

# Downtown Faribault Housing Analysis

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# Introduction

As part of the Rice County Housing Study, Community Partners Research, Inc. analyzed housing in downtown Faribault. This analysis will assist with developing housing strategies, programs and projects to improve the quantity and quality of housing in the city’s downtown area.

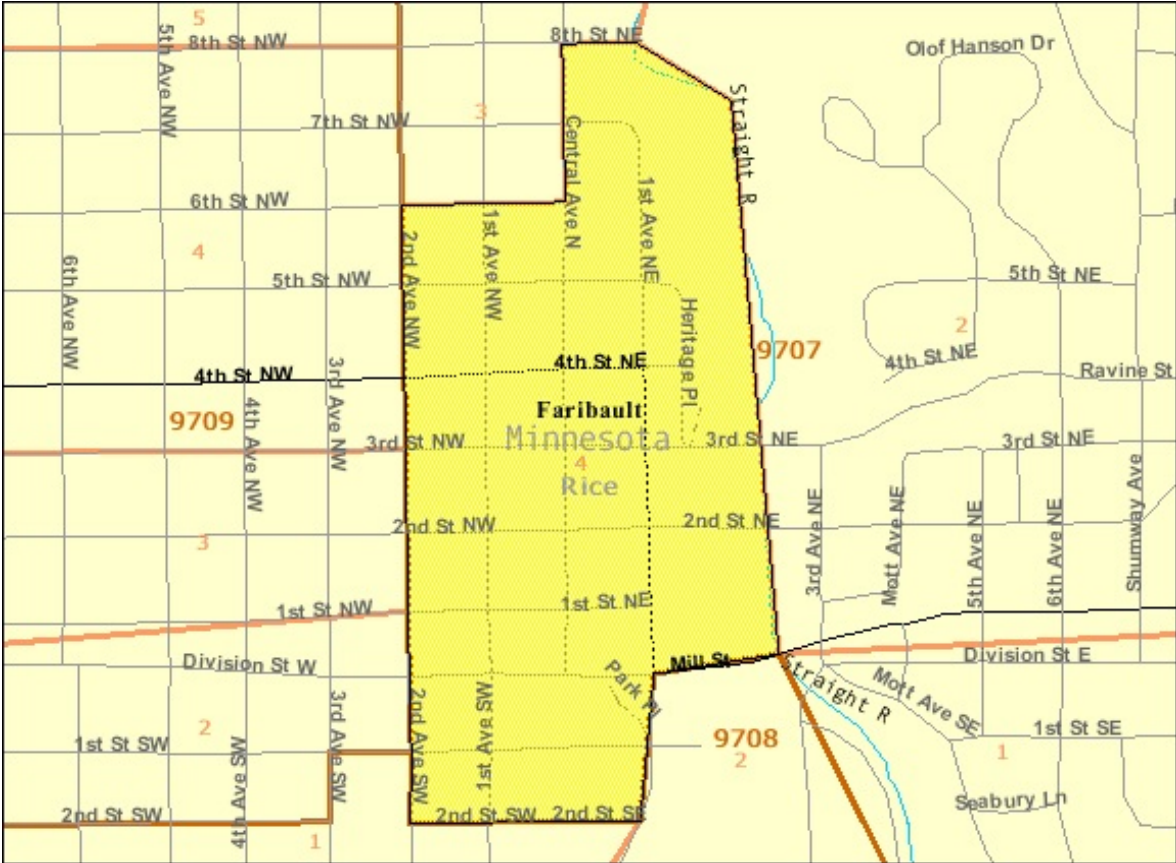
The analysis includes:

- ▶ Demographic Data
- ▶ Housing Condition Analysis
- ▶ Rental Housing Inventory
- ▶ Observations
- ▶ Recommendations
- ▶ Plan of Action/Timeline



# **Demographic Overview**

# Downtown Faribault Demographic Data



The U.S. Census Bureau has collected data in the decennial Census for an area that encompasses much of downtown Faribault. This area is defined as Block Group 4, Census Tract 9707. The map above depicts the specific Census Bureau boundaries. While this area may not include all of the blocks that may be viewed as downtown Faribault, it does provide access to detailed demographic information, dating back to at least 1990.

In the pages that follow, different demographic tables have been presented showing the area in 2010, along with comparisons to previous decades.

