

**TO: Cannon Falls City Council**  
**FROM: Neil Jensen, City Administrator**  
**SUBJECT: Concept Plan for a 79 Unit Apartment Complex at 415 Hickory Drive**  
**DATE: August 17, 2021**

**Concept Plan for the Keller-Baartman 79-Unit Apartment Complex at 415 Hickory Drive, (McCannonball Lot)** A Planning Commission meeting was held Monday, August 9, 2021 to discuss a concept plan for Andy Baartman of Keller-Baartman Properties, XIV, LLC, who presented a Concept Plan for a 79-unit apartment complex at 415 Hickory Drive.

### **Process**

Procedurally this project is fairly complex. It involves multiple approvals – TIF, Rezone, PUD – going through multiple entities – EDA, Planning Commission, City Council. The EDA and the City Council are responsible for the TIF process and approvals. The Planning Commission and City Council are responsible for the Rezone and PUD process and approvals. The Concept Plan before the Council tonight is the first step of a three step PUD process:

- Concept Plan - First, the Planning Commission and Council each consider the concept plan. This is a general project review to determine if the City believes the project is appropriate. The goal here is to provide direction to the developer for the project as a whole and if there are any specific concerns the developer needs to consider/address in the development stage.
- Development Stage - Second, the Planning Commission and Council each consider the preliminary plan. This step includes a public hearing before the Planning Commission along with published and mailed notice of the hearing. The public hearing would be on both the PUD plans and the rezoning. This step includes most of the detailed plan preparation and review. Staff plans to bring this stage to the Planning Commission on September 13 and to the Council on September 21.
- Final Plan - Third, the Planning Commission and Council each consider the final plan.

At each step, the developer presents the required information, staff reviews the information and provides a report for the Planning Commission, the Planning Commission considers the matter and makes a recommendation to the Council, and then the Council reviews and makes a final decision.

### **Project Details**

This lot is currently zoned *B-2 General Business District*, PID #527300010.

The apartment complex will include 79 units with a mix of efficiency (24 units), 1 bedroom (33 units), 2 bedroom (19 units), and 3 bedroom (3 units). 143 parking spaces (56 covered parking; 4 ADA designated), which allows for 1.75 spaces per dwelling unit.

The first floor will have covered parking, office, lounge, community room, fitness room, mail/package area, computer room, meeting room and 2 dwelling units. The second floor will have 25 units, and the third and fourth floors will have 26 units each. Outdoor space will include a grilling area, dog park and patio area.

One-bedroom units will consist of 42% of the unit mix, followed by 30% efficiency, 24% two-bedroom, and 4% will be three-bedroom. The efficiency units will start at 480 sq. ft.

The following exhibits are enclosed to further describe the proposal:

1. Development Application from Andy Baartman of Keller-Baartman
2. McCannonball Subdivision Plat
3. Concept site plan
  - a. Parking
  - b. Floor Plan/Unit Mix
  - c. Elevation
4. R-4 Zoning Ordinance
5. Planned Unit Development Ordinance
6. Draft of Tax Increment Financing Plan
7. Full Color Photo of Site
8. 4 Full Color Photos of Proposed Apartment Building (from Zumbrota)
9. Neighboring City Maps Showing Apartment Placement
10. City GIS Map Showing Possible Open Space
11. Cannon Falls Comprehensive Plan Sections
12. Goodhue County Housing Study

### **Requested Waivers**

The developer is pursuing a rezone of the property to R4 and using the PUD process in order to seek several exceptions to the R4 zoning regulations. The following are the requested exceptions:

#### **79 Units**

- 24 Studios (30%) 10 units at \$875.00; 14 units at \$825 (*R-4 Ordinance requires no more than 10% studios*)
- 33 1 BR (42%) 17 units at \$1175; 16 units at \$1125
- 19 2 BR (24%) 13 units at \$1275; 6 units at \$1200
- 3 3 BR (4%) 3 units at \$1325

Floor Area

<u>Unit Type</u>	<u>KB</u>	<u>City Code</u>
Studio	480-534 sq. ft.	500 sq. ft.
1 BR	715-972 sq. ft.	700 sq. ft.
2 BR	1184-1200 sq. ft.	800 sq. ft.
3 BR	1200+	880 sq. ft.

Height

4 stories but under 60 ft. tall (*Ordinance for R-4 is 3 stories*)

Parking

143 Spaces: 56 indoor; 87 outdoor; 4 ADA  
1.75 spaces per unit (*Ordinance states 2.25 per unit*)

**§ 152.566 DEVELOPMENT DENSITY.**

The maximum development density shall be determined by the following lot area per unit standards.

Elderly senior housing	1,000 square feet per unit
Multiple-family dwellings	2,500 square feet per unit
Townhouse, quadraminium	4,000 square feet per unit

(Prior Code, § 11-56-7) (Ord. 258, passed 5-4-2006)

Proposal is for 79 units. 79 x 2,500 sq. ft.= lot area of 197.750 sq. ft. to meet code. (This would equal 4.539 or 4.54 acres at 43,560 sq. ft. per acre).

3.25 acres x 43,560 sq. ft per acre= 141,570 total lot size. Divided by 2,500 sq ft. per unit equals 56.62 units or 57 units allowed on 3.25 acres.

The Council should consider whether these are exceptions are reasonable. While a final decision is not required tonight, any direction will be beneficial for the developer to use in creating detailed plans. If the Council is not willing to grant the exceptions as requested, informing developer at this point will allow developer to adapt the plans. If the project moves forward and is ultimately approved, the Council be asked to adopt a rezoning ordinance which will rezone the property to R4 PUD and will list any exceptions granted.

### **Planning Commission Review**

The Planning Commission reviewed the Concept Plan on August 9, 2021. The Planning Commission voted 3-3 on recommending the project to the Council. The Planning Commission was generally in support of additional housing but had a number of concerns:

- Industrial area— the location of housing in an industrial area may create too much noise for a residential development
- Density per acre—does this project meet the density requirements?
- Parking reduction—will it become very congested, where will visitors park?
- Traffic study – a traffic study was recommended
- Building height code is 45’; this is 60’. Will it be a concern for our fire department?
- Open space—there should be some as part of the project
- Safety of children living in the apartment with no open space or sidewalks
- Will Triangle Auto be pushed out because of their business noise, or other businesses as well?
- Feasibility study – should there be a feasibility study for this project.

The main concern expressed by the Planning Commission was that this may be the wrong spot in the City for such a project. It was suggested that this was a good project but that there are better spots in the City for it.

### **Conclusion**

The Council should consider if the proposed project is appropriate. If the project is not appropriate, the Council should deny the concept plan with specific findings as to why the project is not appropriate. If the project is appropriate, the Council should approve the concept plan with specific direction to the developer on any areas of concern, including specifically the requested exceptions and any follow up desired in regards to the Planning Commission’s concerns. The developer will then proceed with developing detailed plans for the project to be brought back to the Planning Commission and Council as part of the development stage. While this stage is a big picture concept review, it will be beneficial to the developer and the project if the Council provides any specific feedback it has at this time to give the developer direction on developing the detailed plans.



**CITY OF CANNON FALLS  
GOODHUE COUNTY, MINNESOTA**

**RESOLUTION NUMBER 2572**

**CONCEPT PLAN FOR KELLER-BAARTMAN 79-UNIT APARTMENT COMPLEX  
AT 415 HICKORY DRIVE**

WHEREAS, Andy Baartman of Keller-Baartman has made application for a 79-unit apartment complex at 415 Hickory Drive, PID #527300010 as regulated by the Zoning Ordinance; and

WHEREAS, the purpose of this request is to acquire approval of the Concept Plan for the Keller-Baartman 79-Unit Apartment Complex.

WHEREAS, the Cannon Falls City Council finds the granting of the Concept Plan is reasonable and in conformance with the City of Cannon Falls Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED that the Cannon Falls City Council grants approval of the Concept Plan for the Keller-Baartman 79-unit apartment complex at 415 Hickory Drive and recommends that Keller-Baartman consider the Council's directions when developing plans for the project.

**ADOPTED** by the Council this 17<sup>th</sup> day of August 2021.

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Steve Gesme, Mayor Pro-Tem

ATTEST: \_\_\_\_\_  
Neil L. Jensen, City Administrator



**DEVELOPMENT APPLICATION**  
918 River Road, Cannon Falls, MN 55009 | 507-263-9308

SUBJECT TO STAFF REVIEW

Street Location of Property: 415 Hickory Dr.

Legal Description of Property: \_\_\_\_\_

Owner of Record: Name: City of Cannon Falls-EDA  
Daytime Phone: 507-263-9304  
Address: 918 River Rd  
Cannon Falls, MN 55009  
E-Mail Address: njensen@cannonfallsmn.gov

Applicant (if other than owner) Name: Keller-Baartman Properties XIV, LLC Andy Baartman  
Daytime Phone: 651-301-5103  
Address: P.O. Box 31  
Red Wing, MN 55066  
E-Mail Address: andy@kbproperties.org

Nature of Legal or Equitable Interest of Applicant (Documentation must be attached :)

Request:	Conditional Use Permit	Rezoning/Ordinance Text Amendment
	Subdivision	Variance
	Concept	Interim Use Permit
	Preliminary Plat	Amendment
	Final Plat	<input checked="" type="checkbox"/> CUP/PUD
	Administrative	Site Plan Review
	Administrative Permit	Special Home Occupation
	Vacation	Annexation Petition
	Comp Plan Amendment	Appeal
	Other	

**Note:** Each requested approval may require a separate fee and/or escrow amount, even where they apply to the same project.

Date Application Received: 7/26/21

Date Submission Deemed to be Complete: \_\_\_\_\_

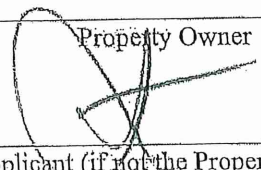
Give detailed description of project and reason for conditional use or variance, if applicable:

Planned Unit Development w/  
CLUP & re-zone for a  
19 unit apartment complex  
in the McCarron Ball lot.

**SUPPORTING DOCUMENTATION:** Applicant must submit with the application all documentation required by the Zoning or Subdivision Ordinance relating to the requested approval. Applicant will be advised of the completeness. Only when it has been determined that an application is complete will it be placed on a Planning Commission agenda for consideration. Applications that do not include the proper plans and/or documentation may be delayed from formal review. **FAILURE ON THE PART OF THE APPLICANT TO SUPPLY ALL NECESSARY SUPPORTIVE INFORMATION MAY BE GROUNDS FOR DENIAL OF THE REQUEST.**

**APPLICANT RESPONSIBILITY FOR PAYMENT OF ALL CITY FEES AND COSTS IN PROCESSING APPLICATION:** Applicant acknowledges that she/he understands that before this request can be considered and/or approved, all fees, including the basic application fee and any escrow processing deposits must be paid to the city and that, if additional fees are required to cover costs incurred by the City, the City Clerk has a right to require additional escrow amounts and payment. These fees include all actual costs including, but not limited to, planning, engineering, public notification and legal costs. All processing of an application will be halted if payments are not made within 30 days of receipt of a monthly statement from the City, in the event any escrow account established is insufficient to cover the costs.

**SIGNED:**

\_\_\_\_\_  
Property Owner  
  
\_\_\_\_\_  
Applicant (if not the Property Owner)

Date: \_\_\_\_\_

Date: 7-26-21

**FOR CITY USE ONLY**

Date Application Filed: 7/26/21

Basic Fees: 4500

Received By: dk

Escrow Deposit: \_\_\_\_\_

Evidence of Ownership Submitted:	Yes	No	Required
Certified Lot Survey:	Yes	No	Required
Legal Description Adequate:	Yes	No	Required

Date of Planning Commission Meeting: Concept Plan mtg 8/9/21,

Recommendation of Planning Commission on: \_\_\_\_\_ Approve Deny

Recommendation of City Council on: \_\_\_\_\_ Approve Deny

Subject to following conditions: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Public Hearing*  
*9/13/21,*  
*Final Plat*  
*10/11/21*



Laura Qualey <laura.qualey@cedausa.com>

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## CF Project Timeline

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Andy Baartman <andy@kbproperties.org>  
To: Laura Qualey <laura.qualey@cedausa.com>

Mon, Jul 26, 2021 at 2:45 PM

Laura, please withdraw our original development application from June 9th and re-apply funds of \$450 towards the new development application attached

Thanks

Andy

[Quoted text hidden]

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Andy Baartman  
Keller-Baartman Properties  
P.O. Box 31  
Red Wing, MN 55066  
651-301-5103

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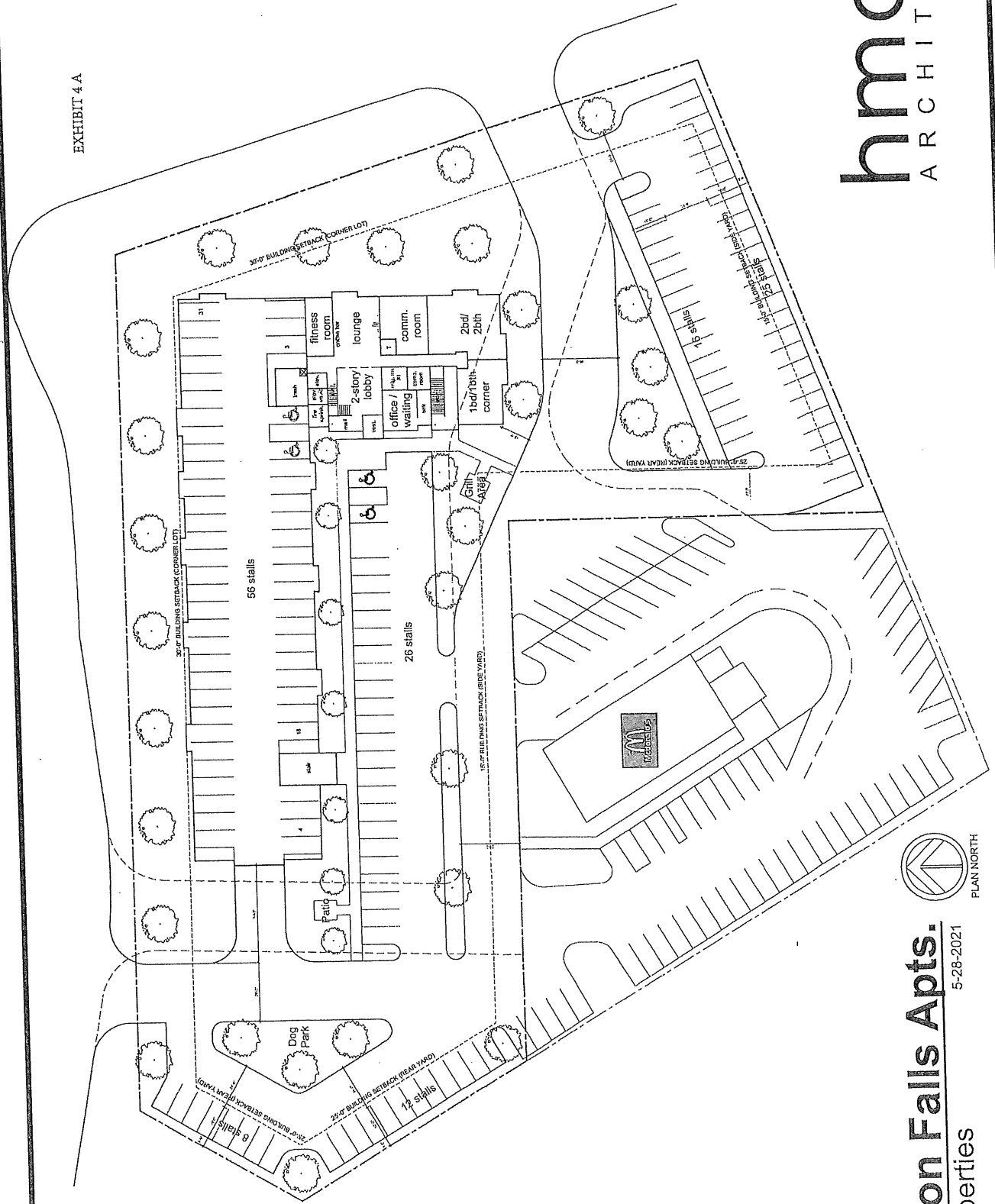
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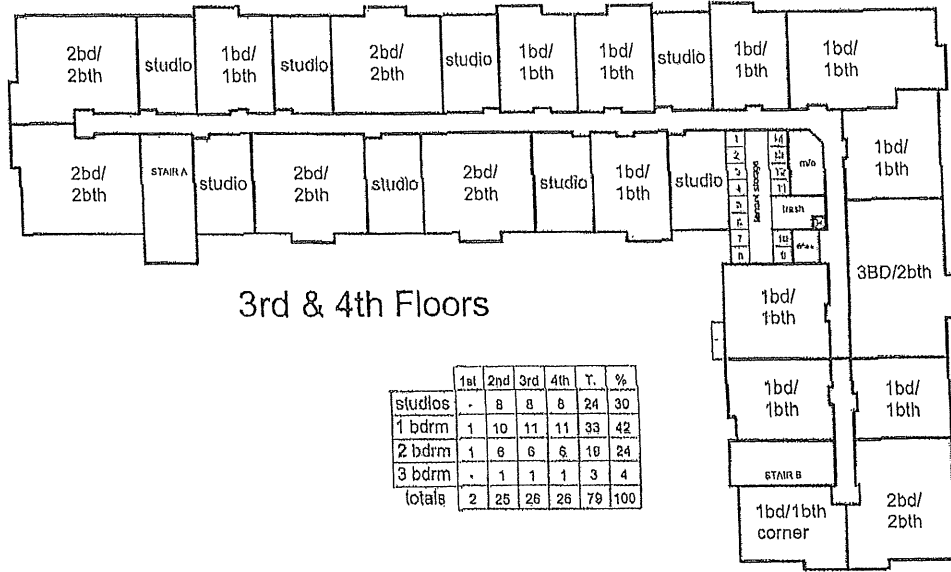


EXHIBIT 4 A



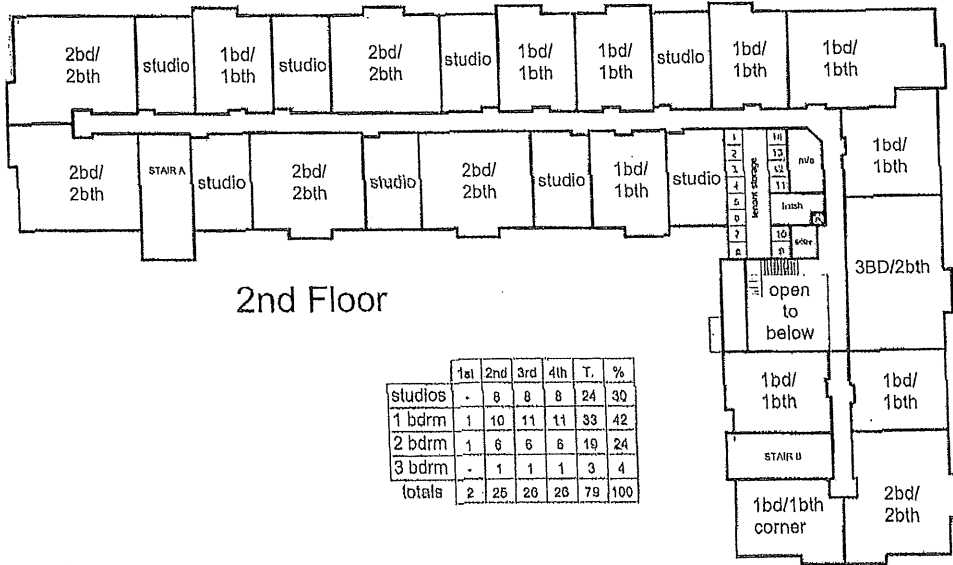
Cannon Falls Apts.  
K-B Properties  
5-28-2021





