



Community Development

Annual Report

2023

Respectfully Submitted by:

Colette Baumgardner

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January 16, 2024

Mayor and City Council:

The Community Development Department has another strong year of taking on new initiatives and navigating new ways of work through software transitions. Through this, the Community Development Department continued to support its mission of promoting and growing economic and housing development through building, marketing, and community engagement.

The core functions of Community Development include Building Code and Inspections, Planning and Zoning, Economic Development, Communications, Code Enforcement, and Rental and Vacant Housing programs. Although these functions are related, they each have a separate responsibility for the City as a whole. The department has four positions that administer and complete the responsibilities of all programs and work closely together to keep St. Francis competitive and successful in its development needs. The department also relies on the support and efforts of the City's consultants, including planning, engineering, and legal.

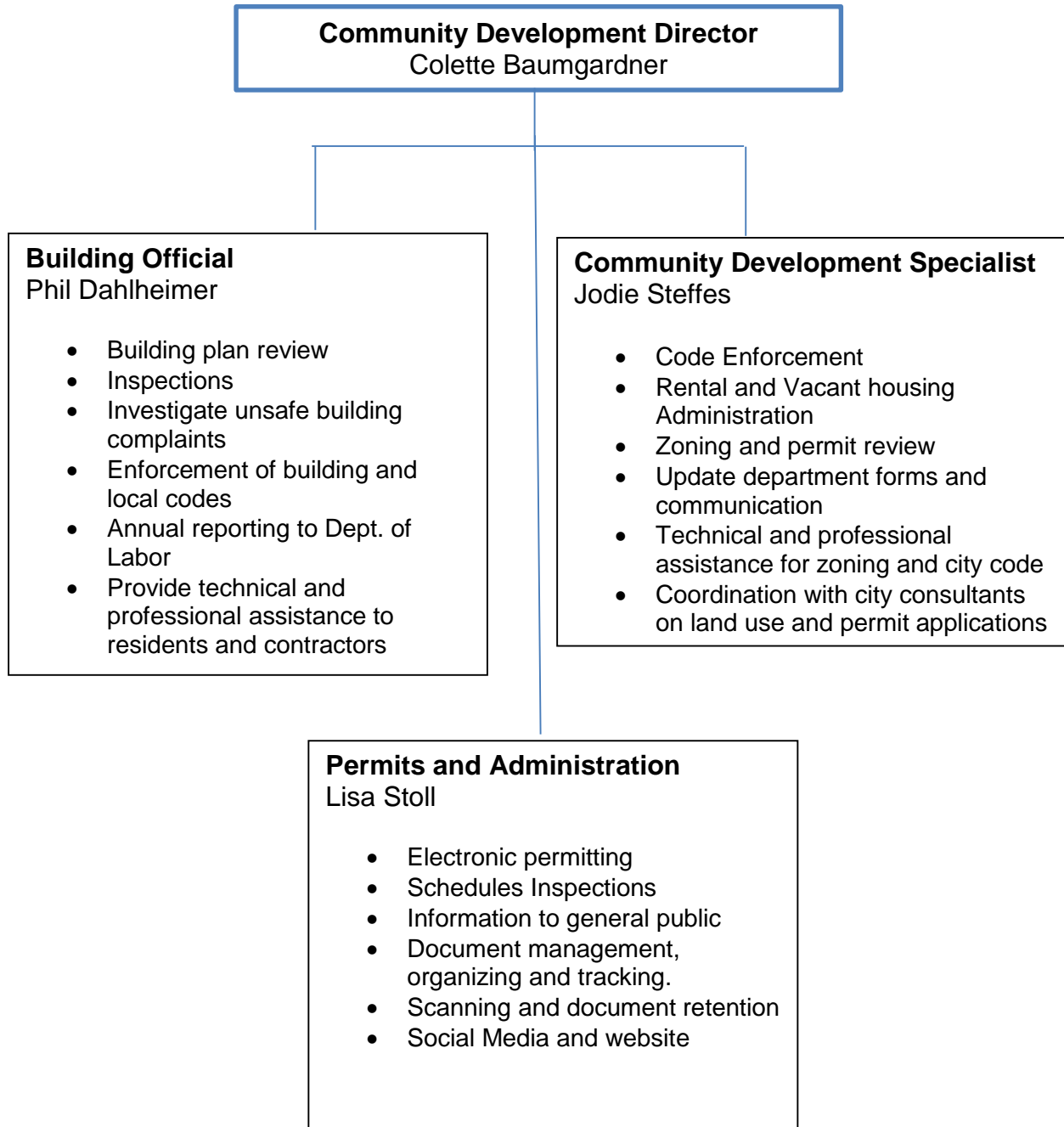
Many accomplishments were achieved and work continues on redevelopment to encourage activity and growth that aligns with the City's goals and vision.

