



City Council Memorandum

To: Mayor Fasbender and City Council

From: John Hinzman, Community Development Director

Date: March 2, 2020

Item: Presentation of 2019 Community Development Annual Report

Council Action Requested:

No action requested. City Staff will present a summary of the attached report at the meeting.

Background Information:

N/A

Financial Impact:

N/A

Advisory Commission Discussion:

N/A

Council Committee Discussion:

N/A

Attachments:

- 2019 Community Development Annual Report

Community Development Department



2019 Annual Report



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Community Development

John Hinzman, Community Development Director

Justin Fortney, City Planner

Rusty Fifield, Economic Development Coordinator

Introduction

The Community Development Department provides land use planning, zoning, economic development, redevelopment, and historic preservation services to the City of Hastings. The three person department provides staff services to the City Council, Planning Commission, Hastings Economic Development and Redevelopment Authority (HEDRA), and the Heritage Preservation Commission. 2019 included work on a variety of projects including:

- Transformation of the former Hudson Manufacturing Building into The Confluence to include 68 hotel rooms, 20 apartments, banquet facility, restaurant, and retail space. Substantial completion by the end of 2020.
- Construction of a new riverfront park at The Confluence.
- Construction of the 88 unit Voyageur Estates and 60 unit Vermillion Shores Phase II Apartment buildings.
- Issuance of 47 commercial permits valued at nearly \$18 million.
- Submittal of the 2040 Comprehensive Plan to Metropolitan Council for final approval.
- Welcomed new Economic Development Coordinator, Rusty Fifield.
- Approved the sale of Industrial Park Land for development for future development.
- Development of HEDRA's Strategic Plan for Economic Development.
- Executed a Real Estate Option Agreement for land north of the Artspace Apartment building along the Mississippi Riverfront.
- Reviewed TIF Policies and use for future development.
- Approval of five loans to assist with business expansion through HEDRA's Revolving Loan Fund.
- Securing of \$50,000 in grant funding to assist with future planning efforts.
- Reviewed 19 building permits for improvements to historic structures.

- Recognized outstanding historic preservation through an awards ceremony at City Council.
- Kicked off the Century Homes Plaques Program to recognize buildings that are over 100 years old.
- Revamped the Business Section of the City's website.
- Assistance with the development of over ten new businesses locations.
- Participation in over 30 Chamber Ambassador visits to area businesses.

This report describes the 2019 activities of the Community Development Department in greater detail

Year in Review

The Confluence

After more than a decade of planning, environmental cleanup, fundraising, and project design, the development of The Confluence started in August 2019. This project will transform the historic Hudson Manufacturing facility into a unique mixed use development. The Confluence will contain a hotel, restaurants, event facility, retail space, and apartments integrated with the historic character of the buildings. Opening is scheduled for late 2020.

The Confluence team spent the first half of 2020 reworking the final design and operating proforma. This groundwork led to final City approval, a very busy end of 2019, and sched-



uled completion by the end of 2020. Some of the key activities in 2019 are described in the following section.

Parking Facility

Construction of an 123-stall parking ramp was completed in July. The ramp provides free parking for both The Confluence and downtown visitors. Construction was funded with a \$1,485,000 LCDA grant from the Metropolitan Council.



Hotel Operator

The Confluence partnered with IDM Hospitality to operate the hotel. IDM is a hospitality management company with experience operating hotels in historic buildings throughout the Midwest.



Park Development

Construction began in August with site development. Over the course of the final four months of 2019, the exterior portions of the site evolved from the remnants of demolished building into a public park and connect with the regional trail. The Confluence Park fills in a missing piece of the riverfront public space in Hastings.



Interior Cleanup

A vapor intrusion mitigation system (VIMS) was installed in the building. The VIMS captures any potential toxic vapors remaining in the ground after clean up. Exposed wood surfaces from the original building were cleaned and encapsulated. Environmental cleanup work will wrap up in early 2020. These activities make it possible for interior construction work to begin.

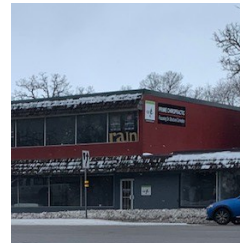
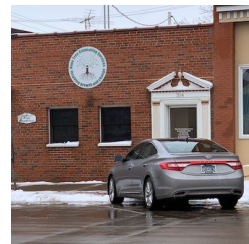


NEW BUSINESSES

Small businesses are the backbone of the local economy. According to the Hastings Area Chamber of Commerce, at least ten new businesses opened in 2019. The 2019 additions to the Hastings business community include:

- Boarder Nutrition
- Hastings Public House
- Hastings Social Tavern
- Level Up Games
- Lilly's Day Spa
- Moon Tree Counseling
- Prime Chiropractic
- Social Hair Co.
- Starkson Family of Life Chapel
- Vue

Staff also participates in the Chamber's Ambassadors program. This program conducts visits to new and existing businesses. A City representative is on each of the three Ambassador teams. These visits provide the opportunity for direct exposure to a wide range of businesses. In 2019, the Ambassadors visited 36 businesses (Note: Several businesses were Chamber members located outside of Hastings.)



HOUSING

Housing came to the forefront of Community Development issues in 2019. The lack of new housing development since the Recession and the impacts on Hastings became a focal point of economic development efforts. A housing needs assessment for economic development will be presented to HEDRA in early 2020. This report begins an increased focus on housing issues for HEDRA.

