



**City of Newport**  
**Special Joint Work Session with the Newport City Council and Newport Planning Commission**  
**June 10, 2014 - 5:30 p.m.**

**1. CALL TO ORDER**

Mayor Geraghty called the meeting to order at 5:40 p.m.

**2. WELCOME AND INTRODUCTIONS - MAYOR GERAGHTY**

**Council Present** – Tim Geraghty, Bill Sumner, Steven Gallagher

**Council Absent** – Tom Ingemann, Tracy Rahm

**Planning Commission Present** - Dan Lund, Anthony Mahmood, Susan Lindoo, Matt Prestegaard, Kevin Haley

**Planning Commission Absent** -

**Staff Present** – Deb Hill, City Administrator; Sherri Buss, TKDA Planner; Barbara Dacy, Washington County HRA; Melissa Taphorn, Washington County HRA; Kathryn Paulson, Washington County HRA; Nancy Brown, Washington County HRA; Stacie Kvilvang, Ehlers; Rich Romano, ISD #833; Mike Vogel, ISD #833

**3. PURPOSE OF MEETING - MELISSA TAPHORN, WCHRA**

The City Council and Planning Commission discussed items 3 - 8 as outlined in the attached documents. The purpose of the meeting is the following: to recap the Rental Housing Bus Tour; Follow up on concerns; Review the proposed Stormwater Management Plan; and Discuss the Redevelopment Plan Vision. Nancy Brown, consultant for the Washington County HRA, has been a number of interviews with developers and members of the community. Ms. Brown found that the Red Rock Crossing site holds significant promise. The developers affirmed that the first developer commitment will pave the way for all other investment. Some of the concerns that came up during the tour are: the impact of adding low income households to the school; the impact of adding rental units to the community; the impact of TIF on the City's revenues; and the impact of adding a number of households on the City's budget.

**4. NEW HOUSING AND IMPACT ON SCHOOLS - MR. MIKE VOGEL, SCHOOL DISTRICT #833 ASSISTANT SUPERINTENDENT**

**Mike Vogel, ISD #833** - The School District is engaging in a long-range facility planning process that started in March. They had a demographer provide them with some ten year projections and build-out projections. A build-out projection looks at all of the areas in Newport that are available for development. The District is looking at the potential of 2,500 - 2,700 new kids in the next ten years due to new growth. The School District addresses growth by looking at new buildings, potential boundary changes, and adding on to buildings. As far as Newport Elementary is concerned, there are around 275 kids and have grown by about 20-25 kids over the last five or six years. Part of that is based on boundary changes in 2006. Newport Elementary students go to Oltman Middle School and then to East Ridge High School. Oltman has enough capacity and East Ridge is at its capacity currently. Given this, there will probably be a boundary change in the future.

If the City proceeds with the redevelopment, the average multi-unit housing would provide the School District with 0.2 kids per unit. A projected 400 unit building would equal about 80 kids across all of the grades. The impact will not be dramatic.

**Kathryn Paulson, Washington County HRA** - The proposed building will be two or three bedroom units.

**Mr. Vogel** - A lot of the time we see families with preschool-aged children moving into these properties and when the kids get a couple years older they start to look for single-family housing.

**Mayor Geraghty** - What's the capacity for Newport?

**Mr. Vogel** - We calculate capacity based on the number of classrooms available and escalating class sizes. It's about 340 kids.

**Stacie Kvilvang, Ehlers** - One thing you'll want to remember is that the projected 460 units is not all family housing.

**Dan Lund** - Does the School District have any reservations about 25 years of TIF?

**Mr. Vogel** - I'd be reluctant to answer for the School Board. We would look at it as redistribution of the taxing across the rest of the tax base.

**Mayor Geraghty** - I don't know if they have ever rejected to any.

**Ms. Kvilvang** - TIF doesn't affect school districts, it only affects their capital budgetary issues. It doesn't hurt their day-to-day budget. In cases where you're looking at adding housing where there are kids, that's a plus because their funding is on a per pupil basis.

**Kevin Haley** - So the property taxes collected for school districts is only for capital funding?

**Ms. Kvilvang** - Yes.

## **5. RED ROCK CROSSING HOUSING PLAN - KATHRYN PAULSON, WCHRA**

Kathryn Paulson, Washington County HRA, discussed slides #8 - 15 in the PowerPoint presentation.

**Matt Prestegaard** - Why did you pick the communities that you did because I didn't see any of our neighbors.

**Ms. Paulson** - I tried to pick ones that were first tier suburbs and were smaller.

**Melissa Taphorn, Washington County HRA** - I think one of the take-a-ways from these slides is that Newport already has a naturally occurring affordable market.

**Susan Lindoo** - For the proposal, the rents would be at the 50% level?

**Ms. Taphorn** - I think so and any market rate that you would look at would be higher than that to pay for their capital expenses.

## **6. RED ROCK CROSSING FINANCING ISSUES - STACIE KVILVANG, EHLERS**

Stacie Kvilvang, Ehlers, discussed slides #16 - 19 in the PowerPoint presentation.

**Kevin Haley** - So the County gets one-third, the City gets one-third and the School District gets one-third correct?

**Ms. Kvilvang** - It's a simple rule of thumb but it's not that simple.

**Kevin Haley** - So it means about \$100,000 per year which is not that big of a deal.

**Ms. Kvilvang** - We did run the numbers but I can't remember what it is actually. If you were to say roughly yes, over a very long period of time.

