



## *HEDRA Memorandum*

**To:** HEDRA  
**From:** Eric Maass, Economic Development Coordinator  
**Date:** April 22, 2021  
**Item:** 2021 Strategic Planning

### **REQUEST ACTION:**

Staff is seeking review of the 2020-2021 Strategic Plan by HEDRA to verify whether or not the strategic initiatives contained in that plan remain the priority of HEDRA. While the existing strategic plan was dated 2020-2021 the document exists more so as a living document and as such, Staff wants to verify what HEDRA hopes to have accomplished by the end of 2021 and perhaps 2022.

### **BACKGROUND INFORMATION:**

HEDRA adopted the 2020-2021 Strategic Plan in July of 2020. That plan focused on four initiatives

1. Explore the opportunities presented by Spades
2. Meet the housing needs of Hastings
3. Work with property owners and developers to redevelop underutilized and blighted property
4. Encourage the creation and growth of local business

An aerial photograph of a town, likely Hastings, Minnesota, showing a river, a bridge, and various buildings and streets. The text is overlaid on the center of the image.

# **Strategic Plan for Economic Development 2020-2021**

**HEDRA Adopted  
July \_\_, 2020**



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# Introduction

In 2019, the Hastings Economic Development and Redevelopment Authority (HEDRA) and the Hastings City Council adopted a Strategic Plan for Economic Development (2019 Plan). The purpose of the 2019 Plan was to create a framework guide City actions related to economic development. The Plan sought to align understanding and objectives within city government. The staff and financial resources of the City have a finite capacity. The success of an economic development program is dependent on the City Council, HEDRA, Planning Commission and Staff being on the same page.

The 2019 Plan drew on past work to create a concise, understandable, action-oriented document. The 2019 Plan described the overall economic development framework and focused on actions to be taken in the 18-month period from June 2019 through December 2020. After this initial period, the Plan would be updated annually to ensure that it remains relevant and useful.

This document presents a working draft of the 2020 update of the Strategic Plan for Economic Development (2020 Update). This draft draws on the experience of the past year to propose adjustments to the focus of economic development activities. It is intended to facilitate the discussion about the priorities and focus of City economic development activities. The City Council will be conducting a goal setting retreat this Spring. The 2020 Update is a tool for providing economic development related input to this process. The 2020 Update will also provide guidance for the 2021 budgeting process.



# What is Economic Development?

To make the most effective use of the resources allocated to Economic Development, it is important to have a clear and shared understanding of what the City seeks to achieve. Without this understanding, it is difficult for the City Council or HEDRA to guide actions and evaluate decisions.

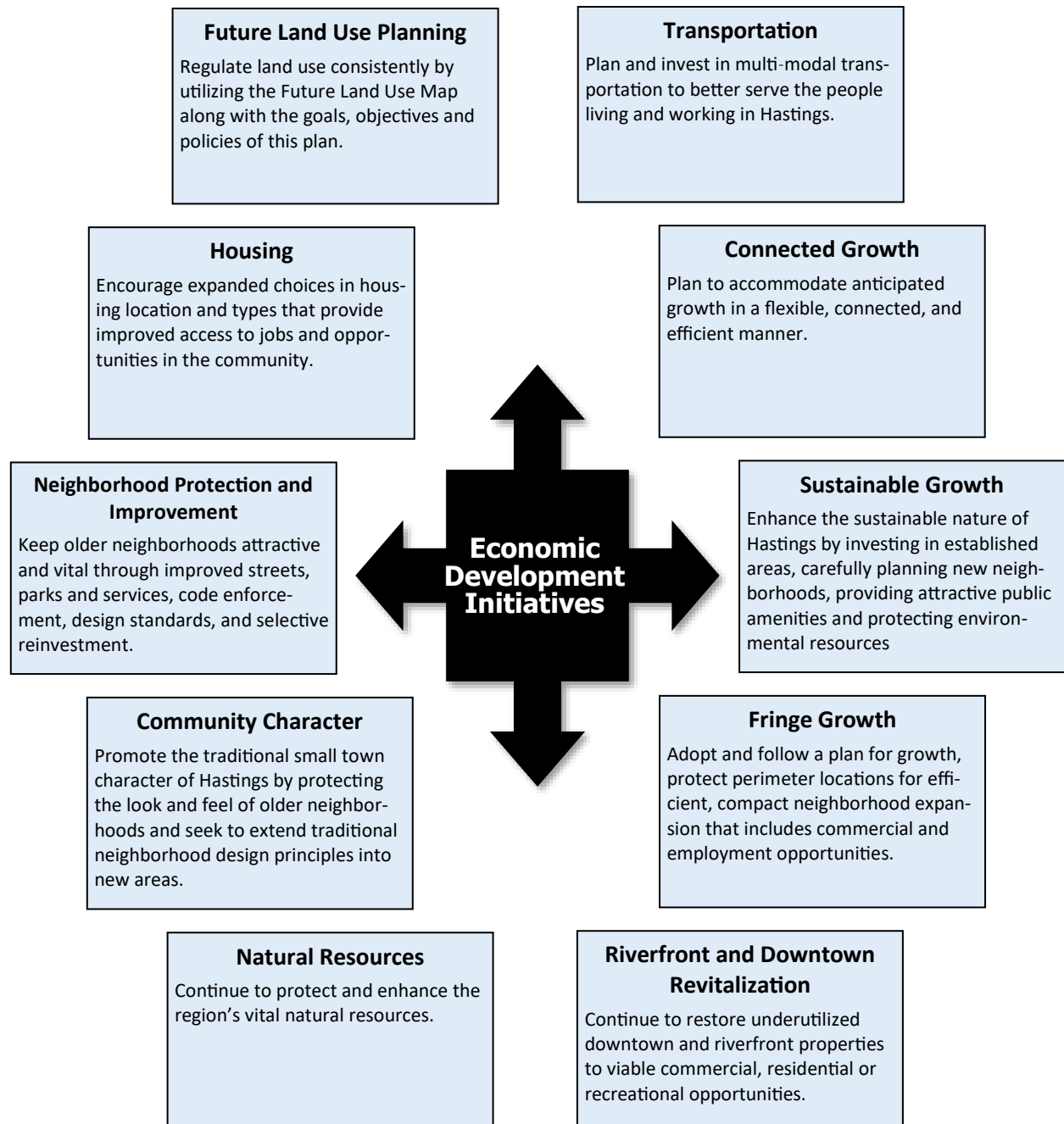
The 2019 Plan touched on this issue by offering a Framework for economic development. The Framework consisted of the following elements:

- Economic development represents the initiatives taken by the City to encourage private investment that is in line with Hastings' vision for the future.
- The 2040 Comprehensive Plan lists ten factors that shape the vision: Connected Growth., Transportation. Plan, Housing, Natural Resources, Community Character, Future Land Use Planning, Sustainable Growth, Riverfront and Downtown Revitalization, Fringe Growth, and Neighborhood Protection and Improvement. These factors are described in greater detail on the next page.
- Rather than create separate statements of vision and mission for economic development, the Plan contains a set of guiding principles. These principles describe the City's objectives for playing an active role in economic development. The guiding principles are
  - 1) Retain and grow existing businesses.
  - 2) Capitalize on Hastings' unique assets.
  - 3) Balance growth with maintaining high quality of life and community character.
  - 4) Create collaborative solutions with other stakeholders.
- The City uses economic development initiatives to (1) remove the physical and economic barriers to redevelopment, (2) attract types of development not provided solely by private market forces, (3) leverage private investment to create greater benefit to the community.

Collectively, this Framework describes the City's objectives for playing an active role in economic development and forms criteria that can be used to evaluate programs and projects.



The 2040 Comprehensive Plan is the guide for the future development of Hastings. The Comprehensive Plan identifies the following factors that shape the community’s vision for the future. Economic development represents the initiatives taken by the City to encourage private investment that is in line with these factors and Hastings’ vision for the future.



## Ongoing Actions

While the 2020 Update focuses on strategic initiatives, the foundation of City economic development efforts is a set of ongoing actions. These core functions are ongoing and occur regardless of the annual action plan. Key ongoing actions include:

- Establish and maintain strong working relationships and communications with key stakeholders inside and outside of Hastings.
- Coordinate economic development activities with HEDRA, City Council and City departments.
- Manage the “Business” section of the City website to provide relevant and timely information.
- Seek new and creative funding sources.
- Respond promptly to opportunities.

These ongoing actions play an important role in achieving the City’s economic development objectives.

# Strategic Initiatives

The 2019 Plan contained four “immediate actions”. These actions provided a focus for economic development activities over the past year. The immediate actions in the 2019 Plan are:

- Develop and implement strategies for addressing housing issues related to economic development.
- Identify and act on opportunities to enhance the environment to operate and locate business in Hastings.
- Create and implement strategies to effectively address redevelopment opportunities.
- Solidify internal economic development functions.

Both the results and the learning from undertaking these actions shape the direction of the 2020 Update.

The 2020 Update of the Strategic Plan for Economic Development replaces immediate actions with strategic initiatives as the focal point of the Plan. The 2019 Plan was a starting point. In that context, immediate actions was an appropriate characterization for these activities. Through the efforts to undertake the actions in the 2019 Plan, several enduring strategies have emerged. These Strategic Initiatives will be the focal point of City economic development activities for the foreseeable future. These Initiatives will have the greatest positive effect on the community. The Strategic Initiatives address four critical issues: Spades, housing, redevelopment and business development.

## Initiative #1 – Explore the opportunities presented by Spades

In July 2020, HEDRA will consider entering into a preliminary development agreement (PDA) with Spades SBC creating a framework for building the company’s headquarters on Block 1. Spades is a new company with the vision of becoming the key organization in global efforts using reforestation to mitigate climate change. This project and the broader relationship between Spades and the City of Hastings have significant implications for economic development:

- The project creates a new, large daytime market for Downtown businesses.
- The project becomes an important user of lodging and meeting facilities at The Confluence.
- Workers in the headquarters building will create new housing demand. This demand may help to attract new developers/builders to Hastings.
- Spades will bring visitors to Hastings from across the world.
- Spades will enhance the identity of Hastings and create the opportunity for additional business development.