## Population, Households and Average Household Size

Using the Census Bureau information, the downtown area can be examined for basic demographic trends over the last 20 years.

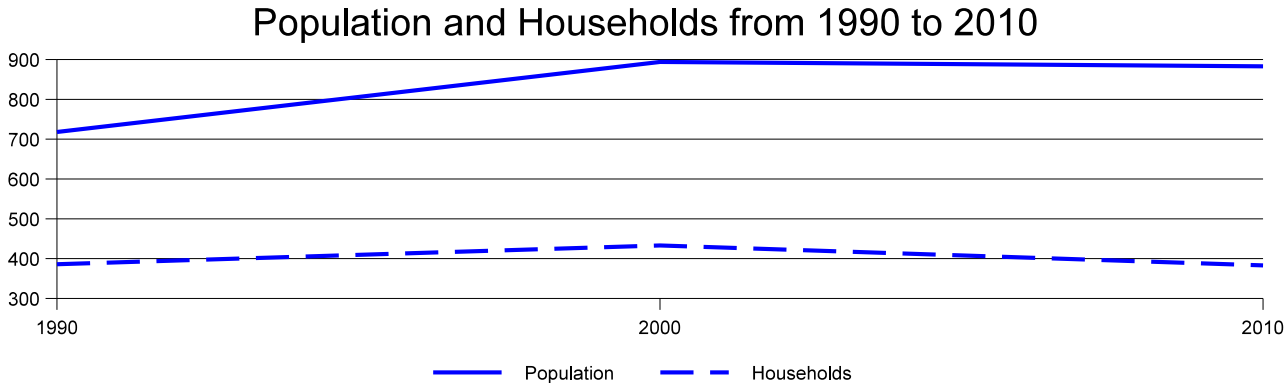
<b>Table 1 Basic Demographic Trends - 1990 to 2010</b>					
	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Population	718	894	24.5%	883	-1.2%
Households	386	433	12.2%	383	-11.5%
Average Household Size	1.76	1.88	6.8%	2.18	16.0%

Source: U.S. Census

The downtown Faribault Block Group area had a total population of 883 people at the time of the 2010 Census. This population level remained relatively stable over the last decade. The downtown population had increased by nearly 25% in the 1990s, but this rapid rate of growth was not sustained in the following decade.

The number of households also peaked in the year 2000, but has since declined by nearly 12%. The household count in 2010, at 383 households, is almost identical to the level that existed in 1990.

Over the past two decades, the average household size in the downtown area has continued to grow larger. In 1990, the average household living downtown had only 1.76 household members. By 2010, the average household size had increased to 2.18 persons per household. Although there has been an upward trend in the household size in the downtown, the average household size was still well below the citywide average of 2.50 in 2010.



## Racial and Ethnic Populations

The release of 2010 Census information allows for a comparison of changes over the past 20 years in the racial and ethnic populations living downtown.

<b>Table 2 Racial/Ethnic Population Trends - 1990 to 2010</b>					
	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Race					
White	639	765	19.7%	632	-17.4%
Black/African American	0	41	N/A	149	263.4%
Native American	5	7	28.6%	16	128.6%
Asian/Pacific Islander	59	28	-52.5%	10	-64.3%
Other Race/Two or More Races	15	53	253.3%	76	43.4%
Total All Races	718	894	24.5%	883	-1.2%
Ethnicity					
Hispanic/Latino	49	169	244.9%	160	-5.6%
Not Hispanic/Latino	669	725	8.4%	723	-0.3%
Total Ethnicity	718	894	24.5%	883	-1.2%

Source: U.S. Census

Over the last decade, the racial mix of the downtown area changed substantially, despite almost no change in the total population level. Between 2000 and 2010, the number of people listing “White” as their race decreased by more than 130 people, while the non-White population increased by more than 120 people. Although the White population in 2010 is smaller than in the year 2000, it is almost identical to the White population that was present in 1990.

Most of the racial minority growth was due to an increase of Black/African American populations. At the time of the 1990 Census, there were no downtown residents listing Black/African American as their race. By 2010, there were nearly 150 residents downtown.

