



## MINUTES

April 8, 2025

### COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY MEETING

12800 Ravine Parkway South  
Cottage Grove, MN 55016

#### COUNCIL CHAMBERS - 7:30 A.M.

Pursuant to due call and notice thereof, a joint meeting of the Economic Development Authority was held on the 8th day of April, 2025, at 7:30 a.m.

#### 1. CALL TO ORDER

The Cottage Grove Economic Development Authority (EDA) meeting was called to order at 7:30 a.m. by EDA President Myron Bailey.

#### 2. PLEDGE OF ALLEGIANCE

EDA President Bailey asked everyone to please stand and join in reciting the Pledge of Allegiance.

#### 3. ROLL CALL

Alexa Anderson, Communications Specialist, called the roll:

EDA President Bailey-Here; EDA Vice President Olsen-Absent; EDA Member Jean-Baptiste-Here; EDA Member Khambata-Arrived after Roll Call; EDA Member Latack-Here; EDA Member Scott-Here; EDA Member Tschida-Here.

Staff Present: Gretchen Larson, Economic Development Director  
Emily Schmitz, Community Development Director  
Phil Jents, Communications Manager  
Alexa Anderson, Communications Specialist  
Jaime Mann, Assistant to the City Administrator

Others Present: None.

#### 4. APPROVAL OF MINUTES

A. *Staff Recommendation: Approve the February 11, 2025 Economic Development Authority & CVB Joint Meeting Minutes.*

**EDA Member Scott made a motion to approve the February 11, 2025 Economic Development Authority & CVB Joint Meeting Minutes. Motion was seconded by EDA Member Tschida. Motion passed unanimously (5-to-0 vote).**

#### 5. BUSINESS ITEMS

A. Plaque Presentations - EDA Members Dan Myers and Chris Carey  
*Staff Recommendation: Present Dan Myers and Chris Carey with an appreciation plaque.*

EDA President Bailey said two of our members have recently gone off the EDA, and one of those members is here this morning so we get to recognize him. Both of these members were on the EDA a little bit longer due to COVID, and so, the normal term kind of got extended for a few extra years because of COVID. I thought I would read a little bit about Dan Myers and also about Chris Carey, who is not here this morning; both served on the Economic Development Authority Board from June, 2017 to February, 2025.

So, in their eight years of service on the EDA Board, the City saw tremendous changes in which they obviously played a key role; these changes included many new businesses locating in the City, including Pizza Ranch, Culver's, Caribou Coffee, Bride & Jewel, Hy-Vee, Junction 70, Muddy Cow, McDonald's, TJ Maxx, Home Goods, Ulta Beauty, Salons by JC, and many more. As you can tell, they were here through all of that, so that was pretty amazing. Those also assisted in attracting new businesses to the City's Business Park, including Air Gas, NorthPoint, R.J. Schinner, Lumbermen's, Hohensteins, and now, most recently, Kwik Trip. They also assisted others in their growth and expansion efforts, including the expansions of Renewal by Andersen, Van Meter, Lumbermen's, and Up North Plastics. These changes also added billions, literally, in taxable value to the City's Tax Base. In addition, they helped the

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businesses to secure large grants from the State via the Minnesota Investment and Job Creation Fund, which helped them expand and stay in the City rather than relocating either outside of the City or to a different State.

During their service, we also undertook a hotel market feasibility study, a housing study, a small area plan now known as the Innovation Village, a stadium feasibility study, and a Convention and Visitors Bureau Strategic Tourism Plan, and funded a historical painting of the City, which we in turn used to create a City puzzle in partnership with Dowdle Studios. All of these strategic plans and projects helped guide the City forward and will continue to do so in the foreseeable future.

Housing was also important to the EDA, during their tenure we have The Legends, Norris Square, GROVE 80, Trellis (which is Bluestem), and many other multifamily complexes that were built in the City. These projects allowed the City to grow as well as allowed many seniors to be able to stay within our City.

Dan and Chris' determination to help the City grow in a responsible and sustainable manner was simply outstanding. So, I just want to say on behalf of myself and the City Council and I'm sure all the rest of us up here on the EDA, we want to extend our sincere appreciation for your outstanding service as an EDA Board Member and obviously to the City.

EDA President Bailey said it's interesting, and I don't think you realize, Dan, I know I don't, we kind of look back at the years you've been doing things, and then when you start seeing the list of all the things that you helped bring or support within the City, you kind of go, whoa, at least I do. You kind of go, wow, there was a lot happening in those eight years that you were on the EDA. So, what I'd like to do is I'm going to have you come up, and I'm going to come down, up front, and I'm going to present you with a plaque.