If the PDA is approved, the focus for economic development is two-fold. (1) Work with Spades to create a viable development plan for Block 1. (2) Explore benefits to Hastings from Spades presence. This focus involves the following actions:



- Work with Spades to create a site and building plan that meets the company’s needs and anchors the east end of the riverfront. This task will include provision of adequate parking, management of traffic and preparation of financial analysis needed to determine sale price for Block 1.
- Prepare a timeline for office construction and business development. The timeline will help to identify the potential need for interim office space and housing for the work force. The timeline will also be useful in helping local businesses connect with Spades.
- Create strategies for becoming a “green city”. The objective of this task is to define what it would mean for Hastings to become a green city, identify potential action steps, evaluate steps that best leverage relationship with Spades, and create proposed multi-year action plan.
- Understand the potential impacts of Spades ability to attract visitors and other businesses to Hastings.

These issues affect the other Initiatives in the Strategic Plan Update.

## **Initiative #2 - Meet the housing needs of Hastings**

Perhaps the most important outcome of the 2019 Plan was the recognition of the importance to housing to economic development. The focus of the 2020 Update shifts to the actions needed to meet the housing needs of Hastings.

### **Context**

Housing and economic development are inseparable. Housing allows people to live in Hastings. People create the market for businesses, work force for employers and students for schools. Housing produces tax base for local governments. The local housing stock is shaped by a variety of factors: style, age, condition, location, and availability. The characteristics of the housing stock influences who lives in Hastings. The lack of adequate housing impairs the ability to achieve many City economic development objectives.

The assessment of housing needs in Hastings should not occur in a vacuum. The demand for housing will be influenced by a variety of factors in the coming decade.

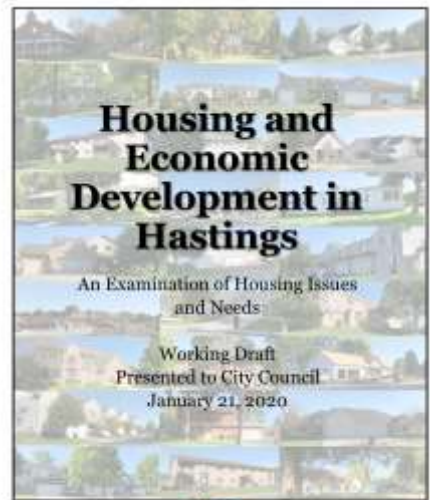
- Overall population growth is slowing. The Star Tribune recently (December 29, 2019) reported “State demographers forecast 5% growth in the 2020s, a pace that will lift the population from about 5.6 million to 5.9 million people. That’s down from 7.2% growth in the 2010s and even well below the 6.8% pace of the 1940s, the previous lowest-growth decade.” Less population growth places more importance on the ability of Hastings to attract and retain residents.
- At the same time, the composition of the population is changing. Among the key findings of the Metropolitan Council’s 2019 Regional Forecast update was “Major demographic shifts now underway will change our region dramatically. By 2040, the region's population will be more racially and ethnically diverse, older, and more likely to live alone or in larger households.” All of these factors affect housing needs in Hastings.

- Millennials (persons born between 1981 and 1996) will be important forces in the housing market. Understanding the housing demands of this generation is essential to housing policy in Hastings. Millennial homebuyers also face unique challenges. In 2019, the average student loan debt was \$31,172 per person with a monthly payment of \$393 (Credit.com). This financial burden affects the ability to save for a down payment, to afford mortgage payments, and to pay for updating and improvements to older homes.
- The affordability of new construction decreases as increases in housing costs outpace income growth. A September 2019 report from the Federal Reserve in St. Louis explains “As of the first quarter of 2019, three broad house price indexes—FHFA’s expanded-data House Price Index, the S&P CoreLogic Case-Shiller Home Price Index and the CoreLogic National House Price Index—all stood more than 50% above levels from seven years earlier, corresponding to an average annual rate of increase of about 6%. Meanwhile, per capita personal income increased about 25% in those seven years (3.3% annually), while consumer prices were up only about 12% (1.5% annually).”
- The ability to find workers will become more difficult as the aging population leaves the work force. Employment in Hastings is also affected by transportation. In 2015, only 3 out of 10 people working in Hastings also lived in Hastings. Providing a work force that attracts and retains businesses requires increasing the number of people that live and work in Hastings.

Each of these factors plays a role in creating and sustaining an economically strong community.

The 2019 Plan clearly identified the ramifications of limited new housing construction over the past decade. A key task of the 2019 Plan was to evaluate current housing needs and report the findings. Early in 2020, HEDRA and the City Council received a staff report on Housing and Economic Development in Hastings: An Examination of Housing Issues and Needs (Needs Report). The Needs Report identified and discussed a variety of housing issues in Hastings. The Strategic Assessment section of the report is included in Appendix A for reference.

It is important to remember that housing initiatives related to economic development occur within the context of the 2040 Comprehensive Plan. The Comprehensive Plan contains the Housing Plan for the City. The 2020 Update must be consistent with the goals and policies of the Housing Plan, but it is not part of that Plan. The contents of the 2020 Update should not be entangled with amending the Comprehensive Plan.



### Focus

The issues discussed in the Needs Report fit into three City policy objectives:

1. Ensure that the housing stock in Hastings attracts people to move to Hastings and to stay here through all phases of life.
2. Encourage the construction of new housing.

3. Maintain the quality of existing homes and the character of neighborhoods.

### **Life Cycle Housing**

Objective #1 is based on the concept of "life cycle housing". Entry-level housing creates the opportunity for people to move Hastings. As people's needs change, the housing stock needs to provide opportunities for people to "move up" to homes with more space and amenities. Senior housing provides housing for aging residents to stay in Hastings and free up housing for new residents.

While we can agree on this objective, more investigation is needed to better understand the actions required of the City to achieve this objective.

- 1) Data suggests that the age, style and price of existing homes meet the needs for entry-level housing.
  - Are these housing units desirable and attracting people to Hastings?
  - Is there an adequate supply of available housing?
  - Is there a proper mix of ownership and rental options?
  - What other factors are barriers to attracting entry-level home buyers?
- 2) It appears that there lack of move up housing options.
  - What move up options are missing?
  - If people cannot find desired move up housing, do they move away or stay in their existing house?
- 3) The market is responding to the need for senior housing in Hastings. Approximately \_\_\_ units are planned to start construction in 2020.
  - What is the demand for additional senior housing?
  - What types of senior housing are needed?
  - Are there appropriate sites?
  - Will Hastings seniors move into these units?
  - Are other actions needed to help seniors age in place?
- 4) Overall, do we have a housing supply that matches with the changing demographics of the region?

### **New Construction**

In February, the City Council approved the annexation of 40 acres for the construction of 120 single-family and detached townhouses. This will be the first significant new housing development in Hastings since 2006. Using this project as a catalyst for sustaining steady new construction for economic development. Focus activities include:

- 1) This project provides an excellent case study to review and evaluate our development pro-

cess and fees. Are adjustments needed to better fit current market needs.

- 2) This project is the opportunity to get back on the radar for regional home builders. What can we do to encourage more builders to come to Hastings?
- 3) Given the lack of available land within the City, new construction will occur on property currently outside of the city limits. What is the plan for addressing the infrastructure and annexation needs of this growth?

### **Existing Housing**

Maintaining the quality of the existing housing stock and the character of neighborhoods is essential. Additional information is needed to create appropriate strategies and programs to achieve this objective.

- 1) What is the condition of the existing housing stock?
- 2) How can maintenance issues be identified?
- 3) Is there any relationship between housing maintenance and the conversion to rental housing?
- 4) Have older homes been updated?
- 5) Do homeowners associations have plans and the financial resources to adequately maintain their units?
- 6) Is it possible to build a GIS database with this information about existing housing?

### **Actions**

While all of the questions raised here require answers, the City does not have the resources to address all of these issues and other economic development initiatives. The City must take a strategic approach to meeting the housing needs of the community.

- 1) Prioritize issues

As with all aspects of economic development, attention will be given to opportunities given to us. Minus that impetus, however, guidance from the City Council is needed. Staff efforts must be focused on those issues that have the highest priority.

- 2) Set roles and responsibilities

In addition to setting priorities, the City Council should determine roles and responsibilities of other stakeholders in addressing these issues.

HEDRA will be a key participant in addressing local housing issues. HEDRA began as the Hastings Housing and Redevelopment Authority. It retains the statutory powers of a HRA.

Does the Planning Commission play a role in addressing any of these issues?

How should the Chamber of Commerce, the local real estate sector and the community at large play a role in housing?

How can be resources and expertise of the Dakota County Community Development Agen-

## **Initiative #3 — Work with property owners and developers to redevelop underutilized and blighted property.**

As an older community, redevelopment is an essential part of economic development in Hastings. The City has invested time and resources in laying the foundation for redevelopment. The focus of the 2020 Update is to encourage redevelopment in 3 specific areas: Vermillion Street Corridor, Downtown and Target site.

### **Vermillion Street**

Attracting private investment to the Vermillion Street Corridor is a clear priority for the City. The Vermillion Street Corridor Study is the City's guide for redevelopment. An often overlooked element of the Study is the Action Matrix. The Matrix contains 52 separate actions for achieving the City's vision for Vermillion Street.

The Action Matrix has not been extracted from the Study and used as a tool for economic development. A review of this Matrix by HEDRA is a useful next step. The review will answer the following questions:

- 1) What is the true nature of action - development guideline/policy, ongoing action, specific task, or something else?
- 2) Are all actions still valid? If not, should the action be modified or deleted?
- 3) What are the priorities for actions that represent specific tasks?

This review helps HEDRA and the City Council identify next steps for staff and provide guidance for the 2021 Budget.