**Mayor Geraghty** - Once the land value is established that would come to us right?

**Ms. Kvilvang** - Yes. When you create a TIF District, whatever the base value is generating in taxes that will be paid out to the taxing districts and you get that for the term of the District. It's the increased value that's being captured to go and pay for the costs of redevelopment.

**Susan Lindoo** - What is the term of the TIF District?

**Ms. Kvilvang** - 26 years. It's 25 years of increment after the first receipt.

**Dan Lund** - What's the apparent tax value of the areas?

**Ms. Kvilvang** - Just under \$5 million.

**Dan Lund** - So why do we have to pay \$10 million?

**Ms. Kvilvang** - One, are you going to sell your house for what the tax assessor has on it? No. You're not allowed to condemn unless you'll put something public on it. Second, since the HRA is acquiring, they are required to pay relocation benefits.

**Kevin Haley** - So Wilson would not only get the value of their land they would get fees for relocating.

**Dan Lund** - They're a big chunk and won't be around forever. He's going to want to sell at some point. Would it make more sense to wait five or ten years and pay market rate instead of twice market rate?

**Ms. Kvilvang** - We're not paying twice market rate. It doesn't mean that the value will be any less when he wants to leave. In theory, his values could go up over time.

**Dan Lund** - But we're creating the demand. We're saying on one hand that we have to pay twice as much because this development is going on but on the other hand it's only going on because...

**Ms. Kvilvang** - But you're not paying twice as much. You're getting confused between acquisition costs and site assembly costs. So you're acquiring but on top of that you have to pay relocation.

**Dan Lund** - We don't if we have a willing seller though.

**Ms. Kvilvang** - Only if they waive their relocation benefits and the only ones that can do that would be a business owner or resident but they won't do that because what is their incentive to do that?

**Dan Lund** - He has to sell to somebody. That's what happened on the other end of town.

**Ms. Kvilvang** - If Wilson decides to go out of business and not relocate his business, he doesn't get any relocation benefits but for estimating we assume that there is. You're also paying demolition costs, any environmental remediation and soft costs. It's all of those costs that increase it.

**Sherri Buss, TKDA Planner** - I think you try to be conservative too.

**Susan Lindoo** - You're also trying to get all of these pieces together at the same time.

**Ms. Kvilvang** - And what you'll find when you're doing multiple acquisitions, some will be lower and others will be more. It all kind of evens out.

**Ms. Buss** - And you have some parcels already right?

**Barbara Dacy, Washington County HRA** - Yes, Red Rock Plumbing and Heating.

**Matt Prestegaard** - What do we think the impact will be to existing apartment buildings in Newport?

**Kevin Haley** - All of them are rentals.

**Ms. Taphorn** - The competition is a little distanced. I think that it will be competition and you'll see greater investment in the existing apartment buildings.

**Matt Prestegaard** - Is there any incentive to assist with that investment because in some ways we're just moving the problem. It's good for the City overall because we'll have some development.

**Susan Lindoo** - You mean will they take renters away from the existing properties?

**Matt Prestegaard** - That or if there are increased vacancies or if we'll have a new least favorite site in the City, the impact is guaranteed. Is there any way to balance that?

**Ms. Kvilvang** - The St. Anthony Village example had an apartment building across the street that was 50% vacant and was their highest public safety calls. Once the redevelopment started to happen that property owner invested tens of millions of dollars into that property, filled it back up and they don't have the public safety call issue. Part of that is good for competition. They'll need to reinvest to get people to want to live there as well.

**Matt Prestegaard** - I think I mean would the City want to invest or open our minds to try to encourage those other sites to invest or other things.

**Susan Lindoo** - Kind of like the façade improvement program for businesses?

**Matt Prestegaard** - Yes, to make them want to compete.

**Dan Lund** - Everything has been go, go, go, this is great, how could we not want to do this but what can we use to balance it? At what price would it not be a good deal, how do we know what that price is, how do we know we're not under that price now? It's always been go, go, go, everything's great. 880% which isn't really a return on investment, it's a comparison of the public investment and the total investment, that's not really an investment outcome. How can we balance the cost versus the benefit as opposed to this is great, let's turn a dirty area into a clean area?

**Ms. Kvilvang** - If you don't do any reinvestment, property values won't be going up any time sooner. That 1100% increase won't happen without investment. Traditionally, a lot of communities look at how much of that public investment is going in over the private investment of the total development. You are well under a threshold that a lot of communities will look at. People feel comfortable around that 10 to 15% mark. You are well below that.

**Dan Lund** - It's helpful to put some type of parameters around the numbers.

**Councilman Gallagher** - Is the proposed development all affordable housing units?

**Ms. Kvilvang** - There's a portion that is affordable housing, a portion that is senior, and a portion that is market rate. The first proposal of the site we visited will be 100% affordable.

**Ms. Paulson** - The first phase and second phase will be 42 units each.

**Ms. Taphorn** - The developers that we talked to don't want to take the risk of being the first ones in. MWF is willing to take that risk and once that goes, you'll attract the market rate, the last one will be the senior apartments. There aren't the type of amenities really close in that area, we'll get there but we need the rooftops to add the amenities.

**Mayor Geraghty** - What if we told the developer that we're ok with the first one being affordable but we want the second one to be market rate?

**Ms. Kvilvang** - You may have to wait.

**Dan Lund** - Is there a site selected for that affordable housing? Is that going to be the County land for sure or is there an opportunity to build it near existing housing?

