NORTH BRANCH
——Minnesota——

Sara Paul
Chair

Dennis Johnson
Vice Chair

Jessica Thelander
Commissioner

Nyle LaGrange
Commissioner

Marshall Saunders
Commissioner

Peter Schaps
Councilmember

Kevin Schieber
Mayor

ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, OCTOBER 15, 2024 @ 3:30 PM
CITY HALL, 6408 ELM STREET, NORTH BRANCH, MN 55056

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. AGENDA APPROVAL

a.	Approve Agenda	ACTION

5. CONSENT AGENDA

a.	Approval of August 21, 2024, EDA Minutes	ACTION

6. REPORTS

a.	North Branch Rental Housing Study	INFO
b.	Comprehensive Plan Amendment and Concept Plan - Westside Commons Senior Housing	ACTION
c.	Interstate Business Park - Occupancy Agreement	ACTION
d.	Discuss Downtown Storefront Rehabilitation Grant Program	VERBAL UPDATE
e.	Chisago County HRA-EDA Update	VERBAL UPDATE

f.	North Branch Area Chamber of Commerce Update	VERBAL UPDATE
g.	North Branch Area Schools Update	VERBAL UPDATE
h.	EDA Executive Director Update	VERBAL UPDATE

7. CLOSED SESSION

a.	Closed Session to Consider Sale of Real Property owned by the Economic Development Authority	VERBAL UPDATE

8. NEXT MEETING - NOVEMBER 19, 2024, 3:30 PM

9. ADJOURNMENT

EDA Mission Statement.

To be proactive in maintaining and enhancing the economic viability of North Branch through partnerships, innovation, and strategic action.

EDA Goals:

- Successfully become one of the first communities in the region mentioned as a choice for business location.
- Attract new industries that bring an enhanced tax base, quality jobs, and new capital into the community.
- Support existing businesses and encourage their continued prosperity and growth.
- Address critical systems that influence site location decisions.

CITY OF
EST. 1881
NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/11/2024

Board & Commission: Economic Development Authority

Subject: Approve Agenda

Approve Agenda

Voting Requirements:

Voting Options	**Simple Majority**

NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/13/2024

Board & Commission: Economic Development Authority

Subject: Approval of August 21, 2024, EDA Minutes

Voting Requirements:

Voting Options **Simple Majority**

NORTH BRANCH
——Minnesota——

Sara Paul
Chair

Dennis Johnson
Vice Chair

Jessica Thelander
Commissioner

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Mayor

Peter Schaps
Councilmember

ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, AUGUST 20, 2024 @ 3:30 PM
CITY HALL, 6408 ELM STREET, NORTH BRANCH, MN 55056

MINUTES OF THE PROCEEDINGS OF THE OF THE CITY OF NORTH BRANCH IN THE COUNTY OF CHISAGO AND IN THE STATE OF MINNESOTA

REGULAR MEETING

Tuesday, August 20, 2024

1. CALL TO ORDER

   The North Branch Economic Development Authority met in REGULAR and Chair Paul called the meeting to order at 3:43 PM.

2. PLEDGE OF ALLEGIANCE

   Mayor Schieber led the pledge of allegiance.

3. ROLL CALL

Present:	Chair Sara Paul, Vice Chair Dennis Johnson, Mayor Kevin Schieber, Commissioner Ny LaGrange
Absent:	Commissioner Jessica Thelander, Commissioner Marshall Saunders, Councilmember P Schaps
Remote:	
Others Present:	Mayor Schieber, Interim City Administrator Woulfe, GIS Specialist/Parks Director Sor Finance Director Wright, City Clerk/IT Director Varma along with HRA/EDA Executi Director Hoffman and North Branch Chambers Executive Director Collins.
Notes:	

4. AGENDA APPROVAL

   a. Approve Agenda ACTION

RESULT: **Passed**

MOVER: Nyle LaGrange
SECONDER: Dennis Johnson
AYES: Sara Paul, Dennis Johnson, Kevin Schieber, Nyle LaGrange
ABSENT: Jessica Thelander, Marshall Saunders, Peter Schaps
NOTES:

5. CONSENT AGENDA

RESULT: Passed
MOVER: Nyle LaGrange
SECONDER: Dennis Johnson
AYES: Sara Paul, Dennis Johnson, Kevin Schieber, Nyle LaGrange
ABSENT: Jessica Thelander, Marshall Saunders, Peter Schaps
NOTES:

a. July 16, 2024 EDA Meeting Minutes — ACTION

6. PRESENTATION & PROCLAMATION

There was no presentations made during the meeting.

7. PUBLIC COMMENT

There were no public comments made by the public.

8. STAFF REPORTS

a. North Branch Area Schools Update — VERBAL UPDATE

Chair Paul updated the Commission on the North Branch Area School. The Chair thanked Mayor Schieber for his participation in the event.

b. Chisago County HRA-EDA Update — VERBAL UPDATE

HRA-EDA Executive Director Hoffman updated the Commission on the HRA-EDA.

c. North Branch Area Chamber of Commerce Update — VERBAL UPDATE

Executive Director Collins updated on the event at North Branch Chambers.

d. EDA Executive Director Update — VERBAL UPDATE

EDA Director Sondrol updated the Commission on the several ongoing projects.

e. 2024 Second Quarter Building Activity Report — INFO

The second quarter building activity report was presented to the Commission as is.

f. 2025 EDA Operating Budget — ACTION

Finance Director Wright presented the 2025 EDA Operating Budget.

RESULT: Passed
MOVER: Dennis Johnson

SECONDER: **Nyle LaGrange**
AYES: **Sara Paul, Dennis Johnson, Kevin Schieber, Nyle LaGrange**
ABSENT: **Jessica Thelander, Marshall Saunders, Peter Schaps**
NOTES: The Commission approved the amount of $561,045 as the EDA-HRA 2025 operating levy.

g. Discuss Downtown Storefront Rehabilitation Grant Program VERBAL UPDATE

EDA Director Sondrol provided an overview of a draft downtown storefront rehabilitation grant program.

h. Approval of Amendments to the EDA Bylaws ACTION

9. NEXT MEETING - 09/16/2024 5:30 PM

The next EDA Regular meeting will be held on Tuesday, September 17, 2024 at 3:30pm.

10. CLOSED SESSION

There was no close agenda item during the meeting.

11. ADJOURNMENT

NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/13/2024

Board & Commission: City Council

Subject: North Branch Rental Housing Study

Background Info

The rental housing study conducted by Bolton and Menk has been completed. Bolton and Menk presented an overview of the results of the study to the City Council on August 27, 2024. Attached is the completed rental housing study.

Voting Requirements:

INFO

North Branch Rental Housing Study

Needs Assessment Study for Multi-Family, Workforce, and Senior Rental Housing

City Council Meeting

August 27th, 2024

Today's Topics

- Time horizon: 2030
- Study Document Review
  - Data
  - Engagement
  - Growth Scenarios
  - Recommendations
- Future Housing Map Review
- How to use the Study
- Questions

Study Review: Data

North Branch Key Statistics (2020-23)	
City Population (2023)	11,462
Total Housing Units (2023)	4,365
Population Growth Rate	1.89%
Housing Stock Growth Rate	1.73%
Largest Population Age Group	Age 25 - 29
Annual Median Income (single)	$39,127
Annual Median Income (household)	$87,900
Average Household Size (2023)	2.7 people
Median Home Value (2023)	$265,900
Median Rent (2023)	$1,343/month
Occupant Ownership Status (2023)	85.5% = Own 14.5% = Rent

Study Review: Data

- These data points set the context for the current conditions in North Branch.
- Data implies the population is young, growing, with good incomes.
- Construction Data shows robust growth and new housing stock
- However, although it is looks like a lot of housing is being built, more housing is needed to meet demand, especially housing for a variety of life stages and price points.

Housing Units Construction:	
Before 1969	11.7%
1970-1999	56.1%
2000-2020	31.5%
2020-2024	(data unavailable%)

Year	Housing Units Constructed	Total Cost of All Projects	Cost per Unit Built
2023	98	$15,566,448.00	$158,841.31
2022	64	$11,968,017.00	$187,000.27
2021	102	$16,768,813.00	$164,400.13
2020	113	$19,660,923.00	$173,990.47

Study Review: Economic Data

- An Affordable Home is defined as:
  - Housing that costs less than 30% of the Annual Median Income (AMI)
  - In North Branch = $978.18/month, Median Rent = $1,345/month
- Workforce Housing
  - Any housing affordable when earning 80%-120% of AMI
- Conclusions
  - Renters are most vulnerable to price variability from insufficient supply
  - 51.5% of residents cannot afford the median rent of $1,345
  - Market Rate Rent is affordable at 137.3% AMI this means that most incomes fall short by 38%
  - 74.7% of residents cannot afford a median value home at $265,903
  - 85.5% of homes are owner-occupied, incentivizing owners to stay and not move even if their current homes do not meet their needs.

Engagement Activities

- Steering Committee:
  - Members: Jason Ziemer, Jessica Thelander, Jim Ibinger, and Travis Miles
  - Workshops held: 1/31/2024, 5/29/2024
- Survey- 62 responses
- Community Conversation – in person- 10 participants
- Interviews with Landlords, Employers & Property Managers – 6 participants
  - Findings - Developing housing is not hard; however, people move faster than job/housing creation.
- Interviews with Real Estate Brokers- one participant
  - Findings - People moving are younger families looking to escape the costs of the cities and suburbia
  - *"We tell people in the cities to drive north until they can get the house they want at the price they can afford. A $1,000,000 home in Stillwater is $675,000 in North Branch."*

Engagement Activities Findings Summary

- **Current conditions:**
  - **Insufficient Housing Supply:** Ensuring housing availability for future growth and accommodating diverse age groups (under 18, 25-29, and seniors aged 65+) is crucial.
  - **Barriers to Suitable Residences:** Challenges include costs, insufficient bedroom options, and unavailability due to low vacancies.
  - **Lack of Attainable Housing Options:** There's a desire for less costly housing and more of it, especially for seniors and young individuals entering the market.
  - **Housing Challenges:** High utility costs, property taxes, and rental conditions (maintenance issues and lack of amenities)
- **Public desire for future housing options:**
  - **Location Importance:** Emphasized importance of proximity to amenities and employment areas.

Study Review: Growth Scenarios

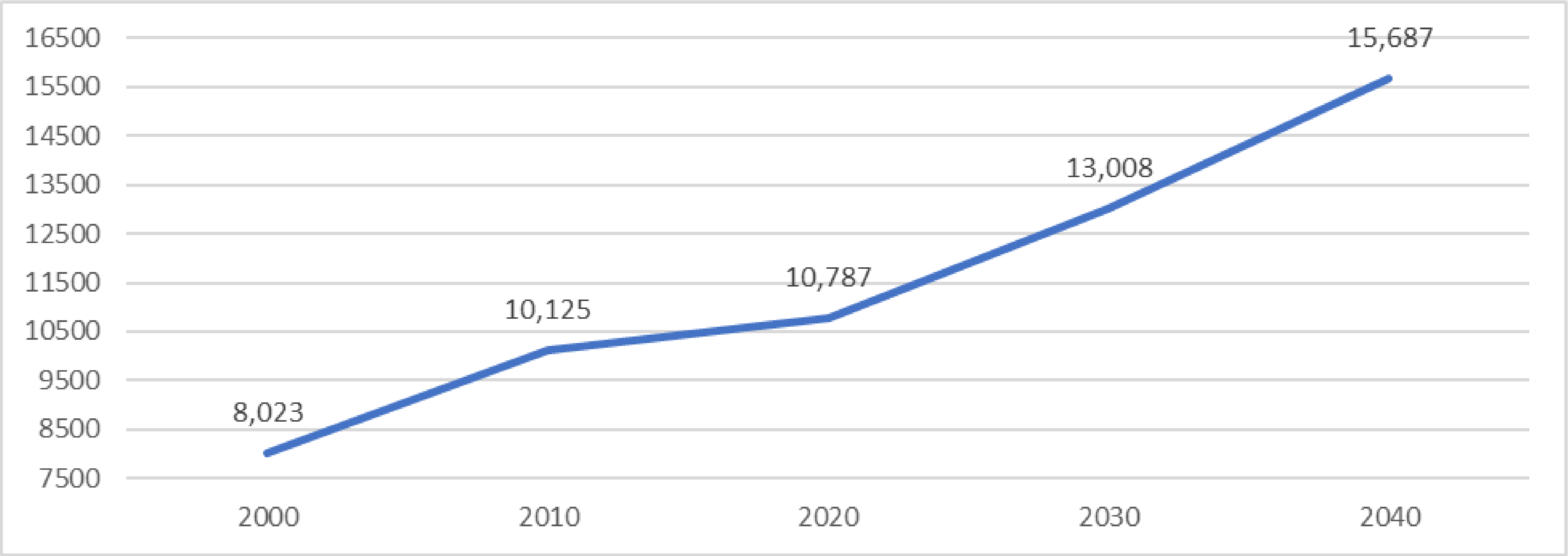
Several Growth Scenarios in Report

Focus on 2 main scenarios + 1 no growth scenario:

- @ 1.89% current growth to continue as is: Population = 13,008
- @ 2.49% (match growth rate from 2010-2020): Population = - 13,808

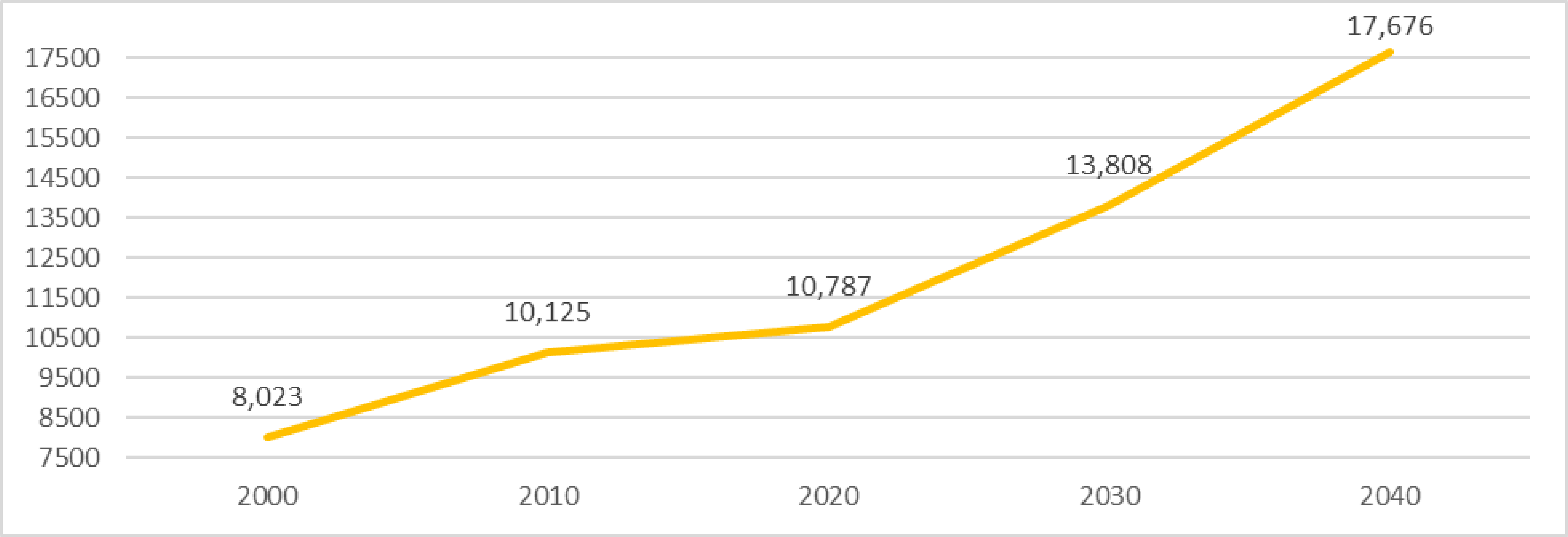
- At the current household size, this requires 4,818 – 5,114 housing units
- At a housing stock growth rate of 1.73% annually, housing units = 4,855

Growth Projection : 1.89%



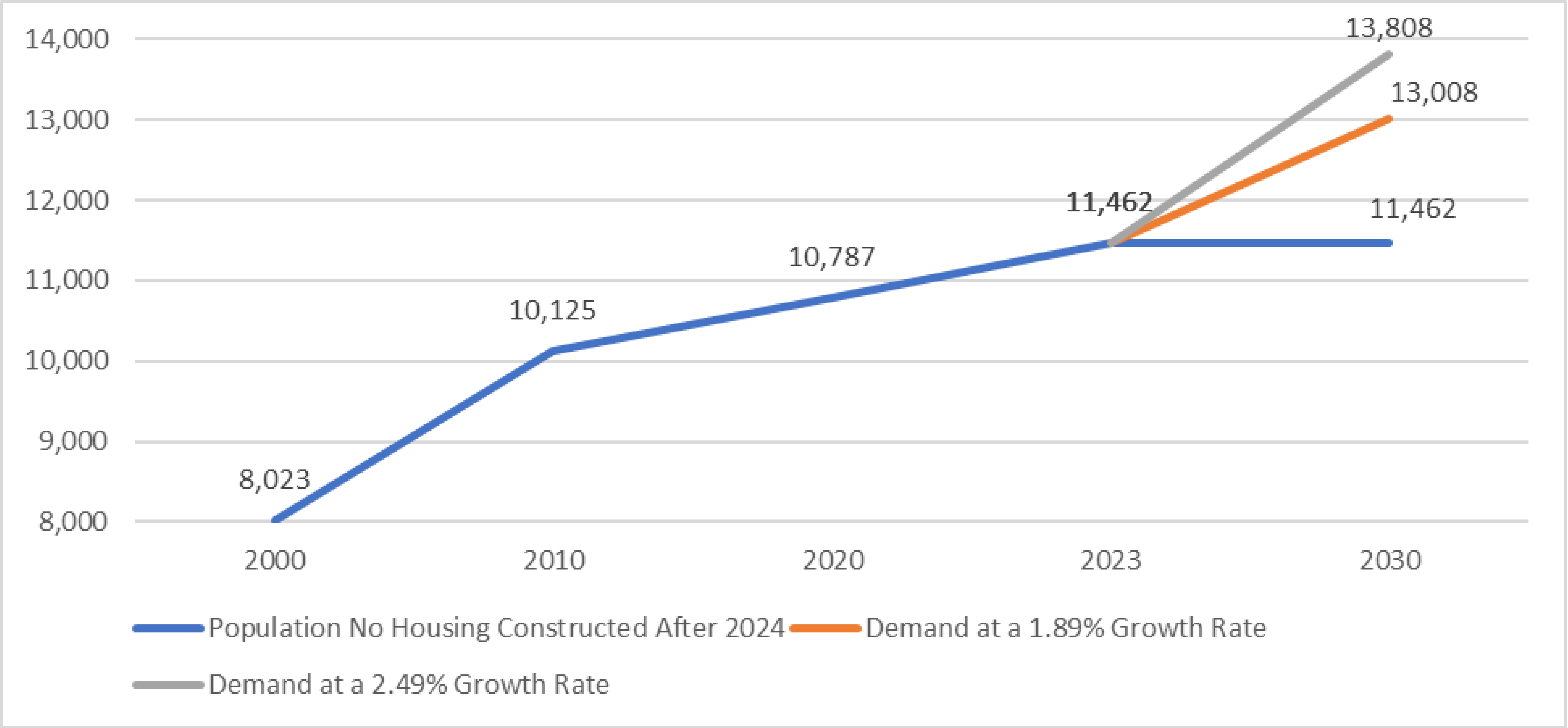
- Population = 13,008
  - Surplus of 37 units

Growth Projection: 2.49%



- Population = 13,808
  - Shortage of 254 units

Growth Projection: No Housing Growth



- No Growth or a Moratorium on Housing
  - Shortage of 453-749 units

Key Points:

- A market demand exists for more rental housing.
- In today's market, businesses follow rooftops. Without the adequate housing at a price point that allows employees to thrive on their wages businesses will look to set up shop elsewhere.
- Increasing the density of housing spreads the tax burden across a greater number of payers reducing city service costs for residents.
- The following recommendations are applicable to subdivisions, PUDs and any other housing development.

Recommendations: Units and Types

Ownership Homes Quantity Recommendations					
	Price Point	Scenario A: Recommended Units at 1.89 % growth	Scenario B: Recommended Units at 2.49 % growth	Recommended If rentals increased to 30% of total housing	
Single Family (detached)					
Subsidized, 50 percent-80 percent AMI ($489-$783/month)	$65,777 - $104,407	65	89	46	62
Workforce Housing, 80 percent-120 percent AMI($783-$1,174/month)	$104,407 -$163,117	72	96	50	67
Middle Income and Above, 120 percent+ AMI ($1,174/month)	$163,117+	362	479	253	333
Sub-total		499	664	349	462
Active Adult/ Independent Living					
Subsidized, 50%-80% AMI ($489-$783/month)	$65,777 - $104,407	21	28	14	20
Workforce Housing, 80%-120% AMI ($783-$1,174/month)	$104,407 -$163,117	22	30	14	21
Middle Income and Above, 120%+ AMI ($1,174/month)	$163,117+	112	149	78	104
Sub-total		155	207	106	145
Total Ownership Units		654	871	455	607
Plus, .93 % potential Market outreach		641	641	524	524
Total potential demand for ownership housing		1,295	1,512	989	1,131

Recommendations: Units and Types

Rental Housing Quantity Recommendations

	Price Point	Scenario A: Recommended Units at 1.89 % growth	Scenario B: Recommended Units at 2.49 % growth	Recommended If rentals increased to 30% of total housing	
Multi-family Housing					
Subsidized, 50%-80% AMI	$489-$783/ month	13	18	17	24
Workforce Housing, 80%-120%AMI	$783-$1,174/ month	14	18	18	24
Middle Income and Above, 120%+ AMI	$1,174/month	36	47	47	61
Sub-total		63	83	82	109
Townhomes, Condos, Cottages, Duplex, and Attached Units					
Middle Income and Above, 120%+ AMI	$1,174/month	36	47	47	61
Sub-total		36	47	47	61
Specialty Housing (ADA) Rental Units					
Light Care		5	7	7	9
Assisted Living (Special Care with Medical Assistance)		7	11	9	14
Sub-total		12	18	16	23
Total Rental Units		111	148	145	195
Plus, .93 % potential Market outreach		109	109	225	225
Total potential demand for Rental Housing		220	257	370	420

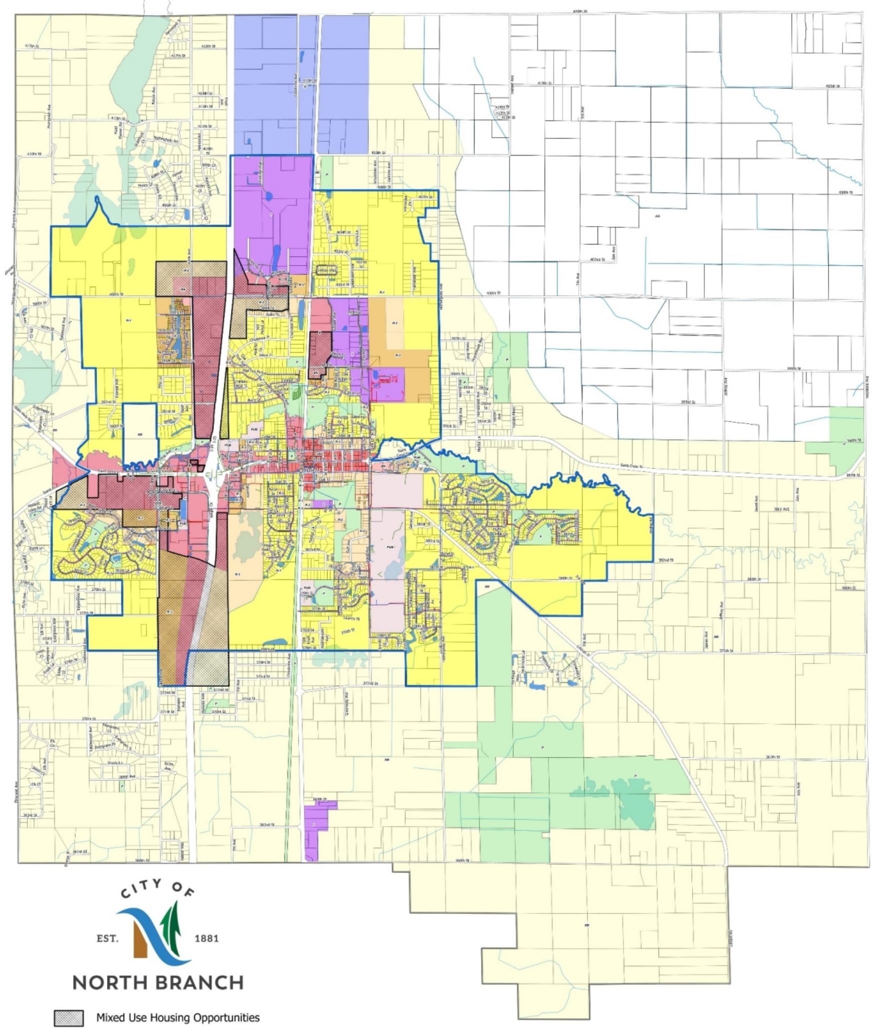
Recommendations: Policy

1. Establish a Housing and Redevelopment Authority for the City of North Branch.
   a) Created by resolution
   b) 469.003 and 473.195 of the Minnesota Statutes
2. Establish a rental licensing and inspection program.
3. Create or support programs to transition rental tenants into home ownership.
   a) Work with your local banks and Federal/State grants
4. Facilitate zoning code changes to accommodate new housing units.
   a) Zoning Map and Mixed Use District
5. Attract and encourage construction that adds housing units with three or more bedrooms.
   a) Work with local and national builders
6. Incentivize the development of rental properties in North Branch.
7. Incentivize the upkeep and upgrade of existing rental properties and naturally occurring attainable housing (NOAH).

Future Housing Map

- Purpose
  - This represents a refined suggestion for where mixed-use residential and commercial uses should be developed in the city based on public input, the steering committee's expertise, and the infrastructure present.
- Conclusions
  - The Public wants housing to be located near existing businesses and amenities, especially senior housing.
  - Utilizing available space near transportation corridors and potential interchanges would facilitate these developments and served as a basis for our mapping.

Map



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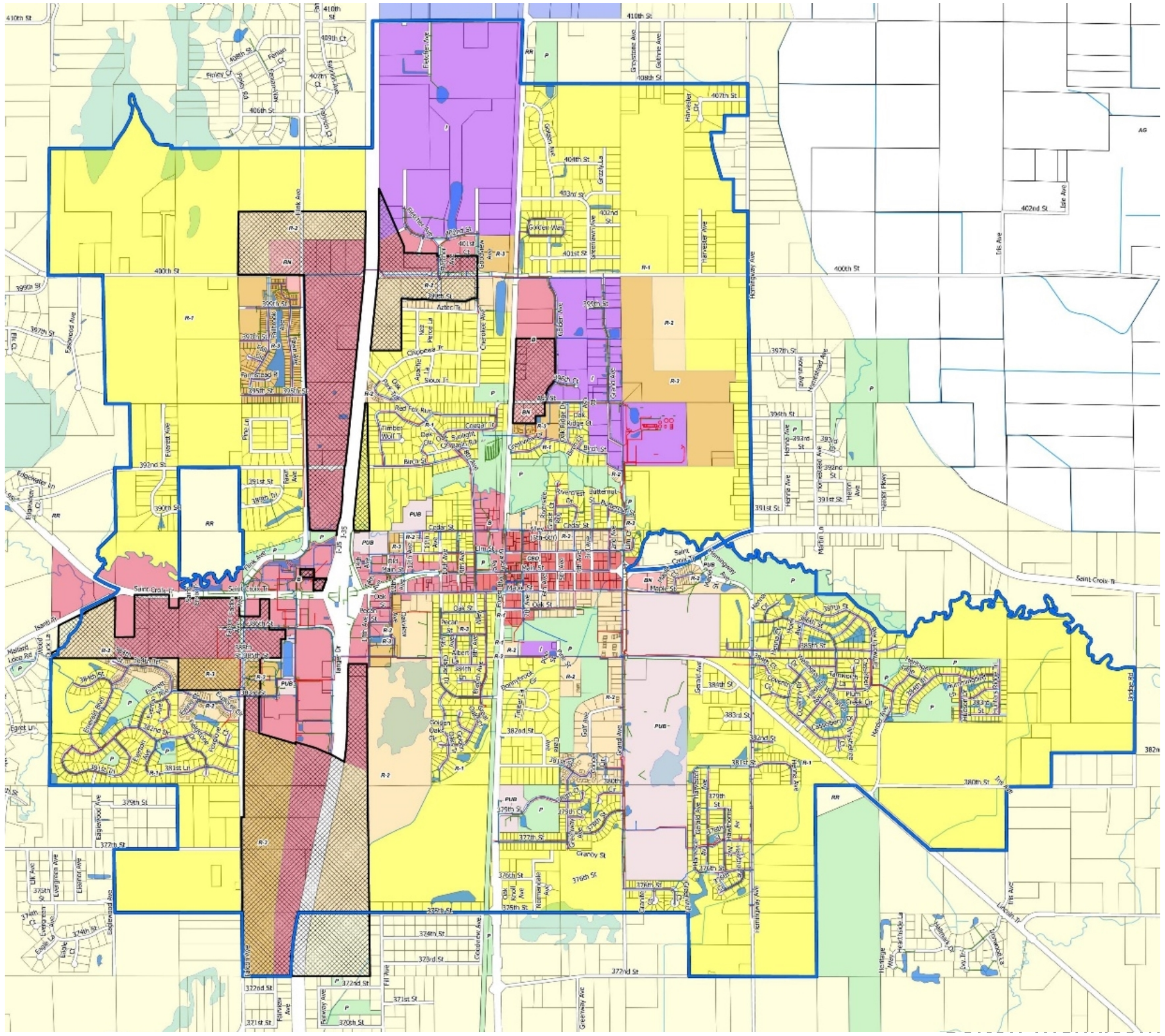
Mixed Use Housing Opportunities

Urban Service Area Boundary
Water Mains
Sanitary Mains
Storm Pipes
AG - Agricultural
B - Business
BN - Business Neighborhood
CBD - Central Business District
I - Industrial
I2 Heavy Industrial
P - Park/Open Space
PUB - Public/Semi-Public
R-1 Single Family Residential
R-2 - Medium Density Residential
R-3 - High Density Residential
RR - Rural Residential



How to use the study

Program: Small Cities Development Program					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
Funds are granted to local units of government, which, in turn, lend funds to rehabilitate local housing stock, rehabilitating wastewater treatment systems,	MN Dept of Employment and Economic Development	Housing, public facilities, or comprehensive projects	Varies by project	$600k single-purpose project, $1.4M	Small Cities Development Program / Minnesota Department of Employment and Economic Development (mn.gov)
Recommendations applicable to grant: Recommendations 1, 5, 6,					

Questions:

Please ask any questions you may have on the document or map

CITY OF
NORTH BRANCH

Comprehensive Rental Housing Study & Needs Analysis Executive Report

July 2024

Table of Contents

Executive Summary

The population growth in North Branch has surpassed the increase in available housing units, creating a shortfall expected to persist until at least 2030. This dynamic is driving up rental prices, making it difficult for many current residents to afford rent. This may lead to migration out of the city and a reduction in growth as people are priced out of the market and forced to consider moving out of North Branch. This shortage has ripple effects, impacting tax revenues and tax liability for public service delivery to be carried by existing community members.

Analyzing the rental market reveals a mismatch between available housing options and residents' needs and incomes, particularly for larger units suitable for growing families. While there has been some housing supply growth, it has not kept pace with demand, leading to a diminishing surplus. This imbalance is further exacerbated by demographic trends, such as the aging population's need for age-friendly housing options and the challenges younger individuals face in securing mortgages due to financial constraints from educational or other types of debt.

To address the housing challenges in North Branch, it’s crucial to consider policies and programs catering to residents and potential newcomers. Here are some key points:

1. **Retaining Younger Generations**: Encourage younger individuals (including those under 18) to stay in North Branch after completing their education. Providing viable employment opportunities and creating a supportive environment can help retain this demographic.
2. **Motivating Seniors to Transition**: Seniors (aged 65+) can be motivated to transition into lower-maintenance housing and assisted living options. This frees up housing stock for young families (under 40 years old).
3. **Preventing Migration**: Develop programs that retain and attract residents. Preventing migration out of the city is essential for sustained growth.
4. **Balancing Local and Newcomer Needs**: While meeting residents’ needs is crucial, consider accommodating newcomers. An exclusive focus on existing residents could lead to a stagnant housing market.
5. **Avoiding Housing Moratoriums**: Slowing housing growth directly or indirectly could worsen the supply challenge. A housing moratorium might backfire by increasing existing housing prices and reducing affordability for locals.

Additionally, disparities in housing status exist among different racial demographics, highlighting the importance of equitable access to housing. Education, while valued, can also impact housing choices, as higher educational debt can hinder individuals' ability to qualify and thus afford suitable housing. Despite a relatively healthy median household income in North Branch, there is still a need to ensure that rental options align with local incomes to prevent the displacement of lower-income residents. Addressing the housing shortage and ensuring attainable housing options for residents with different incomes, backgrounds, and abilities is crucial for North Branch's future sustainability. Ultimate solutions must consider demographic trends and income disparities and ensure everyone can access the housing they need.

Valuable local input was sought via public input, stakeholder interviews, and a survey. Information about the study and housing needs was available through articles, websites, and social media materials. In addition, community conversation and steering committee workshops were conducted to gather input from residents, stakeholders, and experts. Feedback was sought on various aspects of the rental market, housing preferences, and community development.

Key findings from the engagement process included:

- Insufficient Housing Supply: Ensuring housing availability for future growth and accommodating diverse age groups (under 18, 25-29, and seniors aged 65+) is crucial.
- Barriers to Suitable Residences: Challenges include costs, insufficient bedroom options, and unavailability due to low vacancies.
- Attainable Housing Options: There's a desire for more or less costly housing, especially for seniors and young individuals entering the market.
- Location Importance: Emphasizing proximity to amenities and employment areas.
- Challenges: High utility costs, property taxes, and rental conditions (maintenance issues and lack of amenities).

Overall, the engagement process fostered community involvement to ensure that the study's recommendations aligned with the needs and preferences of North Branch residents.

Housing Demand Context

Potential Market Reach

Generally, most home seekers in the United States are willing to commute up to 30 minutes to attain housing. In North Branch, more than 50 % of residents commute more than 30 minutes. When a half-hour drive time band is placed from the center of the city of North Branch's core, as shown below, it reaches over 217,500 people with major population centers such as Blaine (71,739 population), Forest Lake (21,013 population), and Lino Lakes (21,399 population). If the city prioritized attracting residential developers using the strategies outlined in this housing study and providing housing for just 0.93 % of residents within a half-hour commuting distance, matching the area's population growth rate, it could potentially draw 2,023 new residents to North Branch. This influx would represent a 17.65 % increase in the current population, equating to 749 new households. Individuals aged 35-39 and 55-59 comprise the largest demographic segments in this region, most likely to seek North Branch as their new community.

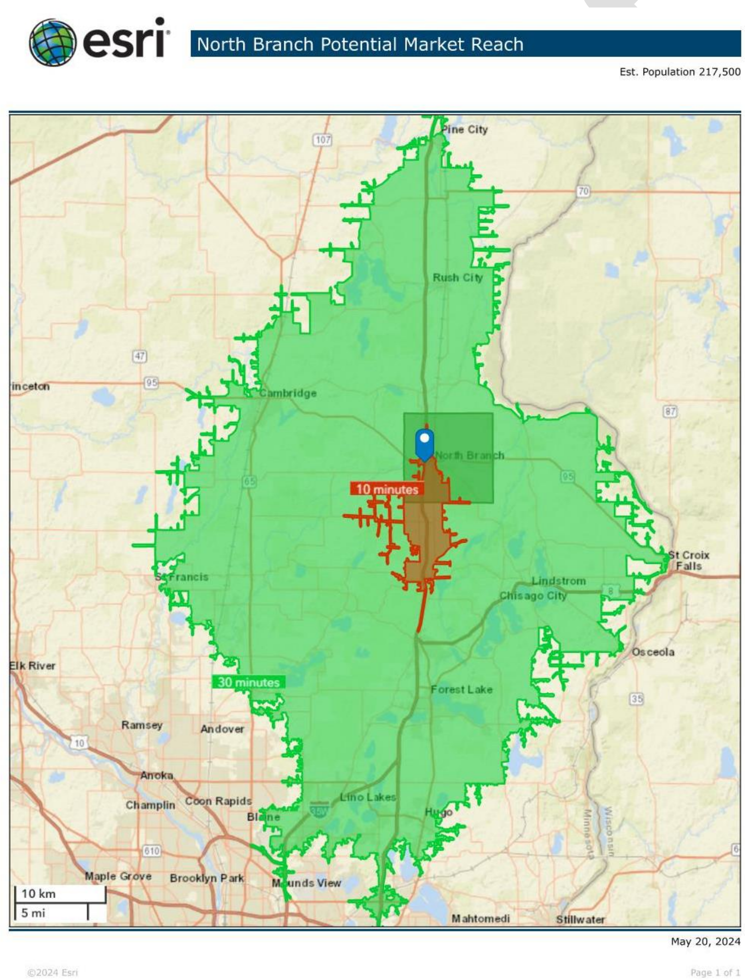


Figure 1: Map of North Branch Potential Market Reach

The relationship between housing choices and community well-being is interconnected. In the 35-39 age group, individuals often transition to purchasing their second homes, favoring larger properties after selling their starter homes. Conversely, those aged 55-59, end-career workers or early retirees, tend to gravitate toward smaller homes with reduced maintenance requirements. These trends emphasize how housing availability directly impacts the local workforce, affecting employee availability and, in turn, local businesses. Indeed, housing plays a fundamental role in the overall success of a community.

Tables 1 and 2 recommend housing units and types for both ownership and rental based on the income distribution of the city's population. Scenario A proposes a 1.89% growth rate, assuming a continuation of the current growth. Scenario B projects a more accelerated growth rate at 2.49%, similar to the rate experienced in North Branch from 2000-2010. In comparison, from 2000 to 2022, Minnesota had an average annual population growth rate of 0.72% [1]. These projections are up to 2030.

Each table also utilizes the U.S. Department of Housing and Urban Development formula for determining the economic sustainability of a housing payment or rent based on Annual Median Income. For example, "Incentivized Housing" is what someone earning 50% to 80% of the $39,127 annual median income in North Branch would spend if contributing 30% of their income to their housing. To increase the usefulness of these projections, we have defined the cost break points at which housing would need to be priced in the community to meet economic demands based on the current population's income distribution.

[1] https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/

Table 1: Ownership Homes Quantity Recommendation

	Price Point	**Scenario A:** Recommended Units at **1.89 %** growth	**Scenario B:** Recommended Units at **2.49 %** growth	Recommended If rentals increased to 30% of total housing[2]	
Single Family (detached)					
Incentivized, 50 %-80 % AMI ($489-$783/month)	$65,777 - $104,407	65	89	46	62
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Total Ownership Units		654	871	455	607
Plus, .93 % potential Market outreach		641	641	524	524
Total potential demand for ownership housing		1,295	1,512	989	1,131

[2] Currently, the housing stock is only 14.5 % rentals. This collum examines the total recommended housing units if this proportion were to increase to 30 %.

Table 2: Rental Housing Quantity Recommendations

	Price Point	**Scenario A:** Recommended Units at **1.89 %** growth	**Scenario B:** Recommended Units at **2.49 %** growth	Recommended If rentals increased to 30% of total housing[3]	
				1.89% Growth	2.49% Growth
Multi-family Housing					
Incentivized, 50%-80% AMI	$489-$783/ month	13	18	17	24
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Total potential demand for Rental Housing		220	257	370	420

[3] Currently, the housing stock is only 14.5 % rentals. This collum examines the total recommended housing units if this proportion were to increase to 30 %.

Final Strategies Pursued

The following recommendations were pursued through a multi-faceted approach, drawing on data analysis, public input, and stakeholder interviews to tailor strategies to the specific needs of North Branch. Note the recommendations in this report apply to subdivisions, PUD's and any other housing development:

Recommendation 1: Establish a Housing and Redevelopment Authority for the City of North Branch.

Creating a Housing and Redevelopment Authority (HRA) would dedicate resources and efforts to resolve the city's housing needs. This initiative will require research into the benefits and logistics of creating such an authority, considering factors like building programs and partnerships with housing organizations, budget funding sources, governance structure, and potential legal frameworks. As a starting point, an HRA manager and grant writer (shared with other city functions) could be a skeleton staff member to test this recommendation.

Recommendation 2: Establish a rental licensing and inspection program.

This initiative involves designing and implementing a program to regulate and ensure the quality and safety of rental properties in North Branch. Data analysis and input indicate the need for increased life-safety improvements and updated conditions, which can be achieved through inspection and licensing. Several national codes define acceptable standards for rental properties and can help guide this type of program, such as adopting the ICC (International Code Council) Property Maintenance Code.

Recommendation 3: Create or support programs to transition rental tenants into home ownership.

Such programs can help tenants qualify for rental assistance or even home ownership, deposits/down payments, and credit scores. The HRA could develop and support this type of programming.

Recommendation 4: Facilitate zoning code changes to accommodate new housing units.

This recommendation involves reviewing and potentially revising the city's land use and zoning regulations to encourage the development of new housing units. The housing map created (see Housing Map-1) can be used to inform where to maximize suitable densities and locations.

Recommendation 5: Attract and encourage construction that adds housing units with three or more bedrooms.

Data analysis justifies the need for housing units with three or more bedrooms. The key will be to attract developers with proven experience in providing these types of homes with the design features needed/in demand. However, the cost of unit construction will need to be low enough to make these units attainable for the range of incomes in the community.

Recommendation 6: Incentivize the development of rental properties in North Branch that offer more options for temporary and shorter-term leases.

This recommendation involves designing incentives, such as financial assistance programs (i.e., grants or forgivable loans), to encourage landlords to offer more flexible leasing options. Data analysis and public input indicate a demand for temporary or shorter-term leases (less than 12 months) in the rental market, such as month-to-month or weekly rental options.

Recommendation 7: Incentivize the upkeep and upgrade of existing rental properties and naturally occurring attainable housing (NOAH).

It is critical to support landlords in maintaining or upgrading their properties. Develop programs that can offset costs (grants or low-interest loans), provide free labor such as partnering with apprentice outlets, or provide technical assistance for renovations. Such programs may also include and benefit owner-occupied housing that meets certain affordability criteria.

Background and Demographics

Historical Origins and Relevance to Housing

Founding

Figure 2: Historical Society

Established as a Township in 1861, North Branch has witnessed a dichotomy in its development. The tension between rural and urban development persisted for 40 years after its founding. By 1901, the original 36 square mile township was bifurcated into two entities due to this political tension regarding the town's future. The Township of Branch encompassed the 35 square miles surrounding the core downtown area, where the residents who desired a more rural community could flourish. The remaining one square mile, where the downtown core of the old township exists today, became incorporated into the City of North Branch. Over the first half of the 20th Century, the newly formed City of North Branch underwent moderate urbanization, resulting in today's older housing stock, with 11.7 % of all current housing units constructed before 1969. In contrast, the former Branch Township, later known as Branch Village, maintained its rural, agricultural character for most of the last century, experiencing sparse development and sustaining a notably lower population.

Table 3: Housing Units Construction

Before 1969	11.7%
1970-1999	56.1%
2000-2020	31.5%
2020-2024	(data unavailable%)

I-35 Completion to Consolidation

In 1969, the completion of Interstate-35—a 1,569-mile north-south highway stretching from Duluth to Laredo, TX—intersected with Minnesota Highway 95 in the City of North Branch. This intersection significantly altered the growth trajectories of both cities: the branch and the North Branch. The strategic positioning of North Branch along this transportation corridor led to a population surge in both North Branch and Branch. Between 1970 and 1999, more than 56 % of North Branch's housing stock was constructed. The expansion of both areas ultimately prompted the consolidation of the two municipalities in 1994, marking their reunification for the first time in 93 years.

