COMPREHENSIVE HOUSING STUDY
RICE COUNTY AND IDENTIFIED SUB-MARKETS
August 2018

WIDSETH SMITH NOLTING

Rice County, Minnesota Housing and Redevelopment Authority (HRA)
August 10, 2018

Ms. Joy Watson, Executive Director  
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 identifies current housing demand and projects needs in the next five, ten, and fifteen years. Recommendations are provided on the type of housing that could be built in Rice County to satisfy resident demand through 2033.

The study identifies a potential demand for approximately 5,633 new housing units through 2033. The greatest gap in available housing and the greatest percentage of the population, based on Census Data, identified the age demographics that will make up the greatest percentage of the population over the next 15 years. Probably not surprisingly, seniors had the highest projected growth and senior housing and in-home senior services had the biggest need. At current construction levels, the existing supply is insufficient to meet the demand for the projected 30 percent growth by 2033. The greatest loss in population is the Generation X demographic (between the ages of 35 and 44 years old) with a decline of 22 percent projected by 2033.

Based on our findings, additional demand was identified for affordable housing options for individuals earning 30 percent Area Median Income (AMI). The Recommendations section at the end of the report has more information and suggestions for correcting current and potential future housing imbalances.

Rice County is a great community 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
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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 decision makers, stakeholders, and community members with a meaningful sense of the current housing needs and priorities, as well as those projected with future growth. The report identifies current and future needs, recommends a 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 based on a linear growth pattern. The primary source of data was the 2010 Census and the 2016 American Community Survey data provided by the U.S. Census Bureau. Supplemental interviews and surveys were included in the analysis to provide a more accurate picture of the current housing market in Rice County, however, this report is limited by the age and availability of current data.

The data was analyzed to determine the nature and extent of housing demand in Rice 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 the type of housing the community can support. Recommendations and suggestions 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 residents. The cities of Faribault and Northfield comprise slightly less than half of the County's total taxable value. Rice County has a total estimated population of 65,607 residents, which comprises 1.2% of Minnesota'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 County is made up of seven cities—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 has always been known for its woolen products, as well as its garden and nursery industry. One of the largest indoor farms in the world (Living Greens Farm) is in Faribault. Northfield is known for its business school and typically has a population boost of about 5,000 college students from St. Olaf College and Carleton College. Northfield 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**

Rice County has a total of 24,564 housing units. There are 16,795 owner occupied units and 5,869 units occupied by renters. Most units are single-family dwellings. There is a shortage of apartment buildings with more than 4 units in most cities. New housing unit construction has been steady since the 1950s with increases each decade except between 1980 and 1989.

Property values are consistent throughout Rice County with the highest median housing values located in Northfield. Many units are not affordable to populations earning 30 percent or less of the area median income (AMI). Most rental units cost between $1,500 and $1,999 per month. Vacancy rates are at 8 percent overall; however, homeowner vacancy rates are very low at only 1.2 percent. Overcrowding is very low in Rice County with most households at or below 1.5 people per room.

- Faribault holds the largest share of Rice County’s housing units with 8,905 units.
- Owner-occupied housing units make up 74 percent of the housing stock in Rice County.
- Within Rice County, 84 percent of the units are single-family detached.
- The biggest decade for construction in Rice County was between 2000 and 2009.
- Approximately 19 percent of the population in Rice County is at or near the threshold for extremely low income.

**Housing Issues**

Rice County is the third most expensive area for housing in Minnesota, ranked behind Rochester and the Twin City metro area. Affordable rent at 30 percent AMI in Rice County is $570 a month. The average renter household median monthly housing costs are $722. Lack
of rental property leads to limited housing options for residents in need of workforce and affordable housing. There is a gap in ownership by residents of minority races that dropped from 2000 to 2010, decreasing the share of housing units owned by non-white residents. Mobility into Rice County from a different state or within the County declined from 2010 to 2016, however, residents coming from abroad or a different Minnesota county increased slightly.

- The hourly wage needed to afford a two-bedroom home in Rice County is $16.94.
- The approximate number of cost burdened households in Rice County is 80 percent.
- The median sale price in Rice County from January 1, 2017 through April 18, 2018 was $201,788.
- Over 98 percent of households are owned by white Americans.
- An estimated 83 percent of Rice County residents lived in the same house the previous year.

**Economic Conditions**

The dominant employment industries in Rice County are education services, health care and social assistance. The manufacturing sector, once a major employment industry, has been in decline and will likely continue this trend. The two largest employment centers in Rice County are concentrated around Northfield and Faribault. The class of worker in Rice County is primarily private wage and salary workers. Commuting by car is increasing, while walking and carpooling are decreasing. Use of public transportation is holding steady, which historically is very low.

**Recommendations**

The data presented shows a lack of options for senior housing and affordable rental housing units. This means construction of more multifamily and assisted living facilities to accommodate projected growth is needed. The extremely low vacancy rate for owner-occupied units would also suggest a market for additional single-family dwelling construction at affordable price points. Options for encouraging construction of missing housing options are discussed in the **Recommendation section** at the end of this report and broken into the following categories:

- Missing Housing Types
- Housing Programs to Increase Affordability
- Available Programs for Development and Redevelopment
- Incentives
Market Area

Definition of Market Area

For analysis purposes, the Market Area is defined by the legal boundaries of Rice County which include seven major municipalities—Dennison, Dundas, Faribault, Lonsdale, Morristown, Nerstrand, and Northfield. Where data is available, analysis is done at the county level which includes the fourteen townships, then is broken down at the city level for each of the seven incorporated communities.

Market Area Boundary

The Market Area Boundary serves as the limits of the study and comparison for each of the seven communities and their performance as a share of Rice County. The identified Market Area Boundary is the Rice County legal boundaries.

Figure 1: Market Area Boundary (Created by WSN)
**Existing Housing Stock**

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. Communities that offer a variety of housing options are more attractive to prospective new residents. 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 vary in their 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 and only one estimated rental unit according to the 2016 American Community Survey.

![Pie chart](image1.png)

**Table 1: Rice County housing unit occupancy type (2016 ACS Data)**

![Bar chart](image2.png)

**Table 2: Housing unit occupancy type (2016 ACS Data)**
Housing Type

The primary housing type in Rice County is a single-family detached dwelling. There is a total of 17,237 single-family detached dwelling units located within the County, comprising 84 percent of the available housing types. The next largest housing type available is single-family attached structures with seven percent. Apartments with 2 units or more only make up 9 percent of the housing units in Rice County. (See Table 3). The seven municipalities are diverse in the existing housing typologies offered. 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 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)

There are no apartment buildings with more than five units in Dennison and Nerstrand. The only apartments in Dundas have five to nine units. Lonsdale has 156 buildings with 3 or more units. Nerstrand only provides single family detached dwellings and mobile homes or other types of housing. Morristown offers a mix of housing options except for apartments with 10 or more units. Faribault and Northfield supply most of multi-family housing within Rice County. Combined, they supply 2,660 apartments with 10 or more units (See Table 4).

<table>
<thead>
<tr>
<th>HOUSING UNIT TYPE</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>1 unit, detached</td>
<td>17237</td>
<td>5,625</td>
<td>53</td>
<td>380</td>
<td>1,134</td>
<td>314</td>
<td>119</td>
<td>3526</td>
</tr>
<tr>
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<td>1544</td>
<td>430</td>
<td>0</td>
<td>158</td>
<td>37</td>
<td>7</td>
<td>0</td>
<td>1067</td>
</tr>
<tr>
<td>2-unit apartments</td>
<td>591</td>
<td>333</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>0</td>
<td>210</td>
</tr>
</tbody>
</table>
### Age and Condition

Building construction in Rice County has been steady since the 1950s, with an increase seen in almost every decade except between 1980 and 1989 when there was a decline in construction of almost 300 housing units. Besides housing built prior to 1939, when 2,350 housing units were erected, the decade with the most construction in Rice County was from 2000 to 2009 with 1,509 new units (See Table 5). Within the last eight years Rice County has seen a steady annual rise in construction rates since 2011, except for minor drops in 2014 and 2016.
Table 6: Rice County housing construction 2010-2018 (Rice County GIS)

Faribault has a similar construction history to Rice County with most units built prior to 1939 and the second greatest housing unit construction decade between 2000 and 2009. Dundas saw a large building period from 2000 to 2009 with an almost 500% spike from 1990 to 1999. The City of Lonsdale also had the highest rate of construction from 2000 to 2009. The majority of Dennison’s, Morristown’s, and Nerstrand’s housing units were constructed prior to 1939. Northfield’s housing construction has historically been steady with a boom between 2000 and 2009 of an additional 1,597 housing units built. Lonsdale and Faribault were the cities with the largest share of new construction between 2010 and 2018. (See Table 7).

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 skewed by the outliers average owner-occupied property values in Northfield (on the high end) and Morristown (on the low end). The remainder of the cities in Rice County have an average property value between $140,000 and $180,000. The City of Morristown has the lowest median property value of $133,500, followed by the city with the most housing units in Rice County, Faribault, at $116,300. 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 Northfield (See Table 8).

Table 8: Average owner-occupied home value (2016 ACS Data)

Rental Prices

In Rice County, half the rental units cost between $1,500 and $1,999 monthly. A very low percentage of units cost more than $2,000 (as seen in Table 9). The remainder of existing rental units cost less than $1,499 a month 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 with an estimated thirteen units at this price.

