

CDA TODAY

Dakota County Community Development Agency



Hillcrest Pointe architect's rendering.



Pictured left to right: Dakota County and CDA Board Chair Thomas Egan; Dakota County and CDA Commissioner Mike Slavik; Inver Grove Heights Councilmember Rosemary Piekarski Krech; Dakota County and CDA Commissioner Nancy Schouweiler; Dakota County and CDA Commissioner Kathleen Gaylord; Inver Grove Heights Mayor George Tourville and Deputy Chief Sheriff Tim Leslie.

Groundbreaking at Hillcrest Pointe

The Dakota County CDA broke ground on its newest senior housing development, Hillcrest Pointe, in Inver Grove Heights in late May. Hillcrest Pointe will be the 27th senior housing development in the Senior Housing Program that provides affordable housing for adults age 55+. There are currently 1,543 units in the program throughout Dakota County.

The groundbreaking ceremony featured remarks from Dakota County Commissioner and CDA Board Chair Tom Egan and Dakota County and CDA Commissioner Nancy Schouweiler, as well as Inver Grove Heights Mayor George Tourville.

Hillcrest Pointe

Hillcrest Pointe is a 66-unit senior housing community, featuring 32 one- and 34 two-bedroom apartments. The building is similar in design to other CDA senior housing developments and will feature amenities such as: underground heated parking, secured entrances, a community room with kitchen, screened porch, a fitness room and a club room. The development will be an entirely smoke-free campus

and will have a fixed-rent structure. This will be the CDA's third senior housing development in Inver Grove Heights.

Hillcrest Pointe is located on a 5.7 acre vacant site that had been for sale since 1992. The land was originally zoned for commercial use, but the CDA was successful in rezoning the parcel to residential in order to accommodate the three-story building. Hillcrest Pointe is located in close proximity to grocery stores, coffee shops, gas stations and other retail services that will be easily accessible for residents. Hillcrest Pointe is a cooperative effort between Dakota County Community Development Agency, Dakota County and the City of Inver Grove Heights.

The CDA anticipates completing construction on this development in the summer of 2015. Seniors interested in applying for Hillcrest Pointe or other CDA buildings can request an application by calling 651-675-4440. For more information about program requirements and to take a virtual tour of other properties, visit www.dakotacda.org.



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VIEWPOINT

MARK S. ULFERS, EXECUTIVE DIRECTOR



Dakota County CDA Housing Development Feels Pinch

As the nation continues to work its way out of the Great Recession and areas of the housing market cautiously make a return, the economic rebirth is having an impact on the CDA's development of affordable housing.

A most recent example of the impact that the recession and recovery has had on the CDA's affordable housing production can be illustrated with the development of our newest senior housing community—Hillcrest Pointe.

Since the inception of the CDA's Senior Housing Development Program in 1989, the CDA has weathered the cyclical economy throughout the decades—taking in stride the highs, as well as the lows. We have been successful at adding 26 senior housing communities, totaling 1,543 units of independent affordable senior

