

The Plainview Area CHAT Report



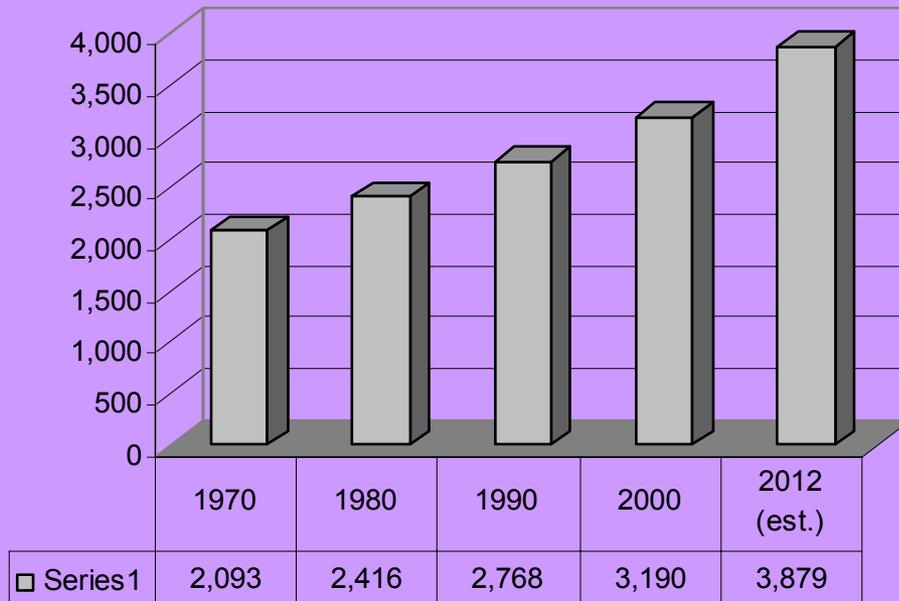
Aquila Community Housing Assessment Team

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December 11, 2002

Population Change

Plainview

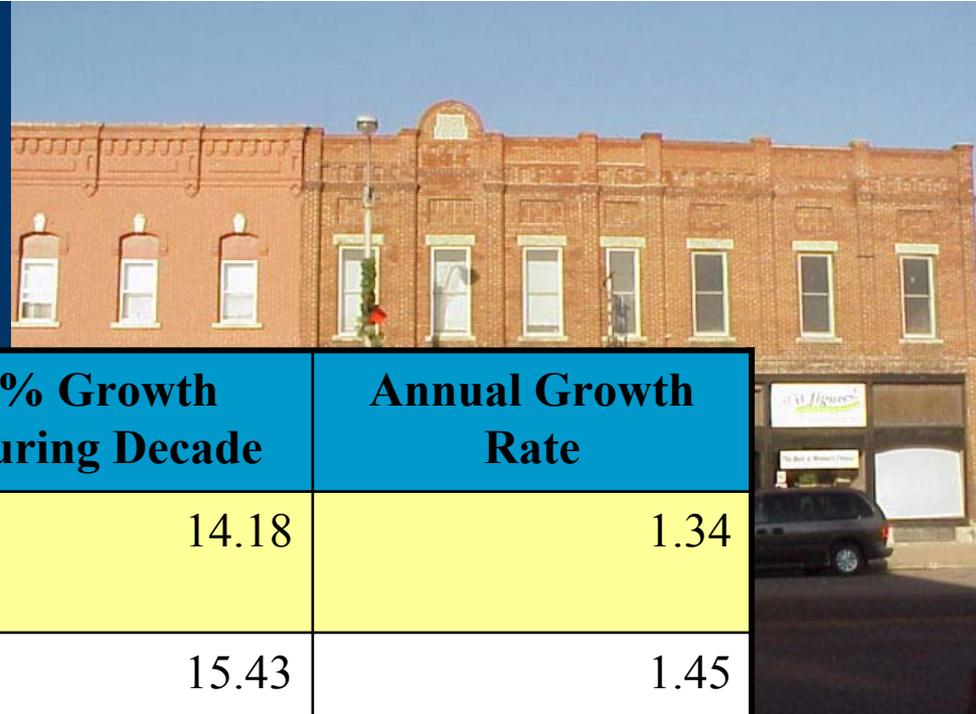


Source: US Census, RDG Crose Gardner Shukert



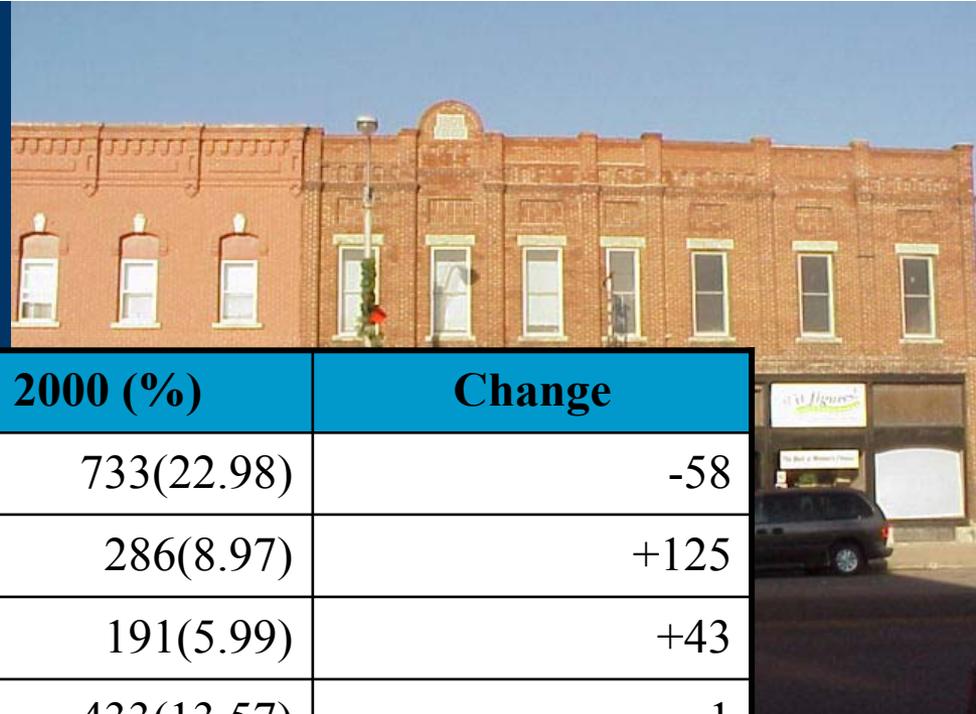
- Plainview's population has steadily increased since 1960.
- Since 1980 the City has experienced a 32% increase in population. This trend is contrary to what many Midwestern cities were experiencing during this same time period.
- Plainview's annual growth rate has been extremely constant during each of the past four decades, varying between 1.34% and 1.45%.