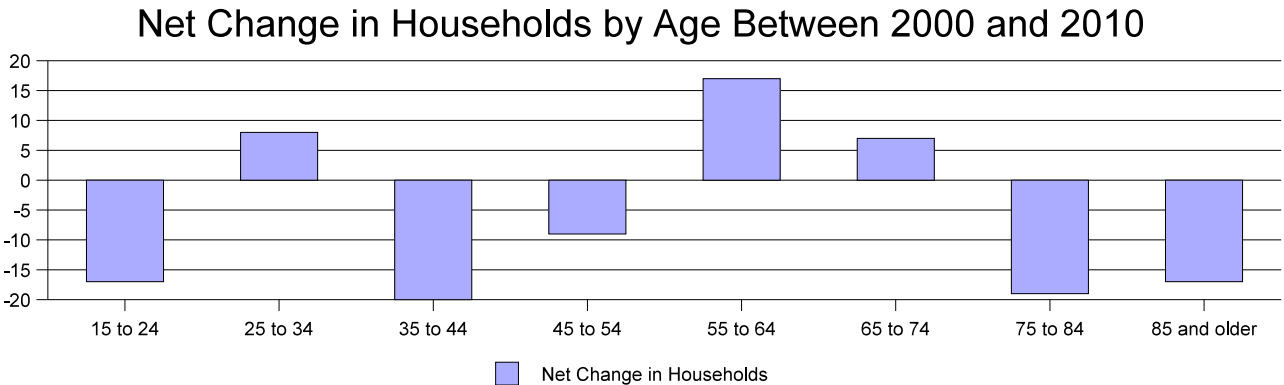
There was almost no change in the Hispanic/Latino ethnicity of downtown residents over the last decade. However, over a longer time period, dating back to 1990, there has been a substantial increase in the number of Hispanic/Latino residents. In the 1990s there was a large increase in the Hispanic/Latino population living downtown, but this pattern did not continue into the 2000s.

## Households by Age of Householder

The following table examines age patterns over the past 10 years for households living downtown.

<b>Table 3 Downtown Households by Age: 2000 to 2010</b>			
Age of Householder	2000 Census	2010 Census	Change
15 to 24	69	52	-17 / -24.6%
25 to 34	78	86	8 / 10.3%
35 to 44	82	62	-20 / -24.4%
45 to 54	67	58	-9 / -13.4%
55 to 64	36	53	17 / 47.2%
65 to 74	29	36	7 / 24.1%
75 to 84	46	27	-19 / -41.3%
85 and older	26	9	-17 / -65.4%
Total	433	383	-50 / -11.5%

Source: U.S. Census



With an overall decline in the number of households living downtown, most of the 10-year age groups also had a net loss of households. There was an especially large decrease in older senior households, age 75 and older. These older senior age ranges had a net decrease of 36 households.

There was also a net loss of younger adult households, age 44 and younger. There was an overall increase in adult households in the age groups between 55 and 74 years old.

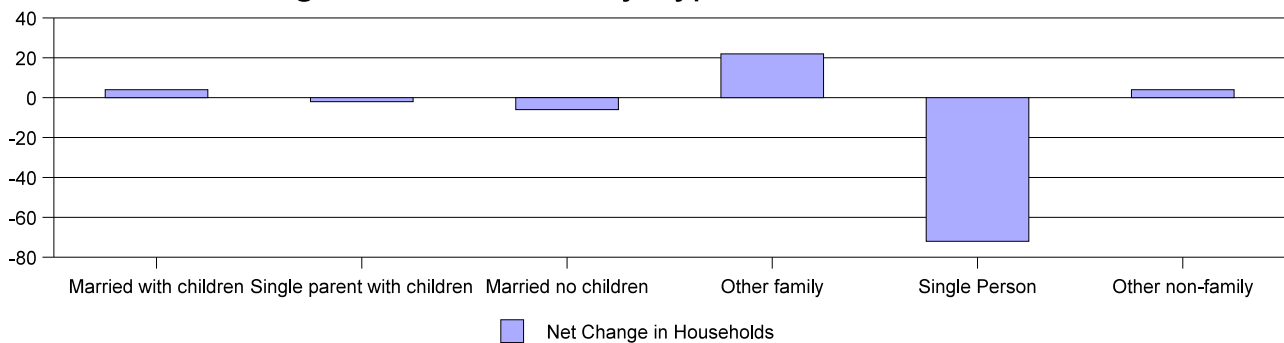
## Trends in Household Composition

The following table examines household composition patterns over the past 10 years for households living downtown.

