



COTTAGE GROVE CITY COUNCIL

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MINNESOTA 55016

TRAINING ROOM - 8:00 AM

January 25, 2025

- 1 Doors Open and Continental Breakfast
- 2 Welcome by Mayor Bailey and Jennifer Levitt, City Administrator
- 3 Group Activity - Strategic Accomplishments
 - A 2024 Annual Report
- 4 Maxwell Housing Study Finding and Direction of Strategic Initiatives
 - A Housing Study - Memo
 - B Housing Needs Analysis
- 5 Break
- 6 Revisiting the East Ravine Development Plan
 - A East Ravine - Master Plan Memo
 - B East Ravine - Park and Trail Plan
 - C East Ravine - Park Costs
 - D East Ravine - Future East Ravine Community Park
 - E East Ravine - Parks and Trails Master Plan
 - F East Ravine - Master Plan
- 7 Working Lunch - Public Safety Specialty Unit Review
 - A Police Staffing - Memo
 - B Police Division - Annual Report
 - C Police - 5-Year Strategic Plan
 - D Fire Staffing - Memo
 - E Fire - 5-Year Strategic Plan
- 8 Upstream - Building a More Resilient City
- 9 Break
- 10 Review Innovation Village
 - A Innovation Village - Small Area Study
- 11 Development Update

- A Development - Map
 - B Shoppes of Cottage View - Update
 - C Proposed Hotel Proposal
- 12 Other Supporting Information
- A Communications - Update
 - B Finance Department - Long-Term Financial Management
 - C Business Retention and Expansion - Update
 - D Art in Public Spaces
- 13 Strategic Discussion
- 14 Recap and Closing
- 15 Adjourn



Annual Report

January 25, 2025

City of Cottage Grove

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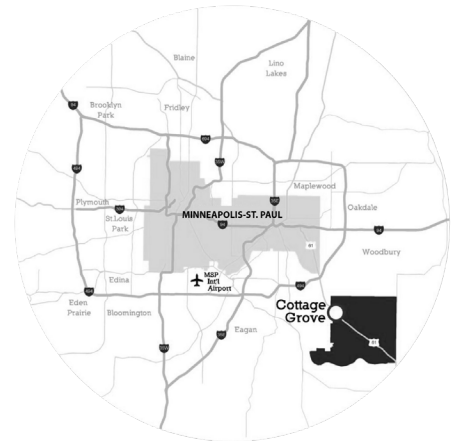
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Executive Summary

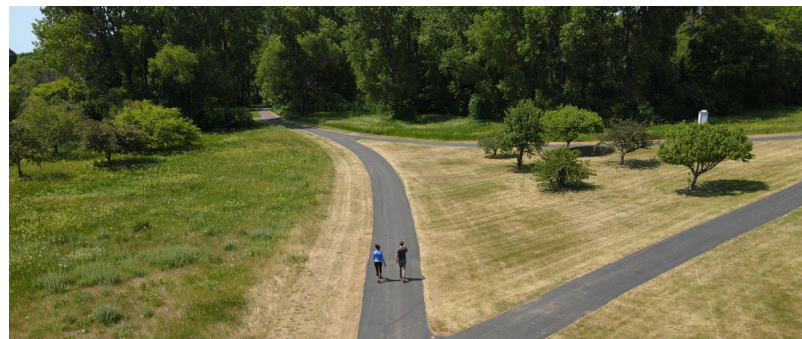
On January 6, 2024 the City of Cottage Grove engaged in a strategic planning meeting. The process yielded a strategic plan covering 2024.

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The plan consists of three pillars: Enhancing Quality of Life for Residents, Thriving Business and Tourism Environment and Remain an Employer of Choice. These were the areas of greatest importance to the City of Cottage Grove over the following year. Associated with each pillar are four high-level performance targets describing expected results and how the results will be measured.

The plan also includes four strategic directions: Engaging Residents Where They Are, Continuing Sustainable Growth, and Making Cottage Grove a Recreation Destination and Remaining Employer of Choice. These four strategic directions are accompanied by success factors that are used to measure performance toward that directive.



The planning effort began with a large group discussion on January 6, 2024. The city's leadership team along with council held a full day strategic planning session. They developed a set of priorities, key outcomes, performance targets, and approved the final mission statement.

Based upon those priorities, the city's management team identified a set of strategic initiatives and developed detailed action plans for 2024. The mission statement, three pillars, strategic directives and success factors are summarized on the following page.

Strategic Plan Summary 2024

MISSION STATEMENT

To promote community pride and create a high quality of life by providing excellence in the delivery of public service to residents and businesses.

THREE PILLARS

Enhancing Quality of Life for Residents	Thriving Business and Tourism Environment	Remain an Employer of Choice
SUCCESS FACTORS		
Cottage Grove strives to provide life cycle housing for all residents through diverse housing options.	Cottage Grove aims to create a dynamic business environment which generates jobs and increases tax base.	Cottage Grove strives for a diverse workplace that is reflective of the community.
Provide positive, responsive, and professional interaction with all services offered by the city while maintaining a safe and thriving community.	Cottage Grove partners with the local Chamber of Commerce to support local businesses and creates an environment to succeed.	Cottage Grove seeks to recruit and retain top talent, offering ongoing training and career opportunities.
Cottage Grove has a wide variety of premier community events, recreational amenities and natural open spaces for everyone to enjoy.	Cottage Grove Public Safety provides proactive community-oriented services to assist businesses.	Cottage Grove has achieved an organizational culture dedicated to efficient operations and excellent delivery of services.
Assure sustainable environmental standards and health practices including providing treated drinking water to meet all state and federal standards for PFAS.	Cottage Grove Convention and Visitors Bureau supports the hotel and event community locally to promote tourism in Cottage Grove.	Cottage Grove is a good financial steward which leads to a stable work environment.

STRATEGIC DIRECTIONS

Engaging Residents Where They Are	Continuing Sustainable Growth	Making Cottage Grove a Recreation Destination	Remaining Employer of Choice
SUCCESS FACTORS			
Continue to develop video communications.	Collaborate with Washington County on the redevelopment and planning for the Park Grove Library.	Develop park and building plans for Mississippi Reserve Park.	Continue to develop and implement DEI strategies.
	Initiate a Housing Plan.		
Continue to update and refresh of the city's website.	Develop and implement the next phase of Business Retention and Expansion Program.	Develop education materials for local option sales tax referendum.	Develop training programs for employees at all levels such as the Management and Leadership Development Academy and the Learning to Lead Academy, Book Studies and Guest Speakers.
Enhance resident knowledge of commissions and volunteer opportunities through video communication.	Continue to aggressively pursue state and federal funding for the County 19A and 100th Street Realignment Project.		
	Implement 3M settlement projects while maintaining an interim treatment plan that meets all PFAS standards.	Develop plans for the Kingston Park Building.	Continue to grow and enhance employee engagement programs. (GOLD, Police and Fire awards programs, Health and Wellness)
Develop crisis communication action plan.	Work collaboratively with developer at Shoppes at Cottage View.		
	Issue an RFP for the services of a consultant to assist in creating an Economic Development Strategic Plan and Small Area Study.	Create unique recreational places and spaces that are signature landmarks to Cottage Grove.	Start retention interviews, continue new hire interviews, and Lunch and Learn enhancement.
Dowdle puzzle development and marketing plan.	Develop a strategic plan for the Convention and Visitors Bureau.		
	Develop Cottage Grove police and fire services 5-year strategic plan and mission to maintain a safe community.	Leverage key recreational facilities and park buildings to be points of pride for the community.	Settle all union contracts in 2024.
Develop community survey in 2025.	Remain a Step 5 GreenStep City by continuing to improve sustainability across a variety of metrics.		

Our Mission



To promote community pride and create a high quality of life by providing excellence in the delivery of public service to residents and businesses.



Pillar 1: Enhancing Quality of Life for Residents



GOAL

Cottage Grove strives to provide life cycle housing for all residents through diverse housing options.



Year-End Update

The housing market study was completed by Maxfield Research providing a detailed base of housing need and market supported development within Cottage Grove. The study clarified the need for continued diversity of housing including senior living and affordable multi-family units. Through 2024, the city supported several development opportunities including a workforce housing multi-family project including Roers Development and Real Estate Equities as well as several single-family developments including Summer Valley, Mississippi Landing, and Preserve at Prairie Dunes with varied lot sizes (45'-65').

GOAL

Provide positive, responsive, and professional interaction with all services offered by the city while maintaining a safe and thriving community.



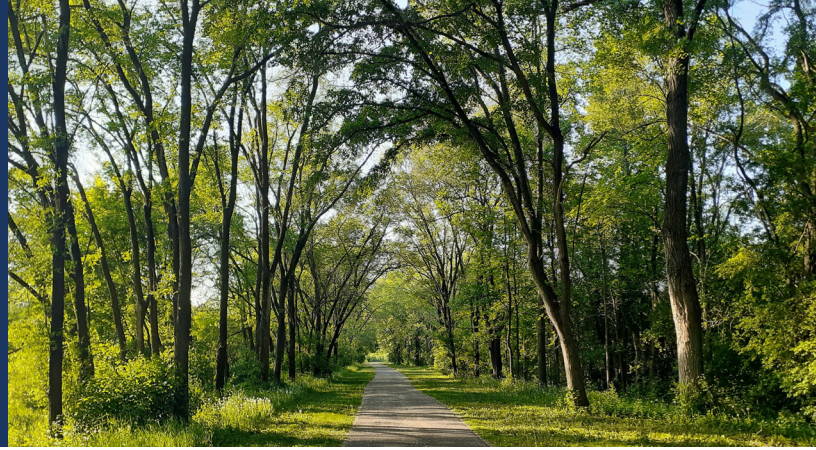
Year-End Update

In 2024 the public safety team initiated routine surveys to receive feedback on services provided to our residents, these include:

- Police Surveys.
- Mail surveys to random citizens from calls for service.
- Expanded to a QR code on a business card.
- EMS Surveys.
- Send an EMS survey to CG residents that had a medical (every fourth ambulance run).

Pillar 1:

Enhancing Quality of Life for Residents



GOAL

Cottage Grove has a wide variety of premier community events, recreational amenities and natural open spaces for everyone to enjoy.



Year-End Update

Discover Cottage Grove hosted the 2nd annual Cottage Grove Food Truck Festival on Sept. 14 along with helping promote several community events that brought visitors to our community including Strawberry Fest, One Family and the Dowdle Cottage Grove Puzzle Unveiling on Sept. 14.



GOAL

Assure sustainable environmental standards and health practices including providing treated drinking water to meet all state and federal standards for PFAS.



Year-End Update

Cottage Grove remained committed to supplying drinking water that meets all MDH Health Based Values and EPA Maximum Contaminant Levels, including those for PFAS.

Cottage Grove continued to operate five GAC interim water treatment plants over the past year to meet PFAS standards.

Two additional interim water treatment plants, utilizing Ion Exchange technology, were brought into operation in June of 2024. These two additional plants ensure the city will continue to meet all PFAS standards while also being able to meet higher summer water demands.

Completed 90% plans for the Intermediate Zone Water Treatment Plant. Public outreach, commission review, and City Council approval was completed in fall of 2024 as well.

Pillar 2: Thriving Business and Tourism Environment



GOAL

Cottage Grove aims to create a dynamic business environment which generates jobs and increases tax base.

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GOAL

Cottage Grove partners with the local Chamber of Commerce to support local businesses and creates an environment to succeed.

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GOAL

Cottage Grove Public Safety provides proactive community-oriented services to assist businesses.

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GOAL

Cottage Grove Convention and Visitors Bureau (CVB) supports the hotel and event community locally to promote tourism in Cottage Grove.

Year-End Update

The city continues to plan our infrastructure strategically so that growth and development can occur. The city conducted a Small Area Study at the southwest intersection of Innovation and Highway 61 extending north to the current Public Works Facility encompassing the Langdon Village area, the final study showed how development could occur in an area termed, "Innovation Village".

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Year-End Update

The partnership with the Chamber continues to grow and evolve as we participate in the Spring Showcase, Swing for Scholarship, and Coffee's On while also working to offer services and information that will assist our businesses with their needs ranging from developing a business plan to accounting, marketing, legal services and how to attract and retain talent.

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Year-End Update

The Cottage Grove Police Department (CGPD) created a Community Impact Team in an effort to connect with residents and businesses to provide the communication they are asking for. The Cottage Grove Fire Department (CGFD) provides services to help workplaces safety. CGFD also offers CPR, stop the bleed, first aid classes and has started to offer fire extinguisher training for workplaces.

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Year-End Update

In 2024 the CVB hired Chandlerthinks to complete a Tourism Strategic Plan. Chandlerthinks is currently completing its final phase of outreach and research. The Visitor Guide did undergo redesign following feedback from this strategic planning process. The final report will be presented first quarter 2025.

Pillar 3:

Remain an Employer Of Choice



GOAL

Cottage Grove strives for a diverse workplace that is reflective of the community.

GOAL

Cottage Grove seeks to recruit and retain top talent, offering ongoing training and career opportunities.

Year-End Update

DEI has been tracked for all full-time positions. Tracking applications, interviews to final hire to ensure the city is reaching a diverse audience through selected channels. Public Safety has also made an effort to complete annual implicit, procedural justice and cultural awareness trainings. The CGFD started a “Stay Curious” campaign to allow for more information and education on under represented and traditionally under served communities. The CGFD also started a second language program.

Year-End Update

The police department has created a Positive Impact Team focusing on wellness, health, recruitment and retention. The fire department created a recruitment, retention and recognition committee. The CGFD provides extensive ride-along opportunities for prospective firefighters and multiple EMT and paramedic programs. Police created a CSO Cadet program and fire started a accelerated paramedic program. Police and fire have extensive training opportunities including training at the HERO Center. The police department launched an assigned squad (take home) program. The city also continues forward GOLD (Growth, Opportunity, Leadership, Development) awards to show appreciation to employees.

Pillar 3:

Remain an Employer Of Choice



GOAL

Cottage Grove has achieved an organizational culture dedicated to efficient operations and excellent delivery of services.

GOAL

Cottage Grove is a good financial steward which leads to a stable work environment.

Year-End Update

In the summer of 2024, building inspectors adopted a flexible work schedule which proved to be a more efficient work day as they are able to complete plan reviews in advance of their inspections schedule. Hiring within the Finance Department in 2024 included three employees who have strong experience in finance, including one with extensive municipal government experience. The Financial Management Plan (FMP) is providing an executable plan to deliver organizational culture dedicated to efficient operations and excellent delivery of services. It was utilized in the 2025 budget cycle.

Year-End Update

The 2023 year-end audit was completed two weeks earlier than the prior year allowing the Finance team to focus on the budget preparation sooner.

The new investment management firm has recognized opportunities to maximize investment earnings while still maintaining liquidity and safety.

Maintained AAA Stable bond rating with S&P Global for 2024 bond issuance.

Strategic Direction 1: Engaging Residents Where They Are



GOAL

Continue to develop video communications.

Year-End Update

Video continues to be one of the most effective ways to connect with our residents. As consumption of video content on social media and digital platforms continues to rise, the city must adapt to this shift by producing high-quality, informative videos that highlight key city services, issues, and initiatives. These videos will help demystify city operations, enhance transparency, and foster a deeper sense of community involvement.

- SWCTC produced 81 videos
- Added 239 YouTube subscribers
- Currently have 155,871 videos on YouTube

GOAL

Continue to update and refresh the city's website.

Year-End Update

Continually monitoring the website to make sure information is timely and relevant along with updating the website on an as-requested basis. Public Safety has streamlined their Code Red and Alert Center notifications for use in an emergency.

GOAL

Enhance resident knowledge of commissions and volunteer opportunities through video communications.

Year-End Update

Worked with SWCTC to create both short form videos and more in-depth videos explaining each of the city's commissions. These can be used now and into the future to promote the commissions and attract future commissioners.

Strategic Direction 1: Engaging Residents Where They Are



GOAL

Develop crisis communication action plan.

Year-End Update

Due to the vacancy in the communications manager role for the majority of 2024, completion of this initiative is slated for 2025.

GOAL

Dowdle puzzle development and marketing plan.

Year-End Update

The Dowdle marketing plan along with editorial calendar was developed at the beginning of the year. Communications continued to follow this plan through the unveiling on Sept. 14 and has adjusted accordingly to demand. Total 2024 sales are 1,092. Promotion of the puzzle is ongoing and sales will continue into 2025.

GOAL

Develop community survey in 2025.

Year-End Update

This has been built into the proposed budget for 2025. The city will be entering into a contract with Polco to conduct the National Community Survey and provide the city with benchmark data about city services.

Strategic Direction 2: Continuing Sustainable Growth



GOAL

Collaborate with Washington County on the redevelopment and planning for the Park Grove Library.

Year-End Update

The city continues to support the county in design considerations, ideas and future services.

GOAL

Initiate a Housing Plan.

Year-End Update

Maxfield Research has completed a housing market study in Cottage Grove. The market study has examined demographic and economic factors, current housing market conditions and determined market potential for developing additional housing products within Cottage Grove. The final report has outlined a detailed recommendation of type of housing and number of units identified to be supported within the community's market in the short- and long-term. The study will aid in the preparation of the 2025 strategic plan initiatives as it relates to goals and strategies for housing opportunities in 2025.

Strategic Direction 2: Continuing Sustainable Growth



GOAL

Develop and implement the next phase of the Business Retention and Expansion Program.

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GOAL

Continue to aggressively pursue state and federal funding for the County 19A and 100th Street Realignment Project.

Year-End Update

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The BRE Program was successfully launched. Participation in the business survey was approximately 19%. The goal will be to meet with the team at Grow MN! and the Chamber to refine the questions for 2025 with the intent to increase participation.

Year-End Update

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In 2024 Cottage Grove applied for two federal grants, through the RAISE and Rural Surface Transportation grant programs. The applications were for \$25 million and \$18.6 million respectively. Neither federal grant request was successful. While the project continues to score well, these grant programs are extremely competitive. They will receive anywhere from 500-1000 applications nationwide, with only 20-40 being funded. Staff continue to hold debriefs with the US DOT to aid future applications. A final application to the RAISE grant program will be completed in January 2025, in the amount of \$23.5 million. The grant request amounts change slightly from year to year, based on the grant rules.

The City also worked jointly with Washington County on a \$12.5 million state bonding request during the 2024 legislative session. As there was no bonding bill in that session, the City is continuing these efforts with the County during the 2025 session. The bonding request has been increased to \$22.5 million. If the state bonding request is successful, or the 2025 RAISE grant request, the project would be able to move to construction.

The City was successful in obtaining \$5 million through the Minnesota Highway Freight Program in 2024, along with \$1.667 million in a joint request with Washington County through Congressionally Directed Spending.

Strategic Direction 2: Continuing Sustainable Growth



GOAL

Implement 3M settlement projects while maintaining an interim treatment plan that meets all PFAS standards.

Year-End Update

Work continued on the Low Zone Water Treatment Plant in 2024, which is a 5.5 MGD PFAS treatment facility that will generally serve the area south and west of Highway 61. Major construction work will be wrapping up in March 2025, with commissioning taking place up to the completion date of June 1, 2025.

Final design efforts for the Intermediate Zone Water Treatment Plant took place in 2024, with 90% plan completion being achieved by the end of the year. This is a 14 MGD PFAS treatment facility that will generally serve the area north and east of Highway 61 and will be located just behind the Central Fire Station. The public engagement and site plan approval process was completed in 2024 as well, with Planning Commission and City Council approval occurring in the fall of 2024. The plans will be under review by three state agencies from January-March 2025, including the MPCA, MDH, and DLI. Bidding will take place in April 2025, with construction starting in June. The final completion of this facility will be fall of 2027.

Due to the lowered state Health Based Values and federal Maximum Contaminant Levels for PFAS, Wells 11 and 12 will be treated by the Intermediate Zone Water Treatment Plant. These wells are located in Highlands Park and Sunny Hill Park, respectively. This connection will be made through the construction of a new dedicated water line, that will follow various City streets along with the Cottage Grove Trailway Corridor and Pine Tree Valley. Design of this project started in 2024, with construction taking place in the summer and fall of 2025.

GOAL

Work collaboratively with developer at Shoppes at Cottage View.

Year-End Update

The owner of the property reported that he has asked the developer for development numbers to better understand the challenges that prevent them from moving forward. The developer has an option on the property until the end of 2025 however, if he chooses to opt out, the current owner would then entertain other proposals that have been offered. The city is evaluating a hotel proposal on the Ross property to help spur development.

Strategic Direction 2: Continuing Sustainable Growth



GOAL

Issue an RFP for the services of consultant to assist in creating an Economic Development Strategic Plan and Small Area Study.

GOAL

Develop a strategic plan for the Convention and Visitors Bureau.

Year-End Update

Stantec completed a market study and a small area plan for the area of 100th Street and Innovation Road. the focus of the project is to develop a road map for future development opportunities in the area.

The project navigated four phases including, resident and staff engagement, analysis of the existing conditions (utilities, roads, infrastructure, plans, existing buildings etc.), developed vision and goals for the study area, creation of concept plans and actionable recommendations for implementation. The focus of the study has been both short- and long-term reasonable goals for development with flexibility of an ever changing market while continuing to provide clear guidelines to the vision of the Council for development and redevelopment of the area. A final plan has been completed for review and discussion by the Council at the 2025 Strategic Planning Retreat.

Year-End Update

The City Council approved the selection of Chandlerthinks to develop the strategic plan. Chandlerthinks is currently in the process of completing its final phase of outreach, research, and final report.

Strategic Direction 2: Continuing Sustainable Growth



GOAL

Develop Cottage Grove police and fire services 5-year strategic plan and mission to maintain a safe community.

Year-End Update

Developed a police 5-year strategic plan (May Council workshop).

Developed a fire/EMS 5-year strategic plan (July Council workshop).

Developed a staffing plan for police and fire to address growth which identified benchmarks and service levels.

GOAL

Remain a Step 5 GreenStep City by continuing to improve sustainability across a variety of metrics.

Year-End Update

The City received notice in April of 2024 that we achieved both GreenStep 4 and 5 statuses for the second year. These two levels are awarded on an annual basis and require continued efforts in tracking and reporting our improvements in certain required metrics.

Strategic Direction 3: Making Cottage Grove A Recreation Destination



GOAL

Develop park and building plans for Mississippi Dunes Park.

GOAL

Develop education materials for local option sales tax referendum.

GOAL

Develop plans for the Kingston Park Building.

GOAL

Create unique recreational places and spaces that are signature landmarks to Cottage Grove.

GOAL

Leverage key recreational facilities and park buildings to be points of pride for the community.

Year-End Update

Created Mississippi Dunes Park Master Plan. Completed a building concept design for the park. Completed grant application for park development.

Year-End Update

Worked with consultants to plan and execute communication to residents to inform them of the three projects, show the concept plans, and provide the tax impact if the projects pass. Also attended community events to be able to share information with attendees.

Year-End Update

Building and site design plans and specifications are 90% complete.

Year-End Update

Opened Glacial Valley Park to the community and have realized exceptional usage of the facilities.

Year-End Update

We continued to reinvest into our existing parks and take care of what we have by replacing aging recreational facilities such as playgrounds at West Draw, Nina's and Granada Parks and replacing sports lighting at Woodridge Park to improve playability and reduce energy use.

Strategic Direction 4: Remaining Employer Of Choice

GOAL

Continue to develop and implement DEI strategies.

GOAL

Develop training programs for employees at all levels such as the Management and Leadership Development Academy and the Learning to Lead Academy, Book Studies and Guest Speakers.

GOAL

Continue to grow and enhance employee engagement programs. (GOLD, Police and Fire awards programs, Health and Wellness)

GOAL

Start retention interviews, continue new hire interviews, and Lunch and Learn enhancement.

GOAL

Settle all union contracts in 2024.



Year-End Update

The city worked with the Center for Economic Inclusion at the beginning of the year to complete the racial equity dividends index. The city continues applicant diversity tracking.

Year-End Update

Employee Training Plans – all employees met with immediate supervisor to develop a individual training plan. The city hosted the inaugural Managers Summit in February along with a Fall Book Series on Upstream.

Year-End Update

River Oaks hosted the police and fire dinner and awards recognition as well as the milestone anniversary lunch and awards. The city awarded 7 GOLD awards to nominated employees. The Wellness Committee continues to plan monthly activities for staff.

Year-End Update

First round of retention interviews were completed in February. 10% of employees from each department were selected at random for the first round later opening to all employees. A total of 25 retention interviews were completed in 2024. Human Resources continues with 90-day new hire interviews for every new employee, totaling 17 in 2024. Each department participated in hosting one Lunch and Learns. Service award lunches continued in 2024.

Year-End Update

Successfully negotiated two-year labor contracts for 2025 and 2026. For Police Officers, Sergeants, Firefighters, and 49ers.

Additional Successes Community Development



SUCCESS

Approval of the sign code rewrite.

Year-End Update

Final approval for the city's permanent and temporary sign code implemented streamlined standards. Public education was done on the new code requirements.

SUCCESS

Greater trend of home permits issued.

Year-End Update

330 new home permits (single family and town home) issued in 2024 trending greater than 2023 with 290 new homes permits issued.

SUCCESS

CLG Grant through State Historic Preservation Office.

Year-End Update

Secured a \$30,000 CLG Grant through the State Historic Preservation Office for completion of a historic context study for suburban expansion in Cottage Grove between 1945-1990.

SUCCESS

First proactive code enforcement sweep.

Year-End Update

Completed the first proactive code enforcement sweep of the new proactive code enforcement strategic plan.

Additional Successes Economic Development



SUCCESS

Roers, LLC project reviving Tax Increment Finance funding.

Year-End Update

Roers, LLC who are building a 144-unit multi-family affordable and senior living project received \$1.96M in Tax Increment Finance funding.

SUCCESS

EDA approved final HRA Levy.

Year-End Update

EDA approved an HRA Levy to help fund housing and redevelopment activities in the city. First HRA levy ever done in Cottage Grove.

SUCCESS

EDA approves funding to support comprehensive, city-wide broadband program.

Year-End Update

After receiving interest in large-scale fiber installation projects by several different Internet service providers (ISPs) in 2024, staff saw an opportunity to provide affordably priced broadband Internet to residents and businesses across the city while maintaining better control over construction within city rights of way. The city has partnered with a fiber consultant and in early 2025 we expect to issue a request for proposals for ISPs to build out broadband throughout the city over the 2025, 2026, and 2027 construction seasons.

Additional Successes Parks and Recreation



SUCCESS

Large habitat restoration progress.

SUCCESS

New programming.

SUCCESS

No school youth programming options.

SUCCESS

Managed an overall increase in facility rentals and event attendance.

SUCCESS

Large success of Arbor Day program.

Year-End Update

Began habitat restoration process of over 22 acres within the Cottage Grove Trailway Corridor with over \$157,000 in grant funding from the MN DNR Conservation Partners Legacy program. The restorative effort will improve the landscape by converting the greenway to native prairie, woodland and wetland.

Year-End Update

Added Pickleball programming with nearly 400 registrations for club membership, leagues and tournaments. Converted PaddleShare kayak trailer to allow for snowshoe rentals during winter months.

Year-End Update

Added No School youth programming options such as Election Day at Peter Thompson Park.

Year-End Update

Managed over 40% increase in facility/ event permitting revenue in our park system and have created a strategy for development of an online platform for 2025. Ice Arena and River Oaks Golf Course and Event Center posted a net profit. River Oaks generated over 42,000 rounds of golf in 2024.

Year-End Update

Planted nearly 100 trees at Sunnyhill Park, Pine Tree Pond Park and Kingston/Grey Cloud Elementary/CGMS campus as part of Arbor Day program.

Additional Successes Parks and Recreation



SUCCESS

Ice Arena renovations and additions.

Year-End Update

Added party lighting system to Ice Arena's west rink to expand programming options and to enhance event experiences. Added solar panels to the Ice Arena's west rink roof which is expected to generate over 300,000 KWH of clean energy with utility savings of \$25-30K.

SUCCESS

River Oaks Launched a set tournament fee that reduces frustrations and potential for pricing inequities.

Year-End Update

This has improved efficiency and communication and we continue to realize a very high volume of tournaments; particularly in comparing to our peer courses. Overall, generated over 42,000 rounds of golf in 2024.

SUCCESS

Successful upkeep of River Oaks Golf Course and Event Center.

Year-End Update

Replaced nearly a half mile of cart paths and cleared over an acre of wooded areas to improve playing experiences at River Oaks Golf Course. Final closeout of irrigation project and oversight of system operations with zero leaks.

SUCCESS

Solidified River Oaks Golf Course and Event Center staff.

Year-End Update

Hired new Executive Chef and created new menu and have solidified a deeper team of kitchen staff.

SUCCESS

Reclassified our Twin Cities Public Country Club Membership.

Year-End Update

Reclassified our Twin Cities Public Country Club membership to retain our relationship with and access to club members while improving revenue potential by assuring tee times and supplemental revenue sources are strategic for the overall operation.

Additional Successes

Public Safety



SUCCESS

Addition of DWI/Traffic Officer.

Year-End Update

Received a grant from the MN Department of Public Safety to fund one a full-time traffic enforcement officer that focuses on enforcing DWI, speed and seatbelt laws to reduce traffic fatalities. The position began October 1, 2024.

Traffic Stops	450
Arrests	46
DWI Arrests	35
DAR/DAS Citations	18

SUCCESS

Case Management Unit expansion.

Year-End Update

In the fall of 2024, Cottage Grove added a social worker to our case management unit. The social worker is housed at the Cottage Grove police department, yet she is employed by Washington County. The position’s cost is shared between Washington County and Cottage Grove. The position was established to connect people in crisis with the care they need, helping to significantly reduce mental health crisis-related arrests and repeat calls for service. With this model, case management detectives and social workers are paired and join in a collaborative approach to address mental health calls for aid.

Additional Successes Public Safety



SUCCESS

Successful launch of the Safe Haven program.

Year-End Update

Safe Haven is a personalized community risk reduction program to meet people where they are at and where they are at the greatest risk of fire, in their home. The purpose of the visits is to educate the residents on fire prevention and preventing other household hazards. The program offers free smoke and carbon monoxide alarms, and our firefighters even install them! In 2024, sixteen firefighters completed 180 home visits.

The program has been a resounding success with 100 percent of experience surveys returned with participants stating they agree or strongly agree they were satisfied with their visit.

During 180 Home visits, staff provided:

- 210 Smoke Alarms
- 127 CO Alarms
- 266 Stove Top Fire Stops
- 256 Surge protectors

SUCCESS

Community paramedic with Case Management Team.

Year-End Update

In 2024, The Fire Department piloted a Co-Responder model with a Community Paramedic with the Case Management Unit. The pilot was a success in which the Community Paramedic provided a more holistic response with a focus on medical and social needs. The Community Paramedic has had more than 30 visits, and the department looks to expand the number of Community Paramedics on the department with a goal of 1 per 24 hours shift (3 total).

Additional Successes Public Works



SUCCESS

Developed an in-house water meter replacement program.

:

SUCCESS

The addition of new plow routes.

:

SUCCESS

Continued to enhance use of GIS.

:

SUCCESS

Commissioned new equipment.

:

SUCCESS

Team successfully managed work orders.

:

SUCCESS

Developed Pavement Management Plan.

Year-End Update

Developed an in-house water meter replacement program to be completed with City staff, beginning in 2025.

Year-End Update

Implemented the 14th street snowplow route and 4th sidewalk route.

Year-End Update

Continued to enhance our use of the City GIS system, related to Emergency Management, Stormwater Inspection, Plowing, and Forestry.

Year-End Update

Commissioned two new dump trucks after working through a two-year lead time.

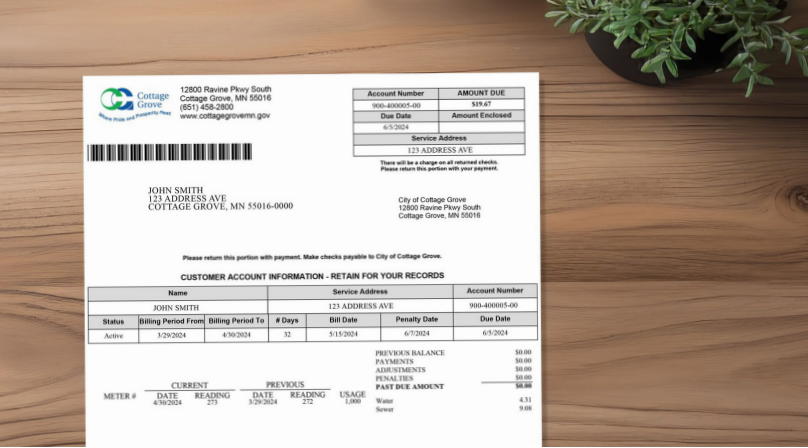
Year-End Update

Completed 1,510 work orders in the fleet division and 333 in the facilities division in 2024.

Year-End Update

Developed 10-year plans for pavement management, mill and overlay, and thin overlay projects.

Additional Successes Finance



SUCCESS

AAA bond rating continues.

SUCCESS

GFOA Certificate of Achievement in Financial Reporting.

SUCCESS

New utility billing system.

SUCCESS

Financial management plan.

Year-End Update

S&P Global reaffirmed our AAA bond rating. With the issuance of the 2024 A Go Bonds.

Year-End Update

Received GFOA Certificate Award for Financial Report for the 33rd consecutive year.

Year-End Update

Began conversion of utility billing system that will be completed in 2025. The new system will provide a more seamless customer service experience. The new system will be more robust and efficient for city staff.

Year-End Update

Since the FMP has been prepared it is easier to understand the projects that need to be bonded each year. This led to the opportunity to issue bonds early in 2024 in order to capture lower interest rates.

Additional Successes Administration



SUCCESS

Strong hiring results.

SUCCESS

Strong seasonal hire numbers.

SUCCESS

Monthly production of Cottage Grove Reports and Employee Newsletter.

Year-End Update

The City had 37 personnel actions for regular, full and part-time employees. Which includes hirings and promotions.

Year-End Update

The city had 147 seasonal hires. This number does not include returning staff.

Year-End Update

The Communications Team produced 12 monthly Cottage Grove Reports public newsletters and 12 monthly employee newsletters.

Strategic Planning Participants

The strategic plan was developed with the hard work and dedication of many individuals. The City Council led the way, taking time out of their schedules to commit to long-term thinking. They defined a direction and a set of outcomes that are important to the community with whom they partner and serve.

The city's senior staff supported the city council and offered an operations perspective as well as challenges to conventional thinking.

City Council

Myron Bailey, Mayor

Justin Olsen, Councilmember

Dave Thiede, Councilmember

Monquie Garza, Councilmember

David Clausen, Councilmember

Staff

Jennifer Levitt, City Administrator

Brenda Malinowski, Finance Director

Pete Koerner, Public Safety Director

Emily Schmitz, Community Development Director

Zac Dockter, Parks and Recreation Director

Ryan Burfeind, Public Works Director

Gretchen Larson, Economic Development Director

Phil Jents, Communications Manager

Joe Fischbach, Human Resources Manager



An Overview of the Housing Needs Analysis (HNA)

Summary

The following information provides a condensed report on the Comprehensive Housing Needs Analysis for Cottage Grove, Minnesota conducted by Maxfield Research and Consulting. The purpose of a Housing Needs Analysis is to supply recommendations on the amount and types of housing that should be developed to meet the current and future needs of the community through 2035.

This document will include a summary of current demographics, housing characteristics, employment trends, affordability, and housing demand within the community. The document will conclude with recommendations on housing goals for the short-term (2025 - 2029) and long-term (2030 - 2035).

The housing market is often referred to broadly as the buying and selling of housing units in a particular community. For the sake of this report, the housing market is categorized into three subsections, as well as their subsections.

Housing Market

For-sale housing

- *Detached single family*
- *Other owned occupancy units*

Rental housing

- *Market rate*
- *Affordable (shallow subsidy)*
- *Subsidized (deep subsidy)*

Senior housing

- *Service enriched*
 - *Independent living w/ services*
 - *Assisted living*
 - *Memory care*
- *Market Rate Active Adult*
 - *Owner-occupied*
 - *Renter-occupied*
 - *Cooperative (rental and ownership housing)*
- *Affordable Active Adult (shallow subsidy)*
- *Subsidized Active Adult (deep subsidy)*

For the housing analysis, the primary market area (PMA) is identified as the cities of Cottage Grove, Woodbury, Newport, St. Paul Park, Hastings, and the Townships of Grey Cloud Island and Denmark. The primary market area is identified throughout the housing needs analysis as

an important localized comparison to the housing market in Cottage Grove as an estimated 70% of the demand for housing will be generated in the PMA alone.

Housing markets are driven by a range of supply and demand factors that vary by geographical location as well as submarkets. To assess the demand in a community, it is important to understand the variables that have an impact on the housing market, including demographics, economy and job growth, consumer preferences, supply of existing housing, financing (i.e. the ability to afford housing costs), and mobility.

Demographics

As of 2024, Cottage Grove is estimated to have a population of 43,148. The City continued to experience growth over the last decade, but at a slightly slower pace than in the 2000s. Cottage Grove is projected to add 5,361 people (13.8%) and 3,295 households (25.1%) by 2030. These growth rates are higher than what is currently projected by the Metropolitan Council, rates of 7.4% and 8.8%, respectively.

Between 2030 and 2040, Cottage Grove's population is forecast to experience an increase of 9.7%, while its households are projected to increase by 14.6% from 16,400 households in 2030 to 18,800 households in 2040.

Demographic Profile

Entry-level householders

- *Often prefer to rent basic, inexpensive apartments*
- *Usually singles or couples in their early 20's without children*
- *Will often "double-up" with roommates in apartment setting*

First-time homebuyers & move-up renters

- *Often prefer to purchase modestly priced single-family homes or rent more upscale apartments*
- *Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children*

Move-up homebuyers

- *Typically prefer to purchase newer, larger, and therefore more expensive single-family homes*
- *Typically, families with children where householders are in their late 30's to 40's*

Empty-nesters and never-nesters

- *Prefer owning but will consider renting their housing*
- *Some will move to alternative lower-maintenance housing products*
- *Generally, couples in their 50's or 60's*

Younger independent seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
- Generally, in their late 60's or 70's

Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Population by Age Cohort

The 35 to 44 age cohort is the largest cohort in Cottage Grove comprising 14.8% as of 2024, a higher proportion in Cottage Grove than the Metro Area (13.7%).

Cottage Grove's population of 18 to 34-year-olds, which consists primarily of renters and first-time homebuyers, increased by 4.2% between 2010 and 2024, see Figure 1. The same age cohort is projected to increase by 18.2% over the next five years; increasing the demand for rental units and entry-level homes.

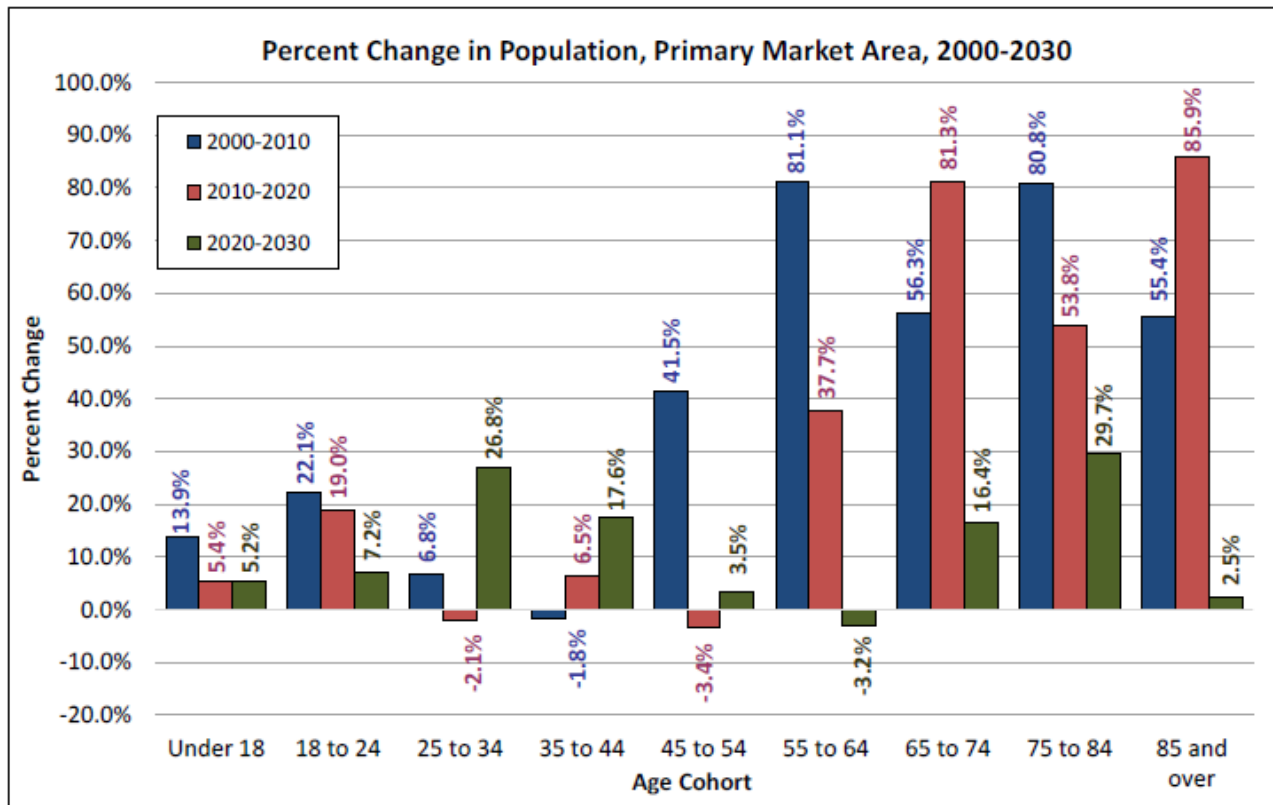


Figure 1 - Percent Change in Population

Between 2010 and 2020, the fastest growing proportion of the population were those aged 65 to 74 years. Over the next 5 years, the fastest population growth will be those aged 75 and older due to the aging Baby Boomer generation, see Figure 2.

Income

Cottage Grove had an estimated median household income of \$114,459 in 2024, an estimated \$3,569 more than the PMA and \$22,027 more than the Twin Cities Metro. It is projected to increase to \$125,707 by 2030 (1.6% annually).

TABLE SN-1 OLDER ADULT (55+) POPULATION & HOUSEHOLD AGE DISTRIBUTION PRIMARY MARKET AREA 2010 to 2029								
	Historic	Current	Estimate	Forecast	Change			
POPULATION								
Age	2010	2020	2024	2029	2010-2020		2020-2029	
55 to 64	14,590	18,979	19,170	18,511	4,389	30.1%	-468	-2.5%
65 to 69	4,014	7,023	7,973	8,888	3,009	75.0%	1,865	26.6%
70 to 74	2,919	5,547	6,230	7,384	2,628	90.0%	1,837	33.1%
75 to 79	2,318	3,610	4,584	5,495	1,292	55.7%	1,885	52.2%
80 to 84	1,597	2,410	2,820	3,813	813	50.9%	1,403	58.2%
85 +	1,366	2,539	2,774	3,291	1,173	85.9%	752	29.6%
Total 55+	26,804	40,108	43,551	47,382	13,304	49.6%	7,274	18.1%
Total 65+	12,214	21,129	24,381	28,871	8,915	73.0%	7,742	36.6%
Total 75+	5,281	8,559	10,178	12,599	3,278	62.1%	4,040	47.2%
Tot. Pop.	129,462	147,520	157,100	166,644	18,058	13.9%	19,124	13.0%
HOUSEHOLDS								
Age	2010	2020	2024	2029	2010-2020		2020-2029	
55 to 64	8,109	10,742	10,871	10,366	2,633	32.5%	-376	-3.5%
65 to 74	6,809	7,419	8,375	9,476	610	9.0%	2,057	27.7%
75+	6,336	5,451	6,478	7,916	-885	-14.0%	2,465	45.2%
Total 55+	21,254	23,612	25,724	27,758	2,358	11.1%	4,146	17.6%
Total 65+	13,145	12,870	14,853	17,392	-275	-2.1%	4,522	35.1%
Total 75+	6,336	5,451	6,478	7,916	-885	-14.0%	2,465	45.2%
Tot. HH	47,101	53,802	57,700	59,500	1,198	2.5%	5,698	10.6%

Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting

Figure 2 - Population & Household Age Distribution (Older Adult)

The median resale price of homes in Cottage Grove was \$392,500 through 2023. The income required to afford a home at this price is estimated to be between \$112,143 to \$130,833; based on the standard of 3.0 to 3.5 times the median income (and assuming households do not have a high level of debt). Less than half (45%) of Cottage Grove households have annual incomes at or above \$126,286.

Tenure (Owner-occupied and Renter-occupied Housing)

In 2020, 86.3% of all households in Cottage Grove owned their housing. By 2024, that percentage increased slightly to 87.3%, while 12.7% of households rent, see Figure 4. This is primarily due to increased construction of for-sale housing in the City. Cottage Grove had a lower percentage of renters than the PMA (22%) and the Metro Area (20%).

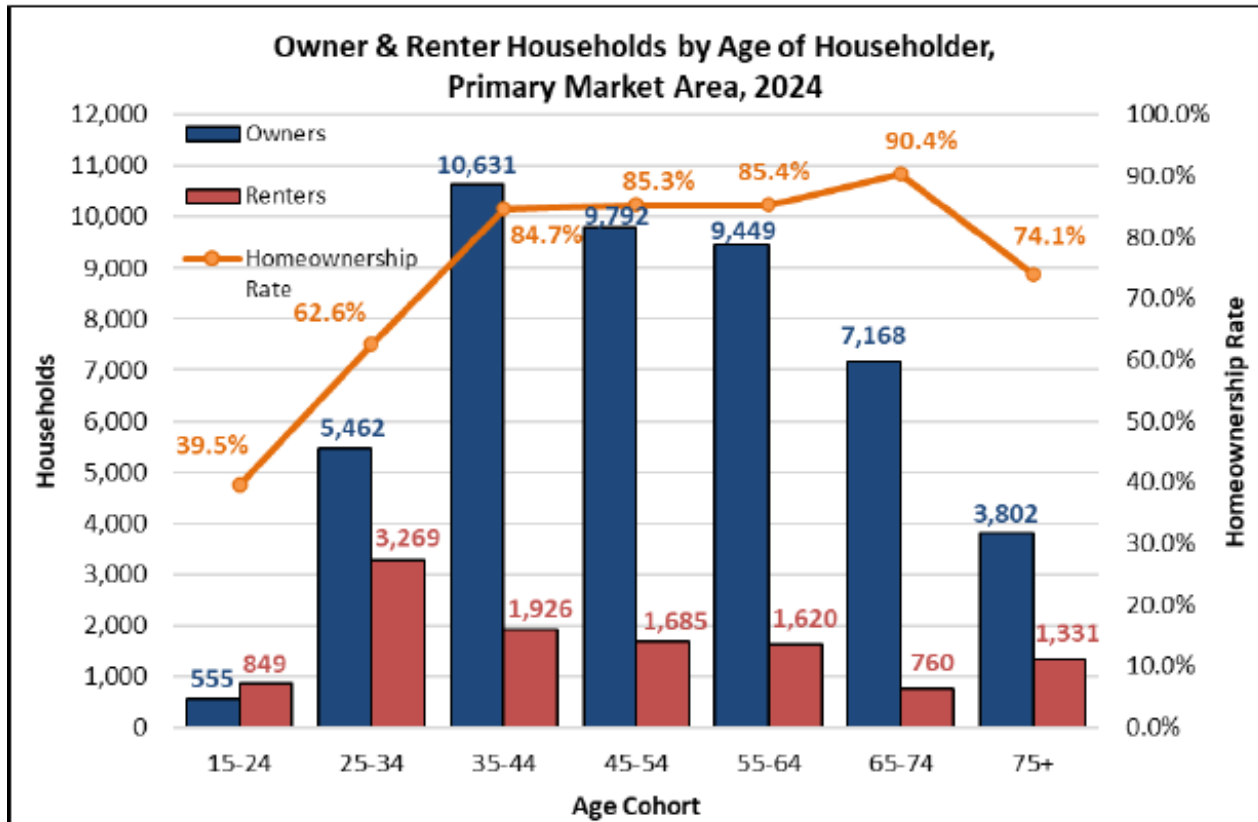


Figure 3 - Households by Age of Householder

According to data released by the National Association of Realtors in February 2022, the average American homeowner has a net worth about 40 times greater than that of a renter which equates to an average net worth of \$300,000 for homeowners and \$8,000 for renters. The median income of renter households (\$74,167) was 39.8% less than the median income of owner households (\$123,333) in Cottage Grove.

In 2024, 78.6% of Cottage Grove's households under age 25 rented their housing, compared to 20.8% of households between the ages of 25 and 34 that own. Cottage Grove households between the ages of 35 and 74 are overwhelmingly homeowners with homeownership rates ranging from 88.9% to 97.3%. Generally, as income increases, so does the rate of homeownership. The very high proportion of households aged 65 and older who still own their home may also reflect a lack of rental active adult options for households.

Household size

Persons Living Alone increased by 384 households (22%) between 2010 and 2024. As of 2024, Persons Living Alone accounted for 15% of all households. Cottage Groves population increased 27% compared to the 32% increase in households between 2000 and 2020. This is a direct result of fewer people residing in each household, caused by recent demographic and social trends; for example, couples delaying marriage, increased senior base, and couples' decision to have fewer or no children at all.

While single-person households increased in the last two decades, the largest household types in Cottage Grove are Married Couple families without children (35%) followed closely by Married Couple families with children (31%).

An estimated 36.6% of renter households in Cottage Grove in 2024 are occupied by one person while an additional 17.9% of renter households have two people, assuming that over 50% of renters either live alone or with one other person.

Race and Ethnicity

Whites comprised of the largest proportion of the population in Cottage Grove (79.4%). Compared to the Metro Area (69.8%), Cottage Grove has a higher percentage of those considered *White* in 2024. The second largest proportion were those who identified as *Two or More Races Alone* (6.5%), followed by *Black, African American* (6.4%). In Cottage Grove, *Two or More Races Alone* experienced the largest proportional growth, increasing by 1,995 individuals from 2010.

TABLE D-10 DEMOGRAPHIC SUMMARY PRIMARY MARKET AREA 2024							
Summary	Cottage Grove		Remainder of PMA		PMA		TWIN CITIES METRO
	Num	Pct.	Num	Pct.	Num	Pct.	Num Pct.
Demographics							
Population	39,940	100.0%	114,180	100.0%	154,120	100.0%	3,281,675 100.0%
Households	14,050	100.0%	44,250	100.0%	58,300	100.0%	1,290,000 100.0%
Age Distribution							
Under 18	10,787	27.0%	28,959	18.8%	39,746	25.8%	723,019 22.0%
18-24	3,322	8.3%	8,931	5.8%	12,254	8.0%	288,559 8.8%
25-34	6,084	15.2%	14,025	9.1%	20,109	13.0%	453,913 13.8%
35-44	6,386	16.0%	17,650	11.5%	24,036	15.6%	457,156 13.9%
45-54	5,609	14.0%	14,814	9.6%	20,423	13.3%	392,311 12.0%
55-64	5,178	13.0%	13,988	9.1%	19,166	12.4%	415,007 12.6%
65-74	3,711	9.3%	9,643	6.3%	13,354	8.7%	311,255 9.5%
75-84	1,596	4.0%	4,373	2.8%	5,970	3.9%	142,659 4.3%
85+	475	1.2%	1,568	1.0%	2,042	1.3%	58,360 1.8%
Household Income							
Average Household Income	\$144,426		\$146,304		\$145,831		\$129,699
Median Household Income	\$114,459		\$109,447		\$110,889		\$92,432
Net Worth							
Average Net Worth	\$1,532,161		\$1,577,033		\$1,565,742		\$1,324,393
Median Net Worth	\$425,439		\$351,707		\$371,983		\$241,045
Household Tenure							
Own	12,268	87.3%	33,184	75.0%	45,452	78.0%	1,032,161 80.0%
Rent	1,782	12.7%	11,066	25.0%	12,848	22.0%	257,839 20.0%
Household Type							
Married with Children	4,360	31.0%	11,835	26.7%	16,189	27.8%	377,487 29.3%
Married without Children	4,925	35.1%	13,308	30.1%	18,236	31.3%	247,221 19.2%
Other	1,948	13.9%	5,202	11.8%	7,147	12.3%	179,342 13.9%
Living Alone	2,128	15.1%	10,945	24.7%	13,075	22.4%	377,339 29.3%
Roommates	690	4.9%	2,960	6.7%	3,653	6.3%	108,611 8.4%
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting							

Figure 4 - Demographic Summary

Employment Trends

Unemployment was at its highest in 2009 during the Great Recession (7.4%) and continued to drop throughout the 2010s. In 2020, unemployment rose to 6.5% and then decreased to 2.2% in 2022. In July 2024, the unemployment rate was 3.8%.

Overall, the City is a net importer of workers, meaning more people commute to Cottage Grove (37,337) than those who are leaving the City for work (23,826).

St. Paul was the highest work destination for Cottage Grove residents, meaning most residents travel to St. Paul for employment. Cottage Grove was the second highest work destination for residents. St. Paul and Cottage Grove were tied as the largest home destination of those who work in the city.

The manufacturing industry accounted for the largest share of employment in Cottage Grove (28.7%). This is followed by the Trade, Transportation, and Utilities sector (25.8%) and the Education and Health Services sector (20.5%).

Cottage Grove accounted for 10.6% of jobs in Washington County in 2020, up from 9.0% in 2010. Between 2010 and 2023, Cottage Grove gained 4,983 jobs; between 2023 to 2030, Cottage Grove is expected to gain an additional 3,347 jobs.

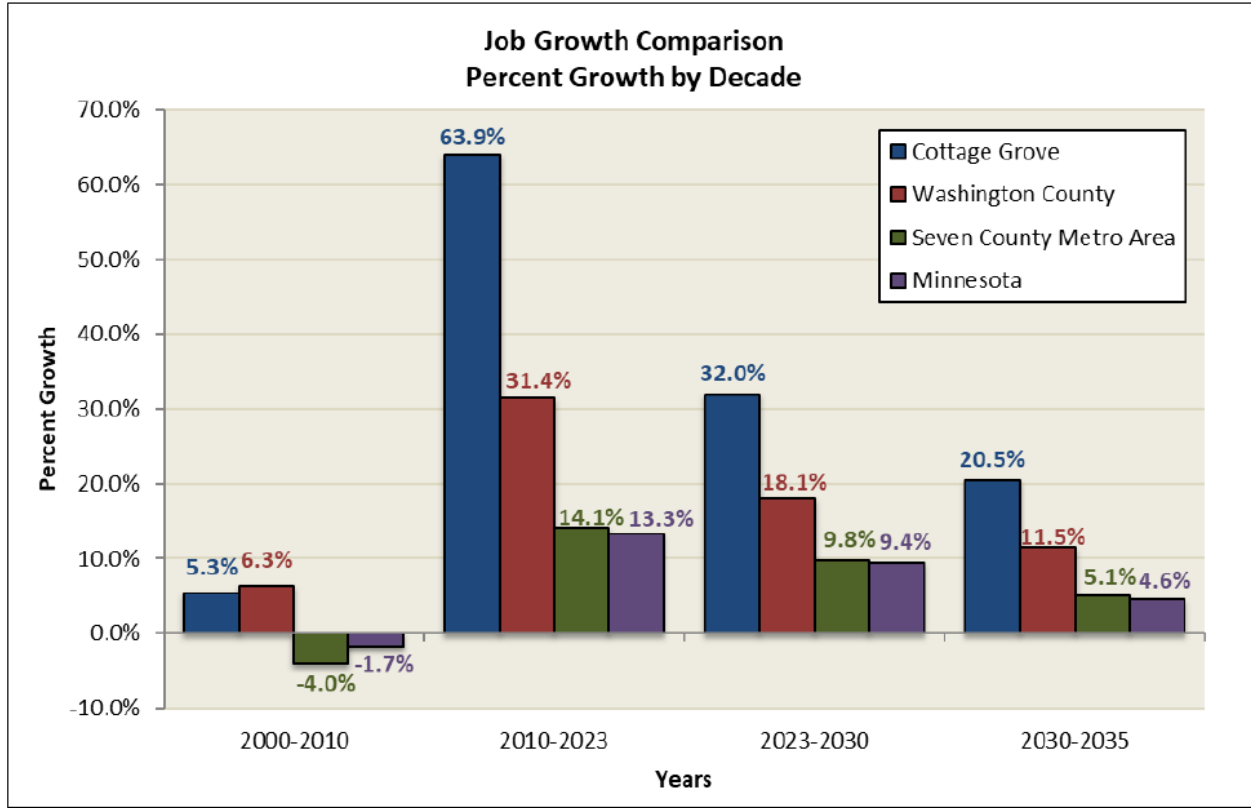


Figure 5 - Job Growth Comparison

Housing Characteristics

Despite the Covid-19 pandemic, the Cottage Grove housing market fared better than expected and outperformed many Metro Area communities. Cottage Grove continued to be a preferred location for new construction owned housing; however, home prices increased more than 20% since early 2020.

In the near term, for-sale and rental housing will combine to increase the housing stock in Cottage Grove. As low-density land supply decreases, it is important to identify areas where

there will be increased density. The lack of available land, along with the high cost of redevelopment, makes the construction of new for-sale and rental housing a challenge especially in a high interest rate environment. In turn, placing pressure on housing affordability as buyers are on the sidelines, and renters are facing rent inflation.

Development activity has been high with an average of 376 units built per year between 2019 and 2023. From 2010 through May 2024, Cottage Grove issued permits for a total of 2,064 new residential units. Of those, 1,598 (77.4%) were issued for single-family and 466 (22.6%) were issued for multi-family.

Cottage Grove’s housing stock is generally newer with the largest proportions of homes built in the 1990s (22.2%) followed by the 1970s (16.3%) and 2000s (15.0%). Since the 2010s, 10.2% of Cottage Grove’s housing stock has been built--indicating that new construction will continue to play a big role in new housing stock in the Market Area.

Single-family detached units are the dominant housing type for owned units in Cottage Grove (91.0%) compared to 80% in the Twin Cities Metro Area. Single family detached units also make up the largest share of renter-occupied units in Cottage Grove (26.0%), followed by rental properties with 20 to 49 units (18.6%), and rental properties with 10 to 19 units (15.0%).

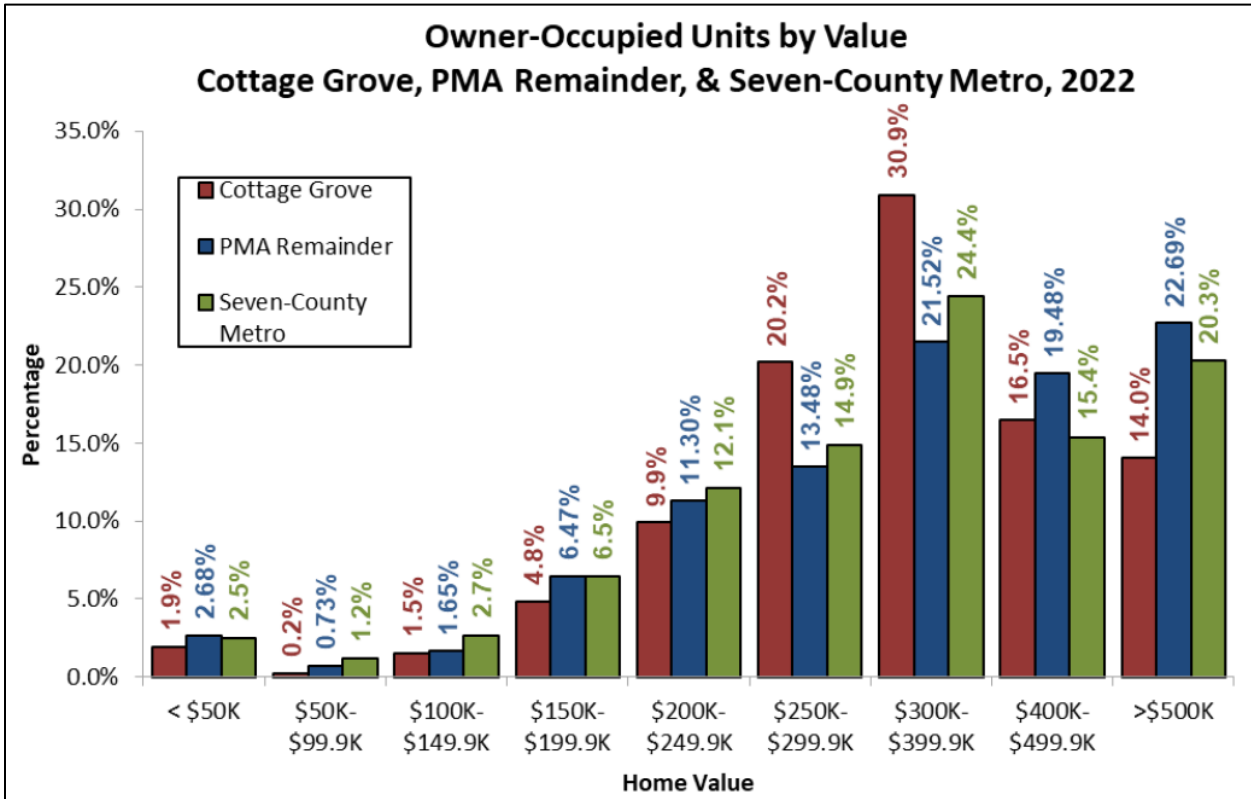


Figure 6 - Owner Occupied Units by Value

In Cottage Grove, 72% of households have a mortgage while 28% own their homes without a mortgage. Comparatively, 30% of housing units in the metro area own without a mortgage.

The median owner-occupied home value in Cottage Grove (\$337,000) was lower than the PMA Remainder (\$373,513) and the Seven-County Metro (\$342,501), see Figure 6.

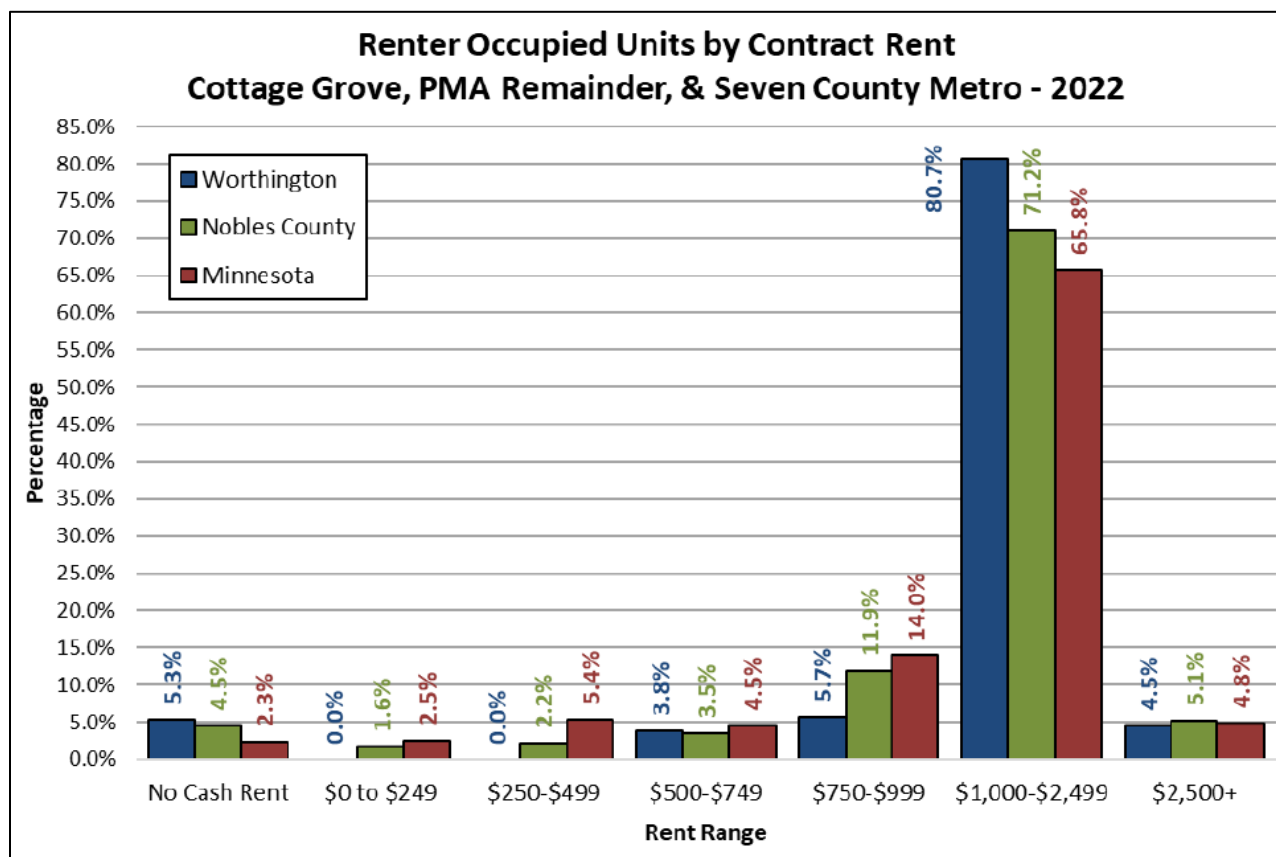


Figure 7 - Renter Occupied Units by Rent

The estimated median contract rent in 2024 in Cottage Grove is \$1,467 in 2022, 7.7% higher than in the PMA Remainder (\$1,362) and 16.6% higher than the Metro Area (\$1,255). In Cottage Grove, over 85% of renters paid \$1,000 or more in monthly rent. Comparatively, 76.3% and 70.7% of renters in the PMA Remainder and the Metro Area paid more than \$1,000 in monthly rent, respectively.

Most residents in Cottage Grove did not move during the past year, 89% remained in their home. In the PMA Remainder (81.9%) of its residents did not move in the last year while 81.8% of Metro Area residents did not move. The age group most likely to move are those aged 25 to 34, with 20.5% or more moving in the last year.

Affordability

Household income is a fundamental measure which dictates what a household can afford to pay for housing. Due to the rapid increase of mortgage rates to combat inflation, the affordability of the housing market has become out of reach as fewer buyers can afford to purchase in 2024 compared to the pre-pandemic housing market.

Housing Cost Burden

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of \$100,000 per year would be able to afford a monthly housing cost of \$2,500. Therefore, a household would be defined as cost-burdened if

they pay more than 30% of their income on housing costs. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as a household paying more than 50% of their income on housing.

In Cottage Grove, 15% of owner households and 42% of renter households are considered cost burdened. In the PMA, by comparison, 16% of owner households and 41% of renter households are considered cost burdened. As previously mentioned, income varies by tenure; homeowners typically earn more than renters. A household with significantly more equity (i.e. those who occupy a home and/or have savings) could afford a higher priced home. Therefore, those who already own are likely better able to afford to buy in the current market.

Owner-occupied households earning less than \$50,000, 68.7% are cost burdened in Cottage Grove similar to that of the PMA (68.2%). While in the Seven-County Metro, 56.7% of owner households who earn less than \$50,000 are cost-burdened.

In Cottage Grove, 100% of renter households earning less than \$35,000 are cost-burdened. Throughout the PMA, 90.9% of renter households earning less than \$35,000 are cost-burdened. In the Seven County Metro, 86.9% of renter households earning less than \$35,000 are cost burdened.

An estimated 87% of all households and 73% of owner households could afford to purchase an entry-level home in Cottage Grove estimated at \$250,000. When adjusting for move-up buyers, the percentage of those who could afford an entry level home decreases to 63% of all households and 60% of owner households would income qualify.

Of existing renter households, 76% can afford to rent an older one-bedroom unit in Cottage Grove (\$1,200/month). The percentage of renter income-qualified households decreases to 59% that can afford an existing three-bedroom unit (\$1,600/month). After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases. An estimated 72% of renters can afford a new market rate one-bedroom unit, while 39% can afford a new three-bedroom unit.

Generally, higher income households that are cost-burdened may have the option of moving to lower-priced housing, but lower-income households often do not.

Naturally Occurring Affordable Housing (NOAH)

The supply of NOAH housing is available through the private market rather than assisted or subsidized housing programs. Property values on these housing units are lower based on a combination of factors such as: age of structure/housing stock, location, condition, size, functionality, and school district.

There does not currently exist many vacant naturally affordable, or unsubsidized affordable, housing on the market. Some households may qualify for both market rate and project based affordable housing, although the gap is widening between market rate and affordable properties as costs in the private market continue to rise. Therefore, it is important to recognize the naturally occurring affordable housing stock in the community to quantify the proportion of affordable units for low or moderate-income households.

Washington County Housing Voucher Program

Area Median Income (AMI)

AMI is the midpoint in the income distribution within a specific geographical area (Washington County). By definition, 50% of households earn less than the median income and 50% earn more. AMI is calculated by HUD based on household size (1 – 8 people). The median is therefore a benchmark to determine AMI and whether households are eligible for assistance. For example, someone who has extremely low

income earns less than 30% the median income for Washington County, determined by the household size.

Area Median Income(s)

Extremely low income - 0% - 30%
 Very low income – 31% - 50%
 Low income – 51% - 80%
 Moderate income – 80 - 100%

Housing choice vouchers are a tenant-based subsidy program funded by the Department of Housing and Urban Development (HUD) which provides qualified households with vouchers that can be used in a rental unit within the private market that has rents in line with fair market rents. The household pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size.

Washington County is authorized to issue up to 259 vouchers (HCV, VASH, Family Unification, and Mainstream). Currently, there are 247 people on the waiting list. Those on the wait list can wait up to three years or more for a voucher.

Housing Market Demand and Analysis

For-sale Housing

Between 2010 and 2023, there was an average of 646 home sales in Cottage Grove per year. Sales averaged higher from 2020 to 2023 (768), and lower between 2010 to 2019 (597). The number of closed sales from 2010 to 2023 in Cottage Grove represented a quarter of all sales in the PMA.

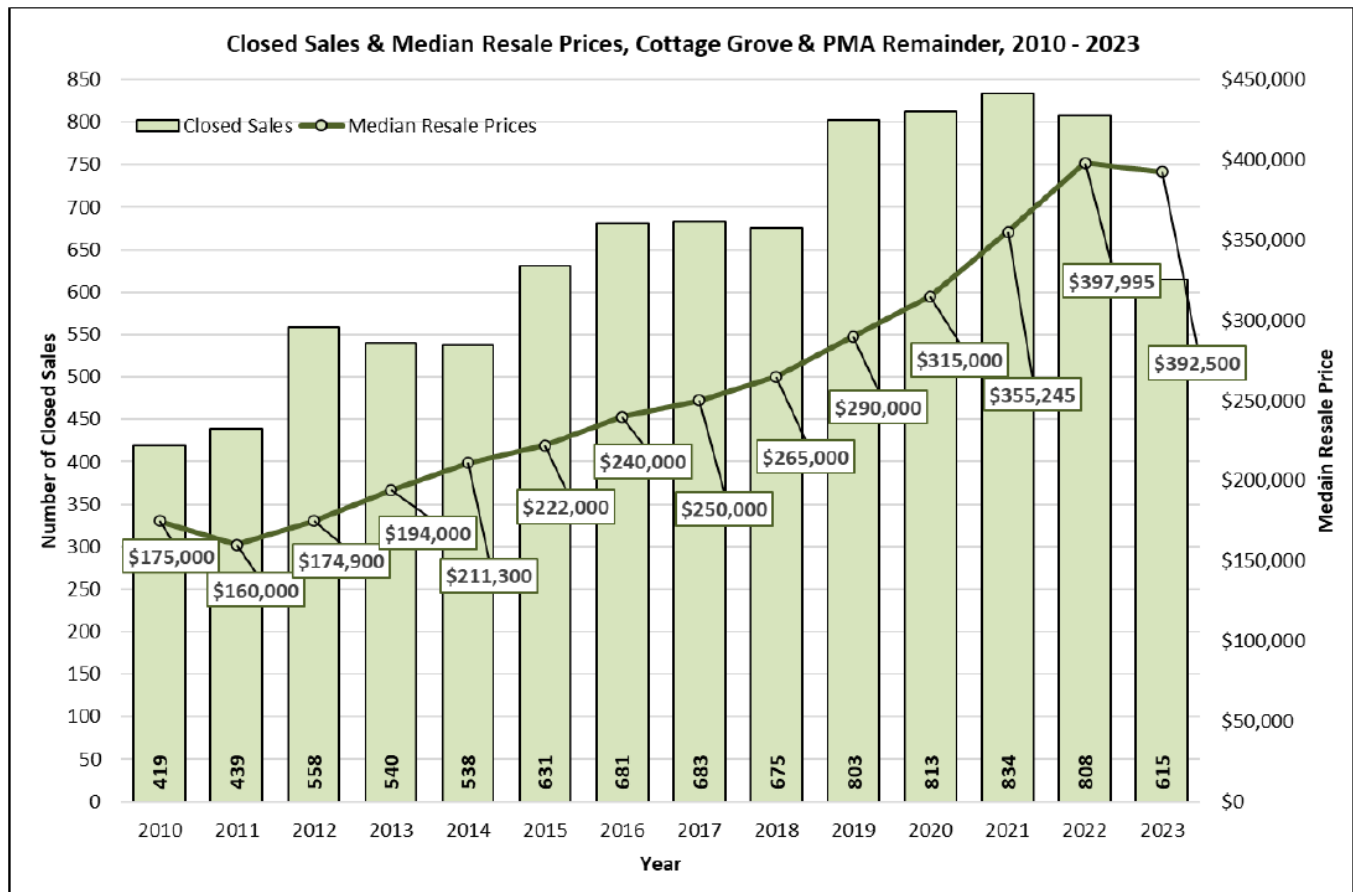


Figure 8 - Closed Sales & Median Resale Prices

From 2010 to 2023, the median resale price was at its lowest in 2011 (\$160,000). Between 2011 and 2022, Cottage Grove experienced a median resale price increase every year equating for an over 94% increase (9% annually). Between 2021 and 2023, the median resale price increased 10.5% in Cottage Grove.

Based on the median list price of \$442,000 for Cottage Grove, the income required to afford a home at this price would be between \$126,286 and \$147,333; based on the standard of 3.0 to 3.5 times the median income. An estimated 43% of households in Cottage Grove have annual incomes at or above \$131,274, meaning less than half of households could afford the median list price without being cost-burdened.

Most for-sale housing listed for sale in Cottage Grove is priced between \$300,000 and \$399,999 (35.5%). Followed by \$400,000 and \$499,999 (23%) and \$500,000 (17%). Of the 141 listings in the City, 68% were single family and 32% were multifamily. Townhomes (39%) and two-story listings (37%) were the two most common housing types in Cottage Grove, accounting for 76% of all listings. The only for-sale multi-family product in Cottage Grove are townhomes.

Most of the existing housing stock, primarily built in the 2000s and 2010s, are at a price range targeted for move-up or executive buyers. Entry level homes, those priced under \$350,000, are primarily satisfied by the existing single-family homes. However, as most households who occupy entry level

homes are not relocating due to higher mortgage rates. This has severely impacted the availability of the existing homes on the market for entry level buyers.

New construction move-up homes are generally priced at \$430,000 or higher, while existing move-up homes are \$385,000 or higher. Despite the high land and infrastructure costs, there is continued demand for new single-family homes at a variety of price points, but more specifically for new homes priced under \$400,000.

TABLE FS-4 ACTIVE LISTINGS BY HOUSING TYPE COTTAGE GROVE AUGUST 2024						
Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
One Story	11	8.0%	\$479,409	2,212	\$217	1980
One and One Half Story	1	0.7%	\$380,000	2,193	\$173	1945
Two-Story	55	39.9%	\$545,519	2,831	\$193	2015
More than Two Stories	0	0.0%	--	--	--	--
Two-Level Split	10	7.2%	\$391,450	2,077	\$188	1983
Modified Two Story	6	4.3%	\$508,500	2,148	\$237	1997
Three-Level Split	10	7.2%	\$452,258	1,943	\$233	2003
Three or More	0	0.0%	--	--	--	--
Four or More Level Split	3	2.2%	\$572,963	3,103	\$185	1999
Total	96	69.6%	\$512,311	2,586	\$198	2004
Multifamily						
Townhouse	45	32.6%	\$378,606	1,864	\$203	2017
Twin Home	0	0.0%	--	--	--	--
Condominiums	0	0.0%	--	--	--	--
Total	45	32.6%	\$378,808	1,864	\$203	2017
Cottage Grove Totals	138	100.0%	\$459,458	2,300	\$200	2009
Sources: RMLS & Maxfield Research and Consulting.						

Considering

Figure 9 - Active Listings by Housing Type

Cottage Grove will

be able to capture 30% of the housing demand in the PMA, Maxfield Research found a demand for an additional 1,317 single-family and 593 owned multi-family units by 2030. By 2035, demand in Cottage Grove is estimated at 1,139 single-family and 631 multi-family units.

Rental Housing

Historically householders rented because they could not afford to buy or did not have the credit to qualify for a mortgage. Today, that is no longer the case, and many households are renting by choice. For example, high-income renters represent the fastest growing segment of the rental housing market; having grown 48% over the past decade. Demand is being led by would-be buyers who have been kept on the sideline due to high for-sale housing prices. Most new market rate rental construction in the PMA targets the lifestyle renter.

Due to the new product and higher rental structures at new market rate buildings in Cottage Grove, the minimum income needed to afford new rental units is much higher than older existing rentals. New rental housing development targets lifestyle renters or those with higher incomes. Many of these renters may be cost-burdened, but they choose so for the location or amenities.

Overall, the average monthly rent was \$1,474, a 5% increase from the previous year. In the first quarter of 2024, rent in the PMA was 1.1% lower than the overall Metro Area (\$1,490).

Market Rate Rental

Three-bedroom units account for the highest proportion of market rate units in Cottage Grove (38%), dissimilar to other communities. One-bedroom and two-bedroom units account for 26% and 28% of units in Cottage Grove, respectively. Comparatively one-bedroom and two-bedroom units account for roughly 30% and 47% in the PMA, respectively.

Excluding the properties in the initial lease up, market rate properties had a stabilized vacancy rate of 4%, below the market equilibrium of 5%.

Market Equilibrium

Market equilibrium is reached when the inventory of homes reaches a six (6) month supply. Therefore, a market with less than 6 months of supply indicates a housing shortage and is a sellers' market, while an inventory of greater than 6 months of supply indicates an excess of housing and a buyers' market.

certain time. The vacancy rate is important to understand in its relation to reaching market equilibrium. A healthy housing market requires a certain number of vacancies to align housing shortages or surpluses. For example, a low or very low vacancy rate would imply a potential shortage in the housing market. Therefore, vacancy rates are a critical component of understanding gaps in the housing market. Different subsections of the housing market have different vacancies and market equilibriums.

Vacancy Rate

The vacancy rate in a particular segment of the housing market indicates the percentage of housing units that are vacant or unoccupied at a

In the PMA, market rate units account for just over 89.0% of all units, while affordable and subsidized units account for 10% and 0.7% of all units, respectively.

Among the 673 market rate units in Cottage Grove that were inventoried by unit mix and monthly rents, none were affordable to households with income at or less than 30% AMI. An estimated 16% of units are affordable to households with incomes at 50% AMI while 46% are affordable to households with incomes at 80% AMI.

Affordable and Subsidized Rental

Two-bedroom units constitute the largest share of units (51.0%), followed by three-bedroom units (24.0%), one-bedroom units (23.0%), and four-bedroom units (2.0%).

TABLE R-3 RENT SUMMARY GENERAL OCCUPANCY RENTAL DEVELOPMENTS COTTAGE GROVE PRIMARY MARKET AREA SEPTEMBER 2024						
Market Rate						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	160	2.5%	532	\$794 - \$1,686	\$1,243	\$2.33
1BR	1,902	30.3%	731	\$946 - \$2,075	\$1,425	\$1.96
1BR+D	186	3.0%	922	\$1,424 - \$1,995	\$1,720	\$1.86
2BR	2,969	47.3%	1,076	\$1,025 - \$2,807	\$1,768	\$1.65
2BR+D	90	1.4%	1,250	\$1,614 - \$2,255	\$1,933	\$1.55
3BR	869	13.8%	1,415	\$1,054 - \$3,285	\$2,301	\$1.62
4BR	91	1.4%	2,186	\$2,888 - \$3,645	\$3,514	\$1.61
5BR	15	0.2%	2,865	\$4,375 - \$4,375	\$4,375	\$1.53
Total:	6,282	100%	1,043	\$794 - \$4,375	\$1,821	\$1.80
Affordable						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	7	1.0%	715	\$424 - \$755	\$590	\$0.86
1BR	164	22.9%	726	\$757 - \$1,213	\$940	\$1.33
2BR	360	50.2%	1,039	\$824 - \$1,559	\$1,114	\$1.11
3BR	174	24.3%	1,288	\$477 - \$1,944	\$1,355	\$1.07
4BR	12	1.7%	1,706	\$2,194 - \$2,194	\$2,194	\$1.31
Total:	717	100%	1,025	\$424 - \$2,194	\$1,176	\$1.18
Subsidized						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
2BR	16	32.0%	882	N/A - N/A	N/A	N/A
3BR	30	60.0%	1,313	N/A - N/A	N/A	N/A
4BR	4	8.0%	1,625	N/A - N/A	N/A	N/A
Total:	50	100%	1,200	N/A - N/A	N/A	N/A
N/A: Not Applicable						
Note: Only includes properties with complete information.						
Source: Maxfield Research & Consulting						

Figure 10 - General Occupancy Rental Developments

number of units available at the various AMI thresholds, Cottage Grove needs additional rental units across the income spectrum.

Maxfield Research estimates that Cottage Grove can capture 35% of the demand for rental units in the PMA, resulting in demand supportable of 177 subsidized units, 183 affordable units,

There are currently 16 affordable rental properties and one subsidized property in the PMA. The single, subsidized property was built in 1980 and has 50 units and the waitlist is closed.

Affordable and subsidized units each had a vacancy rate of 0%. As a result, all affordable and subsidized units have pent up demand.

Of market rate units affordable at 60% of AMI, 51.1% are two-bedroom units, 43.4% are one-bedroom units, 4.4% are studio units, and 1.1% are three-bedroom units.

At 50% of AMI, 36.9% of market rate units are two-bedroom units, 55.1% are one-bedroom units, 6.3% are studio units and 1.7% are three-bedroom units.

Many of the existing rental properties in the City, excluding single-family and townhome rentals, are newer construction and therefore have higher income thresholds needed to afford. Comparatively, older rental units have more affordable rents and a higher proportion of households with moderate incomes can afford these units.

Generally, with the limited

and 565 market rental units until 2030. By 2034, there is additional demand for 285 subsidized units, 285 affordable units, and 855 market rate units.

Senior Housing

High levels of homeownership persist for those aged 65 and older. Typically, seniors consider moving into maintenance free housing in their early to mid 70s, however, the City has not experienced a significant drop in homeownership of those aged 65 to 74 years and 75 and older. For example, over 90% of those aged 65 to 75 years still own their house. Cottage Grove seniors homeownership rates are higher than both Washington County and the Twin Cities Metro Area. High homeownership rates among seniors indicates a lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Due to this, the City is likely to see a demand for alternative maintenance-free living options in addition to in-home health care services and home remodeling to assist seniors retrofitting their existing homes.

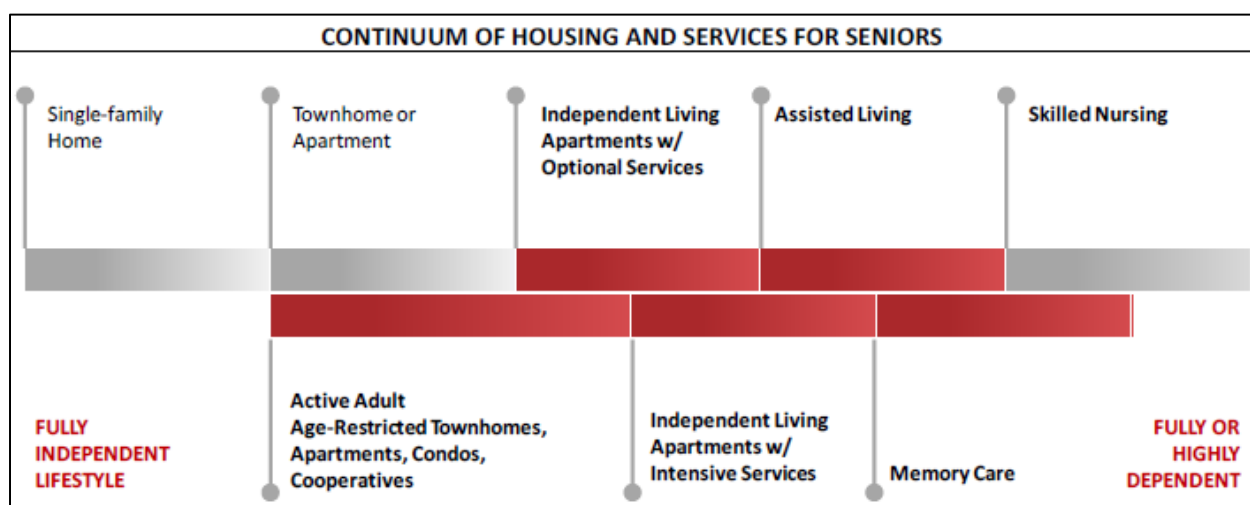


Figure 11- Continuum of Housing Services

The oldest householders are likely to have lower incomes than the younger aged cohorts. In the PMA, 4.7% of those aged 65 to 74 and 8.6% of those aged 75 and older had incomes of less than \$15,000. Many of these low-income senior households rely solely on social security benefits, while younger seniors have higher incomes due to the fact they are still working or are married couples with two incomes and/or higher social security benefits. Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sale of their homes to support monthly fees for alternative housing. Due to the sellers housing market since the pandemic, seniors who sell their homes today will receive top dollar and can relocate funds to maintenance-free housing products.

Maxfield research identified 2,126 senior units in the PMA. Of those units 66% were at a market rate, and 34% were either affordable or subsidized. 90 of the 2,126 senior units were vacant, indicating a vacancy rate of 4%.

Breaking down by unit type, there was a 0% vacancy rate for market rate units and a 2% vacancy rate for affordable active adult properties. Indicating that the market rate senior units are significantly undersupplied and affordable active adult units are somewhat undersupplied.

Cottage Grove has two age-restricted senior properties with income restricted units: Legends of Cottage Grove and Cottages of Cottage Grove, both of which have very low vacancy rates. Of the six independent living properties with services available in Cottage Grove, there was a 2% vacancy rate. The nine assisted living properties provided a vacancy rate of 10%, and memory care units had a vacancy rate of 5%.

Maxfield Research has identified that Cottage Grove is estimated to capture 25% of the active adult housing demand in the PMA resulting in 188 owned and 251 rental units in 2024 and an additional 201 owned and 267 rental units in 2030. The demand for independent housing results in 144 units in 2024 and an additional 158 units in 2030. The demand for assisted living results in 40 units in 2024 and 78 units in 2030. The demand for an additional 35 memory care units in 2024, increasing to 72 units by 2030.

Lastly, Cottage Grove could support subsidized and affordable active adult housing results in 102 deep-subsidy and 105 shallow-subsidy units in 2024, and 116 deep-subsidy and 131 shallow-subsidy units for 2030.

PMA MARKET RATE SENIOR HOUSING UNITS BY SERVICE LEVEL COTTAGE GROVE PRIMARY MARKET AREA August 2024					
Unit Type	No of Units	Avg SF	Price Range	Avg Rent	Rent/ SF
Adult Rental					
2BR	2	960	\$1,354 - \$1,354	\$1,354	\$1.41
3BR	2	1,000	\$1,577 - \$1,577	\$1,577	\$1.58
Total/Avg	4	980	\$1,354 - \$1,577	\$1,466	\$1.50
Adult Ownership					
1BR+Den	3	1,059	\$1,485 - \$3,110	\$2,243	\$2.12
2BR	59	1,301	\$2,265 - \$3,705	\$3,283	\$2.52
2BR+Den	11	1,303	\$2,690 - \$4,570	\$3,680	\$2.82
Total/Avg	73	1,024	\$1,485 - \$4,570	\$3,007	\$2.94
Independent Living					
1BR	188	750	\$1,485 - \$3,110	\$2,243	\$2.99
1BR+Den	118	1,069	\$2,265 - \$3,705	\$3,283	\$3.07
2BR	165	1,303	\$2,690 - \$4,570	\$3,680	\$2.82
Total/Avg	471	1,024	\$1,485 - \$4,570	\$3,007	\$2.94
Assisted Living					
Studio	117	448	\$2,525 - \$4,150	\$3,123	\$6.97
1BR	261	633	\$2,800 - \$5,195	\$3,818	\$6.03
1BR+Den	40	842	\$4,310 - \$5,075	\$4,779	\$5.68
2BR	44	990	\$3,250 - \$5,510	\$5,032	\$5.08
Total/Avg	462	637	\$2,525 - \$5,510	\$3,836	\$6.02
Memory Care					
Studio	234	355	\$3,590 - \$9,900	\$5,759	\$16.22
1BR	105	445	\$4,250 - \$10,210	\$3,553	\$7.98
2BR	6	725	\$5,905 - \$10,450	\$8,575	\$11.83
Total/Avg	345	389	\$3,590 - \$10,450	\$5,136	\$13.20
Source: Maxfield Research and Consulting					

Figure 12 - Market Rate Senior Housing Units by Service Level

Recommendations

The following section identifies recommendations from Maxfield Research and Consulting, please follow Figure 13 included at the end of this section to find the recommended range for number of units needed by housing market.

For-sale Housing

Single-Family Housing

Most of the existing housing stock, primarily built in the 2000s and 2010s, are at a price range targeted for move-up or executive buyers. Entry level homes, those priced under \$350,000, are primarily satisfied by the existing single-family homes. However, as most households who occupy entry level homes are not relocating due to higher mortgage rates. This has severely impacted the availability of the existing homes on the market for entry level buyers.

New construction move-up homes are generally priced at \$430,000 or higher, while existing move-up homes are \$385,000 or higher. Despite the high land and infrastructure costs, there is continued demand for new single-family homes at a variety of price points, but more specifically for new homes priced under \$400,000. Given this, Cottage Grove should focus on new single-family construction affordable to entry-level buyers.

For-Sale Multifamily – The missing middle, debunked

Generally, the increased variety of lifestyles has fueled demand for alternative housing products to the single-family home. A growing number of households are considering owned multi-family products like townhomes, twinhomes, and detached villas. The two primary target markets for these types of products: (1) empty nesters and retirees seeking to downsize into maintenance free housing from their single-family home and (2) singles or couples without children who are looking for a more cost-effective way to enter the housing market as this type of housing is generally more affordable than purchasing a single-family home.

Given the aging population and the growth rate of those aged 65 or older, Cottage Grove would benefit from continuing growth in this section of the housing market as demand remains strong for all lower-maintenance products. Additionally, most of this type of product should be one-level or at least have an owner's suite on the main level to be accessible for older adults.

Maxfield Research recommends a broad range of pricing for these types of homes, starting around \$350,000 and topping off around \$550,000. The pricing will fluctuate based on whether the product is slab-on-grade or has a basement, custom finishes and other cosmetic upgrades. This product should be association-maintained to support maintenance free living.

Rental Housing

Maxfield research identified an overall vacancy rate of 2.7% among market rate rental units and 0% and 0.3% among affordable and subsidized rental units, respectively; well below market equilibrium for rental housing (5%), this indicates pent up demand across all rental types.

Market-Rate Rental

Given the elevated construction in the short term in addition to the recently approved market rate units in Cottage Grove, vacancy rates are expected to increase somewhat as supply is delivered. Demand is expected to remain strong through 2030 as would-be buyers have been forced to remain in the rental market for longer periods. With the new units coming into the market in the short term, Maxfield Consulting recommends holding off on placing more units into the market until 2026 or later.

Market-Rate Rental Townhomes

In addition to the traditional, multi-family product there is demand for rental supply of townhome units for families, particularly for those new to Cottage Grove who want to rent until they find a home to purchase. Projects which include the development of traditional townhomes are already occurring in Woodbury.

Affordable and Subsidized Rental Housing

This product almost always will require some type of additional private or public assistance to make units financially feasible. There is moderate demand for subsidized and affordable rental housing. New housing units could range from townhomes to apartment style units.

Senior Housing

Demand exists for all types of senior housing products in Cottage Grove to 2030. New age-restricted senior units in the short term to 2030, while additional service enriched senior housing is recommended to provide housing options for aging residents in later stages of life in the longer term, through 2040.

The development of additional active adult and service-enriched senior housing serves a two-fold purpose (1) older adults and senior residents can relocate to new age-restricted housing and (2) existing homes and rental units previously occupied by seniors become available to other new households. Therefore, the development of additional senior housing does not mean the housing needs of younger households are neglected, it simply means that a greater portion of housing needs are satisfied by housing unit turnover.

Active Adult Senior Cooperative

There is only one senior cooperative in the PMA located in Woodbury (73 units) and no units are available. Construction of a cooperative in Cottage Grove would satisfy most active adult ownership to 2030. Maxfield research recommends a cooperative development with a mix of one-bedroom plus den, two and three bedroom units with share costs starting around \$200,000.

Cooperative Development

The cooperative model, in particular, appeals to a large base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits

without substantial upfront investment as would be true in a condominium development or life care option. This type of development has been found to be very well accepted in rural communities across the Midwest.

Active Adult Rental

There is only one active adult rental community in Cottage Grove, the Cottages of Cottage Grove. Maxfield research estimates that many seniors who would consider an active adult rental product are presently residing in single family homes or in general occupancy rental properties. Development of this product could be in separate stand-alone facilities or in a mixed-income facility with base rents from \$1,600 to \$2,500.

While there is significant demand for this product type, since it is not need-driven and development costs are expected to be high in the short term, this product may be best if developed after inflation subsidies and mortgage interests decrease.

Affordable and Subsidized Rental

Demand for both affordable and subsidized rental units exist in Cottage Grove. Affordable units can be incorporated into a mixed income building which will likely increase the affordable units' feasibility. Financing subsidized senior housing is difficult as federal funds have been shrinking, so it is likely that a subsidized product would require numerous funding sources.

Independent Living

There are six existing independent living properties in the PMA with 471 units. Maxfield Research identified a demand for more units, as senior age and need more services. In the short term, there are very few vacancies in this individual product type. New units could be produced as early as 2025 to meet existing demand.

Assisted Living and Memory Care Units

The COVID-19 pandemic severely impacted service based senior housing and assisted living housing units, many are still recovering from 2020. Considering vacancies are still quite high across the Twin Cities, Maxfield Consulting recommends waiting on new serviced based housing until 2026 or later.

RECOMMENDED HOUSING DEVELOPMENT COTTAGE GROVE 2024 TO 2030				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owned Homes				
Single Family ²				
	Entry-level	\$300,000 - \$350,000	300 - 400	2025+
	Move-up	\$450,000 - \$699,999	400 - 500	2025+
	Executive	\$700,000+	100 - 150	2025+
	Total		800 - 1,050	
Townhomes/Twinhomes/Villas ²				
	Attached Townhomes-Entry-level	\$250,000 - \$325,000	200 - 200	2025+
	Attached Townhomes-Move-Up	\$400,000 - \$500,000	100 - 200	2025+
	Twinhomes / Detached Townhomes/Villas	\$500,000+	100 - 200	2025+
	Total		400 - 600	
Total MF Style For-Sale			400 - 600	
Total Owned			1,200 - 1,650	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$1,050/Eff - \$2,300/3BR	300 - 350	2025+
	Apartment-style (luxury)	\$1,500/1BR - \$2,600/3BR	300 - 400	2026+
	Rental Townhomes	\$2,500/2BR - \$2,800/3BR	60 - 80	2025+
	Total		660 - 830	
Affordable Rental Housing				
	Apartment-style	Moderate Income ³	120 - 130	2025+
	Townhomes	Moderate Income ³	50 - 60	2025+
	Subsidized	30% of Income ⁴	50 - 65	2025+
	Total		220 - 255	
Total Renter-Occupied			880 - 1,085	
Senior Housing (i.e. Age Restricted)				
	Active Adult Ownership / Co-op ⁴	\$200,000+	80 - 120	2025+
	Active Adult Market Rate Rental ⁵	\$1,600/1BR - \$2,300/2BR	80 - 100	2025+
	Active Adult Affordable Rental ⁵	Moderate Income ³	125 - 150	2027+
	Independent Living	\$2,400+ per month	100 - 125	2025+
	Assisted Living	\$3,000/EFF - \$5,000/2BR	40 - 45	2027+
	Memory Care	\$5,000/EFF - \$6,000/2BR	30 - 35	2027+
	Subsidized Senior	30% of Income ⁴	70 - 90	2025+
	Total		525 - 665	
Total - All Units			2,605 - 3,400	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability.				
³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Metro Area (Twin Cities) Income limits.				
⁴ Subsized housing will be difficult to develop financially				
⁵ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community				
Note - Recommended development does not coincide with total demand. Cottage Grove may not be able to accommodate all recommended housing types based on land availability and development constraints.				
Source: Maxfield Research and Consulting				

Figure 13 - Overall Recommendations by Housing Market

Opportunities

For-Sale Multi-Family Housing (Townhomes, Twinhomes, Villas)

This segment of the housing market will be fundamental to support aging residents, many of whom desire to stay in their current community as well as young families looking to enter the market, if housing is available to meet their needs. Attached housing products also support builders, in that, they alleviate some of the higher building costs through increased density. However, it will be difficult to achieve the level of development needed given land acquisition costs and available parcels.

City Council Focus: Evaluate tools which encourage for-sale multi-family products to fill the gap identified in our diversity of housing. What are tools that local municipalities have?

- Consider adjusting our zoning district standards to support a specific housing product by 2026.
- Evaluate a streamline approval process (fast track application/plat review) for projects that meet all zoning requirements.
- Identify funding sources needed to provide subsidies for the development of this product.

Single-Family and Multi-Family (Townhome) Rental Housing

Single-family rental communities have been one of the hottest real estate products to come out of the pandemic over the last few years. Demand is strong for single-family rentals by providing renter lifestyle choice and the ability to reside in a detached unit without having to obtain the funds for a down payment on a mortgage; especially as mortgage rates rise. The Covid-19 pandemic increased the demand for single-family rental housing as renters desire more square-footage, green space, and privacy than traditional multi-family units. While the Twin Cities has been behind the rest of the country, there are several single-family rental developments including two in Woodbury. Maxfield Consulting recommends considering a single-family or townhome rental community in Cottage Grove.

City Council Focus: Seek single-family rental developers and feasible products for the community. Determine parcels of land which will best support this type of housing. Discuss if there are additional conditions that should be considered during the approval process for this type of development. Identify what other communities (i.e. Woodbury) have done to attract and support this type of development.

Senior Housing – A Deep Dive

Demand exists for all types of senior housing products in Cottage Grove to 2030. Over this decade, there is demand for 1,023 new, age-restricted, active adult senior housing units by 2030; However, additional service enriched senior housing is imperative to provide housing opportunities to aging residents in their later stages of life.

Cooperative Housing

As noted, development of a cooperative senior housing development could satisfy active adult housing demand to 2030 due to its ability to provide a mix of rental and owned housing options. The cooperative model allows prospective residents an ownership

option and homestead tax benefits without a substantial upfront investment as would be the case for a condominium and life-care development. Maxfield Research has found that the cooperative model is very well accepted in communities across the Midwest, particularly in rural communities.

City Council Focus: *Engage in preliminary conversations with cooperative senior housing developers in the Twin Cities area which provide a mix of rental and ownership products. Discuss what the process for a cooperative housing development looks like in comparison to a standard, senior housing development. Identify parcels of land which would support a cooperative housing development.*

Mixed Income Active Adult Rental (Market-Rate, Affordable, and Subsidized Units)

There is currently considerable demand for market-rate, affordable, and subsidized active adult rental units in Cottage Grove to 2030. While market-rate active adult products are easier to develop, affordable and subsidized products typically require additional private or public assistance to make units financially feasible, making it challenging for these products to be placed on the market. Incorporating these products into a mixed income building would increase the affordable and subsidized units' feasibility. Most current programs are funded through the low-income housing tax credit (LIHTC) program or through special bond funding.

City Council Focus: *Identify funding sources which would support an active adult rental building with a mix of incomes (deep and shallow subsidy). Identify parcels which meet market demand for senior housing products.*

Service Enriched Housing (Independent, Assisted, and Memory Care)

While demand for service enriched housing is not as strong as it is for active adult owned and rental units and as housing vacancies across the Twin Cities are still elevated for this segment of the market; it is important to discuss these housing options as the aging baby-boomer cohort requires additional support in their later years.

City Council Focus: *Begin early conversations with service enriched housing developers with the goal of developing in the later half of the decade.*

Research Conducted by
Maxfield Research and Consulting,

Prepared by
Riley Rooney, Associate Planner



An Overview of the Housing Needs Analysis (HNA)

Summary

The following information provides a condensed report on the Comprehensive Housing Needs Analysis for Cottage Grove, Minnesota conducted by Maxfield Research and Consulting. The purpose of a Housing Needs Analysis is to supply recommendations on the amount and types of housing that should be developed to meet the current and future needs of the community through 2035.

This document will include a summary of current demographics, housing characteristics, employment trends, affordability, and housing demand within the community. The document will conclude with recommendations on housing goals for the short-term (2025 - 2029) and long-term (2030 - 2035).

The housing market is often referred to broadly as the buying and selling of housing units in a particular community. For the sake of this report, the housing market is categorized into three subsections, as well as their subsections.

Housing Market

For-sale housing

- *Detached single family*
- *Other owned occupancy units*

Rental housing

- *Market rate*
- *Affordable (shallow subsidy)*
- *Subsidized (deep subsidy)*

Senior housing

- *Service enriched*
 - *Independent living w/ services*
 - *Assisted living*
 - *Memory care*
- *Market Rate Active Adult*
 - *Owner-occupied*
 - *Renter-occupied*
 - *Cooperative (rental and ownership housing)*
- *Affordable Active Adult (shallow subsidy)*
- *Subsidized Active Adult (deep subsidy)*

For the housing analysis, the primary market area (PMA) is identified as the cities of Cottage Grove, Woodbury, Newport, St. Paul Park, Hastings, and the Townships of Grey Cloud Island and Denmark. The primary market area is identified throughout the housing needs analysis as

an important localized comparison to the housing market in Cottage Grove as an estimated 70% of the demand for housing will be generated in the PMA alone.

Housing markets are driven by a range of supply and demand factors that vary by geographical location as well as submarkets. To assess the demand in a community, it is important to understand the variables that have an impact on the housing market, including demographics, economy and job growth, consumer preferences, supply of existing housing, financing (i.e. the ability to afford housing costs), and mobility.

Demographics

As of 2024, Cottage Grove is estimated to have a population of 43,148. The City continued to experience growth over the last decade, but at a slightly slower pace than in the 2000s. Cottage Grove is projected to add 5,361 people (13.8%) and 3,295 households (25.1%) by 2030. These growth rates are higher than what is currently projected by the Metropolitan Council, rates of 7.4% and 8.8%, respectively.

Between 2030 and 2040, Cottage Grove's population is forecast to experience an increase of 9.7%, while its households are projected to increase by 14.6% from 16,400 households in 2030 to 18,800 households in 2040.

Demographic Profile

Entry-level householders

- *Often prefer to rent basic, inexpensive apartments*
- *Usually singles or couples in their early 20's without children*
- *Will often "double-up" with roommates in apartment setting*

First-time homebuyers & move-up renters

- *Often prefer to purchase modestly priced single-family homes or rent more upscale apartments*
- *Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children*

Move-up homebuyers

- *Typically prefer to purchase newer, larger, and therefore more expensive single-family homes*
- *Typically, families with children where householders are in their late 30's to 40's*

Empty-nesters and never-nesters

- *Prefer owning but will consider renting their housing*
- *Some will move to alternative lower-maintenance housing products*
- *Generally, couples in their 50's or 60's*

Younger independent seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
- Generally, in their late 60's or 70's

Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Population by Age Cohort

The 35 to 44 age cohort is the largest cohort in Cottage Grove comprising 14.8% as of 2024, a higher proportion in Cottage Grove than the Metro Area (13.7%).

Cottage Grove's population of 18 to 34-year-olds, which consists primarily of renters and first-time homebuyers, increased by 4.2% between 2010 and 2024, see Figure 1. The same age cohort is projected to increase by 18.2% over the next five years; increasing the demand for rental units and entry-level homes.

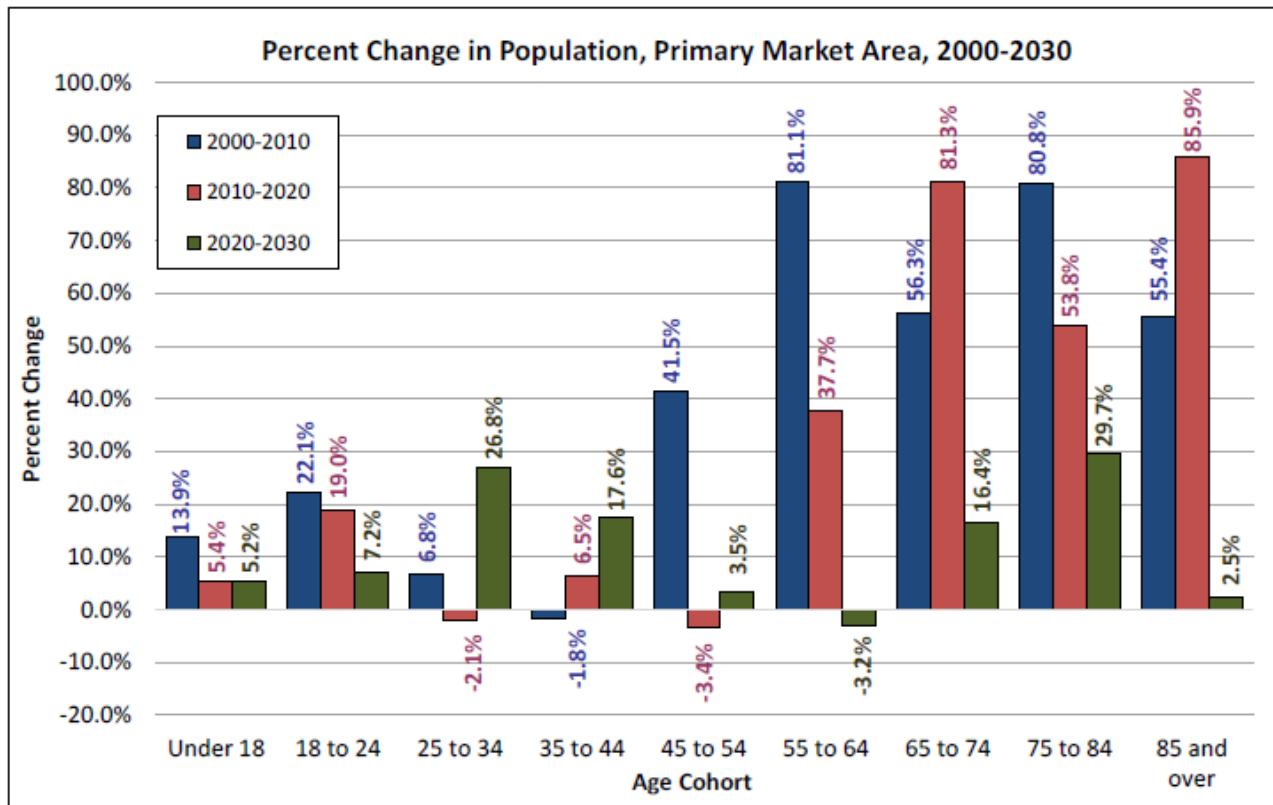


Figure 1 - Percent Change in Population

Between 2010 and 2020, the fastest growing proportion of the population were those aged 65 to 74 years. Over the next 5 years, the fastest population growth will be those aged 75 and older due to the aging Baby Boomer generation, see Figure 2.

Income

Cottage Grove had an estimated median household income of \$114,459 in 2024, an estimated \$3,569 more than the PMA and \$22,027 more than the Twin Cities Metro. It is projected to increase to \$125,707 by 2030 (1.6% annually).

TABLE SN-1 OLDER ADULT (55+) POPULATION & HOUSEHOLD AGE DISTRIBUTION PRIMARY MARKET AREA 2010 to 2029									
	Historic	Current	Estimate	Forecast	Change				
POPULATION									
Age	2010	2020	2024	2029	2010-2020		2020-2029		
55 to 64	14,590	18,979	19,170	18,511	4,389	30.1%	-468	-2.5%	
65 to 69	4,014	7,023	7,973	8,888	3,009	75.0%	1,865	26.6%	
70 to 74	2,919	5,547	6,230	7,384	2,628	90.0%	1,837	33.1%	
75 to 79	2,318	3,610	4,584	5,495	1,292	55.7%	1,885	52.2%	
80 to 84	1,597	2,410	2,820	3,813	813	50.9%	1,403	58.2%	
85 +	1,366	2,539	2,774	3,291	1,173	85.9%	752	29.6%	
Total 55+	26,804	40,108	43,551	47,382	13,304	49.6%	7,274	18.1%	
Total 65+	12,214	21,129	24,381	28,871	8,915	73.0%	7,742	36.6%	
Total 75+	5,281	8,559	10,178	12,599	3,278	62.1%	4,040	47.2%	
Tot. Pop.	129,462	147,520	157,100	166,644	18,058	13.9%	19,124	13.0%	
HOUSEHOLDS									
Age	2010	2020	2024	2029	2010-2020		2020-2029		
55 to 64	8,109	10,742	10,871	10,366	2,633	32.5%	-376	-3.5%	
65 to 74	6,809	7,419	8,375	9,476	610	9.0%	2,057	27.7%	
75+	6,336	5,451	6,478	7,916	-885	-14.0%	2,465	45.2%	
Total 55+	21,254	23,612	25,724	27,758	2,358	11.1%	4,146	17.6%	
Total 65+	13,145	12,870	14,853	17,392	-275	-2.1%	4,522	35.1%	
Total 75+	6,336	5,451	6,478	7,916	-885	-14.0%	2,465	45.2%	
Tot. HH	47,101	53,802	57,700	59,500	1,198	2.5%	5,698	10.6%	
Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting									

Figure 2 - Population & Household Age Distribution (Older Adult)

The median resale price of homes in Cottage Grove was \$392,500 through 2023. The income required to afford a home at this price is estimated to be between \$112,143 to \$130,833; based on the standard of 3.0 to 3.5 times the median income (and assuming households do not have a high level of debt). Less than half (45%) of Cottage Grove households have annual incomes at or above \$126,286.

Tenure (Owner-occupied and Renter-occupied Housing)

In 2020, 86.3% of all households in Cottage Grove owned their housing. By 2024, that percentage increased slightly to 87.3%, while 12.7% of households rent, see Figure 4. This is primarily due to increased construction of for-sale housing in the City. Cottage Grove had a lower percentage of renters than the PMA (22%) and the Metro Area (20%).

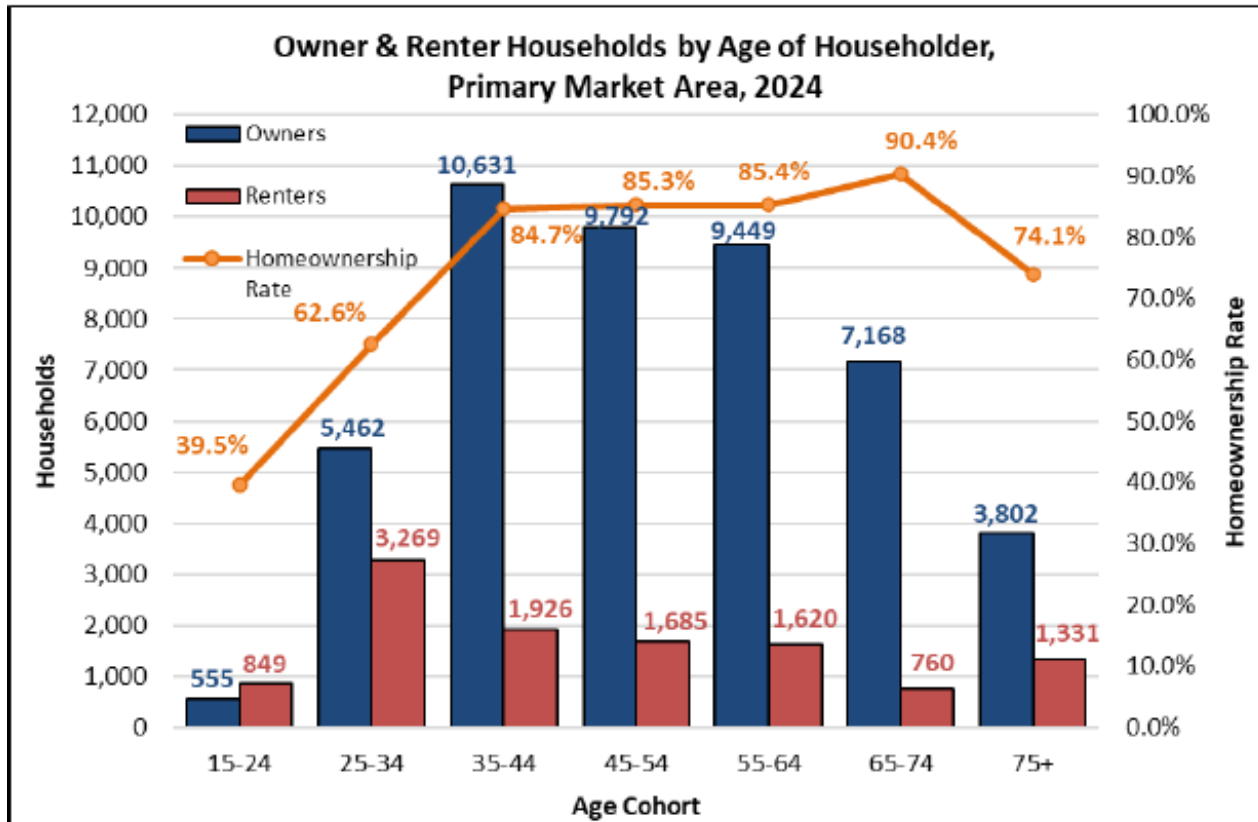


Figure 3 - Households by Age of Householder

According to data released by the National Association of Realtors in February 2022, the average American homeowner has a net worth about 40 times greater than that of a renter which equates to an average net worth of \$300,000 for homeowners and \$8,000 for renters. The median income of renter households (\$74,167) was 39.8% less than the median income of owner households (\$123,333) in Cottage Grove.

In 2024, 78.6% of Cottage Grove's households under age 25 rented their housing, compared to 20.8% of households between the ages of 25 and 34 that own. Cottage Grove households between the ages of 35 and 74 are overwhelmingly homeowners with homeownership rates ranging from 88.9% to 97.3%. Generally, as income increases, so does the rate of homeownership. The very high proportion of households aged 65 and older who still own their home may also reflect a lack of rental active adult options for households.

Household size

Persons Living Alone increased by 384 households (22%) between 2010 and 2024. As of 2024, Persons Living Alone accounted for 15% of all households. Cottage Groves population increased 27% compared to the 32% increase in households between 2000 and 2020. This is a direct result of fewer people residing in each household, caused by recent demographic and social trends; for example, couples delaying marriage, increased senior base, and couples' decision to have fewer or no children at all.

While single-person households increased in the last two decades, the largest household types in Cottage Grove are Married Couple families without children (35%) followed closely by Married Couple families with children (31%).

An estimated 36.6% of renter households in Cottage Grove in 2024 are occupied by one person while an additional 17.9% of renter households have two people, assuming that over 50% of renters either live alone or with one other person.

Race and Ethnicity

Whites comprised of the largest proportion of the population in Cottage Grove (79.4%). Compared to the Metro Area (69.8%), Cottage Grove has a higher percentage of those considered *White* in 2024. The second largest proportion were those who identified as *Two or More Races Alone* (6.5%), followed by *Black, African American* (6.4%). In Cottage Grove, *Two or More Races Alone* experienced the largest proportional growth, increasing by 1,995 individuals from 2010.

TABLE D-10 DEMOGRAPHIC SUMMARY PRIMARY MARKET AREA 2024							
Summary	Cottage Grove		Remainder of PMA		PMA		TWIN CITIES METRO
	Num	Pct.	Num	Pct.	Num	Pct.	Num Pct.
Demographics							
Population	39,940	100.0%	114,180	100.0%	154,120	100.0%	3,281,675 100.0%
Households	14,050	100.0%	44,250	100.0%	58,300	100.0%	1,290,000 100.0%
Age Distribution							
Under 18	10,787	27.0%	28,959	18.8%	39,746	25.8%	723,019 22.0%
18-24	3,322	8.3%	8,931	5.8%	12,254	8.0%	288,559 8.8%
25-34	6,084	15.2%	14,025	9.1%	20,109	13.0%	453,913 13.8%
35-44	6,386	16.0%	17,650	11.5%	24,036	15.6%	457,156 13.9%
45-54	5,609	14.0%	14,814	9.6%	20,423	13.3%	392,311 12.0%
55-64	5,178	13.0%	13,988	9.1%	19,166	12.4%	415,007 12.6%
65-74	3,711	9.3%	9,643	6.3%	13,354	8.7%	311,255 9.5%
75-84	1,596	4.0%	4,373	2.8%	5,970	3.9%	142,659 4.3%
85+	475	1.2%	1,568	1.0%	2,042	1.3%	58,360 1.8%
Household Income							
Average Household Income	\$144,426		\$146,304		\$145,831		\$129,699
Median Household Income	\$114,459		\$109,447		\$110,889		\$92,432
Net Worth							
Average Net Worth	\$1,532,161		\$1,577,033		\$1,565,742		\$1,324,393
Median Net Worth	\$425,439		\$351,707		\$371,983		\$241,045
Household Tenure							
Own	12,268	87.3%	33,184	75.0%	45,452	78.0%	1,032,161 80.0%
Rent	1,782	12.7%	11,066	25.0%	12,848	22.0%	257,839 20.0%
Household Type							
Married with Children	4,360	31.0%	11,835	26.7%	16,189	27.8%	377,487 29.3%
Married without Children	4,925	35.1%	13,308	30.1%	18,236	31.3%	247,221 19.2%
Other	1,948	13.9%	5,202	11.8%	7,147	12.3%	179,342 13.9%
Living Alone	2,128	15.1%	10,945	24.7%	13,075	22.4%	377,339 29.3%
Roommates	690	4.9%	2,960	6.7%	3,653	6.3%	108,611 8.4%
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting							

Figure 4 - Demographic Summary

Employment Trends

Unemployment was at its highest in 2009 during the Great Recession (7.4%) and continued to drop throughout the 2010s. In 2020, unemployment rose to 6.5% and then decreased to 2.2% in 2022. In July 2024, the unemployment rate was 3.8%.

Overall, the City is a net importer of workers, meaning more people commute to Cottage Grove (37,337) than those who are leaving the City for work (23,826).

St. Paul was the highest work destination for Cottage Grove residents, meaning most residents travel to St. Paul for employment. Cottage Grove was the second highest work destination for residents. St. Paul and Cottage Grove were tied as the largest home destination of those who work in the city.

The manufacturing industry accounted for the largest share of employment in Cottage Grove (28.7%). This is followed by the Trade, Transportation, and Utilities sector (25.8%) and the Education and Health Services sector (20.5%).

Cottage Grove accounted for 10.6% of jobs in Washington County in 2020, up from 9.0% in 2010. Between 2010 and 2023, Cottage Grove gained 4,983 jobs; between 2023 to 2030, Cottage Grove is expected to gain an additional 3,347 jobs.

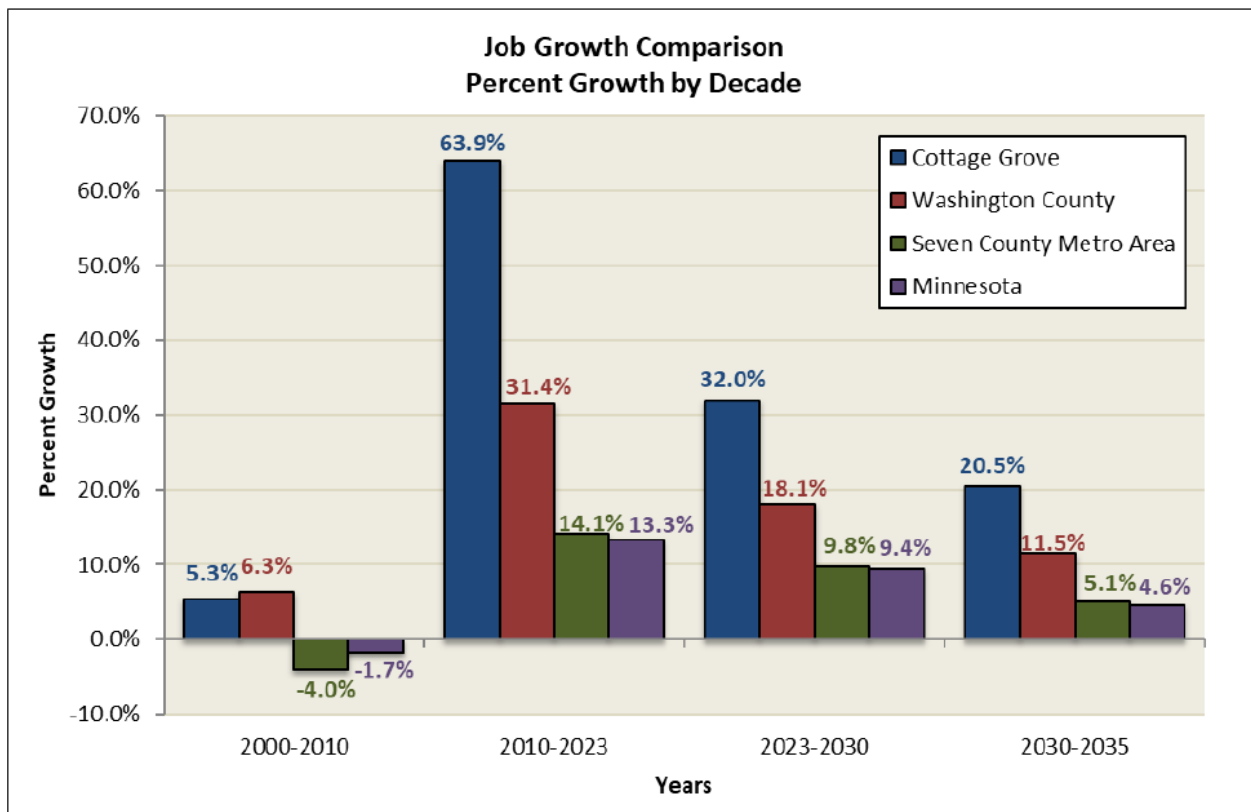


Figure 5 - Job Growth Comparison

Housing Characteristics

Despite the Covid-19 pandemic, the Cottage Grove housing market fared better than expected and outperformed many Metro Area communities. Cottage Grove continued to be a preferred location for new construction owned housing; however, home prices increased more than 20% since early 2020.

In the near term, for-sale and rental housing will combine to increase the housing stock in Cottage Grove. As low-density land supply decreases, it is important to identify areas where

there will be increased density. The lack of available land, along with the high cost of redevelopment, makes the construction of new for-sale and rental housing a challenge especially in a high interest rate environment. In turn, placing pressure on housing affordability as buyers are on the sidelines, and renters are facing rent inflation.

Development activity has been high with an average of 376 units built per year between 2019 and 2023. From 2010 through May 2024, Cottage Grove issued permits for a total of 2,064 new residential units. Of those, 1,598 (77.4%) were issued for single-family and 466 (22.6%) were issued for multi-family.

Cottage Grove's housing stock is generally newer with the largest proportions of homes built in the 1990s (22.2%) followed by the 1970s (16.3%) and 2000s (15.0%). Since the 2010s, 10.2% of Cottage Grove's housing stock has been built--indicating that new construction will continue to play a big role in new housing stock in the Market Area.

Single-family detached units are the dominant housing type for owned units in Cottage Grove (91.0%) compared to 80% in the Twin Cities Metro Area. Single family detached units also make up the largest share of renter-occupied units in Cottage Grove (26.0%), followed by rental properties with 20 to 49 units (18.6%), and rental properties with 10 to 19 units (15.0%).

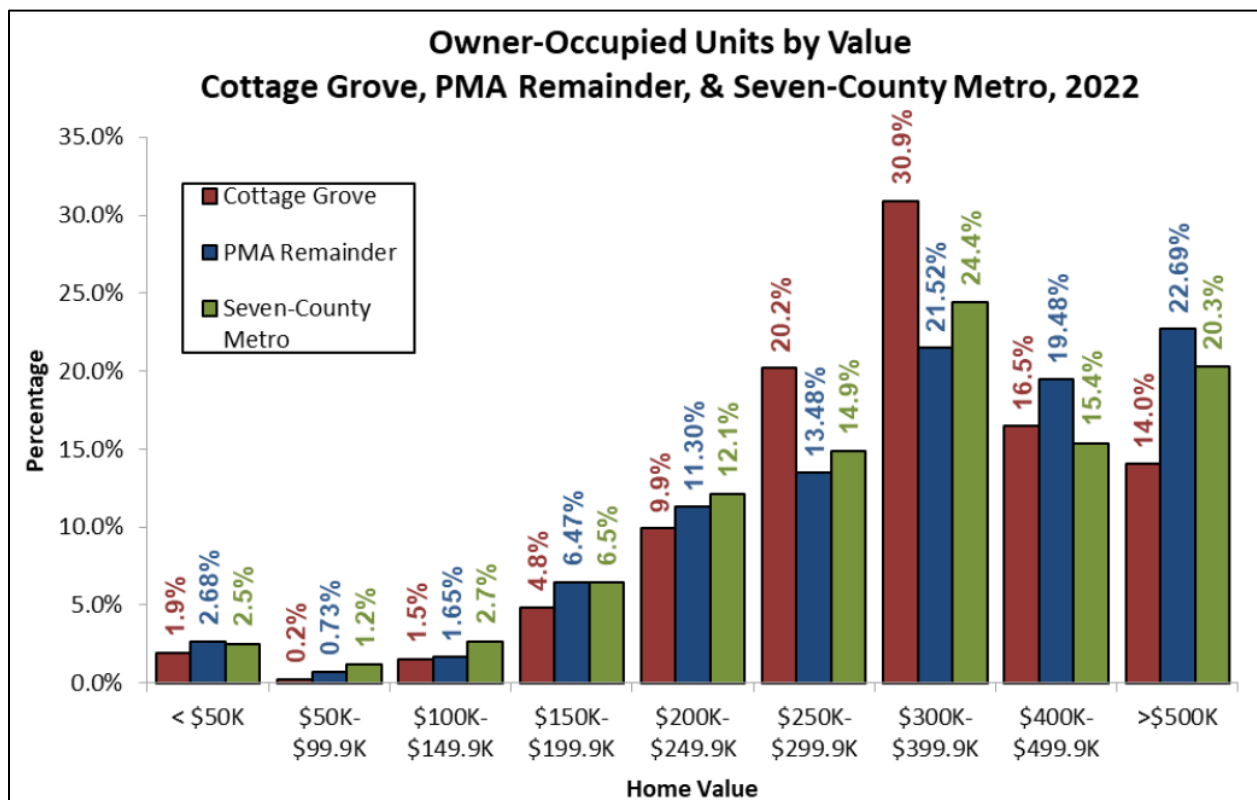


Figure 6 - Owner Occupied Units by Value

In Cottage Grove, 72% of households have a mortgage while 28% own their homes without a mortgage. Comparatively, 30% of housing units in the metro area own without a mortgage.

The median owner-occupied home value in Cottage Grove (\$337,000) was lower than the PMA Remainder (\$373,513) and the Seven-County Metro (\$342,501), see Figure 6.

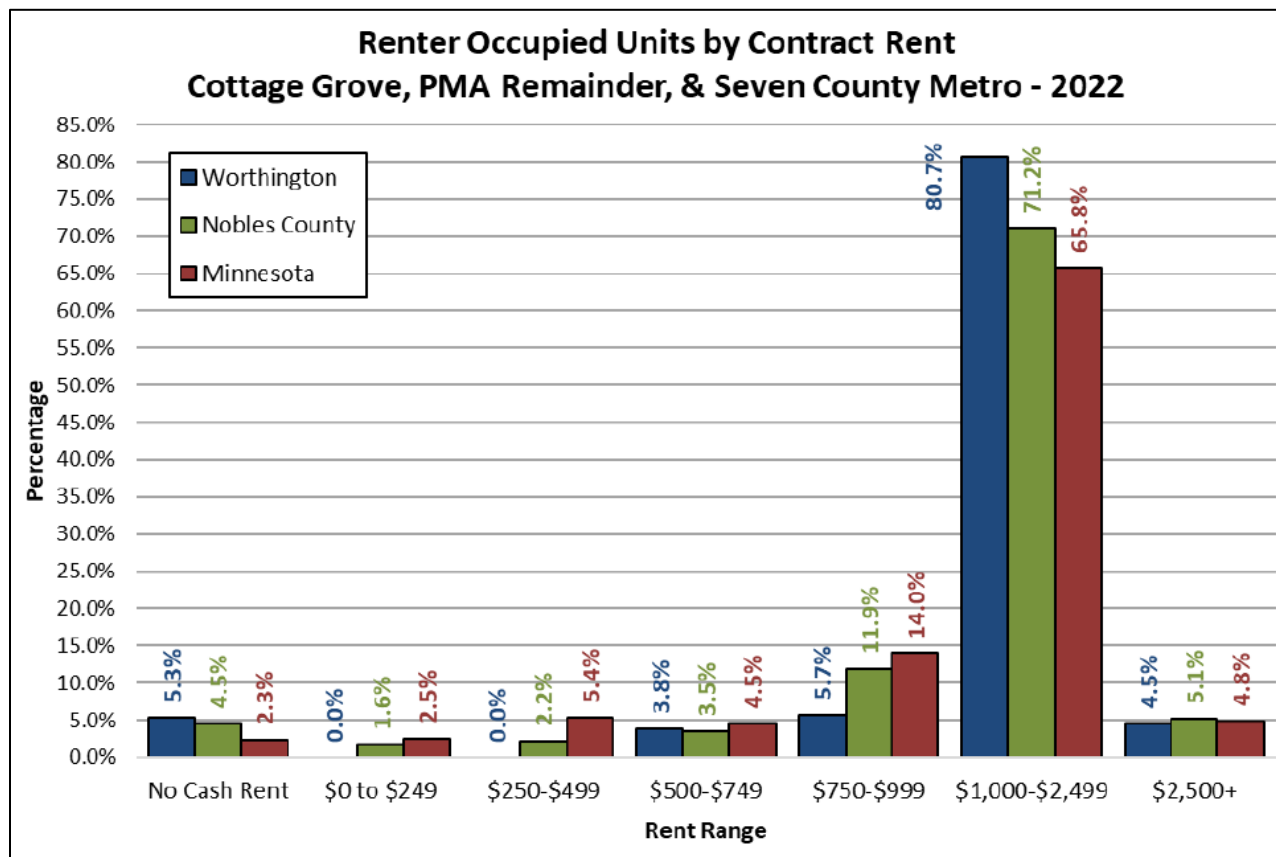


Figure 7 - Renter Occupied Units by Rent

The estimated median contract rent in 2024 in Cottage Grove is \$1,467 in 2022, 7.7% higher than in the PMA Remainder (\$1,362) and 16.6% higher than the Metro Area (\$1,255). In Cottage Grove, over 85% of renters paid \$1,000 or more in monthly rent. Comparatively, 76.3% and 70.7% of renters in the PMA Remainder and the Metro Area paid more than \$1,000 in monthly rent, respectively.

Most residents in Cottage Grove did not move during the past year, 89% remained in their home. In the PMA Remainder (81.9%) of its residents did not move in the last year while 81.8% of Metro Area residents did not move. The age group most likely to move are those aged 25 to 34, with 20.5% or more moving in the last year.

Affordability

Household income is a fundamental measure which dictates what a household can afford to pay for housing. Due to the rapid increase of mortgage rates to combat inflation, the affordability of the housing market has become out of reach as fewer buyers can afford to purchase in 2024 compared to the pre-pandemic housing market.

Housing Cost Burden

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of \$100,000 per year would be able to afford a monthly housing cost of \$2,500. Therefore, a household would be defined as cost-burdened if

they pay more than 30% of their income on housing costs. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as a household paying more than 50% of their income on housing.

In Cottage Grove, 15% of owner households and 42% of renter households are considered cost burdened. In the PMA, by comparison, 16% of owner households and 41% of renter households are considered cost burdened. As previously mentioned, income varies by tenure; homeowners typically earn more than renters. A household with significantly more equity (i.e. those who occupy a home and/or have savings) could afford a higher priced home. Therefore, those who already own are likely better able to afford to buy in the current market.

Owner-occupied households earning less than \$50,000, 68.7% are cost burdened in Cottage Grove similar to that of the PMA (68.2%). While in the Seven-County Metro, 56.7% of owner households who earn less than \$50,000 are cost-burdened.

In Cottage Grove, 100% of renter households earning less than \$35,000 are cost-burdened. Throughout the PMA, 90.9% of renter households earning less than \$35,000 are cost-burdened. In the Seven County Metro, 86.9% of renter households earning less than \$35,000 are cost burdened.

An estimated 87% of all households and 73% of owner households could afford to purchase an entry-level home in Cottage Grove estimated at \$250,000. When adjusting for move-up buyers, the percentage of those who could afford an entry level home decreases to 63% of all households and 60% of owner households would income qualify.

Of existing renter households, 76% can afford to rent an older one-bedroom unit in Cottage Grove (\$1,200/month). The percentage of renter income-qualified households decreases to 59% that can afford an existing three-bedroom unit (\$1,600/month). After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases. An estimated 72% of renters can afford a new market rate one-bedroom unit, while 39% can afford a new three-bedroom unit.

Generally, higher income households that are cost-burdened may have the option of moving to lower-priced housing, but lower-income households often do not.

Naturally Occurring Affordable Housing (NOAH)

The supply of NOAH housing is available through the private market rather than assisted or subsidized housing programs. Property values on these housing units are lower based on a combination of factors such as: age of structure/housing stock, location, condition, size, functionality, and school district.

There does not currently exist many vacant naturally affordable, or unsubsidized affordable, housing on the market. Some households may qualify for both market rate and project based affordable housing, although the gap is widening between market rate and affordable properties as costs in the private market continue to rise. Therefore, it is important to recognize the naturally occurring affordable housing stock in the community to quantify the proportion of affordable units for low or moderate-income households.

Washington County Housing Voucher Program

Area Median Income (AMI)

AMI is the midpoint in the income distribution within a specific geographical area (Washington County). By definition, 50% of households earn less than the median income and 50% earn more. AMI is calculated by HUD based on household size (1 – 8 people). The median is therefore a benchmark to determine AMI and whether households are eligible for assistance. For example, someone who has extremely low

income earns less than 30% the median income for Washington County, determined by the household size.

Area Median Income(s)

Extremely low income - 0% - 30%
 Very low income – 31% - 50%
 Low income – 51% - 80%
 Moderate income – 80 - 100%

Housing choice vouchers are a tenant-based subsidy program funded by the Department of Housing and Urban Development (HUD) which provides qualified households with vouchers that can be used in a rental unit within the private market that has rents in line with fair market rents. The household pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size.

Washington County is authorized to issue up to 259 vouchers (HCV, VASH, Family Unification, and Mainstream). Currently, there are 247 people on the waiting list. Those on the wait list can wait up to three years or more for a voucher.

Housing Market Demand and Analysis

For-sale Housing

Between 2010 and 2023, there was an average of 646 home sales in Cottage Grove per year. Sales averaged higher from 2020 to 2023 (768), and lower between 2010 to 2019 (597). The number of closed sales from 2010 to 2023 in Cottage Grove represented a quarter of all sales in the PMA.

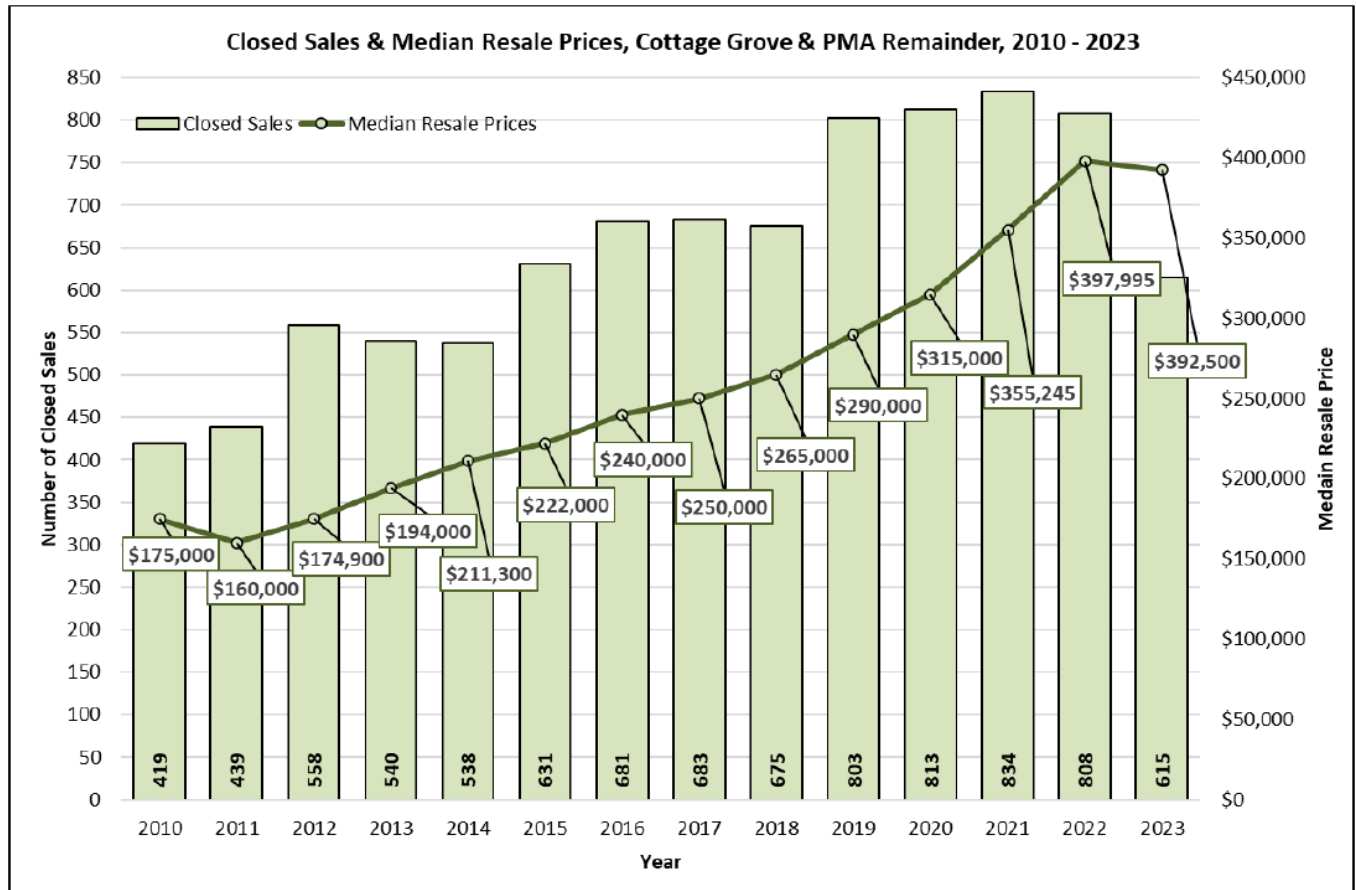


Figure 8 - Closed Sales & Median Resale Prices

From 2010 to 2023, the median resale price was at its lowest in 2011 (\$160,000). Between 2011 and 2022, Cottage Grove experienced a median resale price increase every year equating for an over 94% increase (9% annually). Between 2021 and 2023, the median resale price increased 10.5% in Cottage Grove.

Based on the median list price of \$442,000 for Cottage Grove, the income required to afford a home at this price would be between \$126,286 and \$147,333; based on the standard of 3.0 to 3.5 times the median income. An estimated 43% of households in Cottage Grove have annual incomes at or above \$131,274, meaning less than half of households could afford the median list price without being cost-burdened.

Most for-sale housing listed for sale in Cottage Grove is priced between \$300,000 and \$399,999 (35.5%). Followed by \$400,000 and \$499,999 (23%) and \$500,000 (17%). Of the 141 listings in the City, 68% were single family and 32% were multifamily. Townhomes (39%) and two-story listings (37%) were the two most common housing types in Cottage Grove, accounting for 76% of all listings. The only for-sale multi-family product in Cottage Grove are townhomes.

Most of the existing housing stock, primarily built in the 2000s and 2010s, are at a price range targeted for move-up or executive buyers. Entry level homes, those priced under \$350,000, are primarily satisfied by the existing single-family homes. However, as most households who occupy entry level

homes are not relocating due to higher mortgage rates. This has severely impacted the availability of the existing homes on the market for entry level buyers.

New construction move-up homes are generally priced at \$430,000 or higher, while existing move-up homes are \$385,000 or higher. Despite the high land and infrastructure costs, there is continued demand for new single-family homes at a variety of price points, but more specifically for new homes priced under \$400,000.

TABLE FS-4 ACTIVE LISTINGS BY HOUSING TYPE COTTAGE GROVE AUGUST 2024						
Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
One Story	11	8.0%	\$479,409	2,212	\$217	1980
One and One Half Story	1	0.7%	\$380,000	2,193	\$173	1945
Two-Story	55	39.9%	\$545,519	2,831	\$193	2015
More than Two Stories	0	0.0%	--	--	--	--
Two-Level Split	10	7.2%	\$391,450	2,077	\$188	1983
Modified Two Story	6	4.3%	\$508,500	2,148	\$237	1997
Three-Level Split	10	7.2%	\$452,258	1,943	\$233	2003
Three or More	0	0.0%	--	--	--	--
Four or More Level Split	3	2.2%	\$572,963	3,103	\$185	1999
Total	96	69.6%	\$512,311	2,586	\$198	2004
Multifamily						
Townhouse	45	32.6%	\$378,606	1,864	\$203	2017
Twin Home	0	0.0%	--	--	--	--
Condominiums	0	0.0%	--	--	--	--
Total	45	32.6%	\$378,808	1,864	\$203	2017
Cottage Grove Totals	138	100.0%	\$459,458	2,300	\$200	2009
Sources: RMLS & Maxfield Research and Consulting.						

Considering

Figure 9 - Active Listings by Housing Type

Cottage Grove will

be able to capture 30% of the housing demand in the PMA, Maxfield Research found a demand for an additional 1,317 single-family and 593 owned multi-family units by 2030. By 2035, demand in Cottage Grove is estimated at 1,139 single-family and 631 multi-family units.

Rental Housing

Historically householders rented because they could not afford to buy or did not have the credit to qualify for a mortgage. Today, that is no longer the case, and many households are renting by choice. For example, high-income renters represent the fastest growing segment of the rental housing market; having grown 48% over the past decade. Demand is being led by would-be buyers who have been kept on the sideline due to high for-sale housing prices. Most new market rate rental construction in the PMA targets the lifestyle renter.

Due to the new product and higher rental structures at new market rate buildings in Cottage Grove, the minimum income needed to afford new rental units is much higher than older existing rentals. New rental housing development targets lifestyle renters or those with higher incomes. Many of these renters may be cost-burdened, but they choose so for the location or amenities.

Overall, the average monthly rent was \$1,474, a 5% increase from the previous year. In the first quarter of 2024, rent in the PMA was 1.1% lower than the overall Metro Area (\$1,490).

Market Rate Rental

Three-bedroom units account for the highest proportion of market rate units in Cottage Grove (38%), dissimilar to other communities. One-bedroom and two-bedroom units account for 26% and 28% of units in Cottage Grove, respectively. Comparatively one-bedroom and two-bedroom units account for roughly 30% and 47% in the PMA, respectively.

Excluding the properties in the initial lease up, market rate properties had a stabilized vacancy rate of 4%, below the market equilibrium of 5%.

Market Equilibrium

Market equilibrium is reached when the inventory of homes reaches a six (6) month supply. Therefore, a market with less than 6 months of supply indicates a housing shortage and is a sellers' market, while an inventory of greater than 6 months of supply indicates an excess of housing and a buyers' market.

certain time. The vacancy rate is important to understand in its relation to reaching market equilibrium. A healthy housing market requires a certain number of vacancies to align housing shortages or surpluses. For example, a low or very low vacancy rate would imply a potential shortage in the housing market. Therefore, vacancy rates are a critical component of understanding gaps in the housing market. Different subsections of the housing market have different vacancies and market equilibriums.

Vacancy Rate

The vacancy rate in a particular segment of the housing market indicates the percentage of housing units that are vacant or unoccupied at a

In the PMA, market rate units account for just over 89.0% of all units, while affordable and subsidized units account for 10% and 0.7% of all units, respectively.

Among the 673 market rate units in Cottage Grove that were inventoried by unit mix and monthly rents, none were affordable to households with income at or less than 30% AMI. An estimated 16% of units are affordable to households with incomes at 50% AMI while 46% are affordable to households with incomes at 80% AMI.

Affordable and Subsidized Rental

Two-bedroom units constitute the largest share of units (51.0%), followed by three-bedroom units (24.0%), one-bedroom units (23.0%), and four-bedroom units (2.0%).

TABLE R-3 RENT SUMMARY GENERAL OCCUPANCY RENTAL DEVELOPMENTS COTTAGE GROVE PRIMARY MARKET AREA SEPTEMBER 2024						
Market Rate						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	160	2.5%	532	\$794 - \$1,686	\$1,243	\$2.33
1BR	1,902	30.3%	731	\$946 - \$2,075	\$1,425	\$1.96
1BR+D	186	3.0%	922	\$1,424 - \$1,995	\$1,720	\$1.86
2BR	2,969	47.3%	1,076	\$1,025 - \$2,807	\$1,768	\$1.65
2BR+D	90	1.4%	1,250	\$1,614 - \$2,255	\$1,933	\$1.55
3BR	869	13.8%	1,415	\$1,054 - \$3,285	\$2,301	\$1.62
4BR	91	1.4%	2,186	\$2,888 - \$3,645	\$3,514	\$1.61
5BR	15	0.2%	2,865	\$4,375 - \$4,375	\$4,375	\$1.53
Total:	6,282	100%	1,043	\$794 - \$4,375	\$1,821	\$1.80
Affordable						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	7	1.0%	715	\$424 - \$755	\$590	\$0.86
1BR	164	22.9%	726	\$757 - \$1,213	\$940	\$1.33
2BR	360	50.2%	1,039	\$824 - \$1,559	\$1,114	\$1.11
3BR	174	24.3%	1,288	\$477 - \$1,944	\$1,355	\$1.07
4BR	12	1.7%	1,706	\$2,194 - \$2,194	\$2,194	\$1.31
Total:	717	100%	1,025	\$424 - \$2,194	\$1,176	\$1.18
Subsidized						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
2BR	16	32.0%	882	N/A - N/A	N/A	N/A
3BR	30	60.0%	1,313	N/A - N/A	N/A	N/A
4BR	4	8.0%	1,625	N/A - N/A	N/A	N/A
Total:	50	100%	1,200	N/A - N/A	N/A	N/A
N/A: Not Applicable						
Note: Only includes properties with complete information.						
Source: Maxfield Research & Consulting						

Figure 10 - General Occupancy Rental Developments

number of units available at the various AMI thresholds, Cottage Grove needs additional rental units across the income spectrum.

Maxfield Research estimates that Cottage Grove can capture 35% of the demand for rental units in the PMA, resulting in demand supportable of 177 subsidized units, 183 affordable units,

There are currently 16 affordable rental properties and one subsidized property in the PMA. The single, subsidized property was built in 1980 and has 50 units and the waitlist is closed.

Affordable and subsidized units each had a vacancy rate of 0%. As a result, all affordable and subsidized units have pent up demand.

Of market rate units affordable at 60% of AMI, 51.1% are two-bedroom units, 43.4% are one-bedroom units, 4.4% are studio units, and 1.1% are three-bedroom units.

At 50% of AMI, 36.9% of market rate units are two-bedroom units, 55.1% are one-bedroom units, 6.3% are studio units and 1.7% are three-bedroom units.

Many of the existing rental properties in the City, excluding single-family and townhome rentals, are newer construction and therefore have higher income thresholds needed to afford. Comparatively, older rental units have more affordable rents and a higher proportion of households with moderate incomes can afford these units.

Generally, with the limited

and 565 market rental units until 2030. By 2034, there is additional demand for 285 subsidized units, 285 affordable units, and 855 market rate units.

Senior Housing

High levels of homeownership persist for those aged 65 and older. Typically, seniors consider moving into maintenance free housing in their early to mid 70s, however, the City has not experienced a significant drop in homeownership of those aged 65 to 74 years and 75 and older. For example, over 90% of those aged 65 to 75 years still own their house. Cottage Grove seniors homeownership rates are higher than both Washington County and the Twin Cities Metro Area. High homeownership rates among seniors indicates a lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Due to this, the City is likely to see a demand for alternative maintenance-free living options in addition to in-home health care services and home remodeling to assist seniors retrofitting their existing homes.

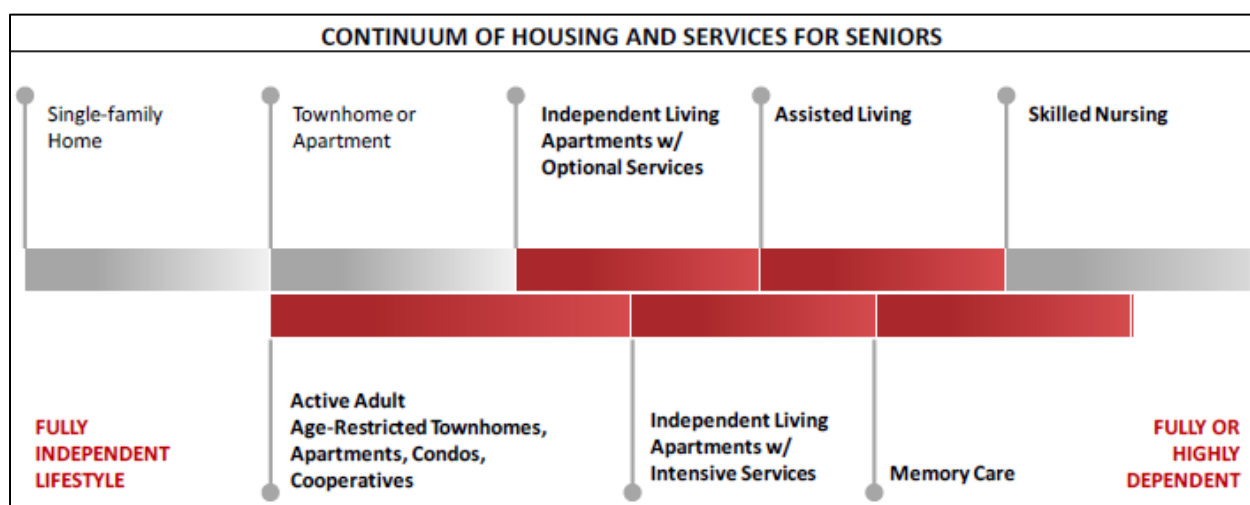


Figure 11- Continuum of Housing Services

The oldest householders are likely to have lower incomes than the younger aged cohorts. In the PMA, 4.7% of those aged 65 to 74 and 8.6% of those aged 75 and older had incomes of less than \$15,000. Many of these low-income senior households rely solely on social security benefits, while younger seniors have higher incomes due to the fact they are still working or are married couples with two incomes and/or higher social security benefits. Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sale of their homes to support monthly fees for alternative housing. Due to the sellers housing market since the pandemic, seniors who sell their homes today will receive top dollar and can relocate funds to maintenance-free housing products.

Maxfield research identified 2,126 senior units in the PMA. Of those units 66% were at a market rate, and 34% were either affordable or subsidized. 90 of the 2,126 senior units were vacant, indicating a vacancy rate of 4%.

Breaking down by unit type, there was a 0% vacancy rate for market rate units and a 2% vacancy rate for affordable active adult properties. Indicating that the market rate senior units are significantly undersupplied and affordable active adult units are somewhat undersupplied.

Cottage Grove has two age-restricted senior properties with income restricted units: Legends of Cottage Grove and Cottages of Cottage Grove, both of which have very low vacancy rates. Of the six independent living properties with services available in Cottage Grove, there was a 2% vacancy rate. The nine assisted living properties provided a vacancy rate of 10%, and memory care units had a vacancy rate of 5%.

Maxfield Research has identified that Cottage Grove is estimated to capture 25% of the active adult housing demand in the PMA resulting in 188 owned and 251 rental units in 2024 and an additional 201 owned and 267 rental units in 2030. The demand for independent housing results in 144 units in 2024 and an additional 158 units in 2030. The demand for assisted living results in 40 units in 2024 and 78 units in 2030. The demand for an additional 35 memory care units in 2024, increasing to 72 units by 2030.

Lastly, Cottage Grove could support subsidized and affordable active adult housing results in 102 deep-subsidy and 105 shallow-subsidy units in 2024, and 116 deep-subsidy and 131 shallow-subsidy units for 2030.

PMA MARKET RATE SENIOR HOUSING UNITS BY SERVICE LEVEL COTTAGE GROVE PRIMARY MARKET AREA August 2024					
Unit Type	No of Units	Avg SF	Price Range	Avg Rent	Rent/ SF
Adult Rental					
2BR	2	960	\$1,354 - \$1,354	\$1,354	\$1.41
3BR	2	1,000	\$1,577 - \$1,577	\$1,577	\$1.58
Total/Avg	4	980	\$1,354 - \$1,577	\$1,466	\$1.50
Adult Ownership					
1BR+Den	3	1,059	\$1,485 - \$3,110	\$2,243	\$2.12
2BR	59	1,301	\$2,265 - \$3,705	\$3,283	\$2.52
2BR+Den	11	1,303	\$2,690 - \$4,570	\$3,680	\$2.82
Total/Avg	73	1,024	\$1,485 - \$4,570	\$3,007	\$2.94
Independent Living					
1BR	188	750	\$1,485 - \$3,110	\$2,243	\$2.99
1BR+Den	118	1,069	\$2,265 - \$3,705	\$3,283	\$3.07
2BR	165	1,303	\$2,690 - \$4,570	\$3,680	\$2.82
Total/Avg	471	1,024	\$1,485 - \$4,570	\$3,007	\$2.94
Assisted Living					
Studio	117	448	\$2,525 - \$4,150	\$3,123	\$6.97
1BR	261	633	\$2,800 - \$5,195	\$3,818	\$6.03
1BR+Den	40	842	\$4,310 - \$5,075	\$4,779	\$5.68
2BR	44	990	\$3,250 - \$5,510	\$5,032	\$5.08
Total/Avg	462	637	\$2,525 - \$5,510	\$3,836	\$6.02
Memory Care					
Studio	234	355	\$3,590 - \$9,900	\$5,759	\$16.22
1BR	105	445	\$4,250 - \$10,210	\$3,553	\$7.98
2BR	6	725	\$5,905 - \$10,450	\$8,575	\$11.83
Total/Avg	345	389	\$3,590 - \$10,450	\$5,136	\$13.20
Source: Maxfield Research and Consulting					

Figure 12 - Market Rate Senior Housing Units by Service Level

Recommendations

The following section identifies recommendations from Maxfield Research and Consulting, please follow Figure 13 included at the end of this section to find the recommended range for number of units needed by housing market.

For-sale Housing

Single-Family Housing

Most of the existing housing stock, primarily built in the 2000s and 2010s, are at a price range targeted for move-up or executive buyers. Entry level homes, those priced under \$350,000, are primarily satisfied by the existing single-family homes. However, as most households who occupy entry level homes are not relocating due to higher mortgage rates. This has severely impacted the availability of the existing homes on the market for entry level buyers.

New construction move-up homes are generally priced at \$430,000 or higher, while existing move-up homes are \$385,000 or higher. Despite the high land and infrastructure costs, there is continued demand for new single-family homes at a variety of price points, but more specifically for new homes priced under \$400,000. Given this, Cottage Grove should focus on new single-family construction affordable to entry-level buyers.

For-Sale Multifamily – The missing middle, debunked

Generally, the increased variety of lifestyles has fueled demand for alternative housing products to the single-family home. A growing number of households are considering owned multi-family products like townhomes, twinhomes, and detached villas. The two primary target markets for these types of products: (1) empty nesters and retirees seeking to downsize into maintenance free housing from their single-family home and (2) singles or couples without children who are looking for a more cost-effective way to enter the housing market as this type of housing is generally more affordable than purchasing a single-family home.

Given the aging population and the growth rate of those aged 65 or older, Cottage Grove would benefit from continuing growth in this section of the housing market as demand remains strong for all lower-maintenance products. Additionally, most of this type of product should be one-level or at least have an owner's suite on the main level to be accessible for older adults.

Maxfield Research recommends a broad range of pricing for these types of homes, starting around \$350,000 and topping off around \$550,000. The pricing will fluctuate based on whether the product is slab-on-grade or has a basement, custom finishes and other cosmetic upgrades. This product should be association-maintained to support maintenance free living.

Rental Housing

Maxfield research identified an overall vacancy rate of 2.7% among market rate rental units and 0% and 0.3% among affordable and subsidized rental units, respectively; well below market equilibrium for rental housing (5%), this indicates pent up demand across all rental types.

Market-Rate Rental

Given the elevated construction in the short term in addition to the recently approved market rate units in Cottage Grove, vacancy rates are expected to increase somewhat as supply is delivered. Demand is expected to remain strong through 2030 as would-be buyers have been forced to remain in the rental market for longer periods. With the new units coming into the market in the short term, Maxfield Consulting recommends holding off on placing more units into the market until 2026 or later.

Market-Rate Rental Townhomes

In addition to the traditional, multi-family product there is demand for rental supply of townhome units for families, particularly for those new to Cottage Grove who want to rent until they find a home to purchase. Projects which include the development of traditional townhomes are already occurring in Woodbury.

Affordable and Subsidized Rental Housing

This product almost always will require some type of additional private or public assistance to make units financially feasible. There is moderate demand for subsidized and affordable rental housing. New housing units could range from townhomes to apartment style units.

Senior Housing

Demand exists for all types of senior housing products in Cottage Grove to 2030. New age-restricted senior units in the short term to 2030, while additional service enriched senior housing is recommended to provide housing options for aging residents in later stages of life in the longer term, through 2040.

The development of additional active adult and service-enriched senior housing serves a two-fold purpose (1) older adults and senior residents can relocate to new age-restricted housing and (2) existing homes and rental units previously occupied by seniors become available to other new households. Therefore, the development of additional senior housing does not mean the housing needs of younger households are neglected, it simply means that a greater portion of housing needs are satisfied by housing unit turnover.

Active Adult Senior Cooperative

There is only one senior cooperative in the PMA located in Woodbury (73 units) and no units are available. Construction of a cooperative in Cottage Grove would satisfy most active adult ownership to 2030. Maxfield research recommends a cooperative development with a mix of one-bedroom plus den, two and three bedroom units with share costs starting around \$200,000.

Cooperative Development

The cooperative model, in particular, appeals to a large base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits

without substantial upfront investment as would be true in a condominium development or life care option. This type of development has been found to be very well accepted in rural communities across the Midwest.

Active Adult Rental

There is only one active adult rental community in Cottage Grove, the Cottages of Cottage Grove. Maxfield research estimates that many seniors who would consider an active adult rental product are presently residing in single family homes or in general occupancy rental properties. Development of this product could be in separate stand-alone facilities or in a mixed-income facility with base rents from \$1,600 to \$2,500.

While there is significant demand for this product type, since it is not need-driven and development costs are expected to be high in the short term, this product may be best if developed after inflation subsidies and mortgage interests decrease.

Affordable and Subsidized Rental

Demand for both affordable and subsidized rental units exist in Cottage Grove. Affordable units can be incorporated into a mixed income building which will likely increase the affordable units' feasibility. Financing subsidized senior housing is difficult as federal funds have been shrinking, so it is likely that a subsidized product would require numerous funding sources.

Independent Living

There are six existing independent living properties in the PMA with 471 units. Maxfield Research identified a demand for more units, as senior age and need more services. In the short term, there are very few vacancies in this individual product type. New units could be produced as early as 2025 to meet existing demand.

Assisted Living and Memory Care Units

The COVID-19 pandemic severely impacted service based senior housing and assisted living housing units, many are still recovering from 2020. Considering vacancies are still quite high across the Twin Cities, Maxfield Consulting recommends waiting on new serviced based housing until 2026 or later.

RECOMMENDED HOUSING DEVELOPMENT COTTAGE GROVE 2024 TO 2030				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owned Homes				
Single Family ²				
	Entry-level	\$300,000 - \$350,000	300 - 400	2025+
	Move-up	\$450,000 - \$699,999	400 - 500	2025+
	Executive	\$700,000+	100 - 150	2025+
	Total		800 - 1,050	
Townhomes/Twinhomes/Villas ²				
	Attached Townhomes-Entry-level	\$250,000 - \$325,000	200 - 200	2025+
	Attached Townhomes-Move-Up	\$400,000 - \$500,000	100 - 200	2025+
	Twinhomes / Detached Townhomes/Villas	\$500,000+	100 - 200	2025+
	Total		400 - 600	
Total MF Style For-Sale			400 - 600	
Total Owned			1,200 - 1,650	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$1,050/Eff - \$2,300/3BR	300 - 350	2025+
	Apartment-style (luxury)	\$1,500/1BR - \$2,600/3BR	300 - 400	2026+
	Rental Townhomes	\$2,500/2BR - \$2,800/3BR	60 - 80	2025+
	Total		660 - 830	
Affordable Rental Housing				
	Apartment-style	Moderate Income ³	120 - 130	2025+
	Townhomes	Moderate Income ³	50 - 60	2025+
	Subsidized	30% of Income ⁴	50 - 65	2025+
	Total		220 - 255	
Total Renter-Occupied			880 - 1,085	
Senior Housing (i.e. Age Restricted)				
	Active Adult Ownership / Co-op ⁴	\$200,000+	80 - 120	2025+
	Active Adult Market Rate Rental ⁵	\$1,600/1BR - \$2,300/2BR	80 - 100	2025+
	Active Adult Affordable Rental ⁵	Moderate Income ³	125 - 150	2027+
	Independent Living	\$2,400+ per month	100 - 125	2025+
	Assisted Living	\$3,000/EFF - \$5,000/2BR	40 - 45	2027+
	Memory Care	\$5,000/EFF - \$6,000/2BR	30 - 35	2027+
	Subsidized Senior	30% of Income ⁴	70 - 90	2025+
	Total		525 - 665	
Total - All Units			2,605 - 3,400	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability.				
³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Metro Area (Twin Cities) Income limits.				
⁴ Subsized housing will be difficult to develop financially				
⁵ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community				
Note - Recommended development does not coincide with total demand. Cottage Grove may not be able to accommodate all recommended housing types based on land availability and development constraints.				
Source: Maxfield Research and Consulting				

Figure 13 - Overall Recommendations by Housing Market

Opportunities

For-Sale Multi-Family Housing (Townhomes, Twinhomes, Villas)

This segment of the housing market will be fundamental to support aging residents, many of whom desire to stay in their current community as well as young families looking to enter the market, if housing is available to meet their needs. Attached housing products also support builders, in that, they alleviate some of the higher building costs through increased density. However, it will be difficult to achieve the level of development needed given land acquisition costs and available parcels.

City Council Focus: Evaluate tools which encourage for-sale multi-family products to fill the gap identified in our diversity of housing. What are tools that local municipalities have?

- Consider adjusting our zoning district standards to support a specific housing product by 2026.
- Evaluate a streamline approval process (fast track application/plat review) for projects that meet all zoning requirements.
- Identify funding sources needed to provide subsidies for the development of this product.

Single-Family and Multi-Family (Townhome) Rental Housing

Single-family rental communities have been one of the hottest real estate products to come out of the pandemic over the last few years. Demand is strong for single-family rentals by providing renter lifestyle choice and the ability to reside in a detached unit without having to obtain the funds for a down payment on a mortgage; especially as mortgage rates rise. The Covid-19 pandemic increased the demand for single-family rental housing as renters desire more square-footage, green space, and privacy than traditional multi-family units. While the Twin Cities has been behind the rest of the country, there are several single-family rental developments including two in Woodbury. Maxfield Consulting recommends considering a single-family or townhome rental community in Cottage Grove.

City Council Focus: Seek single-family rental developers and feasible products for the community. Determine parcels of land which will best support this type of housing. Discuss if there are additional conditions that should be considered during the approval process for this type of development. Identify what other communities (i.e. Woodbury) have done to attract and support this type of development.

Senior Housing – A Deep Dive

Demand exists for all types of senior housing products in Cottage Grove to 2030. Over this decade, there is demand for 1,023 new, age-restricted, active adult senior housing units by 2030; However, additional service enriched senior housing is imperative to provide housing opportunities to aging residents in their later stages of life.

Cooperative Housing

As noted, development of a cooperative senior housing development could satisfy active adult housing demand to 2030 due to its ability to provide a mix of rental and owned housing options. The cooperative model allows prospective residents an ownership

option and homestead tax benefits without a substantial upfront investment as would be the case for a condominium and life-care development. Maxfield Research has found that the cooperative model is very well accepted in communities across the Midwest, particularly in rural communities.

City Council Focus: *Engage in preliminary conversations with cooperative senior housing developers in the Twin Cities area which provide a mix of rental and ownership products. Discuss what the process for a cooperative housing development looks like in comparison to a standard, senior housing development. Identify parcels of land which would support a cooperative housing development.*

Mixed Income Active Adult Rental (Market-Rate, Affordable, and Subsidized Units)

There is currently considerable demand for market-rate, affordable, and subsidized active adult rental units in Cottage Grove to 2030. While market-rate active adult products are easier to develop, affordable and subsidized products typically require additional private or public assistance to make units financially feasible, making it challenging for these products to be placed on the market. Incorporating these products into a mixed income building would increase the affordable and subsidized units' feasibility. Most current programs are funded through the low-income housing tax credit (LIHTC) program or through special bond funding.

City Council Focus: *Identify funding sources which would support an active adult rental building with a mix of incomes (deep and shallow subsidy). Identify parcels which meet market demand for senior housing products.*

Service Enriched Housing (Independent, Assisted, and Memory Care)

While demand for service enriched housing is not as strong as it is for active adult owned and rental units and as housing vacancies across the Twin Cities are still elevated for this segment of the market; it is important to discuss these housing options as the aging baby-boomer cohort requires additional support in their later years.

City Council Focus: *Begin early conversations with service enriched housing developers with the goal of developing in the later half of the decade.*

Research Conducted by
Maxfield Research and Consulting,

Prepared by
Riley Rooney, Associate Planner

Comprehensive Housing
Needs Analysis for
Cottage Grove, Minnesota
(Updated Draft Copy-For Discussion)

Prepared for:

City of Cottage Grove
Cottage Grove, MN

October 2024



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Research & Consulting

Breaking Ground since 1983

October 8, 2024

Ms. Emily Schmitz
Community Development Director
City of Cottage Grove
12800 Ravine Parkway S
Cottage Grove MN 55016

Dear Ms. Schmitz:

Attached is the *Comprehensive Housing Needs Analysis for Cottage Grove, Minnesota* conducted by Maxfield Research and Consulting. The study projects the demand for various housing products in the City to 2035. The study also provides recommendations on the amount and types of housing that could be built in Cottage Grove to satisfy demand from current and future residents in the short-term (2024-2029) and the long-term (2030-2035). The study identifies a potential demand for 3,858 to 5,086 new housing units to 2035 divided between general-occupancy housing and age-restricted senior housing.

Overall, the housing market in Cottage Grove in all sectors has been strong during this past decade. Cottage Grove's strong development trend continues and new developments are under construction and approved. Additional multifamily development is needed across all income spectrums as well as additional senior housing, predominantly active adult and independent living. Despite new supply, the rental housing vacancy rate is less than 3% and below market equilibrium. Median sales prices are up considerably from early 2020. The recent uptick of mortgage rates has moderated appreciation and sales velocity decreased slightly as a result. Assisted living senior housing is still recovering from the pandemic, but product targeting active seniors is in strong demand. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING

Mary C. Bujold
President

Andrew McIntyre
Research Associate

Attachment

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KEY FINDINGS

This section highlights key findings from the Comprehensive Housing Needs Analysis completed for the City of Cottage Grove. Calculations of projected housing demand are provided to 2035. In addition, recommendations for housing products to meet demand over the short-term (2024 through 2029) and long-term (2030 to 2035) are found in the *Conclusions and Recommendations* section of the report.

Key Findings

1. Despite the COVID-19 pandemic, the Cottage Grove housing market and economy has fared better than expected and outperformed many Metro Area communities. Cottage Grove continued to be a preferred location for new construction owned housing during the pandemic. Home prices increased more than 20% since early 2020. At the same time, the unemployment rate decreased to 2.2% in 2022, albeit rising modestly in 2023 and again in 2024.
2. Cottage Grove has experienced strong population and household growth over the past two decades, increasing its residential base with for-sale and rental options. Looking forward to 2030 and 2040, growth is expected to continue but at a slightly slower pace than in the previous decade. Growth of the city can largely be attributed to the multi-family housing boom that has occurred over the past decade.
3. Cottage Grove's near-term growth is led primarily by the Millennials and Baby Boomers. To 2030, the aging of the population will be led by growth in the 75 to 84 age cohort. These shifts will result in demand for housing products at opposite ends of the residential continuum, including active adult (55+) rental and for-sale homes in addition to households wanting to purchase their first home or move-up. Market rate rental housing has been developed recently in the community, attracting Millennials and empty-nesters.
4. With the amount of residential land remaining for new homes, for-sale and rental housing will combine to increase the housing stock in Cottage Grove. As low-density land supplies decrease, it is important to identify areas where there will be increased density to accommodate a higher number of housing units. Numerically, those 25 to 34 represent the largest number of renters (485 people), or 27.2% of all renters. This is followed by those 35 to 44 (324 people – 18.2% of all renters).

KEY FINDINGS

5. Rental housing in the City is primarily comprised of market rate housing, although there are also a few affordable rental properties. Market rate rental housing comprises most of the units followed by income-restricted affordable housing. Subsidized units represent a small portion of the rental market in Cottage Grove. Combined, the overall vacancy rate is less than 3% across all stabilized projects regardless of income.
6. As detailed previously, Cottage Grove's senior population increased from 2010 to 2020. As noted in the report, active adult rental properties have almost no vacancies, while service-enriched housing posted higher vacancies, resulting from challenging labor supply and seniors preferring to remain in their homes longer rather than relocate to senior housing. We note however, that many senior properties have already or are recovering and occupancies have increased. Although active adult product has virtually no vacancies (1.6% - all active adult types), assisted living was the only service-enriched segment to post a vacancy rate higher above market equilibrium at 10.0%. Therefore, demand is strongest for active adult and independent seniors in the short-term while service-intensive demand will continue growing this decade.
7. The for-sale market has experienced significant appreciation since 2018 as the median sale price is at an all-time high of \$392,500 through year-end 2023. Cottage Grove, Hastings and Woodbury have all been exceptionally strong housing markets as growth has expanded to third-tier locations. Price acceleration slowed slightly with the rapid uptick in mortgage rates, but fewer homes for sale continues to place upward pressure on pricing as demand continues to outstrip supply. With the Federal Reserve now lowering interest rates, the housing market is anticipated to strengthen.
8. The lack of available land, comprised with the high cost of redevelopment, make the construction of new for sale and rental housing a challenge especially in a high interest-rate environment. This makes housing affordability a pressing issue in the City as buyers are on the sidelines and renters are facing rent inflation due in-part to the high inflation conditions property owners are facing for labor, property taxes, insurance, utilities, etc. New construction is expected to be muted in the short-term as buyers put new home purchases on-hold while apartment developers are faced with increasing debt service and tighter underwriting policies. As such, new multifamily construction should slow in the short-term as buyers and developers wait out the market in anticipation for lower interest rates.
9. The unemployment rate in Cottage Grove has remained low since recovering jobs from the pandemic. The unemployment rate was 2.2% in 2022 but increased in 2023 to 2.8% and to 3.5% as of July 2024. Cottage Grove's labor force increased during this period, while employment recently decreased in the first half of 2024. Employment industries in Cottage Grove are diverse with a good mix of jobs throughout almost all sectors. Manufacturing accounted for the largest employment sector with 29.3% of jobs. Trade, Transportation and Utilities accounted for 25.4% and Education and Health Services accounted for 21.3% of jobs as of 4th Quarter 2023.

Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the City of Cottage Grove to conduct a *Comprehensive Housing Needs Analysis* for the City. The scope of this study includes: an analysis of the demographic and economic characteristics of the City and the residential draw area in which it functions; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered are also supplied. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed to meet the needs of current and future households.

Demographic Analysis

- As of 2024, Cottage Grove is estimated to have 43,148 people. The City continued to experience growth over the last decade (2010 to 2020 – 12.3%), but at a slightly slower pace than in the 2000s (2000 to 2010 – 13.1%). We project that Cottage Grove will add 5,361 people (13.8%) and 3,295 households (25.1%) between 2020 and 2030. These growth rates are higher than what is currently projected by the Metropolitan Council, rates of 7.4% and 8.8%, respectively.
- Between 2030 and 2040, Cottage Grove’s population is forecast to experience an increase of 4,300 people (9.7%) from 44,200 people in 2030 to 48,500 people in 2040 while its households are projected to increase by 2,400 (14.6%) from 16,400 households in 2030 to 18,800 households in 2040.
- The 35 to 44 age cohort is the largest cohort in Cottage Grove comprising 14.8% as of 2024. This age cohort comprised a higher proportion in Cottage Grove than the Metro Area (13.7%).
- Cottage Grove’s population of 18 to 34-year-olds, which consists primarily of renters and first-time homebuyers, increased by 4.2% between 2010 and 2024. However, the same age cohort is projected to increase by 18.2% over the next five years; increasing the demand for rental units and starter homes.
- Cottage Grove had an estimated median household income of \$114,459 in 2024. It is projected to increase to \$125,707 by 2030 (9.8%, or 1.6% annually).
- The median resale price of homes in Cottage Grove was \$392,500 through 2023 (see Table FS-1). The income required to afford a home at this price is estimated to be between \$112,143 to \$130,833; based on the standard of 3.0 to 3.5 times the median income (and assuming households do not have a high level of debt).

EXECUTIVE SUMMARY

- In 2020, 86.3% of all households in Cottage Grove owned their housing. By 2024, that percentage increased slightly to 87.3%. This is primarily due to increased construction of for-sale housing in the City.
- In 2024, 78.6% of Cottage Grove's households under age 25 rented their housing, compared to 20.8% of households between the ages of 25 and 34. Cottage Grove households between the ages of 35 and 74 are overwhelmingly homeowners with homeownership rates ranging from 88.9% to 97.3%. The very high proportion of households ages 65 to 74 owning their housing may also reflect a lack of rental active adult options for households in this age group.
- An estimated 36.6% of renter households in the City of Cottage Grove in 2024 have one person while an additional 17.9% of renter households have two people. One-person households are more likely to look for one-bedroom units and two-person households are more likely to prefer a two-bedroom unit. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.
- Persons Living Alone increased by 384 households (22.0%) between 2010 and 2024. As of 2024, Persons Living Alone accounted for 15.1% of all households. The largest household types in Cottage Grove are Married Couple families without children (35.1%) followed closely by Married Couple families with children (31.0%). Cottage Grove has a higher proportion of Married Couples without children and a lower proportion of people living alone than does the Metro Area.

Housing Characteristics

- From 2010 through May 2024, Cottage Grove issued permits for a total of 2,064 new residential units. Of those, 1,598 were issued for single-family and 466 were issued for multi-family.
- Cottage Grove's housing stock is generally newer with the largest proportions of homes built in the 1990s followed by the 2000s.
- Single-family detached units are the dominant housing type for owned units in Cottage Grove (91.0%) compared to 80% in the Twin Cities Metro Area.
- In Cottage Grove, 72% of homes have a mortgage while 28% own their homes without a mortgage. Thus, the percentage of housing units in Cottage Grove owned without a mortgage is less than the Metro Area (30%).
- The estimated median contract rent in 2024 in Cottage Grove is \$1,467 in 2022, 24.5% higher than the Metro Area.

EXECUTIVE SUMMARY

- The median income of renter households was 39.8% less than the median income of owner households in Cottage Grove. In 2024, owner households in Cottage Grove reported a median income of \$123,333 compared to \$74,167 among renter households.
- Most residents in Cottage Grove did not move during the past year (89% remained in their same home). In the Metro Area, 86% of residents did not move in the last year.

Employment Trends

- Unemployment in Cottage Grove was at its highest in 2009 during the Great Recession at 7.4% and after that continued to drop to 2.2% in 2022. The current unemployment rate is 3.8% as of July 2024. This compares to 3.7% for the Twin Cities Metro Area.
- Unemployment increased briefly in 2020 to 6.5% during the Pandemic, but rapidly declined during the recovery.
- In Cottage Grove, the Information industry reported the highest weekly wage, \$1,474, followed closely by the Manufacturing sector with \$1,435.
- As Table E-5 illustrates, St. Paul was the largest work destination for Cottage Grove residents (16.2%) and the largest home destination for Cottage Grove workers (25.3%).
- Cottage Grove was the second largest work destination for Cottage Grove residents (12.7%) and the first home destination for Cottage Grove workers (25.31%).
- The City of Cottage Grove is a net importer of workers, with 37,337 workers commuting into the city compared to 23,826 workers leaving the city for work. In addition, 2,839 workers live and work in the City.
- Independent School District 833 in the Education sector is the largest employer in the City with an estimated 2,983 employees. The second largest employer is Renewal by Andersen, a window manufacturer, employing 1,600 people in Cottage Grove.
- The largest employers in Cottage Grove include primarily businesses in education, manufacturing, public administration and retail sectors.

Rental Housing Market Analysis

- All rental properties in the PMA represent a combined total of 7,133 units, including 6,298 market rate units (92.4%), 785 affordable units (4.8% of all units) and 50 subsidized units (2.8% of all units).

- At the time of our survey, Cottage Grove had an overall stabilized vacancy rate of 5.5% (322 vacancies), at market equilibrium (5% vacancy rate). Market rate properties had a stabilized vacancy rate of 2.7% (370 vacancies) while affordable and subsidized units each had a vacancy rate of 0.3%. As a result, all unit types have pent up demand.

Senior Housing Market Analysis

- Between 2010 and 2020, the fastest growing proportion of the population in Cottage Grove was those between the ages of 65 and 74, which experienced a 78% increase in population, an addition of 1,379 people. In addition, over the next five years, the fastest population growth in Cottage Grove is projected to be those between the ages of 75 and 84, which are forecast to experience a 52% increase in population, an addition of 708 people.
- The Primary Market Area maintains high rates of homeownership in the older adult age cohorts. The homeownership rate as of 2024 is 81% for households 65+. Seniors typically begin to consider moving into senior housing alternatives or more convenient housing such as apartment buildings or twin homes in their early to mid-70s, although there is not much of a drop between the age 65 to 74 age cohort (82%) and the 75+ age cohort (81%).
- Maxfield Research identified eight senior housing properties in the PMA. Combined, these projects contain a total of 2,110 senior housing units. Of those 2,110 units, 1,353 units are market rate units while 728 are affordable.
- Based on the survey, 61.8% of the units provide service-enhanced housing, for a total of 1,305 units. These include 471 independent living units, 462 assisted living units, 372 memory care units. The remaining 77 units are 805 units are active adult, including 728 affordable (deep- and shallow-subsidy), 4 market rate rental and 73 cooperative/ownership units. Of the senior housing units, 90 are currently vacant, representing a 4.3% vacancy rate. This vacancy rate is below market equilibrium.
- The affordable active adult properties are predominantly shallow-subsidy properties developed through the Low-Income Housing Tax Credit program.

Housing Affordability

- In Cottage Grove, 15% of owner households and 42% of renter households are considered cost burdened. By comparison, 16% of owner households and 41% of renter households are considered cost burdened in the PMA. The Seven-County Metro Area has 34% of its owner households cost burdened and 47.5% of its renter households cost burdened. The median income of all Cottage Grove households in 2024 was \$114,459. However, the median income varies by tenure. According to the 2022 American Community Survey (most recent available), the median income of a homeowner is \$123,333 compared to \$74,167 for renters.

EXECUTIVE SUMMARY

- An estimated 87% of all households and 80% of owner households could afford to purchase an entry-level home in Cottage Grove (\$250,000). When adjusting for move-up buyers (\$385,000), 63% of all households and 60% of owner households would income qualify.
- About 73% of existing renter households can afford to rent a one-bedroom unit in Cottage Grove (\$1,200/month). The percentage of renter income-qualified households decreases to 59% that can afford an existing three-bedroom unit (\$1,600/month). After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases.

For-Sale Housing Market Analysis

- Between 2010 and 2023, there has been an average of 664 residential sales per year in Cottage Grove.
- Between 2021 and 2023, Cottage Grove's median resale prices increased 10.5% to \$392,500 while the Seven County Metro's median resale price increased 7.7% to \$370,000.
- As of August 2024, there were 141 homes listed for sale in Cottage Grove and 484 homes listed for sale in the PMA.
- The median list price in Cottage Grove is \$442,000 and \$509,873 for the PMA.
- Based on a median list price of \$442,000 for Cottage Grove, the income required to afford a home at this price would be between \$126,286 and \$147,333; based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. An estimated 45% of Cottage Grove households have annual incomes at or above \$126,286.
- Most single-family and multifamily homes listed for sale in Cottage Grove are priced between \$300,000 and \$399,999 and \$400,000 and \$499,999, respectively.

Housing Needs Analysis (New Construction units)

- Based on our calculations (detailed in the demand section of the report), demand exists in Cottage Grove for the following general occupancy product types between 2024 and 2030:
 - Market Rate Rental 570 units
 - Affordable Rental 185 units
 - Subsidized Rental 178 units
 - For-Sale Single-Family 1,317 units
 - For-Sale Multifamily 593 units

EXECUTIVE SUMMARY

- In addition, we find demand for multiple senior housing product types (detailed in the demand section of the report). By 2030, demand in Cottage Grove for senior housing is estimated for the following:
 - Active Adult Ownership 201 units
 - Active Adult Market Rate Rental 267 units
 - Active Adult Affordable 131 units
 - Active Adult Subsidized 116 units
 - Independent Living 158 units
 - Assisted Living 78 units
 - Memory Care 72 units
- On the following page are suggested development targets by product type for Cottage Grove to 2030.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT				
COTTAGE GROVE				
2024 TO 2030				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owned Homes				
Single Family ²				
	Entry-level	\$300,000 - \$350,000	300 - 400	2025+
	Move-up	\$450,000 - \$699,999	400 - 500	2025+
	Executive	\$700,000+	100 - 150	2025+
	Total		800 - 1,050	
Townhomes/Twinhomes/Villas ²				
	Attached Townhomes-Entry-level	\$250,000 - \$325,000	200 - 200	2025+
	Attached Townhomes-Move-Up	\$400,000 - \$500,000	100 - 200	2025+
	Twinhomes / Detached Townhomes/Villas	\$500,000+	100 - 200	2025+
	Total		400 - 600	
Total MF Style For-Sale			400 - 600	
Total Owned			1,200 - 1,650	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$1,050/Eff - \$2,300/3BR	300 - 350	2025+
	Apartment-style (luxury)	\$1,500/1BR - \$2,600/3BR	300 - 400	2026+
	Rental Townhomes	\$2,500/2BR - \$2,800/3BR	60 - 80	2025+
	Total		660 - 830	
Affordable Rental Housing				
	Apartment-style	Moderate Income ³	120 - 130	2025+
	Townhomes	Moderate Income ³	50 - 60	2025+
	Subsidized	30% of Income ⁴	50 - 65	2025+
	Total		220 - 255	
Total Renter-Occupied			880 - 1,085	
Senior Housing (i.e. Age Restricted)				
	Active Adult Ownership / Co-op ⁴	\$200,000+	80 - 120	2025+
	Active Adult Market Rate Rental ⁵	\$1,600/1BR - \$2,300/2BR	80 - 100	2025+
	Active Adult Affordable Rental ⁵	Moderate Income ³	125 - 150	2027+
	Independent Living	\$2,400+ per month	100 - 125	2025+
	Assisted Living	\$3,000/EFF - \$5,000/2BR	40 - 45	2027+
	Memory Care	\$5,000/EFF - \$6,000/2BR	30 - 35	2027+
	Subsidized Senior	30% of Income ⁴	70 - 90	2025+
	Total		525 - 665	
Total - All Units			2,605 - 3,400	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability.				
³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Metro Area (Twin Cities) Income limits.				
⁴ Subsized housing will be difficult to develop financially				
⁵ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community				
Note - Recommended development does not coincide with total demand. Cottage Grove may not be able to accommodate all recommended housing types based on land availability and development constraints.				
Source: Maxfield Research and Consulting				

Introduction

This section of the report examines factors related to the current and future demand for owned and rented housing in Cottage Grove, Minnesota. It includes an analysis of population and household growth trends and projections, age distribution, household income, household types and household tenure. Comparisons, where appropriate, are provided to the Primary Market Area (described in the following section), Washington County and the Twin Cities Seven County Metro (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties). A review of these characteristics provide insight into the demand for various types of housing needed in the City.

Primary Market Area

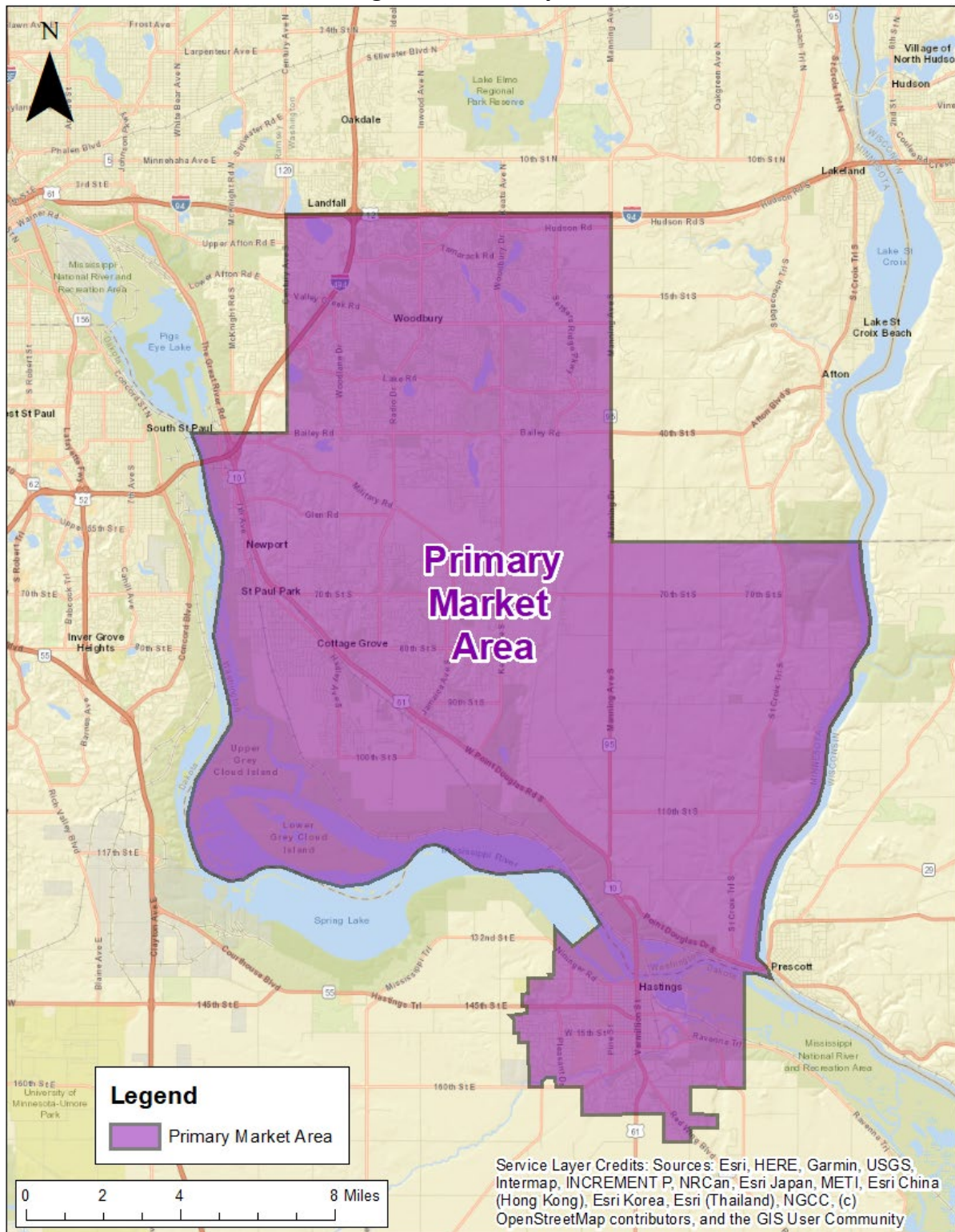
For the housing analysis, the Primary Market Area (PMA) is identified as the Cities of Cottage Grove, Woodbury, Newport, St. Paul Park, Hastings and the Townships of Grey Cloud Island and Denmark. The Primary Market Area is considered as the geography from which an estimated 70% of the demand for housing will be generated. The remaining 30% of demand is expected to be generated from outside of the PMA due to higher household mobility across the Metro Area.

Cottage Grove is classified as a Suburban Edge community by the Metropolitan Council's *Thrive MSP 2040* document. Suburban Edge communities are characterized generally by their auto-focused development patterns, limited transit options, access to recreational opportunities, and ample land still available for development.¹

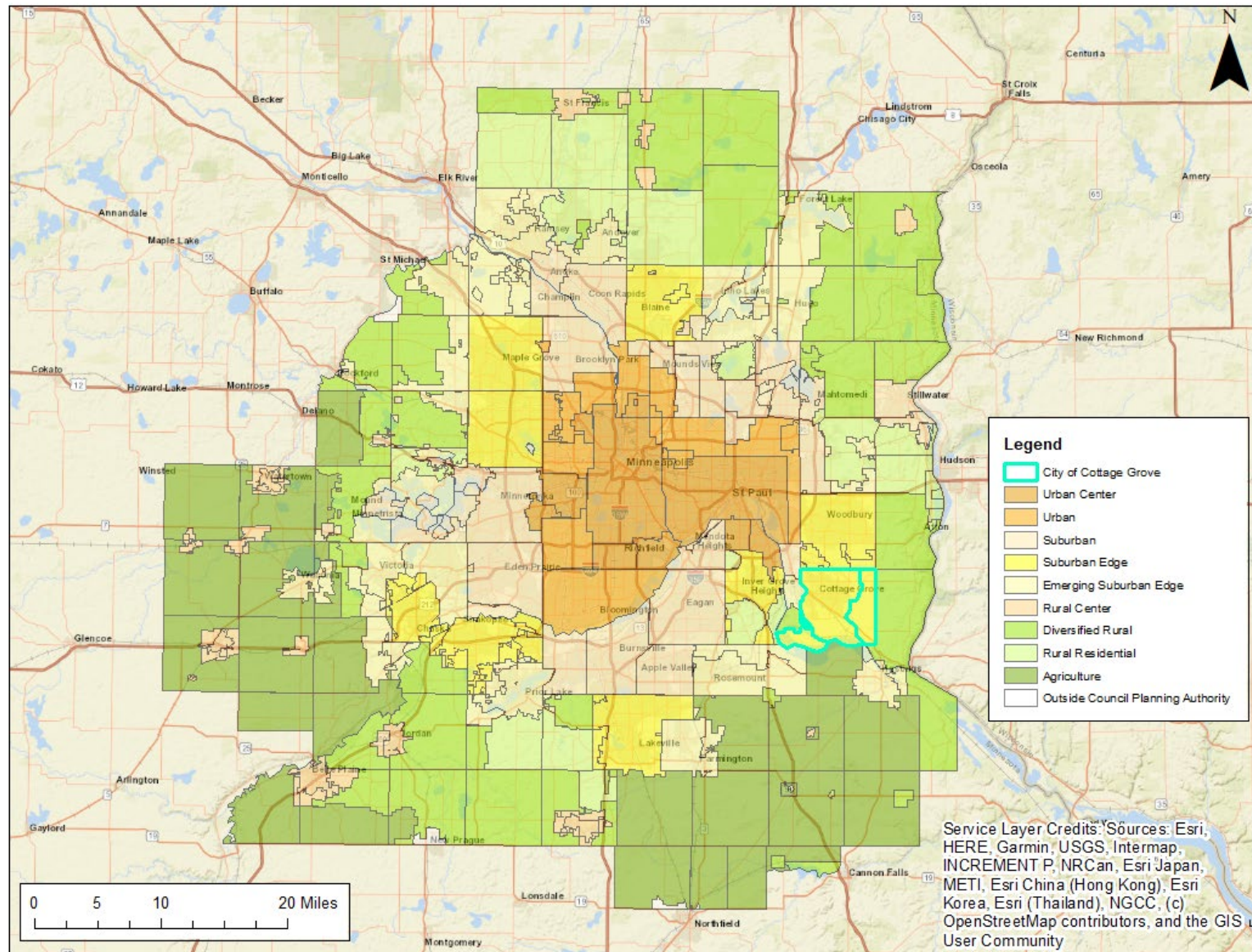
In some cases, additional demand for housing will come from individuals moving from just outside the Market Area, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations), and seniors who move to be near their adult children living in Cottage Grove or the Remainder of the Market Area. Demand generated from inside and outside of the Market Area considered in the demand calculations is presented later in the analysis. The maps on the following pages highlight the Primary Market Area, the Metropolitan Council's 2040 Community Designations, Regional Boundaries, the Primary Market Area Remainder and Cottage Grove city boundaries.

¹ "Urban Center: Growing vitality in the region's core." *Metropolitan Council: Thrive MSP 2040*. Pgs. 96-97. [https://metro council.org/Planning/Publications-And-Resources/Thrive-MSP-2040-Plan-\(1\)/ThriveMSP2040.aspx](https://metro council.org/Planning/Publications-And-Resources/Thrive-MSP-2040-Plan-(1)/ThriveMSP2040.aspx). Accessed 7 May. 2024.

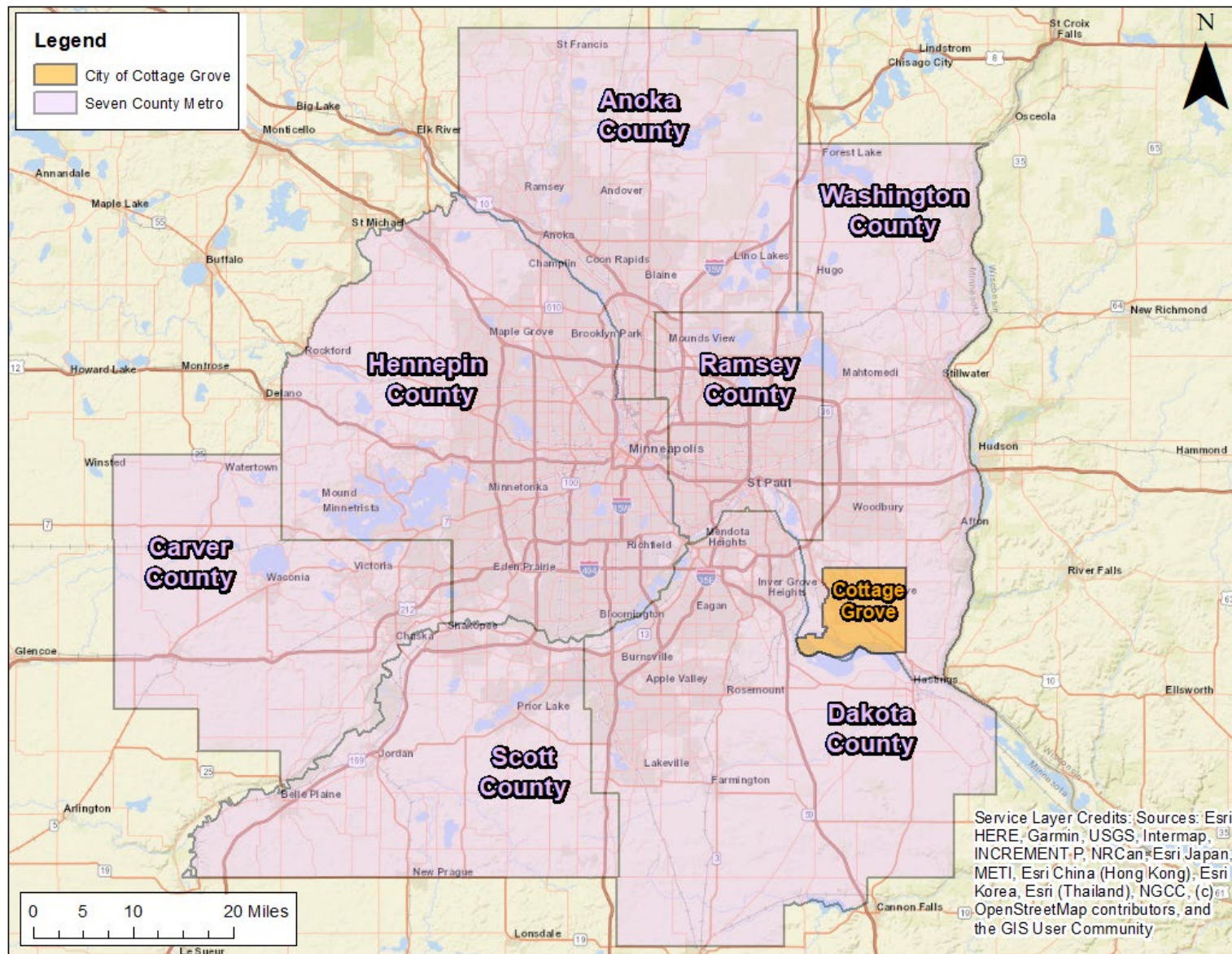
Cottage Grove Primary Market Area



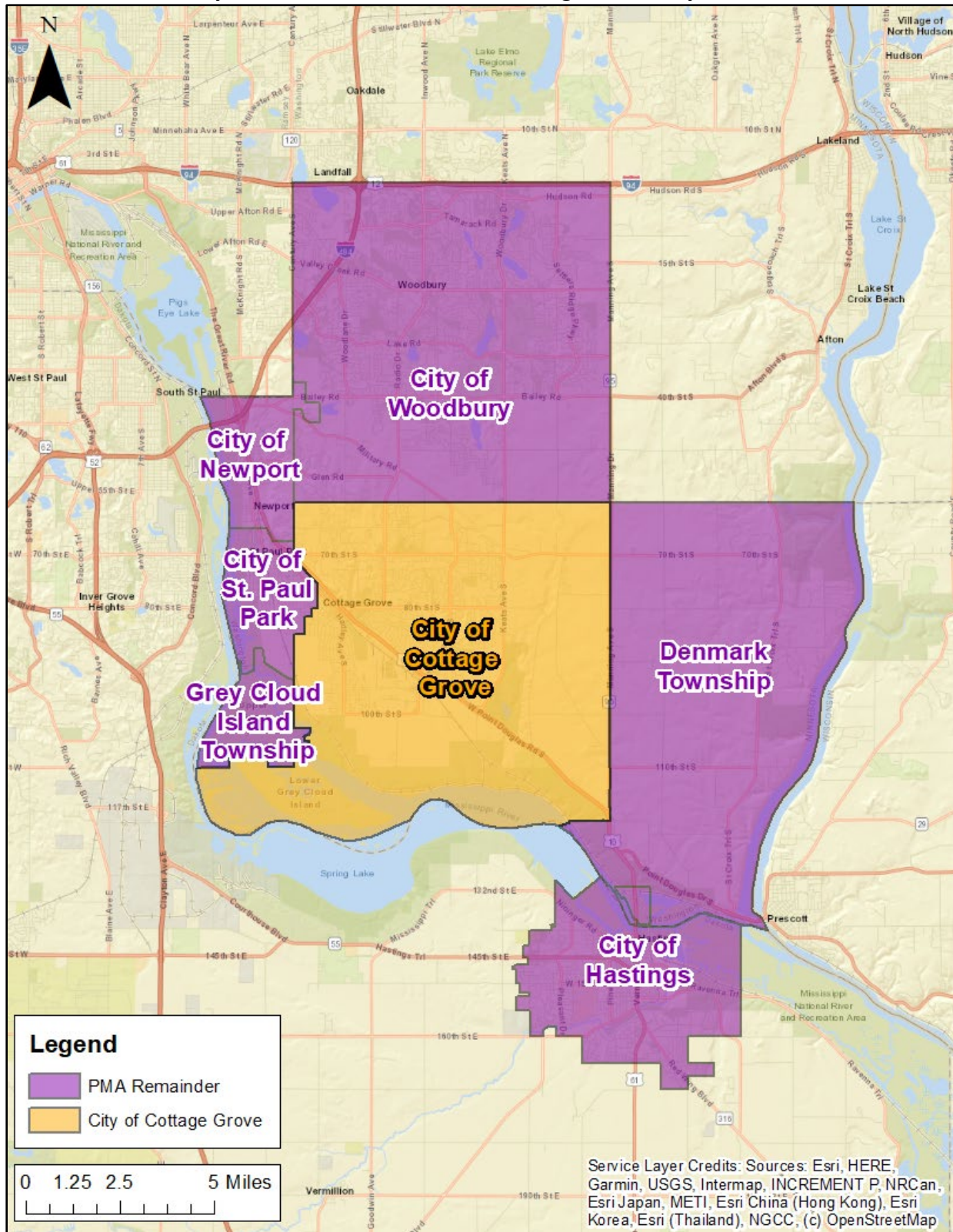
Metropolitan Council's *Thrive 2040* Community Designations



City of Cottage Grove and Seven County Metro

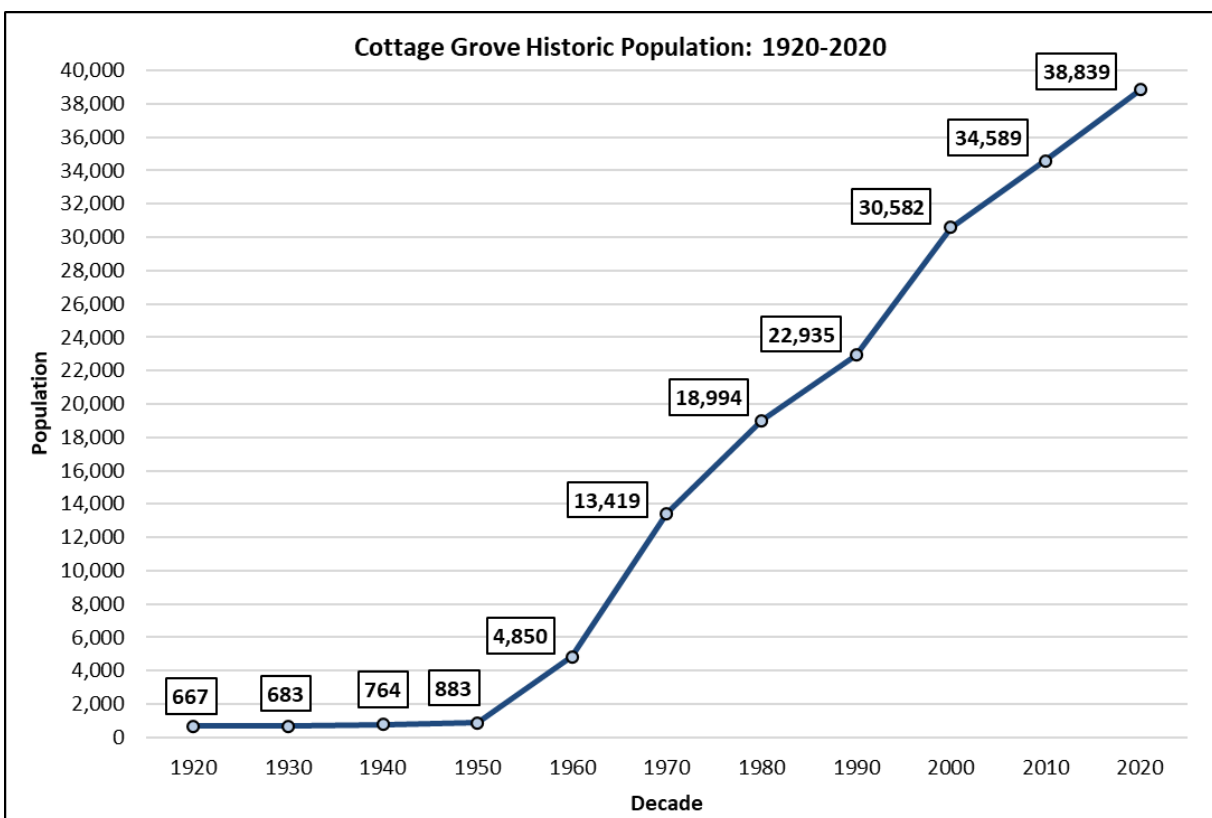


Primary Market Area Remainder & Cottage Grove City Boundaries



Historical Population Growth

In 1920, Cottage Grove had a total of 667 people. Rapid growth began in Cottage Grove in the 1950s when the community grew 449.3% from 883 people in 1950 to 4,850 people in 1960. High growth continued in the City between 1960 and 1970, with an increase of 176.7% from 4,850 people in 1960 to 13,419 people in 1970. Rapid growth persisted between 1970 and 1980 with Cottage Grove's population growing by 41.5% to 18,994 people by 1980. Growth continued, but at a slower pace than during the 1980s, increasing by 20.7% to 22,935 people as of 1990. From 1990 to 2000, the City reached 30,000 people, growing 33.3% to 30,582 people by 2000. From 2000 to 2010 and from 2010 to 2020, Cottage Grove's population increased by 13.1% and 12.3%, respectively, growing to 34,589 people in 2010 and 38,839 people by 2020.



Population and Household Growth from 2000 to 2020

Table D-1 presents population and household growth trends in Cottage Grove as of 2000, 2010 and 2020. Current estimates and projections to 2040 are addressed in the following section. Historical data is from the U.S. Decennial Census.

Population

- Cottage Grove's population increased from 34,589 people to 38,839 people between 2010 and 2020 (4,250 people, 12.3%). Growth this past decade was higher numerically than between 2000 and 2010, but at a slightly slower growth rate, 12.3% versus 13.1%. Washington County's and the Metro Area's growth rates from 2010 to 2020 were 12.4% and 11.0%, respectively.

Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. Additional demand however, can result from changing demographics of the population base, which results in demand for different housing products.
- Cottage Grove added 2,087 households during the 2010s (9.6%), increasing its household base to 23,830 households as of 2020. Households in Washington County increased by 13.3% and the Metro Area increased 10.9% over the same period.
- Household growth rates over the past two decades (2000 to 2020) outpaced population growth in Cottage Grove and in the PMA. Cottage Grove's population increased 27% compared to a 32% increase in households between 2000 and 2020. This is the result of fewer people in each household, caused by demographic and social trends such as couples delaying marriage, an increasing senior base and couples' decisions to have fewer children or no children at all. As a result, most new apartment construction has targeted smaller household sizes in these properties unit mixes (i.e. a higher proportion of one-bedroom units).

Population and Household Estimates and Projections

Table D-1 presents population and household growth trends and projections for Cottage Grove, the Primary Market Area, Washington County and Seven County Metro Area to 2040. Estimates for 2024 and projections to 2040 are based on information from ESRI (a national demographics service provider) and the Metropolitan Council, with adjustments by Maxfield Research.