Note: In an effort to be consistent with our evaluation and recommendation, the same data sources (U.S. Census, ACS, Rice County GIS) were used throughout the study.
Data obtainable showed none of the rest of the cities to have rental costs above $2,500. Lonsdale and Morristown have 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 (See Table 10).
**Vacancy Rates**

The Rice County dwelling unit vacancy rate is 8 percent. The homeowner vacancy rate in Rice County however is only at 1.2 percent according to 2016 American Community Survey estimates. The cities of Dennison, Morristown, and Northfield reflect the County rate, while Faribault and Lonsdale are 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 compared to homeowner units.

![Vacancy Rates](image)

*Table 11: Percent of vacant housing units (2016 ACS Data)*

A study of the vacancy rates in Faribault, Owatonna and Northfield by Maxfield Research in January 2018 identified only seven vacant units among 24 properties surveyed in Faribault. This would lead to a vacancy rate of only 0.8 percent, however only 1,133 units were surveyed of the 8,905 housing units in Faribault (12 percent of all units). This data also showed a steady decline in the vacancy rate of rental units starting at 1.2 percent in 2015 and decreasing to less than 1 percent in 2018.
**Affordable Rental Unit Availability**

Extremely low income is defined as earning 30 percent or less of the area median income (AMI), while very low is 50 percent and low is 80 percent. Table 13 shows what 30, 50, and 80 percent AMI looks like for each community.

![Area Median Income](image1)

**Table 12: Area median income (2016 ACS Data)**

Table 14 shows the percent of the population near or below 30 percent AMI. As demonstrated, approximately 19 percent of the Rice County population is very close or considered extremely low income. 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 15 shows the gross affordable rents for each municipality based on an assumed 30 percent AMI household. Gross rent is the monthly amount of rent plus the estimated average monthly cost of utilities (electricity, gas, water and sewer) and fuels (oil, coal, kerosene, wood, etc.).

![Area Median Income and 30%, 50%, & 80% AMI](image2)

**Table 13: Area Median Income and 30%, 50%, & 80% AMI (2016 ACS Data)**
Currently available rental units with affordable rents in Faribault include the Alexander Apartments, Faribault Public Housing, Greenwood Place, Halter I and II Apartments, Southgate Village, and Spring Court Apartments. Rent is either market rate, 30% of their gross monthly income, or varied 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 Rice County has fewer affordable options. In Lonsdale, apartments with affordable rent include Country View Court, Landmark Square, Southside Apartments, and MGM Apartments, while the Villages of Lonsdale provides independent, assisted and memory care units. 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 obtained is by measuring residents-per-room in a dwelling unit. Overcrowding according to a HUD study is more than 1.5 people-per-rooms. Table 16 shows the number of residents-per-room according to 2016 ACS estimates. Faribault and Northfield have a combined 74 units that have more than 1.51 occupants per room. Dundas and Dennison have a negligible amount with two housing units and Morristown with three housing units that meet the definition of overcrowding. Lonsdale and Nerstrand, according to the 2016 ACS Data, do not have overcrowding.

![Bar chart showing residents-per-room distribution](image)

**Table 16: Occupants per room (2016 ACS Data)**

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-bedroom or more units.
Housing Issues

The purpose of a housing study is to pull out the current trends in the market to identify housing issues. Once issues have been clearly acknowledged, 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, code enforcement programs, 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 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 current minimum wage.

Rice County has 67 percent mortgaged housing units. Of the 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 who own their home is $61,683 meaning many owner-occupied households spend 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, and Nerstrand. The cities of Faribault, Dennison, Morristown and Northfield average a higher annual housing cost than 30 percent of the area median income (See Table 17).

<table>
<thead>
<tr>
<th></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><strong>Median Annual</strong></td>
<td>$61,683</td>
<td>$50,481</td>
<td>$60,000</td>
<td>$71,125</td>
<td>$69,081</td>
<td>$49,375</td>
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<td><strong>Household Income</strong></td>
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<td><strong>Median Yearly</strong></td>
<td>$17,652</td>
<td>$15,276</td>
<td>$19,620</td>
<td>$18,000</td>
<td>$17,088</td>
<td>$14,813</td>
<td>$15,864</td>
<td>$18,300</td>
</tr>
<tr>
<td><strong>Housing Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>30 Percent</strong></td>
<td>$18,505</td>
<td>$15,144</td>
<td>$18,000</td>
<td>$21,338</td>
<td>$20,724</td>
<td>$12,876</td>
<td>$21,000</td>
<td>$16,393</td>
</tr>
<tr>
<td><strong>AMI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 17: Household income and annual housing costs (2016 ACS)
Owner Occupied Units with a Mortgage

Table 18: Percent of owner-occupied units with a mortgage (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 rental households in Rice County is 80 percent. Cities with few options for rental housing are entirely cost burdened. The cities of Faribault and Lonsdale have fewer cost burdened households due to the greater supply of rental housing in general, but still have a higher percentage of cost burdened rental housing units between 78-79 percent. See Table 19 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>12</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>21</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>16</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>30% AMI Rent Affordability</td>
<td>$570</td>
<td>$379</td>
<td>$450</td>
<td>$533</td>
<td>$518</td>
<td>$370</td>
<td>$525</td>
<td>$452</td>
</tr>
<tr>
<td>Approximate Percent of Cost Burdened Households</td>
<td>80%</td>
<td>78%</td>
<td>100%</td>
<td>100%</td>
<td>79%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 19: Affordability by location and percentage AMI (2016 ACS Data)

Based on the above data, all cities within Rice County should make a concerted effort to increase their supply of affordable rental housing. By increasing the supply of affordable rental housing, the higher cost housing options (approximately 20 percent of renters in Faribault and Lonsdale) will become available. Table 21 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 — seven in Faribault and six 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 since the program was created (See Table 20). There have only been three 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 20: Housing tax credit projects in Rice County (MN Housing)

<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>

Table 21: Number of properties/complexes and respective housing units available through select federal programs (does not include state, local, or private properties and units)

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 AMI. 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 job growth is expected in the educational services, 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 for someone with this income would be no more than $1,245 per month.

**Senior and Assisted Living Options**

The total number of senior age residents living within Rice County according to the 2016 Census estimates was 8,691 people or 13 percent of the population. The two cities with the highest percentage of senior age residents are Morristown and Nerstrand, both at sixteen percent. Lonsdale and Dundas have the lowest percent at five and seven percent respectively (See Table 22).

![Senior Age Population (65 Years and Older)](chart)

<table>
<thead>
<tr>
<th>City</th>
<th>Senior Age Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice County</td>
<td>13%</td>
</tr>
<tr>
<td>Dennison</td>
<td>10%</td>
</tr>
<tr>
<td>Dundas</td>
<td>7%</td>
</tr>
<tr>
<td>Faribault</td>
<td>13%</td>
</tr>
<tr>
<td>Lonsdale</td>
<td>5%</td>
</tr>
<tr>
<td>Morristown</td>
<td>16%</td>
</tr>
<tr>
<td>Nerstrand</td>
<td>16%</td>
</tr>
<tr>
<td>Northfield</td>
<td>13%</td>
</tr>
</tbody>
</table>

Table 22: Percent of senior age residents (2016 ACS and WSN Associates)

The Minnesota Board on Aging (MBA) in partnership with the Minnesota Department of Human Services completed a Survey of Older Minnesotans in 2015 to help researchers and policy makers better understand Minnesota’s older population. The survey results found that
most older adults in Minnesota own a single-family home (82 percent) and intend to stay there for the foreseeable future. The survey even revealed that 56 percent of people 85 years and older live in a single-family dwelling they own and 70 percent of individuals in this age cohort live alone. If unable to live independently, about 44 percent indicated they would stay with family, 26 percent with friends, and 18 percent would hire in-home services from an agency.

An AARP study also revealed that 87 percent of adults age 65 and older want to stay in their current home and community as they age. This data reveals a need to provide services and support to keep older adults in their homes. These supportive services include home modifications, maintenance programs, and in-home care services.

There are 21 Comprehensive Home Care providers licensed with the Minnesota Department of Health in Rice County. Only one is in Lonsdale, six in Northfield, and 14 in Faribault. There are 16 facilities licensed as Assisted Living Services with nine in Faribault, six in Northfield, and one in Lonsdale. Four of these facilities offer dementia programs.

**Special Needs Housing**

It is important to understand and identify barriers to housing for individuals with special needs. Special needs housing includes individuals with both physical and mental disabilities. Within Rice County, approximately 10 percent of individuals had a disability according to the 2016 Census estimates. Data shows that disabilities affect both men and women equally. Disparities exist among cities within Rice County. Almost 14 percent of residents in Faribault have an identified disability, however only five percent of residents in Dundas (See Table 23).

![Population with a Disability](chart)

**Table 23: Percent of population with a disability (2016 ACS)**

The greatest portion of disabilities in Rice County involve ambulatory difficulty (24 percent) which includes difficulty with walking that leads to a limp, use of a walker, cane, or wheelchair. The next greatest share is individuals with cognitive difficulty (21 percent) which occurs when problems with thought processes occur, reducing mental functions. Only seven percent of
individuals in Rice County with a disability have vision difficulty, but 15 percent have hearing difficulty.

![Rice County Disability Types](image)

**Table 24: Breakdown of disability types in Rice County (2016 ACS)**

Special housing needs for individuals with ambulatory, vision, and hearing difficulties are focused primarily on modifications of existing dwelling units to make mobility easier and safer. These individuals do not need to live in a group or assisted living facility long term in most cases. Dwelling units can be altered to accommodate their daily activities. Not all dwelling units, especially those constructed prior to the Fair Housing Act, are designed to be readily accessible to and usable by persons with disabilities. All multifamily dwellings constructed after March 13, 1991 however are required to comply with the Fair Housing Act. Single-family homes funded by federal, state or local funds may be required to be accessible under the Fair Housing Act.