Housing activity in 2019 shows signs that past trends may be changing. Hastings has experienced a surge in multifamily housing development. After building just 73 multi-family units from 2008 to 2017, there are 170 units that opened or started construction in 2019.

Voyageur Estates opened in September with 88 units. The 60-unit Vermillion Shores Phase II broke ground in 2019. The Confluence adds other 20 units.



Voyageur Estates



Vermillion Shores Phase II

St. Paul-based Real Estate Equities is planning to build 90 units of affordable senior housing on land “behind” Schoolhouse Square. The project will begin the City approval process in early 2020 with a Spring 2021 target for opening. The Developer has requested the establishment of a housing tax increment financing (TIF) district to help provide affordable rents and housing for low/moderate income seniors.



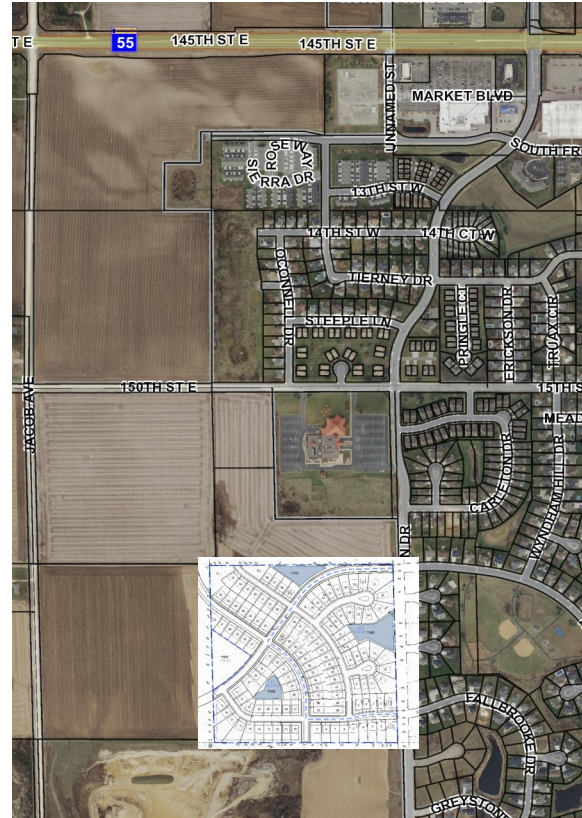
Schoolhouse Square Senior Housing Concept

The slow growth of single-family housing continued in 2019. Only 14 homes started construction this year. Fourteen Manufactured homes were also added to the housing stock.

The end of this trend appears to be in sight. Planning is underway for the development of a 40-acre tract with a combination of single-family and villa homes. This project is significant for several reasons:

- It would be first new subdivision of this scale since 2006.
- The project starts the process of setting in place the capacity to serve new growth to the west.
- The project creates the opportunity to get Hastings back on the minds of regional homebuilders. None of the region’s top 25 builders have worked in Hastings during the past 15 years.

The year ended with growing interest in development on the smaller remaining housing sites within the city limits. Staff is hopeful that these discussions will lead to development plans in 2020.



Concept and Location for Housing Development

HEDRA LOANS

HEDRA’s Economic Development Revolving Loan Fund continues to be a valuable tool. There are currently 26 outstanding loans representing \$418,540 in total original principal.

HEDRA made five loans in 2019 (highlighted in table on the right).

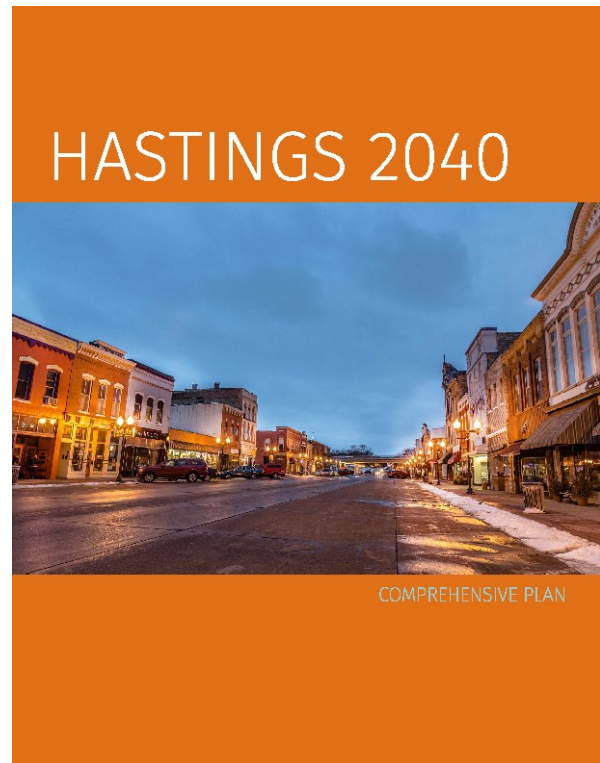
Two loans (Guardian Angels and Breakaway Arts Café) were paid off in 2019.

