Survey

As part of this housing study a telephone survey was conducted of rental buildings in the city. The survey focused on larger rental projects with eight or more units. Some information was also obtained from owners or managers of small rental projects, with fewer than eight units. For the purposes of future new construction, we believe that the larger rental properties provide the best comparison.

The survey was conducted in November and December of 2011. Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, subsidized housing, and special-use housing, such as senior housing that also provides services.

A total of 1,583 rental units were contacted in the survey. This represents more than 50% of all rental units that are believed to exist in the City of Faribault. The breakdown of rental units surveyed is as follows:

- ▶ 685 market rate units in 33 developments
- ▶ 491 subsidized units in 14 projects
- ▶ 106 tax credit units in 3 projects
- ▶ 301 senior housing with services units/beds in multiple projects

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 685 market rate rental units in 33 different rental projects. In some cases, the owner/manager was unable to supply all the requested information. For example, some respondents would not disclose occupancy information. As a result, in the analysis that follows a smaller subset of units may have been used.

Unit Mix

In some cases, the building manager or owner did not have information on the number of units by bedroom mix. The following information is for units that were clearly identified:

- ▶ 29 efficiency/studio units (4.4% of all units)
- ▶ 210 one-bedroom units (32.1%)
- ▶ 18 one-bedroom plus den units (2.8%)
- ▶ 371 two-bedroom units (56.7%)
- ▶ 26 three-bedroom units (4.0%)

Occupancy / Vacancy

One of the properties in the survey, 2310 Park Avenue Apartments, had just opened for occupancy in 2011 and had 11 unoccupied units. Since this building was new, and still in its initial occupancy phase, it was excluded from the following vacancy calculation. Some additional properties were unwilling to disclose occupancy information. As a result, usable information was obtained on 630 market rate units.

There were 36 units reported as vacant in the survey, for an overall vacancy rate of 5.7%. While this rate is relatively high, it is still well below the 10.0% rate of vacancy that was found in the 2004 rental survey completed by Community Partners Research.

Most of the vacancies could be identified by unit size.

- ▶ The vacancy rate in efficiency/studio units was 13.8%
- ▶ The vacancy rate in one-bedroom units was 4.3%
- ▶ No vacancies were reported in one-bedroom plus den units
- ▶ The vacancy rate in two-bedroom units was 6.2%
- ▶ No vacancies were reported in three-bedroom units

Rental Rates

With a large rental housing stock, rental rates can vary greatly in Faribault. Some of the units include the primary utility payments with the rent, while in other cases the tenant pays the major utilities in addition to rent. The analysts have attempted to include an estimate for tenant-paid utilities and the following ranges reflect estimated gross rents.

The Identified Range column defines the highest and lowest rents reported in the 2011 survey. The Prevailing Range column attempts to define a more narrow band of gross rents that represent a majority of the units surveyed.

	<u>Identified Range</u>	<u>Prevailing Range</u>
▶ Efficiency/Studio	\$325-\$550	\$375-\$475
▶ One-bedroom	\$300-\$780	\$450-\$650
▶ Two-bedroom	\$450-\$1150	\$650-\$900
▶ Three-bedroom	\$870-\$1050	\$870-\$1050

Subsidized Summary

Faribault has 14 subsidized rental projects providing rental opportunities for lower income households. Many of these units serve very low income people and charge rent based on 30% of the tenant's household income.

Nine of the subsidized projects provide general occupancy housing, and five of the projects are designated for senior and/or disabled tenant occupancy. The general occupancy projects have a combined 296 units. The senior/disabled projects have 195 total units.

Unit Mix

The subsidized rental projects range in size from 18 units to 90 units. The bedroom mix breakdown is as follows:

<u>Senior/Disabled</u>	<u>General Occupancy</u>
▶ 190 one-bedroom	▶ 65 one-bedroom
▶ 5 two-bedroom	▶ 150 two-bedroom
	▶ 72 three-bedroom
	▶ 9 four-bedroom

In addition to these subsidized units, Faribault residents have access to HUD Housing Choice Vouchers (formerly Section 8 Existing Program) administered by the Rice County Housing and Redevelopment Authority. Rent assistance Vouchers are issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amount. The countywide program has 329 total Vouchers, with 221 Faribault households receiving assistance at the time of this Study.

Occupancy/Vacancy

There were five vacant units identified in the senior/disabled occupancy projects. This represents a vacancy rate of 2.6%. Four of the five vacant units were in Robinwood Manor.

There were a few vacancies reported in subsidized general occupancy housing, but nearly all of the vacant units could not offer project-based rent assistance. Units with project-based assistance can charge rent based on 30% of household income, and very low income residents can occupy these units. Some units, however, have a basic rent that must be paid, even by very low income tenants. For example, Southgate Village had five vacancies in units that had a basic rent of \$525 per month. In contrast, this project had full occupancy and a waiting list for the rent-assistance units that could charge a rent below \$525.

Essentially, there were no vacancies and waiting lists for rent-assisted units, but some level of vacancy in subsidized units without rent assistance. As reported, waiting times for some units, such as Scattered Site Public Housing, could be more than one year, based on limited unit turnover.

Changes in the Subsidized Inventory

Some of the subsidized housing projects around the State have fulfilled their contractual obligations and can potentially convert into market rate housing. The Minnesota Housing Finance Agency maintains an "opt-out" log of subsidized projects that are in the process of ending their subsidy contracts. There were no Faribault projects listed, although both Lonsdale and Northfield did have one project on the list.

Tax Credit Summary

The federal low income housing tax credit program was created in the late 1980s. Since that time, Faribault has had five rental projects that have received federal low income housing tax credits.

Two of the tax credit projects utilized federal subsidies from USDA Rural Development in addition to tax credits, and these units are viewed as subsidized housing. Spring Court Apartments and Park Central Apartments have been in the subsidized housing analysis that follows later in this section.

Another project, Village Green Apartments, has completed its tax credit compliance period and is in transition to market rate housing. Tenants in occupancy at prior to the completion of compliance are still allowed to pay a more restricted rent, but any new tenants move in without any income or rent restrictions. Although some tenants still have restricted rents, this project will eventually become market rate housing, and has been included in the previous analysis of market rate units.

One of the two remaining projects, Park Avenue Apartments, has fulfilled its initial contract compliance requirement, but is now in an extended compliance phase. Some of the same income restrictions apply to new tenants, but certification requirements have been eased for existing tenants. Park Avenue Apartments has 30 apartment units.

The final project, Village at Park Avenue, is still within its initial compliance period. It has 40 townhouse style rental units that are subject to the income limits and rent restrictions of the tax credit program.

Unit Mix

Park Avenue Apartments and Village of Park Avenue have a combined 70 tax credit units, that serve households at or below 60% of the median county income. The unit mix within these two projects is as follows:

- ▶ One-bedroom 3 total units (4.3% of total)
- ▶ Two-bedroom 34 total units (48.6%)
- ▶ Three-bedroom 33 total units (47.1%)

Occupancy/Vacancy

At the time of the 2011 rental survey, no vacant tax credit units were identified.

At the time of the 2005 Housing Study, the tax credit vacancy rate was a 1.9%. Since Village Green was also in the tax credit program at that time, there were more units in the survey. At the time of another rental survey in 1999, all tax credit units were fully occupied, and there were long waiting lists for some of the units.

Based on the past three rental surveys, this segment of the rental market has had a consistently strong occupancy history.

Rental Rates

The federal tax credit program places maximum rent limitations on assisted units. For 2011, maximum gross rents for units at 60% of median income are as follows:

- ▶ One-bedroom \$804
- ▶ Two-bedroom \$964
- ▶ Three-bedroom \$1114

The 2011 survey found that the projects in Faribault have gross rental rates well below the maximum allowable level. Units were generally within the following prevailing range:

- ▶ One-bedroom \$700-\$750
- ▶ Two-bedroom \$770-\$790
- ▶ Three Bedroom \$865-\$900

The prevailing tax credit rent structure in Faribault is generally below the limits set for households at 50% of median income, for two-bedroom and three-bedroom rentals, and below the limits at 55% of median income for one-bedroom units.

Senior Housing with Services Summary

Faribault has a number of different facilities that provide housing with services for senior citizens. This housing can range from more independent living, where few services are provided, to advanced memory care housing, which is very service intensive.

Community Partners Research has attempted to group different senior projects by the type of housing and services that are provided. All of the projects included in this section are listed on the MN Department of Health website as providing housing with services.

Independent/Housing with Light Services

There are three projects in Faribault that offer a senior housing unit that includes light services, such as a daily meal, emergency call system, light housekeeping, and laundry service. These projects are Pleasant View Estates, Milestone Senior Living, and Faribault Senior Living. All three of these projects offer assisted living as well as more independent, light services housing. In most cases, the light services units can be described as “flexible” housing, where a tenant can initially use only the light services package, but then can gradually add more intensive services as needed.

- ▶ In December 2011, Pleasant View Estates had approximately 11 units used as light services housing. This project had originally used all 36 apartments for light services housing, but has been gradually transitioning to assisted living to meet market demand. In 2011, approximately two-thirds of the units were being used for assisted living.
- ▶ Milestone Senior Living had four tenants in December 2011 on a light services package. Most of the residents of this 30-unit facility were on an assisted living package.
- ▶ Faribault Senior Living is a new project that opened for occupancy in May 2011. This project is still in its initial occupancy phase. Overall, there are 76 apartment units that either can provide light services housing or assisted living. In December 2011, approximately 25% of these units were occupied.

Since the light services units in all three projects are flexible and could be used for assisted living, it is not possible to calculate an actual utilization rate or vacancy rate. However, all three projects had unused capacity at the time of the 2011 survey. Pleasant View had two vacant units, Milestone had four vacant units, and Faribault Senior Living, which was in its initial occupancy phase, had more than 50 total units still available.

The entry-level cost for a light services unit starts at approximately \$1,200 to \$1,300 per month for a one-bedroom unit. However, since many additional services are available for purchase, many light services tenants may also have higher monthly costs, depending on their particular needs.

Assisted Living in Board-and-Lodging Facilities

There were three residential facilities that offer senior assisted living in a board-and-lodging style setting. These are smaller projects, with each one having capacity for 10 residents. The typical configuration in board-and-lodging facilities is for residents to have a private sleeping room, with either a private or shared bathroom. Common living areas are shared by all residents.

The three board-and-lodging facilities in Faribault that primarily cater to senior residents are Guest House of Faribault, Heritage House Elder Care, and Ivy Hill Senior Care. All meals and basic services are provided for residents. More intensive services can be purchased as needed.

At the time of the 2011 survey, all three of these facilities had one or more unoccupied rooms/beds.

Assisted Living in Apartment-Style Facilities

Most of the senior assisted living options in Faribault are provided in larger, apartment-style projects. As stated previously, many of these projects can provide a range of senior housing options, including assisted living in a single building or campus.

The assisted living providers include Pleasant View Estates, Milestone Senior Living, Faribault Senior Living, Keystone Communities, Alterra Sterling House and Deaconess Tower. Both Milestone Senior Living and Faribault Senior Living have been constructed within the past five years.

As described in the light services section, some of the assisted living providers offer flexible units, and do not require all residents to purchase an assisted living package. However, these facilities in particular have the staffing and services available to meet assisted living needs.

- ▶ In 2011, Pleasant View had between 23 and 25 units available for assisted living use.
- ▶ Milestone had approximately 26 units available for assisted living.
- ▶ Faribault Senior Living, in its initial occupancy phase, had as many as 76 units available for assisted living, with 50 or more unoccupied in December.

- ▶ Keystone Communities had 41 units offering assisted living.
- ▶ Alterra Sterling House had 19 assisted living units.
- ▶ Deaconess Tower had 17 rooms with capacity for 22 assisted living residents. Deaconess Tower does not offer individual apartments, but residents do have private sleeping room with private bathroom units.

Although there is some potential for light services use in some facilities, the overall supply of assisted living units in Faribault could potentially be as large as 200 or more units, provided many of the apartments in Faribault Senior Living are eventually occupied by assisted living residents.

With Faribault Senior Living still in its initial occupancy stage, there was a large amount of unused capacity in the assisted living inventory. In addition to the new units, all of the existing providers had some level of vacancy, including 15 unoccupied units at Keystone.

Rental rates in assisted living tend to be high, reflecting the intensive services being offered. Basic rates generally start above \$2,000 per month, plus the cost of specialized services that are needed.

Memory Care Housing Options

Memory care housing represents a very specialized segment of the senior market. People with health issues due to dementia, Alzheimer's Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing in the earlier phases of memory loss. However, as the problems progress, it is often necessary to provide housing in special facilities that provide a secure environment and specialized care targeted to memory care residents.

There are three specialized memory care housing providers in Faribault. Combined, there are 56 specialized memory care units available in the city.

- ▶ Milestone Senior Living has a separate facility with 22 rooms for memory care residents.
- ▶ Faribault Senior Living has added 14 memory care units to the community.
- ▶ Keystone Communities has 20 memory care units in The Willows.