Another important outcome of the Action Matrix review is to identify factors that need to be considered in the upcoming Highway 61 Corridor Study. MNDOT plans to study Highway 61 in Hastings in anticipation of an improvement project targeted for 2025/2026. It is expected that the Study will start in the second half of 2020. The Action Matrix review will be used to create a description of the City's position on improvements to Highway 61.

### **Downtown**

Economic development efforts in the Downtown will be shaped by The Confluence and the Downtown Property Utilization Study.

The Confluence is scheduled to open late in 2020. Our economic development efforts seek to build off of the impact of The Confluence:

- 1) Work with City Communications, Chamber of Commerce/Tourism Bureau, and the Developer to create a common message about The Confluence and Hastings.
- 2) Prepare marketing materials about The Confluence and Hastings and use these materials to engage other potential developers.
- 3) Seek opportunities to make presentations to Urban Land Institute (ULI), Economic Development Association of Minnesota (EDAM), Sensible Land Use Coalition (SLUC), and other relevant groups.



The hope is that the recognition of this project and the increased economic activity will create redevelopment opportunities. To prepare for this possibility, HEDRA is conducting a Downtown Property Utilization Study. The purpose of the Study is to evaluate the development potential and to create development plans for five sites based on HEDRA-owned property in the Downtown area. The findings and recommendations of the Study will be complete before the opening of The Confluence. This information will be a valuable tool in building off of the economic energy from The Confluence.

### Target Site

The Target building has been vacant for more than two years. Facilitating the reuse of the site in a manner that benefits the community is a high economic development priority. The reuse of this property is influenced by several factors:

- The property is controlled by an Operation and Easement Agreement between Dayton Hudson Corporation and Hastings 55 LLC. The terms of the Agreement apply to building characteristics, allowable business uses, parking and other site use. The Agreement was established in 1999 with the original construction. Dayton Hudson used these agreements to protect Target stores from adverse development on adjacent property. Now, the Agreement gives adjacent property owners control over the reuse of the Target site.
- The primary affected property owners is Phillips Edison & Company. Phillips Edison owns the Hastings Marketplace shopping center, including the DaVita Dialysis parcel, and rights under the Agreement for the Culver's and Arby's parcels. Phillips Edison is one of the nation's owner and operator of grocery-anchored shopping centers, with a portfolio of more than 300 properties. North American Banking Company is the other party to this Agreement.
- It is our understanding that Target has set a price of \$2.2 million for the property.
- The lack of growth in Hastings, the retail markets in the surrounding area, and the decline the number of "big box" retailers reduces the pool of potential users.

The combination of these factors significantly affects the universe of potential purchasers,

We have established a good working relationship with CBRE, Targets real estate broker, and communication with Phillips Edison. We have made it clear that the City will do all that it can undertake a solution that is acceptable to the parties and benefits Hastings.

## **Initiative #4— Encourage the creation and growth of local business.**

As described at the beginning of the 2020 Update, our fundamental objective is to encourage private investment that is in line with Hastings' vision for the future. To date, economic development in Hastings has not focused on a specific type of business. An examination of past trends and current conditions points to the need for a more focused approach that seeks to create and grow local businesses. A local business means a business based in Hastings and not part of a regional or national set of businesses. The rationale for this approach is clear:

- Growing local businesses is already the foundation of the local economy. Table \_\_ lists the new businesses identified in the Community Development Annual Report from 2011 through 2019. Over this nine-year period, \_\_ out of \_\_ new businesses (\_\_%) were local.
- Setting aside the 50-acre parcel, the Business Park contains nine parcels ranging in size from 1.0 to 3.1 acres. The 2040 Comprehensive Plan identifies a new business park located on County Road 46 west of the existing city boundary. There are no plan to acquire or develop this property.
- We are competing with other communities with better sites, closer to the regional highway network, access to mass transit, and larger populations for workforce and customers.
- Local businesses have deeper roots in Hastings. There is less risk that a business will unexpectedly move to another city.
- They often invest more in the community. More business spending tends to stay in Hastings.
- Local businesses create more opportunities to live and work in Hastings. Lowering the time and cost of travel to work is a significant quality of life factor.
- Money spent on financial assistance is more effective. Funds go to business development and not to incentive competition with other cities.

Creating and growing local business is a long-term strategy. While Hastings has experienced small business development, it is not the result of stated objectives or programs. The focus of the 2020 Update will be to understand the needs and to build the assistance to meet local needs. Steps to be taken in 2020/2021 include:

- 1) Work with the Chamber of Commerce and Downtown Business Association to identify the most meaningful ways that the City could help grow local businesses.
- 2) Conduct focus group meeting of business owners in each business district obtain input and guidance.
- 3) Create programs to address needs identified in #1 and #2.
- 4) Enhance the City as an information and referral resource for local businesses.
- 5) Create programs that help local entrepreneurs to convert their ideas into new businesses.



# Appendix A - Strategic Assessment

*The information in this appendix comes from Housing and Economic Development in Hastings: An Examination of Housing Issues and Needs, Working Draft Presented to City Council January 21, 2020*

The economic sustainability of Hastings relies on a sound housing stock with a range of types, styles and prices. Both the 2040 Comprehensive Plan and the 2019 CDA Needs Assessment contain valuable information and guidance. Neither of these documents is designed to provide a strategic assessment of housing issues and the implications for the future of Hastings. The following section explores the key facets of housing in Hastings and explain the policy implications of these factors for economic development.

## Affordability

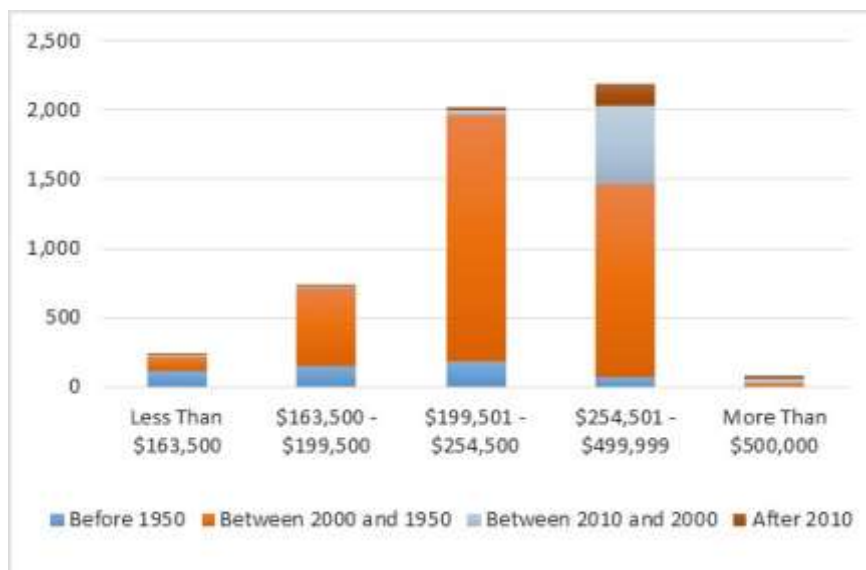
One of the most important housing issues facing Hastings is housing affordability. The supply of housing is not important if people cannot afford to purchase and to live in these homes.

Hastings has housing options that meet the criteria for affordable. According to the 2019 Metropolitan Council housing affordability limits, a home price of \$254,500 or lower is affordable for a household at 80% of Annual Median Income (\$75,000). Fifty-four percent (54%) of single family homes in Hastings meet that criteria (using Estimated Market Value as a proxy for price). Eighty-two percent (82%) of these affordable homes were built between 1950 and 2000 (See Figure 1).

The chart in Figure 1 makes several other points:

- 18% of single family homes are affordable for households at 60% of AMI.

Figure 1  
Home Value (EMV) By Year Built



### Affordability

The age and style of housing in Hastings provides a supply of affordable housing.

We do not know if affordable homes have the style and condition to attract homebuyers.

Affordability must be considered in conjunction with employment and wages. A house is affordable only if wages are sufficient.

Available data suggests that new construction is not affordable for the average household.

City fees and charges are one factor in the costs and affordability of new construction. These fees and services should be consistent with the value of the services provided.

- Only 1% of the houses built after 2000 are affordable.
- Hastings has a limited supply of higher value homes. Only 1.5% of homes have a value greater than \$500,000.

The availability of affordable single-family homes is an asset for Hastings.

The reality of housing affordability is much more complicated. The general standard is that housing creates a financial burden when housing costs (mortgage, insurance and property taxes) exceed 30% of gross income. This standard is difficult to understand without some context.

To explore housing affordability in Hastings, the parameters that determine housing costs must be defined. For the purpose of this report, the calculations of housing costs use the following assumptions:

- 10% down payment
- 30 year, fixed-rate mortgage at 4%
- \$1200 per year homeowner's insurance
- Property taxes at 2019 rates

These assumptions shape basic illustrations of affordability.

- The Metropolitan Council reports that the Medium Home Value in Hastings is \$192,500. The Median Household Income is \$66,400 per year. This makes housing costs 21.32% of income. The Median Value home is affordable at incomes of \$47,200 and above.
- The Saint Paul Area Association of Realtors shows the August 2019 median sales price of homes in Hastings to be \$254,500. This price moves the affordability threshold to incomes of \$61,120 per year or higher.
- The affordability threshold shifts dramatically when looking at new housing. The average building permit value for a new home in 2019 was \$265,000. Assume that the cost of land, infrastructure, administration and profit pushes the price of a new home to \$400,000. The minimum income which this home is affordable is \$93,775.

Another perspective comes from comparing housing affordability for the average income of different occupations. The US Bureau of Labor reports wage estimates for each state. The chart in Figure 2 shows the maximum housing price that is affordable for different occupations based on May 2018 wage estimates and the housing assumptions listed above.



## State of the State's Housing 2019

The following are the Key Findings of the Minnesota Housing Partnership's biennial report:

More than 1 in 4 — or 572,133 — households in Minnesota pay more than they can afford for housing, making it likely that they cut back on necessities like food, education and medicine simply to pay their rent or mortgage. That number grew by nearly 26,000 households from 2015 to 2017.