Payee	Original Loan Amount	Loan Balance as of 12/31/19
Breakaway Arts Café-MECCA	55,300.00	-
Curry	4,400.00	4,400.00
Dudley Parkinson	8,300.00	3,872.79
Dudley Parkinson	5,300.00	3,024.61
Eljin Properties	12,225.00	7,189.71
Empire House/Jupiter Peak	6,375.00	5,099.19
Guardian Angels of Hastings LLP	100,000.00	-
Jung Thomas and Karen	7,577.00	7,577.00
Jung Thomas and Karen	30,465.00	30,320.00
Kevin and Lynette Hoeschen	30,300.00	13,655.06
Lockwood	42,000.00	41,500.00
Main Street Properties	8,300.00	4,624.04
Marathon Properties of Hastings LLC	6,337.00	6,337.00
MDL/Ostrem	2,142.27	1,640.22
MDL/Ostrem	11,309.32	10,763.64
Old Neighbor LLC	6,000.00	6,000.00
Radke, Donald and Darlene	10,528.00	10,528.00
River City Properties L.L.C.	7,632.00	7,632.00
Ryan, Joseph	30,270.00	30,270.00
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Spiral Brewery 1	25,000.00	12,779.96
Spiral Brewery 2	23,800.00	14,106.62
Spiral Brewery 3	12,600.00	12,300.00
Sui Genesis LLC	25,000.00	24,700.00
T & S Properties	13,810.00	13,810.00
Vlach	20,300.00	15,957.70
VZ group LLC- Beautiful Boutique	25,000.00	13,661.56
Walker	13,300.00	207.78

PLANS

2040 Comprehensive Plan

The process of creating Hastings' 2040 Comprehensive Plan reached a key milestone in 2019. In May, the City Council released the proposed 2040 Plan for review by the Metropolitan Council. The proposed 2040 Comprehensive Plan grew out of more than two years of community input and work by City Staff, consultants and the Comprehensive Plan Steering Committee. At the end of 2019, the City was formulating response to review comments from the Metropolitan Council. The 2040 Plan will be adopted and put into action during the first half of 2020.



Strategic Plan For Economic Development

A new Economic Development Coordinator started in April 2019. Rusty Fifield filled the position that had been vacant since the departure of Morgan Hill in June 2018. Rusty's background spans almost 40 years of experience with Minnesota cities. This transition highlighted the need to form consensus about the economic development focus of the City. The Strategic Plan for Economic Development draws on existing plans and current issues to provide this focus. The Strategic Plan presents a series of action steps to guide economic development activities through 2020. HEDRA will update the Plan in 2020 in advance of the 2021 budget process.



2020 Planning Initiatives

The City secured grant funding for two important planning studies that will take place in 2020.

- The Dakota County Community Development Agency awarded the city \$15,000 to help undertake a Downtown property utilization study. The purpose of the study will be to evaluate options and to create a strategy for the use of HEDRA owned property in the Downtown area. The study will consider both what is physically possible and financially feasible at 5 different sites. This information will be an asset as we prepare to take advantage of the market opportunity created by the opening of The Confluence.
- The City received a \$35,000 grant from Dakota County to help fund a people movement plan. The plan will evaluate the ability to move by foot, bicycle and other non-vehicular means within Hastings. The plan will identify key initiatives and implementation strategies for meeting community needs. The planning process will also create guidelines for wayfinding signage on primary trail corridors. This work will be essential as we work to promote Hastings as a regional hub for bicycling.

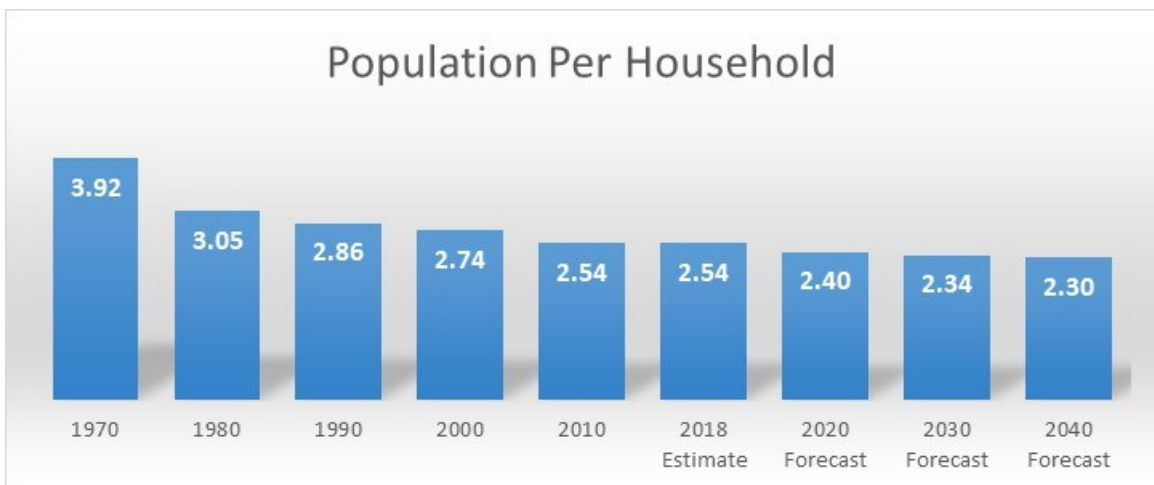
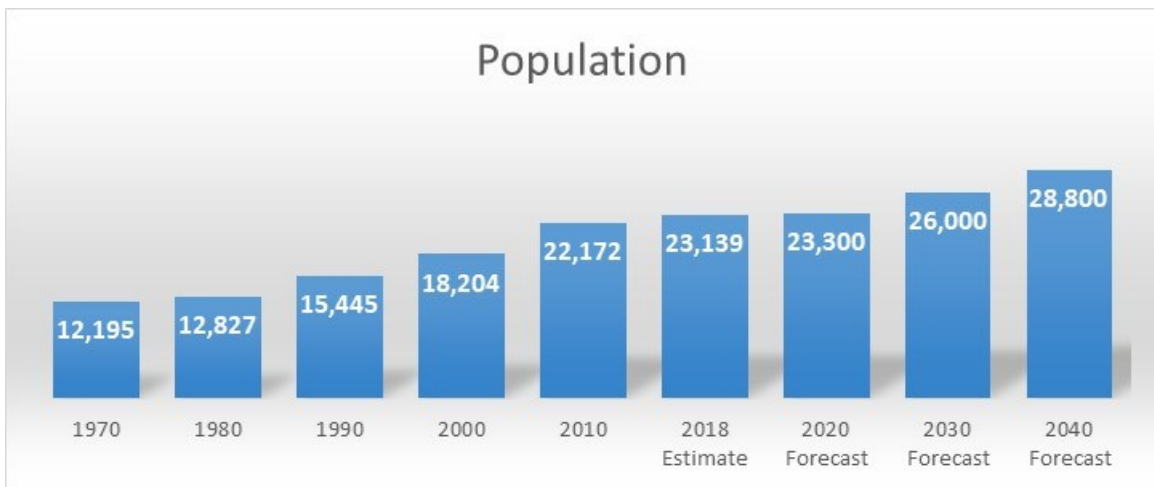
Website