Population Change



	Change in Population	% Growth During Decade	Annual Growth Rate
1960-1970	260	14.18	1.34
1970-1980	323	15.43	1.45
1980-1990	352	14.57	1.37
1990-2000	422	15.25	1.43
Total, 1960-2000	1,357	74.03	1.39

Population Change



	1990(%)	2000 (%)	Change
Under 15	791(28.58)	733(22.98)	-58
15-19	161(5.82)	286(8.97)	+125
20-24	148(5.35)	191(5.99)	+43
25-34	434(15.68)	433(13.57)	-1
35-44	379(13.69)	460(14.42)	+81
45-54	236(8.53)	344(10.78)	+108
55-64	192(6.94)	227(7.12)	+35
65-74	195(7.04)	192(6.02)	-3
75-84	150(5.42)	214(6.71)	+64
85 and Over	82(2.96)	110(3.45)	+28
Median	31.54	33.94	

Population Forecast

	2000	2007 Forecast	2012 Forecast
0% Migration	3,190	3,205	3,243
10% Migration	3,190	3,428	3,637
13% Migration	3,190	3,494	3,757
16% Migration	3,190	3,559	3,879

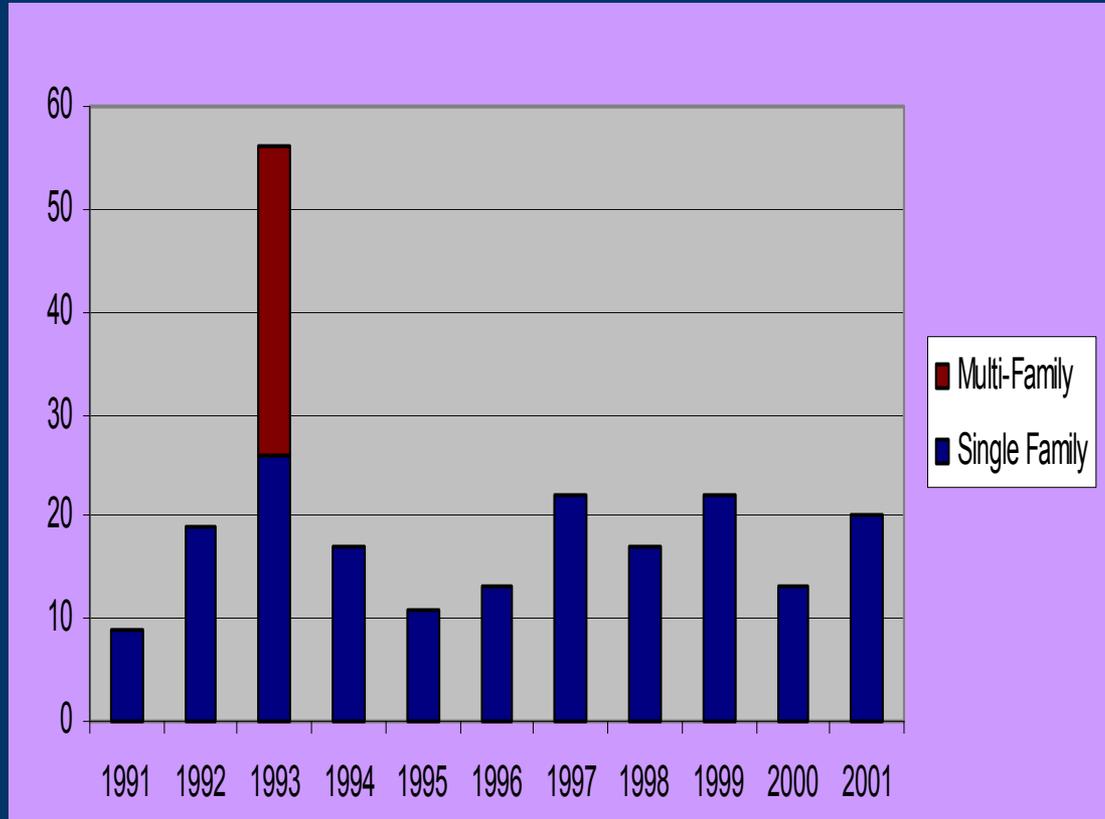
• In determining the 10 year population growth for Plainview we look at the variance that is predicted by natural change versus the actual count. This indicates the migration rate experienced during the decade.