**Ms. Taphorn** - They are interested in the sites on the Knox site because they want to be next to the transit station.

**Dan Lund** - But it would fit to the west potentially?

**Ms. Taphorn** - Yes.

**Ms. Buss** - When we first looked at this, we thought that the site to the west of the transit station had the best opportunity for mixed use with them but the terms of the loan doesn't let them be mixed use correct?

**Councilman Gallagher** - Is it a HUD loan?

**Ms. Taphorn** - No, it's a low-income housing tax credit and there are restrictions. It's just on the capital, not an ongoing subsidy.

**Councilman Gallagher** - And you really think police calls won't go up?

**Ms. Taphorn** - On the bus tour, we talked with some police officers in Forest Lake and they said there wasn't any issues.

**Councilman Gallagher** - Are those units also Section 8 approved? If so, are those going to go in there? Are they subsidized units. You can say they're \$1,000 units but if they're on an income scale they could only be paying \$400.

**Ms. Taphorn** - They are not on an income scale, they're a flat rent. Each owner can choose whether or not they select Section 8 vouchers. There are 7 vouchers in the entire City.

**Councilman Gallagher** - I think we're also around 40% affordable housing units at this point.

**Ms. Taphorn** - You have naturally occurring affordable housing. There is one Section 8 project-based. The assistance is tied to the unit and that is Red Rock Manor. You could attract a voucher holder but those 7 vouchers have been pretty consistent over the last ten years.

**Councilman Gallagher** - But those numbers could change because we're investing in public transportation.

**Ms. Taphorn** - It's possible but there are only 400 vouchers in the entire County.

**Councilman Sumner** - Do the owners that we visited accept Section 8?

**Ms. Taphorn** - They have in the past.

**Councilman Sumner** - Is there a limit?

**Ms. Taphorn** - They can accept as many as they want. We have 90 vouchers for the entire County, we don't have any more to give out.

**Councilman Sumner** - And they are county assigned? People can't get them in another county and come here?

**Ms. Taphorn** - They can yes, we have 300 or so that live here from other counties.

**Ms. Kvilvang** - Where are the majority of them?

**Ms. Dacy** - Oakdale.

**Dan Lund** - Have we made Wilson Lines an offer?

**Ms. Taphorn** - No.

**Dan Lund** - Is there an opportunity to make him an offer before we build a development that sandwiches his property between the existing and proposed housing and really ups his negotiating position?

**Ms. Dacy** - In order to start approaching owners and making offers that requires an allocation of funding. The Authority would have to seek grant funds or request additional allocation through the levee request process. We made the decision on Red Rock Plumbing and Heating because that was a smaller property that didn't eliminate tax income to the City. There's a balancing act there. If you start approaching properties, then yes you may be paying a smaller amount when the development occurs but that property is then tax exempt as the HRA attempts to assemble the parcels. We've been talking about doing the acquisition when development is eminent.

**Dan Lund** - I'm just very nervous about putting the first development isolated from any other housing and surrounded by places no one would want their kids playing.

**Admin. Hill** - This is an experienced developer though.

**Dan Lund** - But everything we saw on the tour was in residential areas, if we use the County property first it's going to be surrounded by industrial looking areas. As far as convincing people to keep going, I think it would be a lot more natural progression to start the housing where housing already exists. I understand the County land is available.

**Ms. Buss** - I think you're highlighting the biggest challenge and that is the industrial context. It's a challenge that we all have to work with. You're making a good point, we will need some action to turn the image of this area around. Any advice that you can give us will have a dramatic affect on the success of the first couple developments. I think it's fair to ask the question.

**Ms. Taphorn** - We have encouraged developers to look at sites south of the rail spur and they want to be north of it.

**Dan Lund** - The other half is assuming that development goes well, that's the highest value if we do get significant business presence. Are we giving up a lot by developing that most visible location?

**Susan Lindoo** - It seems like we want to ask the type of questions that Dan is asking, is it a pretty place to live. What is the developer going to do to make it not feel isolated?

**Ms. Kvilvang** - They don't feel isolated. They are not going to build something and invest millions of dollars into something that they won't be able to lease out. They are well experienced in looking at this because they understand the vision. They can see past all of the stuff because they know what's coming.

**Susan Lindoo** - They can but we can't and I think as the City we want to ask them these type of questions because maybe they'll explain it to us. I think it's legitimate that we ask these types of questions.

**Ms. Kvilvang** - If you remember we had the developers in and asked those questions.

**Mayor Geraghty** - I think we know the blahs, it's Aggregate Industries, Wilson Truck Line...

**Susan Lindoo** - And it's trails and parks and etc. but now we have something more specific. Whenever we have developers in front of the Planning Commission we always ask a lot of questions to have them explain their vision and plan. I'm curious about the link to Lions Park and whatever else.

**Mayor Geraghty** - I know we're talking about tying into the River.

**Susan Lindoo** - How soon does that need to happen?

**Ms. Dacy** - The public sector role was to look at long-term trail and sidewalk plans. The storm plan was to create an overall plan for runoff so you have the plans in place when developments come in.

**Susan Lindoo** - So maybe we should have the Park Board start thinking more seriously.

**Ms. Dacy** - Investment tends to be infectious. We have a private sector investor indicating interest and preparing to invest \$6 to \$8 million and that can be the platform to start moving ahead. I do understand the concern of how is it going to relate to the neighborhood.