The "Business" section of the website was revamped in 2019. The changes make this section of the website more relevant for people that want to learn about Hastings and the opportunities to do business here. In particular, we added a section called "How Can We Help?". The intent of this section is to direct people to the City Staff and resources they need. Other enhancements of the website are planned for 2020. Content will be reviewed and updated not less than quarterly.

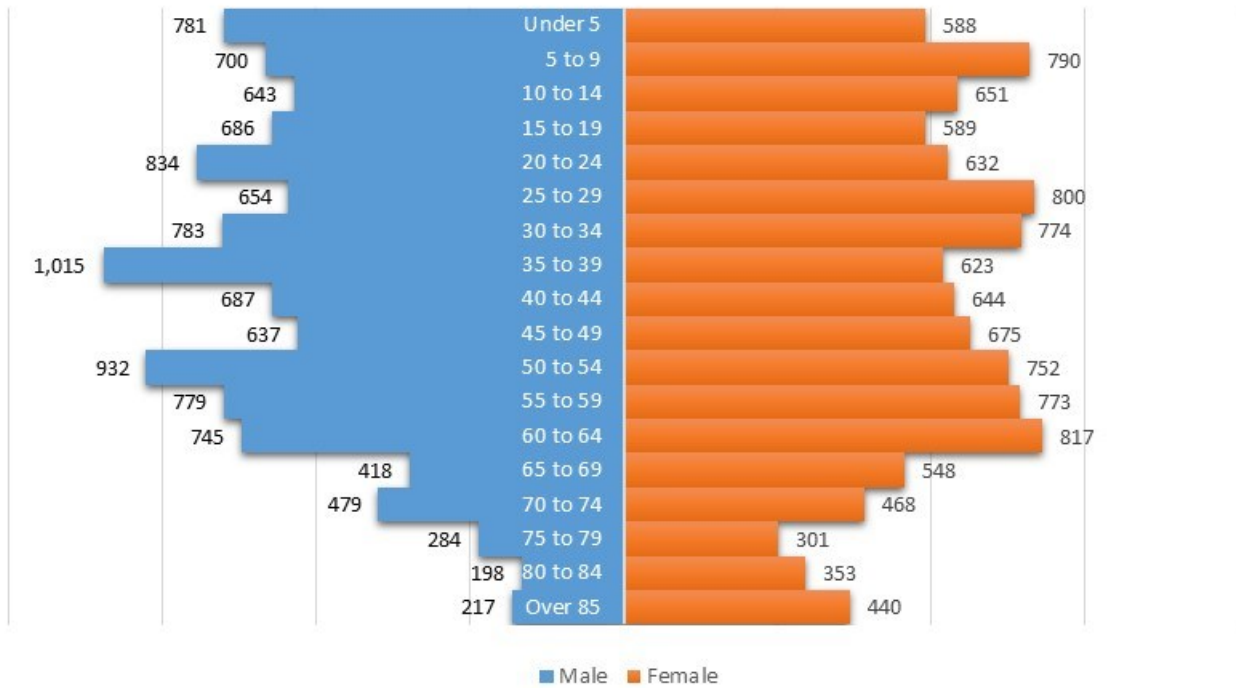


By The Numbers

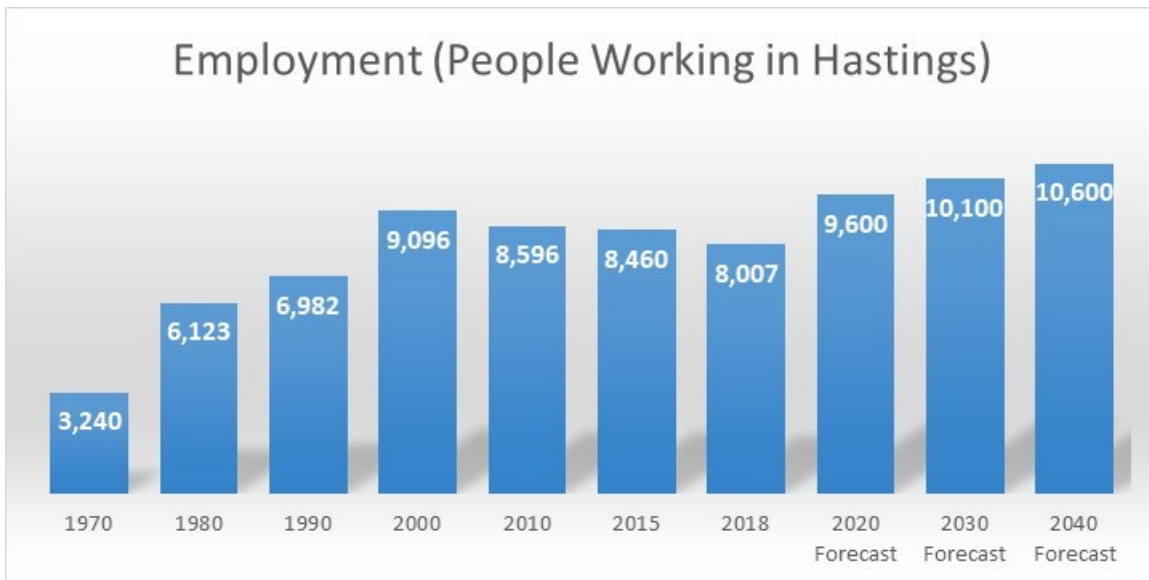
DEMOGRAPHICS



2018 Population By Age and Gender

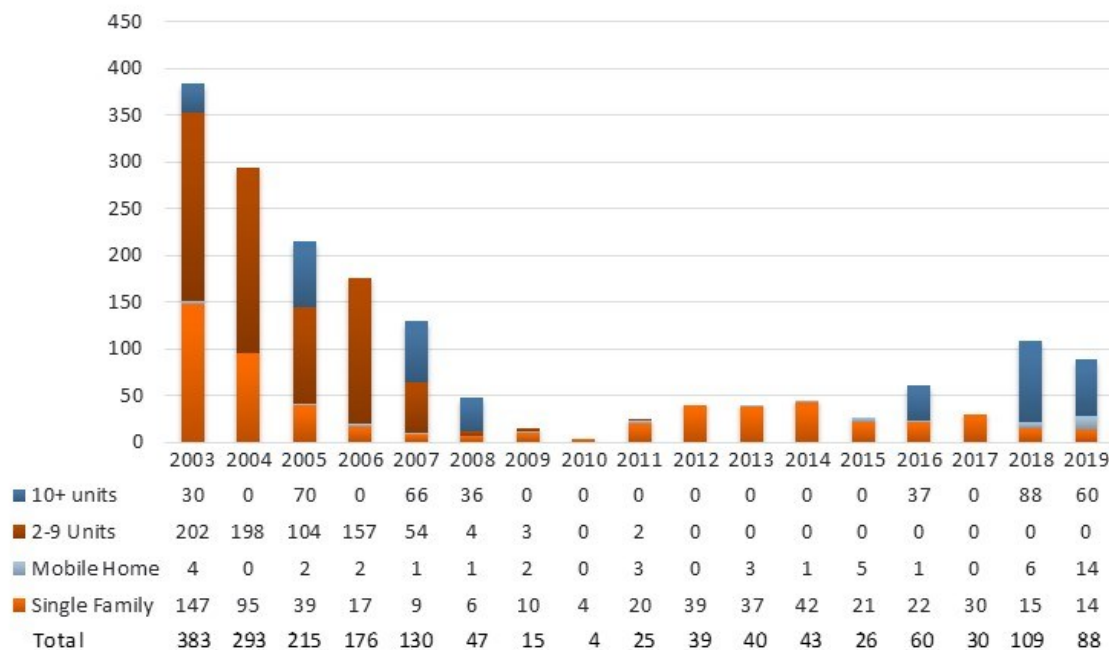


Employment (People Working in Hastings)



CONSTRUCTION ACTIVITY

New Housing Units



Residential Permits

	2018 Totals		2019 Totals	
	Units	Valuation	Units	Valuation
Single Family	15	\$3,769,057	14	\$3,687,012
Townhome (2-10 units attached)	0	-	0	-
Multi Family (11+ units attached)	88	\$10,500,000	60	\$6,391,455
Manufactured Home	6	\$60,600	14	\$235,356
Totals	109	\$14,329,657	88	\$10,313,823

Commercial Permits

