COUNCIL WORK SESSION

Tuesday, June 12, 2012
6:15 p.m.
Coon Rapids City Center
Conference Room 1

Call to Order

Pursuant to Minnesota Statute 13D.04, subd. 2, the City Council will meet in work session to discuss the following:

1. Proposed Basketball Field House Facility Concept - Coon Rapids Ice Center

2. Port Campus Square Planning Process

3. Proposed Ordinance to Increase the Maximum Driveway Width in LDR1 and LDR2 Zoning Districts and Establish Definition ad Standards for Off Drive Parking, PC 12-8

4. Proposed Ordinance Regulating Overnight Parking and Storage of Trucks, Semi Tractors, and Trailers in Commercial and Office Districts, PC 12-9

Other Business

Adjourn

City Council Work Session **1.**

Meeting Date: 06/12/2012
Subject: Proposed Basketball Field House Facility at Coon Rapids Ice Center
Submitted For: Steve Gatlin, Public Services Director
From: Cher Ridout, Admin Secretary II

INTRODUCTION

Ted Schmolke, representing CRAA, has proposed consideration for an indoor basketball facility adjacent to the new Coon Rapids Ice Center. Mr. Schmolke has prepared a preliminary site plan, floor plan drawings and preliminary financing information. He is requesting consideration of his concept by City Council at this time.

DISCUSSION

Mr. Schmolke, President of CRAA, has for a long period of time been interested in developing a City owned indoor basketball facility. He has prepared a preliminary site plan for the project showing how the building would attach to the existing Ice Arena, and a floor plan showing the first and second floors.

The total proposed facility would be 78,900 SF with 65,900 on the main floor and 13,000 on the second floor. The facility would have five basketball courts with a center concession/storage area. The facility would also have a stage and storage area. The second floor would be a mezzanine area for spectator viewing and possibly a walking track. His concept also includes a fitness center component although it is not shown on his preliminary floor plan.

Mr. Schmolke has approached individual Councilmembers regarding his proposal. He now has asked for a discussion by the full Council at a future workshop.

The item is being presented to City Council in concept form at this time for discussion. Items to be considered would include:

- Overall context for proposal in terms of how it would fit in the original site master plan for the future Community Center and how it would meet community needs.
- Cost and revenue projections to determine financial feasibility of the project.

Mr. Schmolke has presented preliminary revenue projections. Revenues would include court rental fees and revenue for other activities that could be held at the venue. Revenues would also include membership fees for a fitness facility. Amcon Construction has prepared preliminary design drawings for the facility. Using those facility drawings and a cost estimate of $160.00/SF, staff estimates the cost to construct this facility would be in the range of $10-$12M. Mr. Schmolke has not provided any preliminary construction cost estimates.

Enclosed for Council review is the proposed site plan and floor plans developed in preliminary form by Amcon Construction for Mr. Schmolke. In addition, we have shown the footprint for the planned future Community Center building and superimposed the proposed facility on an overall site plan of the existing Ice Arena. The footprint for the proposed future building is shown on the site plan. It should be noted that the proposed field house does not fit within the original planned footprint for the building. If the project were to proceed, a detailed review of the

elements of a future community center would have to be discussed in greater detail to determine how the proposed basketball field house would fit into the overall plan for the future facilities.

ALIGNMENT WITH STRATEGIC VISION

This item relates to the Quality of Life section of the City's long term strategic vision. Completion of the Ice Arena represents the first phase of a long term community goal of a comprehensive Community Center. The intent is to work toward creating a community in which people of all generations decide to invest themselves and their resources in the community and to communicate their community pride.

RECOMMENDATION

This item is being presented to City Council for discussion purposes only. If Council wishes to consider the proposal more seriously, the first step would be to retain an architect to do a further site analysis and preliminary building design layouts.

Fiscal Impact

BUDGET IMPACT:

As noted, the estimated construction cost for the facility would be in the range of $10-$12M. Mr. Schmolke has developed a revenue projection that he would wish to discuss with City Council. Mr. Schmolke's preliminary estimates show a projected annual gross revenue of $728,400 for facility rentals. In addition to operating revenues from user fees, Mr. Schmolke has sought additional outside funding from a variety of sources. Staff has not reviewed this information in any detail to provide a recommendation regarding financial feasibility.

Attachments

Schematic Site Plan

Schematic Site Plan - Full

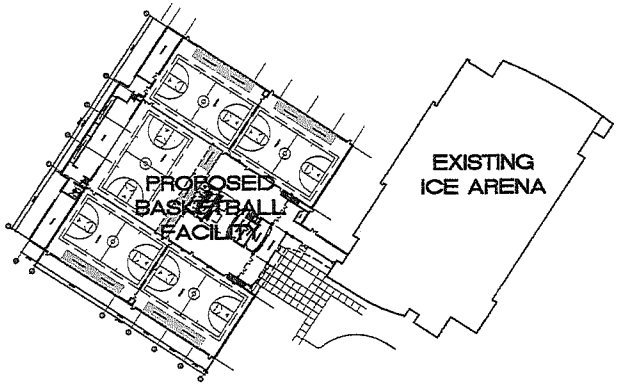
First Floor Plan

Second Floor Plan

Revenue Estimates

Original Site Master Plan

Proposed Fieldhouse



BUILDING AREA SUMMARY

FIRST FLOOR -	65,920 S.F.
SECOND FLOOR -	12,950 S.F.
TOTAL -	78,870 S.F.

SCHEMATIC SITE PLAN

AMCON
DESIGN/BUILD | CONSTRUCTION MANAGEMENT | GENERAL CONTRACTING
1113 HAMPE GOODLE ROAD
FT. WASHINGTON, PA 19034
PHONE: 215-628-0600 FAX: 215-628-0601

CERTIFICATION
I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.
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Date & Time Stamp
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PROPOSED NEW:
BASKETBALL FACILITY
COON RAPIDS, MN

REVISIONS
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PRELIMINARY
SITE PLAN

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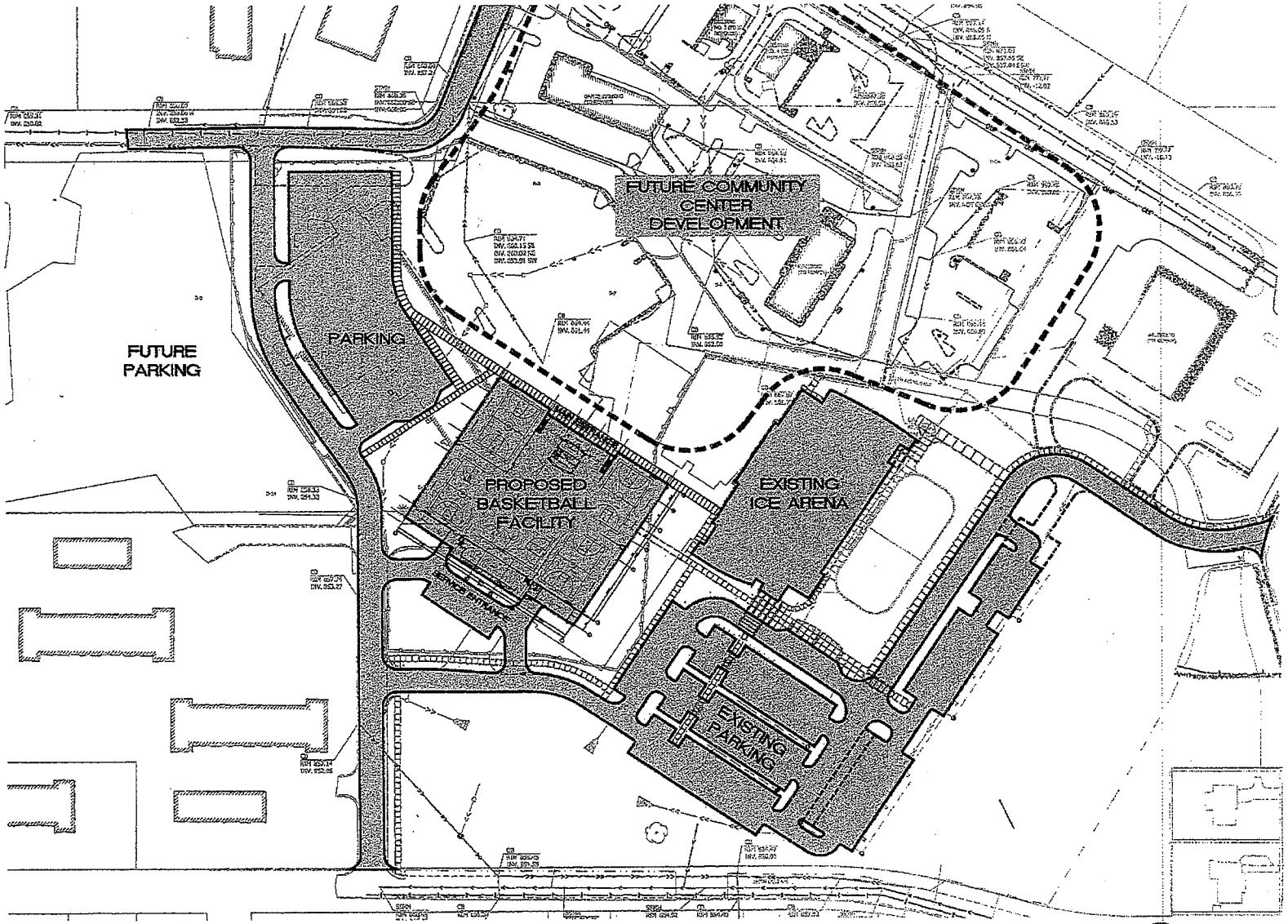

BUILDING AREA SUMMARY

FIRST FLOOR -	64,960 S.F.
SECOND FLOOR -	10,800 S.F.
TOTAL -	75,760 S.F.

SCHEMATIC SITE PLAN

AMCON

CERTIFICATION

PROPOSED NEW:
BASKETBALL FACILITY
COON RAPIDS, MN

REVISIONS

PRELIMINARY SITE PLAN

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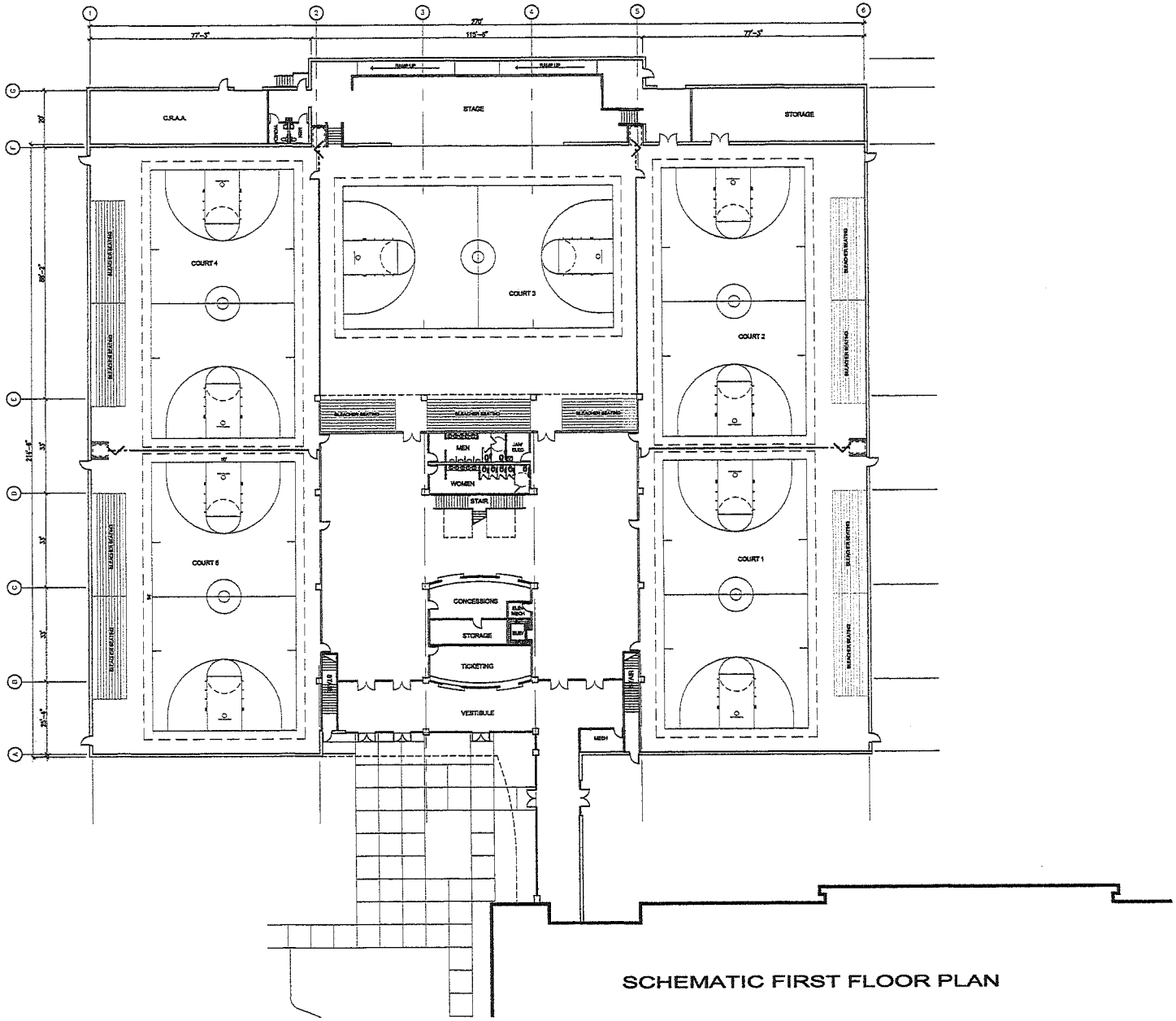

SCHEMATIC FIRST FLOOR PLAN

AMCON
DESIGN/BUILD | CONSTRUCTION MANAGEMENT | GENERAL CONTRACTING
1123 VALLEY CREEK ROAD
EAGAN, MINNESOTA 55121
PHONE: 651-310-9000 FAX: 651-310-9001

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PROPOSED NEW:
BASKETBALL FACILITY
COON RAPIDS, MN

REVISIONS
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PRELIMINARY
1ST FLOOR PLAN

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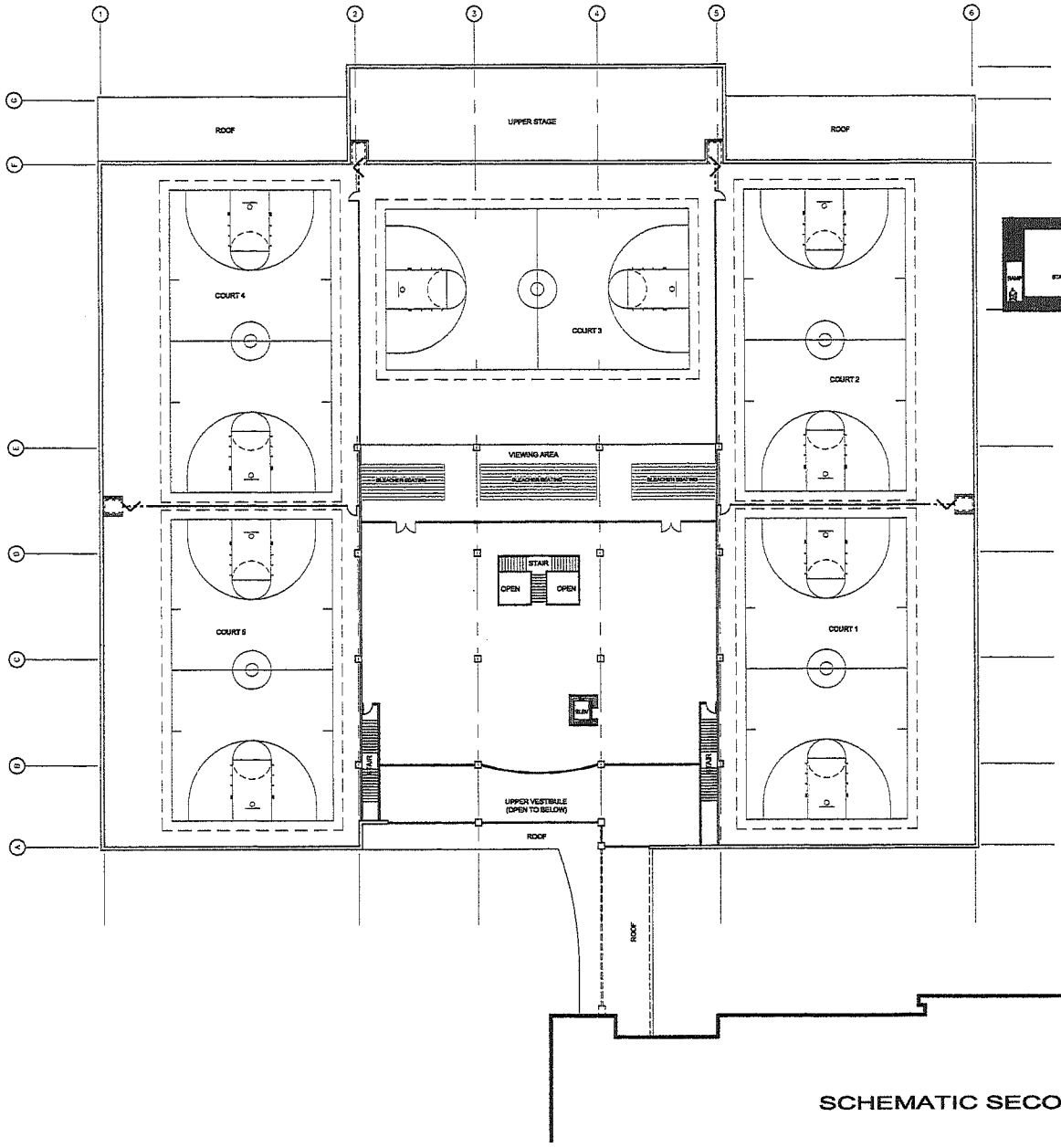
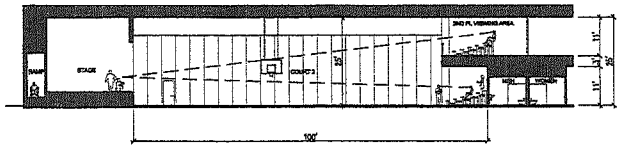


SCHEMATIC SECOND FLOOR PLAN



SCHEMATIC SECTION

AMCON
DESIGN/BUILD | CONSTRUCTION MANAGEMENT | GENERAL CONTRACTING
1734 MARES BOOKS ROAD
EAGAN, MINNESOTA 55122
PHONE: 651-315-9000 FAX: 651-315-9001

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Mark R. Hoen AIA
DATE

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PROPOSED NEW:
BASKETBALL FACILITY
COON RAPIDS, MN

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- [ ] NOT TO SCALE

DATE
03/12/12

A2.1

PROJECT NO.
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C.R.A.A. Boys & Girls	$3500000
C.R.A.A. Season # 2 Boys & Girls	$15000.00
Traveling Basketball Boys and Girls	$17000.00
Concessions	$50000.00
Walkers	$21900.00
Concerts/ Shows	$36000.00
Open Gym and Adult Rec. Leagues	$30000.00
Daytime Rental	$12000.00
Tourn. And Camp Rental	$36000.00
Indoor Youth Soccer Grades 1 thru 6	$10000.00

Fitness Gross Rev. Est.

Resident of Coon Rapids "single"	1000 @ $150	$150000.00
Resident of Coon rapids "family"	500 @ $230	$115000.00
Non Resident "single"	400 @ $300	$120000.00
Non Resident "family"	200 @ $400	$80000.00
		$728400.00

6" CL-5 AGGREGATE BASE

KEYNOTES:
1. MATCH EXISTING CURB
2. B618 CONCRETE CURB & GUTTER
3. B612 CONCRETE CURB & GUTTER
4. 20" WIDE RIBBON CURB
5. PEDESTRIAN CURB RAMP

SITE DATA
IMPERVIOUS AREA: 201,658 SF (4.6 AC)
PERVIOUS AREA: 466,803 SF (10.7 AC)
SITE AREA: 668,461 SF (15.3 AC)

Original Site Master Plan

PROJECT SITE BOUNDARY

STORM WATER INFILTRATION POND

TRASH ENCLOSURE

INDOOR ICE RINK

OUTDOOR ICE RINK (ALT.)

FUTURE BUILDING

ENTRANCE MONUMENT SIGN

RAIN GARDEN

PROJECT SITE BOUNDARY

STORM WATER INFILTRATION POND

RAIN GARDEN

RAIN GARDEN

ACCESSIBLE

ACCESSIBLE

32' 21' 120' 48' 8' 223' 180' 11' 26' 26' 92' 11' 28' 30'

N

0 50 100

IDARY, TOPOGRAPHY, UTILITY AND ROAD INFORMATION TAKEN FROM
LAND SURVEYOR.

ELECTRICAL PLANS FOR SITE LIGHTING PLANS.

NG LOT STRIPING SHALL BE 4" SOLID LINE WHITE PAINT.

XISTING CURB
CRETE CURB & GUTTER - STR-1/C8.02
CRETE CURB & GUTTER - STR-1/C8.02
RIBBON CURB - STR-1/C8.02
AN CURB RAMP - STR-7/C8.02
DEN - SEE LANDSCAPE PLANS
3612 TRANSITION
E SIDEWALK - STR-26/C8.02
ING STALL - B/C8.02
RANSITION FROM B612 TO RIBBON CURB
RANSITION FROM B612 TO RIBBON CURB
E CROSSWALK - A/C8.02
E YELLOW SOLID LINE
WHITE SOLID LINE
E WHITE SOLID LINE

LEGEND:

HEAVY DUTY BITUMINOUS PAVEMENT

STANDARD BITUMINOUS PAVEMENT

CONSTRUCTION LIMITS

Proposed Fieldhouse

INSET A

ILDING GRID NORTHING/EASTING DATA

MBER	LOCATION	DESCRIPTION	NORTHING	EASTING
	B-14	BUILDING GRID	149215.32	480431.53
	B-1	BUILDING GRID	149441.08	480582.49
	L-1	BUILDING GRID	149530.29	480449.07
	L-14	BUILDING GRID	149304.53	480298.11

TRASH ENCLOSURE- SEE ARCHITECTURAL

INDOOR ICE RINK

FUTURE BUILDING

OUTDOOR RINK BID ALTERNATE F-1. BASE BID - SEE INSET.

ENTRANCE MONUMENT SIGN - SEE LANDSCAPE PLANS

PROJECT SITE BOUNDARY

STORM WATER INFILTRATION POND

SEE INSET A

Horizontal Scale In Feet

City Council Work Session **2.**

Meeting Date: 06/12/2012

Subject: Port Campus Square Planning Process

From: Matt Brown, Community Development Specialist

INTRODUCTION

The Council is asked to provide input on the land use planning process currently underway for the Port Campus Square area along Coon Rapids Boulevard.

DISCUSSION

Community Development staff has been working with a consultant, Stantec, to update the Port Master Plan and complete additional market analysis work for the Port Campus Square district along Coon Rapids Boulevard between Crooked Lake and Mississippi Boulevards. The intent of this planning process is to address disposal of publicly-owned land, anticipate the eventual redevelopment of the Family Center Mall, and integrate the plans of Anoka-Ramsey Community College into the broader area. The plan will account for a future community center west of the Coon Rapids Ice Center. However, analysis of specific amenities to be included in a community center is not within the plan's scope. A steering committee consisting of two Planning Commissioners, two property owners, a neighborhood resident, and representatives from Anoka-Ramsey Community College has been formed to provide input throughout the process. The steering committee met twice in April and May to identify issues and react to various development concepts for the district. Staff is also working with representatives from the Anoka County Highway Department and Anoka County Library to discuss future plans. A public open house was held at the Coon Rapids Ice Center in May, which gave the public an opportunity to provide input and view a draft concept for development. Comments from the open house, which attracted an estimated 100 residents and business owners, are attached, along with the draft development concept and draft market analysis report. Staff anticipates completion of a final document by late June, after a final steering committee meeting. The Planning Commission will likely consider the Master Plan in July or August and the Council in August or September.

ALIGNMENT WITH STRATEGIC VISION

This item relates to the **Community Development and Redevelopment** section of the 2030 Strategic Vision in the following way:

Creates a long-range plan for sustainable, high-quality development and tax base enhancement.

RECOMMENDATION

The Council is asked to provide input on the process for updating the Port Campus Square Master Plan.

Attachments

Draft Port Campus Square Development Concept

Draft Port Campus Square Market Study

Comments from May 15 Open House

Legend

- Institutional
- Commercial
- Public
- Mixed-use
- Residential
- Open space

Coon Rapids Planning Study

Concept D

5.15.2012

Stantec

DRAFT

Port Campus & Port Riverwalk Market Study

City of Coon Rapids

May 2012

Project No. 193700828

Stantec

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DRAFT

Executive Summary

INTRODUCTION

This market study analyzed the near and long-term redevelopment potential of the Port Campus and Port Riverwalk study areas in the City of Coon Rapids, Minnesota. The study included an analysis of factors influencing demand for new development, such as key site characteristics, demographic and economic growth trends, as well as the supply and condition of commercial and residential real estate markets. The following is a summary of major findings, conclusions, and recommendations contained in this report.

LOCATION ANALYSIS

Both the Port Campus and Port Riverwalk study areas were analyzed for their locational strengths and weaknesses as potential redevelopment areas by evaluating regional location, transportation, surrounding uses, visibility, and accessibility.

The Port Campus study area is well positioned to attract new development. It has ample land for redevelopment and the introduction of public open space amenities. It has complementary land uses that surround it. It has significant development momentum already underway with the completion of the new Community Center, several new retail improvements, and the planned library. It has greatly reduced the amount of obsolete and blighted retail space that no longer fit the study area's trade area. And, the opportunities are very strong to capitalize on demand generated by the nearby activity centers of Anoka Ramsey Community College and the Mercy Hospital complex. Plus, the potential to connect to the Mississippi River would introduce a significant amenity that will draw potential residents, shoppers, and small office users.

The biggest barrier to redevelopment in the Port Campus study area is making sure that the first projects don't overreach by relying too much on an unrealistic trade area. With the transition of Coon Rapids Bouelvard in recent years from a principal arterial to a minor arterial, the market dynamics affecting the study area have changed dramatically. Early redevelopment projects need to respect this change. If they don't and as a result fail to succeed, they could severely impact the long term prospects of the quality and quantity of redevelopment in the study area.

The Port Riverwalk study area is positioned to attract new development, though it doesn't have the development momentum, concentration of complementary uses, or presence of key activity generators that the Port Campus study area benefits from. However, it does have ample land for redevelopment and/or the introduction of public open space amenities. Also, none of the surrounding land uses would detract from the marketability of the study area, though they may not necessarily enhance it as well. Another benefit, though, is the proximity of the Mississippi River and the Coon Rapids Dam Regional Park, which is a significant amenity that will draw potential residents.

SOCIO-ECONOMIC ANALYSIS

Stantec analyzed the demographic and economic trends underlying market demand for different real estate uses in Coon Rapids. The most important finding is that Coon Rapids's population declined slightly in recent years. This is largely the result of decreasing household sizes due to an aging of the overall population. This phenomenon is not unique to Coon Rapids. Most communities that have run out of vacant land for development will ultimately

experience this cycle where residents age in place, preventing housing turnover and resulting in population decline. The effects of this dynamic are changing market demographics for area retailers and a housing stock that is at risk of deferred maintenance because new, often younger, families are not moving into the area and reinvesting in area homes.

At the same time, communities surrounding Coon Rapids, such as Blaine and Andover, have been some of the fastest growing communities in recent years because of the availability of vacant land that can capture new growth. Therefore, it will be important for Coon Rapids to identify places for redevelopment with which to capture some of the growth occurring nearby.

RETAIL MARKET

Stantec analyzed the supply of retail space at the regional and local level in Coon Rapids and calculated demand for a Trade Area that would serve the Port Campus study area.

Although **the Retail Trade Area has the spending power to eventually support another 68,000 square feet of retail space by 2020**, it should be noted that the siting of any additional retail will be dependent on key criteria, such as maximum visibility from highly trafficked thoroughfares, easy access from such throughfares, and a concentration of complementary stores to create a sense of destination.

Another important consideration for retail in the Port Campus study area will be the continuation of on-going efforts to renovate and/or remove siginifcant amounts of existing retail space that is either older or poorly positioned for rehabilitation. If this obsolete space is not removed or changed into a different use, it may continue to be a drag on the market by keeping rents low due to excess space. Retail areas saddled with excess space and the resulting low rents have a hard time finding an ideal mixture of tenants that complement one another, which can be a big barrier to creating a marketable destination or, in other words, a "sense of place."

OFFICE MARKET

It is calculated that that **the Port Campus and Port Riverwalk study areas together could eventually support between 30,000 and 45,000 square feet of new office space based on projected growth in the number of office jobs in Anoka County.** Due to the current strain in the office market, though, this demand will not occur until after 2015 or even 2020. And, more importantly, any demand will be highly contingent on the broader forces affecting competitive nearby office districts at Highway 610 or along Highway 10.

Smaller amounts of office space, though, could be expected to be developed in the near term as part of a mixed use scenario on a tenant by tenant basis (such as insurance agent, tax preparation, etc.) because this type of tenant operates more like a retail use and is not as affected by the overall office market. Moreover, these types of tenants respond more to growth in the local household base than larger economic forces. Therefore, as the local household base grows, there is potential to fill small office spaces.

Neither the Port Campus or the Port Riverwalk study areas have the accessibility and visibility to attract major office users who want to be near highways. However, they have the advantage of being along a busy, well known thoroughfare that provides good access to local residents and other businesses. So, there is advantages to their location. Furthermore, with the potential to add new retail and other amenities in the form of trails, parks, and other open space, many small office users could be attracted to either study area.

In the the case of the Port Campus study area, there clearly is potential to capture any additional demand for medical space that is driven by the expansion of nearby Mercy Hospital. That area only has about 16,000 square feet of vacant office space and any significant growth would likely require a search for space outside of the immediate vicinity. Under this scenario, the Port Campus study area would represent the most likely area for expansion. The challenge to this opportunity would be the ability to accommodate new construction in the immediate vicinity of Mercy Hospital, which would clearly limit the need to look for space in the Port Campus area.

In the case of the Port Riverwalk study area, it is located much closer to Highway 610 and the regional highway network. Therefore, if vacancies were to drop to very low levels in this area, there is potential that secondary users who want to be near Highway 610, but can't find space along it may consider a location in the Port Riverwalk area. However, this is entirely contingent on the growth pressures exhibited in the district along Highway 610. Furthermore, users willing to move off of Highway 610 will likely be searcning for lower rent space and may not be willing to pay the kinds of rents needed to support new construction.

