New Brighton City Council
Work Session Agenda
New Brighton City Hall | Council Chambers
803 Old Hwy 8 NW, New Brighton , MN 55112
5:00 PM May 6, 2025

To participate in this meeting, members of the public may:

- **Attend the meeting in person.**

- **Watch the meeting electronically.** Tune into CTV Channel 8023 (CenturyLink) or Channel 16 (Comcast). To observe the meeting as a livestream or a webcast, visit *www.newbrightonmn.gov* and click on "I Want To View a Public Meeting."

- **Join the meeting electronically.** Members of the public who need to interact with our public officials about agenda items, City Administration, and matters that are otherwise of public concern to the City Council but are unable to or not comfortable attending the meeting in person, may join the meeting electronically at: *https://newbrightonmn.gov/zoom* (no app needed), by scanning the QR Code on the right, or by using their Zoom app to join and entering: Meeting ID 898 6240 2361, Passcode 867530

I. Work Session Item

1. Twin Cities Housing Alliance (TCHA) panel discussion on market-rate housing development in 2025

Agenda Section:	**Work Session Item**
Report Date:	**04/29/2025**
Meeting Date:	**May 6, 2025**

REQUEST FOR COUNCIL CONSIDERATION – EXECUTIVE SUMMARY

ITEM DESCRIPTION: Twin Cities Housing Alliance (TCHA) panel discussion on market-rate housing development in 2025

Action Requested:

Public Hearing	Motion
Discussion	Informational

Form of Action:

Resolution	Ordinance
Contract/Agreement	**N/A** or Other

Votes Needed:

3 Votes	4 Votes
5 Votes	**N/A**

Summary Statement:	Cathy Bennett (TCHA), Robb Bader (Bader Companies), and PJ Hill (PGMA Development) will be present at the Council Worksession meeting on May 6th to discuss the current housing market, and what it takes to get an average, market-rate housing development from idea to reality in 2025. This will be somewhat similar to the *"Navigating Your Competitive Future"* workshop held with the Council on 5-21-21 (see attached memo), but this will be specifically focused on multifamily housing development and the unique factors in present market conditions.

	Speaker Bios: • **Cathy Bennett** was previously with ULI and headed up the 2021 session before Council. She is now with TCHA and is offering these types of training/discussions for councils around the metro. Many cities have found this information to be extremely helpful, and have invited TCHA back to discuss additional topics. • **Robb Bader** is a market-rate developer and owner of a property management company that operates throughout Minnesota and in Dallas. Robb will talk in general about the finance and development process, and the benefits of partnerships with cities to meet community goals. He can also talk about the headwinds in the industry and what parameters impact rent levels. • **PJ Hill** is a small developer and owner of NOAH properties who has used the 4D tax program in Minneapolis to help finance older property improvements while keeping rents affordable. He can speak to the challenges of owning NOAH product types and the importance of partnering with city police and inspectors to keep residents safe and in quality housing. The panel will take turns presenting for approximately 20 minutes, and will then open the floor for questions and a discussion.

Recommendations:	Prepare questions about development challenges in today's market, and be ready to engage in discussion with our panalists.

Applicable Deadlines:	None.

Community Impact:	Housing is one of the community's top-rated priorities, so identifying ways to address this need will have lasting impacts on the City and its residents.

Legislative History:	n/a

Strategic Priority:	Financial Sustainability	Staff Capabilities
	Economic Development	**Community** Engagement & **Belonging**
	City Assets	Operational Effectiveness
		N/A

Fiscal Impact:	**Financial Impact: Is there a financial consideration?**	**No**	Yes $
	Financing Sources:	Budgeted	Budget Modification
	New Revenue	Use of Reserves	Other

Speaker Background

"TCHA is an incredible think tank made up of influential voices throughout all sectors of the housing ecosystem. I have learned so much from being in the room during vital conversations regarding housing policy in the Twin Cities.

TCHA has earned a reputation of being collaborative and willing to sit down, hear all perspectives on a topic, and work to find solutions that create a healthy housing ecosystem."

ROBB BADER

Meet Twin Cities Housing Alliance's Board Chair, Robb Bader

- Chief Development Officer at Bader Companies
- Multifamily Development Expert
- MN Twins Super Fan

"TCHA is an organization where everyone is committed to addressing the most challenging housing issues we face. We welcome diverse perspectives to find solutions for housing challenges in the Twin Cities.

Whether you're a smaller operator like myself or a large developer with 10,000 units, your experience and expertise are not only welcomed but valued. Creating such an inclusive environment in today's times is truly rare."

PJ HILL

Meet Twin Cities Housing Alliance board member PJ Hill

- Managing Partner at PGMA Development Partners
- Specializes workforce development and affordable housing
- Thanks to his former career as a professional basketball player, PJ has visited 50+ countries!

Cathy Capone Bennett
Executive Director
TCHA

Cathy is TCHA's first Executive Director. She is a trusted housing policy expert with 30 years of experience in private-public alliances, program development, and project management in all facets of housing policy, development and redevelopment planning, and strategic implementation. Her entire career has been focused on ensuring that communities are good places for people to live, work and play.

Twin Cities Housing Alliance (TCHA) is a solutions-oriented alliance of experienced and knowledgeable professionals across the Twin Cities region's housing continuum and ecosystem. Our members have decades of experience building, preserving, managing, financing, and helping develop policies for housing throughout the Twin Cities.

We focus on facilitating dialogue, developing solutions, and catalyzing action at the local and regional level. We provide substantive expertise and technical assistance for policy development, as well as guidance and support for better communicating and engaging with diverse housing stakeholders.

TCHA works to inform and advocate for local and regional housing policies that support a more affordable, equitable, economically vital, and environmentally sustainable future for the Twin Cities community.

