

CITY OF NEW HOPE ECONOMIC DEVELOPMENT REPORT



11/1/2017

New Hope, Minnesota

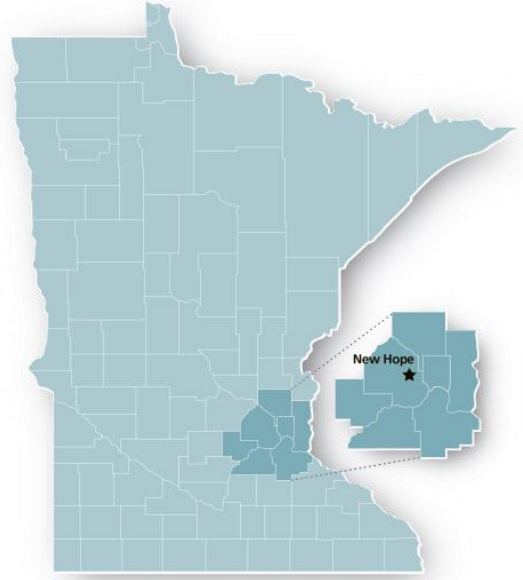
The city of New Hope Economic Development Report highlights redevelopment projects throughout the city from the previous year and the tools that are in place to promote development activity. The city's Economic Development Authority promotes and facilitates business development and housing redevelopment activities.

CITY OF NEW HOPE

OVERVIEW & HISTORY

LOCATION

The city of New Hope is a suburb located northwest of Minneapolis with strong neighborhoods, an abundance of parks and recreation opportunities, excellent schools, with great shopping nearby. The city has easy access to the entire Twin Cities area with major arterials of Highway 169, Highway 100, Interstate 694, and Interstate 394 all nearby.



POPULATION (2010)	YEAR FORMED	
20,339	1953	
AREA	JOBS	BUSINESSES
5.1 square miles	11,080	490
PARKS/ACREAGE	SCHOOL DISTRICT	SCHOOLS
18/200	ROBBINSDALE AREA/281	5

CITY FACILITIES

Ice Arena, Swimming Pool, Golf Course, Outdoor Theater, Fire Station

HISTORY

1900s: Farming-rich community, settled as part of Crystal Lake Township

1930s: Residents of Crystal Lake Township began movement to incorporate township

1936: City of Crystal formed, rural residents in western half broke away and formed township known as New Hope

1936-1953: Housing developments led to farmers being a minority in New Hope

1953: Rapidly developing township of New Hope incorporated as a city to prevent losing more of its land and residents to Crystal via annexation

1953: Population of 600

1958: Population of 2,500

1971: Population of 24,000

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EXECUTIVE SUMMARY

The city of New Hope's Economic Development Authority (EDA) promotes and facilitates business development activities. It considers proposals on a case-by-case basis and utilizes a broad-base of public financing options. Membership of the EDA is identical to that of the New Hope City Council. Council members are appointed to the commission for terms concurrent with the City Council terms and the mayor acts as president of the authority. The city manager serves as the executive director. The city employs various resources to help businesses grow and reach their goals.

Businesses & Assistance Programs

Local commercial and industrial businesses are extremely important to the city. The City Council has undertaken programs and initiatives to address both commercial and industrial properties. These programs focus on:

- Retaining existing businesses.
- Assisting with expansions.
- Attracting new businesses to vacant available buildings.
- Attracting new construction to a limited number of available vacant sites.
- Improving communication with businesses and responding more effectively to business concerns and inquiries.

Business Subsidy Program

The city's Business Subsidy Program addresses policies related to the use of Tax Increment Financing (TIF), tax abatement, and other business assistance programs for private development. It serves as a guide in reviewing applications requesting business assistance. All projects must meet mandatory minimum approval criteria and the level of assistance is evaluated on a case-by-case basis. Assistance can cover project costs as allowed for under Minnesota Statutes. The EDA considers using a business assistance tool to assist private developments in circumstances in which the proposed private project meets one of the following uses:

- To meet the following housing-related uses:
 - To provide a diversity of housing not currently provided by the private market.
 - To provide a variety of housing ownership alternatives and housing choices.
 - To promote affordable housing for low- or moderate-income individuals.
 - To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading in existing housing stock in residential areas.
- To remove blight and encourage redevelopment in the commercial and industrial areas of the city in order to encourage high levels of property maintenance and private reinvestment in those areas; including façade improvement.

- To increase the tax base of the city to ensure the long-term ability of the city to provide adequate services for its residents, while lessening the reliance on residential property tax.
- To retain local jobs, increase the local job base, and provide diversity in that job base.
- To increase the local business and industrial market potential of the city of New Hope.
- To encourage additional unsubsidized private development in the area, either directly or through secondary "spinoff" development.
- To offset increased costs of redevelopment over and above the costs that a developer would incur in normal development.
- To accelerate the development process and to achieve development on sites which would not be developed without this assistance.