One other possibility regading the future demand for office space in the Port Campus and Port Riverwalk study areas is the potential of attracting a large single user who would build a corporate or regional headquarters building. Although Coon Rapids does not have any prominent examples of this and the likelihood is very small since many of these prominent office users prefer very visible locations along the highest travelled highways, the potential does exist. However, both the Port Campus and Port Riverwalk areas would need to significantly increase the number of nearby amenities to make it more competitive with other office districts with even higher visibility. Although this potential does exist, it is important to keep in mind that planning for a large single office user can be problematic from a planning and economic development perspective. No one can predict when this can happen because regional and corporate headquarters are few and far between. Therefore, basing a land use plan with that specific use in mind without the flexibility to make change would be problematic because of the likelihood that it may never occur.

RENTAL HOUSING MARKET

The current rental housing market is becoming very tight. Vacancy rates have dropped to nearly historic lows. Rents will likely start to increase as a result of this condition. Most newer properties in the Trade Area are achieving rents of between $1.10 and $1.30 per square foot. These rents are probably not enough to support new development. However, most properties in the Trade Area are older and do not have many of the amenities and features that renters desire in today's market. Furthermore, with expected rent increases of anywhere between 5% and 10% in the coming year, this may push the market into a zone that can support new development.

Moreover, the Trade Area is forecasted to add nearly 4,000 households through 2020. Undoubtedly, this will create demand for new rental units in the Trade Area. Of course, not all of this demand will be captured in the Port Campus or Port Riverwalk study areas.

Rental housing does not require the same need for visibility and accessibility as commercial properties. Nonetheless, rental housing does perform better when it is accessible to major highways and transit. **Given the benefits of the Port Campus and Port Riverwalk study areas being located along Coon Rapids Boulevard and the accessibility that provides, there is potential to capture up to 80 units of new, upscale market**

rate rental housing through 2020 and another 270 units of moderately priced and subsidized rental housing. If at all possible, any new housing should be situated close to areas with established amenities, such as stores, shops, pesonsal services, recreation, open space, and trails. However, rental housing that is geared toward younger households can sometimes be a catalyst for new development as younger households are more willing than other target markets to "pioneer" into new areas.

Moreover, with the Anoka Ramsey Community College in the Port Campus study area, there is strong potential to support new rental housing driven by a student population. This would be especially true if the community college were to transition into a four-year facility in the near future.

FOR-SALE HOUSING MARKET

The overall condition of the for-sale housing market is still battered and bruised. There are small signs that new home construction is picking up in communities with highly reputable school districts. Although the for-sale market has appeared to turn a corner, persistently high unemployment and tremendous oversupply, not to mention the foreclosure situation, is resulting in a very slow recovery. Moreover, any sites in either of the Port Campus or Port Riverwalk study areas would likely be condominiums or townhomes as opposed to single-family homes due to the underlying economics of redevelopment. And, despite the growing optimism for the single-family market, **the market for condominiums in suburban settings is almost non-existent.**

SENIOR HOUSING MARKET

INDEPENDENT LIVING:

Projects that cater to younger, active seniors have been hard hit by the recession due to declining home prices that has reduced their ability to sell their current houses. Since this target market is still relatively healthy, the decision to relocate to an age-restricted community has more to do with lifestyle than a need-driven situation. Therefore, in a declining housing market, these households are apt to delay the decision to move until home prices increase.

This is especially true of properties in which there is no continuum of care. Independent living projects that are part of a continuum of care have been able to mitigate the impact of declining home prices by also appealing to those who desire the security and certainty of access to care as they age-in-place. Freestanding facilities, without this continuum of care, have struggled to maintain occupancies or in the case of newer properties struggle to absorb units in a timely manner.

The silver living to this grey cloud is that there appears to excess demand relative to supply in the Trade Area and that growth in the overall size of the target market is forecasted to increase dramatically during the next 10 years with the aging of the Baby Boomer generation. Therefore, as home prices begin to rise and target households gain confidence, there will likely be substantial pent up demand among those who are interested in moving, but have simply delayed the decision due to broader housing market conditions.

For appropriate sites in either the Port Campus or Port Riverwalk study areas, **market demand through 2020 is forecasted to be between 150 and 175 units of independent senior housing.** It is recommended that if possible any independent living project be

a part of a campus that features higher levels of care to facilitate aging in place. These types of facilities have been consistently outperforming freestanding facilities for some time.

ASSISTED LIVING:

To some degree, the decline in home prices over the last three years has also affected the assisted living market. For many households, paying for the cost of assisted living is dependent on the sale of a home. Therefore, declining home prices has resulted in many families choosing to pitch-in and help aging parents and grandparents cope with activities of daily living instead of moving them to an assisted living facility. This dynamic has contributed to higher vacancy rates among assisted living facilities, especially in sub-markets where the facility draws primarily from families with modest incomes. However, this situation is usually anticipated to be temporary due to the current recession and eventually give way to a situation of pent-up demand.

For sites in the Port Campus and Port Riverwalk study areas, **it is anticipated that demand for assisted living through 2020 will be between 50 and 70 units.** Moreover, the potential sites in either study area would likely have good visibility, which is important for assisted living because it needs to keep awareness high within its trade area due to higher levels of turnover.

MEMORY CARE:

After a period of rapid expansion 8 to 10 years ago, memory care facilities have experienced very strong occupancies in recent years. These facilities have been somewhat buffered from the recession because the level of care needed is often far more than a spouse or other family member can handle even in difficult financial times. Furthermore, new advancements in design and programming have dramatically increased the benefits of living in such environments. In addition, these benefits have raised the awareness of memory loss and reduced its taboo nature, which has resulted in greater market acceptance.

For sites in the Port Campus and Port Riverwalk study areas, **it is anticipated that the market demand for memory care through 2020 will be 25 and 35 units.** This is not enough demand to develop a standalone memory care facility. However, it would be feasible as part of a continuum of care concept.

DRAFT

Introduction

SCOPE OF STUDY AND PROJECT BACKGROUND

The Cityof Coon Rapids was awarded an EPA Brownfield Planning Grant to address the physical and economic conditions of redeveloping and revitalizing two strategic areas located along Coon Rapids Boulevard: the Port Campus and Port Riverwalk study areas. As part of the planning process, this market study was undertaken to review redevelopment opportunities in each study area. Understanding the market potential to develop or redevelop properties in each study area will assist the City to plan for anticipated growth, target specific development opportunities, and create a foundation for partnerships in the ongoing revitalization process.

The approach of the market analysis includes an examination of the market forces that affect the types of development most often found in fully developed suburban communities with a variety of uses, such as industrial, commercial, office, and residential. The market forces to be examined include demographic trends, economic trends, development trends, and the supply and condition of competitive developments.

It should be noted that many of these market forces will influence each study area in a similar manner because of their close proximity to one another. The highly overlapping nature of the market areas, helps explain why both study areas were included in the same report. Nonetheless, each study area has a unique set of characteristics that influence the type, amount, and timing of future development. Therefore, where appropriate, findings and conclusions specific to each study area have been prepared as part of this report.

REPORT STRUCTURE

The report is organized according to the analytical steps needed to complete the study. The first section is an evaluation of the locational characteristics of each study area. The second section is an analysis of the socio-economic conditions of Coon Rapids and the broader Metro Area and how those conditions may impact market demand for various real estate uses. Sections three, four, five, and six each address specific real estate sectors and the market demand associated with each and their impact on each study area.

DATA RESOURCES

This study represents a compilation of data gathered from various sources, including the properties surveyed, local records, and interviews with local officials, real estate professionals, and major employers, as well as secondary demographic material. Although Stantec judges these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment. The secondary data used in this study are the most recent available at the time of the report preparation.

The objective of this report is to gather, analyze, and present as many market components as reasonably possible within the time constraints agreed upon. The conclusions contained in this report are based on the best judgments of the analysts; Stantec makes no guarantees or assurances that the projections or conclusions will be realized as stated. It is Stantec's function to provide our best effort in data aggregation, and to express opinions based on our evaluation.

Location Analysis

INTRODUCTION

Strong site factors are an essential foundation to real estate redevelopment success, and an understanding of these factors can help to optimize the long-term development vision for the City of Coon Rapids. This section identifies each study area's key regional, local, and site-specific characteristics as they relate to the development of profitable and enduring commercial and residential development.

The analysis begins with a macro study of the Twin Cities metropolitan area, followed by an assessment of Port Campus's and Port Riverwalk's location within the region.

REGIONAL CONTEXT

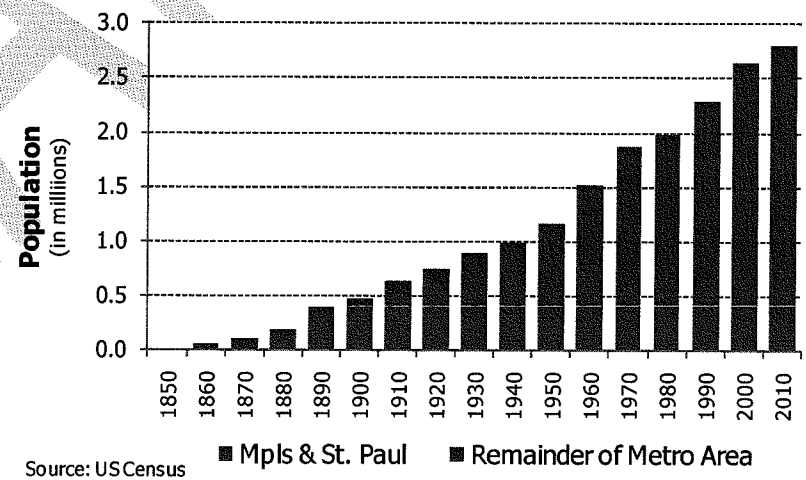
The Twin Cities began to grow in earnest during the 1850s and 1860s. Saint Paul was the head of navigation along the Mississippi River and developed as a river port for goods being transported to and from the south. Minneapolis grew industrially by harnessing the power of St. Anthony Falls just a few miles upriver from St. Paul.

The industry of the early Twin Cities relied on Minnesota's natural resources. Forests supplied much of the lumber that helped build distant cities like Chicago and St. Louis. Agribusiness later assumed a greater importance economically, as virgin forests grew scarce after 1910. Aided by railroad development during the late 1800s, a grain and flour milling empire was established in the Twin Cities. Minneapolis became a destination point for grain distribution throughout the Upper Midwest and was the largest flour-milling city in the world from the 1880s to the 1920s.

The presence of two transcontinental railroads and access to river commerce helped the Twin Cities become a major wholesale distribution center serving places as far away as the Pacific Northwest by the early 1900s. A substantial industrial base emerged as well, which helped fuel growth in the Twin Cities.

The central cities of Minneapolis and Saint Paul captured most of the region's growth until 1950 (Figure 1). After 1950, however, growth spilled outside of the two central cities, though each remains an important center of activity for the region.

Figure 1: 7-County Twin Cities Metro Area Population 1850-2010



Source: US Census

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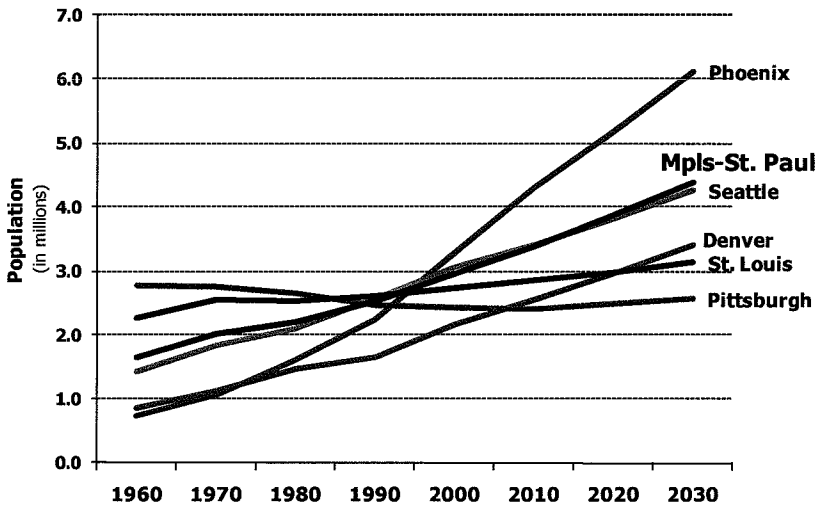
The Twin Cities Metropolitan Area is the economic and cultural center of the Upper Midwest. Its steady growth is attributable to a diverse economy, which has historically allowed it to avoid the boom and bust fluctuations of other metro areas (Figure 2). The economy that was once based on the State's natural resources has diversified and now has one of the best industrial mixes in the nation. The Twin Cities industrial base consistently ranks high in national surveys.

Figure 2: Metro Area Growth Comparisons 1960-2030



Sources: U.S. Census; Woods & Poole Economics

The Twin Cities ranked high nationally in 2011 among major metropolitan areas in the number of Fortune 500 firms. United Health Group, Target, Best Buy, and 3M are a few of the 19 Fortune 500 firms headquartered in the region (Table 1).

Table 1: Fortune 500 Companies Based in the Twin Cities

Company	Rank	Company	Rank
United Health Group	22	Xcel Energy	237
Target	33	Ameriprise Financial	246
Best Buy	47	C.H. Robinson	265
Supervalu	61	Thrivent Financial	318
3M	97	Mosaic	346
CHS	103	Ecolab	378
U.S. Bancorp	126	St. Jude Medical	436
Medtronic	158	Nash Finch	449
General Mills	166	Alliant Techsystems	472
Land O'Lakes	218		

Source: Fortune Magazine, 2011

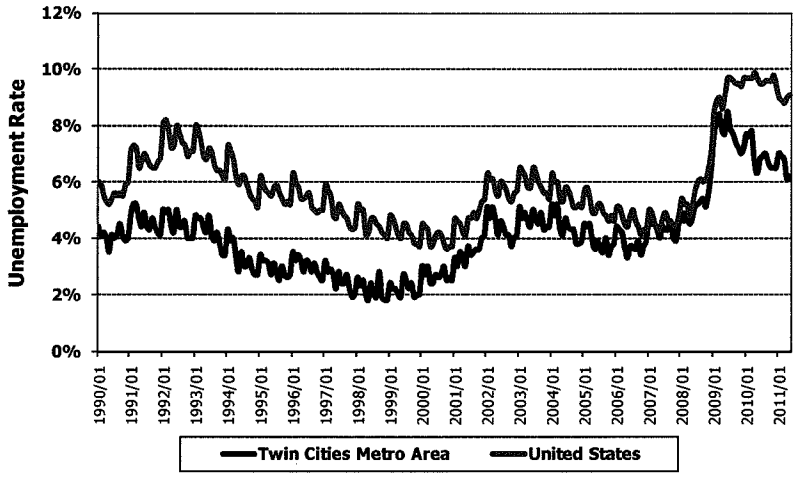
A number of nationally recognized financial companies are headquartered or have substantial operations in the region including Ameriprise, Securian (formerly Minnesota Life), ING North America, St. Paul Travelers, and Allianz of North America. Minneapolis is also home to the Ninth Federal Reserve District and one of the largest banks in the country, U.S. Bancorp.

Minnesota ranks sixth nationally in growth of high tech jobs since 1980, and over one third of the total work force is employed in "white collar" management or service jobs. Some of the Twin Cities largest high-tech companies include 3M, Cray Research, Ceridian, Alliant Techsystems, Unisys, and Seagate Technology.

Many medical companies such as St. Jude Medical, Medtronic, Guidant/Boston Scientific, SciMed Life Systems, and the University of Minnesota Hospital are developing numerous medical technologies and providing quality health care in the Twin Cities that is recognized throughout the United States.

This high degree economic diversification has kept the Twin Cities unemployment rate at relatively healthy levels. Since 1990, the unemployment rate in the Twin Cities has consistently averaged two to three percentage points below the national rate (Figure 3). Although the recent recession has pushed unemployment rates to their highest rate in 30 years, the Twin Cities region has experienced a sharp decline over the last 18 to 24 months, likely the result of its diverse economy.

Figure 3: Regional and National Unemployment Rate 1990-2011



Source: MN Dept. of Employment and Economic Development, *Local Area Unemployment Statistics (LAUS)*

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PORT CAMPUS LOCATION ANALYSIS

The Port Campus study area is located about 15 miles north of downtown Minneapolis in Coon Rapids along a stretch of Coon Rapids Boulevard that is roughly between Crooked Lake Boulevard and Pheasant Ridge Drive (Map 1).

STUDY AREA LAND USES

The study area includes some major public institutions and facilities, especially south of Coon Rapids Boulevard. The western half of the study area is comprised almost entirely of the Anoka Ramsey Community College (ARCC). With over 6,000 students and 500 employees, this campus generates a considerable amount of activity within the Study Area and will have a profound influence on future development opportunities. Although the campus includes significant classroom and office space, a good deal of the land under their control consists of surface parking lots and vacant, wooded land, which presents substantial opportunity for change. Moreover, it is ARCC-controlled property that abuts the Mississippi River. This is important because extending public access to the River greatly enahances development throughout the study area.

Another major public component of the study area is the new Coon Rapids Community Center, which replaced a vacant "big-box" retail center that languished for several years after Target and Rainbow Foods relocated to newer properties a couple miles north of the study area. The Community Center features a variety of uses with the most significant being an indoor hockey facility. There are also plans to build a new Anoka County library in the vicinity of the Community Center, which will further cement this location as a key center of activity.

Map 1: Port Campus Study Area

South of Coon Rapids Boulevard, despite the recent demolition of a large, big-box center, there remain several retail establishments in varying stages of investment, some of which are older and awaiting demolition as part of the redevelopment process. While others, such as the McDonald's at the corner of Coon Rapids Boulevard and Mississippi Boulevard, is a thriving business with new investment.

There also exists several multifamily properties in the study area south of the Coon Rapids Boulevard. These are located closer to ARCC and mostly consist of apartments that are now more than 30 years old.

North of Coon Rapids Boulevard, the study area consists mostly of retail, which again includes a mixture of properties with recent investment as well as aging properties with lower rents and more service-oriented businesses, such as an indoor batting cage and schoold district offices, as opposed to traditional retail stores.

Surrounding Land Uses

The Port Campus study area is surrounded largely by single-family, detached housing. There are some smaller multifamily properties located immediately north and south of the study area, but neither of which takes away from the general feel that the areas surrounding the study area are mostly single-family residential. Along Coon Rapids Boulevard, extending to the west and east of the study area are pockets of additional retail in the form of small strip centers and single-use properties, though none of these areas approach the concentration of retail uses that are within the study area.

North of Coon Rapids Boulevard, but just outside of the study area is an open space that is related to the presence of long-established telecommunications tower operated by WCCO studios. This area has not change for many years and will likely remain space as long as the communications tower remains in use.

The most important nearby use, though not shown on Map 1, is the Mercy Hospital complex located approximately one mile west of the study area along Coon Rapids Boulevard. This area contains over 2,000 workers and would represent a significant local base of workers from which to market retail, office space, and housing.

Overall, none of the surrounding land uses would negatively impact the market potential of redeveloping portions of the study area. As a matter of fact, most of the uses are complementary. The only potential downside may be in working with residents of the surrounding single-family neighborhoods to allay any potential fears or concerns that come with significant change.

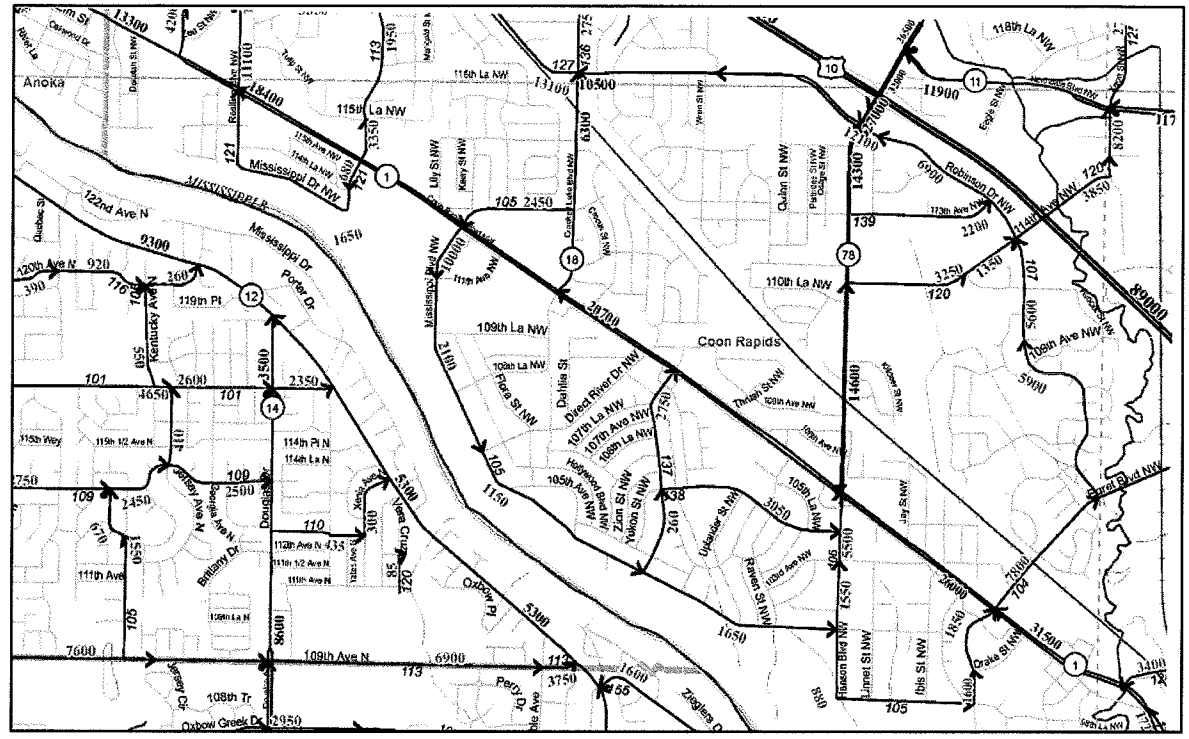
Regional Access

The study area is connected to the broader Metro Area via Coon Rapids Boulevard. Coon Rapids Boulevard is a county highway that carries approximately 20,000 vehicles per day (Map 2) near the study area. About four miles southeast of the study area, Coon Rapids Boulevard connects to Highway 610 and US Highway 10, both of which are connected to the region's network of controlled-access highways. Other important highway connections include US Highway 10 north of the study area, which is accessed via Hanson Boulevard or Round Lake Boulevard, or US Highway 169 in Anoka, which is about three miles west of the study area and can be accessed via Main Street in downtown Anoka.

Although the study area can easily connect to the regional network of highways, it is somewhat isolated in this relative to most other fully-built up communities. Therefore, uses that depend on convenient access from persons and businesses located throughout the Metro Area have a wealth of other locations with which to choose from that have superior highway access.

The challenge related to direct highway access has already had a chilling effect on the retail potential of the study area. Prior to the completion of US Highway 10 as a controlled access highway, Coon Rapids Boulevard was the primary route for many Coon Rapids and Anoka residents to access the other more distant parts of Metro Area. Once Highway 10 was improved, much of that regional-based traffic moved from Coon Rapids Boulevard and to Highway 10. As a result, many of the retailers that had locations along Coon Rapids Boulevard chose to move to newer buildings with more direct highway access.

Map 2: MnDOT Average Annual Daily Traffic Counts, 2010



Local Access

Local vehicular access from Coon Rapids Boulevard is excellent. The approximately 20,000 vehicles per day is enough traffic to support many forms of convenience-based retail dependent on high traffic volumes and visibility. Moreover, there are several controlled intersections in the study area that allow easy access to most sites within the study area. Any barriers to local access would be related to north-south movement. In particular, the BNSF rail line, which runs parallel to Coon Rapids Boulevard about a ¼ to ½ mile to the north, has few quality crossings, which severely restricts movement and thus limiting the potential size of the retail trade area.

Non-vehicular access to the study area is good, but several crucial linkages that would bring pedestrians and cyclists into the heart of the district are missing. Moreover, Coon Rapids Boulevard has a very wide right-of-way and crossing it as a pedestrian or bicyclist can be daunting, especially if one is not at a signaled intersection.

Visibility

Given the traffic volumes along Coon Rapids Boulevard, visibility to most retail sites within the study area are excellent, though some older properties that were likely located when traffic patterns were different may suffer from this obsolescence.

Development Momentum

The area in and around the study area has numerous examples of recent private investment indicated by new signs, facades, building additions, and even several new buildings. More importantly, though, significant new public investment in the form of the Community Center and the pending library will greatly enhance the momentum of the study area and will undoubtedly capture the attention of the real estate community.

Availability of Land

One of the biggest benefits of the study area is the availability of land for new development. This supply of land will allow a great deal of flexibility, which will help with the marketability of the study area by allowing strategic siting of individual projects in a manner that can best match current market demand with the long range vision. In other words, limited land can sometimes force development decisions that are counter to a long range vision.

Port Campus Conclusion

The Port Campus study area is well positioned to attract new development. It has ample land for redevelopment and the introduction of public open space amenities. It has complementary land uses that surround it. It has significant development momentum already underway with the completion of the new Community Center, several new retail improvements, and the planned library. It has greatly reduced the amount of obsolete and blighted retail space that no longer fit the study area's trade area. And, the opportunities are very strong to capitalize on demand generated by the nearby activity centers of Anoka Ramsey Community College and the Mercy Hospital complex. Plus, the potential to connect to the Mississippi River would introduce a significant amenity that will draw potential residents, shoppers, and small office users.

The biggest barrier to redevelopment in the Port Campus study area is making sure that the first projects don't overreach by relying too much on an unrealistic trade area. With the transition of Coon Rapids Bouelvard in recent years from a principal arterial to a minor arterial, the market dynamics affecting the study area have changed dramatically. Early redevelopment projects need to respect this change. If they don't and as a result fail to succeed, they could severely impact the long term prospects of the quality and quantity of redevelopment in the study area.

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PORT RIVERWALK LOCATION ANALYSIS

The Port Riverwalk study area is located about 13 miles north of downtown Minneapolis in Coon Rapids along a stretch of Coon Rapids Boulevard that is roughly between East River Road and Egret Boulevard (Map 3).

Map 3: Port Riverwalk Study Area

STUDY AREA LAND USES

The Port Riverwalk study area is mostly vacant except for several small commercial buildings on the north side of Coon Rapids Boulevard just east of Egret Boulevard.

SURROUNDING LAND USES

Bordering the southern edge of the study area are several apartment buildings and a skilled nursing facility. Extending beyond the immediately adjacent multifamily housing is neighborhood of detached, single-family homes.

Bordering the northern edge of the study area is a school, a medical clinic, and some active park space that includes a miniature golf course, and ball fields.

West of the study area is a neighborhood of mostly single-family homes and a school. East of the study area, the character of the area becomes dominated by infrastructure related to the road system with the splitting of Coon Rapids Boulevard and East River Road as well as a set of rail road tracks.

REGIONAL ACCESS

The study area is connected to the broader Metro Area via Coon Rapids Boulevard. Coon Rapids Boulevard is a county highway that carries approximately 31,000 vehicles per day (Map 2) near the study area. Less than a mile south of the study area, Coon Rapids Boulevard and East River Road connect to Highway 610 and US Highway 10, both of which are connected to the region's network of controlled-access highways.

Local Access

Local vehicular access from Coon Rapids Boulevard is good. The approximately 31,000 vehicles per day is enough traffic to support many forms of convenience-based retail dependent on high traffic volumes and visibility. Moreover, there are controlled intersections at 100th Lane NW and Egret Boulevard that allow easy access to most sites within the study area. Like the Port Campus study area, the primary barriers to local access are related to north-south movement. In particular, the BNSF rail line, which runs parallel to Coon Rapids Boulevard is less tha a ¼ mile to the north and has crossings at Egret Boulevard and the Coon Rapids Boulevard Extension, though this is not a quality crossing.

Visibility

Given the traffic volumes along Coon Rapids Boulevard, visibility to most retail sites within the study area is excellent.

Development Momentum

Although a number of sites have been cleared in the study area, there has been minimal new development. And, without any new development to point to, the study area must overcome the perception that it is not ready for development.

Availability of Land

Simlar to the Port Campus study area, one of the biggest benefits of the Port Riverwalk study area is the availability of land for new development. This supply of land will allow a great deal of flexibility, which will help with the marketability of the study area by allowing strategic siting of individual projects in a manner that can best match current market demand with the long range vision.

Port Riverwalk Conclusion

The Port Riverwalk study area is well positioned to attract new development, though it doesn't have the development momentum, concentration of complementary uses, and presence of key activity generators that the Port Campus study area benefits from. However, it does have ample land for redevelopment and/or the introduction of public open space amenities. Also, none of the surrounding land uses would detract from the marketability of the study area, though they may not necessarily enhance it as well. Another benefit, though, is the proximity of the Mississippi River and the Coon Rapids Dam Regional Park, which is a significant amenity that will draw potential residents.

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Socio-Economic Analysis

INTRODUCTION

This section examines the demographic and economic trends of Coon Rapids. Changing demographic and economic trends can signal ways in which the market will likely respond to future demand for housing, retail, and services.

POPULATION AND HOUSEHOLDS

Figure 4 presents population and household growth trends for Coon Rapids from 1960 to 2010. From 1960 to 2000, Coon Rapids added an average of 9,300 people each decade. During the 2000s, though, Coon Rapids's population began to stabilize as it lost about 130 persons after decades of strong growth. As of 2010, the population is roughly 61,500. The decline in population is largely due to declining household size. As a matter of fact, Coon Rapids actually added nearly 1,000 households during the 2000s, but this growth in households could not offset overall population decline.

Figure 5 compares the rate of population growth in Coon Rapids to Anoka County and the Metro Area over the past five decades. In the 1960s and 1980s, Coon Rapids had a growth rate that far exceeded the metro area and even Anoka County. During the 1990s, the growth rate of Coon Rapids was much similar to the that of Anoka County and the Metro Area. As noted previously, Coon Rapids's population growth rate has begun to lag behind the County and Metro Area due in part to declining household size and the fact that Coon Rapids no longer has significant amounts of available vacant land for new development. Therefore, any future growth in Coon Rapids will have to be the result of redevelopment of existing uses.