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Founding/Corporate Members

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JLL
Northmarq
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- Community Housing Corp
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- The Excelsior Group
- Exeter
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- Hornig Companies
- Holmes Murphy
- JE Dunn
- Keene Building Products
- Kraus-Anderson
- Northcrest Corporation
- Northland Concrete & Masonry Co.
- Paster Enterprises
- PCL Construction
- Parkera
- Pope Design Group
- Ryan Companies
- United Properties
- UofM Foundation Real Estate Advisors
- Vitus

Participating Members

- Base Camp Properties
- Brad Birnberg & Stacy Pinck
- BKV Group
- Cherryhomes-Tyler, Inc
- Collage Architects
- Davis Communication
- Dietrich Development
- DJR Architects
- Dunbar Strandness Inc.
- In-Focus Systems
- Ironmark Building Co
- Ivy Properties
- Hall Sweeney Partners
- Henricksen
- Hope Law & Hust Law
- Kaas Wilson Architecture
- Landon Group
- Loucks Inc.
- The Lova Group
- Maenner Property Advisors, Inc.
- Michel Commercial Real Estate
- Monarch Development Partners
- Perkins/Levin
- PGMA Development Partners
- Pine Street Partners LLC
- Premier Housing Management
- Property Solutions & Services, Inc.
- Saturday Properties
- Stevens Construction Corporation
- Taft
- Urban Works Architecture
- Yellow Tree Corporation

Strategic Partners

- Regional Council of Mayors
- Minneapolis Downtown Council
- Minneapolis Regional Chamber of Commerce
- St Paul Area Chamber of Commerce
- Marquette Advisors
- Greater MSP/Itasca
- TC Habitat for Humanity
- Homeownership Center
- Up for Growth

Learn more at: tchousingalliance.com

TWIN CITIES HOUSING ALLIANCE
tchousingalliance.com

HOW DOES
HOUSING DEVELOPMENT & FINANCING WORK?

Join the journey as we plan, design, fund, and build an average market-rate 250-unit multifamily construction project!
Steps and timelines vary depending upon specific city requirements.

THE CRISIS IN METRICS

The Twin Cities metro needs 18,000 units per year through 2030 to keep up with demand and expected growth.

1 Darren Developer looks to address the critical housing shortage in the community by building more homes. First, he identifies a piece of land suitable for his project of 250 new homes.

PREDEVELOPMENT

2 Darren Developer does his homework, investing time and money to evaluate if his vision is possible based on the land cost, zoning regulations, market demand, available financing, and construction costs. This includes meeting with City staff to determine if his vision is welcome and conducting a market study to confirm the need for housing in the city.

3 Lawyer Lynette negotiates with land owner on a purchase agreement.

4 Aiden Architect provides concept designs and cost estimates. Darren Developer pays for these costs without any guarantee the project will be built.

PROJECT INFEASIBLE: GO BACK TO STEP ONE DD'S COST = $50,000

CONCEPT DESIGN

5 Darren Developer hires Emma Engineer to identify utilities, sewer, water, and other infrastructure needs to ensure the site can support the proposed housing units.

6 Darren Developer seeks financial equity partners.

UNABLE TO SECURE FINANCING: GO BACK TO STEP ONE (INCREASE # OF UNITS)

PUBLIC ENGAGEMENT

7 Darren Developer holds a neighborhood meeting to gain input on the project proposal.

RESIDENTS OBJECT: GO BACK TO STEP ONE OR FOUR DD'S COST = $125,000

8 Darren Developer and Aiden Architect present more detailed project plans at many city meetings, including at least one public hearing.

CITY REJECTION: GO BACK TO STEP FOUR DD'S COST = $400,000

LOCAL APPROVALS

9 Darren Developer has multiple meetings with city staff members – including from the planning, economic development, and public works departments – to educate them about the project and solicit feedback.

10 The city approves project zoning.

PROJECT FINANCING

11 Darren Developer secures a lender and financial equity partners.

12 Aiden Architect completes the final building designs and submits for review to secure a building permit.

13 Contractor Chanelle sends plan out for bid to determine construction costs.

COST BIDS ARE TOO HIGH: GO BACK TO STEP FOUR DD'S COST = $1.5 M

CONSTRUCTION

14 Contractor Chanelle and her team begin construction. Contractor Chanelle works closely with Darren Developer to ensure a safe worksite and a cost-efficient project.

15 The Certificate of Occupancy is issued!

BUILDING OPENING

16 Property Manager Pat provides ongoing leasing, safety, and management to ensure the new housing is successfully meeting the needs of residents.

FUNDING USES

8% LAND COSTS — $6.5 M
Land acquisition, paid to the landowner.

16% SOFT COSTS — $13 M
City and county fees including: SAC/WAC, Park Dedication, Entitlements, Permitting. Other costs: Legal, Design, Due Diligence, Environmental Surveying, Building Insurance. Development fee: Typically 3% of the project's cost.

76% CONSTRUCTION COSTS — $61.7 M
Approximately 50% of these costs go to labor and the other 50% of these costs go to building materials like lumber, concrete, steel, glass, copper, etc.

BY THE NUMBERS

250 Units
$325,000 Cost Per Unit
$81,200,000 Total Project Cost

(Cost per unit varies based upon many factors such as site challenges, land prices, and entitlement requirements).

PROJECT FINANCING & SOURCES

4% DEVELOPER — $3.2 M
Darren Developer's equity in the project. Darren Developer cannot build this housing project without securing bank debt and securing additional partner equity. If the project falls apart, Darren Developer's equity can be lost too.

34% EQUITY INVESTORS — $28 M
Institutional investors take a calculated risk when it comes to getting a positive return that will grow their fund on behalf of pension/insurance holders. Other equity partners can include individuals, corporations, friends/family. The return typically needs to be higher than they can achieve through other investment options such as savings, stocks, bonds, etc.

62% DEBT - LOCAL BANK — $50 M
These institutions tend to be more risk-averse as they are required to be compliant with regulating bodies such as the Federal Reserve and the Office of the Comptroller of the Currency. Banks typically require a borrower to demonstrate their ability to maintain a positive cash-flow under multiple scenarios and can make project demands different from City and Developer desires.

THE CRISIS IN METRICS

Construction pricing is complex. Environmental considerations, infrastructure costs, building features, and green building requirements added by the city impacts construction costs. To be successful, all partners must work together to ensure costs remain within budget, and sometimes necessitates the need for public financial assistance.

The addition of these 250 homes, privately funded by Darren Developer and investors, will open up approximately 175 additional homes in the community as residents move from existing homes to the new homes. This is known as up-filtering.

PROJECT TIMELINE

If income-restricted affordable units are required or proposed public financial investment is needed, a project adds, on average, 2 years to its timeline and 20% to its bottom line project costs.