I am pleased to provide this report to you about the activities performed in the Community Development Department in 2023.

Regards,

Colette Baumgardner

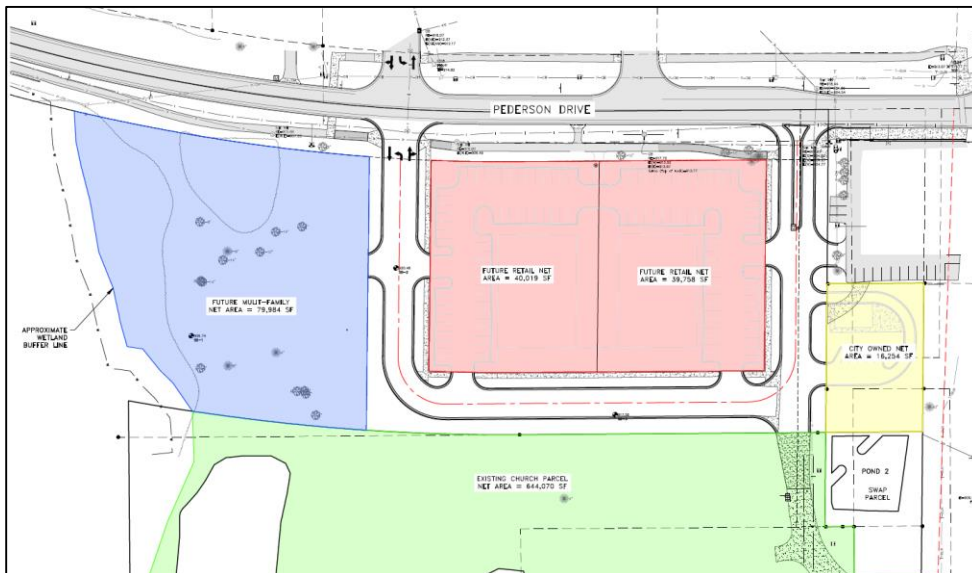
COMMUNITY DEVELOPMENT ORGANIZATIONAL CHART



Economic Development

The department continues to work with project concepts and property sales for economic growth and opportunities. Here is an update on the status of the following projects:

- **Patriot Parkway** – This project started in 2022 as partnership between First Baptist Church and the City. The original concept would create a new road, create 3 to 4 commercial lots, and create a new lot for high density residential. This project would also bring access to a City owned lot, Mansettis, and support a new church expansion. Throughout 2023, staff continued to work on the project and more information came to light regarding the costs to design and construct the concept. The project will require more research into funding options and coordination with the project partners.



- **Downtown Redevelopment - Bridge Street**
 - 3750 Bridge St – The City Hall/Fire Station started construction in 2023! This building will hopefully serve as a catalyst for development on the corridor.
 - 3765, 3757, 3771 Bridge Street – These properties are still under review of the legal team to finalize the survey. The properties cannot be sold until this is complete, and it may take most of 2024. In 2023, EDA entered into a Memorandum of Understanding with a developer exploring the potential of an apartment building at 3731 Bridge Street. An apartment building would provide much needed high-quality rental housing to the City, and an influx of residents to support the Bridge Street commercial district. The City was also awarded a grant in 2023 from Anoka County to complete a geotechnical report for this property.



- 3715 Bridge Street – The outdoor storage on Bridge Street was discontinued, and the City Council approved an IUP for the dental clinic to extend their parking area. This provided a much-needed improvement to the corridor.
- 3631 Bridge Street – The Rum River Inn was officially registered as vacant in 2023 and posted as for sale. Staff have met with multiple individuals interested in the property and created a summary sheet of the development opportunities for the property.
- 3518 Bridge Street – Property is listed for sale and had a few interested parties in 2023. Property’s listing showcases the lot as a premier opportunity for commercial development that meets the St. Francis Forward plan.
- 3503 Bridge St – This is a privately owned parcel that came available in 2023. It is a prime real estate development opportunity to support Bridge Street.