• Between 1990 and 2000, natural change would predict a population of just over 2,800. The actual population of 3,190 was about 13% over this forecast.

• If the city continues the pattern of the 1990s, it will achieve a 2007 population of 3,494 and a 2012 population of 3,757. A somewhat more optimistic migration scenario indicates a 2012 population of 3,879 – an annual growth rate of about 2%.

Housing Construction

1991-2001



Source: City of Plainview



- During the last ten years, Plainview has developed 219 new units, an average of approximately 22 units annually. The majority of this development has been in single-family forms.

- This pace will likely continue into 2002 with 14 single family and 2 multi-family permits issued during the first three quarters of the year.

- Since 1997 Plainview has seen a fluctuating pattern of construction.

Occupancy Changes and Impact on Housing Stock, 1990-2000

	1990	2000	Net Change	Construction, 1990-1999	Net Impact on Existing Housing
Owner-Occupied	777	944	+167	167	0
Renter-Occupied	194	213	+19	30	-11
Vacant	59	66	+7		+7
Vacancy rate	5.73	5.40			
Total	1,030	1,223	+193		-4

The Process



- **Use population forecast, recent construction activity and assumptions about people per household generate ten-year overall housing demand.**
- **Consider the distribution of household income in Plainview**
- **Match income ranges with affordability price points, based on housing costs equal to 30% of adjusted gross income.**
- **Define price breakouts for new housing demand, based on the assumption that new construction should ideally be affordable to the existing household income distribution.**

Ten-Year Development Projection, Plainview

	2002-2007	2008-2012	Total
Population at End of Period	3,559	3,878	
HH Population at End of Period	3,423	3,729	
Average PPH	2.58	2.53	
HH Demand at End of Period	1,327	1,474	
Projected Vacancy Rate	5.4	5.4	
Unit Needs at End of Period	1,402	1,558	
Replacement Need	10	10	20
Cumulative Need During Period	141	166	307
Average Annual Construction	28	33	31

- Housing demand calculation is based on a slowly decreasing number of people per household and a constant vacancy rate.

- We assume a continued replacement need of 2 units annually. This reflects the level of demolition of deteriorated units and conversion of some units.

- This suggests a demand for about 31 units annually.

Income Distributions and Housing Affordability Ranges

Income Range	Number of Households	Affordable Range for Owner Units	Number of Owner Units	Affordable Range for Renter Units	Number of Renter Units	Total Affordable Units	Balance
\$0-25,000	317	\$0-50,000	86	\$0-300	38	124	-193
\$25-49,999	401	\$50,000-99,999	502	\$300-500	102	604	203
\$50-74,999	275	\$100,00-149,999	280	\$500-699	53	333	58
\$75-99,999	118	\$150,00-200,000	59	\$700-999	0	59	-58
\$100,000	46	\$200,000+	17	\$1,000+	20	37	-9
Median Household Income \$39,952							

Source: RDG Crose Gardner Shukert

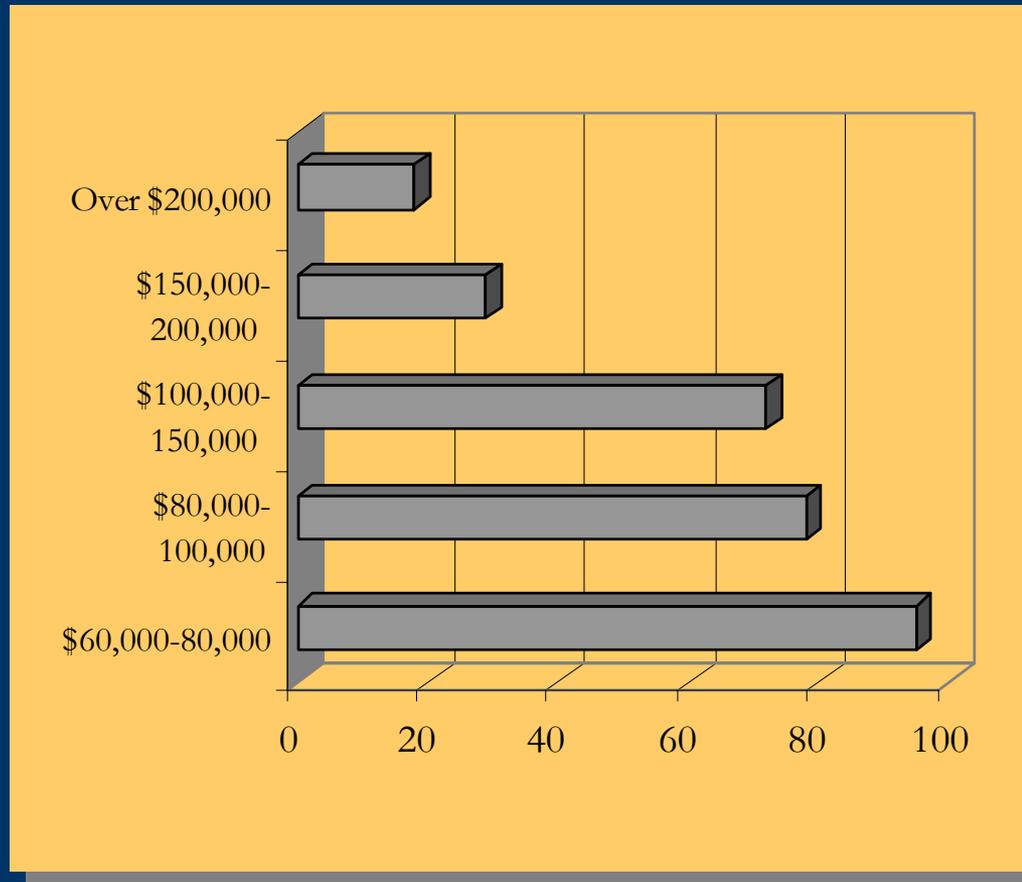
- Plainview has a shortage of housing in the lowest price range, and a small shortage in the middle/upper range.
- The city is short 193 units with values less than \$25,000 or rents less than \$300, a typical phenomenon.
- Some higher income earners may still be filling housing that may be affordable to more moderate income households.