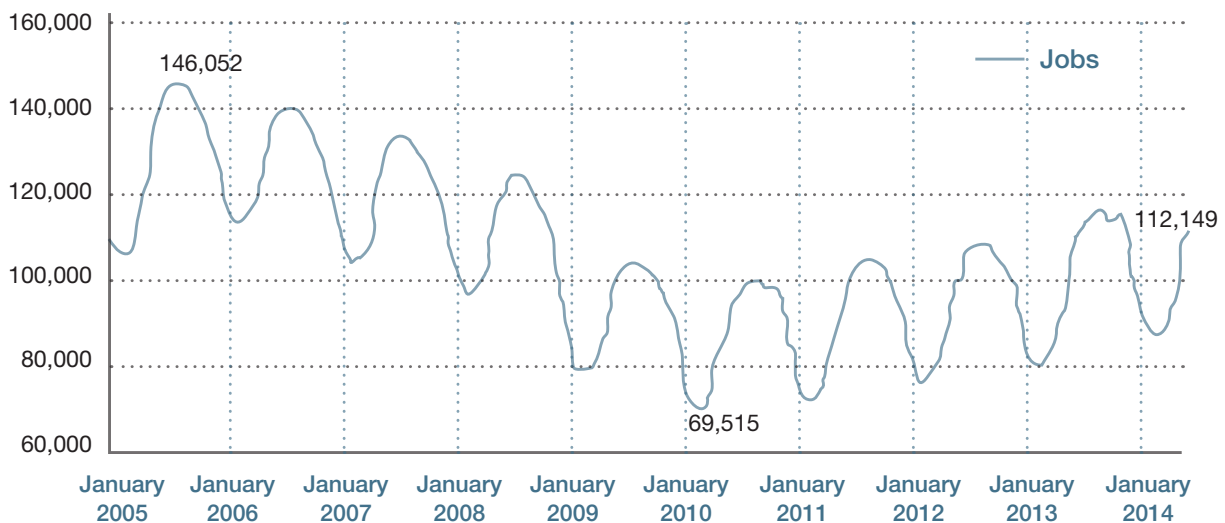
housing over the years. Traditionally, the CDA plans for the addition of one senior housing community each year.

Construction Industry Returning

It's been five years since the technical end of the Great Recession and the collapse of the housing market. Nationally, the economy is on its way to recovering.

Unemployment is low. In Minnesota, the unemployment rate bests the national average by one and a half percentage points. The State's unemployment rate for June was 4.5%. Prior to the recovery, the last time the unemployment rate was that low was the summer of 2007. Between December 2007 and June of 2009, the time period which has been identified as the Great Recession, Minnesota's unemployment rate reached a high of 8.3%.

Construction Employment



Construction employment was at its peak in 2005 and has made increases since the end of the Great Recession in 2009.

of Returning Economy

The Great Recession brought the exodus of many construction firms and skilled workers from the market. Through the lean years, when many had little or no work, construction firms shed tens of thousands of jobs, companies gave up and shut their doors and workers moved on to other professions or retired. Construction employment went from a peak of just over 146,000 jobs in August 2005 to a low of 69,515 jobs in February 2010 and has since climbed back to 112,149 jobs in May.

According to state employment data, construction added the most jobs and grew at the fastest pace of any industry in the state. Comparing year over year growth, construction employment grew by 11% between March 2013 and March 2014, by 8% between April 2013 and April 2014 and 9% between May 2013 and May 2014. Those in the business cite the building boom such as the Vikings and Saints stadiums, large multifamily housing projects and even the North Dakota oil boom as drivers for the industry's return.

Hillcrest Pointe

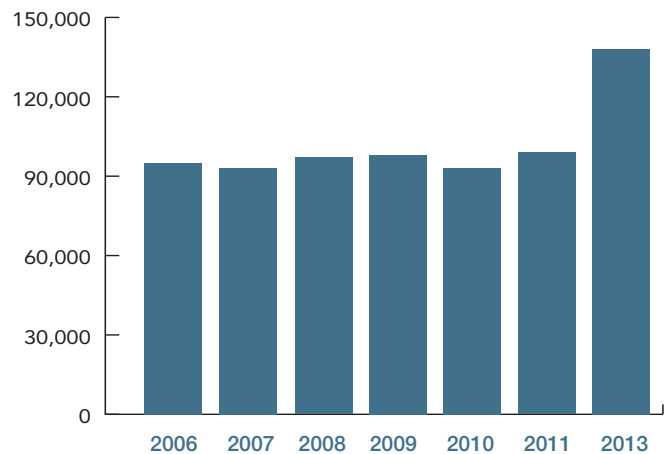
At the end of May, the CDA ceremoniously celebrated the groundbreaking of Hillcrest Pointe, a 66-unit senior housing community located in Inver Grove Heights. Originally planned for a fall 2013 construction start, the project was delayed until this spring in order to reassess the timing of the market and general contractor availability.