Initiatives and Marketing:

Staff continues to work with various partners to enhance economic development in the City. Efforts include:

- Work with the Anoka County Regional Economic Development (ACRED) partnership including Connexus Energy, Metro North Chamber and cities participating to improve economic development as a region.
- Partnering with the St. Francis Chamber of Commerce and providing logistical, strategic, and practical support for their efforts
- Attending networking events and seminars with the MN Real Estate Journal
- Attending the St. Francis High School career fair to highlight career opportunities in the City and overview how the development process works
- Hosting a table with ACRED at MNCAR to highlight the city and development sites



Broadband and Internet:

In 2020, the COVID-19 pandemic identified the weakness in our broadband infrastructure. In 2022, Anoka County was awarded a grant for a fixed wireless broadband that they anticipated could bring broadband access to County residents in 2023. Unfortunately, due to staffing changes, their planning efforts have stalled without information a future timeline.

Utility and Street Expansions for Growth:

During the past year, staff has worked with three projects with the Public Works team related to the expansion of city infrastructure. The expansions are necessary if the City wishes to meet the demand for property development as property owners sell. Projects include:

- 241st from Hwy 47 to Roanoke to provide street alignment with the Bluffs of Rum River project and extend sewer and water
- Woodbine extension from Bridge Street to Ambassador Blvd
- Patriot Parkway to access the city owned property south of Pederson Dr.

These projects were included in the financial plan adopted by City Council in June 2023.

St. Francis Economic Development Authority

The EDA held two meetings in 2023 – one in May and one in August. In May, they initiated some property transfers between the City and EDA and approved an easement agreement with the dental office that ended up not being needed. In August, they approved entering into a Memorandum of Understanding with a developer for the property primarily encompassed by 3731 Bridge Street. This MOU is set to expire in February 2024.

The EDA also hosted a Lunch and Learn event on the new Employee Sick and Safe Leave policy from the state. The event was open to all businesses in the community, and it received very positive feedback. The businesses would like to see more events like this, especially regarding new legislative requirements.



Farmers Market

- The Farmers Market finished out its inaugural season! The market had great attendance by community members during the season with around 150 - 200 visitors coming each week. In total, 19 vendors registered with about 8 – 9 vendors being present each week. This project supported local entrepreneurs who are starting to create and sell goods. Of the 19 registered vendors, 6 of the vendors live in St. Francis, and this market is their first place selling their products. This was one of the key goals of the market as an economic development tool.



Land Use Development

The City continued to utilize HKGi for planning services in 2023 to support land use development working primarily with Beth Richmond. This partnership has worked well, and staff are happy with their consultation services. Jodie Steffes continued to learn more about this process and helped to walk through the process with applicant, especially in the early stages.

Residential Development

According to the St. Paul Area Association of Realtors, housing inventory remains constrained in most segments of the market. The median sales prices in St. Francis increased by 3.0% over the past year to sales price of \$340,000. This is a smaller increase than was seen in between 2021 and 2022. However, many surround communities saw a decrease in median home value, so a small growth shows that St. Francis' market is desirable and strong. St. Francis had a total of 93 closed sales in 2023 with all sales going for an average of 99.2% of the original asking price.

City of St. Francis Median Home Price Since 2019

2019	2020	2021	2022	2023	YOY	Since 2019
\$249,082	\$255,000	\$301,000	\$330,000	\$340,000	+ 3.0%	+ 36.5%

Surrounding Communities

YOY Change in Median Home Price

Community	Change From 2022 in Median Home Price
Bethel	+ 38.1%
East Bethel	-1.2%
Ham Lake	- 3.1%
Isanti	- 0.5%
Nowthen	+17.7%
Oak Grove	- 7.9%
Ramsey	- 0.5%

Staff continues to provide technical assistance to housing developers. The following projects were continued or reviewed in 2023.

- **Bluffs of Rum River** – The Preliminary Plat, Comprehensive Plan Amendment, and rezoning for the Bluffs of Rum River project was completed in 2022. This development will provide 302 additional housing units including single family, villas, townhomes and an apartment building. The project lost its primary investment partner in 2023 and was listed as for sale. The preliminary plat was extended through October 2024. The property owner has indicated that they have an interested buyer/developer and expect to continue the project in 2024.