Project Start — 6 months — 12 months — 18 months — Finish 24 months

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Housing Market Discussion – May 6, 2025

Speakers - City of New Brighton City Council Work Session

Cathy Bennett
Executive Director
Twin Cities Housing Alliance

Robb Bader
Chief Development Officer
Bader Companies

PJ Hill
Managing Partner
PGMA Development Partners

Thriving Communities:

Empowering Cities for Housing Growth Initiative

About Us

The Twin Cities Housing Alliance (TCHA) advocates for local and regional housing policy that creates a more **affordable**, **equitable**, **economically vital**, and **environmentally sustainable** future for the Twin Cities community.

TWIN CITIES HOUSING ALLIANCE

Who We Are

Coalition: Experts and advocates from across the region's housing continuum and ecosystem

Mission: To provide safe, quality, and housing for all

Focus: Balanced solutions to address the needs of residents, housing providers, and communities

What We Do

We advocate for **local and regional** housing policy to:

PRESERVE and enhance **existing** Naturally Occurring Affordable Housing (NOAH).

PROTECT and prioritize residents who are most vulnerable, **experiencing the worst income disparities,** and at greatest risk of displacement.

PRODUCE more units across the entire housing continuum, from deeply affordable, income-restricted units to new market-rate units.

PARTNERSHIP

We work together with community leaders, policymakers, and industry experts to align efforts, leverage resources, and create meaningful collaborations to achieve our goals of preserving, protecting, and producing quality housing.

