HRA REGULAR MEETING – AGENDA

Meeting Date: April 24, 2018
Immediately following the regular Rice County Board meeting
Meeting Location: Commissioner’s Room / Government Services Building

I. Call to Order
   1. Roll Call

II. Action Items
   1. Minutes
   2. Payment Standards

III. Program Reports & Updates
   1. Housing Study First Draft
   2. Demographic Report
   3. Quarterly Report

IV. Other
   1. Litigation Discussion (CLOSED SESSION) (Pursuant to Minn. Stat. 13D.05, Subd 3(b))
   2. Amended Loan Agreement M.O.E Craft Company LLC (d/b/a F-Town Brewing Company)

V. Adjourn

SPECIAL NEEDS: If you require special services to attend or participate in a public meeting, please call the County’s Administration Office at 507.332.6101 or e-mail slangevin@co.rice.mn.us. TDD users can call 507.332.6248. Please call 24 hours before the meeting, if possible.
I. Call to Order

1. Roll Call - The meeting was called to order by Commissioner Bauer, Chairperson. Members present were: Bauer, Miller, Malecha, Docken. Gillen and Tjosaas were absent.

II. HRA Action Items

1. Motion by Malecha, seconded by Docken, Election of Officers

RESULT: Approved [Unanimous]
AYES: Malecha, Miller, Bauer, Docken
ABSENT: Gillen, Tjosaas

Commissioner Bauer: Chair
Commissioner Malecha: Vice Chair
Commissioner Miller: Secretary

2. Motion by Malecha, seconded by Docken, 10/24/17, 11/14/17, 12/12/17 Minutes

RESULT: Approved [Unanimous]
AYES: Malecha, Miller, Bauer, Docken
ABSENT: Gillen, Tjosaas

III. HRA Reports

1. Quarterly and Year End Report

IV. Adjourn

Approved 4-0 to adjourn.

Approved by the Rice County Board of Commissioners this ___ day of _________, 2017.

RICE COUNTY HRA BOARD OF

COMMISSIONERS

___________________________
Steve Bauer, Chairperson

ATTEST:

___________________________
Sara Folsted, County Administrator
I. Call to Order

1. Roll Call - The meeting was called to order by Commissioner Steve Bauer, Chairperson at 9:00 a.m. Members present were: Bauer, Gillen, Malecha, Docken, and Miller. Tjosaas was absent.

II. Public Hearings

1. Public Hearing: Resolution #18-01 Conveyance of Land Pursuant to Minnesota Statute §469.029

2. Motion by Malecha, seconded by Docken, To adopt RESOLUTION #18-01 CONVEYANCE OF LAND PURSUANT TO MINNESOTA STATUTE §469.029

RESULT: Adopted [Unanimous]
AYES: Gillen, Malecha, Miller, Bauer, Docken
ABSENT: Tjosaas

III. Adjourn

1. Motion by Bauer, seconded by Malecha, Motion to Adjourn - Committee Meeting at 9:06 AM

RESULT: Adopted [Unanimous]
AYES: Gillen, Malecha, Miller, Bauer, Docken
ABSENT: Tjosaas

Approved by the Rice County Board of Commissioners this ___ day of __________, 2017.

RICE COUNTY HRA BOARD OF COMMISSIONERS

___________________________
Steve Bauer, Chairperson

ATTEST:

___________________________
Sara Folsted, County Administrator
Memo

To: Rice County Housing & Redevelopment Authority (RCHRA)
From: Joy Watson, Executive Director
Date: April 24, 2018
Item #: II-2: Payment Standards

BACKGROUND -

Each year, the Department of Housing and Urban Development (HUD) sets fair market rent for each housing authority; fair market rent is the average cost of rent and utilities combined. The HRA is required to set local payment standards within 90% and 110% of the fair market rent for each bedroom size. Fair market rents are effective October 1st of each year.

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>2017 Payment Standard</th>
<th>2018 Fair Market Rent</th>
<th>90% of 2018 FMR</th>
<th>110% of 2018 FMR</th>
<th>2018 proposed payment standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>$1415</td>
<td>$1256</td>
<td>$1130</td>
<td>$1381</td>
<td>$1381</td>
</tr>
</tbody>
</table>

ACTION REQUESTED

The HRA is requesting that the HRA board approve the updated payment standards effective October 1, 2017.
Memo

To: Rice County Housing & Redevelopment Authority
From: Joy Watson, Executive Director
Date: April 24, 2018
Item # III-1 Housing Study First Draft

BACKGROUND -

The HRA entered into a contract with Widseth Smith Nolting to update the HRA’s housing study, which will provide a comprehensive picture of state of housing in Rice County, as well as projections and recommendations for the next several years. Widseth Smith Nolting will be presenting information on their initial findings.
COMPREHENSIVE HOUSING STUDY:
RICE COUNTY AND IDENTIFIED SUB-MARKETS

2018
April 11, 2018

Ms. Joy Watson
Rice County Housing and Redevelopment Authority (HRA)
320 NW 3rd Street
Faribault, MN 55021

Dear Ms. Watson:

Attached is the Comprehensive Housing Study for Rice County, Minnesota conducted by Widseth Smith Nolting & Associates. The study and needs assessment projects housing demand now and in the next five, ten, and fifteen years, and provides recommendations on the type of housing that could be built in Rice County to satisfy demand from residents through 2033.

The study identifies a potential demand for approximately ____ new housing units through 2033. The greatest gaps in available housing given the age demographics that will make up the greatest percentage of the population over the next 15 years, is _____ housing. At current construction levels, the existing supply is ______ to meet the demand for the projected ____ percent growth by 2033. The greatest loss in population is the ________ generation (between the ages of ______ years old) with a _____ of ____ percent projected by 2033 in just the age cohort of ______ years old.

Based on our findings, demand was identified for _______. The Recommendations section at the end of the report has more information and suggestions for correcting the housing imbalances currently in place.

Rice County is a great County and we have enjoyed researching and assisting the HRA to make insightful decisions that meet your housing needs and goals. If you have any questions or need additional information, please contact us.

Sincerely,

WIDSETH SMITH NOLTING & ASSOCIATES

Logan Tjossem
Senior Planner

Craig Britton, PE
Vice President

Planning | Engineering | Architecture | Environmental
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Executive Summary

Purpose Statement
Rice County, MN has contracted with Widseth Smith Nolting & Associates (WSN) to conduct a Comprehensive Housing Study. The Housing Study provides the decision makers, stakeholders, and community members with a meaningful sense of the current housing needs and priorities. The result will identify current and future needs, a recommended housing mix, and the suggested amount and types of housing that could be developed to meet the identified needs of Rice County for the next five, ten and fifteen years.

Scope of Work
The scope of this study comprises present data and future projections including: an analysis of the existing employment, income, population, demographic, and economic characteristics of households living in the community and expected changes in the next five, ten, and fifteen years. This data will be analyzed to determine the nature and extent of housing demands in the county. Recommendations are supported by available data and market participant interviews to help Rice County identify what type of housing is needed as well as what type of housing the community can support. Recommendations and suggestions will also include programs for development and redevelopment on the number and types of housing that could be considered as well as any incentives that may or may not be helpful to accomplish the needs of the County.

About Rice County
Rice County is in Southern Minnesota just 50 miles south of the Minneapolis and St. Paul metropolitan area. The County encompasses an area of 516 square miles and contains 7 cities and 14 townships. According to the 2010 Census, the two largest cities in Rice County are Faribault with a population of 23,352, and Northfield with a population of 20,007. The cities of Faribault and Northfield comprise slightly less than half of the County's total taxable value. Rice County has a total population of 2016 estimated population of 65,607, with a share of only 1.2% of the state’s population.

When the first Minnesota territorial legislature met in 1849 white settlers were already in what is known today as Rice County. The land that became Faribault was home to an active trading post. Rice County was officially organized on March 5, 1853, and was modified as other counties were created over the years. The first town to be settled was Dundas in 1852, followed by Bridgewater Township, Faribault and Webster Township in 1853. In 1854 the communities of Cannon City, Northfield, Richland and Warsaw were settled. The biggest year for settlement was 1855 with Erin, Millersburg, Morristown, Shieldsville and Wheatland. In 1856 Nerstrand and Walcott were added, followed in 1869 by Lonsdale.

Today the seven cities include Dennison, Dundas, Faribault, Lonsdale, Morristown, Nerstrand, and Northfield. The 14 townships are Bridgewater, Cannon City, Erin, Forest, Morristown, Northfield, Richland, Shieldsville, Walcott, Warsaw, Webster, Wells, Wheatland, and Wheeling.

Rice County is home to agriculture and industry. Faribault historically has been and is still known for its woolen products, as well as its garden and nursery industry. One of the largest indoor farms in the world is in Faribault. Northfield is known for its business school and typically has a population of about 5,000 college students. It is famous for the 1876 Jesse James gang bank robbery at First National Bank. Smaller communities like Lonsdale and Dundas are starting to grow after years of decline (between 2000 and 2010 their populations spiked by 146% and 150% respectively).

Existing Housing Stock

TEXT
Housing Issues

Economic Conditions

 Recommendations
Market Area

Definition of Market Area
The Market Area for housing in Rice County is defined based on

Market Area Boundary
The Market Area Boundary
Existing Housing Stock
Communities that offer a variety of housing options are more attractive to prospective new residents. Housing is the basis for building quality communities, which is why it is important to focus on providing a supply of housing that is both affordable and in good condition. We reviewed numerous data sources to determine occupancy, housing type, property values, rental prices, age and condition, vacancy rates, affordable housing availability, and overcrowding. A breakdown at the County level and by each of the seven cities is provided.

Occupancy Status
Rice County has a total of 24,564 housing units. There are 16,795 owner occupied units and 5,869 units occupied by renters (See Table 1). Faribault has the largest share of the county’s housing units with a total of 8,905 units of which 62 percent are owner occupied. This is significantly lower than the county average of 74 percent owner occupied units.

The remaining six incorporated cities within Rice County have a diverse breakdown of occupancy status ranging from 62 percent to 83 percent owner occupied housing units (See Table 2). The one city that does not follow this trend is Nerstrand with 97 percent owner occupied housing units. Northfield has the lowest number of owner occupied units at 62 percent. Data from the 2016 American Community Survey only estimates one rental occupied housing unit within the city limits.
**Housing Type**

The primary housing type in Rice County is the single family detached dwelling. There is a total of 17,237 single family detached dwelling units located within the county, comprising 70 percent of the available housing types (See Table 3). The next largest type available is apartments with 10 or more units; however, they only make up 11 percent of the units. The municipalities are divided in the existing housing typologies available. Northfield provides the smallest share of detached single-family dwellings with only 52 percent of their housing stock. Faribault and Dundas only provide 63 and 69 percent of their housing stock in single family detached dwellings respectively; while Nerstrand has 98 percent single family detached dwellings. Dennison, Lonsdale, and Morristown are between 82 and 85 percent.

**Table 3: Rice County Housing Unit Type (2016 ACS Data)**

<table>
<thead>
<tr>
<th>HOUSING TYPE</th>
<th>Rice County</th>
<th>Faribault</th>
<th>Dennison</th>
<th>Dundas</th>
<th>Lonsdale</th>
<th>Morriston</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, detached</td>
<td>17237</td>
<td>5,625</td>
<td>53</td>
<td>380</td>
<td>1,134</td>
<td>234</td>
<td>119</td>
<td>3526</td>
</tr>
<tr>
<td>1, attached</td>
<td>1544</td>
<td>430</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1067</td>
</tr>
<tr>
<td>2 apartments</td>
<td>591</td>
<td>333</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>210</td>
</tr>
<tr>
<td>3 or 4 apartments</td>
<td>677</td>
<td>400</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>288</td>
</tr>
<tr>
<td>5 to 9 apartments</td>
<td>594</td>
<td>412</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>138</td>
</tr>
<tr>
<td>10 or more apartments</td>
<td>2790</td>
<td>1,215</td>
<td>0</td>
<td>0</td>
<td>88</td>
<td>0</td>
<td>0</td>
<td>1445</td>
</tr>
<tr>
<td>Mobile home or other type of housing</td>
<td>1131</td>
<td>480</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>46</td>
<td>2</td>
<td>239</td>
</tr>
</tbody>
</table>

**Table 4: Housing Unit Type (2016 ACS Data)**

**Age and Condition**

Building construction in Rice County has been steady since the 1950s, with an increase seen in almost every decade except from 1980 to 1989 when there was a drop in construction of new housing units by almost 300
units. Besides housing built prior to 1939, when 2,350 housing units were erected, Rice County saw the largest construction occur between 2000 and 2009 with 1,509 units (See Table 5). Within the last 8 years Rice County has seen a steady rise in construction rates each year since 2011, except for a minor drop in 2014 and 2016.