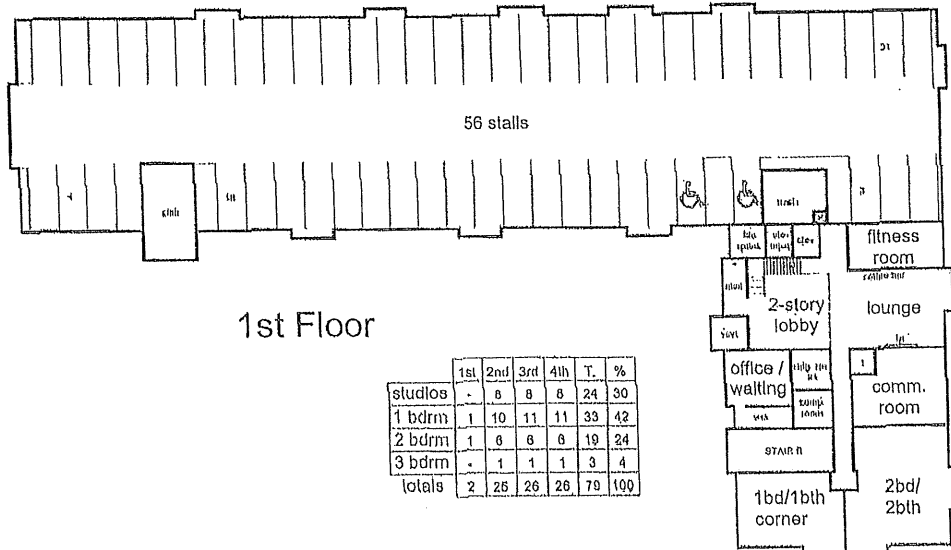
3rd & 4th Floors

	1st	2nd	3rd	4th	T.	%
studios	-	8	8	8	24	30
1 bdrm	1	10	11	11	33	42
2 bdrm	1	6	6	6	19	24
3 bdrm	-	1	1	1	3	4
<b>totals</b>	<b>2</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>79</b>	<b>100</b>



2nd Floor

	1st	2nd	3rd	4th	T.	%
studios	-	8	8	8	24	30
1 bdrm	1	10	11	11	33	42
2 bdrm	1	6	6	6	19	24
3 bdrm	-	1	1	1	3	4
<b>totals</b>	<b>2</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>79</b>	<b>100</b>



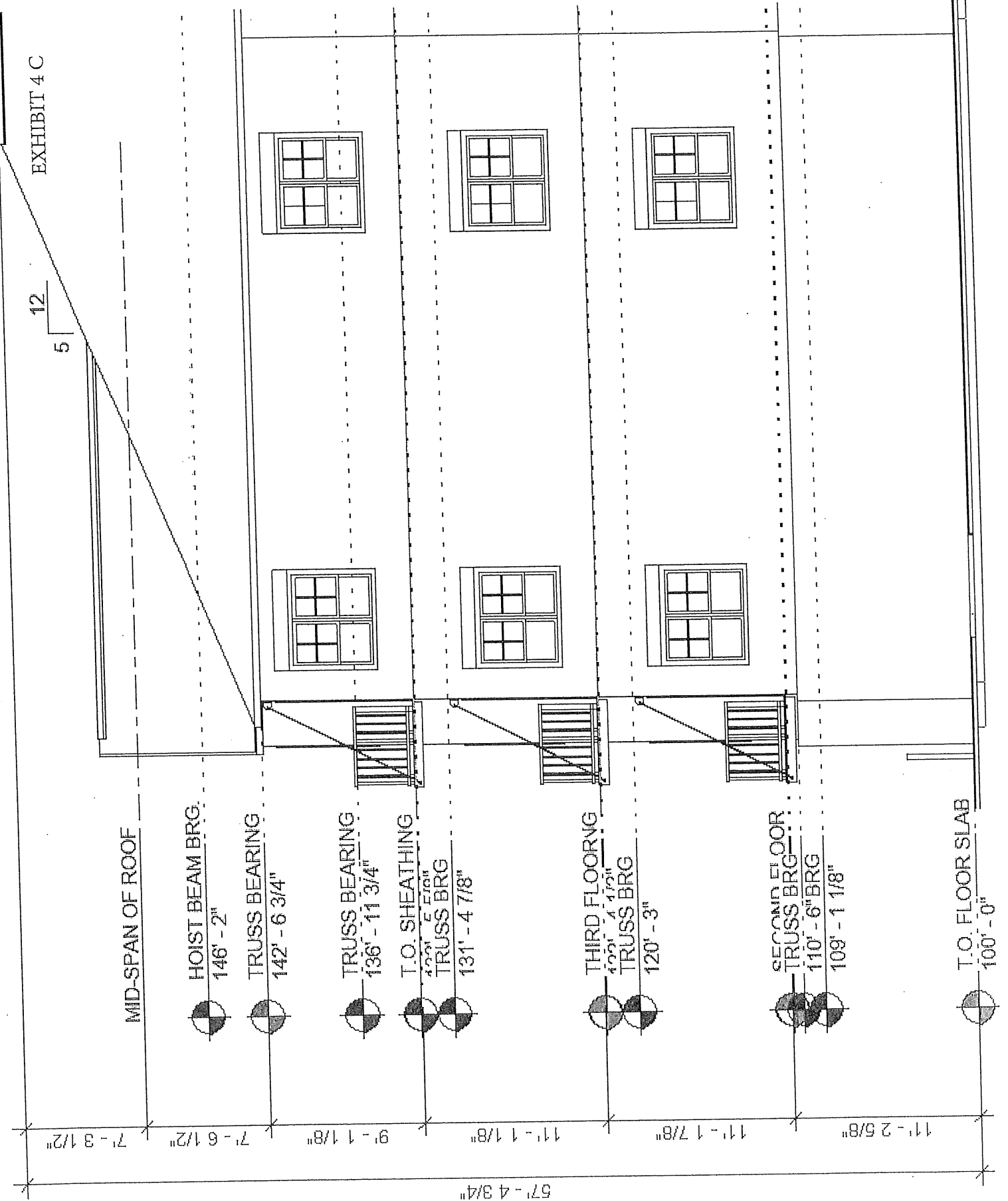
1st Floor

	1st	2nd	3rd	4th	T.	%
studios	-	8	8	8	24	30
1 bdrm	1	10	11	11	33	42
2 bdrm	1	6	6	6	19	24
3 bdrm	-	1	1	1	3	4
<b>totals</b>	<b>2</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>79</b>	<b>100</b>



EXHIBIT 4 C

12  
5



(2) Private drives shall be under the ownership and control of the property owners' association who shall be responsible for the maintenance, repair and replacement of surfacing. The association shall maintain a capital improvement program for the driveways under its ownership.

(3) Provisions for adequate turnaround shall be made at the terminus of all private drives.

(4) Private drives shall include plans and areas for snow storage.

(I) *Guest parking.* At minimum, one-half of guest parking spaces per unit shall be provided in an off-street parking lot or private drive. The design of the off-street parking lot shall conform to requirements of §§ 152.255 through 152.264 of this chapter.

(J) *Landscaping/screening and lighting.* Detailed landscaping/screening and lighting plans shall be provided and implemented pursuant to §§ 152.180 through 152.194 and 152.275 through 152.281 of this chapter.

(K) *Open space/recreational use.* In addition to the park dedication requirements stipulated by the city's subdivision regulations, a minimum of 10% of the gross development project area shall be in usable open space and recreational use for the project residents. These areas shall be specifically designed for both the active and passive use by the project residents and may include swimming pools, trails, nature areas, tot lots, exercise equipment, saunas and the like. The areas and facilities shall be private, except in those cases where the city agrees to assume responsibility for all or a portion of the recreational space.

(L) *Irrigation.* All pervious landscaped areas shall be irrigated subject to plan submission, review and approval by the City Engineer.

(Prior Code, § 11-55-10) (Ord. 258, passed 5-4-2006)

### ***R-4, HIGH DENSITY RESIDENTIAL DISTRICT***

#### **§ 152.560 PURPOSE.**

The purpose of the R-4, High Density Residential District is to provide for high density housing in multiple-family structures and directly related complementary uses as guided by the Comprehensive Plan. (Prior Code, § 11-56-1) (Ord. 258, passed 5-4-2006)

#### **§ 152.561 PERMITTED USES.**

Subject to applicable provisions of this chapter, the following are permitted uses in the R-4 District:

(A) Essential services;

(B) Multiple-family dwellings;

(C) Public parks, playfields, recreational uses and directly related buildings and structures; and

(D) Single-family and two-family dwellings subject to compliance with yard and setback requirements and accessory uses and structure requirements applicable to the R-3 District. (Prior Code, § 11-56-2) (Ord. 258, passed 5-4-2006; Ord. 271, passed 3-15-2007)

#### § 152.562 PERMITTED ACCESSORY USES.

Subject to applicable provisions of this chapter, the following are permitted accessory uses in the R-4 District:

(A) Accessory uses, buildings and structures customarily incidental and directly related to the uses allowed as permitted, conditional, interim and administrative permit in this subchapter, subject to applicable regulation of this chapter;

(B) Fences as regulated by §§ 152.275 through 152.281 of this chapter;

(C) Home offices;

(D) Play and recreational facilities, accessory to an existing permitted use;

(E) Secondary or accessory use antennas as regulated by §§ 152.330 through 152.337 of this chapter; and

(F) Signs as regulated by §§ 152.350 through 152.359 of this chapter. (Prior Code, § 11-56-3) (Ord. 258, passed 5-4-2006)

#### § 152.563 CONDITIONAL USES.

Subject to applicable provisions of this chapter, the following are conditional uses in an R-4 District and require a conditional use permit based upon procedures set forth in and regulated by §§ 152.070 through 152.074 of this chapter:

(A) Elderly (senior citizen) housing provided that:

(1) The provisions of § 152.210(C) of this chapter are being met;

(2) Not more than 20% of the occupants may be persons 55 years of age or under (spouse of a person over 55 years of age or caretakers and the like);

(4) Parking areas are screened and landscaped from view of surrounding and abutting residential districts in compliance with §§ 152.275 through 152.281 of this chapter;

(5) All signing and informational or visual communication devices shall be in compliance with §§ 152.350 through 152.359 of this chapter; and

(6) Usable open space at a minimum of 20% of the gross lot area.

(G) Lodging room establishments provided that:

(1) Lodging room establishments are limited to no more than five lodging rooms with sleeping and living quarters. Each room that provides accommodations approved for sleeping by guests shall be counted as one lodging room. A lodging room must satisfy applicable requirements of the Building Code;

(2) (a) In addition to providing overnight accommodations, lodging room establishments may also provide for small group gatherings of not more than 15 persons for the purpose of hosting social and recreational events such as reunions, educational forums, retreats and for quilting, scrap-booking and other similar activities;

(b) If the capacity of the proposed lodging room establishment, the building or the grounds, is insufficient to accommodate the maximum allowable occupancy of 15 persons, then a lesser number of persons may be approved; and

(c) The owner of an approved lodging room establishment is responsible for notifying the city no less than 72 hours prior to hosting an event that an event will be held. The notification must include a general description of the event itself, the anticipated number of guests and the planned date(s).

(3) The owner of a lodging room establishment may be permitted to sell goods and materials that are related to and required by authorized events, but only to registered guests and participants in the authorized event;

(4) The lodging room establishment may provide cooking facilities only for the exclusive use of registered guests and participants in the authorized event and provided that the preparation of food does not require a permit from the State Department of Health or similar regulatory entity;

(5) One identification sign of no more than four square feet is allowable. The sign must be located on the structure itself and be designed to be consistent with the character and architectural features of the building;

(6) A minimum of one off-street parking space for each lodging room shall be provided on the property, screened and landscaped pursuant to applicable provisions of § 152.279 of this chapter. In the event that five or more off-street parking spaces are provided, the parking area must be screened and landscaped in accordance with applicable provisions of §§ 152.275 through 152.281 of this chapter. In no instance shall any lodging room establishment provide more than seven off-street parking spaces on the property;



## Cannon Falls - Land Usage

(A) All residences shall be limited to a maximum building height of three stories or 45 feet, however, building heights in excess of the prescribed standard may be permitted through a conditional use permit, provided that the requirements of § 152.207(A) of this chapter are met.

(B) Dwelling unit floor area shall be governed by § 152.210 of this chapter.

(C) Accessory structures shall be governed by §§ 152.230 through 152.241 of this chapter. (Prior Code, § 11-56-9) (Ord. 258, passed 5-4-2006)

**§ 152.569 COMMON AREAS.**

The following minimum requirements shall be observed in the R-4 District governing common areas.

(A) *Ownership.* All common areas within an R-4 development including, but not limited to, open space, wetlands, greenways, drainage ponds, driveways, private drives, parking areas, play areas and the like shall be owned in one of the following manners:

(1) Condominium ownership pursuant to M.S. § 515A.1-106, as it may be amended from time to time; and

(2) Two-family, quadraminium and townhome subdivision common areas shall be owned by the owners of each unit lot, with each owner of a unit having an equal and undivided interest in the common area;

(B) *Homeowners' association.* A homeowners' association shall be established for all townhome developments within the R-4 District, subject to review and approval of the City Attorney, and shall be responsible for all exterior building maintenance, approval of any exterior architectural modifications, landscaping, snow clearing and regular maintenance of private driveways and other areas owned in common when there is more than one individual property owner having interest within the development. (Prior Code, § 11-56-10) (Ord. 258, passed 5-4-2006)

**§ 152.570 DESIGN AND CONSTRUCTION STANDARDS.**

(A) Design and construction standards specified in § 152.208 of this chapter are met.

(B) The exterior of multiple-family dwelling structures shall include a variation in building materials which are to be distributed throughout the building facades and coordinated into the architectural design of the structure to create an architecturally balanced appearance. In addition, multiple-family dwelling structures shall comply with the following requirements:

(1) A minimum of 25% of the combined area of all building facades facing a public right-of-way of a structure shall have an exterior finish of brick, stucco and/or natural or artificial stone; and

(2) For the purposes of this section, the area of the building facade shall not include area devoted to windows, entrance doors, garage doors or roof areas.  
(Prior Code, § 11-56-11) (Ord. 258, passed 5-4-2006)

### ***R-M, SINGLE-FAMILY MANUFACTURED HOME PARK DISTRICT***

#### **§ 152.585 PURPOSE.**

The purpose of the R-M, Single-Family Manufactured Home Park District is to provide a separate district for manufactured home parks, distinct from other residential uses in areas guided for low density residential land uses by the Comprehensive Plan.  
(Prior Code, § 11-57-1) (Ord. 258, passed 5-4-2006)

#### **§ 152.586 PERMITTED USES.**

Subject to applicable provisions of this chapter, the following are permitted uses in an R-M District: all permitted uses allowed in the R-1 District.  
(Prior Code, § 11-57-2) (Ord. 258, passed 5-4-2006)

#### **§ 152.587 PERMITTED ACCESSORY USES.**

Subject to applicable provisions of this chapter, the following are permitted accessory uses in an R-M District: all permitted accessory uses allowed in the R-1 District with the following exceptions:

(A) Boarding or renting of rooms to not more than two individuals per dwelling unit; and

(B) Daycare facilities serving 12 or fewer persons in a single-family detached dwelling.

(Prior Code, § 11-57-3) (Ord. 258, passed 5-4-2006)

#### **§ 152.588 CONDITIONAL USES.**

Subject to applicable provisions of this chapter, the following are conditional uses in an R-M District and require a conditional use permit based upon procedures set forth in and regulated by §§ 152.070 through 152.074 of this chapter:

## PLANNED UNIT DEVELOPMENT PROCEDURES

### § 152.150 PURPOSE.

This subchapter is established to provide comprehensive procedures and standards designed for both district and conditional use permit planned unit development to allow the development of neighborhoods or portions thereof incorporating a variety of residential types and nonresidential uses. Recognizing that traditional density, bulk, setbacks, use and subdivision regulations which may be useful in protecting the character of substantially developed areas, may not be appropriate to control development in less developed areas. The PUD, by allowing deviation from the strict provisions of this chapter related to setbacks, heights, lot area, width and depths, yards and the like by conditional use permit or a mixture of uses by rezoning to a PUD District, is intended to encourage:

- (A) A development pattern in harmony with the objectives of the Comprehensive Plan;
- (B) Innovations in development that address growing demands for all styles of economic expansion, greater variety in type, design, architectural standards and siting of structures through the conservation and more efficient use of land in those developments;
- (C) Higher standards of site and building design through the use of trained and experienced land planners, architects and landscape architects;
- (D) The preservation and enhancement of desirable site characteristics such as environmentally sensitive areas, existing vegetation, natural topography, greenway corridors, open space, geologic features and the prevention of soil erosion;
- (E) A creative use of land and related physical development which allows a phased and orderly transition of varying land uses in close proximity to each other;
- (F) More convenience in location of accessory commercial and service areas;
- (G) An efficient use of land resulting in smaller networks of utilities and streets thereby lowering development costs and public investments; and
- (H) Promotion of a desirable and creative environment that might be prevented through the strict application of city zoning and subdivision regulations.

(Prior Code, § 11-10-1) (Ord. 258, passed 5-4-2006)

### § 152.151 PUD TYPES.

(A) *Conditional use permit.* Planned unit developments allow for design flexibility related to density, setbacks, building heights, lot area, lot width and the like. However, the range of uses allowed in a conditional use planned unit development is limited to those uses allowed in the base zoning district.

(B) *Planned unit development zoning.* A mixed use planned unit development that may include land uses from a variety of zoning districts must utilize the PUD Zoning District.

(Prior Code, § 11-10-2) (Ord. 258, passed 5-4-2006)

### § 152.152 GENERAL REQUIREMENTS AND STANDARDS FOR A PUD.

(A) *Ownership.* An application for PUD approval shall be filed by the landowner or jointly by all landowners of the property included in a project. The application and all submissions shall be directed to the development of the property as a unified whole. In the case of multiple ownership, the approved PUD shall be binding on all owners.

(B) *Comprehensive Plan consistency.* The proposed PUD shall be consistent with the City Comprehensive Plan.

(C) *Public or common open space.* Public or common open space at least sufficient to meet the minimum requirements established in this chapter and the complementary structures and improvements as are necessary and appropriate for the benefit and enjoyment of the residents of the PUD shall be provided within the area of the PUD.

(D) *Operating and maintenance requirements for PUD common open space/facilities.* Whenever common open space or service facilities are provided within the PUD, the PUD plan shall contain provisions to assure the continued operation and maintenance of the open space and service facilities to a predetermined reasonable standard. Common open space and service facilities within a PUD may be placed under the ownership of one or more of the following, as approved by the City Council:

(1) Dedicated to public, where a community-wide use is anticipated and the City Council agrees to accept the dedication;

(2) Landlord control, where only use by tenants is anticipated; and

(3) Property owners association, provided all of the following conditions are met.

(a) *Declaration.* Prior to the use or occupancy or sale or the execution of controls for sale of an individual building unit, parcel, tracts, townhouse, apartment or common area, a declaration of covenants, conditions and restrictions or an equivalent document or a document as specified by the State Common Interest Ownership Act set out in M.S. Chapter

## § 152.207 BUILDING HEIGHT.

(A) No structure shall exceed the maximum height requirement of the applicable zoning district provisions except by conditional use permit and provided that:

- (1) The site is capable of accommodating the increased intensity of use;
- (2) The increased intensity of use does not cause an increase in traffic volumes beyond the capacity of the surrounding streets;
- (3) Public utilities and services are adequate;
- (4) For each additional story over three stories or for each additional ten feet above 35 feet, front and side yard setback requirements shall be increased by 5%; and
- (5) The performance standards and criteria of §§ 152.070 through 152.074 of this chapter are considered and satisfied.