Post-1994 Consolidation

Figure 3: North Branch Economic Development Authority

The City of North Branch experienced strong growth trends from 2000 to 2010, with a 26.2% increase in population. From 2000-2020, the remaining 31.5% of the current housing stock was constructed, reflecting the continued growth of the population. Despite the nationwide decrease in housing unit development due to the 2008 housing crisis and the hindrance caused by the Coronavirus Pandemic, North Branch's population continues to grow at an average rate of 1.89% annually. The historical trend of growth and development in North Branch has typically seen housing unit growth aligned with population growth. Nevertheless, this pattern is shifting, with less housing being built and insufficient supply for the current growth rate.

Present-Day Trends

As land and building costs rise, developers face increased loans, investments, and risk, leading them to prioritize client-driven projects over speculative ones. The population stagnates when housing development caters solely to those purchasing market-rate single-family homes. Despite high demand from prospective residents, limiting rental or owned housing production exacerbates the issue. In North Branch's current market climate, home and land prices have surged, impacting both renters and homeowners. Due to higher demand and rising costs, long-standing tenants may be priced out, and homeowners may find it challenging to sell and relocate without losing equity. The following report will explore the data indicating these trends and the urgency of the current housing market concerns.

Key Points:

- The historical origins and relevance to housing in North Branch reflect its development and impact on current housing conditions.
- Historically, the area's housing market evolved alongside its economic and demographic shifts, with historical events shaping the housing landscape. As the city grew, so did its housing needs, influenced by various factors such as migration patterns, economic changes, and policy developments.
- Understanding these origins is crucial for addressing contemporary housing challenges, as past decisions and developments set the foundation for the current housing situation.
- Economic conditions are causing less housing to be built but not changing the housing demand growth. The document highlights significant demographic and economic factors impacting housing in North Branch. It emphasizes the challenges posed by a growing population, including an aging demographic needing suitable housing and younger individuals facing obstacles in homeownership due to education debt. The analysis acknowledges disparities in housing access and affordability across different races and ethnicities, underlining the necessity for equitable housing solutions. While generally high, education levels contribute to financial constraints impacting housing

affordability due to associated debt. Despite a decent median household income, there's a concern over ensuring that housing remains attainable for lower-income residents, pointing to a broader issue of income and wealth distribution affecting housing stability and access. Addressing these issues is crucial for providing inclusive, sustainable housing options that cater to the diverse needs of its current residents.

Current Demographics and Conditions

Population and Households

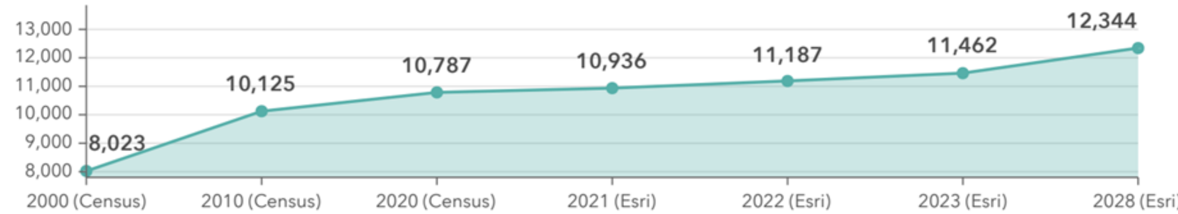


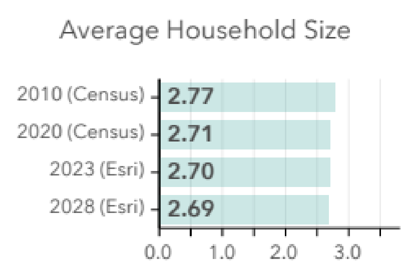
Figure 4: Source: https://links.esri.com/esri-demographics/united-states

The population growth in North Branch has outpaced the availability of housing units, leading to a shortfall projected to persist until at least 2030. As a result, sale and rental prices have risen, making it difficult for some existing and prospective residents to afford housing. This situation may naturally reduce the growth rate and possibly even the population, as rental costs exceed what existing and potential residents can manage.

The impact extends beyond housing affordability. The City of North Branch's basic local government services are funded through property taxes, and with fewer constituents, the tax burden falls on a smaller base. The city has already increased taxes to cover service costs, highlighting the need to balance tax burdens while maintaining essential services. Density helps to reduce the cost of city services, such as sewer and water, easing these burdens.

Furthermore, employers may hesitate to expand or relocate to an area without adequate housing for their workforce. In today's market, businesses follow rooftops. The housing shortage creates a negative economic cascade that proper planning and investments can help mitigate.

Assessing the rental market entails considering the average household size to match available rental housing options and residents' housing needs. The average household size of 2.70 in 2023 (the state average is 2.4 people) indicates that multi-bedroom housing units align more closely with population requirements than single-bedroom or efficiency options.



However, 70 % of rental households in North Branch are inhabited by one or two individuals. The apartment/multi-family housing type traditionally provides smaller units, yet the rental housing stock needs to be more conducive to the population and growth pattern North Branch is experiencing. The primary groups moving to the city tend to have younger families

Table 4: Census Housing by Size

People	Percentage Own	Percentage Rent
7+ Person	1.6%	1.4%
6-Person	2.6%	2.4%
5-Person	8.1%	3.6%
4-Person	16.7%	9.9%
3-Person	17.2%	12.9%
2-Person	36.9%	22.7%
1-Person	17.0%	47.0%

requiring more space. For these families, a three-bedroom rental unit is most suited if they cannot afford a home in the current market.

Key Points:

Proactive housing development is essential to meet demand, prevent economic losses, and maintain a balanced market.

1. Compound Annual Growth Rates (CAGR) for Households and Housing Units:
   - Between 2000 and 2020, the CAGR for households was 1.68%, while for housing units, it was 1.73%.
   - This indicates that the housing supply generally kept pace with demand during this period.
2. Recent Shift in Demand and Supply:
   - Over the last four years, demand has outpaced supply.
   - This suggests that the housing market is experiencing increased demand, potentially due to population growth or other factors.
3. Anticipatory Housing Development:
   - Prospective residents cannot live in North Branch if housing isn't built in anticipation of buyers or tenants.
   - Without such development, people may seek employment and contribute taxes elsewhere, leading to long-term economic losses for the city.
4. Balancing Growth and Immediate Needs:
   - If housing unit growth doesn't outpace household growth, excess supply in the rental market will diminish.
   - Eventually, the housing stock may no longer have surplus capacity to accommodate immediate demand.
   - Balancing construction timing with immediate needs is crucial to ensure the market meets the community's current requirements.

Figure 5: Source Community Change Snapshot North Branch, MN by Esri (2023)

By not providing adequate housing options, the City of North Branch:

- Lacks sufficient housing options for the existing young generations to remain in the community.

- Lacks available senior housing types from independent living to assisted living to full care facilities as existing residents age and families look to bring aging parents closer to family.
- Lacks the variety of transition housing options to accommodate empty nesters and seniors to remain in their homes due to housing prices and lack of available and desired options.

Age

The city's age profile is pivotal in determining people's housing needs. The population distribution remains consistent proportionally across age bands, ranging from 5.5% to 8.0% until age 65. Notably, the 25-29 age group comprises the largest portion of the population. This suggests a growing age bracket of individuals at a prime stage of life who are typically starting families, thereby signaling the need for first-time home buyer programs, starter homes, entry-level pricing with multiple bedrooms, and child/pet-friendly features.

Figure 6: Age Profile

Meanwhile, 12.2% of the population, 65 and older, require "age-friendly" housing options. These accommodations should feature single-level living, step-free entries, and attached garages to cater to the needs of aging residents. As individuals age, maintaining exterior spaces and larger living spaces becomes increasingly challenging, prompting a demand for third-party maintenance services and floor plans with smaller square footage.

Race and Ethnicity

The majority of residents in North Branch are white. While 85.6% of housing in North Branch is owner-occupied versus 14.4% are rentals, this is not true across all racial demographics. Housing status is weighted more heavily towards renting for non-whites. Hispanic residents comprise 3.7% of the population in the city but half. Ensuring equitable access to housing is crucial for fostering an inclusive community that accommodates the needs of its demographic.

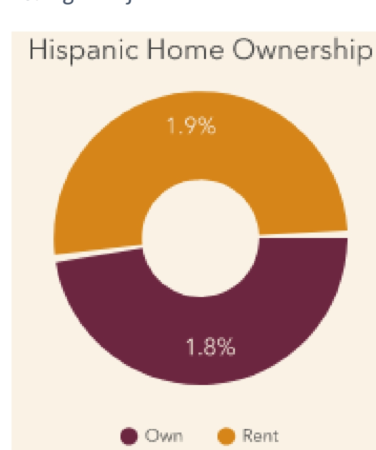


Figure 7: Source Housing Market Characteristics by Esri (2023)

Education

Education is highly valued in North Branch, but this prioritization has implications for rental housing. Higher education often leaves students with significant debt, which can affect their ability to purchase homes or rent due to reduced credit scores and borrowing potential. While education typically correlates with higher income levels, resulting in increased earning potential, the accompanying higher income-driven payments can still hinder individuals in these circumstances from transitioning into more suitable housing options, especially as they enter their middle-age years or the beginning of their professional lives (this aligns with the 25-29 cohort mentioned above).

Income and Wealth

North Branch's median per capita income is $39,127 annually, while household income averages $87,900. Although the household income is adequate to afford the median gross rent of $1,345 or the purchase of a medium-priced home valued at $265,900, individuals earning the per capita income ($39,127) may need help finding attainable rental options within their budget, especially if single. Households with two or more people have better purchasing power. Singles may have to seek shared homes or room rentals to afford housing. Consequently, if rentals are not aligned with local incomes, these individuals may be compelled to seek housing outside the community or those with higher incomes from the outside may displace locals.

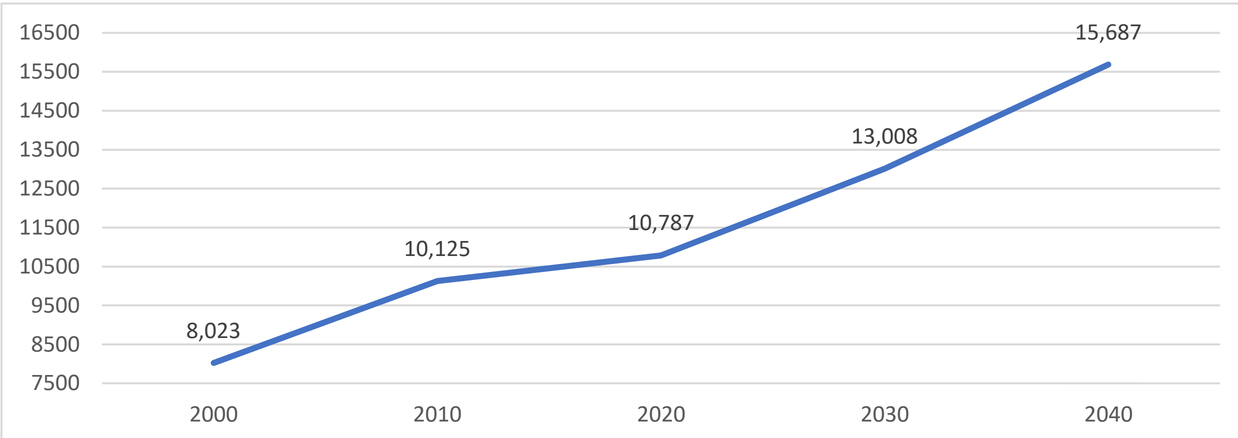
Key Points:

- A growing population that includes an aging demographic needing suitable housing and younger individuals facing obstacles in homeownership due to education debt.
- The analysis acknowledges disparities in housing access and affordability across different races and ethnicities, underlining the necessity for equitable housing solutions.
- Education levels, while generally high, contribute to financial constraints impacting housing affordability due to associated debt.
- Despite a decent median household income, there's concern over ensuring that housing remains attainable for lower-income and single residents. This points to a broader issue of income and wealth distribution affecting housing stability and access.
- Addressing these issues is crucial for providing inclusive, sustainable housing options that cater to the diverse needs of North Branch's population.

Scenario-Based Population Projections

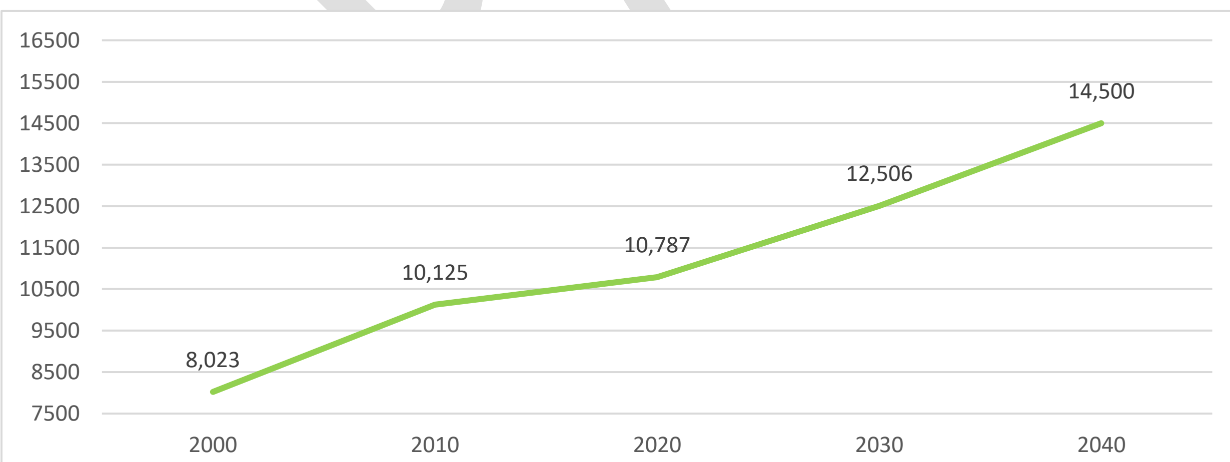
As North Branch experiences growth, it prompts a need for adaptation within the housing market. Several scenarios are possible based on different assumptions, which lead to various outcomes. The following scenarios consider five different potential market behaviors and outcomes.

Scenario 1: 2040 Projections (current rate)



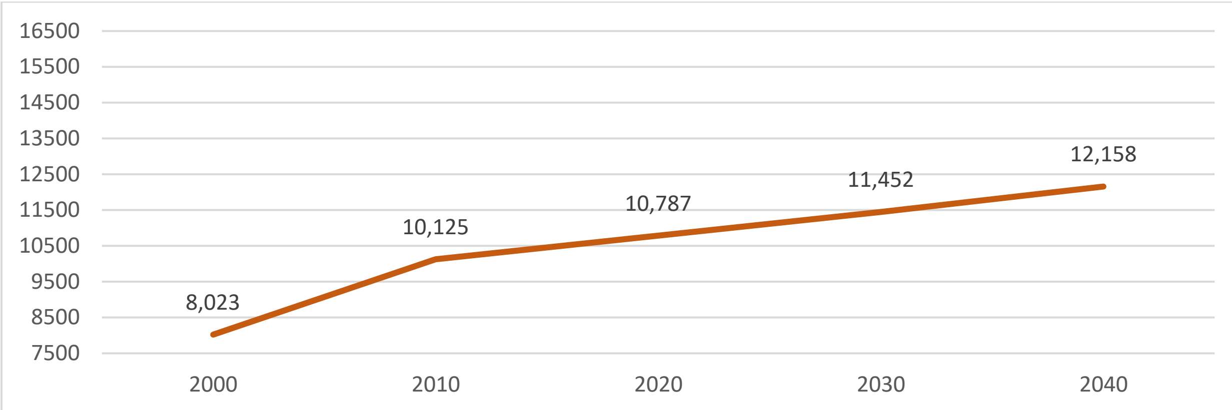
This scenario assumes a continuation of the current 1.89 % compounding annual growth rate after 2020 through 2040 and no changes to the community's growth trends.

Scenario 2: 2040 Projections (2000-2040 rate)



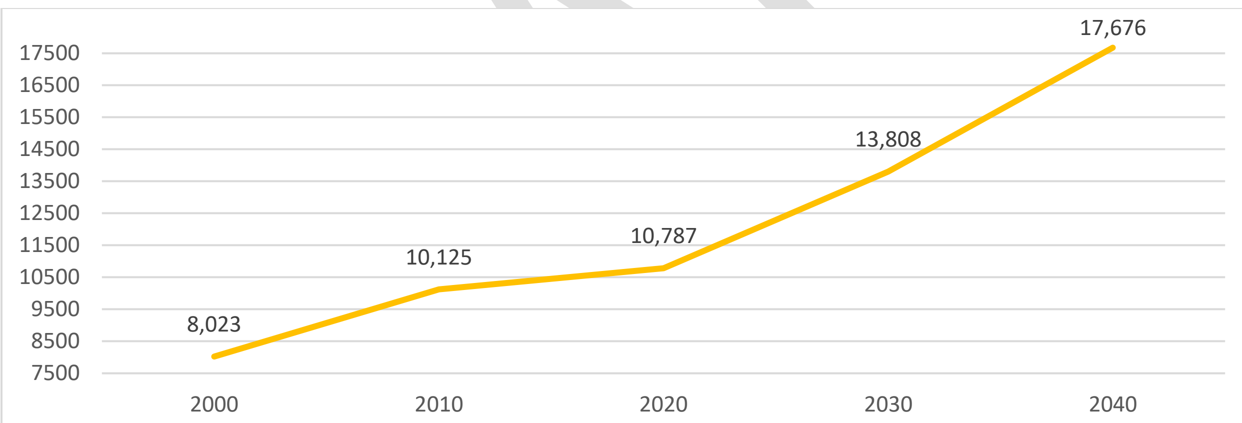
This scenario takes a more conservative stance on community growth, assuming it will match the annual growth rate over the century's first two decades. Ultimately, this growth rate would be lower than the city's current post-COVID growth trends.

Scenario 3: 2040 Projection (State growth rate 0.6%)



This scenario accounts for the North Branch slowing to the same growth rate as the State of Minnesota from 2020-2023, which is 0.6 % annually. North Branch is not likely to curtail its growth to this low a level; this rate sets a baseline for the minimum level of growth that can be anticipated, though trends have never been this slow for the City's development.

Scenario 4: 2040 Projections (2.5% growth rate)

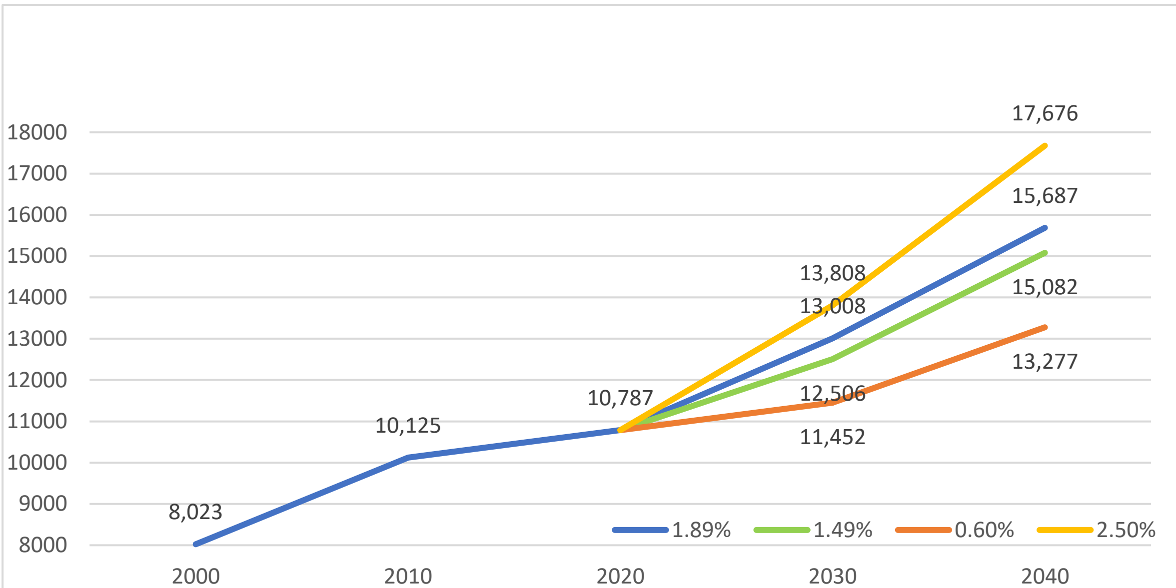


The fourth scenario depicts a growth rate of 2.5 %, which was seen from 2000 to 2010. If these rates were matched in the next two decades, North Branch would experience growth that would significantly outpace its current rate of housing development and require more housing to be developed faster to meet the demand.

Each of the previous scenarios projects growth at reasonable rates for the city based on historical trends. Applying these trends to the current population data creates parameters to estimate where the population will fall at each given time interval.

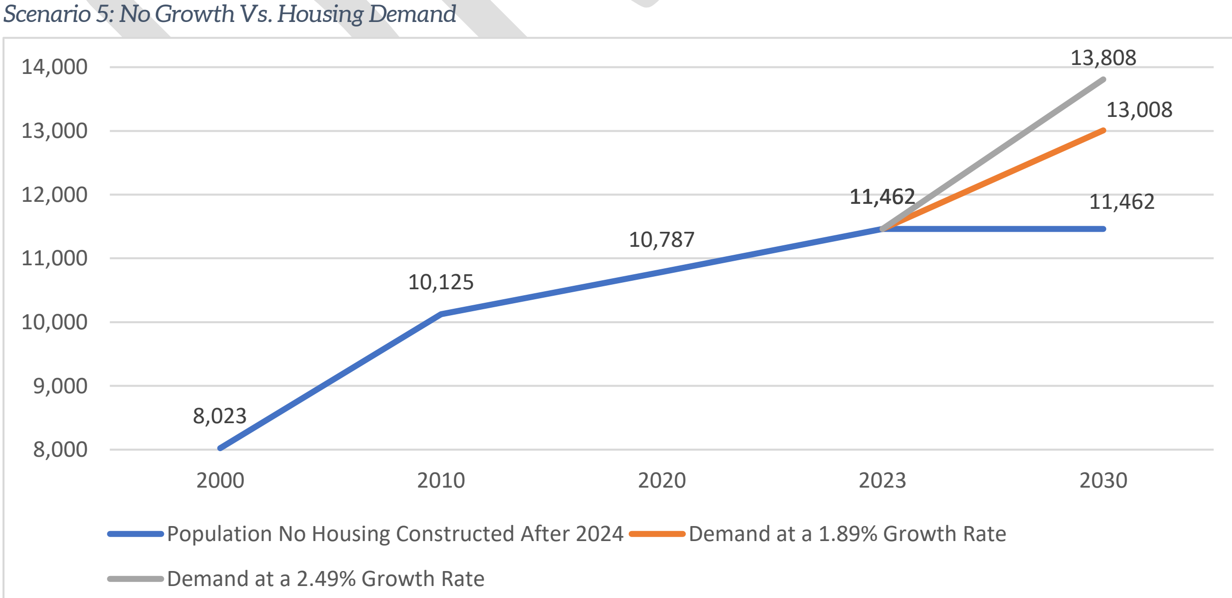
The annual growth rate for housing units in the city is 1.73 %. Generally, this rate needs to be higher than the population growth rate to avoid a housing crisis and help control increasing costs to the existing population. The population is outpacing housing development in half of the scenarios, including North Branch's current growth rate. The rate of housing unit development and population will slow to equilibrium as prices increase to match supply availability and eventually reduce demand as potential residents find less expensive substitutes for living in the city. Each of the following graphs demonstrates this effect on the rental housing market.

Scenarios 1-4: North Branch Growth



The last scenario is a no-growth scenario that limits or prohibits the production of new multi-family housing units. Displaying this trend through 2030 also indicates that market demand still drives people to wish to move into the city at the same rates as they previously had. The difference is that the housing stock is stagnant, meaning the only way to move in is to take the vacancy of an existing resident.

Scenario 5: No Growth Vs. Housing Demand



This pent-up demand from a pause in new housing supply production would cause a 573 to 869 housing unit shortage by 2030, as these would be the needed units to accommodate the 1,546 to 2,346 people who would otherwise move into the city. This would accelerate the current rise in housing prices and lease costs. However, it could also signal to developers and future residents that they are unwelcome in the community, hindering potential growth. In this scenario, when supply exceeds demand, buyers or renters have more choices, which puts pressure on sellers or landlords to offer competitive prices. When demand outstrips supply, buyers or renters may have to pay more due to limited options.

Key Points:

- North Branch is experiencing rapid population growth that has consumed the available housing supply, leading to a significant shortfall projected to continue until at least 2030.
- This imbalance has increased rental prices, making it increasingly difficult for many residents to find attainable housing.
- This trend is straining current residents and the local economy, as the increased cost of living impacts the overall cost of public services and the ability of businesses to sustain and find local workforce over the long term.

Current Employment Trends and Conditions

Resident Employment: Service Jobs

Due to the typically lower wages in the service industry, many residents in North Branch may find renting to be their only viable housing option. However, even in this case, these individuals may need help to secure a rental unit within the city at a market rate or lower cost.

14.5%

Services

Table 5: Service Occupations Share of Total Jobs

Job	Percent
Health Support	4.8%
Building Maintenance	3.5%
Food Preparation	3.4%
Personal Care	1.6%
Protective Service	1.2%

Resident Employment: Blue Collar Jobs

29.7%

Blue Collar

Blue-collar industries tend to yield higher earnings than service sector wages, allowing a single earner to afford a rental home in the City of North Branch and sometimes afford to buy a home.

Table 6: Blue Collar Jobs in North Branch

Job	Percent
Production	10.8%
Transportation/ Moving	7.8%
Construction/Extraction	7.0%
Maintenance/Repair	4.1%
Farm/fish/foresty	0.1%

Resident Employment: White Collar Jobs

White-collar jobs in the North Branch do not guarantee high earning potential, as prevailing wages in these fields may not always be sufficient. For instance, teachers are considered white-collar workers but earn wages that are too low to afford a home in the city. Consequently, many workers in these sectors may need help securing rental accommodation at the current market rates or finding housing in other communities.

55.7%
White Collar

Table 5: White Collar Jobs in North Branch.

Job	Percent
Management	9.8%
Business/Financial	2.8%
Computer/Mathematical	1.7%
Architecture/Engineer	1.3%
Life/Social Sciences	1.0%
Social Service	3.2%
Legal	2.4%
Education/Library	8.2%
Arts/Entertainment/Rec	0.9%
Health Practices	5.1%
Sales	8.3%
Office/Admin	11.2%

The following table demonstrates how wages in North Branch for different careers would fair against market-rate housing costs.

Table 6: North Branch wages against market-rate housing costs.

Occupation	% of North Branch Residents	Median Income Hourly / Annual		Home Value Worker Can Afford*	Can workers afford a Median Home of $265,903?	Monthly Rent Worker Can Afford	Can workers afford an Average Rent of $1,345
Retail	13.3 %	$16.26	$33,821	$147,666	No	$930	No
Manufacturing	15.6 %	$22.26	$46,300	$188,449	No	$1,283	No
Education	8.7 %	$25.34	$52,707	$223,280	No	$1,449	Yes
Construction	10.6 %	$29.51	$61,381	$267,500	Yes	$1,688	Yes

Commuting Patterns

The distribution of commute times clarifies that there are mainly two types of commuters: those working within the immediate 25-minute range of their homes and those working in the Twin Cities metro area 45-59 minutes away. There is a need to keep residents close to work and minimize the cost burdens of extensive driving (i.e., time, gas, insurance, maintenance, etc.). Most home seekers in the United States are willing to commute up to 30 minutes to attain housing. In North Branch, more than 50 % of residents commute more than 30 minutes. Using that commute shed factor, there are 217,528 people within 30 minutes from North Branch. This suggests to developers that many potential tenants are within 30 minutes of North Branch.

Table 7: Commute Time Minutes

People	Percentage Own
7+ Person	1.6%
6-Person	2.6%
5-Person	8.1%
4-Person	16.7%
3-Person	17.2%
2-Person	36.9%
1-Person	17.0%

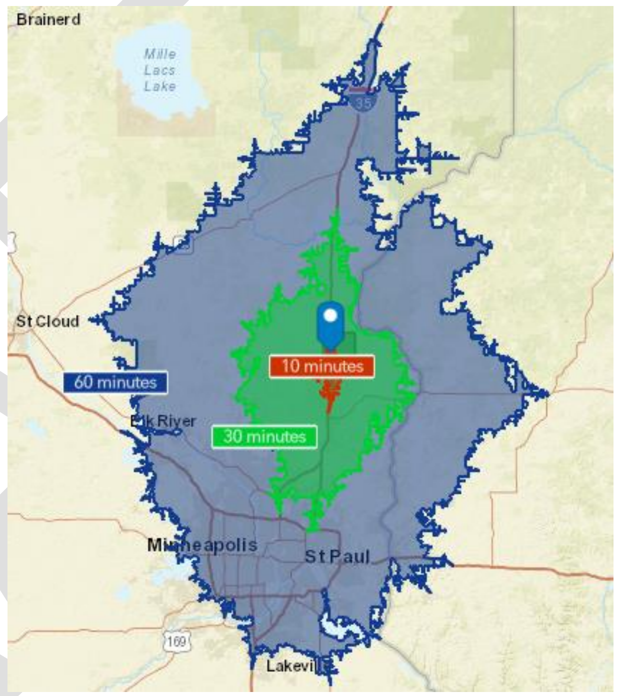


Figure 8: Commute Time Map

Economic Development

The primary determinant of what type of housing a person can attain is directly tied to their earnings, thus employment. It is essential to understand a community's economic development landscape and the effect their employment has on the local housing market. When there is a disconnect between the wages present in the prevailing industries in the community and the housing price, it leads to the displacement of residents or longer commutes, which impacts quality of life. Residents will either leave the city for housing that is attainable on their budgets to keep their jobs or take longer commutes for higher-paying jobs. The table on the next page represents the largest employers in the City of North Branch. These employers have a significant stake in the availability of housing that their employees can attain in the community to increase the viability of retention and recruitment efforts. Working with employers to provide adequate housing or housing bonuses for the workforce could provide more solutions than any entity tackling this issue alone.

Table 8: Employers and employees in North Branch.

Largest Employers in North Branch	# of Employees
North Branch School District Education	340
Andersen Windows Manufacturing	248
Stepp Manufacturing	67
Peterson Mill	55
Zinpro	55
Branch Manufacturing	52

Job Growth Projections

The annual job growth rate in North Branch is 0.175%, equivalent to around 20 jobs per year. However, job growth could slow down without sufficient housing to accommodate workers. Existing and potential employers consider the availability and suitability of housing when evaluating expansion or relocation.

While there's an opportunity to attract businesses to the community's business park and create jobs, forming partnerships with employers to identify specific housing needs is critical. Otherwise, it may hinder business recruitment and impact the local economy. North Branch can transition from a bedroom community to its employment epicenter if adequate housing is provided. The following projections anticipate relatively little change in the North Branch economy at the current job growth rates unless housing is provided.

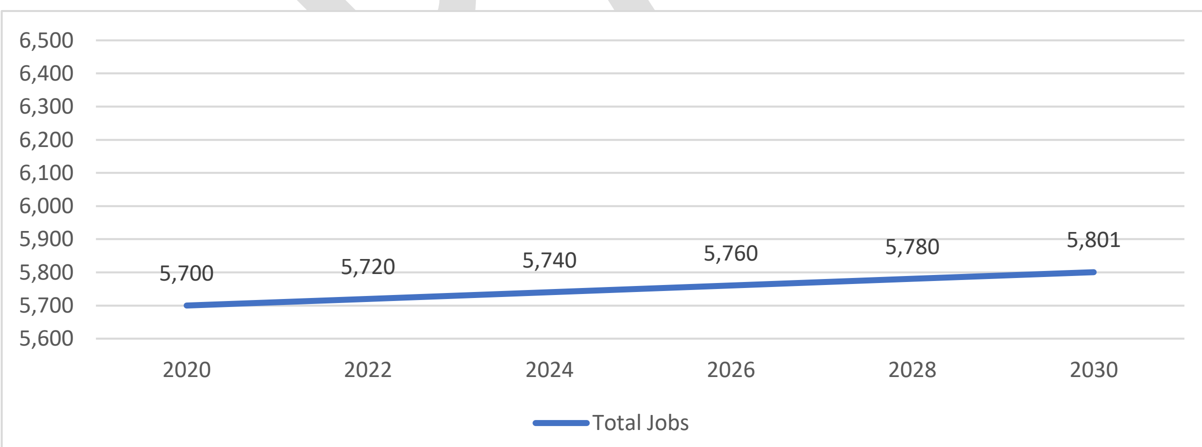


Figure 9: Total Jobs in North Branch

Wage Analysis

An analysis of various wages sheds light on what housing people can afford. North Branch's single median income of $39,127 encompasses diverse roles, from personal caregivers earning $17.45/hr. to those working in senior living facilities. Unfortunately, personal care employees often earn less than the annual median income, making homeownership or renting economically unsustainable even if these jobs are in high demand due to the projected growth of this age group. The standard for affordability is the Annual Median Income (AMI), with the US Department of Housing and Urban Development (HUD) defining affordable housing as costing 30% or less of the AMI. Housing falling below 80% and 120% of AMI is generally termed 'Workforce Housing,' whether naturally occurring or incentivized. In North Branch, an affordable rental home costs approximately $978.18 per month at the annual median income level. The following are key insights stemming from the local wage analysis:

- 51.5 % of North Branch residents lack the income to secure a rental at the market rate of $1,345.
- 74.7 % of North Branch residents lack the income to purchase a median-value home at $265,903.
- Market rate rentals are $171.19 higher than the highest cost workforce housing at 120 % of AMI or $1,173.81/month.

Table 9: Table of Resident Occupations and Maximum Cost of Housing Attainable

Occupation	Resident %	Income		% of AMI	Max. Rent Budget	Max. Home Purchase Price	Difference Between Budget and Median Cost		Housing Attainability	
		Hourly	Annual				Rented	Owned	Rent	Own
Office/Admin	11.2 %	$22.25	$46,280.00	118 %	$1,285	$200,000	($59)	($65,903)	No	No
Production	10.8 %	$22.26	$46,300.80	118 %	$1,286	$200,000	($58)	($65,903)	No	No
Management	9.8 %	$45.02	$93,641.60	239 %	$2,601	$405,203	$1,256	$139,300	Yes	Yes
Sales	8.3 %	$16.26	$33,820.80	86 %	$939	$145,000	($405)	($120,903)	No	No
Education /Library	8.2 %	$25.34	$52,707.20	134 %	$1,464	$221,288	$119	($44,615)	Yes	No
Transportation	7.8 %	$19.42	$40,393.60	103 %	$1,122	$178,598	($222)	($87,305)	No	No
Construction /Extraction	7.0 %	$29.51	$61,380.80	156 %	$1,705	$261,876	$360	($4,027)	Yes	No
Health Practices	5.1 %	$40.05	$83,304.00	212 %	$2,314	$360,084	$969	$94,181	Yes	Yes
Health Support	4.8 %	$17.90	$37,232.00	95 %	$1,034	$160,000	($310)	($105,903)	No	No
Maintenance/ Repair	4.1 %	$24.88	$51,750.40	132 %	$1,437	$217,727	$92	($48,176)	Yes	No
Building Maintenance	3.5 %	$18.03	$37,502.40	95 %	$1,041	$164,714	($303)	($101,189)	No	No
Food Preparation	3.4 %	$14.99	$31,179.20	79 %	$866	$134,837	($478)	($131,066)	No	No
Social Service	3.2 %	$25.76	$53,580.80	136 %	$1,488	$226,200	$143	($39,703)	Yes	No
Business /Financial	2.8 %	$33.54	$69,763.20	178 %	$1,937	$298,058	$592	$32,155	Yes	Yes
Legal	2.4 %	$35.76	$74,380.80	190 %	$2,066	$319,398	$721	$53,495	Yes	Yes
Computer /Mathematical	1.7 %	$38.36	$79,788.80	203 %	$2,216	$343,679	$871	$77,776	Yes	Yes
Personal Care	1.6 %	$17.45	$36,296.00	92 %	$1,008	$159,139	($336)	($106,764)	No	No
Architecture /Engineer	1.3 %	$38.62	$80,329.60	205 %	$2,231	$346,522	$886	$80,619	Yes	Yes
Protective Service	1.2 %	$29.98	$62,358.40	159 %	$1,732	$280,000	$387	$14,097	Yes	Yes
Life/Social Sciences	1.0 %	$33.22	$69,097.60	176 %	$1,919	$300,000	$574	$34,097	Yes	Yes
Arts/Rec/ Entertainment	0.9 %	$26.15	$54,392.00	139 %	$1,510	$244,494	$165	($21,409)	Yes	No
Farm/Fish /Forestry	0.1 %	$22.00	$45,760.00	116 %	$1,271	$200,000	($73)	($65,903)	No	No

Addressing North Branch's housing affordability crisis requires a multifaceted approach considering rental and homeownership dynamics. The situation highlights a critical issue faced by many communities: housing affordability. When a significant portion of the population cannot afford to buy homes, it has far-reaching consequences for both renters and homeowners. Rental housing often serves as a stepping stone toward permanent homeownership. However, if 74.7% of the community cannot afford to buy a home in North Branch based on their annual income, this creates a barrier to homeownership. As a result, renters may remain in rental properties for longer periods, reducing rental turnover. Reduced rental turnover can increase demand for rental units unless new housing developments are created. Meanwhile, over 85% of North Branch residents are homeowners. These homeowners may be reluctant to sell their properties due to the high cost of re-entering the market. Consequently, this scarcity of available homes affects the real estate market volume and drives up prices.

The interplay between rental affordability, homeownership, and market dynamics creates a negative feedback loop. Renters are most vulnerable to price variability from insufficient supply. As housing prices rise, affordability decreases, leading to further challenges for renters and potential homebuyers. In the non-residential sector, businesses considering North Branch as a location must navigate the rental market when recruiting and retaining employees. Access to affordable housing is crucial for attracting talent. Additionally, local labor can fill new positions, even with slightly higher unemployment rates, provided housing options are feasible for relocating employees.

Housing Market Inventory

North Branch faces housing challenges driven by high demand, limited supply, and competitive market conditions. Although it looks like a lot of housing is being built, more housing is needed to meet demand, especially housing for various life stages and price points. Key points to address affordability and housing availability are based on 2023 data:

1. Occupancy Rate and Home Sales:
    - There are 4,365 housing units in North Branch, with a high occupancy rate of 96%.
    - Over the past 12 months, 264 home sales have been closed, representing a 13.3% increase compared to the same period in 2023.
    - These sales accounted for 6.1% of all homes changing hands in the town last year.
2. Market Activity and Time on the Market:
    - A property's average time on the market is 39 days, nearly a 50% increase from the previous year.
    - The short duration indicates a heated market with properties moving quickly.
3. Scarcity of Housing Supply:
    - The rapid turnover of properties suggests a scarcity of available housing supply.
    - As homes enter the market, they are swiftly purchased, leaving limited options for buyers.
4. Rental Market Implications:
    - This scarcity affects the rental market as well.
    - Those who can afford to move from rentals to permanent homes may choose to stay in rentals longer due to the competitive housing market.
    - Approximately 746 rental-occupied housing units exist in North Branch, with an average tenancy of 8 years (leases beginning in 2016).

- These units seldom become vacant for new tenants.

Implications

The implications of the Demographics Analysis section of this study are divided into two main categories:

- Population growing challenges.
- Economic disparities

The critical statistics under these themes illustrate a need to approach housing from multiple perspectives. There is no single root cause of North Branch's current market conditions and its effects on the city's current and future residents.

Population Growing Challenges

- The population of North Branch in 2030 is projected to be between 13,000 and 14,000, which equates to an increase of 1,500 to 2,500 people from the present-day population.
- To meet this need, approximately 556 to 926 new housing units, both rentals and owner-occupied units, will be required.

Economic Disparities

Examining the ESRI data and performing quick calculations delivers the following facts.

- The median single income in the City of North Branch is $39,127, and the median rent in the rental market is $1,343/month, which is 137.3% AMI.
- Based on our wage analysis, 51.5% of people in North Branch cannot afford a rental in the city alone. Further, 74.7% cannot afford to buy a median-valued home in the city alone.
- Approximately 85% of the city's homes are owner-occupied. This high percentage indicates a strong preference for homeownership within the community.
- Residents often choose to retain their homes even beyond where the home meets their needs because selling and re-entering the housing market can be financially challenging for most incomes in the city.

In summary, the combination of high owner-occupancy rates and affordability concerns creates a situation where residents hold onto their homes, affecting housing turnover and availability.

Based on data projections, the housing market faces several challenges in the coming years. The key points are:

1. Existing Home Sales and Mortgage Rates:
    - Existing home sales fell to a 28-year low in 2023.
    - However, as mortgage rates decline, existing home sales are expected to rebound gradually.
    - Home prices have held onto their gains due to a lack of supply.

- As lending rates fall and more homes are listed for sale, true price discovery will occur.[4]

2. Newly Built Homes:
   - Sales of newly built homes will maintain an elevated market share.
   - Builders can buy down mortgage rates, and there's pent-up housing demand.
   - This trend is likely to continuehttps://realestate.usnews.com/real-estate/housing-market-index/articles/housing-market-predictions-for-the-next-5-years [5].
3. Rental Market:
   - Rents are expected to stabilize due to added supply.
   - They will more closely track inflation rates[6].
4. Market Dynamics:
   - The housing market will face challenges due to demographic shifts.
   - Gen Z maturing will impact housing starts.
   - The expansion of artificial intelligence and other factors will influence real estate trends.
5. Long-Term Outlook:
   - By 2030, the average price of a single-family home in the U.S. could reach $382,000[7].
   - If current trends continue, market conditions will increase lease prices, leading to vacancies as tenants are priced out, ultimately displacing economically disadvantaged residents from the community.

In summary, while the housing supply struggles with population growth, market dynamics and affordability issues will shape the housing landscape over the next decade. Developers, buyers, and renters must adapt to these changing conditions.

Currently, realtors and developers are noticing these important trends and market movements:

1. Homes Selling Despite Rental Need:
   - Homes are still selling despite the need for rental housing due to various factors, such as demand from buyers seeking homeownership and investment opportunities.
   - Buyers are likely individuals or families who prioritize homeownership over renting or see potential value in investing in property.
   - Developers continue building homes because buyers demand to purchase rather than rent.

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[4] https://realestate.usnews.com/real-estate/housing-market-index/articles/housing-market-predictions-for-the-next-5-years
[5] https://realestate.usnews.com/real-estate/housing-market-index/articles/housing-market-predictions-for-the-next-5-years
[6] https://realestate.usnews.com/real-estate/housing-market-index/articles/housing-market-predictions-for-the-next-5-years
[7] https://www.cnbc.com/select/how-much-will-a-home-in-the-us-cost-by-2030/

2. Interest in Building Subdivisions:
    - Developers may still be interested in building subdivisions due to demand from buyers looking for single-family homes.
    - Subdivisions offer developers opportunities to meet the demand for larger homes with more space, particularly from younger families leaving suburbs for more attainable housing options.
3. Lack of Interest from Apartment Developers:
    - Apartment developers may not be interested in building apartments in North Branch due to various factors, such as perceived market demand, zoning regulations, or infrastructure limitations.
    - Developers may prioritize areas with higher rental housing demand or where they see better potential returns on investment.
4. Advising Clients to Drive Until They Qualify:
    - Clients are advised to drive until they qualify for the housing they want. In many cases, this is now White Bear or Hugo housing, a change in the last decade because these areas offer more attainable housing options than North Branch.
    - The cost of housing in North Branch may be comparatively higher, leading clients to seek more attainable options in neighboring areas.
5. Migration Patterns:
    - Younger families are leaving suburbs for areas where they can find larger houses at a lower cost, potentially contributing to the demand for single-family homes in North Branch.
    - People leaving cities to start families elsewhere may be attracted to areas like North Branch, where they can afford the size of the house they desire compared to more expensive urban areas.

