



LAKEVILLE

Downtown Development Guide Update

August 2018





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On August 20, 2018, the Lakeville Development Guide Update was adopted by the City Council as guidance for future actions regarding Downtown development.

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1. PROJECT BACKGROUND

Purpose

This document contains the Downtown Development Guide Update for Downtown Lakeville. The Guide is a tool for establishing and sustaining the Downtown over the next 10-20 years by:

- » Describing the contents, character and qualities desired for Downtown.
- » Providing examples of streetscape design and development character so that Lakeville can retain its unique historical characteristics while supporting new development.
- » Identifying opportunities for investment in public improvements that strengthen connections to Downtown and enhance the pedestrian environment (in terms of walkability and bikeability).
- » Identifying locations for organized civic events, activities, and gathering places that will help accommodate people who visit during entertainment and festivities.
- » Explaining how to guide private and public improvements to achieve this vision.
- » Outlining the public actions and investments required for change.

This Guide can also be framed in terms of what, why and how. In broad terms, “what” is the vision for the future of Downtown. Within this broad vision lies a series of specific steps to be taken to achieve this vision. “Why” explains the relevance of these steps. This understanding is essential. It brings the commitment to make difficult decisions. The stakeholders understand why each decision is important to Downtown. This understanding creates the ability to adapt to changing conditions. Future opportunities may lead to other paths that produce the same outcome. “How” provides the knowledge and the means needed to implement the Guide. Many critical elements of the Guide will not happen without action by the City. The City is not, however, solely responsible for the success of this Guide. The majority of investments called for in the Guide come from private development. Downtown must be a place that attracts and sustains businesses.



Approach

Update to the 2006 Lakeville Downtown Development Guide

In 2006, the City of Lakeville adopted the first version of the Downtown Development Guide. The planning process spanned a 13-month period from September 2005 to October 2006. The City Council appointed a “Downtown Planning Task Force” to provide guidance and shape concepts for Downtown. The Task Force aimed to create a useful and meaningful tool to guide future actions and investments in the Downtown. Over the past decade, Downtown has evolved considerably and now includes new development and public realm improvements (see Existing Conditions Chapter for more information).

In response to the City’s commercial and residential growth, the Lakeville City Council decided in 2017 to begin the process of updating the Downtown Development Guide, in order to “facilitate an effort to create a long-term plan to promote downtown economic viability while maintaining its unique and historical characteristics.” This update will be incorporated into *Lakeville Thrive!*, the City’s 2040 Comprehensive Plan.

Community Engagement

The Downtown Development Guide Update’s process involved a collaboration between the consultant, Lakeville’s City Council, City Staff, the Economic Development Commission, Planning Commission, stakeholder groups, and the general public over approximately eight months.

Public Meetings

Community meetings were held on January 30 and March 6, 2018. The first meeting focused on providing attendees with updates on what has occurred in Downtown Lakeville since the 2006 Guide, and on gathering information on the area’s assets, issues, and big ideas from the community. After hearing from meeting attendees and building on their understanding of the background information, Hoisington Kogler Group, Inc. prepared conceptual approaches to redeveloping Downtown and held a second public meeting to review the feedback from the first open house, evaluate an urban design framework for Downtown, and consider strategies for Downtown revitalization.

Online Engagement

207 people responded to an online questionnaire about issues, opportunities, and visioning for Downtown Lakeville. The feedback influenced the urban design framework and was used as a benchmark to ensure that proposed projects are in line with the desires of the community.

Public Input Themes

Comments reiterated throughout the engagement process helped to paint a picture of the biggest priorities for the community. Residents desire a destination Downtown that has a variety of thriving businesses to meet day-to-day needs and has options for dining and entertainment that allow them to stay in town and spend money locally. People want Downtown Lakeville to have a strong identity and to be an integral part of and source of pride for the community.

Stakeholder Meetings

Meetings with stakeholders occurred over the course of the project. Groups involved in these meetings included Downtown business owners, property owners, and ISD 194 representatives.

City Council, Planning Commission, and Economic Development Commission Updates

City Council was updated three times throughout the Downtown Development Guide process, between January and May of 2018. The Planning Commission was updated in a joint meeting with the City Council and Economic Development Commission on January 23, 2018, and again on February 1 and April 19, 2018. The Economic Development Commission was updated on February 27 and April 24, 2018. The final Guide was approved by the Lakeville City Council on August 20, 2018.

Project Area

For the purposes of this Guide, Downtown Lakeville's planning area is as shown:

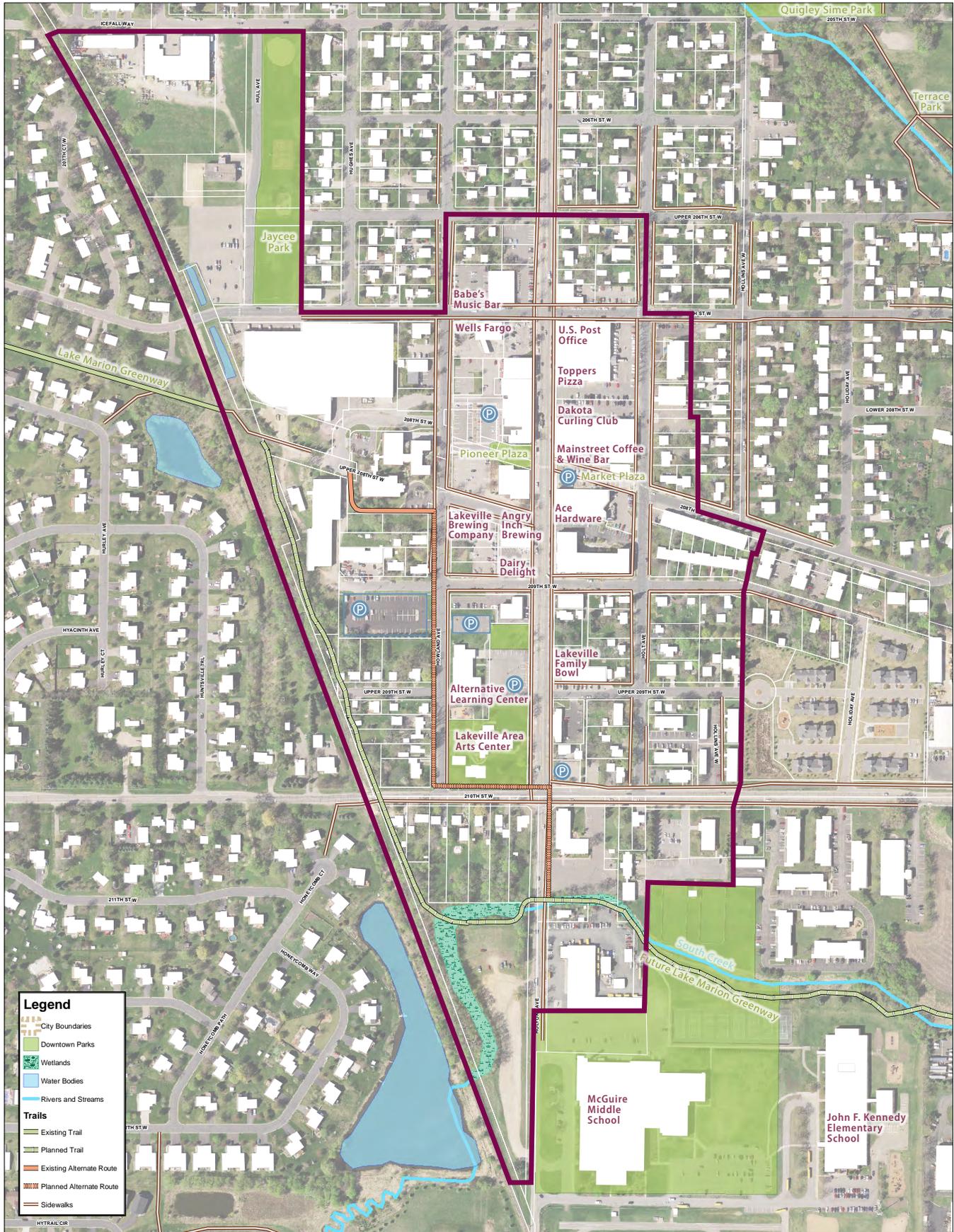


Figure 1.1 | Downtown Development Guide Project Area

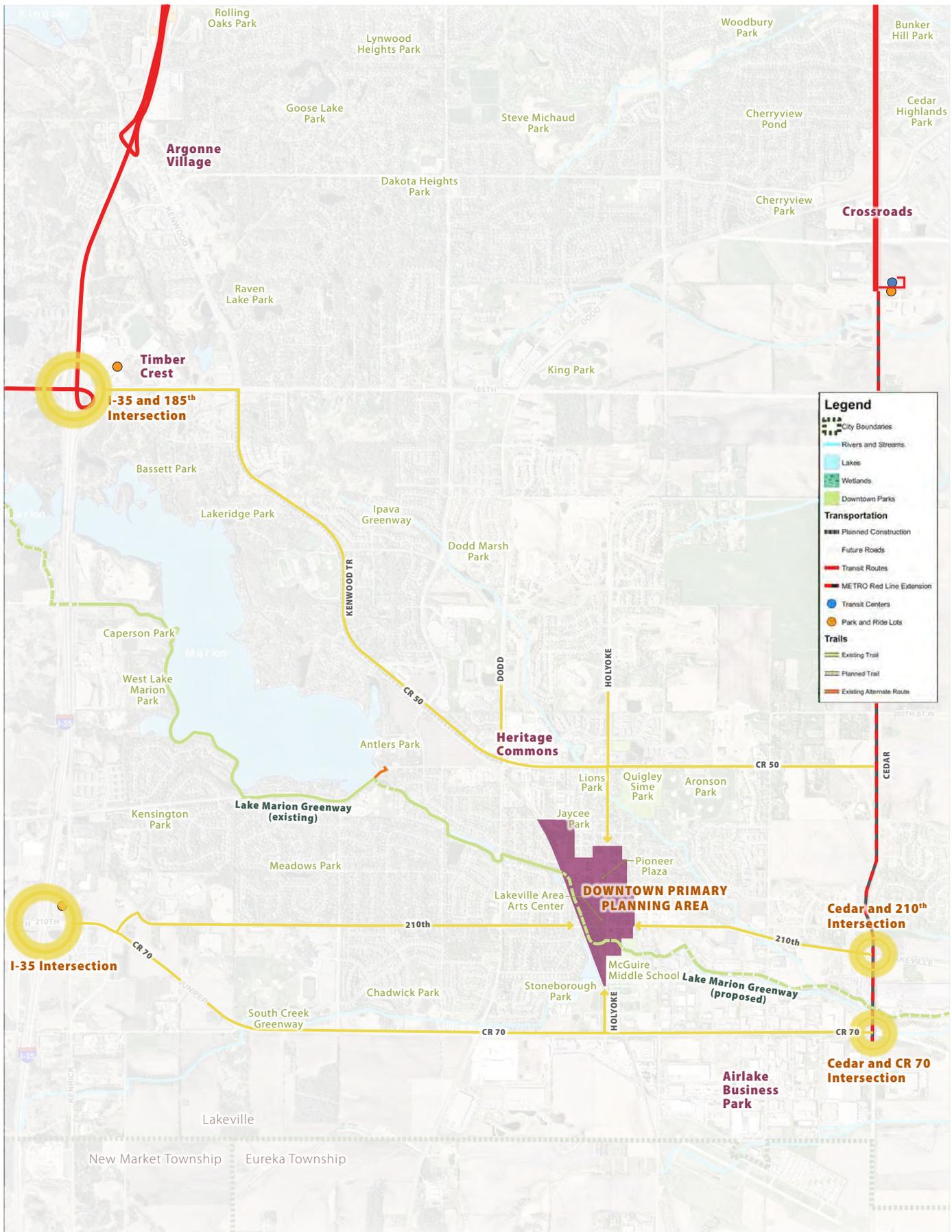


Figure 1.2 | Downtown Lakeville Context Map



History and Context

Lakeville is a city of approximately 64,000 residents about 20 miles south of the Twin Cities. Founded in 1858 as Lakeville Township, the town grew up along a military road from Fort Snelling and was largely rural until the second half of the 20th century, after Interstate 35 was completed. The City of Lakeville was incorporated in 1967 and has continued to grow as an outer-ring suburb as Minneapolis and Saint Paul have expanded.

Downtown Lakeville is on the southern edge of the City about two miles east of Interstate 35. Other commercial districts have developed to the north along I-35 and Cedar, which makes them more convenient to greater numbers of people; however, having the Downtown tucked away beyond the busy roads makes it seem like a destination and its historical character cannot be found elsewhere in the City.

Lakeville's Downtown centers around Holyoke Avenue and has historical buildings dating back to the turn of the twentieth century. While Holyoke Avenue has evolved to include some parking-fronted lots with set back buildings, the street still maintains some continuous frontage. Buildings of note include the bank building, fire station, and the former All Saints Catholic Church building which is now the Lakeville Area Art Center.

Past Planning

Planning for Downtown Lakeville is not a new endeavor. The initial Downtown plan was adopted more than 40 years ago. Previous plans help to explain the evolution of the vision for Downtown. Issues and objectives brought up repeatedly throughout the plans demonstrate both the enduring qualities of Downtown and the challenges of redevelopment.

1975 Central Business District (CBD) Area Concept Plan

The first Downtown plan was prepared in 1975 (adopted in 1976). The 1975 Plan was initiated by the City Council in recognition of “the need for both a short and long range area planning framework and delineating the specific geographic area of concern.”

Some of the most thoughtful results of this planning process include initiatives to:

- » Maintain and improve the Central Core as the primary commercial/service center of the community.
- » Establish a cohesive and unified image for the Central Core.
- » Establish an orderly transition between the Central Core and residential neighborhoods through the introduction of either higher density residential or limited business commercial development.
- » Order the residential density patterns in a manner of decreasing density relative to the Central Core and major retail areas.
- » Establish a pedestrian circulation system within the Central Core which connects major economic activity areas and is compatible with the overall CBD area pedestrian network..
- » Establish a clear land use separation between the Central Core and peripheral commercial areas to avoid strip type development
- » Encourage clustering of peripheral commercial uses in concentrated locations to avoid sprawl.
- » Avoid further expansion of existing industrial activity within the Central Core.
- » Encourage any new industrial development within the CBD area to locate in the existing industrial park.

1980 Lakeville Comprehensive Planning Program Implementation: Redevelopment Needs and Approach

The 1980 Plan pointed out that many of the initiatives from the 1975 Downtown Plan were not yet being implemented, and expressed concern about:

- » The future of existing low density residential neighborhoods. The Plan noted that the vast majority of these homes were in good condition and should be maintained as an integral part of the CBD area. However, as growth and change occur with respect to commercial, industrial, and higher density residential development, adequate protective measures will be required in order to maintain the existing residential character and environment of these neighborhoods.
- » The potential emergence of dysfunctional strip commercial pattern. The Plan noted that there was a strong potential for the emergence of a strip commercial pattern if the City allowed development to occur without the benefit of a structured and planned development policy.

Design Guidelines

In 1999, the Downtown Lakeville Business Association and the City of Lakeville undertook a study to determine a vision for future growth and redevelopment of the historic Downtown area. This process led to the Design Guidelines for the Historic Fairfield District of Downtown Lakeville. These Design Guidelines sought to:

- » Create a pedestrian-oriented place where the citizens of Lakeville can show their pride, experience their community’s history, and improve their quality of life.

- » Reflect and enhance the historical character of the original Downtown district.
- » Set expectations for the City of Lakeville who will be assisting prospective developers with the planning of future projects.

The Design Guidelines incorporate the vision and image established by the 1999 Corridor and Gateway Design Study.

The primary area of focus for the Design Guidelines was the core of Downtown. This area was bound by 207th Street, Holt Avenue, Upper 208th Street and Howland Avenue. The remainder of the property along Holyoke Avenue from 202nd Street to 210th Street was a peripheral focus area.