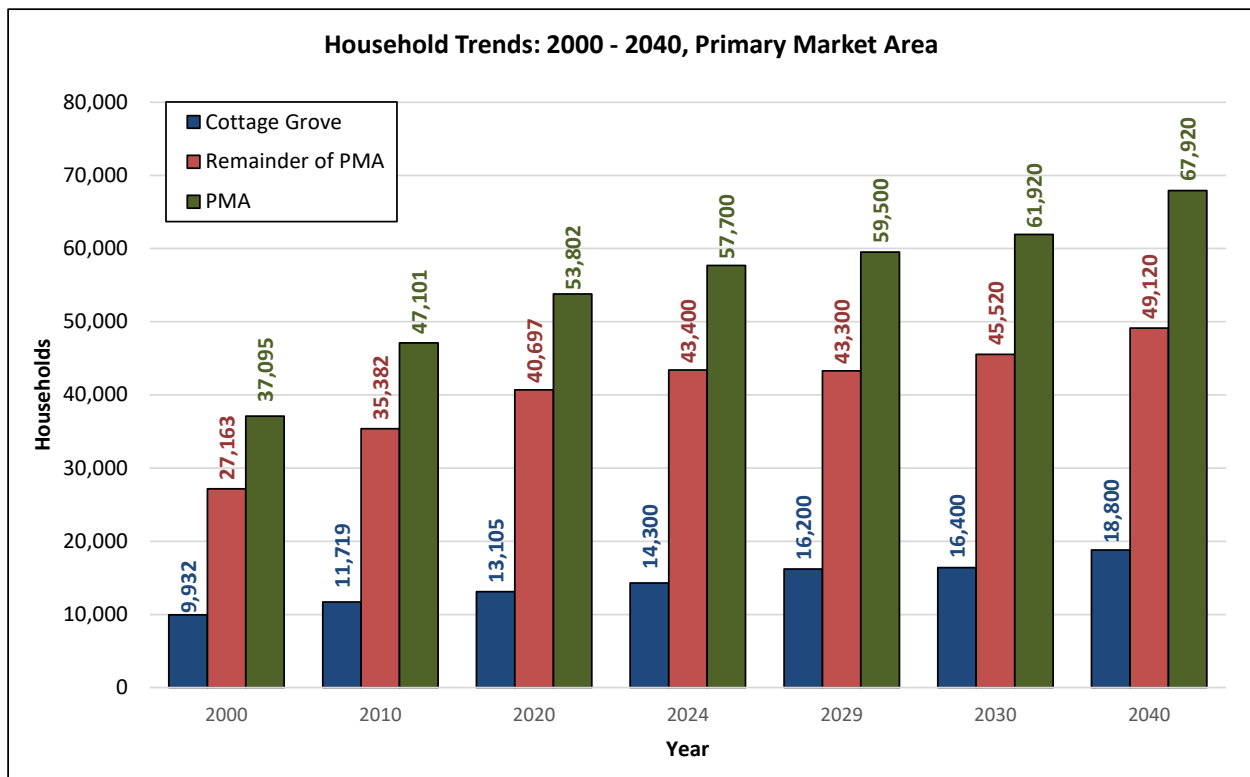
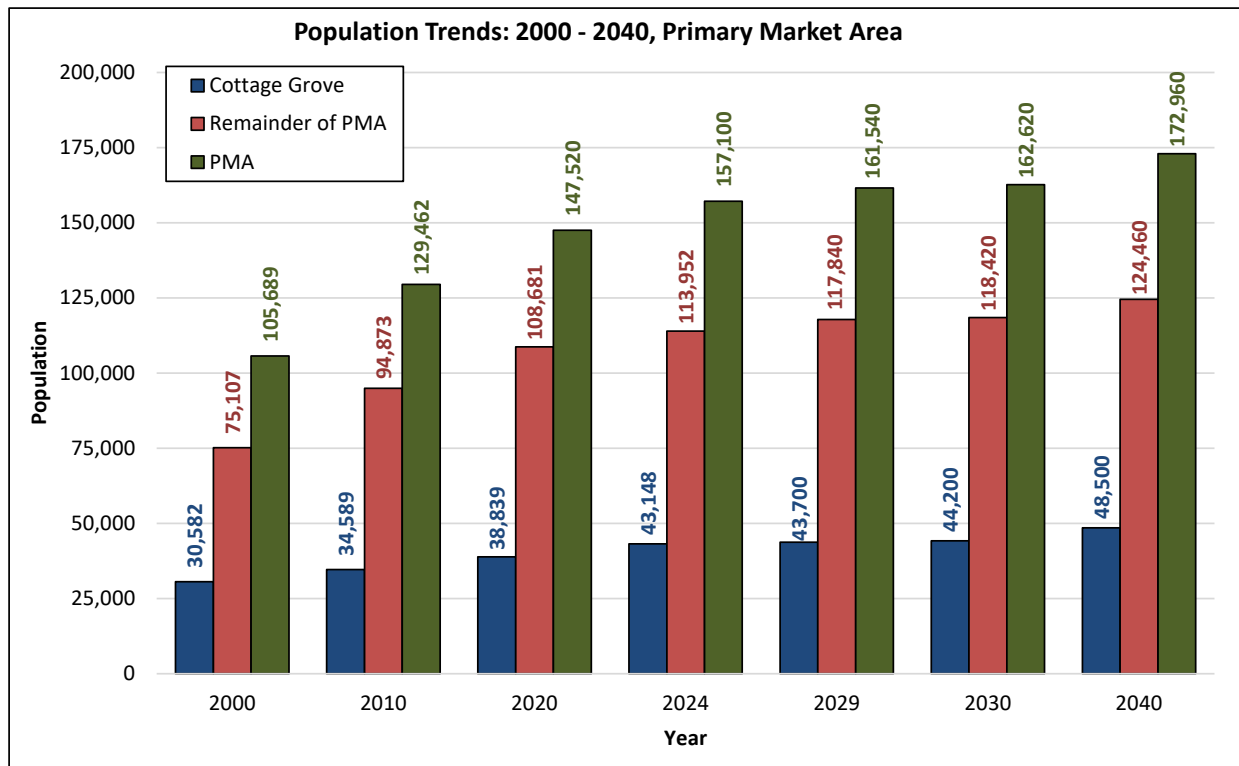
DEMOGRAPHIC ANALYSIS

TABLE D-1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
PRIMARY MARKET AREA
2000 to 2040

								Change							
	U.S. Census			Estimate	Forecast			2000 to 2010		2010 to 2020		2020 to 2030		2030 to 2040	
	2000	2010	2020	2024	2029	2030	2040	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
POPULATION															
Cottage Grove	30,582	34,589	38,839	43,148	43,700	44,200	48,500	4,007	13.1%	4,250	12.3%	5,361	13.8%	4,300	9.7%
Remainder of PMA*	75,107	94,873	108,681	113,952	117,840	118,420	124,460	19,766	26.3%	13,808	14.6%	9,739	9.0%	6,040	5.1%
PMA	105,689	129,462	147,520	157,100	161,540	162,620	172,960	23,773	22.5%	18,058	13.9%	15,100	10.2%	10,340	6.4%
Washington County	201,130	238,136	267,568	284,411	305,950	310,260	341,330	37,006	18.4%	29,432	12.4%	42,692	16.0%	31,070	10.0%
Seven-County Metro Area	2,642,056	2,849,567	3,163,104	3,242,239	3,350,000	3,397,400	3,590,000	207,511	7.9%	313,537	11.0%	234,296	7.4%	192,600	5.7%
HOUSEHOLDS															
Cottage Grove	9,932	11,719	13,105	14,300	16,200	16,400	18,800	1,787	18.0%	1,386	11.8%	3,295	25.1%	2,400	14.6%
Remainder of PMA*	27,163	35,382	40,697	43,400	43,300	45,520	49,120	8,219	30.3%	5,315	15.0%	4,823	11.9%	3,600	7.9%
PMA	37,095	47,101	53,802	57,700	59,500	61,920	67,920	10,006	27.0%	6,701	14.2%	8,118	15.1%	6,000	9.7%
Washington County	71,462	87,859	99,507	108,000	110,000	115,000	124,000	16,397	22.9%	11,648	13.3%	15,493	15.6%	9,000	7.8%
Seven-County Metro Area	1,021,454	1,117,749	1,239,526	1,285,000	1,330,000	1,348,230	1,448,000	96,295	9.4%	121,777	10.9%	108,704	8.8%	99,770	7.4%
Seven County Metro Area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.															
Sources: U.S. Census Bureau; ESRI; Metropolitan Council; Maxfield Research & Consulting															

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- As of 2024, Cottage Grove is estimated to have 43,148 people. The City continued to grow during the last decade (2010 to 2020 – 12.3%), but at a slightly slower rate than in the 2000s (2000 to 2010 – 13.1%). Between 2020 and 2030, we estimate that Cottage Grove will add 5,361 people (13.8%) and 3,295 households (25.1%).
- As of 2024, the PMA is estimated to have 157,100 people. The Market Area, like Cottage Grove, grew over the last decade (2010 to 2020 – 13.9%), but at a slower rate than in the 2000s (2000 to 2010 – 22.5%). The PMA is estimated to add 9,739 people (9.0%) and 8,118 households (15.1%) between 2020 and 2030.
- Between 2030 and 2040, Cottage Grove’s population is forecast to increase by 4,300 people (9.7%) to 48,500 people while households are projected to increase by 2,400 (14.6%), reaching 18,800 households.
- Between 2030 and 2040, the PMA population is forecast to increase by 9,739 people (9.0%) to 172,960 people while households are projected to increase by 5,585 (9.3%) to 65,378 households.
- Washington County is forecast to increase by 15,100 people (7.4%) and 15,493 people (15.1%) from 2020 to 2030. Between 2030 and 2040, Washington County is projected to gain 20,983 people (7.3%) and 10,528 households (9.6%).
- The Metro Area is forecast to grow by 234,296 people (7.1%) and 108,704 households (8.8%) between 2020 and 2030. From 2030 and 2040, the Metro Area is projected to gain 192,600 people (5.7%) and 99,970 households (7.4%).





City Water Tower

Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons in nine age cohorts for Cottage Grove, PMA Remainder, PMA and Seven-County Metro Area in 2000 and 2010 with estimates for 2024 and projections for 2030. The 2000 and 2010 age distribution numbers are from the U.S. Census Bureau while 2024 and 2030 data is based on data obtained from the Metropolitan Council and ESRI Inc. with adjustments by Maxfield Research. The following are key points from the table.

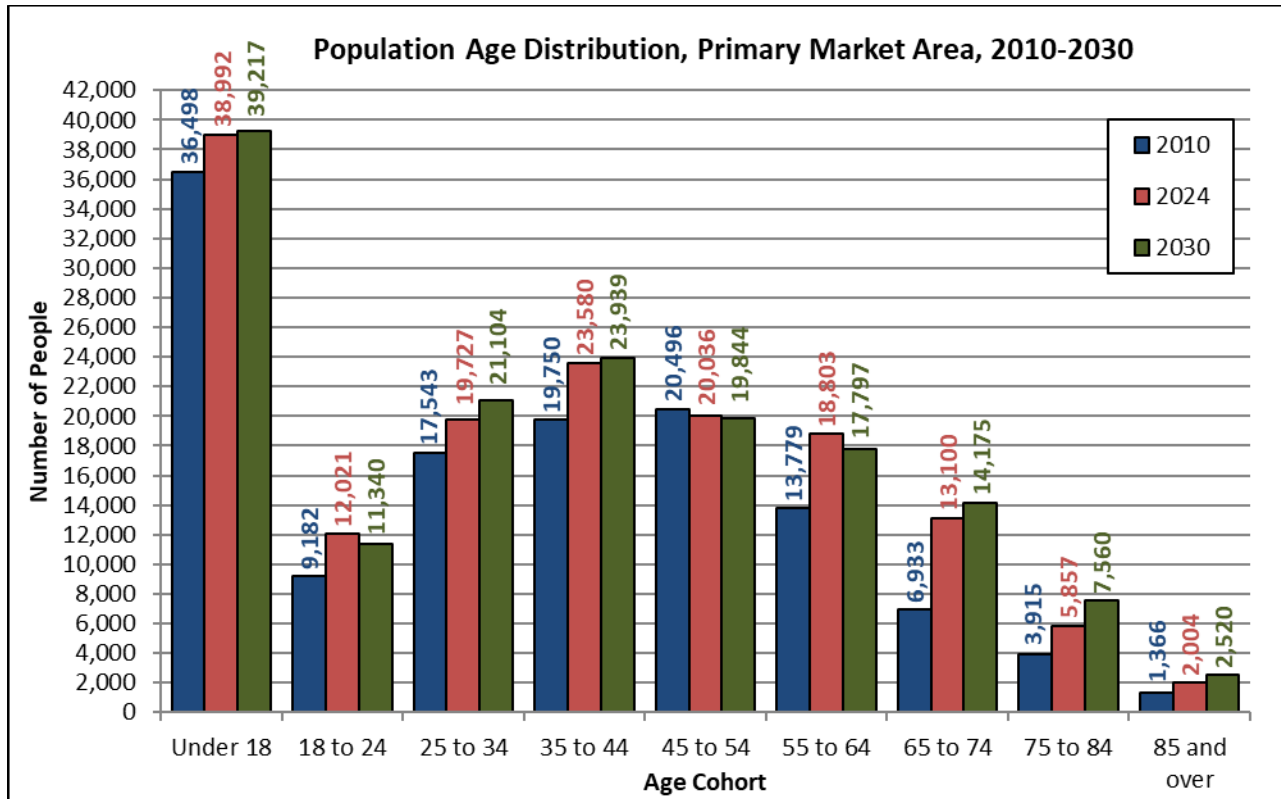
- The 35 to 44 age cohort is the largest adult cohort in Cottage Grove and the PMA Remainder comprising 14.8% and 15.5%, respectively as of 2024. This age cohort in Cottage Grove and the PMA Remainder represented higher proportions than in the Metro Area (14.1%).
- Cottage Grove's and the overall PMA's populations of 18 to 34-year-olds, which consists primarily of renters and first-time homebuyers, increased by 28.9% and 18.2%, respectively between 2010 and 2024. The same age cohort is projected to decrease by 0.8% in Cottage Grove, while decreasing by 3.5% in the PMA over the next six years. Despite the modest decreases, demand remains strong as home production has not kept pace with the need.

DEMOGRAPHIC ANALYSIS

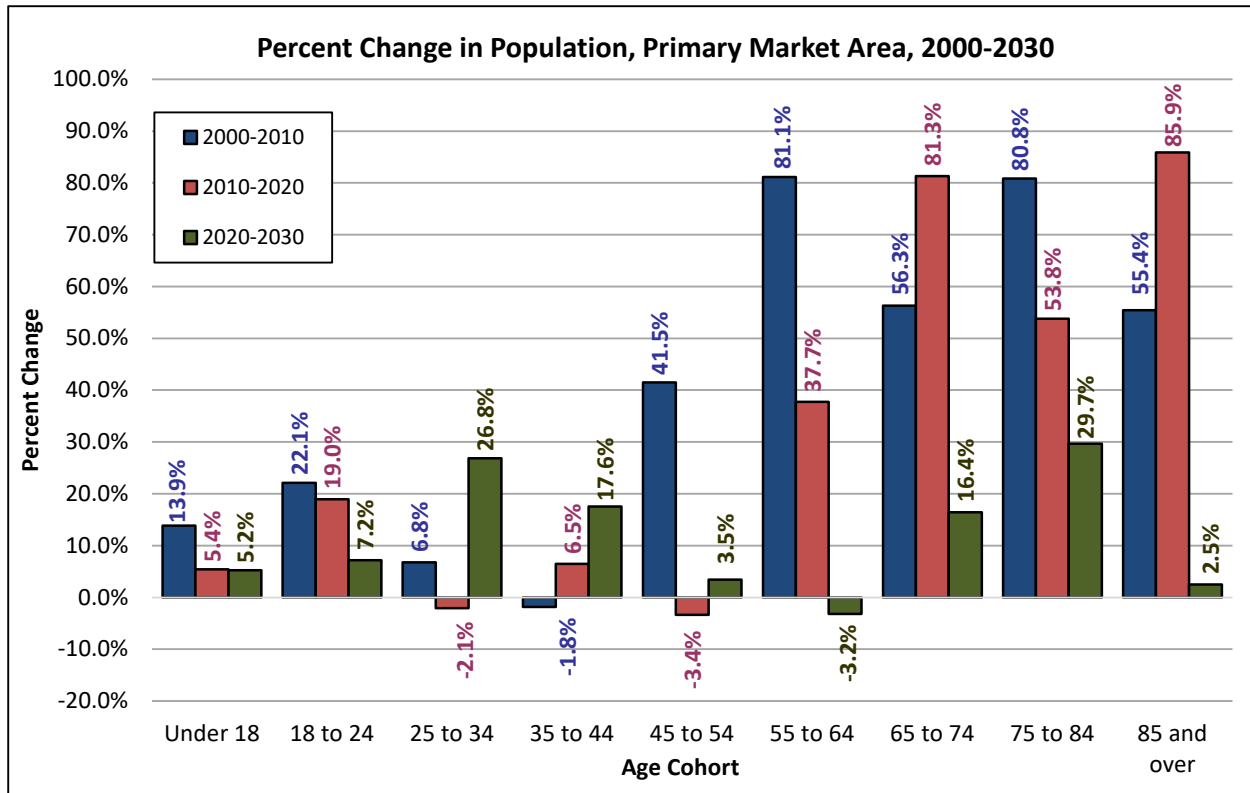
TABLE D-2 POPULATION AGE DISTRIBUTION PRIMARY MARKET AREA 2000 to 2030											
Age	Census			Estimate	Forecast	Change					
	2000	2010	2020	2024	2030	2000-2010		2010-2020		2020-2030	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Cottage Grove											
Under 18	9,987	10,015	10,604	10,787	10,785	28	0.3%	589	5.9%	181	1.7%
18 to 24	2,257	2,688	2,949	3,322	3,050	431	19.1%	261	9.7%	101	3.4%
25 to 34	4,760	4,609	4,658	6,084	6,276	-151	-3.2%	49	1.1%	1,618	34.7%
35 to 44	5,756	5,447	5,760	6,386	6,895	-309	-5.4%	313	5.7%	1,135	19.7%
45 to 54	4,144	5,318	5,076	5,609	5,481	1,174	28.3%	-242	-4.6%	405	8.0%
55 to 64	2,188	3,655	4,727	5,178	5,039	1,467	67.0%	1,072	29.3%	312	6.6%
65 to 74	1,092	1,765	3,144	3,711	3,978	673	61.6%	1,379	78.1%	834	26.5%
75 to 84	342	860	1,369	1,596	2,077	518	151.5%	509	59.2%	708	51.7%
85 and over	56	232	552	475	619	176	314.3%	320	137.9%	67	12.1%
Total	30,582	34,589	38,839	43,148	44,200	4,007	13.1%	4,250	12.3%	5,361	13.8%
Remainder of PMA											
Under 18	22,064	26,483	27,874	28,959	29,708	4,419	20.0%	1,391	5.3%	1,834	6.6%
18 to 24	5,261	6,494	7,974	8,931	8,659	1,233	23.4%	1,480	22.8%	685	8.6%
25 to 34	11,668	12,934	12,521	14,025	15,515	1,266	10.9%	-413	-3.2%	2,994	23.9%
35 to 44	14,366	14,303	15,266	17,650	17,823	-63	-0.4%	963	6.7%	2,557	16.7%
45 to 54	10,339	15,178	14,730	14,814	15,009	4,839	46.8%	-448	-3.0%	279	1.9%
55 to 64	5,419	10,124	14,252	13,988	13,337	4,705	86.8%	4,128	40.8%	-915	-6.4%
65 to 74	3,344	5,168	9,426	9,643	10,658	1,824	54.5%	4,258	82.4%	1,232	13.1%
75 to 84	1,823	3,055	4,651	4,373	5,728	1,232	67.6%	1,596	52.2%	1,077	23.2%
85 and over	823	1,134	1,987	1,568	1,983	311	37.8%	853	75.2%	-4	-0.2%
Total	75,107	94,873	108,681	113,952	118,420	19,766	26.3%	13,808	14.6%	9,739	9.0%
Primary Market Area											
Under 18	32,051	36,498	38,478	39,746	40,492	4,447	13.9%	1,980	5.4%	2,014	5.2%
18 to 24	7,518	9,182	10,923	12,254	11,709	1,664	22.1%	1,741	19.0%	786	7.2%
25 to 34	16,428	17,543	17,179	20,109	21,791	1,115	6.8%	-364	-2.1%	4,612	26.8%
35 to 44	20,122	19,750	21,026	24,036	24,718	-372	-1.8%	1,276	6.5%	3,692	17.6%
45 to 54	14,483	20,496	19,806	20,423	20,490	6,013	41.5%	-690	-3.4%	684	3.5%
55 to 64	7,607	13,779	18,979	19,166	18,376	6,172	81.1%	5,200	37.7%	-603	-3.2%
65 to 74	4,436	6,933	12,570	13,354	14,636	2,497	56.3%	5,637	81.3%	2,066	16.4%
75 to 84	2,165	3,915	6,020	5,970	7,806	1,750	80.8%	2,105	53.8%	1,786	29.7%
85 and over	879	1,366	2,539	2,042	2,602	487	55.4%	1,173	85.9%	63	2.5%
Total	105,689	129,462	147,520	157,100	162,620	23,773	22.5%	18,058	13.9%	15,100	10.2%
Seven-County Metro Area											
Under 18	697,534	700,960	728,883	723,019	733,838	3,426	0.5%	27,923	4.0%	4,955	0.7%
18 to 24	244,226	263,462	283,334	288,559	295,574	19,236	7.9%	19,872	7.5%	12,240	4.3%
25 to 34	411,155	420,311	461,046	453,913	462,046	9,156	2.2%	40,735	9.7%	1,000	0.2%
35 to 44	469,324	391,324	433,214	457,156	492,623	-78,000	-16.6%	41,890	10.7%	59,409	13.7%
45 to 54	363,592	440,753	383,578	392,311	407,688	77,161	21.2%	-57,175	-13.0%	24,110	6.3%
55 to 64	200,980	326,007	407,524	415,007	390,701	125,027	62.2%	81,517	25.0%	-16,823	-4.1%
65 to 74	130,615	163,425	280,318	311,255	349,932	32,810	25.1%	116,893	71.5%	69,614	24.8%
75 to 84	90,292	97,442	130,248	142,659	193,652	7,150	7.9%	32,806	33.7%	63,404	48.7%
85 and over	34,338	45,883	54,959	58,360	71,345	11,545	33.6%	9,076	19.8%	16,386	29.8%
Total	2,642,056	2,849,567	3,163,104	3,242,239	3,397,400	207,511	7.9%	313,537	11.0%	234,296	7.4%

Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting

- Between 2010 and 2020, the largest percentage growth rates in the PMA occurred in the 65 to 74 (81.3%) and the 85 plus (85.9%) age groups. The third largest proportional growth was in the 75 to 84 age group (53.8%). The 25 to 34 age group and the 45 to 54 age groups lost 2.1% and 3.4%, respectively, due to regional demographic shifts in this group.



- Mirroring trends observed across the Nation, the aging Baby Boom generation is substantially impacting the composition of the PMA's population. Born between 1946 and 1964, these individuals primarily comprise the 55 to 64 and 65 to 74 age groups. As of 2024, the 55 to 64 and 65 to 74 age groups accounted for a combined 20.7% of the PMA's population and 20.5% in Cottage Grove.
- The 75 to 84 age cohort is projected to have the greatest percent growth in the PMA from 2024 to 2030, increasing by 30.8% (1,836 people). Growth in this age cohort can be largely attributed to the continued aging of the Baby Boom generation.
- The next three age cohorts with the largest projected proportional growth rates are those 85 and over (27.4%), 65 to 74 (9.6%), and the 25 to 34 (8.4%).
- The social changes that occurred with the aging of the Baby Boom generation, such as higher divorce rates, higher levels of education and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family home. Seniors and mid-age people tend to do more traveling and participate in more activities than previous generations and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.



Race and Ethnicity

Table D-3 presents the race and ethnicity of the population in Cottage Grove, the PMA Remainder, PMA and Seven County Metro in 2010, 2020 and 2024. One must select their race as well as whether one is of Hispanic/Latino origin. Since people self-identify their racial classification, there may be confusion on the part of some people about what category most accurately describes their race. Some people may choose to self-identify using their ethnicity as their race. The increase in diversity of the United States will likely result in some confusion over race/ethnicity classifications for some time until additional racial classifications are formulated and assigned to population subsets. The term “Whites” in this report refers to Non-Hispanic White or White, Not Hispanic or Latino individuals.

- “Whites,” in 2024, comprised the largest proportion of the population in Cottage Grove (79.4%) and the Primary Market Area (78.5%). While this category has always been the largest, it has increased from the 2010 proportions of 86.5% in Cottage Grove and 85.6% in the PMA. Compared to the Metro Area (69.8%), Cottage Grove has a higher percentage of those considered “White” in 2024.

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**TABLE D-3
POPULATION DISTRIBUTION BY RACE
PRIMARY MARKET AREA
2010, 2020, & 2024**

	White Alone			Black or African American Alone			American Indian or Alaska Native Alone (AIAN)			Native Hawaiian or Pacific Islander Alone (NHPI)		
	2010	2020	2024	2010	2020	2024	2010	2020	2024	2010	2020	2024
Number												
Cottage Grove	29,921	29,623	34,244	1,348	2,370	2,767	175	177	62	20	15	57
Remainder of PMA	80,580	82,797	90,649	4,203	6,734	4,822	335	506	123	26	32	89
Primary Market Area	110,771	112,420	123,329	5,551	9,104	7,293	510	683	180	46	47	140
Seven-County Metro Area	2,161,906	2,216,027	2,262,377	237,599	328,772	334,133	20,698	24,566	18,670	1,247	1,206	967
Percentage												
Cottage Grove	86.5%	71.4%	79.4%	3.9%	5.7%	6.4%	0.5%	0.4%	0.1%	0.06%	0.04%	0.13%
Remainder of PMA	85.2%	72.7%	79.6%	4.4%	5.9%	4.2%	0.4%	0.4%	0.1%	0.03%	0.03%	0.08%
Primary Market Area	85.6%	72.4%	78.5%	4.3%	5.9%	4.6%	0.4%	0.4%	0.1%	0.04%	0.03%	0.09%
Seven-County Metro Area	78.4%	67.0%	69.8%	8.6%	9.9%	10.3%	0.8%	0.7%	0.6%	0.05%	0.04%	0.03%
	Asian Alone			Some Other Race			Two or More Races Alone			Hispanic or Latino (Ethnicity)		
	2010	2020	2024	2010	2020	2024	2010	2020	2024	2010	2020	2024
Number												
Cottage Grove	1,820	2,769	2,497	493	959	714	812	2,926	2,807	1,658	2,628	2,053
Remainder of PMA	6,220	9,553	10,956	976	1,684	2,201	2,263	7,375	5,112	3,504	5,232	5,786
Primary Market Area	8,040	12,322	14,339	1,469	2,643	2,909	3,075	10,301	8,910	5,162	7,860	7,840
Seven-County Metro Area	180,943	259,578	257,408	73,185	115,503	120,207	82,947	217,452	248,477	167,558	146,529	222,840
Percentage												
Cottage Grove	5.3%	6.7%	5.8%	1.4%	2.3%	1.7%	2.3%	7.1%	6.5%	4.8%	6.3%	4.8%
Remainder of PMA	6.6%	8.4%	9.6%	1.0%	1.5%	1.9%	2.4%	6.5%	4.5%	3.7%	4.6%	5.1%
Primary Market Area	6.2%	7.9%	9.1%	1.1%	1.7%	1.9%	2.4%	6.6%	5.7%	4.0%	5.1%	5.0%
Seven-County Metro Area	6.6%	7.8%	7.9%	2.7%	3.5%	3.7%	3.0%	6.6%	7.7%	6.1%	4.4%	6.9%

Note: Hispanic/Latino totals included within the other race categories.

Sources: U.S. Census Bureau; Maxfield Research and Consulting.

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- “Two or More Races Alone” comprised the second largest proportion of those in Cottage Grove (6.5%), followed by “Black, African American” at 6.4% in 2024 while in the PMA, “Asian Alone” was the second largest category (9.1%).
- “Native Hawaiian or Pacific Islander Alone” experienced the largest proportional growth in the PMA, increasing by 204.3% (94 people) between 2010 and 2024. In Cottage Grove, “Two or More Races Alone” experienced the largest proportional growth, increasing by 247.2% (1,995 people).
- Compared to the Twin Cities Metro Area, Cottage Grove and the PMA are less diverse.
- In Cottage Grove and the PMA, Hispanics/Latinos comprised 4.8% and 5.0%, respectively of the population in 2024, less than the Seven-County Metro Area where Latinos comprised 6.9% of the population. Hispanic/Latino Origin may be of any race.

Household Income by Age of Householder

The estimated distribution of household incomes in the Primary Market Area for 2024 and 2030 are shown in Table D-4. The data was estimated by Maxfield Research based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household’s adjusted gross income. For example, a household with an income of \$100,000 per year would be able to afford a monthly housing cost of about \$2,500. Maxfield Research utilizes a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

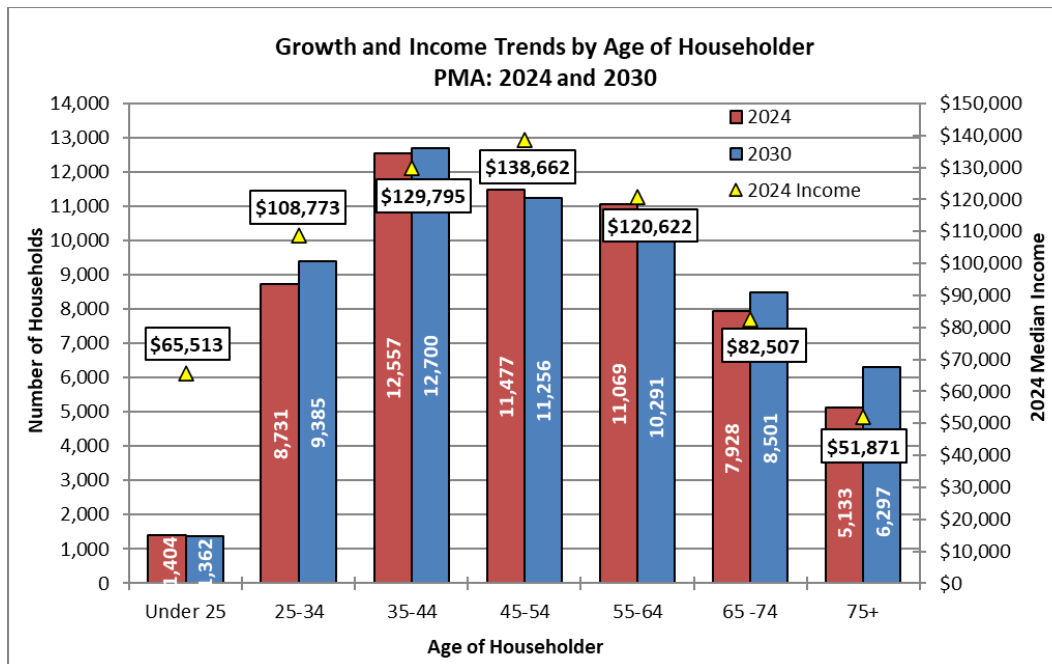
A generally accepted standard for affordable owned housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income. Thus, a \$110,889 income would translate to an affordable owned home of between \$332,700 and \$388,100. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- The PMA had an estimated median household income of \$110,889 in 2024. It is projected to increase over the next six years to \$124,608 in 2030 (12.4%, or 2.0% annually).

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- A 2024 household income of \$96,024 for households under age 65 translates to an estimated monthly housing cost of \$2,401, based on an allocation of 30% of income toward housing. A senior household (65+) with a 2024 median income of \$70,467 could afford a monthly housing cost of \$2,349 based on an allocation of 40% of income toward housing.

TABLE D-4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA (Number of Households) 2024 and 2030								
		Age of Householder						
	Total	Under 25	25-34	35-44	45-54	55-64	65-74	75+
2024								
Less than \$15,000	2,050	125	251	236	239	394	369	437
\$15,000 to \$24,999	1,701	82	147	149	148	318	330	528
\$25,000 to \$34,999	2,333	110	328	224	227	362	377	706
\$35,000 to \$49,999	3,835	174	562	547	386	603	691	874
\$50,000 to \$74,999	8,060	310	1,210	1,355	1,034	1,304	1,868	980
\$75,000 to \$99,999	7,737	256	1,409	1,678	1,329	1,380	1,193	493
\$100,000 to \$149,999	12,749	207	2,126	3,169	2,908	2,487	1,436	417
\$150,000 to \$199,999	9,076	88	1,383	2,287	2,238	1,851	793	437
\$200,000+	10,159	39	1,227	2,784	2,851	2,257	793	208
Total	57,700	1,389	8,641	12,428	11,359	10,955	7,847	5,080
Median Income	\$110,889	\$65,513	\$108,773	\$129,795	\$138,662	\$120,622	\$82,507	\$51,871
2030								
Less than \$15,000	1,832	134	214	197	187	277	335	489
\$15,000 to \$24,999	1,226	62	117	92	93	171	229	463
\$25,000 to \$34,999	1,905	95	262	158	128	224	308	730
\$35,000 to \$49,999	3,219	138	486	408	280	405	563	939
\$50,000 to \$74,999	7,967	310	1,215	1,184	909	1,119	1,919	1,311
\$75,000 to \$99,999	7,763	265	1,419	1,552	1,271	1,247	1,312	698
\$100,000 to \$149,999	13,906	253	2,440	3,341	2,972	2,472	1,770	659
\$150,000 to \$199,999	11,719	116	1,886	2,854	2,634	2,217	1,197	815
\$200,000+	12,383	38	1,681	3,367	3,182	2,526	1,171	417
Total	61,920	1,411	9,719	13,152	11,657	10,657	8,804	6,521
Median Income	\$124,608	\$73,991	\$122,501	\$148,728	\$155,273	\$140,641	\$99,132	\$63,818
Change - 2024 to 2030								
Less than \$15,000	-218	9	-37	-39	-52	-117	-34	52
\$15,000 to \$24,999	-475	-20	-30	-57	-54	-147	-101	-65
\$25,000 to \$34,999	-428	-15	-66	-66	-99	-138	-69	24
\$35,000 to \$49,999	-616	-35	-76	-139	-106	-198	-127	65
\$50,000 to \$74,999	-93	1	5	-171	-124	-185	52	330
\$75,000 to \$99,999	26	10	10	-126	-58	-134	119	205
\$100,000 to \$149,999	1,156	46	314	172	64	-15	334	242
\$150,000 to \$199,999	2,643	28	503	567	397	365	405	378
\$200,000+	2,224	-1	454	583	331	269	378	209
Total	4,220	22	1,078	724	297	-299	957	1,441
Median Income	\$13,718	\$8,478	\$13,728	\$18,934	\$16,612	\$20,020	\$16,625	\$11,947
Sources: ESRI; Maxfield Research and Consulting.								



Non-Senior Households

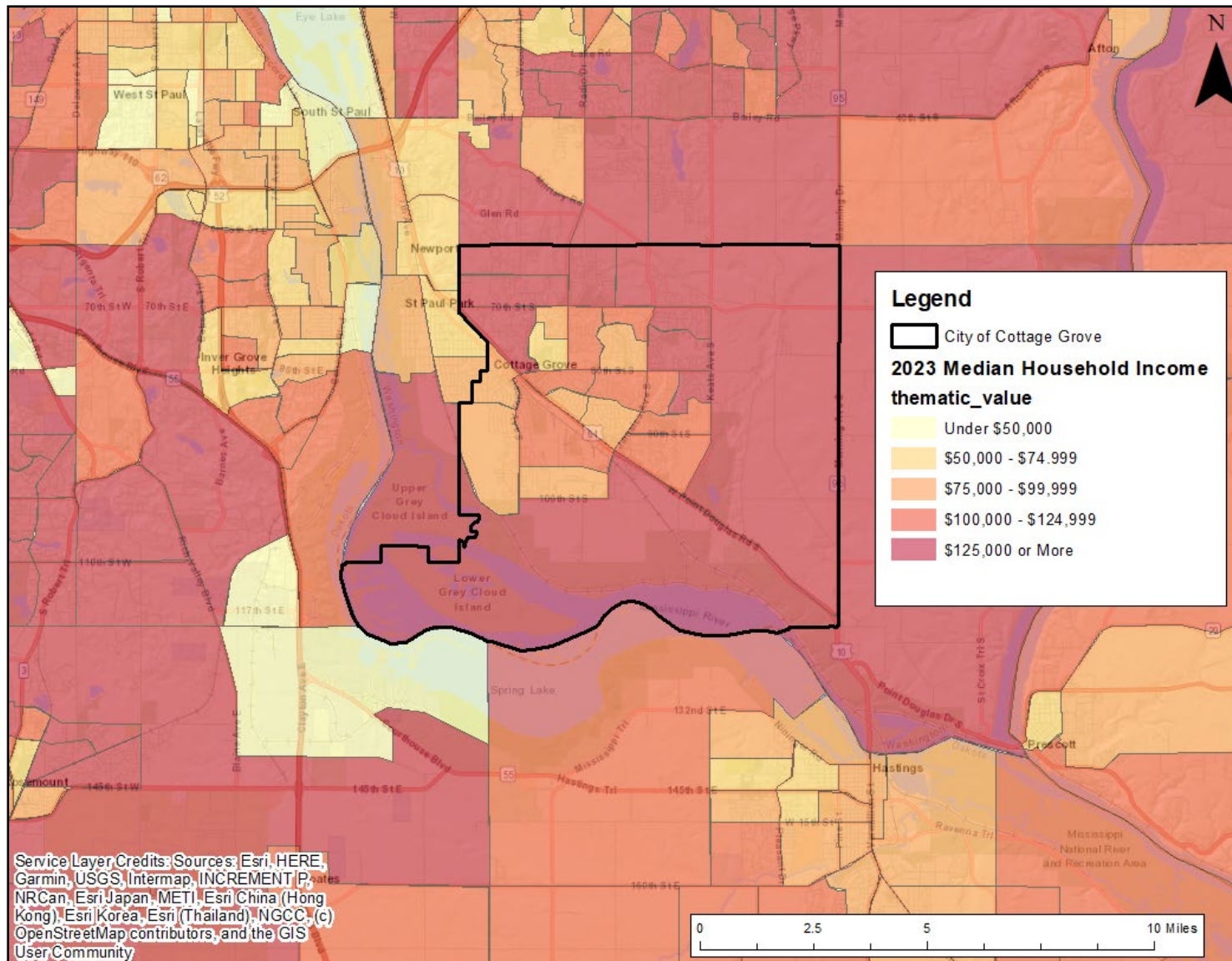
- In 2024, 2.8% of non-senior (under age 65) households in the Primary Market Area had incomes under \$15,000 (1,258 households). These households would be eligible for subsidized rental housing. Another 2.0% of the PMA's non-senior households had incomes between \$15,000 and \$25,000 (898 households). Many of these households would also qualify for subsidized housing, but many could also afford "affordable" or older market rate apartments. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month. Note that very few naturally occurring (NOAH) units in Cottage Grove and the PMA have rents in this range.
- In most geographic areas, household median incomes peak in the 45 to 54 age group, when householders are considered in their peak earning years. This is also the case in the PMA where household median incomes peak in the 45 to 54 age cohort at \$138,662. By 2030, the median income for the 45 to 54 age group is projected to increase by 12.0% to \$155,273.
- The median resale price of homes in the PMA was \$399,890 through 2023 (see Table FS-1). The income required to afford a home at this price would be between \$114,254 and \$133,297; based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).
- Incomes are expected to increase by 13.8% between 2024 and 2030 in the PMA for a median income of \$140,782 for non-senior households, equating to a 2.8% annual increase. The PMA's non-senior household income growth is higher than the Metro Area's projected non-senior household income growth of 1.9%.

Senior Households

- The oldest householders are likely to have lower incomes in 2024. In the PMA, 4.7% of households ages 65 to 74 had incomes below \$15,000, in addition to 8.6% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still working or are married couples with two incomes and/or higher social security benefits. The 2024 median income for PMA householders in the 65 to 74 age cohort and 75+ age cohort are \$82,507 and \$51,871; respectively.
- Generally, senior households with incomes greater than \$35,000 can afford market rate senior housing (often with the sale of their home proceeds). Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$1,000. An estimated 10,286 senior households in the PMA had incomes of \$35,000 or higher in 2024. A one-bedroom market rate unit at \$1,400 is affordable at \$42,000 based on a 40% allocation of income toward housing.
- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$37,875 to afford monthly rents of \$2,525; which is about the beginning monthly rent for assisted living properties in the PMA. There are an estimated 3,243 older senior (ages 75 and over) households with incomes greater than \$37,875 (64.0% of households 75 and over) in 2024. Seniors 75 and older are the primary market for assisted living housing.
- The median income for seniors age 65+ in the PMA is \$70,468 in 2024 and is projected to increase by \$13,638 (19.4%) to \$84,105 by 2030.

A map on the following page, created with ESRI data, displays 2023 median household incomes by block group across Cottage Grove and neighboring communities. Income categories are as follows: under \$50,000; \$50,000 to \$74,999; \$75,000 to \$99,999; \$100,000 to \$124,999; and \$125,000 and over. Median incomes in Cottage Grove are highest in the far southern portion of the City, the far eastern portion of the City and the far northern portion of the City.

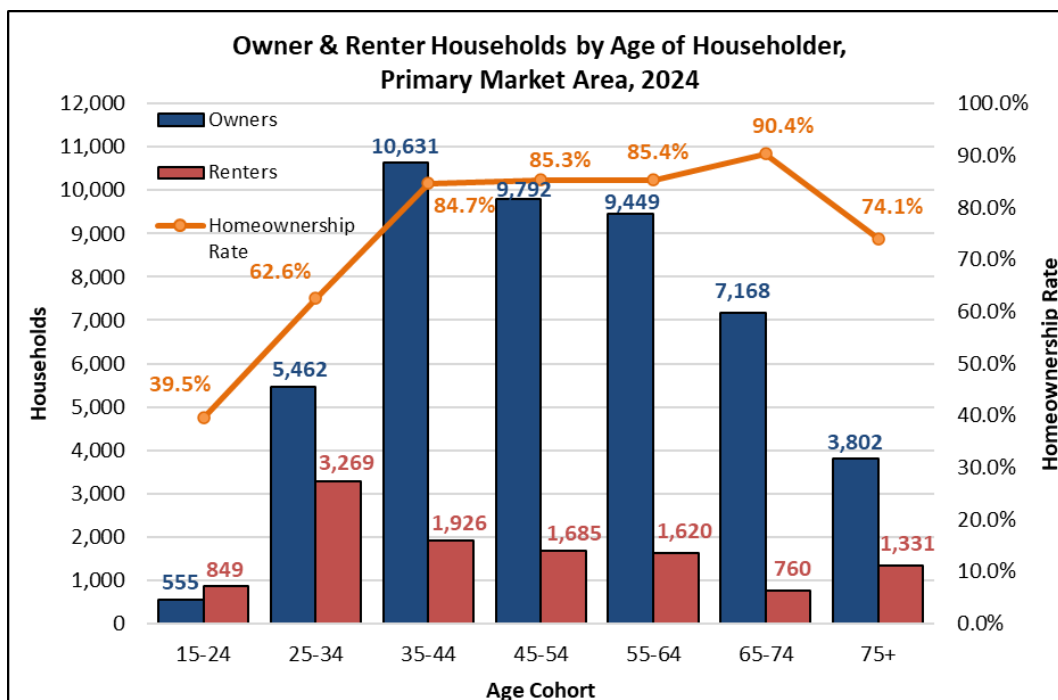
Cottage Grove Median Household Income by Block Group, 2023



Tenure by Age of Householder

Table D-5 shows the number of owner and renter households in Cottage Grove, the PMA Remainder, PMA and Seven-County Metro Area by age group in 2010, 2020, and 2024. The data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle. The following are key findings from Table D-5.

- In 2010, 88.6% of all households in Cottage Grove and 78.9% of all households in the PMA owned their housing. By 2024, those percentages decreased to 87.3% in Cottage Grove and 78.0% in the PMA as homeownership rates across the Metro Area decreased over the period.
- As households progress through their life cycle, housing needs change. Typically, the proportion of renter households decreases as households age out of their young-adult years. This trend is evident in both Cottage Grove and the PMA. For seniors, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.
- In 2024, 60.5% of PMA households between the ages of 15 and 24 rented their housing (78.6% of Cottage Grove households), compared to 37.4% of PMA households between the ages of 25 and 34 (20.8% of Cottage Grove households). The PMA's households between 65 and 74 were overwhelmingly homeowners, resulting in a 90.4% homeownership rate (97.3% in Cottage Grove). Also, note that in the recent 2020 Census 80.9% of white households in the PMA owned versus 68.5% of non-white households. In Cottage Grove, as of 2020, 88% of white households in the PMA owned versus 77.5% of non-white households.



DEMOGRAPHIC ANALYSIS

TABLE D-5
TENURE BY AGE OF HOUSEHOLDER
PRIMARY MARKET AREA
2010, 2020, and 2024

Age		CITY OF COTTAGE GROVE						REMAINDER OF PRIMARY MARKET AREA					
		2010		2020		2024		2010		2020		2024	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	127	52.9%	67	43.5%	49	21.4%	270	26.7%	160	21.5%	523	44.6%
	Rent	113	47.1%	87	56.5%	181	78.6%	741	73.3%	585	78.5%	650	55.4%
	Total	240	100.0%	154	100.0%	230	100.0%	1,011	100.0%	745	100.0%	1,173	100.0%
25-34	Own	1,597	82.5%	1,371	81.1%	1,843	79.2%	3,967	65.8%	3,078	56.8%	3,180	49.7%
	Rent	339	17.5%	319	18.9%	485	20.8%	2,066	34.2%	2,339	43.2%	3,224	50.3%
	Total	1,936	100.0%	1,690	100.0%	2,327	100.0%	6,033	100.0%	5,417	100.0%	6,404	100.0%
35-44	Own	2,480	89.5%	2,566	87.3%	2,601	88.9%	6,280	81.2%	6,260	76.6%	7,796	80.9%
	Rent	291	10.5%	373	12.7%	324	11.1%	1,450	18.8%	1,917	23.4%	1,836	19.1%
	Total	2,771	100.0%	2,939	100.0%	2,925	100.0%	7,730	100.0%	8,177	100.0%	9,632	100.0%
45-54	Own	2,678	92.2%	2,449	90.0%	2,539	90.6%	7,475	86.5%	6,881	82.4%	7,031	81.0%
	Rent	225	7.8%	272	10.0%	262	9.4%	1,162	13.5%	1,466	17.6%	1,644	19.0%
	Total	2,903	100.0%	2,721	100.0%	2,802	100.0%	8,637	100.0%	8,347	100.0%	8,675	100.0%
55-64	Own	1,967	95.1%	2,393	92.3%	2,431	91.9%	5,261	88.1%	6,950	85.3%	6,735	79.9%
	Rent	101	4.9%	199	7.7%	214	8.1%	713	11.9%	1,200	14.7%	1,690	20.1%
	Total	2,068	100.0%	2,592	100.0%	2,645	100.0%	5,974	100.0%	8,150	100.0%	8,425	100.0%
65-74	Own	985	93.1%	1,616	90.5%	1,887	97.3%	2,795	87.6%	4,797	85.2%	5,115	85.4%
	Rent	73	6.9%	170	9.5%	52	2.7%	397	12.4%	836	14.8%	874	14.6%
	Total	1,058	100.0%	1,786	100.0%	1,939	100.0%	3,192	100.0%	5,633	100.0%	5,989	100.0%
75+	Own	553	74.4%	852	69.7%	918	77.7%	1,987	70.8%	2,983	70.6%	2,805	71.0%
	Rent	190	25.6%	371	30.3%	264	22.3%	818	29.2%	1,245	29.4%	1,147	29.0%
	Total	743	100.0%	1,223	100.0%	1,181	100.0%	2,805	100.0%	4,228	100.0%	3,952	100.0%
TOTAL	Own	10,387	88.6%	11,314	86.3%	12,268	87.3%	28,035	79.2%	31,109	76.4%	33,185	75.0%
	Rent	1,332	11.4%	1,791	13.7%	1,782	12.7%	7,347	20.8%	9,588	23.6%	11,065	25.0%
	Total	11,719	100.0%	13,105	100.0%	14,050	100.0%	35,382	100.0%	40,697	100.0%	44,250	100.0%

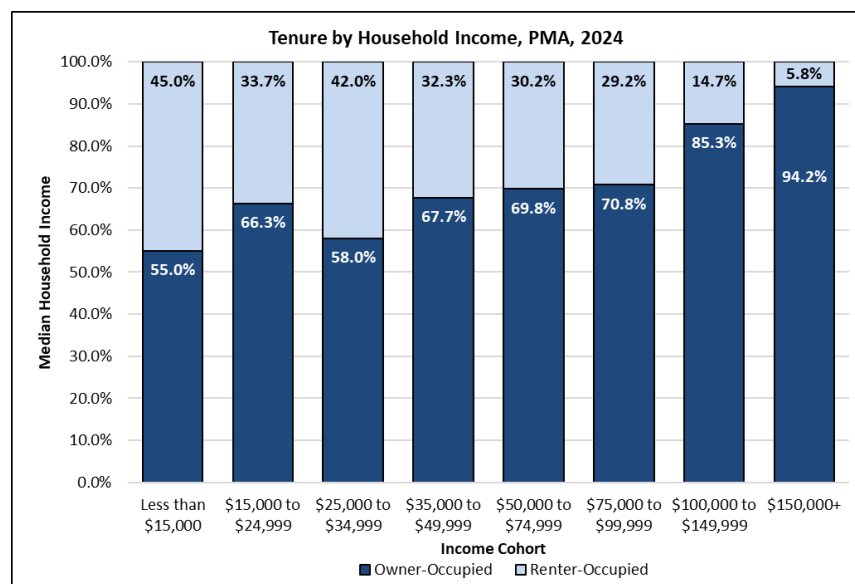
Age		PRIMARY MARKET AREA						SEVEN COUNTY METRO AREA					
		2010		2020		2024		2010		2020		2024	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	397	31.7%	227	25.3%	555	39.5%	7,947	16.0%	5,639	12.1%	17,582	34.3%
	Rent	854	68.3%	672	74.7%	849	60.5%	41,789	84.0%	40,844	87.9%	33,607	65.7%
	Total	1,251	100.0%	899	100.0%	1,404	100.0%	49,736	100.0%	46,483	100.0%	51,189	100.0%
25-34	Own	5,564	69.8%	4,449	62.6%	5,462	62.6%	102,236	50.6%	93,576	43.8%	144,663	68.7%
	Rent	2,405	30.2%	2,658	37.4%	3,269	37.4%	99,716	49.4%	119,854	56.2%	66,043	31.3%
	Total	7,969	100.0%	7,107	100.0%	8,731	100.0%	201,952	100.0%	213,430	100.0%	210,706	100.0%
35-44	Own	8,760	83.4%	8,826	79.4%	10,631	84.7%	154,678	72.3%	157,237	67.3%	203,244	82.7%
	Rent	1,741	16.6%	2,290	20.6%	1,926	15.3%	59,303	27.7%	76,238	32.7%	42,459	17.3%
	Total	10,501	100.0%	11,116	100.0%	12,557	100.0%	213,981	100.0%	233,475	100.0%	245,703	100.0%
45-54	Own	10,153	88.0%	9,330	84.3%	9,792	85.3%	202,404	79.8%	162,870	75.1%	190,547	86.5%
	Rent	1,387	12.0%	1,738	15.7%	1,685	14.7%	51,379	20.2%	53,890	24.9%	29,742	13.5%
	Total	11,540	100.0%	11,068	100.0%	11,477	100.0%	253,783	100.0%	216,760	100.0%	220,289	100.0%
55-64	Own	7,228	89.9%	9,343	87.0%	9,449	85.4%	162,595	82.6%	187,656	78.9%	213,142	88.5%
	Rent	814	10.1%	1,399	13.0%	1,620	14.6%	34,355	17.4%	50,148	21.1%	27,638	11.5%
	Total	8,042	100.0%	10,742	100.0%	11,069	100.0%	196,950	100.0%	237,804	100.0%	240,780	100.0%
65-74	Own	3,780	88.9%	6,413	86.4%	7,168	90.4%	85,347	82.6%	138,161	80.0%	166,166	87.5%
	Rent	470	11.1%	1,006	13.6%	760	9.6%	17,998	17.4%	34,483	20.0%	23,736	12.5%
	Total	4,250	100.0%	7,419	100.0%	7,928	100.0%	103,345	100.0%	172,644	100.0%	189,902	100.0%
75+	Own	2,540	71.6%	3,835	70.4%	3,802	74.1%	67,268	68.6%	82,507	69.4%	96,817	73.7%
	Rent	1,008	28.4%	1,616	29.6%	1,331	25.9%	30,734	31.4%	36,333	30.6%	34,613	26.3%
	Total	3,548	100.0%	5,451	100.0%	5,133	100.0%	98,002	100.0%	118,840	100.0%	131,430	100.0%
TOTAL	Own	38,422	81.6%	42,423	78.9%	46,860	80.4%	782,475	70.0%	827,646	66.8%	1,032,161	80.0%
	Rent	8,679	18.4%	11,379	21.1%	11,440	19.6%	335,274	30.0%	411,790	33.2%	257,838	20.0%
	Total	47,101	100.0%	53,802	100.0%	58,300	100.0%	1,117,749	100.0%	1,239,436	100.0%	1,289,999	100.0%

Sources: U.S. Census Bureau; Maxfield Research and Consulting.

Tenure by Household Income

Table D-6 shows household tenure by age of householder for Cottage Grove, the PMA Remainder, PMA, and the Seven-County Metro Area in 2024. Data is based on estimates from the American Community Survey with adjustments by Maxfield Research. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. It is important to note that the higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the PMA, where the homeownership rate steadily increases from 55.0% of households with incomes below \$15,000 (73.4% of Cottage Grove households) to 94.2% of households with incomes above \$150,000 (95.6% of Cottage Grove households).
- A portion of renter households that are referred to as lifestyle renters, or those who are financially able to own but choose to rent, have household incomes above \$60,000 (\$1,500 rent | 59.2% of PMA renters and 62.3% of Cottage Grove renters in 2024). In addition, 27.5% of PMA renters and 59.2% of Cottage Grove renters earn \$100,000 or more. Some renters choose to be cost burdened (i.e. pay more than 30% of income to housing) and pay higher rental costs for amenities and proximity to transit while giving up their vehicles.
- Households with incomes below \$25,000 are the primary market for deep-subsidy rental housing (14.8% of PMA renters and 8.3% of Cottage Grove renters in 2024). An estimated 11.7% of the PMA's rental housing is affordable units.



DEMOGRAPHIC ANALYSIS

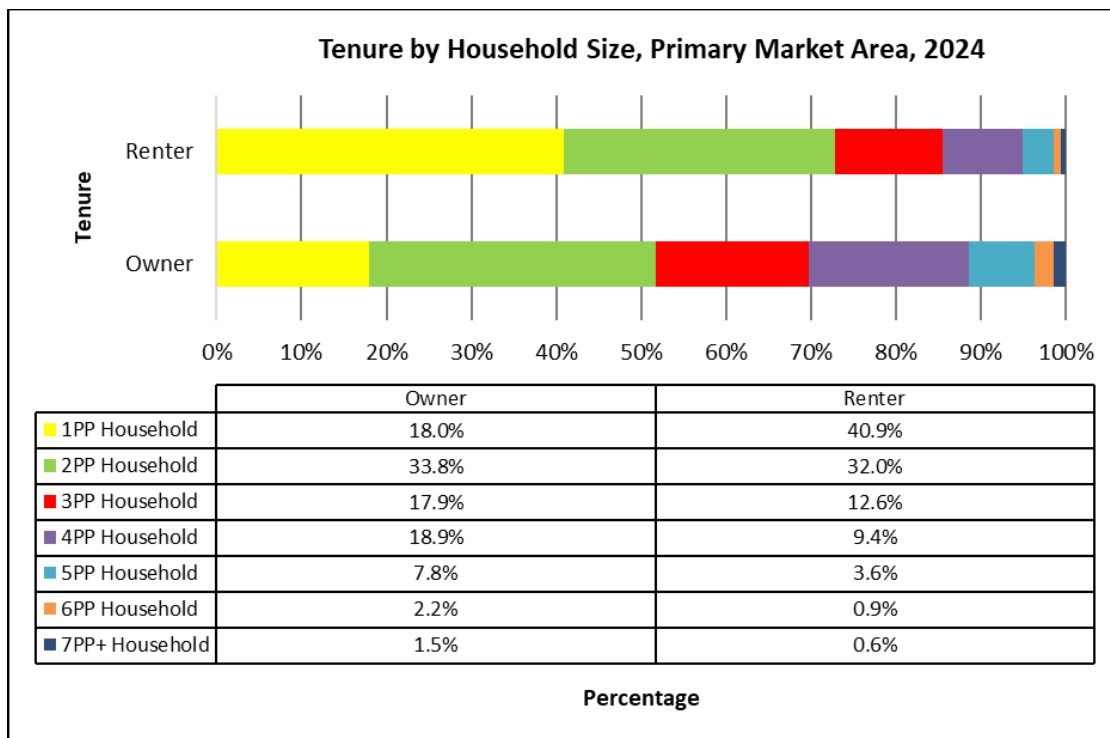
TABLE D-6
TENURE BY HOUSEHOLD INCOME
PRIMARY MARKET AREA
2024

	CITY OF COTTAGE GROVE				REMAINDER OF PMA				PRIMARY MARKET AREA				SEVEN-COUNTY METRO AREA			
Income	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	279	73.4%	101	26.6%	933	51.2%	889	48.8%	1,212	55.0%	990	45.0%	23,658	32.8%	48,435	67.2%
\$15,000 to \$24,999	167	81.8%	37	18.2%	1,195	64.6%	655	35.4%	1,362	66.3%	692	33.7%	21,481	36.7%	37,129	63.3%
\$25,000 to \$34,999	301	67.4%	146	32.6%	956	55.6%	763	44.4%	1,257	58.0%	909	42.0%	30,081	44.9%	36,925	55.1%
\$35,000 to \$49,999	414	67.5%	199	32.5%	2,073	67.7%	989	32.3%	2,488	67.7%	1,188	32.3%	54,371	49.7%	55,114	50.3%
\$50,000 to \$74,999	1,514	80.5%	366	19.5%	3,485	65.9%	1,800	34.1%	4,999	69.8%	2,167	30.2%	110,556	59.9%	74,085	40.1%
\$75,000 to \$99,999	1,548	89.8%	177	10.2%	4,064	65.5%	2,142	34.5%	5,612	70.8%	2,319	29.2%	110,118	68.6%	50,392	31.4%
\$100,000 to \$149,999	3,649	89.3%	436	10.7%	7,972	83.5%	1,571	16.5%	11,622	85.3%	2,006	14.7%	197,397	80.0%	49,217	20.0%
\$150,000+	4,504	95.6%	210	4.4%	13,845	94%	917	6.2%	18,350	94.2%	1,127	5.8%	313,128	90.9%	31,189	9.1%
Total	12,378	88.1%	1,672	11.9%	34,524	78.0%	9,726	22.0%	46,902	80.4%	11,398	19.6%	860,790	69.2%	382,486	30.8%
Median Household Income*	\$123,333		\$74,167		\$130,364		\$73,331		\$125,079		\$68,649		\$119,273		\$54,187	
*As of 2022. PMA and PMA Remainder renter household income number does not include Grey Cloud Island in calculationswhich is missing data.																
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting.																

Tenure by Household Size

Table D-7 shows the distribution of households by size and tenure in the PMA in 2024. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in the City of Cottage Grove, PMA Remainder, PMA, and Seven County Metro Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children as well as older adults and seniors who choose to downsize from their single-family homes. In 2022, the average Cottage Grove renter household consisted of 2.66 persons compared to the average owner household of 3.01 persons.



- An estimated 41.6% of renter households in the PMA and 36.6% of renter households in Cottage Grove, in 2024, have one person while an additional 32.0% of renter households in the PMA and 17.9% of renter households in Cottage Grove have two people. One-person households would primarily seek one-bedroom units and two-person households that are couples would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.

DEMOGRAPHIC ANALYSIS

TABLE D-7
TENURE BY HOUSEHOLD SIZE
PRIMARY MARKET AREA
2010, 2020, AND 2024

CITY OF COTTAGE GROVE												
Size	2010				2020				2024			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	1,370	13.2%	374	28.1%	1,550	14.9%	633	47.5%	1,516	12.3%	611	36.6%
2PP Household	3,446	33.2%	318	23.9%	3,755	36.2%	433	32.5%	4,168	33.7%	299	17.9%
3PP Household	1,938	18.7%	250	18.8%	2,038	19.6%	259	19.4%	2,340	18.9%	301	18.0%
4PP Household	2,162	20.8%	189	14.2%	2,273	21.9%	234	17.6%	2,878	23.3%	216	12.9%
5PP Household	980	9.4%	135	10.1%	1,063	10.2%	128	9.6%	1,025	8.3%	119	7.1%
6PP Household	325	3.1%	47	3.5%	380	3.7%	64	4.8%	284	2.3%	71	4.3%
7PP+ Household	166	1.6%	19	1.4%	255	2.5%	40	3.0%	166	1.3%	53	3.2%
Total	10,387	100.0%	1,332	100.0%	11,314	108.9%	1,791	134.5%	12,378	100.0%	1,672	100.0%

REMAINDER OF PRIMARY MARKET AREA												
Size	2010				2020				2024			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	5,220	18.6%	2,714	36.9%	5,939	57.2%	3,754	281.8%	6,908	20.0%	4,049	41.6%
2PP Household	9,567	34.1%	2,144	29.2%	10,537	101.4%	2,852	214.1%	11,675	33.8%	3,343	34.4%
3PP Household	4,861	17.3%	1,192	16.2%	5,102	49.1%	1,324	99.4%	6,075	17.6%	1,138	11.7%
4PP Household	5,159	18.4%	786	10.7%	5,800	55.8%	955	71.7%	5,975	17.3%	859	8.8%
5PP Household	2,242	8.0%	327	4.5%	2,544	24.5%	382	28.7%	2,627	7.6%	286	2.9%
6PP Household	666	2.4%	121	1.6%	803	7.7%	194	14.6%	749	2.2%	31	0.3%
7PP+ Household	320	1.1%	63	0.9%	384	3.7%	127	9.5%	515	1.5%	20	0.2%
Total	28,035	100.0%	7,347	100.0%	31,109	299.5%	9,588	719.8%	34,524	100.0%	9,726	100.0%

PRIMARY MARKET AREA												
Size	2010				2020				2024			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	6,590	17.2%	3,088	35.6%	7,489	72.1%	4,387	329.4%	8,424	18.0%	4,661	40.9%
2PP Household	13,013	33.9%	2,462	28.4%	14,292	137.6%	3,285	246.6%	15,843	33.8%	3,642	32.0%
3PP Household	6,799	17.7%	1,442	16.6%	7,140	68.7%	1,583	118.8%	8,415	17.9%	1,440	12.6%
4PP Household	7,321	19.1%	975	11.2%	8,073	77.7%	1,189	89.3%	8,854	18.9%	1,075	9.4%
5PP Household	3,222	8.4%	462	5.3%	3,607	34.7%	510	38.3%	3,653	7.8%	405	3.6%
6PP Household	991	2.6%	168	1.9%	1,183	11.4%	258	19.4%	1,033	2.2%	102	0.9%
7PP+ Household	486	1.3%	82	0.9%	639	6.2%	167	12.5%	681	1.5%	73	0.6%
Total	38,422	100.0%	8,679	100.0%	42,423	408.4%	11,379	854.3%	46,902	100.0%	11,398	100.0%

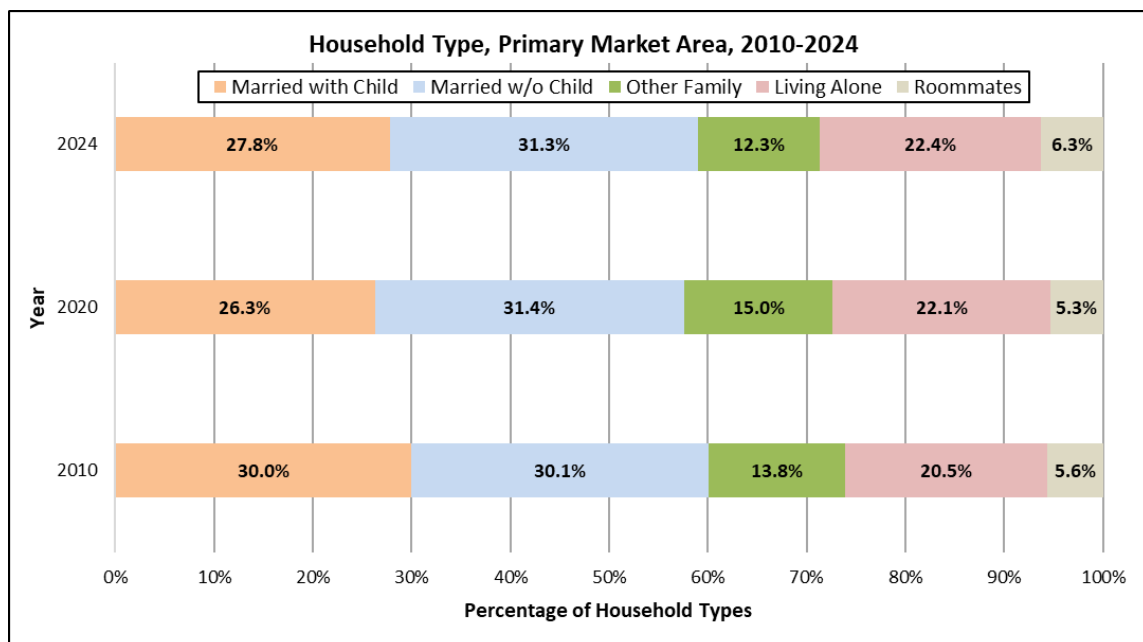
SEVEN-COUNTY METRO AREA												
Size	2010				2020				2024			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	171,241	21.9%	147,789	44.1%	175,744	1692.0%	181,959	44.2%	195,840	21.9%	181,499	45.7%
2PP Household	280,552	35.9%	87,139	26.0%	297,838	2867.4%	115,980	28.2%	327,652	36.7%	111,258	28.0%
3PP Household	128,197	16.4%	42,563	12.7%	130,571	1257.1%	48,041	11.7%	140,966	15.8%	45,037	11.3%
4PP Household	123,219	15.7%	29,587	8.8%	132,666	1277.2%	33,797	8.2%	139,247	15.6%	31,241	7.9%
5PP Household	50,854	6.5%	14,883	4.4%	56,390	542.9%	16,539	4.0%	57,225	6.4%	15,955	4.0%
6PP Household	16,887	2.2%	6,908	2.1%	20,411	196.5%	8,376	2.0%	18,944	2.1%	6,240	1.6%
7PP+ Household	11,525	1.5%	6,405	1.9%	14,026	135.0%	7,188	1.7%	13,267	1.5%	5,631	1.4%
Total	782,475	100.0%	335,274	100.0%	827,646	7968.1%	411,880	100.0%	893,140	100.0%	396,860	100.0%

Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC.

Household Type

Table D-8 shows a breakdown of the type of households present in Cottage Grove, the PMA Remainder, PMA, and Seven-County Metro Area in 2010, 2020, and 2024. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2010 and 2024, Cottage Grove and the PMA experienced an increase in all types of households. “Other families” include single-parents and unmarried couples with children. Households with Roommates experienced the largest increase as a percentage in both Cottage Grove (28.3%) and the PMA (40.8%).
- Compared to the PMA, PMA Remainder, and the Metro Area, Cottage Grove had a lower proportion of Married without Children households. In 2024, 35.1% of Cottage Grove households were in the Married without Children compared to 31.3% in the PMA, 30.1% in the PMA Remainder, and 19.2% in the Metro area.
- Persons Living Alone grew significantly adding 3,397 households (37.9%) between 2010 and 2024 in the PMA. This household type is significantly larger in the PMA compared to Cottage Grove (22.0%) and the Metro Area (18.3%). This could indicate an aging senior population or millennials moving to the area.
- As the frailty level of seniors increases, they typically move out of their homes in pursuit of housing with services. Millennials are more likely to choose to live alone due to the generations’ delayed marriage and home purchase rates and preference to live in smaller quarters in urban areas.



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TABLE D-8
HOUSEHOLD TYPE
PRIMARY MARKET AREA
2010, 2020, & 2024

Households	Total HH's			Family Households									Non-Family Households					
	2010	2020	2024	Married w/ Child			Married w/o Child			Other *			Living Alone			Roommates **		
	2010	2020	2024	2010	2020	2024	2010	2020	2024	2010	2020	2024	2010	2020	2024	2010	2020	2024
Cottage Grove	11,719	13,105	14,050	3,857	3,789	4,360	3,947	4,523	4,925	1,633	2,052	1,948	1,744	2,183	2,128	538	558	690
Remainder of PMA	35,382	40,697	44,250	10,269	10,358	11,835	10,219	12,350	13,308	4,858	6,023	5,202	7,934	9,693	10,945	2,102	2,273	2,960
Primary Market Area	47,101	53,802	58,300	14,126	14,147	16,189	14,166	16,873	18,236	6,491	8,075	7,147	9,678	11,876	13,075	2,640	2,831	3,653
Seven-County Metro Area	1,117,749	1,239,526	1,290,000	244,687	244,749	377,487	298,723	343,050	247,221	164,086	186,774	179,342	319,030	357,703	377,339	91,223	107,250	108,611
Percent																		
Cottage Grove	100.0%	100.0%	100.0%	32.9%	28.9%	31.0%	33.7%	34.5%	35.1%	13.9%	15.7%	13.9%	14.9%	16.7%	15.1%	4.6%	4.3%	4.9%
Remainder of PMA	100.0%	100.0%	100.0%	29.0%	25.5%	26.7%	28.9%	30.3%	30.1%	13.7%	14.8%	11.8%	22.4%	23.8%	24.7%	5.9%	5.6%	6.7%
Primary Market Area	100.0%	100.0%	100.0%	30.0%	26.3%	27.8%	30.1%	31.4%	31.3%	13.8%	15.0%	12.3%	20.5%	22.1%	22.4%	5.6%	5.3%	6.3%
Seven-County Metro Area	100.0%	100.0%	100.0%	21.9%	19.7%	29.3%	26.7%	27.7%	19.2%	14.7%	15.1%	13.9%	28.5%	28.9%	29.3%	8.2%	8.7%	8.4%
Change 2010-2024																		
	No.	Pct.		No.	Pct.		No.	Pct.		No.	Pct.		No.	Pct.		No.	Pct.	
Cottage Grove	2,331	19.9%		503	13.0%		978	24.8%		315	19.3%		384	22.0%		152	28.3%	
Remainder of PMA	8,868	25.1%		1,566	15.3%		3,089	30.2%		344	7.1%		3,011	37.9%		858	40.8%	
Primary Market Area	11,199	23.8%		2,063	14.6%		4,070	28.7%		656	10.1%		3,397	35.1%		1,013	38.4%	
Seven-County Metro Area	172,251	15.4%		132,800	54.3%		-51,502	-17.2%		15,256	9.3%		58,309	18.3%		17,388	19.1%	
* Predominantly single-parents with children																		
** Includes unmarried couples without children and unrelated people living together																		
Sources: U. S. Census; ESRI, Inc.; Maxfield Research and Consulting																		

Net Worth

Table D-9 shows household net worth by age of householder in Cottage Grove, the PMA Remainder, PMA and the Seven-County Metro Area in 2024 as well as the 2024 average and median net worth by age cohort for 2024. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data with adjustments by Maxfield Research.

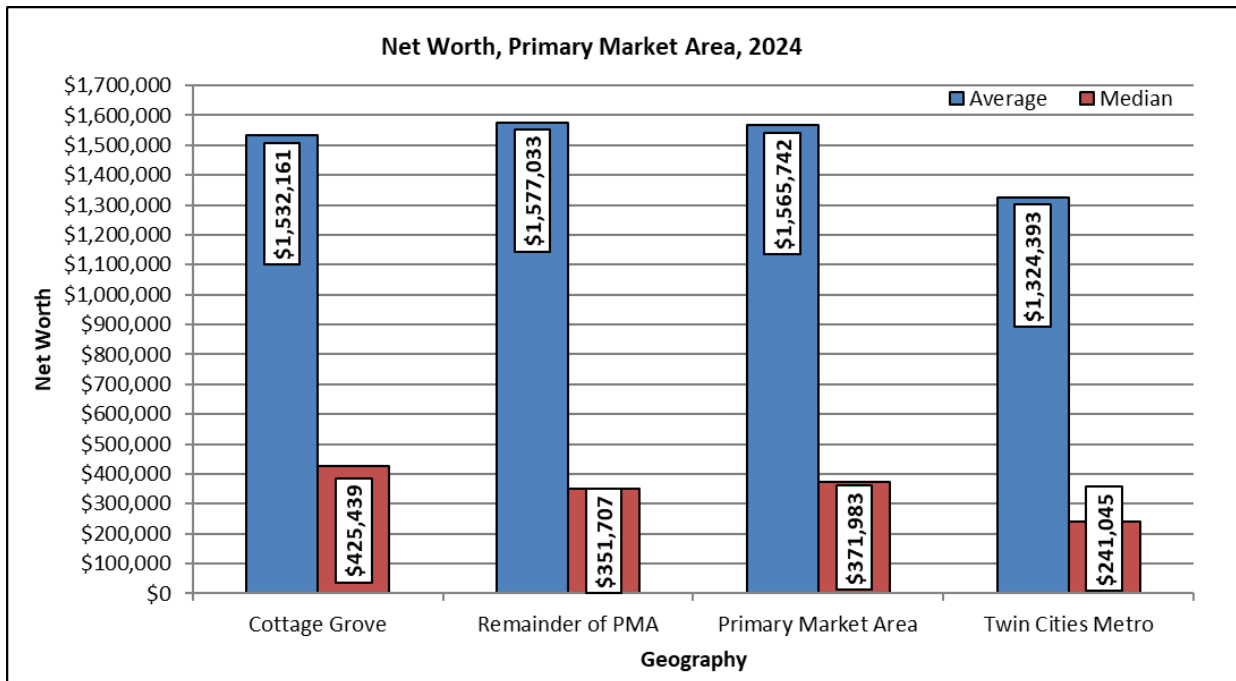
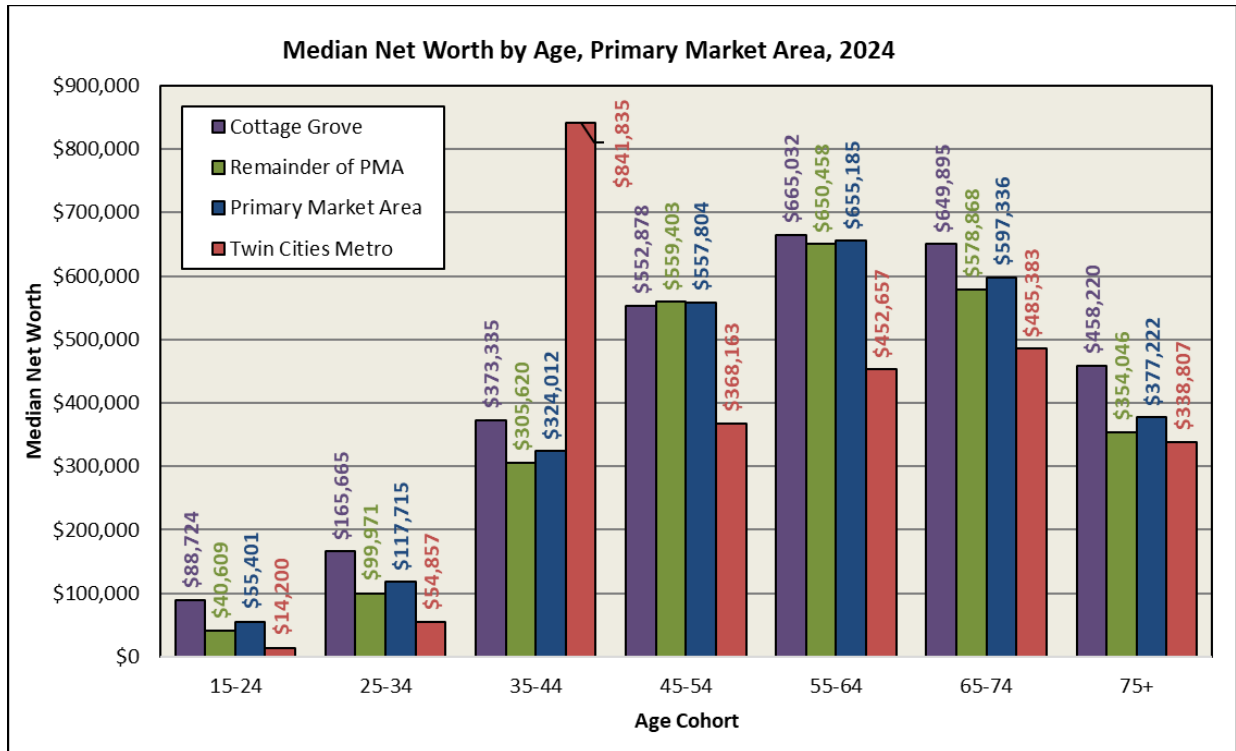
According to data released by the National Association of Realtors in February 2022, the average American homeowner has a net worth about 40 times greater than that of a renter which equates to an average net worth of \$300,000 for homeowners and \$8,000 for renters.²

Cottage Grove had an average net worth of \$1,532,161 in 2024, 2.1% lower than the average net worth of a PMA householder (\$1,565,742) but 15.7% higher than the average net worth of a Metro Area householder (\$1,324,393). Cottage Grove had a 2024 median net worth of \$425,439; 14.4% higher than the median net worth in the PMA (\$371,983) and 76.5% higher than the median net worth in the Metro Area (\$371,983). Median net worth is generally a better indicator of the net worth as it is not significantly impacted by uncommonly high- or low-income households. Median net worth peaked in the 55 to 64 age cohort at \$655,185 while average net worth also peaked in the 55 to 64 age group at \$2,573,769. Similarly, in Cottage Grove, median and average net worth peaked in the 55 to 64 age group at \$665,032 and \$2,343,968; respectively.

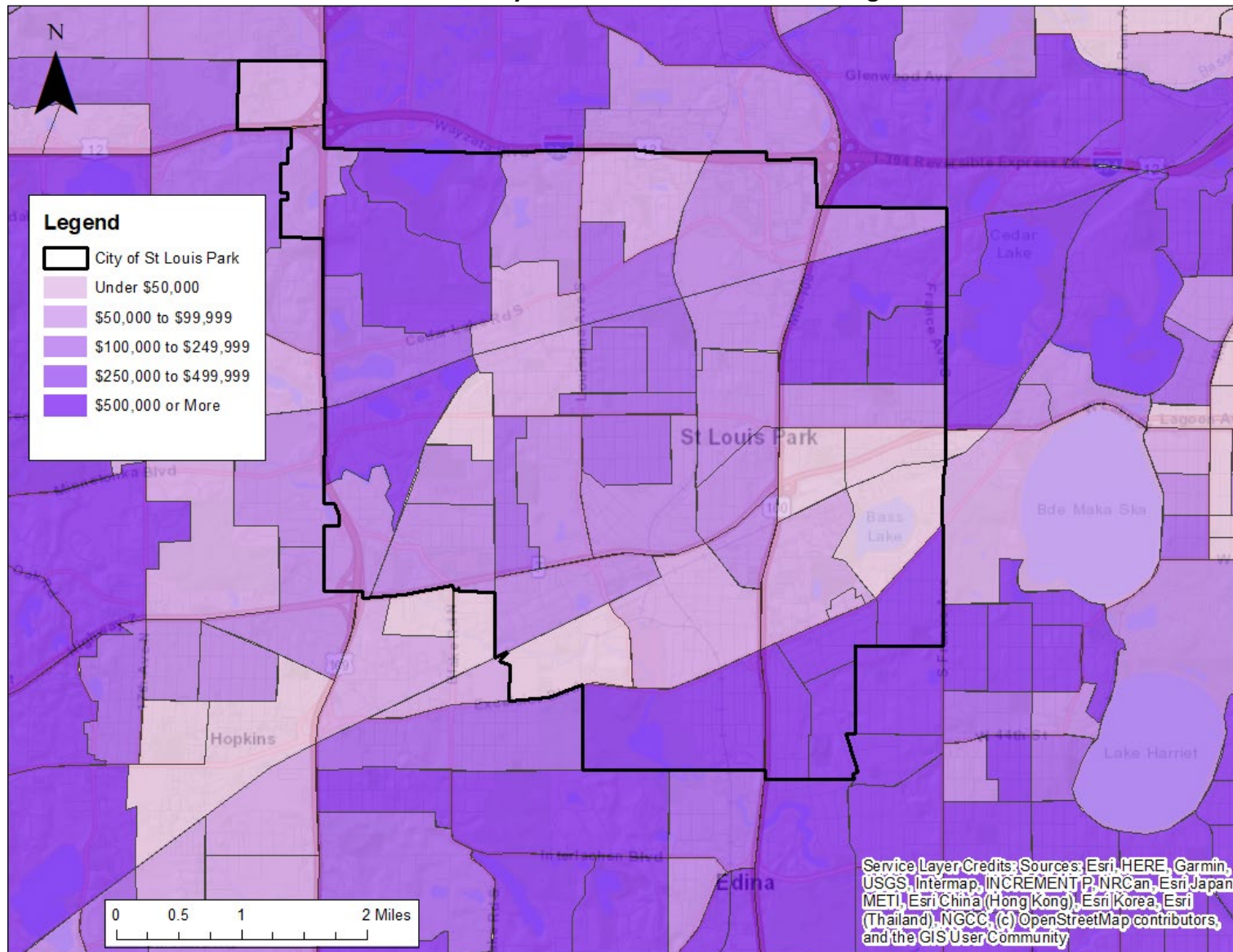
TABLE D-9 ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER PRIMARY MARKET AREA 2024								
	Age of Householder							
	Total		15-24		25-34		35-44	
	Average	Median	Average	Median	Average	Median	Average	Median
Cottage Grove	\$1,532,161	\$425,439	\$111,288	\$88,724	\$281,353	\$165,665	\$1,176,862	\$373,335
Remainder of PMA	\$1,577,033	\$351,707	\$85,250	\$40,609	\$214,410	\$99,971	\$1,093,431	\$305,620
Primary Market Area	\$1,565,742	\$371,983	\$89,725	\$55,401	\$233,084	\$117,715	\$1,113,771	\$324,012
Seven-County Metro Area	\$1,324,393	\$241,045	\$50,523	\$14,200	\$145,139	\$54,857	\$841,835	\$841,835
	45-54		55-64		65-74		75+	
	Average	Median	Average	Median	Average	Median	Average	Median
	Average	Median	Average	Median	Average	Median	Average	Median
Cottage Grove	\$1,884,635	\$552,878	\$2,343,968	\$665,032	\$1,995,413	\$649,895	\$1,739,365	\$458,220
Remainder of PMA	\$2,156,903	\$559,403	\$2,650,388	\$650,458	\$1,922,131	\$578,868	\$1,321,447	\$354,046
Primary Market Area	\$2,087,338	\$557,804	\$2,573,769	\$655,185	\$1,941,043	\$597,336	\$1,422,097	\$377,222
Seven-County Metro Area	\$1,750,410	\$368,163	\$2,269,398	\$452,657	\$1,846,160	\$485,383	\$1,414,027	\$338,807

Sources: ESRI; Maxfield Research and Consulting, LLC

² "2022 Snapshot of Race and Home Buying in America." *National Association of Realtors Research® Group*, pp. 5, Feb. 2022. <https://www.nar.realtor/research-and-statistics/research-reports/a-snapshot-of-race-and-home-buying-in-america>. Accessed 7 Oct. 2022.

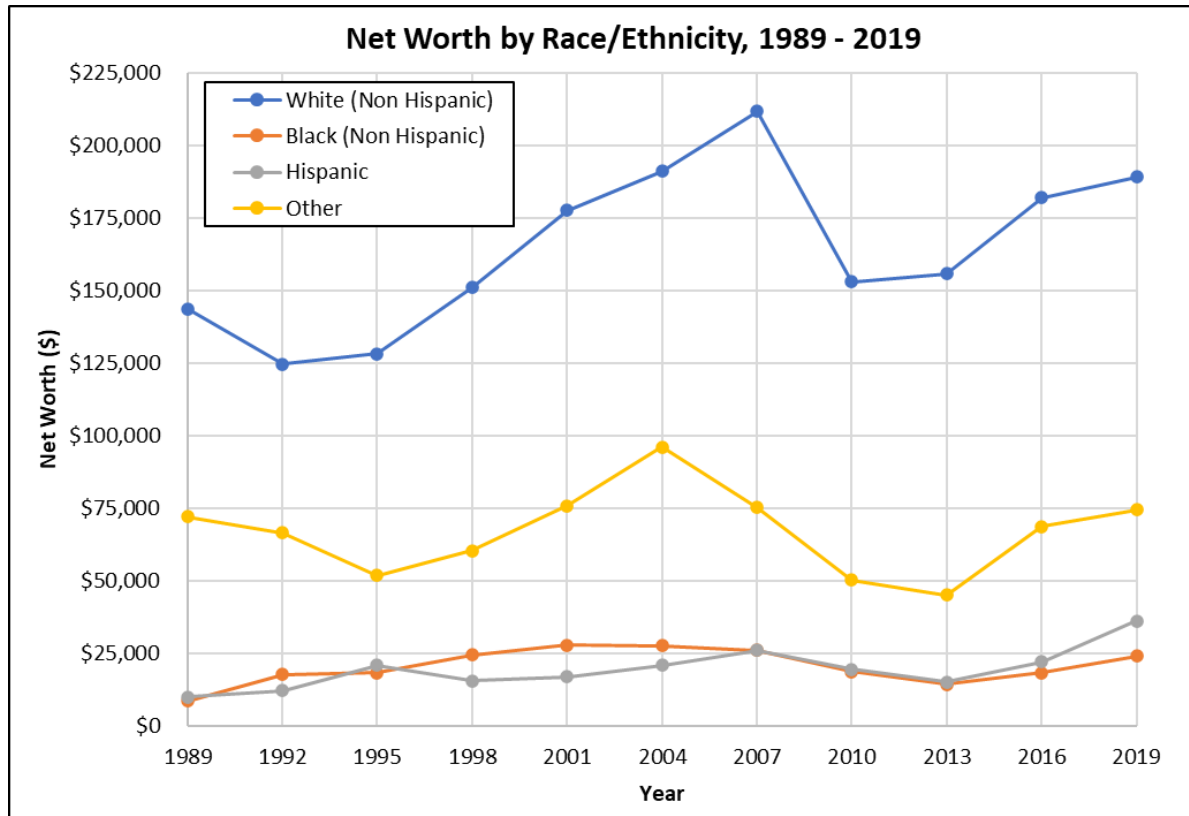


Median Net Worth by Census Block in and Near Cottage Grove



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- The following chart depicts median net worth by race and ethnicity nationwide between 1989 and 2019. The data is sourced to the Federal Reserve Survey of Consumer Finances. As of 2019 housing net worth by category were as follows: White (Non-Hispanic), \$189,100; Black (Non-Hispanic), \$24,100; Hispanic, \$36,050; and Other \$74,500. Between 1989 and 2019 net worth by category increased the following percentages: White (Non-Hispanic), 31.7%; Black (Non-Hispanic), 181.9%; Hispanic, 262.7%; and Other 3.5%.



Demographic Summary

Table D-10 provides a demographic summary that compares Cottage Grove and the PMA and the Metro Area. Data in D-10 is as of 2024.

- Cottage Grove had higher proportions of those age 35 to 44 and 45 to 54 than the Metro Area. As of 2024, 14.8% and 13.0%, respectively of Cottage Grove's population were in these age groups compared to 14.1% and 12.1%, respectively in the Metro Area.
- Cottage Grove's median household income (\$114,459) was an estimated \$5,012 more than in the Remainder of the PMA (\$109,447), \$3,569 more than in the PMA (\$110,889) and \$22,027 more than in the Twin Cities Metro (\$92,432).
- Cottage Grove had a lower percentage of renters at 12.7% of its households compared to 25.0% of households in the PMA Remainder, 22.0% of households in the PMA and 20.0% of households in the Metro Area.
- Cottage Grove had a high percentage of households that were married with children (31.0%). As a comparison, the PMA had 26.7% of households married with children and the Metro Area had 29.3% of households married with children. Additionally, Cottage Grove had a higher proportion of households living alone (15.1%); lower than in the PMA (22.4%) and the Metro Area (29.3%).

DEMOGRAPHIC ANALYSIS

TABLE D-10
DEMOGRAPHIC SUMMARY
PRIMARY MARKET AREA
2024

Summary	Cottage Grove		Remainder of PMA		PMA		TWIN CITIES METRO	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
Demographics								
Population	39,940	100.0%	114,180	100.0%	154,120	100.0%	3,281,675	100.0%
Households	14,050	100.0%	44,250	100.0%	58,300	100.0%	1,290,000	100.0%
Age Distribution								
Under 18	10,787	27.0%	28,959	18.8%	39,746	25.8%	723,019	22.0%
18-24	3,322	8.3%	8,931	5.8%	12,254	8.0%	288,559	8.8%
25-34	6,084	15.2%	14,025	9.1%	20,109	13.0%	453,913	13.8%
35-44	6,386	16.0%	17,650	11.5%	24,036	15.6%	457,156	13.9%
45-54	5,609	14.0%	14,814	9.6%	20,423	13.3%	392,311	12.0%
55-64	5,178	13.0%	13,988	9.1%	19,166	12.4%	415,007	12.6%
65-74	3,711	9.3%	9,643	6.3%	13,354	8.7%	311,255	9.5%
75-84	1,596	4.0%	4,373	2.8%	5,970	3.9%	142,659	4.3%
85+	475	1.2%	1,568	1.0%	2,042	1.3%	58,360	1.8%
Household Income								
Average Household Income	\$144,426		\$146,304		\$145,831		\$129,699	
Median Household Income	\$114,459		\$109,447		\$110,889		\$92,432	
Net Worth								
Average Net Worth	\$1,532,161		\$1,577,033		\$1,565,742		\$1,324,393	
Median Net Worth	\$425,439		\$351,707		\$371,983		\$241,045	
Household Tenure								
Own	12,268	87.3%	33,184	75.0%	45,452	78.0%	1,032,161	80.0%
Rent	1,782	12.7%	11,066	25.0%	12,848	22.0%	257,839	20.0%
Household Type								
Married with Children	4,360	31.0%	11,835	26.7%	16,189	27.8%	377,487	29.3%
Married without Children	4,925	35.1%	13,308	30.1%	18,236	31.3%	247,221	19.2%
Other	1,948	13.9%	5,202	11.8%	7,147	12.3%	179,342	13.9%
Living Alone	2,128	15.1%	10,945	24.7%	13,075	22.4%	377,339	29.3%
Roommates	690	4.9%	2,960	6.7%	3,653	6.3%	108,611	8.4%

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

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Cottage Grove by reviewing data on the age of the existing housing supply; examining residential building trends since 2010; and reviewing housing data from the American Community Survey. Data is also provided for the PMA Remainder and Seven County Metro Area or Minnesota for comparison.

Residential Construction Trends

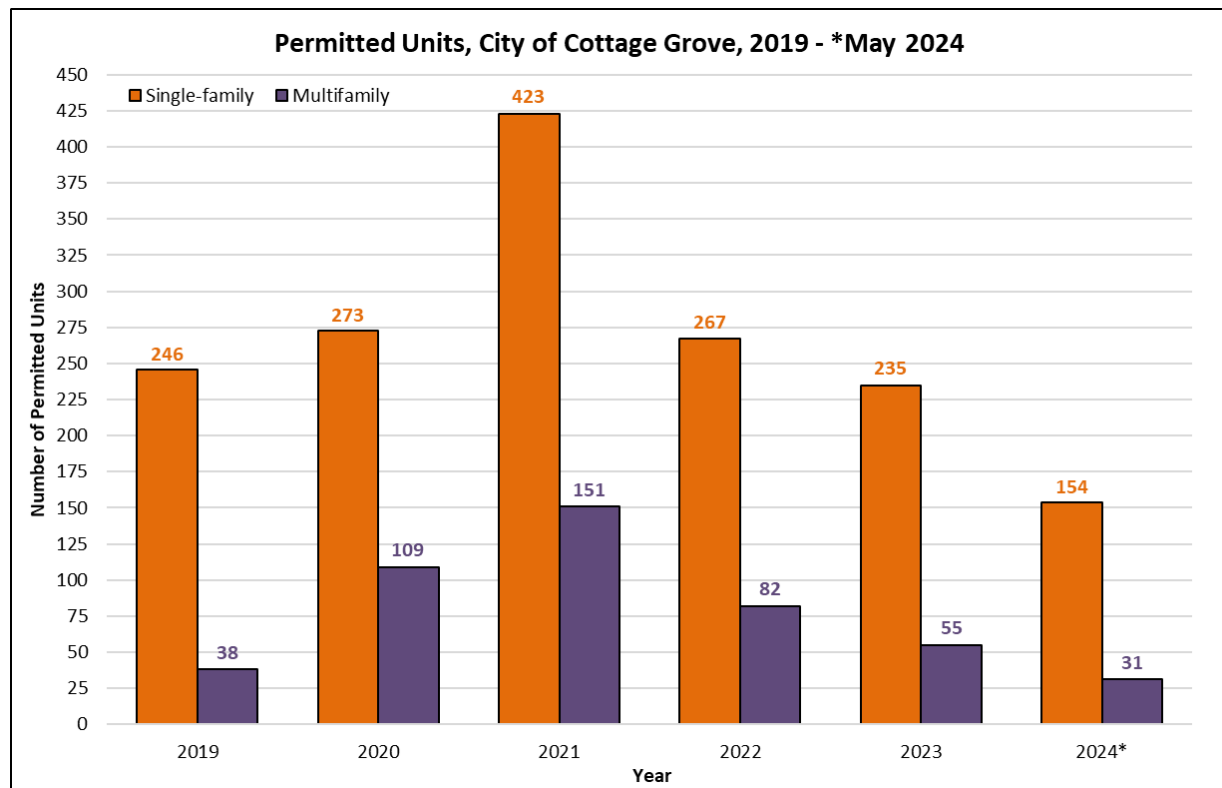
Building Permits

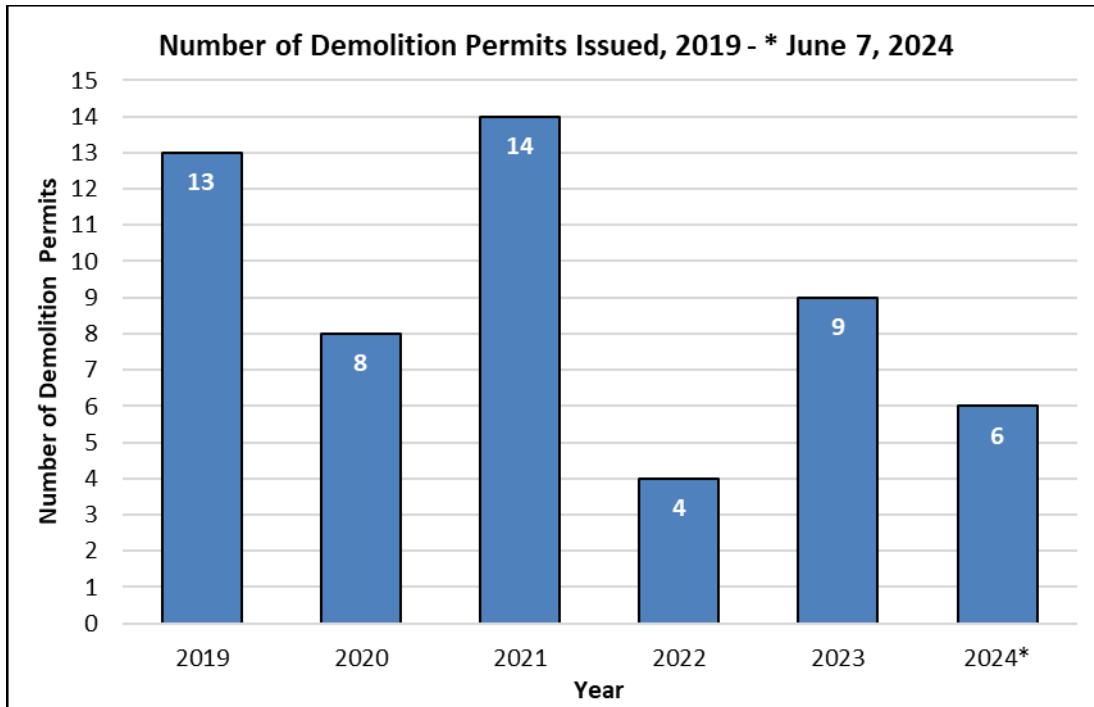
Maxfield Research obtained data on the number of new construction housing units in Cottage Grove from 2019 through May 2024. Note that data for 2024 is through May. Data was obtained from the City of Cottage Grove. Table HC-1, on the following page, displays information for these years.

Detached single-family is defined as fully detached housing units. Multifamily housing includes for-sale and rental projects includes duplex, triplex, and four-plex structures, in addition to buildings with five or more units. A multifamily structure is generally defined as a residential building containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities. Townhomes include attached single-family units, semi-attached units, side-by-side units, and rowhouses. All permitted multifamily units permitted in Cottage Grove between 2019 and May 2024 were townhomes. Table HC-1 breaks down permit activity by single-family and low- and higher-density multifamily.

- Development activity has been high in the City of Cottage Grove with an average of 376 units built per year between 2019 and 2023. In addition, 185 units have already been permitted between January and May 2024.
- Of the 2,064 new residential units permitted in Cottage Grove, over 77% (77.4%) of those permitted units were issued for single-family units while 22.6% were issued for multifamily units.
- In addition to new units added, 54 permits for demolition were issued between 2019 and June 7, 2024. This equates to nine demolition permits issued annually during the period.

HC-1 PERMITTED UNITS CITY OF COTTAGE GROVE 2019 THOROUGH MAY 2024			
Year	Units Permitted		
	Single-Family Units	Multifamily Units	Total Units
2019	246	38	284
2020	273	109	382
2021	423	151	574
2022	267	82	349
2023	235	55	290
2024*	154	31	185
Totals	1,598	466	2,064
* Through May.			
Note: All multifamily units are townhomes.			
Sources: City of Cottage Grove & Maxfield Research and Consulting.			





American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2018 and 2022. All ACS surveys are subject to sampling error and uncertainty. The ACS reports margins of errors (MOEs) with estimates for most standard census geographies. The MOE is shown by reliability from low, medium to high. Due to the MOE, 2022 ACS data may have inconsistencies with previous 2010 Census data and more current 2020 Census data.

Tables HC-2 through HC-10 show key data from the American Community Survey for the City of Cottage Grove, PMA Remainder, Seven County Metro Area and for Table HC-2 and Minnesota.

Occupied Housing Units by Tenure

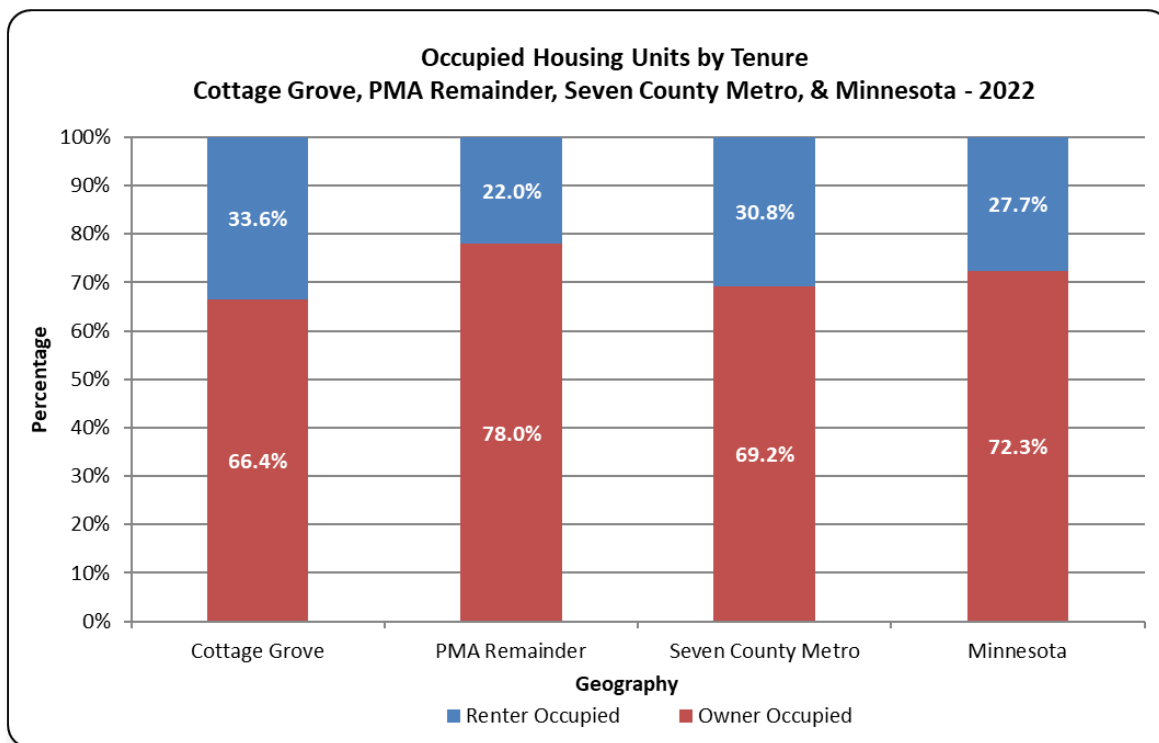
Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-2 shows the tenure by occupied housing units in 2022.

HOUSING CHARACTERISTICS

- Housing in Cottage Grove is predominantly owner occupied. In 2022, 66.4% of housing units were owner occupied in the City. By comparison, to the PMA Remainder (78.0% owner-occupied), the Seven County Metro (69.2% owner-occupied) and the State of Minnesota (72.3% owner-occupied), the proportion of owner-occupied units in Cottage Grove (66.4%) is less than in the other three geographies.
- The proportion of renter occupied units was higher within the City of Cottage Grove than in the PMA Remainder, Seven-County Metro or the State of Minnesota. In Cottage Grove, 33.6% of households were renter occupied in 2022 compared to 22.0% of households in the PMA Remainder, 30.8% of households in the Seven County Metro, and 27.7% of households in the State of Minnesota.

TABLE HC-2 OCCUPIED HOUSING UNITS BY TENURE PRIMARY MARKET AREA 2022								
Year/Occupancy	Cottage Grove		PMA Remainder		Seven County Metro		Minnesota	
	Pct.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Occupied	3,036	66.4%	32,817	78.0%	860,790	69.2%	1,631,701	72.3%
Renter Occupied	1,534	33.6%	9,230	22.0%	382,486	30.8%	624,425	27.7%
Total	4,570	100.0%	42,047	100.0%	1,243,276	100.0%	2,256,126	100.0%

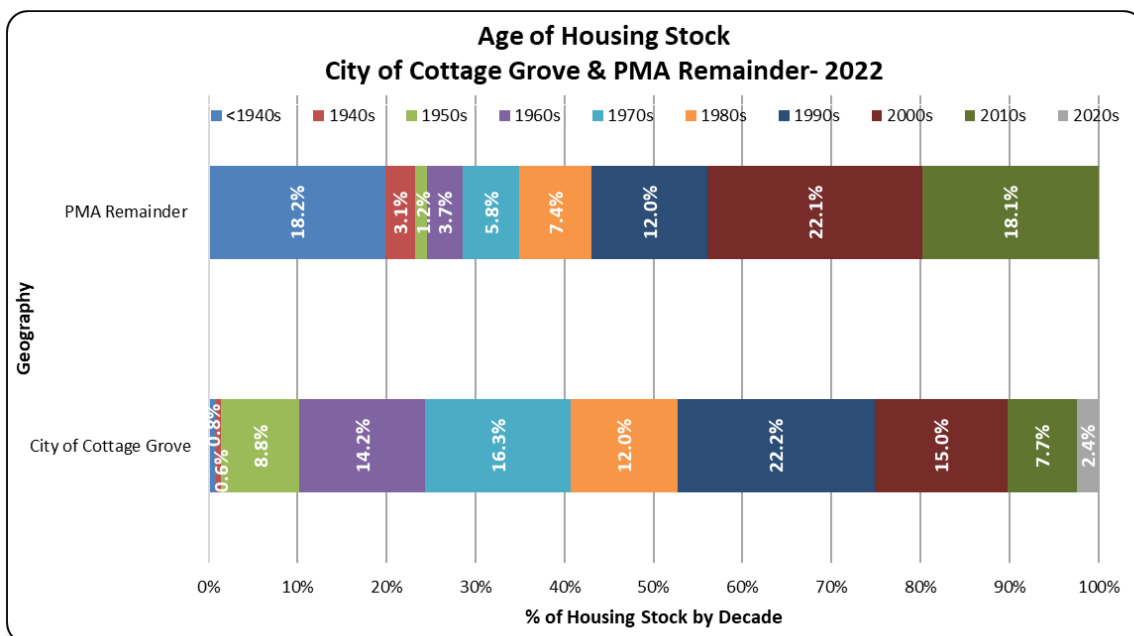
Sources: U.S. Census Bureau-American Community Survey & Maxfield Research and Consulting.



Age of Housing Stock

The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year estimates). Table HC-3 includes the number of housing units built in the City of Cottage Grove, the PMA Remainder, and the Seven County Metro, prior to 1940 and during each decade since.

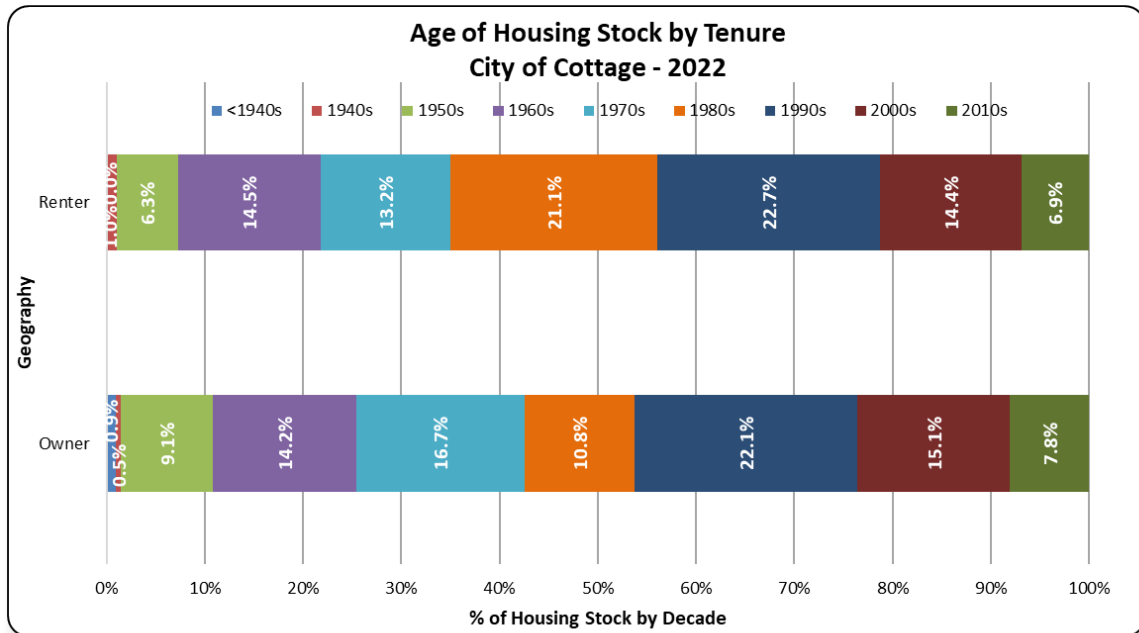
- In Cottage Grove, the highest proportion of homes were built in the 1990s (22.2%). In contrast, in the PMA Remainder, the highest proportion of homes were built in the 2000s (22.1%) while in the Seven County Metro Area most homes were built in the 1980s (14.6%).
- The second highest decade for which housing was built in Cottage Grove was the 1970s (16.3%). By comparison, the second highest decade the PMA Remainder was prior to the 1940s (18.2%) while in the Seven-County Metro the second highest decade was the 1970s (14.1%).
- Since the 2010s, 10.2% of Cottage Grove's housing stock has been built compared to 18.1% in the PMA Remainder and 8.2% in the Metro Area. With over 10% of homes in Cottage Grove and over 18% of homes in the PMA Remainder built since the 2010s, new construction will continue to play a big role in new housing stock in the Market Area.
- The below chart illustrates the breakdown by decade of the housing stock in Cottage Grove compared to the PMA Remainder.



- Owner occupied units in Cottage Grove have an older median age (1988) than in the PMA Remainder (1987) but newer than in the Seven County Metro Area (1976). Similarly, renter

HOUSING CHARACTERISTICS

occupied units in Cottage Grove have an older median age (1987) than in the PMA Remainder (1990) but newer than in the Seven-County Metro Area (1978).



HOUSING CHARACTERISTICS

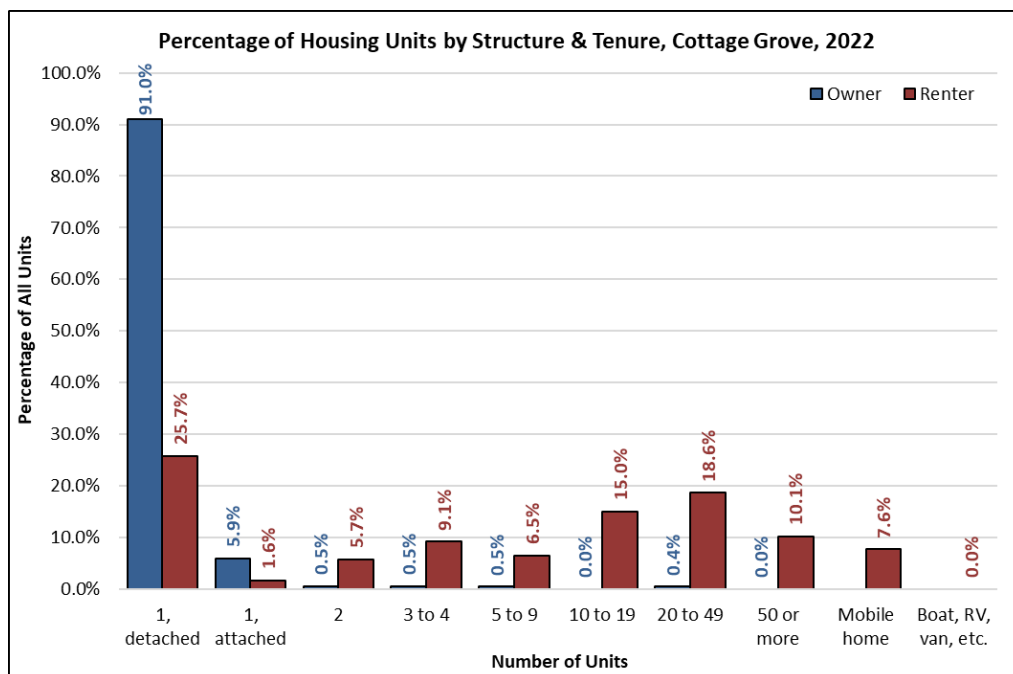
TABLE HC-3
AGE OF HOUSING STOCK
PRIMARY MARKET AREA
2022

			Year Unit Built																			
	Total Units	Med. Yr. Built	<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s		2020s	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
City of Cottage Grove																						
Owner-Occupied	11,624	1988	106	0.9%	60	0.5%	1,061	9.1%	1,645	14.2%	1,943	16.7%	1,254	10.8%	2,567	22.1%	1,756	15.1%	910	7.8%	322	2.8%
Renter-Occupied	1,570	1987	0	0.0%	16	1.0%	99	6.3%	227	14.5%	207	13.2%	331	21.1%	356	22.7%	226	14.4%	108	6.9%	0	0.0%
Total	13,194	1988	106	0.8%	76	0.6%	1,160	8.8%	1,872	14.2%	2,150	16.3%	1,585	12.0%	2,923	22.2%	1,982	15.0%	1,018	7.7%	322	2.4%
PMA Remainder																						
Owner-Occupied	41,682	1991	9,230	22.1%	1,183	2.8%	519	1.2%	1,638	3.9%	2,389	5.7%	2,701	6.5%	4,397	10.5%	9,271	22.2%	7,312	17.5%	3,042	7.3%
Renter-Occupied*	9,069	1990*	0	0.0%	366	4.0%	111	1.2%	228	2.5%	555	6.1%	1,049	11.6%	1,686	18.6%	1,964	21.7%	1,864	20.6%	1,246	13.7%
Total	50,751	1991	9,230	18.2%	1,549	3.1%	630	1.2%	1,866	3.7%	2,944	5.8%	3,750	7.4%	6,083	12.0%	11,235	22.1%	9,176	18.1%	4,288	8.4%
Seven County Metro																						
Owner-Occupied	860,790	1976	120,364	14.0%	37,154	4.3%	99,931	11.6%	77,985	9.1%	107,767	12.5%	125,151	14.5%	125,931	14.6%	109,695	12.7%	52,402	6.1%	4,410	0.5%
Renter-Occupied	382,486	1978	53,183	13.9%	11,396	3.0%	25,765	6.7%	47,762	12.5%	67,433	17.6%	56,658	14.8%	39,738	10.4%	36,025	9.4%	42,496	11.1%	2,030	0.5%
Total	1,243,276	1978	173,547	14.0%	48,550	3.9%	125,696	10.1%	125,747	10.1%	175,200	14.1%	181,809	14.6%	165,669	13.3%	145,720	11.7%	94,898	7.6%	6,440	0.5%
*Excludes Grey Cloud Island Township for which renter-occupied data by median year built is not available.																						
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting.																						

Housing Units by Structure and Tenure

Table HC-4 shows the housing stock in Cottage Grove, the PMA Remainder, and the Seven County Metro by type of structure and tenure based on 2022 Five-year ACS estimates (2018-2022).

- Single-family detached units are overwhelmingly the dominate housing type for owner-occupied units in the City Cottage Grove (91.0%), the PMA Remainder (74.1%), and the Seven County Metro (80.0%).
- Single family detached units also made of up the largest share of renter-occupied units in the City of Cottage Grove (25.7%). In contrast, in both the PMA Remainder and Seven County Metro, the 50 or more-unit category made up the largest share of renter-occupied units at 11.3% and 34.1%, respectively.
- Single-family units account for about 62.3% of all unit types in Cottage Grove, 60.4% of all unit types in the PMA Remainder, and 59.0% of all unit types in the Seven County Metro. Cottage Grove has a relatively high amount of single-family rental units at 25.7% compared to the PMA Remainder and Seven County Metro at 11.3% and 11.6%, respectively. Single-family rental housing demand is on the rise as home prices continue to increase, due largely to rising home values and higher mortgage rates of the past year. Other Twin Cities ex-urban communities are now building purpose-built single-family rental housing.
- Rental properties with 50 or more units accounted for 10.1% of rental units and buildings in Cottage Grove, 18.6% of rental units with 20 to 49 units in the city, and 15.0% of rental units with 10 to 19 units in the City.



HOUSING CHARACTERISTICS

TABLE HC-4
HOUSING UNITS BY STRUCTURE & TENURE
PRIMARY MARKET AREA
2022

Units in Structure	Cottage Grove				PMA Remainder				Seven County Metro			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	2,764	91.0%	395	25.7%	24,328	74.1%	1,040	11.3%	688,821	80.0%	44,556	11.6%
1, attached	180	5.9%	25	1.6%	6,806	20.7%	2,078	22.5%	101,802	11.8%	35,013	9.2%
2	16	0.5%	88	5.7%	238	0.7%	223	2.4%	8,604	1.0%	21,731	5.7%
3 to 4	16	0.5%	140	9.1%	327	1.0%	694	7.5%	6,610	0.8%	18,546	4.8%
5 to 9	14	0.5%	99	6.5%	326	1.0%	339	3.7%	6,738	0.8%	22,202	5.8%
10 to 19	0	0.0%	230	15.0%	113	0.3%	604	6.5%	4,586	0.5%	42,713	11.2%
20 to 49	12	0.4%	285	18.6%	110	0.3%	1,252	13.6%	8,553	1.0%	64,470	16.9%
50 or more	0	0.0%	155	10.1%	157	0.5%	2,884	31.2%	22,469	2.6%	130,561	34.1%
Mobile home	34	1.1%	117	7.6%	408	1.2%	73	0.8%	12,461	1.4%	2,376	0.6%
Boat, RV, van, etc.	0	0.0%	0	0.0%	4	0.0%	43	0.5%	146	0.0%	318	0.1%
Total	3,036	100%	1,534	100%	32,817	100%	9,230	100%	860,790	100%	382,486	100%

Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting.

Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status from the American Community Survey for 2022 (5-Year estimates). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- In Cottage Grove, 71.9% of homes have a mortgage while 28.1% own their homes without a mortgage. Thus, the percentage of housing units in Cottage Grove owned without a mortgage is less than the PMA Remainder (30.2%) and the Metro Area (30.3%).
- Of homes with a mortgage in Cottage Grove, 10.6% had an additional second mortgage, home equity loan, or both. In comparison, 10.2% of homes in the PMA Remainder and 3.4% of homes in the Seven County Metro had a second mortgage, home equity loan, or both.
- Housing units with a mortgage reported a higher median value than those without a mortgage. The median value of housing units with a mortgage was \$339,600 in Cottage Grove compared to \$329,400 for homes without a mortgage. Compared to Cottage Grove, homes with mortgages had a median value of \$282,744 in the PMA and \$400,689 in the Seven County Metro. Homes without a mortgage had a median value of \$252,352 in the PMA Remainder and \$376,222 in the Seven County Metro.

HOUSING CHARACTERISTICS

TABLE HC-5
OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS
PRIMARY MARKET AREA
2022

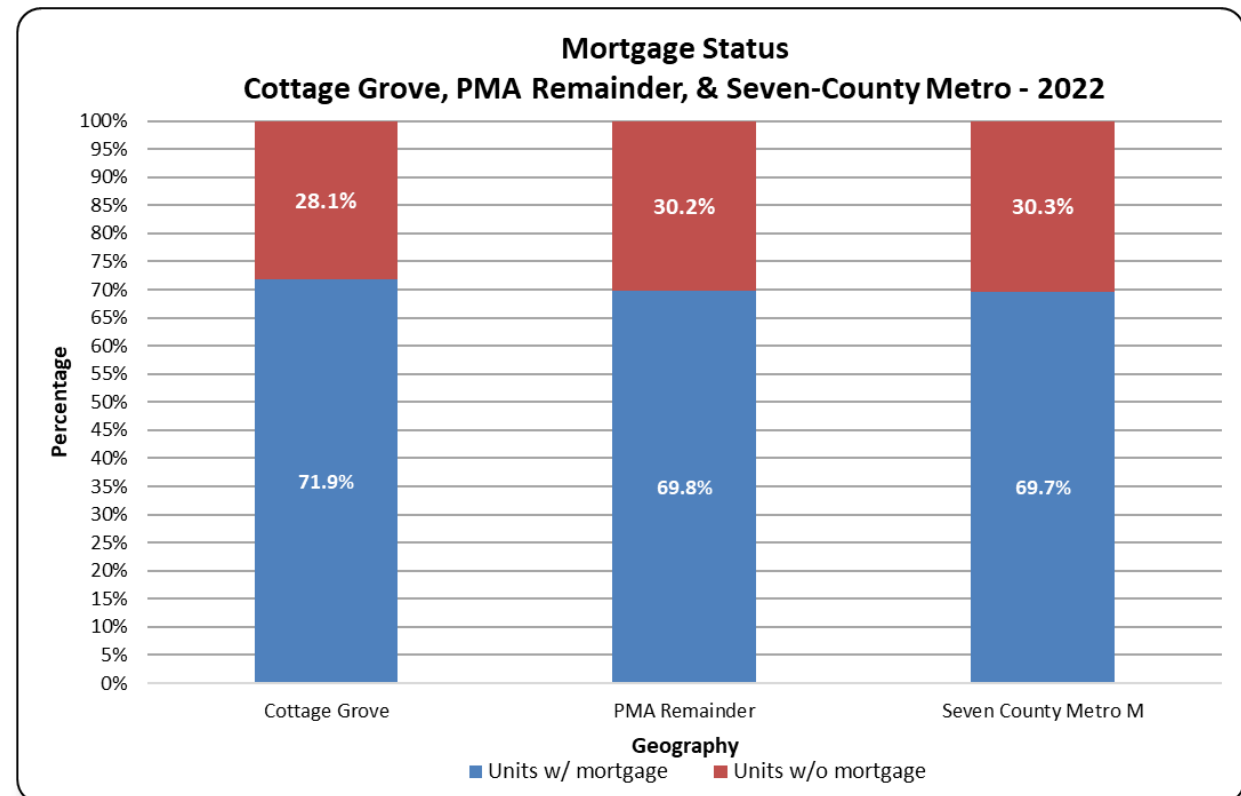
Mortgage Status	Cottage Grove		PMA Remainder		Seven-County Metro	
	No.	Pct.	No.	Pct.	No.	Pct.
Housing units without a mortgage	3,272	28.1%	9,923	30.2%	260,985	30.3%
Housing units with a mortgage/debt	8,352	71.9%	22,894	69.8%	599,805	69.7%
<i>Second mortgage only</i>	164	1.4%	568	1.7%	18,526	2.2%
<i>Home equity loan only</i>	934	8.0%	2,632	8.0%	8,713	1.0%
<i>Both second mortgage and equity loan</i>	136	1.2%	159	0.5%	2,138	0.2%
<i>No second mortgage or equity loan</i>	7,023	60.4%	19,184	58.5%	506,576	58.9%
Total	11,624	100.0%	32,817	100.0%	860,790	100.0%

Median Value by Mortgage Status

Housing units with a mortgage	\$339,600	\$282,744*	\$400,689
Housing units without a mortgage	\$329,400	\$252,352*	\$376,222

* Excludes Washington County portion of Hastings, for which data is not available.

Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting.



Owner-Occupied Housing Units by Value

Table HC-6 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The median owner-occupied home value in Cottage Grove (\$337,000) was lower than in either the PMA Remainder (\$373,513) or the Seven-County Metro (\$342,501).
- In Cottage Grove, homes valued between \$300,000 and \$399,999 comprised the largest proportion of homes, accounting for 30.9% of owner-occupied units. Another 20.2% of owner-occupied units were valued between \$200,000 and \$249,999.
- The largest proportion of owner-occupied homes in the PMA Remainder were priced at greater than \$500,000 (22.7%) followed by homes between \$300,000 and \$399,999 (21.5%). The Metro Area's two largest categories of owner-occupied homes were between \$300,000 and \$399,999 (24.4%) followed by greater than \$500,000 (20.3%).

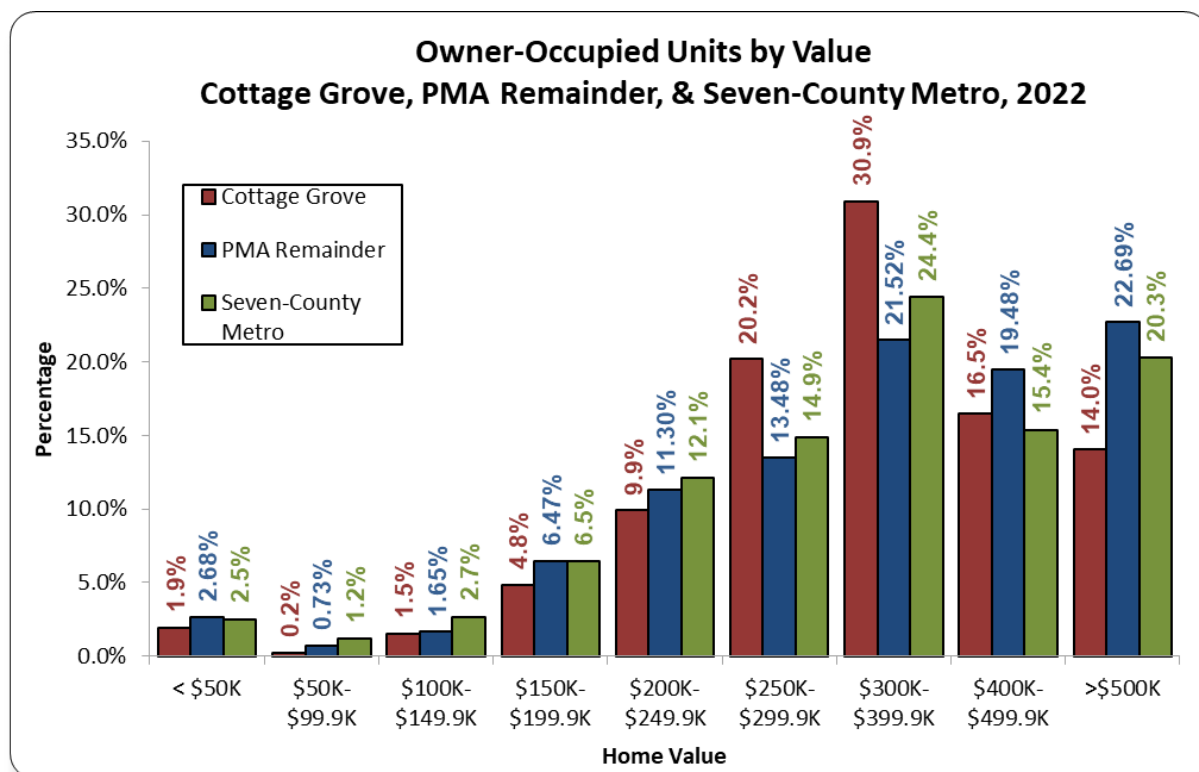


TABLE HC-6 OWNER-OCCUPIED UNITS BY VALUE PRIMARY MARKET AREA 2022						
Home Value	Cottage Grove		PMA Remainder		Seven-County Metro	
	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$50,000	223	1.9%	878	2.7%	21,689	2.5%
\$50,000-\$99,999	26	0.2%	239	0.7%	10,401	1.2%
\$100,000-\$149,999	176	1.5%	541	1.6%	23,115	2.7%
\$150,000-\$199,999	561	4.8%	2,124	6.5%	55,715	6.5%
\$200,000-\$249,999	1,150	9.9%	3,708	11.3%	104,397	12.1%
\$250,000-\$299,999	2,346	20.2%	4,424	13.5%	128,226	14.9%
\$300,000-\$399,999	3,595	30.9%	7,062	21.5%	210,332	24.4%
\$400,000-\$499,999	1,915	16.5%	6,394	19.5%	132,516	15.4%
Greater than \$500,000	1,632	14.0%	7,447	22.7%	174,399	20.3%
Total	11,624	100.0%	32,817	100.0%	860,790	100.0%
Median Home Value	\$337,000		\$373,513		\$342,501	
Note: The median year built for the PMA Remainder is weighted and only includes cities/townships with available data.						
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting.						

Renter-Occupied Units by Contract Rent

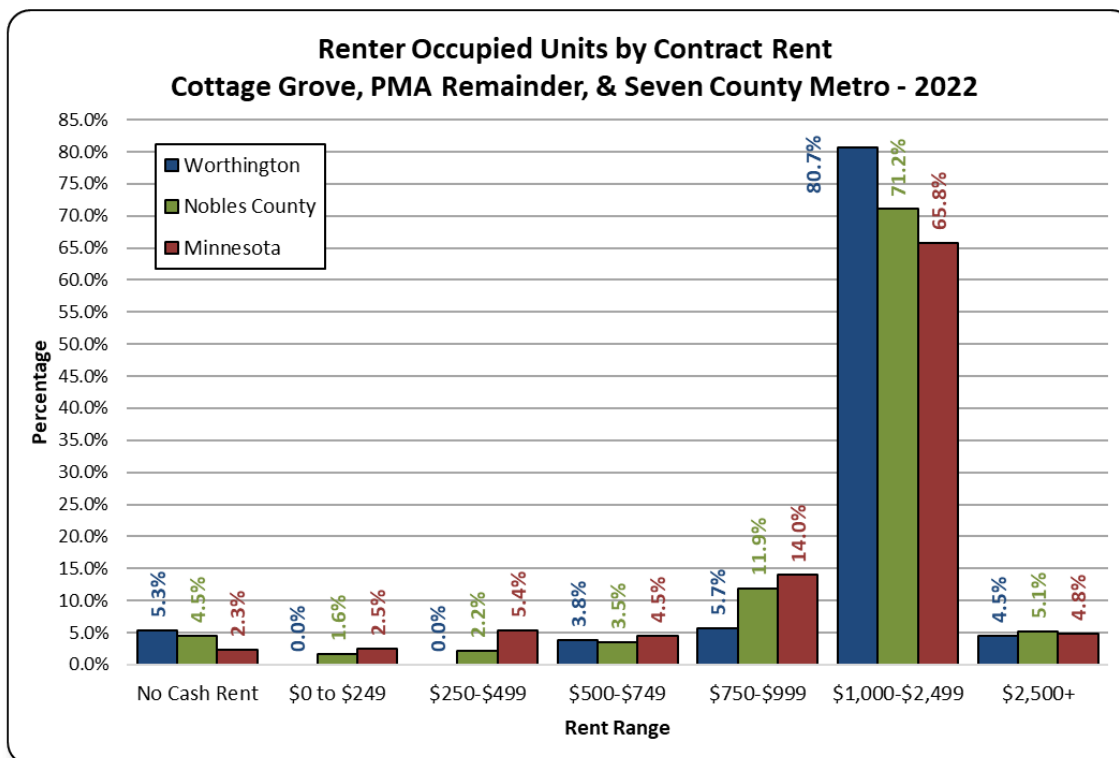
Table HC-7 presents information on the monthly housing costs for renters called contract rent (also known as asking rent) as sourced from the U.S. Census ACS. Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- Cottage Grove renters were most likely to pay between \$1,000 and \$2,499 in monthly rent, with an estimated 80.7% of renter-occupied units reporting rents in this range. Reflecting the high rents in the City, another 4.5% of renters paid \$2,500 or more in monthly rent. Therefore, over 85% (85.2%) of renter households paid \$1,000 or more in monthly rent.
- Compared to the PMA Remainder, residents in the PMA Remainder and Seven County Metro were less likely than Cottage Grove to pay \$1,000 or more in monthly rent. The percentages of those paying \$1,000 or more were the following: 76.3% in the PMA Remainder and 70.7% in the Seven-County Metro.
- The median rent in Cottage Grove was estimated at \$1,467 in 2022, 7.7% higher than in the PMA Remainder (\$1,362) and 16.6% higher than in the Seven-County Metro (\$1,255). Factoring in annual percentage rent increases, the 2024 median rent in Cottage Grove is estimated at \$1,578, based on recent increases of 5% annually. This would compare to \$1,465 for the PMA Remainder and \$1,350 for the Seven County Metro.

HOUSING CHARACTERISTICS

- Housing units without payment of rent (“no cash rent”) make up 5.3% of Cottage Grove renters. The proportion was modestly lower in the PMA Remainder (4.5%) but less than that in the Metro Area (2.3%). Typically, units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

Contract Rent	Cottage Grove		PMA Remainder		Seven-County Metro	
	No.	Pct.	No.	Pct.	No.	Pct.
No Cash Rent	83	5.3%	415	4.5%	8,746	2.3%
Cash Rent	1,487	94.7%	8,815	95.5%	373,740	97.7%
\$0 to \$249	0	0.0%	151	1.6%	9,687	2.5%
\$250-\$499	0	0.0%	204	2.2%	20,694	5.4%
\$500-\$749	59	3.8%	320	3.5%	17,234	4.5%
\$750-\$999	90	5.7%	1,101	11.9%	53,582	14.0%
\$1,000-\$2,499	1,267	80.7%	6,568	71.2%	251,831	65.8%
\$2,500+	71	4.5%	471	5.1%	18,480	4.8%
Total	1,570	100.0%	9,230	100.0%	382,486	100.0%
Median Contract Rent	\$1,467		\$1,362*		\$1,255	
*Excludes Denmark Township, Grey Cloud Island Township, and the Washington County portion of Hastings. No data is available for these geographies.						
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting.						

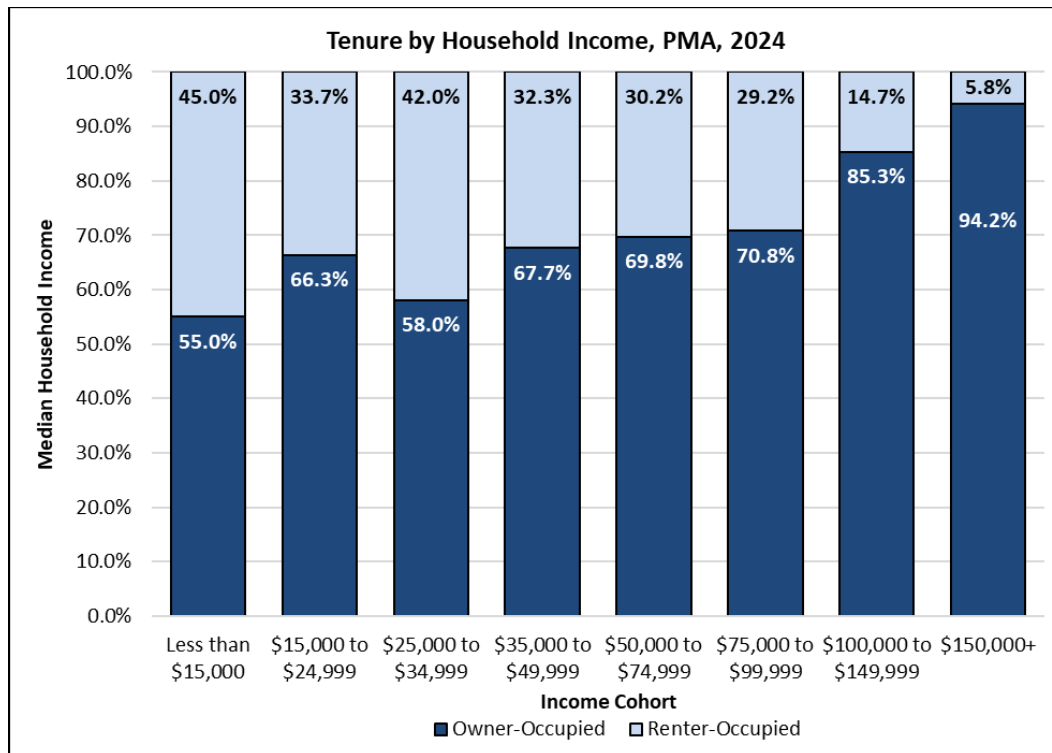


Tenure by Household Income

Table HC-8 presents information on tenure by household incomes in the PMA. Data was obtained through the American Community Survey for 2022 and adjusted forward by Maxfield Research based on current household income totals and tenure proportions.

- Larger communities attract development of rental properties due to employment opportunities and retail goods and services offered. Cottage Grove and its proximity to Woodbury, Interstates 94 and 494, Interstate 35E and the Minneapolis-St. Paul Airport make the City an attraction location for renters. The City is estimated to have 11.9% renter households and 88.1% owner households. By comparison, the PMA Remainder is estimated to have 22.0% renter households and 78.0% owner households while the Metro Area is estimated to have 30.8% renter households and 69.2% owner households.
- As incomes rise, the proportion of owner-occupied units increases. In Cottage Grove, for households earning \$150,000 or more, 95.6% are owners, up from a low of 67.5% of those making between \$25,000 and \$34,999.
- A portion of renter households are referred to as lifestyle renters, those who are financially able to own a home but choose to rent. Lifestyle renters in the Twin Cities Metro Area typically have household incomes of \$60,000 or above (\$1,500 in monthly housing expenses). An estimated 58% of renter households have incomes of \$60,000 or more in Cottage Grove. Therefore, renters in Cottage Grove are more well off than in the PMA Remainder and the Metro Area where 47.6% and 41.9%, respectively, are lifestyle renters.
- The median income of renter households was 40% less than the median income of owner households in Cottage Grove. In 2024, owner households in Cottage Grove reported a median income of \$123,333 compared to \$74,167 among renter-occupied households.

TABLE D-6 TENURE BY HOUSEHOLD INCOME PRIMARY MARKET AREA 2024																
Income	CITY OF COTTAGE GROVE				REMAINDER OF PMA				PRIMARY MARKET AREA				SEVEN-COUNTY METRO AREA			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
less than \$15,000	279	73.4%	101	26.6%	933	51.2%	889	48.8%	1,212	55.0%	990	45.0%	23,658	32.8%	48,435	67.2%
\$15,000 to \$24,999	167	81.8%	37	18.2%	1,195	64.6%	655	35.4%	1,362	66.3%	692	33.7%	21,481	36.7%	37,129	63.3%
\$25,000 to \$34,999	301	67.4%	146	32.6%	956	55.6%	763	44.4%	1,257	58.0%	909	42.0%	30,081	44.9%	36,925	55.1%
\$35,000 to \$49,999	414	67.5%	199	32.5%	2,073	67.7%	989	32.3%	2,488	67.7%	1,188	32.3%	54,371	49.7%	55,114	50.3%
\$50,000 to \$74,999	1,514	80.5%	366	19.5%	3,485	65.9%	1,800	34.1%	4,999	69.8%	2,167	30.2%	110,556	59.9%	74,085	40.1%
\$75,000 to \$99,999	1,548	89.8%	177	10.2%	4,064	65.5%	2,142	34.5%	5,612	70.8%	2,319	29.2%	110,118	68.6%	50,392	31.4%
\$100,000 to \$149,999	3,649	89.3%	436	10.7%	7,972	83.5%	1,571	16.5%	11,622	85.3%	2,006	14.7%	197,397	80.0%	49,217	20.0%
\$150,000+	4,504	95.6%	210	4.4%	13,845	94%	917	6.2%	18,350	94.2%	1,127	5.8%	313,128	90.9%	31,189	9.1%
Total	12,378	88.1%	1,672	11.9%	34,524	78.0%	9,726	22.0%	46,902	80.4%	11,398	19.6%	860,790	69.2%	382,486	30.8%
Median Household Income*	\$123,333		\$74,167		\$130,364		\$73,331		\$125,079		\$68,649		\$119,273		\$54,187	
*As of 2022. PMA and PMA Remainder renter household income number does not include Grey Cloud Island in calculations which is missing data.																
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting.																



Mobility in the Past Year

Table HC-9 shows the mobility patterns of PMA residents. The information reflects the proportion of residents that reported a move within the last year at the time the ACS survey was conducted. The table presents the estimates of mobility within the last year based on an average of five years of data collection (2018-2022).

- Most Cottage Grove residents (86.4%) did not move during the last year. In the PMA Remainder (81.9%) of its residents did not move in the last year while 81.8% of Metro Area residents did not move.
- Among Cottage Grove residents that moved, most were likely to move within their same county (5.0%) followed by a move from a different county in Minnesota (4.3%). Those moving from a different state represented 1.2% while those moving from abroad represented 0.1%.
- The age group most likely to move is the age 25 to 34 cohort as an estimated 20.5% moved in the past year followed by those ages 35 to 44 at 18.8%. Those ages 25 to 34 may consider moving to communities such as Cottage Grove as they begin families.
- Mobility increased among those age 75 years or older as this age group often relocates for health and lifestyle reasons. This cohort may move to smaller homes, a senior living facility or to another community to be closer to family.

HOUSING CHARACTERISTICS

TABLE D-9
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
PRIMARY MARKET AREA
2022

	Did Not Move		Moved							
	Same House		Within Same County		Different County Same State		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Cottage Grove										
Age										
Under 18	8,939	86.1%	678	6.5%	349	3.4%	92	0.9%	12	0.1%
18 to 24	2,795	87.2%	132	4.1%	61	1.9%	120	3.7%	0	0.0%
25 to 34	3,573	79.5%	169	3.8%	504	11.2%	105	2.3%	12	0.3%
35 to 44	5,829	81.2%	556	7.7%	472	6.6%	107	1.5%	0	0.0%
45 to 54	4,751	91.2%	199	3.8%	105	2.0%	0	0.0%	0	0.0%
55 to 64	4,043	90.7%	174	3.9%	93	2.1%	17	0.4%	0	0.0%
65 to 74	2,766	93.1%	0	0.0%	73	2.5%	44	1.5%	0	0.0%
75+	1,804	88.4%	102	5.0%	74	3.6%	0	0.0%	0	0.0%
Total	34,500	86.4%	2,010	5.0%	1,731	4.3%	485	1.2%	24	0.1%
Remainder of PMA										
Age										
Under 18	22,495	82.5%	1,527	5.6%	986	3.6%	793	2.9%	12	0.0%
18 to 24	6,488	66.8%	865	8.9%	1,143	11.8%	721	7.4%	0	0.0%
25 to 34	8,667	68.4%	926	7.3%	1,884	14.9%	497	3.9%	12	0.1%
35 to 44	13,656	80.8%	1,181	7.0%	569	3.4%	529	3.1%	0	0.0%
45 to 54	14,130	87.5%	492	3.0%	288	1.8%	372	2.3%	0	0.0%
55 to 64	13,215	88.8%	342	2.3%	342	2.3%	194	1.3%	0	0.0%
65 to 74	9,086	89.8%	207	2.0%	289	2.9%	25	0.2%	0	0.0%
75+	5,828	89.8%	171	2.6%	139	2.1%	26	0.4%	0	0.0%
Total	93,565	81.9%	5,711	5.0%	5,640	4.9%	3,157	2.8%	24	0.0%
PMA										
Age										
Under 18	31,434	83.5%	2,205	5.9%	1,335	3.5%	885	2.4%	93	0.2%
18 to 24	9,283	71.9%	997	7.7%	1,204	9.3%	841	6.5%	3	0.0%
25 to 34	12,240	71.3%	1,095	6.4%	2,388	13.9%	602	3.5%	74	0.4%
35 to 44	19,485	80.8%	1,737	7.2%	1,041	4.3%	636	2.6%	123	0.5%
45 to 54	18,881	88.4%	691	3.2%	393	1.8%	372	1.7%	53	0.2%
55 to 64	17,258	89.3%	516	2.7%	435	2.3%	211	1.1%	42	0.2%
65 to 74	11,852	90.6%	207	1.6%	362	2.8%	69	0.5%	5	0.0%
75+	7,632	89.5%	273	3.2%	213	2.5%	26	0.3%	0	0.0%
Total	128,065	83.1%	7,721	5.0%	7,371	4.8%	3,642	2.4%	393	0.3%
Seven-County Metro										
Age										
Under 18	611,554	84.1%	42,550	5.9%	23,526	3.2%	9,253	1.3%	2,764	0.4%
18 to 24	184,140	64.8%	36,437	12.8%	30,187	10.6%	15,699	5.5%	3,125	1.1%
25 to 34	340,010	70.2%	57,468	11.9%	40,453	8.4%	18,042	3.7%	3,345	0.7%
35 to 44	382,551	82.5%	30,022	6.5%	17,312	3.7%	8,112	1.7%	1,633	0.4%
45 to 54	353,929	87.0%	16,279	4.0%	10,355	2.5%	4,211	1.0%	1,212	0.3%
55 to 64	377,827	88.6%	13,709	3.2%	8,726	2.0%	3,035	0.7%	1,020	0.2%
65 to 74	263,819	89.8%	8,015	2.7%	4,370	1.5%	1,836	0.6%	500	0.2%
75+	169,551	86.9%	8,516	4.4%	4,572	2.3%	1,740	0.9%	639	0.3%
Total	2,683,381	81.8%	212,996	6.5%	139,501	4.3%	61,928	1.9%	14,238	0.4%

Sources: American Community Survey; Maxfield Research and Consulting.

Introduction

Employment characteristics are important components in assessing housing needs in any given Market Area. These trends are important to consider since employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. This preference is particularly true among renters. Young adults entering the workforce, a primary target market for rental housing, often place excellent value on living near employment, education, shopping and entertainment. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs.

Although employment growth often parallels population growth, it is tied more strongly to transportation access. Cities with interstate access and intra- and inter-metro transportation connections attract more businesses and post higher employment gains.

Employment Growth and Projections

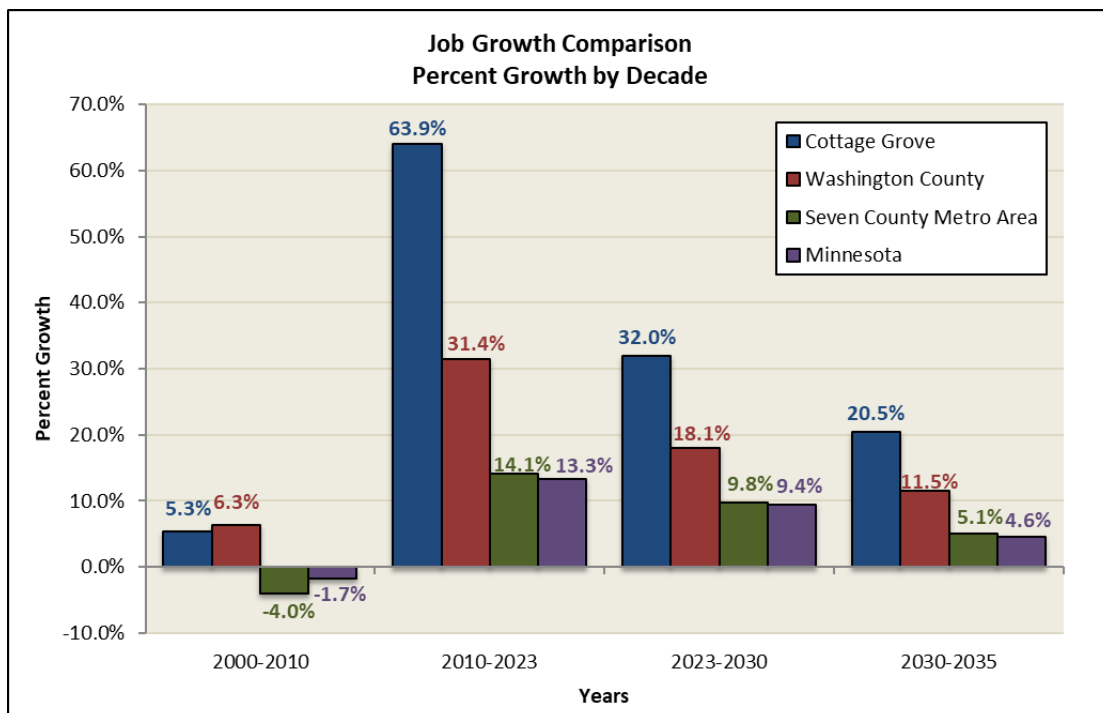
Table E-1 on the following page shows employment growth trends and projections in Cottage Grove, Washington County, the Seven-County Metro Area and Minnesota from 2000 to 2035 based on the latest information available from the Minnesota Department of Employment and Economic Development (MN DEED). Data from 2000 through 2023 represents the annual average employment for that year. Projections for 2025, 2030 and 2035 are based on projections from MN DEED with adjustments by Maxfield Research.

- Between 2000 and 2010, Cottage Grove and Washington County experienced employment increases of 5.3% and 6.3%, respectively. In comparison, the Seven County Metro Minnesota saw declines in employment. The Metro Area declined by 4.0% while Minnesota declined by 1.7%.
- Cottage Grove accounted for 9.0% of jobs in Washington County and 0.4% of jobs in the Seven County Metro in 2000 and 2010. In 2020, Cottage Grove's percentage of jobs in Washington County and the Metro increased to 10.6% and 0.5%, respectively. By 2030, Cottage Grove is projected to make up 12.5% of jobs in Washington County and 0.7% of jobs in the Metro Area.
- Between 2010 and 2023, Cottage Grove gained 4,083 jobs (63.9%) while Washington County gained 22,392 jobs (31.4%). During those 13 years, the number of jobs also increased in the Metro Area (217,284 jobs, 14.1%) and Minnesota (339,873, 13.3%).

TABLE E-1 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS PRIMARY MARKET AREA 2000 to 2035				
Annual Employment	Cottage Grove	Washington County	Seven County Metro Area	Minnesota
2000	6,061	67,056	1,600,741	2,608,844
2005	6,321	73,456	1,593,962	2,637,323
2010	6,385	71,292	1,537,041	2,563,391
2015	6,863	79,139	1,675,292	2,774,426
2020	8,917	84,005	1,644,852	2,707,821
2021	9,561	88,479	1,679,342	2,774,366
2022	9,860	91,825	1,730,056	2,856,018
2023	10,468	93,684	1,754,325	2,903,264
2025 Forecast	11,465	99,195	1,832,865	3,038,350
2030 Forecast	13,815	110,595	1,925,835	3,177,560
2035 Forecast	16,650	123,310	2,024,070	3,323,145

Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	324	5.3%	4,236	6.3%	-63,700	-4.0%	-45,453	-1.7%
2010 - 2023	4,083	63.9%	22,392	31.4%	217,284	14.1%	339,873	13.3%
2023 - 2030	3,347	32.0%	16,911	18.1%	171,510	9.8%	274,296	9.4%
2030 - 2035	2,835	20.5%	12,715	11.5%	98,235	5.1%	145,585	4.6%

Sources: MN DEED; & Maxfield Research & Consulting.



EMPLOYMENT TRENDS

- Between 2023 and 2030, jobs are projected to increase by 3,347 (32.0%) in Cottage Grove and 16,911 jobs (18.1%) in Washington County. In contrast, the Seven County Metro Area and Minnesota are forecast to increase employment by 171,510 (9.8%) and 274,296 (9.4%), respectively.
- Between 2030 and 2035, employment is projected to increase by 2,835 (20.5%) in Cottage Grove and 12,715 jobs (11.5%) in Washington County. In contrast, the Seven County Metro Area and Minnesota are forecast to increase employment by 98,235 (5.1%) and 145,585 (4.6%), respectively.

Resident Labor Force

Table E-2, on the following page, presents resident employment data for the Cottage Grove from 2008 through July 2024. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. Not all of these individuals work in Cottage Grove. The data is obtained from the Minnesota Department of Economic Development (MN DEED). Data is also provided for the Twin Cities Metro Area, Minnesota and the US.

- In 2023, Cottage Grove had a labor force of 21,179 with 20,640 employed residents, which equates to a 2.5% unemployment rate. By comparison, 2023 unemployment rates were 2.6% in Washington County, 2.6% in the Seven County Metro Area, 2.8% in Minnesota and 3.6% in the US.
- Cottage Grove's annual unemployment rate has been lower than Washington County, the Seven County Metro, Minnesota and the US every year since 2020.

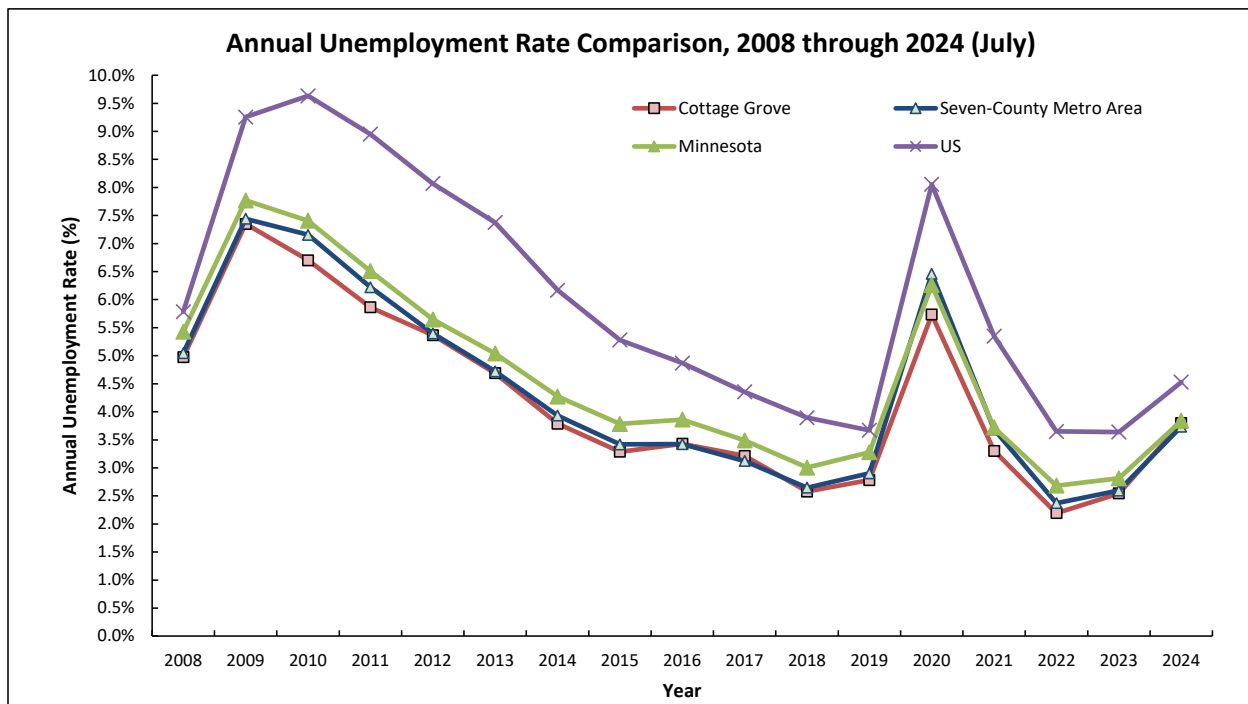
TABLE E-2
ANNUAL AVERAGE RESIDENT EMPLOYMENT
COTTAGE GROVE, SEVEN-COUNTY METRO AREA, MINNESOTA, & US
2008 through 2024 (July)

<u>Year</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
Cottage Grove				
2008	19,304	18,344	960	5.0%
2009	19,207	17,795	1,412	7.4%
2010	19,369	18,071	1,298	6.7%
2011	19,458	18,317	1,141	5.9%
2012	19,528	18,480	1,048	5.4%
2013	19,618	18,698	920	4.7%
2014	19,698	18,952	746	3.8%
2015	19,836	19,184	652	3.3%
2016	19,968	19,283	685	3.4%
2017	20,563	19,902	661	3.2%
2018	20,704	20,170	534	2.6%
2019	21,052	20,466	586	2.8%
2020	21,206	19,990	1,216	5.7%
2021	20,676	19,993	683	3.3%
2022	20,961	20,501	460	2.2%
2023	21,179	20,640	539	2.5%
2024	21,208	20,401	807	3.8%
Change 2008 through 2024 (July)				
Number	1,904	2,057	-153	--
Percent	9.9%	11.2%	-15.9%	--
Seven-County Metro Area				
2008	1,603,501	1,522,589	80,912	5.0%
2009	1,601,871	1,482,667	119,204	7.4%
2010	1,593,385	1,479,385	114,000	7.2%
2011	1,606,856	1,506,887	99,969	6.2%
2012	1,611,797	1,524,778	87,019	5.4%
2013	1,626,969	1,550,140	76,829	4.7%
2014	1,642,460	1,577,850	64,610	3.9%
2015	1,653,838	1,597,310	56,528	3.4%
2016	1,669,746	1,612,583	57,163	3.4%
2017	1,706,940	1,653,641	53,299	3.1%
2018	1,714,156	1,668,797	45,359	2.6%
2019	1,736,631	1,686,236	50,395	2.9%
2020	1,742,641	1,630,026	112,615	6.5%
2021	1,694,102	1,631,670	62,432	3.7%
2022	1,712,706	1,672,095	40,611	2.4%
2023	1,728,472	1,683,595	44,877	2.6%
2024	1,726,370	1,661,889	64,481	3.7%
Change 2008-2024 (July)				
Number	122,869	139,300	-16,431	--
Percent	7.7%	9.1%	-20.3%	--
Continued				

TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT COTTAGE GROVE, SEVEN-COUNTY METRO AREA, MINNESOTA, & US 2008 to 2024 (July)				
Year	Labor Force	Employed	Unemployed	Unemployment Rate
Minnesota				
2008	2,925,088	2,766,342	158,746	5.4%
2009	2,941,976	2,713,426	228,550	7.8%
2010	2,940,816	2,723,025	217,791	7.4%
2011	2,952,527	2,760,399	192,127	6.5%
2012	2,949,769	2,783,181	166,588	5.6%
2013	2,961,728	2,812,452	149,275	5.0%
2014	2,979,798	2,852,487	127,310	4.3%
2015	3,005,413	2,891,672	113,740	3.8%
2016	3,023,110	2,906,348	116,761	3.9%
2017	3,071,005	2,963,829	107,176	3.5%
2018	3,075,089	2,982,657	92,431	3.0%
2019	3,111,673	3,009,672	102,001	3.3%
2020	3,122,015	2,926,643	195,371	6.3%
2021	3,049,037	2,935,653	113,384	3.7%
2022	3,077,500	2,994,919	82,580	2.7%
2023	3,099,922	3,012,707	87,215	2.8%
2024	3,115,318	2,995,686	119,632	3.8%
Change 2008-2024 (July)				
Number	190,230	229,344	-39,114	--
Percent	6.5%	8.3%	-24.6%	--
US				
2008	154,286,666	145,362,500	8,924,250	5.8%
2009	154,142,000	139,877,500	14,264,583	9.3%
2010	153,888,583	139,063,916	14,824,750	9.6%
2011	153,616,666	139,869,250	13,747,416	8.9%
2012	154,974,583	142,469,083	12,505,583	8.1%
2013	155,389,166	143,929,333	11,459,833	7.4%
2014	155,921,833	146,305,333	9,616,416	6.2%
2015	157,129,916	148,833,416	8,296,333	5.3%
2016	159,187,166	151,435,833	7,751,000	4.9%
2017	160,319,750	153,337,416	6,982,250	4.4%
2018	162,075,000	155,761,000	6,313,916	3.9%
2019	163,538,666	157,538,083	6,000,583	3.7%
2020	160,742,333	147,794,750	12,947,583	8.1%
2021	161,203,916	152,580,666	8,623,250	5.3%
2022	164,287,166	158,291,083	5,996,000	3.6%
2023	167,116,416	161,036,583	6,079,916	3.6%
2024	169,723,000	162,038,000	7,685,000	4.5%
Change 2008-2024 (July)				
Number	15,436,334	16,675,500	-1,239,250	--
Percent	10.0%	11.5%	-13.9%	--
Sources: MN DEED & Maxfield Research & Consulting, LLC.				

EMPLOYMENT TRENDS

- The chart below illustrates how unemployment in Cottage Grove has mirrored national trends but has remained well below the national rate throughout the past twelve years.



- Cottage Grove began the 2010s with a high unemployment rate of 6.4%, reached a low of 2.2% in 2022 and was still low in 2023 at 2.5%.
- As a result of the COVID-19 pandemic and its related shutdowns and layoffs, Cottage Grove's unemployment rate increased dramatically from 2.8% in 2019 to a high of 5.7% in 2020. This was due to the shutdown and layoffs that occurred because of the pandemic. Since 2020, unemployment decreased to 3.3% in 2021 and to 2.2% in 2022 prior to increasing slightly to 2.5% in 2023.
- The chart, on the following page, provides a month-by-month unemployment rate comparison for Cottage Grove, the Seven County Metro, Minnesota and the US from January 2020 before the pandemic hit the US through April 2024, the most recent month with available data.
- The chart demonstrates that after the initial shutdowns, due to the emerging pandemic, the resulting high unemployment rates throughout the country rose significantly in the Spring and early Summer of 2020.

Covered Employment by Industry

Table E-3 presents covered employment workforce numbers for Cottage Grove and the Seven County Metro Area for 2000 through 2023. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area*, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data is sourced from the Minnesota Department of Employment and Economic Development. The following are key trends derived from the employment data.

- The Manufacturing industry accounted for the largest share of employment in Cottage Grove with 3,007 employees accounting for nearly 29% (28.7%) in 2023. The Manufacturing Industry is followed by the Trade, Transportation, and Utilities sector with 2,704 employees (25.8% of 2023 employment) and the Education and Health Services sector with 2,147 employees (20.5% of 2023 employment).
- In contrast to Cottage Grove, the Education and Health Services Sector accounted for the largest share of employment in the Seven County Metro Area, with employees accounting for over one quarter of all employment (25.4% - 425,826) in 2023. The Trade, Transportation and Utilities sector is followed by the Trade, Transportation and Utilities sector with 318,157 employees (19.0% of 2023 employment) and the Professional and Business Services sector with 292,175 employees (17.4% of 2023 employment).
- Between 2010 and 2023, the Education and Health Services sector experienced the largest numeric growth in the Metro Area adding 84,148 employees, a 24.6% increase.
- The Metro Area's Construction sector experienced the highest percentage growth between 2010 and 2023, growing by 60.1% (30,046 employees).

EMPLOYMENT TRENDS

TABLE E-3 COVERED EMPLOYMENT TRENDS NOBLES COUNTY AND CITY OF WORTHINGTON 2000 through 2023 NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (NAICS)																		
City of Cottage Grove									Change									
Average Number of Employees									2010 - 2023		% of Total							
Industry	2000	2005	2010	2015	2020	2021	2022	2023	No.	Pct.	2000	2005	2010	2015	2020	2021	2022	2023
Natural Resources & Mining	--	--	--	--	--	--	--	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	118	212	102	160	321	325	469	512	410	193.4%	1.9%	3.4%	1.6%	2.3%	3.6%	3.4%	4.8%	4.9%
Manufacturing	1,400	1,256	969	870	2,211	2,317	2,593	3,007	2,038	162.3%	23.1%	19.9%	15.2%	12.7%	24.8%	24.2%	26.3%	28.7%
Trade, Transportation, and Utilities	1,501	1,645	1,554	1,891	2,432	2,690	2,667	2,704	1,150	69.9%	24.8%	26.0%	24.3%	27.6%	27.3%	28.1%	27.0%	25.8%
Information	47	42	28	23	38	24	26	23	-5	-11.9%	0.8%	0.7%	0.4%	0.3%	0.4%	0.3%	0.3%	0.2%
Financial Services	157	171	139	144	210	191	226	199	60	35.1%	2.6%	2.7%	2.2%	2.1%	2.4%	2.0%	2.3%	1.9%
Professional and Business Services	223	147	151	240	332	378	333	366	215	146.3%	3.7%	2.3%	2.4%	3.5%	3.7%	4.0%	3.4%	3.5%
Education and Health Services	1,428	1,515	2,107	2,132	2,109	2,108	2,059	2,147	40	2.6%	23.6%	24.0%	33.0%	31.1%	23.7%	22.0%	20.9%	20.5%
Leisure and Hospitality	656	839	746	828	759	828	866	889	143	17.0%	10.8%	13.3%	11.7%	12.1%	8.5%	8.7%	8.8%	8.5%
Other Services	282	205	318	311	237	316	321	317	-1	-0.5%	4.7%	3.2%	5.0%	4.5%	2.7%	3.3%	3.3%	3.0%
Public Administration	249	289	271	264	268	296	300	304	33	11.4%	4.1%	4.6%	4.2%	3.8%	3.0%	3.1%	3.0%	2.9%
Totals	6,061	6,321	6,385	6,863	8,917	9,561	9,860	10,468	4,083	63.9%								
Twin Cities Metro Area									Change									
Average Number of Employees									2010 - 2023		% of Total							
Industry	2000	2005	2010	2015	2020	2021	2022	2023	No.	Pct.	2000	2005	2010	2015	2020	2021	2022	2023
Natural Resources & Mining	3,220	3,568	3,444	3,427	3,668	3,852	4,104	4,183	739	21.5%	na	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.2%
Construction	75,163	78,475	49,972	66,709	73,128	75,994	78,312	80,018	30,046	60.1%	4.7%	4.9%	3.3%	4.0%	4.6%	4.9%	5.1%	4.8%
Manufacturing	217,161	186,238	156,570	168,480	166,172	168,098	174,669	175,817	19,247	12.3%	13.6%	11.7%	10.2%	10.1%	10.4%	10.9%	11.4%	10.5%
Trade, Transportation, and Utilities	341,177	327,767	294,894	313,380	302,009	307,307	315,737	318,157	23,263	7.9%	21.3%	20.6%	19.2%	18.7%	18.9%	20.0%	20.5%	19.0%
Information	44,568	43,964	41,010	38,798	32,215	30,603	31,349	30,049	-10,961	-26.7%	2.8%	2.8%	2.7%	2.3%	2.0%	2.0%	2.0%	1.8%
Financial Services	126,979	137,347	130,997	137,046	140,939	138,171	133,432	130,848	-149	-0.1%	7.9%	8.6%	8.5%	8.2%	8.8%	9.0%	8.7%	7.8%
Professional and Business Services	263,779	244,612	250,151	277,443	283,689	289,095	296,168	292,175	42,024	16.8%	16.5%	15.3%	16.3%	16.6%	17.8%	18.8%	19.3%	17.4%
Education and Health Services	268,968	302,256	341,678	380,336	398,486	405,269	410,924	425,829	84,151	24.6%	16.8%	19.0%	22.2%	22.7%	25.0%	26.4%	26.7%	25.4%
Leisure and Hospitality	138,716	150,712	148,531	164,825	125,410	139,667	160,004	167,245	18,714	12.6%	8.7%	9.5%	9.7%	9.8%	7.9%	9.1%	10.4%	10.0%
Other Services	55,632	55,269	52,359	56,000	48,170	50,914	53,573	55,509	3,150	6.0%	3.5%	3.5%	3.4%	3.3%	3.0%	3.3%	3.5%	3.3%
Public Administration	65,378	63,754	67,435	68,847	70,966	70,372	71,784	74,495	7,060	10.5%	4.1%	4.0%	4.4%	4.1%	4.5%	4.6%	4.7%	4.4%
Totals	1,600,741	1,593,962	1,537,041	1,675,292	1,644,852	1,679,342	1,730,056	1,754,325	217,284	14.1%								
N/A: Not Assessed.																		
Sources: MN DEED; Maxfield Research and Consulting																		

Employment and Wages

Table E-4 displays information on employment and wages in the City of Cottage Grove and the Seven County Metro Area. Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for the fourth quarter of 2022 and 2023. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program.

Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers, or one employer comprises too much of the employment in that geography.

- In Cottage Grove, the Information industry reported the highest weekly wage, \$1,474; or approximately \$76,648 annually in the fourth quarter of 2023. Following not far behind is the Financial Services sector with an average weekly wage of \$1,411 (\$74,620 annually).
- The Manufacturing Services industry accounts for 29.3% of the employment in the City of Cottage Grove. Other large industries in the City include the Trade, Transportation, and Utilities sector (25.4% of employment in Cottage Grove) and the Education and Health Services sector (20.9% of Cottage Grove employment).
- The largest industries in the Seven County Metro were in the Education and Health Services, Trade, Transportation, and Utilities, and Trade, Professional and Business Services sectors.
- The Manufacturing industry experienced the highest percentage employment and numeric growth in Cottage Grove between the fourth quarters of 2022 and 2023, increasing by 15.1% or 417 jobs. The industry with the largest percentage and numeric growth in the Seven County Metro Area was the Education and Health Services Sector at 4.4% or 18,623 jobs.
- In Cottage Grove, the Financial Activities sector reported the largest numeric growth in wages between the fourth quarters of 2022 and 2023. Wages increased by \$62 in this sector. In contrast, in the Metro Area, the Information sector experienced the largest numeric wage increase of any sector, increasing by \$180 between the fourth quarters of 2022 and 2023.
- Percentage wise, the Other Services industry reported the highest percentage growth in wages (10.2% growth) between the fourth quarters of 2022 and 2023 in Cottage Grove. Wages in the Metro Area experienced the largest percentage increase in the Information industry, increasing by 8.8%.

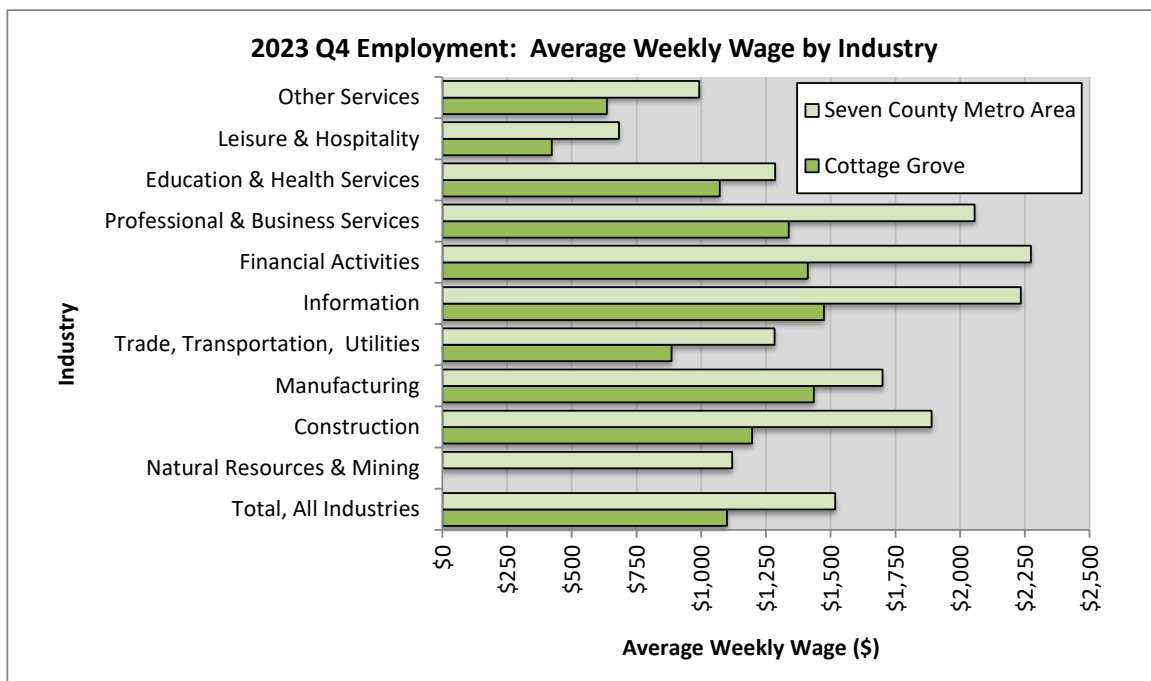
EMPLOYMENT TRENDS

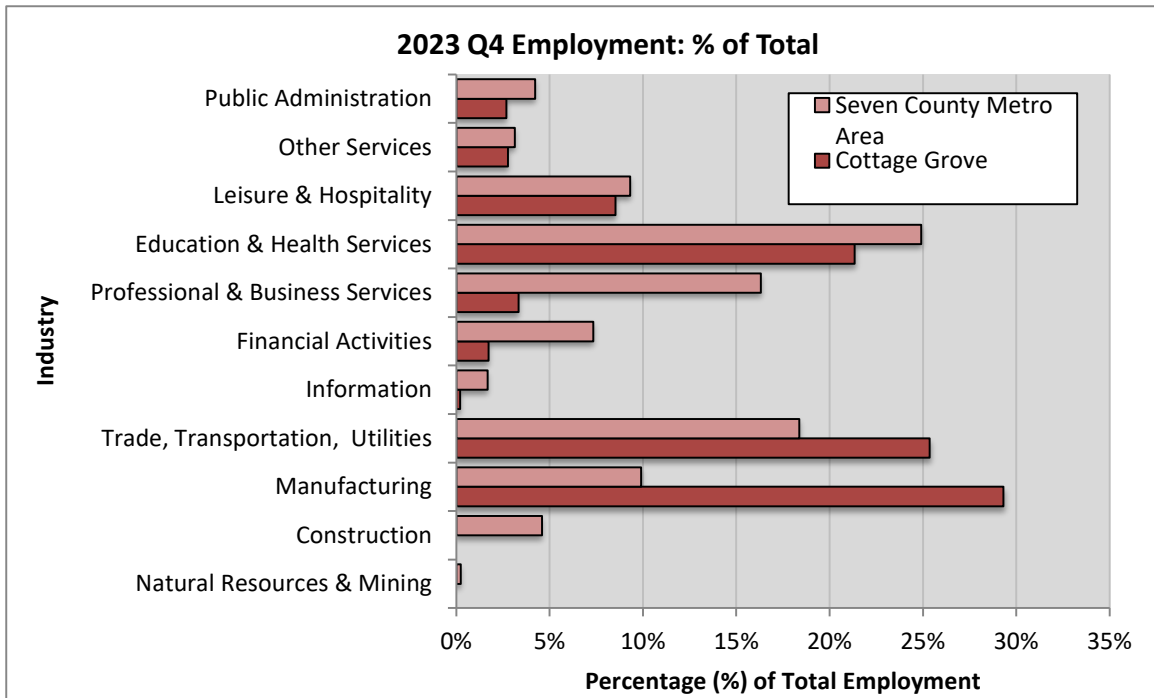
TABLE E-4
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
PRIMARY MARKET AREA

Industry	2022 Q4			2023 Q4			Change 2022 Q4 - 2023 Q4			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment #	%	Wage #	%
Cottage Grove										
Total, All Industries	600	10,050	\$1,072	610	10,835	\$1,099	785	7.8%	\$27	2.5%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	27	469	\$1,153	34	512	\$1,196	43	9.2%	\$43	3.7%
Manufacturing	9	2,759	\$1,462	8	3,176	\$1,435	417	15.1%	(\$27)	-1.8%
Trade, Transportation, Utilities	133	2,667	\$862	136	2,748	\$885	81	3.0%	\$23	2.7%
Information	8	22	\$1,497	8	23	\$1,474	1	4.5%	(\$23)	-1.5%
Financial Activities	58	233	\$1,349	57	188	\$1,411	-45	-19.3%	\$62	4.6%
Professional & Business Services	93	329	\$1,302	99	361	\$1,338	32	9.7%	\$36	2.8%
Education & Health Services	141	2,109	\$1,045	146	2,313	\$1,071	204	9.7%	\$26	2.5%
Leisure & Hospitality	46	858	\$414	47	924	\$423	66	7.7%	\$9	2.2%
Other Services	82	314	\$577	72	299	\$636	-15	-4.8%	\$59	10.2%
Public Administration	3	290	\$1,171	3	291	\$1,231	1	0.3%	\$60	5.1%
Seven County Metro Area										
Total, All Industries	93,464	1,748,505	\$1,477	93,762	1,765,176	\$1,517	16,671	1.0%	\$40	2.7%
Natural Resources & Mining	347	4,042	\$1,076	345	4,063	\$1,119	21	0.5%	\$43	4.0%
Construction	7,138	78,689	\$1,794	7,106	80,988	\$1,890	2,299	2.9%	\$96	5.4%
Manufacturing	4,064	175,921	\$1,658	4,011	174,755	\$1,700	-1,166	-0.7%	\$42	2.5%
Trade, Transportation, Utilities	15,859	320,994	\$1,279	15,846	324,431	\$1,283	3,437	1.1%	\$4	0.3%
Information	2,053	30,951	\$2,054	2,024	29,545	\$2,234	-1,406	-4.5%	\$180	8.8%
Financial Activities	9,544	132,400	\$2,125	9,515	129,547	\$2,273	-2,853	-2.2%	\$148	7.0%
Professional & Business Services	17,848	298,195	\$1,984	17,937	288,046	\$2,056	-10,149	-3.4%	\$72	3.6%
Education & Health Services	15,945	420,899	\$1,255	16,488	439,522	\$1,286	18,623	4.4%	\$31	2.5%
Leisure & Hospitality	8,356	160,229	\$668	8,363	164,315	\$683	4,086	2.6%	\$15	2.2%
Other Services	11,506	54,382	\$958	11,325	55,459	\$992	1,077	2.0%	\$34	3.5%
Public Administration	804	71,800	\$1,536	804	74,502	\$1,620	2,702	3.8%	\$84	5.5%

NA: Not Assessed/Not Available

Sources: MN DEED; Maxfield Research and Consulting





Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often account for a considerable proportion of households' budgets. Table E-5 highlights the commuting patterns of workers in Cottage Grove in 2021 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau. Home destination is defined as where workers live who are employed in the selection area. Work destination is defined as where workers are employed who live in the selection area. Please note: Data is unavailable post 2021, hence these numbers do not reflect the shift in commuting patterns post pandemic and the work from home/hybrid shift in employment.

- As Table E-5 illustrates, of workers who are employed in Cottage Grove, 25.3% also live in Cottage Grove. Other home destinations with a large proportion of Cottage Grove workers include St Paul (10.3%), Woodbury (8.3%), and Hastings 4.7%.
- Of workers who live in Cottage Grove, 16.7% work in St Paul followed by 12.7% in Cottage Grove. Other large work destinations for Cottage Grove residents are Minneapolis (10.2%) and Woodbury (7.4%).
- For workers living in Cottage Grove, over half of all workers (52.7%) commute 10 to 24 miles followed by 35.5% of those commuting less than 10 miles. In addition, 7.9% of workers living in Cottage Grove commute 25 to 50 miles while 3.9% commute more than 50 miles.

**TABLE E-5
COMMUTING PATTERNS
CITY OF COTTAGE GROVE
2021**

Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Cottage Grove city, MN	2,614	25.3%	St. Paul city, MN	3,326	16.2%
St. Paul city, MN	1,061	10.3%	Cottage Grove city, MN	2,614	12.7%
Woodbury city, MN	863	8.3%	Minneapolis city, MN	2,096	10.2%
Hastings city, MN	488	4.7%	Woodbury city, MN	1,525	7.4%
St. Paul Park city, MN	310	3.0%	Eagan city, MN	884	4.3%
Minneapolis city, MN	250	2.4%	Bloomington city, MN	652	3.2%
Inver Grove Heights city, MN	230	2.2%	Hastings city, MN	386	1.9%
Maplewood city, MN	203	2.0%	Eden Prairie city, MN	376	1.8%
Oakdale city, MN	192	1.9%	Inver Grove Heights city, MN	354	1.7%
Eagan city, MN	182	1.8%	Maplewood city, MN	348	1.7%
All Other Locations	3,946	38.2%	All Other Locations	8,027	39.0%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total of All Jobs	10,339	100.0%	Total of All Jobs	20,588	100.0%
Less than 10 miles	5,466	52.9%	Less than 10 miles	7,304	35.5%
10 to 24 miles	3,436	33.2%	10 to 24 miles	10,848	52.7%
25 to 50 miles	856	8.3%	25 to 50 miles	1,624	7.9%
Greater than 50 miles	581	5.6%	Greater than 50 miles	812	3.9%

Home Destination = Where workers live who are employed in Cottage Grove.

Work Destination = Where workers are employed who live in Cottage Grove.

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting

Inflow/Outflow

Table E-6 provides a summary of the inflow and outflow of workers in Cottage Grove. Outflow reflects the number of workers living in the city but employed outside of the city while inflow measures the number of workers that are employed in the city but live outside. Data is sourced to “On the Map” and subject to specified categories as identified by the U.S Census ACS.

- Cottage Grove is a net exporter of workers, with 7,725 workers commuting into the city compared to 17,974 workers leaving the city for work. In addition, 2,614 workers live and work in the city.
- Inflow workers and interior flow workers were most like to work in the “All Other Services” industry, followed by the “Trade, Transportation and Utilities” industry.

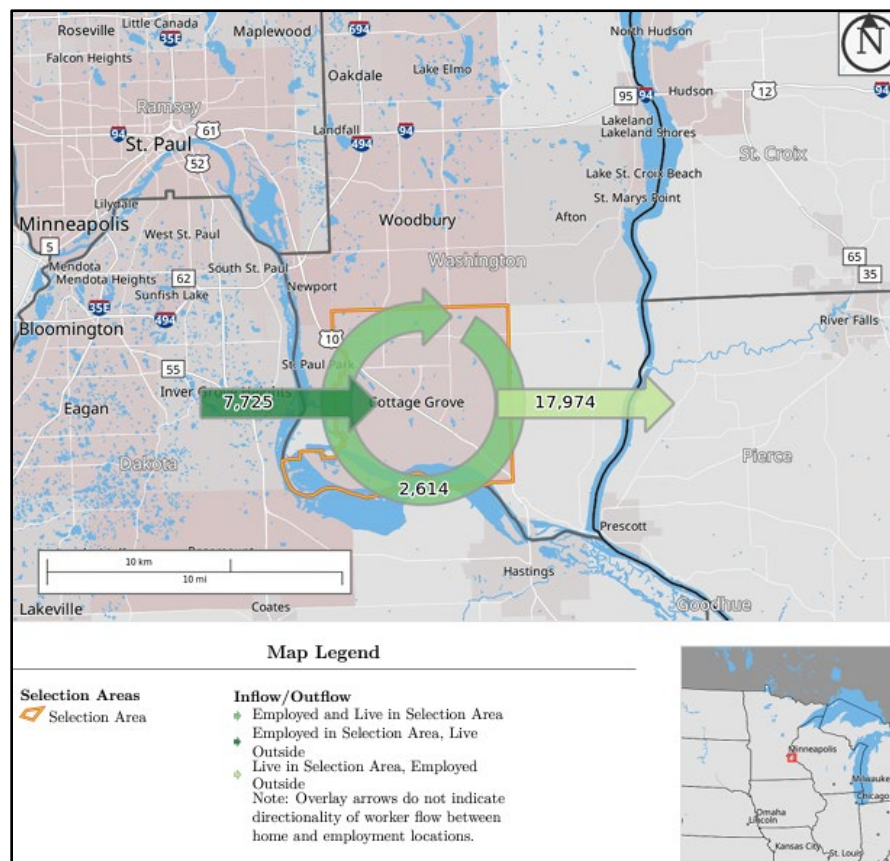
TABLE E-6
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
CITY OF COTTAGE GROVE
2021

	Outflow		Inflow		Interior Flow	
City of Cottage Grove	17,974	100.0%	7,725	100.0%	2,614	100.0%
By Age						
Workers Aged 29 or younger	3,663	20.4%	2,092	27.1%	915	35.0%
Workers Aged 30 to 54	10,606	59.0%	4,210	54.5%	1,120	42.8%
Workers Aged 55 or older	3,705	20.6%	1,423	18.4%	579	22.1%
By Monthly Wage						
Workers Earning \$1,250 per month or less	2,681	14.9%	1,405	18.2%	840	32.1%
Workers Earning \$1,251 to \$3,333 per month	3,422	19.0%	1,627	21.1%	766	29.3%
Workers Earning More than \$3,333 per month	11,871	66.0%	4,693	60.8%	1,008	38.6%
By Industry						
"Goods Producing"	2,592	14.4%	2,819	36.5%	404	15.5%
"Trade, Transportation, and Utilities"	2,944	16.4%	1,885	24.4%	849	32.5%
"All Other Services"*	12,438	69.2%	3,021	39.1%	1,361	52.1%

*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting

Cottage Grove 2021 Employment Inflow/Outflow



Source: US Census: Longitudinal Employment-Household Dynamics, 2021

Resident Profile

Table E-9 compares characteristics of employed residents living in Cottage Grove, Washington County, the Seven County Metro and Minnesota in 2021. Information on monthly earnings, age, race and ethnicity, educational attainment and job classification is provided. Both primary and private jobs are included.

TABLE E-9 RESIDENT PROFILE CITY OF COTTAGE GROVE, WASHINGTON COUNTY, SEVEN-COUNTY METRO, & MN 2021							
	City of Cottage Grove		Washington County		Seven County Metro		MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Total Jobs							
Total All Jobs	20,588	100.0%	135,870	100.0%	1,522,848	100.0%	100.0%
Monthly Earnings							
\$1,250 per month or less	3,521	17.1%	23,693	17.4%	257,628	16.9%	18.8%
\$1,251 to \$3,333 per month	4,188	20.3%	26,311	19.4%	330,636	21.7%	23.5%
More than \$3,333 per month	12,879	62.6%	85,866	63.2%	934,584	61.4%	57.7%
Worker Ages							
Age 29 or younger	4,578	22.2%	29,079	21.4%	351,137	23.1%	23.5%
Age 30 to 54	11,726	57.0%	74,459	54.8%	827,110	54.3%	52.9%
Age 55 or older	4,284	20.8%	32,332	23.8%	344,601	22.6%	23.6%
Worker Race and Ethnicity							
White Alone	17,191	83.5%	114,612	84.4%	1,209,136	79.4%	85.2%
Black or African American Alone	1,343	6.5%	7,920	5.8%	145,553	9.6%	6.5%
American Indian or Alaska Native Alone	101	0.5%	622	0.5%	9,059	0.6%	0.9%
Asian Alone	1,589	7.7%	10,239	7.5%	125,663	8.3%	5.5%
Native Hawaiian or Other Pacific Islander Alone	10	0.0%	97	0.1%	1,329	0.1%	0.1%
Two or More Race Groups	354	1.7%	2,380	1.8%	32,108	2.1%	1.8%
Ethnicity							
Not Hispanic or Latino	19,440	94.4%	130,064	95.7%	1,440,887	94.6%	95.1%
Hispanic or Latino	1,148	5.6%	5,806	4.3%	81,961	5.4%	4.9%
Worker Educational Attainment							
Less than high school	1,424	6.9%	8,792	6.5%	106,681	7.0%	6.8%
High school or equivalent, no college	3,846	18.7%	24,824	18.3%	272,068	17.9%	19.4%
Some college or Associate degree	5,172	25.1%	34,577	25.4%	376,237	24.7%	26.2%
Bachelor's degree or advanced degree	5,568	27.0%	38,598	28.4%	416,725	27.4%	24.2%
Educational attainment not available (workers aged 29 or younger)	4,578	22.2%	29,079	21.4%	351,137	23.1%	23.5%
Sources: U.S. Census Bureau, Maxfield Research and Consulting.							

- Cottage Grove residents earning more than \$3,333 per month (monthly earning figures used by the U.S. Census) account for 62.6% of workers. This is above the proportion of residents earning more than \$3,333 per month in the Seven County Metro Area (61.4%) and Minnesota (57.8%), but below that in Washington County (63.2%).
- Workers between the ages of 30 and 54 account for 57.0% of workers in Cottage Grove. This is above the proportion of residents 30 to 54 in Washington County (54.8%), the Seven County Metro Area (54.3%) and Minnesota (52.9%).
- The proportion of workers who live in Cottage Grove with a high school diploma (18.7%) was above that of Washington County (18.3%) and the Seven County Metro Area (17.9%), but below that of Minnesota (19.4%).

- The proportion of those with a bachelor's degree or higher in Cottage Grove (27.0%) was more than that in Minnesota (24.2%) but less than that in Washington County (28.4%) or the Seven County Metro (27.4%).

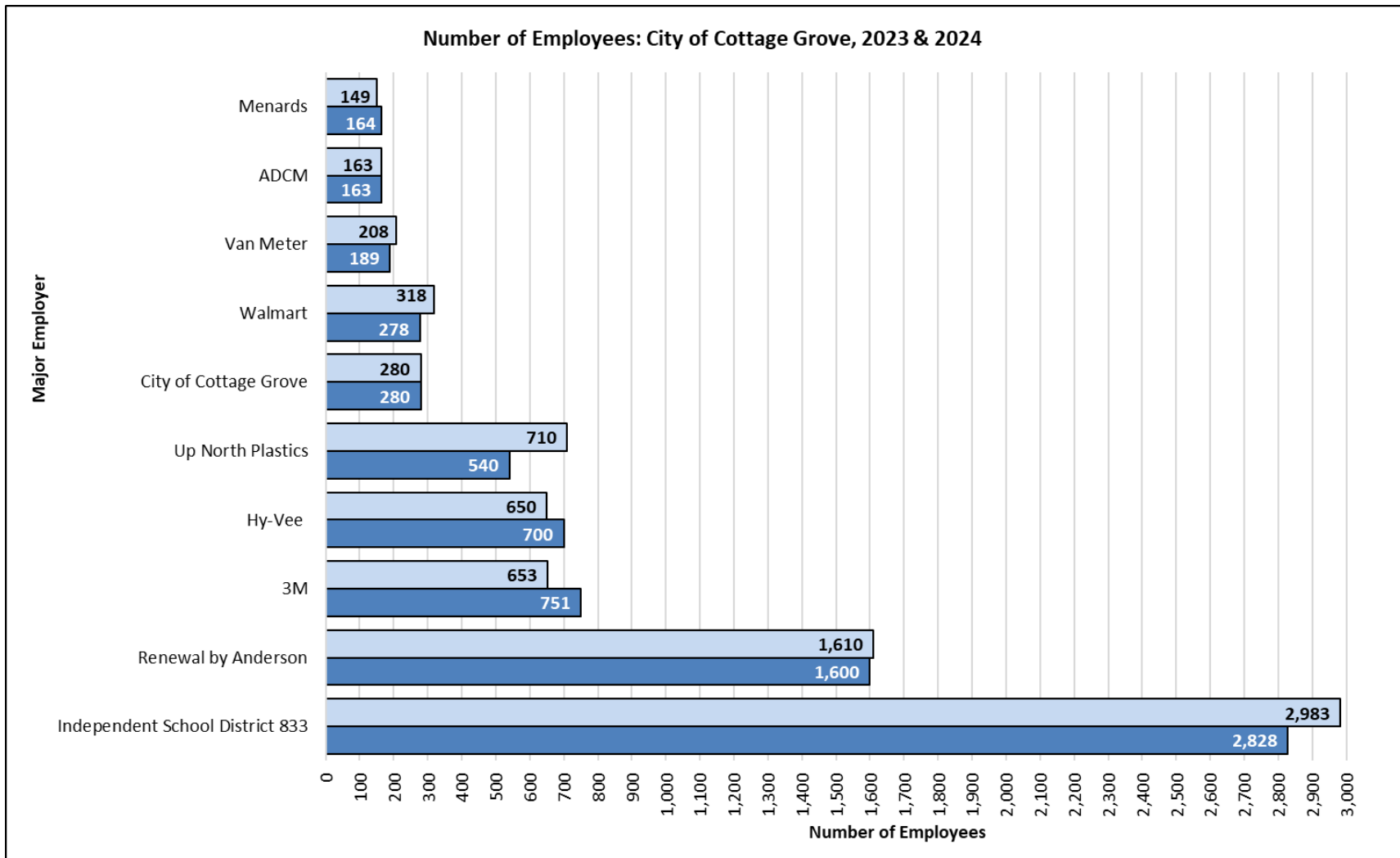
Major Employers

A portion of the employment growth in Cottage Grove will be generated by the largest employers in the area. Table E-10 lists the top employers in Cottage Grove for 2023 and 2024, along with a description of their primary industry and number of employees based on data from the City of Cottage Grove.

The following are key points from the Table.

- The largest employer in Cottage Grove is Independent School District 833 with 2,828 employees in 2023, increasing 5.5% to 2,893 employees as of 2024. The District includes all or parts of the following communities Cottage Grove, Woodbury, Newport, St. Paul Park and Grey Cloud Island Township. This number refers to district employees just in Cottage Grove.
- The only other employer in the City with more than 1,000 employees is Renewal by Anderson. The manufacturing company has 1,600 employees as of 2023, increasing 0.6% to 1,610 employees as of 2024.
- Other employers in Cottage Grove with 500 or more employees, as of 2024, include 3M (653 employees), Hy-Vee (650 employees) and Up North Plastics (710 employees).
- Among the ten largest employers in Cottage Grove the manufacturing industry represented the largest employment sector with 40% of all major employers followed by the retail sector with 30% of all major employers.

TABLE E-10 MAJOR EMPLOYERS CITY OF COTTAGE GROVE 2023 & 2024			
Name	Industry/Product/Service	Number of Employees	
		2023	2024
Independent School District 833	Education	2,828	2,983
Renewal by Anderson	Manufacturing	1,600	1,610
3M	Manufacturing	751	653
Hy-Vee	Retail	700	650
Up North Plastics	Manufacturing	540	710
City of Cottage Grove	Government	280	280
Walmart	Retail	278	318
Van Meter	Electrical Equipment & Supplies	189	208
ADCM	Manufacturing	163	163
Menards	Retail	164	149
Totals		7,493	7,724
Sources: City of Cottage Grove and Maxfield Research and Consulting.			



Introduction

Maxfield Research and Consulting identified and surveyed larger rental properties of 20 or more units in Cottage Grove and the other communities in the Primary Market Area. In addition, interviews were conducted with real estate agents, developers, rental housing management firms and others in the community familiar with Cottage Grove's rental housing stock.

For the analysis, we classify rental properties into two groups, general occupancy and senior (age restricted). All senior properties are included in the *Senior Rental Analysis* section of this report. The general occupancy rental properties are divided into three groups, market rate (those without income restrictions), affordable (those with income restrictions, with incomes between 50% and 80% of AMI) and subsidized (those with income restrictions based on an adjusted household income of 50% or less of AMI).

Rental Market Overview

Table R-1 shows average monthly rents and vacancy from 2nd Quarter 2023 and 2nd Quarter 2024 by unit type in Cottage Grove and its neighboring communities. Data is from Marquette Advisors, Inc., which compiles apartment trends quarterly, with 2nd Quarter 2024 being the most recent information available.

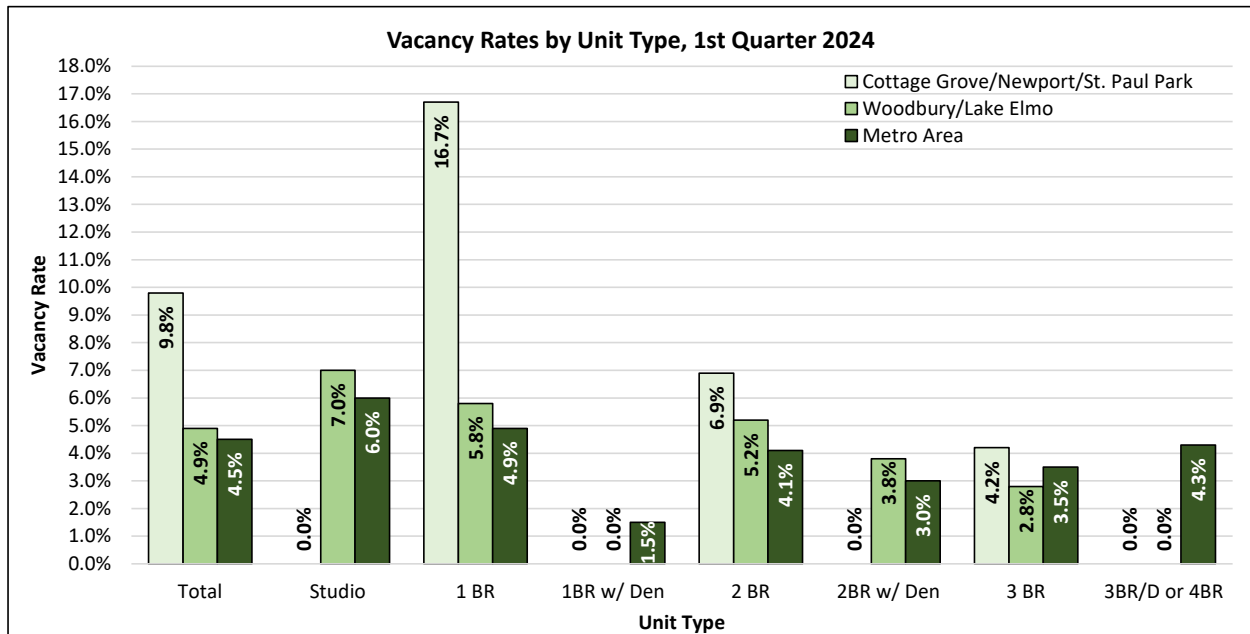
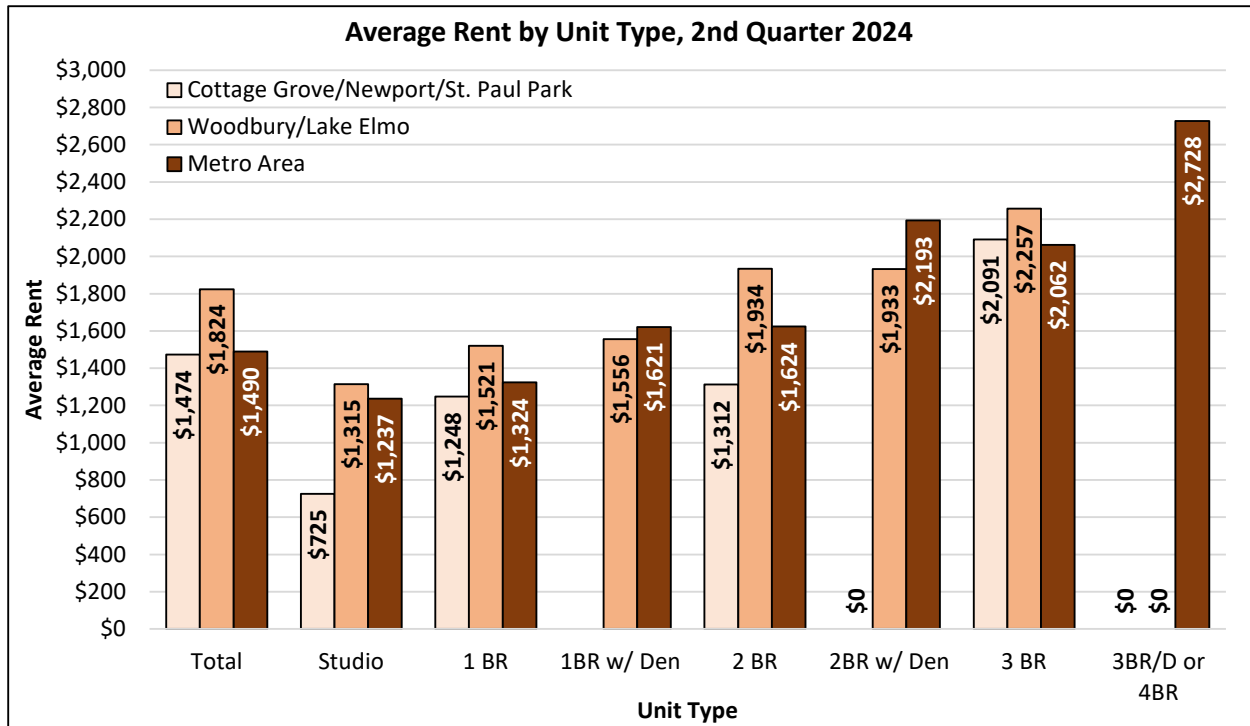
While Cottage Grove has its own employment base that drives housing demand, its housing growth is also tied to the health of the Twin Cities Metro Area as a whole. Table R-1 provides average monthly rents and vacancy as a comparison.

- Average monthly rents, as of the 2nd Quarter of 2024, in Cottage Grove/Newport/St. Paul Park, were \$725 for studio units, \$1,248 for one-bedroom units, \$1,312 for two-bedroom units and \$2,091 for three-bedroom units. Overall, the average monthly rent was \$1,474, which was a 5.1% increase over the previous year.
- The properties included in the survey are newer and older. The Apartment Trends Report does not separate newer from older properties in each submarket. The average rents shown in Table R-1 are less than the newest properties are achieving.
- The overall vacancy rate in Cottage Grove/Newport/St. Paul Park was 9.8%. Vacancy rates above 5% indicate a potential oversupply or softness in the rental market, although a vacancy rate above 5% does not necessarily indicate that more units cannot be supported. The overall Metro Area vacancy rate was 4.5%, just below market equilibrium.

RENTAL MARKET ANALYSIS

- Cottage Grove/Newport/St. Paul Park's 1st Quarter 2024 overall rent was 1.1% lower than the overall Metro Area (\$1,490). In addition, Cottage Grove/Newport/St. Paul Park's 1st Quarter 2024 rent was lower than its neighboring communities of Woodbury/Lake Elmo (\$1,824).

TABLE R-1 AVERAGE RENTS/VACANCIES TRENDS COTTAGE GROVE AND NEIGHBORING COMMUNITIES 2ND QUARTER 2023 & 2ND QUARTER 2024										
	Total	Studio	1 BR	1 BR w/ Den	2 BR	2 BR w/ Den	3 BR	3 BR/D or 4BR	PH	Average Increase
Cottage Grove/Newport/St. Paul Park										
Q2/2023	Units	908	2	294	--	363	--	249	--	--
	No. Vacant	82	0	56	--	19	--	7	--	--
	Avg. Rent	\$1,405	\$789	\$1,107	--	\$1,188	--	\$2,079	--	14.7%
	Vacancy	9.0%	0.0%	19.0%	--	5.2%	--	2.8%	--	6.9%
Q2/2024	Units	1,082	5	395	--	421	--	261	--	--
	No. Vacant	102	0	59	--	29	--	14	--	--
	Avg. Rent	\$1,481	\$725	\$1,250	--	\$1,318	--	\$2,108	--	5.4%
	Vacancy	9.4%	0.0%	14.9%	--	6.9%	--	5.4%	--	0.4%
Woodbury/Lake Elmo										
Q2/2023	Units	4,163	43	1,222	195	2,140	78	485	--	--
	No. Vacant	127	3	39	3	78	1	3	--	--
	Avg. Rent	\$1,747	\$1,381	\$1,497	\$1,544	\$1,803	\$1,958	\$2,206	--	3.1%
	Vacancy	3.1%	7.0%	3.2%	1.5%	3.6%	1.3%	0.6%	--	-1.0%
Q2/2024	Units	4,340	43	1,302	195	2,226	78	496	--	--
	No. Vacant	99	3	36	0	55	3	2	--	--
	Avg. Rent	\$1,829	\$1,319	\$1,523	\$1,556	\$1,941	\$1,939	\$2,263	--	4.7%
	Vacancy	2.3%	7.0%	2.8%	0.0%	2.5%	3.8%	0.4%	--	-0.8%
Twin Cities Metro Area										
Q2/2023	Units	176,726	13,429	78,967	3,728	69,437	1,807	8,950	408	--
	No. Vacant	7,296	794	3,453	76	2,612	65	265	31	--
	Avg. Rent	\$1,458	\$1,194	\$1,291	\$1,614	\$1,600	\$2,184	\$1,944	\$3,008	4.4%
	Vacancy	4.1%	5.9%	4.4%	2.0%	3.8%	3.6%	3.0%	7.6%	0.1%
Q2/2024	Units	186,603	14,661	83,958	3,699	72,134	1,806	9,883	462	--
	No. Vacant	7,365	715	3,614	51	2,654	41	273	17	--
	Avg. Rent	\$1,500	\$1,251	\$1,334	\$1,626	\$1,634	\$2,217	\$2,076	\$2,737	2.9%
	Vacancy	3.9%	4.9%	4.3%	1.4%	3.7%	2.3%	2.8%	3.7%	-0.2%
Sources: Marquette Advisors; Maxfield Research & Consulting.										



General Occupancy Rental Properties

Our research of the Cottage Grove PMA's general occupancy rental market includes a survey of 57 rental properties including 41 market rate communities, 15 affordable communities and one subsidized property as of July and August 2024. Table R-2, on the following page, displays those properties along with information displaying their total units, vacancies/vacancy rate, unit mix, square footage by unit mix, and rent by unit mix. Following Table R-2 is Table R-3, a summary of the rental properties by their affordability (market rate, affordable, and subsidized).

These properties represent a combined total of 7,049 units, including 6,282 market rate units (89.1%) of all units, 717 affordable units (10.2% of all units) and 50 subsidized units (0.7% of all units).

At the time of the survey, including new construction units, which have not yet reached stabilized occupancy, there were 378 vacant market rate units and 25 vacant affordable units. No subsidized units were vacant. As a result, market rate general occupancy units had a vacancy rate of 6.0%, affordable units had a vacancy rate of 3.5%, and subsidized units had no vacancies. The overall vacancy rate in Cottage Grove for all property types was 5.7%. The overall stabilized vacancy rate was only 2.5%, indicating pent-up demand for additional rental units. The stabilized vacancy rate is lower than the industry standard of 5% vacancy for a balanced rental market which promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Note that vacancies in the previous paragraph includes properties still in initial lease up. Excluding properties in initial lease up leaves an overall stabilized vacancy rate of 3.7% (322 vacancies), below market equilibrium (5% vacancy rate). Market rate properties had a stabilized vacancy rate of 4.0% (322 vacancies) while affordable and subsidized units each had a vacancy rate of 0% (no vacancies). As a result, all unit types have pent up demand.

RENTAL MARKET ANALYSIS

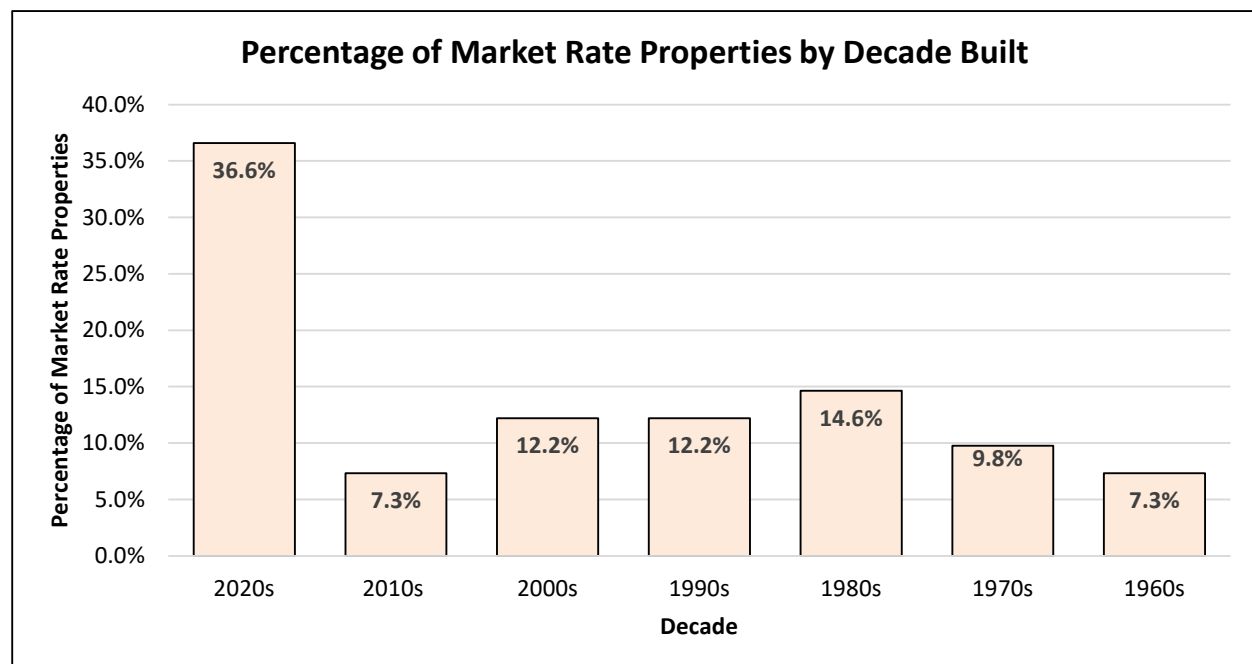
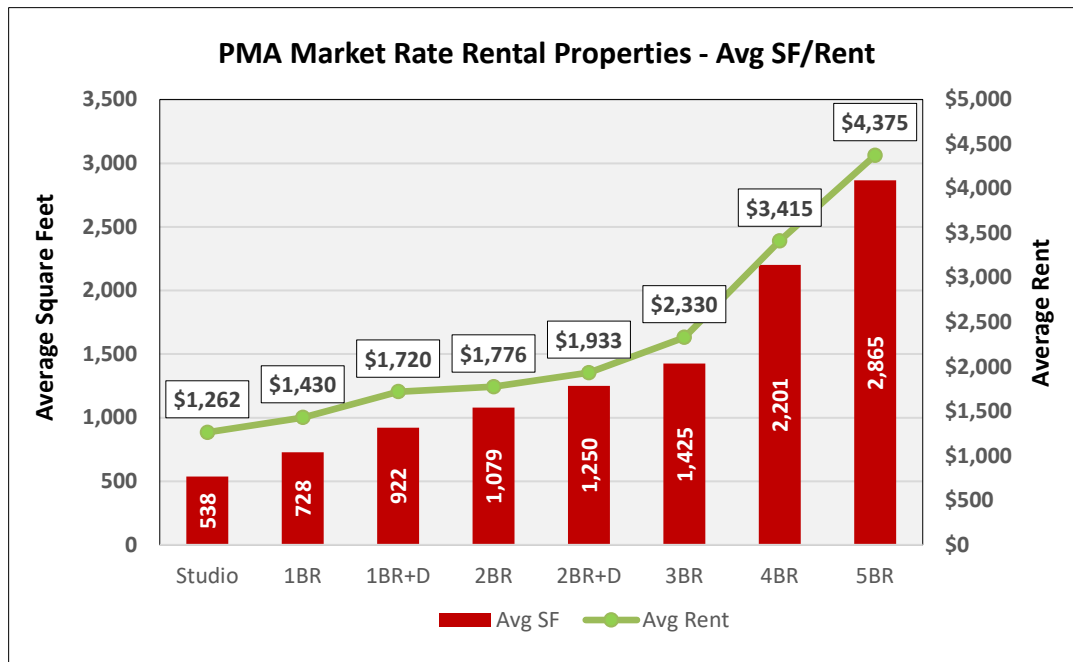
Table R-3 below summarizes information on the PMA's rental properties by type (market rate, affordable and subsidized).