<b>Table 4 Downtown Household Composition: 2000 to 2010</b>			
	2000	2010	Change
Family Households			
Married Couple with related children	31	35	12.9%
Single Parent with related children	54	52	-3.7%
Married Couple w/o related children	46	40	-13.0%
Family Householder no spouse w/o related children	14	36	157.1%
<b>Total Families</b>	<b>145</b>	<b>163</b>	<b>12.4%</b>
Non-Family Households			
Single Person	241	169	-29.9%
Two or more persons	47	51	8.5%
<b>Total Non-Families</b>	<b>288</b>	<b>220</b>	<b>-23.6%</b>

Source: U.S. Census

**Net Change in Households by Type Between 2000 and 2010**



There was a fairly large decrease in the total number of households living in the downtown area between 2000 and 2010. This was due to a decrease in non-family households. Over the decade, the downtown area lost more than 70 one-person households. There was a minor increase in non-family households with two or more household members.

There was a minor increase in the number of families, due to family households that had a single householder, with a related family member that was not a child. For example, a single householder with an adult child, or living with another related adult would be defined as a family household.



## Households by Size

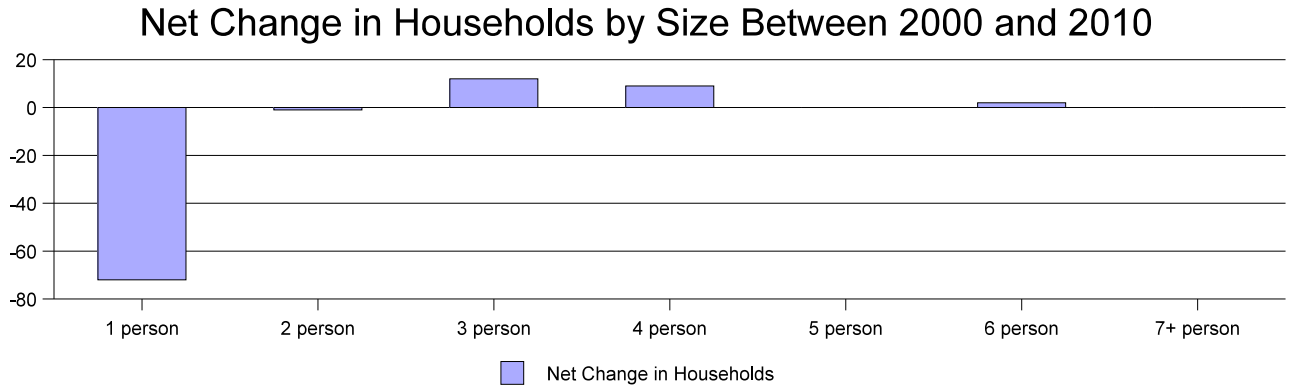
The following table examines patterns in the size of households living downtown over the past 10 years.

<b>Table 5 Downtown Households by Size: 2000 to 2010</b>			
	2000 Census	2010 Census	Change
1-Person	241	169	-29.9%
2-Person	100	99	-1.0%
3-Person	41	53	29.3%
4-Person	27	36	33.3%
5-Person	12	12	0%
6-Person	6	8	33.3%
7+Person	6	6	0%
Total	433	383	-11.5%

Source: U.S. Census

Most of the net change in households living downtown was caused by a large reduction in one-person households. In 2000, there were 241 people living alone. By 2010, this number had decreased to 169 households. Household size can be directly impacted by housing choices. However, the reduction of one person households cannot be directly attributed to any identified change in the housing stock, such as a substantial reduction of one-bedroom units.

While some changes occurred in other household sizes, many were relatively stable over the decade. Almost no change occurred among larger households, with five or more household members. However, there was some increase in three-person and four-person households.



