

CDA TODAY

Dakota County Community Development Agency

The Dakotah, West Saint Paul



West Saint Paul Redevelopment Acquisition

For over 20 years, the CDA and City of West Saint Paul have been working closely to acquire properties located along the northern most block of South Robert Street in West Saint Paul. This area, referred to as the Gateway to West Saint Paul, is a well-traveled neighborhood with over 16,000 vehicles passing through each day. The first acquisition took place in 1987 with the purchase of a blighted home. Since then, the CDA has voluntarily acquired 15 other properties in the area without the use of condemnation. This past November, the final piece of the 20-year puzzle was put into place when CDA staff executed a Purchase Agreement with the West Saint Paul Commercial Club.

The Commercial Club was originally constructed as a mixed-use building that includes three retail stores on the main level and two apartments on the second level. The CDA plans to work with the existing commercial tenants, The Commercial Club, Martha's Closet and Anderson's Vacuum Sales and Services, on finding suitable storefronts to relocate to and anticipates closing on this property in the spring of 2014.

In order to best address the needs of the area, the CDA has received proposals for a development market study to be completed. The study will determine market feasibility of commercial, retail and/or housing components in the area.

In 2004, the CDA redeveloped one area of the block to include The Dakotah, a 59-unit senior housing development that is part of the CDA's senior housing program. The development also includes three street level commercial use spaces. This was the first redevelopment project completed in the area and staff is anxious to learn the results of the market study and potential redevelopment projects that would be best suited for the area.



The map of South Robert Street in West Saint Paul shows the redevelopment areas that have been acquired by the CDA over the past 20 years.



VIEWPOINT

MARK S. ULFERS, EXECUTIVE DIRECTOR



Addressing the Need for Workforce Housing in Dakota

The CDA's long term vision is to be an innovative leader in creating affordable housing opportunities and strengthening Dakota County communities. This vision has been solidified with the creation of programs like the Workforce Housing Program.

Established in 1990, the CDA created the Workforce Housing Program as a means to develop rental housing in support of working families with children. Now, some 24 years later, the CDA's workforce housing portfolio has grown to 22 developments for a total of 694 units.

As the nation comes out of the Great Recession, evidence of the need for affordable workforce housing is ever present. Factors like low vacancy rates, increasing average rents and job growth in employment sectors paying modest wages point to the ongoing need for this type of housing.

Annual Market Survey

The CDA's 2013 annual rental market survey provides valuable information regarding the state of Dakota County's rental market. Based on survey responses of over 19,000 market rate rental units in Dakota County, this year's survey results showed that vacancy rates decreased and average rent amounts increased from 2012.

Economists estimate that a rental market is in equilibrium if the vacancy rate is around 5%. The CDA's survey showed that for 2013, the average vacancy rate decreased to 2.25%, a 20% reduction from 2012. In addition to decreasing vacancy rates, the survey showed that average rent in Dakota County increased 2.74% or \$24.59 per month.

A typical two bedroom apartment in Dakota County rents for \$978 per month and the typical three bedroom apartment rents for \$1,275 per month. A home is considered affordable if the household pays no more than 30% of its income towards housing costs. Using the 30% measure, a household

would need to earn a weekly wage of \$990 (\$51,480 per year) to afford a typical three bedroom apartment in Dakota County.

Employment and Industry

Recent employment indicators such as the unemployment rate and job growth seem to further support the claim that the recession is over and the economy is getting back on track. The County's unemployment rate is steadily improving; as of December 2013, Dakota County's unemployment rate had dropped to 4.1%, the lowest it's been since mid-summer 2007. While this is good news, job recovery and growth has been in sectors of the market that, although provide essential services, typically pay low to moderate wages.

Of the 20 employment industries in Dakota County, the five largest for 2013 include:

Industry	Number of Jobs in Dakota County
Retail Trade	21,718 jobs
Health Care and Social Assistance	20,179 jobs
Manufacturing	19,161 jobs
Education Services	14,465 jobs
Accommodation and Food Services	13,867 jobs

The employment opportunities provided in these five industries account for 52% of the jobs in Dakota County and 56% of the jobs in the State.

CDA Workforce Housing

This type of employment information is important to the CDA and provides direction as we work to address the need for affordable workforce housing. Many CDA residents are working in jobs within the top five employment industries.