The following types of facilities are licensed with the State of Minnesota Department of Human Services:

- Adult Day Care (two in Northfield)
- Adult Foster Care (nineteen in Faribault, three in Northfield)
- Child Foster Care (two in Dundas, forty-one in Faribault, eight in Lonsdale, two in Morristown, one in Nerstrand, eight in Northfield)
- Home and Community Based Services (one in Dundas, twelve in Faribault, four in Northfield)
- Community Residential Facilities (forty-eight in Faribault, four in Morristown, one in Nerstrand, twelve in Northfield, one in Dundas)
- Day Services Facility (one in Dundas, two in Faribault, one in Northfield)
- Substance Use Disorder Treatment (one in Faribault, one in Northfield)

The total capacity of licensed facilities offering adult day care services is 39 individuals. There are 73 available units for adult foster care and 223 for community residential facilities. This amounts to only 335 licensed units for individuals with difficulty living on their own because of a cognitive disability, however Census data shows 2,455 people are living with a cognitive...
difficulty. Many individuals are likely living with family; however, this shows a severe lack of housing for individuals in need of special housing to accommodate their disability.

**Homelessness**

Tracking homeless populations is difficult to do as this is a portion of the population continually on the move and in a transitional state. The federal government defines four broad categories of homelessness:

- People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided.
- People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled-up situation, within 14 days and lack resources or support networks to remain in housing.
- Families with children or unaccompanied youth who are unstably housed and likely to continue in that state.
- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing.

The Wilder Foundation however has conducted triennial statewide studies of homelessness “to better understand the prevalence, causes, circumstances, and effects of homelessness, and to promote efforts toward permanent, affordable housing for all Minnesotans.” The study includes counts and estimates of the number of people who are homeless at a statewide level with surveys of residents experiencing homelessness.

The study conducted in 2015 showed the total number of homeless people in the southeast quadrant, a large study area which includes Rice County, was 571. Of those individuals, 312 were minors and adults and 259 were children with parents. The total number of people in shelters was 486 with only 85 people, or 15 percent of the homeless population, living on the streets.

Only two emergency shelters are in Rice County: Ruth’s House in Faribault and Community Action Center of Northfield. Census data from 2010 showed a total of only 18 people in emergency shelters. Using the percentage of homeless people not in shelters in the southeast region under the Wilder study and extrapolating it to the 2010 Census data for Rice County, approximately 21 people are likely homeless in Rice County.

The Minnesota Department of Human Services, in coordination with MN Housing, provides numerous programs to aid those in need of housing. The Housing and Homelessness program includes general assistance, a long-term homeless support grant program, general assistance, emergency services programs, training, and numerous other programs found on their website.
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 adopted 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 footprint for four bedrooms is 400 square feet; however, this does not leave room for a bathroom or other habitable space. The smallest unit size for a four-bedroom house would be about 1,000 square feet to allow space for a kitchen, dining room, living room, utility room, and one bathroom.

Interviews with the growing Somali population in Rice County reflected a need for larger housing units. A survey of 91 households showed a range of family sizes from four people with a need of three bedrooms up to twelve people with a need for six bedrooms. Many of these families were also relying on Section 8 vouchers to help afford the rental units. Rent paid ranged from $600 in a public housing project to $1,650 with Section 8 voucher assistance.

Housing Sales

Housing unit sales were steady in December and January, however, sales began to decline in February and they saw a stark drop in the month of March (See Table 25). Faribault led the County for 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 26). Most 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 (five 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 construction year of unit 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.

The median sale price in Rice County from January 1, 2017 through April 18, 2018 was $201,788 according to data pulled from the Rice County Interactive GIS Map. The median assessed value for the dwellings sold during this period was slightly higher than the median sales price at $207,000.
Table 25: Rice County housing unit sales (Rice County GIS)

Table 26: 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 status of Nerstrand. The lack of diversity in housing options limits the types of residents that
can live 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 the 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**

Ownership by minority groups in Rice County is staggeringly 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></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 27: 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. Faribault and Northfield have more minority owned households, but both are staggeringly low.
Table 28: Ownership by race (2010 Census Data)

Table 29 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>Occupied housing units</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>White</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>Black or African American</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>American Indian and Alaska Native</td>
<td>0</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<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>
<tr>
<td>Native Hawaiian and Other Pacific Islander</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Some other race</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Two or more races</td>
<td>0</td>
<td>3</td>
<td>20</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>18</td>
</tr>
</tbody>
</table>

Table 29: Percent of minority owned housing compared to minority population (2016 ACS and WSN Associates)

**Mortgage Lending Options**

There are several types of mortgage lending options available to potential home owners including FHA, conventional, and construction loans. There are benefits to each type of loan and selection depends on the buyer’s financial situation. Additionally, municipalities can offer financial aid to home buyers to encourage owner occupancy in their communities.

The first lending option attractive to first time home buyers is FHA. An FHA loan is a government-backed mortgage insured by the Federal Housing Administration. Borrowers pay for mortgage insurance which then protects the lender from a loss if they default on the loan. Benefits to this type of loan are lower down payments, usually around 3 percent of the cost of the house, as well as lower rates and lower credit scores needed to qualify. A conventional loan typically has down payments between 5 and 20 percent. If the borrower can put down
20 percent they avoid paying mortgage insurance. These types of loans can have either a fixed or variable rate. Slightly higher credit scores are required for borrowers of a conventional loan.

Some government agencies help families find housing. Hennepin County for example has the Neighborhood Stabilization Program (NSP) to stabilize communities that have suffered from foreclosure and abandonment. The program helps with the purchase, rehabilitation and resale of foreclosed and abandoned property. Minnesota Housing is a state agency that provides mortgages with flexible options in providing down payments and closing costs. There are also non-profit agencies that provide down payment assistance in Minnesota. The Minnesota Homeownership Center provides first time homebuyer help in obtaining new housing, but also resources to prevent foreclosure.

**Infrastructure Capacity and Challenges**

With a projected need of 5,633 new housing units in the next 15 years, additional subdivisions will need to be developed to accommodate some of the growth. The cities of Northfield and Faribault have each seen over 200 sales of vacant lots scattered throughout existing subdivisions served by existing infrastructure. Development should first be steered towards infill of these vacant parcels to take advantage of the existing municipal services, rather than building new infrastructure to accommodate growth. This will allow the tax base to expand, providing necessary funding to support growth outside the existing infrastructure boundaries 10-15 years from now.

A search of the Rice County Residential Comparable data available on the Interactive GIS map (with data going back as far as 1990) showed the communities of Dennison, Dundas, Lonsdale, Morristown, and Nerstrand have a small portion of vacant lots within their communities. Taking into account land locked parcels, unbuildable parcels, irregular shapes and various other features the City of Dennison only has one vacant lot, Nerstrand only 3, Dundas 23, Lonsdale 10, and Morristown approximately 38 vacant lots. Faribault and Northfield, during the same time period, resulted in over 200 vacant lots. To make it more manageable, a search from the prior two years of sales data showed a total of 105 buildable vacant lots in Faribault and only 18 in Northfield. To avoid costly extensions of roads, sewer and water, and emergency service coverage, these communities should focus on development of vacant lots, followed by subdivision of large parcels adjacent to existing roadways and near sewer and water services.

Costs for development will be borne by the developer in most cases of infill construction. Cities such as Faribault and Northfield have standard sewer and water connection fees, and driveway permit fees, however new services would need to be negotiated during the subdivision process for new developments to ensure the municipalities do not bear the full cost for providing services to the new development. Some costs may be unavoidable if development occurs in an area that would require major infrastructure, such as a new lift station or wastewater treatment plant. Careful planning to determine the best locations for future development of housing should be undertaken by each municipality to ensure they
have the capacity to extend services in the future. Programs to help municipalities prepare for new development are discussed in the *Recommendations section* at the end of this report.

**New Development Attractors and Support**

Developers are attracted to cities and communities by many different factors. The first is whether the community has policies that support new development. They need to be willing and engaging, preventing a NIMBY (not in my back yard) 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 they will even be able to build the desired type of housing. Zoning ordinances should also reflect current trends in development. Setback or height regulations that were applicable 30 years ago may prohibit a project from being constructed today.

Infrastructure required for new developments should be in place. Developers are looking to keep costs low and will be drawn to property that is well connected to a network of roads and highways and already served by sewer and water. Another factor includes access to existing commercial and retail developments. Households are concerned with access to basic amenities such as gas stations, grocery stores, banks, etc. which developers will look for when citing new projects. Municipalities can market properties well connected to these infrastructure services. If funds allow, they could also construct the necessary infrastructure to support new housing in anticipation of drawing new development to the area.

To help draw in development, communities can also provide financial incentives such as Tax Increment Financing (TIF) funds, lower development fees, expedited plan review, and other measures that will help make the project more profitable for the developer. The developer will always be concerned with the return on investment (ROI) and will not consider building in a community if it does not make financial sense for their company. The ROI will also affect the types of units they construct. If they see a need in the affordable housing project, they will likely need financial assistance to help make the project work, whether that be at the local level or through federal and state programs. A discussion of programs including TIF are in the *Recommendations section* at the end of this report.

**Market Analysis**

The following market analysis includes information on existing properties related to rents, vacancies, services, and amenities.
A market search of homes for sale in the beginning of July returned 240 housing units, ranging from single-family dwellings to apartments. The search results showed 17 townhomes, one manufactured home, eight condos, two apartments, and 212 single-family dwellings. The greatest number of home sales were concentrated in Faribault (96 dwellings) and Northfield (63 dwellings). Morristown had six single-family dwellings on the market, Dennison two, and Dundas four. Lonsdale had a high number of units for sale with 35 single-family dwellings listed.

