



## **COUNCIL WORK SESSION**

**Tuesday, September 24, 2013**

**6:30 p.m.**

**Coon Rapids City Center**

**Conference Room 1**

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### **Call to Order**

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

1. Northern Lights Express Passenger Rail Project Update
2. Riverdale Station Corridors of Opportunity Study Findings and Marketing of Property
3. Mississippi River Critical Corridor Area Update

### **Other Business**

### **Adjourn**



**City Council Work Session**

**1.**

**Meeting Date:** 09/24/2013

**Subject:** Update on Northern Lights Express Passenger Rail Project

**From:** Tim Himmer, Public Works Director

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**INTRODUCTION**

Julie Carr from the MnDOT Passenger Rail Office will be in attendance at the work session to update the City Council on the status of the Northern Lights Express Passenger Rail Line between the Twin Cities and Duluth.

**DISCUSSION**

Discussion will be held on the Northern Lights Express Passenger Rail Line.

**RECOMMENDATION**

This item is strictly informational, no formal action is required.

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## City Council Work Session

2.

**Meeting Date:** 09/24/2013

**Subject:** Discussion of Riverdale Station Corridors of Opportunity Study Findings and Marketing of Property

**From:** Marc Nevinski, Community Development Director

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### INTRODUCTION

Earlier this year, as part of the Corridors of Opportunity initiative, the Met Council completed a market and development viability study of the areas around each of the Northstar Corridor rail stations. The study's findings for each station area were presented in June to an audience of mostly agency staff members. The purpose of the study was to provide communities with current market data, an understanding of the viability of potential development scenarios, and implementation strategies that could be employed to attract development around the station areas. Staff will review the findings of the study with Council in the work session. Attached you will find the Executive Summary regarding the Riverdale Station and the powerpoint presentation from June summarizing the general development challenges, as well as the characteristics and implementation strategies for each station along the corridor.

Additionally, as a result of the aforementioned study, Anoka County Regional Rail Authority wishes to market the land it owns at Riverdale Station. Staff will review the discussions we have had with ACRRRA staff and the general direction the project appears to be headed.

### DISCUSSION

#### **I. Corridors of Opportunity Market & Viability Study**

##### A. General Conclusions Regarding TOD Along the Northstar Corridor

The study considered three different types of development scenarios with varying amounts of residential and commercial uses that would be appropriate for each station area. It then considered the construction costs and market rents such developments could generate. The study concluded that under all the scenarios, some funding shortfall exist which inhibited project viability. The basic reasons include:

- Apartment and townhome rents being too low (~50% and ~25% short, respectively)
- Need to reduce development cost:
  - Land write downs (i.e. Land for \$1)
  - TIF/Abatement (i.e. Use of tax increments to fund costs)
  - Reduced impact fees (i.e. SAC, WAC, park dedication)
  - Development cost sharing (i.e.
  - Transit advantaged rents (i.e. Less car ownership increases dollars available for housing)
  - Induced ridership revenues (i.e. increased ridership revenue funds development costs)
  - Financial enhancement or reduced risk (i.e. Public installation and ownership of parking, parks, etc...)
- No single solution to the shortfall problem exists. Rather, some proportion of a variety of solutions is required.

## B. Riverdale Station Notable Characteristics

The study identified the following specific or unique characteristics of the Riverdale Station area:

- Draw demographics
  - 109,000 people
  - 40,000 Households
  - Average Household Income of \$76,413
  - HH over \$75,000 are \$3.5%
- Housing Tenure: 77% owner, 23% renter
- Development opportunities: Multi-family, little market for commercial uses due to location, visibility, access and Riverdale shopping center
- Could capture 160 units per year through 2017

## C. Connections

Connections to and from the rail station are important and are an amenity that attracts development. The study recommends the following connections:

- Enhance trail and sidewalk connections in the area
- Plan for pedestrian connections through retail area to Main Street when redevelopment occurs
- Connect station with neighborhood south of the tracks

## D. Implementation Strategies

To make the site shovel-ready, the study recommended a number of steps to facilitate development.

- Determine partnership opportunities with the ACRRA
- Set local strategies to promote development
  - Planning and preparation for development
  - Determine financing tools and the policies around their use
  - Marketing, particularly to groups that will use transit or see it as an amenity

## II. Marketing of Riverdale Station Property

The Anoka County Regional Rail Authority (ACRRA) recently concluded that it would like to sell the land it owns adjacent to the Riverdale Station. The options include simply placing the land on the market or taking a more active role and seeking a developer who will leverage the Riverdale Station and the Riverdale Shopping area as assets to create a signature development. At this time, it appears the latter option has more support, and City and County staff have been researching and discussing the details around actively marketing the property. Staff will provide Council with more information about this effort at the work session. However, it is staff's recommendation that the City and ACRRA partner on this effort, as the ACRRA owns the land and the City controls the zoning, infrastructure, and any financial tools that may be used.

### **RECOMMENDATION**

Staff requests Council comment and direction, if any, regarding the market and development study, as well as the plan to market the Riverdale Station property.

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### **Attachments**

Executive Summary

Power Point June 2013

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# Northstar Commuter Rail Corridor

*Executive Summary: Market & Financial  
Viability Analysis & Implementation Strategy  
for Transit-Oriented Development*

## Coon Rapids Station Area

July 24, 2013

# Northstar Commuter Rail Corridor

Executive Summary: *Market & Financial  
Viability Analysis & Implementation Strategy  
for Transit-Oriented Development*

## Coon Rapids Station Area



Detailed Study Reports can be found at:

[http://northstar.typepad.com/northstar\\_commuter\\_rail/2013/06/northstar-corridor-market-analyses-and-executive-summaries.html](http://northstar.typepad.com/northstar_commuter_rail/2013/06/northstar-corridor-market-analyses-and-executive-summaries.html)

Executive Summary can be found at:

<http://www.mn-getonboard.com/documents/CoonRapidsExSum.pdf>

The work that provided the basis for this publication was supported by funding under an award with the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the Government.

## Introduction

The Northstar Commuter Rail Line opened in 2009 with service between Big Lake, Minnesota and Target Field in downtown Minneapolis. Outside of downtown Minneapolis, six stations are located along the 40-mile corridor: Fridley, Coon Rapids, Anoka, Ramsey, Elk River and Big Lake.

The Northstar Line runs on existing Burlington Northern Santa Fe (BNSF) tracks with five weekday morning downtown inbound trips and five outbound weekday trips. There is one reverse commute trip each morning and evening. There is limited weekend service as well as extra trips provided for special events such as Minnesota Twins (baseball) and Vikings (football) games. Daily ridership averages 2,400 riders per day with a target of 5,900 riders per day by 2030.

## Commuter Rail

Commuter rail differs from light rail or heavy rail in terms of its characteristics and markets served; similarly TOD opportunities associated with commuter rail also have some important distinctions. Commuter rail is most often passenger transit service utilizing diesel or electric propelled trains on existing track that are also utilized by freight or other passenger trains. It generally provides frequent peak-hour service and work trip oriented service of longer distances, typically 20 miles or more, with spacing between stations ranging from two to five miles, compared to light rail with station area spacing of three to six blocks and frequent service for 22 hours per day.