County

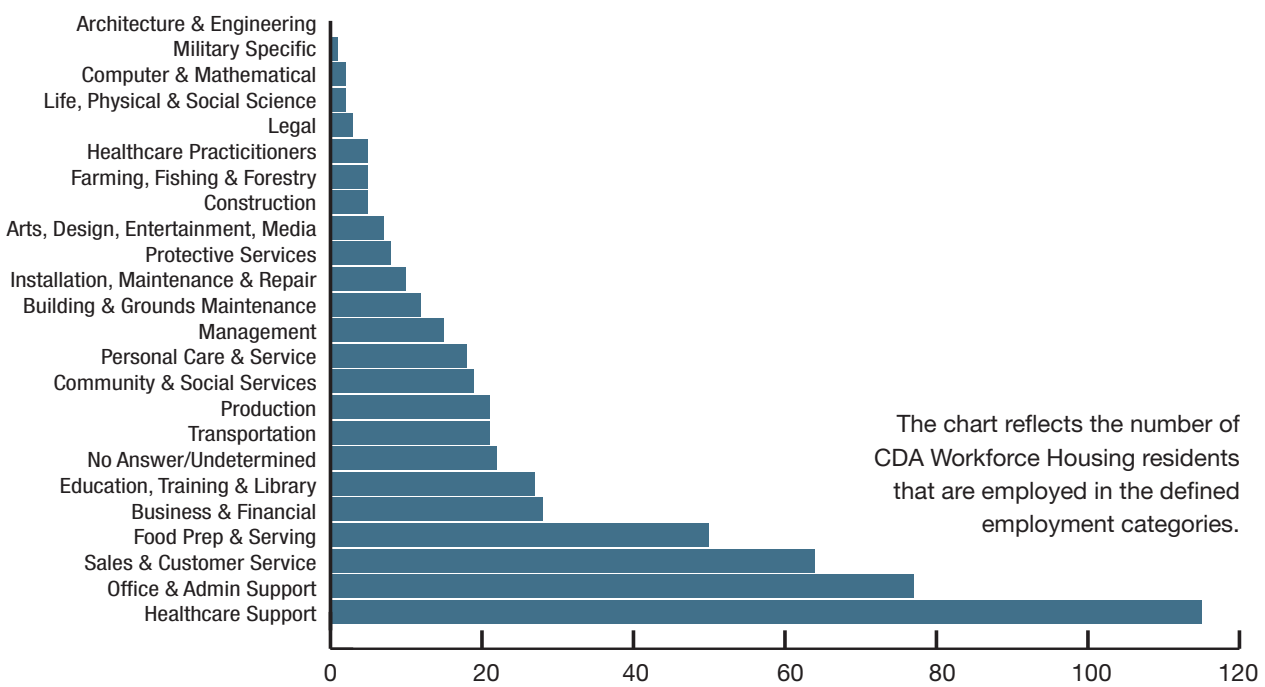
Typical positions held by residents within this program include:

Position	Average Wage per Hour	Average Weekly Wage
Nursing Assistants	\$14.19/hour	\$567.60
Sales Associates	\$11.64/hour	\$465.60
Servers, Waitresses, Waiters	\$9.78/hour	\$391.20
Receptionist & Front Desk Employees	\$14.42/hour	\$576.80
Billing & Accounting Clerks	\$18.72/hour	\$748.80

The position and average wage per hour is based on data from the Minnesota Department of Employment & Economic Development’s Occupation Employment Statistics Data for the Minneapolis-St. Paul Metropolitan Statistical Area.

A primary goal of the Workforce Housing Program is to lower monthly housing costs of low and moderate income working families. At monthly rents of \$645 for a two bedroom and \$700 for a three bedroom, rents for units in the workforce housing program are well below county averages. For working families, this level of affordability provides the opportunity to live in the communities in which they work, attend school, shop, access services and other amenities.

With additional units already under construction or in planning stages, the CDA continues to address the need for housing affordable to working families. Our waiting lists for workforce housing is over 2,300 unduplicated households, with the highest numbers in communities with large employment centers. While the need for affordable housing is great, the workforce housing program supports working families and allows them do more with the modest wages that are earned through employment in the largest industries in Dakota County and Minnesota.