The Design Guidelines contain criteria for site and building development. The City uses zoning regulations in the C-CBD district to implement the Design Guidelines.

Parking Study

In 2000, the City of Lakeville and the Downtown Lakeville Business Association undertook a study of parking in the Downtown area. The study assessed parking needs (current and future) and recommended strategies for enhancing the parking system. The study contains extensive information about the supply and use of parking in Downtown. The study used a parking demand model based on land use and parking counts at the time. The model concluded that with 1,528 parking spaces in the study area, there was an excess of supply over demand of 825 spaces. Parking surveys did note periodic shortages behind the Lakeville Mall and for the prime on-street locations. The analysis also projected a continuation of an overall surplus of supply into the future.

Corridor and Gateway Design Study

A 1999 study resulted in a review of key corridors and gateways throughout Lakeville. An outgrowth of the Economic Development Commission's (EDC) strategic planning process, the study aimed to establish standards for "future physical enhancement of designated corridors and gateways of the City". As it relates to Downtown, the study viewed Holyoke Avenue as Lakeville's "historic Main Street." Gateways on Holyoke Avenue were noted at 202nd Street and County Road 70.

2006 Downtown Development Guide

The 2006 Downtown Development Guide built upon these past planning efforts and worked to unite new initiatives under a cohesive vision:

DOWNTOWN IS A UNIQUE, IDENTIFIABLE AND THRIVING BUSINESS DISTRICT.

The development objectives represented in the 2006 Concept Plan included:

- » All buildings should be oriented to the street with commercial activities occupying the ground level.
- » Housing will be encouraged as needed to undertake redevelopment of parcels.
- » An ample supply of on and off-street parking will be located throughout the Core.
- » Public spaces will be used to provide beauty and places to gather.

The land uses shown in the plan on the following page sought to strengthen the character of Holyoke Avenue as a commercial street.

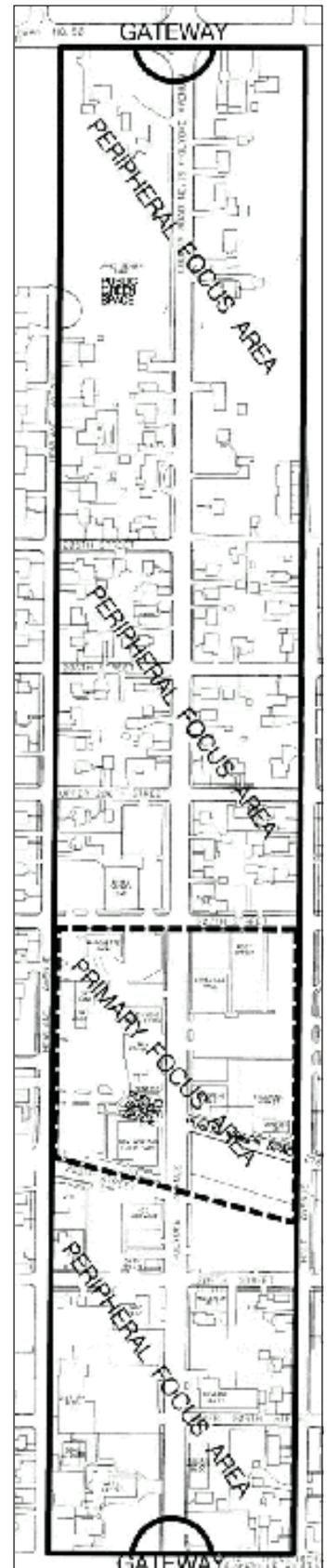


Figure 2.1 | 1999 Design Guidelines Focus Areas

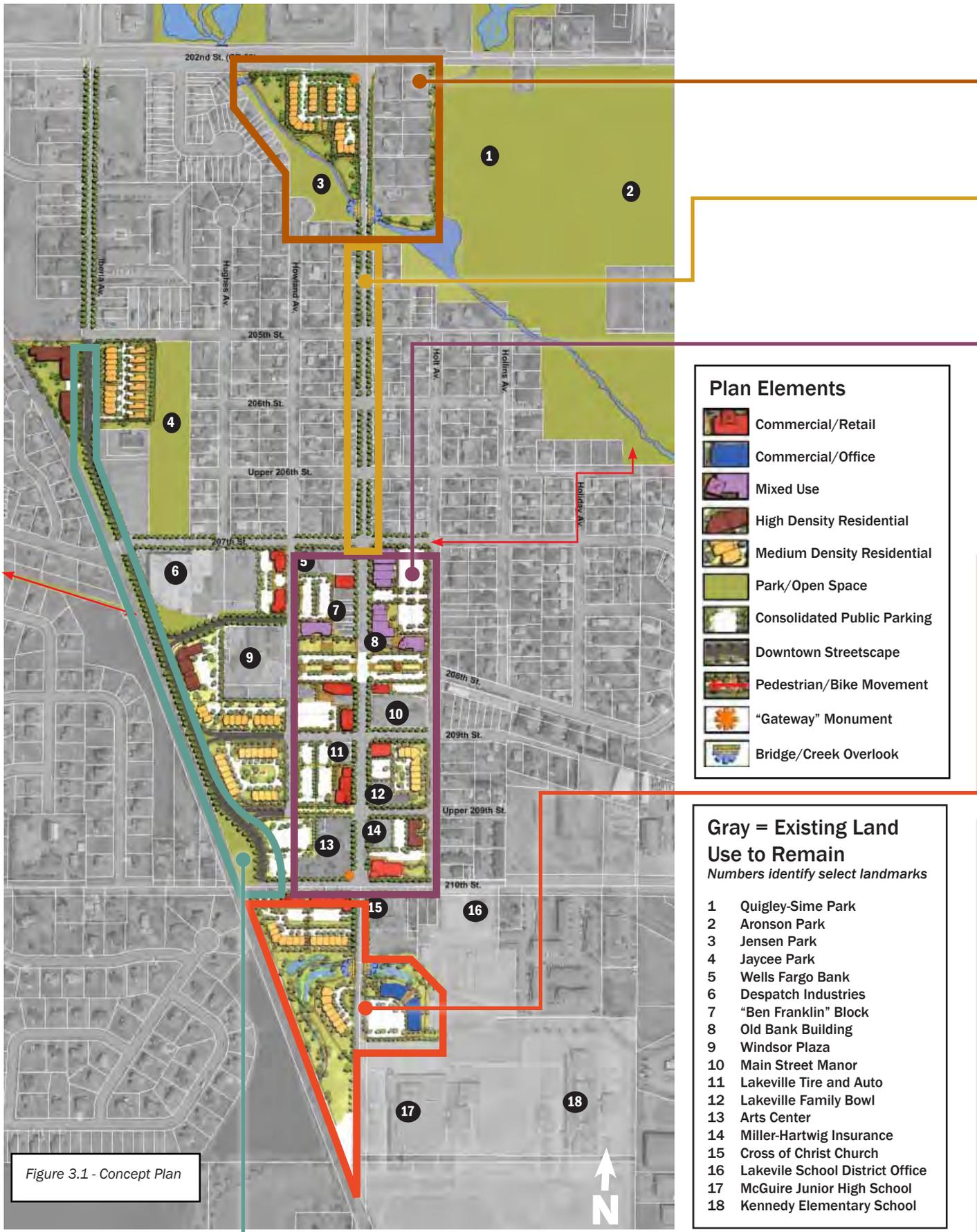


Figure 2.2 | 2006 Downtown Lakeville Concept Plan

The 2006 Plan identified several project areas where development was targeted to achieve the Downtown vision.

North Gateway

The properties on the southeast and southwest quadrants of the Holyoke Avenue and CR 50 intersection were proposed to function as a gateway into Downtown for visitors entering from the north.

North Holyoke Avenue

Holyoke Avenue from 207th Street to CR 50 was envisioned to have streetscape and non-motorized transportation improvements that preserve the single-family residential character of the area, while providing a strong connection into the Downtown Core from the North Gateway.

Downtown Core

Within the “Downtown Core” along Holyoke Avenue between 207th Street and Upper 209th Street, these projects included:

- » Creation of a 208th Street Plaza
- » Retention and enhancement of buildings on the “Ben Franklin” Block
- » Mixed-use development scenarios for the Enggren’s Mall and Lakeville Mall that make facade improvements so that it’s more in line with the Downtown vision

South Gateway

Creating a well-defined southern entrance into Downtown was a part of the 2006 plan. Projects within this district included:

- » Identifying ways to use the Arts Center as a catalyst for related development, and a sort of visitor center for Downtown
- » Guiding the bus garage toward future office use if the adjacent school use transitions and the bus garage moves to a different location
- » Adding a mixed-use commercial development to the southwest quadrant of Holyoke Avenue and 210th Street

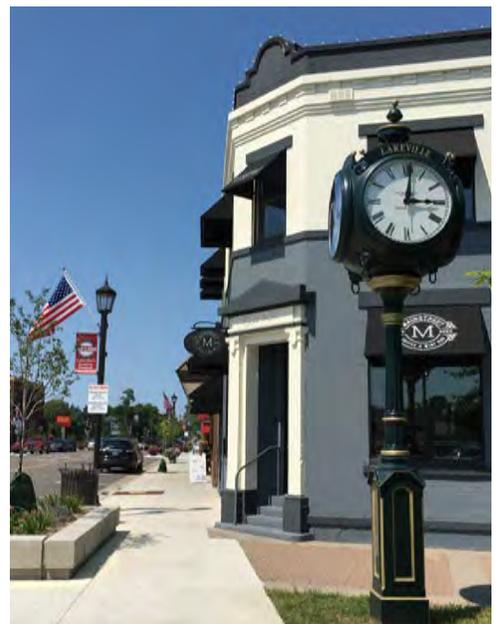
Iberia Avenue Extension

The 2006 plan proposed creating a new access into Downtown by extending Iberia Avenue south from 205th to 210th Street. Adjacent properties within the right-of-way of the new road would be redeveloped in phases along with street construction, with a focus on medium to high-density residential.

Achievements Since the 2006 Downtown Development Guide

Using the past planning work as a foundation to attract and guide development, Downtown Lakeville has added more than \$4.8 million in private investment since the 2006 Guide. The public sector has also invested \$1.65 million in the Downtown. Together, these investments have resulted in a steady transformation of Downtown, including:

- » A mixed-use project on 209th Street W and Holyoke Avenue
- » Ace Hardware Store
- » Improvements to the former “Ben Franklin” Block
- » Improvements to the former Enggren’s Market and Mall
- » Improvements to the bank building
- » Market & Pioneer Plazas
- » Holyoke Avenue Streetscape Improvements
- » County & Local Wayfinding Signs
- » Gateway Signage
- » Arts Center upgrades and Holyoke Avenue parking lot
- » Zoning Code changes for taproom/food trucks/outdoor patios
- » Two surface parking lots
- » More than a dozen new businesses, including:
 - » Angry Inch Brewing
 - » Alibi Drinkery
 - » Mainstreet Coffee & Wine Bar
 - » Dakota Curling
 - » Lakeville Brewing Company
 - » Frenchies
 - » Toppers Pizza
 - » EXIT Realty Leaders
 - » Hypointe Childcare
 - » AccuTac Arms



Existing Land Uses & Development

Public objectives for development are grounded in the Comprehensive Plan. It is the blueprint for the growth and development of Lakeville. Zoning regulations provide more detailed controls on the use of land. These tools have already shaped Downtown. Moving forward, they will act to maintain existing beneficial uses and to facilitate change where desired.

Comprehensive Plan

Lakeville's current Comprehensive Plan was adopted in 2008. State Law requires that the Comprehensive Plan be updated before the end of 2018. *Lakeville Thrive!*, the City's 2040 Comprehensive Plan, is being written concurrently with this Guide and will incorporate Downtown development and land use recommendations. The results of the Downtown planning process will determine plans and policies in the Comprehensive Plan related to these areas of Lakeville.

Land Use Plan

The Comprehensive Plan contains a land use plan that prescribes the desired land use for all parcels in the City. The plan serves as a guide for private and public investments. The draft 2040 Comprehensive Plan's land use plan appears in Figure 1.5. The land use plan shows the City's intentions for development in the Downtown area. (The explanation of the categories shown in the land use plan can be found in the Land Use Plan chapter of Lakeville's 2040 Comprehensive Plan.)

For most parcels, the Comprehensive Plan designation and the current use are the same. City policy seeks to maintain the existing land use on these parcels. Downtown also includes parcels where the Plan and use are different (especially on the western edge of Downtown). For these properties, the Comprehensive Plan seeks to guide future use of the property in a different direction.

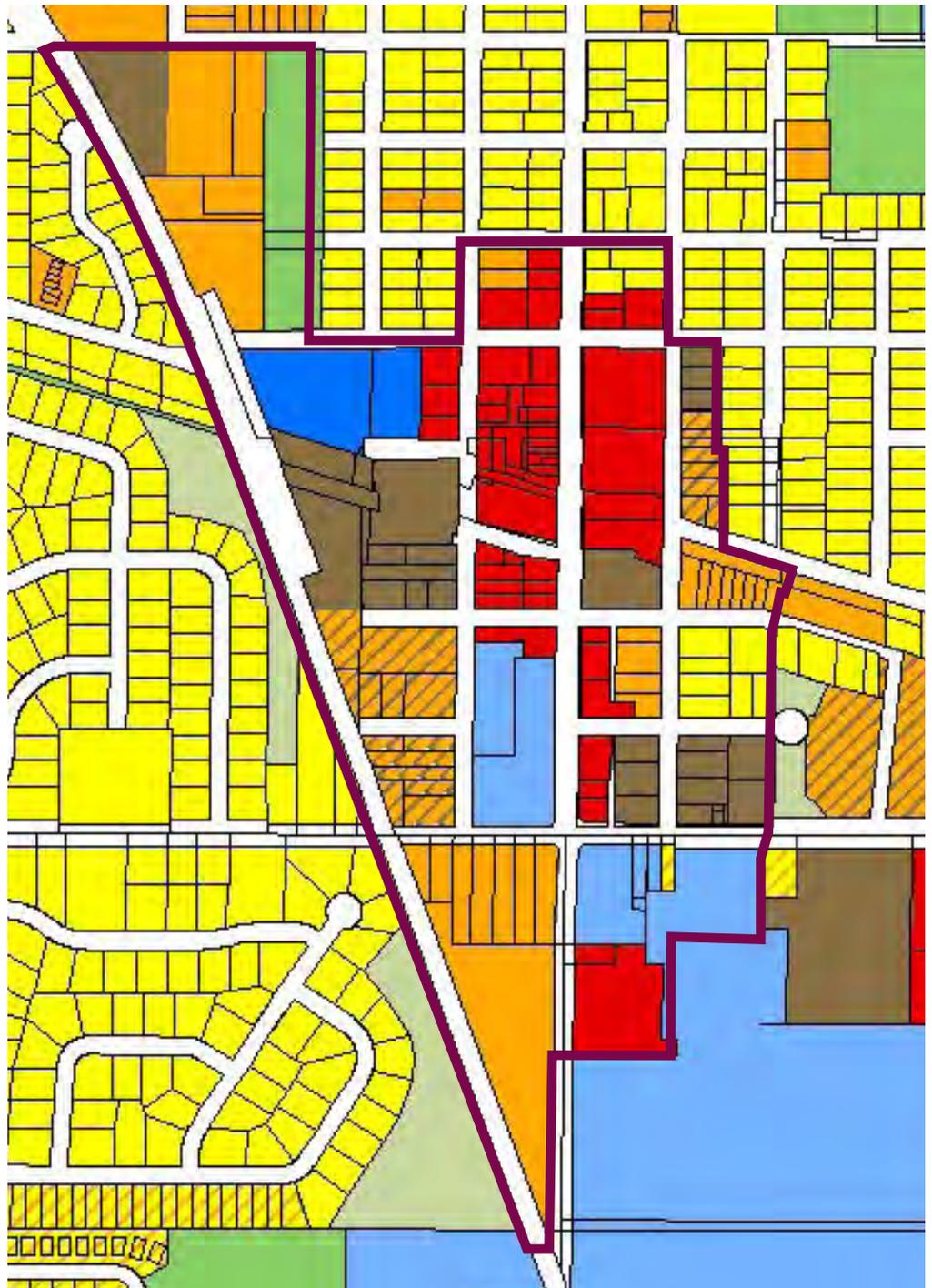


Figure 2.3 | DRAFT Land Use Plan (2018)

Zoning Regulations

Zoning is the primary form of land use controls. Zoning regulations address the location, construction, alteration and use of structures and land. The zoning ordinance can be found in Title 11 of the City Code. This portion of the City Code also contains regulations on signs and off-street parking.