## Housing Tenure

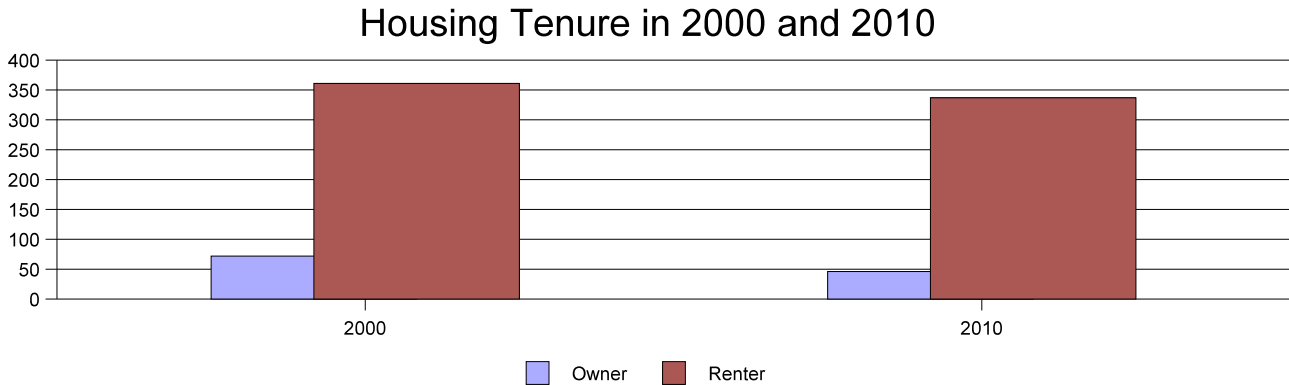
The following table examines patterns in housing tenure for households living downtown over the past 10 years.

<b>Table 6 Downtown Households by Tenure: 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Owner	72	46	-26 / -36.1%
Renter	361	337	-24 / -6.6%
Total	433	383	-50 / -11.5%

Source: U.S. Census

Approximately half of the decrease in downtown households was due to a reduction in owner-occupants. Between 2000 and 2010, there was a net reduction of 26 home owners. Since there are relatively few owner-occupants living downtown, this represented a reduction of more than 36%.

There was also a reduction of renter households, but the net decrease was less than 7%.



## Housing Units by Occupancy Status

The following table examines patterns in housing occupancy for households living downtown over the past 10 years.

<b>Table 7 Downtown Housing Unit Occupancy Status: 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Owner-occupied	72	46	-26
Renter-occupied	361	337	-24
For rent	9	43	34
For sale	3	4	1
Rented or sold but not occupied	1	3	2
Seasonal/Recreational	2	2	0
Other vacant	3	8	5
<b>Total</b>	<b>451</b>	<b>443</b>	<b>-8</b>

Source: U.S. Census

Although there was a reduction in occupied housing units in the downtown area between 2000 and 2010, this was primarily due to an increase in vacancies, not a reduction of available housing. According to the 2010 Census, the actual number of housing units in the downtown area only decreased by eight units over the last decade. However, the number of unoccupied units increased from 18 units in 2000 to 60 units in 2010. Most of this increase was due to vacancies in available rental housing.

### **Tenure Patterns by Race/Ethnicity in 2010**

The 2010 Census does provide information on housing tenure by race and ethnicity. The following table examines the patterns for Households that are White and non-Hispanic/Latino, compared to other races that are non-Hispanic/Latino, and to Hispanic/Latino households of any race, including White.

<b>Table 8 Downtown Households by Tenure, Race and Ethnicity: 2010</b>			
	Owner	Renter	Total
White and not Hispanic/Latino	44	248	292
Race other than White and not Hispanic/Latino	0	47	47
Hispanic/Latino of any race	2	42	44
Total	46	337	383

Source: U.S. Census

Most households living in the downtown area rent their housing unit. Nearly all of the racial and ethnic minority households rent their housing. At the time of the 2010 Census, only two Hispanic/Latino households owned their unit, and no racial minority households were home owners in the downtown area.

Most of the White, non-Hispanic/Latino households were also renters, but approximately 15% of these households did own their unit.

**Downtown Faribault  
Housing Unit and Condition Inventory**

# Downtown Faribault Housing Unit and Condition Inventory



The Downtown Faribault Map is further defined by block. Community Partner’s Research, Inc., has assigned a number to each block. We researched each block to determine how many rental units and buildings are on each block, the condition of the units and whether the units are affordable (low/moderate income), market rate or subsidized.

In addition to assigning a number to each block, we have for reference, stated a well-known business on each block. The following inventory for each block includes the number of buildings with rental units, the number of rental units, the condition of the units and the type of units.