TABLE R-3 RENT SUMMARY GENERAL OCCUPANCY RENTAL DEVELOPMENTS COTTAGE GROVE PRIMARY MARKET AREA SEPTEMBER 2024						
Market Rate						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	160	2.5%	532	\$794 - \$1,686	\$1,243	\$2.33
1BR	1,902	30.3%	731	\$946 - \$2,075	\$1,425	\$1.96
1BR+D	186	3.0%	922	\$1,424 - \$1,995	\$1,720	\$1.86
2BR	2,969	47.3%	1,076	\$1,025 - \$2,807	\$1,768	\$1.65
2BR+D	90	1.4%	1,250	\$1,614 - \$2,255	\$1,933	\$1.55
3BR	869	13.8%	1,415	\$1,054 - \$3,285	\$2,301	\$1.62
4BR	91	1.4%	2,186	\$2,888 - \$3,645	\$3,514	\$1.61
5BR	15	0.2%	2,865	\$4,375 - \$4,375	\$4,375	\$1.53
Total:	6,282	100%	1,043	\$794 - \$4,375	\$1,821	\$1.80
Affordable						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	7	1.0%	715	\$424 - \$755	\$590	\$0.86
1BR	164	22.9%	726	\$757 - \$1,213	\$940	\$1.33
2BR	360	50.2%	1,039	\$824 - \$1,559	\$1,114	\$1.11
3BR	174	24.3%	1,288	\$477 - \$1,944	\$1,355	\$1.07
4BR	12	1.7%	1,706	\$2,194 - \$2,194	\$2,194	\$1.31
Total:	717	100%	1,025	\$424 - \$2,194	\$1,176	\$1.18
Subsidized						
Unit Type	Total Units	% of Total	Avg. Size	Monthly Rents		
				Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
2BR	16	32.0%	882	N/A - N/A	N/A	N/A
3BR	30	60.0%	1,313	N/A - N/A	N/A	N/A
4BR	4	8.0%	1,625	N/A - N/A	N/A	N/A
Total:	50	100%	1,200	N/A - N/A	N/A	N/A
N/A: Not Applicable						
Note: Only includes properties with complete information.						
Source: Maxfield Research & Consulting						

Market Rate

- Two-bedroom units account for most of the market rate units in the Cottage Grove PMA (46.2%).
- The unit breakout by unit type is summarized below.
 - **Studio units:** 150 | 2.5%
 - **One-bedroom units:** 1,902 | 30.3%
 - **One-bedroom + den units:** 186 | 3.0%
 - **Two-bedroom units:** 2,969 | 47.3%
 - **Two-bedroom + den units:** 90 | 1.4%
 - **Three-bedroom units:** 869 | 13.8%
 - **Four-bedroom units:** 91 | 1.4%
 - **Five-bedroom units:** 15 | 0.2%
- The following are the monthly rent ranges and average rent for each unit type:
 - **Studio units:** \$794 to \$1,686 | Avg. \$1,243
 - **One-bedroom units:** \$946 to \$2,075 | Avg. \$1,418
 - **One-bedroom + den units:** \$1,424 to \$1,995 | Avg. \$1,720
 - **Two-bedroom units:** \$1,025 to \$2,807 | Avg. \$1,720
 - **Two-bedroom + den units:** \$1,614 to \$2,255 | Avg. \$1,933
 - **Three-bedroom units:** \$1,054 to \$3,285 | Avg. \$2,301
 - **Four-bedroom units:** \$2,888 to \$3,645 | Avg. \$3,514
 - **Five-bedroom units:** \$4,375 | Avg. \$4,375
- One-bedroom and two bedrooms units are the most common market rate unit types in the Cottage Grove PMA and in Cottage Grove. One-bedroom and two-bedroom units in the PMA account for 30.2% and 46.8%, respectively. In Cottage Grove, these proportions are 26% and 28%, respectively. **Three-bedroom units however, account for the highest proportion of market rate units at 38%, dissimilar to most other communities.**

	Avg Unit SF	Avg Price/SF
Studio	532	2.33
1BR	729	1.96
1BR+D	922	1.86
2BR	1,076	1.65
2BR+D	1,250	1.55
3BR	1,415	1.62
4BR	2,186	1.61
5BR	2,865	1.53
Total-Avg	1,043	1.79



Affordable

- There are eleven affordable, income-restricted, projects in the Cottage Grove PMA. The largest proportion were constructed in the 2000s (six properties). Only one property has been built since 2020 in Hastings.

- Two-bedroom units constitute the largest share of units (50.2%). One-bedroom units account for 22.9%, three-bedroom units account for 24.3% and four-bedroom units account for 1.7% of units. Below is the breakdown of the unit types by number and percent.

- **Studio units:** 7 | 1.0%
- **One-bedroom units:** 164 | 36.5%
- **Two-bedroom units:** 360 | 50.2%
- **Three-bedroom units:** 174 | 24.3%
- **Four-bedroom units:** 12 | 1.7%

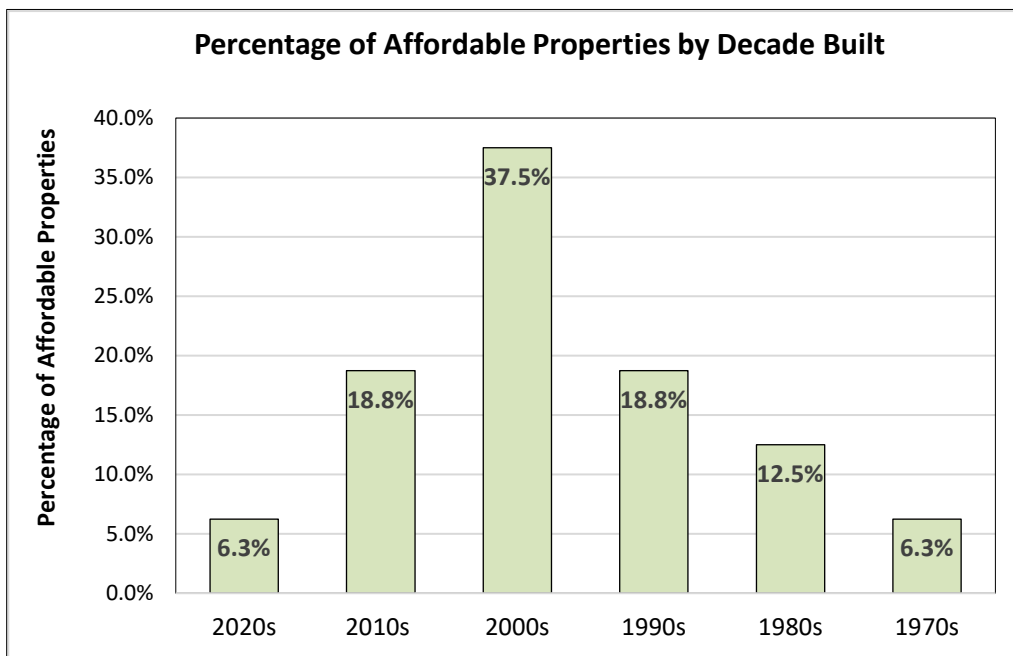
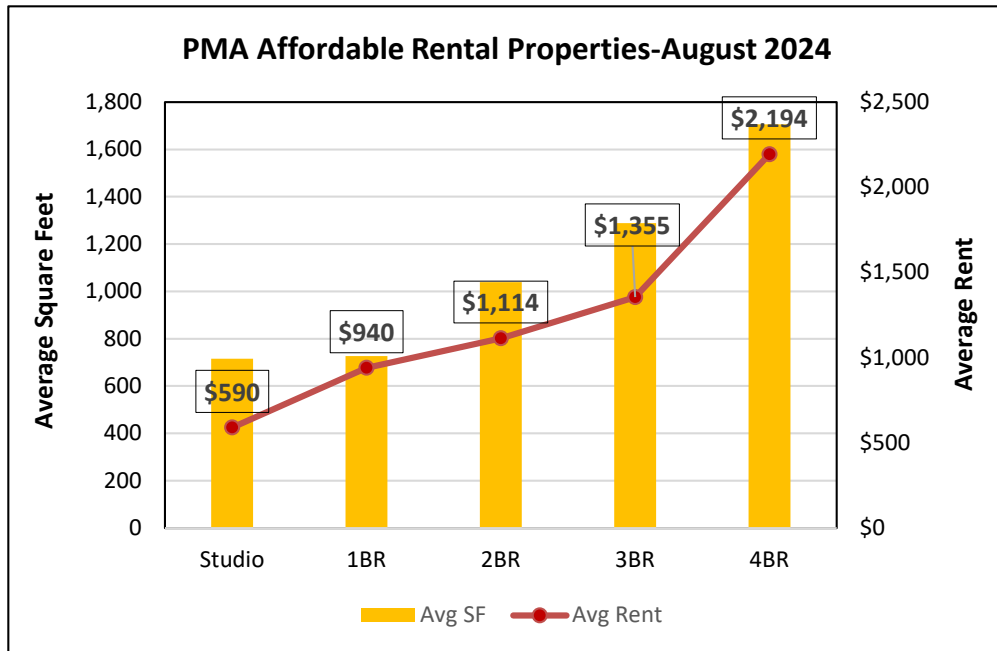
- The following are the monthly rent ranges and average rent for each unit type:

- **Studio units:** \$424 to \$755 | Avg. \$590
- **One-bedroom units:** \$757 to \$1,213 | Avg. \$940
- **Two-bedroom units:** \$824 to \$1,559 | Avg. \$1,114
- **Three-bedroom units:** \$477 to \$1,944 | Avg. \$1,355
- **Four-bedroom units:** \$2,194 | Avg. \$2,194

- Affordable rents per square foot by unit type are as follows

	Avg./SF	Avg Size
Studio	\$0.86	715
1BR	\$1.33	726
2BR	\$1.11	1,039
3BR	\$1.07	1,288
4BR	\$1.31	1,706

- Of the 16 affordable rental properties, one was built in the 2020s, three in the 2010s, six in the 2000s, three in the 1990s, two in the 1980s and one in the 1970s. The following graphs display this information.



Subsidized

- There is one subsidized property in Cottage Grove with 50 units. Woodmount Townhomes was built in 1980 but has been renovated. The property's wait list is closed, but they started accepting applications in September 2024 for households to be added to the wait list.
- Three-bedroom units account for the largest share of the units at Woodmount Townhomes (60% of the units). The smallest share of units are two-bedroom units.
- Average sizes are 882 square feet for two-bedroom units, three-bedroom units 1,313 square feet and four-bedroom units; 1,625 square feet.

Natural Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with income restrictions, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various government agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, lack of contemporary amenities, etc.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four-unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment and upgrades due to their age, modest rents, and deferred maintenance.

Because many of these properties have rents that are affordable, project-based, and private housing markets cannot be easily separated. Some households may income-qualify for both market rate and project-based affordable housing, although the gap is widening between market rate and affordable properties as rents in the private market continue to rise. Therefore, it is important to recognize the naturally occurring affordable housing stock to quantify the proportion of units with rents that may be affordable to low and/or moderate-income renters. The analysis does not identify the number of units that are rented to households with incomes at those affordability levels as any tenant that financially qualifies may be able to rent at the property.

Table R-5 illustrates monthly rents by unit type and household size as they relate to affordability. Table R-6 presents a breakdown of all market rate general-occupancy rental properties by household size and area median income (AMI). Table R-7 summarizes property data from Table R-6 based on unit type and affordability. Note that not all properties are included due to rents not being available for all properties. Furthermore, the NOAH tables feature market rate units only and inclusionary units are excluded.

- Among the 673 market rate units in Cottage Grove that were inventoried by unit mix and monthly rents, none are affordable to households with incomes at or less than 30% of AMI. An estimated 16% are affordable to householders with incomes at 50% of AMI. An estimated 39% of units are affordable to households with incomes at 60% AMI while 46% are affordable to households with incomes at 80% AMI.
- Many of the existing rental units in Cottage Grove, excluding single-family and townhome rentals (owned units), are newer construction and therefore have higher income thresholds needed to afford. Comparatively, older rental units have more affordable rents and a higher proportion of households with moderate incomes are able to afford those units.
- With the limited number of units available at the various AMI thresholds, Cottage Grove needs additional rental units, market rate and affordable to meet demand across the income spectrum.

RENTAL MARKET ANALYSIS

TABLE R-5
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
MINNEAPOLIS-ST. PAUL-BLOOMINGTON MN-WI HUD METRO FMR AREA 2024 (EFFECTIVE 4/01/2024)

Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$653 - \$653		\$1,088 - \$1,088		\$1,305 - \$1,305		\$1,740 - \$1,740		\$2,175 - \$2,175		\$2,610 - \$2,610	
1BR	1	2	\$653 - \$746		\$1,088 - \$1,243		\$1,305 - \$1,491		\$1,740 - \$1,988		\$2,175 - \$2,485		\$2,610 - \$2,982	
2BR	2	4	\$746 - \$932		\$1,243 - \$1,553		\$1,491 - \$1,863		\$1,988 - \$2,484		\$2,485 - \$3,105		\$2,982 - \$3,726	
3BR	3	6	\$839 - \$1,081		\$1,398 - \$1,801		\$1,677 - \$2,162		\$2,236 - \$2,882		\$2,795 - \$3,603		\$3,354 - \$4,323	
4BR	4	8	\$932 - \$1,230		\$1,553 - \$2,050		\$1,863 - \$2,460		\$2,484 - \$3,280		\$3,105 - \$4,100		\$3,726 - \$4,920	
¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.														
Note: 4-person Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area AMI is \$124,200 (2024)														
Sources: HUD, MHFA, Novogradac, Maxfield Research and Consulting														

RENTAL MARKET ANALYSIS

TABLE R-6
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
ASSESSMENT OF MARKET RATE RENTAL HOUSING BY AFFORDABILITY CALCULATION
CITY OF COTTAGE GROVE
AUGUST 2024

	Total	Rent Range		Min. Income	Units that are Market Rate Affordability by AMI ²					
Unit Type/Project Name	Units	Min	Max	Needed to Afford ¹	30%	50%	60%	80%	100%	120%
Studio										
The Aurilla	12	\$1,365 - \$1,550		\$54,600 - \$62,000	--	--	--	12	--	--
Grove80 Apartments	31	\$1,375 - \$1,450		\$55,000 - \$58,000	--	--	--	31	--	--
Total/ Average	43				0	0	0	43	0	0
One-Bedroom										
					30%	50%	60%	80%	100%	120%
The Aurilla	86	\$1,565 - \$1,730		\$62,600 - \$69,200	--	--	--	86	--	--
The View	1	\$1,595 - \$1,595		\$63,800 - \$63,800	--	--	--	1	--	--
Grove80 Apartments	47	\$1,645 - \$1,725		\$65,800 - \$69,000	--	--	--	47	--	--
Hinton Heights	40	\$1,413 - \$1,413		\$56,520 - \$56,520	--	--	40	--	--	--
Grove Ridge	18	\$1,195 - \$1,195		\$47,800 - \$47,800	--	18	--	--	--	--
Total/ Average	192				0	18	40	134	0	0
Two-Bedroom										
					30%	50%	60%	80%	100%	120%
The Aurilla	58	\$1,875 - \$2,420		\$75,000 - \$96,800	--	--	--	58	--	--
The View	15	\$1,895 - \$1,895		\$75,800 - \$75,800	--	--	--	15	--	--
Grove80 Apartments	35	\$1,845 - \$2,065		\$73,800 - \$82,600	--	--	10	25	--	--
Hinton Heights	78	\$1,569 - \$1,569		\$62,760 - \$62,760	--	--	78	--	--	--
Grove Ridge	42	\$1,335 - \$1,435		\$53,400 - \$57,400	--	42	--	--	--	--
Total/ Average	228				0	42	88	98	0	0
Three Bedroom										
					30%	50%	60%	80%	100%	120%
The Aurilla	12	\$2,400 - \$2,550		\$96,000 - \$102,000	--	--	--	12	--	--
The View	15	\$2,395 - \$2,395		\$95,800 - \$95,800	--	--	--	15	--	--
Grove80 Apartments	4	\$2,525 - \$2,525		\$101,000 - \$101,000	--	--	--	4	--	--
Hinton Heights	131	\$1,914 - \$1,924		\$76,560 - \$76,960	--	--	131	--	--	--
Cottage Grove Estates	24	\$1,385 - \$1,435		\$55,400 - \$57,400	--	24	--	--	--	--
Grove Ridge	24	\$1,580 - \$1,580		\$63,200 - \$63,200	--	24	--	--	--	--
Total/ Average	210				0	48	131	31	0	0
Total/ Average										
	673				0	108	259	306	0	0

¹ Based on a 30% allocation of income to housing for general-occupancy. Senior housing is excluded from the calculation.

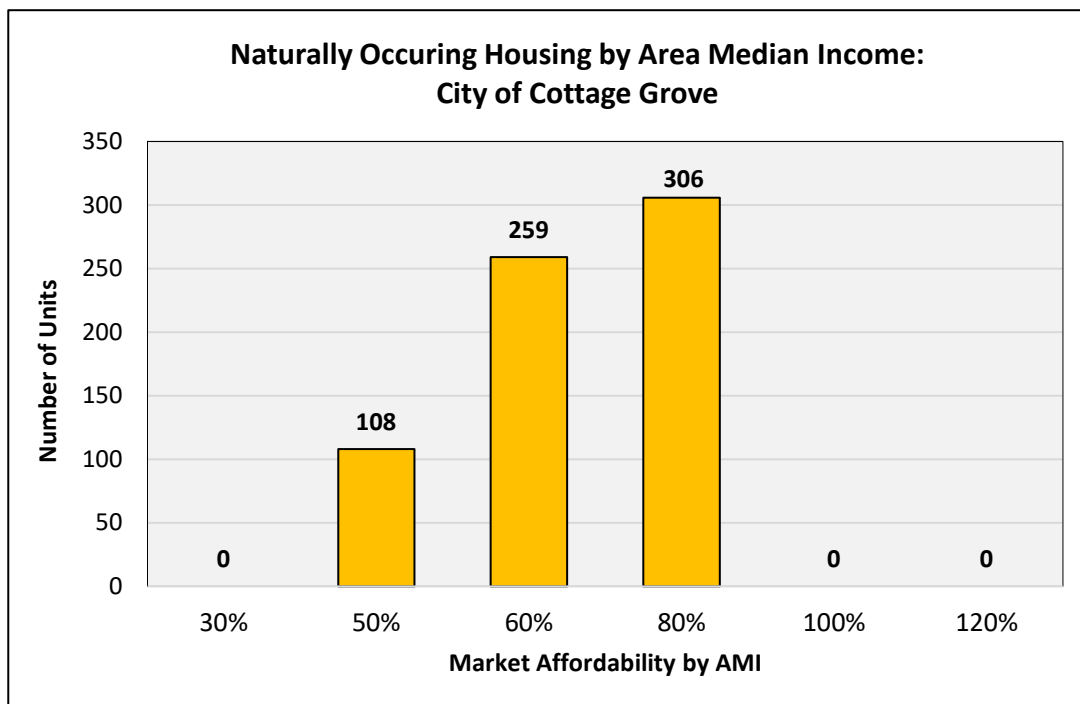
² Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

Note: Plus den units are categorized by their number of bedrooms. For example one-bedroom plus den units would be classified as one bedroom units and two-bedroom plus den units would be classified as two-bedroom units. One, two, and three bedroom townhomes are also categorized in their respective categories ie. three bedroom townhomes are classified as three bedroom units. Note both numeric mix and rents must be included to be in table.

Source: Maxfield Research and Consulting

- Of market rate units affordable at 60% of AMI, 51.1% are two-bedroom units, 43.4% are one-bedroom units, 4.4% are studio units, and 1.1% are three-bedroom units.
- At 50% of AMI, 36.9% of market rate units are two-bedroom units, 55.1% are one-bedroom units, 6.3% are studio units and 1.7% are three-bedroom units.

TABLE R-7 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY CITY OF ST LOUIS PARK FEBRUARY 2023						
Unit Type	Market Rate Affordability by AMI					
	30%	50%	60%	80%	100%	120%
STUDIO	0	134	88	194	37	14
1 BR	0	1,179	862	1,381	521	69
2 BR	31	788	1,013	791	576	226
3 BR	0	37	21	84	14	41
Subtotal	31	2,138	1,984	2,450	1,148	350
Pct. Of Total	0.4%	26.4%	24.5%	30.2%	14.2%	4.3%
Pct. Of Affordability Category						
STUDIO	0.0%	6.3%	4.4%	7.9%	3.2%	4.0%
1 BR	0.0%	55.1%	43.4%	56.4%	45.4%	19.7%
2 BR	100.0%	36.9%	51.1%	32.3%	50.2%	64.6%
3 BR	0.0%	1.7%	1.1%	3.4%	1.2%	11.7%
Source: Maxfield Research & Consulting, LLC.						



Select Newer Rental Developments



Grove 80 (Cottage Grove)



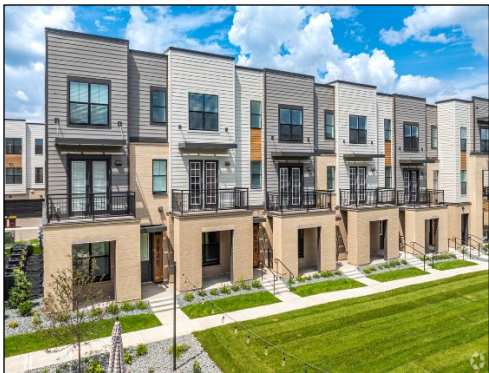
The Aurilla (Cottage Grove)



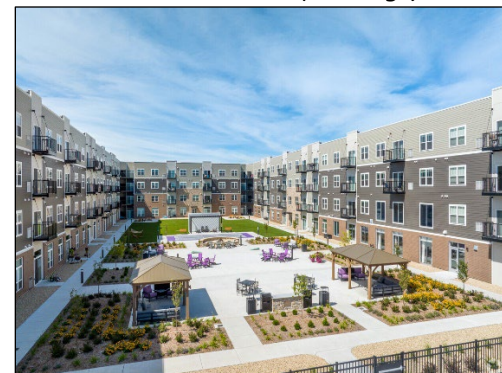
The View (Cottage Grove)



Lake Isabel Flats (Hastings)



Meridian at City Place (Woodbury)



The Edison at Woodbury (Woodbury)



Canvas St. Croix (Woodbury)



Beyond Woodbury (Woodbury)

Select Older Rental Developments



Hinton Heights (Cottage Grove)



Eagle Pointe Apartments (Hastings)



The Barrington (Woodbury)



Cottage Grove Estates (Cottage Grove)



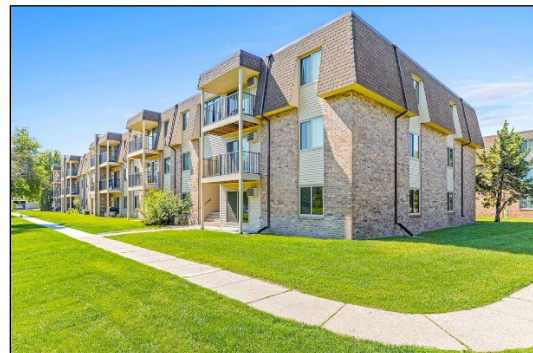
Valley Creek Apts (Woodbury)



Newport Ponds (Newport)



Valley Manor Apts (Hastings)



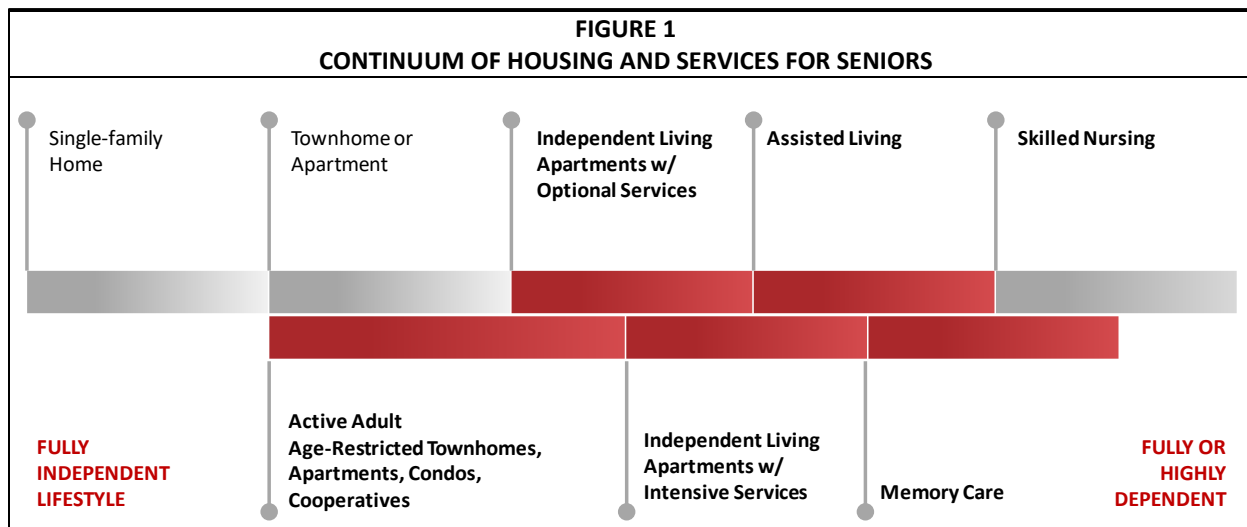
Grove Ridge Apts (Cottage Grove)

Introduction

This section provides an assessment of the market support for senior housing (active adult, independent living, assisted living and memory care) in the Primary Market Area. An overview of the demographic and economic characteristics of the senior population in Cottage Grove, the PMA Remainder, PMA and Twin Cities Metro is presented along with an inventory of existing senior housing developments in the PMA. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the city. Our assessment concludes with an estimation of the proportion of city demand that could be captured by senior housing communities in Cottage Grove.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people 65 and older while assisted living typically attracts people 80 and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting classifies senior housing into five primary categories based on the level and type of services offered as described in the following figure.

- **Active Adult** properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
- **Independent Living** properties (or independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors 75 or older. Rents are also above those of the active adult buildings. Sponsorship by a nursing home, hospital or other health care organization is common.
- **Assisted Living** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- **Memory Care** properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

- **Skilled Nursing Care, or long-term care** facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, and private insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

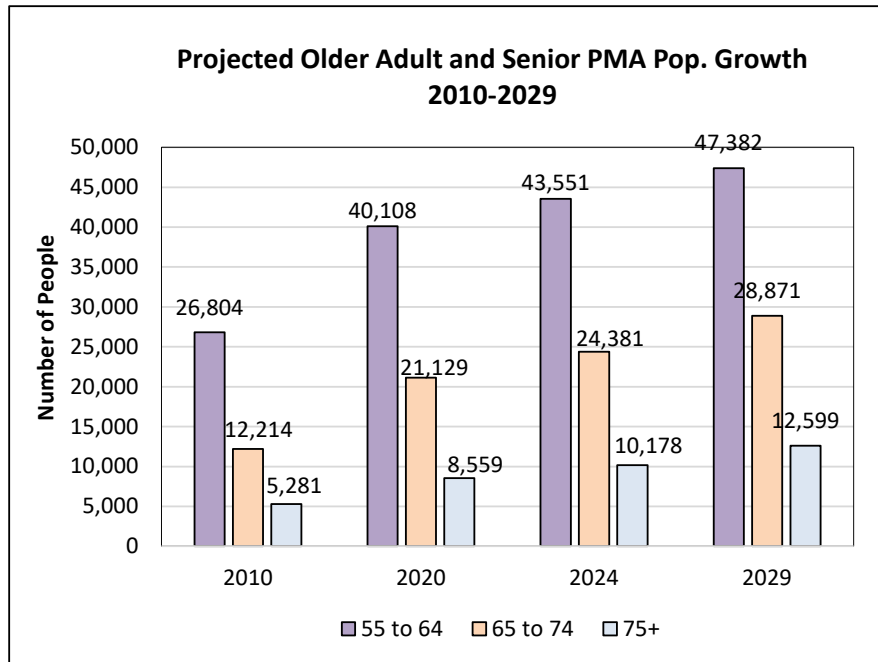
The Demographic Analysis section of this study presented general demographic characteristics of the PMA's population in comparison to the PMA Remainder, PMA and the Seven County Metro Area. The following points summarize key findings from that section as they pertain to the older adult population in the Market Area and Seven County Metro. Table SN-1 shows the older adult and senior population and households from 2010 to 2029.

- Between 2010 and 2020, one of the fastest growing populations in the PMA was those between the ages of 70 and 74, which experienced an 81.3% increase in population, an addition of 5,637 people. Cottage Grove and the Metro Area also experienced significant growth in this age group with increases of 68.8% (1,797 people) and 83.0% (135,656 people), respectively of the population between 65 to 74 increased between 2010 and 2020.
- Between 2020 and 2029, the fastest population growth in the PMA is projected to be in those between the ages of 75 and 84, which are forecast to experience a 54.6% increase in population, an addition of 3,288 people. Over the same period, Cottage Grove and the Metro Area are forecast to experience increases of where 23.9% (609 people) and 29.5% (41,802 people), respectively of the population between 75 and 84 years.

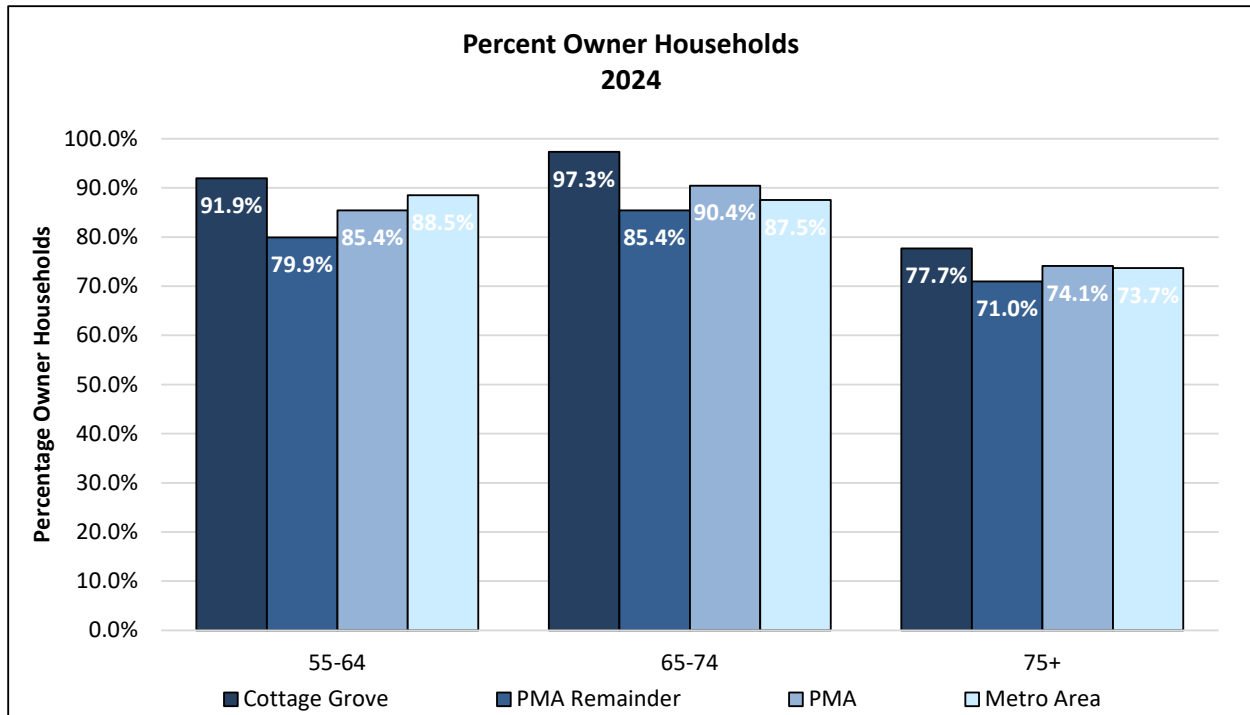
TABLE SN-1
OLDER ADULT (55+) POPULATION & HOUSEHOLD AGE DISTRIBUTION
PRIMARY MARKET AREA
2010 to 2029

	Historic	Current	Estimate	Forecast	Change			
POPULATION								
Age	2010	2020	2024	2029	2010-2020		2020-2029	
55 to 64	14,590	18,979	19,170	18,511	4,389	30.1%	-468	-2.5%
65 to 69	4,014	7,023	7,973	8,888	3,009	75.0%	1,865	26.6%
70 to 74	2,919	5,547	6,230	7,384	2,628	90.0%	1,837	33.1%
75 to 79	2,318	3,610	4,584	5,495	1,292	55.7%	1,885	52.2%
80 to 84	1,597	2,410	2,820	3,813	813	50.9%	1,403	58.2%
85 +	1,366	2,539	2,774	3,291	1,173	85.9%	752	29.6%
Total 55+	26,804	40,108	43,551	47,382	13,304	49.6%	7,274	18.1%
Total 65+	12,214	21,129	24,381	28,871	8,915	73.0%	7,742	36.6%
Total 75+	5,281	8,559	10,178	12,599	3,278	62.1%	4,040	47.2%
Tot. Pop.	129,462	147,520	157,100	166,644	18,058	13.9%	19,124	13.0%
HOUSEHOLDS								
Age	2010	2020	2024	2029	2010-2020		2020-2029	
55 to 64	8,109	10,742	10,871	10,366	2,633	32.5%	-376	-3.5%
65 to 74	6,809	7,419	8,375	9,476	610	9.0%	2,057	27.7%
75+	6,336	5,451	6,478	7,916	-885	-14.0%	2,465	45.2%
Total 55+	21,254	23,612	25,724	27,758	2,358	11.1%	4,146	17.6%
Total 65+	13,145	12,870	14,853	17,392	-275	-2.1%	4,522	35.1%
Total 75+	6,336	5,451	6,478	7,916	-885	-14.0%	2,465	45.2%
Tot. HH	47,101	53,802	57,700	59,500	1,198	2.5%	5,698	10.6%

Sources: U.S. Census Bureau; ESRI; Maxfield Research and Consulting



- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth in the older adult age cohort (age 55 to 64) generally results in additional demand for senior housing products.
- Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.
- The PMA maintains high rates of homeownership in the older adult age cohorts. The homeownership rate as of 2024 is 85.4% for households 55 to 64. Seniors typically begin to consider moving into senior housing alternatives or more convenient housing such as apartment buildings or twin homes in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership between the 65 to 74 age cohort (90.4) and the 75+ age cohort (75.1%).



- With a homeownership rate of 84.7% for all Cottage Grove PMA households over the age of 65, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing. These considerations are factored into our demand calculations.

A map on the following page, created with ESRI data, displays the percentage of 65 and older population by census block group in Cottage Grove and neighboring communities in 2023 (latest available data). Percentage categories for those 65 and older are as follows: under 5%; 10% to 14.99%; 15% to 19.99%; 20% to 24.99%; and 25% or more. Areas of Cottage Grove with the highest percentage of those 65 and older are in the southern portion of the City, including Lower Grey Cloud Island and in the central portion of the City paralleling US Highway

Supply of Senior Housing

Table SN-2 provides summary information on number of units, average unit size, average rent and price per square foot by service level in Cottage Grove and the surrounding PMA. The following paragraphs discuss the number of units in the PMA, the number of units in Cottage Grove and current vacancies.

- Maxfield Research identified 13 senior housing developments in the PMA. Several properties provide for a continuum of care while others offer only one service level. Combined, these properties contain a total of 2,126 senior housing units. Of those 2,126 units, 1,398 units (65.8%) are market rate and 728 (34.2%) are either shallow-subsidy or deep-subsidy units.
- Based on the survey, 61.4% of the units provide service-enhanced housing, for a total of 1,305 units. These include 471 independent living units, 462 assisted living units and 372 memory care units. The remaining 38.6% (805 units) are active adult, including 728 affordable (deep- and shallow-subsidy), 4 market rate rental and 73 cooperative/ownership units. Of the 2,126 senior housing units, 90 are currently vacant, representing a 4.2% vacancy rate. Vacancy rates of 5% for independent living and 7% for assisted living and memory care are considered equilibrium for service-enriched housing.
- Market rate active adult units are 0.0% vacant and affordable active adult properties are 2.0% vacant. As such, the current vacancy rates indicate that the market rate active adult market is significantly undersupplied and the affordable active adult market is somewhat undersupplied.
- The affordable active adult properties are predominantly shallow-subsidy properties with rent levels set at between 50% and 60% of AMI. A small portion of units are deep-subsidy where residents pay 30% of their income toward their housing costs and must qualify with an adjusted annual gross income of no greater than 50% of AMI.
- Cottage Grove has two age-restricted senior properties that have income-restricted units: Legends of Cottage Grove (2017) and Cottages of Cottage Grove (1993). Vacancies are very low at both of these properties.

TABLE SN-2 PMA MARKET RATE SENIOR HOUSING UNITS BY SERVICE LEVEL COTTAGE GROVE PRIMARY MARKET AREA August 2024					
Unit Type	No of Units	Avg SF	Price Range	Avg Rent	Rent/SF
Adult Rental					
2BR	2	960	\$1,354 - \$1,354	\$1,354	\$1.41
3BR	2	1,000	\$1,577 - \$1,577	\$1,577	\$1.58
Total/Avg	4	980	\$1,354 - \$1,577	\$1,466	\$1.50
Adult Ownership					
1BR+Den	3	1,059	\$1,485 - \$3,110	\$2,243	\$2.12
2BR	59	1,301	\$2,265 - \$3,705	\$3,283	\$2.52
2BR+Den	11	1,303	\$2,690 - \$4,570	\$3,680	\$2.82
Total/Avg	73	1,024	\$1,485 - \$4,570	\$3,007	\$2.94
Independent Living					
1BR	188	750	\$1,485 - \$3,110	\$2,243	\$2.99
1BR+Den	118	1,069	\$2,265 - \$3,705	\$3,283	\$3.07
2BR	165	1,303	\$2,690 - \$4,570	\$3,680	\$2.82
Total/Avg	471	1,024	\$1,485 - \$4,570	\$3,007	\$2.94
Assisted Living					
Studio	117	448	\$2,525 - \$4,150	\$3,123	\$6.97
1BR	261	633	\$2,800 - \$5,195	\$3,818	\$6.03
1BR+Den	40	842	\$4,310 - \$5,075	\$4,779	\$5.68
2BR	44	990	\$3,250 - \$5,510	\$5,032	\$5.08
Total/Avg	462	637	\$2,525 - \$5,510	\$3,836	\$6.02
Memory Care					
Studio	234	355	\$3,590 - \$9,900	\$5,759	\$16.22
1BR	105	445	\$4,250 - \$10,210	\$3,553	\$7.98
2BR	6	725	\$5,905 - \$10,450	\$8,575	\$11.83
Total/Avg	345	389	\$3,590 - \$10,450	\$5,136	\$13.20
Source: Maxfield Research and Consulting					

- The Cottages of Cottage Grove is the only property with market rate active adult rental units. The development, as mentioned in the previous bullet point, is mixed income. Of the 59 total units, only four units are market rate. Applewood Pointe of Woodbury is the only cooperative senior living property in the PMA with 73 units.

- There are six independent living properties with services available, totaling 471 independent living units in the PMA, 10 of which are vacant (2.1% vacancy rate). Independent living with services available units have rents that range from a low of \$1,485 for a one-bedroom unit to a high of \$4,570 for a two-bedroom unit.
- There are nine assisted living properties in the PMA with a total of 462 units, 46 of which were vacant for a vacancy rate of 9.9%. Assisted living properties generally include three meals per day, snacks, housekeeping, linen and laundry service, and emergency call systems. Fees for service care level packages are in addition to the base monthly fee.
- There are 10 facilities providing 372 memory care units in the PMA with 19 units vacant for a vacancy rate of 5.1%. One facility provides all-inclusive pricing while the others require service care packages in addition to the base monthly fee.
- Pending senior developments can be found later in the report in the Pending Developments section.

Select Senior Developments



Norris Square (Cottage Grove)



White Pine AL/MC (Cottage Grove)



Legends of Cottage Grove (Cottage Grove)



Talamore Senior Living (Woodbury)



Prelude Memory Care (Woodbury)



Red Rock Manor (Newport)



The Quill (Hastings)



St. Therese of Woodbury (Woodbury)

Introduction

Maxfield Research and Consulting analyzed the for-sale housing market in Cottage Grove and the larger Market Area, by collecting data on single-family and multifamily home sales and active listings and pending for-sale developments.

Home Resales in PMA

Table FS-1 presents closed resale data for Cottage Grove, the PMA Remainder, PMA and the Seven County Metro from 2010 through 2023. Table FS-2 presents median resale prices during that same period for the same four geographies. The data was obtained from the Greater Mpls Area Association of Realtors. The following are key points.

Closed Sales

- Between 2010 and 2023, there has been an average of 646 home sales per year in Cottage Grove and 2,514 in the PMA. Sales averaged 768 per year from 2020 through 2023 in Cottage Grove and 2,738 per year in the PMA. Earlier, from 2010 through 2019, there were an average of 597 sales per year in Cottage Grove and 2,424 in the PMA.
- The number of closed sales from 2010 through 2023 in Cottage Grove represented one-quarter (25.7%) of all sales in the PMA and 1.4% of all sales in the Seven County Metro.
- During 2023, there were 615 closed sales in Cottage Grove, down 24.4% from 808 closed sales in 2022. Similarly, from 2022 through 2023, closed sales were down 19.0% and 17.5%, in the PMA remainder and PMA, respectively. In the Seven County Metro, closed sales were down 17.5% during the same period.

TABLE FS-1 CLOSED REALES COTTAGE GROVE, PMA REMAINDER, PMA, & SEVEN COUNTY METRO 2010 - 2023				
Year	Cottage Grove	PMA Remainder	PMA	Seven County Metro
2010	419	1,277	1,696	33,134
2011	439	1,419	1,858	36,194
2012	558	1,588	2,147	42,594
2013	540	1,876	2,419	46,145
2014	538	1,687	2,227	42,965
2015	631	1,914	2,545	48,750
2016	681	2,054	2,740	51,741
2017	683	2,121	2,805	51,745
2018	675	2,107	2,783	50,046
2019	803	2,217	3,022	50,518
2020	813	2,282	3,100	54,085
2021	834	2,284	3,115	55,922
2022	808	1,805	2,617	45,298
2023	615	1,507	2,121	37,389

Source: InfoSparks & Maxfield Research and Consulting.

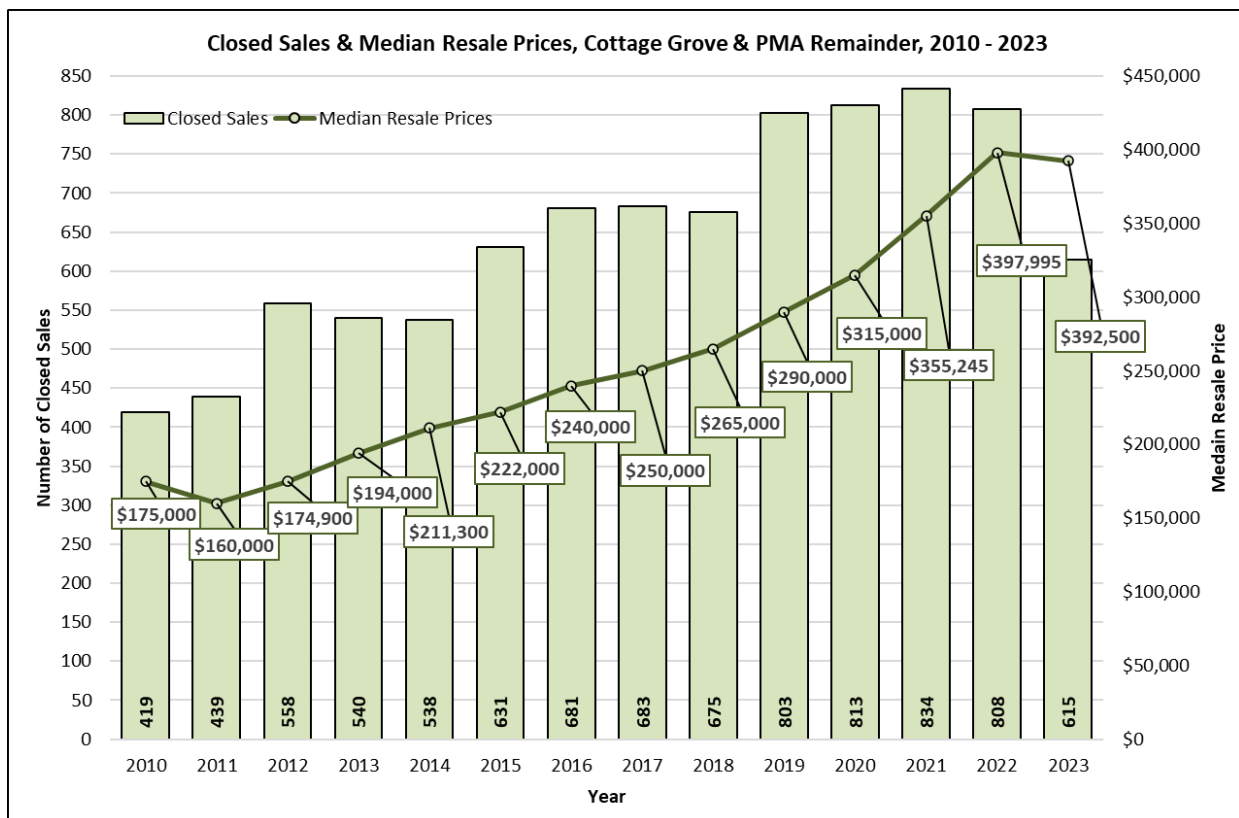
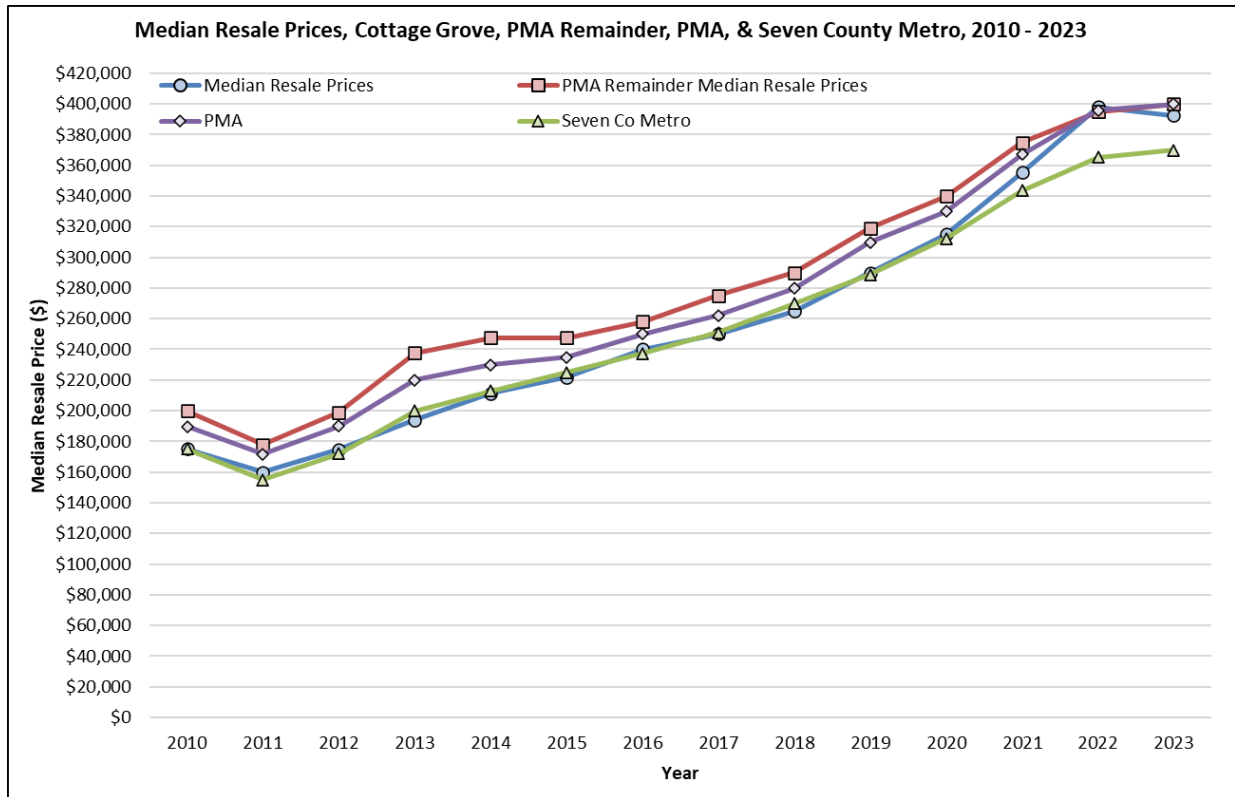
Median Resale Prices

- The median resale price declined 8.6% in Cottage Grove and 9.5% between 2010 and 2011 at the trough of the real estate market. Between 2011 and 2022, the City has experienced median resale increases every year equating to an overall 94.5% increase (8.7% annually).
- Except the period 2022 through 2023 (1.4% decrease), Cottage Grove has experienced median resale price increases every year. Throughout the PMA, since 2011, the PMA experienced median resale price increases every year (7.4% annual increase).
- The PMA Remainder and Seven County Metro Area experienced annual median resale price increases of 7.1% and 9.7%, respectively between 2011 and 2023.

TABLE FS-2 MEDIAN RESALE PRICES COTTAGE GROVE, PMA REMAINDER, PMA, & SEVEN COUNTY METRO 2010 - 2023				
Year	Cottage Grove	PMA Remainder	PMA	Seven County Metro
2010	\$175,000	\$199,900	\$189,700	\$175,000
2011	\$160,000	\$177,900	\$171,750	\$155,000
2012	\$174,900	\$199,000	\$189,900	\$172,000
2013	\$194,000	\$237,731	\$220,000	\$199,900
2014	\$211,300	\$247,500	\$230,000	\$213,000
2015	\$222,000	\$247,565	\$235,000	\$224,900
2016	\$240,000	\$258,050	\$250,000	\$237,200
2017	\$250,000	\$275,000	\$262,000	\$251,000
2018	\$265,000	\$290,000	\$279,900	\$270,000
2019	\$290,000	\$318,965	\$309,900	\$288,900
2020	\$315,000	\$339,900	\$330,000	\$312,146
2021	\$355,245	\$375,000	\$367,000	\$343,500
2022	\$397,995	\$395,000	\$395,963	\$365,115
2023	\$392,500	\$400,000	\$399,890	\$370,000

Source: InfoSparks & Maxfield Research and Consulting.

- In Cottage Grove, from 2010 through 2023, the median resale price was lowest in 2011 at \$160,000. Similarly, median resale prices were also the lowest in 2011 in the PMA Remainder (\$177,900), the PMA (\$171,500) and the Seven County Metro (\$155,000).
- From 2022 through 2023, median resale prices increased in three of the four geographies. The PMA's median resale price increased 1.0% to \$399,890 while the PMA Remainder and Seven County Metro's median resale prices increased 5.1% (to \$368,000) and 7.7% (to \$370,000), respectively. By contrast, Cottage Grove's median resale price decreased slightly by 1.4% to \$392,500.



Current Supply of Homes on the Market

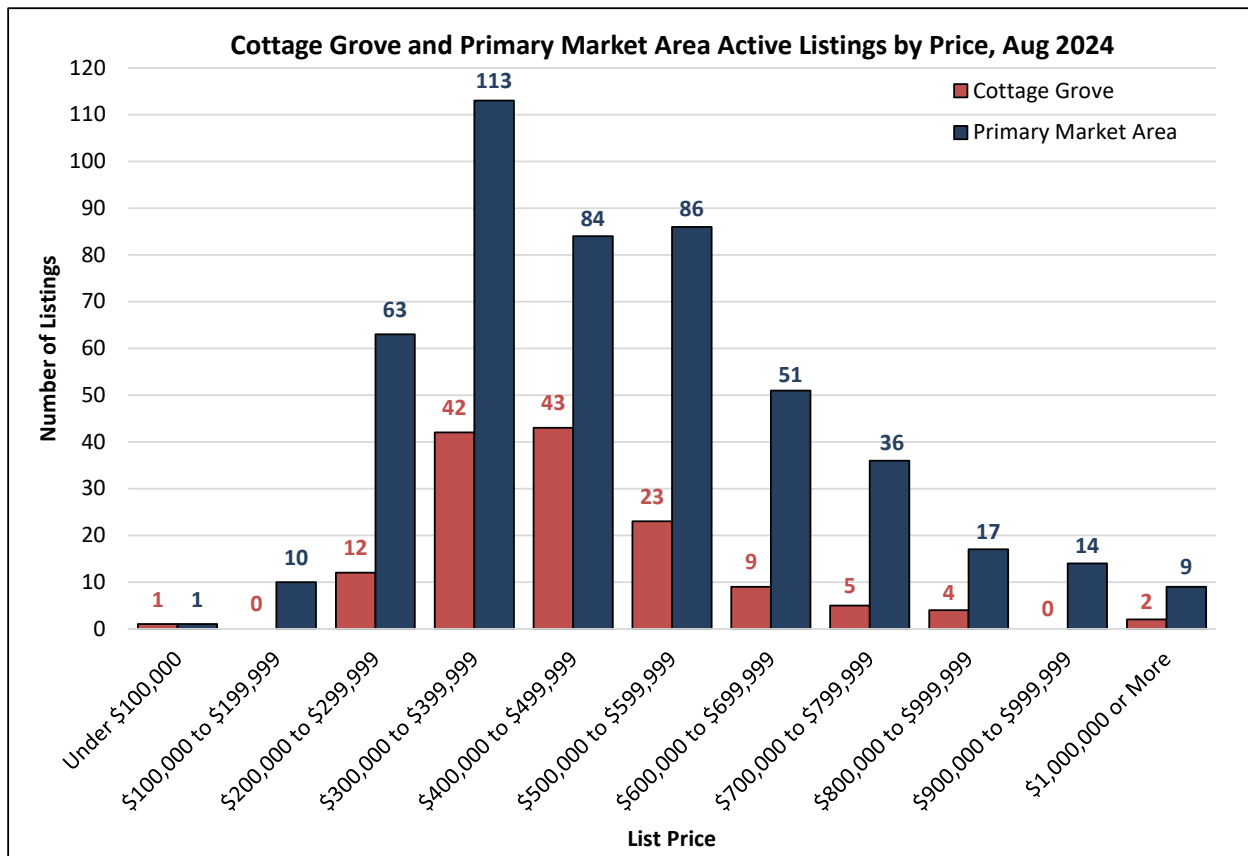
To examine the current market more closely for available owner-occupied housing in Cottage Grove, we reviewed the current supply of homes on the market (listed for sale). Table FS-3 shows homes currently listed for sale in Cottage Grove and the Primary Market Area distributed into eleven price ranges. The listings were obtained August 2024 from the Greater Mpls Area Association of Realtors.

- As of August 2024, there were 141 homes listed for sale in Cottage Grove (96 SF and 45 MF) and 484 homes listed for sale in the Primary Market Area (309 SF and 175 MF).
- The median list prices in Cottage Grove and the PMA, for single-family and multifamily homes were \$485,689 and \$373,990, respectively. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of most homes in a given market.
- The PMA's average listed sales price of \$509,873 was 9.2% more than Cottage Grove's average listed sales price of \$467,004.

TABLE FS-3				
HOMES CURRENTLY LISTED FOR-SALE				
COTTAGE GROVE & PRIMARY MARKET AREA				
August 2024				
Price Range	Cottage Grove		Primary Market Area	
	No.	Pct.	No.	Pct.
Under \$100,000	1	0.7%	1	0.2%
\$100,000 to \$199,999	0	0.0%	10	2.1%
\$200,000 to \$299,999	12	8.5%	63	13.0%
\$300,000 to \$399,999	42	29.8%	113	23.3%
\$400,000 to \$499,999	43	30.5%	84	17.4%
\$500,000 to \$599,999	23	16.3%	86	17.8%
\$600,000 to \$699,999	9	6.4%	51	10.5%
\$700,000 to \$799,999	5	3.5%	36	7.4%
\$800,000 to \$999,999	4	2.8%	17	3.5%
\$900,000 to \$999,999	0	0.0%	14	2.9%
\$1,000,000 or More	2	1.4%	9	1.9%
	141	100%	484	100%
Minimum	\$90,000		\$90,000	
Maximum	\$1,250,000		\$3,200,000	
Median	\$442,000		\$509,873	
Average	\$467,004		\$474,398	
Note: Includes single family, townhomes, twin homes, and condos (Previously owned and completed new construction).				
Sources: Greater Mpls Area Assoc of Realtors; Maxfield Research and Consulting				

FOR-SALE MARKET ANALYSIS

- As shown, 44% of homes in the PMA were priced at \$500,000 or more compared to 31% of homes in Cottage Grove.
- An estimated 69% of homes in Cottage Grove are priced between \$200,000 and \$500,000 while in the PMA, 54% of homes are priced in this same range.
- Based on a median list price of \$442,000 for Cottage Grove, the income required to afford a home at this price would be between \$126,286 and \$147,333; based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. An estimated 43% (42.8%) of Cottage Grove's households have annual incomes at or above \$131,274.
- Based on a median list price of \$489,990 for the PMA, the income required to afford a home at this price would be between \$139,997 and \$163,330; based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 38% (37.8%) of PMA households have annual incomes at or above \$139,997.



FOR-SALE MARKET ANALYSIS

- Most of the single-family and multifamily homes listed for sale in Cottage Grove are priced between \$300,000 and \$399,999 (35.5%), \$400,000 and \$499,999 (23.2%), and \$500,000 and \$599,999 (16.7%). In the PMA, Most of the single-family and multifamily homes listed for sale are also priced between \$300,000 and \$399,999 (27.5%), \$500,000 and \$599,999 (18.9%), \$600,000 and \$699,999 (15.4%), and \$400,000 and \$499,999 (14.9%).

Tables FS-4 shows homes currently listed for sale in Cottage Grove by property type while table FS-5 does the same for the PMA. The listings were obtained May 22, 2024, from the RMLS.

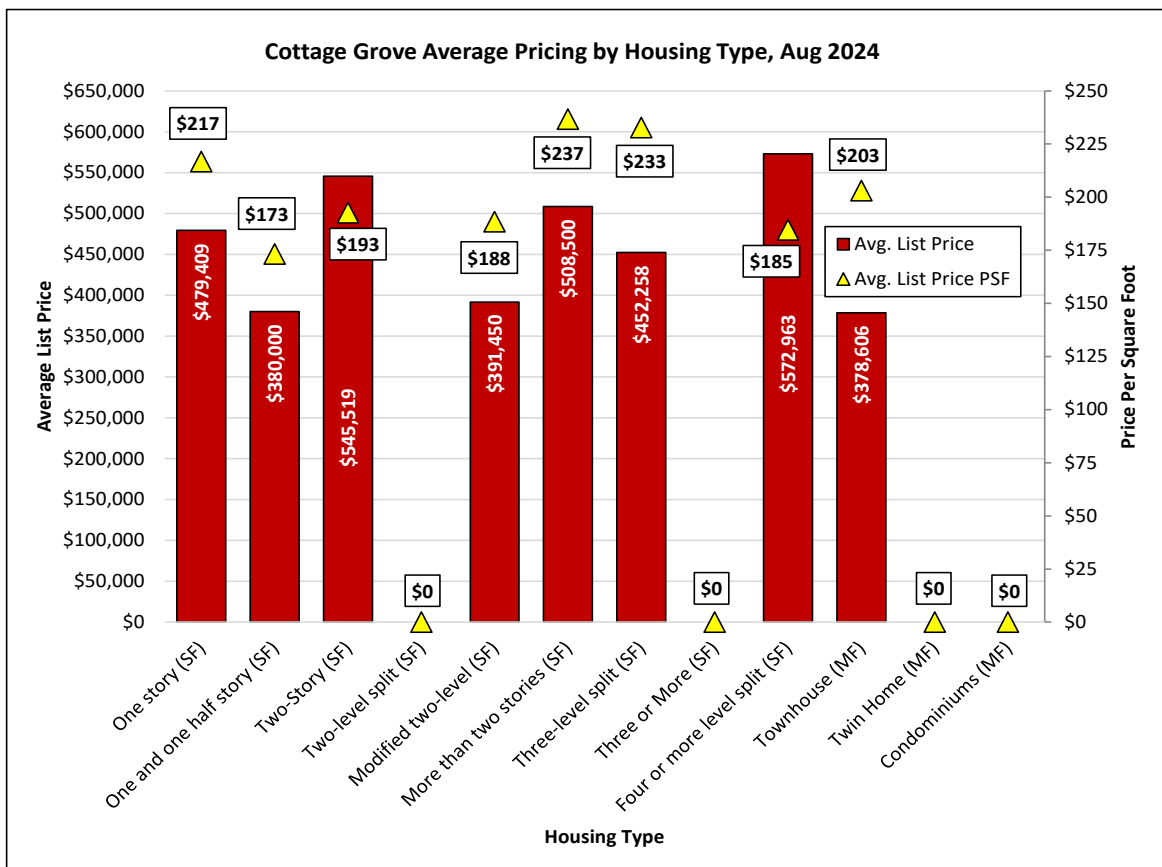
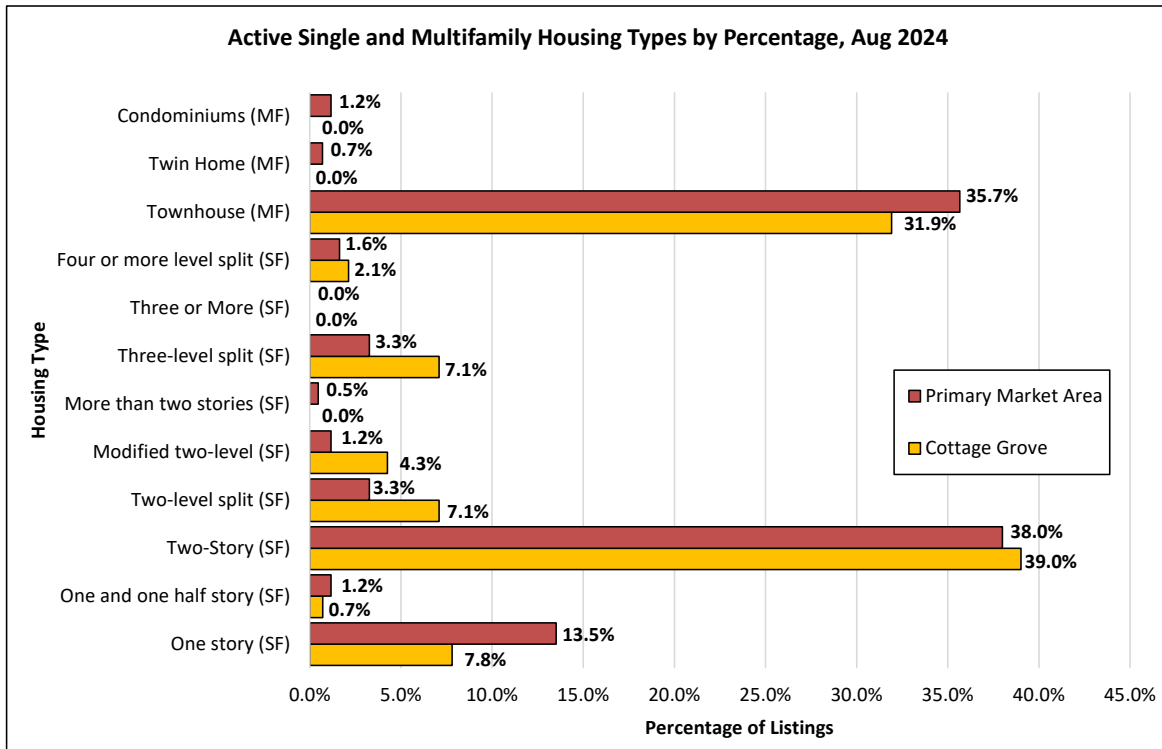
TABLE FS-4 ACTIVE LISTINGS BY HOUSING TYPE COTTAGE GROVE AUGUST 2024						
Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
One Story	11	8.0%	\$479,409	2,212	\$217	1980
One and One Half Story	1	0.7%	\$380,000	2,193	\$173	1945
Two-Story	55	39.9%	\$545,519	2,831	\$193	2015
More than Two Stories	0	0.0%	--	--	--	--
Two-Level Split	10	7.2%	\$391,450	2,077	\$188	1983
Modified Two Story	6	4.3%	\$508,500	2,148	\$237	1997
Three-Level Split	10	7.2%	\$452,258	1,943	\$233	2003
Three or More	0	0.0%	--	--	--	--
Four or More Level Split	3	2.2%	\$572,963	3,103	\$185	1999
Total	96	69.6%	\$512,311	2,586	\$198	2004
Multifamily						
Townhouse	45	32.6%	\$378,606	1,864	\$203	2017
Twin Home	0	0.0%	--	--	--	--
Condominiums	0	0.0%	--	--	--	--
Total	45	32.6%	\$378,808	1,864	\$203	2017
Cottage Grove Totals	138	100.0%	\$459,458	2,300	\$200	2009
Sources: RMLS & Maxfield Research and Consulting.						

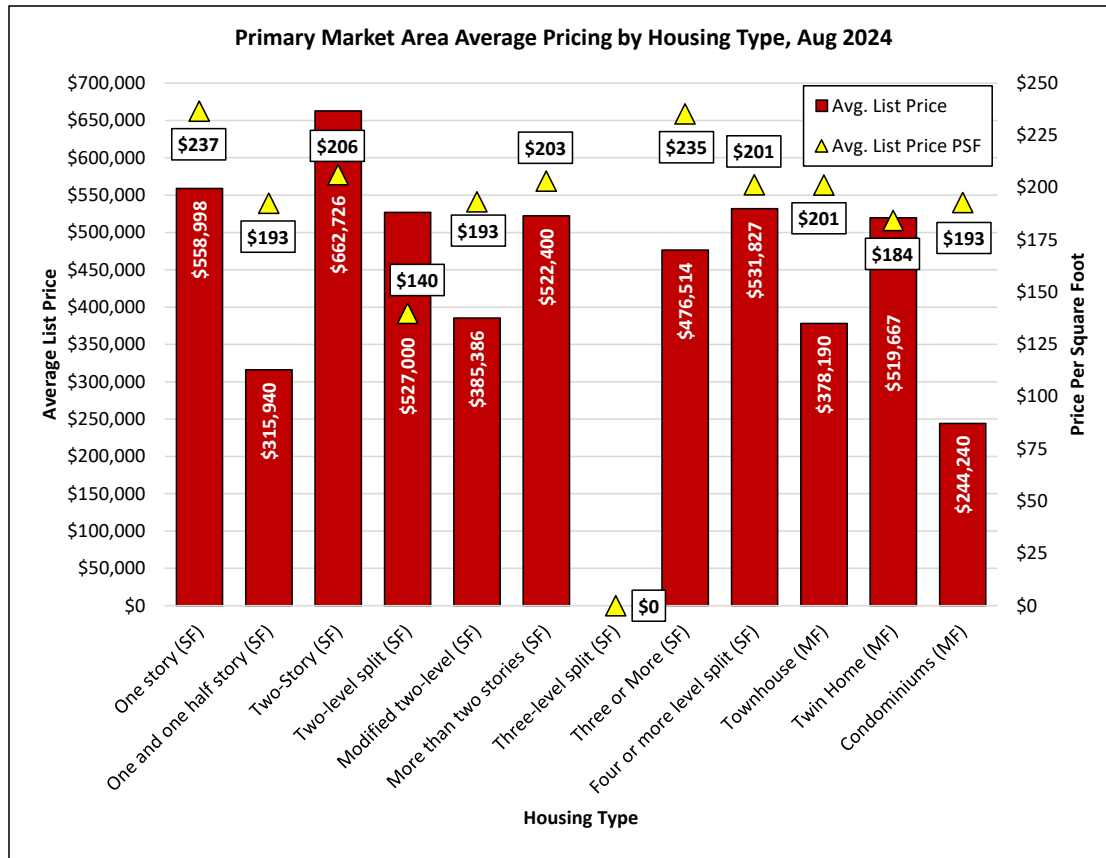
- Of the 141 listings in Cottage Grove, 96 (68.1%) were single-family homes while 45 listings (31.9%) were multifamily homes. In the PMA, of 484 listings, 309 were single family homes (63.8%) while 175 listings were multifamily homes (36.2%).
- Townhomes (39.1%) and two story (37.1%) listings are the two most common housing types in Cottage Grove, accounting for a combined 76.1% of all of listings. In contrast, throughout the PMA, two story (38.0%) and townhomes (35.7%) listings are the two most common property types accounting for a combined 73.7% of all active listings.

- In Cottage Grove, the only multifamily housing type are townhomes. By comparison, townhomes represent 35.7% of all listings, condominiums represent 1.2% of all listings and twin homes represent 0.7% of all listings in the overall PMA.

TABLE FS-5 ACTIVE LISTINGS BY HOUSING TYPE PRIMARY MARKET AREA August 2024						
Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
One Story	58	13.5%	\$558,998	2,362	\$237	1997
One and One Half Story	5	1.2%	\$315,940	1,641	\$193	1928
Two-Story	163	38.0%	\$662,726	3,214	\$206	2012
More than Two Stories	2	0.5%	\$527,000	3,767	\$140	1949
Two-Level Split	14	3.3%	\$385,386	1,994	\$193	1982
Modified Two Story	5	1.2%	\$522,400	2,571	\$203	1997
Three or More	0	0.0%	--	--	--	--
Three-Level Split	14	3.3%	\$476,514	2,025	\$235	2002
Four or More Level Split	7	1.6%	\$531,827	2,641	\$201	1994
Total	268	62.5%	\$531,827	2,641	\$201	1994
Multifamily						
Townhouse	153	35.7%	\$378,190	1,879	\$201	2011
Twin Home	3	0.7%	\$519,667	2,820	\$184	2003
Condominiums	5	1.2%	\$244,240	1,266	\$193	1989
Total	161	37.5%	\$376,804	1,787	\$211	2018
PMA Totals	429	100.0%	\$517,773	2,486	\$208	2013
Sources: Greater Mpls Area Assoc of Realtors; Maxfield Research and Consulting.						

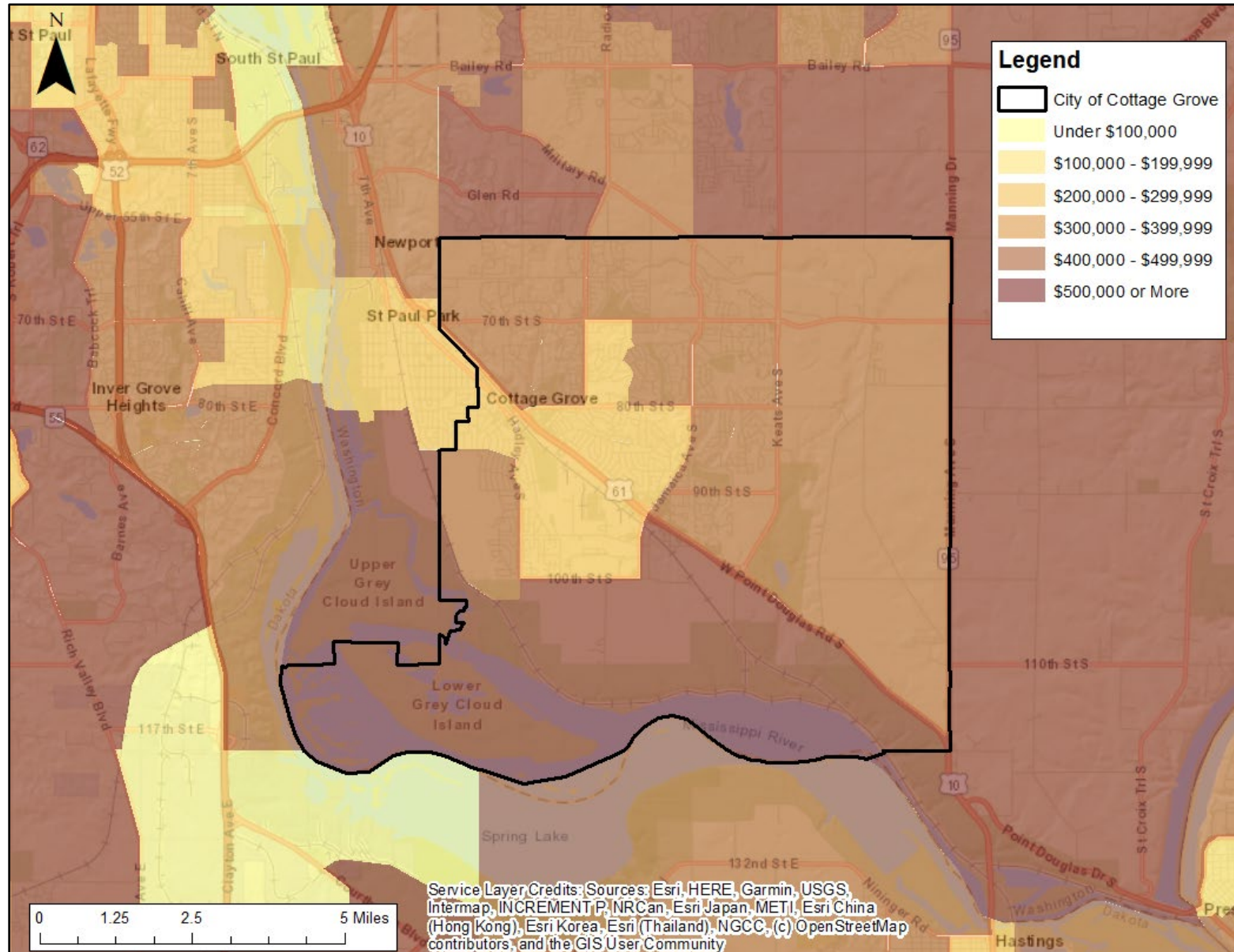
- Listings for townhomes report the lowest average list price (\$378,190) in Cottage Grove while condominiums report the lowest average list price in the PMA (\$244,240). Townhomes report the lowest average square footage in Cottage Grove (1,864 square feet) while condominiums report the lowest average square footage in the PMA (1,266 square feet).
- Listings for four or more level split homes report the highest average list price (\$572,963) in Cottage Grove while two story homes report the highest average list price in the PMA (\$662,726). Four or more level split homes report the highest average square feet in Cottage Grove (3,103 square feet) while more than two-story homes report the highest average square feet in the PMA (3,767 square feet).



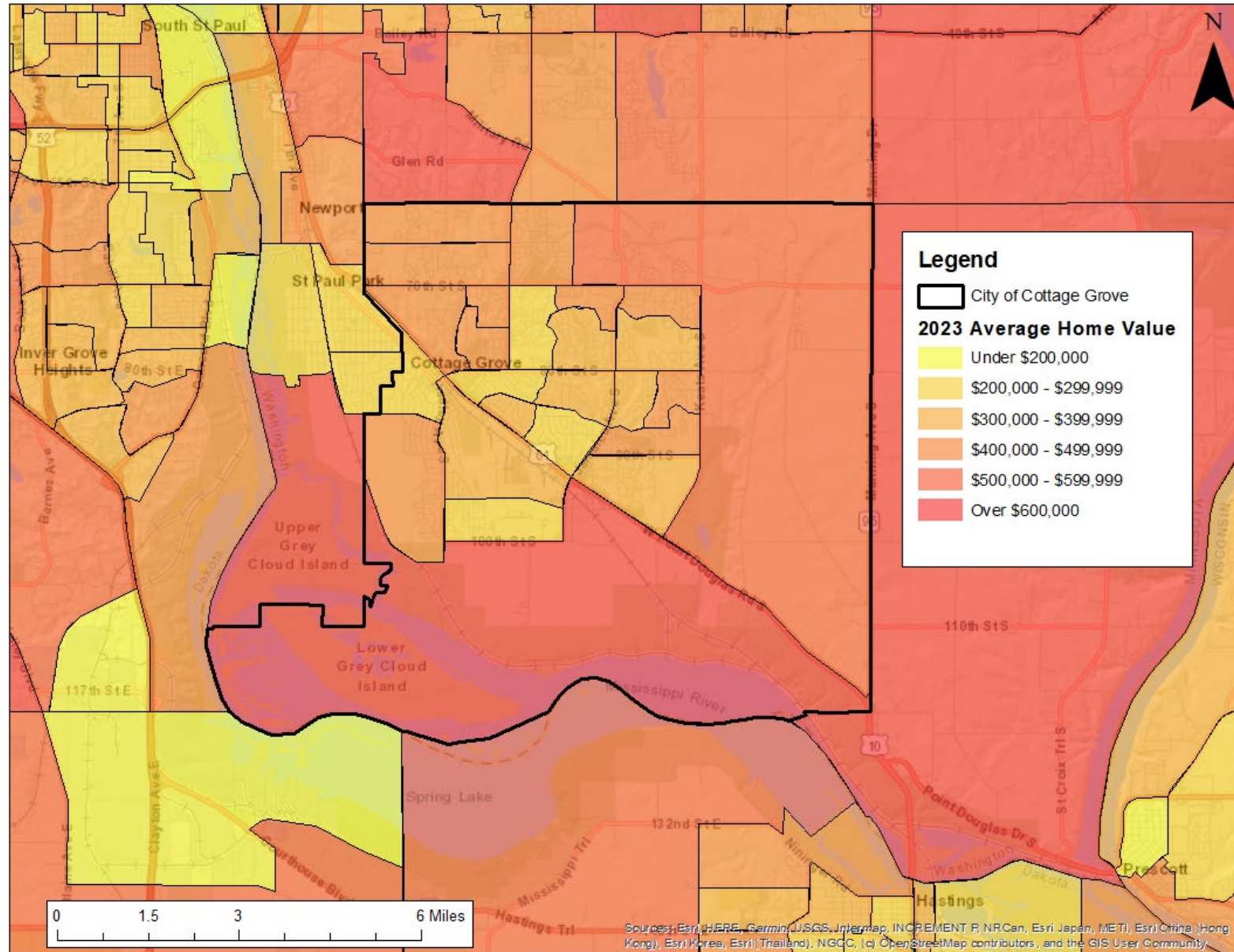


Maps of 2023 median and average home values by census block, created with ESRI data, across Cottage Grove and neighboring communities are displayed on the following pages. Home value categories for both maps are as follows: under \$100,000; \$100,000 to \$199,999; \$200,000 to \$299,999; \$300,000 to \$399,999; \$400,000 to \$499,999; and \$500,000 and over. Median and average home values in Cottage Grove are highest in the southern portion of the City. In addition, median and average home values are also higher in the far eastern and northern portions of the City.

Cottage Grove Median Home Value by Block Group, 2023



Cottage Grove Average Home Value by Block Group, 2023

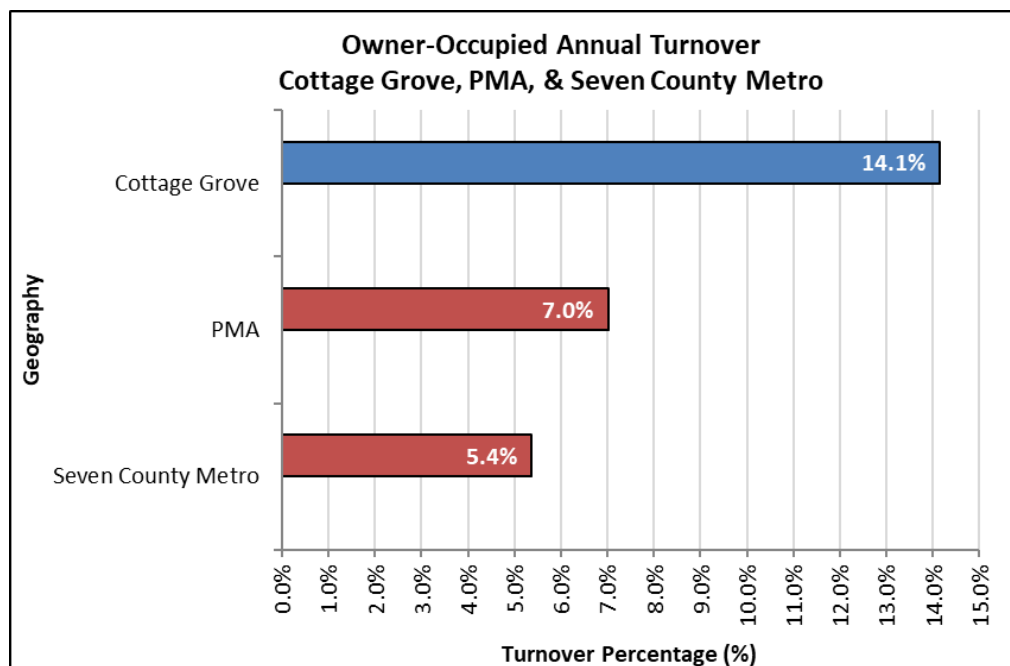


Owner-Occupied Turnover

Table FS-6 illustrates existing home turnover as a percentage of owner-occupied units in Cottage Grove, the PMA and the Seven County Metro. Resales are based on historic transaction volume between 2010 and 2024 as obtained from listings through the Greater Minneapolis Area Association of Realtors. Owned housing units are sourced to the American Community Survey.

As displayed in the table, an estimated 14.1% of Cottage Grove's owner-occupied housing stock is sold annually. The turnover rate in the PMA is 7.0% compared to 5.4% in the Seven County Metro. Typically, the turnover rate for owned homes ranges from 3% at the low-end to 8% at the high-end in many communities in the Midwest.

TABLE FS-6 OWNER-OCCUPIED TURNOVER COTTAGE GROVE, PMA, & SEVEN COUNTY METRO			
Geography	Owner-occupied Housing Units ¹	Resales Annual Avg. ²	Turnover Pct.
Cottage Grove	4,570	646	14.1%
PMA	35,853	2,514	7.0%
Seven County Metro	860,790	46,180	5.4%
¹ Owner-occupied housing units in 2022 (based on American Community Survey 5-year average (2018-2022) adjusted to 2022 by Maxfield Research.			
² Annual average of resales between 2010 and 2023.			
Sources: U.S. Census Bureau, Mpls Area Assoc of Realtors, Maxfield Research and Consulting			



School Districts

School districts have a direct impact on community home values. Nearly all of Cottage Grove is included in the South Washington County School District (District 833) with a small sliver of eastern and southeast Cottage Grove in the Hastings School District (District 200). The South Washington County School District is bordered by the following school districts: Stillwater Area (District 834), Hastings (District 200), Rosemount-Apple Valley-Eagan (District 196), Inver Grove Heights (District 199), South St Paul (District 0006-03), Saint Paul (District 625), and North St. Paul-Maplewood-Oakdale (District 622). Table FS-9 displays school rankings for high schools in or near Cottage Grove. A map, following the text of this section, shows the City of Cottage Grove, as well as nearby districts in both Minnesota and Wisconsin.

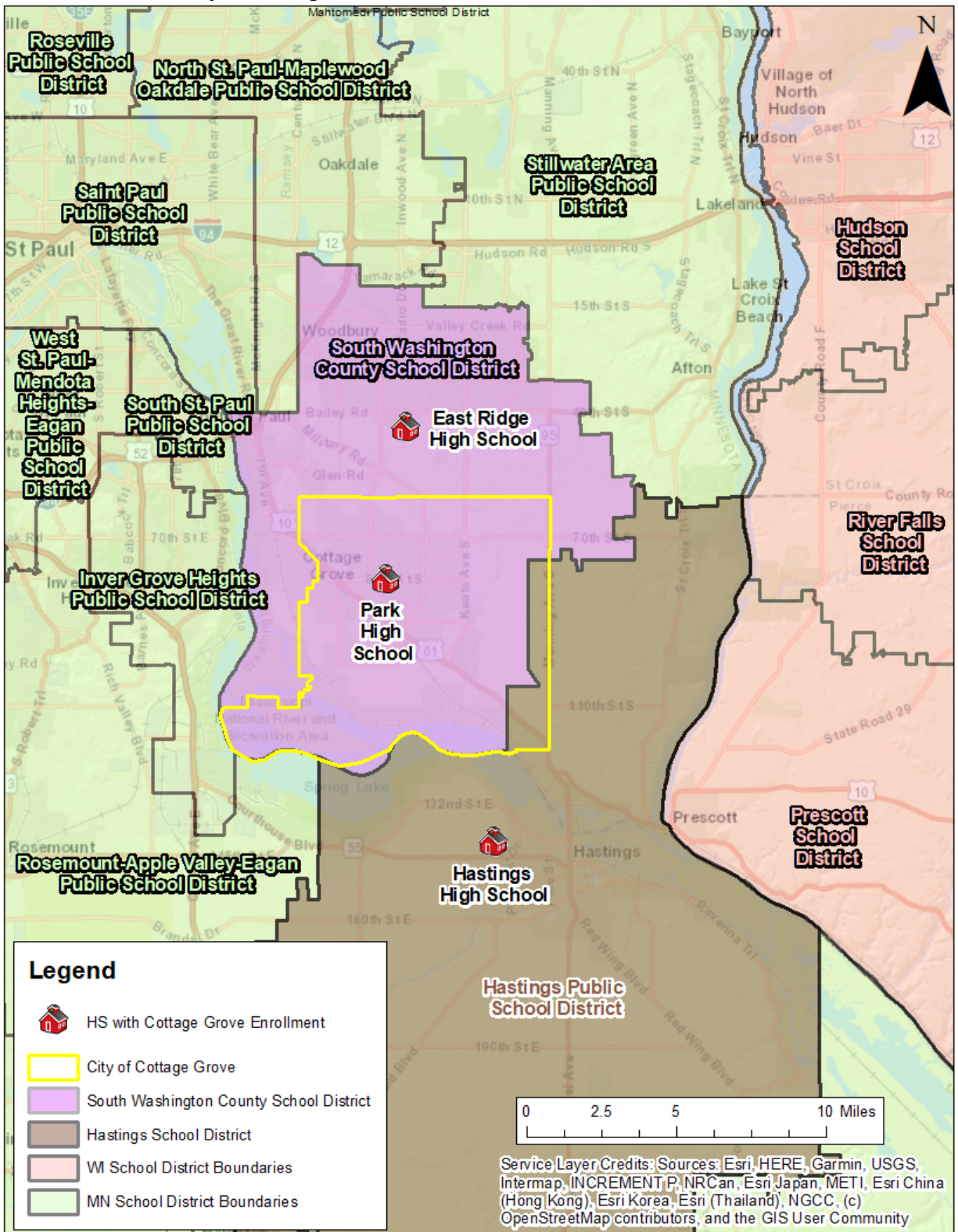
- The South Washington County School District is home to three high schools, Woodbury High School, East Ridge High School, and Park High School. Park High School, located in Cottage Grove, serves most of the city, in addition to the City of City Paul Park. East Ridge High School, located in Woodbury, serves the far northern portion of Cottage Grove, in addition to the City of Newport and southern Woodbury. Woodbury High School only serves the City of Woodbury.
- Of the two high schools in the South Washington County District servicing Cottage Grove residents, East Ridge High School is ranked the 26th best high school in the state and 25th best high school in the Metro Area according to the latest data available in an online study published by US News and World Report. Nationally East Ridge High School is ranked 1,578 across all surveyed schools in the nation. Park High School is ranked the 164th best high school in the state and 100th best high school in the Metro Area according to the latest data available in an online study published by US News and World Report. Nationally Park High School is ranked 8,981 across all surveyed schools in the nation.
- Hastings High School, in Hastings, serves a very small portion of far eastern and southeastern Cottage Grove. Hastings High School is ranked the 69th best high school in the state and 63rd best high school in the Metro Area according to the latest data available in an online study published by US News and World Report. Nationally Hastings High School is ranked 3,972 across all surveyed schools in the nation.
- Of the three high schools serving parts of Cottage Grove, East Ridge High School has the highest college readiness score, 43.4, followed by Park High School at 24.3, and Hastings High School at 22.0. The college readiness score is based on state and Advanced Placement (AP) Testing.
- East Ridge High School and Hastings High School each had graduation rates of 94% while Park High School had a graduation rate of 91%. The average graduation rate among the fourteen schools analyzed was 93%, ranging from a low of 86% at Tartan Senior High School in Oakdale, Minnesota to a high of 98% at Prescott High School in Prescott, Wisconsin.

- Of the three high schools serving parts of Cottage Grove, East Ridge High School had the highest enrollment at 2,021 students followed by Park High School with 1,938 students, and Hastings High School with 1,353 students. The average enrollment was 1,643 students across the 14 schools.
- The student-teacher ratio of 43 students to every teacher at East Ridge High School and 35 students to every teacher at Park High School have the second and third highest student to teacher ratios of all 14 surveyed schools. Only Woodbury High School, at 44 students for every teacher, had a higher student to teacher ratio. Hastings High School had a student to teacher ratio of 23 students to every teacher, below that of the average 25 to one student to teacher ratios across all fourteen schools.
- Of the fourteen surveyed schools, Hudson High School, just across the St. Croix River in Wisconsin was ranked the highest in national rankings at 913 in the nation. In Wisconsin, it was the 20th best high school and in the Minneapolis Metro Area, the 13th best school.

FOR-SALE MARKET ANALYSIS

Table FS-9 COTTAGE GROVE & NEARBY COMMUNITIES: 2024 HIGH SCHOOL RANKINGS										
	High School	Address	National Rankings	Statewide Rankings	Minneapolis Metro Rankings	Grades Served	Enrollment	Student Teacher Ratio	College Readiness*	Graduation Rate
1	Hudson High School	1501 Vine St Hudson St Hudson, WI	913	20	13	9-12	1,783	16:1	55.9	96%
2	Eagan Senior High School	4185 Braddock Tr, Eagan, MN	922	13	14	9-12	2,171	20:1	45.3	95%
3	Woodbury High School	2665 Woodlane Dr Woodbury, MN	1,497	24	24	9-12	1,979	44:1	44.4	94%
4	East Ridge High School	4200 Pioneer Dr Woodbury, MN	1,578	26	25	9-12	2,021	43:1	43.4	94%
5	Two Rivers High School	1897 Delaware Ave, Mendota Heights, MN	1,780	30	28	9-12	1,479	19:1	32	88%
6	Stillwater High School	5701 Stillwater Blvd N, Oak Park Heights, MN	2,601	44	40	9-12	2,647	26:1	38.2	96%
7	Rosemount Senior High School	3335 142nd St W Rosemount, MN	2,743	48	44	9-12	2,425	19:1	41.7	91%
8	River Falls High School	818 Cemetary Rd River Falls, WI	2,767	82	46	9-12	1,112	17:1	22.5	96%
9	Prescott High School	1010 Dexter St Prescott, WI	3,362	108	59	9-12	430	14:1	27.5	98%
10	Hastings High School	200 General Sieben Dr Hastings, MN	3,972	69	63	9-12	1,353	23:1	22.0	94%
11	Tartan Senior High School	828 Greenway Ave N, Oakdale, MN	4,498	80	67	9-12	1,683	20:1	26.8	86%
12	South St. Paul Secondary	7700 N 2nd St South St Paul, MN	4,561	82	68	9-12	923	25:1	28.6	90%
13	Simley Senior High School	2920 80th St E Inver Grove Heights, MN	5,475	101	78	9-12	1,062	22:1	35.3	91%
14	Park High School	8040 80th St S Cottage Grove, MN 55016	8,981	164	100	9-12	1,938	35:1	24.3	91%
*:Based on state proficiency and Advanced Placement (AP) tests.										
Note: Analyzed Data is based off 2022-2023, 2021-2022, and 2020-2021 school years. Statewide rankings for MN schools are for MN and statewide rankings for WI schools are for WI schools.										
Source: US News and World Report and RTI International utilizing data from The Common Core of Data (U.S. Department of Education), state math and reading assessments, The College Board, and International Baccalaureate (IB) - 2024 Data.										

City of Cottage Grove and Area School District Boundaries



Lot Supply

Maxfield Research identified newer subdivisions (developed since 2018) in the PMA along with available lots. Table FS-10, on the following pages, displays this information. Data was obtained from the City of Cottage Grove.

- Since 2018 44 new subdivisions have been platted. In those 44 subdivisions are over 2,500 lots (2,504 lots)
- Of the 2,500 lots 22.3% or 559 lots were vacant.
- Average lot sizes ranged from a low of 1.36 acres at Thompson Grove Community Hall to a high of 54.80 acres at Summers Landing 4th Addition.

TABLE FS-10 LOT SUPPLY WITHIN NEWER SUBDIVISIONS IN COTTAGE GROVE SUMMER 2024				
Subdivision	No. of Lots/Units	Vacant Lots	Average Lot Size (Acres)	Density Per Acre
Graymont Village 2nd Addition	66	66	16.36	4.03
Mississippi Landing 1st Addition	110	110	NA	--
Graymont Village 1st Addition	60	20	3.77	15.92
Ravine Crossing	79	65	28.60	2.76
Glacial Valley 2nd	76	64	9.58	7.93
Settlers Bluff 2nd Addition	77	15	16.70	4.61
Hawthorne 2nd Addition	106	69	49.80	2.13
Hinton Woods (Townhomes)	55	0	10.74	5.12
Glacial Valley Estates 1st Addition	24	0	4.06	5.91
Woodward Ponds 2nd & 3rd Addition - Townhomes	116	58	16.62	6.98
High Pointe 2nd Addition - Townhomes	31	0	4.73	6.55
Rolling Meadows	41	14	17.60	2.33
Hinton Woods	61	10	19.98	3.05
Eastbrooke 3rd Addition	38	25	9.73	3.91
Settlers Bluff 1st Addition	78	0	9.73	8.02
Calarosa 6th Addition	86	4	29.33	2.93
Cardinal Reserve	59	24	22.16	2.66
Hawthorne 1st Addition	93	3	68.55	1.36
Northwick Park 2nd Addition	24	0	7.11	3.38
Summers Landing 5th Addition	79	0	10.17	7.77
Calarosa 5th Addition - SF	54	0	7.61	7.10
Woodward Ponds 1st Addition - Townhomes	48	0	12.22	3.93
CONTINUED				

TABLE FS-10 (CONTINUED) LOT SUPPLY WITHIN NEWER SUBDIVISIONS IN COTTAGE GROVE SUMMER 2024				
Subdivision	No. of Lots/Units	Vacant Lots	Average Lot Size (Acres)	Density Per Acre
High Pointe 1st Addition - Townhomes	51	0	14.40	3.54
Summers Landing 4th Addition	122	0	54.80	2.23
Calarosa 5th Addition - SF	35	0	13.62	2.57
Northwick Park 1st Addition	47	0	27.60	1.70
Langdon Hills	51	0	25.01	2.04
Eastbrooke 2nd Addition	33	5	37.99	0.87
Ravine Meadows	26	0	9.85	2.64
Calarosa 4th Addition - Quads	24	0	2.72	8.82
Bailey Woods	41	0	19.94	2.06
Summers Landing 3rd Addition	75	0	25.30	2.96
Parkview Pointe	60	0	20.71	2.90
Kingston Fields 2nd Addition	34	5	10.60	3.21
Young Property by Lennar Homes	10	0	5.00	2.00
Calarosa 3rd Addition - MF	16	0	2.13	7.51
Calarosa 3rd Addition - SF	70	0	20.50	3.41
Kingston Fields	87	0	34.00	2.56
Hamlet Heights	24	0	10.35	2.32
Calarosa 2nd Addition	49	0	28.37	1.73
Eastbrooke (Phase I)	50	0	22.27	2.25
Mississippi Dunes Estates Fifth	44	0	23.38	1.88
Thompson Grove Community Hall	3	0	1.36	2.21
Summers Landing 2nd Addition	91	2	36.34	2.50
Totals	2,504	559	19.10	4.01
Sources: City of Cottage Grove & Maxfield Research and Consulting.				

Planned and Proposed Developments

There are a few pending developments in the planning process in the PMA. This section discusses the developments that have already submitted plans to the City, some of which have received preliminary and/or final approvals. Below is a brief discussion of pending rental and senior developments in Cottage Grove and other PMA communities. Table P-1 lists pending and under construction rental and senior housing developments.

The pending list breaks down into three categories: under construction, approved and proposed. The number of housing units is separated between affordable and market rate.

Most of the for-sale developments in Cottage Grove and Woodbury consists of developments already underway and are building out various subdivisions. Many of these that are in process are nearly sold out or have sold a substantial number of lots.

PLANNED/PENDING DEVELOPMENTS

TABLE P-1 RENTAL & SENIOR HOUSING DEVELOPMENT PIPELINE PRIMARY MARKET AREA AUGUST 2024									
Project Name/Address	City	Developer	Status	Units/Lots			Project Type	Comments	
				Aff.	MR	Total			
Under Construction									
Vermillion Acres Senior Housing 1190 County Rd 47	Hastings	Headwater Development	Under Construction	0	75	75	Assisted Living & Memory	Modular buildings	
Red Rock II 150 Red Rock Crossing	Newport	MWF Properties	Under Construction	60	0	60	Affordable General	Scheduled to open Nov. 2024	
Approved									
Karen Drive Multifamily S of Hudson Rd and E of Settlers Ridge Pkwy	Woodbury	Real Estate Equities	Approved	252	0	252	Affordable	48 (1BR), 126 (2BR) 72 (3BR)	
Manning Avenue Apartments 1/4 Mile S of Hudson Rd & Manning Rd	Woodbury	LSBD Woodbury Manning, LLC	Approved	237	0	237	Affordable	27 (1BR), 111 (2BR), 99 (3BR)	
Roer's Cottage Grove Apartments 6850 E Point Douglas Rd S	Cottage Grove	Roers	Approved	37	107	144	Mixed Income GO Rental	107 units (MR); 29 units (50% AMI) 8 units (60% AMI).	
Bluestem Apartments 7601 79th St S	Cottage Grove	Trellis	Approved	52	0	52	Affordable Active Adult	55+ 36 units 30% AMI and 16 units 60% AMI	
Norhart Apartments Hadley Ave S & 100th St N	Cottage Grove	Norhart Development	Approved	0	299	299	Market Rate	45 Std., 21 Alc; 119 1BR, 89 2BR, 25 3BR	
Prelude Village of Woodbury 10350 Bailey Road	Woodbury	Emmaus Companies	Approved	0	20	20	Senior - IL	Cottages - Taking Reservations	
Summer Valley Jeffrey Ave S. / 63rd Ave S	Cottage Grove	Summergate Development	Approved	0	71	71	Market Rate	Single-Family Homes	
Sienna Grove 10662 Bent Pine Lane	Woodbury	D. R. Horton	Approved	0	172	172	Market Rate	Single-Family Homes	
Proposed									
Walden at Hastings Hwy 316 and Michael Avenue	Hastings	Land Equity LLC	Proposed	0	511	511	Lifestyle-All Ages	54 TW, 68 TH, 170 Apts, 60 AA, 55 SF, 104 AL Need to annex land from Nininger Twp.	
Mississippi Landing II 409 Golf Links Drive	Grey Cloud Is	Rachel Development	Proposed	0	377	377	Market Rate	Redevelopment of former golf course	
				Under Construction	60	75	135		
				Approved	578	669	1,247		
				Proposed	0	888	888		
NA: Not Assessed or Not Applicable.									
Sources: PMA Cities; Maxfield Research and Consulting									

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges for the Minneapolis-St Paul-Bloomington Area.

FIGURE 1 AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income Workforce Housing	80% - 120%
Note: Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area 4-person AMI = \$124,200 (2024)	

Naturally Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four-unit structures) or in older multifamily structures. Many of these older developments may be vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Based on the review of Cottage Grove's housing stock and the inventory of rental properties; we find a substantial portion of the housing stock would be classified as naturally occurring affordable housing.

Rent and Income Limits

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in the Minnesota-St Paul-Bloomington Area. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

TABLE HA-1
MHFA/HUD INCOME AND RENT LIMITS
WASHINGTON COUNTY, MN (EFFECTIVE 4/01/2024)

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$26,100	\$29,820	\$33,540	\$37,260	\$40,260	\$43,230	\$46,230	\$49,200
50% of median	\$43,500	\$49,700	\$55,900	\$62,100	\$67,100	\$72,050	\$77,050	\$82,000
60% of median	\$52,200	\$59,640	\$67,080	\$74,520	\$80,520	\$86,460	\$92,460	\$98,400
80% of median	\$69,600	\$79,520	\$89,440	\$99,360	\$107,360	\$115,280	\$123,280	\$131,200
100% of median	\$87,000	\$99,400	\$111,800	\$124,200	\$134,200	\$144,100	\$154,100	\$164,000
120% of median	\$104,400	\$119,280	\$134,160	\$149,040	\$161,040	\$172,920	\$184,920	\$196,800
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$652	\$699	\$838	\$969	\$1,080			
50% of median	\$1,087	\$1,165	\$1,397	\$1,615	\$1,801			
60% of median	\$1,305	\$1,398	\$1,677	\$1,938	\$2,161			
80% of median	\$1,740	\$1,864	\$2,236	\$2,584	\$2,882			
100% of median	\$2,172	\$2,328	\$2,795	\$3,228	\$3,602			
120% of median	\$2,607	\$2,794	\$3,354	\$3,874	\$4,323			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$1,174	\$1,327	\$1,622	\$2,188	\$2,478			

Sources: MHFA; HUD; Maxfield Research and Consulting

HOUSING AFFORDABILITY

TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
MINNEAPOLIS-ST. PAUL-BLOOMINGTON MN-WI HUD METRO FMR AREA 2024 (EFFECTIVE 4/01/2024)

Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$653	- \$653	\$1,088	- \$1,088	\$1,305	- \$1,305	\$1,740	- \$1,740	\$2,175	- \$2,175	\$2,610	- \$2,610
1BR	1	2	\$653	- \$746	\$1,088	- \$1,243	\$1,305	- \$1,491	\$1,740	- \$1,988	\$2,175	- \$2,485	\$2,610	- \$2,982
2BR	2	4	\$746	- \$932	\$1,243	- \$1,553	\$1,491	- \$1,863	\$1,988	- \$2,484	\$2,485	- \$3,105	\$2,982	- \$3,726
3BR	3	6	\$839	- \$1,081	\$1,398	- \$1,801	\$1,677	- \$2,162	\$2,236	- \$2,882	\$2,795	- \$3,603	\$3,354	- \$4,323
4BR	4	8	\$932	- \$1,230	\$1,553	- \$2,050	\$1,863	- \$2,460	\$2,484	- \$3,280	\$3,105	- \$4,100	\$3,726	- \$4,920
¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet. Note: 4-person Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area AMI is \$124,200 (2024)														
Sources: HUD, MHFA, Novogradac, Maxfield Research and Consulting LLC.														

Housing Cost Burden

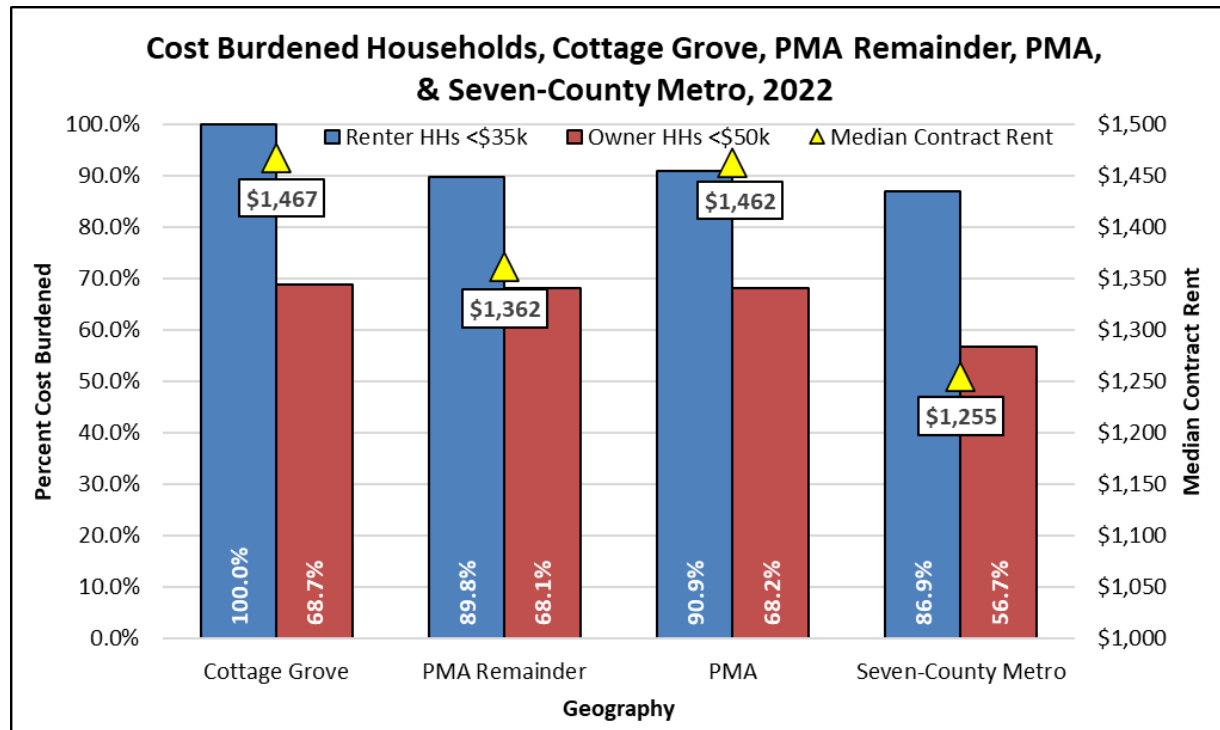
Table HA-3 shows the number and percentage of owner and renter households in Cottage Grove, the PMA Remainder, the PMA and the Seven-County Metro Area that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2022 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

Key findings from Table HA-3 follow.

- In Cottage Grove, 15.0% of owner households and 42.1% of renter households are considered cost burdened. In comparison, 16.8% of owner households and 40.9% of renter households are considered cost burdened in the PMA Remainder. Throughout the PMA, 16.3% of its owner households and 41.1% of its renter households are cost burdened. Across the Seven-County Metro Area 34.2% of owner households and 47.5% of renter households are cost burdened.
- Among owner households earning less than \$50,000, 68.7% are cost burdened in Cottage Grove. By comparison, among owner households earning less than \$50,000, 68.1% are cost burdened in the PMA Remainder. In the PMA, 68.2% of owner households earning less than \$50,000 are cost burdened while in the Seven-County Metro, 56.7% of owner households earning less than \$50,000 are cost-burdened.
- In Cottage Grove, 100% of renter households earning less than \$35,000 are cost-burdened while 89.8% of PMA Remainder renter households earning less than \$35,000 are cost-burdened. Throughout the PMA, 90.9% of renter households earning less than \$35,000 are cost-burdened. In the Seven County Metro, 86.9% of renter households earning less than \$35,000 are cost-burdened.

TABLE HA-3 HOUSING COST BURDEN PRIMARY MARKET AREA 2022								
	Cottage Grove		PMA Remainder		PMA		Seven-County Metro	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	11,624		32,817		44,441		879,008	
Cost Burden 30% or greater	1,739	15.0%	5,479	16.8%	7,218	16.3%	297,746	34.2%
Owner Households w/ incomes <\$50,000	1,091		4,896		5,987		317,495	
Cost Burden 30% or greater	745	68.7%	3,237	68.1%	3,982	68.2%	175,498	56.7%
Renter Households								
All Renter Households	1,570		9,230		10,800		382,486	
Cost Burden 30% or greater	626	42.1%	3,587	40.9%	4,213	41.1%	175,109	47.5%
Renter Households w/ incomes <\$35,000	267		2,188		2,455		122,489	
Cost Burden 30% or greater	260	100.0%	1,827	89.8%	2,087	90.9%	98,983	86.9%
Median Contract Rent ¹	\$1,467		\$1,362*		\$1,462*		\$1,255	
¹ Median Contract Rent 2022 Note: Calculations exclude households not computed. NA: Not Assessed. The majority of PMA cities are missing contract rent data. * Excludes Denmark Township, Grey Cloud Isand Township, and the Washington County portion of Hastings. No data is available for these geographies.								
Sources: American Community Survey 2018-2022 estimates & Maxfield Research and Consulting LLC.								



Housing Vouchers

In addition to subsidized apartments, “tenant-based” subsidies like *Housing Choice Vouchers*, can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD) and is managed by the Washington County Community Development Agency. Under the Housing Choice Voucher program (also referred to as Section 8) qualified households are issued a voucher that can be used in a rental unit within the private market that has rents in line with payment standards. Payment standards are set with guidance from the annually published HUD Fair Market Rents. The household pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-1. The following are key points about Washington County’s Housing Choice Voucher Program.

- Washington County is authorized to issue up to 259 vouchers (HCV, VASH, Family Unification, and Mainstream).
- Currently, there are 247 people on the waiting list. Those on the wait list can wait up to three years or more for a voucher.

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in Cottage Grove. The table estimates the percentage of Cottage Grove householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the Cottage Grove average.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 7.180% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2023 ACS adjusted to 2024 by Maxfield Research

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2022 ACS adjusted to 2024 by Maxfield Research

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- The median income of all Cottage Grove households in 2024 was \$114,459. The median income varies by tenure. According to the 2024 American Community Survey, the median income of a homeowner was \$125,079, 45.1% higher than that of renters (\$68,649).
- An estimated 87% of all households and 73% of owner households could afford to purchase an entry-level home in Cottage Grove estimated at \$250,000. When adjusting for move-up buyers (\$380,000) 63% of all households and 60% of owner households would income qualify.
- Of existing renter households, 72% can afford to rent an older one-bedroom unit in Cottage Grove (\$1,200/month). The percentage of renter income-qualified households decreases to 59% that can afford an existing three-bedroom unit (\$1,600/month). After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases. An estimated 76% of renters can afford a new market rate one-bedroom unit while 39% can afford a new three-bedroom unit.

HOUSING AFFORDABILITY

TABLE HA-4						
PRIMARY MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$250,000	\$385,000	\$500,000	\$300,000	\$450,000	\$700,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$25,000	\$38,500	\$50,000	\$30,000	\$45,000	\$70,000
Estimated Closing Costs (rolled into mortgage)	\$7,500	\$11,550	\$15,000	\$9,000	\$13,500	\$21,000
Cost of Loan	\$232,500	\$358,050	\$465,000	\$279,000	\$418,500	\$651,000
Interest Rate	6.750%	6.750%	6.750%	6.750%	6.750%	6.750%
Number of Pmts.	449	449	449	449	449	449
Monthly Payment (P & I)	-\$1,422	-\$2,191	-\$2,845	-\$1,707	-\$2,560	-\$3,983
(plus) Prop. Tax	-\$208	-\$321	-\$417	-\$250	-\$375	-\$583
(plus) HO Insurance/Assoc. Fee for TH	-\$83	-\$128	-\$167	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$101	-\$155	-\$202	-\$121	-\$181	-\$282
Subtotal monthly costs	-\$1,815	-\$2,795	-\$3,630	-\$2,178	-\$3,217	-\$4,948
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$72,594	\$111,794	\$145,187	\$87,112	\$128,669	\$197,929
Pct. of ALL Cottage Grove HHDS who can afford ¹	86.8%	63.3%	38.2%	64.7%	45.8%	16.7%
No. of Cottage Grove HHDS who can afford ¹	10,936	7,974	4,818	9,252	6,552	2,385
Pct. of Cottage Grove owner HHDS who can afford ²	79.6%	59.7%	39.3%	91.5%	83.6%	66.4%
No. of Cottage Grove owner HHDS who can afford ²	10,029	7,519	4,956	11,526	10,537	8,362
No. of Cottage Grove owner HHDS who cannot afford ²	2,570	5,080	7,642	1,073	2,061	4,237
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$1,200	\$1,450	\$1,600	\$1,600	\$2,000	\$2,500
Annual Rent	\$14,400	\$17,400	\$19,200	\$19,200	\$24,000	\$30,000
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$48,000	\$58,000	\$64,000	\$64,000	\$80,000	\$100,000
Pct. of ALL Cottage Grove HHDS who can afford ¹	87.2%	79.0%	78.6%	78.6%	69.7%	58.9%
No. of Cottage Grove HHDS who can afford ¹	12,475	11,297	11,236	11,236	9,961	8,421
Pct. of Cottage Grove renter HHDS who can afford ²	72.6%	59.5%	58.8%	76.3%	47.1%	38.6%
No. of Cottage Grove renter HHDS who can afford ²	1,236	1,012	1,001	1,299	801	657
No. of Cottage Grove renter HHDS who cannot afford ²	466	690	701	403	901	1,045
¹ Based on 2022 household income for ALL households adjusted to 2024 by Maxfield Research.						
² Based on 2022 ACS household income by tenure adjusted to 2024 by Maxfield Research.						
Source: Maxfield Research & Consulting						

Introduction

Maxfield Research and Consulting was engaged to quantify the demand potential for housing development in Cottage Grove from 2025 to 2035. Earlier sections of this report examined growth trends and demographic characteristics of the household base, employment trends, housing characteristics, along current and pending housing options in the Cottage Grove PMA.

This section of the report quantifies demand for general occupancy ownership housing and rental housing (market rate and affordable) from 2025 to 2035, as well as senior housing demand in 2024 and 2030.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often "double-up" with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically, families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally, couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing

- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
- Generally, in their late 60's or 70's

6. *Older seniors*

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

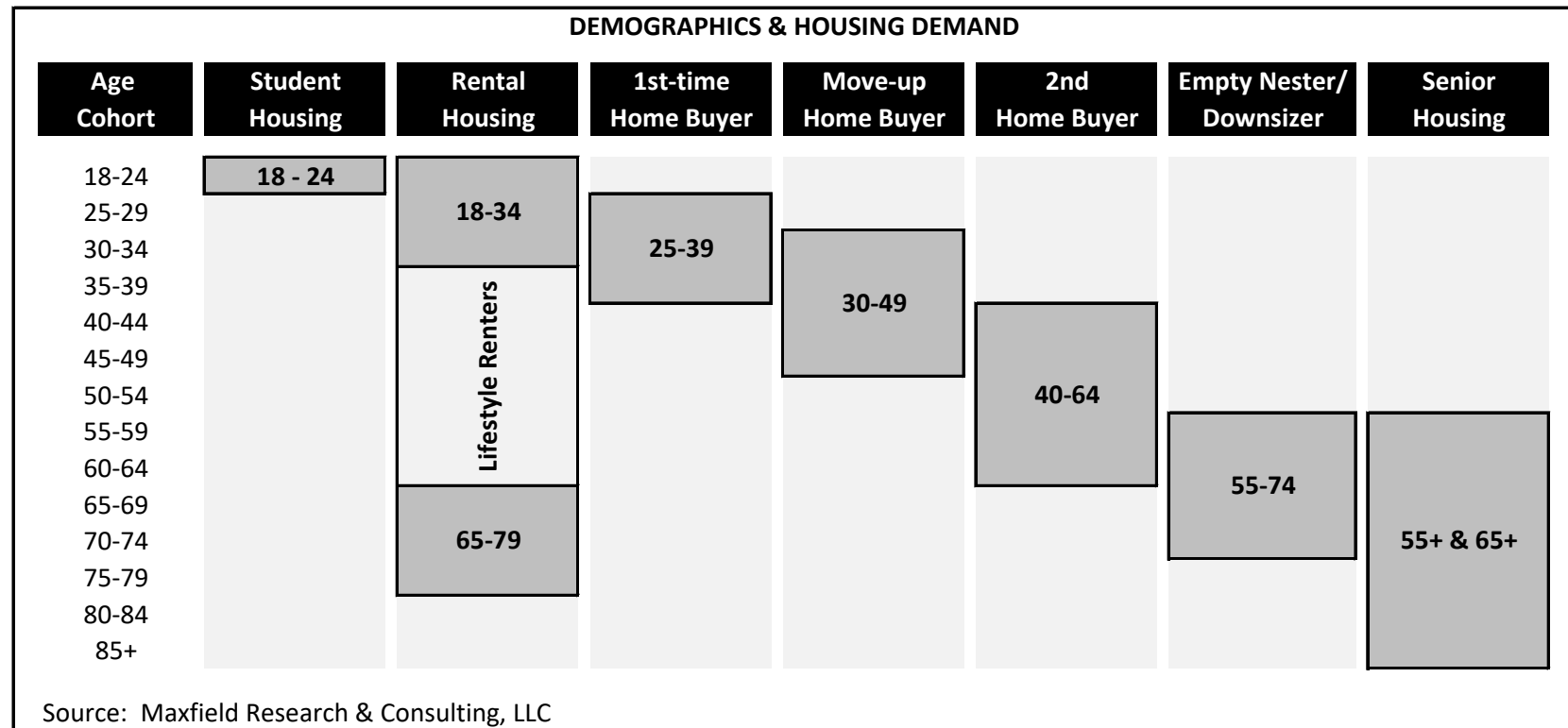
The previous sections of this assessment focused on demographic and economic factors driving demand for housing in Cottage Grove. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in the Cottage Grove.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following bullet points outline several of the key variables driving housing demand.

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

HOUSING DEMAND ANALYSIS



Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low-income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times, a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

Due to the rapid increase of mortgage rates this past year to combat inflation (3% to 7%, back down to 6.5%), affordability has been hit hard and fewer buyers can afford to purchase in 2024.

Mobility

Demand is somewhat fluid between Cottage Grove and the surrounding areas and will be impacted by development activity in nearby areas, including other communities outside of the community.

Demand Estimate for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the PMA and Cottage Grove between 2024 and 2030 while Table HD-2 presents demand calculations between 2030 and 2035.

The 75 and older cohort is typically not a target market for new single-family homes as many of these households will remain in their single-family homes or may relocate to owned multifamily or a senior housing option. Households age 65 to 74 are a target market for detached villas which are usually categorized as single-family detached homes. For the purpose of this calculation, we include households under age 75. Using household income by age of householder data, the PMA is expected to add 2,779 households under 75 between 2024 to 2030 and 1,439 households from 2030 to 2035. We estimate, based on land availability, development trends, building permits and consumer preferences, that 70% would choose to own their housing, resulting in an estimated 2,056 for-sale housing units from 2024 to 2030 and 1,007 units from 2030 to 2035.

Additional demand is also forecast from existing PMA households through turnover. There are an estimated 43,057 owner households in the PMA as of 2024. Based on mobility data from the Census Bureau, an estimated 58.6% of owner households will turn over in the next six years, resulting in 25,231 existing households projected to turn over. Finally, we estimate 15% of the existing owner households would seek new for-sale housing, resulting in demand for 3,785 for-sale units to 2030. Combined, demand from projected household growth and existing owner households equals 5,841 for sale units.

Next, we estimate that 25% of the total demand for new for-sale units in the PMA will come from people currently living outside of the Market Area. Adding demand from outside the area to the existing demand potential, results in a total estimated demand for 7,788 for-sale housing units to 2030.

Based on land availability, building trends, and demographic shifts (increasing older adult population), we estimate that 65% of the for-sale owners will prefer traditional single-family product types while the remaining 35% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums). This results in 5,452 single-family lots and 2,336 multi-family lots/units by 2030.

HOUSING DEMAND ANALYSIS

Next platted lots that are under construction or approved are subtracted from the total. After subtracting platted lots, there is demand remaining for 4,389 single-family lots and 1,976 multifamily lots/units to 2030 in the PMA. Demand in 2035 is projected for 3,254 single-family lots and 1,803 multifamily lots/units by 2035.

Of the 4,389 single-family lots and 1,976 multifamily lots in the PMA, we estimate that Cottage Grove can capture 30%, resulting in demand for 1,317 single-family and 593 owned multifamily lots. By 2035, demand in Cottage Grove is estimated at 1,139 single-family lots and 631 multifamily lots.

TABLE HD-1 FOR-SALE HOUSING DEMAND PRIMARY MARKET AREA 2024 to 2030			
Demand from Projected Household Growth			
Projected household growth under age 75 in the PMA 2024 to 2030 ¹			2,779
(times) % propensity to own ²	x		74.0%
(equals) Projected demand from new HH growth	=		2,056
Demand from Existing Owner Households			
Number of owner households under age 75 in the PMA, 2024 ³			43,057
(times) Estimated % of owner turnover age 74 and younger, 2024 to 2030)	x		58.6%
(equals) Total existing households projected to turnover between 2024 and 2030	=		25,231
(times) Estimated % desiring new owner housing	x		15.0%
(equals) Demand from existing households			3,785
(equals) Total demand from HH growth and existing HHs 2024 to 2030	=		5,841
(times) Ownership demand generated from outside the PMA			25.0%
(equals) Total demand potential for ownership housing, 2024 to 2030			7,788
		Single Family	Multi-family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	70.0%	30.0%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	5,452	2,336
(minus) Units marketing or approved platted lots (undeveloped and developed lots)	-	1,063	360
(equals) Excess demand for new general occupancy for-sale housing	=	4,389	1,976
(times) Percent of Market Area demand capturable by Cottage Grove	x	30.0%	30.0%
(equals) number of units supportable by Cottage Grove		1,317	593
¹ Estimated household growth of those under 75 based on 2022 American Community Survey, Five Year Estimates with adjustments by Maxfield Research and Consulting			
² Pct. of owner households under the age of 75 (ACS 2024).			
³ Based on household turnover and mobility data (2022 American Community Survey, Five Year Estimates).			
⁴ Based on new construction sales data, building permit data, and growing projections by age group.			
⁵ Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research and Consulting.			

HOUSING DEMAND ANALYSIS

TABLE HD-2 FOR-SALE HOUSING DEMAND PRIMARY MARKET AREA 2030 to 2035			
Demand from Projected Household Growth			
Projected household growth under age 75 in the PMA 2030 to 2035 ¹		1,439	
(times) % propensity to own ²	x	70.0%	
(equals) Projected demand from new HH growth	=	1,007	
Demand from Existing Owner Households			
Number of owner households under age 75 in the PMA, 2030 ³		43,085	
(times) Estimated % of owner turnover age 74 and younger, 2030 to 2035)	x	56.8%	
(equals) Total existing households projected to turnover between 2030 and 2035	=	24,472	
(times) Estimated % desiring new owner housing	x	15.0%	
(equals) Demand from existing households		3,671	
(equals) Total demand from HH growth and existing HHs 2030 to 2035	=	4,678	
(times) Demand from outside the Primary Market Area		25.0%	
(equals) Total demand potential for ownership housing, 2030 to 2035		6,238	
		Single Family	Multi-family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	65.0%	35.0%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	4,054	2,183
(minus) Units marketing or approved platted lots (undeveloped and developed lots) ⁶	-	800	380
(equals) Excess demand for new general occupancy for-sale housing	=	3,254	1,803
(times) Percent of Market Area demand capturable by Cottage Grove	x	35.0%	35.0%
(equals) number of units supportable by Cottage Grove		1,139	631
¹ Estimated household growth of those under 75 based on 2022 American Community Survey, Five Year Estimates with adjustments by Maxfield Research and Consulting			
² Pct. of owner households under the age of 75 with adjustments by Maxfield Research.			
³ Based on household turnover and mobility data (2022 American Community Survey, Five Year Estimates).			
⁴ Based on new construction sales data, building permit data, and growing projections by age group.			
⁵ Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research and Consulting			

Demand Estimate for General Occupancy Rental Housing

Table HD-3 presents our calculation of general-occupancy rental housing demand in Cottage Grove between 2025 and 2030 while Table HD-4 presents demand calculations between 2030 and 2035. The analysis identifies potential demand for rental housing that is generated from new households and turnover households. A portion of the demand will be drawn from existing households in Cottage Grove that want to upgrade their housing situations.

Although the 65 and older cohort is not typically a primary target market for new general occupancy rental housing, the rising cost of owned housing and senior options has encouraged more seniors to move into the general occupancy market before considering age-restricted options. As such, we include all age groups in the demand calculation. Based on land availability, development trends, building permits, and consumer preferences, we estimate a 25% propensity to rent resulting in projected demand for 456 rental units between 2024 and 2030.

Demand will also occur from existing renter households through turnover. As of 2024, there are an estimated 11,440 renter households in the Primary Market Area. Based on mobility data from the Census Bureau, an estimated 72.4% of renter households will turn over resulting in existing households projected to turn over. Finally, we estimate 25% of the existing renter households will seek new rental housing, resulting in demand for 2,071 rental units to 2030. Combined demand projected household growth and existing renter households equals 2,526 units.

Next, we estimate that 30% of the total demand for new rental units in Cottage Grove will come from people currently living outside of the Market Area. Adding demand from outside the City to the existing demand potential, results in a total estimated demand for 3,368 rental housing units to 2030.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that 15% of the total demand will be for subsidized housing (50% or less AMI), 25% will be for affordable housing (51% to 80% AMI) and 60% will be for market rate housing (80% AMI or above and non-income restricted).

Next, we subtract housing developments under construction or pending, since these projects will satisfy some of the calculated demand for general occupancy rental housing. There are currently 406 market rate units, 319 affordable units and 0 deep subsidy units either under construction or recently approved. These units are subtracted at 95% occupancy.

After subtracting pending units either under construction or recently approved results in demand for 505 subsidized units, 523 affordable units and 1,615 market rate units between 2024 and 2030. We estimate that Cottage Grove can capture 35% of the excess demand resulting in demand supportable of 177 subsidized units, 183 affordable units and 565 market rate units between 2024 and 2030. A similar calculation results in demand for 285 subsidized units, 285 affordable units and 855 market rate units from 2030 to 2035.

HOUSING DEMAND ANALYSIS

TABLE HD-3 RENTAL HOUSING DEMAND PRIMARY MARKET AREA 2024 to 2030			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Primary Market Area 2024 to 2030 ¹			1,822
(times) Estimated % to be renting their housing ²	x		25.0%
(equals) Projected demand from new HH growth	=		456
Demand from Existing Renter Households			
Number of renter households in the PMA, 2024 ³			11,440
(times) Estimated % of renter turnover between 2024 & 2030 ⁴	x		72.4%
(equals) Existing Renter Households Projected to Turnover, 2024 to 2030	=		8,283
(times) Estimated percent desiring new rental housing ⁵	x		25.0%
(equals) Demand from existing households			2,071
(equals) Total demand from HH growth and existing HHs 2024 to 2030	=		2,526
(times) Demand from outside Worthington Market Area			30.0%
(equals) Total demand potential for rental housing, 2024 to 2030			3,368
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁶	x	15.0%	25.0%
(equals) Total demand potential for general-occupancy rental housing units	=	505	842
(minus) Units under construction or pending ⁷	-	0	319
(equals) Excess demand for new general occupancy rental housing	=	505	523
(times) Percent of Market Area demand capturable by Cottage Grove	x	35.0%	35.0%
(equals) number of units supportable by Cottage Grove		177	183
¹ Projected household growth ² Renter Households in 2024 ³ Renter households age 64 and younger plus 20% of renter households age 65 and older. ⁴ Based on household turnover and mobility data (2018-2022 American Community Survey). ⁵ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council. ⁶ Based on a combination of current rental product, income limits, and household incomes of area renters. ⁷ Pending competitive units at 95% occupancy. Source: Maxfield Research and Consulting.			

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TABLE HD-4 RENTAL HOUSING DEMAND PRIMARY MARKET AREA 2030 to 2035			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Primary Market Area 2030 to 2035 ¹			1,496
(times) Estimated % to be renting their housing ²	x		25.0%
(equals) Projected demand from new HH growth	=		374
Demand from Existing Renter Households			
Number of renter households in the PMA, 2030 ³			13,684
(times) Estimated % of renter turnover between 2030 & 2035 ⁴	x		72.4%
(equals) Existing Renter Households Projected to Turnover, 2030 to 2035	=		9,907
(times) Estimated percent desiring new rental housing ⁵	x		25.0%
(equals) Demand from existing households			2,477
(equals) Total demand from HH growth and existing HHs 2030 to 2035	=		2,851
(times) Demand from outside Primary Market Area			30.0%
(equals) Total demand potential for rental housing, 2030 to 2035			4,073
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁶	x	20.0%	20.0%
(equals) Total demand potential for general-occupancy rental housing units	=	815	815
(minus) Units under construction or pending ⁷	-	0	0
(equals) Excess demand for new general occupancy rental housing	=	815	815
(times) Percent of Market Area demand capturable by Cottage Grove	x	35.0%	35.0%
(equals) number of units supportable by Cottage Grove		285	855
¹ Projected household growth			
² Renter Households in 2030			
³ Renter households age 64 and younger plus 20% of renter households age 65 and older.			
⁴ Based on household turnover and mobility data (2018-2022 American Community Survey).			
⁵ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council.			
⁶ Based on a combination of current rental product, income limits, and household incomes of area renters.			
⁷ Pending competitive units at 95% occupancy.			
Source: Maxfield Research and Consulting.			

Demand for Active Adult (55+) Housing

Table HD-5 presents our demand calculations for market rate active adult/few services housing in Cottage Grove for 2024 and 2030.

In order to determine demand for active adult housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as older adults 55 and older, although most of these properties will primarily attract households age 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$40,000 or more plus homeowner households with incomes between \$30,000 and \$39,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in Cottage Grove in 2023 to be 7,620 households.

Adjusting to include appropriate long-term capture rates for each age cohort (1.5% of households age 55 to 64, 7.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 1,374 active adult (55+) units in 2024.

Some additional demand will come from outside the PMA. We estimate that 25% of the demand will be generated by seniors currently residing outside the PMA. This demand will consist primarily of parents of adult children living in the PMA, individuals who live just outside Cottage Grove and have an orientation to the area, as well as former residents who desire to return. Demand increases to 1,832 units in 2024 after accounting for outside demand.

Next, demand is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in the PMA, we estimate that 45% of the PMA's demand will be for adult ownership housing (825 units) and 55% will be for rental housing (1,008 units).

Next, we subtract existing and pending competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 754 adult owned units and 1,004 active adult rental units.

Adjusting for inflation, we estimate that households with incomes of \$45,000 or more and homeowners with incomes of \$40,000 to \$44,999 would income qualify for market rate independent senior housing in 2030. Considering the growth in the older adult base and the income distribution of the older adult population in 2030, the methodology estimates demand for 805 adult owned units and 1,067 active adult rental units in the PMA. The demand is cumulative, meaning any additional units developed over the period would reduce the demand in 2030. Cottage Grove is estimated to be able to capture 25% of the demand in the PMA resulting in 188 owned units and 251 rental units in 2024. Demand for 2030 increases to 201 owned units and 267 rental units.

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TABLE HD-5 MARKET RATE ACTIVE ADULT HOUSING DEMAND PRIMARY MARKET AREA 2024 & 2030						
	2024			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	9,521	6,881	3,988	9,714	7,565	4,209
# of Households w/ Incomes of \$35,000 to \$39,999 ¹	+ 181	248	312	134	196	310
(times) Homeownership Rate	x 85.4%	90.4%	74.1%	x 85.4%	90.4%	74.1%
(equals) Total Potential Market Base	= 9,676	7,105	4,219	= 9,828	7,742	4,439
(times) Potential Capture Rate	x 1.5%	7.5%	16.5%	x 1.5%	7.5%	16.5%
(equals) Demand Potential	= 145	533	696	= 147	581	732
Potential Demand from Primary Market Area	= 1,374			= 1,460		
(plus) Demand from Outside PMA (25%)	+ 458			+ 487		
(equals) Total Demand Potential	= 1,832			= 1,947		
	Owner-Occupied	Renter-Occupied		Owner-Occupied	Renter-Occupied	
(times) % by Product Type	x 45%	x 55%		x 45%	x 55%	
(equals) Demand Potential by Product Type	= 825	= 1,008		= 876	= 1,071	
(minus) Existing and Pending MR Active Adult Units ²	- 71	- 4		- 71	- 4	
(equals) Excess Demand for MR Active Adult Units	= 754	= 1,004		= 805	= 1,067	
(times) Percent that could be captured in Cottage Grove	x 25%			x 25%		
(equals) Excess market rate AA demand in Cottage Grove	= 188	251		201	267	
¹ 2030 calculations define income-qualified households as all households with incomes greater than \$45,000 and homeowner households with incomes between \$40,000 and \$44,999. ² Existing and pending are deducted at market equilibrium (95% occupancy). Source: Maxfield Research and Consulting.						

Demand for Subsidized/Affordable Active Adult Housing

Table HD-6 presents our demand calculations for subsidized/affordable active adult (55+ or 62+) housing in Cottage Grove in 2023 and 2030.

In order to arrive at the potential age and income qualified base for low income and affordable housing, we include all older adult (55+) households with incomes less than \$40,000. We exclude 55+ homeowner households with incomes between \$35,000 and \$39,999, as these households are most likely to have additional equity that could be converted to monthly income following the sales of their single-family homes and they would no longer qualify for income-restricted housing. After applying homeownership rates of 85.4% for those 55 to 64, 90.4% for those 65 to 74 and 74.1% for those 75 and older demand totals 4,802 units.

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TABLE HD-6 SUBSIDIZED/AFFORDABLE ACTIVE ADULT HOUSING DEMAND PRIMARY MARKET AREA 2024 & 2030						
	2024			2030		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$40,000	1,297	1,486	2,481	1,028	1,472	2,823
Less Households w/ Incomes of \$35,000 to \$39,999 ¹	- 181	248	312	- 134	196	310
(times) Homeownership Rate	x 85.4%	90.4%	74.1%	x 85.4%	90.4%	74.1%
(equals) Total Potential Market Base	= 1,142	1,262	2,250	= 914	1,295	2,593
(times) Potential Capture Rate	x 5.0%	15.0%	30.0%	x 5.0%	15.0%	30.0%
(equals) Demand Potential	= 57	189	675	= 46	194	778
(equals) Potential Demand from Primary Market Area	= 921			1,018		
(plus) Demand from Outside PMA (40%)	+ 614			+ 679		
(equals) Total Demand Potential	= 1,536			= 1,696		
	Subsidized		Affordable	Subsidized		Affordable
(times) % by Product Type	x 35.0%		x 65.0%	x 35.0%		x 65.0%
(equals) Demand Potential by Product Type	= 537		= 998	= 594		= 1,103
(minus) Existing and Pending Aff Active Adult Units ²	- 128		- 578	- 128		- 578
(equals) Excess Demand for Aff/Sub Units	= 409		= 420	= 466		= 525
(times) Percent that could be captured in Cottage Grove	x	25.0%		x	25.0%	
(equals) Excess sub/aff independent demand in Cottage Grove	= 102	105		116	131	
¹ 2030 calculations define income-qualified households as all households with incomes less than \$47,500. Homeowner households with incomes between \$37,500 and \$47,499 are excluded from the market potential for financially-assisted housing. ² Existing units are deducted at market equilibrium, or 97% occupancy.						
Source: Maxfield Research and Consulting.						

Capture rates are applied to each age cohort, 5% for those 55 to 64, 15% for those 65 to 74 and 30% for those 75 years and older. Additional demand is added for those coming from outside the Primary Market Area at 40%, increasing demand to 1,536 units.

Next, demand is apportioned between deep subsidy and shallow subsidy affordable housing. We estimate that 65% of the PMA's demand will be for shallow subsidy active adult housing (998 units) and 35% will be for deep subsidy active adult housing (537 units).

Next, we subtract existing and pending competitive units from the overall demand. There are 578 existing/pending shallow subsidy units and 128 existing/pending deep subsidy units in the Market Area - minus a vacancy factor of 3% to allow for sufficient consumer choice and turnover). After subtracting these units, demand remains for 409 deep subsidy and 420 shallow subsidy age-restricted units in 2024. Demand capturable by Cottage Grove is estimated at 25% of the excess demand in the PMA as of 2024, which results in 116 deep-subsidy units and 131 shallow-subsidy units.

Demand for Independent Living Housing

Table HD-7 presents our demand calculations for independent living housing in Cottage Grove in 2024 and 2030.

TABLE HD-7 INDEPENDENT LIVING DEMAND PRIMARY MARKET AREA 2024 & 2030				
	2024		2030	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$40,000	6,881	3,988	7,565	4,209
(plus) HHs w/ Incomes of \$35,000 to \$39,999	248	312	196	310
(times) Homeownership Rate	x 90.4%	74.1%	x 90.4%	74.1%
(equals) Potential Market	= 224	231	= 177	230
(equals) Total Potential Market Base	= 7,105	4,219	= 7,742	4,439
(times) Potential Capture Rate of Independent Living Demand ¹	x 1.0%	16.5%	x 1.0%	16.5%
(equals) Potential Demand	= 71	696	= 77	732
Total Local Demand Potential	= 767		= 810	
(plus) Demand from Outside the PMA (25%)	+ 256		+ 270	
(equals) Total Demand Potential	= 1,023		= 1,080	
(minus) Existing & Pending Competitive Units ²	- 447		- 447	
(equals) Total Independent Living Demand Potential	576		633	
(times) Percent of PMA demand capturable in Cottage Grove	x 25.0%		x 25.0%	
(equals) number of units supportable in Cottage Grove	= 144		= 158	
¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).				
² Competitive existing and pending units at 95% occupancy (market equilibrium).				
Note: 2030 income-qualified equals HH's with incomes of \$45,000 or greater and owner households with incomes of \$40,000-\$44,999.				
Source: Maxfield Research and Consulting				

The potential age- and income-qualified base for independent living senior housing includes all senior (65+) households with incomes of \$40,000 or more as well as homeowner households with incomes between \$35,000 and \$39,999 who would qualify with the proceeds from the sales of their homes. The proportion of income-qualified homeowners is based on the estimated 2024 homeownership rates of PMA seniors. The number of age, income and asset-qualified households in the PMA is estimated to be 11,324 households in 2024.

Demand for independent living housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.0% of households age 65 to 74 and 16.5% of households age 75 and older) results in a local demand potential for 767 independent living units in 2024.

We estimate that seniors currently residing outside of the PMA will generate 25% of the demand. Together, the demand from PMA seniors and demand from seniors who are willing to locate to the PMA totals 1,023 independent living units in 2024. Next, we subtract existing/pending independent living units in the PMA leaving demand for 576 units.

Adjusting for inflation, we estimate that households with incomes of \$45,000 or more and senior homeowners with incomes between \$40,000 and \$44,999 would qualify for independent living housing in 2030. Following the same methodology, leaves demand at 633 units in 2030. We estimate that Cottage Grove can capture 25% of the excess demand identified in the PMA. This results in demand for 144 units in 2024 and 158 units in 2030.

Demand for Assisted Living Housing

Table HD-8 presents our demand calculations for assisted living senior housing in Cottage Grove in 2024 and 2030. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2018. Therefore, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2024, there are an estimated 10,080 seniors ages 75 and over in the Market Area. The number is projected to increase to 12,599 people by 2030.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the CDC and National Center for Health Statistics (Health, United States, 2018 Health and Aging Chartbook), 25.5% of 75-to-79-year-olds, 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds are unable to perform or need help with ADLs. Applying these percentages to the senior population yields a potential assisted living market of an estimated 3,462 seniors in the Market Area in 2024 and 4,386 seniors in 2030.

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TABLE HD-8 MARKET RATE ASSISTED LIVING DEMAND PRIMARY MARKET AREA 2024 & 2030						
Age group	2024			2030		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	4,725	25.5%	1,207	5,495	25.5%	1,403
80 - 84	2,835	33.6%	954	3,813	33.6%	1,283
85+	2,520	51.6%	1,301	3,291	51.6%	1,699
Total	10,080		3,462	12,599		4,386
(times) Percent Income-Qualified ²			x 56.8%			x 57.4%
Total potential market			1,966			2,517
(times) Percent living alone (2010 Census of 75+)			x 45.6%			x 45.6%
(equals) Age/income-qualified singles needing assistance			= 896			= 1,147
(plus) Proportion of demand from couples (12%) ³			+ 118			+ 150
(equals) Total age/income-qualified market needing assistance			= 1,013			= 1,297
(times) Potential penetration rate ⁴			x 40.0%			x 40.0%
(equals) Potential demand from PMA residents			= 405			= 519
(plus) Proportion from outside the PMA (25%)			+ 135			+ 173
(equals) Total potential assisted living demand			= 540			= 692
(minus) Existing market rate assisted living units ⁵			- 381			- 381
(equals) Total excess market rate assisted living demand			159			311
(times) Percent of Market Area demand capturable in Cottage Grove			25.0%			25.0%
(equals) Number of units supportable in Cottage Grove			= 40			= 78
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 2018 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics. ² Includes households with incomes of \$45,000 or more (\$50,000 in 2035) plus 40% of the estimated owner households with incomes below these levels who will spend down assets, including home-equity, in order to live in assisted living housing). ³ The 2018 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples. ⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. ⁵ Existing and pending units at 93% occupancy. We exclude 20.0% of units to account for seniors utilizing public subsidy.						
Source: Maxfield Research and Consulting.						

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the PMA is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the PMA. Households with incomes of \$45,000 could afford monthly assisted living fees of approximately \$2,667 by allocating a high proportion of their income toward the fees (about 80%).

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted

living and avoid institutional care. Thus, in addition to households with incomes of \$45,000 or greater, there is a substantial base of senior households with lower incomes who would income-qualify based on assets – their homes, in particular.

We estimate the income-qualified percentage to be all seniors in households with incomes at or above \$45,000 plus 40% of the estimated seniors in owner households with incomes below \$45,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 1,966 seniors from the Market Area in 2024.

Because most assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 65+ in the PMA living alone, or 45.6%, based on 2022 American Community Survey 5-year estimates data. This results in a total base of 896 age/income-qualified singles in 2024.

The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 1,023 age/income-qualified seniors needing assistance in the Market Area in 2024.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 405 assisted living units in 2024.

We estimate that a portion of demand for assisted living units in the PMA (25%) will come from outside the area. This secondary demand will include seniors currently living just outside the area, former residents, and parents of adult children who desire supportive housing near their adult children. Applying this figure increases the total potential demand to 540 assisted living units in 2024.

Next, existing/pending assisted living units at a 93% occupancy rate are subtracted from overall demand. An additional 20% of units are subtracted from existing and pending assisted living units to account for units occupied by Elderly Waiver residents. After subtracting 20% for EW units and the 93% occupancy rate, a total of 381 units are deducted as competitive giving a total excess demand of 159 assisted living units in 2024 and increasing to 311 units in 2030.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and most limit the number of waivers accepted within the community to no more than 15% to 20%. Some small facilities may accept higher amounts of residents on waivers and some new facilities will not accept waivers from first-time residents.

We estimate that Cottage Grove can capture 25% of the excess demand in the PMA for assisted living resulting in 40 units in 2024, increasing to 78 units by 2030.

Demand for Memory Care Housing

Table HD-9 presents our demand calculations for market rate memory care senior housing in Cottage Grove in 2024 and 2030.

Demand is calculated by starting with the estimated Market Area senior (age 65+) population in 2024 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. According to the Alzheimer's Association (Alzheimer's Disease Facts and Figures, 2021), 5.0% of seniors ages 65 to 74 years, 13.1% of seniors ages 75 to 84, and 33.0% of seniors ages 85+ are afflicted with Alzheimer's Disease. This yields a potential market of 2,598 seniors in the Primary Market Area in 2024.

According to data from the National Institute of Aging, about 20% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of 520 seniors in the PMA.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,000 or more. A portion of the seniors in the Market Area will have high incomes that they can use to cover the costs of private pay memory care housing (\$60,000+), but many other seniors (or family member of seniors) will be willing to spend down assets and/or would receive financial assistance to afford memory care housing. Based on our review of senior household incomes in the Market Area, homeownership rates, and home sale data, we estimate that 60.1% of all seniors in the Market Area have incomes and/or assets to sufficiently cover the costs for memory care housing in 2024. This figure accounts for married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the potential market by 60.1% results in a total of 312 income-qualified seniors with Alzheimer's or dementia in the Market Area in 2024. By 2030, the proportion of income-qualified seniors is project to increase to 67.8%.

We estimate that 25% of the overall demand for memory care housing would come from outside of Cottage Grove. As a result, demand increases by 104 units in 2024 to 416 units.

We reduce the demand potential by accounting for the existing/pending memory care product in the PMA. There are 372 units; however, we reduce the competitive units to include memory care units at a 7% vacancy rate and a portion of units occupied by residents utilizing Elderly Waiver. Subtracting these competitive units results in demand for 139 units as of 2024. Potential demand for market rate memory care units in the PMA is expected to increase to 287 units by 2030.

HOUSING DEMAND ANALYSIS

We estimate that Cottage Grove can capture 25% of the excess demand for memory care in the PMA, resulting in demand for 35 units in 2024, increasing to 72 units by 2030.

TABLE HD-9 MEMORY CARE DEMAND PRIMARY MARKET AREA 2024 & 2030		
	2024	2030
65 to 74 Population	14,203	16,272
(times) Dementia Incidence Rate ¹	x 5.0%	x 5.0%
(equals) Estimated Senior Pop. with Dementia	= 710	= 814
75 to 84 Population	7,404	9,308
(times) Dementia Incidence Rate ¹	x 13.1%	x 13.1%
(equals) Estimated Senior Pop. with Dementia	= 970	= 1,219
85+ Population	2,774	3,291
(times) Dementia Incidence Rate ¹	x 33.1%	x 33.1%
(equals) Estimated Senior Pop. with Dementia	= 918	= 1,089
(equals) Total Population with Dementia	2,598	3,122
(times) Percent Needing Specialized Memory Care Assistance	x 20.0%	x 20.0%
(equals) Total Need for Dementia Care	= 520	= 624
(times) Percent Income/Asset-Qualified ²	x 60.1%	x 67.8%
(equals) Total Income-Qualified Market Base in the PMA	= 312	= 423
(plus) Demand from Outside the Study Area (25%)	+ 104	+ 141
Total Demand for Memory Care Units	416	564
(minus) Existing and Pending Memory Care Units ³	- 277	- 277
(equals) Excess Demand Potential	= 139	= 287
(times) Percent of Market Area demand capturable in Cottage Grove	x 25.0%	x 25.0%
(equals) Number of Units Supportable in Cottage Grove	35	72
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2021)		
² Includes seniors with incomes at \$60,000 or above (\$65,000 in 2030) plus 25% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing).		
³ Existing and pending units at 93% occupancy. We exclude 20% of units to account for seniors utilizing public subsidy.		
Source: Maxfield Research and Consulting		

Introduction/Overall Housing Recommendations

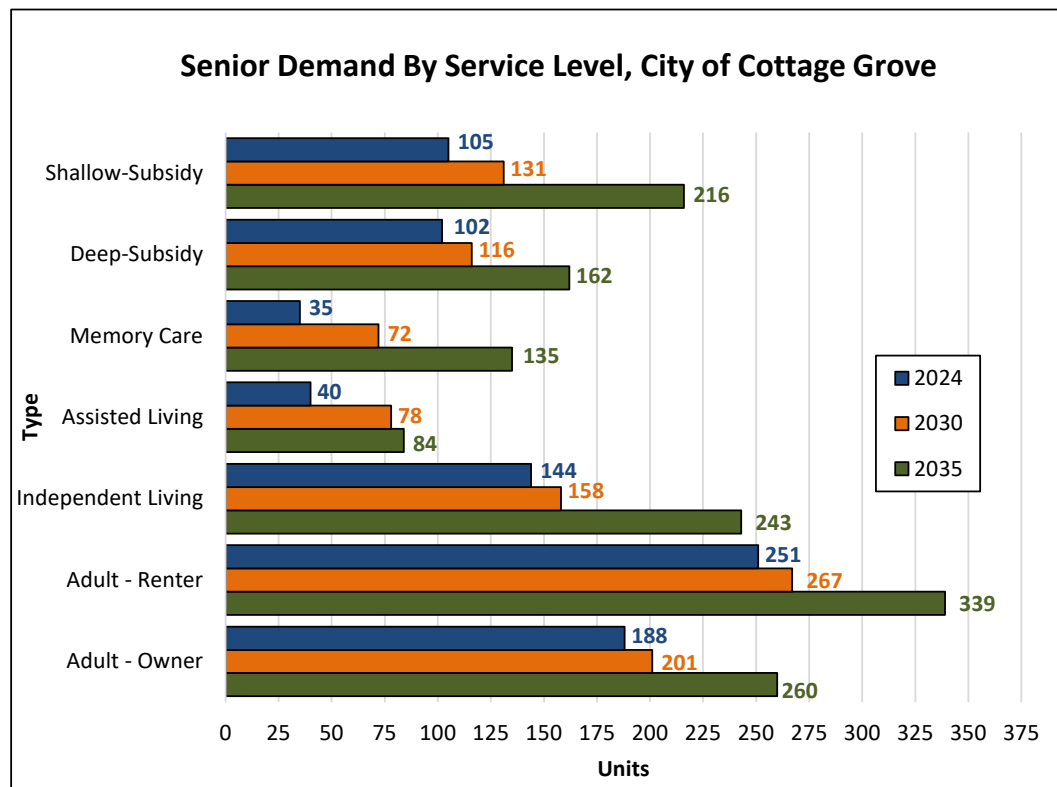
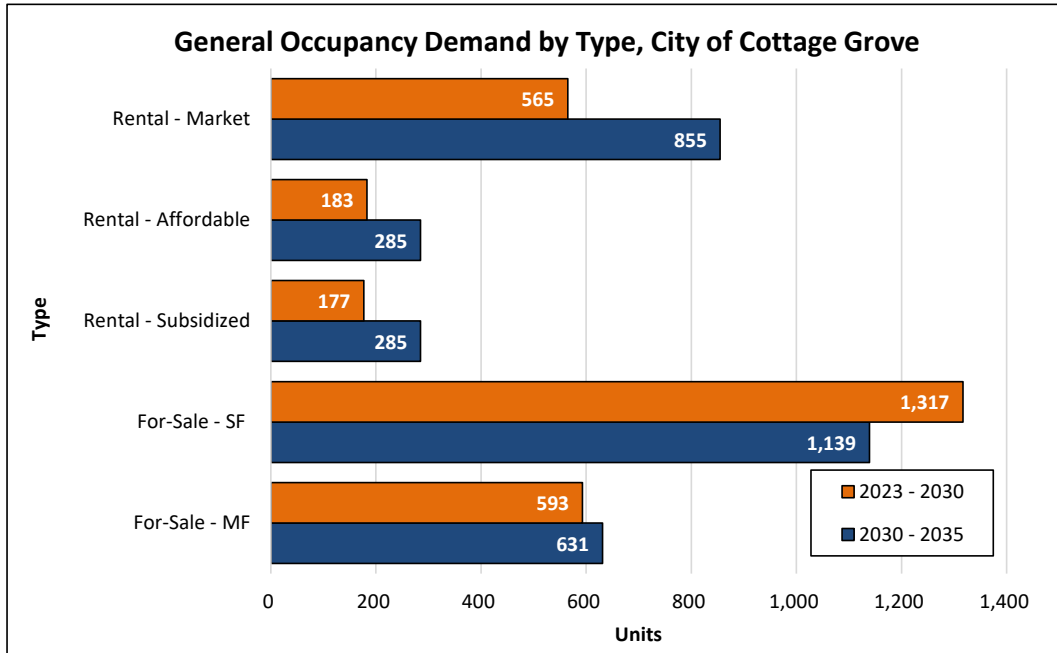
This section summarizes demand calculated for specific housing products in Cottage Grove and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Market Analysis*. Please note: Demand subtracts housing projects under construction and projects with approvals (see Table P-1). The following table and charts illustrate calculated demand by product type.

TABLE CR-1 HOUSING DEMAND SUMMARY CITY OF COTTAGE GROVE 2024			
General Occupancy Housing Demand			
	2024-2030	2030-2035	
For-Sale Units (After vacant lot supply absorbed)	1,910	1,770	
Detached Single-Family*	1,317	1,139	
Other Owned General Occupancy Units**	593	631	
General Occupancy Rental Units	933	1,425	
Market Rate	570	855	
Shallow-Subsidy^	185	285	
Deep-Subsidy^	178	285	
Total General Occupancy Housing Units	2,843	3,195	
Senior Demand			
	2024	2030	2035
Market Rate Active Adult	439	468	599
Owner-Occupied	188	201	260
Renter-Occupied	251	267	339
Affordable Active Adult	207	247	378
Deep-Subsidy^	102	116	162
Shallow-Subsidy^	105	131	216
Service-Enhanced Senior Housing	219	308	462
Independent Living w/ Services	144	158	243
Assisted Living	40	78	84
Memory Care	35	72	135
Total Senior Housing Units	865	1,023	1,439
* After single family lots have been absorbed.			
** Attached single-family (i.e. townhomes, twin homes), condominiums, etc.			
^Shallow-subsidy = affordable to households at 50% to 60% AMI			
^Deep-subsidy = affordable to households at 50% AMI or less			
Source: Maxfield Research and Consulting			

Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the Cottage Grove. These proposed concepts are intended to function as a development guide to meet the housing needs of

RECOMMENDATIONS AND CONCLUSIONS

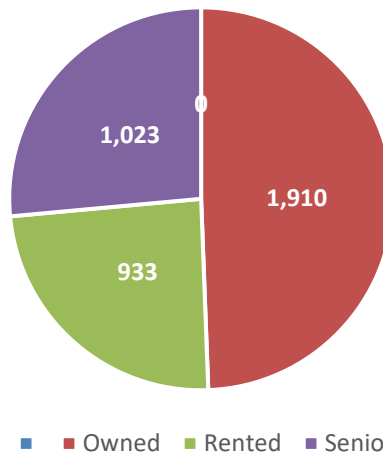
existing and future households most effectively in the City. The charts following Table CR-2 identify demand as compared against targeted development, which may not match demand due to other market factors such as pent-up demand, development costs, labor market dynamics (senior housing), etc.



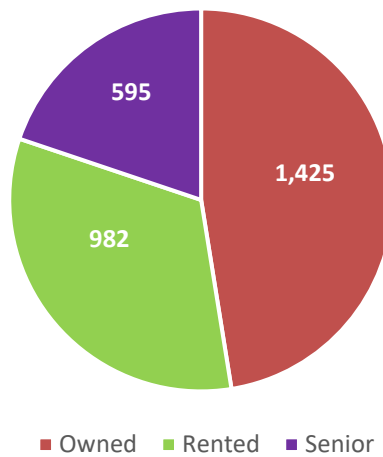
RECOMMENDATIONS AND CONCLUSIONS

TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT COTTAGE GROVE 2024 TO 2030				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owned Homes				
Single Family ²				
	Entry-level	\$300,000 - \$350,000	300 - 400	2025+
	Move-up	\$450,000 - \$699,999	400 - 500	2025+
	Executive	\$700,000+	100 - 150	2025+
	Total		800 - 1,050	
Townhomes/Twinhomes/Villas ²				
	Attached Townhomes-Entry-level	\$250,000 - \$325,000	200 - 200	2025+
	Attached Townhomes-Move-Up	\$400,000 - \$500,000	100 - 200	2025+
	Twinhomes / Detached Townhomes/Villas	\$500,000+	100 - 200	2025+
	Total		400 - 600	
Total MF Style For-Sale			400 - 600	
Total Owned			1,200 - 1,650	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$1,050/Eff - \$2,300/3BR	300 - 350	2025+
	Apartment-style (luxury)	\$1,500/1BR - \$2,600/3BR	300 - 400	2026+
	Rental Townhomes	\$2,500/2BR - \$2,800/3BR	60 - 80	2025+
	Total		660 - 830	
Affordable Rental Housing				
	Apartment-style	Moderate Income ³	120 - 130	2025+
	Townhomes	Moderate Income ³	50 - 60	2025+
	Subsidized	30% of Income ⁴	50 - 65	2025+
	Total		220 - 255	
Total Renter-Occupied			880 - 1,085	
Senior Housing (i.e. Age Restricted)				
	Active Adult Ownership / Co-op ⁴	\$200,000+	80 - 120	2025+
	Active Adult Market Rate Rental ⁵	\$1,600/1BR - \$2,300/2BR	80 - 100	2025+
	Active Adult Affordable Rental ⁵	Moderate Income ³	125 - 150	2027+
	Independent Living	\$2,400+ per month	100 - 125	2025+
	Assisted Living	\$3,000/EFF - \$5,000/2BR	40 - 45	2027+
	Memory Care	\$5,000/EFF - \$6,000/2BR	30 - 35	2027+
	Subsidized Senior	30% of Income ⁴	70 - 90	2025+
	Total		525 - 665	
Total - All Units			2,605 - 3,400	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability.				
³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Metro Area (Twin Cities) Income limits.				
⁴ Subsized housing will be difficult to develop financially				
⁵ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community				
Note - Recommended development does not coincide with total demand. Cottage Grove may not be able to accommodate all recommended housing types based on land availability and development constraints.				
Source: Maxfield Research and Consulting				

Cottage Grove Hsg. Demand - '24 to '30



Cottage Grove Target Development To 2030



Recommended Housing Product Types

For-Sale Housing

Single-Family Housing

Table HD-1 identified demand for 1,317 single-family homes in Cottage Grove to 2030. Another 1,139 single-family units are supportable from 2030 to 2035.

Most of the housing stock in Cottage Grove is newer and housing units built in the 2000s and 2010s are primarily at a price range targeted to move-up and executive buyers. Entry-level homes, which are currently classified as homes priced under \$350,000 are primarily satisfied by existing single-family homes as residents of these homes move into newer housing, such as move-up single-family homes, rental housing and senior housing. A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually, the move is desired because of a lifestyle change, such as a new job or a growing family. Based on our interviews with real estate professionals, new construction move-up homes are generally priced at \$430,000 or higher. Existing move-up homes are priced at \$385,000 or higher. The challenge in today's market is that many existing owners in affordable or even more recently built move-up homes are not relocating and are staying put because of higher mortgage interest rates. This has severely curtailed the availability of existing homes in the market that could be occupied by entry-level buyers. As such, serving this market segment has become one of the most challenging objectives in the Twin Cities and across the nation.

The new construction market in Cottage Grove has been active as an average of 266 new single-family homes and 78 new owned multifamily homes have been constructed annually. Demand in Table HD-1 is modestly higher than historical construction trends, signaling continued pent-up demand for new owned homes.

Much of the new single-family construction in Cottage Grove and the surrounding cities has targeted move-up and executive buyers (pricing \$430,000+). High land and infrastructure costs as well as increasing construction, material and labor costs have resulted in escalating home prices. Despite this, our research and housing experience identifies demand for a variety of price points of new single-family homes.

There is significant demand for new single-family homes priced under \$400,000. This would however, require additional efforts to bring units at this price point to the market including smaller lot sizes, alternative construction formats, creative design/layouts and lower infrastructure costs.

In the short-term, new construction starts will be dampened given persistent higher mortgage rates and continued high costs for land and infrastructure. The upcoming change in Federal government administration and potential changes to Federal policies may result in persistent higher mortgage interest rates for longer than previously anticipated. Therefore, new construction may be constrained to a greater degree until interest rates decrease further.

For-Sale Multifamily Housing

A growing number of households desire and/or are considering owned multifamily products such as townhomes, twinhomes and detached villas. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes, although a growing number of singles and couples without children are also looking for this product as a way to enter the for-sale market. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Our analysis of the Cottage Grove for-sale housing stock identified townhomes, twinhomes and some detached villas (although this is a new product in the community). There are older units as well as new construction. Demand remains strong for all lower-maintenance products. Given the aging of the population and the growth rate in the 65+ population, Cottage Grove would benefit from continuing to increase this component of the housing stock. Based on the changing demographics and the need for alternative housing types, demand was calculated for 970 new multifamily for-sale units in Cottage Grove to 2030. Like single-family, it will be difficult to achieve this level of development given land acquisition costs and the lack of new condominium construction in the marketplace.

These attached units could be developed as twinhomes, detached townhomes or villas, cottages, townhomes/row homes, condominiums, or any combination. Because the primary target market for many low maintenance housing products is empty-nesters and young seniors, most townhomes should be one-level or at least have an owner's suite on the main level if a unit is two-stories. The following provides additional detail into attached and detached low maintenance concepts.

- *Twinhomes*— By definition, a twinhome is basically two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

RECOMMENDATIONS AND CONCLUSIONS

Traditionally most twinhome developments have been designed with the garage being the prominent feature of the home; however, today's newer twinhomes have much more architectural detail. Many higher end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of these aging Cottage Grove residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the near future.

Twinhomes are also a preferred for-sale product by builders as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. We recommend a broad range of pricing for twinhomes; pricing however, should start at around \$480,000 per side.

Many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. The twinhomes should be association-maintained with 40'- to 50'-wide lots on average. Given lot acreage needed, this product will be challenging to develop in Cottage Grove.

- *Detached Townhomes/Villas* – An alternative to the twinhome is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main level living areas between 1,600 and 1,800 square feet. The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing should start at \$550,000 and will fluctuate based on custom finishes, upgrades, etc.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families, and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

New attached housing products have taken off since the pandemic as builders try to alleviate high prices through increased density. Side-by-side concepts targeting entry-level buyers should have base prices around \$375,000 and range to about \$450,000.

- **Cottage-style Quad Homes** – Prior to 2010, several companies in the Twin Cities were developing attached single-level homes that had at least two attached walls. The units include a single- or double-car attached garage. This product was very popular and some of the developments were age-restricted (55+), while others were not. Pricing was moderate, higher than an attached townhomes, but less than a twinhome. In many situations, these units sold more rapidly than the traditional attached townhomes or rowhomes. This style of development is found both in for-sale and rental formats and both remain very popular, with resales and in the turnover of rental units. Cottages of Cottage Grove is an example of a rental format. While that product is affordable, the for-sale developments of this type were market rate. We would suggest that pricing be similar to attached townhome product as listed in the previous paragraph. Unit sizes were somewhat smaller than the attached townhome product beginning at about 1,300 square feet and extending to 1,500 square feet although sizes can be adjusted accordingly with the targeted pricing.

Demand is strong for multifamily for-sale in Cottage Grove for 593 units between 2024 and 2030 and another 631 units from 2030 to 2035. We recommend development with pricing ranging from \$350,000 to \$450,000 or slightly higher if unit sizes exceed 1,500 square feet. This product is intended to focus on the middle market.

General Occupancy Multifamily Rental Housing

Table R-2 identifies an overall vacancy rate of 2.7% among stabilized market rate rental units and 0.3% among affordable rental units. These vacancy rates are well below the equilibrium rate for rental housing (5% vacancy) indicating continued pent-up demand. Maxfield Research found demand for 925 units of rental housing to 2030 (565 market rate, 183 affordable and 177 subsidized units). From 2030 to 2035, demand is identified for 1,425 units.

- *Market Rate Rental* – Cottage Grove has lagged Woodbury in the development of new rental housing and developers have continued to target Woodbury for large scale market rate and affordable rental properties. Woodbury's market area includes demand from east St. Paul, Lake Elmo, Oakdale and the southern portion of Maplewood in addition to competing with Cottage Grove. Cottage Grove has less competition in the surrounding communities, except for Woodbury. Despite the addition of new supply, the overall vacancy rate including properties in lease-up is only 5.7%, just slightly above the equilibrium rate. There are additional units in the pipeline, with 443 market rate units approved in Cottage Grove. These were accounted for in the demand calculation.

Given the elevated construction in the short-term, vacancy rates are expected to increase somewhat as new supply is delivered. New developments will likely offer concessions to new tenants to accelerate the lease-up period as units open. Despite demand, the high costs of developing multifamily are likely to result in some local assistance to be able to bring new supply to the market.

Demand is expected to remain strong through this decade and the next and new product is still absorbing well, despite a modest slackening in the market. Would-be buyers wanted to move into the for-sale market have had to remain in the rental arena for longer periods, supporting rental demand. With new units coming into the market in the short-term, we recommend holding on placing more units into the market until mid-decade (2027 and later). We anticipate that Cottage Grove will continue to increase in popularity for new market rate rental units.

- *Market Rate General Occupancy Rental Townhomes*– In addition to traditional multifamily structures, demand exists for larger townhome units for families – including those new to Cottage Grove who want to rent until they find a home for purchase. A portion of the overall market rate demand may be developed as a traditional townhome and/or townhome-style development (this is already occurring in Woodbury). Estimated rent levels for this type of product should range from \$2,600 for two-bedroom units to \$3,200 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage. Because of high land acquisition costs, these would be denser rowhome style apartments and more vertically integrated.
- *Affordable and Subsidized Rental Housing*– Subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, bond funding, etc.) from governmental agencies to make the rent affordable to low-to-moderate income households. Demand is identified at 177 subsidized units from 2024 to 2030 and 183 affordable units over the same period. This product almost always requires some type of additional private or public assistance to make units financially feasible. There is moderate demand for subsidized and affordable rental housing. Therefore, formats could range from townhome-style to apartment-style units.

Senior Housing

As illustrated in Table CR-1, demand exists for all types of senior housing product types in Cottage Grove to 2030. Over the course of this decade, there is demand for 1,023 new age-restricted and senior units by 2030. Additional senior housing is recommended to provide housing opportunity to aging residents in their stages of later life. The development of additional active adult and service-enriched senior housing serves a two-fold purpose: older adult and senior residents can relocate to new age-restricted housing in Cottage Grove and existing homes and rental units previously occupied by seniors become available to other new households. Therefore, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed in the following section.

- Active Adult Senior Cooperative – There is one senior age-restricted for-sale development in the Primary Market Area – *Applewood Point of Woodbury* (73) and no units available for sale. Maxfield Research projects demand for 188 active adult ownership units as of 2024, increasing to 2030. Construction of a new stand-alone cooperative facility would satisfy most adult ownership demand this decade.

Maxfield Research recommends a cooperative development with a mix of one-bedroom plus den, two- and three-bedroom units with share costs beginning at starting around \$200,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research has found the cooperative model to be very well-accepted in rural communities across the Midwest.

- Active Adult Rental - There is one active adult rental community in Cottage Grove, Cottages of Cottage Grove, a mixed income property with only four market rate units and 55 affordable units. We estimate demand for market rate active adult rental units in Cottage Grove at 251 as of 2024, increasing to 267 by 2030. Many seniors who would consider an active adult product are presently residing in their single-family homes or in general occupancy rental properties. Development of this product could be in separate stand-alone facilities or in a mixed-income facility.

Although we find strong demand for this product type; since this product is not need-driven and development costs are expected to be high in the short-term; this product may be best if developed after inflationary pressures subside and mortgage interest rates decrease further. We recommend a product with base rents from primarily from \$1,600 to \$2,500.

RECOMMENDATIONS AND CONCLUSIONS

Because of the hot real estate market since the pandemic, seniors who would sell their homes today will receive top dollar and can capitalize on the strong housing market and reallocate funds to maintenance-free housing products.

- *Affordable and Subsidized Rental* – Demand for affordable senior housing in Cottage Grove by 2030 is estimated at 131 units while demand for subsidized housing is 116 units. Affordable senior housing products can also be incorporated into a mixed income building, which may increase the affordable units' feasibility. Most current programs are funded through the LIHTC program or through special bond funding. Financing subsidized senior housing is difficult as federal funds have been shrinking. A new subsidized development would likely rely on numerous funding sources; from low-income tax credits (LIHTC), state bond funding, tax-exempt bonds, Section 202 program, etc. among others.
- *Independent Living* – There are six existing independent living properties in the PMA with 471 units. Maxfield Research found demand for 158 units by 2030, as seniors age and need more services. In the short-term, there are very few vacancies in this product type. New units could be introduced to the market as early as 2025, although planning is such that the earliest there could be new supply in this segment is likely late 2026.
- *Assisted Living and Memory Care Senior Housing* – Based on demand calculations, demand is estimated for 78 assisted living and 72 memory care units in Cottage Grove by 2030. The COVID pandemic severely impacted service-based senior housing and assisted living occupancies are still recovering from the downturn in 2020. As such, we recommend waiting on new serviced-based senior housing until 2026 or later. Senior housing vacancies across the Twin Cities are still elevated and likely need at least another one to-two years to reach stabilization.

Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order – sorted alphabetically).

- **Accessory Dwelling Units (“ADU”):** Accessory dwelling units (“ADUs”) go by several different names such as: In-law suites, garage apartments, backyard cottages, granny flats, guest houses, etc. An ADU is simply a small, stand-alone residential dwelling unit located on the same property as a detached single-family home. However, in some cases an ADU could include an addition on an existing home, apartment over a garage, or be located within an attic or basement within the home. Legally, however, an ADU is still a part of the original parcel’s PID number and title is with the property owner. The most common reason for building an ADU is generating rental income for the homeowner or housing a family member (often for free).

Because of increased density on the property and smaller sized units, ADUs have the potential to increase housing affordability and create a wider range of housing options. Many communities that permit ADUs in their zoning code limit the number of accessory structures to just one; however, some cities have recently revised their zoning code to allow up to two accessory structures. Some communities monitor ADU construction by limiting new construction to only owner-occupied housing units (main structure is owned), minimum lot size, setbacks, and number of occupants or bedrooms in the accessory structure.

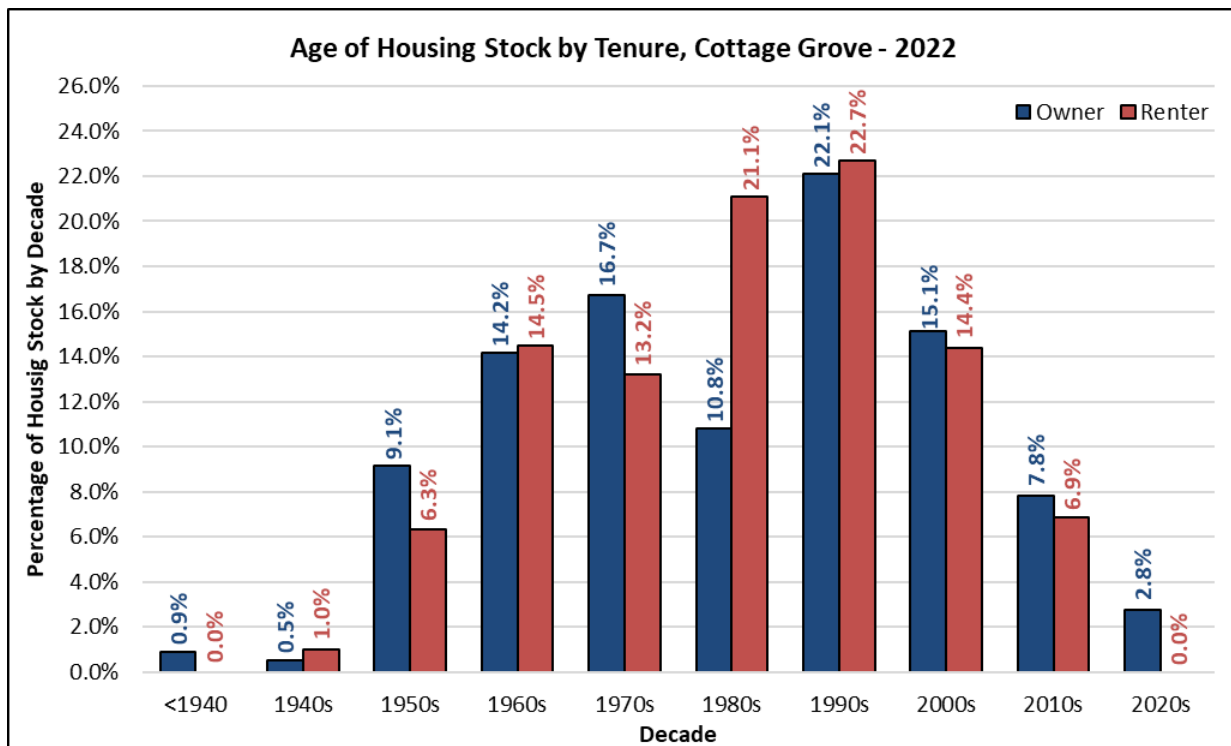
Maxfield Research recommends that local planning departments review their existing zoning code and if not already permitted, revise zoning codes to ensure ADUs can be a permitted use. Demand for ADUs has increased significantly since the COVID-19 pandemic as homeowners sought to move family members together in a multi-generational environment. Also, many homeowners will design the ADU as a multifunctional space as a home office and living space away from the main home. Finally, ADUs offer another solution for meeting rental housing demand and/or short-term housing needs.

- **Affordable Housing/Naturally Occurring Affordable Housing.** Table HA-1 identified Twin Cities Median Incomes (“AMI”) and the fair market rents by bedroom type (i.e. \$1,327/one-bedroom unit). The average market rate rent for a one-bedroom unit in the PMA is \$1,418/month and the average rent per square foot for a one-bedroom unit is \$2.01. The influx of new market rate rentals in the Primary Market Area has driven up the average cost of a one-bedroom unit that is higher than fair market rents. At 60% AMI, the maximum gross rent for a one-bedroom is \$1,398. According to the market rate rental inventory for Cottage Grove for larger properties, 3% of the market rate units and 100% of the affordable/subsidized units in Cottage Grove are affordable at the 60% AMI level.

RECOMMENDATIONS AND CONCLUSIONS

Because of the higher proportion of new rental product and higher rent structures at new market rental buildings in Cottage Grove and the PMA, the minimum income needed to afford new rental units is significantly higher than older existing rentals in Cottage Grove. New rental housing development targets “lifestyle renters” or those with higher incomes who have enough money to buy a house but choose to rent for the convenience and lifestyle. Many of these renters may be cost burdened, but they choose so for the location or amenities and the option to live adjacent to transit and lose car ownership expenses.

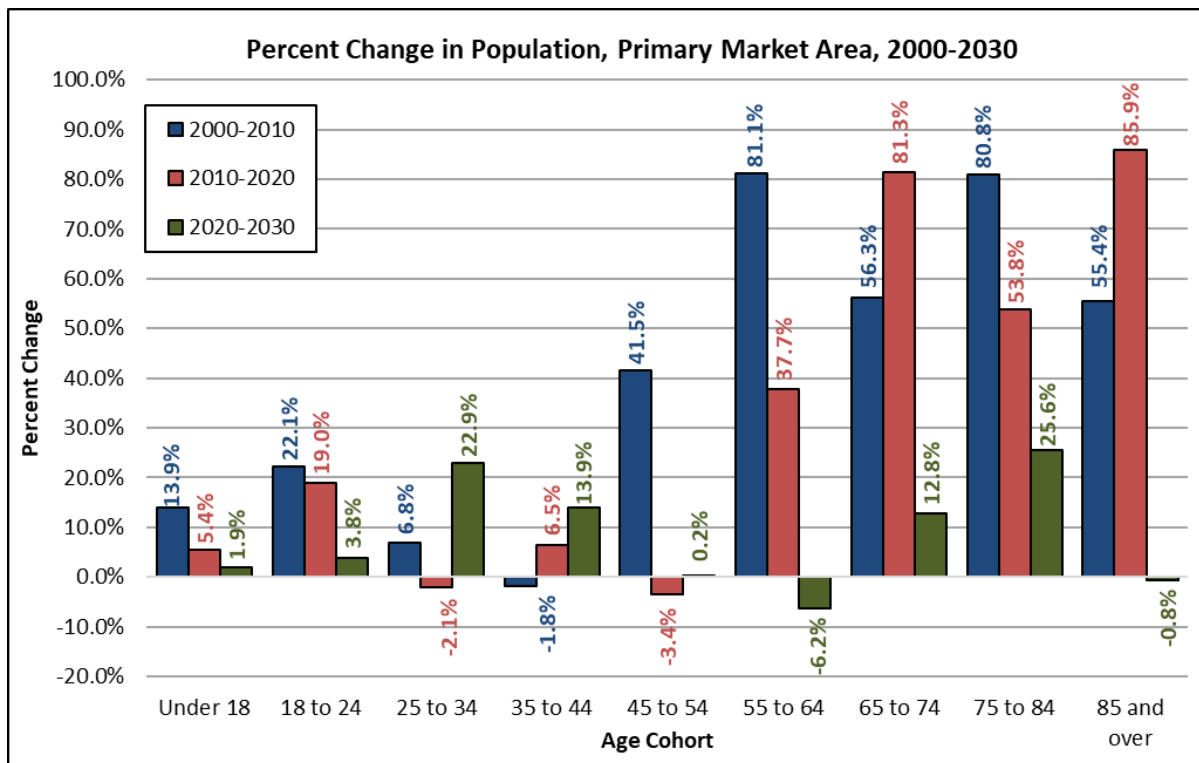
Age of Existing Housing Stock. As illustrated in the *Housing Characteristics* Section of the report (Table HC-3), most single-family homes in Cottage Grove were built after 1990. Much of the single-family housing stock in Cottage Grove is comprised of split-level homes, characteristics of the 1980s and 1990s on larger lots. Although there is a rental housing boom underway over the past decade, there is limited new rental housing in Cottage Grove.



Given Cottage Grove’s location and age of housing stock, demand for new construction housing across the board will continue to increase. Today’s home buyers, especially those buyers with children, are demanding larger home sizes and modern amenities.

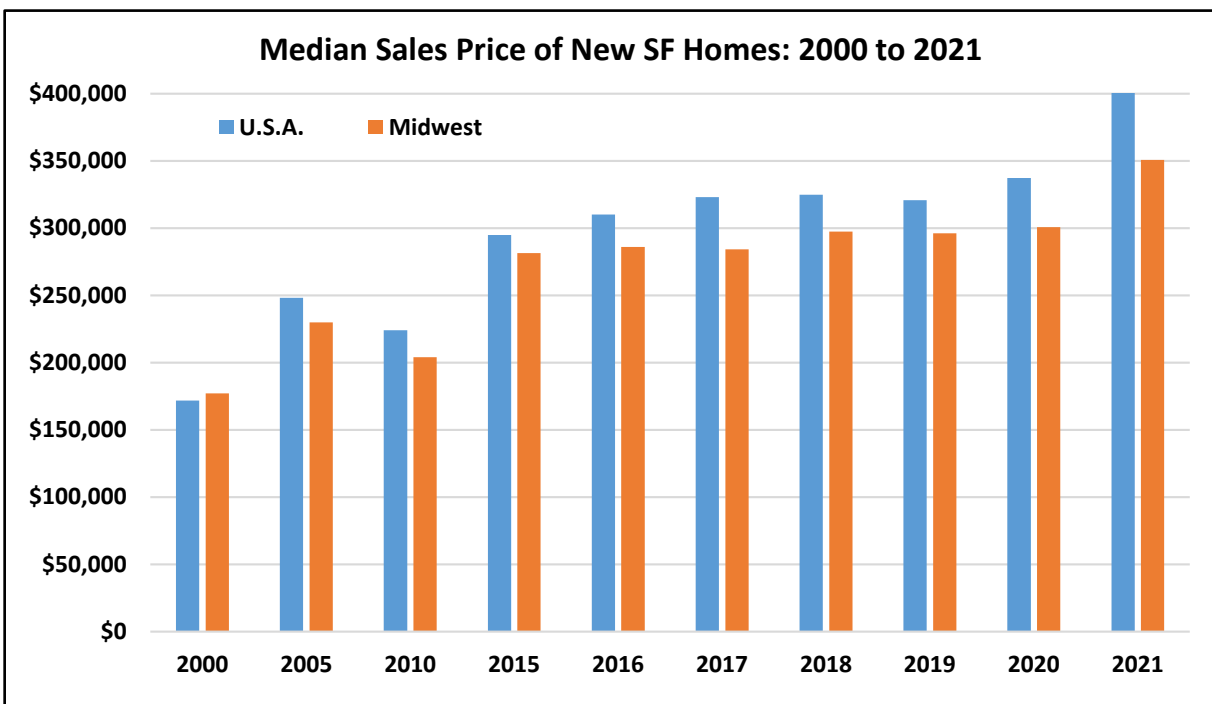
RECOMMENDATIONS AND CONCLUSIONS

- **Aging Population.** As illustrated in Table D-2, there is growth in the senior population, especially among ages 75 to 84 (82% growth between 2010 and 2020). Table D-7 shows high homeownership rates among seniors 65+. Cottage Grove seniors homeownership rates are higher than Washington County and the Twin Cities Metro Area. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.



RECOMMENDATIONS AND CONCLUSIONS

Construction & Development Costs. The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all markets across the U.S., as seen in the chart below. New construction pricing peaked between 2005 and 2007 before falling during the Recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before rebounding beginning in 2012. Since the Great Recession, however, it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. New construction pricing is at an all-time high coming out of the pandemic due to strong demand and supply and labor constraints for builders that are driving up housing costs. As interest rates continue to decline, a certain level of affordability will increase, but the challenge will continue to be supplying sufficient housing for the entry-level buyer.



Despite the pandemic over the past three years, the local real estate market has performed above expectations and strong demand remains for housing. Demand for housing in Cottage Grove remains strong and supply remains very low. The pandemic has shifted buyer preferences to a degree as buyers overall have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more home and are more likely now to be able to reside further from their place of employment.

On the rental side, social distancing initially had an impact on common corridor apartment buildings as all communal areas were shut down and tenants could not utilize amenities. Since the pandemic, the demand for smaller unit sizes has waned as renters desire larger spaces as they work from home, utilize for fitness, etc. With telecommuting and work from home being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. These trends and preferences have continued, albeit lessened somewhat as the pandemic has waned.

- **Housing Programs.** Cottage Grove offers some programs to promote and preserve the existing housing stock. Compared to other housing authorities and cities throughout the Metro Area and Minnesota, Cottage Grove offers fewer programs than many other communities of similar size. Some of the key programs that are offered or promoted through the City or through 3rd party referrals in Cottage Grove include:
- **Job Growth/Employment.** The Covid-19 pandemic created a number of new challenges for businesses, workers, and government. As depicted earlier, the unemployment rate in Cottage Grove has historically been under 4.0% before shortly rising to 5.7% during the peak shutdowns in spring 2020. These unprecedented challenges had an economic ripple effect across the country as thousands of Americans found themselves out of work with increases in unemployment. However, Cottage Grove employers weathered the pandemic much better than most of the country as the unemployment rate has stayed low and the area brought back lost jobs from the initial shutdowns earlier in 2020.

The Cottage Grove unemployment rate declined to a low of 2.2% in 2022 and although the labor force expanded, employment did not expand at the same or higher rate resulting in an increase in the unemployment rate. Although a low unemployment rate is generally considered positive news, an extremely low unemployment rate can be challenging for employers looking to add additional staff. Although additional job creation supports the need for housing, a lack of housing and especially, affordable housing, places pressure on attracting and retaining workers.

- **Lifestyle Renters.** Historically, householders rented because they could not afford to buy or did not have the credit to qualify for a mortgage. Today that is no longer the case, and many householders are renting by choice. High-income renters represent the fastest growing market segment of the rental market today; having grown 48% over the past decade. Demand is being driven by the Millennials, would-be buyers on the side-line, and empty nesters. As a result, rental housing is one of the preferred real estate asset classes today across country. Lifestyle renters are attracted to developments offering excellent finishing quality, extensive common area facilities, and typically focus on an environment providing a more social experience. Most of the new market rate rental construction in the PMA targets the lifestyle renter.

- **Modular Housing.** Modular housing, often referred to as manufacture or pre-fabricated housing, is the construction of housing units in a controlled factory-like setting or on a manufacturers site or lumber yard. Modular housing is gaining steam from developers and investors to combat high construction costs, labor shortages and speed-up the construction timeline. The biggest advantage modular housing provides is shaving months of holding costs off the consumer's bottom line. Originally modular housing was mostly single-family oriented; however, developers are now constructing entire apartment buildings, hotels, senior living, man camps and college dorms. Historically the biggest challenge of modular housing is transportation, shipping costs and "perception." Modular housing has significantly increased in quality and in architectural design. Many buildings and units are constructed on concrete foundations and/or include basements. The industry continues to battle a stigma of older mobile homes and the appraisal community continually mis-appraises modular homes due to biases or lack of education on the product. Locally, there is a new manufacturer in Owatonna and future modular plants are in the works along the Interstate 94 corridor and potentially in North Minneapolis. Maxfield Research believes there is considerable opportunity in the modular construction sector that can be utilized in Cottage Grove, providing a win-win scenario by providing housing production and passing cost savings along to consumers.

If not already, we recommend Cottage Grove revise zoning codes to allow for this type of housing if it is not permitted. Design standards however should be enforced to ensure compatibility with existing neighborhoods.

- **Single-Family Rental Housing Demand.** Table HC-4 showed that 26% of the rental housing inventory in Cottage Grove in 2022 was single-family detached units. Another 7.4% of units were within an attached structure such a townhome or twinhome. Nationwide, it is estimate that 25 million of the 43 million rental households in the United States (58%) reside in single-family rentals, townhomes, duplexes, triplexes and quads. Single-family units, townhomes and condos make-up about 34% of all rental units in the country, 27% in Minnesota, and 21% in the Twin Cities Metro Area. Compared to the Twin Cities and Minnesota averages, Cottage Grove has a higher proportion of single-family and townhome rentals than the Twin Cities Metro and Minnesota.

A recent study by Freddie Mac identified the market share of single-family rentals ("SFR") by ownership type across the country. The study found that 88% of SFR are owned by investors with between 1 and 10 homes. Institutional investors make-up only 1% of the market share today; even though they are they have the financial backing and are able to acquire larger portfolios.

Demand is strong for SFR by providing renter lifestyle choice and the ability to reside in a detached unit without having to obtain the funds for a down payment on a mortgage. Especially today with mortgage rates that have doubled in the past year there is even stronger demand for single-family rentals. Many SF renters may consider purchasing; however, the rising costs of real estate and the down payment requirements hinder some renters from

making the leap to homeownership. The COVID-19 pandemic increased demand for SFR as renters desire more square footage, green space/yards, separate entrances, and more privacy than traditional multifamily structures.

Single-family rental communities have been one of the hottest real estate products to come out of the pandemic over the past few years. Although the Twin Cities is behind the rest of the country, there are several developments that have recently been completed, including two in Woodbury. We recommend considering purpose-built single-family or a townhome rental community in Cottage Grove.

APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – Housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers, and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts, and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size, and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Independent living with services available – Independent living properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors 75 and older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure, and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households, and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- **Gross Density** – The number of dwelling units per acre based on the gross site acreage.
Gross Density = Total residential units/total development area
- **Net Density** - The number of dwelling units per acre located on the site, but excludes public right-of-way (ROW) such as streets, alleys, easements, open spaces, etc.
Net Density = Total residential units/total residential land area (excluding ROWs)

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons 62 years or older, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities, and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Minneapolis-St Paul-Bloomington, MN-WI HUD FMR Area – 2024

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$722	\$811	\$1,065	\$1,300	\$1,418

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Minneapolis-St Paul-Bloomington, MN-WI HUD FMR Area -2024 are as follows:

Gross Rent
Minneapolis-St Paul-Bloomington, MN-WI HUD FMR Area – 2024

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$423	\$484	\$544	\$605	\$654
50% of median	\$706	\$807	\$907	\$1,008	\$1,090
60% of median	\$847	\$969	\$1,089	\$1,210	\$1,308
80% of median	\$1,130	\$1,292	\$1,452	\$1,614	\$1,744
100% of median	\$1,412	\$1,615	\$1,815	\$2,017	\$2,180
120% of median	\$1,695	\$1,938	\$2,178	\$2,421	\$2,616

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new household's formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income limits – Maximum household's income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program.

Income Limits
Minneapolis-St Paul-Bloomington, MN-WI HUD FMR Area – 2024

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$26,100	\$29,820	\$33,540	\$37,260	\$40,260	\$43,230	\$46,230	\$49,200
50% of median	\$43,500	\$49,700	\$55,900	\$62,100	\$67,100	\$72,050	\$77,050	\$82,000
60% of median	\$52,200	\$59,640	\$67,080	\$74,520	\$80,520	\$86,460	\$92,460	\$98,400
80% of median	\$69,600	\$79,520	\$89,440	\$99,360	\$107,360	\$115,280	\$123,280	\$131,200
100% of median	\$87,000	\$99,400	\$111,800	\$124,200	\$134,200	\$144,100	\$154,100	\$164,000
120% of median	\$104,400	\$119,280	\$134,160	\$149,040	\$161,040	\$172,920	\$184,920	\$196,800

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The

program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features, and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are extremely low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation, or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people 55 and older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Independent Living, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical, or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low-income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment’s contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.



To: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

From: Zac Dockter, Parks and Recreation Director
Ryan Burfeind, Public Works Director
Emily Schmitz, Community Development Director

Date: January 15, 2025

Subject: East Ravine Master Plan – Park and Ravine Parkway

Introduction

As Cottage Grove development continues east, evaluation of future park area and Ravine Parkway construction requires evaluation ahead of proposed development. With a portion of the Tank property under contract for development and additional landowners potentially interested in selling for development on the east side of Keats Avenue, staff has identified the immediate need to evaluate dollars needed for acquisition of planned park areas aligning with the Park Master Plan as well as a plan for construction of Ravine Parkway as part of development. These topics are focused on land east of Keats Avenue, South of 70th Street, and north of 85th Street.

Parks and Trails

Park Master Plan

The East Ravine Parks and Trails Master Plan was originally adopted by City Council and the Parks, Recreation and Natural Resources Commission in 2021. It was later updated in 2023. The current Master Plan has been attached with this report. It calls for inclusion of the following recreational elements:

- One Community Park
- Three Neighborhood Parks
- Extensive Trail Network Throughout Development

The Community Park is estimated at 139 total acres. This would include active and passive recreational areas along with nearly 74 acres of Vandenberg Lake and natural space. The City is anticipating the South Washington Watershed District to pursue acquisition of the 74 acres of lake and natural space as part of their Groundwater Protection Plan. The remaining 65 acres of the park would need to be acquired by the City utilizing land dedication requirements and/or cash. Additionally, construction of the park as planned is estimated at \$10M.

The three neighborhood parks are each estimated at 5 acres in size but may include additional open space as development occurs. Additional open spaces near neighborhood parks often include ponds, railway corridors or undevelopable spaces and are acquired with little to no resources necessary from the City. Construction cost of each neighborhood park is estimated at \$700,000 which includes moderate site grading, utilities, a picnic shelter, sport court, playground, trails and landscaping.

The above outlined parks and trails were outlined in the East Ravine Master Plan as well as contemplated within the East Ravine AUAR. As development continues to be on the horizon, what do we need to do to implement these plans.

Master Plan Cost Summary

Staff has estimated total acreage and park improvement construction costs and compared those against anticipated park dedication land and revenue ordinance requirements.

The below summarizes the land and cost needs for Cottage Grove's development of the East Ravine area as follows:

Park Land Analysis

Planned Municipal Park Land Acreage:	77.5 acres
Park Land Acquired Through Development:	43.71 acres
Remaining Park Land To Be Acquired:	33.79 acres
Value of Park Land To Be Acquired (\$85k/acre):	\$3,934,650

Park Construction Analysis

Planned Municipal Park Construction Costs:	\$12,100,000
Park Dedication Revenues:	\$3,904,000
Dollars Needed:	\$8,196,000

Total Value of Land and Construction Costs: \$12,130,650

Land Acquisition and Park Construction Options

It will be necessary to determine the funding mechanism for these cost:

1. Add an additional amount to the annual property tax levy. An additional \$500,000 on the 2026 property tax levy would have an impact of \$17 on the median home.
2. Bond for these costs in the future when the costs occur. Abatement bonds would need to be issued for these types of costs which is similar to what was done for the Glacial Valley Park building. For a bond issuance of \$3M at 15 years, approximately \$260,000 would be added to the property tax levy.

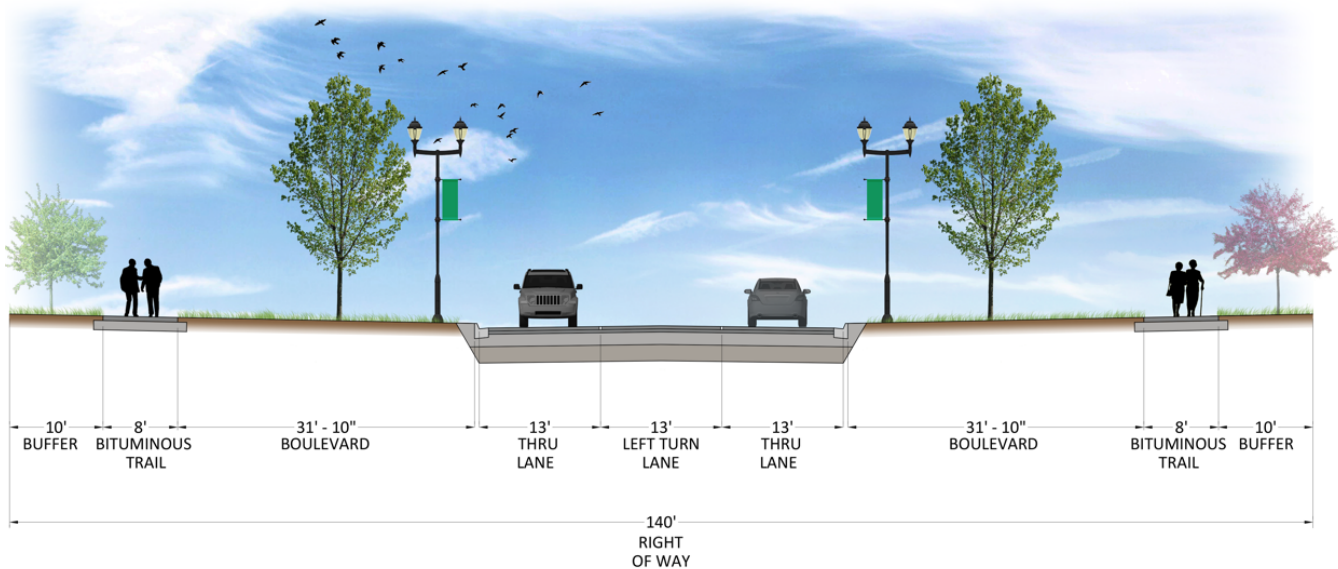
Ravine Parkway

Ravine Parkway Design

In 2018, Ravine Parkway was constructed from Jamaica Avenue to Keats Avenue. This section of the parkway was the "focal point" of the corridor, with a landscaped median running the entire length. The enhanced landscaping in this section was consistent with the East Ravine Master plan, which acknowledged the unique characteristics of that area, including the large watershed open spaces. The majority of Ravine Parkway was not planned to have a continuous median, rather it would have landscaped medians as it approached major roadways. This can be seen as it approaches Keats Avenue by the Washington County Service Center, where a median is carried for approximately 500 feet, with large monumentation at the intersection.

The East Ravine Master Plan called for a similar characteristic through the Tank property. This corridor would still include a large 140' right-of-way, allowing for large boulevard areas, and a buffer between

the trail and private property. Both the boulevard and buffer areas would include trees, which add to the “parkway” feel. Finally, landscaped medians would be included as the parkway approached 70th Street and 80th Street. The primary reason for the focusing the medians at the major road intersections, along with the focal point from Jamaica Ave to Keats Ave, was a practical one. The landscaped medians that run from Jamaica to Keats come with a significant cost, which is borne by the City and not a developer. Below is a street cross section that is included in the East Ravine Master Plan, for the section of roadway from that runs from City Hall and continuing across the Tank and Goebel properties.



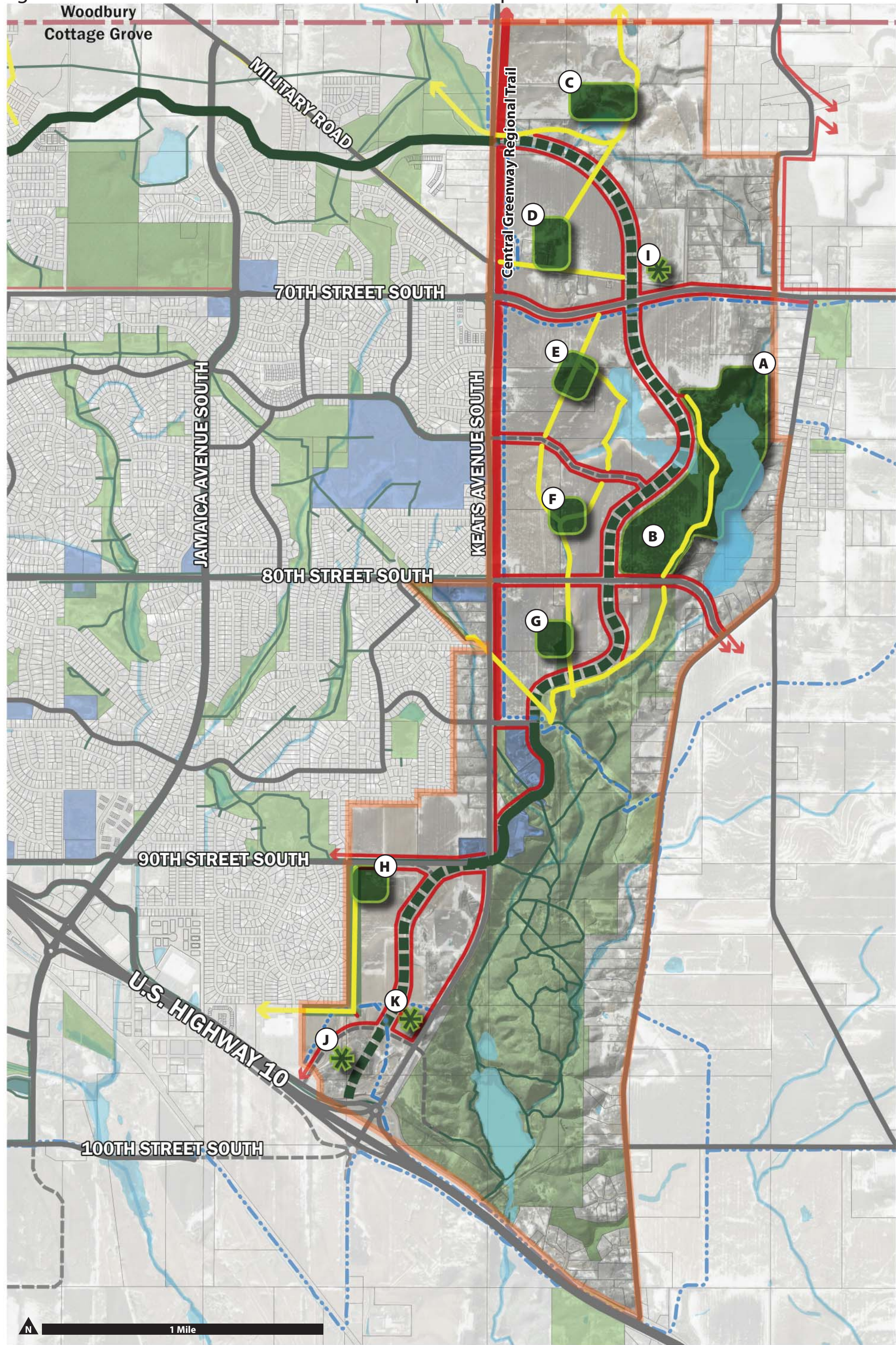
Ravine Parkway Feasibility Report

Similar to the sections of roadway built in 2018 and 2019, it will be necessary to follow the Chapter 429 assessment process for the section of Ravine Parkway on the east side of Keats Avenue. Ravine Parkway will serve as the primary collector roadway for all of these neighborhoods, so it will need to be funded as such. To ensure all benefiting properties share in the funding, a feasibility study will need to be completed that will determine assessments on a per acre basis. This will allow assessment amounts to be determined for the existing properties, which would be deferred until the time of sale for development. This means that the current land use can continue, and the assessments are deferred with no interest until development occurs. This same deferred assessment process was used for Ravine Parkway in 2018 and 2019, along with Hadley Avenue in 2016 and 2021. To ensure the City is prepared for development of the Thank property, it is recommended that a feasibility report be authorized and completed in 2025. Authorization of this feasibility report would be brought to the City Council for at a meeting in February.

Staff Recommendation

Receive East Ravine Master Plan Park and Trail Master Plan analysis and Ravine Parkway analysis and provide guidance for future financial and development planning.

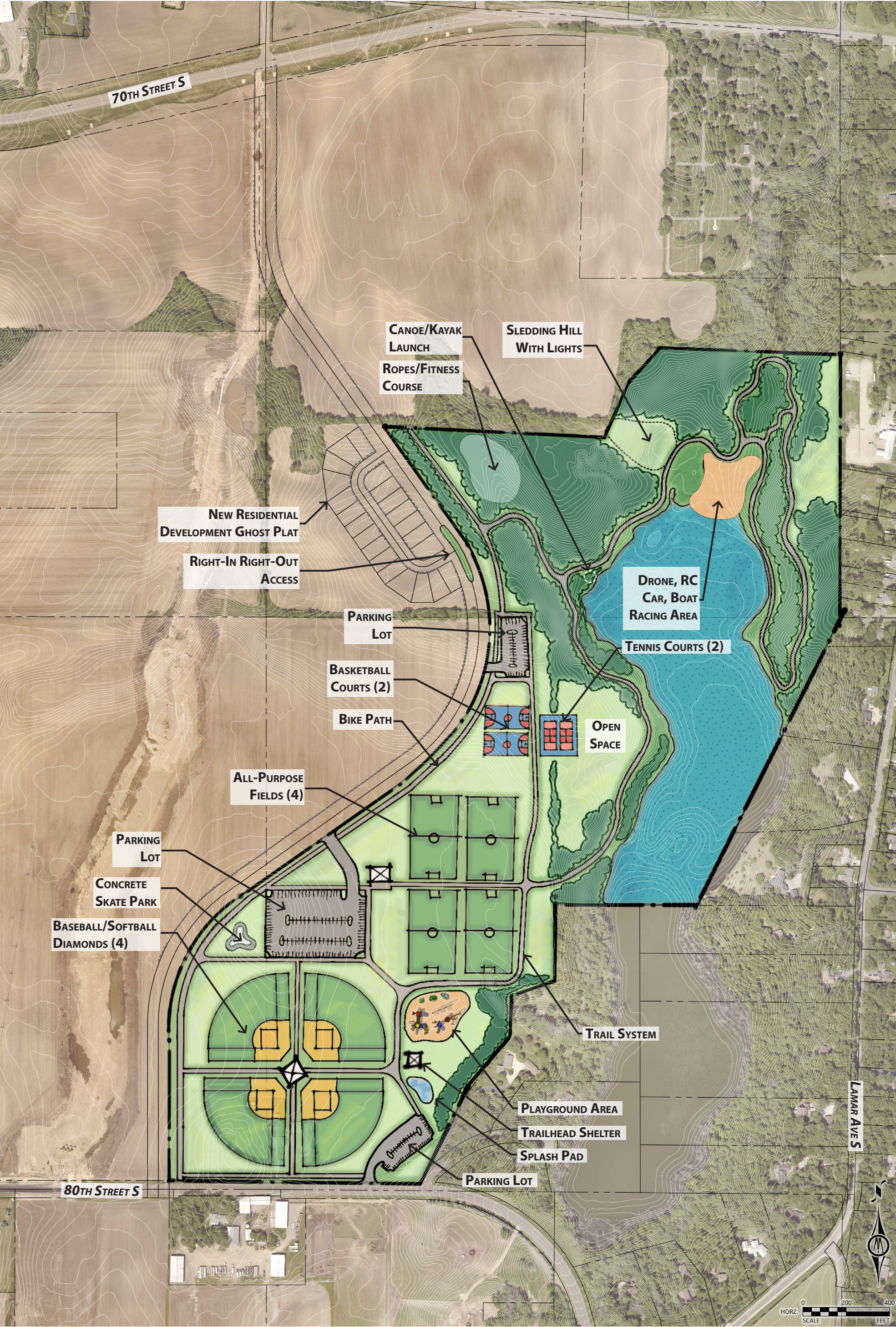
Figure 2: Planned Park and Trail Locations - Updated April 2023

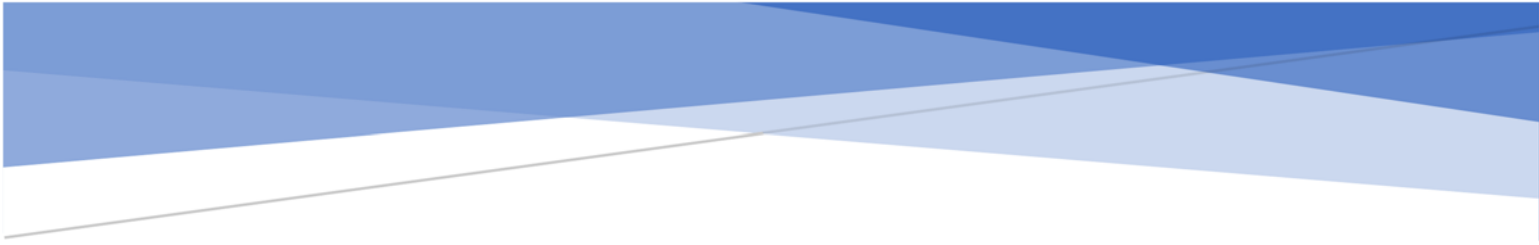


Legend:

- | | | | |
|------------------------|----------------|---------------------------------|--------------------------|
| Cottage Grove Boundary | Existing Roads | Generalized Park Locations | Enhanced Trail Corridors |
| Study Area | Future Parkway | Generalized Mini Park Locations | Road Corridor Trails |
| | Future Roads | | Snowmobile Trails |

TANK			
Guided Community Park Acres	77.5		
Guided Neighborhood Park "A" Acres	2.5	Utility Fund for water tower service for land purchase	
Guided Neighborhood Park "B" Acres	5		
Guided Neighborhood Park "C" Acres	5		
TOTAL Park Acres	90		
Total Gross Acres Tank Property	455.31		
Net acres (-4%)	437.09		
Total 10% park dedication acres	43.71	acres city would receive via park dedication	
Park Acres for City to Purchase	46.29		
	\$ 3,934,650.00	cost for remaining park land purchase	
BRIER			
Guided Park Acres	0		
Total Gross Acres Brier Property	20.01		
Park Acres for City to Purchase	0		
Park dedication Cash			
Medium Density - 20 acres			
15 units per acre - \$3,600 per unit	\$ 1,036,800.00		
GEIS			
Guided Park Acres	74		
Total Gross Acres Geis Property	160		
Net acres (-4%)	153.6		
Total 10% park dedication acres	15.36		
Park Acres for City to Purchase	58.64		
	\$ 4,984,400.00	watershed to purchase	
GOEBEL (Parcel 1)			
Guided Neighborhood Park Acres	2.5		
Total Gross Acres Goebel Property	59.15		
Net acres (-4%)	56.78		
Total 10% park dedication acres	5.678		
Park Acres for City to Purchase	0		
Park dedication Cash			
28 acres High Density			
30 units per acre. \$2200 per unit	\$ 1,848,000.00	potential park dedication cash received for Goebel parcel development	
28 acres mixed use/commercial			
\$8400 per acre	\$ 235,200.00	potential park dedication cash received for Goebel parcel development	
TOTAL	\$ 2,083,200.00		
BISCO			
Guided Park Acres (Wash County)	29	In Wash Co Park plan	
Total Gross Acres Bisco Property	69.06		
Park Acres for City to Purchase	0		
Park dedication Cash			
Low Density - 40 acres			
4 units per acre - \$4,900 per unit	\$ 784,000.00	potential park dedication cash received for Bisco parcel development	
PARK CONSTRUCTION COST			
Neighborhood Park A	\$ 700,000.00		
Neighborhood Park B	\$ 700,000.00		
Neighborhood Park C	\$ 700,000.00		
Community Park D	\$ 10,000,000.00		
	\$ 12,100,000.00		
TOTAL CONSTRUCTION COST	\$ 12,100,000.00		
TOTAL LAND PURCHASE	\$ 3,934,650.00		
TOTAL	\$ 16,034,650.00		
TOTAL PARK DEDICATION CASH	\$ 3,904,000.00		
REMAINING AFTER DEDICATION CASH	\$ 12,130,650.00		





COTTAGE GROVE EAST RAVINE GROWTH AREA PARK MASTER PLAN

City of Cottage Grove – April 2021 – Updated April 2023

Consultant:

Hoisington Koegler Group Inc.

Planners | Landscape Architects | Urban Designers

612-338-0800

Overview:

The City of Cottage Grove is continuing to see strong growth and one of the reasons people choose to move to and stay in the community is its' recreation offerings. As the City develops, it is important to have a plan in place for expanding the park and trail system to meet the needs of new residents. Cottage Grove has benefited from previous efforts to implement plans to guide public and private investments involving parks and open space. This plan serves that purpose as Cottage Grove prepares for growth east of Keats Avenue.

The City is in the process of building out Ravine Parkway, which will be the organizing feature in creating neighborhoods and setting the character of the area.

The East Ravine Parks and Trails Master Plan anticipates a need for the following recreational opportunities:

- A community park along Ravine Parkway with natural resources and athletics fields
- Six neighborhood parks
- Three smaller mini-parks to serve smaller neighborhoods
- Trails for recreational and/or non-motorized transportation links around the community to key destinations such as parks, schools, and commercial nodes

Existing recreational amenities included within the scope of this study include Washington County's Cottage Grove Ravine Regional Park and Central Greenway Regional Trail, the City's planned Community Center and Eagle Ridge Ravine Park (existing natural park area).



Study Purpose:

The purpose of this plan is to guide park and trail development and assist the City of Cottage Grove and private development partners as the land develops. This plan identifies the parks and trails needed to support new neighborhoods in Cottage Grove in currently undeveloped areas between the ravine on the east, existing neighborhoods to the west, CG Ravine Regional Park to the south and the Woodbury border to the north.

Cottage Grove's Comprehensive Plan includes the following language regarding the purpose and authority for this plan:

POLICY 5.5 The City will prepare a master plan for each component of the park and recreation system based on the criteria established in this comprehensive plan. The park master plans shall be the basis for site acquisition, development, and use, and upon establishment, be reviewed in connection with updates to capital improvement plans and budgets.

This plan also helps establish the nexus between new development and new park needs within the City of Cottage Grove.

The study is intended to provide:

- Sound planning rationale for the location and type of parks to be developed in the study area
- A clear document that the City can use when working with private landowners and developers to evaluate development proposals
- A tool to help the City collaborate with other public entities (MNDOT, DNR, Washington County, ISD 833, South Washington Watershed District, Washington Conservation District, Metropolitan Council) regarding public investments in parks, conservation, and infrastructure.

Study Approach:

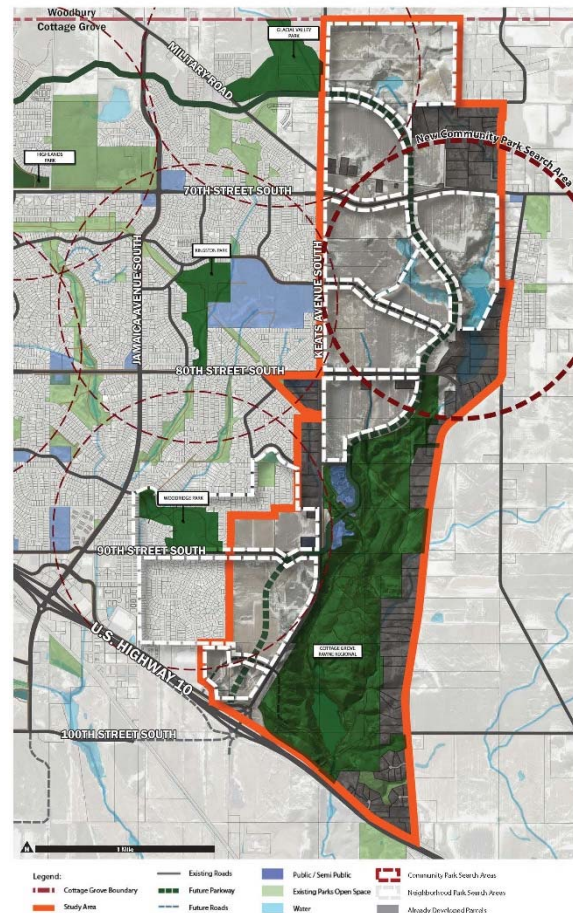
The findings of this plan are based in analysis of:

- Natural Resources (uplands, wetlands, lakes, slopes, soils)
- Previous Planning Efforts
- Land Ownership and Patterns (parcels that are already developed, park/public land, large landowners)

Based on the analysis, there are multiple park “search areas” identified. These areas are intended to identify future neighborhoods that will need a park within walking distance, and that do not require crossing a major roadway or other barrier, such as a waterbody, to get there.