Loan Programs

The city has partnered with the Lending Center at the Center for Energy and Environment (CEE) to offer a convenient one-stop service that provides commercial and non-profit property owners in New Hope access to a comprehensive array of financing and rehabilitation services. The CEE Loan Program provides financing to New Hope businesses making cost-effective energy efficiency improvements. Nonprofit organizations that are interested in reducing their energy costs are eligible to apply for funds through the CEE to help finance energy-efficient projects implemented in properties owned and/or occupied by nonprofit entities.

Outstanding Business Award Program

The city's Outstanding Business Award Program was initiated in 2006 to recognize the city's businesses' contributions to the local community. The purpose of the award program is to recognize businesses for noteworthy accomplishments such as expanding or improving a building or property, creating new jobs for New Hope residents, reaching a milestone year in business, or providing outstanding community service. Nominations are accepted quarterly for the award.

Business Networking Group

The New Hope Business Networking Group was started by New Hope business owners in 2010 to create an open forum for networking within the city. The group is open and free to all New Hope business owners. The Business Networking Group meets regularly at one of the participating businesses. The city is also a long-time member of the TwinWest Chamber of Commerce.

Open to Business

The city has partnered with Hennepin County and Open to Business, a company that provides free business advice and gap financing. Open to Business is a partnership between Golden Valley, New Hope, and the Metropolitan Consortium of Community Developers (MCCD), an association of nonprofit community development organizations serving the Twin Cities. With the help of a matching grant from Hennepin County, the two cities work with MCCD to provide business consultation services and financial advice to small local business owners and aspiring business owners. MCCD staff hold open office hours each month at New Hope City Hall. The program offers help in several areas, including:

- Business plan assistance.
- Financial management.

- Bookkeeping set-up and training.
- Loan packaging.
- Real estate analysis.
- Marketing assistance.
- Strategic planning.
- Professional referrals.

Open to Business facilitated one loan of \$105,000 and one credit building loan of \$240 in 2013, one credit building loan of \$240 in 2014, and one direct loan of \$12,035 in 2016.

Employment

There are approximately 490 commercial/industrial/service businesses in the city, 31 of which opened in 2016. Employers in New Hope account for approximately 10,360 jobs, with the major employers listed below:

Major Employers	Products/Services Employees	Employees
Independent School District No. 281	Education	1,900
Intermediate District 287	Education	868
Minnesota Masonic Home/North Ridge Care Center	Skilled nursing care facility	695
St. Therese Home of New Hope	Skilled nursing care facility	689
Hy-Vee	Grocery & convenience store	627
Perrigo Company	Pharmaceutical & medicine manufacturing	333
Coborn's Delivers	Direct selling establishments	240
Liberty Diversified International	Stationery supplies	200
Dakota Growers Pasta Company	Macaroni & spaghetti	150
Waymouth Farms, Inc.	Salted & roasted nuts & seeds	150

