

CHAPTER 7

ECONOMIC DEVELOPMENT AND HOUSING



ECONOMIC DEVELOPMENT & HOUSING

A primary goal of the City is to have an economically balanced community that provides residences, commercial activity, and job creation in proportional measures. This is of critical importance to ensure the City can provide efficient services at a reasonable tax rate. Also, to make the City a more attractive place for residents, it is important that there are enough jobs and commercial activity in the community. Finally, the City must ensure that its housing needs are met.

Municipal Tax Rates

An urban community that has primarily single family residences without the benefit of commercial and industrial uses typically ends up with a higher tax rate on the single family housing than that of a more balanced community. This is also true when a community needs to use tax increment financing and does not have an established diverse tax base.

The City of Dundas had higher tax rates for single family uses than many of the neighboring communities until recently when a tax increment financing district expired. This district also occurred at a time when the City's residential composition of its tax base was greatly increasing. If residential development were to occur at a greater rate than commercial and industrial, the higher tax rates could re-occur.

Tax Capacity Composition & City Tax Comparison			
City	2017 - Tax Capacity % Comm. & Ind.	2019 - City Tax Homestead \$200,000 Value	2019 - City Tax Homestead \$250,000 Value
Dundas	40.35%	\$950	\$1237
Faribault	35.30%	\$975	\$1269
Lonsdale	15.17%	\$1056	\$1374
Northfield	23.44%	\$1015	\$1321
Owatonna	34.46%	\$1144	\$1489

Employment Creation

The City is currently competitive regarding job creation. The City is providing jobs at a respectable jobs per capita number. The goal for the City is to grow this rate to 0.5 and maintain this level as the City grows. The employment would be provided via both commercial growth along Highway 3 and within the Downtown, as well as industrial land in the southwest portion of the City.

If the City were to expand beyond the current Orderly Annexation Area and continue with similar land use patterns as today, additional land would need to be provided for industrial and commercial land uses. The appropriate areas for job creating uses should be identified and reserved for these uses.

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Commercial Activity

Analysis of retail sales data shows that the City is providing a share of its retail demand. A goal of the City would be to provide enough property for commercial activity that can supply a greater portion of this demand.

The retail sales data also shows that there is demand for commercial activity within the region. There is a demand for uses within the greater area that would fit both within the City's Highway Commercial area and the Downtown. The City should seek to engage with these uses as opportunities arise.

2017 Retail Demand & Supply			
City	Retail Demand	Retail Supply	Leakage Factor
Dundas	\$20,623,658	\$12,341,473	25.1
Faribault	\$291,998,070	\$332,446,639	-6.5
Northfield	\$270,531,742	\$237,266,589	6.6
Rice County	\$917,488,212	\$726,421,030	11.6

In the above table, it shows that there is “leakage” (people shopping elsewhere) in Rice County and specifically in Northfield and Dundas. A closer look, specifically centered on Dundas, shows opportunities for commercial growth in numerous retail sectors.

The nature of commercial districts is changing with internet based shopping. While this is certainly a trend impacting retail, the City's focus is on two primary retail shopping districts. One is the Highway Commercial area on State Highway 3. This will still be a place for regional shopping destinations used by people accessing the greater area. As the population within the area rises, there will be a demand for additional commercial property and no other logical place for its location.

The other area for commercial in the City is the Downtown. While this area does generally have the second highest level of traffic counts in the community, the Downtown District is largely a historic, destination based retail area. With the trail head and river amenities, this area can engage people with a greater community experience than a typical commercial district. Community amenities, both permanent and temporary, can augment this district and engage customers in a more comprehensive manner. The City could host events, provide community activity space, develop public art or beautification, and otherwise provide assets in this area that could assist in expanding the commercial potential.

Expanding the Downtown to allow for more commercial uses will be more difficult than the standard Highway Commercial development. The City could use available economic development tools to assist in endeavors which are more difficult to establish but have a benefit to the community.

The third commercial area is the transitional area between the Highway Commercial District and Downtown, the Hester Street Corridor. This area would allow for limited residential conversions and redevelopment along Hester Street to help connect the two commercial districts. As this area converts to commercial, the City should assist in providing parking areas to avoid parking problems for the residences in the vicinity.

Housing

The City of Dundas has seen a great amount of residential growth in the last 20 years. The City anticipates maintaining its existing character but does identify the need to diversify the housing stock to provide a variety of housing opportunities. There are opportunities for medium and high density housing identified on the land use plan to further this goal. Also, the provision of senior housing is identified as a need.