Faribault has had a similar building trend as Rice County with most units built prior to 1939 and the second greatest housing unit construction decade between 2000 and 2009. Dundas also saw a large building period from 2000 to 2009 with an almost 500% spike from 1990 to 1999. The city of Lonsdale saw the most construction from 2000 to 2009, meaning most of their housing units are likely in good condition. The majority of Dennison’s and Nerstrand’s housing units were constructed prior to 1939 with only 30 percent and 7 percent of their structures construction after 2000 respectively. Morristown and Northfield have had a steady housing construction cycle unit varying in age. Northfield had a boom between 2000 and 2009 in construction with an additional 1,597 housing units built (See Table 7). Lonsdale and Faribault were the cities with the largest share of new construction between 2010 and 2018.
Table 7: Age of Structure (2016 ACS Data)

Property Values
The average owner occupied property in Rice County is worth $184,400, a value that is slightly inflated by the average owner occupied property values in Northfield and Morristown. The remainder of the cities in Rice County average about $140,000 or $180,000. The City of Nerstrand has the lowest median property value of $133,500, followed by the city with the most housing units in Rice County, Faribault, at $138,500. Dennison has an average value of $142,500. A large jump occurs in values to $177,300 for Dundas, $180,500 in Lonsdale, and $192,600 in Morristown (See Table 8).

Table 8: Average Owner Occupied Home Value (2016 ACS Data)
Rental Prices
In Rice County half the rental units have a monthly cost of between $1,500 and $1,999. A very low percentage of units cost most than $2,000 (as seen in Table 9). The remainder of existing rental units has a monthly cost of less than $1,499 with 27 percent between $500 and $999. Faribault and Northfield have a similar rental unit cost breakdown with most units between $500 and $999 per month and the remaining percentage split primarily between rents of less than $500 and between $1,000 and $1,499 (See Table 9). The only city in Rice County with rental unit prices exceeding $3,000 is Northfield which as thirteen units at this price.

![Rental Costs for Rice County, Faribault, and Northfield](image)

Table 9: Rice County Northfield, and Faribault Rental Prices (2016 ACS Data)

Data showed none of the cities to have rental costs between $2,500 and $2,999. Lonsdale is the only city with rental units that cost less than $500 per month. Lonsdale and Dundas have a range of rental prices with median rent of $1,388 and $1,267 respectively. Nerstrand only shows one rental unit priced between $1,000 and $1,499. Dennison and Morristown have less than 20 occupied rental units each (See Table 10).
Vacancy Rates

The Rice County vacancy rate is average with 8 percent of housing units vacant. The cities of Dennison, Morristown, and Northfield reflect the county percentage, while Faribault and Lonsdale and slightly below. The cities of Dundas and Nerstrand have very low vacancy rates of only 3 and 2 percent respectively (See Table 11). Lonsdale and Dennison have a higher rental vacancy rate as compared to homeowner units.

Table 10: Rental Prices (2016 ACS Data)

Table 11: Vacancy Rates (2016 ACS Data)

Affordable Rental Unit Availability

Extremely low income is 30 percent of the area median income (AMI), while very low is 50 percent and low is 80 percent. Table 12 shows what 30, 50, and 80 percent AMI looks like for each community. According to the National Low Income Housing Coalition, 30 percent area median income (AMI) in Minnesota is $24,435 and for Rice County is $22,800. Estimated AMI for renters is $34,247 in Minnesota and $29,664 in Rice County. Affordable rent at 30
percent AMI in Rice County is $570 a month. Table 13 shows the affordable rents for each municipality based on an assumed 30 percent AMI household.

![Graph showing rent affordability by municipality]

**Table 12: Area Median Income and 30%, 50%, & 80% AMI (2016 ACS Data)**

<table>
<thead>
<tr>
<th>AMI (Median Household Income)</th>
<th>30% AMI</th>
<th>50% AMI</th>
<th>80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice County</td>
<td>$463</td>
<td>$379</td>
<td>$450</td>
</tr>
<tr>
<td>Faribault</td>
<td>$533</td>
<td>$518</td>
<td>$422</td>
</tr>
<tr>
<td>Dennison</td>
<td>$410</td>
<td>$422</td>
<td>$379</td>
</tr>
<tr>
<td>Dundas</td>
<td>$525</td>
<td>$550</td>
<td>$500</td>
</tr>
<tr>
<td>Lonsdale</td>
<td>$410</td>
<td>$422</td>
<td>$450</td>
</tr>
<tr>
<td>Morristown</td>
<td>$400</td>
<td>$410</td>
<td>$450</td>
</tr>
<tr>
<td>Nerstrand</td>
<td>$410</td>
<td>$422</td>
<td>$450</td>
</tr>
<tr>
<td>Northfield</td>
<td>$400</td>
<td>$410</td>
<td>$450</td>
</tr>
</tbody>
</table>

**Table 13: Monthly Rent Affordable to Households with 30% AMI (2016 ACS Data)**

Currently available affordable rental units in Faribault include the Alexander Apartments, Faribault Public Housing (208 1st Avenue NW), Greenwood Place, Halter I and II Apartments, Southgate Village, and Spring Court Apartments. The renters pay monthly rent or 30% of their gross monthly income or the listing described rent as based on income. Other apartments like the Town’s Edge Place accept Section 8 vouchers. Affordable assisted living/senior housing facilities include Golden Meadow Apartments, Park Central Apartments, and Robinwood Manor Apartments.

In Northfield, apartments with affordable options include Greenvale Place, Jefferson Square, Koester Court (provides low income and some elderly units), Northern Oaks Townhomes, North and South Oak, and Summerfield Apartments (accepts Section 8 vouchers). The assisted living/senior housing options in Northfield considered
affordable include Koester Court, Northfield Retirement Community, Park Ridge Apartments, Three Links Apartments, and Wellstone Apartments.

The remainder of the Rice County has fewer affordable options. In Morristown apartments with affordable rent include Country View Court, Landmark Square, Southside Apartments, and MGM Apartments. Morristown does not have any assisted or senior living facilities, but does have an apartment complex that reserves units for aging populations.

While these are affordable rental units listed in each of these communities, a search of apartments.com in April 2018 for rental units showed only 13 options available—one in Lonsdale, one in Northfield, and 12 in Faribault. None of the thirteen units offered affordable income options.

Overcrowding

The most common measure of overcrowding is persons-per-room in a dwelling unit. Table 14 shows the number of people per room according to 2016 ACS estimates. Overcrowding is more common in rental units and in urban areas rather than rural. Overcrowding according to a HUD study is more than 1.5 people-per-rooms. As the table below shows, the two cities with overcrowding are Faribault and Northfield with a combined 74 units that have more than 1.51 occupants per room. Dundas has a negligible amount with 2 housing units that meet the definition of overcrowding. All other cities have less than 1.5 occupants per room.

<table>
<thead>
<tr>
<th>Occupants Per Room (2016 ACS Data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Housing Units</td>
</tr>
<tr>
<td>Faribault</td>
</tr>
<tr>
<td>1.51 or more</td>
</tr>
<tr>
<td>1.01 to 1.5</td>
</tr>
<tr>
<td>1 or Less</td>
</tr>
</tbody>
</table>

While it is not impossible to find affordable units with more than 2 bedrooms, it is more likely to find one or two-bedroom units in apartments that offer rent at 30 percent of monthly income. This makes finding affordable rental units for residents with larger, non-traditional family structures difficult. During interviews with residents of Rice County, many Somali families stated they had households of 10-12 members. This creates overcrowding concerns when there is limited availability of four-bedroom rental units and no five or more-bedroom units.
Housing Issues

The purpose of a housing study is to pull out the current trends in the market and identify any housing issues. Once issues have been clearly identified, the proper policies and plans can be put into place to correct the existing issues. This may include updates to comprehensive plans, establishment of a jobs-housing balance policy, or creation of incentive programs to encourage construction of the missing or under supplied housing type.

Affordable Housing

Data provided by the National Low Income Housing Coalition shows Rice County is the third most expensive area in Minnesota for housing, ranked just behind Rochester and the Minneapolis-St. Paul-Bloomington area. The hourly wage required to afford a two-bedroom home in Rice County is $16.94, $7.44 over the minimum wage.

The percent of homes with a mortgage in Rice County is 67 percent. Of owner occupied units with a mortgage, the median monthly costs are $1,471. For the 33 percent of owners without a mortgage, the median monthly costs are $480. To avoid spending more than 30 percent of income on housing, owners with a mortgage in Rice County must have an annual household income of $58,840. The median household income of Rice County residents is $61,683 meaning many households spent less than 30 percent of their income on housing and therefore are not cost burdened. Cities with an Area Median Income that can support the median monthly cost of housing for owners with a mortgage include Dundas, Lonsdale, Morristown, and Nerstrand. The cities of Faribault, Dennison, and Northfield average a higher annual housing cost than 30 percent of the area median income (See Table 15).

<table>
<thead>
<tr>
<th>Median Annual Household Income</th>
<th>Rice County</th>
<th>Faribault</th>
<th>Dennison</th>
<th>Dundas</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>$61,683</td>
<td>$50,481</td>
<td>$60,000</td>
<td>$71,125</td>
<td>$69,081</td>
<td>$56,250</td>
<td>$70,000</td>
<td>$54,642</td>
<td></td>
</tr>
<tr>
<td>Median Yearly Housing Costs</td>
<td>$17,652</td>
<td>$15,276</td>
<td>$19,620</td>
<td>$18,000</td>
<td>$17,082</td>
<td>$12,876</td>
<td>$15,864</td>
<td>$18,300</td>
</tr>
<tr>
<td>30 Percent AMI</td>
<td>$18,505</td>
<td>$15,144</td>
<td>$18,000</td>
<td>$21,338</td>
<td>$20,724</td>
<td>$16,875</td>
<td>$21,000</td>
<td>$16,393</td>
</tr>
</tbody>
</table>

Table 15: Household Income and Annual Housing Costs (2016 ACS)

Affordable Rental Housing
The Department of Housing and Urban Development defines a cost burdened renter household as one that pays 30 percent or more of their income on gross rent. Renters paying more than 30 percent of their income on housing will have difficulty affording necessities such as food, clothing, transportation, and medical care. Affordable rent at 30 percent AMI in Rice County is $570 a month. The average renter household median monthly housing costs are $722. The approximate number of cost burdened households in Rice County is 80 percent. Cities with few options for rental housing are entirely cost burdened. The cities of Faribault and Lonsdale with more rental housing units have fewer, but still a higher percentage of cost burdened rental housing units between 78-79 percent. See Table 17: Affordability by Location and Percentage Area Median Income (2016 ACS Data) for rental costs and percentage of cost burdened households.

<table>
<thead>
<tr>
<th>Monthly Rental Prices</th>
<th>Rice County</th>
<th>Faribault</th>
<th>Dennison</th>
<th>Dundas</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $500</td>
<td>1,139</td>
<td>615</td>
<td>0</td>
<td>0</td>
<td>38</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$500 to $999</td>
<td>3,005</td>
<td>1,586</td>
<td>4</td>
<td>19</td>
<td>38</td>
<td>7</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>$1,000 or more</td>
<td>1,417</td>
<td>606</td>
<td>3</td>
<td>55</td>
<td>109</td>
<td>10</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>30% AMI Rent Affordability</td>
<td>$570 $379</td>
<td>$450</td>
<td>$533</td>
<td>$518</td>
<td>$422</td>
<td>$525</td>
<td>$452</td>
<td></td>
</tr>
</tbody>
</table>

Table 17: Affordability by Location and Percentage Area Median Income (2016 ACS Data)

Based on the above data, all cities within Rice County should make a concerted effort to increase their supply of affordable housing. Table 19 shows the federal programs available within Rice County and the number of properties within each program. The table does not account for state, local, or private properties that provide affordable housing. A search of available affordable housing units on HousingLink, an affordable rental housing website recommended by Minnesota Housing, returned a total of 14 entries—7 in Faribault and 6 in Northfield. Units ranged from 1 bedroom, 1 bathroom apartments to 3 bedrooms, 3 bathroom homes.

According to the Minnesota Department of Housing, a total of 11 projects have received housing tax credit awards (See Table 18). There have only been three projects affordable housing projects that used housing tax credits completed in the past ten years, all located in Northfield.

<table>
<thead>
<tr>
<th>Application Date</th>
<th>Property Name</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/25/1992</td>
<td>2 Rivers Apartments (fka Park Ave Apts)</td>
<td>Faribault</td>
</tr>
<tr>
<td>3/30/1992</td>
<td>Park Central Apartments</td>
<td>Faribault</td>
</tr>
<tr>
<td>9/9/1992</td>
<td>Spring Court</td>
<td>Faribault</td>
</tr>
<tr>
<td>3/29/1996</td>
<td>Village At Park Avenue</td>
<td>Faribault</td>
</tr>
<tr>
<td>6/12/2012</td>
<td>Prairiewood Townhomes</td>
<td>Faribault</td>
</tr>
<tr>
<td>3/25/1991</td>
<td>Sunshine Apartments</td>
<td>Morristown</td>
</tr>
<tr>
<td>6/17/2008</td>
<td>Jefferson Square</td>
<td>Northfield</td>
</tr>
<tr>
<td>3/28/1995</td>
<td>Parkway Townhomes</td>
<td>Northfield</td>
</tr>
<tr>
<td>4/6/2003</td>
<td>Summerfield Apartments</td>
<td>Northfield</td>
</tr>
<tr>
<td>1/31/2012</td>
<td>Spring Creek Townhomes</td>
<td>Northfield</td>
</tr>
<tr>
<td>6/18/2015</td>
<td>North &amp; South Oak Apartments</td>
<td>Northfield</td>
</tr>
</tbody>
</table>

Table 18: Year to Date Housing Tax Credit Projects in Rice County (MN Housing)
Table 19: Number of properties/complexes and respective housing units available through select federal programs (does not include state, local, or private properties and units)

<table>
<thead>
<tr>
<th>Program</th>
<th>Properties</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 202 Supportive Housing for the Elderly</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td>Project-Based Section 8</td>
<td>4</td>
<td>204</td>
</tr>
<tr>
<td>Low Income Housing Tax Credit</td>
<td>9</td>
<td>226</td>
</tr>
<tr>
<td>Section 515 Rural Rental Housing</td>
<td>4</td>
<td>74</td>
</tr>
<tr>
<td>Rural Development Rental Assistance</td>
<td>6</td>
<td>78</td>
</tr>
<tr>
<td>Public Housing</td>
<td>1</td>
<td>49</td>
</tr>
</tbody>
</table>

Workforce Housing
A subset of affordable housing is workforce housing which is defined by the Urban Land Institute as affordable to households earning between 60 and 100 percent of Area Median Income. Minnesota Housing has a workforce housing development program that targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funding is provided to build market rate residential rental properties in communities with proven job growth and demand for workforce rental housing. The program requires a community match of one dollar for every two dollars in funding secured.