Figure 4: Coon Rapids Population and Households 1960-2010

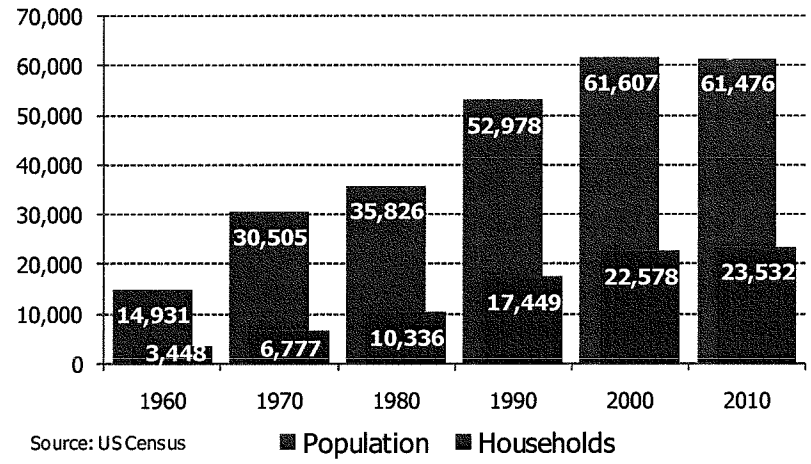
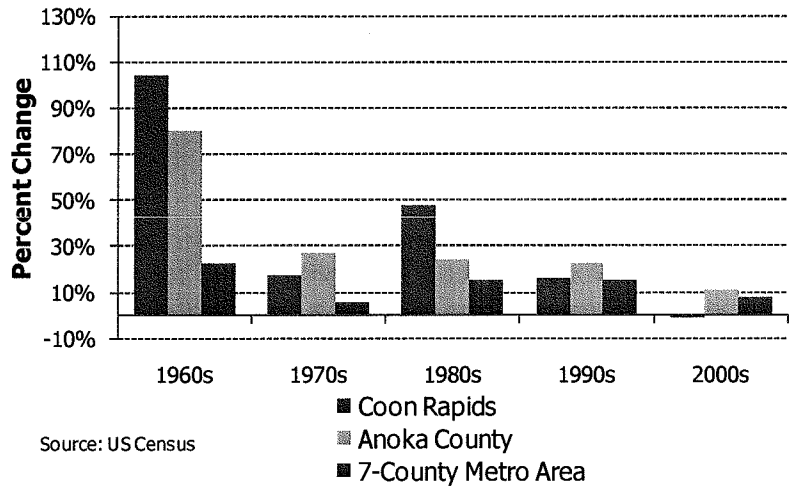


Figure 5: Population Growth Rates for Newport, Washington County, and Metro Area 1960-2010



AGE

The median age of the population, regardless of locale, has been increasing since 1970 (Figure 6). However, Coon Rapids has been aging more rapidly than other areas. In 1970, its median age was 11 years younger than the US median. By 2010, it had the same median age as the US.

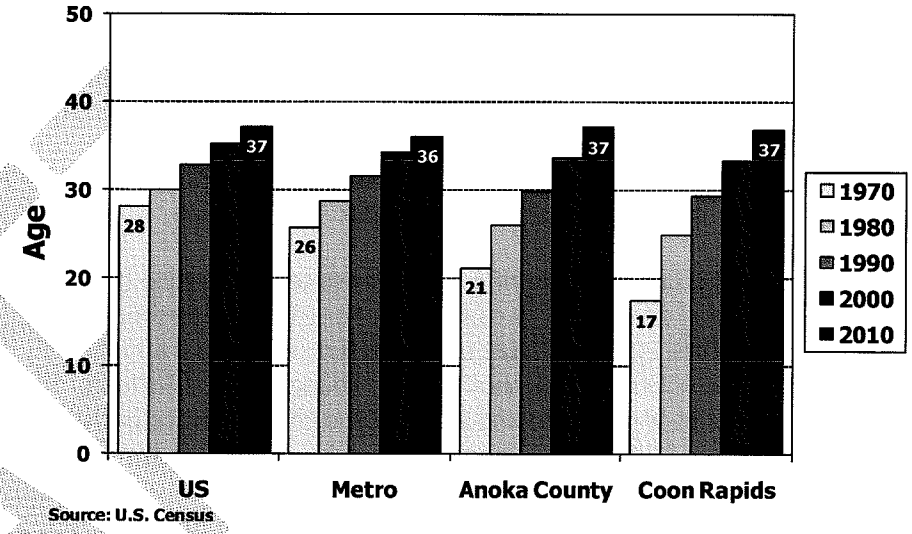
The age profile of the population has important ramifications on the market for new real estate development. Younger persons have significantly different demands than older persons when it comes to housing, retail, recreation, health care, and institutional uses.

HOUSEHOLD SIZE

Related to the aging of the population is household size. Household size declined sharply between 1970 and 1980 as the youngest baby boomers moved out of their parent's homes and started new households (Figure 7). The drop was especially sharp in Coon Rapids, which went from 4.5 persons per household to 3.0 persons per household in only 20 years. Since 1990, household size has continued to drop, though no where near the sharp declines of the 1970s.

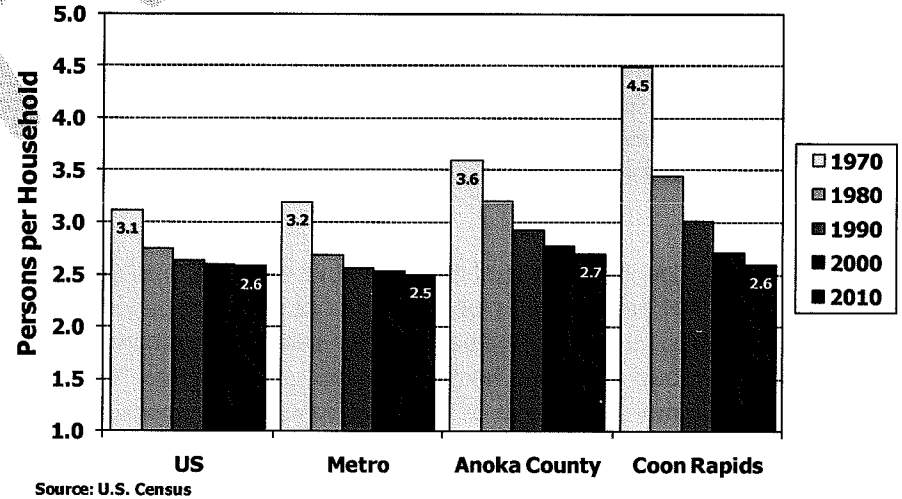
Changes in household size can impact real estate markets in a variety of ways. For example, fewer individuals in a household decrease the need for household goods and personal services, which can greatly impact certain segments of the retail market. Conversely, increasing household size results in greater population density and more demand for retail goods and services within the same geographic trade area.

Figure 6: Median Age



Source: U.S. Census

Figure 7: Household Size



Source: U.S. Census

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HOUSEHOLD TYPE

Household types have dramatically changed since 1970. In the last 40 years, as the population has aged, the percentage of households defined as married couples with children has significantly decreased (Figure 8) while the percentage of single-parent families and single-person households has increased. This drop has been especially acute in Coon Rapids where only 21% of all households are now married couples with children, compared to 77% in 1970.

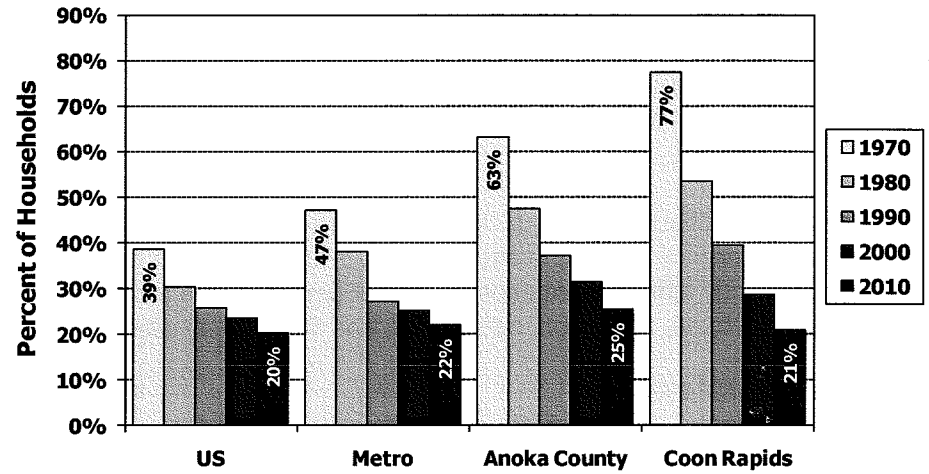
Changing household types influence real estate by affecting the types of retail demanded by consumers. For example, discount merchandisers, such as Target and Wal-Mart, no longer can rely primarily on a format designed for busy, young families. Instead, savvy retailers will need to know the unique characteristics of their trade area and design their stores and services around those characteristics.

HOMEOWNERSHIP

Homeownership in Coon Rapids has historically been well above national and regional rates. This is generally because Coon Rapids has a high proportion of owner-occupied, single-family housing and has not gone through strong periods of apartment construction like many other communities of similar size. However, it is interesting to note that homeownership declined pretty much everywhere during the 2000s.

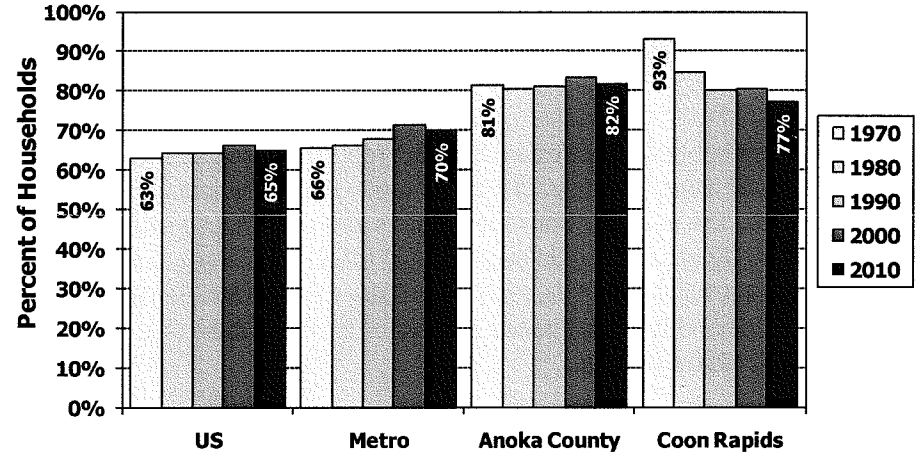
Traditionally, low homeownership is indicative of a more mobile population that lives in their place of residence for short periods of time. However, structural change in the for-sale housing market due to the recent bust is making homeownership less attractive. This may result in more long-term or "lifestyle" renters who choose to not own their housing, though they may have the means to do so.

Figure 8: Married Couple Families with Children



Source: U.S. Census

Figure 9: Homeownership Rate



Source: U.S. Census

INCOME

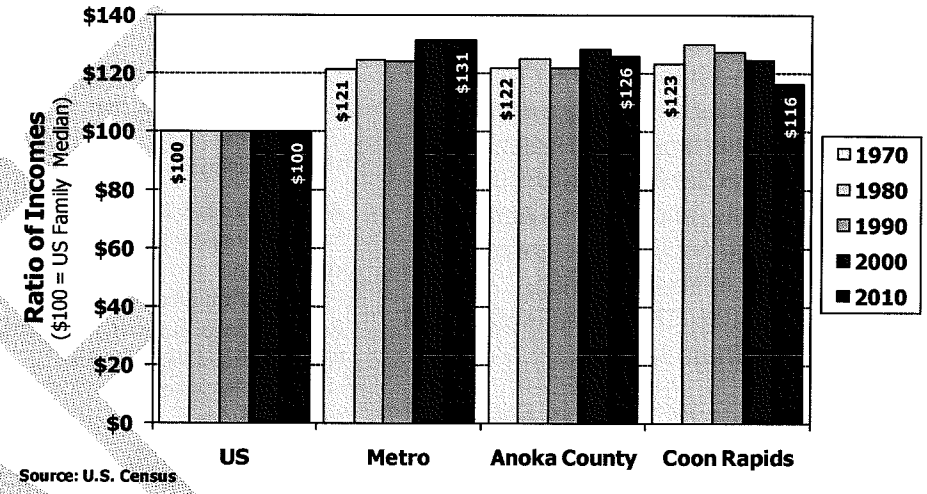
Since 1980 Coon Rapids's median family income has been falling relative to the US median family income. The decline was especially sharp during the 2000s when Coon Rapids's median family income went from being roughly equal to that of the Metro Area to falling well below. While Coon Rapids's incomes have been falling, the Metro Area and Anoka County median family incomes have been generally increasing relative to the national norm.

Income is important because it directly relates to the spending power of area residents and their ability to support retail and afford new forms of housing.

UNEMPLOYMENT RATE

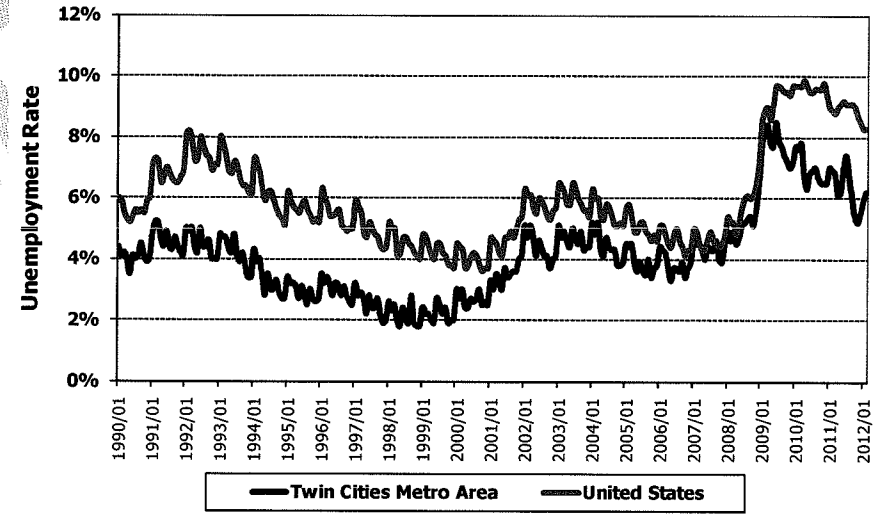
From late 2007 to early 2010, the unemployment rate in the Twin Cities Metro Area increased sharply and reached a rate not seen for over 25 years. This has had a dampening effect on the demand for housing, retail, and office space in the Metro Area. Presumably, as the overall economy improves, many businesses will begin to hire more employees, which will increase economic activity and produce short-term demand in all real estate sectors. The challenge is that the job losses registered between 2007 and 2010 were so deep and severe that it may take many years before the economy returns to employment levels that were pre-recession.

Figure 10: Median Family Incomes ($100 = US Median Family Income)



Source: U.S. Census

Figure 11: Unemployment Rate



Source: MN Dept. of Employment and Economic Development, *Local Area Unemployment Statistics (LAUS)*

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EMPLOYMENT BY INDUSTRY

Employment in the Twin Cities Metro Area experienced a slight growth between 2000 and 2006 (Table 2). Industry sectors that grew the most during this time were Health and Education Services and Leisure and Hospitality, and Financial Activities. Balancing out these increases were declines in Manufacturing, Information, Trade, and Professional and Business Services.

Between 2006 and 2011, however, most industry sectors experienced employment decline with the biggest losses occurring in Manufacturing, Construction, and Trade, Transportation, and Utilities. The only industry to experience any appreciable job growth during the latter half of the 2000s was Health and Educational Services.

Table 2: Employment by Industry 2000-2010, Twin Cities Metro Area

INDUSTRY	Twin Cities Metro Area			Change 00-06		Change 06-11		Change 00-11	
	2000	2006	2011	No.	Pct.	No.	Pct.	No.	Pct.
Goods Producing Domains									
Natural Resources & Mining	3,220	3,604	3,637	384	11.9%	33	0.9%	417	13.0%
Construction	75,163	75,850	51,000	687	0.9%	-24,849	-32.8%	-24,163	-32.1%
Manufacturing	217,162	185,244	159,833	-31,918	-14.7%	-25,411	-13.7%	-57,329	-26.4%
Service Producing Domains									
Trade, Transportation, & Utilities	341,196	326,511	295,231	-14,685	-4.3%	-31,280	-9.6%	-45,965	-13.5%
Information	54,185	43,374	40,859	-10,811	-20.0%	-2,516	-5.8%	-13,326	-24.6%
Financial Activities	126,980	137,638	132,076	10,658	8.4%	-5,562	-4.0%	5,096	4.0%
Professional & Business Services	263,779	254,456	257,599	-9,323	-3.5%	3,143	1.2%	-6,180	-2.3%
Health & Education Services	263,963	315,534	343,252	51,571	19.5%	27,718	8.8%	79,289	30.0%
Leisure & Hospitality	138,716	153,017	151,398	14,301	10.3%	-1,618	-1.1%	12,682	9.1%
Other Services	55,633	55,454	52,637	-179	-0.3%	-2,817	-5.1%	-2,996	-5.4%
Public Administration	60,763	64,601	65,275	3,838	6.3%	674	1.0%	4,512	7.4%
Total, All Industries	1,600,760	1,615,282	1,552,796	14,522	0.9%	-62,486	-3.9%	-47,964	-3.0%

Source: Minnesota Department of Employment and Economic Development

SOCIO-ECONOMIC CONCLUSION

Conn Rapids's population declined slightly in recent years. This is largely the result of decreasing household sizes due to an aging of the overall population. This phenomenon is not unique to Coon Rapids. Most communities that have run out of vacant land for development will ultimately experience this cycle where residents age in place, preventing housing turnover and resulting in population decline. The effects of this dynamic are changing market demographics for area retailers and a housing stock that is at risk of deferred maintenance because new, often younger, families are not moving into the area and reinvesting in area homes.

At the same time, communities surrounding Coon Rapids, such as Blaine and Andover, have been some of the fastest growing communities in recent years because of the availability of vacant land that can capture new growth. Therefore, it will be important for Coon Rapids to identify places for redevelopment with which to capture some of the growth occurring nearby.

Retail Market

INTRODUCTION

Retail is one of the most highly competitive and fluid real estate market sectors. Existing stores are constantly being challenged by new concepts, locations and competitors. Turnover is very common and tenants and landlords must constantly be listening to the market and making strategic reinvestments or tenant mix changes to ensure their centers are vibrant and profitable.

It is important to monitor this constant market change to ensure that the total size of available retail space is in line with retail demand. When available retail space is beyond the size that can be supported by market demand, vacancies become more common. For retail areas dependent on a large retailer, such as a mall or center, this can be amplified by a "domino effect" caused by the common practice of co-tenancy where one tenant's lease requirements are tied to the condition that another tenant remains active in the area.

Excess retail supply also puts downward pressure on lease rates which can reduce the cash flow available to landlords for making the strategic reinvestments necessary for their property to remain competitive. This can lead to an overall decline in retail quality and can lead to negative impacts that can be a community concern.

The other reason to monitor the size of the retail market is to prevent an overly restrictive retail environment. When a community does not provide sufficient retail area to satisfy market demand, then the variety of retail options available to its customers may be reduced and economic activity is diverted to other retail districts or communities.

It is therefore very important that communities attempt to find a balance between the amount of retail development and retail market demand.

It should be noted that the retail market analysis section of this report focuses primarily on the Port Campus study area. This is due to the limited potential to support significant retail in the Port Riverwalk study area for the following reasons. First, Port Riverwalk is located in close proximity to the Northtown retail district but is too far from its core to benefit as a satellite retail district. Second, the local trade area is highly constrained by area traffic patterns in which north-south movement is severly limited. Third, the lack of a prominent cross street decreases the potential for an area of focus. Fourth, there is no established retail presence to build upon.

Despite these barriers, Coon Rapids Boulevard in the Port Riverwalk area does have traffic volumes in excess of 30,000 vehicles per day. Therefore, there is potential to capture a portion of that traffic for highly convenience-driven retail, such as gas stations, coffee shop, etc. However, this is limited and would not necessarily extend beyond one or two visible sites at a key intersection.

TYPES OF RETAIL CENTERS AND GOODS

The design of retail districts in urban areas has changed significantly during the 20th century, expanding from walkable town centers to auto-oriented shopping centers to the diverse types of retail centers we see today. Many of the changes have been linked to metropolitan growth patterns, changes in urban transportation systems – including the rising dominance of the automobile – and evolving retailing technologies.

One result of this change is that communities have inherited a mix of current and older retail centers that vary in economic performance and physical character. Whether a retail location is older, such as a downtown, or brand new, there is a promising opportunity to create pedestrian-friendly uses by adopting urban design approaches that emphasize links to local neighborhoods, walkability, transit access, complementary land uses, and natural amenities.

A clear understanding of the form and dynamics of retail centers is helpful when positioning them in a community. They can vary dramatically based on:

- Physical size
- Built form
- Metropolitan location
- Transportation access
- Size of Trade Area
- Mix of services and tenants
- Presence of competing centers

Many forces can affect the performance of retail districts over time:

- Changes in the regional transportation system can alter the relative situation of districts, e.g. freeway or transit station proximity.
- A boom in construction of retail centers during the 1960s-1980s resulted in an overbuilt retail market in many communities today.
- Aging retail centers often need major renovation, expansion, or repositioning to be competitive.
- Changing demographics in the Trade Area may reduce buying power or create a market mismatch for a retail district.
- Smaller retail districts often lack space for expansion and struggle to compete with areas that can accommodate stores that are increasingly larger, e.g. supermarkets and discount stores.
- Competition can increase due to new and expanding retail districts within five miles.
- Diversification of shopping center types with new formats and popular tenants increases the competitive challenge.

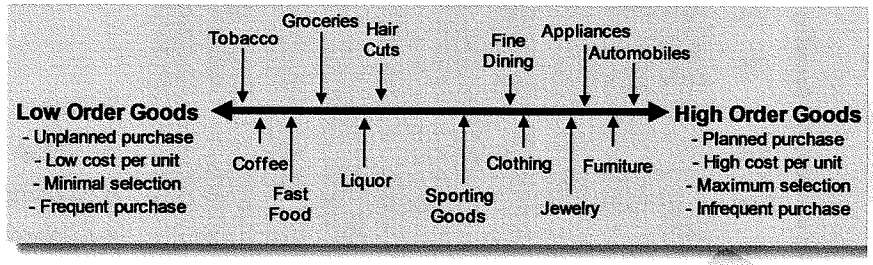
The area from which a retail district draws the majority of its business is known as the Trade Area. The boundary for a Trade Area is determined by many factors, but mostly by the location of the next closest district offering a similar complement of goods and services. Ideally, the Trade Area for a given district has no other competitors for several miles in each direction, giving the district the strong advantage of convenience to the households and employers surrounding it. In reality, travel routes and intervening land uses (e.g. large rail yards with no crossings) often make one district more convenient than another retail district that is closer "as the crow flies."

Determining the Trade Area around a retail district depends on the amount of goods and services it can offer to the surrounding household base; the level of offering is usually related to the size of the district and the order of goods and services available.

Goods are often classified on a relative scale from lower order to higher order goods. Lower order goods are those goods which consumers need frequently and therefore are willing to travel only short distances for them. Higher order goods are needed less frequently so consumers are willing to travel farther for them. These longer trips are usually undertaken for not only purchasing purposes

but other activities as well. Figure 12 demonstrates where some of the common goods and services might fall along this continuum.

Figure 12: Hierarchy of Retail Goods and Services



It is also important to keep in mind that retail trade areas vary considerably, depending on surrounding housing density and the attraction of the specific retail tenants. Stores in higher-density areas can thrive with smaller Trade Areas.

RELATIONSHIP BETWEEN RETAIL DEMAND AND DEMOGRAPHICS

Retailers capture sales from five main categories of consumers: residents, daily workers/students, commuters, intermittent (transitory) visitors, and destination shoppers. Of these, residents are usually the main source of income for most retailers. In the case of the Port Campus area, however, the large number of students and nearby hospital and clinic workers means that this group could represent a significant proportion of market demand.

In general, neighborhood retailers perform best when they are surrounded by "rooftops," rather than simply trying to capture drive-by traffic. The strongest retail locations do a bit of both; they serve the residents living in the surrounding area and, because they are located on high-traffic streets, they capture business from commuters, intermittent visitors, and daily workers.

RESIDENT CONSUMERS

- Spend, on average, between 10%-20% of household income at local retailers (not including auto spending); this is far more per capita and per-trip than other consumer types.
- Support a wider variety of retail goods and personal services than daily workers or transitory visitors; everything from haircuts to hardware to prescriptions.

DAILY WORKERS/STUDENTS

- Spend just a fraction on local retail compared to residents, but can be regular customers for restaurants, coffee shops, and other specific retailers.
- Generally limit their spending time to the working hours during Monday-Friday.
- Spend in narrow categories such as restaurants and convenience/gas.

INTERMITTENT VISITORS

- Are difficult to predict but can be significant sources of business to retailers located on major thoroughfares with good access.

COMMUTERS

- Do not generate high levels of patronage for most retail tenants.
- Like daily workers, can become regular customers for specific retailers such as coffee shops or convenience/gas stations.

DESTINATION SHOPPERS

- Will drive significant distances and make special trips to shop at specific stores.
- Can be very loyal customers for the retailers they patronize.

- May often spend a substantial amount of money at one visit, or over the course of a year.

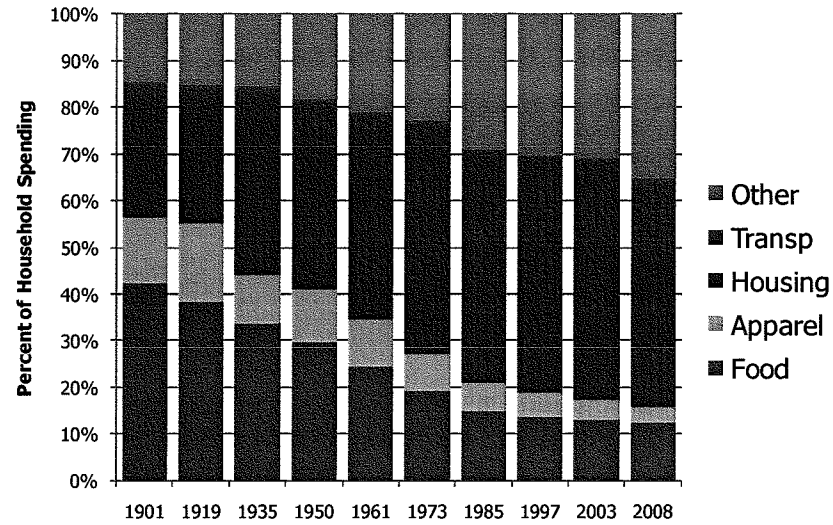
Given that residents (the consumer unit being a "household") generate the bulk of income for most retailers, the alignment between the demographic characteristics of the surrounding population and the tenant mix of a retail district is crucial. In an ideal world, the mix of tenants at a retail district would satisfy all of the regular needs of the surrounding population.

For example, a strip retail center located adjacent to a subdivision of starter homes with young families would offer such tenants as a grocery store, a hardware store, a drugstore/pharmacy, and family restaurants among others. A retail center in an inner-city urban area with few families would offer independent coffee shops, bookstores, niche restaurants with bars, and other specialty stores catering to singles and professionals.

OTHER FACTORS INFLUENCING RETAIL MARKETS

Over the course of 100 years, consumer spending patterns have shifted dramatically. Categories that typically consist of retail purchases have been squeezed by other categories, namely housing, transportation, and a rapidly growing "other" category, which consists mostly of healthcare, education, and savings. Although the proportion we spend on food and apparel has dropped dramatically due to the industrialization of their processing, Figure 13 below still underscores the fact that an increasing share of spending is being diverted into non-retail categories.

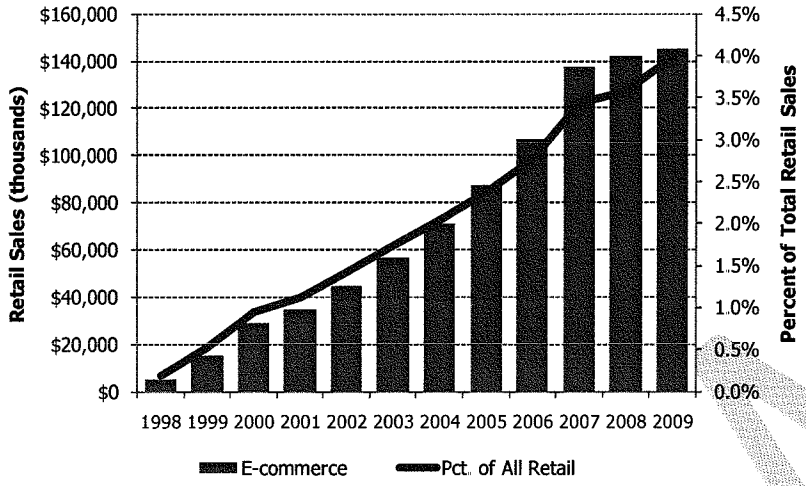
Figure 13: Historic US Consumer Spending as a Percentage of Income, 1901-2008



Source: Bureau of Labor Statistics: Consumer Expenditure Survey

More threatening to the long range prospects of traditional retail is the growth in e-commerce or on-line purchasing of goods and services. Overall, e-commerce remains a very small proportion of all retail spending (Figure 14). However, growth since the late 1990s has been almost exponential. Although it will likely taper as retailers figure out how to more effectively combine the on-line and in-store experience, each half a percentage growth in e-commerce translates into millions of fewer square feet of traditional retail space that can be supported nationwide. However, neighborhood-oriented retail will likely feel less effect because the goods are generally consumed soon after purchase and therefore more immune from online competition.