**Susan Lindoo** - I think that's what we're asking, is what do we need to be thinking of as a City? I think it's helpful to bring up the questions and what we need to do.

**Admin. Hill** - In regards to Lions Park, we do have some upgrades scheduled for the future.

## **7. PROPOSED STORMWATER PLAN - SHERRI BUSS, TKDA**

Sherri Buss, TKDA Planner, presented on the proposed stormwater plan as outlined in the June 10, 2014 packet.

**Anthony Mahmood** - Will the tree trenches be able to go forever or will you need to dig it up in 15 years?

**Ms. Buss** - We plan on creating little areas that can be easily cleaned out to make those trenches last longer.

**Ms. Taphorn** - There are four parcels on the north side of Lions Park that are not owned by the City, our plan is to acquire those and make them part of Lions Park.

## **8. DISCUSSION ON NEXT STEPS**

Admin. Hill discussed slides #22 - 26 in the PowerPoint presentation and went through the following questions.

**1. Does the City Council and Planning Commission support the current redevelopment plan which includes affordable housing and market rate housing, office and retail?**

**Matt Prestegaard** - It's hard to say yes or no because there is nothing to compare it to. We can say it's good but how do we know? I trust that all of you have expertise on that but some of us don't have that experience so it becomes hard to have an opinion.

**Councilman Sumner** - One of my concerns is that I hear that we've talked to developers but I have not been convinced that we've talked to a wide enough group. Have we gone to New York, San Francisco, Hong Kong and asked developers there? Maybe because we're talking with people who have dealt with affordable housing they see this as a perfect spot for it. I have not been convinced that we've run our proposition wide enough and I would love to be convinced that we have.

**Ms. Kvilvang** - I think they have cast a wide net. They've talked with every developer that deals with housing, retail and other things in the metro area and outstate to get their feedback and ideas. I know it always sounds good to go to New York or Portland but they won't come here. They'll have the same constraints that developers have here. The City and HRA undertook the market study to say what the market is. Anyone who comes in to develop will need to have a market study. A convention center or hotel are not in the market.

**Ms. Buss** - One of the bigger developers that these guys talked to said that the Newport Cold Storage site would be the big retail site if you could get it. It isn't that people have opened a window to the big picture, it's hard to imagine how we could get there given the resources we have.

**Ms. Kvilvang** - Even though a developer said that, the market reality is that even if you had that site, there is no guarantee that would be a retail site because of the competition.

**Ms. Dacy** - There are two things that I really want to stress. One, the plan that was adopted in 2012, we took that and talked with market rate, affordable housing, commercial developers and Nancy went back. They are reporting back to us and picking up a little bit of what Dan is saying. It looks industrial, that transit site is going to be a positive amenity. In order to get to the vision, you're going to have to create amenities to help transform it. The developers are telling us that one way to start is to start with what is being suggested by the developer that did the Forest Lake apartments. We're bringing options back to you because we're in a Joint Powers Agreement and we take our relationship with the City very seriously. Secondly, there are other examples around the metro area where there has been redevelopment in industrial areas. We focused on ones that are more tangible and local to the County for the bus tour. I understand that this is big and it's a wonderful opportunity and long-term vision. All of the investment that we've talked about in general points the arrow to yes. In the meantime, you're getting going on all of the good stuff, you're conveying that positive approach. The purpose of these questions is to make sure that if the HRA is out there to market in partnership, we want to make sure we're conveying the right vision.

**Matt Prestegaard** - I understand that. I don't mean there's nothing to compare it to. It's not a matter of do I think it's a good idea to invest, yes we should. What I mean is very specifically, how do I know if you ask my opinion if these are the right figures. I have no basis to endorse or deny this plan.

**Dan Lund** - I think the answer to that question is pretty easy and it's yes but that's not how it works. To get the best deal, stage one has to be really really good. It has to be a place that people want to look at. It can't just be Section 8 because people don't want to live with highways on both sides and industrial. If the question is what do I think of 82 units of affordable housing north of the transit station, I think that's easiest to start with but it's not a selling point for the overall project because it's going to be up there removed from everything. I think it's completely different if it's at the Wilson Line site where it's next to other housing and it reserves the north end for a higher value business.

**Mayor Geraghty** - What are you thinking of at the north end? We're not going to get a big retail in there, they always look at households. It might get office space.

**Dan Lund** - Yes, office space. What we can do today won't be the same in ten years.

**Mayor Geraghty** - Do you want to let it sit for ten years and these people to give up on us. We laid out a plan and they're working on it. Now we have an investor that is willing to do something. I do think it will be a domino thing. I have no doubt that they'll rent it out.

**Admin. Hill** - We can demand them to have a nice, lovely building with our design standards. That will attract other development.

**Ms. Kvilvang** - The other side of the tracks is tired, the HRA is not giving up on that but we're trying to get that starter project and get something in to start the acquisition momentum.

**Ms. Buss** - Part of the opportunity is to seek the Met Council grant funding to get something going as soon as we can. That is part of the rationale.

**Susan Lindoo** - That has been sitting empty for so long and the Planning Commission and City Council have been working on this for so long. We've done a lot of work and we've been working with the HRA and at some point I have to say that I trust you and your numbers. There are other sites, development is beginning, I want us to get going before we get into another recession. We're competing with other areas so we should get off the dime and get going with this and make the adjustments as we go along. I'm afraid of sitting on this and have nothing happen.