Listing prices varied widely across Rice County. In Faribault, a three-bedroom, two-bathroom house was listed at $165,000, but a similar home in Northfield listed at $349,900. New construction in Northfield was listed at $384,900. A home built in 2001 in Lonsdale was listed for $649,999 with five bedrooms and four bathrooms. Within Morristown homes were listed anywhere from $40,000 for a foreclosed house to $400,000. 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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>21%</td>
</tr>
<tr>
<td>2016</td>
<td>18%</td>
</tr>
<tr>
<td>2015</td>
<td>20%</td>
</tr>
<tr>
<td>2014</td>
<td>13%</td>
</tr>
<tr>
<td>2013</td>
<td>17%</td>
</tr>
<tr>
<td>2012</td>
<td>5%</td>
</tr>
<tr>
<td>2011</td>
<td>4%</td>
</tr>
<tr>
<td>2010</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Table 30: 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 were 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 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**

Similar communities to Rice County include Winona County and Olmstead County which houses Rochester, the next most expensive housing market in Minnesota ahead of Rice County. In Winona County, median rent is $608, up 4 percent from 2000. Renter income has dropped 19 percent from 2000 to $23,665. The fair market rent for a 2-bedroom apartment is $720, but median-income renters can afford $592. Median home values have increased 16 percent up to $153,900. Owner income has dropped 2 percent to $64,337. The cost burdened households include 70 percent of owners and 79 percent of renters.

Olmsted County has a median rent of $827, up 8 percent from 2000. Median renter income has decreased by 10 percent from 2000 to 2015, down to $34,161. Median home values have increased by 10 percent, up to $157,873. Owner-occupied households make up 74 percent of the market. Median owner income has stayed the same. Ownership rates for households under 35 years old has dropped 10 percent from 2000 to 2015. Cost burdened households include 78 percent of owners and 85 percent of renters.

Rice County’s housing affordability situation is similar to both Winona and Olmsted County. Rice County has also seen a rise in median rents and drop in renter income. Home values have also risen between 2000 and 2015. Homeownership rates for households younger than 35 years old from 2000 to 2015 dropped 21 percent, almost twice the rate of Olmsted County and five times that of Winona County, according to data from the Minnesota Housing Partnership. The breakdown of cost burdened households of both owners and renters is comparable to Winona County and slightly better than Olmsted County.

**Energy Efficient Building Options**

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 system 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 including 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 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 like 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

It is important to understand who is moving into and out of the County to better plan for future housing needs. Over the next three decades the state of Minnesota will experience a greater number of deaths than births, a first in our state’s history according to the report “Minnesota on the Move: Migration Patterns and Implications” published in January 2015 by the Minnesota State Demographic Center. The combination of births, deaths, and migration will affect the labor force and population growth of Rice County.

Based on 2016 Census estimates, 83 percent of Rice County residents lived in the same house the previous year. This estimate is similar to 2010 Census data which showed 82 percent of residents in the County were in the same residence the prior year. Mobility into Rice County from a different state or within the County declined from 2010 to 2016, however residents coming from abroad or a different Minnesota county increased slightly. This shows communities are drawing new residents from outside the geographic boundaries of Rice County rather than relying on new births in the County.
Table 31: Percent of residents in the same house in 2016 as they were one year prior (2016 ACS)

Estimates available from Census data at the county level show a natural increase in residents of 282 from July 1, 2016 to July 1, 2017. The total births were 761 with deaths at 479 residents. Net migration was 100 residents reflective of 163 new international residents and a loss of 63 domestic. This led to a total population change estimated at 380 new residents in Rice County from July 2016 to July 2017. These estimates are consistent with the 2016 Census estimates showing the population increase resulting from new people moving into the County from abroad.

According to 2016 Census estimates, rental households moving to another community within Rice County comprised 14 percent of all households with owner-occupied households making up only 3.3 percent. Owner-occupied households that moved from a different county in Minnesota comprised 2.9 percent of all households with 8.5 percent renters. Owner-occupied households moving from outstate included 0.6 percent of households and from abroad was only 0.1 percent. Renter households from outstate included 4.1 percent of households and abroad was 2.2 percent. So, while most households are still occupied by residents that remained in their current city, those that did migrate into the County are mostly renters from a different Minnesota county.

The 2016 estimates also show that 17 percent of the population within Rice County are males that moved in from outside their city, a greater rate than women at 13.6 percent. The age demographic with the most inward mobility are 18 to 24 year old’s (29.6 percent) followed by 25 to 34 year old’s (25.2 percent). The smallest in migration occurred within the 55 to 64 age group (6.8 percent) followed closely by the 65 to 74 age group (7.9 percent). Almost 42 percent of inward mobility was from residents of American Indian and Alaska Native populations. Residents of two or more races comprised 29.9 percent of in migrating populations. Inwardly mobile residents tend to occupy lower income brackets. Individual income at $9,999 or less in Rice County for inwardly mobile residents comprised 23.2 percent. Percentages continued to decrease as incomes rose to just 7.9 percent of the population making $75,000 or more and having migrated into the County.
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. 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. For example, Millennial age singles are more likely to live in multi-family housing developments with amenities provided. The baby boomer generation has begun to reach the age of needing assisted living options. (See note at the end of this section).

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 the future population, if it continues to grow in a linear fashion, would 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 32). Table 33 and 34 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 32: 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 greatest age cohort increase was seen in 45 to 49-year old's, 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 35.

<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 35: 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. Lonsdale 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 36).

Table 36: Median Age (2016 ACS)

Households by Income, Age, and Size

Between 2000 and 2010 Rice County saw a decline in household income less than $10,000 and 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>
<thead>
<tr>
<th></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>

Table 37: Rice County household income and projected incomes (Census Data and WSN Associates)

Median household incomes of the seven municipalities range from $49,375 (Morristown) to $71,125 (Dundas). Table 38: Median household income in 2016 (2016 ACS), shows the median household incomes for each of the seven cities.

Table 38: Median household income in 2016 (2016 ACS)
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 39).

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

Table 39: 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.

<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 40: Age demographics for the seven cities (2016 ACS)
Most households in Rice County are one or two-person households. Only 23 percent have four or more people and 14 percent were three-person households in 2016. Growth between 2000 and 2010 was seen in owner-occupied households with two people and in renter occupied households with one person. Decline in owner-occupied households with four and five people was seen. The projections in Table 42 show a future need for dwellings for one and two-person households. 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 43).

Table 41: Rice County household size (2016 ACS)

<table>
<thead>
<tr>
<th></th>
<th>Annual Change</th>
<th>2023</th>
<th>2028</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owner-occupied housing units</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-person household</td>
<td>218.7</td>
<td>19740.1</td>
<td>20833.6</td>
<td>21927.1</td>
</tr>
<tr>
<td>2-person household</td>
<td>65.8</td>
<td>4098.4</td>
<td>4427.4</td>
<td>4756.4</td>
</tr>
<tr>
<td>3-person household</td>
<td>138.9</td>
<td>8413.7</td>
<td>9108.2</td>
<td>9802.7</td>
</tr>
<tr>
<td>4-person household</td>
<td>23.3</td>
<td>2904.9</td>
<td>3021.4</td>
<td>3137.9</td>
</tr>
<tr>
<td>5-person household</td>
<td>-7.7</td>
<td>2487.9</td>
<td>2449.4</td>
<td>2410.9</td>
</tr>
<tr>
<td>6-person household</td>
<td>-5.1</td>
<td>1168.7</td>
<td>1143.2</td>
<td>1117.7</td>
</tr>
<tr>
<td>7-or-more-person household</td>
<td>2.9</td>
<td>452.7</td>
<td>467.2</td>
<td>481.7</td>
</tr>
<tr>
<td><strong>Renter-occupied housing units</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-person household</td>
<td>124</td>
<td>7030</td>
<td>7650</td>
<td>8270</td>
</tr>
<tr>
<td>2-person household</td>
<td>61.9</td>
<td>3344.7</td>
<td>3654.2</td>
<td>3963.7</td>
</tr>
<tr>
<td>3-person household</td>
<td>10.4</td>
<td>1288.2</td>
<td>1340.2</td>
<td>1392.2</td>
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<tr>
<td>4-person household</td>
<td>15.6</td>
<td>879.8</td>
<td>957.8</td>
<td>1035.8</td>
</tr>
<tr>
<td>5-person household</td>
<td>13</td>
<td>689</td>
<td>754</td>
<td>819</td>
</tr>
<tr>
<td>6-person household</td>
<td>11.4</td>
<td>441.2</td>
<td>498.2</td>
<td>555.2</td>
</tr>
<tr>
<td>7-or-more-person household</td>
<td>7.2</td>
<td>234.6</td>
<td>270.6</td>
<td>306.6</td>
</tr>
</tbody>
</table>

Table 42: Rice County projected household size (Census Data and WSN Associates)
<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 43: 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 non Hispanic/Latino</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>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>American Indian and Alaska Native</td>
<td>244</td>
<td>300</td>
<td>271</td>
<td>6</td>
<td>373</td>
<td>401</td>
<td>429</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 44: 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 45). Additionally, since Latino/Hispanic is not a race, Latinos/Hispanics are represented in all races.
<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><strong>Total Population 2016</strong></td>
<td>162</td>
<td>1586</td>
<td>23530</td>
<td>3814</td>
<td>918</td>
<td>296</td>
<td>20405</td>
</tr>
<tr>
<td><strong>Minority Population 2016</strong></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><strong>Percent Growth of Minority Share</strong></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><strong>Hispanic/Latino Population</strong></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 45: 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 per year. 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 continue 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 46: 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><strong>Spanish</strong></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><strong>Other Indo-European Language</strong></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><strong>Asian and Pacific Island Languages</strong></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><strong>Other Language</strong></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><strong>Speaks only English</strong></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 46: Change in primary language spoken by city (Census Data)
Note: According to Andi Egbert, Assistant Director of the MN State Demographic Center, MN Department of Administration, “While many college students technically earn incomes below the poverty level, many have a comfortable economic existence and access to additional family resources if needs arise. Some, but not all, students are included in Census poverty figures.