Housing Analysis

Existing Rental Housing Conditions & Operational Costs

The average apartment size in North Branch is 720 square feet, with a typical cost of $965 as of November 2023. While these smaller units are efficient for some residents, they may not meet the needs of families requiring two- or three-bedroom apartments, which are scarce in the rental market. The tight rental market in North Branch sometimes results in zero or only one rental listing available. This scarcity makes rental conditions somewhat irrelevant, as prospective tenants cannot move into nonexistent units. Additionally, the existing rental housing that is income-restricted housing further limits availability, impacting average rental costs.

Rental Housing Market Analysis

Analysis

In North Branch, the current inventory of rental properties consists of 746 units, but only ten are available for lease. With a vacancy rate of 1.3%, the market is exceptionally tight. Typically, a low vacancy rate in a local rental housing market is around 5%, indicating a shortage of units to meet existing demand.

North Branch experiences a natural monopoly, with all nine available rental units concentrated in a single complex. Consequently, prices can increase without restraint until they align with alternative housing options in neighboring communities like Forest Lake and Cambridge. For context, the average rents in Cambridge and Forest Lake stand at $1,176 and $1,273, respectively, compared to North Branch's average of $965. However, this average is influenced by the 22% of rental units in North Branch that are income-limited. Despite this, there's room for significant price increases before other housing options become more economically attractive to consumers, especially considering that the average non-incentivized unit price already exceeds that of neighboring communities. For further details, you can find a summary of rental units and buildings in Appendix A.

Senior Housing Market Analysis

Senior housing options vary, and affordability remains a critical consideration for older adults. Senior housing encompasses various options tailored to individuals aged 55 and older. Some of these include:

1. Assisted Living:
    - In assisted living facilities, medical staff are available around the clock.
    - Residents receive assistance with daily tasks while maintaining some independence.
2. Independent Living:
    - Independent living communities cater to fully self-sufficient seniors.
    - Medical supervision is not provided, allowing residents to live independently.

3. Naturally Occurring Housing:
    - Certain existing housing types naturally suit seniors, such as townhomes, condos, and single-level apartments.
    - However, affordability can be challenging for seniors on fixed incomes, especially if their current home no longer meets their physical needs.

Senior Housing Inventory in North Branch

Based on North Branch's demographics, approximately 12.2% of the city's residents are over 65 years old, totaling 1,403 people. These seniors have specific housing needs that their current homes may or may not continue to meet as they age. The population of Americans over 65 is growing rapidly, with an expected 47% increase in this age group between 2022 and 2050 (equivalent to a 1.4% annual growth rate). If this trend continues in North Branch until 2030, the city will likely face a significant shortage of optimal housing options for its senior residents. Anecdotally, a noticeable trend of seniors relocating to places like Cambridge has occurred due to more affordable housing options unavailable in the North Branch market.

Table 10: Senior Housing Inventory

Name	# Units	Type	Cost	Unit Size Range	Status
Ecumen North Branch	119	Assisted Living	The local average assisted living costs are $3042 - $3260.	569-886 Sq Ft	Open
Encore Assisted Living and Memory Care	30	Assisted Living		-	Open
Boka Haven	*	Assisted Living		-	Opening July 2024
Heritage Court Apts	32	Independent Living 55+ Income Limited	$529-$917	958 Sq Ft	Open
Uptown Maple Commons	33	Independent Living/ Incentivized Housing	-	-	Open
Northern Oaks	12	Independent Living 55+	$885 - $1,015	594 Sq Ft	Open
Total	224*				

For-sale housing market analysis

Based on North Branch's annual median income for individuals ($39,127), the monthly payment considered affordable at the following price points, assuming a 20% downpayment at a 7.0% interest rate are:

- 50 % - 80 % of AMI = home purchase price of $65,777 - $104,407
- 80 % - 120 % of AMI = home purchase price of $104,407 -$163,117
- 120+ of AMI = home purchase price of $163,117+

As of June 2024, seventy-eight (78) properties, homes intended for home ownership, are on the market in North Branch; a few empty lots are listed under the $65,000 price point. Only one (1) home on the market would carry a payment sustainable on an income under 120 % of AMI; it is listed at $154,900. The home is a 1,011 sq. ft. craftsman's home built in 1901 that needs significant repairs.

Considering the household annual median income of $87,900 for North Branch, the price points change to the following, assuming a 20% downpayment at a 7.0% interest rate:

- 50 % - 80 % of AMI = home purchase price of $195,946 - $301,792
- 80 % - 120 % of AMI = home purchase price of $301,792 - $457,573
- 120+ of AMI = home purchase price of $457,573

The current market in North Branch contains twelve (12) homes that could be purchased under the 80 % AMI threshold for household income. While this stock will likely be off the market in less than two months, as has been typical in North Branch, it is prudent to look at the costs of unbuilt lots of land that could allow for the construction of a home at a price point under the threshold for the 50 % to 80 % of AMI. Eight (8) vacant lots, ranging from $64,999 – $199,000, would allow for building new homes if the construction cost was under $236,793 - $102,792. While there are other lots above $200,000, building a home for less than $100,000 is unlikely based on current new construction/traditional costs, so these are not considered. Non-traditional construction, such as cargo container homes, or smaller square footage homes, such as tiny homes or factory-built homes, may make these lots viable. North Branch faces a complex housing landscape, balancing affordability, construction timelines, and market dynamics. In summary:

Workforce Homes:

- There are currently 38 homes meant for homeownership on the market priced between 80% and 120% of the area median income (AMI).
- Of these, six are not under construction but are available for sale.
- Only 13 homes are available above 120% of the AMI.

Challenges:

- The available-for-sale housing supply primarily consists of newer buildings and custom constructions.
- Delays between purchase and occupancy create additional expenses and obstacles for residents.
- Even if prospective buyers want to move in immediately, the market favors new buildings tailored to customer specifications.
- This situation necessitates additional rentals for temporary residences.

Niche and Renting:

- Due to building times and limited inventory, some residents may need to rent until homes are constructed.

- Cost barriers for land make it challenging to build homes at 50% of AMI.
- Feasibility increases at 80% of AMI, but subsidies are necessary for profitable housing below 80% of AMI.

Pending Rental Development

Throughout the housing study, interviews were conducted with various developers, property managers, and stakeholders involved in rental housing construction. These conversations provided valuable insights into the community's growth. However, concerning development trends emerged from these conversations. In summary, the key points made were:

- Incentivized Housing:
    - There's a clear need for housing catering to low-income individuals (50% to 80% of the Area Median Income) and workforce housing (80% to 120% of AMI).
    - Unfortunately, willing developers are scarce in providing such housing options.
    - Instead, developers lean toward market-rate housing, which doesn't align with North Branch's needs.
    - The challenge lies in producing units below the market rate despite developer interest in profitable market-rate projects.
- Local Government and Minor Frustrations:
    - Local government doesn't pose significant barriers to new development.
    - Minor frustrations for developers include adding and expanding garage facilities.
    - Enhancing amenities can enhance the existing market's quality and appeal.
- Senior Housing Demand:
    - Aging residents create a growing demand for specialized senior housing units.
    - Meeting their needs and desires is crucial.
- Lack of Imminent Developments:
    - Existing developers/builders in North Branch's housing market lack plans for additional units.
    - Urgency in increasing housing production is needed to avoid exacerbating supply shortages.
- Impact on Education and Labor:
    - Educators, a significant industry in North Branch, face challenges due to the housing shortage.
    - Absence of available rentals hinders talent recruitment.
    - Students' connections with local employers affect future local labor.

Target Markets

Consumer behaviors reinforce the understanding of the rental housing market dynamics in North Branch, pointing to the need for housing solutions that cater to the diverse needs of its residents in the following way:

Demographic Segmentation:

- The text introduces three distinct consumer segments within the North Branch: Up and Coming Families, Middleburg, and Front Porches. This segmentation aligns with previous facts regarding the diversity of residents and their varying housing needs.

Consumer Preferences and Behaviors:

- Each consumer segment exhibits unique preferences and behaviors that impact the rental housing market. For example:
  - Up and Coming Families prefer suburban living and homeownership but may initially rely on rental housing.
  - Middleburg families prioritize family-building and require housing suitable for larger families.
  - Front Porches residents, consisting of smaller families and single households, heavily rely on rental housing due to income constraints.

Implications for Rental Housing Market:

- Many residents, especially those fitting the consumer behavioral characteristics outlined, are active participants in rental and housing markets. They may seek to transition from rental to permanent housing as their families grow or their financial situations improve.
- The influx of people into the North Branch has outpaced the growth in available housing units, indicating a high demand for rental and permanent housing.

Population Growth and Housing Demand:

- The demographic characteristics of these consumer segments, particularly their youthfulness and growing families, contribute to increasing population growth rates and housing demand pressures.
- The population growth and housing demand challenges in North Branch are partly due to a shortage of available housing units.

Demand Analysis

Rental Housing Economic Theory

Balancing housing supply and demand is crucial for sustainable growth and community prosperity. Key points to highlight:

1. Supply and Demand Equilibrium:
   - Like any economy, the housing market seeks equilibrium between supply and demand.
   - However, from a government perspective, reaching this equilibrium isn't ideal for housing.
   - If supply equals demand, population growth and tax base expansion stagnate.
2. Rental Housing Market Dynamics:

- When all housing units are occupied, demand pressure drives up rental prices.
- Existing tenants may be priced out, and new occupants struggle to afford rent.
- Waitlists for new units persist, but former tenants still seek affordable leases elsewhere.

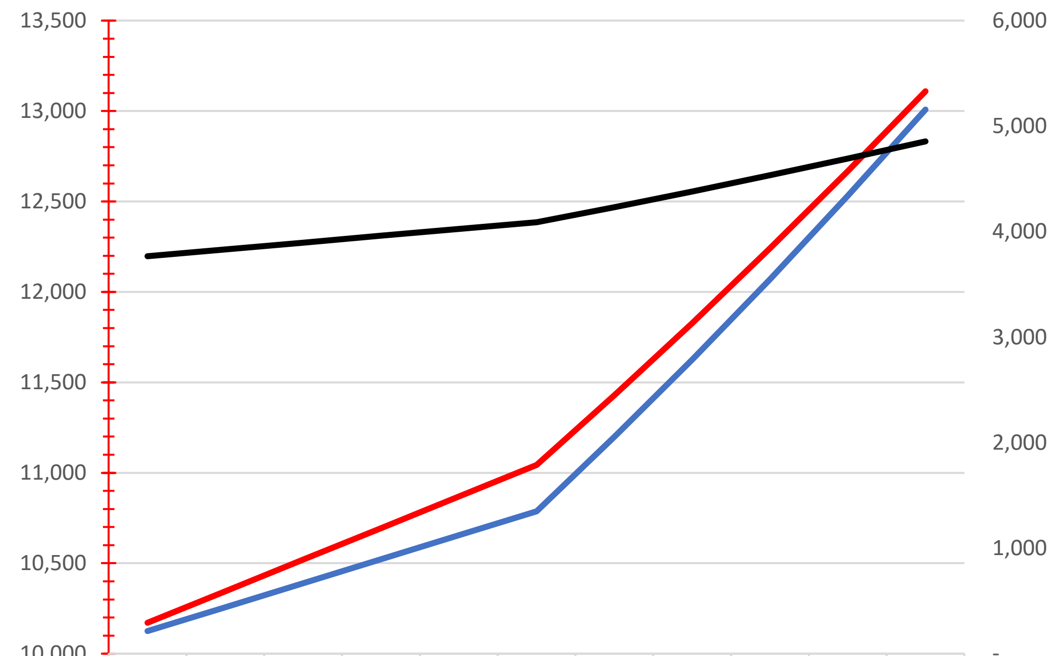
3. Benefits of Slightly Exceeding Demand:
   - A slight housing supply surplus benefits the local government.
   - Attracting new citizens and retaining existing ones is possible with stable rent prices.
   - This supports future population growth and tax base expansion without tax rate adjustments.
4. Developing Ahead of Demand:
   - Constructing housing units proactively alleviates market pressure.
   - It ensures people can afford to stay in North Branch while saving for home purchases.

Forecasting Current Market Conditions

We can estimate the expected market supply and demand at certain intervals by understanding the growth rates for housing units and population and the average household size. In North Branch, the present state of the rental housing market is based on:

- Population Growth Rate = 1.89 %
- Housing Unit Growth Rate = 1.73 %
- Average Household Size = 2.70
- Population in 2020 = 10,787
- Total Housing Units in 2020 = 4,090

The current growth scenario will produce an ever-tightening market where prices increase as the available rental supply dwindles. By 2030, there will be a 37-unit surplus of all housing in the city, including rentals. Assuming development occurs proportionally between owned and rental housing units at the same rates of ownership and rental status, it is anticipated that this could yield a total surplus of 5 rental units. The implications are that employers may not find the housing conditions appealing to their workforce. North Branch is an attractive community, and people want to move here, evidenced by the continued growth rate, the growing student population in our schools, and developers continuing to build homes. However, this may slow down due to rising costs.

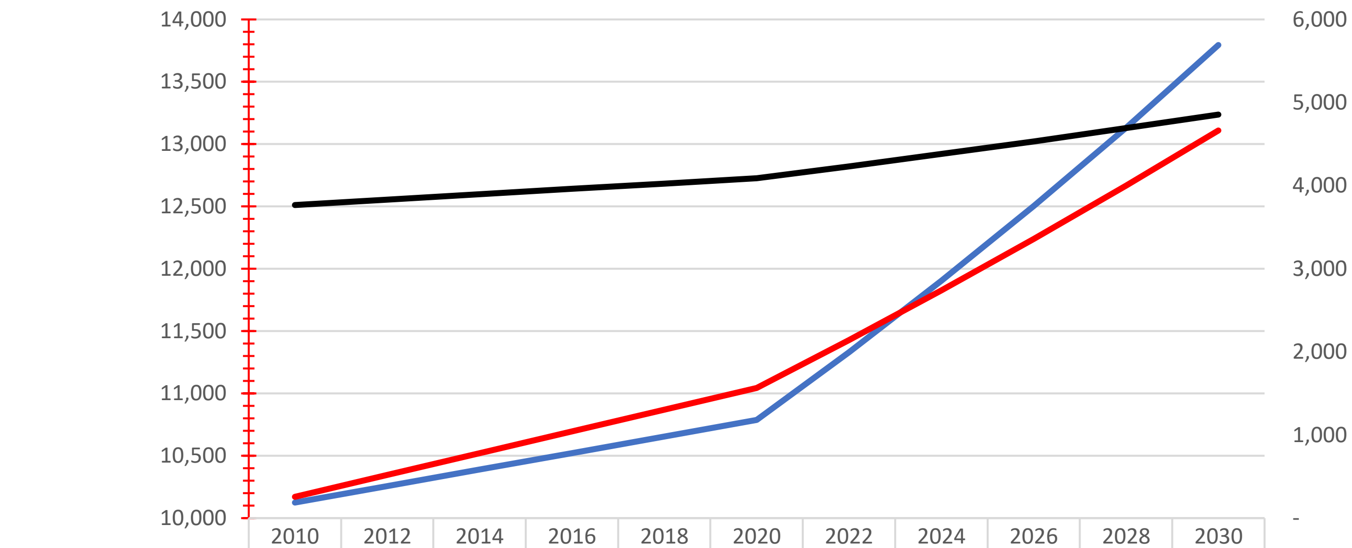


	2010	2012	2014	2016	2018	2020	2022	2024	2026	2028	2030
Population	10,125	10,257	10,390	10,522	10,655	10,787	11,199	11,626	12,070	12,530	13,008
Housing Capacity	10,171	10,345	10,520	10,694	10,869	11,043	11,428	11,827	12,240	12,667	13,109
Housing Units	3,767	3,832	3,896	3,961	4,025	4,090	4,233	4,380	4,533	4,692	4,855

Figure 10: Housing Capacity of North Branch, Projected to 2030 (1.89% population growth).

Forecasting Market Conditions Based on 2000-2010 Growth Trend

The City of North Branch experienced 26.2% growth over the 2000-2010 decade. If the above assumptions remained constant for the current housing units, population, and housing unit production rate, the population growth rate would increase to 2.49% annually, slightly less than during the 2000s. If North Branch were to experience 2.49% annual growth, it would cause a general housing shortage of 254 units by 2030. This would have a significant effect on the city's pricing and growth. Assuming this shortage is proportional to the community's ownership and rental distribution, that would still mean a 37-unit shortage of rental housing units.



	2010	2012	2014	2016	2018	2020	2022	2024	2026	2028	2030
Population	10,125	10,257	10,390	10,522	10,655	10,787	11,331	11,902	12,502	13,133	13,795
Housing Capacity	10,171	10,345	10,520	10,694	10,869	11,043	11,428	11,827	12,240	12,667	13,109
Housing Units	3,767	3,832	3,896	3,961	4,025	4,090	4,233	4,380	4,533	4,692	4,855

Figure 11: Housing Capacity of North Branch, Projected to 2030 (2.49% population growth).

Residential Building Permit Analysis

Upon review of the permitting data from 2020-2023, the average construction cost for a new single-family home has decreased by $15,000. This indicates a recovery in the housing market and a decrease in inflation that should be reflected in lower housing costs. However, there is no evidence of housing prices decreasing, which indicates the housing supply is still lower than demand, resulting in greater consumer costs and higher developer profits. These trends contribute to the unavailability of ownership housing for residents; there may be a solution through non-traditional housing options referenced in the for-sale market analysis.

Table 7: North Branch Housing Construction Permitting Data 2020-2023

Year	Housing Units Constructed	Total Cost of All Projects	Cost per Unit Built
2023	98	$ 15,566,448.00	$ 158,841.31
2022	64	$ 11,968,017.00	$ 187,000.27
2021	102	$ 16,768,813.00	$ 164,400.13
2020	113	$ 19,660,923.00	$ 173,990.47

Zoning Analysis

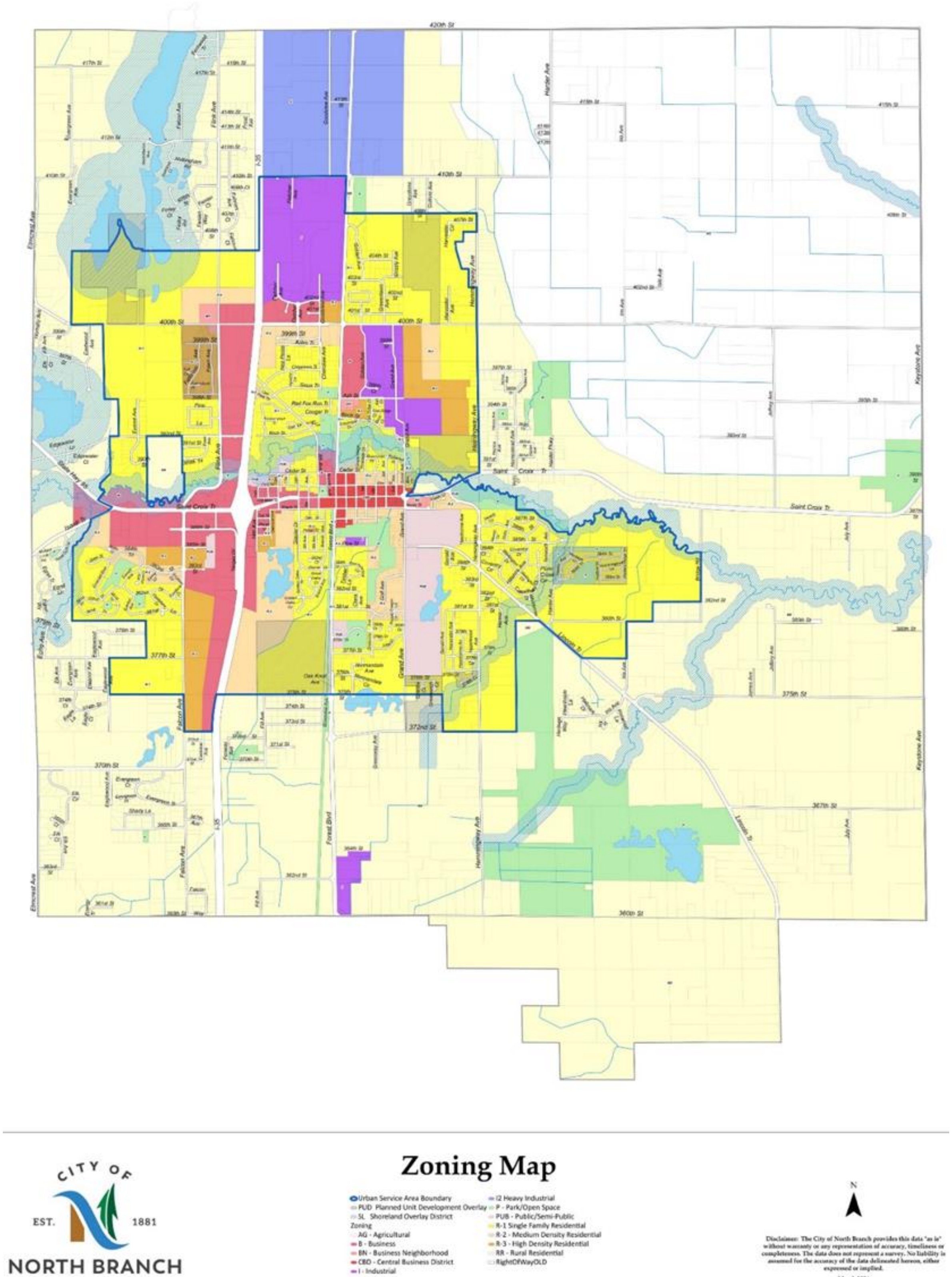
Service Areas

The City of North Branch is divided into an urban service area and a rural service area. The urban service area encompasses the city's core east from the intersection of I-35 and Highway 95 to Hemingway, plus another mile west of I-35, and north to south from 410th to 372nd streets. The central defining feature of the urban service area is sewer service, which is essential to multi-family development. The rest of the North Branch is in the rural service area, which lacks municipal sanitary sewer services. However, it is not impossible to expand sewer infrastructure if growth necessitates it. While in the rural service area, the city's northeastern quadrant is dedicated to agricultural uses. This area is undeveloped due to the soil not being conducive to residential or commercial development. The current Comprehensive Plan and Zoning code calls for a significant reduction in the rural service area, which has yet to be implemented fully.

Table 11: Sec 66-170 Establishment of Zoning Districts

AG	Agriculture
B	Business
BN	Business Neighborhood
CBD	Central Business District
I	Industrial
I2	Heavy Industrial
P	Park/Open Space
PUB	Public-Semi Public
R-1	Low Density Residential
R-2	Medium Density Residential
R-3	High Density Residential
RR	Rural Residential

Zoning Map



Source: [Layout1 (revize.com)]

The North Branch Comprehensive Plan and Zoning Code locate higher residential uses adjacent to commercial activity centers at major intersections and along main transportation corridors. The Comprehensive Plan was updated in 2018 and defined the Future Land Uses (p22-23) as follows:

Table 12: Summary of Future Land Use - Source: https://cms4files1.revize.com/northbranch/2018 %20North %20Branch %20Comp %20Plan.pdf

Summary of Future Land Use		
Future Land Use by Designation	Gross Acreage*	Net % of City
Agriculture (Ag)	5,271.4	22.9%
Rural Residential (RR)	9,992.6	43.3%
Low Density Residential (R1)	3,492.5	15.1%
Medium Density Residential (R2)	577.2	2.5%
High Density Residential (R3)	330.8	1.4%
Central Business District (CBD)	71.4	.3%
General Business District (B)	802.2	3,5%
Industrial District (I)	1,123.7	4.9%
*Gross acres determined by GIS mapping data do not include public and institutional areas separately defined under the proposed land use map.		

The following future land use categories allow residential dwellings:

Rural Residential corresponds to the RR-Rural Residential Zoning District. Land used in this category includes hobby farms and homes on large lots. The area is outside the designated Urban Service Area and is served by wells and individual septic systems. Individual lots must be a minimum size of one acre buildable. This is the lowest density in the **residential development** land use category.

Low-density residential corresponds to the R1-Single Family Zoning District. In this category, the land use is single-family detached homes served by municipal utilities. The density is limited to up to **4 dwelling units per acre.**

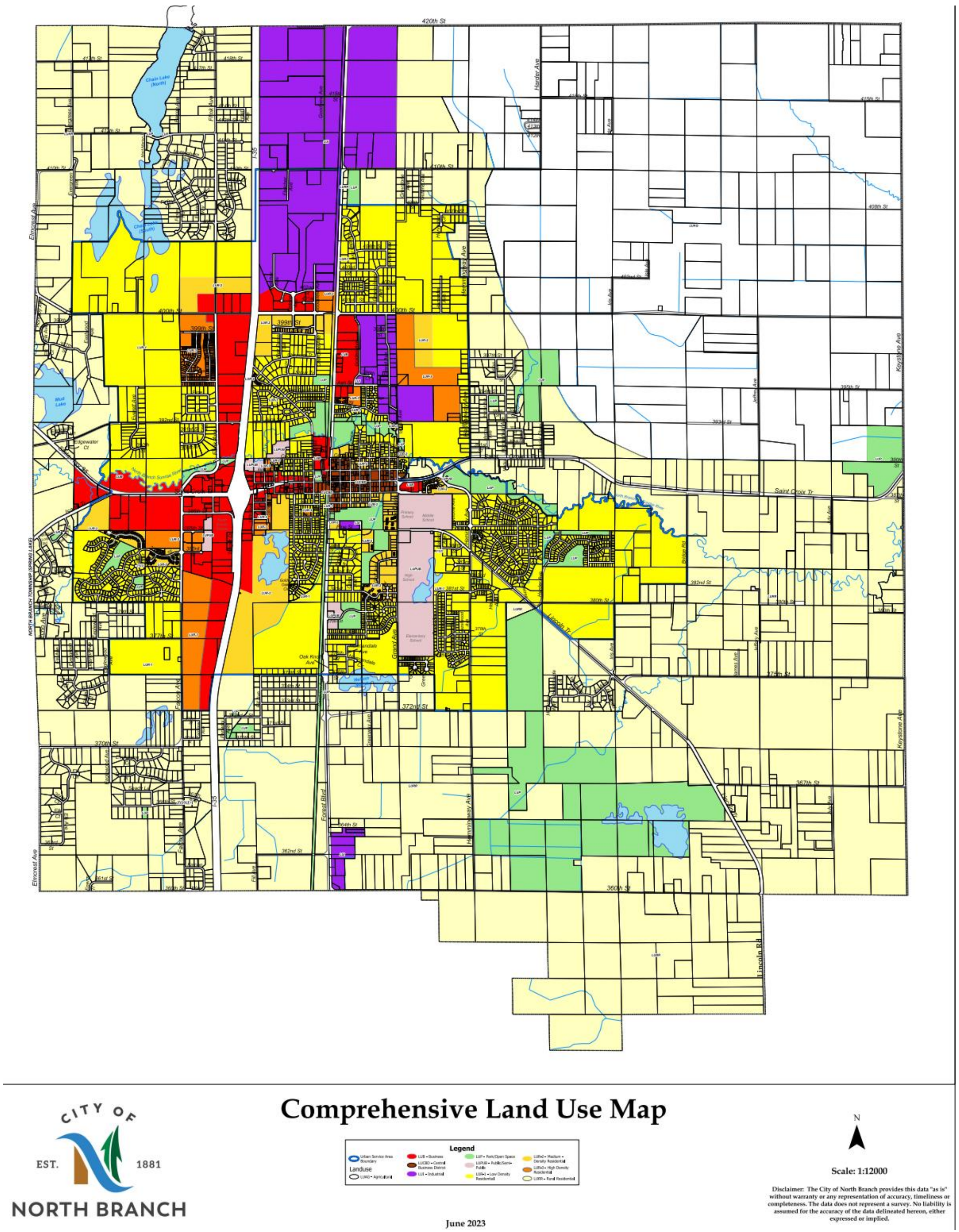
Medium-density residential corresponds to R2-Medium-Density Zoning Districts and typically consists of single-family homes on smaller lot sizes, townhomes, duplexes, and small-scale apartment and condo buildings served by municipal utilities. The density is limited to **6 dwelling units per acre.**

High-density residential corresponds to the R3-High-Density Residential Zoning District. This land use category consists of multiple families' attached vertically oriented housing, more commonly called apartments and condominiums, and served by municipal utilities. The density is set at **more than six dwelling units per acre up to 18 units per acre.**

Agriculture corresponds to the AG-Agriculture Zoning District and typically has a strong agricultural heritage. Single-family homes are present and are an accessory to the commercial operations of farms. Non-agricultural uses will be limited, and densities targeted in this category will be no more than **one dwelling unit per 10 acres.**

The Central Business District corresponds to the CBD-Central Business District Zoning District. Although several single-family homes currently exist in the Central Business District, new residential development should be part of a mixed-use plan with a balance of housing and commercial uses within a single building or complex. Single-family homes should be replaced with mixed-use structures as these homes become vacant or no longer suitable for residences. **No density is specified.**

Commercial / B – Business While there is general opposition to reducing commercial space in the city, the designated Commercial properties behind those located on transportation corridors are candidates for mixed-use and high-density residential uses.



Title: Comprehensive Land Use Map

Source: [North Branch Comp Landuse Map 36x48 (revize.com)]()

Infrastructure Analysis

When presented with the housing map and its recommendations, the city engineer cited no "major issues with the proposed mixed-use locations in comparison to the existing comprehensive sanitary sewer and water plans." However, it was also noted that the existing system will require expansion to meet the comprehensive plan objectives, which are less aggressive than the growth models used in this study. Most locations identified as opportunities for mixed-use development are ready in areas where the existing comprehensive plan proposed medium- and High-density residential or business development. The City Engineer recognized there were three areas where most of the suggestions were located and noted the following capacity-related information:

The area North of TH95:

"Much of the sewer and water system north of TH 95 is set up to handle the projected flows, and the proposed change to mixed-use will have little impact on that. A 20-inch water main is in place down Flink Ave, and an 18" sanitary sewer and 6" force main is available to serve future development, so there are no concerns about capacity in this area."

Area west of I35 & south of TH95:

"The water supply should be fine in this location; however, trunk water and sanitary service need to be extended south of the Tanger Outlet Mall area (see water system figure below). Sanitary sewer improvements will be necessary for growth in the area regardless of land use. Improvements are also needed for lift station pump upsizing at the Tanger and Mystic lift stations. The 30" trunk sewer downstream has plenty of capacity."

Area east of I35 & south of TH95:

"Trunk water and sanitary extensions will be necessary for growth in the area regardless of land use. Water access is available from the south terminus of 14th Ave, and looping to the west side of I-35 and the east side of Forest Boulevard would likely be necessary (see water system figure below). Sanitary sewer improvements will be necessary for growth in the area regardless of land use. Improvements needed would be trunk sewer extensions and lift station pump upsizing."

Engagement

The City of North Branch sought public input as part of a comprehensive study to assess multi-family, workforce, and senior rental housing needs and plan for future development that aligns with those needs. The purpose of this study is to recommend immediate, short-term (up to 2030), and long-term (beyond 2030) approaches to meeting current and future rental housing needs, including:

- Quantitative metrics of a variety of rental property types.
- Analysis of the specific types of rental units the community demands, ranging from compact studios to more spacious three-bedroom options.
- In-depth exploration of the rental prices per unit to foster a comprehensive understanding of the local housing market.

- Highlighting the most immediate rental housing needs while projecting both short-term and long-term demands, ensuring a forward-looking and proactive focus.

The engagement conducted was framed around four guiding goals.

1. Ensure that project information is made available to the public clearly and effectively, especially regarding the type and need for rental housing.
2. Gather meaningful feedback from stakeholders to develop a community-supported rental housing study.
3. Ensure that stakeholder questions and concerns are heard and addressed.
4. Document what we heard and how that information was used in completing the study.

Summary of Engagement Strategies

Phase One

We created a series of outreach tools, including articles, a website, and social media materials for the steering committee to approve and get the word out about the study. These materials included access to a summary of existing community conditions to give every engaged party an accurate context for their views. During this period, a survey was conducted to get a broad view of the public sentiments on a few questions that are key to understanding rental housing in North Branch. Additionally, the city hosted a community conversation to inform and solicit more in-depth feedback from engaged community members on the housing market in the city.

Phase Two

After gathering this input from the public, we compiled data, conducted stakeholder interviews, and conducted focus groups to refine the study's perspectives on various aspects of the rental market. At this stage, the study analysis and recommendation are drafted, building on the responses from the public in phase one.

Phase Three

After the steering committee presents a draft document to the City of North Branch, it is published for public comment on the study. At this point, any revisions needed due to public sentiments or concerns will be addressed before presenting a finalized draft to the city.

Community Conversation

On March 21, 2024, a community meeting was held at North Branch Area High School for citizens to learn more about the state of the rental market in their community. In addition, this meeting allowed the public to interact with their leaders, such as the mayor, councilmembers, and the project steering committee, on where rentals could be located and what would be most beneficial to the community. The discussion with the public centered on three key questions.

Question 1: What does North Branch need?

While the responses varied, the group agreed, "It is obvious there is a housing crisis based on the market demand." This was followed up with an anecdote about a recent sale on the market in less than a week, with seven offers for a 700-square-foot home sold at more than $220,000. While not explicitly related to housing, the following things were discussed as missing from the city in a broader sense:

- A community center.
- Good restaurants.
- Attainable groceries in the city
- A plan for business development
- Urgent care and more medical service options
- More sense of community
- More businesses
- Activities for youth near housing
- Lower taxes or more tax base
- Nice sit-down restaurants that are attainable, family restaurants

Specifically, attendees noted that most people visit Cambridge for attainable grocery stores. While they recognize a supermarket in town as expensive, many people, especially seniors or those with fixed incomes, do not go there.

Question 2: What kind of housing do they want?

As the conversation turned to this topic, it became clear that there was a public misconception about attainable and workforce housing. Developing public knowledge of this topic may improve public perception of workforce housing geared toward 80-120 % of the annual median income. The public disfavored the term *affordable* and favored *attainable* housing but expected it to be market-driven and unincentivized, which may be challenging in the current market. Other thoughts that were brought up included:

- Innovative housing types, like the modular home community in Northfield. They liked this because the units were single-family homes that were attainable, energy-efficient, innovative, and owner-occupied.
- Housing that allows people to build wealth so that they can buy a house and move up to higher housing as they have families.
- Design is critical to making development acceptable to the community.
- Step-down housing is appropriate for seniors who want their own space but smaller; they don't want to do or can't do all the maintenance.

Question 3: Where should the housing go?

When the facilitated activity posed the question of where to place rental housing in the city in the future, the attending community members and the public came to the following conclusions:

- Housing with many bedrooms should not go by the railroad.
- Housing with families should be near the school for easy access for parents who drive kids to/from school and for kids who can walk and bike.

- Senior housing should go near health care, grocery stores, services,
- There should be workforce housing near the industrial park so workers can easily access jobs.

The primary site where people wanted to avoid seeing multi-family housing development was the lot where the old school building had been downtown. This 2.4-acre site has been the subject of community controversy for numerous years, and development there would further enflame these controversies.

Final thought: What role should the city play in the housing market?

As the community members left, they were asked to leave their final answers to this question on notes before they left. The following were the prevailing opinions of the group:

- A city provides planning and infrastructure behind the market but lets the market drive growth.
- Senior housing is OK. Any other government-supportive housing needs design control and should not be shifted to a different housing type.
- In decision-making, we should include local businesses, especially our largest businesses, and what their employees say about their housing needs.
- Ensure housing meets all the needs of new homeowners, move-ups, and seniors; even renters go through the stages of new renter, large rental, and senior rental.

Housing Expert Interviews

During the analysis of the rental housing market in the city of North Branch, we conducted interviews with the following stakeholders:

- Laird J. Mork – Property Owner
- Bruce Vanderwalk – Property Manager and Owner
- Katie Harris – Willow Grove Lp – Property Manager and Owner
- Peggy Splittstoser – Splittstoser Apartments – Property Manager
- Chisago County Housing and Redevelopment Authority – Representatives
- North Branch Area School District – Representatives from the Administration

Each interviewee was asked a series of questions on rental housing and development. These questions were the following:

1. What is your role or connection to rental housing? Are you a banker, realtor, landlord, developer, etc.?
2. What are your overall thoughts on how easy or difficult it is to develop rental housing in North Branch?
3. When undertaking rental housing development projects, have you encountered any specific challenges or limitations imposed by the existing city environment, regulations, procedures, or approvals? For example, Taxes, schooling, or employment?
4. In your experience, how would you better modernize the current development standards or approvals to attract rental housing development in North Branch?

5. What kind of support would you need to help build rental housing in North Branch? Examples: reduced utility rates, funding for remodeling existing stock or building new units, and other financing.
6. What is your opinion on the types of housing units needed and preferred locations?
7. What rental housing projects would you like to see yourself developing in North Branch?
8. What is the outlook of the workforce in North Branch?

Findings:

- Developers did not recognize significant problems in developing housing; however, they did see a large demand for housing.
- Employers noted that there is a major need for housing because of the cost being so high.
- No policies were requested to help add development, but there was a clear recognition that more housing would not hurt their business.
- Developers are not encouraged to build in this finance market.

Survey Data Analysis

The city allows the community to participate by sharing thoughts via a survey. In total, 62 participants responded throughout March 2024, sharing their public opinion on critical questions related to housing and rental housing in the City of North Branch. This data is presented in this section through graphs. However, the wealth of insight gained from the additional commentary offered in the survey was invaluable to crafting recommendations in this study. The results of all engagement activities tended to reflect the results of this survey.

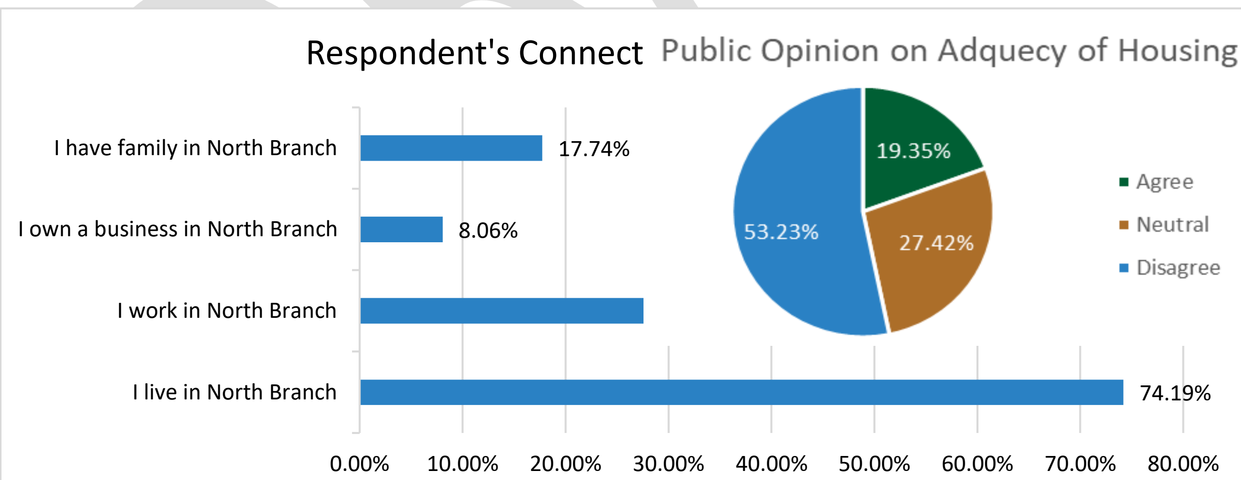


Figure 12: Public Opinion on Adequacy of Housing

From the first two questions, it became clear that the respondents were split on whether an adequate supply of quality housing choices was available.

When considering the top three issues related to rental housing in North Branch, cost and insufficient housing stand out as top concerns.

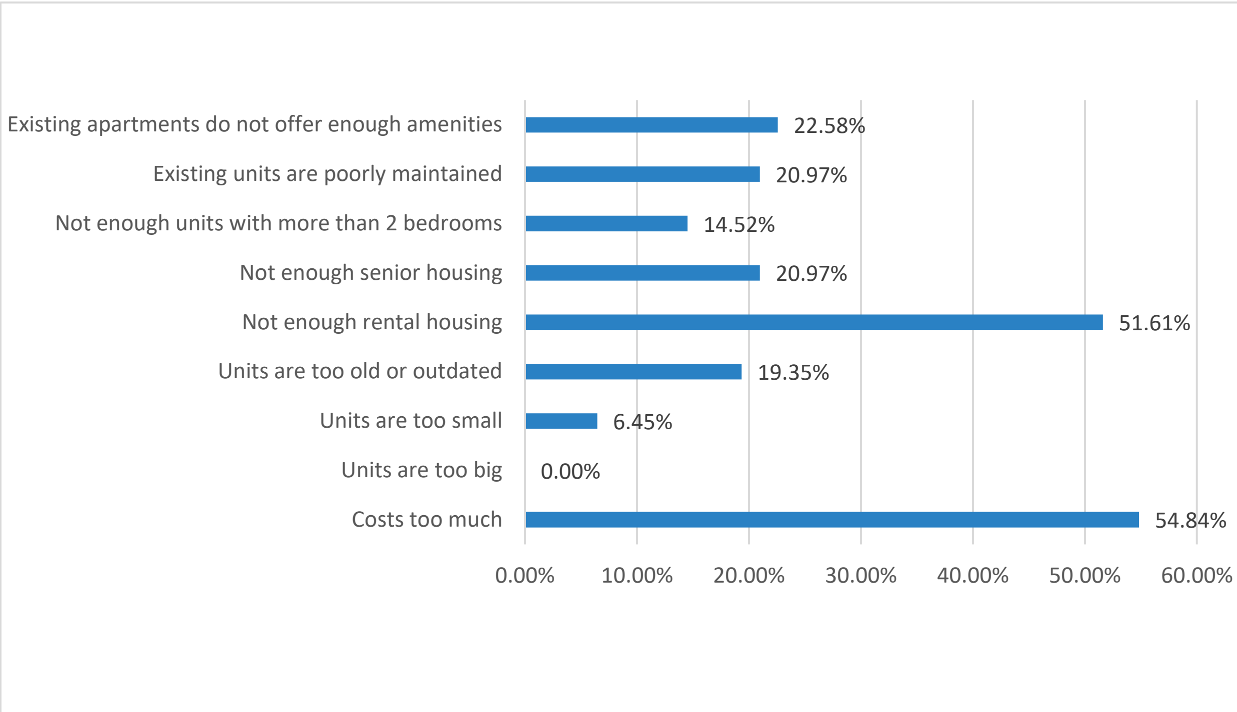


Figure 13: Top 3 Issues with North Branch Rental Housing

In addition, 24 respondents shared specific concerns. In general, open comments share:

- Concerns about the lack of wheelchair accessible/disability-friendly units and difficulty qualifying for income-based housing.
- There are mixed opinions on the need for rental housing. Some feel there are already enough options, but others call for more Incentivized and attainable housing.
- There is a desire for better support for mental health needs in existing apartment complexes and dissatisfaction with the quality of some rental properties.
- It calls for more diverse businesses and amenities instead of more rental housing, emphasizing entry-level homeownership opportunities and housing for veterans.
- Challenges regarding the high cost of homeownership and rental prices, particularly for retirees and low-income individuals

Respondents expressed a range of barriers to finding suitable residences in the North Branch. In addition to the answer choices provided, respondents expressed difficulty paying the high cost of utilities and property taxes, accessibility, and lack of public transportation. More than 71 % of respondents know someone currently looking for housing or rental housing, particularly for apartment and townhome rentals. There is an expressed need for attainable options.