- **Eagle Point/Vista Prairie - Senior Living Project** – This project completed its final platting and site plan approval process in 2022. Construction was delayed due to lack of access to financing. The building permit was approved in 2023, and they are ready to start construction once they have financing secured.
- **3731 Bridge Street** – This is an EDA owned infill housing site that is being considered for an apartment building by Northshore development partners.
- **Rivers Edge Development** – The final plat for the 6th addition was approved in 2022 and construction started in May 2023. The approval of the 7th addition preliminary plat was extended until October 3, 2024. The 7th addition is mostly larger lots due to requirements for the Rum River overlay district, and the developer shared that current market demand is for smaller, lower maintenance lots.
- **Turtle Ponds** – The 4th Addition continued construction and the 5th Addition started construction in 2023. Thus far, the developments have four new home permits and none of the homes have been issued a Certificate of Occupancy. In 2023, the City Council approved the preliminary plat, rezoning, and comprehensive plan amendment for Turtle Ponds 6th that will create a 7-unit subdivision of detached townhomes to serve as a continuation of the Turtles Ponds 4th Addition. The developer has until July 2024 to submit for a final plat.
- **Serenity at Seelye Brook** – The preliminary plat was approved for a four-lot subdivision between Bridgestone Rd NW and the Seelye Brook. The final plat is anticipated 2024 and must be applied for by September.

Commercial Development

Commercial development is a critical component of a healthy community and local economy. Commercial development creates local job opportunities and allows for residents to meet the needs of their daily life within the city.

- **Autozone** – Autozone received land use approval in 2023 to build a new store at PID:32-34-24-23-0039 north of the Bottle Shop. The access to the store will be off of Aztec, and the access to HW-47 will be closed. The project quickly submitted for a building permit, and they are expecting to start construction in 2024.
- **City Hall/Fire Station** – The City Hall started construction. This site is the first, new construction to project to use the design standards for Bridge Street.
- **Dollar General** – Opened for business in 2023 at the intersection of 229th and Hwy 47. The store will hopefully spark some additional development interest in the corner. The site is designed to allow for joint parking with future commercial development to the south if desired.

- **Dental Office Expansion** – St. Francis Dental decided to delay the expansion of their office and instead expand their parking area first. The construction of the parking area is complete, and the outdoor storage on the lot has been removed.
- **Minnetonka Game and Fish Club** – Amended their CUP to expand the number of ranges and allow for grading of the roadway and new stormwater ponding for future expansions.

Planning Commission

The Planning Commission met 8 times in 2022 working its way through roughly 11 code updates and developments. Many items required a public hearing which they are responsible for in the land use process.

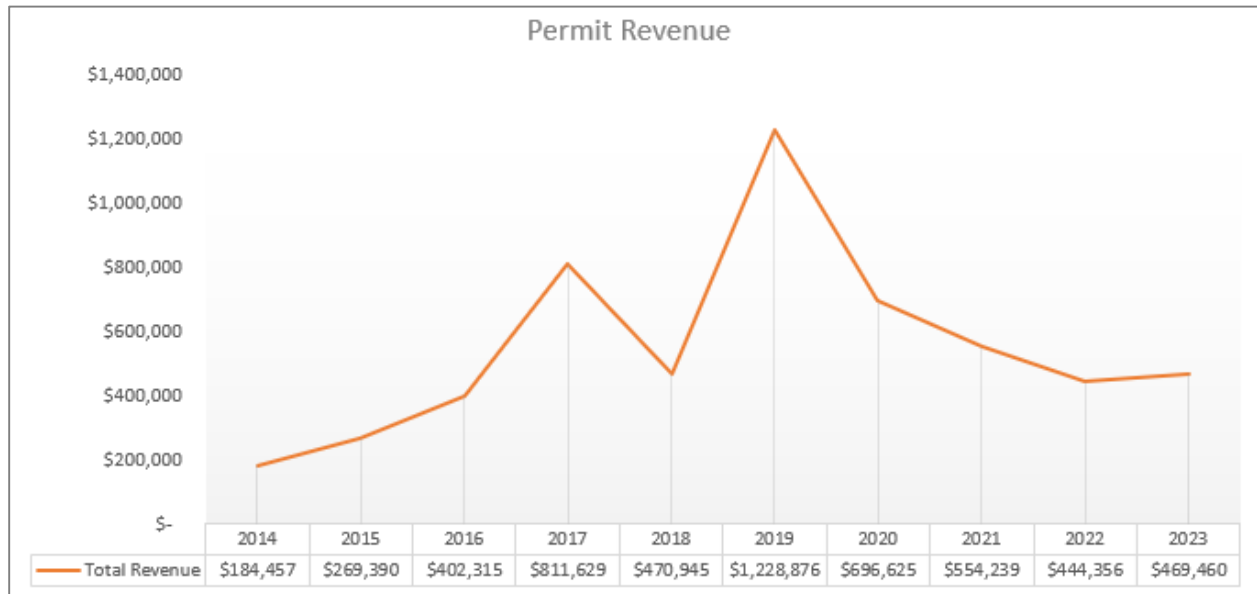
The Planning Commission had one vacancy for a large part of 2023 that was filled in June. Another vacancy became available at the end of 2023 and was filled in December, so the Planning Commission should be fully represented in 2024.

