



Discussion Items

TO: Faribault EDA
FROM: Samantha Markman, Econ Dev Coordinator
THROUGH: Deanna Kuennen, Community & Econ Dev Director
MEETING DATE: March 18, 2021
SUBJECT: Updates/Project Reports

UPDATES

Prospects/Business Updates:

- **Multi-Tenant Warehouse Prospect**
Staff received a blind inquiry from a developer looking for 10-acres of land to construct a 100,000 square foot warehouse to hold 3+ tenant spaces. The developer is currently working with a Faribault client who has an expansion need that would fulfill one of the multi-tenant spaces for lease, but it would be the intention of the developer to have additional square footage to lease for other prospects. This developer is a national firm with a reputable portfolio. Staff met with this developer and their design-build firm to preliminarily discuss the site-plan to help inform the land transaction. This development continues to move forward, and staff remains committed to working with the developer to kick start the project.
- **Project Pathfinder**
Project Pathfinder is associated with a site selection process for identifying sites with capacity to accommodate nearly 300,000 square feet for a business expansion project. Staff was diligently working with the Company to provide sites and opportunities in the Faribault Community; however, the Company has redirected the Project's scope. With a new company CEO on-board, Project Pathfinder is looking at other national markets to expand their operations. Staff is connected with the Company and will track its progress to ensure at any reconsideration of the local market, Faribault has an opportunity to be considered.
- **CVN Prospect**
Staff has been working with a prospect from the Community Venture Network contract that has identified Faribault as a potential location for the business' expanded facility needs. This project would create new jobs in the Faribault region, as well as invest towards improvements in a few facility. Staff will continue to coordinate on the next steps needed to move this project forward.
- **Existing Business Expansion(s)**
Staff has been working with three existing Faribault businesses identifying expansion projects within their existing operations. Staff will continue to work with each of these businesses to identify and help facilitate needs of each project. The Minnesota Department of Employment and Economic Development has been involved through each of these conversations ensuring

any and all financial incentives to assist in these expansions is accessed through existing programs.

Other Projects/Initiatives:

- **CARES Act Funding**
At the direction of the City Council, Staff worked with local Small Businesses on local funding opportunities available through the Federal CARES Act. Over \$700,000 in funds were dispersed to local small businesses, self-employed entrepreneurs, sole-proprietors, and non-profits. All application periods for the City of Faribault grant funds have closed. Rice County, through dollars allocated by Minnesota Department of Employment and Economic Development, released a grant program on January 15, 2020, for eligible businesses up to \$10,000. Per state guidelines, those dollars were to have been allocated by March 15, 2021.

- **BDPI Grant Application – NW Water Tower**
Staff has been working with the City Engineer to complete a \$2M grant application to help fund the construction of a water tower and associated mains, located in the Met Con Business Park. It has been identified by multiple industries in this area that water flow rates are inadequate. This project will improve flow rates for existing business, and position the city to continue to attract additional industries to this area. The application will be submitted this month – and if funded, construction of the water tower will begin this spring.

- **Mural Project**
The EDA approved funding to help off-set the cost of developing a mural art on the blank wall left from the tear-down of 27 3rd Street NW. The artist has been selected and the mural installation will begin when the weather is appropriate.

- **Housing Development**
The EDA is aware that there is a housing shortage in Faribault. City Staff has been dedicated to addressing this issue and pursuing developers. Based on these efforts, a number of multi-family housing developments are moving forward. Two such projects include the Lofts at Evergreen Knoll (MWF - 77 units) and the Straight River Apartments (111 units). The EDA has provided TIF for each of these projects, both projects have broken ground and will continue their construction phase through the winter months.

The Housing Redevelopment Authority commissioned Maxfield Research to conduct a Housing Market Analysis of Faribault. This Market Analysis has been completed – with the following summarizing the rental housing demand:

RENTAL MARKET ANALYSIS TABLE 1 DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING CITY OF FARIBAULT 2020 to 2030				
Demand From Household Growth				
Projected household growth in the PMA 2020 to 2030 ¹			323	
(times) Pct. Of HH growth for general occupancy housing	x	24%		
(equals) Projected demand for general occupancy units	=		78	
(times) Proportion Estimated to Be Renting Their Housing ³	x	37%		
(equals) Projected Demand for Rental Housing Units	=		28	
Demand From Existing Households				
Number of renter households in the PMA, 2020 ⁴	=		3,244	
(times) Estimated % of renter turnover between 2020 & 2030 ⁵	x	51%		
(equals) Existing Renter Households Projected to Turnover, 2020 to 2030	=		1,654	
(times) Estimated % Desiring New Rental Housing ⁶	x	19%		
(equals) Demand From Existing Households	=		314	
Total Demand From Household Growth and Existing Households			343	
(plus) Rental demand from outside Market Area	+	25%		
(equals) Potential Demand for Rental Housing in the PMA (2020 to 2030)	=		571	
(times) Percent of PMA Demand Capturable in the City of Faribault	-	95%		
(equals) Total Demand for Rental Housing in Faribault	=		543	
		Deep Subsidy	Shallow Subsidy	
		Market Rate		
(times) Percent of rental demand by product type ⁷	x	10%	30%	60%
(equals) Total demand for new general occupancy rental housing units	=	54	163	326
(minus) Units under construction or approved*	-	0	72	91
(equals) Excess demand for new general occupancy rental housing	=	54	91	235
¹ Estimated household growth				
³ Pct. Renter households under age 65 in 2020.				
⁴ Renter households age 64 and younger plus 30% of renter households age 65 and older.				
⁵ Based on household turnover and mobility data (2014-2018 American Community Survey).				
⁶ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council.				
⁷ Based on a combination of current rental product, income limits, and household incomes of area renters.				
*Pending competitive units at 95% occupancy.				
Source: Maxfield Research & Consulting, LLC				

This information informs housing needs, and will be useful for recruiting additional rental housing developments.

Marketing:

- **Joint Marketing with Owatonna**
The following ad will run in two consecutive editions of the Site Selector magazine – March and April.



- **Minnesota Real Estate Journal – Faribault Micro Summit**
Staff had identified September 17, 2020, as the date for the next Faribault Micro Summit hosted with the Minnesota Real Estate Journal. Unfortunately, due to COVID-19 the event was postpone until 2021. No date has been selected yet – however, Staff will be working with the MREJ to secure a date so that planning can commence. Staff continues to be invited to be speakers at various virtual and in-person Minnesota Real Estate Journal events.
- **Site Location Partnership Contract**
Staff provided a summary of the outcomes of this contract at the February EDA meeting. Despite COVID-19, much value came from the SLP contract, and Staff will continue to utilize the information obtained and connections made to market Faribault with site selectors.
- **SelectUSA 2021 (virtual)**
Staff is participating in the planning for the State of MN – SelectUSA virtual offerings. SelectUSA has moved to a virtual platform in 2021, which is providing additional opportunities to highlight the State. There may be a potential for participating in a number of webinars, etc. that will take place June 7-11, 2021.
- **Minnesota Marketing Partnership**
Faribault continues to be active participants in the Minnesota Marketing Partnership (MMP). Last year Faribault elected to participate in the MMP digital marketing campaign, and now has access to all of the video and social medial materials. In addition – Staff was selected to help represent the State of MN – specifically Faribault/SE MN, with DEED and others, at the Site Selector Guild table talks. This has generated additional connections with the site selector community.