At the time of the 2011 survey, there was unused capacity in this segment of the market. Keystone was the only facility reporting full utilization of beds. Milestone had six unoccupied rooms, and Faribault Senior Living had 6 of its 14 rooms still available. Leasing of memory care units at Faribault Senior Living was proceeding at a faster pace than in its independent and assisted living options.

Rental rates in memory care housing tend to be very high, reflecting the intensive services required. Typical monthly fees will exceed \$4000.

Skilled Nursing Homes

Faribault has three skilled nursing homes. Combined the city has 229 licensed beds.

- ▶ Faribault Care Center is licensed for 55 beds.
- ▶ Pleasant Manor is licensed for 65 beds.
- ▶ St. Lucas Care Center is licensed for 109 beds.

The 2005 Study had reported 284 licensed beds in Faribault. If this was accurate, then some beds have been de-licensed in recent years. No attempt was made to survey occupancy rates in skilled nursing facilities.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
Four Seasons Apartments 1250 Autumn Dr	44 - 1 Bedroom 96 - 2 Bedroom <u>4 - 3 Bedroom</u> 144 Total Units	\$625-\$665 \$735 - \$795 \$930 +electric	10 vacant units, 10 - 2 Bdrm	Mix of tenants	Complex includes four 3-story apartment buildings constructed between 1969 and 1971. Some remodeling activity has occurred in recent past. Rent includes heat but tenants pay electric. Manager reports 10 vacant units on date of survey - all 2 bedrooms. Vacancies are due to turnover and the size of the project, with many 2 bedroom apartments. Rents for 1 and 2 bedroom units have increased by \$40, and up by \$105 for 3 bedrooms from 2005 survey.
Country House 1402 1 st St NW	<u>8 - 2 Bedroom</u> 8 Total Units	\$660 +heat, electric	2 vacant units	Mix of tenants	Apartments constructed in 1981. Tenants pay heat and electric in addition to rent. Amenities include garage, cable TV and coin laundry. Manager reports 2 vacant units, including 1 that has been vacant for more than 1 month.
Elmwood Apartments 226 7 th St	2 - Efficiency 4 - 1 Bedroom <u>1 - 2 Bedroom</u> 7 Total Units	\$450 \$390-\$460 \$650 +electric	No vacant units	Mix of tenants	Older building that dates to the early 1900s. Rent includes heat but tenant pays electric. Amenities include coin laundry and off-street parking. Manager reports no vacancies on date of survey.
Hotel Faribault 429 Central Ave N	<u>35 - 1 Bedroom</u> 35 Total Units	\$470-\$520	2 vacant units	Mix of tenants	Downtown former hotel building constructed in 1929. Rent includes utilities. Lower rent level is for single tenant, with \$50 charge added for second person. Off-street parking is available. Elevator has been broken but is now being replaced. Manager reports 2 units vacant at time of survey - occupancy has remained high despite lack of elevator. Rents have increased by \$80 to \$90 from 2005 survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
Maple Lawn Apartments 1711 and 1723 2 nd St SW	1 - 1 Bedroom 7 - 2 Bedroom 8 Total Units	\$550 \$650 +heat, electric	No vacancies	Mostly young families	Two four-plexes constructed in 2003. Tenants pay gas and electric in addition to rent. Amenities include off-street parking and coin laundry. Project is popular with young families. No vacancies and good demand in recent years. Not surveyed in 2005.
River Trail Estates 830 Rice 819 Francis	24 - 2 Bedroom 24 Total Units	\$850 +electric	2 vacant units, 2 - 2 Bdrm	Mix of tenants including seniors	Apartments constructed from 2000 to 2003. Rent includes all utilities except electric. Apartment units have approximately 1000 sq ft. Two apartment units vacant at time of survey. Rents are generally unchanged from 2005 survey.
Twin Homes 814 Francis	6 - 2 Bedroom 6 Total Units	\$850 +utilities	No vacancies	Mix of tenants including seniors	Rental town house units constructed in 2002. Tenants pay utilities in addition to rent. Amenities include attached garage, in-unit laundry and patio. Manager reports full occupancy at time of survey. Rents are generally unchanged from 2005 survey.
2610 Cardinal Avenue Apartments	8 - 1 Bedroom 8 - 2 Bedroom 16 Total Units	\$695 \$800 +electric	1 vacant unit	Mix of tenants	Apartment project constructed in 2007. Rent includes all utilities and basic cable, except tenants pay electric. Amenities include AC, dishwasher, patio/deck, coin laundry, and garage for extra fee. One bedrooms have 675 sq ft and two bedrooms have 900 sq ft. All units have 1 bathroom. One unit vacant at time of survey.
2310 Park Avenue Apartments	8 - 1 Bedroom 16 - 2 Bedroom 24 Total Units	\$750 \$900 +electric	Initial occupancy with 11 vacant units, 3 - 1 Bdrm 8 - 2 Bdrm	Mix of tenants including seniors	Apartment project constructed in 2011, and still in its initial occupancy phase. Rent includes all utilities except tenants pay electric. Amenities include AC, dishwasher, walk-in closet, patio/deck, coin laundry, and garage for extra fee. One bedroom units have 700 sq ft and 2 bedrooms have 900 sq ft. All units have 1 bathroom. Initial occupancy underway with 13 of 24 units leased.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
Cottage Grove Apartments 1077 SW 2 nd St	<u>12 - 2 Bedroom</u> 12 Total Units	\$550-\$600 +utilities	4 vacant units	Mix of tenants	Apartments constructed in 2000 near South Central College - but no current tenants are students. Tenant pays for utilities in addition to rent. Garages available for extra \$50 fee. Units have 765 sq ft and 1 bathroom. Four units vacant at time of survey. Owner says that renting units in Faribault is difficult. Some unit rents are unchanged, and some up \$50 from 2005 survey.
Trailside Apartments 811, 823 Rice Street	<u>16 - 2 Bedroom</u> 16 Total Units	\$800 +electric	1 vacant unit, 1 - 2 Bdrm	Mix of tenants including seniors	Two eight-plexes that opened for occupancy in 2000 - part of larger River Trail Estates which was divided into separate complexes with different owners. Rent includes heat but tenant pays electric. Amenities include detached garage, patio/deck, in-unit laundry hookup and coin laundry. Manager reports 1 vacancy - harder to fill turnover units in winter months. Rents appear to be \$75 lower than in 2005 survey of River Trail Estates.
Westside Apartments 1402 Division St W	<u>16 - 2 Bedroom</u> 16 Total Units	\$600 +electric	1 vacant unit	Mix of tenants	Buildings were constructed in 1980. Tenants pay electric in addition to rent. One unit vacant at time of survey. Rent has increased by \$50 from 2005 survey.
Brunswick Building Apartments 111 Central Ave N	8 - Efficiency <u>8 - 1 Bedroom</u> 16 Total Units	\$450 \$575	1 vacant unit, 1 - 1 Bdrm	Mix of tenants	Downtown hotel building constructed in 1929 that has been converted into apartments. Rent includes all utilities and cable. Amenities include elevator, security entrance, coin laundry and off-street parking. Owner reports 1 vacant unit on date of survey due to recent turnover. Rents have increased by \$20 to \$65 from 2005 survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
Redstone Apartments 306 NW 7th St	16 - 1 Bedroom <u>1 - 2 Bedroom</u> 17 Total Units	\$200-\$400 \$650	No vacancies	Mostly racial and ethnic minority households	Former large house later divided into apartments - building was constructed around 1900. Rent includes utilities. Shared bathroom option is available for \$200 per month. Mix of tenants, with primarily East African immigrant and Hispanic tenants. Owner reports no vacancies - low price results in good demand. Rents are very similar to 2005 survey.
216 and 218 Central Ave	4 - 1 Bedroom <u>4 - 2 Bedroom</u> 8 Total Units	\$300-\$400 \$450-\$500	No vacancies	Mostly racial and ethnic minority households	Units are on upper floors of two downtown commercial buildings - 4 units in each building - buildings were constructed in 1800s. Rent includes utilities. Off-street parking available. Most tenants are East African immigrant and Hispanic. Owner reports no vacancies. Not surveyed in 2005.
Eastland Estates 1316 E Division St, 1321 NE 1 st St	8 - 1 Bedroom <u>8 - 2 Bedroom</u> 16 Total Units	\$575 \$725 + utilities	No vacancies	Mix of Tenants	Two 8-unit apartment buildings constructed in 1969 and 2003. Older building is all 11 bedroom and newer all 2 bedrooms. Tenants pay all utilities except water and garbage in addition to rent. Rent does include garage and dishwasher in 2 bedroom units. Owner reports no vacancies. One bedroom rents are unchanged from 2005 survey, but 2 bedroom rents are up \$30.
326 Central Ave	<u>2 - 1 Bedroom</u> 2 Total Units	\$500 + utilities	No vacancies	Mix of Tenants	Units are in upper floors of downtown commercial building constructed in 1800s. Tenants pay all utilities except water in addition to rent. Off-street parking provided. No vacancies and 1 tenant is long-term. Not surveyed in 2005.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
914 Central Ave	6 - Efficiencies 5 - 1 Bedroom 11 Total Units	\$400 \$425-\$550 +heat, electric	2 vacancies, 2 - Efficiency	Primarily Hispanic tenants	Older apartment building dating to the early 1900s, and near the downtown area. Tenants pay both gas and electric in addition to rent. Owner reports that most current tenants are Hispanic. Two efficiency units vacant at time of survey, including 1 that has been available for a few months.
124 4 th Avenue/ 403 NW 2 nd St.	9 - Efficiency and 1 Bedroom 9 Total Units	N/A +electric	N/A	N/A	Unable to contact for 2011 survey - information obtained from prior surveys. Furnished apartment units in older historic home. Units vary in size and price. Rent includes heat and garbage, tenants pay electric.
107 NW 3 rd Ave	9 - 1 Bedroom 9 Total Units	\$325-\$475 + electric	No vacancies	Mix of tenants	Older historic home converted to apartments. Tenants pay electric in addition to rent; heat is included in rent. Lower end of rent range is for long-time tenants. Manager reports full occupancy. Rents have increased by \$25 from 2005 survey.
Heritage Bluff Apartments 200 Heritage Place	2 - 1 Bedroom 60 - 2 Bedroom 6 - 3 Bedroom 68 Total Units	\$690 \$850 \$925 +heat, electric	No vacancies	Mix of professionals and seniors	Downtown apartment project constructed in 2004. Multi-story building with underground parking. Rent includes parking, storage, cable TV, internet, in-unit laundry, dishwasher and building amenities. Tenants pay heat and electric in addition to rent. Manager reports full occupancy, with professional, and 1/3 seniors. Rent structure is very similar to 2005 survey, with slightly lower rents for 2 bedrooms.
Heritage Apartments 101 2 nd Ave NW	3 - Efficiency 13 - 1 Bedroom 8 - 2 Bedroom 24 Total Unit	\$450 \$520 \$670 +electric	2 vacant units, 1 - 1 Bdrm 1 - 2 Bdrm	Mix of tenants	Apartment building constructed in the 1970s and near the downtown area. Rent includes heat but tenant pays electric. Amenities include off-street parking, cable TV and coin laundry. Manager reports 2 vacant units on date of survey due to recent turnover.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
Blodget Manor 103 1 st Street NW	1 Bedroom 2 Bedroom 3 Bedroom 9 Total Units	N/A	N/A	Mostly racial and ethnic minorities	Historic mansion from the 1800s that was converted into apartments in the 1950s. Most tenants are racial and ethnic minorities. Rent includes utilities. Amenities include off-street parking and coin laundry. Owner was unwilling to disclose rent and occupancy information but stated that he has had vacancies for past 5 years in his rental units, and no rent increase has occurred due to soft market.
Blodget Manor Carriage House 113 1 st Street NW	5 Total Units	N/A	N/A	Mostly racial and ethnic minorities	Carriage house for historic mansion from the 1800s that was converted into apartments in the 1950s. Most tenants are racial and ethnic minorities. Owner was unwilling to disclose rent and occupancy information but stated that he has had vacancies for past 5 years in his rental units, and no rent increase has occurred due to soft market.
302 Central Avenue	6 - Studio 6 - 1 Bedroom 8 - 2 Bedroom 20 Total Units	\$300 \$475 \$575 +electric	3 vacant, 1 - Studio 1 - 1 Bdrm 1 - 2 Bdrm	Mix of tenants	Rental units in downtown building that has offices on main level with rental units above. Rent includes heat but tenant pays electric. Manager reports 3 vacant units on date of survey.
R&R Apartments 1104-1120 SW 3rd St	4 - 1 Bedroom 12 - 2 Bedroom 16 Total Units	\$550 \$600-\$625 +electric	3 vacant units, 3 - 1 Bdrm	Mix of tenants	Apartments constructed in late 1970s. Rent includes heat but tenant pays electricity. Garages available for extra fee. Owner reports 3 vacant 1 bedroom units at time of survey - demand can vary and right now everyone is looking for 2 bedrooms.
Touissant Apartments 604 Central Ave N	Efficiency 1 Bedroom 2 Bedroom	\$350-\$400 \$480 \$550-\$650 +electric	N/A	N/A	Unable to contact - information obtained from secondary sources. Tenants pay electric. Off-street parking available.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
Faribo Apartments 123 NW 2 nd Street	6 - 1 Bedroom 5 - 2 Bedroom 11 Total Units	\$525 \$600 +heat, electric	No vacant units	Mix of tenants	Three-level apartment building near the downtown area. Tenants pay heat and electric in addition to rent. Amenities include off-street parking and coin laundry. One bedroom units have 605 sq ft and 1 bathroom. Manager reports full occupancy.
Trail's Edge 715 Central Ave	8 - 1 Bedroom 18 - 1 Bdrm+Den 18 - 2 Bedroom 6 - 3 Bedroom 50 Total Units	\$700 \$755 \$840 \$970 +electric	No vacant units, waiting list	Primarily seniors	Multi-level apartment building with underground parking constructed in early 1990s. Originally constructed as publicly-owned market rate housing, but sold to private owner approximately 3 years ago. Rent includes heat and underground parking, but tenant pays electric. Amenities include in-unit laundry, community room and guest room. Manager reports that more than 90% of tenants are seniors. Full occupancy and waiting list reported. Manager says that rents have not increased in past 5 years.
303 A Central 14 NE 3 rd St	1 - 1 Bedroom 9 - 2 Bedroom 10 Total Units	\$300 \$400-\$600 +heat, electric	No vacant units	Mostly Somali tenants	Rental units on upper floors of three older downtown buildings, with commercial uses below. Tenants pay heat and electric in addition to rent. All current tenants are Somalis. Owner reports full occupancy, but vacancies have been present in recent past.
Pine Tree Apartments 1700 NE 14 th St	4 - Studio 12 - 1 Bedroom 16 Total Units	\$470 \$550 +utilities	1 vacant unit, 1 - Studio	Mix of tenants	Apartments constructed in the 1990s. Rent includes garbage, but tenants pay all other utilities. Manager reports 1 vacant unit at time of survey - project has had higher vacancy rate in the past, but new owner has gradually improved occupancy rate.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate Rental Housing					
14 NW 3 rd St	8 Total Units	N/A	N/A	Mostly racial and ethnic minorities	Older downtown commercial building from the 1800s that was converted into rental housing. Most tenants are racial and ethnic minorities. Owner was unwilling to disclose rent and occupancy information but stated that he has had vacancies for past 5 years in his rental units, and no rent increase has occurred due to soft market.
1703-1717 Western Ave	<u>8 - 2 Bedroom</u> 8 Total Units	\$1000 +utilities	No vacancies	Mix of tenants	Town house rental units constructed in 1985. Tenants pay all utilities in addition to rent. Amenities include 2 car detached garage, in-unit laundry and 2 bathrooms. Owner reports full occupancy.
Village Green 800 Conliffe Ave	6 - 1 Bedroom 20 - 2 Bedroom <u>10 - 3 Bedroom</u> 36 Total Units	\$625 \$740 \$820 +electric	1 vacant unit, 1 - 2 Bdrm	Mix of tenants - approx. half are market rate and half a former income-based tenants	Apartments constructed in 1991 using federal tax credits - compliance requirements have been met and project is converting to market rate housing. Former tax credit tenants and grandfathered in at a lower rent level - rents listed are for market rate tenants. Amenities include off-street parking and coin laundry. Tenant pays electric; dishwasher and garage available for extra fee. One bedrooms have 758 sq f, 2 bedrooms have 868 sq ft, and 3 bedrooms have 1093 sq ft. Manager reports 1 vacancy on date of survey, but more vacancies had existed during summer. New owner is gradually renovating units which ha helped occupancy rate.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Tax Credit Units					