Unlike the recession years, when contractor responses were at peak levels, the CDA is finding it much harder to get general contractors to bid on projects. Bids for Hillcrest Pointe were hard to come by, with only two general contractors bidding on the project in the first round last fall. In comparison, 12 contractors bid on the construction of Cobblestone Square, a CDA senior community in Apple Valley built in 2009. Availability of work, even through

the winter months, was a primary reason for the lack of contractor interest in Hillcrest Pointe.

Coupled with the lack of interest, cost per unit, although relatively stable from 2006 to 2011, increased significantly with the bidding of Hillcrest Pointe. Per unit costs are up approximately 33% since the CDA's development of Vermillion River Crossing, a similar senior housing community constructed in Farmington in 2011.

Senior Housing Cost Per Unit



Dakota County CDA cost per unit for constructing new senior housing developments.

These increases, not only attributable to the rising cost of materials such as lumber and drywall, are being linked to labor shortages. The shortage of workers has spurred contractors to increase pay scales in hopes of attracting skilled labor. These increases are then passed on to the developers like the CDA. The impact of these cost increases will be to reduce the production of new affordable housing as prices rise faster than available resources.

Broadband Study to be Conducted in Dakota County

The Dakota County CDA, in conjunction with Dakota County and its cities, engaged Design Nine to conduct a study on enhanced broadband services in the County. Design Nine specializes in broadband planning for local governments throughout the U.S. The goal of the study is to help position Dakota County as the place of choice for broadband technology.

The study will identify options to utilize existing public and private broadband assets in a way that maximizes utilization of excess capacity while making high speed broadband more affordable for county businesses, residents, institutions and local government. The study will develop a strategy for the County that closes broadband service, bandwidth and affordability gaps, and identifies new facilities and infrastructure that could potentially serve both public and private interests. The study will also seek to better understand the economic and community development impact of broadband in the County and identify revenue streams, funding and grant opportunities that could support County projects and initiatives.

Once the study is complete, Dakota County City Administrators and Managers group will receive information on enhancing broadband service to ensure broadband technology that addresses the need for a cost effective system, speed, reliability and access. If the County can provide broadband technology to meet these goals, it would enhance economic development opportunities, grow more home-based business, maintain increases in residential home values, increase efficiencies of local government services and increase reliability and redundancy through interconnectedness.

The study is anticipated to be completed in late fall.

Valley Ridge, Burnsville, MN



Valley Ridge Receives National Award for Redevelopment Excellence

Valley Ridge, the Dakota County CDA's 26th senior housing development, received an award for Redevelopment Excellence from the National Association of Local Housing Finance Agencies (NALHFA). The award was presented at NALHFA's annual conference in Atlanta, Georgia this spring.

Through the awards program, NALHFA strives to highlight achievements in the area of local housing finance and encourage other agencies to look for new and innovative ways of meeting their affordable housing goals. Selection is rigorously judged on five criteria: extraordinary benefit to the community, innovation, transferability, affordability and whether or not the development serves the needs of special groups such as seniors, homeless, minorities, etc.

Nominations can be submitted for four categories: Multifamily Excellence, Single Family Excellence, HOME Excellence and Redevelopment Excellence. Redevelopment Excellence, the category Valley Ridge was recognized for, acknowledges successful redevelopment programs in difficult to develop areas that reach beyond housing to have a positive impact on the community.

Valley Ridge is a 140-unit senior housing development located in Burnsville that provides affordable independent senior rental housing, as well as assisted living and memory care in one continuum of care campus.

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Lenders and entrepreneurs across Dakota County attended the 2014 Open to Business breakfast at the Valleywood Golf Course.

