

Watertown Economic Development AuthorityMay 17th, 2018**Agenda Item: Forest Hills CDA Ghost Plat****Request for Action: Discussion & Direction****Department: Shane Fineran, City Administrator****Background:**

In 2017 the Carver County CDA finalized the acquisition of approximately 20 acres of land at the east side of the Forest Hills neighborhood. This parcel was donated to the CDA by the original developer of the neighborhood. In reviewing the existing infrastructure placement, rough grading, and original concept plan for this area the CDA has developed a sketch plat consisting of walk out detached villa style homes, detached patio villa style homes, twin homes, 5-6 unit attached town homes, and apartment style buildings totaling 154 units. The housing units will consist of owner occupied and rental units. The ghost plat is consistent with the original theme in which larger lot detached product was to be developed at the north end of the parcel and higher density multi-family attached product was to be developed at the south end of the parcel.

The CDA reviewed the sketch plat concept with the City Council in January and with their board of directors in March. As the CDA works through various cost estimates and funding strategies it has become apparent that in order to build the necessary infrastructure (i.e. roads, sidewalks, utilities, etc.) the cost of doing so may become a hurdle to the ultimate completion of the development in a fashion that is proposed and in a affordable manner that can be supported by the proposed style of development. The current high-level estimate for all infrastructure costs total a little over \$2 million dollars. This results in approximately \$13,030 of infrastructure expenses related to development per unit. Other City fees such as park dedication are estimated at \$449,660 in total, or \$2,919 per unit, and per utility trunk fees stand at \$10,068 per unit.

In preliminary discussions the CDA has asked to gauge the support of the City in participating in the offset of some of the development related expenses in an amount of approximately \$750,000. The participation by the City would ensure that owner occupied and rental units would remain affordable for area residents. The City has multiple tools at its disposal when considering such a request. Some tools may not be applicable considering that all and potentially some of the developed land will be owned by the CDA. Various tools at the disposal of the City and EDA include:

- Tax Increment Financing – the City could develop a tax increment financing district that includes this parcel. Captured increment across all jurisdictions (city, county, school) between the present-day value and the fully developed value could be used by the City or rebated back to the developer to reimburse for site preparation costs such as road construction, utility needs, aesthetic site enhancements, etc.
 - Tax Abatement – the City could choose to abate, or rebate back, the City portion of property taxes for similar costs associated with TIF financing.
 - Direct Investment – the City could choose to use cash on hand or finance through the issuance of debt for site preparation and development related expenses.
1. Cash Investment – The EDA has approximately \$490,000 cash on hand that it can use for economic development purposes. This funding stream is limited as the EDA uses these funds for a variety of economic development support such as its revolving loan fund, building façade loan fund, housing stock improvement programs, etc. The EDA levy is also capped as a percentage of market value within the community and brings in approximately \$50,000 per year.

2. Bonds – The City has the authority to issue bonds to fund infrastructure costs for roads, utilities, parks etc. Under various statutory authority some or all of the costs associated with development and supported by bonds can be structured as a special assessment benefiting the property or can be supported by the full faith and credit of the community. Various steps and levels of risk exist within the various statutory authority granted to the City for bond issuance. Support for bond payments can be supported by the general debt levy or the EDA levy. Bonds issued by the EDA must be supported by the existing EDA levy as it may not be raised to accommodate bond principle and interest.
3. Indirect Investment – The City has utilized the reduction or waiver of various City fees related to development, such as building inspection fees, trunk fees, park dedication, etc. as a means to subsidize or write down development expenses. This could include the waiver of the per ERU trunk fees, waiver of park dedication fees or apportionment of park dedication fees as development occurs.

Staff is seeking direction and discussion by the group as to what level and methods they would like to further explore or know more about as to what might be effective in the support of this kind of development within the community prior to making a recommendation to the City Council on city participation.