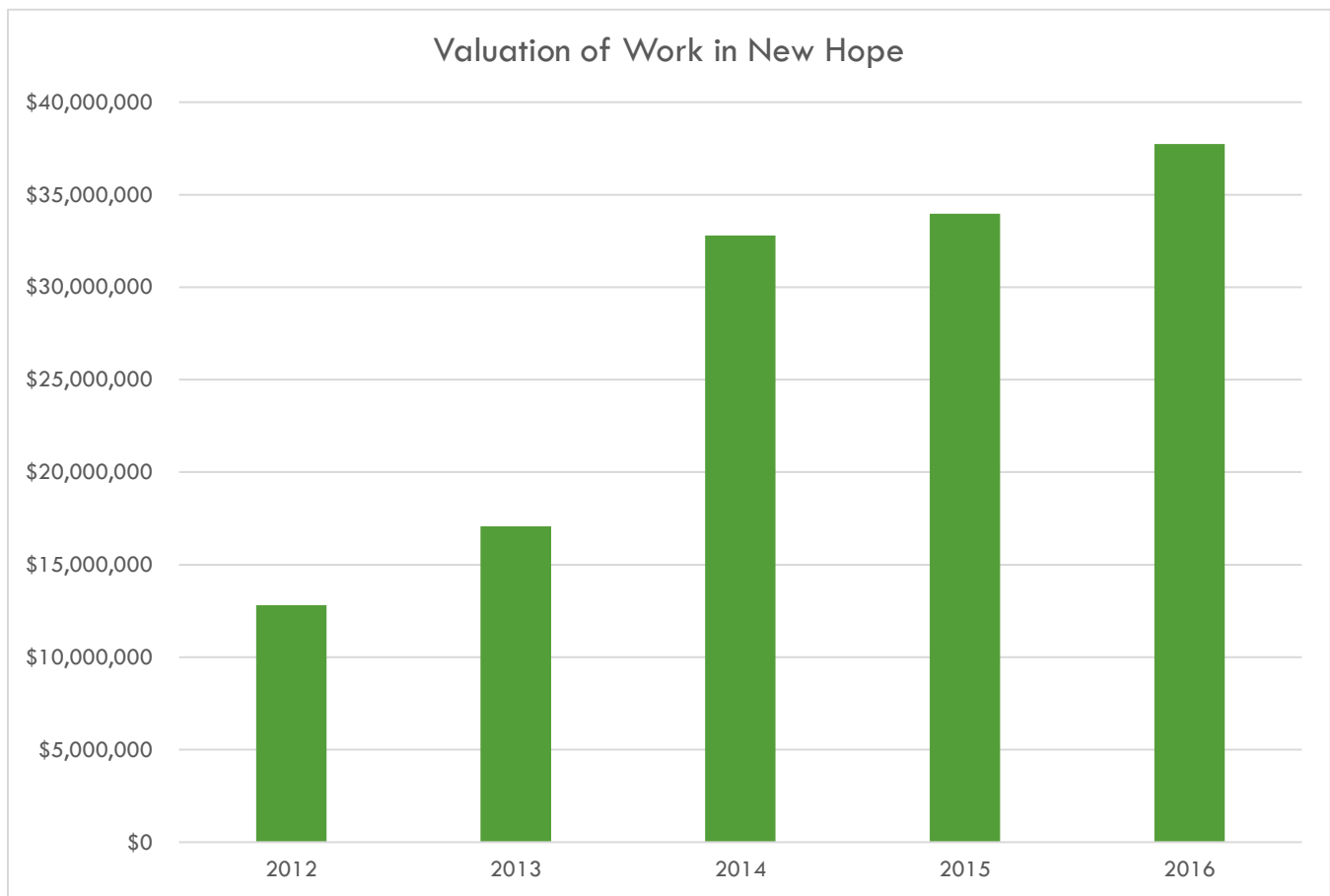
Planning & Development

The city continues to see sustained growth and development as major redevelopment projects come to fruition. Overall development activity has increased annually since 2012 and the city anticipates that growth will continue over the next several years.

Development Activity

From 2012-2016, \$134,401,888 of reinvestment was approved in the city through construction permits. The city is striving to increase momentum to continually increase the tax base, while regularly providing the highest level of services delivered to residents, businesses, and property owners of the city. The city has set a goal of increasing the total valuation of work for permits from 2013-2015 by 10% for 2016-2018. Total valuation of work completed in city in 2016 was \$37,740,765, which equates to 45% of the total valuation of work for permits between 2013 and 2015.

	2012	2013	2014	2015	2016
Permits issued	2,167	2,212	2,141	2,169	2,607
Fees collected	\$300,967	\$356,242	\$485,371	\$512,461	\$602,391
Valuation of work	\$12,813,093	\$17,069,459	\$32,802,509	\$33,976,062	\$37,740,765



The following planning and development activities occurred in the last year:

Parkview (Under Construction)

Centra Homes negotiated with the city to purchase the former Winnetka Learning Center property at 55th and Winnetka avenues and was granted a comprehensive plan amendment to re-guide the area for one- and two-family residential. The city had purchased the 17-acre site in 2013 with a goal of diversifying available housing stock in the city. Centra Homes received all necessary approvals, including the rezoning of the property and final plat subdivision of the land. The Parkview subdivision is a 60-unit housing residential development that consists of 29 traditional single-family homes and 31 detached townhomes. Permits have been issued for each of the homes, and both types of homes are now sold out. The two-story, single-family homes sold for an average price of \$378,418, ranging between \$314,178 and \$438,676. The single-family homes range from 2,585 to 3,990 square feet and include a variety of models and floor plans. Each model includes a two-car garage, with several models offering an option for a three-car garage. The detached townhomes sold for an average price of \$299,911, ranging between \$273,995 and \$334,777. The detached townhomes range from 1,974 to 2,128 square feet and are association maintained. There are four standard models, all of which include a full basement and space for a 12-foot deep deck or patio. The project is currently under construction and expected to be completed by December 2017.

The city created a redevelopment Tax Increment Financing District (TIF) in conjunction with the project that authorized the expenditures for land/building acquisition, site improvements and preparation, utilities, administrative costs, and other qualifying improvements. In 2013, the city purchased the former Winnetka Learning Center property from Independent School District 281 for \$1.75 million. After demolition and site preparation, the city had expended over \$2 million in costs preparing the land for redevelopment. In 2014, the city sold the property to Centra Homes for \$777,000. The TIF District allows for the city to recoup the land write-down costs and administrative fees.

Ironwood (Under Construction)

Alatus, LLC is constructing a four-story, 182-unit luxury apartment building on the city-owned site adjacent to the New Hope Village Golf Course. The city completed a market feasibility study in the spring of 2015 to determine what type of redevelopment was best suited for the site and concluded that luxury apartments were the most viable option. The final plat and vacation of easements for the project were approved in February 2017 and construction of the \$27.3 million building began in the summer of 2017. Building amenities include a pool deck with lounge chaises and grilling stations, an indoor/outdoor entertainment suite with rooftop grill, work-from-home spaces, create space/do-it-yourself workshops, panoramic views of the New Hope Village Golf Course, a 24/7 fitness center, studio, and indoor sauna, a resident coffee bar, and a pet spa. The city and developer negotiated a city-provided loan that will assist in adding a high-efficiency HVAC system, which will help the building achieve LEED Certification and result in no carbon footprint for the entire building.