EDA President Bailey read aloud the plaque for Dan Myers for his extended term, June 2017 through February 2025, and presented the plaque to Dan. A photograph was taken, and everybody applauded.

## B. Maxfield Research Housing Study

*Staff Recommendation: Receive the Maxfield Research Housing Study.*

Director Larson stated Mary Bujold is with Maxfield Research, and we hired them to do the housing study, and now she's here today to present it to you. EDA President Bailey said fantastic, welcome, Mary.

Mary said thank you. Chair Bailey and commissioners, it's my pleasure to be here this morning to briefly present the key findings from the housing analysis. I'm sure you've seen the larger document, which is quite extensive, and perhaps you haven't had a chance to get through it all at this point, but that's fine.

### **Project Scope**

Objective: To provide an analysis of housing needs for the City

Approach: Provide a guide and framework to consider key housing priorities and current housing gaps

Project Deliverables:

- Short and long-term housing needs
- Recommendations guiding future housing development

Key Dates:

- Data Collection, 2nd & 3rd Quarters 2024
- Draft: October 2024
- Presentations: March and April, 2025

### **Cottage Grove Primary Market Area**

70% of Demand: Cottage Grove, Woodbury, Newport, St. Paul Park, Grey Cloud Island Township, Denmark Township, Hastings

When we draw a primary market area, it's with the understanding that housing demand is actually somewhat fluid, and especially so in the Twin Cities metro area. We have people moving quite a bit between different communities, and in addition to that, within the identification of a primary market area, there will always be some demand that comes from outside of that area, which is this 30% of demand that will come from outside the area.

Then we look within that primary market area and the projected growth, what proportion of the demand would be capturable directly by the City of Cottage Grove. Within that, we look at the additional areas in the other communities, what their projected growth is going to be, what their land areas are, and then we assess and analyze where the potential demand for certain types of housing products would be capturable by the City.

So, Cottage Grove is definitely growing, but at a decelerating pace. I just want to mention, too, that that's not unusual. So, what we're seeing across the Twin Cities metro area and especially in communities that are primarily fully developed, although Cottage Grove is not at that point yet, is that we are starting to see a slow down in terms of population growth in many communities. We're also starting to see even though we're seeing household growth pretty much keep pace, and we're still seeing that decelerating pace from kind of this mid-area when development really zoomed in the Twin Cities. So, Cottage Grove experienced its greatest growth

between 1960 and 1970, and then had a second, fairly substantial growth spurt between 1990 and 2000. Since 2000, growth has been steady, but at a decelerating pace, so a decelerating rate of growth, consistent with most other expanding metro area suburban cities.

#### **For-Sale Home Prices Continue to Climb**

For-Sale home prices continue to climb despite a modest downturn in For-Sale median home prices, they have generally continued to rise. We are seeing this throughout the Twin Cities metro area, we're seeing it throughout the State of Minnesota, the Upper Midwest, as well as across the nation. Price increases have knocked out some entry-level buyers, move-up buyers are largely staying put because many move-up buyers took advantage of those very low mortgage interest rates, and so they're just holding steady.

New construction is suppressed because of the slowdown in demand and supply-chain challenges. Accordingly, too, land prices have not decreased, which further exacerbates this problem. So, we're seeing challenges in terms of land costs throughout the market. I'm working with a number of different developers, primarily multifamily developers, and they are definitely not seeing land prices decrease; so, that's kind of compressing their margins and their ability to be able to make their numbers work. Many are seeking additional equity and capital stack so that they can reduce their reliance on mortgage lending.

#### **Average Rent per Square Foot in Market Rate Rental Properties in the Primary Market Area**

So, that is growing as well. There was a dearth of new apartment construction in the 1990s and 2000s, which then led to a substantial increase in multifamily development, beginning in the 2010s. An even greater number of units have opened recently, and despite this inflation, we are still seeing a lot of interest among multifamily developers in developing additional units, primarily because we're still having a lot of difficulty moving people into that For-Sale market. So, their alternative is to rent at least for a period of time or for a longer term. So, even though the new multifamily construction has slowed, demand still remains strong, and we are seeing very good absorption among properties that have recently opened.