The average home values in Dundas are higher than average than that of the rest of Rice County and near the levels of Northfield.

Average Home Value			
City	2019	2021	2026 (projected)
Dundas	\$210,710	\$278,095	302,241
Faribault	\$167,269	\$194,656	\$233,695
Lonsdale	\$210,154	\$242,053	\$268,687
Northfield	\$240,734	\$281,430	\$306,550
Owatonna	\$180,833	\$199,617	\$225,879
Rice County	\$239,196	\$267,484	\$294,714
Minnesota	\$260,880	\$307,875	\$360,395

Homes in Dundas are, on average, newer than in many neighboring cities.

Average Year Built	
City	Year
Dundas	2000
Faribault	1973
Lonsdale	2003
Northfield	1983
Owatonna	1974
Rice County	1978
Minnesota	1977
Source: ESRI	

The City's housing age is newer largely due to the recent development trends in the area. However, a large portion of the City's homes are older in nature.

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Housing Age	
Year Built	Percent of Total
2010-2020	8.1%
2000-2009	43.8%
1990-1999	15.9%
1980-1989	4.4%
1970-1979	7.5%
1960-1969	5.3%
1950-1959	1.5%
1940-1949	0.5%
1939 or earlier	13.0%

The City of Dundas is a primarily single family community with fewer rental units than most area cities. Dundas has only 7% of its housing stock as rental dwelling units. Average rental prices in the City are higher than in many neighboring communities.

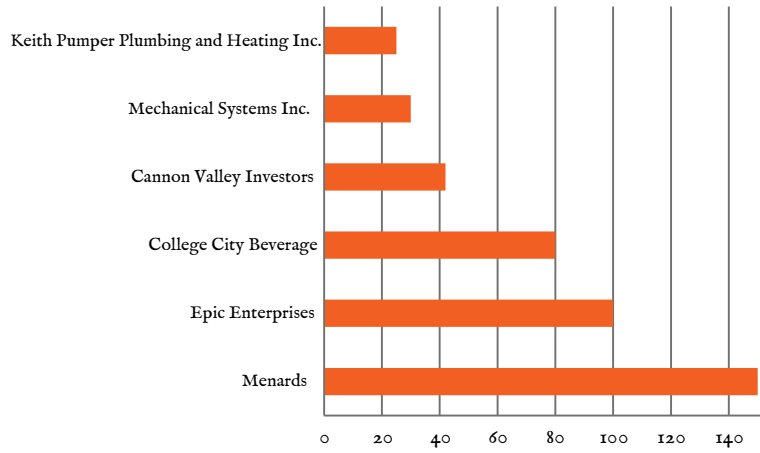
Rental Price	
City	Average Rent
Dundas	\$1,022
Faribault	\$790
Lonsdale	\$1,478
Northfield	\$793
Owatonna	\$803
Source: ACS	

Municipal Growth

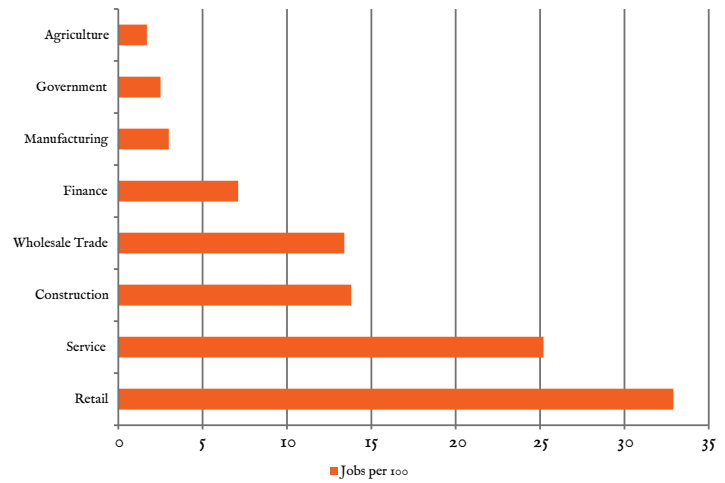
As the City continues to have a high rate of residential growth, the proper amount of land needed for job creation and provision of economic activity will need to be supplied. This land might not be immediately used, however, its availability is important to keep the community balanced and the tax rates in line with other Cities.

Due to the City having a more clustered approach to the provision of industrial and commercial land, as the City grows in the future land use decisions would need to be made to ensure that residential uses don't intrude upon these areas in the short term. To this point, a land use map has been made depicting uses continuing this land use pattern outside of the immediate growth area. The amount of land being depicted in each designation (generic residential, commercial, and industrial) is balanced to provide a jobs per capita number between current levels and 0.5, and the appropriate amount of land to absorb the City's projected retail demand. This will ensure there is an opportunity for the City to provide proper balance of land uses within the community, as the City grows.