Park Avenue Apartments 2426 Park Avenue NW	3 - 1 Bedroom 24 - 2 Bedroom 3 - 3 Bedroom 30 Total Units	\$675-\$710 \$735-\$755 \$825 +electric	No vacant units, short waiting list	Mix of tenants including seniors and students with income	Tax credit apartments built in 1991 and placed in service in 1992 - entered extended compliance in 2007. All units are tax credit assisted, and new tenants must be below 60% of median income. Rent includes heat and cable TV; tenant pays electric. Manager reports full occupancy and a short waiting list. Unit rents are up approximately \$63 from 2005 survey.
Village at Park Avenue 1625 17 th St NW	10 - 2 Bedroom 30 - 3 Bedroom 40 Total Units	\$700 \$790 +heat, electric	No vacancies, waiting list	All tenants at or below 60% of median income	Tax Credit townhouse project constructed in 1997. Rent includes water, sewer and trash, with tenant paying other utilities. Households must be at or below 60% of median income to qualify. Three bedroom units have 2 bathrooms. No vacancies on date of survey and a waiting list is maintained. Rents have increased by \$30 from 2005 survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Alexander Apartments 917 1 st St SW	14 - 1 Bedroom 4 - 2 Bedroom 18 Total Units	\$440-\$634 \$475-\$682 30% of income	No vacancies, waiting list	General Occupancy	Rural Development project constructed in 1985. Nine tenants receive rent assistance that allows rent based on 30% of income; remainder pay 30% but not less than basic or more than market rents listed. Manager reports no vacancies on date of survey and any turnover units are filled from waiting list. Basic rents have increased by \$75 and market rents by \$89 to \$117 from 2005 survey.
Faribault Public Housing Scattered Sites	8 - 2 Bedroom 34 - 3 Bedroom 7 - 4 Bedroom 49 Total Units	30% of Income	Annual occupancy rate of 96% to 98%, waiting list	General occupancy	HUD scattered site Public Housing, with 24 units constructed in 1982 and 25 units constructed in 1995. Improvements have been made to units over time. Tenants pay rent based on 30% of income. Waiting list exists and any vacancies are due to processing time when units turn over - annual occupancy rate is between 96% and 98%. Waiting times exceed 1 year for 2 bedroom and 4 bedroom units, which are in limited supply.
Greenwood Place 901 Greenwood Place	7 - 1 Bedroom 28 - 2 Bedroom 16 - 3 Bedroom 51 Total Units	\$587-\$579 \$641 \$694 30% of income	No vacancies, long waiting list	General occupancy	HUD Section 8 project, constructed in 1979. Tenants pay rent based on 30% of income, but not more than market rents listed. Three 1-bedroom units are fully accessible Manager reports that waiting list is more than 1 year long and few units turn over each year. Market rents are up by \$26 to \$41 from 2005 survey.
Halter I Apartments 906 Spring Road	6 - 1 Bedroom 20 - 2 Bedroom 4 - 3 Bedroom 30 Total Units	\$495-\$655 \$515-\$705 \$535-\$735 30% of income	No vacancies, waiting list	General occupancy	Rural Development project constructed in 1980. Eleven tenants have access to rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic rents or more than market rents listed. Manager reports full occupancy and a waiting list, as lower income tenants want rent assistance. Basic rents are up \$105 from 2005 survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Halter II Apartments 907 Spring Road	16 - 2 Bedroom 2 - 3 Bedroom 18 Total Units	\$495-\$660 \$515-\$680 30% of income	No vacancies, waiting list	General occupancy	Rural Development project constructed in 1980. Eleven tenants receive rent assistance with rent based on 30% of income; remainder pay 30% but not less than basic rents or more than market rents listed. Manager reports no vacancies and waiting list. Basic rents are up \$105 from 2005 survey.
Southgate Village General Occupancy 1518 9 th Ave SW	24 - 2 Bedroom 24 Total Units for general occupancy plus 12 senior units	\$525-\$720 30% of income	5 vacant units, 5 - 2 Bdrm, waiting list for rent assistance	24 general occupancy units in 36-unit project	Rural Development apartments in three 12-unit buildings constructed in 1983, with 12 units designated for seniors and 24 general occupancy. Fifteen tenants receive rent assistance with rent based on 30% of income; remainder pay 30% of income but not less than base or more than market rents listed. Rent includes heat but not electricity. Manager reports 5 vacant units in general occupancy buildings, but waiting list exists for units with rent assistance. Rents listed are effective Jan. 2012, and are up \$110 to \$120 from 2005 survey.
Spring Court Apartments 915-927 Spring Road	1 - 1 Bdrm Apt 11 - 2 Bdrm Apt 10 - 3 Bdrm TH 2 - 4 Bdrm TH 24 Total Units	\$485-\$640 \$520-\$700 \$540-\$720 \$565-\$745 30% of income	No vacancies, long waiting list	General occupancy	Rural Development and tax credit project constructed in 1993 - project entered extended compliance phase in 2008. This complex includes 12 apartment units and 12 townhouse units. Fourteen tenants receive rent assistance that allows rent based on 30% of income; remainder pay 30% but not less than basic rents listed. Manager reports good demand for these units, with a long waiting list - partly due to popularity of town house style. Basic rents have increased by \$115 to \$130 from 2005 survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Town's Edge Place Apartments 851 Faribault Rd	31 - 1 Bedroom 27 - 2 Bedroom 6 - 3 Bedroom 64 Total Units	\$490-\$536 \$630-\$689 \$730-\$798 30% of Income	1vacant unit, 1- 1 Bdrm	General occupancy	HUD 236 Project constructed in 1972. Thirteen units have rent assistance with rent based on income; remainder pay 30% of income but not less than basic rent or more than market rents as listed. Some tenants have rent assistance Vouchers. One bedrooms have 737 sq ft, 2 bedrooms have 847 sq ft and 3 bedrooms have 965 sq ft. Manager reports that many tenants are Somali and they refer friends and relatives, which has improved demand. One unit vacant on date of survey, but no waiting list exists. Basic and market rents have increased by \$30 to \$40 from 2005 survey.
Windsor Green Apartments 1425 Prairie Ave	6 - 1 Bedroom 12 - 2 Bedroom 18 Total Units	\$430-\$630 \$455-\$655 30% of income	2 vacant units, 2 - 2 Bdrm, waiting list for rent assistance	General occupancy	Rural Development Project constructed in 1985. Nine tenants have access to rent assistance with rent based on 30% of income; remaining pay 30% of income but not less than basic or more than market rents listed. Rent includes heat but not electricity. Manager reported 2 vacant units on date of survey, but waiting list exists for rent assistance units. Rents listed are effective Jan. 2012, and have increased by \$75 from 2005 survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled Occupancy					
Central Elderly Apartments 12 N Central Ave	<u>18 - 1 Bedroom</u> 18 Total Units	\$360-\$526 30% of income	1 vacant unit, 1 - 1 Bdrm, waiting list	Senior and/or disabled occupancy	Rural Development subsidized apartments with 2 levels and an elevator. Designated for senior and/or disabled tenant occupancy - all current tenants are age 62+. Twelve tenants have access to rent assistance and pay rent based on 30% of income; remaining tenants pay 30% of income, but not less than basic or more than market rents listed. Amenities include community room, off-street parking and coin laundry. Manager reports 1 vacancy at time of survey due to turnover, but demand is good and a waiting list exists.
Golden Meadows 1415 Prairie Ave SW	<u>87 - 1 Bedroom</u> <u>3 - 2 Bedroom</u> 90 Total Units	30% of Income	No vacancies, waiting list	Seniors and/or disabled occupancy	HUD Section 8 subsidized apartments constructed in 1979. All tenants pay rent based on 30% of income. Amenities include controlled access building and coin laundry. Six units are fully accessible. Manager reports no vacant units and a waiting list.
Robinwood Manor 1324 Prairie Ave	<u>50 - 1 Bedroom</u> <u>1 - 2 Bedroom</u> 51 Total Units	\$502 \$599 30% of income	4 vacant units	Seniors and/or disabled occupancy	HUD Section 8 apartment project constructed in 1978. All tenants pay rent based on 30% of income, up to ceiling rents listed. Amenities include community room and coin laundry. Manager reports 4 vacant units at time of survey, although annual occupancy rate is higher. A short waiting list tends to exist but any vacancies are also advertised.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled Occupancy					
Southgate Village Senior/Disabled Occupancy 1518 9 th Ave SW	<u>12 - 1 Bedroom</u> 12 Total Units for senior/disabled occupancy plus 24 general occupancy units	\$485-\$645 30% of income	No vacant 1- bedroom units but 5 vacant in general occupancy, waiting list for rent assistance	12 senior and disabled units in 36-unit project	Rural Development apartments in three 12-unit buildings constructed in 1983, with 12 units designated for seniors and 24 general occupancy. Fifteen tenants receive rent assistance with rent based on 30% of income; remainder pay 30% of income but not less than base or more than market rents listed. Rent includes heat but not electricity. Manager reports no vacancies in senior units, but 5 vacant units in general occupancy buildings - waiting list exists for units with rent assistance. Rents listed are effective Jan. 2012, and are up \$110 to \$120 from 2005 survey.
Scott at remax 210-1000 Park Central Apartments 521 4 th Ave NW	23 - 1 Bedroom <u>1 - Bedroom</u> 24 Total Units	\$410 \$505 30% of income	No vacancies	Senior and/or disabled occupancy	Rural Development project constructed in 1993. Tax credits were also used and project entered extended compliance phase in 2008. Sixteen tenants have access to rent assistance with rent based on 30% of income - remainder pay 30% of income but not less than basic rents listed. Some tenants have Vouchers. Fully occupied at time of 2011 survey, but no waiting list.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Pleasant View Estates Independent Living 41 Brand Ave	13 - 1 Bedroom 11 - 1 Bdm Deluxe <u>12 - 2 Bedroom</u> 36 Total Units Approximately 11 units used for independent living	\$1230 \$1526-1757 \$1759-1787	2 vacant units	Senior housing with light services	Senior housing project constructed in 1999 and physically connected to Pleasant Manor nursing home. Originally providing independent senior housing with light service, in 2006 the project added assisted living option. In 2011, approximately 2/3 of residents receive assisted living. Independent tenants receive noon meal and have option for breakfast and evening meal. Daily wellness check also provided. Rents listed will go up \$50 in 2012. Manager reports 2 vacancies at time of survey.
Pleasant View Estates Assisted Living 41 Brand Ave	13 - 1 Bedroom 11 - 1 Bdm Deluxe <u>12 - 2 Bedroom</u> 36 Total Units Approximately 23 units used for assisted living	\$2180 \$2467-\$2697 \$2563-\$2764 +services as needed	2 vacant units	Assisted Living	Senior housing project constructed in 1999 and physically connected to Pleasant Manor nursing home. Originally providing independent senior housing with light service, in 2006 the project added assisted living option. In 2011, approximately 2/3 of residents receive assisted living. Additional monthly charges depend on services required. Rents listed will go up \$50 in 2012. Manager reports 2 vacancies at time of survey.
Milestone Senior Living Independent and Assisted Living 2500 14 th Ave NW	20 - 1 Bedroom <u>10 - 2 Bedroom</u> 30 Total Units	\$1200-\$3000 N/A-\$3400 +additional services as needed	4 vacant units	Independent and assisted living	Senior living complex that opened in 2008 and offers flexible units for independent or assisted living, and also offers memory care housing in a separate facility. There are 4 independent living tenants in 2011 - they can purchase meals and other services as needed. Rent for independent 1-bedroom unit is \$1200. Most tenants are on assisted living package, which ranges from \$3000 to \$3400, with additional services purchased as needed. Some residents receive County elderly waiver assistance. Facility has never been full, but has had as few as 2 vacancies - 4 units vacant in Dec. 2011.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Milestone Senior Living 2500 14 th Ave NW	22 Rooms	\$4050 +additional services as needed	6 vacant rooms	Memory Care	Senior memory care facility that opened in 2008 and also offers independent and assisted living in a separate facility. Sleeping rooms with private bathroom. Project provides meals and services, 24-hour staffing, skilled nursing services. Memory care units have been full with waiting list in past few months, but large number of turnovers has resulted in 6 vacant rooms.
Guest House of Faribault 118 Sixth St	Capacity for 10 residents	N/A	2 unoccupied beds	Assisted living	Board-and-lodging style assisted living facility that has been operating since the 1970s with a new owner in recent years. Residents have private sleeping rooms and shared common areas. Some residents use County elderly waiver assistance. Two unoccupied beds at time of survey.
Heritage House Elder Care 1415 NW 7 th St	10 residents	Base rent of \$846 +services	1 vacant room	Assisted living	Senior assisted living facility providing board-and-lodging style living. Residents have private bedroom and either private or shared bathroom. Meals and services provided, including 24-hour staffing. Most residents receive County elderly waiver assistance for services. One unit vacant on date of survey due to recent turnover.
Ivy Hill Senior Care 519 1 st St	Capacity for 10 residents	\$1800 to \$2400 is typical rate, depending on service needs	4 vacant rooms with capacity for 5 residents	Assisted living	Senior assisted living provided in residential, board-and-lodging style home with capacity for 10 residents. Nearly all residents are lower income seniors that are assisted through County elderly waiver program. Four rooms with capacity for 5 people unoccupied on date of survey.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Faribault Senior Living Independent Living 843 Faribault Rd	1 Bedroom 1 Bdrm+Den <u>2 Bedroom</u> 76 Total Units available for Independent and Assisted Living	\$1295 \$1595 \$1695 +additional items available as needed	Initial occupancy phase with approx. 25% of units leased	Senior housing with services	Senior housing with services complex that opened in May 2011 and offers light services units, assisted living and memory care options. Independent and assisted living units can be flexible, and tenant is not required to move if adding higher service package. Independent living units include daily breakfast, wellness check, emergency call system, transportation, activities, all utilities and access to building amenities. Additional items for purchase include underground parking, meals, housekeeping and laundry, and limited home care services. In Dec. 2011, approximately 25% of units were leased.
Faribault Senior Living Assisted Living 843 Faribault Rd	Studio 1 Bedroom 1 Bdrm+Den <u>2 Bedroom</u> 76 Total Units available for Independent and Assisted Living	\$2495 \$2702-\$2795 \$3295 \$3395 +additional services as needed	Initial occupancy phase with approx. 25% of units leased	Assisted Living	Senior housing with services complex that opened in May 2011 and offers light services units, assisted living and memory care options. Independent and assisted living units can be flexible, and tenant is not required to move if adding higher service package. Assisted living includes meals, weekly housekeeping and linens, nursing care management, 24-hour staffing, and personal pedant call system. Specialized a la carte services available as needed. In Dec. 2011, approximately 25% of units were leased.
Faribault Senior Living Assisted Living 843 Faribault Rd	10 -Studio <u>4 - 1 Bedroom</u> 14 Total Units	Approx. \$4500-\$5000 depending on service package	Initial occupancy phase with 8 units occupied	Memory care housing	Senior housing with services complex that opened in May 2011 and offers light services units, assisted living and memory care options. Memory care options include assisted memory support and advanced memory support. On-site skilled nursing staff 40 hours per week with on-call staff available. In Dec. 2011 there were 8 occupied memory care units.