How We Do It

Provide Resources: Data, expertise, and technical assistance for policymakers

Foster Collaboration: Partner with cities and stakeholders

Catalyze Solutions: Inform and advocate for local and regional policies

TWIN CITIES HOUSING ALLIANCE

TWIN CITIES HOUSING ALLIANCE

BUILDING COMMUNITY SUPPORT FOR BUILDING MORE HOUSING
RECOMMENDATIONS FOR LOCAL GOVERNMENTS

TWIN CITIES HOUSING ALLIANCE

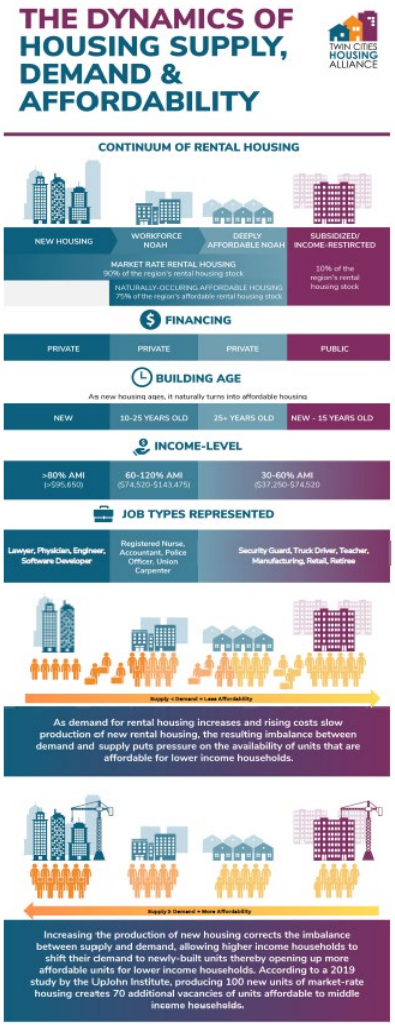
LAST UPDATED: JUNE 19, 2024

TWIN CITIES REGION RENTAL HOUSING AFFORDABILITY GAP PRIMER:
DRIVERS, IMPACTS & STRATEGIES

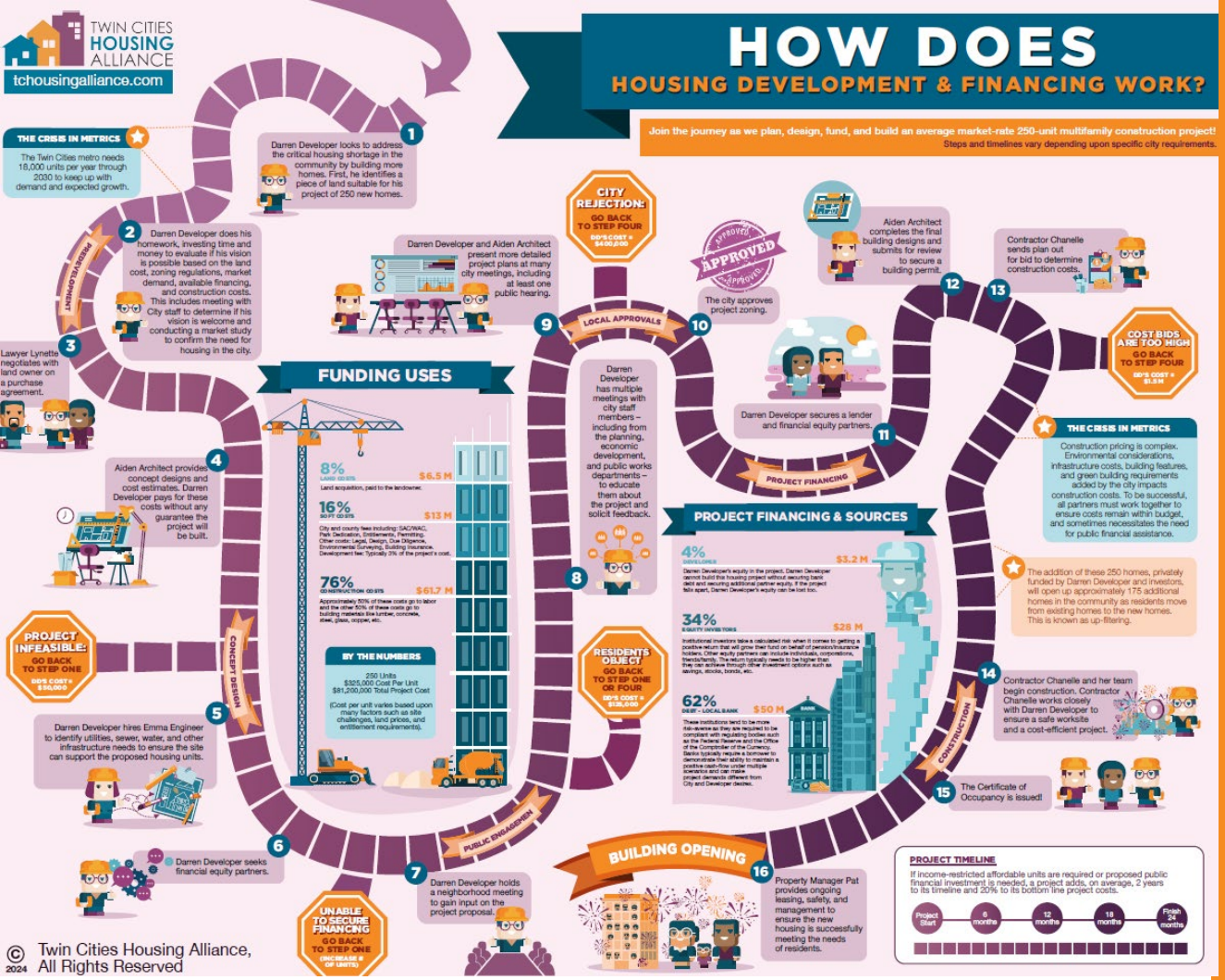
TWIN CITIES HOUSING ALLIANCE

TWIN CITIES HOUSING ALLIANCE POLICY FRAMEWORK

TWIN CITIES HOUSING ALLIANCE



Resources



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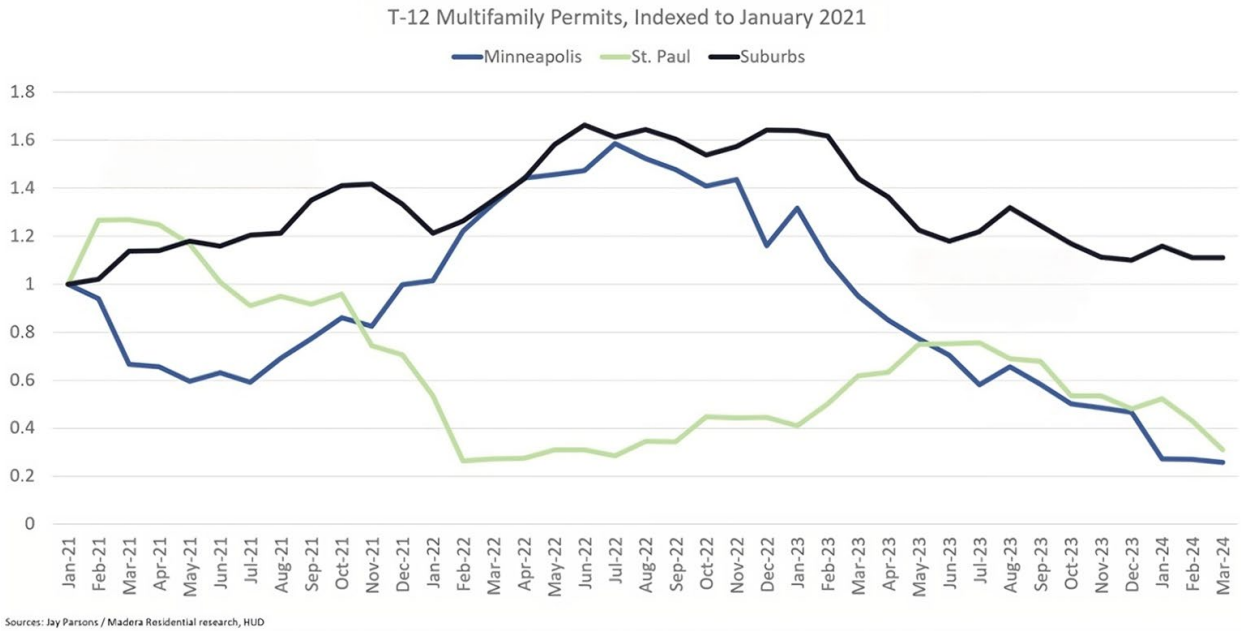
Resources

Current Market Conditions

- Significant drop in multi-family permits
- New supply at a low
- Lower rent growth but risk of future shortages
- Impact on market stability
- Fewer units means pressure on affordability in the long run