Zoning is a tool for implementing the Comprehensive Plan. State law requires that Lakeville's zoning ordinance be consistent with the Comprehensive Plan. Changes in land use recommended by the Downtown Development Guide will result in corresponding changes in zoning.

Zoning regulations are imposed using a series of districts. Each district has unique permitted uses and performance standards. The zoning districts for property in and around Downtown appear in Figure 1.6. Three of these districts relate specifically to the CBD:

- » The purpose of the Central Business District Area - Commercial District (C-CBD) is to provide specifically for the regulation of high intensity commercial uses located within the CBD. With the exception of pawnshops, the district permits the use of businesses allowed in the C-3, C-2, and C-1 districts. The C-CBD district also allows performing arts facilities. A key factor in this district is the application of design standards. Site and building design within the C-CBD district shall maintain a high standard of architectural and aesthetic quality in conformance with the Comprehensive Plan and the historic Fairfield District of Downtown Lakeville Design Guidelines.
- » The purpose of the Single-Family Residential District - Central Business District Area (RS-CBD) is to provide regulations which accommodate the unique and desired development character of single-family residential uses in the area surrounding the central business district of the City, as defined by the City's Comprehensive Plan. This district allows single family homes as permitted in other single-family residential zoning districts. The RS-CBD district contains unique lot dimension and setback requirements to provide flexibility for historically smaller lot sizes and homes. It also has different conditional use regulations than other residential districts.
- » The Central Business District Area - Industrial District (I-CBD) seeks to provide specifically for the regulation of manufacturing, wholesaling and warehousing uses located within the central business district of the City as defined by the Comprehensive Plan. Permitted uses in this district include governmental and public utility buildings and structures, manufacturing, warehousing/storage, and wholesale sales.

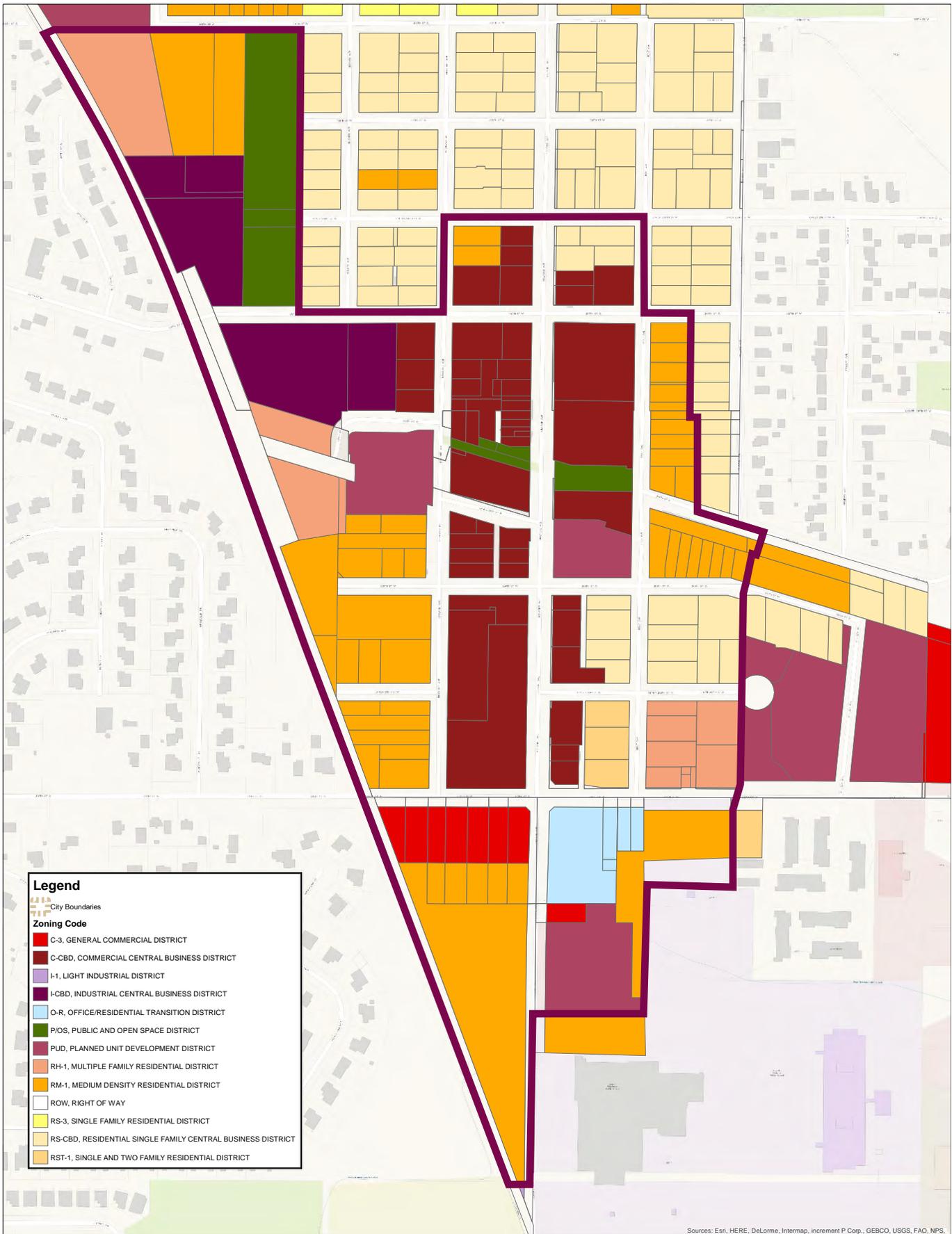
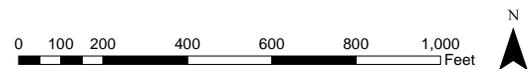


Figure 2.4 | Existing Zoning



Transportation

Holyoke Avenue

Holyoke Avenue is the primary route through Downtown. In 2017, the City undertook a reconstruction of Holyoke Avenue between Heritage Drive and CR 70/215th Street. This work included mill and overlay of the pavement surface, spot curb and gutter replacement, street light replacement, and streetscape improvements within the business district. The City also worked with the Downtown Lakeville Business Association to install gateway and wayfinding signage in the downtown area.

County Road 50

The 202nd Street/CR 50 and Holyoke Avenue intersection is slated to undergo reconstruction in 2019. 202nd Street will be a 2-lane divided highway to alleviate congestion, make safety improvements, and provide for increasing traffic levels. A roundabout will be constructed at the 202nd Street/Holyoke Avenue intersection. Grading improvements along CR 50 will allow the City to re-orient existing park playfields at Quigley Sime Park and address existing drainage, access, and parking issues.

207th Street

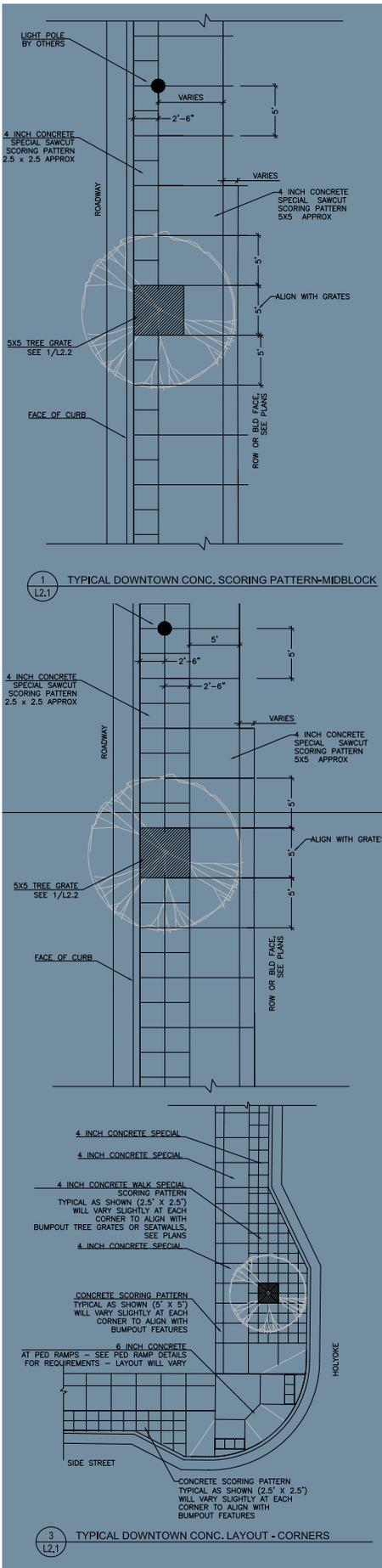
207th Street is shown as a Minor Collector in Lakeville's Transportation Plan Update (see Figure 2.5). This functional class designation describes roads that move traffic from local streets to arterial roads, and provide access to residential properties. In the future, 207th is slated to connect to Cedar Avenue when Hartford Way/205th Street W is extended. This could bring more traffic into Downtown from the east.

Rail Lines

The rail lines that border the western edge of Downtown form a firm barrier that restricts access from the neighborhoods to the west. This makes access from 207th Street W, 210th Street W, and the Lake Marion Greenway essential entry points.

Lake Marion Greenway

A completed portion of Lake Marion Greenway just barely reaches the western border of Downtown, crossing the railroad tracks near 208th Street W. Its planned route sends it southeast along the rail line before traveling east (south of 210th Street), crossing Holyoke Avenue, and following South Creek. A planned alternate route that provides better access to Downtown businesses via Howland Avenue is also proposed. A short segment of this alternate route has already been constructed south of the Dakota County Community Development Agency (CDA) development at Upper 208th Street. Completion of a Downtown connection to the Lake Marion Greenway that provides adequate gateways and wayfinding to trail users will be essential to harnessing the full potential of this regional trail amenity.



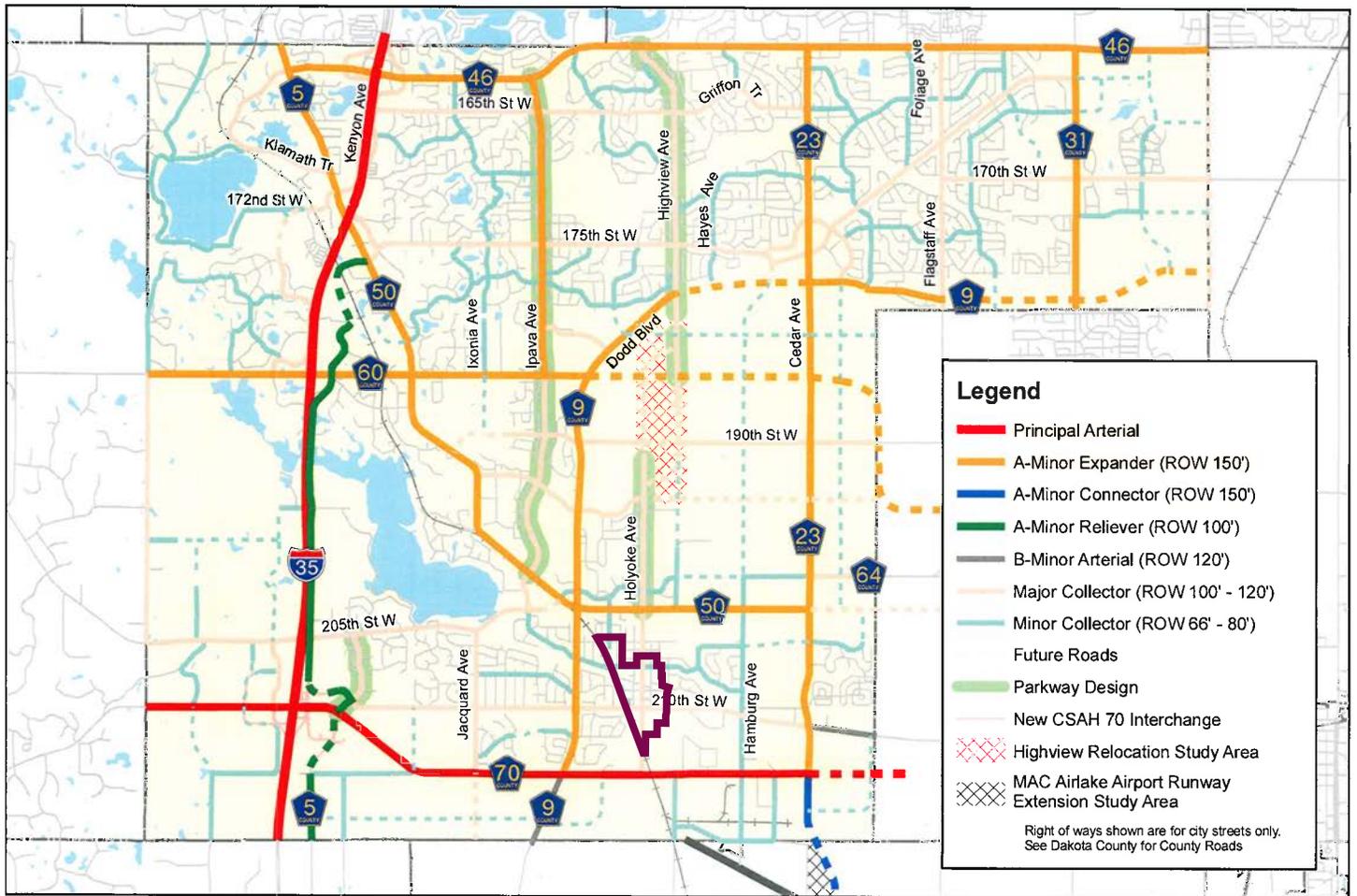


Figure 2.5 | Future Roadway Functional Classes per the Lakeville Transportation Plan Update

Market Summary

Overview

Demographic and market trends in Downtown Lakeville, as well as in the rest of Lakeville and surrounding communities, impact the viability of different kinds of land uses and development in the Downtown district and influence how the Downtown will evolve over time. This section presents various background information and takeaways concerning demographics and market conditions influencing Downtown Lakeville.

Demographic and Geographic Background:

The overall area “South of the River” will continue to grow steadily over the next few decades. Data from Metropolitan Council indicate that the various communities in the area may add nearly 100,000 more residents through 2040. This increase in population will drive increased demand for housing, places to work, and places to shop and eat throughout the area.

Projected Population Growth	1990	2000	2010	2020 (Forecast)	2030 (Forecast)	2040 (Forecast)	Projected Growth 2010-2040
Apple Valley	34,598	45,527	49,084	55,500	59,200	63,600	14,516
Burnsville	51,288	60,220	60,306	63,500	66,000	68,500	8,194
Bloomington	86,335	85,172	82,893	86,100	89,400	93,300	10,407
Eagan	47,409	63,557	64,206	67,400	69,800	72,300	8,094
Farmington	5,940	12,365	21,086	24,300	28,300	32,500	11,414
Lakeville	24,854	43,128	55,954	64,300	74,600	83,500	27,546
Rosemount	8,622	14,619	21,874	25,900	31,700	38,000	16,126
Total			355,403	387,000	419,000	451,700	96,297

Table 2.1 | Projected Population Growth in the Region

Source: Metropolitan Council

Drive Times

As indicated on the map, Downtown Lakeville is located within a 15-minute drive of most of the suburban area located south of where I-35 splits near Burnsville. However, the southern half of the “drive time area” (in areas to the south of Lakeville) is currently rural and undeveloped.