Where students are living determines whether they are included in Census poverty figures:

- College students who live in dormitories (“group quarters” in Census terms) are not included in poverty measures. Those who live in group quarters (whether college students living in dorms, people living in residential treatment centers, those in correctional facilities, etc.) are excluded from the Census “poverty universe” for all data.
- College students living at home with family members are always included in family poverty measures. Family households include individuals living at home with their parents, married college students living with spouses, and unmarried students living with their children. Family poverty is determined based on a family’s total income.
- College students living on their own off-campus are also included in the Census “poverty universe.” Their poverty status is based on total personal income.

So, the latter two groups are influencing the poverty statistics in Rice County, and in a small county such as Rice County, the impact can be considerable.

The Census Bureau prepared a blog and working paper on this topic (US Census Bureau, Social, Economic & Housing Statistics Division, Poverty Statistics Branch, “Examining the Effect of Off-Campus College Students on Poverty Rates”, Alemayehu Bishaw, 5/1/2013). While the data are several years dated, at the time of the analysis the Bureau found that excluding college students reduced the poverty rate by about 0.8 percentage points for Rice County (See page 35) and 2.7 percentage points for Northfield city (See page 65). I think you could assume a similar level of “inflated” rates of poverty presently, if the college student enrollment has remained similar. If you wished to roughly “adjust” other income figures, you would have to develop an estimate of how many college students live in the community (not in dorms). Perhaps the colleges could be of help in this regard?”

Additional resources:

http://www.census.gov/library/working-papers/2013/acs/2013_Bishaw_01.html

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 and Anticipated Employment Trends

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, health care and social assistance sectors have seen significant growth between 2010 and 2016 and are expected to continue this trend. The manufacturing sector 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 49).

![Workers by Employment Location in Rice County](image)

Table 47: Workers by Employment Location in Rice County (Minnesota State Demographic Center)

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, mining, finance and insurance, real estate, rental and leasing, professional scientific, management, administrative and waste management services. Lonsdale saw tremendous growth in 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, finance and insurance, real estate, rental and leasing. Nerstrand also lost employed civilians (23 people), but saw growth in almost all sectors. Northfield continues to grow the civilian employed population over 16 years old with growth in every sector except construction, retail trade, information, arts, entertainment, recreation, accommodation and food services, and public administration.

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 47).

Table 48: Rice County Industries current and projected growth (Census Data and WSN & Associates)

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 49).

Table 49: Rice County occupations current and projected growth (Census Data and WSN & Associates)

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, 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 projected trends are demonstrated in Table 50.

Table 50: Rice County class of workers current and projected growth (Census Data and WSN & Associates)
Commuting Patterns

The commuting patterns in Rice County are reflective of the cities contained within its jurisdiction. Overall, commuting by car is increasing, while walking and carpooling are decreasing. Use of public transportation is holding 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 51). An additional 13 percent is occupied by working from home. Public transportation is currently only 1 percent of the trips to work, with 4 percent in Rice County walking (See Table 52).

<table>
<thead>
<tr>
<th>Annual Change in Rice County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers 16 years and over</td>
</tr>
<tr>
<td>Car, truck, or van -- drove alone</td>
</tr>
<tr>
<td>Car, truck, or van -- carpooled</td>
</tr>
<tr>
<td>Public transportation (including taxicab)</td>
</tr>
<tr>
<td>Walked</td>
</tr>
<tr>
<td>Other means</td>
</tr>
<tr>
<td>Worked at home</td>
</tr>
<tr>
<td>Mean travel time to work (minutes)</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Table 51: Annual changes in transportation modes in Rice County (2016 ACS)

2016 Rice County Transportation Mode

Table 52: 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 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 with a declining workforce are Dennison and Morristown.

Commuting times range from 18.7 minutes to 33.1 minutes (See Table 53). 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.

![Graph showing 2016 Mean Travel Time to Work](image)

Table 53: Mean travel time to employment in minutes (2016 ACS)

**Property Taxes**

Property tax rates can be an attractor for new development and home buyers. With so many options on where to live or build, people consider numerous factors, including tax rate, to determine the best financial option for their families or development. The actual property value, the figure used to base the tax capacity for the property, is set by the city or county assessor and dictates what people pay for taxes. The median property taxes paid in Rice County are $1,868, in line with Olmsted County and slightly elevated from Winona County.

The property taxes paid in Rice County are considerably less than the 7-county region surrounding the Metro Area which is as high as $2,831 in Hennepin County and $2,992 in Carver County, the highest in the state.
Local property taxes are important to help fund programs and services including schools, fire and police protection, streets and sidewalks, and public institutions such as libraries and community centers. Property taxes are affected by changes made at the local level. They may go up if local governments raise spending or receive less non-tax revenue such as state aid dollars. In reverse, they would go down if local governments reduce spending or receive more non-tax revenue. Municipalities set their budget (the levy) each year which determines projected spending and how much property tax is needed to cover the intended expenditures. Rice County increased their levy in 2017 by 3.8 percent, just above the statewide average of 3.7 percent. The amount of increased levy’s varied widely among the southern counites. Winona County increased their levy by 6 percent, whereas Olmsted County only increased by 2.5 percent.
Recommendations

The number of households projected in 2033 is 30,197, based on steady growth rates mirroring the changes from 2000 to 2010. The 2016 estimated number of housing units, according to the 2016 American Community Survey, is 24,564, which leaves an estimated need of 5,633 new housing units over the next 15 years. The data presented shows a lack of options for senior housing and affordable rental housing units. This means construction of more multi-family and assisted living facilities is needed to accommodate projected growth. The following sections discuss the missing housing types, programs that can increase affordability, programs for encouraging and supporting development or redevelopment, and finally, options for providing incentives.

Missing Housing Types

One reason for a lack of diversified housing types within Rice County results from the existing zoning. Cities like Lonsdale have little to no medium-high density housing districts. Other cities like Faribault have a good diversity of residential zoning districts, however, there are still large subdivisions of low density residential zoning that restrict larger housing complexes. By creating more categorical diversity in the zoning district, there is more opportunity for developers to construct a mix of housing types that have equal access to all parts of the city. A good example of this is Faribault. There are large clusters of low density development but they have a good range of residential densities and diversity surrounding their Central Business District.

The housing types missing in Rice County are senior housing and affordable rental housing. The data shows a high percentage of single-family detached dwellings and a limited supply of multi-family dwellings. The number of affordable rental housing units is also very low. Construction of more units affordable to households earning 30 percent AMI will help alleviate the low vacancy rate seen in rental housing across the County.

While studies suggest many adults aging into retirement wish to stay in their current homes and communities, many will require the services provided at an assisted living facility or nursing home. There are few options in Rice County, especially the smaller communities. Serious consideration should be given to providing more options for senior housing, especially affordable senior housing units, throughout the County to allow residents to age in their own communities instead of relocating to get the care they need.

Housing Programs to Increase Affordability

Section 8 rent subsidies are provided by the U.S. Department of Housing and Urban Development (HUD) to families with low income. The subsidies are provided in the form of Housing Choice Vouchers and Project Based Units. The rental assistance provides opportunities for low income families to partner with owners of existing housing units, enabling families the affordability to rent all types of housing in any city, avoiding a concentration of assisted housing. Property owners benefit from more consistent, timely and
full payments, with the addition of periodic inspection of the unit to alert owners of any required and/or recommended repairs.

At the county or local level, a rent subsidy program could be established by the governmental agency or a non-profit. Chicago operates a rental subsidy program which aids with rent to residents at or below 30 percent AMI. Programs like this help make otherwise market-rate housing affordable at a lower rent level. The funds allow property owners to rent market-rate units to at an affordable rent level, maximizing the number of affordable units available because they draw upon an existing stock of rental housing.

Naturally Occurring Affordable Housing (NOAH) is privately owned and operate housing units, including mobile homes and trailer parks, that charge rents affordable to low and moderate-income households. These are older housing units generally built prior to 1990 and while they are often located near schools, commercial nodes, and job centers they tend to suffer from poor upkeep and neglectful management. The lack of maintenance is often what makes them so affordable. NOAH units may be in good condition but lack upgrades like remodeled kitchens and bathrooms that could fetch them higher rents. Preserving NOAH units is difficult as investors and property owners often want to see higher rates of return than what can be achieved through renovating the structure for higher rent capacity. Therefore, government assistance is typically required to incentivize the retention of NOAH.

Another option to increase affordability through the existing housing stock is to allow conversions of existing dwellings to create an accessory dwelling unit (ADU). This allows for more rental units at a lower price point given the smaller unit size, while also providing additional income to the property owner. Many ADU ordinances require the owners to reside in one of the units decreasing the concerns multiple rental units in low-density neighborhoods creates. An ADU ordinance allows large areas of low-density zoning to provide additional dwelling units. Cities like Lonsdale have very little medium or high density residential zoning in place to allow multiple dwelling units. Other cities like Faribault have large subdivisions of all low-density zoning which limit the areas where additional housing units can be placed and could benefit from an ADU ordinance.