During the year they collected input from the public and made recommendations to Council on the following items:

- Developments: Serenity at Seelye Brook, Turtle Ponds 6th, Patriot Parkway
- Site Plan: Autozone, City Hall/Fire Station
- CUP/IUP: Car detailing business, Dental Clinic Parking Area, Minnetonka Game and Fish Club
- Ordinance Amendments: Housing keeping updates, Dental Clinic Parking Area, and school as interim use on Bridge Street.

Building Department

Building permit revenue continues to fluctuate with the city growth and development patterns in new housing units, residential remodeling and commercial construction. Building and zoning fees are set through the Fee Schedule. The graph below shows how permit revenues have changed over the past ten years.



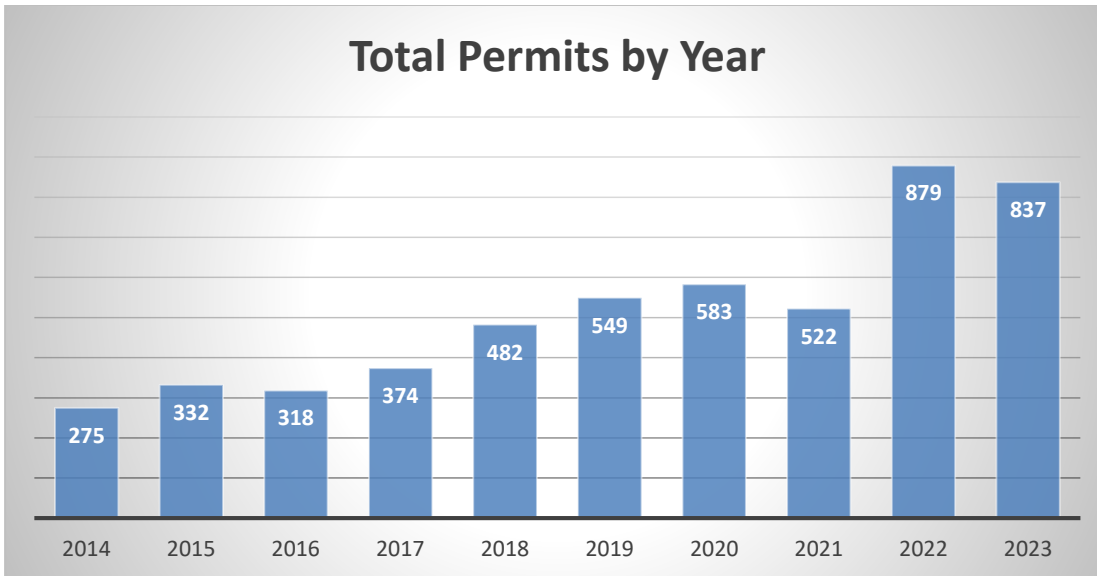
*In 2019, school district completed a historical renovation with \$499,000 permit revenue.

Revenue from building permit fees collected support stormwater, planning, and engineering reviews, in addition to inspections. Commercial and septic permits are received and processed through a contract with Metro West Inspection Services in which the City pays a percentage of fees back to their organization. Metro West is also utilized when the city Building Official is out for any extended period of time.

However, permit revenue does not necessarily correlate with the number of permits and workload required by staff. In 2023, 85% of the City's permits were flat fee permits, which typically do not require a review and only require one inspection. These permits require almost as much administrative time, primarily completed by Lisa Stoll, to process as permits that require a valuation.