Figure 14: Growth in E-Commerce Retail Spending



Source: US Census: E-Stats, E-Commerce Multi-sector Report

DRAFT

TRADE AREA DEFINITION

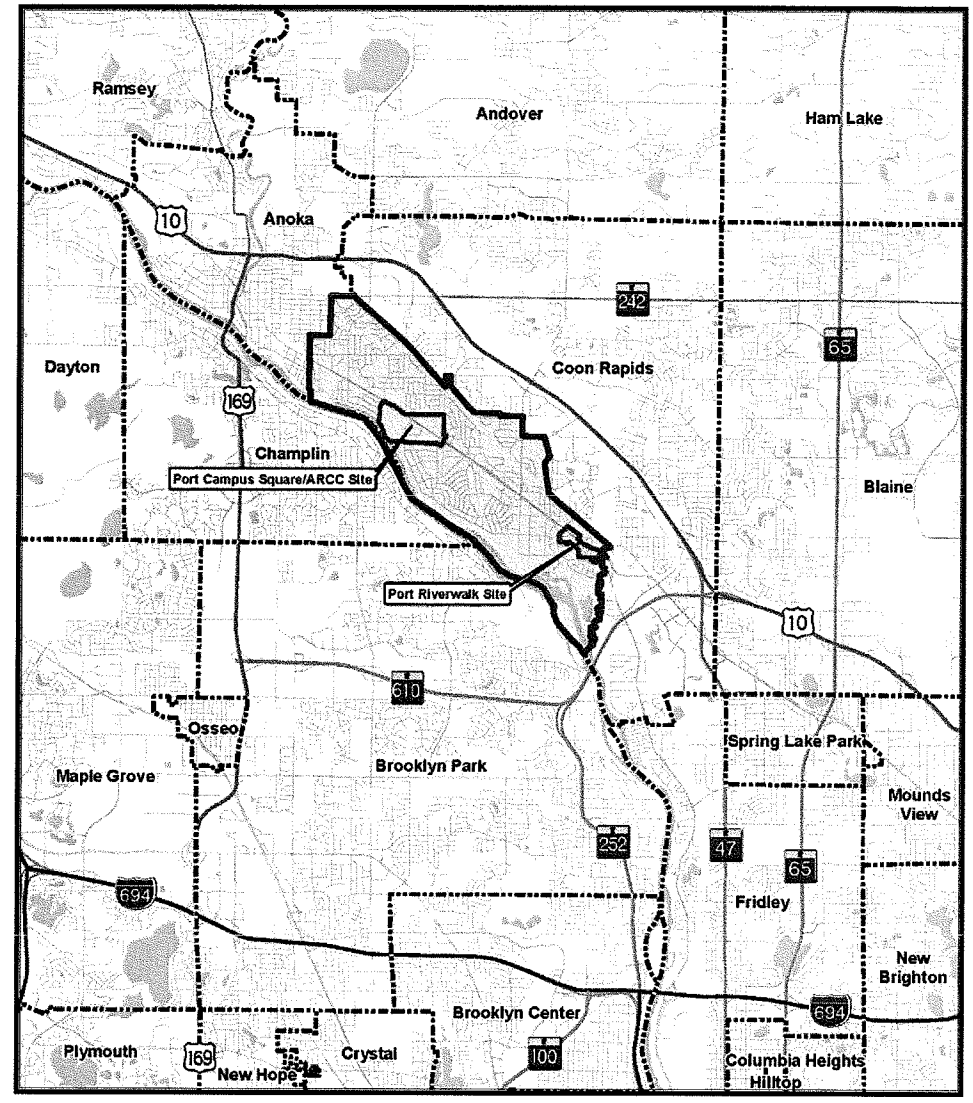
The Port Campus retail trade area is centered along Coon Rapids Rapids Boulevard extending approximately four miles from the border with Anoka on the west to the Port Riverwalk area on the east (Map 4). The Mississippi River forms the southern border of the trade area, while the BNSF railroad tracks form the northern border of the trade area.

The location of competitive retail districts and existing traffic patterns have a major impact on the definition of the retail trade area for the Port Campus location. Riverdale, a large regional shopping center located at the intersection of US Highway 10 and Round Lake Boulevard, is less than two miles north of Port Campus. The proximity of this major retail district not only restricts the size of the Port Campus trade area, but also attracts numerous residents from the trade area because of its greater diversity of retail stores and offerings. As a result, the Port Campus retail trade area only extends less than one mile to the north and west of the actual Port Campus site.

Furthermore, another important regional shopping center, Northtown, is located approximately four miles south and east of the Port Campus area, which also serves to limit the size of the trade area. However, because Northtown is somewhat more distant from Port Campus than Riverdale, the trade area extends further south and east than it does to the north and west.

Also limiting the size of the trade area are the Mississippi River and the BNSF railroad tracks, both of which are barriers to north-south movement across Coon Rapids.

Map 4: Retail Trade Area Map



Retail Trade Area

N
W E
S
0 8,000 16,000 Feet

Retail Trade Area
Project Site
Municipal Boundary
Open Water

April 26, 2012
Stantec
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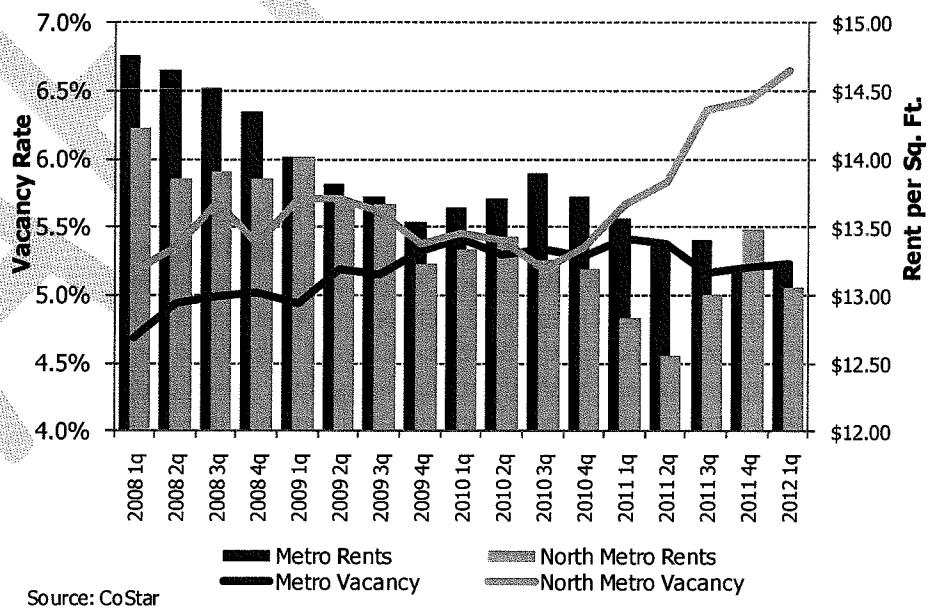
MACRO RETAIL TRENDS

The retail real estate market has been profoundly impacted by the current recession. Retail markets typically lag slightly behind residential markets as most retailers follow the axiom of "follow roof tops." Not surprisingly, as the residential market crashed due to lax lending standards and over building, the retail market has followed suit. Compounding the problem, high unemployment has resulted in a sharp decline in consumer spending. Finally, the recent recession was particularly difficult for some retailers because it also included a widespread seizing up of credit markets which contributed to several significant retail bankruptcies, in part, due to inability to manage heavy debt burdens.

The recession has affected tenants of all types, but has been particularly difficult in the "big box" format due to the number of bankruptcies in this format and the limited flexibility of the space to adjust to other formats. Many of the "big box" stores that have suffered are due to a business model that stresses wide selection of a narrow range of goods. Often termed "category killer" in the real estate industry, these stores often dominate a particular category of goods, such as office supplies, toys, fabrics, etc. Most vacant "big box" stores have remained vacant, even in extremely desirable retail locations and landlords have even resorted to inserting non-traditional tenants such as deep discounters (i.e. Big Lots), thrift stores, (i.e. Goodwill) and temporary tenants that would have been viewed as less desirable tenants before the recession.

The overall retail vacancy rate for the Twin Cities increased sharply from 2007 to 2009 and is currently at 5.3% (Figure 15). Furthermore, as demand for retail space declines, many retail tenants are renegotiating leases and putting downward pressure on rents. Since 2007, average quoted rates have dropped from nearly $16 per square foot to just over $13 per square foot. Vacancy rates are at the highest rate in 14 years. Most retail development that was planned in recent years has been postponed, cancelled or scaled back in scope. However, given recent employment gains and pent-up demand from prolonged belt tightening, some retail sectors are beginning to see strong sales, though aggressive expansion and growth appears several years away.

Figure 15: North Metro and Metro Area Retail Vacancy and Lease Rates



Source: CoStar

NORTH METRO RETAIL CONDITIONS

The condition of the retail market in the North Metro appears to have mirrored the experience of the entire Metro Area (Figure 15). Quoted lease rates dropped dramatically starting in 2007 and despite a brief rebound in 2010 continued to decline throughout 2011. In

contrast, though, vacancy rates increased sharply in 2010 in North Metro while vacancy rates across the Metro have appeared to moderate somewhat.

This sharp upward trend in vacancies is likely due to large, "big-box" chain stores that have come on the market because of bankruptcies. Examples of this include Circuit City and Cost Plus World Market. When "big-box" stores go vacant, they can be especially difficult to fill because so few retailers can use all the space. Moreover, these stores are difficult to subdivide. In some areas, these stores have been repurposed into other uses, such as self-storage facilities, churches, and educational facilities.

COMPETITIVE TRADE AREA RETAIL DISTRICTS

There are seven important retail districts in and near the Port Campus retail trade area (Table 3 and Map 5). As noted previously, Rivedale and Northtown are two large districts each with over 2 million square feet of retail space. These districts anchor retail acitivity in the North Metro and include a wide variety of retail goods and services. Although the Northtown area is somewhat larger in total square footage than Riverdale, Riverdale is newer and has a slightly more affluent household base and thus has been able to attract most of the large national retail chains that prefer regional centers.

Other important retail districts are located along Highway 10 at Foley Boulevard and Hanson Boulevard. The Foley area features a number of large single-use stores, which generally do not form a cohesive shopping district because the uses, including car dealerships, a multiplex cinema, and a furniture store, aren't particularly complementary. The area around Hanson Boulevard is a more traditional community center in which a large grocery store, in this case Cub Foods, anchors the district.

Table 3: Trade Area Retail Districts

Retail District	Prop-	Leasable	Building	Vacancy Rate			Avg. Rent	
Principal Centers	erties	Sq. Ft.	Age[1]	2011	2010	2009	per sq. ft.[2]	District Character
Riverdale	85	2,114,000	--	2.8%	3.3%	4.5%	$24.99	Newer lifestyle that has repalced Northwotwn as the primary North metro shopping destination. Retail mix, however, does not have the upscale stores found at Arbor Lakes.
Riverdale Commons		518,000	1998	--	--	--	--	
Riverdale Crossing		316,000	1990	--	--	--	--	
Riverdale Village		950,000	2000	--	--	--	--	
Northtown	81	2,448,000	--	7.8%	8.1%	9.0%	$13.24	District is anchored by an aging enclosed mall that has recently undergone renovations. Retail mix is dominated by discount retailers and reflects the aging population and lower incomes of its trade area.
Northtown Mall		1,100,000	1972-r					
Northcourt Commons		145,000	1989					
Kmart Plaza		120,000	1971					
Rainbow Village		132,000	1990					
Springbrook Mall		185,000	1971-r					
Hwy 10 & Hanson Blvd	17	323,160	--	5.5%	4.0%	3.2%	$12.50	Grocery anchored community center with several restaurants and gas station/convenience stores.
Village Ten Center		200,000	1971				--	
Hwy 10 & Foley	10	450,000	--	1.6%	1.1%	0.5%	$17.00	Dominated by large, single-use properties. District lacks a complementary mix of retail.
HOM Furniture Center		306,000	1997				--	
AMC Theaters		76,000	1997					
Foley Plaza		44,000	2003					
Coon Rapids Blvd & Crooked Lake Blvd	33	300,000	--	22.0%	--	--	$7.74	Recent demolition of several large retail properties has shifted focus of area from a community retail focus to a neighborhood focus.
Coon Rapids Blvd & Hanson Blvd	14	100,000	--	9.0%	--	--	$13.50	Mostly single-use properties with tenants that focus on automobile maintenance and repair.
Coon Rapids Blvd & Round Lake Blvd	6	84,000	--	28.0%	--	--	$7.88	

Sources: CoStar; Stantec

[1] An "r" next to year indicates building has been recently renovated

[2] Average rent is based on quoted rates for "triple net" or NNN

Although the retail along Coon Rapids Boulevard is spread out and spans several miles, there are noticeable nodes at key intersections. The largest node, which is centered on Crooked Lake Boulevard, would generally be considered the Port Campus area. This area has approximately 300,000 square feet of retail with a mixture of older

properties verging on obsolescence and properties that have been recently renovated with stabilized tenancy. A number of large retail centers have been demolished in recent years. Nonetheless, nearly a quarter of the existing space remains vacant.

Furthermore, average lease rates in this portion of Coon Rapids Boulevard are well below the North Metro average as well as the other nearby competitive districts. The lower rates are mostly the result of a significant number of older, somewhat obsolete properties. Newer properties or those that have been recently renovated are achieving between $16 and $18 per square foot.

There are smaller nodes at Hanson Boulevard and Round Lake Boulevard. However, these districts also struggle with vacancy issues and in the case of the area around Hanson Boulevard the majority of retailers in this area are related to automobile maintenance or repair.

RETAIL TRADE AREA DEMOGRAPHICS

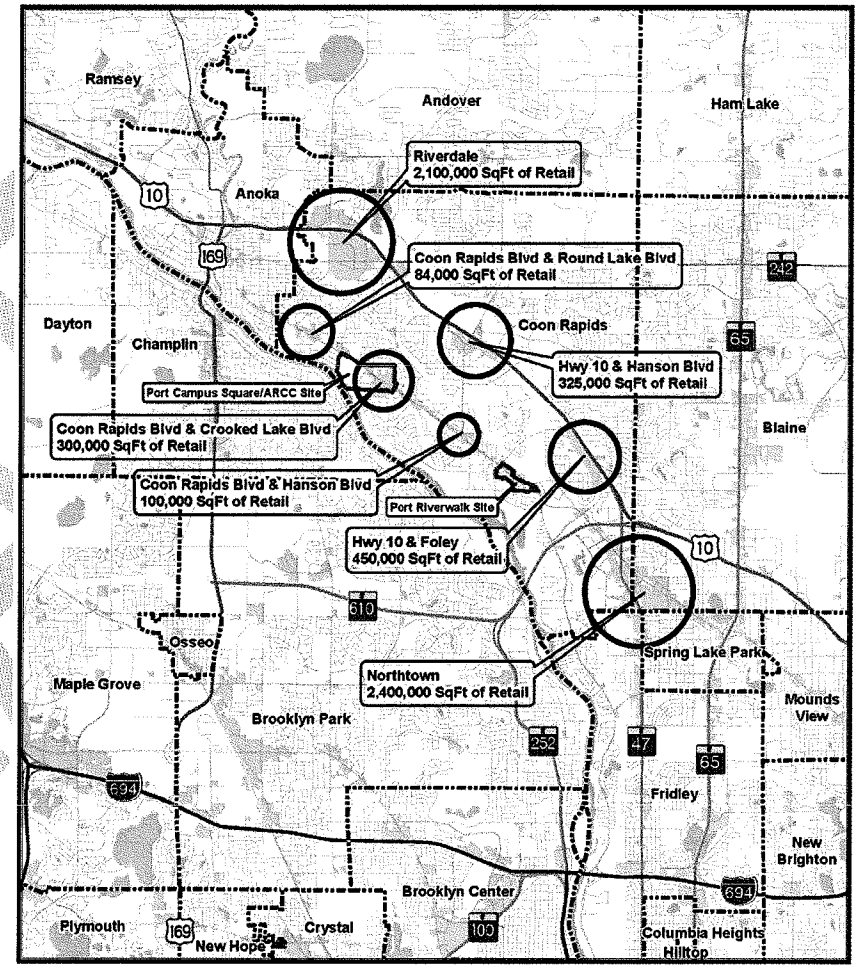
The Retail Trade Area declined by 2.3% between 2000 and 2010 losing over 400 persons (Table 4). This was in contrast to the metro area, which grew at a rate of 7.9%. However, given the potential for redevelopment and housing turnover, the Trade Area is forecasted to grow by nearly 3,200 persons during the current decade, which translate to over 900 households.

Table 4: Retail Trade Area Population and Household Growth Trends

			Forecast	Numeric Change		Pct. Change	
	2000	2010	2020	2000s	2010s	2000s	2010s
Population							
Retail Trade Area	18,974	18,531	21,700	-443	3,169	-2.3%	17.2%
7-County Metro Area	2,642,056	2,849,567	3,144,000	207,511	294,433	7.9%	10.3%
Households							
Retail Trade Area	7,060	7,187	8,100	127	913	1.8%	12.6%
7-County Metro Area	1,021,454	1,117,749	1,293,000	96,295	175,251	9.4%	15.7%

Sources: US Census; Metropolitan Council; Stantec

Map 5: Trade Area Retail Districts



Major Retail Districts

Municipal Boundary
Project Site
Commercial and Office Land Use
Open Water

0 8,000 16,000 Feet

April 26, 2012

Stantec

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AGE DISTRIBUTION

Like all of Coon Rapids, the population in the Retail Trade Area is aging rapidly. The fastest growing age groups over the past decade were persons age 65 to 74 and 75 and older (Table 5). This has resulted in a distribution of the population that now skews older than the metro area, whereas in 2000 the age distribution within the Retail Trade Area was slightly younger than the metro area. An aging population will impact the demand for retail as older households tend to spend less on traditional retail goods and services. Moreover, they also have different retail buying habits which means that the mix of retail shops that may have been appropriate for the trade area 20 years ago or even 10 years ago may no longer be the case.

Table 5: Retail Trade Area Age Distribution

	Retail Trade Area				7-County Metro Area			
Age Group	2000	2010	Change	Pct.	2000	2010	Change	Pct.
Under 5	1,478	1,291	-187	-12.7%	188,236	194,329	6,093	3.2%
5 to 17	3,790	3,198	-592	-15.6%	509,298	502,642	-6,656	-1.3%
18 to 24	1,849	1,762	-87	-4.7%	244,226	267,451	23,225	9.5%
25 to 34	2,782	2,617	-165	-5.9%	411,155	420,311	9,156	2.2%
35 to 44	3,192	2,363	-829	-26.0%	469,324	391,324	-78,000	-16.6%
45 to 54	2,551	2,774	223	8.7%	363,592	440,753	77,161	21.2%
55 to 64	1,713	2,190	477	27.8%	200,980	326,007	125,027	62.2%
65 to 74	940	1,295	355	37.8%	130,615	163,425	32,810	25.1%
75 and Older	679	1,041	362	53.3%	124,630	143,325	18,695	15.0%
Total	18,974	18,531	-443	-2.3%	2,642,056	2,849,567	207,511	7.9%
Distribution	2000	2010	Change		2000	2010	Change	
Under 5	7.8%	6.9%	-0.9%		7.1%	7.1%	0.0%	
5 to 17	20.0%	16.6%	-3.4%		19.3%	17.4%	-1.9%	
18 to 24	9.7%	8.6%	-1.2%		9.2%	9.2%	0.0%	
25 to 34	14.7%	14.7%	0.0%		15.6%	15.0%	-0.5%	
35 to 44	16.8%	15.4%	-1.4%		17.8%	14.6%	-3.2%	
45 to 54	13.4%	15.2%	1.8%		13.8%	15.6%	1.8%	
55 to 64	9.0%	10.8%	1.8%		7.6%	10.6%	3.0%	
65 to 74	5.0%	6.6%	1.6%		4.9%	5.4%	0.4%	
75 and Older	3.6%	5.4%	1.8%		4.7%	5.0%	0.3%	
Total	100.0%	100.0%	0.0%		100.0%	100.0%	0.0%	

Source: US Census

INCOME

The Retail Trade Area has a median household income that is below the Metro Area median, which indicates less spending power among households. Moreover, it appears that income growth has been lagging that of the Metro Area. Although incomes often lag behind the metro average when a sighificant proportion of households age into their retirement years, the dynamic in the Trade Area has been one in which all households, regardless of age, did not have incomes that kept up with Metro-wide growth rates. For example, between 2000 and 2010, households under age 25 in the Trade Area saw incomes actually decrease -28%, while this same age group at the Metro level had an increase of 8%.

Table 6: Retail Trade Area Median Household Income 2000 and 2010

	Retail Trade Area			7-County Metro Area		
	2000	2010	Change	2000	2010	Change
Households under 25	$40,750	$29,500	-27.6%	$29,818	$32,159	7.9%
Households 25-44	$54,254	$62,563	15.3%	$58,616	$69,652	18.8%
Households 45-64	$67,052	$69,815	4.1%	$67,861	$77,813	14.7%
Households 65+	$25,875	$28,973	12.0%	$31,233	$38,589	23.6%
All Households	$52,573	$55,891	6.3%	$54,807	$64,471	17.6%

Source: US Census

RETAIL DEMAND

Table 7 illustrates the methodology used to calculate retail demand. Demand for retail space is driven mostly by the spending power of Trade Area households and the supply of existing retail options. Spending power can also be augmented by daytime employees and other visitors, such as students, which have been accounted for in the calculation as well. The table indicates that there currently is excess spending power among Retail Trade Area households and workers/students to support approximately 50,000 square feet of additional retail space. Based on projected Trade Area household growth, the overall amount of supportable retail will increase to about 68,000 square feet of space by 2020.

RETAIL SUMMARY

Although the Retail Trade Area has the spending power to eventually support another 68,000 square feet of retail space by 2020, it should be noted that the siting of any additional retail will be dependent on key criteria, such as maximum visibility from highly trafficked thoroughfares, easy access from such throughfares, and a concentration of complementary stores to create a sense of destination.

Another important consideration for retail in the Port Campus study area will be the continuation of on-going efforts to renovate and/or remove siginifcant amounts of existing retail space that is either older or poorly positioned for rehabilitation. If this obsolete space is not removed or changed into a different use, it may continue to be a drag on the market by keeping rents low due to excess space. Retail areas saddled with excess space and the resulting low rents have a hard time finding an ideal mixture of tenants that complement one another, which can be a big barrier to creating a marketable destination or, in other words, a "sense of place."

Table 7: Retail Trade Area Demand Calculation

		Retail Trade Area		
		2010	2015	2020
Households		7,187	7,650	8,100
Average Household Income[1]		$68,846	$67,469	$66,119
Aggregate Household Income in Trade Area	=	$494,793,800	$516,135,956	$535,566,957
(times) Percent of Income Spent on Neighborhood Retail Goods[2]	x	18.3%	18.0%	17.7%
(equals) Resident Household Consumer Dollars	=	$90,547,265	$92,904,472	$94,795,351
(plus) Retail Spending by Daytime (Non-Resident) Students/Workers[3]	+	$7,200,000	$7,200,000	$7,200,000
(equals) Trade Area Retail Spending Potential	=	$97,747,265	$100,104,472	$101,995,351
(divided by) Average Sales per Square Foot[4]	÷	$250	$250	$250
(equals) Estimated Trade Area Demand for Retail Space	=	390,989	400,418	407,981
(less) Existing Supply of Competitive Trade Area Retail Space[5]	-	340,000	340,000	340,000
(equals) Potential New Retail Space that could be Supported in the Trade Area	=	51,000	60,000	68,000

[1] Figures are in 2010 dollars. 2015 and 2020 income figures are adjusted downward by 2% because the Trade Area has been experiencing declining incomes since 2000.

[2] US Department of Labor, Bureau of Labor Statistics: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey, 2010. Percentage for 2015 and 2020 is adjusted downward slightly to account for increased on-line purchases of goods. Neighborhood retail excludes categories of goods, such as apparel and other durable goods, which are typically purchased at large regional centers (e.g., Riverdale and Northtown).

[3] Assuming roughly 12,000 daily students/workers in the Trade Area and average daily spending of $2.50 during the "work" year (Monday-Friday; 240 days per year).

[4] *Dollars and Cents of Shopping Centers* (Urban Land Institute)

[5] The Trade Area contains approximately 640,000 square feet of "retail" space. However, a significant portion of that space is obsolete, poorly positioned, or poorly located for most modern retail needs. Based on a review of prevailing lease rates, building ages, and tenant mix, we believe as much as 300,000 square feet (e.g., Family Center Mall) is obsolete and not considered competitive with new retail.

Source: Stantec

Further related to the mixture of retail tenants is the dominance of automotive-based businesses along Coon Rapids Boulevard. These types of businesses account for over 30% of all retail businesses along the Boulevard. Although these businesses provide an essential service to local customers, this degree of dominance creates an environment that is not particularly conducive to other types of retail because of the need to accommodate vehicular traffic into and out of their place of business. Although many of these businesses do a good job of providing as attractive as possible of a store front, the need for wide driveways, car bays, and paved surfaces, detracts from more experiential forms of retail, such as dining, shopping, and recreation.

It should be noted that automotive-based businesses are not as dominant in the Port Campus study area as they are in other portions of the Coon Rapids Boulevard, such as the area around Hanson Boulevard. Nonetheless, the prevalence of these businesses throughout the Corridor is readily apparent and, as a result, does have an impact on its overall character and feel.

The mixture and presence of non-automotive retail along Coon Rapids Boulevard was analyzed as well to determine whether there were any important gaps or underserved sectors. For example, because there are already two pharmacies along Coon Rapids Boulevard, the need for this type of retail is already being met.

In contrast, dining, grocery, clothing, and durable goods (i.e., furniture, appliances, and electronics) were all considered to be underepresented along Coon Rapids Boulevard given the spending power of the Trade Area. However, in the case of clothing and durable goods, these types of stores generally require much larger trade areas and thus typically gravitate to large retail centers, such as Riverdale and Northtown. Because of the close proximity of these two centers to the Trade Area, these retail uses were not considered to be supportable in the Port Campus area.

Grocery has somewhat of a similar issue since grocery store formats have significantly increased in size in recent years. However, the grocery store market has been diversifying in recent years and new niche forms of grocery, such as Aldi or organic food markets, have been capturing more and more market share. Dining is the one retail sector that clearly could be better represented in the Port Campus area. Furthermore, with uses such as the Community Center, ARCC and nearby Mercy Hospital, more dining would fit with well these target markets.

Office Market

INTRODUCTION

This section provides an overview of the regional and local market trends for office space. This section concludes with a demand analysis that forecasts how much future need there will be for office space and the likely impact it will have on the redevelopment potential within the Port Campus and Port Riverwalk study areas.

EMPLOYMENT GROWTH TRENDS

Table 8 shows employment growth from 1970 to 2020 for Coon Rapids, Anoka County, and the Twin Cities Metro Area. From 1970 to 2000, Anoka County captured anywhere from 6% to 13% of all new jobs added in the Metro Area. The recession of the late 2000s, however, resulted in an overall net decrease in jobs both at the County and Metro Area levels. In contrast, Coon Rapids actually recorded a net increase in jobs of 7% during this time, suggesting an employment base that was well protected from the ups and downs of the recession.

During the coming decade, with an expected return of positive employment growth, Anoka County is anticipated to capture an increasing share of the Metro Area's employment gains, while Coon Rapids will continue its steady path of consistent job growth.

Figure 8: Employment Growth Trends 1970-2020

	1970	1980	1990	2000	2010	2020
Coon Rapids	3,170	10,641	16,449	21,682	23,204	26,000
Anoka County	29,170	63,317	77,467	110,091	106,301	141,970
7-County Metro Area	779,000	1,040,000	1,272,773	1,606,994	1,548,000	1,743,000
Numeric Change in Emp.		*1970s*	*1980s*	*1990s*	*2000s*	*2010s*
Coon Rapids	--	7,471	5,808	5,233	1,522	2,796
Anoka County	--	34,147	14,150	32,624	-3,790	35,669
7-County Metro Area	--	261,000	232,773	334,221	-58,994	195,000
Percentage Change in Emp.		*1970s*	*1980s*	*1990s*	*2000s*	*2010s*
Coon Rapids	--	235.7%	54.6%	31.8%	7.0%	12.0%
Anoka County	--	117.1%	22.3%	42.1%	-3.4%	33.6%
7-County Metro Area	--	33.5%	22.4%	26.3%	-3.7%	12.6%
Share of Metro Emp. Growth		*1970s*	*1980s*	*1990s*	*2000s*	*2010s*
Coon Rapids	--	2.9%	2.5%	1.6%	--	1.4%
Anoka County	--	13.1%	6.1%	9.8%	6.4%	18.3%

Sources: Metropolitan Council; MN Department of Employment and Economic Development

OFFICE JOB PROJECTIONS

According to the most forecasts from the Minnesota Department of Employment and Economic Development, the Twin Cities Metro Area is projected to have a net increase of over 60,000 office jobs between 2009 and 2019 (Figure 16 and Table 9). Clearly, 60,000 new office workers in the next decade will increase demand for office space in Anoka County and Coon Rapids. However, several trends will temper this demand.

First, the average space per office worker has been declining in recent years due to greater acceptance of telecommuting, fiscal response to the recession, less need for document storage, and greater interest in more collaborative work settings and shared workspaces. Historically, 250 square feet per office worker was the

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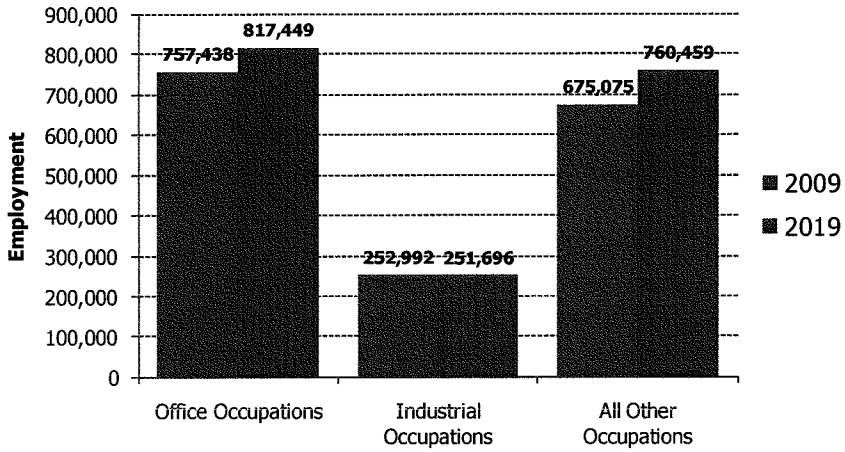
standard used by many architects when designing office space. This average has decreased to almost 150 square feet of space per worker and may decrease even more if current trends persist. Second, with declining space needs, our current supply of office buildings will likely be able to accommodate a larger work force as spaces are reconfigured to meet current trends. Third, not all office workers will work in a traditional office building. There are many examples of businesses that choose to locate typical office jobs in flex industrial space or even marginal retail space.