Ten-Year Housing Development Program, Plainview

	2002-2007	2008-2012	Total
Total Need	141	166	307
Total Owner Occupied	105	124	229
Affordable Low: 60-90,000	23	27	50
Affordable Moderate: 90-125,000	27	32	59
Moderate Market: 125-190,000	34	41	75
High Market: 190-250,000	15	17	32
High End: Over \$250,000	6	7	13
Total Renter Occupied	36	42	64
Assisted: Less than 400	11	13	24
Affordable: 400-625	12	14	26
Market: Over 600	13	15	28

- **About 48% (about 11 units annually) of the city's owner-occupied housing demand is for houses priced at or below \$125,000.**
- **Plainview has a need for about 50 affordable rental units during the next 10 years. However, in a regional economy like Rochester's, people may tend to move where housing is available, potentially lending market support for more units.**

CHAT Participants Perception Survey



% Reporting Undersupply by Price Range n=30

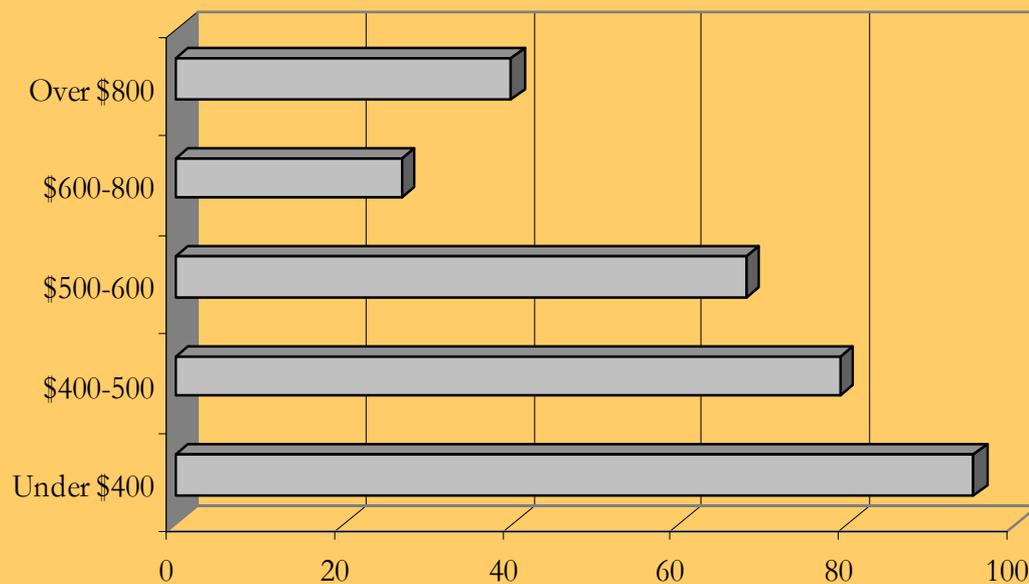
Undersupplies in Owner-Occupied Housing

- A large majority of respondents report undersupplies in housing priced below \$150,000.
- A majority reports a balanced market for homes priced over \$150,000



CHAT Participants Perception Survey

Undersupplies in Rental Housing



- A large majority of respondents report undersupplies in housing with rents below \$600

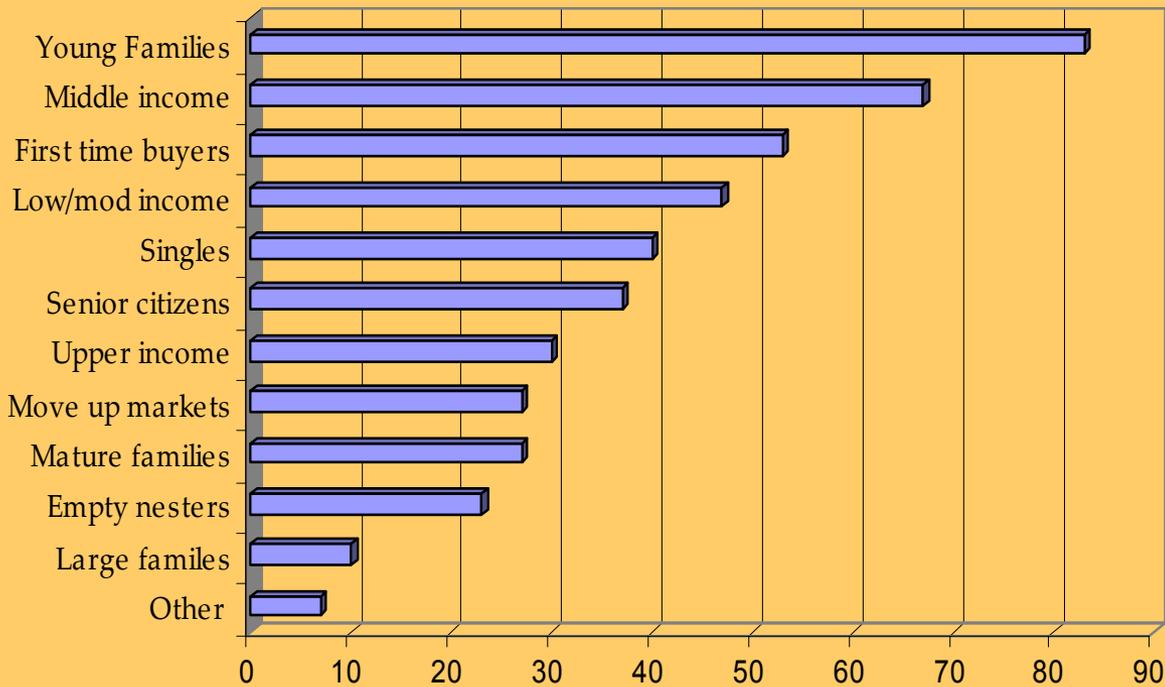
- A majority reports a balance in units with rents over \$600.