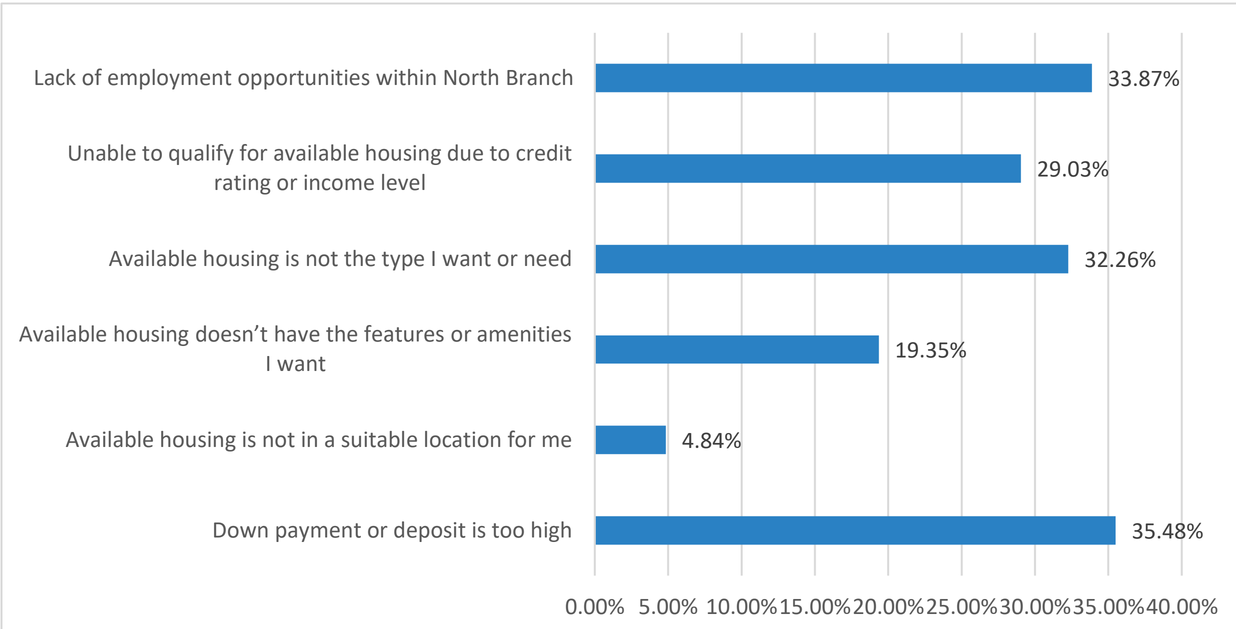


Figure 14: Barriers to Finding Suitable Housing Experienced in North Branch.

Respondents are evenly split when considering the best apartments or medium-density housing locations, with nearby shopping/dining and employment areas rising to the top. Regarding senior rental housing, respondents would like locations near shopping/dining and parks/recreational opportunities, as reflected in the following three graphs.

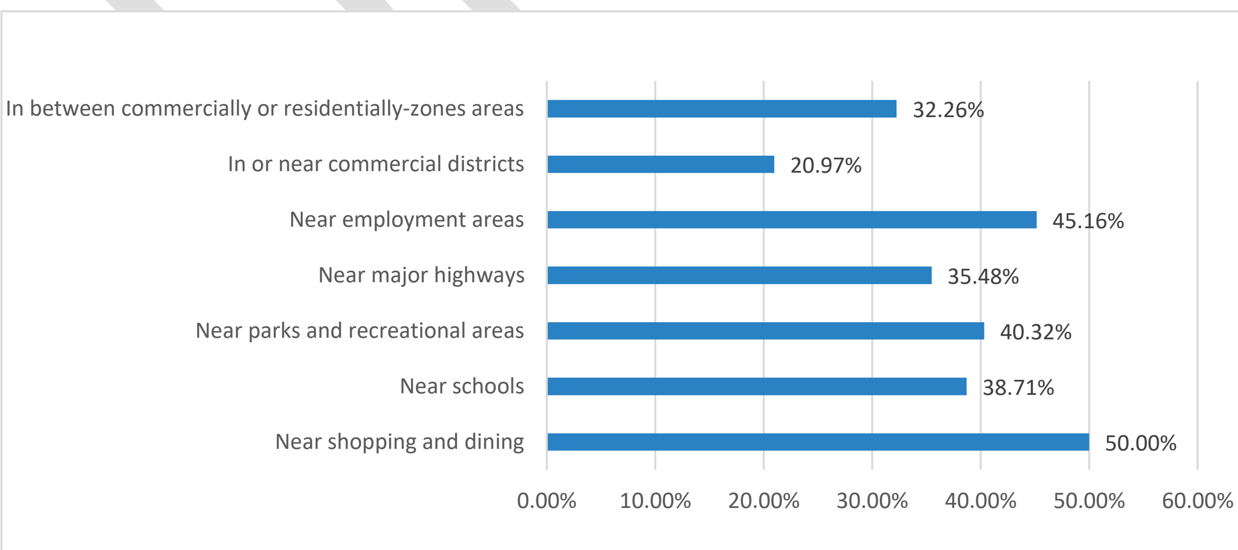


Figure 15: Public Preference for the Location of Apartment Housing in North Branch.

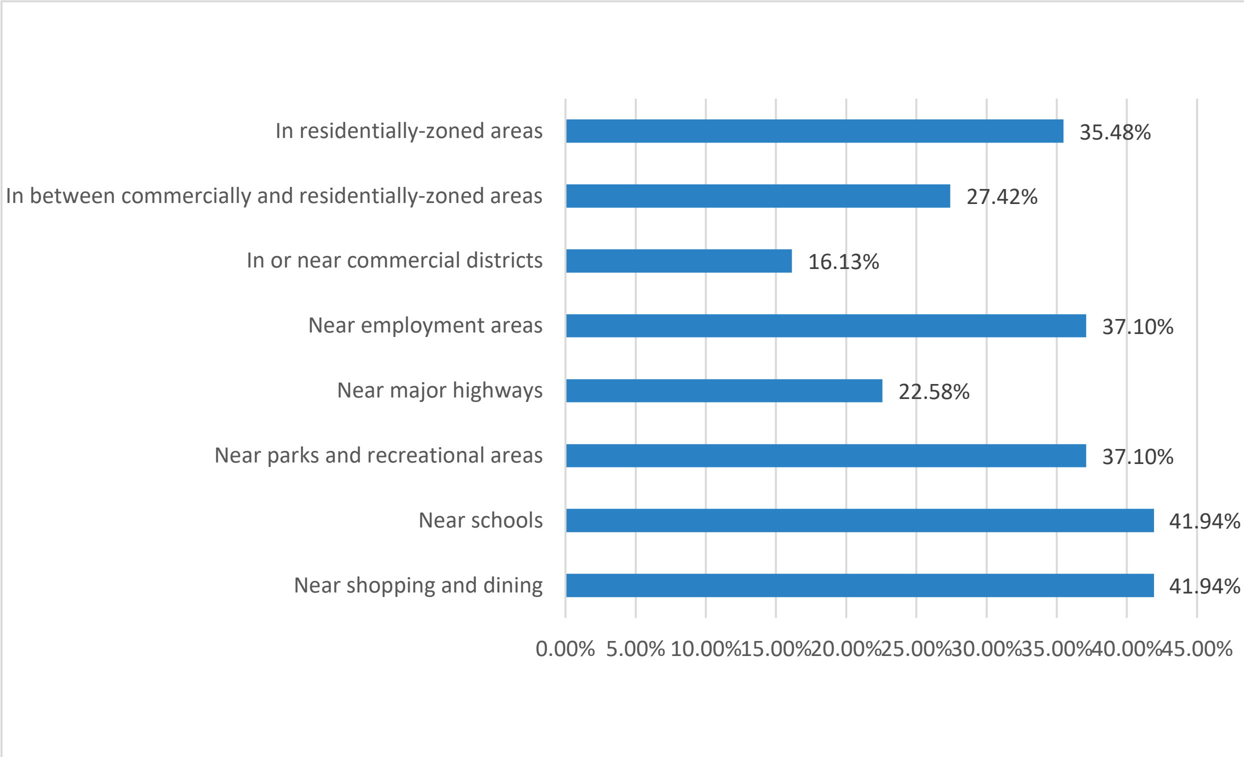


Figure 16: Public Preference for the Location of Medium -Density Housing in North Branch

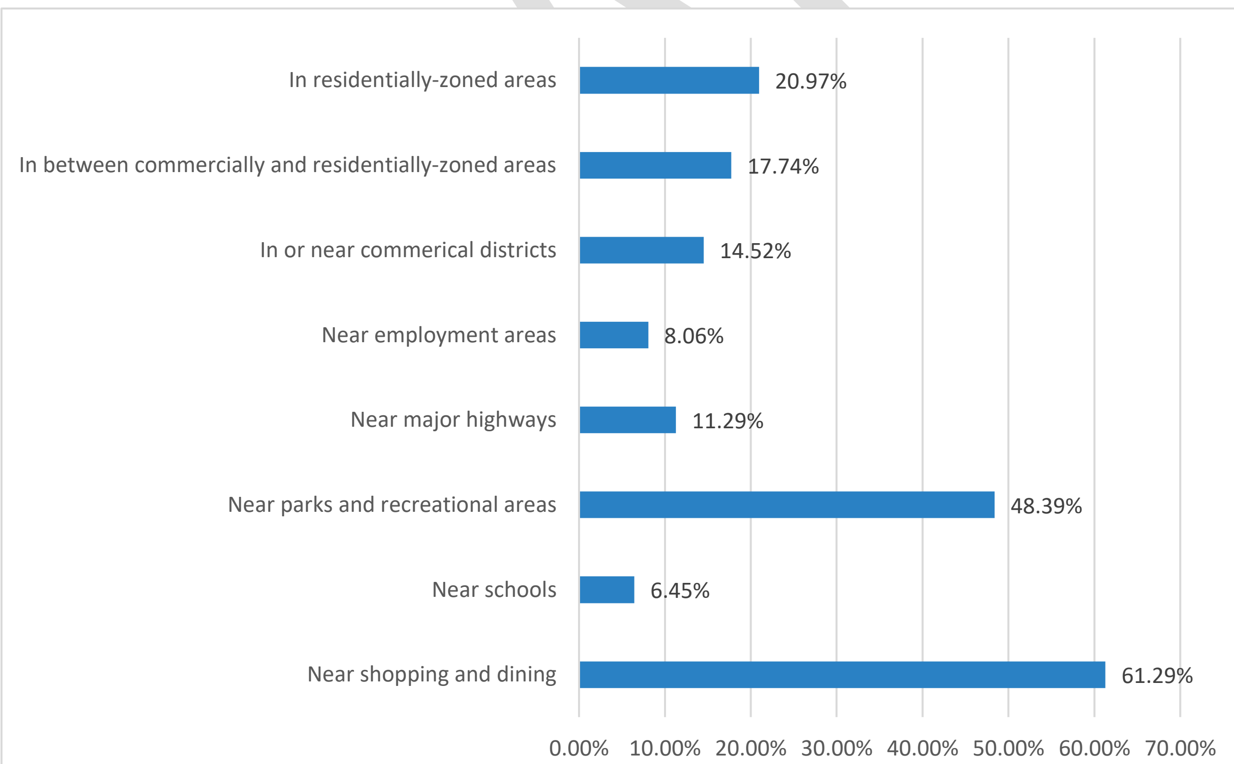


Figure 17: Public Preference for the Location of Senior Housing Units in North Branch

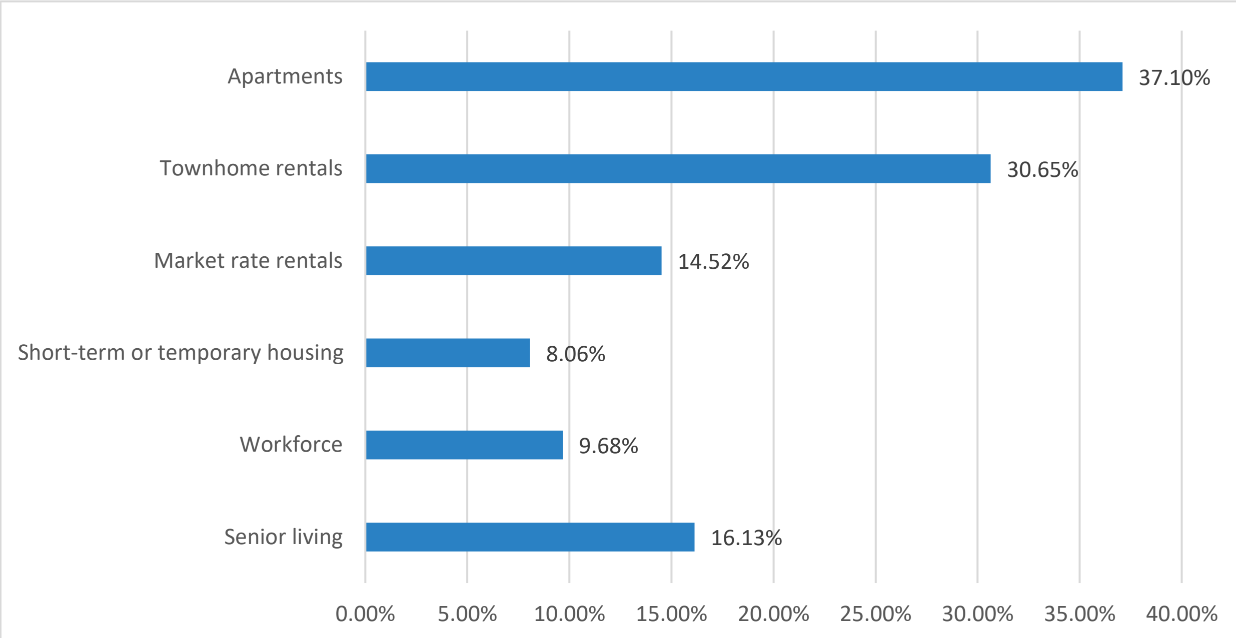


Figure 18: Rental Preferences of Rental Housing Seekers in North Branch.

Respondents shared 22 additional comments about rental housing in North Branch, including:

1. Mixed experiences with housing affordability: While some express gratitude for qualifying for loans and owning homes, others struggle with high rents, taxes, and utility costs, making it difficult to save for homeownership.
2. Concerns about rental conditions and costs: Renters report annual rent increases without corresponding improvements in maintenance or repairs, while others find it challenging to afford rentals due to low incomes.
3. Desire for diverse housing options: Residents call for more attainable rental housing, particularly for seniors, and suggest alternatives like tiny home villages or senior townhomes.
4. Criticism of utility costs and taxes: Many residents express dissatisfaction with high water utility and property taxes, suggesting they must be addressed before focusing on housing expansion.

When envisioning the community's future, Suggestions included integrating retail and housing developments, improving rental design and amenities, and balancing low-income and higher-end housing to attract businesses and maintain a visually appealing cityscape.

Strategies and Recommendations

Recommendation 1: Establish a Housing & Redevelopment Authority.

Strategies

Organizing and executing all housing-related policies and redevelopment efforts under one agency allows for specialized attention to key issues that time limitations prevent existing city staff from addressing effectively. A Housing and Redevelopment Authority (HRA) maintains subject matter experts on staff who can monitor existing problems and seek external resources, from partnerships with housing organizations to state and federal grants, to provide solutions in the community. By allocating resources towards an HRA, the city can streamline this process and increase the productivity of housing efforts by uncoupling these duties organizationally from the city's Community Development Department.

1. Program Establishment and Management: Any housing programs established by the city related to development or the quality of the existing housing stock would be under the HRA's direction and could be structured to be under the city council's authority. Centralizing these functions and potentially sharing staff could be an initial step to testing this strategy. This anticipates starting with a skeleton staff composed of an HRA manager and a Grant Writer. The Grant writer could also help with grants beyond the HRA and support other city departments. The average salary for a Housing Manager in Minnesota is $53,542, and Grant Writer is $63,945[8] Per year (salaries and benefits). This may require a ballpark budget of $130,000-$150,000 and further assessment.

2. Resources Capture: One of the HRA's functions is to secure and manage the dispersal of resources to achieve the city's housing goals. This could involve creating partnerships with housing organizations applying for state and federal grant money to help ensure adequate resources are available to owners, tenants, landlords, and developers to serve their diverse needs. Resources for homeowners to make improvements that allow existing housing to accommodate growing families are one example of funds that an HRA could request from a state or Federal agency to receive and redistribute.

3. Quality Monitoring: Currently, the city does not conduct rental licensing or inspection activities, but the HRA could be a pathway towards the city establishing these procedures and codes to ensure that the rental stock increases in quality.

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[8] (1) Housing manager salary in Minnesota - Indeed. https://www.indeed.com/career/housing-manager/salaries/MN.

4. Innovation Generation: As the employees for this new organization would likely come from the existing field, they will have industry knowledge and insight that will provoke new ideas and solutions.

Timeline:

Short-Term—The sooner the city creates an HRA, the easier it will be to focus on housing solutions and implement housing recommendations. The HRA would implement and execute all other recommendations listed in these recommendations, with the city council as its authority and final approval body.

Recommendation 2: Establish a rental licensing and inspection program.

Strategies:

The observation from the survey highlights existing maintenance issues in the rental stock, emphasizing the need to monitor landlords operating in the city. In a market with limited available units and few housing options for tenants, landlords may lack incentives to maintain their properties. Consequently, units can deteriorate, becoming community eyesores. Legal mechanisms, such as rent increases during lease renewals and minimal maintenance requirements, can further exacerbate this situation. To address this, the city should monitor rental properties, assess their quality, and collaborate with landlords to ensure compliance with standards and policies.

1. Consumer Protection: With city oversight, tenants will have a greater degree of protection from poor-quality rentals and housing units that are not up to code. This also allows the city to enforce uniform standards and code violations.
2. Improved Rental Stock Quality: Well-understood and predictable standards and enforcement will improve the community's housing stock.
3. Clear communication with Landlords: The licensing process will encourage landlords to engage with the city, schedule inspections, and apply for rental licensure. This interaction can foster clearer communication between the city and housing providers, promoting better collaboration and understanding.

Timeline:

Mid-term—They could take on this function but may need certain training and certifications in the codes adopted.

Recommendation 3: Create or Support programs to transition rental tenants into home ownership.

Strategies

Ensuring affordable housing is crucial for people's well-being. Potential homeowners may remain in their current residences when housing prices are prohibitively high. To address this, consider the following strategies:

1. Financial Assistance Programs: Partner with national and community banks or financial institutions to create down payment assistance, low-interest loans, and grants for first-time homebuyers. These programs reduce upfront costs and make homeownership more accessible.
2. Homebuyer Education and Counseling: Offer education and counseling services to rental tenants interested in buying a home. Provide information on homebuying, financial planning, and mortgage navigation.
3. Attainable Housing Development: Invest in community land trusts or cooperative housing models. These create low-cost housing options for renters transitioning to homeownership. Prioritize smaller dwellings for lower-income individuals and families.
4. Rent-to-Own Programs: Establish rent-to-own options, allowing tenants to build equity while renting. After a set period, they can purchase the home at a predetermined price.
5. Partnerships with Financial Institutions and Nonprofits: Collaborate with organizations to offer specialized mortgage products, financial literacy workshops, and homeownership grants for low- and moderate-income individuals.

Timeline

Long-term—These programs will take time to fund and set up and are unlikely to take 1-5 years.

Recommendation 4: Facilitate Zoning Code changes to accommodate new housing units.

Strategies

Ensuring attainable housing is crucial for people's well-being. Potential homeowners may remain in their current residences when housing prices are prohibitively high. To address this, consider the following strategies:

1. Zoning Code Streamlining: Simplify and streamline the zoning code to allow more housing units by right. This means no land entitlement is required—just building permits for duplexes and triplexes in most residential zones. Consider revising zoning regulations to permit higher densities, reduce minimum lot sizes, and relax restrictions on accessory dwelling units (ADUs) or granny flats. Removing unnecessary barriers encourages additional housing construction without compromising quality or design standards.
2. Mixed-Use Zoning: Implement mixed-use zoning districts that combine residential, commercial, and recreational uses in the same area. This optimizes land use efficiency, creates walkable neighborhoods, and fosters economic growth. Suggest an 80% commercial to 20% residential ratio via zoning.
3. Infill and Redevelopment: Maximize previously built spaces through infill development. Strategies like cluster development increase the benefit-to-cost ratio. Allow underutilized properties to be redeveloped for residential or mixed-use purposes, respecting community history.
4. Innovative Housing Solutions: Explore tiny homes, co-housing developments, modular construction, and adaptive reuse of existing structures. These options provide sustainable housing choices while minimizing environmental impact. Encourage energy-efficient and green building practices.
5. Community Engagement and Design Guidelines: Involve residents in planning by gathering input on proposed zoning changes. Develop design guidelines prioritizing compatibility with existing neighborhoods and enhancing overall development quality.
6. Increased Density for Housing Goals: Consider allowing development to exceed maximum units per acre by up to 20% if it aligns with City Housing Goals for workforce, attainable, and senior housing at necessary AMI and rental rates.

Timeline

Short-Term – A zoning code amendment and adoption process could be finished in a year.

Recommendation 5: Attract and encourage construction that adds housing units with three or more bedrooms.

Strategies

Recognizing the high demand for housing options accommodating three or more occupants, particularly families, North Branch should prioritize units with three or more bedrooms. This approach supports the city's growth and addresses affordability by providing cost-effective housing options. Consider the following strategies:

1. Incentives for Larger Unit Development: Offer density bonuses, expedited permitting, or fee waivers to developers who commit to constructing units with three or more bedrooms. Encourage larger unit sizes to meet the needs of families and other household types. Public-private partnerships can leverage resources for large-scale housing projects.
2. Flexible Housing Design: Promote adaptable living spaces through flexible design. Incorporate convertible rooms, multi-functional layouts, and modular construction techniques. Residents can customize their environments to evolving needs while maximizing available space.
3. Affordability Measures: Implement subsidies, rental assistance programs, or inclusionary zoning policies. Ensure larger units remain accessible to low- and moderate-income households. Address socio-economic diversity and equity in housing opportunities.
4. Community Amenities and Services: Enhance neighborhood amenities—parks, recreational facilities, schools, and childcare centers—to create family-friendly environments. Access to transportation and healthcare services improves residents' quality of life.

Timeline

Short-Term—Staff in–house or a consultant could actively examine city codes to diagnose conditions that impede housing development. Implementing suggested changes could occur shortly after the code is revised to reflect any recommendations appropriate to the city's direction.

Recommendation 6: Incentivize the development of rental properties in North Branch.

Strategies:

Addressing the housing crisis requires multifaceted solutions. Collaboration among policymakers, developers, and communities is crucial. By implementing these strategies, a more equitable and accessible housing market is possible. The following recommendations can alleviate the shortage of attainable housing:

1. Community Engagement:
    - Engage with local communities to gain support for rental housing developments.
    - Conduct outreach efforts to educate residents about the benefits of rental properties.
    - Address concerns and incorporate community feedback into development plans.
    - Building consensus and fostering community involvement can help overcome opposition and expedite the approval process for rental projects.

2. Zoning and Regulatory Support:
    - Streamline zoning regulations and permit processes to facilitate the development of rental properties.
    - Implement flexible zoning codes that encourage mixed-use developments and higher density in strategic locations (e.g., commercial nodes and transit corridors).

See Housing Map – Included on page 55.

- Create multi-family residences outside traditional neighborhoods to meet the public's desire for diverse housing options.
- Consider traditional buffering between low-density residential and commercial uses, with high-density residential as the buffer.

3. Financial Incentives:
    - Explore financial programs that incentivize developers to build rental properties.
    - These incentives can offset the high cost of land and construction, making rental development more financially viable.
    - Public-private partnerships can also be leveraged to share risks and resources in developing attainable rental housing.

4. Infrastructure Investments:

    - Invest in infrastructure improvements (e.g., roads, utilities, public transportation) to support new rental developments.
    - Enhancing infrastructure in targeted areas can attract developers and increase the attractiveness of rental properties for tenants.

5. Affordability Requirements:

    - Implement affordability requirements or inclusionary zoning policies.
    - Mandate a certain percentage of rental units be reserved for low- and moderate-income households.
    - This ensures that new rental developments address the city's affordability crisis and provide housing options for diverse residents.

Timeline

Long-Term - These programs will likely take 3-5 years to establish.

Recommendation 7: Incentivize the upkeep and upgrade of existing rental properties and naturally occurring affordable housing (NOAH)[9].

Strategies:

Encouraging rental property owners to prioritize maintenance and enhance the quality of existing rental housing is crucial. Here are recommendations to achieve this:

1. Tax Incentives:
    - Support rental property owners who invest in maintenance and upgrades.
    - Consider tax deductions for renovation expenses, property tax abatements for safety or energy-efficient improvements, or state/federal tax credits for participating in maintenance programs.
2. Low-Interest Loans:
    - Build partnerships with local financial institutions, lenders, and attainable housing organizations.
    - Provide low-interest loans or financing options for maintenance and repair projects (e.g., roofing repairs, HVAC upgrades, plumbing renovations).
3. Grant Programs:
    - Establish grants to assist rental property owners with essential maintenance and safety improvements.
    - Target grants toward low-income neighborhoods or properties needing substantial repairs (e.g., lead paint remediation, asbestos removal, structural enhancements).
4. Technical Assistance and Training:
    - Collaborate with local and state housing partners to offer technical assistance and training programs.
    - Educate rental property owners on maintenance best practices, building code compliance, and energy efficiency measures.
    - Provide resources, workshops, and access to experts in construction and sustainable building practices.
5. Fast-Track Permitting and Inspections:
    - Implement streamlined permitting processes and expedited inspections for maintenance and improvement projects.
    - Reduce bureaucratic hurdles to encourage prompt action and timely completion of repairs.
6. Public Recognition and Certification Programs:

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[9] Naturally Occurring Affordable Housing (NOAH) refers to privately-owned and -operated rental housing units that are affordable without government subsidies. These unassisted rental buildings typically have lower rents due to their location in lower-cost markets.

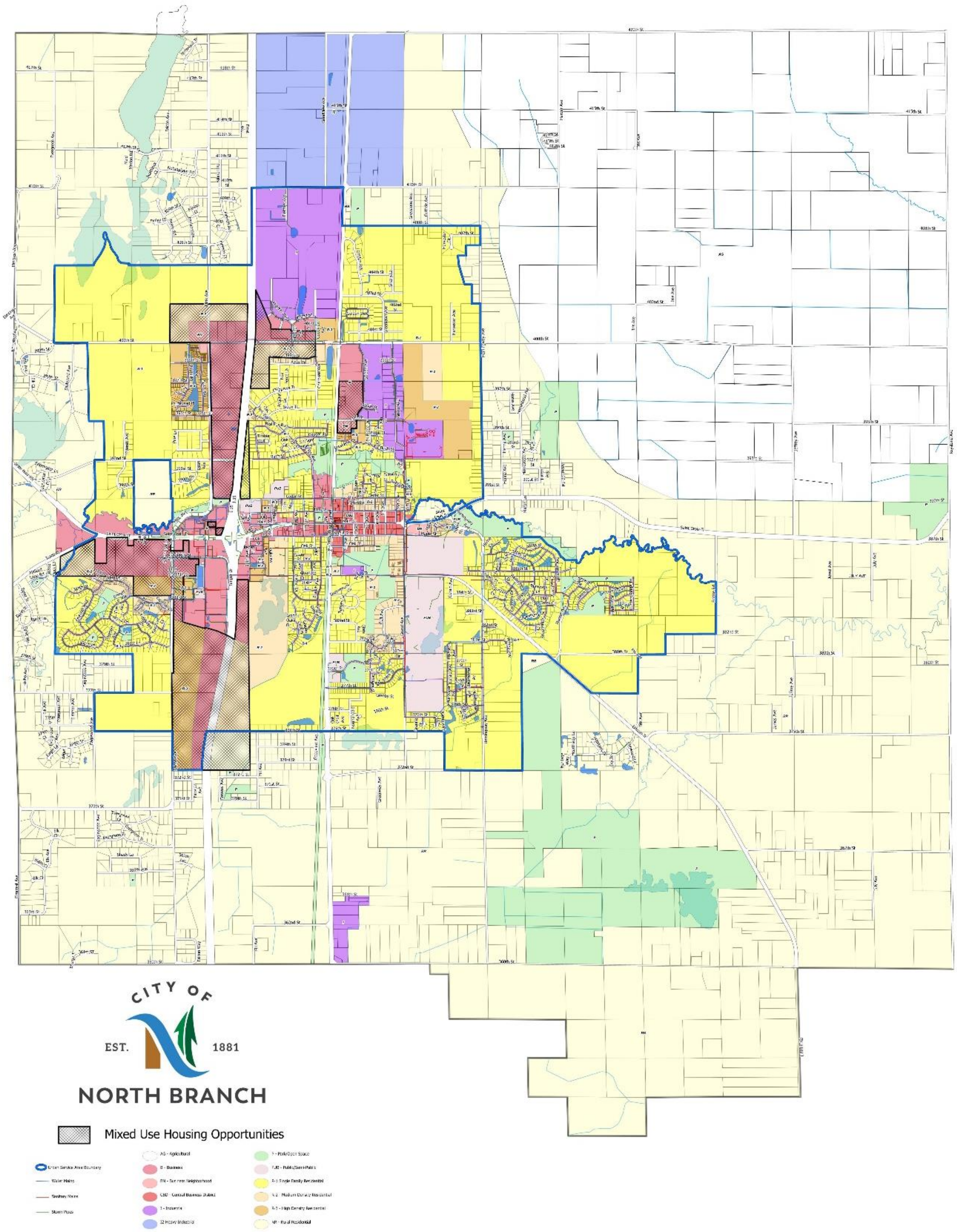
    - Establish programs to acknowledge rental property owners who maintain high standards.
    - Recognize landlords committed to property maintenance, tenant safety, and community engagement.
    - Incentivize others to follow suit by highlighting successful examples.
7. Partnerships with Nonprofit Organizations:
    - Collaborate with nonprofit groups, community development corporations, and housing advocates.
    - Provide additional support and resources to rental property owners.
    - Focus on outreach efforts, educational campaigns, and technical assistance programs.
8. Tenant Incentives:
    - Offer incentives to tenants who promptly report maintenance issues and actively care for their rental units.
    - Provide rent discounts, rebates, or lease incentives for tenants involved in property improvement initiatives.
9. Performance-Based Incentive Programs:
    - Reward rental property owners based on overall property condition and maintenance.
    - Develop criteria for evaluating compliance with building codes, tenant satisfaction, and inspection results.
    - Offer financial rewards or reduced regulatory burdens for maintaining high property upkeep standards.

Timeline

Long-Term—These programs will take over 3-5 years to establish.

Housing Map-1

A Housing Map-1 is provided based on input, data analysis, and current zoning regulations. The city should consider allowing higher residential densities adjacent to commercial nodes and activity centers. The hatched areas suggest locations suited for mixed-use of housing and commercial uses.



Resources

Based on the recommendations in this document and the direction provided by the steering committee, the City of North Branch's may achieve these objectives by soliciting grant funding. The City could apply for several state and federal grants to assist in projects that benefit the public. Each of the following grants fits with a recommendation in this study or several. These are organized in the following table. Grant information is based on information avaiable at the time this report was drafted July 2024.

Program: Thriving Communities Technical Assistance					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
The TCTA program is designed to support the coordination and integration of transportation and housing in infrastructure planning and implementation.	US Department of Housing and Urban Development	Technical assistance for integrating housing into other projects and plans.	None N/A	None N/A	Thriving Communities Technical Assistance Program | HUD USER
Recommendations applicable to grant: Recommendations 5, 6					

Program: Small Community Planning Grants for Stormwater, Wastewater, and Community Resilience					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
Funding to help communities with climate-planning projects to assess vulnerabilities and plan for the effects of climate change on stormwater systems, wastewater systems, or community services/public spaces.	Minnesota Pollution Control Agency (MPCA)	Planning activities for stormwater, wastewater, and community resilience.	10%	$350,000 available in total	Closed: Planning grants for stormwater, wastewater, and community resilience | Minnesota Pollution Control Agency

					(state.mn.us)
Recommendations applicable to grant: Recommendation 4					

Program: Choice Neighborhood Planning Grants					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
Supports the development of comprehensive neighborhood revitalization plans, which focus on directing resources to address three core goals: Housing, People, and Neighborhoods.	US Department of Housing and Urban Development	Costs related to developing and implementing a comprehensive neighborhood revitalization strategy or Transformation Plan.	5%	Historical max is $1.5m	Fiscal Year 2024 Choice Neighborhoods Planning (CNP) Grant | HUD.gov / U.S. Department of Housing and Urban Development (HUD)
Recommendations applicable to grant: Recommendations 5, 6					

Program: MN Active Transportation Program Planning Assistance Grant					
Description Funding to allow communities to create active transportation plans that allow people in their communities to safely walk and bicycle to destinations where they live, work, and play.	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
	MnDOT	Planning services from a selected transportation planning consultant	N/A	Up to $400,000	Planning Assistance Solicitation Guide - Active Transportation Program - MnDOT (state.mn.us)
Recommendations applicable to grant: Recommendation 4					

Program: Small Cities Development Program					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
Funds are granted to local units of government, which, in turn, lend funds to rehabilitate local housing stock, rehabilitating wastewater treatment systems,	MN Dept of Employment and Economic Development	Housing, public facilities, or comprehensive projects	Varies by project	$600k single-purpose project, $1.4M	Small Cities Development Program / Minnesota Department of Employment and Economic Development (mn.gov)
Recommendations applicable to grant: Recommendations 1, 5, 6,					

Program: Resilient and Efficient Codes Implementation Funding Opportunity					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
The primary focus centers around updating to more efficient building energy codes that save money for American homes and businesses, reduce greenhouse gas (GHG) emissions, and encourage more resilient buildings	US Dept of Energy	Funds to upgrade building codes	None	$500k-$10m	Resilient and Efficient Codes Implementation (RECI) 2024 - Energy Communities
Recommendations applicable to grant: Recommendation 4					

Program: Rural Community Development Initiative Grants					
Description	Administering Agency	Qualifying Eligible Cost	Match	Award Size	Link
RCDI grants are awarded to help non-profit housing and community development organizations, low-income rural communities, and federally recognized tribes support housing, community facilities, and community and economic development projects in rural areas.	USDA	To improve housing, community facilities, and community and economic development projects in rural areas.	Equal match	$50k min - $250k max	Rural Community Development Initiative Grants | Rural Development (usda.gov)
Recommendations applicable to grant: Recommendations 1, 2, 5, 6, 7					

Appendix A: Rental Unit Inventory

Name or Owner	Address	Year Built	Units	Type	Unit Size	Cost	Status	Amenities
Cronos Holdings LLC	6599 Main St		2	Duplex		-	-	
Brizo Holdings LLC	39057 2nd Ave		3	Triplex		-	-	
Cedar Street LLC	6578 Cedar St 6576 Cedar St 6574 Cedar St		3	Single Family Home and Duplex		-	-	
Laird J Mork	38934 12th Ave		4	Multi-family Market Rate		-	-	
Bruce Vandewalker	5900 Elm St		7	Multi-family Market Rate		-	-	
Bruce Vandewalker	5904 Elm St		7	Multi-family Market Rate		-	-	
Cedarview Apartments	38980 10th Ave		4	Quadplex		-	-	
Elmwood Terrace LLC	5892 Elm St	1980 c.	7	Multi-family Income restricted	-	-	Non-Available	Laundry Facility, Controlled Access Entry, Heat, Water, and Trash Included, 24 Hour Maintenance, Air Conditioning, Garage Available, Off-Street Parking, Picnic Area
Elmwood North Branch LLC	5896 Elm St	1980 c.	7	Multi-family income restricted	-	-	-	
KC Rabobank LLC	38725 Oakview Ave	1976	8	Multi-family Market Rate	-	-	-	-
KC Rabobank LLC	5901 Maple St	1976	8	Multi-family	-	-	-	-

Name or Owner	Address	Year Built	Units	Type	Unit Size	Cost	Status	Amenities
				Market Rate				
Oakview Terrace Townhomes	5845 Oak St	1990 c.	12	Townhomes	1,134 - 1,358 Sq Ft	$1,074 - $1,180	-	-
Oakhurst Apartments	38671 Oakview Ave	1990 c.	24	Multi-family Market Rate	594-1,050 Sq Ft	$629 - $724	Non-Available	-
Kestrel Meadows	38518 Oakview Cir	1990 c.	30	Townhomes, Income Restricted	-	-	-	Washer/Dryer, Large Closets Patio/Balcony, Dishwasher Air Conditioner, Disposal Playground, Garage, Off-Street Parking
Willow Grove Lp	38485 14th Ave	2010 . c	20	Multi-family Market Rate		$985	One available	Central Air, Dishwasher, Case Management M-F, Common Laundry, Community Room Controlled Entry, Designated Smoking Area, Tele-Health Room
Encore At the Twin Cities LLC	38610 14th Ave		30	Assisted Living		The local average assisted living cost is $3042 - $3260.	-	On-site dining in a social setting, Garden patio with raised planters, Spacious community room, Beauty salon, Spa/boutique

Name or Owner	Address	Year Built	Units	Type	Unit Size	Cost	Status	Amenities
Uptown Maple Commons	38799 7th Ave	2000 c.	40	Independent Living/ Incentivized Housing	569 - 729 Sq Ft	-	-	Laundry Facilities, Planned Social Activities, Clubhouse, Spa, Picnic Area
Cherokee Place Apt, LLC	6220 399th St	2000 c.	48	Patio homes, income limited	887 - 1,224 Sq Ft	-	-	Washer/Dryer, Refrigerator, Air Conditioner, Community Amenities, Off-Street Parking, Clubhouse, Fitness Center, Garage, Playground
Heritage Court Apts	39909 Cherokee Ave	2000 c.	32	Independent Living 55+ Income limited	887 Sq Ft	$529 - $917	Non-Available	Units are provided with; Central air, washers and dryers, dishwashers, and a secure storage area. *Community amenities include* an attached Heated Underground Garage, Community Garden, Community Room, Controlled Entrance, Dog Run, Dog Wash Station, Pavilion, Secure Package Room, Smoke-Free, Tele-Health Room, Tenant Service Coordinator - Part-Time, Trash Rooms, Tub Room
Shields Plaza North Branch, LLC	6100 Cedar St	1978	49	Multi-family Market Rate	635 - 1000 Sq Ft	-	Non-Available	Property Manager on Site

Name or Owner	Address	Year Built	Units	Type	Unit Size	Cost	Status	Amenities
Splittstoser Apartments	6426 Birch St	2000	23	Patio Homes	800 Sq Ft	-	Non-Available	High-Speed Internet Access, Washer/Dryer Hookup, Air Conditioning, Smoke-Free Wheelchair Accessible (Rooms), Dishwasher, Oven, Refrigerator
Kelly Brothers Ltd	6444 Birch St	2004	24	Multi-family Market Rate	700 –968 sq ft	$990	Non-Available	High-Speed Internet Access, Air Conditioning, Smoke-Free, Cable Ready, Security System, Tub/Shower, Intercom, Wheelchair Accessible (Rooms)
Kelly Brothers Ltd	6470 Birch St	2004	30	Multi-family Market Rate	700 –968 sq ft	$990	Non-Available	
Ashwood Apts	6499 Ash St	2004	32	Multi-family Market Rate	700 –968 sq ft	$990	Non-Available	
Ashwood Apts	6495 Ash St	2004	24	Multi-family Market Rate	700 –968 sq ft	$990	Non-Available	
Northern Oaks	6188 Pecan St	1970 c.	12	Independent Living 55+ Market Rate	594 Sq Ft	$885 - $1,015	Non-Available	Community Room, Heat, Water, and Trash Included, Controlled Building Access, 24-Hour Emergency Maintenance, Pet Friendly, Cable Ready, BBQ Grilling Area, High-Speed Internet Available, Laundry facilities on the property are operated, Located in a Residential Neighborhood

Name or Owner	Address	Year Built	Units	Type	Unit Size	Cost	Status	Amenities
Falcon Apartments of North Branch, Lllp	5371 385th St, 5385 385th St, 5370 383rd St, 5370 383rd St	2022	144	Multi-family Market Rate	957 Sq Ft	$960-$1,410	9 Available	Community-Wide WiFi, Laundry Facilities, Controlled Access, Property Manager on Site, Pet Play Area, Elevator, Business Center, Multi Use Room, Fitness Center, Pool, Playground, Grill
Ecumen North Branch	5379 383rd St	2016	119	Assisted Living	569 - 886 Sq Ft	The local average assisted living cost is $3042 - $3260.	-	Beauty shop and barber services, Calendar of daily activities, Chapel, Community events such as concerts, lectures, and holiday parties, Engaging recreational, fitness, and spiritual programs in Sunrise Hall, Snack bar, Spa and Jacuzzi, Fireside lounge, Holiday-themed parties and celebrations, Pet-friendly campus, Heated garage parking
Total			**746**			**Avail-able**	**10**	

City of North Branch
Staff Report

Prepared By: Colette Baumgardner, WSB Graduate Community Planner, Nathan Sondrol, Community Development Director

Presenter: Colette Baumgardner, WSB Graduate Community Planner, Nathan Sondrol, Community Development Director

Date: 10/07/2024

Board & Commission: Planning Commission

Subject: Comprehensive Plan Amendment and Concept Plan - Westside Commons Senior Housing

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Overview / Background

Aim North Holdings, LLC (Applicant) has applied for a comprehensive plan map amendment and concept plan for the Westside Commons Senior Housing project at (PID: 11.00399.05). The subject property is located in the central area of the city on the west side of Falcon Ave and south of 386th Street. The comprehensive plan amendment would reguide the southern 12 acres from Commercial Business to High Density Residential.

The Applicant would like to develop an Independent Senior Living Community that caters to active seniors. The development would include a 2-story apartment with 70 units, 16 townhomes, 18 duplexes, a club house, and an outdoor recreational area. The use is permitted in the commercial zoning district as senior housing, but it is not in the comprehensive plan. Given that the proposal is for independent seniors, the property functions most similarly to a residential district. Limited to no supportive services (i.e. health care and physical assistance) will be provided by the facility for residents, so travel patterns are most similar to a residential use.

Requests to Consider

1. Concept Plan
2. Comprehensive Plan Amendment

Analysis of Requests

1. Concept Plan

The Applicant is proposing to build a senior community complete with an apartment building, townhomes, duplexes, a club house, and an outdoor recreational area. In general, the development functions similar to other residential uses, but it offers targeted programs and amenities for seniors. The units will have extra safety features like grab bars and emergency response systems targeted to seniors.The development offers on-site amenities like multiple internal walking loops, pickleball courts, arts studio, and community gardens allowing residents to maintain a healthy, active lifestyle. The community is also designed to generate engagement among residents with covered front porches on the townhomes and well-designed common spaces within the clubhouse and apartment building.

The development would be serviced by public streets throughout, including a potential future through street headed north/south to connect to future development in the area. The public streets are proposed to be undersized in comparison to City Code standards, so the Applicant would be requesting a Planned Unit Development zoning at the time of their development application. Staff, including the public works director and city engineer have reviewed the concept and have agreed the proposed undersized streets are acceptable to allow access for maintenance and emergency vehicles. The proposed addition of parking bays, dedicated guest overflow parking, and restricted on-street parking allow the street widths to be reduced throughout the proposed development. They are in overall support of the concept.