Figure 16: Projected Growth in Metro Area Jobs by Occupation 2009-2019



Source: MN Department of Employment and Economic Development

Table 9: Projected Growth in Metro Area Jobs by Occupation 2009-2019

Occupation Category	2009	2019	# Change	% Change
Management Occupations	106,659	111,884	5,225	4.9%
Business and Financial Operations Occupations	117,048	131,870	14,822	12.7%
Computer and Mathematical Occupations	67,776	77,038	9,262	13.7%
Architecture and Engineering Occupations	34,973	36,587	1,614	4.6%
Life, Physical, and Social Science Occupations	21,368	24,825	3,457	16.2%
Community and Social Services Occupations	37,026	40,983	3,957	10.7%
Legal Occupations	16,672	18,103	1,431	8.6%
Education, Training, and Library Occupations	89,951	100,277	10,326	11.5%
Office and Administrative Support Occupations	265,965	275,882	9,917	3.7%
Office Occupations	757,438	817,449	60,011	7.9%
Installation, Maintenance, and Repair Occupations	50,613	52,560	1,947	3.8%
Production Occupations	111,222	106,780	-4,442	-4.0%
Transportation and Material Moving Occupations	91,157	92,356	1,199	1.3%
Industrial Occupations	252,992	251,696	-1,296	-0.5%
Arts, Design, Entertainment, Sports, and Media Occ	34,397	36,694	2,297	6.7%
Healthcare Practitioners and Technical Occupations	86,849	106,683	19,834	22.8%
Healthcare Support Occupations	45,861	57,641	11,780	25.7%
Protective Service Occupations	29,563	32,071	2,508	8.5%
Food Preparation and Serving Related Occupations	121,692	132,720	11,028	9.1%
Building & Grounds Cleaning & Maintenance Occup.	51,615	54,603	2,988	5.8%
Personal Care and Service Occupations	75,001	94,844	19,843	26.5%
Sales and Related Occupations	172,045	178,812	6,767	3.9%
Farming, Fishing, and Forestry Occupations	5,353	5,926	573	10.7%
Construction and Extraction Occupations	52,699	60,465	7,766	14.7%
Non-Office/Industrial Occupations	675,075	760,459	85,384	12.6%
Total, All Occupations	**1,685,505**	**1,829,604**	**144,099**	**8.5%**

Source: MN Department of Employment and Economic Development

OVERVIEW OF THE OFFICE MARKET

The office market is a very broad category that encompasses many different types of properties that are typically differentiated by the building class (A, B, C); visibility, transportation access, structure, size of tenant spaces and supporting services. Some of the office market subcategories are as follows:

HIGH RISE OR SIGNATURE BUILDING

Office buildings of this type place a premium on visibility and image. They are typically multi-tenant buildings with a high level of architectural interest. Level of finish is generally high. The tenant mix tends to be businesses that are willing to pay a premium for image including corporate headquarters, law firms, financial advisors, advertising and other types of business services. These buildings are typically found in the commercial center of a metropolitan area, at the intersection of high volume highways and near very affluent suburban locations.

LOW RISE, MULTI-STORY BUILDING

Office buildings of this type have the most variety of physical conditions and tenant mix. Class A buildings in this class can have many similar features to the high rise buildings and command elevated rents. Class B and C space can be dated and needs to compete more on price. Typical locations for this class of office space are near regional malls and along arterial roadways in suburban locations. The tenant mix has a wide variety and can include smaller corporate headquarters, medical, technology, design, government and business services.

SINGLE STORY BUILDING-RETAIL

Office buildings of this type share a lot of physical and location characteristics with neighborhood and strip retail. Buildings of this type often are located near retail areas where there is a reasonable amount of visibility and customer traffic. Tenant spaces are generally smaller in size and the businesses usually have some level of walk-in customer traffic that justifies the need for visibility. Typical tenants in this building type include insurance, real estate brokerage, medical services, and financial services.

SINGLE STORY BUILDING-FLEX

Office buildings of this type share many physical and location characteristics with light industrial buildings. They are often located in lower visibility areas where land prices are lower, enabling a reduced rent structure in comparison to other office types. Transportation access is important but does not always need to be direct as walk in traffic is often not a key issue for the tenants. Building shells involve industrial construction techniques and building heights. Tip up concrete panels or concrete block are common shell materials but the level of finish often includes some retail finish including colored concrete, stucco, spandrel glass, tenant signage and attempts to vary the appearance of flat rooflines or building faces. The level of aesthetic enhancement varies greatly in this sector based on each community's standards and regulatory controls. Tenants in this building type tend to be office uses that require back office warehousing or light manufacturing; construction/repair related businesses that maintain some inventory, such as window or garage door installers; price sensitive large office users, such as call centers; and startup businesses that seek the lower cost and expansion flexibility of a flex building.

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OFFICE MARKET CONDITIONS

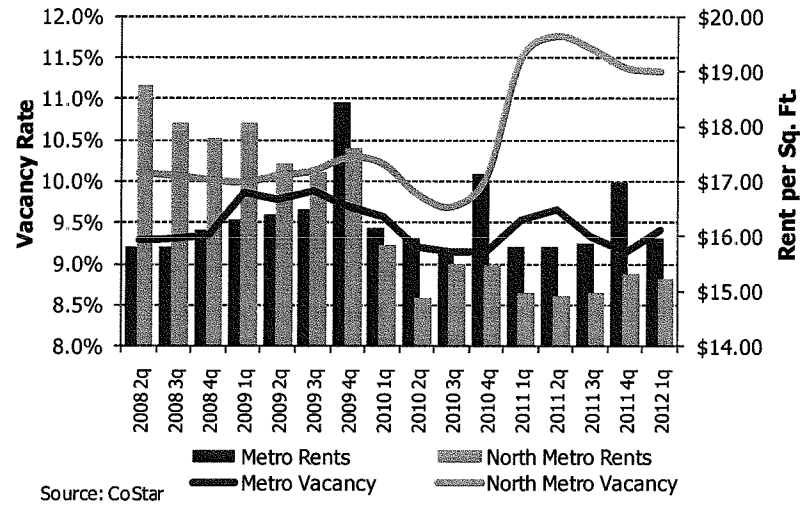
MACRO TRENDS

As with other real estate classes, the office market is suffering due to the nation's economic downturn. Companies that have reduced hiring levels have excess office space and can undercut landlords with reduced rent subleasing. Very few businesses are looking for additional office space and those that are in the market are maximizing their leverage with demands for reduced rent and extensive tenant improvement packages. Landlords are reluctant to enter into long term lease arrangements that would "lock in" current low rental rates. Landlords are attempting to remain profitable by aggressively cutting operating costs and making targeted capital improvements to improve their buildings.

The impacts of these trends can be seen in Figure 17. Overall vacancy rates in the Twin Cities have been hovering between 9% and 10%, which is well above historic vacancy rates. It should be noted that these vacancy figures reflect actual vacant space that is being actively marketed and do not account for space that is occupied and being marketed nor does it account for vacant space that is not being actively marketed. Figure 17 also shows how the concessions many tenants were going after can be seen in the decline in lease rates since 2009.

Vacancy rates can vary significantly by submarket due to local economic conditions and levels of overbuilding. Unfortunately, the North Metro submarket that includes Coon Rapids has generally underperformed compared to the Metro Area in recent years (Figure 17). Vacancy rates, though more volatile, have been typically above that of the overall metro, particularly in the past four to five quarters when the vacancy rate spiked upward. In addition, average lease rates in the North Metro have been $1.00 to $2.00 less per square foot than the metro average, especially in the last two to three years.

Figure 17: North Metro and Metro-wide Office Vacancy and Lease Rates



Source: CoStar

COMPETITIVE OFFICE DISTRICTS

Historically, Anoka County has not been a major submarket for office space in the Metro Area. The County has just over 5 million square feet of office space, which is less than 3% of the Metro Area total. In comparison, the County accounts for 7% of all Metro Area jobs and 11% of all Metro Area households. The office space that does exist in the County generally consists of users that are serving the needs of local households and businesses. These users are typically smaller professional service firms, such as insurance agents, real estate agents, financial planners, attorneys, accountants, and various healthcare related firms. This is in contrast to major office submarkets in the downtowns of Minneapolis and Saint Paul as well as along the I-494 and I-394 corridors in Hennepin County in which

a significant proportion of office space is devoted to large corporate facilities and the related firms needed to support their functions.

Although office space in Anoka County generally consists of users who provide services to the local market, there are several key nodes in the Coon Rapids area that offer existing office space that would be competitive with any new office development that were located in either the Port Campus or Port Riverwalk study areas.

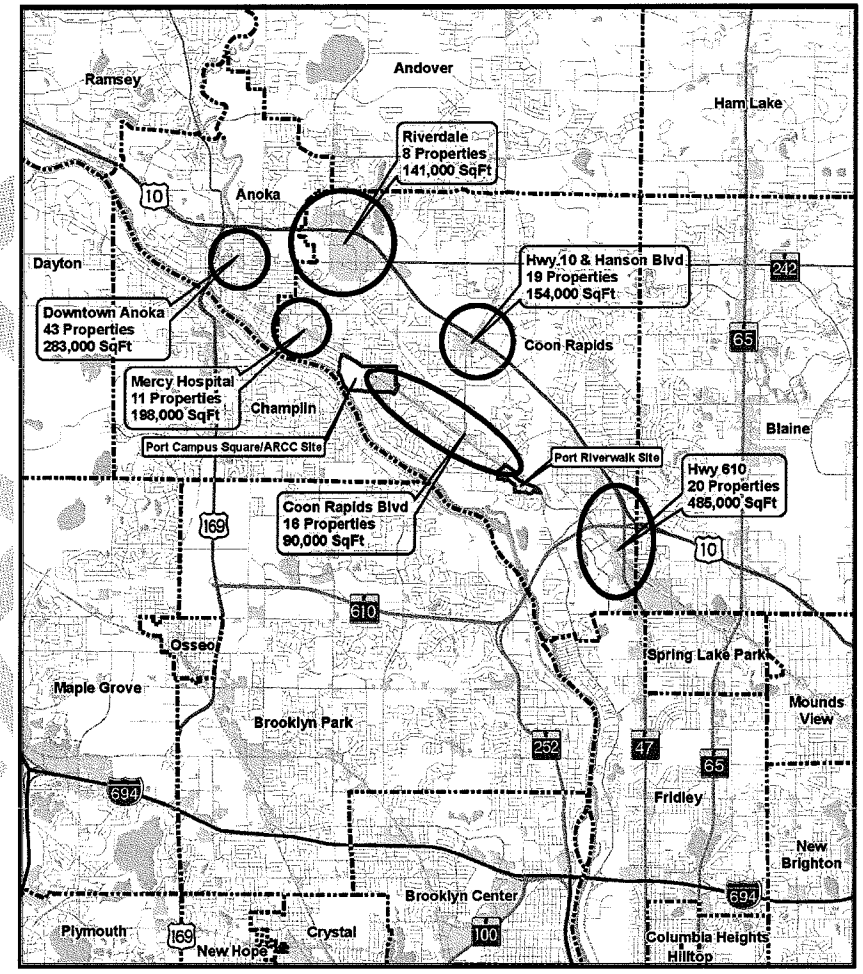
Map 6 displays the location of these districts relative to the Port Campus and Port Riverwalk study aras. This is followed by Table 10, which provides more detail on each district.

The largest district is the area around Highway 610 and US Highway 10 with nearly half a million square feet of office space. At the intersection of two major highways, this district benefits from being closest to the regional highway system. It also has the largest buildings and features some of the submarkets lowest vacancy rates.

Also benefitting from access and visibility from US Highway 10 are two other smaller office districts located at Hanson Boulevard and the Riverdale area. These two districts each have about 150,000 sqaure feet of office space and feature rents similar to what is found throughout the North Metro. However, the vacancy rate, especially among the buildings near Hanson Boulevard, are well above the North Metro average.

Other important office districts include Downtown Anoka and the area around Mercy Hospital. In downtown Anoka, the market is heavily influenced by the Anoka County Government Center and the downtown setting, which provides amenity through a mixture of shops and restaurants as well as access to the park space along the Rum River. In the Mercy Hospital area, the market id driven almost entirely by the hospital and is skewed heavily toward medical users.

Map 6: Office Districts Close to Coon Rapids Blvd



Major Office Districts

Municipal Boundary
Project Site
Commercial and Office Land Use
Open Water

0 8,000 16,000 Feet

April 26, 2012

Stantec

V:\1937\active\193700828\GIS\Projects\Major Office Districts.mxd

This helps explain why the average rent in this district is substantially higher than other nearby districts.

There also are a number of very small office buildings scattered along Coon Rapids Boulevard that total about 90,000 square feet. Many of these properties are too small to accommodate anything other than small businesses that provide professional services to local residents. Even if any of the firms in these buildings wanted to expand, few of the buildings along this corridor would have the space to accommodate an expansion.

Table 10: Coon Rapids Office Districts

Office District	Properties	Leasable Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Rents per Sq. Ft. Low	High	Avg.	Class B Bldgs.	Class B Sq. Ft.
Downtown Anoka	43	282,700	11,500	4.1%	$7.67	$21.00	$12.84	2	31,200
Riverdale	8	141,000	15,500	11.0%	$14.00	$16.00	$14.83	7	125,000
Mercy Hospital	11	198,100	16,500	8.3%	$17.00	$22.00	$17.35	4	69,600
Coon Rapids Blvd	16	89,500	10,000	11.2%	$10.77	$17.65	$14.84	0	0
Hwy10/Hanson Blvd	19	153,800	47,200	30.7%	$8.09	$30.00	$15.08	5	43,200
Hwy 610	20	485,300	24,900	5.1%	$6.50	$24.43	$15.59	10	351,700

Sources: CoStar; Stantec

OFFICE DEMAND

Table 11 displays the methodology used to calculate potential demand for office space along in the Port Campus and Port Riverwalk study areas between 2010 and 2020. The Minnesota Department of Employment and Economic Development projects the number of new office jobs will increase by roughly 60,000 in the metro area during the coming decade. Not all of these jobs, however, will locate in the study areas or even Anoka County. Based on historic and forecasted trends, Anoka County has typically captured about 12% of all new job growth in the metro area. This translates to 7,200 new office jobs that could be captured within the County.

Office jobs are converted into office space based on the average amount of space needed per office worker. This amount has been historically about 250 square feet per worker. However, increased telecommuting, fiscal restraint, and changes in workplace design have pushed this figure down to 150 square feet per worker. At this amount, Anoka County will likely require about 1.1 million square feet of traditional office space to accommodate the projected growth. However, there already is great deal of available office space currently in the market that could absorb a large portion of this demand. Assuming market equilibrium of about 5% vacancy, this means that there is about 400,000 square feet of excess office space in the marketplace that would need to be absorbed before any appreciable demand is generated for new speculative office space.

Subtracting the 400,000 square feet of excess existing space from the 1.1 million square feet demanded from projected growth yields a net demand of about 780,000 square feet. Not all of this demand, however, can be captured in one location since it takes into consideration all types of office jobs created by all types of businesses, many of which have different needs and demands for their office space. Nonetheless, it demonstrates that once job growth does improve, especially toward the latter half of the decade, there appears to be the likelihood that the Port Campus and Port Riverwalk study areas could tap into growing demand for office space and support between 30,000 and 45,000 square feet, which is between 10% and 20% of the excess demand calculated for Anoka County.

Table 11: Office Demand Calculation

		2010-2020
Metro Area Growth in Office Jobs[1]		60,000
(times) Capturable Anoka County Share[2]	x	12%
(equals) Anoka County Office Job Growth	=	7,200
(times) Average Office Space per Worker (in sq ft)[3]	x	150
(equals) Office Space Needed for New Workers	=	1,080,000
(less) Excess Office Space in Anoka County[4]	-	300,000
(equals) Anoka County Demand for New Space thru 2020	=	780,000
(times) Proportion Capturable along Coon Rapids Blvd[5]	x	4% 6%
(equals) Demand for New Space along Coon Rapids Blvd thru 2020	=	31,200 - 46,800

[1] MN Department of Employment and Economic Development

[2] Anoka County captured approximately 10% and 6% of metro area job growth during the 1990s and 2000s, respectively. Most recent figures from the Met Council suggest this rate will increase during the 2010s.

[3] Historically, office space per worker has averaged 250 sq ft per worker. Newer buildings, however, are being designed for 150 sq ft per worker.

[4] There currently is about 400,000 sq ft of vacant office space in Anoka County. Although a good deal of this space is not highly desirable, there clearly is a significant amount of excess office space currently in the market. Therefore, we estimate that at least 300,000 sq ft of existing space needs to be absorbed before a significant amount of new office construction can be supported from speculative demand.

[5] Coon Rapids Blvd, including the area around Mercy Hospital, currently accounts for about 6% of all office space in Anoka County. Given the lack of direct highway access to the broader regional transportation system, it assumed that any future capture rate would remain similar or slightly less as much of the new office demand in Anoka County will be driven by new households requiring professional services, such as financial planners, real estate companies, attorneys, etc.

Source: Stantec

OFFICE SUMMARY

It is calculated that that the Port Campus and Port Riverwalk study areas together could eventually support between 30,000 and 45,000 square feet of new office space based on projected growth in the number of office jobs in Anoka County. Due to the current strain in the office market, though, this demand will not occur until after 2015 or even 2020. And, more importantly, any demand will be highly contingent on the broader forces affecting competitive nearby office districts at Highway 610 or along Highway 10.

Smaller amounts of office space, though, could be expected to be developed in the near term as part of a mixed use scenario on a tenant by tenant basis (such as insurance agent, tax preparation, etc.) because this type of tenant operates more like a retail use and is not as affected by the overall office market. Moreover, these types of tenants respond more to growth in the local household base than larger economic forces. Therefore, as the local household base grows, there is potential to fill small office spaces.

Neither the Port Campus or the Port Riverwalk study areas have the accessibility and visibility to attract major office users who want to be near highways. However, they have the advantage of being along a busy, well known thoroughfare that provides good access to local residents and other businesses. So, there is advantages to their location. Furthermore, with the potential to add new retail and other amenities in the form of trails, parks, and other open space, many small office users could be attracted to either study area.

In the the case of the Port Campus study area, there clearly is potential to capture any additional demand for medical space that is driven by the expansion of nearby Mercy Hospital. That area only has about 16,000 square feet of vacant office space and any significant growth would likely require a search for space outside of

the immediate vicinity. Under this scenario, the Port Campus study area would represent the most likely area for expansion. The challenge to this opportunity would be the ability to accommodate new construction in the immediate vicinity of Mercy Hospital, which would clearly limit the need to look for space in the Port Campus area.

In the case of the Port Riverwalk study area, it is located much closer to Highway 610 and the regional highway network. Therefore, if vacancies were to drop to very low levels in this area, there is potential that secondary users who want to be near Highway 610, but can't find space along it may consider a location in the Port Riverwalk area. However, this is entirely contingent on the growth pressures exhibited in the district along Highway 610. Furthermore, users willing to move off of Highway 610 will likely be searcning for lower rent space and may not be willing to pay the kinds of rents needed to support new construction.

One other possibility regarding the future demand for office space in the Port Campus and Port Riverwalk study areas is the potential of attracting a large single user who would build a corporate or regional headquarters building. Although Coon Rapids does not have any prominent examples of this and the likelihood is very small since many of these prominent office users prefer very visible locations along the highest travelled highways, the potential does exist. However, both the Port Campus and Port Riverwalk areas would need to significantly increase the number of nearby amenities to make it more competitive with other office districts with even higher visibility. Although this potential does exist, it is important to keep in mind that planning for a large single office user can be problematic from a planning and economic development perspective. No one can predict when this can happen because regional and corporate headquarters are few and far between. Therefore, basing a land use plan with that specific use in mind without the flexibility to make change would be problematic because of the likelihood that it may never occur.

Housing Overview

INTRODUCTION

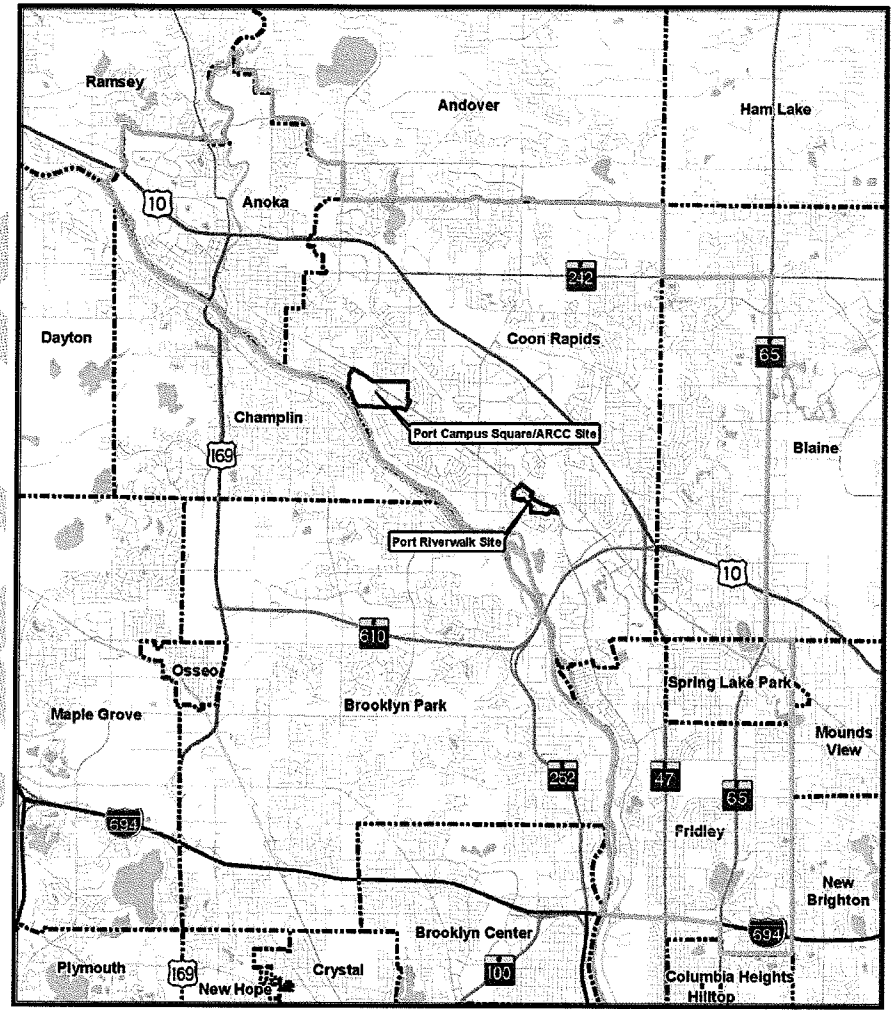
This section presents information on market factors that influence the demand for housing in the Port Campus and Port Riverwalk study areas. It includes a review of the trade area for housing, the underlying demographic components of the housing trade area that will be the basis for demand, the current supply and condition of various housing types, and a calculation of demand for each housing type analyzed.

TRADE AREA DEFINITION

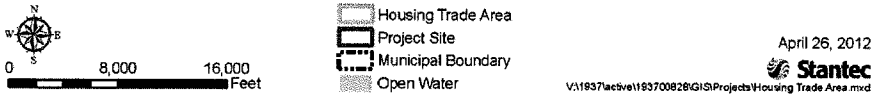
The Housing Trade Area is the geographic area from which most of the potential residents for a new housing development would likely come from. Housing trade areas, like most real estate based trade areas, take into consideration physical and psychological barriers, traffic patterns, historic development patterns, location of competitive properties, and political boundaries. Due to their close proximity to one another, the Port Campus and Port Riverwalk study areas share the same housing trade area, which includes all of Coon Rapids, Anoka, and Spring Lake Park, as well as portions of Blaine west of Highway 65 and portions of Fridley north of I-694. The Housing Trade Area is depicted in Map 7.

The most significant barrier defining the Housing Trade Area is the Misssippi River, which is not only a physical barrier but also a political boundary and important pyschologocal barrier. Also influencing the shape of the trade area are the local traffic patterns which generally follow the alignment of the Mississippi River and thus facilitate movement in a northwest-southeast direction.

Map 7: Port Campus and port Riverwalk Housing Trade Area



Housing Trade Area



Another important factor affecting the size and shape of the Housing Trade Area is that communities located further east and situated along I-35W are considered a separate trade area because of their orientation toward Ramsey County and the City of Saint Paul. Meanwhile, the communities of Ramsey and Andover, which are located immediately north of the trade area, are considered a separate trade area as well because of their largely exurban development pattern.

Although the majority of demand for housing in the Port Campus and Port Riverwalk study areas will come from the Housing Trade Area, some additional demand will be generated by individuals residing just outside the trade area, households that have moved outside the trade area due to the lack of desired housing in the trade area, and households drawn to the trade area because of a personal or professional connection, such as adult children who live in the area, an employment opportunity, or for school.

Table 12: Population Growth Trends

				Forecast	Numeric Change			Percentage Change		
Community	1990	2000	2010	2020	1990s	2000s	2010s	1990s	2000s	2010s
Coon Rapids	52,978	61,607	61,476	66,000	8,629	-131	4,524	16.3%	-0.2%	7.4%
Anoka	17,192	18,076	17,142	19,800	884	-934	2,658	5.1%	-5.2%	15.5%
Blaine (pt.)	23,204	23,907	24,957	24,400	703	1,050	-557	3.0%	4.4%	-2.2%
Fridley (pt.)	25,912	25,069	24,799	25,500	-843	-270	701	-3.3%	-1.1%	2.3%
Spring Lake Park	6,429	6,667	6,412	6,600	238	-255	188	3.7%	-3.8%	2.9%
Housing Trade Area	**125,715**	**135,326**	**134,786**	**142,300**	**9,611**	**-540**	**7,514**	**7.6%**	**-0.4%**	**5.6%**
7-County Metro Area	2,288,721	2,642,056	2,849,567	3,144,000	353,335	207,511	294,433	15.4%	7.9%	10.3%

Note: "(pt.)" means "part" or "portion" of the city is included in the analysis; specifically the part in the Housing Trade Area.
Sources: US Census; Metropolitan Council; Stantec

Table 13: Household Growth Trends

				Forecast	Numeric Change			Percentage Change		
Community	1990	2000	2010	2020	1990s	2000s	2010s	1990s	2000s	2010s
Coon Rapids	17,449	22,578	23,532	25,600	5,129	954	2,068	29.4%	4.2%	8.8%
Anoka	6,394	7,262	7,060	8,500	868	-202	1,440	13.6%	-2.8%	20.4%
Blaine (pt.)	8,001	8,893	9,622	9,800	892	729	178	11.1%	8.2%	1.8%
Fridley (pt.)	9,890	10,259	10,100	10,300	369	-159	200	3.7%	-1.5%	5.5%
Spring Lake Park	2,302	2,676	2,672	2,750	374	-4	78	16.2%	-0.1%	2.9%
Housing Trade Area	**44,036**	**51,668**	**52,986**	**56,950**	**7,632**	**1,318**	**3,964**	**17.3%**	**2.6%**	**7.5%**
7-County Metro Area	875,504	1,021,454	1,117,749	1,293,000	145,950	96,295	175,251	16.7%	9.4%	15.7%

Note: "(pt.)" means "part" or "portion" of the city is included in the analysis; specifically the part in the Housing Trade Area.
Sources: US Census; Metropolitan Council; Stantec

TRADE AREA DEMOGRAPHICS

Tables 12 and 13 display population and household growth trends for the Housing Trade Area for the years 1990 to 2020. The Housing Trade Area encompasses a broad area that includes everything from long established neighborhoods in the City of Anoka to first- and second-tier suburban development that occurred in the decades following World War II. Although there is a variety of neighborhood ages and types within the trade area, it is entirely built-up, which means that future growth within the trade area will be largely dependent on redevelopment.

During the 1990s the Housing Trade Area grew by 9,600 persons, much of which was concentrated in Coon Rapids. The growth during this period was largely the result of development in the last few remaining undeveloped portions of the City.

Growth slowed dramatically in the 2000s as Coon Rapids became fully developed and older households declined in size as their adult children moved out of the trade area to start their own households. The forecast for the 2010s, though, is for a return to stable,

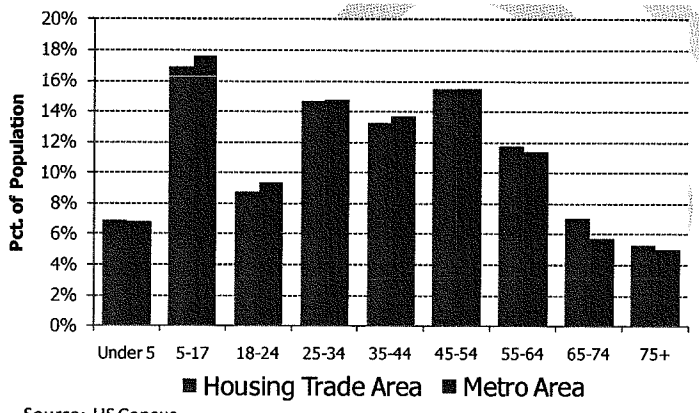
consistent growth with 7,500 new persons. This growth, however, is expected to come from redevelopment opportunities as opposed to new large-scale subdivison development.

AGE DISTRIBUTION

The age distribution of the population in the Housing Trade Area closely mirrors that of the metro area. The population is aging evidenced by how each age group over 45 increased its share of the total population between 2000 and 2010. The only important difference in the age structure of the Housing Trade Area and the metro area is the that the trade area has a slightly higher percentage of persons in the 65 to 74 and 75+ age groups and a commensurately lower percentage in the 5 to 17 and 18 to 24 age groups.

Although the Housing Trade Area is forecasted to increase in population, the number of persons age 55 and older will satisfy all of the growth, whereas the under 55 population is forecasted to decline. Specifically, between 2010 and 2020, the number of persons age 55 and older will increase by about 9,000. Meanwhile, the population under age 55 will decrease by -1,200.