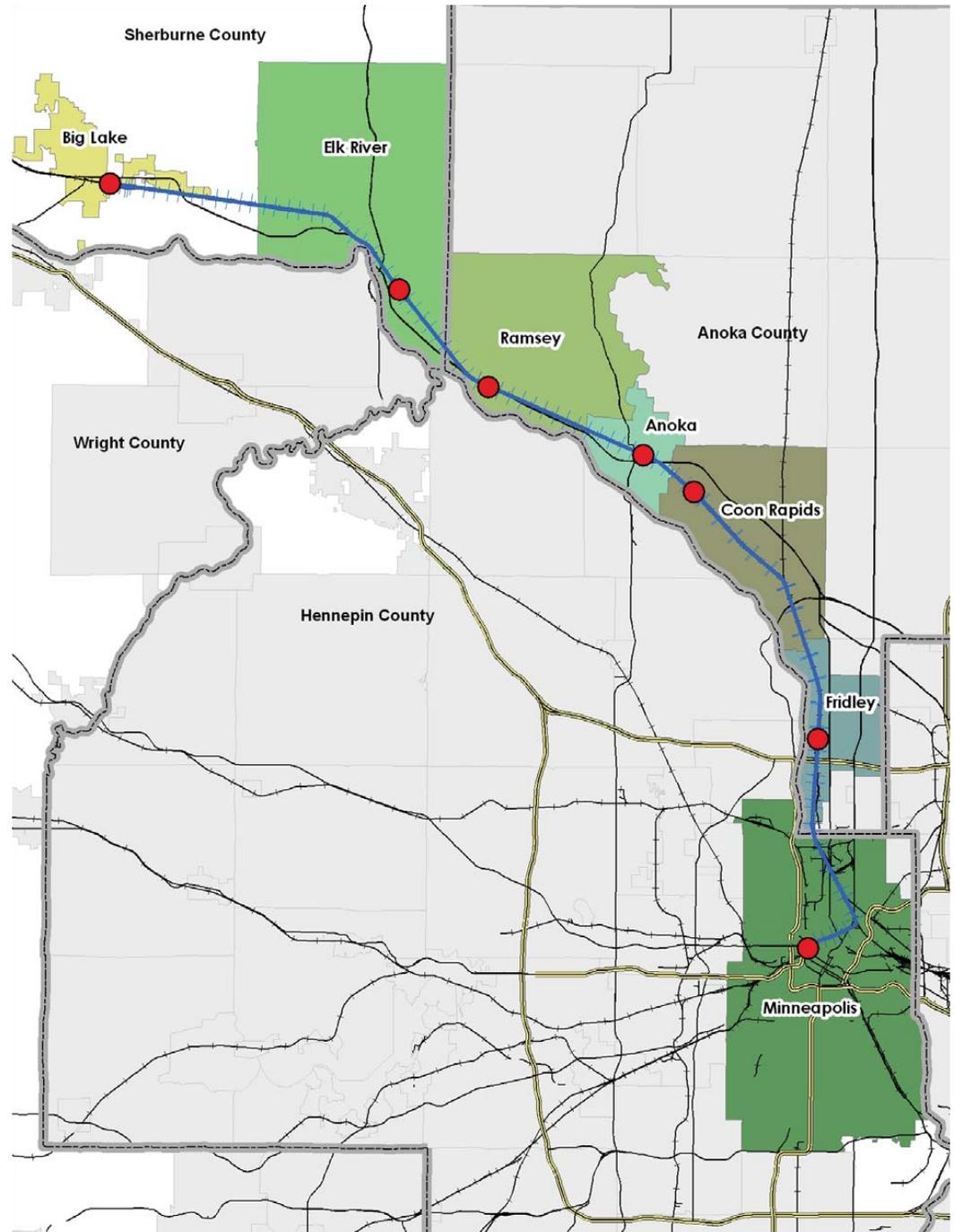


Figure 1: Northstar Commuter Rail Line. Source: EPS

# Coon Rapids Station Area

Characteristic	Fridley 7.87 miles	Coon Rapids 17.0 miles	Anoka 19.0 miles	Ramsey 23.2 miles	Elk River 28.6 miles	Big Lake 38.8 miles
Station Area Topography	Residential Emphasis	Commuter Residential Emphasis	Commuter Residential Emphasis	Commuter Town Center	Activity Center	Commuter Residential
Community	First ring suburb, developed 40s and 50s	Second ring suburb, developed 70s and 80s	Historic river city, county seat	Third ring suburb, new town center, significant growth	Historic river city, county seat, significant growth	Historic lakeside community, significant growth
Opportunity	Redevelopment sites	Redevelopment site	Redevelopment sites	Greenfield Development	Redevelopment Greenfield Development	Greenfield Development
What's unique?	Industrial redevelopment	Adjacent to Riverdale Mall	Adjacent to Rum River	VA and Allina Clinics	City owned industrial park – 75 acres	Multi-family housing near station
What's happening?	Business park and residential development	Anoka County owns 15-acre station area site	VOA 178-unit senior housing	280 units TOD multi-family housing	Station area development proposed	38 units of housing - 2013
Adjacent activity	Residential Commercial Industrial	Residential Retail	Residential Institutional industrial Public	Residential Office Medical Retail	Industrial Residential Retail	Industrial Residential Retail
Non-Motorized Connectivity	National Mississippi River Trail connection	Within three miles of Mississippi River Regional Trail	Rum River Trail and Mississippi River Regional Trail connections	Within ½ mile of planned Mississippi River Regional Trail	Within ½ mile of planned Mississippi River Regional Trail	Within one mile of planned city greenway
Avg. Household Income - 2010	\$60,337	\$72,848	\$60,113	\$87,096	\$83,024	\$67,970
Median Age - 2010	37.1	36.9	37.6	34.9	34.9	29.5

Table 1: Northstar communities

Each of these Northstar communities has unique characteristics, as summarized above.

## Commuter Rail Transit-Oriented Development

Transit-oriented development (TOD) can be defined as mixed-use residential or commercial development within walking distance of a transit station designed to maximize access to transit and incorporating features designed to encourage transit ridership. A TOD often resembles other activity centers with a greater mix of uses and higher densities than the surrounding market area. The presence of transit at a station location can have a positive effect on market and development potentials in the immediate area because transit improves the regional accessibility of the station area properties, which has a positive impact on property values. These higher land values can support higher development densities and in some cases a different mix of land uses in much the same way as property adjacent to a highway interchange is different from development farther away. However, the presence of transit alone does not translate to greater development potentials.

Commuter rail TOD opportunities are also different than those associated with light rail or heavy rail systems due to its more limited scope, both in terms of frequency of service as well as the portion of the region that easily can be accessed by transit. Both factors limit the accessibility premiums that translate to increases in real estate market demand and higher land values. The nature of the commuter-freight rail corridor can also be less compatible with adjacent TOD. The sound levels associated with diesel locomotives and horns are louder, there are often larger transit parking fields, and the frequency of freight rail trains all creates land use impacts that are less compatible with residential and office-based employment development. The existing land development pattern in commuter rail corridors is also often not compatible with TOD, as it can include manufacturing and distribution uses

requiring direct rail service as well as other heavy industrial uses which have located near like uses and away from residential and community serving commercial uses. Despite these limitations, there remains a great deal of interest in TOD at commuter station locations, and in particular where the land use and development pattern is less fully built out. There are a number of principles that apply to capitalizing on TOD opportunities at commuter rail station locations.

A station area plan that addresses individual station location characteristics, land use, market opportunities and infrastructure needs is key as it provides direction for future development within a station influence area (approximately a half-mile radius) over a 20 to 25 year time horizon. It may also contain redevelopment strategies and recommendations for changes and incentives to encourage TOD.

## Development Potential

Northstar station area potential for residential, retail, and commercial development is dependent on many factors including location, convenience, and the geographic area served by the station. The amount and type of retail and commercial development that can be supported at each station area will depend on its ability to capitalize on the economic vitality of the geographic area served by the station. An important consideration in retail or commercial development is the station area's convenience for potential customers that are not Northstar riders.

Coon Rapids Station is located on a triangular parcel bounded by the BNSF rail line, Northdale Boulevard, and Riverdale Commons. The site is relatively isolated from the surrounding developments, which is a detriment for commercial development. As a result, the relatively secluded nature of the site lends itself to residential development as

the daily patronage of the Coon Rapids Station is not sufficient to support retail or commercial development in the station area.

The station area concept plan, contained in Figure 2, envisions 341 housing units, 15,000 square feet of retail space, and 50,000 square feet of office. The proposed location of the commercial and retail space does not have good visibility from Northdale Boulevard, particularly those spaces flanking the station platform area. The station area will develop faster as a residential neighborhood supported by residential amenities that make it an attractive place to live.

Market research estimates that Coon Rapids has the potential to grow by about 3,000 households over the next 20 years based on stabilized market demand. The average stabilized demand for the next five years is about 160 units per year. This estimate is consistent with the number of units permitted in Coon Rapids during the housing boom from 2000 to 2006. During the period 1999 to 2007, multi-family units have averaged over 65 percent of Coon Rapids building permits. Townhomes and other attached units were about 80 percent of the multi-family total and apartments/condos were 20 percent during a period when few apartments were built. In the future, multi-family units are expected to average about 75 percent of stabilized demand. Apartments are expected to be about 50 percent and townhomes and attached housing about 50 percent of multi-family demand. The Coon Rapids Station area could potentially attract 35 to 40 percent of the annual stabilized multi-family housing demand with units that are properly marketed and competitively priced. These stabilized housing demand estimates are based on normal household formation rates.

The TOD plan for the Coon Rapids Station calls for a mix of townhomes, live/work units, and apartments. If the retail and commercial components are

# Coon Rapids Station Area



Figure 2: Coon Rapids Concept Plan. Source: Cunningham Group.

eliminated, more housing could be developed. Townhomes and rowhouses are likely the easiest product types to be developed initially in the station area as these products have rented well in Coon Rapids.

The live/work units planned for the station area will be difficult to sell as demand for them is limited even in more urban markets; therefore, the number of these units should be greatly reduced or even eliminated. The Coon Rapids demographics are not a good match for the types of tenants who occupy live/work space. Live/work buildings are often marketed to artists and crafts people who are attracted to urban areas with more demographic and cultural diversity. Even in urban mixed-use developments, the number of live/work units is often very limited. The live/work units envisioned in the plan appear to be similar to townhouses or rowhouses and could be replaced by that unit type.

The plan also identifies 287 apartment/loft units to be built in the station area. Replacing the retail and office space with an equivalent floor area of apartments would add about 60 units, bringing total units to about 400 units. This would represent about 25 percent of the stabilized market demand over a 10-year period.