When developed, each search area should include a neighborhood park or a community park that also serves neighborhood functions.

This study recognizes that to some extent the development of these parks will be dependent on a number of factors such as the timing and phasing of future development, land ownership, and infrastructure such as roads, stormwater features, and sewer easements. Variation in location may occur on a case-by-case basis, but should be minimized to the extent possible.



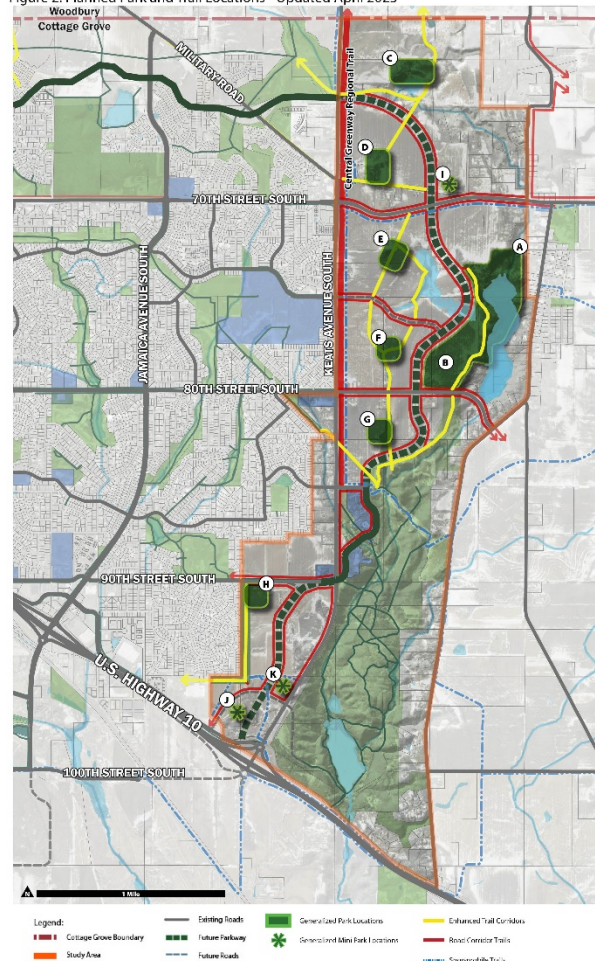
Community and Neighborhood Park Search Areas

Community Parks:

Community Parks are recreation areas intended to serve the larger Cottage Grove community, rather than focusing solely on the adjacent neighborhoods. The Cottage Grove 2040 Comprehensive Plan describes Community Parks as:

Community parks and open space are typically larger than 50 acres in size and serve a broad audience of users and purposes within the City park and open space system. Multi-functional design and facilities are found within the boundaries of these parks and focus on meeting the recreation needs of large sections of the community. Preservation of unique landscapes and open space is possible on a grand scale in community parks, and management of community parks require special attention and fiscal resources because of the size and amount of facilities and the intensive community use.

Figure 2: Planned Park and Trail Locations - Updated April 2023



Future Park and Trail Locations

Natural Resource Community Park (A)

The ravine and lake area north of Cottage Grove Ravine Regional Park (Washington County Parks) and east of Ravine Parkway should be retained for community. This park should provide trails and a green edge along the parkway. Water access and views should be a part of this park as this is one of the largest and deepest bodies of water in the city. The land identified is made of a mix of landscapes including water, forest, oak savannah, and farmland. This habitat should be retained and protected through the development of the park.

Community Ballfields (B)

The area in the northeast corner of Ravine Parkway and 80th Street, and west of the the planned wetland/pond should be utilized for active, athletic uses, meeting the City's need for additional field space. Depending on roadway and pond design, the site could accommodate 2-4 additional rectangle (soccer/football/lacrosse) or diamond (baseball/softball) fields.

Neighborhood Parks:

Neighborhood parks are the “building blocks” of a recreation system, providing for the day-to-day recreational needs of nearby residents; neighborhood parks typically serve residents within a ½ mile radius. The Cottage Grove 2040 Comprehensive Plan describes Neighborhood Parks as:

The neighborhood park and open space is the basic unit of the City's park system and is designed to serve as the recreational and social focus of neighborhoods. They include active and passive recreation activities geared specifically for those living within a half mile service area. The park should be centrally located and easily accessible by way of interconnecting trails, sidewalks, or low-volume residential streets. Five acres is the accepted minimum standard necessary to provide space for recreation activities. Seven to ten acres are considered optimal. The site should exhibit physical characteristics appropriate for both active and passive recreation uses including suitable soils, positive drainage, varying topography, and a variety of vegetation and natural resource areas. Sites should be connected to schools and other park system components such as natural resource areas, lakes, ponds, and greenways.

Neighborhood parks have generally been located to:

- Be central to neighborhoods, reducing travel distances and major road crossings for residents
- Connect to and enhance future trail corridors
- Protect and enhance natural resources such as drainageways, ponds, and slopes

The exact location of parks may shift slightly to accommodate development patterns, but in general locations should correspond to the locations identified in the plan and continue to respond to the location criteria listed above.

All neighborhood parks should, at a minimum, include:

- 5 acres (minimum) with 7-10 acres preferred
- a playground
- open field/play space
- a sport court
- Internal trail loop
- picnic tables
- at least 2 sides of street frontage with the wide sides of the park providing the frontage
- Integration with natural resources as appropriate
- Additional features as appropriate

Neighborhood Park C

This park is located on the north side of a small lake and should incorporate water views/observation areas along with the standard neighborhood park features.

Neighborhood Park D

This park is centrally located in an area planned for higher density housing and a commercial node. The park should be located within the residential area. Due to the larger population base served, the park should be on the larger side for neighborhood parks. There is a smaller stand of trees that should be preserved and incorporated into the neighborhood park. If the Military Road extension is abandoned, the corridor may be retained for trail use and the park should be connected to that. Further, this site could support Washington County's Central Greenway Regional Trail Master Plan by acting as a trailhead or rest stop between Cottage Grove Ravine Regional Park and Lake Elmo Park Preserve.

Neighborhood Park E

Like Neighborhood Park D, this park is centrally located in an area planned for mixed use commercial and a mix of residential densities. It also serves a larger population base and should be sized on the larger end. The park is located to include a grove of existing trees and unique topography which gives the park significant elevation above surrounding areas which will provide a great viewshed. The site is also set along the edge of a gasline easement that will eventually contain a trail.

Neighborhood Park F

This park is sited in a way that stormwater could be included in the park design. The site aligns with the start of a draw and should contain a trail to offer views of the restored habitat landscapes of wetlands and grasslands.

Because of the proximity to the proposed community park, the need for Neighborhood Park F should be carefully evaluated in the context of surrounding development and the design of Ravine Parkway. This park location should be considered if the surrounding development contains single family or multi-family homes that need recreational opportunities within safe walking distance. If a safe pedestrian crossing is available to the community park across Ravine Parkway, this location may not be necessary, or may be more of a “Mini Park” as described below.

Neighborhood Park G

This park should provide upland and small ravine features in a location that is easily accessible for the neighborhood. Like Neighborhood Park F, this park would be a good opportunity to implement stormwater “best management practices” such as wetland habitat and additional stormwater storage that can accommodate recreational use or improve the neighborhood vista.

Neighborhood Park H

This park is located along a planned green corridor and will likely serve new development as well as the existing neighborhood to the west. The park location considers the current and future local road network connections to the existing neighborhood, parks and trails. The western edge of the park should reach the easement east of the existing neighborhood. It should also be located to incorporate the US Airmail Aviation Beacon (large concrete arrow) south of 90th Street.

Mini Parks:

In addition to neighborhood parks, mini parks are considered where the development pattern does not support the development of a full sized neighborhood park. These parks should serve the neighborhood in a way that is appropriate to the context. Mini park amenities may include but are not limited to:

- Playground
- Trailhead
- Picnic Area
- Small Turf Play Area

Mini Park I

This park should support the smaller neighborhood north of 70th Street and east of Ravine Parkway. It should include a playground, picnic tables, benches, and internal walking trails.

Mini Park J at The Shoppes at Cottage View

The Shoppes at Cottage View are anticipated to develop as mixed use. This area should be served with a context appropriate mini-park. This park may take the form of a “village green” or other gathering space that supports the commercial and residential uses nearby. Most likely this location would include a playground, resting spaces and gardens.

Mini Park K at the Community Center

The City is planning a recreation center and although much of the facility will be indoors, there may be outdoor supporting spaces such as a playground, picnic areas and landscaped park areas. This will be accessible to the neighborhood and will serve the role of neighborhood park. Cottage Grove Ravine Regional Park has also master planned a destination playground near the west side of the park. The crossing at Keats Avenue will be an underpass for pedestrians and bicyclists which should provide further access to play opportunities to residents west of Keats Avenue. This mini park could serve as a conduit for that recreational connection.

Trails:

Enhanced Trails

Enhanced trails are bike and pedestrian facilities that are located off of the roadway corridor and should include features like landscaping and wayfinding that emphasize their role for recreation. Many of these will be collocated with utility easements or go through parks.

Enhanced Trail Corridors as illustrated are intended to show the connections and general location. Corridor width may vary based on development conditions but should be wide enough to be natural in character as opposed to feeling like a user is in the backyard of homes. Enhanced trails may utilize multiple “lanes” to allow for a more comfortable trail experience for different user types.

Road Corridor Trails

Road corridor trails are focused on providing pedestrians and bicyclists with transportation focused routes. They may be more utilitarian in design and should be located on one or both sides of planned arterials and collector streets. Road Corridor Trails should, to the extent possible, be located within the road right of way.

Snowmobile Trails

Cottage Grove has the unique opportunity of being home to the southern start point of the Star Trail. The Washington County Star Trail Association manages 140 miles of groomed, marked and maintained snowmobile trails that stretch the entire length of the County. Providing access to the Star Trail has been an expressed desire by local leaders and residents.

Snowmobile trails are intended to connect residents to the larger Star Trail system to the east of the study area. Setbacks and buffer space from Keats should be able to facilitate that movement. It should be noted that when development occurs, speed, noise, and/or stud restrictions may be required until snowmobilers are able to reach the rural trail system. These routes may shift eastward gradually as new development occurs.



East Ravine Master Plan

March 13, 2006

Prepared for:
City of Cottage Grove

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Background

Over the past 50 years, the city of Cottage Grove has seen considerable growth and development. Urban scale residential development began in the 1950s in the Thompson Grove Additions on the southwest side of Highway 61. Over the next three decades, residential growth moved across Highway 61 in the east central portion of the community extending near the Woodbury border on the north. Residential neighborhoods, for the most part, were created by a small number of large scale builders. The resulting housing pattern is one of consistency. Traveling through many of the Cottage Grove neighborhoods, one observes homes of approximately the same size and scale reflecting their times of construction.

Commercial development in Cottage Grove largely followed residential growth. The old adage that commercial development follows rooftops certainly has been the case. As residential neighborhoods were built along and north of Highway 61, a major commercial node took root at Jamaica Avenue. That commercial node became the retail center of the community attracting big box stores, retail strip centers and freestanding retail and service businesses.

More recently, the City has been focusing its efforts on expanding commercial development on the north side of the 80th Street/Highway 61 interchange. That interchange is now one of contrasts, the south side contains some of the oldest commercial uses in Cottage Grove while the north side contains some of the newest. Businesses like Kohl's and Home Depot have added to the variety of goods available in the community.

Recent transportation improvements have also helped spotlight Cottage Grove's potential for additional residential and commercial growth. When complete, the reconstruction of Highway 61 and the Wakota Bridge will offer significantly improved access to the community. Improved access will make it easier than ever to live in Cottage Grove and commute to places of employment outside of the city. That same access will enhance the attractiveness of Cottage Grove's commercial areas along Highway 61 including the area adjacent to the intersection of 61 and Keats Avenue (County Road 19).

Future housing and commercial growth are also impacted by other regional changes that have been occurring in and around Cottage Grove. Woodbury, Cottage Grove's neighbor to the north experienced record breaking residential construction in the 1990s. In reaction to the growth, Woodbury imposed limits on building permits thereby slowing the rate of residential home construction. Despite a tempered rate of growth, significant portions of Woodbury have either been developed or have been purchased to accommodate future development. As a result, the development community is looking to the south with ever increasing interest, to Cottage Grove and to the area generally known as the East Ravine.

Comprehensive Plan

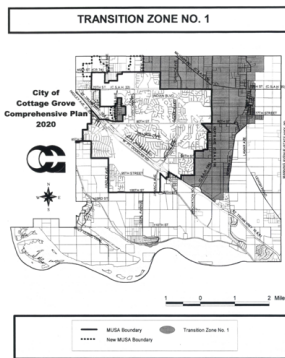
The Cottage Grove Comprehensive Plan that was adopted in 2000 examined future development areas and labeled them as transition zones. Transition Zone No. 1 closely corresponds to the borders of the East Ravine area. The Comprehensive Plan states, "This area is the largest transition zone in the City approximating 4,200 acres. The boundaries of this zone were developed in recognition of the area that will be available over time for urbanized development. This development pattern is consistent with the Regional Blueprint adopted by the Metropolitan Council. At the present time (1999), a good portion of this property is unable to be served by public systems due to limited sewage capacity at the existing regional wastewater treatment plant. Met Council Environmental Services has initiated a process for expansion of the existing plant to provide additional service to these areas of Cottage Grove, and it is anticipated



Over the past 50 years, many of the residential neighborhoods in Cottage Grove have been developed by large scale home builders.



Construction of the regional sanitary sewer interceptor in 2004 opened up the East Ravine area for staged development.



The East Ravine area was shown as a Transition Zone in the 2000 Comprehensive Plan.

that the new plant will be on-line by 2003. A key component of the treatment plant upgrade is the installation of an interceptor system that brings sewage from Woodbury and will also service the unserved areas of eastern Cottage Grove. The ability and ultimate staging of future development is dependent upon the interceptor alignment chosen. The alignment will also significantly impact the phasing of development within this transition zone. Due to the complexity of the issue, the City is not prepared at this time to designate this entire zone as urban reserve. It is expected that the City will initiate future comprehensive plan amendments that will provide a more complete phasing plan and will define near-term areas for urbanized development."

Many of the initiatives that were referenced in the 2000 Comprehensive Plan have been implemented. Most notably, the interceptor sanitary sewer was constructed along Keats Avenue in 2004. The installation of the interceptor pipe provides sewer service to the eastern portion of Cottage Grove, opening the area for future development and paving the way for more detailed planning efforts.

East Ravine Area

With construction of the new regional interceptor sanitary sewer eminent, the City of Cottage Grove in 2002 initiated an unprecedented effort to create a plan to proactively guide the future development of the East Ravine Area. The project known as the East Ravine Pre-Design has three primary components: 1) a master plan for the area, 2) an Alternative Urban Areawide Review (AUAR) and appropriate comprehensive plan amendments. This document represents the first component, the master plan. Both the AUAR and comprehensive plan amendments are documented separately.

The East Ravine Master Plan addresses 4,007 acres of land that is expected to develop over the next couple of decades. The overall project area is divided into two distinct zones, Neighborhood 1 and Neighborhood 2. Consistent with overall city policy and the logical extension of utilities, Neighborhood 1 is expected to develop prior to Neighborhood 2. Accordingly, consistent with the city's proactive stance with the Master Plan, near preliminary plat level of detail was developed for both the northern and southern portions of Neighborhood 1. The level of detail for Neighborhood 1 depicts specific layouts for future roads, parks, and most importantly, residential lot configurations. Additionally, the plan contains specific utility layout and sizing information, specific locations for local and regional roads, and a detailed storm water treatment and conveyance system. The Master Plan is intended to provide specific and detailed guidance to property owners and developers as to the City's vision for the development of the area. While it is not an exact roadmap for the future, it is a strong statement of the City's intent.

The Master Plan addresses Neighborhood 2 in a more general manner. Since the development of the area is further out in time, market conditions and other influencing factors are expected to change. Accordingly, the Master Plan depicts general land use patterns, types and densities for the area. Utilities and transportation infrastructure are also depicted in a more general manner.

Guiding Principles

In the early stages of the East Ravine Master Plan, a set of guiding principles evolved as an expression of the community's vision for the area. Creating a plan within the context of an agreed set of guiding principles greatly enhances implementation efforts. The guiding principles provide an important basis of understanding that will transcend any one specific devel-

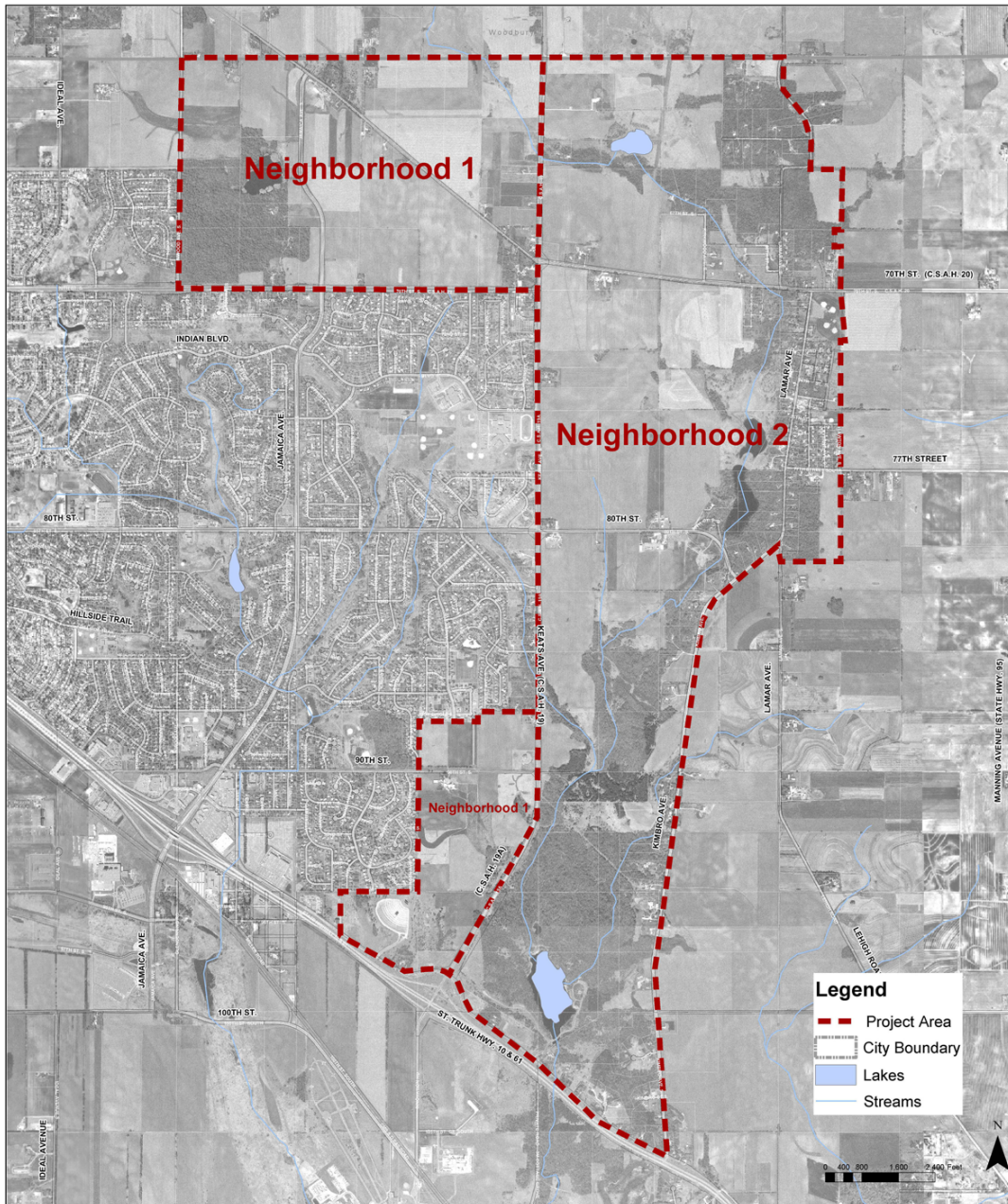


Figure 1-1
Project Area

opment proposal or issue. They will act as the memory of the plan; reminding future community leaders, residents, property owners and developers about the core values of this significant community planning endeavor.

The guiding principles of the East Ravine Master Plan include the following:

1. **Natural Resources as a Basis for Planning:** Future development should reflect natural features, views and open space.
2. **Add Value to the Community:** Development in the East Ravine Area should add

value to the community by reflecting high standards of development and by creatively interweaving natural systems into the built environment. The conveyance and treatment of storm water can be done in a manner that provides unique open space opportunities that enhance both the attractiveness and value of residential neighborhoods.

3. **Provide Diverse Housing Opportunities:** The East Ravine Area provides extensive opportunities for move-up housing in Cottage Grove. Neighborhood centers should provide opportunities for varying densities of attached housing including housing for seniors.
4. **Expand Commercial Opportunities:** Plan for expanded areas for neighborhood and regional commercial opportunities within the East Ravine area.
5. **The East Ravine Should Convey the Community's Vision:** While providing a mix of housing and commercial development opportunities, the development pattern of the East Ravine should convey historical elements of the community including open space and an agricultural heritage.
6. **Conduct a Participatory Planning Process:** If the East Ravine Master Plan is to reflect the vision of the community, it must have the benefit of input from local residents, businesspeople and community leaders.
7. **Improve Transportation and Transit Options:** Design a roadway network that reflects local and regional mobility needs and ensures opportunities for future transit connections.
8. **Foster Intergovernmental Cooperation:** Future development of the East Ravine will involve a variety of local, regional and State agencies. Work with entities such as the School District, South Washington Watershed District, Washington County, Mn/DOT, the Metropolitan Council, the DNR and adjacent communities in creating a long-term Master Plan for the area.



A market analysis was conducted to determine demand for retail and residential development in the East Ravine study area. The study area adjoins the northern and eastern edge of the development portion of Cottage Grove and extends to the border with Woodbury on the north. Potential development in the East Ravine area includes residential and commercial uses.

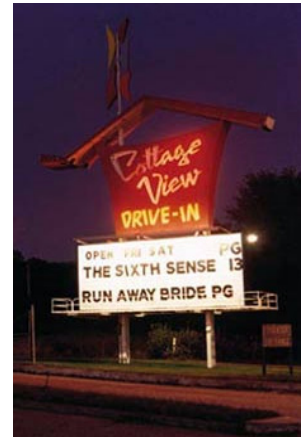
Retail Development

Two potential commercial areas at Cottage View and Cedarhurst have been identified.

Cottage View Retail Development Potential

The proposed Cottage View commercial development location lies on the southeastern edge of the Twin Cities urbanized area at the intersection of Highway 61 and Keats Avenue. The Cottage View trade area includes residential areas to the north and west and agricultural areas to the south and east. It takes its name from the Cottage View outdoor theater which is somewhat of a landmark in the area. The East Ravine master plan area is to the north. Factors that support retail and service potential at Cottage View include:

- Continuing household growth within the primary and secondary trade areas.
- Cottage Grove's existing commercial areas at 80th Street and Jamaica Avenue have limited potential for expansion.
- Average household income in the primary trade area was estimated at \$75,333 in 2002 and is expected to increase to \$84,677 in 2007.



This retail area has the opportunity to serve incremental growth in the trade area as retail demand increases. Some stores may choose Cottage Grove as a location to take pressure off their Woodbury stores.

Cottage View development potential for retail stores, food service, and services is closely related to trade area household growth. Trade area households are shown at the top of Figure 2-1 and illustrate how trade area residential development is projected to increase. Households are estimated to increase from 28,478 in 2010 to 39,794 in 2025. Household growth projections are based on market demand development estimates. If residential development exceeds or is below this estimate, development potential will be higher or lower than projected.

Categories of retail stores and services, and square footages that are possible at Cottage View

Merchandise Category	2010	2015	2020	2025
Households	28,478	31,906	35,617	39,794
Convenience Goods	29,700	96,100	98,600	98,600
Food Service	10,500	19,000	30,000	39,000
Convenience/Gas	5,000	10,000	10,000	10,000
Shopping Goods	192,600	243,100	270,100	272,600
Building Materials & Garden Supplies	19,000	19,000	139,000	139,000
Auto Parts	6,500	9,000	11,500	11,500
Services	25,600	34,700	42,700	51,700
Medical	7,000	15,400	18,400	24,400
Total	295,900	446,300	620,300	646,800

Figure 2-1
Cottage View Supportable Space
By Merchandise Category 2010, 2015, 2020 and 2025
(Square Feet of Gross Leasable Area)
SOURCE: McComb Group, Ltd.

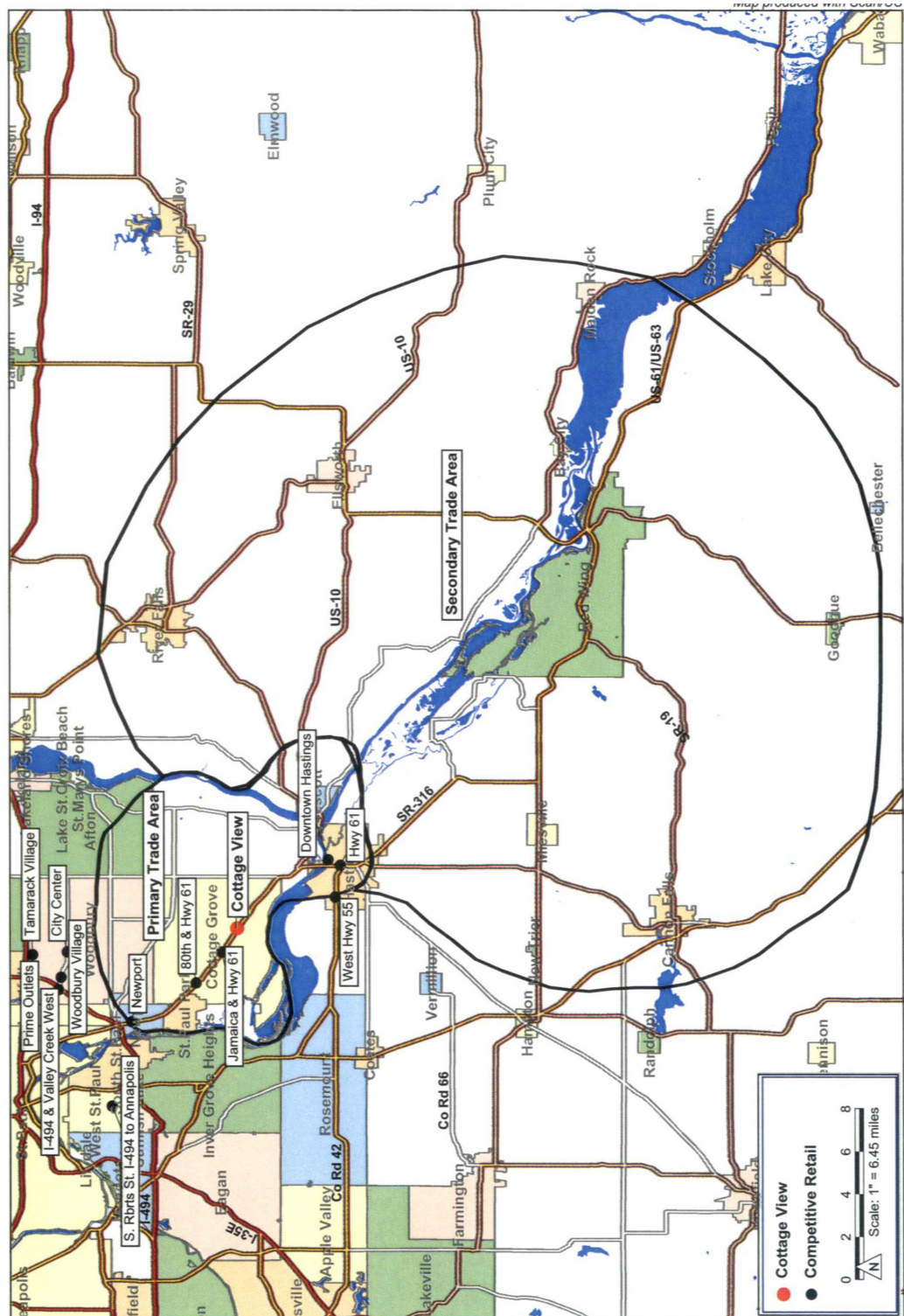


Figure 2-2
Cottage View Commercial Area Primary and Secondary Trade Areas

Establishment Type					Typical Size		
	2010	2015	2020	2025	Median	Range	
Convenience Retail							
Supermarket		X	X	X	48,775	29,000	- 65,000
Specialty Food Store			X	X	3,140	1,100	- 23,000
Drug Store	X	X	X	X	11,153	7,500	- 32,100
Hardware	X	X	X	X	7,857	3,100	- 25,000
Liquor	X	X	X	X	4,000	1,300	- 6,700
Florist	X	X	X	X	1,700	700	- 4,500
Food/Health Supplement Stores		X	X	X	1,400	1,100	- 2,200
Food Service							
Full Service Restaurant	X	X	X	X	5,124	2,100	- 9,275
Limited Service	X	X	X	X	3,113	1,645	- 9,575
Snack & Beverage	X	X	X	X	1,500	750	- 2,500
Convenience Store/Gasoline	X	X	X	X	2,250	1,500	- 5,100
Shopping Goods							
Discount Store	X	X	X	X	110,000	28,000	- 125,000
Women's Clothing	X	X	X	X	3,000	1,000	- 8,800
Family Clothing	X	X	X	X	6,000	2,200	- 26,225
Other Clothing Stores	X	X	X	X			
Furniture	X	X	X	X	4,860	2,400	- 24,200
Floor Coverings	X	X	X	X	3,826	1,100	- 11,500
Home Furnishings	X	X	X	X	3,500	1,800	- 19,200
Radio, TV, Electronics		X	X	X	3,013	1,400	- 7,100
Music		X	X	X	3,432	1,300	- 7,100
Sporting Goods	X	X	X	X	5,100	1,700	- 42,600
Jewelry Store	X	X	X	X	1,350	600	- 2,500
Card Shop	X	X	X	X	3,000	1,500	- 9,600
Optical Shop	X	X	X	X	1,500	900	- 3,400
Camera/Photo Supply	X	X	X	X	1,501	1,000	- 3,400
Pet Store	X	X	X	X	3,600	1,200	- 24,800
Frame Store	X	X	X	X	1,400	800	- 3,000
Cosmetics/Beauty Supplies		X	X	X	1,527	750	- 2,950
Other Retail Stores							
Home Center			X	X	115,000	80,000	135,000
Nursery, Lawn and Garden	X	X	X	X	15,000	10,000	- 25,000
Paint, Glass, Wallpaper	X	X	X	X	3,233	N/A	N/A
Auto Parts & Accessories	X	X	X	X	6,000	1,800	- 11,400
Tire Dealers		X	X	X	1,950	1,800	- 4,100
Services							
Beauty/Nail/Tanning	X	X	X	X	1,400	900	- 2,100
Dry Cleaning	X	X	X	X	1,750	1,000	- 2,600
Interior Decorator*	X	X	X	X	1,500	1,000	- 2,500
Travel Agent*	X	X	X	X	1,200	800	- 3,100
Film Processing*	X	X	X	X	1,150	650	- 1,900
Mailing Package*	X	X	X	X	1,400	1,000	- 2,000
Copy Shop*	X	X	X	X	3,200	1,100	- 6,300
Video Rental	X	X	X	X	6,000	3,400	- 7,500
Community							
Daycare*	X	X	X	X	4,800	4,000	- 7,000
Physical Fitness	X	X	X	X	6,000	1,350	- 12,400
Financial							
Bank*	X	X	X	X	3,500	1,500	- 7,500
Insurance*	X	X	X	X	1,000	600	- 2,300
Real Estate*	X	X	X	X	1,800	600	- 5,000
Income Tax Preparation*	X	X	X	X	1,600	1,000	- 2,500
Finance Company*	X	X	X	X	1,560	1,150	- 2,500
Other							
Legal	X	X	X	X	1,705	1,000	- 3,000
Accounting	X	X	X	X	1,600	1,000	- 2,500
Employment Agency	X	X	X	X	1,300	900	- 1,900
Medical							
Medical Practitioners/Clinic	X	X	X	X	1,800	900	- 5,400
Dentist	X	X	X	X	1,800	900	- 5,400
Chiropractors	X	X	X	X	1,600	900	- 5,400
Physical Therapists		X	X	X	1,600	900	- 5,400

N/A: Not Available.

* Other potential stores based on trade area size and sales potential in other categories.

Figure 2-3
Cottage View Potential Retail Tenants

are based on trade area sales potential. These estimates are summarized in Figure 2-2 for each target year (2010, 2015, 2020 and 2025). Supportable square footage estimates are based on stabilized operations, which normally occur three to four years after opening.

Sales potential analysis indicates that additional stores most likely to locate at Cottage View represent convenience goods, shopping goods, services, and health care. Estimated supportable square footage is 295,000 in 2010 increasing to about 650,000 in 2025. The largest components of this potential are a grocery store, discount store, and home center representing a total of about 300,000 square feet or 47 percent of the total potential. If these stores do not choose to locate at Cottage View, the amount of other space supportable in the area will also diminish. The grocery and discount store potential is likely to be satisfied by a superstore such as Wal-Mart. In the shopping goods category, furniture and electronics represent potential for category killer type stores. An additional home center in Cottage View will depend on somebody like Lowe's choosing to locate in the area since Menards and Home Depot already have stores in Cottage Grove. However, there is a trend for these stores to congregate to feed off each other's draw.

Retail, food service, services and professional office development potential at Cottage View is likely, over the long term, to include businesses that are new to Cottage Grove and businesses that choose to relocate from other locations within the community as their space needs increase. Figure 2-3 lists those business types that can be accommodated within the Cottage View trade area as households increase. This table identifies the store type, median store size, and the store size range in each category.



Cedarhurst

The area of Cottage Grove surrounding the intersections of 70th Street, Military Road, and Keats Avenue is identified as a potential commercial area in the Master Plan. The Cedarhurst area takes its name from the historic Cedarhurst property. Development in the general area has already begun with the opening of The Shoppes at Alamar.

Trade area development potential is enhanced by future development in the East Ravine and Woodbury. The portion of the trade area in Woodbury is scheduled for phased MUSA expansion between now and 2010. Woodbury development coupled with East Ravine development provides support for a convenience/neighborhood shopping area. Factors that support retail and service potential at Cedarhurst include:

Merchandise Category	2005	2010	2015	2020	2025
Households	5,494	9,637	15,148	21,015	26,799
Convenience Goods	3,500	19,700	64,700	64,700	64,700
Food Service	3,500	13,500	16,500	27,000	27,000
Convenience/Gas	3,000	7,000	7,000	7,000	7,000
Shopping Goods		5,500	18,000	20,500	23,500
Auto Parts		9,000	9,000	9,000	9,000
Services	4,400	8,400	21,700	27,000	31,200
Medical	3,600	13,600	32,300	37,800	41,800
Total	18,000	76,700	169,200	193,000	204,200

Source: McComb Group, Ltd.

*Figure 2-4
Cedarhurst Supportable Space
By Merchandise Category 2005, 2010, 2015, 2020 and 2025
(Square Feet of Gross Leasable Area)*

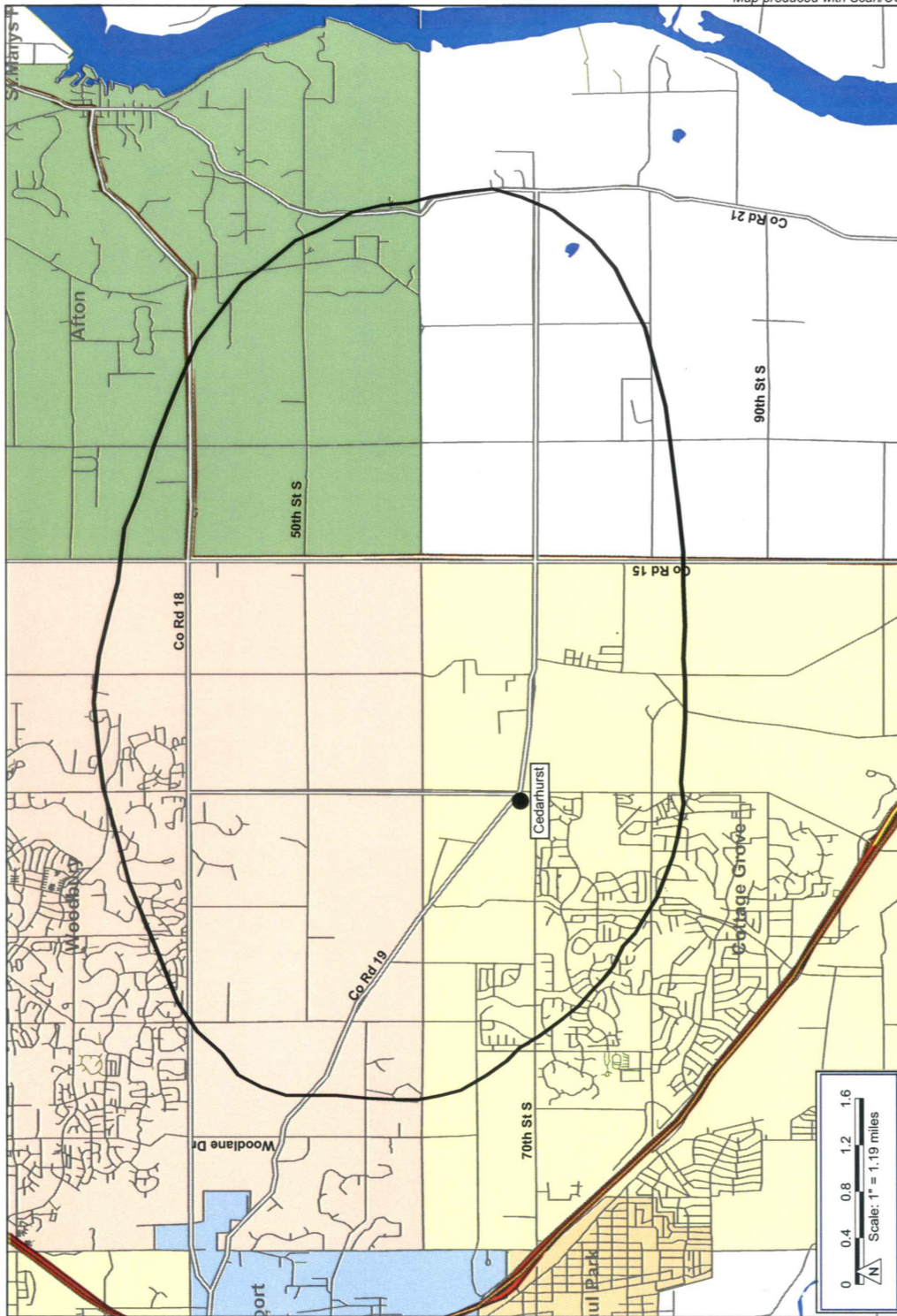


Figure 2-5
Cedarhurst Trade Area

Establishment Type	2005	2010	2015	2020	2025	Typical Size		
						Median	Range	
Convenience Retail								
Supermarket			X	X	X	48,775	29,000	- 65,000
Drug Store		X	X	X	X	11,153	7,500	- 32,100
Liquor	X	X	X	X	X	4,000	1,300	- 6,700
Florist		X	X	X	X	1,700	700	- 4,500
Food Service								
Full Service Restaurant			X	X	X	5,124	2,100	- 9,275
Limited Service	X	X	X	X	X	3,113	1,645	- 9,575
Snack & Beverage			X	X	X	1,500	750	- 2,500
Convenience Store/Gasoline	X	X	X	X	X	2,250	1,500	- 5,100
Shopping Goods								
Home Furnishings		X	X	X	X	3,500	1,800	- 19,200
Radio, TV, Electronics		X	X	X	X	3,013	1,400	- 7,100
Sporting Goods		X	X	X	X	5,100	1,700	- 42,600
Jewelry Store		X	X	X	X	1,350	600	- 2,500
Card Shop		X	X	X	X	3,000	1,500	- 9,600
Optical Shop		X	X	X	X	1,500	900	- 3,400
Pet Store		X	X	X	X	3,600	1,200	- 24,800
Other Retail Stores								
Auto Parts & Accessories		X	X	X	X	6,000	1,800	- 11,400
Tire Dealers		X	X	X	X	1,950	1,800	- 4,100
Services								
Beauty/Nail/Tanning	X	X	X	X	X	1,400	900	- 2,100
Dry Cleaning		X	X	X	X	1,750	1,000	- 2,600
Interior Decorator*		X	X	X	X	1,500	1,000	- 2,500
Travel Agent*		X	X	X	X	1,200	800	- 3,100
Mailing Package*		X	X	X	X	1,400	1,000	- 2,000
Video Rental			X	X	X	6,000	3,400	- 7,500
Community								
Daycare*		X	X	X	X	4,800	4,000	- 7,000
Financial								
Bank*		X	X	X	X	3,500	1,500	- 7,500
Insurance*		X	X	X	X	1,000	600	- 2,300
Real Estate*		X	X	X	X	1,800	600	- 5,000
Income Tax Preparation*		X	X	X	X	1,600	1,000	- 2,500
Finance Company*		X	X	X	X	1,560	1,150	- 2,500
Other								
Legal		X	X	X	X	1,705	1,000	- 3,000
Accounting		X	X	X	X	1,600	1,000	- 2,500
Medical								
Medical Practitioners/Clinic	X	X	X	X	X	1,800	900	- 5,400
Dentist	X	X	X	X	X	1,800	900	- 5,400
Chiropractors		X	X	X	X	1,600	900	- 5,400
Physical Therapists			X	X	X	1,600	900	- 5,400

N/A: Not Available.

* Other potential stores based on trade area size and sales potential in other categories.

Source: McComb Group, Ltd.

Figure 2-6
Cedarhurst Potential Retail Tenants

- Anticipated residential development within the Cottage Grove and Woodbury portion of its trade area.
- Convenient Access by way of Keats Avenue, 70th Street and Military Road.
- Existing and future high income household that will prefer a supermarket alternative to Cub and Rainbow.

The proposed Cedarhurst retail area has the opportunity to capitalize on future trade area growth and also residents of Afton to the east.

Cedarhurst development potential for retail stores, food service, and services is closely related to trade area household growth. Household growth based on market demand is estimated to increase from 5,494 in 2005 to 26,800 in 2025. If residential development exceeds or is below this estimate, development potential will be higher or lower than projected.

Categories of retail stores and services, and square footages that are possible at Cedarhurst are summarized in Figure 2-4 for each target year (2005, 2010, 2015, 2020 and 2025).

Stores most likely to locate at Cedarhurst represent convenience goods, food service, services, and health care. The largest components of this potential are a grocery store and drug store. A supermarket of 40,000 to 45,000 square feet is possible in about 2015 and a drug store would be possible by 2010.

Businesses that can be accommodated within the Cedarhurst retail area are contained in Figure 2-6.

Residential Development

Metropolitan area residential development has changed dramatically over the past ten years. These changes include:

- Increasing levels of homeownership stimulated by low interest rates during the past three years.
- Low interest rates made higher priced homes more affordable.
- Developers responded by producing more entry level housing, both single family and townhomes.
- Low interest rates enabled many additional households to qualify for home mortgages. This permitted many former renters to become homeowners.
- This shift reduced the demand for rental housing.
- Increasing land values reinforced townhome development trends as developers strove to maintain low entry level home prices.
- More expensive townhome and multi-family product was constructed in response to lifestyle changes by empty nesters and other households that preferred a maintenance-free lifestyle.

These changes resulted in an increase in the proportion of multi-family housing units constructed in the metropolitan area, Washington County, and Cottage Grove.

Single Family and Multi-Family Trends

Cottage Grove multi-family units represented 6.8 percent of all building permits in 1990. Since 1994, multi-family units have exceeded ten percent in all but one year. Multi-family housing units increased to 45.2 and 50.7 percent in 2001 and 2002, respectively.

Cottage Grove has experienced declining single family housing development since 2000 when single family represented 90.9 percent of all housing units. This declined to 49.3 percent in 2002. Clearly the trend is toward a higher level of townhome and twinhome development.

Cottage Grove Housing Stock

Cottage Grove had 9,926 occupied housing units in 2000 according to the U.S. Census: 9,100 owner-occupied and 826 renter-occupied units. Single family owner-occupied homes pre-

dominate totaling 90.0 percent of all single family housing units. Renter-occupied housing represented ten percent of the dwelling units.

Cottage Grove had 2,176 owner-occupied households age 55 and over in 2000. Based on metropolitan area housing trends, many of these older home owners are and will be seeking maintenance-free lifestyles provided by for-sale housing such as townhomes, twinhomes, and other forms of multi-family housing. Experience has shown that these households prefer to remain in their community close to friends, churches, and other social activities. The East Ravine provides an opportunity to accommodate these households in new homes consistent with their lifestyle desires.

For sale multi-family developments have experienced greater acceptance over the past two years averaging over 40 percent of total building permits in the metropolitan area. Since apartment construction has slowed, most of these are for sale multi-family units. Cottage Grove has experienced increased multi-family housing construction over the past few years. In the future single family is estimated to be about 50 percent of building permits. Multi-family is also estimated at 50 percent with about 80 percent (40 percent of all building permits) to be townhomes, twinhomes, and other medium density developments. Higher density multi-family would total about 1,200 units.

Of the many forces that stimulate the increase in multi-family home production, only interest rates represent a cyclical event. Interest rates are sure to rise in the future. As they do, this will place increasing pressure of developers to maintain affordable monthly payment in each of their market segments. This will most likely result in higher proportions of multi-family development, although higher interest rates may reduce overall residential development.

East Ravine Residential Development

East Ravine development is unlikely to begin prior to 2006 with anticipated home occupancy in 2007. Residential development increases in the East Ravine area as developable land in other parts of Cottage Grove is reduced.

This analysis indicates that the East Ravine development could total as much as 10,750 units by 2025, equally divided between single family and multi-family as shown in Figure 2-7. The allocation between single family and multi-family in any year is arbitrary and is designed to reflect an average over a longer period of time. East Ravine housing should reflect a variety of home prices and housing styles to accommodate changing lifestyles of Cottage Grove residents and contemporary development trends.

Single Family and Multi-Family Home Prices

The East Ravine area is an opportunity for Cottage Grove to expand the types of housing and range of prices available within the community. For sale prices of single family and multi-family housing development in Cottage Grove and other selected metropolitan area cities are contained in Figure 2-8. Single family homes in Cottage Grove range from \$225,000 to \$552,100 excluding upgrades. Multi-family housing ranges in price from \$149,000 to \$300,000 excluding upgrades. In Woodbury, single family home prices range from \$246,000 to \$792,000 while multi-family home prices are \$184,900 to \$389,900. Home prices in other communities similar to Cottage Grove in Dakota and Scott Counties show single family home prices that start at levels similar or somewhat higher than Cottage Grove, but extend up to the \$800,000 to \$900,000. Multi-family home prices in these communities start at entry level prices; however, multi-family home prices approach \$600,000 in some communities.

Year	Total	Other Cottage Grove	East Ravine		
			Total Households	Single Family	Multi- Family
2003	196	196	-	-	-
2004	199	199	-	-	-
2005	236	236	-	-	-
2006	308	192	116	58	58
2007	382	115	267	134	134
2008	458	138	321	160	160
2009	537	115	422	211	211
2010	545	100	445	223	223
2011	554	25	529	264	264
2012	563	10	553	276	276
2013	571	5	566	283	283
2014	580	5	575	288	288
2015	589	5	584	292	292
2016	598	5	593	297	297
2017	608	5	603	301	301
2018	617	5	612	306	306
2019	626	5	621	311	311
2020	636	5	631	316	316
2021	646	5	641	321	321
2022	656	5	651	326	326
2023	666	5	661	331	331
2024	677	5	672	336	336
2025	687	5	682	341	341
		1,390	10,746	5,373	5,373

Source: McComb Group, Ltd.

Figure 2-7
Cottage Grove
Building Permit Potential; 2002 to 2025
Seven-County Area and Trade Area

The East Ravine area provides the opportunity for Cottage Grove to broaden the range of single family and multi-family sales prices by offering a planned development area that contains amenities and features that support higher priced housing.

Cities	Sales Price Range					
	Single Family			Multi-Family		
Cottage Grove	\$ 255,000	-	\$ 552,100	\$ 149,000	-	\$ 300,000
Woodbury	246,000	-	792,000	184,900	-	389,900
Lakeville	216,000	-	814,500	150,000	-	398,900
Rosemount	200,000	-	764,900	120,000	-	584,900
Apple Valley	395,000	-	658,500	170,000	-	589,700
Prior Lake	300,000	-	929,000	94,600	-	415,900
Savage	300,000	-	534,900	160,000	-	336,000
Shakopee	190,000	-	985,900	140,000	-	463,500

Source: Parade of Homes 2003.

Figure 2-8
Sales Prices New Housing Communities; 2003
Select Metropolitan Area Cities

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Development of the East Ravine area over the next couple of decades will have a significant impact on the future form and image of the City of Cottage Grove. In order for the East Ravine Master Plan to be a valid expression of the community's interests and vision, the planning process required broad participation. The active involvement of area residents, businesspersons, elected officials, appointed officials and other interested parties was viewed as being essential to creating a plan that reflects the values of the local community and their collective aspirations for the future.

In the two year planning process for the preparation of the East Ravine Pre-Design, approximately 500 people were involved in a variety of meetings and venues that sought input. Input ranged from simply informing people about the project to gaining specific feedback on future development planning alternatives. The following is a brief overview of some of the ways in which people were involved in the planning process.

Property Owner Meetings

At the beginning of the planning process, members of the consulting design team met with a number of property owners in both Neighborhood 1 and Neighborhood 2 in what were termed "kitchen table" discussions. These discussions were intended to provide insight on the plans and interests of some of the area's larger property owners. As a general rule, comments offered focused more on when development might occur rather than if development would occur. In many cases, property owners had interests in the conversion of agricultural uses to urban development with time frames that ranged from immediate to ten to twenty years. These meetings were helpful in gaining a better understanding of the interests of these owners as well as insight into the physical features and histories of their properties.

Technical Advisory Team

The eventual development of the East Ravine area will involve the City of Cottage Grove and a number of other different governmental agencies. For the Master Plan and particularly for the AUAR that was part of the Pre-Design process, involving personnel from key state and regional agencies was important. Their involvement was important due to the roles that their agencies will play in future permits and approvals. Additionally, the expertise and knowledge of agency personnel lead to a more informed planning process.



The Technical Advisory Team (TAT) for the East Ravine Master Plan was comprised of staff members from the following agencies:

- Metropolitan Council
- Department of Natural Resources
- Washington County Transportation
- Washington County Parks
- Department of Natural Resources
- Minnesota Department of Transportation
- Minnesota Environmental Quality Board
- South Washington Watershed District
- South Washington County School District #833

Citizen Advisory Team

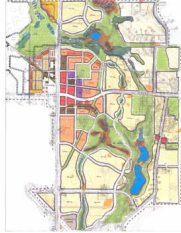
In order to obtain broad community input as part of the Master Plan, the Cottage Grove City Council established the East Ravine Citizen Advisory Team (CAT). The role of the 21 member Citizen Advisory Team was to act as a sounding board throughout the project. The Team was made up of Cottage Grove residents, both living within the project area and within other areas of the community. During the planning process, the Citizen Advisory Team met on six occasions to review information and provide input into the Master Plan.

Community Meetings

General community meetings were also an important part of the planning process. On three occasions, large scale open houses were held. The first open house which was held on August 7, 2003 focused on background information on the project. The agenda for that meeting included an introduction to the project, opportunities for one-on-one conversations with the project consulting team and City staff and the collection of general thoughts and ideas about the project area.

Open House #2 which was held on January 8, 2004 presented background analysis information on the physical features of the project area, the preliminary results of the market analysis, roadway alternatives, land use typology information and three alternative land use concepts. A comment card was used to gather community input on each of the alternative concepts. The comments received were used along with other community input to refine the concepts and to ultimately select a preferred land use alternative.

The final project open house was held on November 15, 2004. The purpose of Open House #3

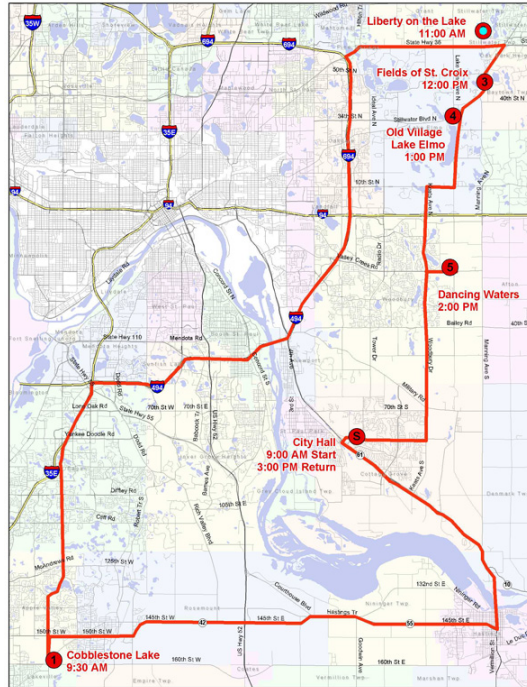
City of Cottage Grove - East Ravine Pre-Design		
		
General Comments: _____ _____ _____	General Comments: _____ _____ _____	General Comments: _____ _____ _____
Please use reverse side, if necessary.		
COMMENTS _____ NOVEMBER 2004 		

This comment card from the November 2004 Open House is an example of the tools used to obtain public input during the planning process.

was to present the principal directions of the plan and to seek additional feedback. The preferred land use concept was presented along with key plan elements addressing development forms, roadways and open space. Detailed lot layouts for Neighborhood 1 were presented along with general future land use patterns for Neighborhood 2. Specific plans for both the Cedarhurst and Cottage View areas were also shown and a written comment card was used to gather additional feedback.

Development Tour

In recent years, all of the communities in the Twin Cities area have seen increased diversity in new housing construction and particularly, an increase in the percentage of attached housing. The market analysis that was completed as part of the planning process clearly identified that this trend will continue both regionally and in Cottage Grove. Since different forms and densities of housing were viewed as likely components of future housing growth in Cottage Grove, the City Council and the Citizen Advisory Team decided to examine some of the emerging trends in housing first-hand. Two tours were organized to examine new developments in the Twin City Metro area. Bus tours were conducted of new neighborhood projects with locations ranging from Apple Valley to Stillwater. The tours were effective in showcasing new housing styles and in examining differing community development standards addressing open space and building materials as well as street widths.



Development tours were used to introduce the City Council and CAT members to real world examples of development patterns and styles.



CC/PC Workshops

Throughout the planning process, a series of City Council and Planning Commission workshops were held to review planning concepts and to define policy directions in the Master Plan.

Developer Forums

On two occasions during the planning process, the consulting team and City staff met with a panel of developers to review emerging planning concepts and to give ideas a "real world" test. Input from the development community focused on housing types and densities, lot sizes, neighborhood characteristics, public and private open space and street patterns.

Newsletters

Newsletters in both electronic and printed form were used to keep all Cottage Grove residents informed about the planning process. Newsletters were prepared at key stages of the process, typically just preceding the open houses that were held.



The Newsletter is an East Ravine Community Pre-Design Project

Important Project for City's Future Growth Set to Begin

Public Input Essential to Success of Planning Process

What is the East Ravine Planning District, a massive 3,500-acre portion of largely undeveloped land stretching along County Road 19 from Highway 61 north to the City of Cottage Grove's border with Woodbury, going to look like thirty years from now? How do the city's residents and landowners want to see the area developed, and how can the City establish a framework to ensure that development occurs efficiently and complies with the vision that Cottage Grove residents and landowners articulate? These are some of the most pressing questions that the East Ravine Community Pre-Design project will need to address during the next eighteen months.

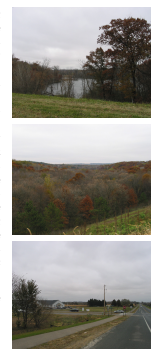
Contacts:

If you would like further information about this project, please contact one of the following:

Kim Lindquist
Community Development Director
City of Cottage Grove
651-458-2824
klindquist@cottage-grove.org

Mark Koegler
Project Manager
Hosington Koegler Group Inc.
612-338-0800
mkoegler@hkgi.com

As the availability of developable land in those parts of the city already built up begins to disappear, developers and the City have turned their sights towards the land in the East Ravine Planning District. The City of Cottage Grove, with a population of slightly more than 30,000, wants to avoid the out-of-control growth that other metropolitan communities have experienced, because such rapid growth can be accompanied by a host of problems such as traffic congestion and inadequate



The landscape in the East Ravine includes a variety of open including agricultural land, wooded, natural areas, and riparian settings. The planning landscape goals will help determine the appropriate types of development patterns in each area.

(Hosington Koegler Group Inc. - Howard R. Green Company - Earth Tech - Edman & Oliver Resources - JB Group - McCauley Group, Ltd.)

A series of newsletters were used to keep the public informed about the planning process and about opportunities to participate.

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Gaining an understanding of the context of the East Ravine area was accomplished at both the qualitative and quantitative levels. Both were essential to a complete understanding of the constraints and opportunities posed within the 4,000 acre project area.

Qualitative Analysis

The qualitative analysis stemmed from tours and photographic studies of the project area. It was based largely on first-hand visual observations. Figure 4-1 graphically depicts the results of the visual analysis.

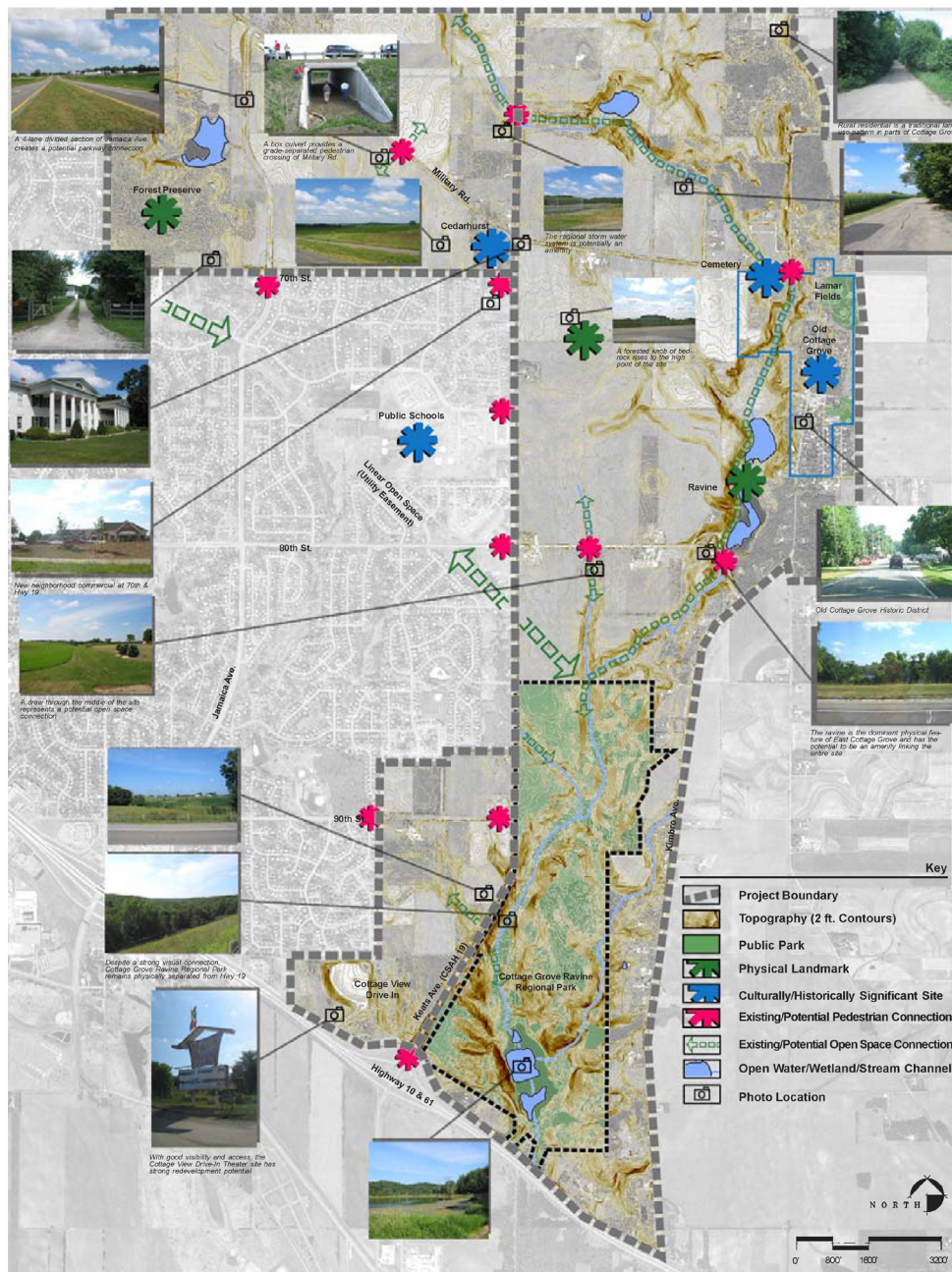


Figure 4-1
Qualitative Analysis

Items of note in this analysis include:

Neighborhood One (North)

- The Cedarhurst mansion, which is on the National Register, is one of the most noteworthy buildings in the region. It has the potential to set the tone for the architectural "look" of the Cedarhurst neighborhood center area.
- The Wilder Foundation forest in the southwest corner of Neighborhood 1 North is a significant natural resource and a great community open space amenity.
- A large box culvert under Military Road has the capacity to accommodate a recreational trail in addition to storm water.
- The South Washington Watershed District has acquired land for future storm water retention.
- Almar Village has established the beginnings of a community retail node just south of the 70th Street and Keats Avenue intersection.

Neighborhood One (South)

- A significant change in topography occurs from Highway 61 up to 90th Street.
- The Cottage View Drive-In is an icon for the area.
- Direct visibility into portions of Neighborhood 1 from Keats Avenue is limited due to existing topography.

Neighborhood Two

- The extreme northeast portion of Neighborhood 2 contains large lot, rural subdivisions.
- Much of Neighborhood 2 is used for agricultural row crops.
- Old Cottage Grove, the remnant of the original community center, is located on the extreme eastern edge of Neighborhood 2. The area, which contains a mix of residential and commercial properties, is a historic district.
- The ravine topography that meanders through Neighborhood 2 from Highway 61 to 70th street is the most dominant physical form in the project area.
- Cottage Grove Ravine Regional Park is an existing regional recreational facility in the southern portion of Neighborhood 2.

Quantitative Analysis

The East Ravine Master Plan utilized traditional information sources and Geographic Information Systems (GIS) to document and analyze the physical characteristics of the project area. Physical characteristics are important because they directly influence future development. Figures 4-2 through 4-27 illustrate some of the resource information that was used as a basis for the Master Plan.

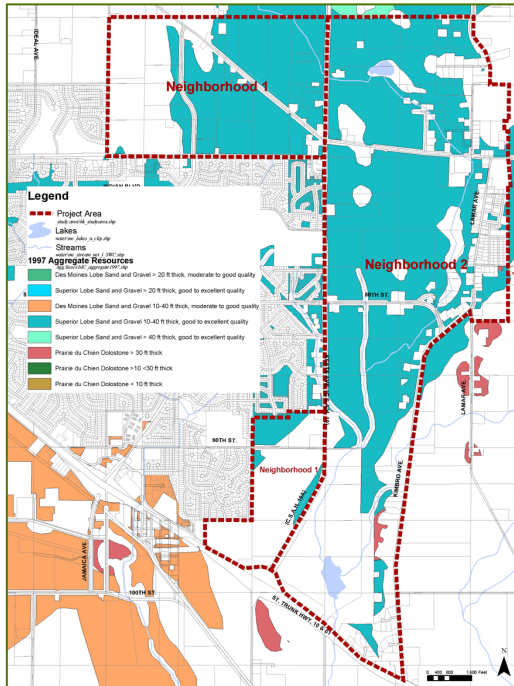


Figure 4-2
1997 Aggregate Resources

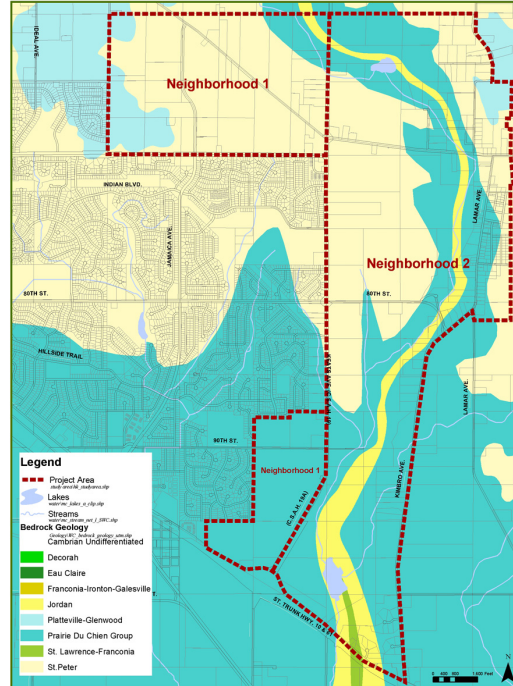


Figure 4-3
Bedrock Geology

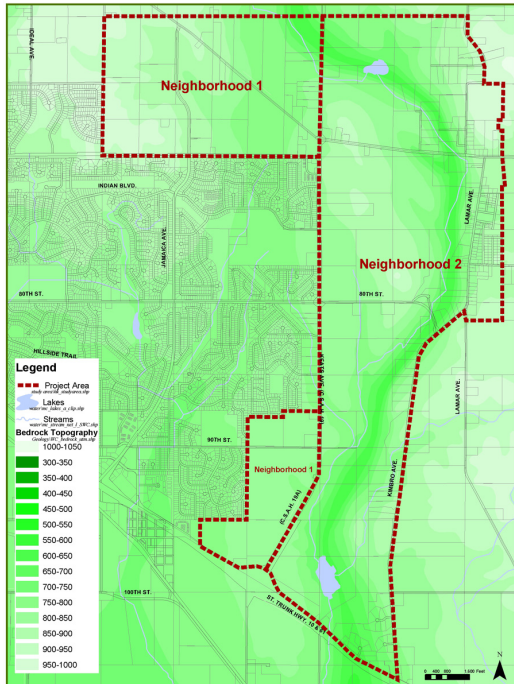


Figure 4-4
Bedrock Topography

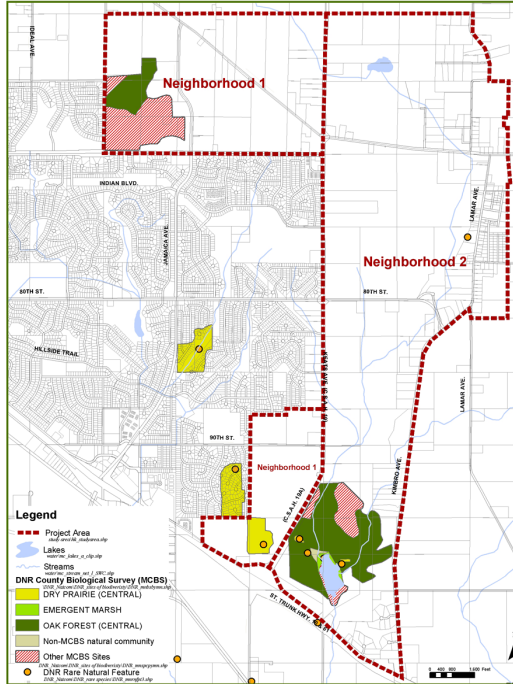


Figure 4-5
DNR County Biological Survey

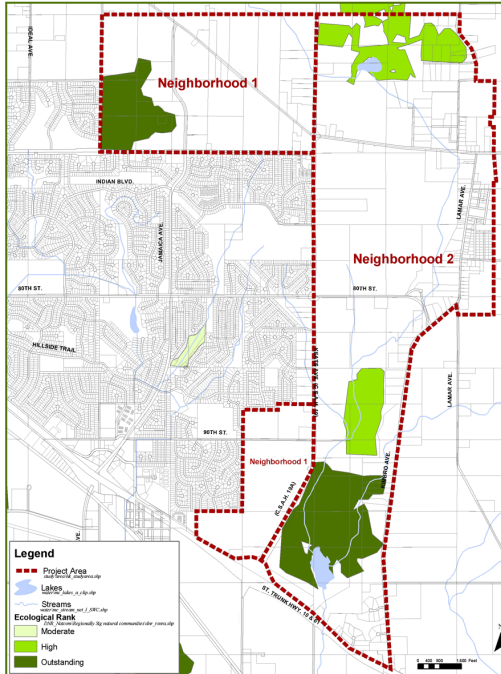


Figure 4-6
DNR Sites of Regional Significance

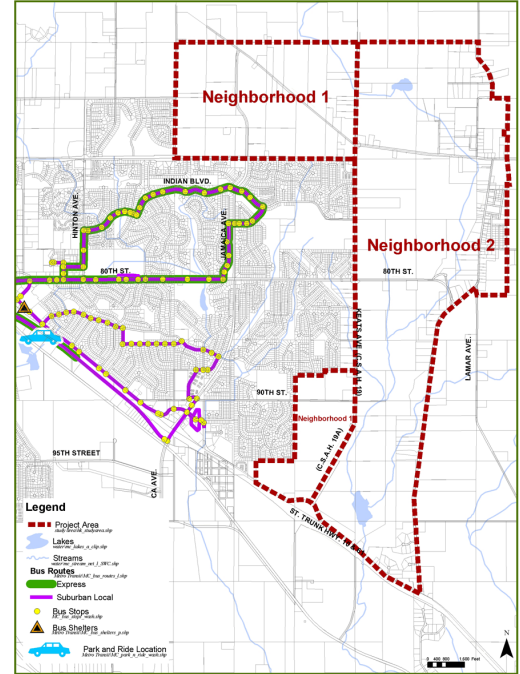


Figure 4-7
Existing Bus Service

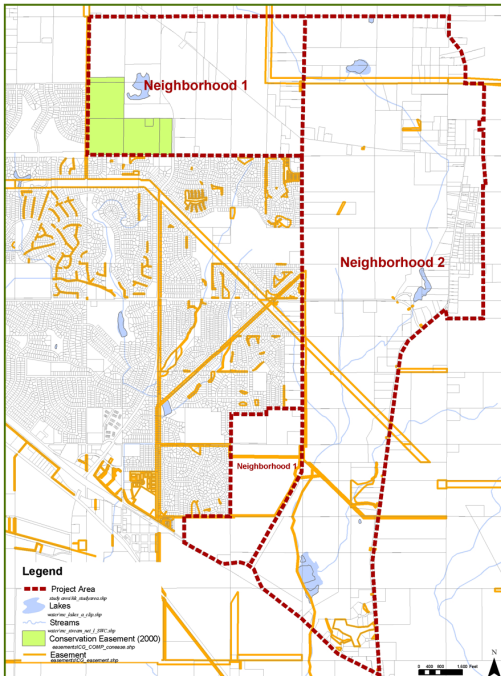


Figure 4-8
Easements

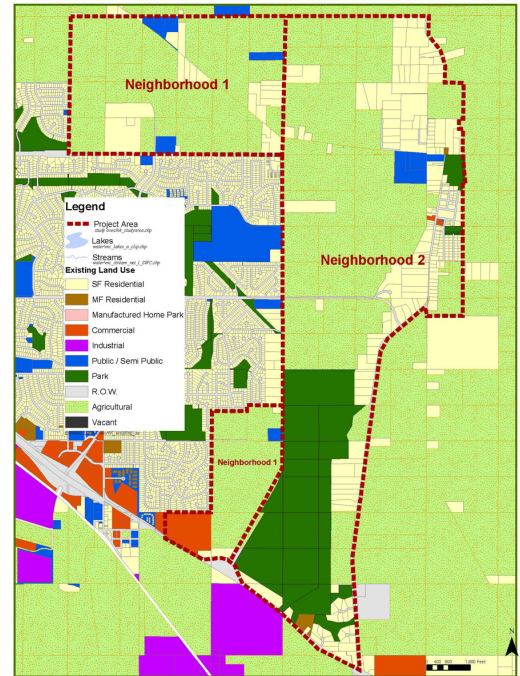


Figure 4-9
Existing Land Use

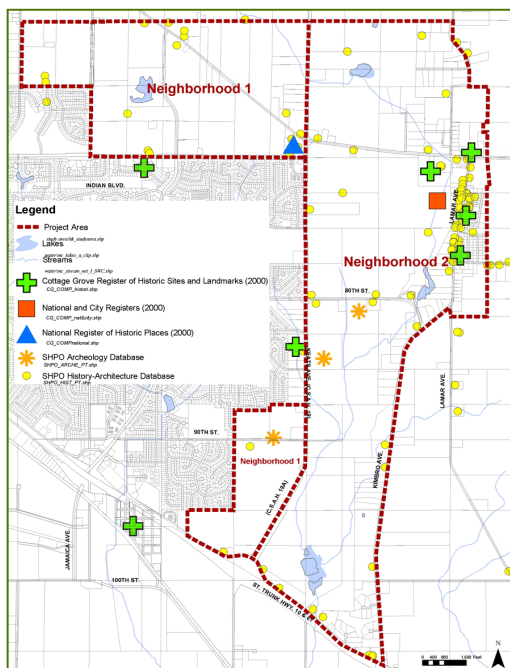


Figure 4-10
Historical Sites

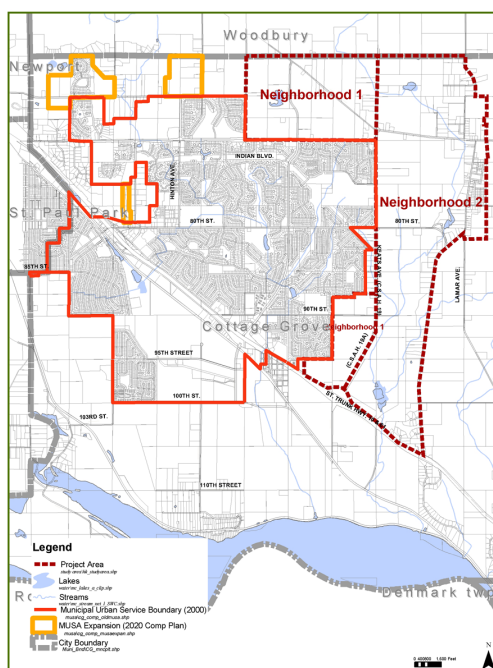


Figure 4-11
Municipal Urban Service Boundary

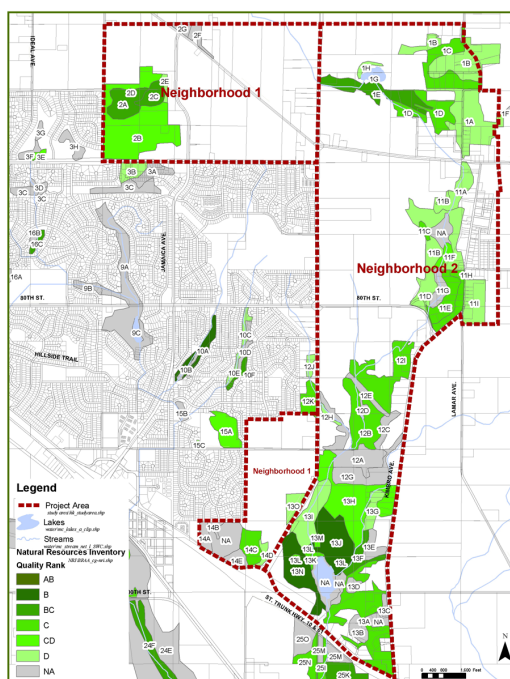


Figure 4-12
Natural Resource Inventory

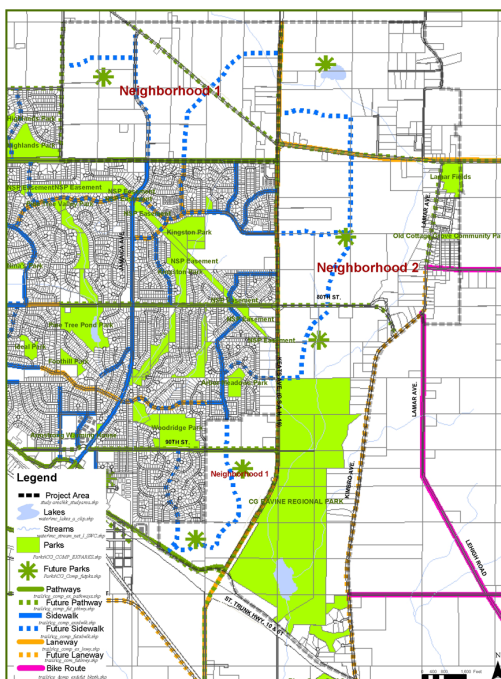


Figure 4-13
Existing Bus Service

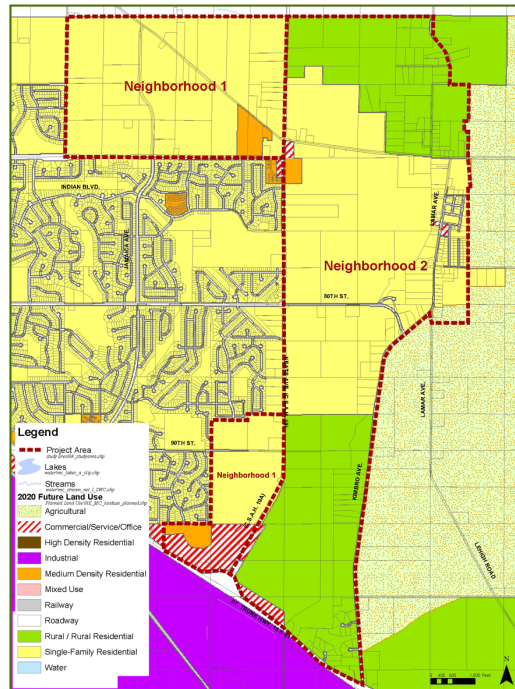


Figure 4-14
Future Land Use - 2020 Comprehensive Plan

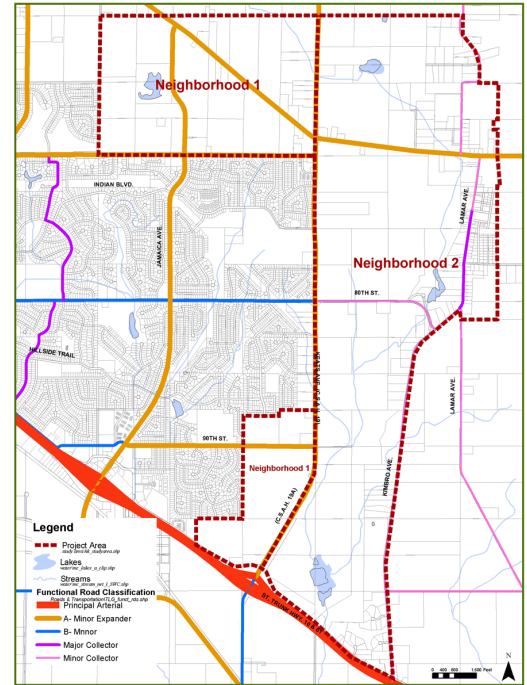


Figure 4-15
Major Roads - Functional Classification

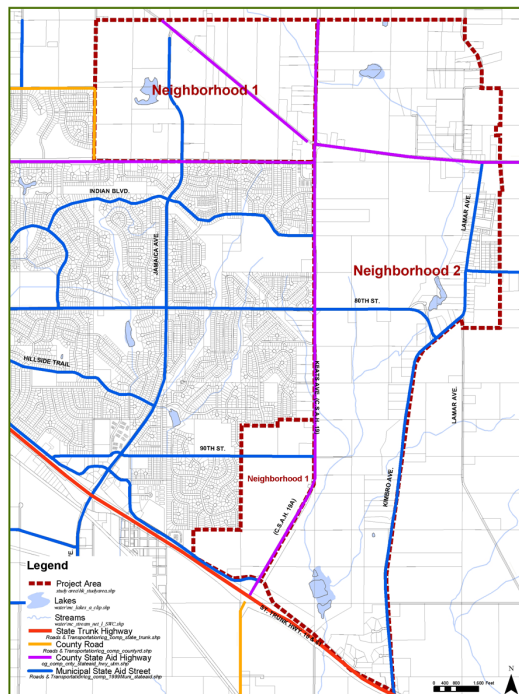


Figure 4-16
Jurisdictional Road Classifications

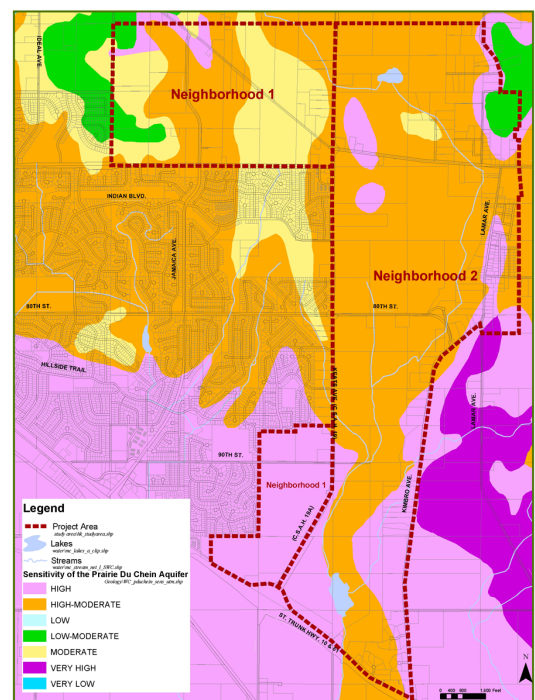


Figure 4-17
Sensitivity of the Prairie Du Chien - Jordan Aquifer to Pollution

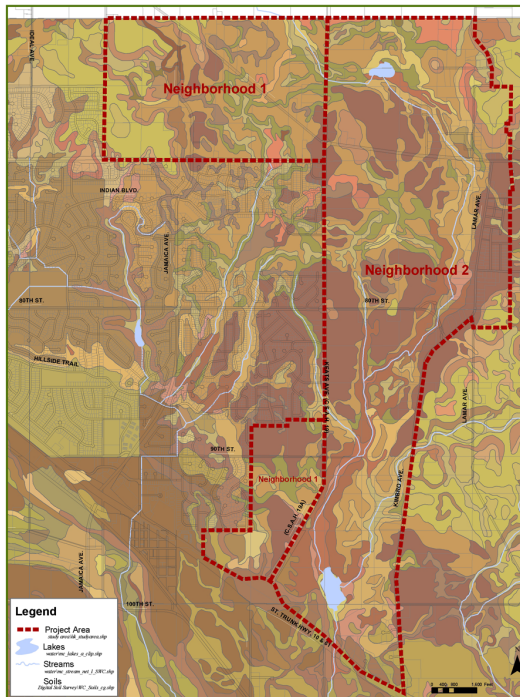


Figure 4-18
Soils

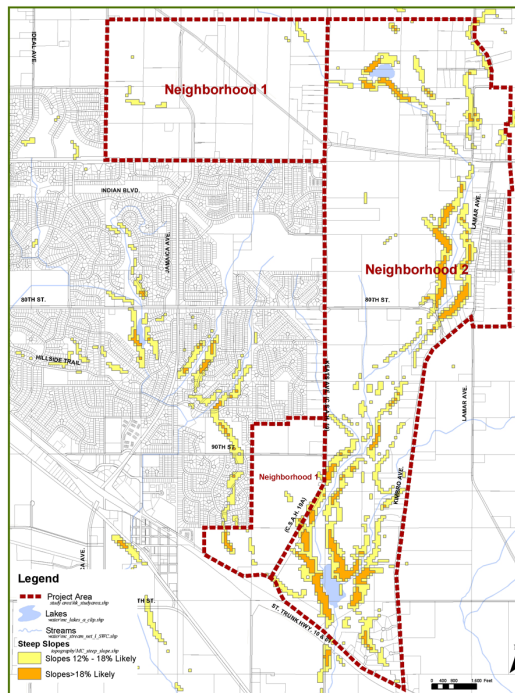


Figure 4-19
Steep Slopes

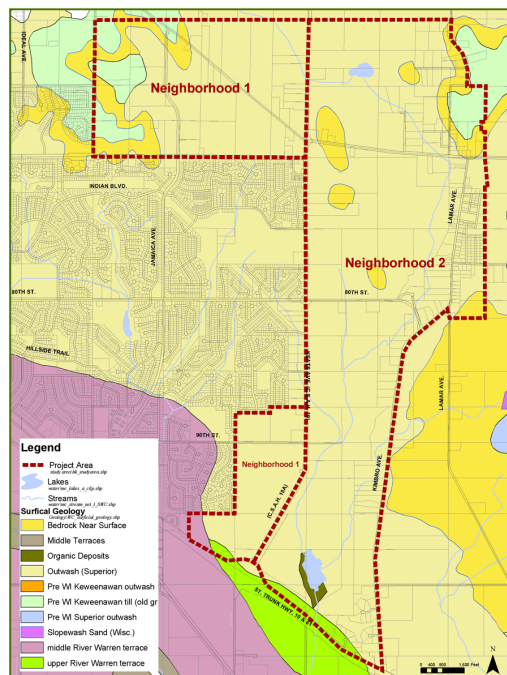


Figure 4-20
Surficial Geology

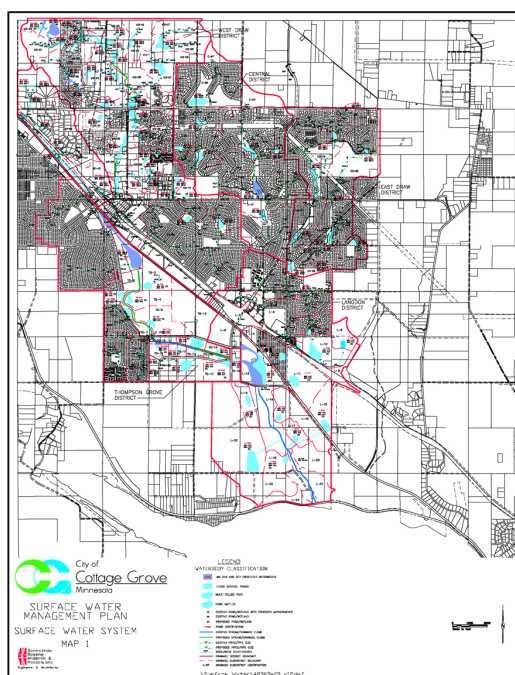


Figure 4-21
Surface Water Management

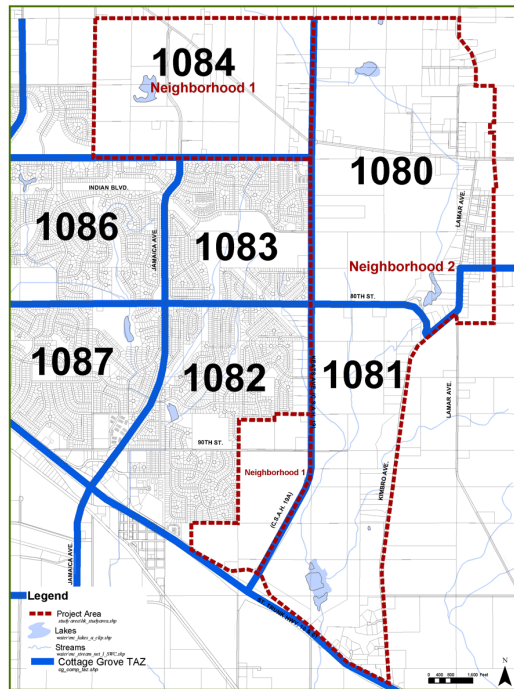


Figure 4-22
Cottage Grove Transportation Analysis Zones

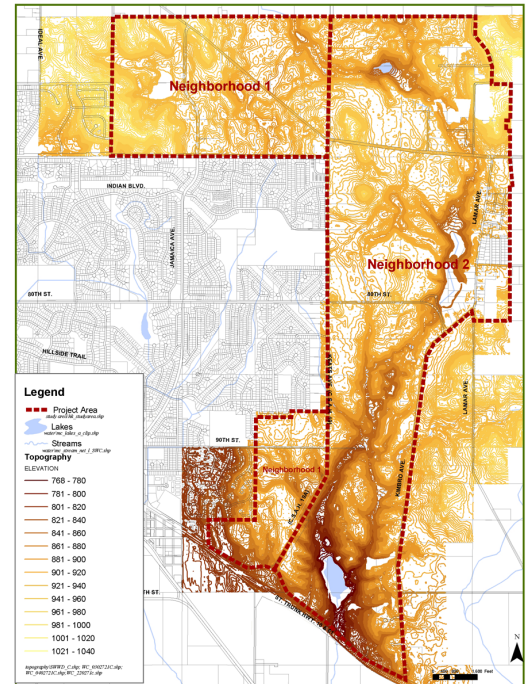


Figure 4-23
Topography

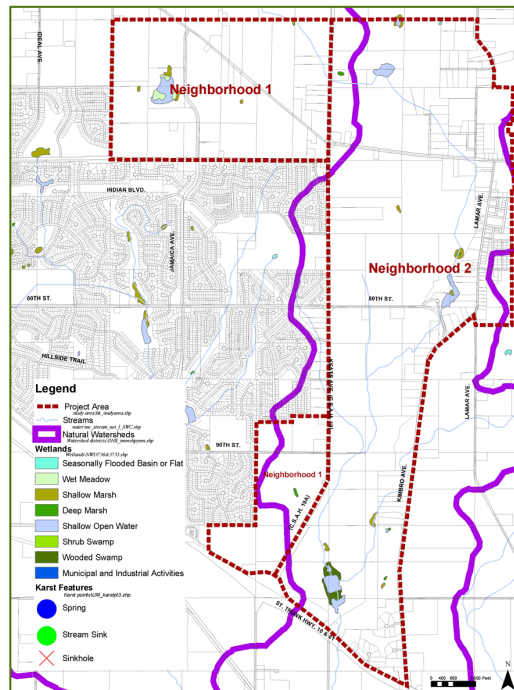


Figure 4-24
Wetlands, Karst Features & Watersheds

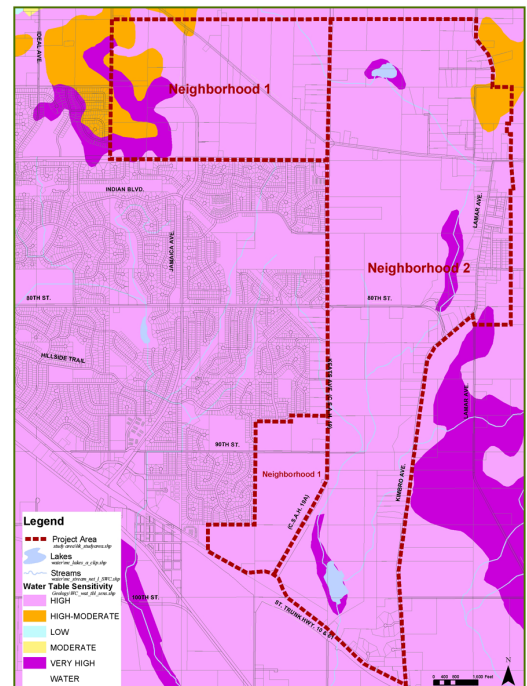


Figure 4-25
Water Table Sensitivity

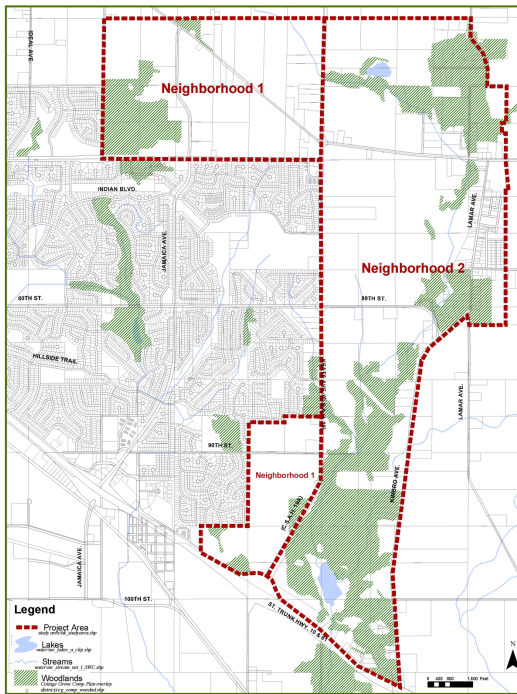


Figure 4-26
Woodlands

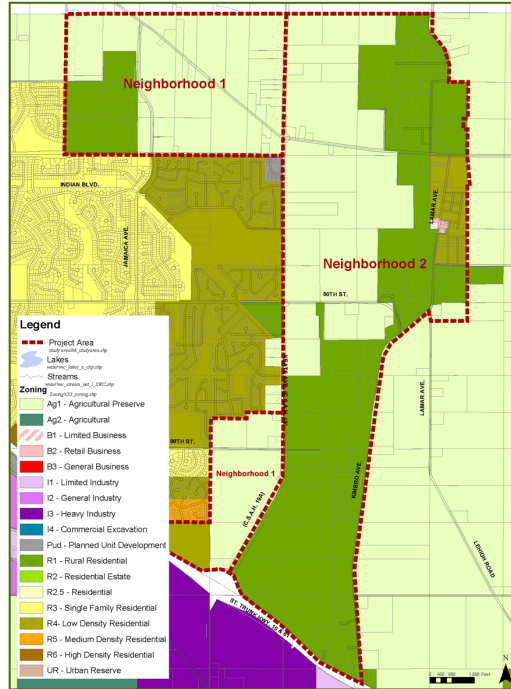


Figure 4-27
Zoning

Environmental Resource Composite

Based on GIS information sources (many of which are referenced in Appendix 1) a composite map of environmental resources was assembled. The map depicted areas that have a low environmental influence, a medium environmental influence or a high environmental influence. Factors used in categorizing sites in each of the three categories included:

- Open water or wetlands
- Hydric and flood prone soils
- Slopes
- Rare natural features
- Biodiversity
- Bedrock
- Native plant communities
- Cottage Grove Natural Resources Inventory (NRI)
- Local and national historic designations
- State Historic Preservation Office Archeology Database

Figure 4-28 depicts Environmental Influences. Generally, the portions of the study area that are most influenced by natural features are areas within the southern and eastern sections of Neighborhood 2. Areas designated as either of moderate influence or of high influence are not necessarily undevelopable. Those designations and particularly areas of high influence need to be examined more closely as part of detailed site design. Significant areas shown as high influence will never be developed due to topography or the fact that they lie within the Cottage Grove Ravine Regional Park.

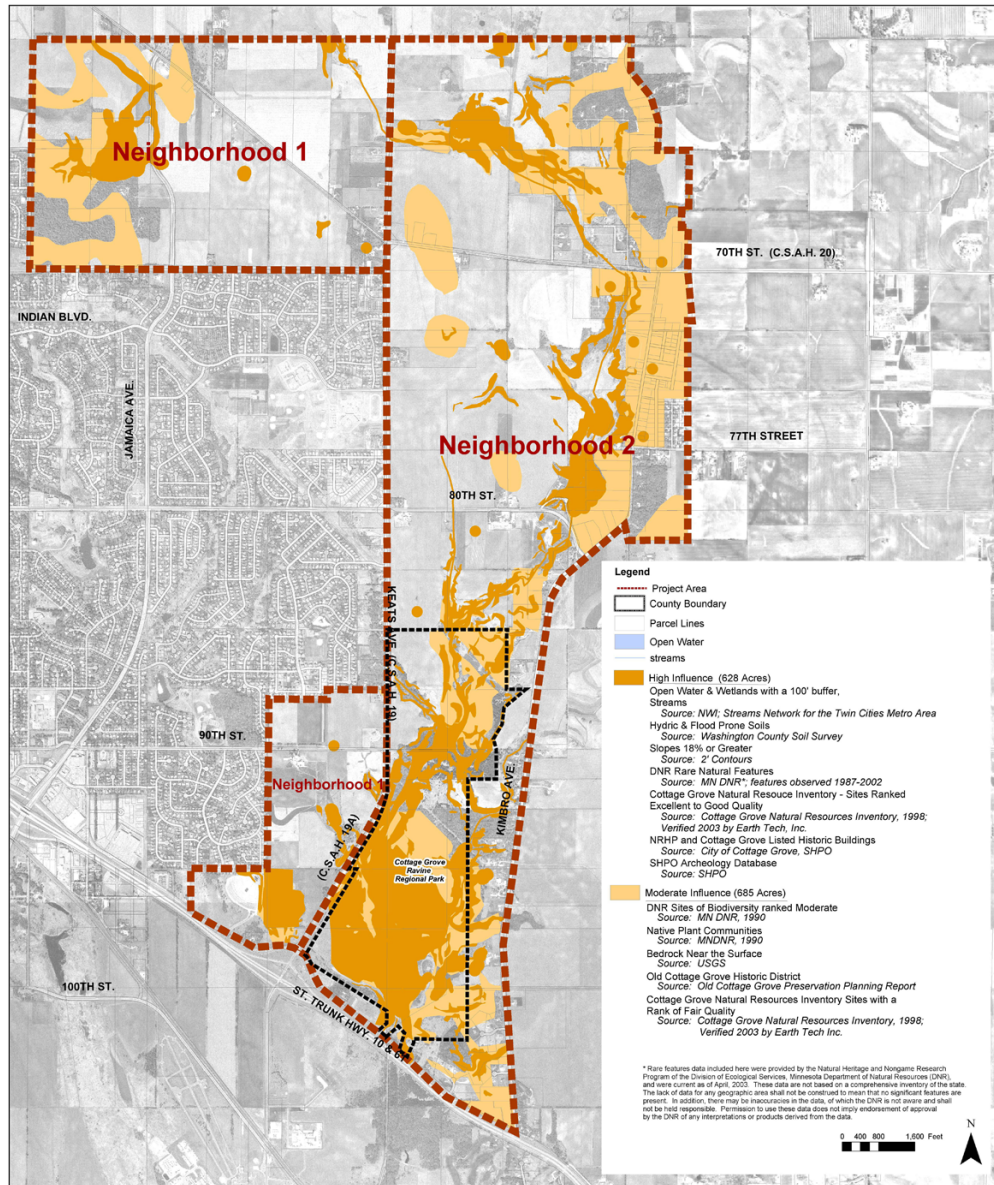


Figure 4-28
Environmental Influences

Development Constrained Land

Based on the Environmental Influences shown on Figure 4-29, land within the project area was defined as either constrained or unconstrained for development purposes. In the northern portion of Neighborhood 1, land classified as having development constraints resulted from areas having open water, forested areas under conservation easements or land planned as part of the regional storm water system. Land in this last category was classified as having indefinite boundaries because the exact permanent boundaries of the areas owned and controlled by the South Washington Watershed District will be further refined as development and utility planning becomes more detailed.

In the southern portion of Neighborhood 1, the only areas classified as development constrained resulted from areas of steep slopes.

In Neighborhood 2, most of the development constrained areas resulted from land either within the existing regional park, areas of open water and areas of steep slopes. Utility easements also limit development along certain corridors in the area.

From a resource standpoint, the vast majority of the East Ravine area can accommodate future development. The network of development constrained land and undevelopable land has the potential to serve as buffers and linkages between developed uses. Having a system of open spaces and preserved natural features will add to the attractiveness and value of the East Ravine area.

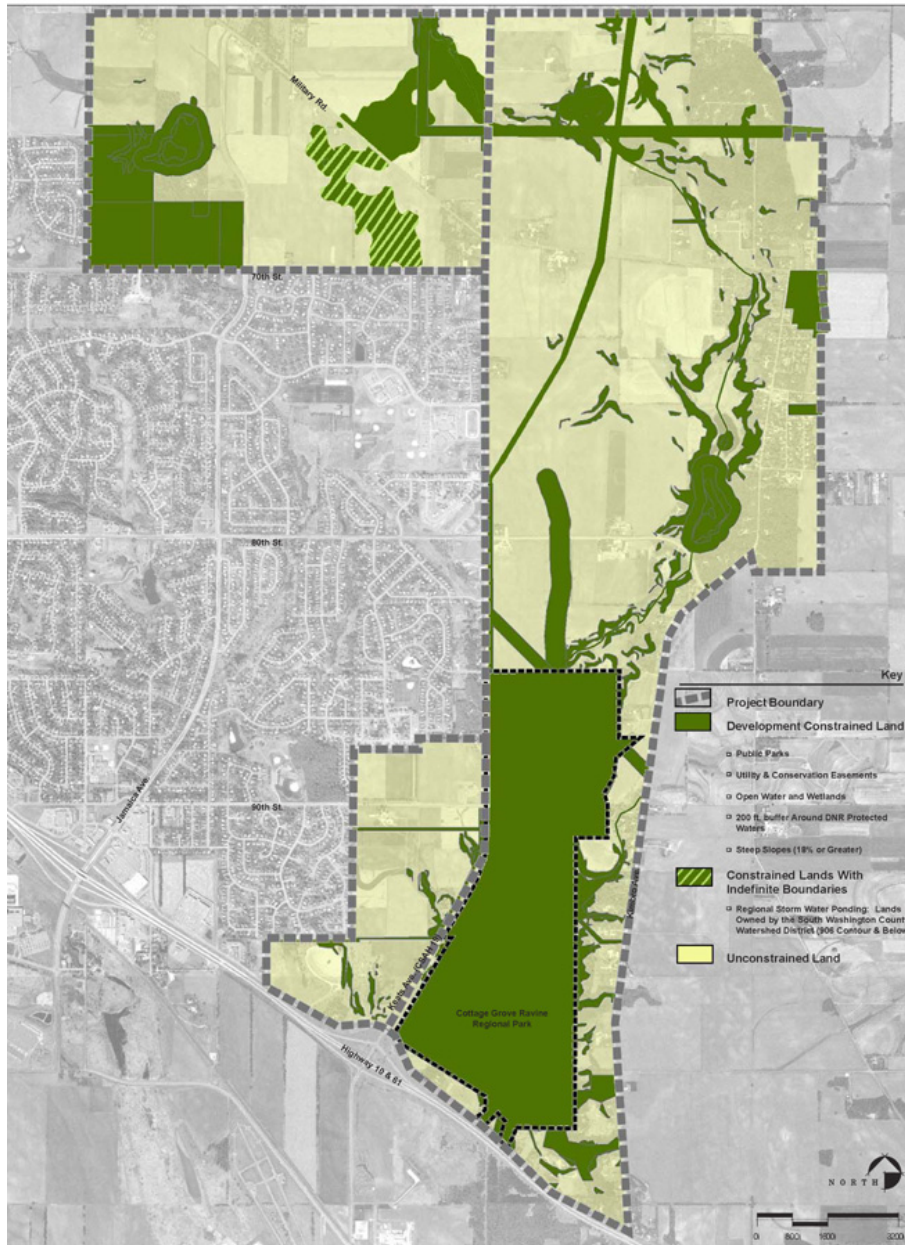


Figure 4-29
Environmental Influences

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The East Ravine Master Plan depicts Cottage Grove's detailed vision for future development. The components of the Master Plan work together to identify the future land use pattern and infrastructure necessary to support added residential and commercial growth.

The Master Plan begins with a focus on land use. The land use section starts with a discussion of land use typologies. The typologies provide photographic illustrations of the that are depicted in varying colors on the map. With an understanding of the types of development envisioned by the City, the plan next begins to address the spatial arrangement of development forms and densities.

Decisions on land use planning directions were not made in a vacuum. As land use alternatives were developed and tested, simultaneous investigations were occurring pertaining to transportation needs, potential parks and other infrastructure systems including storm water treatment, sanitary sewer and municipal water. Each of these infrastructure systems are discussed later in this section.

This Master Plan by itself is a strong statement of City policy. However, equally important, it is the basis for two other components of the East Ravine Pre-Design, the Alternative Urban Areawide Review and the necessary Comprehensive Plan amendments.

Land Use

Land Use Typologies

In order to better understand the patterns of land use within the Master Plan, general categories of specific use and intensity were established. These land use typologies indicate the types of residential or commercial built forms that one would envision for the areas indicated in the Master Plan.

Less than 1 unit per acre

This category comprises large lot single-family uses and the potential for clustered housing. A clustering approach to development creates a feeling of neighborhood for the residents, while maintaining low overall density and preserving the largest amount of open space and rural character.



Rural character preserved through clustered housing

1 to 5 units per acre

This category consists of primarily single-family residential with small pockets of attached housing. A combination of diversity of housing styles and lot sizes, proximity to high quality amenities, and quality/character of housing stock all add value to these residential neighborhoods. Streets within this category are envisioned to not be overly wide nor dominated by garages, and all four sides of the house would receive equal levels of finish / workmanship to further the value of these neighborhoods.

Low density, single family residential with quality workmanship located by nearby amenities provide a high quality housing stock



6-12 units per acre

In today's busy world, many home buyers do not want to worry about property and exterior building maintenance. The attached housing signified by this category allows for a maintenance free lifestyle and comes in many shapes, sizes and styles from townhomes to rowhouses and represent a rapidly growing segment of the owner-occupied market.

Attached housing is a market driven housing type with a maintenance free lifestyle.



More than 12 units per acre

Higher density housing consisting primarily of owner-occupied condominiums and market rate apartments offers housing to a wide range of ages and income levels and achieves a variety of goals. This greater concentration of population also supports commercial uses, focuses local traffic volumes by concentrating density in relatively small areas and consequently has the ability to preserve large areas of open space.

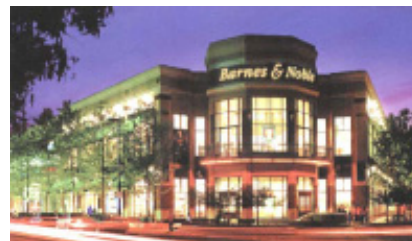
Low density, single family residential with quality workmanship located by nearby amenities provide a high quality housing stock



Commercial / Retail

Commercial buildings come in variety of forms and sizes, from small footprint "Main- Street" type shops to large footprint "Big-Box" retail. While there is room and demand in the marketplace for each, creating a safe and inviting experience for pedestrians and designing structures with high quality materials and detailed articulation will create places which last and are continually successful.

Low density, single family residential with quality workmanship located by nearby amenities provide a high quality housing stock



Mixed Use

A popular trend in today's market is mixing uses – residential or office above commercial. It is an efficient use of valuable land that generates a concentrated activity at all times of the day. Typically more urban in nature, the variety of uses and attractions within walking distance of one another reinforces a sense of place and community, creating an identity that makes these districts unique.



Low density, single family residential with quality workmanship located by nearby amenities provide a high quality housing stock

Alternative Concepts

The development of concept plan alternatives for the East Ravine explored varying patterns in land use, the built infrastructure consisting of transportation and utility systems, the green infrastructure established by the natural environmental systems, parks and designated open space. Broad ideas included in these concepts addressed various growth patterns that grew either from the existing development patterns, or broke down the existing framework to define a new pattern. While some concepts allowed the transportation system to drive the development patterns, natural systems and landscape features directly informed others. Each concept also looked at varying degrees of development intensity, or town centers, focused at Highway 61 and County Road 19 or the Cottage View and again at 70th Street and County Road 19, labeled the Cedarhurst Area

Land Use Concept A

Beginning with the built infrastructure, the roadway network in concept A explores at a “neighborhood parkway” integral to the development pattern and serving as a connecting loop street through the residential uses. The current Military Road intersection would be realigned to an adequate spacing distance north of Cedarhurst and connected to this neighborhood parkway. This concept allows for a destination ‘big box’ retail use at the Cottage View area along Highway 61 with a medium-density neighborhood to both support the commercial area and buffer the existing neighborhood to the west. The Cedarhurst area has the smallest amount of commercial area of any of the three concepts and would be a single-use district, rather than mixed use, and again, medium density surrounding the commercial area. The far southeast and northeast areas of the study area would be guided for “rural residential”. The open space areas in this concept are essentially active park spaces as well as land deemed unsuitable for development.

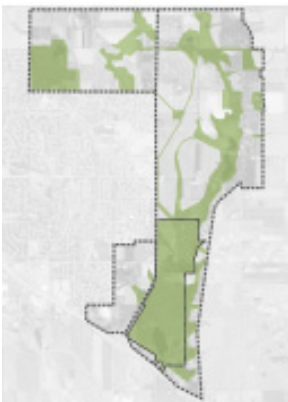
Land Use Concept B

Like Concept A, this concept focuses commercial activity at two nodes, Cedarhurst and Cottage View. In this alternative, the Cedarhurst area comprises a more linear strip of commercial land along 70th street east of CR. 19 with a variety of high and medium density housing surrounding. Cottage View contains a larger, destination commercial area with a broader medium and high-density residential district to the north of the commercial area. The internal roadway network is similar to Concept A, including the neighborhood parkway &

realigned Military road. The option also utilizes Jamaica Avenue as a major north / south transportation route. Similar to Concept A, the open space is regulated to active park spaces and undeveloped land either designated by conservation easements or dictated by topographic constraints.

Land Use Concept C

This concept looked at an inter-connected approach of natural greenways and active parks as the framework for the development patterns. Combined with the broad preservation of open space connections a continuous “ridgeline parkway” meanders through the entire development area adjacent to the ravine topography providing a public edge and connections to the open space network. Cottage View consists of a destination ‘Big-box’ retail area along Highway 61 and a “Main Street” mixed use district extending north. Both supporting this retail - commercial area and serving as buffer to the adjacent existing single family residential is a broad stretch of medium density housing with pockets of high density housing near Keats Ave. Again at Cedarhurst, a mixed-use district intermingles commercial and residential uses to form a village center for the northern portion of the study area. The realignment of the Military Road intersection and the stronger reliance of Jamaica Avenue as a north south transportation route would also be utilized. Finally, green corridors or wide areas of natural preservation and enhancement along the major roadways would be implemented to further the rural characteristics of the existing east ravine landscape.



A Preferred Concept - Land Use Concept D

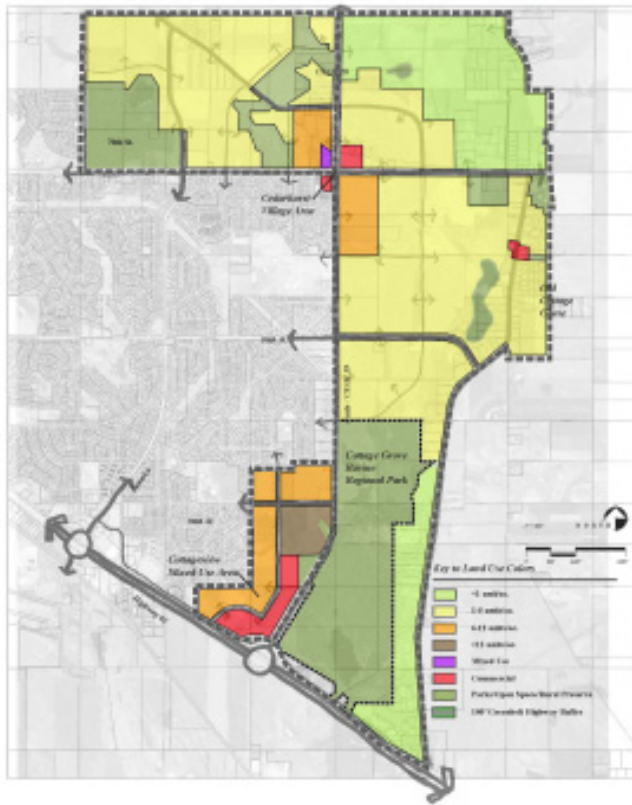
A preferred land use plan began to grow out of input received from various sources during the concept plan review process. Beginning with public open house in November 2003, all three preliminary concepts, A, B & C were presented. Local residents were asked to fill out evaluation forms on each of the three concepts asking participants about their individual likes and dislikes on specific aspects each plan related to green infrastructure, built infrastructure, and land use. In addition to the public open houses, numerous review meetings were held with the Citizens Advisory Team (CAT), and a Technical Advisory Team (TAT), along with workshops engaging the community leaders and on-going review and discussion with city staff.

Throughout this series of public open houses, CAT and TAT meetings and City official and staff review on the individual concepts, a consensus on a number of key plan elements was emerging. The majority of participants responded positively to Concept C, due in large part to the idea of an inter-connected network of open space and the overall land use patterns. Another positive aspect of Concept C was the “ridgeline” parkway and the way this roadway could be utilized as an amenity to surrounding development connecting to the broader open space framework. Many agreed with idea of the Cedarhurst area developing into a mixed-use “village center” surrounded with high and medium density housing, while the Cottage View area would consist of a combination of destination “Big-Box” retail along Highway 61 and a “Main-Street” mixed-use district just to the north.

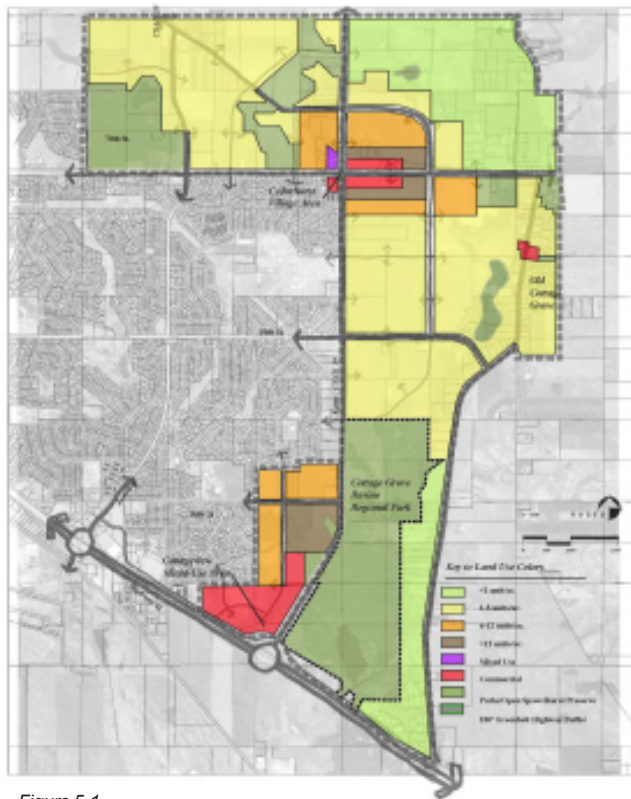


Another idea receiving positive feedback was the idea of utilizing expanded green corridors along major roadways in order to screen development and provide recreational corridors with an enhanced rural character. Generally, many agreed with the realignment of Military road from a traffic and safety standpoint, and relying more on Jamaica Avenue for more north / south traffic. Another general comment from review of the concept plans was that the Master Plan should find an appropriate balance of overall development densities between the more focused areas of development intensity or attached housing the with broader areas of high quality single-family residential neighborhoods.

Concept A



Concept B



Concept C

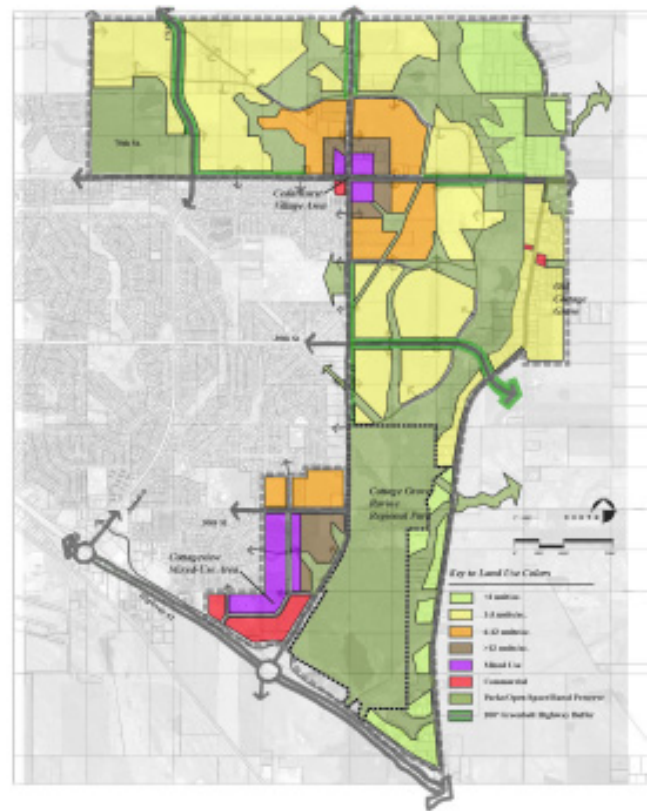
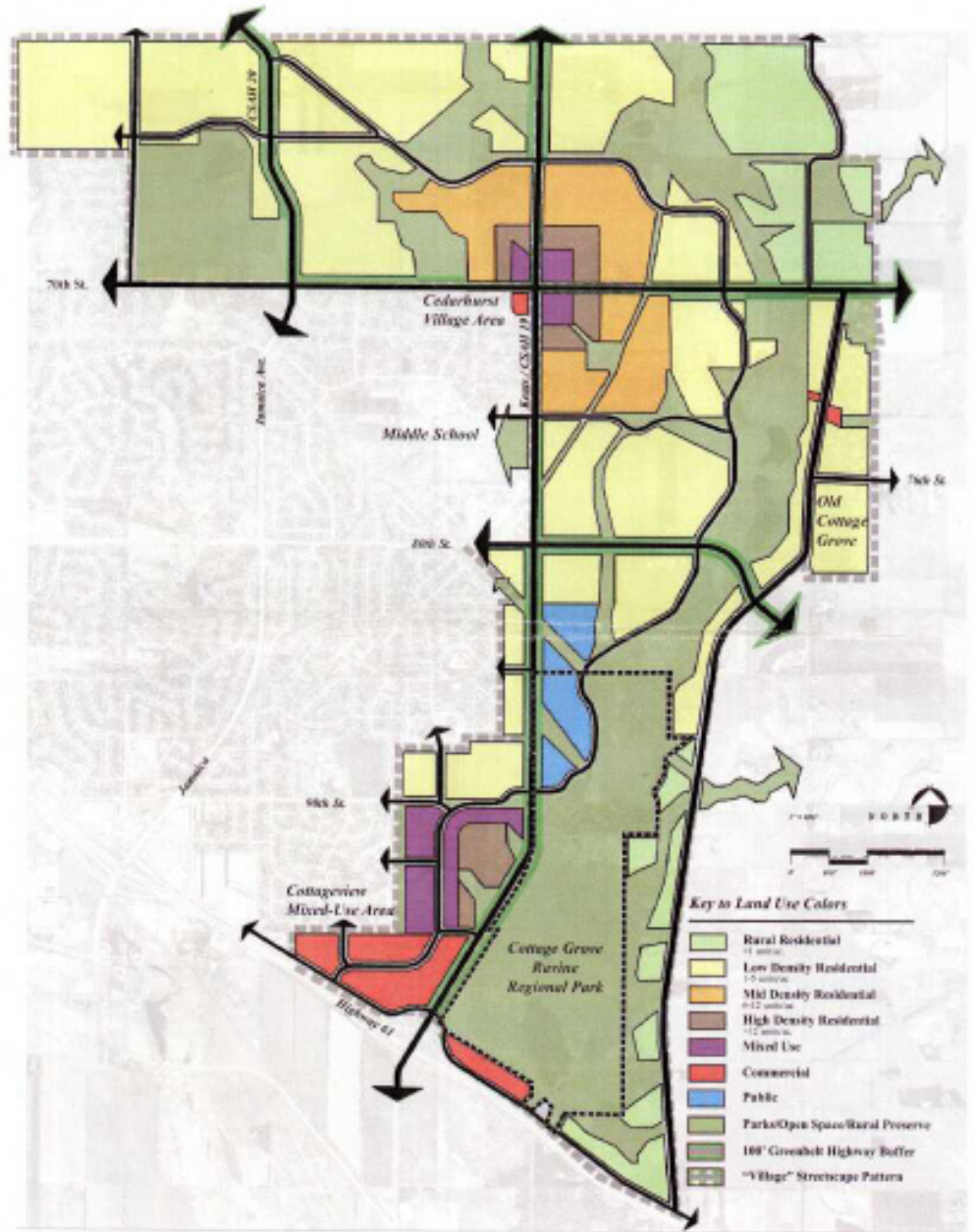
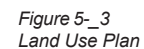


Figure 5-1
Concept Alternatives A, B and C

Figure 5-2
CONCEPT PLAN
The preliminary consensus land
use plan for the East Ravine. This
plan was the foundation for the
development of further detail on
land use and overall development
patterns.



While the, Land Use Concept D laid the foundation for the appropriate use, transportation patterns and the open space framework for the East Ravine, more detailed exploration, analysis and input was required to develop the final Land Use Plan component of the Master Plan. The Land Use Plan depicts a general allocation of uses by land use type at a level of detail appropriate for comprehensive planning. Accordingly, it is the land use plan that will be used as the basis for the amendment of the amendment of the Cottage Grove Comprehensive Plan. The following is an overview of the plan.



Land Use Plan

The East Ravine area has been broken down into two broad “neighborhoods” for purposes of this Master Plan study. Neighborhood 1, which includes all of the project area lying east of Keats Avenue (County Road 19) and Neighborhood 2, the remaining project area lying east of Keats Avenue. Neighborhood 1 was further broken down into a northern portion, consisting primarily single-family residential and a southern portion including the Cottage View area. Neighborhood 1 has been envisioned as Cottage Grove’s next phase of development. Accordingly, the project addresses an increased level of detail in neighborhood 1 – developing a near preliminary plat level for both the northern and southern sections of this area. Neighborhood 2, which is envisioned as having longer-range development potential, is shown in a more general land use manner.

As indicated in Concept D, The Land Use Plan emphasizes a focus on density at two locations, Cedarhurst and Cottage View. In these areas, commercial uses are integrated with mixed-use development and medium / high-density housing. Outside of these areas, lower density housing is shown consisting principally of single-family detached homes and twin homes. The northeast corner of the project area accommodates rural density housing, with densities of at least one unit per acre.

Neighborhood 1

Neighborhood 1 North consists principally of lower density housing. During the planning process, lot size and residential density were given careful consideration. Tours of Twin City development projects provided examples of contemporary densities and housing forms. Based on that review, it was determined that a “standard” Cottage Grove single-family lot required 85’ of width. To encourage housing variety and varying price points, lots both larger and smaller than the standard are also included in the plan. The lot patterns shown are intended to convey the City’s expectation of the development pattern in Neighborhood 1. It is expected that some level of deviation from the lot pattern shown may occur as individual developers prepare preliminary plats in the future. The general locations of streets, overall lot patterns, open space areas and the parkway, however, are not expected to change significantly. The Neighborhood 1 North Master Plan is a strong indicator of the layout and design qualities that Cottage Grove expects for this new neighborhood area.

On the east side of Neighborhood 1, the low density residential pattern terminates in a large open space area accommodating both storm water treatment basins and parks. Southeast of the open space area is a medium and higher density residential area near the Cedarhurst site. This area has a functional connection to the larger Cedarhurst mixed-use area east of County Road 19 in Neighborhood 2.

The southern portion of Neighborhood 1 contains a mix of residential uses and a significant amount of new commercial development as shown on the Neighborhood 1 South (Cottage View) Master Plan. Neighborhood 1 South has a significant change in topography with an 80-foot elevation difference in some areas. As a result, commercial uses occur on terraces that move up the hill from south to north. The parkway passes through the area, providing access to the commercial areas in the south, then connecting to a mixed-use area before continuing northward into the residential area. The northern portion of Neighborhood 2 South contains residential densities and lot patterns that reflect those found in Neighborhood 1 North.

The land use pattern in Neighborhood 1 South generally follows the land use designations in the current comprehensive plan with some shift in the higher density residential area to locate

it contiguous with the mixed-use area. Existing single-family neighborhoods are located west and north of Neighborhood 1 South. The plan responds to these neighborhoods by locating similar uses on the east side of the interceptor sewer easement in the northern portion of the area and by using grade changes and buffering between the existing neighborhood and the new commercial area to the south.



Figure 5-4
Neighborhood 1 North Master Plan

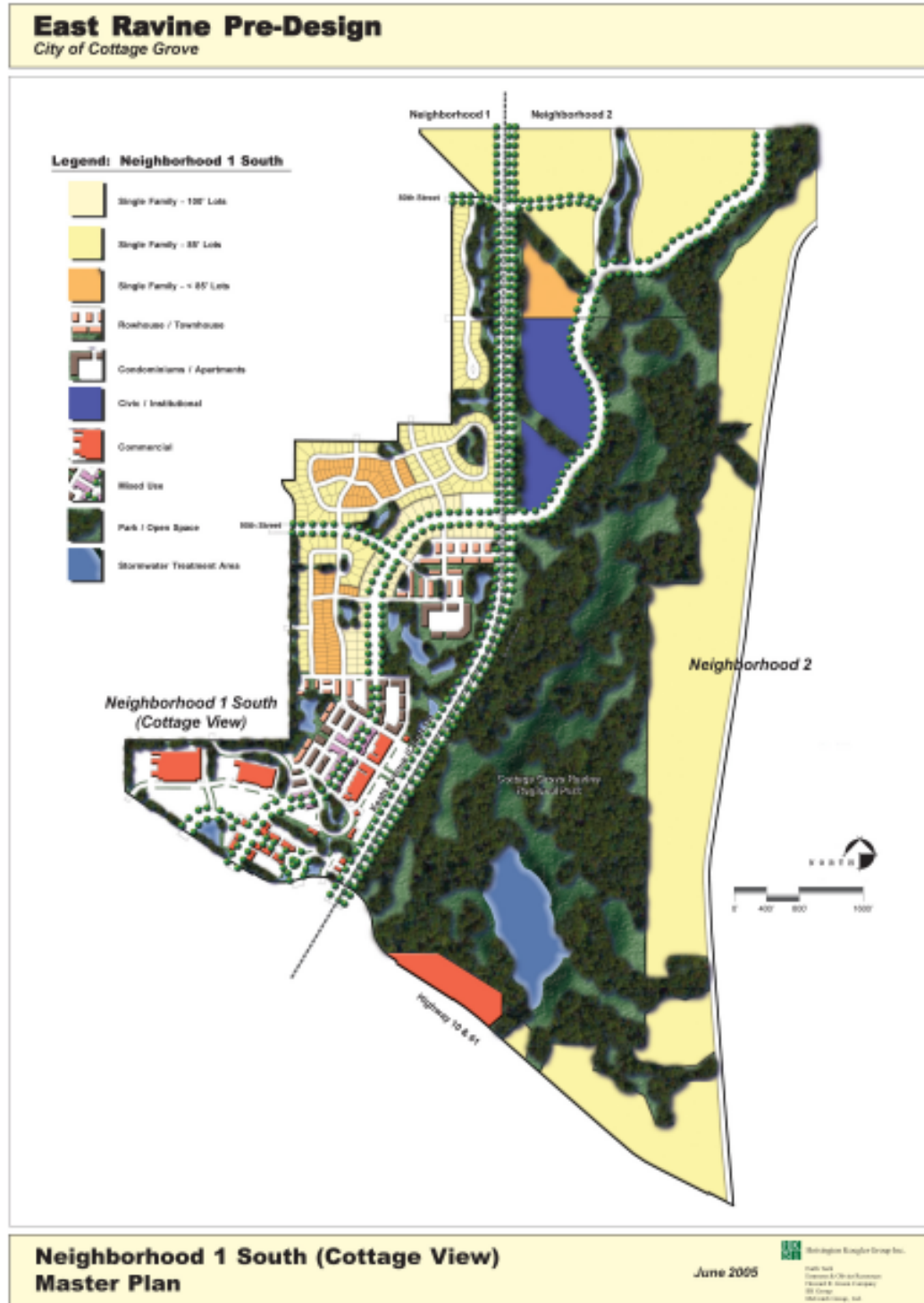


Figure 5-5
Neighborhood 1 South (Cottage
View)

Neighborhood 2

Less detailed planning has been completed for Neighborhood 2 as part of the Master Plan. In general, Neighborhood 2 has three primary components: the Cedarhurst area, new low-density residential areas and the existing Old Cottage Grove neighborhood. Consistent with the results of the market analysis, the Cedarhurst area is planned as a new mixed-use neighborhood at

more of a “village” scale. The character and architecture of the existing Cedarhurst building is expected to be a model for building forms in the area. The intersection of 70th Street and County Road 19 is the location for commercial uses. Radiating around the commercial area are mixed-use areas, higher density residential areas and medium density residential areas. All of these uses are connected to the parkway system and the open space system via trail segments and greenways.

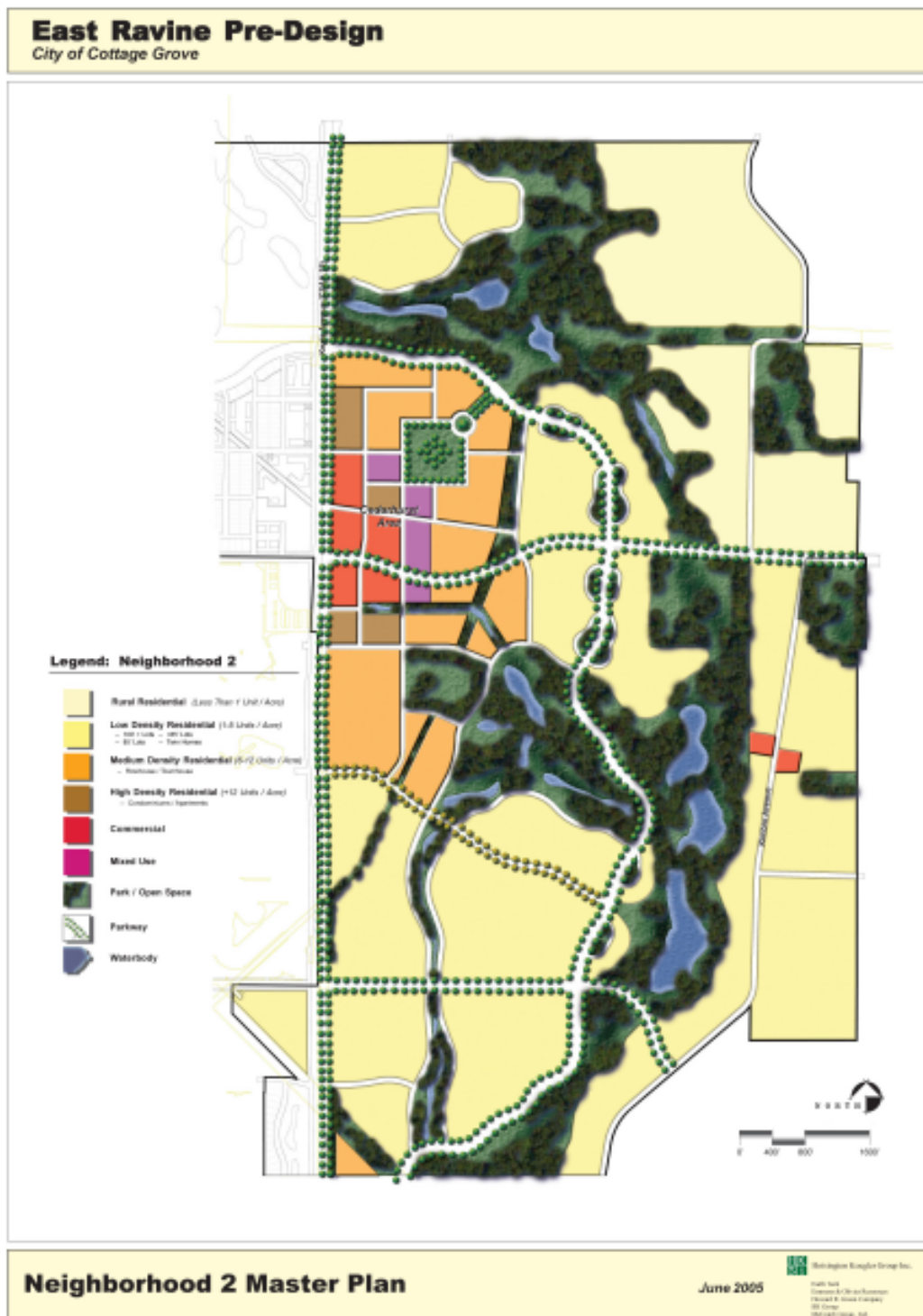


Figure 5-6
Neighborhood 2 Master Plan

The major roadway network shown on the plan defines new residential neighborhood areas. All of the new neighborhood pockets have connecting access either to the parkway or to open space areas. An extensive trail network along the parkway and open space areas will connect Neighborhood 2 with Neighborhood 1 as well as with the greater Cottage Grove community and the surrounding area.

The Old Cottage Grove neighborhood lies along Kimbro Avenue generally south of 70th Street. This area is the home of five properties that are listed on either the City Register of Historic Sites and Landmarks or the National Register of Historic Places. The Old Cottage Grove neighborhood is not presently served with either municipal water or sanitary sewer. The East Ravine project has the potential to serve this area in the future with full municipal utilities if deemed necessary. Water and sanitary sewer service to this area is not a priority of the plan but could be accommodated in the future, particularly in light of the fact that some of the wells in the area have been reported with high nitrate levels.

As the parkway passes through Neighborhood 2, it both provides access to new neighborhood areas and it passes near or through the ravine open spaces shown on the plan. In doing so, it will provide motorists, pedestrians and bicyclists with a variety of vistas, some across the natural ravine and some focused on new residential neighborhoods.

The vast network of open space and storm water conveyance and treatment areas is looked at as a significant amenity for new housing. The interrelated open space system combined with the ravine topography in the area has the potential to attract upscale housing in the future. Neighborhood 2 has great potential to become an attractive living environment for a wide range of housing from the new mixed-use, village neighborhood in the Cedarhurst area to attractive new neighborhoods in the mid section of the area to the historic feel of the Old Cottage Grove neighborhood on the eastern edge.

Lot and Unit Summary

The Metropolitan Council guidelines encourage new development areas in the Twin Cities to range from four to six units per acre. The regional density calculations are for residential land only and do not include land for regional parks, major collector roadways and regional storm water treatment areas. The Land Use Plan depicts a density of 3.93 units per acre for Neighborhood 1, a density of 4.49 units per acre for Neighborhood 2 and a combined density for the entire project area of 4.20 units per acre.

	Number of Units	Percentage of Overall Totals
Neighborhood 1		
Single Family	1599	49.9%
100 + Lots	208	13.0%
85' Lots	1006	62.9%
< 85' Lots	385	24.1%
Twin Homes	152	4.7%
Townhouse / Rowhouse	264	8.2%
Condominium / Apartments	1192	37.2%
Total "Neighborhood 1 "	3207	
Neighborhood 2		
Single Family	1395	41.7%
Townhouse / Rowhouse	1186	35.4%
Condominium / Apartments	766	22.9%
Total "Neighborhood 2"	3347	
Total Project Area Units	6554	

Total Project Area Housing Units	Units	Percent of Overall Total
Single Family Detached	2,994	46%
Multi-Family Attached	1,602	24%
Multi-Family Stacked	1,958	30%
Total Units	6,554	100%

Figure 5-7
Lot and Unit Summary

Plan Features

The following are more in-depth descriptions of the focused areas of the Master Plan information on the Cottage View and Cedarhurst areas provides more insight into the development pattern and philosophy. Also discussed is the intent of the residential neighborhood patterns and how these areas relate to the critical design elements and components such as the parkway and green corridors, which form primary features of the Master Plan for the Cottage Grove East Ravine.

Residential Patterns

Housing in the East Ravine Master Plan can be articulated in two distinct patterns and uses, low density housing in broader neighborhoods and medium and high-density housing located in the village-scale nodes.

Neighborhoods - Low Density Housing

With the over-riding notion of allowing the existing natural systems and the critical open space features of the plan to guide the placement of development, the lower-density single-family neighborhoods fit well within that context. A modified-grid network of residential streets allows the developed areas to respond to the existing topography and drainage patterns. The detailed development plan for Neighborhood 1 North illustrates how this pattern of streets and lots loosely rise and fall across the landscape. This pattern effectively feeds traffic from these neighborhoods to collector roads and similarly, directs pedestrians to the central amenity and open space feature of the parkway and the series of small greens and neighborhood parks to which are it is linked. This development pattern provides an efficient use of land and infrastructure, while still providing for the types of single-family housing products the Twin Cities metro area market demands.

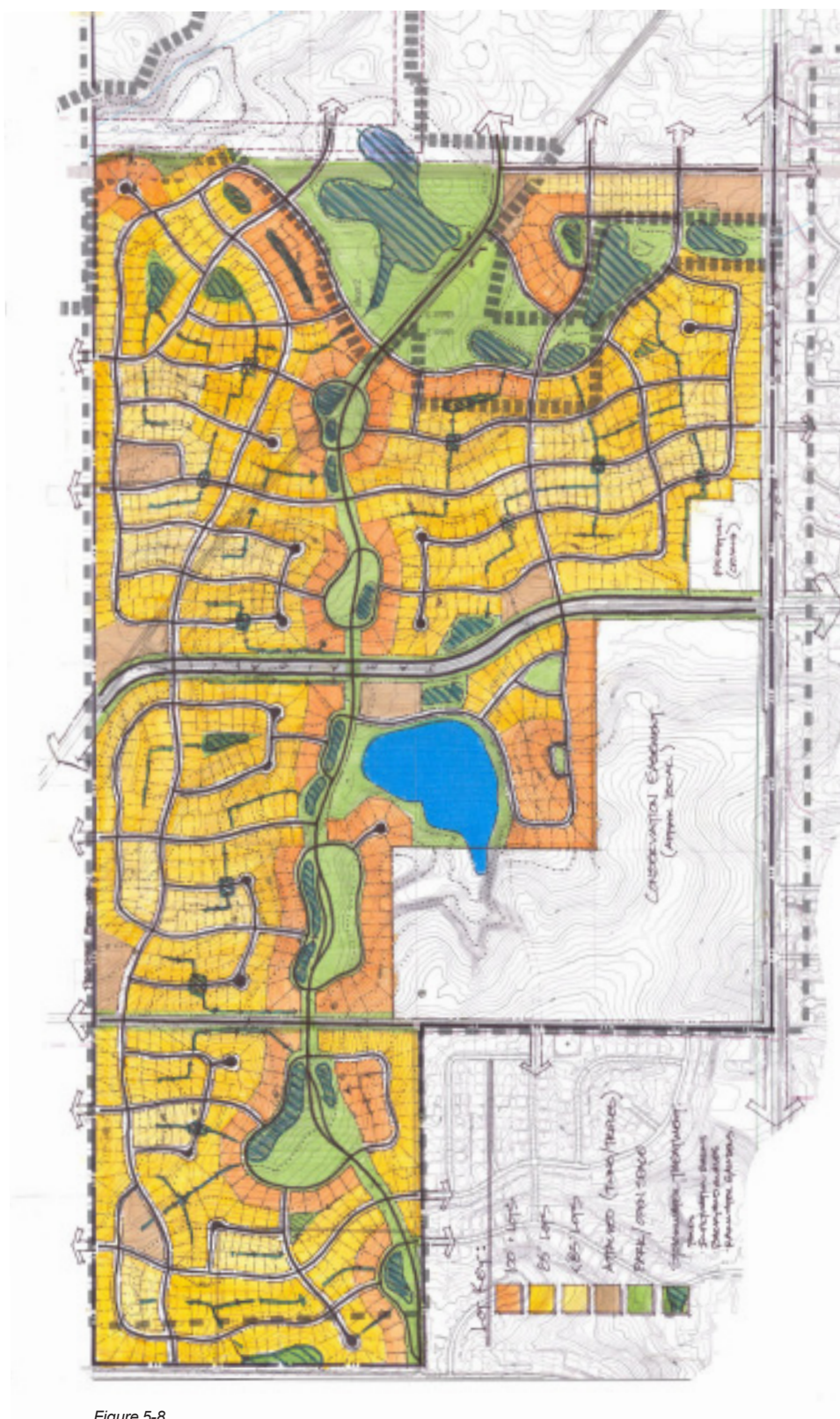
The community's vision for well-articulated, higher-end homes would be realized with large lots fronting on the parkway eyebrow lanes which spin off of the parkway to form small enclaves of high amenity housing. Beyond these larger estate size lots, the primary single-family house in these neighborhoods would sit on an 85 foot plus lot. This dimension allows for a wide range of housing styles within the move-up housing category. Areas of narrower lots ranging from 65'-75' in width and small pockets and are also identified on the plan in areas where the patterning of topography and drainage only allow for a certain width or depth in the block pattern.

Parks and community gathering areas are located in the fronts of homes, rather than the rear yards or "leftover" areas. This "front porch" approach to neighborhood design allows for a neighborhood and community focus to parks and open space, further strengthening the recreational amenities within the community. These areas inherently become gathering locations, which is often lost when public parks are located in someone's backyard.

Villages - Medium & High Density Housing and Mixed Use

In the more focused areas of development at Cottage View and Cedarhurst higher densities of attached housing are envisioned. The utilization of townhomes and rowhouses to gain a rear garage orientation to the public street keeps unsightly trash collection and surface parking in the rear of the homes, while individual units would still have a public walk-up, front door access.

Similarly, higher density condominiums and apartment buildings would have underground parking or internalized surface parking courts, allowing the architecture of the building to take



prominence on the street rather than a broad expanse of asphalt. Detailed articulation of these buildings is also envisioned through the use of design guideline which will work to keep a pedestrian scale to these buildings



Figure 5-9
Villages Residential Pattern

Market Analysis

The information generated in the market analysis by McComb Group, Inc. ultimately helped shape the land use designations in the Master Plan. The market analysis looked at the overall residential market in both the single family and multi family areas and indicated that the East Ravine development could attract as many as 10,750 residential units by 2025, equally divided between single family and multi-family products. The allocation between single family and multi-family in any given year is arbitrary, the projections are meant to reflect an average over a longer period of time. The study also concluded that the East Ravine area provides the opportunity for Cottage Grove to broaden the range of single family and multi-family sales prices by offering a planned development area that contains amenities such as the parkway and numerous parks and features that support higher priced housing.

Commercial Nodes

Cottage Grove

The Cottage View area takes its name from the Cottage View Drive-in along Highway 61. The area lies northeast of the interchange between Highway 61 and County Road 19 and represents Cottage Grove's last major area of retail expansion.

The market study indicated several factors that support retail and service potential commercial at Cottage View including continued household growth in the primary and secondary trade areas, the limited areas for commercial expansion at 80th Street and Jamaica Avenue, and strong household income growth in the area. This retail area has the opportunity to serve incremental growth in the trade area as retail demand increases. Some stores may choose Cottage Grove as a location to take pressure off of their Woodbury stores. Sales potential analysis indicated that additional stores likely to locate at Cottage View represent convenience goods, shopping goods, services and health care. Estimated supportable square footage is 295,000 in 2010 increasing to as much as 650,000 sq. ft. in 2005.

Initially, the design plan called for all big box retail along Highway 61 for visibility. These

stores, which include a grocery store, discount store and home center, are the largest components of the overall square foot potential indicated in the market, representing roughly half of the total amount. With areas in the southwest corner of the site along Highway 61 nearly 80 feet lower in elevation than the commercial areas along Keats Avenue, the topography was an obvious concern for the development of these larger big box uses. Initial concepts studies looked at three large boxes on what would be a lower terrace with a few satellite commercial pads. Ultimately, the amount of parking and stormwater treatment areas would need to be increased forcing a slight shift to this pattern.



The end result is a commercial development plan that combines a big box and lifestyle shopping area on the southern and lowest portions of the site and midsize box strip and mixed-use district along the parkway on the northern and highest area of Cottage View. The big box commercial uses on the lower terraces have been modeled after current footprints and parking needs for a super discount store and a home improvement store. In order to overcome the steep topography, these two large big box users have been sited in the flatter areas of the site, the western, rear portion. The two buildings and parking lots occupy two distinct terraces roughly 15-20' apart in grade. The creation of these terraces by cutting back the hillside and landscaping allows the large buildings to remain out of site lines from the existing residential homes atop the hill, while still maintaining site lines from Highway 61 and the interchange at Keats Avenue for much needed commercial visibility. The intersection sits high enough topographically that these uses can be seen through the lifestyle shopping area in the foreground. Another reason for the specific location of the large box users aside from the topography was the energy these uses create. All the activity and traffic generated from the shopping trips now has the ability to pass through the lifestyle center adding to the commercial support and viability of these more specific shopping destinations. Without these big box anchors, the smaller specialized retail stores could struggle. A small area of convenience goods / gas is situated at the intersection of Keats Avenue and the frontage road.

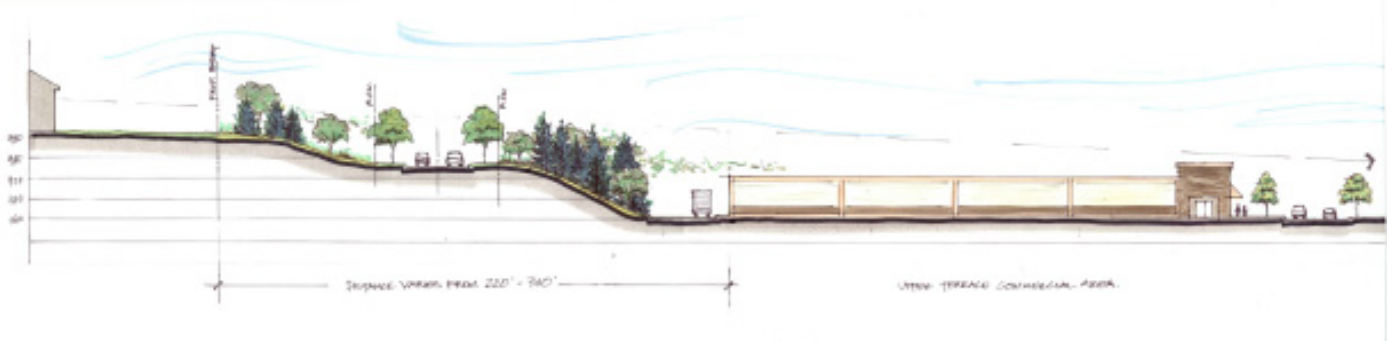


Figure 5-10
Commercial Street Section Study

The other commercial component to the Cottage View area includes a modest size commercial strip and a mixed-use area stretching along the East Ravine Parkway. Spanning two blocks, commercial retail stores front toward Keats Avenue with a primary access off of Keats Avenue at the top of the hill through the center of the commercial strip serve as a destination for more local trips rather than the regional center below. Uses like a grocery store, drug store, pet store, office supply etc. form the anchors to the commercial activity. The mixed use district running north and south along the East Ravine parkway is geared toward specialty retail, service, medical and office uses. A unique urban streetscape is planned for this stretch of the parkway with parking on both sides and fronts of building set against the street right-of-way. A unique district of sit-down restaurants is located along loop road off of

the parkway. At the center of this restaurant area is a large park with portions of the ravine with constantly cycling water features cascading down the hillside to the lower ponds in the foreground of the lifestyle center. This public amenity component is envisioned to become the iconic entry feature to the entire retail district at Cottage View.

Surrounding the mixed-use district to the north and west is urban village scaled mix of high and medium density housing. Primarily owner occupied townhomes and condominiums with a few for rent apartments, these uses provide a needed component to the overall housing stock and gently transition in density and intensity toward the existing single family uses to the west.



Figure 5-11
Cottage View Commercial

Cedarhurst

The Cedarhurst area takes its name from the Cedarhurst estate that is listed on the National Register. The Cedarhurst neighborhood lies around and somewhat east of the intersection of County Road 19 and 70th Street.

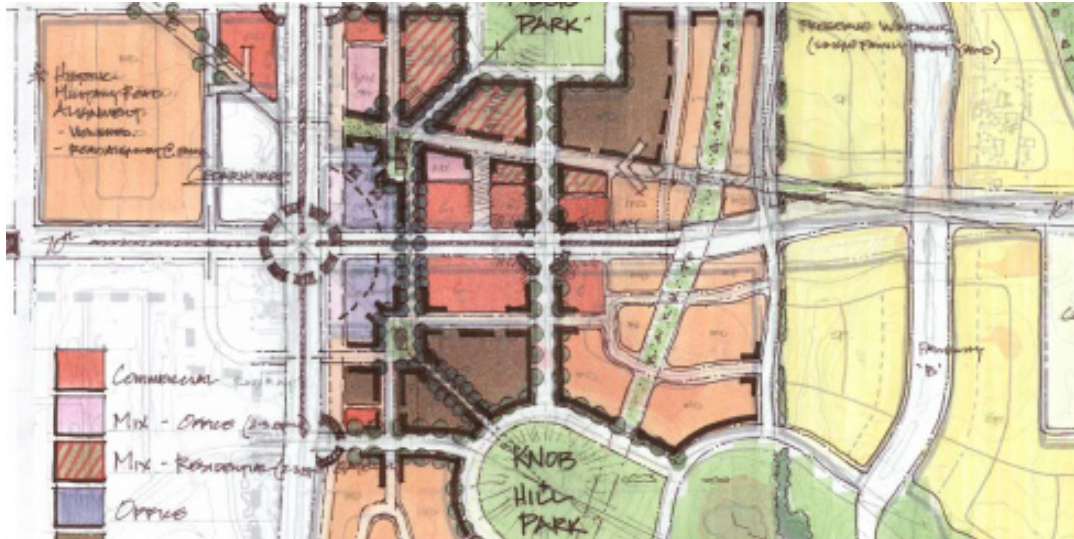


Figure 5-12
Cedarhurst Core

According to the market study, factors that support retail and service potential at Cedarhurst include the anticipated development within Cottage Grove East Ravine, convenient roadway access, and existing and future high-income households that prefer different types of goods and services. Cedarhurst's trade area would also be enhanced by future development in Woodbury. The portion of the trade area in Woodbury is scheduled for phased MUSA expansion between now and 2010.

Stores most likely to locate at Cedarhurst represent convenience goods, food service, services and health care. The largest components of this potential are a grocery store (more upscale) and a drug store. By 2025, the area may be able to attract approximately 204,000 square feet of additional retail and service commercial businesses.

The village scale, mixed-use node envisioned here would primarily locate commercial activity east of County Road 19 and would likely reflect some of the historic character of the Cedarhurst estate's architecture and grounds. A mixed-use district would exist along a street receiving full vehicular access off of 70th Street leading to two large park areas. The parks located northeast and southwest Cedarhurst's core and would serve the surrounding residential areas recreational needs. Situated atop large bedrock knobs, these parks reach out and physically connect to the parkway and open space network, which winds around the Cedarhurst village.

These bedrock areas also impact the realignment of 70th Street. East of Keats Avenue, 70th swings to the south to avoid the physical barrier in order to create better sightlines to the Keats Avenue intersection and overall access to commercial and residential areas on the east side. The western area of Cedarhurst shows the realignment of Military Road in terms of vehicular movement, but still preserves the current alignment in the form of a recreational trail corridor moving through the medium density area west of Keats Avenue.

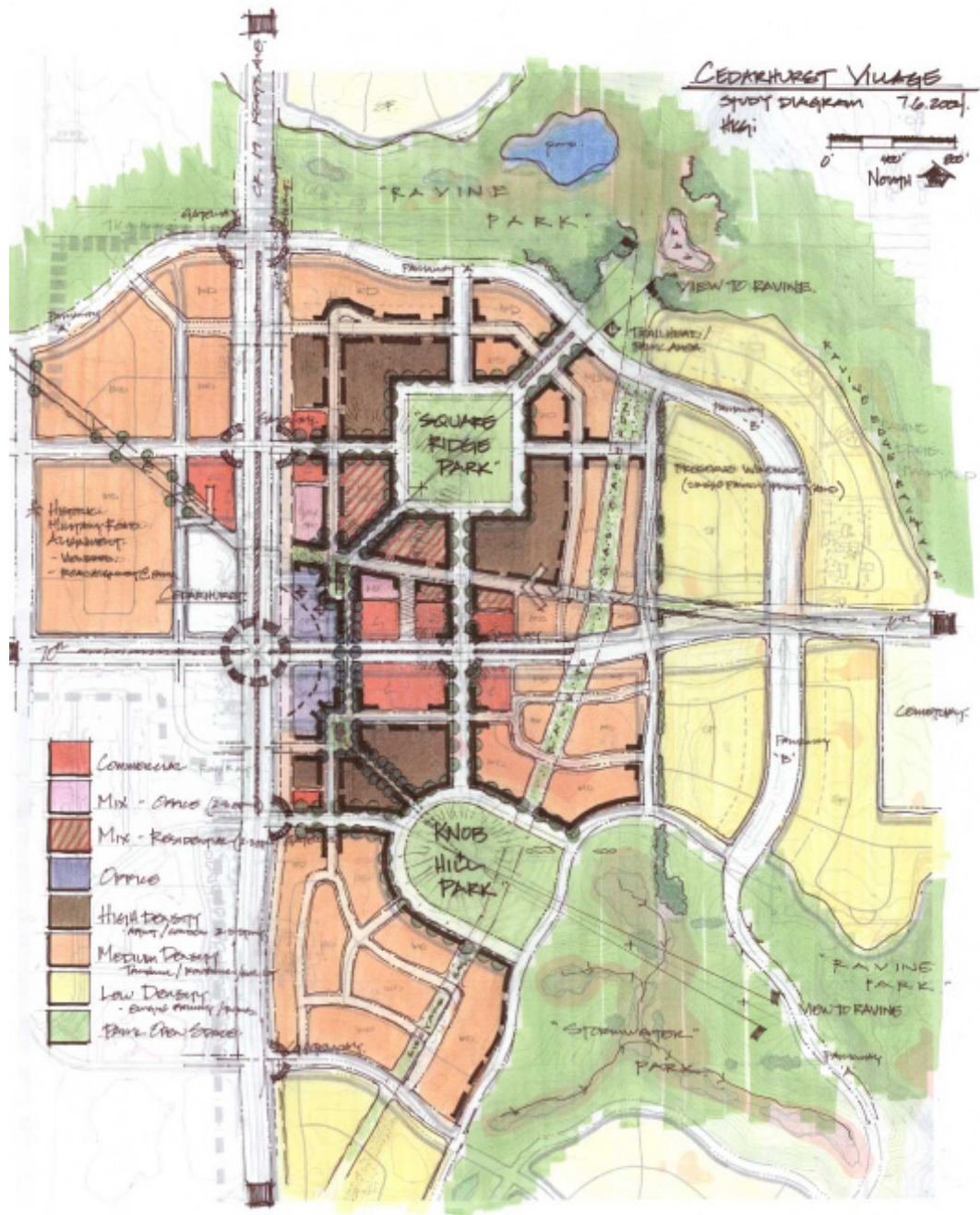


Figure 5-13
Cedarhurst Village Study

Parkway

One of the critical features of the Master Plan is the creation of the parkway, which establishes a central spine through the entire project area. This roadway serves an important function in carrying traffic to the collector roads but also establishes both a literal and figurative link for the entire project area. The parkway, which begins at the far northwest corner of the project area meanders its way east and south terminating at the frontage road along Highway 61, just west of County Road 19. Depending location and adjacent land uses, the parkway itself is envisioned with different sections. It will however, have harmonious design elements such as lighting, plantings, walk colors and textures. For example, as the parkway passes through the residential areas, it is expected to have a more open roadway section and

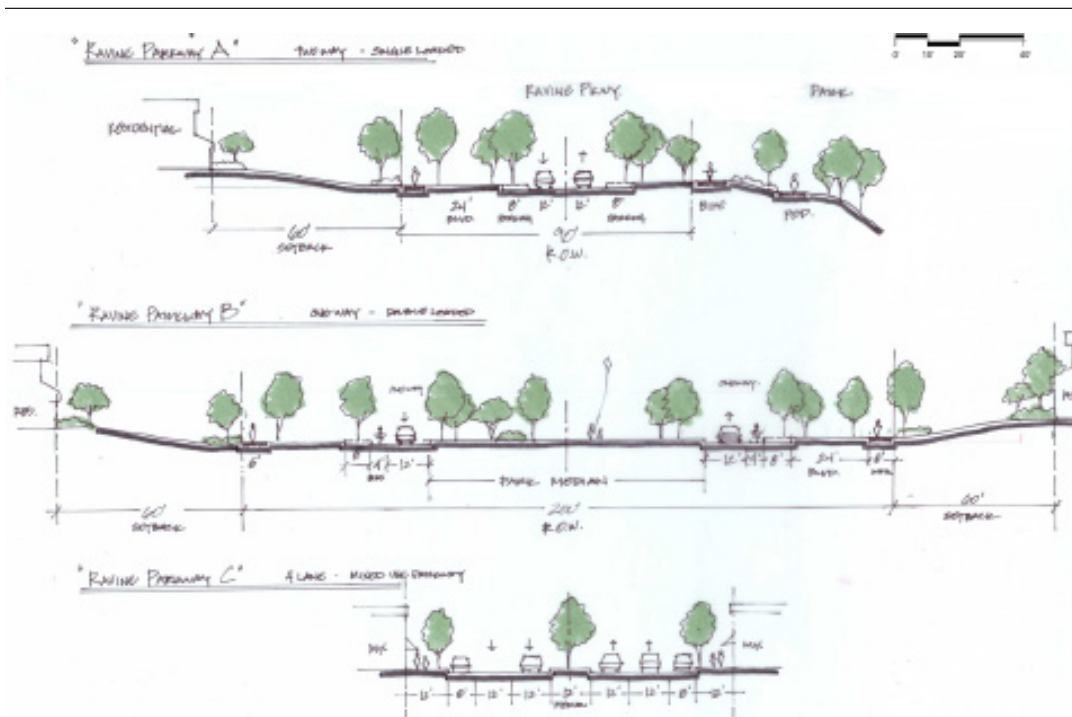


Figure 5-14
Street Sections

larger structure setbacks. While in commercial and mixed-use areas, the parkway will fit within a narrower, more urban type of roadway section.

The parkway was studied in detail in the residential neighborhoods. A handful of concepts were explored varying the orientation and access to the homes through the use of alleys and side loading homes, as well as the testing the local street pattern and block orientation for the surrounding neighborhoods. Discussions with residential developers in the Twin Cities found that an “eye-brow” scheme where small enclaves would be created by pulling off narrow local streets from the main parkway would most effectively add value to the residential homes immediately adjacent to the parkway. These small enclaves would create broader areas of green space for neighborhood parks and stormwater treatment areas.



Figure 5-15
Residential Parkway Patterns

Green Corridors

Another key element to the Master Plan and open space network are the green corridors suggested within large rights-of-way along the major roadways of 70th Street, 80th Street and Keats Avenue. In order to maintain a visual connection to open space and aspects of the rural character exiting in the East Ravine, these broad expanses will be landscaped with natural plant materials and utilize topography to effectively screen the development areas. Large utility easements in-conjunction with expansion of right-of-way would allow for slightly more than a football field's width of space along portion of Keats Avenue presenting opportunities to provide meandering paths for bicycles and pedestrians.

Similar to the parkway, as these areas make transition between differing land uses the character of these green corridors may change. For example in the Cedarhurst area along Keats Avenue and 70th Street the green corridors may be more urban in nature, more characteristic of the building relationships in the area and would help to further signify the sense of place.

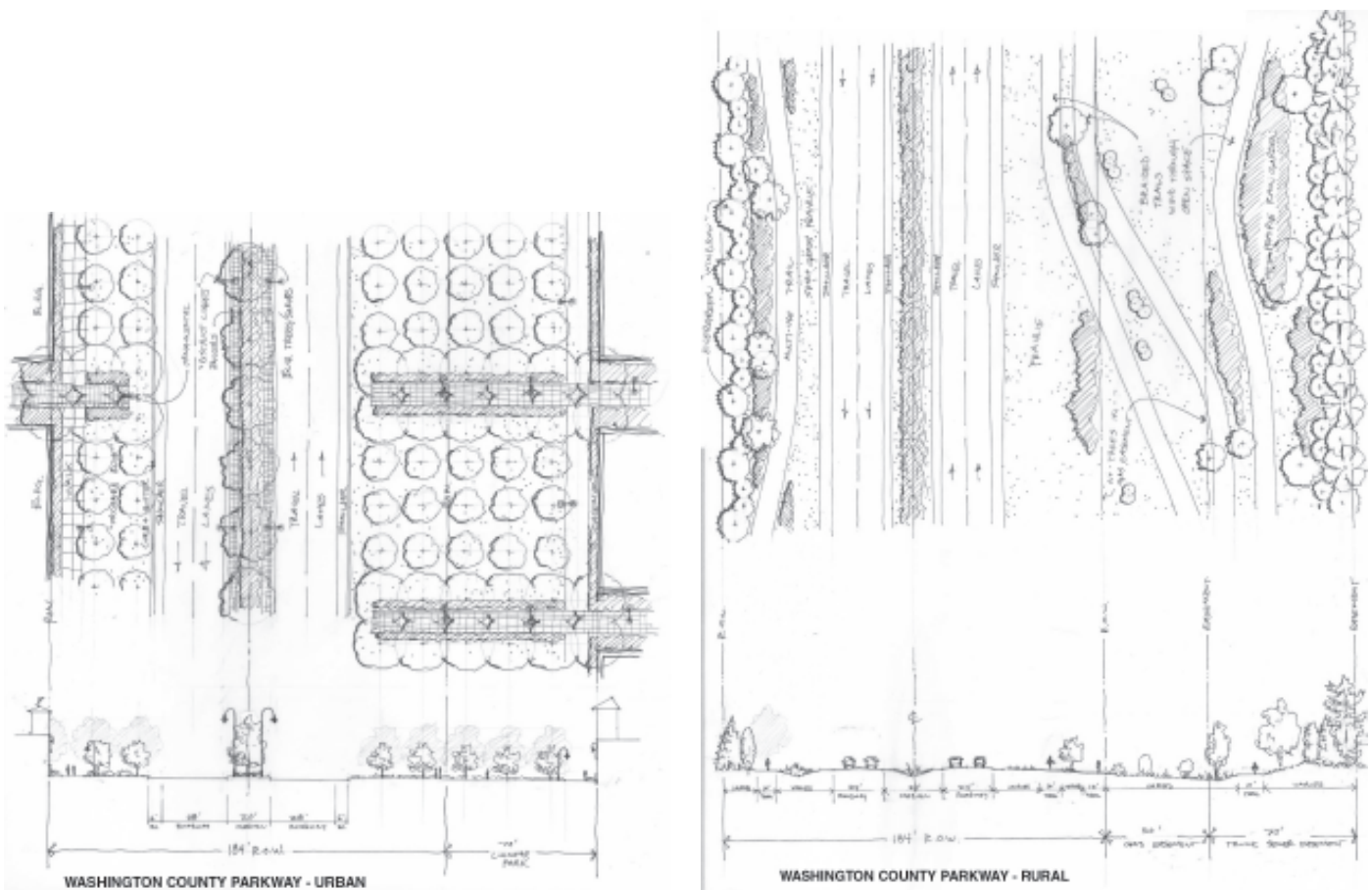


Figure 5-16
Parkway

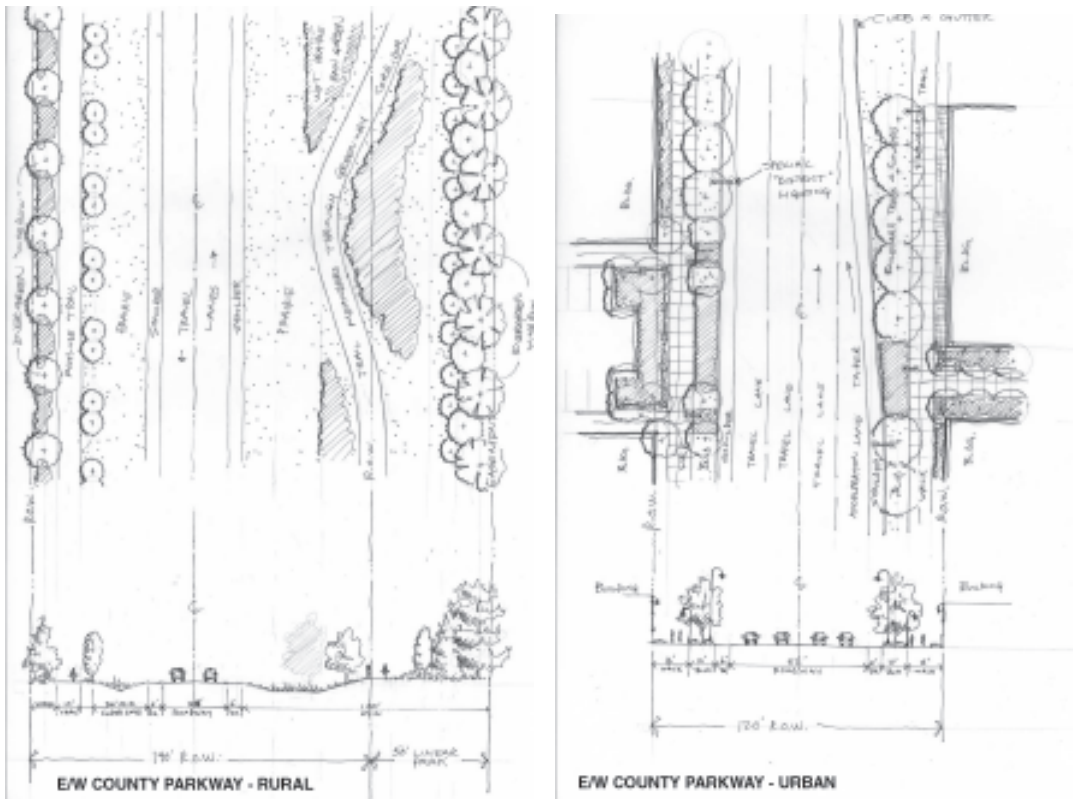


Figure 5-17
Parkway

Greenway / Military Road

In order to preserve the historic significance of Military Road as a result of the realignment for an improved transportation system, portions of the roadway to the northwest of Cedarhurst remain intact as part of the parkway, while in other areas the corridor is maintained. Where



Figure 5-18
Military Trail Plan

Figure 5-19
Military Trail Section

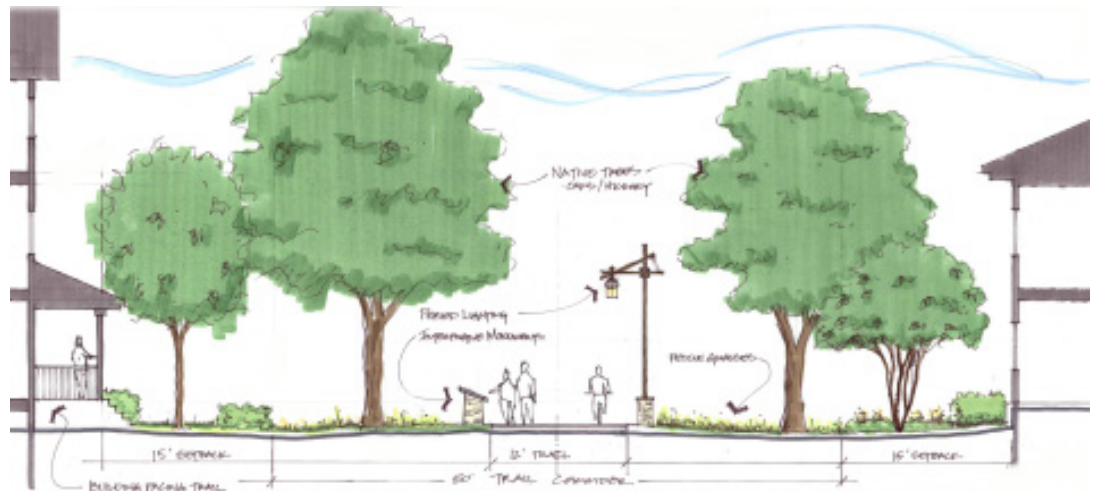


Figure 5-20
Land Use Plan



Parks, Trails and Open Space

The Master Plan broadly depicts parks, trails and open space areas in the East Ravine Area. Implementation of the East Ravine Master Plan will help meet Cottage Grove's overall park system needs for the next twenty years and perhaps more importantly, it will provide new linkages between parks, local trails and regional trails via an extensive system of linear green spaces.

The pattern of land uses depicted on the Land Use Plan was greatly influenced by the existing physical features of the area, the need to accommodate storm water, and the presence of the 500+ acre Cottage Grove Ravine Regional Park. These elements work together to create green fingers that meander throughout the East Ravine Area. These green elements have the ability to accommodate the movement of people, storm water and wildlife. They are also expected to enhance the value of new neighborhoods that in many cases, are nestled in to this rich green patchwork of spaces.

The Parks and Open Space Schematic identifies a range of parks and open space facilities which are both active and passive in nature. At the local level, the system includes neighborhood parks, community parks, parkways and conservation easement areas. Community parks vary in size but in some cases, occupy as much as 80 acres. Community parks are anticipated as the locations for the most intensive recreational activities such as baseball, softball, soccer, tennis, playgrounds and picnicking. Neighborhood parks are generally smaller in size and emphasize less intensive, more spontaneous recreational activities.

In addition to programmed and passive park areas, the Master Plan also preserves key open space areas, both as aesthetic elements in the landscape and in order to serve the functioning storm water conveyance and treatment areas.

The East Ravine area also provides opportunities for an extensive trail network. As was noted earlier in this section, trails are planned along all of the major roadways. Trails along County Road 19 (Keats Avenue) will continue to handle regional bicycle traffic. The trail network along the East Ravine Parkway will provide a central spine of trail and sidewalk connections that will help link neighborhoods as well as park and open space facilities.

As development plans for East Ravine neighborhoods begin to be assembled, the City of Cottage Grove will need to make sure that policies are in place to guide the acceptance of park dedication. The East Ravine Master Plan introduces a number of new park and open space elements including the East Ravine Parkway and the green corridors along major roadways. Portions of the open space lands in these areas are likely appropriate for park dedication credits.

Implementation of the East Ravine Master Plan will also involve private open space. Conservation easements are likely to be used to control land while leaving it in private ownership, in many cases as part of homeowners associations. Public access such as trail easements should be provided in key private open space areas.

Institutional (civic campus)	49 acres
Community Park	207 acres
Existing Conservation Easement	164 acres
Proposed Conservation Easement	356 acres
Water/Ponds	194 acres
Neighborhood Park	51 acres
Regional Corridors (greenways)	136 acres
Regional Park	506 acres

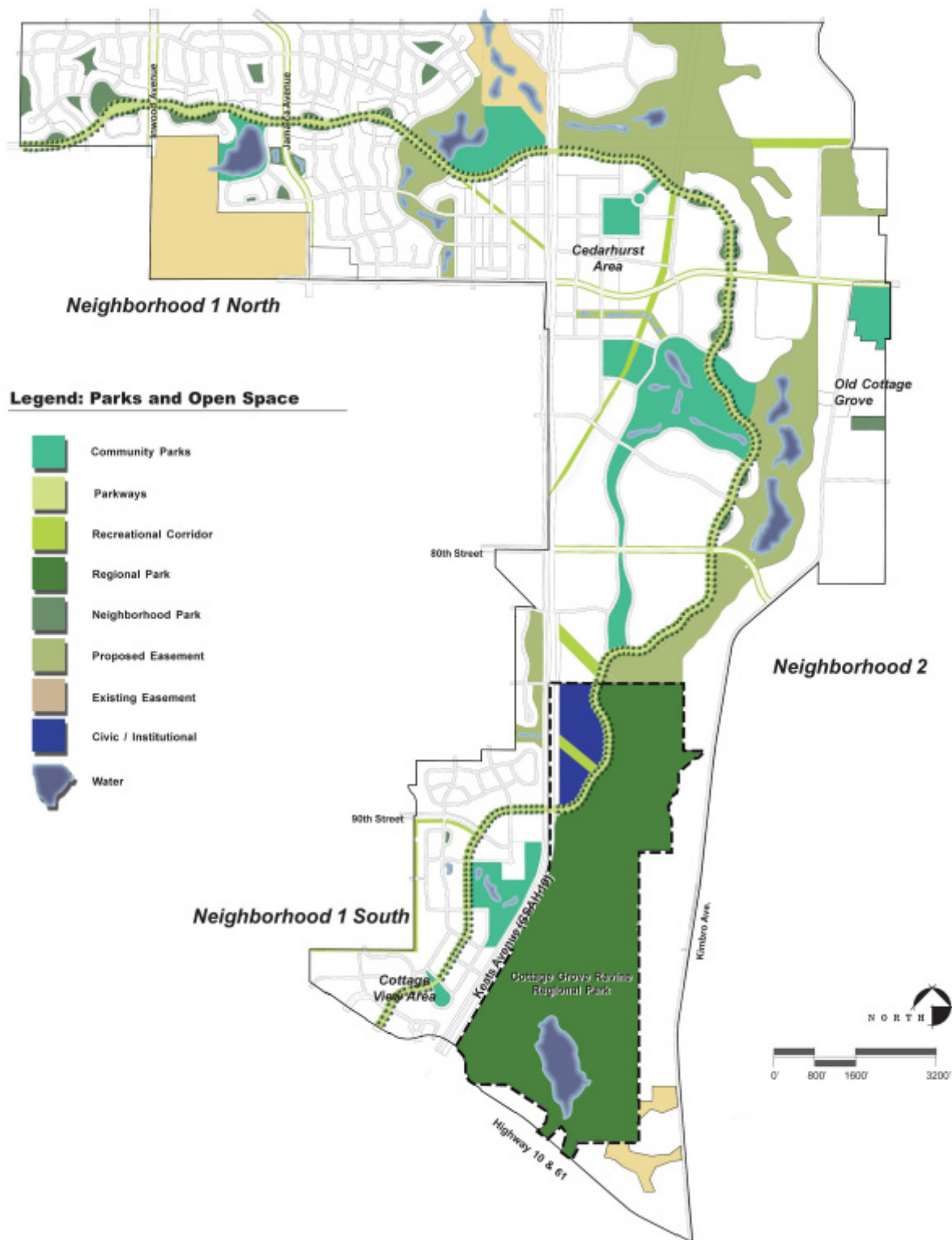


Figure 5-22
Park and Open Space Schematic

Transportation

The East Ravine project area is bisected by a series of County and City roadways. County Road 19 (Keats Avenue) runs north/south through the project area and is a key link to Woodbury and points to the north. Military Road and 70th Street, also County roads, provide increased mobility to points east and west of Cottage Grove. Highway 61 passes along the southern boundary of the project area. As development of the East Ravine area occurs in the years ahead, transportation improvements will need to keep pace with the construction of new residential areas and shopping districts.

The East Ravine Master Plan calls for a number of future roadway improvements. One of the central design features of the plan is the East Ravine Parkway, which establishes a central spine through the entire project area. The parkway is intended to provide two through lanes of traffic with a 35 MPH design speed, and bump-out parking at trailheads and commercial areas. In addition to accommodating vehicles, the parkway will be an important pedestrian and bicycle link through the area. Trails and sidewalks along both sides of the roadway will provide easy access to parks and other neighborhood areas.

Another key transportation change shown on the Land Use Plan is the rerouting of Military Road, west of County Road 19. The Military Road / 70th Street / County Road 19 intersection area has long been slated for improvement. The existing offset of the intersection creates hazardous turning movements and disrupts traffic flow. The roadway pattern on the Land Use Plan shows how Military Road traffic will now be carried by 70th Street and Jamaica Avenue. Discussions are underway with Washington County about adding the section of Jamaica Avenue north of 70th as part of the County Roadway system. The current diagonal alignment of Military Road will be removed. In its place will be either a new greenway trail (near Cedarhurst), part of the East Ravine Parkway or a new local street and residential development.

The Master Plan establishes a hierarchy of streets. A streetscape typology has been created to depict the various classifications of roadways identified in the plan. Roadways range in width and intensity from County Road 19, which is Washington County's large-scale parkway to new local residential streets.

At some point in the future, County Road 19 is likely to become four lanes from Highway 61 to the Woodbury border. As this roadway passes through the Cedarhurst area the roadway may take on a more urban feel with minimal structure setbacks and articulated lighting and landscaped areas, while along the remainder of the roadway, a more rural character is envisioned. Large utility easements in-conjunction with an expanded right-of-way would allow for slightly more than a football field's width of space where opportunities are present to provide meandering paths, development screening and naturalized plantings making these true recreational corridors.

The plan calls for reducing the width of local residential streets to 30 feet back to back.

Further review of the interchange of Highway 61 and County Road 19 will be required to explore required intersection/frontage road spacing and stacking. It will be important that the interchange and the frontage road works effectively at full commercial build-out, to ensure that the area functions at an acceptable level of service.

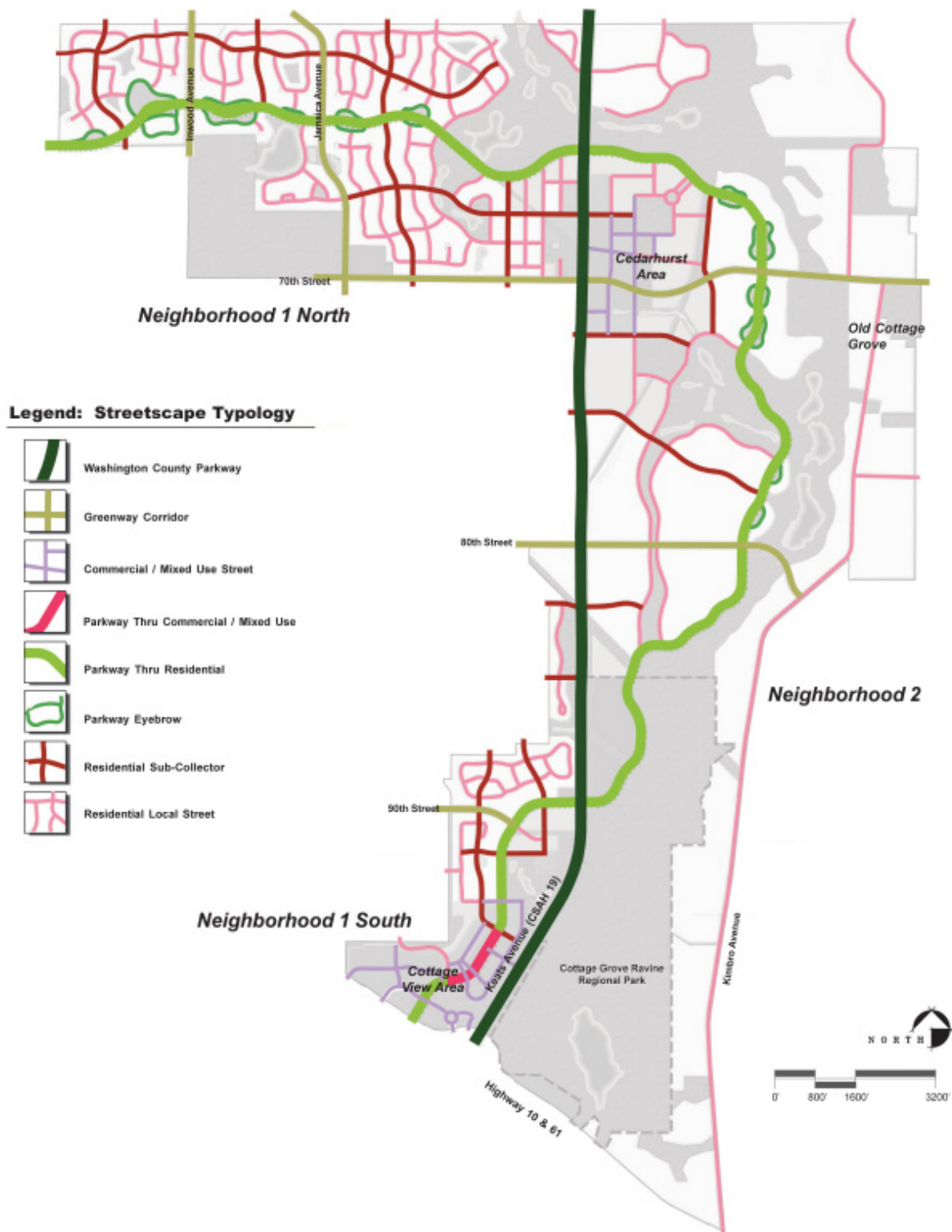


Figure 5-23
Street Typology

More detailed information about traffic and roadway improvements can be found in "Secondary Traffic Impacts - East Ravine Community", which is an appendix to the AUAR prepared as part of the East Ravine Pre-Design process. The traffic study identified key roadways and intersections for detailed analysis. They included:

Key Roadways

- US 61 between Glen Road and Kimbro Avenue
- CSAH 20 (Military Road) between Ideal Avenue and Lamar Avenue
- CSAH 22 (70th Street) between US 61 and CSAH 19
- 80th Street between US 61 and Kimbro Avenue
- Jamaica Avenue between Military Road and US 61
- CSAH 19 (Keats Avenue) between Dale Road and US 61

Key Intersections

- US 61/70th Street Ramps (3 intersections)
- US 61/80th Street Ramps (2 intersections)
- US 61/Jamaica Avenue Ramps (2 intersections)
- US 61/CSAH 19 (Keats Avenue) Ramps (2 intersections)
- US 61/Kimbro Avenue
- 80th Street/Jamaica Avenue
- 80th Street/CSAH 19 (Keats Avenue)
- 80th Street/Kimbro Avenue
- CSAH 20 (Military Road)/Lamar Avenue
- CSAH 22 (70th Street)/CSAH 19 (Keats Avenue)
- CSAH 22 (70th Street)/Jamaica Avenue
- CSAH 20 (Military Road)/Jamaica Avenue
- CSAH 20 (Military Road)/CSAH 19 (Keats Avenue)

The detailed traffic study contained an operation analysis for roadway segments and intersections. Roadway operations were evaluated by comparing average daily traffic counts with level of service bar charts. Intersections were evaluated using the expected intersection delay. At the present time, the intersection of CSAH 22 (70th Street)/Jamaica Avenue is the only intersection operating below the desired level of service.

Forecasted average daily traffic volumes were used to estimate future roadway operations and improvement needs. Forecasts were developed using the Washington County 2020 Travel Demand Model. Assuming the existing geometry, two of the seven roadways operated under congested conditions. Eleven of the eighteen intersections operated below the desired level of service. In order to mitigate roadway impacts due to growth, the Secondary Traffic Impacts - East Ravine Community report recommends the following:

Roadway Improvements

- Reconstruct Military Road (CSAH 20) as a four-lane road with turn lanes
- Reconstruct CSAH 19 (Keats Avenue) as a four-lane facility with turn lanes
- Realign the intersection of CSAH 20 (70th Street) and CSAH 19 (Keats Avenue) to be the major connection to US 61 and close the intersection of CSAH 20 (Military Road) and CSAH 19 (Keats Avenue)
- Discuss the possible closure of US 61 and Kimbro Avenue and a possible future interchange at US 61 and TH 95 (Manning Avenue) with Mn/DOT and other authoritative jurisdictions.

Intersection Improvements (Installation of Traffic Signals at the Following Locations)

- US 61 SB Ramp/CSAH 22 (70th Street)
- US 61 SB Ramp/Jamaica Avenue
- US 61 NB Ramp/Jamaica Avenue
- US 61 SB Ramp/CSAH 19 (Keats Avenue)
- US 61/Kimbrow Avenue, 80th Street/Jamaica Avenue
- 80th Street/CSAH 19 (Keats Avenue)
- CSAH 22 (70th Street)/CSAH 19 (Keats Avenue)
- CSAH 22 (70th Street)/Jamaica Avenue
- Jamaica Avenue/East Ravine Parkway
- CSAH 19 (Military Road)/East Ravine Parkway

Transit

The use of alternative modes of transit in Cottage Grove is limited. Implementation of the East Ravine Master Plan may lead to broader transit service in the future. The concentrations of residential density in the Cottage View and Cedarhurst areas will help build bus transit ridership. Bus connections to these areas may be very viable in the future as neighborhoods become established. In the meantime, Cottage Grove will continue to pursue transit opportunities. The City supports the existing park and ride and has backed the Red Rock Corridor Commuter Rail line that runs through the southern portion of the community. When implemented, the Red Rock Corridor will provide commuter rail service from Hastings to St. Paul. The preliminary planning process for the line is currently underway.

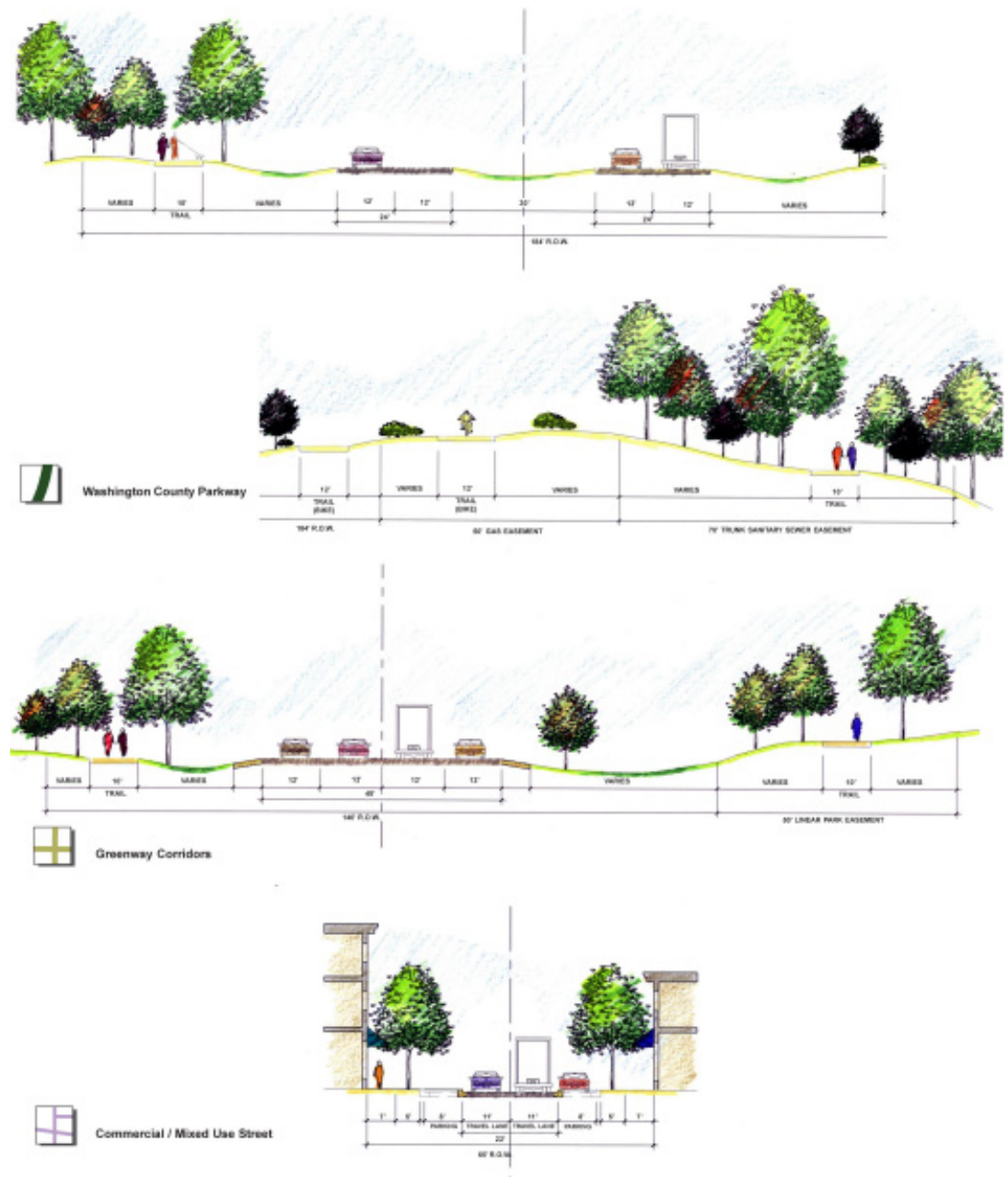


Figure 5-24
Streetscape Sections

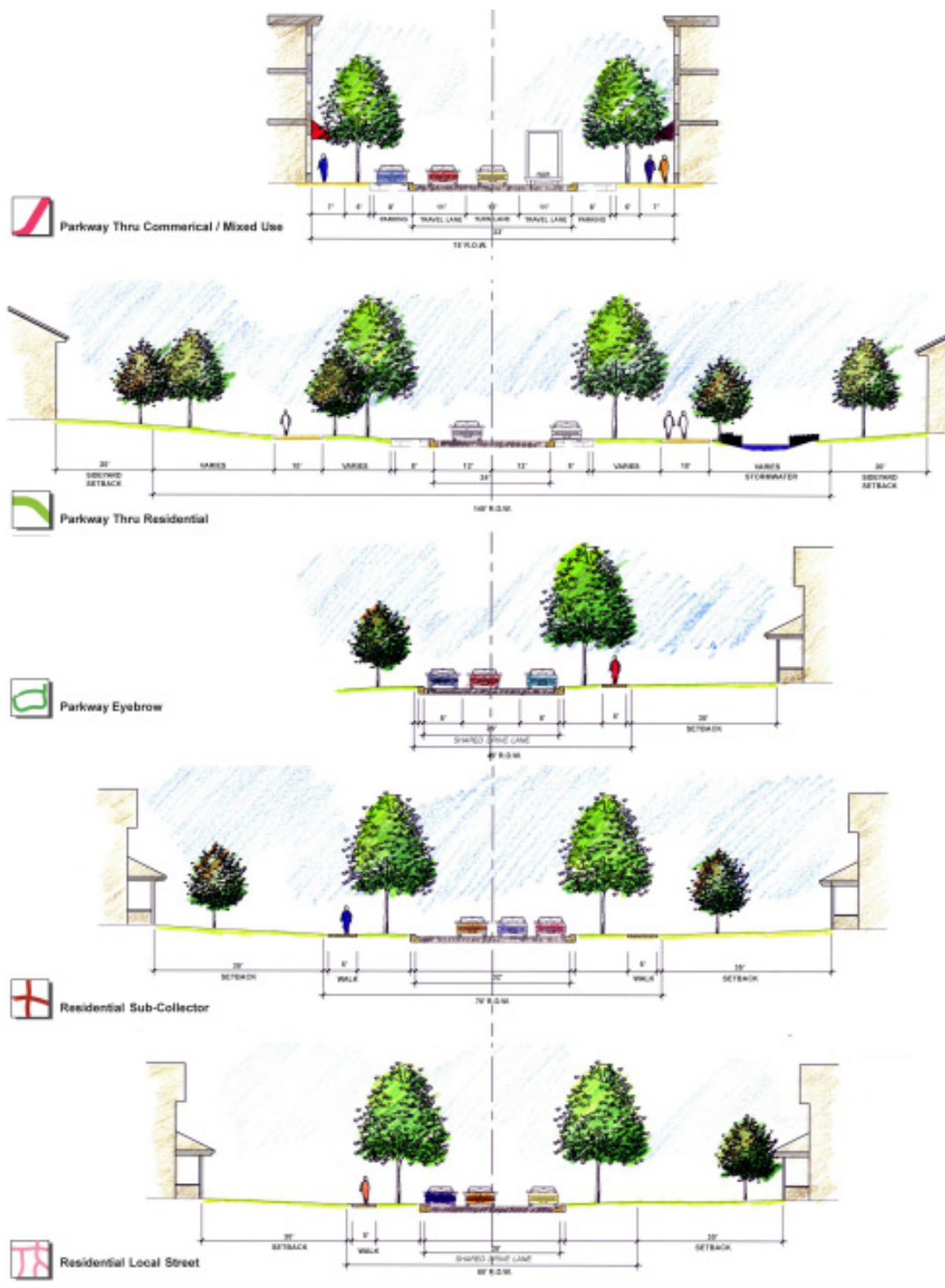


Figure 5-25
Streetscape Sections

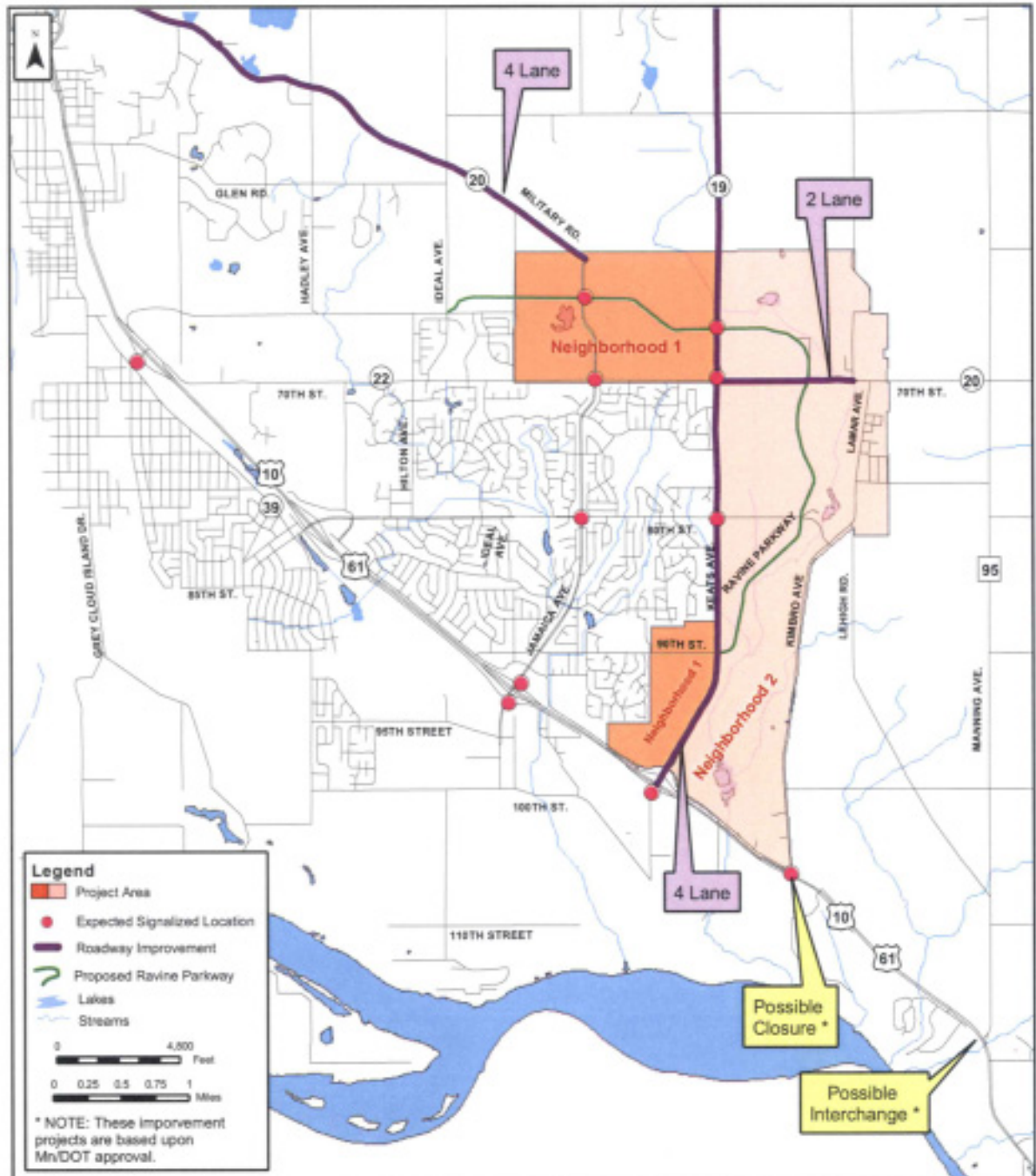


Figure 5-26
Recommended Roadway Improvements

Utilities

Sanitary Sewer

The preliminary sanitary sewer plan for the East Ravine Areas was designed in accordance with the Metropolitan Council Environmental Service (MCES) and Ten State Standard guidelines. The majority of the East Ravine area is served by the South Washington County Interceptor flowing north to south along County Road 19. This interceptor sewer line services the eastern 35% of Cottage Grove, as well as sanitary sewer districts in Woodbury other communities to the north in Washington County. Construction plans for Phases 1 and 2 of the interceptor were used to determine existing sewer stubs locations. These stubs were used as much as possible, however, in order to provide an efficient design some new connections to the interceptor needed to be made and are included in this preliminary plan.

The general design parameters for future wastewater flows were based on, 100 gallons per day per capita, 2.5 people per unit, with a peak factor of 2.5 for residential units, while commercial units were based on 1,200 gallons per day per acre. Low Density areas were assigned one unit per property, Medium Density assigned 6 units per acre, and High Density and Mixed Use received 24 units per acre for calculations. The design also mandates all pipe must be within the right-of-way and maintain a minimum of 10 feet of cover over all pipes.

Neighborhood 1 was divided into eight sub areas each connecting to the existing sanitary system at different locations, while Neighborhood 2 on the east side of Keats Avenue is divided into four more general sub areas, each connecting to the interceptor. The sewer system layout utilizes a minimum pipe size of 8 inches, with the sizing of larger pipe based on flows and/or minimum pipe slopes and corresponding sizes (larger than flow demands) to maximize service area. Because of a depression in the landscape, part of Area-A may be difficult to serve with gravity sewer without significant grading, or the installation of a lift station. The study examined three design alternatives for this area with the preferred alternative utilizing oversized pipe, which allows the pipe to be installed at a flatter grade and to maintain adequate cover. Some areas would require filling in order to maintain adequate cover. In order to serve Old Cottage Grove with future sewer service, a trunk line could be extended along 70th street to Lamar Avenue and then South along Lamar Avenue to 80th Street.

Overall, the preliminary layout consists of approximately 242,000 feet (46 miles) of sanitary sewer pipe with a total flow estimate of approximately 5.24 MDG. This flow estimate corresponds to the estimated population of roughly 21,000 people for Neighborhoods 1 & 2. The total estimated construction cost for Neighborhood One is \$6,340,000 and \$4,700,000 for Neighborhood 2. The estimated construction costs include the cost of installing the sanitary sewer pipe only. The construction costs for each sub-area are depicted in the table below, and more detailed information on the design of the sanitary sewer system can be found in the "Technical Memorandum - Cottage Grove East Ravine: Sanitary Sewer" prepared by HR Green as an appendix to the Cottage Grove East Ravine AUAR.

Area	Estimated Cost / Sub Area	Estimated Cost / Area	Totals
Trunk Extension to Area A-1	\$ 390,000		
Lift Station	\$ 200,000		
A-1	\$ 650,000		
A-2	\$ 900,000		
A-3	\$ 700,000		
A-4	\$ 700,000		
A-5	\$ 850,000		
Total Area A		\$ 4,390,000	
B		\$ 310,000	
C		\$ 280,000	
D		\$ 670,000	
F		\$ 100,000	
G		\$ 500,000	
H		\$ 90,000	
Total Neighborhood 1			\$ 6,340,000
I		\$ 340,000	
J-1	\$2,100,000		
J-2	\$ 550,000		
Total Area J		\$ 2,650,000	
K		\$ 1,550,000	
L		\$ 160,000	
Total Neighborhood 2			\$ 4,700,000

Figure 5-27
Estimated Construction Costs for Sanitary Sewer

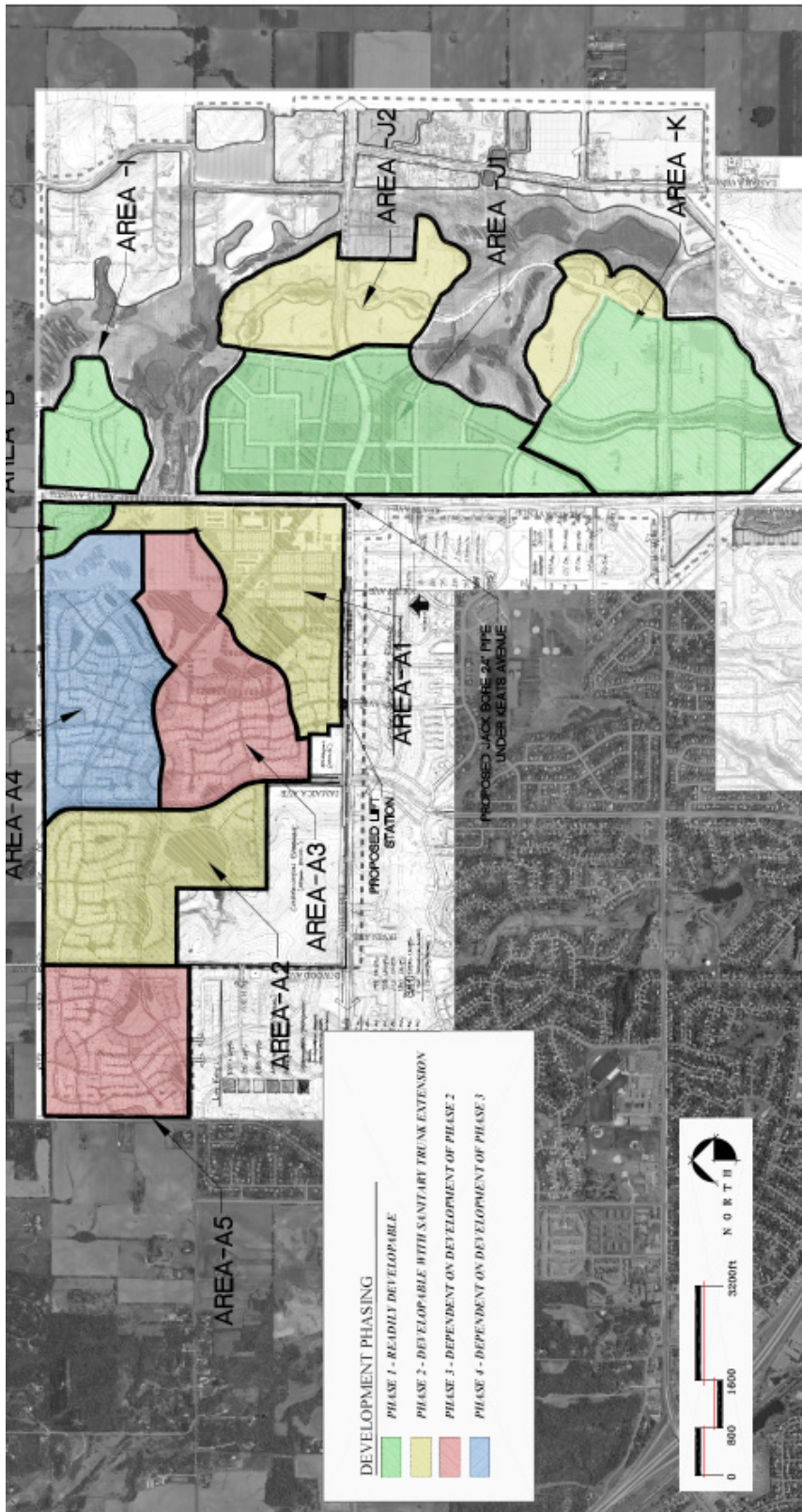


Figure 5-28
Sanitary Sewer Impacts and Improvement Plans

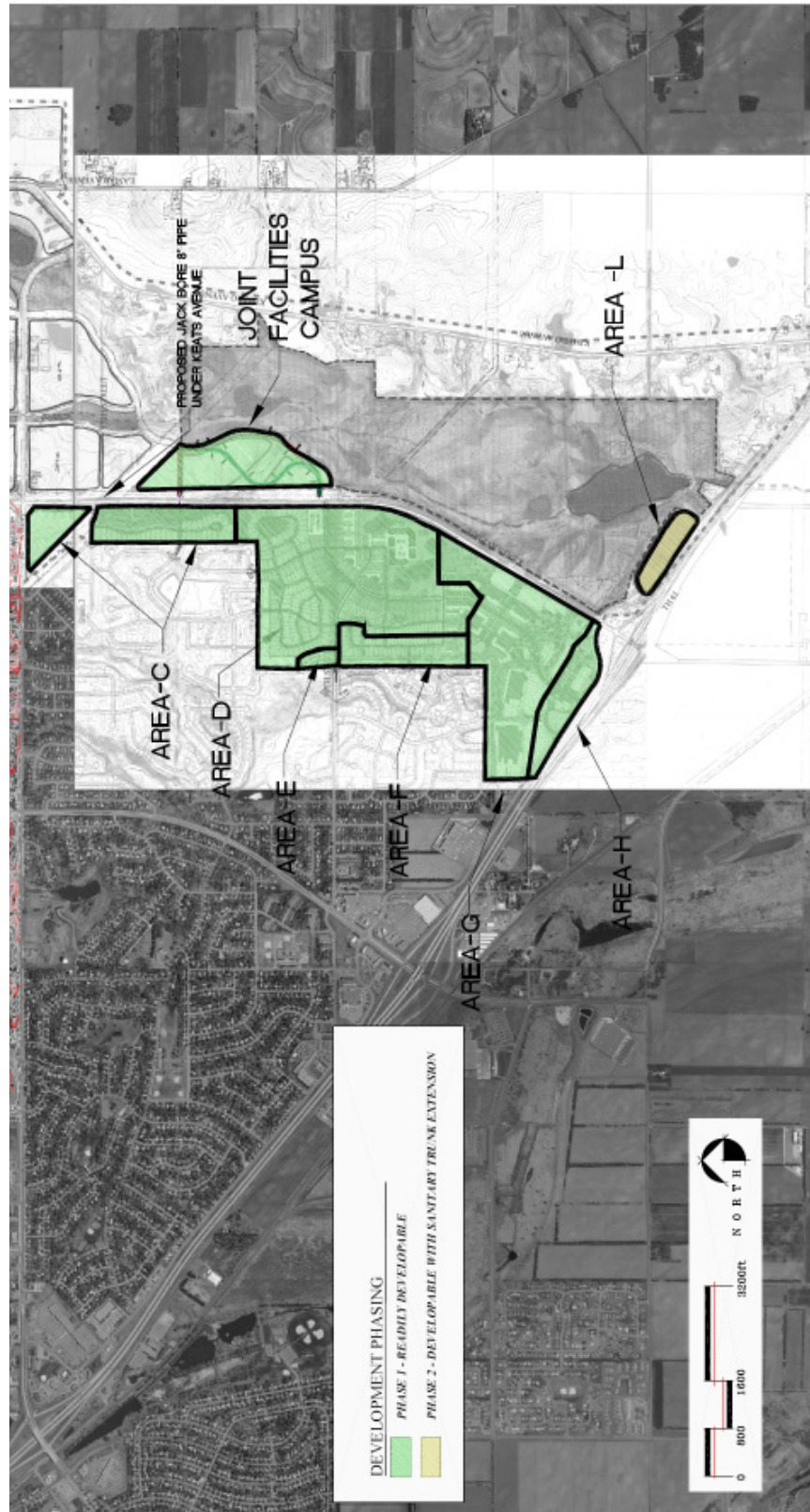


Figure 5-29
Sanitary Sewer Impacts and Improvement Plans

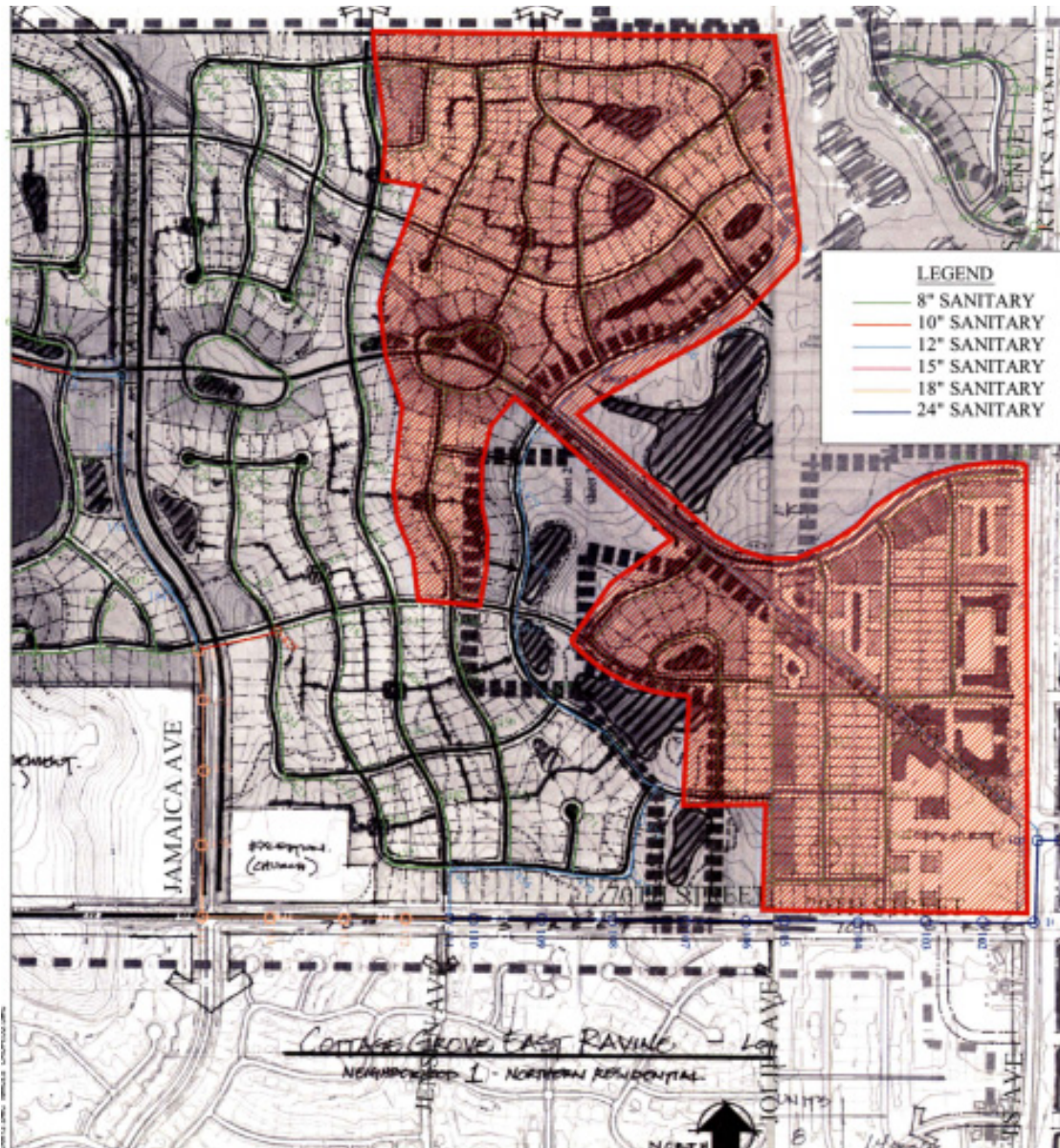


Figure 5-30
Sanitary Sewer Impacts and Improvement Plans - Alternative One (Preferred)

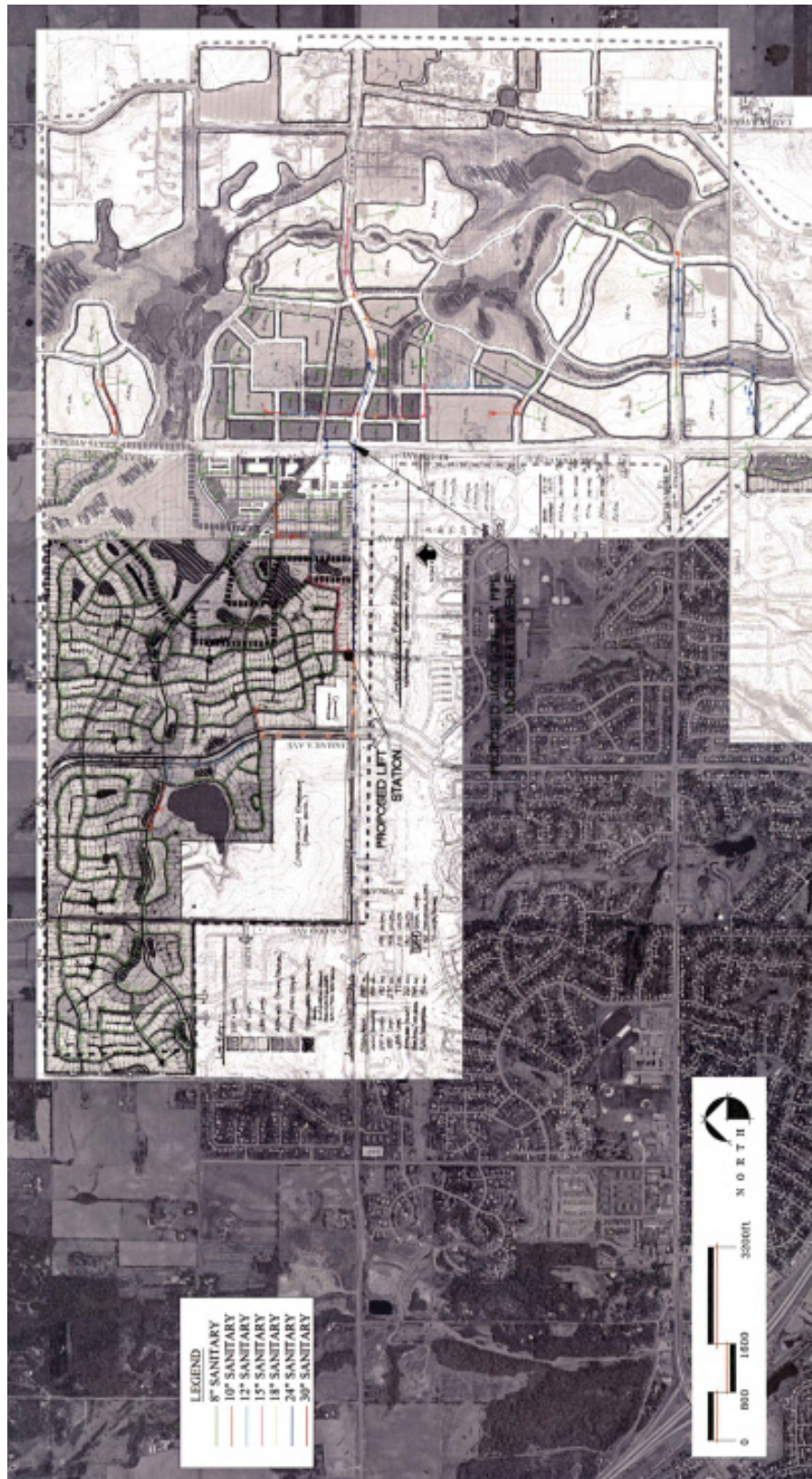


Figure 5-31
Sanitary Sewer Impacts and Improvement Plans



Figure 5-32
Sanitary Sewer Impacts and Improvement Plans

Water

Preliminary plans for the public water supply in the East Ravine Area were prepared as part of the Master Plan. The design echoed the preliminary plat level of detail in Neighborhood 1 and the broader land use level of detail in Neighborhood 2. The Water Supply Distribution Plan dated December 1995, by Bonestroo Rosene Anderlik and Associates (BRAA) was utilized as a guide in locating both existing and future trunk lines and water towers. Overall, the plan consists of approximately 290,000 linear feet (55 miles) of watermain pipe and 3.0 MG of elevated storage to serve the roughly 5400 units. The total cost of the water supply improvements is estimated at \$19,260,000.