(B) The building height limits established herein for districts shall not apply to the following:

- (1) Agricultural buildings on farm properties;
- (2) Antenna support structures as regulated by §§ 152.330 through 152.337 of this chapter;
- (3) Belfries;
- (4) Chimneys or flues;
- (5) Church spires;
- (6) Cooling towers;
- (7) Cupolas and domes which do not contain usable space;
- (8) Elevator penthouses;
- (9) Flagpoles;
- (10) Monuments;
- (11) Necessary mechanical and electrical appurtenances;
- (12) Parapet walls extending not more than three feet above the limiting height of the building;
- (13) Poles, towers and other structures for essential services; and
- (14) Wind energy conversion system towers.

(Prior Code, § 11-17-3) (Ord. 258, passed 5-4-2006)

## § 152.208 BUILDING TYPE AND CONSTRUCTION.

(A) *General provisions.*

(1) *Architectural and aesthetic compatibility.* Buildings in all zoning districts shall maintain a high standard of architectural and aesthetic compatibility with surrounding properties to ensure that they will not adversely impact the community's public health, safety and general welfare.

(2) *Exterior building finishes.*

(a) *Residential uses.* The primary exterior building facade finishes for residential uses shall consist of materials comparable in grade to the following:

1. Brick;
2. Concrete composite board;
3. Stone (natural or artificial);
4. Integral colored split face (rock face) concrete block;
5. Wood, natural or composite, provided the surfaces are finished for exterior use or wood of proven exterior durability is used, such as cedar, redwood or cypress;
6. Stucco (natural or artificial)/EIFS (exterior insulated finish system); and
7. Vinyl, steel, aluminum.

(b) *Commercial.* The primary exterior building facade finishes for commercial uses shall consist of materials comparable in grade to the following:

1. Brick;



2. Concrete composite board;
3. Stone (natural or artificial);
4. Cast in place concrete or precast concrete panels;
5. Integral colored split face (rock face) concrete block;
6. Wood, natural or composite, provided the surfaces are finished for exterior use or wood of proven exterior durability is used, such as cedar, redwood or cypress;
7. Glass curtain wall panels;
8. Stucco (natural or artificial)/EIFS (exterior insulated finish system); and
9. Steel or aluminum siding.

(c) *Commercial (Historic Downtown Overlay District)*. Exterior building facade finishes for commercial buildings within the Historic District shall be compatible with the city downtown design standards as described in section shall be consistent with the standards illustrated in §§ 152.720 through 152.730 of this chapter.

(d) *Industrial*. The primary exterior building facade finishes for industrial and institutional uses shall consist of materials comparable in grade to the following:

1. Brick;
2. Concrete composite board;
3. Stone (natural or artificial);
4. Cast in place concrete or precast concrete panels;
5. Integral colored split face (rock face) concrete block;
6. Wood, natural or composite, provided the surfaces are finished for exterior use or wood of proven exterior durability is used, such as cedar, redwood or cypress;
7. Glass curtain wall panels;
8. Stucco (natural or artificial)/EIFS (exterior insulated finish system); and
9. Steel or aluminum siding.

(e) *Building foundations*. Building foundations not exceeding two feet and other portions of a building's facade need not comply with the requirements for the primary facade treatment or materials.

(B) *Industrial districts*.

(1) In all industrial zoned districts, all buildings constructed of curtain wall panels of finished steel, aluminum or fiberglass shall be required to be faced with brick, wood, stone, architectural concrete cast in place or precast concrete panels on wall surfaces abutting public rights-of-way, a residential zoning district or public areas.

(2) The required wall surface treatment may allow a maximum of 50% of the metal or fiberglass wall to remain exposed if it is coordinated into the architectural design and is similar to the building frontage.

(C) *Exceptions*. Exceptions to the provisions of this section may be granted as a conditional use permit by the City Council, provided that:

- (1) The proposed building maintains the quality intended by this chapter;
- (2) The proposed building is compatible and in harmony with other structures within the district; and
- (3) The provisions of §§ 152.070 through 152.074 of this chapter are considered and satisfied.

(Prior Code, § 11-17-4) (Ord. 258, passed 5-4-2006)

**§ 152.210 MINIMUM FLOOR AREA PER DWELLING UNIT.**

(A) *Single-family dwelling units*. Except as otherwise specified in the zoning district provisions, or except as allowed by conditional use permit based upon justifiable cause, single-family homes as classified below shall have the following minimum floor areas per unit.

1 and 2 bedroom	960 square feet above grade
3 bedrooms or more	1,040 square feet above grade

(B) *Multiple-dwelling units*. Except as otherwise specified in zoning district provisions, or except as allowed by conditional use permit based upon justifiable cause, living units classified as multiple-dwelling (excepting elderly housing)

shall have the following minimum floor areas per unit.

Efficiency units	500 square feet
1 bedroom units	700 square feet
2 bedroom units	800 square feet
More than 2 bedroom units	An additional 80 square feet for each additional bedroom

(C) *Elderly (senior citizen) housing.* Except as otherwise specified in the zoning district provisions, or except as allowed by conditional use permit based upon justifiable cause, living units classified as elderly (senior citizen) housing units shall have the following minimum floor areas per unit.

Efficiency units	440 square feet
1 bedroom	520 square feet
More than 1 bedroom units	An additional 80 square feet for each additional bedroom

(D) *Two-family dwelling units, quadraminiums and townhouses.* Except as otherwise specified in the zoning district provisions, or except as allowed by conditional use permit based upon justifiable cause, two-family, quadraminiums, manor homes and townhouses, as classified below, shall have the minimum floor area per unit as follows.

Two-family	650 square feet first floor above grade, plus 100 additional square feet for each bedroom
Quadraminiums, manor homes and townhouses	600 square feet first floor above grade, plus 100 additional square feet for each bedroom

(Prior Code, § 11-17-6) (Ord. 258, passed 5-4-2006)

**§ 152.211 EFFICIENCY APARTMENTS.**

Except for elderly (senior citizen) housing, the number of efficiency apartments in multiple-family dwellings shall not exceed one unit or 10% of the total number of dwelling units in the building, whichever is greater. In the case of elderly (senior citizen) housing, efficiency apartments shall not exceed 30% of the total number of apartments.

(Prior Code, § 11-17-7) (Ord. 258, passed 5-4-2006)

(F) *Density*. The maximum allowable density in a PUD shall be determined by reference to the Comprehensive Plan. Within that limit, the exact density allowable shall be determined by standards agreed upon between the applicant and the city. Whenever any PUD is to be developed in stages, no stage shall, when averaged with all previously completed stages, have a residential density that exceeds 100% of the proposed residential density of the entire PUD, unless this provision is explicitly modified in the planned unit development/developer's agreement approved by the City Council.

(G) *Utilities*. In any PUD, all utilities, including telephone, electricity, gas and telecable shall be installed underground within a joint trench, whenever possible.

(H) *Utility connections*.

(1) *Water connections*. Where more than one property is served from the same service line, a shut off valve must be located in a way that each unit's service may be shut off by the city, in addition to the normally supplied shut off at the street.

(2) *Sewer connections*. Where more than one unit is served by a sanitary sewer lateral which exceeds 400 feet in length, provision must be made for a manhole to allow adequate cleaning and maintenance of the lateral. All maintenance and cleaning shall be the responsibility of the property owners association or owner.

(I) *Roadways*. All public streets shall conform to the design standards contained in the city subdivision regulations, as may be amended.

(J) *Landscaping*. In any PUD, landscaping shall be provided according to a plan approved by the City Council, which shall include a detailed planting list with sizes and species indicated as part of the final plan. In assessing the landscaping plan, the City Council shall consider the natural features of the particular site, the architectural characteristics of the proposed structure(s) and the overall scheme of the PUD plan. Common landscaped open space exclusive of natural habitat areas shall be irrigated.

(K) *Development agreement*. Prior to a rezoning or the issuance of a building permit as part of planned unit development, the permit, applicant, builder or developer shall execute and deliver to the City Council a development agreement. The agreement shall detail all use restrictions and required on and off-site improvements conditional to the PUD rezoning or CUP approval. The agreement shall provide for the installation within one year of the off-site and on-site improvements (exclusive of building permit) as approved by the City Council, secured by a cash escrow or letter of credit in an amount and with surety and conditions satisfactory to the city, to insure the city that the improvements will be actually constructed and installed according to specifications and plans approved by the city as expressed in the agreement.

(L) *Setbacks*.

(1) The front and side yard restrictions of the periphery of the planned unit development site at a minimum shall be the same as imposed in the base zoning districts.

(2) No building shall be located less than 15 feet from the back of the curb line along those roadways which are part of the internal street pattern.

(Prior Code, § 11-10-3) (Ord. 258, passed 5-4-2006)

### § 152.153 PROCEDURE FOR PROCESSING A PLANNED UNIT DEVELOPMENT.

(A) *Stages of PUD*. The processing steps for a PUD are intended to provide for an orderly development and progression of the plan, with the greatest expenditure of developmental funds being made only after the city has had ample opportunity for informed decisions as to the acceptability of the various segments of the whole as the plan affects the public interest. The various steps represent separate applications for purpose of review, compliant with M.S. § 15.99, as it may be amended from time to time, outlined in detail in the following sections:

(1) *Pre-application staff meeting*. Preliminary discussions between the applicant and city staff;

(2) *General concept plan application*. Consideration of overall concept and plan;

(3) *Development stage plan application*. One or more detailed plans as part of the whole final plan; and

(4) *Final plan application*. The summary of the entire concept and each development stage plan in an integrated complete and final plan.

(B) *Pre-application meeting*. Prior to filing of an application for PUD, the applicant of the proposed PUD shall arrange for and attend a city staff meeting. At the pre-application meeting, the applicant shall be prepared to generally describe the proposal for a PUD. The primary purpose of the conference shall be to provide the applicant with an opportunity to gather information and obtain guidance as to the general suitability of the proposal for the area for which it is proposed and its conformity to the provisions of this chapter before incurring substantial expense in the preparation of plans, surveys and other data.

(C) *Neighborhood meeting*. The city may recommend the property owner/applicant hold a neighborhood meeting for informal comment and feedback prior to submitting a formal concept application.

(D) *Application*. The person applying for a planned unit development shall fill out and submit to the Zoning Administrator an official application form together with a fee per the city's fee schedule. The request for planned unit development shall be placed on the agendas of the Planning Commission according to the city's deadline and meeting schedule.

(E) *Planned unit development/rezoning.* Planned unit development/rezoning application shall be posted and advertised in accordance with §§ 152.035 through 152.043 of this chapter at time of development stage PUD.

(F) *Planned unit development/conditional use permit.* Planned unit development/conditional use permit applications shall be posted and advertised in accordance with §§ 152.035 through 152.043 of this chapter at time of development stage PUD.

(G) *Public hearings.* Public hearings shall be held at the PUD development stage.

(H) *General concept plan.*

(1) *Purpose.* The general concept plan provides an opportunity for the applicant to submit a plan to the city showing the basic intent and the general nature of the entire development without incurring substantial cost. This concept plan serves as the basis for public hearing so that the proposal may be publicly considered at an early stage.

(2) *General concept plan submission information.*

(a) *General information.*

1. *Owner.* The landowner's name, address and telephone number and his or her interest in the subject property;
2. *Applicant.* The applicant's name, address and telephone number if different from the landowner. The applicant may designate an agent to be contacted by the city, who may speak for the applicant;
3. *Consultants.* The names and addresses of all professional consultants who have contributed to the development of the PUD plan being submitted, including attorney, land planner, engineer and surveyor; and
4. *Title of applicant.* Evidence that the applicant has sufficient control over the subject property to effectuate the proposed PUD, including a statement of all legal, beneficial, tenancy and contractual interests held in or affecting the subject property and including an up-to-date certified abstract of title or registered property report and other evidence as the City Attorney may require to show the status of title or control of the subject property.

(b) *Present status of premises and adjacent properties.*

1. *Description.* The address and legal description of the subject property. A survey is required;
2. *Zoning.* The existing zoning classification and present use of the subject property and all lands within 350 feet of the subject property; and
3. *Map.* A single reproducible map or aerial photograph at a scale of not less than one inch equals 100 feet, depicting the existing development of the subject property and all land within 100 feet thereof and showing the precise location of existing streets, property lines, utilities, easements and wetlands.

(c) *Narrative description.* A written statement generally describing the proposed PUD and the market which it is intended to serve, showing its relationship to the city's Comprehensive Plan and how the proposed PUD is to be designed, arranged and operated in order to permit the development and use of neighboring property in accordance with the applicable regulations of the city.

(d) *Site conditions.*

1. Where deemed necessary by the city, graphic reproductions of the existing site conditions at a scale of one inch equals 100 feet or less shall be submitted and shall contain the following:
  - a. Survey showing lot dimensions and existing easements and utilities;
  - b. Contours; minimum two-foot intervals;
  - c. Location, type and extent of tree cover;
  - d. Slope analysis;
  - e. Location and extent of waterbodies, wetlands and streams and floodplains within 300 feet of the subject property;
  - f. Existing drainage patterns;
  - g. Vistas and significant views; and
  - h. Soil conditions as they affect development.
2. All of the graphics should be the same scale as the final plan to allow easy cross reference. The use of overlays is recommended for clear reference.

(e) *Concept drawing.* Schematic drawing of the proposed development concept including, but not limited to, the general location of major circulation elements, public and common open space, residential and other land uses.

(f) *Number of units.* A statement of the estimated total number of dwelling and/or other units proposed for the PUD and a tabulation of the proposed approximate allocations of land use expressed in acres and as a percent of the total project area, which shall include at least the following:

1. Area devoted to residential uses;
2. Area devoted to residential use by building or structure or use type;
3. Area devoted to common open space;
4. Area devoted to public open space;
5. Approximate area devoted to streets;
6. Approximate area and potential floor area devoted to commercial uses; and
7. Approximate area and potential floor area devoted to industrial or office uses.

(g) *Staged development.* When the PUD is to be constructed in stages during a period of time extending beyond a single construction season, a schedule for the development of stages or units shall be submitted stating the approximate beginning and completion date for each stage or unit and the proportion of the total PUD public or common open space and dwelling units to be provided or constructed during each stage and the overall chronology of development to be followed from stage to stage.

(h) *Common areas.* When the proposed PUD includes provisions for public or common open space or service facilities, a statement describing the provision that is to be made for the care and maintenance of open space or service facilities. If it is proposed that open space be owned and/or maintained by any entity other than a governmental authority, copies of the proposed articles of incorporation and bylaws of the entity shall be submitted during the development stage.

(i) *Covenants.* General intent of any restrictive covenants that are to be recorded with respect to property included in the proposed PUD.

(j) *Market feasibility.* Where deemed necessary, a market feasibility study including an analysis of the proposal's economic impact on the city.

(k) *Exclusion of information.* The Planning Commission may excuse an applicant from submitting any specific item of information or document required in this stage, which it finds to be unnecessary to the consideration of the specific proposal for PUD approval.

(l) *Inclusion of information.* The Planning Commission may require the submission of any additional information or documentation which it may find necessary or appropriate to full consideration of the proposed PUD or any aspect or stage thereof.

### (3) *Schedule.*

(a) Developer meets with city staff to discuss the proposed development.

(b) Developer submits the necessary data as required in division (H)(2) above at least 30 days prior to Planning Commission meeting.

(c) A technical staff report shall be prepared on the proposed development and distributed to the Planning Commission and the applicant prior to the meeting.

(d) The applicant or a representative thereof shall appear before the Planning Commission in order to answer questions concerning the proposed development.

(e) Planning Commission makes a recommendation to the City Council on the general concept plan.

(f) City Council reviews all recommendations and approves/denies application(s).

(4) *Optional submission of development stage plan.* In cases of single stage PUDs or where the applicant wishes to begin the first stage of a multiple stage PUD immediately, the applicant may, at his or her option, submit development stage plans for the proposed PUD simultaneously with the submission of the general concept plan. In that case, the applicant shall comply with all provisions of the ordinance applicable to submission of the development stage plan. The Planning Commission and City Council shall consider the plans simultaneously and shall grant or deny development stage plan approval in accordance with the provisions of this chapter.

(5) *Effect of concept approval.* PUD concept approval only provides direction for the applicant to proceed to PUD development stage submission. The concept plan approval does not convey any development rights or privileges to the applicants.

(l) *Development stage.* Development stage submissions shall depict and outline the proposed implementation of the PUD general concept stage. Information from the general concept stage may be included for background and to provide a basis for the submitted plan.

(1) *Application.* Requests for PUD development stage as provided within this chapter, shall be filed with the Zoning Administrator on an official application form. The application shall be accompanied by a fee as provided for by the City Council resolution. This fee shall not be refunded. The application shall also be accompanied by ten copies of detailed written and graphic materials fully explaining the proposed change, development or use and a list of affected property owners within 350 feet of the subject property obtained from the current tax rolls provided by the county offices.

(2) *Submission information.* The PUD development stage submission information shall include:

(a) *Zoning required.* Zoning classification required for development stage submission and any other public decisions necessary for implementation of the proposed plan;

(b) *Site plan/preliminary plat.* Drawn to a scale of one inch equals 100 feet or less, containing the following information:

1. *Project name.* Proposed name of the development (which shall not duplicate nor be similar in pronunciation to the name of any plat theretofore recorded in the county where the subject property is situated);

2. *Survey.* Property boundary lines and dimensions of the property and any significant topographical or physical features of the property. An accurate legal description of the entire area within the PUD;

3. *Preliminary plat.* Preliminary plat, if applicable, shall comply with all the performance standards of the city subdivision regulations and this chapter;

4. *Buildings.* The location, size, use and arrangement including height in stories and feet and total square feet of ground area coverage and floor area or proposed buildings and existing buildings which will remain, if any;

5. *Traffic circulation.* Location, dimensions and number of all driveways, entrances, curb cuts, parking stalls, loading spaces and access aisles and all other circulation elements including bike and pedestrian; and the total site coverage of all circulation elements;

6. *Common areas.* Location, designation and total area of all common open space;

7. *Public open space.* Location, designation and total area proposed to be conveyed or dedicated for public open space, including parks, playgrounds, school sites and recreational facilities; and

8. *Locate existing structures.* The location, use and size of structures and other land uses on adjacent properties within 100 feet of the property boundaries.

(c) *Residential tabulation.* A tabulation indicating the number of residential dwelling units by number of bedrooms and expected population/housing profile;

(d) *Areas of use.* A tabulation indicating the approximate gross square footage, if any, of commercial and industrial floor space by type of activity (e.g., drug store, dry cleaning, supermarket);

(e) *Architectural plans.* Preliminary architectural plans indicating use, floor plan, elevations and exterior wall finishes of proposed buildings and architectural guidelines for future development phases;

(f) *Landscape plan.* A detailed landscaping plan including the type, size and quantity of all existing and proposed plantings;

(g) *Grading and drainage plan.* Preliminary grading and drainage plan illustrating changes to existing topography and natural site vegetation. The plan should clearly reflect the site treatment and its conformance with the approved concept plan;

(h) *Erosion control.* A soil erosion control plan clearly illustrating erosion control measures to be used during construction;

(i) *Document changes.* A statement summarizing all changes which have been made in any document, plan data or information previously submitted, together with revised copies of any document, plan or data;

(j) *Preliminary plat.* A preliminary plat conforming to the city subdivision regulations;

(k) *Lighting plan.* A plan illustrating site lighting along with a photometric plan;

(l) *Additional data.* Additional information as the Zoning Administrator, Planning Commission or City Council shall find necessary to a full consideration of the entire proposed PUD or any stage thereof; and

(m) *Excuse for submittal.* The Zoning Administrator may excuse an applicant from submitting any specific item of information or document required in this section which it finds to be unnecessary for the consideration of the specific proposal for PUD approval.

(3) *Schedule/review.*

(a) *Meeting.* The developer meets with city staff to discuss specific development plans.