# Coon Rapids Station Area

Summary Development Prototypes			
	Prototype 1	Prototype 2	Prototype 3
	SF/Units	SF/Units	SF/Units
Apartments	48	48	-
Commercial	-	16,560	-
Townhomes	-	-	24
Structured Parking	48	48	-
Surface Parking	34	73	-

\*High water table restricts underground parking structure in Ramsey

Table 2 Summary Development prototypes

Prototype Applicability by Jurisdiction			
Jurisdiction	Apartments	Mixed-Use	Townhomes
Big Lake	X	-	X
Elk River	X	X	X
Ramsey	X	X	X
Anoka	X	X	X
Coon Rapids	X	-	X
Fridley	X	X	X

X= Applicable; - = Not Applicable

Table 3 Prototype Applicability by Jurisdiction

Based on the market evaluation and discussions with individuals knowledgeable about real estate conditions in the six jurisdictions, the table on the left highlights the physical applicability of each development program in the respective jurisdictions.

Financial Viability - Three Development Prototypes					
	Gap/Surplus	Adjustments to Alleviate Gap			
		Increase Rent/SF		Reduce Dev. Costs/SF	
		% Change	From/To	% Change	From/To
Prototype 1	-\$3,604,559	49.29%	\$1.40/\$2.09	-44.18%	\$164/\$91
Prototype 2	-\$3,557,037	48.57%	\$1.40/\$2.08	-34.89%	\$154/\$100
Prototype 3	-\$1,658,949	26.53%	\$1.225/\$1.55	-30.39%	\$99/\$69
Combination Rent/Development Costs					
Prototype 1	-\$3,604,559	24.65%	\$1.40/\$1.75	-22.09%	\$164/\$128
Prototype 2	-\$3,557,037	24.29%	\$1.40/\$1.74	-17.45%	\$154/\$127
Prototype 3	-\$1,658,949	13.27%	\$1.225/\$1.39	-15.20%	\$99/\$84

Table 4 Financial Viability-Three Development Prototypes

## Financial Viability

Based upon the market evaluations and meetings with the six identified jurisdictions, three prototypical TOD development programs were defined and formulated for application at any one of the six station locations (see Table 2). The financial viability of these three prototypical development programs were evaluated based on hard and soft development costs, local impact fees, market based income projections, and operational expenses.

## Analysis – Outcomes

Using a standard pro forma analysis for each prototype, the economic value of development and the cost of development were analyzed.

Based upon current market conditions projected rent levels do not support the cost of station area development given the various cost considerations including payment of full property taxes, payment of significant public sector development fees and no project financial or other incentives. Estimated market rents would have to increase by approximately 25-50 percent to achieve a financially viable project. Alternatively, development costs would need to be reduced by 30-50 percent. A combination of a 13-25 percent increase in rents with a 15-22 percent reduction in development costs would be required to achieve a financially viable project (see Table 4).

## Implementation Strategies

Based on the outcomes above, potential strategies that may improve the financial viability of the project were identified. Assuming all the implementation tools could be utilized to the maximum extent, it could be possible to fully address the projected funding gap. Table five summarizes the degree to which the area's implementation tools can address the estimated funding gap.

## Station Specific Findings

The analysis presented in Tables four and five is based on average development fees for the six communities along the corridor. Table six illustrates how each communities' specific impact fees and tax rates vary the financial viability analysis findings from the corridor average.

## Conclusions

There is no one "silver bullet" to achieve financial viability. However, various combinations of the identified implementation tools can address the funding gap. Cost sharing (up to 33 percent), and financial incentives (up to 53 percent) are particularly beneficial in addressing the funding gap. It is likely that a combination of implementation tools, marketing and merchandising actions, and improved market conditions to achieve higher rents will all be necessary for financially viable station area development to be effectuated.

## Implementation

Potential strategies and tools that may assist Coon Rapids in achieving TOD include:

- » Utilization of County Regional Rail Authority land at little or no upfront costs
- » Potential property tax rate reclassification to reduce taxes (Proposed rent levels meet regional affordable rent criteria)
- » Explore transit advantage rental tools (Joint Corridor Initiatives)
- » Financial enhancements (deal related TIF (Tax Increment Financing)), revolving loan funds, loan guarantees
- » Zoning/regulatory modifications
- » Council to determine development policies based on market understanding

Proportion of Gap Addressed by Each Suggested Implementation Strategy						
	Prototype 1		Prototype 2		Prototype 3	
<b>GAP</b>	-\$3,604,559		\$3,557,037		-\$1,658,949	
Implementation Strategy	IMPACT					
	%	\$	%	\$	%	\$
Strategy 1 - Land Costs	15%	-\$555,102	15%	\$543,160	20%	-\$325,983
Strategy 2 - Property Tax	9%	-\$340,270	12%	\$432,891	18%	-\$291,311
Strategy 3 - Impact Fees	9%	-\$331,259	9%	\$331,516	10%	-\$165,729
Strategy 4 - Development Cost	23%	-\$816,072	29%	\$1,019,447	33%	-\$545,794
Strategy 5 - Transit Rents	12%	-\$439,035	12%	\$439,294	23%	-\$375,752
Strategy 6 - Induced Ridership	3%	-\$96,242	3%	\$96,040	3%	-\$48,110
Strategy 7 - Funding Assistance	29%	-\$1,051,089	43%	\$1,532,016	53%	-\$876,755
<b>Total Impact</b>	<b>101%</b>	<b>-\$3,629,070</b>	<b>124%</b>	<b>\$4,394,364</b>	<b>159%</b>	<b>-\$2,629,434</b>

Table 5 Proportion of Gap Addressed by Each Suggested Implementation Strategy

	Per Unit	Variance	Impact on Development			Tax	Impact on Economic		
	Impact Fees	(%/avg)	Cost by Prototype (%)			Rates <sup>1</sup>	Value by Prototype (%)		
<b>Average</b>	\$6,905	1.00	<b>1</b>	<b>2</b>	<b>3</b>	10.00%	<b>1</b>	<b>2</b>	<b>3</b>
Big Lake	\$7,735	1.12	0.50	0.40	0.50	9.9%	0.2	0.2	0.2
Elk River	\$11,411	1.65	2.60	2.10	2.60	10.6%	(0.8)	(1.0)	(1.1)
Ramsey	\$6,506	0.94	(0.20)	(0.20)	(0.20)	8.9%	1.9	1.8	2.1
Anoka	\$7,970	1.15	0.60	0.50	0.60	9.7%	0.6	0.5	0.6
Coon Rapids	\$3,870	0.56	1.80	1.40	1.80	9.4%	1.1	1.0	0.8
Fridley	\$3,935	0.57	1.80	1.40	1.80	11.2%	(2.2)	(2.0)	(2.1)

1/ As a percent on operating income.

Table 6 Financial Impacts of Jurisdictional Variances in Impact Fees and Tax Rates

# Coon Rapids Station Area



**Legend**

- Northstar Station
- 1/4 Mile Catchment Area
- 1/4 Mile Catchment Area
- Barriers to Pedestrian Movement
- Existing Local and Regional Trails
- Planned Local and Regional Trails
- Existing Sidewalk
- Proposed Sidewalk
- Potential Sidewalk Connections
- Potential Trail Connections
- Existing Bike Shoulder or Lane
- Future Connection

Figure 3 Big Lake Station Area Connections and Barriers Study

## Connectivity Recommendations

The City should continue its efforts to provide non-motorized connections to the station. Pedestrians will typically walk up to one-half mile to reach a transit station. Good bicycle infrastructure will extend a station's capture area out to three miles. Non-motorized transportation must be perceived as safe, comfortable and convenient. Pedestrian and bicycle routes should be as direct as possible. It is desirable to set sidewalks back from roadway through the use of boulevards planted with street trees. This will improve a pedestrian's sense of safety and comfort.

- » Convert existing sidewalk along east side of Round Lake Boulevard from existing trail north of 121st Avenue to Coon Rapids Boulevard to a trail.
- » Convert the planned sidewalk on the west side of Round Lake Boulevard north of Main Street to a trail.
- » Convert the existing and planned sidewalk along the west side of Northdale Boulevard to a trail.
- » Build the planned sidewalk along 119th Avenue N.
- » Provide a trail that parallels the rail corridor between Round Lake Boulevard and the station.
- » Add a sidewalk to the west side of Round Lake Boulevard between Wedgewood Drive and Main Street when existing bridge is replaced. Also provide a sidewalk connection under the new bridge that connects to a proposed trail that parallels the rail corridor.
- » When retail development occurs, attempt to get a pedestrian promenade cut through the existing building immediately north of the station. Also consider adding a sidewalk along

the west side of Rose Street between Main Street and a proposed new trail that parallels the rail corridor.

- » In the future consider providing a trail or on-street bikeway on Wedgewood Drive from the existing trail west of Quay Street to the station as this will greatly improve accessibility to the station for the residential area south of the rail corridor. This connection will require the acquisition of a trail easement or a parcel adjacent to the grade separated railroad crossing at the station.



