

**INVER GROVE HEIGHTS
PLANNING COMMISSION AGENDA**

**WEDNESDAY, NOVEMBER 18, 2014 – 7:00 p.m.
City Council Chambers - 8150 Barbara Avenue**

- 1. CALL TO ORDER**
- 2. APPROVAL OF PLANNING COMMISSION MINUTES FOR NOVEMBER 5, 2014.**
- 3. APPLICANT REQUESTS AND PUBLIC HEARINGS**

3.01 IMH SPECIAL ASSET 175-IGH, LLC – CASE NO. 14-34PA

Consider a Comprehensive Plan Amendment to change the land use designation of the property from MU, Mixed Use to LMDR, Low-Medium Density Residential for the property located at the northeast corner of Hwy 3 and County Road 26

Planning Commission Action _____

4. OTHER BUSINESS

4.01 Election of Planning Commission Chair

5. ADJOURN

This document is available upon 3 business day request in alternate formats such as Braille, large print, audio recording, etc. Please contact Kim Fox at 651.450.2545 or kfox@invergroveheights.org

PLANNING COMMISSION MINUTES - CITY OF INVER GROVE HEIGHTS

Wednesday; November 5, 2014 – 7:00 p.m.
City Hall Chambers - 8150 Barbara Avenue

Chair Hark called the Planning Commission meeting to order at 7:00 p.m.

Commissioners Present: Joan Robertson
 Paul Hark
 Pat Simon
 Tony Scales
 Harold Gooch
 Bill Klein

Commissioners Absent: Harold Gooch
 Armando Lissarrague (excused)
 Annette Maggi (excused)

Others Present: Tom Link, Community Development Director
 Heather Botten, Associate Planner

APPROVAL OF MINUTES

The minutes from the October 7, 2014 Planning Commission meeting were approved as corrected.

The minutes from the October 21, 2014 Planning Commission meeting were approved as submitted.

MIKE THOMAS – CASE NO. 14-44C

Reading of Notice

Commissioner Simon read the public hearing notice to consider the request for a conditional use permit to operate an outdoor storage facility, and other variances related thereto, for the property located at 7537 Concord Boulevard. 36 notices were mailed.

Presentation of Request

Heather Botten, Associate Planner, explained the request as detailed in the report. She advised that the applicant is requesting to operate an outdoor storage facility by utilizing the vacant building and parking lot at 7537 Concord Boulevard. The existing building would be used as the office and the outdoor storage would be on the south and west side of the property. Outdoor storage is a conditional use in the B-3 zoning district. Only passenger automobiles, trailers, and personal recreational vehicles may be stored in the outdoor storage area.

Chair Hark asked if storage containers would be allowed.

Ms. Botten replied they would not. She advised that a conditional use permit for a car sales lot was previously approved for this site, but at this time the applicant has decided to open an outdoor storage facility instead. All parking and storage must be at least ten feet from the east, west, and north property lines and five feet from the south property line. One of the access points on Concord Boulevard will be removed. The property can also be accessed from the north through the Super America parking lot and off of 75th Street. Solid screening is required around the perimeter of the outdoor storage areas. There is an existing wood fence along the west property line and part of the south property line. The applicant is proposing to add additional solid fencing around the perimeter of the property to comply with code requirements. The applicant is proposing

to use the lighting plan that was approved with the sales lot. Staff recommends approval of the request with the nine conditions listed in the report. Ms. Botten advised that they received one letter of opposition and two calls with general inquiries.

Chair Hark asked what the status was of the conditional use permit for the car sales lot.

Ms. Botten replied that the conditional use permit is valid for two years so the applicant could still operate the property as a sales lot if he changed his mind within that timeframe.

Chair Hark asked how high the proposed fence was.

Ms. Botten replied six feet, but the applicant would be allowed to increase it to seven feet.

Commissioner Robertson asked if the existing building was proposed to be used as the office.

Ms. Botten replied in the affirmative.

Commissioner Klein asked if there were any plans to improve the damaged asphalt near Super America.

Ms. Botten replied that the applicant could better answer that question.

Commissioner Wippermann asked if lighting was proposed behind the office building.

Mike Thomas, 26752 Denmark Avenue, Farmington, replied that lighting was not proposed behind the existing building. Mr. Thomas responded to Commissioner Klein's previous question, stating that he planned to patch the damaged asphalt near the shared access with the gas station.

Commissioner Klein suggested that staff contact Super America regarding repairing the potholes on their site.

Commissioner Wippermann asked if the approved conditional use permit specified restricted hours of lighting.

Mr. Botten replied it did not.

Commissioner Robertson asked if hours of operation had been determined.

Mr. Thomas stated he would likely staff the office from 9:00 to 5:00 p.m. and allow access via a keyless pad until 9:00 or 10:00 p.m. The site would be equipped with security cameras.

Commissioner Simon asked the applicant if he was aware of Condition 9 prohibiting the repair of stored items on the property.

Mr. Thomas replied in the affirmative.

Commissioner Simon noted that there was a fence in disrepair at the time of the car sales lot approval.

Mr. Thomas replied that the fence had since been repaired. He advised that a chain link fence would be cheaper, but he was proposing to install a wood fence as it would look better and be consistent with the existing fence.

Opening of Public Hearing

Chair Hark asked the applicant if he read and understood the report.

Mr. Thomas replied in the affirmative.

Chair Hark closed the public hearing.

Planning Commission Recommendation

Motion by Commissioner Klein, second by Commissioner Scales, to approve the request for a conditional use permit to operate an outdoor storage facility for the property located at 7537 Concord Boulevard.

Commissioner Wippermann advised that he was concerned about approving a storage facility between the existing residential areas to the west and east, and would therefore be voting no.

Commissioner Klein stated he preferred an outdoor storage facility to the previously approved car sales lot.

Motion carried (5/1 - Wippermann). This item goes to the City Council on November 10, 2014.

CITY OF INVER GROVE HEIGHTS

Reading of Notice

There was no public hearing notice required.

Presentation of Request

Tom Link, Community Development Director, explained the request as detailed in the report. He advised that River Country Cooperative approached the City and expressed an interest in selling its 10 acre property along the west side of Dickman Trail. The Economic Development Authority (EDA) will be considering the acquisition at a special meeting on November 24. The Planning Commission is being asked to consider whether the acquisition would be consistent with the comprehensive plan. The comprehensive plan states that economic development is an important function that should be supported by the City, and also includes language pertaining to the redevelopment of the Concord neighborhood. The City's redevelopment efforts in that neighborhood date back to 1998 when they adopted the Concord Neighborhood Plan. That plan was updated and revised in 2012. The revised plan identifies four specific areas for redevelopment. The property being discussed tonight is in one of those four areas. The EDA would acquire this property and sell it at some future time for redevelopment. Staff recommends approval of the request to find the acquisition of the ten acre property along the west side of Dickman Trail consistent with the City's comprehensive plan. He noted that a representative from River Country Cooperative was in the audience tonight and was available for questions.

Chair Hark clarified that this was not a taking, but rather a request from a willing seller.

Commissioner Wippermann asked for clarification that the Planning Commission was being asked to make a recommendation only on whether or not the request complies with the comprehensive plan and not on whether or not to purchase the property.

Mr. Link replied in the affirmative, stating the actual decision to acquire the property would be considered by the EDA on November 24.

Opening of Public Hearing

John Duchsherer, 14305 Azalea Court, Rosemount, advised he was available to answer any questions.

Chair Hark asked the applicant if he read and understood the report.

Mr. Duchsherer replied in the affirmative.

Chair Hark closed the public hearing.

Planning Commission Recommendation

Motion by Commissioner Scales, second by Commissioner Klein, to find the acquisition of the ten acre property along the west side of Dickman Trail consistent with the City's Comprehensive Plan.

Motion carried (6/0). This item goes to the Economic Development Authority on November 24, 2014.

OTHER BUSINESS

Commissioner Klein congratulated Chair Hark on being elected to the City Council.