The chart reflects the number of CDA Workforce Housing residents that are employed in the defined employment categories.

Future Rosemount Senior Housing Development

This past spring, the CDA began work to acquire the necessary parcels that will become the location of the CDA's 28th senior housing development. The future site is located in Rosemount on Highway 3 and Lower 147th Street, just blocks away from Cameo Place, the CDA's first senior housing development in Rosemount. In less than six months, four single family homes and a former commercial site, which was acquired by the Rosemount Port Authority, have been purchased or are under purchase agreements.

The CDA has been working closely with the City of Rosemount on this project. The City of Rosemount was awarded a grant from the Metropolitan Council's Livable Communities Demonstration Account (LCDA) for the future senior housing development site. The LCDA funds development projects that will lead to a more lasting livable community. The grant awarded will be used to fund basic public infrastructure and site assembly in Rosemount.

The CDA has submitted the site plan and full application to the City of Rosemount for their approval. Construction of this site will commence in the fall of 2014 or spring of 2015.



Preparing Homebuyers for Homeownership

Since 1996, the CDA has helped to prepare potential homebuyers in making a sound investment with their home purchase through Home Stretch® homebuyer education.

Homebuyer education is a requirement for many affordable loan and down payment assistance programs, including the CDA's First Time Homebuyer Program. Home Stretch® is a nine-hour educational course taught by housing professionals including housing counselors, loan officers, realtors and home inspectors. The course covers home buying from start to finish, with topics ranging from money management to the loan application process to home inspections.

New to the CDA homebuyer education repertoire is Framework, an online education option that allows homebuyers to complete the course at a time and location that is convenient to them. Many lenders have approved Framework to meet their requirements for homebuyer education.

Homebuyers also have the opportunity to participate in pre-purchase counseling with a trained Homeownership Specialist. Pre-purchase counseling is a free service to assist homebuyers in creating a plan to become successful homeowners. The plan may include: credit repair, creating a household budget, identifying mortgage loan products that best meet the household's needs and/or examining and answering questions about loan documents.



Inver Hills and Riverview Ridge Townhomes will have a mix of 2- and 3-level townhomes, as well as accessible units. The elevations show an example of the 3-level units at Riverview Ridge Townhomes (left) and the traditional 2-level units at Inver Hills Townhomes (above).

Preview of Upcoming CDA Developments

The CDA continues to identify areas of need for affordable housing and potential sites throughout Dakota County. 2013 was busy planning for construction on upcoming developments that will be added to the CDA's housing portfolio in 2014.

Future Workforce Housing Developments

The CDA applied for and received an allocation of 2013 Housing Tax Credits to develop 51 units of workforce housing split between two sites: Inver Hills Townhomes in Inver Grove Heights and Riverview Ridge Townhomes in Egan.

Inver Hills Townhomes

This site is located in Inver Grove Heights and consists of 24 units of affordable workforce housing located on College Trail across from Inver Hills Community College. Construction began in the spring of 2013 and Inver Hills Townhomes welcomed its first residents in January 2014.

Riverview Ridge Townhomes

This site is located in Egan on Sibley Memorial Highway and will consist of 27 units of affordable workforce housing. Construction began in the spring of 2013 and a summer 2014 completion date is anticipated.

Future Senior Housing Development in Inver Grove Heights

5.78 acres of land located at the intersection of Cahill Avenue and Concord Boulevard will be home to the CDA's next development in the third phase of the Senior Housing Development Program. The proposed site plan is designed to accommodate 66 units of senior housing. The CDA closed on this property and has obtained all of the necessary approvals to move forward with the development. The CDA is planning to begin construction in the spring. This will be the CDA's third senior housing development located in Inver Grove Heights.

CDA Receives HUD "High Performer" Designation for the 13th Year in a Row

On an annual basis, the United States Department of Housing and Urban Development (HUD) requires all housing authorities to evaluate the performance and administration of the Housing Choice Voucher program via the Section Eight Management Assessment Program (SEMAP).

SEMAP was established to measure the performance of Public Housing Agencies (PHA) that administer the Housing Choice Voucher Program in 14 key areas. There are three levels of SEMAP ratings: high performer, standard or troubled. For thirteen consecutive years, the CDA has received a high performer designation.