**Mayor Geraghty** - The developers have one or two years until they break ground maybe we can work on the Wilson site.

**Anthony Mahmood** - I haven't been involved in the process for very long but one of my comments on the tour was "I can't believe how many people it takes to do something." All of you have been doing all of this hard work and the developers are not going to come in here if they don't think they'll make it. You have to have faith that they know what they're doing. We have to do something, it's been sitting there and sitting there and I came on board because I wanted to be a part of seeing something done here. I think we need to start now because it's just going to get more expensive.

**Councilman Gallagher** - Is the HRA's mission to increase affordable housing the County or to increase tax base?

**Ms. Dacy** - The HRA has a Joint Powers Agreement with the City. Our role is to help the City accomplish the vision of the Red Rock area.

**Councilman Gallagher** - My question is based on experiences with other HRA's. They're concentrated on increasing affordable housing and I know Washington County doesn't really have a development officer and I think that falls on the HRA.

**Ms. Dacy** - Our mission is "Through innovation, the Washington County Housing & Redevelopment Authority promotes community and economic development, and provides and maintains affordable, decent and safe housing opportunities in Washington County." Our vision statement and brand position is to help communities thrive.

**Councilman Gallagher** - I don't mind starting off with an affordable housing aspect. I think once we get something there we can expand. I think the first step will be the hardest step for you and the easiest step for us because the City will then need to maintain that vision for the next 10, 15, 20 years to make sure this area doesn't become something it's not intended to be. I want to make sure we have the ability or resources to look for some type of business atmosphere. If we don't have that ability then we're missing the boat.

**Ms. Dacy** - The commercial and retail part of the plan is still part of the vision and the private sector is coming back to us saying that we need to create some population.

**Councilman Gallagher** - I understand.

**Ms. Dacy** - Once we're confirmed on the vision and what the City wants, the HRA had Nancy prepare a marketing plan so once the plan is good to go we will start to market the site to all of the aspects.

**Councilman Sumner** - The TIF that we're proposing is for this one particular site right? It doesn't lock us in to the second or third site?

**Ms. Kvilvang** - The TIF district is for a larger area. A lot of the tax increment will go to repay the HRA or the City for acquisition costs. You always have control over who you give TIF and how much.

**Councilman Gallagher** - Is there something under State Law that says TIF has to be in a blighted area?

**Ms. Kvilvang** - Yes.

**Councilman Gallagher** - So with us tearing down the building, it's no longer considered blighted?

**Ms. Kvilvang** - The HRA had the blight inspection completed prior to demolition and you have up to three years to establish the district.

**Kevin Haley** - I was probably the strongest against this, however some of the answers concerns I've had had been answered, especially about the TIF. There isn't that much developable land in Newport, however, as a Planning Commission and City Council, there are a lot of small parcels that we can affect. I think the biggest one is you answering questions I had and seeing this, I did a 180. I don't have the problems I had coming in here.

**Admin. Hill** - What I'm hearing is that there is a consensus of support for this plan in front of us.

**Councilman Gallagher** - Sure this looks great but tell me how much they'll spend per unit when they build.

**Ms. Kvilvang** - \$160,000 is standard, that's all hard and soft costs.

**Councilman Sumner** - I think what we learned is that there are significant federal tax advantages for this kind of project.

**Mayor Geraghty** - Do they get tax credits on market rate apartments?

**Ms. Kvilvang** - Yes.

**Dan Lund** - I like the overall plan. I'm still not sure affordable housing on the north end is the best possible stage one.

**Mayor Geraghty** - What would happen in a year and a half if we had the Wilson site and told the developer that we wanted him to go there?

**Ms. Kvilvang** - I think you guys try to push developers to go on that site and their preference was the north side.

**Councilman Gallagher** - He's getting a loan so there's a caveat that he needs to have affordable housing for 30 years, maybe it could change at that point.

**Admin. Hill** - I guess I hear more of a consensus. I think we're moving ahead, excellent.

**Matt Prestegaard** - The point Dan brings up intrigues me. I support it, let's get off the pot. But I think it speaks to what is it we could try to accelerate from the City's perspective. Let's look at the Wilson property, it doesn't mean we have to hold this up.

**Kevin Haley** - I think there are a lot of parcels in the City that we can work on. Let these guys do their job.

**Mayor Geraghty** - I think we have a consensus but I wouldn't say it's definitely going on the north lot.

**Ms. Taphorn** - We're showing you a concept plan but that will change. It totally depends on market reality. We want to make sure that it's what you guys want.

## **2. Does the City support affordable housing as potentially the first development?**

**Admin. Hill** - I think we're all in consensus with this one.

## **3. Does the City support the HRA's efforts to seek grant and other financing opportunities for housing, businesses, trails, and infrastructure?**

The City supports this.

## **4. Does the City support the HRA marketing the vision for the Red Rock Crossing?**

The City supports this.

**Nancy Brown, Washington County HRA** - I just want to get back to Dan's point. A good thing is that there's a market study out there and the developer interest has really confirmed that. Also, in terms of can we picture it, my conversation with developers is that they won't invest money unless they know they'll be able to lease it out. That's the bottom line. You can have confidence that this property will work out. To me, there's a question that Dan raised about the location. If that is the location that the developer chooses and is interested in, do we need to get a sense of whether we can move forward with that developer at this time. If we would rather do something else in that location are we back at the starting point and talking with more developers.