	2018 Totals		2019 Totals	
	Units	Valuation	Units	Valuation
New Commercial\Industrial	3	\$3,970,000	1	\$664,500
Commercial\Industrial Remodel	54	\$10,739,774	48	\$17,956,816
Totals	57	\$14,709,774	49	\$18,621,316

Zoning Permits

	2018 Totals	2019 Totals
	Permits	Permits
Fences	54	64
Sheds (Under 120 s.f.)	22	23
Signs	7	23
Totals	83	110

APPLICATIONS

<i>Type of Application</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Avg.</i>
Comprehensive Plan Amendment	0	0	0	1	1	1	0	2	0	0	0.5
Final Plat	1	0	2	5	3	2	3	3	3	0	2.2
House Move	0	0	0	0	2	1	0	0	0	0	0.3
Minor Subdivision	2	8	15	5	5	4	0	2	2	2	4.5
Ordinance Amendment	12	9	1	1	4	3	4	2	5	4	4.5
Preliminary Plat	0	0	1	2	2	2	3	1	2	0	1.3
Rezoning	1	3	1	2	2	2	2	3	0	1	1.7
Site Plan	6	6	7	6	4	4	7	4	9	3	5.6
Special Use Permit	6	4	2	2	5	6	4	4	3	2	3.8
Variance	4	2	2	5	0	4	3	2	4	2	2.8
Annexation	0	0	0	0	0	1	0	0	0		0.1
Vacations	0	1	2	1	2	2	1	3	4	2	1.8
Home Occupation	0	3	4	1	1	0	2	2	0	1	1.4
Original Hastings Design Review	5	2	3	0	0	0	2	0	2	0	1.4
Heritage Preservation Review	25	9	23	16	23	17	16	27	19	19	19
Annual Totals	62	47	63	47	54	49	47	55	53	36	51