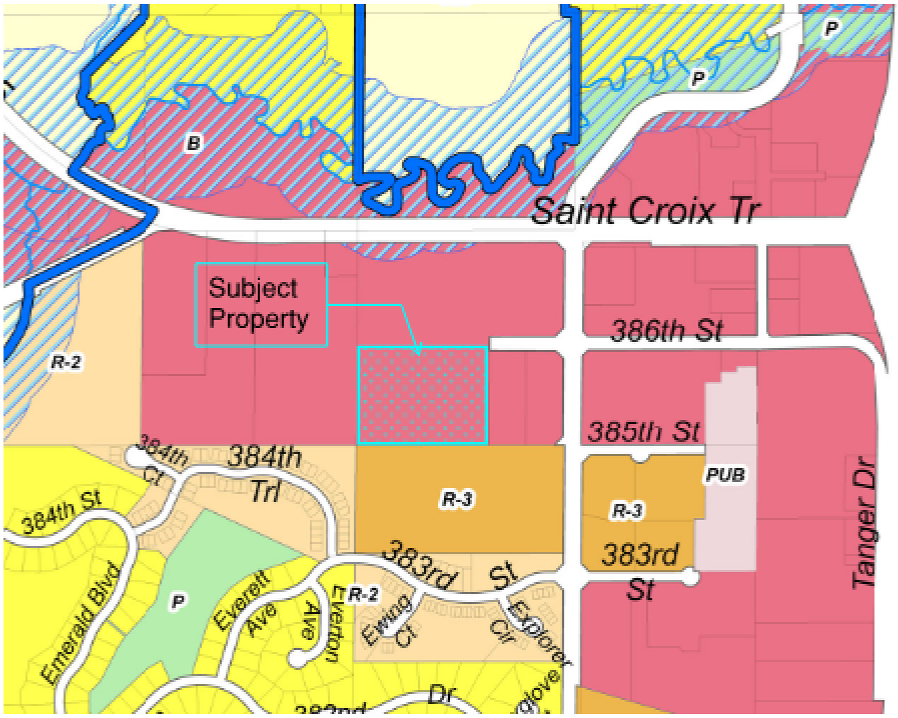
The rental housing study conducted by the City earlier this year showed a high demand for senior housing in the community. Approximately 12.2% of the city's residents are currently over 65. This population is expected to increase at an 1.4% annual growth rate per year, putting additional pressure on the already tight housing market for seniors. Adequate senior housing is critical in North Branch. Firstly, it allows for seniors to downsize at an appropriate time and open up other housing for growing families. Additionally, independent senior housing allows for single floor living options and eliminates yard maintenance, which creates a safer living environment for aging adults.

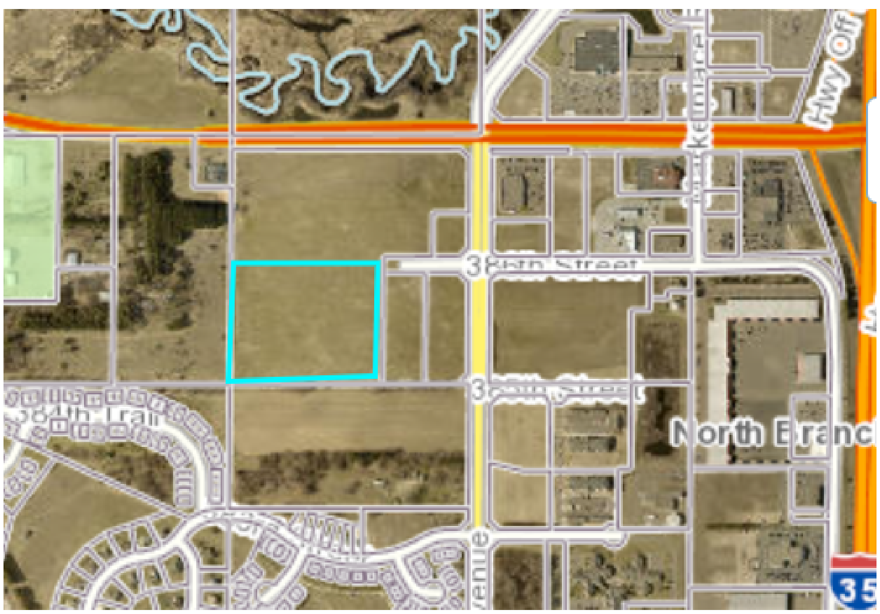
During the rental study, the researchers conducted community engagement activities, where they talked with residents, developers, and local real estate agents. The community expressed interest in having additional senior housing and specifically stated that they felt senior housing should go near health care, grocery stores, and services. The proposed concept is located on the edge of the commercial district and would allow for easy access to these commercial destinations.

2. Comprehensive Plan Amendment

The Subject Property currently has a single land use classification: Commercial, per the 2018 Comprehensive Plan. The corresponding zoning is: B - Business. The property is currently vacant.

Zoning Map Excerpt





Amendment Background

Since this is an independent living facility, the use best aligns with a residential development pattern, and Applicant is requesting a Comprehensive Plan map amendment to high density residential. However, the zoning and comprehensive plan are not clear on how independent senior living should be categorized. The comprehensive plan does not discuss residential or senior housing in the commercial district, and the zoning code allows it as a permitted use in commercial and conditional use in residential.

Generally looking at the existing facilities in North Branch, independent living facilities are categorized as residential and assisted living are commercial. This makes sense from a land use perspective, as assisted living facilities are larger employers and have more frequent visitors than independent living facilities. Whereas, there is a little difference between an independent living facility and an apartment building, so they should be zoned/guided more similarly to this use.

Name:	Address:	Zoning:	Types of Senior Living
Boka Haven	5251 388th St	Commercial	Assisted Living
Ecumen North Branch	5379 383rd St	Commercial	Independent and Assisted Living
Encore	38610 14th Ave	Commercial	Assisted Living
Shields Plaza	6100 Cedar St	R-1 Single Family Residential	Independent Living
Heritage Court Apts	39909 Cherokee Ave	R-2 Medium Density	Independent Living
Uptown Maple Commons	38799 7th Ave	Central Business District	Independent Living
Northern Oaks	6188 Pecan St	R-3 High Density Residential	Independent Living

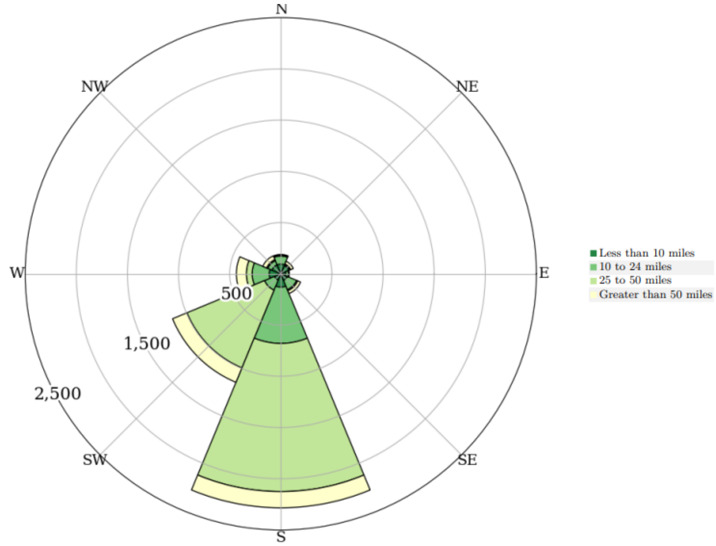
Population and Demand

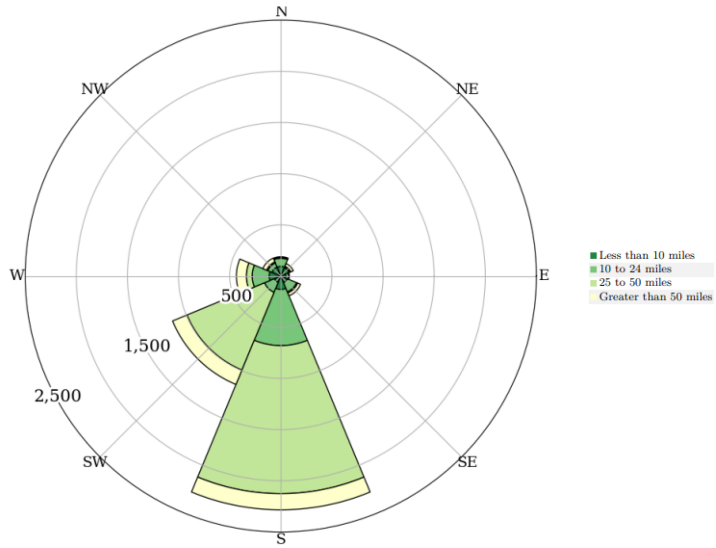
The current population of North Branch is estimated to be 11,697, and it is anticipated to grow to 12,517 residents by 2029 according to ESRi forecasts. These populations are higher than what was anticipated in 2018 Comprehensive Plan. The 2018 Comprehensive Plan projected that the City of North Branch population would be 11,934 by 2030. Additionally, the incomes of North Branch residents are anticipated to continue to grow. According to ESRi forecasts, the current household median income of North Branch residents is $100,605. This is anticipated to increase by 7.27% to $107,929.

This increase of population and incomes translates into higher retail demand with many retail sectors expected to increase by 20% in demand. This increase in demand being higher than the incomes is likely a result of discretionary income growing faster. North Branch is composed of mostly homeowners with fixed-rate mortgages, so as incomes rise the household discretionary income rises.

However, despite this growth in demand, North Branch still has a low daytime population and residents with long commutes to areas with large retail centers. The most up-to-date data from the Census on commute direction is from 2021, and the data shows that over 60% of residents commute more than 25 miles to work with the majority of these residents headed to the south towards Forest Lake. In general, North Branch is in a challenging development market for retail businesses. The City is situated between two larger existing retail centers of Cambridge and Forest Lake, which remove consumer spending from the City into their markets.

2021 Distance and Direction from Home to Work





<u>Overall Mix of Uses</u>

When guiding property in a Comprehensive Plan, the overall land use is considered to reflect market capacity. The City does not want to have more of any particular land use type than the market can handle, while considering future growth and employment needs. For example, having an excess of commercially guided land could lead the City to have parcels that are vacant indefinitely because there is not a market demand for commercial land given the population, geography, etc.

The City currently has over 250 acres of land guided as Commercial that is currently vacant, not including the HW-95 corridor. These areas will become even more desirable as commercial areas with the construction of an interchange with I-35 and 400th St.

Area	Vacant Acres
I-35 Corridor	205
South of Interstate Business Park	18
County Rd 30	37

In general, the need for commercial land has reduced significantly since the COVID-19 pandemic and the Comprehensive Plan was developed. Commercial development is seeing an overall decline as the need for residential development is increasing. Given the updated market dynamics, staff believes that the City would still have a healthy mix of commercial and residential property with this amendment, along the HW-95 corridor. The remaining approximately 15.66 acres to the north would be sufficient land for a future big box retailer and/or restaurant chain on the property. A big box retailer such as Target/Walmart/Home Depot, typically needs about 10 acres. The Target locations in Cambridge and Forest Lake are on 10.1 acres and 10.2 acres, respectively. A sit-down restaurant typically needs approximately 1 acre of land. When adding in the additional land needed for stormwater ponding and right-of-way, staff believes the City could still achieve having a retail hub on this parcel and adjoining vacant commercial properties with this comprehensive plan amendment.

As shown in the ESRi Restaurant Market Potential report attached, North Branch has a high market potential for a sit-down restaurant, such as Bob Evans, Longhorn Steakhouse, and Texas Roadhouse. North Branch also has high market potential for fastfood restaurants, such as Arby's, and Hardee's. Staff believes there is sufficient vacant land on the HW-95 corridor and other areas of the City to support these needs, even with the proposed amendment.

Compatibility of Uses

The property is immediately bordered to the east by Boka Haven assisted living. While the applicant is not affiliated with Boka Haven, it is a highly compatible land use. It is very common to see senior facilities that allow residents to age in place. These two facilities would allow residents to do this without having to leave this area of the City. The property to the south is guided for high density residential, and the properties to the west and north are guided for commercial use. This development would serve as a gateway between the traditional high density use and the adjacent commercial area to the north. Additionally, the street proposed in the concept would allow for higher connectivity between the future residential development to the south and the commercial area to the north than would be typical in a standard commercial development.

The traffic impact of the proposed concept is less than would be seen with a commercial development. A commercial development of this size would generally estimate about 1,000 trips per day which including staff, visitors, residents, deliveries, etc. While with the proposed concept, there will be an estimated 320 to 640 trips from residents, assuming residents will generate 3 to 6 trips per day.

Development Potential

Staff anticipates that a future user on the north portion of the site would request access off of HW-95. Visibility and access from the highest order street is a very common request from developers. The proposed concept would not hinder this type or style of development from occurring.

Staff believes that the overall development potential of surrounding properties benefits from the proposed amendment and concept plan design. The development would extend 386th Street further to the west and create a new public street heading north/south through the development. This new street would create connectivity that would generally be seen in a standard commercial development.

It is staff's opinion that if the northern portion of the site were to develop as a big-box retail as expected, then the area in question would have reduced visualibility and would impact the development of a commercial business. The area would be stepped back from HW-95 from the future retail store and from Falcon Ave from Boka Haven assisted living.

The commercial district allows for many different uses, and it is also possible that the northern portion of the site develop into smaller commercial users such as restaurants, retail stores, or services. These smaller users could maintain higher visibility to the southern portion of the site and change the overall access point to be further to south from 386th Street. This development pattern is less likely given the vacancy at the Outlet Mall off of Tanger Drive.

Tax Implications

Staff are researching possible taxing scenarios based on the land uses and plan to provide those as they are received.

Overall Impact of the Amendment

The City has a high level of discretion on comprehensive plan amendments, and it comes down to what the City Council, elected boards, and residents think best for the community overall. The proposed amendment would limit the commercial capacity of the City and limit commercial development in the existing commercial center. However, commercial development would still be possible along HW-95 and other commercial areas of the City.

Planning Commission Review

The Planning Commission reviewed the amendment during their meeting on October 1, 2024 and held a public hearing. During the public hearing a resident spoke expressing concerns about the amendment. The resident highlighted many concerns about the City process, the loss of commercial land, loss of tax base, and North Branch's ability to be a thriving City for its residents. In general, he felt that the land would be better to remain commercial. He expressed concern about North Branch losing the commercial land at the center of the City, and the long-standing impact that has on the community.

Following the public hearing, the Planning Commissioners discussed the amendment. All members of the Commission were in support of the concept as presented, but some had concerns about the location and the loss of commercial land. The Commissioners asked that the EDA review the application to get their perspective on the economic impact to the community. The Commissioners recommended approval on a 3 - yes, 2 - no vote.

Staff Recommendation

Staff and the applicant are looking for feedback on the concept plan and comprehensive plan amendment. Staff is in support of both the concept plan and the comprehensive plan amendment.

Findings and Conditions

Comprehensive Plan Amendment

Findings of Fact

1. The proposed amendment is compatible with the surrounding land uses.
2. Public infrastructure is capable of serving the proposed development on this site.
3. The proposed amendment is consistent with the vision and guiding principles for the City of North Branch established in the Comprehensive Plan and will not negatively impact the public health, safety, or welfare.

Conditions of approval

1. Approval of this request is subject to the future approval of the related land use and zoning requests pertaining to the development

Voting Requirements:

Voting Options **Simple Majority**

September 4th, 2024

City of North Branch
6408 Elm Street
North Branch, MN 55056

RE: Narrative for Comprehensive Plan Amendment Request

Introduction
The request for a Comprehensive Plan Amendment is driven by a strategic vision to enhance the functional utility of the subject property located within Westside Commons. This amendment is essential for aligning the property's future use with the evolving needs of the community and advancing broader development objectives to support the City's Comprehensive Plan. The proposed amendment seeks to reconfigure the land use designation from its current 'Business' designation to 'High Density Residential' in the form of a Planned Unit Development (PUD), reflecting a suitable utilization of the property that aligns with city planning goals along with community needs and aspirations.

Reason for the Comprehensive Plan Amendment
The proposed Comprehensive Plan Amendment aims to update the land use classification to High-Density Residential (PUD), which supports local housing needs and a specific demographic in the form of an independent senior living community. This aligns well with nearby residential properties to the south and southeast of the subject property. This also aligns well with the new 40-Unit assisted living property (Boka Haven) newly developed on an adjacent parcel to the West.

The intended use of the property, as an Independent Senior Living Community, is not only responsive to current market demands but also instrumental in achieving the City's broader goals to support nearby economic development and housing affordability. This change is envisioned to foster a positive impact as a community for seniors as well as an economic hub to align that aligns with the City's vision for sustainable and balanced growth.

Detailed Analysis Justifying the Amendment

1. **Consistency with City's Vision and Goals:**
   - The proposed amendment supports the City's strategic objectives, including [e.g., creating walkable communities, enhancing local economic opportunities, or promoting sustainable development]. The intended use complements the City's vision for [specific area or district], which is currently underserved by the existing land use designation.
2. **Compatibility with Surrounding Land Uses:**
   - The proposed Independent Senior Living Community is compatible with the surrounding land uses, which include residential to the South and Southwest. It also aligns well with the newly developed assisted living facility directly to the East. The new designation will integrate well into the existing fabric of the neighborhood, providing additional housing options and support for nearby retail businesses.
3. **Potential Conflicts and Traffic Impacts:**
   - The proposed use intends to create a public North-South thoroughfare for future circulation as nearby development continues into the future. Speed will be managed through curvature of the streets.
   - A traffic impact study has not been conducted to assess the implications of the proposed use on local traffic patterns and infrastructure. General findings indicate that the proposed use will have minimal impact on congestion based on minimal development directly to the North and South of the subject property.
   - The development will also incorporate curvature in the public roadways to minimize speed concerns. One-sided and off-street parking has been thoughtfully planned to minimize congestion and enhance safety.
4. **Zoning Considerations:**
   - Should the Comprehensive Plan Amendment be approved, a corresponding change in zoning is requested to facilitate the intended use. The proposed zoning change to Planned Unit Development (PUD) will ensure that land use regulations align with the new designation and development objectives.

Conclusion

The Comprehensive Plan Amendment request is a strategic initiative aimed at better aligning the property's use with the City's growth objectives and community needs. By approving this amendment, the City will enable the development of this Independent Senior Living Community, which promises to address a need for senior housing options, enhanced community amenities, and support economic growth. The proposed use is thoughtfully planned to be consistent with surrounding land uses, effectively managed for potential conflicts and traffic impacts, and supported by necessary zoning adjustments. We respectfully request the City's favorable consideration of this amendment to advance our shared vision for sustainable and vibrant community development.

September 4th, 2024

City of North Branch
6408 Elm Street
North Branch, MN 55056

RE: Concept Plan Application

Project Narrative: Independent Senior Living Community

Project Overview:

The proposed project is the development of an Independent Senior Living Community designed to cater to the evolving needs of active seniors. This community will offer a vibrant, supportive environment that promotes independence, well-being, and social engagement for its residents.

Objectives:

1. **Compatibility with Surrounding Land Uses**: This project is an extension of existing residential development on three sides and the direct adjacency to commercial and retail services on the other side will provide these residents convenient access to those services.

2. **Consistency with City Land Use and Zoning:** This Independent Senior Living Community embodies the values most expressed by the City's Comprehensive Plan such as a strong sense of community, a hometown feel and commitment to parks and trails in a community that encourages biking and walking. Our current concept design embodies all those values.

3. **Enhanced Quality of Life:** To provide a high-quality living experience that encourages a healthy and active lifestyle while maintaining privacy and autonomy.

4. **Community Engagement:** To create a socially rich environment where residents can participate in various recreational, educational, and cultural activities.

5. **Accessible Design:** To ensure the community is accessible, safe, and inclusive, accommodating the diverse needs of seniors through thoughtful design and amenities.

Key Features:

1. **Modern Residences:** A range of housing options, including one and two-bedroom apartments, along with single level townhomes, each designed with accessibility and comfort in mind. Units will feature open floor plans, modern kitchens, and safety features such as grab bars and emergency response systems.
2. **Amenities and Services:** On-site amenities will include a fitness center, pickleball courts, arts and crafts studio, library, and community gardens. Residents will have access to concierge services, housekeeping, transportation, and meal options.
3. **Social and Recreational Opportunities:** Programmed events and activities will be offered, including fitness classes, educational seminars and social gatherings. Spaces for group activities and private gatherings will be available to foster a sense of community.
4. **Healthcare and Support:** While the focus is on independent living, the community will provide access to on-site health services, including wellness checks and referrals to external medical professionals as needed.

Design and Sustainability:

The design of the community will prioritize sustainability and environmental stewardship, incorporating energy-efficient systems, eco-friendly materials, and green spaces. The architecture will blend seamlessly with the natural surroundings, creating a serene and pleasant environment for residents.

Impact:

This Independent Senior Living Community aims to enrich the lives of seniors by providing a safe, engaging, and supportive environment. By focusing on independence and community, the project will address the growing demand for quality senior living options and contribute positively to the local area through economic activity and enhanced social engagement.

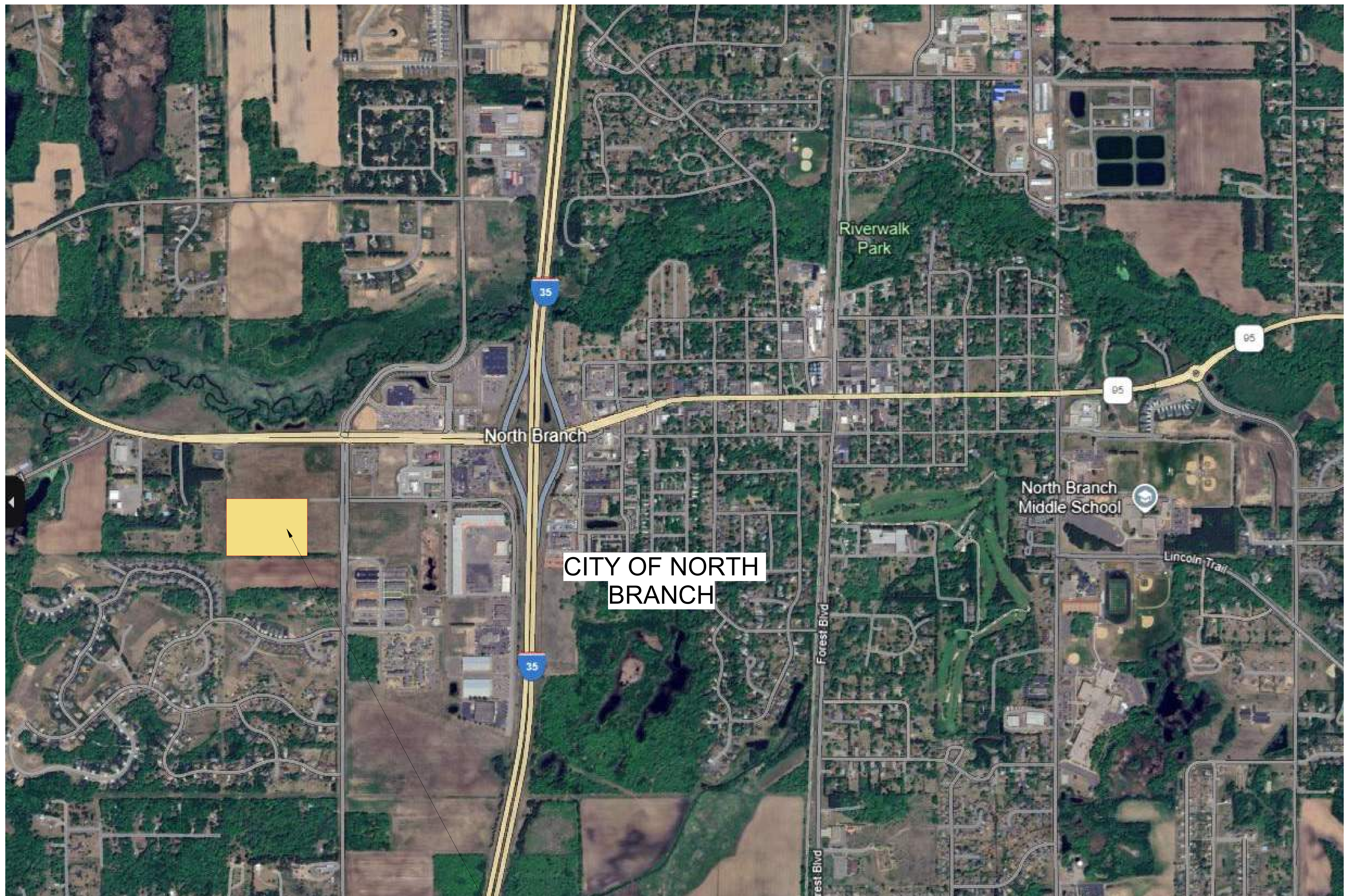
Conclusion:

The Independent Senior Living Community represents a forward-thinking approach to senior care, combining modern amenities with a commitment to independence and community. It is designed to meet the needs of today's seniors while fostering a vibrant and inclusive environment.

ACTIVE ADULT NEIGHBORHOOD DEVELOPMENT

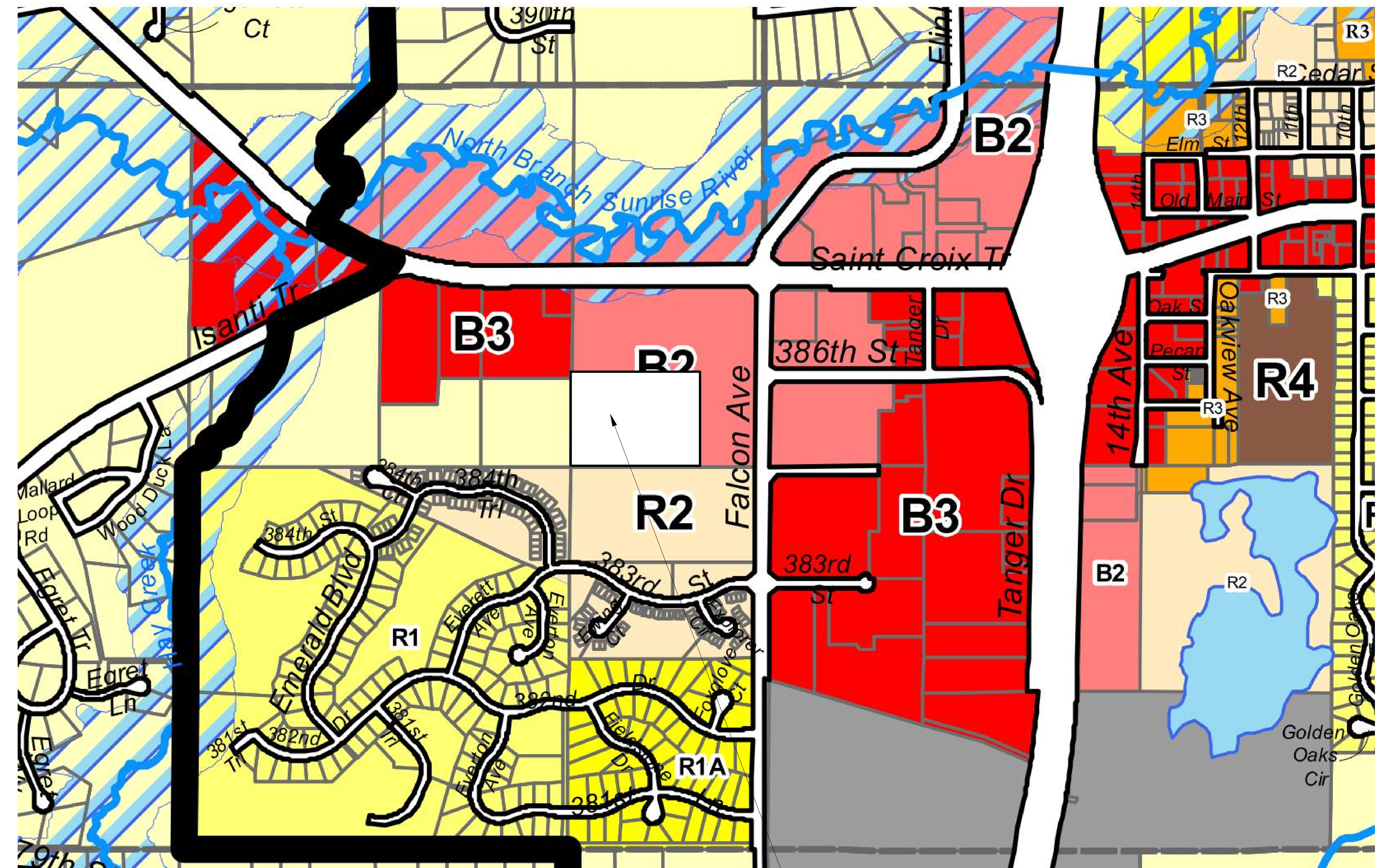
WESTSIDE COMMONS --- NORTH BRANCH, MINNESOTA

LOCATION MAP



PROPERTY LOCATION

NORTH BRANCH ZONING MAP



PROPERTY LOCATION

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PROPOSED INDENDENDENT LIVING SENIOR HOUSING	NORTH BRANCH, MINNESOTA	SEPTEMBER 13, 2024
SUSTAINABLE BUSINESS SOLUTIONS FOR SENIOR LIVING PROVIDERS	*www.communitylivingsolutions.com*	

COMMUNITY LIVING SOLUTIONS LLC
Creating, Transforming and Sustaining Senior Living Communities.
5409 Penn Avenue South
Minneapolis, MN 55419
P 612-963-0889
communitylivingsolutions.com

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PROPOSED INDENDENDENT LIVING SENIOR HOUSING

NORTH BRANCH, MINNESOTA

SEPTEMBER 13, 2024

SUSTAINABLE BUSINESS SOLUTIONS FOR SENIOR LIVING PROVIDERS

www.communitylivingsolutions.com

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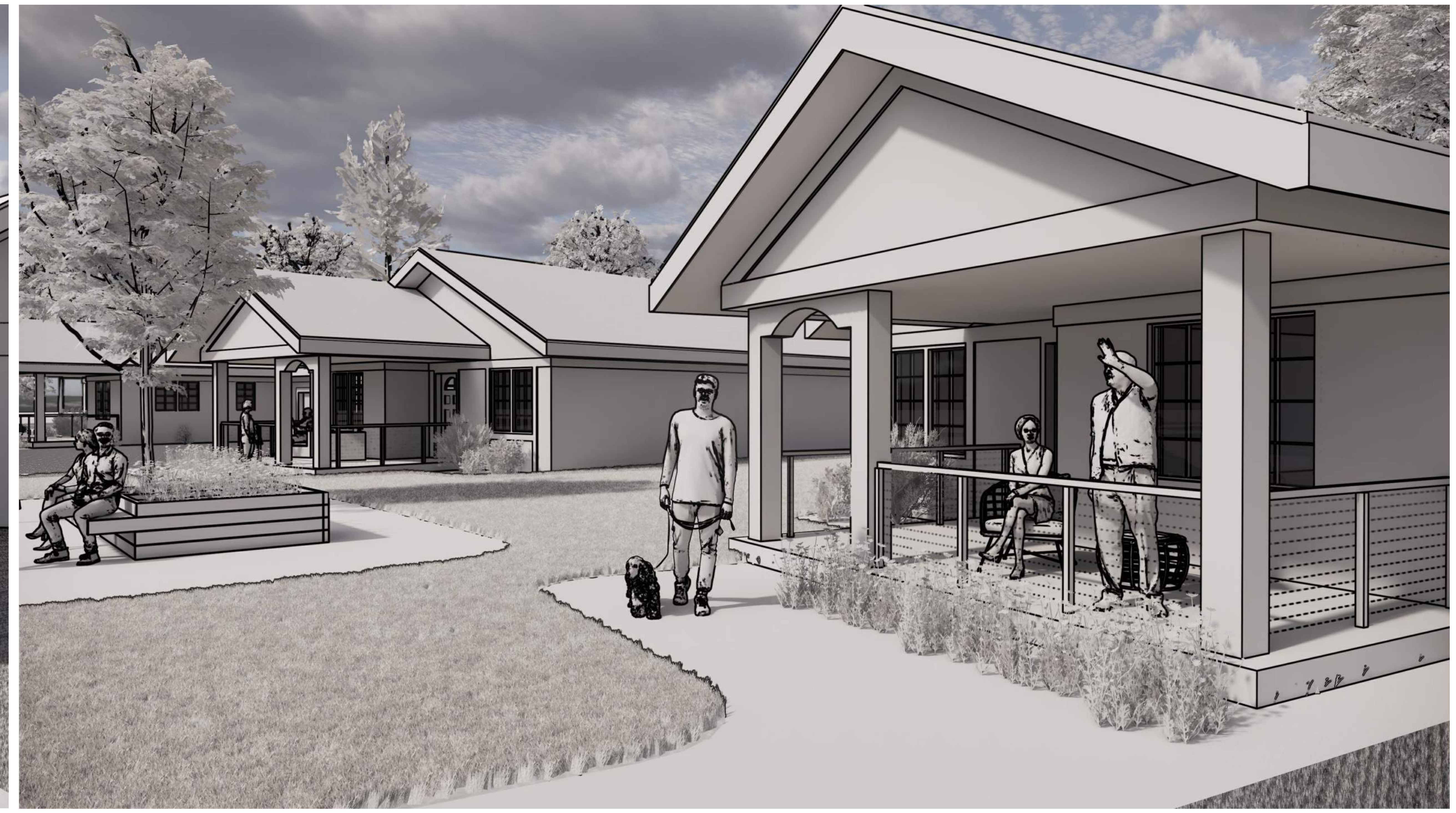

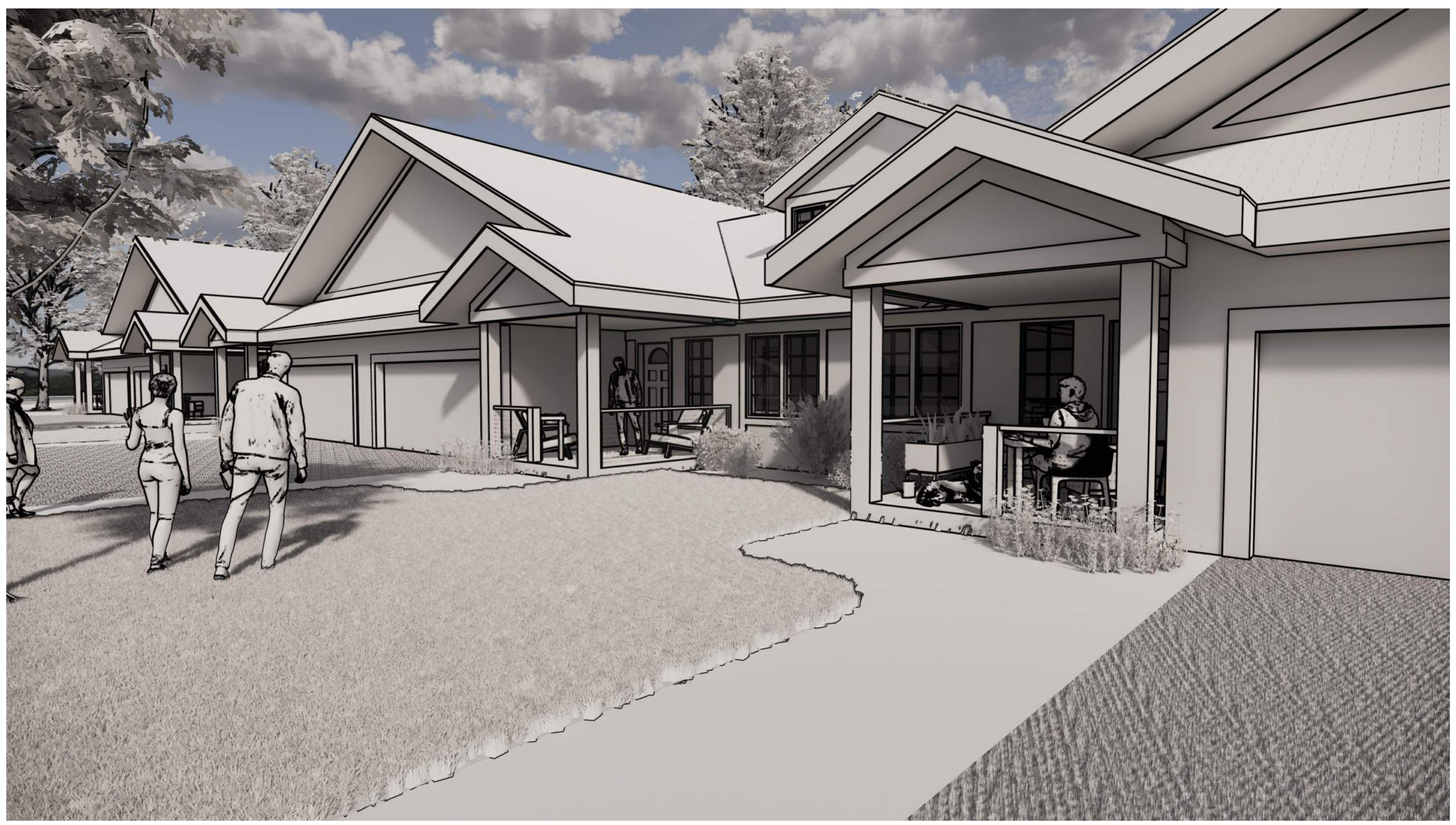

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PROPOSED INDENDENDENT LIVING SENIOR HOUSING | NORTH BRANCH, MINNESOTA | SEPTEMBER 13, 2024

SUSTAINABLE BUSINESS SOLUTIONS FOR SENIOR LIVING PROVIDERS

www.communitylivingsolutions.com

COMMUNITY LIVING SOLUTIONS LLC

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5409 Penn Avenue South
Minneapolis, MN 55419
P 612-963-0889
communitylivingsolutions.com

Retail Demand Outlook

North Branch City, MN
North Branch City, MN (2746798)
Geography: Place

Prepared by Esri

Top Tapestry Segments	Percent	Demographic Summary	2024	2029
Up and Coming Families (7A)	31.5%	Population	11,697	12,517
Middleburg (4C)	29.2%	Households	4,278	4,607
Workday Drive (4A)	10.8%	Families	2,990	3,215
Front Porches (8E)	10.0%	Median Age	37.9	39.4
Home Improvement (4B)	9.4%	Median Household Income	$100,605	$107,929

	2024 Consumer Spending	2029 Forecasted Demand	Projected Spending Growth
Apparel and Services	$10,240,312	$12,370,979	$2,130,667
Men's	$1,943,725	$2,351,066	$407,341
Women's	$3,407,994	$4,117,002	$709,008
Children's	$1,640,430	$1,974,248	$333,818
Footwear	$2,103,920	$2,539,294	$435,374
Watches & Jewelry	$931,817	$1,132,129	$200,312
Apparel Products and Services (1)	$212,425	$257,240	$44,815
Computer			
Computers and Hardware for Home Use	$1,141,049	$1,377,378	$236,329
Portable Memory	$16,026	$19,367	$3,341
Computer Software	$61,009	$73,657	$12,648
Computer Accessories	$95,787	$115,962	$20,175
Entertainment & Recreation	$18,041,211	$21,836,432	$3,795,221
Fees and Admissions	$3,684,295	$4,467,051	$782,756
Membership Fees for Clubs (2)	$1,378,489	$1,674,021	$295,532
Fees for Participant Sports, excl. Trips	$623,359	$755,475	$132,116
Tickets to Theatre/Operas/Concerts	$323,028	$391,613	$68,585
Tickets to Movies	$102,482	$123,454	$20,972
Tickets to Parks or Museums	$167,121	$201,677	$34,556
Admission to Sporting Events, excl. Trips	$391,714	$476,205	$84,491
Fees for Recreational Lessons	$694,672	$840,459	$145,787
Dating Services	$3,430	$4,146	$716
TV/Video/Audio	$5,845,687	$7,068,840	$1,223,153
Cable and Satellite Television Services	$3,311,254	$4,011,873	$700,619
Televisions	$682,224	$823,992	$141,768
Satellite Dishes	$5,375	$6,474	$1,099
VCRs, Video Cameras, and DVD Players	$20,182	$24,317	$4,135
Miscellaneous Video Equipment	$117,375	$140,557	$23,182
Video Cassettes and DVDs	$22,676	$27,381	$4,705
Video Game Hardware/Accessories	$200,009	$240,613	$40,604
Video Game Software	$83,757	$100,751	$16,994
Rental/Streaming/Downloaded Video	$774,836	$933,976	$159,140
Installation of Televisions	$8,274	$10,077	$1,803
Audio (3)	$612,980	$740,654	$127,674
Rental and Repair of TV/Radio/Sound Equipment	$6,745	$8,176	$1,431
Pets	$4,434,405	$5,368,814	$934,409
Toys/Games/Crafts/Hobbies (4)	$793,304	$959,677	$166,373
Recreational Vehicles and Fees (5)	$892,761	$1,084,382	$191,621
Sports/Recreation/Exercise Equipment (6)	$1,387,502	$1,672,139	$284,637
Photo Equipment and Supplies (7)	$259,502	$314,310	$54,808
Reading (8)	$566,642	$687,096	$120,454
Catered Affairs (9)	$177,116	$214,122	$37,006
Food	$48,269,339	$58,334,746	$10,065,407
Food at Home	$31,169,758	$37,682,191	$6,512,433
Bakery and Cereal Products	$4,014,341	$4,856,367	$842,026
Meats, Poultry, Fish, and Eggs	$6,646,832	$8,031,033	$1,384,201
Dairy Products	$2,938,100	$3,553,771	$615,671
Fruits and Vegetables	$6,029,046	$7,291,644	$1,262,598
Snacks and Other Food at Home (10)	$11,541,440	$13,949,377	$2,407,937
Food Away from Home	$17,099,580	$20,652,554	$3,552,974
Alcoholic Beverages	$2,763,976	$3,346,493	$582,517

Data Note: The Consumer Spending data is household-based and represents the amount spent for a product or service by all households in an area. Detail may not sum to totals due to rounding. This report is not a comprehensive list of all consumer spending variables therefore the variables in each section may not sum to totals.
Source: Esri forecasts for 2024 and 2029; Consumer Spending data are derived from the 2021 and 2022 Consumer Expenditure Surveys, Bureau of Labor Statistics.

September 30, 2024

Retail Demand Outlook

North Branch City, MN
North Branch City, MN (2746798)
Geography: Place

Prepared by Esri

	2024 Consumer Spending	2029 Forecasted Demand	Projected Spending Growth
Financial			
Value of Stocks/Bonds/Mutual Funds	$207,255,322	$252,794,596	$45,539,274
Value of Retirement Plans	$767,333,426	$933,977,968	$166,644,542
Value of Other Financial Assets	$42,012,168	$50,986,702	$8,974,534
Vehicle Loan Amount excluding Interest	$16,527,696	$19,921,181	$3,393,485
Value of Credit Card Debt	$12,750,009	$15,429,988	$2,679,979
Health			
Nonprescription Drugs	$822,362	$994,010	$171,648
Prescription Drugs	$2,035,142	$2,472,598	$437,456
Eyeglasses and Contact Lenses	$556,834	$675,601	$118,767
Home			
Mortgage Payment and Basics (11)	$62,972,104	$76,383,317	$13,411,213
Maintenance and Remodeling Services	$21,798,694	$26,460,554	$4,661,860
Maintenance and Remodeling Materials (12)	$4,393,115	$5,328,389	$935,274
Utilities, Fuel, and Public Services	$26,476,154	$32,014,891	$5,538,737
Household Furnishings and Equipment			
Household Textiles (13)	$562,246	$679,395	$117,149
Furniture	$4,520,534	$5,469,076	$948,542
Rugs	$198,202	$240,594	$42,392
Major Appliances (14)	$2,698,145	$3,266,256	$568,111
Housewares (15)	$461,359	$557,442	$96,083
Small Appliances	$322,201	$388,779	$66,578
Luggage	$91,455	$110,552	$19,097
Telephones and Accessories	$454,931	$549,057	$94,126
Household Operations			
Child Care	$2,500,814	$3,020,674	$519,860
Lawn and Garden (16)	$3,263,738	$3,959,815	$696,077
Moving/Storage/Freight Express	$474,381	$573,129	$98,748
Housekeeping Supplies (17)	$3,940,411	$4,764,510	$824,099
Insurance			
Owners and Renters Insurance	$4,071,323	$4,930,235	$858,912
Vehicle Insurance	$9,285,014	$11,201,838	$1,916,824
Life/Other Insurance	$3,120,763	$3,786,754	$665,991
Health Insurance	$22,768,005	$27,574,672	$4,806,667
Personal Care Products (18)	$2,384,608	$2,882,141	$497,533
School Books (19)	$181,985	$219,771	37,786
Smoking Products	$2,077,904	$2,507,288	$429,384
Transportation			
Payments on Vehicles excluding Leases	$14,294,889	$17,265,198	$2,970,309
Gasoline and Motor Oil	$14,670,066	$17,708,066	$3,038,000
Vehicle Maintenance and Repairs	$6,550,267	$7,916,957	$1,366,690
Travel			
Airline Fares	$2,622,811	$3,173,030	$550,219
Lodging on Trips	$4,369,627	$5,295,907	$926,280
Auto/Truck Rental on Trips	$519,994	$629,770	$109,776
Food and Drink on Trips	$3,244,730	$3,929,012	$684,282

Data Note: The Consumer Spending data is household-based and represents the amount spent for a product or service by all households in an area. Detail may not sum to totals due to rounding. This report is not a comprehensive list of all consumer spending variables therefore the variables in each section may not sum to totals.
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September 30, 2024

(1) Apparel Products and Services includes shoe repair and other shoe services, apparel laundry and dry cleaning, alteration, repair and tailoring of apparel, clothing rental and storage, and watch and jewelry repair.