Racial disparities persist. Forty percent of households of color experience cost burden compared to 23 percent of white households.

The gap between housing costs and incomes is growing. From 2000 to 2017, median rent has risen 13 percent, while median renter income has fallen 5 percent.

Minnesota's top in-demand jobs don't pay enough to afford housing. Only one of the seven top in-demand jobs in Minnesota pays enough to afford a median-value home. Only two of these jobs pay enough to afford a two-bedroom apartment.

High housing costs continue to threaten the health of Minnesota seniors. Fifty-seven percent of all senior renters and more than a quarter of all senior homeowners pay more than they can afford for housing.



Figure 2  
Maximum Affordable House Price for Selected Occupations



Hastings' existing housing stock provides options that are affordable for many occupations. This chart illustrates the problem in expanding the supply of worker housing. Many occupations cannot afford the price of new construction.

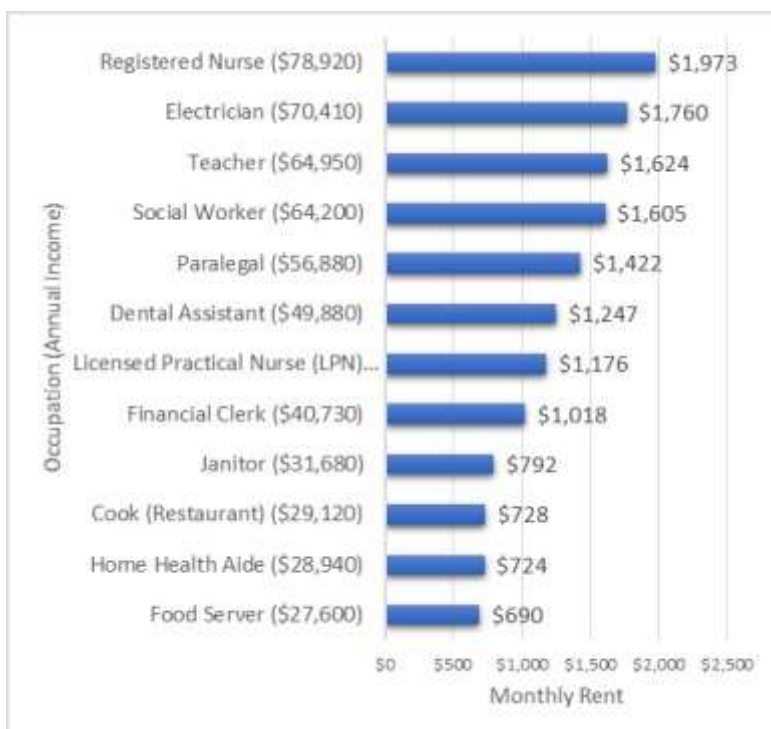
Rents are deemed to be affordable when rent including utilities ("gross rent") represents 30% or less of gross income. The Metropolitan Council reports that the Medium Household Income in Hastings is \$66,400 per year. Gross rent must be \$1,660 per month or less to be affordable. The discussion of affordability for owned housing uses the Assessor's Estimated Value as a proxy for home price. No comparable data exists for rents. As a general indicator, the 2018 Median Rent reported by the Metropolitan Council is \$899/month. The 2013 County Housing Needs Assessment found average rents in Hastings to be \$544 to \$999 depending on unit size. The 2019 Needs Assessment will provide updated data.

As noted with homeownership, affordable rents vary with jobs and income. The chart in Figure 3 calculates the maximum gross rent affordable for different occupations. The available infor-

mation suggests that rental housing in Hastings is generally affordable. Given the limited data, important questions remain to be answered. Key questions include:

- How does the addition of utility expense change the affordability calculation?
- What is the unmet demand?
- Given the age of many rental units are available units desirable?

Figure 3  
Maximum Affordable Gross Rent for Selected Occupations



## Cost of New Construction

The construction side of the affordability equation is equally complicated. Land, site development, materials, labor, infrastructure, fees and overhead all contribute to the cost of housing. While all development costs need to play a role in controlling the cost of housing, the fixed cost of new construction limits the ability to achieve affordability solely with cutting expenses.

Effective strategies related to new construction of single-family homes must be based on an understanding of the factors that determine the cost of housing. The development community, both locally and regionally, contends that fees charged by cities are excessive and unnecessarily add to the cost of housing. The focus

in Hastings has been on charges to connect to the municipal utility system (SAC and WAC). A broader look at the elements of housing costs is needed to put city costs into context. The primary components of housing cost are described below.

### Land

The HAI Study (see sidebar on previous page) treats land like a developed parcel. Its analysis assumes that the land cost includes raw land, infrastructure and fees. This combination of factors blurs the impact of the developer and the City. Limiting land costs to the actual acquisition (and holding costs, if any) works better. The Developer is solely responsible for these costs.

### Construction

Similarly, the HAI Study includes various City fee costs in construction. City fees should be stripped out and this number should only reflect developer expense. This allows for a better sense of how labor and materials affect price.

### Infrastructure

Hastings requires the Developer to install infrastructure to City specifications. This has several implications:

- The Developer must pay for infrastructure prior to generating any revenue from land sales or construction. The finance and carry costs either add to the home price or erode profit.
- City design standards are intended to ensure that the infrastructure is appropriate for Hastings. The City will assume ownership and maintenance responsibility for the infrastructure.
- Infrastructure right-of-way, stormwater management area and park land dedication reduce the amount of land that can be sold.
- The City charges the Developer for cost of managing and inspecting the improvement project plus an administrative fee equal to 10% of the inspection costs.

### Developer Overhead

At first glance, overhead costs appear to be under the control of the developer. The City does, however, impact these costs through the time and materials required to obtain City approvals.



### Elements of Housing Costs

A focal point of this discussion has been the 2019 report from the Housing Affordability Institute “Priced Out: The True Cost of Minnesota’s Broken Housing Market” (the “HAI Study”). In analyzing housing costs, the study divides costs into four categories: land, construction, administration and profit. Local fees are built into the land and construction costs. This breakdown of costs does not provide a useful framework for planning in Hastings. The following categories are more closely aligned with housing costs in Hastings:

**Land:** The actual cost of land pro-rated to each parcel.

**Construction:** The cost of labor, materials, services and other items directly related to building the house.

**Infrastructure:** The cost of infrastructure built to serve the subdivision pro-rated to the parcel.

**Developer Overhead:** Developer costs, such as administration, marketing, legal and finance, passed on to the homebuyer.

**Developer Profit:** Home construction will not occur unless the Developer is able to generate income in excess of all project costs.

**City Fees and Charges:** This category includes the direct costs imposed by the City to develop a subdivision and build a house.

## Developer Profit

Home builders need to operate profitably to stay in business. Profit is what remains after deducting all of the direct project expenses from revenue earned from the sale of houses. This revenue comes in over time as lots are sold and houses are built. All of the land acquisition and site preparation work occurs (and must be financed) before revenue can be generated. If pre-construction funds are borrowed, then there are finance and interest expenses. The pace of development influences profitability.

Market forces play a role in housing price and profit. Competition among builders helps to manage prices by providing homebuyer's with choices. Lacking competition, the builder has more latitude in setting the price.

## City Fees and Charges

The City collects a variety of fees related to land development and housing construction. These fees are intended to offset the costs of new development.

- Land use approval fees are charged based on the nature of the project and the necessary City approvals. Potential fees are for annexation, comprehensive plan amendment, EAW, preliminary and final plat, rezoning, site plan review, vacation of right-of-way, and variances.
- The City may receive land for park dedication or receive payment in lieu of land. Park dedication allows the park system to expand and serve new residents. Park dedication does not fund both acquisition and development.
- New development pays for access to municipal water and sanitary sewer systems. Current charges include sewer interceptor fee, sewer access charge (SAC) and water access charge (WAC). The City also collects SAC for the regional wastewater system on behalf of the Metropolitan Council. The rationale is that existing users paid for the system capacity that allows new development to occur. The charges help to fund future improvements that will replace this capacity.
- Building permit fees are based on the nature of City inspections needed to ensure compliance with applicable building codes.

Fees for land use approvals, sewer interceptor and park dedication are paid when the land is platted. SAC/WAC and building permit fees are paid at construction.

The point of this discussion is that there are a wide range of factors, controlled by both the developer and the city, that impact the cost of housing. A comprehensive approach is needed to increase affordability while meeting objective of both city and developer.



## City Fees

The development community, both locally and regionally, contends that fees charged by cities are excessive and unnecessarily add to the cost of housing. The focus in Hastings has been on charges to connect to the municipal utility system (SAC and WAC). These charges are one part of the set of fees applied to new development that include: development applications review and processing, park dedication, building permits, and infrastructure construction inspection and administration. These costs add to the price of new housing in Hastings, but they also represent services that occur as a direct result of development. Several questions help frame the issues for the City:

- Do City fees and charges accurately reflect the costs of new development projects?
- Would a reduction in fees and charges be passed on to the homebuyer and make housing more affordable?
- Does other value received from new development offset reduced revenue?
- If fees collected from development do not pay for the services, how are they paid for?

These questions must be answered as part of a broader discussion about City objectives for growth and housing.

## Life Cycle Housing

Life cycle housing is the concept of providing the range of housing choices allows a person to remain in the community throughout their life. This range of choice involves starter homes, move up homes and housing options for seniors.

Hastings needs to attract young families with children. In addition to being first-time home buyers, these new residents are likely to be “millennials”. This age group approaches housing differently than previous generations (see sidebar). On the surface, Hastings seems to have the housing, neighborhoods and community that fits Millennial criteria. While these factors may get people to look at Hastings, housing options must be desirable and available.

The desirability of entry-level housing represents a gap in knowledge. Information on the condition of the existing housing stock has not been compiled. We do know if core elements of older homes (roof, windows, HVAC) have been replaced. We do not know if interiors have been updated. Without updating, older homes may have an affordable price, but do not provide the “turnkey” home sought by some buyers. Deferred maintenance also represents a housing cost not depicted in the price.