**Councilman Gallagher** - If I'm a developer, I'm going to take the best piece of property that I can find. Us, as a City, should look at what is better there.

**Ms. Brown** - I think that's exactly right and needs to be resolved still. Do we wait and look for the office complex? Or do we say yes or no to a developer that is interested in doing something right now. It's great to have so much consensus around the idea but we need to answer the question about the location.

**Ms. Kvilvang** - They've already answered that because many said that they don't want to wait another ten years.

**Ms. Buss** - The other question is that his preferred site is the north end where he could do two phases. The thing that's standing in the way of that is we don't know about the Mendota pond situation yet. That was the developer's preferred site and it is better for two phases.

**Ms. Paulson** - I think there's still time to investigate that parcel because we have some time until we break ground.

**Ms. Buss** - I think if we go after this grant, is that still a possibility so if we do get the grant, we can think about putting it on the north parcel. It's more a question of what the best use is for each parcel. The developer thinks the north parcel is the best one for him.

**Matt Prestegaard** - That was my question in regards to what can we accelerate. It isn't apparent to me if that is attractive to us but it seems like it is.

**Ms. Buss** - Part of it is that the parcel west to the transit station has better potential for mixed use. If he can't accommodate that in his development, should we do everything we can to get him to his preferred site and reserve that spot for something that has better potential?

**Matt Prestegaard** - Who is in position to ask that question or apply that pressure?

**Ms. Kvilvang** - Your whole entire staff.

**Ms. Paulson** - In regards to that parcel, it's the same answer.

**Admin. Hill** - We're having a meeting with Mendota tomorrow and can ask about the triangle piece.

## 9. ADJOURNMENT

The meeting adjourned at 7:40 p.m.

Signed: \_\_\_\_\_  
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Eisenbeisz  
Executive Analyst



**June 10, 2014**  
**Newport City Council**  
**and Planning Commission Workshop**

## **Purpose of Meeting**

Melissa Taphorn, Washington County HRA

- Recap of the Rental Housing Bus Tour
- Follow up to Expressed Concerns
- Review Proposed Stormwater Management Plan
- Discussion on Redevelopment Plan Vision



## Bus Tour Highlights

- Design guidelines create attractive, quality developments
- Police have positive experiences with rental properties (proactive owners and management)
- Opportunity for employees to live near to jobs

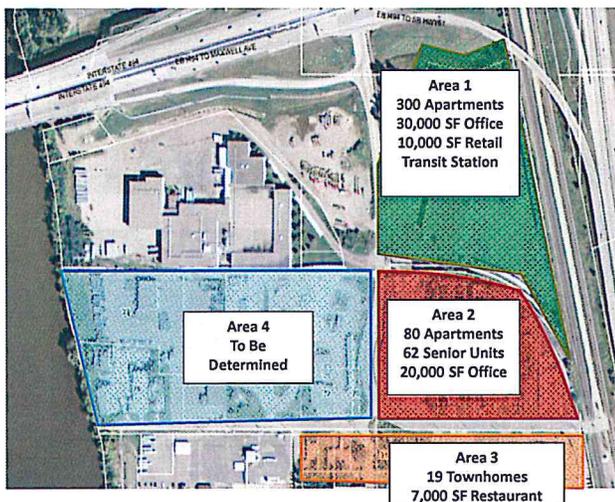


## Red Rock Crossing Vision

- Rejuvenate important part of City
- Create transit-oriented design
- Create new living and job opportunities
- Attract new businesses
- Connect to Mississippi River and parks
- Upgrade streets and utilities



## Redevelopment Areas



	Total
Senior Apartments	62
Market Rate/Workforce	380
Town Homes	19
<b>Total Residential</b>	<b>461</b>
Office	50,000
Retail	10,000



## Public Sector Role in Redevelopment

### City's Role

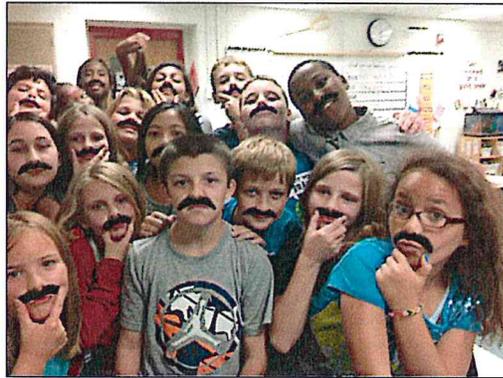
- Provide basic services
- Understand market realities
- Provide vision for the area

### HRA's Role

- Remove barriers to redevelopment
- Obtain financing



## Mike Vogel and Rich Romano School District #833



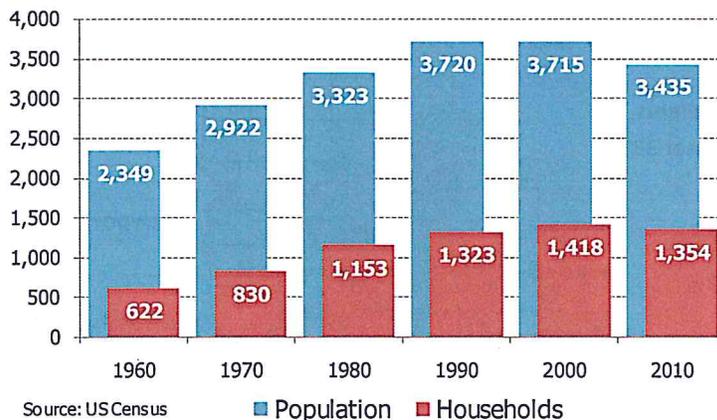
## Housing & Demographic Trends

Kathryn Paulson, Washington County HRA

- The population is aging. Median age in Newport:
  - 24 in 1970
  - 37 in 2010
- Household size is decreasing. Family size in Newport:
  - 3.5 in 1970
  - 2.5 in 2010
- Household composition follows national trend:
  - 52% of households Married with Children in 1970
  - 18% of households Married with Children in 2010