Rice County has seen growth in the workforce between 2010 and 2016 and is expected to increase the number of civilian employed population 16 years and older by 3,975 people from the 2016 estimates. As shown in the anticipated employment trends to follow, the largest growth is expected in the educational services, and health care and social assistance sectors. Decline is expected in manufacturing and retail services. Morristown, Nerstrand, and Dennison were the only three cities to see decline in their workforce. A focus on workforce housing should be directed towards the two largest cities expected to see growth in the workforce—Faribault and Northfield. Workforce housing should be affordable to residents entering the educational services, health care, and social assistance sectors. According to the Minnesota Department of Employment and Economic Development, the 3rd quarter average wage in 2017 was $958 weekly. An affordable workforce housing unit on with this income would be no more than $1,245 per month on housing costs.

Senior and Assisted Living Options (Ryan)
There are 21 Comprehensive Home Care providers licensed with the Minnesota Department of Health. Only one is listed in Lonsdale, six in Northfield, and 14 in Faribault. There are 16 facilities licensed as Assisted Living Services with nine in Faribault and six in Northfield, and one in Lonsdale. Four of these facilities offer Dementia programs.

Special Needs Housing (Sarah)

Unit Size-Need for 4+ Bedrooms
Homes sizes have been steadily increasing every year. In 1973 the average home size in the Midwest was 1,616 square feet. By 2010 the average home size had increased to 2,265 square feet. The Census Highlights of Annual 2016 Characteristics of New Housing revealed of the 738,000 single family homes completed that year, 336,000 had four bedrooms or more and only 71,000 had two bedrooms or less.

Minnesota adopts the 2012 International Residential Code (IRC) by reference with amendments. The code requires every dwelling unit to have at least one habitable room of 120 square feet. Other habitable rooms (except kitchens) must be 70 square feet with a minimum dimension of 7 feet. By code, the smallest 4-bedroom house possible is 400 square feet; however, this does not leave room for a bathroom or other habitable space. A more reasonable unit size would be closer to a minimum of 1,000 square feet to allow space for a kitchen, dining room, living room, utility room, and one bathroom.
**Housing Sales**

Housing unit sales were steady in December and January, however began to decline in February and saw a stark drop in the month of March (see Table 20). Faribault led the county with housing sales over the past four months with 115 housing units sold. Northfield was the next highest housing market, falling behind with only 45 housing units sold in the same period (see Table 21). Most of home sales were single-family detached dwellings (75 percent). One duplex, one quadplex, and one 7-unit building was sold during this period, all in Faribault. Faribault was also the only city with sales of townhomes (5 total). Of the three single-family rental units sold in the last 4 months, all were in Northfield. Only 14 percent of the units sold were vacant. Average year built of housing units sold was 1961 and the average square footage was 1,456. Twenty-four percent of the units sold had four or more bedrooms. The average assessed value for the housing units sold was $167,484.

![Graph of Housing Units Sold in Rice County](image)

**Table 20: Rice County housing unit sales (Rice County GIS)**

![Graph of Housing Units Sold Past 4 Months](image)

**Table 21: Housing Units Sold by City in Rice County (Rice County GIS)**

**Home Ownership Rates**
As shown in Table 1, Rice County has an ownership rate of 74 percent, three percent greater than the average in Minnesota. The only city with near full owner-occupied units is Nerstrand at 97 percent according to the 2016 American Community Survey estimates. Other cities with high home ownership rates include Dundas (83%), Morristown (81%), Lonsdale (79%), and Dennison (78%). The cities of Faribault and Northfield have an ownership rate of 62 percent. The national average for homeownership rates is approximately 63 percent, reflecting that of the two largest cities in Rice County—Faribault and Northfield.

While home ownership is encouraged, cities should not be primarily owner occupied like the current status of Nerstrand. The lack of diversity in housing options limits the types of residents that can located within the city. Lack of rental property leads to limited housing options for residents in need of workforce and affordable housing. This can lead to a poor jobs-housing balance in which industries are not willing to locate within a city because the workforce is lacking.

Higher ownership rates do lead to a more stable population within cities. A more balanced home ownership rate is closer to Faribault and Northfield around 62 percent, like the national average. This reflects availability of rental units which are desired by the growing millennial population.

**Ownership Gap by Race (White Households vs. Minority Households)**

Ownership by minority groups in Rice County is staggering low. Over 98 percent of households are owned by white Americans. No single minority group holds a full percentage of the households in ownership status. This statistic is only worsening. From 2000 to 2010 the ownership rates by minorities was trending downwards. If this trend continues in a linear fashion, by 2033 the only minority groups that will own homes in Rice County are Asian and Native Hawaiian and other Pacific Islanders.

<table>
<thead>
<tr>
<th>Race</th>
<th>2016 Share of Owner Occupied Housing</th>
<th>Annual Change 2000-2010</th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>98.3%</td>
<td>-225.50</td>
<td>13088</td>
<td>11960</td>
<td>10832.5</td>
</tr>
<tr>
<td>Black or African American</td>
<td>0.3%</td>
<td>-3.00</td>
<td>13</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>0.1%</td>
<td>-1.80</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Asian</td>
<td>0.8%</td>
<td>-1.10</td>
<td>117</td>
<td>111</td>
<td>105.7</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander</td>
<td>0.0%</td>
<td>0.20</td>
<td>9</td>
<td>10</td>
<td>10.6</td>
</tr>
<tr>
<td>Some other race</td>
<td>0.0%</td>
<td>-20.70</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Two or more races</td>
<td>0.4%</td>
<td>-7.20</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 22: Rice County ownership by race (Census Data and WSN Associates)

Within the seven municipalities, the cities with the lowest or no housing owned by minority populations include Dennison, Morristown, and Nerstrand. They are also the cities with the lowest number of occupied housing units within the county. Faribault and Northfield have more minority owned houses, but neither city has a high percentage.

<table>
<thead>
<tr>
<th>2010 Data</th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupied housing units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>77</td>
<td>462</td>
<td>5,628</td>
<td>1,277</td>
<td>314</td>
<td>104</td>
<td>4,300</td>
</tr>
<tr>
<td>Black or African American</td>
<td>77</td>
<td>439</td>
<td>5,127</td>
<td>1,097</td>
<td>307</td>
<td>101</td>
<td>4,035</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>0</td>
<td>2</td>
<td>25</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Asian</td>
<td>0</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>0</td>
<td>5</td>
<td>66</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>54</td>
</tr>
</tbody>
</table>
Table 23: Ownership by race (2010 Census Data)

Table 24 compares each cities minority population with the percentage of minority owned housing units. As the data demonstrates, most cities have a disproportionate share of housing owned by minority groups compared with their share of the overall population. Dennison, Lonsdale, Morristown, and Nerstrand are the only municipalities that adequately reflect their demographics.

<table>
<thead>
<tr>
<th>2010 Data</th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority Population</td>
<td>0%</td>
<td>7%</td>
<td>19%</td>
<td>1%</td>
<td>1%</td>
<td>0.3%</td>
<td>12%</td>
</tr>
<tr>
<td>Minority Owned Housing</td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Table 24: Percent of minority owned housing compared to minority population (2016 ACS and WSN Associates)

Mortgage Lending Options (Jordan)

Infrastructure Capacity and Challenges

New Development Attractors (Brian)

Developers are attracted to cities and communities by a number of different factors. The first factor is the whether the community has policies that support new development. They need to be willing and engaging, preventing a NIMBY (not in my backyard) mentality from pervading the approval process. Without the political will and proactive involvement among government leaders and elected bodies, a developer will not feel encouraged to take the risk on a new project. City officials need to provide clear processes for project approvals, demonstrate a willingness to listen and work through issues, and be responsive to the concerns raised by residents without letting them deter projects that meet identified city goals.

The most basic opportunity to attract new development is to provide land that is ready for the type of projects the city is lacking. By updating zoning ordinances, maps, and land use plans to reflect what the city desires in their communities, they remove the biggest hurdle to development. Developers can focus on the building design instead of worrying about whether or not they will even be able to build that type of building at all. Zoning ordinances should also reflect current trends in development. Setback or height regulations that were applicable 30 years ago may actually prohibit a project from being constructed today.

a) Infrastructure requirements in place or planned,
   1) commercial/retail access – gas, groceries, bank,
   b) Transportation & accessibility
   c) Potential for financial incentives, abatement, TIF
   d) ROI for ANY development must make financial sense for
      1) Affordable housing
      2) work force housing
      3) market rate housing
   e) Long-term Vision/Master Plan
      1) Must involve inclusion of entire community
      2) Specialty communities, ethnic, senior, disabled, young
**New Development Support (Mark)**

**Market Analysis**
The following market analysis includes information on existing properties related to rents, vacancies, services, and amenities. Any pending developments have been included along with an analysis of building permits to date.

Housing units constructed within the past eight years shows steady growth in Rice County. Between 2015 and 2017 Rice County saw the most housing units constructed with 59 percent of the units over an eight-year period.

![Housing Unit Construction by Year](image)

**Table 25: Housing units constructed per year in Rice County (Rice County GIS)**

A search of available rental units in April 2018 showed few options in Rice County. Only 13 housing units were returned on an Apartments.com search. A similar search on Trulia.com returned 16 available housing units. Most available units are single-family dwellings with one and two-bedroom units. Only one dwelling had 3 bedrooms and one had four. Monthly rents ranged from $700 to $1,400. Only Morristown, Lonsdale, Faribault and Northfield had available rental units. Dundas, Nerstrand, and Dennison had no listed units on any online rental search site.

Of the available three apartment complexes with available units for rent (all located in Faribault), amenities include pet options, storage spaces available for reserving, high-speed internet access, off-street parking, playgrounds, and multi-use rooms.

**Housing Affordability Compared to Similar Markets (Ryan)**

**Energy Efficient Building Options (Mark)**

Energy efficient building construction methods have proliferated in the last several decades. Rating systems are applied to buildings based on predetermined criteria for what makes a building efficient. The three major building options are LEED (Leadership in Energy and Environmental Design), Well Building, and Passive House.

One of the oldest systems is LEED which has four standards: certified, silver, gold, and platinum. It is the most widely used green building rating systems world-wide. The framework encourages healthy, efficient, cost effective green buildings. Many federal agencies and states require some level of LEED certification. There are various
categories for LEED include new construction, core & shell, schools, retail, and healthcare. Points are awarded for building components that are green such as rainwater management, outdoor water use reduction, renewable energy production, building life-cycle impact reduction, and daylight among a number of other categories.

A newer system (developed in 2013) that is more popular in Europe, but has been used throughout the United States is Well Building. This method focuses less on the building and more on the inhabitants leading to employee productivity, engagement and retention. It is a performance based system similar to LEED, but measures factors such as light, air, water, fitness, comfort and mind. A Well Building will have ample natural light, space for users, temperature controlled rooms, and opportunities for routine activity.

Passive House is a new trend that awards points solely for building performance, not other environmental friendly factors such as bike racks to encourage alternative modes of transportation. Passive House standards focus on reducing the ecological footprint, resulting in ultra-low energy buildings that require little energy for space heating or cooling. Costs for heating and cooling can be reduced to as little as $10 a month for a 45-unit building through proper exterior wall insulation, sealing the building to avoid any infiltration, using triple pane glass, and a high-efficiency heat-recovery ventilator to supply each room with fresh air. While extremely cost effective in the long run, it can be expensive to construct because the materials used are of a much higher quality than normal construction. The east coast cities have been early adopters of Passive House, however other areas such as Portland and Minneapolis are starting to see their first projects using the system.

**Migration Patterns (Mark)**

It is important to understand who is moving into and out of the county to better plan for future housing needs.

*Minnesota on the Move Report*
Demographics
The following demographic analysis shows current population by age, households by income, age, and size, and population by race, ethnicity, and language. These statistics are projected into the next five, ten and fifteen years. By understanding population trends, each community can better plan for the type of housing that will be needed in the future. Millennial age people are more likely to live in multifamily housing developments with amenities provided. The baby boomer generation has begun to reach the age of needed assisted living facilities. A better understanding of who is living in these communities will help elected officials, city staff, and developers make better decisions about the types of development needed.