#### **Average Rents/Square Foot on Affordable Rental Properties**

So, we are seeing rent levels are lower for affordable rental units, but I will mention, too, that as it's based on a kind of benchmark format: So, as rents rise in the market overall among market-rate properties, those rents that are even affordable are still also rising. That's predicated, of course, on incomes rising. I think what we are seeing, too, is even though these rents are more affordable than traditional market rate, we are seeing some households become increasingly cost burdened, even with affordable rental properties. So, some portion of households are even having to pay a higher proportion of their income for rent, even at an affordable property. So, there's definitely a highly competitive funding process for tax credits and a need for multiple funding layers, which also hampers new development. So, as much as we would like to see more affordable units come into the market, the resources and the process for getting those units into the market has become increasingly difficult. As rental rates climb, affordable rents also escalate, which I mentioned, which may create challenges to fill these units at the higher rents.

#### **General Occupancy Housing Demand**

Demand projected for owned housing, detached and attached: There's strong demand for market-rate rental housing, and there is a need for all housing products across the spectrum. So, affordable housing is the most difficult to develop, whether that be that middle market tax credit affordable housing or deep-subsidy housing, due to high development costs and significant financial caps. These demand figures were generated for 2024 to 2035; they also were separated out between this first six-year increment 2024-2030 and then 2030-2035.

#### **Senior Housing Demand**

Demand for senior housing will continue to increase over the next 20 years, largely due to the aging of the Baby Boomers. Assisted Living and Memory Care is still recovering from the pandemic, but I would say to you that we are seeing increased demand for Assisted Living and Memory Care from the market. What is creating some significant problems is there are definitely labor shortages among caregivers, and so, we are seeing all service-enhanced senior housing developments continually trying to hire labor to be able to serve the population that they have or are trying to attract. We still do have some facilities, especially among the Memory Care components, where they are not able to utilize all of their beds, even though there's demand for that, again because they do not have the proper labor ratios to be able to care for these individuals. We believe that is going to continue, especially in the short term, potentially in the long term, and it will negatively impact again this ability to satisfy the demand in these service levels.

#### **Why is the Entry Level and Middle Market Missing?**

- Zoning Regulations
- Density Requirements
- Design/Material Requirements
- Permit/Impact Fees
- Infrastructure Costs
- Building Code Changes: Those don't necessarily always occur at the regional or local level, they are also impacted by the State. We've seen different State regulations come down that have significantly impacted building in different areas of our State. Some of those have been reversed, but others I think it's important for us to consider how those Building Code

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regulations and requirements may hamper our ability to provide the housing that we need to serve our residents and also just, in general, people in our State.

- Increasing Labor and Material Costs
- Land Acquisition Costs Increasing
- Financing Challenges for Smaller Developers/Builders: Especially during the great recession, we lost quite a few of our smaller builders. We are trying to attract national builders to Minnesota, that has occurred to a modest degree, but we really need more national builders to consider the Twin Cities and Minnesota as a place to develop.
- Lenders Tightening Underwriting Standards/Bank Regulation Increasing with Bank Failures
- Economies of Scale Needed

## Key Takeaways

- Population and household growth was strong last decade; some increase in family households but not enough to overshadow those without children and singles living alone. Again, this speaks a little bit to the ratio between population growth and household growth. So, we are seeing a strong percentage growth in households, largely because we are seeing shrinking household sizes, so we still have a definite need and demand for housing to house those households that are being created, even though many times those households have fewer people.
- Cottage Grove's near-term growth is led primarily by the Millennials and Baby Boomers, resulting in demand for housing products at opposite ends of the spectrum, although there is some overlap in market-rate rental housing and for-sale townhomes.
- Growth in the 65+ cohort will dominate over the next 15-to-20 years; what housing products are needed? Consider options other than traditional senior housing. Early on, I think a lot of developers in the general overall market thought well, we'll just develop senior housing and that will kind of take care of this aging 65+ group. Over time, what we've seen is, especially among that younger group, they are really not ready for senior housing; so, that perspective of what senior housing is and what products are attractive to this group have started to really shift. And, so, again, we're starting to see that idea of like more the detached villa, the twin home, the cottage-style home, and more independent products be attractive as this group starts to age. The average age for Assisted Living and Memory Care has now pushed well into the early-to-mid 80s if they even move into that product at all. Right now, in terms of a market penetration for senior housing, in the Twin Cities we're probably somewhere around 17%-18% of that age 65+ market, which is still a relatively small proportion of our overall 65+ age group. That means there's a lot of people in their traditional single-family homes, there's a lot of people kind of looking for that interim product.
- For-sale and rental housing will combine to increase the housing stock in Cottage Grove. As low-density land supplies decrease, it will be important to target locations for higher-density development.
- For senior housing, active adult products (both rental and for sale) will continue to be popular. High home prices enable seniors to sell and relocate to more convenient housing products.
- Between 2024 and 2030, demand is estimated for: 1,910 for-sale units, 933 rental units, 1,023 senior units (all service levels). That's a pretty diverse product group, but I will tell you that the majority of that demand is for an active adult product, whether that be for sale or rental.
- The market continues to be challenged as to how to bring needed products to the market (innovation/creativity/not business as usual).