Making It Happen

HEDRA

The Hastings Economic Development and Redevelopment Authority (HEDRA) promotes and fosters economic development and redevelopment activities within the City of Hastings. HEDRA consists of five citizen members and two City Council Members. Commissioners are appointed by the City Council and can serve up to twelve consecutive years. The Commission meets on the 2nd Thursday of the month at 6:00pm in the City Council Chambers of Hastings City Hall. All meetings are televised and replayed on local cable access. Agenda items and meeting videos are available at the City's website.



The 2019 members of the HEDRA Board of Commissioners are:

- Scott Sinclair, President
- Martha Sullivan, Vice President
- Dennis Peine, Treasurer

- Jen Fox
- Ron Toppin
- Councilmember Joe Balsanek
- Councilmember Mark Vaughan

2019 Hastings Economic Development and Redevelopment Authority (HEDRA) Attendance Record													
Name	Position	Jan 10	Feb 14	Mar 14	Apr 23*	May 9	Jun 13	Jul 11	Aug 19*	Sep 26*	Oct 10	Nov 14	Dec 5
Scott Sinclair	President				✓	✓				✓	✓	✓	✓
Martha Sullivan	Vice President	✓			✓	✓	✓	✓	✓		✓		
Dennis Peine	Treasurer			✓	✓		✓	✓	✓	✓	✓	✓	
Ron Toppin	Citizen Commissioner	✓		✓	✓	✓	✓	✓	✓		✓	✓	✓
Jen Fox	Citizen Commissioner			✓	✓	✓	✓	✓	✓		✓		✓
Joe Balsanek	City Council Commissioner	✓		✓	✓			✓	✓	✓	✓	✓	✓
Mark Vaughan	City Council Commissioner	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
John Hinzman	Community Dev Director	✓		✓	✓	✓		✓	✓	✓		✓	✓
Rusty Fifield	Economic Dev Coordinator				✓	✓	✓	✓	✓	✓	✓	✓	✓

2019 marks the end of almost two decades of public service for HEDRA Commissioner Ron Toppin. Ron was first appointed to the Housing and Redevelopment Authority in 2001 and continued service on HEDRA upon its creation in 2009. He also served on the Economic Development Commission from 2003-2008 and the Industrial Park Board previous to that. Ron’s wisdom and steady leadership have been essential to the successful developments we see in Hastings today. We wish Ron the very best in the future!

PLANNING COMMISSION

The Planning Commission serves as an advisory board to the City Council on matters related to zoning and land use. Commissioners are appointed by the City Council and can serve up to six consecutive years. The Commission meets on the first and third Monday of the month at 7:00 pm in the City Council Chambers of Hastings City Hall. All meetings are televised and replayed on local cable access. Agenda items and meeting videos are available at the City’s website.



2019 Planning Commission Attendance Record											
Name	Position	Jan 28	Mar 25	Apr 8	Apr 22	Jun 24	Jul 22	Aug 12	Sep 9	Nov 12*	Dec 9
Jeff Deaver	Planning Comm. Chair (to 3/25)		✓								
Bryan Alpaugh	Planning Comm. Chair (From 3/26)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rob Barse	P.C. Vice Chair (From 3/26)	✓	✓	✓	✓		✓	✓	✓		✓
Mitch Johnson	Planning Commissioner	✓	✓	✓	✓	✓	✓		✓	✓	✓
Lisa Siebenaler	Planning Commissioner	✓	✓	✓	✓		✓	✓	✓	✓	✓
Emily Best	Planning Commissioner	✓	✓	✓		✓			✓	✓	✓
Ian Martin	Planning Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gino Messina	Planning Commissioner					✓	✓	✓	✓	✓	
John Hinzman	Community Dev. Director	✓	✓		✓	✓		✓	✓	✓	✓
Justin Fortney	City Planner			✓	✓		✓			✓	✓

Activities

- Minor Subdivision and Variance - 1548 Featherstone Rd
- Fair Housing Policy
- Site Improvements to McNamara Field
- Land Use Permit to transform a vacant gas station to Deals on Wheels automobile sales.
- Ordinance Amendment to allow keeping of chickens in residential areas.
- Reviewed 2040 Comprehensive Plan.
- Site plan for garage expansion at 710 Commerce Drive.
- Special Use Permit to allow 1st floor residential at 215 Sibley Street.
- Ordinance Amendment to allow climate controlled storage.
- Home Occupation Permit at 201 East 7th Street
- Sign Variance for Dakota County Government Center
- Ordinance Amendment - Historic Apartments in R-2 District
- Ordinance Amendment - Original Hastings Design Standards.