A sustainable housing supply requires “Move up” housing. Move up housing allows residents to transition from starter home to a larger dwelling with more amenities. Without this option, residents have two choices: (1) leave Hastings for a community with the desired housing or (2) Stay in place and remodel the existing home. Neither option advances community growth objectives.

The final element of Life Cycle Housing in Hastings is senior housing. This housing allows older residents to remain in Hastings. Senior housing makes existing homes available for move up or move in residents. The construction of senior housing has not kept pace with the expansion of this population. The 90-unit project proposed for Schoolhouse Square would be the first new senior housing units built in more than a decade.



### Millennials and Homebuying

Much of the data in this report looks back at historical trends. It is also important to look into the future. Planning must consider the changing housing demand of the Millennial Generation. Millennials were born between 1981 and 1997 and represent the largest generation in our history. Research shows that the homeownership characteristics of Millennials are different than any previous generation. Some of the differences include:

- Millennials are less likely to be homeowners.
- Millennials tended to get married and have children (events that trigger homeownership) later in life.
- Millennials preferred living in a more urban environment.
- Greater amounts of student loan debt create barriers to homeownership.



## Townhomes and Homeowner’s Associations

The traditional; single-family house is “detached” - not connected to another dwelling. A townhouse is a single-family dwelling attached to one or more other dwellings. The homeowner owns the unit and a pro-rata share of the common property in a specified area of townhouses. The townhouse offers a more affordable ownership option with no responsibility for maintenance of grounds or buildings. A fee is paid to a homeowner’s association for maintenance.

The MetroGIS database shows 1,165 townhouse units in Hastings. Important characteristics of this component of the housing stock include:

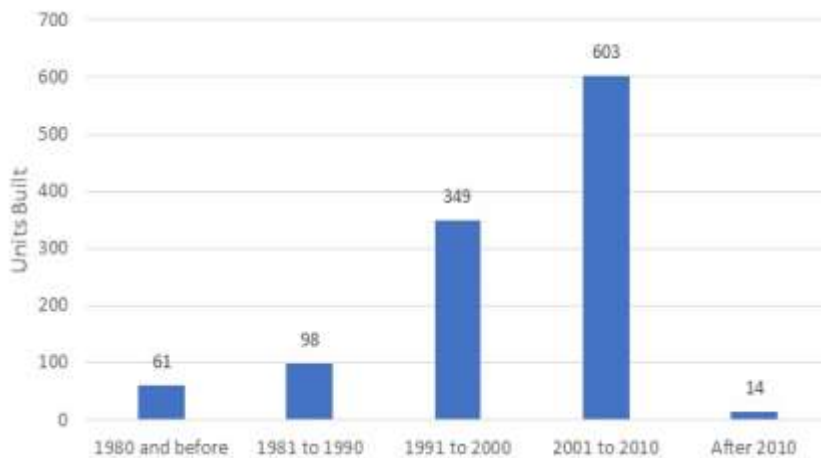
- Townhouses represent a newer part of the housing stock (see Figure 4). 53% of the units were built since 2000. Only 5% of the units were built before 1980.
- New construction has effectively disappeared. Only 1% of all units were built between 2010 and 2018. Interest in new townhome development is likely to grow to meet the need for affordable new construction and additional options for senior housing.
- The affordability of townhomes is illustrated in Figure 5. This chart shows the average Estimated Market Value of townhouse units in Hastings by year built. The vast majority of the units fall below the \$254,600 affordable threshold for the



### Homeowner’s Associations

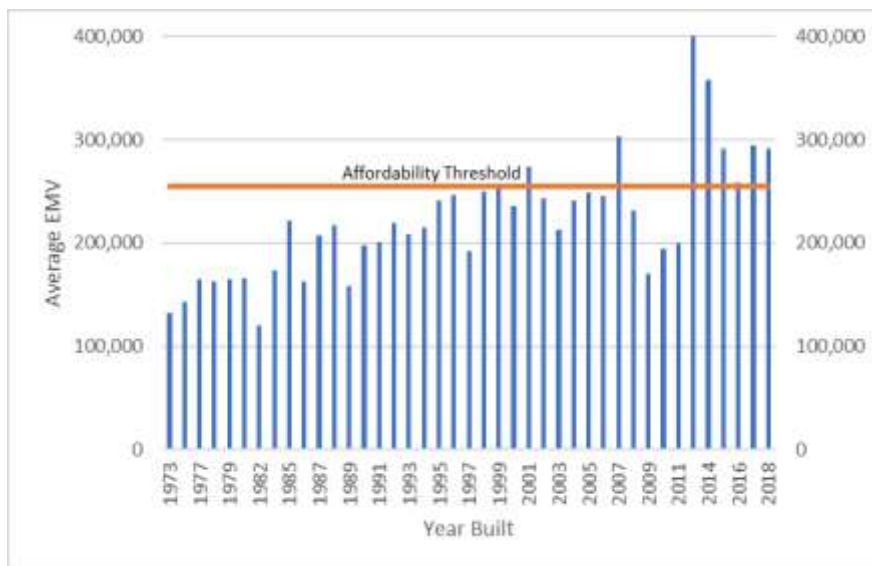
The importance of homeowner’s associations is often overlooked. Unlike a single-family home, a person does not have individual ownership of the building exterior, windows and roofs. The HOA is responsible for maintenance. The HOA is also responsible for streets and common property. The unit pays monthly dues. A portion of the dues should be set aside in reserve for future maintenance and replacement. Problems may arise when there is no capital plan or it is inadequately funded. The HOA cannot give a mortgage interest in the buildings making bank loans very difficult. Extra increases in dues or special assessments require homeowner approval and sometimes super-majority votes. Underfunded associations are trapped in downward spiral of deteriorating property. The need for a fix often comes to the City.

Figure 4  
Timing of Townhouse Construction



\* 40 units had no year built listed

Figure 5  
Average Estimated Market Value By Year Built



Median Income in Hastings. In recent years, the average value rose above the affordability threshold.

A homeowner’s association (HOA) is created to provide for maintenance of the common property (see sidebar). The HOA plays a critical role in the condition of this portion of the housing stock. (Note—These issues also apply to condominiums.) The operation and financial condition of the association determines the ongoing maintenance of these housing units. Homeowner’s associations have policy implications for cities that are often overlooked. The City does not track the establish or operation of HOAs in Hastings. The number of individual townhouse subdivisions provides a proxy for potential HOA. Assuming each subdivision has its own HOA, there could be 51 HOA in Hastings.

### Existing Single-Family Housing Stock

One of the most important characteristic of Hastings’ housing is the diversity of the housing stock. Most descriptions of housing are based on broad, high level statistics. For example, the Metropolitan Council profile of Hastings shows housing type by the number of units in each building. In 2017, single-family homes accounted for 55% of all housing units. The remainder of the housing stock consists of townhomes (20%), apartments (15%) and other types (10%). While these categories are good for comparing jurisdictions, they do not adequately describe the nature of housing in Hastings.

Parcel data in the MetroGIS database allows a more informative view of housing factors. The picture it paints shows diversity of housing options not found in the typical suburban community.

Existing Homes

The existing stock of single-family housing contains a variety of housing styles built over a long period of time providing a wide range of housing choices.

The age and style of house in Hastings offers a supply of affordable options.

These characteristics also pose potential challenges. Older styles, such as the split level, may become less desirable for current homebuyers. Older homes may not have been updated to provide the features and amenities sought in today’s market.

Housing in Hastings was built over a long span of time. Almost 9% of single-family homes were built before 1900. Hastings housing boom began in 1950 and ran through 2005. Three-quarters of the single-family homes in Hastings were built that period. Roughly one-half of homes were built prior to 1975, making the majority of Hastings homes more than 45 years old.

The age of the housing stock is also reflected in the style of house. The chart in Figure 6 combines the style of home with the year built. This chart not only shows the growth of the housing stock, but also the changes in housing preference. Early housing in Hastings were built as a mix of dwellings between one and two stories. These varieties of house practically disappeared after 1950. The 1950s and 1960s were dominated by the single-story suburban “rambler”. Preference then shifted to the split level. Single-family homes built since 2000 represent a mix of styles, but trending to larger, two-story homes. The diversity of age, style and price provides a range of choice not available in many cities.

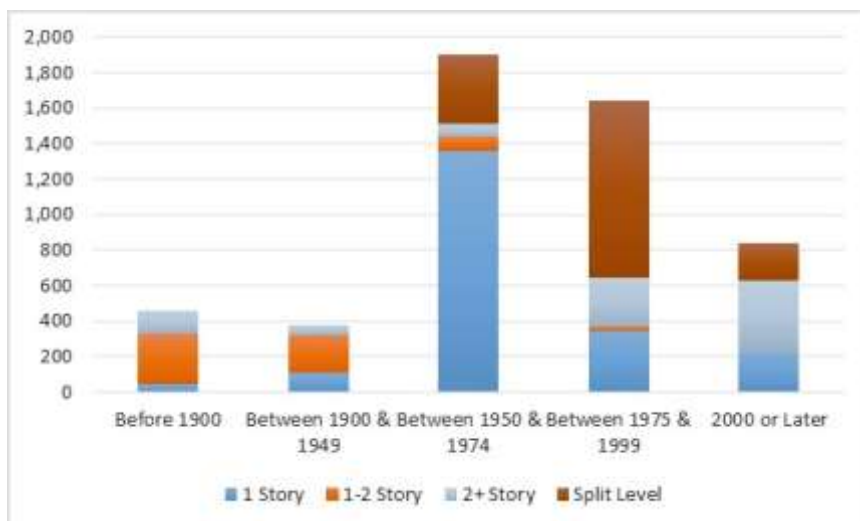
### Lack of New Housing Development

Building permit data collected by the City show several aspects of recent housing development in Hastings.

Growth in the local housing stock came to a halt at the peak of the Great Recession and has been slow to recover. Building permit data illustrates this situation (see Figure 7).