Mary said and that's the presentation.

EDA President Bailey said fantastic, well, thank you, Mary. It's kind of interesting because as obviously the mayor, I'm elected, what I find kind of funny is over the last five, six years, so to speak, maybe a little longer, some people in the community think we're growing way too fast. It's funny because you look at your data, and our intent has always been to be careful with how we grow, and you used the word decreased, or suppressed, if you will with regards to how we've been growing. My one question, and I'll open it up for the EDA Members here for any questions that they might have; so, when you're seeing that, at least it appears to me, too, that I hear from a lot of individuals that want to move out of maybe a bigger single-family home, and they want to go into like a villa, like you said. They don't necessarily want to get into a senior component, if you will; so, villas, or one-levels, whatever, seem to be the thing that everybody's looking for. The challenge I'm hearing, and I don't know if you want to speak to it, is when they want to do that, they want to be able to go from this house to this house and not have any debt; in other words, they took the money they made here and they put it into here, and if anything, maybe they have a little extra. What I'm hearing, that is not happening. Are you seeing that as part of the information that you've learned?

Mary replied yes. So, especially right now, that is an extremely challenging situation, and the primary reason for that is when we're looking at the villa developments, largely those lot sizes right now for most villa developments have been between that 50' and 55' wide lot. So, we are seeing some that have been pushed down to maybe as low as about 42' or 40'; that's getting a little

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skinny on that traditional villa style, but the cost to put those on the market is most of those units traditionally are in that \$450K-\$500K range. When a senior is selling their home maybe in that \$300K-\$350K range, they're seeing that price gap, and we're seeing that across the market. Maybe they are able to opt for a twin home, but even so, we're seeing twin homes even come on the market at much-higher prices.

What we aren't seeing in the market that we were seeing, I would say just pre-great recession, is we were seeing some developers put in what we call kind of a cottage-style or quad style concept, where we had 4 units on a lot or a pad, and they each had an attached wall. Now, that is not necessarily what the overall market ideally prefers, but when those units were developed, they sold like hotcakes because they were in that kind of lower price point where somebody could sell their home and move into that almost on an equal-to-equal basis. I've tried to be promoting that a little bit, but it hasn't so far kind of taken off where developers or builders have kind of grabbed onto that yet, where maybe they might want to try that product in the market. I think we can kind of keep encouraging that because it is harder, you know, there are not all that many households that can sell their home and then suddenly buy a \$500K or \$550K or more detached villa. So, I totally understand what you're saying, it is occurring, it is a challenge, and I think especially, too, in this period, even though seniors are able to get top dollar for their homes, it is hard to make that bridge financially in terms of, as you said, and then have no debt.

EDA President Bailey said I'll have one more question, then I'll turn it over to the EDA Members. You were commenting about trying to get more national builders, if you will, and obviously, we've got like Lennar and D.R. Horton and those out here, is there somebody, and I guess I really don't know, is there somebody very large out there?

Mary replied so, David Weekley has recently been seriously looking at entering this market; they are a very large national homebuilder, and we've had some conversations with them. They are eyeing different markets here in the Twin Cities, in terms of coming in and starting to do development here. There are one-or-two others; I can go back and take a look, too, and maybe I can just provide the names of those as well.

EDA President Bailey said okay, I appreciate that, thank you. Mary replied yeah, sure, no problem.

EDA Member Khambata said you cited that labor was an issue, land acquisition was an issue; are you getting any feedback from any of the builders on how market volatility related to imported materials, such as lumber, is going to have an affect on the market?

Mary replied well, it's a little early, but because things have been happening so rapidly, but I will tell you that will affect our situation. Frankly, I am concerned because moving into this current situation, we have had significant demand and need for housing; and we have been for about eight-to-ten years behind the eight ball, in terms of developing and now housing, to be able to meet the demand, not only here in the Twin Cities but across the country. And I'm very concerned about our ability to be able to maintain some kind of modest or reasonable cost balances in terms of being able to provide housing products that people can afford. I'm not sure where all this will level out; I guess my hope is that even with the proposed tariffs that we have, that eventually cooler heads will prevail and that we'll roll some of those back once we start to see the economic results in our market. Because at this point, I believe we can ill afford to fall further behind in terms of providing needed housing.