# **NORTHSTAR CORRIDOR TRANSIT ORIENTED DEVELOPMENT WORKSHOP**

## **MARKET ANALYSIS, ECONOMIC VIABILITY & IMPLEMENTATION STRATEGIES**

*Prepared for:*

Northstar Corridor Development Authority

*Prepared by:*



**VANTAGEPOINT**  
DEVELOPMENT ADVISORS



**June 6, 2013**

# Agenda and Introductions



- Welcome, introductions and overview – Janna King
- Consulting team approach – Jim McComb and Jim Prost
- Review of findings and implications by community – City staff and consulting team
- General Q & A
- Discuss possible corridor initiatives
- Evaluation/feedback process
- Wrap up – identify next steps, responsible parties and timeline

# Study Process



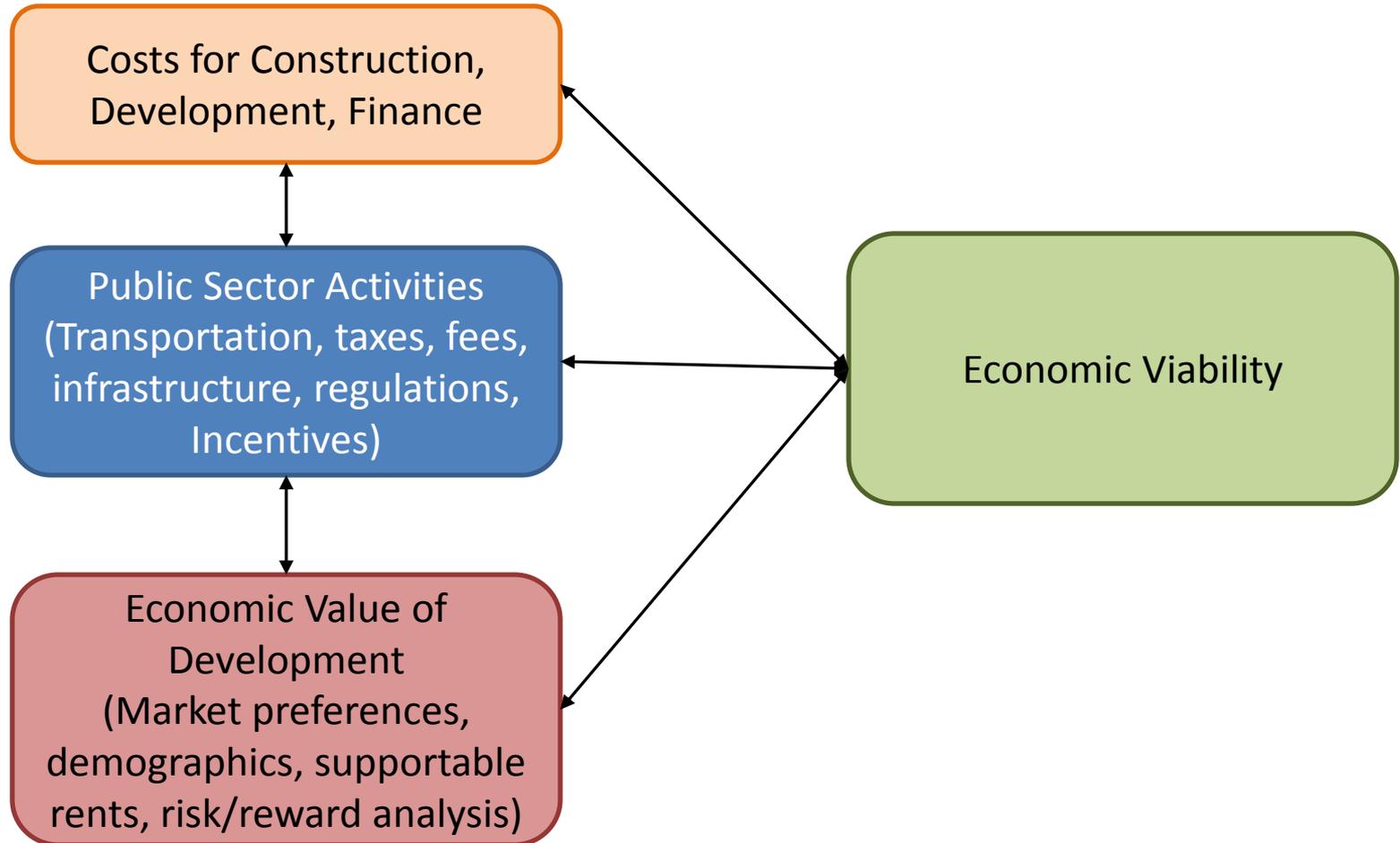
- Review station area sites, access, visibility, land use
- ID draw area for station areas
- Analyze demographic, income profiles
- Analyze corridor real estate market – residential, office, industrial and retail
- Identify market limitations and opportunities for each station area
- Estimate annual housing potential from 2015 to 2035
- Evaluate economic viability of station area TOD
- Formulate strategies to facilitate TOD

# Market Overview



- Commuter rail core customer is going to and from work
- Special event service – i.e., Vikings, Twins – is popular
- Ridership alone not sufficient for retail development
- Residential development supports commuter rail
- Multi-family housing offers more amenities
- Rental housing increasing in popularity
- Household formation has declined due to recession and job market
- Not everyone wants to live in Minneapolis

# Complex Interrelationships



# Prototype Developments



Summary Development Prototypes			
	Prototype 1	Prototype 2	Prototype 3
	SF/Units	SF/Units	SF/Units
Apartments	48	48	-
Commercial	-	16,560	-
Townhomes	-	-	24
Structured Parking	48	48	-
Surface Parking	34	73	-

# Financial Analysis Findings



- All project types currently have funding gaps
- Current lease rates do not reflect full TOD benefit potential and are too low to support development costs
- Apartment rent needs to be increased ~50% (from \$1,245 to \$1,865/mo.)
- Townhome rent needs to be increased ~25% (from \$2,137 to \$2,700/mo.)
- A combination of increased rents/reduced development costs could also achieve financial viability
  - Apartment rent up 25% to \$1,555/mo combined with a 17%-22% reduction in costs
  - Townhome rent up 13% to \$2,420/mo combined with a 13% cost reduction
- A variety of public sector tools/strategies could also be implemented to address the current funding gap

# Preliminary Implementation Strategies



1. Land Cost Write-downs
  2. Property Tax Abatement
  3. Reduced Impact Fees
  4. Development Cost Sharing
  5. Transit Advantaged Rents
  6. Induced Ridership Revenues
  7. Financial Enhancements / Reduced Risks
- Other (?)

# Financial Impact of Strategies



**Proportion of Gap Addressed by Each Suggested Implementation Strategy**

	Prototype 1		Prototype 2		Prototype 3	
GAP	-\$3,604,559		\$3,557,037		-\$1,658,949	
Implementation Strategy	IMPACT					
	%	\$	%	\$	%	\$
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# Fridley – Community Updates



- Gateway Northeast – Plans to be submitted to HRA staff on May 29<sup>th</sup> for the entire Gateway Northeast 6-Acre Development Area
- 27 Acre, Industrial Equities Mixed-Use Development in Environmental Review Phase, Fall 2013 construction for Phase I
- Transit for Livable Communities Bikeway/Walkway to be constructed on west side of Main Street
- 13-unit ACCAP Workforce Housing Complex Approved with TOD Master Plan, Construction 2014 anticipated
- TOD Master Plan, LCDA (\$100,000) Grant awarded
- 122 FMC Site Redevelopment South of TOD to begin earthwork Fall 2013

# Fridley – Market Highlights



- First ring suburb
- Station area: redevelopment, Fridley HRA (east side) and Anoka County Rail Authority (west side) sites
- 2011 Draw Area demographics:
  - Population 48,463; Households 19,788
  - Average household income: \$61,868
  - HHs with income over \$75,000: 31.0%
- Housing tenure 2010: Owner 65.4%; Renter 34.6%
- Development opportunity: multi-family, office, business park, recreation
- Housing potential to capture up to 140 units per year for the next five years

# Fridley – Potential Strategies/Tools

- City HRA land write-down possible
- Potential infrastructure cost sharing
- Potential funding assistance: TIF
- Explore transit advantage rental tools
- Zoning/regulatory modifications
- Strong history of public sector involvement



# Fridley – Connectivity Recommendations



- **Construct Planned Sidewalk & Trail Network**
  - Grade Separated Crossing of University Ave at 61<sup>st</sup> Ave
- **Develop Pedestrian-Scaled Block Network (Redevelopment Areas)**
- **Potential Trails**
  - 57<sup>th</sup> Ave Extension
  - Along Rail Corridor (I-694 to Station)
- **Potential Sidewalks**
  - All new streets
  - Main Street Bridge over I-694
  - East Side of University Ave (S of 57<sup>th</sup> Ave)

# Fridley – Implementation Strategies



- Connectivity Investments:
  - Continuing to pursue 57<sup>th</sup> Avenue extension and evaluate overall funding needs
  - Bikeway/Walkway extensions along 61<sup>st</sup> Avenue
  - Prepare for next round application for STP Grant for 57<sup>th</sup> Avenue
    - TE Grant for Overpass over 694 @ Main Street Avenue
- Completion of Active Transportation Plan – June 2013
- Share report with Fridley HRA and City Council
- Continue Support of Joint Corridor Initiatives