The area located within a 15-minute drive of Downtown Lakeville will continue to add population and economic strength over the next five years. ESRI, a national database of economic information and projections, anticipates that the area will gain an additional 10,000 residents between 2017 and 2022. The median household income will increase from around \$88,000 to nearly \$97,000 and the median home value in the area will increase from \$259,000 to nearly \$287,000 during the five-year period.

Downtown Lakeville is located at the far south end of the suburban growth area in Dakota County and fights the natural tendency of residents in the area to travel north to do their shopping, eating, and entertaining. In addition, Downtown Lakeville does not have direct access to I-35 and many residents don’t know where the Downtown is located.

In general, the challenge for Downtown Lakeville is to attract more residents to travel south (or remain in Lakeville) rather than heading north, and to increase its recognition in the local area.

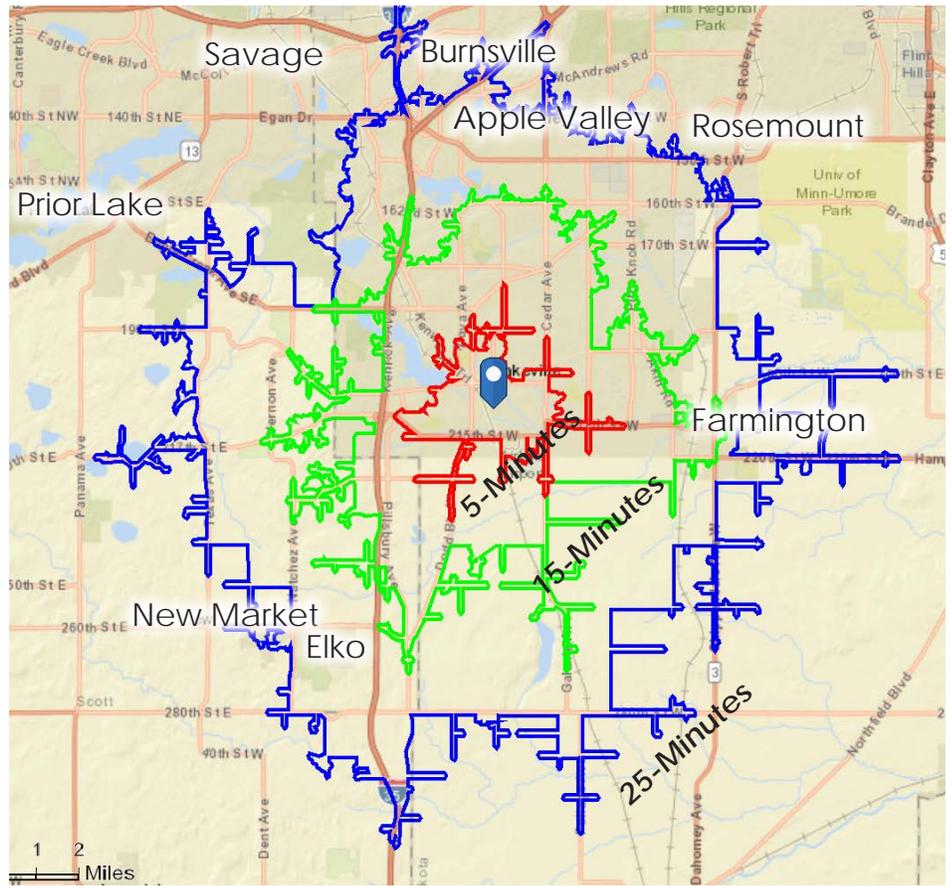


Figure 2.6 | Drive Times from Downtown Lakeville

15-minute Drive Time	2017	2022 (Projected)
Population	149,555	159,715
Median Household Income	\$88,312	\$96,512
Median Home Value	\$259,263	\$286,874

Table 2.2 | Projected Population, Income, and Home Values in the Region

Source: ESRI

Population by Age (within a 15-minute drive time)	2017		2022 (Projected)		Total Change (2017-2022)
	Number	Percent	Number	Percent	
0-4	10,433	7.0%	11,094	6.9%	661
5-9	11,585	7.7%	11,734	7.3%	149
10-14	12,031	8.0%	12,458	7.8%	427
15-19	10,130	6.8%	10,948	6.9%	818
20-24	8,185	5.5%	7,627	4.8%	(558)
25-34	20,029	13.4%	21,642	13.6%	1,613
35-44	22,253	14.9%	24,634	15.4%	2,381
45-54	22,477	15.0%	21,357	13.4%	(1,120)
55-64	17,702	11.8%	19,321	12.1%	1,619
65-74	9,993	6.7%	12,476	7.8%	2,483
75-84	3,512	2.3%	5,049	3.2%	1,537
85+	1,226	0.8%	1,374	0.9%	148

Table 2.3 | Projected Population by Age in the Region

Source: ESRI

As illustrated in the table above, the geographic area within a 15-minute drive of Downtown Lakeville is aging, with growth anticipated in the 55 to 84 year old segments. In addition, the population of residents age 25 to 44 will increase over the next few years, representing the continued growth of families in the area. This reflects the increasing influence of empty nesters and senior citizens in the local market. In addition, the growth in the 25 to 34 and 35 to 44 year old segments reflects the growth of people in their prime parenting years. This trend reflects the reputation Lakeville has as a good community for families and raising children.

These trends will influence demand for different kinds of housing in the Downtown area, as well as for various types of places to eat, drink, and shop. For example, the increase in empty nesters and senior citizens may increase demand in the local area for apartments, townhomes, and similar maintenance-free living options, as well as for various forms of senior housing products. The growth of families in the community may drive additional demand for family-oriented restaurants and stores in Downtown Lakeville.

Demographic Tapestries

As a national economics database, ESRI is able to analyze the psychographic segments of households located within a particular geographic area. Information concerning these segments highlights the lifestyle choices and financial metrics of the various types of households, including their preferences regarding hobbies, leisure activities, personal spending, and housing choices. This information can help retailers or marketers target the needs and wants of households in a given area appropriately.

The following outlines the top ten psychographic segments within the 15-minute drive time surrounding Downtown Lakeville.

Top Tapestries within a 15-minute Drive Time	Households	Percentage
Soccer Moms	14,586	27.3%
Up and Coming Families	6,247	11.7%
Professional Pride	4,863	9.1%
Parks and Rec	4,403	8.2%
Savvy Suburbanites	4,284	8.0%
Home Improvement	3,744	7.0%
Boomburbs	3,517	6.6%
Bright Young Professionals	3,115	5.8%
Enterprising Professionals	2,951	5.5%
Middleburg	1,450	2.7%

Table 2.4 | Regional Tapestries

Source: ESRI

The following provides highlights concerning the lifestyle preferences and demographic data for the top five psychographic segments in the local area. Please keep in mind that data provided concerning the various segments reflects data for these types of households on a national level. Data for households in Minnesota may differ somewhat from national metrics.

Soccer Moms:

- » Soccer Moms are an affluent, family-oriented market with a country flavor. Residents of this segment tend to favor new housing away from the bustle of the city, but close enough to commute to professional job centers. Most families in this segment include two working parents with growing children. Therefore, these households in particular favor time-saving devices and family-oriented pursuits.
- » Soccer Mom households are connected, with a host of wireless devices in use.
- » Family-oriented purchases and activities dominate. Households, on average, have more than four televisions, tend to purchase children’s apparel or toys, and make visits to theme parks or zoos.



- » Outdoor activities and sports are characteristic of life for this suburban group, including bicycling, jogging, golfing, boating, and target shooting.
- » On a national basis, this segment has a median household income of \$84,000 and a median net worth of \$252,000.

Up and Coming Families:

- » Up and Coming Families is a segment in transition – residents are younger and more mobile and ethnically diverse than the previous generation. Members of this segment are ambitious, working hard to get ahead, and willing to take some risks to achieve their goals. The Great Recession impacted their financial well-being, but they are optimistic. Their homes are new and their families are young.
- » Up and Coming households are careful shoppers, aware of prices, willing to shop around for the best deals, and open to influence by others opinions.
- » This segment is seeking the latest and best in technology.
- » Members of this segment are still feathering the nest and establishing their style.
- » Up and Coming families are busy with work and family and use home services and landscaping services to save time.
- » This segment finds leisure in family activities, movies at home, trips to theme parks or the zoo, and sports from backpacking and baseball to weight lifting and yoga.
- » On a national basis, this segment has a median household income of \$64,000 and a median net worth of \$96,000.



Professional Pride:

- » Professional Pride consumers are well-educated career professionals that have prospered through the Great Recession. To maintain their upscale lifestyles, these goal-oriented couples work, often commuting far and working long hours. However, their schedules are fine-tuned to meet the needs of their school age children. They are financially savvy, invest wisely, and benefit from interest and dividend income. Their homes are furnished with the latest in home trends, including finished basements with in-home theaters.
- » Professional Pride consumers are highly qualified in the science, technology, law, or finance fields. They have worked hard to build their professional reputation or their start-up businesses.
- » Residents of this segment take pride in their picture-perfect homes, which they continually upgrade. They shop at Home Depot and Bed Bath & Beyond to take the smaller home improvement and remodeling tasks but contract out the larger projects.
- » Consumers in this segment find time in their busy schedules for themselves. They work out in their home gyms, owning at least a treadmill, an elliptical, or weight lifting equipment. They also visit the salon and spa regularly.
- » Residents of the segment, both young and old, are tech savvy. They not only own the latest and greatest in tablets, smartphones, and laptops but actually use the features each has to offer.
- » All family members in these households are avid readers. They read on their smart phones, tablets, and e-readers but also read hard copies of epicurean, home service, and sports magazines.
- » On a national basis, this segment has a median household income of \$127,000 and a median net worth of \$540,000.



Parks and Rec:

- » Parks and Rec households are practical suburbanites that have achieved the dream of home ownership. They have purchased homes that are within their means, including older homes, townhomes and duplexes. Many of these families are two-income married couples approaching retirement age. They are comfortable in their jobs and their homes, budget wisely, and do not plan on retiring anytime soon or moving. The neighborhoods of Parks and Rec households are well established, as are the amenities and programs of schools in the area.
- » More than half of Parks and Rec households are college educated and the workforce is diverse, with professionals in health care, retail trade, and education, as well as skilled workers in manufacturing and construction.
- » Parks and Rec households include budget-conscious consumers that stock up on staples at warehouse clubs.
- » Residents in this segment take advantage of local parks and recreation activities. Their exercise routine is a balance of home-based exercise, a session at the local community gym, and a quick jog, swim, or run.
- » On a national basis, this segment has a median household income of \$55,000 and a median net worth of \$98,000.



Savvy Suburbanites:

- » Savvy Suburbanites residents are well-educated, well-read, and well-capitalized. Families include empty nesters and empty nester wannabes, who still have adult children at home. Located in older neighborhoods outside the urban core, their suburban lifestyle includes home remodeling and gardening, plus the active pursuit of sports and exercise. They enjoy good food and wine, plus the amenities of the city's cultural events.
- » Savvy Suburbanites includes well-connected consumers that appreciate technology and make liberal use of it for everything from shopping and banking to staying current and communicating. They are informed shoppers that do their research prior to purchasing and focus on quality.
- » This segment uses housekeeping and personal care services extensively, and they like to cook and prefer natural or organic products.
- » This segment is physically fit, and residents actively pursue a number of sports, from skiing to golf, and invest heavily in sports gear and exercise equipment.
- » On a national basis, this segment has a median household income of \$104,000 and a median net worth of \$502,000.



Takeaways from Psychographic Segment Analysis:

- » The household groups most prevalent in the areas near Downtown Lakeville are family-oriented and enjoy events and activities focused on families and children.
- » Most households have a focus on health, fitness, and wellness. This focus includes various exercises and activities including yoga.
- » Many of the segments include foodies who enjoy good food and drink. This tendency may support a greater emphasis in Downtown Lakeville on eating and drinking places.





Market Context

Research of local market data and discussions with local stakeholders and business people revealed the following takeaways concerning the market for various types of land uses in Downtown Lakeville.

Office:

- » Downtown Lakeville has a relatively small amount of office space, geared mainly to small companies, including professional services firms.

As outlined in the table that follows, Downtown Lakeville has a very small amount of office space relative to the city as a whole and has not added any office space over the last ten years, according to data from CoStar (a national database of market information). The City of Lakeville has added over 20,000 square feet of office space (net) over the last decade, and the overall vacancy rate has decreased as the local economy has improved.

Office Data	Downtown Lakeville		City of Lakeville	
	Total Inventory (SF)	Vacancy %	Total Inventory (SF)	Vacancy %
Year				
2008	13,240	N/A	597,007	20.8%
2009	13,240	N/A	597,007	10.9%
2010	13,240	N/A	597,007	6.0%
2011	13,240	N/A	597,007	5.9%
2012	13,240	N/A	597,007	5.9%
2013	13,240	N/A	597,007	4.0%
2014	13,240	N/A	606,262	3.2%
2015	13,240	N/A	618,762	8.5%
2016	13,240	N/A	618,762	8.2%

Table 2.5 | Office Space Availability Comparison

Source: Costar

- » The Downtown district is likely to remain fairly limited in terms of the amount of supportable office space, given its location in the metro area. Larger office properties are more likely to locate along I-35 or major arterials (such as Cedar Avenue or County Road 42) given the greater degree of connectivity between these locations and the rest of the metro area.
- » Downtown Lakeville can continue to appeal to medical office users and small companies in the future as the Downtown continues to add amenities.
- » The overall quantity of office space in Downtown Lakeville may not increase very much over time. However, with enhancements and overall improvements, Downtown can improve the quality of office space offered and benefit from increased office rent rates.

Residential:

- » Downtown Lakeville has a relatively small number of apartments compared to the larger metro area.

As outlined in the table below, the Downtown area has 452 multi-family units and has not added any units over the last ten years. The average lease rate (per month) has steadily increased over the last three years, from \$0.98 per square foot in 2013 to \$1.16 per square foot in 2016. Meanwhile, the City of Lakeville as a whole added over 100 units from 2012 to 2013, and average lease rates have increased from \$0.98 in 2011 to \$1.27 in 2016.

Multi-family Data	Downtown Lakeville			City of Lakeville		
	Year	Total Units	Average Rent/ SF	Vacancy %	Total Units	Average Rent/ SF
2008	452	\$0.99	6.7%	1,309	\$0.99	6.2%
2009	452	\$0.98	7.2%	1,396	\$0.97	9.3%
2010	452	\$0.98	6.8%	1,396	\$0.98	5.7%
2011	452	\$0.99	6.1%	1,396	\$0.98	5.4%
2012	452	\$0.99	5.6%	1,396	\$1.13	4.8%
2013	452	\$0.98	4.9%	1,497	\$1.14	7.4%
2014	452	\$1.03	4.8%	1,497	\$1.18	5.0%
2015	452	\$1.07	4.0%	1,497	\$1.24	3.7%
2016	452	\$1.16	3.6%	1,497	\$1.27	3.4%

Table 2.6 | Multi-family Housing Availability Comparison

Source: Costar

- » Continued job and population growth in the metro area is driving long-term demand for additional apartments throughout the metro area.
- » Demand for multi-family has moved beyond Minneapolis and Saint Paul, and more suburban downtowns are attracting residential projects of various types.
- » The continued growth of Dakota County will drive ongoing growth for more residential. The Downtown area may be able to attract, in particular, empty nester and senior renters and buyers seeking maintenance-free living with access to amenities. Younger families and young adults could also represent a target market for more residential growth in Downtown Lakeville.
- » The areas between the heart of Downtown Lakeville and the railroad tracks, to the west, may represent good areas for residential projects in the future.
- » Adding more residential units in the Downtown area would add to the vitality of the district and also add to demand in the market for places to shop, eat, drink, and enjoy entertainment.
- » Additional residential in the Downtown area could also be developed as part of mixed-use projects that combine residential with office or retail land uses.