EDA Member Tschida said so, I guess, following up with what the mayor was saying about national builders, is there a reason why we're not seeing as many national builders in the Twin Cities and the Minnesota market?

Mary replied so, I will say to you that over time, what we have seen in our market is we've seen periods where national builders and national developers have come to the Twin Cities, and they stay here for potentially a period of time, and then they tend to move out of the Twin Cities or out of Minnesota, primarily the Twin Cities. Some of that is because our market grows, it grows at a very steady pace, and we tend to maintain good levels of occupancy, especially in our multifamily units; but what a lot of national builders are looking for is what I would kind of say are super growth markets. So, they're looking for the much larger markets, like the Austin market or North Carolina market or Tennessee where growth is consistently occurring at large double digit rates. So, even though, like I said, we have been able to secure and maintain some, like Pulte and Lennar, they have been in our markets for many years; but especially too we've looked at larger multifamily developers that come into this market and they stay for just kind of about five-or-six years, and then inevitably we see them go elsewhere. As I said, we have a very solid and steady market, but we don't have sometimes that larger growth spurt that they're really looking for. We actually have the other market that is, of course, attracting a lot of development is the Phoenix, Arizona market, which is exploding.

EDA Member Jean-Baptiste said my question is obviously, we know what we have and we know what we don't have; we don't have explosive growth, but we do have steady growth. Would that be attractive to more of a regional player? And my second part to that question is the reason why we're going after the national builders, is it because they provide more economies of scale and could produce housing at a lower rate? Or if we went after the regional players that could be okay with the steady growth that we have, we're not chasing double digits, could they still produce at the same level that those national players are?

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Mary replied so, that's a very good question, and I thank you for that. So, I would say to you that national builders do have some economies of scale, primarily in terms of their buying capabilities. Once they get in this market, though, they are subject to pretty much the same regulations and cost structures in terms of development costs and land pricing that other builders are subject to; so, I think that the players that have been in this market for a long time, they're very solid, and I would say that I think that we have a lot of very good builders here that we would still want to court them. I think the difference really is that sometimes national builders coming in, they bring a little bit of innovation and creativity that sometimes our local, regional builders have become comfortable. You know, it's like, oh, we've been building here for a while, we really know what works, it's kind of we just want to kind of stay in that niche vs. being challenged a little bit by oh, here's somebody coming in that's going to give us a little bit of a run for our money, and because they're bringing in something that's new or a little different. So, I think while I really appreciate that we have really good, solid regional builders here, I think that trying to attract that national builder gives us a little bit more of an edge in trying to bring in some products maybe that we haven't thought about before.

EDA Member Tschida said you had mentioned that the builders are still subject to the same local regulations here, and as I look at both City and State government, that's the #1 thing we can control; I mean, we can't control the price of land and lumber from up here. So, I guess, as we're looking at expanding housing opportunities, what are some of the things the City of Cottage Grove and Washington County and even the State of Minnesota can be doing to roll back regulations or look at different things, whether its zoning policies or what have you, to really unleash growth without having to pour a bunch of taxpayer dollars into it?

Mary replied so, a lot of it really has to do, I guess, with again, as you said, kind of local zoning regulations and density requirements. Sometimes it has to do with restrictions on types of materials being used or even the minimum lot sizes. So, I think, you know, to be sensitive, especially when we're trying to develop products that aren't at the entire upper end of the spectrum; look at opportunities and ways that we can shift or adjust some of those previous criteria and regulations to be able to encourage again those economies of scale. I think in the market what we're seeing is we're definitely seeing that we have essentially almost no entry-level housing; but in order to build that, we really do need to look at opportunities and options for products that we may have considered developing or were developed like many years ago, and by that I mean a creative, smaller rambler or a creative, 1-1/2-story expansion bungalow. So, getting people into a product that they can grow with, I mean, those homes still remain popular in the market today. When we look at people who are looking for reasonable and affordable housing, especially in communities like Cottage Grove or even Roseville, those products sell right away. It's not that people don't want to live in them, they do. I mean, granted, those houses may be older, but what if we developed something like that that was brand new? I mean, one of the things that we always see in the market is entry-level buyers kind of push back sometimes because they don't want to do a lot of sweat equity, you know? So, they don't want to go in and have to redevelop the entire home when they move in. Well, if we could figure out a way to develop products that were brand new, where they could move in, and even if they did pay just a little bit more for those products, maybe not a top level, everything would be new. So, they would at least have a period of time where they didn't have to start buying the home and then investing a lot of money in redoing it, and it would potentially offer them, if they needed to add on, they could add onto that home as their family grows.