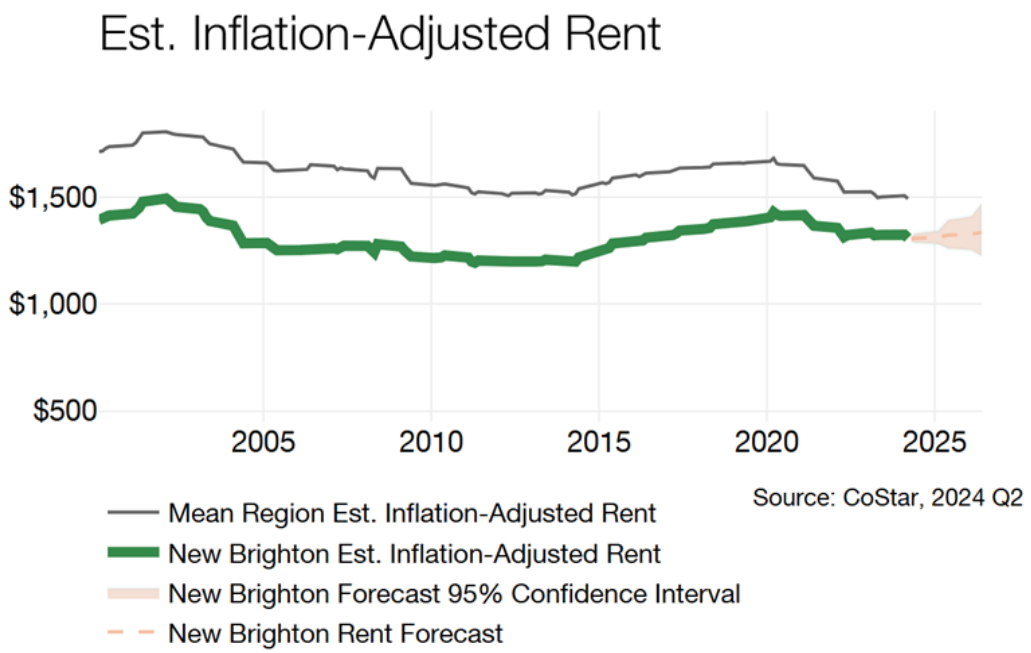
Multifamily Building Permits



Sources: Jay Parsons / Madera Residential research, HUD

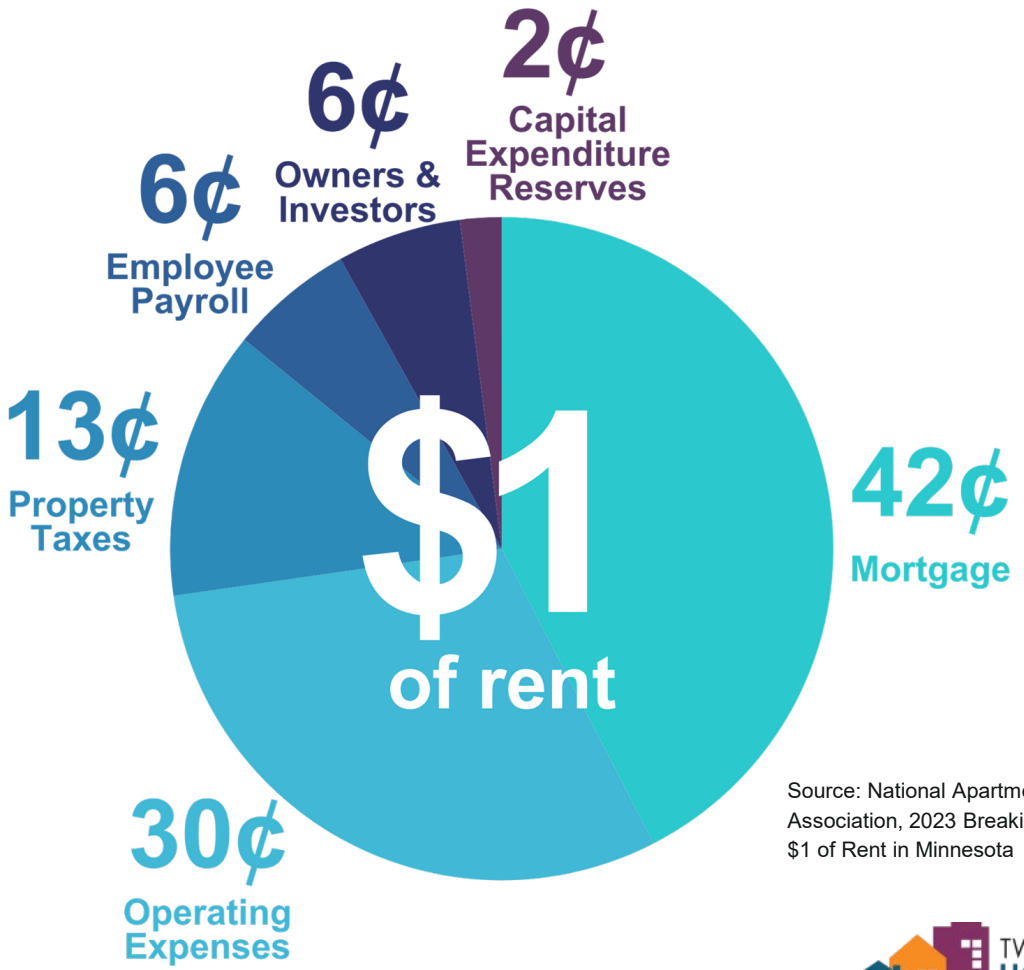
New Brighton

- Q2 2004, average inflation adjusted rent was $1,309, less than regional at $1,494
- The represents a decline in rent by 1.0% relative to the previous year, compared with the region's decline of 1.4%.



Where Rent Goes

- 72 cents on a dollar of rent goes toward financing and operating costs.
- Non-profit affordable owner/investor is lower at an estimated 2 cents per $1 of rent.
- When operating expenses and taxes increase without modifying rental income - -the pie chart shifts.



Source: National Apartment Association, 2023 Breaking Down $1 of Rent in Minnesota

Housing Production

↓

Increase Supply

1. Imediments to New Housing

2. Land Use & Regulatory Conditions that Impact Housing

3. Overview of TCHA's Housing Development & Finance Infographic

Impediments to New Housing

- Rising interest rates
- Rising construction costs
  - Tariff Impacts
- Rising cost of land
- Income growth stagnation
- Increased Insurance Costs
- Increased Operational Costs
- Government Regulations
- Approval Times
- Neighborhood Opposition

Partnership with Local Government & Innovation/Creativity is Essential

Land Use & Regulatory Challenges Increases Cost, Reduces Affordability

Comp Plan/Zoning Does Not Align: Outdated zoning restricts where multi-family housing can be built - forces lengthy public process

Permitting Delays: Lengthy approvals drive up costs and slow down development

Density Restrictions: Low-density limits projects feasibility; particularly when income restrictions are required

State Funding Requirements: 30% AMI units, lengthy and costly processing and architectural requirements add costs that cannot be absorbed within market rate projects.

High Infrastructure Costs Beyond Project Needs: Infrastructure costs can be prohibitive; particularly when the project is required to absorb most of the burden

Fees: Utility, park dedication, tree replacement, stormwater are costs that can impact a projects financial feasibility.

Parking & Design Restrictions: Overparked projects and demands on building and landscape designs can add significant costs to projects, limiting affordability.