- New housing starts peaked at 383 in 2003. This represents more units that were built over the ten-year span from 2008-2017 (329 new units).
- Only four new homes started in 2010.

Figure 6  
Housing Style by Year Built



### Implications of Limited Housing Development

The unprecedented lack of new housing construction has had important negative effects on the community.

- The most obvious effect is the lack of population growth. After adding almost 4,000 people from 2010 to 2017, Hastings grew by only 468 people from 2010 to 2017.
- Household income grew at a slower rate than the rest of the Twin Cities. Median Household income in Hastings increased by 9.7% (\$61,232 to \$66,403) from 2010 to 2017. During the same period, median income grew 18.4% in Dakota County and 21.9% over the 7-County Region.
- The population got older. From 2010 to 2017, the 60-74 and 75+ age groups added 604 and 274 people, respectively. The 20-29 age group lost 64 people. The under 20 age group shrank by 576.
- These changes can also be seen in household composition. In 2007, 28% of Hastings households were married families with children and 23% of households were persons living alone. By 2017, the situation had flipped to 19% married with children and 30% living alone.

This lack of growth means fewer customers for local businesses, fewer workers for local employers and fewer students in the Hastings School District. Changing demographics affect the demand for and ability to pay for goods and services, both private and public. These trends create barriers to attracting new development. They suggest to the outside world that Hastings would not be a good place to build homes or open a business.

- Only 272 single-family homes have been built in the past 13 years.
- New multi-family housing has only occurred in the past three years,
- New medium density housing has disappeared from the local market.

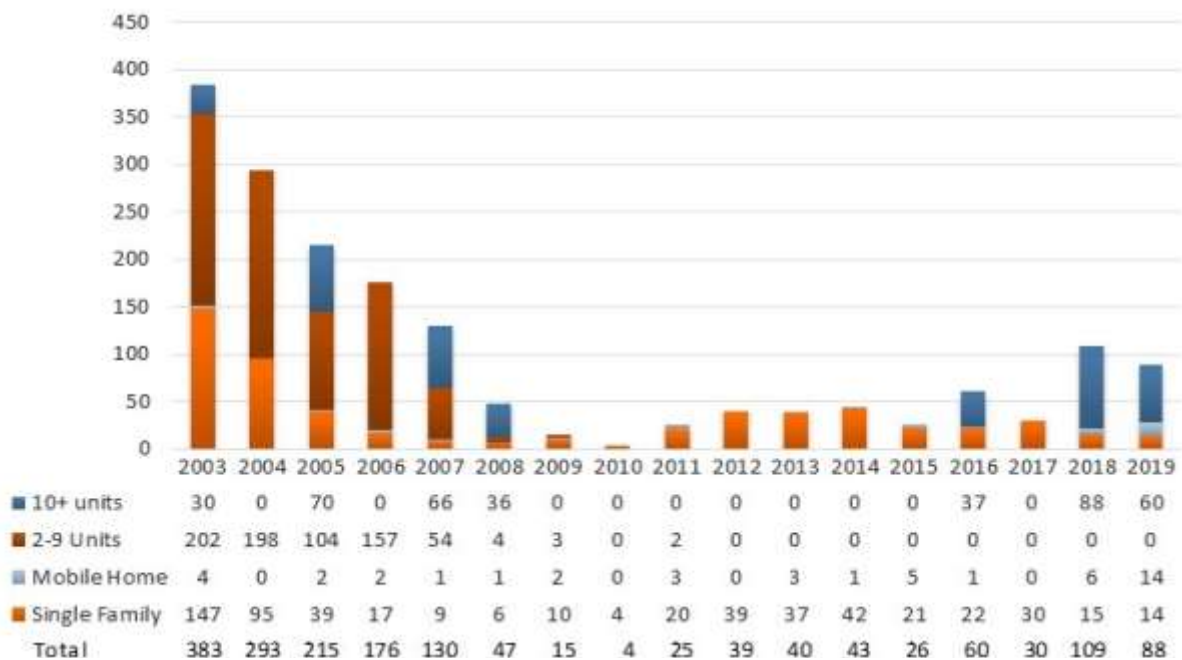
Part of the ability to meet future housing needs comes from the capacity of homebuilders and land developers to provide the type, quantity and cost of housing needed to attract people to Hastings. Recent trends show the need to expand local capacity. From 2011 to 2018, one builder accounted for 38% of the building permits for new housing. An additional 30% of the permits were issued to builders that constructed six or fewer homes during this period. None of the regions 2018 top builders worked in Hastings during that time. In fact, the last development done by a regional homebuilder was in 2006.

Recent housing development has been limited to existing subdivisions and small plats. Over 96% of all housing built from 2011 through 2018 occurred on existing plats or are new final plats within larger preliminary plats approved prior to 2006. The largest final plat approved during this period created just 30 lots.

A continuation of these trends seems unlikely to meet the community’s future housing needs.

Future housing growth requires land available for development. Hastings has reached a point with a very limited supply of vacant residential property. Figure 8 on the next page illustrates this situation. Existing platted lots shown as undeveloped come from the MetroGIS database.

Figure 7  
Building Permits for New Housing



The purpose of this map is not to inventory vacant parcels, but to show the extent of the problem.

- There are platted lots that can be developed, but have not.
- There is very limited vacant land for future development within the city limits.
- A person looking to build a new home in Hastings would find a small supply of choices.

These factors highlight the need to plan for new development locations outside of the City's current boundaries.

## Redevelopment

Housing is not solely an outcome. It is also a tool to achieve City redevelopment objectives. Redevelopment sites often face costs not found in the development of raw land: site assembly, demolition and clearance of existing structures, environmental cleanup and structured parking. In most cases, property must be redeveloped at a greater density to make the investment financially feasible. Housing is the best way to achieve additional density in Hastings.

Both the Vermillion Street Corridor Study and the Downtown Plan show housing as critical elements of envisioned redevelopment.

This relationship is a factor in planning for new housing. With a finite amount of market demand for new housing, it will be important to balance new areas for multi-family housing with the need to encourage redevelopment of key sites.

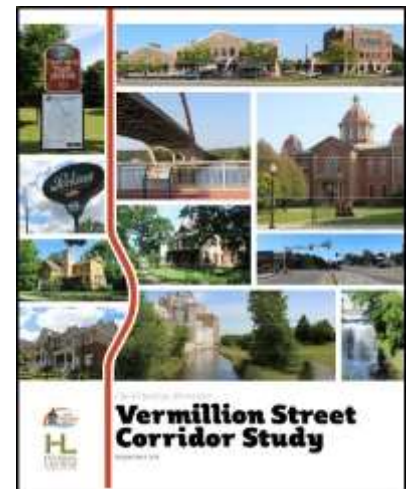
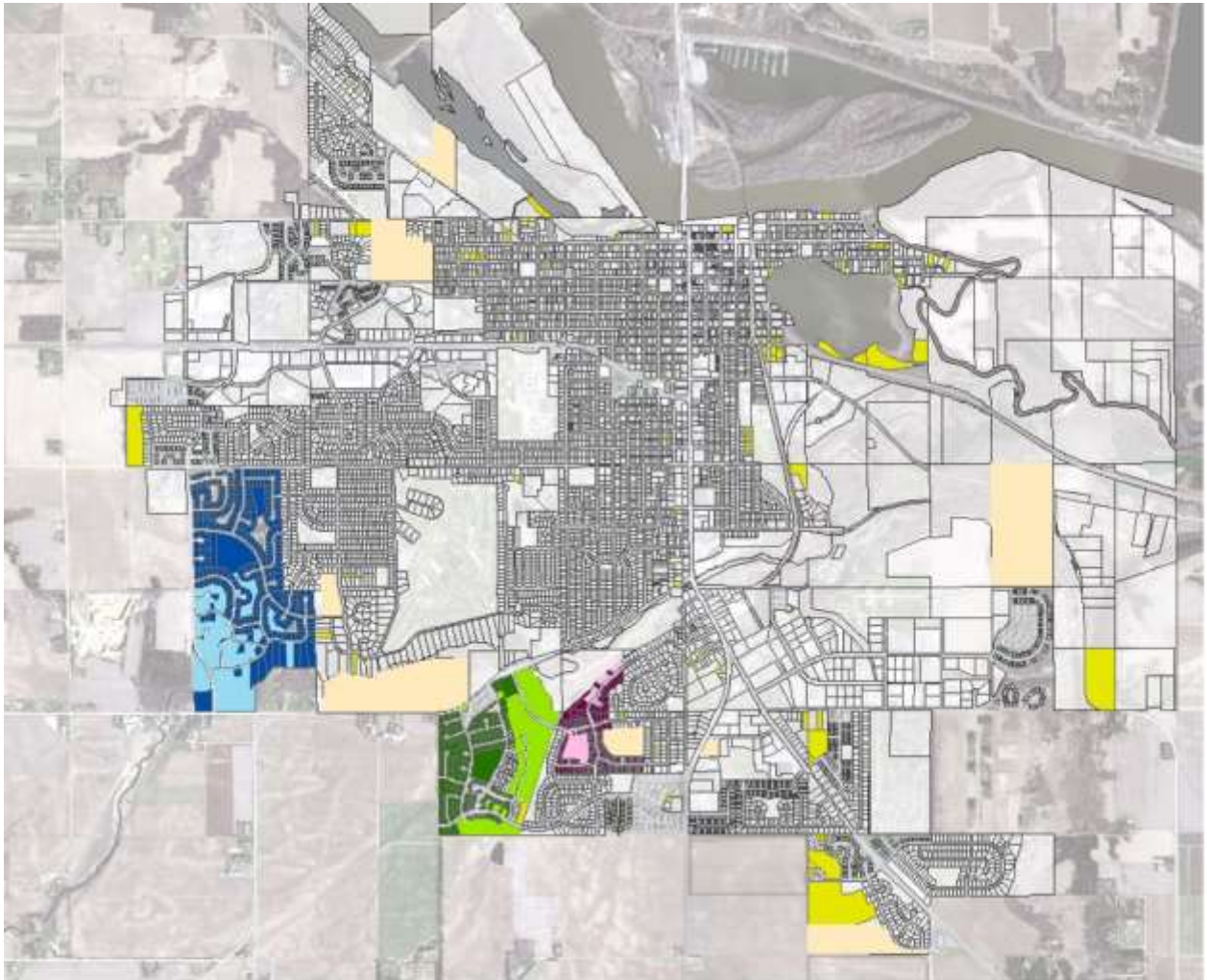