The meeting was adjourned by unanimous vote at 7:25 p.m.

Respectfully submitted,

Kim Fox
Recording Secretary

**PLANNING REPORT
CITY OF INVER GROVE HEIGHTS**

REPORT DATE: November 14, 2014 **CASE NO.** 14-34PA

APPLICANT: IMH Special Asset 175-IGH, LLC

PROPERTY OWNER: IMH Special Asset 175-IGH, LLC

REQUEST: Comprehensive Plan Amendment to change land use of a portion of the property from MU, Mixed Use to LMDR, Low-Medium Density Residential

LOCATION: NE Quadrant of Hwy 3 and County Road 26

HEARING DATE: November 18, 2014

COMPREHENSIVE PLAN: Mixed Use

ZONING: A, Agricultural

REVIEWING DIVISIONS: Planning **PREPARED BY:** Brad Scheib &
Jeff Miller, HKGi

BACKGROUND

This 40-acre property is located in the center of the City's Northwest Area, which is projected as a major growth area over the next 20 years and will require significant infrastructure improvements. The City's Comprehensive Plan guides future land uses and development densities for the Northwest Area to ensure that the delivery of infrastructure to this area is financially feasible for the City and property owners. In addition, this property is located adjacent to a major roadway intersection in the community - South Robert Trail (Hwy 3) and 70th Street - with traffic projected to increase three-fold by 2030. The intersection of South Robert Trail and 70th Street consists of two A-Minor Arterials with projected 2030 Average Daily Traffic (ADT) of 27,000 and 23,000, respectively, per the City's Comprehensive Plan. Since Hwy 3 connects to both I-494 and Hwy 55, and 70th Street connects to Hwy 52, this intersection is projected to be one of the busiest intersections in the City in 2030, outside of the Principal Arterial (I-494, Hwy 55, Hwy 52) grade-separated interchanges. A similarly busy intersection is Pilot Knob Road and Yankee Doodle Road in Eagan today. According to Eagan's Comprehensive Plan, this intersection had ADTs between 20,000 and 30,000 in 2007. This intersection is surrounded by office, retail, service, and higher density residential uses rather than low density residential.

The Comprehensive Plan designates the land surrounding the intersection of South Robert Trail and 70th Street, including this 40-acre property, as Mixed Use. Per the Comprehensive Plan, the vision for this area is to establish a neighborhood hub that integrates higher density residential uses with neighborhood commercial services. The Mixed Use designation guides land uses for a mix of retail and service commercial, office, institutional, higher density residential, public uses, and/or park and recreation uses, organized in a pedestrian-friendly environment. High density residential is defined as multi-family housing at densities exceeding 12 units per net acre. The Mixed Use designation does not include low or medium density residential. In general, Mixed Use areas are guided for approximately 1/3 commercial and 2/3 residential land uses.

The applicant, IMH Special Asset 175-IGH, LLC, is considering a development project for this 40-acre property located at the northeast corner of South Robert Trail and 70th Street. The applicant is proposing to develop 16 acres in the northeast portion of the 40-acre property with 46 single-family lots. Based on the developer's market analysis and its understanding of the findings of a recent Urban Land Institute Minnesota/Regional Council of Mayors (ULI/RCM) evaluation of the 40-acre site, the developer has determined that current market demand favors the development of single-family lots first on this site. The developer is not proposing development of the remaining 24 acres at this time but acknowledges the potential for mixed-use development in the future. In order for the applicant's proposed development of single-family lots to be permitted, the City's Comprehensive Plan must be amended to change the land use designation of a portion of this property, 16 acres of the 40-acre site, from Mixed Use (MU) to Low-Medium Density Residential (LMDR).

The applicant feels that the site's rolling topography, wetlands and steep slopes creates a landscape best suited for single-family homes. It was this attractive natural landscape that first attracted them to this particular property. On the other hand, the applicant also identifies these natural features as site constraints that reduce the developable land area. In addition to natural features, the applicant also identifies other site constraints, including regional roadway right-of-way (Hwy 3, 70th Street, and a future roundabout), a future collector street, an existing gas easement, and a city sewer easement.

The applicant has provided a site plan (see attached Sketch Master Plan drawing) to demonstrate how they would lay out the 46 single-family lots on the 16 acres, including local streets, a collector street, and access off of 70th Street. Although the applicant is not considering development of the remaining 24 acres at this time, the site plan also shows an apartment building (200 housing units), townhouses (50 housing units), and a small retail site (5,000 sq. ft. building).

ACTION REQUESTED

The following action is presented to the Planning Commission for recommendation:

Land Use Change. A Comprehensive Plan Amendment (CPA) to change the land use designations of a portion of this property, 16 acres of the 40-acre site, from Mixed Use (MU) to Low-Medium Density Residential (LMDR).

SURROUNDING USES

The subject property is surrounded by:

North	Large lot residential; zoned A, Agricultural; guided Medium Density Residential.
East	Large lot residential; zoned A, Agricultural; guided Low Density and Medium Density Residential.
West	Large lot residential; zoned A, Agricultural; guided Mixed Use.
South	Commercial, residential; zoned B-3, General Business and A, Agriculture; guided Medium Density Residential and Mixed Use

EVALUATION OF REQUEST

From a land use perspective, the land surrounding the intersection of South Robert Trail (Hwy 3) and 70th Street, which includes this 40-acre property, is one of just two areas designated as a Mixed Use area in the City's Comprehensive Plan. Furthermore, this area is guided to be the center of a larger area providing higher density residential, a range of housing types, affordability, neighborhood-scale retail, and pedestrian-oriented design. Since this roadway intersection is projected to be one of the busiest intersections in the City in 2030 and provides convenient connections to the regional transportation network, this area has significant long-term potential for providing higher density residential and mixed-use development.

The 16-acre area requested to be changed from Mixed Use (MU) to Low-Medium Density Residential (LMDR) is surrounded by significant areas designated for Mixed Use and Medium Density Residential. Changing this 16-acre area to LMDR also has the potential to significantly impact future development of neighboring properties as well. If single-family lots are developed first, it could result in future opposition to higher density residential and commercial development on adjacent sites. The applicant's current proposal does not serve the City's best interest long-term, especially given the challenges that are frequently faced by City leaders when commercial development, higher density and a wider range of housing is requested in an area following a low density development. Furthermore, if planned higher density residential areas are changed to lower density residential, there will be less households in the area to support the development of commercial in the neighborhood. Hence, a Comprehensive Plan Amendment should consider a larger area, not just a portion of one property.

The applicant cites the ULI/RCM opportunity site evaluation as supporting their request to develop single-family lots first in this area and change their property's land use designation

from Mixed Use (MU) to Low-Medium Density Residential (LMDR). The ULI/RCM opportunity site evaluation also helps identify the need for a broader discussion of how to achieve the community's goals for land uses, densities, mixed use, affordability, and infrastructure financing feasibility. For example, the study suggests that the City consider shifting development of higher density housing to larger transportation corridors. This type of change requires the City to consider a larger area for any potential Comprehensive Plan Amendment.

The applicant has identified a number of site constraints, both natural features and infrastructure, which support their proposal for single-family lot development. The City's Northwest Area planning also identified an area of unique natural features including varying topography, mature tree cover, and wetlands. Furthermore, the City has guided this area for unique development practices precisely because of its unique natural features. Consequently, the City's Comprehensive Plan guides this area for more efficient and higher density development as a means for protecting natural resources and managing stormwater in a more environmental and cost efficient manner. The area's greater amount of natural features can also be leveraged as increased open space that complements higher density development.

From a housing perspective, the Inver Grove Heights Housing Committee has reviewed the applicant's request for a Comprehensive Plan Amendment and recommends the Planning Commission deny the request. The Housing Committee recommends that entire 40-acre site be developed as a whole, even if it requires multiple stages and a number of years for complete development, rather than separate development projects that may not result in achieving the big picture goals of the City's Comprehensive Plan. Starting with a separate single-family residential project in this area may create greater challenges for achieving a range of housing types, affordability, higher density, and neighborhood-scale retail on this property in the future. See attached November 13, 2014 Letter to Inver Grove Heights Planning Commission from Inver Grove Heights Housing Committee.