The city created a redevelopment Tax Increment Financing (TIF) District in conjunction with the project that authorized the expenditures for land/building acquisition, site improvements and preparation, utilities, administrative costs, and other qualifying improvements. In 2007, the city purchased five, 12-unit buildings. With land acquisition, relocation costs, and demolition, the city invested nearly \$2.2 million into the project. In 2017, the city sold the property to Alatus, LLC to facilitate the construction of the 182-unit

apartment building for \$1.443 million. The TIF District allows the city to recoup the land write-down costs and administrative fees.

Good Samaritan (Under Construction)

Good Samaritan is expanding its campus in New Hope with the construction of a three-story, 31-unit assisted living facility. Construction on the building, which will be located at 2765 Virginia Avenue North, began in October 2017. Residents of the new \$4.4 million facility will live on-site full time; however, the individual units will not include full kitchen facilities. There will be separate areas in the building for dining, bathing, exercise, nursing care, activities, and administrative services. The current operations of Good Samaritan are conducted in a facility that has 77 beds and includes skilled care and rehabilitation services. The addition will provide housing and service options for the customers of Good Samaritan that are not currently available at the location and will be connected to the campus by an enclosed walkway.

Good Samaritan acquired two parcels to the north of the property in 2012, where the assisted living facility will be constructed. The building connection and site layout created the need for special zoning considerations and the property was rezoned to Planned Unit Development (PUD) in order to allow the flexibility necessary to accommodate the proposal. The city created a housing Tax Increment Financing (TIF) District in conjunction with the project that authorized the expenditures for site improvements and preparation, utilities, administrative costs, and other qualifying improvements. The TIF District facilitates the construction of a 3-story, 31-unit assisted living facility on the campus.

Dunkin' Donuts (Completed)

An abandoned gas station and car wash at 7820 42nd Avenue North received approvals to be redeveloped into a sandwich shop in June 2015. In 2016, the gas station and car wash were demolished to make way for the 2,000-square foot donut and coffee shop. The \$1.07 million project was completed and Dunkin' opened on December 7, 2016.

Extra Space Storage (Completed)

A Conditional Use Permit was granted to allow for the conversion of an 83,600-square foot warehouse at 2711 Nevada Avenue North into a self-storage facility. The majority of the building was divided into 630 climate-controlled storage units, which are available in a variety of sizes and occupy two floors within the building. Several exterior modifications and improvements were made to the building, including fresh paint, a new roof, additional windows, parking area improvements, and the construction of an outdoor storage area. The improvements were valued at approximately \$775,000.

Avtec (Completed)

A 20,763-square foot, \$5 million expansion project was completed in July 2017 at Avtec Metal Finishing, located at 9101 Science Center Drive. The expansion enlarged the company's shipping and receiving operations area to provide better truck access, more docks, and a dedicated area for deliveries and pickups. The expansion includes an investment in an on-site power source and enhanced employee facilities. Avtec Metal Finishing provides chemical finishing, electroplating, and mechanical finishing services.

Pioneer Metal (Completed)

Pioneer Metal Finishing moved its operations to a previously vacant industrial building at 4800 Quebec Avenue North in 2017. The business invested approximately \$10 million into the building and relocated approximately 100 employees from its previous location in Minneapolis. Founded in 1945, Pioneer Metal Finishing offers a wide array of metal finishing services, including anodizing and electroless nickel; paint and powder coating; and chromate, tin, zinc, and precious metal platings.

Horwitz Mechanical (Completed)

Horwitz Mechanical purchased and moved their headquarters to the building located at 7400 49th Avenue North in 2017. Interior renovations were completed in the spring before the business moved its operations into the building in July 2017. Horwitz Mechanical employs 93 on-site employees, with an additional 300 employees in the field. The business has been located in New Hope since 2008 and continues to grow rapidly. Horwitz designs, installs, and maintains mechanical systems.

HousingLoan Programs

The city has partnered with the Lending Center at the Center for Energy and Environment (CEE) to offer a convenient one-stop service that provides residential property owners in New Hope access to a comprehensive array of financing and rehabilitation services. The Home Improvement Loan Program encourages and supports the preservation of existing housing by providing loans to improve the basic livability and/or energy-efficiency of the borrower's home. The Low Interest Loan Program, Unsecured Loan Program, and Interest Subsidy Program provide loans and funds to homeowners to make improvements to their properties. An Emergency Deferred Loan is also available for homeowners that have emergency improvement needs but do not qualify for other home improvement loan or grant programs.