Figure 18: Age Distribution of the Housing Trade Area 2010



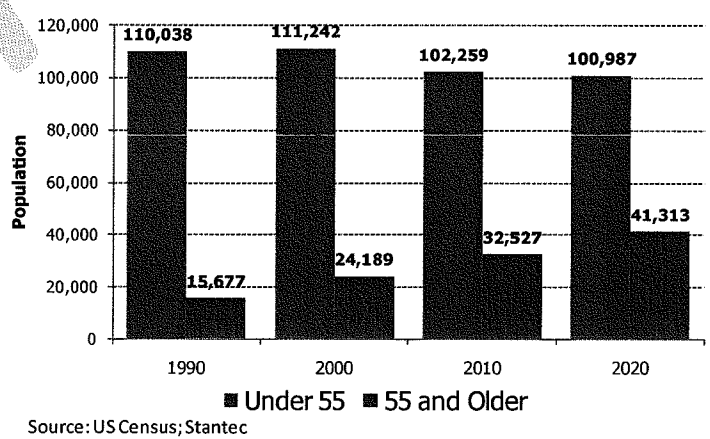
Source: US Census

Table 14: Age Distribution of the Housing Trade Area

	Housing Trade Area				7-County Metro Area			
Age Group	2000	2010	Change	Pct.	2000	2010	Change	Pct.
Under 5	9,668	9,223	-445	-4.6%	188,236	194,329	6,093	3.2%
5 to 17	26,134	22,732	-3,402	-13.0%	509,298	502,642	-6,656	-1.3%
18 to 24	13,001	11,776	-1,225	-9.4%	244,226	267,451	23,225	9.5%
25 to 34	20,738	19,811	-927	-4.5%	411,155	420,311	9,156	2.2%
35 to 44	23,361	17,849	-5,512	-23.6%	469,324	391,324	-78,000	-16.6%
45 to 54	18,340	20,868	2,528	13.8%	363,592	440,753	77,161	21.2%
55 to 64	12,169	15,878	3,709	30.5%	200,980	326,007	125,027	62.2%
65 to 74	7,329	9,475	2,146	29.3%	130,615	163,425	32,810	25.1%
75+	4,691	7,174	2,483	52.9%	124,630	143,325	18,695	15.0%
Total	135,431	134,786	-645	-0.5%	2,642,056	2,849,567	207,511	7.9%
Distribution	2000	2010	Change		2000	2010	Change	
Under 5	7.1%	6.8%	-0.3%		7.1%	6.8%	-0.3%	
5 to 17	19.3%	16.9%	-2.4%		19.3%	17.6%	-1.6%	
18 to 24	9.6%	8.7%	-0.9%		9.2%	9.4%	0.1%	
25 to 34	15.3%	14.7%	-0.6%		15.6%	14.7%	-0.8%	
35 to 44	17.2%	13.2%	-4.0%		17.8%	13.7%	-4.0%	
45 to 54	13.5%	15.5%	1.9%		13.8%	15.5%	1.7%	
55 to 64	9.0%	11.8%	2.8%		7.6%	11.4%	3.8%	
65 to 74	5.4%	7.0%	1.6%		4.9%	5.7%	0.8%	
75+	3.5%	5.3%	1.9%		4.7%	5.0%	0.3%	
Total	100.0%	100.0%	0.0%		100.0%	100.0%	0.0%	

Source: US Census

Figure 19: Forecasted Population by Age Group



Source: US Census; Stantec

Stantec

HOUSEHOLD TYPE

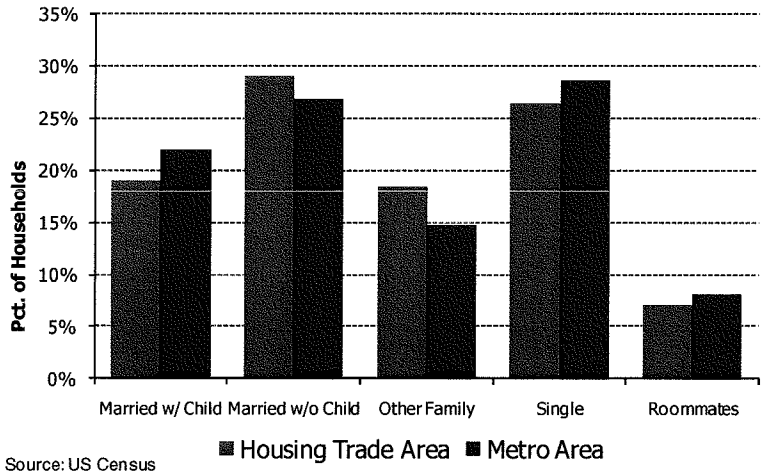
Compared to the Metro Area, the Housing Trade Area has a larger proportion of married couple households without children and "other" families, which mostly consist of single-parent households(Table 15 and Figure 20). The proportion of married couples without children is due in large part to the aging of the population in the trade area.

Table 15: Household Type

Household Type	Housing Trade Area		Metro Area	
	Number	Percent	Number	Percent
Married with children	10,081	19.0%	244,687	21.9%
Married without children	15,394	29.1%	298,723	26.7%
Other family	9,754	18.4%	164,086	14.7%
Single	13,980	26.4%	319,030	28.5%
Roommate	3,777	7.1%	91,223	8.2%
Total Households	52,986	100.0%	1,117,749	100.0%

Source: US Census

Figure 20: Household Type 2010



Source: US Census

INCOME

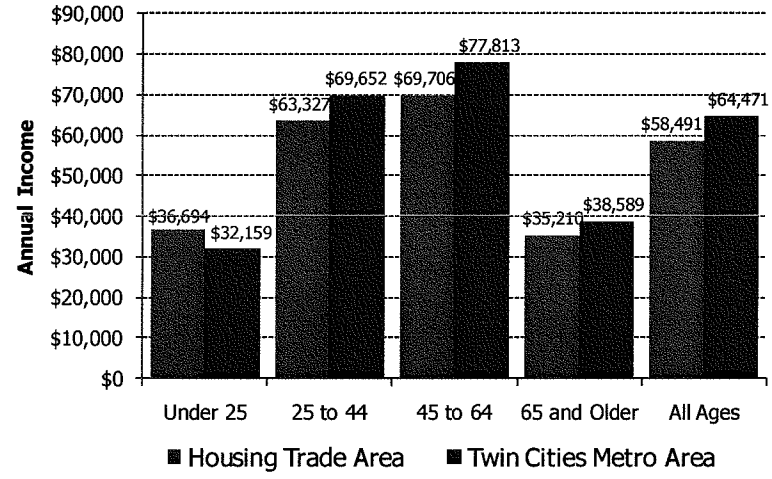
The Housing Trade Area has a median income that is below the metro area median (Table 16 and Figure 21). More importantly, though, it appears that incomes have been lagging behind those of the metro area. From 2000 to 2010, households under age 25 in the Trade Area saw incomes increase -9%, while this same age group at the metro level had an increase of 8%.

Table 16: Median Household Income by Age Group 2000 and 2010

	Housing Trade Area			7-County Metro Area		
	2000	2010	Change	2000	2010	Change
Households under 25	$40,150	$36,694	-8.6%	$29,818	$32,159	7.9%
Households 25-44	$55,413	$63,327	14.3%	$58,616	$69,652	18.8%
Households 45-64	$62,105	$69,706	12.2%	$67,861	$77,813	14.7%
Households 65+	$29,171	$35,210	20.7%	$31,233	$38,589	23.6%
All Households	$52,626	$58,491	11.1%	$54,807	$64,471	17.6%

Source: US Census

Figure 11: Median Household Income by Age Group 2010



Source: US Census

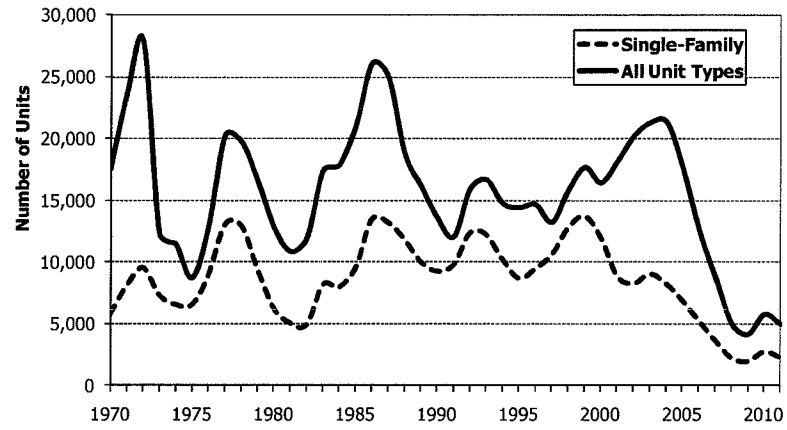
RESIDENTIAL CONSTRUCTION TRENDS

The Twin Cities metro area has experienced a number of housing booms and busts over the last 40 years (Figure 22). However, none of the previous busts have been as severe as the current one. In 2009, fewer than 5,000 new units were permitted for construction in the metro area. This compares to recent peaks of 20,000 and 21,500 in 2003 and 2004, respectively. Although the current slowdown in residential development is pressing, other recent trends bear mentioning as well, most notably being the shift to develop more attached forms of housing, such as twinhomes, townhomes, and apartments.

Throughout most of the 1990s, single-family homes dominated residential development. This was generally the result of low transportation costs, lack of land zoned for multifamily housing, property tax rates that penalized development of rental apartments, and modest rates of price appreciation, which maintained affordability. However, as home prices rose quickly in the early 2000s, an increasing number of households reached retirement age, and gasoline prices spiked upward, attached forms of housing located centrally to jobs, retail, and healthcare became more prevalent.

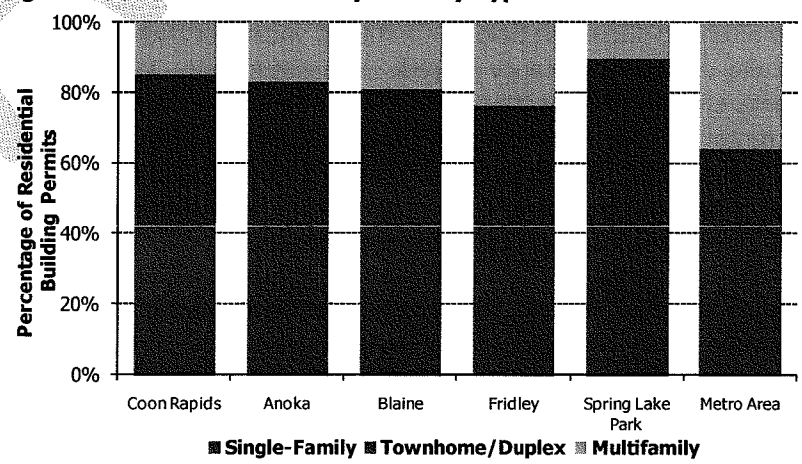
In the Housing Trade Area, nearly 50 percent of the homes built between 2001 and 2010 were attached in some form or another (Figure 23).

Figure 22: Housing Units Permitted for Construction 7-County Twin Cities Metro Area 1970-2011



Source: Metropolitan Council

Figure 23: Residential Development by Type 2001-2010



Source: Metropolitan Council

Stantec

Rental Housing Market

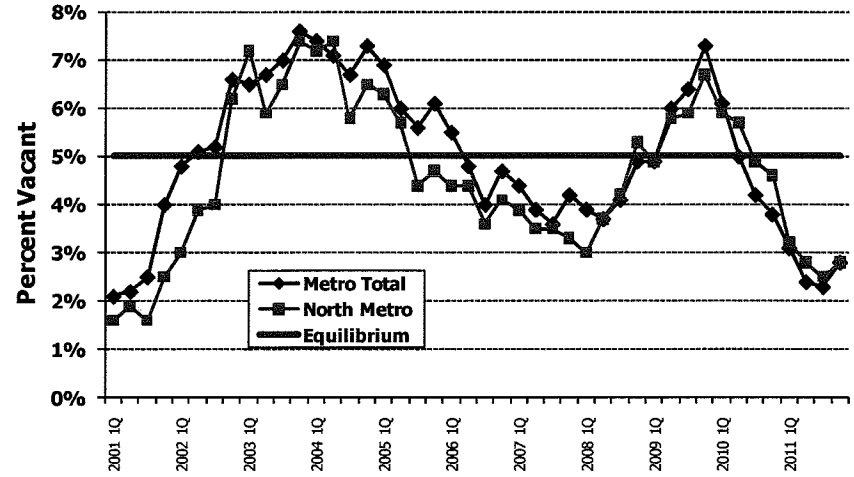
MARKET OVERVIEW

The apartment market has rebounded strongly after a period of high unemployment and lackluster job growth temporarily softened the rental market in 2009 and 2010 (Figure 24). The overall vacancy rate in the North Metro dropped from a peak of nearly 7% in 4th quarter 2009 to under 3% as of 4th quarter 2011. This recent strengthening in the market means that the vacancy rate is now well below 5%, indicating that there is pent-up demand in the market and new market rate development could very well be supported.

The average monthly rent in the North Metro increased about $65 between 2006 and 2009, but then dropped nearly $40 by mid-2010 (Figure 25). Since that time, however, there has been an increase in the average monthly rent each quarter and is now just below $850. Close attention should be paid to apartment vacancies and rents. Typically, declines in vacancy precede increases in rent. Once rents increase enough, this will place pressure on the market to develop new rental housing. Although concentrated in Minneapolis, Saint Paul, and several first-ring suburbs, there are over 13,000 proposed rental units throughout the Metro Area, which are in various stages of predevelopment as well as active construction.

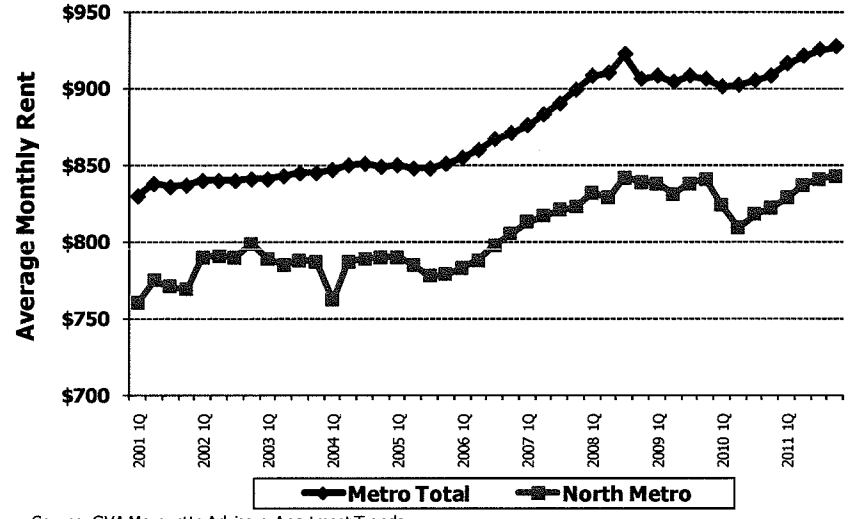
It should be noted, though, that some of the demographic trends mentioned earlier regarding homeownership rates may profoundly impact the apartment market. Evidence appears to be growing that younger age groups are not embracing homeownership the way previous generations did.

Figure 24: Twin Cities Apartment Vacancy Rates 2001-2011



Source: GVA Marquette Advisors, Apartment Trends

Figure 25: Twin Cities Average Apartment Rents



Source: GVA Marquette Advisors, Apartment Trends

First, mortgage standards have returned to more stringent levels where the barrier to entry is much higher due to substantially larger down payments that are required on the part of banks. Second, with housing no longer appreciating at even modest levels, the nest egg that so many previous generations created through homeownership is no longer seen as attainable. Third, for younger households vulnerable to high unemployment rates, homeownership can be viewed as reducing employment flexibility which further depresses demand. As a result, younger households are starting to choose rental housing as a preferred arrangement rather than a temporary situation prior to homeownership.

If these trends persist or become deeply established, the demand for rental housing could increase in the coming years. These trends, however, are difficult to predict because of the large impact Federal policies have on homeownership. For instance, if the Federal government revamps Fannie Mae and Freddie Mac, the two big institutions that help support homeownership, in a way that help loosen lending standards, homeownership may again regain its value to younger generations.

MARKET RATE COMPARABLES

Stantec profiled 10 of the newest market rate apartment projects in the vicinity of the Housing Trade Area to gauge performance of comparable new apartment projects and their positioning (Tables 17 and 18). Although only a small proportion of the

Table 17: Comparable Market Rate Rental Properties

Project Name	Year Built	City	Bldg Style	# of Units	Rent Range	Rent Avg.	Square Feet Range	Square Feet Avg.	Avg. Per Sq. Ft.
Studio Units									
Landings at Silver Lake Village	2005	SA	Apt	7	$646 - $970	$808	590 - 699	645	$1.25
Tralee Terrace	1993	CR	Apt	1	$619 - $619	$619	500 - 500	500	$1.24
Subtotal/Average				**8**	**$646 - $970**	**$784**	**590 - 699**	**626**	**$1.25**
One-Bedroom Units									
Woodland Park	1993	AN	Apt	9	$725 - $750	$738	550 - 550	550	$1.34
Just Off Main	1999	MG	TH	24	$960 - $960	$960	784 - 784	784	$1.22
Tralee Terrace	1993	CR	Apt	16	$699 - $760	$730	621 - 702	662	$1.10
Arbor Glen	2001	MG	Apt	44	$795 - $975	$885	811 - 852	832	$1.06
Landings at Silver Lake Village	2005	SA	Apt	67	$748 - $905	$827	808 - 905	857	$0.96
Cedar Creek Apts	1993	BL	Apt	18	$575 - $620	$598	624 - 624	624	$0.96
Dellwood Estates II	1993	AN	Apt	45	$788 - $788	$788	940 - 940	940	$0.84
Subtotal/Average				**223**	**$575 - $975**	**$816**	**550 - 940**	**815**	**$1.00**
One Bedroom/ Den Units									
Arbor Glen	2001	MG	Apt	12	$1,125 - $1,199	$1,162	1,130 - 1,130	1,130	$1.03
Landings at Silver Lake Village	2005	SA	Apt	10	$1,073 - $1,204	$1,139	1,073 - 1,204	1,139	$1.00
Subtotal/Average				**22**	**$1,073 - $1,204**	**$1,151**	**1,073 - 1,204**	**1,134**	**$1.02**
Two-Bedroom Units									
Just Off Main	1999	MG	TH	77	$1,385 - $1,385	$1,385	1,196 - 1,196	1,196	$1.16
Arbor Glen	2001	MG	Apt	122	$1,125 - $1,245	$1,185	970 - 1,089	1,030	$1.15
Landings at Silver Lake Village	2005	SA	Apt	86	$899 - $2,123	$1,511	1,138 - 1,661	1,400	$1.08
Woodland Park	1993	AN	Apt	57	$835 - $835	$835	813 - 874	844	$0.99
Northtown Crossings	2004	CR	TH	42	$1,335 - $1,385	$1,360	1,338 - 1,421	1,380	$0.99
Tralee Terrace	1993	CR	Apt	34	$819 - $855	$837	891 - 891	891	$0.94
Cedar Creek Apts	1993	BL	Apt	36	$735 - $780	$758	870 - 910	890	$0.85
Dellwood Estates II	1993	AN	Apt	45	$888 - $888	$888	1,100 - 1,100	1,100	$0.81
Oak Pointe	2000	CR	TH	21	$1,129 - $1,129	$1,129	1,500 - 1,500	1,500	$0.75
Evergreen Point	2003	RM	TH	31	$1,250 - $1,275	$1,263	1,700 - 1,700	1,700	$0.74
Subtotal/Average				**551**	**$735 - $2,123**	**$1,170**	**813 - 1,700**	**1,162**	**$1.01**
Three-Bedroom Units (or larger)									
Landings at Silver Lake Village	2005	SA	Apt	15	$1,647 - $2,216	$1,932	1,402 - 1,723	1,563	$1.24
Just Off Main	1999	MG	TH	24	$1,585 - $1,585	$1,585	1,404 - 1,404	1,404	$1.13
Arbor Glen	2001	MG	Apt	86	$1,395 - $1,495	$1,445	1,307 - 1,469	1,388	$1.04
Northtown Crossings	2004	CR	TH	6	$1,545 - $1,545	$1,545	1,547 - 1,547	1,547	$1.00
Woodland Park	1993	AN	Apt	24	$999 - $1,200	$1,100	1,000 - 1,236	1,118	$0.98
Tralee Terrace	1993	CR	Apt	17	$1,075 - $1,145	$1,110	1,131 - 1,240	1,186	$0.94
Evergreen Point	2003	RM	TH	48	$1,325 - $1,400	$1,363	1,700 - 1,700	1,700	$0.80
Cedar Creek Apts	1993	BL	Apt	18	$875 - $920	$898	1,156 - 1,156	1,156	$0.78
Subtotal/Average				**238**	**$875 - $2,216**	**$1,375**	**1,000 - 1,723**	**1,408**	**$0.98**
Total/Average				**1,042**	**0.9%**	**$823**		**818**	**$1.07**

City Codes: AN=Anoka; BL=Blaine; CR=Coon Rapids; MG=Maple Grove; RM=Ramsey; SA=St. Anthony
Sources: Stantec; Marquette Advisors

rental market can afford the rents at luxury properties, it is important to track this market because these properties often set the standards for features and amenities demanded by the marketplace. Moreover, tracking new developments helps understand what financing gaps, if any, may exist between achievable rents and new construction costs. The comparison focused on unit mix, size of project, rents, vacancies, and project amenities. The following are key findings of the analysis:

- Due to the lack of new rental properties within the Housing Trade Area, four of the 10 properties profiled are located outside of the Trade Area (Map 8). Furthermore, due to the lack of traditional garden-style apartment properties, which are typically three- to four-story structures with common entrances and elevators, four of the 10 properties are rental townhome developments, which tend to have a slightly different demographic market than garden-style apartment buildings.

- The properties range in age from 19 years old to seven years old. Therefore, even though these properties represent the newest most upscale rental developments in or near the Housing Trade Area, they do not necessarily capture the most state-of-the-art offerings that are currently being built in other submarkets of the Metro Area.

- Overall vacancy among the 10 properties is only 0.9%, which is extremely low and well below the already low 2.8% vacancy rate of the entire North Metro. This suggests there is strong pent-up

Table 18: Amenities at Comparable Market Rate Rental Properties

	In-Unit Features										Common Area Amenities												
	Washer/Dryer	Walk-in Closet	Fireplace	Balcony/Patio	Vltd/ High Clg.	Stainless Steel Appl.	Granite Counters	Kitchen Island	Roman Tubs	Central A/C	Party Room	Fitness Center	Swimming Pool	Spa/Whirlpool	Sauna	Tanning Bed	Patio w/Grills	Private Theater	Business Center	Conference Room	Storage Units	Garage	Garage Fee (Mo.)
Apartment Buildings																							
Arbor Glen	X	X	S	X						X	X	X	O						X		X	U	incl.
Cedar Creek Apts	H			X																		D	$30
Tralee Terrace		X		X							X											U	
Woodland Park		S		X													X					D	$40
Dellwood Estates II											X	X	O									U	incl.
Landings at SLV	X	X	S	X	S	X	X			X	X	X	O	X	X	X		X	X			U	$75
Townhomes																							
Just Off Main	X	X	S	X	X					X												A	incl.
Evergreen Point	X	X		X	X					X												A	incl.
Oak Pointe	X	X	X	X						X												A	incl.
Northtown Crossings	X	X	X	X	X	X	X	X		X												A	incl.

S = Some Units; H = Hook-ups
U = Underground Parking; A = Attached Parking; D = Detached Parking
I = Indoor Pool; O = Outdoor Pool
Source: Stantec; Marquette Advisors

demand for newer product with more amenities and features in the Housing Trade Area. With such low vacancy, it is likely that rents will sharply increase over the next year as landlords take advantage of the strong demand when renewing leases.

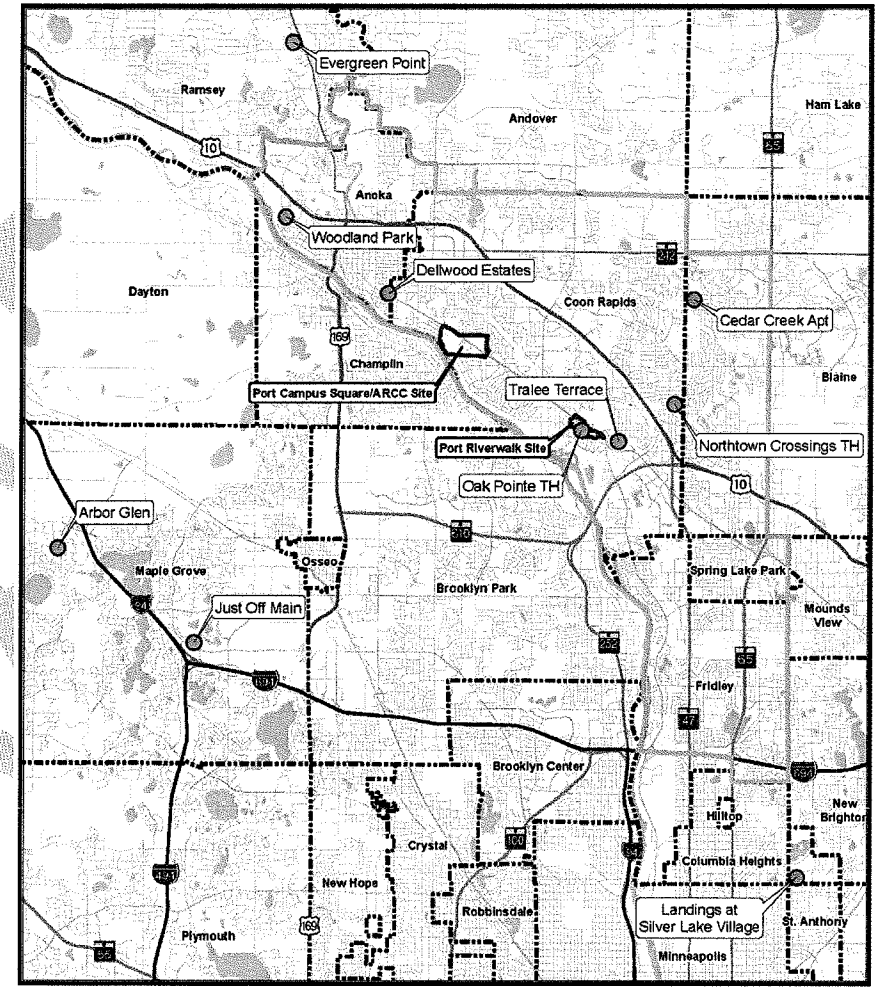
- One bedroom units have an average rent of $816 with top rent being $975. Two-bedroom units have an average rent of $1,170 with top rent being $2,123.

- On a per square foot basis, the overall rent is $1.07 per square foot. However, smaller unit types command higher prices per square foot. The highest rents in the market are for one-bedroom units at Woodland Park, which are $1.34 per square foot. Given that development costs associated most new suburban apartment construction are closer to $1.50 per square foot, this level of rent still does not support new construction. However, since many of newer buildings profiled in this analysis are already over 15 years old, there appears to some room to capture even higher rents for brand new product.

- Nearly three quarters of the units profiled have two-bedrooms or more. This is a result of several rental townhome developments being profiled, which often consist mostly of two- or three-bedroom units. Therefore, this suggests that there is a lack of newer one-bedroom units in the marketplace. Furthermore, although two-bedroom units are typically the most popular unit type in the marketplace, lifestyle renters are increasing, and these include singles that prefer renting even though they could afford to own.

- Features and amenities at the various properties differ based on whether the development is an apartment building or a townhome project. Apartment buildings generally have more units and can support common areas with a variety of amenities, such as party rooms, fitness centers, and pools. However, with

Map 8: Comparable Market Rate Rental Properties



Market Rate Comparable Rental Properties

N W E S
0 8,000 16,000 Feet

Project Site
Housing Trade Area
Municipal Boundary
Open Water

April 26, 2012
Stantec
V:\1937\active\193700828\GIS\Projects\Comparable Rental.mxd

the exception of the Landings at Silver Lake Village, many of the trade area apartment buildings lack a number of the amenities found at many newer properties in other parts of the Metro Area. Furthermore, due to the age of many of the trade area properties, they also lack many in-unit features found in newer communities, such as stainless steel appliances, high ceilings, and granit countertops.

- The townhome properties have more standard features, such as in-unit washer/dryers, balconies, fireplaces, and high ceilings, but they also lack some of the upscale features found in newer rental communities. More importantly, though, townhome developments generally lack the common area features of most apartment buildings, such pools fitness centers, etc.

RENTAL HOUSING DEMAND CALCULATION

Tables 26 and 27 present our demand calculations for general-occupancy rental housing in the Trade Area and, more specifically, in the Port Campus and Port Riverwalk study areas. The following points summarize the demand calculations.

The first step in calculating rental demand in the Housing Trade Area was to estimate the number of qualified households based on age, income, and tenure (renter vs. owner). Table 26 presents the methodology. It begins with a breakdown of 2011 Trade Area households by age and then applies appropriate renter proportions followed by appropriate income proportions. This is repeated for Trade Area households in 2020.

Table 27 presents the change in the number of renter households by age and income between 2010 and 2020, which is the basis for determining forecasted demand. Table 14 also presents adjustments to the calculated household base to account for senior households, which will likely choose age-restricted properties, and the known competitive projects currently in the development pipeline. Factoring in these two adjustments yields a net unmet demand between 2010 and 2020 of 3,156 units within the Trade Area.

Not all of this demand, however, can be captured by one project or even within a single district such as the Port Campus or Port Riverwalk study areasl. Therefore, the demand calculation also includes an adjustment to account for the proportion of Trade Area demand that could be captured somewhere along Coon Rapids Boulevard taking into consideration the quality and availability of sites, regional access, and the competitive environment. This proportion is 20% for lower and modest income households. However, for households with annual incomes above $50,000, it assumed they will have greater choice in the marketplace and thus the proportion capturable from this target market is slightly lowered to 10%. Combined these three income groups could generate as much as 353 units of demand for new rental housing along Coon Rapids Boulevard through 2020.

Most of the calculated demand will come from modest income households (206 units) or those earning between $25,000 and $50,000 per year. Assuming modest income households can only devote 30 percent of their income toward housing, this group can afford up to $1,000 per month for housing. Although this group can often obtain existing market rate units in older buildings with fewer amenities, it is often very difficult to build new construction targeted to this market without some sort of subsidy to cover critical cost gaps.

Table 26: Segmentation of Trade Area Households by Age and Income, 2010 and 2020

Age of Householder	2010 Trade Area HHs		% Renter Occupied		2010 Renter HHs		% with Incomes <$25,000	% with Incomes $25k-$50k	% with Incomes $50,000+		Renter HHs with Incomes <$25,000	Renter HHs with Incomes $25k-$50k	Renter HHs with Incomes $50,000+
15 to 24 years	2,347	x	72.2%	=	1,693	x	31.6%	40.7%	27.7%	=	535	689	469
25 to 34 years	7,937	x	40.3%	=	3,199	x	20.8%	38.1%	41.1%	=	665	1,219	1,315
35 to 44 years	11,643	x	27.9%	=	3,251	x	16.6%	31.3%	52.1%	=	540	1,017	1,694
45 to 54 years	12,783	x	21.0%	=	2,681	x	22.1%	36.8%	41.1%	=	592	987	1,102
55 to 64 years	8,336	x	16.7%	=	1,393	x	30.8%	35.9%	33.3%	=	429	500	464
65 to 74 years	6,369	x	15.1%	=	962	x	35.1%	43.2%	21.7%	=	338	416	209
75 years and over	3,571	x	28.5%	=	1,019	x	65.5%	27.6%	6.9%	=	668	281	70
	52,986				14,199						3,767	5,109	5,322

Age of Householder	2020 Trade Area HHs		% Renter Occupied[1]		2020 Projected Renter HHs		% with Incomes <$25,000[2]	% with Incomes $25k-$50k[2]	% with Incomes $50,000+[2]		Renter HHs with Incomes <$25,000[2]	Renter HHs with Incomes $25k-$50k[2]	Renter HHs with Incomes $50,000+[2]
15 to 24 years	2,449	x	75.2%	=	1,840	x	33.6%	42.3%	24.2%	=	618	778	445
25 to 34 years	10,650	x	43.3%	=	4,613	x	20.4%	39.8%	39.8%	=	943	1,835	1,835
35 to 44 years	10,422	x	30.9%	=	3,222	x	14.5%	33.2%	52.3%	=	466	1,071	1,685
45 to 54 years	11,390	x	24.0%	=	2,730	x	19.8%	39.1%	41.2%	=	540	1,067	1,124
55 to 64 years	10,137	x	19.7%	=	1,998	x	25.9%	34.7%	39.4%	=	517	694	787
65 to 74 years	5,980	x	18.1%	=	1,083	x	35.0%	44.2%	20.8%	=	379	479	225
75 years and over	5,923	x	31.5%	=	1,868	x	64.4%	28.4%	7.3%	=	1,203	530	136
	56,950				17,354						4,664	6,453	6,237

[1] Due to the slow down in the for-sale housing market, it is anticipated that homeownership rates will decline across all age groups through 2020.