From an infrastructure financing perspective, the Comprehensive Plan's guidance for land uses and densities are inextricably linked to the financing feasibility of extending the City's infrastructure to the Northwest Area. If the development densities on this property, and potentially on adjacent properties, are reduced substantially, there will be a corresponding reduction in utility connection revenues. Either these density reductions will need to be countered by density increases elsewhere in the Northwest Area, fees will need to be raised for everyone, or the resulting gap in fees will need to be assumed by the City.

The applicant's current request is for reducing the density substantially on a portion of the site; 16 acres represents 40% of the 40-acre site. While the applicant's proposed site plan shows higher density residential on the remaining 24 acres, our preliminary review of the concept for an apartment building (200 units) and townhouses (50 units) raises questions and potential issues regarding the placement, design, and viability of these housing units. Furthermore, the site plan only shows one 5,000 sq. ft. commercial building, which does not achieve the intended goal of Mixed Use areas having generally 1/3 commercial, 2/3 residential development. At this

time, it is not clear whether the applicant's request for single-family housing on 40% of the 40-acre property will enable them to achieve the needed densities of the City's Comprehensive Plan and infrastructure financing for the Northwest Area.

ALTERNATIVES

The Planning Commission has the following alternatives available for the proposed request:

A. **Approval** If the Planning Commission finds the application acceptable, the Commission has the following options on a recommendation:

- Approval of the **Comprehensive Plan Amendment** to change the land use designation of a portion of this property, 16 acres of the 40-acre site, from Mixed Use (MU) to Low-Medium Density Residential (LMDR), subject to the following conditions:
 1. The plan shall not become effective until all approvals have been granted by the Met Council and the City.
 2. The Metropolitan Council shall not require any significant modifications to the comprehensive plan amendment.
 3. The Metropolitan Council shall not make a finding that the comprehensive plan amendment has a substantial impact or contain a substantial departure from any metropolitan systems plan.

B. **Denial** If the Planning Commission does not favor the comprehensive plan amendment, a recommendation of denial should be forwarded to the City Council. With a recommendation of denial, findings or the basis for the denial should be given.

RECOMMENDATION

Planning Staff recommends denial of the request for this Comprehensive Plan Amendment based on its failure to support the Comprehensive Plan's guidance for land uses in the Northwest Area, a designated Mixed Use area, and a future major roadway intersection (two A-Minor Arterials); its potential impacts on neighboring development sites in the area; and its inevitable impacts on the financing needs of infrastructure improvements in the Northwest Area. Part of the rationale for denial of this particular Comprehensive Plan Amendment includes the understanding that the City would benefit from addressing these types of issues within the broader context of the Northwest Area. Based on new information from recent studies, such as transportation corridor studies, the ULI/RCM opportunity site evaluation, housing preferences/affordability, and market studies, a potential Comprehensive Plan Amendment should consider the larger context in terms of how to achieve the community's goals for land uses, densities, mixed use, affordability, and infrastructure financing feasibility.

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November 18, 2014
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Attachments: Location Map

Letter from Tim Keenan, IMH Vice President – Entitlements and Zoning
Comprehensive Plan Amendment drawing, dated 11/7/2014, prepared by
Westwood Professional Services, Inc.

Sketch Master Plan drawing, dated 11/7/2014, prepared by Westwood
Professional Services, Inc.

Urban Land Institute (ULI) Minnesota/Regional Council of Mayors Recent -
Opportunity City Program Summary Report (see page 8)

November 13, 2014 Letter to Inver Grove Heights Planning Commission from Inver
Grove Heights Housing Committee

COMPREHENSIVE PLAN AMENDMENT TO CHANGE 16 ACRES FROM MIXED-USE TO LMDR AT THE NORTHEAST CORNER OF ROBERT STREET AND 70TH STREET EAST

IMH Financial Corporation is excited to bring the city a project on the 40-acre parcel at the NE corner of Robert Street and 70th Street East. We are planning to develop the northeast 16 acres into 46 single-family lots. The remaining 24 acres will be developed as mixed-use and incorporate city road improvements. The City has identified 2.5 acres of our site for the construction of city planned collector street and sewer services that are needed for the future development of neighboring properties. We find that our development will meet the intent of the Northwest Area and of the comprehensive plan by providing the housing and regional infrastructure needed for the growth of this area.

This project will require the re-guiding of the northeast 16 acres from Mixed-Use to LMDR (low to medium density residential 3-6 units per acre). We are asking for LMDR to support small lot single family and to allow for multi-family development options that may exist in the NE corner north or the development of twin homes. Our proposed request will continue to provide the transitional development of higher density at the intersection to lower densities as you move away. The Mixed-Use designation will continue to match up with the medium density parcels to the north and east and the LMDR will transition from the Mixed-Use designation to the Low density guided parcels to the northeast and beyond. The proposed amendment will continue to allow the property to develop at the densities projected for the site. The amendment is based on three factors;

Existing Conditions: The rolling topography, wetlands and steep slopes creates a landscape best suited for single family homes. It was this landscape and surrounding lands that first attracted us to the property.

Site Constraints: The development of the 40-acre property is dictated by the following site improvements.

- R-O-W dedication for a roundabout on the site due to topography constraints at the intersection
- R-O-W dedication for future County Improvements for Robert Street
- R-O-W dedication for future MNDOT Improvements on 70th Street East
- R-O-W dedication to the City for a future collector street bisecting the site north and south
- Dedication of a city sewer easement running north/south through the site
- Wetland Impacts and replacement due to the City collector street
- A 100-foot wide gas easement that runs from the SW corner to the NE corner of the site
- A single access point on 70th Street, 1,000 feet from the intersection

Market Demands: Our market analysis and those of a recent ULI report (urban Land Institute) prepared for this site on behalf of the city both pointed to the need to first provide single family homes that then can support retail services. As outlined in the recently city approved ULI, "Opportunity City Program Study" that was conducted by planning and development experts at the Urban Land Institute for this site, which states;

A long term plan for mixed-use, high density development may not be achievable—and almost certainly not within the next 20 years. A phased-in development that started with single-family homes that then attracts or supports higher density goals is determined a more achievable plan by the Opportunity Site Evaluation Panel. (See attached study)

Site Plan

A site plan has been created to demonstrate how our proposed development would work on the site. The 46 single family lots will be compatible in size as the Fox Glen development. In addition the site plan includes 50 townhome units that meet the typical development need of the Dakota County HRA. IMH has had conversations with the Dakota County HRA on the potential development of this site and are continuing discussions with them. A larger multi-family facility is shown in the NW corner and a 5,000 square-foot retail is shown at the Collector street intersection with 70th Street East. We anticipate that the single-family homes and townhomes to be developed first.

IMH looked at previous developments approved in the city to determine what is seen as appropriate projects by the City Council. Argenta Hills is a very successful residential development; however the commercial component will need additional housing to support its success. The Fox Glen development is also seen as an appropriate development that provided housing to meet market demands. It was the review of this project that led us to consider re-guiding a portion of the site to LMDR designation. In addition, the recent review of the Blackstone project with the city staff support of guide plan changes to low-density single family lots was seen as a good indicator of what the city is supporting. Upon review of these projects plus the following findings of the ULI report we believe our project will meet the city and market needs.

- "There appears to be demand for single-family homes in the area."
- "The natural character of the land is attractive for residential uses such as single family and townhomes."
- "There are several locations in the City that offer better opportunities for high density nearer commercial nodes and transportation corridors."
- "The site isn't likely to be a destination for a key commercial development."
- "The city should be proactive in seeking a developer, rather than waiting for proposals to come to the City."
- "The City may miss the current market window if the City does not pursue a development with modified land use projections."