Available Programs for Development and Redevelopment

There are several programs available to encourage future development and redevelopment. Some are more obvious, like the Department of Employment and Economic Development (DEED) Workforce Housing Grant Program, while others are more indirect like the Minnesota Department of Transportation (MNDOT) Local Road Improvement program. Both work to encourage housing development. While the DEED program supports the physical construction of more units, the MNDOT programs provide the incentives and encouragement for developers to build new units. Typically, funders for income-based programs require at least 51 percent Low-Moderate Income residents. Following are a list of programs that are available for municipalities in Rice County to consider.

Tax Increment Financing:
TIF programs give communities a flexible financing tool to assist with housing projects and infrastructure. TIF allows a city to dedicate the increased revenues from a new housing development to make it more affordable or pay for costs incurred by the project. The funds can go to a specific project or be put into a dedicated fund for TIF projects to promote affordable housing.

**DEED Workforce Housing Grant Program:**
This program provides up to 25 percent of the total project costs of a rental housing development. A city would need to provide $1 for every $2 in grant funding provided. Applications for this program are due in January of each year. At the time of application full business plans, site plans, environment evaluations, drawings, floor plans, and estimated rents must be complete. The following criteria must be met:

- Population exceeds 500
- Average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been 5% or less for at least the prior two-year period
- One or more businesses located in the eligible project area, or within 25 miles of the eligible project area, that employs a minimum of 20 FTEs in aggregate
- Business must provide a written statement that the eligible project area has a lack of available rental housing which has impeded their ability to recruit and hire employees.

**MnDOT Safe Routes to School:**
The Safe Routes to School (SRTS) program supports capital projects that promote and encourage more students to walk or bicycle to school by making school routes safer and more accessible. Funding typically falls between $100,000 and $450,000. Eligible projects include school site improvements, pedestrian and bicycle facilities, traffic calming and crossing improvements.

Each grant goes through the SRTS planning process to ensure funding is appropriately used. Planning applications are typically accepted each spring. Actual infrastructure application timelines vary by region.

**MnDOT Local Road Improvement Program:**
The Local Road Improvement Program provides funding to local agencies for constructing or reconstructing roads. Available funding is broken into three categories:

- Trunk Highway Corridor Account – local shares of trunk highway projects
- Routes of Regional Significance – road must be regionally or statewide significant
- Rural Road Safety – Project must be intended primarily to reduce crashes and increase safety

Applications are typically accepted in late fall/early winter. Funding announcements are made around February of each year. Typical grants fall between $250,000 and $1,000,000.
MnDOT Transportation Alternatives Program:
The Transportation Alternatives Program provides funding to support pedestrian/bicycle facilities, historic preservation, Safe Routes to School projects, and more. Letters of Intent are typically needed in early fall, followed by a full application in January. Awards are announced in spring. Maximum grant awards vary, but there is typically a 20% required local match.

USDA Rural Development Community Facilities Program:
This program managed by the US Department of Agriculture is a low-interest loan program that occasionally funds local street projects and is worth considering. Applications are accepted throughout the year. Maximum loan requests vary, but a local referendum would likely be needed for any amounts exceeding $450,000.

Incentives

Encouraging new housing development in some of the rural communities of Rice County is a challenge without proper incentives. Developers will only invest in a new project if they know the profit margins will work in their favor. Offering incentives draws in developers that otherwise would not consider building within the city. Monetary incentives, such as reduced building permit fees, can encourage developers to consider communities in Rice County for their next project.

Revolving Affordable Housing Trust Funds are a way to help provide capital for affordable housing projects. A revolving trust fund for affordable housing is a separate pot of money from housing redevelopment authority (HRA) funds, but the HRA can assist with funding. Cities could contribute funds through permit fees, impact fees, inclusionary zoning fees, Tax Levy funds, property conversion fees, sales tax, foundation grants, general obligation bonds, TIF, and sale of land no longer needed by the municipality. This type of program allows other entities such as businesses, individuals, and foundations to contribute as well. Funding can be used to meet multiple housing goals, such as, helping residents with down payment assistance or building affordable housing.

Incentives do not need to be solely monetary. Offering services, such as fast-tracked permitting processes, can be enticing to developers that want a quick and easy to understand approval process. Ensuring land is properly zoned for the type of housing needed saves the developer time and money as well. Other options are providing density bonuses that allow a developer to build more than what is allowed by a district, or allowing trailer parks as an affordable housing option. This results in lower housing costs by reducing the land costs per unit.

Reduced City/County permitting fees can also affect affordable housing. To further understand the relationship between permit fees and development costs, questions were asked of area development companies. An area developer explained it best by stating, “We budget 100% of all city fees into our project and carry a separate line item for them. And so effectively city fee’s directly impact our required “rent” charged to the end user just as much
as any other cost-input would. So, the basic question in development is always – can the market provide me enough rent to pay for the costs of the project? And so, rents and city fees (as with any development cost) are directly correlated in that manner. In other words, when you talk about raising or lowering city fee’s you really are talking about aiding in either raising or lowering the required rent a developer needs to be profitable. There’s a common misconception that “the developer pays city fees”. In a literal sense that’s true because they write the checks, but in reality, those costs are passed to the end user (owner and ultimately the renter) because the developer requires a certain return to assume the risk of developing.

So, the perspective needs to be broadened a bit. The first question you should understand is “What is market rent?”. That provides you a target, and you can then understand the “ceiling” of your development costs by simply working backwards from your costs and assuming a reasonable return for the developer. If market rents are high enough, a developer may be able to absorb more city fees. If market rents are very low, then city fees and any development costs are going to be prohibitive. The age-old battle for affordable housing is that development costs (construction pricing/city fees/etc.) require higher rents than what is considered “affordable”.

So, there is no “cut-off” or simple-metric to provide, but I would stress that it’s all dependent on the local market rents and because developers have to pass those costs through, higher city fee’s simply means it’s more difficult to hit market rents and will hamper a developers interest/ability to build in certain markets.”
Tables 55 and 56 shows the current application fees for various permits within Rice County and the Sub-market Cities.

<table>
<thead>
<tr>
<th>City</th>
<th>Plat Fees</th>
<th>Driveway Permit</th>
<th>Plumbing Permit</th>
<th>HVAC Permit</th>
<th>Water Access Fee</th>
<th>Septic System/SAC Permit</th>
<th>Grading Permit</th>
<th>Building Permit</th>
<th>Rezoning</th>
<th>Site Plan Review</th>
<th>Park Dedication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice County</td>
<td>$500+$100/lot (preliminary); $300 +$50/lot (final)</td>
<td>$150</td>
<td>$150</td>
<td>-</td>
<td>$350-$775</td>
<td>$160</td>
<td>$385</td>
<td>-</td>
<td>$500/lot or 5% of undeveloped land value (whichever greater)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northfield</td>
<td>$600 (preliminary); $450 (final plat)</td>
<td>$15</td>
<td>$185</td>
<td>$70</td>
<td>64.42 +$23.85 inspection</td>
<td>$200</td>
<td>1997 Uniform Building Code Permit Plan</td>
<td>$600</td>
<td>$450</td>
<td>$100-$175</td>
<td></td>
</tr>
<tr>
<td>Faribault</td>
<td>$250 plus $15/lot (preliminary); $200 +$10/lot (final)</td>
<td>$30</td>
<td>$99</td>
<td>$90</td>
<td>$1030-$5665</td>
<td>$1500-$1585</td>
<td>-</td>
<td>$350 escrow</td>
<td>$1000</td>
<td>$100-$175</td>
<td></td>
</tr>
<tr>
<td>Dundas</td>
<td>$300 (preliminary); $300 (final)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$1200-$1500</td>
<td>$1400-$2000</td>
<td>$100</td>
<td>-</td>
<td>$500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dennison</td>
<td>$150+ $20 per lot, minimum $250</td>
<td>$120</td>
<td>-</td>
<td>-</td>
<td>$400/$1750</td>
<td>$30</td>
<td>Set by Goodhue</td>
<td>$250</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Morristown</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$1,500</td>
<td>$1,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Nerstrand: No Data

Table 55: Permitting Fees (source: Rice County and Sub-Market City Websites)
<table>
<thead>
<tr>
<th>1997 Uniform Building Code Table 1A</th>
<th>Goodhue County (For Dennison)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 to $500</td>
<td>$23.50</td>
</tr>
<tr>
<td><strong>$501 to $2000</strong></td>
<td>$23.50 for first $500 plus $3.05 for each additional $100 or fraction thereof</td>
</tr>
<tr>
<td>$2001 to $25,000</td>
<td>$69.25 for the first $2,000 plus $14 for each additional $1,000 or fraction thereof</td>
</tr>
<tr>
<td>$25001 to $50,000</td>
<td>$391.75 for the first $25,000.00 plus $10.10 for each additional $1,000.00 or fraction thereof</td>
</tr>
<tr>
<td>$50,001 to $100,000</td>
<td>$643.75 for the first $50,000.00 plus $7.00 for each additional $1,000.00 or fraction thereof</td>
</tr>
<tr>
<td>$100,001 to $500,000</td>
<td>$993.75 for the first $100,000.00 plus $5.60 for each additional $1,000.00 or fraction thereof</td>
</tr>
<tr>
<td>$500,001 to $1,000,000</td>
<td>$3,233.75 for the first $500,000.00 plus $4.75 for each additional $1,000.00 or fraction thereof</td>
</tr>
<tr>
<td>Over $1,000,001</td>
<td>$5,608.75 for the first $1,000,000.00 plus $3.65 for each additional $1,000.00 or fraction thereof</td>
</tr>
</tbody>
</table>

Table 56: Permitting Fees (source: Rice County and the Sub-Market City Websites)

An example of how City fees can directly affect affordability, is as follows. Using Table 54 and 55, a multifamily development valued at $1,000,001 could have $8,678.74 (0.01% of the total project costs) in Rice County Development Fees. Translate that to the affordable rent of 30 percent AMI in Rice County at $570 a month, that’s $5.70 per month ($68.40 per year) added onto household rental costs.