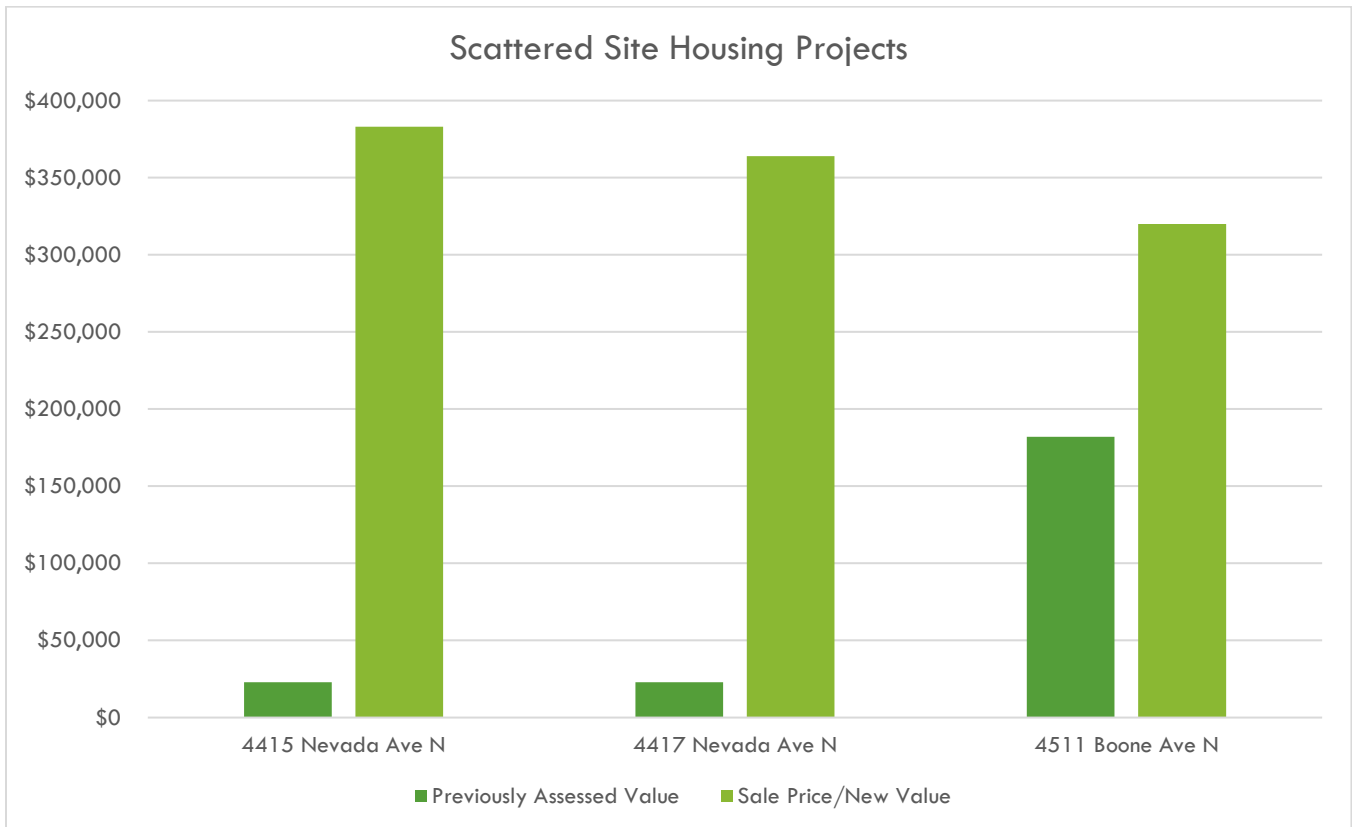
	2013	2014	2015	2016
Loans/Subsidies/Leveraged Funds	3	7	4	5
Amount	\$13,090	\$99,487	\$40,693	\$46,096

Scattered Site Housing

Over the years, the city has acquired several properties as part of the Scattered Site Housing Program. The primary focus of the program is to target distressed single-family properties throughout the city, with the goal of improving residential neighborhoods. The program currently emphasizes acquiring homes for demolition in order to provide vacant lots for the construction of new single-family homes. The city uses its Economic Development Authority (EDA) to purchase the homes. The EDA uses its cash reserves for the acquisition and demolition costs associated with each property. The EDA expects that a loss will be incurred on each project, as the cost to acquire the distressed properties and prepare the sites for redevelopment exceed the value of the new vacant lot. To cover this loss, the EDA uses Community Development Block Grant funds that are provided by the federal government and administered locally by Hennepin County. The following scattered site housing projects were completed over the last year:

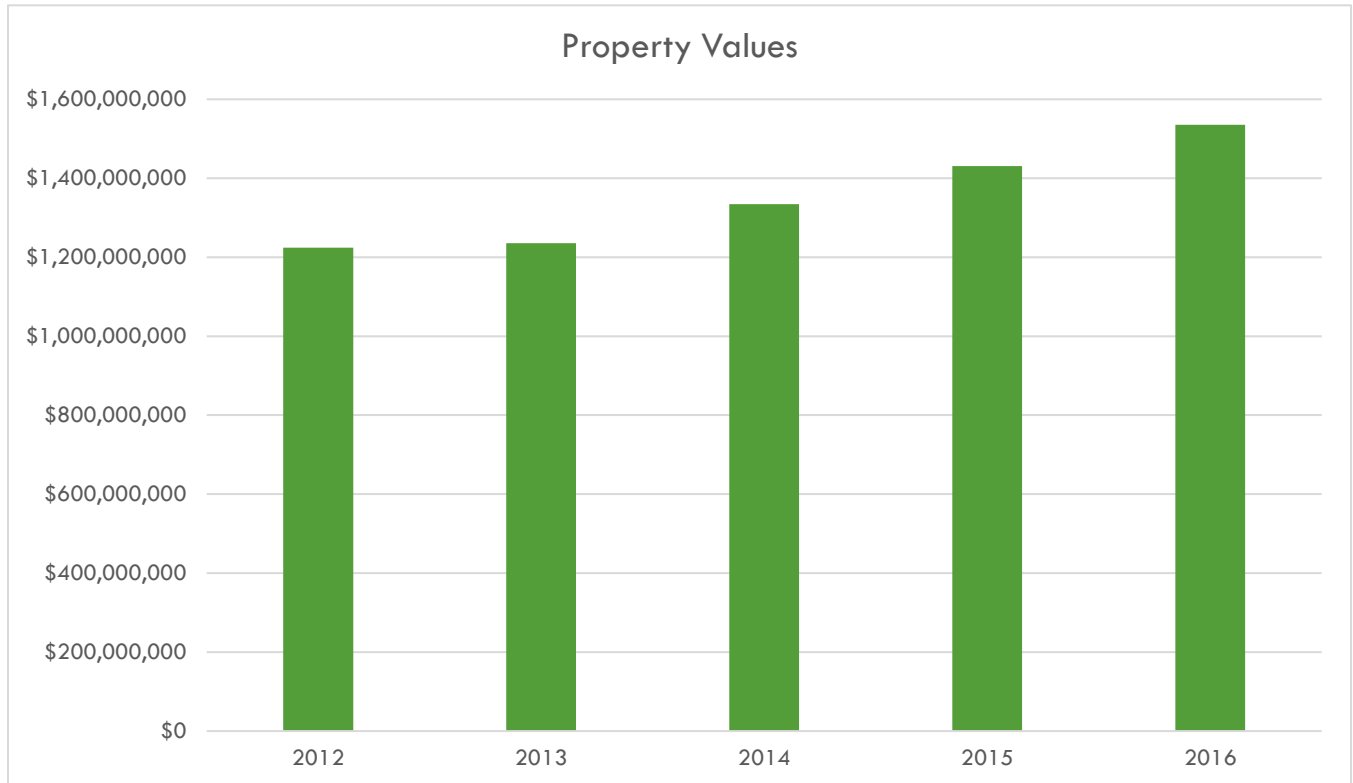
Address	Previously Assessed Value	Sale Price/New Value	Percent Increase
4415 Nevada Ave N	\$23,000	\$383,000	1,565%
4417 Nevada Ave N	\$23,000	\$364,000	1,482%
4511 Boone Ave N	\$182,000	\$320,000	76%

In addition to the projects listed above, there are six additional scattered site projects that were underway as of when this report was published.