Dundas Largest Employers

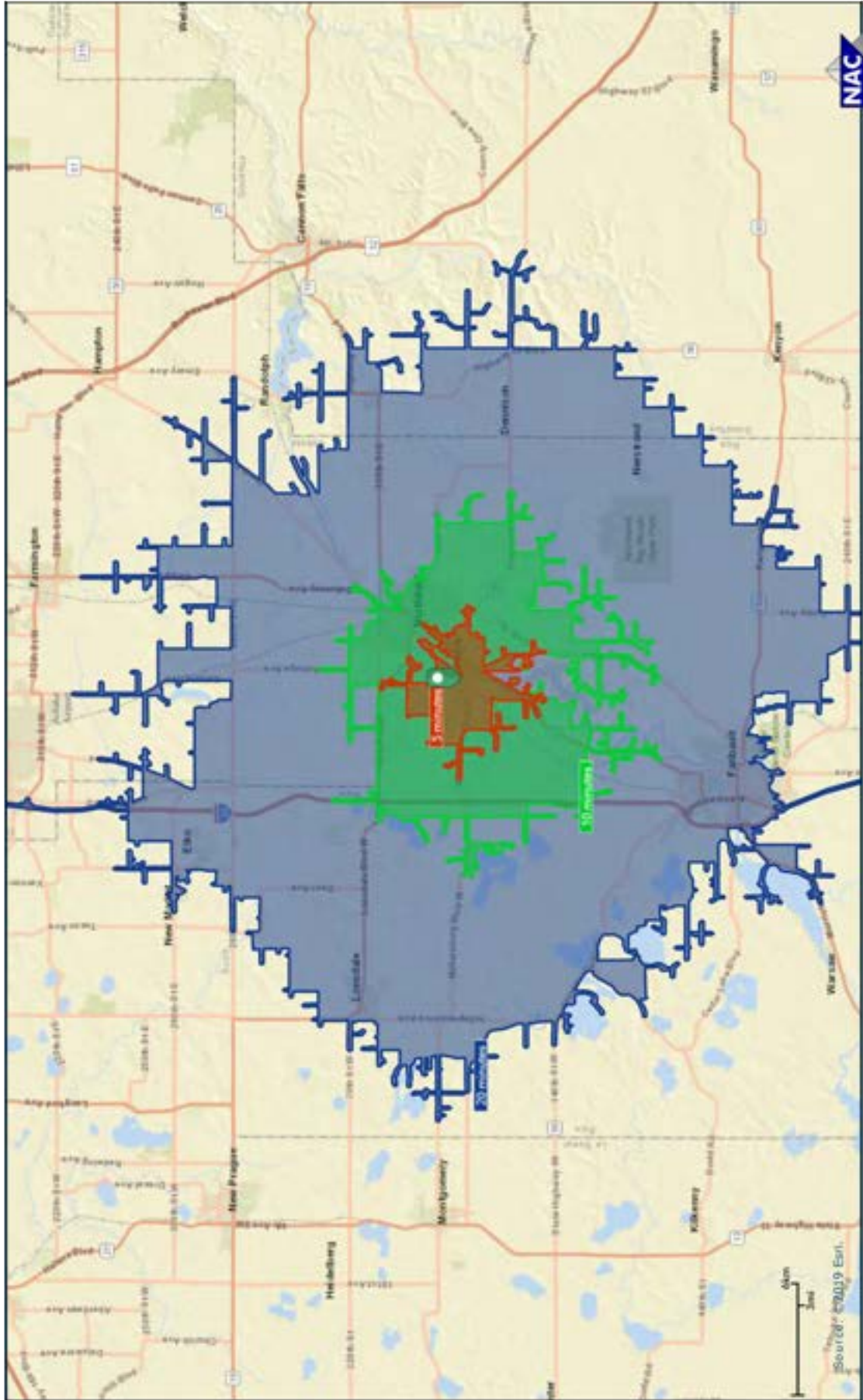


Dundas Jobs by Sector



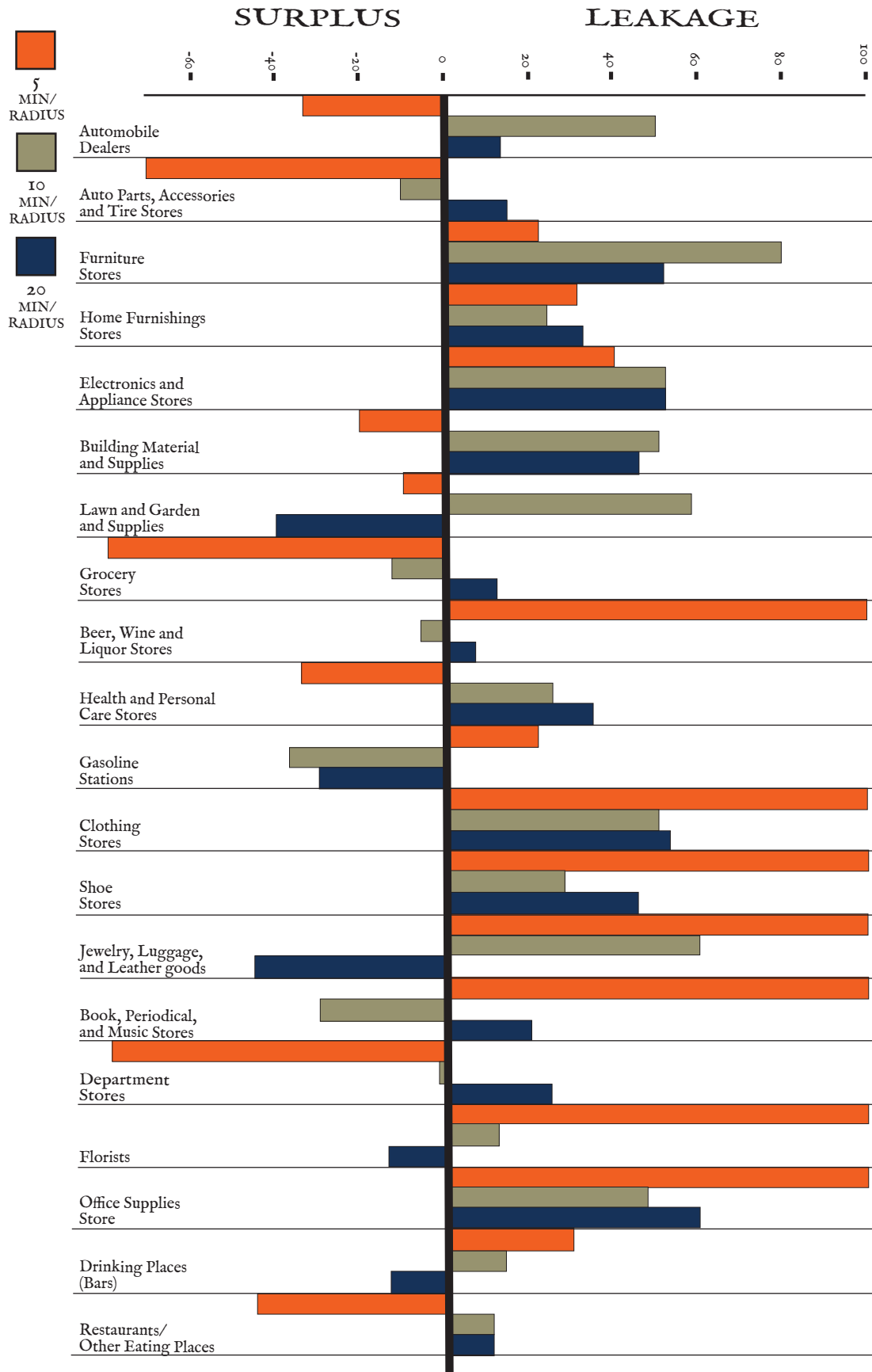


Dundas Retail Market Analysis Areas



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Source: ESRI: 2017 Leakage/Surplus Factor by Industry Group

ECONOMIC DEVELOPMENT & HOUSING GOALS

Goal: Use economic development tools to assist in the implementation of appropriate elements of this plan.

- Establish programs to assist in enhancing existing businesses and building appearance.
- Create programs and utilize existing tools to spark expansion of the Downtown, encourage job creation, and establish the Hester Street Corridor.
- Increase commercial activity to better match levels of community demand.
- Improve the Downtown street scape.
- Create a master vision for the Hester Street Corridor.
- Ensure appropriate commercial and industrial land will be reserved to balance residential growth.
- Establish a business retention and expansion program.
- Work within the parameters of joint plans and agreements with the City of Northfield to provide utilities.

Goal: Provide for expanded housing opportunities.

- Create strategies for preserving and enhancing existing housing stock.
- Seek opportunities for senior and affordable housing.
- Use multi-family housing development to enhance commercial areas.

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