



CITY OF CHANHASSEN

Chanhassen is a Community for Life - Providing for Today and Planning for Tomorrow

MEMORANDUM

TO: Economic Development Commission

FROM: Kate Aanenson, Community Development Director
Bob Generous, Senior Planner

DATE: February 9, 2020

SUBJ: 2020 Year in Review and 2021 Recommended Work Plan

BACKGROUND

As required by the City Code section 2-46.13 (e) Reports: The Commission will produce an annual report for the City Council detailing the community development activities of the past year. The report also provides a summary of residential and commercial construction activities and outlines the progress that has been made toward achieving the goals of all strategic plans.

The Economic Development Commission (EDC) is an advisory body to the City Council and the Economic Development Authority charged with the responsibility of researching, reviewing, and making recommendations on issues related to economic development. The EDC will review ways in which the city can expand existing businesses, attract desirable new business, and revitalize existing businesses and the community as a whole.

Below is a summary of items the EDC reviewed in 2020 as well as possible work projects for 2021. If there are additional items, projects, or research the EDC would like to undertake for 2021, please provide direction to staff.

2020 REVIEW

The EDC adopted a list of 2020 goals.

2020 was a learning year for the EDC. Members were appraised of the roles for economic development. The EDC was advised of the city's efforts in development review and economic development. The EDC was provided updates on CARES funding and community support for local businesses.

The EDC had proposed another open house for area businesses. However due to COVID-19, this outreach could not be done. The EDC evaluated the comments and concerns from the 2019 open house.

In 2020, the city issued building permits for 68 dwelling units, which was approximately 34 percent (34%) of our projected housing growth for 2020. We are projecting a two percent (2%) increase (approximately 200 units) in total housing stock for 2021. As can be seen in the average residential building permit data (128 single-family and 67 attached units), there is currently sufficient approved single-family residential lots available for development with a lot inventory of 178 platted single-family lots, but a deficiency of attached single-family lots with 14 lots available. With the approval of the Lake Place at Powers Ridge project, 110 apartment units are proposed for development. Given this inventory and current housing demand, the city should be able to achieve its housing projection.

2021 WORK PROGRAMS

Projects

The EDC will review the 2020 goals and prioritize and create a list of goals for 2021. Staff encourages the EDC to concentrate their efforts in 2021 on the following projects:

- Develop a strategic plan for economic development for the city.
- Cooperate and coordinate with Buy Chanhassen and the Southwest Area Chamber of Commerce on promoting business retention, expansion and recruitment to Chanhassen.
- Create a feedback survey for developers and business owners to be used to understand and improve city interaction with the development and business community.
- Investigate a signage idea/plan for the promotion of businesses in the downtown.
- Work with the school district and Chanhassen businesses to market job opportunities and support the creation of local jobs.

City Code

Staff shall submit City Code amendments to the EDC for comments relative to economic development.

Educational Opportunities

1. Comprehensive Plan

The city adopted the 2040 Comprehensive Plan on February 10, 2020. Staff will bring some chapters of the 2040 Comprehensive Plan to the EDC for discussion and review in conjunction with economic development.

2. Miscellaneous

Staff will provide periodic items to the EDC as the schedule and time permit. Some items may include housing demands and trends, demographic statistics, mixed-use development, sustainable development, development trends, redevelopment issues, transportation projects, senior-friendly cities, etc.

ACTION

The EDC may suggest additional items which they may review/research in 2021. Any other suggestions that the Commission would like to see staff address will be added to the list. Subject to Economic Development Commission concurrence, staff will forward this report to the City Council.

ATTACHMENTS

1. 2020 Goals
2. Permits
3. Development Review

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Primary 2020 Goals

1. Create a Business Subsidy program using either a levy, abatement, TIF or other financing mechanism to help offset costs of barrier of entry.
2. Look for ways the EDC can encourage local businesses to communicate more frequently and effectively with other local businesses, city staff, elected officials, commissions, Buy Chanhassen and the SW Chamber.
3. Have staff prepare a feedback survey for developers and potential business owners at the various points of contact with city staff. This would include the Planning Department after a developer has completed a development process and the Building Department after a business has gone through an improvement project.
4. Improve walkability/connectivity of the downtown, in particular over Highway 5.
5. Have the EDC along with Buy Chanhassen/SW Chamber support the creation of a local job fair in the city. This could include part time, seasonal and other full-time opportunities for employment in the City of Chanhassen. The event could be held at a city gathering place.