Generally, the watermain layout is a looped system that follows the development plan for Neighborhoods 1 & 2 and makes connections to the existing watermain stubs in logical locations. The water supply plan recommends the use of an 8-inch diameter pipe, rather than the current 6-inch diameter pipe predominantly found in the City's residential areas. This larger pipe size will allow for adequate fire flow while still maintaining normal pressure levels for residential service. The commercial and mixed-use areas at Cottage View and Cedarhurst should utilize 12-inch watermain to adequately provide fire flow for larger buildings. In the future, Old Cottage Grove could receive water service through a trunk watermain extended east along 70th Street, 80th Street and then looped north and south along Lamar Avenue.

Two water towers are proposed in the East Ravine. The first, located near 70th Street and Keats Avenue, near the Cedarhurst Area would have a storage capacity of 2.0 MG. The Old Cottage Grove area would house the second tower with 1.0 MG of storage near the intersection of 70th Street and Lamar Avenue. Currently, the existing water supply and treatment for the East Ravine area will be provided outside of the study area at the City's water treatment plant south of Highway 61, and based on the proposed unit numbers the existing well field meets the needs for the future of the East Ravine area. The phasing of the water system is largely dependent upon the sanitary sewer infrastructure, as watermain construction will follow along with the sanitary sewer construction.

More detailed analysis and modeling of the water system will need to be conducted as development projects are brought forward in order to pinpoint the exact location of the two new water towers and timeline for when these would need to be built, as well as to analyze high and low pressure areas and overall system performance.

More detailed information on the future water system can be found in "Technical Memorandum - Cottage Grove East Ravine Planning Study: Watermain" prepared by HR Green as found as an appendix to the Cottage Grove East Ravine AUAR.



Figure 5-33
Watermain Impacts and Improvement Plans

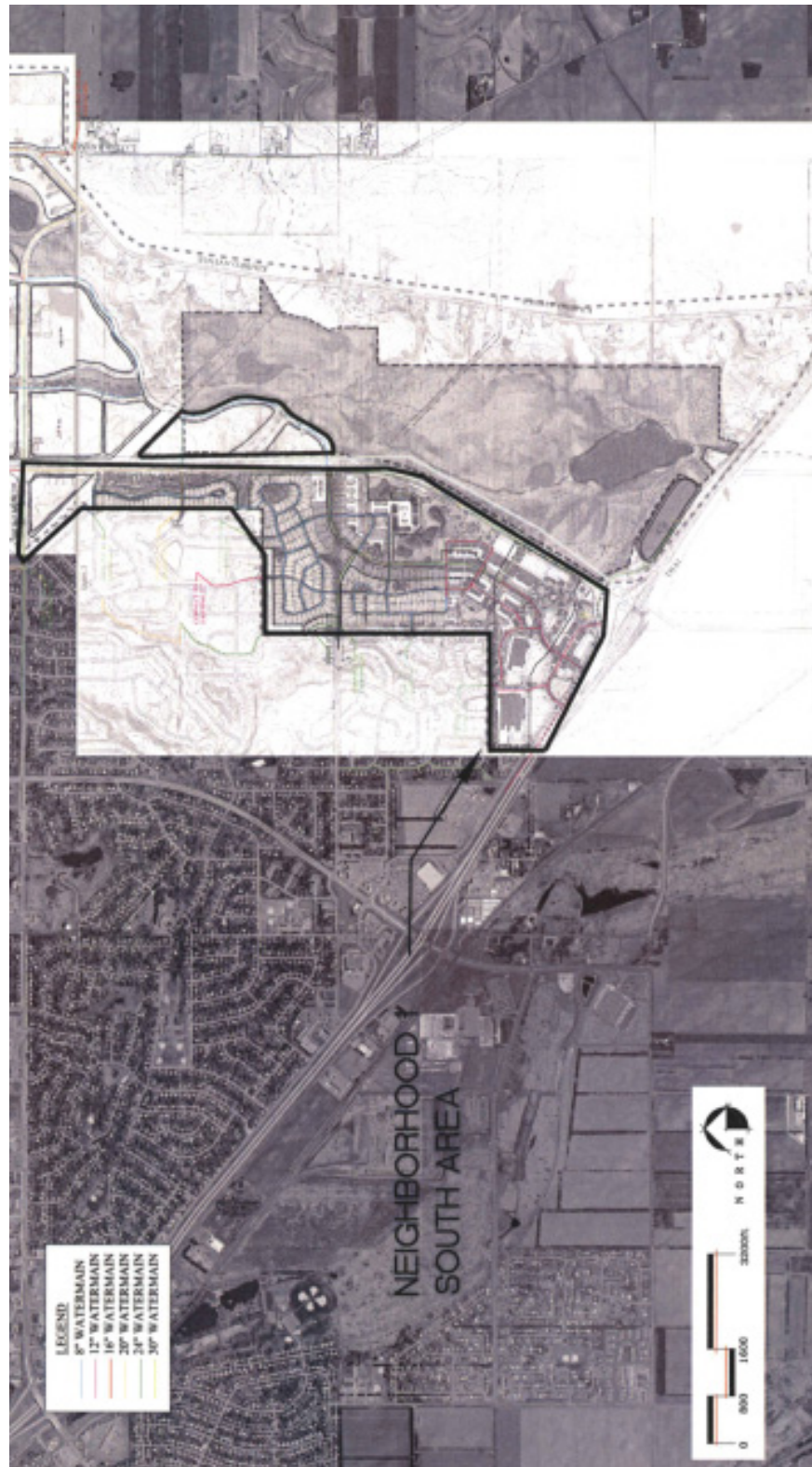


Figure 5-34
Watermain Impacts and Improvement Plans

Storm Sewer

The overall goal of the stormwater management for the East Ravine is to minimize the generation of stormwater runoff created by development and to retain the runoff in a series of natural infiltration basins, rather than concentrating runoff to a single point for collection, treatment and discharge. This approach mimics the current infiltration patterns that presently exist in the East Ravine, which is an area favorable to infiltration due to the sandy soils and the significant depth to any groundwater or bedrock. The end result will be minimization and, in some areas, avoidance of discharge of stormwater to surface waters; which in turn will lessen the overall amount of pollutants associated with the stormwater like the Mississippi River; resulting in less burden on the environment.

The detailed "Stormwater Management Report" found as an appendix to the Cottage Grove AUAR details a combination of efforts to create an effective management strategy for treating stormwater. The goals of the management strategy are to ensure responsible, proactive management of stormwater, to protect local and regional water resources, and also provide a reasonable level of safety for houses and other structures from regional flooding. The approaches are:

- Construct a city-based stormwater management system (ponds and/ infiltration basins) along parkways and in green spaces that utilizes existing infiltration capacities of the soils;
- Cooperate with the South Washington Watershed District (SWWD) towards combined Cottage Grove/SWWD stormwater and infiltration management areas;
- Require developers to include local and on-site infiltration as part of their
- development plans equivalent to approximately 15% of the runoff of the 5-yr event which is approximately 0.2" of runoff; and
- Provide emergency overflow routes from stormwater management basins in the event that a storm occurs which is greater than the design storm for these basins.

In addition to the environmental benefits of this strategy, maintaining natural basins for stormwater management has positive aspects on phasing of construction. Typically, stormwater management systems of interconnected storm drains and NURP ponds must be phased such that the most downstream area is constructed first. Construction phasing for this system of independent drainage basins can be linked to the phasing needs of the other components of the public infrastructure (sanitary sewer, roads, and/or water distribution). However, the construction within each drainage basin should start with the stormwater basins. In most neighborhoods, this would require that the green spaces and parkways be constructed first. Once the basins are in place and operational, then the storm drains can be connected to each basin. If it is necessary to break the drainage basins into smaller phases, then the lowest stormwater basins should be constructed in the early phases, proceeding to upper stormwater basins in the later phases. The Stormwater Phasing Diagram outlines the areas of each drainage basin that should be considered a single phase.

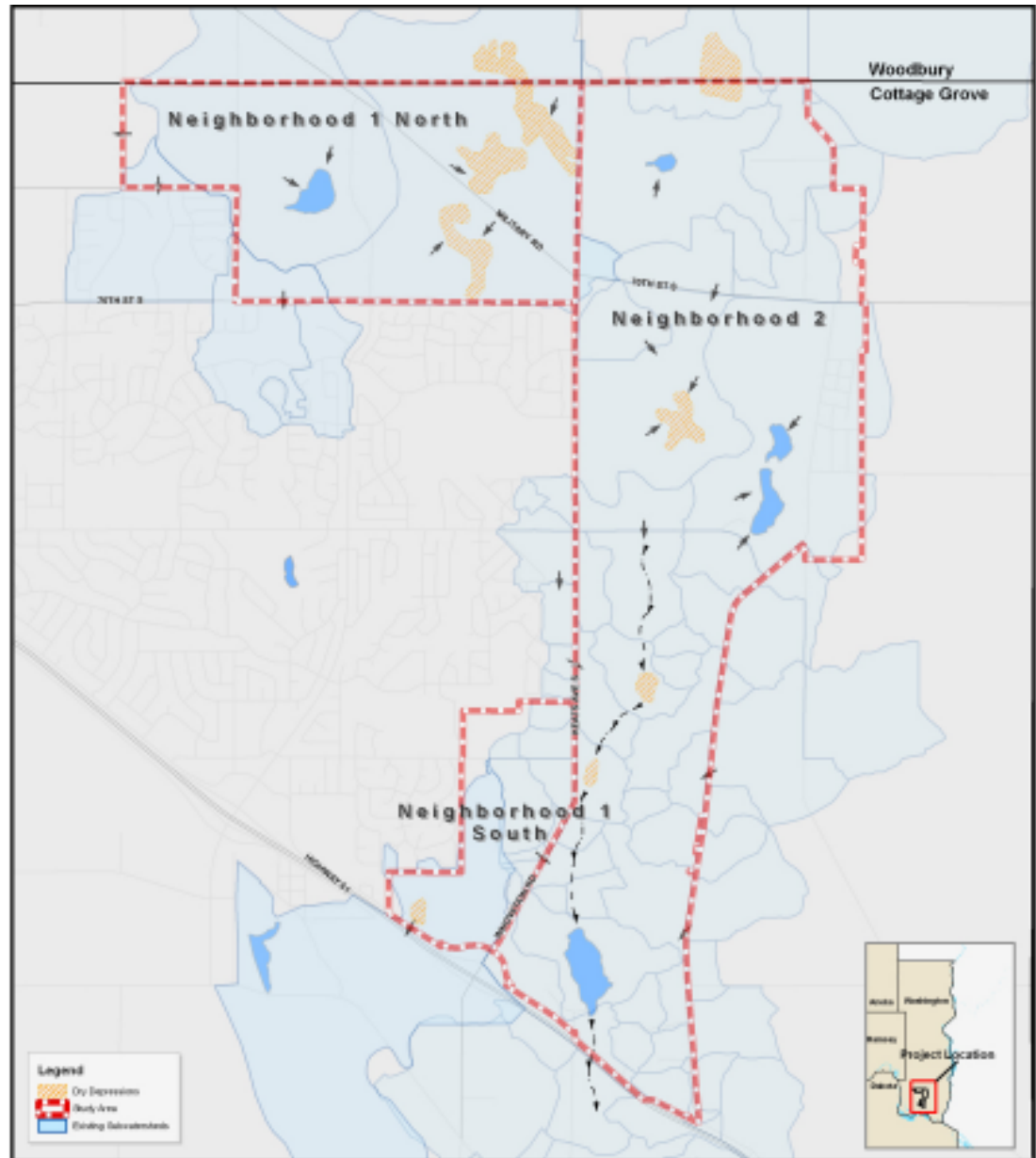


Figure 5-35
Storm Water - Existing Conditions

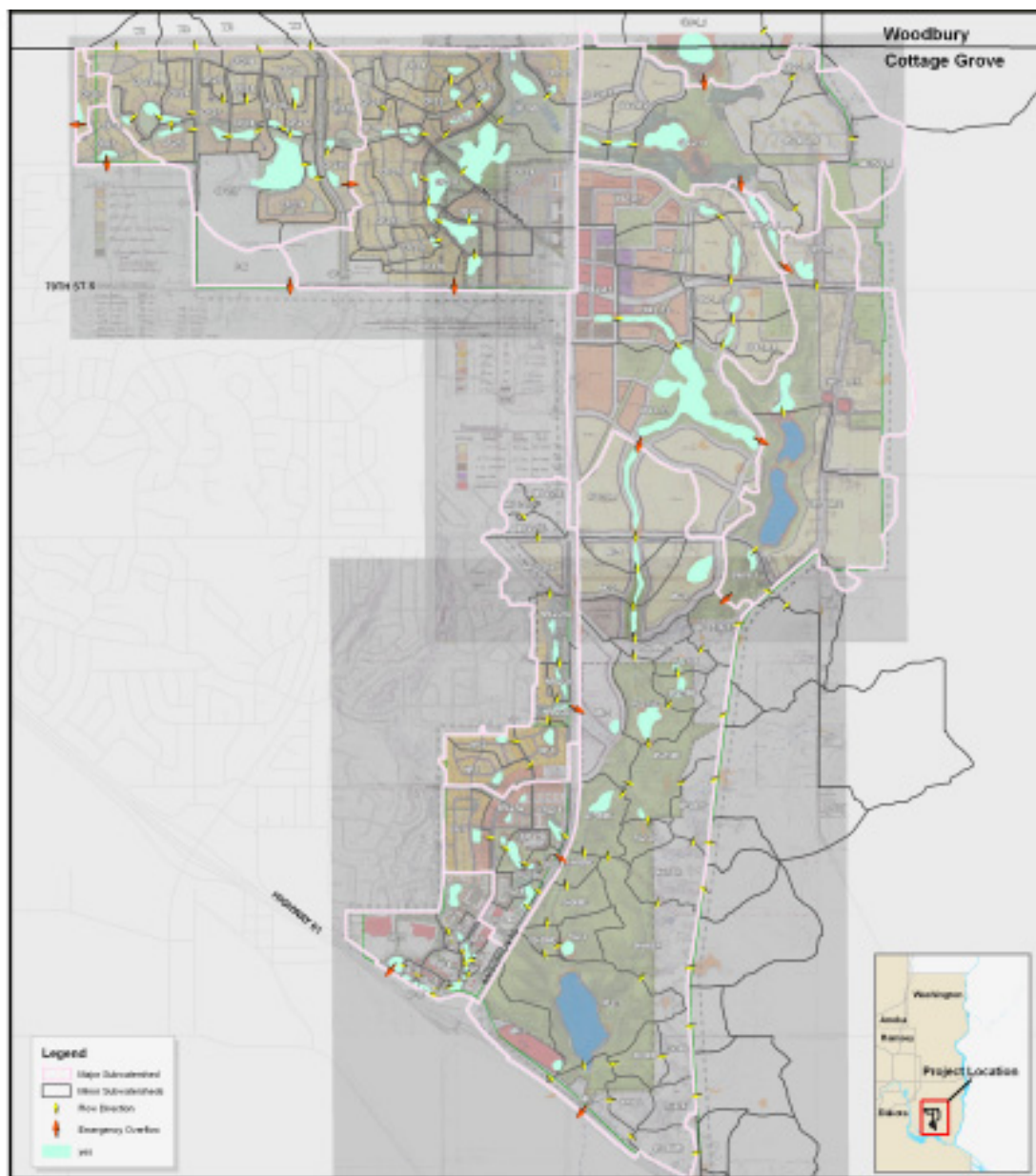


Figure 5-36
Storm Water - Existing Conditions

Generally, stormwater management areas occur along the parkway throughout Neighborhoods 1 and 2. These areas will be utilized to collect, infiltrate and direct any overflow of runoff from adjacent neighborhoods. The overflow from the parkway basin areas will be directed to larger, natural infiltration basins, such as the SWWD basin in Neighborhood 1 North. These larger basins have the capacity to infiltrate all the runoff from a 100-year storm event. Beyond the 100-year event, emergency overflow must be accommodated either through the existing Cottage Grove drainage system (the Central Draw) and / or through the future regional stormwater conveyance system planned by SWWD.

The South Washington Watershed District (SWWD) has begun to implement a regional project which will convey runoff through the East Ravine project area in a system of detention areas and interconnecting pipes. At the present time, the SWWD has completed land acquisition for an approximately 150 acre area of Neighborhood 1 North. When fully complete, the SWWD system will create a stormwater link to the Mississippi River. The SWWD has expressed a willingness to work with the City of Cottage Grove towards a combined City/Watershed District stormwater management system. The proposed Cottage Grove stormwater plan utilizes the natural detention areas acquired by the SWWD, but does not anticipate the need to rely on the proposed connecting storm drains, thereby protecting the Mississippi River and minimizing inputs to the regional park from the effects of local urbanization.

As with the water and sanitary sewer system, construction cost estimates were also prepared as part of the stormwater management plan for the East Ravine. Costs for the construction of storm drains and basins, including mobilization, erosion control, engineering fees and a contingency are included in the estimates. Any projects contained in the Cottage Grove CIP or the Cottage Grove Surface Water Management Plan are not included. The table below summarizes the costs for the stormwater management components of the East Ravine.

Neighborhood	Drainage Basin	Storm Drain Cost	Basin/Pond Cost	Total Cost
1N	CP-2	\$2,400,000	\$4,400,000	\$6,800,000
1N	CP-3	\$4,400,000	\$2,700,000	\$7,100,000
1N	CP-6	\$200,000	\$120,000	\$320,000
1N	CP-25	\$100,000	\$130,000	\$230,000
2	All	\$10,500.00	\$12,500,000	\$23,000,000
1S	NP	\$900,000	\$450,000	\$1,350,000
1S	EP	\$1,100,000	\$370,000	\$1,470,000
1S	SP	\$800,000	\$1,200,000	\$2,000,000
Total		\$20,400,000	\$21,870,000	\$42,270,000

Figure 5-37
Storm Water Cost Estimates

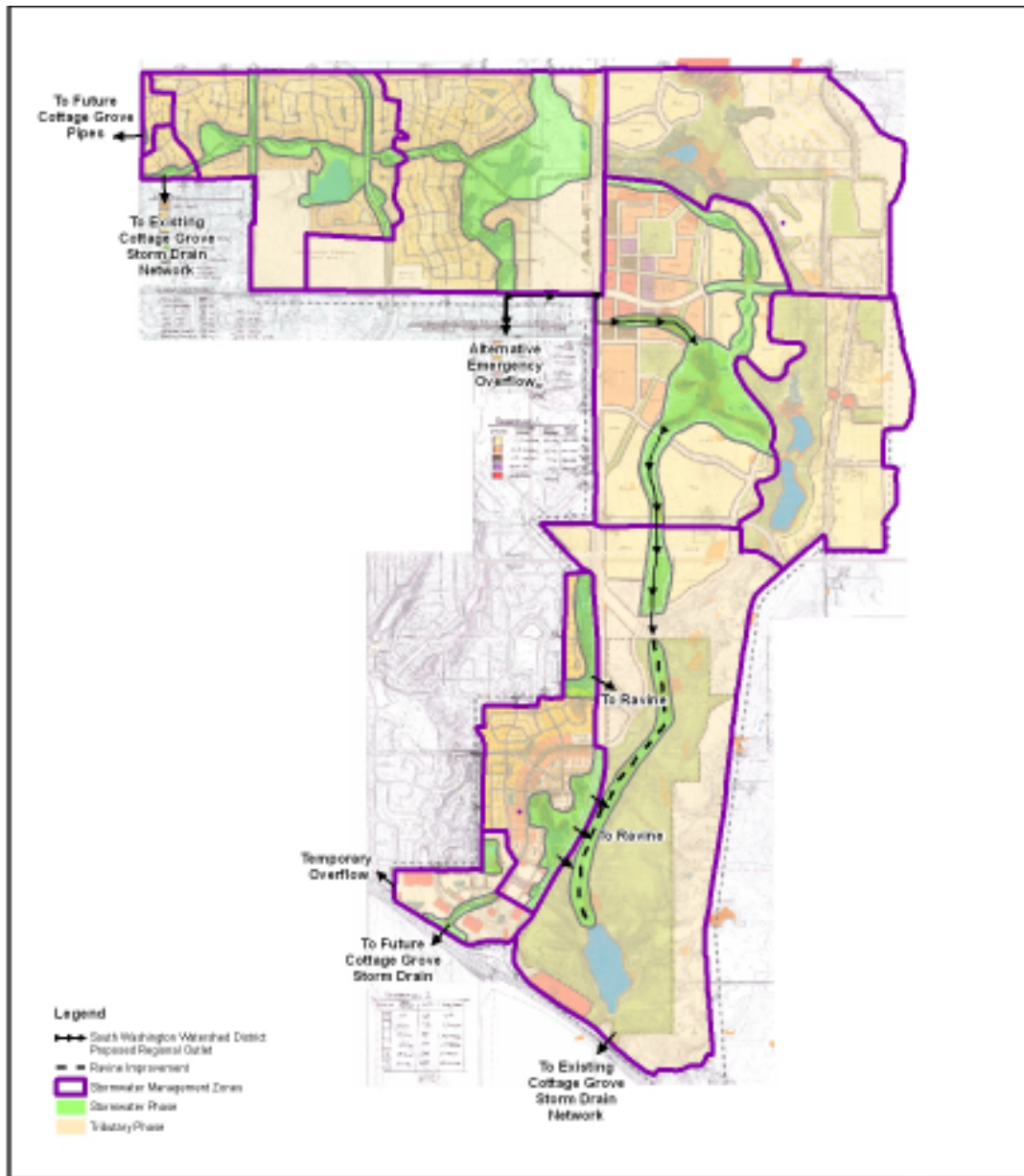


Figure 5-38
Storm Water - Phasing

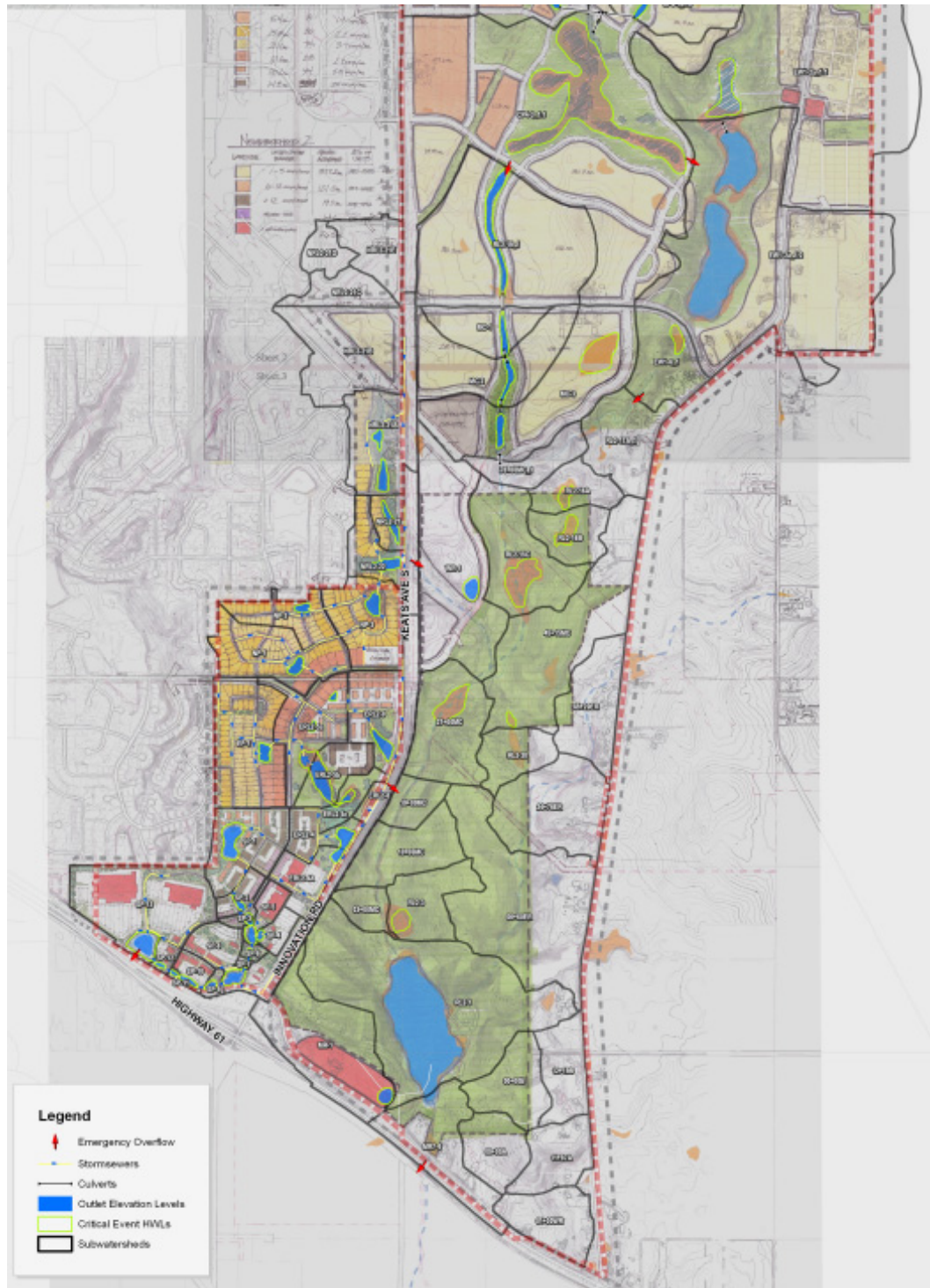


Figure 5-39
Storm Water Management Basins

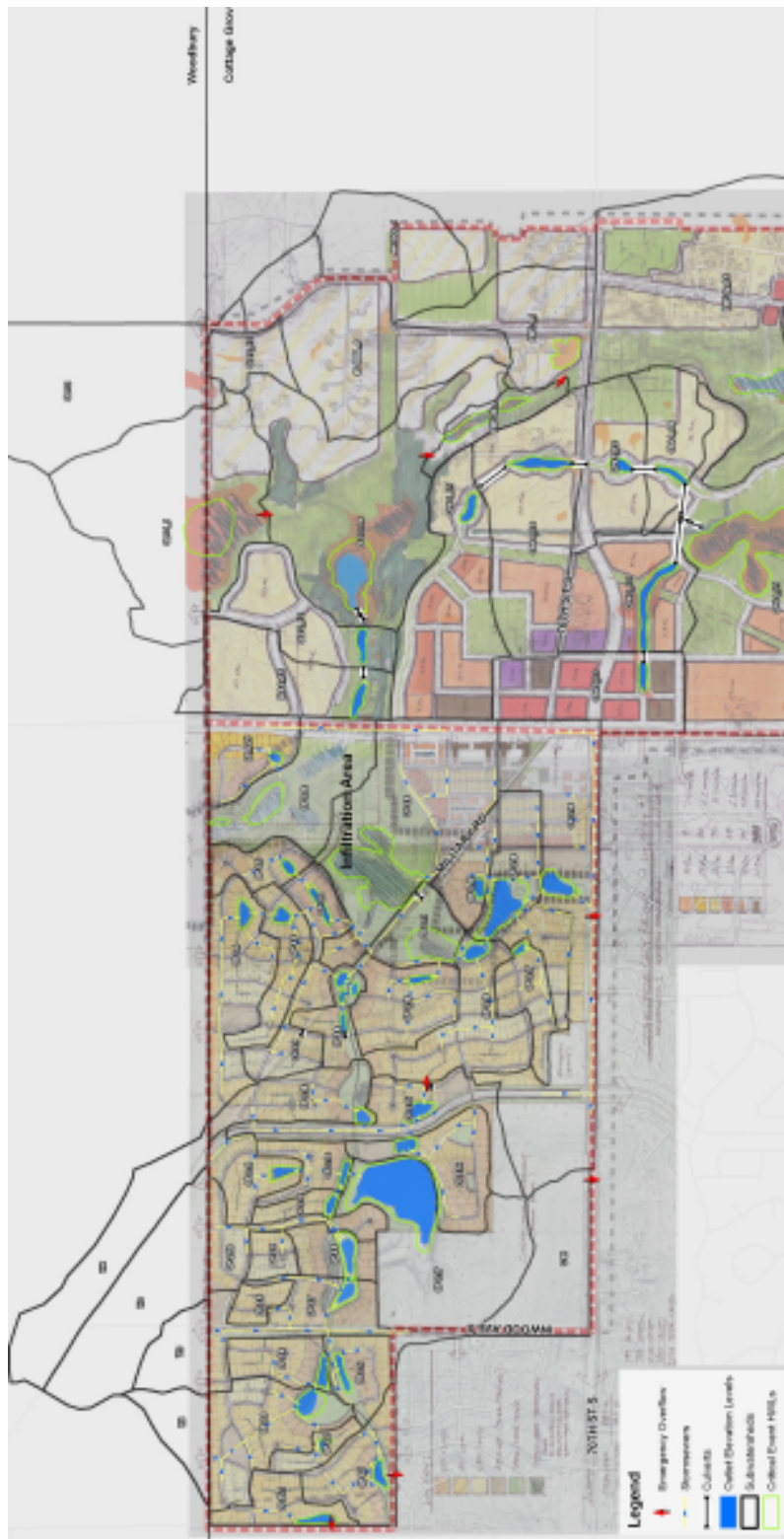
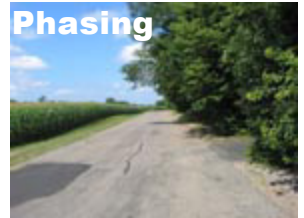


Figure 5-40
Storm Water Management Basins

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Development in the East Ravine Area is expected to occur over the next twenty years or more. The completion of the regional sanitary sewer interceptor along Keats Avenue sets the stage for phased development.

Development of the East Ravine Area involves both governmental entities and private developers. The role of the governmental entities is to provide the required infrastructure to support new residential and commercial growth. The Metropolitan Council took a big step in enabling development in the East Ravine with the construction of regional sanitary sewer improvements. The South Washington Watershed District has been planning and implementing components of the future storm water system that will serve the area. The City of Cottage Grove has taken a significant step in the provision of infrastructure with the preparation of this Master Plan. Within this document and related Technical Memorandums, engineering detail is provided on required roadway, sanitary sewer, water and storm water improvements.

Implementation of the East Ravine Master Plan will involve a phased approach. Phasing of development typically involves a logical pattern of utility extensions that seek to maximize past system investments and sequence future investments in a sound manner. From the beginning of the East Ravine Master Plan process, the City of Cottage Grove had a general concept of the phasing of the project area. That concept arose from the 2000 Cottage Grove Comprehensive Plan and detailed utility studies. The general concept was to phase development from west to east. Accordingly, the two areas west of Keats Avenue were designated as Neighborhood 1 and the area east of Keats Avenue was designated as Neighborhood 2. These monikers both identified the areas geographically and implied long-term implementation phasing.

As shown on Figure 6-2, the phasing plan for the East Ravine Area includes three phases. Both areas of Neighborhood 1 are shown as part of Phase 1 which is expected to get underway in late 2006. Neighborhood 1 North will see development prior to significant development in Neighborhood 1 South due to utility extensions and likely market conditions. Neighborhood 1 South is the home of an expanded commercial node containing as much as 600,000 square feet of commercial space. The retail market will likely need additional “rooftops” to spur development. Accordingly, portions of Neighborhood 1 South may not fully develop until a substantial number of new housing units are constructed in Neighborhood 1 North and even portions of Neighborhood 2.

The phasing of development in Neighborhood 2 will occur in two stages. The Cedarhurst neighborhood area straddles the line between Neighborhoods 1 and 2. Areas around Cedarhurst are envisioned as developing prior to the remainder of Neighborhood 2. The balance of Neighborhood 2 will be the final phase of the development. The Old Cottage Grove area is located in the final stage, Phase 3. The East Ravine Master Plan reflects the existing development pattern in Old Cottage Grove. Development west of Old Cottage Grove provides the ability to serve the area with sanitary sewer and municipal water should such service be required by environmental considerations or desired by area residents.

Adoption of all of the components of the East Ravine Pre-Design including the East Ravine Master Plan, the East Ravine AUAR and related Comprehensive Plan amendments sets the stage for development of the area. It also establishes the need for a number of other related follow-up actions. Key among those actions are updates to the Cottage Grove Capital Improvement Program (CIP), the establishment of design standards, the modification of zoning provisions, a review of park dedication requirements and the establishment of an acceptable rate of growth. Each of these actions is reviewed as follows:

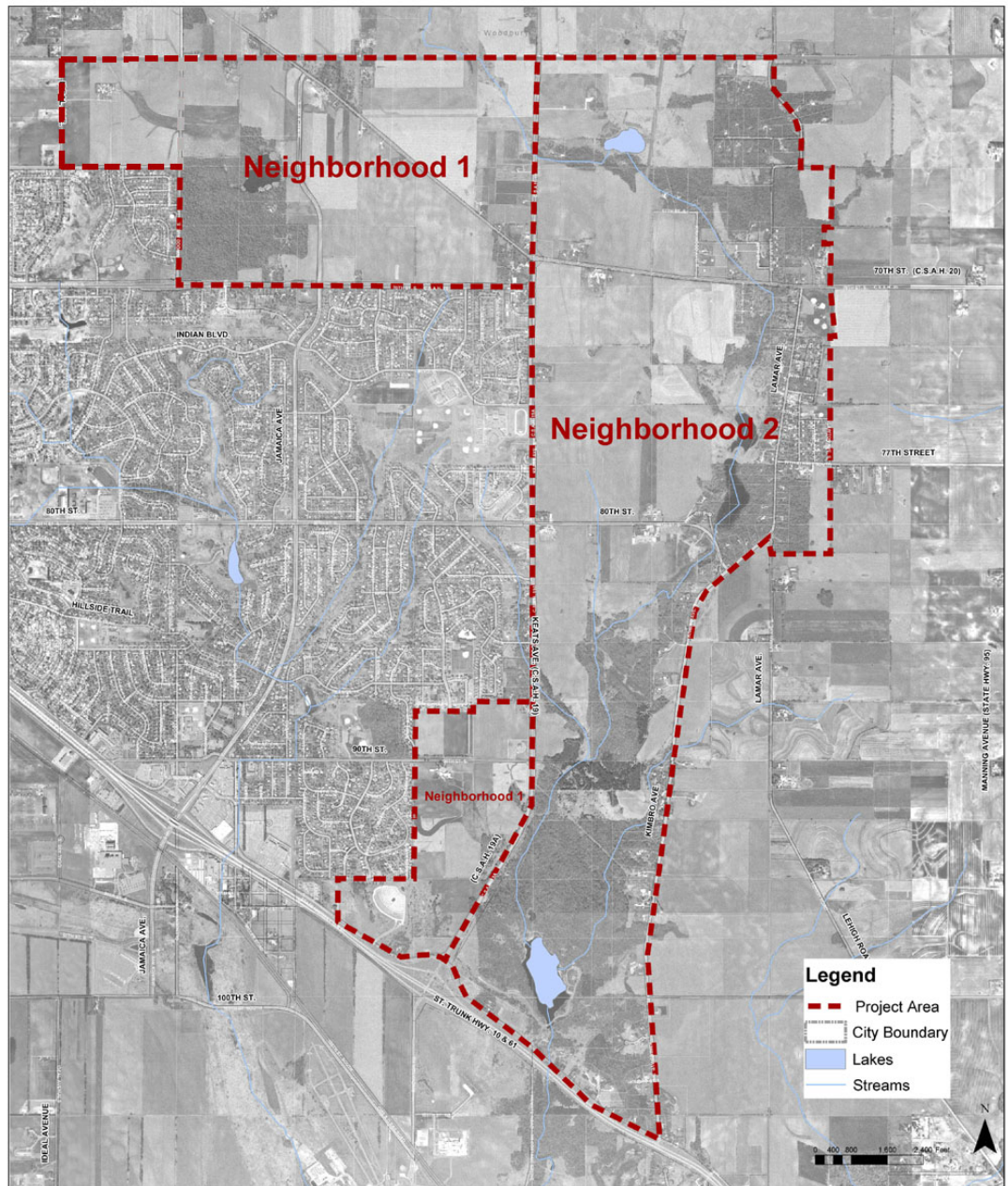


Figure 6-1
Neighborhood Areas

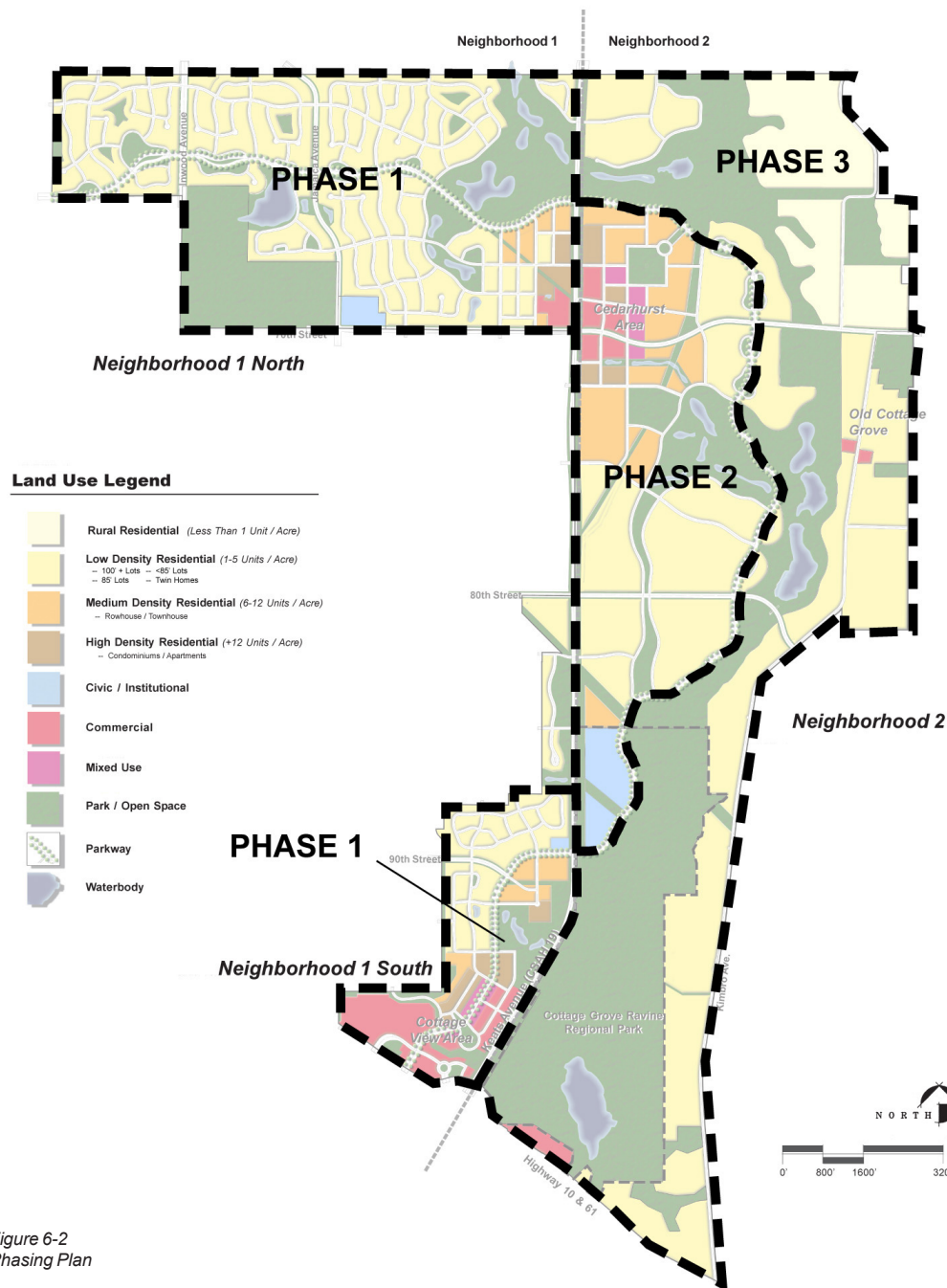


Figure 6-2
Phasing Plan

Capital Improvement Program

The Technical Memorandums accompanying the AUAR provide specific engineering recommendations on the design, phasing and cost of the water, sanitary sewer and storm sewer improvements. This information needs to be incorporated into the Cottage Grove Capital Improvement Program along with identified funding methods and sources.

Design Standards

One of the goals of the East Ravine Master Plan is to provide an attractive residential environment that encourages a range of housing opportunities including move-up housing. In order to establish high quality development and to promote added value, the City of Cottage Grove needs to establish design standards for new development. Design standards should address physical aspects of buildings such as exterior materials as well as aesthetic enhancements such as landscaping, lighting and signage provisions.

Zoning Ordinance

The East Ravine Master Plan creates opportunities for development forms that will be new to Cottage Grove. The Cedarhurst and Cottage View areas are likely to see some mixed use development with commercial uses on the ground floor and residential above. The Cottage Grove Zoning Ordinance should be reviewed to ensure that it accommodates such development forms and contains appropriate standards.

Park Dedication

Parks and open space are major components of the East Ravine Master Plan. The implementation of the East Ravine Parkway and the green corridors along major roadways may require a different approach to park dedication. The City should conduct a comprehensive review of its park dedication requirements to make sure that they adequately address a number of related issues including linear green space, policies on the provision of private open space, land required for active parks and land required for passive open space areas. The City should also explore the use of conservation easements to ensure the perpetual retention of open space areas.

Rate of Growth

The rate of development in the East Ravine will be controlled by two key factors, market demand and City growth policies. Market demand will fluctuate over time due to land supply, land costs, mortgage rates and a number of other external factors. City growth policies can directly control the rate of development. Cottage Grove needs to carefully address the rate of growth in the East Ravine area. Given limited staff and fiscal resources, the City may want to establish appropriate development thresholds that could be implemented through utility phasing or if needed, by imposing reasonable caps on annual building permits.

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Appendix A – Document Summary

The following is a summary of some of the documents that were reviewed as part of the East Ravine Pre-Design process.

Cottage Grove Comprehensive Plan Summary

City of Cottage Grove

Adopted October 18, 2000

Intent of Document

The intent of the Cottage Grove Comprehensive Plan is to guide the long term growth and development of the City.

Key Information and Findings

Land Use

Key Goals & Policies

- Enhance the image of the city as a desirable place to live
- Revitalize residential, commercial & industrial areas where needed to maintain high quality development in the City
- Encourage the development of major commercial and industrial areas in planned and concentrated centers
- Maintain a compact growth pattern, make efficient use of roads and sewers and concentrate urban scale development within the Municipal Urban Service Boundary (MUSA)
- Coordinate Land Use
- Offer a range and mix of housing types
 - Use high density residential as a transition use from single family residential to other more intense uses
 - Encourage moderate increases in densities in new or existing neighborhoods by considering things such as PUD, cluster housing, and zero lot lines.
- Recognize agriculture as a permanent and viable land use
- Make efforts to protect and preserve natural resources and environmental systems

Existing Land Use and the Municipal Urban Service District (MUSA)

- East Ravine Pre-Design Study area is outside of the MUSA and is classified as Commercial Agriculture, Land Participating the Metropolitan Agricultural Preserves Program, and General Rural Use Area
 - The Metropolitan Agricultural Preserves program protects the farmer from urban assessments and property taxes in exchange for a commitment to continue farming for at least 8 years.
 - The Commercial Agriculture Area consists of land that is eligible to participate in the program, regardless of actual participation.
 - General Rural Use Area land uses are agriculture, commercial, industrial, and low-density residential development that does not create a need for urban services. It is anticipated that much of the area will eventually be included in the MUSA and be developed into an urban residential land use.

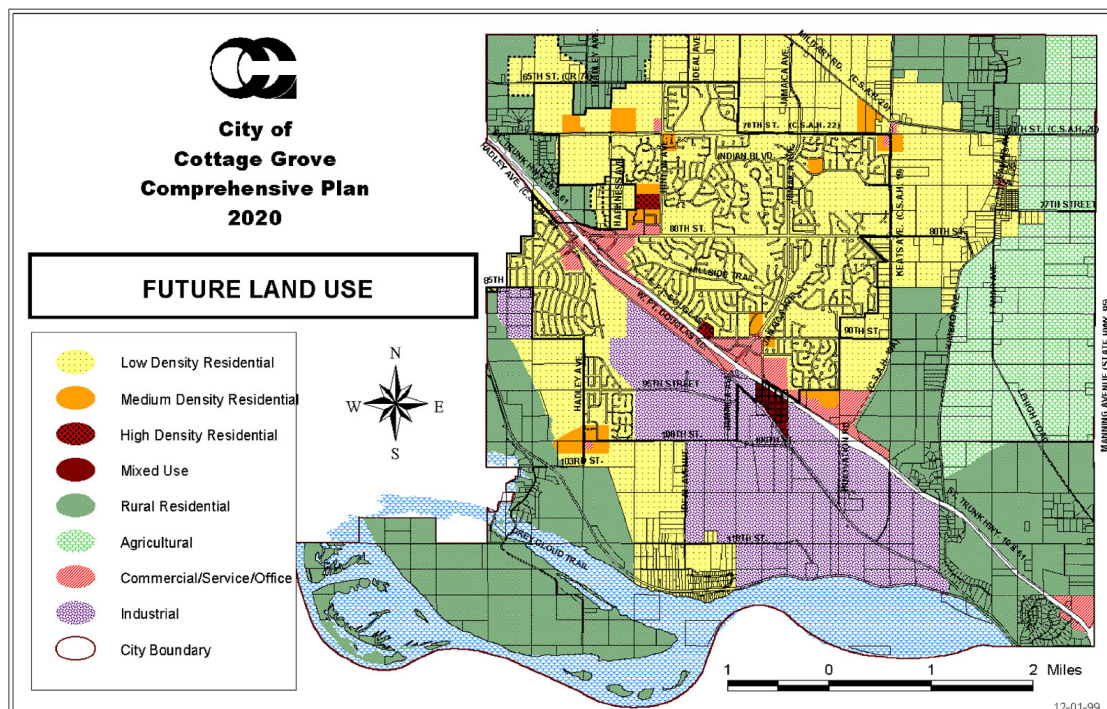
Environmental Resources

Cottage Grove has a commitment to natural resources and based on the Natural Resource Inventory done has created a *Sensitive Environmental Areas Overlay District*. The overlay district is comprised of areas with steep slopes, floodplain or are located in an area that requires

site sensitivity, such as the Mississippi River. Community woodlands and wetlands are not in the overlay district but are regulated by the *City's Tree Preservation Ordinance* and the *Wetlands Conservation Act*. The overlay designation does not forbid development but assumes that a "reasonable use and not a maximum use" will occur. Land uses that may be compatible with these areas are low density or cluster development. The city will investigate development criteria for the overlay district that imposes more stringent standards for grading, erosion control, and hard surface coverage. A significant amount of land in the East Ravine Pre-design study area falls in this overlay district.

Future Land Use

- 2020 land use for most of the study area is designated rural residential and low density residential with small areas of medium density residential and commercial
 - Rural Residential is large lot development outside of the MUSA. The City will encourage clustering to preserve open space and natural amenities. These units will be served by private well and on-site sewer systems
 - Low Density residential is 1-4 DU/acre. These areas are located within the MUSA or in planned expansions of the boundary
 - Medium density residential is defined as (5- 10 DU/acre)
- The study area makes up the bulk of Transition Zone 1. This area will become available for development with the Met Council installation of an interceptor system that will service the eastern areas of Cottage Grove.
- The Development Staging Plan separates the community into reasonably sized increments for development. The entire East Ravine Pre-design study area is in the staging area. Because the planned Met Council sewer interceptor alignment in the eastern part of Cottage Grove had not been determined at the time the comp plan was written, phasing does not depict which segment will developed first and illustrates 50 years of expansion potential.



Transportation

Key Goals & Policies:

- To create and maintain a safe & efficient roadway system which separates traffic according to function, length of trip, speed and volume
 - Use Met Council's Transportation Policy Plan Appendix, Dec. 1996 to guide design and operational characteristics of streets and highways
 - Public roads to all proposed developments shall be constructed to city standards and should improve north/ south traffic movements to centralized commercial areas
- Promote transportation alternatives to the automobile
 - Require developer installed sidewalks and trails within new developments adjacent to multi-family housing, parks, schools, and along collector or minor arterial streets
- Coordinate and stage growth to ensure that existing & future public transportation facilities can adequately accommodate development
 - Maintain a least a level of service D on the road network
 - Plan for an construct pedestrian walkways and bikeways consistent with the Comprehensive plan
- Improve quality of local and regional transportation facilities
- Preserve and enhance the aesthetic qualities of public infrastructure
 - Make efforts to preserve the natural environment when planning and building new roads.

Roads

Of the existing roads in or adjacent to the East Ravine Pre-Design Study Area, Highway 61 is a principal arterial and Keats Ave (CSAH 19) and 70th Streets are minor arterials. Collector streets are Kimbro Ave, 80th St. Military Rd (CSAH 20), and Jamaica Ave. Military Road, 80th St., Kimbro Ave, Lamar Ave are identified as future minor arterial streets. Several new collector streets are proposed in the interior of the study area and the exact alignment of these streets will be determined as the area develops.

Transit

Transit options available to Cottage Grove Residents are: Ride Sharing; Car/Van Pooling; Taxis; Community Service Transportation; School Buses; Private Bus Lines; Metro Transit Bus Service. It is anticipated that the majority of future transit services will be bus and the City supports the idea of commuter rail on the Red Rock Corridor along Highway 61. The City is exploring expanding park and ride opportunities and the creation of a multi –modal transit hub that would tie local bus service and the potential commuter rail line. A possible location for this would be in the Langdon Neighborhood.

Off-Road Trails

Cottage Grove is working to establish a continuous network of non-motorized trails to offer residents a safe access route for pedestrian and non motorized use. Pathways are planned all collector streets.

Parks and Open Space

Key Goals & Policies:

- Park lands include conservancy open space areas, cultural resources, and environmentally sensitive areas that also have also have recreational potential.
 - Developers are required to dedicate a portion of their land for public use when the development includes areas planned for park acquisition
- The park system should offer a variety of programs and a coordinated system of trails throughout the city for linear recreation and transportation.

Existing Parks

In the East Ravine Pre-Design Study Area, Cottage Grove Ravine Regional Park is located in the southern part of the study area and there are two parks in Old Cottage Grove.

Future Parks

There are six sites in the study area that are being considered for acquisition and development to meet the City's future neighborhood park and athletic sports complex needs.

Economic development

Key Goals & Policies:

- Support local industry to attract new jobs to enhance the City's tax base and bring new capital into the region.
- To address local and regional issues critical to business site locations

Retail and Commercial Areas

There are three areas in the East Ravine Pre-design Study Area that are considered for their retail and commercial potential. Two small neighborhood centers that would provide convenience items are called for at the intersections of CR19 & 70th and CR19& 80th Streets. A larger concentration of retail is planned for the intersection of CR19 and Highway 61.

Housing

Key Goals & Policies

- Offer a range of housing types and price ranges
 - Multi family housing will be dispersed throughout the city
 - Require aesthetic and design standards
 - Encourage "move-up" housing opportunities
- To maintain and improve the existing housing stock

Utilities

Key Goals and Policies

- Develop the urban service area in accordance with the development staging plan to reduce City infrastructure costs, maintain a contiguous growth pattern and protect the environment.
- To put in place a surface water management system that addresses water quality issues within the community. At the time the Comprehensive Plan was adopted, the portion of the City east of CR 19 was not covered in the 1999 Surface Water Plan. Therefore, additional review of ponding and surface water systems will be necessary prior to development.

Historic Preservation

The City is committed to the preservation of the community's historic identity and character for future generations. The Historic Preservation Element of the Comprehensive plan is the Comprehensive Historic Preservation Plan for the City and the authoritative guide for city historic preservation program decisions.

Key Goals & Policies

- Protection of all significant heritage resources on the City Register
 - Applications for city permit for exterior work on a property listed on the City Register or applications for a preliminary plat, rezoning conditional use permit, or variance from the zoning code that may impact an historic site will be reviewed by the Advisory Committee on Historic Preservation.
- Protection of significant sites which are technically not eligible for the register but are still considered a valuable resource.
- The City strives to proactively assist property owners in their efforts to preserve and enhance significant heritage resources
- Heritage Resources Inventory contains significant heritage resources identified by the Cottage Grove Heritage Resources Survey.
- There are 8 designated Historic Sites in the Study area with the greatest concentration in the Old Cottage Grove Area.

Regional Growth Policy Committee Review of Cottage Grove Comprehensive Plan Update

Metropolitan Council
September 5, 2000

Intent of Document

- This report is comments and recommendations stemming from the Metropolitan Council's review of the City of Cottage Grove Comprehensive Plan. The Metropolitan Council concluded that Cottage Grove should put their Comprehensive Plan Update into effect.

Key Information and Findings

- The Cottage Grove Comprehensive Plan identifies several areas that could be brought into the MUSA by 2020 and beyond but no specific timing was outlined beyond 2005 as the final alignment of the new Metropolitan Council sewer interceptor had not yet been decided. Since the alignment has been decided, the City has committed to submit a plan amendment that includes the 2020 staging plan to the Council by 2003.
- The City and the Metropolitan Council mutually agreed to allow new residential density of 2.42 units per acre in the west draw area due to natural resource based development restrictions. This is slightly less than the 3 units/acre outlined in the Regional Blueprint. The city has committed, by resolution, that future plan amendments and MUSA expansion requests will address all Regional Growth Strategy policies and guidelines, which include density standards.
- The comprehensive plan does not state that the overall development density in the rural areas will be 1/10 which is the Regional Blueprint's standard but the city has committed,

- by resolution, that future plan amendments and MUSA expansion requests will address all Regional Growth Strategy policies and guidelines, which include density standards.
- The City will need to forward a copy of its erosion and sediment control ordinance to the Metropolitan Council after its adoption.
 - It is recommended that the City acknowledge the available aggregate resource within the city and consider accessing them before they are encumbered by urbanization.

Water Supply & Distribution Plan for Cottage Grove, Minnesota

Bonestroo, Rosene, Anderlik & Associates
September, 1994, Updated December, 1995

Intent of Document

This report is a Comprehensive Water Supply and Distribution plan which intends to meet the near-term and ultimate needs of the City of Cottage Grove.

Key Information and Findings

Existing Conditions

City of Cottage Grove presently obtains its raw water supply from deep wells in the Prairie du Chien-Jordan aquifer. Water is pumped into the distribution system following chlorination and fluoridation at each well house. At the time the report was written, the existing water supply and distribution system for the City of Cottage Grove was serving the City's water demands.

Ultimate Water Distribution System

The Future Land Use Plan (1992-2000) and the Development Staging Plan (1992-2000) for Cottage Grove and a saturation population estimate of 136,000 served as a basis for the ultimate water supply and distribution system.

Future Supply System

Two well fields are proposed for the City so that it has two distinct water sources and wells are clustered to facilitate possible future central water treatment facilities. The two proposed fields are the North Well Field, located south of 80th Street and west of Jamaica Avenue and the South Well Field proposed north of Highway 61 and to north of 90th east of Keats Avenue. If, in the future, raw water requires treatment, each well field will have a nearby plant where water will be treated prior to distribution.

The South Well Field is located in the southern portion of Neighborhood 1 of the Cottage Grove East Ravine Study Area. To meet ultimate system demands, it is anticipated that 24 wells will be required in this field and additional hydrogeologic studies will be required to determine exact well locations. Study should also be done to explore the feasibility of drawing water from glacial drift wells and the Mt. Simon-Hinckley aquifer in addition to the Prairie Du Chien Jordan Aquifer.

Future Storage

In the Cottage Grove East Ravine Pre-Design Study area 3 future storage reservoirs are proposed. One at Keats Ave south of 70th Street, one near the intersection of 70th Street and Lamar Ave, and

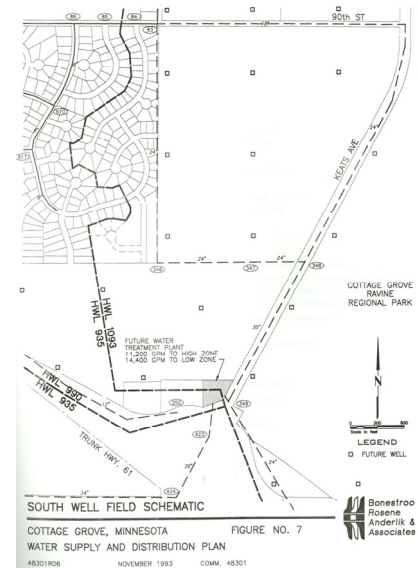
one at 80th Street east of Keats Ave. As it is recommended that storage reservoirs be gravity fed elevated reservoirs, they have been located to take advantage of high ground.

Future Distribution System

A network of trunk water mains extends from the well fields. Major mains connect the storage reservoirs and the well fields and in most cases are looped throughout the system in order to provide reliable service.

Key Recommendations

- Expedite the acquisition of sites for wells, storage facilities, and any easements required to connect these sites to the water system
- Monitor water quality to determine if there is need for water treatment. Until a future decision is made regarding water treatment the City should reserve a 10 acre site at the South Well Field for a potential water treatment plant.
- As the land in the proposed South Well Field is largely undeveloped, there is an opportunity to plan development to minimize the threat of aquifer contamination and it is recommended a wellhead protection plan is included with well field planning.



City of Cottage Grove Minnesota Comprehensive Sewer Policy Plan

Bonestroo, Rosene, Anderlik & Associates
May 1992

Intent of Document

The purpose of the Comprehensive Sewer Policy Plan is to provide the City with an inventory of existing facilities and a guide for the expansion of Cottage Grove's trunk sanitary sewer system to serve its saturation population. The report is based on the data contained in the City's Future Land Use Plan prepared in 1991. The report also serves as the sewer element of the public facilities plan for the Metropolitan Council and the Comprehensive Sewer Policy Plan (CSPP) for the Metropolitan Waste Control Commission (MWCC).

This plan is outdated with regard to the Cottage Grove Ravine Area, as the MWCC Cottage Grove Interceptor, associated treatment facility upgrades, and development of the Cottage Grove Ravine Area were not anticipated in the lifespan of the plan. The memo summary included after the summary of this plan discusses the final alignment and capacity of the MWCC Cottage Grove Interceptor.

Key Information & Findings

Goals and Policies:

- The City will provide service that is adequate for current and future needs and will avoid premature extension of sewer into lands designated for long-term agricultural use
- The extension of sanitary sewers shall be programmed as to achieve maximum benefit from the existing utilities
- The City will work with the Metropolitan Waste Control Commission to expand or upgrade the City's Wastewater Treatment Plant.
- The City will encourage development densities that maximize the use of the existing sanitary system.
- In the Rural Service Area, on site sewer systems shall be allowed as long as they conform to local, state and federal requirements.

Cottage Grove Ravine Area System Description

- There are eight major sanitary sewer districts in the city, each defining the limits of service for a separate trunk system. The Cottage Grove Ravine Pre-Design Project is in the Cottage Grove Ravine District (6,993 acres). It is anticipated that this area will be served by the MWCC Cottage Grove Interceptor which will service the eastern 35% of Cottage Grove, the Central and Cottage Grove Districts in Woodbury, and possibly other communities in Washington County.
- The treatment and disposal of wastewater occurs at the Cottage Grove Treatment Plant which is under the jurisdiction of the MWCC.
- The proposed facility at the end of the Cottage Grove Ravine Interceptor could be a wastewater treatment plant or a pumping station pumping the wastewater flow to the existing wastewater treatment facility.

Memo

Michael King, Metropolitan Council Sector Representative
May 5, 2003

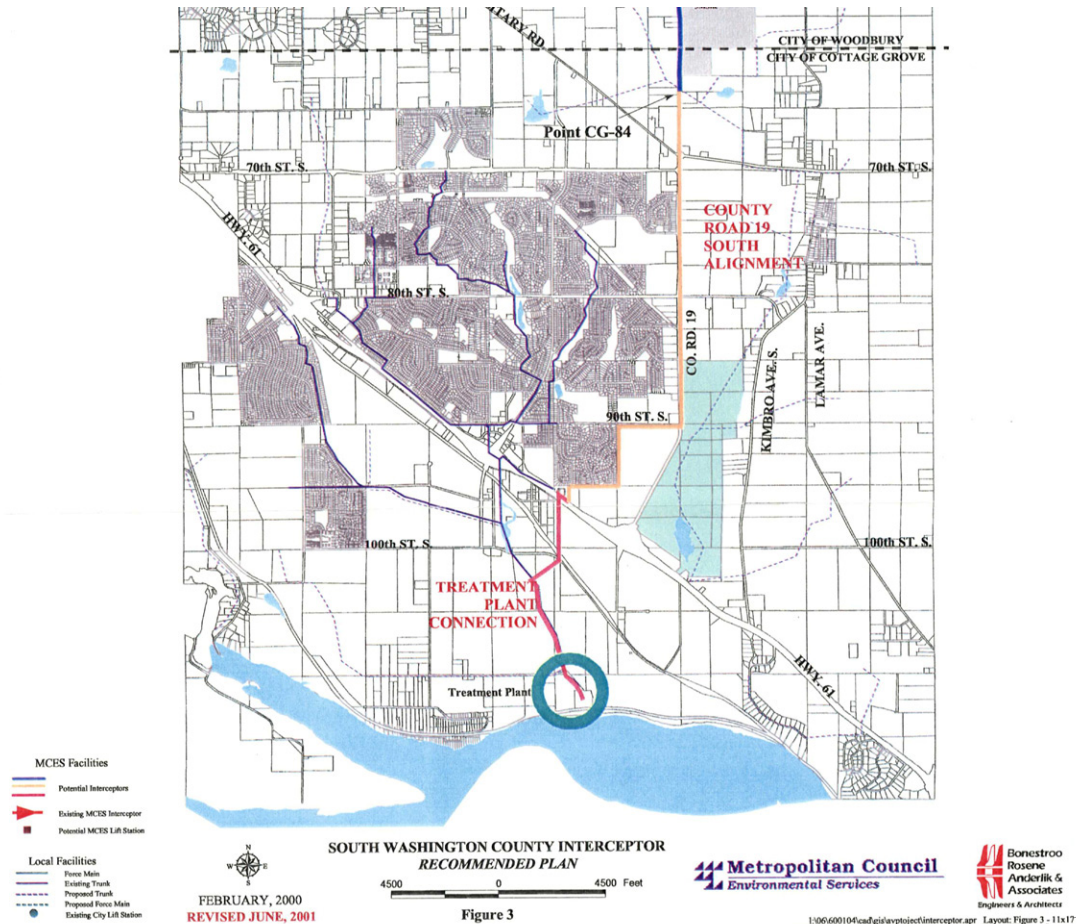
Intent of Document

As part of the data collection effort, Michael King reviewed the parameters used by MCES for planning the Eagles Point Plant and the South Washington County Interceptor Sewer and met with Don Bluhm, MCES Manager, Municipal Services, and Wayne Rikala MCES Project Manager for the South Washington County Interceptor projects in Cottage Grove. The following are his findings.

Key Information and Findings

- The interceptor was designed for the potential future capacity of 11.2 average daily flow from Cottage Grove (current flow is 2.3MGD)
- The treatment plant property and current technology limit the maximum capacity for future expansions to 15 to 20 MGD
- The interceptor is sized for 22 MGD average daily flow (at the south end of the system)
- Project will be complete in late 2004-mid 2005
- Cross over point to serve land east of the ravine would be where 82nd Street would be located

- The north part of Neighborhood 1 has some sewer depth limitations at the bottom of some of the bowls and these limitations were negotiated with the City
- Alignment runs south from Woodbury along CR 19 and jogs west at 90ths St. south along the edge of existing development before crossing Highway 61



Old Cottage Grove Historic District Preservation Planning Report (draft)

Robert C. Vogel, City Preservation Officer
2002

Intent of Document

The report presents documentation supporting the nomination of the Old Cottage Grove Historic District to the City Register of Historic Sites and Landmarks. The intent of historic district designation is to provide a guide for future community development decision making that acknowledges need for change while providing protection for historically significant buildings and sites. The report also contains a comprehensive inventory of all the heritage resources within the district. Though the area has met the criteria to be on the City's Register of Historic Places it has not been nominated to the National Register of Historic Places.

Key Information and Findings

Background

- Old Cottage Grove is in the NW part of the City and extends roughly from 70th Street (CSAH 22) south along Lamar Ave, including side streets, to 77th. The area is also known as Cottage Grove Village and East Cottage Grove.
- Most of the land and buildings in the area are private property. Lamar Ball fields, Old Grove Community Park, and Fire Station No.4 are publicly owned.
- The district has 9 sites of primary significance which are properties that have been individually listed or eligible for nomination to the City Register of Historic Sites and Landmarks. There are also 42 sites of secondary significance. This category consists of properties more than fifty years old and that contribute to the historic character of the district but lack individual distinction.

History

Initial settlement, 1843-1870

- 1843 James S. Norris established a pioneer farmstead just north of 70th Street and Lamar Avenue. Norris's farm is considered the birthplace of commercial agriculture in Minnesota.
- Old Cottage Grove was settled by Germans, Irish, and Canadians. By the 1860s the town was a service center for the surrounding agricultural area
- 1869-70 the railroad was built between St. Paul and Hastings and bypassed Old Cottage Grove.

Farm trade center 1871- 1932

- Old Cottage Grove was first platted in 1871 and grew rapidly despite not being on the railroad. By 1900 there were about 100 residents and development had expanded outside of the original platted area. Lamar Avenue functioned as a "main street" with many commercial establishments.

Rural neighborhood phase 1933-1953

- In the postwar years the area became primarily a residential neighborhood but retained its village-like atmosphere.

Suburban and exurban development – Post 1953 (not a part of the preservation plan)

- By the 1970 the suburban development of Cottage Grove shifted the commercial focus of the City and there were only two commercial properties left in Old Cottage Grove.

District Description

Village Development

The village was platted with a linear plan and a clear distinction between the village and the surrounding countryside. Expansion of the town was constrained by the northern limit of the Cottage Grove Ravine. The original 40 acre plat in 1871 did not allow for a business district or town square, so some of the village's core functions were located outside of the plated area.

The heart of the historic district is Lamar Avenue, which is the old village main street. Traditional streetscape on Lamar Ave includes little or no setback from the street and narrow side

yards. Trees were planted to define property edges and they continue to be one of the defining features of the district.

Architecture

Today, Old Cottage Grove historic district is a mix of residential, commercial, funerary, religious and agricultural buildings. Several preserved architectural landmarks represent Greek Revival, Italian Villa, Queen Anne, Arts and Crafts, and Colonial Revival building styles. There are also modest homes built in the 19th and 20th Centuries. Architectural features include: 1-2 story facades; low to medium pitch gable roof shapes; formal entrances; and one-story porches. Most of the remaining buildings built prior to 1950 are residences as many of the non-residential buildings have been razed or converted. Wood agricultural outbuildings, detached garages, and sheds also contribute to the district's character.

Archeology

No archeological surveys have been conducted within the historic district but there are several potentially significant pioneer home, church, and school sites that need to be considered in development planning.

Preservation Planning Recommendations

General Concepts and Approaches

- Properties that have been individually listed in the City Register of Historic Sites and Landmarks are considered primary heritage resources and design review standards and guidelines are in the Historic Preservation Element of the Comp Plan. Property-specific strategies for the implementation of preservation standards and guidelines are found preservation planning reports adopted for each individually designated historic site.
- Secondary heritage resources within the district boundaries also need consideration in community planning and building code enforcement. However only permits for moving a building, excavation, and new construction require a certificate of appropriateness. For all other work compliance with historic preservation standards is voluntary.

Guidelines

- Design Review Guidelines center on preserving the distinctive historic qualities of the district and important and visible historic architectural features of buildings while still allowing for change and adaptive reuse.
- New construction should be compatible with adjacent historic buildings.
- Removal of primary heritage resources should occur only where public safety is threatened. Demolition of secondary heritage resources is appropriate in cases of threatened public safety, or if it no longer contributes to the historic character of the district as determined by the Advisory Committee on Historic Preservation.
- Open space and natural features of the Cottage Grove Ravine should be maintained and its visual integrity protected from encroachment and changing land uses.
- The historic street pattern of the 1871 grid should be maintained.
- City should develop heritage education and interpretation programs focused on Old Cottage Grove that utilized the city's ongoing Heritage Resources Survey.
- Pedestrian and bicycle access to the heritage resources within the district should be facilitated by sidewalks and trails.

Cottage Grove Natural Resources Inventory

Bonestroo Rosene Anderlik & Associates
1998

Intent of Document

The purpose of the Cottage Grove Natural Resources Inventory is to identify significant natural features, including natural communities, scenic areas, cultural resources, and sensitive resources so the City can guide future development in an environmentally sustainable manner and protect important natural resources.

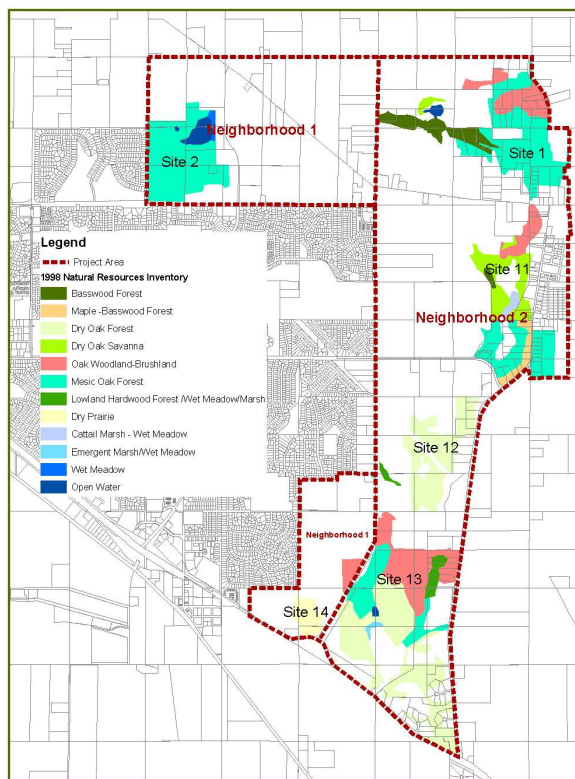
Key Information and Findings

Presettlement Vegetation

At the time that the first settlers arrived, Cottage Grove was made up of wetlands in low areas and oak woodlands, brush lands, and prairies on the drier uplands. In the ravines and on the north facing slopes, denser mixed forests were common. Along the Mississippi River riparian forests and wetlands were dominant with bluff prairies and savannas on the terraces above

Cottage Grove Ravine

The Cottage Grove Ravine is a glacial tunnel valley carved into the bedrock. The ravine runs from Old Cottage Grove south to the 3M facility and is about ½ mile wide. Average depth from the ravine floor to the bluff tops is 80-100 feet. The ravine is partially filled with glacial outwash deposits and several small lakes linked by intermittent streams are located in the ravine. Sediment from the valley walls has created low terraces and alluvial fans and



Natural Resources Inventory

much of the ravine floor has been covered with soil eroded from upland agricultural fields.

Natural Resources in the Study Area

To give the City a qualitative assessment its natural communities, a field inventory was conducted. Native communities were then classified according to “Minnesota’s Native Vegetation, A key to Natural Communities (MNDNR, 1993) and non-native areas were given common descriptive names based on community type. To provide the City with information about the ecological quality of the natural areas each community was ranked based on native species diversity, age of trees, and amount disturbance.

Adjacent natural communities are grouped into sites. Each site was evaluated for Rare Features Value, Natural Community Integrity Value, and Wildlife Habitat Value, and Local Value and was given a rank of High, Moderate, or Low. The Local Value takes into account cultural features and if the resource is a community asset even though the Natural Community Integrity may not be high when compared to pristine conditions. A description of each site in the Cottage Grove Ravine Study Area is included below.

Neighborhood 1- North

Site #2

The site is 172 acre undeveloped area and consists of 7 communities. It is located north of 70th Street and south of Military Road. The site has one of the better quality mesic oak forest communities in the city and the largest good quality wetland in the city. Other communities include a logged oak forest, a small shallow open water / emergent marsh, a degraded wet meadow, a conifer plantation and an old field. The Natural Community Integrity Value and Wildlife Habitat Values are high due to the good quality forest habitat adjacent to the large wetland complex. The area has two historic features; the Shepard Farmstead and the Roger Shepard House both of which are notable for their Colonial Revival architecture.

Neighborhood 1 – South

Site #14

The site is 48 acres and is made up of 5 communities. It is located north of Highway 61 and west of CR19. The site has low-moderate quality, dry, sand-gravel prairie and some old fields grown over with trees, shrubs, and grasses. The Natural Community Integrity Value and Wildlife Habitat Value are low due to low community diversity and poor connectivity to other natural areas. Community 14C is a dry prairie that is listed by the MNDNR as a rare feature. The Cottage Grove Drive –in Theatre located within the community has high historic value due to its social history in the context of postwar suburban development

Neighborhood 2

Site #1

This site is 307 acres and is composed of 8 communities. It is located northeast of Keats Avenue and 70th Street South. This site contains a mixture of mesic oak forest, oak woodland and savannah, a small wetland, and basswood forest. The Natural Community Integrity Value and Wildlife Habitat Value moderate. The area includes a historic landscape associated with the pioneer phase of Cottage Grove Settlement and large European larch trees planted along Lamar Ave that are estimated to be 100 years old.

Site #11

This site is located south of 70th Street South and west of Lamar Avenue. The site has most of the major forest communities in Cottage Grove and includes oak woodland-brush land, dry oak savanna, mesic oak forest, basswood forest and maple-basswood forest. In addition there is a small lake and a wetland. The Natural Community Integrity Value and Wildlife Habitat Values are moderate due to the diversity of the community. There are two historic sites within the community, the Dr. William W. Furber house and St. Matthew's Church Cemetery.

Site #12

This site is 235 acres with 11 communities. It is located in the Cottage Grove Ravine, the oldest glacial landform in the city. The site is dominated by moderate quality oak forest along with conifer plantations, old fields, and lowland hardwood forests. The Natural Community Integrity

and Wildlife Habitat Value are moderate due to the quality oak forest and connectivity to areas to the north and south.

Site #13

This site has 15 communities and is made up of 367 acres and makes up the southern part of the Cottage Grove Ravine and contains prehistoric and historic cultural artifacts. This site has one of the largest and best quality contiguous tracts of forest land in the City of Cottage Grove. The majority of this site contains moderate to good quality mesic and dry oak forest. It also includes several small dry, sand-gravel prairies, a wet meadow/fen wetland and a number of conifer plantations. The Natural Community Integrity and Wildlife Habitat Values rank high due to the quality, size and diversity of the communities. Kitten-tails (*Besseyia bullii*), a state threatened plant species has been documented on the site.

Key General Recommendations

- City ordinances and conservation easements should be considered as a tool for protecting natural resources
- Zoning that is compatible with landscape type, native plant and animal communities and other natural features should be implemented
- Maintain and link large tracts of significant natural areas
- Maintain undisturbed vegetative buffers around natural areas

Key Specific Recommendations

- Several sites with degraded wetlands or with proper hydrology and soils for wetland are suited as wetland restoration or banking sites. Key areas for wetland restoration and banking in the Cottage Grove Ravine Pre-design study area include communities 1G, 2E and 11F
- Much of Shepard Farm (Site 2) has been placed in conservation easement and it provides critical open space to Cottage Grove. A stewardship plan should be developed to guide active management and restoration of this site needed to maintain its quality. The major management concerns are invasion by European Buckthorn and the potential degradation of the wetland community as the adjacent land develops.
- Site 11 links Cottage Grove Ravine Park with large natural areas to the north and is identified as a priority area. It contains grazed oak savannah with good restoration potential.
- The plan proposes a Cottage Grove Ravine Corridor that would link natural resource areas. The corridor would extend from the Mississippi River north to Cottage Grove Ravine Regional Park and then continue northward through Old Cottage Grove and follow a ridgeline to Gables Lake. From Gables Lake, this corridor would connect to Washington County Linear Park System along County Road 19. This corridor would preserve some of the most ecologically significant areas of the city and would be the highest quality corridor in the city. A trail system could also be integrated within the corridor.

South Washington Watershed District CD-P86 Natural Resource Management Plan

South Washington Watershed District
Emmons & Olivier Resources
July 19, 2002

Intent of Document

The purpose of this document is to establish a framework for restoration efforts in the portion of the Watershed District's storm water conveyance route known as CD-P86. The plan provides information on the current condition of the site (2002) and outlines recommendations for site preparation, seeding, planting, wildlife improvement, maintenance and monitoring, cost estimates, and identifies a location of a proposed Washington County Parks regional trail connection.

Goals include:

- To develop an ecologically based Management plan that improves, protects and maintains the ecological functions of CD-P86
- Enhance wildlife habitat
- Provide open space, passive recreation, and environmental education opportunities
- Improve and maintain natural storm water functions including: infiltration, groundwater recharge, rate/volume control, and pollutant sediment reduction.

CD-P86 is located in Woodbury and Cottage Grove and falls in the northern part of Neighborhood One of the Cottage Grove Pre-Design project area. CD-P86 is a component of the larger SWWD Greenway Corridor Plan to create a natural corridor that would link Lake Elmo Park Reserve, Woodbury chain of lakes, and Cottage Grove Ravine Park to the Mississippi River. A conservation easement agreement with the MNDNR will protect the CD-P86 area from development and insure the site will be conserved and managed as a natural area. The Natural Resources Management plan is tied directly to the DNR Conservation Easement document.

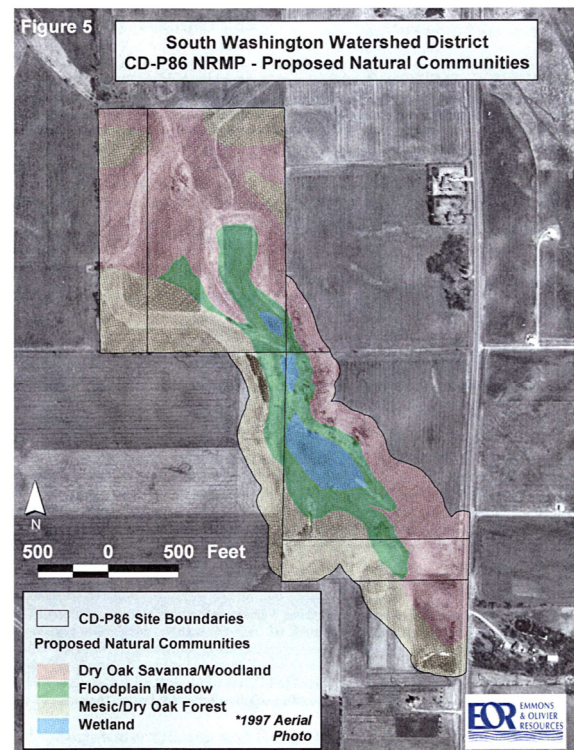
Key Information & Findings

Existing Physical Conditions

- The existing soils provide moderate infiltration and slopes are moderate to flat. Erosion is a concern but dense vegetative cover provides effective protection from erosion.
- The existing plant communities include degraded oak savannah, non-native wet meadow, pine plantation, cornfield, and old field.

Vegetation Management

- Proposed natural communities mimic those that would be expected to occur naturally based on site characteristics. They include woodland, savannah, prairie, wetland and forest.
 - Mesic/ Dry oak forest to be on the east and north facing slopes
 - Dry oak savannah / woodland on the northeast strip of land and on the south and west facing slopes above the lower flat area



- Floodplain Meadow in the lower flat area that is subject to fluctuating water levels due to occasional flood events. A mix of dry and mesic prairie plants is designed to accommodate both water extremes.
- Small ephemeral wetland basins are proposed for the three lowest elevations within CDP-86

Water Resources

- CDP-86 will improve water resources in the district by functioning as a groundwater recharge area.
- Significant buffers of natural vegetation will help protect the site from runoff produced in adjacent area
- When the area becomes a part of the trunk storm water facility for the district, a considerable amount of surface water can be retained and infiltrated within the basin for the benefit of downstream water bodies.

Wildlife Resources

- The reclamation of natural communities with emphasis on woody and herbaceous species with high value for wildlife and food cover is the foundation for wildlife habitat improvements.
- Retaining dead snags, planting trees to maximize visual screening from adjacent land uses, and placing bird nesting boxes within project area will also improve the area as wildlife habitat.
- The habitat created will be large enough function both as a travel corridor for migrants and habitat for permanent and seasonal residents.

Infrastructure

- Recreational opportunities include passive recreation, trail connections, active parks, and interpretive nature areas. A proposed 10' paved trail is planned for the site.
- Storm water conveyance structures may be necessary within the CD-P86 site along with access roads needed to install, maintain and monitor the facilities.

Human Impact Management

- ATV use and off trail biking and walking may be a problem and signage and patrolling will be needed to prevent these use.
- Storm water may need to be controlled to insure surface water is managed properly and the capacity of the basin is not exceeded.
- Dense buffers of tall residual vegetation will help minimize impacts from erosion and herbicide drift.
- As the surrounding area becomes more developed the CDP-86 will a refuge to wildlife and some road crossings such as CR 19 between CDP-86 and Gables Lake will be become more dangerous. Considerations should be given to creating wildlife crossings that will reduce animal/vehicle conflicts.

Lake Management Plan

Department of Natural Resources Fishing in the Neighborhood Program (FiN)
2002

Intent of Document

- The goal of Fishing in the Neighborhood is to increase neighborhood access and community recreation opportunities in Ravine Lake located in Cottage Grove Ravine Park

Key Information and Findings

- The lake has been stocked since 2002 with black crappies and bluegills

Recreation and Open Space System Plan, Washington County Comprehensive Plan to 2015

February, 1996

Intent of the Document

The plan provides a framework for developing and maintaining the County's park system to meet current and future recreation needs. One of the primary goals of the park system plan is the preservation unique or sensitive natural and cultural resources. Therefore, resource protection is a primary consideration when determining the type of use and the intensity of use in the individual parks. Individual park master plans are used to determine park sites, boundaries, uses, and management

Key Information and Findings

Cottage Grove Ravine Regional Park Plan

- The only county/ regional park in the study area is the Cottage Grove Ravine Regional Park. CGRRP is important to the county park system because of its natural resource characteristics and recreational opportunity. Since the area around the park is seeing rapid population growth, its importance is increasing.
- Park acreage (1996) is 506 acres and the proposed park boundaries would encompass 3 more properties and 19 additional acres.
- Actions outlined for the park are to continue with acquisition and development as adopted in the master plan and in the Met Council's capital improvement program and also to correct high water problems by working with Cottage Grove, Woodbury, and the local watershed district.

Linear Park System Plan

- Linear park system is part of the Recreation and Open Space System Plan and is a series of open space and recreational corridors that connect communities, parks, and other trails and accommodate a wide range of outdoor activities. A separate summary of this component of the system plan is provided.

Implementation

- Tools other than acquisition and development that can be used are: land use controls to designate areas as permanent agriculture; land use controls that designate areas as natural resource protection zones; scenic easements

Washington County Linear Park System Master Plan

Adopted February, 1996

Intent of Document

The plan is to be used as a guide in the establishment of a system of coordinated local, county and regional linear open space corridors that will link county and regional parks and trails, provide trails for recreational and transportation use, and create scenic drives. Key goals are to create a linear open space system that compliments the county land use and transportation plans and to preserve and link unique and sensitive environments, geological sites, hydraulic resources, wildlife habitat, historical and cultural resources.

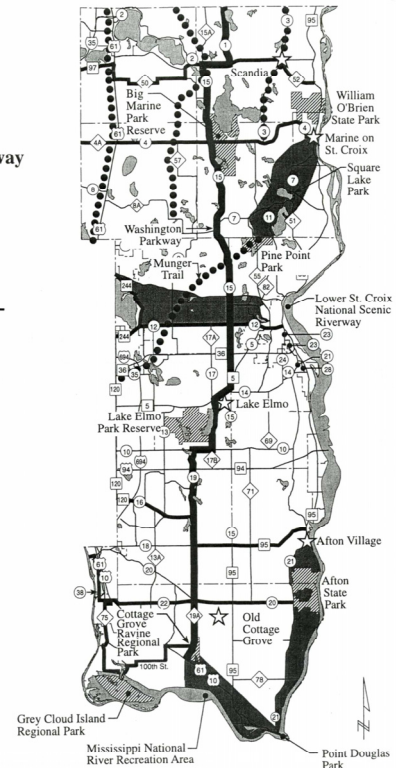
Key Information and findings

Linear Park System Elements

- The Washington Parkway is the “backbone” of the system and would be a signature feature. The parkway will run north/south along CSAH 15 & 19 and provide direct connections between Big Marine Park Reserve, Lake Elmo Park Reserve and Cottage Grove Ravine Regional Park.
 - The parkway would have trees along both road edges, a new median space, bicycle trails, and at key trail intersections there will be locations for resting, picnics, parking, signage, maps and lighting.
 - Trail design along the parkway may include 8’ paved shoulders for bicyclists; 10’ paved off road trail for two-way bicycling, in-line skating, and walking; snowmobile trails in the ditch bottoms or opposite the roadways; additional trees; and support facilities.
- East west trails, or greenways, along roads would intersect with the Washington Parkway to form the “ribs”. In Cottage Grove, CSAH 20 & 22 would be the east / west connections.
 - Design will include two 6’-8’ paved shoulders, a 10’ off-road path on one side of the road, additional trees at selected locations and directional signage.
- To supplement the linear park system the County will promote bike routes along the shoulders of county roads and county state aid highways.
- Local communities are encouraged to coordinate their systems with the County System for broader connections.
- Major trails will connect to the Met Council Regional Trail System.
- In addition to trails along roads, the County will examine existing railroad or utility corridors for off road trails.

Linear Park System Plan

- Washington Parkway
- Greenways
- Off-Road Trails
- Trail Search Area - New Alignment Possible
- ▨ Parks
- ☆ Rural Centers



Washington County Comprehensive Plan

February 1996

FIGURE PP-13

- A trail that linking the Washington Parkway from CSAH 19 to the planned Dakota County Regional Trail in Hastings to create a regional loop is desired but an alignment has not yet been identified. Two options are paved shoulders of U.S. 10-61 or finding a combination of new off-road and/or future local roads parallel to U.S. 10-61. .
- Old Cottage Grove is identified as one of 5 Rural Centers in the County. Rural Centers are defined as retaining some of the rural character and cultural history of the County. Parkway, greenway, or supplementary routes are proposed to connect these centers.
- When possible, trails should be located in road ROW to minimize the land acquisition needed.
- Phasing dependent on: when funds become available; when a particular CSAH or county road is rebuilt or improved; when a railroad or utility corridor becomes available for acquisition.

Cottage Grove Ravine Regional Park (CGRRP) Master Plan

Parks Section of the Department of Public Works
Adopted August 18, 1992

Intent of Document

The Cottage Grove Regional Park was established as a result of the 1974 Metropolitan Parks Act to create a regional recreational open space system to “provide and protect areas of natural quality for nature oriented outdoor recreation such as studying and viewing nature, wildlife habitat, conservation, picnicking, hiking, camping and trail uses.” The plan provides guidance for the park’s remaining acquisition, development, and management.

Key Information and Findings

Park Area Characteristics

- Primarily bluffs and steep ravines with over 150’ of elevation change.
- There are two major soil types, sandy loam and silt loam. These soils are fragile and, because of land practices outside of the park, have suffered massive erosion. The result has been the raising of the ravine floor and pond silting and eutrophication at a faster rate than normal.
- Four vegetation groups: mixed hardwood forest, pine/spruce plantations, marsh/wetland and agricultural/open land.
- Park provides woodland wildlife habitat and wetland wildlife habitat but is not a principal wildlife corridor.
- Water drainage into the park is managed by the Cottage Grove Ravine Watershed Management Organization.

Acquisition

The master plan recommends the acquisition of 4 parcels. Three are located between the southern border and Highway 61 and the fourth is a 56 acre parcel in the northeast corner of the park. This parcel would provide oak woods habitat, habitat protection for the ravine, and trail expansion. This parcel is now part of the park (2003).

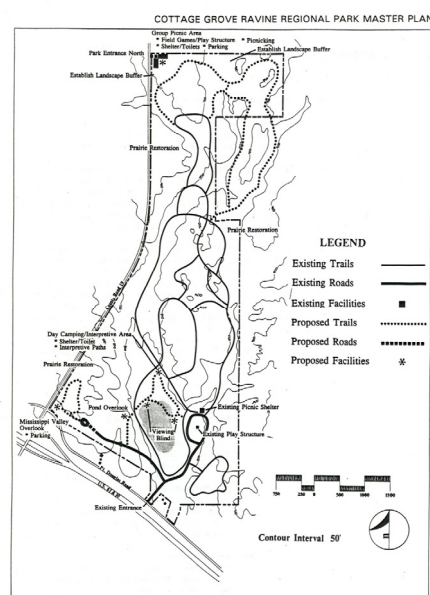


FIGURE 12

Development Concept

- Current and future activities include: viewing and studying nature; conserving and rehabilitating wildlife habitat; picnicking and trail uses.
- There are two major park activity areas and the remaining land is intended as interpretive / general conservation. The major activity areas are located in disturbed areas and will be connected by a series of trails. Existing and planned park facilities include: trails; viewing blinds; overlook sites; picnic shelters; a play structure; parking areas and several interpretive areas.
- There is concern that the 1988 Watershed Management Plan will allow park area and its pond will be utilized as a ponding/settling area for the entire watershed which would be detrimental to the health of the pond.

Transportation, Urban Design, and the Environment: Highway 61/Red Rock Corridor

Prepared by Lance M. Neckar, Department of Landscape Architecture, University of Minnesota
Published by: Center for Transportation Studies, University of Minnesota

Intent of the Document

This study looks at three consequences of the current development patterns and practices and explores alternative patterns for regional growth in corridors served by commuter rail service, specifically the Highway 61 / Red Rock Corridor. The three trends that are addressed are: the increase in Vehicle Miles Traveled (VMT); the degradation of our natural resources, particularly water resources; and the lack of cooperation of various units of government in decision making about infrastructure in concert with land use, zoning, and urban design.

Three sites are studied at the subdivision scale, one of which is in Cottage Grove, to demonstrate issues of urban and suburban growth related to developing a commuter rail spine from St. Paul to Hastings. The Cottage Grove site looks at 180 acres of developable land at the edge of CR 19 and Cottage Grove Ravine Regional Park that is close to the potential Highway 61 and Jamaica Ave commuter rail station site. Three different development patterns are tested to see VMT and water quality can be positively affected by alternative urban patterns.

Key Information & Findings

Development Concepts

Baseline

This concept reflects a development based on current preferences, patterns, laws, and hydrological practices and uses the Cottage Grove comprehensive plan as a guide for the street network for the site and for the larger community, land use, and development densities. This concept assumes the construction of the Red Rock Corridor Commuter Rail Line. Analysis of the concept provides information and data on base conditions which the alternative development patterns can be compared to.

Design Criteria:

- Low Density residential at 1-4 DU per acre

- Medium Density residential at 5-10 DU per acre
- Community service and office development close to Highway 61
- Internal street network that includes an internal circulation with dominance of cul-de-sacs
- Sub-regional street network consists of collectors and sub collectors as residential streets, upgraded county highways as arterials
- Storm water drainage that is based curb and gutter and current conventions
- Parks partially enclosed by housing

Commuter Rail Oriented Design-High/Med & Commuter Rail Oriented Design -LOW

The two Commuter Rail Oriented Design (CROD) concepts demonstrate how hydrology and transportation networks can be designed to create new patterns of connectivity with regard to rail, street networks and open space and natural systems. The fundamental difference between the alternative concepts and the baseline concepts is this approach to transportation and hydrology

The CROD schemes assume a more connected multi-modal, sub-regional or intermediate road

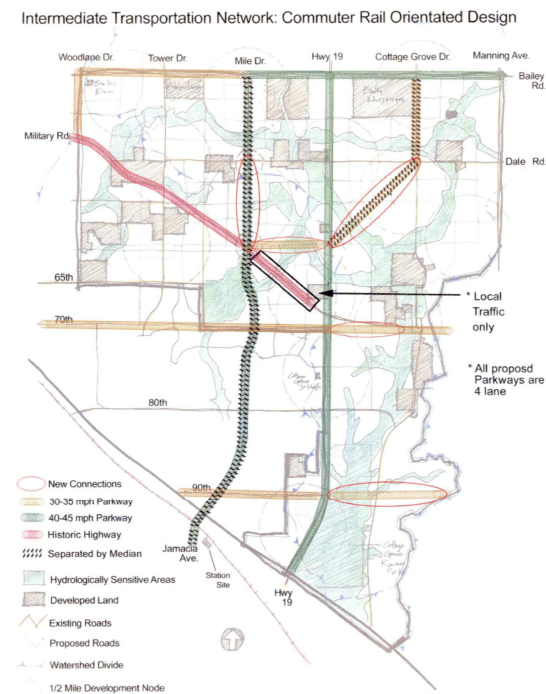


Figure 10.4 Commuter Rail-Oriented Districts & Network Enhancements Cottage Grove Station Commutershed Area(f)

system. The goal of this system is to reduce travel times to the commuter rail station to expand the “commuter shed” which is defined as a 12 minute commute to the rail station. This redesigned system also assumes that the road network will link mixed use destination nodes with a ¼- ½ mile walking radius serving everyday commercial and institutional needs. The theory is that these strategically placed destination nodes will increase the possibility multi-purpose trips and thereby reducing overall VMT.

With regard to hydrology, the CROD schemes rely on a storm water handling system that mimics a natural system in function and performance to recapture runoff into the hydrological cycle. Storm water collection is a new connective infrastructure framework for public streets and open space. Bioinfiltration swales in the ROW of parkways allow for infiltration and exfiltration (filtering storm water through 50’ of sand and returning it to the groundwater as opposed to diverting it to

basins). Local streets that have curb and gutter but the catch basins send water to large perforated pipes under the street that allow for exfiltration. Other specific design components include:

- Lots designed so that water flows from impervious surfaces to absorptive vegetated surfaces where it is allowed to infiltrate.
- Storm water inlets are designed to filter and remove large particles of sediment.
- Connective open space to holds and conveys storm water in the form of a biofilter or enhanced swale.
- Surge areas just before every outlet from the site that are dry basins that are allowed to temporarily fill in large storm events.

RESIDENTIAL				RETAIL/COMMERCIAL/OFFICE	
	Units	Area(acre)	Density		
Single Family	205	31.82	6.44		369971 sq. ft.
Town Homes (3 BR)	715	48.19	14.54		
High Density (2 BR)	660	15.13	43.61		
Mixed Use (2 BR)	152	3.49	43.61		
Totals	1540	98.12	16.54	Net Density 16.44 D.U./Acre	Gross Density 7.00 D.U./Acre



Figure 10.7 Cottage Grove Design Number One

RESIDENTIAL			RETAIL/COMMERCIAL/OFFICE	
	# Units			
Single Family	386			417248 sq. ft.
Town Homes (3 BR)	257			
High Density (2 BR)	120		Net Density 6.75 Dwelling Units per Acre	
Mixed Use (2 BR)	128		Gross Density 3.54 Dwelling Units per Acre	
Total	891			



Figure 10.9 Cottage Grove Design Number Two

CROD-Med/Hi (7 DU per acre) or Cottage Grove Design #1 adapts LRT – like TOD to a medium density residential pattern. The design, based on gross density for bus ridership, assumes that there would be a MTC loop shuttle bus to the commuter rail station. The concept emphasizes transit accessibility, a connected street system, mixed uses and density to support walkable access to shuttle service to the station.

CROD-Lo Density (3.5 DU per acre) or Cottage Grove Design #2 emphasizes open space, hydrological and street system connectivity while preserving the single-family pattern dominant in Cottage Grove. Connectivity to the station and destinations within the subdivision is enhanced by a network multi-modal parkway. A commuter rail passenger shuttle could run along the parkways at peak commute periods and gain access to the station via the frontage road to Jamaica.

Findings

Vehicle Miles Traveled (VMT):

- The CROD designs produce a positive effect on commuter rail ridership and reduce VMT per household over the baseline
- The redesign of the intermediate transportation network to a more connected commuter rail-oriented design reduces regional VMT but most of the reduction is due to trip shortenings as a result as increased general connectivity not increased commuter rail ridership.
- The effect of creating destination nodes in the CROD concepts was not able to be determined because of limitations in current travel demand forecasting but the presumed effect would be a reduction in VMT. In addition, trip behavior modeling is not well attuned to commuter rail-oriented design in terms of scale and street network patterns adaptable to modeling but it

is likely that multi modal street and path networks with high connectivity in a mixed use setting may reduce VMT.

Water quality implications

- Storm water can be recaptured into the hydrological cycle as opposed to directing it into distant receiving basins. This recapturing approach is in large part possible because of the permeability of soils in this area and the great depth to the water table
- With the CROD approach to storm water, water quality volume showed substantially better performance than baseline development. Both scenarios infiltrate the entire water quality volume so no water leaves the site which compares well to presettlement conditions, existing conditions, and the baseline development concept.
- For 10 year storm events the CROD-Lo and the CROD-Hi/Med both produced less runoff than the baseline scheme. Also, both the CROD-LO and the CROD-Hi/Med produce no peak discharge which is better than presettlement, existing, and baseline conditions.

Institutional Framework

- Local comprehensive plan approval must be coordinated with regional infrastructure investments including transportation, environmental capacity, including hydrological function.
- Integrative policy initiatives on land use and urban and regional design and incentives that allow communities to innovate and protect resources must be provided regionally to shape flexible new development patterns.

Information from the Washington County Department of Transportation

APPENDIX 5 WASHINGTON COUNTY ACCESS SPACING GUIDELINES

TYPE OF ACCESS	FUNCTIONAL CLASSIFICATION OF COUNTY HIGHWAY				
	PRINCIPAL ARTERIAL	MINOR ARTERIAL		COLLECTOR	LOCAL
		> 7,500 ADT	< 7,500 ADT		
A. Private residential driveways	No direct access	No direct access	(3)	(3)	(3)
B. Commercial driveways or non-continuous commercial streets	No direct access	No direct access	1/8 mile	1/8 mile	(3)
C. Non-continuous residential streets	No direct access	1/8 mile with no median opening	1/8 mile	1/8 mile	(3)
D. Continuous local streets and collector streets	1/2 mile	1/4 mile	1/4 mile	1/8 mile	1/8 mile
E. Minor arterials	1/2 mile	1/2 mile	1/2 mile	1/2 mile	1/2 mile

1. See Figure T-11 for functional class function of each County highway.
2. Traffic volumes refer to 20 year forecasts.
3. Determination based on other criteria (sight distance, speed, traffic volume, etc.)
4. Distances shown are minimums.
5. "Non-Continuous" streets refer to cul de sacs or short length streets (less than 1/2 mile) which do not cross the County highway in question.
6. The type of traffic control, turn lanes and bypass lanes required will be determined based upon the projected traffic volumes on the type of access requested.
7. County reserves the right to increase the minimums based on other criteria (sight distance, speed, traffic volume, etc.)

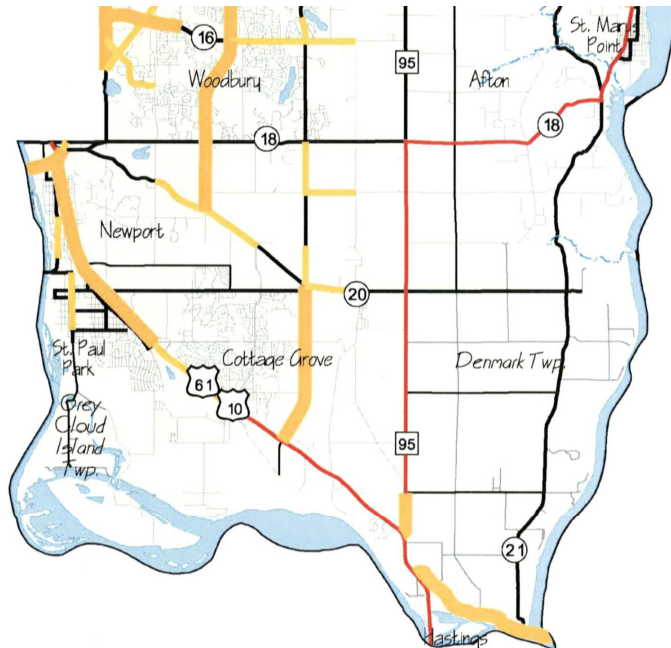
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Year 2020 Highway Capacity Needs

-  Important Volume/Capacity Ratio 1.00-1.24
-  Most Important Volume/Capacity Ratio 1.25+



Data Source: BRW, Base Map, and DNR







To: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

From: Peter J Koerner, Director of Public Safety

Date: January 16, 2025

Subject: **POLICE DEPARTMENT STAFFING**

INTRODUCTION

In May 2024, the police department completed a staffing analysis and presented a 5-year staffing plan to Council in a workshop. This memorandum is intended to provide historical background, a description of current staffing levels, and future staffing needs of the department to match pace with our growing population and increased demand for services.

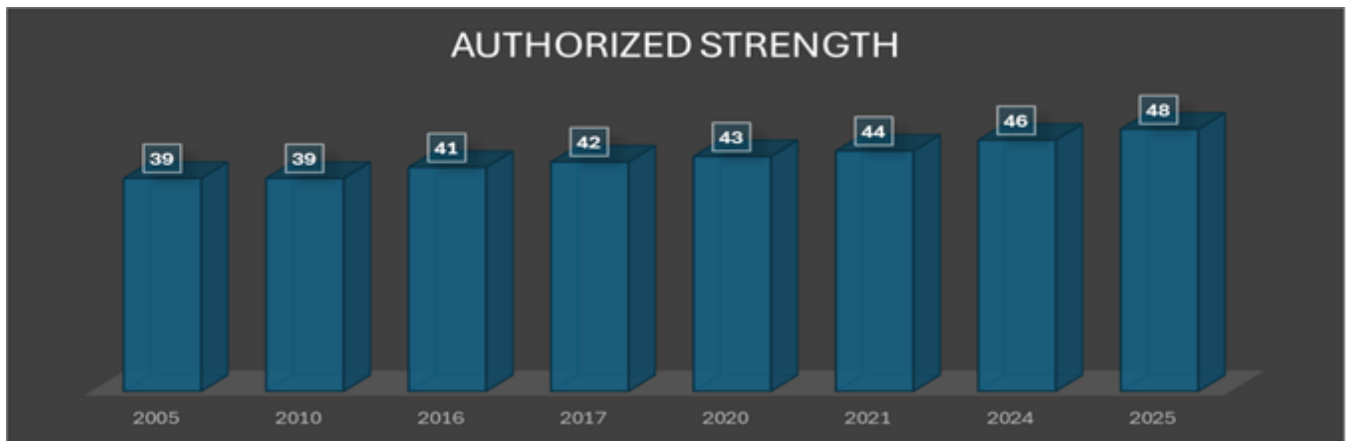
STAFFING LEVELS

From the mid 1970's until 2012, Cottage Grove operated a police-based EMS response model. When EMS responsibilities began shifting to the Fire Department in 2012, the department had 39 sworn officers.

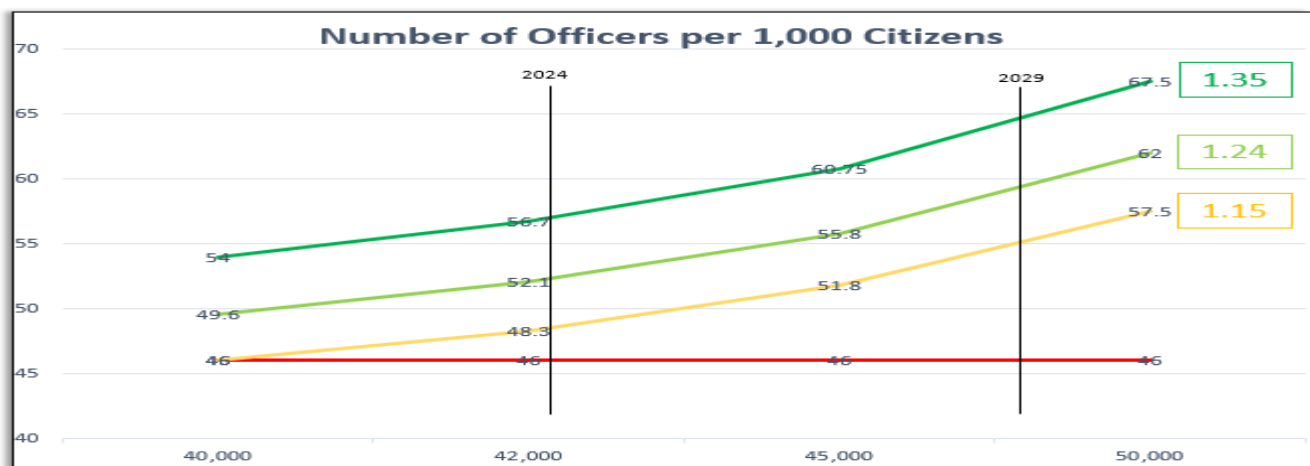
As the population of Cottage Grove grew and community expectations (levels of service) changed over the next twelve years, staffing levels in the Police Department grew slightly, reaching an authorized strength of 46 sworn officers.

The department has a long-standing commitment to community-oriented and proactive policing programs, including community engagement and school resource officers, mental health response and case management, and special investigative units. Beginning January 1, 2024, the department added two officers and restructured our organization, creating the Community Impact Team (CIT) within the Investigative Division. CIT is comprised of a sergeant, a community engagement detective, case management detective, narcotics task force detective, human trafficking task force detective, school resource officer, and an embedded social worker. An Administrative Sergeant was added, maintaining six sergeants in the Patrol Division and two sergeants in the Investigative Division. These sergeant and specialty assignments enhance the services to our community, improve operations and leadership internally, and provide several career development opportunities to recruit, retain, and advance talent.

In quarter 3 of 2024, a grant allowed us to add a dedicated Traffic Safety Officer to the Patrol Division. Council increased our authorized strength to 48 officers in 2025. We have followed the financial management plan and one-time public safety allocation from the State of Minnesota allowed us to move up timelines on future positions.



Staffing analysis for police departments is a complex challenge. The per-capita approach is the simplest metric in this analysis. Historically, the department has averaged 1.15 officers per 1000 citizens. Comparable departments in the Minneapolis/St. Paul metro area average 1.24 officers per 1000; Midwest departments average 2.2 officers per 1000; Benchmark Cities average 1.35 officers per 1000, and the national average is 2.4 officers per 1000. Upon reaching full strength in 2025, the department will be at 1.15 officers per 1000. If the department were to use the metro average of 1.24 officers per 1000, our authorized strength would be 53 officers, assuming a population of 42,500 citizens.



The workload model of staffing analysis accounts for call volume, response times, leave time, etc. The Rule of 60 provides three principles:

- 60% of the department's authorized strength should be assigned to the patrol division.
- Dedicated time related to calls for service, self-initiated activity, directed patrols, and administrative tasks should not exceed 60% of the average patrol officer's shift.
- Total officer minutes should not exceed a factor of 60, which provides adequate staffing to accommodate for contractual leave, injuries/illness, and training times.

Upon reaching full strength in 2025, the Patrol Division will comprise 61% of our authorized strength. Given the limitations of our current records management system, calculating dedicated time is not possible. Total officer minutes is best assessed by analyzing the shift relief factor.

Shift relief factor maintains adequate shift coverage, while accounting for 1984 hours versus 2080 hours adjustment, average leave, and average training hours per officer. Shift relief factor provides a cushion to absorb predicted unavailability and unexpected staffing shortages, while reducing overtime costs. Shift relief factor calculations recommend 35 officers in the Patrol Division. Upon reaching full strength in 2025, the department will have 30 patrol officers.

Minimum of 6 Patrol Officers Per Crew		
Hours per year		2,080
1984 adjustment	-96	1,984
Average leave per officer	-333	1,651
Average training hours per officer	-230	1,421
Total patrol hours per year	24 X 2,080	49,920
Shift relief factor	49,920 / 1,421	35.1

A proper staffing analysis should evaluate the department's strategic goals and plans, along with the unique needs and expectations of the community. The immediate priority is adding patrol officers. Secondary priorities include adding a second Case Management Detective and two Proactive Policing Officers to CIT.

In May 2024, the department provided the following staffing plan to Council.

Director of Public Safety							
Management Analyst							
Patrol Division-Deputy Director				Investigative Division-Deputy Director		Emergency Mgmt. & Admin. Division-Deputy Director	
Team A		Team B		General	Community Impact	Administrative	Records
0600-1630	1630-0300	0600-1630	1630-0300	Sergeant	Sergeant	Sergeant	Manager
Sergeant	Sergeant	Sergeant	Sergeant	Detective	Detective (Narc)	CSO	Admin Assistant
Officer	Officer (K9)	Officer	Officer (K9)	Detective (Forensic)	Detective (Human Trafficking)	CSO	Coordinator
Officer	Officer	Officer	Officer	Detective (HSI)	School Resource Officer	CSO	Specialist
Officer	Officer	Officer	Officer	Rotating Detective	Community Engagement Detective	CSO	Specialist
0900-1930	1930-0600	0900-1930	1930-0600	Rotating Detective	Case Management Detective	CSO	Specialist (future)
Officer	Sergeant	Officer	Sergeant	Analyst	Social Worker	CSO	
Officer	Officer	Officer	Officer	Investigative Aide	Case Management Detective (future)		
Officer	Officer	Officer	Officer		Proactive Policing Officer (future)		
Officer (2025)	Officer	Officer (future)	Officer (future)		Proactive Policing Officer (future)		
Traffic Safety Officer							

In 2025, the department initiated a Cadet Program to enhance our recruiting pipeline. Community Service Officers and Cadets are being prepared to fill future Police Officer positions. As these candidates become POST eligible, the department would hire them to retain their talent and realize the return on our investment. Sometimes, this may mean exceeding our authorized strength in the short-term, although the department is rarely at full strength due to retirements and attrition. The overstrength position(s) would be a hedge against expected attrition or planned additions.

As always, the department will continue to pursue grant funding to offset personnel costs.

PATROL SCHEDULE

The department continues to assess the Patrol Division's schedule. Over the past decade, we have tested and evaluated multiple models to land on our current schedule, which maximizes

shift coverage while providing adequate training and leave time. Our current schedule affords work-life balance for our officers and meets the public safety needs of our city.

In 2025, the Patrol Division will continue to work 10.5-hour shifts with four start times (Day 0600, Day Power 0900, Night Power 1630, and Night 1930). We will continue to use the same rotation (Sunday-Tuesday with alternating Saturdays, Wednesday-Friday with alternating Saturdays).

Specific dates with the potential for a high call volume and/or the need for additional staffing have been identified, restricting leave to maintain ample shift coverage. Often, these special events are supplemented with overtime shifts to boost staffing. The department will continue to monitor the times we are at minimums. Being above minimum coverage allows us to do more proactive policing.

RESPONSE MODEL

The department is committed to evidence-based policing, which suggests that police practices should be based upon empirical evidence about what works best. By rigorously studying everything we do, we can more accurately determine what works when it comes to our core functions. The data contained in our quarterly and annual reports indicate we are employing best practices.

Response times are a key metric in this evaluation. Our average response time for Priority-1 calls for service is 5.5 minutes, whereas the Benchmark Cities average is 6.0 minutes. Also, we assess our ability to respond with adequate officers to safely and efficiently handle calls for service. In the very rare occasion that the department does not have enough available officers to handle a call for service, mutual aid is readily available from our surrounding communities.

Fortunately, the geography of Cottage Grove does not present any impediments to a rapid response. There is no traffic congestion nor physical barriers to slow our response. The location of our police department is a consideration being that it is generally located east of our most developed areas but is near the city center. However, this factor is mitigated by keeping officers on patrol and dispersed throughout the city, rather than congregated at the police department.

Each officer is assigned a laptop Mobile Data Computer (MDC) with Computer Aided Dispatch (CAD) and Records Management System (RMS). Therefore, officers can and do perform investigations, complete reports, and conduct administrative tasks such as virtual training from their squad or establishments throughout the city. Additionally, officers may access fire stations and city buildings throughout the city for breaks.

The department employs data-driven policing by tracking several metrics, collecting intelligence, and monitoring for trends and hotspots on a continual basis. Cottage Grove has a very low crime rate, and we rarely experience trends or hotspots. When trends or hotspots are identified, our patrol division does focus its attention and resources to deter crime, improve safety, and address quality-of-life issues. Dedicated patrols are our most effective tool, but patrol zones are sometimes assigned at the discretion of the Patrol Sergeants and Captain.

Some duties are assigned by zone when it makes sense, such as community engagement, school patrols, and winter parking enforcement. Zones can be useful to build relationships and promote accountability.

The aforementioned factors, along with the nature of our call volume, do not necessitate a zoned response model or substations. However, we continue to assess our practices.

RECOMMENDATION

Continue to support CGPD's 5-Year Staffing Plan by adding five officers in the coming years to keep pace with our growing community and support our strategic goals.

2024 Annual Report

January 2025



Peter Koerner

Director of Public Safety

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Cottage Grove, MN 55016

651-458-2850

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Follow us on social media:
Facebook, Twitter/X, and LinkedIn.

"I'm proud to present 2024's Annual Report, which demonstrates our steadfast commitment to providing a safe and secure community and showcases the Cottage Grove Police Department's exciting progress. As you'll read, CGPD exceeds expectations as one of Minnesota's premier law enforcement agencies. Our vision and 5-year Strategic Plan have established a roadmap for accomplishing our goals in 2024 and into the future. As Cottage Grove continues to grow, we promise to serve with honor and professionalism, increase our levels of service, implement best practices, use our resources efficiently, encourage partnerships, and promote safety and security. "—Chief Peter Koerner

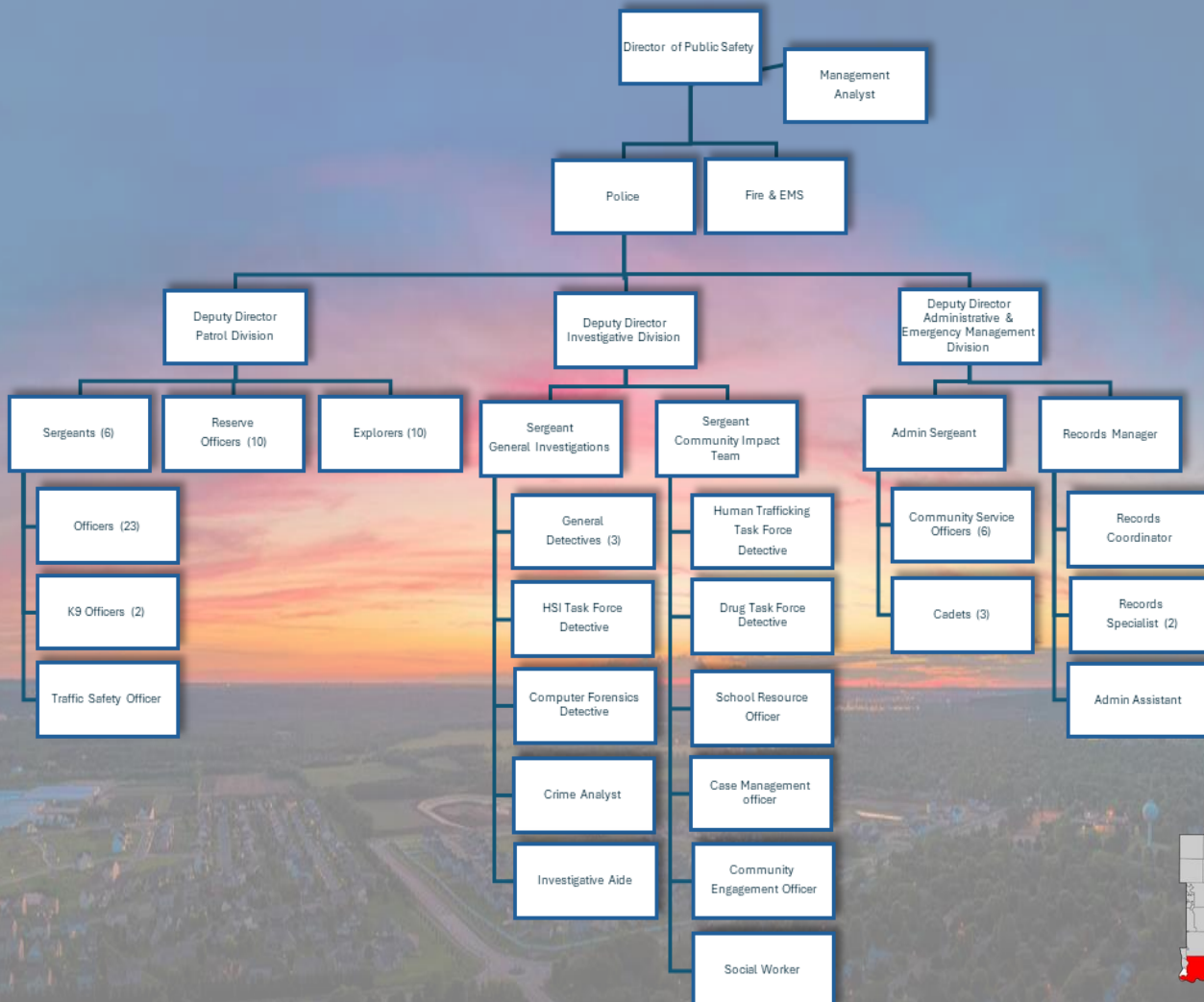


Organizational Overview

The Cottage Grove Police Department proudly serves the City of Cottage Grove, Minnesota. Cottage Grove is a southeastern suburban community located along the Mississippi River in the Twin Cities metropolitan area. Cottage Grove has a rapidly growing population exceeding 42,500 residents covering 37.5 square miles. Cottage Grove Police and Fire/EMS Departments operate under a public safety model.

In 2024, the police department was comprised of 70 employees and volunteers. Our organization is divided into 3 divisions: Patrol, Investigative, and Emergency Management & Administrative.

In 2024, CGPD restructured our organization creating the Community Impact Team (CIT). This community-oriented policing team exists to engage the community, partner to solve problems, and prevent crime. We added an embedded social worker, traffic safety officer, CIT and Administrative Sergeants, and an additional patrol officer. CGPD is structured to deliver excellent service, meet new challenges, and grow with our community.



Mission

Cottage Grove Police proudly serves our community compassionately providing protection of life and property. We do this with honor, professionalism, empathy, and community partnerships.

Vision

The Cottage Grove Police Department is dedicated to excellence through community-oriented policing and innovation. We'll provide safety and promote trust in our community using 21st century policing strategies. We'll invest in our culture, safety, wellness and training. We'll employ the best equipment, technology and practices. Our organization will be diverse and resilient. We'll plan, grow and adapt with our community. We'll collaborate with our community to create safe environments where everyone can thrive.



Strategic Plan



In 2024, CGPD adopted a new 5-Year Strategic Plan, which is organized into 5 pillars. Our plan contains strategies, tactics, goals, and performance measures. Quarterly, we assess our performance and progress against our goals and the Benchmark Cities Survey data.

Safety & Security (Traffic)

5-Year Strategic Plan




We will utilize the following strategies and tactics:

- 1.2.1 Improve traffic safety through traffic enforcement and public education.
- 1.2.2 Conduct traffic studies and monitor traffic enforcement and crash trends.
- 1.2.3 Consider a traffic enforcement assignment.
- 1.2.4 Utilize grant funding to support traffic enforcement and safety initiatives.

Success will be measured by:

- Traffic safety:** Achieve and maintain or reduce the rates of traffic crashes, fatalities, and driving while impaired.
- Community survey:** Maintain or improve police services as measured by community surveys.



COTTAGE GROVE POLICE DEPARTMENT

10

News From the Divisions

Patrol

- In 2024, CGPD's rapid and skillful response saved 4 lives with CPR and AEDs. 18 officers were recognized with Life Saving Awards.
- Police Explorers won several awards at the state competition.
- Officer Sorgaard and K9 Odin won 2nd Place at the National K9 Trials.
- We added a full-time traffic safety officer with grant funding. Traffic Safety Officer Rinzel is making a significant impact on impaired and distracted driving, speeding, and seatbelt use.
- Fire Suppression Devices were implemented through a donation from the Accacia Masonic Lodge.
- A 5-Year Staffing Plan was adopted adding additional patrol officers.

Emergency Management

- The City All-Hazard Plan was updated.
- A train derailment exercise was conducted with our local, state, federal, and CPKC partners.
- We conducted a radiological emergency preparedness exercise.
- Joint training and a full-scale search and rescue exercise with Civil Air Patrol was conducted.
- Our Emergency Operations Center was activated following a damaging windstorm on August 29.
- Coordinated the City's response to flooding.

Investigative/Community Impact

- CGPD officers and detectives played a significant role in the arrest and multi-jurisdictional investigation of the copper wire thieves.
- Washington County Drug Task Force made notable impacts including the seizure of 165 pounds of meth from a CG residence.
- Our new embedded social worker was hired in a partnership with Washington County Social Services and funding from the opioid settlement.
- We were awarded grant funding to add a therapy K9 to our Community Impact Team. (Coming in 2025)
- CGPD participated in 47 Night to Unite block parties, along with many major community engagement events including the Citizens Academy, CGPD Open House, Safety Camp, and Shop with a Cop.

Administrative

- We created a CSO Cadet Program to recruit, train, and retain future police officers.
- We launched a police services survey, online crime reporting, crime mapping, and the SafeCam registry program.
- Several technology upgrades were completed including software for managing fleet/inventory and field training.

Chief's Corner

"We started 2024 with ambitious goals and our steadfast commitment to community engagement, top-notch service, and officer wellness. I am very proud of the CGPD team, who shares the vision and contributes daily to our remarkable progress. Your communitywide partnerships, support, and leadership are essential to our shared success and growth. I can confidently say that CGPD is delivering the exceptional service that Cottage Grove deserves, CGPD is an employer of choice where each employee is valued, and we continue to head in the right direction leading the way for others to follow. Together, we should reflect on 2024 and be proud of our accomplishments, and then look forward to the great things to come in 2025. Thank you for your dedicated service and amazing support!" -Chief Peter Koerner

Officer Wellness

- The Positive Impact Team was created to improve wellness, safety, recruiting and retention. PIT drafted new wellness and peer support policies and was instrumental in the development of several initiatives such as the new take-home squad and therapy K9 programs.
- The 2025-26 labor contracts were settled with substantial pay increases.
- All employees completed their annual Neck-Up Checkup and annual health screenings.
- We resumed the annual employee appreciate and awards banquet presenting 50 awards from 2019-Present.
- We completed a mock OSHA inspection, implemented several safety enhancements, and applied for a grant to upgrade hearing protection.
- We received a grant and developed plans to add a therapy K9.

Officers of the Quarter



Quarter 1
Det. Scott Shaver



Quarter 2
Ofc. Sam LeMay



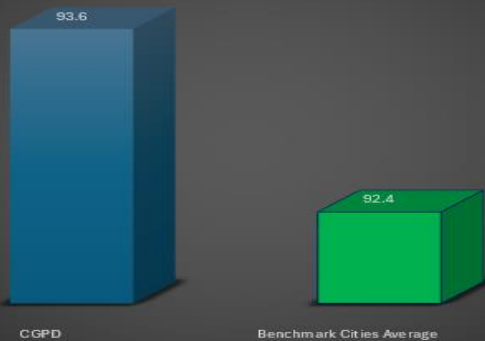
Quarter 3
Sgt. Nils Torning



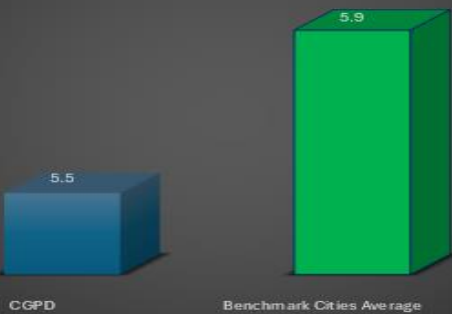
Quarter 4
Ofc. Ryan Sisterman

Safety & Security

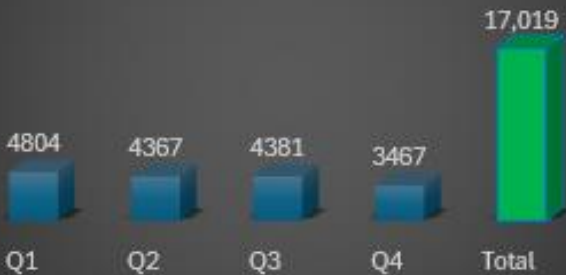
Staffing %



Priority 1 CFS Average Response Time



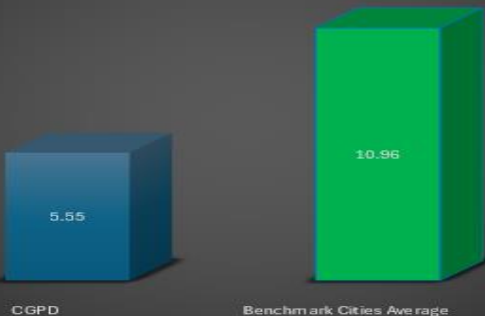
Proactive checks



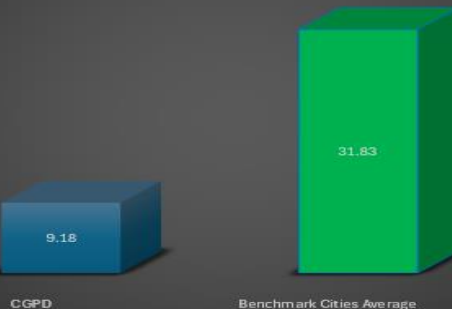
Calls For Service Per 1000 Citizens



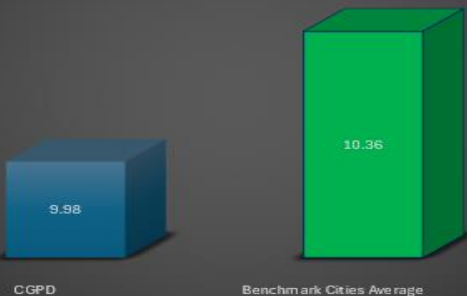
Person Crimes Per 1000 Citizens



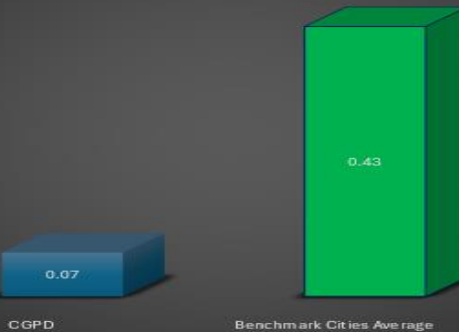
Property Crimes Per 1000 Citizens



Mental Health Calls For Service Per 1000 Citizens



Overdose Deaths Per 1000 Citizens

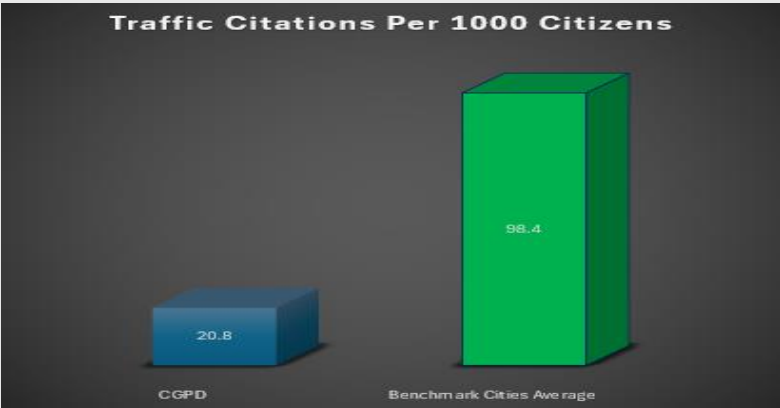


Traffic Safety

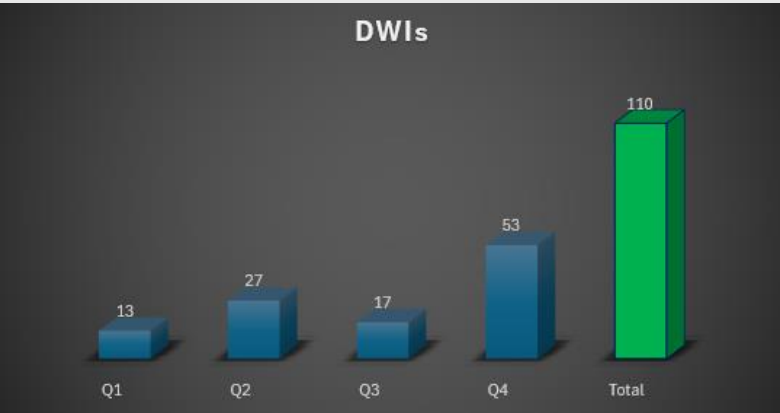
Traffic stops



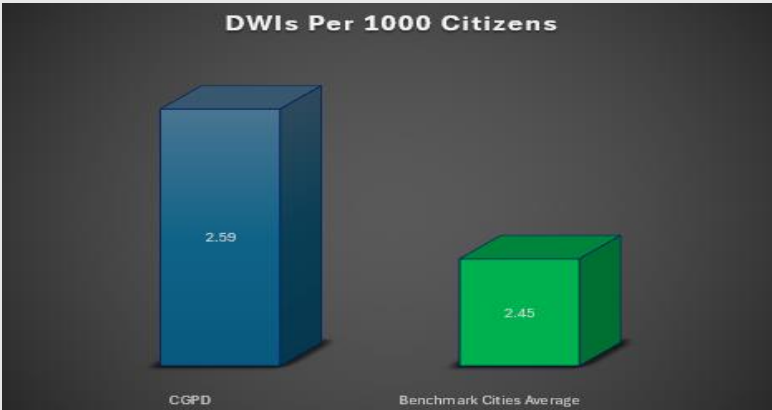
Traffic Citations Per 1000 Citizens



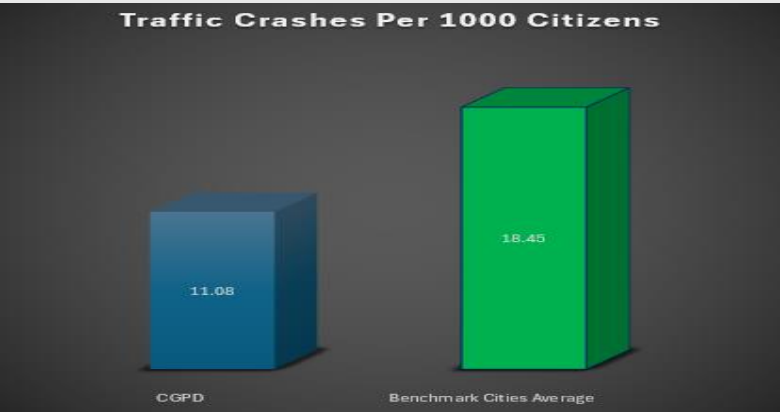
DWIs



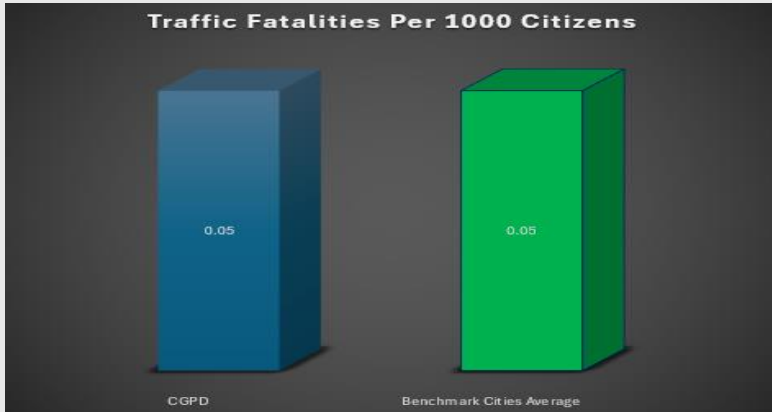
DWIs Per 1000 Citizens



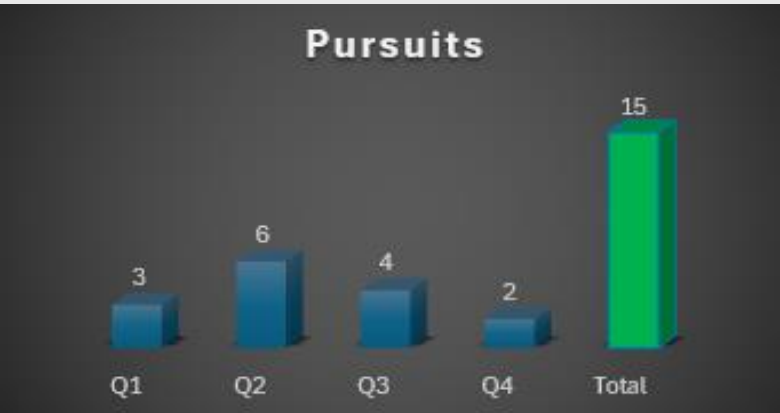
Traffic Crashes Per 1000 Citizens



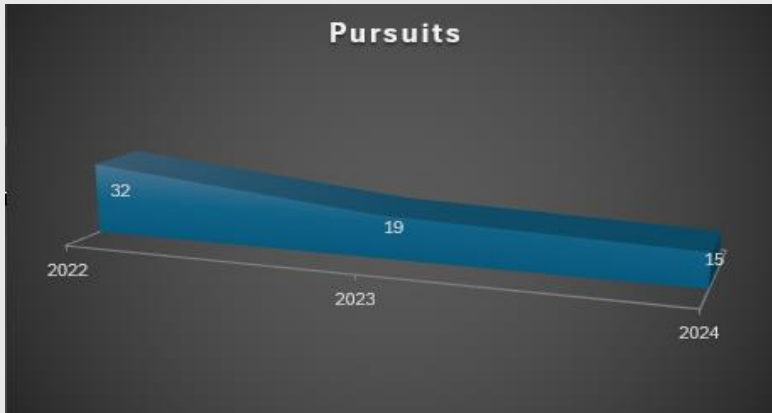
Traffic Fatalities Per 1000 Citizens



Pursuits



Pursuits

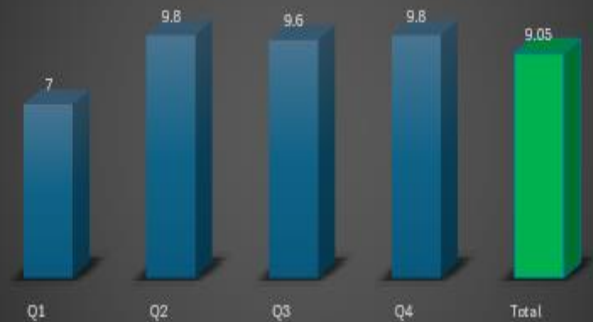


Investigations

CASES REFERRED TO INV & CHARGED



Average INV Caseload Per Detective



Warrants



Clearance Rate



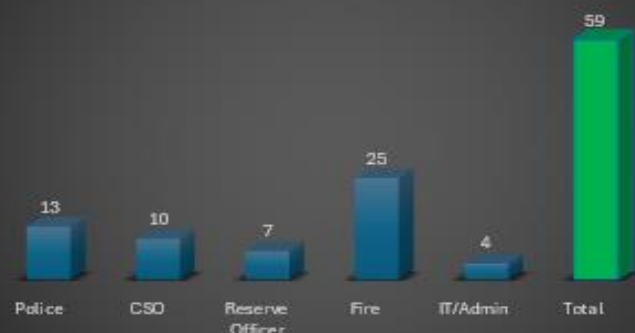
MAARC/CPS Reports & Investigations



Average CMU Caseload & TAG Cases

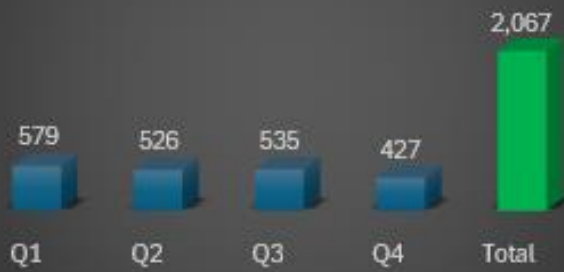


Background Investigations

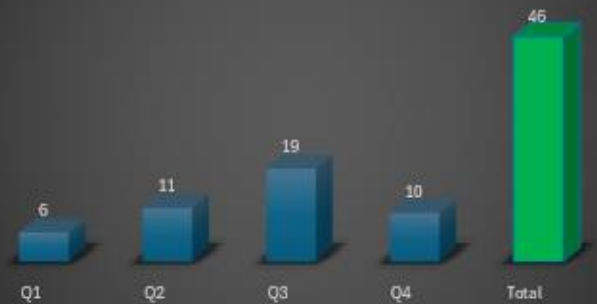


Special Services

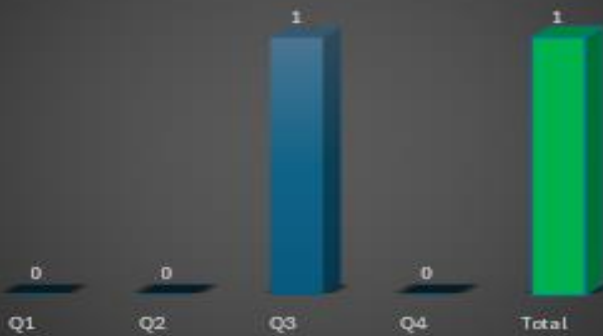
Medicals



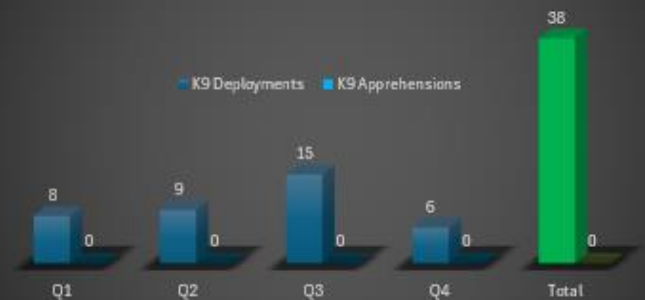
SWAT Missions



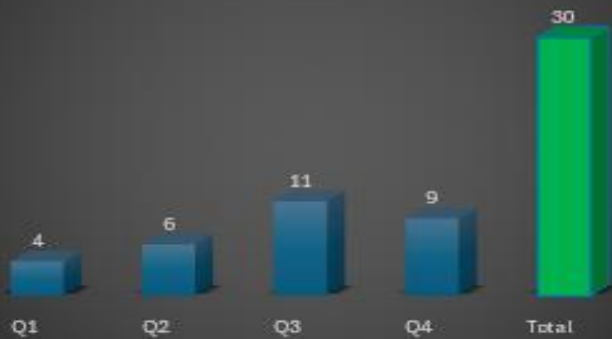
Mobile Field Force Missions



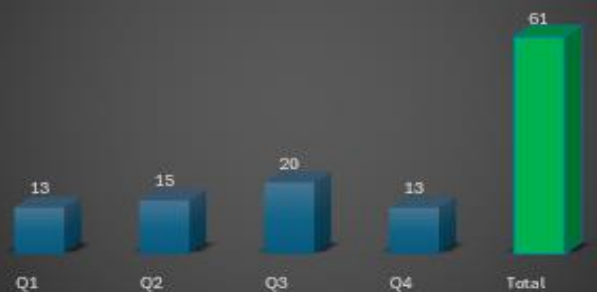
K9 Deployments



UAS Deployments



Community Events



Emergency Management & Administrative

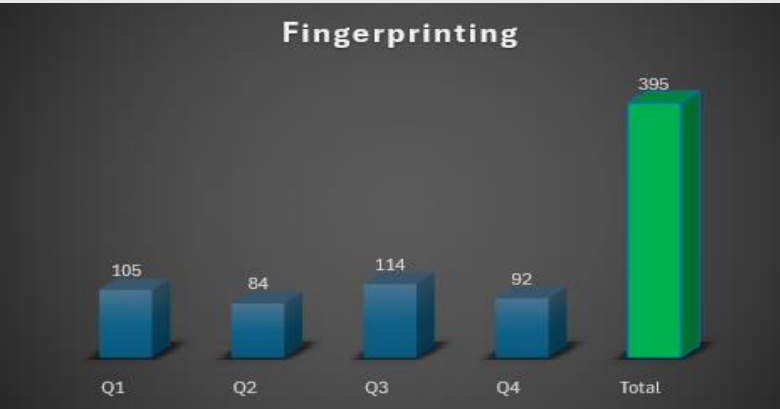
Data Requests



CSO Hours



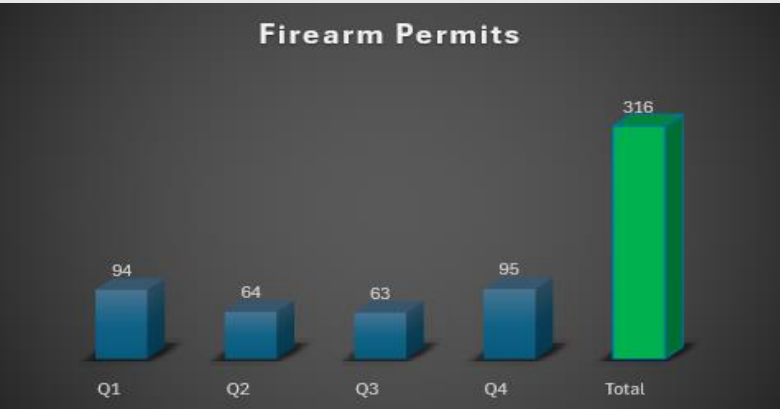
Fingerprinting



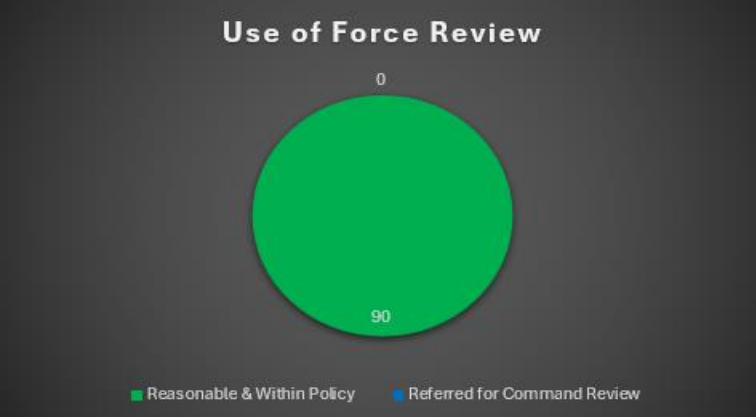
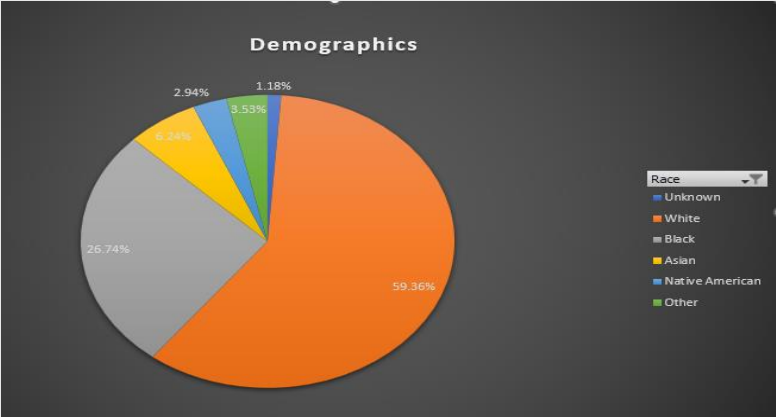
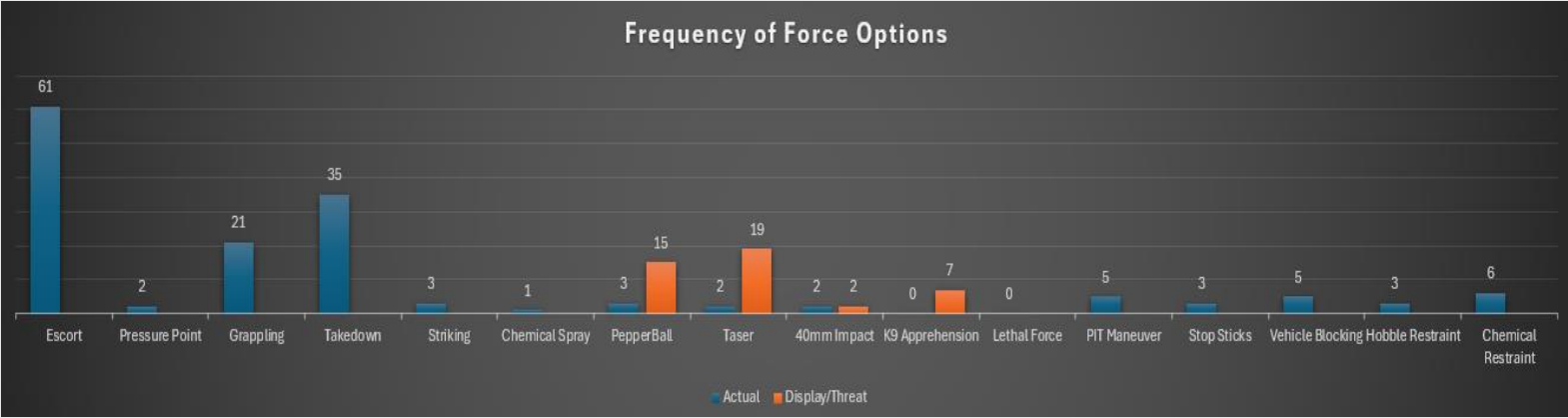
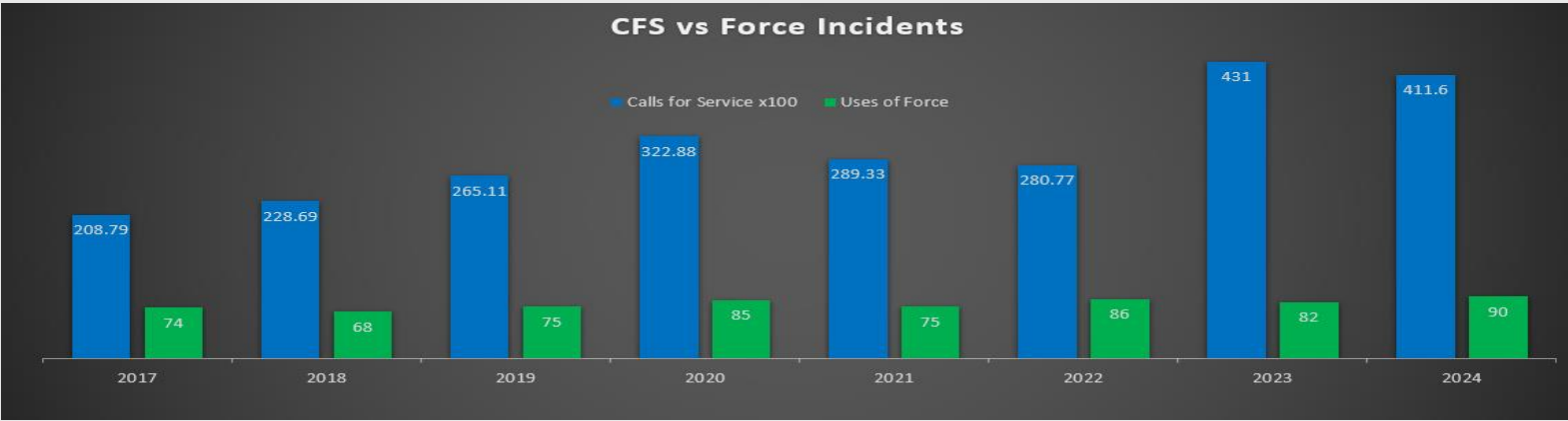
Reserve Officer Hours



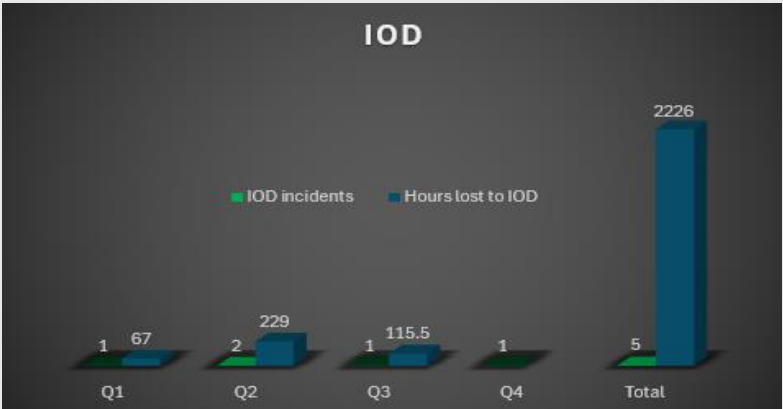
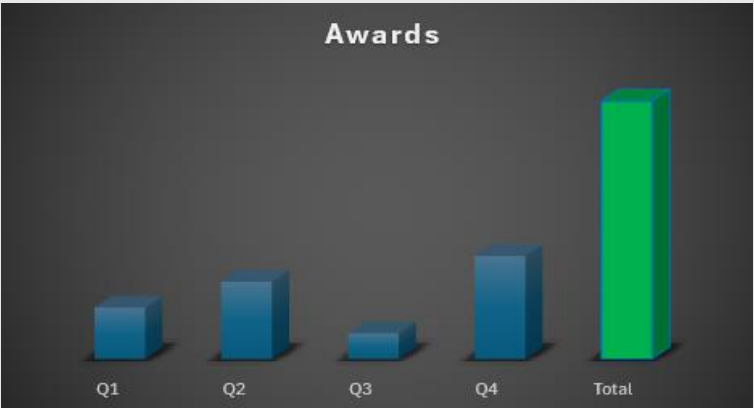
Firearm Permits



Use of Force



Personnel

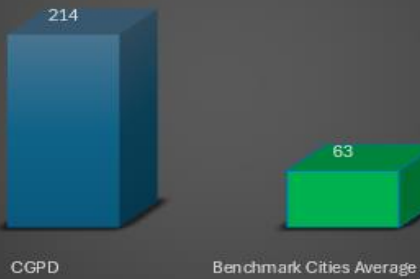


Training

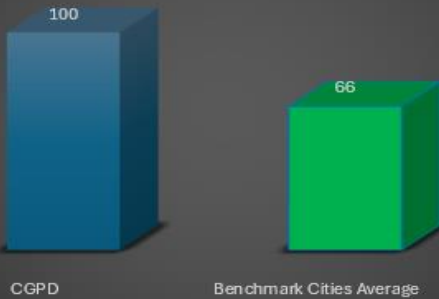
Training hours



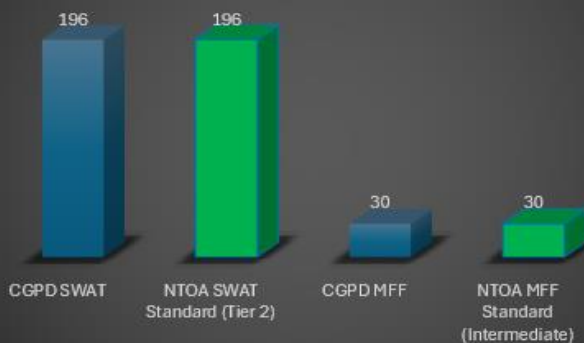
Average Training Hours Per Officer



% CIT Trained Officers



SWAT & MFF Training



In-Service Training		
Feb	0800-0815	Chief's update
	0815-0830	Community engagement
	0830-0900	Firearms (Rifle, Shield, Team movement)
	0900-1000	
	1000-1100	
	1100-1200	
	1300-1400	Buffalo Clinic Active Shooter Incident Debrief
	1400-1500	
	1500-1600	
	1600-1700	CPR, AED, Narcan, Casualty Care
MAR	0800-0815	2023 UoF Review
	0815-0900	Taser
	0900-1000	
	1000-1100	
	1100-1200	Gas mask, PepperBall, 40mm Impact
	1300-1400	
	1400-1500	
	1500-1600	Control & defensive tactics
	1600-1700	
	1600-1700	
APR	0800-0900	Chemical spray, batons, weapon transitions & retention
	0900-1000	Drug crimes investigations
	1000-1100	Crypto currency investigations
	1100-1200	Railroad Awareness 101
	1300-1400	
	1400-1500	
	1500-1600	Annual respirator fit testing
	1600-1700	
	1600-1700	
	1600-1700	Building Searching w/K9
APR May	0800-0900	Area Search/Building Search with UAS
	0900-1000	
	1000-1100	
	1100-1200	EVOC, Pursuit, Pursuit interventions, High-risk vehicle stop
	1300-1400	
	1400-1500	
	1500-1600	Firearms
	1600-1700	
	1600-1700	
	1600-1700	Death and Crime Scene Response
SEP	0800-0900	Stillwater active shooter/OIS debrief
	0900-1000	
	1000-1100	
	1100-1200	Sex crimes & human trafficking investigations
	1300-1400	
	1400-1500	
	1500-1600	Vector Solutions inventory management software training
	1600-1700	
	1600-1700	
	1600-1700	Annual Health Screening
Oct	0800-0900	Reality-based training
	0900-1000	
	1000-1100	
	1100-1200	K9
	1300-1400	
	1400-1500	
	1500-1600	Firearms (Cold weather, low light, Rifle Qual)
	1600-1700	
	1600-1700	
	1600-1700	Firearms (VCQB)
NOV	1000-1600	Annual Health Screening
	0800-0900	Officer wellness
	0900-1000	
	1000-1100	
	1100-1200	Islam 101
	1300-1400	
	1400-1500	
	1500-1600	Chief & city administrator updates
	1600-1700	
	1600-1700	
	1600-1700	Social Services/CMU
On-Duty Training		
Firearms x6		
Simulator x4		
Virtual OSHA Training		
Personal Protective Equipment		
Portable Fire Extinguishers		
Respiratory Protection for Law Enforcement		
HazMat Awareness Parts 1-2		
Hearing Conservation		
Lead Awareness		
AWAIR & Employee Right To Know		
Bloodborne Pathogens		
Virtual POST-Mandated Training		
Serving Those With Autism Parts 1-4		
Implicit Bias Parts 1-2		
Crimes Motivated by Bias		
Constitutional Policing		
Persuasion & De-escalation		
Procedural Justice		
72-Hour Holds		
Mental Health Parts 1-4		
Best Practices in Mental Health Crisis Response		
Preventing In-custody Deaths		
Wellness & Emotional Resilience Parts 1-2		
Use of Force Parts 1-3		

Budget

Operating Budget



Operating Budget Per 1000 Citizens



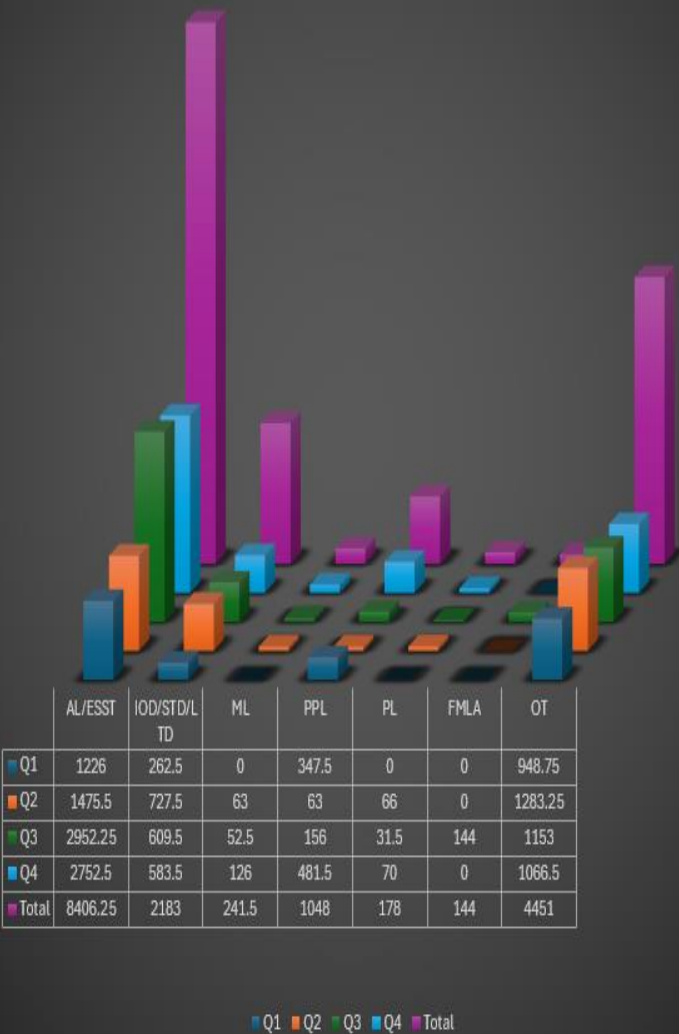
Grant Funds



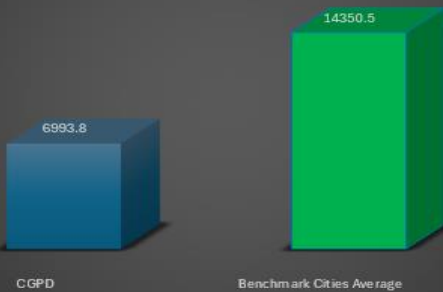
Forfeitures



Leave & OT Hours

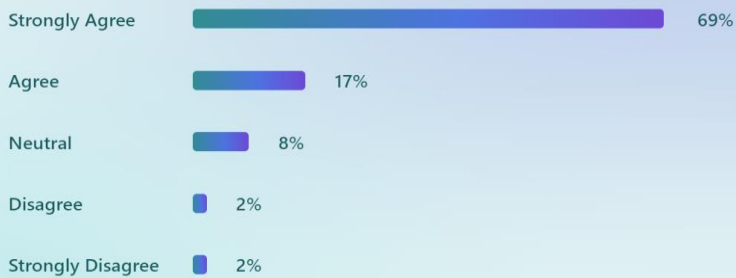


Overtime Cost Per 1000 Citizens

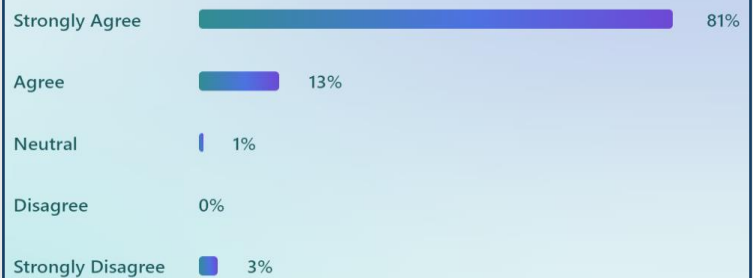


Community Survey Results

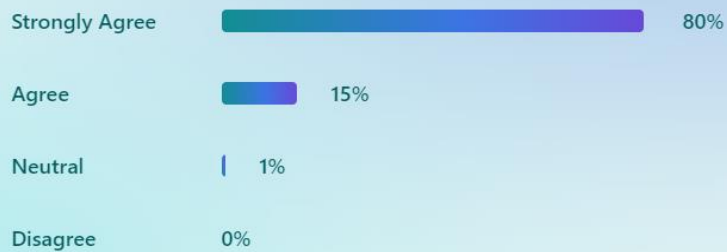
Police Arrived in a timely manner.



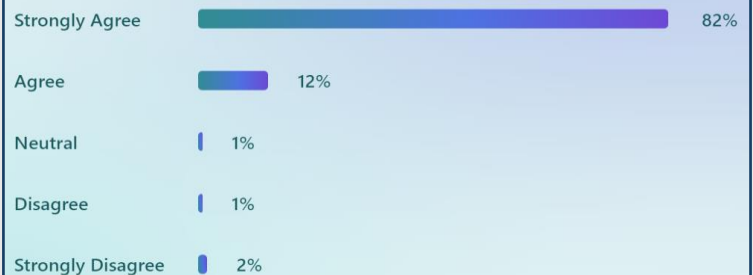
Police officer(s) were professional.



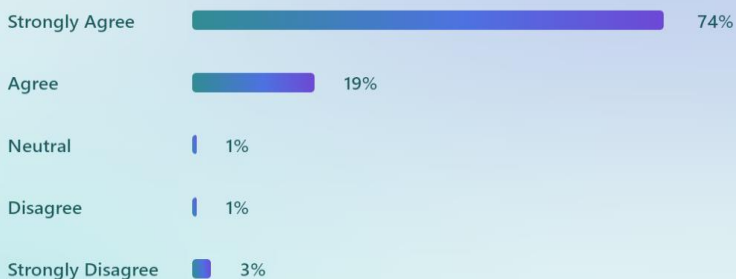
The officer(s) were knowledgeable and



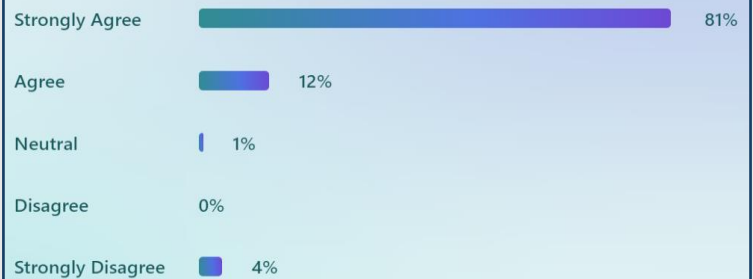
The officer(s) treated me with respect.



The officer(s) showed concern for my situation.



I was satisfied with the service that I received.



"100% satisfied! Thank you for your service keeping us safe! "

"Excellent experience all around and thank you for the help. "

"All of my contacts with the CG Police have been positive and I have appreciated the assistance. Thank you for your service to the community. "

"The officer was professional and informative. "

"The officers arrived in a timely manner. I felt safe when I saw them. I am very satisfied with the service I received. Keep up the good work. "

"Very friendly and did make me feel at ease! Thank you for your service and all you do! "

Community Policing in Action





New employees (6 Police Officers, 5 CSOs, and several Reserve Officers)

Therapy K9

Crime scene team

Flock cameras

CGPD website revision

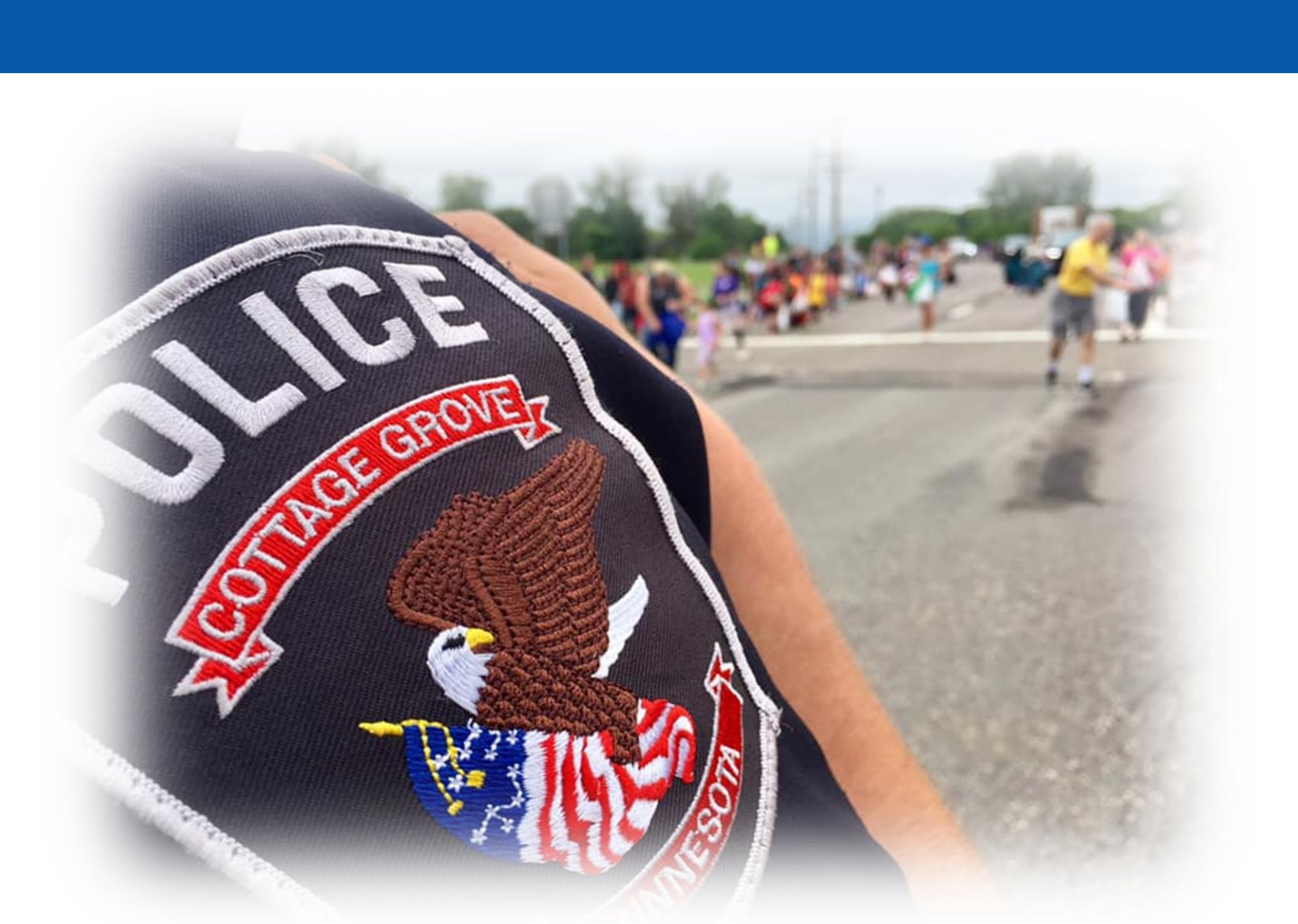
Youth Academy

Community Emergency Response Team (CERT)

New Tasers

And more progress on our strategic goals

Coming in 2025



“On behalf of the entire CGPD team, I want to sincerely thank our community for the ongoing support and partnerships that continue to inspire excellence and progress. Our citizens, organizations, businesses, and leaders expect and deliver the best. CGPD is proud to serve Cottage Grove!” -Chief Koerner

Thank you!



COTTAGE GROVE POLICE DEPARTMENT

5-YEAR STRATEGIC PLAN

2024 - 2029



Contents

5-Year Strategic Plan



- Message from Public Safety Director Koerner
- Mission and Vision
- Core Values
- CGPD's Brand of Policing: "Guardians Serving Our Community"
- Organizational Overview
- Strategic Goals
- CGPD in Action
- Appendices

Message From: Public Safety Director, Pete Koerner

5-Year Strategic Plan



"I am pleased to introduce Cottage Grove Police Department's Five-Year Strategic Plan. As one of the premier law enforcement agencies in the state of Minnesota, we maintain a clear vision for providing a safe and secure community.

This community and employee driven plan establishes a vision for the future and outlines the goals, strategies, and performance measures to fulfill our mission effectively and efficiently. These measures will be reported each year in CGPD's Annual Report.

CGPD employees are honored to serve and protect our community. Our strategic plan stresses the importance of community-wide cooperation to accomplish each goal. It also demonstrates how deeply committed CGPD is to its residents, businesses, organizations and employees.

During the last decade, the City of Cottage Grove experienced many exciting changes. As Cottage Grove continues to grow and change, the next five years will be equally exciting. We promise to maintain professionalism, increase levels of service, use our resources effectively, be fiscally responsible, encourage teamwork, and preserve a community-oriented approach.

I encourage you to review this plan as it is our roadmap to success. We look forward to the future and we are excited to continue our partnerships in the community to create environments that are safe and secure where everyone can thrive."

- **Pete Koerner**, Public Safety Director

Mission And Vision

5-Year Strategic Plan



Mission

Cottage Grove Police proudly serves the community compassionately providing protection of life and property. We do this with honor, professionalism, empathy, and community partnerships.



Vision

The Cottage Grove Police Department is dedicated to excellence through community-oriented policing and innovation. We'll provide safety and promote trust in our community using 21st century policing strategies. We'll invest in our culture, safety, wellness and training. We'll employ the best equipment, technology and practices. Our organization will be diverse and resilient. We'll plan, grow and adapt with our community. We'll collaborate with our community to create safe environments where everyone can thrive.

Core Values

5-Year Strategic Plan



Individual

Integrity
Humility
Respect
Courage
Honor
Professionalism
Initiative
Wellness

Team

Communication
Collaboration
Goal-oriented
Supportive
Adaptable
Problem-solving
Leadership

Organization

Safety
Training
Development
Shared mission
Diversity
Visionary
Innovative
Strategic
Excellence

Community

Service
Empathy
Accountability
Trust
Transparency
Engagement
Partnerships
Progress/Growth

CGPD's Brand of Policing

5-Year Strategic Plan



Our motto is **"Guardians serving our community."** Above all else, we will protect our community with honor. Everyday, we strive for progress and promote pride, trust, and safety in our organization and our community. CGPD's maintains the highest standards of professionalism and service. Our newly adopted vision is a unique way of leading and serving people. It is why and how we do what we do. Our 5-Year Strategic Plan is paramount to our mission of providing a safe and secure community.

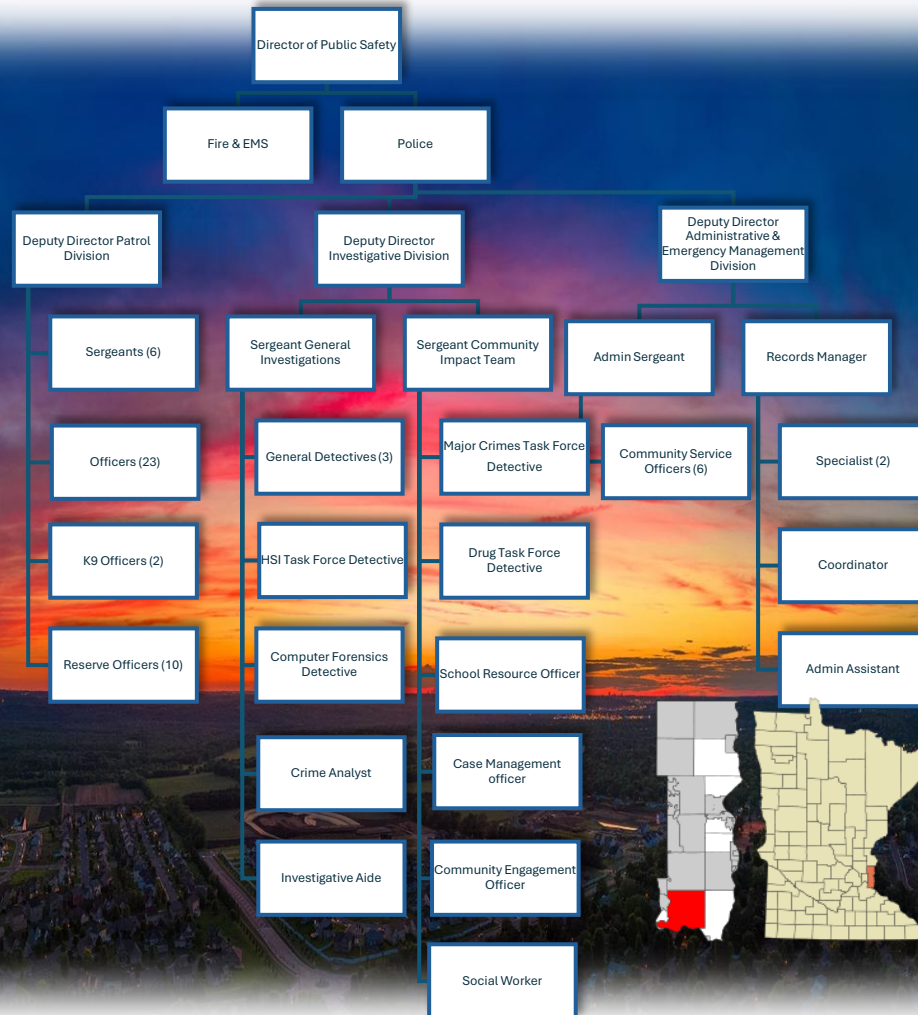
Our commitment to serving others starts within our organization. We promote our core values, communication, trust, teamwork, wellness, safety, and training so our employees can thrive. We provide the best equipment, technology, and practices so our employees are well prepared to serve the community.

CGPD has transformed from a traditional model of policing that relies heavily on enforcement after a crime has occurred to one that centers on holistic problem-solving. We emphasize crime prevention, community-based solutions, and the pillars of procedural justice. We treat people with dignity and respect, give citizens a voice, and convey trustworthy motives. We partner with the stakeholders in our community to build relationships, encourage communication, promote safety, and create a sense of security. We strive to deliver excellent service with every citizen contact.

CGPD is a growing, evolving, and resilient organization. Our mindset, tactics, and strategies are progressive and rooted in best practices. We solve problems upstream as we adapt to the changing needs and expectations of our community and position our organization for continued growth. CGPD is committed to being a better organization tomorrow and into the future. We'll collaborate with stakeholders to create environments where everyone can thrive.

Organizational Overview

5-Year Strategic Plan



The Cottage Grove Police Department proudly serves the City of Cottage Grove, Minnesota. Cottage Grove is a suburban community located along the Mississippi River in the southeast Twin Cities metropolitan area. Cottage Grove has a rapidly growing population exceeding 42,000 residents and covers 37.5 square miles. Cottage Grove police and fire/EMS departments operate under a public safety model. CGPD remains a progressive and innovative law enforcement agency with a focus on providing excellent service to the community.

In 2024, the police department was comprised of 70 employees and volunteers. The organizational structure is divided into 3 divisions: Patrol, Investigative, and Emergency Management & Administrative.

In 2024, CGPD restructured our organization creating the Community Impact Team. This community-oriented policing team exists to engage the community, address community concerns, and prevent crime. In the coming months, we'll add a social worker, therapy K9, traffic safety officer, and an additional patrol officer.

2024-2029 Strategic Goals

5-Year Strategic Plan



Priority #1: Safety & Security (Crime)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **1.1.1** Deter crime through proactive policing, community engagement, and public education.
- **1.1.2** Use intelligence and data analysis to deploy resources (evidence-based policing).
- **1.1.3** Develop, promote, and maintain an online crime reporting function.
- **1.1.4** Consider a front desk officer assignment.
- **1.1.5** Consider a patrol-based proactive policing assignment.
- **1.1.6** Increase patrol staffing levels to meet the demands for service.

Success will be measured by:

- **UCR crime rate:** Achieve and maintain crime rates at or below the Benchmark Cities' average.
- **Priority #1 response time:** Achieve and maintain response times at or below the Benchmark Cities' average.
- **Community survey:** Maintain or improve police services as measured by community surveys.
- **Staffing:** Add staffing per the 5-year Staffing Plan.



Priority #1: Safety & Security (Traffic)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **1.2.1** Improve traffic safety through traffic enforcement and public education.
- **1.2.2** Conduct traffic studies and monitor traffic enforcement and crash trends.
- **1.2.3** Consider a traffic enforcement assignment.
- **1.2.4** Utilize grant funding to support traffic enforcement and safety initiatives.

Success will be measured by:

- **Traffic safety:** Achieve and maintain or reduce the rates of traffic crashes, fatalities, and driving while impaired.
- **Community survey:** Maintain or improve police services as measured by community surveys.



Priority #1: Safety & Security (Investigations)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **1.3.1** Conduct effective criminal investigations that support successful prosecution.
- **1.3.2** Maintain law enforcement partnerships and enhance investigative capabilities.
- **1.3.3** Maintain effective crime and intelligence analysis.
- **1.3.4** Maintain the LAP, Threat Assessment, and TAG functions.
- **1.3.5** Maintain an effective property and evidence function.
- **1.3.6** Maintain or increase investigative staffing levels to meet the demands for service.

Success will be measured by:

- **UCR crime rate:** Achieve and maintain crime rates at or below the Benchmark Cities' average.
- **Clearance rates:** Meet or exceed the Benchmark Cities' average clearance rates.
- **Property and evidence storage:** Conduct an accurate property and evidence storage audit annually.
- **Community survey:** Maintain or improve police services as measured by community surveys.

Priority #1: Safety & Security (Special Services)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **1.4.1** Maintain an effective multi-jurisdictional SWAT team with crisis negotiator and tech support capabilities.
- **1.4.2** Maintain an effective multi-jurisdictional MFF team.
- **1.4.3** Maintain and upgrade CGPD's tactical response vehicles and equipment to include our armored vehicle, body armor, tools, and UAS and robots.
- **1.4.4** Maintain an effective K9 program and consider adding a therapy K9.
- **1.4.5** Develop and maintain an Emergency Medical Responder certification program for patrol officers.
- **1.4.6** Develop and maintain a crime scene response team.
- **1.4.7** Deploy resources in a proactive manner to engage the community and promote security.

Success will be measured by:

- **SWAT & MFF:** Maintain a Tier-2 SWAT team and an Intermediate Public Order Unit (MFF team) per NTOA guidelines.
- **K9:** Maintain at least two USPCA certified narcotics detection/Patrol PD1 K9s in the patrol division.
- **Emergency Medical Responder:** Achieve and maintain an EMR certification program per NREMT guidelines.
- **Effective evidence collection:** Maintain effective evidence collection capability by providing a trained crime scene team.
- **Community survey:** Maintain or improve police services as measured by community surveys.

Priority #1: Safety & Security (Emergency Mgmt.)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **1.5.1** Engage City personnel, external stakeholders, and the whole community in Emergency Management.
- **1.5.2** Develop, review, and maintain emergency operations plans.
- **1.5.3** Validate policies, plans, and procedures through exercises and real events.
- **1.5.4** Train directors and key supervisory personnel to the ICS300 level.
- **1.5.5** Organize a Community Emergency Response Team.
- **1.5.6** Improve the capabilities of our mobile command center.
- **1.5.7** Obtain dedicated technology to operate an EOC.
- **1.5.8** Build strong relationships with local, county, and state EM personnel and organizations for planning and response to potential and/or actual disasters.

Success will be measured by:

- **Emergency management:** Maintain effective emergency management preparedness.
- **Community survey:** Maintain or improve police services as measured by our annual community surveys.



Priority #1: Safety & Security (Admin & Support Services)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **1.6.1** Maintain efficient administration of departmental operations to include records management, data requests and retention, firearm permits, etc.
- **1.6.2** Maintain an effective CSO program which performs vital support and police officer recruiting functions.
- **1.6.3** Consider a full-time CSO and additional CSO coverage hours.
- **1.6.4** Use the CSO division to address livability issues and ordinance enforcement.
- **1.6.5** Continue to provide animal control, vehicle lockout, fingerprinting and records check services.

Success will be measured by:

- **Community survey:** Maintain or improve police services as measured by community surveys.



Priority #2: Community (Transparency & Accountability)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **2.1.1** Emphasize constitutional policing.
- **2.1.2** Effectively review all uses of force.
- **2.1.3** Develop and maintain plans, reports, and dashboards for public viewing.
- **2.1.4** Utilize the Public Service Commission as a citizen advisory and oversight committee.
- **2.1.5** Use surveys, meetings, and community engagement events to provide opportunities for community input.

Success will be measured by:

- **Use of force review:** Metrics and trends in the Use of Force Review quarterly and annual reports will reflect effective training and use of best practices.
- **Community survey:** Maintain or improve police services as measured by community surveys.



Priority #2: Community (Engagement)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **2.2.1** Maintain a presence and build relationships in our schools.
- **2.2.2** Effectively use the Community Impact Team to partner with diverse groups throughout our community to prevent and solve problems.
- **2.2.3** Develop and maintain an embedded social worker co-response program.
- **2.2.4** Host and partner in community engagement and public education events that facilitate community interaction and input.
- **2.2.5** Provide crime prevention programs to residents, businesses, and organizations.
- **2.2.6** Maintain effective Explorer and Reserve Officer programs.
- **2.2.7** Actively participate in the planning and implementation of special events.
- **2.2.8** Collaborate with other CG departments to ensure the highest quality of citywide services.

Success will be measured by:

- **Community survey:** Maintain or improve police services as measured by community surveys.



Priority #2: Community (Branding & Communication)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **2.3.1** Develop and employ an effective branding and communication campaign.
- **2.3.2** Amplify and leverage online communications through multiple media platforms.
- **2.3.3** Develop and maintain an enhanced CGPD website that promotes transparency and accountability with branding, links, reports, dashboards, crime mapping, online reporting, etc.
- **2.3.4** Effectively use the Community Impact Team (CIT) to communicate and partner with diverse groups throughout our community.
- **2.3.5** Effectively communicate with the community when emergencies and critical incidents happen. Consider adding a PIO.

Success will be measured by:

- **Community survey:** Maintain or improve police services as measured by community surveys.
- **Media:** Maintain a high level of community engagement and communication as measured by CGPD's website and social media analytics.



Priority #3: Employees (Culture)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **3.1.1** Develop and instill a set of core values .
- **3.1.2** Develop and maintain a shared mission, vision, and strategic plan.
- **3.1.3** Maintain a culture of excellence in which employees are valued and motivated to deliver excellent service.

Success will be measured by:

- **Surveys & assessments:** Maintain or improve metrics as measured by the retention data, annual employee survey, exit interviews, performance evaluations, etc.



Priority #3: Employees (Safety)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **3.2.1** Maintain effective field training and in-service training programs that emphasize safety.
- **3.2.2** Provide annual OSHA training.
- **3.2.3** Develop, maintain, and enforce safety practices and policies.
- **3.2.4** Acquire and maintain equipment and technology that promotes safety.
- **3.2.5** Develop and maintain a safety recognition & incentive program.
- **3.2.6** Maintain a Safety Committee to review incidents and recommend policy, practice, and equipment changes.

Success will be measured by:

- **Safety:** Maintain or improve safety metrics including safety incident reports, sick leave hours, IOD data, retention data, and employee surveys.



Priority #3: Employees (Wellness)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **3.3.1** Maintain effective training program that promotes wellness education.
- **3.3.2** Maintain a Peer Support Team.
- **3.3.3** Maintain a wellness committee and a well-funded, comprehensive wellness program. Seek grant funding for wellness programs.
- **3.3.4** Provide annual mental health check-ins, critical incident debriefing, free counseling.
- **3.3.5** Provide a comprehensive benefits package that address all aspects of wellness.
- **3.3.6** Maintain an on-site fitness center and consider fitness incentives.
- **3.3.7** Promote work-life balance.
- **3.3.8** Maintain a healthy organizational culture and positive workplace environment.

Success will be measured by:

- **Wellness:** Maintain or improve wellness metrics including sick leave hours, IOD data, retention data, and employee surveys.



Priority #3: Employees (Training & Development)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **3.4.1** Maintain effective field training and in-service training programs.
- **3.4.2** Offer access to external training, certification courses, and conferences.
- **3.4.3** Assess the current and future needs of the organization and invest in career development training and succession planning.
- **3.4.4** Provide career development rotations and specialty assignments to promote professional growth.
- **3.4.5** Provide regular career development counseling.
- **3.4.6** Maintain the HERO Center to support CGPD's training plan.

Success will be measured by:

- **Training standards:** A comprehensive training program developed by the Use of Force Review & Training Committee will exceed the Minnesota POST Board's standards. Officers who are assigned to specialized roles will complete certification courses, and officers will have access to career development training.



Priority #3: Employees (Recruiting & Retention)

5-Year Strategic Plan



We will utilize the following strategies tactics:

- **3.5.1** Collaborate with leaders and HR to ensure our pay and benefits attract quality candidates.
- **3.5.2** Build and maintain a culture of excellence and equip our officers with the best equipment, practices, and policies.
- **3.5.3** Develop and maintain a recruiting team, strategies, and incentives to recruit talent and diversity.
- **3.5.4** Develop and maintain retention programs and incentives.
- **3.5.5** Recruit and develop talent in our CSO, Reserve, and Explorer programs.
- **3.5.6** Consider an overstrength staffing model.

Success will be measured by:

- **Pay & benefits:** Pay and benefits will exceed the average of peer agencies.
- **Recruiting & retention:** Maintain > 90% staffing levels that permits effective delivery of all essential services accomplishment of our strategic goals.



Priority #3: Employees (Recognition)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- 3.6.1 Recognize desirable traits, decisions, and behaviors.
- 3.6.2 Maintain an impactful awards program and host an annual awards ceremony.
- 3.6.3 Promote and select based on merit.

Success will be measured by:

- **Recognition:** Maintain or improve recognition/award metrics.



Priority #4: Equipment, Technology & Practices

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **4.1.1** Encourage progress and innovation.
- **4.1.2** Research and implement emerging technologies to improve efficiency, effectiveness, and risk mitigation.
- **4.1.3** Maintain the Use of Force Review & Training Committee.
- **4.1.4** Equip our officers with the best protective equipment, tools, control devices, and vehicles to promote effectiveness and safety.
- **4.1.5** Develop and maintain an assigned squad program.
- **4.1.6** Implement and maintain ALPR in patrol squads and consider stationary LPR (FLOCK).
- **4.1.7** Develop and maintain best practices. Consider accreditation.
- **4.1.8** Enhance cyber and physical security.

Success will be measured by:

- **Asset management:** Maintain an asset management program that provides for maintenance, replacement, and upgrade of technology and equipment.
- **Policy and procedures:** Maintain policy and procedure manuals that meet or exceed the MN POST Board and Lexipol standards.
- **Best practices:** Maintain the Community Impact Team; mental health co-responder program, de-escalation and CIT training; threat assessment program; employee wellness and safety programs; use of force review and training committee; and in-service training program.

Priority #5: Growth (Planning & Budgeting)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **5.1.1** Implement and review/refine our 5-year strategic plan annually.
- **5.1.2** Develop and maintain annual training plans.
- **5.1.3** Develop and maintain a succession plan.
- **5.1.4** Maintain the All-Hazard Emergency Operations Plan.
- **5.1.5** Develop and maintain an asset management plan for maintenance, replacement, and upgrade of vehicles, equipment, and technology.
- **5.1.6** Develop and maintain an annual budget and conduct long-range budget planning.
- **5.1.6** Complete a quarterly report to monitor vital metrics.

Success will be measured by:

- **Strategic plan:** Successfully implement, monitor, and refine our 5-year strategic.
- **Budget:** Successfully plan and implement a fiscally responsible budget that supports continuity of services and progress.



Priority #5: Growth (Adaptability & Innovation)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **5.2.1** Implement and maintain a shift relief factor.
- **5.2.2** Maintain organizational flexibility, discretionary funds, and LE partnerships.
- **5.2.3** Maintain communication with all stakeholders.
- **5.2.4** Encourage innovation.
- **5.2.5** Engage in professional stewardship.
- **5.2.6** Maintain effective communication with our political leaders.
- **5.2.7** Offer programs and incentives for officers to learn a second language.
- **5.2.8** Provide cultural awareness training and engagement opportunities.

Success will be measured by:

- **Adaptability:** Maintain staffing, organizational, and budget flexibility that enables flexibility.
- **Stewardship:** Participate in professional associations, conferences, legislative committees, and community organizations.



Priority #5: Growth (Workload, Services & Facilities)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **5.3.1** Analyze call volume, response times, staffing levels, etc. to determine workload.
- **5.3.2** Evaluate whether other staffing models or work schedules may be more effective.
- **5.3.3** Maintain or increase staffing levels to meet the demands for service.
- **5.3.4** Monitor developing crime, security, and livability trends; and consider new response models and strategies.
- **5.3.5** Consider a workplace study.
- **5.3.6** Consider a satellite storage facility.
- **5.3.7** Plan and budget for increased space needs as our organization grows.

Success will be measured by:

- **Workload:** Calls for service per patrol officer will not exceed the Benchmark Cities' average.
- **Response time:** Patrol response time will not exceed the Benchmark Cities' average.
- **Investigative case load:** The case load per detective will not exceed the Benchmark Cities' average.



Priority #5: Growth (Growth Trends)

5-Year Strategic Plan



We will utilize the following strategies and tactics:

- **5.4.1** Analyze growth trends to determine future resource demands.
- **5.4.2** Add additional personnel, resources, and facilities to meet the growing demands for service.
- **5.4.3** Consider organizational and response models, technologies, and initiatives to meet emerging or evolving demands.

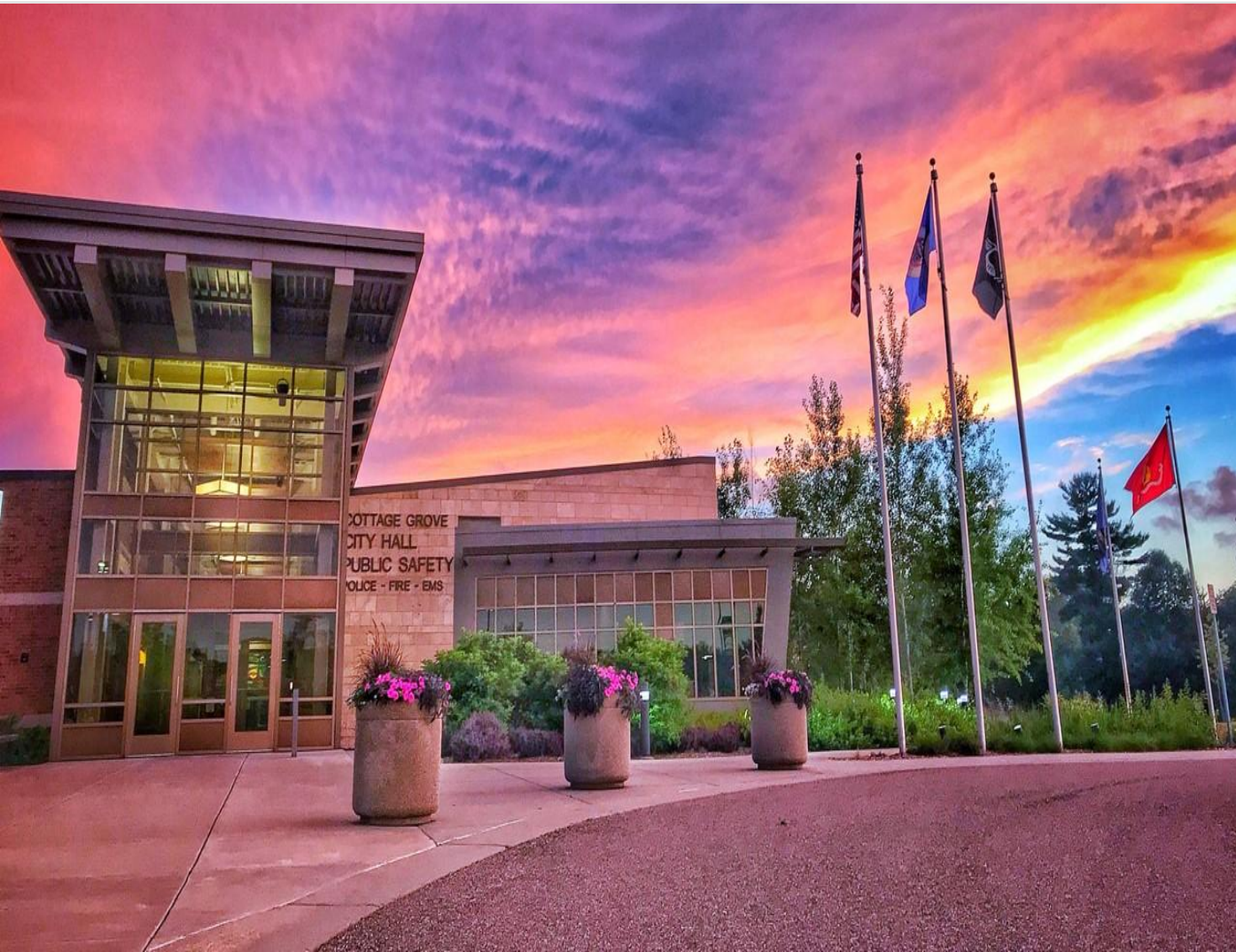
Success will be measured by:

- **Staffing:** Maintain or exceed 1.15 sworn officers per 1000 citizens. Follow the Rule of 60 Guidelines. Follow CGPD's 5-Year Staffing Plan.



Appendix A: City of Cottage Grove's Strategic Plan

5-Year Strategic Plan



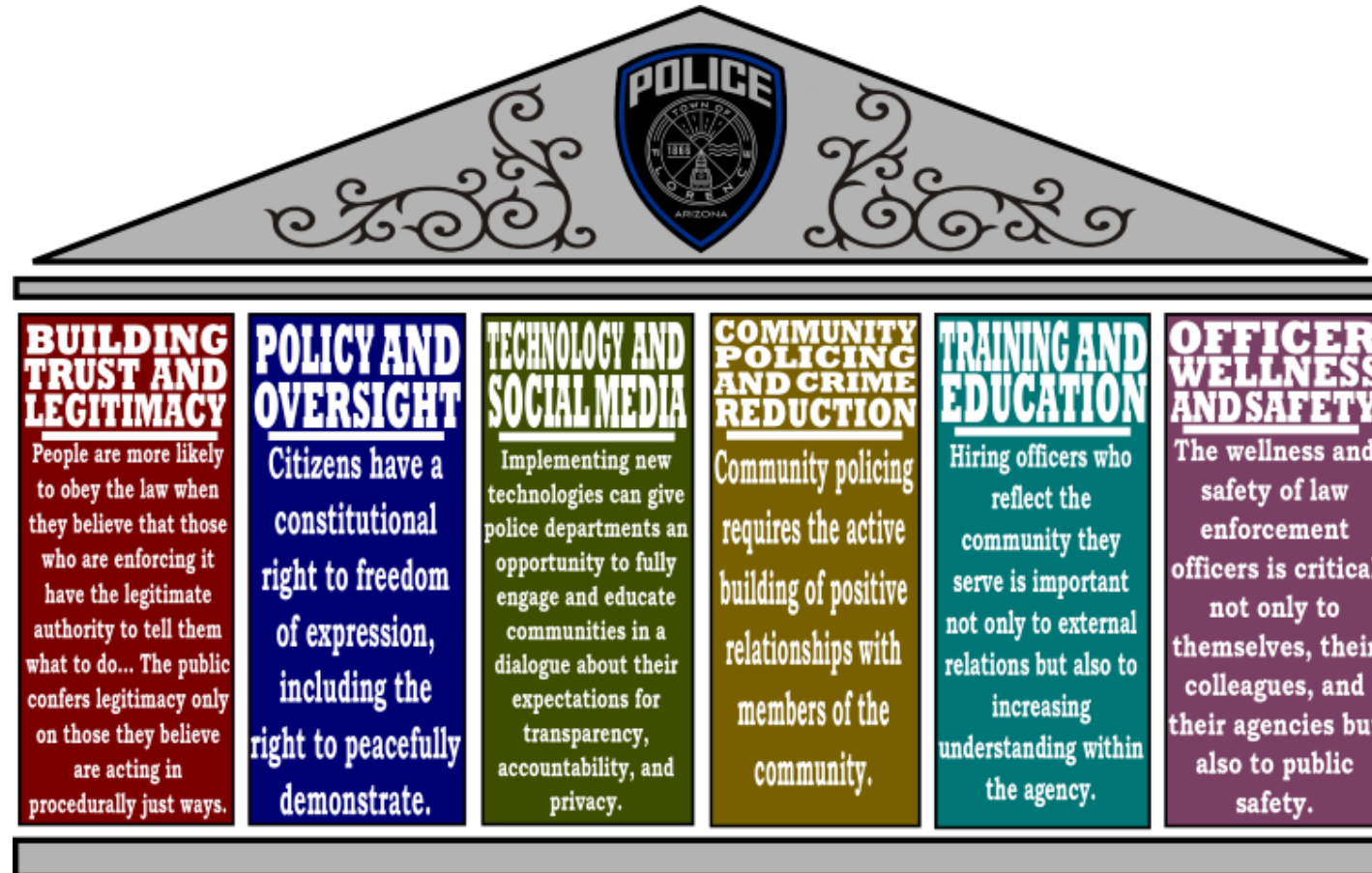
MISSION STATEMENT
To promote community pride and create a high quality of life by providing excellence in the delivery of public service to residents and businesses.

THREE PILLARS		
Enhancing Quality of Life for Residents	Thriving Business and Tourism Environment	Remain an Employer of Choice
SUCCESS FACTORS		
Cottage Grove strives to provide life cycle housing for all residents through diverse housing options.	Cottage Grove aims to create a dynamic business environment which generates jobs and increases tax base.	Cottage Grove strives for a diverse workplace that is reflective of the community.
Provide positive, responsive, and professional interaction with all services offered by the city while maintaining a safe and thriving community.	Cottage Grove partners with the local Chamber of Commerce to support local businesses and creates an environment to succeed.	Cottage Grove seeks to recruit and retain top talent, offering ongoing training and career opportunities.
Cottage Grove has a wide variety of premier community events, recreational amenities and natural open spaces for everyone to enjoy.	Cottage Grove Public Safety provides proactive community-oriented services to assist businesses.	Cottage Grove has achieved an organizational culture dedicated to efficient operations and excellent delivery of services.
Assure sustainable environmental standards and health practices including providing treated drinking water to meet all state and federal standards for PFAS.	Cottage Grove Convention and Visitors Bureau supports the hotel and event community locally to promote tourism in Cottage Grove.	Cottage Grove is a good financial steward which leads to a stable work environment.

STRATEGIC DIRECTIONS			
Engaging Residents Where They Are	Continuing Sustainable Growth	Making Cottage Grove a Recreation Destination	Remaining Employer of Choice
SUCCESS FACTORS			
Continue to develop video communications.	Collaborate with Washington County on the redevelopment and planning for the Park Grove Library.	Develop park and building plans for Mississippi Reserve Park.	Continue to develop and implement DEI strategies.
Continue to update and refresh of the city's website.	Initiate a Housing Plan.	Develop education materials for local option sales tax referendum.	Develop training programs for employees at all levels such as the Management and Leadership Development Academy and the Learning to Lead Academy, Book Studies and Guest Speakers.
	Develop and implement the next phase of Business Retention and Expansion Program.		
Enhance resident knowledge of commissions and volunteer opportunities through video communication.	Continue to aggressively pursue state and federal funding for the County 19A and 100th Street Realignment Project.	Develop plans for the Kingston Park Building.	Continue to grow and enhance employee engagement programs. (GOLD, Police and Fire awards programs, Health and Wellness)
	Implement 3M settlement projects while maintaining an interim treatment plan that meets all PFAS standards.		
Develop crisis communication action plan.	Work collaboratively with developer at Shoppes at Cottage View.	Create unique recreational places and spaces that are signature landmarks to Cottage Grove.	Start retention interviews, continue new hire interviews, and Lunch and Learn enhancement.
	Issue an RFP for the services of a consultant to assist in creating an Economic Development Strategic Plan and Small Area Study.		
Dowdle puzzle development and marketing plan.	Develop a strategic plan for the Convention and Visitors Bureau.	Leverage key recreational facilities and park buildings to be points of pride for the community.	Settle all union contracts in 2024.
Develop community survey in 2025.	Develop Cottage Grove police and fire services 5-year strategic plan and mission to maintain a safe community.		
	Remain a Step 5 GreenStep City by continuing to improve sustainability across a variety of metrics.		

Appendix B: 21st Century Policing

5-Year Strategic Plan



[USDOJ Final Report of the President's Task Force on 21st Century Policing \(May 2015\)](#)

Appendix C: Law Enforcement Best Practices

5-Year Strategic Plan



Community Policing

1. Create a comprehensive community policing strategic plan
2. Train all personnel on community policing
3. Foster an atmosphere of openness and transparency
4. Adopt procedural justice as a guiding principle
5. Prioritize LE personnel safety and wellness
6. Engage the community in a true partnership to address crime and disorder issues
7. Treat every contact as an opportunity to engage positively with a community member
8. Measure social cohesion and work to develop relationships
9. Reevaluate metrics of community policing success
10. Incorporate community policing measures into the performance evaluation process

De-Escalation

1. Link policy to robust training
2. Allow time to adapt and provide opportunities to practice
3. Expect all supervisors to support a culture of de-escalation
4. Set up officers to succeed
5. Reward successful de-escalation efforts
6. Engage the community in training and policy development
7. Leverage positive personnel relationships to build community trust
8. Apply best practices of de-escalation in situations other than use of force
9. Enhance public reporting and transparency

Crisis Intervention

1. Develop strong community partnerships
2. Treat CIT as a program, not just training
3. Train enough employees in CIT to cover every shift
4. Seek volunteers to participate in the CIT program
5. Train all frontline employees in at least the basic level of mental health awareness program
6. Ensure that dispatchers are CIT trained and prepared to respond
7. Recognize CIT trained personnel for their work
8. Regularly evaluate and measure the CIT program's impact and outcomes

Frontline Supervisors

1. Engage frontline supervisors in the organizational vision and philosophy
2. Lay the foundation for successful, supported frontline supervisors
3. Prioritize professional development
4. Establish a norm of accountability with room for dissent and growth
5. Allow room for individuality
6. Engage frontline supervisors when determining disciplinary outcomes

Early interventions

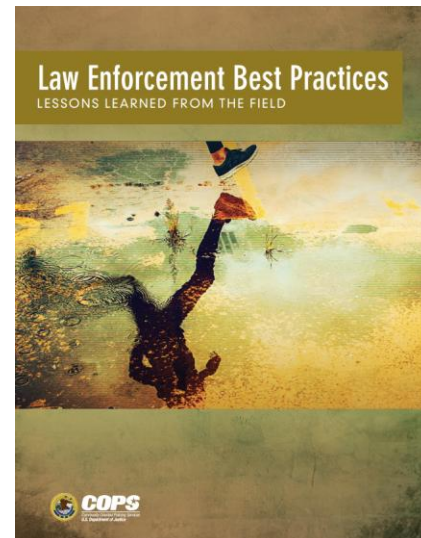
1. Start with data
2. Complement data collection with the right supports, services, and trainings
3. Generate buy-in by listening
4. Establish the business process
5. Explain the EI system to stakeholders to ensure transparency
6. Train all members on the EI system
7. Continuously evaluate and improve the EI system with the support of an experienced third party

Internal Affairs

1. Develop and publish a clear philosophy for IA investigations
2. Improve the intake of IA complaints
3. Explicitly designate who will investigate IA complaints
4. Establish a timeline and benchmarks for conducting investigations and notifying interested parties
5. Designate a supervisor to review and adjudicate IA investigations
6. Consider incorporating an external review process to increase public transparency of IA investigations
7. Keep corrective action consistent and transparent; seek to correct, not punish.
8. Consider alternative dispute solutions
9. Engage community members and increase transparency

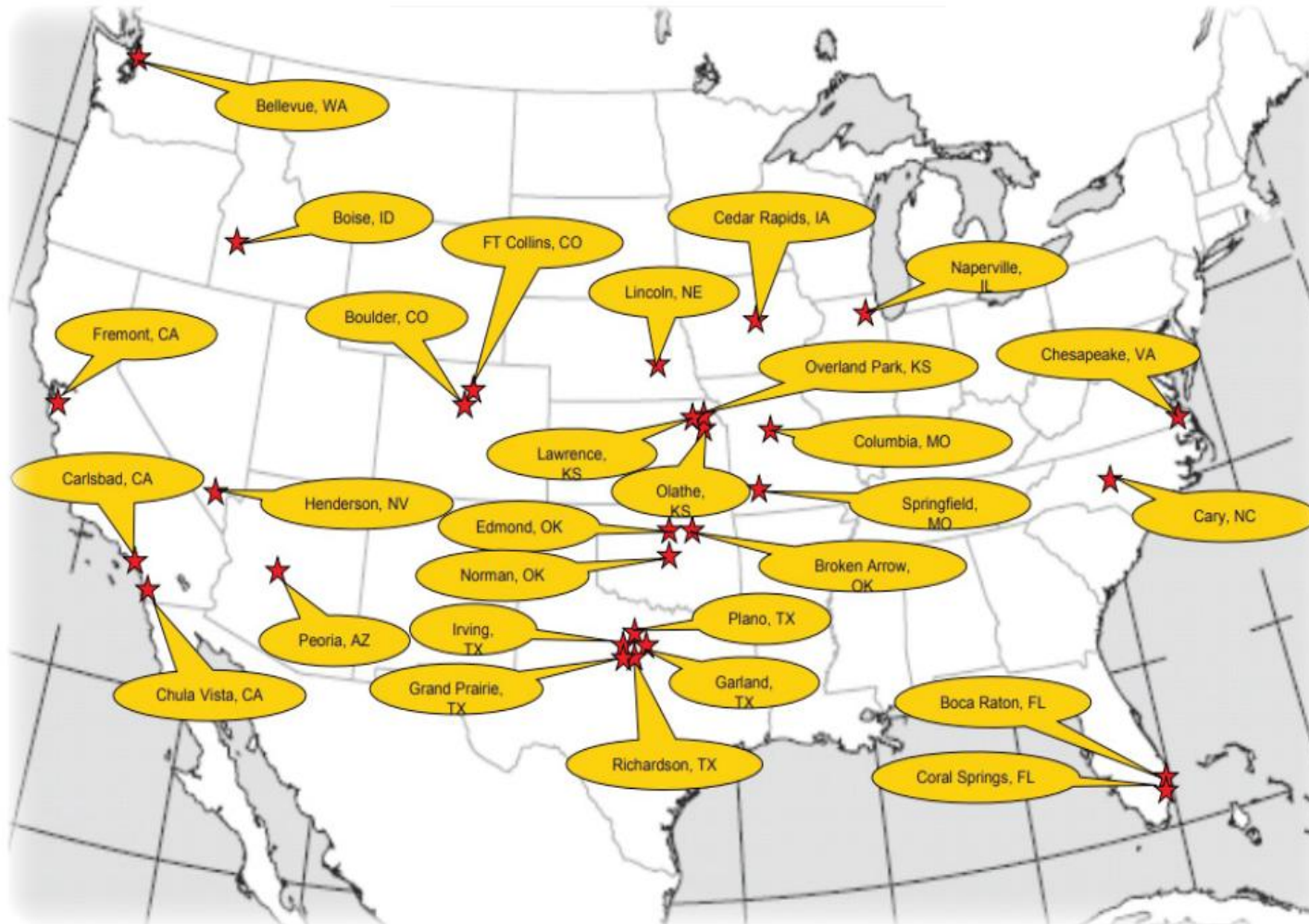
Recruiting, Hiring, Promotion, & Retention

1. Develop a comprehensive recruitment program
2. Deploy personnel based upon workload and service goals
3. Get creative and expand recruiting horizons
4. Streamline and enhance the recruiting process
5. Get proactive
6. Establish fair and flexible firing criteria
7. Bring job descriptions and application mgmt. into the digital age
8. Assure validity and audit all testing instruments
9. Engage the community and demonstrate fairness on the process
10. Consider outsourcing the testing process to a third party
11. Enhance job satisfaction and reduce stress with clear written policies
12. Demonstrate procedural justice inside and outside the agency
13. Provide clear pathways to promotion



Appendix D: Benchmark Cities Data

5-Year Strategic Plan



Throughout this document, there are references to the Benchmark Cities (BC) data. The BC Survey was designed in 1997 by a core group of police chiefs from across the country. These chiefs sought to establish a measurement tool to help ensure their departments were providing the best service possible within their respective communities. The BC Survey is sent to 29 participating agencies to collect data in five different categories: demographics, general info, offenses, clearance rates, and traffic safety. Once the data is collected, it is analyzed by the Overland Park Police Department. The final outcome is a comprehensive Benchmark Cities Survey Report.