[2] Incomes and rents are based on 2010 dollars

Source: Stantec

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A smaller proportion of demand (83 units) will come from higher income households or those earning more than $50,000 per year. This is the group that typically can afford the kind of rents that would support new market rate development with minimal, if any, public assistance. There will also be demand (64 units) from low income households or those earning less than $25,000 per year. Housing intended for this market will require substantial subsidies to help pay for the gap created by lack of rental revenue needed to cover construction and operating expenses.

RENTAL HOUSING SUMMARY

The current rental housing market is becoming very tight. Vacancy rates have dropped to nearly historic lows. Rents will likely start to increase as a result of these conditions. Most newer properties in the Trade Area are achieving rents of between $1.00 and $1.20 per square foot with the peak being $1.34. Although these rents are probably not enough to support new development, most properties in the Trade Area are older and do not have many of the amenities and features that renters desire in today's market. Therefore, given expected rent increases throughout the market and the potential to capture even higher rents with new development, this may push the market into a zone that can support new development.

The Port Campus and Port Riverwalk study areas, moreover, are strategically located along Coon Rapids Boulevard, which provides good access to the regional highway system via Highways 610 and 10. This locational advantage will help attract renters interested in being a convenient commute to many of the North Metro's key employment/activity centers. In particular, the Port Campus study area includes the Anoka Ramsey Community College, which has approximately 6,000 students and 550 employees. Furthermore, the study area is less than a mile from the 2,000 workers associated with the Mercy Hospital complex.

Table 27: Rental Housing Demand Calculation

Age of Householder	Growth in renter households <$25,000 inc (2010-2020)	Growth in renter households $25k-$50k inc (2010-2020)	Growth in renter households $50,000+ inc (2010-2020)
15 to 24 years	82	89	-24
25 to 34 years	277	616	520
35 to 44 years	-74	54	-9
45 to 54 years	-52	80	22
55 to 64 years	88	194	323
65 to 74 years	41	63	17
75 years and over	535	248	66
	897	1,344	915

Growth in income-qualified renter households (2010-2020)	=	897	1,344	915
(less) Households age 65+	-	576	312	82
(less) Proposed competitive rental units	-	0	0	0
(equals) Potential excess demand	=	322	1,032	832
(times) Proportion capturable along Coon Rapids Blvd	x	20%	20%	10%
(equals) Units capturable along Coon Rapids Blvd	=	**64**	**206**	**83**

Source: Stantec

For the Port Riverwalk study area, it will benefit from close proximity to the Anoka Ramsey Community College and Mercy Hospital aera as well. However, it is situated very close to Highway 610 and would provide very convenient access to the employment around Northtown but also the major office campuses associated with Medtronic in Mounds View and Target in Brooklyn Park.

Both the Port Campus and Port Riverwalk study areas are also located close to the Mississippi River, which is a significant amenity. In the case of the Port Riverwalk area, the Coon Rapids Dam Regional Park is within a couple blocks and includes a number of regional trails that provide connections to a larger network of parks and trails. For the Port Campus area, connections to the Mississippi River and its system of trails are not as readily accessible. However, with some strategic linking of short gaps in the trail network, the Mississippi River could easily become a significant amenity that would be readily accessible to residents of the Port Campus area.

It is also important to note that as the Port Campus and Port Riverwalk areas are redeveloped with new and interesting places, these areas themselves have the potential to be an amenity that would serve to attract potential residents. For example, the Port Campus area has a new community center and is planned to have a new county library. These uses along with new retail with a village focus would certainly help attract potential residents.

Given the benefits of Port Campus and Port Riverwalk locations within the Metro Area and the nearby amenities, we believe the study areas have the potential to capture up to 270 units of new middle-market rental housing targeted to moderate income households and 80 units of upscale rental housing targeted to higher income households through 2020.

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For-Sale Housing Market

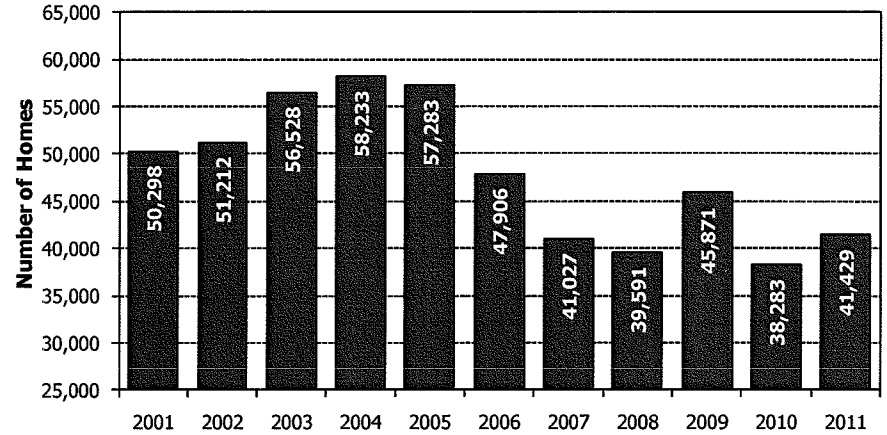
MARKET OVERVIEW

After a period of unprecedented growth in the early 2000s, the for-sale home market dramatically weakened starting in 2005. Between 2004 and 2008, the number of homes sold through the MLS declined each year with pronounced drops in 2006 and 2007 (Figure 28). However, after years of declining sales, 2009 saw a substantial increase in sales due to the Federal stimulus program that provided a substantial tax credit to first-time home buyers. However, in the wake of the Federal stimulus program, sales declined yet again in 2010 to rates not experienced in over a decade.

More importantly, though, the impact of foreclosures is still evident as median sales price continues to decline and is now off nearly 35 percent from its peak in 2006 (Figure 29). The causes of the soft market are varied and complex. However, over-construction encouraged by lax lending standards has been a clear root cause. Until much of the oversupply is absorbed, it appears the for-sale market will continue to be soft. Excess supply is slowly being absorbed, which will stabilize the balance between supply and demand and eventually lead to price increases.

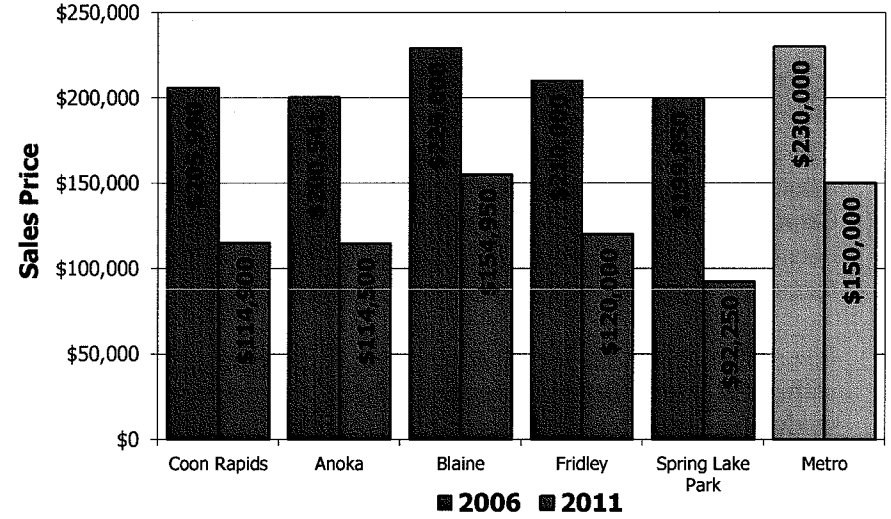
Cities in the Housing Trade Area have also been impacted by the regional and national downturn in the for-sale housing market. Figure 37 displays the change in median sales price in each city. For the most part, each city had a strong increase between 2001 and 2006, followed by a sharp decline. Noteworthy, though, is that Coon Rapids, Spring Lake Park, Anoka, and Fridley experienced price

Figure 28: Metro Area Homes Sold Through MLS 2002-2011



Source: Minneapolis Area Association of Realtors

Figure 29: Change in Median Sales Price 2001-2011



Source: Minneapolis Area Association of Realtors

decreases that were much deeper than the metro-wide drop, suggesting that homes in these communities have been unbable to maintain their value relative to other parts of the Metro Area.

CONDOMINIUM MARKET

Although the for-sale housing market has been showing recent signs of market stabilization, we believe that the suburban condominium market is still many years away from being able to support a large new development located in Coon Rapids. Demand for condominium housing located in suburban areas will likely remain weak due to the glut of vacant units at recently developed projects and the deep price reductions of units at older condominium properties.

Successful condominium development, especially in suburban locations, is often tied to high-amenity sites with impressive views or outstanding access to upscale shopping or employment areas. Although we believe Coon Rapids has many advantages and could be developed with some high amenity areas over time, the number of condominium units that could be supported in either the Port Campus or Port Riverwalk areas would be very small and other locations in the Housing Trade Area and the Metro Area will likely be able to leverage more significant amenities and be more attractive to condominium developers when the market returns.

FOR-SALE HOUSING SUMMARY

The overall condition of the for-sale housing market is still battered and bruised. There are small signs that new home construction is picking up in communities with highly reputable school districts. Although the for-sale market has appeared to turn a corner, persistently high unemployment and tremendous oversupply, not to mention the foreclosure situation, is resulting in a very slow recovery. Moreover, any sites in either of the Port Campus or Port Riverwalk study areas would likely be condominiums or townhomes as opposed to single-family homes due to the underlying economics of redevelopment. And, despite the growing optimism for the single-family market, **the market for condominiums in suburban settings is almost non-existent.**

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Senior Housing Market

INTRODUCTION

This section of the report provides background on the different types of senior housing product, identifies properties that would compete indirectly or directly with new development in the Port Campus or Port Riverwalk study areas, and calculates future demand for additional senior housing in the Housing Trade Area.

SENIOR HOUSING DEFINED

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. Senior housing, as Figure 30 shows, embodies a wide variety of product types across the service-delivery spectrum, 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 persons with dementia-related illnesses (termed "memory care"). In general, independent senior housing attracts persons age 65 and over while assisted living attracts persons age 80 and older who need assistance with activities of daily living (ADLs), such as dressing, showering and grooming.

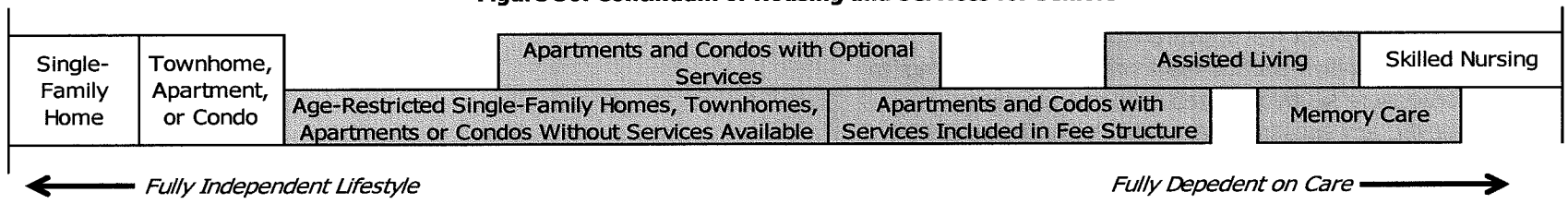
The least service-intensive buildings, also termed "active adult" or "adult" projects, are similar to general occupancy housing, offering virtually no support services or health care, but restricting tenancy to those ages 55 and over. Historically, these projects have primarily been rental properties, but in recent years ownership models, including cooperative and condominium arrangements, have greatly expanded the market. The next level up on the service-delivery spectrum is independent living with services, also known as congregate care. These projects offer support services such as meals and housekeeping, either included in the rent or a-la-carte so that residents can choose whether or not to pay for the services.

The most service-intensive product types, assisted living and memory care, offer the highest level of services short of a nursing home. Typical services covered in the fee for both of these product types include all meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal care and therapeutic services (either built into the fee or a-la-carte). Sponsorship by a nursing home, hospital or other health care organization is common for assisted living and memory care projects (as well as for many congregate/service-intensive projects).

SENIOR HOUSING PROPERTIES

Table 19 and Map 9 display the full range of senior housing options in the Housing Trade Area broken down by level of service. There

Figure 30: Continuum of Housing and Services for Seniors



are 30 projects listed in Table 19; combined they provide over 2,000 units of housing. Over one-third of all units profiled are located in affordable or subsidized properties. The remaining 1,300 units are split among owner-occupied, independent living, assisted living, and memory care properties.

Table 19 includes information on project location, year built, number of units, pricing, and whether it is part of a continuum of care. Below are key points pertaining to the existing supply of senior housing:

- There are a total of 610 deeply subsidized senior units in the Housing Trade Area. Most of the deeply subsidized units are located in older buildings, many of which are more than 30 years old. Many of these older properties are very modest with few amenities and consist primarily of small one-bedroom units. Deeply subsidized units are typically restricted to those with very low incomes and require residents to pay rent based on a sliding fee scale that is 30 percent of adjusted gross income.

- Beginning in the 1990s, many communities supported the development of affordable senior housing that only required a shallow subsidy through programs such as the Low-Income Housing Tax Credit or Section 42. These properties restricted residency based on income, but were not as stringent as deeply subsidized properties. Rents at these properties are held below market rates, yet residents typically do not pay based on a sliding fee scale. There are two properties with 134 units that fall into this category. Many of these properties were built during the 1990s as a cottage-style with private entrances and shared walls. These properties typically do not have any services available to residents and feature only a minimum of amenities, such as a community room.

- There are two owner-occupied properties in the Housing Trade Area with a total of 140 units. One property is a cooperative, which is a form of ownership in which residents own shares on a cooperative board that entitle them to a unit as opposed to a fee-simple condominium arrangement. Cooperatives can allow for greater flexibility in how residents want to manage financing of their shares. From a design and amenity standpoint, cooperatives are indistinguishable from condominiums in that most are three or four story buildings with a common entrance and a basic array of building amenities, though very few have services available. Due to the ownership component of these properties, most residents tend to be slightly younger on average than compared to other senior housing concepts. Ownership properties also tend to have larger square footages and more two-bedroom units due to the prevalence of couples.

- There are six market rate senior housing properties with few or no services with a total of 462 units. Because of the lack of services, rents at these properties tend to be in line with many upscale general-occupancy apartments. Therefore, they tend to appeal to people who want a more maintenance free lifestyle but are still too healthy to see the value of paying for additional services.

- There are six market rate independent living properties that include services with a total of 409 units. The rents at these properties are significantly higher because of the availability of meals, transportation, housekeeping, and basic personal care. However, many of them recognize that they have residents of varying stages of need and do not necessarily require residents to pay for certain services unless they use them. Nonetheless, the ability to have the services available justify a much higher rent. In many ways these properties can and do function at an assisted living level, especially when it comes to accommodating aging in place. Moreover, many of these properties are located on a campus with other higher levels of care, which allows management to share services across settings.

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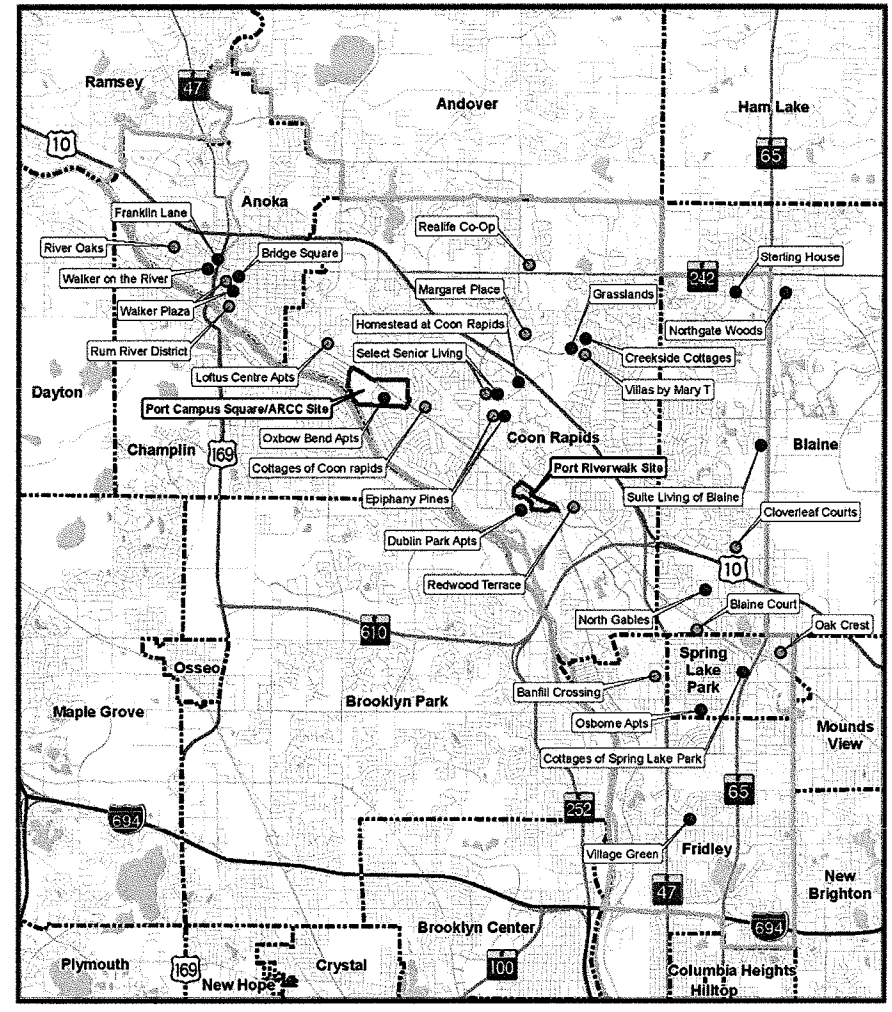
Table 19: Senior Housing Properties

Project Name	Address	City	Year Opened	Number of Units	Cam-pus	Base Rent/Price
Subsidized						
Dublin Park Apts	10020 Drake St	Coon Rapids	n/a	70		30% of Income
Bridge Square	2 Bridge Square	Anoka	n/a	101		30% of Income
Franklin Lane	1827 S Ferry St	Anoka	n/a	66		30% of Income
Grasslands	11740 Xeon Blvd	Coon Rapids	n/a	24		30% of Income
Oxbow Bend Apts	3101 111th Ave	Coon Rapids	n/a	61		30% of Income
North Gables	654 90th Ln	Blaine	n/a	50		30% of Income
Northgate Woods	1530 123rd Ln NE	Blaine	n/a	30		30% of Income
Osborne Apts	659 Osborne Rd NE	Spring Lake Park	n/a	60		30% of Income
Village Green	460 Mississippi St NE	Fridley	n/a	103		30% of Income
Walker on the River	1906 S Ferry St	Anoka	n/a	45		30% of Income
				610		
Affordable (Shallow Subsidy)						
Cottages of Coon Rapids	110th Ln and Coon Rapids	Coon Rapids	1997	48		$620-$979
Cottages of Spring Lake Park	8263 Fillmore	Spring Lake Park	1993	86		$675-$775
				134		
Owner-Occupied						
Realife of Coon Rapids	Main St and Hanson Blvd	Coon Rapids	2002	100		$26,600-$53,500
Rum River District	2200 2nd Ave	Anoka	2005	40		$220,000+
				140		
Indepdent Living (few or no services)						
Loftus Centre Apts	3931 Coon Rapids Blvd	Coon Rapids	n/a	30		$650-$800
Redwood Terrace	9950 Redwood St	Coon Rapids	2000	54		$850-$950
Blaine Court	701 85th Ave NE	Blaine	1991	55		$617-$762
Cloverleaf Courts	1011 Cloverleaf Pkwy	Blaine	2000	102		$530-$1,231
Banfill Crossing	8310 University Ave NE	Fridley	2000	110		$774-$1,338
Oak Crest	1639 Hwy 10 NE	Spring Lake Park	1997	111		$797-$1,339
				462		
Independent Living (with services)						
River Oaks of Anoka	910 Western St	Anoka	1988	80		$1,900-$2,300
Select Senior Living	113th Ave and Martin St	Coon Rapids	2009	24	X	$1,390-$2,150
Villas by Mary T	1181 117th Ave NW	Coon Rapids	n/a	38		$990-$1,400
Margaret Place	118th Ln	Coon Rapids	1987	72		$975-$1,075
Walker Plaza	131 Monroe St	Anoka	1990	88	X	$1,105-$1,855
Epiphany Pines	1800 111th Ave	Coon Rapids	1994	107		$841-$1,330
				409		
Assisted Living						
Creekside Cottages	1190 117th Ave	Coon Rapids	1998	12		$4,100
Epiphany Pines	10955 Hanson Blvd	Coon Rapids	2001	50	X	$2,298-$3,595
Homestead at Coon Rapids	11372 Robinson Dr	Coon Rapids	1998	32		$3,090-$5,055
Select Senior Living	113th Ave and Martin St	Coon Rapids	2009	40	X	n/a
Walker Plaza	131 Monroe St	Anoka	1990	14	X	n/a
Suite Living of Blaine	10669 Ulysses St NE	Blaine	2004	30		n/a
Sterling House of Blaine	1005 Paul Pkwy	Blaine	1997	19		$2,350-$4,475
Demar Catered Living	11777 Xeon Blvd	Coon Rapids	1995	20		$3,800
Eagle Street Catered Living	12099 Eagle St	Coon Rapids	1997	12		$4,100
				229		
Memory Care						
Select Senior Living	113th Ave and Martin St	Coon Rapids	2009	12	X	n/a
Epiphany Pines	10955 Hanson Blvd	Coon Rapids	2001	14	X	$2,327-$2,371
Homestead at Coon Rapids	11372 Robinson Dr	Coon Rapids	1998	36		$4,300-$5,030
Suite Living of Blaine	10669 Ulysses St NE	Blaine	2004	13		n/a
				75		

* Cooperative pricing in which monthly dues cover a portion of mortgage
Source: Stantec

Map 9: Senior Housing Properties



Senior Housing Properties

0 8,000 16,000 Feet

Housing Trade Area
Project Site
Municipal Boundary
Open Water

Independent Living
Assisted Living/Memory Care
Subsidized

April 26, 2012
Stantec
V:\1937\active\193700828\GIS\Projects\Senior Housing.mxd

Stantec

- There are nine assisted living facilities in the Housing Trade Area with a total of 229 units. Five of the nine are located in Coon Rapids. Pricing can vary significantly from one property to another because of the wide array of services that can be either bundled or unbundled with the rent. The wide range in rents can also be related to the living space and its arrangement. Some properties have tried to appeal to a more cost conscious market by having smaller suite-style units that may be shared, while other properties have marketed to the upscale market through much larger units and the provision of in-unit features, such full kitchens and extra bedrooms even though residents normally have no need for such features.

- There are five memory care properties with 75 units. Memory care is the most expensive senior housing environment because of the need to provide services that go beyond the typical meals, housekeeping, and basic personal care. Memory care also demands a lot of specialized programming that requires not only more staff time, but specially trained staff as well. Memory care properties are almost always combined with assisted living because of the flexibility to share trained staff.

In general, there is a wide variety of senior housing options in the Housing Trade Area. However, the market for senior housing is rapidly evolving with new technologies, changing cultural attitudes, and a burgeoning market. What may work for today's senior may no longer be appropriate for tomorrow's senior. Therefore, it is important to stay on top of this shifting market and be open to change.

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SENIOR HOUSING DEMAND CALCULATIONS

Stantec has reviewed forecasted population and household growth figures by age group and applied them to industry standards used to measure acceptable capture and penetration rates for senior housing.

According to the demand calculation for independent senior housing (Table 20), there is excess demand in the Housing Trade Area for both affordable and market rate units. Furthermore, given forecasted growth in the number of senior households, there will be very strong demand for independent living housing by 2020, provided no additional units are built.

The demand calculation for assisted living also suggests that demand currently exceeds supply in the Housing Trade Area (Table 21). Therefore, given forecasted growth in the target market demand will increase substantially by 2020 if no additional units are built in the Trade Area.

Similar to the independent and assisted living market, it appears that the demand for memory care housing in the Housing Trade Area exceeds supply (Table 22).

Table 20: Calculated Trade Area Demand for Independent Living

		2010		2020	
		Age 65-74	Age 75+	Age 65-74	Age 75+
Households		5,957	4,971	7,359	6,557
Penetration Rate[1]	x	7%	20%	7%	20%
Demand from Trade Area Households	=	417	994	515	1,311
Demand from Outside Trade Area (20%)	+	104	249	129	328
Total Potential Demand	=	521	1,243	644	1,639
		1,764		2,283	
		Afford-able[2]	Market Rate	Afford-able[2]	Market Rate
Income Breakdown	x	45%	55%	45%	55%
Potential Demand by Affordability	=	794	970	1,027	1,256
Existing Units (less)	-	744	807	744	807
Pending Units (less)	-	0	0	40	0
Estimated Trade Area Need	=	50	163	243	449
Proportion Capturable along Coon Rapids Blvd	x	25%	25%	25%	25%
Units Capturable along Coon Rapids Blvd	=	12	41	61	112

[1] Penetration rate is the proportion of households willing to live in an age-restricted environment

[2] Based on Proportion of Trade Area households age 65+ with annual incomes below $25,000

Source: Stantec

Table 21: Calculated Trade Area Demand for Assisted Living

		2010	2020
Households Age 75 and older		4,971	6,557
Households Requiring Assistance (30%)[1]		1,491	1,967
Income-Qualified Households (50%)[2]		746	984
Proportion Likely to Remain in Study Area (80%)[3]		597	787
Existing Units (less)	-	434	434
Pending Units (less)	-	0	0
Estimated Trade Area Need	=	163	353
Proportion Capturable along Coon Rapids Blvd	x	20%	20%
Units Capturable along Coon Rapids Blvd	=	33	71

[1] National Long-Term Care Survey

[2] Most older households do not have the income to afford the high cost of memory care housing. The proportion used here reflects financial assistance from family, other non-government sources, and the spend down of assets.

[3] Proportion is based on prevailing household incomes in the Trade Area. Higher income adult children are more likely to relocate parents out of their home Trade Area.

Source: Stantec

Table 22: Calculated Trade Area Demand for Memory Care

		2010				2020			
		Age 60-69	Age 70-79	Age 80-89	Age 90+	Age 60-69	Age 70-79	Age 80-89	Age 90+
Number of Persons		12,788	7,231	2,917	1,029	15,404	9,881	4,416	1,472
Incidence of Dementia[1]	x	1.0%	5.0%	24.2%	37.4%	1.0%	5.0%	24.2%	37.4%
Estimated Population with Dementia	=	128	362	706	385	154	494	1,069	551
Proportion Needing Memory Care Housing[2]	x	15%	20%	25%	10%	15%	20%	25%	10%
Persons Needing Memory Care Housing	=	19	72	176	38	23	99	267	55
Proportion Income-Qualified (75%)[3]			230				333		
Proportion to Remain in Trade Area (65%)[4]			149				217		
Existing Units (less)	-		75				75		
Pending Units (less)	-		0				0		
Estimated Trade Area Need	=		74				142		
Proportion Capturable along Coon Rapids Blvd	x		20%				20%		
Units Capturable along Coon Rapids Blvd	=		15				28		

[1] Journal of Neuroepidemiology, November 2007

[2] Not all persons who have dementia or related illness will require memory care housing because of in-home care provided by spouse, adult children, or other providers.

[3] Most older households do not have the income to afford the high cost of memory care housing. The proportion used here reflects financial assistance from family, other non-government sources, and the spend down of assets.

[4] Proportion is based on prevailing household incomes in the Trade Area. Higher income adult children are more likely to relocate parents out of their home Trade Area.

Source: Stantec

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SENIOR HOUSING SUMMARY

INDEPENDENT LIVING:

Projects that cater to younger, active seniors have been hard hit by the recession due to declining home prices that has reduced their ability to sell their current houses. Since this target market is still relatively healthy, the decision to relocate to an age-restricted community has more to do with lifestyle than a need-driven situation. Therefore, in a declining housing market, these households are apt to delay the decision to move until home prices increase.

This is especially true of properties in which there is no continuum of care. Independent living projects that are part of a continuum of care have been able to mitigate the impact of declining home prices by also appealing to those who desire the security and certainty of access to care as they age-in-place. Freestanding facilities, without this continuum of care, have struggled to maintain occupancies or in the case of newer properties struggle to absorb units in a timely manner.

The silver living to this grey cloud is that there appears to be excess demand relative to supply in the Trade Area and that growth in the overall size of the target market is forecasted to increase dramatically during the next 10 years with the aging of the Baby Boom generation. Therefore, as home prices begin to rise and target households gain confidence, there will likely be substantial pent up demand among those who are interested in moving, but have simply delayed the decision due to broader housing market conditions.

For appropriate sites in both the Port Campus and Port Riverwalk study areas, we believe demand currently exists for between 50 and 60 units of independent senior housing and increasing substantially to 150 to 175 by 2020.

ASSISTED LIVING:

To some degree, the decline in home prices over the last five years has also affected the assisted living market. For many households, paying for the cost of assisted living is dependent on the sale of a home. Therefore, declining home prices has resulted in many families choosing to pitch-in and help aging parents and grandparents cope with activities of daily living instead of moving them to an assisted living facility. This dynamic has contributed to higher vacancy rates among assisted living facilities, especially in sub-markets where the facility draws primarily from families with modest incomes. However, this situation is usually anticipated to be temporary due to the current recession and eventually give way to a situation of pent-up demand.

For the Port Campus and Port Riverwalk study areas, it is anticipated that the assisted living market demand is currently between 30 and 40 units increasing to 50 to 70 units by 2020. Furthermore, the potential sites in the Port Campus and Port Riverwalk study areas would likely have good visibility, which is important for assisted living because it needs to keep awareness high due to the higher levels of turnover.