HISTORIC PRESERVATION COMMISSION

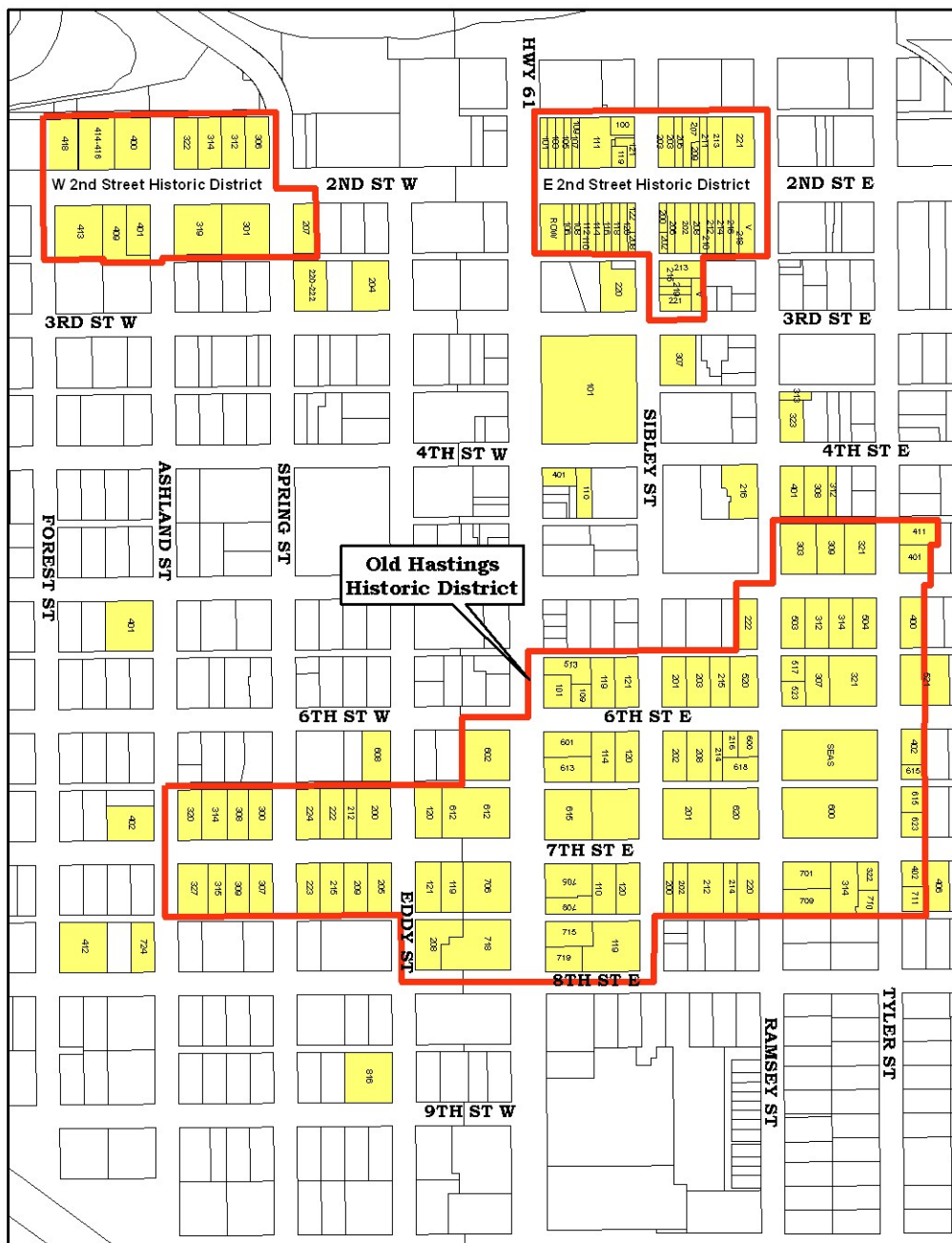
The Heritage Preservation Commission works with property owners to retain the historical and unique past of our community. The Commission identifies significant sites throughout the City for preservation. Research and surveys assist the commission in identifying properties with important and interesting factors which contribute to the historical feeling of Hastings. Once a property is identified, the Commission may recommend that it be deemed a Heritage Preservation Site.

Most of the Commission's time is devoted to the review of proposed changes to Heritage Preservation Sites. This review of work, before a permit is issued, is meant to protect the historical property by retaining the historically significant aspects of the property. The commission will also assist property owners during the planning phase.

Nine voting members make up the Heritage Preservation Commission. At the end of 2019, four HPC positions were vacant and waiting to be filled in 2020. The five current members of the HPC are:

- Rick Smith (Vice Chair)
- Jill M Ragan Scully
- Mark Simanek

Hastings Heritage Preservation Sites



Designated properties not shown on the map:

- | | | |
|-----------------|--------------------|-----------------------|
| 707 1st St East | 700 6th St West | 1007 Sibley St |
| 615 3rd St West | 315 Pine St | Todd Field Walls |
| 625 3rd St West | 801 Pine St | 18th St E- Mill Ruins |
| 700 4th St West | 1629 Vermillion St | 1512 4th St East |



- Katherine Sovik-Siemens
- Cindy Toppin

Annual CLG Report 2018 Fiscal Year (October 1, 2018 to September 30, 2019)

1. Local Designation of Preservation Sites (new in 2018). None.

2. Review of Building Permits (all approved due to meeting the local design guidelines unless underlined)

- 200/ 202 6th St E – Porch roof replacement
- 117 2nd St E - Garage door conversions – to windows and door
- 101 6th St E – New windows
- 207 2nd St W – New roof
- 212 2nd St E – New signs - SC Toys
- 207 2nd St W – Replace paver patio/ courtyard and path
- 207 2nd St W – Replace retaining wall, sidewalk, and steps
- 221 2nd St E – Several new windows
- 120 2nd Street E – New awning and sign (later approved after reapplying based on HPC feedback)
- 521 Tyler Street – Foundation repair
- 615 3rd street E – Replace fence
- 200 and 202 7th St E – wood and window repair
- 205 7th Street New fence panel and Awning roof
- 112 2nd St E – New window sign
- 719 Vermillion St – Reproduce doors (staff approved)
- 706 Vermillion St – Re-side, doors, and windows on garage
- 113 2nd St W – Three new signs
- 110 4th St E – Turn a side window into a doorway (tabled/ later the application was withdrawn)
- 321 7th St W – Three windows sash replacements

3. National Register Nominations. There are sixty-three properties within National Register Districts or individually listed.