Other Future Goals

- Understanding of how to attempt diversification of local businesses in terms of size and types of business.
- Look to attain more entertainment retail (ex. Top Golf).
- Define a vision of business community in the City of Chanhassen. Do we want our business community to look more like Minnetonka/Eden Prairie or Hopkins?
- Be more proactive rather than reactive in attracting local businesses while still following the Comprehensive Plan.
- Engage residents and various city groups to help them understand impact of goals and growth in the city.
- Facilitate economic growth of existing businesses both with employment and improving the quality of life for our residents.
- Use advertising/marketing to draw residents from other cities to Chanhassen businesses.
- Recruit successful businesses from other communities to Chanhassen.
- Create business cards for the members of the EDC in order for them to identify themselves and share their contact information with local businesses.
- Increase/Improve internet connectivity for the local business community.
- Improve city competitiveness by making sure it is move-in ready for all forms of business.
- Engage with Buy Chanhassen and SW Chamber of Commerce to bring more light to Chanhassen businesses.
- Increase awareness of local public transportation (SW Metro).
- Employment opportunities.
- Attempt to assist local businesses with the creation of a Health Insurance Consortium in order for local businesses to be more attractive for employment opportunities.

Considerations for City Council

1. The EDC would be strongly supportive of the building of a public facility that encompasses large gathering spaces in a multi-use facility that brings increased traffic and visitors to the City of Chanhassen. The facility could host local business meetings, small conferences, and resident gathering events.
2. The EDC strongly supports a local lodging tax for the creation and financial support of a Visitors/Convention Bureau.
3. The EDC believes there is a high need for affordable housing to assist our local businesses. The lack of affordable housing makes it difficult for small businesses to draw on local employees for its operations. The EDC strongly encourages the City Council to consider offering assistance for an affordable housing TIF district project.

Potential Business Subsidy Program Areas

1. A subsidy program to incentivize new entertainment businesses within the City of Chanhassen. The subsidy could be a low interest micro loan program funded in part by an HRA/EDA levy.
2. A current/existing business subsidy program for small local businesses that need assistance during difficult economic downturns in varying business sectors. The program could be in the form of a low interest micro loan or a small grant program for certain qualifying expenses.
3. In order to encourage new small businesses to move to Chanhassen or to start a new business in Chanhassen, the creation of a business subsidy program. The program could be a low interest micro loan program, a Waiver of Utility Connection fees for new SAC units, a small business incubator lease assistance program or a Jobs for Fees program similar to one created by the City of Jordan. Most of these would require a HRA/EDA levy or a waiver of a small amount of Utility Connection revenues.

PERMITS



BUILDING COMMUNITY DEVELOPMENT DEPARTMENT

The Building Division contains two support staff, one building official and four inspectors. Eric Tessman is the building official for the city. The inspectors review building plans for compliance with building codes, inspect buildings under construction, and enforce property maintenance issues. Support staff issue the building permits, schedule inspections, receive all permit applications and distribute building plans for city review.

In 2019, the city issued four permits for projects with building permit valuation in excess of one million dollars.

Commercial and Institutional Construction

There were no significant commercial or institutional projects in 2020. The total valuation for all new commercial and institutional projects in 2020 was \$1,875,500. Tenant finish and remodeling activity had 65 permits with a valuation of \$8,946,800.

New Single-Family Home Construction

	Year	Permits	Average Valuation	Total Valuation
Average New Single-Family Home Values Excludes Land Cost	2020	68	\$411,529	\$27,984,000
	2019	40	\$637,390	\$25,495,591
	2018	49	\$406,275	\$19,865,000
	2017	55	\$420,195	\$22,798,000
	2016	46	\$401,638	\$18,834,000
	2015	80	\$373,128	\$30,397,000

Inspections

2020 Building Permit Activity

Year	Building Inspections	Mechanical Inspections	Plumbing Inspections	Total Inspections
2020	3,413	1,171	1,323	5,907
2019	3,467	1,708	1,667	6,842
2018	2,863	1,425	1,551	5,839
2017	2,583	1,490	1,405	5,478
2016	2,722	1,459	1,770	5,951
2015	3,835	1,681	1,770	7,286