EDA Member Tschida replied yeah, fair enough, I really appreciate that.

EDA Member Latack said so, regarding senior housing living, since there will be a demand over the next 20 years, it seems like that pressure will keep the demand, but then also keep that price higher where they're not able to move laterally, without debt. What are your thoughts on kind of condo-style living with amenities?

Mary replied so, I would say that I think condo-style can work as long as it isn't necessarily in a traditional 3-story apartment building. So, you can develop a condominium product that is like a townhome-style product that is actually a condo, it's not a townhome. I think the biggest issue that we see there, though, is if that product is going to be developed, it still needs to be that single level living. I mean, there is some demand for that; I think we still had a little bit of a pushback on that kind of "condo", especially in that apartment-style building type of situation, and I think it's primarily because condominium has gotten a little bit of a bad name. I will say cooperatives, senior cooperatives, have been extremely popular, and they're still popular; I mean, we have waiting lists at most of the cooperative developments that exist in the Twin Cities. I would say that's definitely one product that would be very attractive in Cottage Grove. It's a little bit different financial framework, but again, that product has just proven to be extremely successful. I hope that answers your question.

EDA Member Latack said yes, but I guess one follow-up question: What is the difference?

Mary replied, so, in a cooperative situation, it's a little bit more of a collaborative situation in terms of community. I think people who move into cooperatives tend to have a little bit more of a cohesive community feeling and environment; the technical difference is that there's one blanket mortgage that is placed on the property, and then the residents buy shares and they pay down that blanket mortgage. So, they basically purchase a right to live in the unit, and then they pay down the blanket mortgage; but I think what is more attractive about it is really the idea that condominium has a little bit different structure, in terms of how

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expenses are assessed. There is actually a Bill before the legislature currently to somewhat restructure some regulations for homeowners associations; we're not sure exactly what will be the outcome for that, but I think that there was some condominium developments, there's been a little bit more of a pushback in terms of how associations operate. And maybe it's just because the cooperative product is so new, but older cooperatives have continued to be pretty popular. And also, usually in the cooperative, you can get in at a lower price. So, you can have a little more flexibility in how you want to pay monthly; so, if you enter at a lower share price, then your monthly amount is higher vs. if you pay a higher amount to get in, then your monthly is lower. So, there's more flexibility for the individual resident.

EDA President Bailey asked if there were any other questions, none were asked. He said great information by the way and good questions from everybody.

EDA President Bailey said Mary, thank you so much for coming in today and sharing with us the study. Mary replied thank you very much, I appreciate it.

EDA President Bailey said before we move onto the next item, I'll just mention it's interesting; for example, I do specifically remember the cooperative. To that point, we did have a developer that at one point was looking at doing a cooperative. I don't know what caused them to decide not to, I don't know. But we have looked at that as an option, too, as an additional type of housing option here within the community. I believe it was going to be down on the Dunes site, I think it was with a previous developer, though, if I remember right. And then what we are looking at with this study, just so we know as the EDA, is our staff has been kind of looking at our zoning again to see if we need to expand or contract certain types of zoning, based on the needs that it appears we're going to need to be focusing more attention on.

I will just share that we just had a workshop as a Council for the Tank property, which is just down the road here, off of County Road 19; there was a developer that shared with us a concept plan of starting to build on the other side of County Road 19 and getting us some ideas. We saw a new housing type that's smaller, I'll just be frank, it kind of freaked me out a little bit, but I'm going to go look at a couple other communities that have them, super duper small, 2-story, I think it's kind of what you were talking about with the loft thing. Very tight, though, development, but to your point, I think that's what gets the price down. The question is, as I hear, and I'm sure my partner next to me here when he was on the Council hear a lot, every time we start crunching the lot sizes down, we don't hear from the people that are buying those lots because they're happy, but the existing residents in Cottage Grove are like what are you doing? You've got houses on top of houses! And so, there are some challenges for perception vs. what the upcoming generation is looking for, maybe not such big lots. And part of it I do think is the cost factor, too, definitely.

Mary asked if she could add one thing; EDA President Bailey replied absolutely.

Mary said so, we are actually seeing some larger builders, like Lennar and Pulte, who are starting to build single-family homes on a lot smaller-sized lots. So, that's the big push now from where we were seeing them before.