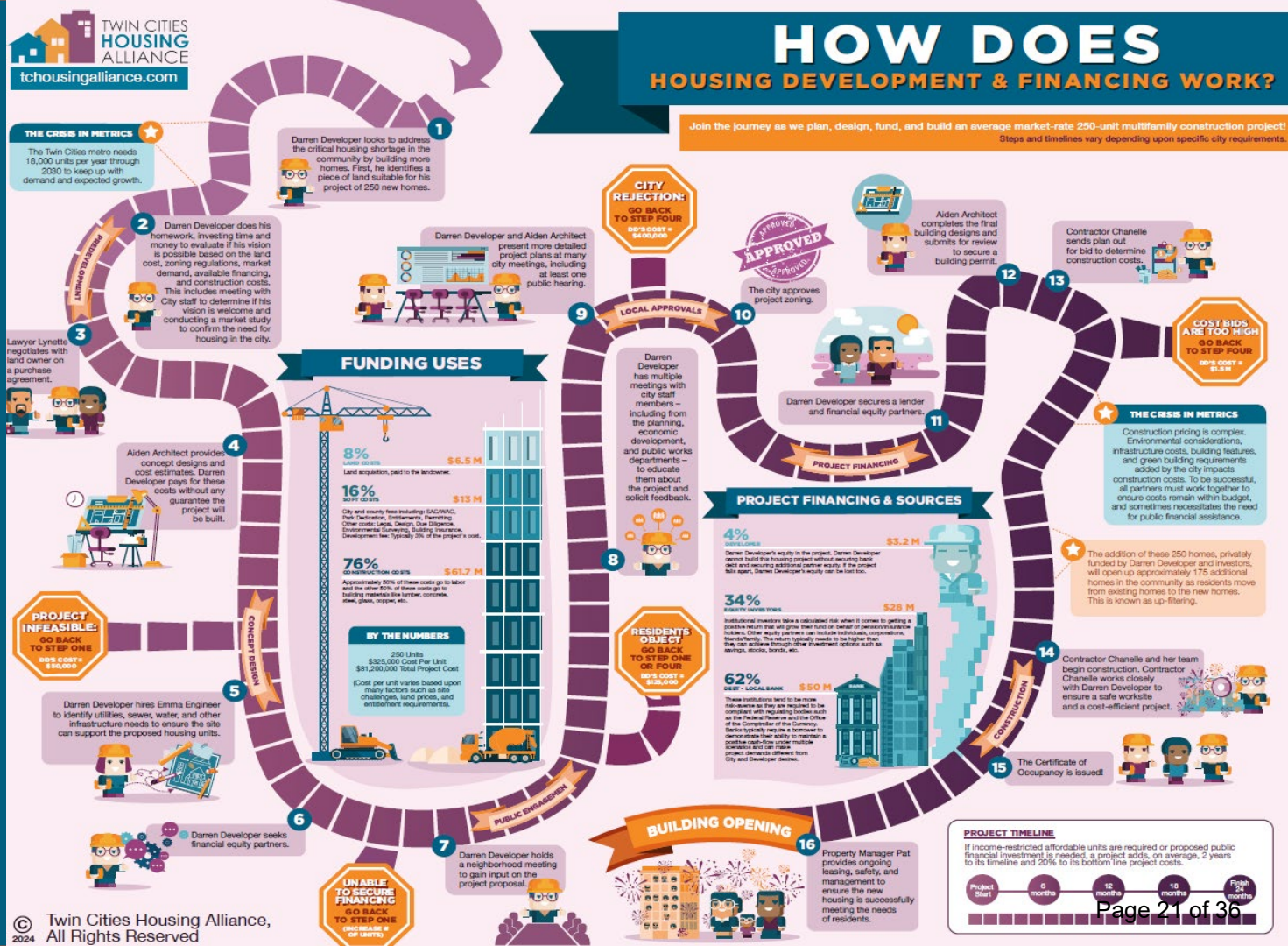
Onerous Policies: Well intended policies impacts development and management of housing with unintended consequences.

TWIN CITIES HOUSING ALLIANCE

Housing Production

↓

Increase Supply



How Does Housing Development & Financing Work?

Multiple Steps – Discretionary Approvals & Decision Points

Project Approved Construction Loan & Debt Financing Secured

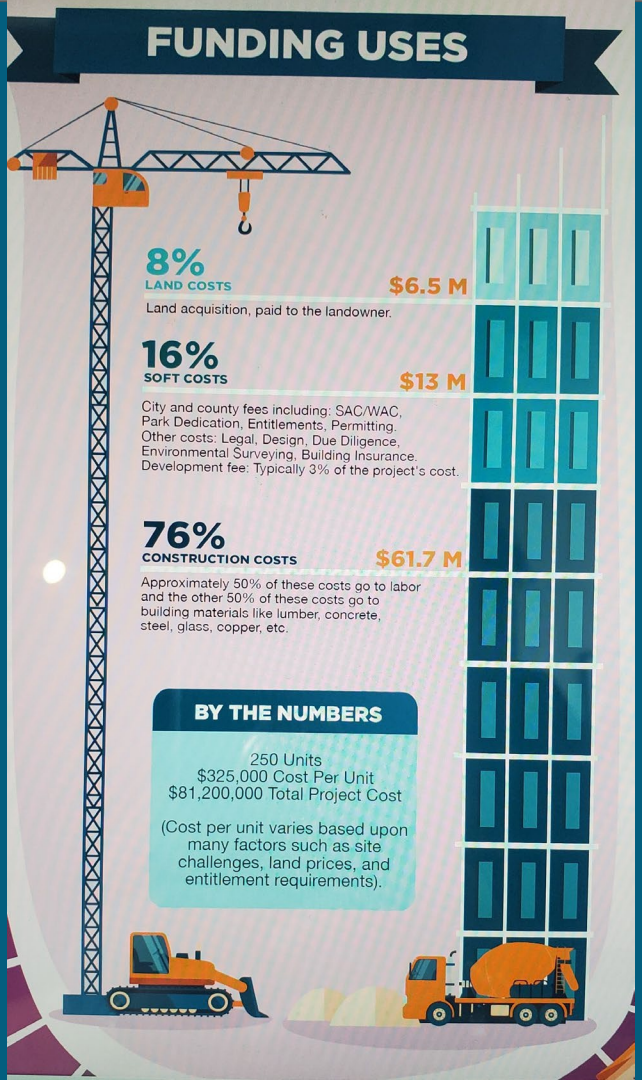
15 16

Certificate of occupancy

City issues certificate of occupancy

- People move into the building
- Grand opening
- Building tours
- Installation of public art features
- Ongoing coordination with management and the city

Development Uses

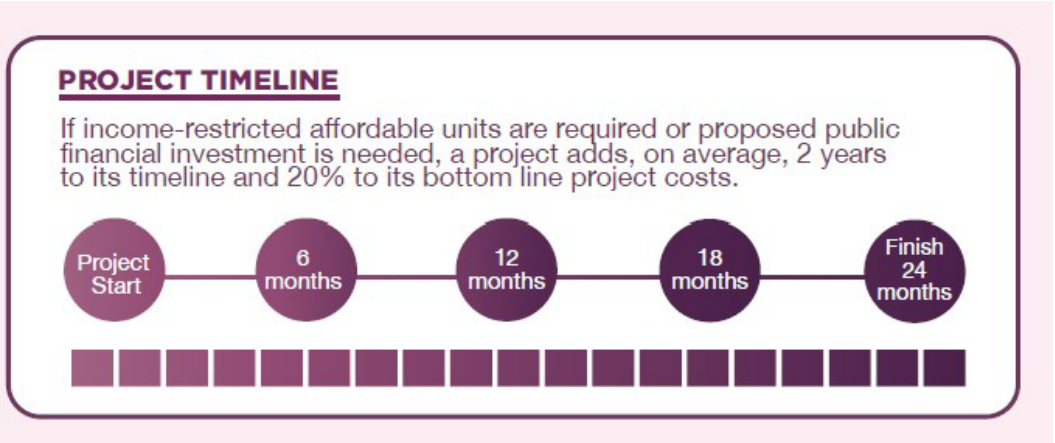


Development Sources

How Does Housing Development & Financing Work?