All of this aside, an area developer stated, “Developers understand the need for reasonable development fees as their projects receive direct benefit and support from many services. And so, when fees are based on the value of the services being provided to the development, it shouldn’t be an issue for a developer to incur some fees. However, I would caution cities and counties in looking to developers as a source of subsidizing other budget shortfalls or public issues because ultimately a developer will continue to chase profitability and pass those fees to end users, which directly impacts affordability.”
Glossary

**AFFORDABLE HOUSING**: Housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.

**ACS (AMERICAN COMMUNITY SURVEY)**: A nationwide survey designed to provide communities with a fresh look at how they are changing. It is a critical element of the Census Bureau’s reengineered 2010 census plan. The ACS collects information such as age, race, income, commute time to work, home value, veteran statues and other important date from U.S. households.

**ASSISTED LIVING**: A housing facility for people with disabilities that provide supervision or assistance with activities of daily living (ADL). Coordination of services by outside health care providers and monitoring to resident activities also can occur.

**AMI (AREA MEDIAN INCOME)**: The median (or middle) income of a family of four of a specific geographic area.

**BUILDING PERMIT**: Required for any new construction occurring at a property. Building permits can track the number of new housing units built in a jurisdiction over time, as well as renovations to existing units.

**CHRONIC HOMELESSNESS**: An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more OR has had at least four episodes of homelessness in the past three years.

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)**: Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents. CDBG replaced several categorical grant programs, such as the Model Cities program, the Urban Renewal program, and the Housing Rehabilitation Loan and Grant program.

**COOPERATIVE (Co-op)**: Housing in which each member shares in the ownership of the whole project with the exclusive right to occupy a specific unit and to participate in project operations through the purchase of stock.

**DENSITY**: The average number of dwelling units or persons per gross acre of land, usually expressed in units per acre, excluding any area of a street bordering the outside perimeter of a development site.

**DILAPIDATED HOUSING**: A housing unit that does not provide safe and adequate shelter, and in its present condition endangers the health, safety or well-being of the occupants. Such a housing unit shall have one or more critical defects, or a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding. Such defects may involve original construction, or they may result from continued neglect or lack of repair or from serious damage to the structure.
DISABILITY: A physical or mental impairment that substantially limits one or more of the major life activities of such for an individual.

ECONOMIC BASE: The companies and industries that provide jobs in each community or geographic location.

EMERGENCY SHELTER: Any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless.

DWELLING: Any building, structure or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one or more families, and any vacant land which is offered for sale or lease for the construction or location thereon of any such building, structure or portion thereof.

FAIR MARKET VALUE: The amount of money that would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy.

GROSS RENT: The monthly housing costs to a tenant which include the rent agreed upon in the lease and the estimated costs of all utilities paid by the tenants.

HOUSEHOLD: All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.

HOUSING MARKET AREA: A geographic region from which it is likely that renters/purchasers would be drawn for a given housing project. A housing market area most often corresponds to a Metropolitan Statistical Area (MSA).

HOUSING STOCK: The number of existing housing units based on data compiled by the United States Bureau of the Census and referable to the same point or period.

HOUSING UNITS: A house, apartment, mobile home or other residential structure used as a separate living quarters by a single household.

HOUSING VOUCHERS: Federal program to subsidize low-income renters tied either to the apartment or to the tenant.

INCLUSIONARY ZONING: Municipal and county planning ordinances that require a given share of new construction to be affordable by people with low to moderate incomes.

LEED CERTIFICATION: Leadership in Energy and Environmental Design is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across metrics including energy savings, water efficiency, carbon dioxide reduction, and improving indoor environmental quality.

LIVABILITY: A measure of integration of the housing, transportation, environmental, and employment amenities accessible to residents. A livable community is one with multiple
modes of transportation, different types of housing, and destinations located within an easy distance (20 minutes by transit, 15 minutes by bike or foot, 10 minutes by car) of homes.

**LOW-INCOME HOUSEHOLDS:** Individuals earning less than 80 percent of the area AMI.

**LOW-INCOME HOUSING TAX CREDIT (LIHTC):** A tax incentive intended to increase the availability of low-income housing. The program provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects.

**MARKET AREA:** The geographic area from which a project owner could reasonably expect to draw applicants, based on the services and amenities offered by the development and the needs of the community.

**MARKET RATE RENTAL HOUSING:** Housing without income-restrictions that are let at the rate a market area would command.

**MARKET VALUE:** The most probable price that a property should bring in a competitive and open market, provided that all conditions requisite to a fair sale are present, the buyer and seller are knowledgeable and acting prudently, and the price is not affected by any undue stimulus.

**MOBILITY:** The ability/ease with which people move from one location to another.

**MULTI-FAMILY DWELLING:** Properties and structures with more than two housing units. Such structures include triplex, quadruplex, and apartments.

**NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH):** Typically, older housing units because of their age, location, condition, size, etc. are affordable through the private market without government subsidies. Trailer parks and mobile homes are included in this category.

**OVERCROWDING:** The number of housing units with 1.01 or more persons per room based on data compiled by the United States Bureau of the Census and referable to the same point or period.

**PASSIVE HOUSE:** Method of construction 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.

**RENT BURDEN:** Gross rent divided by adjusted monthly household income.

**SECTION 8 EXISTING RENTAL ASSISTANCE:** Provides rental assistance to low-income families who are unable to afford market rents. Assistance may be in the form of vouchers or certificates.

**SENIOR HOUSING:** Any housing development restricted to people 55 years and older.

**SINGLE FAMILY DWELLING:** A single-unit family residence, detached or attached to other housing structures.

**SPECIAL NEEDS HOUSING:** Housing for individuals with specific needs associated with a disability.
**SUBSIDIZED HOUSING:** Housing that is income-restricted to households earning at or below 30 percent AMI.

**SUPPORTIVE HOUSING PROGRAM:** This program is authorized by title IV of the Stewart B. McKinney Homeless Assistance Act (the McKinney Act) (42 U.S.C. 11381–11389). The program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible.

**SUPPORTIVE HOUSING FOR THE ELDERLY:** Housing that is designed to meet the special physical needs of elderly persons and to accommodate the provision of supportive services that are expected to be needed, either initially or over the useful life of the housing, by the category or categories of elderly persons that the housing is intended to serve.

**TENURE:** The distinction between owner-occupied and renter-occupied housing units.

**TRANSITIONAL HOUSING:** A project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

**U.S. CENSUS BUREAU:** Serves as the leading source of quality data about our nation's people and economy.

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD):** Established in 1965, HUD's mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination. To fulfill this mission, HUD will embrace high standards of ethics, management and accountability and forge new partnerships — particularly with faith-based and community organizations — that leverage resources and improve HUD's ability to be effective on the community level.

**VACANT UNIT:** A dwelling unit that has been vacant for not less than nine consecutive months.

**VERY LOW-INCOME:** Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of facility, college, or other training facility; prevailing levels of construction costs; or fair market rents.

**WELL BUILDING:** Method of construction that focuses less on the building and more on the inhabitants leading to employee productivity, engagement and retention.

**WORKFORCE HOUSING:** Housing that is income-restricted to households earning between 80 percent and 120 percent AMI (also known as moderate-income housing).

**ZONING:** The classification of land by types of uses permitted and prohibited in each district, and by densities and intensities permitted and prohibited, including regulations regarding building location on lots.
Appendix

Summary Sheets

Stakeholder Kick Off Meeting Questions and Results

Community Engagement Meeting Questions and Responses
Demographics

Estimated Population 162 (Projected 89 by 2033)
Primary Age Group 35-39 and 55 to 59 years old
Population by Race
  - White 100%

Employment and Transportation
Mean Travel Time to Work 30.6 minutes (up 7 minutes from 2010)
Workers 16 years and Over 81 (down 16 people from 2010)
Worked at Home 5 people (up 5 people from 2010)

Housing Data
Total Housing Units 65
Vacancy Rate 8%
Owner-Renter Occupied 85%-15%
Dominant Housing Type Single-Family Detached (82%)
Primary Construction Era Built 1939 or earlier
Median Property Value $142,500
Rental Costs Between $500 and $1,499 per month

Affordability
30 Percent AMI $18,000 annual household income
Affordable Rent $450 per month
Median Yearly Housing Costs $19,620
Owner Occupied Units with a Mortgage 73%

Identified Issues:
1. Highest population is nearing retirement age.
2. Employment age population is declining.
3. Travel time to work is increasing.

