NOTICE OF MEETING

City Council Workshop
Special Meeting of Planning Commission
and Economic Development Authority
3800 Laverne Avenue North
October 8, 2019
6:30 PM

AGENDA

I. Call to Order 6:30 PM
II. Navigating Your Competitive Future (Urban Land Institute Panel) 6:30 PM
III. Items for Future Work Session Agenda 8:30 PM
IV. Adjourn 8:30 PM
AGENDA ITEM: Urban Land Institute Workshop-Navigating Your Competitive Future
SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:
In May Gordon Hughes, Urban Land Institute (ULI) MN, reached out to city staff about their free interactive workshop called Navigating Your Competitive Future. The workshop is comprised of four parts: an overview of national and state trends affecting cities, a review of community change data particular to Lake Elmo, a panel discussion and interaction between the panel and workshop attendees. Panelists are ULI MN real estate professionals composed of developers, public finance experts and planners. These workshops have been held in over 70 Minnesota cities. Staff met with Gordon and the panelists over the summer to provide some background on Lake Elmo.

ISSUE BEFORE COUNCIL:
Council, Planning Commission and Economic Development Authority members to receive feedback from a panel regarding development in Lake Elmo.

PROPOSAL DETAILS/ANALYSIS:
The workshop is expected to last two hours. It will begin with some background data compiled from ULI staff. A copy of their presentation is included in your packet. Then panelists will respond to questions about development (commercial, business, and multi-family housing). The members of the panel are:

- Kendra Lindahl, Principal, Landform
- Tony Kuechle, President of Development, Doran Companies
- Keith Ulstad, Senior Vice President, United Properties
- Dan Hebert, Vice President of Commercial Accounts, Gaughan Companies

ATTACHMENTS:
- Copy of Presentation Handout
ABOUT ULI MN

MISSION
Urban Land Institute Minnesota engages public and private sector leaders to foster collaboration, share knowledge, and join in meaningful strategic action.

VISION
Thriving communities.

REGIONAL COUNCIL OF MAYORS

Minneapolis, Saint Paul and 58 other municipalities are represented in the RCM.

“The RCM provides a nonpartisan platform focused on building civic trust through relationships, inquiry, partnerships and action.”

FROM 8 MAYORS IN 2004...

TO 55 MAYORS IN 2018

ADVISORY SERVICES: IT’S ABOUT TRUST

More than 83 cities have completed ULI Minnesota workshops.

Trust is developed across public and private sectors.

“The workshops are opportunities for City officials to ask questions of real estate professionals in an environment where neither party has anything at risk. This is a new kind of civic space. The developers are neither seeking anything nor defending anything and City officials are not under any pressure. It allows for a spirit of inquiry and exploration that is too often not possible when both parties are advocating specific positions.”

ULI MN Governance Chair John Breitinger
Cushman & Wakefield/Northmarq
DEMOGRAPHICS

FOUR MAJOR CHANGE DRIVERS

1. GENERATIONAL SHIFTS
   a. MILLENIALS AND BOOMERS COMPRISE 150 MILLION AMERICANS
   b. Under 18 population will decline from 23% to 20% of population
   c. Over 65 will grow from 17% to 22%
   d. These things usually creep along at the speed of a glacier. Not so with aging. In demographic terms, this is a tsunami. It doesn’t get much bigger than this.”
   e. Thomas Gillaspy, Former MN State Demographer

2. AGING POPULATION
   a. MN’S OVER 65 POPULATION TO EXCEED SCHOOL-AGE BY 2020
   b. Projected MN population: Ages 5–17 and 65+

3. CULTURAL DIVERSITY

MARKET FORCES

TECHNOLOGY

RESILIENT INFRASTRUCTURE
Most new household growth will be ages 65+

- **Net Household Growth: 1990–2010**
  - Under 35: 21%
  - 35–64: 80%
  - Over 65: 9%

- **Net Household Growth: 2010–2040**
  - Under 35: 6%
  - 35–64: 85%
  - Over 65: 9%

Minnesota is becoming more culturally diverse

- **Change in Race/Ethnic Composition of Twin Cities**
  - 2005: 80% Black, 71% Asian and Hawaiian or other Pacific Islander, 6% American Indian or Alaska Native alone
  - 2010: 71% Black, 8% Asian and Hawaiian or other Pacific Islander, 10% Hispanic or Latino
  - 2035: 65% Black, 10% Asian and Hawaiian or other Pacific Islander, 11% Hispanic or Latino

Market Forces

MSP Region Comparative Advantages
- Cost-Burdened Households
- Housing and Jobs Mismatch
- Workforce Shortages
- Commercial Industry Trends

Top Comparative Attributes of the MSP Region

1. **Housing**: Availability and affordability of housing
2. **Proximity**: How close to my opportunity is it?
3. **Mobility**: Do I have options to get around?
4. **Connectivity**: Can I meet people or be near friends and family?
5. **Parks and Green Space**: Can I enjoy the outdoors?