(b) *Filing of application.* The applicant shall file the development stage application within six months of concept plan review, together with all supporting data and filing fee, as established by City Council ordinance.

(c) *Staff review/technical assistance reports.* Upon receipt of an application for a PUD development stage, the Zoning Administrator shall, when deemed necessary, refer the request to appropriate staff to ensure that informational requirements are complied with. When all informational requirements have been complied with, the request shall be considered officially submitted. Also, when deemed necessary, the Zoning Administrator shall instruct the appropriate staff persons to prepare technical reports and/or provide general assistance in preparing a recommendation on the request to the Planning Commission and City Council.

(d) *Other agency review.* When appropriate, the Zoning Administrator shall forward the PUD development stage application to other special review agencies such as the Department of Natural Resources, soil conservation services, highway departments or other affected agencies.

(e) *Hearing.* The Zoning Administrator, upon verification of a complete application, shall instruct the City Administrator to set a public hearing for the next regular meeting of the Planning Commission. The Planning Commission shall conduct the hearing and make recommendations to the City Council. Notice of the hearing shall be published in the official newspaper at least ten days prior to the hearing and written notification of the hearing shall be mailed at least ten days prior to all owners of land within 350 feet of the boundary of the property in question.

(f) *Failure to receive notice.* Failure of a property owner to receive the notice shall not invalidate any proceedings as set forth within this chapter.

(g) *Request for additional information.* The Planning Commission and city staff shall have the authority to request additional information from the applicant concerning operational factors or to retain expert testimony with the consent and at the expense of the applicant concerning operational factors, the information to be declared necessary to established performance conditions in relation to all pertinent sections of this chapter.

(h) *Appearance.* The applicant or a representative thereof shall appear before the Planning Commission in order to answer questions concerning the proposed development.

(i) *Planning Commission review.* Within 60 days of receiving a complete application, unless extended by the city, the Planning Commission shall review the reports and plans and submit its written report and recommendations to the Council and applicant. The report shall contain the findings of the Planning Commission with respect to the conformity of the development stage plan to the approved general concept plan. Should any changes be found to exist, the Planning Commission shall comment with respect to the merit or lack of merit of any departure of the development stage plan from substantial conformity with the concept plan and with respect to the compliance of the development stage plan with the provisions of this chapter and all other applicable federal, state and local codes and ordinances. If the Planning Commission shall find conformity or any changes merit approval and the Planning Commission shall further find the development stage plan to be in all other respects completed and in compliance with this chapter and other applicable federal, state and local codes and ordinances, it shall recommend denial of approval. If the Planning Commission fails to act within the time specified herein, it shall be deemed to have recommended the plan for approval.

(j) *City Council action.* Within 60 days of receipt of a complete application, unless the review period is extended in accordance with M.S. § 15.99, as it may be amended from time to time, the City Council shall grant approval, resubmit the plan to the Planning Commission for further consideration of specified items or deny approval of the plan.

(k) *PUD agreement.* The Zoning Administrator shall instruct the City Attorney to draw up a PUD agreement which stipulates the specific terms and conditions approved by the City Council and accepted by the applicant. This agreement shall be signed by the Mayor of the city, City Administrator and the applicant within 30 days of City Council approval of the development stage plan. Where the development stage plan is to be resubmitted or denied approval, the City Council action shall be by written report setting forth the reasons for its action. In all cases, a certified copy of the document evidencing City Council action shall be promptly delivered to the applicant by the Zoning Administrator.

(4) *Limitation on development plan approval.* Unless a final plan covering the area designated in the development stage plan as the first stage of the PUD has been filed within six months from the date the City Council grants development stage plan approval, or in any case where the applicant fails to file final plans and to proceed with development in accordance with the provisions of this chapter and/or an approved development stage plan, the approval shall expire. Upon application by the applicant, the City Council may at its discretion extend for not more than six months, the filing deadline for any final plan when, for good cause shown, the extension is necessary. In any case where development plan approval expires, the City Council shall forthwith adopt a resolution repealing the general concept plan approval and the development stage plan approval for that portion of the PUD that has received final plan approval and re-establishing the zoning and other ordinance provisions that would otherwise be applicable.

(J) *Final plan.*

(1) *Purpose.* The final plan is to serve as a complete, thorough and permanent public record of the PUD and the manner in which it is to be developed. It shall incorporate all prior approved plans and all approved modifications thereof resulting from the PUD process. It shall serve in conjunction with other city ordinances as the land use regulation applicable to the PUD. The final plan is intended only to add detail to and to put in final form, the information contained in the general concept plan and the development stage plan and shall conform to the development stage plan in all respects.

(2) *Final plan submission information.* After review of a general concept plan for the PUD and approval of a development stage plan for a section or sections of the proposed PUD, the applicant will submit the following material for review by the city staff prior to issuance of a building permit:

(a) *Recording proof.* Documents establishing the recording of any easement or other documents required by the city prior to the sale of any land or dwelling unit included in the PUD and of the establishment and activation of any entity that is to be responsible for the management and maintenance of any public or common open space or service facility;

(b) *Final plans, structures.* Final architectural drawings of all structures;

(c) *Final engineering plans.* Final engineering plans and specifications for streets, drainage, utilities and other public improvements, together with a development contract providing for the installation of the improvements and financial

guarantees for the completion of the improvements;

(d) *Other plans.* Any other plans, agreements or specifications necessary for the city staff to review the proposed construction. All work shall be in conformance with the Building Code of the city;

(e) *Recording of final plan.* Within 60 days of its approval, the applicant, or at its election, the city shall cause the final plan, or portions thereof as are appropriate, to be recorded with the County Recorder or Registrar of Titles, at the expense of the applicant. Certified copies of all relevant recorded documents shall be furnished to the city;

(f) *Building and other permits.* Except as otherwise expressly provided herein, upon receiving notice from the Zoning Administrator that the approved final plan and development agreement have been recorded, all appropriate officials of the city may issue building and other permits to the applicant for development, construction and other work in the area encompassed by the approved final plan or intermediate development stage plan provided, however, that no permit shall be issued unless the appropriate official is first satisfied that all requirements which are applicable to the permit sought, have been satisfied; and

(g) *Limitation on final plan approval.* Within one year after the approval of a final plan for PUD, or the shorter time as may be established by the approved development schedule, construction shall commence in accordance with the approved plan. Failure to commence construction within the period shall, unless an extension has been granted and hereinafter provided, automatically render void the PUD permit and all approvals of the PUD plan and the area encompassed within the PUD shall thereafter be subject to those provisions of the zoning regulations and other zoning provisions, applicable in the district in which it is located. In that case, the Council shall adopt a resolution repealing the PUD permit and PUD approvals and re-establishing the zoning and other provisions that would otherwise be applicable.

### (3) *Schedule.*

(a) Upon approval of the development stage plan and within the time established by division (I)(3) above of this section, the applicant shall file with the Zoning Administrator a final plan consisting of the information and submissions required by division (J)(2) above of this section for the entire PUD or for one or more stages. This application will be considered at the next regularly scheduled Planning Commission meeting.

(b) The findings and recommendations of the Planning Commission shall be forwarded to the City Council for consideration. If the Planning Commission fails to act within the time specified herein, it shall be deemed to have recommended the plan for approval.

(c) Within 60 days of receipt of a complete PUD final plan application, unless the review period is extended in accordance with M.S. § 15.99, as it may be amended from time to time, and receipt of the findings and recommendations of the Planning Commission, the City Council shall grant approval or denial of the request.

(d) The applicant shall cause the final plan, or portions thereof as are appropriate, to be recorded with the County Registrar. The applicant shall provide the city with a signed copy verifying county recording within 40 days of the date of approval.

(4) *Building and other permits.* Except as otherwise expressly provided herein, upon receiving notice from the Zoning Administrator that the approved final plan has been recorded and upon application of the applicant pursuant to the applicable ordinances of the city, all appropriate officials of the city may issue building and other permits to the applicant for development, construction and other work in the area encompassed by the approved final plan provided, however, that no permit shall be issued unless the appropriate official is first satisfied that the requirements of all codes and ordinances in which are applicable to the permit sought, have been satisfied.

(5) *Limitation on final plan approval.* Within one year after the approval of a final plan for PUD, or shorter time as may be established by the approved development schedule, construction shall commence in accordance with the approved plan. Failure to commence construction within the period shall, unless an extension has been granted and hereinafter provided, automatically render void the PUD permit and all approvals of the PUD plan and the area encompassed within the PUD shall thereafter be subject to those provisions of the zoning regulations and other ordinances, applicable in the district in which it is located. In that case, the City Council shall forthwith adopt an ordinance repealing the PUD permit and all PUD approvals and re-establishing the zoning and other ordinance provisions that would otherwise be applicable. The time limit established by this section may, at the discretion of the City Council, be extended for not more than one year by ordinance or resolution duly adopted.

### (6) *Inspections during development.*

(a) *Compliance with overall plan.* Following final plan approval of a PUD, or a stage thereof, the Zoning Administrator shall, at least annually until the completion of development, review all permits issued and construction undertaken and compare actual development within the approved development schedule.

(b) *City Council notification.* If the Zoning Administrator finds that development is not proceeding in accordance with the approved schedule, or that it fails in any other respect to comply with the PUD plans as finally approved, he or she shall immediately notify the City Council. Within 30 days of the notice, the City Council shall either by ordinance revoke the PUD permit, and the land shall thereafter be governed by the regulations applicable in the district in which it is located; or shall take steps as it deems necessary to compel compliance with the final plans as approved; or shall require the landowner or applicant to seek an amendment of the final plan.

(Prior Code, § 11-10-4) (Ord. 258, passed 5-4-2006)



ADMINISTRATION; GENERAL

§ 152.037 APPLICATION PROCEDURE.

An application for a zoning ordinance text or map amendment, conditional use permit, interim use permit, variance and/or site plan review shall be processed in accordance with the following procedure.

(A) *Timeline.* Pursuant to M.S. § 15.99, as it may be amended from time to time, an application for an amendment shall be approved or denied within 60 days from the date of its official and complete submission unless extended by the city pursuant to statute or a time waiver is granted by the applicant.

(B) *Application.* Applications shall be filed with the Zoning Administrator on an official application form of the city, accompanied by a fee as established by City Council resolution. The application shall also be accompanied by detailed written and graphic materials fully explaining the proposed change, development or use. The number of copies to be provided and any additional data shall be determined by the Zoning Administrator. Applications shall be complete before they are accepted. A complete application shall include the following information:

(1) A city application form(s) relating to the request signed by all persons with an interest in the subject property affected by the request. A copy of an owner's duplicate certificate of title or other approved documentation of interest shall also be submitted with the signed application form(s);

(2) All supporting information required by this chapter and/or outlined in §152.135 of this chapter and application documents included with the city application forms;

(3) Payment of all fees, associated with the applicable application(s);

(4) A pre-application meeting shall be required by city staff at which the appropriate application procedures, requirements and applicable provisions relating to the request will be reviewed and explained; and

(5) An application will be deemed complete unless the applicant receives written notice within 15 business days exclusive of Saturdays, Sundays and legal holidays of its submission indicating it is not complete and indicating what information is missing. This notice shall be considered given by its deposit in the United States mail, first class postage prepaid, addressed to any listed applicant at the address given on the application form. In the event the applicant fails to provide an address on the application form, this notice requirement for incomplete applications shall be deemed waived by the applicant.

(C) *Additional data.* The City Council, Planning Commission and city staff may request additional information from the applicant concerning the application or may require as a condition of proceeding with its consideration of any matter that the applicant furnish expert opinion and data at the expense of the application.

(D) *Technical reports.* The Zoning Administrator shall instruct the appropriate staff persons to prepare technical reports where applicable, and provide general assistance in preparing a recommendation on the action to the Planning Commission and City Council. The technical reports are to be entered in and made part of the record of the Planning Commission and forwarded to the City Council.

(E) *Notice of hearing.* For applications involving zoning amendments, conditional use permits, interim use permits and variances, the Zoning Administrator shall set a date for a public hearing. Notice of the hearing shall consist of a legal property description, a general description of the property location and a description of the request to be published in the official newspaper at least ten days prior to the hearing. With the exception of zoning amendments to properties in excess of five acres, written notices shall be mailed not less than ten days nor more than 30 days prior to the hearing to all owners of property, according to the records available to the city, within 350 feet of each parcel included in the request.

(F) *Notice not received.* Failure of the city to send or a property owner to receive notice shall not invalidate any proceedings under this chapter, provided that a bona fide attempt has been made to comply with the requirements of division (E) above of this section.

(G) *Hearing.* After receipt of the report of the Zoning Administrator, the Planning Commission shall conduct the public hearing and consider the application at its next regular meeting.

(H) *Presentation of application.* The applicant or a representative of the applicant shall appear before the Planning Commission in order to present the case for the application and to answer questions concerning the request.

(I) *Recommendations of Planning Commission.* The Planning Commission shall recommend actions or conditions relating to the application as deemed necessary or desirable to carry out the intent and purpose of this chapter and the Comprehensive Plan. The recommendation shall be either in the minutes or by written resolution and forwarded to the City Council.

(J) *Record before City Council.* The Zoning Administrator shall place the report and recommendation of the Planning Commission and the city staff on the City Council agenda after Planning Commission action, or the expiration of 60 days after the first consideration by the Commission, whichever is earlier, subject to the limitations of M.S. § 15.99, as it may be amended from time to time. The reports and recommendations shall be entered in and made part of the permanent written record of the City Council meeting.

(K) *City Council review.* Subject to the limitations of M.S. § 15.99, as it may be amended from time to time, the City Council shall act upon an application after it has received the report and recommendation from the Planning Commission. If, upon receiving the reports and recommendations of the Planning Commission and Zoning Administrator, the City Council

desires further consideration, or finds that inconsistencies exist in the review process, data submitted or recommended action, the City Council may, before taking final action, refer the matter back to the Planning Commission with a statement detailing the reasons for referral.

(L) *City Council action.*

(1) Approval of a proposed amendment shall require a majority vote of all members of the City Council. Amendments which change all or part of the existing classification of a zoning district from residential to either commercial or industrial shall require a two-thirds majority vote of all members of the City Council.

(2) Denial of applications for amendment shall be accompanied by written findings of fact of the City Council, including supporting data setting forth the reasons for the denial in terms of the ways in which the proposed use fails to meet the standards and intent of the Comprehensive Plan and/or this chapter and is otherwise injurious to the public health, safety and welfare.

(3) Approval of an amendment shall be effective upon its date of publication.

(M) *Approvals required.*

(1) Approval of an amendment shall require a majority vote of all members of the City Council. Amendments which change all or part of the existing classification of a zoning district from residential to either commercial or industrial require a four-fifths super majority vote of all members of the City Council.

(2) Approval of a request for conditional use permit, interim use permit or variance shall require passage by a three-fifths vote of all members of the City Council.

(3) Approval of a request for site and building plan review shall require passage by a majority vote of all members of the City Council.

(N) *Notice to applicant.* The Zoning Administrator shall notify the applicant of the decision of the City Council in writing, including any relevant resolution and findings which may have been passed by the City Council.

(O) *Filing of notice of action.* A certified copy of any zoning ordinance amendment, conditional use permit, interim use permit or variance authorized shall be filed with the County Recorder.

(P) *Reconsideration.* Whenever an application has been considered and denied by the City Council, a similar application affecting substantially the same property shall not be considered again by the Planning Commission or City Council before the expiration of six months from the date of its denial and any succeeding denials. However, a decision to reconsider the matter may be made by not less than four-fifths vote of all members of the City Council at any time.

(Prior Code, § 11-3-3) (Ord. 258, passed 5-4-2006)

## **ADMINISTRATION; AMENDMENTS**

### **§ 152.055 AMENDMENTS, INITIATION.**

The City Council or Planning Commission may, upon their own motion, initiate a request to amend the text or the district boundaries of this chapter. The procedural requirements of this section shall not apply to the proposed amendments except to the extent required by state statute. Any person owning real estate within the city may initiate a request to amend the district boundaries or text of this chapter so as to affect the real estate.

(Prior Code, § 11-4-1) (Ord. 258, passed 5-4-2006)

### **§ 152.056 PROCEDURE.**

Application for an amendment of this chapter (text or map) requires a public hearing and is to be processed in accordance with the procedures set forth in § 152.037 of this chapter.

(Prior Code, § 11-4-2) (Ord. 258, passed 5-4-2006)

### **§ 152.057 CRITERIA.**

The Planning Commission shall consider possible effects of the proposed amendment. Its judgment shall be based upon, but not limited to, the following factors:

(A) The proposed action has been considered in relation to the specific policies and provisions of and has been found to be consistent with the official City Comprehensive Plan;

(B) The proposed use is or will be compatible with present and future land uses of the area;

(C) The proposed use conforms with all performance standards contained in this chapter;

(D) The proposed use can be accommodated with existing public services and will not overburden the city's service capacity; and

(E) Traffic generation by the proposed use is within capabilities of streets serving the property.

(Prior Code, § 11-4-3) (Ord. 258, passed 5-4-2006)

### **§ 152.058 EFFECTUATION.**

Approval of an amendment of this chapter (text or map) shall become effective upon its passage and publication.

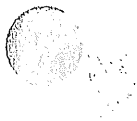
(Prior Code, § 11-4-4) (Ord. 258, passed 5-4-2006)

DRAFT

# City of Cannon Falls, Minnesota

Tax Increment Financing Plan for  
**Tax Increment Financing District No. 2-10**  
(Keller-Baartman Properties XIV, LLC Housing Project 2021)

Public Hearing: August 3, 2021



**DDA**

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# Tax Increment Financing Plan for Tax Increment Financing District No. 2-10

## Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of Cannon Falls, Minnesota.

"County" means Goodhue County, Minnesota.

"County Board" means the County Board of Commissioners.

"Developer" means any person undertaking construction or renovation of taxable property within the Project Area, including Keller-Baartman Properties XIV, LLC, their successors and assigns.

"Development Program" means the Development Program for Municipal Development District No. 2

"Project Area" means the geographic area of the Development District.

"Public Costs" means the costs of land acquisition, site improvements, and other eligible costs as set forth in the Development Program and Tax Increment Financing Plan(s).

"School District" means the Independent School District No. 252.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing District No. 2-10.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

## Section 2 Statement of Need and Public Purpose

See the Development Program for Municipal Development District No. 2, which is on file at the City Clerk's Office at City Hall in Cannon Falls.

## Section 3 Statutory Authorization

The City is empowered under the provisions of the TIF Act to establish a tax increment financing district.

## Section 4 Statement of Objectives

See the Development Program for Municipal Development District No. 2, which is on file at the City Clerk's Office at City Hall in Cannon Falls

## Section 5 Specific Development Expected to Occur in the TIF District

Keller-Baartman Properties XIV, LLC (the "Developer") intends to acquire an approximate 3.25-acre parcel from the Cannon Falls Economic Development Authority and construct an apartment complex with an estimated 75 to 85 units. The Developer has indicated to the City that due to the escalating costs of construction, building affordable rental units would not be possible but for tax increment financing assistance. This finding is supported anecdotally by the lack of new rental units being built in the past 15 years. The City intends to provide the Developer tax increment assistance on a pay-as-you-go basis to reimburse the Developer for site acquisition and improvement costs. In return, the Developer agrees it will reserve a certain number of units for income-qualified families for the duration of the TIF District's life (see Section 12).

## Section 6 Property to be Included in the TIF District

The TIF District will originally consist of a single parcel (527300010). A map showing the location of the TIF District is shown in Exhibit 1, and the parcel identification number and original value is summarized in Exhibit 2.

The area encompassed by the TIF District shall also include all street rights-of-way and utility or drainage easements located upon or adjacent to the property described in Exhibits 1 and 2.

**Section 7 Estimated Sources and Uses of Funds (Public Costs)**

The estimated costs of the proposed development in the TIF District which are eligible for reimbursement with tax increments and the projected sources of revenue available to fund these costs are summarized below.