Open To Business Dakota County: New Tools for Lenders, Entrepreneurs & Small Business

Earlier this spring, the Dakota County Community Development Agency (CDA), in partnership with the Dakota-Scott Workforce Investment Board and the Metropolitan Consortium of Community Developers (MCCD), hosted Open To Business Dakota County: New Tools for Lenders, Entrepreneurs and Small Businesses. The event took place at the Valleywood Golf Course in Apple Valley.

The well-attended breakfast program covered information on new financial tools and resources available to entrepreneurs and small business owners through the Open To Business Dakota County Program. It also highlighted the Dakota-Scott Workforce Centers and Open To Business partnerships with private and commercial lenders.

Apple Valley Mayor Mary Hamann-Roland welcomed all attendees to the event followed by Dakota County Commissioner and CDA Board Chair Tom Egan and

Dakota County and CDA Commissioner Chris Gerlach. Following the introduction and welcomes, Laurie Crow and Lee Hall of the Metropolitan Consortium of Community Developers discussed ways in which Open To Business has helped business owners in Dakota County. Presentations from professionals who have utilized Open To Business Dakota County and the Dakota-Scott Workforce Investment Board wrapped up the event.

In 2013, the CDA and 11 cities in Dakota County partnered with the non-profit organization MCCD to launch Open To Business Dakota County. Open To Business provides advisory services and access to capital to Dakota County entrepreneurs and small businesses. The 2013 Open To Business results demonstrate that there is a strong demand for this program. MCCD served 136 Dakota County businesses and entrepreneurs, provided \$278,429 of direct capital for 19 businesses and facilitated capital for another two businesses.

Resident Profile: Carl Lokker

Carl Lokker, 83, is one of the longest employed caretakers at the Dakota County CDA. Since 1999, Carl has been keeping Orchard Square, one of the CDA's senior housing developments, in tip-top shape as the resident caretaker. He believes he hasn't changed much at all since he first became employed at the CDA and has no plans to retire from his duties anytime in the near future.

"I wrote in my last performance review that I hope the CDA doesn't have a mandatory rule you have to retire when you're 90 because I don't want to," said Lokker. "I think I'm in pretty good shape."

A former banker, Lokker and his wife, Phyllis, moved from Morton, MN to Minneapolis in 1997. It was always a dream of Phyllis' to work at Dayton's (now Macy's) downtown and live close to the cities. To this day, Phyllis still takes the bus from the Apple Valley Metro Transit station to work at Macy's downtown. After living in Minneapolis for a couple of years, the Lokker's heard about a caretaker opening in Apple Valley from an Orchard Square resident on a bus education tour. Carl interviewed and was offered the position of resident caretaker. Since then, the Lokker's enjoy being close to the cities and near public transportation. Although they have children living near Rochester, they have no plans to leave the area anytime soon.

Carl and Phyllis have been married for 60 years. When they're not working they often take the bus to the History Center, Science Museum and Arboretum. Carl particularly enjoys the events that take place at the Arboretum that range from sculpture making to maple syrup harvesting. They realized travel was not for them when they went to Texas one year and encountered one problem after another. Since that adventure, they mostly stay close to home in Minnesota.



Caretaker Carl Lokker and his wife, Phyllis.

Sports, hunting and fishing are not pastimes of Carl's. "I like fixing things for one thing. If something needs fixing, I'll get right on it. I like to restore cars. Well, I guess I should say a car. I've only done one," said Carl. When Carl is not fixing things he is also very active in the Apple Valley community. He has completed the Apple Valley Citizen's Police Academy twice and also watches for city sponsored adult education events.

Carl is extremely professional when it comes to his employment. He takes pride in his work and enjoys making sure things are nice for the residents. He doesn't have a favorite caretaking duty, but he enjoys the flexibility of his hours so he can work while his wife is at work and be off when she is off. The Lokker's mostly keep to themselves in the building. Carl believes it's best to stay professional with the residents since he is a CDA employee.

"I really like working. I just like where I am now and I hope it doesn't go away. If I don't live here, then where would I go? You never know though, one day is always changing from the last."