Solutions:
1. Create incentives to attract a younger age demographic to fill the employment gap created by current population reaching retirement age.
2. Ensure an adequate supply of available rental properties for a younger age demographic.
3. Promote the construction of new residential units and ensure proper maintenance of the existing housing units.
**Dundas Current Conditions**

**Demographics**  
**Estimated Population** 1,586 (Projected 3,253 by 2033)  
**Primary Age Group** 35-44 years old  
**Population by Race**  
- White 92%  
- African American 1%  
- American Indian and Alaska Native 0%  
- Asian 1%  
- Native Hawaiian and Other Pacific Islander 0%  
- 2 or More Races 1.3%  

**Employment and Transportation**  
**Mean Travel Time to Work** 23.8 minutes (down 1.2 minutes from 2010)  
**Workers 16 years and Over** 793 (up 233 people from 2010)  
**Worked at Home** 22 people (down 5 people from 2010)  

**Housing Data**  
**Total Housing Units** 549  
**Vacancy Rate** 3%  
**Owner-Renter Occupied** 83%-17%  
**Dominant Housing Type** Single-Family Detached (69%)  
**Primary Construction Era** 2000-2009  
**Median Property Value** $177,300  
**Rental Costs** $1,267 per month  

**Affordability**  
**30 Percent AMI** $21,338 annual household income  
**Affordable Rent** $533 per month  
**Median Yearly Housing Costs** $18,000  
**Owner Occupied Units with a Mortgage** 81%  

**Identified Issues:**  
1. No currently available rental units and a high owner-occupied ratio.  
2. Large percentage of population between 25 and 54 years old (46%).  
3. High average rental costs.  

**Solutions:**  
1. Encourage construction of new affordable housing units.  
2. Support programs that allow affordable rents in existing housing unit.  
3. Encourage the construction of more diverse housing options. Ensure local codes and ordinances do not prohibit -2-4 unit and multifamily dwellings.
Demographics

**Estimated Population** 23,530 people (Projected 26,646 by 2033)
**Primary Age Group** 25-34 years old

**Population by Race**
- White 81%
- African American 9%
- American Indian and Alaska Native 1%
- Asian 2%
- Native Hawaiian and Other Pacific Islander 0.2%
- 2 or More Races 2.4%

Employment and Transportation

**Mean Travel Time to Work** 18.7 minutes (down 1.7 minutes from 2010)
**Workers 16 years and Over** 10,457 (up 536 from 2010)
**Worked at Home** 217 people (down 16 from 2010)

Housing Data

**Total Housing Units** 8,905
**Vacancy Rate** 6%
**Owner-Renter Occupied** 62%-38%
**Dominant Housing Type** Single-Family Detached (63%)
**Primary Construction Era** 1939 or Earlier and 2000-2009
**Median Property Value** $138,500
**Median Rental Costs** $717 per month

**Affordability**

**30 Percent AMI** $15,144 annual household income
**Affordable Rent** $379 per month
**Median Yearly Housing Costs** $15,276
**Owner Occupied Units with a Mortgage** 66%

Identified Issues:

1. Inadequate supply of affordable rental housing.
2. Current median rental costs are $338 per month above 30 percent area median income.
3. Inadequate supply of diverse housing options (63% are single family detached).

Solutions:

1. Encourage construction of new affordable housing units.
2. Support programs that allow affordable rents in existing housing unit.
3. Encourage the construction of more diverse housing options. Ensure local codes and ordinances do not
Lonsdale Current Conditions

Demographics

**Estimated Population**: 3,814 (Projected 8,695 by 2033)
**Primary Age Group**: 25-34 years old

**Population by Race**
- White 99%
- African American 1%

Employment and Transportation

**Mean Travel Time to Work**: 33.1 minutes (up 3.1 minutes from 2010)
**Workers 16 years and Over**: 1,979 (up 136 people from 2010)
**Worked at Home**: 88 people (up 14 people from 2010)

Housing Data

**Total Housing Units**: 1,327
**Vacancy Rate**: 6%
**Owner-Renter Occupied**: 79%-21%
**Dominant Housing Type**: Single-Family Dwelling (85%)
**Primary Construction Era**: 2000 to 2009
**Median Property Value**: $180,500
**Rental Costs**: $1,388 per month

Affordability

**30 Percent AMI**: $20,724 annual household income
**Affordable Rent**: $518 per month
**Median Yearly Housing Costs**: $17,088

Identified Issues:

1. Inadequate supply of available rental housing units.
2. High average monthly rental costs.
3. Lack of affordable housing options to keep pace with job growth.

Solutions:

1. Encourage construction of new affordable housing units.
2. Support programs that allow affordable rents in existing housing units.
Morristown Current Conditions

Demographics

Estimated Population 987 (Projected 1,001 by 2033)
Primary Age Group 45-54 years old
Population by Race
  - White 96%
  - Black or African American 0.6%
  - Asian 0.2%
  - Some Other Race 0.9%
  - 2 or More Races 2%

Employment and Transportation

Mean Travel Time to Work 24.9 minutes (down 4 minutes from 2010)
Workers 16 years and Over 512 people (down 74 people from 2010)
Worked at Home 26 people (down 4 people from 2010)

Housing Data

Total Housing Units 407
Vacancy Rate 10%
Owner-Renter Occupied 90%-10%
Dominant Housing Type Single-Family Dwelling (77%)
Primary Construction Era Built 1939 or earlier
Median Property Value $116,300
Rental Costs $1,073 per month

Affordability

30 Percent AMI $14,813 annual household income
Affordable Rent $370 per month
Median Yearly Housing Costs $12,876
Owner Occupied Units with a Mortgage 61%

Identified Issues:

1. Declining workforce population, despite projecting increase in overall population.
2. Sizable portion of the population reaching retirement age.
3. High cost and low availability of rental property despite high vacancy rate.

Solutions:

1. Support construction of senior housing and assisted living facilities in the next 10-15 years.
2. Encourage construction of new affordable housing units.
3. Diversify the existing housing supply beyond single-family detached structures.
Demographics

Estimated Population 296 (Projected 376 by 2033)
Primary Age Group 35-44 years old
Population by Race
  - White 100%

Employment and Transportation

Mean Travel Time to Work 24.7 minutes (down 4.3 minutes from 2010)
Workers 16 years and Over 180 (down 26 from 2010)
Worked at Home 1 person (down 2 people from 2010)

Housing Data

Total Housing Units 121
Vacancy Rate 2%
Owner-Renter Occupied 97%-3%
Dominant Housing Type Single-Family Dwelling (98%)
Primary Construction Era Built 1939 or earlier
Median Property Value $133,500
Rental Costs $500 per month

Affordability

30 Percent AMI $21,000 annual household income
Affordable Rent $525 per month
Median Yearly Housing Costs $15,864
Owner Occupied Units with a Mortgage 62%

Identified Issues:

1. Sizable portion of the population reaching retirement age.
2. High cost and low availability of rental property despite high vacancy rate.
3. Sever lack of rental housing units.

Solutions:

1. Support construction of senior housing and assisted living facilities in the next 10-15 years.
2. Encourage construction of new rental housing and affordable housing units.
3. Diversify the existing housing supply beyond single-family detached structures.
Demographics

**Estimated Population** 20,405 (Projected 23,725 by 2033)
**Primary Age Group** 20 to 24 years old
**Population by Race**
- White 88%
- African American 2%
- American Indian and Alaska Native 0%
- Asian 4%
- Native Hawaiian and Other Pacific Islander 0.1%
- 2 or More Races 2.1%

Employment and Transportation

**Mean Travel Time to Work** 19.9 minutes (up 1.3 minutes from 2010)
**Workers 16 years and Over** 11,214 (up 693 people from 2010)
**Worked at Home** 3,540 people (up 2,106 people from 2010)

Housing Data

**Total Housing Units** 6,813
**Vacancy Rate** 7%
**Owner-Renter Occupied** 62%-38%
**Dominant Housing Type** Single-Family Detached (52%)
**Primary Construction Era** 2000-2009
**Median Property Value** $196,400
**Rental Costs** $754 per month

Affordability

**30 Percent AMI** $16,393 annual household income
**Affordable Rent** $410 per month
**Median Yearly Housing Costs** $18,300
**Owner Occupied Units with a Mortgage** 66%

Identified Issues:

1. Job loss is occurring in agriculture, retail trade, information, arts, entertainment and recreation, and public administration.
2. Affordable housing is in short supply with few available options.

Solutions:

1. Encourage construction of new affordable housing units.
2. Support programs that allow affordable rents in existing housing unit.
Rice County  Current Conditions

Demographics

Estimated Population 65,116
Primary Age Group 45 to 49 years old
Population by Race
- White 89%
- African American 4%
- American Indian and Alaska Native 0%
- Asian 2%
- Native Hawaiian and Other Pacific Islander 0.1%
- Some Other Race 3%
- 2 or More Races 2%

Employment and Transportation

Mean Travel Time to Work 22.2 minutes (Up .2 minutes from 2010)
Workers 16 years and Over 33,398 (up 315 people from 2010)
Worked at Home 4,463 people (up 99 people from 2010)

Housing Data

Total Housing Units 24,564
Vacancy Rate 8%
Owner-Renter Occupied 68%-32%
Dominant Housing Type Single-Family Dwelling (70%)
Primary Construction Era Built prior to 1939
Median Property Value $184,400
Rental Costs $760 per month

Affordability

30 Percent AMI $18,505 annual household income
Affordable Rent $463 per month
Median Yearly Housing Costs $17,652
Owner Occupied Units with a Mortgage 67%

Identified Issues:

1. Lack of affordable housing at 30 percent AMI.
2. Limited supply of housing options beyond single-family detached units.
3. Limited number of 4+ bedroom dwellings.

Solutions:

1. Encourage construction of new affordable housing units through use of DEED Workforce Housing Grants, development incentives, or loan programs.
2. Support programs that allow affordable rents in existing housing unit.
3. Encourage the construction of more diverse housing options.