# Coon Rapids – Community Updates



- Fifteen-acre site owned by Anoka County Regional Rail Authority
- Site is located behind Target – lacks visibility
- No activity or updates to report

# Coon Rapids – Market Highlights



- Second ring suburb
- Redevelopment site: site owned by Anoka County Regional Rail Authority
- Secluded nature of site lends itself to residential development
- 2011 Draw Area Demographics
  - Population: 109,258, Households: 39,798
  - Average household income: \$76,413
  - HH with income over \$75,000: 43.5%
- Housing tenure: Owner 77.2%, Renter 22.8%
- Development opportunity: multi-family
- Housing potential to capture 160 units per year over next five years

# Coon Rapids – Potential Strategies/Tools



- Utilization of County Regional Rail Authority land at little or no upfront costs
- Potential property tax rate reclassification to reduce taxes
- Explore transit advantage rental tools
- Financial enhancements (deal related): TIF, revolving loan funds, loan guarantees
- Zoning/regulatory modifications

# Coon Rapids – Connectivity Recommendations



## ■ Potential Trails

- Wedgewood Drive
  - Existing trail W of Quay Street to Station
- East side of Round Lake Boulevard
  - Existing trail N of 121st Ave to Coon Rapids Blvd
- West side of Round Lake Boulevard
  - N of Main Street
- West side of Northdale Blvd
- Parallel to Rail Corridor
  - Round Lake Blvd to Station

## ■ When Round Lake Blvd Bridge is replaced, consider:

- Adding a sidewalk on Round Lake Blvd
  - Wedgewood Drive to Main Street
  - Down and Under Bridge to connect with proposed trail paralleling rail corridor.

## ■ When retail redevelopment occurs, consider:

- Adding a Sidewalk on West Side of Rose Street
- Modifying existing building immediately north of the station to provide pedestrian promenade

# Coon Rapids – Implementation Strategies



- Review findings with City policy makers
- Determine partnership opportunities with County and others
- Set local strategies to promote development of the site, including:
  - Planning and preparing for development
  - Determining financial tools and capacity
  - Marketing

# Anoka – Community Updates



- Volunteers of America Phase 1 recently completed. Consists of 58 independent/assisted living units and 120 nursing beds. Phase 2 anticipated for 2014.
- 344 stall parking ramp with pedestrian overpass under construction, to be completed in December.
- Updated master plan completed in 2012.
- City continues to market sites for sale.
- 93-acre TIF District established.
- Night whistle free in place. Working towards 24 hour.

# Anoka – Market Highlights



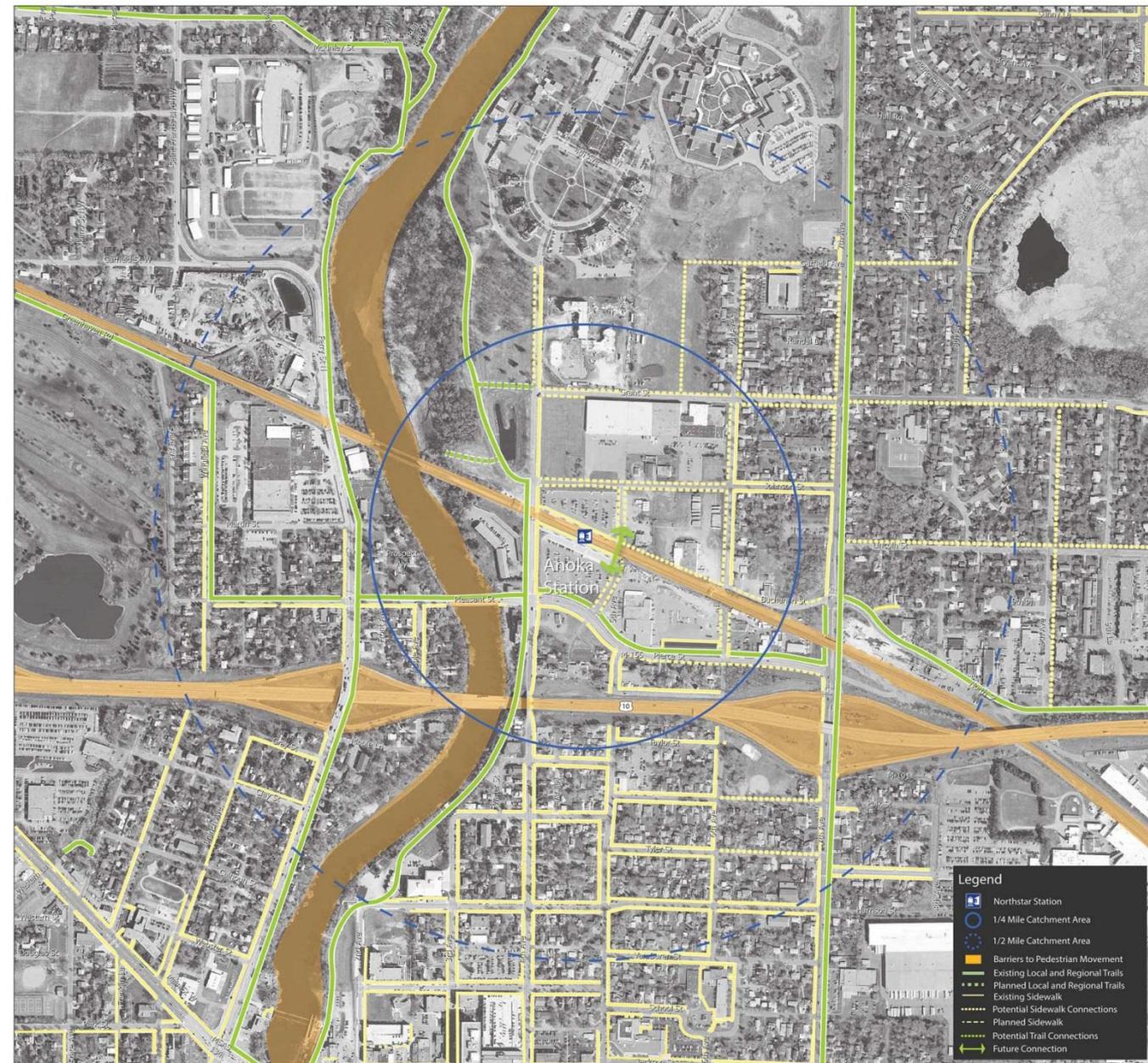
- Historic river city, County Seat
- Station area: redevelopment, city owned land available
- 2011 Draw Area Demographics
  - Population: 83,732, Households: 30,092
  - Average household income: \$74,899
  - HH with income over \$75,000: 44%
- Housing tenure: Owner 55.7%, Renter 44.3%
- Development opportunity: multi-family, office and recreation
- Housing potential to capture 173 units per year over next five years

# Anoka – Potential Strategies/Tools



- Potential land write-down, long term City ownership of 40% of station area land
- Potential impact fees waiver/deferral
- Potential funding assistance
  - TIF
  - Public infrastructure
  - Area amenities
  - Revolving loan fund
- Explore transit advantaged rental tools
- Zoning/regulatory modifications
- Public support for quality projects

# Anoka – Connectivity Recommendations



- As streets are reconstructed, upgrade trails to generally accepted trail standards
- Build out planned sidewalk network
- Potential Sidewalks
  - North Side of the Rail Corridor
    - Intersection of Buchanan St /6<sup>th</sup> Ave to station overpass
  - All streets within ½ mile of station (one side)
  - Grant Street (6<sup>th</sup> Ave to 7<sup>th</sup> Ave)
- When 4<sup>th</sup> Ave Bridge over Hwy 10 is replaced, consider:
  - Incorporating a sidewalk on new bridge

# Anoka – Implementation Strategies



- Work with Volunteers of America to begin Phase 2 to generate TIF revenue.
- Seek special legislation to extend 5 yr. rule for TIF.
- Continue to market city owned sites for sale.
- Enhance public/park areas along the Rum River.
- Relocate City Public Works facility.
- Work with other communities to promote Northstar.
- Use economic viability analysis to assist in development incentive decision making.