Table 35 Faribault Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Keystone Communities Assisted Living 828 1 st St	1 Bedroom 2 Bedroom 41 Total Units	\$2810-\$4165 \$3735-\$4840 + additional services as needed	15 vacant units	Assisted Living	Assisted living and memory care housing project that opened for occupancy in March 2003. Assisted living units offer three levels of care, with price dependent on services needed. Assisted living units range in size from 518 sq ft to 822 sq ft. Approximately 15 vacant units on date of survey - market is saturated with assisted living options.
Keystone Communities The Willows Memory Care 828 1 st St	Studio 1 Bedroom 20 Total Units	\$4645-\$4870	No vacancies	Memory care	Assisted living and memory care housing project that opened for occupancy in March 2003. Memory care units are either studio or one bedroom and range in size from 230 to 375 sq ft. All units occupied on date of survey.
Alterra Sterling House 935 Spring Road	19 - 1 Bedroom 19 Total Units	Price depends on services provided	1-2 vacant units	Assisted Living	Assisted living project constructed in the late 1990s. Units are apartment-style with 1 bedroom, they have refrigerators but no kitchens - all meals provided. Price is dependent on service package. One or two units vacant at time of survey, and no waiting list is maintained.
Deaconess Tower 503 E Division	Capacity for 22 residents in 17 private rooms or shared occupancy (married couples)	Approximately \$1500 to \$2800 depending on unit and service needs	2 vacant units, waiting list	Assisted Living	Senior assisted living facility providing 17 rooms with private bathroom for single occupancy, or married couples. Project was constructed in early 1990s. Project provides assistance with daily living including meals, and dispensing of medication - price is dependent on type of room and service needs of resident. Some tenants receive County elderly waiver assistance. Two rooms unoccupied on date of survey but waiting list is maintained.

Source: Community Partners Research, Inc.

Faribault - Summary of Growth Trends and Projections

Findings on Growth Trends

According to the 2010 U.S. Census, the City of Faribault's population increased from 20,818 to 23,352 people from 2000 to 2010. This is a gain of 2,534 people, which is a 12.2% increase. Faribault also gained 845 households from 2000 to 2010, an 11.3% increase. Rice County gained 7,477 people and 3,427 households from 2000 to 2010.

Community Partners Research, Inc., is projecting that the City of Faribault will gain 375 to 425 people and 150 to 170 households from 2010 to 2015. This is a gain of 75 to 85 people and 30 to 34 households annually. These projections are based on actual housing construction and estimated household growth over the past five years.

This projected population and household growth is considerably slower than the growth from 2000 to 2010. However, population and household growth slowed significantly over the last four years of the decade. The majority of the growth was in the first six years of the decade.

Community Partners Research, Inc. is projecting that Rice County will gain 1,798 to 2,023 people and 705 to 829 households from 2010 to 2015.

Faribault and Rice County Growth Projections by Age Group

In addition to forecasts on overall household growth, there is projection information available on the changes expected by age of households. As part of the research for this Study, we have examined information on age patterns and population data from the 2010 U.S. Census. With this data, Community Partners Research, Inc. has calculated age-based projections from 2010 to 2015.

The following projections are for the City of Faribault and Rice County:

Projected Change in Households: 2010 to 2015		
Age Range	Faribault	Rice County
15 to 24	-22 to -24	-36 to -41
25 to 34	-24 to -27	-71 to -86
35 to 44	42 to 45	119 to 138
45 to 54	-122 to -125	-437 to -457
55 to 64	125 to 128	437 to 456
65 to 74	153 to 156	551 to 515
75 to 84	19 to 21	169 to 178
85 and Older	<u>-11 to -12</u>	<u>33 to 37</u>
Total	151 to 170	725 to 830

Source: Community Partners Research, Inc.

- ▶ The majority of Faribault and Rice County’s household growth will be in the 55 and older age ranges, however, the 35 to 44 age range is also expected to add households.

Findings on Unit Demand by Type of Housing

Findings: Based on the household by age projections presented on the previous page, it is anticipated that the changing age composition of the city's population over the next five years will have an impact on demand for housing.

Age 24 and Younger - The projections used for this study expect some slight losses in the number of younger households by the year 2015. The projections expect the number of households to decrease by approximately 22 to 24 households. Past tenure patterns indicate that as many as 83% of these households will rent their housing. Households in this age range also tend to have a median income that is well below the overall median. *A decrease within this age range minimizes the need to expand affordable rental options.*

25 to 34 Years Old - The projections also show a slight decrease in this age cohort, with an expected decrease of between 24 to 27 households by 2015. Within this age range younger adult households often move from rental to ownership housing. *This projected decrease will generate limited demand for both rental and first-time home buyer opportunities.*

35 to 44 Years Old - The 35 to 44 age range is expected to gain 42 to 45 households between 2010 and 2015. In the past, this age group has had a high rate of home ownership, (over 70%). Households within this range often represent both first-time buyers and households looking for trade-up housing, selling their starter home for a more expensive house. Higher demand from this age cohort will somewhat offset the decrease in younger adult households under age 35.

45 to 54 Years Old - By 2015, this age cohort is expected to decrease by approximately 122 to 125 households. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. *The projected decrease in this age range minimizes the demand for new trade up, high value homes.*

55 to 64 Years Old - Our projections show an expected increase of approximately 125 to 128 additional households in the 55 to 64 age range by the year 2015. This age range has traditionally had a high rate of home ownership in the city, at just under 80%. The recent increase in attached housing construction, such as town house units, is well suited to the typical life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters. This age group also looks for trade-up housing, partially offsetting the projected loss of households in the 45 to 54 age range.

65 to 74 Years Old - Strong numeric growth is expected within this age range, with the projections showing an increase of between 153 to 156 households by the year 2015. On a numeric basis, this will represent the largest increase among the senior age ranges. While this group will begin moving to other life-cycle housing options as they age, the younger seniors are still predominantly home owners in Faribault. At the time of the 2010 Census, nearly 80% of households in this age range owned their housing. *Once again, ownership preferences for town house and condominium units should increase based on growth within this age cohort.*

75 to 84 Years Old - While some numeric growth will occur within this age range, the projections show that only 19 to 21 households will be added between 2010 and 2015. In the past, Faribault households within this 10-year age range have had a high rate of home ownership. While this is likely to continue, there has been an expansion of options for seniors, including high quality rental housing. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - Slight numeric losses are expected with a projected decrease of 11 to 12 households. Although historic home ownership rates in this age group have been above 55%, these households will increasingly look for age-appropriate housing that allows them to live independently. Senior housing with services options in the community help to address the needs of this population of older seniors.

These demographic trends will be incorporated into the recommendations that follow.

Faribault - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, previous research and on-site review of the local housing stock.