Population Change
The population of Rice County is not expected to change drastically over the next fifteen years. The average growth per year from 2000 to 2010 was 748 people per year. Projecting this into the future, the population if it continues to grow in a linear fashion will be 73,862 in 2023 and 81,339 by 2033. The Minnesota State Demographer’s Office has more conservative growth projections that show the population staying relatively flat through 2033 with a slight increase. They show a tapering off and decline in Rice County’s population after 2035 (see Table 26). Table 27 and Table 27 show the growth of Rice County in relation to the remainder of the counties in Minnesota. While many other counties are projected to grow, Rice County stays relatively unchanged.

Table 26: Population Projections in Rice County by Age (Minnesota State Demographic Center)
Population by Age

The median age in Rice County is 36.5 years old. Two age sectors saw a decline: 10 to 14 years and 35 to 44 years (highlighted in red text). The large increase in age cohort was seen in 45 to 49 year olds, followed by 55 to 59 and 60 to 65 years old. This is reflective of national trends where the baby boomer generation is starting to age into retirement. Assuming a linear progression in population change, the projected population by age is shown in Table 29.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2016 Estimate</th>
<th>Annual Change 2000-2010</th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>65,116</td>
<td>748</td>
<td>73862</td>
<td>77601</td>
<td>81339</td>
</tr>
<tr>
<td>Under 5 years</td>
<td>3,642</td>
<td>57</td>
<td>4771</td>
<td>5054</td>
<td>5337</td>
</tr>
<tr>
<td>5 to 9 years</td>
<td>4,286</td>
<td>30</td>
<td>4582</td>
<td>4731</td>
<td>4879</td>
</tr>
<tr>
<td>10 to 14 years</td>
<td>4,068</td>
<td>-14</td>
<td>3960</td>
<td>3891</td>
<td>3822</td>
</tr>
<tr>
<td>15 to 19 years</td>
<td>5,661</td>
<td>4</td>
<td>5930</td>
<td>5952</td>
<td>5974</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>6,339</td>
<td>40</td>
<td>6693</td>
<td>6892</td>
<td>7092</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>7,538</td>
<td>103</td>
<td>8986</td>
<td>9498</td>
<td>10011</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>7,691</td>
<td>-88</td>
<td>6882</td>
<td>6444</td>
<td>6007</td>
</tr>
<tr>
<td>45 to 49 years</td>
<td>8,870</td>
<td>229</td>
<td>12246</td>
<td>13392</td>
<td>14539</td>
</tr>
<tr>
<td>55 to 59 years</td>
<td>4,185</td>
<td>139</td>
<td>5662</td>
<td>6354</td>
<td>7047</td>
</tr>
<tr>
<td>60 to 64 years</td>
<td>3,684</td>
<td>108</td>
<td>4444</td>
<td>4981</td>
<td>5519</td>
</tr>
<tr>
<td>65 to 69 years</td>
<td>4,994</td>
<td>95</td>
<td>5375</td>
<td>5847</td>
<td>6320</td>
</tr>
<tr>
<td>75 to 79 years</td>
<td>2,920</td>
<td>29</td>
<td>2947</td>
<td>3093</td>
<td>3240</td>
</tr>
<tr>
<td>85 years and over</td>
<td>1,228</td>
<td>17</td>
<td>1387</td>
<td>1471</td>
<td>1555</td>
</tr>
</tbody>
</table>

Table 29: Rice County population estimates and projections (2016 ACS and WSN Associates)

The cities of Dennison, Dundas and Northfield all saw growth in all age cohorts between 2000 and 2010. Faribault saw decreases in the age cohorts of 10 to 14 years and 35 to 44 years. Londsdale saw decreases in individuals above the age of 75 years. Morristown saw population declines in numerous age groups including 5 to 9 years, 14 to 19 years, and 25 to 44 years. Nerstrand only saw decline in the population under 5 years old, however there was no change in numerous age groups including 5 to 9 years, 15 to 24 years, 35 to 44 years, 60 to 64, and over 75 years old. The cities of Morristown, Nerstrand, and Dennison have seen and will likely continue to see relatively little population growth. The mean age of residents based on the 2016 estimates is relatively similar across all
cities. Most are mid to high 30’s, however two cities, Lonsdale and Northfield, have a lower median age (see Table 30).

### Table 30: Median Age (2016 ACS)

<table>
<thead>
<tr>
<th>City</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dennison</td>
<td>38.1</td>
</tr>
<tr>
<td>Dundas</td>
<td>33.1</td>
</tr>
<tr>
<td>Faribault</td>
<td>36.5</td>
</tr>
<tr>
<td>Lonsdale</td>
<td>29.4</td>
</tr>
<tr>
<td>Morristown</td>
<td>39.8</td>
</tr>
<tr>
<td>Nerstrand</td>
<td>41.5</td>
</tr>
<tr>
<td>Northfield</td>
<td>27.3</td>
</tr>
</tbody>
</table>

### Households by Income, Age, and Size

Between 2000 and 2010 Rice County saw in household income less than $10,000, between $25,000 and $74,999. There was a significant amount of growth in household incomes between $75,000 and $149,000 with modest growth in all remaining categories. Projected over the next 15 years, if household income grows at a similar linear rate, more residents will be earning higher household incomes than is currently reflected in the data.

### Table 31: Rice County household income and projected incomes (Census Data and WSN Associates)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>2016 Estimate</th>
<th>Annual Change</th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>1236</td>
<td>-12.60</td>
<td>877</td>
<td>814</td>
<td>751.2</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>834</td>
<td>4.40</td>
<td>1091</td>
<td>1113</td>
<td>1135.2</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>2169</td>
<td>28.60</td>
<td>2527</td>
<td>2670</td>
<td>2812.8</td>
</tr>
<tr>
<td>$25,000 to $34,999</td>
<td>1957</td>
<td>-57.60</td>
<td>1052</td>
<td>764</td>
<td>476.2</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>2922</td>
<td>-7.80</td>
<td>3158</td>
<td>3119</td>
<td>3079.6</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>4442</td>
<td>-8.50</td>
<td>4815</td>
<td>4772</td>
<td>4729.5</td>
</tr>
<tr>
<td>$75,000 to $99,999</td>
<td>3609</td>
<td>134.70</td>
<td>5425</td>
<td>6099</td>
<td>6772.1</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>3357</td>
<td>175.40</td>
<td>5378</td>
<td>6255</td>
<td>7132.2</td>
</tr>
<tr>
<td>$150,000 to $199,999</td>
<td>1179</td>
<td>49.90</td>
<td>1373</td>
<td>1622</td>
<td>1871.7</td>
</tr>
<tr>
<td>$200,000 or more</td>
<td>949</td>
<td>22.60</td>
<td>796</td>
<td>909</td>
<td>1021.8</td>
</tr>
</tbody>
</table>

Median household incomes of the seven municipalities range from $49,375 (Morristown) to $71,125 (Dundas). Table 32: Median household income in 2016 (2016 ACS) shows the median household incomes for each of the seven cities.
The median age in Rice County is 36.5 years old. The age dependency ratio is 56.8 percent which means the population over the age of 64 and under the age of 15 outweighs those in the age range that contributes to the workforce. A high ratio means the remaining individuals between 15 and 64 years of age and the overall economy, face an increased burden when supporting the age dependent groups. Within the non-age dependent group, the largest percent of the population is the 20 to 24 age cohort, followed by 15 to 19 years old (see Table 33).

<table>
<thead>
<tr>
<th>2016 Estimates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5 years</td>
<td>6%</td>
</tr>
<tr>
<td>5 to 9 years</td>
<td>7%</td>
</tr>
<tr>
<td>10 to 14 years</td>
<td>6%</td>
</tr>
<tr>
<td>15 to 19 years</td>
<td>9%</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>10%</td>
</tr>
<tr>
<td>25 to 29 years</td>
<td>5%</td>
</tr>
<tr>
<td>30 to 34 years</td>
<td>6%</td>
</tr>
<tr>
<td>35 to 39 years</td>
<td>6%</td>
</tr>
<tr>
<td>40 to 44 years</td>
<td>6%</td>
</tr>
<tr>
<td>45 to 49 years</td>
<td>7%</td>
</tr>
<tr>
<td>50 to 54 years</td>
<td>7%</td>
</tr>
<tr>
<td>55 to 59 years</td>
<td>6%</td>
</tr>
<tr>
<td>60 to 64 years</td>
<td>6%</td>
</tr>
<tr>
<td>65 to 69 years</td>
<td>4%</td>
</tr>
<tr>
<td>70 to 74 years</td>
<td>3%</td>
</tr>
<tr>
<td>75 to 79 years</td>
<td>3%</td>
</tr>
<tr>
<td>80 to 84 years</td>
<td>2%</td>
</tr>
<tr>
<td>85 years and over</td>
<td>2%</td>
</tr>
</tbody>
</table>

Table 33: Rice County age breakdown (2016 ACS)

The median age varies throughout the cities in Rice County. Nerstrand, Morristown, and Dennison have the highest median age around 40 years old. Dundas and Faribault hover around the mid to low 30’s, while Northfield and Lonsdale have the youngest age demographics in the mid to high 20’s. Every community except Northfield has a high age dependency ratio, at or above 61 percent.
The majority of households in Rice County are 1 or two person households. Only 23 percent have 4 or more people and 14 percent were 3 person households in 2016 (see). Growth between 2000 and 2010 was seen in owner occupied households with 2 people and in renter occupied households with 1 person. Decline in owner occupied households with 4 and 5 people was seen. The projections in Table 36 show a projected future need for dwellings 1 and 2 person households.

### Table 34: Age demographics for the seven cities (2016 ACS)

<table>
<thead>
<tr>
<th></th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Age (2016)</td>
<td>38.1</td>
<td>33.1</td>
<td>36.5</td>
<td>29.4</td>
<td>39.8</td>
<td>41.5</td>
<td>27.3</td>
</tr>
<tr>
<td>Age dependency ratio</td>
<td>72.3</td>
<td>75.8</td>
<td>61.9</td>
<td>69.4</td>
<td>65.1</td>
<td>65.4</td>
<td>46.5</td>
</tr>
<tr>
<td>Old-age dependency ratio</td>
<td>17</td>
<td>12.1</td>
<td>23.1</td>
<td>8.7</td>
<td>27.5</td>
<td>26.3</td>
<td>20.6</td>
</tr>
<tr>
<td>Child dependency ratio</td>
<td>55.3</td>
<td>63.7</td>
<td>38.8</td>
<td>60.7</td>
<td>37.6</td>
<td>39.1</td>
<td>25.9</td>
</tr>
</tbody>
</table>

#### Table 35: Rice County household size (2016 ACS)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied housing units</td>
<td>19740.1</td>
<td>20833.6</td>
<td>21927.1</td>
</tr>
<tr>
<td>1-person household</td>
<td>4098.4</td>
<td>4427.4</td>
<td>4756.4</td>
</tr>
<tr>
<td>2-person household</td>
<td>8413.7</td>
<td>9108.2</td>
<td>9802.7</td>
</tr>
<tr>
<td>3-person household</td>
<td>2904.9</td>
<td>3021.4</td>
<td>3137.9</td>
</tr>
<tr>
<td>4-person household</td>
<td>2487.9</td>
<td>2449.4</td>
<td>2410.9</td>
</tr>
<tr>
<td>5-person household</td>
<td>1168.7</td>
<td>1143.2</td>
<td>1117.7</td>
</tr>
<tr>
<td>6-person household</td>
<td>452.7</td>
<td>467.2</td>
<td>481.7</td>
</tr>
<tr>
<td>7-or-more-person household</td>
<td>213.8</td>
<td>216.8</td>
<td>219.8</td>
</tr>
<tr>
<td>Renter-occupied housing units</td>
<td>7030</td>
<td>7650</td>
<td>8270</td>
</tr>
<tr>
<td>1-person household</td>
<td>4098.4</td>
<td>4427.4</td>
<td>4756.4</td>
</tr>
<tr>
<td>2-person household</td>
<td>8413.7</td>
<td>9108.2</td>
<td>9802.7</td>
</tr>
<tr>
<td>3-person household</td>
<td>2904.9</td>
<td>3021.4</td>
<td>3137.9</td>
</tr>
<tr>
<td>4-person household</td>
<td>2487.9</td>
<td>2449.4</td>
<td>2410.9</td>
</tr>
<tr>
<td>5-person household</td>
<td>1168.7</td>
<td>1143.2</td>
<td>1117.7</td>
</tr>
<tr>
<td>6-person household</td>
<td>452.7</td>
<td>467.2</td>
<td>481.7</td>
</tr>
<tr>
<td>7-or-more-person household</td>
<td>213.8</td>
<td>216.8</td>
<td>219.8</td>
</tr>
</tbody>
</table>

#### Table 36: Rice County projected household size (Census Data and WSN Associates)
Dundas and Lonsdale are the only cities with the highest percentage of their current housing stock serving 4 or more person households. All the remaining cities have the largest share in 1 or 2 person households (see Table 37).