**Uses of Funds (Public Costs)**

<u>Capital Costs:</u>	
Land Acquisition	150,000
Site Improvements	<u>3,519,248</u>
Subtotal Capital Costs	3,669,248
<u>Finance Costs:</u>	
Bond & Note Interest Payments	2,887,647
<u>Administrative Costs:</u>	
Administrative Costs	<u>728,543</u>
<b>TOTAL USES OF FUNDS</b>	<b>7,285,438</b>

**Sources of Funds**

Tax Increment	<u>7,285,438</u>
<b>TOTAL SOURCES OF FUNDS</b>	<b>7,285,438</b>

The City reserves the right to adjust the amount of Capital and Administrative line items listed above or to incorporate additional eligible items, so long as the total Capital and Administrative costs are not increased (\$4,397,791). Adjusting financing costs, principal or interest, will require a public hearing and formal TIF Plan modification process pursuant to Minnesota Statutes Section 469.175 Subd. 4. The City also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs and financing costs (interest) is \$7,285,438.

**Section 8 Estimated Impact on Other Taxing Jurisdictions**

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since only a limited market value increase would have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified, and the development therein becomes part of the general taxbase.

**Section 9 Fiscal and Economic Implications**

M.S. Section 469:175 Subdivision (2b) requires a specific description of the fiscal and economic implications of the proposed TIF District on City-provided services, plus an estimate of the total TIF that will be generated over the life of the TIF District attributable to each taxing jurisdiction.

City Service Costs. The proposed project will result in an estimated 75 to 85 new apartment units, a percentage of which will be reserved for income-qualified families. Any necessary street and utility improvements within the subdivision are expected to be paid by the Developer or from tax increment revenues. The expected impact on general government and administration expenses will be minor as the project essentially provides for infill development within the City.

The City proposes to assist the Developer by financing the land acquisition and site improvement costs via the issuance of a pay-as-you-go contract. As such, the tax impact on existing taxpayers is expected to be minimal.

This type of assistance does not impede the City's ability to issue General Obligation bonds in the future.

TIF Attribution. The City projects TIF collections will total \$7,285,438 over the life of the TIF District. Assuming current tax rates remain unchanged, \$3,832,733 will come from the City share of taxes; \$2,505,399 from the County share, and \$902,361 from the School share. The balance is attributable to other jurisdictions.

### **Section 10 Property to be acquired in the TIF District**

The Developer plans to acquire all land within the TIF District. See Exhibit 2 for a listing of parcel numbers.

### **Section 11 Estimated Amount of Bonded Indebtedness**

The City reserves the right to issue G.O. TIF bonds, or any other type of allowable bonds (including interfund loans) in an amount not to exceed \$4,397,791.

### **Section 12 Designation of TIF District as a Housing District**

The Tax Increment District qualifies as a housing district. A housing district is a type of tax increment financing district which consists of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined by federal, state, and sometimes local legislation. A housing district may contain and provide assistance to commercial, retail, or other nonresidential uses, as long as the square footage of these uses does not exceed 20% of the total square footage of buildings in the TIF District. No assistance may be provided to these uses, however.

Housing districts are subject to various income limitations. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under Section 143(f) of the Internal Revenue Code. Generally, the initial occupants must have incomes of 100% or less of statewide median income for families of two or less, and 115% of statewide median income for families of three or more. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. This requires that at least 40% of the units are rented to families with incomes at or below 60% of county median income, or 20% of the units rented to families with incomes at or below 50% of county median income, adjusted for family size. These requirements apply for the life of the TIF District.

The City will assure housing development within the TIF District meets the above criteria. The City reserves the right, however, to remove property from the TIF District to accommodate proposed housing development(s) that do not meet these criteria.

### **Section 13 Original Net Tax Capacity**

The County Auditor shall certify the Original Net Tax Capacity of the TIF District, which will be the total Net Tax Capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 1, 2020 for taxes payable in 2021 is \$212,200. Based on this amount, the Original Net Tax Capacity of the TIF District is estimated at \$2,653. The actual Original Net Tax Capacity will likely be higher or lower than this number, however, as it is expected that the request for certification for this TIF District will occur on or after July 1, 2021 and before June 30, 2022. As such, the Original Net Tax Capacity will be based on estimated market value that exists on January 1, 2021 for taxes payable 2022.

Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:



1. changes in the tax-exempt status of property;
2. reductions or enlargements of the geographic area of the TIF District;
3. changes due to stipulation agreements or abatements; or
4. changes in classification rates.

**Section 14 Original Local Tax Rate**

The County Auditor will also certify the Original Tax Capacity Rate of the TIF District. This rate is the sum of all local tax rates that apply to property in the TIF District. This rate must match the same taxes payable year as the Original Net Tax Capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Tax Capacity Rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District for taxes levied in 2020 and payable in 2021 is **127.729%**. The final Original Local Tax Rate may be higher or lower than this value due to the fact that the request for certification will take place on or after July 1, 2021 but before June 30, 2022. See Section 13. The Pay 2021 rates are used forestimation purposes only.

<u>Taxing Jurisdiction</u>	<u>Payable 2021 Tax Rate</u>
City of Cannon Falls	67.195%
Goodhue County	43.925%
ISD # 252*	15.820%
Other	<u>0.788%</u>
<b>Total</b>	<b>136.260%</b>

*\* The operating referendum market value tax rate for the School District is not captured by the TIF District. Also, Minnesota Statutes Section 469.177 Subd. 1a was amended in 2013 redefining what portion of the local school district tax capacity rate will be used in calculating tax increments. Specifically, this amendment now excludes that portion of the school rate attributable to the general education levy under Section 126C.13. The rate shown is an estimate of the applicable rate.*

**Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment**

Each year the County Auditor will determine the current Net Tax Capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference is known as the Captured Net Tax Capacity of the TIF District. It is the City's intention to retain 100% of the Captured Net Tax Capacity of the TIF District. Such amount shall be known as the Retained Captured Net Tax Capacity of the TIF District.

Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

**Section 16 Statutory Duration of the TIF District**

Housing districts may remain in existence through the end of the 25th year following receipt of the first tax increment, resulting in 26 TIF collections. The City anticipates that the TIF District will receive the first increment payment in 2023 and elects to have the first collection year be 2023. The District is expected to remain in existence the maximum duration allowed by law (projected to be through 2048). Modifications of this plan (see Section 28) shall not extend these duration limits.

**Section 17 Use of Tax Increments – Housing Districts**

Tax increments derived from a housing district must be used solely to finance the costs of housing projects defined in Section 12. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project.

**Section 18 Use of Tax Increments – General**

Each year the county treasurer will deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit 3 shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. pay for the estimated public costs of the TIF District (see Section 7) and City administrative costs associated with the TIF District (see Section 23);
2. pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;
3. accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;
4. pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
5. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both County Boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment cannot be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or Federal government. This prohibition does not apply to the construction or renovation of a parking structure; a common area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the community.

If any type of agreement or arrangement exists providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

**Section 19 “Green Acres”**

A TIF District may NOT include parcels that qualified as “green acres” in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to qualified manufacturing or distribution facilities directly related to production of tangible personal property and paying at least 90% of its employee’s wages equal to or greater than 160% of the federal minimum wage, or the development in the district is a qualified housing project

None of the property to be included in this TIF District has been enrolled in the Green Acres Program in the past five years.

**Section 20 4-Year Knock-Down Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the Net Tax Capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the Original Net Tax Capacity of the TIF District.

**Section 21 Tax Increment Pooling – 5-year Rule**

At least 80 percent of tax increments from the Tax Increment Financing District No. 2-10 must be expended on activities in Tax Increment Financing District No. 2-10 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds, provided that in the case of a housing district, a housing project as defined in Minnesota Statutes, Section 469.174, Sub. 11, is deemed to be an activity in the District, even if the expenditure occurred after five years. Not more than 20 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of Tax Increment Financing District No. 2-10 except to pay, or secure payment of, debt service on credit enhanced bonds, provided that in the case of a housing district, a housing project as defined in Minnesota Statutes, Section 469.174, Sub. 11, is deemed to be an activity in the District, even if the expenditure occurred after five years. For purpose of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of Tax Increment Financing District No. 2-10.

Tax increments derived from Tax Increment Financing District No. 2-10 shall be deemed to have satisfied the 80 percent test set forth in the paragraph above only if the five year rule set forth in Minnesota Statutes, Section 469.1763, Sub. 3, has been satisfied; and beginning with the sixth year following certification of Tax Increment Financing District No. 2-10, 80 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in Minnesota Statutes, Section 469.1763, Sub. 5, provided that in the case of a housing district, a housing project as defined in Minnesota Statutes, Section 469.174, Subd. 11, is deemed to be an activity in the District, even if the expenditure occurred after five years.

The City elects the option provided by M.S. 469.1763 to increase the amount of expenditures permitted outside the District by up to an additional 10%. However, these expenditures are limited to assisting housing which meets the requirements of a low-income housing building defined under section 42(c) of the Internal Revenue Code.

**Section 22 Excess Tax Increment**

On December 31st of each year, the City must determine the amount of excess increments for the TIF District. See M.S. Section 469.176 subdivision 2 for a complete definition. Excess increments may only be used to:

1. prepay any outstanding tax increment bonds, notes or other obligations;
2. discharge the pledge of tax increments thereon.
3. pay amounts into an escrow account dedicated to the payment of the tax increment bonds, notes or other obligations; or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Allocation of excess increments must be completed by September 30<sup>th</sup> in the year following the year in which the excess increments were generated.

**Section 23 Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the City other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;

3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay principal or interest on, fund a reserve for, or sell at a discount, tax increment bonds.
5. amounts used to make payments on other financial obligations used to finance costs outlined above.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increment expenditures of the project.

### **Section 24 Prior Planned Improvements**

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the Original Net Tax Capacity of the TIF District by the Net Tax Capacity of each improvement for which a building permit was issued.

### **Section 25 Development Agreements**

If more than 10% of the acreage of a project (which contains a housing district) is to be acquired by the City with proceeds from tax increment bonds then, prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City is not acquiring any land within the TIF District.

### **Section 26 Exempt from Business Subsidy Laws**

Minnesota Statutes 116J.991 requires a City providing a business with a subsidy worth \$150,000 to complete a subsidy approval process. Housing assistance, however, is exempt from the requirements.

### **Section 27 Assessment Agreements**

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

### **Section 28 Modifications of the Tax Increment Financing Plan**

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the Captured Net Tax Capacity to be retained by the City; increase in the total estimated public costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. These restrictions do not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and

2. the current Net Tax Capacity of the parcels eliminated equals or exceeds the Net Tax Capacity of those parcels in the TIF District's Original Net Tax Capacity, or the City agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current Net Tax Capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

### **Section 29 Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the State Auditor's Office. The City shall also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreements establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify any assessment agreements as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas.

In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:

- a) the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;
- b) the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
- c) if the TIF District is classified as an economic development district, then the Original Net Tax Capacity shall be increased by the amount of the annual adjustment factor; and
- d) if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in Net Tax Capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the Original Net Tax Capacity of the TIF District.

### Section 30 Financial Reporting and Disclosure Requirements

The City is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than August 1 of each year, the City must prepare and publish an annual statement which includes at least the following information:
  - (a) tax increment received and expended in that year
  - (b) Original Net Tax Capacity
  - (c) captured Net Tax Capacity
  - (d) amount of outstanding bonded indebtedness
  - (e) increments paid to other government bodies
  - (f) administrative costs
  - (g) increments paid directly or indirectly outside of the district
  - (h) if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the City's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the City and/or the County must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the authority.

### Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

1. The TIF District qualifies as a housing district;
 

*See Section 12 of this document for the reasons and facts supporting this finding.*
2. The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan;

*The Developer has indicated that TIF assistance is necessary to control certain development costs such that the resulting rents can be maintained at affordable levels. Without assistance, the Developer believes that the acquisition and construction cost of the apartment complex will exceed affordable levels and the project will not be feasible.*

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is included as Exhibit 5, and indicates that:

1. *The increase in estimated market value of the proposed developments is \$12,657,800; and*
  2. *The present value of expected tax increments collected over the maximum duration of the TIF District is \$4,076,942; and*
  3. *The expected increased estimated market value of the site without the use of tax increment is \$259,158, assuming the land remains mostly vacant; and*
  4. *No development is expected to occur that would create a market value increase of at least \$8,580,858 without TIF assistance (the amount in line 1 less the amount in line 2).*
3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

*The reasons and facts supporting this finding are that the housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances and serves to promote the City's development objectives.*

4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

*The reasons and facts supporting this finding are that the activities contemplated in this TIF Plan are necessary so that development and redevelopment by private enterprise can occur within the Development District.*

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## Exhibits

Map of Financing District and Project Area.....	Exhibit 1
Parcels and Valuations.....	Exhibit 2
Tax Increment Projections.....	Exhibit 3
Statement of Fiscal and Economic Impacts.....	Exhibit 4
Market Value Analysis.....	Exhibit 5

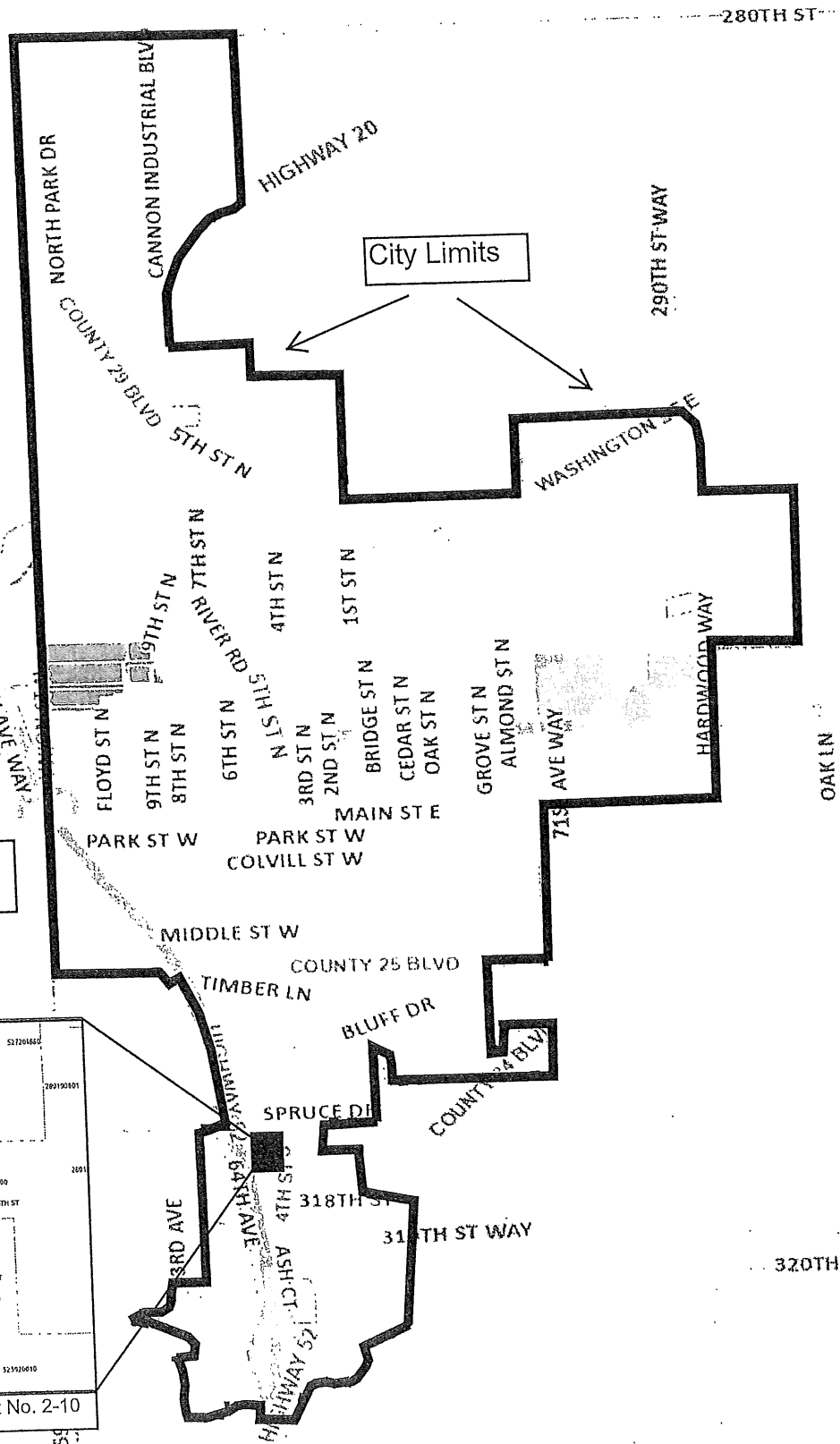


# City of Cannon Falls, Minnesota

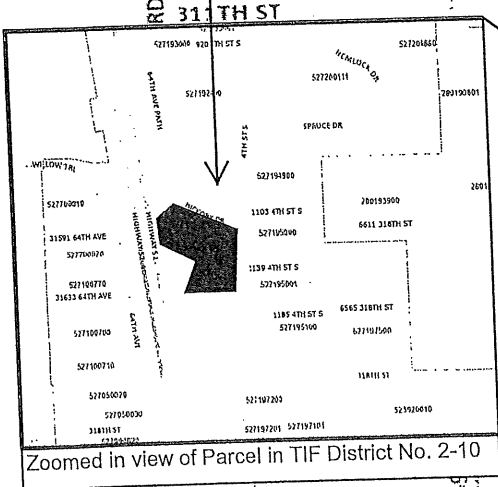
## Tax Increment Financing District No. 2-10 within Municipal Development District No. 2

**Legend**

- TIF District No. 2-10
- City Limits



**Tax Increment Financing District No. 2-10**



The boundaries of Municipal Development District No. 2 are coterminous with the City limits.

**City of Cannon Falls, Minnesota  
Housing Tax Increment Financing District No. 2-10**

Keller-Baartman Properties XIV, LLC Housing P

**PARCEL INFORMATION**

2020/2021 Valuations

#	PIN #*	Owner	Land	Building	Total M.V.	Taxable MV	Tax Cap.	Lot Area (sq ft)
1	527300010	Cannon Falls EDA	212,200	-	212,200	212,200	2,653	
					<b>212,200</b>	<b>212,200</b>	<b>2,653</b>	

**City of Cannon Falls, Minnesota**  
**Housing Tax Increment Financing District No. 2-10**

**TIF PROJECTIONS**

**Valuations & Projected Increases**

	Market	Tax Capacity
Estimated Original value	212,200	2,653
Completed Value after Initial Development	12,870,000	160,875
Captured / Increased Values	<u>12,657,800</u>	<u>158,223</u>

237,877 Estimated Property Taxes Upon Completion

2.5% Assumed inflation rate:

Payable Year	Original Tax Capacity		Projected Tax Capacity		Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate	0.36% Less OSA Fees
	Original Tax Capacity	Projected Tax Capacity	Original Tax Capacity	Projected Tax Capacity					
2021	2,653	2,653	-	-	-	-	-	127.73%	(728)
2022	2,653	2,653	-	-	158,223	-	158,223	127.73%	(746)
2023	2,653	160,875	158,223	162,244	162,244	-	162,244	127.73%	(765)
2024	2,653	164,897	162,244	166,367	166,367	-	166,367	127.73%	(784)
2025	2,653	169,019	166,367	170,592	170,592	-	170,592	127.73%	(804)
2026	2,653	173,245	170,592	174,923	174,923	-	174,923	127.73%	(825)
2027	2,653	177,576	174,923	179,363	179,363	-	179,363	127.73%	(846)
2028	2,653	182,015	179,363	183,913	183,913	-	183,913	127.73%	(867)
2029	2,653	186,566	183,913	188,577	188,577	-	188,577	127.73%	(889)
2030	2,653	191,230	188,577	193,358	193,358	-	193,358	127.73%	(912)
2031	2,653	196,011	193,358	198,258	198,258	-	198,258	127.73%	(935)
2032	2,653	200,911	198,258	203,281	203,281	-	203,281	127.73%	
2033	2,653	205,934	203,281	-	-	-	-	127.73%	

**City of Cannon Falls, Minnesota  
Housing Tax Increment Financing District No. 2-10**

**STATEMENT OF FISCAL AND ECONOMIC IMPACTS**

Taxing Jurisdiction	Without TIF District			With TIF District				Hypothetical Adjusted Local Tax Rate	Hy De T
	2020/2021 Taxable Net Tax Capacity <sup>(1)</sup>	Original Local TIF Tax Rate	2020/2021 Taxable Net Tax Capacity <sup>(1)</sup>	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate		
City of Cannon Falls	4,764,747	67.196%	4,764,747	158,223	106,319	4,922,970	65.036%		
Goodhue County	84,927,305	43.925%	84,927,305	158,223	69,499	85,085,528	43.843%		
School District	12,488,658	15.820%	12,488,658	158,223	25,031	12,646,881	15.622%		
Other <sup>(2)</sup>	--	0.788%	--	--	--	--	--		
<b>Totals</b>		<b>127.729%</b>			<b>200,850</b>		<b>124.502%</b>		

**Statement #1:** If all of the projected captured net tax capacity of the project were hypothetically immediately available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

**Statement #2:** As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

**Statement #3:** The estimated amount of tax increment (gross increment less State Auditor's deduction) generated over the life of the TIF District is estimated to be \$7,272,168.