4. Inventory Information

All national and local inventories and designation records are kept in City Hall, 101 E 4th St., Hastings. The Pioneer Room is a city-owned collection of local newspapers, books, maps, photographs, illustrations and a few artifacts pertaining to Hastings and its residents over the years. Cindy Smith, curator has maintained the role as volunteer on a reduced schedule along with the assistance of other volunteers. CLG grant survey, identification, and designation materials are available through Justin Fortney on the City staff.

The historic sites inventory includes National Register and Local Preservation designations for the East Second Commercial Historic District (NR), West Second Residential Historic Dis-

trict (NR), thirteen individual NR sites, the Old Hastings Historic District (local), and the 1994 CLG survey of historic sites and places.

5. **Assurances** – Mayor Mary Fasbender has provided assurances required by statute that the Hastings preservation program has been operated in line with all applicable State Statutes.

6. **Locally designated properties** - See map on next page.

7. **Training.** HPC Commissioners Kathy Sovik Siemens and Cindy Toppin attended the 2019 Historic Preservation Conference in St. Cloud in September.

8. **Other activities.** The HPC accepted nominations and awarded plaques recognizing exemplary work in historic preservation to the owners of the following six properties at the May 21, 2018 City Council meeting:

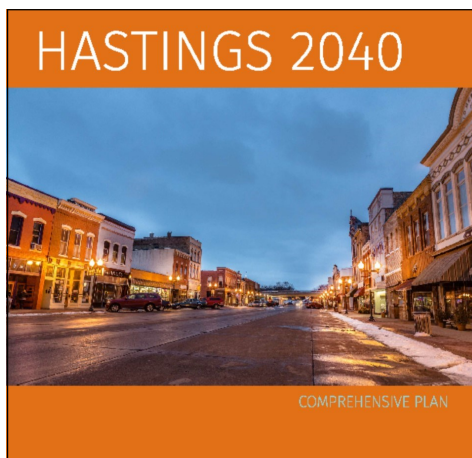
- First United Presbyterian Church - 602 Vermillion St
- Rita Dahl - 205 7th St W
- Michelle Thompson - 708 2nd St W
- Antoni Grgurovic - 406 7th St E
- William and Ann Sylvander - 200 6th St W

The HPC has begun offering Century Home plaques for purchase by property owners of buildings that are at least one hundred years old and meet a minimum standard of integrity. This year, the HPC presented two properties with plaques at no cost that turned 100 this year: Ruth Mitchell - 713 2nd St W and Robert Krippner - 201 8th St W

The HPC has reviewed the OHDS (Original Hastings Design Standards (conservation district)) Ordinance and recommended that the HPC provide a recommendation to the City Council on pending applications. In addition, they recommended that the current ordinance be replaced with one that is more specific to infill and easier to understand.

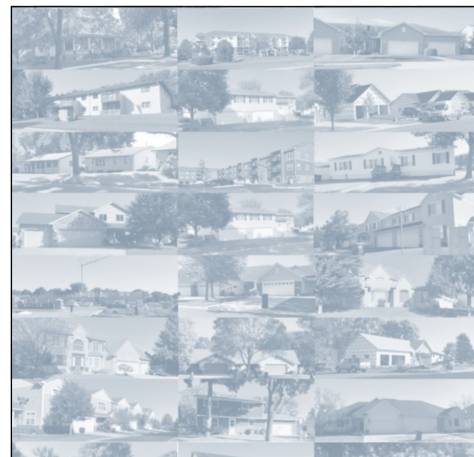
Looking Ahead

Most community development activities do not fit neatly into a single calendar year. Part of 2019 was laying the groundwork for things that will happen in 2020. Here is a look at what is on the horizon for the coming year.



2040 COMP PLAN

The 2040 Comprehensive Plan will be finalized and adopted in 2020. With a planning process that spanned almost three years, it will be important to reconnect with the Plan and integrate it into Community Development activities.



HOUSING

Housing will be an important issue in 2020. In January, The City Council and HEDRA started the process of understanding local housing needs and issues. Over the course of the year, these issues will be prioritized and connected with actions to meet the housing needs of Hastings.



EXPANSION

At the start of 2020, the City initiated the process to annex 40 acres for new residential development. This project would be the first new large subdivision in more than a decade. It brings into focus the need to plan for future expansion of the City.



THE CONFLUENCE

The opening of The Confluence at the end of 2020 will bring new attention and opportunity to Hastings. It will be important to work with the Developer, the Chamber and other stakeholders to create a coordinated and effective approach to capitalizing on this opportunity.



HIGHWAY 61 STUDY

It is anticipated that MnDOT will initiate a corridor study for Highway 61 in Hastings. The study is the precursor to physical improvements later this decade. These improvements have significant implications for redevelopment in this corridor.



TARGET

While redevelopment in general is a priority, the Target site merits particular attention. With almost two years passed since the closing, finding a new user for this building will be a priority in 2020.