<table>
<thead>
<tr>
<th></th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-person household</td>
<td>12</td>
<td>108</td>
<td>2705</td>
<td>136</td>
<td>124</td>
<td>25</td>
<td>1940</td>
</tr>
<tr>
<td>2-person household</td>
<td>21</td>
<td>159</td>
<td>2630</td>
<td>388</td>
<td>124</td>
<td>48</td>
<td>2296</td>
</tr>
<tr>
<td>3-person household</td>
<td>9</td>
<td>73</td>
<td>1122</td>
<td>205</td>
<td>32</td>
<td>22</td>
<td>859</td>
</tr>
<tr>
<td>4-person household</td>
<td>18</td>
<td>190</td>
<td>1910</td>
<td>519</td>
<td>88</td>
<td>23</td>
<td>1266</td>
</tr>
</tbody>
</table>

Table 37: Household size (2016 ACS)

Population by Race, Ethnicity, and Language

Rice County is overwhelmingly white (89 percent), with little diversity in race or ethnicity. This percentage dropped five percent from 2000 to 2010, however stayed the same from 2010 to 2016. The largest minority population increase between 2000 and 2010 was in the African American population (growth rate of 133 people per year).

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
<th>2016</th>
<th>Change</th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Race</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>55,927</td>
<td>62,979</td>
<td>63,962</td>
<td>705</td>
<td>72147</td>
<td>75673</td>
<td>79199</td>
</tr>
<tr>
<td>Black or African American</td>
<td>53,032</td>
<td>57,275</td>
<td>57,784</td>
<td>424</td>
<td>62791</td>
<td>64912</td>
<td>67034</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>741</td>
<td>2,072</td>
<td>2,718</td>
<td>133</td>
<td>3802</td>
<td>4468</td>
<td>5133</td>
</tr>
<tr>
<td>Asian</td>
<td>826</td>
<td>1,314</td>
<td>1,432</td>
<td>49</td>
<td>1948</td>
<td>2192</td>
<td>2436</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander</td>
<td>24</td>
<td>40</td>
<td>49</td>
<td>2</td>
<td>61</td>
<td>69</td>
<td>77</td>
</tr>
<tr>
<td>Some Other Race</td>
<td>1,060</td>
<td>1,978</td>
<td>1,708</td>
<td>92</td>
<td>3171</td>
<td>3630</td>
<td>4089</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>738</td>
<td>1,163</td>
<td>1,154</td>
<td>43</td>
<td>1716</td>
<td>1928</td>
<td>2141</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>3,117</td>
<td>5,122</td>
<td>5,059</td>
<td>201</td>
<td>7729</td>
<td>8731</td>
<td>9734</td>
</tr>
</tbody>
</table>

Table 38: Rice County race and ethnicity demographics and projections (Census Data and WSN Associates)

The only city with no minority population as of 2016 is Dennison. The minority populations in the cities of Lonsdale, Morristown, and Nerstrand are one percent or less. Dundas and Northfield have seven and fourteen percent respectively. The most diverse city in Rice County is Faribault with 19 percent minority population. While they have the largest minority population, they are among the lowest in growth for minority groups at four percent. The cities of Lonsdale and Nerstrand are increasing their percent of minority groups at a much more rapid pace, between 30 and 40 percent growth annually (see Table 39).

<table>
<thead>
<tr>
<th></th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority Population 2016</td>
<td>0</td>
<td>7%</td>
<td>19%</td>
<td>1%</td>
<td>1%</td>
<td>0.3%</td>
<td>12%</td>
</tr>
<tr>
<td>Percent Growth of Minority Share</td>
<td>0</td>
<td>6%</td>
<td>4%</td>
<td>39%</td>
<td>8%</td>
<td>30%</td>
<td>4%</td>
</tr>
<tr>
<td>Hispanic/Latino Population</td>
<td>0</td>
<td>1586</td>
<td>2935</td>
<td>45</td>
<td>66</td>
<td>1</td>
<td>1572</td>
</tr>
</tbody>
</table>

Table 39: Minority demographics by city (2016 ACS)

The primary language spoke at home by residents of Rice County is English (88 percent). The remainder of the population speaks Spanish (6 percent), Asian and Pacific Island Languages (2 percent), and other languages (3 percent). There was a 51% increase in languages other than English spoken within Rice County between 2010 and 2016. All language categories saw a rise except other Indo-European which had an average annual decline of 76 people per year. Spanish speaking citizens grew by 208 people per year and other languages raised 214 people
If trends continue as they did between 2000 and 2010, the share of English speaking residents will decrease by five percent, while Spanish and other language speaking residents will increase to 9 percent and 6 percent respectively by 2033.

Growth between 2000 and 2010 was seen in Spanish speaking individuals in all cities except Dennison, Morristown, and Northfield. Northfield will see a large decrease in Spanish speaking individuals if trends continued in a linear fashion through 2033. Faribault saw a large decrease in individuals that speak other Indo-European and Asian and Pacific Island languages, but has seen tremendous growth in Spanish speaking populations (see Table 40: Change in primary language spoken by city (Census Data)).

<table>
<thead>
<tr>
<th></th>
<th>Dennison</th>
<th>Dundas</th>
<th>Faribault</th>
<th>Lonsdale</th>
<th>Morristown</th>
<th>Nerstrand</th>
<th>Northfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spanish</td>
<td>0</td>
<td>7</td>
<td>157</td>
<td>1</td>
<td>-1</td>
<td>1</td>
<td>-23</td>
</tr>
<tr>
<td>Other Indo-European Language</td>
<td>0</td>
<td>6</td>
<td>-11.00</td>
<td>-1</td>
<td>0</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Asian and Pacific Island Languages</td>
<td>0</td>
<td>0</td>
<td>-22.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Other Language</td>
<td>0</td>
<td>0</td>
<td>13.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Speaks only English</td>
<td>148</td>
<td>31</td>
<td>70.00</td>
<td>156</td>
<td>16</td>
<td>6</td>
<td>192</td>
</tr>
</tbody>
</table>

Table 40: Change in primary language spoken by city (Census Data)

**Economic Conditions**

One of the largest indicators of housing need is economic development and employment growth. A rise in the number of jobs leads to a need to provide adequate housing options that reflect the type of employees filling the new positions. Anticipating these trends can lead to more proactive decisions on housing to provide affordable options within a reasonable commute distance. The economic base by industry and employer was analyzed for Rice County and each of the seven cities. Additionally, anticipated employment trends and commuting patterns were investigated.

**Economic Base (Sarah)**

**Anticipated Employment Trends**

The two largest employment centers in Rice County are concentrated around Northfield and Faribault. Area’s in the southwest and eastern portion of the county have the lowest number of workers by employment location. There is a modest number of workers in the northwest portion of the county and between Northfield and Faribault (see Table 41).
The current employment industry dominating Rice County is education services, and health care and social assistance. The next greatest share of the job market is manufacturing, followed by retail trade. The educational services, and health care and social assistance sectors have seen significant growth between 2010 and 2016 and are expected to continue this trend. The manufacturing sector however has been in decline and will likely continue this trend. Retail trade has stayed relatively flat over this period and large changes are not expected (see Table 43: Rice County occupations current and projected growth (Census Data and WSN & Associates) Table 43).

Faribault has seen growth in all industries between 2010 and 2016 except manufacturing, wholesale trade, and other services. Dennison’s civilian employed population 16 years old and over declined by 15 people causing decreases in most industries. Dundas saw growth among all industries except agriculture, forestry, fishing and hunting, and mining; finance and insurance, and real estate and rental and leasing; and profession scientific, and management and administrative and waste management services. Lonsdale saw tremendous growth their agriculture, forestry, fishing and hunting, and mining industry as well as educational services, and health care and social assistance. Morristown lost 60 employed civilians which also led to decline in many industries. They did however see modest growth in manufacturing, information, and finance and insurance, and real estate and rental and leasing. Nerstrand also lost employed civilians (23 people), but saw growth almost all sectors. The major decline occurred in retail trade (loss of 84 employees). Northfield continues to grow the civilian employed population over 16 years old with growth in every sector except construction, retail trade, information, arts, entertainment, and recreation, and accommodation and food services, and public administration.
The greatest share of the job market is occupied by management, business, science, and arts occupations in Rice County. Growth has been seen in this occupation category from 2000 to 2010 and is expected to continue over the next 15 years. Modest growth was also seen in service occupations and production, transportation, and material moving occupations. The two job classifications that have been and will likely continue to decline are sales and office occupations and natural resources, construction, and maintenance occupations (see Table 43).
The class of worker in Rice County is primarily private wage and salary workers. The remaining portion is government workers and self-employed, but not incorporated business workers. Between 2010 and 2016 there was decline in government workers, but growth in private wage and salary and self-employed workers. Unpaid family worker is only a classification of worker present in Faribault and Northfield. Their share of the worker class is very minimal. Current and project trends are demonstrated in Table 44.

**Commuting Patterns**

The commuting patterns in Rice County are fairly reflective of the cities contained within its jurisdiction. On the whole, commuting by car is increasing, while walking and carpooling are decreasing. Use of public transportation is holding fairly steady, which historically is very low. Working from home is an area that is on the rise, as are single occupancy trips. Driving alone by car, truck, or van is up to 73 percent of the mode share in Rice County (see Table 45). An additional 13 percent is occupied by working from home. Public transportation is currently on 1 percent of the trips to work, with 4 percent in Rice County walking (See Table 46).
### Annual Change in Rice County

<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers 16 years and over</td>
<td>315.10</td>
</tr>
<tr>
<td>Car, truck, or van -- drove alone</td>
<td>236.50</td>
</tr>
<tr>
<td>Car, truck, or van -- carpooled</td>
<td>-6.60</td>
</tr>
<tr>
<td>Public transportation (including taxicab)</td>
<td>10.30</td>
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<tr>
<td>Walked</td>
<td>-46.30</td>
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<tr>
<td>Other means</td>
<td>21.80</td>
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<tr>
<td>Worked at home</td>
<td>99.40</td>
</tr>
<tr>
<td>Mean travel time to work (minutes)</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Table 45: Annual changes in transportation modes in Rice County (2016 ACS)

### 2016 Rice County Transportation Mode

![Transportation Mode Pie Chart]

Table 46: Breakdown of transportation mode in Rice County (2016 ACS)

The city of Northfield saw a large jump in teleworking (146 percent increase), while the remaining cities saw no change or a modest increase. An odd correlation noted was the increase of single occupancy vehicular trips in cities that also saw a rise in employees working from home. Public transportation has been very minimally used throughout Rice County, and is continuing to decline. Walking as a method of transportation to employment is primarily seen in the two largest cities—Faribault and Northfield, however it is declining in both municipalities. Carpooling is on the decline in every city except Nerstrand, a city that actually saw a decline in single occupancy trips. Perhaps one reason for the decline in single occupancy trips in Nerstrand is the decline in workers over the age of 16 (down 26 people from 2010). Other cities seeing a decline in their workforce are Dennison and Morristown.

Commuting times range from 18.7 minutes to 33.1 minutes (see Table 47). Lonsdale and Dennison have the longest commute times and are the only cities above 30 minutes. The lowest commute times are seen in the two largest cities—Faribault and Northfield. The remaining three cities (Dundas, Morristown, and Nerstrand) have average commute times at approximately 24 minutes. These commute times allow a resident to travel about 22 miles on highways to their employment destination. Residents of Lonsdale and Dennison are driving approximately 30 miles to their place of employment, whereas residents of Faribault and Northfield are likely staying within the city, commuting approximately 9 miles.
<table>
<thead>
<tr>
<th>Location</th>
<th>Mean Travel Time to Work (2016 ACS)</th>
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</thead>
<tbody>
<tr>
<td>Dennison</td>
<td>30.6</td>
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<tr>
<td>Dundas</td>
<td>23.8</td>
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<tr>
<td>Faribault</td>
<td>18.7</td>
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<tr>
<td>Lonsdale</td>
<td>33.1</td>
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<tr>
<td>Morristown</td>
<td>24.9</td>
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<tr>
<td>Nerstrand</td>
<td>24.7</td>
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<tr>
<td>Northfield</td>
<td>19.9</td>
</tr>
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</table>

Table 47: Mean travel time to employment in minutes (2016 ACS)
Recommendations

1. Does Rice County have adequate housing of all types to satisfy the needs of its residents now as well as five, ten, and fifteen years from now?
   a. If unmet needs exist, provide recommendations for how to meet those needs
2. What types of housing options should be pursued?
3. What programs should be provided for the development of necessary housing?
Study Process:

1. The selected Proposer will meet with the Director of Housing and community leaders to better define the results being sought and the methodology the Proposer will use. This meeting is expected to take place one week after the contract is signed.

2. The Proposer will provide preliminary findings to the Director of Housing, at which time refinements to the study may be requested. The HRA may request that other County departments review the preliminary findings and give feedback to the Proposer.

3. According to the State Demographer’s Office, Rice County is experiencing a large shift in demographics, in large part due to immigration. Because communities of color can be underrepresented in traditional forms of data measurement such as the census, the firm will conduct outreach to Rice County’s immigrant and refugee communities to gather information on their housing needs. The Proposer will use interpreters to conduct the outreach, which will be supplied by the HRA.

4. The Proposer will provide a final report and presentation to the HRA Board of Commissioners at a scheduled meeting; the Proposer may also be asked to present the final report and presentation at a community meeting.
Memo

To: Rice County Housing & Redevelopment Authority
From: Joy Watson, Executive Director
Date: April 24, 2018
Item #: III-2 Tenant Demographic Report

The Rice County Section 8 program currently serves 304 families, with 1211 total household members. In Rice County, 67% of Section 8 families have children under the age of 18; the total number of children served is 721. Elderly families make up 16% of the total households, and 32% of households have a disabled adult member.