Key Takeaways

- Development is Risky and Takes Years with no guarantee
- Housing Providers invest nearly $400,000 before any local approvals and over $1 million prior to construction.
- Income-restricted mandates or goals add 2 plus years to the process, adds risks and financial challenges
- Partnership with Cities is critical to success



Improve
Existing
Housing

Quality Safe
Neighborhoods

Pressing Challenges

Rising Operational Costs: Security and maintenance costs skyrocketing

Public Safety Issues: Unsafe environments due to disruptive rental residents

Staffing Strain: Burnout among front-line workers and asked to be more than they are qualified for

TWIN CITIES HOUSING ALLIANCE

4d Low Income Rental Tax Classification – Valuable Tool

- 2025 reduction to the class rate for 4d from **0.75% to 0.25%**
- Provides **transition aid and requires local approval** - *when a city's net tax capacity of 4d properties exceed 2% of the total net tax capacity.*
- Must ensure a property owner converting to 4d, uses tax savings to reinvest in property receiving the reduction. - ***property maintenance, security, rent stabilization, or increases to a replacement reserve account*.**
- Owner receiving 4d must **annually certify to the Housing Finance Agency** that the tax savings is being used for eligible uses.

&

What Can You Do?

Participate in Reducing the Cost of Housing

Increase Housing Supply: Support building more units of all types to reduce competition, stabilize rents and increase opportunities.

Remove Regulatory Barriers: Simplify approval processes (increase administrative approvals), allow housing in more areas (commercially zoned locations) and relax parking requirements and density restrictions.

Preserve Existing Affordable Housing: Utilizing NOAH Preservation Funds, Affordable Housing Trust Funds, and local 4d Programs to income restrict more units and support property improvements

Increase Public Investments: Expand tax increment financing (pooling) and create housing trust funds to support affordable housing production with less restrictions/bureaucracy.

Seek Market Input on Policies Prior to Adoption: Seek market input to reduce unintended consequences that may hinder the policy goals.

TWIN CITIES HOUSING ALLIANCE

Cathy Capone Bennett
Executive Director

cathy@tchousingalliance.com
612-670-8147

MEMORANDUM

TO: Devin Massopust, New Brighton City Manager
FROM: Cathy Bennett, ULI Minnesota
DATE: May 21, 2021
SUBJECT: ULI Minnesota ***Navigating Your Competitive Future*** Workshop

On behalf of ULI Minnesota, thank you for the opportunity to provide the City Council, Planning Commission and staff with the Navigating Your Competitive Workshop on May 4, 2021. Our ULI MN workshop team enjoyed our dialogue with the city officials and appreciated your hospitality. We also appreciated the time that you spent with us in preparation for this workshop. As a follow-up to the workshop, we would like to take a moment to summarize some of the **key observations** expressed during our panel discussion and dialogue.

There has been a shift in the way we work, shop and travel: *The statistics below are a result of national surveys from multiple sources, unless otherwise noted. COVID impacts are not fully understood and data is changing frequently. It should also be noted that these are general impacts and individual markets and ages groups may have differing impacts.*

COVID Changed How we Work:

- 42% of the workforce now working from home full-time
- 2/3rds of U.S. economic activity now out of homes
- 75% of home workers want to continue to do so at least one or more days a week
- 30% of jobs cannot be done at home and require face-to-face interaction

COVID Changed How we Shop:

- 60% of closed retail businesses are not planning to reopen
- There has been a 50% increase in online shopping during COVID
- To compete, cities must offer more immersive, memorable experiences

COVID Changing our Infrastructure

- With just a 10-15% change in telework, rush hour will permanently disappear
- In 2020 on average in the MSP region, people spent 9 hours stuck in traffic compared with 52 hours in 2019 and traveled 23% fewer miles
- So far in 2021, traffic was down 52% in the MSP region, with the biggest drop during the commute hours
- In 2020, delivery jobs were the fastest growing job in America, increasing 22%
- In 2020, bike sales are up 121% and 85% for electric bikes

Key Trends

(As expressed by ULI MN panelists – Sarah Harris, Aeon, Johnny Opara, JO Companies, Ari Parritz, Afton Park, Bill Richards, Cushman & Wakefield)

Changes in the Office Market

- Two factors impact the market – job growth and change. We are in a state of change.

- Covid has accelerated changes in the real estate market that were likely to happen but at a much faster rate.

- The current office market is in a state of transition. Recent survey results of how office users will return to work is varied. There is no one size fits all. Based upon a Cushman and Wakefield report, pre pandemic company surveys of employees indicated that only 25% of employees were interested in working from home but post pandemic surveys indicated an increased to 85%. The pandemic has proven that productivity is not impacted as much as originally thought.

- The office footprint, in general, has been reduced by 30-40% due to tenant demand. It is expected that large leaseholds will not see the same volume and longevity as they have in the past. There is a trend for shorter term leases and transient office users, similar to the car leasing.

- Suburban walkable environments have benefitted from a move away from the more densely populated urban office and retail areas of the MSP. Those suburban spaces that provide ample free parking, connected to walkable amenities will benefit now and in the future.

- Office is not dead but what office spaces will look like and function will likely change – more spaces to gather, larger footprints to space out, higher demand for spaces with improved air handling systems, etc.

- To navigate the changes in the office market, cities will need to be flexible in how offices are occupied; the interior and exterior space configurations and allowable uses to include residential, industrial, medical and manufacturing.

Retail Trends, Challenges and Opportunities

- The increase in online shopping across all demographics is not predicted to shift back to pre-covid levels which impacts most retail brick and mortar store configurations and all retail-oriented shopping centers.

- People will still want to be part of the retail experience for specialty stores and goods that are not as easily purchased online.