Figure 8  
Existing and Potential Development Sites for Single-Family Housing (2019)



- |   |   |  |
|---|---|--|
|  Wallin                    |  Riverwood             |  South Oaks             |
|  Wallin Undeveloped        |  Riverwood Undeveloped |  South Oaks Undeveloped |
|  Other Platted Undeveloped |  Developable Ag Land   |  |

## Rental Housing

The previous sections dealt primarily with owned housing. Not everyone can afford or wants to own a house. The supply of desirable and affordable rental housing units is essential. “Rental Housing” is not a single housing type. It takes a variety of forms. In Hastings, the primary forms of rental housing are:

- Housing specifically designed to be renter-occupied. Apartment buildings represent the largest portion this type of rental housing. Hastings also has duplex and 4-plex buildings for renter-occupancy.
- Not all apartments are clustered in a common building. Apartments may share a building with commercial uses. These mixed uses are currently found primarily in the Downtown area.
- Housing built as owner-occupied housing that is currently rental property. These rental units include single-family, townhouse, condominium, and twinhome.
- Some single family dwellings have been converted into multiple rental units.

While all of these types help to meet the need for rental housing options, they have different policy implications for the City.

### Current Supply

To ensure safe housing and to prevent the deterioration of structures, the City has enacted Chapter 157 of the City Code. This Chapter provides a structure maintenance code for rental residential properties. These regulations apply to both single- and multifamily dwellings. The regulations state the duties of owners and occupants along with the inspection and enforcement powers of the City. Chapter 157 also requires the owners of all rental housing to obtain a license from the City. This licensing requirement also creates a database of rental property in Hastings.

Current City license records show 688 properties providing 2,300 housing units. Rental housing accounts for 23% of all housing units (based on 2018 Metropolitan Council estimate of 9,982 total housing units). Recent and planned construction will increase this share.

City licensing records help to describe the nature of the supply of rental housing:

- Figure 9 (on the next page) shows the variety of housing types that provide rental housing.
- The 202 single-family dwellings that are currently rental property represent 4% of the total number of single-family homes.
- The percentage of rental housing is higher for single-family "attached" properties (townhouse, condo, twinhome). More than 14% of these properties are rental.
- Almost one-half of all rental housing units come from housing types other than apartments (see Figure 10).

Further investigation of City rental license data is needed to determine if this information can provide additional insights on rental housing in Hastings.

Figure 9  
Number of Rental Properties By Housing Type

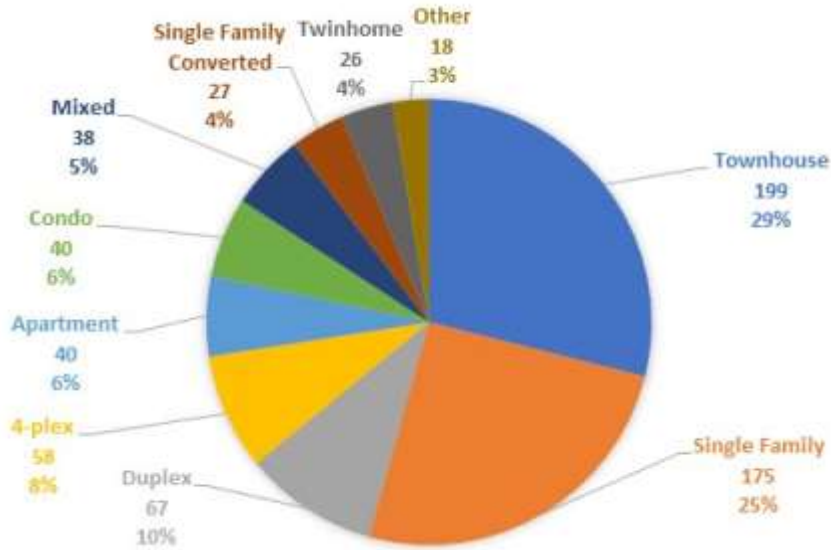
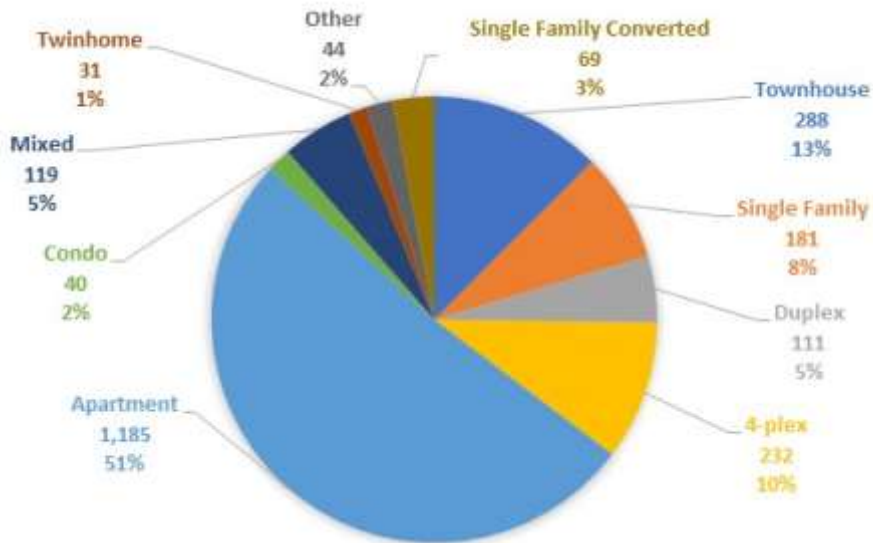


Figure 10  
Number of Housing Units By Property Type



## Apartments

Apartments are the largest source of rental housing. The table in Figure 11 lists the existing supply of apartments in Hastings that have eight or more units. The current supply (including the 22 units to be added by The Confluence) totals 1,008 units.

This information illustrates several important points about this segment of the local housing stock:

- Apartments are older. Fifty-four percent (54%) of the apartment buildings were built before 1980.
- The Great Recession stopped construction of new units. No new apartments were built from 2009 through 2016.
- There is renewed interest in apartment construction. Over the past three years, four projects adding 209 units were completed or are under construction. These units represent just 20% of the identified total.

The City has not conducted market research to determine if this supply meets local demand. It is hoped that the County Needs Assessment will address this issue.

Figure 11  
Supply of Existing Apartments (8 or More Units)

Name	Type	Use	Units	Year Built
The Confluence	Market	Family	22	2020
Voyager Estates	Market	Family	88	2019
Artspace Lofts	Affordable	Family	39	2017
Vermillion Shores I	Market	Family	36	2008
Eagle Pointe Apartments	Market	Family	66	2007
Park Ridge	Assisted Living	Senior	78	2002
Oak Ridge Manor	Assisted Living	Senior	67	2001
Mississippi Terrace	Affordable	Senior	40	1992
Riverbend Apartments	Market	Family	48	1979
545 35th Street W	Market	Family	8	1969
565 35th Street W	Market	Family	8	1968
1590 Spring Street	Market	Family	8	1968
Riverbend Apartments	Market	Family	18	1966
River Junction Apartments	Market	Family	12	1965
2301 Oak Street	Market	Family	9	1964
2300 Pine Street	Market	Family	8	1964
Guardian Angels	Affordable	Family	30	1934
Valley Manor	Market	Family	169	1971
Hidden Valley Apartments	Market	Family	138	1978
Westview Village	Market	Family	108	1972
Sibley Apartments	Market	Family	8	NA
Total			1,008	

## Redevelopment

The two recent market rate projects suggest that the construction of apartments is financially feasible on vacant land. There are indications, however, that the rent potential in Hastings may not generate enough income to support redevelopment. Redevelopment projects have the same basic construction costs and rent constraints as “greenfield” development, but face costs not found on vacant land.

- Redevelopment sites often require the assembly of smaller parcels at a higher cost per unit.
- Existing structures must be cleared and removed.
- Redevelopment sites are typically smaller. Developers must choose between surface parking and fewer units and underground parking and greater costs.

The market is unlikely to support rent levels needed to make a project viable.

Staff has not explored this issue in great detail. If it proves true, this condition will fundamentally affect redevelopment in the Vermillion Street Corridor.



# Appendix B - Vermillion Street Corridor Action Matrix

## Promote the Vision of Vermillion Street

- 1) Identify one point-person, either in City government, the Hastings Area Chamber of Commerce, or other organization, to be the Vermillion Street recommendations manager. This person would be responsible for recommending code enforcement and partnering with businesses to improve their facades.
- 2) Market the four district model site examples to promote the community's vision for Vermillion Street
- 3) Pursue the study's "development characteristics" recommendations for new development to achieve the vision for Vermillion Street.
- 4) Use the model site redevelopment scenarios to guide the location, type, and amount of development.
- 5) Promote existing businesses that can draw customers from within the City and the from the greater Twin Cities metropolitan region.
- 6) Work with local business and real estate organizations to maintain comprehensive and up-to-date inventory/database of available Vermillion Street properties.
- 7) Create a page on the City or Chamber of Commerce's websites to highlight work being done, events, opportunities for development, and shopping and sights on Vermillion Street.