# Ramsey – Community Updates



- 322 acre Master Planned Development (400 acres including adjacent development) circa 2003/4
  - Planned 2,400 Housing Units (with adjacent)
  - Approximately 600 units existing
  - Existing office, retail, and institutional
  - NEW: Residence at The COR, Seasons of Ramsey, Northgate Performing Arts Center

# Ramsey – Community Updates



#### DEVELOPMENT STATUS

- EXISTING DEVELOPMENT
- PROPOSED DEVELOPMENT
- ACTIVE DEALS
- UNDER CONTRACT
- COMPLETED

#### ACCESS

- EXISTING SIGNALIZED INTERSECTION
- FUTURE SIGNALIZED INTERSECTION
- FULL INTERSECTION
- NO LEFT OUTBOUND MOVEMENTS
- PARKING RAMP

#### TRAFFIC INFORMATION

ADT INFORMATION TAKEN FROM 2009 ACTUAL COUNTS AND 2030 PROJECTED VOLUMES



**DEVELOPMENT PLAN 6.0**

05.15.2012

# Ramsey – Market Highlights



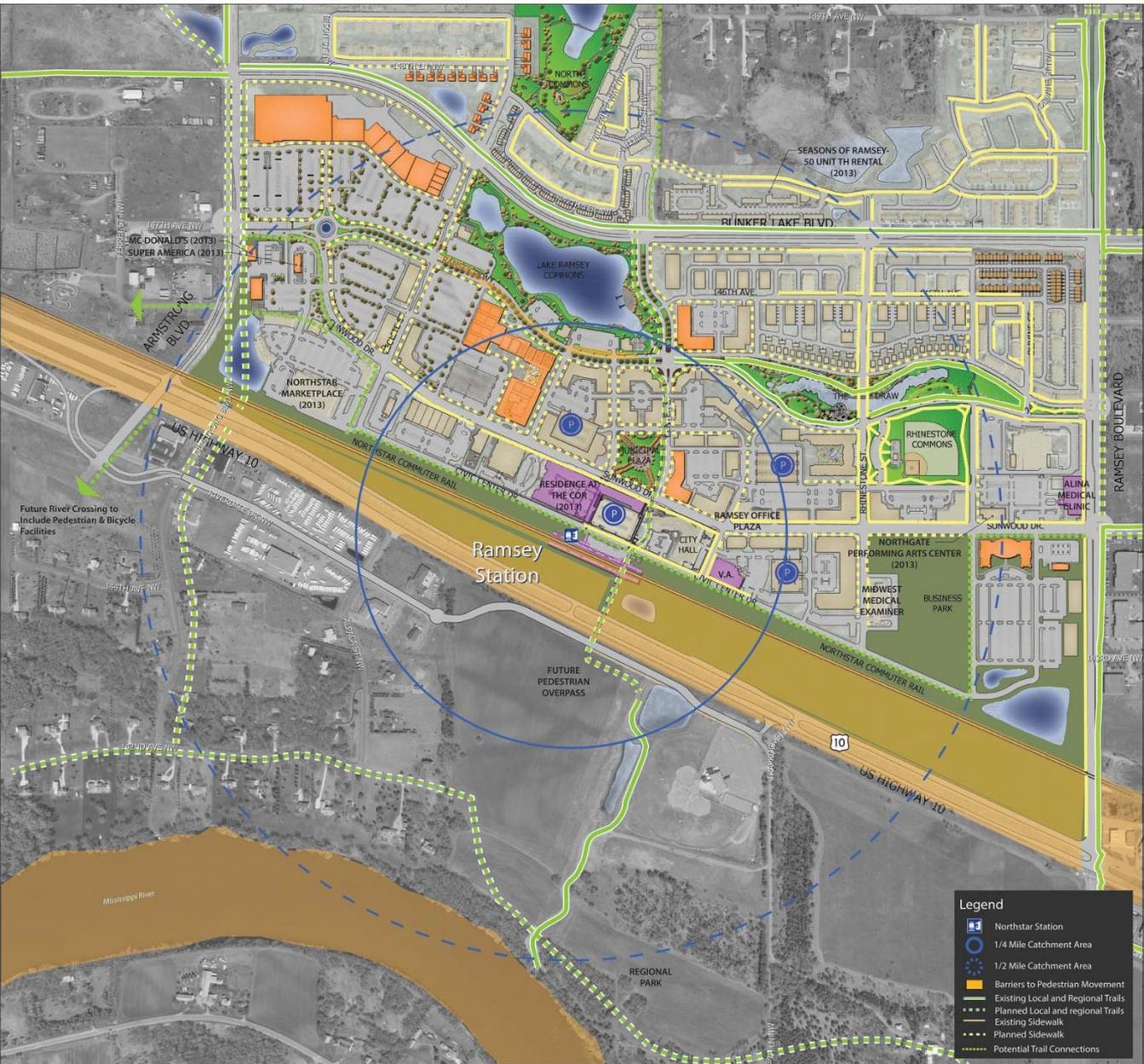
- New Town Center
- Station area: green field development, city owned land available
- 2011 Draw Area Demographics
  - Population: 38,973, Households: 13,522
  - Average household income: \$80,465
  - HH with income over \$75,000: 49.5%
- Housing tenure: Owner 91.5%, Renter 8.5%
- Development potential: multi-family, retail, office
- Housing potential to capture 350 units per year over next five years

# Ramsey – Potential Strategies/Tools



- Potential land write-down, significant public land ownership
- Possible deferred impact fees (10 yrs) backed by special assessment
- Potential funding assistance
  - TIF (infrastructure, site prep, parking)
  - Special service/benefit district
  - CMAQ grants
  - Construct community facilities
  - Bridge loans
  - Tax credits
- Achieving modestly premium transit advantaged rents / would explore other transit advantage rental tools
- Master plan, TOD, zoning, regulatory modifications
- Strong track record of proactive public policies

# Ramsey – Connectivity Recommendations



- **Construct Planned Sidewalk & Trail Network**
  - Cor Master Plan
  - Mississippi Skyway
  - Armstrong Boulevard/TH 10 Interchange
  
- **Potential Trails**
  - Parallel to Rail Corridor
  - North of Bunker Lake Blvd/Center Street Intersection

# Ramsey – Implementation Strategies



- Re-vision original master plan to match market
- Established TIF District #14
- Metropolitan Livable Communities Program
- Mn/DOT CMAQ Grant
- Anoka County Regional Rail Authority
  - Local road improvements
- Measurable increase in developer interest since opening of station
- Armstrong Boulevard Interchange

# Elk River – Community Updates



- City is expanding roads into the 90 acres owned by the City, industrial uses primarily
- Proposed new 60 unit workforce housing proposed east of station, possible construction 2014

# Elk River – Market Highlights



- Historic river city, county seat
- Station area: green field development and redevelopment
- 2011 Draw Area Demographics
  - Population: 76,118, Households: 25,855
  - Average household income: \$77,504
  - HH with income over \$75,000: 46.0%
- Housing tenure: Owner 80.2%, Renter 19.8%
- Development potential: multi-family, retail, office, industrial
- Housing potential to capture 240-270 units per year over next five years

# Elk River – Potential Strategies/Tools



- Limited publicly owned land/would explore land swaps
- Potentially deferred impact fees, revolving loans
- Would explore TIF, infrastructure investment
- Greater emphasis on jobs related projects than housing
- Projects would need to be developer initiated/market driven

# Elk River – Connectivity Recommendations



- **Construct Planned Sidewalk & Trail Network**
  - Trail connection between 175th Avenue N and Hillside City Park
  
- **Potential Trails**
  - Twin Lakes Road Extension
  
- **Potential Sidewalks**
  - All New Residential Streets within ½ Mile of Station (one side of street)
  - All Existing Industrial Streets East of TH 10 (one side)

**Legend**

- Northstar Station
- 1/4 Mile Catchment Area
- 1/2 Mile Catchment Area
- Barriers to Pedestrian Movement
- Existing Local and Regional Trails
- Planned Local and regional Trails
- Existing Sidewalk
- Potential Sidewalk Connections
- Potential Trail Connections

# Elk River – Implementation Strategies



- Stage development over next 20 years
- Provide additional opportunities for owners to market property
- Major triggers
  - New/relocated connection to Hwy 10
  - Hwy 10 to freeway
  - Redevelopment to follow
- Patience

# Big Lake – Community Updates



- 2007. Housing study completed. Update on multi-family section completed in 2011.
- 2012. 33-unit affordable housing near station (TIF underground parking). Phase 2 pending in 2014.
- 2012. 20-unit advanced living. ED TIF. 10 FTE.
- 2013. 38-market rate/construction phase (recreation facility) 37- unit phase II pending. Housing TIF.
- 2013. Proximity/TOD. 29-unit 1 & 2 beds.
- 2013/2014. Quiet Zone. Complete 1 more intersection.