Attachments:

Parcel Map

CDA Sketch Plat for Forest Hills Parcel



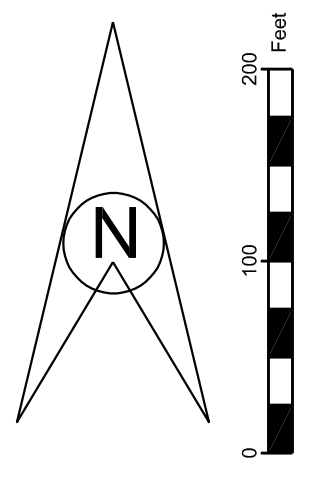
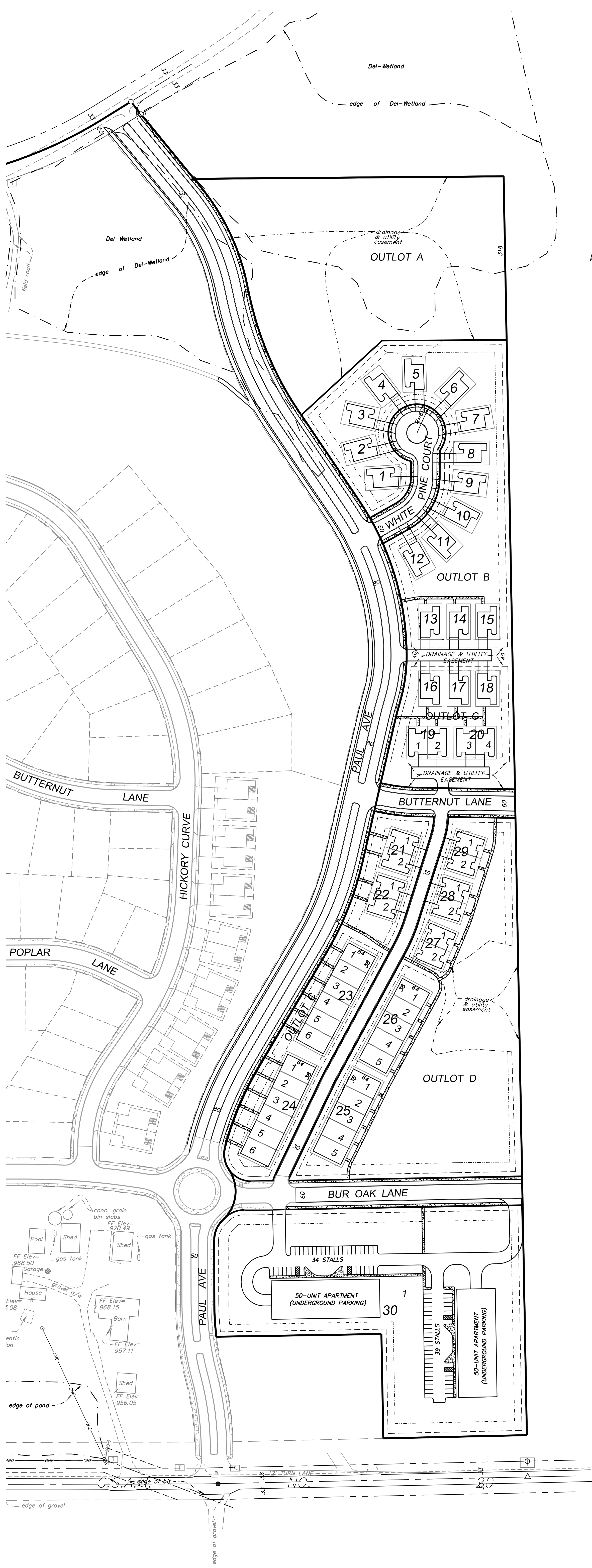
CITY OF WATERTOWN

CDA Owned Parcel

Map Date: 5/15/2018

0 210 420 840 1,260 1,680 Feet





DRAINAGE AND UTILITY EASEMENTS ARE SHOWN THUS:

BEING 10 FEET IN WIDTH, UNLESS OTHERWISE INDICATED, AND ADJOINING RIGHT-OF-WAY LINES, AND BEING 5 FEET IN WIDTH, UNLESS OTHERWISE INDICATED, AND ADJOINING LOT LINES, AS SHOWN ON THE PLAN.

BUILDING SETBACKS:
 FRONT: HOUSE/PORCH=15'
 GARAGE = 20'
 SIDE: 10'
 REAR: 25'
 FROM WETLAND: 50'
 FROM PAUL AVE, BUR OAK LANE & BUTTERNUT LANE: 30'

PROJECT NO:	17-0329
DATE:	7/5/17
CONCEPT PLAN	
FOREST HILLS	
CARVER CDA	
WATERTOWN, MN	
SHEET NO. 1 OF 1 SHEETS	
DESIGNED	CSO
DRAWN	CSO
CHECKED	CSO
DATE:	7/5/17
BY:	
DESCRIPTION:	

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 Engineers & Land Surveyors, Inc.

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

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