

**ECONOMIC DEVELOPMENT COMMISSION
ANNUAL REPORT-2014
By: Erik Thorvig, Economic Development Manager**

Introduction

The 2014 goals focused upon the Historic Rum River District; property acquisition in the Anoka Station Area, Greens of Anoka TIF area, South Ferry Street; modification of the Greens of Anoka TIF District and business/developer calls.

During 2014 the Economic Development Commission held 12 regular meetings. Several subcommittee meetings were held for Celebrate Anoka Day, monument signage, Anoka Winterfest and riverboat committee. Several presentations were made to the City Council during the year including a yearly report and presentation of the Gary Stout Scholarship.

There is about 5.2 million square feet of industrial space in the City. The vacancy rate for all industrial space fell slightly from about 2.2% to 1.6% while the Anoka Enterprise Park vacancy was 2.5%, down from 3.58% in 2014. The major vacancies that were filled were the former E Street Makers building at 731 Lund Blvd (22,725 sf.) and former Juno Inc. building at 1040 Lund Blvd (49,786 sf.). The largest current vacancy in the AEP is the building at 1100 McKinley Street where a little over 37,000 square feet of space is for lease. There are no vacant stand alone buildings in the Anoka Enterprise Park.

The overall vacancy rate in the historic core area of the Central Business District increased from 12.0% in 2013 to 13.5% in 2014. Much of that is due to the high second floor vacancy. The vacancy rate for main floor space increased from 1.7% to 3.2% during this same period.

The vacancy rate for other adjacent retail properties dropped from 4.5% to 3.9% and the rate for adjacent office space was 3.1%, slightly lower than 2013. Vacancy of government buildings remained very low at 0.4%. The overall vacancy rate for the larger Central Business District decreased from 5.4% in 2013 to 5.0% in 2014. Second floor areas in the Historic Core decreased from over 40% to 39.4%. As noted the last several years, this un-renovated space has been vacant since the 1960's. However, renovations in 2011 at the northeast corners of Jackson Street and Main Street have shown that this space can be used for offices. Other owners have shown interest in renovating the upper levels when market conditions allow for it.

The demand for housing changed for the positive in 2014. Rum River Shores, a 44-unit single family subdivision was approved with 29 homes either completed or under construction prior to year end. The subdivision is the city's largest since the Mineral Pond residential developments in the early 1990s. The prices for the homes in this development are also unique for Anoka. The values range from \$400,000 to \$800,000+. The developer is optimistic about starting Rum River Shores North in the spring of 2015. This would add an additional 67 lots with home values in the range of \$350,000-\$500,000. The number of foreclosed homes continues to decline after high numbers between 2008 and 2011. The City was able to secure a developer for a senior cooperative in the Historic Rum River District. Hearth Development is hoping to construct a 59-unit senior cooperative called Gladstone in the spring of 2015. This will be the first major development in the

Historic Rum River District since completion of the first condominium building by Rottlund in 2009. The Volunteers of America also broke ground on Phase II of their Homestead at Anoka project near 4th Avenue and Grant Street. This \$20+ million project will consist of 24 memory care beds and 65 independent apartment units. The developer can add an additional 53 apartment units as part of this phase. The developer also has an option on an additional 2.5 acres for a future phase. Walker Methodist still has interest in an assisted living project at 2nd Avenue and Monroe Street in 2015. The City is also marketing a site near the Anoka Station for a market rate apartment. In general the only interest this site has garnered is for a tax-credit affordable apartment project. The City will continue to be patient.

The following is a table showing private investment in 2014:

<u>Development Projects/Remodels</u>	<u>Value</u>
Commercial Additions	\$11,166,400
<u>Highlights</u>	
Main Motors	
Poly-Cam	
Franklin School	
Lincoln School	
Federal	
Commercial Alterations	\$4,080,763
<u>Highlights</u>	
RMS Surgical	
Pentair	
Commercial New Construction	\$981,001
Multi-Family Alteration	\$662,735
Multi-Family New	\$1,276,329
Residential Addition/Remodel	\$906,319
Residential New Construction	\$9,129,660
<u>Rum River Shores</u>	
Houses built in 2014	\$8,371,210
<u>All Other New Home Construction</u>	\$758,450
Total	\$28,203,207

Real Estate Transactions in 2014

- Sale of 3.93 acres to Volunteers of America for the Homestead at Anoka.
- Signed purchase agreement for the sale of approximately 30 acres to Landmark of Anoka for Rum River Shores North.
- Signed purchase agreement for the sale of Site 4 in the Historic Rum River District to Hearth Development.
- Purchase of 2600, 2606 and 2632 Ferry Street.
- Purchase and sale of 1050 Jefferson Street for conversion to a single family house.