The average income for Section 8 participants in Minnesota is $15,670.00: in Rice County the average income is $19,573.00, up from $18,748.00 last year. Statewide, 16% of Section 8 participants earns more than $25,000.00, but in Rice County 33% of participants earn more than $25,000.00. A much higher percentage of Rice County Section 8 participants are working, 57% compared to the state average of 42%. Additionally, a much lower percentage of Rice County Section 8 participants receive cash welfare benefits than their counterparts across the state. Rice County participants receive cash welfare at a rate of 15%, in contrast, 29% of statewide participants receive cash welfare benefits. Only 4% of families Rice County receive cash welfare as their only source of income.

Rice County has a larger average family size than the rest of the state, with Rice County having an average family size of four household members compared to 2.6 household members for the rest of the state. Rice County also has a high percentage of very large household in comparison to the rest of the state. Only 1% of Minnesota Section 8 households have families with ten or more members, but 6% of Rice County Section 8 households have ten or more members.
Memo

To: Rice County Housing & Redevelopment Authority
From: Joy Watson, Executive Director
Date: April 24, 2018
Item #: III-3 Quarterly Report

First Quarter 2018

The HRA is authorized 329 vouchers

- During the time period of January through March, the average numbers of vouchers leased was 307
- The average housing assistance payment for January through March was a $498.00
- HUD funded average housing assistance payment is $390.00
- The average total housing assistance payment per month was $151,414.00
- The total housing assistance payments issued for January through March were $454,243.00
- Total housing assistance payments funded by HUD for January through March were $385,227.00

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<th>January</th>
<th>February</th>
<th>March</th>
<th>Total</th>
<th>Average</th>
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| Actual Spent | 151,006 | $153,379 | $149,858 | $454,243 | $151,414 |

| Actual leased | 305 | 304 | 303 | 912 | 304 |

| Per Unit Cost | $495 | $505 | $495 | $1,494 | $498 |
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<th>MARCH</th>
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<th>MAY</th>
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<td>-$1,086,667</td>
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<td><strong>Actual HAP (inc port outs &amp; FSS)</strong></td>
<td>181,006</td>
<td>$153,379</td>
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<td>$454,243</td>
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### PORTABILITY

**PORTABILITY OUT**

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### PER UNIT COST

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<th>March</th>
<th>Total</th>
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<td>$495</td>
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Memo

To: Rice County Housing & Redevelopment Authority  
From: Joy Watson, Executive Director  
Date: April 24, 2018  
Item #IV-2 Amended Loan Agreement M.O.E Craft Company LLC (formerly F-Town Brewing Company)

The Rice County HRA approved a $50,000.00 loan for F-Town Brewing Company on August 26 2014. F-Town Brewing Company has restructured and is now known as M.O.E Craft Company LLC; the company is currently in the process of moving its operations to St. Paul. M.O.E. is currently in default of its loan with the HRA, and has only made one payment to the HRA since September of 2017. M.O.E Craft Company LLC is requesting that HRA enter into an amended loan agreement, which would allow M.O.E. to defer its payments until January 1, 2019.

ACTION

Staff is requesting that the RCHRA Board review M.O.E Craft Company LLC’s request to amend the current loan agreement.
AMENDED LOAN AGREEMENT

This Amended Loan Agreement ("Agreement") is made this 24th day of April, 2018, by the Rice County Housing and Redevelopment Authority ("RCHRA" or the "Lender"), a public body corporate and politic under the laws of Minnesota and M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), 22 4th Street NE, Faribault, MN 55021, a Minnesota limited liability company, Travis Temke, President, (collectively referred to as "Borrower").

RECITALS

WHEREAS, Borrower applied to RCHRA for a loan to provide a portion of the funding necessary to start a new craft brewery and taproom ("Facility"), including the costs of acquiring equipment ("Equipment") and constructing certain leasehold improvements ("Leasehold Improvements") to the Facility located on certain property at 22 4th Street NE in the City of Faribault, Minnesota.

WHEREAS, by Resolution number 14-005, RCHRA approved a loan in the amount of $50,000 from the Rice County Revolving Loan Fund ("Loan") to the Borrower, for such purpose as stated herein;

WHEREAS, the parties entered into an Agreement on June 12, 2015 and such Agreement outlined the terms and conditions of the $50,000 loan from RCHRA to the Borrower;

WHEREAS, the June 12, 2015 Agreement was subject to the contingency of Borrower obtaining additional, adequate financial assistance from public and private lending sources, and subject to the further contingency of Borrower providing adequate collateral;

WHEREAS, the Borrower received the Loan of $50,000 from the RCHRA, subject to the terms and conditions of the June 12, 2015 Agreement;

WHEREAS, on November 28, 2017 the Borrower requested that its monthly payment for the revolving loan be deferred;

WHEREAS, Since November, 2017 the Borrower has not made monthly payments as required by the June 12, 2015 Agreement;

WHEREAS, by letter dated November 28, 2017 Borrower requested that its monthly payments for the Loan made by RCHRA be deferred;

WHEREAS, neither the June 12, 2015 Agreement, the Promissory Note, nor the Security Agreement contemplated any deferment;

WHEREAS, the June 12, 2015 Agreement required the Borrower to warrant that upon commencement of operations at the Facility, and at all times during the term of the June 12, 2015 Agreement, there would be at least one (1) full-time equivalent job at the Facility at a wage of at least 100% of the median wage for Rice County for the industry sector categorized as NAICS 312120.

WHEREAS, the Borrower anticipates that it will relocate to the City of St. Paul and as a result of relocation the job creation provision within the June 12, 2015 Agreement will be violated;
WHEREAS, Borrower is now and will be in default and breach of the June 12, 2015 Agreement, unless the June 12, 2015 Agreement is modified to allow for deferment and to strike the job creation provision;

WHEREAS, the June 12, 2015 Agreement may be modified solely through written amendments hereto executed by Borrower and Lender;

WHEREAS, the parties seek to Amend, Modify, and replace the June 12, 2015 Agreement and its Exhibits consistent with this Amended Loan Agreement and the associated Exhibits;

WHEREAS, this Amended and Modified Loan Agreement shall supersede and supplant the June 12, 2015 Agreement.

NOW, THEREFORE, IN CONSIDERATION OF the mutual undertakings set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. LOAN AMOUNT.

A. Subject to and upon the terms and conditions of this Agreement, RCHRA agrees to and has loaned to Borrower funds of the Rice County Revolving Loan Fund the maximum sum of Fifty Thousand Dollars ($50,000.00).

B. The Loan shall be evidenced by a promissory note ("Note") payable by Borrower to RCHRA and substantially in the form set forth in Exhibit B attached to this Agreement, which shall be dated as of the date of this Agreement. Proceeds of the Loan shall be disbursed in accordance with Section III hereof.

C. The Loan and this Agreement are subject to the contingency of Borrower obtaining additional, adequate financial assistance from public and private lending sources, and subject to the further contingency of Borrower providing adequate collateral. In addition to the assistance contemplated by this Agreement, Borrower has received or expects to receive financial assistance from the other sources set forth in Exhibit C. The Loan contemplated by this Agreement shall only be made to Borrower upon receipt by Borrower of the financial assistance referenced herein.

D. M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), 22 4th Street NE, Faribault, MN 55021, a Minnesota limited liability company, and Travis Temke, President, shall each be jointly and severally liable for the Loan and any remedies employed by the Lender.

a. Any reference to Borrower herein or in any Exhibit relates to all parties described in Paragraph D of this Section, collectively and individually, and each is subject to this Agreement collectively and individually.

II. REPAYMENT.
A. The Loan shall be repaid with interest as follows:

   a. Interest at the rate of three percent (3.0%) per annum shall accrue on the amount
      of proceeds of the Loan disbursed to Borrower from the date of the June 12, 2015
      Agreement until the Loan is repaid in full. Interest shall be payable on the first day
      of each month.

   b. Payments of principal on the Loan shall commence on the first day of the month
      which is at least 30 days after disbursement of the Loan proceeds in accordance
      with Section III (the "Initial Principal Payment Date") and continue on the first day
      of each and every month thereafter until paid in full. Such payments shall fully
      amortize any outstanding balance of the Loan over ten (10) years from the Initial
      Principal Payment Date; provided, however, the entire remaining unpaid balance
      of principal and interest shall be due and payable on the first day of the month
      following the Initial Principal Payment Date.

   i. Borrower has not made any repayment toward the Loan as required by this
      Agreement since November, 2017. The repayments required by the
      Agreement shall be deferred through December 31, 2018. Regular
      payments shall commence on January 1, 2019 whereupon the deferment
      period shall end. All late fees and any associated costs shall accrue during
      the deferment period and shall be due on January 1, 2019. With the
      exception of payments during the deferment period, this Agreement shall
      apply in every respect during the deferment period and until the Loan is
      fully repaid.

   c. Borrower hereby authorizes Lender to charge Borrower's accounts for the amount
      of principal and interest due on each due date, but the Lender's failure to so charge
      any such account shall in no way affect the obligation of the Borrower to make any
      such payment.

III. LOAN DISBURSEMENT.

A. The Loan shall be disbursed to Borrower upon satisfaction of the following conditions:

   a. Borrower having executed and delivered to Lender, without expense to Lender,
      executed copies of this Agreement, the Note, and a security agreement in
      substantially the form set forth at Exhibit D hereto (the "Security Agreement");

   b. Borrower having paid to RCHRA the full amount of legal fees reasonably incurred
      by the RCHRA in the negotiation and preparation of this Agreement and any other
      agreement or instrument securing the Loan and any other fees and expenses of
      RCHRA reasonably incurred in connection with the Loan;

   c. Borrower having provided a total project cost statement setting forth in reasonable
      detail satisfactory to RCHRA all costs to be incurred by Borrower related to
      Borrower's undertakings on the Property;
d. Borrower having provided evidence satisfactory to Lender that Borrower has obtained adequate financing to complete all activities related to Borrower's undertakings on the Property. Such evidence shall include, but not be limited to, Borrower receiving the financial assistance from other sources set forth in Exhibit C; and

e. Borrower having provided evidence to Lender that the equipment has been delivered to the Property.

IV. REPRESENTATIONS AND WARRANTIES.

A. Borrower represents and warrants to Lender that:

a. Borrower is duly authorized and empowered to execute, deliver, and perform this Agreement and to borrow money from Lender.

b. The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, does not and will not violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon Borrower.

c. The execution and delivery of this Agreement has been duly approved by all necessary action of Borrower, and this Agreement has in fact been duly executed and delivered by Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

d. Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of proceeds of the Loan and that any duly authorized representative of Lender shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower pertaining to the Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of the Loan.

e. Borrower warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue to comply throughout the terms of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the state or federal law in question.

f. Borrower warrants that it will use the proceeds of the Loan made by Lender solely for the costs of the purchase of the Equipment.

g. Borrower warrants that it will not create, permit to be created, or allow to exist any liens, charges, or encumbrances on the Equipment prior to the obligation created by this Agreement, except for the first position lien granted to 1st United Bank, Faribault, Minnesota and the second position lien granted to Southern Minnesota Initiative Foundation, or as otherwise authorized in writing by Lender.

V. DEFAULT BY BORROWER.
A. The following shall be deemed an Event of Default under this Agreement:

a. failure to pay any principal or interest on the Loan by thirty (30) days after the due date;

b. any representation or warranty made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement, the Note, or the Security Agreement is false when made;

c. With the exception of the deferment period described herein, Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within thirty (30) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or be the subject of an order for relief in such bankruptcy case, or be adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for, or has any court take jurisdiction of its property, or any part thereof, any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within thirty (30) days of the appointment;

d. a garnishment summons or writ of attachment is issued against or served upon Lender for the attachment of any property of Borrower in Lender' possession or any indebtedness owing to Borrower, unless appropriate papers are filed by Borrower contesting the same within thirty (30) days after the date of such service or such shorter period of time as may be reasonable in the circumstances;

e. any breach or failure of Borrower to perform any other term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of thirty (30) days after RCHRA has given written notice to Borrower specifying such default or breach, unless Lender has agreed in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold consent to an extension of such time if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the Default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder);

f. a final judgment is entered against Borrower that RCHRA deems will have a material, adverse impact on Borrower's ability to comply with Borrower's obligations under this Agreement;
g. Borrower sells, conveys, encumbers, or otherwise disposes of all or any part of the Equipment without the prior written approval of Lender, which approval shall not be unreasonably withheld, delayed, or conditioned; except that if Borrower is not in default under any terms of this Agreement at the time of such sale, conveyance, transfer, encumbrance, or other disposal, Borrower may sell, convey, encumber, or otherwise dispose of certain portions of the Equipment in the ordinary course of business without Lender's written approval provided that the value of the Equipment so disposed of does not exceed Five Thousand Dollars ($5,000) of Equipment in any six-month period;

h. Borrower merges or consolidates with any other entity without the prior written approval of Lender, which will not be unreasonably withheld; or

i. there is a loss, theft, substantial damage, or destruction of all or any part of the Equipment that is not remedied to Lender's satisfaction within sixty (60) days after written notice thereof by Lender to Borrower.