IMH is excited about the residential development opportunities in the City of Inver Grove Heights and believe that this site provides *the environment, infrastructure and market* to be successful not only for this site but for the NW area and the city.

Thank you for your consideration



Tim Keenan

IMH Vice President—Entitlements and Zoning

ULI Minnesota
Regional Council of Mayors



July, 2014

The Opportunity City Program is made possible by sustaining funding from the Family Housing Fund and local contribution from the City of Inver Grove Heights.



Urban Land Institute Minnesota/ Regional Council of Mayors

Opportunity City Program Summary Report

City of Inver Grove Heights



Urban Land Institute (ULI) Mission:

The Urban Land Institute provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is an independent global nonprofit supported by members representing the entire spectrum of real estate development and land use disciplines.

ULI Minnesota Mission:

ULI Minnesota actively engages public and private sector leaders to foster collaboration, share knowledge and join in meaningful strategic action to create thriving, resilient communities.

Regional Council of Mayors (RCM)

Supported by ULI Minnesota, the nationally recognized Regional Council of Mayors represents Minneapolis, Saint Paul and 52 municipalities in the developed and developing suburbs. This collaborative partnership provides a nonpartisan platform that engages mayors in candid dialogue and peer-to-peer support, and builds awareness and action for a more connected, more sustainable and prosperous region.

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- Appendices 1 through 8 - *Background information surrounding all aspects of the housing audit process and detail on the review of housing programs, community change data tables and charts and examples of best practices.*

Opportunity City Program Report Summary – Inver Grove Heights' Story

Program Goals/Outcomes:

The goal of the Opportunity City Program is to build on the collaborative relationships among Regional Council of Mayors (RCM) and Urban Land Institute MN (ULI/MN) professionals to identify and implement best practices that support a full range of housing choices for economic stability and regional prosperity.

The City of Inver Grove Heights is the ninth metropolitan suburban community to participate in the ULI MN/RCM Opportunity City Program. Inver Grove Heights Mayor, **George Tourville**, is a member of the RCM. The Inver Grove Heights staff and the Housing Committee contributed countless hours in the collection of information, evaluation of tools and strategies and coordination related to the housing audit.

By working together and learning from each other, the expected outcome of the process is to develop an approach that identifies local housing tools and strategies in support of housing choices. In addition, implementation of new tools and strategies will enable suburban cities to better prepare themselves for the future through preservation, rehabilitation and production of quality housing units, use of regulatory incentives, incorporating sustainability and connecting housing to jobs and transportation networks.

Process: The Housing Audit:

- 1.) Review of the housing framework.
- 2.) Analyze community change data as it relates to demographic and household data.
- 3.) Review and evaluate existing city tools and strategies surrounding the preservation and production of a full range of housing choices.
- 4.) Identify specific recommendations for local implementation.

Inver Grove Heights' Story

The City of Inver Grove Heights is located 10 miles south of the City of St. Paul with a current population of 33,500 residents. In the 1850's Inver Grove Heights was settled by German and Irish immigrants for the rich farmland, abundant wooded areas and access to fishing along the river. Incorporated as a township in 1858, a portion of Inver Grove Heights became a city in 1909 as the growth of the community village prospered along the river with the movement of goods by water and accessibility by train. Surviving as a rural township and prosperous village independently for over 100 years, in 1965 the two merged to create the City of Inver Grove Heights constituting the boundaries known today. The City has evolved into a developing single family community with new housing choices but also continues to maintain considerable amount of large lot rural land keeping with its historical character of villages and quite peaceful open spaces.

The current housing sector makes up an estimated 82% of the City's tax base. Higher densities and mixed land uses are planned within the Northwest Area and Concord Neighborhoods to accommodate growth to more than 47,260 people by 2030. It is projected that there will be a demand for 4,200 new housing units by 2030 of which 13% will be demanded by households of lower incomes according to a recent market study conducted by the Dakota County Community Development Agency (DC-CDA).

It is important to offer tools and strategies that meet the needs of new, young households and maintaining existing residents as they age. Working with the housing market to provide diverse new opportunities is critical in addition to reinvesting in the existing homes to meet future market demands.

Currently, the existing older single family homes provide affordable housing options in the City along with townhome and senior housing supported with funds by DC- CDA. Older single-family homes are attractive as starter homes and are mostly affordable as first-time purchase options, if available. Aging in place is a phenomenon that Inver Grove Heights is experiencing. The overall turnover rate (the rate that the City's housing is changing hands) is an average of 6% annually. Those ages 35 and under turnover 18% annually and those over age 55 are turning over much less at 3% annually. The older households who live in the City are staying in existing homes longer than the younger households. If the current patterns continue and without more diverse housing options, Inver Grove Heights' large middle to older age group will remain; limiting opportunities for younger first time homeowners and entry level renters to find homes in the City. Opportunities for neighborhood regeneration, options for residents as they age and new mixed housing types and values will be important as the City ages and evaluates land uses in redevelopment and vacant areas.

As the City moves forward an important community housing (and economic development) policy and family\household retention strategy should include investing in neighborhood amenities important to future generations, providing key infrastructure assets and supporting more diverse housing options for younger and older resident, both owner occupied and rental. Retaining the vibrancy of existing schools is an important element of the community's neighborhood plan and social fabric. By understanding the community demographic balance and supporting enough housing for younger child-raising families, the City will have a stabilizing effect upon the schools within the community. Helping spur development so that mixed income and higher density development can occur will allow the City to be economically and competitively viable, offering a choice of housing types as well as providing housing price diversity.

The Opportunity City Pilot Program has five key themes in support of a full range of housing choices.

- Production of housing units that support varied resident life cycles and incomes
- Preservation and rehabilitation
- Use of regulatory incentives
- Sustainability
- Jobs/housing balance connected to transportation system

A key part of the Opportunity City process is to review the existing goals and policies to understand how they align with the City's ability to support a full range of housing choices which is critically important to be competitive in attracting and retaining future residents and economic growth.

EXISTING HOUSING GOALS & POLICIES:

The review of the City of Inver Grove Heights role in housing including principles and policies which support housing preservation, rehabilitation, and the creation of new housing units as outlined in the City's Comprehensive Plan dated March 2010 are summarized below. *[More detail on the City's existing goals and policies provided in Appendix 1.]*

Residential Variety Guiding Principle

Neighborhood areas will provide a mix of housing that affords residents the opportunity to move into alternative forms of housing as their needs change over time based upon the following policies.

Production of housing units that support varied resident life cycles and incomes.

- Maintain land use of a sufficient supply at 6 units or more per net acre.
- Partner to integrate affordable housing into larger development projects rather than single developments.
- Partner to locate affordable housing in areas of the community that have (or will have) adequate transit services or in close proximity to major employment centers.
- Maintain a balanced supply of housing available for people at all income levels and unit types.
- Provide a mix of housing types through planned unit development ordinances.
- Promote multi-family housing and mixed use in areas physically suited for higher densities.
- Explore innovative zoning and development to achieve residential goals and policies.

Mission Statement:

The mission of the City of Inver Grove Heights is to provide services and facilities that enhance the quality of life in our vibrant community.

The City's role in housing.

The City of Inver Grove Heights does not develop or build housing. Actual development of housing is a function of the market place through public and private housing developers and lenders. Through legislative powers, the City has the responsibility to enact planning, zoning and building laws that regulate housing development. It is also the responsibility of the City to ensure an adequate level of services to maintain strong neighborhoods.

Preservation and rehabilitation.

- Promote ongoing maintenance through code compliance, homeowner education and technical resources.

Jobs/housing balance connected to transportation systems.

- Partner with housing agencies for financing and maintain zoning and subdivision regulations to allow construction of workforce housing.

Sustainability

- Establish a housing pattern that respects the natural environment.
- Require the integration of open spaces within residential developments.
- Encourage new technologies and innovations in home building to reduce housing costs, conserve energy and conserve water resources while maintaining a safe and healthy living environment.

