

MEMORANDUM

TO: Kevin Watson, City Administrator
Nolan Wall, Planning/Community Development Director

FROM: Gordon Hughes and Cathy Bennett, ULI Minnesota

DATE: July 14, 2017

SUBJECT: ULI Minnesota *Navigating Your Competitive Future* Workshop

On behalf of ULI Minnesota, thank you for the opportunity to meet with the City's elected and appointed officials, staff and others on June 28, 2017. Our ULI MN workshop team enjoyed our dialogue with you and appreciated your hospitality. We also appreciated the time that you spent with us in preparation for this workshop.

As a follow up to the workshop, we would like to take a moment to summarize some of the **key observations** expressed during our panel discussion and dialogue.

- **Data on demographics, employment and jobs in Vadnais Heights, presented at the workshop, offered a point of reference for trends that will affect the City in coming years.** Please feel free to contact us if you have any follow up questions on the data presented at the workshop or any of the materials which we provided.
- **Vadnais Heights has a number of key strengths and assets to leverage.** Vadnais Heights's assets include proximity to the freeway system, close to downtown St. Paul, beautiful natural resources and a regional park and trail system. These assets position the City well for commercial and residential (re)development.
- **The importance of "place".** More than ever, the Next Generation as well as Boomers are looking for communities that are experience-based, i.e. where they can bump into other people and have access to a variety of activities, especially in places that are viewed as "authentic." Places where things are happening all the time and full of people, such as housing in regional mall settings, are becoming very attractive places for the Next Generation and Boomers. "Grittiness" can be important to Millennials who like to feel as if they are doing something unconventional and transformative.
- **An interconnected trail and sidewalk network is particularly attractive to all ages.** Trails that connect important places along safe and interesting routes are highly valued, especially local trails and bike lanes that connect to the regional trail system. Wayfinding signage that help trail users navigate the network should be a priority.
- **Vadnais Heights, like most cities in the metro area, is well-retailed,** i.e. a broad range of goods and services are readily available to members of the community even if those goods and services aren't specifically located in Vadnais Heights. They may be just across community lines, or on the dominant routes that take residents to and from work or

around town. Retailers tend to pay less attention to community boundaries than to circulation patterns and shopping habits.

- **Convenience and service-related retail have the most chance of success.** The retail footprint is generally shrinking as internet shopping with its endless aisle of goods play an increasing role in shopping habits. However, convenience retailing and service-related retailing for goods that are tough to deliver “over the wire” will continue to have a place in the market.
- **Repurposing of retail space will be a challenge for many cities.** As the retail footprint shrinks, cities face the need to retrofit such spaces for new uses. Housing, medical office and civic spaces are among the uses that can often fit in former retail locations.
- **Like retailing, restaurants can be difficult to attract.** Restaurants that the community can support which are located in experience-based, authentic places have the best chance of success. Also, the City could encourage more outdoor dining venues and other ways to bring activity that may be occurring inside the establishment out to the street.
- **Build strength from strength.** Sometimes cities attempt to promote development that doesn’t fit with who they are. Focus on Vadnais Heights wonderful assets and how they play into the long-term development potential of the City. Determine why people live here and why businesses locate here and build upon those assets.
- **The northeast quadrant of the City Center District has redevelopment possibilities.** Panelists commented that this area has characteristics similar to the area in St. Louis Park that was developed into the West End noting that these large scale transformative redevelopments require a strong long-term vision and time to materialize.
- **Transit is lacking.** Vadnais Heights would benefit from additional transit opportunities. Although this is usually not in the City’s purview, it would advisable to work with the County and Metro Transit to explore new transit opportunities.
- **Vision, openness, preparedness and process are key elements of a successful city.**
 - **Vision** identifies who you are and what you want to be as a city. It is shared by all leaders in the city – the Council, Planning Commission, and staff and “sets the table” for discussions with the development community. Developers are much more reluctant to invest their limited “pursuit capital” in cities which have not invested the time and energy needed to achieve a commonly held vision.
 - **Openness** is a willingness to explore new ideas and concepts that fulfill the vision of the city.
 - **Process** is a clear understanding by the development community about what is expected and achievable. A fast “no” is better than a slow “maybe” from a developer’s standpoint – time can kill deals. Both developers and lenders are more risk averse since the Great Recession, so communities that can be very clear about their expectations and have policies and procedures that expedite approvals for projects that are consistent with their vision will prevail.