[Benchmark Cities Survey Report](#)

Appendix E: Services & Programs

5-Year Strategic Plan



Patrol

K9
SWAT
Mobile Field Force
Drone/Robot Operators
Instructors (Firearms, tactics, EVOC)
Field Training Officers
Business Liaisons
ATV Patrol
Community Service Officers
Reserve officers
Police Explorer Post

Investigations

General Detectives (Full-time & Rotating)
Task Force Detectives
(*Narcotics, major crime, Homeland Security*)
Case Management Unit
Threat Assessment Group
Lethality Assessment Program
Predatory Offender Registry
School Resource Officer
Community Engagement Officer
Crime Prevention Specialist
Crime Prevention Specialist
Crime Analyst
Evidence Technician
Alcohol, Tobacco, & THC Compliance
Crime Free Multi-Family Housing
Community & special events planning

Special Services

Emergency Management
Use of Force Review & Training Committee
Peer Support Group
Chaplain Program
Wellness, Safety, & Retention Committee
Beyond the Yellow Ribbon
DNR Firearms Safety Training Program
Public Safety Board
MN-LESO (1033) Program
Public Service Commission

Administrative

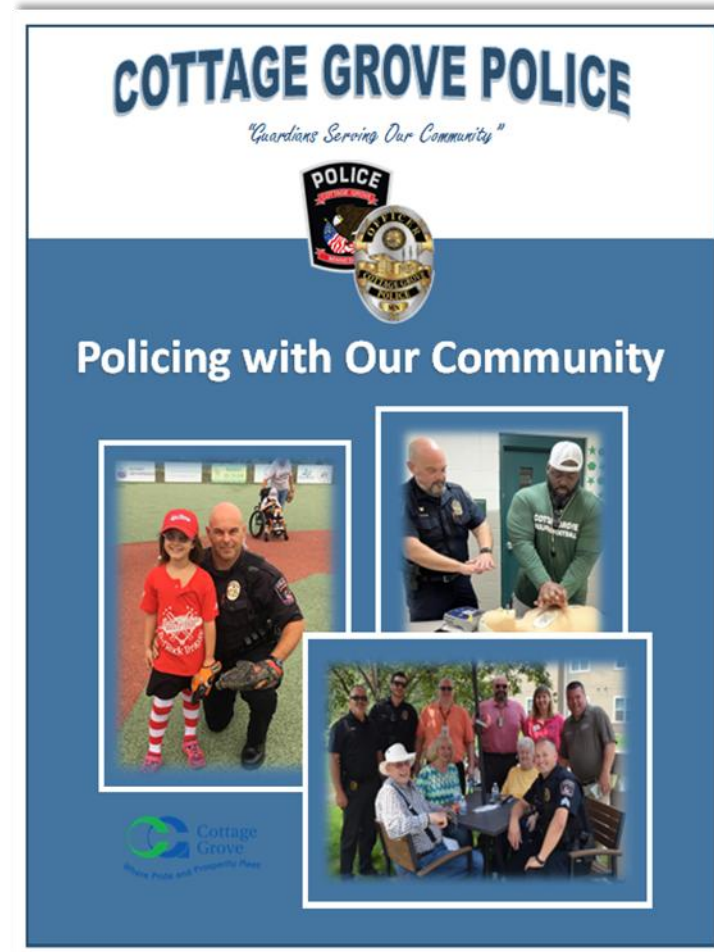
Fingerprinting
Licensing & permits
Background checks
Records & data requests

Appendix E: Services & Programs

5-Year Strategic Plan



Reference the 2024 Policing with Our Community Guide for a complete summary and descriptions of CGPD's community-oriented policing programs.



Appendix E: Services & Programs

5-Year Strategic Plan



Appendix E: Services & Programs

5-Year Strategic Plan



Appendix F: 5-Year Staffing Plan

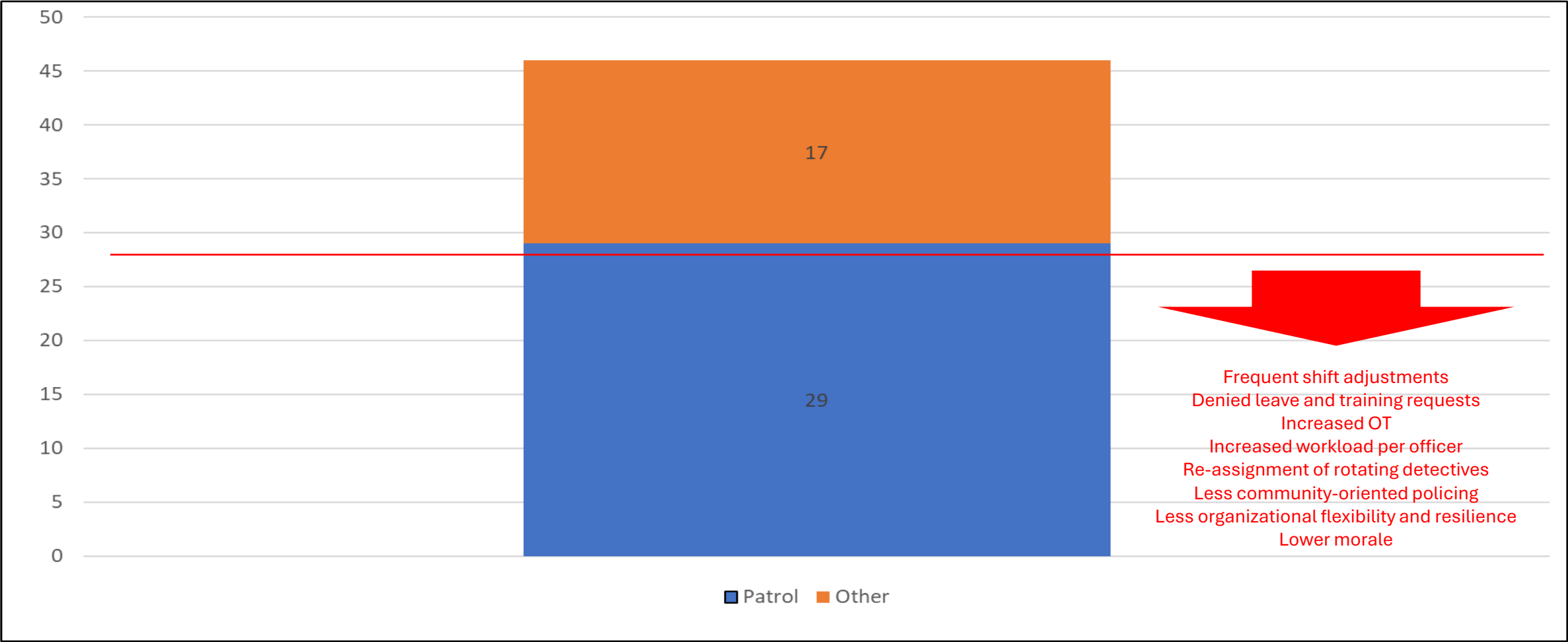
5-Year Strategic Plan



Director of Public Safety							
Patrol Division-Deputy Director				Investigative Division-Deputy Director		Emergency Mgmt. & Admin. Division-Deputy Director	
Team A		Team B		General	Community Impact	Administrative	Records
0600-1630	1630-0300	0600-1630	1630-0300	Sergeant	Sergeant	Sergeant	Manager
Sergeant	Sergeant	Sergeant	Sergeant	Detective	Detective (Narc)	CSO	Admin Assistant
Officer	Officer (K9)	Officer	Officer (K9)	Detective (Forensic)	Detective (Major crime)	CSO	Specialist
Officer	Officer	Officer	Officer	Detective (HSI)	School resource officer	CSO	Specialist
Officer	Officer	Officer	Officer	Detective (Rotating)	Community engagement Ofc.	CSO	Specialist
0900-1930	1930-0600	0900-1930	1930-0600	Detective (Rotating)	Case management Ofc.	CSO	Specialist (Future)
Officer	Sergeant	Officer	Sergeant	Analyst	Case management Ofc. (Future)	CSO	
Officer	Officer	Officer	Officer	Investigative aide	Social Worker (2024)		
Officer	Officer	Officer	Officer		CITE Ofc. (Future)		
Officer (2025)	Officer	Officer (Future)	Officer (Future)		CITE Ofc. (Future)		

Appendix F: Current Patrol Staffing Situation

5-Year Strategic Plan

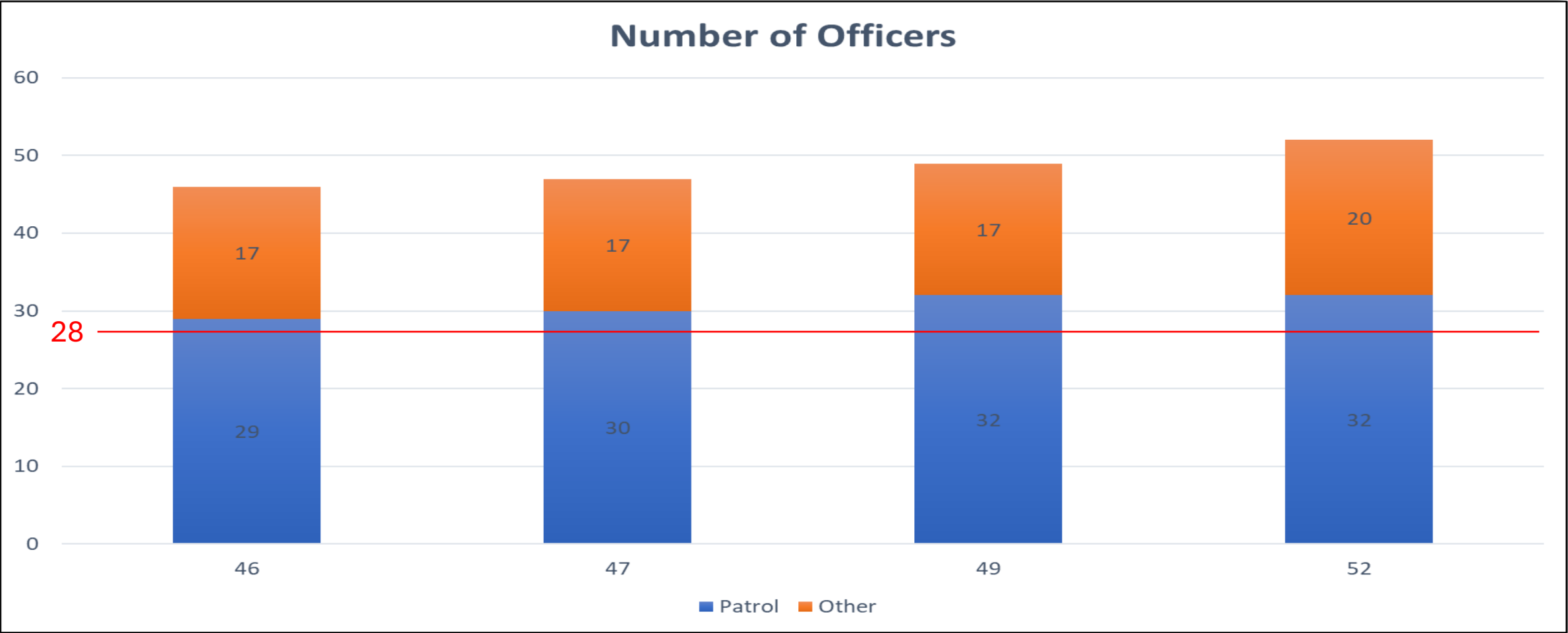


Appendix F: Staffing Analysis

5-Year Strategic Plan

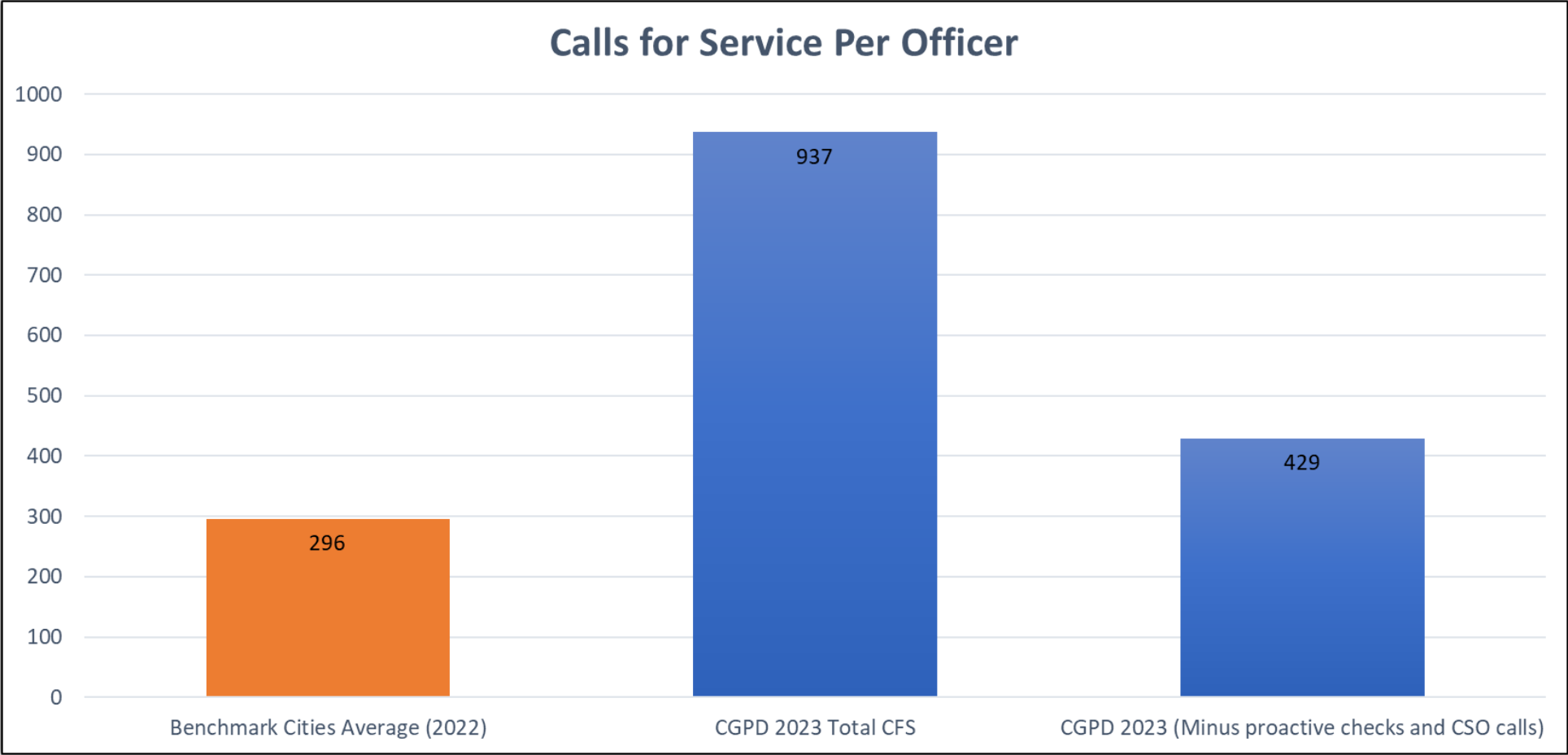


Number of Officers



Appendix F: Workload Analysis

5-Year Strategic Plan

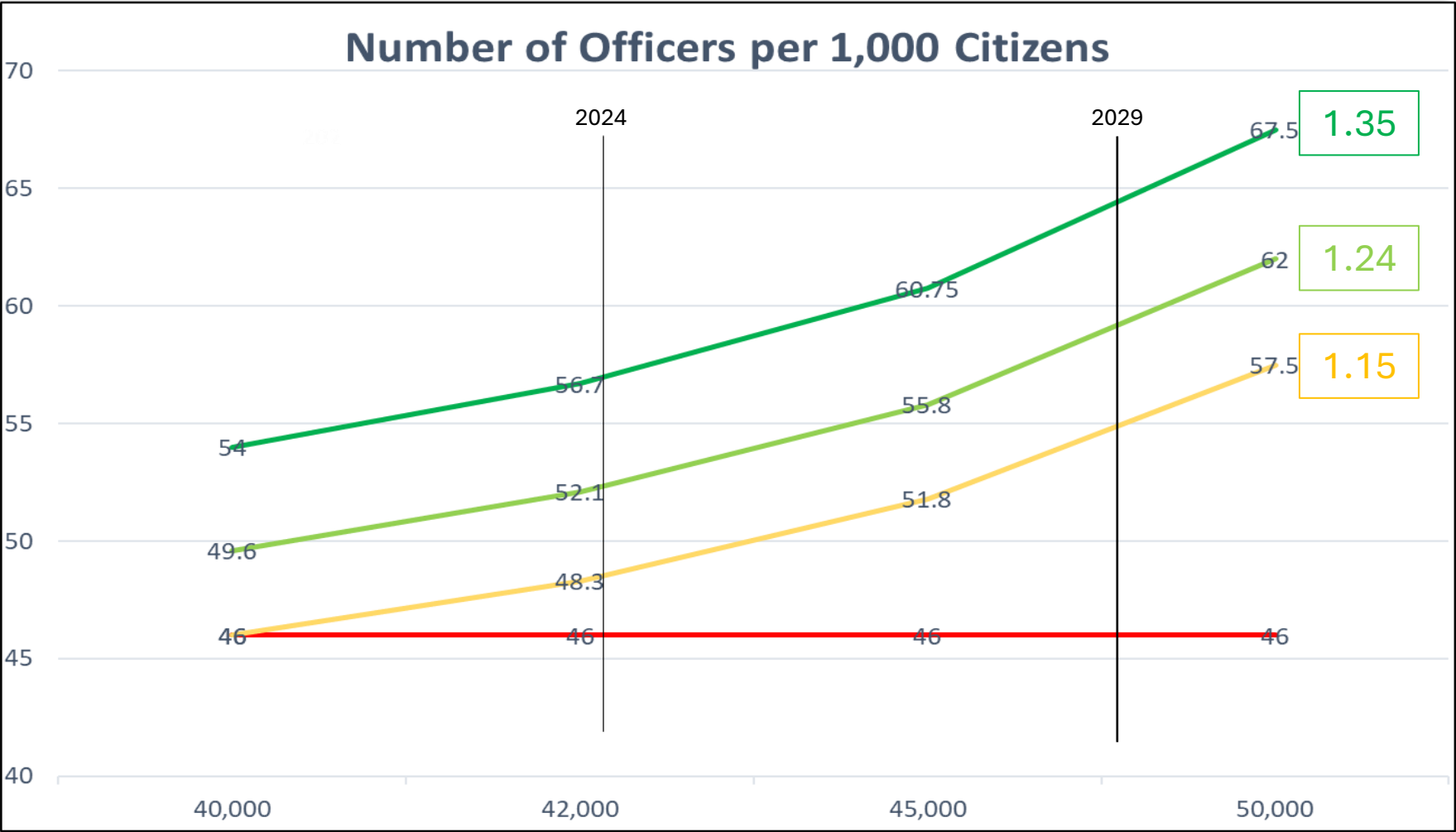


Appendix F: Per Capita Staffing Analysis

5-Year Strategic Plan



City	Population	Officers	Ratio
Bloomington	89244	133	1.49
Duluth	86772	158	1.82
Brooklyn Park	84951	109	1.28
Plymouth	79918	81	1.01
Woodbury	79918	81	1.01
Maple Grove	70110		
Blaine	70042	74	1.06
Lakeville	70696	72	1.02
St Cloud	68910	122	1.77
Eagan	68262	78	1.14
Burnsville	64075	75	1.17
Eden Prairie	63623	74	1.16
Coon Rapids	63296	66	1.04
Apple Valley	55594	58	1.04
Minnetonka	55529	57	1.03
Edina	53037	56	1.06
St Louis Park	49500	60	1.21
Moorhead	44443	61	1.37
Mankato	44444		
Skakopee	44135	52	1.18
Cottage Grove	43079	46	1.07
Maplewood	41405	56	1.35
Richfield	36809	46	1.25
Roseville	36066	60	1.66
Inver Grove Heights	35673	46	1.29
Brooklyn Center	33109	49	1.48
Savage	32441	36	1.11
Fridley	29731	46	1.55
Oakdale	28029	34	1.21
Chaska	27764	30	1.08
Ramsey	27774	30	1.08
Prior Lake	27608	32	1.16
Owatonna	26400		
Austin	26156	34	1.30
Winona	26083		
Elk River	25936	35	1.35
Rosemount	25993	29	1.12
Average:			1.24



Appendix F: Shift Relief Factor Staffing Analysis

5-Year Strategic Plan



Minimum of 6 Patrol Officers Per Crew		
Hours per year		2,080
1984 adjustment	-96	1,984
Average leave per officer	-333	1,651
Average training hours per officer	-230	1,421
Total patrol hours per year	24 X 2,080	49,920
Shift relief factor	49,920 / 1,429	35.1

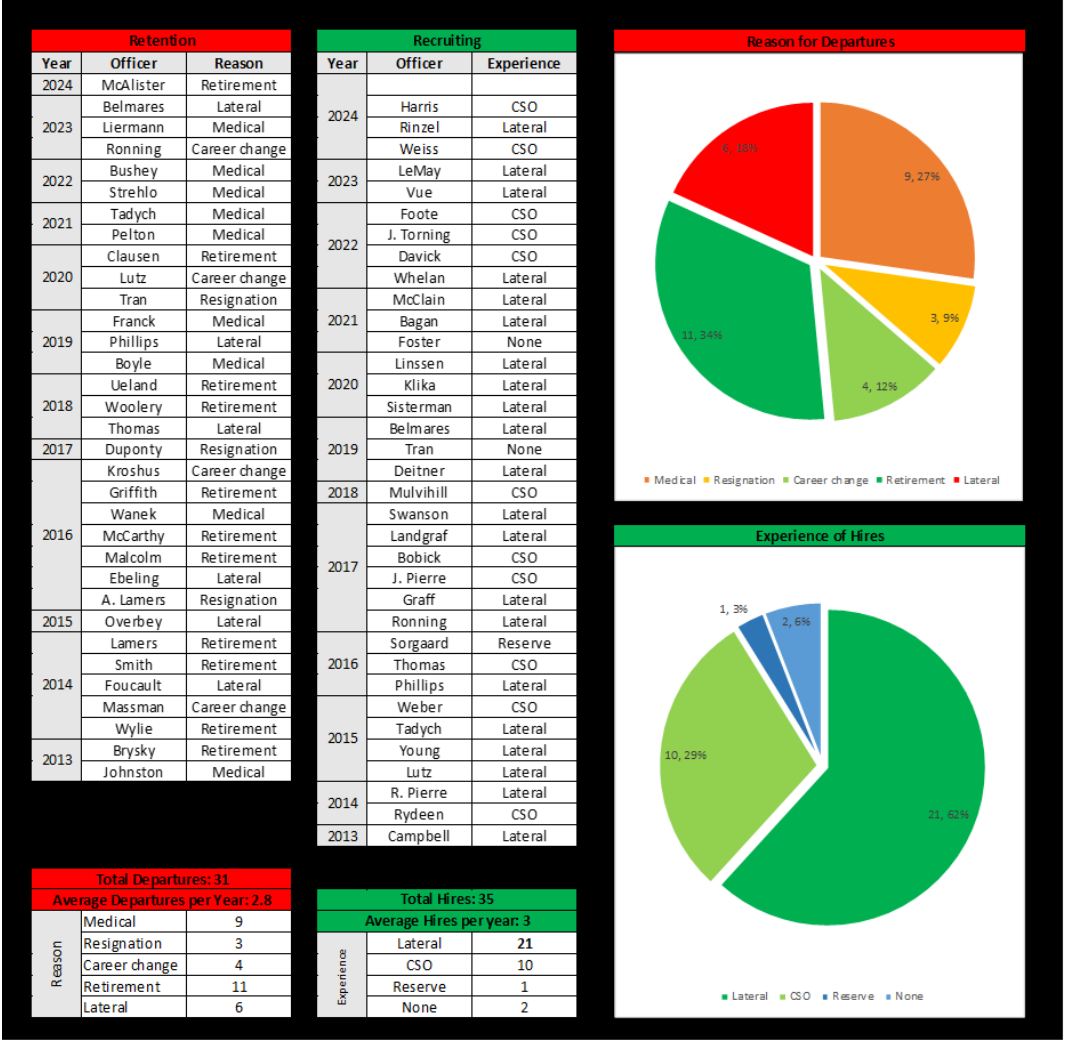
Authorized Strength	
Patrol	35
INV	12
Command & Admin	5
Total	52

Minimum of 5 Patrol Officers Per Crew		
Hours per year		2,080
1992 adjustment	-88	1,984
Average leave per officer	-333	1,651
Average training hours per officer	-230	1,421
Total patrol hours per year	20 X 2,080	41,600
Shift relief factor	41,600 / 1,429	29.3

Authorized Strength	
Patrol	29
INV	12
Command & Admin	5
Total	46

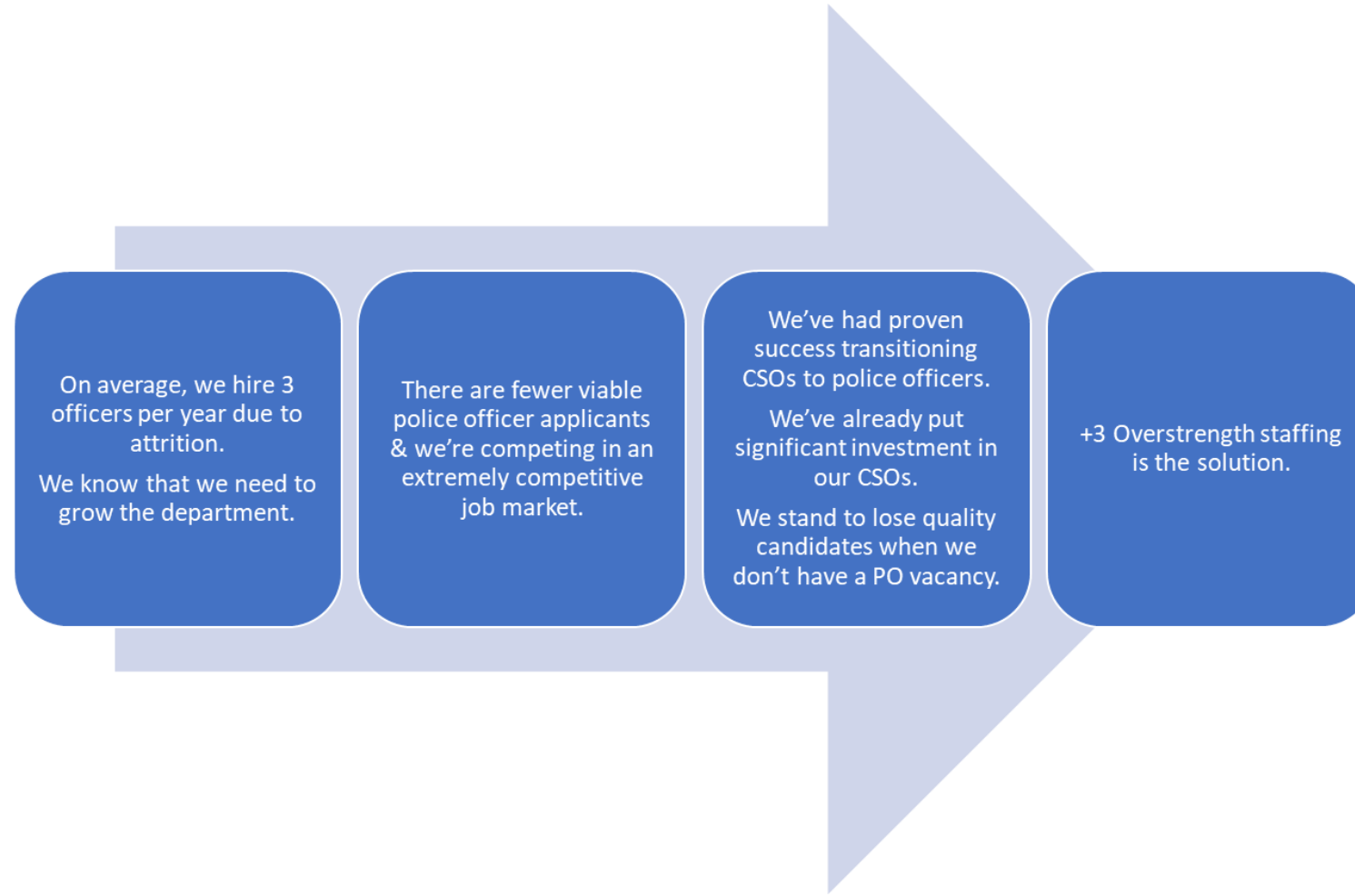
Appendix F: Recruiting & Retention Analysis

5-Year Strategic Plan



Appendix F: Overstrength Staffing

5-Year Strategic Plan



Appendix G: Recruiting & Retention Plan

5-Year Strategic Plan



Recruiting

- Streamlined hiring process
- CSO program
- Police Explorer Post
- Reserve officer program
- Lateral hires
- Recruiting & retention data tracking
- Social media
- Organizational pride & reputation
- Supportive community and leaders
- Culture of excellence
- Progressive policies & best practices
- Robust and supportive field training program
- Ample training & career development opportunity
- Fleet, equipment, & technology
- Competitive benefits package
- Comprehensive wellness program
- Fitness
- Paid parental leave
- Work schedule that promotes work-life balance
- Employee referral incentive
- Partner w/ Rasmussen LE Program

Under Consideration or Development

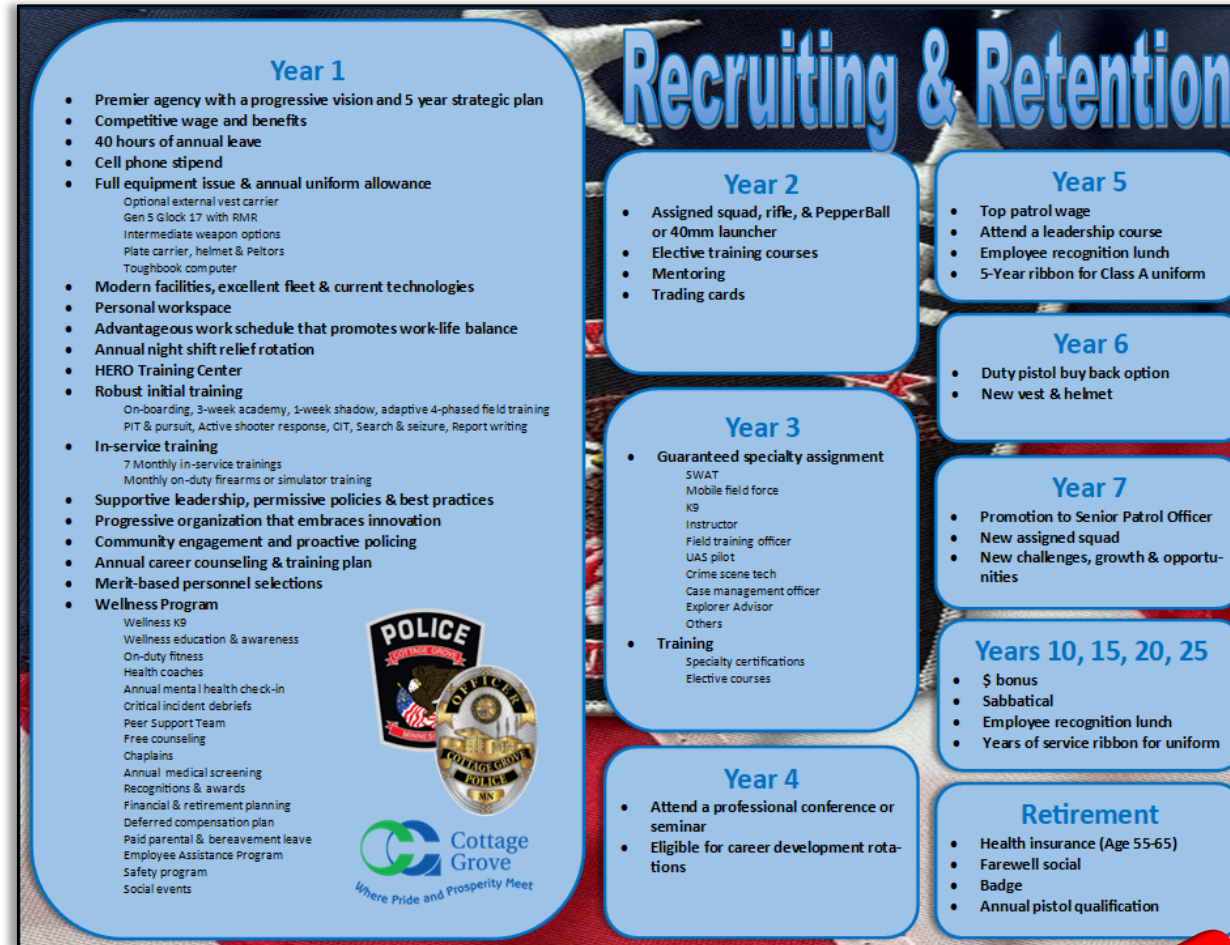
- Shift relief factor
- Assigned (take-home) squads
- Night shift relief rotations
- Sabbaticals
- Recruiting video
- Enhanced CGPD webpage
- Diversity initiatives
- Grant funded scholarship

Retention

- Longevity pay increases
- Anniversary bonuses
- Employee Service Milestone Lunch
- Employee satisfaction survey
- Regular counseling & feedback
- Career development planning
- Career development rotations
- Tuition assistance
- Leadership courses and conferences
- Recognition & awards
- Second language
- Good idea proposals
- Wellness program
- Peer support group
- Annual mental health check-ins
- Free counseling
- Employee Assistance Program
- Critical incident debriefs
- Work-life balance

Appendix G: Recruiting & Retention Plan

5-Year Strategic Plan



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Appendix H: Wellness Plan

5-Year Strategic Plan



Current Initiatives

- Wellness, Safety, Recruiting/Retention Committee
- Wellness awareness & education
- Comprehensive benefits package
- Annual medical screening
- EAP benefits
- Fitness program
- Annual mental health check-ins & free counseling
- Critical incident debriefs
- Peer support team
- Paid parental & bereavement leave
- Chaplain program
- Training & career development opportunity
- Financial & retirement planning
- Recognition & awards
- Wellness & Safety Committee
- PPE & safety initiatives
- Schedule that promotes work-life balance
- Community engagement & support
- Supportive leadership & positive work environment



Under Consideration

- Therapy K9
- Internal leadership development curriculum
- Night shift relief rotations
- Sabbaticals
- Daycare assistance
- Mindfulness training
- Fitness incentives
- Diet, fitness & sleep coaching
- Community resources guide
- Spouse/SO retreat
- Social events
- Tuition assistance
- Grant-funded initiatives
- Breach Point seminar
- Volunteering incentive

Appendix I: Annual Training Plan

5-Year Strategic Plan



- CGPD places a high value on training and professional development.
- Upon hire, sworn officers will complete CGPD’s academy training, CIT, and pursuit/PIT trainings. Probationary sworn officers will complete 14 weeks of field training. Field training may be abbreviated for lateral hires.
- CGPD’s annual in-service training plan is a multi-faceted and comprehensive approach intended to:
 - Exceed Minnesota POST Board Standards;
 - Promote wellness, professionalism, and professional development;
 - Ensure proficiency in all duties, knowledge, and skills required of a CGPD officer;
 - Ensure compliance with relevant laws, policy, and community expectations; and
 - Promote best practices to provide the highest quality service to our citizens.
 - Provide 94 hours of in-service training per year.
- CGPD’s SWAT officers will meet the NTOA’s Tier-2 annual training requirements.
- CGPD’s MFF officers will meet the NTOA’s annual training requirements for an Intermediate Public Order Unit.
- CGPD’s K9 officers will train to the industry standard minimum 16 hours per month and maintain USPCA certification annually.
- Officers who are assigned to specialty assignments (Detective, FTO, instructor, etc.) will complete requisite professional development and/or certification courses.
- Additionally, CGPD officers will have opportunities to attend discretionary external continuing education courses, certification courses, and conferences to promote their professional development.
- Annually, officers and supervisors will complete career counseling and develop individual training plans. These training plans will prioritize training requests to promote fair access to training while ensuring the department’s training needs are met.

TRAINING	HOURS
Monthly In-Service	56
On-duty firearms	6
On-duty simulator	4
On-duty virtual (Patrol Online)	23
On-duty policy (Lexipol)	3
Total	92

Appendix J: Fleet Plan

5-Year Strategic Plan



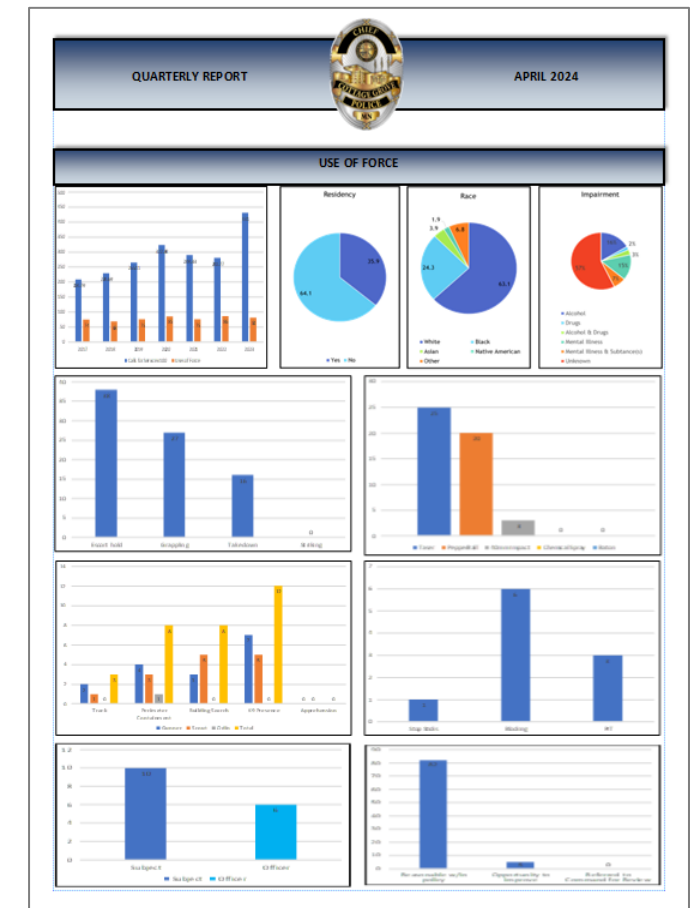
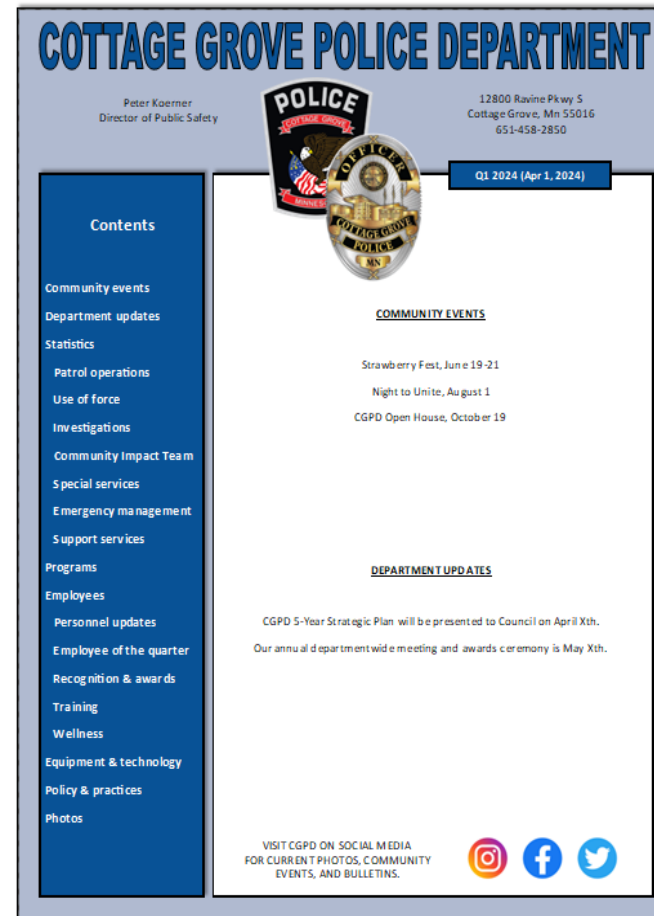
- Expand the fleet over the next 2 years.
 - 2024 +6 Patrol (25) Admin (18)
 - 2025 +4 Patrol (29) Admin (18)
 - 2026 +3 Patrol (32) Admin (18)
- Resume vehicle replacements in 2026.
- Transition from shared use to a single-user model; but maintain a small pool of shared-use vehicles.
- Increase the service life of vehicles from 3 to 8 years.
 - Years 1-6 Assigned to an officer
 - Years 6-8 Assigned to CSO division or shared-use
- Develop a policy allowing officers to take their assigned vehicles home.
 - Restrictions and mileage reimbursements will apply.
 - Promotes recruiting & retention.
 - Promotes crime deterrence.
 - Offers fleet management advantages.

Appendix K: G-Metrics & Reports

5-Year Strategic Plan



- CGPD will track, trend, and report on metrics that reflect upon our mission, vision, services, and strategic goals.
- CGPD will produce quarterly and annual reports for its members and leaders. An annual report will be produced and made available to the public.



Appendix L: Hero Training Center

5-Year Strategic Plan



The HERO Center, which opened in 2020, is shared by Cottage Grove and Woodbury Police Departments. It provides classrooms, firearms ranges, a mat room, simulator, and reality-based and outdoor training areas. In addition to supporting CGPD's robust in-service training program, the HERO Center hosts numerous continuing education and certification courses throughout the year. The HERO Center is also home to Rasmussen College's Minnesota Law Enforcement Certificate Program.

The HERO Center is vital to the success of CGPD's 5-Year Strategic Plan.

Recommendation

5-Year Strategic Plan



Approve a motion to adopt and support CGPD's 5-Year Strategic Plan.



To: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

From: Peter Koerner, Director of Public Safety

Date: January 17, 2025

Subject: **FIRE/EMS DEPARTMENT STAFFING**

INTRODUCTION AND BACKGROUND

The Cottage Grove Fire Department is a busy suburban fire department that provides fire suppression, emergency medical services (EMS), emergency rescue response and holistic community risk reduction services to the community of Cottage Grove along with EMS transportation services to Newport, St. Paul Park and Grey Cloud Island. The Fire Department responded to 4930 calls for service in 2024, which represents a 7.1 percent increase from 2023 and a 61 percent increase from 2017. The Fire Department relies on a combination model to staff emergency response crews 24 hours a day, 7 days a week. The combination model utilizes full-time and part-time firefighters to staff shifts. Part-time Firefighters work 12-hour shifts and are required to work at least 432 hours per year, while full-time Firefighters work 24-hour shifts and 2756 hours per year.

The Fire Department's current staffing is six Firefighters per 24-hour period, which is 18 full-time equivalents (FTE). The department budgeted staffing levels are 16 full-time Firefighter/Paramedics (16 FTE) and 14 part-time Firefighter/EMT/Paramedics (2 total FTE). The Fire Department shift-based staffing levels have remained the same since 2017, when the department assumed all EMS transportation responsibilities for Cottage Grove. Prior to 2017, the Cottage Grove Police Department provided Paramedics to respond to and transport EMS patients. The Fire Department gradually provided more Paramedic support leading into the acquisition of all EMS responsibilities in 2017. The Police Department continues to provide first response EMS to medical incidents in the community.

The Fire Department's current minimum staffing is four Firefighters with a minimum of two Paramedics 24/7. The Fire Department's immediate goal is to provide two ALS ambulances and one ALS fire engine 24/7 (staffed with at least one Firefighter/Paramedic). The Fire Department is budgeted for six people per shift; however, with annual leave, off-site trainings, leaves of absences and so forth, it is rare for the Fire Department to have six Firefighters on shift. This reality leads to the minimum of four Firefighters who cross-staffs two ambulance with one fire engine.

The Fire Department currently operates out of the Central Fire Station. The City hosts two other fire stations; however, they do not have sleeping areas, which make them obsolete for housing a full-time staffed Fire Department. The Fire Department has an average response time of 6:22 for EMS calls (emergency calls in Cottage Grove only), and a fire response time of

6:37 (emergency calls in Cottage Grove only). The response times do not include mutual aid response times when a Cottage Grove ambulance or fire apparatus is not available.

FULL-TIME FIREFIGHTER STAFFING

The Fire Department is budgeted for 16 full-time Firefighters. As of January 13, 2025, the Fire Department is at 15 full-time Firefighters working on-shift. The Fire Department conducted interviews on January 16, 2025, for the last remaining full-time opening and found three candidates who will move on to the background phase. The two remaining candidates, if suitable for employment, will be considered for possible future openings.

Cottage Grove Fire employs three full-time Firefighters that are part of the Accelerated Recruitment program. This program promoted three high-performing part-time Firefighters to full-time Firefighter/EMTs that are employed while they attend paramedic school. As part of the program, the Firefighters will have paramedic school paid for and agree to work for the department for five-years post Paramedic certification. Two of the program participants were hired in the Fall of 2024 and started Paramedic training on January 13, 2025. They will be eligible for Paramedic certification in October 2025. The third program participant started their full-time role on January 13, 2025, and will attend Paramedic training in late Spring 2025 or Fall of 2025, which is dependent on program availability.

PART-TIME FIREFIGHTER STAFFING

The Fire Department relies on two FTE to be filled by part-time Firefighters. To balance part-time Firefighter requirements with those that work full-time jobs elsewhere, the Fire Department requires all part-time Firefighters work 432 hours per year (36 hours per month) in addition to training and call-back requirements. It requires these 14 part-time Firefighters to fill the part-time shift positions of 2 FTE (7 part-time Firefighters equivalent to one full-time Firefighter).

As of January 13, 2025, the fire department has 11 part-time Firefighters; three of which are new hires. The Fire Department is posting for part-time Firefighters in January 2025 with the goal to hire 3 Firefighters. The Fire Department plans to post for part-time Firefighters again in Spring 2025.

In January 2025, the Fire Department converted 7 part-time positions to 1 full-time position leading to the current 16 full-time positions and 14 part-time positions. This transition was necessary to ensure long-term part-time recruitment as well as to address the retention challenges for part-time, paid on-call and volunteer firefighters, which is a local and nationwide trend.

CADET PROGRAM

The Fire Department is excited to implement a Cadet Program in Spring 2025 to support long-term recruitment and retention. The Cadet Program will hire a candidate with a strong desire to work in the fire and EMS field. It allows the cadet time and space to learn the holistic nature of fire and EMS duties, while earning necessary certifications for the job. The cadet will participate and support department community risk reduction activities, while also providing some needed administrative and operational support. While the cadet obtains their fire and EMS certifications, they will have the opportunity to be mentored on the job by an experienced Firefighter/EMT. The Cadet Program will pay a living wage with full-time hours (32 hours per

week) and offer health benefits. The goal is to provide a living wage and benefits to attract traditionally underserved and underrepresented people without the means to participate in a non-benefited position. The Fire Department will hire one cadet and evaluate growing the program when it is successful.

STANDARDS OF COVER STUDY

The Department and city staff offered a Request for Proposals (RFP) to solicit proposals to perform a Standards of Cover (SOC) Study. The Standards of Cover Study includes a Community Risk Assessment and the evaluation of Fire/EMS Services delivery.

The impetus for the SOC was to evaluate the need for Fire Station 4 (8500 95th Street S.) and how the city could better use the land the station occupies. The Department has transitioned all response to the Central Fire Station.

In addition to station location analysis and recommendations, the SOC will evaluate community risks, which will inform needs for the department. The SOC will evaluate and recommend optimized staffing levels and help determine response time goals based on the community's unique risks, demographics and location.

The Fire Department conducted a staffing study with Ethical Leaders in Action, which was presented in July 2023 to the City Council. This helped establish short and long-term staffing needs and goals. The SOC will further add to the specific staffing needs analysis for the City of Cottage Grove.

RECOMMENDATION

Continue to support the CGFD's 5-Year Staffing Plan by adding additional staff to increase coverage on each shift in the coming years to keep pace with our growing community and support our strategic goals.



5-Year Strategic Plan

Cottage Grove Fire Department
July 2024





Welcome and Introductions

Thank you, City Council and Cottage Grove!



The City Council has demonstrated great support for the department!

- Central Fire Station
- 24/7 on-duty staffing with 12 full-time firefighters starting in 2017
- Top of the line Aerial Ladder Truck (2020)
- Full-time Fire Marshal
- Initiated Phase 1 of strategic staffing plan (2024)
 - Increased to 15 full-time firefighters
 - 20-25 part-time firefighters with top percentile wages in the metro
- Much more!

Strategic Plan Process



- City council direction to create strategic plan
- Fire Leadership Team
- Department Meeting
- Local IAFF 2570
- Public Services Commission
- Directors' Feedback and Input
- Council presentation
- Approval and implementation
- Measure, review, revise

What do we want to accomplish?



The main goals of the workshop:

- Receive comment and feedback on the 5-year fire strategic plan
- Understand the importance of the 2nd Deputy Chief position
- Accelerated recruitment program – send EMT's to paramedic school (internal part-time candidate as priority)
- Acknowledge we have more work to do in the future about staffing
- Discuss the future of Station # 4 (standards of cover study)

Mission



The Cottage Grove Fire Department proudly serves the community compassionately providing protection of life and property. We do this with honor, professionalism, empathy, and community partnerships.



Mission Areas



- Fire Suppression
- Emergency Medical Services
- Community risk reduction
- Specialized response/rescue
- Department culture
- Firefighter wellness
- Financial and resource stewardship

Services/Missions Overview



Fire	EMS	Community Risk Reduction	Specialized Response
Structural Fire Suppression Wildland Firefighting Fire Training Hazardous Materials Response Vehicle Extrication Vehicle Accident Response Fire Fleet/Equipment Management Firefighter Wellness and Fitness Emergency Management NFPA Standards OSHA Compliance ISO Rating Credentialing	Emergency Medical Services - Transport Critical Care EMS Quality Improvement/Assurance EMS Training and Education Emergency Management Community Paramedic Programs EMS Training Program (EMR/EMT) Tactical Medical Response Credentialing Event Staffing/Stand-by EMS Fleet/Equipment Management Firefighter Wellness and Fitness	Code Enforcement (inspections) Plan Review New Construction Inspections Life Safety Inspections Fire Investigations Public Education Home Safety Programs Youth Fire Prevention and Intervention CPR and First Aid Training Public Outreach Car Seat Safety School Visits Community Events (e.g., Open House)	Water/Ice Rescue Rope Rescue (high/low angle) Confined Space Technical Rescue Mobile Field Force Radiological Emergency Preparedness

Vision



The Cottage Grove Fire Department will be an elite fire department that lives our mission to provide exceptional fire, emergency medical services, specialized response and community risk reduction services to our customers.



Vision Statement – Fire Suppression



Provide fire suppression services through assertive, strategic and tactically wise approaches that provide positive outcomes for those we serve while preserving firefighter health and safety.

Vision Statement- EMS



Provide EMS services that deliver high-quality care through a team of highly trained and skilled EMS Professionals dedicated to delivering exceptional outcomes for those we serve.

Vision Statement- Specialized Response



Be an all-hazards response fire department that can “solve the problem” anytime we are called for assistance.

Vision Statement-Community Risk Reduction



Be a department dedicated to holistic community risk reduction through genuine engagement with programs for all ages and backgrounds in our community. The department will do this in a meaningful way with unique attention to reducing outcome disparities.

Vision Statement – Workplace Culture



Be a fire department of choice represented by a diverse workforce that represents our community where professional development, genuine engagement and inclusivity of our team members are the foundation of our culture.

Vision Statement – Firefighter Health and Wellness



Be a department where health, wellness and safety are embedded in our culture. Firefighters embrace a holistic view of wellness including physical health, fitness, mental health, resiliency and nutrition while supporting personal growth for themselves and their team.

Vision Statement- Stewardship



Be a department that wisely uses resources and manages department growth to support and respond to a growing community. Be prudent stewards of financial, capital and human resources provided to the department. Leverage community and regional partnerships to accomplish shared goals. Create a sustainable fire department to support a community with competing needs.

Core Values



Individual

Competence
Integrity
Ownership
Professionalism
Service



Community

Accountability
Empathy
Partnership
Transparency
Trust

Team

Collaborative
Communication
Outcomes-focused
Supportive

Organization

Adaptive
Excellence
Inclusive
Progressive
Safe
Strategic

Strategic Goals, 2025-2030



Emergency Service Excellence	Community Risk Reduction and Outreach	People	Technology and Innovation	Growth
Fire Suppression	Fire Inspection and Code Enforcement	Culture	Technology	Growth Trends
Emergency Medical Services	Fire Investigation	Recruiting, Retention and Diversity	Equipment	Workload and Services
Specialized Response	Public Education and Fire Prevention	Training and Career Development	Practice and Policy	Adaptability and Innovation
	Community Paramedicine	Health and Wellness		Strategic Planning and Budgeting
	Branding and Communication	Safety		
		Recognition		

Strategic Goals – Measurement and Key Outcomes



Many of the key outcomes and success will be measure with statistical data and established benchmarks.



Success will be measured by:

- Recruiting and Retention
- Employee Wellness and Engagement (Employee surveys)
- Statistical Data
- Established Benchmarks
- Workload
- Response Time Data
- Out of Service Time
- Mutual Aid
- Community Surveys (See EMS survey)

Emergency Services Excellence: Fire Suppression



Strategic Objectives

- 1.1.1 Provide prompt response to fire incidents
- 1.1.2 Provide outcome-based fire suppression
- 1.1.3 Increase on-shift staffing to optimize service delivery
- 1.1.4 Maintain or improve Insurance Services Office (ISO) rating
- 1.1.5 Obtain department credentialing



All strategic goals included in the 5-year strategic plan handout.

Key Outcomes

- 1.1.1 Respond to all emergency fire incidents with a travel time (enroute to on scene) within six minutes at least 90% of the time.
- 1.1.2 Over 75% of structure fires are contained to the room of origin.
- 1.1.3.1 On-shift staffing meets or exceeds the staffing levels of comparable departments
- 1.1.3.2 At least four firefighters arrive on-scene of structures fires within six minutes at least 90% of the time
- 1.1.3.3 Effective response force arrives on-scene within eight minutes at least 90% of the time
- 1.1.4 Obtain and maintain an ISO rating of three or better
- 1.1.5 Become a credentialed fire department



Appendices

Staffing Plan
Fleet Replacement Plan
Station 4 Plan

Appendix A: Strategic Staffing Study



- 2019 Organizational Study
 - Leadership positions
- 2023 Staffing Study
 - Shift and front-line staff
 - Ethical Leaders in Action facilitated the staffing study

Staffing Group:

- Tony Khambata - City Councilperson
- Peter Koerner – Director of Public Safety
- Rick Redenius – Fire Chief
- Jon Pritchard – Deputy Fire Chief
- Nick Arrigoni – Fire Captain/Paramedic (Full-time)
- Peter Fischer – Fire Captain/Paramedic (Full-time)
- Mike McCoy – Firefighter/EMT (Part-time)
- Kiel Kwiatkowski – Firefighter/Paramedic (Part-time)



Strategic Staffing Plan



The goal of the fire department staffing plan is to have a reliable, sustainable and professionally staffed fire department to deliver exceptional service.

Reliable, Sustainable, Professional



Organizational study completed in 2019 recommended Fire Department leadership organization and structure.

- Recommended two Deputy Chiefs
 - Operations/EMS Chief
 - Training Chief
- Added Deputy Chief would be responsible for Professional Standards, Training, Development and Safety
 - Fire and EMS Training
 - Policy and procedures
 - Health, safety and wellness programs
 - Quality improvement
 - Initial academies, on-boarding and firefighter training (firefighter 1 & 2)

Recommendation



- Fire Department recommends adding Deputy Chief as soon as possible if funding allows
 - Utilize partial piece of Public Safety aid to fund
 - FY25 budget add proposed



Shift Staffing Recommendations

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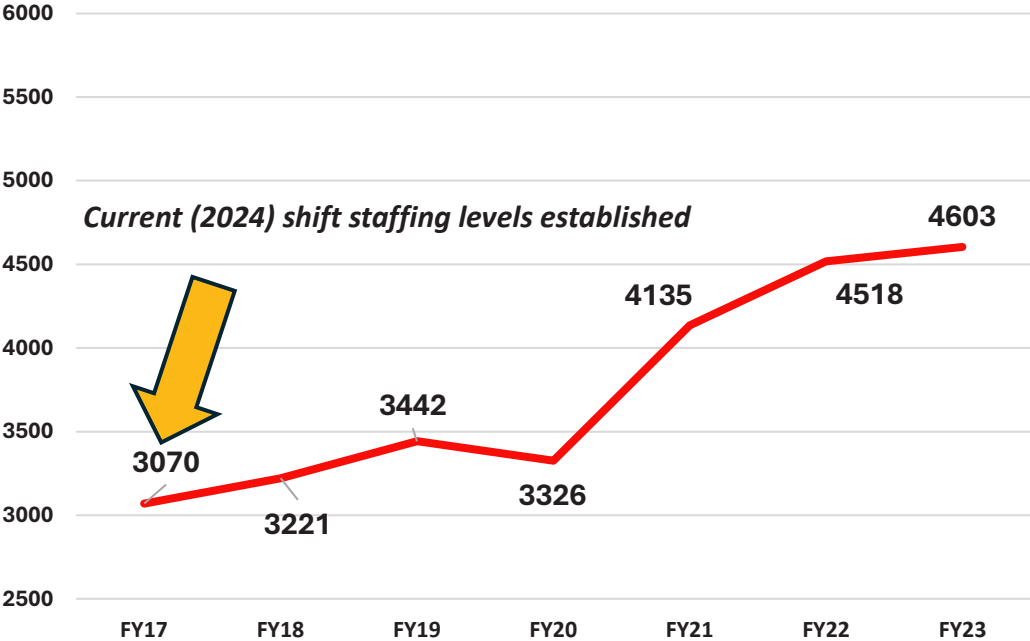


- Identify, plan and implement front-line shift-based staffing that meets the demands of the community
- Address all mission areas of the fire department
- Completed staffing plan and recommendations with Ethical Leaders in Action in July 2023
- Three phase plan:
 - Stabilization
 - Improvement (options for service excellence vs. cost containment)
 - Sustainment
- Population based staffing is based on **Cottage Grove population only**

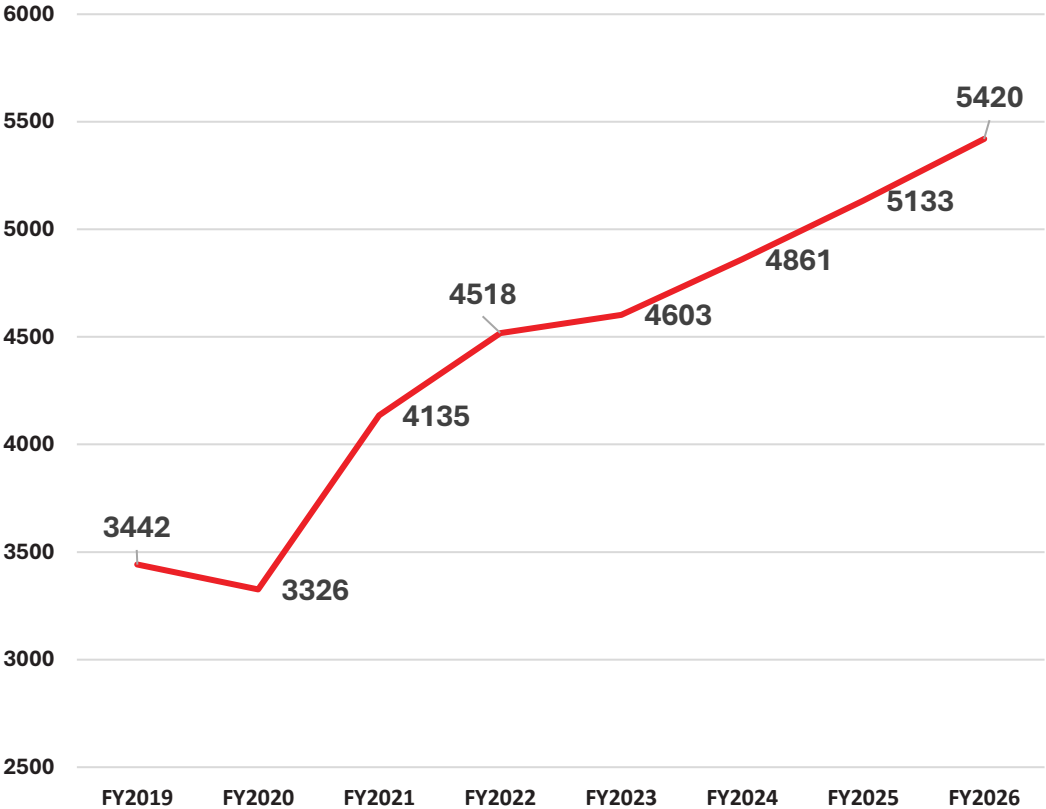
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Fire Department Call Volume, 2017-2023



Projected Call Volume, 2024-2026*



**Estimate 5.6% call increase per year
2024 YTD is: 8.3% (through May 31st)*

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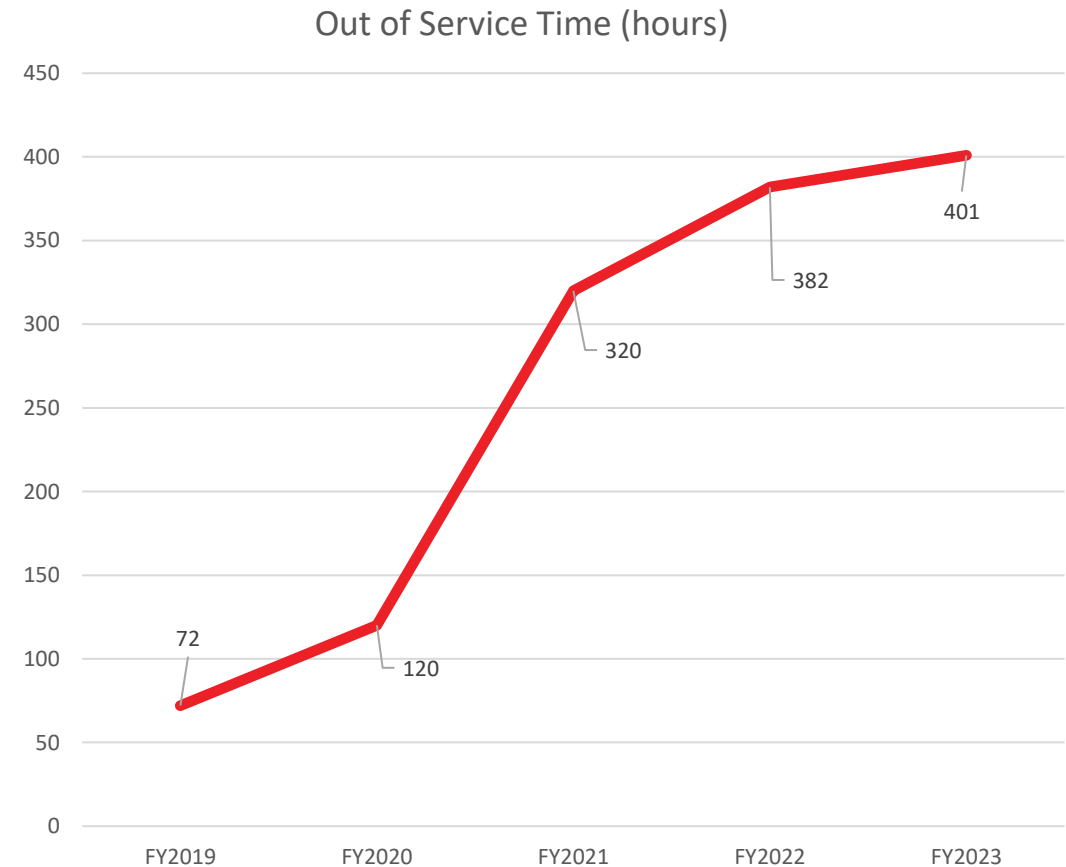
- Current state does not meet demands for emergency services or overall missions evidenced by:
 - Exponential call growth without matching staffing increases
 - Increased reliance on EMS mutual aid
 - Increased "out of service time" (overlapping calls)
 - Concerning fire ground staffing
 - Understaffed response to cardiac arrests and high needs medical calls
 - Difficulty completing all missions including public education, fire inspections and specialized response

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Out of Service time

- Measured when we do not have another crew staffed at the station
- Overlapping calls
- Significant incidents (house fire, cardiac arrest)
- Indicator of shift staffing ability to handle call volume
- 2023 equivalent to 16 days out of service
- 2023 daily minimum staff was maintained (4 or more people) all year



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Call volume growth factors

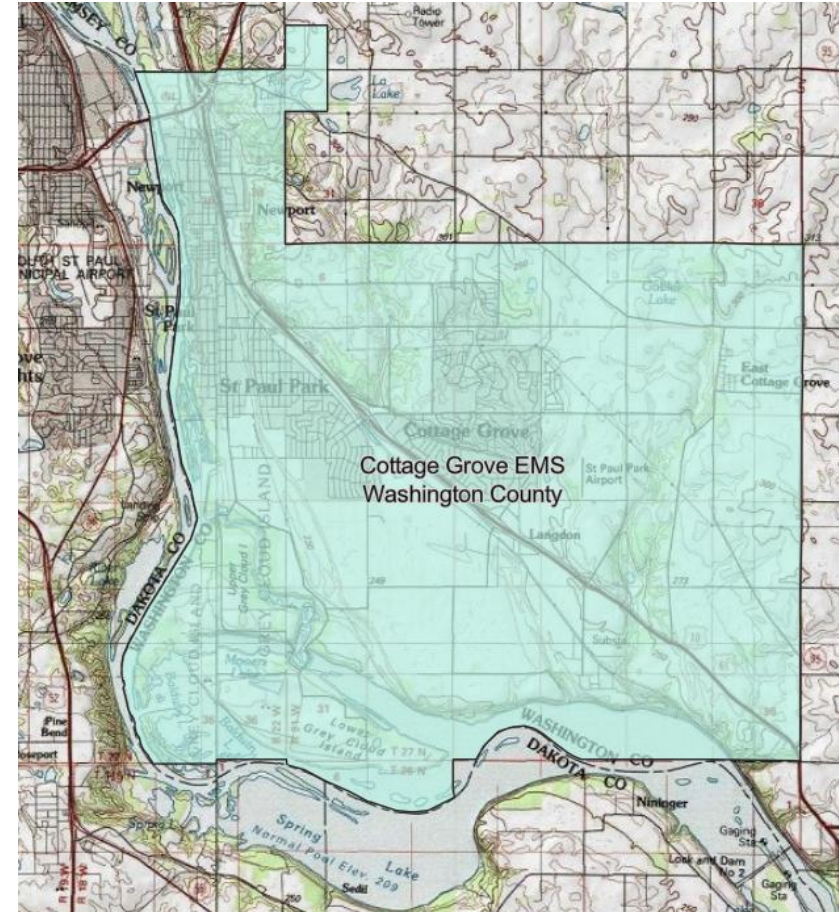
- Cottage Grove population increase
 - 21.6% since 2010 (2010-2023, US Census and US Census estimates)
- Cottage Grove EMS call demand increased 64% 2019-2023 (almost 1,200 EMS calls)
 - Higher Fire/EMS call utilization per 1,000 people in Cottage Grove has increased by 14% since 2019
 - 63 calls per 1,000 to 73 calls per 1,000
 - Increasing utilization factors
 - Cottage Grove aging population: 2010 to 2020 – increase of 3.5% (approximately 2,000 more older adults)
 - People over 50 account for 61% of EMS calls nationwide
 - Aging infrastructure and housing
 - Non-Cottage Grove PSA call volumes have not grown exponentially

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EMS Public Service Area (PSA)

- License is granted by the State of Minnesota
- Reformatting EMS oversight board
 - Passed 2024 Legislature
 - EMSRB to Office of EMS
 - More accountability of PSA and care delivery
- CG EMS PSA is Cottage Grove, Saint Paul Park, Newport and Grey Cloud Island



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Metro Comparable departments

- ALS Transporting Fire Departments Population 25,000 – 65,000
- Plan/approved additions
- On-shift firefighters only (does not include Chief/admin staff)
- All share EMS revenue issues



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Phase 1

- Converted 20-25 part-time positions to 3 full-time positions
 - It requires at least 7 part-time firefighters to fill one full-time position
- Focus on efficiency
- Optimize current shift staffing numbers
 - Does not increase firefighters per shift
 - Does offer more reliable coverage in long term with conversion
- 5 full-time firefighters and 1 part-time firefighter (24/7)
- Dissolution of part-time relief association helped fund
- Maintain staff of 20-25 part-time firefighters to staff part-time shift positions and call-back response
- ***2 ambulances with rarely cross-staffed engine***

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Part-time Firefighter Survey

After discussing options, the members were given a survey. The first question was are you supportive of the dissolution and payout offer? Nineteen (19) members voted “yes”, and six (6) members voted “no”. Members were also asked to “rank the following in order of importance to you with 1 being most important and 8 being least important.” The following is the ranking:

- 1. Higher hourly pay**
- 2. Experience pay (higher hourly rate for every 5 years of service)**
- 3. Bonus pay for every quarter in good standing**
4. Emergency shift-pick-up bonus
5. Reduced hourly requirement/no all-call quota
6. A part-time to full-time opportunity training system
7. Contributions to employee benefits
8. Professional development and training opportunities

(* Options 3, 4, 5, and 6 are all within 0.67 points average ranking) Top 3 Items are using one-time Public Safety Funds.)

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Part-time stabilization

- Part-time listening sessions and surveys in 2023
- Increased pay to match highest wages in Twin Cities Metro
- Coordinated PERA plan with three-year vestment (vs. five-year vestment)
- Decreased hour requirements to the lowest level to maintain basic competence and department coverage
- Decrease training requirements to lowest level to maintain basic competence and to maintain fire and EMS certifications
- Flexible training opportunities
- Increased access to training, uniforms and equipment
- Flexible scheduling
- Bonuses for exceeding call-back requirements (up to \$1,000 per year)

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Current hiring summary- Part-time

- Significant number of applicants
 - Requiring EMT has proven successful
 - Ride along program with local colleges and EMT programs
 - Expansive recruitment campaigns
- October 2023-two interview rounds
 - 20 Part-time interviews
 - 11 moved forward in process
 - 3 completed hiring process
 - 2 finished fire training (one was hired full-time with Cottage Grove)
- Spring/Summer 2024
 - 12 interviews
 - 7 moving forward in process

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Hiring summary- Part-time

- Barriers
 - Candidates finding full-time firefighter positions with other departments
 - Even with EMT, requires at least 6 months for firefighter training
- Solutions
 - Continue part-time recruitment efforts
 - Job postings online
 - Ride along programs
 - Local college recruitment
 - Provide pathways for part-time firefighters to move into full-time roles (model after CSO program) to attract candidates to work part-time while working towards full-time roles
 - Fire department has greatly improved hiring process and efficiencies

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Current full-time hiring summary

- Interviews in October 2023
 - Low number of applicants for full-time position
 - Identified four to move on in process
 - One complete process – started March 2024
 - Lost two to other departments
 - One did not complete hiring process
- Interviews March 2024
 - Low number of applicants again
 - Identified 6 to move on in process
 - Three will start August 5th
 - Lost one to another department
 - 2 did not pass pre-hire assessments
- Job re-posted July 1st
- Opened requirements to those without firefighter training and those currently in Paramedic training



JOIN THE COTTAGE GROVE FIRE DEPARTMENT

As a Career Firefighter/Paramedic

Career Development Opportunities

- Fire Captain
- Fire Investigator
- Fire Inspector
- Fire Instructor
- Field Training Officer
- Live Fire Instructor
- EMS Instructor
- ACLS/PALS/CPR Instructor
- Community Paramedic
- Critical Care Paramedic
- Fire and Life Safety Instructor
- Youth Fire Prevention and Intervention

Competitive Wages

2023: \$73,667 - \$92,105 (annual base)
2024: \$75,900 - \$94,861 (annual base)

Benefits

- Zero cost single health insurance
- 160 hours paid parental leave
- Vacation accrual at 304 hours/year to start
- Access to on-site workout facilities with on-duty usage
- Annual wellness assessment
- Bereavement leave
- Flexible Spending Account (FSA)
- Full initial issue of uniforms and annual uniform allowance of \$617
- Two sets of turn-out gear
- Bachelor's and Master's degree incentives

Schedule

Career Firefighter/Paramedics work 24-hour shifts and staff both fire and EMS apparatus. All team members rotate assignments each shift.

Apply by Oct. 16 at 3 p.m. at CottageGroveMN.gov/Employment



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Full-time hiring

Full-time barriers

- Pay difference with like departments
- Contract cycle- large increases in last two years for local departments (FY2023/FY2023)
- Staffing levels
- Difficulty attracting those “that want to work for us”
- Lack of support/pathway for part-time firefighters interested in becoming full-time Firefighter/Paramedics

• Solutions

- Hire current part-time Firefighter/EMTs and train to Paramedic
 - Allows for better opportunities for part-time firefighters to be promoted to full-time
 - Low budgetary impact (salary savings between EMT and Paramedic)
 - Recommend program to start immediately
- Labor contract should bring pay parity
- Continue and expand wellness initiatives, specialty assignments/opportunities, training opportunities

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Phase 2

- Increase on-shift staffing
 - Recommended over five to seven years to reach goals
- Offers options on what level of service is desired by the community
 - Emergency Services Excellence
 - Cost containment that limits full mission attainment
- Population based formula to plan for future needs (Cottage Grove population only)

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Phase 3: Sustainment

- Forecasting for future additions to allow for financial smoothing
- Maintain levels of service – allows for choices to maintain level of service
- Address shift-based staffing optimization long-term
 - Relief factors (20-30% of shift staffing)
 - Specialty positions
 - Revenue generation
- Aware of community characteristic changes may require changing staffing ratios per 1,000 people
 - More multifamily housing
 - Unique risks (specialized industry/business)

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Financial Impacts and Options

- Dissolution of part-time relief association and move to coordinated PERA has and will help fund
- Develop five-to-seven-year implementation plan to reach staffing goals
 - Complete stabilization plan first (FY2024-FY2026)
 - Strategize for future work (FY2026-FY2033)
- DHS/FEMA SAFER Grant would help take 100 percent of costs for three years, if awarded
 - Highly competitive and application must have meaningful and demonstrable impact on operations
 - Allow for financial smoothing over number of years

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Financial Impacts and Options

- City has been highly dependent on EMS revenue to reduce levy burden
- EMS revenue remains an issue
 - Driven by mismatch of Medicare/Medicaid reimbursements
 - Large volume of EMS transports are Medicare/Medicaid (increasing with aging population)
 - Significant work at state and national level to address
- Some municipalities in metro and nation are shifting costs from ambulance fund to general fund to maintain adequate level of service
 - EMS **supplements** Fire/Rescue services vs. traditional focus on **paying for**
 - Cottage Grove Fire and comparable departments have relied on as high as 70 percent-plus of fire department funding to be funded by EMS in the past

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Financial Impacts and Options

Consider developing a “fire district” (non-taxing district) with neighboring department(s)

- Staffing needs would remain but may allow sharing more costs-mostly stations and apparatus
- Less control of fire department – part of Joint Powers Board structure

EMS Service Changes (fire department does not recommend this)

- Would still require response to EMS calls as first response
 - Longer wait times for EMS transport
- Emergency response and EMS services would be negatively affected
- Staffing increases would still be required
- Could lose control of EMS license
- Would have to make-up EMS revenue with general fund



Fleet Replacement Plan

Fleet Replacement Plan



Develop a response-ready fleet that is reliable, sustainable and meets industry standards and best practices to support emergency services excellence.

Fire Apparatus Terminology: Engine



Initial response vehicle designed to pump and carry water to support initial fire suppression operations.

Engines serve as an all-purpose response vehicle to respond to a variety of emergencies including EMS, hazardous materials, vehicle accidents and other emergencies.



Fire Apparatus Terminology: Aerial Ladder



Highly specialized units that carry assortment of ground ladders, saws, forcible entry tools and other items to support fire ground operations.

Aerial trucks include a large integrated ladder (75 or 100 feet for Cottage Grove) with a water pump and water tank.

Aerial trucks allow for access to tall-buildings or buildings a long distance from a roadway.



Fire Apparatus Terminology: Tender



Tenders (sometimes with water pumps) serves areas without fire hydrants to transport water to the scene to support fire suppression. The current Cottage Grove tender holds 2,000 gallons of water.

Tenders with a water pump may serve as a secondary engine.



Fire Apparatus Terminology: Brush Truck



Brush trucks hold specialized equipment and a small fire pump to respond to wildland fire incidents.



Right-sizing Fleet



- “Right-sizing” the fleet has allowed for better apparatus utilization:
 - Selling Engine 1 will save in maintenance and equipment needs and costs
 - Required Engine 1 because of paid on-call model
 - Paid on-call models require more fleet and stations traditionally
 - Replacing Ladder 2 with an engine (vs. ladder) will save \$300,000+
 - Improved mutual aid plans (box alarms and auto-aid)
- Transferred Brush Truck, UTV and utility truck to Public Works:
 - Still have 1 brush truck and UTV to respond to wildland/brush fires
 - Required these additional trucks due to paid on-call model
- Fleet optimization allows for reduced equipment needs:
 - Reduced SCBA replacement costs by \$100,000
 - Reduced radio costs by \$30,000 plus decreased yearly costs (~\$3,000)
 - Other equipment savings of over \$50,000 per truck

Current Fire Fleet Replacement Schedule



Vehicle	Mfg. Date	Purchase Cost	Replacement Cost	Replacement Cycle	Proposed Replacement
Engine/Tender 3	1996	\$331,123	\$650,000	25 Years	2021
Brush 2/UTV 1	2014		\$100,000	15 years	2029
Ladder 2	2003	\$499,897	\$1,200,000	30 Years	2033
Engine 4	2012	\$454,300	\$900,000	25 Years	2037
Ladder 1	2018	\$1,300,000	\$2,000,000	30 Years	2048

Fleet Financial Options and Impacts



- Truck prices and lead times have increased exponentially
- Purchasing requires dedicated plan to anticipate lead times and price increases
- Replacement at 15-20 years
 - Less maintenance costs over life of the vehicle
 - Less down time
 - Better resale value
- Financial options to afford
 - Cash payment (no interest payments over 2-3 installments)
 - Traditional lease or lease to purchase
- Fire department plans to lease chief and administrative vehicles
 - Public works is utilizing this strategy

Fire Fleet Replacement Update Needed



- As response model has changed with trend to increased efficiencies, need for less equipment has become apparent:
 - Decreased number of trucks
 - Increased use per truck which will need more frequent replacement
 - Overall net savings
 - Only need for one ladder truck
 - Decreased replacement price tag to replace current ladder 2 with an engine
- Overall goal for current situation:
 - One Front-line Engine
 - One Ladder truck
 - One Tender
 - One reserve engine/call-back truck
 - One brush truck/UTV
- Staffing increases to recommended levels would not require more fire fleet based on this plan:
 - Staff would “hard-staff” current apparatus

Fire Fleet Replacement Schedule Update



Vehicle	Mfg. Date	Purchase Cost	Replacement Cost	Replacement Cycle	Proposed Replacement
Engine/Tender 3	1996	\$331,123	\$650,000	15 Years	2026
Ladder 2 Will be Engine	2003	\$499,897	\$900,000	15 Years	2023
Engine 4	2012	\$454,399	\$900,00	15 Years	2027
Brush 2/UTV 1	2014		\$100,000	15 Years	2029
Ladder 1	2018	\$1,300,000	\$2,000,000	20Years	2038

EMS Fleet Replacement



- EMS fleet efficiencies and optimization have supplemented right-sizing
- EMS fleet now supports firefighters to carry gear, SCBA and basic fire equipment:
 - Decreases need for large fire vehicles “to carry” firefighters
 - Allows reliable EMS response to all incidents
 - Cornerstone of fire-based EMS efficiency and superiority over single-role EMS
- Require fleet of three ambulances on six years rotation
- 4th ambulance may be needed in distant future (10-15 years), but current projections support three ambulances

EMS Fleet Optimization



- Converting back to van chassis from truck chassis
 - Shared decision making with Public Works Mechanics
 - Allows for most maintenance work to be completed at public works vs. outsourcing
- Future ambulances will be back to van chassis
- Significantly lower initial cost with van chassis



EMS Fleet Optimization

Vehicle	Mfg. Date	Purchase Cost	Replacement Cost	Replacement Cycle	Proposed Replacement
Ambulance 2 (remount)	2018 Chassis	\$62,943 (new chassis)	\$300,000	6 Years	2025 Currently on order
Ambulance 3	2018	\$220,000	\$300,000	6 Years	2026
Ambulance 1	2020	\$240,000	\$300,000	6 Years	2028*

*Due in 2026 but goal is to create cycle to purchase new ambulance every two years to target six-year cycle overall



Station 4 Evaluation

Station 4 Evaluation



- Station 4 is located at Jamaica Avenue and 95th Street
- Built in 1994
- Essential response station for previous paid on-call model
- With transition to shift-based staffing, the need as a response station diminished
- Station 4 is currently used to hold reserve apparatus and equipment
- No responders utilize station 4 currently

The logo of the Cottage Grove Fire Department is a red shield with a yellow border. At the top, the word "FIRE" is written in large, bold, black letters. Below it, a yellow banner contains the text "COTTAGE GROVE". In the center is a red Maltese cross with a yellow border. Inside the cross, the word "EST" is at the top, "1959" is at the bottom, and "COTTAGE GROVE" is written vertically on the left and right sides. At the bottom of the shield, another yellow banner contains the word "MINNESOTA".

Station 4 Evaluation



- Economic Redevelopment Opportunity
- Land has potential to sell
- Annual maintenance cost of station 4 is \$30,545
 - Includes utilities, maintenance labor, lawn/landscaping services, cleaning/waste management
- As building ages, it will require more costly repairs and maintenance
- Difficult to quantify costs: fire team labor time for station checks, basic maintenance, upkeep of station
- If needed for response use (overnight staffing), it would require significant costs to convert
- Location may not be optimal for future growth

Station 4 Recommendations



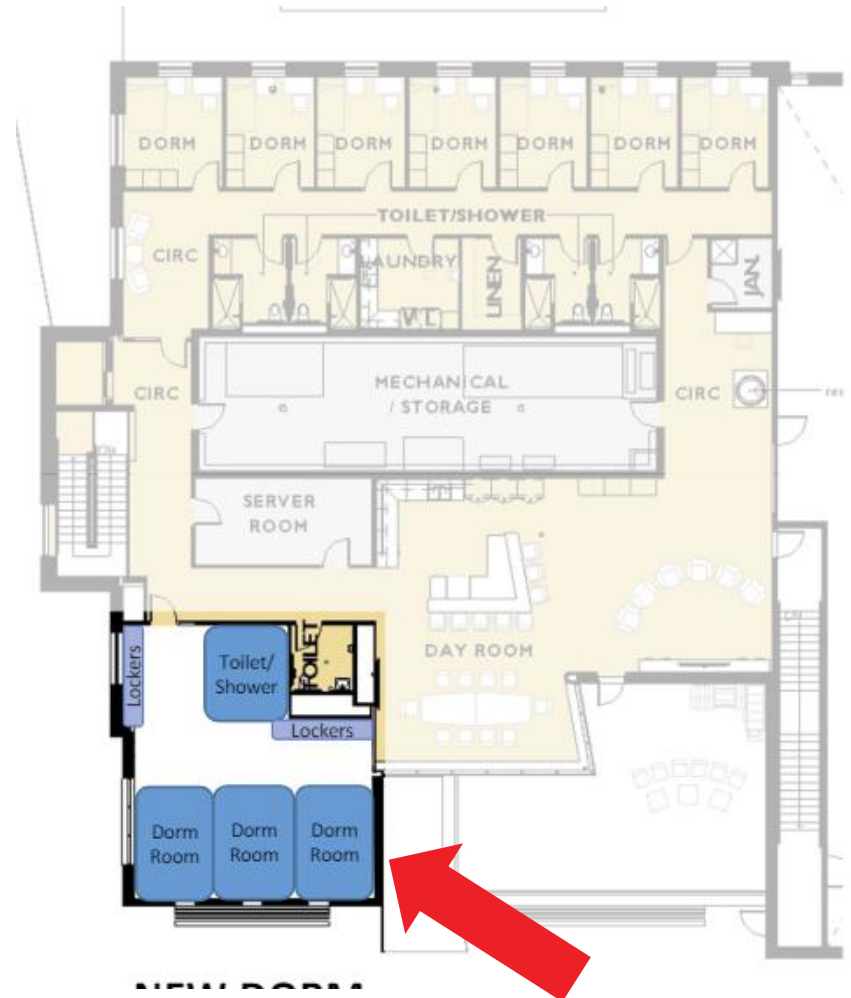
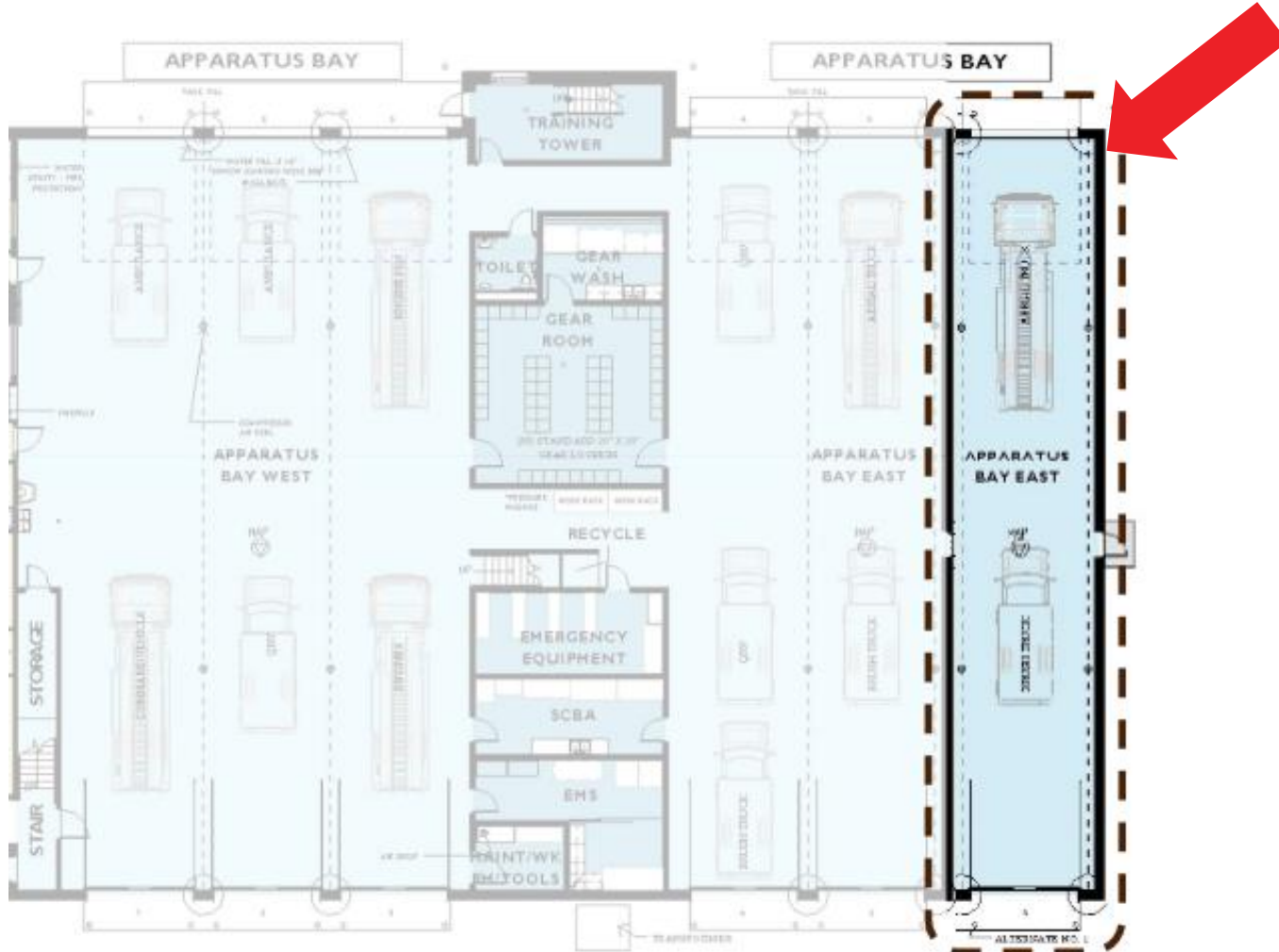
- Complete a Standards of Cover study by external party
 - Overall coverage analysis
 - Future fire facility needs
- Defer significant maintenance and repairs until study is complete
 - Continue needed maintenance and repairs for current operations
- If study supports station is no longer valuable to response model, consider other use or selling land
- Funds gained by sale of station 4 can be used to support funding Central Fire Station apparatus bay addition and remodel to allow for more on-shift staffing (to meet staffing increases long term)

Station 4 Recommendations

Central Fire Station Modifications



Additional Apparatus Bay



3 Additional Dorm Rooms

Discussion



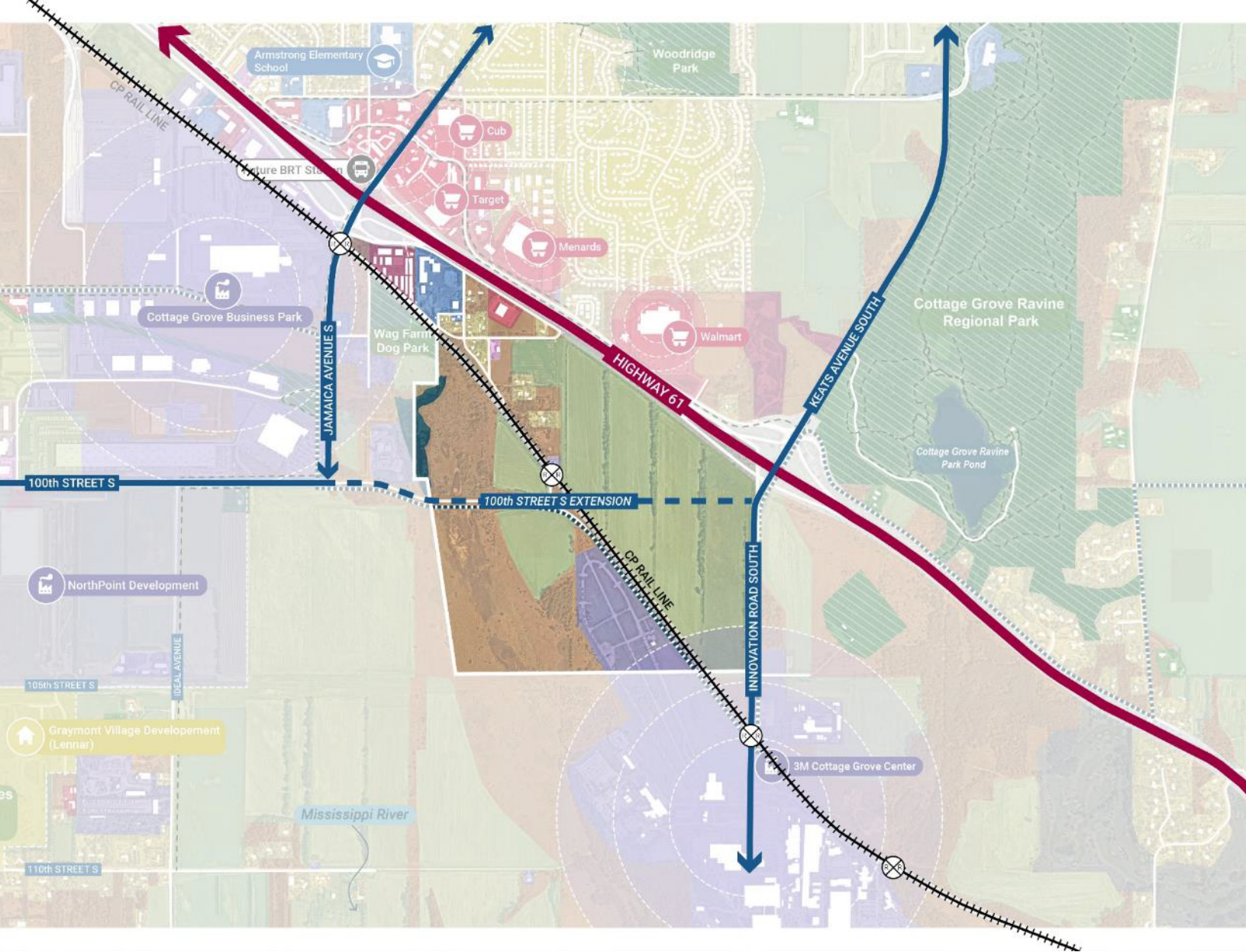


Thank You

Cottage Grove Fire Department
651-458-2850 | [CottageGroveMN.gov/Public Safety](http://CottageGroveMN.gov/Public%20Safety)



12800 Ravine Parkway South, Cottage Grove, MN 55016
www.CottageGroveMN.gov



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan



Draft | January 21, 2025

Acknowledgements

Thank you to the City of Cottage Grove staff, decision-makers, advisory boards and members of the public who provided direction and support throughout the process.



Oakwood Park

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INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan



Executive Summary

Vision Statement: Innovation Village offers a vibrant and dynamic neighborhood where residents can seamlessly blend living, working, and playing experiences in Cottage Grove. Our unique environment fosters synergy with nature and Cottage Grove's history, enhancing a sense of belonging.

This vision can be implemented through five themes that encompass the future values of Innovation Village.

1. Comfortable and connected walks
2. Variety of living options
3. Economic differentiation and growth
4. Distinctive spaces and places
5. Environmental stewardship

Why Plan? Washington County will be constructing an extension of 100th Street from Jamaica Avenue to Innovation Road, and the City of Cottage Grove will be extending a local road and utilities to the area. This plan anticipates increased development pressure shortly after this infrastructure is operational, expected in 2028.

Factors Driving the Innovation Village Concept Plan:

- ✓ An existing neighborhood called Langdon Village has a small town, historic character of buildings and roads that is valuable to maintain.
- ✓ Regional projections for 2050 include more than 13,000 more residents and 6,000 more housing units in Cottage Grove.
- ✓ While the City of Cottage Grove owns some key properties, most of the land is owned by 3M.
- ✓ Cottage Grove has less apartment development than comparable suburban communities.
- ✓ The Study Area is separated from trails and natural amenities by Highway 61 and a railroad corridor.

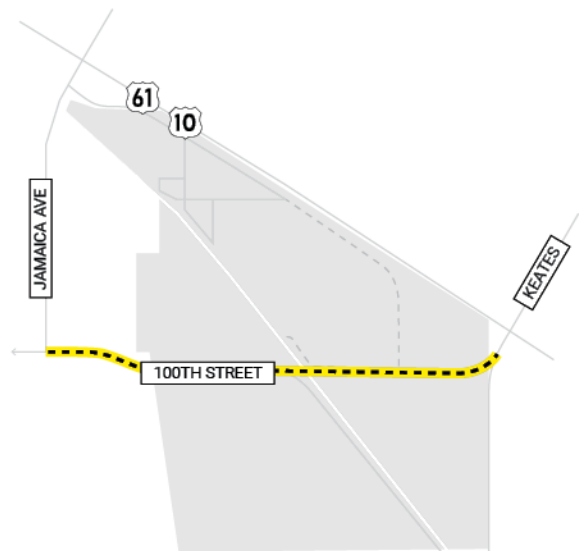
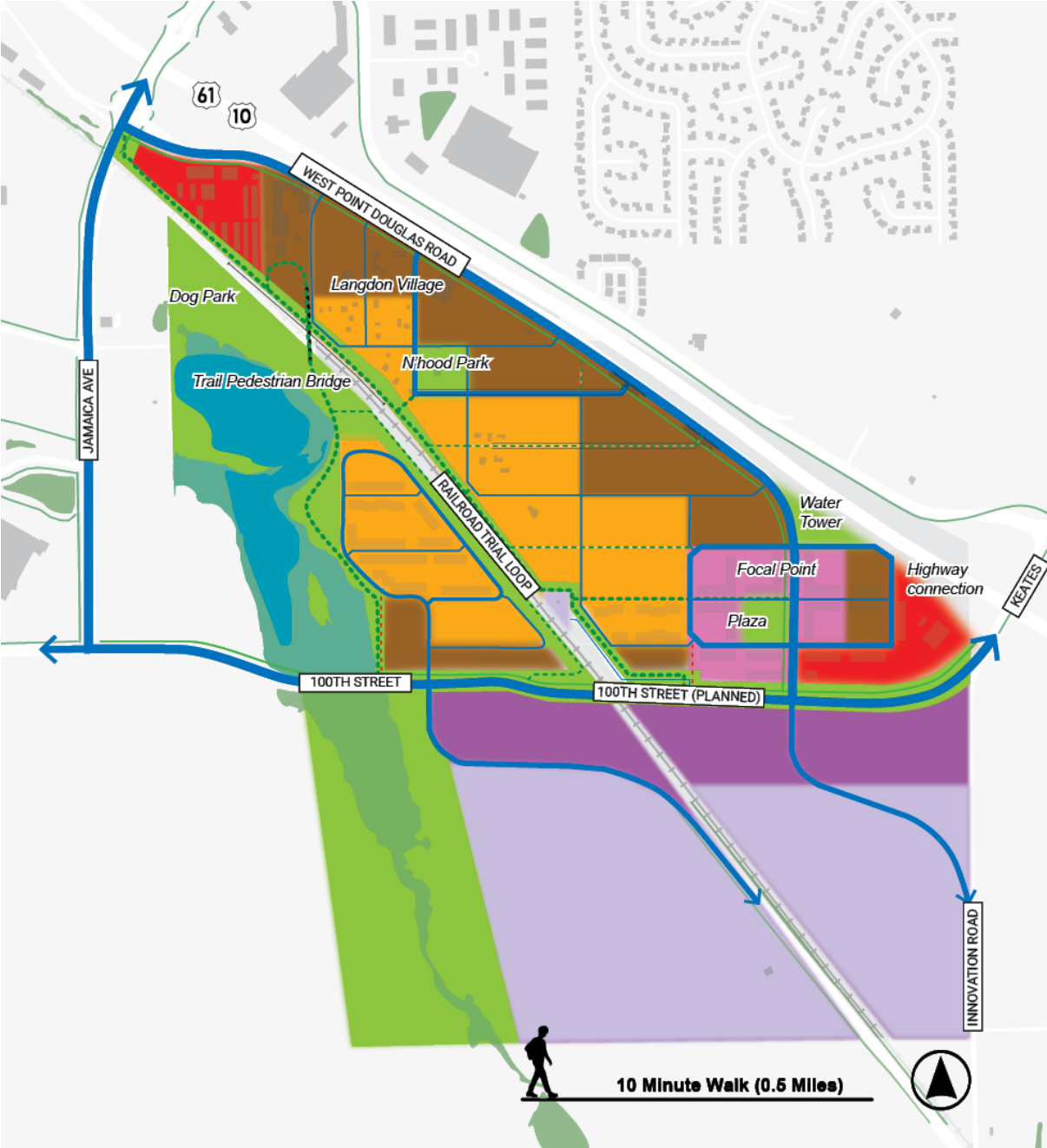


Figure 1: 100th Street extension through Study Area

Figure 2: Concept Plan



Legend

Mobility Network	Land Use	Environment
- Street (existing, planned) - Concept street - Trail (existing, planned) - Concept trail	- Mixed Use - High Density - Medium Density - Park - Industrial - Highway Commercial	- Waterbodies - Wetlands - Parks, open space

INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Concept Plan Priorities To realize the vision for Innovation Village, the Concept Plan is specifically designed to offer a highly amenitized residential neighborhood. It takes its cues from the physical characteristics and historic resources of Langdon Village and then expands diverse housing opportunities to meet market demands. Situated along Highway 61, it is one of the last primarily undeveloped areas of the city that has direct access to the highway and future bus rapid transit as well as proximity to existing trails, retail, and jobs. The following priorities have been included in the Concept Plan for this area:

- **100th Street Expansion:** 100th Street and West Point Douglas Road will greatly improve connectivity to and through Innovation Village. A network of local streets will make connections safe and comfortable within the neighborhood.
- **Housing:** Much of Innovation Village is focused on housing. It is an appropriate area to supply housing types that are in-demand, satisfy regional goals, and be relatively non-disruptive to existing neighborhoods. Higher density housing can line the highway and West Point Douglas Road with a mixed-use area in the heart of the Study Area, or the “Focal Point”. Areas further from transportation corridors and the Focal Point can support a mix of medium to high density housing that is built close to sidewalks with parking hidden within sites.
- **Mixed-Use Center:** The Focal Point establishes Innovation Village as a desirable place and increases demand for surrounding walkable housing. The Focal Point includes a public space for the community to gather. As the center of activity, it will accommodate neighborhood supporting retail in small concentrations.
- **Street Network:** Extending the existing street network of Langdon Village creates a dense network of connections supportive of walkability. The frequently spaced and narrow streets encourage slower travel speeds that support safety and comfort within a dense neighborhood.
- **Innovation Trail Loop:** The central transportation spine of Innovation Village is not a road but a trail. Lining both sides of the railroad tracks creates both a recreational amenity and transportation connection from an existing barrier. The trail connects both sides of the railroad tracks by the planned 100th Street overpass. A proposed trail pedestrian bridge creates a loop and connects the north side of Innovation Village with a popular dog park and an existing natural wetland.
- **Parks:** Existing and planned assets can provide park-like experiences and enhance further park investment. The railroad corridor, planned 100th Street extension, and natural wetland each provide an opportunity to line with landscaped trails. A plaza at the Focal Point creates a public gathering place with public art and programming. A neighborhood park near Langdon Village creates a more intimate, local-serving open space. Both of these parks connected by trails create a network of parks and open space that in sum are more valuable than their parts.

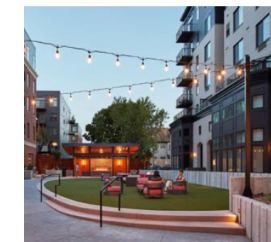


Figure 3: Visionary spaces

1 Introduction

1.1 Purpose

What is a Small Area Plan?

A Small Area Plan (the Plan) is a 10- to 20-year plan for a specific geographic area that sets a direction for topics including housing, jobs, parks and open space, transportation and mobility, and community design. It is both a pragmatic, step by step action plan intended to accomplish specific outcomes and an aspirational vision for an area.

The Plan identifies how the area will grow and change, and it is used by City staff and elected officials to guide decisions on issues like zoning, infrastructure investments, protections for the environment, economic development, and roadway and trail improvements. Small area plans also give current and future property owners and businesses confidence that their own private property investments align with a broader approved vision.

Why this Plan, and Why Now?

The bedrock purpose of a Small Area Plan is to protect public and private investment over time.

The [Southwest Arterial Study \(2021\)](#) analyzing the feasibility and alignment options for a Washington County roadway connection from Highway 61 to Lower Grey Cloud Island was completed, which determined a County Highway route from the interchange at TH 61 and CR19A (Innovation Road) to the Lower Grey Cloud Island via a new connection as shown in Figure 1. Preliminary engineering and public involvement for this project took place in 2022 and 2023, with road construction anticipated to begin in 2027.

This County roadway project and the City's concurrently planned extension of utilities through this area will open several hundred acres of land that was previously undevelopable or less suitable for development. In 2024, the City of Cottage Grove set out to complete this Small Area Plan to guide how the area should develop, through both public and private investments alike.

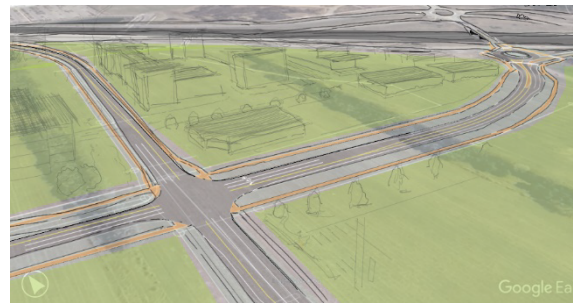


Figure 4: 100th Street extension and connection to West Point Douglas Road and Highway 61

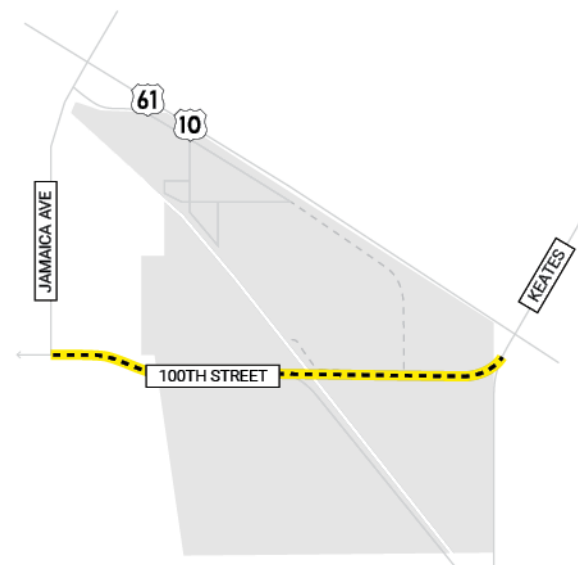


Figure 5: 100th Street extension

How Will the City Implement this Plan?

There are generally two ways a municipality like the City of Cottage Grove can implement a Small Area Plan. Both ways assume the City uses existing policy, regulatory, and public financing levers to see it realized over time.

The City may act **proactively** by:

- Making decisions for the future of publicly owned sites.
- Acquiring additional land at fair market value for public improvements.
- Programming streets, trails, parks, and other infrastructure into the capital budget over time.
- Updating the comprehensive plan and zoning to match the Plan's land use direction.

The City may act **reactively** by:

- Evaluating development proposals against this Plan (responsibility of City Planning Staff and the City Council).
- Guiding property owners on land use and zoning if/when they want to sell.
- Requiring developers to build necessary infrastructure as part of their development plans.
- Working with developers on how to maximize the benefit of their park dedication fee.

Once adopted, both the public and private sector can make investments in reliance of this Small Area Plan.

This Plan is aspirational!

- *Not all ideas presented in this Plan will be implemented*
- *Other ideas not included in this Plan may be completed*
- *Some ideas require private property to implement*

1.2 Study Area Context

History

Washington County Historical Society describes a storied history for the Study Area - it was once a lively railroad village, known as Langdon, which grew around a station along the St. Paul & Chicago Railroad constructed in 1869 between Hastings and St. Paul. Langdon was platted in 1871 and was a bustling trade center and shipping point that had an elevator and feed mill, hotel, school, church, blacksmith shop, and the original Cottage Grove Town Hall. It was home to one of the first creameries in Minnesota, Langdon Butter and Cheese Factory. The hub naturally quieted down over time as the railroad became a less dominant feature and method of transport.

Study Area Description

The Study Area (see Figure 7) is centrally located within the City of Cottage Grove, 17 miles from downtown St. Paul and just 7 miles from Hastings.

It covers 475 acres on the southwest side of Highway 61 between Jamaica Avenue and Innovation Road, to the north and south of 100th Street and its planned extension. Bounded by the highway on the northeast, the Study Area follows existing property lines, with 3M's Cottage Grove facility just 0.5 miles south of the Study Area's southern limit. A prominent element, the Canadian Pacific Kansas City Railway (CPKC) right-of-way (ROW) bisects the Study Area, separating wetlands and other waterbodies on the west side of the railroad ROW with agricultural land and the area's few existing buildings on the east side, including the Langdon Village residential area, two local historic sources in the original Town Hall and school, and a handful of light industrial uses nearest Jamaica Avenue.

Area Character

To the west of the Study Area is the city's most prominent and fast-growing business park. Jamaica Avenue is heavily traveled by trucks. A dog park is nestled between Jamaica Avenue and the Study Area, south of the railroad right-of-way. Northeast across the highway is the Washington County-owned Cottage Grove Ravine Regional Park, featuring 515 acres of hills and dramatic, heavily-wooded ravines. The 3M facility sits southeast near the river, and is a major landowner within the Study Area and south to the facility.

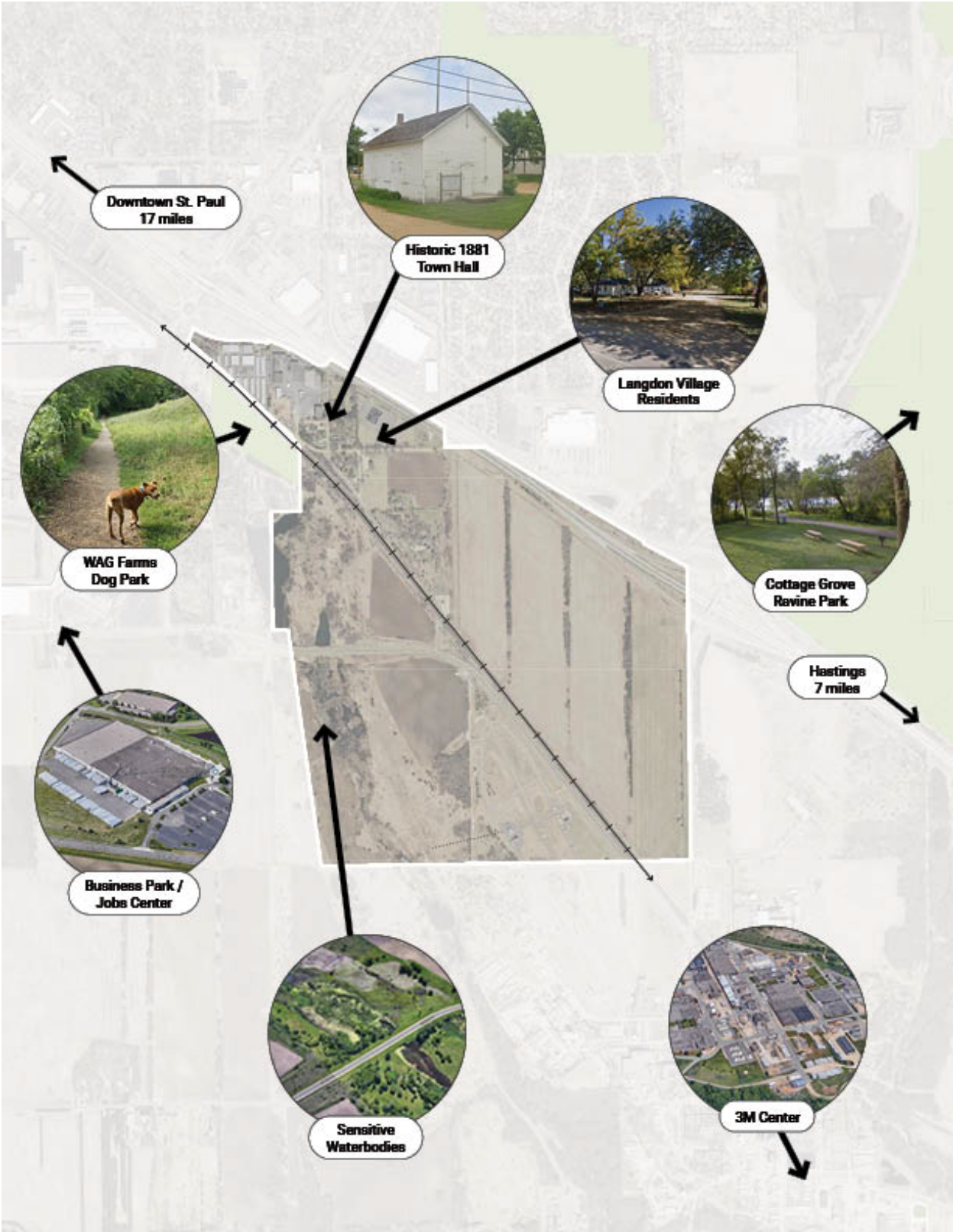


Figure 6: Historic Plat of Langdon Village



Figure 7: Study Area in relation to the City of Cottage Grove

Figure 8: Study Area existing conditions



1.3 Relevant Planning Studies

As this section details, plans for the Study Area have evolved significantly over the years, first envisioned by the Red Rock Corridor Plan in 2012 as a high-density mixed-use neighborhood around a commuter rail station, then re-studied in 2018 as a proposed transit station (reimagined as bus rapid transit) moved to the north side of Highway 61. The future of this area is now more certain in regards to transportation and associated infrastructure improvements, with the planned 100th Street extension having an anticipated construction timeline beginning in 2027. Landowners and future developers require more detailed and current guidance for property investment.

Cottage Grove 2040 Comprehensive Plan (2018)

Purpose: To guide residential, commercial, and industrial growth over time in order to direct City decision-making for investments in community infrastructure and services.

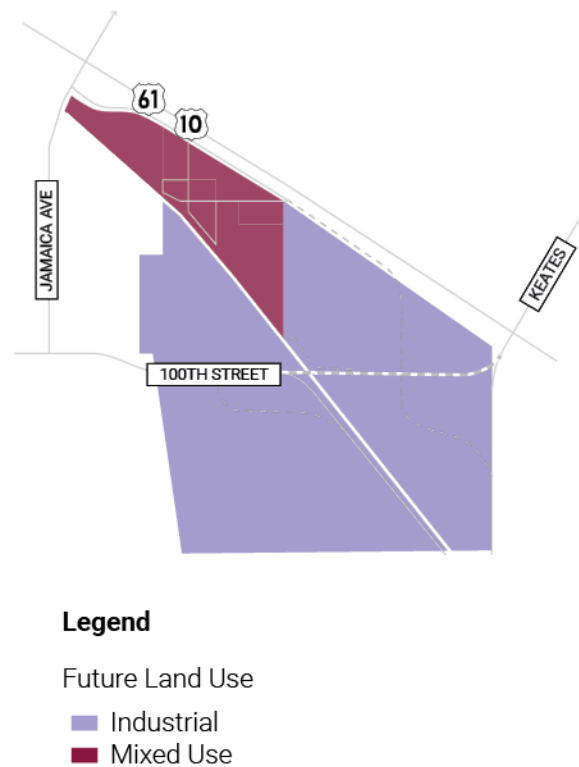
Key Findings: As a rapidly growing suburban community, the comprehensive plan balances policies to preserve and enhance Cottage Grove’s unique character while preparing for more residential growth.

The City’s 2040 Comprehensive Plan, adopted in 2018, includes mixed-use and industrial land use guidance for the Study Area and a more detailed vision for its future, described as a “walkable mix of commercial and community businesses and activities, serving a new higher density neighborhood as well as the broader city. It could expand Cottage Grove’s retail, both in terms of land area, and in terms of offering a different character of retail development.”

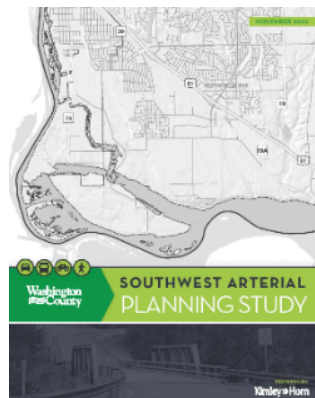
As one of the designated “Areas of Future Land Use Change” in the comprehensive plan, mixed-use areas like Langdon Village have been created in suburbs like Cottage Grove, but they are challenging from a development perspective. Their distinctive character, and high amenity level, is important for achieving the rents that make the multifamily development work. And yet, retail stores require a certain amount of residential density and pedestrian traffic to do well. Assertive steps and patience are required on the public sector side and an innovative master developer may need to be identified as a private sector partner.

The last two comprehensive plans assumed a Red Rock station in this area but that transit amenity has subsequently been moved north of Highway 61. The current plan maintains the mixed-use land use designation for Langdon Village but benefits from a revised land use definition that characterizes a mixed-use district with a focus on pedestrian orientation and complementary uses.

Figure 9: Future Land Use guidance (2018)



Southwest Arterial Planning Study (2020)



Washington County and Cottage Grove long-range plans have identified the need for an arterial highway running from Grey Cloud Island to U.S. Highway 61 in Cottage Grove.

Purpose: To understand the current and future transportation needs and determine a route for a future arterial roadway to serve southwest Washington County.

Key Findings: The preferred Concept Alternative selects the 100th Street extension between Jamaica Avenue and Innovation Road as the Segment 1 (between Jamaica Avenue and Innovation Road) route.

Sections of 100th Street have already been constructed west of the rail corridor in the Small Area Plan Study Area through the Jamaica Avenue intersection.

Red Rock Corridor Commuter Rail – Station Area Plan for Langdon Village (2012)

Purpose: Conceptual station area plans for land use, connections, and green space.

Key Findings: The long-term vision for Langdon Village Station Area Plan included parking facilities for 850 commuters, 677 housing units, an estimated 1,192 new jobs, 686,500 square feet of mixed use development, 62,500 square feet of commercial development, and 11,500 square feet of civic/institutional/office development.

While Langdon Village will no longer be home to a potential transit station along the rail corridor, it is important to acknowledge that this plan looked to the Station Area Plan as a starting point, carrying forward the following elements:

- Housing: several hundred housing units proposed
- Public Space: planned parks, public open space, green corridors, and trails
- Jobs: new jobs
- Mixed-use development



Figure 10: Red Rock Corridor Commuter Rail – Station Area Plan for Langdon Village (2012)

Additional Relevant Planning Studies

Jamaica Avenue Small Area Plan (2018)



Purpose: To prepare a planning study and vision for the area around a proposed bus rapid transit station at Highway 61 and Jamaica Avenue.

Key Findings: Developed a vision, short-mid-and long-term development opportunities, mobility improvements, and implementation strategies for the Jamaica Avenue Study Area.

In 2016, the Red Rock Corridor Commission adopted an Implementation Plan that outlined steps to implement bus rapid transit in the corridor, and subsequently adopted small area plans along the corridor, including the Jamaica Avenue Small Area Plan. This Plan updates and replaces the 2012 Station Area Plan for Langdon Village and is used as a planning tool for the area surrounding the proposed Red Rock BRT station in the NW quadrant of the Jamaica Ave/Highway 61 interchange.

Historic Preservation Strategy Report (2021)



Purpose: To document and preserve Cottage Grove's historic resources.

Key Findings: The City's Register of historic sites and landmarks includes the original Cottage Grove Town Hall (located at 9540 Islay Avenue) and Langdon Consolidated School (located at 8839 95th Street), both within the Study Area.

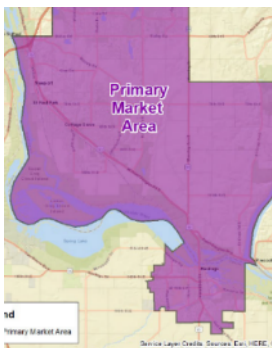
The Shoppes at Cottage View (2023)



The Shoppes at Cottage View is a proposed development plan spearheaded by the City of Cottage Grove that includes 73 acres of commercial and residential development in the northwest quadrant of the Highway 61 and Keats Avenue interchange.

How will Innovation Village be different from the Shoppes at Cottage View? While the Shoppes are envisioned to attract more national chain retailers, as described later in the Plan, Innovation Village's mixed-use area intends to attract more local, unique, or destination retailers.

Comprehensive Housing Needs Analysis (DRAFT 2025)



Purpose: To analyze demographic and economic characteristics, building stock, and building permit trends to understand the amount and type of housing that should be developed to meet the needs of current and future households.

Key Findings: Cottage Grove's near-term growth is led primarily by the Millennials and Baby Boomers which will result in demand for housing types at opposite ends of the residential continuum, including adult (55+) rental and for-sale homes in addition to households wanting to purchase their first home or move-up. As low-density land supplies decrease, it is important to identify areas where there will be increased density to accommodate a higher number of housing units.

2 Existing Conditions Analysis

No planning process starts with a blank slate. The Existing Conditions Analysis for the Innovation Village Study Area examined critical drivers like regional and citywide demographic trends, applicable zoning and policy regulations, development market indicators, and constraints and opportunities in the physical environment. The key takeaways highlighted below are a quick snapshot of the foundational details that shaped the small area plan, and the corresponding details can be viewed in more detail in subsequent sections of this chapter.

Figure 11: Existing Conditions Key Takeaways

MEDIAN HOUSEHOLD INCOME



Cottage Grove households tend to be middle to upper income.

POPULATION & HOUSEHOLD GROWTH



Cottage Grove has grown in population and households since 2010 and is projected to add more than 6,000 more housing units and 13,000 residents by 2050.

INDUSTRY



The Study Area would be a desirable location for additional industrial development because it would offer additional large sites and easy access to Highway 61. However, Industrial development in the Study Area would dampen market demand for other development types. 21st century tech and innovation businesses would meet need for higher wage jobs.

HOUSING



Cottage Grove has begun to attract a share of the Twin Cities suburban apartment development. Access from new 100th street extension, railway corridor, distance from highway and being surrounded by natural features makes it ideal for residential development.

The Study Area is attractive for multifamily rental housing at a range of scales, from single family rental through midrise apartment buildings.

RETAIL



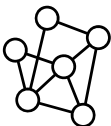
Demand will grow significantly as Cottage Grove's population grows. Most new retail will prefer to the north side of Highway 61 since more residents live north of the highway. To entice retail to the Study Area, it either needs to be highway-oriented businesses, or of a distinctive character in an attractive physical context.

HOTEL



The City's 2022 hotel market study determined that the Cottage Grove market context would likely support the addition of a hotel near the Study Area. An amenity-rich mixed-use development would benefit from this.

CONNECTIVITY



Proposed 100th Street Extension, existing Railway Corridor, extended biking and walking corridors further enhance the connectivity of the Study Area.

Access from Highway 61 makes the Study Area more attractive for retail and mixed use along the highway corridor.

Addition of trails and biking connections will help utilize the natural wetland features and waterbody for public access.

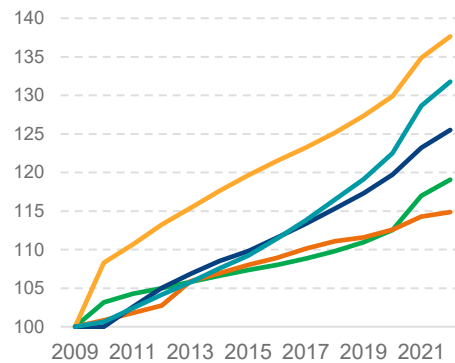
2.1 Demographics & Economics

To better understand trends in population and market conditions in Cottage Grove, this section uses a set of similar peer cities in the region to compare characteristics as well as the Minneapolis/St. Paul (MSP) Metropolitan Area overall. This ensures that the analysis is not performed in isolation of larger demographic and economic trends.

Population and Households

Cottage Grove has grown in population and number of households since 2010. While there has been fluctuation in population and households over this period, overall Cottage Grove's population has grown by roughly 20 percent over the period, with a distinct surge since the onset of the COVID pandemic. The household growth trajectory has followed a similar pattern. (Source: ACS 5-Year Estimates, 2009-2022)

Figure 12: Population Indexed Value Chart



Population by Age Bracket

Legend

Peer Cities

- Cottage Grove
- Rosemont
- Lakeville
- Woodbury
- MSP

Cottage Grove has a younger population than the metropolitan area as a whole. Thirty percent of its population are from 0 to 19 years old. (Source: ACS 5-Year Estimates, 2022)

Figure 13: Household Index Chart

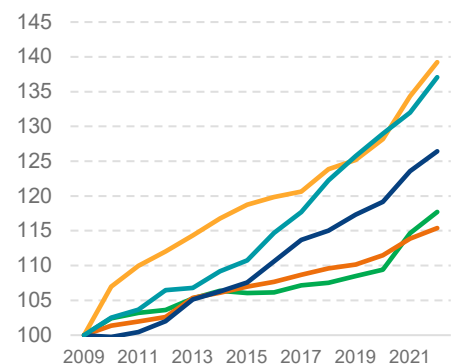
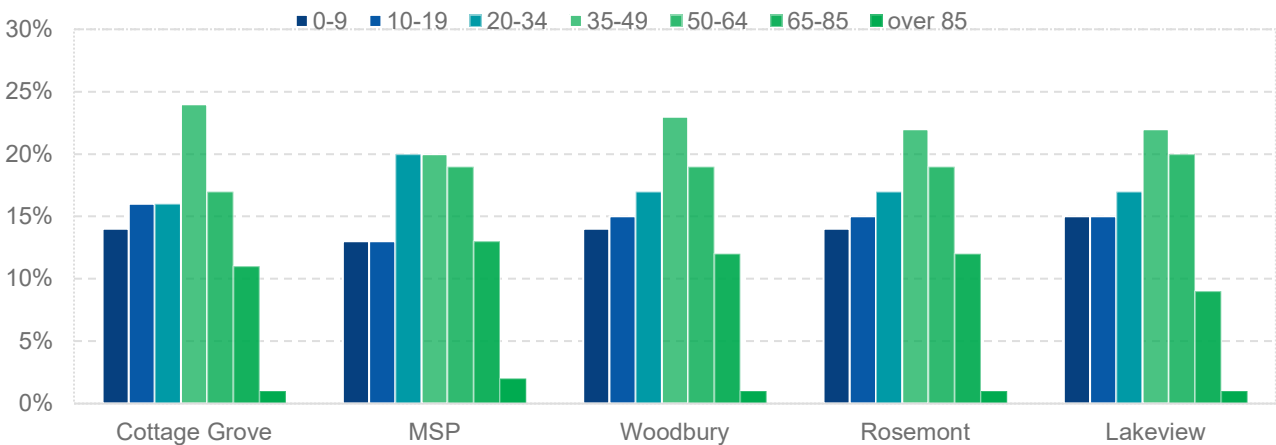


Figure 14: Population by Age Bracket



Household Income

Cottage Grove households tend to be middle to upper income. The comparison cities are similar, although they have a greater share of households in the highest income bracket, as well as a stronger contingent of low income households. (Source: ACS 5-Year Estimates, 2022)

Figure 15: Median Household Income Chart

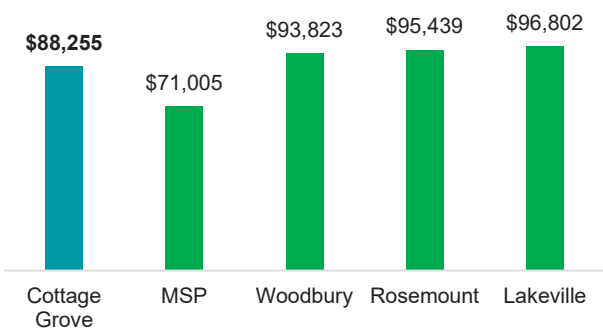
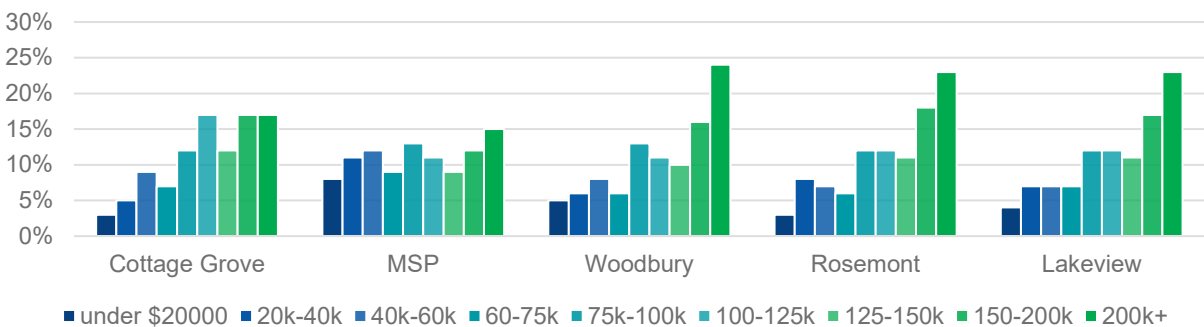


Figure 16: Percent of Households by Household Income Bracket Chart



Household Structure

Cottage Grove and Lakeville have the youngest median age and largest average household size among peer cities. Married couples represent a high share of Cottage Grove's household mix. (Source: ACS 5-Year Estimates, 2022)

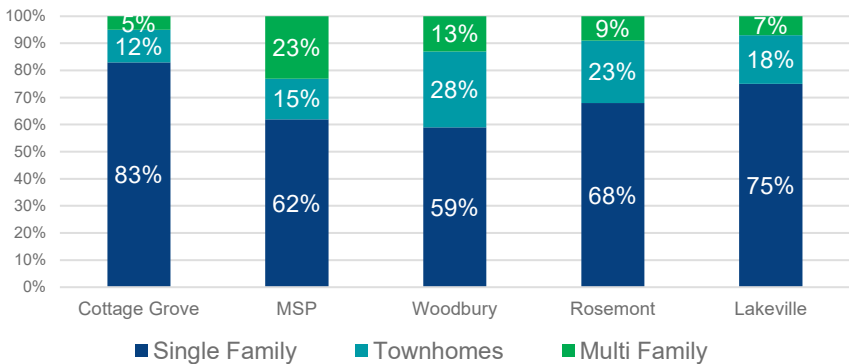
Figure 17: Household Structure Chart



Housing Type

Single family homes are the predominant housing type in Cottage Grove. The peer cities have experienced more apartment development than Cottage Grove. (Source: ACS 5-Year Estimates, 2022)

Figure 18: Housing Type Chart



Industrial Composition of Employment

New economy low wage jobs and blue collar jobs predominate in Cottage Grove employment. New economy low wage employment is likely centered on the retail sector businesses in Cottage Grove’s two destination retail districts. Employment in blue collar industries includes jobs at the longstanding 3M campus, and in Cottage Grove’s growing business park. (Source: OnTheMap, 2002-2020)

Figure 19: Industrial Composition in Cottage Grove Chart

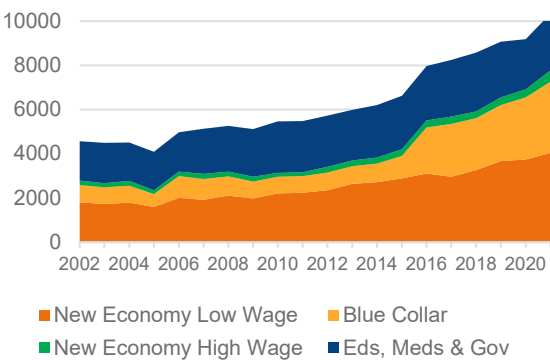
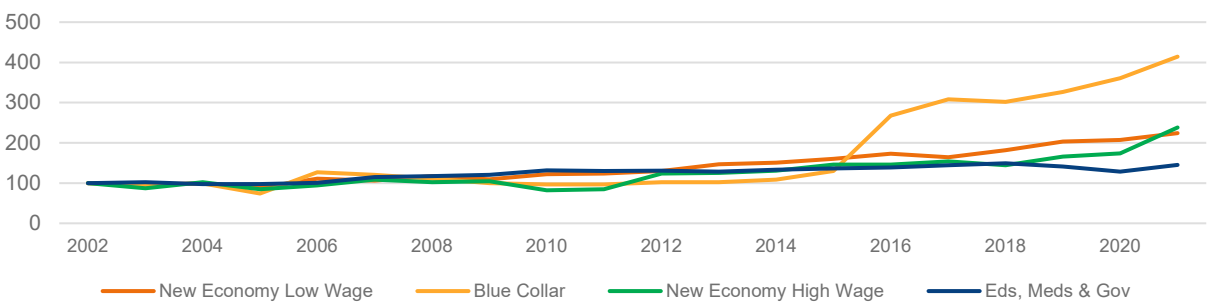


Figure 20: Industrial Composition: Indexed Chart



Commute Patterns

Cottage Grove is primarily a residential community with a small overlap between those who live and work in Cottage Grove. (Source: ACS 5-Year Estimates, 2022)

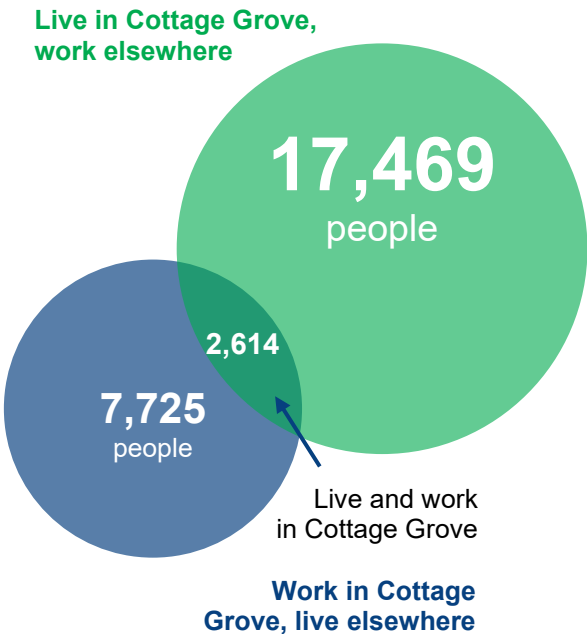
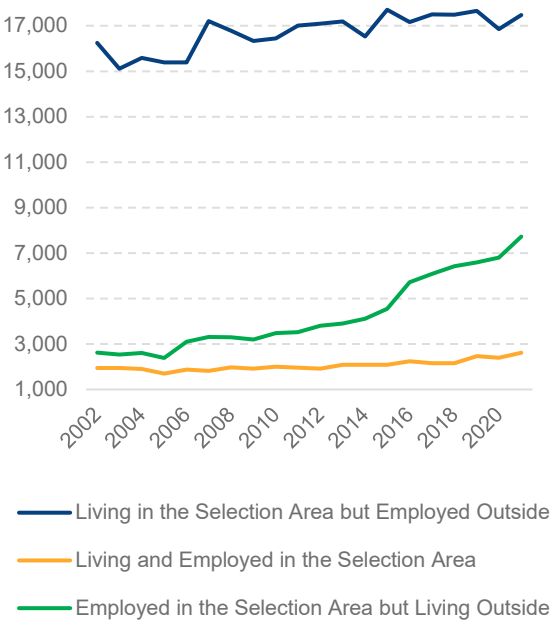


Figure 21: Commuting Patterns



2.2 Market Conditions

Housing Growth

The pace of housing growth is surging in Cottage Grove. Single-family homes continue to dominate new construction. (Sources: ACS 5-Year Estimates, 2009-2022, SOCDs Building Permits Database)

Figure 22: Annual Net Change in Housing Units by Year Chart

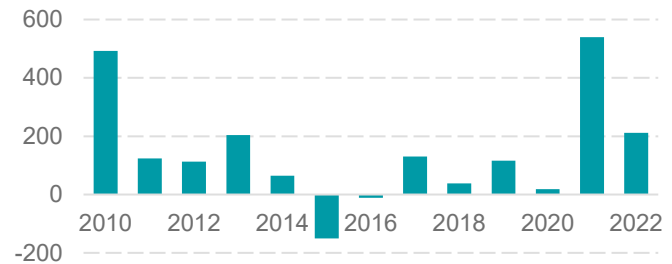
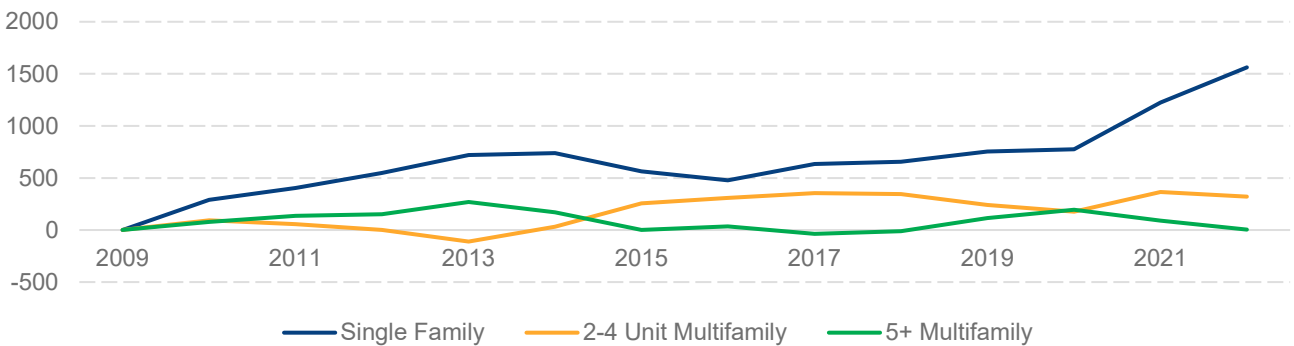


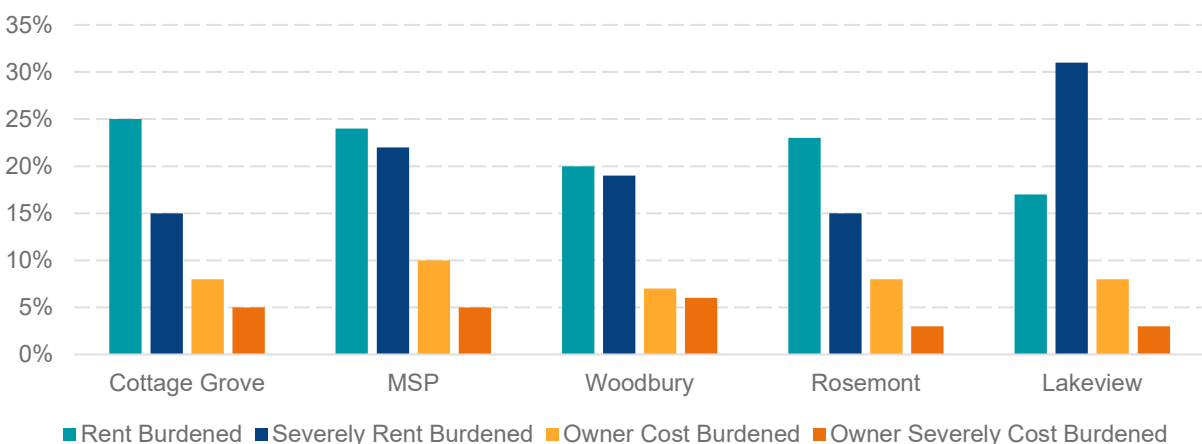
Figure 23: Housing Units Growth Projection Chart



Housing Affordability

Rent and home values in Cottage Grove have been on the rise since 2014. The federal government defines cost-burdened households as those who pay more than 30 percent of their income on housing costs. Severe cost-burdened households pay more than 50 percent of their income on housing costs. In Cottage Grove, 40 percent of renters and 13 percent of homeowners are cost burdened. (Source: ACS 5-Year Estimates, 2022)

Figure 24: Cost Burdened Households



2.3 Physical Conditions

Zoning and Future Land Use Guidance

The Study Area is primarily zoned for industrial uses, with a pocket of single-family residential zoning and commercial zoning along a stretch of the highway. The Future Land Use guidance generally follows the zoning with the exception of a pocket of Mixed-Use direction in the Langdon Village area.

Legend

- Current Zoning
- I-2 - Heavy Industrial
 - I-2 - General Industrial
 - B-2 - Retail business
 - R-3 - Single Family



Figure 25: Zoning Map

Ownership

Most of the City-owned properties are vacant or nearing the end of their useful life. 3M-owned property in the Study Area is either farmland or environmentally sensitive areas. The residential area is the Langdon Village neighborhood and includes two identified local historic resources.

Legend

- Ownership (2025)
- 3M
 - Individuals
 - City of Cottage Grove
 - 9165 Point Douglas LLC
 - Acorn Mini Storage LLC

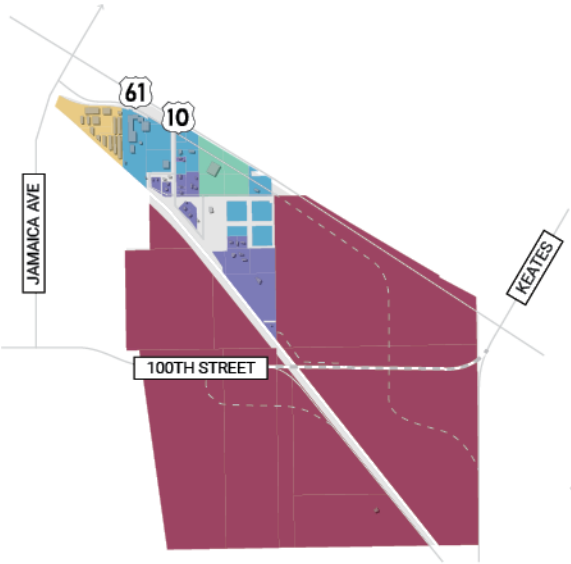


Figure 27: Ownership (2024) Map

Mobility

Vehicle connections through the Study Area are limited. Biking and walking connections are included on the periphery of the area, but new paths (in yellow) will be created along 100th Street and connector roadways. The rail corridor (diagonal white line) cuts through the middle of the Study Area.

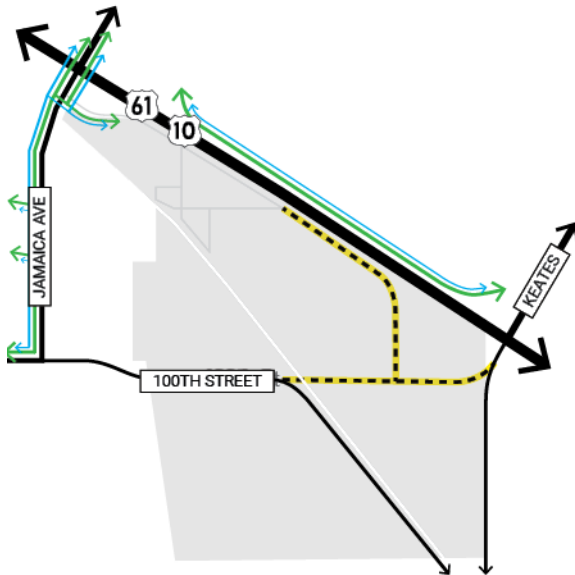


Figure 31: Mobility network, existing and planned

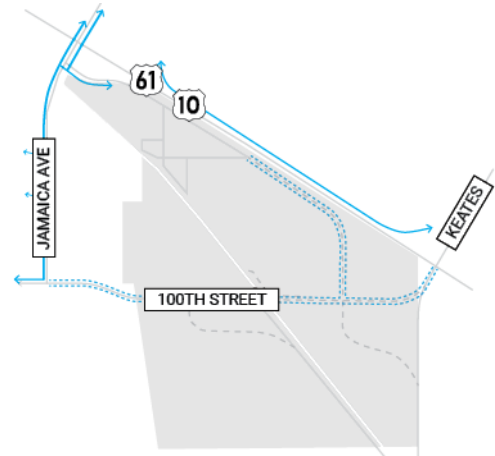


Figure 28: Pedestrian network

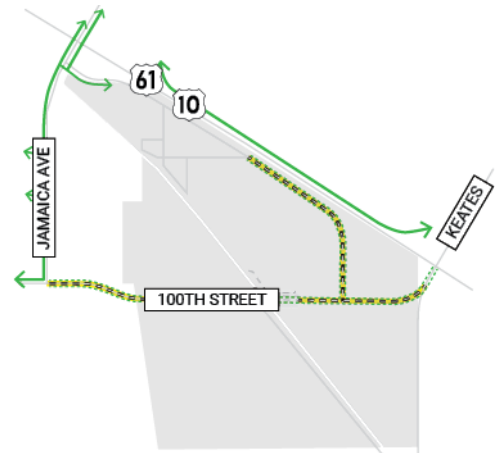


Figure 29: Bicycle network

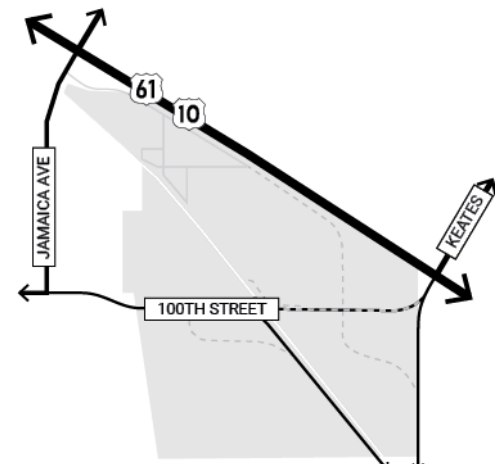


Figure 30: Auto network

Figure 32: Mobility Map



Legend

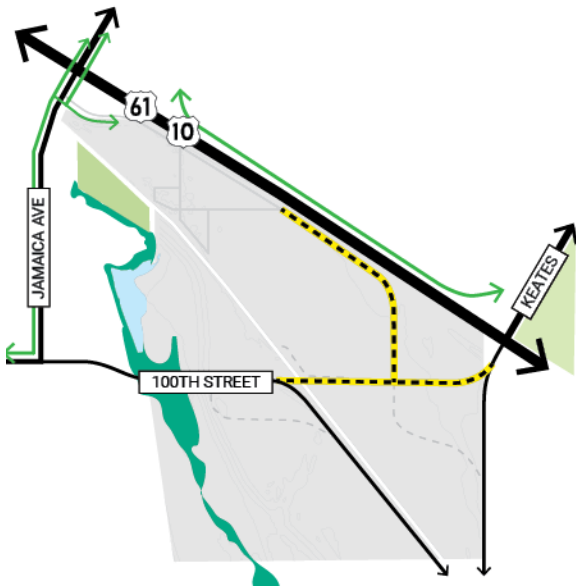
- Mobility Network
- Highway
 - Minor Arterial
 - Major Collector
 - Minor Collector

- Local Streets
- 100th St extension
- Sidewalk
- Railway Line

- Railroad Crossing
- AADT
(Average Annual Daily Traffic)

Environment

Parks exist at the edge of the Study Area but are difficult to walk to. Wetlands buffer the west side of the Study Area but are not publicly accessible to visit as a natural amenity. Most of the Study Area is generally flat. Minor elevation changes surround the wetlands.



Legend

- Environment
- Waterbodies
 - Wetlands
 - Parks, open space
 - Trail

Figure 36: Environmental assets

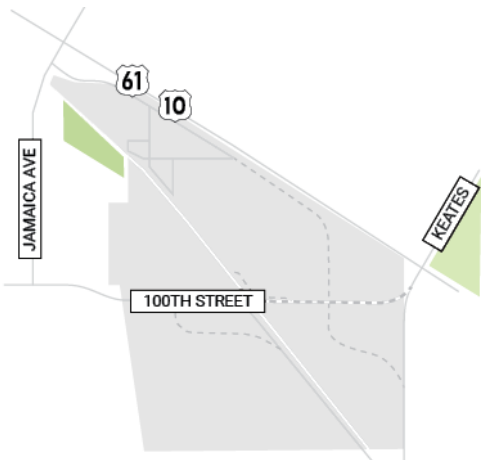


Figure 33: Parks



Figure 34: Wetlands

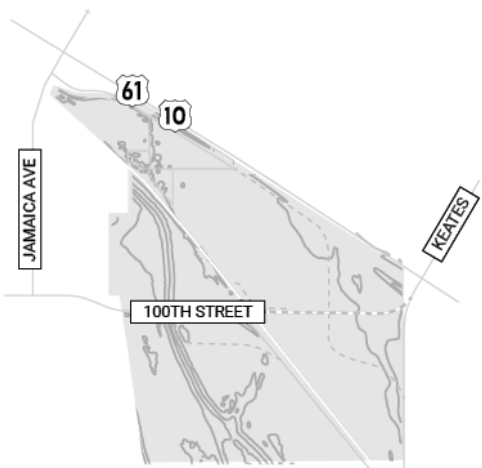
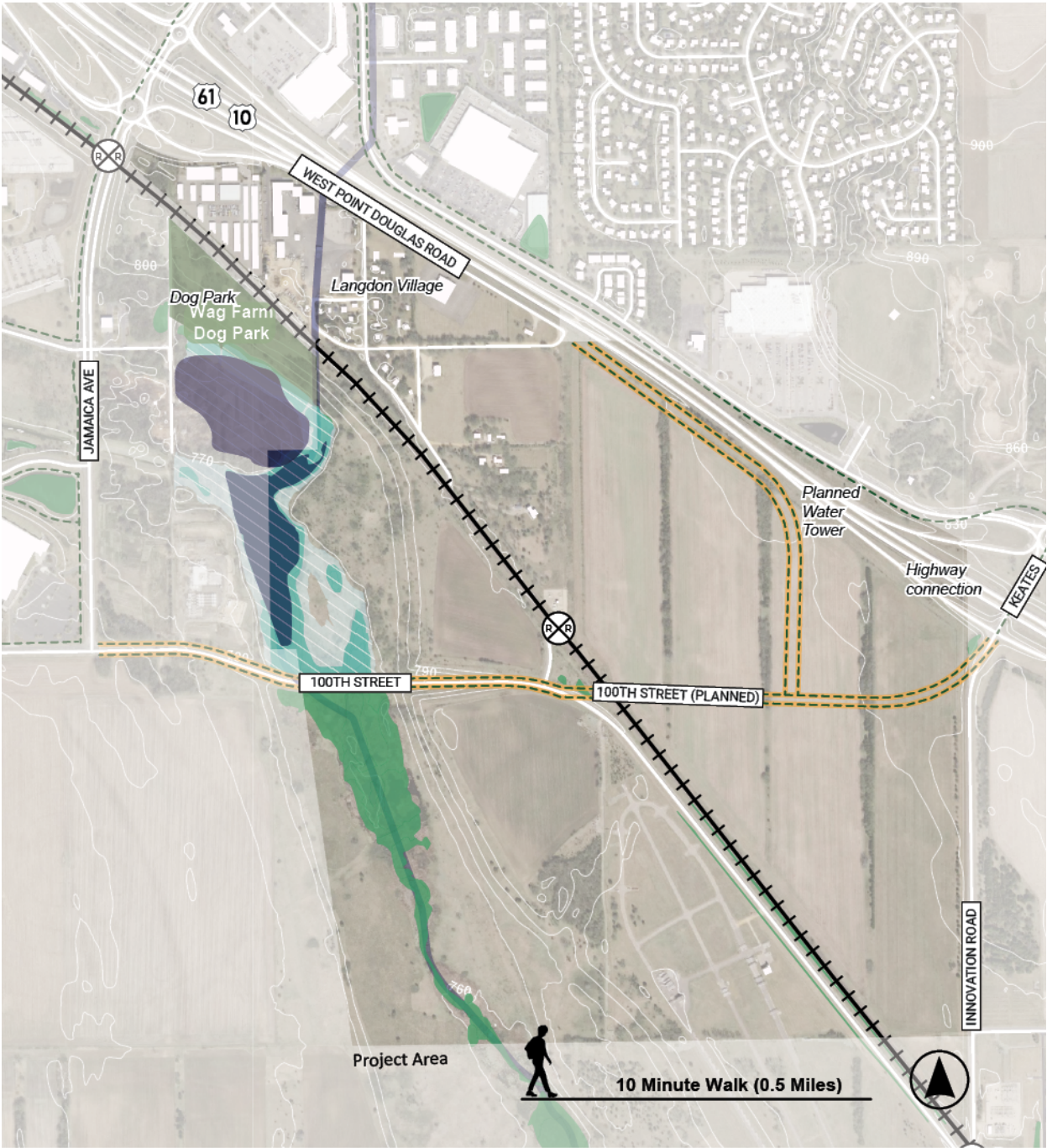


Figure 35: Elevation contours

Figure 37: Environmental Map



Legend

Environment

- Waterbodies
- Wetlands
- Flood Hazard Zones
- Parks

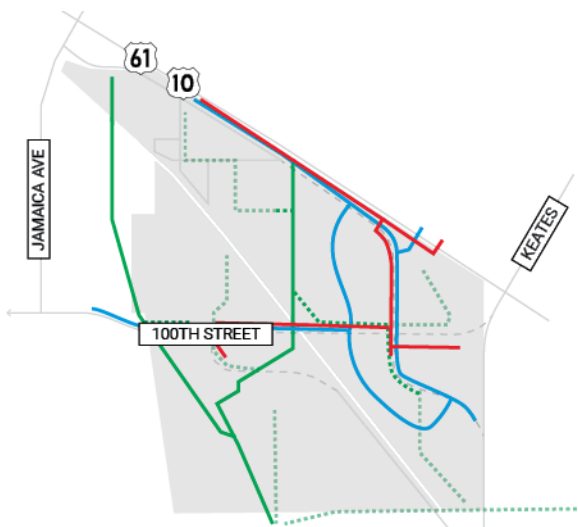
- Trails
- Proposed Trails

INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Utilities

The extension of 100th Street is an opportunity to expand utility services to the Innovation Village area which will result in increased market demand to available sites. The Study Area currently has two sanitary sewer lines coming north-south through the middle and along the western edge. The introduction of 100th Street and the extension of West Point Douglas Road will precipitate additional sanitary sewer lines, water mains, and storm sewer lines.



Legend

Utilities

- Sanitary sewer, existing
- ... Sanitary sewer, proposed
- ... Sanitary sewer, potential future
- Water main, proposed
- Storm sewer, proposed

Figure 41: Utilities



Figure 38: Sanitary sewer

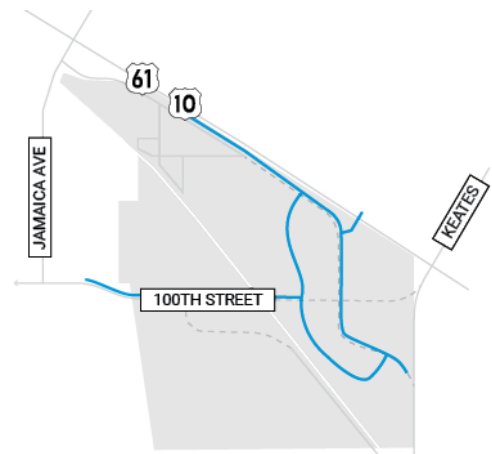


Figure 39: Water main

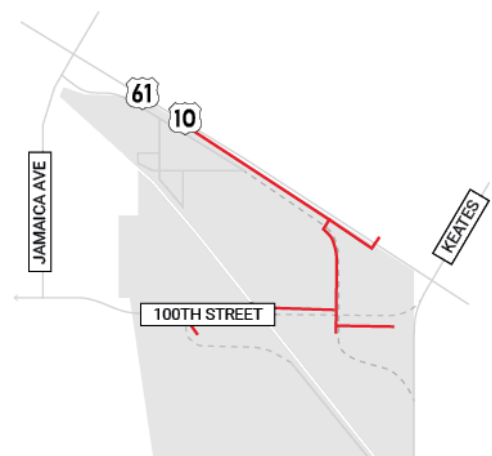


Figure 40: Storm sewer

3 Plan Priorities

3.1 Engagement

The Innovation Village Small Area Plan engagement process focused on engaging people most impacted by current and future land decisions –landowners and Cottage Grove City staff. Other stakeholders came into the process to provide technical expertise to guide the plan’s direction. The sections below describe how those stakeholders were involved and overall input they provided.

Working Group

The Plan’s Working Group consisted of City of Cottage Grove staff with a variety of expertise in land use and zoning, parks and open space, economic development, and municipal engineering. The Working Group met four times during the process to guide the direction of the plan:



Figure 42: Neighborhood engagement (2024)

1. August 2024 – The Working Group kicked off the planning process by identifying past, current, and future studies and projects that could impact the analysis and recommendations in the small area plan. They also participated in an exercise to think through elements in the Study Area that should be Sustained (important assets), Released (policy and practices that may not be working), and Explored (ideas or best practices from other parts of Cottage Grove or similar cities that should be evaluated).
2. September 2024 – The Working Group heard a synthesis of the existing conditions analysis – demographics, market conditions, and physical conditions. They then applied these details to a futurespective exercise where they imagined what contributing factors could make this area successful beyond their wildest dreams. They highlighted a tie to nature and the environment, a focus on residential housing types not found in other parts of the city, a unique art or other public feature that draws people from other places, walkable and connected trails and streets, interactive and comfortable public realm features, and a mixed-use retail area with cool shops and restaurants. The Working Group also brainstormed challenges that would need to be overcome to achieve these elements. They wanted to ensure this area did not compete with other Cottage Grove destinations, it improves connectivity outside the Study Area boundaries, the railroad is considered, and that it is sensitive to the needs and desires of private property owners.
3. October 2024 – The purpose of this Working Group meeting was to refine the vision and working concepts developed with their input during the September meeting. They provided minor adjustments to what became the final Vision and Themes in this small area plan. The Working Group also reviewed concept ideas in the Study Area based on overall frameworks for land use, mobility, and land use, and then how those concepts could be applied in specific geographic areas, or zones. They provided guidance on the interior street network, location of public amenities like parks and trails, and where levels of residential density made sense based on market conditions.
4. December 2024 – The Working Group evaluated the final draft of the overall Innovation Village Small Area Plan concept and then tackled an action plan to realize key plan strategies in both policy and a critical path timeline. The group agreed the defining factor in the timeline is the opening of 100th Street and accompanying utilities, and that there are both big and small steps to take before that date to realize the vision for this area.

Community & Other Stakeholders

Key stakeholders both helped support the Plan’s analysis and provided input on the vision and concept. As the Innovation Village Small Area Plan starts to get implemented after its adoption, continued thoughtful and consistent conversations between the City of Cottage Grove and landowners, in particular, are necessary to define details of its reality on the ground.

Landowners

Landowners are always a prioritized stakeholder group for engagement in a planning process since their land can be directly impacted by the plan's recommendations. In the case of Innovation Village, there are two sets of critical landowners – existing Langdon Village residents and 3M. As shown earlier in this plan, 3M owns a majority of land in the Study Area. Related to Langdon Village, this is an established enclave of single-family homes that have gone through earlier planning processes like the one for the Red Rock Corridor. These landowners were brought into this planning process in a few ways:

- Langdon Village residents – City staff visited each house in Langdon Village to introduce the planning process and personally invite them to an open house. The open house (described below) was held at a Fire Station near their neighborhood to make participation easier. Most participants at the open house live in Langdon Village.
- 3M – City staff hold monthly meetings with 3M. This venue was an opportunity to first introduce the plan to 3M representatives. City staff continued to keep 3M up to date on the planning process and shared the draft Concept Plan once it was developed. 3M's primary concern has been siting residential development too close to their existing facility south of the Study Area which was a significant consideration in the development of the Concept Plan.

Open House

The City of Cottage Grove held a public workshop on Thursday, November 21st, 2024 to gain input on concept ideas for the Small Area Plan. The workshop was held at the Cottage Grove Fire Station #4 from 4:30-6pm. Key questions that the city wanted to address at the meeting included:

- How can we use the 100th Street extension as an opportunity for new development and amenities?
- What should the City care about for the next life of City-owned properties?
- What does Cottage Grove need to be more livable?

What Participants Learned

The workshop shared key information about what the small area plan process entails, existing physical and market conditions within the Study Area, a vision framework for what the Study Area could be in the future, and draft concepts and example imagery for how this area could develop based on the vision framework. All this information is similar to what can be found in this document. Highlights of the information presented to participants included:

- The purpose of a small area plan and how it gets implemented.
- That the construction of 100th Street and associated utilities to the Study Area is the primary driver of the Small Area Plan.



Figure 43: Neighborhood engagement open house (2024)

- How other relevant past plans and studies guided land use and infrastructure in this area.
- Demographic and market conditions that drove elements of the small area plan.
- Physical conditions of the Study Area that could be constraints and assets.
- The draft Concept Plan holistically and broken up into geographic area with priorities and aspirational images of what it could be in the future.

What Participants Thought

Participants had an opportunity to provide input into the Vision and Themes as well as details in the Concept Plan.

1. Vision Framework: Residents were asked to respond to the high-level question “Do the vision and themes match your hopes for the future of Innovation Village?” Generally, most people felt the vision and themes did fit the general idea of what they hoped for Innovation Village. Additionally, participants offered specific input about wanting connected and safe bike and walking paths, a sense of belonging through community spaces, that terms like “vibrant” and “dynamic” did not match their personal perspective of a calm home, more native plantings, and more nature overall.
2. Concept Plan: Participants were excited about the City’s future plans, including creating a quiet zone with the railroad and developing boardwalks in natural areas. There was strong interest in various housing types, such as affordable, senior, and accessible housing, and maintaining smaller homes, especially in Langdon Village. Safety for children biking and accommodating disabled family members were also important. From a business perspective, higher density, lower priced housing, parks, trails, and light commercial establishments were beneficial. Effective traffic management, especially during shift changes and considering train frequency, was crucial. Concerns included traffic management on 100th Street and West Point Douglas Road, noise from the railroad, and the need for two neighborhood accesses. Participants preferred keeping homes small and avoiding tall buildings, with a focus on community. Suggestions for pedestrian improvements included bridge replacement over Highway 61, a walking bridge for better retail access, and sidewalks and lighting along the park. Concerns also included the impact of taxes and the practicality of Bus Rapid Transit (BRT).



Figure 44: Concept plan charette at open house (2024)

Market Experts

During the Plan’s market analysis, industry experts in housing, commercial, and hotel development provided input into market demand indicators for the Innovation Village Study Area. Interviewees represented Cushman Wakefield, DR Horton, M&I Homes, Real Estate Equities, and Bader Development. These stakeholders offered their own insights and perspectives on what development types are working in the East Metro and specifically in Cottage Grove, and where trends are heading in the various market types. They indicated multifamily housing would be a good fit for the Study Area, retail development needs to be tailored to the opportunity, a hotel is a possibility near the Study Area, and the demand for industrial development is strong in Cottage Grove. Their guidance on how to expand the suite of retail options was to amenitize the Study Area with elements like parks and plazas, public art, connected sidewalks and trails, and greater housing density.

3.2 Vision and Themes

An overall Study Area Vision Framework provides a touchstone for decision-making when ideas and proposals for the Study Area do not directly match the plan's recommendations. City staff and elected officials can turn to the vision to determine if a proposal for a site matches the *intent* of the vision rather than the *exact* direction.

Once the vision was developed early in the planning process, it continued to be refined yet provided the overarching direction to develop the recommended Concept Plan.

Vision Statement

Innovation Village offers a vibrant and dynamic neighborhood where residents can seamlessly blend living, working, and playing experiences in Cottage Grove. Our unique environment fosters synergy with nature and Cottage Grove's history, enhancing a sense of belonging.

Themes

The Vision Statement can be implemented through five themes that encompass the future values of Innovation Village. The recommended Concept Plan defines specific strategies that support implementation of both the Vision Statement and Themes.

The Themes for Innovation Village are:

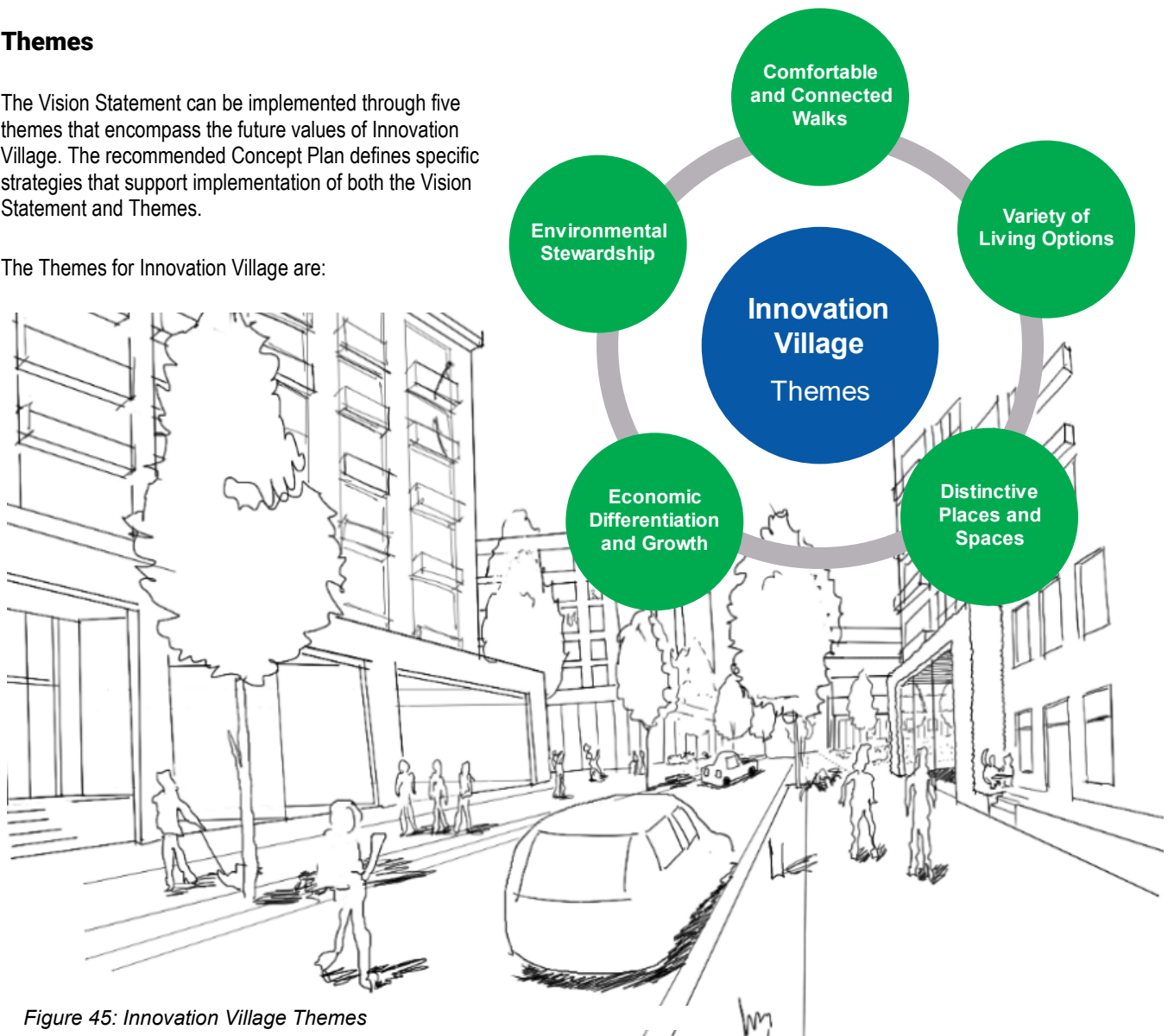


Figure 45: Innovation Village Themes

4 Innovation Village: The Concept Plan

To realize the Vision for Innovation Village, the Concept Plan is specifically designed to offer a highly amenitized residential neighborhood. It takes its cues from the physical characteristics and historic resources of Langdon Village and then expands diverse housing opportunities to meet market demands. Situated along Highway 61, it is one of the last primarily undeveloped areas of the city that has direct access to the highway and future Bus Rapid Transit as well as proximity to existing trails, retail, and jobs.

Figure 5: Innovation Village Concept Plan



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Achieving the vision for a “vibrant and dynamic neighborhood” will not happen with market forces alone. The City of Cottage Grove is committed to creating a place where people *want* to live – with sidewalks and trails, neighborhood parks and programmed plazas, and design of sites and buildings that are oriented to active public spaces.

The Concept Plan is the culmination of work completed including the market and physical conditions analysis, review of past planning efforts, and considerations from the project working group, public, and other stakeholders. The idea that this area can once again be a place to live, work, and play is a nod to the history of late 1800s Langdon, the City’s vision as set out by the 2040 Comprehensive Plan, and is an acknowledgement of the original Red Rock Corridor station area plan for Langdon Village. It merges all of this together, old and new, to create the vision as “**Innovation Village.**”

The following describes the physical features depicted in the overall Concept Plan on the previous page. The pages in this section that follow break down the Concept Plan into the components of mobility and access, land use and development, and amenities and describe each in more detail.

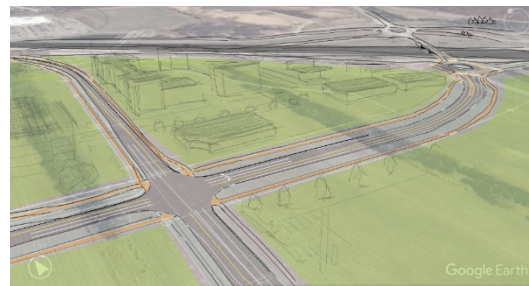
New Street and Utility Infrastructure: This Concept Plan cannot fully come to life without the 100th Street extension and other planned streets (West Point Douglas Road), which fully opens this area up for development. Upon completion of this crucial road and utility infrastructure, anticipated in 2028, 100th Street will be a two-lane County road with turn lanes approaching the West Point Douglas intersection.

Focal Point: Just north (approximately 500 feet) of the future 100th Street and West Point Douglas Road intersection, this area of interest establishes Innovation Village as a desirable place. A high quality public space lined by mixed-use (residential and commercial) development, creating *the* place that people want to be (think: local coffee shop, programmed and seasonal events) and a center of activity for the nearby residents to easily reach on foot.

Housing: Dense housing in Innovation Village brings Cottage Grove closer to reaching housing goals in an area that is well connected in the transportation network, limiting disruption to existing residential neighborhoods. A mix of medium and high density housing will provide a wide range of options including apartments, townhomes, and cottages with unique architectural features and hidden parking.

Mobility: Extending a grid-like network of streets from Langdon Village creates a dense set of connections to support walkability within Innovation Village. A couple primary roads funnel automotive traffic between redevelopment sites with West Point Douglas Road. Secondary roads and connections provide local access at low speeds conducive to dense residential development.

Amenities: The railroad that bisects Innovation Village becomes a community asset when lined with landscaping buffers and trail corridors, becoming both a recreational and transportation spine. A trail pedestrian bridge over the railroad connects residents on either side of the railroad right-of-way, as well as the wetland trails to a larger area. Small parks within Innovation Village create gathering places for the community.



100th Street and West Point Douglas Extensions



Credit: 2015 Cottage Grove Photo Contest Winner

4.1 Concept Plan Components

Mobility & Access

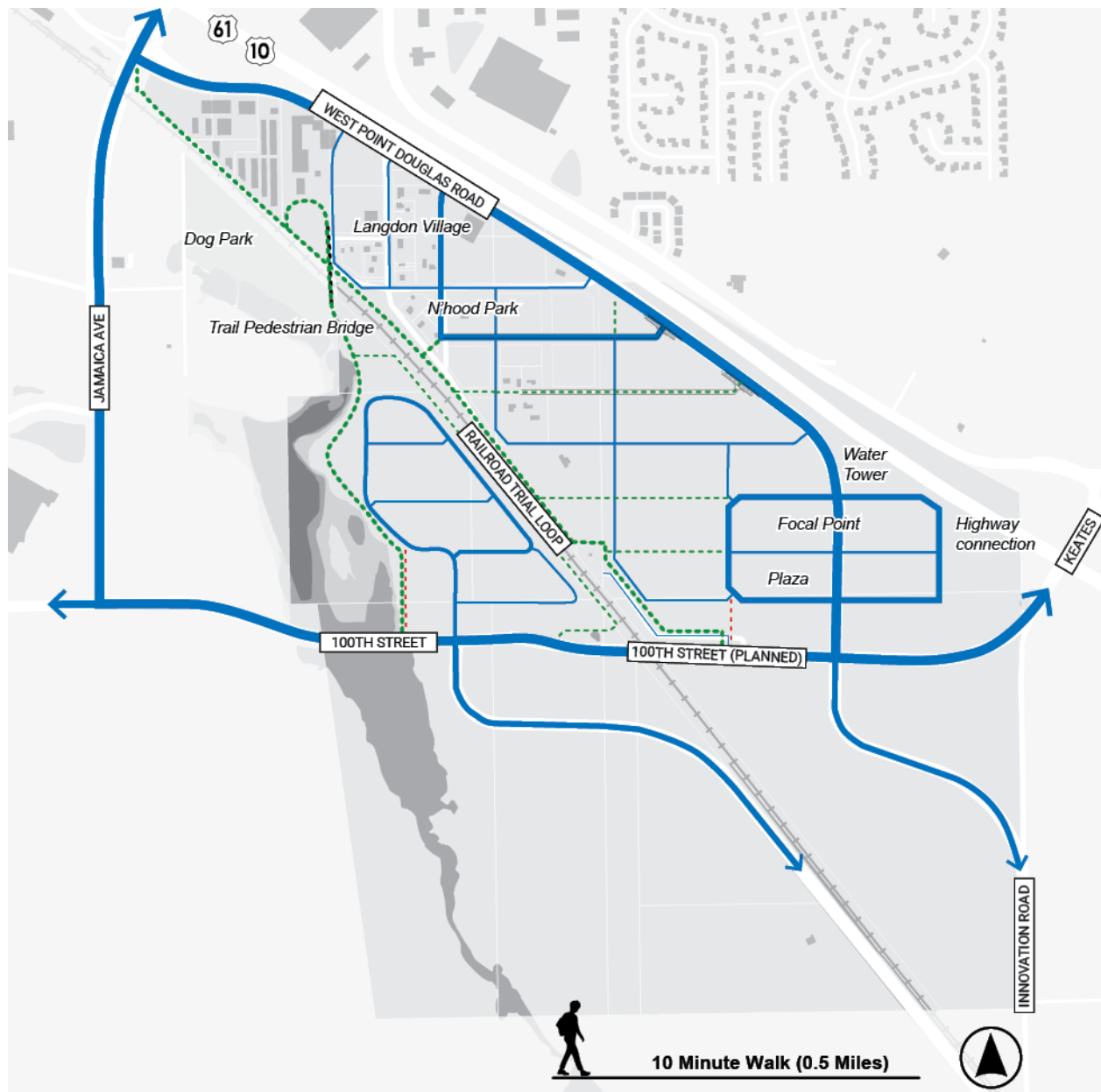
Innovation Village is connected through a hierarchy of streets that form predictable block shapes, have sidewalks or trails along each street, and are linked to a network of greenways and trails that serve as their own transportation routes for non-motorized methods of travel. The mobility and access concept is presented below, with the key features of the network described below.

Legend

Mobility Network

- Street (existing, planned)
- Concept street
- Trail (existing, planned)
- Concept trail

Figure 46: Mobility concept



Hierarchy of Streets: 100th Street will serve as a minor arterial through the Study Area, and West Point Douglas Road as a local collector. All other streets are proposed to be local streets, which can be public or private, and some may be designated as “primary” or “secondary” local streets, as denoted in the plan.

Comfortable and Connected Walks: Extending the existing street network of Langdon Village creates a dense network of connections supportive of walkability. The frequently spaced and narrow streets encourage slower travel speeds that support safety and comfort within a dense neighborhood. All new streets will have sidewalks or trails.

- **Block shapes:** Squared, rectilinear streets with minimal curves reduce likelihood of irregular shaped and difficult to develop parcels. Some curves are necessary for local streets to intersect West Point Douglas Road at right angles but should be constrained to calm traffic entering the existing intersections.
- **Innovation Trail Loop:** The central transportation spine of Innovation District is not a road but a linear park-line trail. Lining both sides of the railroad tracks creates both a recreational amenity and transportation connection from and along the existing physical railroad right-of-way barrier. The trail connects both sides of the railroad tracks by the planned 100th Street overpass. A proposed trail pedestrian bridge over the railroad tracks creates a loop and connects the north side of Innovation Village with a popular dog park and with the wetland amenity.

INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Land Use & Development Character

As proposed, a fully-developed and realized Innovation Village is a truly mixed-use area, from medium-to-high-density residential, local and highway-oriented commercial, traditional and innovative industrial, and even the full range of what a complete park system might offer: greenways, neighborhood parks, and public plazas. Buildings are designed at a human scale with a build-to line close to sidewalks with parking hidden in the rear of sites. This is truly a concept where you can live, work, and play, even without a vehicle to get around Innovation Village. The concept depicts the land uses described below.

Legend

Land Use

- Mixed Use
- High Density
- Medium Density
- Park
- Industrial
- Highway Commercial

Figure 47: Land use and development concept



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Mixed-Use: The Focal Point includes a public space that can serve as a community gathering space, surrounded by high-density residential with ground floor commercial. Develop is designed to seamlessly integrate with the sidewalk and public spaces with extension ground-floor windows, outdoor seating, and interesting landscape features. As Innovation Village's activity center, the intent is for this area to support local and neighborhood-scale services and retail in small concentrations.

Residential: Except for interchange-adjacent properties, Innovation Village north of 100th Street is focused on medium-to-high density housing amenitized by parks and natural features. It is an appropriate area to supply housing types that are in-demand, satisfy regional population projections and goals, and propose density that is geographically non-disruptive to existing single-family neighborhoods. Higher density housing can line the highway and West Point Douglas Road, the Focal Point, and (to a lesser extent) 100th Street. Areas further from major transportation corridors and the Focal Point can support a mix of medium to high density housing. All new housing developments will line streets with only site landscaping and amenities separating buildings from sidewalks and parking hidden to the rear or interior of sites.

Parks and Green Space: Existing and planned assets can provide park-like experiences and enhance further park investment. The railroad corridor, planned 100th Street extension, and natural wetland each provide an opportunity to line with trails. A plaza at the Focal Point creates a public gathering place. A neighborhood park near Langdon Village creates a more intimate, local serving open space. Both of these parks connected by the trails creates a network of parks and open space that that in sum are more valuable than their parts.

Highway Commercial: The future southwest quadrant of the Innovation/Highway 61 interchange will feature new highway-oriented commercial uses. Uses that are suitable for this accessible and visible location include a hotel, gas station, and fast casual restaurants.

Industrial: South of 100th Street, Innovation Village can also support industrial uses as an extension of the Cottage Grove Business Park west and 3M facility south. Enhanced building and site standards fronting 100th Street can improve compatibility with housing north of 100th Street and reinforce Innovation Village as a place to live, play, and work.

INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Parks, Green Space, and Amenities

The strong demand for people to live here and businesses to locate here is created by Innovation Village's diverse and interconnected system of parks, green corridors and trails, amenitized wetlands, and the Focal Point's plaza space. Any new trails will be well landscaped to feel like linear parks. This system is depicted and described below.

Legend

Environment

- Waterbodies
- Wetlands
- Parks, open space
- Trail (existing, planned)
- Concept trail

Figure 48: Parks, green space, and amenities concept



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Focal Point Plaza: A public gathering place as the center of the Focal Point establishes Innovation Village as a destination and attractive place as a whole. The intent of the Focal Point is to showcase arts and culture and support a range of programming from outdoor concerts to passive seating.

Greenways and Trails: Innovation Village is flanked and bisected by barriers (natural and built) that can each be leveraged as an amenity. The wetlands provide natural beauty and can be enjoyed to a greater extent with a recreational trail alongside. The railroad is transformed from a barrier to a connection by lining it too with linear park-like trails. With planned trail connections along West Point Douglas Road and 100th Street, these trail corridors encircle Innovation District with recreational loops.

Trail Pedestrian Bridge: The proposed pedestrian bridge over the railroad tracks connects housing and trails on both sides to the wetlands, establishing Innovation Village as a walkable and bike-friendly area. It bridges a barrier and helps create an asset from an existing barrier.

Neighborhood Park: A neighborhood park can provide quieter events, neighborhood walks, and games. It provides an outdoor space for the surrounding high and medium density housing. It also provides a gateway to the railroad and wetland trails.



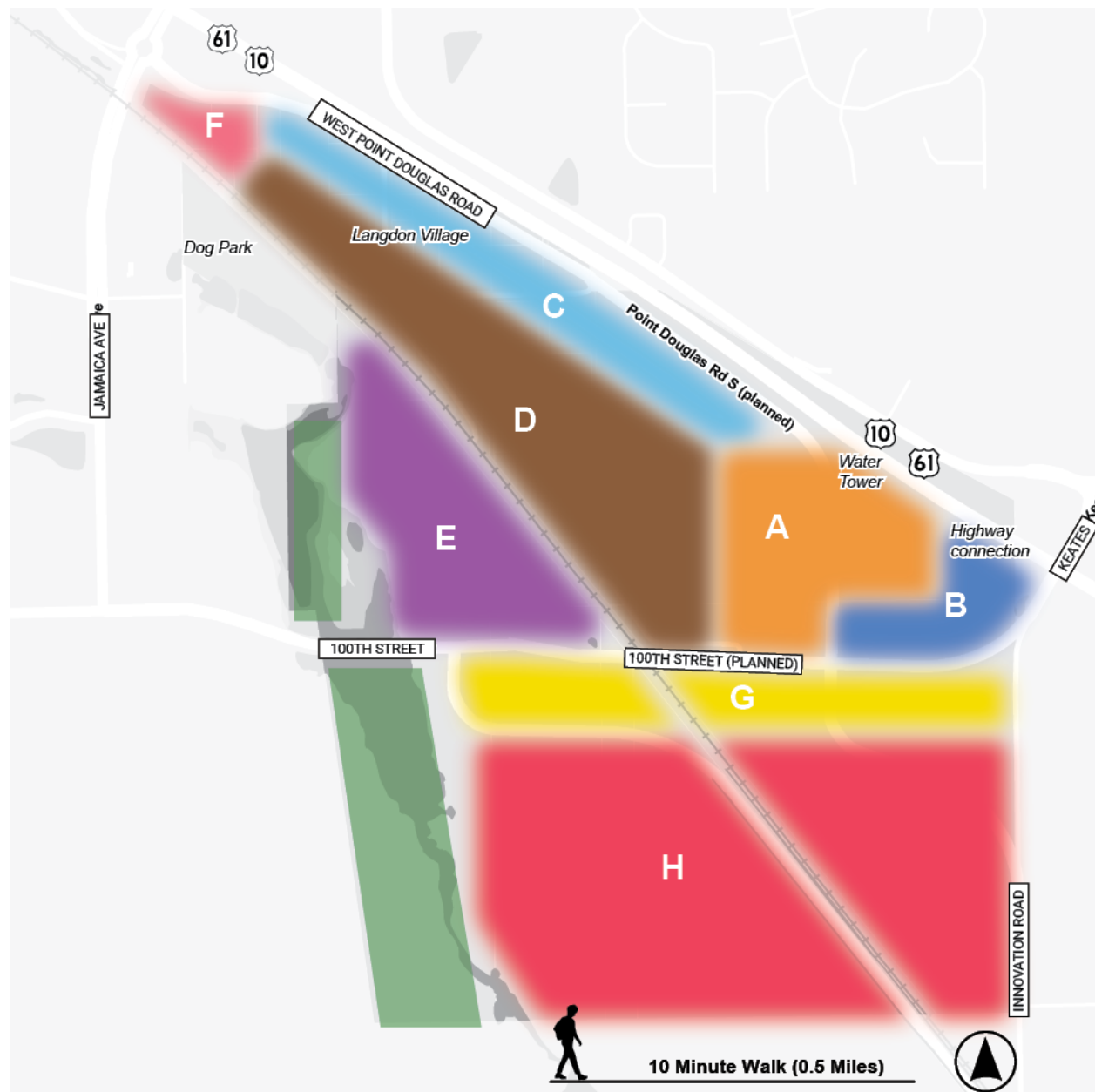
Figure 49: Trail Pedestrian Bridge Illustration

INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

4.2 Zones

This section separates the Concept Plan into eight zones as an organizational framework to break up this nearly 500-acre planning area into smaller bite-size pieces. These zones also help facilitate an understanding of the key drivers and features of the Concept Plan, and how each zone might uniquely rise to the challenge of meeting both market demand and Citywide and plan-specific goals. Zones A through H are shown below, followed by a detailed description of each Zone.



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Zone A

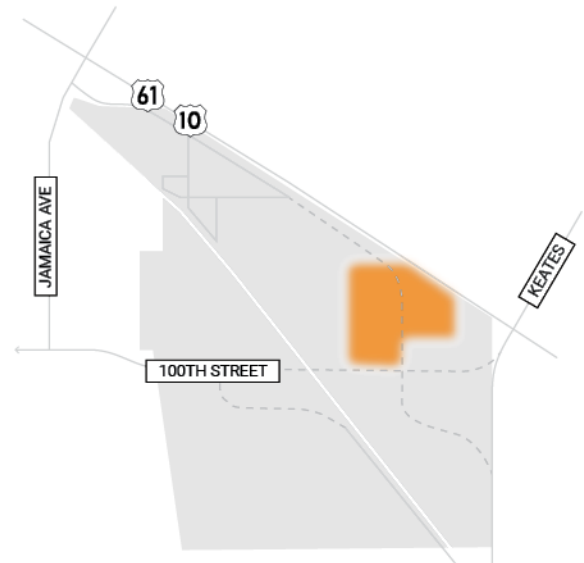
Intent: This area is intended to offer a setting unique in Cottage Grove for both nearby residents and local visitors. As the Focal Point for Innovation Village, an outdoor gathering space can be programmed with a farmers market or small community event, or it can be a quiet place to hang out with neighbors. Creating a place that is distinctive and amenity-rich will attract specialty retailers that want a unique atmosphere.

Market Conditions

- No better place in Cottage Grove for midrise apartments, especially vertical mixed-use buildings.
- There is a gap in the market for distinctive retail that creates a “place”.

Physical Conditions

- Area near the intersection of two new streets.
- No physical development constraints.
- Most desirable location for a “focal point” based on the planned road network - accessible to highway and new 100th Street but not directly on either.



Precedent Images



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Zone B

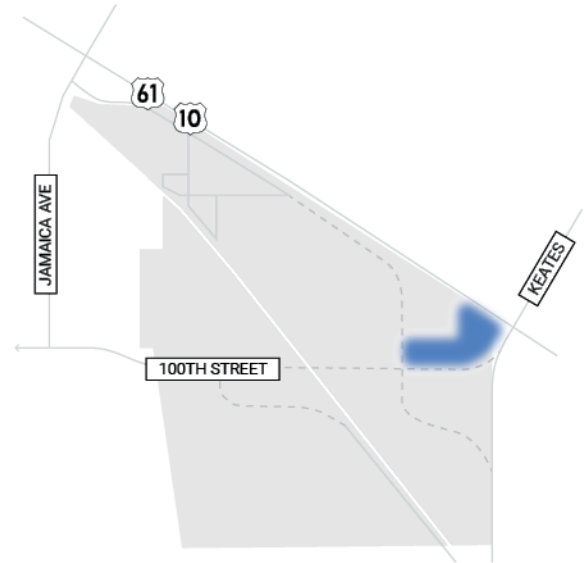
Intent: This is the best location in the Study Area for traditional highway commercial since it has the best visibility and access from the highway. This may be the first area to redevelop since there is market demand for more commercial locations along Highway 61. Its future development relies on 3M's interest in working with a developer to change its current use.

Market Conditions

- Most attractive location for highway-oriented retail, such as a gas station or fast food restaurant.

Physical Conditions

- Best highway access and visibility.
- No known physical development constraints.
- Due to County access and intersection spacing requirements, access along future 100th Street is unlikely. This area will need to be accessed from West Point Douglas Road.



Precedent Images



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Zone C

Intent: The Metropolitan Council projects up to 6,000 additional housing units in Cottage Grove by 2050. Buildings near the highway can have visibility with height. A planned trail along West Point Douglas Road would be a recreation amenity for residents. The area already has potential redevelopment opportunities with the Majestic Ballroom site that will receive high demand once it has planned utility access.

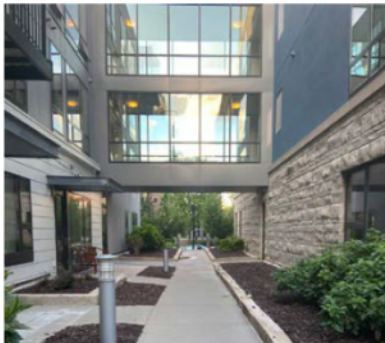
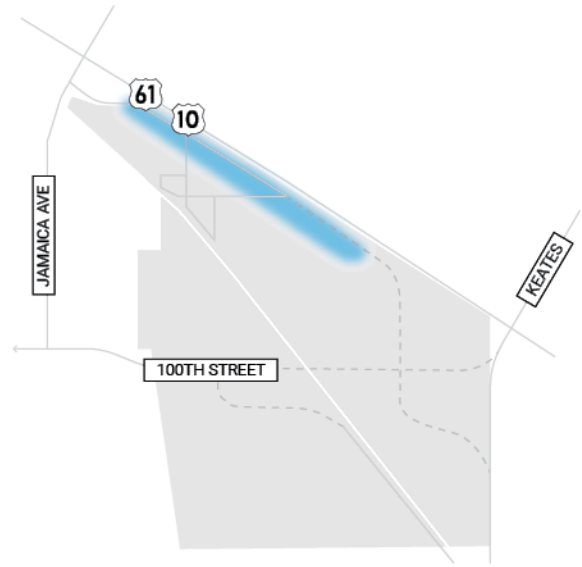
Market Conditions

- A good location to fill deficit and demand for apartments in Cottage Grove.
- Taller buildings may be possible here to elevate above the highway.

Physical Conditions

- Good highway frontage and visibility.
- Includes City-owned properties.
- Possible redevelopment opportunities.

Precedent Images



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Zone D

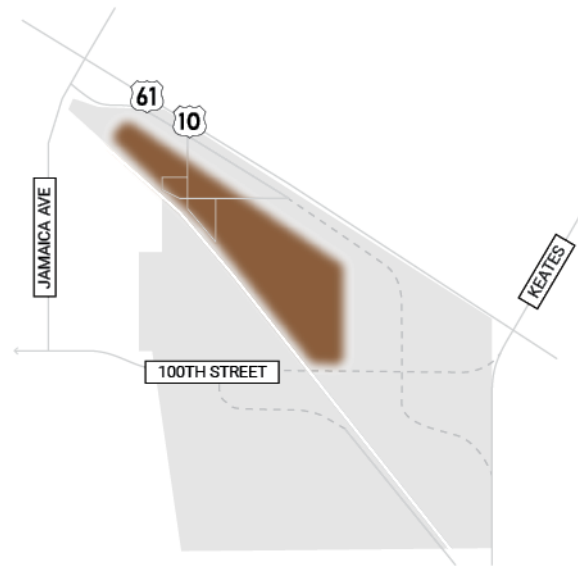
Intent: New housing in this area should build on the historic character of the existing Langdon Village with a variety of housing types and densities that feel neighborhood-oriented. The existing grid street pattern can be extended to create human-scaled blocks with other amenities to maintain the history and character of this part of Cottage Grove.

Market Conditions

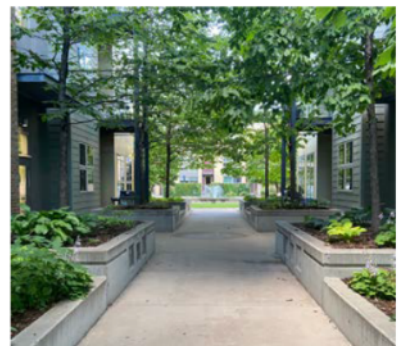
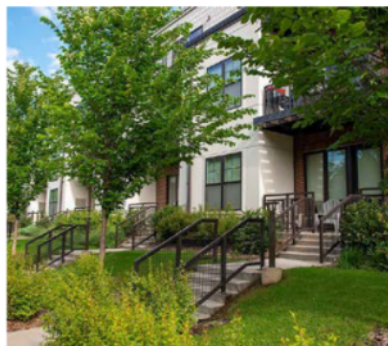
- One of the best locations to meet housing demand and population projections.
- Opportunity to diversify housing types.

Physical Conditions

- Includes existing Langdon Village community.
- Bordered by rail corridor.
- Separated from highway traffic.
- Includes City-owned and some original historic Cottage Grove buildings.



Precedent Images



Zone E

Intent: This area would be a quiet enclave for a residential neighborhood, especially if it is amenitized with recreational paths in the nearby wetland feature. Residents would have good access to 100th Street and its adjacent trail. It is too isolated for commercial uses, and likely even industrial uses.

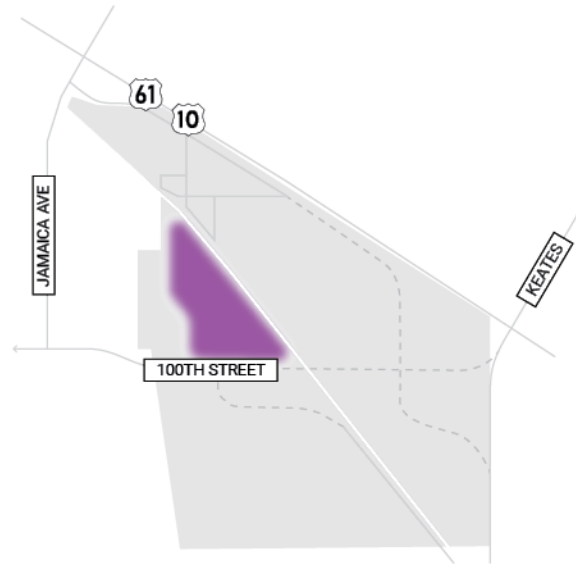
Market Conditions

- Demand for housing strong enough to also develop more, diverse housing types here.

Physical Conditions

- Isolated enclave, sense of protection, makes the most sense for housing.
- Bordered by rail corridor and wetland area, opportunities to create an amenity along both.
- Will have direct access to new 100th Street.
- Further away from highway traffic.

Precedent Images



Zone F

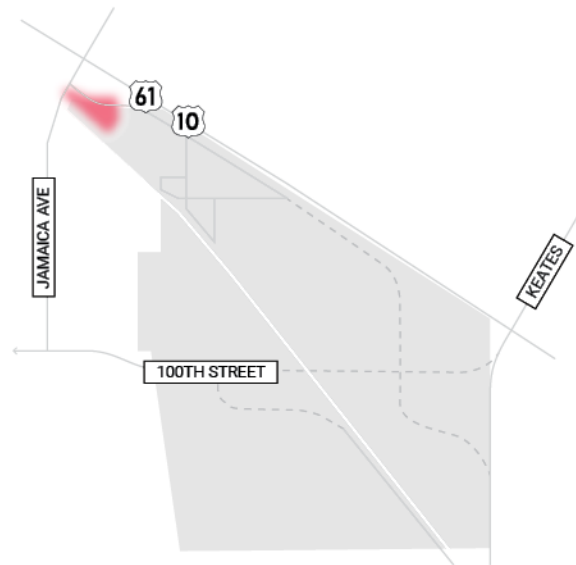
Intent: The storage facility is likely to be at this site for the long-term and could be a quiet neighbor to future adjacent development. If it does redevelop, retail and/or housing could contribute to a future Bus Rapid Transit station in the northwest quadrant of the Jamaica Avenue interchange.

Market Conditions

- Existing use likely to remain, at least short-to-medium term.
- If redeveloped, good proximity to future transit, potential for retail and/or housing.

Physical Conditions

- Highway access and visibility.
- Existing land use is storage facility.



Precedent Images



INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan

Zone G

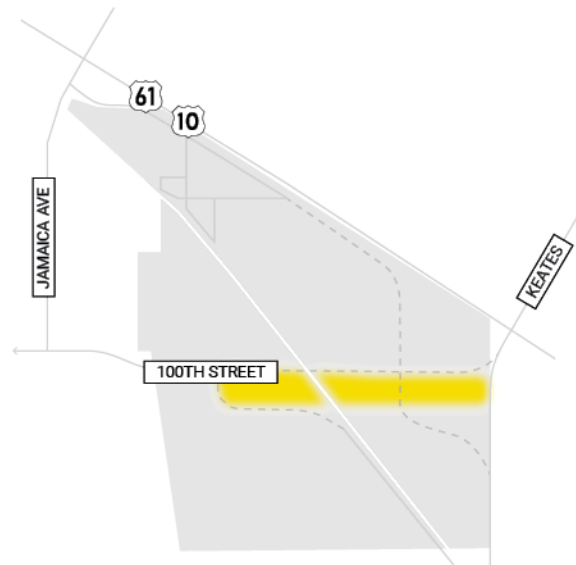
Intent: The market analysis revealed that most jobs in Cottage Grove are lower wage. The area presents an opportunity to bring more 21st century industrial businesses with higher wage jobs for Cottage Grove residents. Employees would be able to walk to the Focal Point and its amenities.

Market Conditions

- Knowledge economy business park may like location.
- Could meet need for higher wage jobs in the city.
- Demand for industrial land in Cottage Grove will continue.

Physical Conditions

- Along planned 100th Street, likely access to extension of West Point Douglas Road.
- Proximity to 3M facilities.
- No known physical development constraints.



Precedent Images



Zone H

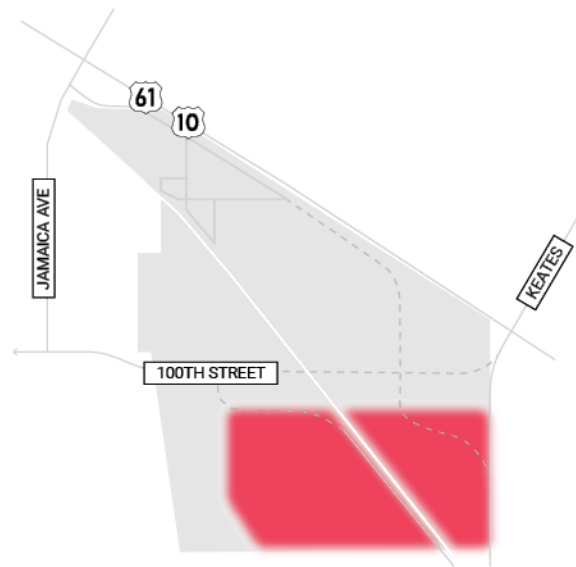
Intent: Development in this area is likely to be a longer-term goal, and demand depends on how the rest of the Study Area builds out. Its future development relies on 3M's interest in working with a developer to change its current use.

Market Conditions

- Demand for industrial land in Cottage Grove will continue.

Physical Conditions

- Limited visibility from highway.
- Proximity to 3M facilities.



Precedent Images



5 Implementation

Implementation of the Innovation Village Small Area Plan vision fully revolves around the opening of the 100th Street extension. While no major changes in the Study Area are likely without this infrastructure, a series of steps should begin the day after adoption by the City Council to set this Plan in motion so every important detail is in place when that opening day arrives.

Because plan implementation requires both proactive and reactive steps for the City of Cottage Grove to take, this chapter is organized in multiple ways to serve the needs of City staff.

To revisit information in the Introduction of this plan, the City of Cottage Grove's two main roles for realizing the full potential of this plan are to:

Act proactively by:

- Making decisions for the future of publicly owned sites.
- Acquiring additional land at fair market value for public improvements.
- Programming streets, trails, parks and other infrastructure into the capital budget over time.
- Updating the comprehensive plan and zoning to match the Plan's land use direction.

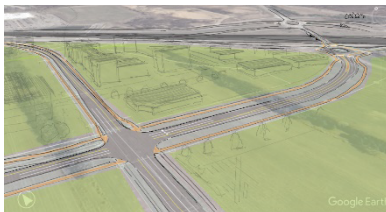
Act reactively by:

- Evaluating development proposals against this Plan (responsibility of City Planning Staff and the City Council).
- Guiding property owners on land use and zoning if/when they want to sell.
- Requiring developers to build necessary infrastructure as part of their development plans.
- Working with developers on how to maximize the benefit of their park dedication fee.

While the plan is not expected to be implemented exactly how it is laid out in the Concept Plan, this chapter identifies the actions that should be taken by the City of Cottage Grove and potential barriers to realizing the plan's vision.

5.1 Key Actions

This section outlines a strategic approach to implementation of this plan through policy and regulatory changes that set the framework and standards for both public and private investment, and a phasing strategy to show the City's commitment to realizing critical pieces of the plan's public realm priorities. Key Actions highlighted in this plan include:



100th Street: This County road will likely open in 2028 along with the connect of West Point Douglas Road and new utilities connecting into the Study Area. Once the road and utilities have been constructed, sites are expected to have immediate demand for change. The City will need to work proactively to set up the regulatory framework so no opportunities to realize the plan's full vision are lost when development pressure comes.



Local Street Network: The grid pattern of new local streets in the Study Area takes its cues from Langdon Villages layout of parcels and streets. While it is expected these streets will be built as part of proposed development, the intention is that they fulfill the priorities in this plan for a connected street grid with sidewalks and two-way traffic.

INNOVATION VILLAGE

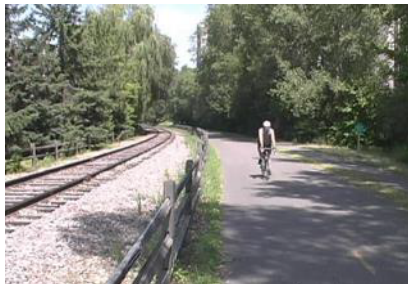
Highway 61 and Innovation Road – Small Area Plan



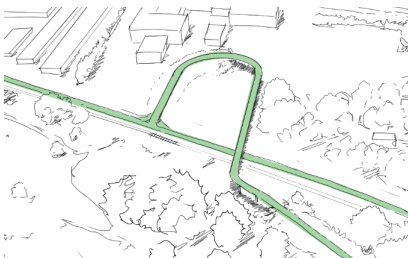
Zone A Focal Point: The Focal Point along the extension of West Point Douglas Road will be the most challenging strategy to implement but will reap the most rewards for the broader community. While a direct sale between a developer and 3M is the likely course, the City will influence the design and ownership of connected streets and a premier plaza space. The City of Cottage Grove will need a more concrete strategy for adjusting regulations to meet the ideal standard of vertical mixed-use development.



Langdon Village Neighborhood Park: The existing residents of Langdon Village have lived in an enclave of the city that is quiet and tight-knit. While these traits have been an asset, residents are also not connected to an efficient roadway and trail system and lack access to park amenities that other parts of the city benefit from. A small neighborhood park will enhance the community feel and offer a strong expansion of neighborhood amenities to future nearby residents.



Innovation Loop Trail: The trails proposed along the rail corridor connect to planned trails along the new roadway expansions of both 100th Street and West Point Douglas Road. The proposed trails are imagined to have a linear-park feel with adjacent landscaping and should offer good wayfinding signage for residents to take a walk or bike a loop around the neighborhood. Connections to the broader trail network purposefully integrate Innovation Village with the rest of the Cottage Grove community.



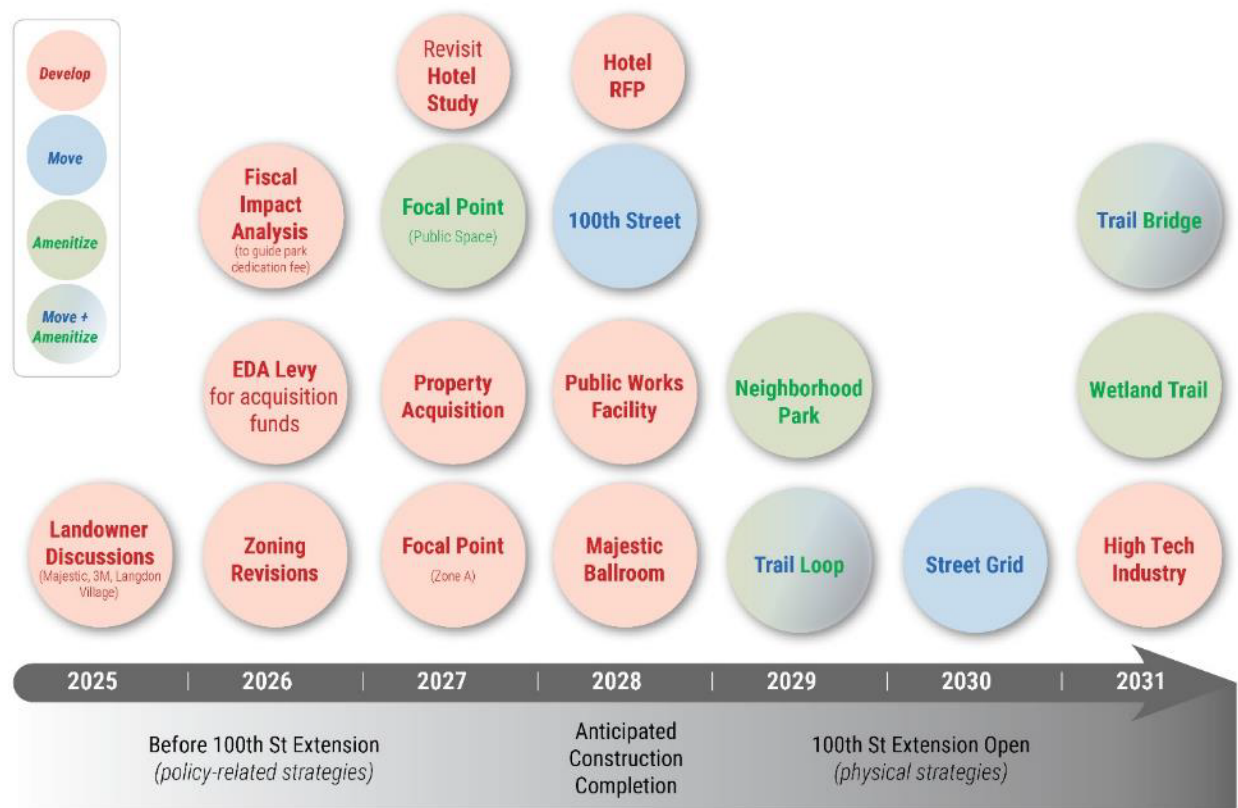
Trail Pedestrian Bridge: A pedestrian bridge over the rail corridor is an ambitious undertaking, but it will be worthwhile particularly when Innovation Village has established itself as a complete residential community. The space on either side of the rail corridor property should be preserved so the opportunity is not lost. The purpose of the trail pedestrian bridge is to make a connection across the tracks for residents to take advantage of the wetland amenity to the south.



Wetland Recreational Trail: The trail pedestrian bridge can bring residents through a system of wetlands that are currently unreachable on private property. A passive trail system can offer opportunities for walking, bird watching, and simply enjoying nature. This trail is a longer-term strategy once more residents inhabit Innovation Village.