VI. REMEDIES UPON DEFAULT.

A. Upon an Event of Default by Borrower and after written notice, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

a. declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower;

b. suspend its performance under this Amended Loan Agreement;

c. take any action provided for at law to enforce compliance by Borrower with the terms of this Agreement and the Note;

d. exercise its rights under the Security Agreement;

e. exercise its rights under the Uniform Commercial Code; and

f. exercise its rights under any other applicable law.

B. Borrower agrees to pay the costs and expenses incurred by Lender in enforcing its rights under this Agreement, including but not limited to Lender’s reasonable attorney’s fees. If any notice of sale, disposition or other intended action by Lender are required by law to be given to Borrower, such notice shall be deemed reasonably and properly given if mailed to Borrower at the Property or at such other address of Borrower as may be shown herein, at least fifteen (15) days before such sale, disposition or other intended action.

C. In addition to any other amounts due on the Loan, and without waiving any other right of Lender under this Agreement or any other instrument securing the Loan or other applicable documents, Borrower shall pay to RCHRA a late fee of $50.00 for any payment not received in full by RCHRA within fifteen (15) calendar days of the date on which it is due. Furthermore, interest will continue to accrue on any amount due until the date on which it is paid to RCHRA, and all such interest will be due and payable at the same time as the amount on which it has accrued.

D. M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), 22 4th Street NE,
Faribault, MN 55021, a Minnesota limited liability company, and Travis Temke, President, shall each be jointly and severally liable for the Loan and any remedies employed by the Lender.

VII. LENDER’S COSTS FOR ENFORCING AGREEMENT.

A. If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower shall pay or reimburse Lender for all expenses, including all reasonable attorney’s fees and expenses incurred by Lender in connection with the enforcement of this Agreement and the Note, or in connection with the protection or enforcement of the interests and collateral security of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

VIII. INDEMNIFICATION.

A. Borrower shall and does hereby agree to protect, defend, indemnify and hold Lender, and its respective officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

B. Should Lender, or its respective officers, agents, or employees incur any such liability or be required to defend against any claims or demands pursuant to Section VIII, or should a judgment be entered against RCHRA, the amount thereof, including costs, expenses, and attorney’s fees, shall bear interest thereon at the rate then in effect on the Note, shall be secured hereby, shall be added to the respective Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower to do so, RCHRA may declare the Loan immediately due and payable.

C. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

D. Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which Lender is entitled under law.

IX. COLLATERAL.

A. Borrower shall grant to Lender a security interest in the Equipment in an amount equal to the amount of the Loan disbursed hereunder pursuant to the Security Agreement. Borrower understands and Acknowledges that Lender shall file one or more UCC-1 recording statements with respect to such security interest in the Equipment.

X. DOCUMENTATION OF USE OF FUNDS.

Borrower shall provide Lender with necessary documentation that the proceeds of the Loan have been used for the items and purposes stated in Borrower's application.
XI. PROJECT COMPLIANCE INFORMATION.

Borrower shall provide to Lender any information requested or needed by the RCHRA to monitor project implementation for compliance with the RCHRA Revolving Loan Fund Program guidelines.

XII. LOBBYING.

Borrower shall not use any proceeds of the Loan to pay any person for influencing or attempting to influence an officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or any employee of a member of Congress in connection with the awarding of any federal contract, the making of a federal grant, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

XIII. NON-MINNESOTA CONSTRUCTION CONTRACTS.

A. In the situation of non-Minnesota construction contracts, Borrower must comply with Minnesota Statutes, Section 290.9705, by either:

a. depositing with the State eight percent (8.00%) of every payment made to non-Minnesota construction contractors where the contract exceeds $50,000; or

b. receiving an exemption from the requirement set forth in Section 16(a) from the Minnesota Department of Revenue.

XIV. NONDISCRIMINATION.

The provisions of Minnesota Statutes, Section 181.59, in addition to other state or federal laws which relate to civil rights and discrimination, shall be considered a part of this Agreement as though wholly set forth herein and Borrower shall comply with each such provision throughout the term of this Agreement.

XV. HAZARD INSURANCE.

A. At all times during the term of this Agreement, Borrower shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of Lender shall furnish proof of the payment of premiums on, insurance against loss and damage to the machinery and equipment and the Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses. The insurance required by this paragraph shall be taken out and maintained in responsible insurance companies selected by Borrower which are authorized under the laws of the state of Minnesota to assume the risks covered thereby.

B. Upon request, Borrower will deposit annually with Lender policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Each policy required by this paragraph shall: (i) list Lender as loss payee; and (ii) contain a provision that the insurer shall not cancel nor
modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to Borrower and Lender at least thirty (30) days before the cancellation or modification becomes effective.

XVI. WORKERS’ COMPENSATION INSURANCE.

Upon commencement of operations and at all times thereafter, Borrower shall maintain workers’ compensation insurance as required by Minnesota Statutes, Section 176.181, subd. 2.

XVII. TAX IDENTIFICATION.

Borrower is required by Minnesota law to provide its Minnesota tax identification number if it does business with the state of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in an action to require Borrower to file state tax returns and pay delinquent state tax liabilities. This Agreement will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

a. Minnesota Tax ID: 2383103
b. Federal Employer ID: 45-4320642

XVIII. SECURITY INTEREST, COLLATERAL, AND LIEN

A. The Borrower agrees that RCHRA shall have a security interest, included as Exhibit D, in all equipment purchased with the Loan proceeds. That equipment includes:

One Grist Mill 1,200 lbs/hr Cracking Capacity
One 25’ Flex Auger System
One Brewhouse - 15 BBL 2 Vessel Auto (Steam)
Five Steam Valves
One Hot/Cold Blending Assembly
One Wort Aeration Assembly
One External Wort Grant
One Portable Transfer Pump
One 8 Tank Glycol Temperature Control Panel
Four 30 bbl Stainless Steel Fermentation Tank
Two 30 bbl Stainless Steel Brite Beer Tank
One Standard Bew House Transfer Kit
Seven Glycol Valves
Seven RTD Sensors
One 200’ Roll: Shielded RTD Sensor Wire
Two Hot/Cold Liquor Pump System
One Digital Brite Tank Monitor
One LinCan30 Complete Canning System
One Can Twist Pre-Rinser

XIX. MISCELLANEOUS.
A. Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by Borrower and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

B. Assignment. This Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by Lender.

C. Choice of Law and Venue. This Agreement is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

D. Severability. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

E. Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

   a. To RCHRA:
      Rice County Housing and Redevelopment Authority
      Attn: Executive Director
      320 3rd Street NW
      Faribault, MN 55021

      With a copy to:
      Rice County Economic Development
      Attn: Director
      320 3rd Street NW
      Faribault, MN 55021

   b. To Borrower:
      M.O.E Craft Company LLC
      Doing business as: F-Town Brewing Company LLC
      Attn: Travis Temke, President
      22 4th Street NE
      Faribault, MN 55021

F. Entire Agreement. This Agreement, together with the Exhibits hereto, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual
understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement or concerning the Loan.

G. Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

H. Review of Documents. Borrower shall not be entitled to any disbursement of proceeds of the Loan until Lender's legal counsel has reviewed and approved this Agreement and the exhibits attached hereto.

I. Attorney and Consultant Fees. Borrower will pay to Lender, at closing or within ten (10) days of written request by Lender, all reasonable attorneys and financial advisor fees incurred by Lender in the negotiation, preparation, and implementation of this Agreement and its exhibits. In addition, Borrower will pay to RCHRA, at closing or within ten days of written request by Lender, a processing fee, application fee, any required recording fees for all loan documents or UCC filing statements, or other registration tax.

J. Conflict of Interests. Representatives Not Individually Liable. No officer, employee or contractor of Lender may acquire any financial interest, direct or indirect, in this Agreement, or in any contract related to the referenced machinery or equipment, if any, or the Property. No officer, agent, or employee of Lender shall be personally liable to Borrower or any successor in interest in the event of any default or breach by Lender or for any amount that may become due to Borrower or on any obligation or term of this Agreement.

K. Effect on Other Agreements. Nothing in this Agreement shall be construed to modify any term of any other agreement to which Lender and Borrower, or the City of Faribault and Borrower are parties.

L. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

M. Modifications. This Agreement may be modified solely through written amendments hereto executed by Borrower and Lender.

N. Joint and several liability. The obligations set forth herein shall be deemed joint and several obligations of each party identified as “Borrower”.

O. Incorporation of Recitals. The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized. By signing this Agreement, the parties acknowledge that they have read, understand, and agreed to abide by all its conditions as stipulated.

FOR LENDER:
RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Dated: ________________________________

______________________________
Steve Bauer
Board Chair
320 3rd Street NW
Faribault, MN 55021

The foregoing instrument was acknowledged before me this ___ day of ____________, 2018, by Steve Bauer, the Board Chairperson of the Rice County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

______________________________
Notary

FOR BORROWER:

M.O.E CRAFT COMPANY LLC

Dated: ________________________________

______________________________
Authorized Agent
22 4th Street NE
Faribault, MN 55021

The foregoing instrument was acknowledged before me this ___ day of ____________, 2018, by ________________________________, the Authorized Agent of M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company on behalf of M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company.

______________________________
Notary

Dated: ________________________________

______________________________
Travis Temke
President

The foregoing instrument was acknowledged before me this ___ day of ____________, 2018, by Travis Temke, Borrower herein.

______________________________
Notary

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

The Borrower is currently leasing property where the Facility is located, thereby precluding any lien from attaching to the real property.

EXHIBIT B

FORM OF PROMISSORY NOTE
Amount: $50,000

Percentage Rate: 3%

M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company, and Travis Temke, President, (collectively referred to as "Maker"), for value received, hereby individually and collectively promises to pay to the Rice County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota or its assigns ("Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Fifty Thousand Dollars ($50,000) with interest as hereinafter provided, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of and interest on this Note is payable in installments due as follows:

1. Interest at the rate of three percent (3.0%) per annum shall accrue on the amount of proceeds of the Loan disbursed to the Maker from the date of this Note until the Loan is repaid in full.

2. Payments of principal and interest shall and did commence on August 1, 2015 (the "Initial Payment Date") and continue on the first day of each and every month thereafter until paid in full. Such payments shall fully amortize the Loan over ten (10) years; provided, however, the entire remaining unpaid balance of principal and interest shall continue to be due and payable on the first day of the 120th month following the Initial Payment Date. A payment which is 15 days or more late will incur a late charge of $50.00.

   a. Maker has not made any payments on the Loan since November, 2017 and has since requested deferment of all payments due until December 31, 2018 with payments commencing again on January 1, 2019.

   b. Holder agrees that payments may be deferred to December 31, 2018 and that from November, 2017 through December 31, 2018 the 120 month repayment shall be deferred, which shall add an additional 13 months to the repayment period. Repayments shall commence pursuant to the schedule in Paragraph 2 on January 1, 2019.

   c. During the period of deferment, all late fees and other costs incurred by Holder shall accrue and be due and payable on January 1, 2018.

3. The Maker shall have the right to prepay the principal of this Note, in whole or in part, on any date a principal and interest payment is due and payable.

4. This Note is given pursuant to the Amended Loan Agreement between Maker and Holder (the "Amended Loan Agreement") and is secured by a security agreement of even date herewith (the "Security Agreement"). In the event the Security Agreement is found to be invalid for whatever reason, such invalidity shall constitute an event of default hereunder.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Amended Loan Agreement, the Security Agreement, or any other instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if
they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Amended Loan Agreement, the Security Agreement, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note and interest accrued thereon, together with attorney’s fees and expenses incurred by the Holder of this Note in collecting or enforcing payment thereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. The remedies of the Holder of this Note as provided herein, and in the Amended Loan Agreement, the Security Agreement, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefore shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing as or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

7. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

9. The obligations set forth herein shall be deemed joint and several obligations of each party identified as “Maker”.

10. Holder is authorized to charge Maker’s accounts for the amount of principal and interest due on each due date, but Holder’s failure to so charge any such account shall in no way affect the obligation of Maker to make any such payment.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist,
happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, this NOTE has been duly executed and delivered by the proper officers thereunto duly authorized. By signing this NOTE, the parties acknowledge that they have read, understand, and agreed to abide by all its conditions as stipulated.

FOR HOLDER:

RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Dated: ________________

Steve Bauer
Board Chairperson
320 3rd Street NW
Faribault, MN 55021

The foregoing instrument was acknowledged before me this ___ day of ____________, 2018, by Steve Bauer, the Board Chairperson of the Rice County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

______________________________
Notary

FOR MAKER:

M.O.E CRAFT COMPANY LLC
The foregoing instrument was acknowledged before me this _______ day of ________, 2018, by __________________________, the Authorized Agent of M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company on behalf of M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company.

________________________
Notary

Dated: _____________________

________________________
Travis Temke
President

EXHIBIT C

OTHER FINANCIAL ASSISTANCE
Private bank loan in the amount of $125,000

Southern Minnesota Initiative Fund Loan in the amount of $200,000 Economic Development Authority of Faribault Loan in the amount of $75,000 Faribault Industrial Corporation Loan in the amount of $50,000
EXHIBIT D

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, is made and entered into by and between M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), 22 4th Street NE, Faribault, MN 55021 and Travis Temke, President, (collectively referred to as “Debtor”) and RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of Minnesota (the "RCHRA"), with its principal place of business at 320 3rd Street NW, Faribault, Minnesota 55021. RCHRA is referred to herein as "Secured Party."