Retail:

- » Downtown Lakeville contains a relatively small amount of retail and related space (including restaurants) compared to the City as a whole. The challenge for a Downtown the size of Lakeville’s is to maximize the potential of the retail space available (and any additional space that could be developed) in the district.

Downtown Lakeville contains less than 160,000 square feet of retail space, which represents a small percentage of the city-wide total of retail space, of over 3.1 million square feet. Downtown Farmington actually has slightly more retail, at around 235,000 square feet.

Retail Data	Downtown Lakeville		City of Lakeville	
	Total Inventory (SF)	Vacancy %	Total Inventory (SF)	Vacancy %
2008	159,801	2.5%	2,857,158	5.3%
2009	159,801	2.5%	2,866,658	4.5%
2010	159,801	10.9%	2,866,658	5.4%
2011	159,801	10.4%	2,866,658	6.0%
2012	159,801	8.0%	3,037,258	4.9%
2013	159,801	11.1%	3,041,758	4.4%
2014	159,801	13.5%	3,053,099	5.7%
2015	159,801	8.2%	3,053,099	4.7%
2016	159,801	1.6%	3,143,099	3.6%

Table 2.7 | Retail Availability Comparison

Source: Costar

- » Analysis of retail spending indicates that Downtown Lakeville is missing out on untapped spending in the local market in a variety of categories, in particular Restaurants (Eating and Drinking places), stores geared to Health and Personal Care, and stores geared to Sports, Hobbies, Books, and Music.

Specifically, data from ESRI indicates that within the five-minute drive time radius, the local retail market in particular is capturing less retail in the categories of Furnishings, Health/Personal Care, Apparel, General Merchandise, and Eating and Drinking Places. The presence of the Cub Foods store to the north and west of the Downtown area, in particular, means that the immediate area absorbs more than its share of grocery spending from the Lakeville community. The table indicates that the area within a five-minute drive of Downtown is underserved in terms of Eating and Drinking places by **nearly \$11 million in spending per year**.

Retail Capture Rates Within a 5-minute Drive Time from Downtown Lakeville	Household Spending	Sales	Market Capture
Furnishings	\$5,403,856	\$3,123,244	57.8%
Electronics / Appliances	\$6,189,495	\$5,452,208	88.1%
Building Materials	\$12,005,994	\$18,057,238	150.4%
Food / Beverage Stores	\$25,810,243	\$40,188,233	155.7%
Health / Personal Care	\$11,276,243	\$453,816	4.0%
Apparel	\$8,893,186	\$621,190	7.0%
Sport / Hobby / Books / Music	\$5,161,422	\$3,149,406	61.0%
General Merchandise	\$29,159,953	\$9,347,563	32.1%
Miscellaneous	\$6,321,347	\$4,288,239	67.8%
Eating and Drinking Places	\$18,246,416	\$7,043,618	38.6%

Table 2.8 | Retail Capture Rates Within a 5-minute Drive Time from Downtown Lakeville Source: ESRI

The pattern of leakage (or failing to capture retail spending within a given geography) is similar for the area within a ten-minute drive of Downtown Lakeville, as indicated below.

Retail Capture Rates Within a 10-minute Drive Time from Downtown Lakeville	Household Spending	Sales	Market Capture
Furnishings	\$30,494,783	\$18,342,326	60.1%
Electronics / Appliances	\$34,861,742	\$9,616,384	27.6%
Building Materials	\$69,509,189	\$40,817,956	58.7%
Food / Beverage Stores	\$143,359,764	\$148,911,909	103.9%
Health / Personal Care	\$63,208,528	\$35,340,942	55.9%
Apparel	\$50,340,422	\$2,588,961	5.1%
Sport / Hobby / Books / Music	\$28,937,015	\$5,247,417	18.1%
General Merchandise	\$162,934,308	\$92,670,173	56.9%
Miscellaneous	\$35,187,179	\$12,335,642	35.1%
Eating and Drinking Places	\$102,303,424	\$66,116,690	64.6%

Table 2.9 | Retail Capture Rates Within a 10-minute Drive Time from Downtown Lakeville Source: ESRI

Given the presence of other small and mid-size shopping centers in the broader area, (including various shopping areas along I-35 and in Apple Valley), the area within a 15-minute drive time captures a much greater share of the retail spending market. The Health / Personal Care and Miscellaneous spending categories, however, continue to be underserved within the 15-minute drive time area.

Retail Capture Rates Within a 15-minute Drive Time from Downtown Lakeville	Household Spending	Sales	Market Capture
Furnishings	\$78,665,206	\$63,852,407	81.2%
Electronics / Appliances	\$90,404,073	\$71,811,757	79.4%
Building Materials	\$178,072,080	\$157,667,400	88.5%
Food / Beverage Stores	\$374,039,534	\$361,149,015	96.6%
Health / Personal Care	\$164,304,600	\$94,107,518	57.3%
Apparel	\$130,770,819	\$148,710,651	113.7%
Sport / Hobby / Books / Music	\$75,019,278	\$62,549,097	83.4%
General Merchandise	\$423,229,906	\$422,973,460	99.9%
Miscellaneous	\$91,472,205	\$55,581,528	60.8%
Eating and Drinking Places	\$265,504,996	\$250,055,185	94.2%

Table 2.10 | Retail Capture Rates Within a 15-minute Drive Time from Downtown Lakeville Source: ESRI



Analysis of the local market and discussions with local businesses and stakeholders indicates that the following types of retail could potentially succeed in Downtown Lakeville:

- » A total of two to four additional sit-down restaurants, geared to different types of customers and with different offerings
- » Spa, wellness, and health and beauty stores or outlets
- » Stores and services geared to children and to pets (in particular, dogs)
- » Stores geared to arts and crafts
- » Experience-oriented retail, including stores that offer cooking classes, art classes, wine pairings, and related experiences. Restaurants in the district could also offer some or all of these types of experiences.
- » Additional boutiques, geared to different product segments and target markets
- » Entertainment-oriented retail in general, including wine bars and the experience-oriented retail noted above

Issues and Opportunities

Given the recent investments made in Downtown Lakeville and the strong market potential of the surrounding area, there are significant opportunities for redevelopment and new development to continue to transform the Downtown. The following graphic illustrates some of the driving forces that influence the Urban Design Framework found in the next chapter.

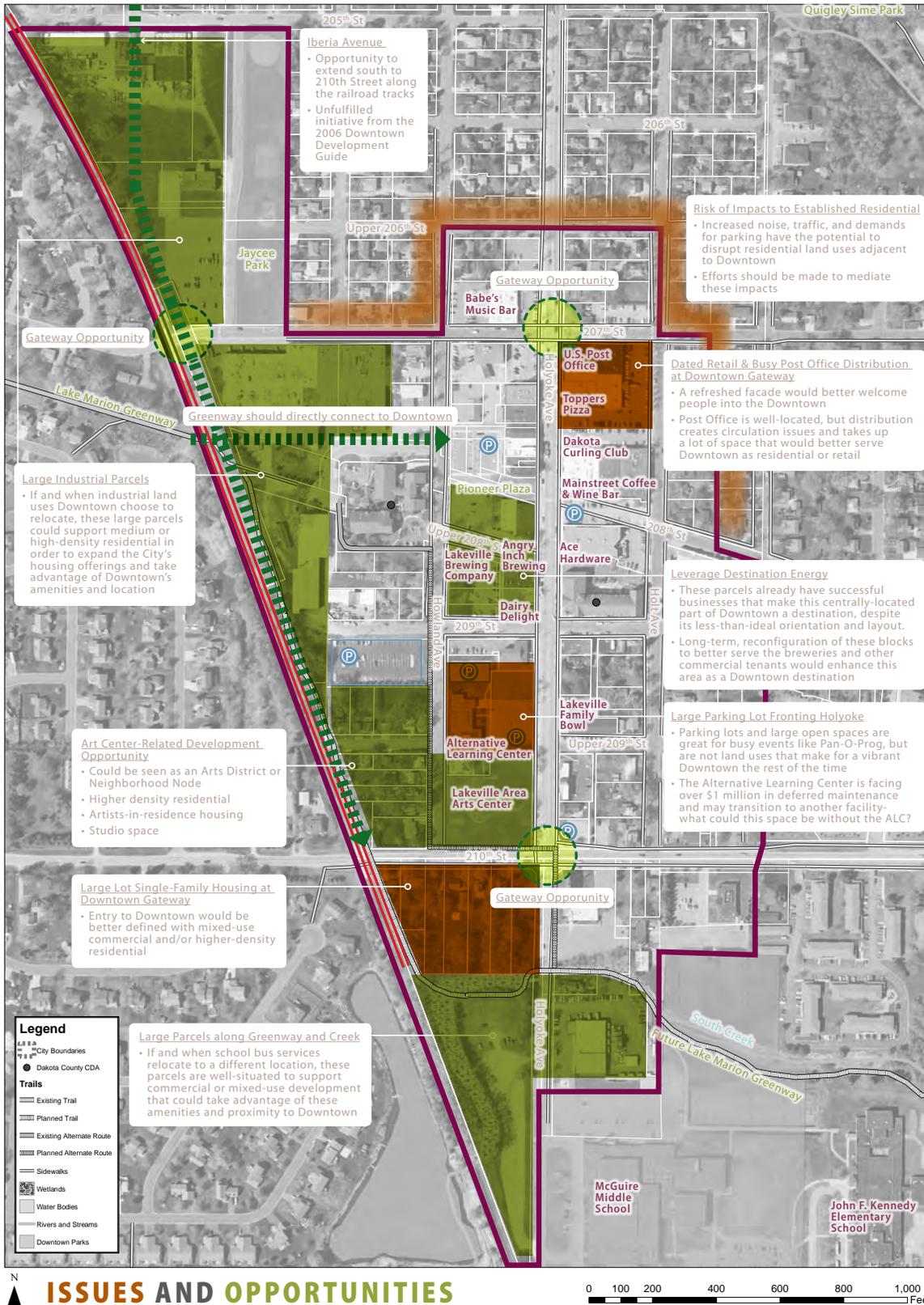


Figure 2.7 | Downtown Issues and Opportunities

Community Feedback

In order to craft a well-informed approach to the Downtown Development Guide, the process solicited the community's feedback in addition to meeting with stakeholders and City staff. Over 200 people responded to an online questionnaire with their thoughts on the issues facing Downtown today, the City's biggest opportunities moving forward, and their vision for the future of Downtown. A summary of the most frequently heard responses follow.



"Needs to be revitalized. Needs more businesses to attract people to Downtown, but it needs a facelift."

What are the issues facing Downtown today?

1. Lack of businesses
2. Loss of businesses
3. Need small, local, and more upscale restaurants
4. Lack of identity and in need of revitalization
5. Needs entertainment options

What opportunities should be leveraged moving forward?

1. Leverage market desire for restaurants and food trucks
2. Room for new businesses to come in
3. Downtown has good bones, needs facade updates and investment
4. Room for public spaces, parks, and plazas Downtown
5. Leverage market desire for entertainment, family-friendly destinations



"Walkability/bikeability, locally owned stores and restaurants, easily accessible transit, and year-round activities."

What elements and features make for a strong Downtown?

1. A variety of business options (especially small and local)
2. Eating and drinking establishments
3. Public space for community gathering
4. Entertainment and events
5. Attractive and walkable environment



"A thriving, bustling Downtown with small shops, various businesses, cafes, restaurants, and activities of all sorts."

What is distinctive about Downtown today?

1. Unique small businesses
2. Historic, small town feel
3. The breweries
4. The Arts Center
5. Pan-O-Prog

What do you envision for Downtown Lakeville in 10-15 years?

1. A variety of unique business options (especially small and local)
2. Eating and drinking establishments
3. A vibrant destination with entertainment options and events
4. Public spaces for community gathering
5. Amenities and things to do for people of all ages



Approach to the Downtown Development Guide

The updated Development Guide uses an Urban Design Framework to summarize the reinvestment and redevelopment opportunities that should be pursued over the next decade. This chapter details the proposed improvements to Downtown using four elements.

1. **Downtown Land Use and Development Character Initiatives**

The Guide identifies where Downtown's land uses may transition, given potential redevelopment opportunities. This section also outlines commercial, residential, and employment initiatives that will help to achieve a development character that is compatible with the overall vision for Downtown.

2. **Transportation and Wayfinding**

This section considers the implications of transportation on redevelopment and provides initiatives to improve streets, parking, signage, and gateways into Downtown. These strengthen wayfinding and organize travel within Downtown while improving broader connections to it.

3. **Parks, Trails, and Open Spaces**

This section explores how Downtown can support community gathering, connect to the surrounding region via the Lake Marion Greenway, and provide visitors and residents with a healthy, vibrant public realm.

4. **Downtown Reinvestment Strategies**

Finally, the Downtown Development Guide Update looks to facilitate redevelopment through reinvestment strategies. These recommended actions, policies, and procedures will guide Downtown business development and help to create a destination that sustains businesses and celebrates local heritage.

Urban Design Framework

The Urban Design Framework for Downtown Lakeville builds upon the issues and opportunities provided by City staff, stakeholders, and the general public. The following graphic illustrates the proposed redevelopment initiatives that are covered in this chapter.



URBAN DESIGN FRAMEWORK

Figure 3.1 | Urban Design Framework

The Downtown Development Guide’s approach involves creating a flexible framework that allows for the ongoing evolution of Downtown Lakeville as the market allows.

The Framework:

- » Supports increased density and building height where they do not impact existing land uses
- » Plans for parking now, but leaves future parking requirements flexible
- » Incorporates walkability and bikeability as key strategies
- » Engages entrepreneurs and potential developers at this early stage
- » Markets Downtown as a destination for the “South of the River” crowd
- » Enhances gateways into the Downtown
- » Improves public spaces for community gathering
- » Sets the stage to attract desirable tenants and uses over time

Downtown Land Use and Development Character Initiatives

While the Land Use Plan shown in Figure 1.5 will continue to guide development in Lakeville for the next decade, the Urban Design Framework includes a few areas where, should the opportunity arise, certain parcels could transition to a land use different than that shown in the 2040 Comprehensive Plan. The following initiatives describe aspects of the Urban Design Framework where guiding redevelopment in a specific direction will help Downtown to achieve the desired character.

1. Redevelop Isolated Industrial Areas West of Downtown into Housing

The primary changes involve long-term residential projects on the western edge of Downtown, some of which are already designated as future residential land uses. The current Despatch properties will continue to be designated industrial/warehouse until Despatch Industries decides to relocate, at which point the parcels make sense to transition to a residential land use. Concentrating medium and high-density housing along the western edge of Downtown takes advantage of the existing railroad as a transitional space, which acts as a buffer for the single-family neighborhoods to the west. Increasing the density of housing available in Downtown Lakeville is in line with market projections, allows a greater number of people to enjoy Downtown’s amenities, and will help to support local businesses. This area’s proximity to the Lake Marion Greenway offers a major benefit to future residents.



2. Explore Redevelopment of Strategic Sites in the Downtown

The Lakeville Mall Site

Lakeville Mall sits at a gateway intersection into Downtown. With two of the four corners unoccupied by structures due to parking lot frontage, this corner functions as an important anchor. The block houses several businesses and Lakeville's Post Office, but the building's dated aesthetic contrasts with the historic brick buildings of the "Ben Franklin" block across Holyoke Avenue.

Concept A below illustrates a partial redevelopment of the block that maintains the Mall shops along Holyoke Avenue, but suggests facade improvements to update the look and create a more inviting entry to Downtown from the north. Brickwork, larger windows, neutral awnings, and unique signage would better complement the existing historic character found elsewhere in Downtown.

On the back of the block, the Post Office moves to the base of a mixed-use building as a retail storefront, with their warehousing and distribution activities relocated out of the Downtown.