Residential Building Permits	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Residential Single-Family	27	8	10	23	68
Residential Townhomes	0	0	0	0	0
Apartments/Senior Facilities	0	0	0	0	0
Total Residential	27	8	10	23	68

Commercial Building Permits	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
New	0	0	0	0	0
Redeveloped	0	0	0	0	0
Remodeled	9	24	24	13	70
Total Commercial	9	24	24	13	70

A significant amount of the building permit activity, totaling 2,134 permits, which occurred in 2020, was due to household remodeling and addition construction, and building re-roofs which resulted from summer thunderstorms.

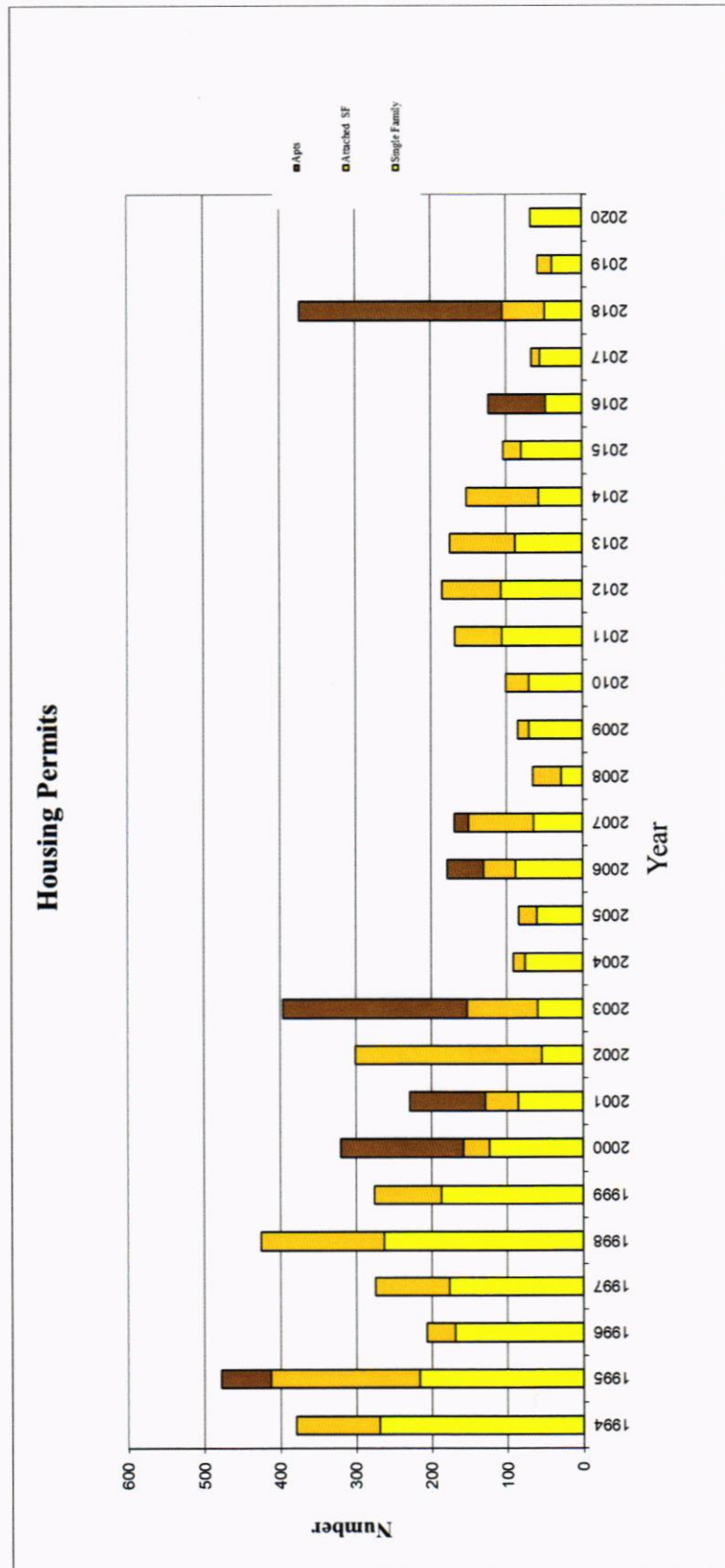
Available Lot Inventory (End of Quarter)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Single-Family Lots	156	151	140	178
Residential Townhome Lots	24	24	24	14
Total Available Lots	180	175	164	192