Housing Needs Assessment Shows High Demand for Affordable Housing Through 2030

In 2005, the Dakota County CDA commissioned Maxfield Research, Inc. to conduct a comprehensive housing needs assessment for Dakota County which projected housing demand through 2030. After the Great Recession, the CDA decided an update was essential. Maxfield Research, Inc. was again commissioned in 2013 to provide an update to the original comprehensive needs assessment.

The comprehensive housing needs assessment was conducted by analyzing senior, rental, for-sale and special needs housing markets, as well as an analysis of demographic growth trends and characteristics of Dakota County through 2030. It also identifies current and future housing needs for residents in Dakota County, what has changed since the previous analysis and provides a focus on housing for special needs populations. Initial findings of the assessment indicate an increased demand for affordable housing within Dakota County through 2030. The CDA will continue to use these projections to generate programs and developments that will fit the needs of the growing and changing county demographics.

A major challenge to the housing recovery is that demand is now outpacing supply in some housing categories, specifically apartment rentals. Rental vacancies have hit new lows in some communities and the tightening vacancies and increasing rents have resulted in an insufficient supply of affordable housing, particularly, housing affordable to households at the lowest income levels. The lack of supply is creating significant barriers for individuals and families in

need, making it increasingly difficult for them to become more independent and reduce the risk of families and individuals becoming homeless.

Since the early 1990s, the Dakota County CDA has developed over 2,100 units of affordable housing throughout Dakota County. The CDA is the forerunner in the region in providing housing that is affordable to moderate income households. The Senior Housing and Workforce Housing Programs have been highly successful with over 1,500 households on the senior housing waiting list and 2,400 households on the workforce housing waiting list.

Results of the updated assessment show enough demand for the Dakota County CDA to develop approximately 1,500 additional units of workforce housing over the next 20 years, as well as 800 units of affordable senior housing. Baby Boomers and Millennials will have the greatest impact on the housing market through 2030, and affordable housing for each group will continue to be in high demand. Additional needs include: adult foster care, homeless, youth, ex-offenders and veterans housing and services. These needs will continue to grow through 2030. The charts below show there is a need for over 6,559 total units of senior housing and over 3,700 units of subsidized rental units in Dakota County through 2030. CDA staff has been presenting at multiple city council and planning commission meetings throughout Dakota County to ensure this information is well-distributed.

Dakota County Additional Senior Rental Housing Demand Summary – 2010-2030

Affordable	2,998
Adult	1,164
Congregate	1,038
Assisted Living	942
Memory Care	457
Total	6,559

Dakota County Additional General Occupancy Rental Housing Demand Summary – 2010-2030

Affordable	3,793
Market Rate	4,708
Total	8,501



CDA Board of Commissioners

Mike Slavik, *Vice Chair*
District 1

Kathleen Gaylord
District 2

Thomas A. Egan, *Chair*
District 3

Nancy Schouweiler
District 4

Liz Workman
District 5

Paul J. Krause
District 6

Chris Gerlach, *Secretary*
District 7



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MISSION

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



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Valley Ridge Receives National Award for Redevelopment Excellence

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Valley Ridge is the result of addressing multiple community needs that included redeveloping a blighted, outdated shopping center, addressing many environmental challenges on the site and providing much needed affordable independent, assisted and memory care units for seniors age 55+.

Valley Ridge is a successful partnership between the City of Burnsville, Dakota County CDA and Presbyterian Homes and Services. The Valley Ridge Project utilized 13 different financing sources and was completed in the fall of 2012.

This is the first Redevelopment Excellence NALHFA award the CDA has received. In 2011, the CDA received an award for Multifamily Excellence for Lincoln Place youth supportive housing development in Eagan.

Pictured left to right: John Murphy, NALHFA Executive Director; Andrea Brennan, Dakota County CDA Director of Community and Economic Development; Mark Ulfers, Dakota County CDA Executive Director; Ernestine Garey, NALHFA President.