<b>Faribault Downtown Rental Inventory</b>			
<b>Block</b>	<b>Number of units/buildings</b>	<b>Unit Condition</b>	<b>Unit Type</b>
Block 1 Wells Fargo	1 unit/1 building	1 - standard	1 - market rate
Block 2 Faribault Daily News	5 units/3 buildings	3 - minor rehab 2 - major rehab	4 - affordable 1 - market rate
Block 3 Faribault Air Conditioning	1 unit/1 building	1 - major rehab	1 - affordable
Block 4 Trails Edge Apartments	50 units/1 building	50 - standard	50 - market rate
Block 5 Basilleo's	1 unit/1 building	1 - standard	1 - market rate
Block 6 State Bank	7 units/2 buildings	7 - standard	7 - market rate
Block 7 Faribault Hotel	38 units/4 buildings	3 - standard 35 - minor rehab	35 - affordable 3 - market rate
Block 8 Brazil's Barber Shop	8 units/4 buildings	4 - standard 4 - major rehab	4 affordable 4 market rate
Block 9 Cheese Cave	41 units/9 buildings	7 - standard 3 - minor rehab 31 - major rehab	34 - affordable 7 market rate
Block 10 Paradise Center	19 units/6 buildings	7 - minor rehab 12 - major rehab	19 - affordable
Block 11 City Hall	4 units/1 building	4 - minor rehab	4 affordable
Block 12 Vohs	14 units/10 buildings	3 - standard 4 - minor rehab 7 - major rehab	10 - affordable 4 - market rate
Block 13 Fette Electronics	13 units/8 buildings	2 - standard 4 - minor rehab 7 - major rehab	9 - affordable 4 - market rate
Block 14 Heritage Bluff	68 units/1 building	68 - standard	68 market rate
Block 15 Heritage Apts.	49 units/4 buildings	43 - standard 6 - minor rehab	6 - affordable 43 - market rate
Block 16 Burkartzmeyer	8 units/4 buildings	5 - standard 3 - minor rehab	4 - affordable 4 - market rate

<b>Faribault Downtown Rental Inventory</b>			
Block 17 Brunswick Hotel	23 units/3 buildings	6 - standard 1 - minor rehab 16 - major rehab	16 - affordable 7 - market rate
Block 18 Boston's	0 units/0 buildings	N/A	N/A
Block 19 Division to 1 <sup>st</sup> St. NW	17 units/3 buildings	17 - major rehab	17 - affordable
Block 20 Central Elderly Apts.	23 units/4 buildings	18 - standard 3 - minor rehab 2 - major rehab	18 - subsidized 5 - affordable
Block 21 Co-op	0 units/0 buildings	N/A	N/A
Block 22 Library	18 units/10 buildings	7 - standard 8 - minor rehab 3 - major rehab	7 - affordable 11 - market rate
Block 23 1 <sup>st</sup> St. S. to 2 <sup>nd</sup> St. S.	13 units/5 buildings	3 - standard 10 - minor rehab	6 - affordable 7 - market rate
Total	431 units 85 buildings	228 (52.9%) - standard 91 (21.1%) - minor rehab 112 (26%) - major rehab	18 ( 4.2%) - subsidized 189 (43.9%) - affordable 224 (51.9%) - market rate

Based on our survey and information we received from the Building Official, there are 431 rental units in 85 buildings in downtown Faribault. The condition and types of units are as follows:

- ▶ 228 units are in good condition
- ▶ 91 units need minor rehabilitation
- ▶ 112 units are in poor condition and need major rehabilitation
- ▶ Approximately 224 units are higher quality and considered market rate
- ▶ 189 units are considered affordable
- ▶ 18 units are senior/disabled subsidized



# **Rental Housing Inventory**

## **Downtown Rental Housing Inventory**

### **Total Unit Inventory**

According to the 2010 Census, the City of Faribault's Rental Registration Program and an inventory conducted by Community Partner's Research, Inc., downtown Faribault has a total of 431 rental units in 85 buildings.

### **Rental Housing Survey**

As part of this housing study, a survey was conducted of the rental units in downtown Faribault. Information was obtained on units that are in multi-family rental buildings and upper floors of commercial buildings.

A total of 284 of the estimated 431 rental units in downtown Faribault, or 65.9% of all units, were surveyed. The survey represents a significant portion of all rental property in downtown Faribault, and includes all of the larger rental properties.

The survey was conducted by Community Partners Research, Inc., in November and December, 2011.

The breakdown of the units surveyed is as follows:

- ▶ 266 general occupancy market rate units
- ▶ 18 subsidized units

### **Occupancy/Vacancy**

Overall, we found 11 vacancies in the 284 units we surveyed for a vacancy rate of 3.9%. Most of the managers and owners reported high occupancy rates.