- ▶ **Faribault is the regional center for the area** - Faribault is the regional center serving Rice County and portions of LeSueur, Steele and Goodhue Counties. The city provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Its role as a regional center has resulted in continued growth over the last two decades, even during years when much of Greater Minnesota was losing population and households.
- ▶ **Tourism and natural amenities** - Faribault is situated in a lakes area that is a popular tourism/seasonal recreational destination. Faribault also has a nature center, trail system and historic buildings and sites that attract visitors. This helps the local economy and has contributed significantly to the growth of the surrounding area.
- ▶ **Affordably priced housing stock** - The city has a relatively large stock of affordable, existing houses. Our analysis shows that the city's median home value is approximately \$120,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Increasingly diverse housing stock** - The city has a good mix of housing options, including a large number of rental housing units for both lower income and market rate households. An increasing amount of new construction has provided town houses, twin homes, cooperatively owned units and several senior with services options.
- ▶ **Adequate land for development** - The city has adequate land available for both residential and commercial/industrial development.
- ▶ **Household growth for the city** - Over the last two decades, the city has sustained household growth and the city is projected to continue to grow in the future.
- ▶ **Diverse Economy** - The City of Faribault has a diverse economy with many industries, state facilities, agriculture, etc. The city is not too dependent on one specific industry or sector of the economy. Faribault also has an active Economic Development Authority that continues to promote economic diversity.

- ▶ **City support of housing** - Faribault was one of the first cities in the state to build publicly owned, market rate housing. These units were very successful, and are now privately owned and offer an excellent rental housing option in the community. The city has been willing to assist with the development of moderate income units through the use of tax increment financing. The city has also been very active with many other housing programs, projects and activities.
- ▶ **Desirable location for seniors and retirees** - Faribault has a strong attraction for seniors as a retirement location. As the provider for the region's health, retail and government services, the city has amenities that are attractive for seniors as they age.
- ▶ **Active housing developers in the city** - Faribault has an active group of housing developers that are willing to invest in housing projects in the community. Developers have been active in a full range of housing options in recent years, including subdivision development, rental housing, attached ownership housing and single family development.
- ▶ **Housing staff and agencies** - The city has a Community Development/HRA staff that is very active in housing and has developed an excellent reputation in the housing field. Also, the city has access to several other housing agencies including the Rice County HRA and Three Rivers Community Action, Inc.
- ▶ **State, Federal, Non-Profit Funds** - The city has leveraged local funds for housing activities over the years with other resources including State, Federal and Non-Profit Funds. This experience in obtaining funds, and the city's track record in appropriately utilizing the funds, will continue to serve the city well when seeking funds in the future.
- ▶ **School Systems** - The city has an excellent public K-12 school system, a Catholic K-12 school, a private prep school, parochial elementary schools and the Schools for the Deaf and Blind.
- ▶ **Ethnic and Cultural Diversity** - Over the past several decades, the city has become very diversified with many immigrants locating in Faribault.
- ▶ **Infrastructure** - The city's water and sewer public utilities are in good condition and can facilitate future expansion.
- ▶ **Commercial Development** - Faribault's commercial districts are adequate to meet daily needs and new commercial development is ongoing.

- ▶ **Housing Development** - From 2000 through 2011, Faribault has established a strong track record with 1,211 housing units constructed in the city.
- ▶ **Health Facilities** - The city has excellent health care systems that serve the region.
- ▶ **Available lots** - The city currently has 417 available lots.

Barriers or Limitations to Housing Activities

Our research identified the following barriers, or limitations, that hinder or prevent certain housing activities in the City of Faribault.

- ▶ **Competition with surrounding cities** - The cities surrounding Faribault including Northfield, Owatonna, Lonsdale and several smaller cities, offer very attractive residential locations. Faribault competes with these cities for households seeking housing opportunities. The lake shore and rural locations in the surrounding townships also draw a good share of the higher valued home market.
- ▶ **Lower paying jobs** - Although Faribault has a strong, diverse economy, some jobs are at the lower end of the pay scale and the employees with these jobs have very limited housing choices.
- ▶ **Decrease in median home values** - The median value of existing homes in the City of Faribault has decreased from \$164,500 in 2006 to \$120,000 in 2011.
- ▶ **Foreclosures/Distressed sales** - There have been a significant number of foreclosures and distressed residential sales over the past several years.
- ▶ **Staff capacity limitations** - Although the city has access to several housing agencies, it is very difficult to develop and implement housing initiatives with existing staff resources.

Faribault - Recommendations and Opportunities

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this Study and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City of Faribault. They are based on the following strategies:

- ▶ **Focus heavily on the preservation, maintenance and improvement of the housing stock that already exists** - While some housing construction will occur in coming years, most of the housing opportunities will continue to be provided by the housing stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that the majority of the existing stock is generally being well maintained, however, a significant percentage of housing needs repair. Emphasis on continued improvement will be important to meet future housing needs.
- ▶ **Develop life cycle housing** - It is vital for a community that serves as a regional center to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, and allow households to live in the community throughout their lives.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. Both new owner-occupied single family homes and rental units are needed to provide households in Faribault with housing options and to assure a healthy housing stock into the future.
- ▶ **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating community stability and commitment to the community. There are many younger families that are renting their housing. These households may be interested in home ownership, if an affordable opportunity is available.
- ▶ **Prioritize community housing goals** - Many of the recommendations in the Study will require staff-intensive efforts. The city should prioritize its housing goals and work with area housing agencies to establish a plan to achieve its goals.

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in achieving the other objectives. For example, overbuilding new rental housing units could lead to vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of Faribault.

Summary of Findings/Recommendations

The findings/recommendations for the City of Faribault have been formulated through the analysis of the information provided in the previous sections and include a total of 24 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Faribault	
Rental Housing Development	
1.	Develop 46 to 50 general occupancy market rate rental units
2.	Develop 48 to 52 subsidized/tax credit rental units
3.	Monitor the need for senior-designated independent market rate rental units
4.	Monitor the need for senior with services units
5.	Develop a mixed-use downtown commercial/housing project
Home Ownership	
6.	Utilize and promote all programs that assist with home ownership
7.	Consider Development of a Lease/Purchase Program
8.	Continue the local downtown payment assistance program
New Construction	
9.	Monitor lot availability and development
10.	Promote townhouse and twin home development
11.	Coordinate with agencies/nonprofits that develop affordable housing
12.	Develop home ownership and new construction marketing programs

Findings and Recommendations for the City of Faribault	
Housing Rehabilitation	
13.	Promote rental housing rehabilitation programs
14.	Promote owner-occupied housing rehabilitation programs
15.	Develop a neighborhood revitalization program
16.	Continue the Rental Registration Program
17.	Consider the development of a Purchase/Rehabilitation Program
Other Housing Initiatives	
18.	Promote employer involvement in housing programs
19.	Acquire and demolish dilapidated structures
20.	Develop a City of Faribault New Construction Incentive Program
21.	Continue mobile home programs
22.	Create a plan and continue coordination among housing agencies
23.	Strategies to address Faribault’s current housing issues
24.	Address racial and ethnic minority housing issues

Faribault - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities.

From 2000 to 2011, 380 rental units were constructed in Faribault. The 380 rental units include market rate general occupancy, senior independent and senior with services units. In addition to the new rental units, it is estimated that approximately 328 single family homes were converted from owner-occupied to rental from 2000 to 2010.

Demand for new rental housing is typically generated from three factors:

- ▶ Growth from new households
- ▶ Pent-up demand from existing households
- ▶ Replacement of lost units.

Our household projections for Faribault expect continued household growth, although some of this growth will result in demand for owner-occupied housing. From 2000 to 2015, it is projected that there will be a 150 to 170-household gain in Faribault. Approximately 32% of these households will be rental households, thus, contributing to the demand of approximately 48 to 55 additional rental units over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the city will lose as many as 10 units per year. As a result, approximately 50 to 55 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock.

Pent-up demand also exists. As part of this study, a rental survey was conducted. A total of 1,583 rental units in 53 multi-family buildings were contacted. The survey found a 5.7% vacancy rate in general occupancy market rate units, a 2.6% vacancy rate in subsidized units, a 0% vacancy rate in tax credit units and a 16.8% vacancy rate in the senior with services projects. Based on this information, we are estimating that there is a demand for approximately 46 to 50 additional subsidized/tax credit rental units in Faribault over the next five years based on pent-up demand.

These three demand factors show a need for 144 to 160 rental units over the next five years. Existing vacancies, the lease-up of units that were recently constructed, and the continuing conversion of existing single family homes from owner-occupied to rental, will absorb 50 to 58 units of the unit demand.

Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2011 to 2016:

▶	General Occupancy Market Rate	- 46-50 units
▶	Subsidized/Tax Credit	- 48-52 units
▶	Senior Designated Market Rate	- 0 units
▶	Senior with Services	- 0 units
	Total	<u>94-102 units</u>

1. Develop 46 to 50 general occupancy market rate rental units

Findings: Approximately 69% of the rental housing in the City of Faribault can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The entire rental inventory in the city includes approximately 2,965 total units in 2010. We believe that approximately 2,058 of these units are best described as market rate rental housing.

As part of the research for this Study, we contacted 685 market rate units. We found 36 vacant units for a vacancy rate of 5.7%, which is slightly above the healthy market range of 3% to 5%. The 2005 Housing Study reported a market rate vacancy rate of 10%.

There is a fairly wide variation in rental rates in the market rate segment in the City of Faribault. The prevailing rent range for an efficiency apartment is \$375-\$475 and up to \$800-\$1,050 for a three-bedroom unit.

From 2000 to 2011, 203 market rate rental units were constructed in Faribault. The most recent project, 24 units at 2310 Park Ave., is in the lease-up phase. Also, it is estimated that approximately 328 single family homes have converted from owner-occupied to rental units partially due to the downturn in the economy and the housing crisis.

Additionally, a developer has submitted preliminary plans to construct 126 market rate rental units in three 42-unit phases.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted.

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 46 to 50 market rate rental units over the next five years. This includes the market rate rental projects that may be in the planning phase.

Based on our research, there is a significant need for larger rental units, thus, the majority of the new units constructed over the next five years should be two, three and four-bedroom units.

Townhome style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities. It would be advantageous for new units to be constructed in smaller project phases. This strategy allows the new units to be absorbed into the market.

**Recommended unit mix, sizes and rents for the Faribault
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	6-7	800 - 900	\$750 - \$800
Two Bedroom	26-27	1,000 - 1,100	\$850 - \$900
Three Bedroom	11-12	1,150 - 1,250	\$950 - \$1,000
Four Bedroom	3-4	1,350 - 1,500	\$1,100 - \$1,200
Total	46-50		

Note: The recommended rents are quoted in 2012 dollars, but exclude electricity and garage. We recommend garage rent of \$35 to \$40 per month.

2. Develop 48 to 52 Subsidized/Tax Credit Rental Housing Units

Findings: Although Faribault has a good supply of subsidized/tax credit multifamily rental units, we see unmet need in this sector of the local market. The City of Faribault has 16 project-based subsidized/tax credit developments with a combined 561 units. Subsidies have been provided by USDA Rural Development, the Department of Housing and Urban Development (HUD) and through the Minnesota Housing Finance Agency. The breakdown of the 16 rental developments is as follows:

- ▶ 13 General Occupancy Subsidized - 296 units
- ▶ 5 Senior/Disabled - 196 units
- ▶ 2 General Occupancy Tax Credit - 70 units

Most of the city's subsidized units serve very low income people and charge rent based on 30% of the tenant's household income. In some cases, tenant households pay 30% of income, but not less than a basic rent level established for the unit. In these cases, it is possible that a very low income household pays more than 30% of income, if the basic rent was higher.

The rents for the two tax credit projects are \$700-\$750 for a one-bedroom unit, \$770-\$798 for a two-bedroom unit and \$865-\$900 for a three-bedroom unit.

In addition to these subsidized projects, Rice County has approximately 329 Housing Choice Vouchers. Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for rent, with the program subsidy paying any additional rent amounts. Approximately 67% of the vouchers are being utilized within the City of Faribault.

Between the tenant-based assistance and project based subsidized housing, there are approximately 778 renter households in Faribault that had access to some form of subsidized housing in 2011. This represents approximately 29% of all renters in the city.

Despite the existing supply of subsidized units in Faribault, the 2010 Census still identified that approximately 994 renter households in Faribault reported a housing cost burden, with 30% or more of their income going to housing costs. A majority of these households were actually paying 35% or more of their income for housing, which is defined as a severe cost burden.

This large number of renters with a housing cost burden is reflected into strong demand for subsidized units. Our rental survey found five vacancies in the senior/disabled subsidized developments, which represented a vacancy rate of 2.6%.

There were a few vacancies reported in subsidized general occupancy rental units, but all of the vacancies were in units that didn't have rent assistance, which means the tenants have to pay a base rent. There were no vacancies in the two tax credit projects.

The greatest need for subsidized/tax credit units is for three and four-bedroom units. The City of Faribault has 527 renter households with four or more people. This is an increase of 217 households from 2000 and 2010. This number is extremely high when compared with other cities. Many of these households are renter households and need three or four-bedroom units. Currently, there are 105 subsidized/tax credit three-bedroom units and nine four-bedroom units.