- A greater number of respondents felt that units over \$800 were undersupplied than units between \$500 and \$800.

% Reporting Undersupply by Rent Range n=30



CHAT Participants Perception Survey



Target Groups for Owner Occupied Housing

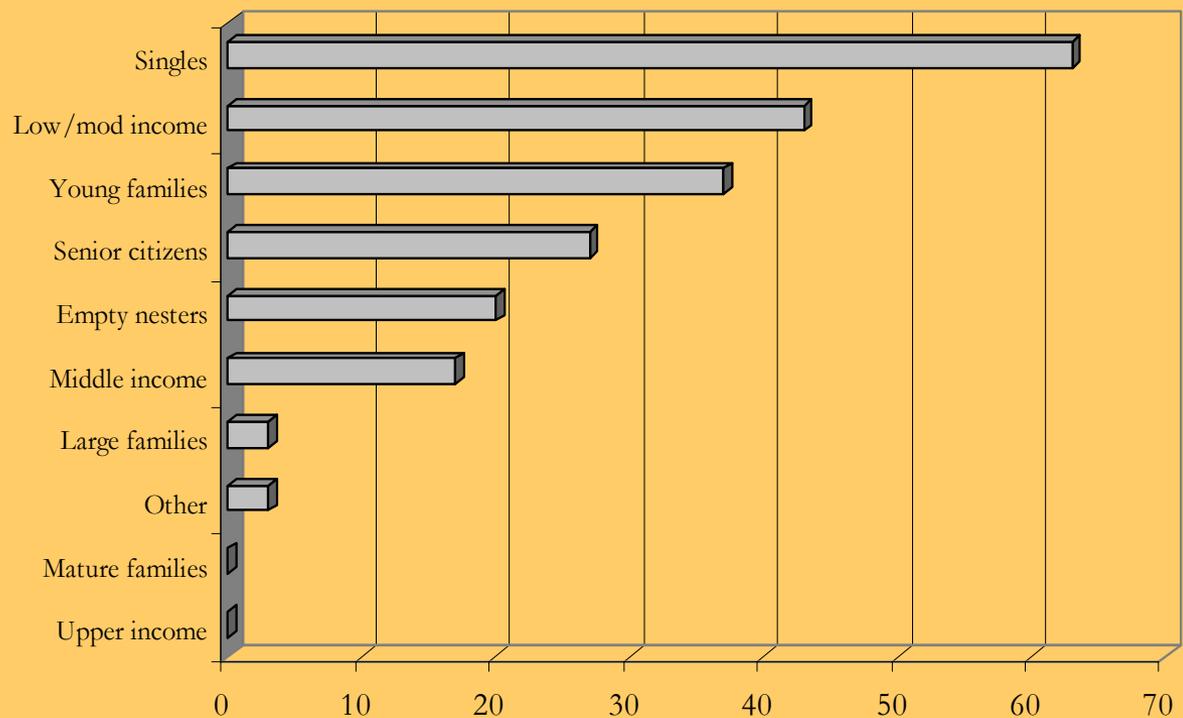
- Young families and middle-income households are mentioned as major targets by a substantial majority of respondents.

- Large family households were seen as the smallest potential target group.

Owner-Occupancy Targets



CHAT Participants Perception Survey



Target Groups for Renter-Occupied Housing

- Singles are mentioned most often as a major target for rental housing.
- Upper-income households and mature families were seen as the least likely to be targeted for rental housing.



Renter-Occupancy Targets

CHAT Participants Perception Survey

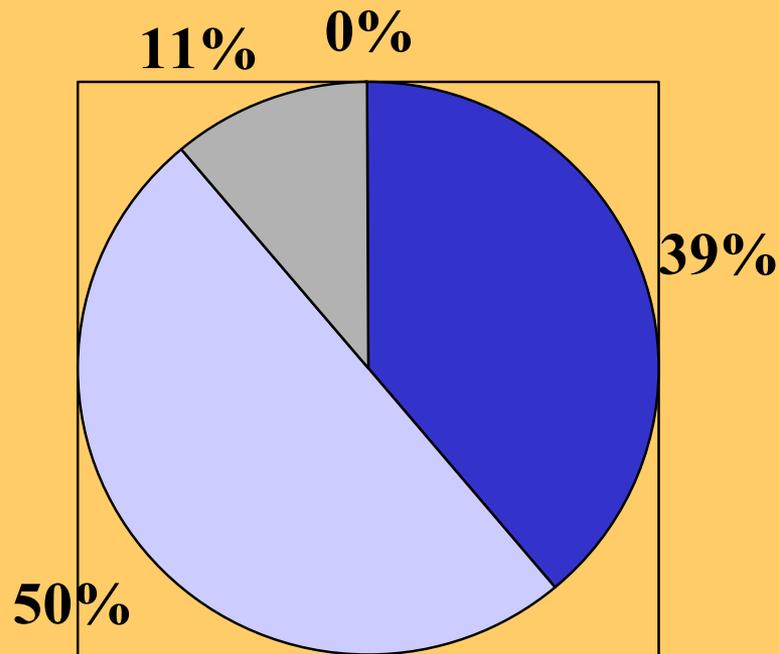
Most Desirable New Housing Products



Middle-sized, 3 BR houses	60%
Low and moderate-income apartments	53%
Affordable, small single-family houses	47%
Townhouses and duplexes	40%
Large houses	17%
High-end apartments	10%
Executive and luxury houses	7%