## Newport Population and Households

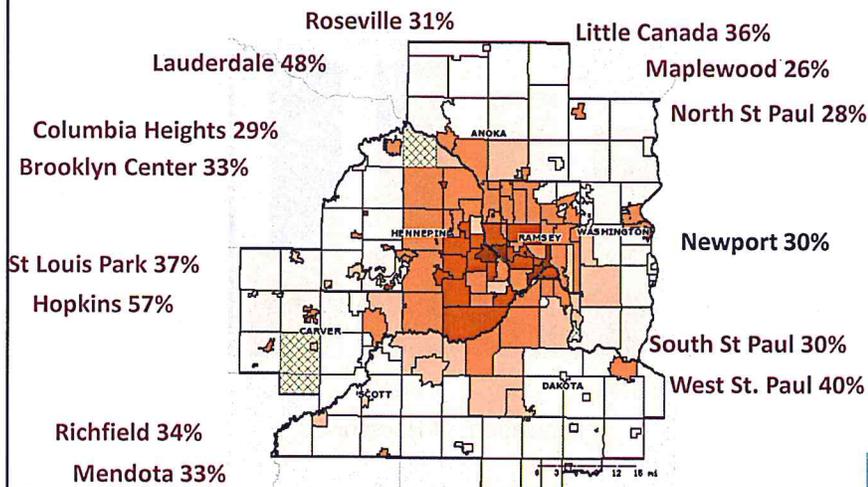


## Age of Housing Stock



Source: U.S. Census, 2006-2010 American Community Survey

## Percent of Rental in First Tier Suburbs (2012)



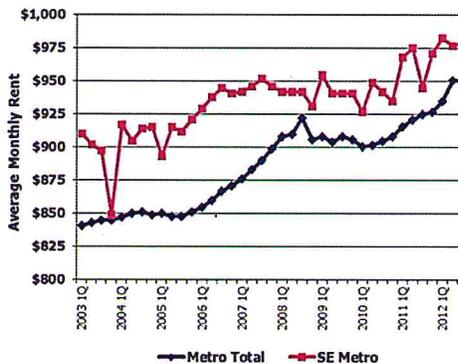
## Rental Trends

**Metro Area  
Apartment Vacancy Rates**



Source: Marquette Advisors, Apartment Trends

**Metro Area  
Average Apartment Rents**



Source: Marquette Advisors, Apartment Trends

## Workforce Housing Rental Rates

- Annual income needed for affordable rent
  - Median Newport rent - \$27,720
  - 2-BR workforce housing - \$37,320
  - 3-BR workforce housing - \$43,120

Average Rents	Avg. market-rate rents in Newport (2013)	Rent Limit at 50% AMI	Rent Limit at 60% AMI
2 Bedroom	\$ 794	\$933	\$1120
3 Bedroom	\$875	\$1,078	\$1,293



## Housing Affordability

- Workers in the County struggle to find housing
  - Average annual wage in WC is 30% lower than metro workers: \$39,822
  - County has highest median rent in metro area (\$1077)
  - 47% county renters are “cost-burdened”
- Affordable rents create more disposable income
  - Support local businesses



## Red Rock Crossing Benefits

- Help reverse existing trends
  - Declining population
  - Older housing stock
  - Low rents
- Unique development opportunity
  - Capture economic benefits from new units
  - Provide updated, quality housing stock
  - Attract younger households to invest in the community



## Financing Issues

Stacie Kvilvang, Ehlers

Sources	Amount	% of TDC
Private Debt/Equity	\$ 83,880,000	84.74%
Land Sale Proceeds	\$ 6,300,000	6.36%
TIF	\$ 6,300,000	6.36%
Grants	\$ 2,500,000	2.53%
<b>TOTAL</b>	<b>\$ 98,980,000</b>	<b>100.00%</b>

Uses	Amount	% of TDC
Land Assembly	\$ 10,300,000	10.41%
Public Improvements	\$ 3,800,000	3.84%
Private Development Costs	\$ 84,880,000	85.75%
<b>Total Development Costs</b>	<b>\$ 98,980,000</b>	<b>100.00%</b>

- Private financing (nearly 85%) is utilized to pay majority of the Total Development Costs (TDC)
- TIF is primarily needed to offset cost of land assembly
  - Approximately \$4 million
  - Remaining TIF is needed for public improvements
- TIF is 6.36% of TDC
  - Overall public funds (TIF and Grants) are just under 9% of TDC



## Increase in Market Value

District	Original Market Value	Future Value	Percent Increase in Value
Red Rock Corridor	\$4,895,200	\$55,514,200	1134.05%

- If City didn't create a TIF district, increased value of over 1,100% likely would not be realized
- For \$6.3million investment (TIF), City gets an 880% return