Total Permit History	2016	2017	2018	2019	2020
Single-Family	48	55	49	40	68
Townhomes	0	12	56	28	0
Apartments/Senior Facilities	76	0	268	0	0
Commercial	109	73	72	76	70
Total Number of All Permits	233	140	445	144	138

Residential Building Permits Issued

Year	Single-Family	Duplex	Townhouses	Apartments	Dwelling
1980	41	18	40		99
1981	22	2			24
1982	19	2			21
1983	60	8	36		104
1984	108	34	24		166
1985	189	38	20	18	265
1986	246	8	8		262
1987	289	2	32		323
1988	352	26	34		412
1989	307		14	62	383
1990	197				197
1991	191				191
1992	228	Attached Single-Family*			228
1993	251		16		267
1994	269		110		379
1995	216		197	65	478
1996	170		37		207
1997	177		97		274
1998	263		162		425
1999	187		88		277
2000	124		34	162	320
2001	85		44	100	229
2002	54		246		300
2003	59		94	243	396
2004	76		16		92
2005	60		24	0	84
2006	89		42	48	179
2007	65		86	18	169
2008	28		38		66
2009	71		14		85
2010	71		30		101
2011	106		62		168
2012	107		78		185
2013	89		86	0	175
2014	57		96	0	153
2015	80		24	0	104
2016	48		0	76	124
2017	55		12	0	67
2018	49		56	268	373
2019	40		18	0	58
2020	68		0	0	68
Average	128		67	62	207

HOUSING PERMITS



DEVELOPMENT REVIEW



PLANNING

COMMUNITY DEVELOPMENT

DEPARTMENT

The Planning Division consists of the Community Development Director, three planners and a natural resource specialist. The Planning staff enforces the zoning ordinance, reviews building plans, prepares current and long-range plans for the community, discusses development potential for individual properties, reviews development proposals and coordinates this review with other departments and agencies, prepares reports for the Planning Commission and City Council, provides information about the community to businesses, property owners and the general public, performs research projects and writes ordinances and resolutions.

Residential Subdivisions

CASE #	PROJECT NAME	GROSS ACRES	NET ACRES	TOTAL UNITS	GROSS DENSITY	NET DENSITY
2019-13	Berrospid Addition	2.297	2.142	5	2.18	2.33
2019-01	The Park 2nd Addition	38.42	13.07	57	1.48	4.36
2019-01	The Park 3rd Addition	10.02	8.075	26	2.59	3.22
2019-01	The Bluffs @ Lake Lucy (The Park 4th Addition)	32.41	13.76	31	0.96	2.25
2019-17	Boylan Shores	2.71	1.9	3	1.11	1.58
	TOTALS	85.86	38.95	122	1.42	3.13