- **Preparedness** means the City has established the role that they will play in development deals, e.g. property assemblage, financial participation. A risk position on the part of the City is OK if it is understood and quantified. Cities which embrace collaborative approaches to solving problems, identify and pursue partnerships, manage development risks, improve decision making skills and develop clear expectations will be attractive locations for great (re)development.
- **Cities can provide needed resources and partnerships that promote great (re)development.** Developers want to develop where they're wanted – i.e. cities that are interested in great projects and are willing to work with the development community to achieve them. Developers are willing to share their thoughts about the (re)development potential of a city. Cities are encouraged to seek out the expertise of the development community when exploring possibilities.
- **Large lot subdivisions may be an asset for Vadnais Heights with some caveats.** Vadnais Heights offers an opportunity for large lot living at a relatively affordable price. The City should be aware though that the Next Generation may be attracted to environments that have more urban features. Surveys have shown that Millennials tend to prefer smaller homes/lots having sidewalks and close by walkable destinations over larger homes/lots that are more remote.
- **The average cost of a new single-family dwelling is \$410,000.** According to our panelists, this high cost of new housing may make existing housing in Vadnais Heights very attractive to many potential buyers. Because of burgeoning student loan debt and other factors, the Next Generation is delaying many aspects of adulthood compared to previous generations including home ownership. Surveys by Greater MSP of recent transplants to the Twin Cities show that housing affordability is the most important factor in choosing a community.
- **Renting a home isn't going away and has been on the rise nationally and locally.** In addition, affordable rental options provide an opportunity to “try out” a community prior to making the transition to home ownership. The younger generation is looking for newer rental options that include amenities. These rental options include apartments as well as single family dwellings.
- **New workforce housing with modern amenities can provide a needed component of Vadnais Heights' housing stock.** New apartments with modern amenities will attract market segments that may be going elsewhere for housing. Today's mixed income housing products are far different from yesterday's low-income housing. Cities which have welcomed such developments are generally happy with the results. Information provided in <http://housingcounts.org/> will be helpful to the City for finding resources and best practices associated with workforce housing.
- **The comprehensive plan update provides an excellent opportunity to engage the community in a discussion of City goals and aspirations.** Cities are urged to view this as not just an update, but an opportunity to critically reexamine important community

goals and aspirations. An upfront conversation with residents and stakeholders will pay dividends later when a specific (re)development project is on the table. Community engagement isn't easy. It requires strong leadership and political will and the creation of a "safe civic space" to foster a meaningful conversation. Remember that the Next Generation wants to participate in decision making, but in ways other than attending Council and Planning Commission meetings. Social media, community festivals and infographics may foster better connections with this group. Hopkins has done a good job of civic engagement. Vadnais Heights staff should contact their counterparts in Hopkins to discuss their outreach efforts.

- **Vadnais Heights Economic Development Corporation.** The VHEDC is a unique entity not common in other metro area cities. The City is encouraged to continue a strong relationship with VHEDC, especially in the comprehensive planning process.
- **The City's involvement in (re)development can take many forms.** It could be financial assistance, it could be marketing initiatives and it could be property assemblage. Whatever the approach, it is important for the City to align available resources and communicate them effectively to the (re)development community. The policies and practices outlined in the [ULI MN \(Re\)Development-Ready Guide](#) will assist the City in establishing (re)development policies and practices that use scarce public dollars to attract private investment, grow jobs, and build tax base for the well-being of your city.
- **Final thoughts of the panel.** The panel concluded the workshop with these final thoughts:
 - Create a shared vision that can be communicated by everyone – the Council, the City's boards and commissions and staff. *Tammy Omdal, Northland Securities*
 - Stick to your vision. Trust the staff to carry the message and give them the authority to pursue great (re)development. *David Newman, Bancor*
 - Encourage the City leadership to enhance the quality of the conversation. It's hard to be strategic in a tactical world. *John Breitingner, Cushman & Wakefield/Northmarq*
 - Take stock of what you have and build on your strengths. Think about diversity and how to engage the community in a broader conversation about the City's future. *Joni Giese, SRF*

On behalf of ULI MN, thank you again for hosting this workshop.