**Statement #4:** A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated \$3,825,751 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

... contribution attributed to the school district's tax levies and captured as a result of the creation

# City of Cannon Falls, Minnesota

## Housing Tax Increment Financing District No. 2-10

### MARKET VALUE ANALYSIS

Increased Market Value of Site	12,657,800
Less Present Value of TIF Revenues	<u>4,076,942</u>
	8,580,858
Reasonably expected increase w/out TIF*	<u>259,158</u>
<b>Net Value Increase</b>	<b>8,321,701</b>

#### Present Value Calculation

Calculation Date	2021
Present Value Factor	4.00%

#	Year	Gross Tax Increment	Present Value
0	2021	-	-
1	2022	-	-
2	2023	201,369	186,177
3	2024	206,488	183,567
4	2025	211,734	180,991
5	2026	217,112	178,450
6	2027	222,624	175,943
7	2028	228,274	173,470
8	2029	234,065	171,029
9	2030	240,001	168,622
10	2031	246,086	166,247
11	2032	252,322	163,904
12	2033	258,715	161,593
13	2034	265,267	159,313
14	2035	271,983	157,063
15	2036	278,867	154,845
16	2037	285,923	152,657
17	2038	293,156	150,498
18	2039	300,569	148,369
19	2040	308,168	146,269
20	2041	315,956	144,198
21	2042	323,939	142,156
22	2043	332,122	140,141
23	2044	340,510	138,154
24	2045	349,107	136,194
25	2046	357,919	134,261
26	2047	366,951	132,355
27	2048	376,210	130,476
		<u>7,285,438</u>	<u>4,076,942</u>





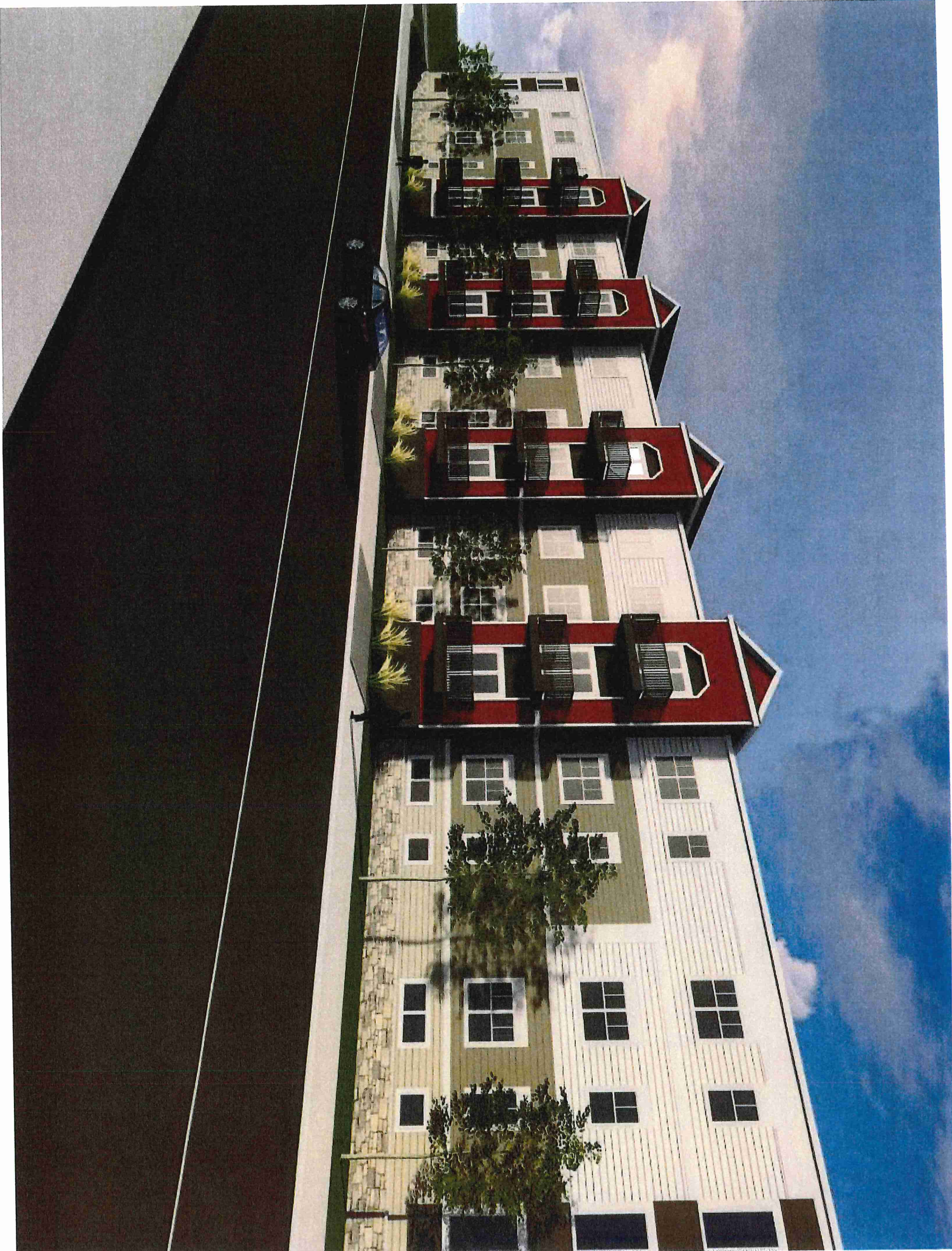


















# Hastings

Tyler St

Artspace Hastings  
River Lofts

Tippy's Collectibles  
Collectibles store

2nd St E

Depot Park

Mississippi River Regional Trail

2nd Street Depot  
Bar and Grill  
Takeout

Graphic Design

United States  
Postal Service

2nd St E

Oliver's Grove

Pure Serenity  
Wellness Center Inc  
Deal \$191  
Originally \$333

Radke & Mohrhauser

Parking Lot

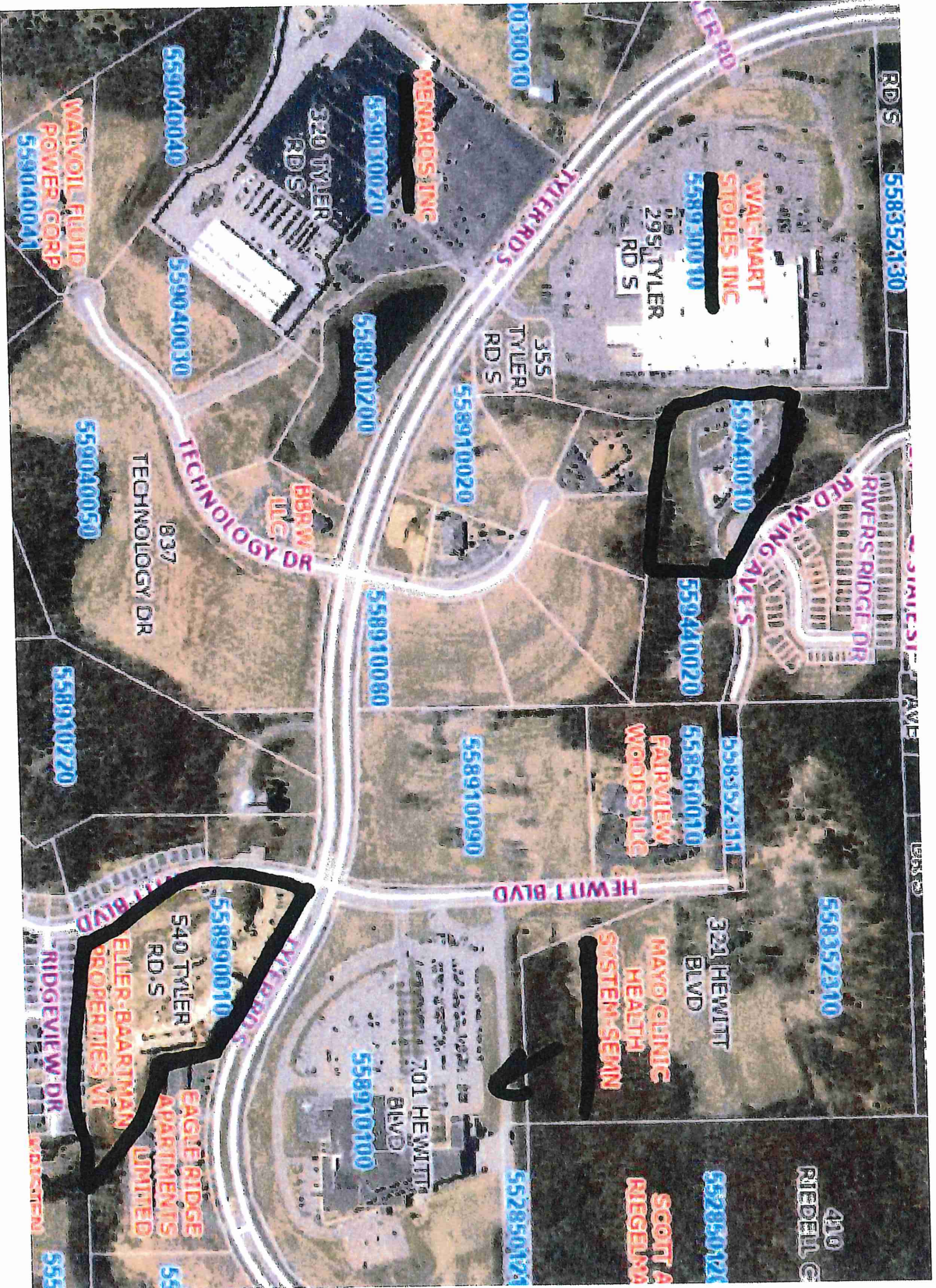
Antiques On Main  
Antique store

1st St W

Sibley St



Red Wing.







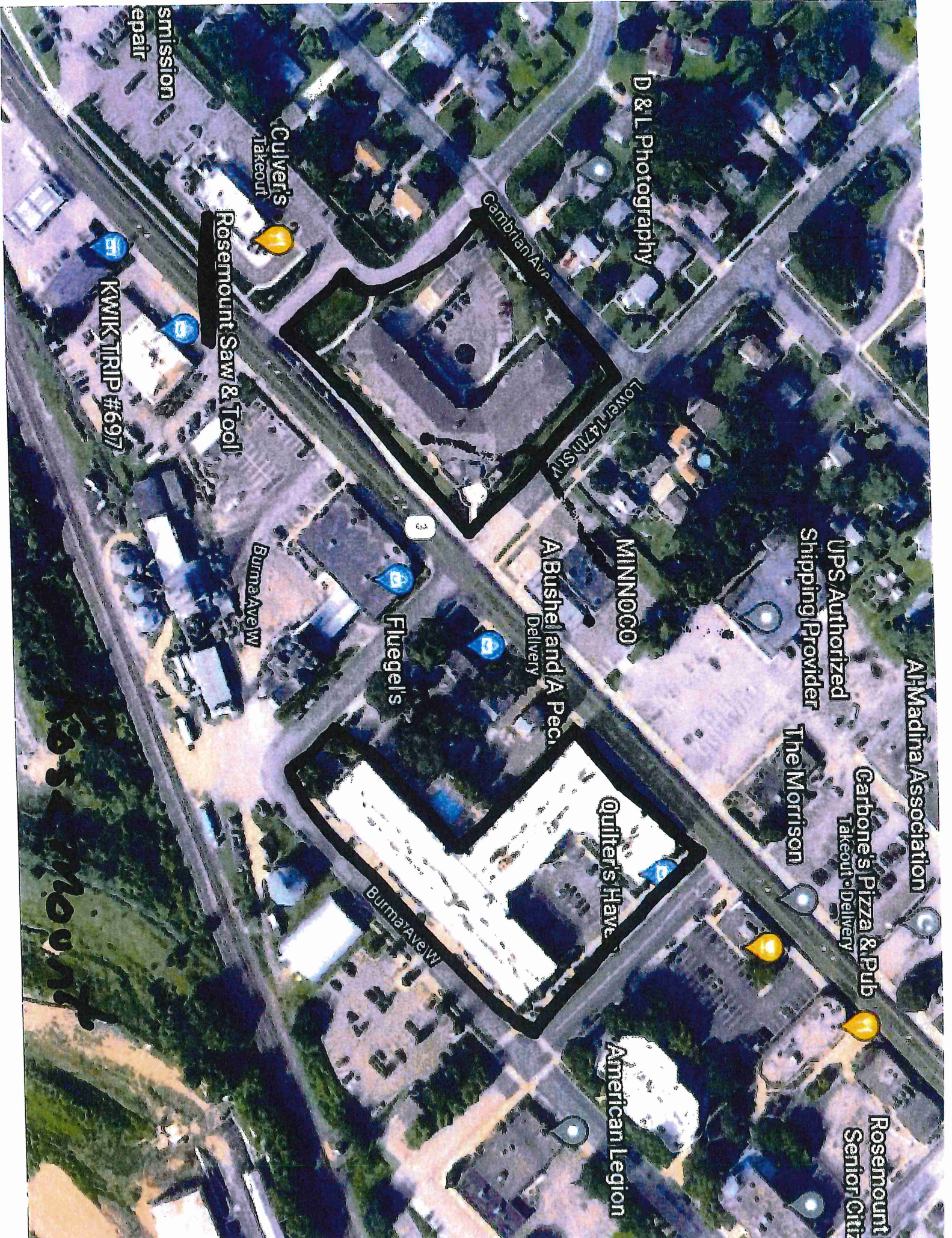
*Pine Island*





ITA





D & L Photography

Culver's  
Takeout

Rosemount Saw & Tool

KWIK TRIP #697

Cambrian Ave

Lower Nazim St

MINNOCO

A Bushell and A Pecan  
Delivery

Fluegel's

Burma Ave

UPS Authorized  
Shipping Provider

Al-Madina Association

Carboni's Pizza & Pub  
Takeout - Delivery

The Morrison

Quilter's Haven

Burma Ave

American Legion

Rosemount  
Senior Center

3

Rosemount





Park  
Land  
Green  
Space



## Chapter 3. Housing

Cannon Falls has experienced modest housing growth since 1970. However, the community is poised for expanded growth over the next several decades as the Twin Cities expands out toward Cannon Falls. Map 9 shows the proximity of Twin Cities' suburbs.

In 2002, a market study of housing needs was done for the City of Cannon Falls, the Cannon Falls Economic Development Authority, and Southeastern Minnesota Multi-County HRA.<sup>1</sup> The study made the following findings:

### Low-Income Housing

There is a shortage of low-income housing with the greatest need being two bedroom units. Two bedroom, low-income senior units are also needed.

### Affordable Housing

There is also a shortage of more than 100 units to fill the general occupancy demand. However, there were more than enough elderly affordable units.

### Moderate/Market Rate Rental Units

There is a shortage of all unit types. There are only four market rate rental buildings in town with just 43 units. It was estimated that there was a pent up demand for 71 units and a future supportable demand of 52 units through 2006.

### Senior Housing with Services

There are no senior-housing-with-services facilities in Cannon Falls. There is a need for up to 30 congregate units, 36 assisted living units, and 13 memory care units.

### Single Family Housing

There is a shortage of affordable single family homes. Some of this demand can be satisfied through the construction of upscale apartments, townhouses, patio homes, and senior housing with services. These units will allow people to move out of their existing single family homes and provide a number of homes in the \$90,000 to \$150,000 range.

There has been an average of 12 new homes a year built in the city since 1990. The study recommended having approximately a two-year supply of lots available for housing construction. It is expected that the pace of housing production will increase substantially beyond the pace of the 1990s.



<sup>1</sup> Community-Wide Housing Assessment for Cannon Falls, Minnesota, AdMark Resources, June 2002.

## Housing Cost

**Objective:** Construction of housing with a broad range of costs.

**Policies:**

**H 3** Developers will be encouraged by the City to provide some affordable housing units <\$170,000 in new subdivisions. The \$170,000 cost is the cost in the year 2002. It needs to be adjusted for inflation for every year beyond 2002.

**H 4** The City will consider density bonuses or dismissing park dedication fees for developers who supply affordable housing units.

**H 5** The city encourages compact new housing developments with lot sizes in the 60 to 70 foot range and will adjust its zoning provisions accordingly.

**H 6** The City will utilize programs of the Minnesota Housing Finance Agency to reduce the cost of new housing.

## Multiple-Family Housing

**Objective:** Provision of multiple-family housing for empty nesters and young households just entering the housing market.

**Policies:**

**H 7** The homes near downtown that have been zoned R3 will be included in the low density land use classification to protect them from being subdivided into apartments or assembled for sites on which apartments could be built.

**H 8** The city will consider the inclusion of some multiple-family units as part of subdivisions of more than 50 units provided the development is part of a planned unit development or controlled by a conditional use permit.



# Chapter 7. Transportation

Transportation and traffic issues are one of the key issues for Cannon Falls area residents. Of the things that folks do not like in Cannon Falls, roads that are poorly located or in poor condition ranked third on the list. The specific irritations identified are as follows:

- City streets – many are in terrible shape.
- The fact that it is dangerous and nearly impossible to walk around the south side (i.e. from mall to Countryside).
- No sidewalks, inadequate shoulders on road.
- Hwy. 19 running right through residential area.
- Hwy. 52 access on the south end of the city.
- Stoplight timing.
- Bad roads (potholes, gravel).
- Need more physical road improvements.
- Highway 19 going through town.
- The high speed of 52 through town.
- The growing difficulty for access to 52 for people living on the fringe because of increased traffic and speed.
- Dangerous intersections.

Cannon Falls is the focal point of the rural road system in the area. Highways 52, 17, 19, 20, 24, and 25 funnel traffic from the surrounding area into the city. There are relatively few ways to get through town now because of the constraints in routes caused by the river valleys, bluffs, and Hwy. 52.

This funneling effect will eventually become a major problem as new subdivisions are developed on the edge of town. It is anticipated that without transportation improvements, traffic along Fourth Street will exceed maximum design volumes by 2025.<sup>1</sup> For example, the table below shows existing, year 2025 projected traffic (without improvements), and maximum design volume for various spots on the street system.