5.2 Critical Path Timeline

The Critical Path Timeline assumes there is a sequencing of events required to achieve the full success of this plan. The timeline below assumes the 100th Street extension opens in 2028 and that many policy, regulatory, and programmatic steps need to happen to set up the area for the market demand expected with an expanded roadway network and utility services. Once the infrastructure is in place and functional, many of the key actions will be better positioned to come to fruition. Each of the Innovation Village Key Actions will need five years or more from plan adoption to obtain funding, phasing and acquisition, design, and construction completed, so this timeline should be seen as more of that “critical path” rather than specific deadlines to achieve.



5.3 Zoning and Future Land Use Recommendations

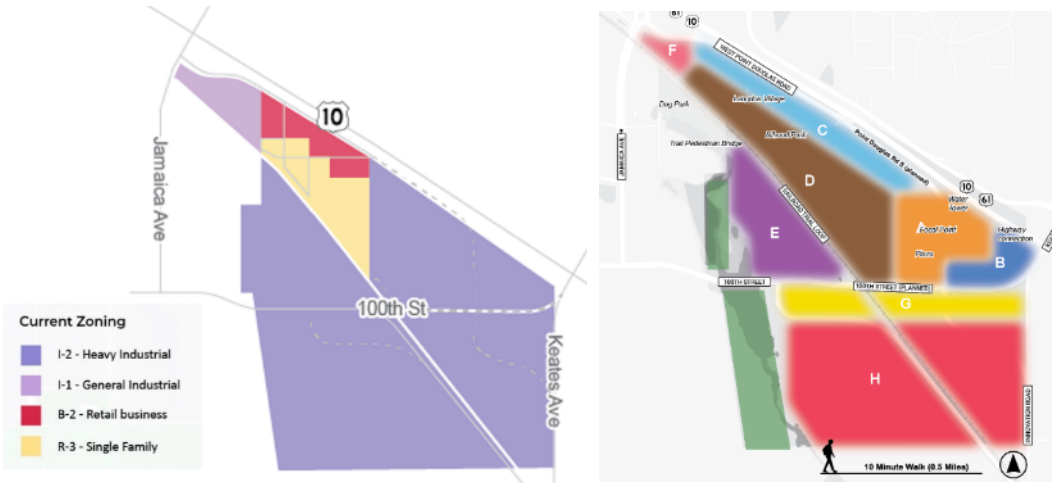
Implementation of this plan as presented will require changes to zoning and the Future Land Use Map in the Comprehensive Plan. This alignment of the The Plan with existing zoning and policy is particularly relevant when 100th Street opens with utility extensions to private properties.

The table below identifies recommended zoning district changes by each zone. The table on the following page presents Future Land Use recommendations.

Zone	Existing Zoning District(s)	Recommended Zoning	Notes
A	I-2	M-U	M-U is the best fit from existing districts, however apartments with commercial are conditional.
B	I-2	B-2	B-2 is the best fit which is slightly more restrictive than B-3 (which allows the following by right: adult uses, cannabis sales, construction and service shops, and furniture repair shops).
C	I-2, B-2	R-6	R-6 High Density Residential does not permit single family detached homes.
D	B-1, B-2, R-3, I-2	R-4	R-4 appears to be the best fit, although more research may be warranted to see if most missing middle types would fit into this district R-4 Transitional Residential purpose: to provide transitional areas that will allow a mixing of two-family dwellings and/or single-family dwellings on smaller lots where property is adjacent to a minor or major collector street and/or where property is adjacent to higher intensity development or land use.
E	I-1	R-4	R-5 Medium Density Residential does not allow single family dwellings by right.
F	I-2	M-U	This area is guided as mixed-use in the comprehensive plan.
G	I-2	I-1	I-2 is heavy industrial, whereas I-1 is general industrial.
H	I-2	No change	

INNOVATION VILLAGE

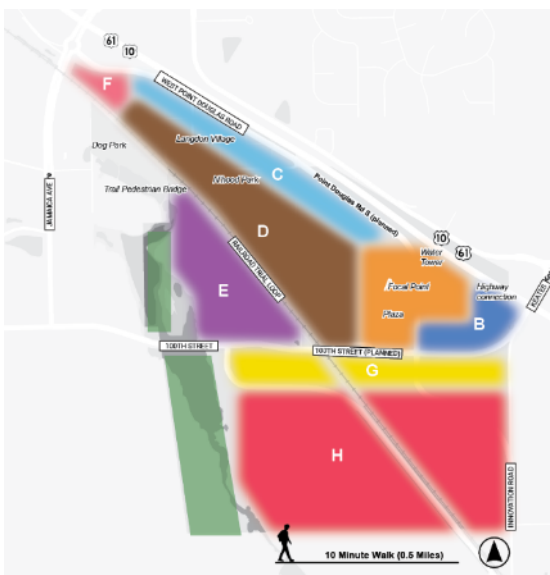
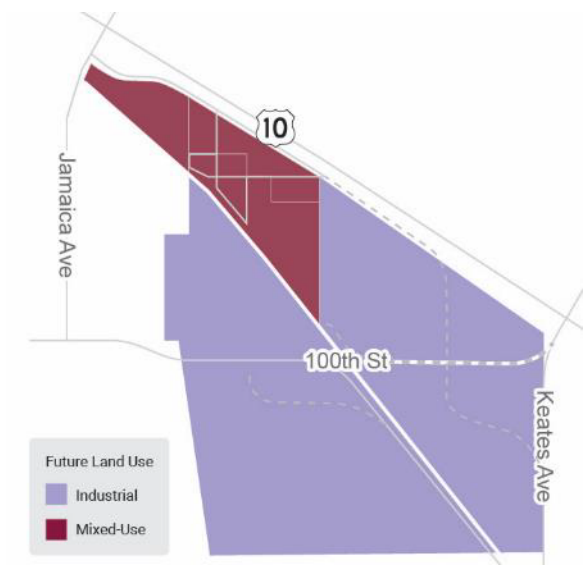
Highway 61 and Innovation Road – Small Area Plan



Zone	Existing FLU	Future FLU Alignment
A	Industrial	Mixed-Use
B	Industrial	Commercial
C	Industrial, Mixed-Use	High Density Residential
D	Mixed-Use, Industrial	Medium Density Residential
E	Industrial	Medium Density Residential
F	Industrial	Medium Density Residential
G	Industrial	No change
H	Industrial	No change

INNOVATION VILLAGE

Highway 61 and Innovation Road – Small Area Plan



5.4 Property Phasing and Acquisition Strategy

Developers will approach participation in the Innovation Village vision with caution unless there are clear indications that the area will develop in the high quality manner envisioned in the plan. These strategies are focused on the main area of the proposed Innovation Village, between Highway 61 and the railroad right-of-way.

Infrastructure Development

Proactive investment in public infrastructure will be a key ingredient in attracting development to the area. That encompasses the 100th Street extension and bridge, and the extension of West Point Douglas Road.

The City of Cottage Grove should also be committed to consolidating park dedication fees from the area's development to acquire and build the public spaces in the Zone A Focal Point and neighborhood park near Langdon Village. A fiscal impact analysis for future development in Innovation Village can identify the approximate amount of park dedication fee garnered by the development and how much is needed to implement those two public spaces.

Consideration should also be given to proactively developing key sections of the multi-use trail system in initial years of implementation to give more confidence to the market that the public amenities are real, not just on a map.

Phasing

The first phase of development is likely to happen in and around the publicly-owned sites in Zones C and D. The City owns property surrounding the vacant Majestic Ballroom site and will likely issue a Request for Proposals (RFP) for both the publicly- and privately-owned properties. This may end up as the catalyst site that gives confidence to the market that the City of Cottage Grove is going to implement the vision for Innovation Village. To that end, City staff and decision-makers should aim for implementing the plan as true as possible to set up future development for doing the same. In the case of the Majestic Ballroom site, holding to the standards of dense housing with an interconnected street grid will be critical.



Figure 50: Study Area Aerial Map

Fostering the signature, mixed-use element of the plan in Zone A will take more concerted and coordinated effort to make a premier living and visiting destination. Since the land is owned by 3M as a private property owner, the City anticipates any future development will be a direct sale between 3M and a developer. The City would then work with that entity on land uses, design, and park dedication fee that can best achieve the vision. Subsidies may be warranted to incentivize vertical mixed-use development and a higher level of design and programming at the plaza. That will ensure the desirability of West Point Douglas Road frontage for other multifamily development projects, and open the door to the development of the lower-density multifamily neighborhoods in the rest of the plan area.

5.5 Implementation Matrix

The Implementation Matrix is considered the list of policies in support of the Innovation Village Small Area Plan. While intended to be robust and detailed, other strategies may arise that need more City staff and Council approval or formalization.

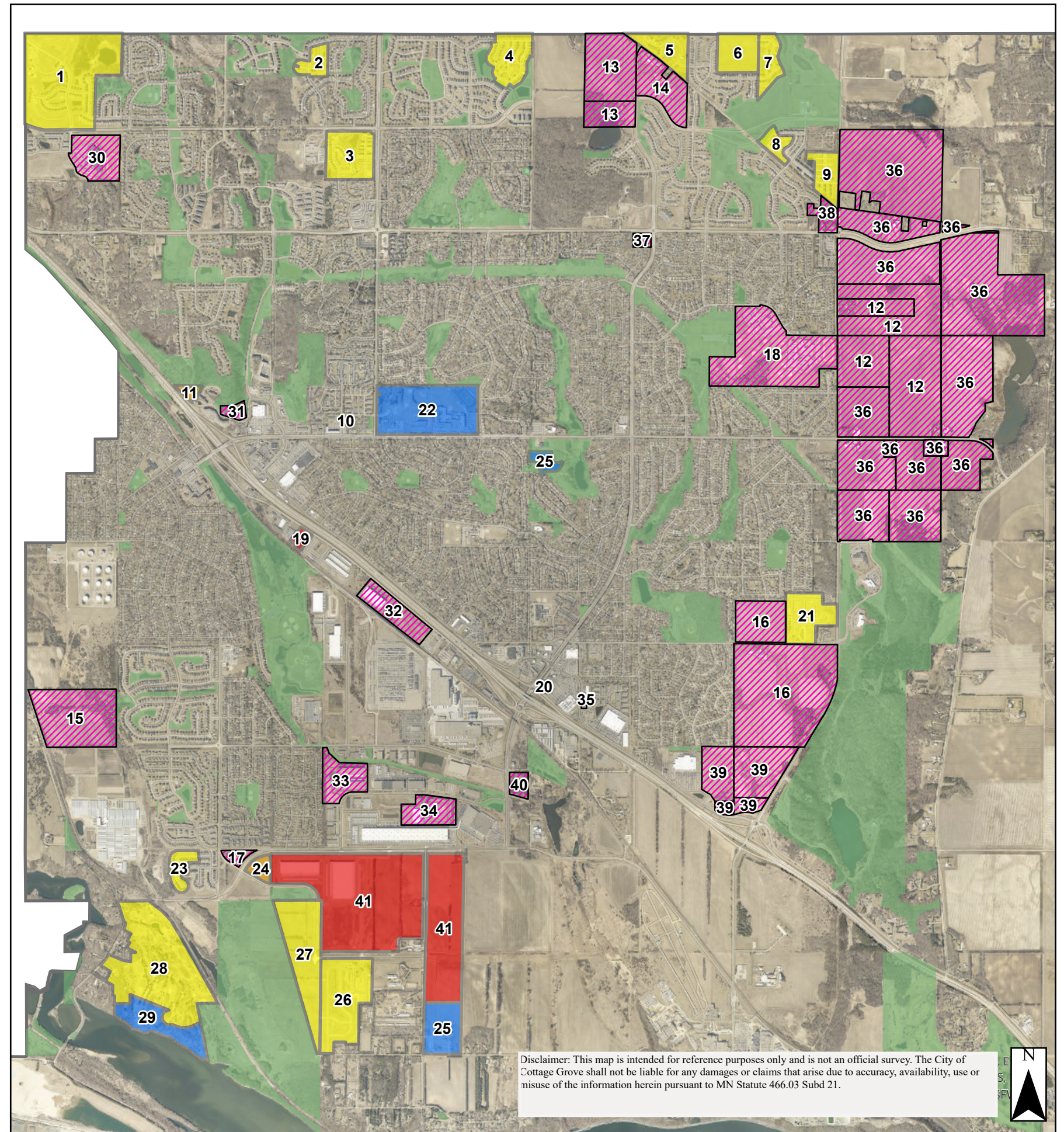
			THEMES / PRIORITIES						ANTICIPATED TIMING	LEAD	RESOURCES
CATEGORIES		STRATEGIES	<i>Comfortable and connected walks</i>	<i>Variety of living options</i>	<i>Economic differentiation and growth</i>	<i>Distinctive spaces and places</i>	<i>Environmental stewardship</i>	<i>MUST HAVE</i>			
DEVELOP (Land Use & Community Design)	Physical	Create buffer via berm and/or landscaping between railroad right-of-way and trail along north/east side of RR.	X			X	X			Developers	Park Dedication Fee
		Zone A: The "focal point" with vertical mixed-use, residential above ground floor commercial. Commercial development is envisioned as local, unique, and hip, with destination services.		X	X	X				City of Cottage Grove	EDA Levy for Acquisition
		Zone B: Commercial development which is more highway- or regionally oriented in nature, as the location with the most convenient access from the highway. This may include but is not limited to development such as a hotel, a gas station, and quick-serve restaurants.			X					Developers	
		Zones C, D, and F: An integrated mixture of medium and high density residential. The most intense/densest residential is proposed along or in closest proximity to Highway 61 and may feature a buffer between the highway via landscaping elements and trees.		X		X	X			Developers	Park Dedication Fee, EDA Levy for Acquisition
		Zone E: Maintain existing land uses in the near-to-medium term. Longer term, this area may be an opportunity for either mixed-use (residential and commercial), commercial, or higher-density residential that is highly compatible with residential neighbors to the south (i.e. good walking access to future small-scale businesses or development, or if more intense commercial development, a sufficient buffer).			X					Developers	
		Zones G and H: Reserved for industrial uses, with higher-quality building design fronting 100th Street in Zone G. These zones are intended to attract higher wage 21st Century business and jobs.			X					3M/Developers	
	Policy/ Program	Update the comprehensive plan for consistency with the small area plan.		X	X					City of Cottage Grove	
		Rezone the Study Area in accordance with the small area plan.		X	X					City of Cottage Grove	
		Create an EDA levy in support of necessary acquisition funds.		X	X					City of Cottage Grove	
		Work with developers to determine historic resources that are feasible to maintain and reuse.			X	X				Developers	Historic Preservation Tax Incentives
		Conduct a Fiscal Impact Analysis to determine how to use park dedication fees (and other tools) to implement Zone A plaza, Zone D neighborhood park, and new trails.	X			X	X			City of Cottage Grove	
		Create plan with City Council to move Public Works facility out of Study Area to make room for private development on site.		X	X					City of Cottage Grove	
		Coordinate any sale/RFP of Majestic Ballroom site to maximize benefit of consolidated City-owned properties.		X	X					City of Cottage Grove	
		When possible, create RFPs for City-owned sites to better promote sites for development types unique to Cottage Grove and to further control site design, infrastructure needs, and land use in the development agreement process.		X	X					City of Cottage Grove	
	Physical	Create a transportation trail/linear park along the north/east side of the RR that connects into existing trail system.	X			X	X			City of Cottage Grove	Federal Transportation Alternatives (TA) and

			THEMES / PRIORITIES						ANTICIPATED TIMING	LEAD	RESOURCES
CATEGORIES		STRATEGIES	Comfortable and connected walks	Variety of living options	Economic differentiation and growth	Distinctive spaces and places	Environmental stewardship	MUST HAVE			
MOVE (Access and Mobility)											Recreational Trails Program (RTP), RAISE Grant
		Build a trail pedestrian bridge over railroad right-of-way near 96th St S that connects either side of the RR, creating opportunities for trail connections between: WAG Farms Dog Park, proposed parks/trails on either side of RR ROW, existing/proposed residential on either side of RR ROW, proposed amenitized water bodies, trail system along future 100th Street extension, and Ravine Park.	X			X				City of Cottage Grove	RAISE Grant
		Require developers to build a gridded street pattern consistent with this plan between existing Langdon Village residents, West Point Douglas Road, future 100th Street extension, and RR ROW. All new streets will have sidewalks.	X	X				X		Developers	
	Policy/ Program	Connect future residential north/east of the RR ROW to the proposed RR trail. All future cul-de-sacs or roads nearest the RR trail should have a trail connection.	X	X						Developers	
		Begin conversations with Canadian Pacific Railway about the plan's recommendations and any constraints that need to be accommodated with future improvements. Reintroduce "quiet zone" discussion.	X							City of Cottage Grove	
AMENITIZE (Parks and Public Space)	Physical	Create or reserve space (at least 0.5 acres) within Zone A on the west side of West Point Douglas Road for a public space, that may serve as more of a plaza space where, for example, a café might spill onto.			X	X				City of Cottage Grove	Park Dedication Fee
		Create or reserve space in the north of Zone D, near or surrounding the historic school building, for a neighborhood park that is consistent with City standards.				X				City of Cottage Grove	Park Dedication Fee
		Create a scenic trail/boardwalk through the wetlands owned by 3M in Zone F that connects to the pedestrian bridge and existing/proposed trail network.	X			X	X			City of Cottage Grove	
	Policy/ Program	Develop simple wayfinding for "Innovation Loop", the new trail system through the Study Area that is connecting to trails along 100th Street and north of Highway 61.	X							City of Cottage Grove	Federal Transportation Alternatives (TA) and Recreational Trails Program (RTP), RAISE Grant
ACTIVATE (Marketing and Branding)	Physical	Identify and implement opportunity for public art at focal point in Zone A as part of "cultural placekeeping."				X				City of Cottage Grove	National Endowment for the Arts Our Town Grant
	Policy/ Program	Define the neighborhood by establishing a brand/identity.			X	X				City of Cottage Grove	National Endowment for the Arts Our Town Grant
		Creating a programming plan for the plaza space in Zone A which could include moving an existing community festival to that location.			X	X				City of Cottage Grove	National Endowment for the Arts Our Town Grant

Development Projects - January 2025

- | | |
|---|---|
| ■ City Project | ■ Approved Industrial |
| ■ Approved Commercial | ■ Approved Residential |
| ■ Approved High Residential | ■ Future Development Projects |

Location	Project Name	Location	Project Name
1	Hawthorne	19	Gerber Collision
2	Eastbrooke	20	Discount Tire
3	Hinton Woods	21	Ravine Crossing
4	Calarosa	22	Park High School
5	Cardinal Reserve	23	Settlers Bluff
6	Summer Valley	24	Norhart Apartments
7	Rolling Meadows	25	Low & Intermediate Zone Water Plants
8	Woodward Ponds	26	Graymont Village
9	Glacial Valley Estates	27	Preserve at Prairie Dunes
10	Bluestem Apartments	28	Mississippi Landing
11	Roers CG Apartments	29	Mississippi Dunes Park
12	Tanks	30	Oltman Middle School
13	Lochridge	31	Outlot Everwood D
14	McHattie	32	CAPP Industries
15	Nesvig	33	Hemmingway Industrial
16	Jansen	34	Leafline Labs
17	Real Estate Equities	35	8811 91st Street Project
18	CG Middle School	36	Tanks, Goebels, Geis & Biscoe
37	Transition Project by ISD 833	38	Cedarhurst Site
39	Shoppes At Cottage View	40	Kwik Trip
41	NorthPoint		



TO: The Honorable Mayor Bailey and City Council
Jennifer Levitt, City Administrator

FROM: Gretchen Larson, Economic Development Director

DATE: January 16, 2025

RE: The Shoppes at Cottage View Updates

Background

The Shoppes property has been discussed for many years as an ideal location to build a city center to function as a downtown locale since the city doesn't have a traditional "downtown" like many cities have. Having an area where you could park and walk throughout the area to stay, shop, dine, and be entertained, is highly desired by citizens, the business community, and the City Council. The Shoppes property has been under an option contract with the developer, River Caddis since January of 2023 and the option expires at the end of 2025. In addition, now that we have a Small Area Study draft completed, the south side of Hwy 61, which includes the area known as Langdon Village and 3M property, there is yet another opportunity to create a downtown type center.

Ideally, we'd like the two potential developments to complement each other, rather than compete. The idea suggested is that The Shoppes property be more of a family-friendly, focused destination. The Innovation Village side of Hwy 61 would be an entertainment area potentially aimed at the younger generation who prefer unique shopping and dining experiences. How each side develops will ultimately be driven by market trends.

The Shoppes at Cottage View Updates

Over the past two and half years, the Mayor, City Administrator and staff have had numerous meetings with the developer. We've also visited with community partners (Washington Co. and ISD) on projects that they might bring to the site, brokers representing retail clients, other developers interested in partnering or purchasing a portion of the property and marketed the development at both ICSC and MNCAR. All these efforts on our part were designed to not only help secure tenants for the site, but also to specifically encourage the developer to create a usable site plan so retailers and others would know how they would fit into the development. As of this report no movement towards development has occurred on the property.

Earlier this year at a bi-monthly check in the developer shared that he was working with a multifamily developer to create units on the northwest side of the property closest to Walmart. As is our policy, we informed the developer about the potential development on the south side of Hwy 61 and the possibility of a hotel being developed on the Ross

property, just south of the 73 acres at East Point Douglas. We believe that a potential hotel development would perhaps spur additional development since we'd need to use part of our Congressional Direct Spending (CDS) funds to make roadway and other improvements in the area. This idea is explained in detail in the hotel memo update included in the strategic planning packet.

A recent conversation with the property owner, Zach Herringer confirmed that he was still honoring his agreement to let the option play out and he is therefore, not entertaining any other offers on the property. He has requested that River Caddis provide him with a detailed analysis of what support he thinks he needs to address some of the challenges with developing the property. They plan to touch base again in the second quarter to discuss and if no progress has been made, he hopes that perhaps River Caddis will let the option go and then he would be free to entertain other offers from interested parties.

TO: The Honorable Mayor Bailey and City Council
Jennifer Levitt, City Administrator

FROM: Gretchen Larson, Economic Development Director

DATE: January 16, 2025

RE: Hotel Planning Updates

Background

The property located at 9430 East Point Douglas Rd. S is 3.59 acres and is currently used as the residence of Mrs. Martha Ross. Mrs. Ross is open to selling the property so that she can move into smaller, more manageable accommodations. In December of 2022, the EDA received a report from HVS, a hospitality firm specializing in hotel feasibility studies. The report found that the city could support a 90 unit, branded hotel with the ideal location being on 80th Street, though several other sites were also recommended, including the Ross property. The Ross property is adjacent to Walmart on the east and The Shoppes at Cottage View property to the north. While the property is currently being used as residential, it is guided to be mixed-use retail/commercial.



Property Location

In November, the EDA approved engaging BRKW Real Estate Valuation Services to conduct an appraisal of the property and we anticipate the appraisal will be completed in February. The appraisal will give the EDA the necessary information to determine if the land is in line with other recent market sales in the community and can then use the appraisal to determine what a potential offer on the property should be.

As you'll recall, the team at Chandlerthinks who is assisting us with the creation of a CVB Strategic Plan shared that the city was losing opportunities for overnight stays to the City of Woodbury due to the lack of adequate hotel space. To evaluate the potential loss of revenue we conducted a survey of our larger businesses to gauge from them how many out of town vendors, contractors, suppliers and corporate team members come to their facilities and have the need to stay overnight and where to they typically stay. We closed the survey close on November 8 and the team at Chandler Thinks evaluated the results and shared their findings on the potential loss of revenue in their report at the CVB meeting on January 9. Their report indicated that the city could potentially receive approximately \$80,000 in annual revenue if we had another hotel in the city.

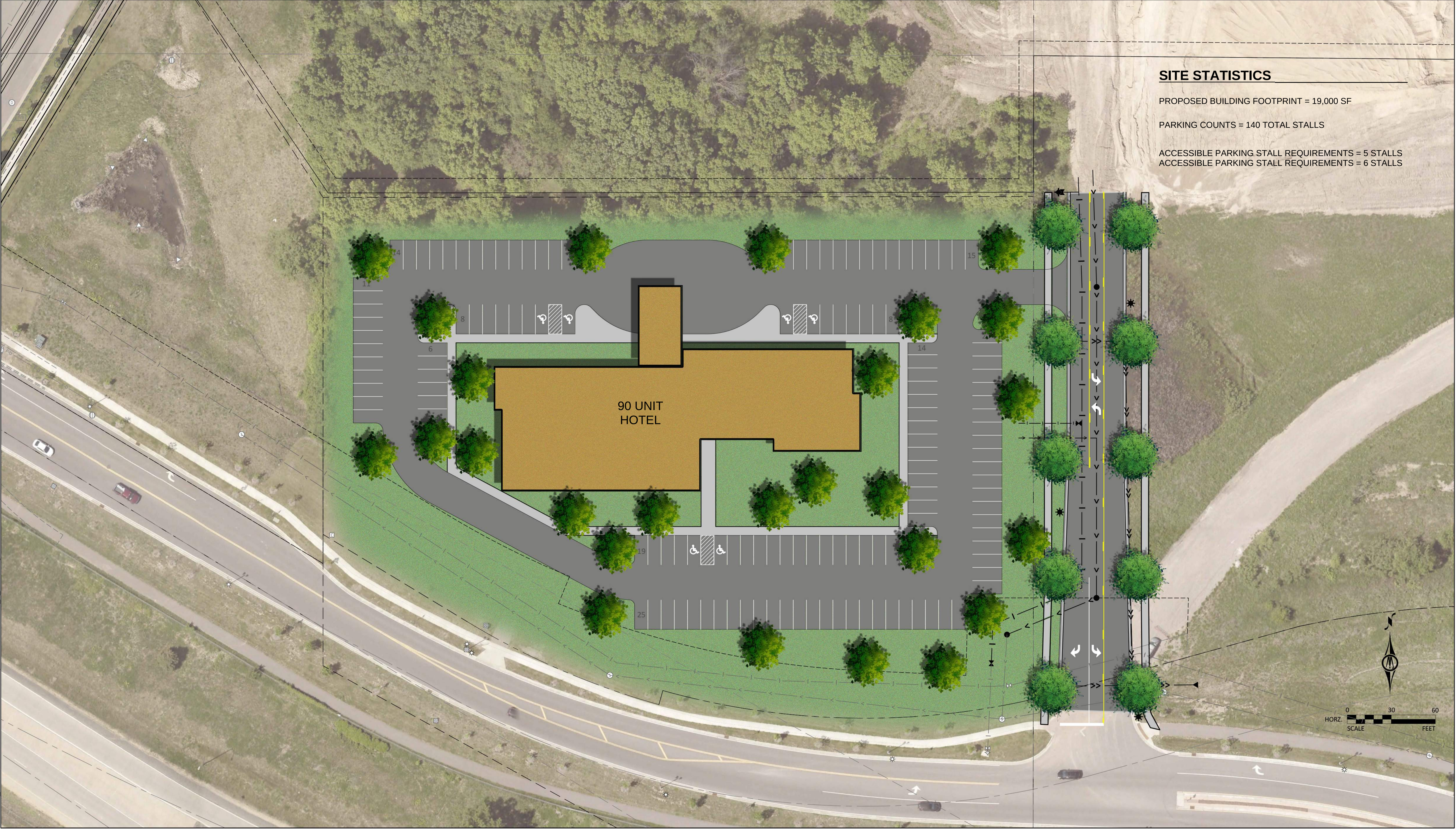
As a part of our due diligence the city administrator requested that the engineering team at Bolton-Menk evaluate the property for the development of a 90 room, branded hotel to give us a sense of what could be built on the property. The team at Bolton-Menk also looked at the Ross parcel to evaluate how the Shoppes at Cottage View improvements could be implemented with the \$3,000,000 HUD grant the city received. There are still pending questions regarding the overall use of the funds that will need to be addressed with HUD and the team at Bolton-Menk will look into that and report back. They have provided the staff with a detailed report of cost of the development at approximately \$600,000 not including some additional site work that may be needed as the project evolves.

We hope to have the appraisal to the EDA and a possible offer ready in the March/April timeframe. If the EDA agrees with the purchase, we recommend that the funding come from the EDA Trust. We will also apply to Washington County via their predevelopment grant fund for a match grant to conduct an environmental site assessment (ESA). The ESA will then allow us to apply to DEED for potential demolition of the building and capping the well and septic. This is the same process we are currently in using for the Majestic Ballroom site. We are also working on and RFP to send to hoteliers and anticipate that will be completed in mid-February.

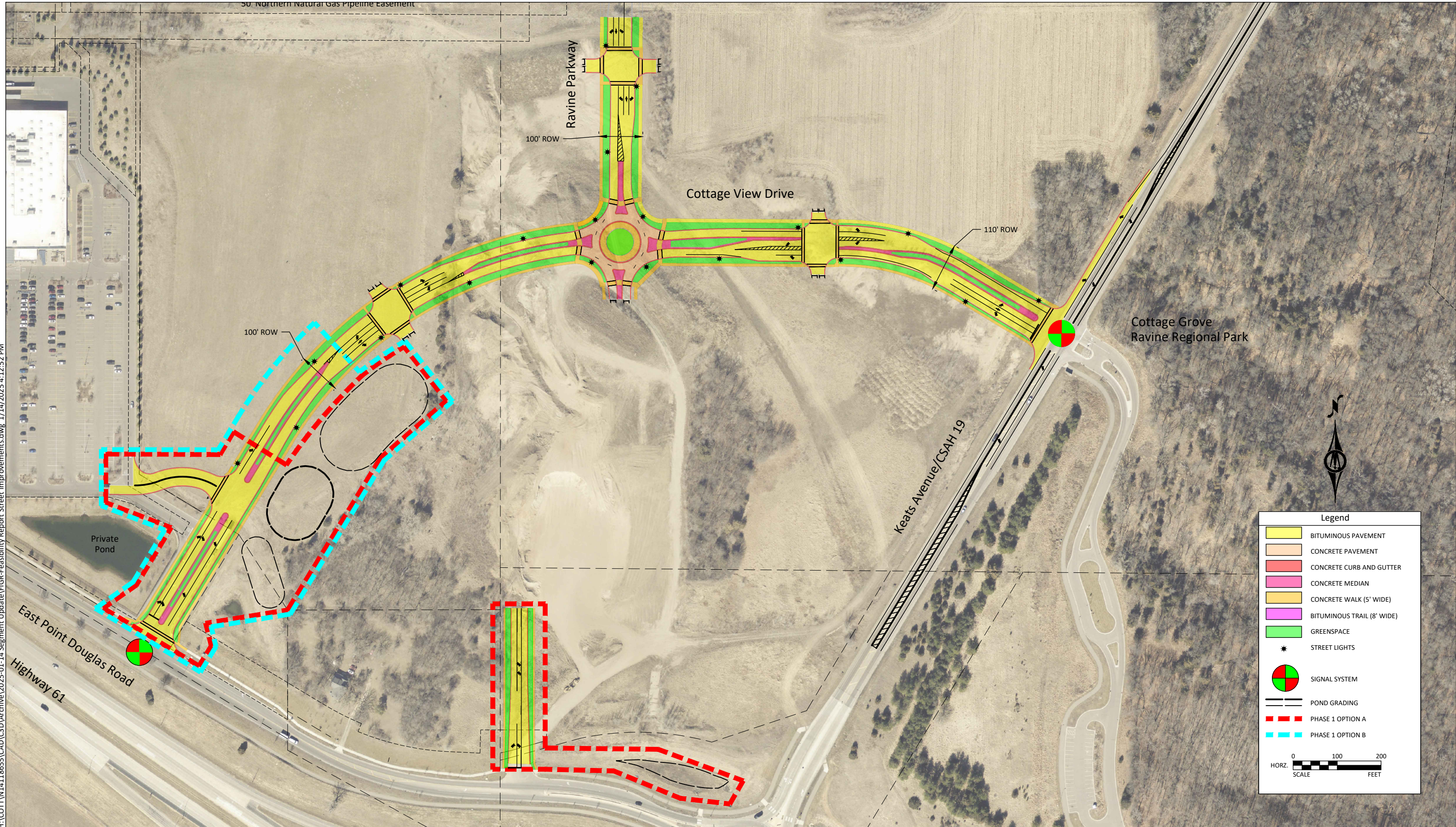
Attachments

Hotel Concept

Phasing Options



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MARKET STUDY

Proposed Cottage Grove Hotel

US-10/US-61 CORRIDOR
COTTAGE GROVE, MINNESOTA

SUBMITTED TO:

Ms. Gretchen Larson
City of Cottage Grove
12800 Ravine Parkway South
Cottage Grove, Minnesota 55016

+1 (651) 458-2830

PREPARED BY:

HVS Consulting & Valuation
Division of TS Worldwide, LLC
33972 North Oak Drive
Pequot Lakes, Minnesota 56472

+1 (303) 588-6558

November 30, 2022

Ms. Gretchen Larson
City of Cottage Grove
12800 Ravine Parkway South
Cottage Grove, Minnesota 55016

Re: Proposed Cottage Grove Hotel
Cottage Grove, Minnesota
HVS Reference: 2022021420

Dear Ms. Larson:

HVS

33972 North Oak Drive
Pequot Lakes, Minnesota 56472
+1 (303) 588-6558
+1 (516) 742-3059 FAX
www.hvs.com

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned property. We have inspected potential site locations and analyzed the hotel market conditions in the Cottage Grove, Minnesota area, and the results of our fieldwork and analysis are presented in this report. We have also made recommendations for the best-suited hotel product for the market area.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC

A handwritten signature in black ink, reading 'Tanya J. Pierson', is positioned above the typed name.

Tanya J. Pierson, MAI, Senior Managing Director
TPierson@hvs.com, +1 (303) 588-6558

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1. Executive Summary

Objective of the Market Study

The objective of the market study is to examine the current and potential demand for lodging accommodations, as well as the existing and proposed supply in Cottage Grove and surrounding suburbs.

Intended Use and Audience of the Appraisal

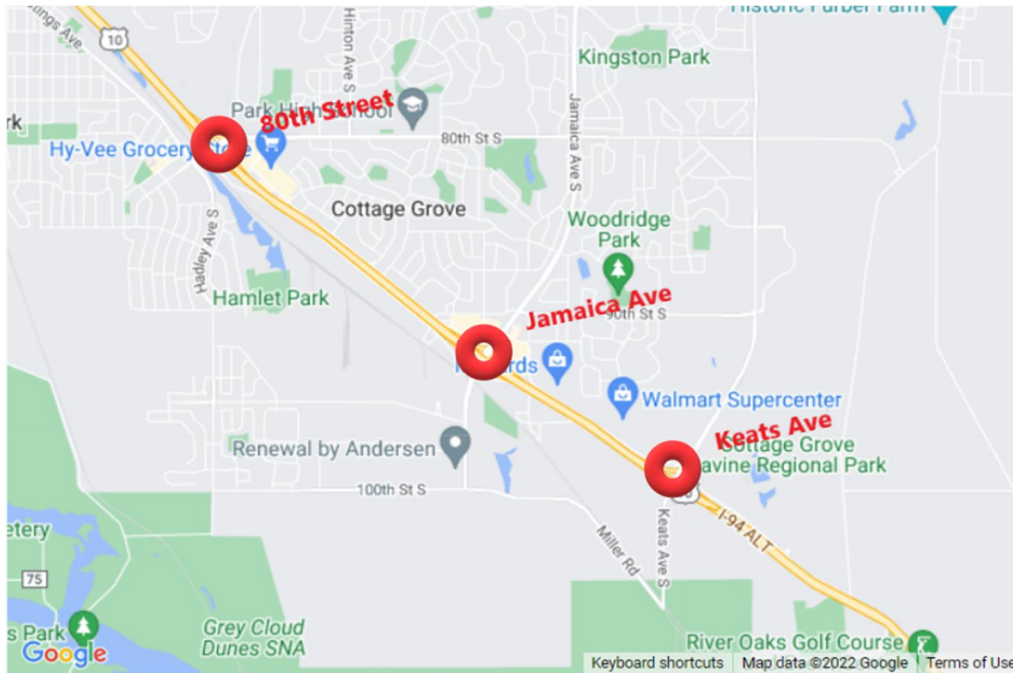
This market study report is being prepared for the City of Cottage Grove. The findings of this market study are anticipated to be used to determine if the City of Cottage Grove hotel market has sufficient depth and need to support a new hotel.

Subject of the Market Study

The City of Cottage Grove is looking into the development of a hotel and multiple site locations are available for such development; however, a specific site had not been chosen at the time of our report. We have analyzed the locations of the sites in regard to their proximity to demand generators, retail establishments, and entertainment venues. Based on interviews conducted with demand generators and our evaluation of the market performance, it is our recommendation that the proposed subject hotel operate as a midscale or upper-midscale limited-service property, such as a Fairfield by Marriott, Hampton by Hilton, Holiday Inn Express, or comparable brand. Given the existence of extended-stay demand in the market, there is the potential for a dual branding of the subject hotel to include some extended-stay rooms in the available inventory. Possible dual-branded hotel combinations include Fairfield/TownePlace Suites by Marriott, Tru/Home2 Suites by Hilton, and Avid/Candlewood Suites.

For the purpose of this analysis, we have assumed that the property would open on May 1, 2025 and feature 90 rooms, a breakfast dining area, meeting space for at least 50 people, an indoor pool and whirlpool, a fitness room, a lobby workstation, a market pantry, and a guest laundry room. The hotel would also feature all necessary back-of-the-house space.

SITE LOCATIONS CONSIDERED



Location	Strengths	Weaknesses
80th Street Exit (Gateway North)	Near several retail and restaurant outlets; close to I-494	Older retail in area requiring redevelopment
Jamaica Avenue Exit	Proximate to business park, with numerous fast food and shopping venues	Lack of full-service restaurants; limited sites close to the highway
Keats Avenue Exit (Cottage View)	Proximity to business park, Ravine Regional Park, event centers	Lack of support businesses nearby (retail, restaurants) as it is undeveloped

Pertinent Dates

The effective date of the report is November 30, 2022. The subject sites were inspected by Tanya J. Pierson, MAI on September 12, 2022. In addition to the inspection, Tanya J. Pierson, MAI participated in the research for this assignment and assisted in the report's preparation.

Global Considerations

The hospitality industry has been, and continues to be, affected by a variety of external factors that influence both the lodging and the investment markets. The following paragraphs outline the global factors that are the most impactful to the lodging industry as of the effective date of this report.

The COVID-19 pandemic began in early 2020 and had a significant impact throughout the world and on the respective economies. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including increases in unemployment. The hospitality industry was severely affected, as travel declined sharply and as restrictions on group sizes resulted in the cancellations of meetings, conventions, and events. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity; the period of greatest impact was 2020. With the availability of vaccines and lifting of restrictions, conditions generally improved in 2021, although the Omicron variant slowed the recovery in the latter part of the year. Currently, the prevailing market outlook is that the peak impact of the pandemic on the travel industry is behind us. While group meetings and events have resumed, business travel remains below pre-pandemic levels given that office occupancy and work-related travel have been affected by more widespread remote work options. Travel patterns have shifted to include more leisure demand, anticipated to comprise a greater proportion of lodging demand in the future. While ADR and RevPAR have passed 2019 levels in most markets, our research reflects a general expectation that lagging occupancy levels will recover by 2024; the timing and pace of recovery for individual markets will vary based on market-specific characteristics and conditions.

Exacerbated by rising oil and gas prices in the wake of the Russia-Ukraine conflict, the inflationary trends that first emerged during the pandemic have continued. Driven by supply-chain disruptions and pent-up consumer demand during the pandemic, prices for most goods and services increased substantially. The Federal Reserve is combating inflation through successive interest rate hikes (five thus far this year), with some initial success, as the pace of inflation and job growth have decelerated. However, further increases are possible and expected through the first part of 2023. The risk of a recession has emerged as a concern, as well, affecting the stock market, debt availability, and consumer confidence. The ongoing international conflicts have also contributed to economic uncertainty, continued supply disruptions, and increased energy costs. As a result, the near-term outlook is unclear, and investors are taking an increasingly cautious approach, which, when combined with the recent increases in interest rates, has put downward pressure on real estate values. As of the fourth quarter of 2022, inflation levels are anticipated to remain elevated in the near term, albeit below peak levels. Over the longer term, inflation is expected to moderate back to more normalized levels as the economy moves through the current cycle.

By its nature, the hospitality industry is a major employer and thus heavily reliant on the cost and availability of labor. Following the onset of the pandemic, roughly 33.0% of jobs were lost across the hotel industry between February 2020 and January 2021, according to Tourism Economics. While many of these jobs have returned, the workforce has not kept pace with the increased employment opportunities, and many hotels continue to report labor shortages. The industry has responded to this issue through wage increases, additional benefits, flexible schedules, and the implementation of cross-training and job sharing, as well as increased use of technology. In response to the pandemic, many hotels revised, downsized, or eliminated some services, particularly in the food and beverage (F&B) and housekeeping departments. Given the ongoing labor shortages, operators are retaining some aspects of these solutions, which should somewhat offset rising labor costs. Nevertheless, notable increases in labor costs are anticipated to continue in the near term.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability, inclusive of the subject of this report. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

Management and Franchise Assumptions

Details pertaining to management terms were not yet determined at the time of this report; however, we assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

We recommend that the proposed subject property operate as a midscale or upper-midscale limited-service hotel. For the purpose of this report, we have assumed that the property would be affiliated with a nationally recognized hotel brand, such as a Fairfield by Marriott, Hampton by Hilton, Holiday Inn Express, or another comparable limited-service brand. However, a specific franchise affiliation was not finalized at the time of this study. We have reviewed the royalty and marketing assessments of the referenced brands, and utilized an average level for the purpose of this analysis as shown in the following table.

FIGURE 1-1 FRANCHISE FEES

Brand	Royalty Fee	Marketing Fee	Total Fee
Fairfield	5.5%	2.5%	8.0%
Hampton Inn & Suites	6.0%	4.0%	10.0%
Holiday Inn Express	6.0%	3.0%	9.0%
TownePlace Suites	5.5%	2.0%	7.5%
Home2 Suites	5.0%	3.5%	8.5%
Tru by Hilton	5.0%	4.0%	9.0%
Candlewood Suites	5.0%	2.5%	7.5%
Avid	5.0%	3.0%	8.0%
Average	5.4%	3.1%	8.4%
Median	5.3%	3.0%	8.3%
Minimum	5.0%	2.0%	7.5%
Maximum	6.0%	4.0%	10.0%
Fees Selected	5.5%	3.0%	8.5%

Summary of Hotel Market Trends

During the illustrated historical period, both occupancy and ADR generally followed a strengthening trend through 2016. This improvement in market conditions was driven largely by growth in the local economy and retail and commercial development in Woodbury. Occupancy and ADR began to soften in 2017 as new hotels were absorbed by the market. Supply increased by 88.0% between 2015 and 2018 with the opening of the Residence Inn by Marriott and La Quinta Inn & Suites Woodbury in late 2016, the Hampton Inn & Suites Oakdale in late 2017, and the Courtyard by Marriott in Woodbury in January 2018. While occupancy declined to the high 60s in 2018, average rate remained fairly stable due to Super Bowl LII, which was held in Minneapolis. Following the loss of this one-time demand source, RevPAR fell by 10.0% in 2019. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in stay-at-home orders, group cancellations, and decreased business travel; thus, the 2020 data illustrate a significant decline in occupancy and a roughly \$21 loss in ADR. By year-end 2021, occupancy and ADR had recovered a substantial portion of their 2020 losses, gaining traction in the latter half of the year after the wide distribution of vaccines. The year-to-date data through August 2022 reflect continued recovery, with both occupancy and ADR nearing the levels achieved in 2019. Given the return of both commercial and leisure travel as well as the ongoing development in both Woodbury and Cottage Grove, the outlook for the market is optimistic.

The following table provides a historical perspective on the supply and demand trends for a selected set of hotels, as provided by STR.

FIGURE 1-2 HISTORICAL SUPPLY AND DEMAND TRENDS

	Average Daily	Available		Occupied			Average			
Year	Room Count	Room Nights	Change	Room Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2009	507	185,055	—	95,505	—	51.6 %	\$96.36	—	\$49.73	—
2010	507	185,055	0.0 %	116,297	21.8 %	62.8	96.51	0.2 %	60.65	22.0 %
2011	507	185,055	0.0	124,310	6.9	67.2	101.15	4.8	67.95	12.0
2012	507	185,055	0.0	124,112	(0.2)	67.1	106.10	4.9	71.16	4.7
2013	506	184,721	(0.2)	129,720	4.5	70.2	112.46	6.0	78.98	11.0
2014	505	184,506	(0.1)	131,739	1.6	71.4	118.09	5.0	84.32	6.8
2015	505	184,325	(0.1)	136,575	3.7	74.1	120.29	1.9	89.13	5.7
2016	562	205,065	11.3	148,497	8.7	72.4	125.62	4.4	90.97	2.1
2017	746	272,185	32.7	196,385	32.2	72.2	121.18	(3.5)	87.43	(3.9)
2018	949	346,385	27.3	237,588	21.0	68.6	123.02	1.5	84.38	(3.5)
2019	949	346,385	0.0	230,585	(2.9)	66.6	113.89	(7.4)	75.82	(10.1)
2020	949	346,385	0.0	126,181	(45.3)	36.4	92.74	(18.6)	33.78	(55.4)
2021	949	346,385	0.0	190,974	51.3	55.1	101.33	9.3	55.87	65.4
Year-to-Date Through August										
2019	949	230,607	—	159,344	—	69.1 %	\$114.48	—	\$79.10	—
2020	949	230,607	0.0 %	85,816	(46.1) %	37.2	94.38	(17.6) %	35.12	(55.6) %
2021	918	223,047	(3.3)	126,768	47.7	56.8	98.67	4.5	56.08	59.7
2022	949	230,607	3.4	157,954	24.6	68.5	112.05	13.6	76.75	36.9
Average Annual Compounded Change:										
2009 – 2019			6.5 %	9.2 %			1.7 %			4.3 %
2009 – 2020			5.9	2.6			(0.3)			(3.5)
Hotels Included in Sample				Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened		
Hampton by Hilton Inn Minneapolis/St Paul-Woodbury				Upper Midscale Class	Secondary	63	May 2021	Jan 1996		
Holiday Inn Express & Suites St Paul Woodbury				Upper Midscale Class	Secondary	100	Aug 1997	Aug 1997		
Country Inn & Suites Cottage Grove				Upper Midscale Class	Primary	76	Jul 2002	Jul 2002		
Hilton Garden Inn St Paul Oakdale				Upscale Class	Secondary	116	Feb 2005	Feb 2005		
Sheraton Hotel St Paul Woodbury				Upper Upscale Class	Secondary	150	Jul 2008	Jul 2008		
Residence Inn St Paul Woodbury				Upscale Class	Secondary	116	Sep 2016	Sep 2016		
La Quinta Inns & Suites St Paul - Woodbury				Upper Midscale Class	Secondary	108	Nov 2016	Nov 2016		
Hampton by Hilton Inn & Suites St Paul Oakdale/Woodbury				Upper Midscale Class	Secondary	100	Nov 2017	Nov 2017		
Courtyard St Paul Woodbury				Upscale Class	Secondary	120	Jan 2018	Jan 2018		
Total						949				

Source: STR

The following tables reflect our estimates of operating data for hotels on an individual basis. These trends are presented in detail in the Supply and Demand Analysis chapter of this report.

FIGURE 1-3 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation				Estimated 2019				Estimated 2021					
	Number of Rooms	Commercial	Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Country Inn & Suites By Carlson Cottage Grove	76	40 %	10 %	50 %	76	60 - 65 %	\$95 - \$100	\$55 - \$60	76	65 - 70 %	\$95 - \$100	\$60 - \$65	110 - 120 %	110 - 120 %
Wakota Inn & Suites	31	10	0	90	31	45 - 50	75 - 80	35 - 40	31	45 - 50	70 - 75	35 - 40	85 - 90	60 - 65
Sub-Totals/Averages	107	33 %	8 %	60 %	107	59.2 %	\$90.11	\$53.37	107	61.4 %	\$91.39	\$56	111 %	101.7 %
Secondary Competitors	873	63 %	18 %	19 %	655	66.9 %	\$115.55	\$77.31	655	54.1 %	\$101.67	\$55	98 %	99.7 %
Totals/Averages	980	59 %	17 %	24 %	762	65.8 %	\$112.33	\$73.95	762	55.1 %	\$100.06	\$55	100 %	100.0 %

** Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.*

FIGURE 1-4 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation					Estimated 2019				Estimated 2021			
	Number of Rooms	Commercial	Group	Leisure	Total Competitive Level	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Sheraton Saint Paul Woodbury	150	55 %	30 %	15 %	75 %	113	65 - 70 %	\$115 - \$120	\$75 - \$80	113	50 - 55 %	\$95 - \$100	\$50 - \$55
Courtyard by Marriott Saint Paul Woodbury	120	65	20	15	75	90	60 - 65	120 - 125	75 - 80	90	55 - 60	110 - 115	60 - 65
Residence Inn by Marriott Saint Paul Woodbury	116	75	10	15	75	87	75 - 80	130 - 140	100 - 105	87	75 - 80	120 - 125	95 - 100
Hampton by Hilton Minneapolis Saint Paul Woodbury	63	70	10	20	75	47	65 - 70	110 - 115	75 - 80	47	25 - 30	95 - 100	25 - 30
Hilton Garden Inn Saint Paul Oakdale	116	60	30	10	75	87	65 - 70	115 - 120	75 - 80	87	30 - 35	95 - 100	30 - 35
Hampton by Hilton Saint Paul Oakdale Woodbury	100	60	10	30	75	75	60 - 65	105 - 110	65 - 70	75	50 - 55	95 - 100	50 - 55
La Quinta Inn & Suites Saint Paul Woodbury	108	60	10	30	75	81	65 - 70	95 - 100	65 - 70	81	55 - 60	85 - 90	50 - 55
Holiday Inn Express & Suites Saint Paul Woodbury	100	65	15	20	75	75	60 - 65	105 - 110	65 - 70	75	55 - 60	90 - 95	50 - 55
Totals/Averages	873	63 %	18 %	19 %	75 %	655	66.9 %	\$115.55	\$77.31	655	54.1 %	\$101.67	\$55.00
* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.													

Summary of Forecast Occupancy and Average Rate

Based on our analysis presented in the Projection of Occupancy and Average Rate chapter, we have chosen to use a stabilized occupancy level of 70% and a base-year rate position of for the proposed subject hotel. The following table reflects a summary of our proposed subject hotel occupancy and average rate (ADR) projections.

FIGURE 1-5 FORECAST OF OCCUPANCY AND AVERAGE RATE

Year	Occupancy	Average Rate		Average Rate
		Before Discount	Discount	After Discount
2025/26	66 %	\$129.93	5.0 %	\$123.43
2026/27	69	133.83	0.0	133.83
2027/28	70	137.84	0.0	137.84

Summary of Forecast Income and Expense Statement

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market. Our forecast of income and expense is presented in the following table.

FIGURE 1-6 DETAILED FORECAST OF INCOME AND EXPENSE

	2025/26 Begins May				2026/27				Stabilized				2028/29				2029/30			
Number of Rooms:	90				90				90				90				90			
Occupancy:	66%				69%				70%				70%				70%			
Average Rate:	\$123.43				\$133.83				\$137.84				\$141.98				\$146.24			
RevPAR:	\$81.47				\$92.34				\$96.49				\$99.38				\$102.37			
Days Open:	365				365				365				365				365			
Occupied Rooms:	21,681	%Gross	PAR	POR	22,667	%Gross	PAR	POR	22,995	%Gross	PAR	POR	22,995	%Gross	PAR	POR	22,995	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$2,676	98.2 %	\$29,733	\$123.43	\$3,033	98.3 %	\$33,700	\$133.81	\$3,170	98.3 %	\$35,222	\$137.86	\$3,265	98.3 %	\$36,278	\$141.99	\$3,363	98.3 %	\$37,367	\$146.25
Other Operated Departments	38	1.4	423	1.75	42	1.4	464	1.84	43	1.3	480	1.88	45	1.3	495	1.94	46	1.3	509	1.99
Miscellaneous Income	11	0.4	119	0.49	11	0.4	124	0.49	12	0.4	128	0.50	12	0.4	132	0.52	12	0.4	136	0.53
Total Operating Revenues	2,725	100.0	30,275	125.67	3,086	100.0	34,288	136.14	3,225	100.0	35,831	140.24	3,321	100.0	36,904	144.44	3,421	100.0	38,012	148.77
DEPARTMENTAL EXPENSES *																				
Rooms	715	26.7	7,947	32.99	750	24.7	8,329	33.07	777	24.5	8,629	33.77	800	24.5	8,887	34.78	824	24.5	9,154	35.83
Other Operated Departments	20	52.5	222	0.92	21	50.2	233	0.92	22	50.0	240	0.94	22	50.0	247	0.97	23	50.0	255	1.00
Total Expenses	735	27.0	8,169	33.91	771	25.0	8,562	34.00	798	24.8	8,869	34.71	822	24.8	9,135	35.75	847	24.8	9,409	36.83
DEPARTMENTAL INCOME	1,989	73.0	22,105	91.76	2,315	75.0	25,726	102.15	2,427	75.2	26,962	105.53	2,499	75.2	27,770	108.69	2,574	75.2	28,603	111.95
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	259	9.5	2,876	11.94	273	8.8	3,031	12.03	282	8.7	3,133	12.26	290	8.7	3,227	12.63	299	8.7	3,323	13.01
Info & Telecom Systems	41	1.5	460	1.91	44	1.4	485	1.93	45	1.4	501	1.96	46	1.4	516	2.02	48	1.4	532	2.08
Marketing	142	5.2	1,582	6.57	136	4.4	1,515	6.02	141	4.4	1,566	6.13	145	4.4	1,613	6.31	150	4.4	1,662	6.50
Franchise Fee	227	8.3	2,527	10.49	258	8.4	2,865	11.37	269	8.4	2,994	11.72	278	8.4	3,084	12.07	286	8.4	3,176	12.43
Prop. Operations & Maint.	128	4.7	1,421	5.90	142	4.6	1,576	6.26	147	4.5	1,629	6.38	151	4.5	1,678	6.57	156	4.5	1,728	6.76
Utilities	129	4.8	1,438	5.97	136	4.4	1,515	6.02	141	4.4	1,566	6.13	145	4.4	1,613	6.31	150	4.4	1,662	6.50
Total Expenses	927	34.0	10,305	42.78	989	32.0	10,986	43.62	1,025	31.8	11,390	44.58	1,056	31.8	11,731	45.91	1,087	31.8	12,083	47.29
GROSS OPERATING PROFIT	1,062	39.0	11,800	48.98	1,327	43.0	14,739	58.52	1,402	43.4	15,572	60.95	1,443	43.4	16,039	62.77	1,487	43.4	16,520	64.66
Management Fee	82	3.0	908	3.77	93	3.0	1,029	4.08	97	3.0	1,075	4.21	100	3.0	1,107	4.33	103	3.0	1,140	4.46
INCOME BEFORE NON-OPR. INC. & EXP.	980	36.0	10,892	45.21	1,234	40.0	13,711	54.44	1,305	40.4	14,497	56.74	1,344	40.4	14,931	58.44	1,384	40.4	15,380	60.19
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	121	4.4	1,344	5.58	249	8.1	2,769	10.99	257	8.0	2,852	11.16	264	8.0	2,937	11.50	272	8.0	3,025	11.84
Insurance	43	1.6	472	1.96	44	1.4	487	1.93	45	1.4	501	1.96	46	1.4	516	2.02	48	1.4	532	2.08
Total Expenses	163	6.0	1,816	7.54	293	9.5	3,255	12.93	302	9.4	3,353	13.12	311	9.4	3,453	13.52	320	9.4	3,557	13.92
EBITDA	817	30.0	9,076	37.67	941	30.5	10,456	41.52	1,003	31.0	11,145	43.62	1,033	31.0	11,478	44.92	1,064	31.0	11,823	46.27
Reserve for Replacement	54	2.0	605	2.51	93	3.0	1,029	4.08	129	4.0	1,433	5.61	133	4.0	1,476	5.78	137	4.0	1,520	5.95
EBITDA LESS RESERVE	\$762	28.0 %	\$8,470	\$35.16	\$848	27.5 %	\$9,427	\$37.43	\$874	27.0 %	\$9,711	\$38.01	\$900	27.0 %	\$10,002	\$39.15	\$927	27.0 %	\$10,302	\$40.32

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 1-7 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35	
Number of Rooms:	90		90		90		90		90		90		90		90		90		90	
Occupied Rooms:	21,681		22,667		22,995		22,995		22,995		22,995		22,995		22,995		22,995		22,995	
Occupancy:	66%		69%		70%		70%		70%		70%		70%		70%		70%		70%	
Average Rate:	\$123.43	% of	\$133.83	% of	\$137.84	% of	\$141.98	% of	\$146.24	% of	\$150.62	% of	\$155.14	% of	\$159.80	% of	\$164.59	% of	\$169.53	% of
RevPAR:	\$81.47	Gross	\$92.34	Gross	\$96.49	Gross	\$99.38	Gross	\$102.37	Gross	\$105.44	Gross	\$108.60	Gross	\$111.86	Gross	\$115.21	Gross	\$118.67	Gross
OPERATING REVENUE																				
Rooms	\$2,676	98.2 %	\$3,033	98.3 %	\$3,170	98.3 %	\$3,265	98.3 %	\$3,363	98.3 %	\$3,464	98.3 %	\$3,568	98.3 %	\$3,675	98.3 %	\$3,785	98.3 %	\$3,898	98.3 %
Other Operated Departments	38	1.4	42	1.4	43	1.3	45	1.3	46	1.3	47	1.3	49	1.3	50	1.3	52	1.3	53	1.3
Miscellaneous Income	11	0.4	11	0.4	12	0.4	12	0.4	12	0.4	13	0.4	13	0.4	13	0.4	14	0.4	14	0.4
Total Operating Revenues	2,725	100.0	3,086	100.0	3,225	100.0	3,321	100.0	3,421	100.0	3,524	100.0	3,630	100.0	3,738	100.0	3,850	100.0	3,965	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	715	26.7	750	24.7	777	24.5	800	24.5	824	24.5	849	24.5	874	24.5	900	24.5	927	24.5	955	24.5
Other Operated Departments	20	52.5	21	50.2	22	50.0	22	50.0	23	50.0	24	50.0	24	50.0	25	50.0	26	50.0	27	50.0
Total Expenses	735	27.0	771	25.0	798	24.8	822	24.8	847	24.8	872	24.8	898	24.8	925	24.8	953	24.8	982	24.8
DEPARTMENTAL INCOME	1,989	73.0	2,315	75.0	2,427	75.2	2,499	75.2	2,574	75.2	2,652	75.2	2,731	75.2	2,813	75.2	2,897	75.2	2,984	75.2
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	259	9.5	273	8.8	282	8.7	290	8.7	299	8.7	308	8.7	317	8.7	327	8.7	337	8.7	347	8.7
Info & Telecom Systems	41	1.5	44	1.4	45	1.4	46	1.4	48	1.4	49	1.4	51	1.4	52	1.4	54	1.4	55	1.4
Marketing	142	5.2	136	4.4	141	4.4	145	4.4	150	4.4	154	4.4	159	4.4	163	4.4	168	4.4	173	4.4
Franchise Fee	227	8.3	258	8.4	269	8.4	278	8.4	286	8.4	294	8.4	303	8.4	312	8.4	322	8.4	331	8.4
Prop. Operations & Maint.	128	4.7	142	4.6	147	4.5	151	4.5	156	4.5	160	4.5	165	4.5	170	4.5	175	4.5	180	4.5
Utilities	129	4.8	136	4.4	141	4.4	145	4.4	150	4.4	154	4.4	159	4.4	163	4.4	168	4.4	173	4.4
Total Expenses	927	34.0	989	32.0	1,025	31.8	1,056	31.8	1,087	31.8	1,120	31.8	1,154	31.8	1,188	31.8	1,224	31.8	1,261	31.8
GROSS OPERATING PROFIT	1,062	39.0	1,327	43.0	1,402	43.4	1,443	43.4	1,487	43.4	1,532	43.4	1,578	43.4	1,625	43.4	1,673	43.4	1,723	43.4
Management Fee	82	3.0	93	3.0	97	3.0	100	3.0	103	3.0	106	3.0	109	3.0	112	3.0	116	3.0	119	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	980	36.0	1,234	40.0	1,305	40.4	1,344	40.4	1,384	40.4	1,426	40.4	1,469	40.4	1,513	40.4	1,558	40.4	1,604	40.4
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	121	4.4	249	8.1	257	8.0	264	8.0	272	8.0	280	8.0	289	8.0	298	8.0	306	8.0	316	8.0
Insurance	43	1.6	44	1.4	45	1.4	46	1.4	48	1.4	49	1.4	51	1.4	52	1.4	54	1.4	55	1.4
Total Expenses	163	6.0	293	9.5	302	9.4	311	9.4	320	9.4	330	9.4	340	9.4	350	9.4	360	9.4	371	9.4
EBITDA	817	30.0	941	30.5	1,003	31.0	1,033	31.0	1,064	31.0	1,096	31.0	1,129	31.0	1,163	31.0	1,198	31.0	1,233	31.0
Reserve for Replacement	54	2.0	93	3.0	129	4.0	133	4.0	137	4.0	141	4.0	145	4.0	150	4.0	154	4.0	159	4.0
EBITDA LESS RESERVE	\$762	28.0 %	\$848	27.5 %	\$874	27.0 %	\$900	27.0 %	\$927	27.0 %	\$955	27.0 %	\$984	27.0 %	\$1,013	27.0 %	\$1,044	27.0 %	\$1,074	27.0 %

As illustrated, the hotel is expected to stabilize at a profitable level. Please refer to the Forecast of Income and Expense chapter of our report for a detailed explanation of the methodology used in deriving this forecast.

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject sites have been evaluated from the viewpoint of physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.
3. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.
4. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
5. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.

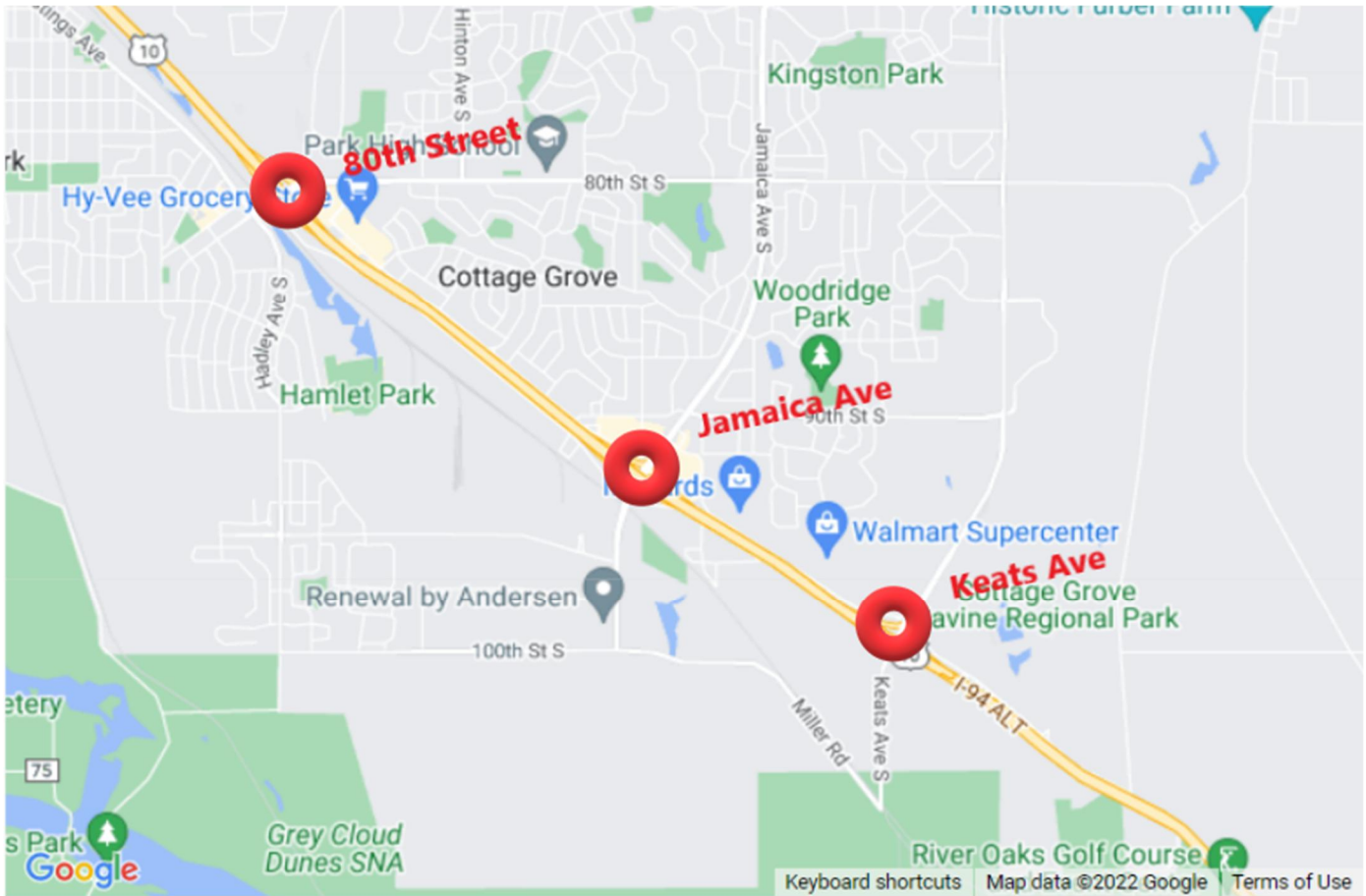
6. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
7. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) sets forth the anticipated economic benefits of the proposed subject property.

2. Description of the Sites and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

No specific site has been chosen for the proposed subject hotel; therefore, we have considered three general areas within Cottage Grove for the location of the proposed hotel. The first location is near the 80th Street interchange of U.S. Highway 10/61, which is proximate to Hy-Vee Grocery and the Wakota Inn & Suites. The second location is near the Jamaica Avenue interchange of U.S. Highway 10/61, near Cub Foods and Target. The third location is in the northeast quadrant of the interchange of Keats Avenue and U.S. Highway 10/61. While other potential sites exist within Cottage Grove city limits, the access, visibility, and proximity to complimentary businesses of these three areas are beneficial for a limited-service lodging facility.

LOCATION MAP



Based on current developments at each site, we would recommend a site at the 80th Street Exit given the prevalence of full-service and fast-food restaurants that many of the demand generators requested. While the Jamaica Exit area enjoys strong visibility and accessibility, it lacks full-service dine-in restaurants that families and business travelers alike prefer. The location at Keats Avenue is currently undeveloped and does not offer any ancillary options for hotel guests. If this area were to be developed with restaurants and retail in conjunction with or prior to the hotel development, this location would be favorable given its proximity to the event venues, the industrial park, and Ravine Regional Park.

Topography and Site Utility

While a specific site has not been determined, we assume the shape and topography will permit efficient use of the site for the building and other improvements, as well as ingress and egress. It is expected that the future site will be developed fully with

building and site improvements, thus contributing to the overall profitability of the hotel.

AERIAL PHOTOGRAPH – 80TH STREET EXIT (GATEWAY NORTH)



AERIAL PHOTOGRAPH – JAMAICA AVENUE EXIT



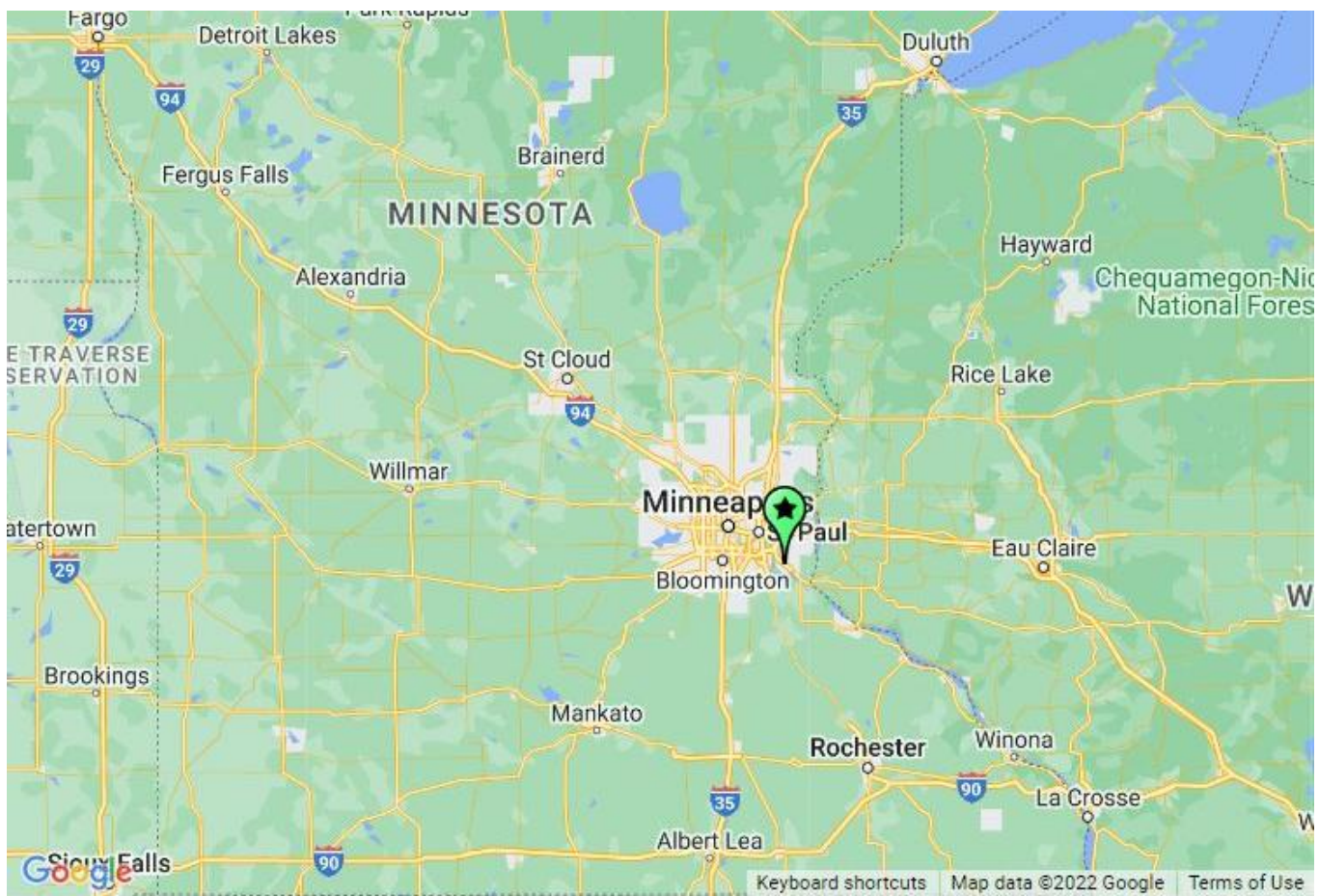
AERIAL PHOTOGRAPH – KEATS AVENUE EXIT (COTTAGE VIEW)



Access and Visibility

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF ACCESS ROUTES



Primary regional access through the area is provided by north/south Interstate 35, which extends to such cities as Des Moines, Iowa, to the south and Duluth to the north. Interstate 35 divides into two thoroughfares (I-35 West and I-35 East) that segment the flow of traffic to Minneapolis and St. Paul, respectively. East/west Interstate 94 is another major highway, which provides access to Fargo, North Dakota, to the west and Eau Claire, Wisconsin, to the east. Local and regional routes include branches of Interstate 94, such as Interstates 394, 494, and 694.

Airport Access

The proposed subject hotel will be located in Cottage Grove and will be served by the Minneapolis-St. Paul International Airport, which is located approximately twelve miles to the northwest of Cottage Grove.

City of Cottage Grove

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

Cottage Grove is a southeastern suburban edge community within the Minneapolis-St. Paul metropolitan area, located along the U.S. Highway 10/61 corridor, just south of Interstate 494 and northwest of the confluence of the Mississippi and St. Croix rivers.

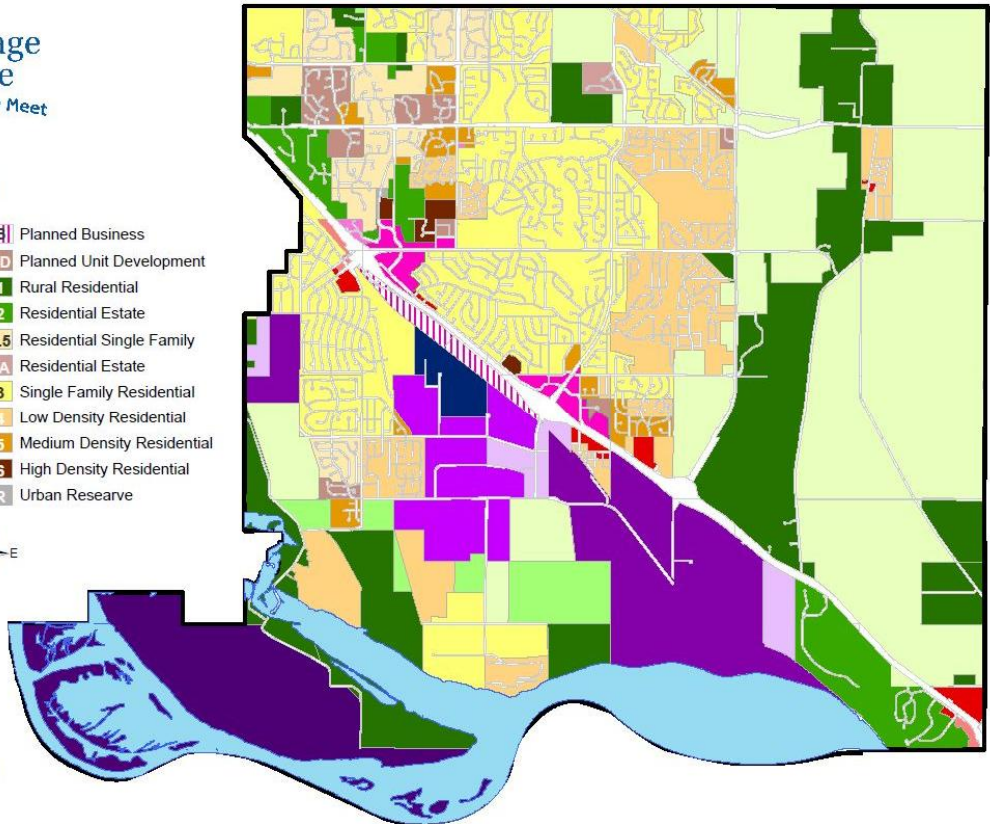
Because a specific site has not been finalized, the zoning could not be confirmed. However, the general area along two of the main exits in Cottage Grove is zoned Mixed Use. Our projections assume that the specific site would be approved for hotel use. We assume that all necessary permits and approvals will be secured (including the appropriate liquor license if applicable) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations.

ZONING MAP



Zoning Map

MU Mixed Use	PHH Planned Business
AG1 Agricultural Preservation	PUD Planned Unit Development
AG2 Agricultural	R1 Rural Residential
B1 Limited Business	R2 Residential Estate
B2 Retail Business	R2.5 Residential Single Family
B3 General Business	R2A Residential Estate
I1 Limited Industrial	R3 Single Family Residential
I2 General Industry	R4 Low Density Residential
I3 Heavy Industry	R5 Medium Density Residential
I4 Commercial Excavation	R6 High Density Residential
I5 Railroad Access	UR Urban Reserve



Disclaimer: This map is intended for reference purposes only and is not a legally recorded map or survey. The City of Cottage Grove shall not be liable for any damages or claims that arise due to accuracy, availability, use or misuse of the information herein pursuant to MN Statute 466.03 Subd 21.

*Some of the rezoning shown are contingent on Comprehensive Plan amendment approval.

Updated May 2022

Utilities

The subject site will reportedly be served by all necessary utilities.

Soil and Subsoil Conditions

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent at any of the locations.

Nuisances and Hazards

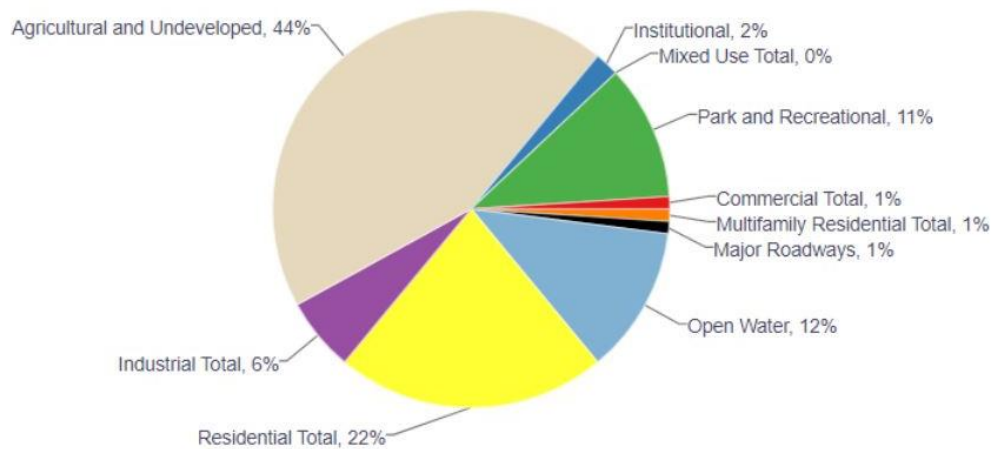
We were not informed of any site-specific nuisances or hazards in the three locations, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

Land Use – Current and Future Expectations

The City of Cottage Grove, as a primary focus within their 2040 Comprehensive Plan, has been very proactive in attracting industrial development, with ongoing residential projects to support employment growth in the market. The following charts illustrate the existing land use allocations in 2020 and what is planned for 2040.

LAND USE – 2020

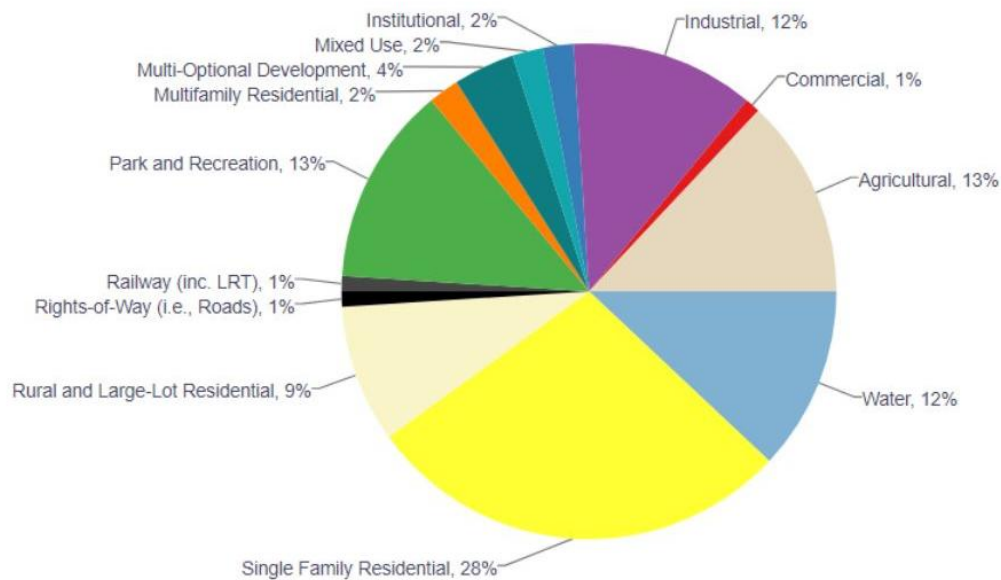
Generalized Land Use in Cottage Grove, 2020



Source: Metropolitan Council Generalized Land Use Historical Data Set

LAND USE – 2040

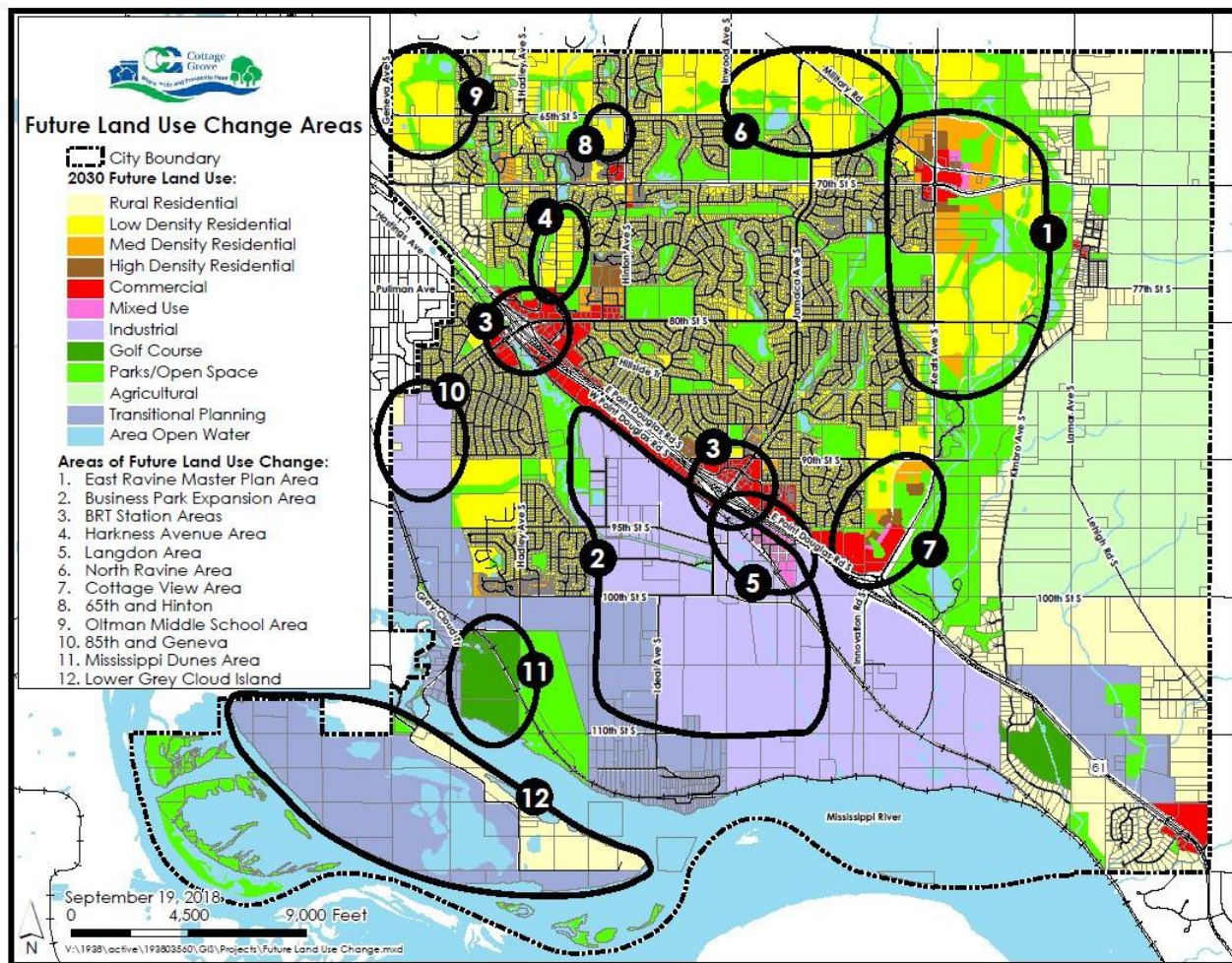
Regional Planned Land Use in Cottage Grove for 2040



Source: Metropolitan Council Regional Planned Land Use Data Set

A significant portion of the existing agriculture land is expected to be developed into residential and industrial uses. The following graphic illustrates the primary areas within Cottage Grove that are the focus of development.

LAND USE CHANGE AREAS



, and

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

3. Market Area Analysis

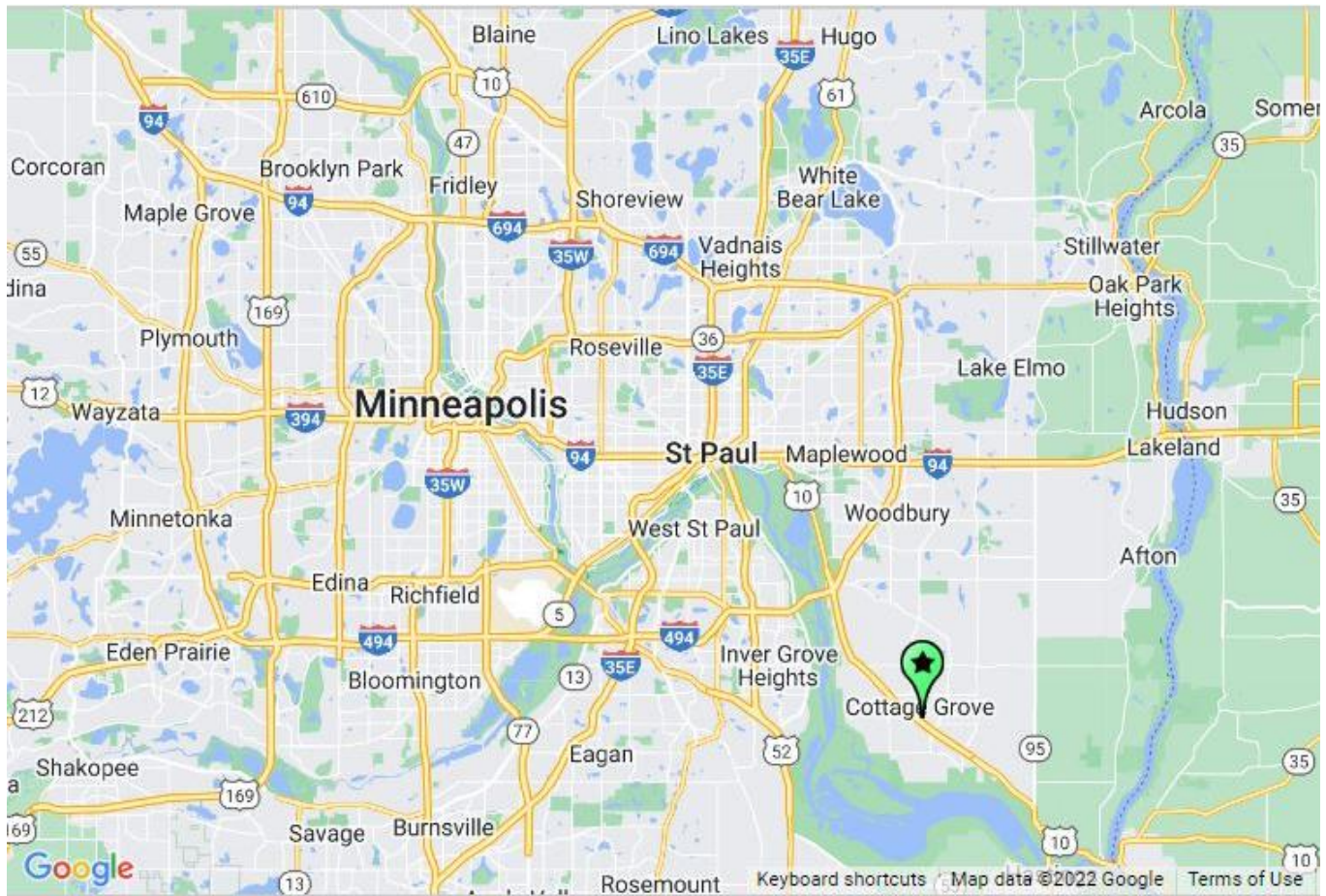
The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Cottage Grove, the county of Washington, and the state of Minnesota. The Minneapolis–St. Paul metropolitan area is considered a regional capital, linking the upper Midwestern United States to other national and international centers, and is well known for its robust economy, a highly educated workforce, and an outstanding quality of life. Over 15 Fortune 500 industrial and service companies are headquartered here, including Ecolab, Target Corporation, 3M, Honeywell, General Mills, and Land O’Lakes. In addition, Minneapolis–St. Paul maintains one of the largest concentrations of high-technology businesses in the nation. The city of Cottage Grove is a southeastern suburb of the Minneapolis–St. Paul metro area.

The subject property’s market area can be defined by its Combined Statistical Area (CSA): Minneapolis-St. Paul, MN-WI. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

MAP OF MARKET AREA



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 3-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

					Average Annual		
					Compounded Change		
	2010	2019	2021	2026	2010-19	2019-21	2021-26
Resident Population (Thousands)							
Washington County	238.9	262.4	267.6	282.1	1.0 %	1.0 %	1.1 %
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3,340.0	3,640.0	3,691.2	3,838.9	1.0	0.7	0.8
Minneapolis-St. Paul, MN-WI CSA	3,712.8	4,027.9	4,082.8	4,241.5	0.9	0.7	0.8
State of Minnesota	5,310.8	5,639.6	5,698.6	5,871.1	0.7	0.5	0.6
United States	309,321.6	328,241.4	332,219.5	343,776.8	0.7	0.6	0.7
Per-Capita Personal Income*							
Washington County	\$49,783	\$62,380	\$64,999	\$69,890	2.5	2.1	1.5
Minneapolis-St. Paul-Bloomington, MN-WI MSA	48,288	58,493	60,456	64,850	2.2	1.7	1.4
Minneapolis-St. Paul, MN-WI CSA	47,141	57,104	58,967	63,251	2.2	1.6	1.4
State of Minnesota	44,518	53,558	55,248	59,464	2.1	1.6	1.5
United States	42,366	51,424	53,262	57,739	2.2	1.8	1.6
W&P Wealth Index							
Washington County	119.4	121.8	122.4	121.5	0.2	0.2	(0.1)
Minneapolis-St. Paul-Bloomington, MN-WI MSA	113.9	113.7	113.5	112.5	(0.0)	(0.1)	(0.2)
Minneapolis-St. Paul, MN-WI CSA	111.3	111.0	110.7	109.7	(0.0)	(0.1)	(0.2)
State of Minnesota	104.6	103.6	103.3	102.6	(0.1)	(0.2)	(0.1)
United States	100.0	100.0	100.0	100.0	(0.0)	0.0	0.0
Food and Beverage Sales (Millions)*							
Washington County	\$300	\$479	\$509	\$596	5.3	3.1	3.2
Minneapolis-St. Paul-Bloomington, MN-WI MSA	5,599	7,591	7,944	8,863	3.4	2.3	2.2
Minneapolis-St. Paul, MN-WI CSA	6,073	8,186	8,569	9,575	3.4	2.3	2.2
State of Minnesota	7,876	10,381	10,865	12,166	3.1	2.3	2.3
United States	475,553	683,513	718,507	814,042	4.1	2.5	2.5
Total Retail Sales (Millions)*							
Washington County	\$3,040	\$3,995	\$4,248	\$4,761	3.1	3.1	2.3
Minneapolis-St. Paul-Bloomington, MN-WI MSA	52,756	70,111	74,064	81,671	3.2	2.8	2.0
Minneapolis-St. Paul, MN-WI CSA	58,612	77,053	81,377	89,670	3.1	2.8	2.0
State of Minnesota	80,256	101,028	106,472	116,662	2.6	2.7	1.8
United States	4,387,108	5,538,706	5,846,867	6,434,974	2.6	2.7	1.9

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Workforce Characteristics

The U.S. population grew at an average annual compounded rate of 0.7% from 2010 through 2019. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 1.0% between 2010 and 2019 reflects a gradually expanding area. Following this population trend, per-capita personal income increased, at 2.5% on average annually for the county between 2010 and 2019. Local wealth indexes have remained stable in recent years, registering a high 121.8 level for the county in 2019.

Food and beverage sales totaled \$479 million in the county in 2019, versus \$300 million in 2010. This reflects a 5.3% average annual change. The pace of growth is anticipated to be 3.2% through 2026. The retail sales sector demonstrated an annual increase of 3.1% in the decade spanning from 2010 to 2019. An increase of 2.3% average annual change is expected in county retail sales through 2026.

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2019, 2020, and 2019, as well as a forecast for 2026.

FIGURE 3-2 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2019	Percent of Total	2020	Percent of Total	2021	Percent of Total	2026	Percent of Total	Average Annual Compounded Change		
									2019-2020	2020-2021	2021-2026
Farm	0.6	0.5 %	0.6	0.5 %	0.6	0.5 %	0.6	0.4 %	(1.1) %	(0.9) %	(1.0) %
Forestry, Fishing, Related Activities And Other	0.4	0.3	0.4	0.3	0.4	0.3	0.5	0.3	(2.9)	7.8	2.2
Mining	0.3	0.3	0.3	0.2	0.3	0.3	0.4	0.3	(13.8)	19.1	1.3
Utilities	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3	3.1	2.4	2.6
Construction	6.2	4.9	6.0	5.0	6.2	4.7	6.2	4.4	(1.6)	1.7	(0.0)
Manufacturing	10.7	8.5	10.4	8.5	10.7	8.2	10.6	7.5	(3.2)	3.7	(0.3)
Total Trade	21.2	16.8	20.8	17.1	21.8	16.7	23.3	16.5	(2.0)	4.9	1.3
Wholesale Trade	3.8	3.0	3.8	3.2	4.0	3.1	4.6	3.3	0.3	5.3	2.7
Retail Trade	17.4	13.8	16.9	14.0	17.7	13.6	18.6	13.3	(2.5)	4.8	1.0
Transportation And Warehousing	3.9	3.1	4.0	3.3	4.2	3.2	4.7	3.4	0.8	4.9	2.7
Information	1.6	1.3	1.5	1.3	1.6	1.2	1.6	1.2	(4.2)	4.9	0.2
Finance And Insurance	7.4	5.9	7.6	6.3	7.8	6.0	8.6	6.1	2.8	2.6	2.0
Real Estate And Rental And Lease	6.7	5.3	6.6	5.4	7.0	5.3	7.8	5.5	(2.4)	6.1	2.3
Total Services	54.6	43.3	50.7	41.9	57.1	43.8	63.4	45.1	(7.1)	12.5	2.1
Professional And Technical Services	8.3	6.6	8.4	6.9	8.8	6.7	10.0	7.1	1.2	4.5	2.6
Management Of Companies And Enterprises	2.0	1.6	2.0	1.7	2.1	1.6	2.3	1.6	(1.2)	4.8	1.7
Administrative And Waste Services	4.5	3.6	4.2	3.4	4.7	3.6	5.0	3.6	(7.3)	11.5	1.5
Educational Services	2.3	1.8	2.2	1.8	2.4	1.8	2.7	1.9	(6.2)	11.5	1.9
Health Care And Social Assistance	14.4	11.4	14.3	11.8	15.2	11.7	17.5	12.5	(0.5)	6.3	2.9
Arts, Entertainment, And Recreation	4.5	3.6	3.4	2.8	4.7	3.6	5.3	3.8	(25.2)	40.4	2.2
Accommodation And Food Services	10.2	8.1	8.5	7.0	10.5	8.1	11.4	8.1	(17.1)	24.7	1.5
Other Services, Except Public Administration	8.3	6.6	7.8	6.4	8.6	6.6	9.3	6.6	(6.3)	10.2	1.5
Total Government	12.2	9.6	11.9	9.9	12.3	9.4	12.5	8.9	(1.7)	2.7	0.4
Federal Civilian Government	0.4	0.3	0.4	0.3	0.4	0.3	0.4	0.3	5.7	(4.9)	0.2
Federal Military	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.6	0.0	0.1	0.0
State And Local Government	10.9	8.6	10.6	8.8	11.0	8.4	11.3	8.0	(2.1)	3.3	0.5
TOTAL	126.1	100.0 %	121.2	100.0 %	130.3	100.0 %	140.6	100.0 %	(4.0) %	7.5 %	1.5 %
MSA	2,565.6	—	2,477.9	—	2,632.1	—	2,790.9	—	(3.4) %	6.2 %	1.2 %
U.S.	203,809.5	—	191,619.5	—	209,319.1	—	222,948.2	—	(6.0)	9.2	1.3

Source: Woods & Poole Economics, Inc.

Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 1.5% on average annually through 2026. The trend is above the forecast rate of change for the U.S. as a whole during the same period.

The following table illustrates historical and projected employment, households, population, and average household income data, as provided by REIS for the overall Minneapolis market.

FIGURE 3-3 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2009	1,739,630	—	559,689	—	286,592	—	1,302,290	—	3,342,510	—	\$115,087	—
2010	1,762,200	1.3 %	571,584	2.1 %	290,051	1.2 %	1,308,190	0.5 %	3,371,240	0.9 %	122,791	6.7 %
2011	1,806,000	2.5	584,375	2.2	297,204	2.5	1,325,250	1.3	3,404,940	1.0	127,177	3.6
2012	1,834,330	1.6	594,806	1.8	300,638	1.2	1,340,140	1.1	3,437,940	1.0	135,768	6.8
2013	1,874,670	2.2	605,752	1.8	302,528	0.6	1,358,560	1.4	3,474,260	1.1	133,936	(1.3)
2014	1,906,070	1.7	613,276	1.2	309,268	2.2	1,372,580	1.0	3,504,970	0.9	142,269	6.2
2015	1,942,170	1.9	623,602	1.7	313,394	1.3	1,384,130	0.8	3,535,000	0.9	146,405	2.9
2016	1,974,800	1.7	634,168	1.7	313,722	0.1	1,395,770	0.8	3,572,110	1.0	150,305	2.7
2017	2,003,600	1.5	641,640	1.2	314,231	0.2	1,402,540	0.5	3,608,320	1.0	156,416	4.1
2018	2,027,130	1.2	650,150	1.3	317,030	0.9	1,414,660	0.9	3,640,640	0.9	163,071	4.3
2019	2,041,670	0.7	653,578	0.5	319,328	0.7	1,427,590	0.9	3,669,840	0.8	166,203	1.9
2020	1,892,470	(7.3)	618,700	(5.3)	303,119	(5.1)	1,434,670	0.5	3,694,800	0.7	171,027	2.9
2021	1,950,530	3.1	629,616	1.8	312,358	3.0	1,455,600	1.5	3,722,940	0.8	178,884	4.6
Forecasts												
2022	2,013,250	3.2 %	648,333	3.0 %	324,377	3.8 %	1,474,460	1.3 %	3,753,520	0.8 %	186,145	4.1 %
2023	2,039,070	1.3	654,386	0.9	326,019	0.5	1,491,730	1.2	3,782,410	0.8	193,646	4.0
2024	2,058,460	1.0	660,825	1.0	327,076	0.3	1,507,860	1.1	3,809,410	0.7	201,312	4.0
2025	2,068,110	0.5	664,805	0.6	326,613	(0.1)	1,523,320	1.0	3,835,430	0.7	208,563	3.6
2026	2,076,990	0.4	669,612	0.7	325,458	(0.4)	1,537,640	0.9	3,861,130	0.7	215,964	3.5
Average Annual Compound Change												
2009 - 2021		1.0 %		1.0 %		0.7 %		0.9 %		0.9 %		3.7 %
Forecast 2022 - 2026		0.8 %		0.8 %		0.1 %		1.1 %		0.7 %		3.8 %

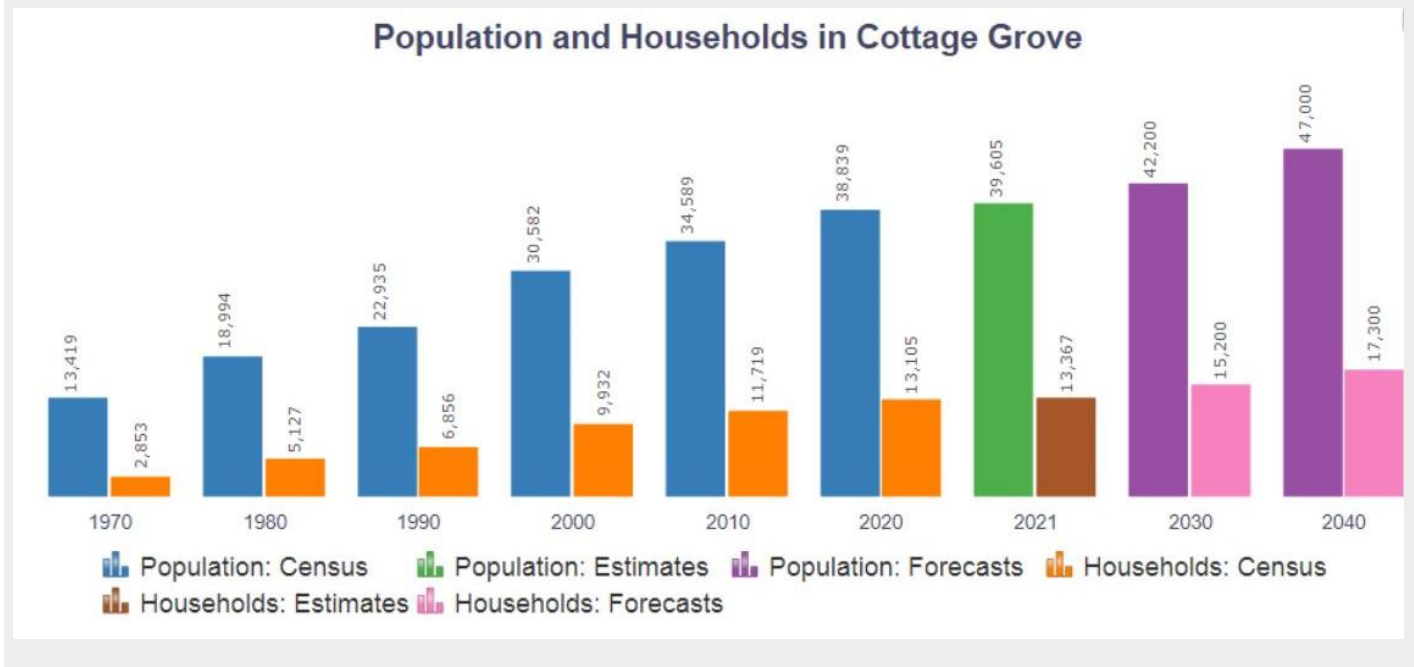
Source: REIS Report, 2nd Quarter, 2022

For the Minneapolis market, of the roughly 2,000,000 persons employed, 32% are categorized as office employees, while 16% are categorized as industrial employees. Total employment is expected to expand by 3.2% in 2022, while office employment is forecast to expand by 3.0% in 2022.

The number of households is forecast to expand by 1.1% on average annually between 2022 and 2026. Population is forecast to expand during this same period, at an average annual compounded rate of 0.7%. Household average income is forecast to grow by 3.8% on average annually from 2022 through 2026.

The following table illustrates historical and projected levels of population and number of households for the City of Cottage Grove, according to Minnesota Department of Employment and Economic Development and the Metropolitan Council.

FIGURE 3-4 COTTAGE GROVE POPULATION AND HOUSEHOLDS



As illustrated in the chart above, the population of Cottage Grove has increased significantly in the last thirty years, and is expected to continue to realize strong growth in the coming decades. Cottage Grove's population exceeded projections for 2020, according to the Metropolitan Council.

Radial Demographic Snapshot

The following table reflects radial demographic trends for our market area measured by three points of distance.

FIGURE 3-5 DEMOGRAPHICS BY RADIUS (JAMAICA AVENUE EXIT USED)

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2027 Projection	7,753	41,051	59,539
2022 Estimate	7,545	39,267	56,892
2010 Census	7,242	35,405	49,717
2000 Census	7,098	31,880	44,778
Percent Change: 2022 to 2027	2.8%	4.5%	4.7%
Percent Change: 2010 to 2022	4.2%	10.9%	14.4%
Percent Change: 2000 to 2010	2.0%	11.1%	11.0%
Households			
2027 Projection	2,746	14,404	21,211
2022 Estimate	2,650	13,712	20,159
2010 Census	2,460	12,091	17,269
2000 Census	2,316	10,442	15,030
Percent Change: 2022 to 2027	3.6%	5.1%	5.2%
Percent Change: 2010 to 2022	7.7%	13.4%	16.7%
Percent Change: 2000 to 2010	6.2%	15.8%	14.9%
Income			
2022 Est. Average Household Income	\$118,688	\$133,035	\$135,850
2022 Est. Median Household Income	105,852	111,569	111,405
2022 Est. Civ. Employed Pop 16+ by Occupation			
Architecture/Engineering	49	401	614
Arts/Design/Entertainment/Sports/Media	51	261	402
Building/Grounds Cleaning/Maintenance	116	715	1,038
Business/Financial Operations	262	1,314	1,864
Community/Social Services	97	486	638
Computer/Mathematical	94	733	1,125
Construction/Extraction	300	1,020	1,408
Education/Training/Library	356	1,393	1,938
Farming/Fishing/Forestry	4	62	88
Food Preparation/Serving Related	226	1,094	1,545
Healthcare Practitioner/Technician	293	1,494	2,137
Healthcare Support	161	797	1,111
Installation/Maintenance/Repair	247	978	1,199
Legal	51	229	294
Life/Physical/Social Science	25	182	284
Management	438	2,278	3,487
Office/Administrative Support	564	2,773	3,780
Production	298	1,554	2,049
Protective Services	69	401	588
Sales/Related	374	2,057	2,985
Personal Care/Service	159	683	959
Transportation/Material Moving	221	1,546	2,156

Source: Environics Analytics

Unemployment Statistics

This source reports a population of 56,892 and 20,159 households within a five-mile radius of the Jamaica Avenue Exit. The average household income within this radius is reported at \$135,850, while the median is \$111,405.

The following table presents historical unemployment rates for the proposed subject hotel's market area.

FIGURE 3-6 UNEMPLOYMENT STATISTICS

Year	City	MSA	State	U.S.
2012	5.3 %	5.5 %	5.6 %	8.1 %
2013	4.6	4.8	5.0	7.4
2014	3.7	4.0	4.2	6.2
2015	3.2	3.4	3.7	5.3
2016	3.4	3.5	3.9	4.9
2017	3.1	3.1	3.4	4.4
2018	2.5	2.7	2.9	3.9
2019	2.7	3.0	3.2	3.7
2020	5.8	6.5	6.3	8.1
2021	3.0	3.4	3.4	5.4
<i>Recent Month - July</i>				
2021	2.8 %	3.2 %	3.2 %	5.4 %
2022	1.8	2.0	2.1	3.5

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The unemployment rate for February 2020 was 3.5%. The unemployment rate had remained in the 3.5% to 3.7% range since April 2019, reflecting a trend of stability and strength of the U.S. economy. However, in April 2020, unemployment rose to 14.7%, and employment dropped by 20.7 million because of the COVID-19 pandemic. Steady declines in unemployment have been registered since April 2020; most recently, the national unemployment rate was 3.7% in October 2022. A 292,000-, 315,000-, and 261,000-person rise in employment was registered in August, September, and October 2022, respectively. In October, the most significant gains were reported in the health care, professional and technical services, and manufacturing sectors.

Major Business and Industry

Locally, the unemployment rate was 3.0% in 2021; for this same area in 2022, the most recent month's unemployment rate was registered at 1.8%, versus 2.8% for the same month in 2021. Unemployment fell from 2013 through 2015 and remained somewhat flat in 2016. In 2017 and 2018, unemployment continued to decline given the strong economy and increased development in the Twin Cities region. In 2019, the region illustrated a minimal increase in unemployment due to a loss in employment opportunities created by such major events as the Super Bowl, which was hosted in Minneapolis in February 2018. However, unemployment data for 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which included massive furloughs/layoffs. Unemployment declined in 2021 as the economy began to rebound, and the most recent comparative period shows where the local market stands in 2022 relative to the same month of 2021, reflecting improvement given the strengthening economic conditions. Market participants are optimistic for a long-term market recovery given the depth of local employers and construction in the industrial sector.

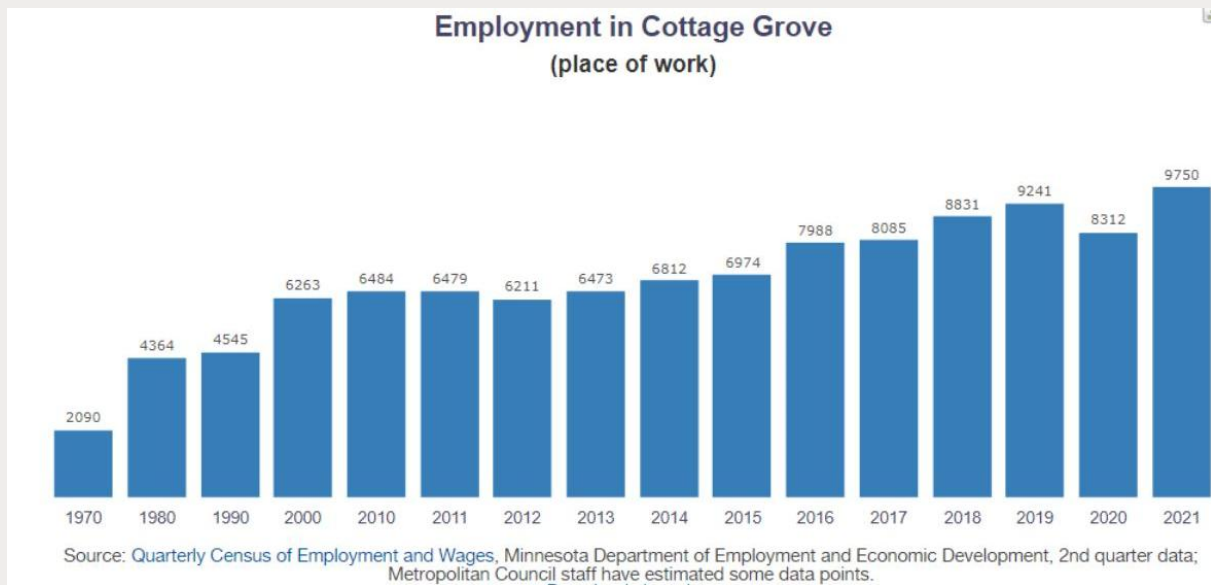
Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers (as available) in the Cottage Grove Business Park.

FIGURE 3-7 MAJOR EMPLOYERS REPORTED IN BUSINESS PARK

Rank	Firm*	Number of Employees
1	Renewal by Andersen	1,600
2	3M	751
3	Up North Plastics	500
4	Van Meter	189
5	ADMC	163
6	North Star Sheets	85
7	GTI/Leafline	52
8	Airgas	20
9	Aveka	17

** Data on some companies not available*

Source: City of Cottage Grove, 2022

FIGURE 3-8 COTTAGE GROVE EMPLOYMENT TRENDS

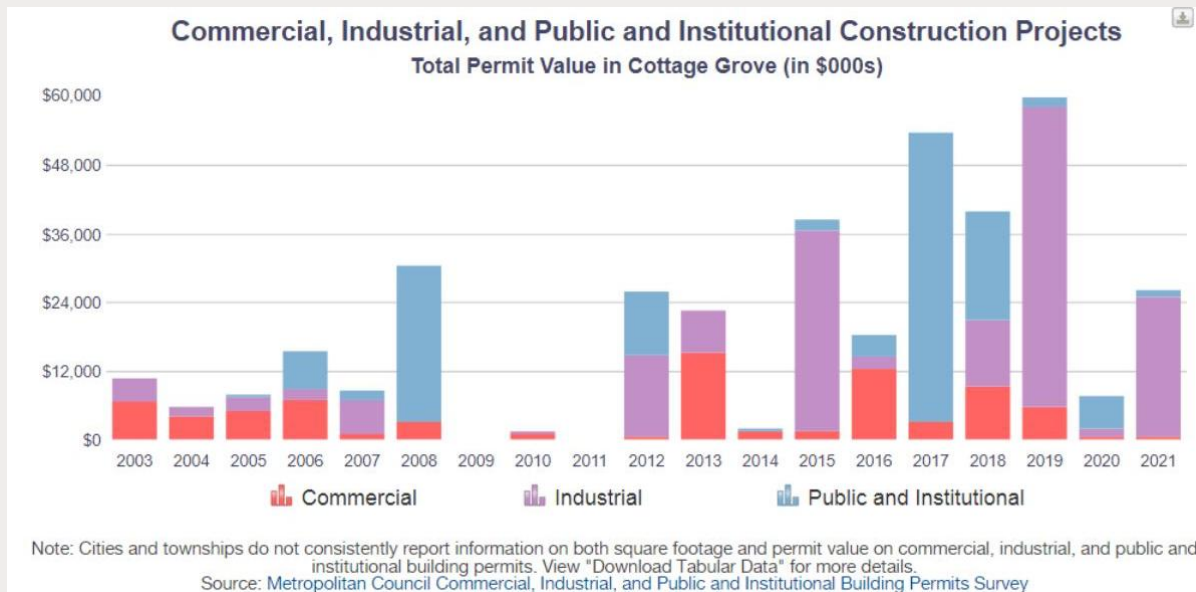
The population of Cottage Grove more than doubled between 1970 and 2000 and increased by another 25.0% between 2000 and 2020. While initially a bedroom community of the Twin Cities, Cottage Grove has grown into a popular business center for warehouse and industrial development. One of the larger employers is 3M, whose manufacturing facility has been in operation since 1947. Recent upgrades at 3M include over \$165 million in a state-of-the-art water-treatment processing system. Expansions within the business park include the recent 37,000-square-foot expansion of North Star Sheets, as well as the ongoing 42,000-square-foot expansion of GTI/Leafline and 50,000-square-foot expansion of Van Meter. In addition, the largest employer, Renewal by Andersen, is currently undergoing a 332,000-square-foot expansion, and Syndica Companies is constructing new two buildings within the park. Furthermore, NorthPoint Development broke ground on Phase I of the Cottage Grove Logistical Center, which is a \$310-million project that will total 3.4 million square feet of industrial space when fully developed. Ryan Companies has also announced plans for future industrial development off of Keats Avenue on the east site of the park. To accommodate the growing workforce, residential development remains strong, as Cottage Grove reportedly ranked third in the metro area for housing starts in 2021. In addition to attractive residential neighborhoods and affordable housing options, the city also comprises nearly 1,300 acres of park land and 45 miles of trails.

BUSINESS PARK



While industrial developments represent a significant volume of construction, prior the COVID-19 pandemic there was substantial investment in commercial and public and institutional projects.

FIGURE 3-9 CONSTRUCTION PROJECTS IN COTTAGE GROVE



Although many employers in the market temporarily reduced staffing and/or suspended operations following the onset of the COVID-19 pandemic in March 2020, an economic recovery began in June 2020 when regulations began to be lifted; moreover, tourism in the metro area rebounded rapidly during the summer of 2021. The return of business travel and growth in industrial space should bolster the economic recovery going forward.

Office Space Statistics

The City of Cottage Grove does not offer a significant inventory of office space, and the greater Washington County area has one of the lowest inventories of office space in the metro area, as shown in the following table.

FIGURE 3-10 OFFICE SPACE STATISTICS – MARKET OVERVIEW

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 Dakota County	126	4,161,000	3,288,000	21.0 %	\$21.24
2 Midway/Greater St. Paul	64	4,046,000	3,097,000	23.5	22.22
3 Minneapolis CBD	165	30,081,000	23,513,000	21.8	28.32
4 Northeast	92	3,032,000	2,149,000	29.1	19.42
5 Southwest/Northeast Scott County	239	22,207,000	18,301,000	17.6	26.66
6 St. Paul CBD	28	4,767,000	3,613,000	24.2	20.42
7 West/Northwest	182	12,103,000	9,969,000	17.6	27.06
8 Anoka County	34	611,000	439,000	28.2	18.74
9 Washington County	54	1,540,000	1,064,000	30.9	\$19.72
Totals and Averages	984	82,548,000	65,433,000	20.7 %	\$26.02

Source: REIS Report, 2nd Quarter, 2022

The greater Minneapolis market comprises a total of 82.5 million square feet of office space. For the 2nd Quarter of 2022, the market reported a vacancy rate of 20.7% and an average asking rent of \$26.02. The subject property is located in the Washington County submarket, which houses 1,540,000 square feet of office space. The submarket's vacancy rate of 30.9% is significantly above the overall market average. The average asking lease rate of \$19.72 is below the average for the broader market.

The following table illustrates a trend of office space statistics for the overall Minneapolis market and the Washington County submarket.

FIGURE 3-11 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET

Year	Minneapolis Market							Washington County Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2009	78,297,000	—	63,006,000	—	19.5 %	\$21.81	—	1,512,000	—	1,181,000	—	21.9 %	\$17.85	—
2010	78,324,000	0.0 %	62,819,000	(0.3) %	19.8	21.61	(0.9) %	1,512,000	0.0 %	1,089,000	(7.8) %	28.0	17.50	(2.0) %
2011	77,762,000	(0.7)	63,057,000	0.4	18.9	21.80	0.9	1,512,000	0.0	1,126,000	3.4	25.5	17.22	(1.6)
2012	77,863,000	0.1	63,658,000	1.0	18.2	22.12	1.5	1,512,000	0.0	1,143,000	1.5	24.4	17.87	3.8
2013	78,743,000	1.1	64,903,000	2.0	17.6	22.38	1.2	1,512,000	0.0	1,129,000	(1.2)	25.3	18.24	2.1
2014	78,631,000	(0.1)	65,130,000	0.3	17.2	22.63	1.1	1,522,000	0.7	1,085,000	(3.9)	28.7	18.21	(0.2)
2015	78,980,000	0.4	65,664,000	0.8	16.9	22.52	(0.5)	1,522,000	0.0	1,068,000	(1.6)	29.8	17.97	(1.3)
2016	79,486,000	0.6	66,588,000	1.4	16.2	23.07	2.4	1,540,000	1.2	1,096,000	2.6	28.8	18.20	1.3
2017	79,101,000	(0.5)	65,563,000	(1.5)	17.1	23.23	0.7	1,540,000	0.0	1,146,000	4.6	25.6	18.23	0.2
2018	79,958,000	1.1	65,547,000	(0.0)	18.0	23.78	2.4	1,540,000	0.0	1,160,000	1.2	24.7	18.53	1.6
2019	80,634,000	0.8	66,077,000	0.8	18.1	24.69	3.8	1,540,000	0.0	1,212,000	4.5	21.3	18.90	2.0
2020	81,847,000	1.5	66,339,000	0.4	18.9	25.54	3.4	1,540,000	0.0	1,209,000	(0.2)	21.5	19.39	2.6
2021	82,548,000	0.9	66,086,000	(0.4)	19.9	25.81	1.1	1,540,000	0.0	1,054,000	(12.8)	31.6	19.24	(0.8)
Forecasts														
2022	83,487,000	1.1 %	66,091,000	0.0 %	20.8 %	26.05	0.9 %	1,540,000	0.0 %	1,085,000	2.9 %	29.5 %	19.58	1.8 %
2023	84,048,000	0.7	66,340,000	0.4	21.1	26.44	1.5	1,540,000	0.0	1,106,000	1.9	28.2	19.84	1.3
2024	84,349,000	0.4	66,520,000	0.3	21.1	26.87	1.6	1,540,000	0.0	1,132,000	2.4	26.5	20.00	0.8
2025	84,697,000	0.4	66,802,000	0.4	21.1	27.36	1.8	1,540,000	0.0	1,147,000	1.3	25.5	20.20	1.0
2026	85,309,000	0.7	67,267,000	0.7	21.2	27.91	2.0	1,540,000	0.0	1,167,000	1.7	24.2	20.43	1.1
Average Annual Compound Change														
2009 - 2021		0.4 %		0.4 %			1.4 %		0.2 %		(0.9) %			0.6 %
Forecast 2022 - 2026		0.5 %		0.4 %			1.7 %		0.0 %		1.8 %			1.1 %

Source: REIS Report, 2nd Quarter, 2022

Meeting and Event Facilities

Meeting and event facilities are important generators of demand for hotel rooms in the Cottage Grove area, and the city is home to three venues that are popular for weddings, social events, and corporate meetings. The Historic Furber Farm is located in on the eastern edge of Cottage Grove and features a restored 8,000-square-foot dairy barn that can accommodate up to 500 guests. Hope Glen Farm is a seasonal operation located near Ravine Regional Park and offers two venues for events, including an historic barn and a pavilion. In addition, River Oaks Golf Course can accommodate groups of up to 225 people inside and up to 240 outside and is popular venue for weddings, golf tournaments, banquets, and corporate events.

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

The Minneapolis-St. Paul International Airport (MSP) is located seven miles southeast of Downtown Minneapolis and about seven miles southwest of Downtown St. Paul. The airport is serviced by major commercial airlines, as well as numerous charter and cargo carriers. The airport has undergone expansions since the mid-2010s to support continued passenger growth. Changes include the February 2016 opening of the ten-lane North Security Checkpoint and the July 2018 opening of the 291-room InterContinental Hotel (connected to Lindbergh Terminal). Approximately \$27.5 million was spent in late 2016 on the addition of four new gates at Terminal 2 to accommodate a projected increase in flights. The newly expanded gate area also includes a nursing mothers' room; a service-animal relief area; new restrooms, restaurants, and retail shops; and a new "green" roof. Furthermore, nine new restaurants and stores opened in Terminal 1 in early 2017. Beginning in August 2020, the new 5,000-space parking ramp opened in phases, providing access to all rental-car facilities and off-airport parking shuttles.

The following table illustrates recent operating statistics for the Minneapolis St. Paul International Airport, which is the primary airport facility serving the proposed subject hotel's submarket.

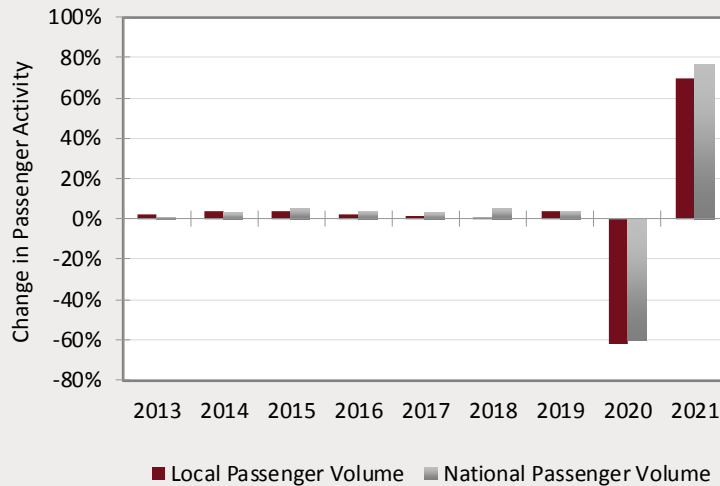
FIGURE 3-12 AIRPORT STATISTICS - MINNEAPOLIS ST. PAUL INTERNATIONAL AIRPORT

Year	Passenger Traffic	Percent Change*	Percent Change**
2012	33,170,960	—	—
2013	33,897,335	2.2 %	2.2 %
2014	35,147,083	3.7	2.9
2015	36,582,851	4.1	3.3
2016	37,505,521	2.5	3.1
2017	38,034,341	1.4	2.8
2018	38,037,381	0.0	2.3
2019	39,555,035	4.0	2.5
2020	14,851,289	(62.5)	(9.6)
2021	25,202,120	69.7	(3.0)
Year-to-date, Aug			
2021	15,688,149	—	—
2022	20,935,996	33.5 %	—

*Annual average compounded percentage change from the previous year

**Annual average compounded percentage change from first year of data

Source: Minneapolis St. Paul International Airport

FIGURE 3-13 LOCAL PASSENGER TRAFFIC VS. NATIONAL TREND

Source: HVS, Local Airport Authority

This facility recorded 25,202,120 passengers in 2021. The change in passenger traffic between 2020 and 2021 was 69.7%. The average annual change during the period shown was -3.0%. Following years of record growth in passenger traffic, 2020 data illustrate a significant decline given the impact of the COVID-19 pandemic and the travel restrictions that were implemented; however, the 2021 data show a rebound in passenger traffic, a trend that has continued thus far in 2022, per the latest statistics. Airlines added eleven new domestic and international routes to MSP for late spring and summer of 2022, including new service to Montreal and the return of daily service to London Heathrow.

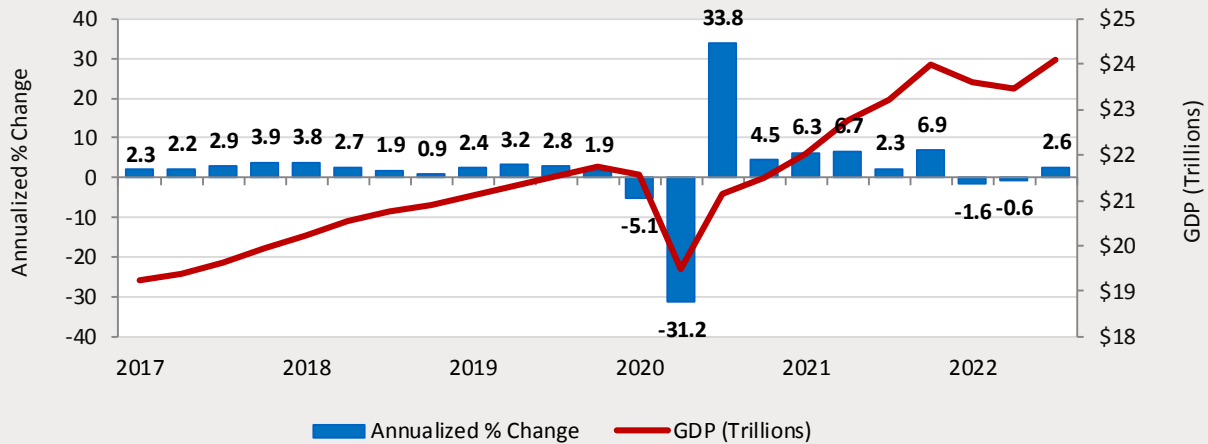
Tourist Attractions

The subject market benefits from a variety of tourism and leisure attractions in the area. The Twin Cities are well known for extensive theater and live performance-art offerings, excellent shopping options, and eclectic dining venues. Leisure demand generators include the Mall of America, the Guthrie Theater, Orpheum Theater, Minneapolis Institute of Arts, Science Museum of Minnesota, as well as the various sports venues including US Bank Stadium, Target Field, Target Center, and Xcel Energy Center. We note that many of the tourist attractions and entertainment venues temporarily closed or enacted visitor restrictions because of the COVID-19 pandemic, although most reopened in 2021 once the governmental restrictions were lifted.

Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. The Cottage Grove market is relatively healthy, despite the effects of the COVID-19 pandemic. The metropolitan area was adversely affected by the downturn, but a recovery is evidently underway. The concentration of corporate headquarters has served the Minneapolis MSA well, insulating the metro area from the adverse effects of one industry's decline. The continued improvement of the unemployment rate and ongoing expansions in the area should continue to fuel gains in housing and consumer-driven industries. Furthermore, a highly educated workforce should continue to attract and retain business investment in the future. In relation to national conditions, the Minneapolis MSA and the city of Cottage Grove rank well, featuring comparatively lower unemployment rates and greater stability among key employment sectors. Thus, the near-term market outlook is overall positive.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded at an overall rate of 2.3% in 2019, a decline from the 2.9% level achieved in 2018. For the seven quarters leading up to 2020, GDP quarterly growth ranged between 1.3% and 2.9%, reflecting moderate economic expansion. The slowdown and impact of COVID-19 became more evident in the first quarter of 2020, when GDP declined by 5.0%. As shutdowns halted major components of the U.S. economy from mid-March through May, and partial, halting re-openings continued to dampen business activity, the U.S. economy contracted by an annualized rate of 31.2% in the second quarter, the largest such decline in U.S. history. The decline affected virtually every corner of the economy, with major decreases in personal consumption, exports, private inventory investment, residential and nonresidential fixed investment, and state and local government spending.

FIGURE 3-14 UNITED STATES GDP GROWTH RATE

Sources: tradingeconomics.com, Bureau of Economic Analysis

While shocking, the GDP decline during the second quarter of 2020 was offset by a significant rebound in economic activity in the third quarter of 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five quarters that followed through the end of 2021 (GDP surpassed the pre-pandemic peak by the first quarter of 2021). In the first two quarters of 2022, GDP contracted 1.6% and 0.6%, respectively, on an annualized basis, driven in part by the trade deficit and a decline in inventory investment and government spending. Third-quarter GDP then increased by 2.6%, as employment continued to expand and as consumer spending, although slowing, remained strong. However, high inflation persists, and the recent and expected increases in the federal funds rate are slowing sectors of the economy. Hotel investors remain optimistic about the long-term outlook for the industry, based primarily upon the strong results achieved in the first three quarters of the year, citing factors such as the rebound in travel, rising hotel performance levels, and opportunities to generate significant returns.

4. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

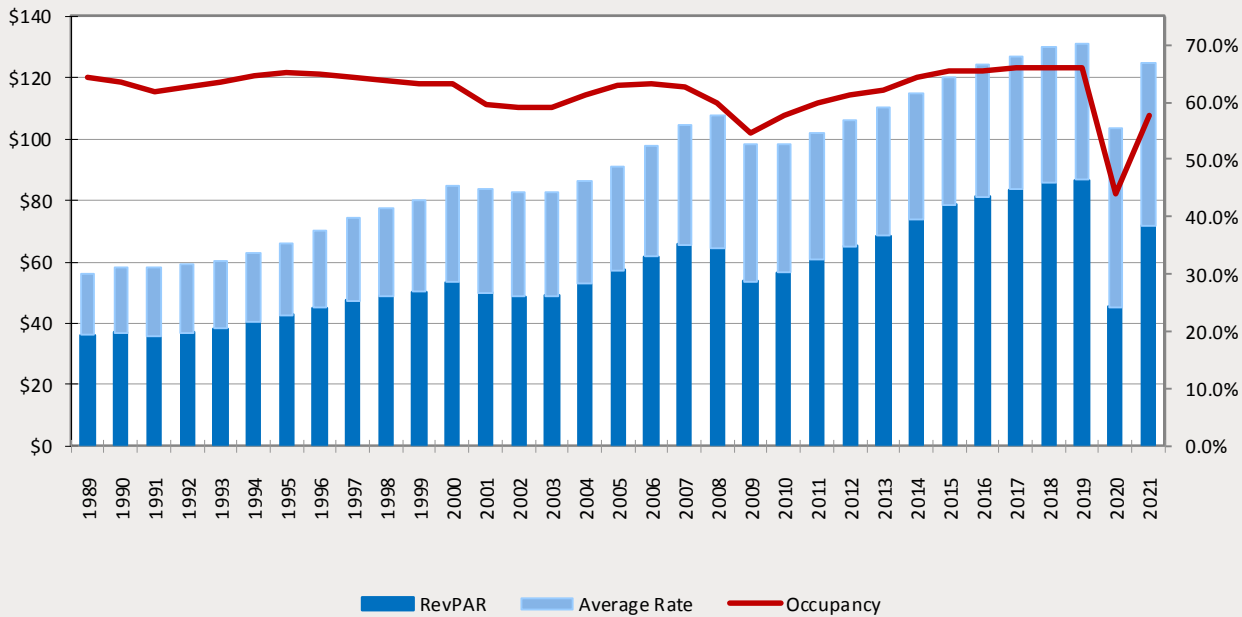
Definition of Subject Hotel Market

Within a 15-mile radius of the city of Cottage Grove, nearly 100 lodging facilities totaling more than 11,000 guestrooms are in operation. Within this greater market, the direct submarket that is expected to include the proposed subject hotel comprises the cities of Woodbury and Cottage Grove. The proposed subject hotel is expected to compete with two hotels within Cottage Grove, and an additional seven hotels in Woodbury have been considered as future secondary competitors given their product offering, price point, and location.

National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, ADR, and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by ADR and provides an indication of how well rooms revenue is being maximized.

FIGURE 4-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS

Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the recent pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

FIGURE 4-2 NATIONAL OCCUPANCY AND ADR TRENDS: 2019, 2020, 2021

	Occupancy					Average Rate					RevPAR					Percent Change	
	2019	2020	% Change	2021	% Change	2019	2020	% Change	2021	% Change	2019	2020	% Change	2021	% Change	Rms. Avail.	Rms. Sold
United States	66.0 %	44.0 %	(33.3) %	57.7 %	31.1 %	\$131.23	\$103.25	(21.3) %	\$124.68	20.7 %	\$86.64	\$45.48	(47.5) %	\$71.88	58.2 %	5.2 %	37.8 %
Region																	
New England	64.7 %	38.8 %	(40.1) %	55.7 %	44.4 %	\$161.08	\$123.17	(23.5) %	\$156.04	25.8 %	\$104.25	\$47.77	(54.2) %	\$86.93	81.6 %	5.6 %	52.5 %
Middle Atlantic	69.0	41.3	(40.1)	55.4	34.1	166.27	115.26	(30.7)	143.60	24.1	114.81	47.65	(58.5)	79.52	66.4	4.8	40.6
South Atlantic	67.5	45.7	(32.2)	59.9	31.2	128.41	107.99	(15.9)	130.29	20.7	86.68	49.40	(43.0)	78.08	58.3	6.2	39.3
E. North Central	61.1	39.1	(36.0)	52.4	34.2	112.64	86.72	(23.0)	105.15	20.6	68.82	33.93	(50.7)	55.11	61.9	4.5	40.2
E. South Central	62.4	45.7	(26.8)	59.5	30.6	103.58	85.74	(17.2)	104.49	21.8	64.61	39.18	(39.4)	62.21	59.0	3.1	34.6
W. North Central	58.3	39.1	(32.9)	51.1	31.1	99.28	83.65	(15.7)	97.01	15.7	57.88	32.72	(43.5)	49.58	51.7	2.4	34.3
W. South Central	62.6	44.9	(28.2)	58.2	29.7	101.84	82.88	(18.6)	95.84	15.8	63.77	37.25	(41.6)	55.73	50.1	3.4	34.0
Mountain	66.9	46.7	(30.1)	59.6	28.2	121.89	105.70	(13.3)	124.82	18.5	81.54	49.39	(39.4)	74.44	51.9	6.3	36.3
Pacific	73.6	47.1	(36.0)	60.3	27.6	171.40	129.57	(24.4)	157.57	22.1	126.16	61.01	(51.6)	94.97	55.8	7.2	36.8
Class																	
Luxury	70.9 %	36.8 %	(48.1) %	52.3 %	42.0 %	\$304.11	\$285.78	(6.0) %	\$342.63	19.7 %	\$215.73	\$105.29	(51.2) %	\$179.24	70.0 %	18.3 %	68.0 %
Upper-Upscale	72.6	34.8	(52.1)	49.8	43.4	188.24	159.14	(15.5)	179.35	12.6	136.67	55.30	(59.5)	89.39	61.5	13.3	62.5
Upscale	71.5	42.8	(40.1)	59.3	38.8	143.60	117.80	(18.0)	133.72	13.4	102.68	50.45	(50.9)	79.35	57.4	7.1	48.6
Upper-Midscale	67.5	45.3	(32.9)	61.1	35.1	115.91	98.80	(14.8)	114.82	16.1	78.20	44.72	(42.8)	70.20	56.8	4.2	40.7
Midscale	59.5	44.4	(25.4)	57.0	28.8	95.82	84.47	(11.8)	99.25	17.9	57.03	37.52	(34.2)	56.59	51.8	2.5	32.0
Economy	59.4	49.2	(17.1)	58.8	20.0	75.50	65.45	(13.3)	77.94	18.1	44.83	32.30	(28.2)	45.83	41.8	0.0	20.0
Location																	
Urban	73.2 %	37.9 %	(48.2) %	51.8 %	35.9 %	\$183.20	\$127.80	(30.2) %	\$153.22	20.2 %	\$134.12	\$48.47	(63.9) %	\$79.30	63.3 %	9.9 %	49.4 %
Suburban	66.7	46.4	(30.4)	60.0	29.3	111.26	88.81	(20.2)	104.76	17.9	74.24	41.24	(44.4)	62.88	52.5	3.5	33.9
Airport	73.7	44.5	(39.6)	60.5	35.8	119.22	93.71	(21.4)	104.53	11.4	87.85	41.72	(52.5)	63.20	51.3	2.8	39.5
Interstate	57.9	44.8	(22.7)	57.8	29.5	87.86	79.05	(10.0)	92.05	16.6	50.85	35.39	(30.4)	53.22	50.9	2.0	32.1
Resort	70.0	42.9	(38.6)	57.9	35.4	182.74	170.36	(6.8)	208.73	22.4	127.85	73.13	(42.8)	120.93	65.7	14.3	54.7
Small Town	57.8	44.4	(23.1)	57.0	28.9	107.26	96.95	(9.6)	116.63	20.0	61.98	43.07	(30.5)	66.43	54.8	2.0	31.6
Chain Scale																	
Luxury	73.8 %	32.0 %	(56.7) %	47.8 %	49.7 %	\$343.02	\$329.54	(3.9) %	\$383.64	16.1 %	\$253.17	\$105.40	(58.4) %	\$183.44	73.8 %	23.2 %	84.3 %
Upper-Upscale	73.9	33.4	(54.8)	48.7	45.6	189.25	158.86	(16.1)	175.87	10.8	139.80	53.10	(62.0)	85.69	61.3	14.7	67.0
Upscale	72.6	43.0	(40.7)	59.7	38.9	142.38	115.11	(19.2)	128.58	11.7	103.32	49.52	(52.1)	76.75	55.1	6.8	48.4
Upper-Midscale	67.5	45.4	(32.7)	61.6	35.9	112.80	96.04	(14.9)	111.18	15.8	76.14	43.61	(42.7)	68.53	57.3	4.2	41.6
Midscale	58.1	44.2	(23.8)	56.6	28.1	86.61	77.29	(10.8)	89.42	15.7	50.30	34.19	(32.0)	50.61	48.2	1.5	30.1
Economy	58.7	50.9	(13.2)	59.7	17.6	63.70	58.21	(8.6)	66.80	14.8	37.36	29.64	(20.7)	39.89	35.0	(1.3)	16.0
Independents	63.5	44.8	(29.5)	57.2	28.2	133.08	110.74	(16.8)	137.78	24.8	84.44	49.56	(41.3)	78.87	60.0	4.6	34.1

Source: STR - December 2020 and December 2021 Lodging Reviews

The onset of the COVID-19 pandemic in March 2020 had a severe impact on the lodging industry, causing occupancy, ADR, and RevPAR to decline by unprecedented levels. The impact on the national lodging industry peaked mid-April; for the week ending April 11, 2020, STR reported that national RevPAR was 83.6% lower than the level recorded for the same week in 2019. By the conclusion of 2020, occupancy had declined 22 points, with ADR decreasing by roughly \$28.00, resulting in a RevPAR loss of 48.0% (rounded). The sharp downturn in travel caused by COVID-19 continued into early 2021, as the months of January and February 2020 had not been notably affected by the pandemic.

Hotels that traditionally derive a significant component of their demand from the larger group and convention subsegment were the hardest hit by the pandemic, followed by properties in markets with a high proportion of business and international travel. For this reason, the major metropolitan areas reported deep RevPAR declines through the first half of 2021. Hotels in locations that depend primarily on automobile traffic have fared better (including drive-to leisure destinations), and the extended-stay category has also outperformed the national average, fueling the illustrated 2021 recovery. Gaining traction in the summer of 2021, group demand began to show signs of recovery, albeit at a slower pace. Accordingly, by the end of 2021, nationwide occupancy had rebounded to nearly 58.0%, with ADR reaching roughly \$125, representing a RevPAR gain of 58.0% (rounded).

Many corporations and institutions have begun to return to offices, at least in some capacity. Group travel is recovering at an accelerating pace, as participants feel increasingly comfortable gathering in larger numbers. Leisure demand, which led the recovery in many markets, remains strong, with ADR levels in most destinations surpassing historical levels. With a significant portion of the recovery now behind us, and further interest rate increases likely on the horizon, hotel owners, operators, and investors generally expect less-significant gains in 2023 than those achieved in 2021 and 2022. Job growth and employment levels remain strong, and the return of group travel in the summer and fall of 2022 has boded well for the industry. However, the inflation rate remains elevated, and the related increases in the federal funds rate may impact the degree of continued growth through 2023.

FIGURE 4-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy - YTD September			Average Rate - YTD September			RevPAR - YTD September			Percent Change	
	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	Rms. Avail.	Rms. Sold
United States	51.1 %	59.9 %	17.1 %	\$106.75	\$142.82	33.8 %	\$54.56	\$85.50	56.7 %	3.4 %	21.1 %
Region											
New England	54.6 %	65.0 %	18.9 %	\$154.86	\$189.67	22.5 %	\$84.63	\$123.29	45.7 %	2.1 %	21.4 %
Middle Atlantic	54.2	63.0	16.3	135.99	176.27	29.6	73.69	111.05	50.7	6.5	23.8
South Atlantic	59.9	65.7	9.6	129.18	152.14	17.8	77.38	99.89	29.1	2.7	12.5
E. North Central	52.4	58.9	12.2	103.72	124.17	19.7	54.40	73.07	34.3	2.1	14.5
E. South Central	59.8	62.6	4.8	102.30	119.43	16.7	61.13	74.77	22.3	1.5	6.4
W. North Central	51.4	57.0	10.9	96.79	110.03	13.7	49.73	62.69	26.0	0.3	11.2
W. South Central	58.1	61.2	5.4	92.87	111.46	20.0	53.93	68.20	26.5	1.1	6.6
Mountain	59.3	65.1	9.9	122.90	146.83	19.5	72.87	95.65	31.3	0.9	10.9
Pacific	59.8	68.6	14.7	154.15	193.58	25.6	92.22	132.82	44.0	3.3	18.5
Class											
Luxury	50.6 %	63.3 %	25.1 %	\$318.17	\$362.83	14.0 %	\$160.97	\$229.66	42.7 %	6.2 %	32.8 %
Upper-Upscale	48.2	63.6	31.9	170.62	207.34	21.5	82.22	131.79	60.3	6.7	40.8
Upscale	58.7	67.5	14.9	129.79	157.07	21.0	76.22	105.96	39.0	3.7	19.1
Upper-Midscale	61.3	66.4	8.2	113.02	130.61	15.6	69.33	86.73	25.1	2.5	10.9
Midscale	57.5	60.0	4.4	98.74	111.44	12.9	56.73	66.84	17.8	0.0	4.4
Economy	59.6	59.7	0.2	75.86	84.96	12.0	45.22	50.74	12.2	(1.0)	(0.8)
Location											
Urban	50.0 %	63.4 %	26.8 %	\$144.12	\$194.54	35.0 %	\$72.11	\$123.42	71.2 %	7.8 %	36.7 %
Suburban	59.9	64.9	8.3	102.67	123.63	20.4	61.53	80.27	30.4	1.2	9.6
Airport	59.5	69.0	16.1	102.19	127.62	24.9	60.77	88.09	45.0	1.4	17.7
Interstate	58.3	60.0	2.9	91.61	102.00	11.3	53.45	61.21	14.5	0.5	3.4
Resort	57.2	66.5	16.3	207.54	236.89	14.1	118.71	157.65	32.8	4.0	21.0
Small Town	57.8	59.6	3.1	117.91	130.78	10.9	68.12	77.89	14.3	0.4	3.5
Chain Scale											
Luxury	44.7 %	63.1 %	40.9 %	\$370.80	\$421.47	13.7 %	\$165.90	\$265.78	60.2 %	7.1 %	51.0 %
Upper-Upscale	46.5	63.8	37.1	170.83	210.06	23.0	79.43	133.94	68.6	7.5	47.4
Upscale	59.0	68.1	15.4	125.81	153.58	22.1	74.19	104.55	40.9	4.2	20.2
Upper-Midscale	61.7	66.8	8.2	109.96	126.99	15.5	67.90	84.82	24.9	3.1	11.5
Midscale	57.3	59.0	3.0	89.18	99.79	11.9	51.12	58.92	15.3	(0.2)	2.8
Economy	60.6	60.1	(0.7)	66.57	73.16	9.9	40.34	44.00	9.1	(2.4)	(3.1)
Independents	57.2	61.5	7.4	136.40	160.44	17.6	78.09	98.68	36.4	1.4	8.9

Source: STR - September 2022 Lodging Review

To further understand the nature, timing, and degree of the impact of the pandemic and subsequent recovery, we have reviewed the following weekly data for the U.S. lodging industry, as published by STR.

FIGURE 4-4 NATIONAL OCCUPANCY TRENDS – WEEKLY DATA

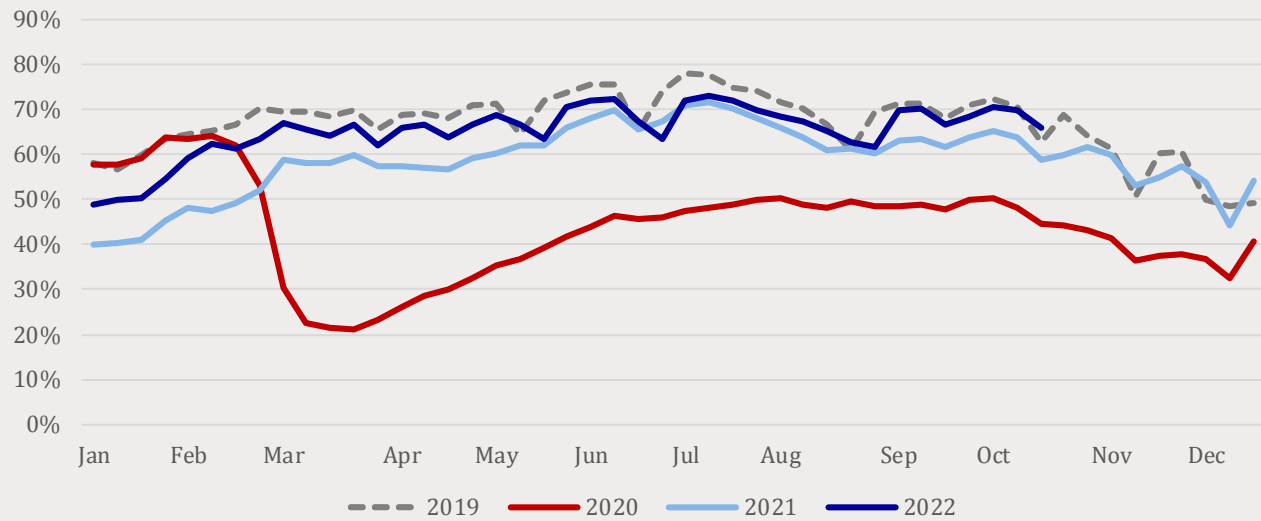


FIGURE 4-5 NATIONAL ADR TRENDS – WEEKLY DATA

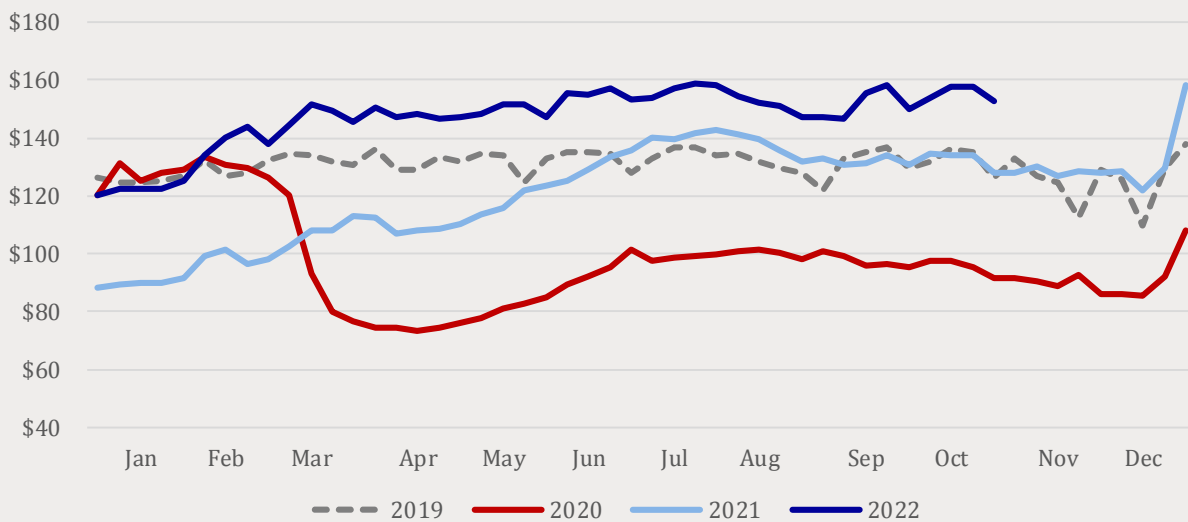
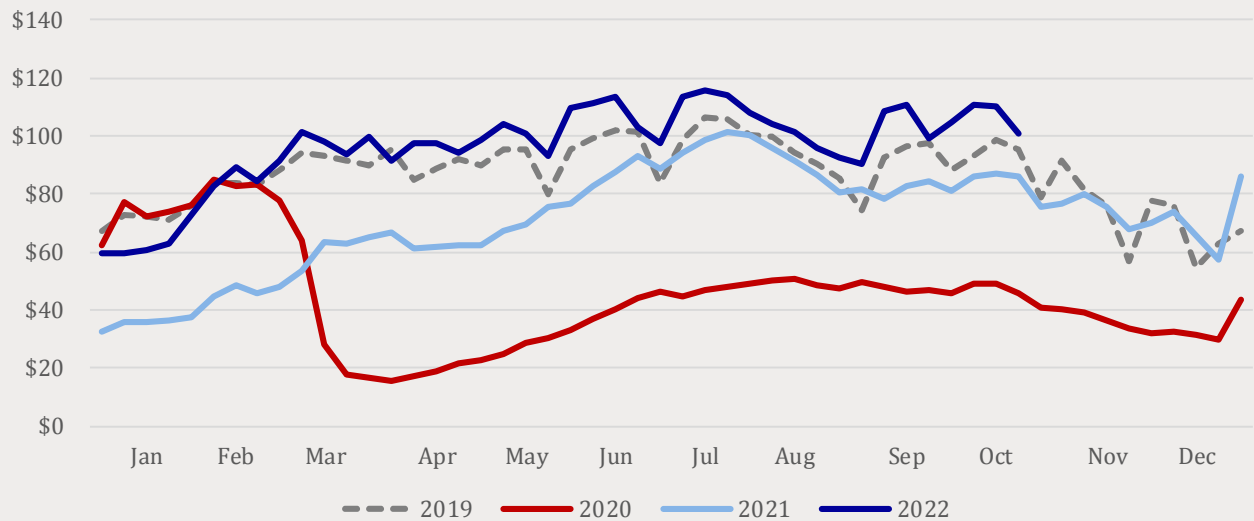


FIGURE 4-6 NATIONAL REVPAR TRENDS – WEEKLY DATA

**Minneapolis-St. Paul,
MN Lodging Market**

The subject property is located in the greater Minneapolis-St. Paul market. The following table presents the historical occupancy, average rate, and RevPAR data for this metropolitan area for 2001 through September 2022. The data reflect the historical performance of the market, including the impact of and recovery from the 2001 and 2008/09 downturns.

FIGURE 4-7 MINNEAPOLIS-ST. PAUL LODGING MARKET DATA – 2001 TO YTD SEPTEMBER 2022

Year	Occupancy	Percent Change	Average Rate	Percent Change	RevPAR	Percent Change
2001	62.6 %	—	\$85.65	—	\$53.62	—
2002	60.5	(3.4) %	83.26	(2.8) %	50.37	(6.1) %
2003	60.5	0.0	81.07	(2.6)	49.05	(2.6)
2004	63.7	5.3	81.92	1.0	52.18	6.4
2005	66.7	4.7	86.83	6.0	57.92	11.0
2006	65.6	(1.6)	93.87	8.1	61.58	6.3
2007	65.9	0.5	98.40	4.8	64.85	5.3
2008	61.9	(6.1)	102.39	4.1	63.38	(2.3)
2009	56.1	(9.4)	91.47	(10.7)	51.31	(19.0)
2010	61.0	8.7	90.88	(0.6)	55.44	8.0
2011	63.9	4.8	95.40	5.0	60.96	10.0
2012	64.1	0.3	98.29	3.0	63.00	3.4
2013	66.8	4.2	101.21	3.0	67.61	7.3
2014	67.4	0.9	107.56	6.3	72.50	7.2
2015	68.4	1.5	112.17	4.3	76.72	5.8
2016	68.0	(0.6)	118.35	5.5	80.48	4.9
2017	67.0	(1.5)	115.89	(2.1)	77.65	(3.5)
2018	67.5	0.7	122.74	5.9	82.85	6.7
2019	66.6	(1.3)	121.46	(1.0)	80.89	(2.4)
2020	33.5	(49.7)	86.40	(28.9)	28.94	(64.2)
2021	44.5	32.8	100.52	16.3	44.73	54.5
<i>Year to date through September</i>						
2021	44.1 %		\$97.70		\$43.09	
2022	56.8	28.8 %	123.70	26.6 %	70.26	63.1 %
Average Annual Compound Growth						
2001 to 2021		(1.7) %		0.8 %		(0.9) %

Source: STR Global, STR Monthly Hotel Review

Local employers, including Fortune 500 companies, as well the Minneapolis Convention Center and the Mall of America, represent the primary sources of demand for the greater Minneapolis/St. Paul market. Hotels in this market enjoyed stable occupancy levels in the mid-60s prior to 2020. Because of this stability, ADR increased significantly following the Great Recession, largely due to corporate demand from Target, Medtronic, US Bank, Cargill, 3M, Wells Fargo, and Best Buy. Although the Minneapolis-St. Paul market was affected by the Great Recession, the impact was relatively short-lived, with occupancy declining in 2008 and 2009 and

ADR falling in 2009 and 2010. Overall, RevPAR declined by nearly \$14 from 2007 through 2009. Occupancy registered a historical peak in 2015 driven by the strong levels of demand associated with the Ryder Cup. Record ADR levels caused a surge in new hotel development, particularly in Minneapolis, St. Paul, and Bloomington. Absorption of new supply and induced demand from the Super Bowl in early 2018 led to a reversal of these trends and a record RevPAR level of nearly \$83 by year-end 2018. Despite demand from the NCAA Final Four in 2019, occupancy and ADR levels declined because of the correction from the Super Bowl spike and the absorption of new supply, resulting in a \$2 decline in RevPAR.

To assess the impact of COVID-19 on this market, we have reviewed the following data, as published by STR, which track market performance on a weekly basis. The weekly data illustrate the timing and degree of impact that the market is experiencing.

FIGURE 4-8 MINNEAPOLIS-ST. PAUL OCCUPANCY TRENDS – WEEKLY DATA

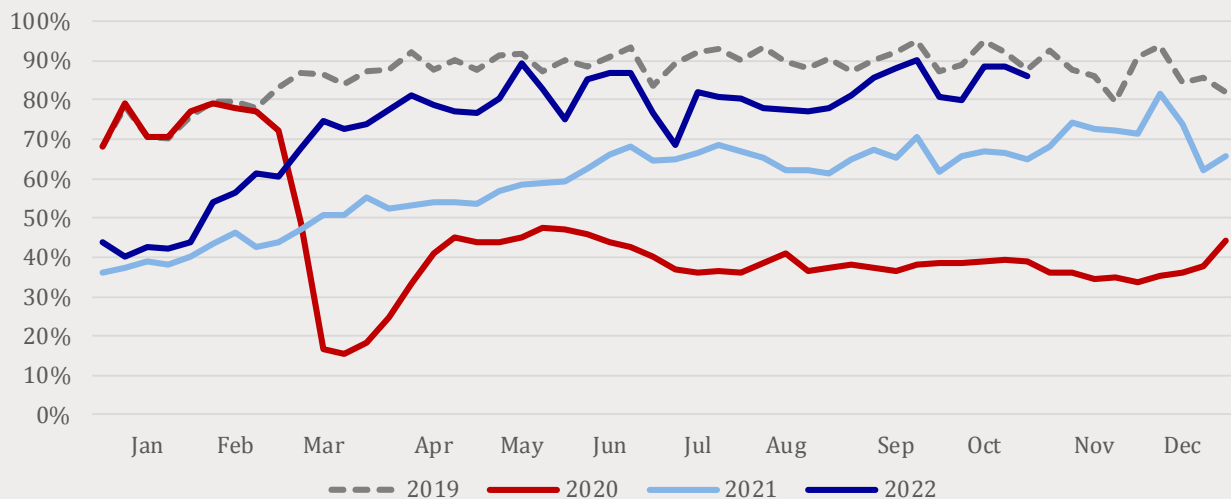
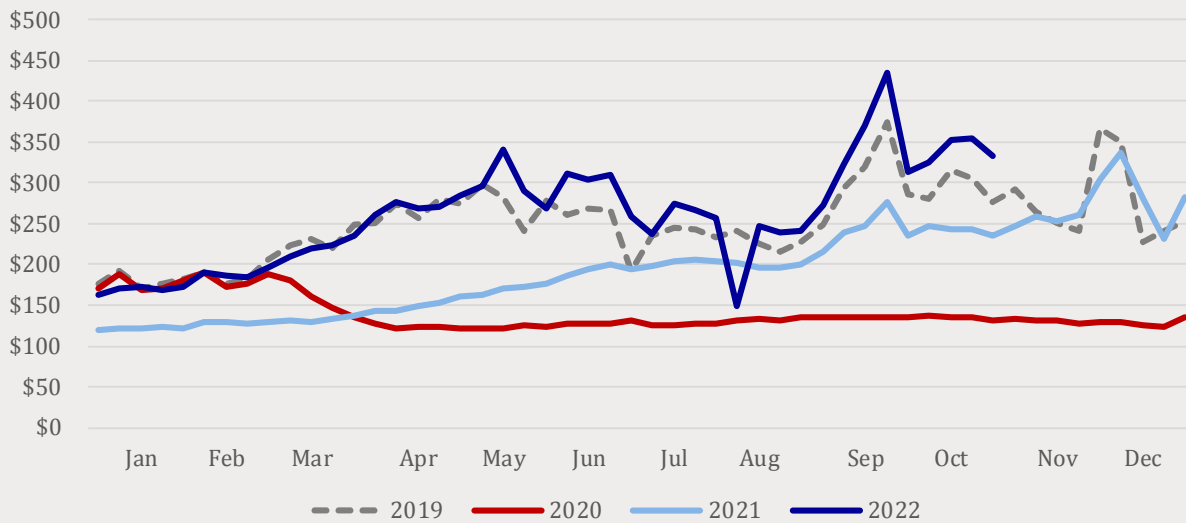
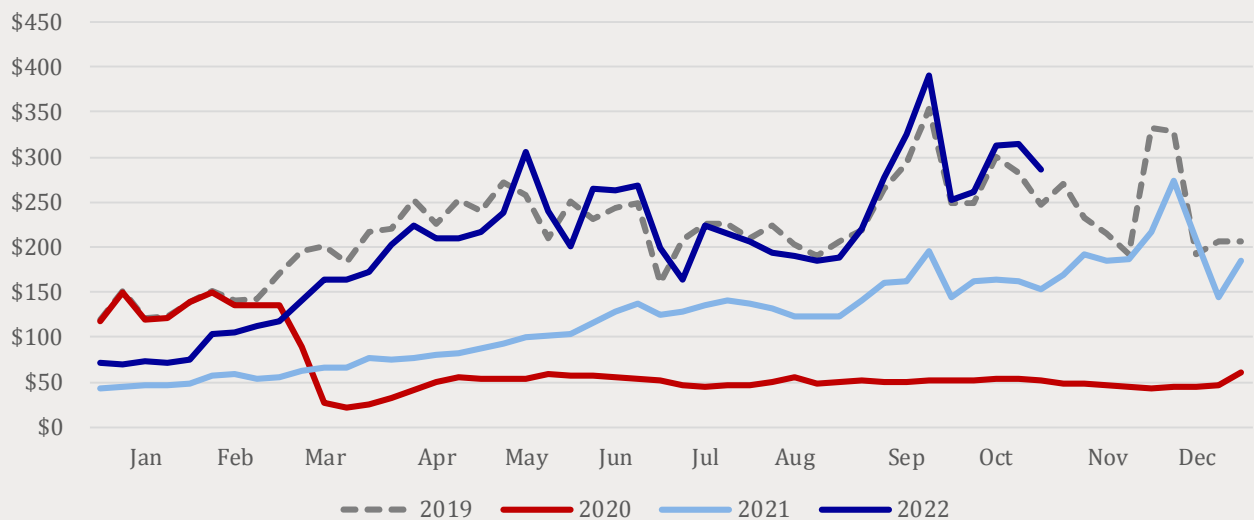


FIGURE 4-9 MINNEAPOLIS-ST. PAUL ADR TRENDS – WEEKLY DATA**FIGURE 4-10 MINNEAPOLIS-ST. PAUL REVPAR TRENDS – WEEKLY DATA**

The effects of COVID-19 on the Minneapolis lodging market have been severe. The pandemic particularly affected Downtown Minneapolis because of its reliance on

the meeting/group segment, and with international travel substantially reduced, hotels near the Minneapolis-St. Paul International Airport and the Mall of America have been notably affected. Just as the Minnesota government's stay-at-home orders began to ease, Minneapolis drew national attention for the death of George Floyd during an arrest in May 2020; his death led to violence throughout the metro area and sparked social injustice protests worldwide. As a result, Minneapolis-St. Paul hotel market faced a slower recovery from the \$52 loss in RevPAR recorded in 2020, with only a \$16 gain in 2021. Many major employers delayed returning to offices, and Target vacated nearly one million square feet of office space. While many citywide events are planned for 2022, the full market recovery will require the earnest return of corporate travel. Minneapolis-St. Paul has been noted as one of the lowest-performing U.S. major markets this year, but the June opening of the Four Seasons in Downtown Minneapolis is expected to contribute to strong ADR growth. While the pandemic and negative publicity are anticipated to continue to affect business in the near term, the long-term outlook is optimistic given the return of international tourism, commercial demand, and citywide events.

Historical Supply and Demand Data

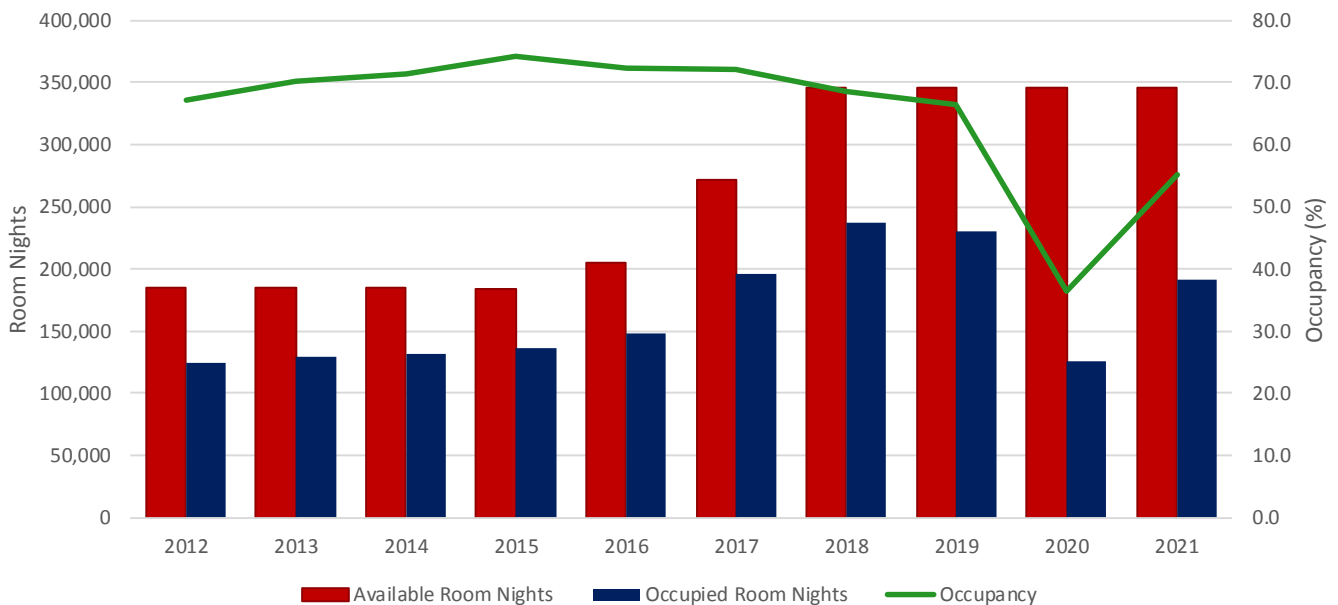
STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotel. This information is presented in the following table, along with the market-wide occupancy, ADR, and RevPAR.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. The Hampton Inn & Suites by Hilton Woodbury suspended operations between September 2020 and May 2021 because of the COVID-19 pandemic. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

FIGURE 4-11 HISTORICAL SUPPLY AND DEMAND TRENDS

	Average Daily	Available		Occupied			Average			
Year	Room Count	Room Nights	Change	Room Nights	Change	Occupancy	Rate	Change	RevPAR	Change
2009	507	185,055	—	95,505	—	51.6 %	\$96.36	—	\$49.73	—
2010	507	185,055	0.0 %	116,297	21.8 %	62.8	96.51	0.2 %	60.65	22.0 %
2011	507	185,055	0.0	124,310	6.9	67.2	101.15	4.8	67.95	12.0
2012	507	185,055	0.0	124,112	(0.2)	67.1	106.10	4.9	71.16	4.7
2013	506	184,721	(0.2)	129,720	4.5	70.2	112.46	6.0	78.98	11.0
2014	505	184,506	(0.1)	131,739	1.6	71.4	118.09	5.0	84.32	6.8
2015	505	184,325	(0.1)	136,575	3.7	74.1	120.29	1.9	89.13	5.7
2016	562	205,065	11.3	148,497	8.7	72.4	125.62	4.4	90.97	2.1
2017	746	272,185	32.7	196,385	32.2	72.2	121.18	(3.5)	87.43	(3.9)
2018	949	346,385	27.3	237,588	21.0	68.6	123.02	1.5	84.38	(3.5)
2019	949	346,385	0.0	230,585	(2.9)	66.6	113.89	(7.4)	75.82	(10.1)
2020	949	346,385	0.0	126,181	(45.3)	36.4	92.74	(18.6)	33.78	(55.4)
2021	949	346,385	0.0	190,974	51.3	55.1	101.33	9.3	55.87	65.4
Year-to-Date Through August										
2019	949	230,607	—	159,344	—	69.1 %	\$114.48	—	\$79.10	—
2020	949	230,607	0.0 %	85,816	(46.1) %	37.2	94.38	(17.6) %	35.12	(55.6) %
2021	918	223,047	(3.3)	126,768	47.7	56.8	98.67	4.5	56.08	59.7
2022	949	230,607	3.4	157,954	24.6	68.5	112.05	13.6	76.75	36.9
Average Annual Compounded Change:										
2009 – 2019			6.5 %	9.2 %			1.7 %			4.3 %
2009 – 2020			5.9	2.6			(0.3)			(3.5)
Hotels Included in Sample				Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened		
Hampton by Hilton Inn Minneapolis/St Paul-Woodbury				Upper Midscale Class	Secondary	63	May 2021	Jan 1996		
Holiday Inn Express & Suites St Paul Woodbury				Upper Midscale Class	Secondary	100	Aug 1997	Aug 1997		
Country Inn & Suites Cottage Grove				Upper Midscale Class	Primary	76	Jul 2002	Jul 2002		
Hilton Garden Inn St Paul Oakdale				Upscale Class	Secondary	116	Feb 2005	Feb 2005		
Sheraton Hotel St Paul Woodbury				Upper Upscale Class	Secondary	150	Jul 2008	Jul 2008		
Residence Inn St Paul Woodbury				Upscale Class	Secondary	116	Sep 2016	Sep 2016		
La Quinta Inns & Suites St Paul - Woodbury				Upper Midscale Class	Secondary	108	Nov 2016	Nov 2016		
Hampton by Hilton Inn & Suites St Paul Oakdale/Woodbury				Upper Midscale Class	Secondary	100	Nov 2017	Nov 2017		
Courtyard St Paul Woodbury				Upscale Class	Secondary	120	Jan 2018	Jan 2018		
Total						949				

Source: STR

FIGURE 4-12 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)

It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2021 in 55.1%, which compares to 36.4% for 2020. The STR data for the competitive set reflect a market-wide ADR level of \$101.33 in 2021, which compares to \$92.74 for 2020. These occupancy and ADR trends resulted in a RevPAR level of \$55.87 in 2021.

During the illustrated historical period, both occupancy and ADR generally followed a strengthening trend through 2016. This improvement in market conditions was driven largely by growth in the local economy and retail and commercial development in Woodbury. Occupancy and ADR began to soften in 2017 as new hotels were absorbed by the market. Supply increased by 88.0% between 2015 and 2018 with the opening of the Residence Inn by Marriott and La Quinta Inn & Suites

Woodbury in late 2016, the Hampton Inn & Suites Oakdale in late 2017, and the Courtyard by Marriott in Woodbury in January 2018. While occupancy declined to the high 60s in 2018, average rate remained fairly stable due to Super Bowl LII, which was held in Minneapolis. Following the loss of this one-time demand source, RevPAR fell by 10.0% in 2019. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in stay-at-home orders, group cancellations, and decreased business travel; thus, the 2020 data illustrate a significant decline in occupancy and a roughly \$21 loss in ADR. By year-end 2021, occupancy and ADR had recovered a substantial portion of their 2020 losses, gaining traction in the latter half of the year after the wide distribution of vaccines. The year-to-date data through August 2022 reflect continued recovery, with both occupancy and ADR nearing the levels achieved in 2019. Given the return of both commercial and leisure travel as well as the ongoing development in both Woodbury and Cottage Grove, the outlook for the market is optimistic.

Seasonality

Seasonality trends are presented in the following tables.

FIGURE 4-13 SEASONALITY

	2015	2016	2017	2018	2019	2020	2021	2022
High Season - June, July, August, September, October								
Occupancy	83.4 %	81.4 %	84.4 %	81.0 %	78.7 %	42.1 %	66.6 %	—
Average Rate	\$125.31	\$130.89	\$125.57	\$123.42	\$118.58	\$91.05	\$110.39	—
RevPAR	104.52	106.51	105.95	99.99	93.27	38.36	73.56	—
Shoulder Season - February, March, April, May								
Occupancy	72.3 %	74.6 %	72.2 %	66.4 %	63.6 %	30.6 %	50.4 %	62.9 %
Average Rate	\$117.96	\$124.24	\$119.53	\$128.90	\$110.92	\$94.37	\$88.91	\$104.32
RevPAR	85.23	92.65	86.25	85.55	70.53	28.88	44.85	65.63
Low Season - January, November, December								
Occupancy	61.0 %	57.7 %	53.5 %	50.8 %	50.4 %	34.5 %	42.1 %	—
Average Rate	\$112.46	\$116.99	\$113.30	\$111.93	\$106.60	\$94.29	\$96.90	—
RevPAR	68.61	67.46	60.63	56.89	53.70	32.58	40.82	—
Source: STR								

The illustrated occupancy and ADR patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate. The competitive market has historically been characterized by a moderate degree of seasonality. COVID-19 prompted some abnormalities to this regular trend in 2020 and early 2021; however, the regular seasonality patterns returned to the market soon thereafter. The strongest occupancy levels are often recorded in the summer months when

demand from leisure travelers typically supplements the commercial segment that is the principal source of demand in this submarket. ADR levels have historically reflected a similar pattern.

Patterns of Demand

A review of the trends in occupancy and ADR by day of the week provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by STR, are illustrated in the following tables.

FIGURE 4-14 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Sep - 21	51.0 %	57.2 %	59.9 %	60.0 %	61.4 %	81.5 %	87.3 %	65.1 %
Oct - 21	41.3	55.7	59.2	58.8	58.2	74.6	80.7	61.6
Nov - 21	34.5	46.6	49.8	50.5	49.1	53.5	55.8	48.5
Dec - 21	36.6	45.5	47.2	46.1	42.2	53.3	55.2	46.6
January 22	34.1	42.4	46.5	44.2	41.0	48.3	55.1	44.4
Feb - 22	36.6	49.2	52.9	49.2	45.2	54.8	66.5	50.6
Mar - 22	42.9	53.9	60.2	59.0	56.2	64.8	67.6	57.9
Apr - 22	47.8	63.5	70.6	67.4	62.8	68.5	74.6	65.5
May - 22	59.6	71.3	80.6	81.8	73.4	85.4	88.5	76.6
Jun - 22	66.5	81.8	87.0	84.0	82.4	93.0	94.4	84.1
Jul - 22	71.0	77.7	86.6	87.8	87.0	88.1	91.0	84.1
Aug - 22	66.1	81.5	87.7	85.3	82.6	89.1	91.1	83.5
Average	49.2 %	60.5 %	66.0 %	64.7 %	61.7 %	71.2 %	75.6 %	64.1 %

Source: STR

FIGURE 4-15 ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Sep - 21	\$108.27	\$105.83	\$108.25	\$109.05	\$108.00	\$116.46	\$121.84	\$111.85
Oct - 21	102.35	105.45	107.08	106.49	105.57	113.93	116.24	109.39
Nov - 21	99.76	101.95	102.76	104.91	103.74	104.42	106.07	103.53
Dec - 21	94.66	98.71	98.79	99.21	99.13	99.82	99.87	98.84
January 22	93.85	96.68	100.00	97.35	94.96	96.36	100.57	97.39
Feb - 22	93.43	97.32	98.24	98.74	94.69	98.75	103.05	98.21
Mar - 22	95.54	100.44	101.08	100.82	98.08	107.28	110.61	102.29
Apr - 22	94.28	99.01	104.47	104.70	99.01	106.51	109.40	103.40
May - 22	103.67	104.34	106.38	106.14	105.48	120.25	124.33	110.26
Jun - 22	110.22	115.66	119.86	115.99	116.16	132.66	136.27	121.40
Jul - 22	112.78	118.26	119.68	121.22	118.86	130.36	132.45	122.70
Aug - 22	110.51	116.58	119.54	119.47	117.23	134.61	138.48	122.59
Average	\$103.37	\$106.51	\$108.80	\$108.84	\$106.94	\$116.03	\$118.80	\$110.47

Source: STR

FIGURE 4-16 OCCUPANCY AND ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

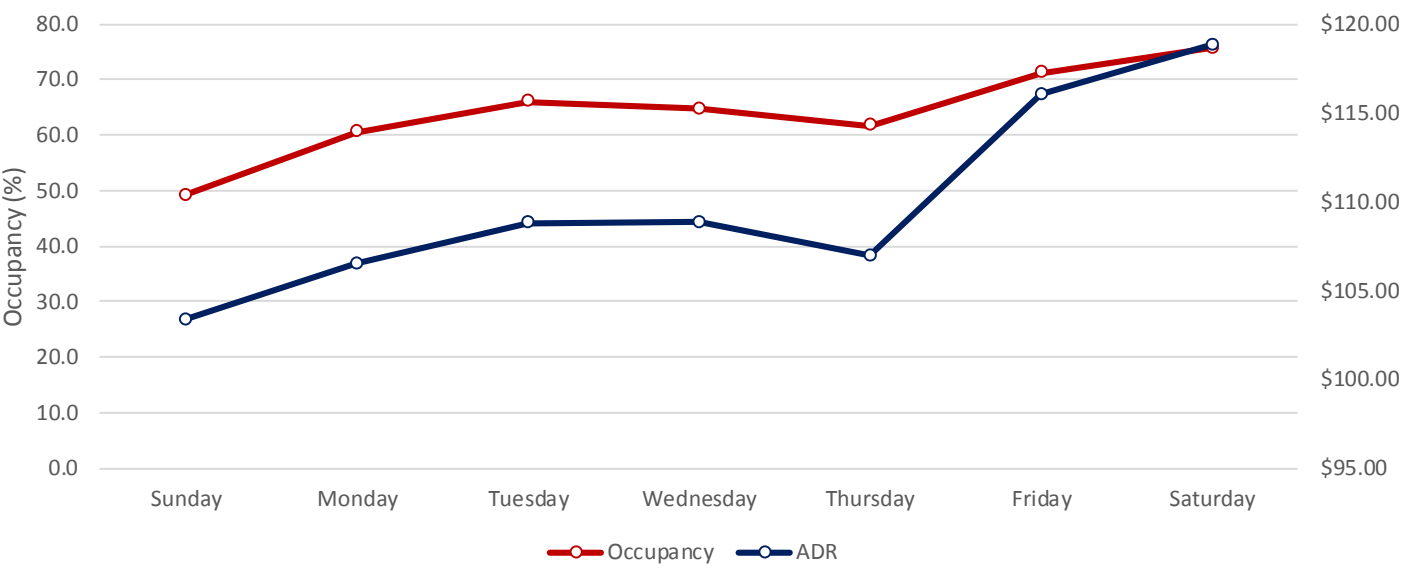


FIGURE 4-17 OCCUPANCY, ADR, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Sep 19 - Aug 20	33.7 %	45.7 %	51.6 %	48.7 %	41.3 %	46.2 %	50.4 %	45.3 %
Sep 20 - Aug 21	40.0	46.8	49.6	49.4	48.8	57.2	61.5	50.5
Sep 21 - Aug 22	49.2	60.5	66.0	64.7	61.7	71.2	75.6	64.1
<u>Change (Occupancy Points)</u>								
FY 19 - FY 20	6.3	1.1	(2.1)	0.7	7.6	11.0	11.1	5.1
FY 20 - FY 21	9.1	13.7	16.4	15.3	12.9	14.0	14.1	13.7
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Sep 19 - Aug 20	\$98.73	\$105.43	\$108.11	\$106.70	\$100.88	\$97.54	\$99.32	\$102.64
Sep 20 - Aug 21	92.19	93.47	94.52	94.57	95.38	100.06	101.79	96.40
Sep 21 - Aug 22	103.37	106.51	108.80	108.84	106.94	116.03	118.80	110.47
<u>Change (Dollars)</u>								
FY 19 - FY 20	(\$6.53)	(\$11.96)	(\$13.59)	(\$12.12)	(\$5.51)	\$2.52	\$2.46	(\$6.24)
FY 20 - FY 21	11.18	13.05	14.28	14.27	11.56	15.98	17.01	14.07
<u>Change (Percent)</u>								
FY 19 - FY 20	(6.6) %	(11.3) %	(12.6) %	(11.4) %	(5.5) %	2.6 %	2.5 %	(6.1) %
FY 20 - FY 21	12.1	14.0	15.1	15.1	12.1	16.0	16.7	14.6
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Sep 19 - Aug 20	\$33.26	\$48.20	\$55.83	\$51.94	\$41.62	\$45.08	\$50.06	\$46.54
Sep 20 - Aug 21	36.91	43.72	46.86	46.74	46.55	57.26	62.58	48.65
Sep 21 - Aug 22	50.84	64.46	71.79	70.43	65.97	82.65	89.85	70.85
<u>Change (Dollars)</u>								
FY 19 - FY 20	\$3.64	(\$4.48)	(\$8.97)	(\$5.21)	\$4.93	\$12.18	\$12.52	\$2.12
FY 20 - FY 21	13.93	20.74	24.93	23.70	19.41	25.39	27.27	22.20
<u>Change (Percent)</u>								
FY 19 - FY 20	11.0 %	(9.3) %	(16.1) %	(10.0) %	11.8 %	27.0 %	25.0 %	4.5 %
FY 20 - FY 21	37.8	47.4	53.2	50.7	41.7	44.3	43.6	45.6

Source: STR

In most markets, business travel, including individual commercial travelers and corporate groups, is the predominant source of demand on Monday through Thursday nights. Leisure travelers and non-business-related groups generate a majority of demand on Friday and Saturday nights. Occupancy levels are typically weak on Sunday nights when all segments of demand are at their lowest. As business

travel intensifies, Tuesday and Wednesday reflect strong nights of occupancy. Leisure travel strengthens on Friday and Saturday nights and often surpasses the levels experienced midweek.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are expected to be primarily competitive with the Proposed Cottage Grove Hotel. If applicable, additional lodging facilities may be judged only secondarily competitive; although the facilities, rate structures, or market orientations of these hotels prevent their inclusion among the primary competitive supply, they are expected to compete with the proposed subject hotel to some extent.

Primary Competition

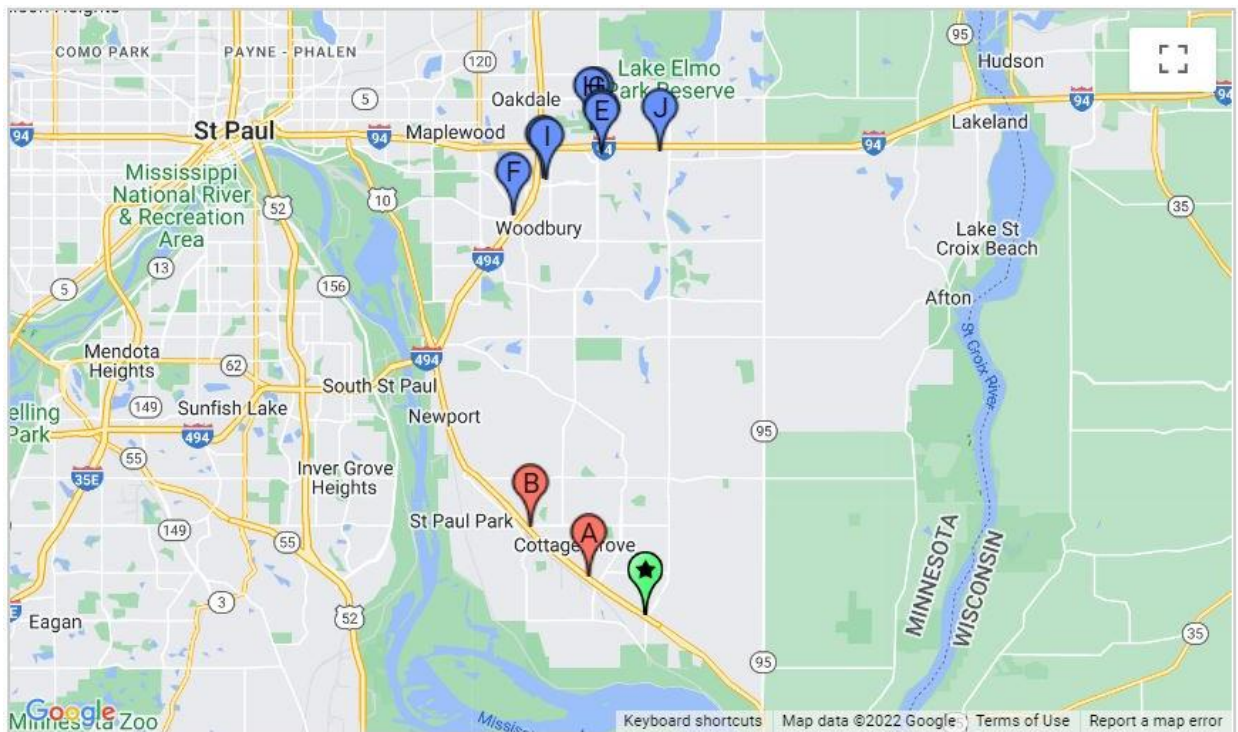
The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors (as applicable). This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

FIGURE 4-18 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation				Estimated 2019				Estimated 2021					
	Number of Rooms	Commercial	Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Country Inn & Suites By Carlson Cottage Grove	76	40 %	10 %	50 %	76	60 - 65 %	\$95 - \$100	\$55 - \$60	76	65 - 70 %	\$95 - \$100	\$60 - \$65	110 - 120 %	110 - 120 %
Wakota Inn & Suites	31	10	0	90	31	45 - 50	75 - 80	35 - 40	31	45 - 50	70 - 75	35 - 40	85 - 90	60 - 65
Sub-Totals/Averages	107	33 %	8 %	60 %	107	59.2 %	\$90.11	\$53.37	107	61.4 %	\$91.39	\$56	111 %	101.7 %
Secondary Competitors	873	63 %	18 %	19 %	655	66.9 %	\$115.55	\$77.31	655	54.1 %	\$101.67	\$55	98 %	99.7 %
Totals/Averages	980	59 %	17 %	24 %	762	65.8 %	\$112.33	\$73.95	762	55.1 %	\$100.06	\$55	100 %	100.0 %
* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.														

The following map illustrates the three possible locations of the proposed subject property and its future competitors.

MAP OF COMPETITION



- | | | | |
|---|---|---|---|
|  | Keats Avenue |  | Hampton by Hilton Minneapolis Saint Paul Woodbury |
|  | Country Inn & Suites / Jamaica Avenue |  | Hilton Garden Inn Saint Paul Oakdale |
|  | Wakota Inn & Suites / 80th Street |  | Hampton by Hilton Saint Paul Oakdale Woodbury |
|  | Sheraton Saint Paul Woodbury |  | La Quinta Inn & Suites Saint Paul Woodbury |
|  | Courtyard by Marriott Saint Paul Woodbury |  | Holiday Inn Express & Suites Saint Paul Woodbury |
|  | Residence Inn by Marriott Saint Paul Woodbury | | |

Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated. Descriptions of our findings are presented below.

PRIMARY COMPETITOR #1 - COUNTRY INN & SUITES BY CARLSON COTTAGE GROVE



**Country Inn & Suites By
Carlson Cottage Grove
8350 East Point
Douglas Road
Cottage Grove, MN**

FIGURE 4-19 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	76	60 - 65 %	\$95 - \$100	\$55 - \$60	90 - 95 %	75 - 80 %
Est. 2021	76	65 - 70	95 - 100	60 - 65	110 - 120	110 - 120

This upper-midscale hotel benefits from its national brand affiliation, good condition, complimentary breakfast offering, and visible location along U.S. Highway 10/61. Overall, the property appeared to be in good condition.

PRIMARY COMPETITOR #2 - WAKOTA INN & SUITES



Wakota Inn & Suites
7125 South 80th Street
Cottage Grove, MN

FIGURE 4-20 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	31	45 - 50 %	\$75 - \$80	\$35 - \$40	70 - 75 %	45 - 50 %
Est. 2021	31	45 - 50	70 - 75	35 - 40	85 - 90	60 - 65

This economy, limited-service hotel is proximate to many restaurants at the 80th Avenue Exit of U.S. Highway 10/61, but is disadvantaged by its dated condition and lack of amenities. Overall, the property appeared to be in fair condition.

**Secondary
Competitors**

We have also reviewed other area lodging facilities to determine whether any may compete with the proposed subject hotel on a secondary basis. The room count of each anticipated secondary competitor has been weighted based on its assumed degree of competitiveness in the future with the proposed subject hotel. By assigning degrees of competitiveness, we can assess how the proposed subject hotel and its future competitors may react to various changes in the market, including new supply, changes to demand generators, and renovations or franchise changes of existing supply. The following table sets forth the pertinent operating characteristics of the secondary competitors.

FIGURE 4-21 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation					Estimated 2019				Estimated 2021			
	Number of Rooms	Commercial	Group	Leisure	Total Competitive Level	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Sheraton Saint Paul Woodbury	150	55 %	30 %	15 %	75 %	113	65 - 70 %	\$115 - \$120	\$75 - \$80	113	50 - 55 %	\$95 - \$100	\$50 - \$55
Courtyard by Marriott Saint Paul Woodbury	120	65	20	15	75	90	60 - 65	120 - 125	75 - 80	90	55 - 60	110 - 115	60 - 65
Residence Inn by Marriott Saint Paul Woodbury	116	75	10	15	75	87	75 - 80	130 - 140	100 - 105	87	75 - 80	120 - 125	95 - 100
Hampton by Hilton Minneapolis Saint Paul Woodbury	63	70	10	20	75	47	65 - 70	110 - 115	75 - 80	47	25 - 30	95 - 100	25 - 30
Hilton Garden Inn Saint Paul Oakdale	116	60	30	10	75	87	65 - 70	115 - 120	75 - 80	87	30 - 35	95 - 100	30 - 35
Hampton by Hilton Saint Paul Oakdale Woodbury	100	60	10	30	75	75	60 - 65	105 - 110	65 - 70	75	50 - 55	95 - 100	50 - 55
La Quinta Inn & Suites Saint Paul Woodbury	108	60	10	30	75	81	65 - 70	95 - 100	65 - 70	81	55 - 60	85 - 90	50 - 55
Holiday Inn Express & Suites Saint Paul Woodbury	100	65	15	20	75	75	60 - 65	105 - 110	65 - 70	75	55 - 60	90 - 95	50 - 55
Totals/Averages	873	63 %	18 %	19 %	75 %	655	66.9 %	\$115.55	\$77.31	655	54.1 %	\$101.67	\$55.00
* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.													

Many of the area demand generators indicated that their guests stay at hotels in the neighboring city of Woodbury due to the lack of preferred hotel accommodations in Cottage Grove, preference for brand affiliation, lack of availability, and proximity to more restaurant/retail options. Therefore, we have identified eight hotels in the city of Woodbury that are expected to compete with the proposed subject hotel on a secondary level.

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. We have identified the following new supply that is expected to have some degree of competitive interaction with the proposed subject hotel based on location, anticipated market orientation and price point, and/or operating profile.

FIGURE 4-22 NEW SUPPLY

Proposed Property	Number of	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Development Stage
Proposed Subject Property	90	100 %	90	May 1, 2025	Early Development
Confluence Hotel	77	75	58	May 1, 2023	Under Construction
Totals/Averages	167		148		

The 77-room, full-service Confluence Hotel and Event Center is expected to open in the second quarter of 2023 in Hastings, which is approximately ten miles southeast of Cottage Grove. Given its expected location and product offering, this hotel has been considered a future secondary competitor in our analysis. Based on conversations with area planning officials, no additional hotels are under construction or planned for development in the competitive market.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. The Hampton Inn & Suites by Hilton Woodbury suspended operations between September 2020 and May 2021 because of the COVID-19 pandemic. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the future operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and ADR is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply in this Cottage Grove submarket. The Proposed Cottage Grove Hotel should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

FIGURE 4-23 HISTORICAL MARKET TRENDS

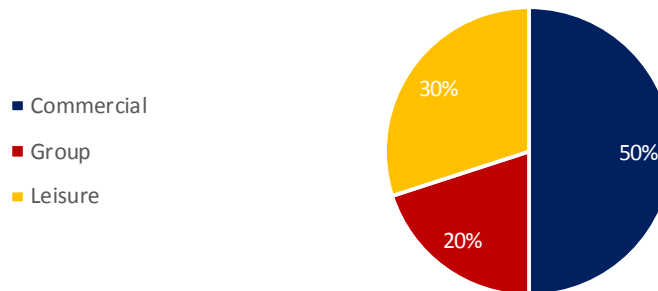
Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2019	183,028	—	278,039	—	65.8 %	\$112.33	—	\$73.95	—
Est. 2020	104,688	(42.8) %	278,039	0.0 %	37.7	90.80	(19.2) %	34.19	(53.8) %
Est. 2021	153,253	46.4	278,039	0.0	55.1	100.06	10.2	55.15	61.3
Avg. Annual Compounded Chg., Est. 2019-Est. 2021:		(8.5) %		(0.0) %			(5.6) %		(13.6) %

Demand Analysis Using Market Segmentation

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2019 distribution of accommodated-room-night demand as follows.

FIGURE 4-24 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND

Market Segment	2019 Marketwide		2021 Marketwide	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Commercial	108,875	59 %	76,626	50 %
Group	30,382	17	30,651	20
Leisure	43,771	24	45,976	30
Total	183,028	100 %	153,253	100 %

FIGURE 4-25 MARKET-WIDE ACCOMMODATED-ROOM-NIGHT DEMAND

In 2021, the market's demand mix comprised commercial demand, with this segment representing roughly 50% of the accommodated room nights in this Cottage Grove submarket. The group segment comprised 20% of the total, with the final portion leisure in nature, reflecting 30%.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room-night demand.

Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as "preferred" accommodations in return for more favorable rates, which are

discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

Primary commercial demand generators for this market typically include major corporate offices in the area, such as 3M, Renewal by Andersen, Van Meter, Marathon Petroleum, and Smead Manufacturing. Commercially driven demand declined notably in 2020 and early 2021 given the COVID-19 pandemic. As employees continue to return to offices and development continues in the market, we expect commercial demand to surpass 2019 levels.

Group Segment

In the limited-service sector, group demand is most commonly generated by groups that require ten or more room nights, but which need little to no meeting space within the hotel. Examples of these groups include family reunions, sports teams, and bus tours. In some markets, limited-service hotels may also accommodate demand from groups or individuals attending events at the local convention center or at one of the larger convention hotels in the area.

Social groups and coordinated bookings for youth sports teams have historically generated group demand for local hotels; furthermore, corporate groups have represented additional sources of demand. However, this type of demand was limited in 2020 and early 2021 due to the COVID-19 pandemic. According to area recreational officials, sports groups returned to the market in 2021 and 2022, while wedding business has increased significantly in 2022. Due to the lack of hotel rooms in the market, many groups reportedly stay in nearby Woodbury. Demand within this segment is forecast to continue to grow with the expansion of group facilities and sports venues in the area.

Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest on Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and

regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand for this highway-adjacent market is typically generated by motorists on U.S. Highway 61/10 seeking a convenient stopover en route to other destinations, as well as by those visiting friends and family in the area. We have considered the impact of the COVID-19 pandemic on leisure demand in our forecasts. Leisure demand is a strong source of demand in this market and has been recovering since the spring of 2021, noticeably more quickly than the other segments.

Base Demand Growth Rates

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the proposed subject hotel's lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 4-26 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate						
	2022	2023	2024	2025	2026	2027	2028
Commercial	25.0 %	5.0 %	3.0 %	5.0 %	3.0 %	0.0 %	0.0 %
Group	15.0	7.0	10.0	7.0	5.0	0.0	0.0
Leisure	10.0	5.0	3.0	4.0	2.0	0.0	0.0
Base Demand Growth	18.5 %	5.4 %	4.4 %	5.1 %	3.2 %	0.0 %	0.0 %

Latent Demand

A table presented earlier in this section illustrated the accommodated-room-night demand in the proposed subject hotel's competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room-night demand that has not been realized by the existing competitive supply, further classified as either unaccommodated demand or induced demand.

Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-

room-night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70.0%, the market may sell out certain nights during the year. To evaluate the incidence of unaccommodated demand in the market, we have reviewed the average occupancy by the night of the week for the past twelve months for the competitive set, as reflected in the STR data. This is set forth in the following table.

FIGURE 4-27 OCCUPANCY BY NIGHT OF THE WEEK

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Sep - 21	51.0 %	57.2 %	59.9 %	60.0 %	61.4 %	81.5 %	87.3 %	65.1 %
Oct - 21	41.3	55.7	59.2	58.8	58.2	74.6	80.7	61.6
Nov - 21	34.5	46.6	49.8	50.5	49.1	53.5	55.8	48.5
Dec - 21	36.6	45.5	47.2	46.1	42.2	53.3	55.2	46.6
January 22	34.1	42.4	46.5	44.2	41.0	48.3	55.1	44.4
Feb - 22	36.6	49.2	52.9	49.2	45.2	54.8	66.5	50.6
Mar - 22	42.9	53.9	60.2	59.0	56.2	64.8	67.6	57.9
Apr - 22	47.8	63.5	70.6	67.4	62.8	68.5	74.6	65.5
May - 22	59.6	71.3	80.6	81.8	73.4	85.4	88.5	76.6
Jun - 22	66.5	81.8	87.0	84.0	82.4	93.0	94.4	84.1
Jul - 22	71.0	77.7	86.6	87.8	87.0	88.1	91.0	84.1
Aug - 22	66.1	81.5	87.7	85.3	82.6	89.1	91.1	83.5
Average	49.2 %	60.5 %	66.0 %	64.7 %	61.7 %	71.2 %	75.6 %	64.1 %

Source: STR

The following table presents our estimate of unaccommodated demand in the subject market.

FIGURE 4-28 UNACCOMMODATED DEMAND ESTIMATE

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand	Unaccommodated Room Night Demand
Commercial	108,875	0.0 %	0
Group	30,382	4.6	1,391
Leisure	43,771	3.1	1,336
Total	183,028	1.5 %	2,728

Accordingly, we have forecast unaccommodated demand equivalent to 1.5% of the base-year demand, resulting from our analysis of monthly and weekly peak demand and sell-out trends.

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. Although increases in demand are expected in the local market, we have accounted for this growth in the determination of market-segment growth rates rather than induced demand.

Accommodated Demand and Market-wide Occupancy

Based upon a review of the market dynamics in the proposed subject hotel's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 4-29 FORECAST OF MARKET OCCUPANCY

	2019	2021	2022	2023	2024	2025	2026	2027	2028
Commercial									
Total Demand	108,875	76,626	95,783	100,572	103,589	108,769	112,032	112,032	112,032
Growth Rate		(29.6) %	25.0 %	5.0 %	3.0 %	5.0 %	3.0 %	0.0 %	0.0 %
Group									
Base Demand	30,382	30,651	35,248	37,715	41,487	44,391	46,611	46,611	46,611
Unaccommodated Demand		1,404	1,614	1,727	1,900	2,033	2,135	2,135	2,135
Total Demand	30,382	32,054	36,862	39,443	43,387	46,424	48,745	48,745	48,745
Growth Rate		5.5 %	15.0 %	7.0 %	10.0 %	7.0 %	5.0 %	0.0 %	0.0 %
Leisure									
Base Demand	43,771	45,976	50,573	53,102	54,695	56,883	58,021	58,021	58,021
Unaccommodated Demand		1,404	1,544	1,621	1,670	1,737	1,771	1,771	1,771
Total Demand	43,771	47,379	52,117	54,723	56,365	58,619	59,792	59,792	59,792
Growth Rate		8.2 %	10.0 %	5.0 %	3.0 %	4.0 %	2.0 %	0.0 %	0.0 %
Totals									
Base Demand	183,028	153,253	181,604	191,389	199,771	210,043	216,663	216,663	216,663
Unaccommodated Demand		2,807	3,158	3,348	3,570	3,769	3,906	3,906	3,906
Total Demand	183,028	156,060	184,762	194,738	203,341	213,812	220,569	220,569	220,569
less: Residual Demand		2,807	3,158	2,470	2,646	755	542	542	542
Total Accommodated Demand	183,028	153,253	181,604	192,268	200,695	213,057	220,027	220,027	220,027
Overall Demand Growth	—	46.4 %	18.5 %	5.9 %	4.4 %	6.2 %	3.3 %	0.0 %	0.0 %
Market Mix									
Commercial	59.5 %	50.0 %	51.8 %	51.6 %	50.9 %	50.9 %	50.8 %	50.8 %	50.8 %
Group	16.6	20.0	20.0	20.3	21.3	21.7	22.1	22.1	22.1
Leisure	23.9	30.0	28.2	28.1	27.7	27.4	27.1	27.1	27.1
Existing Hotel Supply	762	762	762	762	762	762	762	762	762
Proposed Hotels									
Proposed Subject Property ¹						60	90	90	90
Confluence Hotel ²				39	58	58	58	58	58
Available Room Nights per Year	278,039	278,039	278,039	292,188	299,118	321,168	331,968	331,968	331,968
Nights per Year	365	365	365	365	365	365	365	365	365
Total Supply	762	762	762	801	820	880	910	910	910
Rooms Supply Growth	0.0 %	0.0 %	0.0 %	5.1 %	2.4 %	7.4 %	3.4 %	0.0 %	0.0 %
Marketwide Occupancy	65.8 %	55.1 %	65.3 %	65.8 %	67.1 %	66.3 %	66.3 %	66.3 %	66.3 %

¹ Opening in May 2025 of the 100% competitive, 90-room Proposed Subject Property

² Opening in May 2023 of the 75% competitive, 77-room Confluence Hotel

The defined competitive market of hotels experienced a sharp occupancy decline in 2020 and early 2021 because of the severe downturn in travel associated with the COVID-19 pandemic. The recent recovery is expected to continue given the ongoing return of many employees to offices, stronger levels of industrial development in both Cottage Grove and Woodbury, and the return of larger group gatherings.

5. Description of the Proposed Improvements

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Project Overview

The City of Cottage Grove is looking into the development of a hotel and multiple site locations are available for such development; however, a specific site had not been chosen at the time of our report. We have analyzed the locations of the sites in regard to their proximity to demand generators, retail establishments, and entertainment venues. Based on interviews conducted with demand generators and our evaluation of the market performance, it is our recommendation that the proposed subject hotel operate as a midscale or upper-midscale limited-service property, such as a Fairfield by Marriott, Hampton by Hilton, Holiday Inn Express, or comparable brand. Given the existence of extended-stay demand in the market, there is the potential for a dual branding of the subject hotel to include some extended-stay rooms in the available inventory. Possible dual-branded hotel combinations include Fairfield/TownePlace Suites by Marriott, Tru/Home2 Suites by Hilton, and Avid/Candlewood Suites.

It is important to note that select-service and full-service hotels may be preferred by some traveling corporate executives in the area, however, these type of hotels would need to garner significantly higher average rates than what is currently being achieved in order to justify the higher construction cost. Based on our demand generator surveys conducted in the area, there was not a substantial number of consumers willing to pay higher rates.

Summary of the Recommended Facilities

Based on our review the existing supply and demand in the Cottage Grove and Woodbury markets, as well as considering the seasonality of the area, we would recommend a room count of between 80 and 100 rooms. For the purpose of our projections, we have positioned the proposed subject property as a 90-unit nationally-affiliated, upper midscale limited-service hotel. The following table summarizes the facilities that we recommend be available at the proposed subject hotel.

FIGURE 5-1 PROPOSED FACILITIES RECOMMENDATION

Guestroom Configuration		Number of Units
Queen/Queen		50%
King		50%
Total		80 to 100
Food & Beverage Facilities		
Complimentary Breakfast Area		
Indoor Meeting & Banquet Facilities		Capacity
Meeting Room		50
Amenities & Services		
Indoor Swimming Pool		Lobby Workstation
Indoor Whirlpool		Market Pantry
Fitness Room		Guest Laundry Area

Site Improvements and Hotel Structure

Once guests enter the site, ample parking should be available on a surface lot or subterranean parking lot underneath the hotel, depending on the constraints of the site. Site improvements are expected to include freestanding signage at the main entrance to the development, which should direct motorists to the hotel's main entrance (additional signage is also anticipated to be placed on the exterior of the building). We assume that all signage will adequately identify the property and meet brand standards. Landscaping should allow for a positive guest impression and competitive exterior appearance. Sidewalks should be present along the front entrance and around the perimeter of the hotel. The hotel structure will likely comprise one single building. The building components are expected to be normal for a hotel of this type and should meet the standards for this market and selected brand. We assume that all structural components will meet local building codes and that no significant defaults will occur during construction that would impact the future operating potential of the hotel or delay its assumed opening date.

Facilities

The hotel's complimentary breakfast dining area is anticipated to be located off the lobby. Its size and layout should be appropriate for the hotel. The furnishings of the space are expected to be of a similar style and finish as lobby and guestroom furnishings. Based on market demand, and in consideration of brand standards, it is our recommendation that the proposed hotel offer at least one meeting room with a capacity for 50 people. This amount of meeting space should be appropriate for a hotel of this type and would be assumed to meet brand standards. The hotel should offer an indoor pool and whirlpool and a fitness room as recreational facilities. Other

amenities are likely to include a lobby workstation or small business center, a market pantry, and a guest laundry area. Overall, the supporting facilities should be appropriate for a hotel of this type, and we assume that they will meet brand standards.

Guestrooms

A midscale and upper midscale hotel should feature standard and suite-style room configurations, with guestrooms present on all levels of the property's proposed single building. The standard guestrooms should offer typical amenities for this product type, while the suites would be expected to feature a larger living area. If the hotel is dual-branded, the extended-stay suites would offer fully equipped kitchens and separated living and sleeping areas. The guestroom bathrooms would be of a standard size, with a shower-in-tub or shower stall, commode, and single sink with vanity area. Overall, the guestrooms should offer a competitive product for this Cottage Grove neighborhood.

Back-of-the-House, ADA, and Environmental

The hotel is expected to be served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a prep kitchen to service the needs of the breakfast dining area. These spaces should be adequate for a hotel of this type and should allow for the efficient operation of the property under competent management.

We assume that the property will be built according to all pertinent codes and brand standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

Capital Expenditures

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market and to remain compliant with brand standards. These costs should be adequately funded by the forecasted reserve for replacement, as long as hotel staff employs a successful, ongoing preventive-maintenance program.

Conclusion

Overall, the proposed subject property should offer a well-designed, functional layout of support areas and guestrooms. All typical and market-appropriate features and amenities are expected to be included in the hotel's design. We assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes and brand standards. Furthermore, we assume that the hotel staff will be adequately trained to allow for a successful opening and that pre-marketing efforts will have introduced the product to major local accounts at least six months in advance of the opening date.

6. Projection of Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Penetration Rate Analysis

The proposed subject hotel's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a hotel's market share to its fair share.

Base-Year Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year. As discussed previously in the Supply and Demand Analysis chapter of this report, we are utilizing the market's performance prior to the onset of the COVID-19 pandemic as a benchmark for projecting a return to normalized performance.

FIGURE 6-1 HISTORICAL PENETRATION RATES

Property	Commercial	Group	Leisure	Overall
Country Inn & Suites By Carlson Cottage Grove	119 %	116 %	300 %	170 %
Wakota Inn & Suites	22	0	405	127
Secondary Competition	101	103	62	91

The Country Inn & Suites By Carlson Cottage Grove achieved the highest penetration rate within the commercial and group segments, while the Wakota Inn & Suites led the market with the highest leisure penetration rate.

**Forecast of Subject
Property's Occupancy**

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market and, consequently, upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture, and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply or a change in the relative penetration performance of one or more hotels in the competitive market. Our projections of penetration, demand capture, and occupancy performance for the proposed subject hotel account for these types of adjustments to market share within the defined competitive market.

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 6-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2025	2026	2027	2028
Commercial				
Demand	108,769	111,766	111,766	111,766
Market Share	7.2 %	11.2 %	11.2 %	11.2 %
Capture	7,840	12,572	12,572	12,572
Penetration	105 %	114 %	114 %	114 %
Group				
Demand	46,017	48,620	48,620	48,620
Market Share	4.9 %	8.0 %	8.6 %	8.6 %
Capture	2,243	3,901	4,169	4,169
Penetration	71 %	81 %	87 %	87 %
Leisure				
Demand	58,272	59,642	59,642	59,642
Market Share	7.2 %	10.4 %	10.4 %	10.4 %
Capture	4,200	6,186	6,186	6,186
Penetration	105 %	105 %	105 %	105 %
Total Room Nights Captured	14,283	22,659	22,927	22,927
Available Room Nights	22,050	32,850	32,850	32,850
Subject Occupancy	65 %	69 %	70 %	70 %
Market-wide Available Room Nights	321,168	331,968	331,968	331,968
Fair Share	7 %	10 %	10 %	10 %
Market-wide Occupied Room Nights	213,057	220,027	220,027	220,027
Market Share	7 %	10 %	10 %	10 %
Market-wide Occupancy	66 %	66 %	66 %	66 %
Total Penetration	98 %	104 %	105 %	105 %

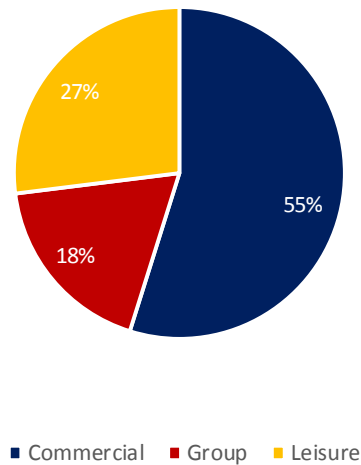
Within the commercial segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level supported by the assumed national franchise affiliation, age of the property, and proximity to the industrial park. The proposed subject hotel's occupancy penetration in the meeting and group segment is positioned appropriately within the range of existing competitors given the proposed hotel's limited amount of anticipated meeting space. Within the leisure segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, largely attributed to the national affiliation, proposed complimentary amenities, and proximity to U.S. Highway 10/61.

These positioned segment penetration rates result in the following market segmentation forecast.

FIGURE 6-3 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2025	2026	2027	2028
Commercial	55 %	55 %	55 %	55 %
Group	16	17	18	18
Leisure	29	27	27	27
Total	100 %	100 %	100 %	100 %

FIGURE 6-4 STABILIZED MARKET SEGMENTATION – SUBJECT PROPERTY



Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 70%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new

competition and temporary economic downturns to force the occupancy below this selected point of stability.

Average Rate Analysis

One of the most important considerations in estimating the feasibility of a lodging facility is a supportable forecast of its attainable average rate (ADR), which is more formally defined as the average rate per occupied room; ADR can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected ADR and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Competitive Position

Although the ADR analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding ADR. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical ADR and RevPAR levels of the proposed subject hotel's future primary competitors.

FIGURE 6-5 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS

Property	Estimated 2021 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Country Inn & Suites By Carlson Cottage Grove	\$95 - \$100	97.9 %	65 - 70 %	110 - 120 %	\$60 - \$65	110 - 120 %
Wakota Inn & Suites	70 - 75	70.0	45 - 50	85 - 90	35 - 40	60 - 65
Average - Primary Competitors	\$91.39	91.3 %	61.4 %	111.3 %	\$56.08	101.7 %
Average - Secondary Competitors	101.67	101.6	54.1	98.1	55.00	99.7
Overall Average	\$100.06	100.0 %	55.1 %	100.0 %	\$55.15	100.0 %
Subject As If Stabilized (In 2021 Dollars)	\$105.00	104.9 %	58.0 %	105.3 %	\$60.94	110.5 %

We have selected the rate position of \$105.00, in base-year dollars (2021), for the proposed subject hotel. We have positioned the proposed subject hotel's stabilized ADR in the 2021 base year in consideration of its new facility, strong brand affiliation, and proximity to area demand generators. Average rates for this competitive market are anticipated to continue the strengthening trend that began in 2021, with a strong growth rate forecast for 2022 given the swift recovery from

the particularly low ADRs in the first half of 2021, as indicated by the month-over-month comparisons in the first half of 2022. ADR growth is then anticipated to moderate downward in the following years. The projected recovery related to the market's ADR growth in our forecast is based upon Cottage Grove's popularity as a industrial business and sports team destination.