**Unit Mix**

We obtained unit information on 262 of the units that we surveyed:

- ▶ 17 (6.5%) efficiency
- ▶ 103 (39.3%) one-bedroom
- ▶ 18 (6.9%) one-bedroom + den
- ▶ 112 (42.7%) two-bedroom
- ▶ 12 (4.6%) three-bedroom

**Rental Rates**

Based on the units contacted, the median rent ranges are as follows:

Efficiency	\$300-\$450
1 Bedroom	\$475-\$575
2 Bedroom	\$550-\$750
3 Bedroom	\$750-\$925

\* Please note that these are median rent ranges. There are units being rented for more and less than the median ranges. Also, most of the tenants pay electricity in addition to rent. Although, the payment of utilities varies greatly, from the tenant paying all utilities to the landlord paying all utilities.

**Tenant Mix**

Most of the property managers and owners reported that their tenants included singles, couples, seniors, families, etc.

Two property managers reported that their tenants were primarily seniors and one property manager reported a high percentage of young professionals.

Six managers/owners reported that their tenants were primarily racial/ethnic minority households.

# **Observations and Recommendations**

## Observations

Based on our research and analysis, we have made the following observations. Our recommendations on the following pages are partially based on these observations.

1. Downtown Faribault has many buildings that have been renovated and have very high quality housing and/or commercial space. There are also buildings that have not been maintained and are substandard or dilapidated. Redevelopment/renovations are contagious, as are blight and substandard conditions. The downtown has both.
2. Based on our rental survey, there is an ongoing demand for downtown housing units.
3. It is our opinion that there is a market for high end market rate housing downtown. Approximately 224 (51.8%) of the rental units in downtown Faribault are market rate, some of which are high quality units.
4. There are excellent recent examples of high quality upper floor renovations for both housing and commercial opportunities:
  - ▶ Fleckenstein Building
  - ▶ Bachrach Building
  - ▶ State Bank Block
  - ▶ Leader Building
  - ▶ Monte's Building
5. There are upper floor renovation/conversion opportunities downtown. In conducting our inventory, we found upper floors in buildings that are underutilized or are substandard and could be renovated to higher quality space.
6. The downtown is and will continue to be a mixed income, diverse community.
7. To be cost effective, it is important to take an innovative approach to downtown redevelopment such as removal of lot lines, a condo concept, cooperation/coordination between property owners, etc.
8. It is important to preserve what already exists downtown and to assist in assuring their success. Several building owners have made substantial investments into their buildings. It is important that these investments are successful, if we are to encourage future investment.

## Housing Recommendations for Downtown

1. Over the past 20 years, 170 rental units have been constructed in areas around downtown Faribault including Trails Edge, Heritage Bluff, Central Elderly and Park Central Apartments. Cardinal Pointe, a condo project with 50 units, has also been constructed near downtown. All of these projects have been very well received as there is a demand for housing in the downtown area. We recommend that the City of Faribault encourage the construction of new rental housing downtown and in areas surrounding the downtown. The first steps in the process are:
  - ▶ Identify potential sites
  - ▶ Encourage developers and area housing agencies to consider downtown sites for new housing
  - ▶ Consider a mixed-use (rental, commercial) building
  - ▶ Identify incentives to assist with housing development in the downtown area
  
2. Rehabilitate rental units in the downtown area that are substandard. Our housing condition analysis identified the following units that need rehabilitation:
  - ▶ Downtown Area
    - ▶ 91 units - minor rehab
    - ▶ 112 units - major rehab
  - ▶ Central Avenue Block only (Division to 6<sup>th</sup>)
    - ▶ 63 units - minor rehab
    - ▶ 78 units - major rehab

We recommend the rehabilitation of up to 40% of the substandard buildings in the downtown area over the next five years. Potential funding sources include the Minnesota Housing Finance Agency, the Minnesota Small Cities Development Program, the Section 42 Tax Credit Program and local funds.

3. Develop quality market rate units in upper floors of downtown buildings. Also, when feasible, renovate substandard housing on upper floors into quality market rate housing. There are several excellent examples of high quality housing units on the upper floors of downtown buildings. There is a market for high quality units. It is feasible that 20 high quality units could be developed over the next five years. There are also several opportunities downtown where several building owners work together to develop/renovate units on upper floors. Owners could share an elevator, mechanical systems, etc.