	1999 Traffic Volumes	2025 Traffic Volumes with No Improvements	Maximum Volume with Current Size of Roadway
N. 4 <sup>th</sup> St. near Cannon River	5,600	17,300	15,000
4 <sup>th</sup> St. betw. Main and Hwy. 25	8,300	24,200	15,000
Hwy. 24 near Superamerica	6,000	25,550	15,000

The table shows that traffic volumes are expected to increase three to four times over their 1999 levels.

<sup>1</sup> S.E.H. and MnDOT, report to the Vision 52 Internal Management Team, March 4, 2002.



Most of the townships have standards that prohibit subdivision of parcels less than 40 acres in size. However, variances have been granted that allow lots of less than 40 acres. The accompanying map (Map 8) entitled Parcels Less Than 40 Acres shows the extent that smaller parcels have been created surrounding Cannon Falls.

This kind of development has caused two problems.

First, the residential subdivisions that have been created pose a significant service problem. When the property owners petition for annexation, the city is committed to constructing new city water and sewer lines. One such subdivision will cost substantially more to service than can be assessed against the property owners. Therefore, the rest of the city will have to pay the difference.

The second problem is that the breaking up of farms into parcels of less than 40 acres makes it difficult to assemble parcels for larger scale developments and makes it less efficient and economical to provide city services when the time comes for those areas to be annexed into the city.

Large scale, isolated commercial developments along Hwy. 52 or other locations also make it difficult to provide city services and/or assemble compatible land uses.

With these problems in mind, the City has adopted the following objective and policies.

**Objective:** Preservation of surrounding agricultural land and cost effective provision of city sewer and water services.

**Policies:**

**GM 11** Cannon Falls supports very low density, no more than one unit per 40 acres, in land outside the city. These densities will make it easier to eventually develop lands on the edge of the city with subdivisions that have enough density to support city sewer and water services.

**GM 12** If developments do occur in the townships, the city encourages the townships to require on-site sewage disposal systems that are designed in such a way that they can be economically converted to city sewer service at some future date.

**GM 13** The city also encourages the townships to reject plans that do not fit the land use plan (Map 23) proposed for areas beyond the existing Cannon Falls boundaries.

## Small Town Atmosphere

**Objective:** Preservation of the small town atmosphere.

**Policies:**

**GM 14** The city will continue investment in parks, bike trails, recreational facilities, and encourage the investment in the city's schools.

**GM 15** The city will continue to support special events that promote a feeling of community.

**GM 16** The city supports the preservation, rehabilitation, and upgrading of the downtown area.

**GM 17** The city will control the appearance of new and rehabilitated buildings in the downtown area so that the historic character is maintained.

**GM 18** The city will promote the economic health of the downtown area so that there are viable businesses for the historic buildings.

**GM 19** The city will promote economic development that provides jobs and living wages.

**GM 20** The city will explore the need and funding sources for a community center that would be a family focal point and foster a strong sense of community.

**GM 21** The city supports a housing plan that accommodates all ranges of income that are typical of a small town.

**GM 22** The city will seek transportation solutions that accommodate projected growth, relieve congestion, and maintain the small town character of Cannon Falls.

## Implementation Directions/Actions

Growth will come to the whole Cannon Falls region. The city, townships, and Goodhue county will be affected. There needs to be a **regular dialogue** among all these governmental units about growth challenges in the area. Only then, can the region effectively deal with the growth pressures that it will experience.

The city will need to use this plan as a base for discussions with the surrounding townships. Agreements need to be drafted concerning an **annexation plan** with townships. The agreements should describe when and under what conditions land will be annexed by the city. The agreement needs to include a requirement that township developments have sewer facilities that can be economically connected to a city trunk line if and when connection occurs.

The city will also need to be in regular **contact with the school board** about enrollment capacity. The city will need to slow down the approval of new subdivisions if school capacity is reached. The school board also needs to know how many dwelling units are being proposed so that they can plan for additional school classrooms to keep pace with projected growth.

New sewer and water lines will have to be extended to new housing subdivisions. Fortunately, the **sewer and water infrastructure** is in good condition and has the capacity to be expanded to the projected major residential growth priority areas.

Implementation directions/actions on preserving downtown are located in that section of the plan.

According to the 2003 Comprehensive Plan for Cannon Falls, The population was projected to reach 7,170 by 2015 based on trending growth patterns when the city experienced a 17.4% growth spurt. Cannon Falls and it's adjacent townships increased at a faster rate than the county between 1990 and 2000. Goodhue County had increased by 8.4% during the same time period.

Planning assumptions at the time of the study projected that growth pressures will increase as residents in the Twin Cities will be seeking alternatives to traditional suburban living. The assumption also included that Cannon Falls would grow by 750 dwelling units between 2003 and 2008. At the time of the study, it was estimated this would include about:

- 47 units per year from the Sandstone Ridge development that was under construction
- 58 units per year from the Schweich Farm development that was in the review process
- 50 units per year from another project including the remaining Wilson project on County 17

These projects could have potentially increased the population of CF by an additional 2,025 by the fall of 2008.

The Schweich Farm development project was to continue until 2013 adding an additional 58 units per year. Another 50 units per year could have been generated from developments parallel and north of County 17 and from other locations to the west and south sides of the city. All of these developments could have added an additional 500 units between 2008 and 2013 adding an additional 1,350 people nearly doubling the size of the town.

Chatter about the upcoming Highway 52 project was mentioned in the study noting that local access will be lost along the corridor on the south side of town; however the new housing units that were supposed to be built in the community would only increase the traffic to the south end.

Mention of new streets needing from the new subdivisions leading to the school would have had to be added.

There was and still is a need for population growth to support services and activities in the community.

One of the identified actions that could be detrimental to the community would be failing to adopt design guidelines for downtown and new housing development and rehabilitation.

In 2002 a market study of housing needs was done for the City of Cannon Falls, the Cannon Falls EDA and SEMMCHRA. The study had the following findings:

#### **Moderate/Market Rate Rental Units**

2002 - Shortage of all unit types. 43 units available; estimated demand was for 71 units and a supportable future demand of 52 units through 2006

2020 - Shortage of 24-30 units for Active Seniors; 24-26 units for others not in a senior age bracket

## **Multiple Family Housing**

According to the Comp Plan, the city will consider the inclusion of some multi-family units as part of subdivisions of more than 50 units provided the development is part of a planned unit development or controlled by a conditional use permit.

In order to preserve and upgrade the housing stock, the city will identify nuisance properties and upgrade its ordinances and enforcement provisions to eliminate or bring these properties into conformance with city ordinances.

Utilization of small or vacant lots for new housing opportunities will also help with infill lots development. Infill development is the process of developing vacant or under-used parcels within existing urban areas that are already largely developed. Most communities have significant vacant land within city limits, which, for various reasons, has been passed over in the normal course of urbanization.

The city will develop flexible zoning standards that remove the obstacles to the development or redevelopment of infill lots.

The zoning code also needs to be examined to make sure that it allows compact housing developments and removes major impediments to infill development on small lots.

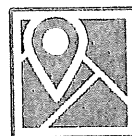
Housing conditions need to be addressed either through a more aggressive code enforcement program or creation of a redevelopment authority to undertake acquisition or major rehabilitation activities. Housing financial resources need to be found either in the private sector or public sector to implement these objectives. The city may have to hire an inspector or housing specialist to focus on these programs.

A Comprehensive Housing Needs Analysis for  
Goodhue County, Minnesota  
(DRAFT Copy – For Discussion)

*Prepared for:*

Goodhue County Economic Development Authority  
Red Wing, MN

March 2020



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## EXECUTIVE SUMMARY

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### Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the Goodhue County Economic Development Authority to prepare a Comprehensive Housing Needs Analysis for the County. The Housing Needs Analysis considers demographic, economic and market trends and provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households residing in the County. Housing demand is generated by household growth and turnover of existing households in these submarkets. Additional demand for housing will come from households moving into the County from outside the area.

For the purpose of this housing analysis, Goodhue County was divided into six submarkets, each comprised of county subdivisions in the County with the following exceptions: the Northwest Submarket also includes the portion of Dennison in Rice County; the Northeast Submarket includes the portion of Lake City in Wabasha County and the Southeast Submarket includes the portion of Pine Island in Olmsted County.

The scope of this study includes: an analysis of the demographic and economic characteristics of the communities and submarkets in Goodhue County; a review of existing housing stock characteristics; an analysis of the for-sale, rental and senior housing market conditions; an evaluation of conditions for those that have special needs or are “hard to house” and an assessment of housing affordability. Detailed recommendations are provided for the housing types identified as being needed to 2030.

### Demographic Analysis

- Between 2000 and 2010, Goodhue County’s population increased by 2,056 people (4.7%) while the number of households expanded 10.3% (1,747 households). We estimate that the County population expanded 2.9% (1,340 people) between 2010 and 2019 to 47,523, while the number of households increased 3.3% (623) to 19,711.
- Due to projected job growth in the Region related to the Rochester Destination Medical Center (DMC) expansion initiative, we expect that the rate of population growth in Goodhue County will accelerate over the next 20 years, climbing 11.2% to 52,824 in 2040.
- We anticipate that growth will be strongest in the submarkets located along the major transportation corridors in the County, notably Highway 52, particularly in the communities that are closest to Rochester.
- In 2019, the largest adult cohort by age in Goodhue County is 55 to 64 (15.5% of the population) followed by the 45 to 54 age group (12.3% of the population).
- The most rapid growth is expected to occur among older adults in the Market Area. As the baby boom population ages, the 65 and older age cohorts are expected to experience increases over the next ten years, particularly the 75 and older age group.

## EXECUTIVE SUMMARY

- The County is also expected to experience growth in the 35 to 44 age group between 2019 and 2030 as the peak of the “echo boom” moves into this cohort
- In 2019, the median household income is estimated to be \$65,587 in Goodhue County; roughly -6% lower than the \$69,559 income in Minnesota. Median household incomes are highest in the Central (\$80,635) and Northwest (\$70,387) Submarkets and lowest in the Northeast (\$58,821) and Southwest (\$59,552) Submarkets.
- Typically, as income increases, so does the rate of homeownership. This can be seen in Goodhue County, where the homeownership rate increases from 41% of households with incomes below \$15,000 to 93% of households with incomes above \$100,000.
- In Goodhue County, 75% of all households own, giving it a home ownership rate that is modestly higher than Minnesota (71% of households owned). The number of owner households residing in Goodhue County expanded 0.4% between 2010 and 2019, while the number of renter-occupied households expanded 13.3%.
- Among the Goodhue County submarkets, the strongest growth in owner households occurred in the Northwest and Central Submarkets. The Southeast Submarket experienced the strongest renter household growth, followed closely by the Southwest.
- Married couples without children are the most common household type in Goodhue County (33.4% of all households) followed by single-person households (26.2%). The County experienced a 2.7% increase in married couples with children households between 2010 and 2019, while the number of married couples without children held steady and other family households expanded 10.0%. Non-family households increased 4.4%, as the number of roommate households expanded 29.0% while single-person households decreased -0.2%.
- As of 2019, “White Alone” comprised the largest proportion of the County population, at 93%. An estimated 76% of “White Alone” households in Goodhue County own their housing while the remaining 24% rent. The home ownership rate drops to 41% for all other races in the County.

### Employment Analysis

- In 2019, Goodhue County had a labor force of 27,294 with 26,445 employed residents, which equates to a 3.1% unemployment rate. By comparison, 2019 unemployment rates were at 3.0% in Southeast Minnesota and 3.3% in Minnesota.
- The County’s labor force expanded at an average annual rate of 0.6% from 2000 through 2010. However, has been relatively flat since 2010, increasing from 26,734 in 2010 to 27,294 in 2019 (annual growth rate of 0.2%). Resident employment in the County increased at a 0.2% annual rate from 2000 through 2010 but has since expanded at an average annual rate of 0.7%.

## EXECUTIVE SUMMARY

- Goodhue County is an exporter of workers as a higher number of residents leave the County for work than nonresidents commute into the County for work.
- Approximately 10,868 workers come into Goodhue County for employment (inflow) daily, while 14,547 resident workers commute out of the County (outflow). An estimated 10,764 people both live and work in the County (interior flow). Except for the North Submarket (which is dominated by Red Wing), the five other submarkets export more workers than they import.
- With 10,868 workers commuting into the County daily for employment, with over 12% (2,638) coming from over 50 miles, there appears to be an opportunity to provide housing for a portion of these workers. Inflow is strongest in the North and Northeast Submarkets.
- Modest job growth is expected in the Market Area between 2019 and 2024, climbing 1.9% between 2019 and 2024 and 4.4% between 2024 and 2040.
- The pace of job growth is expected to be constrained in the County due to potential labor force shortages and a surge in retirements.
- In Goodhue County, job growth is likely to be focused along the major transportation corridors where there are concentrations of existing businesses, convenient highway access and the potential to develop housing for a growing population.
- Manufacturing is the largest employment sector in the County providing 4,715 jobs (21.6% of total jobs) followed by Education and Health Services with 4,496 jobs (20.6%). The higher proportion of Manufacturing jobs is a
- Average weekly wages in Goodhue County (\$938) are -15% lower than Minnesota (\$1,100) and -4% lower than Southeast Minnesota (\$977).
- A household earning the average weekly wage in the County would be able to afford an apartment renting for an estimated \$1,219 per month to not exceed 30% of its monthly income on housing costs, much higher than the median asking rent for renter-occupied housing units in the County (\$684).
- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage in the County would be able to afford to purchase a home priced at an estimated \$194,000 or lower to not be cost-burdened (paying more than 30% of their income for housing). By comparison, the median sale price for detached single-family homes was \$215,000 through the first three quarters of 2019, while new construction homes are being sold at an average price of over \$287,000.

## **EXECUTIVE SUMMARY**

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### **Housing Characteristics**

- Over 27% of the County's housing units were built prior to 1940, compared to 17% of all homes in Minnesota. Among the Goodhue County submarkets, Southwest has the highest concentration of homes built prior to 1940 (41%) followed by the Central at 30%.
- Aside from the number of homes built prior to 1940, the 2000s was the most active decade in the County in terms of residential construction activity. Nearly 16% of Goodhue County's housing stock was built from 2000 to 2009.
- Residential construction activity dropped substantially in the County when the "housing bubble" burst in 2006. An average of 396 new housing units was permitted annually in the County from 2000 through 2006. Permitting activity declined to an annual average of 79 units from 2006 through 2012. Housing development has increased in the County since the recession, averaging 167 new units per year between 2013 and 2019, although residential construction activity has not achieved the pre-recession highs of the early 2000s.
- An estimated 70% of all residential units permitted in Goodhue County since 2000 were single-family homes. The remaining 30% were multifamily units. By comparison, 29% of the housing units permitted in Minnesota since 2000 were multifamily units.
- Housing construction has been most active in Red Wing since 2000, followed by Pine Island, Lake City and Zumbrota.
- The estimated median value of owned homes is \$212,977 in Goodhue County, about 12% lower than the median value of \$240,868 in Minnesota but 10% higher than Greater Minnesota (\$194,505). The median asking rent in Goodhue County of \$684 is an estimated 16% lower than the median of \$816 in Minnesota but 9% higher than Greater Minnesota (\$626).

### **For-Sale Housing Market Analysis**

- The median resale price for single-family homes through the first nine months of 2019 in Goodhue County is \$215,000, -27% lower than the Minneapolis-St. Paul MSA median sales price of \$295,051. The multifamily median sale price in the County (\$194,500) is -7% lower than the MSA median of \$209,828.
- Multifamily housing represents a modest share of Goodhue County's for-sale housing market, comprising 12% of all closed resales from 2010 through the third quarter of 2019. The remaining 88% were single-family home resales. By comparison, 24% of all closed resale transactions in the Minneapolis-Saint Paul MSA were multifamily sales.

## **EXECUTIVE SUMMARY**

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- Since 2017, Goodhue County has averaged 59.8 home sales per month. Based on the supply of available for-sale housing in the County (as of October 2019), there is a 3.8-month supply of homes available for sale on the market. Equilibrium in the for-sale housing market is generally considered to be a six-month supply of homes on the market. As such, it appears that the inventory of available for-sale housing in the County is undersupplied.
- There are an estimated 107 active subdivisions with 1,336 vacant residential lots in the Cities of Goodhue County including 997 single-family lots (75% of all vacant lots) and 339 multifamily lots (25%). On average, the single-family subdivisions have absorbed lots at a rate of 1.1 lots per year (total annual lot absorption of 87.5), while the multifamily subdivisions have absorbed lots at a rate of 1.2 lots per year (total of 28.1 lots per year).
- The average retail sale price for new construction single-family homes in these subdivisions is \$287,308 (\$168 per square foot), while the average sale price for new construction multifamily units is \$288,680 (\$175 per square foot). New construction multifamily pricing essentially equals detached single-family new construction pricing indicating that builders are bringing detached villas into the market at price points equal to single-family homes.

### **Rental Housing Market Analysis**

- Maxfield Research compiled detailed information for a select group of rental housing properties with five or more units in Goodhue County, including 33 general occupancy market rate apartment properties, 18 shallow-subsidy Low Income Housing Tax Credit (LIHTC) and Section 515 (United States Department of Agriculture Rural Development) properties targeting family households, and ten deep-subsidy (project-based Section 8 and public housing properties). Rural Development properties also provide rent assistance, making a portion of their units deep-subsidy.
- These properties contain 386 shallow-subsidy units, 316 deep-subsidy units and 675 market rate units.
- The inventory of rental properties in Goodhue County was 2.5% vacant, including a 1.4% vacancy rate among the affordable/subsidized properties and a 3.6% vacancy rate in the market rate properties.
- The equilibrium vacancy rate for rental housing is considered to be 5.0%, which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of general occupancy rental housing in the County is below the level adequate to meet demand.
- The average rental rate across all market rate general occupancy properties is \$787 per month, similar to the base market rate rent in the affordable properties (\$727 per month). On a per square-foot basis, market rate rental properties in Goodhue County rent for \$0.87 per square foot, on average.

## EXECUTIVE SUMMARY

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### Senior Housing Market Analysis

- Maxfield Research identified 29 senior housing properties in Goodhue County. Combined, these developments contain a total of 1,142 senior housing units. Eighteen of the senior housing facilities are market rate, totaling 716 units and there are 11 affordable/subsidized senior housing projects, totaling 426 units. Of the 1,142 units, 42% provide service-enhanced senior housing for a total of 485 units.
- At the time of the survey, 63 senior housing units were vacant, representing a 5.5% vacancy rate. There were 43 vacant service-enhanced units (8.9% vacancy rate) and the active adult units were 3.0% vacant (20 vacancies).
- Among the service-enhanced properties, we identified 39 independent living with services (congregate) units, 120 assisted living units, 104 memory care units and 222 units considered to be catered living. Catered living offers a flexible living arrangement where residents can live independently and purchase assisted living services as needed without relocating to a different unit. Independent living units were fully-occupied, assisted living units were 4.2% vacant, catered living properties were 10.8% vacant and the memory care units were 13.5% vacant. Much of the catered living vacancy is located in a recently completed project that is still in initial lease-up. Stabilized catered living facilities are 5.4% vacant.
- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care senior housing, while 95% occupancy is considered equilibrium in independent living and active adult. As such, the current supply of memory care units appears to be slightly oversupplied, while the active adult, independent living, assisted living, and stabilized catered living facilities are below equilibrium.

### Housing Affordability

- An estimated 20% of all owner households in Goodhue County are considered cost burdened (paying 30% or more of their gross income for housing), while 41% of the existing renter households in the County are considered cost burdened. By comparison, 20% of owner households and 44% of renter households are cost burdened in Minnesota.
- An estimated 81% of owner households could afford to buy a moderately-priced entry-level single-family home (\$150,000) in the County. The proportion of income-qualified households declines as the sale price increases, and 61% of owner households could afford to purchase a move-up single-family home priced at \$250,000. The proportion able to afford an executive home priced at \$375,000 decreases to 39% of existing owner households.
- An estimated 56% of existing renter households can afford to rent a one-bedroom unit in Goodhue County at the average rent of \$686 per month, but the percentage drops to 40% of renters who could afford a one-bedroom apartment in new construction with an estimated rent of \$950 per month.