I. SECURITY INTEREST AND COLLATERAL.

A. Pursuant to the Loan Agreement of June 12, 2015 (“Original Loan Agreement”), which has since been amended to the Amended Loan Agreement (the "Loan Agreement"), between the Debtor and RCHRA, RCHRA loaned $50,000 to Debtor (the "Loan"). The proceeds of the Loan will be applied to provide a portion of the funding necessary to start a new craft brewery and taproom ("Facility") including the costs of acquiring equipment ("Equipment"). To secure the repayment of the Loan, the Debtor, collectively and individually, issued a Promissory Note to RCHRA in the amount of $50,000 (the "Note"). To secure the repayment of the Loan, the Debtor hereby grants the Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Equipment"): any and all equipment installed in, attached to, or used in connection with the Facility where the Equipment is located, together with all parts, additions, replacements, and repairs to the Equipment now or hereafter installed in, attached to, or used in the Facility where the Equipment is located, and the proceeds thereof (collectively with the Equipment, the "Equipment"), which includes:

- One Grist Mill 1,200 lbs/hr Cracking Capacity
- One 25' Flex Auger System
- One Brewhouse - 15 BBL 2 Vessel Auto (Steam)
- Five Steam Valves
- One Hot/Cold Blending Assembly
- One Wort Aeration Assembly
- One External Wort Grant
- One Portable Transfer Pump
- One 8 Tank Glycol Temperature Control Panel
- Four 30 bbl Stainless Steel Fermentation Tank
- Two 30 bbl Stainless Steel Brite Beer Tank
- One Standard Bew House Transfer Kit
- Seven Glycol Valves
- Seven RTD Sensors
- One 200' Roll: Shielded RTD Sensor Wire
- Two Hot/Cold Liquor Pump System
- One Digital Brite Tank Monitor
- One LinCan30 Complete Canning System
- One Can Twist Pre-Rinser
II. DEBTOR'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.

A. Debtor represents, warrants, covenants, and agrees as follows:

a. Organization. The Debtor is a Minnesota limited liability company, and Debtor has full power and authority to execute, deliver, and perform this Security Agreement, and to own its property and conduct its business as presently conducted and as proposed to be conducted.

b. Authorization. The execution, delivery, and performance of this Security Agreement by the Debtor has been duly authorized by all necessary action and will not:

   i. require any consent or approval of any entity which has not been obtained; or

   ii. violate any material provision of any indenture, contract, agreement or instrument to which Debtor is a party or by which it is bound.

c. Performance by Debtor. Unless Debtor obtains Secured Party’s written consent to the contrary, or except as provided in the Amended Loan Agreement, Debtor shall not:

   i. terminate its interest in any of the Equipment; or

   ii. sell, or assign, or offer to sell, or assign all or any part of the Equipment or permit all or any part of the Equipment to be sold, transferred, or assigned; or

III. TITLE TO EQUIPMENT.

Debtor shall keep good marketable title to all of the Equipment, and none of the Equipment is subject to any lien or security interest except for the security interest created by this Security Agreement and other security interests consented to in writing by Secured Party which have not otherwise been subordinated to the interests of the Secured Party. Other than the first position lien granted to 1st United Bank, Faribault, the second position lien granted to Southern Minnesota Initiative Foundation and the parity liens granted to Economic Development Authority of Faribault and Faribault Industrial Corporation, Debtor has not granted, and will not grant or permit to exist, any lien or security interests in all or a portion of the Equipment other than the liens in favor of Secured Party and other liens consented to in writing by Secured Party. Debtor shall defend the Equipment against all claims and demands of all and any other persons at any time claiming any interest therein adverse to Secured Party.

IV. ACTIONS AND PROCEEDINGS.

There are no actions at law, suits in equity, or other proceedings before any governmental agency, commission, bureau, tribunal, or other arbitration proceedings against or affecting Debtor, that if adversely determined would adversely affect Debtor's interest in the Equipment or would adversely affect the rights of Debtor to pledge and assign all or a part of the Equipment or the rights and security afforded Secured Party hereunder.
V. INSURANCE.

The Debtor agrees it will keep the Equipment insured, or cause the Equipment to be kept insured, at all times against loss by fire or other hazards concerning which, in the judgment of the Secured Party, insurance protection is reasonably necessary and in amounts sufficient to protect against loss or damage of the Equipment. Such policy or policies will contain a loss payable clause in favor of Secured Party or its successors or assigns, in form satisfactory to Secured Party, provided, however, that Debtor may, at its reasonable discretion, self-insure the Equipment.

VI. NO FIXTURE.

If any of the Equipment is or becomes a fixture, Debtor agrees to furnish Secured Party, at Secured Party's request, with a statement or statements signed by all persons who have or claim an interest in the real estate concerned, which statements shall provide that the signer consents to the security interest created hereby and disclaims any interest in the Equipment as fixtures.

VII. UNDERSTANDINGS REGARDING EQUIPMENT.

Debtor acknowledges that the Equipment is or will be of the design, capacity, and manufacture specified for and by Debtor, and that Debtor is satisfied that the same is or will be suitable for its intended purposes. Debtor further acknowledges and agrees that Secured Party has not made, and does not make, any representation, warranty, or covenant with respect to merchantability, fitness for any purpose, durability, patent, copyright or trademark infringement, suitability, or capability of any item of Equipment in any respect or in connection with any other purpose or use of Debtor, or any other representation, warranty, or covenant of any kind or character expressed or implied with respect thereto. Debtor accordingly agrees not to assert any claim whatsoever against Secured Party based thereon. Debtor further agrees, regardless of cause, not to assert any claim whatsoever against Secured Party for loss of anticipatory profits or consequential damages.

VIII. USE OF EQUIPMENT.

The Equipment will be used for its intended business purpose-

IX. CONDITION OF EQUIPMENT.

Debtor will keep the Equipment in good condition and repair, reasonable wear and tear excepted, and will permit Secured Party to enter the Facility where the Equipment is located at reasonable times and upon reasonable notice for the purpose of examining the Equipment.

X. COSTS OF COLLECTION.

A. In the event of any action or proceeding to collect or realize upon the Equipment or to enforce any of Secured Party's rights hereunder, the Debtor shall pay:

   a. All of Secured Party's reasonable attorney's fees and legal expenses, with interest thereon, incurred by the Secured Party;
b. All taxes, levies, insurance expenses, and costs of repairs to, or maintenance of, the Equipment; and

c. All costs of the Secured Party reasonably incurred in taking possession of, disposing of, or preserving the Equipment after any Event of Default (defined below).

XII. FURTHER ASSURANCES.

The Debtor shall promptly and at the Debtor's expense execute and deliver to the Secured Party financing statements, including without limitation a UCC-1 Financing Statement listing the Equipment and all proceeds thereof as collateral, or the Secured Party may draft and file with the Minnesota Secretary of State a UCC-1 Financing Statement listing the Equipment and all the proceeds thereof as collateral. Debtor agrees that the Secured Party is authorized, at its option, to file a photocopy or other reproduction of this Security Agreement as a financing statement and such photocopy or other reproduction shall be sufficient as a financing statement under the UCC, and the Debtor hereby irrevocably appoints the Secured Party as the Debtor's attorney-in-fact to execute and file, from time to time, on its behalf, one or more financing statements with respect to the Equipment and to execute such other documents and instruments on behalf of the Debtor as the Secured Party, in its sole judgment, shall deem necessary or desirable for the purposes of effectuating this Security Agreement, such power being coupled with an interest.

XIII. CUMULATIVE REMEDIES.

All of the Secured Party's rights and remedies herein are cumulative and in addition to any rights or remedies available at law or in equity, including the UCC, and may be exercised concurrently or separately. The Debtor shall pay all costs, expenses, losses, damages, and legal costs (including attorney's fees) incurred by the Secured Patty as a result of enforcing any terms or conditions of this Security Agreement.

XIV. NO LIABILITY IMPOSED ON THE SECURED PARTY.
The Secured Party shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty, or liability, nor shall this Security Agreement operate to place responsibility for the control, care, or management of the Equipment upon Secured Party; provided, that upon payment in full of the Note, the Secured Party shall execute and file UCC termination statements in the offices in which financing statements with respect to the Equipment are effective.

XV. INDEMNIFICATION.

The Debtor hereby agrees to indemnify and to hold the Secured Party harmless of and from any and all liability, loss, or damage which it may or might incur under or by reason of this Security Agreement, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein. Should the Secured Party incur any such liability or be required to defend against any such claims or demands, or should a judgment be entered against the Secured Party, the amount thereof, including costs, expenses, and attorney’s fees, shall bear interest thereon at the rate then in effect on the Note, shall be secured hereby, and shall be added to the obligations of the Debtor secured hereunder. The Debtor shall reimburse the Secured Party for such additional obligations immediately upon demand, and upon the failure of the Debtor so to do, RCHRA may declare such additional obligations immediately due and payable.

XVI. EXPENSES OF SECURED PARTY.

All expenses paid or incurred in protecting, storing, warehousing, insuring, handling, and shipping the Equipment, all costs of keeping the Equipment free of liens, encumbrances, and security interests (other than the security interest created by this Security Agreement), and the removing of the same and all excise, property, sales, and use taxes imposed by state, federal, or local authority on any of the Equipment or with respect to the sale thereof, shall be borne and paid for by the Debtor and if the Debtor fails to promptly pay any amounts thereof when due, the Secured Party may, at its option, but shall not be required to, pay the same, and upon such payment the same shall constitute additional obligations of the Debtor and shall bear interest at the rate specified in the Note and shall be secured by the security interests granted hereunder.

XVII. CONTINUING RIGHTS.

The rights and powers of the Secured Party hereunder shall continue and remain in full force effect until the Note (and any additional obligations referred to in Sections 7 and 8 hereof) are paid in full.

XVIII. BOOKS AND RECORDS.

The Debtor will permit the Secured Party, and its representatives, at reasonable times and upon reasonable notice, to examine the Debtor's books and records (including data processing records and systems) with respect to the Facility and the Equipment and make copies thereof at any time and from time to time, and the Debtor will furnish such information to the Secured Party and its representatives regarding the Equipment as the Secured Party and its representatives may from time to time request. The Secured Party shall have the authority, at any time, to require the Debtor to place upon the Debtor's books and records relating to the Equipment and other rights to payment covered by the security
interest created in this Security Agreement a notation stating that any such Equipment and other rights of payment are subject to a security interest in favor of the Secured Party.

XIX. SUCCESSORS AND ASSIGNS.

This Security Agreement and each and every covenant, agreement, and provision hereof shall be binding upon the Debtor, and its successors and assigns, and shall inure to the benefit of the Secured Party, and its successors and assigns.

XX. GOVERNING LAW.

This Security Agreement is executed pursuant to and shall be governed by the laws of the State of Minnesota.

XXI. SEVERABILITY.

It is the intent of this Security Agreement to confer to the Secured Party the rights and benefits hereunder to the full extent allowable by law, including all rights available under the UCC. The unenforceability or invalidity of any provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid. Any provisions judicially determined to be unenforceable shall be severable from this Security Agreement.

XXII. MISCELLANEOUS.

A. Waiver. The performance or observance of any promise or condition set forth in this Security Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

B. Assignment. This Security Agreement shall be binding upon the Debtor, and its successors and assigns, and shall inure to the benefit of the Secured Party, and its successors and assigns. All rights and powers specifically conferred upon the Secured Party may be transferred or delegated by the Secured Party to any of its successors and assigns, including any successor holder of the Note.

C. Certain Defined Terms. Capitalized terms used in this Security Agreement and defined in this Security Agreement or the Note are used with the meanings given in this Security Agreement or the Note.

D. Other Matters. If any provision or application of this Security Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Security Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Security Agreement or in any other agreement between Debtor and Secured Party shall survive the execution, delivery, and performance of this Security Agreement and the creation and payment of any indebtedness to Secured Party. Debtor waives notice of the acceptance of this Security Agreement by Secured Party.

E. Joint and several liability. The obligations set forth herein shall be deemed joint and several obligations of each party identified as “Debtor”.

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F. Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

a. To Secured Party:
   Rice County Housing and Redevelopment Authority
   Attn: Executive Director
   320 3rd Street NW
   Faribault, MN 55021

b. To Debtor:
   M.O.E Craft Company LLC
   Doing business as: F-Town Brewing Company LLC
   Attn: Travis Temke, President
   22 4th Street NE
   Faribault, MN 55021

IN WITNESS WHEREOF, this Security Agreement has been duly executed and delivered by the proper officers thereunto duly authorized. By signing this Security Agreement, the parties acknowledge that they have read, understand, and agreed to abide by all its conditions as stipulated.

FOR SECURED PARTY:  
RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Dated: ________________

Steve Bauer  
Board Chairperson  
320 3rd Street NW  
Faribault, MN 55021

The foregoing instrument was acknowledged before me this ____ day of __________, 2018, by Steve Bauer, the Board Chairperson of the Rice County Housing and Redevelopment Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

__________________________________  
Notary

FOR DEBTOR:  
M.O.E CRAFT COMPANY LLC

Dated: ________________
The foregoing instrument was acknowledged before me this _____ day of ____________, 2018, by __________________, the Authorized Agent of M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company on behalf of M.O.E Craft Company LLC (d/b/a F-Town Brewing Company), a Minnesota limited liability company.

Notary

Dated: ____________________

Travis Temke
President