CHAT Participants Perception Survey

Lot Supply



-  **Oversupply**
-  **Adequate**
-  **Moderate Shortage**
-  **Severe Shortage**

CHAT Participants Perception Survey

Ratings of Various Actions

5 to 1 scale



Rehab Loans	3.26
Development of infrastructure	3.21
Downpayment assistance	3.11
Mortgage assistance	3.11
Construction financing	2.96
Grants/low-interest loans to developments	2.79
Section 8 rental subsidies	1.88
Land acquisition	1.68

Housing Resources and Assets



- Location
- Community Attributes
- Stable Employment Base
- Population Growth and Migration
- Excellent Housing Supply
- Available Land
- Development Community
- Delivery Capacity for Innovative Housing
- Local Financial Support
- Social Concern and Commitment

Location

Plainview's location twenty miles from Rochester and near major regional recreation facilities are extremely attractive. Rochester's major employers, Mayo Clinic and IBM, dominate sectors that will continue to expand in the future and attract highly skilled, highly paid employees to the area.

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Community Attributes

Plainview offers an excellent array of community features, including a solid Main Street district, good public and religious schools, quality health care, local live theater, good recreational facilities, and strong churches. These attributes have steadily attracted people in the region to Plainview over the long term. Plainview's compactness and community quality make it especially desirable to people looking for alternatives to either city or suburban settings.

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Stable Employment Base

Plainview enjoys a stable employment base, largely because of its location near Rochester and the likely continued expansion of the health care industry. Local industries such as Lakeside Foods are also notable for their long-term stability.

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Population Growth

Plainview has experienced steady, if moderate, population growth during its history, posting an increase of about 15% during the 1990s. Most significantly, though, the city exhibited a significant in-migration rate of 13% during the last decade. During the each of the last four decades, Plainview has posted steady annual growth rates in the range of 1.4% -- a solid long-term performance for a rural town.

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Excellent Housing Supply

Plainview's has a varied supply of homes, ranging from new construction to small, post-war ramblers to historic Victorians. All share a common attribute – excellent property and site maintenance. The quality of housing and clear pride in property enhances the marketability of Plainview and provides an excellent foundation for productive new development.

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Available Land Resources

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lainview enjoys a plentiful of supply of land contiguous to its developed edges. This land is owned by people who are both development-oriented and willing to complete projects themselves. These major sites include the Levan and Doane sites on the east and west sides of town; expansions of Orchard Hills on the southeast; and land north of the city, adjacent to Fisk Acres and Parkside. These sites provide Plainview with the opportunity to grow efficiently and contiguously into the foreseeable future.

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Local Development Community

Plainview has a productive and effective development community, ready and willing to complete the most difficult part of the development process – subdivision platting. The success of Fisk Acres demonstrated the ability of the city to absorb new improved lots. At least five major development groups have the land and apparent financial ability to proceed with significant projects. Of these, Eastwinds and Orchard Hills 5th Subdivision are farthest along in the process.

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Delivery Capacity for Innovative Housing

Plainview is fortunate to be in a climate of housing innovation, with organizations that have mastered the art of providing affordable housing. The First Homes Program, financed by Mayo Clinic, provides financing for both rental development and moderate income buyers. The Southeast Minnesota Multi-County HRA has a proven track record in both housing development and assistance to communities, while the Three Rivers Community Action Agency is also an effective developer of affordable housing. Minnesota's private and public sectors lead the nation in availability of housing development initiatives. All of these literally "set the table" for Plainview to address its ongoing housing needs.

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Local Financial Support

Plainview's financial and private sectors have proven their ability and willingness to participate in housing initiatives.

Both major banks are local and offer a range of programs and expertise.

Plainview Area Development Corporation (PADCO) financed the development of Fisk Acres when lots were extremely scarce, in the process demonstrating the efficacy of the town's market potential. The city's financial sector thus also brings major tools to the table.

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Social Concern and Commitment

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lainview's Migrants Council demonstrates the commitment of Plainview's residents to address areas of major concern and social responsibility. The Council, drawn from local permanent residents, is concerned with the needs of the town's food processing-oriented migrant population. Faith in Action helps seniors live at home through its volunteer efforts. On the for-profit side, Homes of Value has addressed affordable housing needs by developing modular units in Fisk Acres. These initiatives demonstrate an unusual openness to addressing community social issues in an inclusive way.

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Strategic Issues and Opportunities

- Lack of Master Planning
- Community Futures in a Growth Environment
- Rental Supply and Markets
- Affordable Homeownership
- Infrastructure Needs and Finance
- Development Standards and Costs
- City/Developer Processes and Issues
- Migrant Housing
- Senior Housing Development



Lack of Master Planning

Plainview lacks a current comprehensive plan that identifies a framework of major streets, infrastructure extensions, and other community facilities. Evidence of this is the difficulty of getting around town; and the closed design of some developments, which appears to preclude future street connections. City staff is attempting to improvise by taking advantage of specific developments to build and finance these framework facilities.