- Purchase and demolition of 1040 Madison Street from the Volunteers of America.
- Purchase of 6050/58 Highway 10.

Development/Expansion Projects Approved in 2014

- Rum River Shores 67 Unit Single Family Subdivision – County Road 116 and 7th
- Homestead at Anoka Phase II
- 500 Bunker Lake Blvd Mini Storage
- It’s About Sleep – 633 East Main Street
- Main Motors – 435 West Main Street
- 8-unit Apartment – 1046 Lincoln Street
- 8-unit Apartment – 1028 Lincoln Street

Staff/EDC Accomplishments for 2014:

1. Secured a developer for a senior cooperative on Site 4 in the HRRD.
2. Sold land to Homestead at Anoka for Phase II of the Volunteers of America project.
3. Acquired old Volunteers of America facility and prepared the site for redevelopment.
4. Acquired old Volunteers of America office/house and sold it to a remodeler who improved and sold the house for single family use.
5. Approved a purchase and development agreement for Rum River Shores North.
6. Acquired land from the State of Minnesota for relocation of the Public Services facility to make land available for development.
7. Updated and distributed Development Opportunities information to developers.
8. Participated in the HRRD vision committee.
9. Developed a City monument sign plan.
10. Modification of the Greens of Anoka TIF District.
11. Completed 21 business calls.
12. Held 31st Annual Celebrate Anoka Day.
13. Held 3rd Annual Anoka Development Day.
14. Carried out a multifaceted promotion of Northstar Commuter Rail services.

Major Projects in Planning

1. Historic Rum River District
2. Highway 10
3. Anoka Station Area
4. Greens of Anoka

Other events, activities or factors in 2014:

- Planned/participated in special events:
 - Held Anoka Enterprise Park Annual Meeting with 37 in attendance. (March 19)
- Promoted Northstar at other events:
 - Provided information at Anoka Enterprise Park Annual Meeting (March 19)
 - Provided information at North Suburban Home Show (March 22)
 - Provided information at Riverfest

- Staffed Anoka County Fair Northstar Booth
- Promoted Northstar via CityView, Community Guide, website and lobby display.
- Worked with other marketing agencies:
 - Coordinated marketing efforts among Chamber, Discover Anoka, ABLA and City.
 - Provided Twin Cities Gateway with information for website.

Business calls completed during 2014 included:

During 2014 the Business Call Team visited 21 companies including manufacturers (6), public/institutional (2), retailers (9), services businesses (1) and restaurants (3). In most cases, specific issues of current interest were discussed and follow-up done where needed.

Marketing events/meetings during 2014 included:

- Staff maintains regular liaison relationships with the following groups via monthly or quarterly meetings.
 - Anoka Business & Landowners Association Board Meetings
 - Anoka Area Chamber of Commerce Board Meetings
 - Anoka Technical College General Advisory Committee
 - Anoka County Economic Development Directors
 - ReDiscover Anoka Marketing Committee
- Presentations were made to the following groups:
 - Chairpersons (October 1)
 - Metro Council SAC Conference (December 2)
- Various Economic Development Meetings:
 - Anoka Area Chamber of Commerce Manufacturers Luncheons
 - Anoka County Economic Development/Greater MSP
 - Ehlers Public Finance Conference
- Staff met several times regarding projects/people including the following:
 - Volunteers of America
 - Walk Methodist
 - Greenhaven Parkway Road
 - Highway 10
 - Rum River Shores
 - Julie Lux and James McCaffrey, Cassidy Turley, Broker
 - Jon Fahning, Shingobee Real Estate, Broker/Developer
 - Anoka Hennepin School District
 - Anoka County
 - Grassroots Cooperative
 - Heidi Brownlee, Anoka Shopping Center
 - Anoka Enterprise Park Annual Meeting
 - Duffy Development, Residential Developer
 - Premier Commercial Properties Residential Brokers

- AREA Real Estate Brokers
- Various Sites Searches
- 3rd Annual Celebrate Anoka Day (Formally Anoka Business Appreciation Day)
 - Golf Tournament with over 170 golfers
 - Title Sponsors: Federal Premium Ammunition
 - Stout Scholarship funds of \$1200 presented to City Council on October 20.
- 3rd Annual City of Anoka Development Day
 - Bus Tour of various current and future development sites
 - Luncheon at Green Haven after bus tour
 - 46 attendees from developers, brokers, staff, banks.
- Staff/EDC representations on these City committees
 - EDC chair to Chairpersons Communication Board
 - Andy Peterson and staff to HRRD Visioning Committee
 - Staff to Department Head Staff Meeting
 - Staff to Development Team Meeting
 - Staff to Technology Committee