Recommendation: We recommend the development of 48 to 52 subsidized/tax credit rental housing units for low/moderate income people whenever resources can be secured. At this time, it is difficult to produce new subsidized units to serve low/moderate income people because of the lack of resources.

One option to develop subsidized/tax credit projects is to utilize the federal tax credit program. Tax credits alone do not produce 'deep subsidy' rental units that can serve very low income households, but tax credits do provide a 'shallow subsidy' that allows for the construction of units that can serve households at or below 60% of the median income established for the county. When other resources are combined with tax credits, even lower income households can be served.

If tax credit units are constructed, we strongly recommend that the rents are at or below the fair market rents for Housing Vouchers, thus, a low income household in a tax credit unit can apply for a Housing Voucher, which will enable the household to pay 30% of their income for their unit.

We recommend that at least 75% of the subsidized/tax credit units constructed over the next five years should be three or four-bedroom units and be constructed as town home style units.

The City of Faribault should work with a private developer or area housing agency to apply for tax credits and to develop a tax credit project. The city/HRA could assist with lowering rents by providing Tax Increment Financing and land at a reduced cost.

3. Monitor the need for senior-designated market rate rental units

Findings: The City of Faribault does not have a free standing independent senior-designated market rate rental project. However, since 2000 there has been a significant introduction of new units into the rental market. From 2000 to the present, 380 rental units have been constructed. Many none of these projects have been well received by senior renters.

Trailside Apartments and Heritage Bluff Apartments were constructed over the past decade and report a large number of senior tenants. Also, occupancy at Trail's Edge Apartments continues to be strong, and this building is primarily occupied by seniors.

There have also been a significant number of senior independent living rental units constructed as part of senior with services projects. Milestone Senior Living, constructed in 2008, and Faribault Senior Living, which opened in May, 2011, have a total of 106 units that are flexible and can be utilized as independent or assisted living units. Also, Pleasant View Estates, which was constructed in 1999, has 36 flexible units.

Since 2000, there has also been an expansion of owner-occupancy housing that appeals to senior households, including town house and condominium developments. Cardinal Point in particular, is a 71-unit condominium project that is centrally located in the community and appeals to the senior market. In the past, when these options were not available in Faribault, senior households looking to sell their single family home would have generally looked for rental housing. With an expansion of life-cycle housing options in the community, seniors now have a number of age-appropriate housing projects to choose from.

Recommendation: The market rate rental housing options added since 2000 have done a good job of serving the senior segment of the rental market.

Our household projections show continued growth in the number of senior households in the community, with the largest numeric growth expected among younger seniors, age 65 to 74 years old. Just behind the senior age ranges is a large age cohort that will be 55 to 64 years old by 2015. In numeric terms, our projections between 2010 and 2015 show an increase of 285 to 287 additional households in the age ranges 55 years old and older. Although most of these households, who are in the 55 to 74 year old ranges, will prefer to own their housing, the 10% to 15% who will look for rental options represent an increase in demand through 2015.

In the near-term, this demand will be met by the existing rental projects that have recently been constructed. However, we believe that as new units are planned, the housing needs of renters, age 55 and older, should continue to be monitored.

4. Monitor the need for additional senior with services units

Findings: The City of Faribault currently has nine senior with services projects with a total of 310 units/beds. The nine senior assisted living projects include housing with light services, assisted living in Board-and-Lodging facilities, assisted living in apartment-style facilities and memory care options.

Since 1999, 254 senior with services units/beds have been constructed in Faribault including Keystone Communities with 64 units/beds, Milestone Senior Living with 52 units/beds, Pleasant View Estates with 52 units and Faribault Senior Living with 90 units. There are flexible units in three projects, Pleasant View Estates, Milestone Senior Living and Faribault Senior Living, that allow the tenant to purchase senior services as needed.

Currently, there are approximately 119 vacancies in the nine projects. However, approximately 69 vacancies are in Faribault Senior Living, which is in its initial occupancy phase. When subtracting Faribault Senior Living, there are 50 vacancies in nine projects with 220 units, which is a 22.7% vacancy rate.

In addition to the Faribault senior with services projects, communities surrounding Faribault have been adding senior with services projects.

There are also tenants in subsidized senior projects and living at home that receive senior services through home health care agencies.

Recommendation: We recommend that senior housing with services providers monitor the need for future senior with services units. Currently, there is an adequate number of units. The existing senior with services projects have a high vacancy rate of 22.7% and a new 90-unit facility is in the initial lease-up phase.

Using 2010 Census data for Faribault, there are 1,547 senior citizens age 75 and above. The 310 senior with services units/beds in Faribault represent approximately 20% of the seniors 75 and over in Faribault. Based on our previous research in other communities, this would represent an above-average supply of this type of housing. However, approximately 15% to 20% of the tenants will come from outside of Faribault.

Even with seniors coming from rural Faribault and coming from other areas of the country to move back home or be close to family, the senior with services market has more than an adequate number of units at this time.

5. Develop a Downtown Mixed-Use Commercial/Housing Project

Findings: The City of Faribault is currently undertaking a Main Street Program to continue the redevelopment of the downtown. A mixed-use rental housing/commercial project could complement these efforts. There should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the downtown.

New mixed use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market and to serve as a catalyst for downtown redevelopment.

Recommendation: We recommend the development of a mixed-use building in downtown Faribault. There are several potential sites in the downtown area for a mixed-use project.

We recommend commercial space on the first floor and 26 to 30 rental units on the second and third floors. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The 26 to 30 rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The city may have a role in the project by providing TIF or other local funds and land at a reduced price.

Please refer to the Downtown Faribault Section for an in-depth analysis of housing in Downtown Faribault, including additional recommendations.

Faribault - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Faribault is estimated to be \$120,000. With approximately 50% of the homes in Faribault valued less than \$120,000, Faribault has a good market for first time home buyers and households seeking moderately priced homes.

Our analysis of Faribault demographic trends shows strong population growth over the next five years in the 55 to 74 age ranges. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. The strong growth in the 55 to 74 age range, however, is offset somewhat by expected household losses in the 45 to 54 age range.

The number of households in the 35 to 44 age range is expected to moderately increase in Faribault and Rice County. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as those homes in Faribault.

The 25 to 34 age range is projected to decrease slightly from 2010 to 2015. This age range is typically first-time home buyers.

To assist in promoting the goal of home ownership, the following activities are recommended.

8. Utilize and promote all programs that assist with home ownership

Findings: Home ownership is generally the preferred housing option for most households and most communities. As discussed previously, the demographic make-up of Faribault is conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership in Faribault. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the city's median home value at \$120,000, many of the homes in the existing housing stock in Faribault are valued under the purchase price limit for first-time home buyer assistance programs, which currently is \$237,031. Also, there are a growing number of single family homes in the Faribault rental market. Many of these homes could be converted to owner-occupied homes. Conversely, home ownership programs may prevent owner-occupied homes from being converted to rentals as more households will have the opportunity to purchase available affordable homes. There are also approximately 173 vacant homes in the City of Faribault that may be available to households for home ownership.

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. To become homeowners and/or to remain homeowners, many households need financial counseling to improve their credit score, to save for a down payment and to properly budget household income.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below-market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: The City of Faribault and area housing agencies, such as Three Rivers Community Action, Inc., Rural Development and the Rice County Housing and Redevelopment Authority, should continue to utilize all available home ownership assistance programs to promote home ownership. The city, in coordination with other Rice County cities, should also continue to explore the possibility of obtaining specific program set-asides for home ownership programs from the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility

for more local design and control. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity. Currently, the Rice County HRA is accessing the Minnesota Cities Participation Program, which provides low interest mortgage loans to Rice County households.

The city should continue to coordinate with the area's housing agencies to develop programs that provide financial assistance for households to purchase a home and to assure the City of Faribault is receiving its share of resources that are available in the region. The local financial institutions should also continue to have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, Fannie Mae, the Federal Home Loan Bank, the Greater Minnesota Housing Fund and Minnesota Small Cities Development Program Funds.

9. Consider the development of a lease to purchase program

Findings: With the decrease in home values in Faribault, there are currently a significant number of homes valued under \$100,000. These homes are affordable for many families, and are well below new construction prices. However, some families seeking home ownership do not qualify for available mortgage programs due to credit problems, lack of savings for down payment/closing costs, a previous foreclosure or limited time with their current employer.

There are approximately 348 homes in Faribault that have converted from owner-occupied to rental from 2000 to 2010. There are also approximately 173 vacant homes in Faribault. Some of these houses, if improved, could provide affordable ownership options for lower income people. A lease to purchase program is a mechanism to create home ownership for families and to keep the lower valued homes in the home ownership market.

Recommendation: We recommend that the city consider the creation of a lease to purchase program for existing houses. A lease to purchase program enables a family that currently cannot purchase a home due to poor credit, lack of a down payment, etc., to lease a home initially with the intent of purchasing the home at a later date. While leasing the home, the household can work to remedy the problems that have prevented them from buying a house.

When working with existing homes, a rehabilitation component can also be added to the program. A lease to purchase program may require public ownership of the housing unit. Since there is some risk that the sale will never occur, some private property owners are reluctant to sell properties in this way. However, research has shown that there are private property owners that are selling homes on this basis. Possibly the city or local housing agencies could work with private property owners to expand lease to purchase opportunities.

10. Continue the local down payment assistance program

Findings: One of the largest identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have recently tightened their lending criteria. Faribault has utilized \$100,000 to address this issue by creating a local fund to assist home owners with a down payment assistance program. The City of Faribault provides a maximum of \$4,000 in local funds to households for down payment assistance. Twenty-four local households utilized this program to purchase a home and the funds have been expended, thus, the program is currently not available.

Recommendations: The City of Faribault should consider the continuation of the local Downpayment Assistance Program. A local Downpayment Assistance Program is needed more now than in the past because of more stringent lending criteria. The participation in the program, and how quickly the funds are expended, is evidence of the program's need.

Major local employers, the Federal Home Loan Bank and the Minnesota Housing Finance Agency may be sources to contribute to the fund.

Faribault - New Housing Construction

New Housing Construction

Findings: The City of Faribault has experienced significant single family owner-occupied housing construction. Over the past 12 years, from 2000 to 2011, 831 single family structures, twinhomes/townhomes and condominiums, have been constructed in the City of Faribault, which is an average of approximately 69 housing units per year. The peak years for new construction were 2002 when 198 units were constructed and in 2003 when 109 units were constructed. However, construction has slowed significantly over the past several years and only a total of 32 owner-occupied units have been constructed over the past four years.

The attractiveness of the area, the city's status as a regional center, the city's amenities and its proximity to jobs, should result in the continued construction of new homes annually. Also, there are many attractive residential lot options available for new home construction.

Overall household projections for Faribault indicate good demand for owner-occupied housing construction. Substantial household growth is anticipated through 2015 among households in the age ranges between 55 and 74 years old. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The number of households in the 35 to 44 year old ranges is also expected to grow modestly through 2015. Many of the households in these age ranges are first time home buyers. However, there are projected to be modest households losses in the 15 to 34 age range and significant losses in the 45 to 54 age range.

It is our opinion that if the city, local housing agencies and developers are proactive, 15 to 20 owner-occupied housing units can be constructed in Faribault annually over the next five years from 2011 to 2016. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 15 to 20 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & median price homes	6-8 homes
▶ Affordable homes	5-7 homes
▶ Homes on In-Fill lots	1-1 homes
▶ Twin homes/Town homes	<u>3-4 units</u>
Total	15-20 units

11. Lot Availability and Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Faribault. Currently, there are 417 lots available in 25 different Faribault subdivisions.

There are also several miscellaneous infill lots scattered around the city that we did not attempt to count. We also do not know the availability of some of these infill lots.

Recommendation: Using a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage coupled with projections that 15 to 20 new owner-occupied housing units will be constructed per year, the city should have approximately 38 to 50 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Faribault, with 417 available lots, plus infill lots, currently has an excess inventory of available lots.

12. Promote townhouse and twin home development

Findings: Faribault has experienced substantial owner-occupied attached housing development as 229 owner-occupied twin homes and townhomes have been constructed in Faribault from 2000 to 2011. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Faribault, 30% to 40% of the housing starts are typically twin homes/townhomes. Over the past 12 years, 32% of the owner-occupied housing units constructed in Faribault have been twin homes/townhomes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that the 55 to 84 age ranges will increase by 297 to 305 households in Faribault and by 1,057 to 1,199 households in Rice County from 2010 to 2015. It is important for the city to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that approximately three to four of Faribault's new owner single family units per year will be twin home/townhomes over the next five years, which is an approximate total of 15 to 20 units during the five-year period. It should be noted that twin home/townhome development has been impacted by the downturn in the housing economy, thus, it is projected that most of the projected units will be constructed later in the five-year time period.

We recommend a twin home/townhome development and for the development to be successful, the following should be considered:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a significant number of homes which provides security
- ▶ Homes at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The city's role should include assuring that adequate land is available for development and that zoning allows for attached housing development.

13. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies, groups and organizations. Habitat for Humanity, for example, has constructed affordable new houses in Faribault. Other Minnesota communities have also explored other resources, such as the Sentence to Serve Program. Three Rivers Community Action, Inc., has also constructed affordable homes in the area. Although none of these sources can be counted on to produce a large number of housing units, they can help generate a few new homes for lower income families.

Recommendation: We recommend that the city continue its cooperation with housing agencies and nonprofit organizations that help to produce housing units for lower income ownership. The city may be able to contribute to the project through land donations, TIF, grant writing, or project coordination activities.

The city and HRA have acquired and cleared some severely substandard houses in the city. If the cleared lots are suitable for redevelopment, these in-fill lots may be good sites for this type of new construction activity. There are also many residential lots in new subdivisions that may be available for affordable housing.

14. Develop home ownership and new construction marketing programs

Findings: With the downturn in the housing economy, the competition among cities for households looking to buy or build a home will be greater than past years. Also, most cities have an excess inventory of residential lots, homes for sale, vacant homes and homes in foreclosure. Additionally, households are evaluating the appropriate timing to buy or build a home.

As the economy improves, cities that invest in marketing will have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes, lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders.

Recommendation: We recommend the creation of additional marketing materials that describe housing opportunities and financing/assistance programs that are available in Faribault. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin or how to proceed. Pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home. It is recommended that this information be shared with area employers. Human Resources Departments are often willing to provide this information to new hires and as part of recruitment materials.

Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, etc. The Housing Fair should include developers, builders, lenders, realtors, public agencies, local businesses, etc. Local employers should be contacted to assess their interest and possible participation in the event.

These marketing programs do not have to be "city" projects but could possibly be developed by a local civic organization, area realtors or the private sector. Also, the marketing program sponsor should assure the information is placed on the city's website.

Faribault - Housing Rehabilitation

Housing Rehabilitation

Findings: The City of Faribault has an asset in its existing housing stock. Existing units, both now and into the future, will represent the majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities and in preventing the deterioration of existing neighborhoods.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

15. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the city currently has approximately 2,965 rental units. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as many of the rental structures are more than 30 years old and some rental units have been identified as being in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Faribault and area housing agencies should seek funds that can be dedicated to the rehabilitation of rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include Minnesota Small Cities Development Program funds, the Federal Home Loan Bank, the Minnesota Housing Finance Agency, and local funds.

The Minnesota Housing Finance Agency has recently initiated a new rental rehabilitation program. The Southwest Minnesota Housing Partnership has applied to administer this new program in Rice County. This program should be available in mid-to-late 2012.

16. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Faribault will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2011 housing condition survey rated the 691 single family homes in four of the city's oldest neighborhoods. Our survey found that 347 homes need minor repairs and 125 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Faribault.

In the past, the City of Faribault Community Development staff administered the housing rehabilitation programs in the City of Faribault. The Faribault Community Development staff has been rehabilitating homes in Faribault since 1975 with Small Cities Development Program and MHFA funds. Three Rivers Community Action, Inc., is currently administering the Weatherization Program and the MHFA rehabilitation programs in Faribault.

Recommendation: We recommend that the City of Faribault and area housing agencies continue to identify and apply for funds to develop an ongoing housing rehabilitation program. Rural Development, the Minnesota Housing Finance Agency, the Federal Home Loan Bank and the Minnesota Small Cities Development Program are all potential funding sources.

17. Develop a Neighborhood Revitalization Program

Findings: The City of Faribault has several neighborhoods that are on the bubble. These neighborhoods have a significant number of homes that need rehabilitation and have a significant number of low/moderate income households. The neighborhoods could deteriorate, or could be revitalized to continue to be strong vital neighborhoods.

Recommendation: Over the years, the City of Faribault has undertaken housing and neighborhood revitalization programs and projects. We

recommend that the City of Faribault, area housing agencies, and the private housing sector continue these efforts and select a neighborhood and develop and implement a Neighborhood Revitalization Program.

Redevelopment strategies and opportunities should be identified for the Neighborhood including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner-occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Possible rezoning, variances and/or replatting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Other projects identified through the planning process

The Neighborhood Revitalization Plan should include timelines, the identification of responsible city department or housing agency, funding sources, etc. The program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities. Neighborhood revitalization planning of this type is currently occurring in the Cities of Virginia and Eveleth. The City of Faribault is encouraged to contact these cities to obtain information on how to effectively develop and administer a Neighborhood Revitalization Program, as well as the sources of funds that were accessed.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing projects in the community should assure that there are overall net gains in the affordable housing stock.

Also, as a neighborhood is revitalized, a new neighborhood can be selected for revitalization.

18. Continue the Rental Registration Program

Findings: The Rental Registration Program continues to be a valuable tool in improving the quality of the city's rental housing and assuring safe and sanitary housing. In 2011, there were 2,209 licensed rental units in the City of

Faribault, many that are more than 25 years old. There have also been approximately 328 single family homes that have converted from owner-occupied to rental from 2000 to 2010. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a rental housing inspection program is successfully implemented.

The need for an ongoing Rental Registration Program includes the following:

Health and Safety

- There is a need to provide tenants with safe, sanitary, and standard living conditions and to eliminate life threatening hazards.

Age of Housing Stock

- Much of the existing rental housing stock in Faribault is over 25 years old.
- Older housing needs continued rehabilitation and maintenance.
- Older housing often has difficulty complying with current codes.

Conversions

- Many of the rental buildings were originally constructed for uses other than rental housing such as owner-occupied single family homes and commercial use buildings. In conversion, often owners do the work themselves and may have inadequate or faulty mechanical, electrical, plumbing, and heating systems. Also, constructing an apartment in the basement often results in a lack of natural lighting, ventilation and proper access and egress.

Trends of Conversions

- Many of today's buyers want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase the older homes. Also, there has been an increase in foreclosure. These issues result in the continuation of converting old homes to rental units and magnify the problem.

Maintenance Efforts

- A large number of landlords are providing standard housing and reinvesting in their rental properties. However, some landlords do not maintain their buildings. Ongoing maintenance is necessary for older housing as buildings with continued deferred maintenance become unsafe and substandard.

High Number of Landlords

- Faribault has a significant number of rental property owners. Many of these landlords do an excellent job; however, some absentee landlords do not reinvest in their properties, and create a need for the program.

Neighborhood Stabilization

- ▶ Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance, and such things as parked junk cars, trash and debris all have a negative impact on residential neighborhoods.

Zoning and Codes

- ▶ Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

Coordination

- ▶ A Rental Registration Program provides a record of rental units and owners.
- ▶ The program provides a better opportunity for coordination of city programs and codes.
- ▶ The program assures that rental units comply with minimum housing standards.

Recommendation: We recommend the continued implementation of the Rental Registration Program to assure that all rental units in Faribault comply with housing laws and codes. The Program assures that Faribault rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

We also recommend that an analysis be conducted to identify housing units that are being rented without the proper registration and how to address these units in the future.

19. Consider the development of a Purchase/ Rehabilitation Program

Findings: Faribault has a stock of older, lower valued homes, some of which need repairs. Also, approximately 348 homes have been converted from owner-occupied to rental from 2000 to 2010 according to 2010 U.S. Census data. Additionally, there are approximately 173 vacant homes in Faribault. The median estimated market value for homes in Faribault is \$120,000. As some of the lower valued rental and vacant homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In the past, the Minnesota Housing Finance Agency has provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the city purchased an existing home that needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and

a monthly payment that are affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. The city purchased, rehabilitated, and sold 24 homes to low/moderate income households through the MURL Program. However, MHFA is no longer providing funding for the MURL Program.

Faribault did receive funding through the Neighborhood Stabilization Program to purchase six homes in foreclosure. These homes are being rehabilitated and sold to low/moderate income households.

Recommendation: We recommend that the City of Faribault consider the creation of a rehab/purchase program for existing houses that is similar to the previous MURL Program. Area housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the city's older housing a more attractive option for potential home buyers. The Minnesota Housing Finance Agency, through its other programs, and the Minnesota Small Cities Community Development Program, are other potential funding sources.

A Program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. Rural Development provides mortgage and rehabilitation funds to purchase a home and/or to make repairs to the home.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The programs will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupied, and rehabilitate homes that are currently substandard.

Faribault - Other Housing Initiatives

20. Promote employer involvement in housing programs

Findings: In the early 2000s, there was a growing trend in some Minnesota cities to involve area employers as financial participants in affordable housing programs. Unemployment rates were very low, and employer involvement was viewed as a way to retain employees and to attract new workers into the community.

Over the past several years, unemployment rates have been high, thus, the available work force has increased. Employers' motivation to become involved in housing has somewhat dissipated.

Faribault has a large immigrant population that continues to grow. Many of our immigrants work for area employers. Some immigrants come to the area with very few resources and limited knowledge of our culture. Also, some of the immigrants have large families. It is often difficult for immigrant households to find housing that addresses their needs.

Several employers have assisted their employees with locating housing and in orienting them to our culture and living in Faribault.

Recommendation: Employer involvement is still a concept worth pursuing as the community tries to address affordable housing needs. There are several successful examples of employer involvement in Minnesota communities including the Cities of Worthington, Marshall and Park Rapids.

A new tax credit rental project with three and four-bedroom rental units would be a potential project for local employer participation.

21. Acquire and demolish dilapidated structures

Findings: Our housing condition survey of four Faribault neighborhoods identified 13 homes that are dilapidated and too deteriorated to rehabilitate. We also identified 125 homes as needing major repair (several of these homes may be too dilapidated to rehabilitate upon further more detailed inspection). There are also homes in other Faribault neighborhoods that are dilapidated and beyond repair. Additionally, there are approximately 173 vacant homes in Faribault. There is the threat that these homes may deteriorate to the point of being beyond repair.

Recommendation: We recommend that the City of Faribault continue to demolish severely dilapidated structures. The city is enhanced when blighted

and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units. Additionally, the demolition of dilapidated rental structures will upgrade the city's rental housing stock.

The city or HRA should continue to work with Rice County to acquire and demolish tax forfeited properties that are dilapidated and beyond repair.

22. Develop a City of Faribault New Construction Housing Incentive Program

Findings: Over the past four years, there have been only 30 detached and two attached single family homes constructed in the City of Faribault. This is an average of approximately eight new homes annually. From 2000 through 2007, the average number of homes constructed was approximately 88 per year. According to City of Faribault records, there are 417 vacant residential lots in the city.

Recommendation: We recommend that the city consider a New Construction Incentive Program to promote new housing construction. Incentives to households that construct a home could include:

- ▶ Reduced lot prices (offsets provided by the city/HRA)
- ▶ Free water and sewer for a period of time
- ▶ Real estate tax abatement
- ▶ Permit fee waived
- ▶ Discounts at area businesses

23. Continue Mobile Home Programs

Findings: Based on the Mobile Home condition survey conducted by Community Partners Research, Inc., there are approximately 618 mobile homes in the City of Faribault. This includes mobile homes in rental mobile home parks and in mobile home subdivisions where the homeowner owns the lot. Based on the windshield survey, approximately 149 mobile homes require minor repairs, 172 homes require major repairs and 61 mobile homes are dilapidated and beyond repair.

Recommendation: The City of Faribault has adopted and implemented a Time of Sale Inspection program. This inspection is designed to provide safe living conditions to community residents through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are inspected

prior to a title transfer. All identified safety hazards must be corrected before the unit can be sold or occupied. We recommend the continuation of this Program.

The City of Faribault has also implemented and administered a Mobile Home Down Payment Assistance Program over the past 10 years. The program assisted households with down payment assistance to purchase a new or high quality used mobile home. Households that owned a substandard or dilapidated home in a mobile home park were given priority. Forty-three households purchased mobile homes through the program.

The program was funded with MHFA Community Revitalization Funds. Funds currently aren't available for this program, however, if funds become available, we recommend that the city continue this program. It is also recommended that additional sources of funds be sought to develop new and to continue existing programs that address mobile home issues.

The city also implements the Mobile Home Buyout Program. The program will purchase a dilapidated mobile home for \$2,000. The purpose of the program is to eliminate dilapidated mobile homes from the housing stock. We recommend the continuation of this program.

24. Create a plan and continue coordination among housing agencies

Findings: The City of Faribault needs staff resources in addition to existing city staff to plan and implement many of the housing recommendations advanced in this Study. The city has access to the Faribault Housing and Redevelopment Authority, the Rice County Housing and Redevelopment Authority, Three Rivers Community Action, Inc., and the Southwest Minnesota Housing Partnership. The city also has access to the Minnesota Housing Finance Agency and the USDA Rural Development Office. These agencies in addition to city staff, all have experience with housing and community development programs.

Recommendation: The City of Faribault is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the city work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to comprehensively address the city's housing needs. The plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs. This approach will reduce duplication, provide coordination and cooperation among agencies and will effectively utilize scarce resources.

It will also be important for the city to look for opportunities to work cooperatively with other Rice County cities to address housing issues. With the number of cities in Rice County, and limited staff capacity at both the city and county level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

25. Strategies to address Faribault's current housing issues

Findings: As with most cities in Minnesota and throughout the United States, the City of Faribault has experienced a downturn in its housing economy.