(2) Membership Fees for Clubs includes membership fees for social, recreational, and health clubs.

(3) Audio includes satellite radio service, radios, stereos, sound components, equipment and accessories, digital audio players, records, CDs, audio tapes, streaming/downloaded audio, musical instruments and accessories, and rental and repair of musical instruments.

(4) Toys and Games includes toys, games, arts and crafts, tricycles, playground equipment, arcade games, online entertainment and games, and stamp and coin collecting.

(5) Recreational Vehicles & Fees includes docking and landing fees for boats and planes, payments on boats, trailers, campers and RVs, rental of boats, trailers, campers and RVs, and camp fees.

(6) Sports/Recreation/Exercise Equipment includes exercise equipment and gear, game tables, bicycles, camping equipment, hunting and fishing equipment, winter sports equipment, water sports equipment, other sports equipment, and rental/repair of sports/recreation/exercise equipment.

(7) Photo Equipment and Supplies includes film, film processing, photographic equipment, rental and repair of photo equipment, and photographer fees.

(8) Reading includes digital book readers, books, magazine and newspaper subscriptions, and single copies of magazines and newspapers.

(9) Catered Affairs includes expenses associated with live entertainment and rental of party supplies.

(10) Snacks and Other Food at Home includes candy, chewing gum, sugar, artificial sweeteners, jam, jelly, preserves, margarine, fats and oils, salad dressing, nondairy cream and milk, peanut butter, frozen prepared food, potato chips and other snacks, nuts, salt, spices, seasonings, olives, pickles, relishes, sauces, gravy, other condiments, soup, prepared salad, prepared dessert, baby food, miscellaneous prepared food, and nonalcoholic beverages.

(11) Mortgage Payment and Basics includes mortgage interest, mortgage principal, property taxes, homeowners insurance, and ground rent on owned dwellings.

(12) Maintenance and Remodeling Materials includes supplies/tools/equipment for painting and wallpapering, plumbing supplies and equipment, electrical/heating/AC supplies, materials for roofing/gutters, materials for plaster/panel/siding, materials for patio/fence/brick work, landscaping materials, and insulation materials for owned homes.

(13) Household Textiles includes bathroom linens, bedroom linens, kitchen linens, dining room linens, other linens, curtains, draperies, slipcovers and decorative pillows.

(14) Major Appliances includes dishwashers, disposals, refrigerators, freezers, washers, dryers, stoves, ovens, microwaves, window air conditioners, electric floor cleaning equipment, sewing machines, and miscellaneous appliances.

(15) Housewares includes flatware, dishes, cups glasses, serving pieces, nonelectric cookware, and tableware.

(16) Lawn and Garden includes lawn and garden supplies, equipment and care service, indoor plants, fresh flowers, and repair/rental of lawn and garden equipment.

(17) Housekeeping Supplies includes soaps and laundry detergents, cleaning products, toilet tissue, paper towels, napkins, paper/plastic/foil products, stationery, giftwrap supplies, postage, and delivery services.

(18) Personal Care Products includes hair care products, nonelectric articles for hair, wigs, hairpieces, oral hygiene products, shaving needs, perfume, cosmetics, skincare, bath products, nail products, deodorant, feminine hygiene products, adult diapers, other miscellaneous care products and personal care appliances.

(19) School Books includes school books for college, elementary school, high school, vocational/technical school, preschool and other schools.

Data Note: The Consumer Spending data is household-based and represents the amount spent for a product or service by all households in an area. Detail may not sum to totals due to rounding. This report is not a comprehensive list of all consumer spending variables therefore the variables in each section may not sum to totals.
Source: Esri forecasts for 2024 and 2029; Consumer Spending data are derived from the 2021 and 2022 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Restaurant Market Potential

North Branch City, MN
North Branch City, MN (2746798)
Geography: Place

Prepared by Esri

Demographic Summary	2024	2029
Population	11,697	12,517
Population 18+	8,827	9,611
Households	4,278	4,607
Median Household Income	$100,605	$107,929

Product/Consumer Behavior	Expected Number of Adults	Percent	MPI
Went to Family Restaurant/Steak House/6 Mo	6,617	75.0%	105
Went to Family Restaurant/Steak House 4+ Times/30 Days	2,165	24.5%	105
Spent $1-30 at Family Restaurant/Steak House/30 Days	546	6.2%	104
Spent $31-50 at Family Restaurant/Steak House/30 Days	925	10.5%	118
Spent $51-100 at Family Restaurant/Steak House/30 Days	1,533	17.4%	109
Spent $101-200 at Family Restaurant/Steak House/30 Days	1,130	12.8%	109
Spent $201+ at Family Restaurant/Steak House/30 Days	584	6.6%	99
Spent $1-100 at Fine Dining Restaurants/30 Days	278	3.1%	91
Spent $101-200 at Fine Dining Restaurants/30 Days	226	2.6%	89
Spent $201+ at Fine Dining Restaurants/30 Days	219	2.5%	88
Went for Breakfast at Family Restaurant/Steak House/6 Mo	1,169	13.2%	108
Went for Lunch at Family Restaurant/Steak House/6 Mo	1,804	20.4%	109
Went for Dinner at Family Restaurant/Steak House/6 Mo	4,656	52.7%	112
Went for Snacks at Family Restaurant/Steak House/6 Mo	148	1.7%	101
Went on Workday to Family Restaurant/Steak House/6 Mo	3,177	36.0%	111
Went on Weekend to Family Restaurant/Steak House/6 Mo	3,870	43.8%	109
Went to Applebee`s/6 Mo	1,405	15.9%	104
Went to Bob Evans/6 Mo	296	3.4%	137
Went to Buffalo Wild Wings/6 Mo	890	10.1%	112
Went to California Pizza Kitchen/6 Mo	107	1.2%	68
Went to Carrabba`s/6 Mo	234	2.7%	123
Went to The Cheesecake Factory/6 Mo	544	6.2%	87
Went to Chili`s Grill & Bar/6 Mo	881	10.0%	103
Went to Cracker Barrel/6 Mo	1,250	14.2%	129
Went to Denny`s/6 Mo	470	5.3%	79
Went to Golden Corral/6 Mo	343	3.9%	92
Went to IHOP/6 Mo	641	7.3%	94
Went to Logan`s Roadhouse/6 Mo	218	2.5%	129
Went to Longhorn Steakhouse/6 Mo	743	8.4%	135
Went to Olive Garden/6 Mo	1,581	17.9%	114
Went to Outback Steakhouse/6 Mo	871	9.9%	123
Went to Red Lobster/6 Mo	685	7.8%	105
Went to Red Robin/6 Mo	543	6.2%	113
Went to Ruby Tuesday/6 Mo	185	2.1%	119
Went to Texas Roadhouse/6 Mo	1,477	16.7%	129
Went to T.G.I. Friday`s/6 Mo	210	2.4%	96
Went to Waffle House/6 Mo	559	6.3%	120
Went to Fast Food/Drive-In Restaurant/6 Mo	8,158	92.4%	101
Went to Fast Food/Drive-In Rest 9+ Times/30 Days	3,679	41.7%	105
Spent $1-10 at Fast Food Restaurant/30 Days	345	3.9%	110
Spent $11-20 at Fast Food Restaurant/30 Days	739	8.4%	103
Spent $21-40 at Fast Food Restaurant/30 Days	1,347	15.3%	95
Spent $41-50 at Fast Food Restaurant/30 Days	826	9.4%	102
Spent $51-100 at Fast Food Restaurant/30 Days	1,920	21.8%	106
Spent $101-200 at Fast Food Restaurant/30 Days	1,204	13.6%	105
Spent $201+ at Fast Food Restaurant/30 Days	566	6.4%	109
Ordered Eat-In Fast Food/6 Mo	2,671	30.3%	105

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.
Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by MRI-Simmons in a nationally representative survey of U.S. households. Esri forecasts for 2024 and 2029.

September 30, 2024

Restaurant Market Potential

North Branch City, MN
North Branch City, MN (2746798)
Geography: Place

Prepared by Esri

Product/Consumer Behavior	Expected Number of Adults	Percent	MPI
Ordered Home Delivery Fast Food/6 Mo	1,021	11.6%	89
Take-Out/Drive-Thru/Curbside Fast Food/6 Mo	5,166	58.5%	111
Ordered Take-Out/Walk-In Fast Food/6 Mo	1,942	22.0%	97
Bought Breakfast at Fast Food Restaurant/6 Mo	3,371	38.2%	106
Bought Lunch at Fast Food Restaurant/6 Mo	5,023	56.9%	106
Bought Dinner at Fast Food Restaurant/6 Mo	5,179	58.7%	108
Bought Snack at Fast Food Restaurant/6 Mo	1,243	14.1%	101
Bought from Fast Food Restaurant on Weekday/6 Mo	6,176	70.0%	106
Bought from Fast Food Restaurant on Weekend/6 Mo	4,811	54.5%	103
Bought A&W/6 Mo	243	2.8%	127
Bought Arby`s/6 Mo	2,168	24.6%	135
Bought Baskin-Robbins/6 Mo	249	2.8%	84
Bought Boston Market/6 Mo	153	1.7%	97
Bought Burger King/6 Mo	2,549	28.9%	106
Bought Captain D`s/6 Mo	285	3.2%	113
Bought Carl`s Jr./6 Mo	244	2.8%	59
Bought Checkers/6 Mo	223	2.5%	106
Bought Chick-Fil-A/6 Mo	3,373	38.2%	114
Bought Chipotle Mexican Grill/6 Mo	1,468	16.6%	97
Bought Chuck E. Cheese`s/6 Mo	107	1.2%	81
Bought Church`s Fried Chicken/6 Mo	217	2.5%	81
Bought Cold Stone Creamery/6 Mo	266	3.0%	98
Bought Dairy Queen/6 Mo	1,669	18.9%	120
Bought Del Taco/6 Mo	193	2.2%	61
Bought Domino`s Pizza/6 Mo	1,443	16.3%	98
Bought Dunkin` Donuts/6 Mo	1,304	14.8%	100
Bought Five Guys/6 Mo	960	10.9%	110
Bought Hardee`s/6 Mo	585	6.6%	133
Bought Jack in the Box/6 Mo	415	4.7%	69
Bought Jersey Mike`s/6 Mo	846	9.6%	113
Bought Jimmy John`s/6 Mo	778	8.8%	143
Bought KFC/6 Mo	1,620	18.4%	106
Bought Krispy Kreme Doughnuts/6 Mo	579	6.6%	98
Bought Little Caesars/6 Mo	1,100	12.5%	102
Bought Long John Silver`s/6 Mo	289	3.3%	126
Bought McDonald`s/6 Mo	4,544	51.5%	104
Bought Panda Express/6 Mo	1,085	12.3%	93
Bought Panera Bread/6 Mo	1,312	14.9%	110
Bought Papa John`s/6 Mo	866	9.8%	118
Bought Papa Murphy`s/6 Mo	336	3.8%	112
Bought Pizza Hut/6 Mo	1,197	13.6%	109
Bought Popeyes Chicken/6 Mo	1,145	13.0%	94
Bought Sonic Drive-In/6 Mo	1,174	13.3%	118
Bought Starbucks/6 Mo	1,783	20.2%	95
Bought Steak `N Shake/6 Mo	331	3.7%	131
Bought Subway/6 Mo	2,087	23.6%	105
Bought Taco Bell/6 Mo	2,712	30.7%	111
Bought Wendy`s/6 Mo	2,651	30.0%	112
Bought Whataburger/6 Mo	641	7.3%	121
Bought White Castle/6 Mo	227	2.6%	107
Bought Wing-Stop/6 Mo	259	2.9%	80

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.
Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by MRI-Simmons in a nationally representative survey of U.S. households. Esri forecasts for 2024 and 2029.

September 30, 2024

Restaurant Market Potential

North Branch City, MN
North Branch City, MN (2746798)
Geography: Place

Prepared by Esri

Went to Fine Dining Restaurant/6 Mo	1,288	14.6%	95
Went to Fine Dining Restaurant/30 Days	960	10.9%	93
Went to Fine Dining Restaurant 2+ Times/30 Days	458	5.2%	95
Used DoorDash Site/App for Take-Out/Del/30 Days	1,035	11.7%	93
Used Grubhub Site/App for Take-Out/Del/30 Days	342	3.9%	84
Used Postmates Site/App for Take-Out/Del/30 Days	77	0.9%	78
Used Restrnt Site/App for Take-Out/Del/30 Days	2,161	24.5%	113
Used Uber Eats Site/App for Take-Out/Del/30 Days	478	5.4%	75
Used Yelp Site/App for Take-Out/Del/30 Days	73	0.8%	63

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.
Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by MRI-Simmons in a nationally representative survey of U.S. households. Esri forecasts for 2024 and 2029.

September 30, 2024

Colette Baumgardner

From: Colette Baumgardner
Sent: Thursday, October 10, 2024 10:08 AM
To: Colette Baumgardner
Subject: FW: Westside Commons Development Planning

On Tue, Oct 1, 2024 at 1:22 PM Steve Mork <steve.mork@gmail.com> wrote:

Dear Nate,

Thank you for our conversation today. Unfortunately, we will not be able to attend the meeting this evening. We appreciate the opportunity to present the rationale for why the proposed Senior Housing development would be a beneficial opportunity for both North Branch and this site.

- This site has remained undeveloped for decades; however, following two recent sales and the infrastructure initiatives we implemented, it is now gaining attention.
- Notably, commercial retail businesses throughout North Branch have been established with high visibility along Highway 95 and I-35. No commercial development is happening in areas that do not provide this important market and site benefit.
- Given this trend and our five years of experience marketing this property, attracting commercial retail businesses to the southern side of Westside Commons presents significant challenges. In contrast, the proposed market-rate Senior Housing development aligns well with the new assisted living facility at Boka Haven.
- Developing the southern portion of the property will facilitate the phased introduction of city services and thereby ready the northern section for future commercial retail opportunities. Without these infrastructure improvements, future commercial development will further delayed as associated site planning and development work is conducted.
- From a housing perspective, this Senior Housing development addresses the needs identified in the recently completed North Branch Housing Market Study.

Thank you to you and our city leaders for your consideration.

Regards,

Steve Mork and Steve VandenHeuvel

confidential, privileged and non-disclosable information. If the recipient of this e-mail is not the addressee, such recipient is strictly prohibited from reading, photocopying, distributing or otherwise using this e-mail or its contents in any way.

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 10/08/2024

Board & Commission: Economic Development Authority

Subject: Interstate Business Park - Occupancy Agreement

Background Info

The North Branch Economic Development Authority (EDA) entered into an Occupancy Agreement on July 31, 2003, with Arthur and Evelyn Engdahl that allowed for a life estate that would allow them to reside on the property (PID 11.01072.02) at 6247 410th Street, North Branch, as long conditions of the agreements were met.

City Staff were recently informed of the passing of Evelyn Engdahl and, upon her death, the agreement included rights to Barry Engdahl to continue to occupy the property in accordance with the terms of the agreement.

Based on the terms of the contract, the EDA has the ability to terminate such rights at any time by providing not less than sixty (60) days written notice to Barry Engdahl.

City Staff met with Barry Engdahl at the property to ensure that all the buildings had been secured. Mr Engdahl expressed that he would be interested in continuing to lease the property.

The City has options as how they can proceed:
1. Allow Barry Engdahl continued occupancy of the property.
2. Terminate the agreement with Barry Engdahl by providing a 60-day written notice.

If the EDA chooses to terminate the agreement, City Staff would work with the city attorney to properly send notice to terminate the agreement and could explore leasing options for the property.

Requested Action

The requested action is for the EDA to provide direction to allow continued occupancy to Barry Engdahl or to terminate the agreement by providing a 60-day written notice.

Voting Requirements:

Voting Options **Simple Majority**

414578

OFFICE OF COUNTY RECORDER
Chisago County, Minnesota

I hereby certify that this document was filed in this office on 10/01/2003 at 4 05 00 PM and was duly recorded as document number A-414578
ELAINE OFTELIE – County Recorder, by ____ Deputy
____p

Well Certificate ___ Received ___ Not Required

Fees

ELECTRONIC FILING FEE	$ 50
EQUIPMENT FUND	1.00
STATE SURCHARGE	4 50
GENERAL ABSTRACT	14.00
Total	$20 00

Received from/return to
MILLER LAW OFFICE, PA
OAK POINT OFFICE CTR, STE 6
26357 FOREST BLVD, BOX 807
WYOMING, MN 55092

[reserved for recording information]

OCCUPANCY AGREEMENT

THIS OCCUPANCY AGREEMENT ("Agreement") is made and entered into this 31st day of July, 2003, by and between **ARTHUR C. ENGDAHL and EVELYN J. ENGDAHL,** husband and wife, (hereinafter referred to as the "Occupants") and the **NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY**, a political subdivision, under the laws and constitution of the State of Minnesota (hereinafter referred to as the "Owner")

RECITALS

A. The Owner is the fee owner of a parcel of real property located in the City of North Branch, County of Chisago, State of Minnesota, located at 6247 – 410th Street North, North Branch, MN 55056, and legally described on Exhibit A hereto (the "Occupancy Parcel"); and

B. Occupants and Owner enter into this Agreement, pursuant to a Real Estate Purchase Agreement dated February 26, 2003 on the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration in hand paid to the Owner by the Occupants the receipt and sufficiency of which is hereby acknowledged by the Owner, it is hereby agreed as follows:

1. Occupancy Agreement. Owner agrees that Occupants (or the survivor thereof) will be allowed to occupy the Occupancy Parcel until the earlier of:

(a) Subject to Paragraph 3 hereof, the death of the last to survive of the Occupants;

(b) Both Occupants (or the survivor of the Occupants) voluntary absence from Occupancy Parcel for a continuous period of twelve (12) months or more;

(c) Both Occupants (or the survivor of the Occupants) involuntary absence from the Occupancy Parcel, such as due to illness or an accident that results in requiring a period of care or convalescence, for a continuous period of twelve (12) months or more. For involuntary absences of less than twelve (12) months, Occupants (or the survivor of the Occupants) rights hereunder shall continue so long as at least one Occupant resumes residency on the Occupancy Parcel within two (2) months following the termination of the condition leading to such involuntary absence or prior to the end of such twelve (12) month period, whichever occurs first;

(d) Occupants abandonment of the Occupancy Parcel; or

(e) Occupants written agreement to terminate their occupancy right hereunder.

Subject to Paragraph 3 hereof, the occupancy right granted hereunder is personal to the Occupants and may not be sold, transferred, conveyed or assigned, voluntarily or involuntarily, by the Occupants or either of them. Prior to the termination of Occupants occupancy rights granted hereunder, Occupants shall be responsible for the payment of all taxes, special assessments, utilities and other costs of occupying and maintaining the Occupancy Parcel including, if Occupants choose or are required to do so, any charges to connect to the City's sewer and/or water lines (SAC/WAC charges). Occupants shall obtain a renters policy of insurance, naming the Owner as an additional insured thereunder, at such levels and covering such claims as are reasonably deemed necessary by Owner Such insurance shall include the operations of Occupants and their son, Barry Engdahl in farming any of the real property owned by the Owner. Owner will insure the Occupancy Parcel under an Owners policy of insurance against property damage and liability claims deem appropriate by Owner, but as to property damage, not less than full replacement value. Occupants shall provide Owner with a Certificate of Insurance satisfying the foregoing requirements at the time of execution of this Agreement and annually thereafter. In case of casualty loss, Occupants shall have the option of requiring Owner to rebuild any building destroyed or substantially damaged by fire or other covered casualty but only to the extent of actual insurance proceeds received by the Owner as a result of such loss or vacating the Occupancy Agreement if the Occupants so vacate the Occupancy Parcel, Owner shall be entitled to retain any such insurance proceed. If Occupants elect to rebuild, they must commence construction within six (6) months of settlement of their insurance claim and must substantially complete construction within four (4) months of commencing construction. All such construction must be done in a workmanlike manner and in compliance with all applicable statutes and ordinances.

2. Rights of Surviving Occupant. Upon the death of one of the Occupants, the surviving Occupant shall have all of the rights and obligations granted to the Occupants hereunder.

3. Rights of Barry Engdahl. Upon the death of the last to die of the Occupants, Barry Engdahl shall have the right to continue to occupy the Occupancy Parcel subject to and in accordance with the terms of this Agreement provided however that the rights granted to Barry Engdahl hereunder are personal to him alone and further provided that the Owner may terminate such rights at any time by providing not less than sixty (60) days written notice of such termination to Barry Engdahl at his last known address.

4. Notices. Except as otherwise provided herein, all communications, demands, notices, or objections permitted or required to be given or served under this Agreement shall be in writing and shall be deemed to have been duly given or served if delivered in person or deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or if telegraphed, by prepaid telegram, and addressed to a party to this Agreement, to the address set forth below, or if a person not a party to this Agreement, to the address designated by a party to the Agreement in the foregoing manner. Any party may change its address by giving notice in writing, stating its new address, to any other party as provided in the foregoing

manner. Commencing on the tenth (10^{th}) day after the giving of the notice, the newly designated address shall be that party's address for the purposed of all communications, demands, notices, or objections permitted or required to be given or served under this Agreement.

OCCUPANTS ADDRESS:

Arthur Engdahl and Evelyn Engdahl
6247 – 410^{TH} St. No.
North Branch, MN 55056

OWNER'S ADDRESS:

North Branch EDA
P.O Box 910
North Branch, MN 55056
Attn: Executive Director

BARRY ENGDAHL ADDRESS:

Barry Engdahl
41228 Goodview Ave No.
North Branch, MN 55056

5. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties hereto and the assigns, executors, heirs, and successors of the parties

6 Amendment, Modification, or Waiver. No amendment, modification, or waiver of any condition, provision, or term shall be valid or of any effect unless made in writing, signed by the party or parties to be bound or a duly authorized representative, and specifying with particularity the extent and nature of such amendment, modifications, or waiver Any waiver by any party of any default of another party shall not affect or impair any right arising from any subsequent default. Except as expressly and specifically stated otherwise, nothing herein shall limit the remedies and rights of the parties hereto under and pursuant to this Agreement.

7 Severable Provisions. Each provision, section, sentence, clause, phrase, and word of this Agreement is intended to be severable. If any provision, section,

sentence, clause, phrase, and word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

8 Captions, Headings, or Titles. All captions, headings, or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement as a limitation of the scope of the particular paragraphs or sections to which they apply.

9. Reference to Gender Where appropriate, the feminine gender may be read as the masculine gender or the neuter gender; the masculine gender may be read as the feminine gender or the neuter gender; and the neuter gender may be read as the masculine gender or the feminine gender.

10. Minnesota Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Minnesota.

11. Termination In addition to the termination provisions set forth in Paragraph 1 hereof, this Agreement may be terminated by (i) a written instrument signed by the parties hereto or their respective heirs, successors or assigns, or (ii) the Owner upon sixty (60) days written notice to the Occupants (or the survivor of the Occupants) of the occurrence of any of the events described in Paragraph 1 hereof (other than the death of the survivor of the Occupants or the occupancy by Barry Engdahl pursuant to Paragraph 3 hereof) or other default hereunder provided that during such sixty (60) days the Occupants fail to cure any default thereunder or fails to commence arbitration to resolve the issue of the Owner's right to so terminate this Agreement pursuant to Paragraph 11 hereof or (3) immediately upon the death of the survivor of the Occupants.

Upon the termination of this Agreement, the Occupants shall execute a quit claim deed or other instrument necessary to record evidence of such termination.

12. Arbitration. In addition to all other remedies available to the Owner, if a dispute arises, the Occupants and the Owner may demand that such dispute be resolved by final and binding arbitration before a single arbitrator to be agreed upon by Occupants and the Owner or failing such agreement, pursuant to rules for commercial arbitrations adopted by the American Arbitration Association Owners and Occupants will each pay one-half (½) of the cost of such arbitrator unless the arbitrator determines that such proceeding was brought or defended in bad faith whereupon the arbitrator may award all of his or her costs against such party who is determined to have acted in bad faith.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed effective the day and year first set forth above

OCCUPANTS:	**OWNER:** NORTH BRANCH EDA
By: Arthur C. Engdahl Arthur Engdahl	By: Rodney N. Lofquist Rodney Lofquist Its: Chairperson
By: Evelyn J. Engdahl Evelyn Engdahl	By: Bridgitte Konrad Bridgitte Konrad Its: Secretary

SEAL — ECONOMIC DEVELOPMENT AUTHORITY — CITY OF NORTH BRANCH — CHISAGO COUNTY

STATE OF MINNESOTA)
)SS.
COUNTY OF CHISAGO)

The foregoing instrument was acknowledged before me this 31st day of July, 2003, by Arthur Engdahl and Evelyn Engdahl, husband and wife

THOMAS F. MILLER
NOTARY PUBLIC - MINNESOTA
My Commission Expires 1-31-2005

Thomas F. Miller
Notary Public

STATE OF MINNESOTA)
)SS.
COUNTY OF CHISAGO)

The foregoing instrument was acknowledged before me this 31st day of July, 2003 by Rodney Lofquist and Bridgitte Konrad the Chairperson and Secretary, respectively, of the North Branch Economic Development Authority, a Minnesota political subdivision on behalf of the Authority.

Thomas F. Miller
Notary Public

THOMAS F MILLER
NOTARY PUBLIC - MINNESOTA
My Commission Expires 1-31-2005

THIS INSTRUMENT WAS DRAFTED BY:

Thomas F. Miller, Esq. (#155676)
Miller Law Office, P.A.
26357 Forest Boulevard, Suite 6
P.O. Box 807
Wyoming, MN 55092
Phone 651-462-0206

Legal Description

Lot 1, Block 2, North Branch Industrial Park, according to the plat thereof on file and of record in the office of the County Recorder in and for Chisago County, Minnesota.

OFFICE OF COUNTY RECORDER
Chisago County, Minnesota

I hereby certify that this document was filed in this office on 10/01/2003 at 4:05:00 PM and was duly recorded as document number A-414579
ELAINE OFTELIE – County Recorder, by ____Deputy
____p

Well Certificate ___ Received ___ Not Required

Fees:

ELECTRONIC FILING FEE	$ 50
EQUIPMENT FUND	1 00
STATE SURCHARGE	4 50
GENERAL ABSTRACT	14 00
Total	$20.00

Received from/return to
MILLER LAW OFFICE, PA
OAK POINT OFFICE CTR, STE 6
26357 FOREST BLVD, BOX 807
WYOMING, MN 55092

414579

CERTIFICATE OF TRUST

STATE OF MINNESOTA)
) ss.
COUNTY OF CHISAGO)

Arthur C. Engdahl and Evelyn J. Engdahl, being first duly sown on oath, say that·

1. The name of the Trust is: Evelyn J. Engdahl Revocable Trust dated April 21, 1999.

2 The date of the trust is April 21, 1999.

3. The name of each Grantor of the Trust is: Evelyn J. Engdahl.

4. The name of each original Trustee of the Trust is: Arthur C. Engdahl and Evelyn J. Engdahl.

5. The name of each Trustee empowered to act under the Trust Instrument at the time of execution of this Certificate is. Arthur C. Engdahl and Evelyn J. Engdahl.

6. The Trustee is authorized by the Instrument to sell, convey, pledge, mortgage, lease or transfer title to any interest in real or personal property, Except as limited as follows: NONE.

7. Other Trust provisions included by the Grantor or Trustee: NONE.

8 The Trust Instrument has not been terminated or revoked.

9. The Grantor has executed this document with the intention that it may be relied upon as a true and correct statement of provisions of the Trust Instrument as quoted herein. There are no other provisions in the Trust Instrument or amendments to it that limit the

powers of the Trustee to sell, convey, pledge, mortgage, lease, or transfer title to interests in real or personal property.

Dated this 31st day of July, 2003.

Grantor:

Arthur C. Engdahl

Evelyn J. Engdahl

Subscribed and sworn to before me this
<u>31st</u> Day of July, 2003.

Notary Public

JAMES HURD ANDERSON
NOTARY PUBLIC-MINNESOTA
My Commission Expires Jan 31, 2005

This instrument drafted by:

James H. Anderson
Stern & Anderson
247 Third Avenue South
Minneapolis, MN 55415

Schedule A

Parcel No. 1.

The East Half of the Northeast Quarter (E ½ of NE ¼) of Section Eight (8) and the Northeast Quarter of the Southeast Quarter (NE ¼ of Se ¼) of Section Eight (8), Township Thirty-five (35), Range Twenty-one (21) excepting the following parcel:

Beginning at the SE corner of said NE ¼ of Se ¼ of said Section 8, thence running North on the East line thereof a distance of 16 rods and 2 feet; thence West at right angles to said line a distance of 37 rods; thence South 16 rods and 2 feet to the South line thereof; thence East 37 rods, to the place of beginning

Parcel No. 2.

The part of the West Half of the Northwest Quarter (W ½ of NW ¼) of Section Nine (9), lying West of the right of way of the Northern Pacific Railway all of said Property lying and being in Township Thirty-five (35), Range Twenty-one (21)

Parcel No. 3.

The Northwest Quarter of the Northeast Quarter (NW ¼ of NE ¼) Section Eight (8), Township Thirty-five (35), Range Twenty-one (21) except the following described parcel: That part of the NW ¼ of NE ¼ of Section 8, Township 35 North, Range 21 West, which lies westerly of a line parallel with and distant 100' easterly of the following described line: Beginning at a point on the north line of said Section 8, distant 169 46 feet easterly of the north quarter corner of said Section 8, thence run southerly at an angle of 90°34'55" with said north section line (when measured from east to south) for 1418 67 feet and there terminating

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/13/2024

Board & Commission: Economic Development Authority

Subject: Discuss Downtown Storefront Rehabilitation Grant Program

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Overview / Background

The Economic Development Authority (EDA) budget for Fiscal Year 2024 included $75,000, allowing the EDA to establish a Storefront Rehabilitation Grant Program. Officially, the funding would be called Façade Improvement Matching Grant. The concept is to help incentivize façade restoration and enhancements by businesses and/or property owners that restore the "historic" existing buildings within a defined area. According to the attached draft program, the funding is set up as technically a 0% forgivable loan over a five (5) year term, with repayment waived 20% each year through the end of the term. At that time, the funding becomes a "grant." Should the property change hands at any time during the five (5) year timeline, the remaining balance would be due at the time of said transaction. The property owners would be required to agree to either a mortgage or some type of loan security.

The attached policy proposes funding covering 50% of the improvement cost up to $25,000. This would allow for up to three (3) "grants." Obviously, the EDA change that maximum. The EDA would have some discretion to approve a larger funding award to a business, if the project meets the program intent and also meets the program goals with the district, and also supports the vision and goals for the Central Business District / Downtown area. The program establishes guidelines and defines eligible and ineligible improvements for the funding, as well as maintenance requirements.

Funding is intended to restore the storefronts of the existing buildings to their original appearances as they existed at the time of their construction. Given the age of many of the buildings, and historic photos, those storefronts included large floor-to-ceiling windows with recessed doors. Most of the buildings were brick facades. A next step for this program is to track down historical images of the existing buildings within the boundaries; the Max Malmquist books are a great resource.

Although the focus is on restoration of existing buildings, the guidelines can serve as guidance to new buildings and/or restoration of newer buildings. Thus, the EDA would also have discretion to award funding to update and upgrade non-historic buildings within the district, but are still important to fund such improvements.

See the draft program details – program intent, guidelines and façade grant program details. Again, as the funding is established as a forgivable loan program, the attached documents are necessary to secure the public dollars invested in each project. These are consistently used by other cities that have similar programs. The City Attorney should review the program and attached mortgage and other security documents; the Attorney's Office may have other suggested documents, including a more simplified approach.

City staff are seeking comments and direction regarding the draft program.

Staff Recommendation

None.

Recommended Economic Development Authority Action

None.

Voting Requirements:

Voting Options **Simple Majority**

Guidelines for Rehabilitation of Existing Structures and Historic Façades

Background

Downtown North Branch is a traditional Main Street, featuring a variety of historic buildings occupied by small retail shops. It is generally located east of Interstate-35, between County Road 30 / Forest Boulevard and 6th Avenue. The historic core is part of the larger Central Business District zoning district, comprised of a mix of small businesses, public and institutional uses and single-family homes. The Downtown core area is more automobile-oriented with existing buildings that are small and older, finer-grained district features with storefronts fronting sidewalks and historic façades along Main Street.

The existing assets hold great potential for serving as an organizing force for the City's commercial, residential and economic development, and furthering the City's prosperity. Recognizing the vital role that downtowns play in a community's civic, cultural and economic life, the City is seeking to leverage these existing assets to develop and strengthen the City's "sense of place" and build a foundation for development and redevelopment that could take place in future years. This will be supported by a process of deciding what to protect, and what to encourage and discourage as a powerful and lasting markers for orienting Downtown's future evolution.

Desires for quality of life, healthy living and better local economies are showing that the future will belong to communities that can still function as small towns - communities that are walkable, with convenient connection to daily needs, with varied local businesses and institutions, a strong identity, and necessary resources available in a convenient location.

Places that are able to offer these qualities while also being located within convenient distance to larger urban centers will be the ones that attract Millenials, young families and retiring seniors alike - because of their sense of community, natural assets, cultural amenities, and sense of independence. Thus, North Branch is well-positioned for this future by leveraging its history to help redefine the community as a more desirable location for living and working.

Downtown Guidelines

Several of the buildings that affront Main Street / Minnesota Highway 95 are of significant, historic value to the Central Business District and its character. These structures offer opportunities for North Branch to build from its current assets, further its identity, and attract new visitors, residents and businesses. Unfortunately, over time, the majority of these buildings have had many of their architectural details and treatments covered up, altered or removed.

The purpose of these guidelines is to foster the rehabilitation of those historic structures, as well as guide possible new construction, along Main Street in the Central Business District – aka Downtown North Branch. The aim of this reinvestment strategy is to not just rehabilitate those buildings, but also highlight the unique character of Downtown, thereby revitalizing this important place to make it a more attractive destination for residents, businesses and visitors.

These guidelines apply to already-existing buildings built before 1960, and located along Main Street / Highway 95 between County Road 30 and 6th Avenue (east-west) and Elm Street and Maple Street (north-south). The same design characteristics shall also apply to new construction to ensure general consistency of theme for the Downtown area.

Goals for Building Rehabilitation

1. The City's pre-1960s buildings are cultural resources and assets to the cultural heritage of North Branch.
2. Historic buildings should be protected from negative impacts
3. Historic buildings should be rehabilitated and adaptively re-used when feasible

For the purposes of these guidelines, a structure built before 1960 is considered historic.

Purpose of Guidelines

The purpose of rehabilitation guidelines for buildings along the North Branch Main Street area is to define standard treatments for the exterior renovation, restoration and maintenance of pre-1960s buildings within the geographic extent of the district.

The guidelines aim to foster the restoration, repair and preservation of buildings' original exterior façades while incorporating updated materials and practices like thermal pane windows, and upgraded electrical circuitry, fire suppression and heating plants. The goal of the standards is to improve the Main Street area's commercial attractiveness and civic vitality by exhibiting the authentic qualities of the City's pre-1960s buildings.

The Guidelines Require:

1. Review and approval by Zoning Administrator of construction plans and building material samples.
2. Application of the guidelines when more than ten percent (10%) of a building's front or street facing side exterior is the subject of construction activities / modifications.
3. Use of authentic building materials (e.g., brick, cut / finished stone, painted steel, painted wood and transparent glass) when making repairs to or restoring pre-1960's buildings.
4. Restoration of the original building's doorway and window opening patterns and sizes when making repairs or updates to these components.
5. Restoration of the original building cornice and parapet detailing when making repairs or updates to these components.
6. Screening of rooftop mechanical equipment using materials matching or highly compatible with the building's exterior.
7. Exterior renovations and restorations to remove previously applied, non-original materials, awnings and signs.
8. Surface parking lots to be located to the rear and or non-street facing side of the building.

The Guidelines Allow:

1. Replacement of original single pane windows with thermal pane windows that match traditional Main Street architecture.
2. Replacement of wood frame doors and windows with steel or aluminum frame products.

3. Replacement of exterior decorative steel or wood moldings with High-Density Polyurethane, PVC, Glass Fiber Reinforced Polymer (GFRP / fiberglass), and Glass Fiber Reinforced Gypsum (GFRG).
4. Decorative doorway and window awnings in fabric or metal.
5. Externally illuminated projecting signs.
6. Externally illuminated wall signs within a traditional horizontal running upper sign band.
7. Internally illuminated indoor window signs not exceeding five (5) square feet.
8. Restoration of original, historic painted wall signs.
9. Installation of new painted murals of an artistic, non-advertising nature.

Activities that are allowed are those consistent with the historical era and context of the building, and that match or approximate historical images of a building's original storefront

The Guidelines Prohibit:
1. Infilling or covering over original window and door openings.
2. Mirrored , opaque or heavily tinted (greater than 20%) glass.
3. Substitution of nontraditional window types and style such as transom or awning windows substituted for double hung or fixed plate glass display windows.
4. Use of building materials that are not consistent with the history, era, materials or type of the buildings (e.g., use of lap or panel siding, EFIS as a primary material, brushed and polished metal panels (steel, aluminum), concrete block masonry units, etc.).
5. Significant changes (more than 5%) in doorway and window opening shapes and sizes .
6. Combining of adjacent building facades into a single, new façade.
7. Filling/obscuring more than 25% of display windows with signs, temporary and/or permanent.
8. Roof or cornice signs.
9. Free-standing pole or monument signs.

Façade Improvement Matching Grant Program

Purpose of Matching Grant

The purpose of the City of North Branch Façade Improvement Matching Grant Program ("Matching Grant") is to increase business and civic vitality in the North Branch Main Street area by providing economic incentives to improve the appearance of building façades and stimulate private investment in area buildings.

Program Oversight

The North Branch Economic Development Authority (EDA) shall oversee the Façade Improvement Matching Grant Program, including reviewing and approving grant applications, awarding funds, monitoring projects and funding, and other responsibilities as required by the program.

Eligibility to Apply for the Matching Grant Program

Building owners and commercial tenants, with property owner's approval, can apply for a City of North Branch Façade Improvement Matching Grant if all of the following conditions are met.

1. They are located within the City of North Branch Main Street area; see map.
2. The façade improvements are for a commercial business or commercial building.
3. The applicant is the property owner or a tenant with written permission from the property owner to make façade improvements to the building.
4. There are no delinquent bills, charges, or taxes due to the City.
5. The project results in permanent, external building improvements.
6. The property has conforming uses.

All façade improvements must follow the principles and guidelines of the City of North Branch Building Code, Zoning Code, and the Façade Improvement Matching Grant Program.

For-profit and not-for-profit entities are eligible to apply, as long as the grant is for a commercial building, including mixed-use buildings hosting both commercial and non-commercial uses.

A property owner who leases a commercial building for religious use is eligible to apply for the Matching Grant if the improvements do not promote the religious use and would remain in place regardless of changes in the tenant (e.g., tuckpointing, windows, lighting). Signs, stained glass windows, and murals, which would in typical cases be eligible, would be ineligible when used to promote a religious use.

Eligible and Non-Eligible Improvements

Eligible Improvements

The Matching Grant can be used for a wide variety of exterior, façade improvements. The work must be visible from a Main Street, along the building's front. Eligible improvements for the Matching Grants include:

- Exterior painting or re-siding
- Restoration of exterior finishes and materials
- Masonry repairs and tuck pointing
- Removal of architecturally inappropriate or incompatible exterior finishes and materials
- Restoration of architectural details or removal of materials that cover architectural details
- Repair, replacement, or installment of windows and doors (replacements must be architecturally compatible)
- Window and cornice flashing and repair
- Canopy or awning installation or repair
- Installation or repair of exterior signage
- Removal of barriers to access the building from the outside for people with disabilities
- Exterior lighting
- Window, wall, and hanging signs advertising the business name and identity

Ineligible Improvements

The following activities are not eligible for the Matching Grants:

- Improvements that are in progress or were completed prior to preliminary approval of the applicant's Matching Grants application
- Routine maintenance that is not part of an eligible façade improvement project

- Billboards
- Roofing
- Mechanicals and HVAC systems
- Interior work
- New construction
- Pylon, temporary, or roof signs
- Interior window displays
- Security systems (including metal roll down gates, window bars, cameras)
- Fire suppression / sprinkler systems
- Trash and mechanical enclosures
- Fencing
- Landscaping
- Parking areas
- Improvement to a building interior, rear, or side not visible from Main Street
- Purchase of property

Matching Grants Terms and Conditions

General Terms

Matching Grants range from a minimum of $5,000 to a maximum of $25,000 per storefront or building. All grants must be matched by the property owner. The Matching Grant will pay only for 50% of the total project costs, up to the $25,000 grant limit. The EDA reserves the right to adjust the grant award based on available funding and if the project meets an established vision, priority or goal of the Downtown area and/or Central Business District.

The Matching Grant is structured as a five (5) year loan with no payments, with 20% of the loan being forgiven each year for five (5) years. If there is a change of ownership of the building before the five (5) years, the balance of the loan must be repaid by the property owner, unless otherwise approved by the EDA.

The final design is subject to the review and approval of the North Branch EDA. All projects must comply with City ordinances, building standards and other laws. The North Branch EDA has the right to terminate any agreement under the Façade Improvement Matching Grant Program if a participant is found to be in violation of any conditions set forth in these guidelines, or if work is not completed within required timelines.

In addition, the following requirements apply:

- A signed and approved grant agreement is required for the applicant to be eligible to receive any funding from the Façade Improvement Matching Grant Program.
- The Property Owner must consent to a mortgage.
- All work must be done in accordance with all local, state, and federal building codes, the City of North Branch Zoning Code, Downtown Design Guidelines, other applicable Downtown standards, and the rules and regulations for the Façade Improvement Matching Grant Program
- Labor costs are only eligible to be covered by the grant if the labor is done by a third party who has no financial interest in the building (i.e. the building owner may not receive funds for labor that he/she completed on the project).

- All construction must be made in strict compliance with any approval plans and applicable local, state and federal rules and regulations.
- All work must be completed within 6 months from the date the grant is approved by the City and any applicable agreements, as required by the City, are executed

Design Guidelines

All proposals/applications are required to follow the **Guidelines** as stated above. These Guidelines ensure the appropriateness of the proposed work, and provide for compatibility with buildings and urban fabric of the North Branch Main Street area.

Building Maintenance Requirements

Buildings receiving Matching Grant funds must receive proactive maintenance to ensure that the Matching Grant investment is protected and leading to the intended outcome for individual buildings and the Main Street area overall.

Maintenance activities include, but are not limited to:

- Upkeep / painting of trim if peeling, fading, and/or flaking conditions exist
- Staining of wood surfaces if fading
- Tuck pointing may be required if loose mortar or brick exists
- Stucco repair may be required if cracked, falling, or discolored conditions exist
- Awning replacement or removal may be required if faded, torn or otherwise in disrepair
- Windows should be in good repair, caulked and sealed as necessary
- Buildings receiving funds from the Matching Grant Program will be inspected once per year by a City staff representing the program, on or around the anniversary date of the receipt of funds, to ascertain that proactive maintenance is being duly completed and that the City's investment is being properly stewarded by the building's owner.
- Failure to adequately maintain the building and its associated improvements and to promptly respond to lawfully issued citations will result in termination of the Matching Grant loan, and the balance of the loan must be repaid by the property owner.

FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

APPLICANT / OWNER INFORMATION	
Full Name:	
Address:	
Phone:	
Email:	

BUSINESS INFORMATION			
Name of Business Owner:			Same As Applicant
Name of Business:			
Name of DBA:			

PROPERTY INFORMATION				
Site Address:			PID	
Building Status:		Owner Occupied		Tenant Lease
Use Type:				
Current Land Use:				
Current Zoning:				

FAÇADE IMPROVEMENTS							
	Full Restoration		Masonry Repairs		General Maintenance		Windows & Doors
	Canopy & Awnings		Signage & Lighting		Other:		

PROJECT COST & TIMELINES					
PROJECT ESTIMATES *(Detailed opinion of probable cost required.)*					
Total Project	Eligible Costs	Private Match	Request	Start Date	Completion Date
$	$	$	$	/ /	/ /
CITY REVIEW					
Total Project	Eligible Costs	Private Match	Public Match	Grant Maximum	Review Date
$	$	$	$	$20,000.00	/ /

ARCHITECT/ CONTRACTOR INFORMATION	
Company Name:	
Company Contact:	
Address:	
Phone:	
Email:	

PROJECT SUMMARY
In the space below provide a brief description of the proposed project (attach an additional sheet if necessary).

FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

PROGRAM TERMS & CONDITIONS

PROGRAM FUNDING

Matching Grants range from a minimum of $5,000 to a maximum of $20,000 per storefront or building. All grants must be matched by the property owner. The Matching Grant will pay for only 50% of the total eligible project costs, up to the $20,000 grant limit. The approved Matching Grant amount will only be paid by the City upon completion of the work, and a formal written request for payment and final invoice is provided by the Applicant to the City.

TERMS & CONDITIONS

The Matching Grant is structured as a 5-year loan with no payments, with 20% of the loan being forgiven each year for 5 years. If the building is sold before 5 years, the balance of the loan must be repaid by the Applicant.

The City of North Branch has the right to terminate any agreement under the Façade Improvement Matching Grant Program, if an Applicant is found to be in violation of any conditions set forth in these guidelines, or if work is not completed within required timelines. If terminated by the City, the City shall not be obligated to make any payment to the Applicant. If at any point after the project is completed, the Applicant is found to have violated the terms and conditions of the Program or Grant Agreement with the City, the Applicant shall be responsible for repaying 100% of the Matching Grant to the City.

PROGRAM REQUIREMENTS

1. A signed and approved Grant Agreement is required for the applicant to be eligible to receive any funding from the Façade Improvement Matching Grant Program.
2. All work must be done in accordance with all local, state, and federal building codes, the City of North Branch Zoning Code, Downtown Design Guidelines, other applicable Downtown standards, and the rules and regulations for the Façade Improvement Matching Grant Program.
3. Labor costs are only eligible to be covered by the grant if the labor is done by a third party who has no financial interest in the building (i.e. building owners may not receive funds for labor that they completed on the project).
4. All construction must be completed in strict compliance with any approved plans and applicable local, state and federal rules and regulations.
5. All work must be completed within 6 months from the date the grant is approved by the City and any applicable agreements, as required by the City, are executed.
6. The Applicant may not assign the program obligations and/or payment of the Matching Grant to any other party or person.

FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

ACKNOWLEDGEMENT

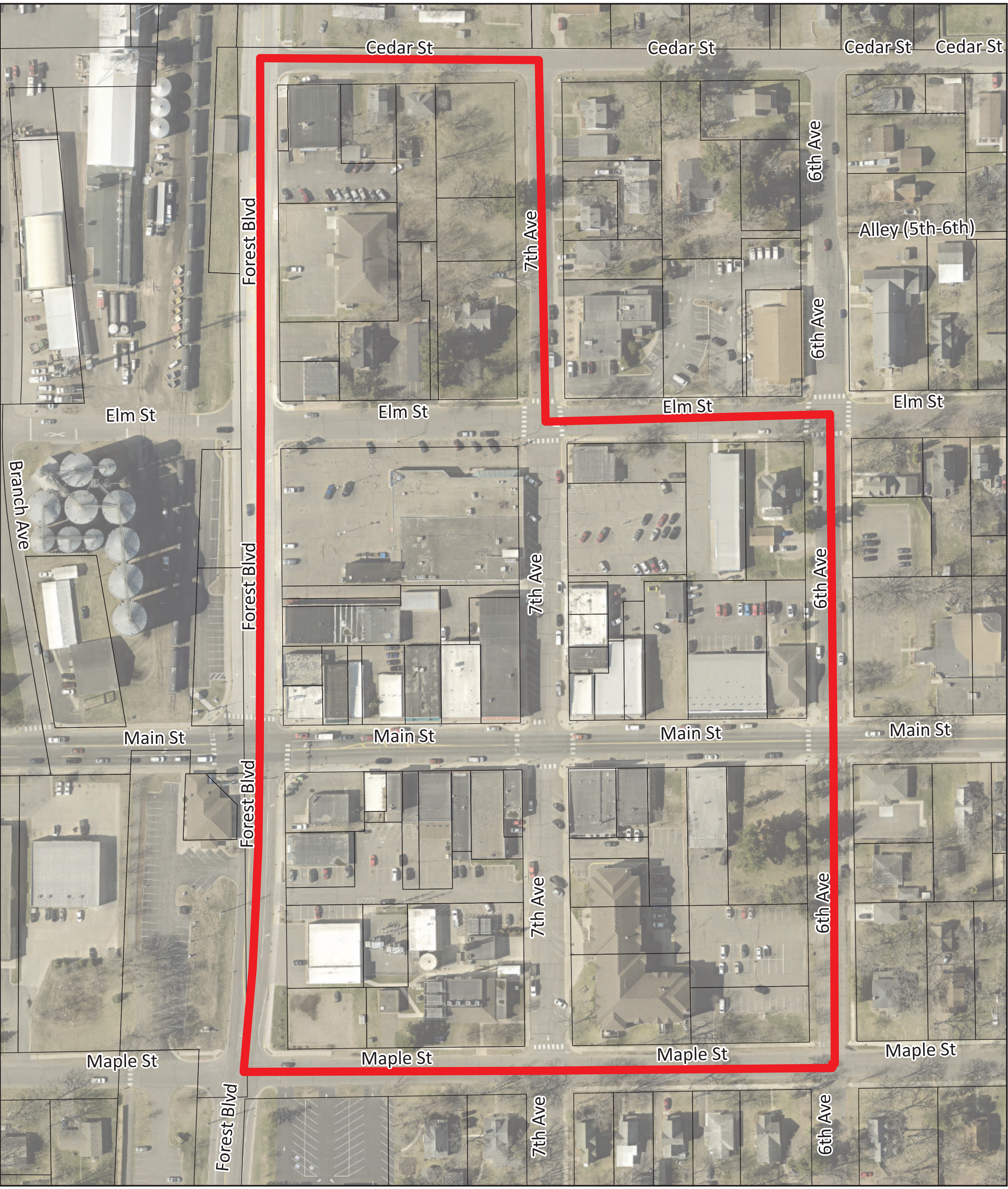
APPLICANT STATEMENT

I acknowledge the Program Terms and Conditions, as stated herein, and to the best of my knowledge, all of the applicable materials and documents and information I have submitted are true and correct. I have read the Façade Improvement Matching Grant Program and Terms and Conditions, and understand the rules and regulations as set therein. I agree to hold harmless and indemnify the City, and its officers and employees, for any claims for damage to property or injury to persons which may be occasioned by any activity carried on under the terms of this license.

______________________________ ______________

Applicant Signature *Date*

REQUIRED ATTACHMENTS	
Financial	Project budget with Opinion of Probable Cost and/or detailed, line-item estimate.
Architectural Drawings	Scaled drawings of proposed façade improvements with color renderings.
Photos	Pictures of current storefront.
Other	Other information as may be required by the City.



CITY OF NORTH BRANCH
EST. 1881

Downtown Storefront Facade Rehab Grant Program District

N

ENVIRONMENTAL INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of the ___ day of _____, 20__, by _____, a Minnesota limited liability company (the “Borrower”) and City of North Branch, Minnesota, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota (“Lender”).

RECITALS

A. Lender has agreed to lend to Borrower the sum of up to $_____ (the “Loan”).

B. The Loan is secured by, among other things, a Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement dated even herewith (the “Mortgage”) pertaining to certain land described in the Mortgage and improvements thereon (collectively, the “Property”) owned by the Borrower and located in Chisago County, Minnesota.

C. Lender has refused to make the Loan to Borrower unless this Agreement is executed and delivered by Borrower.

AGREEMENT

NOW, THEREFORE, in consideration of Lender’s agreement to make the Loan to Borrower, Borrower hereby warrant and represent to, and covenant and agrees with, Lender as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “Environmental Regulation” means a Law relating to the environment and/or to human health or safety, or governing, regulating or pertaining to the generation, treatment, storage, handling, transportation, use or disposal of any Hazardous Substance.

(b) “Hazardous Substance” means any substance or material defined in or governed or regulated by any Environmental Regulation as a dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance, and also expressly includes urea-formaldehyde, polychlorinated biphenyls, dioxin, radon, lead-based paint, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, including but not limited to crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas, and any other waste, material, substance, pollutant or contaminant the presence of which on, in, about or under the Property would subject the owner or operator thereof to any damages, penalties, fines or liabilities under any applicable Environmental Regulation.

(c) "Law" means any federal, state or local law, statute, code, ordinance, rule, regulation or requirement.

2. Warranties and Representations. Borrower warrants and represents to Lender that to Borrower's knowledge, and except as otherwise described in documents identified on Exhibit A attached hereto:

(a) There is not located on, in, about or under the Property any Hazardous Substances except for Hazardous Substances of the type ordinarily used, stored or manufactured in connection with the operation of the Property as it is presently operated, and such existing Hazardous Substances have been and are used, stored and manufactured in compliance with all Environmental Regulations.

(b) The Property is not presently used, and has not in the past been used, as a landfill, dump, disposal facility or gasoline station, or for industrial, manufacturing or military purposes, or for the storage, generation, production, manufacture, processing, treatment, disposal, handling, transportation or deposit of any Hazardous Substances.

(c) There has not in the past been, and no present threat now exists of, a spill, discharge, emission or release of a Hazardous Substance in, upon, under, over or from the Property or from any other property which would have an impact on the Property.

(d) The Property is in compliance with, and there are no past or present investigations, administrative proceedings, litigation, regulatory hearings or other actions completed, proposed, threatened or pending, alleging noncompliance with or violation of, any Environmental Regulations respecting the Property, or relating to any required environmental permits covering the Property.

(e) Borrower has disclosed to Lender all reports and investigations commissioned by or in the possession or control of Borrower and relating to Hazardous Substances and the Property.

(f) There are not now, nor have there ever been, any above ground or underground storage tanks located in or under the Property. All storage tanks identified on Exhibit A have been registered and/or permitted as required by Environmental Regulations, and evidence of such registration and/or permitting has been given to Lender. There are no wells on or under the Property, except as identified on Exhibit A.

3. Covenants and Agreements. Borrower covenants and agrees as follows:

(a) Except for substances normally used for maintenance or operation of the Property which are used, stored and disposed of in accordance with all applicable Environmental Regulations and except as identified on Exhibit A, Borrower shall not, nor shall it permit others to, place, store, locate, generate, produce, create, process, treat, handle, transport, incorporate, discharge, emit, spill, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Property. Borrower shall cause all Hazardous Substances found on or under the Property, which are not permitted under the foregoing sentence, to be properly removed therefrom and properly disposed of at Borrower's cost and expense. Borrower shall not install or permit to be installed any underground storage tank on or under the Property. Borrower shall give written notice to Lender prior to a change in the operations on the Property.

(b) In the event that (i) Lender reasonably believes that a violation of an Environmental Regulation may have occurred in connection with the Property; (ii) Lender receives notice from Borrower or otherwise has knowledge that an event described in subparagraph 3(d) has occurred; (iii) Lender reasonably believes that a representation or warranty of Borrower in Paragraph 2 was untrue in any material respect when made or has become untrue in any material respect; (iv) Lender receives notice from Borrower or otherwise has knowledge of a change in operations on the Property and Lender reasonably believes that the new operations may entail the presence of more or different Hazardous Substances on the Property; or (v) Lender reasonably believes that Hazardous Substances are present on the Property which were not previously known by Lender to be present on the Property; then, in any such event, Borrower shall at their cost obtain and deliver to Lender an environmental review, audit, assessment and/or report relating to the Property or shall have any previously delivered materials updated and/or amplified, by an engineer or scientist selected by Borrower and acceptable to Lender; if Borrower fail to do so within 45 days after such request is made, Lender shall have the right to do so, in which event Borrower shall reimburse Lender for the cost incurred by Lender in doing so within 10 days following demand therefor by Lender.

(c) Borrower shall, promptly after obtaining actual knowledge thereof, give notice to Lender of: (i) any activity in violation of any applicable Environmental Regulations relating to the Property, (ii) any governmental or regulatory actions instituted or threatened under any Environmental Regulations affecting the Property, (iii) all claims made or threatened by any third party against Borrower or the Property relating to any Hazardous Substance or a violation of any Environmental Regulations, (iv) discovery by Borrower of any occurrence or condition on or under the Property or on or under any real property adjoining or in the vicinity of the Property which could subject Borrower, Lender or the Property to a claim under any Environmental Regulations. Any such notice shall include copies of any written materials received by Borrower.

(d) Any investigation or any remedial or corrective action taken with respect to the Property shall be done under the supervision of a qualified consultant, engineer or scientist acceptable to Lender who shall, at Borrower's cost and at the completion of such investigation or action, provide a written report of such investigation or action to Lender. Borrower shall also provide Lender with a copy of any interim reports prepared in connection with any such investigation or action.

(e) If the Property has, or is suspected to have, asbestos or asbestos containing materials ("ACM") which, due to its condition or location or due to any planned building renovation or demolition, is recommended to be abated by repair, encapsulation, removal or other action, Borrower shall promptly carry out the recommended abatement action. If the recommended abatement includes removal of ACM, Borrower shall cause the same to be removed and disposed of offsite by a licensed and experienced asbestos removal contractor, all in accordance with Environmental Regulations. Upon completion of the recommended abatement action, Borrower shall deliver to Lender a certificate, signed by an officer of Borrower and the consultant overseeing the abatement action, certifying to Lender that the work has been completed in compliance with all applicable laws, ordinances, codes and regulations (including without limitation those regarding notification, removal and disposal) and that no airborne fibers beyond permissible exposure limits remain on site.

(f) After an Event of Default (as defined in the Loan Agreement between the Borrower and the Lender dated an even date herewith), Lender shall have the right, after 10 days' prior written notice to Borrower, to have an environmental review, audit, assessment, testing program and/or report with respect to the Property performed or prepared by an environmental engineering firm selected by Lender. Borrower shall provide reasonable access to the Property to such environmental engineering firm during normal business hours to conduct such review. Borrower shall reimburse Lender for the cost incurred for each such action within 10 days following demand therefor by Lender.

4. Indemnity. The Borrower shall indemnify Lender, any participant of Lender, its and their directors, officers, employees, agents, contractors, licensees, invitees, and the respective heirs, legal representatives, successors and assigns of all such persons and parties (hereinafter collectively referred to as "Indemnified Parties") against, shall hold the Indemnified Parties harmless from, and shall reimburse the Indemnified Parties for, any and all loss, damage, liability, cost and expense directly or indirectly incurred by the Indemnified Parties, including reasonable attorneys' and consultants' fees, resulting from: (a) the presence or discovery of any Hazardous Substance in, upon, under or over, or emanating from, the Property, whether or not the Borrower is responsible therefor, and whether or not it was placed, located, deposited or released by the Borrower, or (b) any violation of any Environmental Regulation, or both (a) and (b). Borrower agrees that the Indemnified Parties shall have no responsibility for, and Borrower hereby releases the Indemnified Parties from responsibility for, damage or injury to human health, property, the environment or natural resources caused by Hazardous Substances and for abatement, clean-up, detoxification, removal or disposal of, or otherwise with respect to, Hazardous Substances. The indemnity contained in this paragraph 4 shall be deemed continuing for the benefit of the

Indemnified Parties, including any purchaser at a foreclosure or other sale under Mortgage, any transferee of the title from Lender, and any subsequent owner of the Property, and shall survive the satisfaction or release of the Mortgage, any foreclosure of or other sale under the Mortgage and/or any acquisition of title to the Property or any part thereof by Lender, or anyone claiming by, through or under Lender, by deed in lieu of foreclosure or otherwise, and also shall survive the repayment or any other satisfaction of the Loan. Notwithstanding the foregoing, the indemnity contained in this paragraph 4 shall not apply with respect to any loss, damage, liability, cost or expense which Borrower prove by a preponderance of the evidence was caused solely by or resulted solely from any act or omission of any person, other than the Borrower or an agent, employee, invitee, guarantor, or contractor of the Borrower, which occurred after Lender or anyone claiming by, through or under Lender acquired title to the Property by foreclosure of Mortgage or deed in lieu of foreclosure or otherwise and control of the Property. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the rate set forth in the promissory note evidencing the Loan, and shall be payable on demand. Borrower agrees that their obligations under this Agreement are separate from, independent of, and in addition to their obligations, if any, under the Mortgage and other documents which secure the Loan.

5. Liability. The liability of Borrower under this Agreement shall not be subject to any limitations on liability set forth any document evidencing or securing the Loan. Without limitation, the obligations and liability of Borrower under this Agreement shall in no way be waived, released, discharged, reduced, mitigated or otherwise affected by Lender's making of the Loan with knowledge of the matters described in documents identified on Exhibit A attached hereto, or of the presence of any Hazardous Substance on, in, about or under the Property or any property adjoining or in the vicinity of the Property, or of any violation of any Environmental Regulation or any condition or state of facts or circumstances which with notice or lapse of time or both might ripen into such a violation, or by any neglect, delay or forbearance of Lender in demanding, requiring or enforcing payment or performance of the obligations and liability of Borrower hereunder, or by the receivership, bankruptcy, insolvency or dissolution of Borrower, or any affiliate thereof. No action or proceeding brought or instituted under this Agreement, and no recovery made as a result thereof, shall be a bar or a defense to any further action or proceeding under any other agreement. Borrower shall reimburse Lender and the other Indemnified Parties for all attorneys' fees and expenses incurred in connection with the enforcement of the Indemnified Parties' rights under this Agreement, including those incurred in any case, action, proceeding or claim under the Federal Bankruptcy Code or any successor statute.

6. Notices. Any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent in accordance with the provisions of the Loan Agreement.

7. Governing Law and Construction. The validity, construction and enforceability of this Agreement shall be governed by the laws of the State of Minnesota, without giving effect to conflict of laws or principles thereof, but giving effect to federal laws of the United States applicable to national banks. Whenever possible, each provision of this Agreement and any other statement, instrument or transaction contemplated hereby or relating hereto, shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be

ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto.

8. Consent to Jurisdiction. At the option of Lender, this Agreement may be enforced in any Federal Court or State Court sitting in Chisago County, Minnesota; and Borrower consents to the jurisdiction and venue of any such Court and waives any argument that venue in such forums is not convenient. In the event Borrower commences any action in another jurisdiction or venue under any tort or contract theory arising directly or indirectly from the relationship created by this Agreement, Lender at its option shall be entitled to have the case transferred to one of the jurisdictions and venues above-described, or if such transfer cannot be accomplished under applicable law, to have such case dismissed without prejudice.

9. Waiver of Jury Trial. Borrower and Lender irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or any of the Loan documents (as that term is used in the Loan Agreement) or the transactions contemplated hereby or thereby.

10. Binding Effect; Gender. This Agreement shall inure to the benefit of Lender, and the Indemnified Parties, and shall bind Borrower and theirs heirs; executors, administrators, personal representatives, legal representatives, successors and assigns. The obligations of Borrower under this Agreement shall be enforceable in all events against Borrower, their heirs, executors, administrators, personal representatives, legal representatives, successors and assigns, and each of them, jointly and severally, and shall be enforceable, in the event of the death of a Borrower, as a claim against his or her estate or otherwise against the representatives of his or her estate, the heirs-at-law, the devisees and beneficiaries of the total estate and each of them. The use of any gender herein shall include all other genders.

11. Counterparts. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

[Signature Pages Follow]

BORROWER:

[ENTITY NAME]

By: ___________________________________
Its: ____________________________

By: ___________________________________
Its: ____________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

The foregoing instrument was acknowledged before me on _______________, 20__, by _______________, the ______________, and by _______________, the ______________, of ______, a Minnesota limited liability company, on behalf of the limited liability company.

____
Notary Public
My Commission Expires:

LENDER:

NORTH BRANCH
ECONOMIC DEVELOPMENT AUTHORITY

By: ___________________________
Its: EDA Executive Director

By: ___________________________
Its: EDA Chair

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

The foregoing instrument was acknowledged before me on ______________, 20__, by ____________, the EDA Executive Director, and ____________, the EDA Chair, of the City of North Branch, Minnesota, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota, on behalf of the city.

____
Notary Public
My Commission Expires:

EXHIBIT A

Environmental Disclosure Documents

[Borrower to insert]

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is made effective as of _____, 20__, by and between__________________, a Minnesota _______ ("Borrower"), and the City of North Branch, MN a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota ("Lender").

RECITALS

A. The Borrower has applied to the Lender for a loan for the purposes of making alterations and improvements to the property at [Address], North Branch, MN 55056 ("Property") and subsequently was approved of the loan at the DATE meeting of the North Branch City Council.

B. To foster said rehabilitation and improvements to the Property, Lender has authorized the use of proceeds from the sale of the Property for the purposes of this loan.

C. Borrower applied for and was awarded by the Lender's City Council an award in the total amount not to exceed $_____.

D. Lender now makes the Loan to Borrower subject to all of the terms and conditions of this Agreement.

E. Contemporaneously with the execution hereof, Borrower is delivering to Lender the following security documents:

(i) A Promissory Note ("Note") effective as of the date herewith made by Borrower and payable to the order of Lender, in the original principal amount of $_____; and

(ii) Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement securing the Note ("Mortgage"). The Mortgage is of even date herewith, is executed by Borrower, as mortgagor, in favor of Lender, as mortgagee, and covers the Loan Property as well as a security interest in certain other property described therein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, it is hereby agreed as follows:

1. Amount and Purpose of Loan. Borrower agrees to take and Lender agrees to make a loan in the principal amount of _____ and No/100s Dollars ($_____) to be advanced in a single disbursement as hereinafter provided, the Loan will be evidenced by the Note and secured by the Mortgage and any other security document required under this Agreement. The Loan proceeds will be used only towards the cost of improving the Property, which includes addition and build-out of a commercial kitchen, façade improvements, repairs, interior improvements, parking lot improvements, and other similar site improvements as deemed appropriate by the Lender.

2. The Project. For the purposes of this Agreement, the term "Property" means the real estate described in the Mortgage together with all improvements now located or hereafter placed thereon. Borrower agrees to improve the Property as part of [Provide Brief Description of Property Use and Project], substantially in accordance with plans and specifications which have been provided to and approved by Lender by Resolution No. R-_____ on [Date] ("Project"). Borrower will commence construction on the Project and will carry on continuously, diligently, and with reasonable dispatch the construction of the Project to full and final completion not later than _____, 20__. Failure to complete the Project on or before _____, 20__ shall be a default hereunder.

3. Documents to be Delivered. Borrower covenants and agrees to immediately cause the compliance with the following conditions:

(a) Note. Deliver to Lender the Note.

(b) Mortgage. Deliver to Lender the Mortgage, together with evidence that the Mortgage has been or will be duly filed for record.

(c) Environmental Indemnification Agreement. Deliver to Lender the Environmental Indemnification Agreement.

(d) Organizational Documents and Resolutions. Deliver to Lender copies of the (i) articles of organization for Borrower certified by the Minnesota Secretary of State, (ii) certificate of good standing for Borrower issued by the Minnesota Secretary of State; (iii) Borrower's operating agreement, member control agreement and bylaws; and (iv) certified resolutions of Borrower authorizing the execution and delivery of the Mortgage and any other document to be executed by Borrower pursuant to this Agreement.

(e) Project Cost and Source of Funds Certificate. Deliver to Lender a sworn certificate detailing costs and sources of funds to be utilized for the Project ("Project Cost Certificate"), in a form acceptable to Lender, verified on oath by an authorized representative of Borrower showing an itemized breakdown of: (i) the source and amount of all Project funds; and (ii) of the total cost of the Project. Not less than 50% of the Project funds must come from a source other than the Loan proceeds. Borrower shall deliver to Lender lien waivers, receipts for payment and other evidence of payment acceptable to Lender with respect to any such portion of costs and charges incurred through the date of the Project Cost Certificate.

(f) Insurance. Deliver to Lender: (i) a certificate or policy for all insurance required, under the terms hereof to be maintained by Borrower; and (ii) evidence that no part of the Loan Property is located in an area designated as being a flood plain or flood hazard area as defined by the Flood Hazard Boundary Map published by the Federal Insurance Administration.

(g) Compliance with Laws, Etc. Deliver to Lender such evidence as Lender may require as to the compliance of the Loan Property and the Improvements with: (i) all applicable laws, codes, rules, regulations and ordinances, including, without limitation, those relative to environmental protection, protection of wetlands, building and zoning matters and the Americans with Disabilities Act; and (ii) the requirements of any restrictive covenants, conditions and restrictions; conditional use permit or planned unit development applicable to the Loan Property.

(h) Hazardous Substances. Deliver to Lender evidence acceptable to Lender, that: (i) the Loan Property has not been used as a hazardous waste storage facility or burial site; (ii) the soil is free from hazardous waste, hazardous substances, pollutants, and contaminants; and (iii) no hazardous waste, hazardous substance, pollutant, or contaminant has been used in the construction or use of any building or other improvement on the Loan Property. For purposes of this subparagraph, the terms "hazardous waste," "hazardous substances," "pollutants" and "contaminants" shall include, but not be limited to, polychlorinated biphenyls (PCBs), asbestos, petroleum products and any other chemical or substance determined to be a hazard to human health or the environment.

Lender may waive any of the above requirements in its sole discretion.

4. Disbursement of Loan. Lender will, within a reasonable time after such notification, inspect the Loan Property in order to determine whether the conditions set forth in Section 2 have been satisfied. If Lender determines that the conditions set forth in Section 2 have not been satisfied, Lender will provide a written statement indicating any deficiencies to be remedied by Borrower and Borrower shall remedy such deficiencies diligently and with reasonable dispatch to completion. If Lender determines that the conditions set forth in Section 2 have been satisfied, Lender will provide a written statement of completion. Not later than 30 days after Lender provides a written statement of completion of the Project, Borrower shall deliver to Lender: (i) a final Project Cost Certificate; and (ii) evidence acceptable to Lender that Borrower has paid all costs of the Project, including without limitation evidence that Borrower has expended its own funds on the Project in an amount at least equal to the amount of the Loan. Upon receipt by Lender of the foregoing and all of the items required pursuant to Section 3 above in the form and condition required therein Lender agrees to disburse the Loan proceeds to Borrower in an amount not to exceed the lesser of (a) the matching funds of the Borrower for the costs of the Project or (b) $30,000 plus the amount of the BDI Grant Funds actually received from the County.

5. Façade Grant Program Requirements and Covenants.

(a) Façade Grant Program. The Loan is made pursuant to Lender's Façade Grant Program which provides matching grants for eligible façade improvements. The matching grants are structured as 5-year no-interest forgivable loans, whereby 20% of the total loan amount is forgiven after each year. From and after _____, 20__ (the "Closing Date") through and until the Conversion Date (as defined below), Borrower shall not be required to make any payments of principal or interest.

(b) Guidelines. The Loan shall be forgiven as set forth below if Borrower meets all of the following requirements:

(i) Timely Completion of Project. All work on the Project must be completed by _____, 20__ in accordance with and subject to the guidelines of the the Façade Grant Program as part of [Provide Brief Description of Property Use and Project], substantially in accordance with plans and specifications which have been provided to and approved by Lender by Resolution No. R-_____ on _____, 20__ and Borrower shall have satisfied the conditions for disbursement in accordance with Section 4 hereof.

(ii) Transfer. Through _____, 20__, Borrower shall not sell, transfer, lease, or convey the Loan Property or any part of it, or any interest therein, or encumber the Loan Property or any part of it, in any manner, without written consent of Lender, which consent may be granted or withheld in the sole discretion of Lender. This requirement shall apply to each and every sale, transfer, lease, or conveyance, whether voluntary or involuntary and whether or not Lender has consented to any such prior sale, transfer, lease, or conveyance.

(iii) Maintenance. Borrower must adequately maintain the Loan Property as detailed in the Façade Grant Program guidelines (the "Maintenance Guidelines"). For the term of the Loan, Lender will inspect the Loan Property annually to ensure compliance with the Maintenance Guidelines. Failure to comply with the Maintenance Guidelines and to promptly respond to lawfully issued citations from Lender related to maintenance of the Loan Property, shall result in conversion as contemplated in paragraph (d) of this Section.

(iv) No Defaults. As of each Determination Date, there are no defaults under this Agreement or any other agreement between Lender and Borrower which is beyond any notice and cure period.

(c) Compliance Determination. On _____, 20__ and on each _____ thereafter through and including _____, 20__ (each a "Determination Date"), Lender will determine, in its sole and absolute discretion, whether Borrower has fully and timely complied with the requirements of this Section 4 as of such date. Borrower will promptly provide all such documentation as Lender reasonably requests in Lender's effort to determine whether Borrower has timely complied with the requirements of this Section 5. If Lender determines, in its sole and absolute discretion, that Borrower has fully and timely complied with the requirements of this Section 5 as of such date, as strictly interpreted, Lender will forgive $_____ of the principal amount of the Loan as of each such Determination Date and the principal balance of the Loan and the Note shall be deemed reduced and outstanding in the following amounts as of each Determination Date:

The terms and conditions of this Loan Agreement and any other related loan document and Borrower's obligations thereunder shall continue until the Loan is repaid in full.

(e) Final Maturity. Within a reasonable time after full and final payment or forgiveness of the Loan, Lender will return the Note to Borrower and will provide a satisfaction and release of the Mortgage and a termination of its financing statement.

6. Access to Loan Property. Lender and its respective representatives shall have at all reasonable times the right to enter and have free access to the Loan Property and the right to inspect the Loan Property.

7. Books and Records. Borrower agrees to maintain accurate and complete books, accounts, and records in regard to the Loan Property in a manner reasonably acceptable to Lender. Lender, acting solely through its municipal or financial advisor, shall have the right to inspect, examine and copy all such books and records of Borrower and Borrower shall, at Lender's request, furnish such information solely to Lender's municipal or finance advisor, as may reasonably be demanded. Borrower will not be required to provide its books and records directly to Lender.

8. Time of Essence. Time is of the essence in the performance of this Agreement.

9. Assignability. Borrower shall not assign this Agreement without the prior written consent of Lender, which consent may be withheld, conditioned, or delayed in Lender's sole discretion. Lender may freely assign or otherwise transfer (including by participation) all or any part of its interest in the Loan or any or all of the Loan documents, at Lender's sole discretion.

10. Miscellaneous Covenants of Borrower. Borrower covenants and agrees with Lender that, without cost to Lender, Borrower will:

(a) Performance of Conditions. Promptly keep, perform and comply with all of the terms, covenants and conditions to be kept and performed by Borrower as required by the City of North Branch (the "City") and any other governmental body having jurisdiction over the Loan Property as a condition of platting, rezoning or developing the Loan Property; keep unimpaired the rights of Borrower under any permit or agreement issued or made by the City or other governmental body having jurisdiction over the Loan Property and any contracts obtained or held by Borrower in connection with the construction of the Project; and to enforce the prompt performance of all of the terms, covenants and conditions to be kept and performed by the City or other governmental body having jurisdiction over the Loan Property, respectively, under any permits or agreements issued or made by the City or such other governmental bodies, and any contractors under all contracts obtained or held by Borrower in connection with construction of the Project or Borrower's business.

(b) Amendment, Etc. of Documents. Not amend, cancel, terminate, supplement, or waive any of the material terms, covenants, and conditions of any permit or agreement issued or made by the City or any other governmental body having jurisdiction over the Loan Property, or any other contracts obtained or held by Borrower in connection with the construction of the Project or any contracts, documents or agreements referred to herein without the prior written approval of Lender. Borrower will provide to Lender complete documentation concerning any change made to the Project.

(c) Performance of Note, etc. Without limiting the foregoing, keep and perform all of the terms, covenants, conditions and requirements of the Note and this Agreement.

(d) Insurance. During the term of this Agreement, Borrower shall procure and maintain or cause to be procured and maintained at its sole expense, casualty insurance, public liability insurance and such other types of insurance as are reasonably required by Lender from time to time, including, without limitation, the coverages expressly required by the Mortgage, insuring Lender and Borrower with coverages, in amounts and with companies satisfactory to Lender. The policy or policies or duly executed certificate or certificates for such insurance and renewals or replacements thereof shall be deposited with Lender.

(e) Pay Fees. Pay at closing, or within 30 days of written notice from the Lender, all loan charges including, but not limited to: (i) Lender's attorneys' fees; and (ii) filing fees of any instruments required under this Agreement.

(f) Default Notices. Provide Lender with a copy of any default notice received by the Borrower, pursuant to any documents related to any financing secured by the Loan Property or any governmental authority, promptly after receipt of the same.

(g) Continual Operation. At all times while any portion of the Loan remains outstanding, Borrower will: (i) maintain its status as a for profit entity; and (ii) will operate its business from the Loan Property in a first-class manner (from and after issuance of the Certificate of Occupancy for the Loan Property).

11. Warranties. Borrower represents and warrants to Lender the following:

(a) The Borrower is a limited liability company duly formed, validly existing, and in good standing under the laws of the State of Minnesota.

(b) The making and performance of this Agreement and the execution and delivery of the Note, the Mortgage, and any other instrument required hereunder are within the powers of Borrower and have been duly authorized by all necessary organizational action on the part of Borrower. This Agreement and the Note, the Mortgage, and any other instruments required hereunder have been duly executed and delivered and are the legal, valid, and binding obligations of Borrower enforceable in accordance with their respective terms.

(c) No litigation, tax claims or governmental proceedings are pending or threatened against Borrower or the Loan Property, and no judgment or order of any court or administrative agency is outstanding against Borrower or the Loan Property which would have a material adverse effect on Borrower or the Loan Property.

(d) Borrower have filed all tax returns (federal and state) required to be filed for all prior years and paid all taxes shown thereon to be due, including interest and penalties. Borrower will file all such returns and pay all such taxes for the current and future years.

(e) All information, financial or other, which has been submitted by Borrower in connection with the Loan is true, accurate, and complete in all material respects.

12. Indemnification. Borrower agrees to indemnify Lender and save it harmless against all loss, liability, expense, or damages including but not limited to attorneys' fees, which may arise by reason of the assertion of any lien against the Loan Property. Borrower will indemnify and hold Lender harmless from any damages Lender may suffer or incur from any default by Borrower under this Agreement, the Note or any other document supporting this Loan.

13. Defaults. Each of the following shall constitute an Event of Default:

(a) If Borrower fails to pay when due any amount due under this Agreement, the Note, or any other documents listed in Section 2;

(b) Bankruptcy, reorganization, assignment, insolvency or liquidation proceedings, or other proceedings for relief under any applicable bankruptcy law or other law for relief of debtors are instituted by or against Borrower and, if such proceedings are instituted against Borrower, an order, judgment or decree, without the consent of Borrower appointing a trustee or receiver for Borrower or any part of its property or approving a petition under the bankruptcy laws of the United States or any similar laws of any state or other competent jurisdiction, shall have remained in force undischarged or unstayed for a period of 30 days.

(c) Any judgment, attachment, garnishment, or other similar process is entered against Borrower or against any property or assets of Borrower and is not released, satisfied, or discharged or bonded to Lender's satisfaction within 30 days of entry.

(d) Any of the terms, covenants, or conditions of any permit or other agreement issued or made by the City or other governmental body having jurisdiction over the Loan Property are not complied with within the time required thereby or are terminated or modified by the City or such other governmental body and Borrower has not taken the necessary steps to correct or cure the same within 30 days after written notice is given by Lender.

(e) Any mechanic's or material supplier's lien is filed, against the Loan Property and is not released, satisfied, or discharged or bonded to Lender's satisfaction.

(f) A transfer which violates Section 5(b)(ii) hereof occurs or Borrower abandons the Loan Property.

(g) Borrower fails: (i) to complete construction of the Project by _____, 20__; (ii) to construct the Project in accordance with this Agreement; (iii) to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, the Mortgage, the Note, or any other document executed by Borrower pursuant to this Agreement; or (iv) fails to pay any amount or perform any obligation under any other note, mortgage or other agreement now or hereafter made by Borrower in favor of or with Lender or otherwise now or hereafter made by Borrower in connection with the Loan Property, and any such failure continues 30 days after written notice is given by Lender.

(h) Any representation or warranty by Borrower contained herein or in the Note, the Mortgage, or any other instrument required hereunder is false or untrue in any material respect when made.

(i) A default under the Mortgage beyond any applicable notice and cure period.

14. Remedies. Upon the occurrence of an Event of Default, Lender, at its option, shall, in addition to any other remedies which it might be entitled to by law, have the right to:

(a) Perform such other acts or deeds which reasonably may be necessary to cure any default existing under this Agreement, and to this end, it is hereby agreed as follows:

(i) All sums expended by Lender in effectuating its rights under paragraphs (ii) and (iii) of this paragraph shall be deemed to have been advanced under this Agreement and to be secured by any security document required under this Agreement as security for the Loan.

(ii) Lender, at its option, shall have the right to enter into possession of the Loan Property and perform any and all work and labor necessary to complete the Project substantially as required under this Agreement and to do all things necessary or incidental thereto;

(iii) Borrower hereby constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution either in the name of Lender or in the name of Borrower or in the name of both, for the following purposes: (A) to prosecute and defend all actions or proceedings in connection with the Loan Property and do any and every act which Borrower might do in its own behalf; (B) to perform each of the terms, covenants and conditions to be kept and performed by Borrower under any contracts and/or leases obtained or held by Borrower in connection with the construction of the Project and any other contracts; (C) without limiting the foregoing, to perform each of the terms, covenants and conditions to be kept or performed by Borrower under this Agreement and any other instrument required under this Agreement; and (D) to do all things that Lender reasonably deems necessary or advisable for the purpose of carrying out the powers enumerated in (A), (B), (C) and (D) of this Subparagraph (iii);

(iv) The powers herein granted Lender shall be deemed to be powers coupled with an interest and the same are irrevocable;

(b) cancel this Agreement;

(c) bring appropriate action to enforce such performance and the correction of such Event of Default;

(d) declare the entire unpaid principal of the Note immediately due and payable without notice;

(e) foreclose the Mortgage, foreclose any other security instrument referred to in this Agreement and/or exercise any other rights or remedies it may have under the Mortgage and any other security instruments.

15. Default under Note. The failure by Borrower to keep or perform any of the terms, covenants, and conditions to be kept or performed by it under this Agreement shall constitute a default under the Note, the Mortgage and any other security instrument held by Lender in connection with the Loan.

16. Notices. Any notices given hereunder shall be in writing and shall be deemed to have been given when delivered personally or three (3) days after deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to Borrower:

Entity Name
Address
City, State, Zip
Attention: ______

If to Lender:

City of North Branch, Minnesota
6408 Elm Street
North Branch, MN 5
Attn: EDA Executive Director

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other party. Any notice delivered personally to Borrower shall be delivered to an officer of Borrower, and any notice delivered personally to Lender shall be delivered to an officer of Lender at the address for Lender for the mailing of notices. Either party may change its address for the giving of notices by giving the other party at least 10 days' notice in the manner provided above.

17. Headings. The headings used in this Agreement are for convenience only and do not define, limit, or construe the contents of this Agreement.

18. Bindings on Successors and Assigns. Subject to the limitations on transfer contained in this Agreement, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Minnesota, without giving effect to any choice or conflict of law provision or rule.

20. Counterparts. This Agreement may be executed in 2 or more counterparts, each of which shall be an original and all of which shall constitute the same agreement.

21. Entire Agreement. This Agreement, the Note, the Mortgage, and the other documents executed by Borrower and/or Lender pursuant to this Agreement contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior understandings and agreements, both oral and written. This Agreement may be amended only in a writing signed by the parties hereto.

22. Fees and Expenses. Borrower agrees to pay to Lender immediately upon demand all costs and expenses, including, without limitation, all attorneys' fees, incurred by Lender in connection with the enforcement of the Lender's rights and/or the collection of any amounts which become due to Lender under this Agreement, the Note, the Mortgage or the other documents executed in connection herewith; and the prosecution or defense of any action in any way related to this Agreement, the Note, the Mortgage, or the other documents executed in connection herewith.

23. No Business Subsidy. The Loan to be provided by Lender to Borrower is provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and the Loan is equal to or less than 50% of the total cost of the Project, which is excluded from the definition of a business subsidy under Minnesota Statute, Section 116J.993, Subdivision 3(5). Thus, the Loan does not constitute a "business subsidy" under the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"). Therefore, the Loan is exempt from the requirements of the Business Subsidy Act, Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

[Signature Pages Follow]

SIGNATURE PAGE TO LOAN AGREEMENT

IN TESTIMONY WHEREOF, each of the parties hereto has caused these presents to be effective as of the day and year first above written.

[ENTITY NAME]

By: ________________________________
Its: ____________________________

By: ________________________________
Its: ____________________________

SIGNATURE PAGE TO LOAN AGREEMENT

IN TESTIMONY WHEREOF, each of the parties hereto has caused these presents to be effective as of the day and year first above written.

CITY OF NORTH BRANCH, MINNESOTA

By: ___________________________________

Name: __________________________
Its: EDA Executive Director

By: ___________________________________

Name: __________________________
Its: EDA Chair

MORTGAGE
AND
ASSIGNMENT OF RENTS
AND
SECURITY AGREEMENT
AND
FIXTURE FINANCING STATEMENT

FAÇADE IMPROVEMENT FORGIVEABLE LOAN PROGRAM

This Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement ("Mortgage") is made as of ____, 20__, by _____, a Minnesota limited liability company (hereinafter the "Borrower" or "Mortgagor"), in favor of the City of North Branch, Minnesota, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota ("Mortgagee").

THE MAXIMUM AMOUNT SECURED BY THIS MORTGAGE IS $_____ OF PRINCIPAL INDEBTEDNESS, TOGETHER WITH ANY AMOUNTS WHICH MAY BE ADVANCED BY MORTGAGEE IN PROTECTION OF THE MORTGAGED PREMISES OR THE LIEN OF THIS MORTGAGE.

RECITALS

A. The Borrower has executed and delivered to Mortgagee a Promissory Note effective as of the date hereof in the principal amount of $_____, with principal being due and payable as set forth therein and with all principal, if not sooner paid, being due and payable on or before September __, 20__ (the Promissory Note as the same may be renewed, extended, replaced, modified or amended is herein called the "Note"). The proceeds of the Note are being utilized to pay a portion of the façade improvement costs on the Mortgaged Property (as defined below).

B. Contemporaneous herewith, Borrower has entered into that certain loan agreement (the "Loan Agreement") setting forth the terms and conditions of Mortgagor and Lender's obligations with relation to this loan facility.

C. Mortgagor is the owner of the Mortgaged Property.

D. As a condition of entering into the loan facility, Lender has required that Mortgagor provide this Mortgage to secure its obligations under Note, the Loan Agreement and any other documents relating to or arising from this loan facility.