Also rated highly: Access to restaurants/bars, arts/culture, safety

Situationally important: Walkability, school district, bike paths

Source: GREATER MSP (Make It. MSP. “MSP Welcome Survey,” 2016)
WHERE THEY LIVE

- Downtown/near downtown: 13%
- Other city neighborhoods: 35%
- Dense, older suburbs: 13%
- Newer suburbs: 15%
- Small towns: 17%
- Rural: 7%

HOW THEY SEE THEMSELVES

- City People: 37%
- Suburbanites: 36%
- Small-Town Folk: 26%

Fewer renters plan to buy if they move.

Source: Freddie Mac Survey of Renters, 2018

Essential workforce has the most difficulty affording rent.

Nearly 9 in 10 renters employed in the essential workforce, such as healthcare and education, had significant difficulty affording the rent over the past two years.

Source: Freddie Mac Survey of Renters, 2018

Mismatch between affordable housing and low-wage jobs.

Source: Census LEHD, 2014; Met Council housing affordability estimates, 2015, 5 mile radius
PROJECTED SHORTFALL OF 100,000+ SKILLED WORKERS BY 2020

BABY BOOMER RETIREMENTS
STAGNANT LABOR FORCE GROWTH
CHALLENGES RECRUITING TO THE REGION

COMMERCIAL INDUSTRY TRENDS

E-COMMERCE CONTINUES TO GROW RAPIDLY AS WE BUILD FEWER NEW BRICK AND MORTAR SPACES

TECHNOLOGY
AUTOMATION AND JOBS
THE SHARING ECONOMY
NEW TECHNOLOGY, REGULATION AND CITIES

AUTOMATION IS AFFECTING JOBS AND CREATING CHALLENGES AND OPPORTUNITIES
THE SHARING ECONOMY IS CHANGING RETAIL AND SERVICES REGULATION IS PLAYING CONSTANT CATCH-UP

DRIVERLESS VEHICLES ARE ADVANCING QUICKLY AND ARE A HIGH PRIORITY FOR CAR COMPANIES

AUTONOMOUS VEHICLES WILL CREATE LAND USE OPPORTUNITIES AND CHALLENGES

RESILIENT INFRASTRUCTURE

REUSE OF INDUSTRIAL BUILDINGS DEFERRED MAINTENANCE TRAILS, PATHS AND SIDEWALKS
WAREHOUSE/DISTRIBUTION FACILITIES ARE MUCH LARGER AND REQUIRE GREATER CLEAR HEIGHTS

AGING INFRASTRUCTURE AND DEFERRED MAINTENANCE

TRAILS, BIKE PATHS AND SIDEWALKS IMPROVE CONNECTIVITY, INCREASE PROPERTY VALUES, AND ATTRACT ECONOMIC DEVELOPMENT

WHAT DOES ALL OF THIS MEAN FOR THE FUTURE OF COMMUNITIES?
HOUSING VALUES AND RENT

Owner Occupied Housing (2017 ACS)

- Less than $100,000: 31%
- $100,000-$199,000: 15%
- $200,000-$499,000: 6%
- $500,000 or more: 48%

Gross Rent (2017 ACS)

- Less than $500: 36%
- $500 - $999: 43%
- $1,000 - $1,499: 21%
- $1,500 or more: 6%

HOUSING AFFORDABILITY AT AMI LEVELS

- 30% AMI or Less: 13%
- 31% to 50% AMI: 13%
- 51% to 80% AMI: 71%
- Over 80% AMI: 3%

LAKE ELMO'S POPULATION BELOW THE POVERTY LEVEL

- 2000: 18%
- 2010: 33%
- 2017: 50%

WAGES AND INCOME IN PEER COMMUNITIES

- Lake Elmo: $101,560
- Hugo: $88,800
- Orno: $130,300
- Oakdale: $68,500
- Victoria: $41,829
LAKE ELMO’S EMPLOYMENT BY INDUSTRY

Total Jobs = 2,841

CITY JOBS/RESIDENT WORKERS

Live and Work in LAKE ELMO

Employed in LAKE ELMO

Live Outside (2,217)

Live in LAKE ELMO

Employed Outside (3,910)

WHERE LAKE ELMO WORKERS LIVE

2,841 TOTAL

WHERE LAKE ELMO RESIDENT WORKERS COMMUTE TO

4,061 TOTAL

WHAT CAN YOU DO?
WHAT CAN WE DO TOGETHER?

INDUSTRY LEADER PANEL DISCUSSION