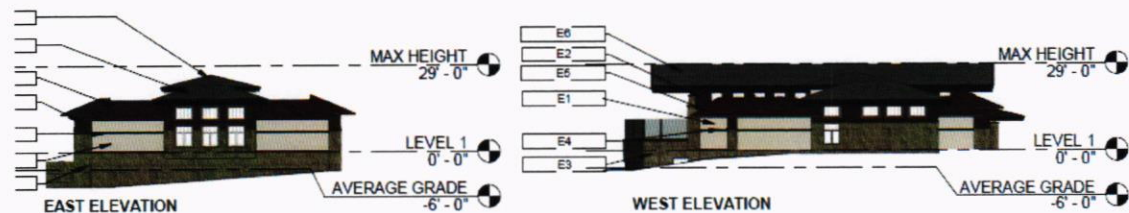
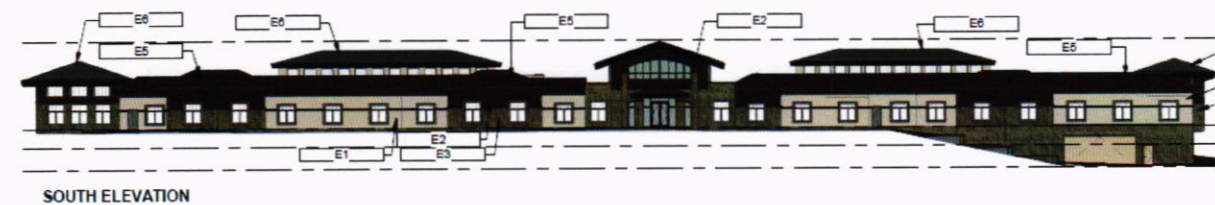
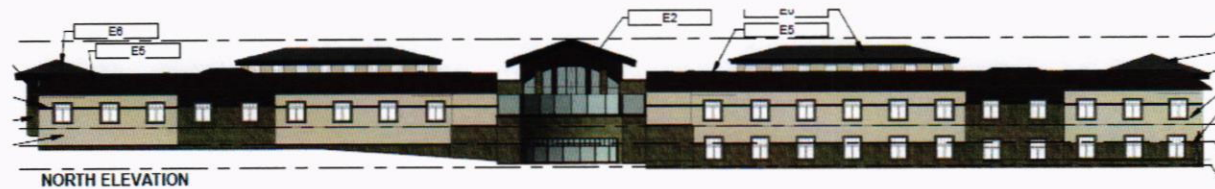
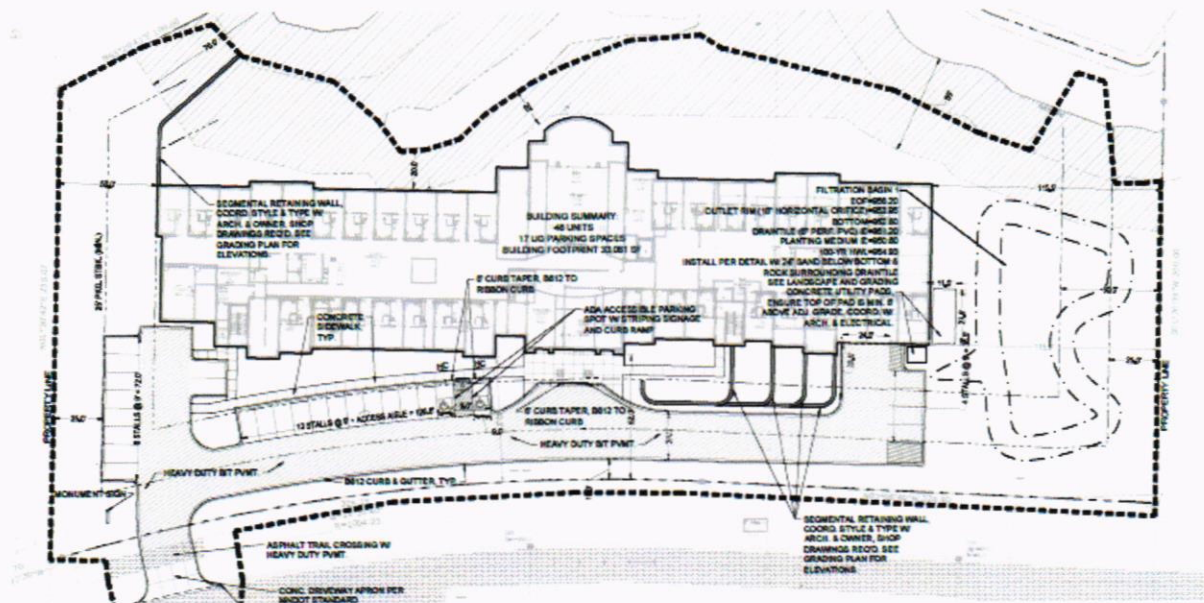
Site Plan Review

Project	Location	Developer	Building Square Feet	Acres	Type of Use
Moments	W. 78 th St. and Audubon Rd.	TMSC of Chanhassen LLC	65,000	3.5	Continuing care facility 48 units
Christian Brothers	8941 Crossroads Blvd.	Kraus Anderson, Inc.	5,100	0.79	Automotive repair shop
TOTAL			70,100	4.29	

COMMERCIAL DEVELOPMENT

Moments of Chanhassen (#2020-02)

Site plan review with variances for the construction of a 48-unit, continuing care retirement facility.



Christian Brothers (2020-21)

Site plan approval for a 5,100-square foot automotive facility in Crossroads of Chanhassen.