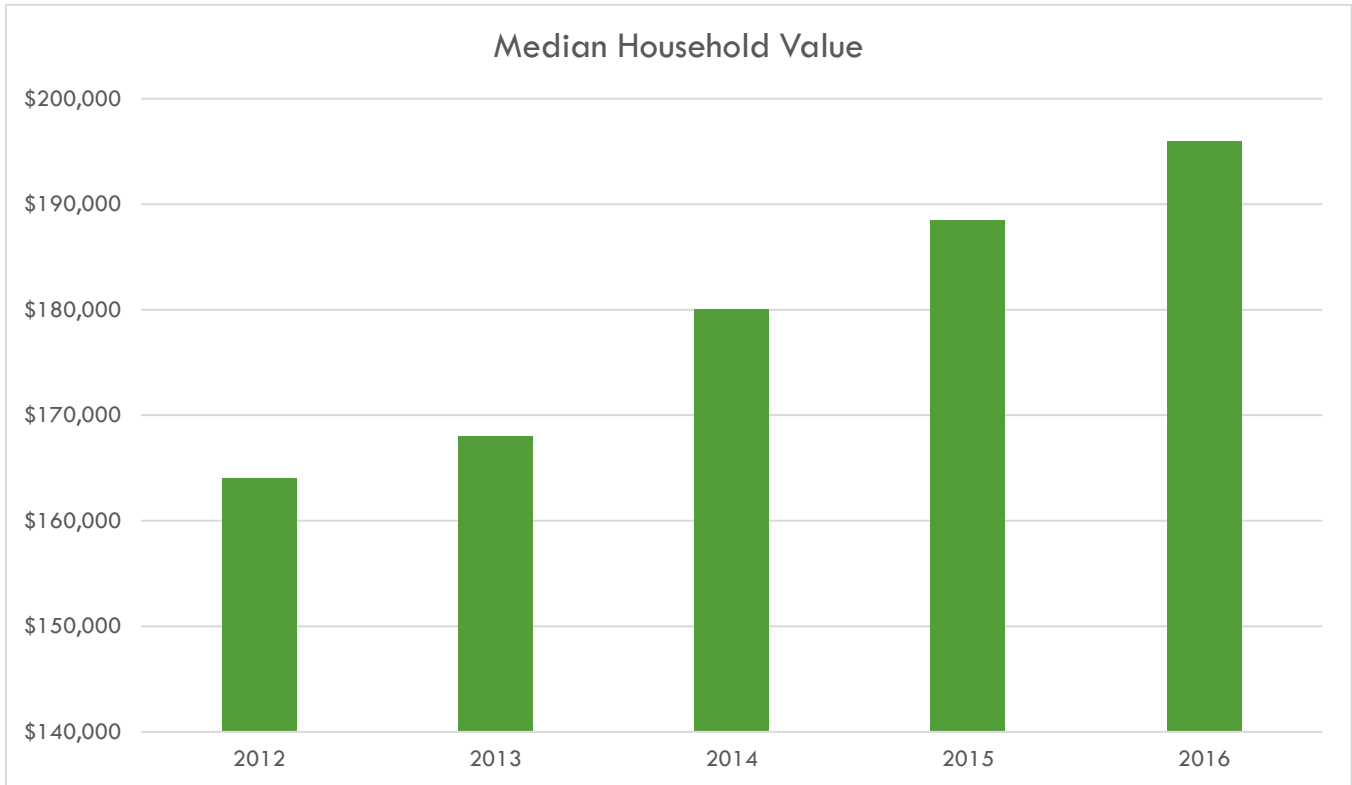
Property Values

	2012	2013	2014	2015	2016
Taxable market value	\$1,223,862,183	\$1,235,267,314	\$1,334,517,728	\$1,430,939,117	\$1,535,054,114
Percent change	-7.98%	0.93%	8.03%	7.23%	7.28%



Household Value

	2012	2013	2014	2015	2016
Median household value	\$164,000	\$168,000	\$180,000	\$188,500	\$196,000



COMPLETED & ONGOING PROJECTS

Parkview

Parkview is a 60-unit housing development under construction at 55th and Winnetka avenues by Centra Homes. The residential development consists of 29 traditional single-family homes and 31 detached townhomes and will be completed in December 2017. The two-story, single-family homes will range from 2,585 to 3,990 square feet with a variety of models and floor plans. Each model includes a two-car garage with a number of models offering an option for a three-car garage. The detached townhomes will range from 1,974 to 2,128 square feet. The city of New Hope purchased the 17-acre site in 2013, with a goal of diversifying available housing stock in the city.



Parkview

ADDRESS DETACHED TOWNHOMES	SALE PRICE	ADDRESS SINGLE-FAMILY HOMES	SALE PRICE
5530 UTAH AVE N	\$273,995	5521 WISCONSIN AVE N	\$314,178
7920 55 TH CIR N	\$277,188	5517 WISCONSIN AVE N	\$328,879
5527 UTAH AVE N	\$278,304	5511 WISCONSIN AVE N	\$333,001
5526 UTAH AVE N	\$281,826	8049 55 TH LN N	\$353,027
5521 UTAH AVE N	\$284,638	5531 WISCONSIN AVE N	\$361,336
5501 UTAH AVE N	\$293,753	5527 WISCONSIN AVE N	\$365,312
8008 55 TH LN N	\$294,446	8041 55 TH LN N	\$366,121
8004 55 TH LN N	\$294,873	8024 55 TH LN N	\$367,500
5520 UTAH AVE N	\$295,246	8044 55 TH LN N	\$371,715
7916 55 TH CIR N	\$295,454	5526 WISCONSIN AVE N	\$374,012
5517 UTAH AVE N	\$297,861	8053 55 TH LN N	\$378,759
5536 UTAH AVE N	\$298,000	8020 55 TH LN N	\$380,000
8012 55 TH LN N	\$307,979	8036 55 TH LN N	\$380,308
8016 55 TH LN N	\$311,359	5520 WISCONSIN AVE N	\$382,472
7933 55 TH CIR N	\$315,338	5530 WISCONSIN AVE N	\$382,694
7929 55 TH CIR N	\$316,132	8037 55 TH LN N	\$397,275
5511 UTAH AVE N	\$322,822	5501 WISCONSIN AVE N	\$397,522
5531 UTAH AVE N	\$324,311	5507 WISCONSIN AVE N	\$415,862
8000 55 TH LN N	\$334,777	8048 55 TH LN N	\$428,275
		8028 55 TH LN N	\$429,860
		8057 55 TH LN N	\$438,676
AVERAGE	\$299,911		\$378,418