## Encourage Investment

- 8) Continue promoting local, regional, state, and federal economic development programs aimed at attracting business and development investment.
- 9) Regularly meet with Vermillion Street business, real estate, and development community to apprise them of active changes and improvements On-Going being undertaken and to identify opportunities for partnerships.
- 10) Work with property owners to improve their existing facades to enhance the appearance of Vermillion Street, through facade improvement grants or loans.
- 11) Encourage developers and property owners to elevate the quality of architectural design as redevelopment occurs. Hastings has a tradition of attractive vernacular architecture and can take advantage of the Twin Cities metropolitan region's embrace of high-quality contemporary design. The Cummins Foundation has long supported high-quality design in Columbus, Indiana, by covering the cost of architectural fees.
- 12) Work with local business organizations to identify businesses to attract to Vermillion Street. A strategic approach should be identified that can On-Going focus limited resources and capitalize on Vermillion's unique assets and existing businesses.
- 13) Leverage Vermillion Street's unique factors and resources to attract local and small businesses and metro area customers to Hastings. These resources include Downtown, the Mississippi and Vermillion rivers, LeDuc Historic Estate, and unusual businesses, like the Hastings Coop Creamery and Emily's Bakery.
- 14) Encourage and support the reuse of architecturally, historically, or socially important structures.
- 15) Offer tax incentives to allow businesses to renovate and expand their spaces.
- 16) Establish a coworking space to provide nontraditional, collaborative working spaces for new compa-

nies to start and grow at a cheaper cost.

- 17) Ensure that the Sewer Availability Charge (SAC) and Water Access Charge (WAC) are comparable to that of other communities in the Twin Cities metropolitan area. Market the Metropolitan Council SAC Deferral Program and City of Hastings SAC and WAC Deferral Program to prospective investors.

## **Events and Temporary Installations**

- 18) Organize and facilitate events on Vermillion Street to encourage social activity. Locations could include Todd Field, Vermillion Falls Park, or parking lots and vacant land along the street.
- 19) Consider temporary public art installations, where pieces are on display for up to a few years, on vacant or underused land.
- 20) Match property owners with local artists to develop new public installations.
- 21) Utilize visible vacant or underused spaces and land to initiate new activities and interest in Vermillion Street.

## **Land use, Planning, and Zoning**

- 22) Incorporate the study's recommendations into the City's comprehensive plan.
- 23) Amend the City's zoning code to allow new ground-floor residential uses
- 24) Amend the City's zoning code to allow for shared parking and adopting the minimum parking requirements as a maximum, which will remove additional barriers to future developments.
- 25) Review land use regulations to revise or eliminate text that does not support existing businesses or attract new ones.
- 26) Incentivize residential development on Vermillion Street to support local businesses, accommodate a broader range of a household life cycle, and increase the property tax base.
- 27) Market increased residential development to attract new businesses.
- 28) Encourage the location of public serving entities on Vermillion Street, including City, County, and School District.
- 29) Prioritize establishing Vermillion Street as a preferred location for special events and activities that may need larger sites than available Downtown.

## **Building Siting**

- 30) North of 6th Street, new buildings must maintain/continue the 2nd Street street wall, except that short lengths may be recessed for outdoor dining and pedestrian-serving functions.
- 31) South of 6th Street, new buildings may be recessed from the sidewalk for outdoor dining, other pedestrian-serving functions, or landscaping. Parking in front of buildings should be discouraged.
- 32) Commercial buildings should be sited close to the sidewalk so that pedestrians and motorists may see activity and merchandise easily.
- 33) Site buildings so that service and delivery entries, as well as HVAC, and other buildings operations are located away from street frontages. If this is not possible for all frontages, prioritize locating them away from Vermillion Street.
- 34) Buffer residences from commercial and other uses, including refuse storage areas.

## Parking and Access

- 35) Amend the City's development standards to require eliminating curb cuts as properties are redeveloped or should current developments no longer require their use.
- 36) Shared parking should be encouraged.
- 37) Locate all on-site parking behind, to the side of, or within buildings. Parking in front of buildings should be discouraged.
- 38) As properties are redeveloped and parking provided to the rear, wayfinding signs should be used to inform the public of parking's location.
- 39) Discourage right-turn lanes into private property.

## Roadway, Intersections, & Signalization

- 41) Pursue the study's "public improvements" recommendations to achieve the vision for Vermillion Street.
- 42) Monitor and coordinate with roadway construction schedules to incorporate recommended improvements (lane striping, pedestrian refuges, high-visibility crosswalks, automated signals, etc.).
- 43) Design and use street-wide and district specific (Downtown, Midtown, Vermillion River, Southtown) branding in the form of banners or medallions.
- 44) Develop a roundabout to replace the intersection of Vermillion Street and Red Wing Boulevard.
- 45) Develop a welcoming landmark and landscaping at the intersection of Vermillion Street and Red Wing Boulevard (in conjunction with the construction of a roundabout). This would be one of two prominent landmarks along Vermillion Street welcoming people to the city.
- 46) Address the intersection of Cannon and Vermillion streets. Consider blocking access between the two, blocking access to the south leg of Cannon Street, or replacing the intersection with a roundabout.
- 47) Consider signalization of the intersection at 17th or 18th Street.

## Gateway and Wayfinding

- 48) Add consistent and attractive wayfinding signage, at scales and heights appropriate for motorists and pedestrians, for Vermillion's primary sights, including the Hastings Civic Arena, Vermillion Falls Park, LeDuc Historic Estate, Todd Field, and Downtown/the Mississippi River.
- 49) Develop signage and paving to connect Vermillion Street to Downtown, 2nd Street, and Levee Park and the Mississippi River.
- 50) Develop a gateway to the city and Downtown at 4th Street. This would be one of two prominent landmarks along Vermillion Street welcoming people to the city.
- 51) Add a gateway to Midtown on Highway 55, oriented to travelers heading to towards Vermillion Street. It should include direction to Downtown and to Vermillion Falls Park.
- 52) Add a gateway to the Vermillion River on County Road 47, oriented to travelers heading to towards Vermillion Street. It should include direction to Downtown and to Vermillion Falls Park.
- 53) Develop a welcoming landmark at the intersection of Vermillion Street and Red Wing Boulevard (in conjunction with the construction of a roundabout). This would be one of two prominent landmarks along Vermillion Street welcoming people to the city.

## New Business 2014-2019

Business	Year	Local	Type	Location
Boarder Nutrition	2019			Downtown
Hastings Public House	2019			Downtown
Hastings Social Tavern	2019			Downtown
Level Up Games	2019			Downtown
Lilly's Day Spa	2019			Downtown
Moon Tree Counseling	2019			Downtown
Prime Chiropractic	2019			Vermillion
Social Hair Co.	2019			Midtown
Starkson Family of Life Chapel	2019			Southtown
Vue	2019			Downtown
Aspen Dental	2018			Highway 55
BeLoved Boutique	2018			Downtown
Chandler Enterprises	2018			Other
CrossFit Hastings	2018			Business Park
Eye Candy ReFind	2018			Downtown
Farmers Insurance	2018			Highway 55
Lawrence Interiors	2018			Midtown
Muse2320 Arts and Crafts	2018			Downtown
Next Event Rentals	2018			Vermillion
Occasional Sales	2018			Downtown
Planet Beach	2018			Downtown
Prescription Builders	2018			Southtown
Quaint and Quirky	2018			Downtown
Riverwalk Arts	2018			Downtown
Schommer Insurance	2018			Southtown
Spiral Brewery	2018			Downtown
United Way	2018			Downtown
Vintage Inspirations	2018			Downtown
Allina Clinic	2017			Highway 55
Aveka Group	2017			Downtown
Country Nites Saloon	2017			Downtown
Denali Woodworks	2017			Highway 55
EDS Dental	2017			Downtown
Evansen Art Studio	2017			Downtown
Fireside Social House	2017			Downtown
Locals Corner	2017			Downtown
Olive Dog Grooming	2017			Highway 55
T-Mobile	2017			Midtown
Breakaway Arts Café	2016			Downtown
Cranky Ape	2016			Business Park
Creative Hair\Sister Fab	2016			Downtown
Cricket Wireless	2016			Midtown
Dakota Pines Golf Club	2016			Other
Downtown Girls\Uptown Boys	2016			Downtown
El Mexican Restaurant	2016			Downtown

Business	Year	Local	Type	Location
Hastings Star Gazette	2016			Downtown
Highway 61 Tobacco	2016			Midtown
Hometown Ace Hardware	2016			Highway 55
KDWA	2016			Downtown
Majeski Plumbing	2016			Business Park
Mattress Gallery	2016			Midtown
Medusa's Hair Parlour	2016			Downtown
Pure Salon	2016			Midtown
Rother Machine	2016			Other
Vista Rio Restaurant	2016			Downtown
Wausau Homes	2016			Downtown
Autozone	2015			Highway 55
Cricket Wireless	2015			Midtown
Eye Candy ReFind	2015			Downtown
Gifts Galore	2015			Downtown
Hastings Area Chamber	2015			Downtown
Hastings Arts Center	2015			Downtown
Health Solutions Center	2015			Downtown
Kranz Real Estate	2015			Downtown
Kwik Trip	2015			Vermillion
MN Driver & Vehicle Sys	2015			Highway 55
Oil Line Automotive	2015			Vermillion
Simply Spa	2015			Highway 55
Treasures	2015			Downtown
1st National Bank	2014			Highway 55
Advanced Auto	2014			Vermillion
Apple Dental	2014			Highway 55
Asian Buffet	2014			Highway 55
Asiana Buffet	2014			Midtown
Bella Vista Restaurant	2014			Highway 55
Brandon Rowell Photography	2014			Highway 55
CVS Pharmacy	2014			Midtown
Davita Dialysis	2014			Highway 55
E-Puffs	2014			Midtown
Excel Financial	2014			Midtown
Eyenique Eyeware	2014			Highway 55
Fresenius Medical Care	2014			Highway 55
Great Clips	2014			Midtown
Historic Inn on Ramsey	2014			Downtown
Mind and Body Connection	2014			Highway 55
New Beginnings	2014			Highway 55
Nichols Inn	2014			Southtown
St Croix Collision	2014			Business Park
Tech Center Repair	2014			Midtown
Vintage Inspirations	2014			Downtown