Parking could be added across 207th to the north by expanding the current lot into the adjacent vacant parcel. To the south, the shared parking lot between the Lakeville Mall and the former Enggren's Mall is shown with enhancements that improve pedestrian access, create more welcoming entries into the buildings, and add landscaping to break up the large lot.

Concept B illustrates how the block could be completely redeveloped with a mix of uses. Commercial storefronts along Holyoke Avenue, including a new Post Office, could have office or residential above. As in Concept A, the Post Office's warehousing and distribution activities would be relocated and the parking lot to the south would undergo enhancements to improve the experience for pedestrians. A parking structure serving the new development would occupy a portion of the interior of the block. Townhomes along the eastern facade of the building orient the back of the block to the neighborhood. The addition of medium-density residential across 207th Street to the north rounds out the mix of housing options at this prime location.

Mixed-Use Commercial



Mixed-Use Residential



Figure 3.2 | Lakeville Mall: Concept A



Figure 3.3 | Lakeville Mall: Concept B

Upper 208th Street W Block

Oriented around an old railroad line, Upper 208th Street is skewed at an odd angle between Holyoke Avenue and Howland Avenue. With successful breweries on the south side of the street and the institution that is the Dairy Delite, this block is the closest thing Lakeville has to an entertainment destination; however, the businesses are successful in spite of their strangely arranged block, not because of it. In order to make a more inviting public realm that feels less like a repurposed industrial corridor, the concepts below explore improvements to Upper 208th Street W and the surrounding properties.

Concept A preserves the brewery buildings on the south side of 208th Street, but transforms the street into a shared-use plaza street that expands their patio space, adds pedestrian-scaled amenities and landscaping, and can function as a festival plaza during large events like Pan-O-Prog. The adjacent daycare facility to the north is envisioned as a new mixed-use development with a restaurant and rooftop patio space that overlooks the new plaza street. The development is shown extending farther west than the current building in order to form a more continuous facade along 208th Street that hides parking behind. The presence of additional dining options in Downtown Lakeville is strongly desired, and siting a new restaurant in this location would draw on the existing energy of this block to reinforce its role as a destination.

Concept B illustrates what a full redevelopment of this block could look like, including a re-orientation of Upper 208th Street W to form a more direct east-west connection between Holyoke and Howland Avenues. This shared-use plaza street would be a prime location for Lake Marion Greenway users to enter Downtown, and would function as a festival plaza during large events like Pan-O-Prog. The Upper 208th Street plaza would be flanked by a new mixed-use building to the north, and updated commercial buildings to the south built to suit the existing businesses. A shared beer garden/patio space would provide a dedicated outdoor space for the breweries.

The existing parking lot north of Upper 208th Street could transition to a district parking ramp if parking becomes an issue Downtown.



Figure 3.4 | Upper 208th Street W Block: Concept A

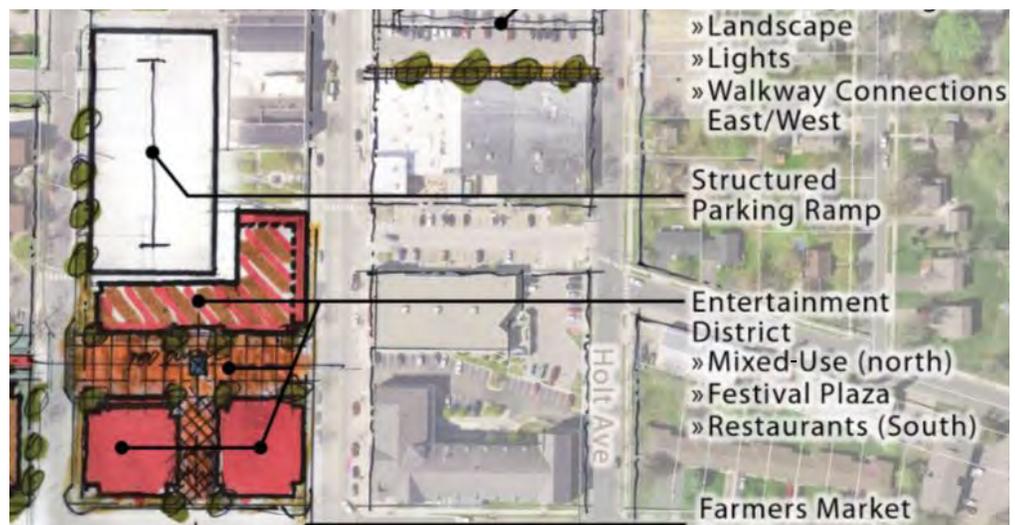


Figure 3.5 | Upper 208th Street W Block: Concept B

Downtown Market & Plaza Space



Festival Plaza Set-Up



Flexible Food Truck Court Set-Up



Farmers Market Pavilions



Lakeville Tire & Auto Site and the Lakeville Learning Center (ISD 194)

The land south of 209th Street W and north of the Lakeville Area Arts Center has only two structures on it, one of which, the Lakeville Area Learning Center, is facing more than \$1 million in deferred maintenance costs. If ISD 194 decides to relocate the Learning Center elsewhere, the City will have the opportunity to expand its land holdings on this block. With the Arts Center attracting visitors on a regular basis and Pan-O-Prog transforming this area into a hub of activity during the festival, this site is positioned as a prime location to host large community events. The Festival Plaza and Pavilion Concept illustrates how this land could transform into a flexible plaza anchored on the north by a new Farmers Market Pavilion and on the south by the Arts Center. The plaza could function as a district parking lot during non-event times. During markets, events, and festivals, the space would be activated as a town square of sorts, where large crowds could gather to enjoy food and drinks, browse vendors, and people watch. The space could host food trucks, a portion of it could be set up seasonally as a pop-up park, or the City could erect a temporary rink and warming tent for a winter festival.

The market pavilions could be phased in when Lakeville Tire & Auto chooses to relocate. The spaces could be rentable for large gatherings when not reserved for markets. A destination playground and splash plaza would add to this community space, making it a truly vibrant Downtown attraction.



Splash Plaza Examples

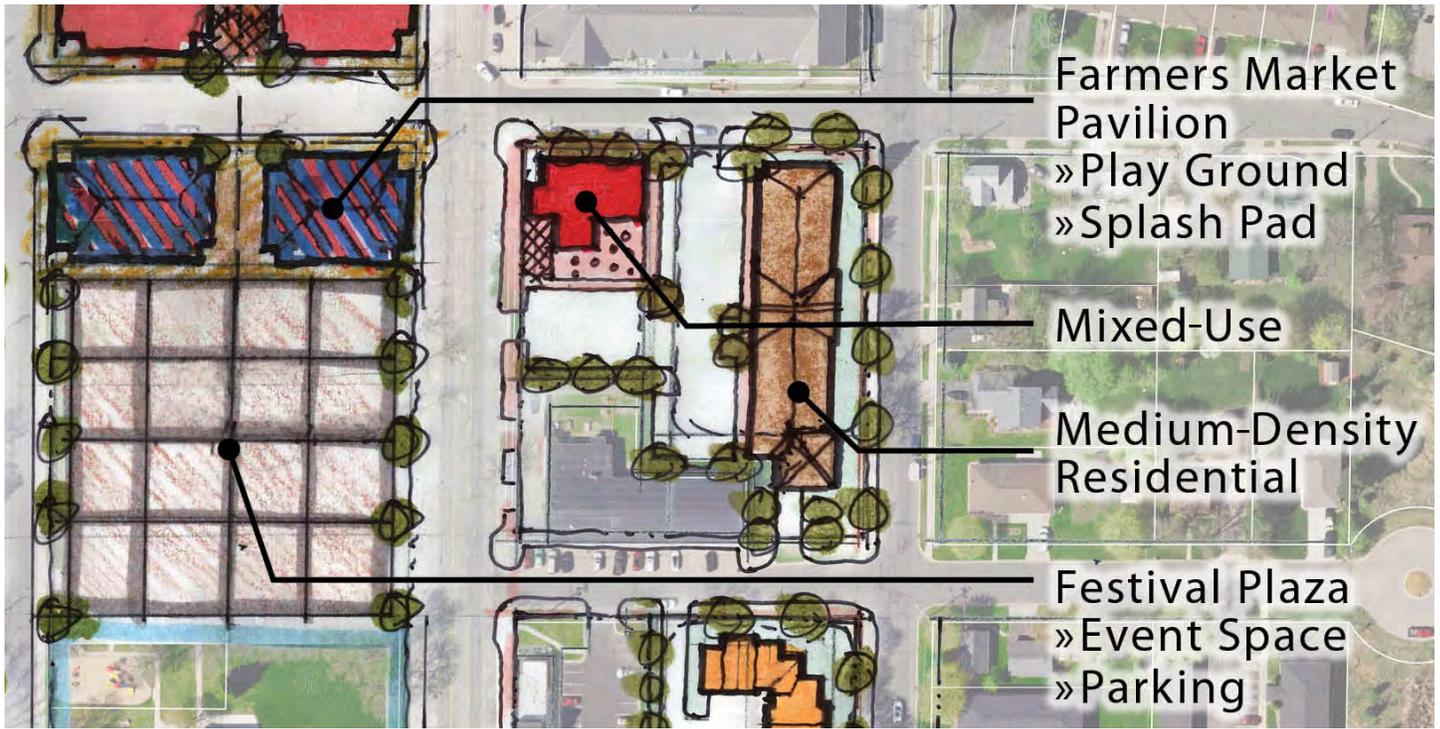


Figure 3.6 | Festival Plaza and Pavilion Concept



Seasonal Festival Set-Up



Pop-Up Park Spaces



Destination Playground / Splash Plaza

3. Explore Future Redevelopment of Underutilized and Industrial Land in the Central Business District

Industrial uses and single-family homes within the Downtown boundary are likely to transition away from the highest and best uses of this valuable land as the population grows and increases demand for well-located housing, office, and commercial space. There are several locations where redevelopment could occur.

Underutilized Industrial Land

Underutilized Industrial Land

Single-family Homes along Holyoke Avenue

Single-family Homes along the west side of Howland Avenue

Single-family Homes along the west side of Holt Avenue

Single-family Homes along 210th Street

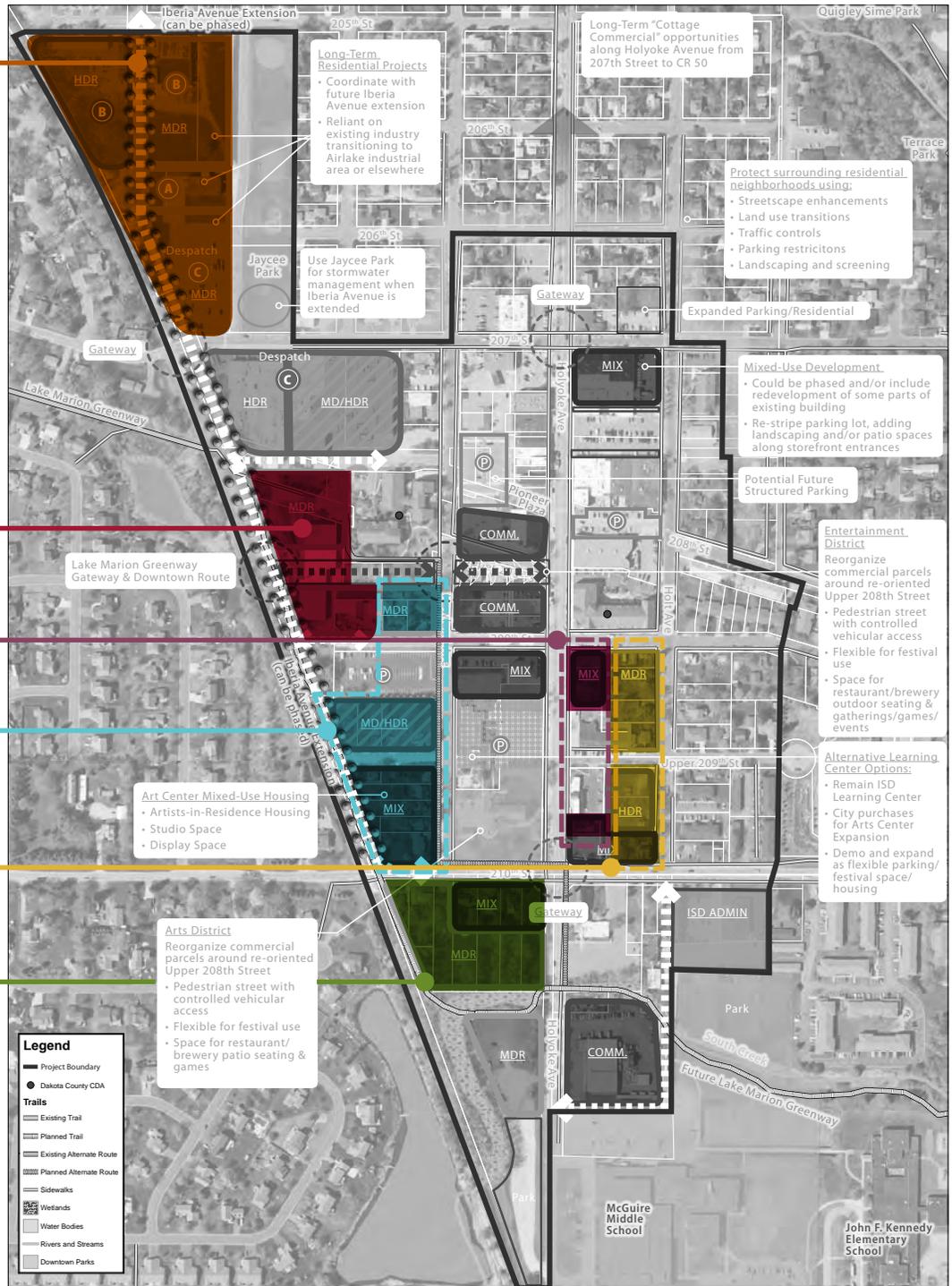


Figure 3.7 | Single-Family Home Redevelopment Areas

4. Consider Mixed-Use Redevelopment Along Holyoke

Areas shown in the Urban Design Framework as “Mix,” indicate the potential for a mixed-use development, which can occur horizontally or vertically, involving commercial, office, and/or residential units. Currently, there is no mixed-use land designation in the Lakeville Comprehensive Plan, so the majority of these parcels are simply designated commercial. The addition of housing as an option in these commercially-designated areas expands their flexibility for development, would add additional tax base, and increases the number of people present in the Downtown on a daily basis, which contributes to a vibrant public realm. Parking could be accommodated below grade, or in district parking lots or structures if demand for parking is projected to outpace supply.