Over the past several years, the Faribault housing economy has experienced the following:

- ▶ Median detached home values decrease from \$164,500 in 2006 to \$120,000 in 2011 (a 37% decrease)
- ▶ Significant increase in distressed existing home sales - 97 in 2011
- ▶ Excess residential lot inventory - 417 vacant residential lots in 2011
- ▶ Increase in home foreclosures - 213 foreclosures in 2011
- ▶ Decrease in housing unit construction - 911 units from 2000 to 2005 and 298 units from 2006 to 2011
- ▶ Increase in vacant single family homes from 60 in 2000 to 173 in 2010
- ▶ Conversion of approximately 348 homes from owner-occupied to renter-occupied from 2000 to 2010

Recommendation: Many of the recommendations previously stated, directly or indirectly, address the housing issues that are the result of the downturn in the housing economy. However, we are recommending several additional actions including:

- ▶ Development of a housing marketing program that promotes and markets the current lot inventory, affordable homes, the positive aspects of living in Faribault, etc.
- ▶ Schedule a housing summit that involves all stakeholders (city and county officials, developers, builders, housing agencies, financial institutions, etc.) to discuss the current status of housing in Faribault and Rice County to determine if there are additional solutions to the current housing problems.
 - * Follow up meetings could be held among subsets of the attendees to further pursue ideas and potential solutions that are generated from the summit.

- ▶ Determine if private/public partnerships can be created to develop programs, projects, etc.
- ▶ Research the potential for developing programs and projects that utilize the current housing economy to address ongoing housing needs. During this crisis are there opportunities? For example, Faribault has a shortage of large rental units with three to five-bedroom units. There are approximately 173 vacant homes in Faribault, many of which have three or more bedrooms.
- ▶ Potentially, these efforts could be undertaken with Rice County and the other cities in Rice County as all of the cities in Rice County have experienced similar problems due to the downturn in the housing economy.

26. Racial and Ethnic Minority Population Housing Issues

Introduction

These findings and recommendations provide updated information on the housing needs of Faribault's racial and ethnic minority population. Since the 2005 Housing Study, Faribault's racial and ethnic minority population has continued to increase at a substantial rate and there still are significant concerns regarding the racial and ethnic minority population's ability to obtain affordable, safe and sanitary housing.

Most of the updated information provided pertains to Faribault, however, the strategies can also be utilized in other Rice County cities.

Findings: The following information is provided in this Section:

- ▶ Population and household data, school enrollment, employment, housing choices
- ▶ Driving forces behind the growth of the minority population
- ▶ Problems and barriers in securing housing
- ▶ Strategies in securing housing

Population and household data

The City of Faribault’s racial and ethnic population has grown significantly from 2000 to 2010. The largest racial and ethnic minority populations in Faribault are the black population, which are primarily Somali immigrants, and the Hispanic/Latino population. The Black/African American and Hispanic/Latino population and household growth from 2000 to 2010 are as follows:

	2000	2010	<u>% Change 2000-2010</u>
Population			
Black/African American	561	1,764	214.4%
Latino/Hispanic	1,852	3,026	63.4%
Households			
Black/African American	40	257	542.5%
Latino/Hispanic	388	648	67.0%

School Enrollment

Currently, there are 1,237 racial and ethnic minority students enrolled in the Faribault Public Schools. This represents 31.3% of the total school enrollment. The school enrollment is as follows for 2011:

American Indian -	20
Asian -	74
Hispanic -	795
Black -	348
White -	<u>2,709</u>
Total	<u>3,946</u>

In 2000, the Faribault Public School enrollment included 501 racial and ethnic minority students, thus, minority student enrollment has increased from 501 students in 2000 to 1,237 minority students in 2011, representing an increase of 247%.

The 2011-2012 kindergarten enrollment in the Faribault School District is 39.9% racial and ethnic minority students.

Employment

Jennie-O Turkey Store continues to be a large employer of minority individuals. However, the minority population continues to diversify and are working for several major employers in Faribault and in surrounding communities. Additionally, data indicates that racial and ethnic minority individuals are working in the service industry (clerks, waiters, etc.).

Also, several minority-owned businesses have opened in the City of Faribault over the past several years.

Housing Choices

The housing choice for many Hispanics/Latinos are the mobile home parks, as they are an affordable ownership option. Most of the mobile homes occupied by Hispanics/Latinos are owner-occupied. The Hispanic/Latino populations are also purchasing homes in the community. The Somali population has generally preferred to rent their housing. This is in part due to cultural/religious limitations on lending practices that prevent the Somali community from paying interest. The public housing units owned by the Faribault HRA and the Housing Voucher Program administered by the Rice County HRA have a significant number of minority tenants and clients.

Driving Forces Behind the Growth of the Minority Population

In the 2005 Study, we identified the major reasons for the continued growth of the racial and ethnic minority population in the City of Faribault.

Most of these reasons remain basically the same with some variations.

- ▶ **Jobs** - Jobs continue to be the major reason why minority individuals locate in Faribault. As indicated previously, the Jennie-O Turkey Store is a major employer of minority individuals, however, minority individuals are employed throughout the community and in surrounding communities.
- ▶ **Housing Availability** - Although the supply of affordable housing is a problem, Faribault does have a high number of mobile homes, and affordable rental units and affordable housing opportunities do exist.
- ▶ **Existing racial and ethnic minority populations** - There is a significant Hispanic/Latino and Somali populations in the City of Faribault. The existing minority population informs its friends and relatives of job opportunities and other benefits that exist in Faribault. Also, immigrant and minority individuals and families are more comfortable locating in a community that already has minority populations as the existing populations provides support, information, etc.
- ▶ **Embracing diversity/support services** - Although some problems continue to exist, Faribault and its major employers have embraced diversity. Also, the city has several support services and organizations that assist racial and ethnic minority populations.

Housing Problems and Barriers

In the 2005 Study, housing problems and barriers were identified that impact racial and ethnic minority households. Many of these barriers still exist.

- ▶ **Same barriers as other low income households** - A high percentage of minority households are low income and experience the same barriers as many non-minority households, in finding affordable, standard housing.
- ▶ **Communication** - Many minority individuals cannot speak English which causes communication problems when searching for housing.
- ▶ **Cultural Differences** - The minority households have cultural differences, which can conflict with generally accepted standards. For example, the number of people per unit may be acceptable to the minority household, but is considered overcrowding by the City Housing Code.
- ▶ **Transportation** - Transportation is a problem because many minority individuals do not have vehicles, a driver's license or insurance.
- ▶ **Deposit/Down payment** - Many minority individuals do not have the savings to pay a rent deposit or to make a down payment.
- ▶ **Discrimination** - There are isolated cases of discrimination by landlords against minority households in the City of Faribault. Although discrimination does exist, minority households are also denied housing for legitimate reasons such as no credit, no references, etc.
- ▶ **Screening process** - Many landlords have a screening process that includes credit checks, criminal background checks, reference requirements, employment requirements, etc. It can be difficult for low income households to pass the screening process. Minority households often have additional hurdles in that some minority households have no established credit, have no references, may not have proper documentation to be in the country, etc.
- ▶ **Lack of large apartments** - Many minority households have large families that require three, four or five bedroom units. Large apartments are in short supply and are not meeting the demand.

- ▶ **Overcrowding** - With the lack of affordable housing and many minority households that are 'Hard to House' for the reasons stated in this section, many households are forced to double-up which causes an overcrowded, often unhealthy living environment.
- ▶ **Integration into the neighborhoods** - It appears that most of the minority households continue to live together in various enclaves: Downtown, Mobile Home Parks, etc. Integration into the city's neighborhoods has been limited, although, it continues to improve.
- ▶ **Rent Burden** - According to the 2010 Census, over 45% of the renter households in Faribault are paying more than 30% of their income for housing. This is considered a rent burden. It is assumed that many of the households are minority households.
- ▶ **Housing Choice Voucher Waiting List** - The Housing Choice Voucher Program has a waiting list of approximately 700 households.
- ▶ **Low rates of home ownership** - According to the Census, home ownership rates among racial and ethnic minority households are lower than white households. The home ownership rates in 2010 were:

White -	71.0%
Black -	11.7%
Hispanic -	58.0%
Asian -	37.7%
Native American -	50.0%

Strategies in Securing Housing

In the 2005 Study, housing strategies were identified. Some of the proposed strategies were adopted and implemented over the past several years. Listed below is updated information on the strategies identified in the 2005 Study as well as new strategies that are proposed to address the housing needs of the racial and ethnic minority population.

- ▶ **Recognizing the impact the ethnic and racial minority population has on the housing market** - To address the needs of the minority population, it must be recognized the impact the minority population has on the overall needs of the city. Often the minority population is low income, younger in age, need larger units based on family size and are often immigrants from distant locations.
- ▶ **Involvement in the Emerging Markets Homeownership Initiative (EMHI)** - The Minnesota Housing Finance Agency has established an initiative to increase home ownership among minority households in out state Minnesota, thus, EMHI has formulated programs and policies to address this goal. Three Rivers Community Action, Inc. is administering these programs in Rice County and have hired a coordinator to work with communities. Three Rivers Community Action, Inc., has provided downpayment assistance to approximately 160 households.
- ▶ **Diversity Coalition** - The Diversity Coalition was established to address the needs of the racial and ethnic population in Faribault. The Diversity Coalition has been a valuable asset and must continue to address the needs of the minority population, however, the Welcome Center is no longer in operation due to a lack of funding.
- ▶ **Employer Involvement** - Employer involvement in housing continues to be limited. Jennie-O Turkey Store does have employee liaisons that assist employees with a variety of needs and problems. Employers should be encouraged to take an active role in housing initiatives that address the housing needs of the minority population.
- ▶ **Renter Education Programs** - One of the major barriers for the racial and ethnic minority population is the inability to pass the screening process. As a result, some minority households are in the 'Hard to House' category. Three Rivers Community Action, Inc., is developing a Renter Education Program.
- ▶ **Faribault Somali Community Services/Leadership among the minority populations** - The racial and ethnic minority populations must continue to develop strong leadership to develop self help strategies and

to work with agencies and governmental jurisdictions to address the housing needs of the minority population. Faribault Somali Community Services has been established to provide leadership and to assist the Somali population with a variety of services and programs.

- ▶ **Financial institutions** - The financial institutions play a vital role in the minority population's opportunity to own a home. Several financial institutions now have minority employees to assist the minority population and the financial institutions are addressing the minority population's financial needs. Relationships should be developed with financial institutions that have Islamic lending programs.
- ▶ **Continue to enforce housing and anti-discrimination laws and ordinances** - The Rental Registration Program, the Mobile Home Time of Sale Inspection Program, and anti-discrimination ordinances and laws should continue to be enforced. These ordinances and laws assure that minimum standards are being met and that minority populations are protected from discrimination.
- ▶ **Develop three, four and five-bedroom rental units** - Large minority households have difficulty finding a rental unit large enough for their families. The need exists to develop rental units with three, four and five bedrooms. The Tax Credit Program, leveraged with other funding sources, could be utilized to develop large rental units.
- ▶ **Mobile Home Programs** - The city has established several programs including the Downpayment Assistance Program, Operation Safe Mobile Home Park and the Time of Sale Inspection Program. To the extent possible these Programs should continue.
- ▶ **Community education** - The Faribault Somali Community Services, Diversity Coalition, the schools, the media and employers should continue to educate the community at every opportunity about diversity and our minority populations. Education usually results in more tolerance and understanding. Conversely, the minority population must continue to educate themselves about Faribault and integrate into the community.
- ▶ **English-speaking classes** - English-speaking classes are offered and minority individuals should continue to take advantage of these classes.
- ▶ **Training & Education** - Employers should provide training and minority individuals should take advantage of this training and also seek other education. Training and education usually results in a better job which means a higher income. A higher income can solve many problems including housing needs.

- ▶ **Transit System** - Three Rivers Community Action, Inc., should continue to work with the minority populations to determine if the city's transit system can better meet their transportation needs.
- ▶ **Work with landlords that provide housing for the minority populations** - A number of landlords are providing housing for the minority populations. The city, HRA or an area housing agency should meet and communicate with these landlords to address their concerns and determine how the city can work with the landlords to better address the minority population's housing needs.
- ▶ **Home ownership programs** - Several minority households have expressed an interest in gaining knowledge on how to purchase homes and what programs may be available to assist them in attaining home ownership. Minority households should be encouraged to attend Home Stretch Classes and to work with the Emerging Market programs offered by Three Rivers Community Action, Inc.
- ▶ **Homeless Prevention Funds** - Three Rivers Community Action, Inc. has several programs that assist low income households that are facing homelessness. The programs provide funding for utility bills, deposits, etc. Unfortunately, these funds are limited. It is necessary to keep these programs funded to prevent homelessness.
- ▶ **Study Recommendations** - Finally, it should be noted that all of the recommendations included in this study also pertain to the minority populations.