EVALUATE COMMUNITY FACTORS:

In every city, there are internal and external factors that challenge the city’s ability to provide a full range of housing choices. In Inver Grove Heights, the following factors were evident, as determined through interviews with staff, review of city documents and a survey of local policy leaders. [More detail on the survey of policy leasers is provided in Appendix 2.]



The Pines

Land Topography and Municipal Service Cost

- The topography of most of the vacant land in the City is hilly and scattered with wetlands. This along with the costs of bringing municipal services to the sites increases the cost of development.

Middle-income housing is the predominant type

- Single-family homes built in the late 80s, and early 90s is the predominant housing type. If well maintained, these homes are attractive to growing families when they become available through turnover.
- Recent new housing is providing opportunity for higher valued homes for households as they become upwardly mobile.
- There are options for multi-family living and rental housing but vacancies are very low at 2% and demand remains high for new options of this type.
- New housing being built is not at a price that lower – middle income and first time buyers can afford due to high vacant land prices.

Community Attribute Preferences, by Generation					
Percentage preferring to live in a community with these attributes					
	All adults	Gen Y	Gen X	Baby boomers	War babies/silent generation
Shorter commute/smaller home	61	64	54	72	65
Proximity to mix of shops, restaurants, and offices	53	62	50	49	51
Mix of incomes	52	52	53	53	47
Public transportation options	51	55	45	52	48
Mix of homes	48	59	47	42	44
Percentage choosing three or more of these compact development attributes	54	59	49	57	51

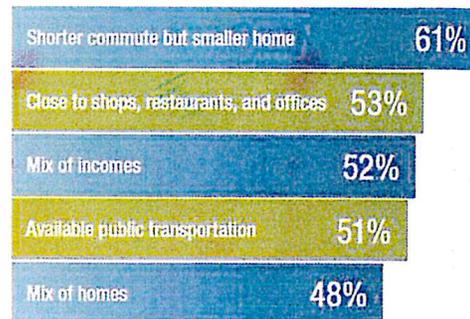
Community opposition to higher density, rental and housing for lower income residents

- The City has experienced negative perceptions by residents regarding rental and affordable housing.
- There is the perception that there is inconsistency in the direction by policy leaders with regards to supporting higher density, rental and lower value housing development.

Limited Market Demand for Mixed-Use Higher Density Development

- The market is demanding lower-moderate density single family development as the prices and rents do not support the cost of increased density.
- Large vacancies within newer commercial areas are limiting new mixed use development.
- Limited transportation and transit service is a disadvantage to attracting higher density uses.

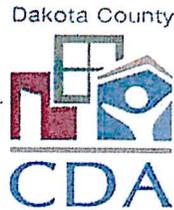
Percentage indicating a Preference for These Community Attributes



According to ULI Terwilliger Center for Housing, 54% of all adults surveyed in 2013 chose three or more compact development attributes.

PROGRAM REVIEW:

Inver Grove Heights partners with the Dakota County Community Development Agency (DC-CDA). The partnership supports a variety of housing programs for home renovation and redevelopment as well as housing for low income households and older adults. The programs target



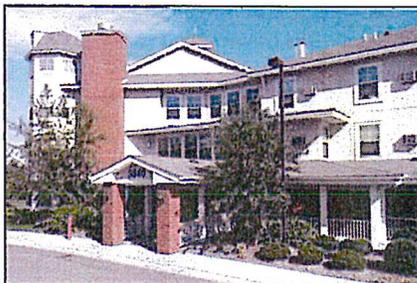
a wide range of incomes and specific housing issues from health and safety items to large renovations and infill development. The following is a summary of the programs reviewed as part of the housing audit. *[More detail on the programs provided by DC-CDA are in Appendix 3.]*

Single-Family Reinvestment Approach. Several programs target single-family renovation. In Inver Grove Heights since 2008, the DC-CDA has invested an estimated \$83,000 in single-family renovation annually.

- **CDBG deferred home renovation loans.** Targets health and safety renovation and serves lower incomes. Residents are provided with approximately 8 loans each year and 49 total loans have been issued since 2008. The City residents utilized approximately 10% percent of the county-wide funds for a total of \$580,000 in loans over the past 6 years. The average loan issued was approximately \$12,000.

Housing for Older Adults. Specific housing has been built for older adults who are typically on fixed incomes through the DC-CDA's Senior Housing Program.

- Supports older adults over age 55 with household incomes of \$51,150 or less for a family of two.
- Provides rental apartment housing for rent at a range of \$385-\$699 for one bedroom and \$567-\$885 per month for two bedrooms.
- There are three separate projects in Inver Grove Heights for a total of 177 units.



Family Housing. Family Townhouse Program and Scattered Site housing supports housing affordable to lower incomes families.

- Supports families with an average annual income of \$30,000.
- Provides rental housing for less than \$700 per month on average depending upon bedroom size.
- There are 81 townhome units under this program at Lafayette, Spruce Pt and Inver Hills and 11 scattered site units.

First Time Homebuyers. DC-CDA also provides homebuyer, pre-purchase counseling, mortgage financing and downpayment assistance. The downpayment assistance is up to \$10,000 for first time homebuyers.

- Since 2013, 5 first time homebuyers have accessed funding through this new program for homes in Inver Grove Heights.

Rental Assistance. Rental vouchers are provided by DC-CDA, providing assistance to 146 Inver Grove Heights residents. The rental vouchers are critical to households making less than an average annual income of \$21,000 for one and to \$41,000 for households of four.

OFFICIAL CONTROLS & LAND USE STRATEGIES

The City uses its land use and official controls to support and promote development and redevelopment of the City's housing stock and use of land. *[More detail on the City's use of official controls and land use strategies is provided in Appendix 4.]*

- **Planned Unit Development (PUD).** The City uses the PUD process to accommodate a variety of densities and transitions to existing neighborhoods.
- **Mixed Use Zoning and Area Plans.** The City has created mixed use zones in the NorthWest Area and small area plans in the Concord Neighborhood to provide guidance in developing higher density and a mix of uses.
- **Tax Increment Financing (TIF).** The City uses TIF for redevelopment on a limited basis. TIF was used for housing in 2010 and prior to that 2004.
- **Property Acquisition.** The City has proactively purchased property within redevelopment areas of the City specifically the Concord Neighborhood. In addition, the City has purchased and torn down older homes as part of flood mitigation. Many of these homes were of lower value
- **Minimal Code Enforcement.** The City provides code enforcement for residential areas addressing exterior issues on a complaint basis only. The City does not have a rental licensing program but has had policy conversations recently on the cost and benefits of a stronger policy and program.

Community Change Report - Key Points

COMMUNITY CHANGE—KEY POINTS:

The City of Inver Grove Heights (IGH) is dominated by middle aged households with 43% of all households age 35-55. The City enjoys a balance of homeownership and rental occupancy across most all age groups. With 61 percent of all households under age 55, IGH is a fairly young community when compared with other cities. However, all age groups under 55 experienced a decline in growth between 2004 and 2011 which could have a future impact on the stability of local schools, commercial businesses, and city services. Limiting new housing options that are attractive and affordable to the younger age groups, coupled with a continued low turnover in housing (2-3%) by those over age 55 could accentuate the loss of younger households. A lower than average turnover rate, generally below 5%, reduces the availability of housing needed by younger buyers and renters. These and other conclusions are part of the demographic change report provided to Inver Grove Heights. [The full change report is provided in Appendix 5.]. The study evaluated household changes by key age groups between 2004-2011. The data is from a unique database which tracks households by property parcel. The following is a brief summary of the key statistics.