4. Encourage strict enforcement of the city's housing codes – Review the housing ordinance to assure it addresses downtown housing issues - Property owners are more willing to invest in their properties when they are assured that neighboring properties will be maintained to an acceptable standard.
5. Review the parking ordinance to determine if changes can be made to have a positive impact on tenants, customers and employees - The ordinance should be reviewed to assure that it addresses the needs of all downtown stakeholders and encourages downtown redevelopment.
6. Develop and implement a Facade Program to show immediate results and to create interest.
  - Example: \$50,000 – Total Program Dollars  
\$2,500 – Program dollars per project/ each program dollar must be matched with two private dollars

We recommend the immediate development and implementation of a Facade Program. The program could create interest and enthusiasm for future programs and projects. A \$50,000 Program could create an additional \$100,000 in private funds.

7. Apply for Section 42 Tax Credits to rehabilitate rental housing units - The Minnesota Housing Finance Agency awards tax credits semiannually to assist with the development or preservation of affordable rental units. Currently, projects that rehabilitate and preserve existing rental projects are a priority. There are several projects in downtown Faribault that may qualify for the Tax Credit Program.
8. Encourage development of three and four-bedroom units in the City of Faribault - In the 2012 housing study, we have recommended the development of 48 to 52 three and four-bedroom rental units. There are some large families living in downtown rental units that do not have an adequate number of bedrooms for their family size, thus, creating an overcrowding situation. These large families often do not have an alternative. The units downtown are the only option as some of the downtown units are affordable and some of the property owners do not have strict occupancy rules. The development of three and four-bedroom units would provide an alternative. These units could be developed in areas of the city that are close to schools, parks, etc. Also, the units could be constructed in phases and in several locations.

9. Property owner interviews/Building Inventory/Data Base - To successfully redevelop and revitalize the downtown, the first step is to meet with each property owner downtown to obtain information about their building and the property owner's future plans for the building. A data base should be created that has information on every downtown property. Information on each building should include at a minimum:
- ▶ Building owner
  - ▶ Building value
  - ▶ Building square footage
  - ▶ Building usage - commercial/housing
  - ▶ Number of housing units
  - ▶ Condition of the building
  - ▶ Building occupancy
  - ▶ Building potential for redevelopment, conversions, etc.
  - ▶ Building owner plans for the building
  - ▶ Potential coordination with adjacent properties
  - ▶ Building owners' comments on their block and the downtown



# **Plan of Action / Timeline**

## **Plan of Action / Timeline**

Following is a proposed Plan of Action and Timeline for the first year to undertake the downtown recommendations.

1. Interview downtown property owners and develop a data base which has information on each downtown building
  - ▶ August, 2012, through December, 2012
  
2. Develop a mini-plan for each downtown property and block and “potential” project list based on Inventory/Interviews. This may include:
  - ▶ Rental unit rehab
  - ▶ Upper floor conversions
  - ▶ Commercial rehab
  - ▶ Commercial building renovations
  - ▶ Public improvements
  - ▶ New construction
  - ▶ Building demolitions
  - ▶ May, 2012, through March, 2013
  
3. Identify funding sources
  - ▶ Financial institutions
  - ▶ Property owner funds
  - ▶ City funds (program income from previous programs/sale of Trails Edge, revolving loan funds, etc.)
  - ▶ Minnesota Small Cities Development Program
  - ▶ Minnesota Housing Rental Rehabilitation Program
  - ▶ Federal Home Loan Bank Funds
  - ▶ Tax Increment Financing
  - ▶ Section 42 Tax Credit Program
  - ▶ Historic Tax Credits
  - ▶ Special Taxing District
  - ▶ Minnesota Historical Society
  - ▶ August, 2012, through June, 2013
  
4. Work with stakeholders to identify roles, secure funding, to coordinate funds and to develop and implement programs
  - ▶ Property owners
  - ▶ Financial Institutions

- ▶ Faribault Main Street
  - ▶ Chamber of Commerce
  - ▶ Faribault HRA
  - ▶ Rice County HRA
  - ▶ City of Faribault Community Development Department
  - ▶ Three Rivers Community Action, Inc.
  - ▶ Southwest Minnesota Housing Partnership
  - ▶ Faribault Economic Development Authority
- ▶ August, 2012 - ongoing

5. Develop and Implement a Facade Program

- ▶ August, 2012, through June, 2013

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