EDA President Bailey replied yeah, and I know we have Emily in the background there. Emily, the one that they were proposing, do you know how wide those were?

Director Schmitz replied 28, and 28 is small.

EDA President Bailey replied it is very small. I mean, it looks to me, it almost looked like a mobile home, but 2-or-3 stories tall. But, yeah, that was what we're talking about, this one piece of it that we're looking at, not the whole property, I want to be very clear; there were mixes and things, but that's the kind of stuff we're trying to figure out. You know what fits, what doesn't fit, what are people buying? So, it is interesting; this study is going to help us guide for the next 10 or so years.

EDA President Bailey thanked Mary again for coming and sharing with us.

## C. Development Updates

*Staff Recommendation: Receive Report.*

Director Larson said I will say on the housing comment, having come up from Houston, Texas, Mary would know this, but the smaller lot, 3-story, sold like hotcakes. David Weekley built them everywhere in Houston, and it was a beautiful product for younger families to get into because they don't actually mind the stairs because they know what baby gates are, so. Just so you know, as you're thinking about it, that really is good for the market.

**Beige Book Report:** Employment: Increased slightly since the last report in the winter. Prices: Increased. Wage Growth: Moderate. Consumer Spending: Flat. Construction Activity: Slow. Commercial Real Estate Activity: Remained relatively flat. Residential Real Estate Sales: Grew Moderately. Manufacturing: Experienced some improvements. With the tariffs, now we don't exactly know what's going to happen this next round. Agriculture: Conditions were weak. Oil and Natural Gas Exploration: Remained unchanged. Minority and Women-Owned Businesses: Continue to report lower sales and profits.

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**Community Development Updates:** **Gerber Collision**, 7300 West Point Douglas Road: The roofing material and exterior walls are installed. Excavation has started for the interior slab. **Vangz Kitchen**, 8711 East Point Douglas Road: The interior improvements are complete, and the final building inspection has been approved, pending final electrical and final fire sprinkler inspections. Washington County Health Department approved their final health inspection. Their grand opening is scheduled for this Saturday, April 12, at 3:00 p.m., and the mayor will be present for that. As many of you know, that is the former location of Ho King. It's going to be very exciting, and Mr. Vang is very happy to be opening. **Taco Bell**, 8623 East Point Douglas Road: They did some minor interior renovations, and installation of the exterior signs are complete. **Low Zone Water Treatment Plant**, 10901 Ideal Avenue; again, as we speak, probably a lot of this is already done: Interior painting of multiple rooms on the main floor is still ongoing. Installation and painting of the process piping continues, as does the plumbing piping. HVAC ductwork installation is almost complete. The installation of the brick and the platforms between the horizontal pre-treat tanks has been completed. Other Projects: **Ellwyn Apartments by Roers Company**, 6850 East Point Douglas Road: The plan review is underway for a new apartment building. **Park High School**, 8040 80th Street: The plan review is underway for the addition to the high school building. **Buffalo Wild Wings GO**, 7145 East Point Douglas Road, #160: The plan review is underway for a tenant improvement project.

Director Larson said Emily is still here if you have any questions about the projects, and, again, they're probably going along a lot faster than we have done right now.

- D. Property Purchase and Hotel RFP Updates  
*Staff Recommendation: Receive information.*

Director Larson said in December, 2022, just as a reminder, HVS Hotel Study was completed. It did indicate that there was a need for a 90-room branded hotel in the City, and potentially, the most ideal locations were 80th Street, Jamaica, and then also near the 73 acres adjacent to Walmart. You authorized an appraisal to be done in November, 2024; that was finished in early February, 2025.

In December, while we were waiting on the appraisal, we started the Hotel RFP. In March, we made an offer on the property after the Council had an executive session, and we will meet again with the owner on Monday; so, hopefully, the offer will be accepted, but we'll see and will report back accordingly.

And then in May, three of the members of the EDA Board, the mayor, EDA Member Khambata, and EDA Vice President Olsen are going to go to ICSC. So, at that event, we will showcase the Hotel RFP, assuming all goes as planned, and then we'll also showcase the other properties, including the 73 acres, the properties that are still available in the Business Park, and others, to developers at ICSC.

So, that's all ongoing. I'm happy to answer any questions about that; no questions were asked.