Household Growth: Inver Grove Heights has a resident base dominated by households ages 35 to 54 comprising 43% of the total households. However, between 2004–2011, the majority of growth was seen in those 55+ (+1,426), a 37% increase compared to the national growth rate of 25 percent. At the same time, households under age 35 experienced a 17% decline. And similarly, those age 35 to 54 (middle-aged and the largest number of households in the City) experienced an 8% decline. Growth of the younger age groups are occurring mostly in the urban areas and first ring suburbs of the Metropolitan region

Housing Mix. In 2011, there was an owner-to-renter ratio of 84/16% and a mix of single family to multi-family of 72/28%. Forty-nine percent of households age 35 and under are in rental housing which is 31 percent of all the occupied rental units. These are potentially the future buyers of homes in Inver Grove Heights. The percentage of younger households in rental housing is higher than Dakota County's average of 35 percent indicating that younger households in the City are more dependent on rental housing.

Turnover of Residents. Household turnover is a measure of mobility, which is an important indicator of housing availability. The average annual turnover rate (2004-11) is 6.4%. This rate trended down each year between 2004 - 07 at a low turnover rate of 4.5% and has climbed steadily since 2007. The owned single family turnover rate is even lower at 3.2%, limiting housing opportunities for those who desire to move into the City or move from one housing type to another. An average of 13% of the households in multifamily housing have moved out of the City indicating that there may be a lack of single family and or multi-family rental alternatives for them to move into.

Retention. Retention is a key indicator of available housing choice. Overall, 27% of the 3,580 residents that moved from a home in Inver Grove Heights (between 2004-2011) to another home within the 7-county area chose to remain the City. This is a lower retention rate than Brooklyn Park at 33%, Eagan at 28% and Rosemount at 35%, but higher than Shoreview at 20% and Minnetonka at 25%. The largest percentage of movement by age is for those under 25 at 36% and 15% for those 25-34. The City was less likely to retain this age group when they moved (25% retention rate). A possible reason, limited available affordable homes and homes preferred by this age group.

Income. The median household income for the City is \$65,300. However, 31% of renters and 24% of owners are paying 35% or more of their income for rent or mortgage indicating that they are "cost burdened". Further, 21% of renters and 10% of owners pay 50% or more of their income for housing or "severely cost burdened". When you factor in the average transportation costs for the area of 17% with an average 22 minute daily commute, many households are added to this cost burdened list.

Value of Housing. In 2011, there was nearly the same percentage of single family homes with a tax value under \$200,000 (34%) as those over \$300,000 (32%). Of the total units less than \$200,000, 55% are owned by those under age 35. Most of the homes (69%) occupied by younger owners were built before 1980. Further, a growing proportion of the homes built before 1980 are in the hands of householder over age 65, and 341 of those homes are occupied by households over age 75. Between 2004 and 2011, the rate of occupancy of younger residents in ownership housing has declined by 20% while at the same time those over age 65 occupying ownership housing increased by 45%. It is expected that this trend will continue and the need for housing maintenance services to increase with it. In addition, as those who are older transition to another type of housing, there is a potential opportunity to attract younger households if the price is right and the home is located in a walkable, connected location of the City.

Employment Base. In 2011, there were 8,249 primary jobs in the City of which 17% were held by Inver Grove Heights residents. Ninety-one percent of Inver Grove Heights working residents commute or work from home, with 28% of those commuting to St. Paul and Minneapolis. Twenty-four percent of residents working are under the age of 30 and 41% of those younger residents (under age 30) make less than \$1,251 per month which is a higher percentage of young workers in low wage jobs compared to neighboring cities of Eagan and Rosemount. This wage is less than \$15,000 per year – not a sustainable income to purchase a home in the City. These residents are either working more than one job, renting, living with parents, rooming with friends and/or are part of a combined income household.

Opportunity Site Evaluation - Summary of Recommendations

OPPORTUNITY SITE EVALUATION:

As part of the Opportunity City Program, a team of ULI MN professionals was charged with reviewing the 40 acre site at the northeast corner of 70th Street and Highway 3 in Inver Grove Heights. The purpose of the evaluation was to determine the feasibility of a mixed-use development including both market-rate and workforce medium to higher-density housing and significant commercial uses. ULI MN assembled an interdisciplinary panel of experts in the real estate, planning and development fields to explore the site and its potential development and to provide local policy leaders with recommendations and site considerations to guide future land uses for the site. The team provided the following comments and recommendations based upon review of city plans, a brief site visit and general discussion regarding current conditions and future development potential. *The full site evaluation report is provided in Appendix 6.*



Summary of key recommendations include:

Recruit a developer for the site

- Be proactive in seeking a developer, rather than waiting for proposals to come to the City. Clearly communicate the desire for workforce housing and some commercial uses on the site. Partner with a developer to make that happen.
- This can be an attractive site for a large national developer particularly at what is likely to be a good price. The City should leverage the site's assets to accomplish some of its land use goals.

Take advantage of today's real estate market and achieve higher density goals on a smaller portion of the site

- Allow development of low- to medium-density housing on the majority of the site to help pay back the city's \$10 million investment in infrastructure.
- There is higher value, low-density housing next to the site on the east and increasing demand for single-family homes in the area.

Plan to use about 5+ acres of the site for mid to high-density, workforce housing and 40,000 to 50,000 square feet for a small, neighborhood-oriented commercial node at the corner

- Workforce housing by the Dakota County CDA is generally mid-density townhouses with an average of up to 50 units on a site.
- Although public transit is not easily accessible at this site, most affordable housing in Dakota County assumes that residents will have a vehicle.
- The proximity (by car) to jobs is good for some workforce housing.
- A commercial node with small businesses that mostly serve the residents of the area will have the best opportunity for success given its geographic center, rather than market centered location.

Include the opportunity to attract workforce housing in partnership with the Dakota County CDA or housing nonprofits as developer or in providing financial tools

- There is high demand for workforce housing in Dakota County.
- Rental townhouses on this site would fill quickly.
- Dakota County CDA only has the authority to allocate about \$1 million of annual housing tax credits, which is enough to build 50 rental townhome units county-wide. Therefore, supporting local, State and/or Metropolitan Council funds for workforce housing may be necessary.

Explore and visualize ways to create amenities with the greenspace and water on the site

- The natural character of the land is attractive for residential. It has a rural feel, yet is close to key roads.
- The pipeline easement through the site is a negative, in one sense, but can also force creative ways to plan greenspace. There also are two wetlands on the property. These should be capitalized to create amenities rather than barriers.
- Provide key pathways and sidewalk connection through the development and into the adjoining road system.

Focus development of high-density housing at larger transportation corridors, near existing commercial nodes

- Several locations in Inver Grove Heights offer better opportunities for developing high-density housing because they are already near commercial nodes. The areas immediately adjacent to Target should be considered as a location for higher density housing.
- Rather than assuming that, "if we build, they will come," the City is better off supporting the development of higher density mixed uses where amenities, transportation corridors and a critical mass already exist such as the Concord neighborhood and in the NW area where commercial already exists.

Recommendations & Next Steps

Recommendations - Increase the City's Capacity to Provide a Full Range of Housing Choices:

Several key themes emerged through the Opportunity City Process in Inver Grove Heights.

- The City has a **well balanced housing stock** with a range of housing values, households of all incomes and a diversity of housing types. As the housing market is recovering, the new housing is mostly higher value single family homes.
- The City's demographics are mostly **middle aged but there is a trend for increased ageing in place** - older residents staying in the community - and a **loss of younger households**.
- It will become increasingly important for the City to support programs to **encourage preservation and innovation as the existing housing ages** while ensuring that new housing construction **provides diversity in the mix of housing options** requiring quality, higher densities and some affordability to meet its projected housing needs in the next 10 to 20 years.
- The City relies on its **partnership with Dakota County's Community Development Agency (DC-CDA)** to address single-family affordable housing maintenance, renovation, and preservation needs. In addition, DC-CDA provides new affordable family and senior housing in the City. This is a key advantage for the City but as demand for affordable housing increases in the County, coupled with funding limitations, there will be a **need for more local action to meet future housing demand** necessary to attract and retain young households as well as provide affordable options for older households that prefer to move from existing single family homes.