MEMORY CARE:

After a period of rapid expansion 10 to 12 years ago, memory care facilities have experienced very strong occupancies in recent years. These facilities were somewhat buffered from the recession because the level of care needed is often far more than a spouse or other family member can handle even in difficult financial times. Furthermore, new advancements in design and programming have dramatically increased the benefits of living in such environments. In addition, these benefits have raised the awareness of memory loss and reduced its taboo nature, which has resulted in greater market acceptance.

For the Port Campus and Port Riverwalk study areas, it is anticipated that the memory care market demand is currently between 15 and 20 units increasing to 25 to 35 units by 2020. This is not enough demand to develop a standalone memory care facility. However, it would be feasible as part of a continuum of care concept.

DRAFT

Stantec Consulting Services Inc.
2335 Highway 36 West
St. Paul MN 55113
Tel: (651) 636-4600
Fax: (651) 636-1311

Summary of Open House Written Comments

1. Please change the lights (stoplights) at the intersection of Coon Rapids Blvd. & Mississippi Blvd. It is nearly impossible to pass through there safely.
2. Do not move the library. It is right now in perfect residential area.
3. Please don't move the library – we like it where it is!
4. We are seniors and of course would like everything to happy now. Tax increase OK.
5. Like the focus of opening up river side of Coon Rapids Blvd.
6. College parking ramp is good idea.
7. Positive – extending Pheasant Ridge Drive.
8. Positive – trail extended for peds/bikers.
9. Looking forward to a community center.
10. Looks good.
11. Like commercial to include specialized grocery – Trader Joe's, Whole Foods, Aldi.
12. Like connecting trails to river and river access.
13. Like roundabout.
14. Tie into the river is good.
15. Feature the architecture so no square block buildings.
16. Definitely keep homes off CR Blvd.
17. Intersection should either be moved to align with the Goodwill exit or removed.
18. With the redevelopment of CR Blvd. less intersections metered the better.
19. Entertainment of a variety should be incorporated to enhance what has been started.
20. Feel things are being "squeezed in" particularly with the housing area where the shopping center is.
21. I think this is the perfect opportunity to repurpose the area. Once upon a time the area was the shopping hub of the City –that has moved on to Riverdale. This could become the entertainment area of CR. Hockey arena, Grand Slam, up the road is Yes and Food; archery. Similar such destinations should be encouraged and developed for uses of all kinds. To alleviate the need for some intersections, implement a pathway/bridge to link the bikeways and walkways over the Coon Rapids Blvd.

City Council Work Session **3.**

Meeting Date: 06/12/2012

Subject: PC 12-8 Discussion of an Ordinance Amendment to increase the maximum driveway width in LDR1 and LDR2 zoning districts

From: Scott Harlicker, Planner

INTRODUCTION

At the June 6th meeting, Council introduced the proposed ordinance amendment and forwarded it to the next workshop for further discussion. Following the workshop discussion, the ordinance will be placed on the next available agenda for Council consideration.

DISCUSSION

Background

As part of the continuing process of updating Title 11, staff has been reviewing the zoning code and provisions of the property maintenance code with the intention of making sure they are consistent and supportive of each other. Parking trailers and RVs alongside garages has been an ongoing issue in the city for a number of years. The code currently allows parking in front and side yards only on an improved surface. Improved surfaces include asphalt, concrete or pavers. The maximum drive way width (36 feet) often precludes widening the driveway to provide access to these accessory off-drive parking areas. A related question is should these off-drive parking areas be required to be paved.

Proposed Changes

Driveway Width and Off-Drive Parking Area Width

To provide access to the off-drive parking areas staff is proposing that the maximum driveway width be increased to a maximum of 40 feet or 50 percent of the lot width, whichever is less. If the lot is less than 72 feet wide, they would still be allowed a 36 foot wide driveway. The maximum width would be measured between the front of the garage to 20 feet from the front of the garage and would include the off-drive parking area. At 20 feet from the garage the driveway would have a maximum width of 36 feet (what the current code allows). This would allow angled access to the parking area. The maximum driveway width at the street right-of-way would remain unchanged (24 feet).

The maximum width of the off-drive parking area would be 12 feet. and could not extend more than 24 feet from the front of the garage to the rear. It could extend to the property line.

Surface Material

Off-Drive Parking Areas

The current code requires that these side parking areas be finished with an improved surface. Since they typically function as storage space and not an active driveway, staff proposed allowing alternative materials be used as a surface. These materials include pervious pavers, patio blocks or concrete pavers, or porous paving grids. Typically these types of materials can be installed by a homeowner. They are proposed as a compromise between materials such as concrete and bituminous that require professional installation and a gravel material.

The entire off-drive parking area would have to be finished and extend to the drip line of the vehicle that is parked on it. The finish material would have to be installed per standards on file with the city or per manufacturer's specifications.

Driveways

The current code requires that driveways be finished with an improved surface. Finish surface materials include concrete, bituminous, brick pavers or similar hard surface material approved by the Community Development Director. No changes are proposed for this standard.

New Definition

Off-Drive Parking Area - An off street area connected to a driveway intended for the parking of vehicles.

Planning Commission Meeting

At the Planning Commission meeting held on May 17th two residents spoke at the public hearing. One believed that stone should be added as an approved surface material for off drive parking areas because it would be a less costly alternative than pavers and paving grids. He also stated that there should be a separation distance between the parking area and the side of the garage to allow room for a sidewalk or walkway between what is being parked and the garage. The second resident supported the use of stone as a finish material and discussed the process of applying for driveway permit and the need for a survey.

The Commission discussed the use of a stone or gravel material for the parking area. If stone were to be used, the Engineering Department recommended a 3/4 inch fractured stone. It would allow water to percolate but would not shift like landscaping stone. It also comes washed so there is no dirt or gravel that will prohibit drainage and track off site. The use of stone would require a suitable edging material to control the spread of the stones. The Commission decided to recommend that stone be allowed as a finish material for the part of the parking area located to the rear of the front line of the garage. The Commission voted 4:0 to recommend approval of the proposed ordinance.

ALIGNMENT WITH STRATEGIC VISION

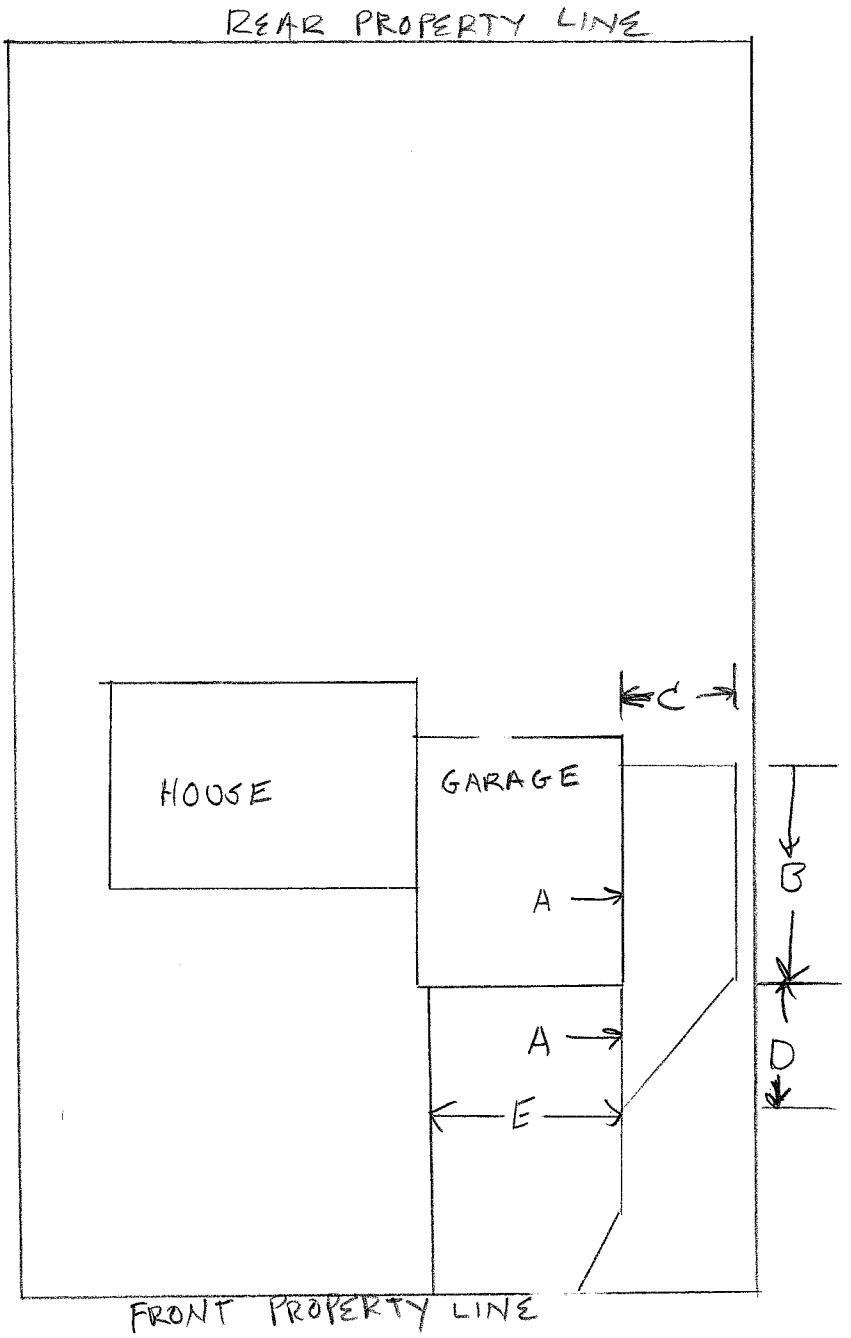
This item relates to the **Community Development and Redevelopment, Housing/Neighborhoods,** sections of the 2030 Strategic Vision in the following way: It creates consistency between the provisions of the property maintenance code and the zoning code and allows residents to access parking pads on the side of their garage.

RECOMMENDATION

In Planning Case 12-8, staff requests Council direction regarded possible changes to the proposed ordinance amendment.

Attachments

driveway diagram
5-17 PC Minutes
Ordinance


REAR PROPERTY LINE
HOUSE
GARAGE
C
A
A
B
D
E
FRONT PROPERTY LINE

2. PLANNING CASE 12-8 – ORDINANCE AMENDMENT TO INCREASE THE MAXIMUM DRIVEWAY WIDTH IN LDR1 AND LDR2 ZONING DISTRICTS – PUBLIC HEARING

It was noted the City is proposing an ordinance amendment to increase the maximum driveway width in the LDR1 and LDR2 zoning districts and establish design standards for off-drive parking areas. The City addressed this issue quite often with code compliance issues. For this reason, Staff was recommending approval of the Ordinance amendment. Planner Harlicker then reviewed the dimensions of the new off-drive parking space and explained the parking area must be a finished surface. He noted that if the Commission wanted to allow stone as a finish material, the Engineering Department recommended a ¾ inch washed fractured stone.

Chairman Naeve opened the public hearing at 7:02 p.m.

Jerry Klaveader, 12053 Evergreen Street, indicated he received a notice regarding the off-drive parking. He suggested the parking language be altered to read adjacent parking instead of attached parking. In addition, he recommended the 12 foot width be increased to allow for additional space when backing in vehicles or opening vehicle doors.

Mr. Klaveader requested the Commission allow for stone to be used in off-drive parking areas. He stated this was a much more affordable option versus pavers, asphalt or concrete. He explained that a change to this area of City Code would leave a lot of properties out of compliance.

Richard Pettis, 10700 Xavis Street NW, did not mind the requirement for cement or asphalt. However, he questioned if homeowners could complete the concrete work themselves without the use of a professional. He indicated this would be adequate for off-drive parking. He supported the use of ¾" stone as well if properly contained.

Chairman Naeve indicated residents would be able to install their own concrete if they received the proper City permits and meet City Code requirements.

Mr. Klaveader questioned if a parking pad would require a City permit. Community Development Director Nevinski stated a building permit would be needed to assure that encroachments were not being made through the additional parking space.

Mr. Pettis asked if a survey was required in order to receive a building permit. Community Development Director Nevinski explained that many properties in the City already had surveys on file. Measurements could be made from these surveys or would have to be completed by the homeowner.

Chairman Naeve closed the public hearing at 7:16 p.m.

Draft

MOTION BY COMMISSIONER STEPHENSON, SECONDED BY COMMISSIONER STEVENS, TO APPROVE AN AMENDMENT TO SUBSECTION F(1) TO READ SHALL BE WITHIN FIVE (5) FEET OF THE SIDE OF THE GARAGE AND ATTACHED TO THE DRIVEWAY. THE MOTION PASSED UNANIMOUSLY.

Commissioner Geisler recommended a change to Section 10(E) striking "or parking surfaces".

MOTION BY COMMISSIONER GEISLER, SECONDED BY COMMISSIONER STEPHENSON, TO APPROVE AN AMENDMENT TO SUBSECTION 10(E) STRIKING "OR PARKING SURFACES". THE MOTION PASSED UNANIMOUSLY.

Chairman Naeve questioned if the maximum allowable parking space width was 40 feet or 48 feet. Planner Harlicker indicated those residents with a 36 foot driveway width would not be allowed to have an additional 12 feet of off-drive parking space. The maximum allowable width would be 40 feet.

Commissioner Stevens clarified that only registered vehicles could be stored on off-drive parking surfaces.

Commissioner Geisler agreed stating this space was not to be used for storage. She then questioned if Subsection I should be tied into the new language stating parking must be located on driveway or off-driveway parking when in the front. Planner Harlicker was in favor of this language amendment.

MOTION BY COMMISSIONER GEISLER, SECONDED BY COMMISSIONER STEPHENSON, TO APPROVE AN AMENDMENT TO SUBSECTION I STATING PARKING WITHIN THE FRONT AND SIDE YARDS MUST BE LOCATED ON DRIVEWAY OR OFF-DRIVE PARKING AREA. THE MOTION PASSED UNANIMOUSLY.

Commissioner Stevens recommended Section G be amended to include ¾" stone.

Commissioner Geisler was torn on this issue. She understood the rock use would have to be edged and weed free. She indicated off-drive parking areas were part of the front of the house and the visual sight lines should be preserved.

Commissioner Stephenson was in favor of the use of ¾" rock versus further use of pavement.

Commissioner Stevens suggested the dimension and size of gravel would have to be specified within the City Code to assure that the proper rock was used for the off-drive parking areas.

Draft

Community Development Director Nevinski commented the Commission could recommend that rock could be used in specific areas for off-drive parking. In addition, a supporting structure would be needed to contain the rock. He stated specifications could be left on file with the City Engineer on how these areas are constructed.

Commissioner Stevens questioned if a building permit would question what material would be used for the off-drive parking area. Community Development Director Nevinski stated the permit could ask for clarification on the building material that would be used.

MOTION BY COMMISSIONER STEPHENSON, SECONDED BY COMMISSIONER GEISLER, TO APPROVE AN AMENDMENT TO SUBSECTION 10(G) ADDING A SECOND SENTENCE STATING ¾" FRACTURED ROCK, PER SPECIFICATIONS ON FILE WITH THE CITY ENGINEER, MAY BE USED FOR OFF-DRIVE PARKING AREAS, PROVIDED THAT SUCH ROCK MAY ONLY BE USED ON OFF-DRIVE AREAS LOCATED BEHIND THE FRONT OF THE GARAGE. THE MOTION PASSED UNANIMOUSLY.

MOTION BY COMMISSIONER STEPHENSON, SECONDED BY COMMISSIONER STEVENS, TO APPROVE PLANNING CASE 12-8, THE PROPOSED ORDINANCE AMENDMENT TO AMEND SECTIONS 11 605(10) AND 11-705(10) TO INCREASE THE MAXIMUM DRIVEWAY WIDTH AND ESTABLISH A DEFINITION AND DESIGN STANDARDS FOR OFF-DRIVE PARKING AREAS AS AMENDED. THE MOTION PASSED UNANIMOUSLY.

This is a recommendation to the City Council that will be considered at the June 5, 2012 City Council meeting.

Draft

ORDINANCE NO.

AN ORDINANCE TO INCREASE THE MAXIMUM DRIVEWAY WIDTH IN THE LDR1 AND LDR2 ZONING DISTRICTS AND ESTABLISH A DEFINITION AND STANDARDS FOR OFF DRIVE PARKING AREAS AND THEREBY AMENDING REVISED CITY CODE – 1982 SECTIONS 11-200, 11-605 (10), AND 11-705(10)

The City of Coon Rapids does ordain:

Section 1. Revised City Code - 1982 Section 11-200 is hereby amended as follows by the addition of the following new definition, which is to be inserted alphabetically and the numbering changed accordingly.

Off Drive Parking Area – An off street, improved surface area connected to a driveway intended for the parking of vehicles.

Section 2. Revised City Code – 1982 Section 11-605(10) is hereby amended as follows: (deletions in brackets, additions double underlined)

11-605 District Standards. The District Standards shall be as follows:

. . .

(10) Parking and Drives.

(a) The minimum number of required off-street parking spaces [~~shall be~~] is three per dwelling unit. At least two spaces per dwelling unit [~~shall~~] must consist of an enclosed garage.

(b) A driveway [~~shall~~] must have a minimum width within the street right-of-way of 10 feet per dwelling unit, excluding the entrance radii. Within the street right-of-way, the total width of all driveways accessing the same street frontage [~~shall~~] must not exceed 24 feet per dwelling unit, excluding the entrance radii.

(c) No more than 50 percent of the lot area located between the structure and the front property line may be improved as driveway and parking surfaces, provided, however, that the maximum pavement width, excluding a required turnaround, [~~shall~~] must not exceed 36 feet.

(d) Driveways [~~shall~~] may be permitted to be constructed up to the property line. However, driveways and parking [~~shall~~] must not be located within the sight triangle described in Subsection 11-1825(1).

(e) All driveways [~~and parking areas shall~~] must be improved with concrete, bituminous, brick pavers or similar hard surfaced material as approved by the Chief Building Official, provided, however, that on a lot which has the shoreline of the Mississippi River as the rear lot line, all driveways and parking areas [~~shall~~] must be so improved for the first 100 feet of lot depth. Other materials, including decorative

landscape rock, crushed rock, gravel, sand, bare soil, or similar materials [~~shall~~] are be prohibited for use as a driveway [~~or parking surfaces~~]. Driveways [~~shall~~] must be constructed and maintained according to standards on file in the office of the Chief Building Official. [~~If the roadway is not paved, the driveway need not be paved until such time as the owner is given notice by the Zoning Administrator. Within 30 days after completion of the paving of the roadway, the Zoning Administrator shall notify the owner in writing that the driveway must be paved. The notice shall specify a date for completion of the driveway paving, which date shall be no less than six months nor more than one year from the date of the notice~~.]

(f) Off-Drive Parking Areas:

i. Must be within five feet of the side of the garage and attached to the driveway. (Arrows A in Figure A)

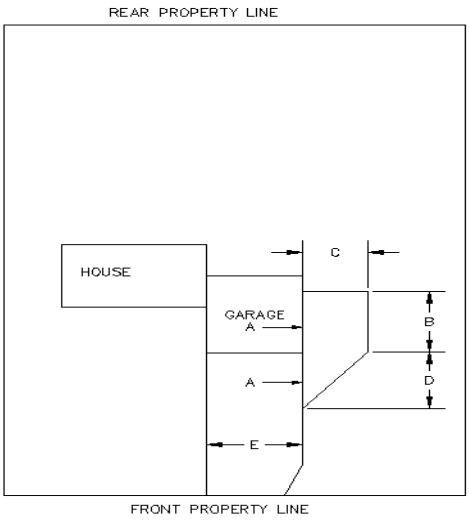
ii. Must not extend more than 24 feet from the front of the garage to the rear. (Arrow B in Figure A).

iii . May extend to the side property line, provided, it is no wider than 12 feet. (Arrow C in Figure A).

iv. Must not extend more than 20 feet from the front of the garage towards the street (Arrow D in Figure A)

v. The total width of the driveway (Arrow E in Figure A) and the Off-Drive Parking Area (Arrow C in Figure A) cannot not exceed 40 feet or 50 percent of the lot width.

FIGURE A



(g) Off-Drive Parking Areas must be finished with an improved surface material, permeable pavers, patio blocks or concrete pavers, porous paving grids or similar material as approved by the Director. Washed ¾ inch fractured stone may be used as a surface material for that part of the parking area located behind the front line of the garage. The finished area must be a continuous surface, of sufficient width to so as to include the drip line of the vehicle that is parked on it and maintained weed free. The finished material must be installed per standards on file with the City Inspection Department or per manufacture's specifications.

(h) Driveway access to arterial and collector streets [~~shall~~] is be prohibited, unless approved by the City Council. Where a driveway access is permitted to an arterial street or collector street, a driveway turnaround [~~shall~~] must be provided in order to eliminate the need for vehicles to back onto the street when exiting.

[~~(g)~~](i) Parking [~~shall be prohibited within the front and side yards except on improved surfaces~~] within the front and side yards must be on a driveway or parking area provided, however, on a lot which has the shoreline of the Mississippi River as the rear lot line, parking shall be prohibited within the first 100 feet of lot depth except on improved surfaces.

. . .

Section 3. Revised City Code – 1982 Section 11-705(10) is hereby amended as follows:

(deletions in brackets, additions double underlined)

11-705 District Standards. The District Standards shall be as follows:

. . .

(10) Parking and Drives.

(a) The minimum number of required off-street parking spaces for a single family dwelling [~~shall be~~] is three. At least two spaces [~~shall~~] must consist of an enclosed garage.

(b) A driveway [~~shall~~] must have a minimum width within the street right-of-way of 10 feet per dwelling unit, excluding the entrance radii. Within the street right-of-way, the total width of all driveways accessing the same street frontage [~~shall~~] must not exceed 24 feet per dwelling unit, excluding the entrance radii.

(c) No more than 50 percent of the lot area located between the structure and the front property line may be improved as driveway and parking surfaces, provided, however, that the maximum pavement width, excluding a required turnaround, [~~shall~~] must not exceed 36 feet.

(d) Driveways [~~shall~~] may be permitted to be constructed up to the property line. However, driveways and parking [~~shall~~] must not be located within the sight triangle described in Subsection 11-1825(1).

(e) All driveways and parking areas [~~shall~~] must be improved with concrete, bituminous, brick pavers or similar hard surfaced material as approved by the Chief Building Official. Other materials, including decorative landscape rock, crushed rock, gravel, sand, bare soil, or similar materials, [~~shall be~~] are prohibited for use as driveway [~~or parking surfaces~~]. Driveways [~~shall~~] must be constructed and maintained according to standards on file in the office of the Chief Building Official. [~~If the roadway is not paved, the driveway need not be paved until such time as the owner is given notice by the Zoning Administrator. Within 30 days after completion of the paving of the roadway, the Zoning Administrator shall notify the owner in writing that the driveway must be paved. The notice shall specify a date for completion of the driveway paving, which date shall be no less than six months nor more than one year from the date of the notice.~~]

(f) Off-Drive Parking Areas:

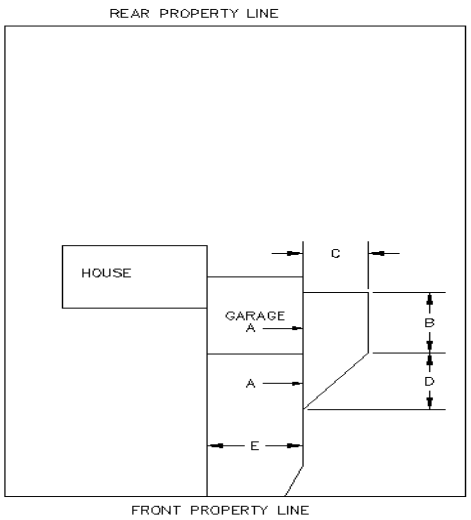
i. Must be within five feet of the side of the garage and attached to the driveway. (Arrows A in Figure A)

ii. Must not extend more than 24 feet from the front of the garage to the rear. (Arrow B in Figure A).

iii . May extend to the side property line, provided, it is no wider than 12 feet. (Arrow C in Figure A).

iv. Must not extend more than 20 feet from the front of the garage towards the street (Arrow D in Figure A)

FIGURE A



v. The total width of the driveway (Arrow E in Figure A) and the Off-Drive Parking Area (Arrow C in Figure A) cannot not exceed 40 feet or 50 percent of the lot width

(g) Off-Drive Parking Areas must be finished with an improved surface material, permeable pavers, patio blocks or concrete pavers, porous paving grids or similar material as approved by the Director. Washed ¾ inch fractured stone may be used as a surface material for that part of the parking area located behind the front line of the garage. The finished area must be a continuous surface, of sufficient width to so as to include the drip line of the vehicle that is parked on it and maintained weed free. The finished material must be installed per standards on file with the city or per manufacture's specifications.

(h) Driveway access to arterial and collector streets [~~shall be~~] is prohibited, unless approved by the City Council. Where a driveway access is permitted to an arterial or collector street, a driveway turnaround [~~shall~~] must be provided in order to eliminate the need for vehicles to back onto the street when exiting.

[~~(g)~~] (i) Parking [~~shall be prohibited within the front and side yards except on improved surfaces~~] within the front and side yards must be on a driveway or off drive parking area.

. . .

Introduced this 5th day of June, 2012.

Adopted this ____ day of _____.

_____
Tim Howe, Mayor

ATTEST:

_____
Cathy M. Sorensen, City Clerk

City Council Work Session **4.**

Meeting Date: 06/12/2012

Subject: PC 12-9 Discussion of an Ordinance Amendment to limit overnight truck and trailer parking in commercial and office districts

From: Scott Harlicker, Planner

INTRODUCTION

At the June 6th meeting, Council introduced the proposed ordinance amendment and forwarded it to the next workshop for further discussion. Following the workshop discussion, the ordinance will be placed on the next available agenda for Council consideration.

DISCUSSION

The city has noticed an increase in the number of large trucks, semi-tractors and trailers using shopping center parking lots for long term overnight parking. This practice has negative impacts on the city and the shopping center; the practice is unsightly, impacts on site parking and traffic circulation, is detrimental to surrounding property and public safety concerns.

To address these issues staff is proposing a code change that would prohibit overnight parking of trucks over 26,000 pounds gross vehicle weight , semi-tractors or trailers in areas outside of designated loading bays or loading areas. The amendment would affect the following zoning districts: Office, General Commercial, Community Commercial, Neighborhood Commercial, Riverdale Transit and Regional Shopping.

The proposed ordinance would prohibit parking, in commercial and office parking lots, of large trucks, semi-tractors and trailers between the hours of 9:00p.m. and 6:00a.m. unless they are queued for a loading dock or area or being actively unloaded.

Planning Commission Meeting

At the Planning Commission meeting held on May17th no one spoke at the public hearing. The Commission voted 4:0 to recommend approval of the proposed Ordinance.

ALIGNMENT WITH STRATEGIC VISION

This item relates to the **Community Development and Redevelopment,** section of the 2030 Strategic Vision in the following way: The proposed ordinance will support the improvement of the commercial and office districts by limiting the adverse impacts of overnight truck and trailer parking.

RECOMMENDATION

In Planning Case 12-9, staff requests Council direction regarded possible changes to the proposed ordinance amendment.

Attachments

5-17 PC MInutes

4. CASE 12-9 – CODE CHANGE TO LIMIT OVERNIGHT TRUCK AND TRAILER PARKING IN COMMERCIAL AND OFFICE DISTRICTS – PUBLIC HEARING

It was noted the City is proposing a code change to limit overnight parking of trucks over 26,000 pound gross vehicle weight, semi tractors and/or trailers in commercial and office districts. Staff explained the parking of large vehicles overnight in commercial and office districts has become a code enforcement issue and for that reason, Staff recommended the code change.

Chairman Naeve opened and closed the public hearing at 7:49 p.m., as no one wished to address the Planning Commission.

Chairman Naeve questioned if the property owner or truck owner would receive the citation. Planner Harlicker indicated the property owner would receive the citation.

Commissioner Stephenson explained the City may be able to pursue both parties as they would both be in violation of City Code. He questioned if the local businesses have been contacted regarding the potential change. Community Development Director Nevinski indicated conversations have been held and generally, these uses were not allowed in the parking lots. The City was concerned with the number of trucks allowed and being parked in the local commercial lots. The requested language change would provide clearer direction for the City to enforce the issue.

Commissioner Stevens asked if trucks could be parked in the loading bay area waiting to be unloaded, or was this too a violation. Planner Harlicker indicated this would not be a violation, as the truck was waiting to be unloaded. The area of concern was not the loading area, but rather the commercial parking lots.

MOTION BY COMMISSIONER STEVENS, SECONDED BY COMMISSIONER STEPHENSON, TO APPROVE PLANNING CASE 12-9, THE PROPOSED ORDINANCE AMENDMENT TO AMEND SECTION 11-1824 TO LIMIT THE OVERNIGHT PARKING OF TRUCKS, SEMI-TRACTORS AND TRAILERS IN COMMERCIAL AND OFFICE DISTRICTS. THE MOTION PASSED UNANIMOUSLY.

This is a recommendation to the City Council that will be considered at the June 5, 2012 City Council meeting.

Draft

ORDINANCE NO.

AN ORDINANCE REGULATING OVERNIGHT PARKING AND STORAGE OF TRUCKS, SEMI TRACTORS, AND TRAILERS IN COMMERCIAL AND OFFICE DISTRICTS

The City of Coon Rapids does ordain:

Section 1. Revised City Code – 1982 is hereby revised by adding new Section 11-1824 as follows: (deletions in brackets, additions double underlined)

11-1824 Parking and Storage of Trucks, Semi Tractors and Trailers in Commercial and Office Districts

1) Purpose. Parking and storing of trucks with a gross vehicle weight of 26,000 pounds or more, semi tractors, and trailers in areas outside of designated loading bays and loading zones is unsightly, causes public safety concerns, and impacts on site parking and traffic circulation; and is detrimental to surrounding property values.

2) Violation. It is a violation of this Code for trucks with a gross vehicle weight of 26,000 pounds or more, semi tractors, or trailers to be parked, stored, or maintained or permitted to be parked, stored, or maintained in a Commercial District or Office District between the hours of 9:00 p.m. and 6:00 a.m., except as listed below:

a) Trucks, semi tractors or trailers parked at or queued for an approved loading dock or loading area; or

b) Trucks, semi tractors or trailers which are being actively loaded or unloaded.

Introduced this 5th day of June, 2012.

Adopted this ____ day of _____.

_____
Tim Howe, Mayor

ATTEST:

_____
Catherine M. Sorensen, City Clerk