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Lack of Master Planning

This understandable practice can nevertheless create inefficient land use patterns and significant fiscal burdens, as individual developments struggle to pay for improvements that have areawide and even community-wide benefits. This in turn can threaten the feasibility of desirable projects.

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Community Future in a Growth Environment

Plainview has the enviable opportunity to define its future. As a stand-alone town in the Rochester sphere of influence, it will not experience the rapid growth taking place in the West Rochester/Highway 14 corridor. Yet, it is precisely the nature of an identifiable rural town within easy commuting distance of Rochester that gives Plainview the ability to optimize its growth. Yet, there appear to be conflicting visions of how much growth should occur and who should pay for it.

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Community Future in a Growth Environment

Plainview must have a clear airing of these views and define a specific sense of its future, perhaps as part of the comprehensive planning process. We believe that an ideal structure must:

- Define the level of growth necessary to sustain critical community systems, including schools, retailing, infrastructure, and community institutions.
- Develop a funding mechanism that equitably allocates costs for infrastructure based on who benefits.
- Explains the conclusions clearly to all members of the community

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Rental Supply and Markets

Plainview's supply of quality, market-rate housing is very scarce, despite a nominal rental vacancy rate of about 12%. Only 18% of all housing is in rental occupancy; many of these units are limited to senior occupancy. The lack of an adequate rental supply can close the community to new arrivals to the region and to professionals and others newly employed in town.

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Affordable Homeownership

In common with many towns, and despite the notable success of private development in Fisk Acres, Plainview does not currently meet market demands for new affordable housing, priced below \$125,000. Unlike many towns, however, Plainview has the capabilities necessary to meet this need – a potential lot supply, willing builders and developers, cooperative financial institutions, and an enviable array of innovative housing and community development organizations.

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Infrastructure Needs and Finance

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lainview faces significant infrastructure challenges. Water and sewer lines in many parts of the city need to be rebuilt to provide quality service in the future. The regional wastewater treatment plant is nearing capacity, able to accommodate only 8 to 10 years of growth at current rates. Key new development areas to the east and west require construction of lift stations. All of these problems also raise issues of financing equity.

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Development Standards and Costs

Lot costs in Plainview are now exceeding \$30,000. Lots in this price range generally require houses in the \$150,000 to \$200,000 range, above a large portion of the city's housing market. Public improvements, now entirely privately financed, contribute to these costs. Issues include minimum lot sizes, street width requirements, and developer financing of oversized regional utility lines.

Appropriate lot costs for houses below \$125,000 are generally below \$20,000.

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City/Developer Processes

Relationships between city approving agencies and developers appear somewhat strained, possibly attributable to a lack of plan guidance, changing positions and priorities, and unclear processes. Inspections are completed by a third-party contractor, sometimes causing delays. Routine permits appear to require P&Z and Council approval, compounding delays for small projects.

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City/Developer Processes

In these cases, both sides have good reasons for their positions and justifiable stories to tell. City officials have the difficult problem of satisfying two customers – the general public and the development community. Yet, conflict, delays, and procedural misunderstandings, if they occur, increase frustrations on all sides and make the city appear unfriendly to development.

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Migrant Housing

Seasonal workers at Lakeside Foods create unusual housing challenges. The season brings about 200 to 250 employees to town. Some are housed in mobile homes owned and maintained by Lakeside; others find improvised accommodations. This situation can place workers in poor conditions and discourages people from settling in town. However, it is extremely difficult to build housing that must remain available at a specific time for seasonal tenants.

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Senior Housing Development

Plainview has developed several quality settings for seniors, including Plainview Senior Housing and Green Prairie Point. However, it lacks a high-quality independent living setting – townhouses or cluster houses in a community setting with common site maintenance. Markets for this housing type exist for a variety of price ranges. Obstacles to development may include a need for properly zoned sites, a lack of flexible standards for a planned unit development, and a need to match developers with opportunities.

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Plainview Area Housing Objectives

A housing program for Plainview should:

1. Establish consensus over the future growth vision of the city.
2. Clearly identify the framework for growth.
3. Mobilize the various agencies already arrayed to address Plainview's housing issues, including for-profit and non-profit developers (such as Three Rivers), the HRA, the EDA, First Homes, and statewide agencies.
4. Develop equitable funding solutions to infrastructure development and reconstruction.
5. Develop clear lines of communication between the city and the development/building community; streamline approval processes and expedite customer service while maintaining high standards.

Plainview Area Housing Objectives

6. Review land management regulations to assure that high but efficient and economical standards are met; assure that standards permit development of moderately priced lots.
7. Meet special housing needs, such as rental housing and senior housing; and explore innovative mechanisms to house seasonal workers.



A Comprehensive Plan for Community Growth

Plainview must develop a new and relevant comprehensive plan, critical as the city determines its future in a growth environment. The plan must address key infrastructure and transportation issues.

The comprehensive plan must:

- Define the most desirable growth rate and community size, capable of maintaining vital systems without compromising community quality.
- Establish the framework of streets and infrastructure necessary to support desirable growth.
- Develop a concept for public/private cost sharing of the basic framework, apportioning costs on the basis of community/areawide/special benefits, and producing desirable lot-pricing outcomes.

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The comprehensive plan must:

- Include a long-term capital plan that projects financial needs and provides a basis for a financing plan and capital budget.
- Through the land use component, designates enough land (or standards for rezoning other land) to meet market needs for multi-family and townhome development.