The recommendations are framed around **four key themes** and are a result of the housing audit, community change information and review of City goals, policies, community factors and meetings with the Inver Grove Heights Housing Committee. Examples are listed to provide guidance on how the recommendations have been applied in other cities. The list of best practices are provided in more detail in Appendix 7. In addition, we encourage cities to visit the Minnesota Housing Policy Toolbox at minnesota.housingpolicy.org

Move from Plans to Action.

City leaders have a variety of public tools and strategies with respect to land use decisions, maintenance standards and the facilitation of development, redevelopment and renovation. Continuing to be part of the solution and helping to change the way land is used and buildings are maintained takes strong local leadership and vision. Many decisions that policy leaders make are controversial. Understanding the long-term effect of those decisions will help prepare the City for future growth. This means having not only a strong vision, mission and goals related to guiding future land use through the comprehensive plan but also having clear policy direction and guidance to allow implementation of the goals. Recommendations relating to specific public policy decisions include:

- **Adopt a clear policy regarding the support of a full range of housing choices that includes a mix of housing types and affordability.** Tie the policy to requests for financial assistance such as Tax Increment Financing and to land use changes by requiring a certain percentage (10-20%) of the new housing to be provided at an affordable level. (e.g. *Minnetonka EDA Resolution and TIF Policy - Appendix 7, Page 2 Best Practices*)
- **Become more active in economic development by seeking and partnering with private and non-profit developers for housing in key areas of the city that could support higher densities and a mix of housing choices.** Set a clear vision for the site(s) and be prepared to provide financial assistance, density bonus and fee waivers to achieve the vision. (e.g. *City of Chaska Clover Ridge Development Area - Appendix 7, Page 3 Best Practices*).
- **Embed ULI MN Community Site Principles within site review for moderate to high density and mixed use development proposals.** The site principles outline specific attributes that are important to consider for maximum land use efficiency and in connecting people to jobs, transportation and key amenities. (*Appendix 7, Page 8 Best Practices*).
- **Apply principles outlined in ULI MN's Redevelopment Ready Guide to be more prepared and competitive for private investment in development by providing clarity, transparency, collaboration and efficiency.** Of critical importance is consistency of vision, prioritization of sites, and clearly identifying development expectations. (*Appendix 7, Page 7 Best Practices*)
- **Increase efforts to educate and engage residents on the value of higher-density development through the use of facilitated discussions and ongoing neighborhood engagement.** Consider the use of third party land use meeting facilitators prior to development proposals to help set clear vision and goals. (e.g. *Corridor Development Initiative provided by non-profit Twin Cities LISC organization - Page 6 Best Practices*). Utilize key resources provided by ULI MN and the Family Housing Fund (e.g. *Minnesota Housing Policy Toolbox, Fact Sheets: Working Doesn't Always Pay for a Home and Affordable Rental Housing Does Not Reduce Property Values - Pages 4-5 Best Practices*). Utilize the Visualizing Density Resource provided by the Lincoln Land Institute that helps to identify Density and visually portray that "It's Not How Dense You Make It; It's How You Make It Dense".
- **Support building and land development that promotes sustainability, short and long-term energy efficiency.** Local efforts can help reduce the regional carbon footprint, increase immediate affordability through lower utility bills and long-term affordability by reducing maintenance costs and support healthy living. Specifically consider participation in the Minnesota Green Step Cities program and/or ULI MN/RCM Regional Indicators Program.

Recommendations & Next Steps

Attract and Retain Young Households.

A [ULI national survey](#) of views on housing, transportation and community indicate that 62% of Americans planning to move in the next 5 years prefer to settle in mixed-use communities - places closer to shops, restaurants, and offices. This is particularly important for the younger generations. Efforts to provide opportunities for young households in both ownership and rental housing that is connected to trails, open spaces, schools, and services are important to providing a full range of housing choices and to regenerate neighborhoods, stabilize school enrollment and keep commercial services and retail businesses viable. Many other national statistics indicate that future households will demand more compact and connected communities but that neighborhood safety and quality school remain on the top of the list of key community attributes. (Watch the video summarizing the survey results at <http://www.youtube.com/watch?v=SMpmeJWFmTA>)

The City of Inver Grove Heights has several opportunities to develop land that includes options for young professionals and growing families in areas near transportation corridors and job centers. In addition, housing in the City already exists so providing strategies to connect the younger generations looking to purchase homes with the existing homes that are more affordable in the community will be essential. The City can provide resources with a specific focus on retaining and increasing the younger resident population.

- **Communicate with and educate young households on homes available for purchase and/or renovation programs** by strategically partnering with the City's School Districts, faith-based organizations and the real estate community.
- Invest in the **Senior Housing Regeneration Program** (Appendix 7, Page 9 - Best Practices) – contract with a non-profit to market the program to older households who wish to sell their home then renovate and resell to young households and/or first-time homebuyers. Encourage partnership with DC-CDA for funding similar to the Ramsey County model.
- Expand connections of current and future housing to local jobs by working with employers to evaluate links between employment and housing needs and determine the need for an **employer assisted housing program**. (e.g. [St. Louis Park Live Where You Work Program](#). Appendix 7, Page 10 Best Practices)
- Evaluate options for allowing **accessory dwelling units** within existing single family neighborhoods to provide options for grown children to live with parents but retain their independence – within an existing home or on the same lot. (Refer to Appendix 7, Page 11-14 Best Practices)
- **Invite non-profit community development agencies** to become community partners and develop new housing that is more affordable for younger generations in addition to supporting partnership with DC-CDA.
- **Include new lifestyle rentals within special area plans.** According to a recent market study conducted by DC-CDA, there is a high demand for new rental housing in the county particularly in Inver Grove Heights where vacancy rates are at a low of 2 percent. No new rental housing product has been built in the City since 2005. Quality rental housing would target young professionals who are not ready to purchase a single family home but want condo-type environment with amenities on site. This type of housing helps to create a ready market by attracting and retaining future buyers of single family homes and users of school, parks and services.

Be Proactive in Addressing Aging in Place.

Like most of the metropolitan region, Inver Grove Heights is beginning to see evidence that residents are aging and remaining in their homes longer; they are “aging in place.” Retention of households—even as they age—is a benefit for the City; it helps keep the social fabric and volunteer base of the community vibrant. However, losing younger households as they grow and move away and not having options that older adults desire to move into can stifle home values and shift public and private sector service and retail needs. Local leaders can provide policies and tools that create opportunities for all resident life cycles and maintain a vibrant community that keeps residents safe while maintaining healthy levels of household turnover (more than 4%) and resident retention (higher than 20%). These options include:

- Evaluate options for allowing **accessory dwelling units** within existing single family neighborhoods to provide options for families to care for aging parents within the home or on the same lot. (Refer to Appendix 7, Page 11-14 Best Practices)
- Within new development areas, **encourage affordable one-level living options** that are attractive to older residents wanting to sell existing homes but are not interested in assisted or apartment style living.
- Identify **NORC (N-naturally O-occurring R-retirement C-community)** neighborhoods by expanding upon the Community Change Data that can provide data and map neighborhoods with at least 60% head of households over age of 55. The data can be helpful in targeting housing programs such as maintenance funds, senior services and marketing for new senior developments.
- **Survey residents** and evaluate income levels of those aging in place. This can be useful in planning for transportation and other services geared toward seniors as well as identifying areas where older residents can share services. (e.g. *senior villages - sharing senior housing facilities for those aging in place within existing senior housing developments - Appendix 7, Page 16-18*).
- **Expand support for DARTS - DARTS** is a community-based nonprofit that connects people to services and partnerships that improve their quality of life, help them age well, and enable them to engage in their community.

Recommendations & Next Steps

Enhance Neighborhood Preservation Strategies.