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level. The proposed subject hotel's projected ADR (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year.

FIGURE 6-6 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY

Calendar Year	Historical		2022	2023	2024	2025	2026	2027	2028	2029
	2019	2021								
Market ADR	\$112.33	\$100.06	\$110.07	\$115.57	\$119.04	\$122.61	\$126.28	\$130.07	\$133.98	\$137.99
Projected Market ADR Growth Rate	—		10.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		\$105.00	\$115.50	\$121.28	\$124.91	\$128.66	\$132.52	\$136.50	\$140.59	\$144.81
ADR Growth Rate			10.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		105%	105%	105%	105%	105%	105%	105%	105%	105%
Fiscal Year						2025/26	2026/27	2027/28	2028/29	2029/30
Proposed Subject Property Average Rate						\$129.93	\$133.83	\$137.84	\$141.98	\$146.24
Opening Discount						5.0%	0.0%	0.0%	0.0%	0.0%
Average Rate After Discount						\$123.43	\$133.83	\$137.84	\$141.98	\$146.24
Real Average Rate Growth						—	8.4%	3.0%	3.0%	3.0%
Market ADR						\$123.82	\$127.53	\$131.36	\$135.30	\$139.36
Proposed Subject ADR Penetration (After Discount)						100%	105%	105%	105%	105%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate						\$104.50	\$110.00	\$110.00	\$110.00	\$110.00

The proposed subject hotel's ADR penetration level is forecast to reach 105% by the stabilized period, consistent with our stabilized ADR positioning. Based on our review of the proposed improvements and the anticipated profile of the hotel product and its operation, it is our opinion that the ADR penetration level should be achievable with appropriate management and marketing. The proposed hotel's positioned stabilized ADR is projected to increase at the same rate as the overall market's ADR, prior to consideration of any ADR discounting during the hotel's ramp-up period. A discount of 5% has been applied to the stabilized room rate projected for the first year of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market.

Note that our forecast of income and expense, which follows later in this report, assumes the following underlying inflation rates.

FIGURE 6-7 INFLATION ASSUMPTIONS

Timeframe			Rate of Inflation Assumed
2021	to	2022	6.0 %
2022	to	2023	4.0
2023	to	2024	3.0
2024	to	2025	3.0
2025	to	2026	3.0

The following table sets forth our concluding forecast of the proposed subject hotel's occupancy, ADR, and RevPAR, with corresponding penetration levels, for the first projection year through the stabilized year of operation. The competitive market's historical and projected occupancy, ADR, and RevPAR levels are presented for comparison, with the projections fiscalized to correspond with the proposed subject hotel's forecast, as appropriate.

FIGURE 6-8 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, ADR, AND REVPAR – PROPOSED SUBJECT PROPERTY AND MARKET

				Projected					
	2019	2020	2021	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed Cottage Grove Hotel									
Occupancy				—	—	—	66.2 %	69.2 %	69.8 %
Change in Points				—	—	—	—	3.1	0.5
Occupancy Penetration				—	—	—	99.8 %	104.5 %	105.3 %
Average Rate			\$105.00	\$117.40	\$122.47	\$126.15	\$123.43	\$133.83	\$137.84
Change				—	4.3 %	3.0 %	(2.2) %	8.4 %	3.0 %
Average Rate Penetration				104.9 %	104.9 %	104.9 %	99.7 %	104.9 %	104.9 %
RevPAR				—	—	—	\$81.66	\$92.67	\$96.20
Change				—	—	—	—	13.5 %	3.8 %
RevPAR Penetration				—	—	—	99.4 %	109.6 %	110.5 %
	Historical			Projected					
	2019	2020	2021	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Cottage Grove Submarket									
Occupancy	65.8 %	37.7 %	55.1 %	65.5 %	66.2 %	66.8 %	66.3 %	66.3 %	66.3 %
Change in Points	—	(28.2)	17.5	10.4	0.8	0.6	(0.5)	(0.0)	0.0
Average Rate	\$112.33	\$90.80	\$100.06	\$111.87	\$116.71	\$120.21	\$123.82	\$127.53	\$131.36
Change	—	(19.2) %	10.2 %	11.8 %	4.3 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$73.95	\$34.19	\$55.15	\$73.25	\$77.29	\$80.36	\$82.11	\$84.53	\$87.06
Change	—	(53.8) %	61.3 %	32.8 %	5.5 %	4.0 %	2.2 %	2.9 %	3.0 %

The following occupancies and average rates will be used to project the proposed subject hotel's rooms revenue; this forecast reflects years beginning on May 1, 2025, which correspond with our financial projections.

FIGURE 6-9 FORECASTS OF OCCUPANCY AND AVERAGE RATE

Year	Occupancy	Average Rate		Average Rate After Discount
		Before Discount	Discount	
2025/26	66 %	\$129.93	5.0 %	\$123.43
2026/27	69	133.83	0.0	133.83
2027/28	70	137.84	0.0	137.84

7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and ADR forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2021 dollars, is also presented.

FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Def. Stab \$
Number of Rooms:	60 to 80	80 to 110	80 to 110	70 to 100	80 to 110	90
Days Open:	365	365	365	365	365	365
Occupancy:	67%	72%	70%	69%	72%	70%
Average Rate:	\$112	\$112	\$106	\$108	\$113	\$110
RevPAR:	\$75	\$81	\$74	\$74	\$81	\$77
REVENUE						
Rooms	98.0 %	98.6 %	95.6 %	98.8 %	97.3 %	98.3 %
Other Operated Departments	1.6	1.4	1.3	0.7	2.3	1.3
Miscellaneous Income	0.4	0.0	3.0	0.4	0.3	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	25.1	22.1	23.8	29.5	25.1	24.5
Other Operated Departments	21.9	40.3	52.6	58.3	23.5	50.0
Total	25.0	22.3	23.5	29.5	25.0	24.8
DEPARTMENTAL INCOME	75.0	77.7	76.5	70.5	75.0	75.2
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	8.2	7.3	10.2	5.6	9.3	8.7
Info. and Telecom. Systems	0.8	1.3	2.5	1.0	2.0	1.4
Marketing	5.4	6.0	7.4	1.3	2.5	4.4
Franchise Fee	10.3	8.9	4.9	8.4	9.2	8.4
Property Operations & Maintenance	3.3	3.4	5.1	7.2	6.7	4.5
Utilities	3.5	4.1	4.1	4.4	3.1	4.4
Total	31.4	31.1	34.2	28.0	32.8	31.8
GROSS OPERATING PROFIT	43.6	46.6	42.3	42.5	42.2	43.5
Management Fee	4.5	4.0	3.0	0.0	5.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	39.1	42.6	39.3	42.5	37.3	40.5

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Def. Stab \$
Number of Rooms:	60 to 80	80 to 110	80 to 110	70 to 100	80 to 110	90
Days Open:	365	365	365	365	365	365
Occupancy:	67%	72%	70%	69%	72%	70%
Average Rate:	\$112	\$112	\$106	\$108	\$113	\$110
RevPAR:	\$75	\$81	\$74	\$74	\$81	\$77
REVENUE						
Rooms	\$27,484	\$29,481	\$27,031	\$27,112	\$29,409	\$28,106
Other Operated Departments	449	408	378	200	709	383
Miscellaneous Income	99	3	860	120	100	102
Total	28,032	29,893	28,269	27,433	30,218	28,592
DEPARTMENTAL EXPENSES						
Rooms	6,907	6,512	6,437	7,989	7,378	6,886
Other Operated Departments	98	164	199	116	166	192
Total	7,006	6,676	6,636	8,105	7,545	7,078
DEPARTMENTAL INCOME	21,026	23,217	21,632	19,328	22,673	21,514
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	2,294	2,185	2,897	1,549	2,815	2,500
Info. and Telecom. Systems	211	398	711	285	590	400
Marketing	1,511	1,800	2,100	360	770	1,250
Franchise Fee	2,886	2,657	1,383	2,293	2,768	2,389
Property Operations & Maintenance	914	1,008	1,428	1,985	2,019	1,300
Utilities	991	1,235	1,157	1,204	943	1,250
Total	8,807	9,284	9,676	7,675	9,904	9,089
GROSS OPERATING PROFIT	12,219	13,933	11,956	11,653	12,769	12,425
Management Fee	1,262	1,195	848	0	1,511	858
INCOME BEFORE NON-OPER. INC. & EXI	10,957	12,738	11,108	11,653	11,259	11,567

FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Def. Stab \$
Number of Rooms:	60 to 80	80 to 110	80 to 110	70 to 100	80 to 110	90
Days Open:	365	365	365	365	365	365
Occupancy:	67%	72%	70%	69%	72%	70%
Average Rate:	\$112	\$112	\$106	\$108	\$113	\$110
RevPAR:	\$75	\$81	\$74	\$74	\$81	\$77
REVENUE						
Rooms	\$111.89	\$111.66	\$106.19	\$108.37	\$112.50	\$110.01
Other Operated Departments	1.83	1.55	1.49	0.80	2.71	1.50
Miscellaneous Income	0.40	0.01	3.38	0.48	0.38	0.40
Total	114.12	113.22	111.05	109.65	115.60	111.91
DEPARTMENTAL EXPENSES						
Rooms	28.12	24.66	25.29	31.93	28.23	26.95
Other Operated Departments	0.40	0.62	0.78	0.46	0.64	0.75
Total	28.52	25.29	26.07	32.39	28.86	27.70
DEPARTMENTAL INCOME	85.60	87.93	84.98	77.25	86.74	84.20
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	9.34	8.27	11.38	6.19	10.77	9.78
Info. and Telecom. Systems	0.86	1.51	2.79	1.14	2.26	1.57
Marketing	6.15	6.82	8.25	1.44	2.95	4.89
Franchise Fee	11.75	10.06	5.43	9.16	10.59	9.35
Property Operations & Maintenance	3.72	3.82	5.61	7.93	7.72	5.09
Utilities	4.04	4.68	4.54	4.81	3.61	4.89
Total	35.85	35.16	38.01	30.68	37.89	35.58
GROSS OPERATING PROFIT	49.74	52.77	46.97	46.57	48.85	48.63
Management Fee	5.14	4.53	3.33	0.00	5.78	3.36
INCOME BEFORE NON-OPER. INC. & EXI	44.61	48.25	43.64	46.57	43.07	45.27

The departmental income of the comparable properties ranged from 70.5% to 77.7% of total revenue. The comparable properties achieved a gross operating profit ranging from 42.2% to 46.6% of total revenue. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

Fixed and Variable Component Analysis

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed

component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the Uniform System of Accounts for the Lodging Industry (USALI). Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation and Appreciation Assumptions

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve's target inflation rate, we have applied the underlying inflation rates as reflected in the following table.

FIGURE 7-4 INFLATION ASSUMPTIONS

Timeframe			Rate of Inflation Assumed
2021	to	2022	6.0 %
2022	to	2023	4.0
2023	to	2024	3.0
2024	to	2025	3.0
2025	to	2026	3.0

Beyond the illustrated year, we have applied a 3.0% annual rate of growth to income and expenses to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (i.e., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-up of individual income and expense items.

Forecast of Revenue and Expense

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on May 1, 2025, expressed in inflated dollars for each year.

FIGURE 7-5 DETAILED FORECAST OF INCOME AND EXPENSE

	2025/26 Begins May				2026/27				Stabilized				2028/29				2029/30			
Number of Rooms:	90				90				90				90				90			
Occupancy:	66%				69%				70%				70%				70%			
Average Rate:	\$123.43				\$133.83				\$137.84				\$141.98				\$146.24			
RevPAR:	\$81.47				\$92.34				\$96.49				\$99.38				\$102.37			
Days Open:	365				365				365				365				365			
Occupied Rooms:	21,681	%Gross	PAR	POR	22,667	%Gross	PAR	POR	22,995	%Gross	PAR	POR	22,995	%Gross	PAR	POR	22,995	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$2,676	98.2 %	\$29,733	\$123.43	\$3,033	98.3 %	\$33,700	\$133.81	\$3,170	98.3 %	\$35,222	\$137.86	\$3,265	98.3 %	\$36,278	\$141.99	\$3,363	98.3 %	\$37,367	\$146.25
Other Operated Departments	38	1.4	423	1.75	42	1.4	464	1.84	43	1.3	480	1.88	45	1.3	495	1.94	46	1.3	509	1.99
Miscellaneous Income	11	0.4	119	0.49	11	0.4	124	0.49	12	0.4	128	0.50	12	0.4	132	0.52	12	0.4	136	0.53
Total Operating Revenues	2,725	100.0	30,275	125.67	3,086	100.0	34,288	136.14	3,225	100.0	35,831	140.24	3,321	100.0	36,904	144.44	3,421	100.0	38,012	148.77
DEPARTMENTAL EXPENSES *																				
Rooms	715	26.7	7,947	32.99	750	24.7	8,329	33.07	777	24.5	8,629	33.77	800	24.5	8,887	34.78	824	24.5	9,154	35.83
Other Operated Departments	20	52.5	222	0.92	21	50.2	233	0.92	22	50.0	240	0.94	22	50.0	247	0.97	23	50.0	255	1.00
Total Expenses	735	27.0	8,169	33.91	771	25.0	8,562	34.00	798	24.8	8,869	34.71	822	24.8	9,135	35.75	847	24.8	9,409	36.83
DEPARTMENTAL INCOME	1,989	73.0	22,105	91.76	2,315	75.0	25,726	102.15	2,427	75.2	26,962	105.53	2,499	75.2	27,770	108.69	2,574	75.2	28,603	111.95
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	259	9.5	2,876	11.94	273	8.8	3,031	12.03	282	8.7	3,133	12.26	290	8.7	3,227	12.63	299	8.7	3,323	13.01
Info & Telecom Systems	41	1.5	460	1.91	44	1.4	485	1.93	45	1.4	501	1.96	46	1.4	516	2.02	48	1.4	532	2.08
Marketing	142	5.2	1,582	6.57	136	4.4	1,515	6.02	141	4.4	1,566	6.13	145	4.4	1,613	6.31	150	4.4	1,662	6.50
Franchise Fee	227	8.3	2,527	10.49	258	8.4	2,865	11.37	269	8.4	2,994	11.72	278	8.4	3,084	12.07	286	8.4	3,176	12.43
Prop. Operations & Maint.	128	4.7	1,421	5.90	142	4.6	1,576	6.26	147	4.5	1,629	6.38	151	4.5	1,678	6.57	156	4.5	1,728	6.76
Utilities	129	4.8	1,438	5.97	136	4.4	1,515	6.02	141	4.4	1,566	6.13	145	4.4	1,613	6.31	150	4.4	1,662	6.50
Total Expenses	927	34.0	10,305	42.78	989	32.0	10,986	43.62	1,025	31.8	11,390	44.58	1,056	31.8	11,731	45.91	1,087	31.8	12,083	47.29
GROSS OPERATING PROFIT	1,062	39.0	11,800	48.98	1,327	43.0	14,739	58.52	1,402	43.4	15,572	60.95	1,443	43.4	16,039	62.77	1,487	43.4	16,520	64.66
Management Fee	82	3.0	908	3.77	93	3.0	1,029	4.08	97	3.0	1,075	4.21	100	3.0	1,107	4.33	103	3.0	1,140	4.46
INCOME BEFORE NON-OPR. INC. & EXP.	980	36.0	10,892	45.21	1,234	40.0	13,711	54.44	1,305	40.4	14,497	56.74	1,344	40.4	14,931	58.44	1,384	40.4	15,380	60.19
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	121	4.4	1,344	5.58	249	8.1	2,769	10.99	257	8.0	2,852	11.16	264	8.0	2,937	11.50	272	8.0	3,025	11.84
Insurance	43	1.6	472	1.96	44	1.4	487	1.93	45	1.4	501	1.96	46	1.4	516	2.02	48	1.4	532	2.08
Total Expenses	163	6.0	1,816	7.54	293	9.5	3,255	12.93	302	9.4	3,353	13.12	311	9.4	3,453	13.52	320	9.4	3,557	13.92
EBITDA	817	30.0	9,076	37.67	941	30.5	10,456	41.52	1,003	31.0	11,145	43.62	1,033	31.0	11,478	44.92	1,064	31.0	11,823	46.27
Reserve for Replacement	54	2.0	605	2.51	93	3.0	1,029	4.08	129	4.0	1,433	5.61	133	4.0	1,476	5.78	137	4.0	1,520	5.95
EBITDA LESS RESERVE	\$762	28.0 %	\$8,470	\$35.16	\$848	27.5 %	\$9,427	\$37.43	\$874	27.0 %	\$9,711	\$38.01	\$900	27.0 %	\$10,002	\$39.15	\$927	27.0 %	\$10,302	\$40.32

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 7-6 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2031/32		2032/33		2033/34		2034/35	
Number of Rooms:	90		90		90		90		90		90		90		90		90		90	
Occupied Rooms:	21,681		22,667		22,995		22,995		22,995		22,995		22,995		22,995		22,995		22,995	
Occupancy:	66%		69%		70%		70%		70%		70%		70%		70%		70%		70%	
Average Rate:	\$123.43	% of	\$133.83	% of	\$137.84	% of	\$141.98	% of	\$146.24	% of	\$150.62	% of	\$155.14	% of	\$159.80	% of	\$164.59	% of	\$169.53	% of
RevPAR:	\$81.47	Gross	\$92.34	Gross	\$96.49	Gross	\$99.38	Gross	\$102.37	Gross	\$105.44	Gross	\$108.60	Gross	\$111.86	Gross	\$115.21	Gross	\$118.67	Gross
OPERATING REVENUE																				
Rooms	\$2,676	98.2 %	\$3,033	98.3 %	\$3,170	98.3 %	\$3,265	98.3 %	\$3,363	98.3 %	\$3,464	98.3 %	\$3,568	98.3 %	\$3,675	98.3 %	\$3,785	98.3 %	\$3,898	98.3 %
Other Operated Departments	38	1.4	42	1.4	43	1.3	45	1.3	46	1.3	47	1.3	49	1.3	50	1.3	52	1.3	53	1.3
Miscellaneous Income	11	0.4	11	0.4	12	0.4	12	0.4	12	0.4	13	0.4	13	0.4	13	0.4	14	0.4	14	0.4
Total Operating Revenues	2,725	100.0	3,086	100.0	3,225	100.0	3,321	100.0	3,421	100.0	3,524	100.0	3,630	100.0	3,738	100.0	3,850	100.0	3,965	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	715	26.7	750	24.7	777	24.5	800	24.5	824	24.5	849	24.5	874	24.5	900	24.5	927	24.5	955	24.5
Other Operated Departments	20	52.5	21	50.2	22	50.0	22	50.0	23	50.0	24	50.0	24	50.0	25	50.0	26	50.0	27	50.0
Total Expenses	735	27.0	771	25.0	798	24.8	822	24.8	847	24.8	872	24.8	898	24.8	925	24.8	953	24.8	982	24.8
DEPARTMENTAL INCOME	1,989	73.0	2,315	75.0	2,427	75.2	2,499	75.2	2,574	75.2	2,652	75.2	2,731	75.2	2,813	75.2	2,897	75.2	2,984	75.2
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	259	9.5	273	8.8	282	8.7	290	8.7	299	8.7	308	8.7	317	8.7	327	8.7	337	8.7	347	8.7
Info & Telecom Systems	41	1.5	44	1.4	45	1.4	46	1.4	48	1.4	49	1.4	51	1.4	52	1.4	54	1.4	55	1.4
Marketing	142	5.2	136	4.4	141	4.4	145	4.4	150	4.4	154	4.4	159	4.4	163	4.4	168	4.4	173	4.4
Franchise Fee	227	8.3	258	8.4	269	8.4	278	8.4	286	8.4	294	8.4	303	8.4	312	8.4	322	8.4	331	8.4
Prop. Operations & Maint.	128	4.7	142	4.6	147	4.5	151	4.5	156	4.5	160	4.5	165	4.5	170	4.5	175	4.5	180	4.5
Utilities	129	4.8	136	4.4	141	4.4	145	4.4	150	4.4	154	4.4	159	4.4	163	4.4	168	4.4	173	4.4
Total Expenses	927	34.0	989	32.0	1,025	31.8	1,056	31.8	1,087	31.8	1,120	31.8	1,154	31.8	1,188	31.8	1,224	31.8	1,261	31.8
GROSS OPERATING PROFIT	1,062	39.0	1,327	43.0	1,402	43.4	1,443	43.4	1,487	43.4	1,532	43.4	1,578	43.4	1,625	43.4	1,673	43.4	1,723	43.4
Management Fee	82	3.0	93	3.0	97	3.0	100	3.0	103	3.0	106	3.0	109	3.0	112	3.0	116	3.0	119	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	980	36.0	1,234	40.0	1,305	40.4	1,344	40.4	1,384	40.4	1,426	40.4	1,469	40.4	1,513	40.4	1,558	40.4	1,604	40.4
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	121	4.4	249	8.1	257	8.0	264	8.0	272	8.0	280	8.0	289	8.0	298	8.0	306	8.0	316	8.0
Insurance	43	1.6	44	1.4	45	1.4	46	1.4	48	1.4	49	1.4	51	1.4	52	1.4	54	1.4	55	1.4
Total Expenses	163	6.0	293	9.5	302	9.4	311	9.4	320	9.4	330	9.4	340	9.4	350	9.4	360	9.4	371	9.4
EBITDA	817	30.0	941	30.5	1,003	31.0	1,033	31.0	1,064	31.0	1,096	31.0	1,129	31.0	1,163	31.0	1,198	31.0	1,233	31.0
Reserve for Replacement	54	2.0	93	3.0	129	4.0	133	4.0	137	4.0	141	4.0	145	4.0	150	4.0	154	4.0	159	4.0
EBITDA LESS RESERVE	\$762	28.0 %	\$848	27.5 %	\$874	27.0 %	\$900	27.0 %	\$927	27.0 %	\$955	27.0 %	\$984	27.0 %	\$1,013	27.0 %	\$1,044	27.0 %	\$1,074	27.0 %

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning May 1, 2025, expressed in inflated dollars for each year.

Revenues associated with the proposed subject hotel's other operated department and miscellaneous income category have been forecast to reflect the hotel's planned facilities and amenities, including the market pantry and guest laundry room. Expense levels fall within a range of reasonableness given the provided comparable operating statements; furthermore, management fees are set forth in accordance with our assumptions provided earlier in our report. In addition, we have reviewed the franchise fees associated with a variety of midscale and upper-midscale brands and have utilized average royalty and marketing assessment fees for the purpose of our projections.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate (ADR). We projected occupancy and ADR in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 70% with an ADR of \$137.84 in 2027/28. Following the stabilized year, the proposed subject hotel's ADR is projected to increase along with the underlying rate of growth assigned to EBITDA Less Replacement Reserve.

Other Operated Departments Revenue

According to the USALI, other operated departments include any major or minor operated department other than rooms, including market pantry sales, phone charges, and meeting room rental.

FIGURE 7-7 OTHER OPERATED DEPARTMENTS REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	1.6 %	1.4 %	1.3 %	0.7 %	2.3 %	1.4 %	1.3 %
Per Available Room	\$449	\$408	\$378	\$200	\$709	\$423	\$383
Per Occupied Room	\$1.83	\$1.55	\$1.49	\$0.80	\$2.71	\$1.75	\$1.50

Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, F&B, and the other operated departments. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-8 MISCELLANEOUS INCOME

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	0.4 %	0.0 %	3.0 %	0.4 %	0.3 %	0.4 %	0.4 %
Per Available Room	\$99	\$3	\$860	\$120	\$100	\$119	\$102
Per Occupied Room	\$0.40	\$0.01	\$3.38	\$0.48	\$0.38	\$0.49	\$0.40

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy, and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and ADR. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

FIGURE 7-9 ROOMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	25.1 %	22.1 %	23.8 %	29.5 %	25.1 %	26.7 %	24.5 %
Per Available Room	\$6,907	\$6,512	\$6,437	\$7,989	\$7,378	\$7,947	\$6,886
Per Occupied Room	\$28.12	\$24.66	\$25.29	\$31.93	\$28.23	\$32.99	\$26.95

**Other Operated
Departments Expense**

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed previously in this chapter.

FIGURE 7-10 OTHER OPERATED DEPARTMENTS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	21.9 %	40.3 %	52.6 %	58.3 %	23.5 %	52.5 %	50.0 %
Per Available Room	\$98	\$164	\$199	\$116	\$166	\$222	\$192
Per Occupied Room	\$0.40	\$0.62	\$0.78	\$0.46	\$0.64	\$0.92	\$0.75

Administrative and General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

FIGURE 7-11 ADMINISTRATIVE AND GENERAL EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	8.2 %	7.3 %	10.2 %	5.6 %	9.3 %	9.5 %	8.7 %
Per Available Room	\$2,294	\$2,185	\$2,897	\$1,549	\$2,815	\$2,876	\$2,500
Per Occupied Room	\$9.34	\$8.27	\$11.38	\$6.19	\$10.77	\$11.94	\$9.78

Information and Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel's technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology or the area benefiting from the technology solution.

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators

establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because, although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

FIGURE 7-12 MARKETING EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	5.4 %	6.0 %	7.4 %	1.3 %	2.5 %	5.2 %	4.4 %
Per Available Room	\$1,511	\$1,800	\$2,100	\$360	\$770	\$1,582	\$1,250
Per Occupied Room	\$6.15	\$6.82	\$8.25	\$1.44	\$2.95	\$6.57	\$4.89

Franchise Fee

We recommend that the proposed subject property operate as a midscale or upper-midscale limited-service hotel. For the purpose of this report, we have assumed that the property would be affiliated with a nationally recognized hotel brand, such as a Fairfield by Marriott, Hampton by Hilton, Holiday Inn Express, or another comparable limited-service brand. However, a specific franchise affiliation was not finalized at the time of this study. While a specific franchise has not been selected, we have reviewed the royalty and marketing assessments of the referenced brands and utilized an average level for the purpose of this analysis.

Marketing expense and franchise fees are often analyzed in total because hotels may account for some components of franchise expense in the marketing expense category. The subject property's total marketing and franchise expense has been forecast at 12.8% of total revenue on a stabilized basis; the comparable operating statements show a range from 9.7% to 15.7% of total revenue.

Property Operations and Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, the expenditure has not been eliminated, only deferred until a later date. A lodging facility that operates with a lower-than-normal

maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-13 PROPERTY OPERATIONS AND MAINTENANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	3.3 %	3.4 %	5.1 %	7.2 %	6.7 %	4.7 %	4.5 %
Per Available Room	\$914	\$1,008	\$1,428	\$1,985	\$2,019	\$1,421	\$1,300
Per Occupied Room	\$3.72	\$3.82	\$5.61	\$7.93	\$7.72	\$5.90	\$5.09

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-14 UTILITIES EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	3.5 %	4.1 %	4.1 %	4.4 %	3.1 %	4.8 %	4.4 %
Per Available Room	\$991	\$1,235	\$1,157	\$1,204	\$943	\$1,438	\$1,250
Per Occupied Room	\$4.04	\$4.68	\$4.54	\$4.81	\$3.61	\$5.97	\$4.89

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2.0% to 4.0% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality.

FIGURE 7-15 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Year Open	Land	Improvements	Total
Country Inn & Suites By Carlson Cottage Grove	2002	\$1,054,800	\$1,948,700	\$3,003,500
Wakota Inn & Suites	1990	376,300	424,700	801,000
Sheraton Saint Paul Woodbury	2008	2,102,100	11,097,900	13,200,000
Courtyard by Marriott Saint Paul Woodbury	2018	2,798,100	8,289,900	11,088,000
Hampton by Hilton Minneapolis Saint Paul Woodbury	1996	462,000	3,469,800	3,931,800
Hilton Garden Inn Saint Paul Oakdale	2005	1,624,200	6,820,500	8,444,700
Hampton by Hilton Saint Paul Oakdale Woodbury	2017	1,268,900	6,381,200	7,650,100
Holiday Inn Express & Suites Saint Paul Woodbury	1997	977,100	6,165,700	7,142,800
<i>Assessments per Room</i>	<i># of Rms</i>			
Country Inn & Suites By Carlson Cottage Grove	76	\$13,879	\$25,641	\$39,520
Wakota Inn & Suites	31	12,139	13,700	25,839
Sheraton Saint Paul Woodbury	150	14,014	73,986	88,000
Courtyard by Marriott Saint Paul Woodbury	120	23,318	69,083	92,400
Hampton by Hilton Minneapolis Saint Paul Woodbury	63	7,333	55,076	62,410
Hilton Garden Inn Saint Paul Oakdale	116	14,002	58,797	72,799
Hampton by Hilton Saint Paul Oakdale Woodbury	100	12,689	63,812	76,501
Holiday Inn Express & Suites Saint Paul Woodbury	100	9,771	61,657	71,428
Positioned Subject - Per Room	90	\$14,000	\$64,000	\$78,000
Positioned Subject - Total		\$1,260,000	\$5,760,000	\$7,020,000

Source: Washington County Assessor

We have positioned the future assessment levels of the subject site and proposed improvements based upon the illustrated comparable data. We have positioned the land assessment closest to the Country Inn & Suites and the improvements assessment closest to the Hampton by Hilton properties, the Courtyard by Marriott, and the Holiday Inn Express in Woodbury because of the similarities in quality level and amenities; overall, the positioned assessments are well supported by the market data.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 33.13530. The following table shows changes in the tax rate during the last several years.

FIGURE 7-16 COUNTY TAX RATES (BASED ON COUNTRY INN & SUITES)

Year	Real Property Millage Rate
2021	33.35505
2022	33.13530
Source: Washington County	

Based on comparable assessments and the tax rate information, the following table illustrates the proposed subject property's projected property tax expense levels.

FIGURE 7-17 PROJECTED PROPERTY TAX BURDEN (BASE YEAR)

	Real Property		
	Land	Improvements	Total
Positioned (Assessed Value)	\$1,260,000	\$5,760,000	\$7,020,000
Equalization Rate			1.00000
Millage Rate			33.13530
Tax Burden as of Current Assessment Year			\$232,610

FIGURE 7-18 PROJECTED PROPERTY TAX EXPENSE – REAL PROPERTY

Year	Real Property			
	Real Tax Burden (Positioned Prior to	Base Rate of Tax Burden Increase	% of Positioned Tax Burden	Taxes Payable
Positioned	\$232,610	—		\$232,610
2025/26	\$232,610	4.0 %	50 %	\$120,957
2026/27	241,914	3.0	100	\$249,172
2027/28	249,172	3.0	100	\$256,647
2028/29	256,647	3.0	100	\$264,346
2029/30	264,346	3.0	100	\$272,277
2030/31	272,277	3.0	100	\$280,445
2031/32	280,445	3.0	100	\$288,858

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

FIGURE 7-19 INSURANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2025/26	Deflated Stabilized
Percentage of Revenue	1.3 %	1.2 %	1.0 %	1.9 %	1.0 %	1.6 %	1.4 %
Per Available Room	\$375	\$359	\$269	\$519	\$315	\$472	\$400
Per Occupied Room	\$1.53	\$1.36	\$1.06	\$2.07	\$1.20	\$1.96	\$1.57

Reserve for Replacement

Furniture, fixtures, and equipment (FF&E) are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The FF&E of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of FF&E is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2014.⁶ Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure

⁶ The International Society of Hotel Consultants, *CapEx 2014, A Study of Capital Expenditure in the U.S. Hotel Industry*.

requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4.0% to 5.0% of total revenue.

Based upon the results of our analysis, our review of the proposed subject asset, and current industry norms, a reserve for replacement equal to 4.0% of total revenues has been factored into our forecast of revenue and expense for funding the periodic replacement of the proposed subject property's FF&E. This amount has been ramped up during the initial projection period.

Forecast of Revenue and Expense Conclusion

Projected total revenue, gross operating profit, and EBITDA Less Replacement Reserve are set forth in the following table.

FIGURE 7-20 FORECAST OF REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2025/26	\$2,725,000	—	\$1,062,000	—	39.0 %	\$762,000	—	28.0 %
	2026/27	3,086,000	13.2 %	1,327,000	25.0 %	43.0	848,000	11.3 %	27.5
	2027/28	3,225,000	4.5	1,402,000	5.7	43.4	874,000	3.1	27.0
	2028/29	3,321,000	3.0	1,443,000	2.9	43.4	900,000	3.0	27.0
	2029/30	3,421,000	3.0	1,487,000	3.0	43.4	927,000	3.0	27.0

In conclusion, our analysis reflects a profitable operation, with EBITDA less replacement reserve expected to total 31.0% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms, with a secondary portion derived from other income sources. On the cost side, departmental expenses total 24.8% of revenue by the stabilized year, while undistributed operating expenses total 31.8% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, 9.4% of total revenues in fixed expenses, and a 4.0% reserve for replacement, an EBITDA less replacement reserves (net income) ratio of 27.0% is forecast by the stabilized year.

The return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. The first step in performing an ROI analysis would be to determine the amount to be initially

invested, and for a proposed property, this amount is most likely to be the development cost of the hotel. Based on the total development cost, the investor would utilize an ROI analysis to determine if the future cash flow from a current cash outlay meets their own investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

8. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.

Tanya Pierson, MAI

EMPLOYMENT

1994 to present	HVS CONSULTING AND VALUATION SERVICES Minneapolis, Minnesota
1993 - 1994	TABLE MOUNTAIN INN Golden, Colorado
1993	RICHFIELD HOTEL MANAGEMENT Denver, Colorado
1992 - 1993	HOTEL BOULDERADO Boulder, Colorado
1991	CAESARS TAHOE Stateline, Nevada
1990	LA QUINTA MOTOR INN Denver, Colorado

EDUCATION AND OTHER TRAINING

BSBA – Hotel, Restaurant and Tourism Management, University of Denver
Certified General Appraiser Classes Completed:
NCRE: 200 - Basic Appraisal Principles and Procedures
NCRE: 201 - Basic Appraisal Applications
NCRE: 208 - Standards and Ethics
NCRE: 203 - Small Residential Income Properties
NCRE: 211 - Certified Residential: Reporting,
Reviewing, and Analyzing Appraisals
NCRE: 215 - Appraisal Principles and Advanced
Applications
NCRE: 216 - Income Capitalization
NCRE: 219 - Commercial Case Studies

EDUCATION AND OTHER TRAINING (CONTINUED)

Continuing Education Courses:

Real Estate Finance
 Course 400: National USPAP Update
 Appraisal Loss Prevention Seminar
 Market Valuation & Financial Considerations
 Developing & Growing an Appraisal Practice
 Capitalization Rate Models
 Feasibility, Market Value & Investment Timing
 Using Your HP12C
 Small Hotel/Motel Valuation
 Internet Search Strategies for Appraisers
 Valuation of Detrimental Conditions in Real Estate
 Analyzing Operating Expenses
 What Commercial Clients Would Like Appraisers to Know
 Course 550: Advanced Applications
 Course 530: Advanced Sales Comparison and Cost Approach
 Course 510: Advanced Income Capitalization
 General Appraiser Market Analysis and HBU
 Advanced Applications
 Business Practices and Ethics
 Report Writing
 Risky Business: Ways to Minimize Your Liability
 Mortgage Fraud – Protect Yourself
 Perspectives from Commercial Review Appraisers
 Ad Valorem Tax Consultation
 Introduction to Legal Description
 Fundamentals of Separating Real, Personal Property, and Intangible Business Assets
 CA Law Class
 Appraisal Applications of Regression Analysis
 Land and Site Valuation
 Appraisal of Assisted Living Facilities
 Advanced Hotel Appraising - Full Service Hotels
 Avoiding Mortgage Fraud for Appraisers
 Expert Witness for Commercial Appraisers
 Litigation Appraising - Specialized Topics
 Appraisal of Land Subject to Ground Lease
 Discounted Cash Flow
 Forecasting Revenue
 Small Hotel/Motel Valuation
 Cool Tools
 Sexual Harassment
 Commercial Land Valuation
 Intro to Expert Witness
 Biennial USPAP Updates
 Appraisal Institute Comprehensive Exam – Passed

STATE CERTIFICATIONS

Arizona, Colorado, Illinois, Minnesota, North Dakota, Ohio, Texas, Wisconsin

ARTICLES AND MENTIONS

<i>HVS Journal</i>	"HVS Market Pulse - Minneapolis-St. Paul," February 2021
<i>HVS Journal</i>	"The Impact of COVID-19 on Hotel Values," April 2020
<i>HVS Journal</i>	"HVS Market Pulse: Minneapolis-St. Paul Lodging Market Perceptions," February 2020
<i>HVS Journal</i>	"HVS Market Pulse: Minneapolis – After the Super Bowl," co-authored with Justin Westad, February 2019
<i>HVS Journal</i>	"Market Pulse: Minneapolis - St. Paul, MN," co-authored with Justin Westad and Justin Kaminski, April 2017
<i>HVS Journal</i>	"HVS Perspectives: Center Stage at ALIS," co-authored with Kasia Russell and Jessica White, February 2017
<i>Twin Cities Business</i>	"Twin Cities Hotel Boom," November 2016 – <i>Mentioned</i>
<i>Twin Cities Business</i>	"Downtown Minneapolis' Hotel Boom," September 2016 – <i>Mentioned</i>
<i>HVS Journal</i>	"In Focus: Minneapolis, MN," July 2016
<i>HVS Journal</i>	"Seven Key Takeaways – ALIS Conference," February 2016
<i>Minneapolis/St. Paul Business Journal</i>	"Hospitality in 2016: After a record year, will occupancy dip?" January 2016 – <i>Mentioned</i>
<i>Minneapolis/St. Paul Business Journal</i>	"Twin Cities Operators Are Bullish on 2016," January 2016 – <i>Mentioned</i>
<i>HVS Journal</i>	"In Focus: Minneapolis/St. Paul," December 2015
<i>HVS Journal</i>	"Five Key Takeaways – ALIS Conference The Americas Lodging Investment Summit," co-authored with Susan Furbay and Brett Russell, February 2015
<i>HVS Journal</i>	"Market Intelligence Report 2013: Minneapolis," August 2013
<i>HVS Journal</i>	"HVS Market Intelligence Report: Minneapolis, Minnesota," co-authored with Tess Federer, June 2012
<i>Minneapolis-St. Paul Business Journal</i>	"Grand Hotel for Sale as Wirth Tests the Waters," October 2, 2009

<i>Denver Business Journal</i>	"Seven Hotels Retain U.S. 36 Plans," October 3, 2008
<i>Missoulain</i>	"Foreclosure won't shutter Holiday Inn Parkside," March 25, 2005
<i>The Hotel Valuation Journal</i>	"Major U.S. Transactions-Mid-Year 2004," August 2004
<i>The Hotel Valuation Journal</i>	"Telecommunication Evolution and its Impact on the Hotel Industry," January 2003
<i>Colorado Real Estate Journal</i>	"US 36 Hotel Market Diversifies," April 18, 2001
<i>e-hospitality.com</i>	"Too Many Rooms: Lessons to Learn from Salt Lake City," August 8, 2000 – <i>Feature Article</i>
<i>The Hotel Valuation Journal</i>	"Why Hotel Markets Crash – Salt Lake City as a Blueprint," September 2000
<i>The Hotel Valuation Journal</i>	"From Lodging to Senior Housing – A Natural Trend?" September 1998
<i>The Hotel Valuation Journal</i>	"The South Pacific - Paradise Lost or Found?" June 1997

CONFERENCE ENGAGEMENTS

Speaker at Minnesota Association of Assessing Officers Summer Conference – May 2019

Speaker at Minnesota Association of Assessing Officers Fall Conference – September 2016

Panelist at WoodSpring Hotels Annual Conference – April 2016

Panelist at Hunter Hotel Investment Conference – March 2013

Panelist at the Lodging Conference – September 2010

HVS Valuation Summit, Minneapolis – June 2012, May 2013

Minnesota Real Estate Journal, Hotel & Hospitality Conference – September 2012

EDITING AND LECTURE ASSIGNMENTS

Guest Speaker, HRTM 3500: Lodging III - University of Denver – October 1999, February 2000, November 2000

Guest Speaker, TOM 3400: Hotel Management and Opportunities- University of Colorado – January 2004, September 2004

Guest Speaker, HRTM 4440: Hotel Asset Management – University of Denver – May 2004

Guest Speaker, Lodging Valuation – University of Denver – May 2007, May 2008, May 2009, May 2010

Contributing Editor, *Hotel Investments Handbook*, 1997

**PROFESSIONAL
AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)
Boulder, Colorado CVB – Advisory Board, 2008 – 2011
Eastern Carolina University – Hospitality Management Advisory Board, 2008 – 2011
University of Denver MBA Curriculum Review Committee, 2000
University of Denver Visiting Committee, 1997/98
University of Denver HRTM Society
Eta Sigma Delta

EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

PORTFOLIO ANALYSIS

Portfolio of 650 Extended StayAmerica Hotels, Various Locations
 Portfolio of 365 La Quinta-Owned Hotels, Various Locations
 Portfolio of 11 Boykin-Owned Hotels, Various Locations
 Portfolio of 48 Hotels, Various Locations (Due Diligence)
 Portfolio of 57 RFS-Owned Hotels, Various Locations
 Portfolio of 34 Athletic Clubs Facilities, Various Locations
 Portfolio of 13 Suburban Lodges, Various Locations
 Portfolio of 21 Equity Inns Properties, Various Locations
 Portfolio of 10 Marriott Properties, Various Locations
 Portfolio of 6 Summerfield Suites, Various Locations
 Portfolio of 5 Heart of America Properties, Various Locations
 Multiple Portfolios of Summit-Owned Properties, Various Locations
 Portfolio of 8 La Quinta Properties, Various Locations
 Portfolio of 11 Real Estate Capital Partners-Owned Properties, California
 Portfolio of 26 Summit-Owned Properties, Various Locations
 Portfolio of 11 Tharaldson-Managed Properties, Various Locations
 Portfolio of 5 LNR-Owned Properties, Various Locations
 Multiple Portfolios of Highland-Owned Properties, Various Locations
 Portfolio of 8 Hyatt Place Properties, Various Locations
 Portfolio of 5 DoubleTree Hotels, Tennessee
 Portfolio of 160 Tharaldson-Managed Properties, Various Locations

Portfolio of 28 Hotels for Citibank, Various Locations
 Portfolio of 9 Suburban and Candlewood Hotels, Virginia and North Carolina
 Portfolio of 99 Marriott and Hilton Hotels, Various Locations
 Portfolio of 27 Hotels for Citibank, Various Locations
 Portfolio of 56 Value Place Hotels, Various Locations
 Portfolio of 5 Hampton Inn and Residence Inn Properties, Various Locations
 Portfolio of 10 Limited- and Select-Service Hotels for Voya Investment Management, Various Locations
 Portfolio of 6 Hotels for Summit, Various Locations
 Portfolio of 15 Marriott and Hilton Hotels, Various Locations
 Portfolio of 8 Hotels for Credit Suisse, Various Locations
 Portfolio of 7 Hotels for Bank of America, Various Locations
 Portfolio of 38 Hyatt Place & Hyatt House Hotels, Various Locations
 Portfolio of 87 Marriott- and Hilton-Branded Hotels, Various Locations
 Portfolio of 28 Marriott- and Hilton-Branded Hotels, Various Locations
 Portfolio of 93 Limited- and Select-Service Hotels, Various Locations
 Portfolio of 3 Hotels, El Reno, Oklahoma
 Portfolio of 2 Hotels, Wichita, Kansas
 Portfolio of 4 Hotels, Western U.S.
 Portfolio of 8 TownePlace Suites Hotels, Various Locations
 Portfolio of 22 Limited-Service or Extended-Stay Hotels, Various Locations
 Portfolio of 89 Hotels for Tharaldson, Various Locations
 Portfolio of 106 Motel 6 Hotels, Various Locations

Portfolio of 4 Hotels for Guggenheim Partners, Eastern U.S.
 Portfolio of 7 Marriott- and Hilton-Branded Hotels, Northeastern U.S.

ALABAMA

Proposed Hotel, Auburn
 Hilton, Birmingham
 Hilton Garden Inn Lakeshore, Birmingham
 Hilton Garden Inn Liberty Park, Birmingham
 Holiday Inn, Birmingham
 Hyatt Place Birmingham Inverness, Birmingham
 Marriott, Birmingham
 Hampton Inn, Dothan
 Holiday Inn, Dothan
 Holiday Inn Express, Gadsden
 Embassy Suites, Huntsville
 Proposed 4-Star Hotel, Huntsville
 Value Place, Huntsville
 Value Place, Madison
 Clarion Hotel, Mobile
 Proposed USA Hotel, Mobile
 Proposed Hotel, Montgomery
 Proposed Hotel, Prattville
 Holiday Inn, Sheffield

ALASKA

Hampton Inn, Anchorage
 Holiday Inn, Anchorage
 Marriott, Anchorage
 Proposed Embassy Suites, Anchorage
 Proposed Staybridge Suites, Anchorage
 Hampton Inn & Suites, Fairbanks
 Proposed Candlewood Suites, Fairbanks
 Proposed Hampton Inn, Fairbanks
 Westmark Baranoff Hotel, Juneau

ARIZONA

Carefree Resort, Carefree
 Proposed Hampton Inn, Carefree
 Courtyard by Marriott, Chandler
 Hampton Inn, Chandler

Homewood Suites, Chandler
 Proposed Home2 Suites, Chandler
 Proposed Hotel Site, Chandler
 AmeriSuites, Flagstaff
 Courtyard by Marriott, Flagstaff
 Embassy Suites, Flagstaff
 Howard Johnson, Flagstaff
 SpringHill Suites, Flagstaff
 CopperWynd Resort and Club,
 Fountain Hills
 Proposed Home2 Suites, Glendale
 Proposed Hotel, Glendale
 Renaissance, Glendale
 Holiday Inn Express, Goodyear
 Hampton Inn & Suites, Goodyear
 Proposed Hotel Site, Goodyear
 Residence Inn by Marriott, Mesa
 Proposed Hotel, Oro Valley
 Proposed Hampton Inn & Suites, Page
 Arizona Biltmore Resort & Spa,
 Phoenix
 Crowne Plaza, Phoenix
 Embassy Suites, Phoenix
 Fairfield Inn by Marriott, Phoenix
 Hampton Inn, Phoenix
 Holiday Inn West, Phoenix
 Homewood Suites, Phoenix
 Hyatt Place Phoenix North, Phoenix
 Proposed Hampton Inn, Phoenix
 Proposed Hotel Palomar, Phoenix
 Proposed Hotel Site, Phoenix
 Radisson, Phoenix
 Market Area Section, Phoenix/Tempe
 Holiday Inn Express, Prescott
 DoubleTree Resort, Scottsdale
 Hilton Resort, Scottsdale
 Proposed Fairfield Suites by Marriott,
 Scottsdale
 Proposed Staybridge Suites, Scottsdale
 Sanctuary on Camelback Mountain,
 Scottsdale
 Scottsdale Market Area Overview,
 Scottsdale
 TownePlace Suites by Marriott,
 Scottsdale
 L'Auberge de Sedona, Sedona
 Hampton Inn, Sedona

Four Points Tempe (Conversion to
 Moxy), Tempe
 Proposed Residence Inn, Tempe
 Wyndham Buttes Resort, Tempe
 Embassy Suites Airport, Tucson
 JW Marriott Starr Pass Resort, Tucson
 Sheraton El Conquistador, Tucson
 Proposed Comfort Suites, Tucson
 Ramada Palo Verde, Tucson
 Residence Inn by Marriott, Tucson

ARKANSAS

Four Points by Sheraton, Bakersfield
 Courtyard by Marriott, Bentonville
 Courtyard by Marriott, Fort Smith
 Embassy Suites, Hot Springs
 Fairfield Inn, Little Rock
 Holiday Inn Presidential Conference
 Center, Little Rock
 Residence Inn by Marriott, Little Rock
 Embassy Suites, Rogers
 Proposed Marriott, West Little Rock

CALIFORNIA

Sheraton Disneyland, Anaheim
 Embassy Suites, Arcadia
 Proposed Hilton Garden, Arcadia
 Proposed SpringHill Suites by
 Marriott, Arcadia
 W Aspen, Aspen
 Claremont Resort & Spa, Berkeley
 Radisson Hotel, Brisbane
 Hampton Inn & Suites, Camarillo
 Proposed Residence Inn by Marriott,
 Carlsbad
 Proposed Courtyard by Marriott,
 Carlsbad
 Courtyard by Marriott, Century City
 DoubleTree Hotel, Commerce
 Hardage Hotel, Emeryville
 Staybridge Suites Sacramento Folsom,
 Folsom
 Courtyard by Marriott, Fresno
 Piccadilly Airport Hotel, Fresno
 Hampton Inn, Goleta
 Holiday Inn Express, Hesperia
 Clarion Roosevelt, Hollywood

La Quinta Resort & Club, La Quinta
 Courtyard by Marriott, Livermore
 Hotel D'Orsay, Long Beach
 Four Points LAX, Los Angeles
 Marriott LAX, Los Angeles
 Proposed AC by Marriott Hotel, Los
 Angeles
 The Standard Hotel, Los Angeles
 Beverly Heritage Hotel, Milpitas
 Sheraton Hotel, Milpitas
 DoubleTree Hotel, Mission Valley
 Courtyard, Modesto
 Silverado Resort, Napa
 Courtyard by Marriott, Oyster Point
 Residence Inn by Marriott, Oyster
 Point
 Holiday Inn Express, Palm Desert
 Homewood Suites, Palm Desert
 Renaissance Hotel, Palm Springs
 Four Points by Sheraton, Pleasanton
 Sierra Suites, Pleasanton
 Summerfield Suites by Wyndham,
 Pleasanton
 Wyndham Garden, Pleasanton
 Hampton Inn & Suites, Poway
 Hyatt Place Sacramento Rancho
 Cordova, Rancho Cordova
 Homewood Suites, Rancho Cucamonga
 Holiday Inn, Riverside
 DoubleTree, Sacramento
 Residence Inn by Marriott, Sacramento
 Proposed Hotel, San Bernardino
 DoubleTree, San Diego
 Hardage Hotel, San Diego
 Hilton Harbor Island, San Diego
 Holiday Inn Mission Valley Stadium,
 San Diego
 Towne & Country Resort & Conference
 Center, San Diego
 Westin, San Diego
 Wyndham Emerald Plaza, San Diego
 Hilton Fisherman's Wharf, San
 Francisco
 Proposed Le Meridien San Jose, San
 Jose
 Holiday Inn Express Fisherman's
 Wharf, San Francisco

Hotel Rex, San Francisco
 Courtyard by Marriott, San Luis Obispo
 Courtyard, Santa Rosa
 Radisson Valley Center Hotel, Sherman Oaks
 Sonoma Valley Inn, Sonoma
 Four Points SFO, South San Francisco
 Maple Tree Inn, Sunnyvale
 Sheraton, Sunnyvale
 Holiday Inn Express, Temecula
 Courtyard by Marriott, Thousand Oaks
 TownePlace Suites by Marriott, Thousand Oaks
 Residence Inn by Marriott, Torrance
 Courtyard, Vacaville
 Holiday Inn, Ventura
 Ventura Beach Marriott, Ventura
 Wyndham Bel Age, West Hollywood
 Marriott Warner Center, Woodland Hills

COLORADO

Denver Marriott, Aurora
 DoubleTree Denver Southeast, Aurora
 Fairfield Inn & Suites by Marriott
 Denver Aurora Southlands, Aurora
 Hilton Garden Inn DIA, Aurora
 Proposed Courtyard by Marriott, Aurora
 Proposed Residence Inn Gateway Park, Aurora
 Proposed Woolley Classic Suites, Aurora
 Sleep Inn, Aurora
 Suburban Lodge, Aurora
 Hyatt Regency Beaver Creek, Avon
 Proposed Hotel, Avon
 Proposed Timeshare, Avon
 Ritz-Carlton Bachelor Gulch, Avon
 Proposed TBD Hotel, Basalt
 Alps Boulder Canyon Inn, Boulder
 Clarion Harvest House, Boulder
 Proposed Hotel
 Renovation/Expansion, Boulder
 Proposed Marriott, Boulder
 Proposed St. Julien Hotel, Boulder

Aloft Arista, Broomfield
 Interlocken Club & Spa, Broomfield
 Omni Interlocken Resort, Broomfield
 Proposed Interlocken Resort, Broomfield
 Proposed NYLO, Broomfield
 Proposed Summerfield Suites, Broomfield
 Proposed Aloft, Broomfield
 Proposed Holiday Inn, Clifton
 Academy Hotel, Colorado Springs
 Best Western Academy, Colorado Springs
 DoubleTree, Colorado Springs
 DoubleTree by Hilton World Arena, Colorado Springs
 Embassy Suites, Colorado Springs
 Hampton Inn, Colorado Springs
 Holiday Inn Colorado Springs Airport, Colorado Springs
 Holiday Inn Express, Colorado Springs
 Homewood Suites, Colorado Springs
 Proposed Brighton Gardens, Colorado Springs
 Proposed Homewood Suites by Hilton, Colorado Springs
 Proposed Hotel, Colorado Springs
 Proposed Mining Exchange Hotel, Colorado Springs
 Radisson, Colorado Springs
 WoodSpring Suites, Colorado Springs
 Holiday Inn, Craig
 Grande Butte Hotel, Crested Butte
 Irwin Mountain Lodge, Crested Butte
 MountainLair Hotel, Crested Butte
 Sheraton Hotel, Crested Butte
 Imperial Hotel & Casino, Cripple Creek
 Colorado Athletic Club Downtown, Denver
 Colorado Athletic Club Leetsdale, Denver
 Courtyard by Marriott, Denver
 DoubleTree DTC, Denver
 Embassy Suites, Denver
 Four Points by Sheraton, Denver
 Hampton Inn, Denver
 Hampton Inn DIA, Denver

Hampton Inn & Suites, Denver
 Hilton DTC, Denver
 Hilton Garden Inn Downtown, Denver
 Holiday Inn Central, Denver
 Holiday Inn Express, Denver
 International Airport
 JW Marriott, Denver
 Proposed Best Western Plus Gateway Park, Denver
 Proposed Boutique Hotel – Sloan Lake, Denver
 Proposed Cherry Creek Hotel, Denver
 Proposed Denver Athletic Club Hotel, Denver
 Proposed Executive Tower Hotel, Denver
 Proposed Full-Service Hotel, Denver
 Proposed Hilton Garden Inn, Denver
 Proposed Hotel at DU, Denver
 Proposed JW Marriott Hotel, Denver
 Proposed Limited-Service DTC Hotel, Denver
 Proposed Metro State Hotel, Denver
 Proposed Residence Inn by Marriott, Denver
 Proposed Union Station Hotel, Denver
 Ritz-Carlton Downtown, Denver
 Wyndham DTC, Denver
 Days Inn, Denver International Airport
 Ramada Limited, Denver International Airport
 Proposed Sheraton, Denver International Airport
 Proposed Jackson Creek Ranch, Douglas County
 Holiday Inn & Suites, Durango
 Proposed Holiday Inn, Durango
 AmericInn, Eagle
 24 Hour Fitness, Englewood
 Colorado Athletic Club Inverness, Englewood
 Courtyard by Marriott, Englewood
 Proposed Courtyard by Marriott, Englewood
 Proposed Residence Inn by Marriott, Englewood
 Residence Inn by Marriott, Englewood

Sheraton Denver Tech Center,
 Englewood
 Summerfield Suites by Wyndham,
 Englewood
 The Stanley Hotel, Estes Park
 Comfort Suites Golden West on
 Evergreen Parkway, Evergreen
 Courtyard by Marriott, Fort Collins
 Homewood Suites, Fort Collins
 Marriott, Fort Collins,
 Residence Inn by Marriott, Fort Collins
 Holiday Inn, Frisco
 Hampton Inn & Suites, Glendale
 Staybridge Suites, Glendale
 Courtyard by Marriott, Glenwood
 Springs
 Residence Inn by Marriott, Glenwood
 Springs
 Fairfield Inn/AmericInn, Golden
 Golden Hotel, Golden
 Hampton Inn, Golden
 Proposed Holiday Inn Express, Golden
 Ramada Inn Denver West, Golden
 Proposed Residence Inn by Marriott,
 Golden
 Proposed Courtyard by Marriott,
 Golden
 Table Mountain Inn, Golden
 Adams Mark, Grand Junction
 Comfort Inn, Grand Junction
 Hilton Hotel, Grand Junction
 Proposed Candlewood Suites, Grand
 Junction
 Proposed Courtyard by Marriott,
 Grand Junction
 Proposed Hampton Inn, Grand
 Junction
 Proposed Holiday Inn, Grand Junction
 Proposed Residence Inn by Marriott,
 Grand Junction
 Proposed Hotel, Grand Junction
 Colorado Athletic Club DTC,
 Greenwood Village
 Greenwood Athletic Club, Greenwood
 Village
 Proposed Westin Hotel, Greenwood
 Village

AmericInn, Lakewood
 Hampton Inn, Lakewood
 Proposed Brighton Gardens,
 Lakewood
 Sheraton Denver West, Lakewood
 Holiday Inn Express, Littleton
 Proposed Residence Inn, Littleton
 Proposed Staybridge Suites, Littleton
 Element Hotel, Lone Tree
 Proposed Hotel, Longmont
 Raintree Plaza, Longmont
 Comfort Inn, Louisville
 Courtyard by Marriott, Louisville
 Proposed Residence Inn by Marriott,
 Louisville
 Hampton Inn, Louisville
 Embassy Suites, Loveland
 Fairfield Inn by Marriott, Loveland
 Rock 'N River Property, Lyons
 Holiday Inn Express, Montrose
 Ramada Limited, Northglenn
 Hampton Inn, Parker
 Marriott Convention Center, Pueblo
 Proposed Holiday Inn Express, Sterling
 Proposed Hilton Garden Inn, Superior
 Proposed Hotel, Superior
 Proposed Westin, Telluride
 Peaks at Telluride, Telluride
 The Owners Club, Telluride
 Rosewood Resort, Telluride
 Radisson Graystone Castle, Thornton
 Chateau Vail, Vail
 Lodge at Vail, Vail
 Vail Village Inn, Vail
 Proposed Vail Plaza, Vail
 Proposed Four Seasons, Vail
 Vail Cascade Hotel & Club, Vail
 Courtyard by Marriott Denver North
 Westminster, Westminster
 Proposed Bradford Homesuites,
 Westminster
 Proposed Comfort Suites, Westminster
 Proposed Hyatt Place, Westminster
 Proposed SpringHill Suites by
 Marriott, Westminster
 Proposed Westin, Westminster
 Westin Hotel, Westminster

Proposed Limited-Service Hotel,
 Woodland Park
 Proposed Select-Service Hotel,
 Woodland Park

CONNECTICUT

Radisson, Enfield
 Holiday Inn, East Hartford
 Courtyard by Marriott, Orange
 DoubleTree Hotel, Windsor Locks
 Marriott Airport, Windsor

DELAWARE

Residence Inn by Marriott, Wilmington

DISTRICT OF COLUMBIA

Kimpton Banneker Hotel
 Proposed Embassy Suites
 Proposed Residence Inn - Navy Yards

FLORIDA

TownePlace Suites by Marriott
 Orlando Altamonte
 Springs/Maitland, Altamonte
 Springs
 Proposed WoodSpring Suites, Belle
 Isle
 Boca Athletic Club, Boca Raton
 Fairfield Inn by Marriott, Brandon
 Courtyard by Marriott, Brandon
 Mayfair House, Coconut Grove
 Holiday Inn, Coral Gables
 Hyatt, Coral Gables
 DoubleTree Hotel, Fort Lauderdale
 DoubleTree Guest Suites, Fort
 Lauderdale
 Hampton Inn, Fort Lauderdale
 Marriott Sanibel Harbour Resort, Fort
 Myers
 Sanibel Harbour Resort & Spa, Ft.
 Myers
 Holiday Inn, Fort Pierce
 Aloft, Jacksonville
 Hampton Inn, Jacksonville
 Holiday Inn Sunspree, Jacksonville
 Beach
 Proposed Aloft, Jacksonville

Residence Inn by Marriott, Jacksonville
 Westin, Key Largo
 Courtyard by Marriott, Key West
 Holiday Inn, Key West
 Super 8, Lantana
 Hilton Walt Disney World, Lake Buena Vista
 Sheraton, Maitland
 Holiday Inn, Melbourne
 Doral Golf Resort & Spa, Miami
 DoubleTree Club Hotel, Miami
 Hilton Garden Inn Miami Airport, Miami
 Hilton Miami Downtown, Miami
 Homewood Suites Miami Airport, Miami
 Proposed Aloft South Beach, Miami
 TownePlace Suites by Marriott, Miami
 Summerfield Suites by Wyndham, Miami
 Grand Beach Hotel, Miami Beach
 TownePlace Suites by Marriott, Miami Lakes
 Proposed Hilton, Naples
 Proposed Residence Inn by Marriott, Naples
 DoubleTree Orlando at SeaWorld, Orlando
 Hyatt Place Convention Center, Orlando
 Hyatt Place Universal, Orlando
 Residence Inn by Marriott, Orlando
 Radisson Parkway Resort, Orlando
 Holiday Inn Express, Pensacola
 Holiday Inn University Mall, Pensacola
 Hampton Inn, Pensacola
 Sheraton Suites, Plantation
 Hyatt Regency, Sarasota
 SpringHill Suites by Marriott, Sarasota
 Proposed Radisson Hotel, Tallahassee
 Hampton Inn Ybor City, Tampa
 Harbour Island Athletic Club, Tampa
 Holiday Inn Express Hotel & Suites, Tampa
 Crowne Plaza, West Palm Beach
 Residence Inn by Marriott, West Palm Beach

Sheraton, West Palm Beach
 Holiday Inn, Winter Haven

GEORGIA

Hampton Inn, Alpharetta
 Marriott, Alpharetta
 Residence Inn by Marriott, Alpharetta
 Courtyard by Marriott, Atlanta
 Courtyard Vinings, Atlanta
 Crowne Plaza Ravinia, Atlanta
 Days Inn, Atlanta
 DoubleTree Guest Suites, Atlanta
 Georgian Terrace, Atlanta
 Hilton Suites Perimeter, Atlanta
 Hyatt Place Airport, Atlanta
 Marriott Hotel, Atlanta
 Northeast Athletic Club, Atlanta
 Residence Inn by Marriott, Atlanta
 Ritz-Carlton Downtown, Atlanta
 Sheraton Colony Square, Atlanta
 Sheraton Downtown, Atlanta
 Westin Perimeter North, Atlanta
 Wyndham Vining Inn, Atlanta
 Days Inn Downtown, Augusta
 Fairfield Inn by Marriott, Augusta
 Holiday Inn Gordon Hwy, Augusta
 Holiday Inn West, Augusta
 Holiday Inn, Brunswick
 Courtyard by Marriott, Buckhead
 Residence Inn by Marriott, Buckhead
 Sierra Suites, Buckhead
 Hampton Inn, Buford
 SpringHill Suites, Buford
 Hilton Garden Inn, Duluth
 Holiday Inn Gwinnett Center, Duluth
 Proposed Holiday Inn Express, Duluth
 Proposed Hotel, Duluth
 Residence Inn by Marriott, Duluth
 Hyatt Place Atlanta Airport, East Point
 Best Western Plus Fairburn Atlanta
 Southwest, Fairburn
 Residence Inn by Marriott, Gwinnett
 Holiday Inn, Jekyll Island
 Fairfield Inn, Kennesaw
 SpringHill Suites, Kennesaw
 Emerald Pointe Resort, Lake Lanier Islands

SpringHill Suites, Lithia Springs
 Comfort Inn, Marietta
 Holiday Inn & Suites, Marietta
 Hyatt Regency, Marietta
 Wyndham Peachtree Center, Peachtree City
 Courtyard by Marriott, Savannah
 Hyatt Regency, Savannah
 Radisson Hotel, Savannah
 Westin, Savannah
 Holiday Inn, Valdosta
 Fairfield Inn by Marriott, Valdosta
 Ramada Inn, Warner Robins

HAWAII

Fairmont Orchid, Big Island
 Ritz-Carlton Kapalua, Maui
 Royal Hawaiian, Oahu
 Sheraton Moana Surfrider, Oahu
 Sheraton Princess, Oahu

IDAHO

DoubleTree Hotel, Boise
 Holiday Inn, Boise
 Red Lion Downtowner, Boise
 Proposed Cambria Suites, Boise
 Red Lion Riverside, Boise
 Shilo Inn, Boise
 SpringHill Suites, Boise
 The Grove Hotel, Boise
 Holiday Inn Express, Coeur d'Alene
 Shilo Inn, Idaho Falls
 Proposed Resort, McCall
 Proposed Home2 Suites by Hilton, Pocatello
 AmericInn, Twin Falls

ILLINOIS

Holiday Inn, Arlington Heights
 Sheraton Chicago Northwest, Arlington Heights
 Courtyard by Marriott, Bedford Park
 Fairfield Inn by Marriott, Bedford Park
 Holiday Inn Express, Bedford Park
 Proposed Holiday Inn Select, Bedford Park
 Hampton Inn, Bloomington

Proposed Hyatt Place, Bloomington
 Proposed JW Marriott, Bloomington
 SpringHill Suites, Burr Ridge
 Crowne Plaza Avenue Hotel & Office Building, Chicago
 Hilton Suites, Chicago
 Hyatt Printers Row, Chicago
 Proposed Hampton Inn Loyola, Chicago
 Proposed Holiday Inn Express, Chicago
 Ritz Carlton, Chicago
 Sheraton Hotel & Towers, Chicago
 Wyndham NW, Chicago
 Holiday Inn, Crystal Lake
 DoubleTree Club Hotel, Des Plaines
 Holiday Inn, Downers Grove
 Embassy Suites, East Peoria
 Proposed Staybridge Suites by Holiday Inn, Elgin
 SpringHill Suites, Elmhurst
 Fairfield Inn by Marriott, Forsyth
 Holiday Inn, Glen Ellyn
 DoubleTree Hotel, Glenview
 Fairfield Inn by Marriott, Glenview
 Proposed Hotel, Gurnee
 Hyatt Place, Hoffman Estates
 Marriott Northwest, Hoffman Estates
 Holiday Inn, Itasca
 Wyndham NW Chicago, Itasca
 SpringHill Suites by Marriott Chicago
 Lincolnshire, Lincolnshire
 Wyndham, Lisle
 Wyndham Garden, Naperville
 Marriott, Normal
 Proposed Radisson, Normal
 Proposed Hotel, Peoria
 Holiday Inn, Rolling Meadows
 Proposed Radisson Hotel, Schaumburg
 Wyndham Garden, Schaumburg
 DoubleTree Hotel, Skokie
 Proposed Residence Inn, Wilmette
 Wyndham Garden, Wood Dale

INDIANA

Holiday Inn, Bloomington
 Hyatt Place, Bloomington

Proposed Residence Inn by Marriott, Bloomington
 Proposed Staybridge Suites, Carmel
 Renaissance, Carmel
 Residence Inn by Marriott, Fishers
 Courtyard by Marriott Downtown, Fort Wayne
 Hilton, Fort Wayne
 Holiday Inn, Fort Wayne
 Proposed Courtyard, Fort Wayne
 Proposed Hotel, Fort Wayne
 Staybridge Suites by Holiday Inn, Fort Wayne
 French Lick Resort, French Lick
 AmeriSuites, Indianapolis
 Fairfield Inn by Marriott, Indianapolis
 Hampton Inn, Indianapolis
 Hyatt Regency, Indianapolis
 Proposed Boutique Hotel, Indianapolis
 Proposed Canopy Hotel, Indianapolis
 Proposed Convention Hotel, Indianapolis
 Proposed Independent Hotel, Indianapolis
 Proposed InterContinental Indianapolis Downtown, Indianapolis
 Residence Inn by Marriott, Indianapolis
 Proposed Hampton Inn, Lawrenceburg
 Residence Inn by Marriott, Merrillville
 Proposed Home2 Suites, Mishawaka
 Proposed SpringHill Suites by Marriott, Munster
 Proposed Potato Creek Inn, North Liberty
 Proposed Casino, Paxton
 Knights Inn, Seymour
 Proposed Fairfield Inn, South Bend
 Proposed Valparaiso Hotel, Valparaiso
 Hilton Garden Inn Wabash Landing, West Lafayette
 Proposed Prophetstown Inn, West Lafayette

IDAHO

Hampton Inn & Suites, Pocatello

IOWA

Crowne Plaza, Cedar Rapids
 Hampton Inn, Cedar Rapids
 Wildwood Lodge, Clive
 Best Western Metro, Council Bluffs
 Proposed Candlewood Suites, Davenport
 Comfort Suites, Des Moines
 Country Inn & Suites, Des Moines
 Proposed 2525 Grand, Des Moines
 Proposed Boutique Hotel, Des Moines
 Proposed Courtyard by Marriott, Des Moines
 Proposed Holiday Inn Express, Des Moines
 Proposed Hotel, Des Moines
 Savery Hotel, Des Moines
 Sleep Inn, Des Moines
 Surety Hotel Des Moines, Des Moines
 Four Points, West Des Moines
 Sheraton, Iowa City
 Proposed SpringHill Suites, Ottumwa

KANSAS

Holiday Inn Express, Hays
 Courtyard by Marriott, Junction City
 Holiday Inn, Lawrence
 Proposed Hotel, Lawrence
 Proposed MainStay Suites, Lawrence
 Proposed Candlewood Suites, Lenexa
 Proposed Holiday Inn Express, Lenexa
 Holiday Inn, Manhattan
 Comfort Suites, Olathe
 AmeriSuites, Overland Park
 Hampton Inn, Overland Park
 Homewood Suites, Overland Park
 Proposed Hampton Inn, Overland Park
 Proposed Staybridge Suites, Overland Park
 AmericInn, Salina
 Holiday Inn, Wichita
 Proposed Hotel – Bowllagio, Wichita
 Proposed Downtown Hotel, Wichita
 Proposed Hotel – Greenwich, Wichita
 Proposed Hotel – Southfork, Wichita

KENTUCKY

Holiday Inn Riverfront, Covington
 Courtyard by Marriott, Florence
 Marriott Airport, Hebron
 Embassy Suites, Lexington
 Aloft Louisville Downtown, Louisville
 Hilton Garden Inn Northeast,
 Louisville
 Holiday Inn, Louisville
 Homewood Suites by Hilton Louisville
 Downtown, Louisville
 Proposed Aloft Hotel, Louisville
 Proposed Homewood Suites by Hilton,
 Louisville
 Proposed WoodSpring Suites,
 Louisville
 Radisson, Louisville
 Courtyard by Marriott, Paducah
 Super 8, Prestonburg

LOUISIANA

Comfort Inn, Baton Rouge
 Fairfield Inn by Marriott, Baton Rouge
 SpringHill Suites by Marriott, Baton
 Rouge
 TownePlace Suites by Marriott, Baton
 Rouge
 Residence Inn by Marriott Shreveport-
 Bossier City/Downtown, Bossier
 City
 TownePlace Suites by Marriott
 Shreveport-Bossier City, Bossier City
 Courtyard by Marriott, Lafayette
 Holiday Inn, Lafayette
 Courtyard by Marriott, Metairie
 Quality Inn, Metairie
 Residence Inn by Marriott, Metairie
 Astor Crowne Plaza, New Orleans
 Bourbon Orleans, New Orleans
 Courtyard Convention Center, New
 Orleans
 Crowne Plaza, New Orleans
 Hyatt Regency, New Orleans
 Maison DuPuy, New Orleans
 Radisson, New Orleans
 SpringHill Suites Convention Center,
 New Orleans

SpringHill Suites by Marriott New
 Orleans Downtown, New Orleans
 Wingate Inn, Sulphur

MARYLAND

Marriott, Annapolis
 DoubleTree by Hilton, Annapolis
 Radisson, Annapolis
 Brookshire Suites, Baltimore
 Homewood Suites/Hilton Garden Inn
 Inner Harbor, Baltimore
 Proposed Extended-Stay Hotel,
 Baltimore
 Proposed Staybridge Suites, Baltimore
 Wyndham Inner Harbor Hotel,
 Baltimore
 Bel Air Athletic Club, Bel Air
 Holiday Inn, Belmont
 Residence Inn by Marriott, Bethesda
 Hilton, Columbia
 Holiday Inn, Cromwell Bridge
 Holiday Inn, Frederick
 Summerfield Suites by Wyndham,
 Gaithersburg
 Holiday Inn Airport, Linthicum Heights
 DoubleTree, Rockville
 Days Inn, Silver Spring
 Holiday Inn, Silver Spring

MASSACHUSETTS

Wyndham, Billerica
 Atlantic Avenue Athletic Club, Boston
 Charles Square Athletic Club, Boston
 Commonwealth Athletic Club, Boston
 Courtyard by Marriott, Boston
 Proposed Intercontinental Hotel,
 Boston
 Westin Copley Place, Boston
 Wyndham Hotel, Boston
 Summerfield Suites by Wyndham,
 Burlington
 TownePlace Suites by Marriott,
 Danvers
 Residence Inn by Marriott, Dedham
 Proposed Courtyard by Marriott,
 Natick
 Newton Athletic Club, Newton

Summerfield Suites by Wyndham,
 Waltham
 Proposed Courtyard by Marriott,
 Woburn
 Crowne Plaza, Worcester

MICHIGAN

Proposed TownePlace Suites, Ann
 Arbor
 Residence Inn by Marriott, Ann Arbor
 Fairfield Inn by Marriott, Auburn Hills
 Hilton Suites, Auburn Hills
 Proposed TownePlace Suites, Auburn
 Hills
 Fairfield Inn by Marriott, Canton
 Lifetime Fitness Center, Canton
 Courtyard by Marriott, Dearborn
 Hyatt Regency, Dearborn
 TownePlace Suites by Marriott,
 Dearborn
 DoubleTree Hotel Airport, Detroit
 Courtyard by Marriott, Flint
 Holiday Inn, Flint
 Delta Hotels by Marriott Grand Rapids
 Airport, Grand Rapids
 Proposed TownePlace Suites by
 Marriott, Grand Rapids
 Holiday Inn West, Lansing
 Embassy Suites Detroit Livonia,
 Livonia
 Proposed TownePlace Suites by
 Marriott, Livonia
 TownePlace Suites by Marriott,
 Livonia
 Fairfield Inn by Marriott, Madison
 Heights
 Delta Hotels Muskegon Downtown,
 Muskegon
 Holiday Inn Muskegon Harbor,
 Muskegon
 Hampton Inn, Northville
 Wyndham Garden, Novi
 Quality Inn, Plymouth
 Proposed Marriott, Pontiac
 Lifetime Fitness Center, Rochester
 Hills

Proposed WoodSpring Suites,
Rochester Hills
Fairfield Inn by Marriott, Romulus
Proposed Hilton Garden Inn, Romulus
Courtyard by Marriott, Southfield
Holiday Inn, Southfield
Proposed Holiday Inn Express, Sterling
Proposed TownePlace Suites, Sterling
Heights
Comfort Inn, Traverse City
Courtyard by Marriott, Troy
Drury Inn, Troy
Hilton Inn Northfield, Troy
Courtyard by Marriott, Warren
Fairfield Inn by Marriott, Warren

MINNESOTA

Holiday Inn, Alexandria
Proposed Holiday Inn Express,
Alexandria
Holiday Inn, Arden Hills
Proposed Cobblestone Hotel & Suites,
Austin
Proposed SpringHill Suites Vadnais
Heights, Arden Hills
Proposed Country Inn, Bemidji
Cambria Suites, Bloomington
Crowne Plaza, Bloomington
GuestHouse Inn, Bloomington
Hampton Inn & Suites, Bloomington
Hilton Garden Inn Minneapolis Airport
Mall of America, Bloomington
Holiday Inn, Bloomington
Holiday Inn Express, Bloomington
Le Bourget Aero Suites (conversion to
Holiday Inn Express), Bloomington
Marriott Airport, Bloomington
Northwest Athletic Club 98th Street,
Bloomington
Northwest Athletic Club Normandale,
Bloomington
Proposed Courtyard by Marriott,
Bloomington
Proposed Full-Service Hotel,
Bloomington
Proposed Hampton Inn & Suites,
Bloomington

Proposed Home2 Suites, Bloomington
Proposed Hyatt, Bloomington
Proposed JW Marriott, Bloomington
Proposed MOA Hotel, Bloomington
Proposed Radisson Blu, Bloomington
Proposed Residence Inn by Marriott,
Bloomington
Radisson Blu Mall of America,
Bloomington
Ramada Mall of America, Bloomington
Renaissance Hotel, Bloomington
Staybridge Suites Minneapolis
Bloomington, Bloomington
Wyndham Garden, Bloomington
Motel 6 Minneapolis Brooklyn Center,
Brooklyn Center
Northwest Athletic Club Highway 100,
Brooklyn Center
Cragun's Resort, Brainerd
Northland Inn, Brooklyn Park
Proposed Fairfield Inn by Marriott,
Brooklyn Park
Northwest Athletic Club Burnsville,
Burnsville
Proposed Hotel, Chaska
Proposed Cohasset Hotel, Cohasset
Days Inn Duluth Lakewalk, Duluth
Edgewater Hotel and Waterpark,
Duluth
Holiday Inn, Duluth
Motel 6, Duluth
Proposed Cambria Suites, Duluth
Proposed Clyde Ironworks Hotel,
Duluth
Proposed GrandStay Hotel & Suites,
Duluth
Proposed Holiday Inn Express, Duluth
Proposed Mixed-Use Development,
Duluth
Proposed Fairfield Inn & Suites, Eagan
Proposed Home2 Suites, Eagan
Proposed Hotel, Eagan
Residence Inn by Marriott, Eagan
Westin Edina Galleria, Edina
Hilton Garden Inn, Eden Prairie
Northwest Athletic Club Crosstown,
Eden Prairie

Flagship Athletic Club, Eden Prairie
Proposed TownePlace Suites by
Marriott, Eden Prairie
Hawthorn Suites, Edina
Northwest Athletic Club Midwest,
Edina
Northwest Athletic Club St. Louis Park,
Edina
Proposed Homewood Suites by Hilton,
Edina
Proposed Hotel Market Study, Edina
Westin, Edina
Proposed Boutique Hotel on Lake
Minnetonka, Excelsior
Northwest Athletic Club Moore Lake,
Fridley
Proposed Best Western Plus, Grand
Rapids
Sawmill Inn, Grand Rapids
Wendigo Lodge, Grand Rapids
Proposed Hastings Hotel, Hastings
Proposed Microtel, Hastings
Hibbing Park Hotel, Hibbing
Grand Casino Hinckley's RV Resort,
Hinckley
Proposed AmericInn by Wyndham,
International Falls
Proposed Best Western Plus
International Falls, International
Falls
Proposed Microtel International Falls,
International Falls
Motel 6 Lakeville/Minneapolis,
Lakeville
Lutsen Resort, Lutsen
Proposed Hampton Inn, Mankato
Northwest Athletic Club Maple Grove,
Maple Grove
Proposed Hilton Garden Inn, Maple
Grove
Proposed Staybridge Suites by
Marriott, Maple Grove
Proposed Hotel, Maplewood
Courtyard by Marriott, Mendota
Heights
AC Hotel by Marriott Minneapolis
Downtown, Minneapolis

Airport Market Area Overview, Minneapolis	Proposed Hyatt Place (conversion), Minneapolis	Proposed Dual Brand IHG Rochester, Rochester
Comfort Suites, Minneapolis	Proposed Limited-Service Hotel, Minneapolis	Proposed Embassy Suites, Rochester
Courtyard by Marriott Minneapolis Downtown, Minneapolis	Proposed Minneapolis Stadium Hotel, Minneapolis	Proposed Hilton Hotel, Rochester
Crowne Plaza Minneapolis Northstar Downtown, Minneapolis	Proposed Moxy, Minneapolis	Proposed Hotel, Rochester
Days Inn University of MN, Minneapolis	Proposed SALT Hotel, Minneapolis	Proposed Hyatt House Rochester, Rochester
Element Minneapolis Downtown, Minneapolis	Proposed Terminal Hotel, Minneapolis	Staybridge Suites, Rochester
Elliot Park Hotel Autograph Collection Minneapolis, Minneapolis	Proposed TownePlace Suites, Minneapolis	Comfort Inn, Roseville
Emery Autograph Collection by Marriott, Minneapolis	Proposed Westin, Minneapolis	Motel 6 Roseville/Minneapolis, Roseville
Grand Hotel Minneapolis, Minneapolis	Radisson Metrodome, Minneapolis	Proposed Roseville Avid Hotel, Roseville
Homewood Suites Mall of America, Minneapolis	Sheraton Midtown Minneapolis, Minneapolis	Proposed Residence Inn by Marriott, Roseville
Hampton Inn & Suites Minneapolis University Area, Minneapolis	The Grand Hotel, Minneapolis	Holiday Inn West, St. Louis Park
Hewing Hotel, Minneapolis	The Marquette Hotel, Minneapolis	Proposed Extended-Stay Hotel, St. Louis Park
Hilton, Minneapolis	W Minneapolis The Foshay, Minneapolis	Proposed Hilton Garden Inn, St. Louis Park
Hotel Ivy, Minneapolis	Hampton Inn, Minnetonka	Proposed Hotel, St. Louis Park
Hotel Minneapolis, Minneapolis	Holiday Inn Express, Minnetonka	DoubleTree by Hilton Saint Paul East, Saint Paul
Hyatt Place, Minneapolis	Northwest Athletic Club Oakdale, Minnetonka	Holiday Inn, St. Paul
Le Meridien Chambers Hotel, Minneapolis	Sheraton Minneapolis West, Minnetonka	Proposed Element Hotel, St. Paul
Northwest Athletic Club Arena, Minneapolis	Proposed Holiday Inn Express, Mounds View	Proposed Hotel, St. Paul
Proposed AC Hotel, Minneapolis	Proposed New Brighton Hotel, New Brighton	Proposed Hyatt Place, St. Paul
Proposed Autograph Hotel, Minneapolis	Proposed Hilton Garden, Oakdale	Saint Paul Hotel, St. Paul
Proposed Canopy Hotel, Minneapolis	Proposed Home2 Suites by Hilton, Oakdale	Proposed Hotel, Stillwater
Proposed Conrad Hotel, Minneapolis	Proposed Holiday Inn Express, Oak Park Heights	Proposed Hotel, Wabasha
Proposed Courtyard by Marriott, Minneapolis	Owatonna Proposed Hotel, Owatonna	Proposed Holiday Inn, Waite Park
Proposed Dual-Branded Hotel, Minneapolis	Proposed Courtyard by Marriott, Owatonna	Proposed Staybridge Suites, Waite Park
Proposed Element, Minneapolis	Proposed Hotel, Plymouth	Proposed Limited-Service Hotel, Willmar
Proposed Extended-Stay Hotel, Minneapolis	Motel 6 Minneapolis Airport Mall Of America, Richfield	La Quinta Inn & Suites Saint Paul Woodbury, Woodbury
Proposed Full-Service Hotel, Minneapolis	Extended Stay America North, Rochester	Sheraton, Woodbury
Proposed Gateway Hotel, Minneapolis	Extended Stay America South, Rochester	
Proposed Hampton Inn, Minneapolis	Holiday Inn Rochester Downtown, Rochester	MISSISSIPPI
Proposed Hotel at MSP, Minneapolis	Proposed Cambria Suites, Rochester	Hampton Inn, Harrisburg
Proposed Hyatt Centric, Minneapolis		Comfort Inn, Hattiesburg
		Courtyard by Marriott, Jackson
		Holiday Inn Express, Jackson
		Proposed Conference Resort, Jackson
		Ramada, McComb

Holiday Inn Express, Milford
Homewood Suites, Ridgeland
Staybridge Suites, Ridgeland

MISSOURI

Branson Landing Hilton, Branson
Chateau on the Lake, Branson
Hilton Branson Convention Center,
Branson
Sheraton, Clayton
Proposed Home 2 Suites by Hilton,
Independence
Residence Inn by Marriott, Joplin
Hampton Inn, Kansas City
Proposed Boutique Hotel, Kansas City
Proposed Hotel, Kansas City
Proposed Residence Inn by Marriott,
Kansas City
Residence Inn by Marriott, Kansas City
Country Club Hotel & Spa, Lake Ozark
Big Cedar Lodge, Ridgedale
Embassy Suites, St. Charles
Comfort Inn, St. Louis
Holiday Inn North, St. Louis
Radisson Hotel, St. Louis
Courtyard by Marriott, Springfield
Holiday Inn Express, Springfield
Residence Inn by Marriott, Springfield
University Plaza, Springfield

MONTANA

Crowne Plaza, Billings
Proposed TownePlace Suites by
Marriott, Billings
Best Western Butte Plaza Inn, Butte
Hampton Inn, Butte
Proposed Holiday Inn Express,
Glendive
Proposed Holiday Inn Express, Great
Falls
Holiday Inn Express, Helena
Proposed Holiday Inn Express, Helena
Wingate Inn, Helena
Holiday Inn Express, Kalispell
Proposed Homewood Suites, Kalispell
Proposed Hotel, Missoula
Proposed TownePlace Suites, Missoula

TownePlace Suites by Marriott,
Missoula
Proposed Best Western, Shelby
Best Western Golden Prairie Inn &
Suites, Sidney
Proposed Best Western, Sidney
Richland Motor Inn, Sidney
Proposed Hotel, Whitefish

NEBRASKA

Proposed Hotel, Ashland
Proposed Hotel, Beatrice
Proposed Hotel, Grand Island
Proposed Hotel, Hastings
Embassy Suites, La Vista
Embassy Suites, Lincoln
Hampton Inn, Lincoln
Proposed Fallbrook Hotel, Lincoln
Proposed Hotel, Lincoln
Courtyard by Marriott, La Vista
Proposed Hotel, Lincoln
Best Western Central, Omaha
DoubleTree, Omaha
Hampton Inn, Omaha
Marriott Hotel, Omaha
Proposed Blackstone Hotel, Omaha
Proposed Hotel, Omaha
Proposed Marriott, Omaha
Ramada Inn, Omaha
Sheraton Inn, Omaha
Proposed Hotel, Waverly

NEVADA

Candlewood Suites, Henderson
Hampton Inn & Holiday Inn Express,
Henderson
Proposed Holiday Inn Express,
Henderson
Proposed Timeshare Resort, Lake
Tahoe
Alexis Park Suites, Las Vegas
Courtyard by Marriott, Las Vegas
Embassy Suites, Las Vegas
Marriott Suites, Las Vegas
Proposed Hotel, Las Vegas
SpringHill Suites, Las Vegas
Homewood Suites, Reno

Hyatt Place, Reno

NEW HAMPSHIRE

Fairfield Inn by Marriott, Merrimack

NEW JERSEY

Trump Marina Hotel & Casino, Atlantic
City
Summerfield Suites by Wyndham,
Bridgewater
Courtyard by Marriott, Edison
Leisure Park Retirement Community,
Lakewood
Summerfield Suites by Wyndham,
Morristown
Hilton Gateway Plaza, Newark
Hilton, Parsippany
Residence Inn by Marriott, Princeton
Courtyard by Marriott, Secaucus
DoubleTree, Somerset
Residence Inn by Marriott, Tinton Falls
Summerfield Suites by Wyndham,
Whippany

NEW MEXICO

Andaluz, Albuquerque
Del Norte Athletic Club, Albuquerque
DoubleTree by Hilton, Albuquerque
Downtown Athletic Club, Albuquerque
Embassy Suites, Albuquerque
Hilton Garden Inn Uptown,
Albuquerque
Highpoint Athletic Club, Albuquerque
Holiday Inn Express, Albuquerque
Hotel Albuquerque, Albuquerque
La Posada, Albuquerque
Midtown Athletic Club, Albuquerque
Proposed Hilton Garden Inn,
Albuquerque
Proposed Hotel Indigo, Albuquerque
Proposed Residence Inn, Albuquerque
Proposed SpringHill Suites,
Albuquerque
Riverpoint Athletic Club, Albuquerque
Suburban Lodge, Albuquerque
Holiday Inn Express, Farmington
Hilton Garden Inn, Las Cruces

Proposed Resort, Pojoaque
 Hilton Garden Inn, Rio Rancho
 Bishop's Lodge, Santa Fe
 Courtyard by Marriott, Santa Fe
 Eldorado Hotel, Santa Fe
 Encantado Resort, Santa Fe
 Hilton, Santa Fe
 Holiday Inn, Santa Fe
 Hotel Chimayo, Santa Fe
 Proposed Hotel, Santa Fe

NEW YORK

Crowne Plaza, Albany
 Omni Hotel, Albany
 Proposed Hilton Garden Inn, Buffalo
 Holiday Inn Express, Cooperstown
 Residence Inn by Marriott, Fishkill
 Hyatt Place, Garden City
 Holiday Inn, Grand Island
 Holiday Inn, Jamestown
 Sofitel, New York
 Four Points, Niagara Falls
 Holiday Inn Select, Niagara Falls
 Proposed Hotel, Niagara Falls
 Embassy Suites, Syracuse
 Fairfield Inn by Marriott, Syracuse
 Holiday Inn, Syracuse
 Wyndham Hotel, Syracuse

NORTH CAROLINA

Sleep Inn & Suites, Albemarle
 Hampton Inn, Asheboro
 DoubleTree Biltmore, Asheville
 Hotel Indigo, Asheville
 Renaissance, Asheville
 Cape Pines Motel, Buxton
 Embassy Suites Ayrley, Charlotte
 Hilton Garden Inn Ayrley, Charlotte
 Homewood Suites, Charlotte
 Residence Inn by Marriott, Charlotte
 Westin Hotel, Charlotte
 Proposed Select-Service Hotel,
 Charlotte
 Holiday Inn Express, Clemmons
 Embassy Suites, Concord
 Hilton Garden Inn, Concord
 21c Museum Hotel, Durham

Candlewood Suites Durham Research
 Triangle Park, Durham
 Proposed 21c Hotel, Durham
 Proposed Hotel, Durham
 Holiday Inn, Fayetteville
 Radisson Inn, Greensboro
 Holiday Inn Express, Henderson
 Days Inn RPT, Raleigh
 Holiday Inn, Raleigh
 Proposed Hotel, Raleigh
 Renaissance Hotel, Raleigh
 Fairfield Inn by Marriott, Rocky Mount

NORTH DAKOTA

Hampton by Hilton, Bismarck
 Proposed SpringHill Suites by
 Marriott, Bismarck
 Proposed University Hotel, Bismarck
 Staybridge Suites, Bismarck
 Proposed Dakota Suites, Dickinson
 Delta Hotels by Marriott Fargo, Fargo
 Hampton by Hilton Fargo Medical
 Center, Fargo
 Hawthorn Suites by Wyndham Fargo,
 Fargo
 Holiday Inn, Fargo
 Proposed Hawthorn Suites, Fargo
 Proposed Hotel, Fargo
 Proposed Limited-Service Hotel, Fargo
 Proposed Wingate Inn, Fargo
 Radisson, Fargo
 Ramada Plaza Conversion, Fargo
 Ramada Plaza Suites, Fargo
 Canad Inns Destination Center Grand
 Forks, Grand Forks
 Baymont Inn & Suites, Minot
 Hyatt House, Minot
 La Quinta Inn & Suites, Minot
 Noble Inn, Minot
 North Hills Suites Conversion to Hyatt
 House, Minot
 Proposed Extended-Stay Hotel, Minot
 Proposed Limited-Service Hotel, Minot
 Proposed Baymont Inn & Suites, South
 Heart
 Proposed Candlewood Suites, West
 Fargo

Market Overview, Williston
 Proposed Hotel(s), Williston
 Supply Update, Williston

OHIO

Fairfield Inn by Marriott, Akron
 Proposed Hilton, Chippewa Lake
 Hyatt Regency, Cincinnati
 Radisson, Cincinnati
 Courtyard by Marriott, Cleveland
 Holiday Inn Beachwood, Cleveland
 Holiday Inn Westlake, Cleveland
 Marriott East, Cleveland
 Marriott North, Cleveland
 Radisson, Cleveland
 AmeriSuites, Columbus
 Courtyard Easton, Columbus
 DoubleTree Guest Suites, Columbus
 Hilton Easton, Columbus
 Hilton Polaris, Columbus
 Marriott Airport, Columbus
 Westin, Columbus
 DoubleTree Guest Suites, Dayton
 Marriott Columbus Northwest, Dublin
 La Quinta Inn & Suites Fairborn
 Wright Patterson, Fairborn
 AmeriSuites, Forest Park
 Holiday Inn Express Hotel & Suites
 Dayton Huber Heights, Huber
 Heights
 Harley Hotel, Independence
 Comfort Inn, Marietta
 Marriott Cincinnati Northeast, Mason
 Comfort Inn Cleveland Airport,
 Middleburg Heights
 Harley Hotel, Middleburg Heights
 Holiday Inn, Richfield
 Homewood Suites, Sharonville
 Holiday Inn, Strongsville
 Marriott Cincinnati North, West
 Chester
 Ramada Hotel, Willoughby

OKLAHOMA

Holiday Inn Express & Suites, Duncan
 Embassy Suites, Norman

Courtyard by Marriott Downtown,
Oklahoma City
Hampton Inn, Oklahoma City
Hampton Inn & Suites Oklahoma City
Airport, Oklahoma City
Home2 Suites by Hilton Oklahoma City
Airport, Oklahoma City
Park Inn, Oklahoma City
Proposed Boutique Hotel, Oklahoma
City
Proposed NYLO Hotel, Oklahoma City
Residence Inn by Marriott Bricktown,
Oklahoma City
Westin, Oklahoma City
Courtyard by Marriott, Tulsa
Hampton Inn, Tulsa
Renaissance, Tulsa

OREGON

Windmill Inn, Ashland
Best Western Pier Point Inn, Florence
Proposed Staybridge Suites, Hillsboro
Columbia Gorge Hotel & Spa, Hood
River
Residence Inn by Marriott, Lake
Oswego
Proposed Candlewood Suites, Medford
Windmill Inn, Medford
DoubleTree Downtown, Portland
DoubleTree Lloyd Center, Portland
Marriott, Portland
Proposed Hilton Garden Inn, Portland
Proposed Hyatt Convention Hotel,
Portland
Residence Inn by Marriott, Portland
Windmill Inn, Roseburg
DoubleTree, Springfield
Holiday Inn, Wilsonville

PENNSYLVANIA

Courtyard by Marriott, Cranberry
Township
Marriott North, Cranberry Township
Hilton Garden Inn, Fort Washington
Holiday Inn, Greentree
Crowne Plaza, Harrisburg

Proposed Hotel – King of Prussia Mall,
King of Prussia
Four Points by Sheraton, Mars
Holiday Inn, McKnight
Holiday Inn, Monroeville
DoubleTree, Moon Township
DoubleTree Club, Philadelphia
Proposed Ritz-Carlton, Philadelphia
Proposed Sofitel, Philadelphia
Residence Inn by Marriott,
Philadelphia
Sofitel, Philadelphia
Wyndham Franklin Plaza, Philadelphia
Crowne Plaza, Pittsburgh
Holiday Inn, Pittsburgh
Holiday Inn Parkway East, Pittsburgh
Windsor Court Hotel Conversion,
Pittsburgh
Wyndham, Pittsburgh
DoubleTree Guest Suites, Plymouth
Meeting
Nittany Lion, State College
Penn Stater, State College
Holiday Inn Meadowlands,
Washington Park
Holiday Inn, York

RHODE ISLAND

Proposed WoodSpring Suites
Signature, Providence
Residence Inn by Marriott, Warwick
Proposed NYLO Hotel, Warwick

SOUTH CAROLINA

Best Western, Charleston
Clarion, Charleston
Lodge Alley, Charleston
Holiday Inn, Columbia
Hilton Garden Inn, Greenville
Best Western, Hilton Head
Holiday Inn, Hilton Head
Hampton Inn Oceanside, Myrtle Beach
Holiday Inn Sunspree, Myrtle Beach
Shorecrest II, Myrtle Beach
DoubleTree Hotel, North Charleston
Residence Inn, North Charleston
Holiday Inn, Rock Hill

SOUTH DAKOTA

Proposed GrandStay Suites, Aberdeen
Proposed TownePlace Suites,
Aberdeen
TownePlace Suites by Marriott,
Aberdeen
Proposed Hotel, Pierre
Courtyard by Marriott, Sioux Falls
Proposed Full-Service Hotel Sioux
Falls, Sioux Falls
Proposed Limited-Service Sioux Falls
Hotel, Sioux Falls
Sheraton, Sioux Falls
SpringHill Suites, Sioux Falls
Proposed Hotel, Watertown

TENNESSEE

Courtyard by Marriott, Clarksville
Fairfield Inn by Marriott, Chattanooga
Embassy Suites, Franklin
TownePlace Suites Cool Springs,
Franklin
Courtyard by Marriott, Germantown
Fairfield Inn by Marriott, Jackson
Hampton Inn & Suites East, Knoxville
Hotel Market Supply and Demand
Study, Knoxville
Proposed Convention Hotel, Knoxville
Proposed Courtyard by Marriott,
Knoxville
Fairfield Inn & Suites by Marriott
Lebanon, Lebanon
Adams Mark, Memphis
AmeriSuites, Memphis
Courtyard by Marriott, Memphis
French Quarter Hotel, Memphis
Hampton Inn, Memphis
Ramada Inn, Memphis
Country Inn, Murfreesboro
Embassy Suites, Murfreesboro
Aloft Nashville West End, Nashville
Proposed SpringHill/Residence Inn by
Marriott, Nashville
Renaissance Hotel, Nashville
SpringHill Suites by Marriott, Nashville
Hampton Inn, Pigeon Forge

Hampton Inn, Smyrna
Hilton Garden Inn, Smyrna

TEXAS

Courtyard by Marriott, Abilene
Courtyard by Marriott, Allen
Comfort Inn, Amarillo
Crowne Plaza, Amarillo
Days Inn, Amarillo
Holiday Inn Express, Amarillo
Courtyard by Marriott South Arlington, Arlington
Residence Inn South Arlington, Arlington
Courtyard by Marriott, Austin
Fairfield Inn & Suites North, Austin
Hampton Inn & Suites Downtown, Austin
Hawthorn Suites Central, Austin
Hawthorn Suites South, Austin
Hilton Garden Inn, Austin
Holiday Inn, Austin
Holiday Inn NW, Austin
Holiday Inn South, Austin
Proposed Courtyard by Marriott, Austin
Sheraton, Austin
Staybridge Suites Austin South
Interstate Highway 35, Austin
Proposed Spillman Ranch, Bee Cave
Courtyard by Marriott, Corpus Christi
DoubleTree Campbell Center, Dallas
Holiday Inn Market Center, Dallas
Le Meridien, Dallas
Proposed Boutique Hotel, Dallas
Proposed NYLO, Dallas
Proposed WoodSpring Suites, Dallas
Residence Inn by Marriott, Dallas
Holiday Inn Select, D/FW Airport
Hyatt D/FW Airport
Courtyard by Marriott, El Paso
Hilton Garden Inn, Fort Worth
Marriott DFW, Fort Worth
Residence Inn by Marriott, Fort Worth
TownePlace Suites by Marriott, Fort Worth
Embassy Suites, Frisco

Proposed NYLO Hotel, Frisco
Holiday Inn Express and Suites
Gatesville North Fort Hood, Gatesville
Proposed Resort, Horseshoe Bay
Crowne Plaza, Houston
Hampton Inn, Houston
Hawthorn Suites, Houston
Hilton Garden Inn Energy Corridor, Houston
Hilton Garden Inn Galleria, Houston
Hotel Icon, Houston
Kingwood Athletic Club, Houston
Magnolia Hotel, Houston
Ramada Plaza, Houston
Westin Galleria, Houston
Westin Oaks, Houston
Hawthorn Suites, Irving
Holiday Inn Express, Irving
Hyatt Place, Irving
Marriott DFW Airport, Irving
Proposed Convention Hotel, Irving
Hawthorn Suites, Killeen
Residence Inn, Killeen
Hampton Inn, Laredo
Proposed NYLO, Las Colinas
Proposed Campus Hotel, Lubbock
Embassy Suites, McAllen
Proposed Hotel, McKinney
Holiday Inn, New Braunfels
Best Western, Odessa
Proposed NYLO, Plano
Courtyard by Marriott, Richardson
Hampton Inn, Richardson
Renaissance, Richardson
Proposed Hotel, Riviera
Courtyard by Marriott Austin Round Rock, Round Rock
Marriott, Round Rock
DoubleTree, San Antonio
Homewood Suites, San Antonio
JW Marriott Hill Country, San Antonio
Marriott Plaza, San Antonio
Marriott San Antonio Northwest, San Antonio
Proposed Aloft, San Antonio

Residence Inn by Marriott Airport, San Antonio
Embassy Suites, San Marcos
Staybridge Suites, Stafford
Marriott Hotel & Conference Center, Sugar Land
Residence Inn, Temple
Hilton Garden Inn, Tyler
Holiday Inn, Tyler
Homewood Suites by Hilton, Tyler
Residence Inn by Marriott, Tyler
Courtyard by Marriott, Waco

UTAH

Crystal Inn, Brigham City
Residence Inn by Marriott, Cottonwood
Proposed Black Rock Mountain Resort, Heber City
Hampton Inn, Layton
Suburban Lodge, Midvale
Holiday Inn Express, Moab
Brookfield Inn, Park City
Chateaux at Silver Lake, Park City
Olympia Park, Park City
Park City Peaks, Park City
The Lodges at Deer Valley, Park City
Comfort Inn Airport, Salt Lake City
Crystal Inn, Salt Lake City
Embassy Suites, Salt Lake City
Hilton Airport, Salt Lake City
Hilton Downtown, Salt Lake City
Hilton Garden Inn, Salt Lake City
Holiday Inn Express, Salt Lake City
Peery Hotel, Salt Lake City
Proposed Comfort Suites, Salt Lake City
Proposed Courtyard by Marriott, Salt Lake City
Proposed Embassy Suites, Salt Lake City
Proposed Hilton Garden Inn, Salt Lake City
Proposed Residence Inn by Marriott, Salt Lake City
Quality Inn, Salt Lake City
Quality Inn Midvalley, Salt Lake City

Residence Inn by Marriott, Salt Lake City
 Residence Inn City Center, Salt Lake City
 University Park, Salt Lake City
 Holiday Inn Express & Suites, Sandy
 Proposed Embassy Suites, Sandy
 Suburban Lodge, S. Salt Lake City
 Proposed Cambria Suites, S. Jordan
 Bottle Hollow Resort, Uintah

VERMONT

Fairfield Inn by Marriott, Colchester

VIRGINIA

SpringHill Suites by Marriott
 Centreville Chantilly, Centreville
 Residence Inn by Marriott, Chantilly
 Hilton Garden Inn, Chesapeake
 Super 8, Christiansburg
 Holiday Inn, Covington
 Hyatt Fair Lakes, Fairfax
 Hilton Garden, Fredericksburg
 AmeriSuites, Glen Allen
 Embassy Suites, Hampton
 Super 8, Harrisonburg
 Holiday Inn, Lexington
 Super 8, Lexington
 Courtyard by Marriott, McLean
 Proposed Tysons Corner Hotel, McLean
 Staybridge Suites by Holiday Inn, McLean
 Super 8, Norton
 Super 8, Radford
 Embassy Suites, Richmond
 Westin, Richmond
 Proposed MainStay Suites, Roanoke
 Sheraton Airport, Roanoke
 Super 8, Roanoke
 Holiday Inn, Salem
 Country Inn, Stafford
 Crowne Plaza Virginia Beach Town Center, Virginia Beach
 Super 8, Waynesboro
 Embassy Suites, Williamsburg

WASHINGTON

DoubleTree Bellevue Center, Bellevue
 SpringHill Suites by Marriott, Bothell
 Proposed Holiday Inn Express, Lacey
 Proposed Mt. Rainer Resort, Park Junction
 Hyatt at Olive 8, Seattle
 Renaissance Hotel, Seattle
 Summerfield Suites by Wyndham, Seattle
 DoubleTree Spokane Valley, Spokane
 Holiday Inn Express Spokane Downtown, Spokane
 Quality Inn Spokane Valley (conversion to Fairfield), Spokane
 Residence Inn by Marriott, Vancouver
 SpringHill Suites, Wenatchee
 DoubleTree, Yakima

WEST VIRGINIA

Aspen Suites (Holiday Inn Express Conversion), Charleston
 Residence Inn by Marriott, Charleston
 Hampton Inn, Morgantown

WISCONSIN

Proposed Country Inn, Brookfield
 Proposed Hilton Garden Inn, Brookfield
 Sheraton Milwaukee Brookfield, Brookfield
 Wyndham Garden, Brookfield
 Telemark Resort, Cable
 Proposed Hotel, Cottage Grove
 Ramada Hotel and Conference Center, Eau Claire
 Hotel Northland, Green Bay
 Proposed Holiday Inn Express Hotel & Suites, Hudson
 Proposed Hilton Garden, Kimberly
 Charmant Hotel, La Crosse
 Hampton Inn, La Crosse
 Proposed Hampton Inn, La Crosse
 Proposed AC Hotel, Madison
 Proposed Courtyard by Marriott, Madison
 Proposed Hilton Garden Inn, Madison

Proposed Hotel, Milwaukee
 Proposed Kimpton Hotel, Milwaukee
 Proposed Marriott, Milwaukee
 Proposed Residence Inn by Marriott, Milwaukee
 Proposed WoodSpring Suites, Milwaukee
 Comfort Suites, Pewaukee
 Proposed Holiday Inn Express, Platteville
 Proposed Hotel River Falls, River Falls
 Holiday Inn Express, Superior
 Proposed Extended-Stay Hotel, Superior
 Proposed Hampton Inn, Superior
 Proposed Hotel, Superior
 Proposed Hotel, Verona
 Holiday Inn, Wauwatosa
 Proposed Fairfield Inn, Whitewater

WYOMING

Holiday Inn, Casper
 Proposed Autograph Hotel & Residences Jackson Hole, Jackson
 Snake River Lodge, Jackson
 Proposed Resort, Teton Village
 Proposed Americas Best Value Inn, Wheatland

INTERNATIONAL

Canada

Horseshoe Valley Ski Resort, Barrie, Ontario
 Hilton, Windsor, Ontario
 Travelodge, Windsor, Ontario
 Hampton Inn & Suites, Ontario

Caribbean

Aruba Marriott & Casino, Aruba
 Americana Resort, Aruba
 Westin, Aruba
 Holiday Inn Nassau, Bahamas
 Paradise Island Fun Club, Bahamas
 Little Dix Bay, Virgin Gorda, BVI
 Club St. Lucia, Castries, British West Indies

Marriott Resort, Grand Cayman,
British West Indies
Ritz Carlton San Juan, Puerto Rico
Sands Hotel & Casino, Puerto Rico
Wyndham El San Juan, Puerto Rico
Hyatt Regency St. John, USVI
Proposed Limited-Service Hotel, St.
John USVI
Westin Resort, St. John, USVI
Caneel Bay, St. John, USVI
Marriott Frenchman's Reef and
Morningstar Resort, St. Thomas,
USVI

Mexico

Royal Sands, Cancun

TO: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

FROM: Phil Jents, Communications Manager

DATE: December 20, 2024

RE: 2025 Communications Priorities

As the new year approaches, the City of Cottage Grove would like to outline its communications priorities for 2025.

The city will build on successes and momentum from 2024. The city's communications staff have undergone transitions and are now well-established to advance key initiatives, enhance systems and processes, and take a more thoughtful and intentional approach to the city's overall communications strategies. Some, though not all, key projects and initiatives that city communications staff worked diligently on in 2024 include:

- 2024 Food Truck Festival – profitable; massive attendance; community success; significant staff lift
- Eric Dowdle puzzle – unique and creative community-building success; ongoing promotion of our community's history; also a significant staff lift
- Local Option Sales Tax – vital city initiative to support potential investments in parks; massive yearlong communications operation; delicate messaging balance; also a significant staff lift
- Commission highlight videos – the city and SWCTC have produced long and short-form videos highlighting the various commissions, members, and important work they do
- Staff transitions – both Communications Specialists, in addition to the daily needs of their jobs, experienced new supervisory leadership and changes in overall staff makeup; handled professionally and admirably while continuing to deliver excellent work

Moving forward, communications efforts will build on 2024 successes and challenges with a renewed focus on enhancing engagement, increasing transparency, and making sure the communication strategy aligns with the city's overall strategic plan.

To achieve these goals, three key focus areas are proposed:

1. Strategic video content
2. Meeting residents where they are
3. Evaluating impact on social media

Strategic Video Content

In 2025, video will continue to be one of the most effective ways to connect with our residents. As consumption of video content on social media and digital platforms continues to rise, the city must adapt to this shift by producing high-quality, informative videos that highlight key city services, issues, and initiatives. These videos will help demystify city operations, enhance transparency, and foster a deeper sense of community involvement.

Videos will range from a simplified, “DIY” approach produced internally by city staff, to longer form videos produced by the South Washington County Telecommunications Commission (SWCTC). Both approaches will allow for nimble content created relatively quickly, and more in-depth content with an emphasis on a higher production value.

A variety of video formats would be produced, including:

- **Project Updates:** Short, engaging videos that provide insight into city services, humanizing local government, and offering perspectives that a resident may not normally see. Most likely produced by city staff.
- **Spotlights:** Personal stories and interviews with residents, businesses, city staff, and community leaders to showcase the diversity and vibrancy of Cottage Grove. Most likely produced by a mix of city staff and SWCTC.
- **Did You Know Videos:** Educational content for residents on topics such as how to access city services, navigate online platforms, or participate in city meetings. Could be produced by a mix of city staff and SWCTC.

Meeting Residents Where They Are

A successful communication strategy requires flexibility, meeting residents on the platforms and through the channels that they use most.

The city is in the process of evaluating social media traffic trends from our residents to determine what, if any, shifts may be required to continue engaging with residents where they are. Social media is constantly evolving, and personal platform preferences are ever-changing as well, so while this will always be a moving target, it's important for the city to remain committed to this philosophy so that our residents receive the content and information that is easiest for them.

By adopting a multi-channel, dynamic approach, the city can ensure that its message reaches all segments of the community.

Evaluating Impact on Social Media

To ensure that the communications efforts are reaching the right audience, a concerted effort will be made to evaluate and measure the impact of social media activities. This will include:

- Platform Performance Review: Analyzing engagement metrics across Facebook, Twitter, and other platforms to determine what types of content resonate best with audiences. This data will allow the city to adjust its messaging and targeting strategies to ensure effectiveness.
- Resident Feedback: Gathering insights from residents through surveys, polls, and comment sections to gauge the impact of communications and identify areas for improvement.
- Targeted Content Strategy: Based on these evaluations, the city can adjust its content strategy to ensure that the organization is delivering the right information to the right audience, whether that's through more visuals, longer-form content, or interactive posts.

The goal is not only to inform but also to engage in interesting ways, demystifying city operations while empowering residents to take action or provide feedback on city matters.

Other Communications Strategies

Communications often must focus on a variety of content outlets, emphasizing key city messages across multiple platforms and forums. The Cottage Grove Reports newsletter will continue to be a priority for the city and will undergo periodic review to ensure its format, content, and efficacy is meeting the city's needs.

The city's website will also undergo regular review to ensure accuracy and relevancy. Additionally, the city is considering an overall update of its website in 2025 to further ensure that the site is meeting organizational and community needs.

Cottage Grove Connect has been a resource for the organization to deliver information directly to email subscribers and communications will continue to utilize this platform as an additional means to deliver information alongside other city channels.

The city will also create a crisis communications plan to ensure that the organization can build on its crisis management skills and preparedness.

Conclusion

In 2025, the city's communications efforts will be rooted in the principles of accuracy, engagement, transparency, and flexibility while aligning with the city's overall strategic plan. By utilizing video content, expanding the city's presence across multiple platforms, and rigorously evaluating the impact of that outreach, the City of Cottage Grove can strengthen its connection with residents. This will ensure that messages are both heard and acted upon, fostering a more engaged, informed, and cohesive community. Additionally, the data from a forthcoming community survey will bolster the city's understanding of how the organization can meet its residents where they are.

Thank you for your continued support as the city works to enhance communication throughout the community.



To: Honorable Mayor and City Council Members
Jennifer Levitt, City Administrator

From: Brenda Malinowski, Finance Director

Date: January 10, 2025

Subject: **LONG-TERM FINANCIAL MANAGEMENT OVERVIEW**

Introduction

Traditionally, many cities have taken a short-term view for financing city operations. The one-year budget is still the norm. However, Cottage Grove utilizes an upstream budget approach.

In Cottage Grove, the city began to prepare a two-year budget in 2009 to better forecast revenue and expenditure trends, and to ensure that an initiative in one-year did not create a budget shortfall for the next year.

A longer-term view of financing operations through the use of a ten-year Financial Management Plan (FMP) began in 2022 upon my arrival in Cottage Grove. The FMP includes all tax-supported funds. It integrates existing debt, the Capital Improvement Plan, equipment replacement, future debt, future staffing needs, tax base growth and future operating expenses. The FMP assures that capital, maintenance, and staffing needs are met with sustainable funding sources.

The FMP is used to level out expenditures and bond costs to smooth tax increases, ensure funding is available to carry out the City's vision, and as a tool to better understand effects of budget decisions. It helps to manage expectations, maintain assets and fund balances, reduce stress during the budget development process, and reduces reactivity during an unpredictable fiscal environment.

Process

Ehlers, the City's financial advisors, assisted staff in the preparation of the FMP in 2022/2023 due to their prior FMP experience and their knowledge of Cottage Grove.

The following funds are included in the Cottage Grove FMP.

Governmental Funds	
General Fund Special Revenue Funds • Ice Arena Fund • Golf Course Fund • EDA Debt Service Funds • All debt service funds Internal Service Funds • Insurance Fund • Fleet Fund • IT Fund	Capital Project Funds • Equipment Replacement Fund • Pavement Management Fund • Park Improvement Fund • Park Trust Fund • ED Trust • Municipal Building Fund

During the preparation of the FMP, additional analysis was completed for the internal service funds since cash had been used in the funds during the pandemic to keep a lower property tax levy. In addition, staff from public works, police, and fire reviewed the equipment to ensure that those equipment needs were included in the preparation of the FMP. Due to the negative cash in the EDA Fund, increases to the EDA property tax levy were incorporated into the FMP.

Since the FMP is a financial tool, certain future assumptions were needed in preparation of the document. These assumptions included a 2% increase in revenue, 4% increase in expenditures per year, and a 2% increase in the existing tax base. New growth of 230 to 425 new per homes per year was based on assumptions made by planning, finance, and administration.

A presentation of the FMP for Department Directors was held in the fall of 2022, and the City Council held two workshops regarding the FMP in January/February 2022. In the draft FMP presented to City Council, a tax increase on the median home of \$229 was needed in 2024 to fund operations, equipment, pavement management, and debt service. Due to the large increase, solutions to reduce this impact were proposed. These solutions included issuing equipment certificates for 4 years until the property tax levy could be increased enough to fund current year equipment replacement needs and to only add one additional staff per year unless new growth in the community allowed for additional staffing. At the end of the workshops, consensus was that a \$100 per year city property tax increase on the median home was necessary to fund operations.

Outcomes

When the City issued bonds in 2023, the FMP was included with the financial documents provided to S&P Global. In 2023, the City attained a AAA bond rating for the first time.

Through the preparation and discussion, there were several recommendations that have been implemented.

- New fund balance policy that allows greater flexibility
 - Previous policy was 55% of subsequent years budget
 - Current policy is 45% to 55% of the subsequent years budget
- Funds are budgeted each year to meet fund balance goal or to be utilized for unforeseen budget expenditures.
 - Utilized in 2024 for August storm expenditures
- Increased funding for equipment in future years of the FMP to meet service levels
 - Fund balance goal \$1.1M (this is the annual average equipment replacement need) achieved at the end of ten years.
- All Internal service funds will have recovered their operating position and will have a positive fund balance at the end of ten years.
- Increased funding for EDA and HRA activities in future years of the FMP
- Increased funding for park improvements in future years of the FMP
- Ability to consistently fund pavement management and street projects identified in the CIP

The FMP was utilized during the 2024 and 2025 budget process. During the 2025, it proved to be an effective tool in analyzing the impacts of union negotiations on the property tax levy. With the use of the FMP, the City was able to provide a cost of living and market adjustment of 9% to its employees and still stay below the \$100 increase to the median home.

Original FMP from 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Median Home	\$110	\$100	\$100	\$100	\$100	\$100	\$99	\$98	\$72

(2024-2026 average \$103.33)

Prepared as part of 2025 Budget	Actual 2024	Actual 2025	2026	2027	2028	2029	2030	2031	2032
Median Home	\$78	\$58	\$130	\$107	\$101	\$102	\$95	\$104	\$77

(2024-2026 average -\$88.67)

It has proven to be an effective tool in communicating budget impacts.

2026 Property Tax Levy and Budget

As in the past, a two-year budget was prepared last year for 2025 and 2026. The 2026 contains a 12.93% property tax levy increase to fund operations, debt service, and capital. The median home at this increase will experience an increase of \$130 as reflected in the table above. Property tax levy changes other than the 12.93% will effect changes to the levels of services. Possible scenarios are listed below.

	2026 Levy	% Change from 2025 Levy	Change from 2026 Preliminary Property Tax Levy	2026 City Property Tax on Median Home(1)	Change from 2026 Preliminary Property Tax Levy	Possible Changes to Budget to account for Change to 2026 Property Tax Levy
2026 Preliminary Property Tax Levy	\$ 29,505,798	12.93%		\$1,392		
Scenario 2	\$ 28,479,629	9.00%	(\$1,026,169)	\$1,338	\$(54)	
Scenario 3	\$ 27,695,786	6.00%	(\$1,810,012)	\$1,296	\$(96)	Delay 25 Pavement Management, delay 2025 equipment purchases, eliminate 3 Police Officers, 3 Firefighter/Paramedics, & 3 Public Service Workers
Scenario 4	\$ 26,911,943	3.00%	(\$2,593,855)	\$1,255	\$(137)	Delay 25 Pavement Management, delay 2025 equipment purchases, eliminate 4 Police Officers, 4 Firefighter/Paramedics, 4 Public Service Workers, 1 Finance employee, & 1 Admin. Employee
Scenario 5	\$ 26,128,100	0.00%	(\$3,377,698)	\$1,213	\$(179)	Delay 25 Pavement Management, delay 2025 equipment purchases, eliminate 6 Police Officers, 6 Firefighter/Paramedics, 6 Public Service Workers, 1 Finance employee, & 1 Admin. Employee
Scenario 6	\$ 29,786,034	14.00%	\$280,236	\$1,407	\$15	Add \$280,000 in equipment
Scenario 7	\$ 30,047,315	15.00%	\$541,517	\$1,421	\$29	Add \$541,00 in equipment

(1) Assumes a 2% taxable market value increase on the median home.

There are \$2,975,200 in equipment requests for 2026. With the 12.93% property tax levy increase, approximately \$1.2 million of these requests will need to be pushed into a future year or another funding source will need to be identified.

Attachments

- Original FMP from 2023
- Updated FMP based on the approved 2025 Budget
- Internal Service Funds Cash Balances
- Equipment Replacement
- Bonds

CITY OF COTTAGE GROVE
Financial Management Plan-Original from February 2023
Long Range Budget Projections

<u>Inflation Assumptions</u>										
1	Revenue (Non-property tax)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
3	Expenses (Non-ISF Charges)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	CIP Inflation Factor	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

GEN	GENERAL FUND	Projected								
		2024	2025	2026	2027	2028	2029	2030	2031	2032
PROPERTY TAX LEVY AND TAX IMPACT	66 General Fund Operating Tax Levy	18,491,671	20,049,777	21,391,236	22,847,431	24,389,950	25,968,896	27,291,987	29,113,387	29,935,092
	67 Annual Increase	5.8%	8.4%	6.7%	6.8%	6.8%	6.5%	5.1%	6.7%	2.8%
	87 Total Other Special Levies	4,223,975	5,468,214	6,686,858	7,835,489	8,965,674	10,060,890	11,504,415	12,276,856	13,528,710
	88 Total Tax Levy	22,715,646	25,517,991	28,078,094	30,682,920	33,355,624	36,029,785	38,796,402	41,390,243	43,463,802
	89 Increase/(Decrease) in Total Tax Levy	10.00%	12.34%	10.03%	9.28%	8.71%	8.02%	7.68%	6.69%	5.01%
	90 Fiscal Disparity Distribution	(2,503,588)	(2,697,592)	(2,859,608)	(3,013,442)	(3,159,481)	(3,298,309)	(3,427,900)	(3,550,257)	(3,662,611)
	91 Net Levy to Taxpayers	20,212,058	22,820,399	25,218,486	27,669,478	30,196,142	32,731,476	35,368,502	37,839,986	39,801,190
	92									
	93 Existing Tax Base	54,214,078	56,851,546	60,545,176	63,486,599	66,432,599	69,442,548	72,425,324	75,558,992	78,356,098
	94 Existing TIF Districts Decertifying	-	1,244,521	-	43,690	-	22,512	251,683	-	-
	95 New Growth Net Tax Capacity	1,522,732	1,261,948	1,696,588	1,599,710	1,648,330	1,540,160	1,400,436	1,260,712	1,178,940
	96 Total Net Tax Capacity	55,736,810	59,358,015	62,241,764	65,129,999	68,080,929	71,005,220	74,077,443	76,819,704	79,535,038
	97 Urban Tax Rate on Net Tax Capacity	36.357%	38.540%	40.612%	42.579%	44.449%	46.196%	47.844%	49.359%	50.142%
	98 Urban Tax Rate % Change	7.74%	6.00%	5.38%	4.84%	4.39%	3.93%	3.57%	3.17%	1.59%
	99 City Taxes on Median Home	1,197	1,297	1,397	1,497	1,598	1,697	1,796	1,894	1,966
	100 \$ Tax Increase/(Decrease)	\$ 110	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 99	\$ 98	\$ 72
	101 % Tax Increase / (Decrease)	10.15%	8.36%	7.73%	7.17%	6.69%	6.23%	5.84%	5.44%	3.81%

CITY OF COTTAGE GROVE
Financial Management Plan-as of December 2024
Long Range Budget Projections

1/15/2025

		Inflation Assumptions								
1	Revenue (Non-property tax)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2	Interest Earnings	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
3	Expenses (Non-ISF Charges)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
4	CIP Inflation Factor	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

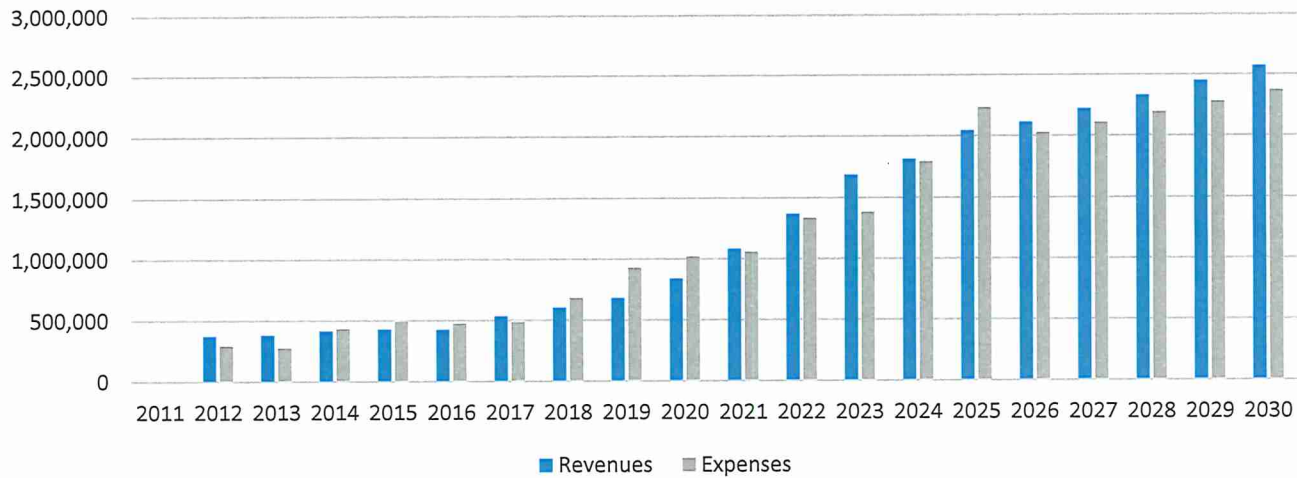
GEN		Budget	Proposed	Proposed	Projected					
		2024	2025	2026	2027	2028	2029	2030	2031	2032
	66 General Fund Operating Tax Levy	18,567,010	21,667,300	22,469,663	24,434,128	26,016,257	27,675,508	29,081,051	30,988,519	31,900,069
	67 Annual Increase	6.6%	16.7%	3.7%	8.7%	6.5%	6.4%	5.1%	6.6%	2.9%
	88 Total Other Special Levies	4,558,590	4,460,800	7,036,135	7,961,033	9,148,198	10,289,449	11,640,177	12,510,468	13,822,665
	89 Total Tax Levy	23,125,600	26,128,100	29,505,798	32,395,162	35,164,455	37,964,957	40,721,228	43,498,987	45,722,734
	90 Increase/(Decrease) in Total Tax Levy	11.99%	12.98%	12.93%	9.79%	8.55%	7.96%	7.26%	6.82%	5.11%
	91 Fiscal Disparity Distribution	(2,687,797)	(2,861,847)	(3,232,756)	(3,487,099)	(3,671,281)	(3,830,741)	(3,985,242)	(4,115,379)	(4,257,694)
	92 Net Levy to Taxpayers	20,437,803	23,266,253	26,273,042	28,908,063	31,493,175	34,134,216	36,735,986	39,383,608	41,465,040
	93									
	94 Existing Tax Base	62,216,047	62,706,488	63,960,618	66,970,350	69,986,025	73,067,042	76,122,308	79,329,915	82,202,440
	95 Existing TIF Districts Decertifying	-	-	-	43,690	-	22,512	251,683	-	-
	96 New Growth Net Tax Capacity	-	-	1,696,588	1,599,710	1,648,330	1,540,160	1,400,436	1,260,712	1,178,940
	97 Total Net Tax Capacity	62,216,047	62,706,488	65,657,206	68,613,750	71,634,355	74,629,714	77,774,427	80,590,627	83,381,380
	98 Urban Tax Rate on Net Tax Capacity	32.926%	37.178%	40.100%	42.218%	44.051%	45.828%	47.324%	48.961%	49.821%
	99 Urban Tax Rate % Change	-2.91%	12.91%	7.86%	5.28%	4.34%	4.03%	3.26%	3.46%	1.76%
	100 City Taxes on Median Home	1,203	1,262	1,392	1,499	1,599	1,701	1,797	1,900	1,977
	101 \$ Tax Increase/(Decrease)	\$ 78	\$ 59	\$ 130	\$ 107	\$ 101	\$ 102	\$ 95	\$ 104	\$ 77
	102 % Tax Increase / (Decrease)	10.27%	4.89%	10.32%	7.66%	6.71%	6.38%	5.60%	5.78%	4.04%

TAX LEVY AND TAX IMPACT

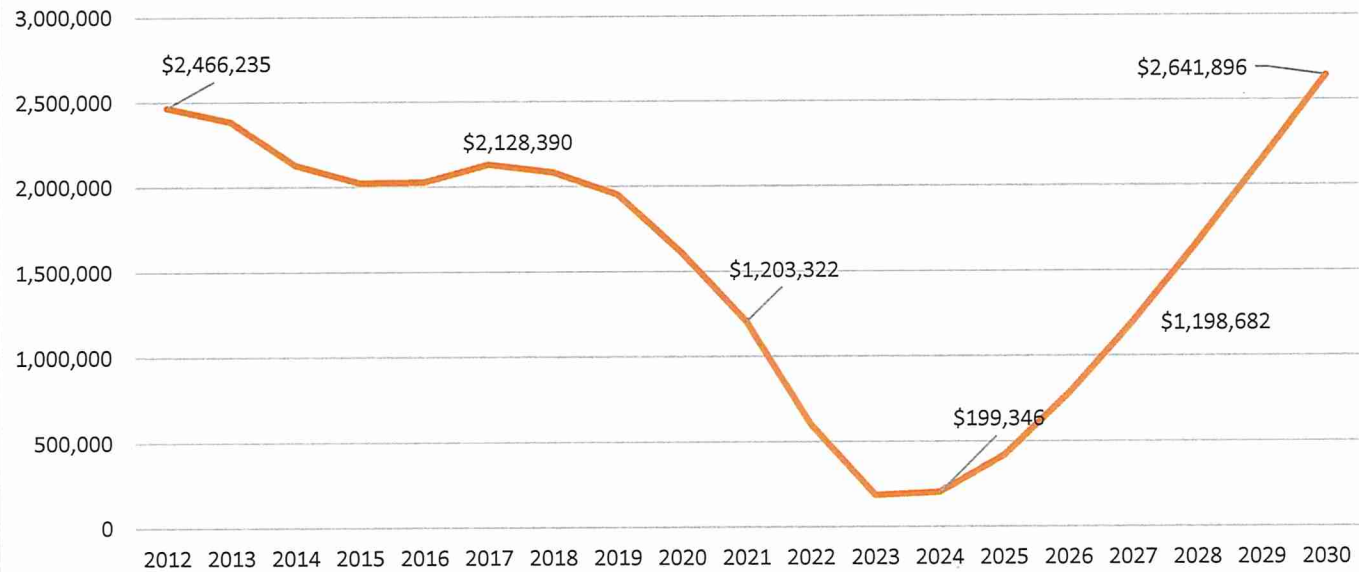
IT Fund-Fund Balance



IT Fund-Revenue and Expenses



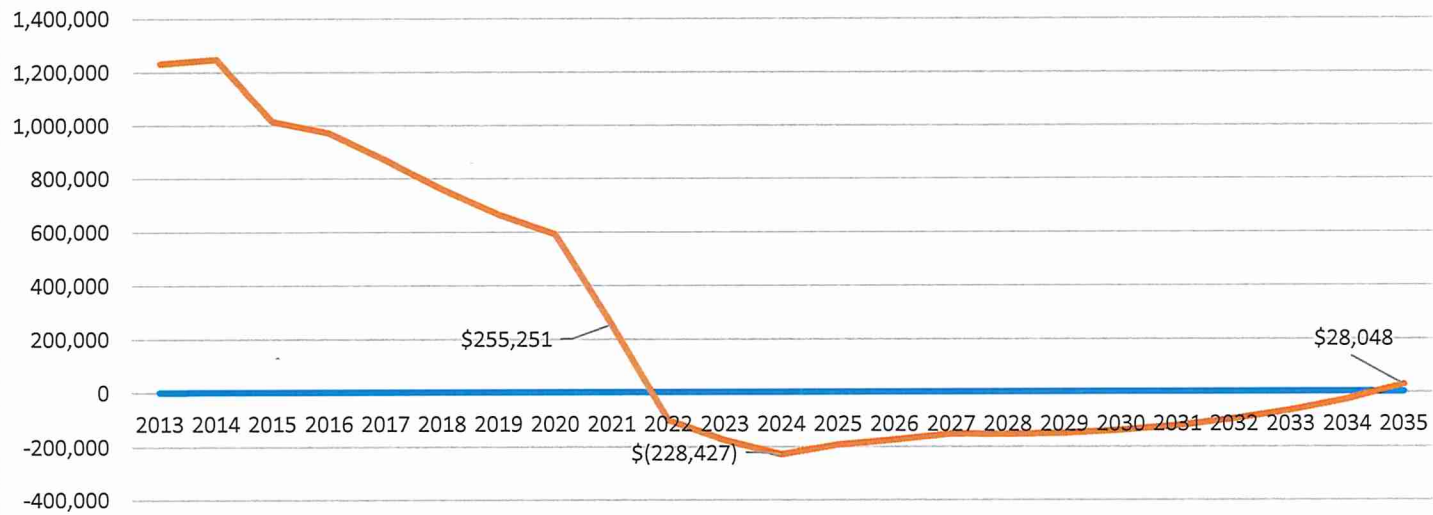
Insurance Fund-Fund Balance



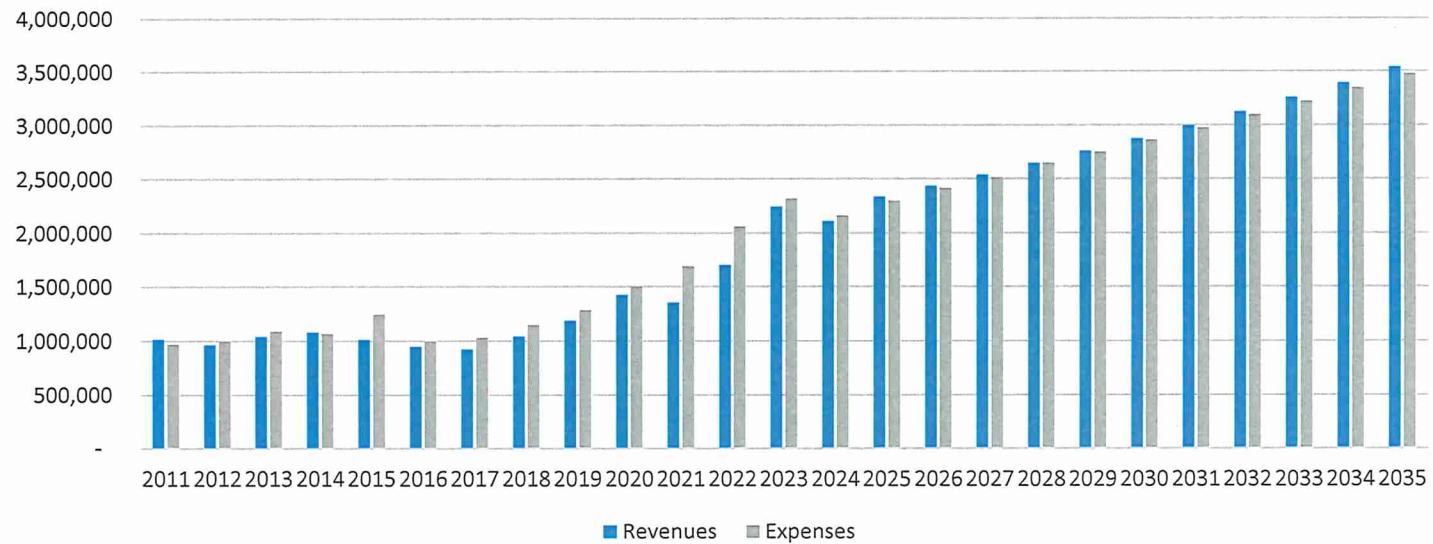
Insurance-Revenue and Expenses



Fleet Fund-Fund Balance



Fleet-Revenue and Expenses



Equipment Replacement Fund Equipment

Replacement Based on Replacement Year

Grouped By Replacement Year Updated 7-17-2024 by Public Works

2025

	Cost
41-4204-08 2008 Ford 1 Ton Dump Truck	\$115,000
31-4008-09 Dump Truck Single Axle / 31-4008-09	\$325,000
31-4002-10 Single-Axle Dump Truck 2010 Freightliner / 31-4002-10	\$325,000
31-6001-09 Brush Chipper	\$100,000
31-6008-05 Freightliner Asphalt Patcher	\$305,000
31-8501-15 Exmark Vantage Stand Up Mower	\$10,000
13-5011-11 11 Malibu Sedan	\$45,000
26-3115-95 1995 Comb Custom Freightliner	\$650,000
26-1360-14 2014 Ford Explorer Squad 1360	\$72,000
51-5003-13 SUV 2013 Ford Explorer	\$50,000
New 16ft mower	\$159,000
New Gator	\$32,500
New Plow for 1409	\$13,000
New Plow for 1003	\$13,000
New Building Maintenance Van	\$100,000
Squad cars	\$360,000
Total 2025	\$2,674,500

Equipment in 2025 Budget

2026

	Cost
34-8710-18 Bombardier SW4S-F Sidewalk Machine	\$225,000
21-1662-12 2020 Ford f150	\$53,500
21-1839-14 2014 Chrysler	\$53,500
31-4001-10 2010 Single-Axle Dump Truck Freightliner 4001	\$335,000
31-6010-16 Stand on Spreader	\$13,000
31-7004-06 Trailer/7004	\$12,000
31-8002-91 John Deere 772BH Grader & Wing	\$337,000
31-8409-16 Holder	\$235,000
32-1101-07 GMC Crew Cab Sign Truck C4500	\$170,000
36-6009-07 Ford F550 Forestry Aerial Service Truck	\$240,000
41-6003-14 Isuzu Garbage Truck With Side Loader	\$165,000
41-7015-01 Trailer	\$12,000

41-8401-plow	Plow	\$46,000	
41-8403-08	John Deere 5625 Tractor	\$117,000	
41-8511-18	16ft Toro GM5910 Mower	\$165,000	
41-8704-05	John Deere Gator Turf	\$32,500	
33-8602-12	Tennant Scrubber/sweeper	\$85,000	
New	Blower	\$20,000	
New	Gator	\$32,500	
New	Crew Cab Streets	\$70,000	
Squads		\$556,200	
Total 2026		\$2,975,200	Equipment in 2026 Budget

2027		<u>Cost</u>	
26-3117-15	2015 ford explorer 3117 squad 2	\$72,000	
15-4300-07	Command Vehicle	\$215,000	
14-1704-15	GMC Pickup 1500 Extended Cab	\$55,000	
26-3127-17	Ford Explorer 3127	\$71,850	
41-1402-15	2015 GMC Sierra WT/41-1402-15	\$80,000	
41-8502-19	Toro GM4000 Mower	\$80,000	
51-5001-15	GMC Sierra WT/Recreation	\$50,000	
31-1005-15	2015 GMC Sierra Wt	\$80,000	
31-8402-19	MT Trackless	\$230,000	
31-0037-08	Solar arrow board	\$10,000	
31-0049-09	Trafficx Scorpion Towed Attenuator	\$20,000	
31-0050-11	Message Board trailer	\$15,000	
26-0214-14	Utv Polaris 0214	\$24,000	
	SCBA's	\$349,000	
Squads		\$509,000	
Total 2027		\$1,860,850	

2028		<u>Cost</u>	
26-3102-18	2018 CHEVY TAHOE	\$80,000	
41-1404-16	2016 Ford F350 1404	\$85,000	
41-1409-16	2016 Ford F250 1409	\$85,000	
41-8702-18	Kromer Field Maintainer/Striper	\$85,000	
31-1002-16	2016 Ford F250 1002	\$85,000	
31-4203-15	2015 Ford 1-Ton Dump Truck	\$150,000	
31-8603-13	Tymco Sweeper (air)	\$340,000	

26-3148-04	Ford F350 4x4 grass rig	\$80,000	
41-8003-91	Huber	\$40,000	
21-1943-19	Dodge caravan	\$35,000	
21-7041-13	Speed Trailer	\$30,000	
21-7042-13	Aluminum Barricade trailer	\$10,000	
34-9007-13	Sno Go Blower	\$150,000	
31-6002-93	Ford Tandem Water tanker	\$250,000	
Squads		\$530,000	
Total 2028		\$2,035,000	Note-FMP has \$1,205,000

2029		<u>Cost</u>	
15-1901-19	Mobile light generator	\$20,000	
13-5006-17	2017 Ford Escape 5006	\$55,000	
26-3128-13	2013 pickup Crew Cab Fire Brush	\$65,000	
41-1701-17	2017 Ford F250 Crew Cab	\$85,000	
41-8401-16	John Deere Tractor 5115	\$150,000	
41-8407-17	John Deere Tractor 3046R	\$50,000	
41-8506-21	Toro Groundmaster 4000-T4	\$100,000	
41-8706-17	John Deere Pro Gator 2030A	\$40,000	
31-8207-16	Caterpillar 926M Loader	\$325,000	
32-7016-14	Trailer Single-Axle	\$20,000	
Squads		\$550,000	
Total 2029		\$1,460,000	Note-FMP has \$1,350,000

2030		<u>Cost</u>	
26-344-10	2010 Ford 4wd Pickup F250	\$50,000	
36-9003-16	2016 Stump Grinder	\$5,000	
13-5005-17	2017 Ford Escape 5005	\$45,000	
41-7006-15	Trailer Tandem 16 foot	\$15,000	
41-7007-18	Single Axle Kromer Trailer 83 x 12	\$10,000	
41-7008-18	Tandem Water Tanker Trailer 77 x 12	\$10,000	
41-7011-18	Single Axle Utility Trailer 83 x 12/ 41-7011	\$10,000	
41-7012-18	Single Axle Utility Trailer 83 x 12	\$10,000	
41-7014-18	Tandem Axle Utility Trailer 83 x 16	\$10,000	
41-8507-22	2022 Ferris mower 5ft	\$35,000	
41-8508-22	2022 Ferris mower 5ft	\$35,000	
31-0044-10	Hydroseeder	\$38,000	

31-4004-15	Dump Truck Single Axle 2015	\$340,000	
31-4005-15	Dump Truck Single Axle / 31-4005-15	\$340,000	
31-8205-18	Cat 926M Loader	\$340,000	
31-8408-18	John Deere Tractor with Flail Mower	\$150,000	
32-7001-15	Interstate Enclosed Cargo Trailer 18 FT	\$10,000	
New Mower		\$40,000	
21-2197-21	2021 Polaris Ranger	\$45,000	
21-7046-05	Car Hauler Trailer	\$10,000	
Squads		\$572,000	
Total 2030		\$2,120,000	Note-FMP has \$1,880,400

2031		Cost	
14-5002-19	Ford Escape 5002	\$45,000	
36-6004-04	GMC Forestry Aerial Truck	\$210,000	
13-5004-19	Ford Escape 5004	\$45,000	
41-0037-08	Dakota Turf Top Dresser	\$25,000	
41-1401-19	Ford F250 1401	\$80,000	
41-1410-19	Ford F250 pickup 1410	\$80,000	
41-1705-19	Ford F150 1705	\$60,000	
41-8406-19	John Deere 4066R Tractor	\$60,000	
31-1007-19	FORD F250 Pickup	\$80,000	
31-7019-16	Felling Deck Over Trailer	\$40,000	
31-8301-19	CB1.8 Roller	\$35,000	
31-8306-13	Patcher Spray Injection	\$90,000	
Squads		\$595,000	
Total 2031		\$1,355,000	Note-FMP has \$1,510,300

2032		Cost	
26-3145-12	Fire engine 4	\$730,000	
41-1406-20	2020 Ford F250	\$80,000	
21-1744-17	Transit Van	\$80,000	
31-1008-20	Ranger	\$60,000	
31-4103-17	Dump truck	\$360,000	
31-7002-17	Trailer	\$15,000	
31-7005-17	Trailer	\$10,000	
31-8302-17	Roller	\$60,000	
Squads		\$619,000	

Total 2032**\$2,014,000** Note-FMP has \$1,846,140**2033**

41-1411-21 2021 Ford Ranger
41-7018-18 Road Warrior Deck Over Trailer
New Mower
Squads

Cost

\$60,000
\$10,000
\$165,000
\$643,800

Total 2033**\$878,800****2034**

26-3128-13 2013 Pickup crew cab
41-0062-22 Brush Hog Mower
New Holder
New Mower
Squads

Cost

\$65,000
\$30,000
\$245,000
\$165,000
\$669,600

Total 2034**\$1,174,600**

10-Year Total

\$18,547,950

Bond Issuance Amounts 2025-2029

Project	2025	2026	2027	2028	2029	Total
Water Tower	3,785,000					3,785,000
Pavement Management	2,915,000	2,909,000	2,801,000	3,026,000	4,085,000	15,736,000
CSAH 19 & TH 61		2,850,000	650,000			3,500,000
Shoppes at Cottage View				377,000	2,760,000	3,137,000
Harkness Avenue					938,000	938,000
Jamaica (Rose of Sharon to Military)				3,000,000		3,000,000
Kingston Park			5,000,000			5,000,000
Oltman-lacrosse complex&parking lot		2,300,000				2,300,000
Equipment	1,660,000	1,405,000	560,000			3,625,000
Golf Irrigation Equipment	1,640,000					1,640,000
Total Bonds	10,000,000	9,464,000	9,011,000	6,403,000	7,783,000	42,661,000



TO: Mayor Bailey and City Council Members

FROM: Gretchen Larson, Economic Development Director

DATE: January 16, 2025

RE: Business Retention and Expansion Program Updates

Staff worked with the Chamber and Grow MN! to finish the analysis of the BRE survey and tally the results. Fifty (50) businesses, out of approximately two hundred and fifty (250) in the city, completed the survey, two requested an in-person visit however, one did not provide contact information. When we shared the results using the original survey list, we encouraged anyone who requested an in-person visit to reach out to us directly with their information. We heard from both businesses, Aveka and Tradehome, and they wanted to learn more about the program and how any incentives could be used if they were to expand in the future. Both site managers stated that they had no intention of leaving the city but were glad to learn more.

Sarah Erickson with Grow MN! presented the final report and discussed the results with the EDA board and answered questions. In 2025 we will be meeting with the Chamber and Grow MN! to discuss tweaking the process going forward and consider asking fewer, but more strategic questions anticipating that we could increase participation rates.

Other initiatives include exploring ways to assist businesses with information related to workforce readiness in partnership with county and state experts. We'll also look to share resources related to affordable childcare options and perhaps host a round table event with the Chamber and other partners to explore this topic further.

Attachments

Final Survey Results



Cottage Grove Business Retention and Expansion Survey Results



Grow Minnesota!®
Minnesota Chamber of Commerce

Report overview



Key questions:

- How many expansion projects are occurring in Cottage Grove?
- What is needed to better support local businesses?
- What factors are influencing business outcomes in Cottage Grove?

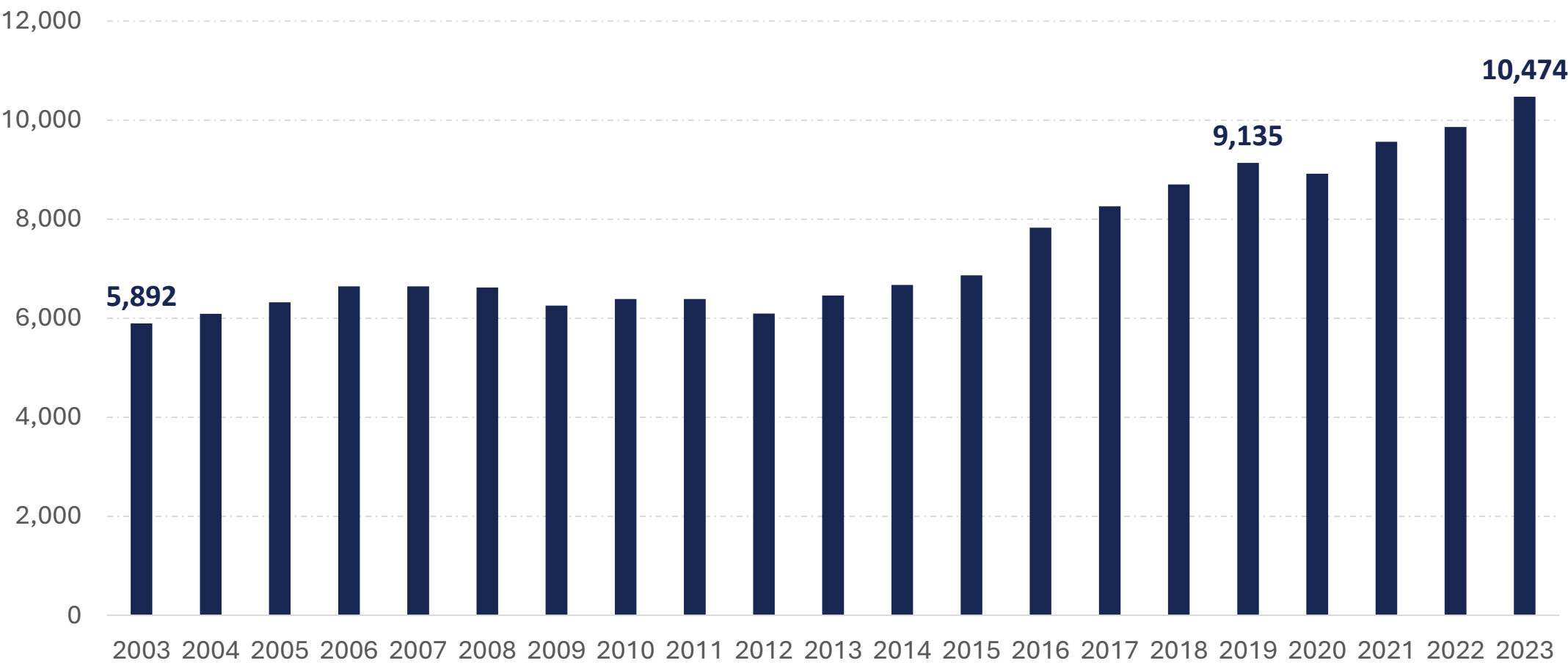
Sources:

- Cottage Grove business retention and expansion survey
- US Census ACS 5-year 2018-2022
- DEED JCF/MIF Awards and DEED Publicly announced expansions list
- DEED Quarterly Census of Employment and Wages
- Met Council Community Profile
- Meetings and conversations with local businesses
- 2024 Grow Minnesota! State of business retention and expansion report

Total employment in Cottage nearly doubled over past two decades;
employers added over 1,300 jobs since 2019.



Total employment in Cottage Grove: 2003-2023

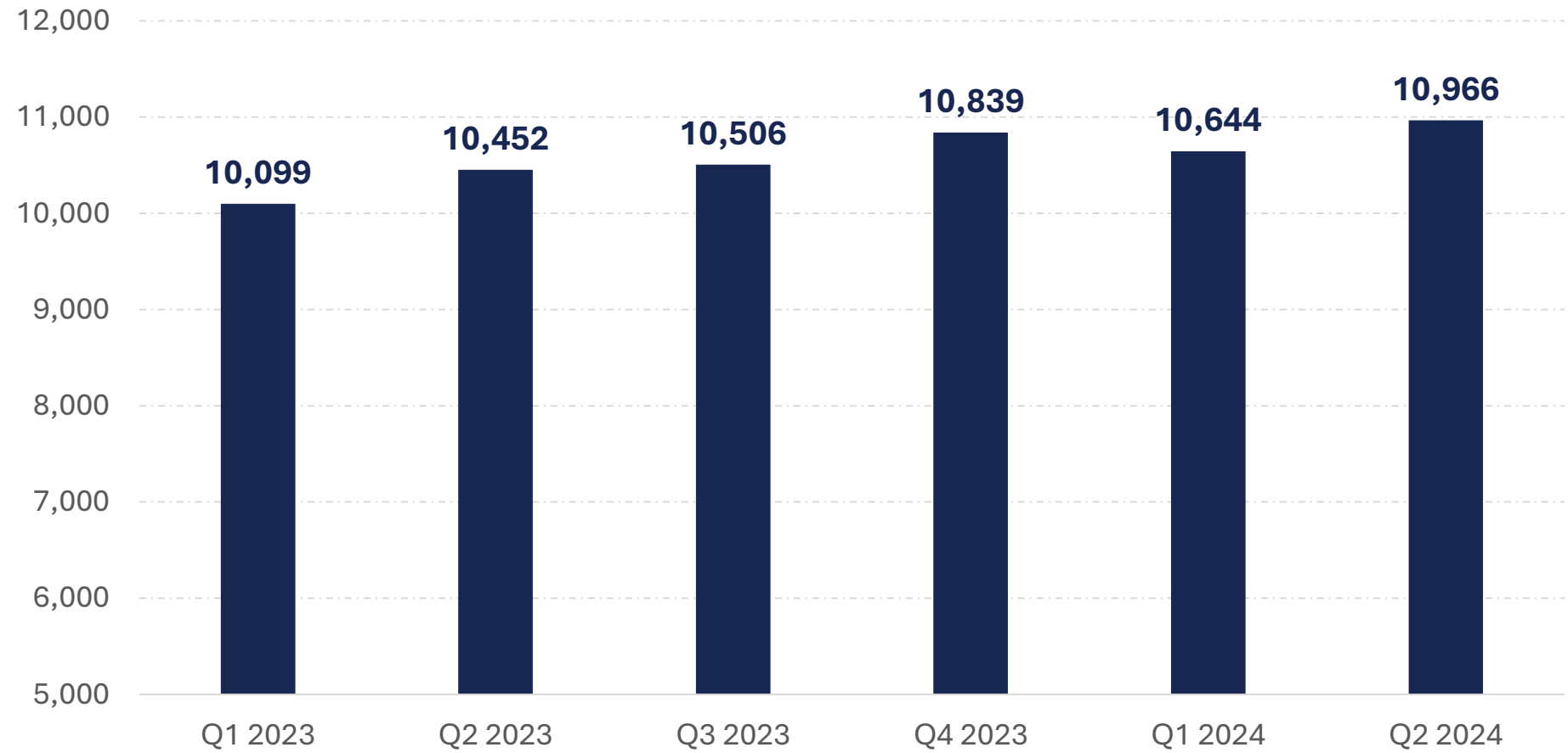


Source: DEED, Quarterly Census of Employment and Wages

Job growth continued through first half of 2024.



Total employment in Cottage Grove: Q1 2023 – Q2 2024



Source: DEED, Quarterly Census of Employment and Wages

Manufacturing and wholesale trade are driving job growth in Cottage Grove this decade.



Total change in employment by industry: Cottage Grove 2019-2023



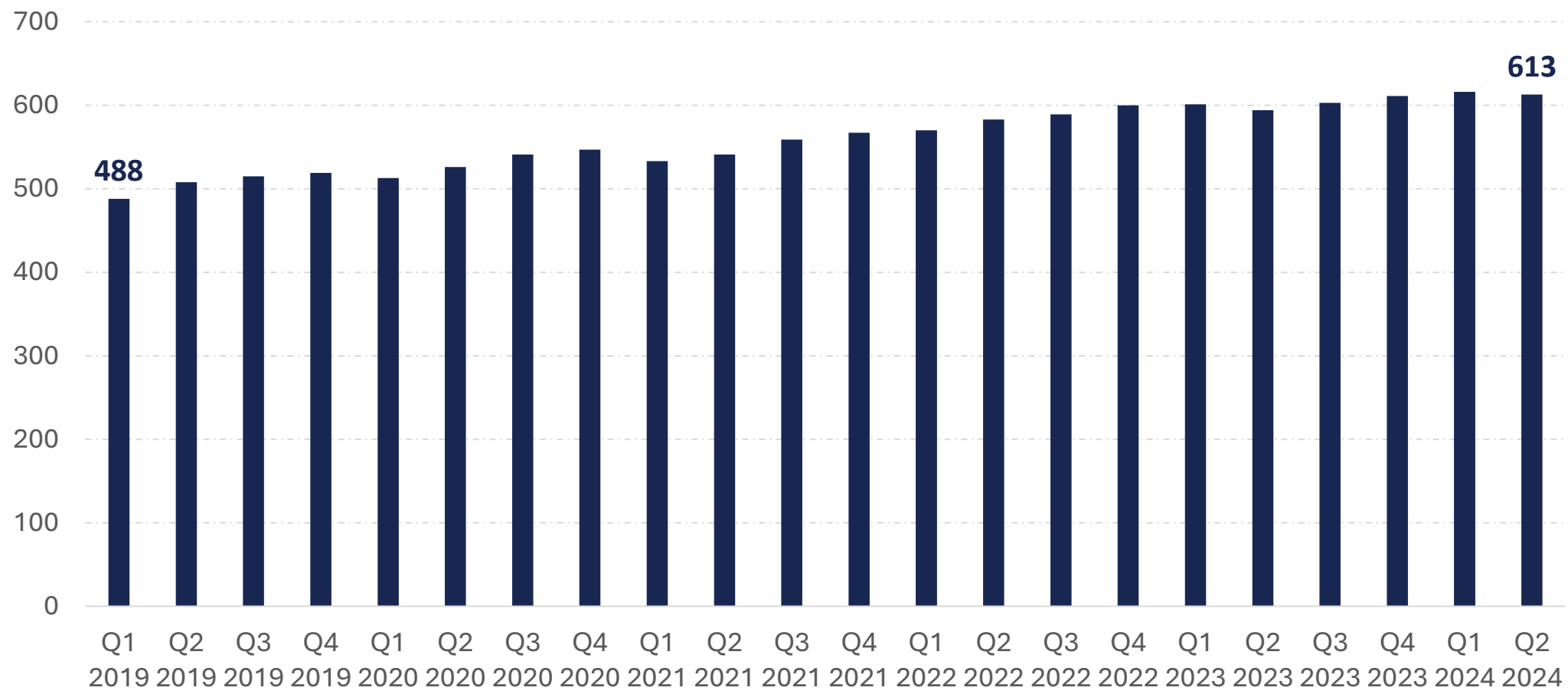
Source: DEED, Quarterly Census of Employment and Wages

Note: data not available for: Information, Construction, Management of Companies, Utilities, Transportation and Warehousing, Real Estate, and Mining

Cottage Grove added 125 businesses since 2019.



Total establishments in Cottage Grove: Q1 2019 – Q2 2024

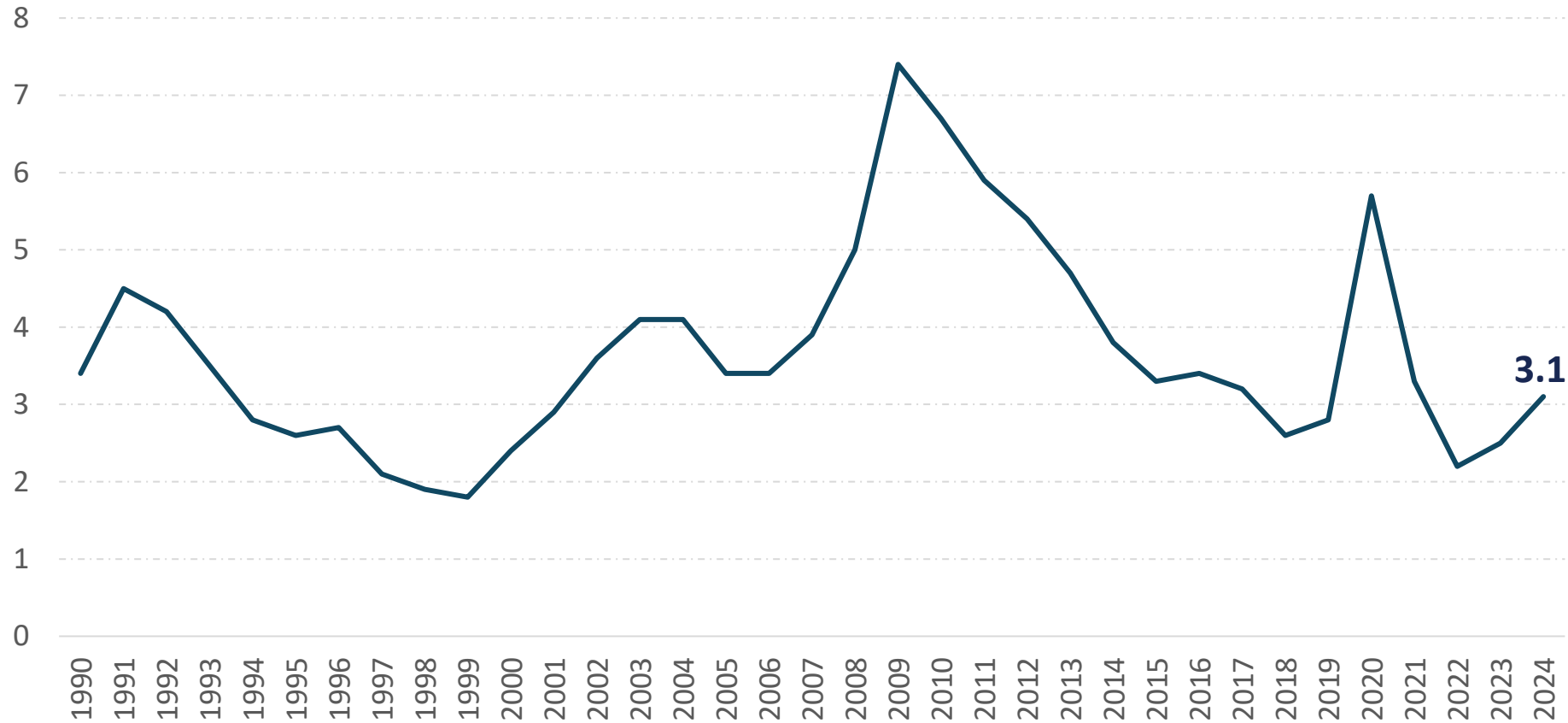


Source: DEED, Quarterly Census of Employment and Wages

Unemployment ticked up in 2024 but remains low by historical standards indicating a continued tight labor market.



Unemployment Rate in Cottage Grove (average annual): 1990-2024

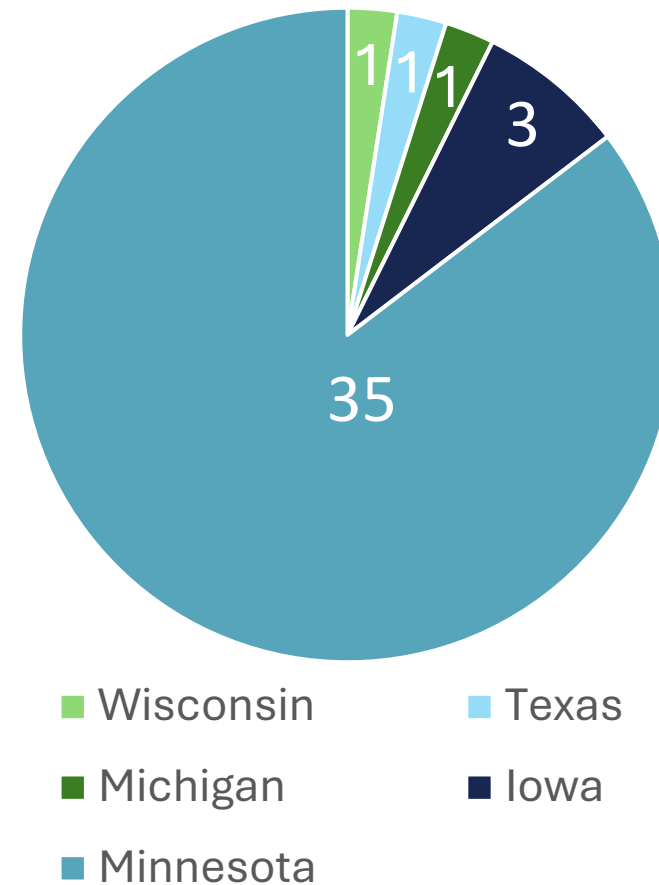


Source: Met Council Community Profiles

2024 Cottage Grove business retention and expansion survey respondent demographics.

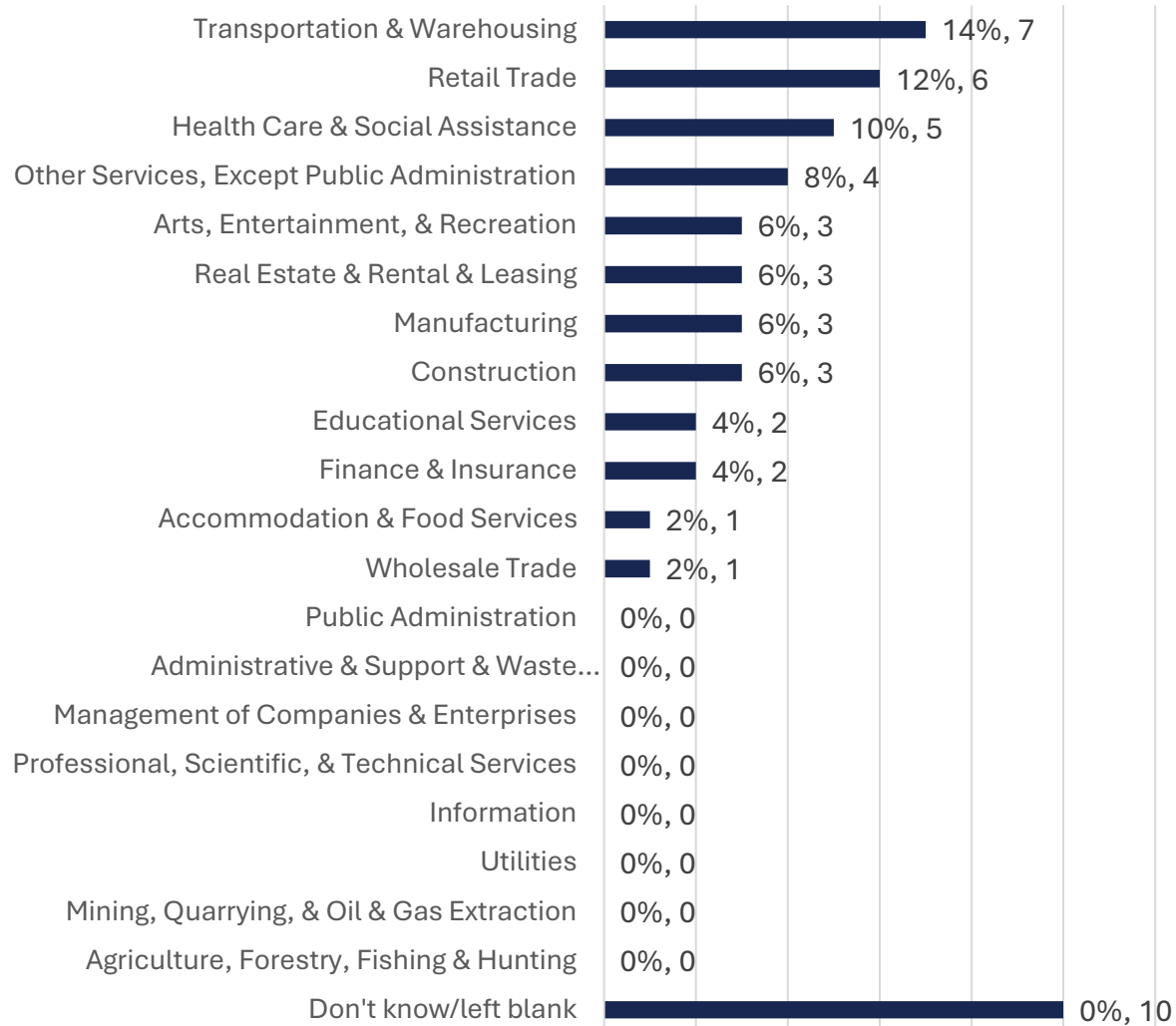
- Survey was open from 9/5/24 to 10/14/24
- 50 total survey respondents
- 48 completed the survey, most skipped 1 or more question
- 2 prefer an in-person visit but did not provide contact information
- 82% response rate from people who clicked on the link
- All respondents have a physical presence in Cottage Grove, most are also headquartered in the state.

In what state is your business headquartered?

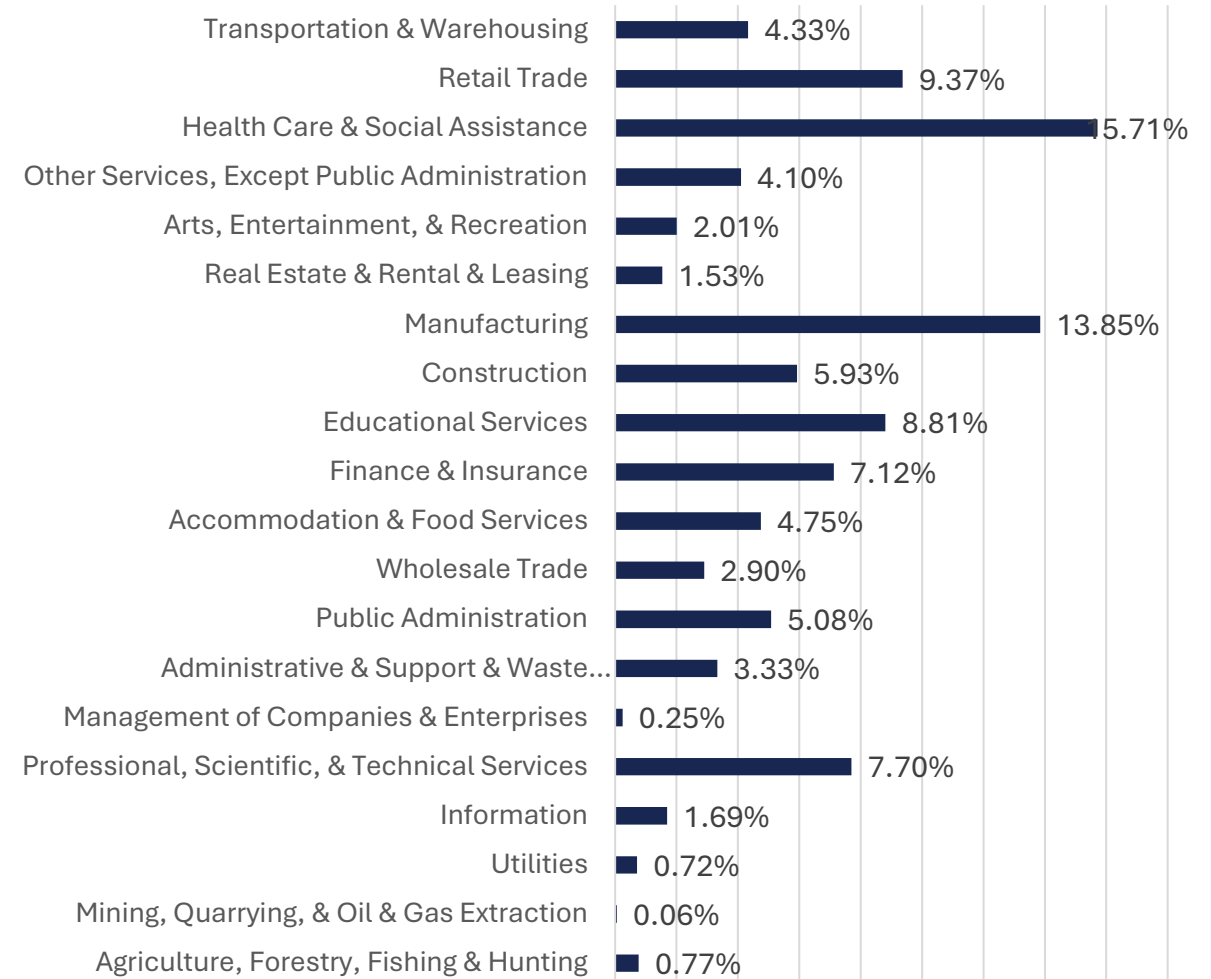


Respondents are from at least 12 different industries, but are not fully representative of the county.

Survey Respondents by NAICS Industry Code

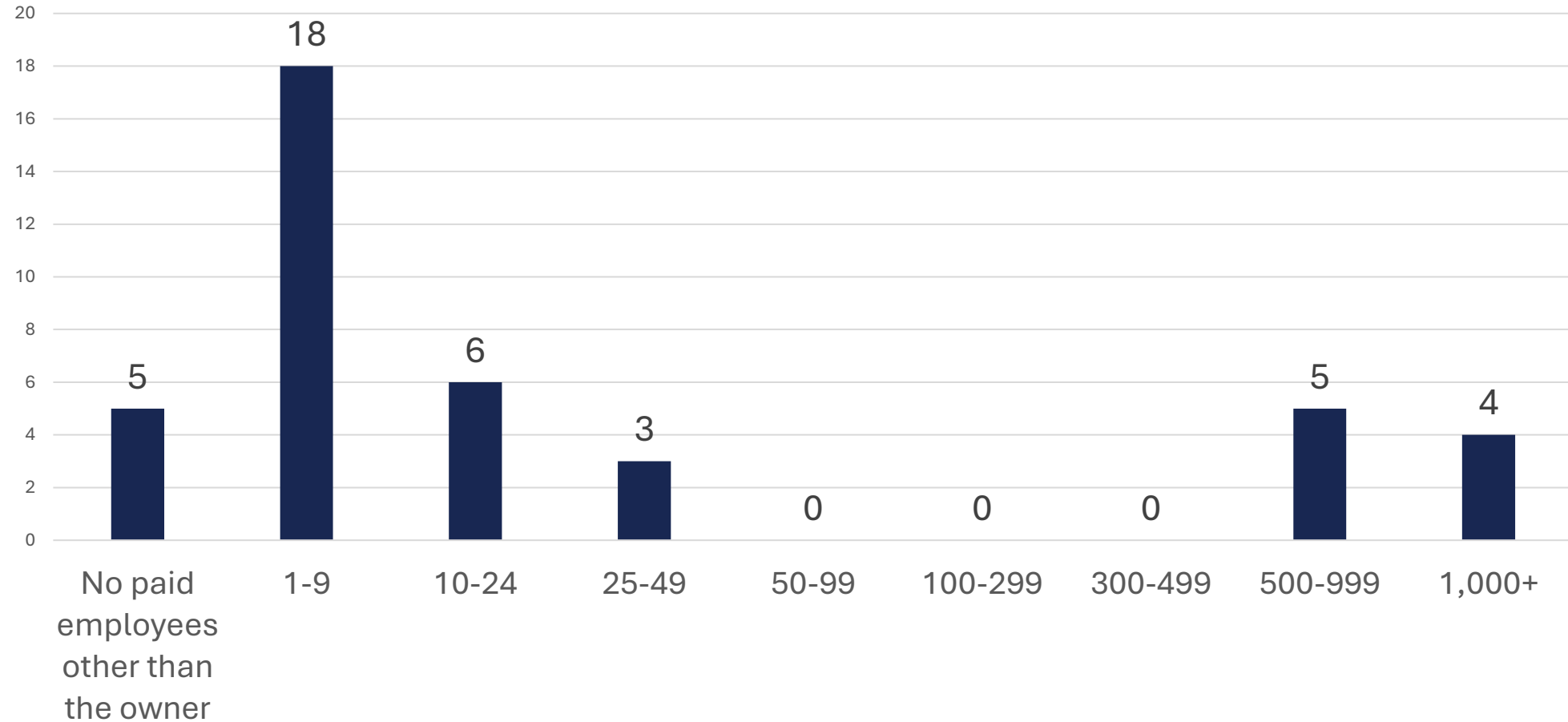


Employees in Washington County by NAICS Industry Code



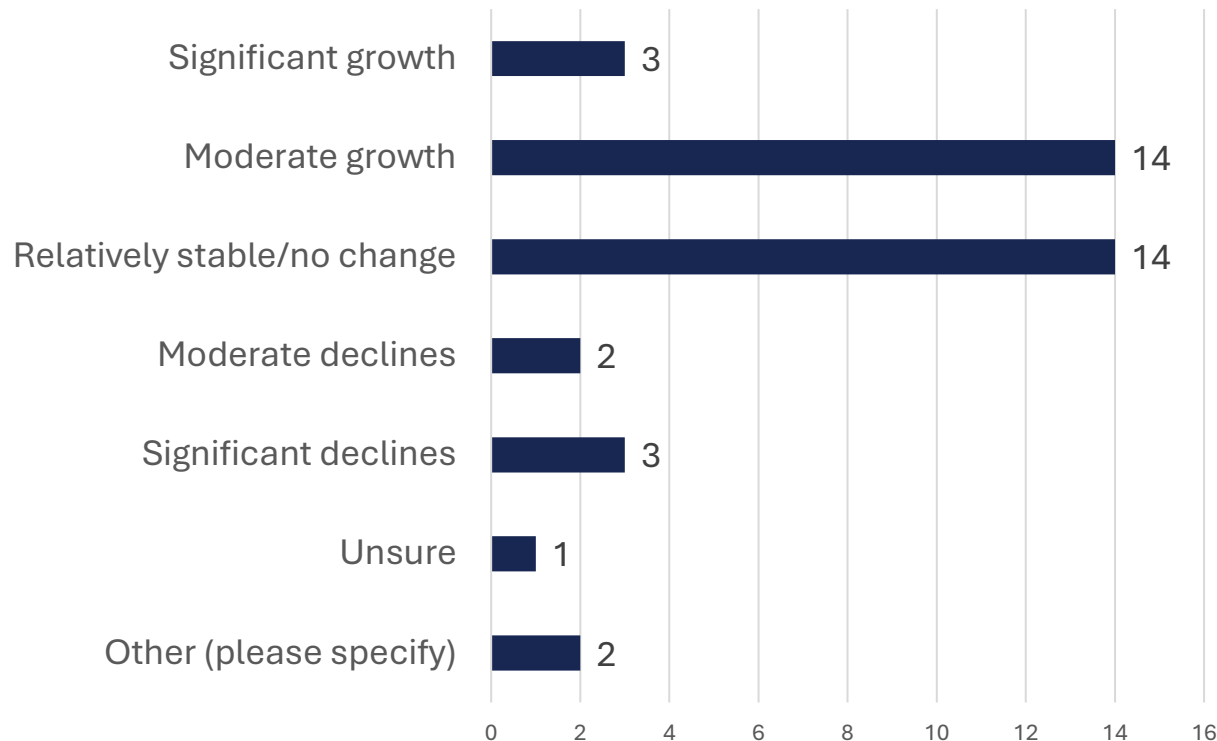
78% of respondents are small businesses and 12% had no employees other than the owner.

How many employees does your business have?

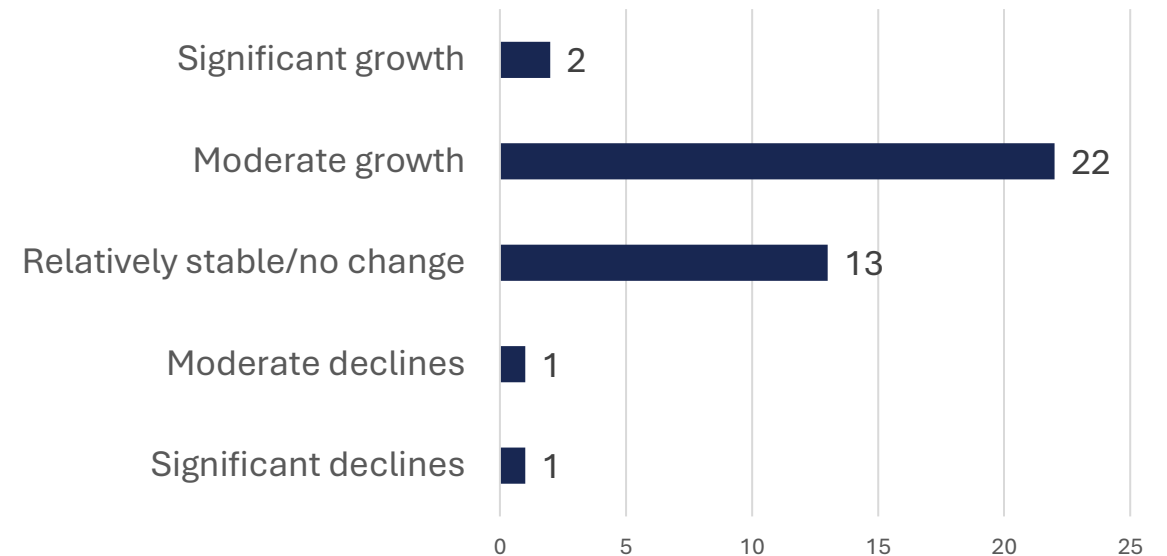


While businesses reported stability with some moderate growth, most are optimistic and expect continued moderate growth.

What describes your business's overall performance in the past year?



What describes your business's overall outlook for the coming year?



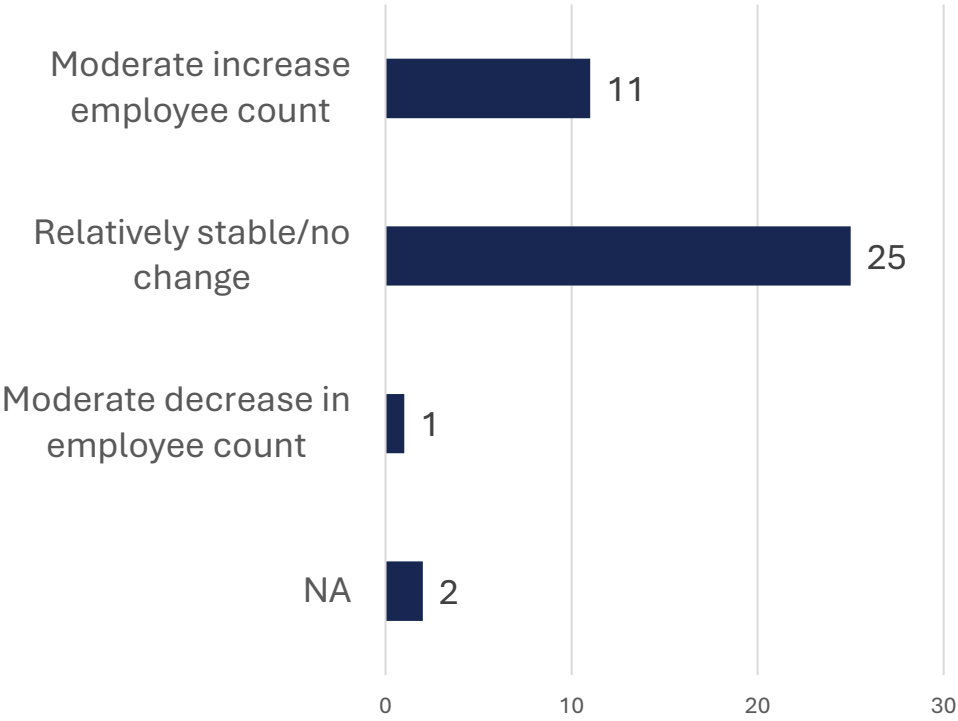
Other:

- "Last year was the 1st year. Started from scratch, so there was massive growth. However, that doesn't equal taking home a paycheck."

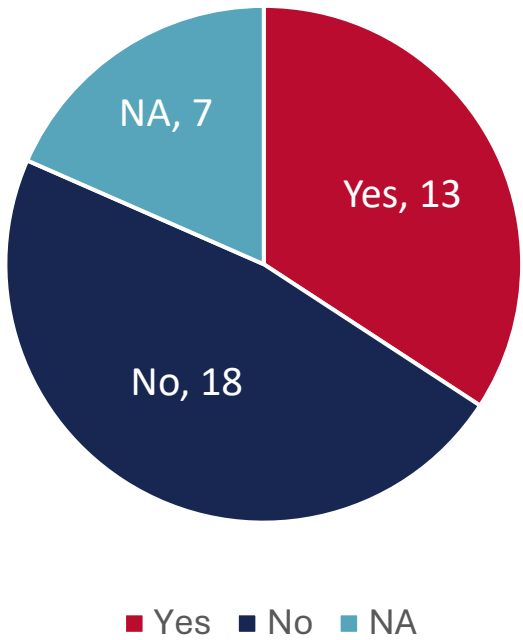
Workforce remains strong as employers report retaining and hiring workers, but the availability of workers is mixed.



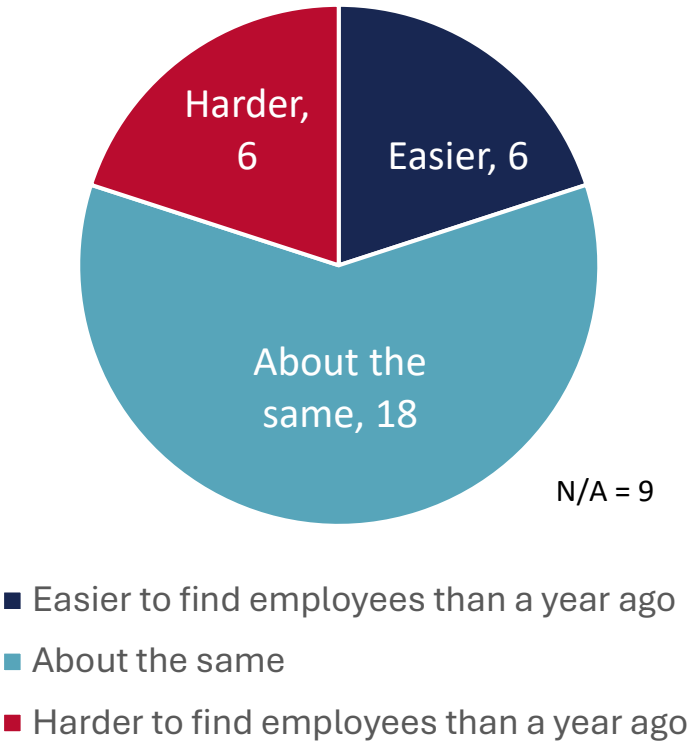
How do you expect overall staffing levels in your business will change over the next 12 months?



Are you having difficulty finding employees?

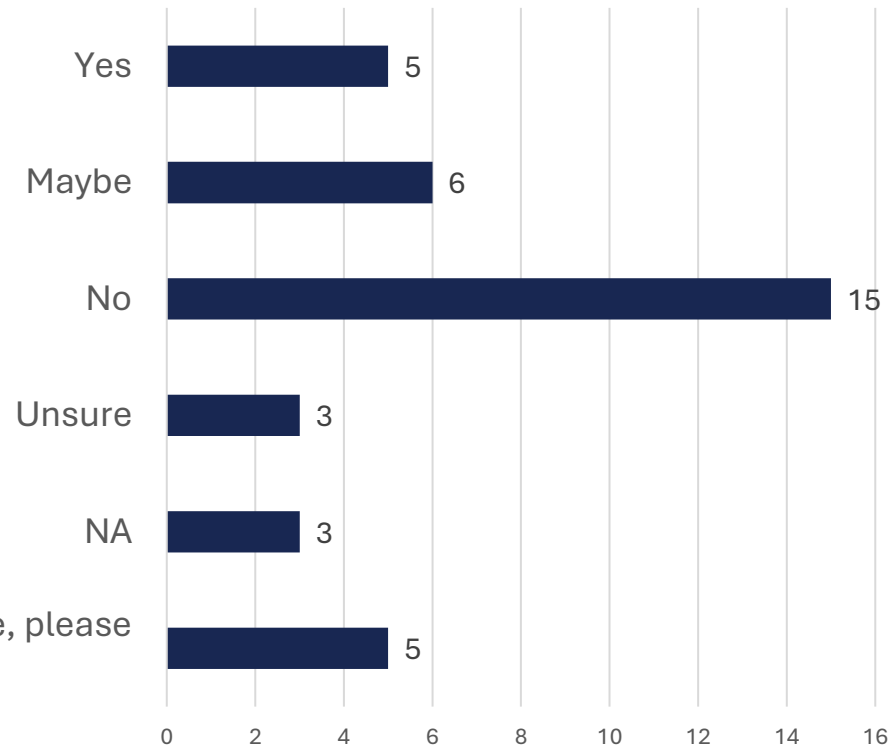


How has the availability of workers changed over the past year? Is it...



Just over half of the businesses are planning or considering expansions.

Do you currently have any future expansion plans? Either in new locations, or major investments in your current location?

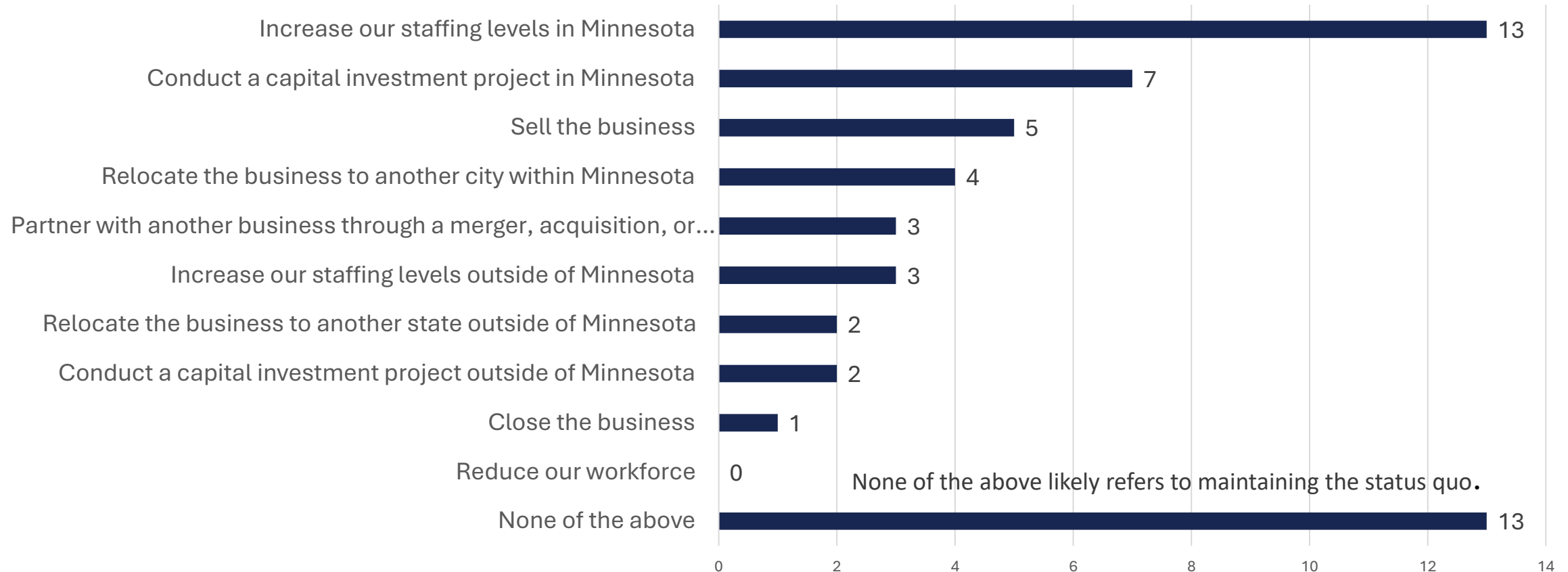


Please explain...

- “Depending on funding, we would like our own physical location”
- “Have already bought more space to grow into.”
- “Always looking to grow with staff and business. Right now just a 1 office setup for the next few years.”
- “Looking for new communities to partner with”
- “Building second manufacturing facility in Georgia”

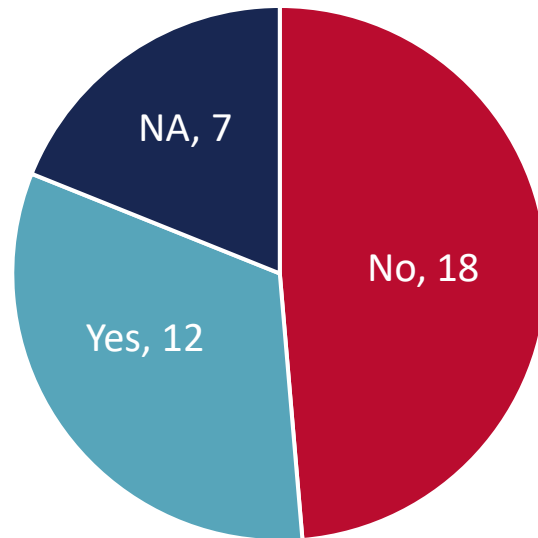
Most respondents will continue to invest in their Minnesota facilities and workforce.

What describes your future plans for your company over the next 1-3 years? (Select all that apply)



Businesses have strong ties to the community and the Twin Cities metro remains a key market.

Has your business expanded or made significant investments in Minnesota operations in recent years?



■ No ■ Yes ■ NA

If yes, why?

- “Old Cottage Grove has historical significance and was in need of a local shop to support the community and local artists.”
- “The Twin Cities market continues to be one of our bank's expansion markets”
- “I wanted work to be close to where I lived. Can’t do remote business in my field.”
- “It's where I live!”
- “We have an established patient base/ practice that was here was here. However, due to taxes, Provider tax, and high cost of sales taxes, permits, government bureaucracy, high cost of living, this would be questionable if I would start a business in Minnesota again.”
- “We've been adding capacity at our existing Cottage Grove site.”
- “Our vendors requested us to have a presence in MN. The Twin Cities area has a lot of potential for us.”
- “Shared business model in the past, and decided to merge as one”

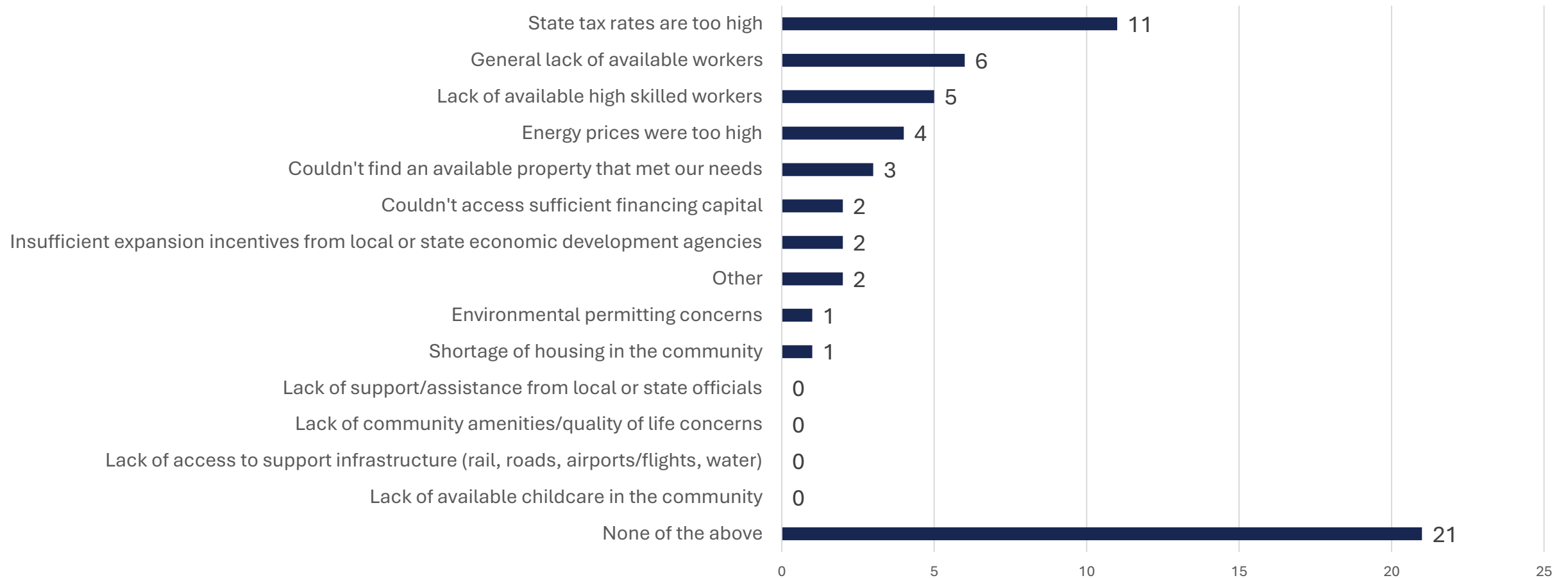
Notable investments in Cottage Grove in the past 5 years



- 3M
 - \$165,000,000
 - Manufacturing; construction of customized advanced water treatment systems
- Renewal by Andersen
 - \$46,000,000; 350,000 sq ft; 841 jobs
 - Window and door manufacturing
- Airgas
 - \$54,000,000; 17,000 sq ft; 35 jobs
 - Industrial gas manufacturing
- Up North Plastics
 - \$136,000,000; 460,000 sq ft; 200 jobs
 - Plastics and rubber products manufacturing
- RJ Schinner
 - 126,000 sq ft; 35 jobs
 - Transportation and warehousing
- Lumbermen's
 - \$3,500,000; 47-50 jobs
 - Building material manufacturing and distribution; addition of door segment

Workforce availability and state tax rates are the most common barriers to expansion.

Have any of the following issues ever prevented your business from initiating or completing an expansion project in Minnesota? (select any that apply)



Large trends, like economic conditions, serve as businesses greatest barriers to growth.



What are your business's greatest challenges and barriers to growth?

- **Workforce**
 - “competition” in wages and workforce, “staffing”, “short staff”, “Right now, the local labor market seems to be good”, “finding the right talent”, “finding qualified staff”
- **Economic conditions**
 - “condition of our economy”, “economic uncertainty and its impact on supply chain”, “skyrocketing costs including marketing, insurance, equipment, vehicles, and skilled technicians”, concerns/worries on pricing/profits of retail items due to price increases/inflation”, “Cost of goods and labor. Cost of insurances”
- **Industry trends**
 - “limited to my specific industry”, “niche hobby market”, “seasonal business”

But they're still navigating location-based and regional challenges.



- **Marketing and foot traffic**
 - “exposure”, “something to help draw customers”, “marketing”
- **Location availability**
 - “physical space”, “location”, “need more room to build a larger building”
- **Local issues**
 - “local road construction”, “road construction to get to our facility”, “warehousing space”, “Lack of public transportation to city and then last mile to facility”, “power outages at Cottage Grove facility”
- **State issues**
 - “taxes”, “our customers leaving the state”

Challenges in Cottage Grove are reflective of state-wide trends.



	<i>2024 Cottage Grove survey</i> Business responses (top 5 most common responses)	<i>2024 state-wide Grow Minnesota survey</i> Business responses (top 5 most common responses)	<i>2024 state-wide Grow Minnesota survey</i> Economic developer responses (top 5 most common responses)
#1	State tax rates	General workforce availability	General workforce availability
#2	General workforce availability	State tax rates	Lack of available childcare
#3	Lack of available high skilled workers	Lack of available high skilled workers	Shortage of housing
#4	Energy prices were too high	Lack of available childcare	Lack of available properties
#5	Lack of available properties	Lack of available properties	State tax rates

A 2024 Grow Minnesota! survey found similar business concerns and trends across Minnesota.



- **Economic conditions**

- Inflation and interest rates are holding back expansions.

- **Policy environment**

- Large public investments (CHIPS, IRA) are leading to a spike in project leads, but state tax rates and new mandated programs are decreasing competitiveness.

- **Workforce**

- Skilled workforce is seen as a competitive asset for attraction/expansion projects but remains difficult to find.

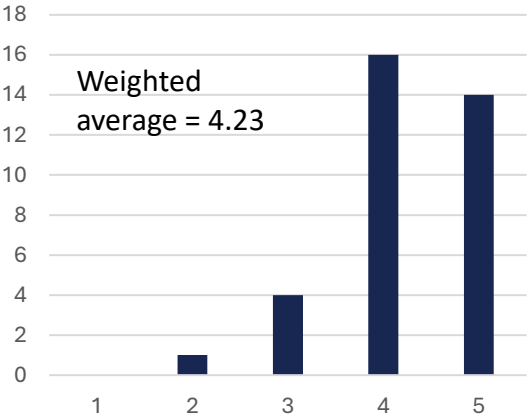
- **Sites and properties**

- Site availability is a growing concern with few suitable or shovel-ready properties and increasing utility demands.

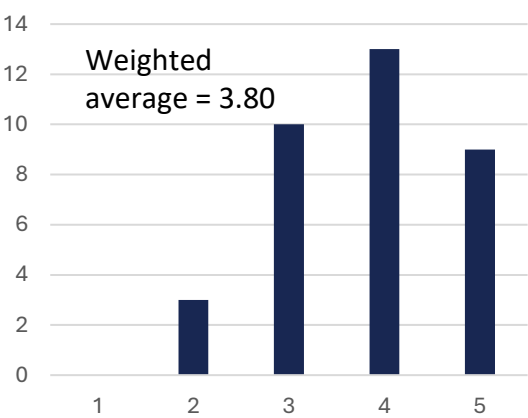
Businesses are generally positive about their experiences with city services, with police and fire rated highest



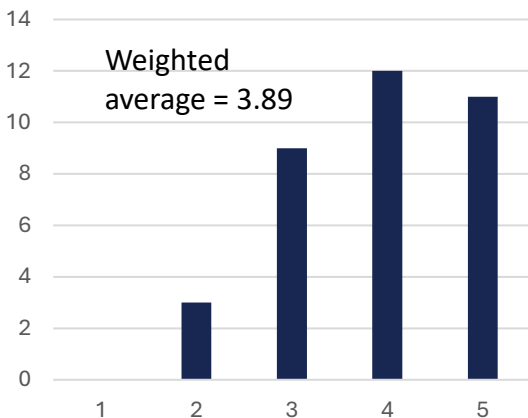
Water/Wastewater/Sewer



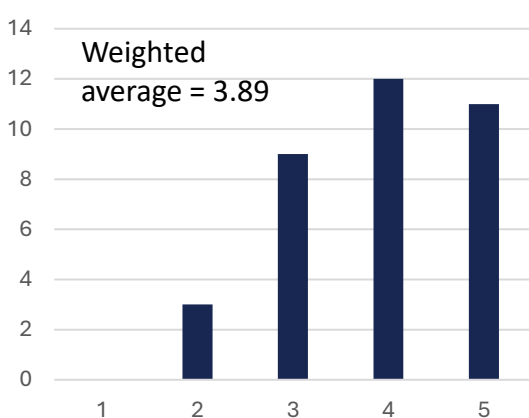
Transportation



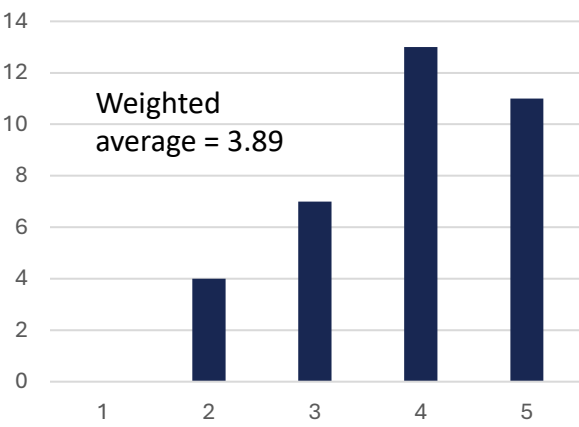
Planning



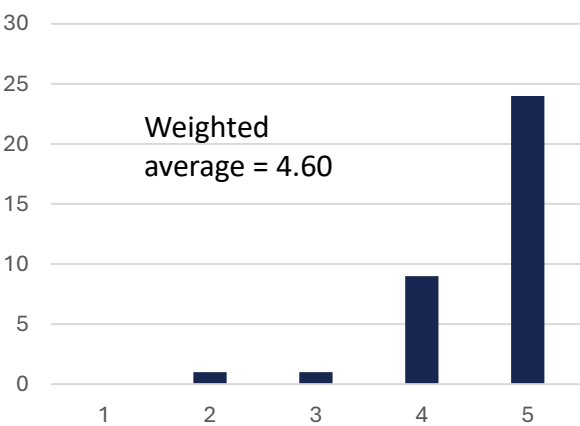
Zoning



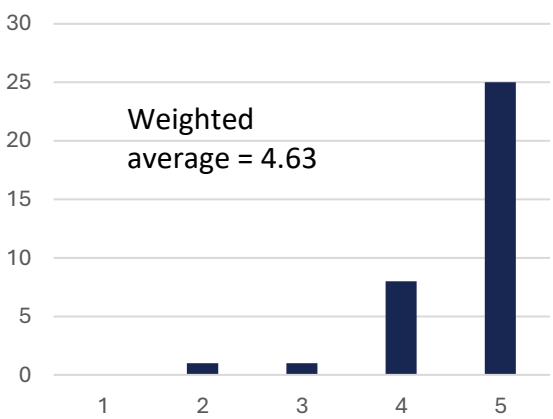
Permitting



Police



Fire



TO: The Honorable Mayor Bailey and City Council
Jennifer Levitt, City Administrator

FROM: Gretchen Larson, Economic Development Director

DATE: January 16, 2025

RE: Art in Public Places Update

Background

Public spaces are vital contributors to the physical design and the social fabric of urban areas. For centuries they have been platforms for public gatherings, both social and political, and for leisure activities. Sometimes artwork enhances or defines public space. Historically, art has typically commemorated events or people. More recently, temporary and quasi-permanent public art installations also occupy public spaces.

There are a number of successful arts programs in the state with the Cities of Minneapolis, St. Paul and Mankato having exceptionally well organized and funded programs. The central theme for all is strong public and foundational support through grants both public and private. In addition, strong support from the creative community is critical to the success of their programs. Each program has hundreds of volunteers to help with art curation, manage committees, and work events. Their vision is to build strong communities through the collective power of creativity and work to broaden the definition of what creative work is and who is doing that work. Creative work also includes software design, photographers, culinary artists, bloggers and sound and lighting technicians, just to name a few.

In the cities mentioned, each also partners with the business community for financial support and in-kind services such as a moving company to help move and store art that rotates throughout the City of Mankato who shares the public art with surrounding counties and cities. The program would also actively involve the Parks Department since we've no identified downtown area, our city parks would be a natural location for the larger, outdoor sculptures, painted walls in public spaces, music in the park, and more as the program grows.

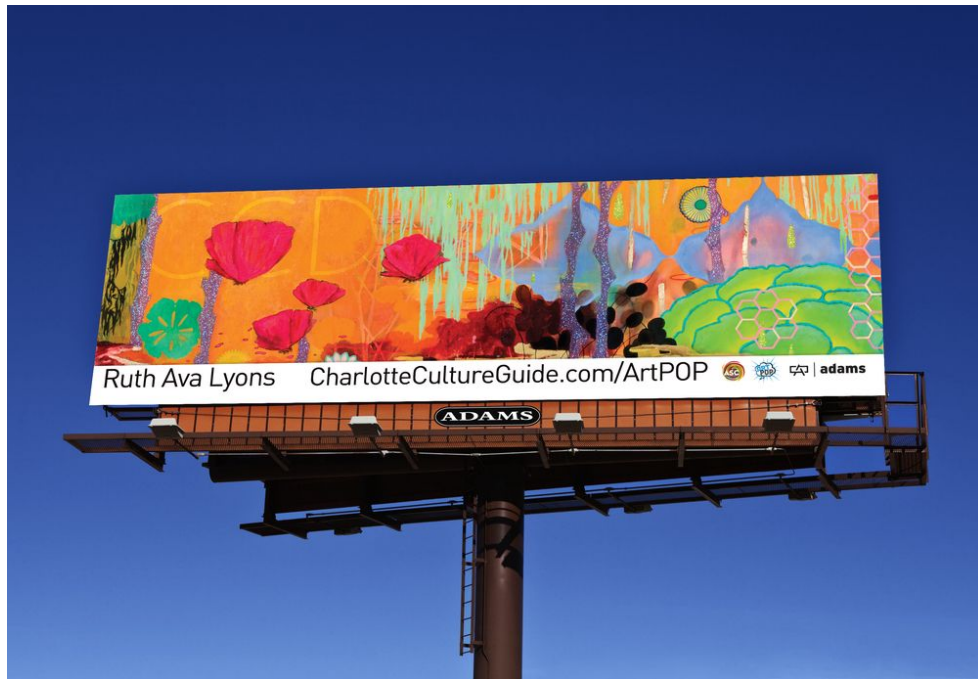
Over the past year, staff has reached out to other arts programs in cities of similar size, to learn more about how they built their successful programs. Understanding that it will take time to build support, we could start small and feature art for sale from local artists at area restaurants and other retail locations. As we gather momentum from the creative community, we could then expand the program to include sculptures in our city parks, host art festivals or crawls, music in the parks, branding area billboards, and more. We have the opportunity to use both the potential development of The Shoppes and the Small Area Study as ways to incorporate public art even without an adopted formal program.

Also, as a part of the program development, staff would search for grants from arts foundations such as the National Endowment for the Arts, Mellon, Carnegie, Bill and Melinda Gates, Bloomberg and others. We'd also apply for county, state and federal grants that may be available. As you know the Economic Development Authority (EDA) agreed to fund the Dowdle Art Project as a part of our economic development and CVB tourism strategic plan. Staff would recommend exploring with the EDA allocation of seed money to kick-off an Arts in Public Spaces program as having matching funds when applying for grants, is often a critical part of any program. We'd also market the program to area businesses who may wish to contribute funds, or sponsor an artist's work or art crawl etc. Ideally, we'd like to be able to fully fund the program through grants, donations, an active volunteer base and marketing opportunities. In addition, as we finally get more hotels in the city, a portion of the lodging tax could also be considered as a funding source for specific projects related to tourism.

The City had an Arts Commission that operated from 2015-2020, though records indicate that no significant art projects were created. If the City Council is interested in developing an Art in Public Spaces Program, we need to create a more "flexible" model than the previous Arts Commission. The proposed model would form a partnership between the city, a non-profit Arts Council, the economic development authority, the convention and visitors' bureau and potentially the Chamber of Commerce. The economic development team could work with the parks and communications staff to help navigate the setup of the program. This could include reaching out to universities and art programs to see if we could secure funding to hire an art in public spaces intern to assist with program creation.

Below are some ideas of projects in various cities around the state and country as well as a number of items and ideas from the City of Mankato who has a robust and successful program.







Reading Magic

Julie Jones

Materials: **Bronze**



Mankato Piece

Dale Eldred

Materials: **Steel**



Winter Warrior

Thomas Miller

Materials: **Kasota Stone**



Birch Tree

Katie Meyer

Materials: **Paint**



Vibrance

Peder Storvick

Materials: **Vinyl**



The Escape

Jefferson Davis

Materials: **Carbon Steel**