# Big Lake – Market Highlights



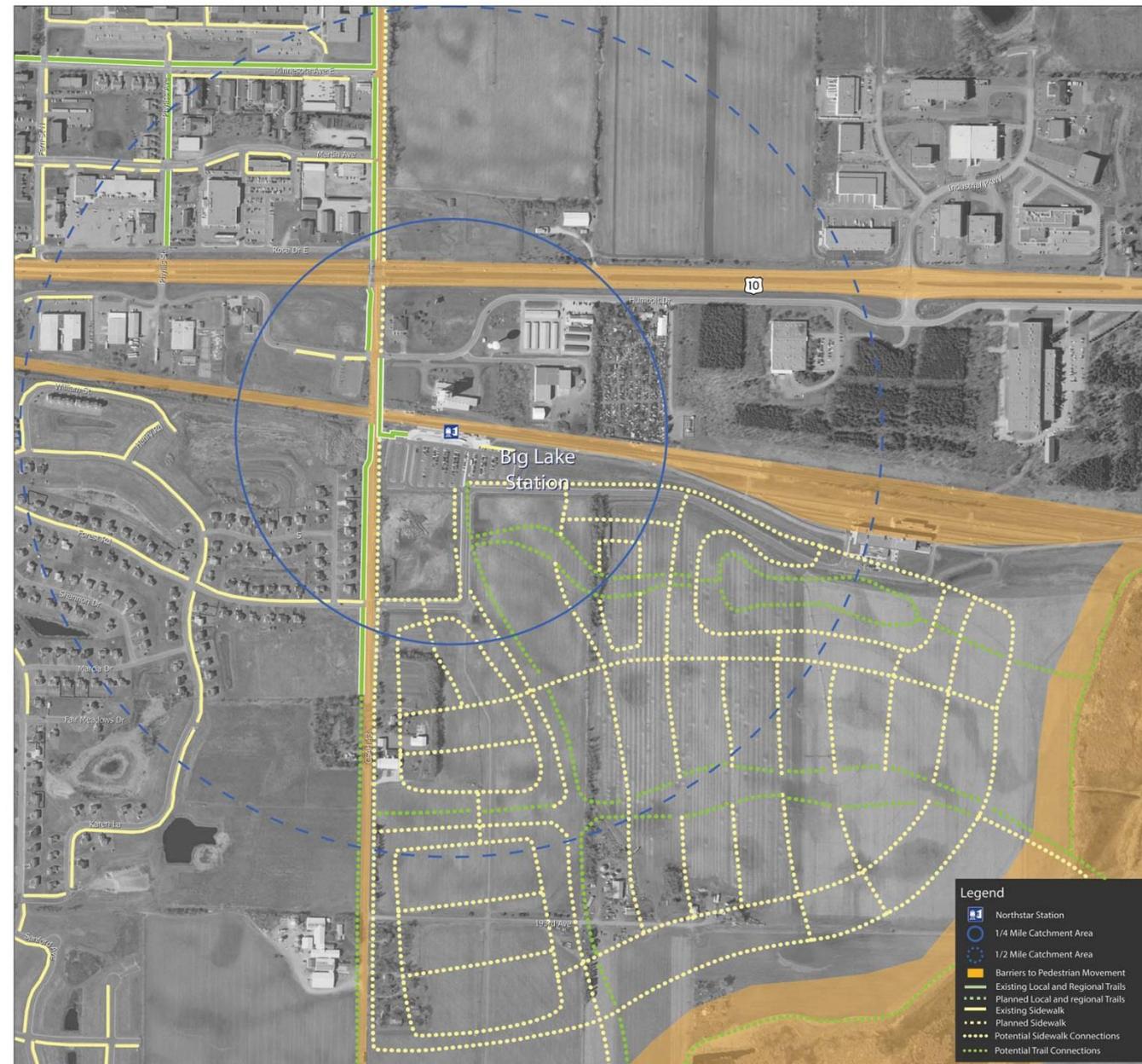
- Historic lakeside community
- Station area: green field development
- 2011 Draw Area Demographics
  - Population: 42,984, Households: 14,584
  - Average household income: \$70,426
  - HH with income over \$75,000: 40.8%
- Housing tenure: Owner 82.5%, Renter 17.5%
- Development potential: single family and multi-family
- Housing potential to capture 185-190 units per year over next five years

# Big Lake – Potential Strategies/Tools



- Private land ownership would explore legacy projects / 1031 land exchanges
- Funding assistance could include TIF but limited to Pay-as-you-go
- Would explore marketing programs/transit advantaged rental tools
- Possible comprehensive plan/zoning/regulatory changes
- Aging population, limited bonding capacity, significant sewer/water capacity, platted single family lots

# Big Lake – Connectivity Recommendations



- **Develop Pedestrian-Scaled Block Network**
- **Potential Trails**
  - Between Station and Planned Greenway along Wetland
    - Several Connections
  - South along County Road 43
    - As development occurs
- **Potential Sidewalks**
  - East Side of County Road 43
    - 198th Ave - TH 10) and
    - North of TH 10.
  - All New Residential Streets S.E. of Station (one side)

# Big Lake – Implementation Strategies



- TOD Analysis. Mixed-use out. Market housing. Improve website with new TOD findings included.
- Legacy Foundation. Utilize private/public partnership to promote TOD.
- Promote mixed housing with shared common space/trails and connectivity to the entire community.
- Work with other communities to promote Northstar.
- Use economic viability analysis/marketing/ED strategies to assist in development decision making.

# Contact Information



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## City Council Work Session

3.

**Meeting Date:** 09/24/2013

**Subject:** Mississippi River Critical Corridor Area Update

**From:** Scott Harlicker, Planner

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### INTRODUCTION

On Tuesday, September 24th the DNR will hold an informational meeting with the City to discuss the rule making process for the Mississippi River Critical Corridor Area (MRCCA).

### DISCUSSION

#### Background

In 2008, at the direction of the 2007 Legislature, the DNR began a process to effectively codify a 1979 executive order by Governor Quie establishing the Mississippi River Critical Corridor Area (MRCCA). The original rule making legislation, which procedurally expired in 2010 and was also repealed by the 2010 Legislature, was reauthorized by the 2013 Legislature. The process, which began this summer with meetings with local governments along the Corridor, will continue into the fall and early winter with public outreach, meetings and rule revisions. It will culminate with the rule adoption phase extending from February to September 2014. A schedule of the rule making process and a brief historical summary, are attached.

Key objectives from the 2013 legislation include the following:

- establishment of districts
- establishment of minimum guidelines and standards
- consultation with local governments prior to rule adoption
- elimination of language regarding a bluff map and bluff related definitions
- protection of existing commercial, industrial and residential uses

It should also be noted it is staff's understanding that the final rules will not affect surface water activity or activity occurring below the Ordinary High Water Level.

#### Meeting with DNR

Tuesday's meeting will include DNR staff, city staff, representatives from Anoka-Ramsey Community (ARCC), and staff from Anoka County. The purpose of the meeting is to:

- provide an overview of the rule making process and answer questions
- review the district maps
- review the draft rules and identify opportunities to improve them
- review our existing MRCCA ordinance

Staff will update Council on the rule making process and the outcome of the meeting at the September 24th workshop. Council feedback and direction, if any, will be requested. Staff will also be in contact with neighboring communities in our region, as well as any stakeholder groups that emerge, to understand issues and use consistent messaging.

For additional information and updates, below is the link to the DNR MRCCA website:

[http://www.dnr.state.mn.us/waters/watermgmt\\_section/critical\\_area/rulemaking.html](http://www.dnr.state.mn.us/waters/watermgmt_section/critical_area/rulemaking.html)

**RECOMMENDATION**

This item is for informational purposes, but Council feedback and direction, if any, is requested.

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**Attachments**

Schedule of rule making

History

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# 2013-2014 MRCCA Rulemaking Schedule

## Draft Rules

Output of  
2009 - 2010 Process

## PHASE II Public Outreach & Rule Revision

*Oct 2013 – Dec 2013*

Publish Request for Comments (RFC)  
*Nov 2013*

Notify all Property Owners  
*Nov 2013*

Public Comment Period  
*Nov – Dec 2013 (starts after RFC)*

Meetings with Interested Parties  
*Nov – Dec 2013*

Public Meetings & Open Houses  
*Nov – Dec 2013*

Revise Rules Based on Comments  
*Nov 2013 – Jan 2014*

Revise SONAR  
*Nov 2013 – Jan 2014*

Report to Legislature  
*January 15, 2014*

## PHASE III Rule Adoption

*Feb 2014 – Sep 2014*

Publish Notice of Intent to Adopt Rules  
with a Public Hearing  
*Feb 2014*

Notify all Parties on Mailing List  
*Feb 2014*

30-Day Formal Comment Period  
*Feb/Mar 2014 (starts after notice)*

Public Hearing  
*Apr 2014*

Respond to Comments/Rebuttal  
*Apr 2014*

Administrative Law Judge Report  
*May 2014*

Governor Review & Approval/Veto  
*Jul – Aug 2014*

Adopt Rule  
*Sep 2014*

## PHASE I LGU Review

*July 2013 – Sep 2013*

Kick-off Meeting with LMC/Metro Cities  
*Jul 17, 2013*

Meetings with LGUs to Identify  
Opportunities for Improving Draft Rules  
*Aug - Sep 2013*