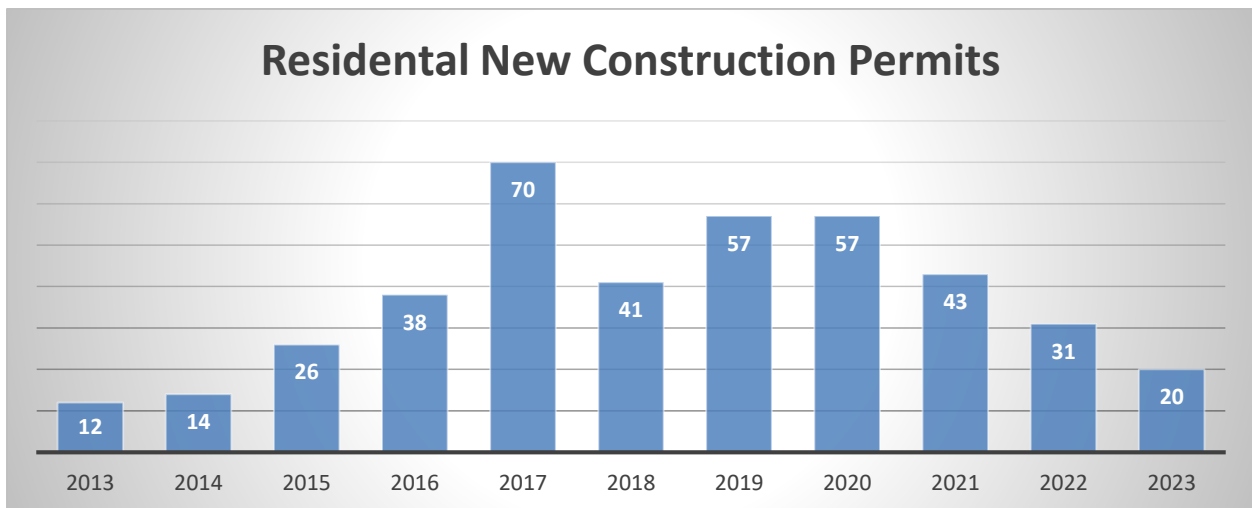
In 2023, the City had its second largest year for number of permits issued with a total of 837 permits! Approximately 40% of all permits were reroof and resides, which are believed to still be coming in from the large hail storm in 2022. Additionally, the homes from the early 2000 housing boom are now at the 20-year mark with their roof, and they are needed replacement.

This permit total is especially impressive considering that the permit software transitioned to BS&A from PermitWorks in September of 2023. Big thank you to Lisa Stoll and Phil Dahlheimer for navigating this transition and continuing to process this large volume!



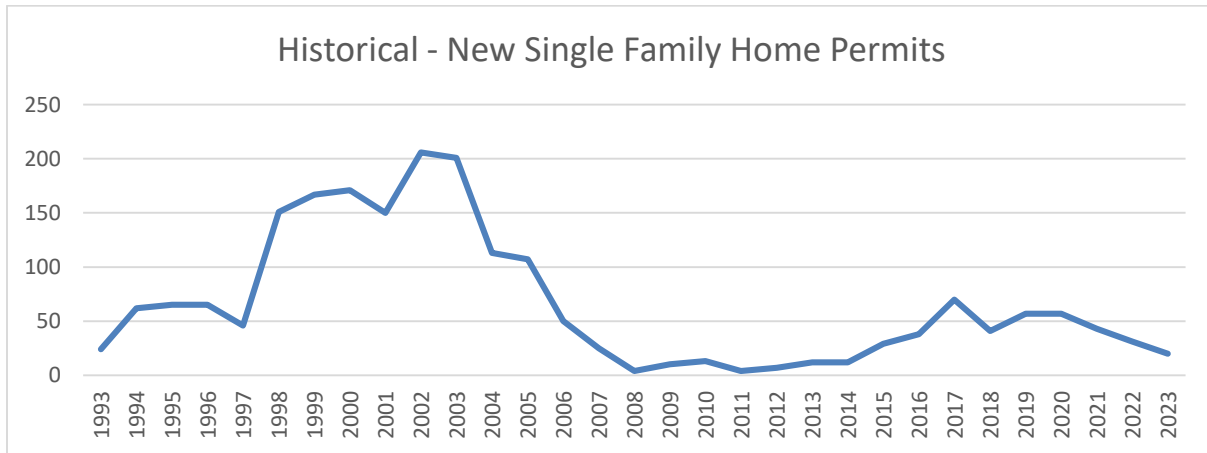
Growth

The leading indicator of growth in a city is new construction permits. In 2023, the City had 20 new homes built in the form of single units. Builders expressed additional caution due to increased interest rates year over year. Some also communicated many of the lots available in St. Francis are already accounted for by builders holding them, so it can be challenging to find lots ready for construction as a new builder in the area.