CDA Housing Assistance staff work diligently throughout the year to ensure that the CDA is complying with these indicators and meeting them year after year.

The CDA administers 2,225 Housing Choice Vouchers in Dakota County. This program brings together participants, rental property owners and the CDA to offer options in safe and affordable housing.

Before: Valley Ridge Shopping Center



After: Valley Ridge senior housing development exterior



CDA Invests in Communities through Redevelopment

In 2006, the Dakota County CDA created the Redevelopment Incentive Grant Program to encourage community revitalization and assist Dakota County cities with their redevelopment goals. The purpose of the Redevelopment Incentive Grant (RIG) is to increase the tax base and improve the quality of life in Dakota County through two specific strategies: redevelopment and affordable housing development.

Redevelopment Strategies

The RIG Program is intended to assist cities with their redevelopment plan goals. Blighted and under-utilized areas do not maximize their potential economic value and can negatively impact the livability of a community. These areas often require additional service costs. The responsibility for creating redevelopment activities rests primarily with the cities. Although Dakota County cities have been proactive in promoting redevelopment, they may

lack sufficient resources to adequately plan for and implement redevelopment activities.

Affordable Housing Development Strategies

The RIG Program is also intended to promote the development of affordable workforce and supportive housing. The inclusion of affordable housing in a Redevelopment Plan can provide benefits beyond the housing itself. Often affordable housing projects are the first to break ground in an area and can be a catalyst for additional development. Affordable and workforce housing units can provide both demand and potential employees for retail and commercial uses in a redevelopment area.

Since the program's inception, the CDA has allocated \$1 million each year to be awarded under the RIG Program. Cities in Dakota County with a population over 10,000 can apply for these competitive grants. The grants are made in two categories: redevelopment grants and planning

After: Valley Ridge senior housing development interior



Incentive Grant Program

grants. Ten percent of the annual allocation is reserved for planning grants and the remaining funds are used for redevelopment grants. Cities are able to submit one application in each category.

“Assisting cities in Dakota County to fulfill their redevelopment and planning goals is a priority at the CDA,” said Commissioner Tom Egan, Chair of the CDA Board of Commissioners. “Through the Redevelopment Incentive Grant program, cities are able to leverage the additional investment needed to redevelop and retain businesses in the county.”

Cities are also required to provide a dollar-for-dollar match for the grant awards to leverage the resources available for

the redevelopment and planning projects. Redevelopment grants up to \$250,000 and planning grants up to \$15,000 can be awarded. Each application is reviewed and ranked on the following criteria: leverage, readiness to proceed, housing affordability, economic benefit, environmental improvement, smart growth concepts and removal of blight.

To date, the program has awarded more than \$7 million through 34 redevelopment grants and 13 planning grants. Redevelopment projects that RIG has funded have assisted in the redevelopment of downtown areas and industrial sites, building acquisition and business relocation, building demolition, environmental clean ups, market studies and redevelopment planning.

“Through the Redevelopment Incentive Grant program, cities are able to leverage the additional investment needed to redevelop and retain businesses in the county.”

— Tom Egan, *Chair of the CDA Board of Commissioners.*

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MISSION

To improve the lives of Dakota County residents through affordable housing and community development.



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Oak Ridge Townhomes Receives Exterior Improvements

Oak Ridge Townhomes is currently undergoing a facelift to improve the exterior of the development. Exterior improvements include replacement of windows, siding, soffit and fascia. Oak Ridge, located in Eagan, is a 42-unit townhome development that is part of the CDA's Workforce Housing program.

The CDA renovates older developments to ensure that the developments are keeping with the changing looks of the surrounding neighborhoods. Renovations also ensure that the energy efficiency at the development is up to date and that the CDA is keeping energy costs down for residents. Inefficient windows can increase energy bills by 10-25% during the winter heating months. The replacement of these windows will allow for lower energy bills and increased energy efficiency throughout the cold winter and hot summer months.

Siding at Oak Ridge Townhomes will be replaced with Hardi board cement siding. Hardi board siding provides unmatched durability in any climate, is rot and insect resistant and will protect and enhance the exterior of Oak Ridge Townhomes.



Oak Ridge Townhomes before exterior renovations



After exterior renovations with new Hardi board siding, soffits, fascia and windows