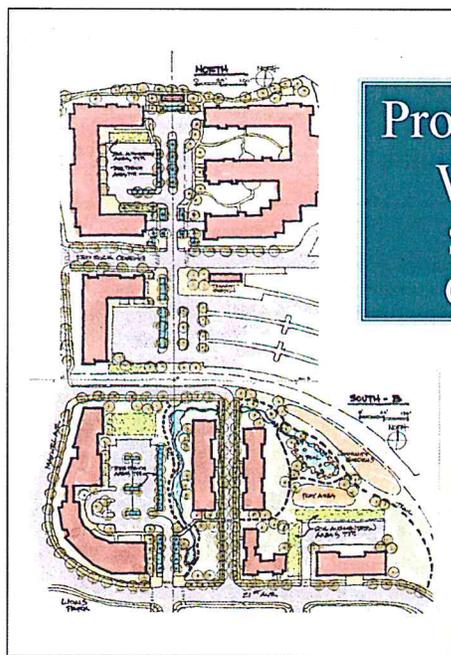
## Silver Lake Village St. Anthony, MN

- 561 **NEW** multi-family units on approximately 12.25 acres



## Impact on City Budget

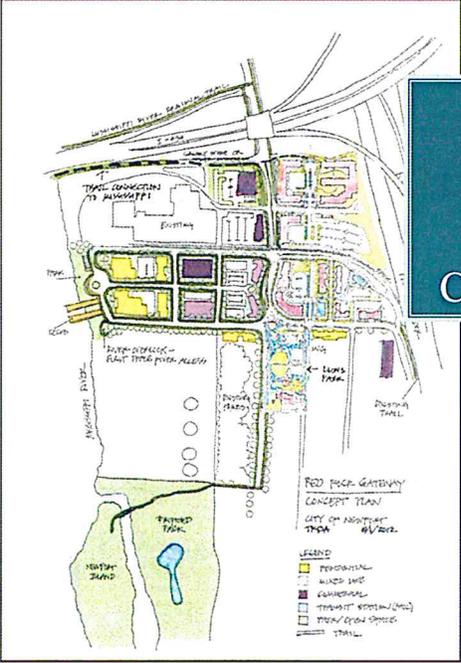
- None
  - No new streets to plow
    - No new equipment needed
  - Doesn't require increase in City staff
    - Administrative
    - Public works
    - Fire
    - Police
      - May be increase in calls due to living in close proximity but shouldn't necessitate more police or equipment
  - New users added to water and sewer system should **reduce overall utility rates** for residents



## Proposed Storm Water Plan Sherri Buss, City Planner



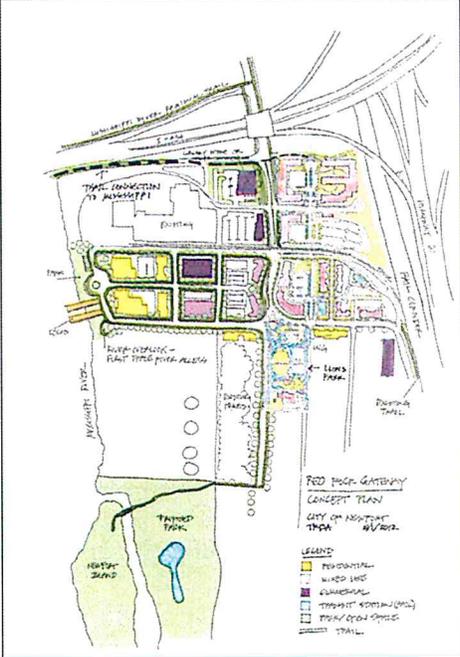
# Tree Trench Example



# Next Steps Discussion Deb Hill, City Administrator







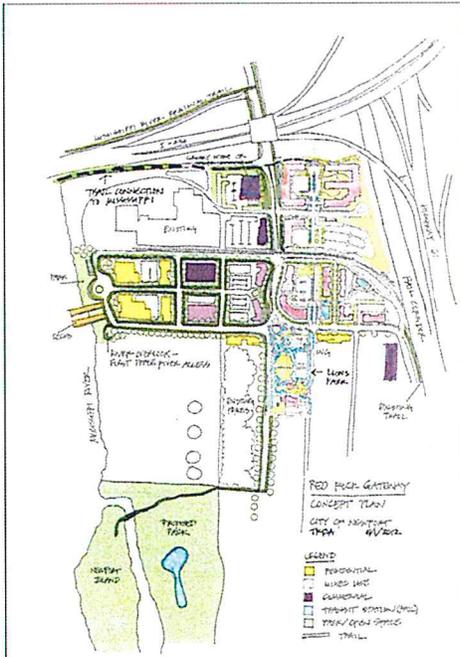
RED ROCK GATEWAY  
CONCEPT PLAN  
CITY OF ASPEN  
7/1/02

LEGEND

- RESIDENTIAL
- COMMERCIAL
- TRANSIT STATION (BUS)
- TRAIL

WASHINGTON COUNTY HOUSING AND DEVELOPMENT AUTHORITY

Does the City support the HRA's efforts to seek grant and other financing opportunities for housing, businesses, trails and infrastructure?



RED ROCK GATEWAY  
CONCEPT PLAN  
CITY OF ASPEN  
7/1/02

LEGEND

- RESIDENTIAL
- COMMERCIAL
- TRANSIT STATION (BUS)
- TRAIL

WASHINGTON COUNTY HOUSING AND DEVELOPMENT AUTHORITY

Does the City support the HRA marketing the vision for Red Rock Crossing?