Ironwood

Alatus, LLC is constructing a four-story, 182-unit luxury apartment building on the site adjacent to New Hope's golf course. The driving of approximately 700 pilings took place in September 2017 with building foundation work beginning shortly thereafter. Sewer and water infrastructure improvements will be completed by January 2018. Framing, core components, and mechanical work will take place between December 2017 and November 2018. It is anticipated that



construction of the \$27.3 million building will be completed by December 2018. The city completed a market feasibility study in 2015 to determine what type of redevelopment was best suited for the site and concluded that luxury apartments were the most viable option. Results from the study supported high-density use of the property and highlighted the demand for luxury multifamily housing within the city. The final plat and vacation of easements for the project were approved in February 2017. Building amenities include a pool deck with grilling stations, an indoor/outdoor entertainment suite with rooftop grill, work-from-home/creative spaces, do-it-yourself workshops, panoramic views of the golf course, a 24/7 fitness center, studio, and indoor sauna, a resident coffee bar, and a pet spa. The city and developer negotiated a city-provided loan that will assist in adding a high-efficiency HVAC system, which will help the building achieve LEED Certification and result in no carbon footprint for the entire building.



Good Samaritan

Good Samaritan is expanding its campus with the construction of a three-story, 31-unit assisted living facility. Construction began on the building, which will be located at 2765 Virginia Avenue North, in October 2017. Residents of the new \$4.4 million facility will live on-site full time; however, the individual units will not include full kitchen facilities. There will be separate areas in the building for dining, bathing, exercise, nursing care, activities, and administrative services. The current operations of Good Samaritan are conducted in a facility that has 77 beds and includes skilled care and rehabilitation services. The addition of the proposed assisted living facility will provide housing and service options for the customers of Good Samaritan that are not currently available at the location. The facility will be connected to the Good Samaritan campus by an enclosed walkway.

Good Samaritan acquired two parcels to the north of the property in 2012, where the assisted living facility will be constructed. The building connection and site layout created the need for special zoning considerations and the property was rezoned to Planned Unit Development (PUD) to allow the flexibility necessary to accommodate the proposal. The project is most closely aligned with the zoning standards found in the R-5 Senior/Disabled Residential District, therefore its standards served as the base zoning guidelines in creating the PUD standards for this project.



Dunkin' Donuts

An abandoned gas station and car wash at 7820 42nd Avenue North received approvals to be redeveloped into a sandwich shop in June 2015. In 2016, the gas station and car wash were demolished to make way for the 2,000-square foot donut and coffee shop. The \$1.07 million project was completed and Dunkin' opened on December 7, 2016.



Extra Space Storage

A Conditional Use Permit (CUP) was granted to allow for the conversion of an 83,600-square foot warehouse at 2701 Nevada Avenue North into a self-storage facility. The building also houses an adhesive labels company that continues to occupy the western third of the building. The remainder of the building was divided into 630 climate-controlled storage units. The units are available in a variety of sizes and occupy two floors within the building. Customers enter the facility in their vehicles through a one-way drive aisle that goes through the building. Several exterior modifications and improvements were made to the building, including fresh paint, a new roof, additional windows, parking area improvements, and the construction of an outdoor storage area.



Avtec Metal Finishing

A 20,763-square foot, \$5 million expansion project was completed at Avtec Metal Finishing, 9101 Science Center Drive. The expansion enlarged the company's shipping and receiving operations area to provide better truck access, more docks, and a dedicated area for deliveries and pickups being transported by smaller vehicles. The expansion includes an investment in an on-site power source, minimizing the impact that power outages will have on production and delivery dates. It also improved safety, will allow for future process expansion, and includes conference and training rooms. Enhanced employee facilities have created a better workplace environment for staff. Avtec Metal Finishing provides chemical finishing, electroplating, and mechanical finishing services.



Pioneer Metal Finishing

Pioneer Metal Finishing moved its operations to a previously vacant industrial building at 4800 Quebec Avenue North in 2017. The business invested approximately \$10 million into the building and relocated approximately 100 employees from its previous location in Minneapolis. Founded in 1945, Pioneer Metal Finishing offers a wide array of metal finishing services, including anodizing and electroless nickel; paint and powder coating; and chromate, tin, zinc, and precious metal platings.



Horwitz Mechanical

Horwitz Mechanical purchased the easterly of the two buildings located at 7400 49th Avenue North in 2017. Interior renovations were completed in the spring, before the business moved its operations into the building in July 2017. Horwitz Mechanical employs 93 on-site employees, with an additional 300 employees in the field. The business has been located in New Hope since 2008 and continues to grow rapidly.

Horwitz designs, installs, and maintains mechanical systems. The company specializes in new construction, renovation, and retrofit of commercial, industrial, and institutional facilities. Horwitz provides engineering, design, installation, and ongoing service support for the heating, refrigeration, air conditioning, sheet metal, and plumbing markets in the Twin Cities.