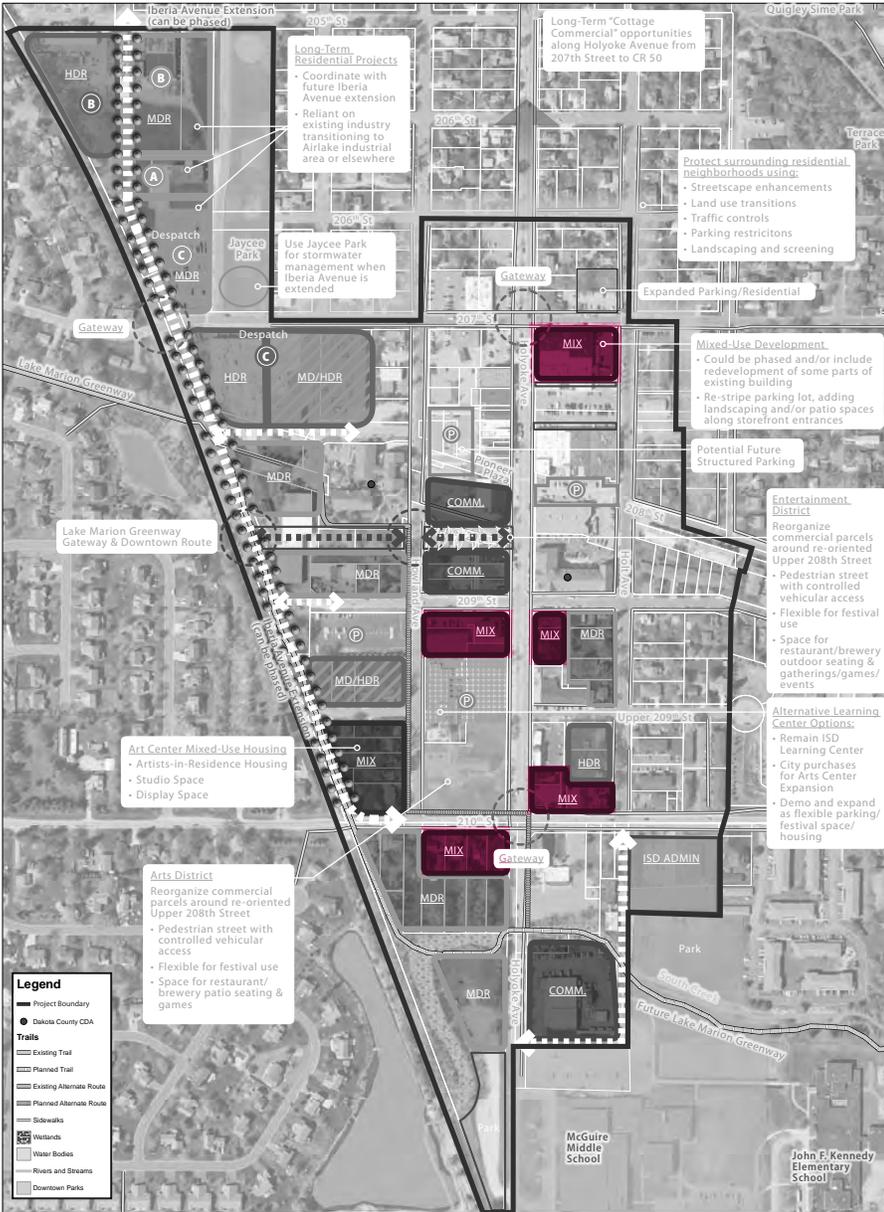


Figure 3.8 | Mixed-Use Redevelopment Along Holyoke Avenue

Reinvest in Historic Commercial



5. Reinvest in Historic Commercial Buildings

Historic brick buildings are what make Holyoke Avenue feel like one of the only proper main streets in the south metro. Maintaining and investing in these buildings is key to Downtown Lakeville’s character and charm.

Add Upper-Level Residential Units



6. Enhance Upper Levels of Commercial Buildings as Living Spaces

Retrofitting second-story commercial or office spaces as residential can expand the types of housing available in Lakeville and capitalize on the Downtown’s prime location for those who want a more urban lifestyle.

Encourage Upkeep & Reinvestment



7. Support the Improvement of and Reinvestment in the Housing Stock in Surrounding Neighborhoods

The existing housing stock surrounding Downtown is some of the most affordable in the City and meets the needs of both first-time home buyers and those looking to downsize. Programs and incentives that encourage upkeep of these homes is important to maintain their quality.

8. Focus Residential Development Along Lake Marion Greenway

Market forces may encourage industrial and single-family residential land uses along the future Lake Marion Greenway to relocate over time. As they become available, redevelopment of these parcels should focus on high and medium-density residential land use. Increasing the number of people living along the Greenway will promote active living and attract new residents to Downtown to take advantage of the location and amenities.

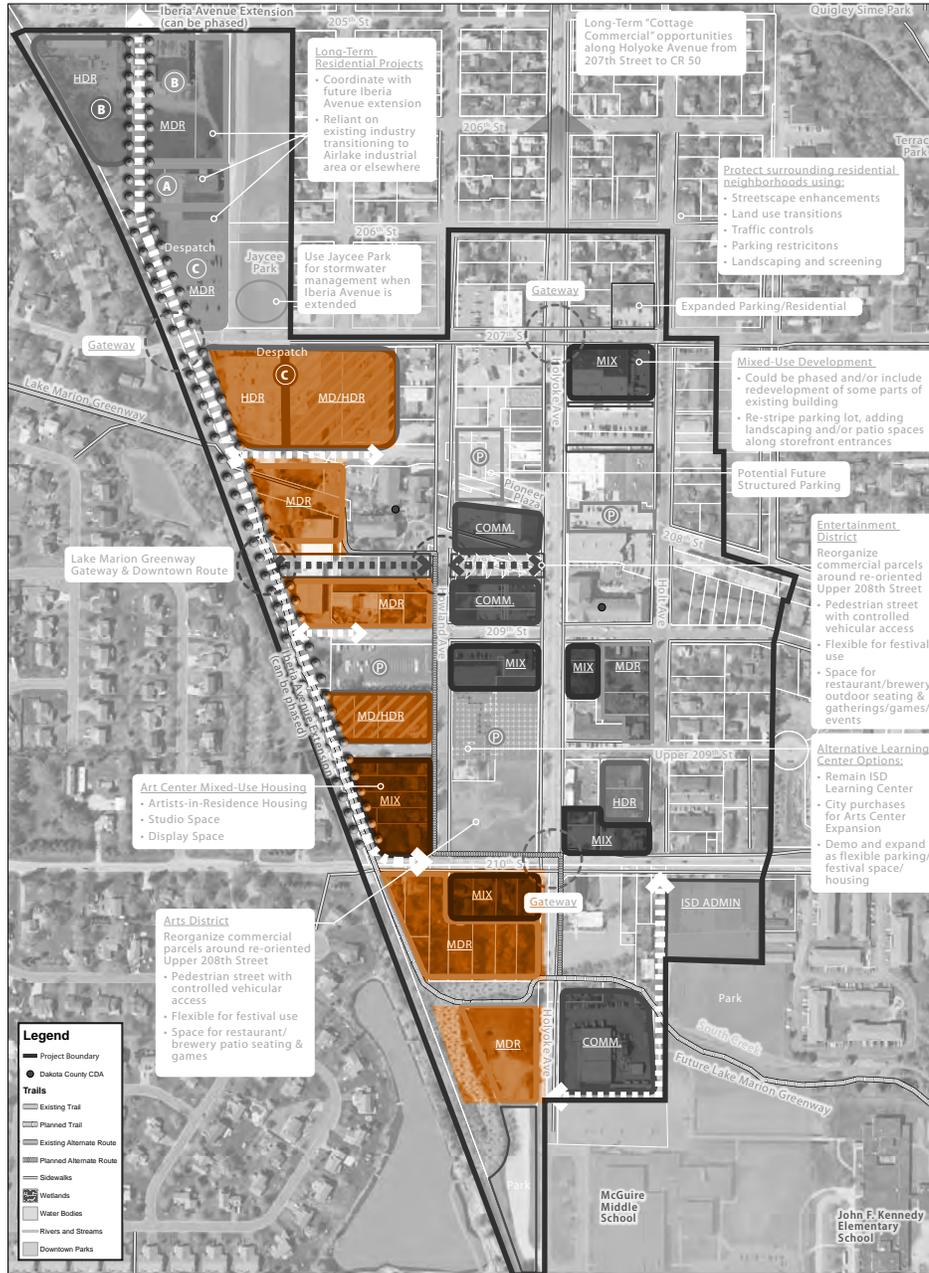


Figure 3.9 | Residential Redevelopment Along Lake Marion Greenway



Transportation and Wayfinding

The following initiatives work to improve Downtown’s streets, parking, signage, and gateways. These projects aim to strengthen wayfinding and organize travel within Downtown, while improving broader connections to it.

1. Extend Iberia Avenue south as a Parkway

Downtown begins to lose its form as it approaches the railroad to the west. Extending Iberia Avenue south along the western border of Downtown creates a defined edge to the district and offers dedicated access to new development opportunities. A parkway character would complement the planned Lake Marion Greenway trail and is compatible with the proposed residential land uses. The Iberia Avenue extension could be phased from 205th to 207th Streets, around the west side of Despatch Industries, and finally from 208th down to 210th Streets, as properties are able to be acquired and developments are proposed.

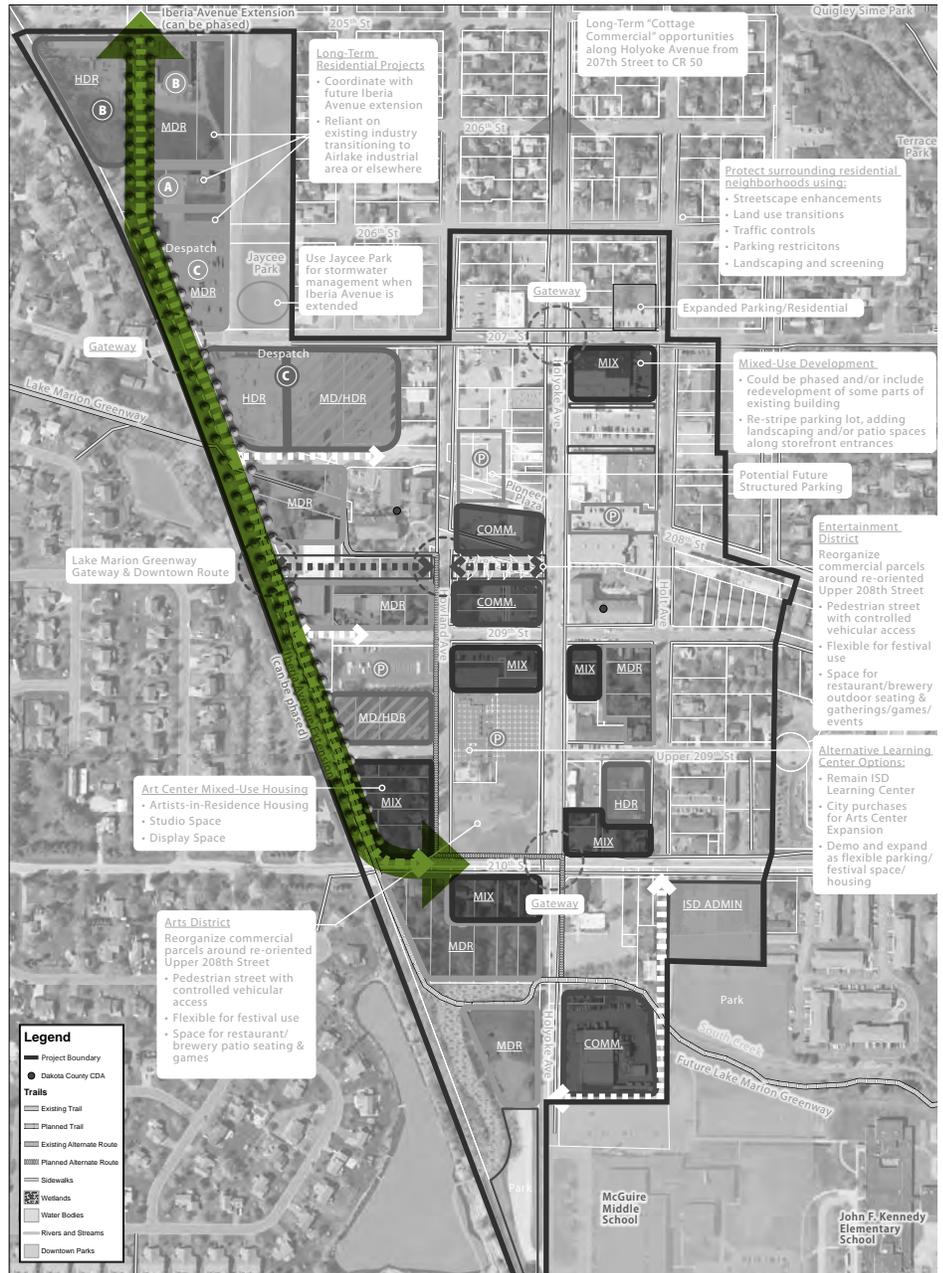


Figure 3.10 | Iberia Avenue Parkway Extension

2. Maintain Adequate Parking Capacity Throughout All Stages of Redevelopment

Maintaining adequate parking is important to the continued success of Downtown. As Downtown undergoes redevelopment, the need for additional parking facilities may arise. These may range from additional surface lots, as is the case with the proposed festival plaza area north of the Arts Center, or potential structured parking. Options for structured parking could include underground parking for new mixed-use and higher-density housing developments within Downtown. Longer-term, stand-alone parking structures could also be developed, as identified for the existing municipal parking lot behind the commercial businesses along the west side of Holyoke Avenue. Any future structures should have facades that complement Downtown’s historic aesthetic and should consider future reuse, incorporating flat-floor design. Downtown should strive for a balanced distribution of parking facilities to serve all businesses and to ensure parking doesn’t spill over into the surrounding residential neighborhoods. The combination of municipal and private surface parking lots, on-street parking, and structured parking (in the long-term) will be needed to match development demands.

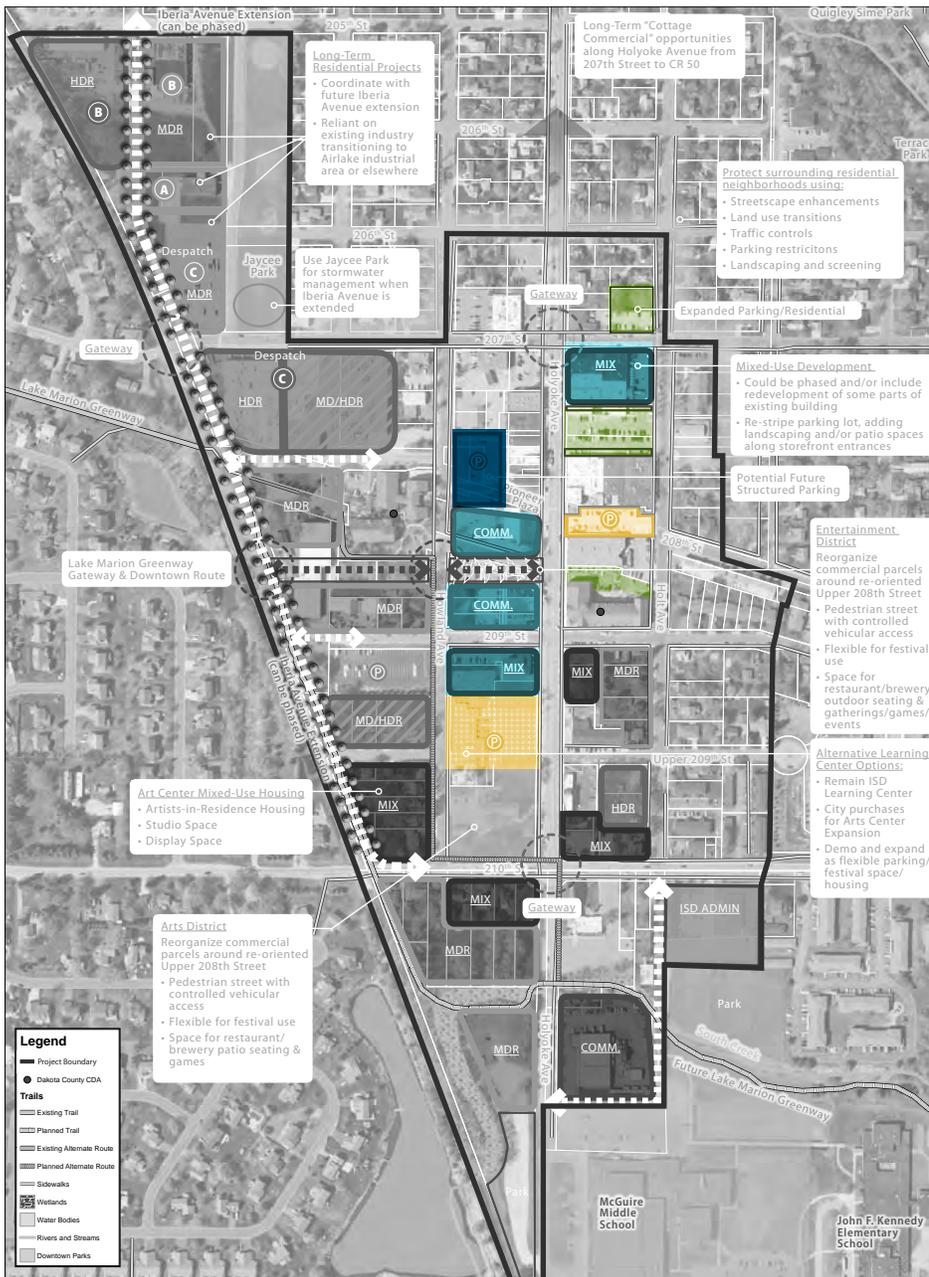


Figure 3.11 | Future Potential Structured Parking Locations

Parking Lot Public Realm Improvements



3. Enhanced Parking Lot Landscaping and East-West Connections

The private parking lot between the Lakeville Mall and Dakota Curling Club should be enhanced in conjunction with any future development or redevelopment of the Lakeville Mall site. The lot should include wide sidewalks along the storefronts that provide safe, comfortable passage for pedestrians travelling between Downtown and the neighborhood to the east. The fronting businesses should have welcoming landscaping and adequate spaces for outdoor seating.