## EXECUTIVE SUMMARY

### Housing Demand Analysis

A migration of households out of the Rochester area is expected to stimulate housing demand in Goodhue County over the next several years. Possible factors driving this trend include a housing shortage in Rochester, affordability, school district preferences, and lifestyle preferences. Additionally, housing demand in the County will be impacted by development activity in nearby areas, notably in communities in the southeast portion of the Metro Area (i.e. Dakota County).

Demand is somewhat fluid between submarkets and communities in Goodhue County, and satisfying the anticipated demand will be highly dependent on the availability of suitable housing options in the various communities in the County.

- Based on our calculations, we find demand to support 2,208 general occupancy housing units between 2020 and 2030, including 1,450 for-sale units and 758 rental units.

----- General Occupancy Housing Demand (units) by Submarket 2020 - 2030 -----						
Product Type	North	Northwest	Northeast	Central	Southwest	Southeast
For-Sale Single-Family	213	181	107	62	95	248
Multifamily	260	60	88	21	32	83
Market Rate Rental	103	57	80	18	46	99
Shallow-Subsidy Rental	15	16	12	3	13	27
Deep-Subsidy Rental	121	31	31	7	25	54
<b>Total:</b>	<b>712</b>	<b>345</b>	<b>318</b>	<b>111</b>	<b>211</b>	<b>511</b>

- In addition, we find demand for multiple senior housing product types. As of 2025, demand in Goodhue County for senior housing is projected as follows:

----- Senior Housing Demand (units) by Submarket 2025 -----						
Product Type	North	Northwest	Northeast	Central	Southwest	Southeast
Active Adult Rental	50	58	32	18	22	80
Active Adult Owner	40	29	39	8	16	34
Independent Living	159	39	84	18	26	52
Assisted Living	45	5	41	9	23	47
Memory Care	61	10	31	8	16	37
Shallow-Subsidy Rental	203	68	83	13	44	86
Deep-Subsidy Rental	30	0	28	2	23	26
<b>Total:</b>	<b>588</b>	<b>209</b>	<b>338</b>	<b>76</b>	<b>170</b>	<b>362</b>

## EXECUTIVE SUMMARY

### Conclusions and Recommendations

Based on the finding of the analysis, the following charts provide a summary of the recommended development concepts by product type for Goodhue County to 2030.

These proposed development concepts are intended to act as a development guide to meet the housing needs of existing and future households in the County. Detailed findings are described in the *Conclusions & Recommendations* section of this report.

- There is a strong need in the County for entry-level housing and “affordably-price” move-up homes. The economic feasibility of development new entry-level housing is challenging, and one way to provide entry-level for-sale housing is to generate household turnover by increasing the supply of move-up and executive housing. Entry-level home demand will primarily be satisfied by existing single-family homes as residents of existing homes move into move-up and executive housing products built in the community.

GENERAL OCCUPANCY FOR-SALE HOUSING PRICING BREAKDOWN								
GOODHUE COUNTY								
January 2020								
		----- Submarkets -----						
Purchase Price <sup>1</sup>	Pct.	North	Northwest	Northeast	Central	Southwest	Southeast	
<b>Detached Single-Family</b>								
Entry-level	Less than \$150,000	20%	43	36	21	12	19	50
Move-up	\$175,000 - \$300,000	65%	138	118	70	40	62	161
Executive	\$350,000+	15%	32	27	16	9	14	37
<b>Submarket Total:</b>		<b>100%</b>	<b>213</b>	<b>181</b>	<b>107</b>	<b>62</b>	<b>95</b>	<b>248</b>
<b>Multifamily (i.e. townhomes, twin homes)</b>								
Entry-level	Less than \$150,000	40%	104	24	35	8	13	33
Move-up	\$175,000 - \$300,000	60%	156	36	53	13	19	50
<b>Submarket Total:</b>		<b>100%</b>	<b>260</b>	<b>60</b>	<b>88</b>	<b>21</b>	<b>32</b>	<b>83</b>

<sup>1</sup> Pricing in 2020 dollars. Pricing can be adjusted to account for inflation.

Source: Maxfield Research & Consulting, LLC

- We identified 107 active subdivisions in the nine Goodhue County cities, containing 1,336 vacant lots, including 997 detached single-family lots and 339 multifamily (i.e. townhome, twin home) lots. Based on the for-sale housing demand calculations, it appears that the existing supply of vacant lots is sufficient to satisfy demand in the short-term, but additional lots will be needed by 2030.
- Projected demand exceeds lot supply in Red Wing, Cannon Falls, Dennison, Goodhue, Kenyon, and Pine Island suggesting that additional lots will be needed in these communities by 2030. Existing lot supply exceeds projected housing demand in Lake City, Wanamingo, and Zumbrota.



**EXECUTIVE SUMMARY**

- The strongest sources of demand for new rental housing will likely be young singles or couples without children in their mid-20s to early-30s who work in Goodhue County, Rochester, or other nearby communities. Mid-age and older households could also account for a portion of demand for new rental housing. A rental townhome development could attract family households as well as empty-nesters, and shallow-subsidy rental housing will draw from a wide variety of population segments. Due to the limited supply of available rental housing units in the County along with our discussions with area employers and real estate professionals, there appears to be an immediate need for new rental housing in the County.

RECOMMENDED RENTAL HOUSING DEVELOPMENT GOODHUE COUNTY BY SUBMARKET January 2020			
	Monthly Rent Range <sup>1</sup>	No. of Units	City
<b>North Submarket</b>			
Market Rate Apartments	\$950/1BR - \$1,200/2BR	50 - 60	Red Wing
Market Rate Townhomes	\$1,250/2BR - \$1,550/3BR	24 - 32	Red Wing
Shallow-Subsidy Project	Moderate Income <sup>2</sup>	24 - 30	Red Wing
<b>Northwest Submarket</b>			
Market Rate Apartments	\$1,000/1BR - \$1,250/2BR	24 - 26	Cannon Falls
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	12 - 14	Cannon Falls
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	4 - 6	Dennison
Shallow-Subsidy Project	Moderate Income <sup>2</sup>	16 - 20	Cannon Falls
<b>Northeast Submarket</b>			
Market Rate Apartments	\$850/1BR - \$1,050/2BR	30 - 36	Lake City
Market Rate Townhomes	\$1,150/2BR - \$1,450/3BR	14 - 18	Lake City
Shallow-Subsidy Project	Moderate Income <sup>2</sup>	10 - 16	Lake City
<b>Central Submarket</b>			
Market Rate Apartments	\$1,000/1BR - \$1,250/2BR	10 - 12	Goodhue
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	4 - 6	Goodhue
Shallow-Subsidy Project	Moderate Income <sup>2</sup>	NA - NA	--
<b>Southwest Submarket</b>			
Market Rate Apartments	\$850/1BR - \$1,050/2BR	10 - 14	Kenyon <u>and</u> Wanamingo
Market Rate Townhomes	\$1,150/2BR - \$1,450/3BR	8 - 10	Kenyon <u>and</u> Wanamingo
Shallow-Subsidy Project	Moderate Income <sup>2</sup>	10 - 16	Kenyon <u>or</u> Wanamingo
<b>Southeast Submarket</b>			
Market Rate Apartments	\$1,000/1BR - \$1,250/2BR	24 - 30	Pine Island <u>and</u> Zumbrota
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	10 - 12	Pine Island <u>and</u> Zumbrota
Shallow-Subsidy Project	Moderate Income <sup>2</sup>	18 - 20	Pine Island <u>or</u> Zumbrota
<sup>1</sup> Pricing in 2020 dollars. Pricing can be adjusted to account for inflation.			
<sup>2</sup> Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			
<b>Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.</b>			
Source: Maxfield Research & Consulting, LLC			

**EXECUTIVE SUMMARY**

- While we find senior housing demand in all six submarkets, overall senior demand is expected to be strongest in the North, Southeast, and Northeast Submarkets. Due to the need for services (public infrastructure, medical, religious, retail, etc.) we expect that the cities will capture all of the excess demand potential in the County, so we do not anticipate any senior housing development in the townships.
- The development of additional senior housing serves a two-fold purpose in meeting the housing needs in the County: 1) older adult and senior residents are able to relocate to new age-restricted housing, and 2) existing homes and rental units that were occupied by seniors become available to other new households.

SENIOR RENTAL HOUSING DEVELOPMENTS GOODHUE COUNTY BY SUBMARKET & CITY January 2020					
Monthly Rent Range <sup>1</sup>		Active Adult Rental <sup>2</sup>		Service-Enhanced	
		Market Rate	Shallow-Subsidy	Catered Living <sup>3</sup>	Memory Care <sup>4</sup>
		\$1,000/1BR - \$1,300/2BR	Moderate Income	\$1,650 - \$4,500	\$4,500 - \$5,500
		Project Size			
Submarket	City	Market Rate	Shallow-Subsidy	Catered Living <sup>3</sup>	Memory Care <sup>4</sup>
North	Red Wing	24-30	30-40	40-50	18-24
Northwest	Cannon Falls	24-30	20-24	20-30	8-10
Northeast	Lake City	20-24	30-40	40-50	16-20
Central	Goodhue	10-12	10-12	16-20	6-8
Southwest	Kenyon or Wanamingo	14-16	16-18	20-30	10-12
Southeast	Pine Island or Zumbrota	24-30	20-24	40-50	16-20

<sup>1</sup> Pricing in 2020 dollars. Pricing can be adjusted to account for inflation.

<sup>2</sup> Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community

<sup>3</sup> Catered living is a hybrid concept of independent and assisted living service levels.

<sup>4</sup> Memory care housing could be a component of an assisted-living or service-intensive building.

**Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.**

Source: Maxfield Research & Consulting, LLC

## DEMOGRAPHIC ANALYSIS

### Northwest Submarket

- The Northwest Submarket is projected to experience 1.9% household growth between 2019 and 2024, with the greatest growth occurring in the 75 and older (16.2%) and 65 to 74 (15.9%) age groups. The 35 to 44 (9.7% growth) and 25 to 34 (4.6% growth) are also projected to expand, while contraction is expected among all other age groups.
- The median household income is projected to increase 13.6% over the next five years, with all of the growth occurring among the upper-income brackets.

	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
<b>2019</b>								
Less than \$15,000	271	14	32	27	32	56	52	57
\$15,000 to \$24,999	245	14	17	16	16	41	49	91
\$25,000 to \$34,999	221	11	23	26	24	34	37	66
\$35,000 to \$49,999	439	19	63	56	53	67	83	97
\$50,000 to \$74,999	535	14	70	68	83	156	104	39
\$75,000 to \$99,999	400	4	54	65	80	123	63	10
\$100,000 to \$199,999	1,002	15	133	193	223	264	126	47
\$200,000 or more	168	0	22	25	44	47	23	7
<b>Total</b>	<b>3,281</b>	<b>91</b>	<b>415</b>	<b>477</b>	<b>556</b>	<b>789</b>	<b>538</b>	<b>415</b>
<b>Median Income</b>	<b>\$70,387</b>	<b>\$38,865</b>	<b>\$75,697</b>	<b>\$90,777</b>	<b>\$95,854</b>	<b>\$81,438</b>	<b>\$58,997</b>	<b>\$33,608</b>
<b>2024</b>								
Less than \$15,000	256	13	33	25	24	42	54	64
\$15,000 to \$24,999	228	11	15	15	13	31	51	91
\$25,000 to \$34,999	196	7	20	21	15	23	34	75
\$35,000 to \$49,999	401	16	59	48	38	52	81	106
\$50,000 to \$74,999	495	14	63	67	61	126	114	49
\$75,000 to \$99,999	379	4	50	67	66	105	72	14
\$100,000 to \$199,999	1,207	18	168	253	225	282	188	74
\$200,000 or more	180	0	25	27	43	48	29	8
<b>Total</b>	<b>3,342</b>	<b>83</b>	<b>434</b>	<b>523</b>	<b>485</b>	<b>710</b>	<b>624</b>	<b>482</b>
<b>Median Income</b>	<b>\$79,962</b>	<b>\$43,559</b>	<b>\$86,633</b>	<b>\$102,751</b>	<b>\$104,598</b>	<b>\$92,675</b>	<b>\$68,311</b>	<b>\$35,986</b>
<b>Change 2019 - 2024</b>								
Less than \$15,000	-15	-1	1	-2	-8	-14	2	7
\$15,000 to \$24,999	-17	-3	-2	-1	-3	-10	2	0
\$25,000 to \$34,999	-26	-4	-3	-5	-9	-11	-3	9
\$35,000 to \$49,999	-38	-3	-4	-8	-15	-15	-2	9
\$50,000 to \$74,999	-40	0	-7	-1	-22	-30	10	10
\$75,000 to \$99,999	-21	0	-4	2	-14	-18	9	4
\$100,000 to \$199,999	205	3	35	59	1	18	61	27
\$200,000 or more	12	0	3	2	-1	1	6	1
<b>Total</b>	<b>61</b>	<b>-8</b>	<b>19</b>	<b>46</b>	<b>-71</b>	<b>-79</b>	<b>86</b>	<b>67</b>
<b>Median Income</b>	<b>\$9,575</b>	<b>\$4,694</b>	<b>\$10,936</b>	<b>\$11,974</b>	<b>\$8,744</b>	<b>\$11,237</b>	<b>\$9,314</b>	<b>\$2,378</b>

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

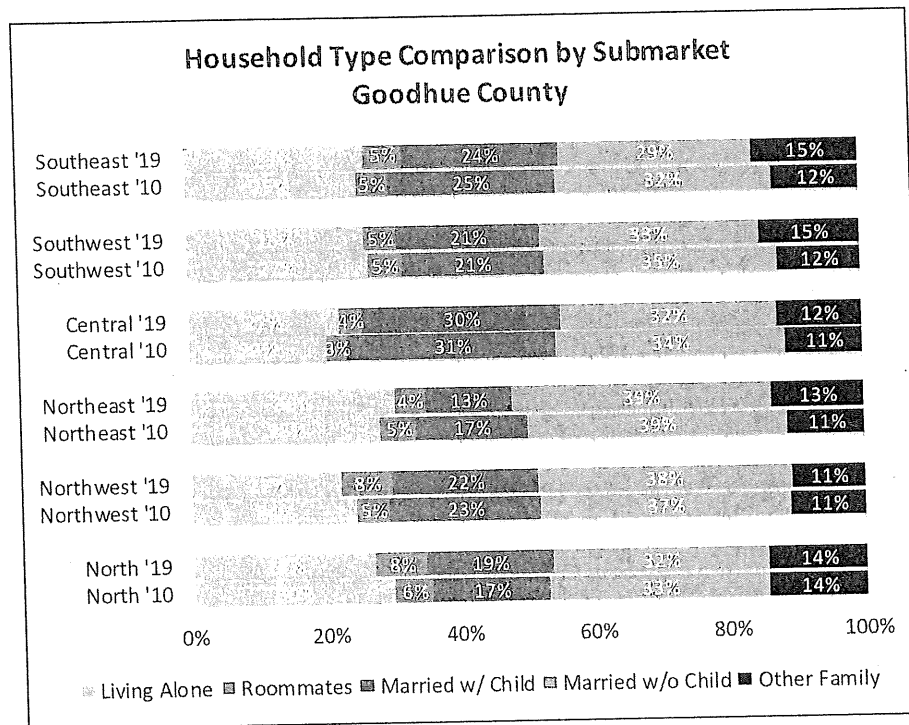
DEMOGRAPHIC ANALYSIS TABLE 15  
HOUSEHOLD TYPE  
GOODHUE COUNTY MARKET AREA  
2010 & 2019

	Goodhue County Submarkets															
	Goodhue Co.		North		Northwest		Northeast		Central		Southwest		Southeast		Minnesota	
	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019	2010	2019
Total Households	18,730	19,353	8,403	8,566	3,172	3,281	2,885	2,999	996	1,034	1,845	1,879	3,582	3,808	2,087,227	2,239,335
Non-Family Households	6,041	6,309	2,981	2,970	925	977	965	1,041	235	267	588	587	1,078	1,227	738,212	793,544
Living Alone	5,080	5,069	2,491	2,310	774	724	812	909	203	231	495	494	909	1,017	584,008	633,733
Other (Roommates)	961	1,240	490	660	151	253	153	132	32	36	93	93	169	209	154,204	159,811
Family Households	12,689	13,044	5,422	5,596	2,247	2,304	1,920	1,958	761	767	1,257	1,292	2,504	2,581	1,349,015	1,445,791
Married w/ Children	3,864	3,970	1,468	1,604	721	712	480	397	310	306	394	403	894	900	443,212	461,798
Married w/o Children	6,456	6,470	2,765	2,778	1,181	1,240	1,121	1,157	340	333	642	613	1,163	1,095	617,297	681,166
Other Family	2,369	2,605	1,189	1,214	345	352	319	404	111	127	221	276	447	586	288,506	302,827
<b>Change (2010-2019)</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>	<b>No.</b>	<b>Pct.</b>
Total Households	623	3.3%	163	1.9%	109	3.4%	114	4.0%	38	3.8%	34	1.8%	226	6.3%	152,108	7.3%
Non-Family Households	268	4.4%	-11	-0.4%	52	5.6%	76	7.9%	32	13.7%	-1	-0.1%	149	13.8%	55,332	7.5%
Living Alone	-11	-0.2%	-181	-7.3%	-50	-6.5%	97	12.0%	28	13.7%	-1	-0.1%	108	11.9%	49,725	8.5%
Other (Roommates)	279	29.0%	170	34.7%	102	67.7%	-21	-13.7%	4	13.7%	0	0.2%	40	23.9%	5,607	3.6%
Family Households	355	2.8%	174	3.2%	57	2.5%	38	2.0%	6	0.8%	35	2.7%	77	3.1%	96,776	7.2%
Married w/ Children	106	2.7%	136	9.2%	-9	-1.3%	-83	-17.3%	-4	-1.2%	9	2.3%	6	0.7%	18,586	4.2%
Married w/o Children	14	0.2%	13	0.5%	59	5.0%	36	3.2%	-7	-2.0%	-29	-4.6%	-68	-5.8%	63,869	10.3%
Other Family	236	10.0%	25	2.1%	7	2.1%	85	26.7%	16	14.7%	55	24.8%	139	31.1%	14,321	5.0%

Sources: U.S. Census; ESRI; Maxfield Research & Consulting, LLC

## DEMOGRAPHIC ANALYSIS

- The following chart depicts changes in household type distribution in 2019 compared to 2010 by submarket in Goodhue County. As shown, all submarkets experienced increases in the proportion of family households between 2010 and 2019, with the fastest growth occurring in the North (3.2% growth), Southeast (3.1% growth), and Southwest (2.7% growth) Submarkets.



- The proportion of non-family households expanded in all but the North and Southwest Submarkets, with the Southeast (13.8%), Central (13.7%), and Northeast (7.9%) Submarkets experiencing the greatest growth.
- Married couple without children households are the most common household type in all six submarkets, particularly the Northeast (39% of all households) and Northwest (38%). Growth in the number of married couple without children households occurred in the Northwest (2.9%), Northeast (3.9%), and Central (2.4%) Submarkets. Contraction occurred in the North (-1.2%), Southwest (-1.7%), and Southeast (-4.2%) Submarkets.
- Married couples with children are the second most common household type in the Central Submarket (30%), while single-person households are the second most common in the Northeast (30%), North (27%), Southeast (27%), Southwest (26%), and Northwest (22%) Submarkets.
- The proportion of married couple with children households has the greatest variation among the six Goodhue County submarkets, ranging from a low of 13% of all households in the Northeast Submarket to 30% of all households in the Central Submarket.