Does not include Manufactured Homes

Below is the historical data of all new single-family construction permits. The highest year of tracked new construction permits was in 2002 with a total of 206 new homes in a single year from a low of four new homes in 2008 and 2011. The last large growth of subdivisions in the City was between 1998 through 2005.



Investment

Investment in our building stock comes from new construction and building improvements. Every permit brings a value to the community through improvement supporting sustainability and the ongoing value of the improved structure. In 2023, it appears that the value of improvements increased significantly for residential and commercial construction. However, for residential construction, this increase is believed to be heavily influenced by the transition to the new BS&A software system. BS&A requires improvement value be entered, even for flat fee permits. This was an optional field in PermitWorks for flat fee permits, so it is believed that more valuations are being entered. For commercial construction, the valuation includes the new City Hall/Fire Station, which is valued at just over \$10 million. Without the new City Hall/Fire Station, the commercial improvement value would be \$2.6 million. This is still a very strong year with the construction of a new Dollar General and improvements to apartment buildings.



Code Enforcement

Enforcement is an ongoing function of staff, and it is primarily managed by Jodie Steffes with inspection support from Phil Dahlheimer. Most of the code enforcement is administered on a community compliant basis with some staff-initiated outreach and corrections. After a complaint is received, staff sends an Administrative Notice to the property to inform them of the violation. Most issues are resolved with this notice. Typically, the property owner creates a resolution plan with Jodie, and then she schedules a follow-up inspection.

During 2023, staff worked with over 63 properties to address complaints that required an Administrative Notice be sent. Of the notices issued, only 4 properties received citations. The most frequent complaints were work without a permit and vehicle parking issues.

Properties contacted with Code enforcement concerns:

Year	Number of Notices:	Number of Citations:
2017	49	16
2018	58	22
2019	57	16
2020	120	10
2021	165	12
2022	88	10
2023	66	7

There were three large code enforcement cases that required City Council review in 2023.

- **23209 Bridgestone Road** – The property had a nonpermitted business, uninhabitable structure, and outdoor storage. The owners followed a compliance timeline set by Council and the property is now clean with business use discontinued to staff's knowledge.
- **Partridge Street** – The property has significant City Code violations regarding outdoor storage and junk/debris. This property owner worked with staff to create a clean-up plan and received an extension from City Council. To date, the property has met the requirements of each interim checkpoint.
- **23462 University Ave** – The property was cited for violations for parking, junk/debris, rental, home occupation, and unfit living quarters. After talking with the property owner, not all uses cited for are believed to be present, but a site visit was not allowed to be able to verify. The property was granted an extension through June 2024 with photos required for compliance in the interim. Staff have received four photo submissions to date.

Administrative Projects:

- **BS&A Transition** – Staff transitioned to the BS&A software system. Nearly all aspects of the Community Development teams’ work changed dramatically with the new system. The BS&A software now manages permits, inspections, plan review, code enforcement, rental/vacant registration, land use applications, payment processing, etc. Overtime, this system will create significant work improvements and more clarity on single property record. A huge thank you to Lisa, Jodie, Phil, and Jen from Public Works for embracing the new system and working through the quirks.
- **Rental Housing Licensing** – The rental license program helps to ensure that all residents are living in safe and decent housing that is being properly maintained. The properties are inspected every few years to ensure they are safe. There are currently 92 rental properties registered in the City and this is a decrease from 2022 when we had 120. The number of licenses likely went down in 2023 due to some properties receiving their first inspection either in many years or at all. Rental inspections were stopped in 2020 – 2022 due to the COVID-19 pandemic, so most rentals had multiple corrections to do in order to receive their license.
- **Vacant Property Registration** –The vacant registration program helps to ward off blight and uphold quality buildings in the City. There are currently only 2 known vacant properties being tracked – the Rum River Inn and the Hiller property at 3508 Bridge. This is a very positive number as deterioration of a property has a strong negative community impact. Staff are able to identify these properties through code complaints and water utility usage. Staff notifies the owner to get it registered and make sure the property does not fall into disrepair.
- **Website and Department forms/applications** – Keeping the website up-to-date is an on-going activity. Staff values the website being up-to-date for transparency with the public and easy reference for the status of projects. It is also important to ensure that all of our informational handouts and documents are aligned with current codes and procedures.