- There will be a need for more curb side pickup areas, drive through spaces and an increase in delivery bays in most retail sector areas. This is particularly true for a new grocery store model where the typical 60,000–100,000-sf grocery store may now only need a 10,000-sf merchandising area and the remaining for warehousing and fulfillment center spaces. As an example, the new Amazon Grocery concept provides temperature controlled pick up areas for the consumer that will include more than groceries to provide a one-stop shop or pick up experience. This concept provides the consumer with less time shopping and more time to focus on other areas of their lives.

- There is no one answer to what the correct distribution of retail and housing is for any community. Much of this depends upon location, site issues, and the current market for both uses. One key factor agreed by the panelist is that retail is becoming even less viable as a first-floor option within multifamily developments. Now more than ever, the retail industry needs more of a market than its immediate surrounding area to survive. When a city requires first floor retail, know that the developer is underwriting the retail which puts more pressure on the financial feasibility of a project. A vacant retail space is not a community asset. And the need to accommodate drive through or pick up areas rather than the typical store fronts that we are used to in the past complicates the first floor under residential model even more.

Housing and Housing Affordability

- More people are looking for broader housing options as they have had to shift to working from home, potentially larger homes and apartments. This is increasing demand but with limited supply which is driving up prices across the entire spectrum of housing options.

- Preservation of existing NOAH properties will be critically important strategy to help meet affordable needs. This is also a less expensive strategy. As a comparison, new construction is $300-350,000 per unit to build compared to NOAH acquisition and rehab of $150,000 per unit. New construction is even more expensive now due to the high costs of lumber and steel which have increased 90 plus percent in the last couple of years.

- The Midwest market is very attractive to out of state investors which increases the capital in the market to purchase and "up-scale" existing units, driving up the prices, rents and increasing resident displacement. A 15 – 20 % increase in rent is typical for these investment buyers which can be unattainable for those that are already cost burdened. Non-profit and mission driven developers are competing in this market and they require gap funding and local support to be competitive in price and ability to react.

- A developer spends a good amount of their pre planning time determining what the right amount of parking is for each project. There is not one size fits all. They spend their upfront capital on detailed studies that often time do not match with generic city code requirements. It depends more upon location, users of the development, and access to transit, biking paths, etc. Typical

cost of parking is $5-$10,000 per stall for surface parking and upwards of $30,000 for underground parking, a large difference in total development costs. In addition, a 1:6 ratio of stalls per unit is unattainable for any location in the metro area. 1:1 or lower is more attainable based upon the way people are living and the square footage and size of typical market rate units.

Increasing Equitable Access and Opportunity

- Small developers of color are at a disadvantaged within the development spectrum from many angles. Building trust, accessing capital and investors and project experience are all key components of being successful.

- Cities interested in attracting developers of color, particularly in cities where diversity is a growing part of the population, may need to prioritize access to funding and support additional up-front capital, to enable developers of color to deliver projects that meet city goals. Cities should look closer at who is supporting a developer of color (investor, attorney, management) that creates a framework for success.

- Projects built by people who look like the people who will live in them is a valuable strategy to increase equitable access and opportunity.

How should New Brighton navigate these changes to remain competitive?

The City of New Brighton has many advantages that will help them be successful in navigating their competitive future based upon the current trends in retailing, housing, office and industrial needs. Those advantages include its demographic diversity, proximity to transportation infrastructure and quality development and redevelopment options and opportunities.
Overall, the panelist agreed that it will be important for New Brighton to be flexible in the reuse and redevelopment of its older building stock and to begin making those long-term land use modifications now to accommodate the future market needs. Cities which embrace collaborative approaches to solving problems, identify and pursue partnerships, manage development risks, improve decision making skills and develop clear expectations will be attractive locations for great development even as market trends change with the times. In addition, New Brighton should be mindful of the following.

- **Provide a clear and achievable process.** Leadership and "consistency of vision" are keys to successful communities, especially the alignment of policy direction between elected officials, appointed officials and staff. The development community's perception of a city is often formed by their "first touch" with the staff. Are they friendly, open to ideas and helpful with the city's development processes? Are they aligned with the vision and goals of the planning commission and council? Ensuring that the staff's first contact with the development community is positive can immediately help to build civic trust. Developers' greatest enemies are uncertainty and risk. A fast "no" is better than a slow "maybe" from a developer's standpoint – time can kill deals. Both developers and lenders are more risk averse now than ever, so communities that can be very clear about their expectations and have policies and procedures that expedite approvals

for projects that are consistent with their vision will prevail. Predictability is the key and being able to rely on staff for guidance on the approval process and the likelihood of success is critical.

- **Speaking with a common voice.** This translates into having a common vision that is shared and communicated by all leaders in the city – the Council, Planning Commission and staff and "sets the table" for discussions with the development community. Developers are much more reluctant to invest their limited "pursuit capital" in cities which have not invested the time and energy needed to achieve a commonly held vision. Successful communities develop a clear vision, react appropriately to opportunities, create innovative financial tools and leverage their key assets.

- **Being open to explore new ideas and concepts that fulfill the vision of the city**. One of the biggest risks for a city is to "do nothing". Preparation and flexibility to new ideas will be key. It may be a willingness to explore new and different office, retail and industrial uses, different location for housing, refining parking requirements for new projects, or developing new design guidelines. Meeting the development where it is and being open to the "concept" rather than strictly enforcing existing codes can be a more collaborative approach in these changing times.

- **Understand the challenges of delivering and preserving affordable housing.** In this current market, it is even more expensive to build housing. Including affordability within a development is even more challenging. This creates financing gaps that require public investment to be successful and in particular, to provide housing for those most cost burdened in the city. Flexible, local sources of funds are the most valuable for developers to be successful in receiving state, county and Metropolitan Council affordable housing and redevelopment funding. Requiring the inclusion of affordability without becoming a partner in that solution may be a loss leader proposal due to what a developer can rent properties for compared to the high cost to construct that housing. What can cities do to support NOAH housing? Creating and utilizing available funding sources to help preserve the housing, identifying properties and legacy owners who may be interested in selling and partnering with non-profit and mission driven developers to have a package and strategy available and ready when the property is put up for sale are all important to success. Determining what role, the city will play to support affordability prior to a proposed development (prioritizing and offering city-owned land, creating a Housing Trust Fund, allowing usage of TIF, etc.) will be an important strategy to meet the city's goals. A risk position on the part of the city is OK if it is understood and quantified and leads to a win-win outcome for the city and the developer. Cities can be patient – take the long view to achieve the best outcome that fits with a shared vision.

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