Summarize Opportunities for  
Improvement  
*Sep 2013*

Meeting with LMC/Metro Cities to  
Review Identified Opportunities  
*Oct 2013*

# Overview of Mississippi River Corridor Critical Area Program and Rulemaking Effort

## History of the Mississippi River Corridor Critical Area

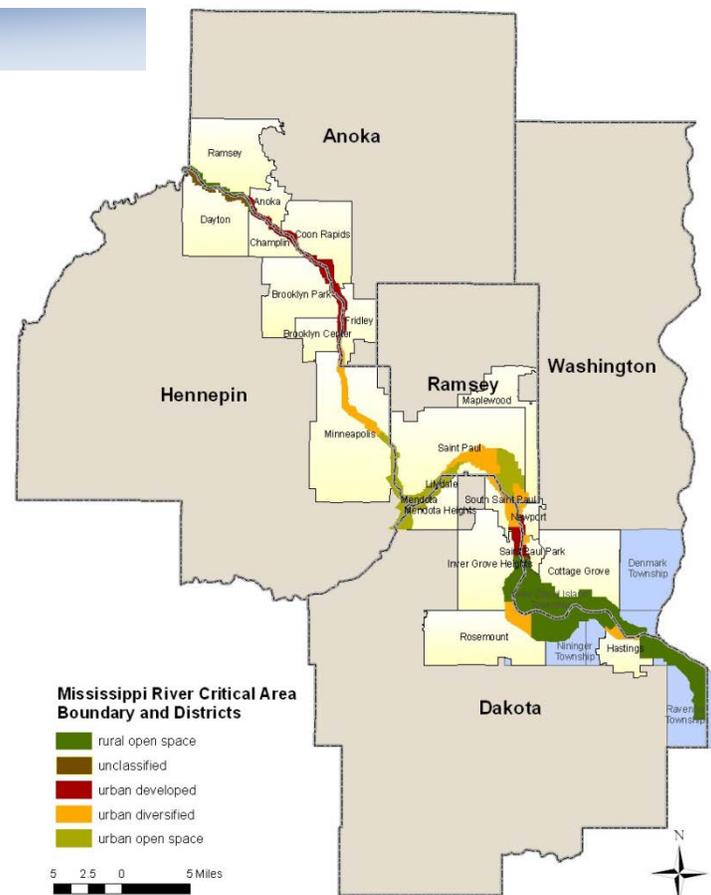
- 1973** Minnesota passes Critical Areas Act of 1973 (MN Statutes, Chapter 116G)  
EQB adopts rules to implement Act (MN Rules, parts 4410.8100 – 4410.9910)
- 1976** Mississippi River and adjacent corridor designated a state critical area by Governor Wendell Anderson (Executive Order No. 130)
- 1979** Designation continued by Governor Albert Quie (Executive Order 79-19)  
Metropolitan Council acts to make designation permanent (Resolution 79-48)
- 1988** Mississippi National River and Recreational Area (MNRRA) established by Congress as unit of NPS (MNRRA shares same boundary as Mississippi River Corridor Critical Area)
- 1991** MNRRA designated a state critical area per Critical Areas Act (MN Statutes, section 116G.15)
- 1995** Responsibility shifts from EQB to DNR by Governor Arne Carlson (Reorganization Order 170)
- 2007** Legislature directs DNR to prepare report on the Mississippi River Corridor Critical Area (Completed January 2008)
- 2009** Legislature amends MN Statutes, section 116G.15 and directs DNR to conduct rulemaking for the Mississippi River Corridor Critical Area (MN Laws 2009, Chapter 172, Article 2, Section 5.e.)
- 2011** DNR develops draft rule after participatory stakeholder process, but rulemaking authority lapses
- 2013** Legislature directs DNR to resume rulemaking process in consultation with local governments

## Current Status

- 30 communities along corridor (21 cities, 5 counties, 4 townships) + several quasi-governmental entities. Most have adopted critical area plans and ordinances.
- EO 79-19 establishes four land use districts:
  - Rural Open Space
  - Urban Open Space
  - Urban Developed
  - Urban Diversified
- EO 79-19 establishes performance standards and guidelines for each land use district.
- Local government units (LGUs) administer and enforce a variety of regulations to meet the performance standards, which has led to general concern regarding consistency and adequacy to protect key resources and features.
- The critical area is cooperatively managed:

**DNR Role:** Adopts rules, reviews/approves plans and ordinances, and reviews actions requiring a public hearing.

**NPS Role:** Has provided funding assistance to local, regional, and state agencies; encourages LGUs to incorporate voluntary MNRRA policies



into plans; and provides stewardship, education, and historical and cultural resource protection.

**Met Council Role:** Reviews plans for consistency with regional policies, EO 79-19, and MNRRA policies and submits recommendation to DNR; and provides assistance to LGUs adopting or amending plans.

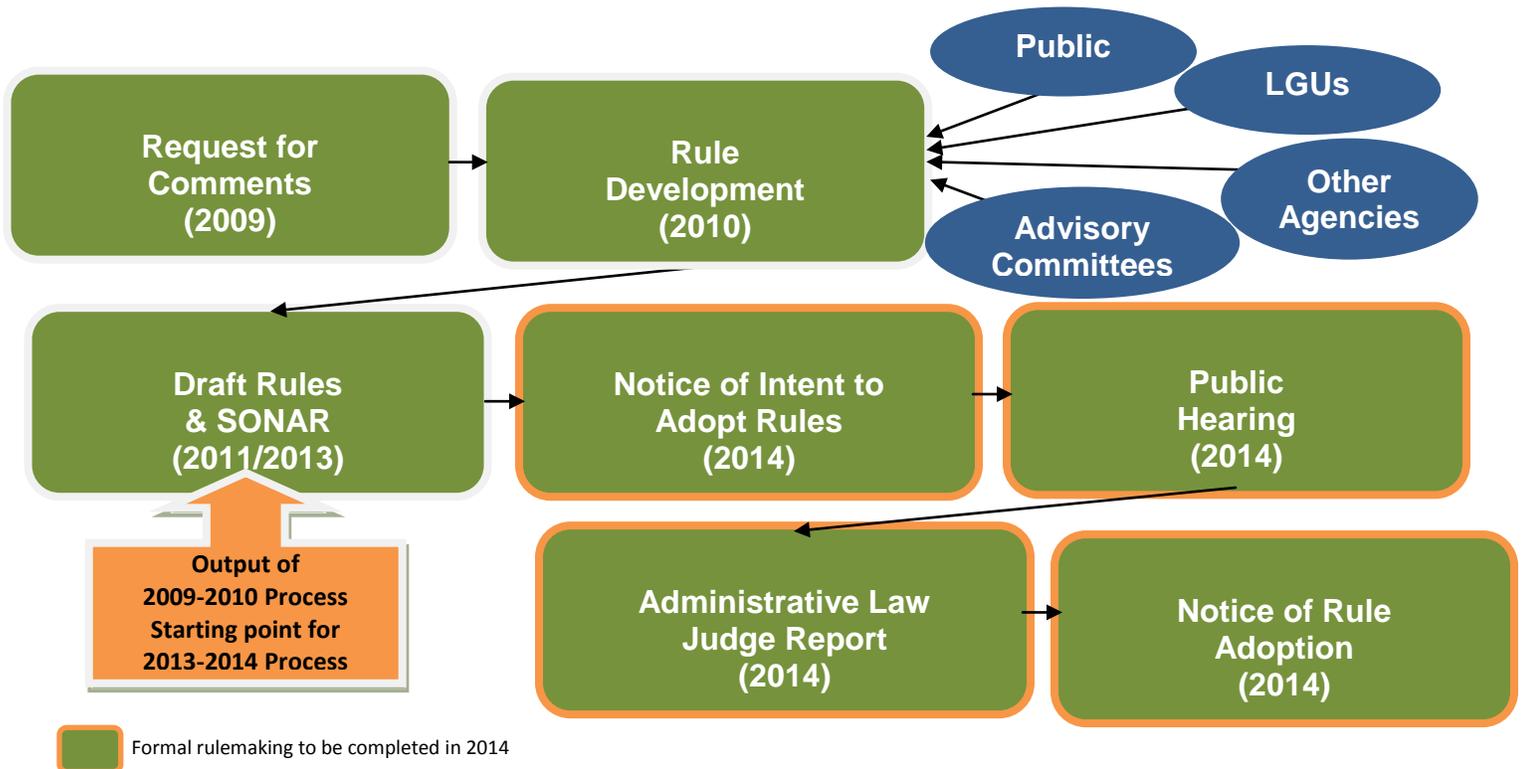
**LGU Roles:** Adopt DNR-approved plans and ordinances, and administer and enforce them.

## Key Points of 2009 and 2013 Legislation

The legislation authorizes the DNR to adopt rules and requires the DNR to:

- establish, by rule, districts within the Mississippi River Corridor Critical Area. The DNR must:
  - determine appropriate number of districts within each municipality,
  - take into account municipal plans and policies, and existing ordinances and conditions, and
  - consider protection of key identified resources and features.
- establish, by rule, minimum guidelines and standards for the districts to protect key resources and features and use them when approving plans and regulations and reviewing development permit applications.
- consult with local governments prior to rule adoption (new in 2013).
- protect existing commercial, industrial and residential uses (new in 2013).
- 2009 legislation required preparation of a preliminary bluff map; this requirement was eliminated in 2013, but protection of bluffs and related features remains a priority.

## General Overview of State Rulemaking Process (MN Statutes, Chapter 14)



The DNR will re-publish a Request for Comments in 2013 and will continue to involve local communities, interest groups, other agencies, and the public in improving and refining the draft rules. The DNR also intends to hold a public hearing as part of the formal rulemaking process. For more information, including a detailed 2013-2014 rulemaking schedule, visit the project website: [http://mndnr.gov/waters/watermgmt\\_section/critical\\_area/rulemaking.html](http://mndnr.gov/waters/watermgmt_section/critical_area/rulemaking.html)