Providing a wide range of strategies that balance renovation, maintenance and redevelopment of the existing housing stock is essential to neighborhood preservation. (Refer to Appendix 7, pages 19-23 for local neighborhood preservation programs)

- Continue to support **DC-CDA annual levy** to fund home renovation and affordable senior and family housing options. The City of Inver Grove Heights and all of Dakota County's cities are fortunate to have the housing renovation, purchase assistance and affordable options provided by the DC-CDA. The range of programs and commitment to develop a wide range of housing options is a benefit to the cities and residents within the county.
- Implementing a **Rental Licensing/Registration program** provides consistent maintenance standards for existing housing stock, maintains quality in rental housing and provides a mechanism for engaging the rental community – landlords and tenants. Even in times of economic uncertainty and for cities where there is a newer housing stock, providing methods to ensure that existing homes are properly maintained is essential. There are broad levels of actions Cities can take related to property maintenance. (e.g. [Bloomington Rental Licensing Program](#), [Roseville Rental Registration models](#) or [Shoreview SHINE](#)).
- Seek partnership with Dakota County CDA and identify the need for using the **Housing Improvement Area** tool to help finance necessary renovation of older townhome and condominium complexes, promoting affordable renovation options. (Appendix 7, Page 24 Best Practices)
- Partner with the County and neighboring cities to hold an **annual housing forum or trade show** to provide residents with information on private, nonprofit, county, city and state programs, access to services and options for housing renovation. (e.g. [Northmetro home and garden show](#), [Roseville Living Smarter Fair](#)).

Recommendations & Next Steps

NEXT STEPS:

The Opportunity City Program is only the first step in supporting a full range of housing choices in the community. It is important that policy leaders take the next steps to make valuable changes to the way that the tools and strategies are implemented and delivered throughout the City. **There are key actions that the City should act upon in the short term to take full advantage of the work of the Opportunity City Program.** In addition, prioritizing the recommendations will help align staff resources with budgetary needs now and in the future.

Short term actions:

- **Gain acceptance of the ULI MN/RCM Opportunity City report by the City Council.**
 - Incorporate the **ULI MN Community Site Principles** into future land use decisions and in evaluation of development proposals.
 - **Adopt clear policies** with regards to support of housing choice and higher densities in key areas.
 - **Identify and prioritize resources toward (re)development areas of the City for higher densities.** Determine City participation in a more proactive partnership approach to achieve goals.
- **Direct the *Inver Grove Heights Housing Committee* to prepare a work program to prioritize and outline the steps and time needed to effectively implement the recommendations.**
 - Focus recommendations that enhance or further other City-wide goals.
 - Determine how the recommendations affect land use codes, program service providers and staff workload.
 - Include performance targets to track the progress. Setting performance targets and tracking the progress of local tools and strategies against benchmarks will provide a level of understanding to public officials and residents that become critical during the annual budgeting process. *[Detail on performance measures as related to housing tools and strategies is provided in Appendix 8.]*
 - **Evaluate budget and staff resource implications tied to each recommendation.** Prioritize recommendations that will have the largest impact in supporting housing goals for a full range of housing choices such as focusing efforts on key areas of the City such as the Concord Neighborhood.
- Work with staff to evaluate the need to **amend the City's comprehensive plan** based upon implementation of recommendations.
- **Create a communication plan.** Ongoing communication is critical to fostering collaborative and integrated strategies.
 - Discuss the broader meaning of the demographic data as it compares to current market conditions and evaluate how the data relates to the region.
 - Incorporate future data updates and the online neighborhood-level data tool.
 - Provide ongoing education for city council, planning commission and housing committee
 - Create an education plan when turnover of elected and appointed policy leaders occurs.
 - Develop working relationships with developers to foster mutually beneficial trust and collaboration

Thank you to participants in the ULI MN/RCM Housing Initiative Opportunity City Program.

- ***Inver Grove Heights Mayor and Council***
 - **George Tourville**, Mayor
 - Tom Bartholomew, Councilmember
 - Rosemary Piekarski Krech, Councilmember
 - Jim Mueller, Councilmember
 - Dennis Madden, Councilmember
- ***City of Inver Grove Heights Housing Committee & Staff***
 - Mary T'Kach, Chair
 - James Boldt
 - Dody Sobaszekwicz
 - Paul Mandell
 - James Zentner
 - Joe Lynch, City Administrator
 - Tom Link, Community Development Director
 - Allan Hunting, AICP, Planner
- ***ULI Minnesota Team***
 - Caren Dewar, ULI Minnesota Executive Director
 - Cathy Bennett, ULI Minnesota Housing Initiative
 - Gordon Hughes, ULI Minnesota Technical Advisory Services
- ***Opportunity Site Evaluation Panel***
 - Maureen Michalski, Schafer Richardson
 - Andrea Brennan, Dakota County Community Development Agency
 - Keith Ulstad, United Properties
 - John Shardlow, Stantec
 - Stacie Kvilvang, Ehlers & Associates

TO: Inver Grove Heights Planning Commission

FROM: Inver Grove Heights Housing Committee

RE: Comprehensive Plan Amendment to Change 16 acres from Mixed-use to LMDR at the Northeast corner of Robert Street and 70th Street East

DATE: November 13, 2014

The Inver Grove Heights Housing Committee recommends the Planning Commission deny the request for a Comprehensive Plan Amendment to Change 16 acres from Mixed-use to LMDR at the Northeast corner of Robert Street and 70th Street East.

The Housing Committee has been working for the past three years toward the development and adoption of a Comprehensive Housing Policy. As an initial step in this process, the City Council enlisted the assistance of the Minnesota Urban Land Institute (ULI) to perform a city-wide housing audit. Within that audit was a site-specific evaluation for the property currently included in the IMH Financial proposal. That evaluation was the result of work done by a local team of business and real estate land use experts convened by the ULI in the spring of this year. The site evaluation was referenced in the letter from IMH Financial Corporation addressed to the Planning Commission.

Although IMH Financial references sections of the ULI site evaluation in its letter, specifically the part which states that given the market at present, the better way to develop this area is to start with single family homes and phase-in development that will include higher density goals, what the IMH Financial letter does not include is the ULI recommendation that the land be purchased and developed by a single buyer. A single owner and single developer will be committed to developing the entire piece and not carving it up for speculative piecemeal development, as currently proposed, where higher-end single family homes are built initially without any additional financial or legal requirements are made of the developer to ensure that the remaining acreage, when built out, requires a range of housing types, affordability, higher density, and neighborhood-scale retail be built on the property in the future.

The current IMH Financial proposal does not serve the City's best interest at this time especially given the challenges that are frequently faced by City leaders when commercial development, higher density and a wider range of housing is requested in an area following a low density development. If the Planning Commission believes that the current IMH Financial proposal should be approved, at a minimum the Commission should insist on language in its approval that requires the remaining properties that were included in the site plan submitted by ULI be developed only as higher density housing with a portion set aside for commercial, mixed-use, and retail zoning only.

The Housing Committee recommends that this site be developed as a whole, even if it requires multiple stages and a number of years for complete development. We are cognisant of the City's financial commitment to infrastructure to this part of the City, however, those investments will not be well served by approving the current IMH Financial project. We think that for this area to be developed in the best long term interest of the City, there will be a need for a partnership of a private developer, non-profit(s) and Dakota County CDA with a comprehensive plan that includes moderate density, diverse housing types and a balance of housing values. In this way, the development of this corner in the Northwest Area will better meet a variety of housing needs for residents with a range of ages and incomes and will maintain a good balance of housing options in the City. We believe that the City may need to use various tools at its disposal to make this kind of large all-encompassing type of development successful.

We welcome the opportunity to converse at with IMH Financial or any other developer that sees the larger housing goals in the City and is willing to partner with others to make this happen.

Again, the Housing Committee recommends the Planning Commission deny the current request of IMH Financial until such time as they can better meet the short and long-term housing needs of the residents of Inver Grove Heights.

Sincerely,

Mary T'Kach, Chairperson

Inver Grove Housing Committee