Infrastructure Development and Finance

Plainview must establish an equitable method of financing infrastructure, based on understanding the interdependence of new growth and the health of the established community and the principle that:

- New development should bear its share of the cost, but
- The existing community also must encourage some level of growth to sustain itself.
 - Reconstruction of existing sewers and water lines.
 - Expansion of treatment plant.
 - Financing of major streets and oversize lines.
 - Financing of areawide benefit projects: lift stations

Infrastructure Development and Finance

Infrastructure Reconstruction

Necessary reconstruction of existing lines is estimated at \$6 million and programmed in five phases. This undertaking may be completed over a 10-year period. Financing for bonds should be retired by a reconstruction fee on existing housing, commercial and industrial development, and new development over a 20-year period. Bonds should be issues on a rolling basis, with proceeds available as needed for a specific phase.

Infrastructure Development and Finance

Water Treatment Plant Expansion

The existing wastewater treatment plant must be expanded to accommodate future growth. The size of the expansion may be linked to the optimum community size/growth rate, defined during the planning process. Financing for expansion should explore grant sources and should be phased in after retirement of current construction bonds. A study for potential debt requirement must analyze relative growth needs of both Plainview and Elgin; and determine an allocation formula between new and existing development.

Infrastructure Development and Finance

Financing for Oversized Improvements

Financing for oversized streets and infrastructure lines involves both community-wide and specific benefits. When a project is large enough to generate its own needs for larger lines, the project should finance these improvements. However, in general, the city should establish a standard for private financing of local services; and should finance oversizing. For example, the increment in cost between a local and a collector street should be a public expense if the street is on the transportation framework system. The comprehensive plan must establish these framework requirements.

Infrastructure Development and Finance

Projects with Areawide Benefits

Projects that open new areas to development, most notably lift stations, should be financed on an areawide or benefit district basis. Thus, the development capacity of land served by a lift station should be calculated; and an adequate benefit fee established to retire the debt for the project. For maximum efficiency, the lift station may be built privately and purchased at cost by the city, using revenue bond proceeds. The benefit fee proceeds over time then reimburse the city for its front-end financing. This concept must be reviewed for consistency with public bidding requirements in Minnesota.

Development Approval Processes

Plainview should create a strong partnering relationship that streamlines processing, permitting, and approval procedures; and maintains strong lines of communication between the city and the development community.

- Consider a new city building official position that combines zoning administration, plans examination, and building inspection to provide direct and prompt local service to developers and builders. Establish permit fees adequate to compensate a substantial share of staffing costs.
- Provide the building official with administrative approval power of many permit applications consistent with zoning requirements rather than requiring approval by the Planning and Zoning Commission and City Council.

Development Approval Processes

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- Formalize a conceptual project review process, involving the City Administrator, building official, Public Works Director, and applicant, to review project concept, and establish clear guidelines and requirements at the outset of the project. Define a project schedule for each proposal, defining mutual responsibilities and schedules, and bringing completed packages before P&Z and City Council at preliminary and final plat approval stages.
- Have a periodic roundtable between City officials and developers, to identify and solve concerns and maintain collegial relationships.

Project Development Partnerships

Plainview should establish a development partnership to accomplish primary production goals, including:

Construction of 10 houses priced at or below \$125,000 annually

Development of about 70 rental units during the next decade

Development of townhouses or cluster houses aimed at the older adult market. The convenor, and quarterback, of this partnership may most appropriately be the city's EDA.

Participants include the development community, Three Rivers Community Action Agency, the multi-county HRA, First Homes, and other involved groups. Special project approaches or strategies may be used to complete segments of this development.

Project Development Partnerships

Special Issues/Strategies

Speculative Home Financing

Several participants identified the benefits of building an inventory of moderately priced homes for sale. PADCO may transition its financing from subdivision lots as in Fisk Acres to interim financing of speculative homes. Homes should be built to specific standards.

Rental Development

A rent-to-own project may make up a portion of the projected rental housing demand. Rent-to-own units may use tax credits, and include a reservation of a specific amount of rental payments to accumulate as equity for a down payment on a house or the resident's unit (subject to recapture restrictions). Rent-to-own projects are typically (but not exclusively) developed by nonprofit developers.

Project Development Partnerships

Special Issues/Strategies

Seasonal Employees Housing

The partnership should explore potential options to explore and increase the supply of housing for seasonal workers. Solutions should include the possibility of multiple uses, to increase return and utilization of the development. For example, a rental cottage development may be designed to provide seasonal housing for workers; off-season lodging or motel accommodations; and transitional housing for people moving to the community before finding permanent settings (teachers, city staff, management employees). Lakeside should be a participant in project financing.

Focused Financing Assistance

TIF and other redevelopment tools should be focused on projects that meet these special production goals.

Development Standards

Plainview should review its Land Management Standards to assure their continued consistency with overall community objectives.

Potential areas of review include:

- Development standards such as street widths that add significant costs to projects.
- Sidewalk requirements. With increasing popularity of walking, sidewalks should generally be provided on at least one side of the street. The costs of sidewalks should be assessed to properties on both sides, however.
- Planned unit developments. A PUD ordinance can provide flexibility for projects such as senior townhouse projects, mixed use developments, and small lot development.

Strategic Program

2003-2004

- Complete a city comprehensive plan.
- Complete review of the Land Management Standards
- Implement procedural improvements and development roundtable
- Retain a Building Official
- Complete studies of infrastructure reconstruction finance program
- Establish an area-wide financing mechanism for lift stations, opening development of the Three Rivers and parts of the Levan site
- Through the EDA, convene the development partnership

Strategic Program

2005-2006

- Develop a significant rental project, considering a rent-to-own concept.
- Achieve a level of 10 affordable ownership units annually
- Implement a seasonal worker housing development with multiple, off-season uses
- Complete a townhome/clusterhome development for older adults
- Secure financing for wastewater treatment plant expansion
- Begin infrastructure reconstruction program