- E. Yellow Tree Project Updates  
*Staff Recommendation: Receive report.*

In August, 2024, the Community Development Department was contacted by Yellow Tree Development for a proposed 164-unit multifamily project at Outlot D, Everwood. It's along East Point Douglas, and you can see on the map the circle; it's kind of near The Legends and behind Kohl's, it's a market-rate complex. The City Council held a workshop on March 19 to see about the project and to talk about an abatement that was requested. It's a challenging site, it's a nice project, it fits into the housing study needs, and they requested a tax abatement of 10 years and not to exceed \$848,800; that agreement, if it moves forward, would also have a lookback provision, just like TIF does. So, overall, the Council at the workshop thought it was a good product, understands the challenges of the development, and agreed that if it were to move forward, they were amenable to a tax abatement.

EDA President Bailey said I'm just going to make a piggyback plug in there: There was an article in the paper that had a larger number out there, just for the EDA; that is what they wanted, and we said, along with Ehlers, who does all of our financials for the City, that they would not qualify for that higher dollar amount. So, the amount of money that Ehlers said that they should qualify for, based on the true hardships, was the \$848,800. So, if you see that out there, I think it was in *The Business Journals* or something, yeah, *Finance & Commerce*, and some people were asking why are we giving \$1.2 or \$1.4 million, and it's like we're not. We're not doing that, so I just wanted to make that clear for our EDA here, too, so that they're aware of that number or what the real number is.

Director Larson said thank you, President Bailey. Yes, it was \$1.5 million, and it was 15 years, and we did actually correct the writer of the article and told him. So, okay, next time, if it moves forward and you update it, make sure you use the right numbers; and they just didn't know because that was in the original staff report.

- F. Dominion Compliance Report  
*Staff Recommendation: Receive Report.*

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Director Larson said Dominion's certification of compliance, this comes before you every year; they're required to file an Annual Report to say that they're in compliance with their TIF Plan and the Development Agreement that the EDA has with them. It requires that 80% of the building units be affordable senior housing, and then the other 20% remains affordable, but it's not necessarily just for seniors; and that's true of all of our TIF Agreements, the ratio may be different, but you can allow others, disabled and people who are income challenged and who are not seniors, to move in there.

In February, we received their Certificate of Compliance, along with their actual Tax Credit Report, and it shows all of the folks, the rent they pay, the size of their apartment, and then at what ratio are they, and they all remained at about 60% to 50%. So, they are in compliance. The only reason we don't put that in there is because it has a lot of private information in it; you just see the certificate saying they swear they are in compliance and have reported it correctly to both the State and Washington County.

Director Larson said I'm happy to answer any questions about that.

EDA Member Khambata said if I recall correctly, was it last summer or the summer before, there was some concern with residents of this complex regarding the rate of increase. If I remember correctly, after looking through those rates of increase, they were within the specified amount, which I believe was under 12%, but at that time, rental rates across the metro were rising at double-digit rates annually. So, while it was within the specification for keeping their TIF and their affordable housing dollars that they receive for the project, those tenants were upset and I think reasonably upset; but, again, absent these TIF conditions, those rates could've come up much higher to try and meet market rates. So, even though it's not a perfect system, I think this is still a good mechanism for the City to help develop affordable housing.

Director Larson replied absolutely, and those questions were addressed later on with the mayor and some of the folks from Dominion because part of it was all of those extra fees that aren't covered by the HUD cap, right? Like for your parking space and for certain things related to maintenance; EDA President Bailey said electric, the surcharge on the surcharge. Director Larson said yes. So, I'm proud to say that EDA President Bailey, Mayor Bailey, made some good headway with that. So, hopefully, it will remain that way.

Director Larson said we just want to note that on May 13, you will not have your regular EDA meeting because we don't have any action items, but you will have your June 10 meeting because we will have a number of action items for you to consider; this is the upcoming meetings calendar.

Administrator Levitt wanted to especially point out that next Thursday is the Volunteer Banquet, so even though the RSVP has closed, if you will let staff, any one of us know if you've not said you were attending, and we'll make sure that we put you on the list.

Director Larson said and other than that, there's a lot of ribbon cuttings coming up, so we'd like to see you there. EDA President Bailey said yes, definitely, looking forward to this Saturday at Vangz; Director Larson said oh, yeah, that will be very exciting.

EDA President Bailey asked if there were any other EDA Comments or Requests that they wished to make; there were none.

**6. PUBLIC HEARINGS** - None.

**7. OTHER BUSINESS** - None.

**8. WORKSHOP** - None.

**9. PRESENTATIONS** - None.

**10. ADJOURNMENT**

**EDA Member Khambata made a motion to adjourn. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (6-to-0 vote). The meeting was adjourned at 8:28 a.m.**

Respectfully submitted,

Gretchen Larson  
Economic Development Director

/jag