NOW THEREFORE, in consideration of the Recitals and for the purpose of securing the payment and performance of all of Mortgagor's obligations under the Note and the Loan Agreement (collectively "Obligations"); and to secure the performance of all covenants, conditions, and agreements herein and in the Note and Loan Agreement, Mortgagor does hereby mortgage, grant, bargain, sell, release and convey unto Mortgagee, with power of sale, forever all of Mortgagor's right, title and interest in all the tracts or parcels of land lying and being in Chisago County, Minnesota, legally described in Exhibit A hereto, (hereinafter the "Land"), whether now owned or hereafter acquired, together with: (i) all building materials, supplies and equipment now or hereafter located on the Land and suitable or intended to be incorporated in any building, structure, or other improvement located or to be erected on the Land; and (ii) all of the buildings, structures and other improvements now standing or at any time hereafter constructed or placed upon the Land; and (iii) all heating, plumbing and lighting apparatus, motors, engines, and machinery, electrical equipment, incinerator apparatus, air conditioning equipment, water and gas apparatus, pipes, faucets, and all other fixtures of every description which are now or may hereafter be placed or used upon the Land or in any building or improvement now or hereafter located thereon; and (iv) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to any and all of the foregoing; and (v) all hereditaments, easements, appurtenances, estates, rents, issues, profits, condemnation awards, proceeds of policies of insurance and other rights and interests now or hereafter belonging or in any way pertaining to the Land or to any building or improvement now or hereafter located thereon; and (vi) all leases or other occupancy agreements now or hereafter in effect in any way appertaining to the Land or to any building or improvement now or hereafter located thereon, including, without limitation, all cash and security deposits, advance rentals and deposits or payments of a similar nature ("Leases"), and all Rents (as herein defined) (all of the foregoing, together with the Land, hereinafter being referred to as the "Property" or "Mortgaged Property"),

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee forever;

PROVIDED, NEVERTHELESS, that this Mortgage is given upon the express condition that if Mortgagor shall cause to be paid and/or performed all of the Obligations, and shall also keep and perform all and singular the covenants herein contained on the part of Mortgagor to be kept and performed, then the Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

MORTGAGOR REPRESENTS, WARRANTS AND COVENANTS to and with Mortgagee that Mortgagor has good right and full power and authority to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgaged Property is free from all liens and encumbrances except a mortgage in favor of _____ in the amount of $_____ (the "First Lien Mortgage") and those other certain permitted encumbrances identified in Exhibit B hereto (the "Permitted Encumbrances"); that Mortgagee shall quietly enjoy and possess the Mortgaged Property; that Mortgagor will warrant and defend the title to the Mortgaged Property against all claims, whether now existing or hereafter arising. The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the Land.

AND IT IS FURTHER COVENANTED AND AGREED AS FOLLOWS:

ARTICLE ONE

GENERAL COVENANTS, AGREEMENTS, WARRANTIES

1.1. Payment of Obligations; Observance of Covenants. Mortgagor will duly pay and perform its Obligations and will perform all other agreements and covenants by Mortgagor to be performed hereunder.

1.2. Payment of Impositions. Mortgagor agrees to pay, before a penalty might attach for nonpayment thereof, all taxes, assessments, water and sewer charges, and other fees, taxes and charges of whatsoever nature levied upon or assessed or placed against the Mortgaged Property (collectively "Impositions"). Mortgagor will likewise pay all taxes, assessments, and other charges, levied upon or assessed, placed or made against, or measured by, this Mortgage, or the recordation hereof, or the Obligations, provided that Mortgagor shall not be obliged to pay such tax, assessment, or charge if such payment would be contrary to law. Mortgagor shall promptly furnish to Mortgagee all notices received by Mortgagor of amounts due under this Section and upon Mortgagee's request, shall deliver proper receipts evidencing the payment of such amounts. In the event of a judicial decree or legislative enactment after the date of this Mortgage, providing that any such imposition may not be lawfully paid by Mortgagor, the Obligations, without interest, shall become immediately due and payable, or, at Mortgagee's option, Mortgagee may pay any amount or portion of such Imposition as renders the Obligations unlawful or usurious, in which event Mortgagor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said Imposition.

1.3. Payment of Operating Costs; Mortgages and Liens. Mortgagor agrees that it will pay, or cause to be paid, all operating costs and expenses of the Mortgaged Property; keep the Mortgaged Property free from mechanics' and material suppliers' and other liens, subject to Mortgagor's right to contest in good faith as set forth in Section 1.4 hereof; will keep the Mortgaged Property free from levy, execution or attachment and will immediately pay when due all indebtedness which may be secured by mortgage, lien or charge on the Mortgaged Property and upon request will exhibit to Mortgagee satisfactory evidence of such payment and discharge.

1.4. Contest of Impositions, Liens and Levies. Mortgagor shall not be required to pay, discharge or remove any Imposition, lien or levy so long as Mortgagor shall in good faith contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection of the levy, lien or Imposition so contested and the sale of the Mortgaged Property, or any part thereof to satisfy the same; provided, however, that Mortgagor, prior to the date such levy, lien or Imposition is due and payable or, in the case of a mechanic's lien or other involuntary lien within 30 days after the same shall have been filed, shall have given such reasonable security as may be demanded by Mortgagee to ensure such payments and any penalties and interest that may accrue thereon and prevent any sale or forfeiture of the Mortgaged Property by reason of such nonpayment. Any such contest shall be prosecuted with due diligence and Mortgagor shall promptly after final determination thereof pay the amount of any such levy, lien or Imposition so determined, together with all interest and penalties, which may be payable in connection therewith. Notwithstanding the provisions of this Section, Mortgagor shall, and Mortgagee may (but shall have no obligation to), pay any such levy, lien, or Imposition notwithstanding such contest if in the reasonable opinion of Mortgagee, the Mortgaged Property is in jeopardy or in danger of being forfeited or foreclosed.

1.5. Maintenance and Repairs; Inventory. Mortgagor agrees that it will keep and maintain (or cause to be kept and maintained) the Mortgaged Property in good condition and repair, free from any waste or misuse, and will comply with all requirements of law, municipal ordinances and regulations, including, but not limited to the maintenance requirements detailed in the City's Façade Grant Program guidelines, as well as all restrictions and covenants affecting the Mortgaged Property and its use, and will promptly repair or restore any buildings, improvements, or structures now or hereafter on the Mortgaged Property which may become damaged or destroyed. Mortgagor further agrees that without the prior consent of Mortgagee it will not remove from the Mortgaged Property any fixtures or any personal property that is included in the Mortgaged Property unless the same is immediately replaced with like fixtures or personal property of at least equal value, or is otherwise removable under Section 6.1 hereof; or expand any improvements on the Mortgaged Property, erect any new improvements or make any material alterations in any improvements which will materially alter the basic structure, materially and adversely affect the market value or materially change the existing architectural character of the Mortgaged Property. Mortgagor agrees that it will complete within a reasonable time any buildings now or at any time in the process of erection on the Mortgaged Property. Mortgagor agrees not to acquiesce in any rezoning classification, modification or restriction affecting the Mortgaged Property without Mortgagee's prior written consent. Mortgagor agrees that it will not abandon the Mortgaged Property. Upon request of Mortgagee, Mortgagor shall deliver to Mortgagee an inventory in detail reasonably acceptable to Mortgagee of any personal property owned by Mortgagor that is included in the Mortgaged Property pursuant to the terms hereof together with a certification by Mortgagor that said inventory is a true and complete schedule of the personal property to be included in the Mortgaged Property pursuant to the terms hereof. Such inventory shall list any conditional sales contracts and other title retention arrangements to which such personal property may be subject.

1.6. Insurance.

(a) So long as the Obligations remain unpaid, Mortgagor shall, at its own cost, maintain or cause to be maintained with insurers of recognized responsibility acceptable to Mortgagee the following insurance:

(i) hazard and fire insurance on the improvements now existing or hereafter constructed on the Land insuring against loss by fire, hazards included in the term "extended coverage," loss by vandalism or malicious mischief, and such other hazards, casualties and contingencies as may be required by Mortgagee, on the basis of replacement cost without a coinsurance clause, in an amount equal to the full replacement cost thereof (without deduction for depreciation) or such additional amounts and for such periods as may be required by Mortgagee;

(ii) comprehensive general public liability insurance covering the liability of Mortgagor against claims for bodily injury, death or property damage occurring on or about the Mortgaged Property in such minimum amounts and limits as Mortgagee may require but in no event, less than $2,000,000.00 combined single limit per occurrence and naming Mortgagee as an additional insured;

(iii) insurance covering the Mortgaged Property against loss or damage by explosion, rupture or bursting of steam boilers, steam pipes, steam turbines, steam engines or pressure vessels or fly wheels located on or a part of the Mortgaged Property and providing for full repair and full replacement cost coverage; and

(iv) such other forms of insurance in such minimum amounts as Mortgagee may reasonably require or as may be required by law.

Mortgagor shall pay or cause to be paid all premiums on insurance required hereunder by making payment directly to the insurer. Mortgagee shall have the right to hold the policies and renewals thereof, and Mortgagor shall promptly furnish to Mortgagee all such policies, renewals thereof, renewal notices and all paid-premium receipts received by it. All policies of insurance and any and all refunds of unearned premiums are hereby assigned to Mortgagee as additional security for the payment of the Obligations secured hereby. In the event of foreclosure of this Mortgage, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to the purchaser at the foreclosure sale.

(b) The policies of all such insurance shall have mortgagee and loss payable provisions in favor of Mortgagee. All such insurance shall be in form acceptable to Mortgagee, shall provide for at least 30 days' prior written notice of cancellation, termination or modification thereof to Mortgagee, shall permit Mortgagee to make premium payments to prevent cancellation, and shall provide that no act or negligence of Mortgagor or of any occupant of the Mortgaged Property, and no occupancy or use of the Mortgaged Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of such insurance as against Mortgagee. In the event of loss under such insurance Mortgagor shall give prompt notice to the insurance carrier and Mortgagee; Mortgagor shall duly make proof of loss, and shall immediately furnish to Mortgagee a copy of such proof of loss.

(c) Subject to the rights of the mortgagee under the First Lien Mortgage which has priority over this Mortgage, Mortgagee is authorized and empowered to settle, collect and receive all fire and hazard insurance proceeds, to apply such proceeds to all expenses (including reasonable attorneys' fees) reasonably incurred by Mortgagee in collecting the same and, at Mortgagee's option and in its sole discretion, apply the balance of said proceeds ("Net Proceeds") to payment of the Obligations or make the Net Proceeds available for the repair and restoration of the Mortgaged Property; provided, however, Mortgagor may settle claims without Mortgagee's consent if the loss is less than $5,000.00 and no Event of Default exists at the time of settlement. Mortgagor shall apply any such proceeds to the repair and restoration of the Mortgaged Property. So long as no Event of Default exists, any settlement of a fire and hazard insurance claim of more than $5,000.00 shall require the consent of Mortgagor, which consent will not be unreasonably withheld.

(d) If Mortgagee elects to apply the Net Proceeds to repair and restoration of the Mortgaged Property (i) the Net Proceeds shall be held by Mortgagee and at Mortgagee's election may be disbursed either by Mortgagee or a disbursing agent selected by Mortgagee and paid by Mortgagor, (ii) upon Mortgagee's request prior to disbursement of any Net Proceeds or thereafter, from time to time, Mortgagor will deposit with Mortgagee such amounts in excess of remaining Net Proceeds as Mortgagee reasonably determines is required to complete the repair and restoration, (iii) the Net Proceeds and any funds deposited by Mortgagor shall be held and disbursed in accordance with sound construction loan disbursement practices, including, but not limited to, approval of the plans and specifications, appraisal, its other conditions for disbursement of draw requests and inspection of the work, and such other reasonable conditions as Mortgagee may impose and (iv) any Net Proceeds not so applied to repair and restoration shall be applied to the payment of the Obligations. If an Event of Default occurs prior to full disbursement, any undisbursed portion of the Net Proceeds and any funds deposited by Mortgagor with Mortgagee may at Mortgagee's option be applied to the Obligations.

1.7. Inspection. Mortgagee, or its agents, shall have the right to enter upon the Mortgaged Property during ordinary business hours for the purposes of inspecting the Mortgaged Property or any part thereof. Mortgagee shall have no duty, however, to make such inspection. Mortgagee, or its agents, shall also have the right during ordinary business hours to examine the books and records of Mortgagor pertaining to the Mortgaged Property and to make extracts therefrom and copies thereof. The parties agree that Mortgagee's right to inspect the books and records of Mortgagor, as described in this provision, relates solely to the Mortgaged Property.

1.8. Protection of Mortgagee's Security. If Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage and such failure shall continue beyond any applicable notice and cure period contained in Article Two hereof or if any action or proceeding is commenced which does or may adversely affect the Mortgaged Property or the interest of Mortgagor or Mortgagee therein, or the title of Mortgagor thereto, then Mortgagee, at Mortgagee's option, may perform such covenants and agreements, defend against such action or proceeding, or otherwise act as Mortgagee deems necessary to protect its interest. In the event that, after damage to or destruction of the Mortgaged Property or condemnation of a portion of the Mortgaged Property or a sale under threat thereof, the proceeds are used to restore the Mortgaged Property, and the insurance, sale or condemnation proceeds which are paid to Mortgagee are not sufficient to pay for such restoration, Mortgagee may nevertheless effect the restoration. Any amounts disbursed or costs incurred by Mortgagee pursuant to this Section, including interest and reasonable attorney's fees, shall become additional Obligations of Mortgagor secured by this Mortgage. All amounts disbursed or costs incurred by Mortgagee pursuant to this paragraph shall be payable upon demand. Mortgagee shall, at its option, be subrogated to any encumbrance, lien, claim or demand, and to all the rights and securities for the payment thereof, paid or discharged with the principal sum secured hereby or by Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this Section shall require Mortgagee to incur any expense or do any act hereunder, and Mortgagee shall not be liable to Mortgagor for any damages or claims arising out of action taken by Mortgagee pursuant to this paragraph.

1.9. Hazardous Materials. Mortgagor hereby represents and warrants to Mortgagee that the Mortgaged Property has not at any time been used for storage, transfer, transportation or disposal of hazardous substances, hazardous wastes, pollutants, contaminants or similar substances (collectively "Hazardous Substances"), or for the discharge of the same into the environment in violation of any law, regulation, or judicial or administrative order or judgment; and the Mortgaged Property is not contaminated by, and does not contain, any Hazardous Substances. Mortgagor will not use or permit the use of the Mortgaged Property for such purposes. Mortgagor will fully indemnify Mortgagee and defend Mortgagee against any claims, losses, damages, actions, costs, and expenses of any kind, including without limitation, court costs and reasonable attorneys' fees, in connection with any Hazardous Substances now or hereafter located on the Mortgaged Property or any other violation of any federal, state, or local environmental statute, ordinance, rule or regulation ("Environmental Laws"). This indemnity shall not apply to the extent that the willful act or omission of the Mortgagee contributes to the actual or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of the Hazardous Substances. The indemnity provisions of this Section shall survive the foreclosure or other termination of this Mortgage.

Without limiting the generality of the foregoing, Mortgagor agrees that upon the discovery of a release or threatened release of Hazardous Substances on or from the Mortgaged Property, it will promptly, diligently and without cost to Mortgagee, proceed to remediate all contamination in accordance with all applicable laws, ordinances, rules and regulations, and the requirements of all governmental authorities having jurisdiction, and otherwise to the satisfaction of Mortgagee. A failure to do so shall constitute a default by Mortgagor under this Mortgage.

1.10. Escrows. Upon the request of Mortgagee after the occurrence of an Event of Default (whether or not such Event of Default is subsequently cured), Mortgagor shall deposit with Mortgagee, on the first day of each and every month, commencing with the date the first payment shall be due on the Note which is after the date of such request, a deposit to pay the Impositions and insurance premiums (collectively "Charges") in an amount equal to:

(a) One-twelfth (1/12) of the Impositions next to become due upon the Mortgaged Property; provided, however, that, in the case of the first such deposit, there shall be deposited in addition an amount as estimated by Mortgagee which, when added to monthly deposits to be made thereafter as provided for herein, shall assure that there will be sufficient funds on deposit to pay the Impositions as they come due; plus

(b) One-twelfth (1/12) of the annual premiums on each policy of insurance required to be maintained hereunder; provided that with the first such deposit there shall be deposited, in addition, an amount equal to one-twelfth (1/12) of such annual insurance premiums multiplied by the number of months elapsed between the date premiums on each policy are last paid to and including the date of deposit.

The amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of Impositions and premiums of insurance next to be payable. Mortgagee will, upon timely presentation to Mortgagee by Mortgagor of the bills therefor, pay the Charges from such deposits. In the event the deposits on hand shall not be sufficient to pay all of the Charges when the same shall become due from time to time, or the prior deposits shall be less than the currently estimated monthly amounts, then Mortgagor shall pay to Mortgagee on demand any amount necessary to make up the deficiency. The excess of any such deposits shall be returned to Mortgagor or credited towards subsequent Charges, at the discretion of Mortgagee. If an Event of Default shall occur under the terms of this Mortgage, Mortgagee may, at its option, without being required so to do, apply any deposits on hand to the Obligations, in such order and manner as Mortgagee may elect. When the Obligations have been fully paid, any remaining deposits shall be returned to Mortgagor as its interest may appear. All deposits are hereby pledged as additional security for the Obligations, shall be held for the purposes for which made as herein provided, may be held by Mortgagee, and may be commingled with other funds of Mortgagee, shall be held without any allowance of interest thereon, and shall not be subject to the decision or control of Mortgagor. Mortgagee shall not be liable for any act or omission made or taken in good faith. In making any payments, Mortgagee may rely on any statement, bill or estimate procured from or issued by the payee without inquiry into the validity or accuracy of the same. If the taxes shown in the tax statement shall be levied on property more extensive than the Mortgaged Property, Mortgagee shall be under no duty to seek a tax division or apportionment of the tax bill, and any payment of taxes based on a larger parcel shall be paid by Mortgagor, and Mortgagor shall expeditiously cause a tax subdivision to be made.

1.11. Compliance with Code. Mortgagor covenants that when completed the improvements to the Mortgaged Property shall comply with all applicable restrictions, conditions, codes, ordinances, regulations, and laws of the City of North Branch (the "City") and other governmental bodies having jurisdiction over the Mortgaged Property, including, without limitation, the Americans with Disabilities Act and those related to environmental protection. Mortgagor has NOT commenced construction of improvements to the Mortgaged Property.

ARTICLE TWO

EVENTS OF DEFAULT

Each of the following occurrences shall constitute an Event of Default hereunder:

2.1. Failure to pay. Mortgagor's failure to pay any amount due under the Note or any other amount required to be paid by Mortgagor hereunder when due.

2.2. Other Performance Failure. The Mortgagor's failure to duly observe or perform any of the other terms, conditions, covenants, or agreements required to be observed or performed by Mortgagor hereunder or in the Note and the continuation of such failure for a period of 30 days after Mortgagee gives Mortgagor written notice of such failure.

2.3. Breach of Warranty of Title. Subject to Mortgagor's right to contest in good faith as set forth in Section 1.4 hereof, the breach of any warranty of title or any other warranty made by Mortgagor hereunder.

2.4. Misrepresentation. The making of any material misstatement in any financial statement or report submitted to Mortgagee by or on behalf of Mortgagor.

2.5. Foreclosure. The institution of a foreclosure or other enforcement proceedings by the holder of any other lien on the Mortgaged Property (without hereby implying Mortgagee's consent to any mortgage or other lien).

2.6. Sale of Property. The sale, assignment, conveyance, mortgage, encumbrance, lease, or transfer of: (i) Mortgagor's interest in the Mortgaged Property or any part thereof, or any interest therein; or (ii) any transfer in ownership or control of Mortgagor, without the prior written consent of Mortgagee, which consent may be granted or withheld by Mortgagee at its sole discretion.

2.7. Breach of the Mortgages, Other Agreements, etc. Any default or breach under the First Lien Mortgage, any other note, mortgage or other obligation of Mortgagor or Borrower now held or hereafter acquired by Mortgagee or City, or any other failure to comply with the terms and conditions thereof and the continuance thereof beyond any applicable notice and/or cure period contained therein.

ARTICLE THREE

ACCELERATION AND FORECLOSURE; OTHER REMEDIES

Upon any Event of Default, Mortgagee may, at its option, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

3.1. Acceleration. Mortgagee may declare immediately due and payable all unmatured Obligations secured by this Mortgage, and the same shall thereupon be immediately due and payable, without notice or demand.

3.2. UCC Remedies. Mortgagee shall have and may exercise with respect to all fixtures and any personal property included in the Mortgaged Property, all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Minnesota.

3.3. Foreclosure; Action or Advertisement. Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at public auction and convey the same to the purchaser to the full extent of Mortgagor's interest and, out of the proceeds arising from such sale, to pay all Obligations secured hereby without interest, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees Mortgagor agrees to pay. Any real estate or interest or estate sold hereunder may be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect. In case of any sale of the Mortgaged Property pursuant to any judgment or decree of any court or at public auction or otherwise in connection with the enforcement of any of the terms of this Mortgage, Mortgagee, its successors and assigns, may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to deliver over and use any sum then due under the Note, together with all other sums, without interest, advanced and unpaid hereunder, and all statutory charges for such foreclosure including maximum attorney's fees allowed by law in order that there may be credited as paid on the purchase price the sum then due under the Note and all other sums, without interest, advanced and unpaid hereunder, and all charges and expenses of such foreclosure including maximum attorneys' fees allowed by law.

3.4. Receiver. Mortgagee shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of Mortgagor, or waste of the Mortgaged Property or adequacy of the security of the Mortgaged Property, to apply for the appointment of a receiver, in accordance with the statutes and law made and provided. The receiver shall collect the rents, and all other income of any kind; manage the Mortgaged Property so to prevent waste; execute leases within or beyond the period of receivership, pay all expenses for normal maintenance of the Mortgaged Property and perform the terms of this Mortgage and apply the rents, issues and profits as permitted by Minnesota Statutes, Section 576.25 in the following order to (i) payment of the reasonable fees of said receiver, (ii) application of tenant security deposits as required by Minnesota Statutes Section 504B.178, (iii) payment when due of prior or current real estate taxes or special assessments with respect to the Mortgaged Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof, (iv) the payment when due of premiums for insurance of the type required by this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; and (v) as further provided in any Assignment of Rents executed by Mortgagor as further security for the Obligations (whether included in this Mortgage or separate instrument), including but not limited to applying the same to the costs and expenses of the receivership, including reasonable attorneys' fees, to the repayment of the Obligations and to the operation, maintenance, upkeep and repair of the Mortgaged Property, including payment of taxes and payments of premiums of insurance. Mortgagor does hereby irrevocably consent to such appointment.

3.5. Specific Performance. Mortgagee may bring suit for specific performance of any covenant or warranty hereunder.

3.6. Forbearance and Other Rights of Mortgagee. Any delay by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by law or equity, shall not be a waiver of or preclude the exercise of such right or remedy or any other right or remedy hereunder or at law or in equity. The failure of Mortgagee to exercise any option to accelerate maturity of the Obligations secured by the Mortgage, the forbearance by Mortgagee before or after the exercise of such option, or the withdrawal or abandonment of proceedings provided for by this Mortgage shall not be a waiver of the right to exercise such option or to accelerate the maturity of such Obligations by reason of any past, present, or future event which would permit acceleration. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the Obligations. Mortgagee's receipt of any awards, proceeds, or damages shall not operate to cure or waive default by Mortgagor. Mortgagee may at any time, without notice, release any person liable for payment of any Obligations, extend the time or agree to alter the terms of payment of any of the Obligations, accept additional security of any kind, release any plat or map of the Mortgaged Property or the creation of any easement thereon or any covenants restricting use or occupancy thereof, or agree to alter or amend the terms of this Mortgage in any way. No such release, modification, addition, or change shall affect the liability of any person other than the person so released, for payment of any Obligations, nor affect the priority and lien status of this Mortgage upon any property not so released.

ARTICLE FOUR

ASSIGNMENT OF RENTS

4.1. Assignment. As security in addition to the lien of this Mortgage upon the Property, Mortgagor hereby grants, transfers and assigns to Mortgagee all of the right, title and interest of Mortgagor in and to all Leases and all rents, income, profits, revenues, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits (all of which are sometimes hereinafter referred to as "Rents"), now or hereafter accruing or owing by reason of a Lease of any or all of the Property.

4.2. Covenants of Performance. To protect the security of this Assignment, Mortgagor warrants, covenants, and agrees:

(a) to faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any Leases to be performed by Mortgagor thereunder; to give prompt written notice to Mortgagee of any notice of default on the part of Mortgagor with respect to any Lease received from a tenant thereunder; to enforce or secure short of termination of any Lease the performance of each and every obligation, covenant, condition and agreement of the Leases by the tenants thereunder to be performed; not to borrow against, pledge or assign any of the Rents, or anticipate the Rents; not to waive, excuse, condone or in any manner release or discharge any tenant thereunder of or from the obligations, covenants, conditions and agreements to be performed under the Lease or to permit the tenant to assign its interest in the Lease unless required to do so by the terms of the Lease; not to terminate the Leases or accept a surrender thereof or a discharge of the tenant unless required to do so by the terms of the Lease; not to consent to a subordination of the interest of the tenant thereunder to any party other than Mortgagee and then only if specifically required to do so by Mortgagee;

(b) at Mortgagor's sole cost and expense, to appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Mortgagor and tenants thereunder, and to pay all costs and expenses of Mortgagee, including attorneys' fees in a reasonable sum, in any such action or proceeding in which Mortgagee may appear or with respect to which it may incur costs;

(c) that Mortgagor has the full right and title to assign the Rents; that at the date of this Mortgage there exist no Leases which now or in the future affect the Mortgaged Property which have not been disclosed to Mortgagee in writing; and that there is no outstanding assignment or pledge of the Leases or Rents; and

(d) to furnish to Mortgagee, at Mortgagee's written request, a complete list of all Leases and security deposits made thereunder as to any part of the Mortgaged Property, showing the type of lease, the name of the tenant, the monthly rental, the date to which paid, the term of the Lease, the date of occupancy, and the date of expiration and any and every special premium, concession or inducement granted to the tenant.

4.3. Assignment Absolute. This Assignment is absolute and is effective immediately. Notwithstanding the foregoing, until an Event of Default, as defined in ARTICLE TWO above, has occurred, Mortgagor may receive, collect, and enjoy the Rents. Upon or at any time after an Event of Default has occurred, Mortgagee may at its option, without notice:

(a) in the name, place and stead of Mortgagor (i) enter upon, manage and operate the Mortgaged Property, or retain the services of an independent contractor to manage and operate the same, (ii) make, enforce, modify and accept surrender of the Leases, (iii) obtain or evict tenants, demand, collect, sue for, receive and give acquittances for, fix or modify Rents and enforce all rights of Mortgagor under the Leases, and (iv) perform any and all other acts that may be necessary or proper to protect the security of this Assignment; provided always, however, that until the end of any redemption period available to Mortgagor after any foreclosure of this Mortgage Mortgagee shall continue to deal with the Leases on the Property in a reasonable businesslike manner, recognizing and protecting Mortgagor's continuing rights during such period to retake possession and control of the Mortgaged Property upon paying the appropriate redemption price, and to resume the management of such Leases;

(b) give or require Mortgagor to give notice to any and all tenants under the Leases authorizing and directing the tenants to pay all Rents due under the Leases directly to Mortgagee; and

(c) apply for, and Mortgagor hereby consents to, the appointment of a receiver of the Mortgaged Property.

4.4. Application of Rents.

(a) All Rents collected by Mortgagee, or by a receiver, shall be held and applied by Mortgagee in its reasonable discretion, in accordance with applicable law, including, without limitation to: (i) payment of all reasonable fees of the receiver, if any, approved by the court; (ii) the repayment when due of all tenant security deposits pursuant to the provisions of Minnesota Statutes Section 504B.178; (iii) payment of all delinquent or current real estate taxes and special assessments payable with respect to the Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof; (iv) payment of all premiums then due for the insurance required by the provisions of this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; (v) payment of expenses incurred for normal maintenance of the Mortgaged Property.

(b) Any amounts remaining after such application shall be applied as follows:

(i) if received prior to any foreclosure sale of the Mortgaged Property to Mortgagee for payment of the indebtedness secured by this Mortgage, but no such payment made after acceleration of the indebtedness shall affect such acceleration; and

(ii) if received during or with respect to a period after a foreclosure sale of the Mortgaged Property:

(1) if the purchaser at the foreclosure sale is not Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage, second to the purchaser as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to the purchaser of the Mortgaged Property;

(2) if the purchaser at the foreclosure sale is Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage and the balance to be retained by Mortgagee as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to Mortgagee, whether or not such deficiency exists.

4.5. Continuing Effect. The rights and powers of Mortgagee under this Assignment and the application of the Rents shall continue and remain in full force and effect both before and after commencement of any action or procedure to foreclose this Mortgage, after any foreclosure sale of Mortgagor's interest in the Property in connection with the foreclosure of this Mortgage, and until expiration of the period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the Obligations exists after such foreclosure sale.

4.6. Mortgagee Not Obligated. Mortgagee shall not be obligated by this Assignment for the control, care, management or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of the Leases; nor shall this Assignment operate to make Mortgagee responsible or liable for any waste committed on the Mortgaged Property by the tenants or any other party, or for any dangerous or defective condition of the Mortgaged Property, or for any violation of Environmental Laws or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in any loss or any injury or death to any person.

4.7. Hold Harmless. Mortgagor shall and does agree to indemnify and to hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under or by reason of this Assignment, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases; provided, however, that such indemnification shall not apply if the same arises out of Leases intentionally breached by Mortgagee which were made by Mortgagor in the ordinary course of managing the Mortgaged Property and prior to the time Mortgagee obtained the right to possess and manage the Mortgaged Property, or if the same arises out of the negligent or willful act of Mortgagee in operating and using the Mortgaged Property. Should Mortgagee incur any such liability, loss, or damage under any Lease or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby and Mortgagor shall reimburse Mortgagee therefor immediately upon demand. Mortgagee shall give Mortgagor notice of any such claim and Assignor shall have the opportunity to defend Mortgagee in connection therewith with counsel reasonably acceptable to Mortgagee; provided Mortgagee's failure to give such notice and opportunity to defend shall not affect Mortgagor's obligations under this Section except to the extent Mortgagor is actually prejudiced by such failure.

4.8. Authorization to Tenants. The tenants under any of the Leases are hereby irrevocably authorized and directed to recognize the claims of Mortgagee or its assigns hereunder without investigating the reason for any action taken by Mortgagee, or the validity or the amount of indebtedness owing to Mortgagee, or the existence of any such event of default, or the application of the Rents to be made by Mortgagee. Mortgagor hereby irrevocably directs and authorizes each tenant to pay to Mortgagee all sums due under its Lease and consents and directs that said sums shall be paid to Mortgagee without the necessity for a judicial determination that any such event of default has occurred or that Mortgagee is entitled to exercise its rights hereunder, and to the extent such sums are paid to Mortgagee, Mortgagor agrees that the tenants shall have no further liability to Mortgagor for the same. The sole signature of Mortgagee shall be sufficient for the exercise of any rights under this Assignment and the sole receipt of Mortgagee for any sums received shall be a full discharge and release therefor to the tenants or occupants of the Mortgaged Property.

4.9. Mortgagee Attorney-in-Fact. Mortgagor hereby irrevocably appoints Mortgagee as its agent and attorney in fact, which appointment is coupled with an interest, to exercise any rights or remedies hereunder and to execute and deliver during the term of this Assignment such instruments as Mortgagee may deem necessary to make this Assignment and any further assignment effective.

4.10. Mortgagee Not in Possession. Nothing herein contained and no actions taken pursuant to this Assignment shall be construed as constituting Mortgagee a "Mortgagee in Possession."

ARTICLE FIVE

CONDEMNATION

5.1. Notice. Mortgagor will give Mortgagee prompt notice of any action, actual or threatened, in condemnation or eminent domain, direct or inverse.

5.2. Awards. Subject to any obligations under the First Lien Mortgage, which has priority over this Mortgage, Mortgagor hereby assigns, transfers, and sets over to Mortgagee the entire proceeds of any award or payment which becomes payable by reason of any taking of or damage to the Mortgaged Property, or any part or appurtenance thereof, either temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings. Mortgagor will file or prosecute in good faith and with due diligence what would otherwise be its claim in any such award or payment and cause the same to be collected and paid over to Mortgagee, and Mortgagor irrevocably authorizes and empowers Mortgagee, which power is coupled with an interest and is irrevocable, in the name of Mortgagor or otherwise, in the event that Mortgagor fails to do so, to file and prosecute any such claim and to collect, receipt for and retain the same. The proceeds of the award or payment, after deducting all reasonable costs, attorneys' fees and other expenses which may have been incurred by Mortgagee in collection thereof, at the sole discretion of Mortgagee, may be released to Mortgagor, applied to restoration of the Mortgaged Property, or applied to the payment of any part of the Obligations, in such order of application as Mortgagee may determine. If proceeds are made available to be applied to restoration, they shall be held and disbursed in accordance with Paragraph 1.6(d) hereof.

ARTICLE SIX

UNIFORM COMMERCIAL CODE

6.1. Security Interest. This Mortgage shall constitute a security agreement as defined in the Uniform Commercial Code with respect to, and Mortgagor hereby grants Mortgagee a security interest in, all of fixtures and any personal property included in the Mortgaged Property and substitutions therefor and proceeds thereof. Mortgagor hereby authorizes Mortgagee to file one or more financing statements, covering such fixtures and personal property (in a form satisfactory to Mortgagee) which Mortgagee may reasonably consider necessary or appropriate to perfect its security interest. Mortgagor also authorizes Mortgagee to file amendments to financing statements, and terminations of financing statements filed by other secured parties, all with respect to all fixtures and personal property included in the Mortgaged Property, in such form and substance as Mortgagee, in its reasonable discretion, may determine. Mortgagor will pay to Mortgagee, on demand, the amount of any and all costs and expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by Mortgagee in connection with the exercise of any right or remedy referred to in this Section. In any instance where Mortgagor in its sound discretion determines that any item subject to a security interest under this Mortgage has become: (i) inadequate, obsolete, worn out, or (ii) unsuitable, undesirable or unnecessary for the operation of the Mortgaged Property, Mortgagor may, at its expense, remove and dispose of it and substitute and install other items not necessarily having the same function, provided, that such removal and substitution shall not impair the operating utility and unity of the Mortgaged Property. With respect to items which are a part of the Mortgaged Property, all items substituted for such items shall become a part of the Mortgaged Property and subject to the lien of this Mortgage. Any amounts received or allowed Mortgagor upon the sale or other disposition of the removed items of property shall be applied against the cost of acquisition and installation of the substituted items. Nothing herein contained shall be construed to prevent any tenant or subtenant from removing from the Mortgaged Property trade fixtures, furniture and equipment installed by it and removable by tenant under its terms of any one or more of the Leases, on the condition, however, that Mortgagor shall assure the repair of any and all damages to the Mortgaged Property resulting from or caused by the removal thereof. Mortgagee acknowledges that no items of personal property are included in the Mortgaged Property.

6.2. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement with respect to all goods constituting part of the Mortgaged Property which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of Mortgagor:

Entity Name
Address
City, State, Zip
Attention: ______

(b) Name and address of Secured Party:

City of North Branch, Minnesota
6408 Elm Street
North Branch, MN 55056
Attn: EDA Executive Director

(c) This document covers goods which are or are to become fixtures.

(d) The real estate to which such fixtures are or are to be attached is that described in Exhibit A attached hereto.

ARTICLE SEVEN

MISCELLANEOUS

7.1. Mortgagee's Remedies Cumulative. All remedies of Mortgagee are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently or independently, as often as the occasion therefore arises.

7.2. Successors and Assigns Bound; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, legal representatives, successors and assigns of Mortgagee and Mortgagor. The captions and headings of the Sections of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

7.3. Notices. Any notice from Mortgagee to Mortgagor under this Mortgage shall be deemed to have been given by Mortgagee and received by Mortgagor, when delivered personally to an officer of Mortgagor or 3 days after the date it is mailed by certified mail addressed as follows:

Entity Name
Address
City, State, Zip
Attention: _____

7.4. Governing Law; Severability. This Mortgage shall be governed by the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without conflicting provisions and to this end the provisions of this Mortgage are declared to be severable.

7.5. Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

7.6. Waiver of Appraisement, Homestead, Marshaling. Mortgagor hereby waives the benefit of any homestead, appraisement, evaluation, stay and extension laws now or hereinafter in force. Mortgagor hereby waives any rights available with respect to marshaling of assets so as to require the separate sales of any portion of the Mortgaged Property or to require Mortgagee to exhaust its remedies against a specific portion of the Mortgaged Property before proceeding against the other.

7.7. Subsequent Agreements. Any agreement hereafter made by Mortgagor and Mortgagee pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

[Signature Page Follows]

SIGNATURE PAGE TO MORTGAGE

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed as of the day and year first written.

[Entity Name], a Minnesota limited liability company

By: ________________________________
Its: ___________________________

By: ________________________________
Its: ___________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

The foregoing instrument was acknowledged before me on ______________, 20__, by __________, the _____________, and by __________, the _____________, of _____, a Minnesota limited liability company, on behalf of the limited liability company.

____
Notary Public
My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION

Property Identification Number(s) – PID:

<u>Legal Description</u>

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Provide list and details of permitted encumbrances, if any.
2.

PROMISSORY NOTE
(Facade Improvement Forgivable Loan Program)

[Date of Note]

Amount: $_____
Interest: 0.00%
Maturity: _____

FOR VALUE RECEIVED, the undersigned, _____, a Minnesota limited liability company ("Borrower"), promises to pay to the order of the City of North Branch, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota ("Lender"), at 6408 Elm Street, North Branch, MN 55056, or such other place as the Lender or any other holder of this Note may designate in writing, on or before the Maturity Date (as defined below), the principal sum of _____ and 00/100 Dollars ($_____), without interest.

This Note is made pursuant to a Loan Agreement, between Borrower and Lender, of even date herewith ("Loan Agreement"). All capitalized terms which are not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

This Note is secured by, among other things, the Mortgage by the Borrower in favor of Lender made to Lender of even date herewith (collectively, the "Security Documents"). All of the terms and conditions contained in the Security Documents which are to be kept and performed by Borrower are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein; and Borrower covenants and agrees to keep and perform them, or cause them to be kept and performed, strictly in accordance with their terms.

This Note is made pursuant to Lender's Facade Improvement Forgivable Loan Program. As of each Determination Date (as defined in the Loan Agreement), Lender will forgive $_____ of the principal balance of the Note, subject to and in accordance with the terms of the Loan Agreement. If Lender determines at any time that Borrower is not in compliance with the terms of the program, subject to and in accordance with the terms of the Loan Agreement, Borrower will be required to promptly pay the outstanding principal hereunder on the Conversion Date (as defined in the Loan Agreement).

If the Lender, or any other holder of this note, has not received the full amount of any outstanding principal provided for in this note, by the end of 7 calendar days after the date it is due, Borrower shall pay a late charge fee to the Lender, or any other holder of this note. The amount of the late charge fee shall be 8.00% of the overdue outstanding principal. The Borrower shall pay this late charge fee on demand, however, collection of the late charge fee shall not be deemed a waiver of the Lender's right to declare an Event of Default and exercise its rights and remedies as provided for in the Loan Agreement and the Security Documents.

Each payment made under this note shall be applied as follows: (i) first, to be applied against and pay unpaid late charges and any other charges, including attorneys' fees and protective advances; and then (ii) all remaining amounts, if any, shall be applied against and reduce the then outstanding principal balance of this Note.

If an Event of Default shall occur hereunder or under the Loan Agreement or the Security Documents and any cure period provided for in the Loan Agreement or the Security Documents has expired, the entire principal amount outstanding and any other charges due hereon shall at once become due and payable at the option of the Lender or the holder hereof. Any failure of the Lender to exercise its right to accelerate this note at any time shall not constitute a waiver of the right to exercise the same right to accelerate the note at any subsequent time.

The Borrower may prepay the principal under this note at any time and from time to time, in whole or in part, without premium or penalty.

All sums payable to the Lender under this Note shall be paid in immediately available funds.

The Borrower promises to pay all costs in connection with the enforcement of this Note, including but not limited to, those costs, expenses, and attorneys' fees of Lender whether or not suit is filed with respect thereto and whether or not such cost or expense is paid or incurred or to be paid or incurred prior to or after the entry of judgment or for the pursuance of, or defense of, any litigation, appellate, bankruptcy, or insolvency proceeding.

Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors, and endorsers hereof. This Note shall be binding upon Borrower, its successors, and assigns.

The remedies of Lender, as provided herein and in the Loan Agreement and the Security Documents, shall be cumulative and concurrent and may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

Time is of the essence hereof.

This Note shall be governed by and be construed under the laws of the State of Minnesota, without regard to principles of conflicts of law.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this Note to be effective as of the day and year first above written.

[ENTITY NAME]
a Minnesota limited liability company

By: ________________________________
Its: ___________________________

By: ________________________________
Its: ___________________________

(Top 3 inches reserved for recording data)

CERTIFICATE AND REQUEST FOR NOTICE by Business Entity | **Minnesota Uniform Conveyancing Blanks Form 60.6.2 (2006)**

1. The name and mailing address of the person holding a lien or having a redeemable interest in real property requesting notice is:
North Branch Economic Development Authority, 6408 Elm Street, North Branch, MN 55056, Attn: EDA Executive Director ("**Requesting Party**").

2. The redeemable interest or lien of the Requesting Party was created by the following instrument: Mortgage, Assignment of Rents, Security Agreement, and Fixture Financing Statement *(insert name of document/instrument)* dated __________ *(month/day/year)* and recorded on __________ *(month/day/year)* Document Number __________ (or in Book ____ of ________, Page ________), in the Office of the ☑County Recorder ☑ Registrar of Titles of Chisago County, Minnesota. *(check the applicable boxes)*

3. The Requesting Party has a redeemable interest in or lien upon real property in Chisago County, Minnesota, described as follows:

See attached Exhibit A.

Check here if all or part of the described real property is Registered (Torrens) ☑

4. The Requesting Party requests notice of any mortgage foreclosure by advertisement as provided in Minn. Stat. 580.032, subd. 1.

5. The Requesting Party requests notice of any post-foreclosure sale reduction of the mortgagor's redemption period for any superior lien as provide in Minn. Stat. 582.032, subd. 3.

NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY, NORTH BRANCH, MINNESOTA
(name)

By: ______________________________
(signature)

Its: EDA Executive Director
(type of authority)

By: ______________________________
(signature)

Its: EDA Chair
(type of authority)

State of Minnesota, County of CHISAGO

This instrument was acknowledged before me on ____________________, by ____________________
(month/day/year) *(name of authorized signer)*
____________________ as EDA Executive Director
(type of authority)
and by ______________________________
(name of authorized signer)
as EDA Chair of NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY, NORTH BRANCH, MINNESOTA. .
(type of authority) *(name of party on behalf of whom the instrument was executed)*

(Seal, if any)

____
(signature of notarial officer)

Title (and Rank): ____________________

My commission expires: ____________________
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

City of North Branch
6408 Elm Street
North Branch, MN 55056

EXHIBIT A

LEGAL DESCRIPTION

Property Identification Number(s) – PID:

Legal Description

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/12/2024

Board & Commission:

Subject: Chisago County HRA-EDA Update

Chisago County HRA-EDA Update

Voting Requirements:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter:

Date: 09/12/2024

Board & Commission:

Subject: North Branch Area Chamber of Commerce Update

North Branch Area Chamber of Commerce Update

Voting Requirements:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/12/2024

Board & Commission:

Subject: North Branch Area Schools Update

North Branch School Update

Voting Requirements:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 09/13/2024

Board & Commission:

Subject: EDA Executive Director Update

The EDA Executive Director will provide an update at the meeting

Voting Requirements:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 10/08/2024

Board & Commission: Economic Development Authority

Subject: Closed Session to Consider Sale of Real Property owned by the Economic Development Authority

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Recommended EDA Action

Motion to adjourn to Closed Session to receive an update regarding the potential sale of real property per Minnesota Statutes 13D.05, Subd. 3, (c)(1).

The North Branch Economic Development Authority will adjourn to a closed session to receive an update regarding potential of sale of real property in the North Branch Interstate Business Park, owned by the North Branch Economic Development Authority. This portion of the EDA meeting may be closed per Minnesota Statute 13D.05, Subd. 3, (c)(1).

Voting Requirements:

Voting Options **Simple Majority**