Civic Gateway Roundabout



4. Create a Civic Gateway at CR 50 and Holyoke Avenue

CR 50 is slated to undergo construction that includes a proposed roundabout at the Holyoke Avenue intersection. This project provides a good opportunity to integrate a Civic Gateway feature leading into Downtown.

Wayfinding and Intersection Improvements



5. Enhance Trail Wayfinding and Signage to Downtown

As the Lake Marion Greenway is constructed, trail wayfinding and signage directing trail users to Downtown Lakeville should be included. Connections between Downtown and Terrace, Quigley Sime, and Aronson Parks should also be strengthened with signage and wayfinding.

Bike Lane(s) on 207th



6. Identify and Strengthen East-West Bike Connections

A dedicated bike route along Upper 206th Street W should be established in order to safely link Jaycee Park, Downtown, Terrace Park, and the other parks northeast of Downtown. Upper 206th Street W could be converted into a bike boulevard, or a bike lane could be added.

Because 207th Street is the only passage through Downtown linking the neighborhoods on the east and west (and is slated to connect to Cedar Avenue in the future), it should be upgraded with bike lanes and intersection crossing improvements to better accommodate bike traffic.

Parks, Trails, and Open Spaces

Parks, trails, and open spaces are essential to a healthy, vibrant neighborhood. Downtown Lakeville has several parks within walking distance that provide opportunities for passive and active recreation, but its biggest challenge lies in accommodating the masses of crowds that come to enjoy Pan-O-Prog in the summer. Providing this type of open space is a unique task for a Downtown of this size. If done right, Downtown Lakeville has the potential to be known as a lively environment that attracts people from across the region and can play host to more than just Pan-O-Prog throughout the year. The Development Guide Update proposes several features that will help facilitate Downtown's transformation as an event destination, while providing quality public space for the people of Lakeville on a day-to-day basis.

1. Downtown Festival Park and Plaza

If the Lakeville Area Learning Center relocates, the City will be primed to own a large parcel just north of one of Lakeville's biggest community attractions—its Arts Center. This area already functions as a hub during Pan-O-Prog, so making it into a dedicated Festival Park and Plaza could serve both Arts Center and City-wide events. As a flexible plaza space, all or a portion of the site could provide parking when not hosting gatherings.

The Downtown Festival Park would include activating elements like a water feature or play fountain and a focal art piece to maintain interest and attract visitors even when no events are scheduled. Moveable seating and planters could be set up in order to create more intimate and comfortable gathering spaces on the plaza. A destination playground with climbable features would ensure that the Festival Park attracts users throughout the week and functions as a neighborhood park for nearby residents and those visiting Downtown. The Festival Park would provide space for smaller-scale weekly events and programs like exercise classes, movies in the park, and food trucks. These types of programming energize the Downtown, attracting a variety of people together to enjoy each other's company, and building community.

2. Permanent Farmers Market Pavilion

A permanent Farmers Market Pavilion is envisioned as a northern anchor to the Downtown Festival Park and Plaza. This feature would provide a protected location for the farmers market, and could be rented out for other events as a covered gathering space.



3. Lake Marion Greenway Downtown Trail Connection

The Lake Marion Greenway Master Plan suggested a connection to Downtown Lakeville. Given the Iberia Avenue extension, the surrounding residential development proposed, and the potential for a reorientation of the brewery block to improve the Downtown's entertainment district, Upper 208th Street W becomes an attractive location for a Greenway spur.

Short-term, the Greenway's Downtown connection could be achieved with lane painting and better signage along 208th Street W, where the Greenway currently crosses the railroad tracks. Long-term, as Iberia Avenue is extended and the surrounding medium-density residential gets developed, the Greenway Connection should be integrated into the developments as a trail between Iberia and Howland Avenues. A portion of the Howland Avenue and Upper 208th Street W intersection should function as a Greenway Gateway and Trailhead, where a kiosk can provide trail users with information about the Greenway and things to do in Downtown Lakeville. Adequate bike parking and amenities (water, repair station) should be situated here as well, so that riders can stop and rest or dismount their bikes and move about Downtown on foot.

4. Festival Street

The Lake Marion Greenway Downtown Trail Spur leads directly to the proposed Festival Street at the reoriented brewery block. Flanked by the breweries on the south and a proposed commercial building with a restaurant and rooftop patio to the north, this shared-use street is envisioned as an entertainment destination. The street could be closed to traffic using pop-up bollards and provide containment for outdoor beverage consumption during events. A stage could be set up for outdoor music during Pan-O-Prog or other festivals.

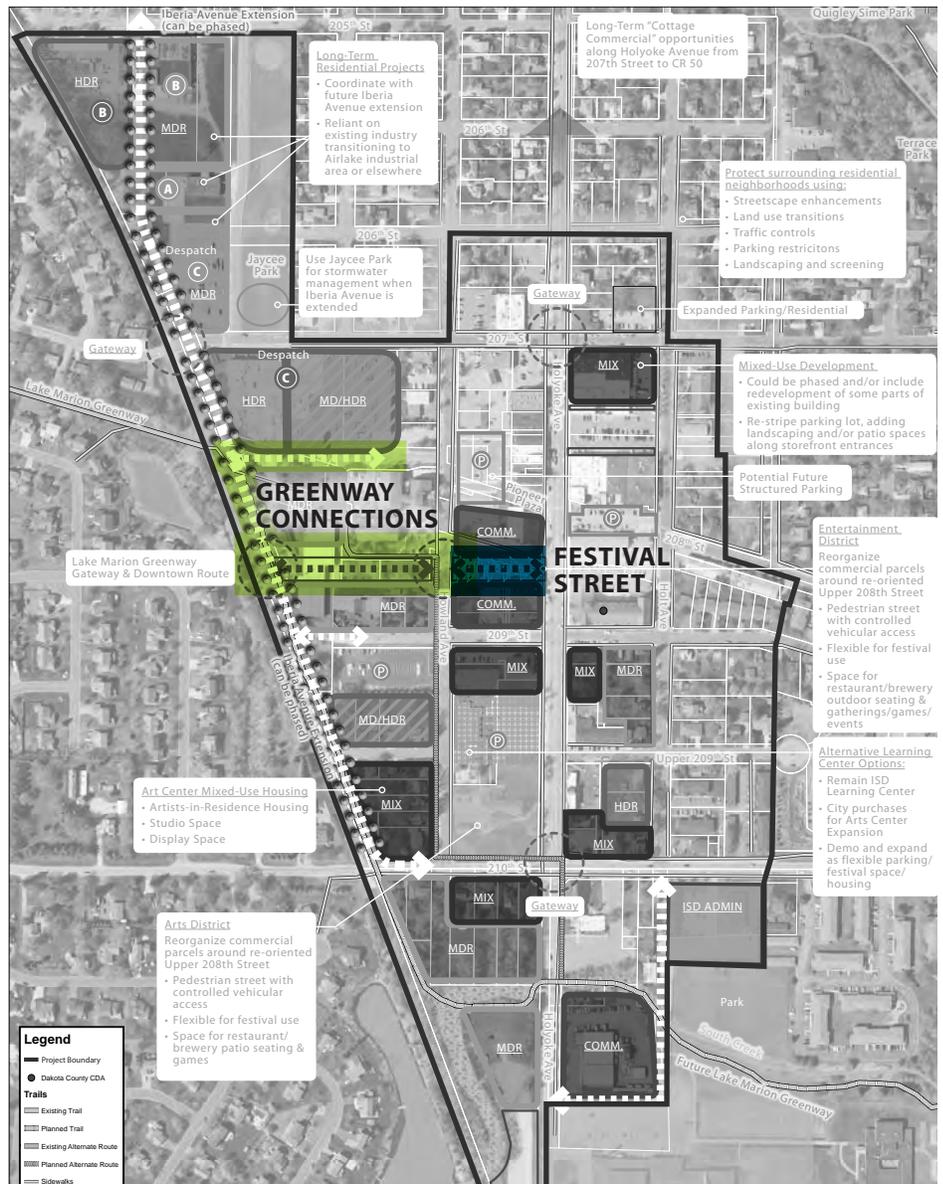


Figure 3.12 | Lake Marion Greenway Downtown Trail Connection and Festival Street

5. Integrate Public Art Throughout the Downtown

The arts can play a strong role in attracting people to Downtown Lakeville. The creation of an Arts District harnessing the energy of the Arts Center and its unique downtown setting could create a strong Downtown node focused on events, galleries, and exhibitions. Nationally, small historic downtowns have economic development strategies that focus on attracting resident craftspeople (jewelers, glass workers, wood workers, potters, metal smiths, sculptors, etc.) to drive retail shopping, support local restaurants, and aid in tourism. Downtown Lakeville can look to this model to help spur redevelopment or champion reinvestment and transform existing buildings into workshops, studios, and galleries.

Additionally, providing locations for more prominent displays of public art can also help to advance Downtown Lakeville’s brand as an artistic destination. Public artworks can include street furniture, decorations, paving, and landmarks that can take many forms, including sculpture, decorative ironwork, mosaic installations, and murals. Public art brings creativity into everyday life, energizes public spaces, and provokes thoughtfulness and imagination. Creating an organized and well-promoted collection of artistic opportunities in the Downtown can attract a new audience. The Arts Center and partner organizations should be involved in implementation of the Downtown Development Guide as it relates to arts and economic development strategies.

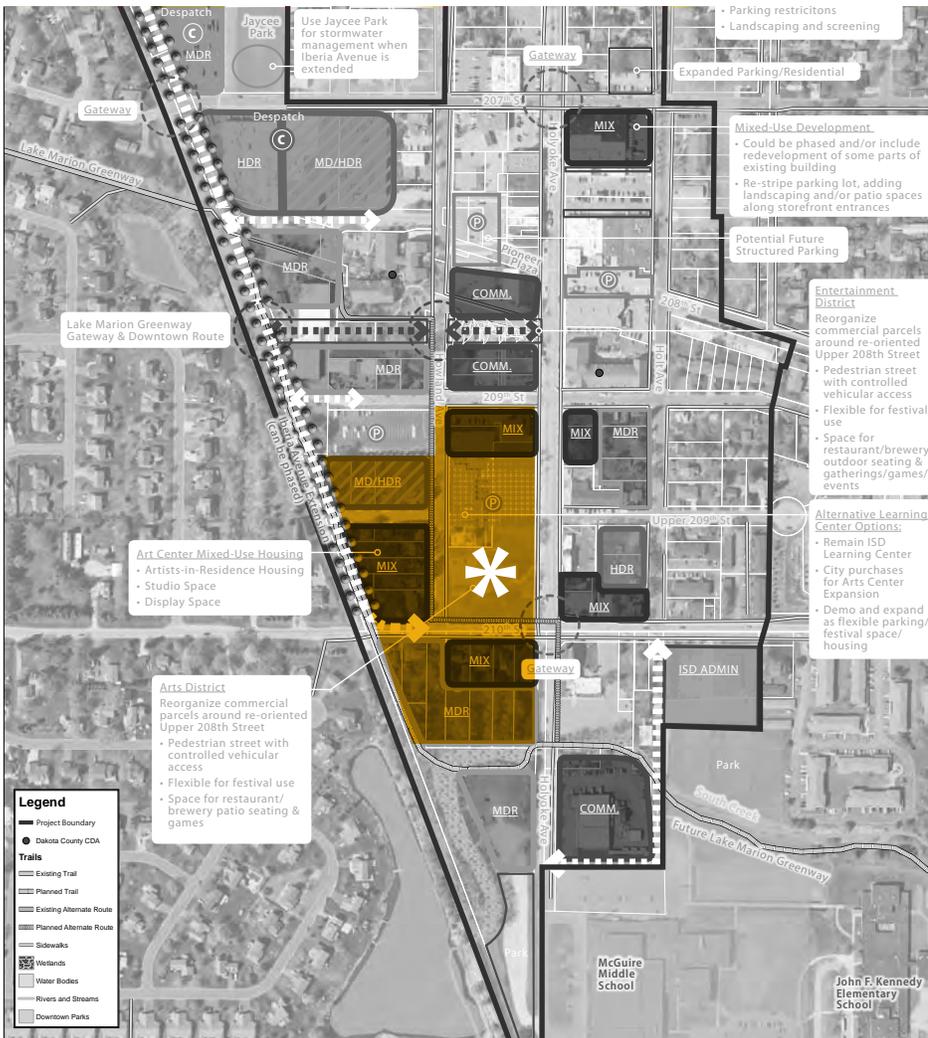


Figure 3.13 | Arts District

Redevelopment and Rehabilitation



Promote Downtown Businesses



Business Incubator Space



Downtown District Standards



Downtown Reinvestment Strategies

These recommended actions, policies, and procedures will guide commercial development and help to create a destination that sustains businesses and celebrates local heritage.

1. Establish Potential Performance Targets and Metrics

- » Changes in the number of households/businesses in the Downtown area
- » Attendance at community events and venues
- » Employment in Downtown
- » Property values, rents, and vacancy rates in the Downtown district
- » Pedestrian counts on key streets in the Downtown area

2. Consider a Special Overlay District for Downtown that Establishes Standards for:

- » Increased building height and density
- » Reduced parking ratios
- » Shared parking
- » Vertical mixed-use development
- » Pedestrian-oriented site and building design

3. Utilize Redevelopment and Rehabilitation Finance Tools

- » Clarify the criteria for the use of Tax Abatement and Tax Increment Financing
- » Explore a reduction or reallocation of special service district funds to provide for maintenance and ongoing improvements
- » Explore various opportunities for grant funding, loans, and technical assistance
- » Minnesota Department of Employment and Economic Development (DEED)
- » Historic-related grants and incentives (State of Minnesota, Federal government)

4. Integrate Business Incubators & Recruitment

- » City, DLBA, and Chamber of Commerce to partner with ISD 194 or private landowners for space in the Downtown

5. Use Public Art as an Economic Generator

- » Install public art pieces and murals with an eye to attracting visitors and families
- » Encourage businesses to integrate art into their interior spaces and facilities
- » Encourage temporary or pop-up public art pieces and performances
- » Create partnerships and relationships between the City, the DLBA and the Arts Center and other organizations in the region
- » Build partnerships with local and regional educational institutions and art schools to involve students and faculty in the development of art projects in Downtown
- » Explore the creation of a fund or incentives to support temporary art performances during specific times, especially during local festivals
- » Pursue tenants geared to public art
- » Encourage developers to engage and work with artists throughout the design and planning for projects
- » Provide criteria to guide the design and placement of public art in the Downtown



4. IMPLEMENTATION

Keys to Implementation

The Downtown Development Guide is intended to be a relevant and useful tool for guiding public and private actions in Downtown. To serve as such a tool, the Guide must provide direction on the steps that are needed to convert ideas into realities. This chapter focuses on the keys to creating and sustaining the Downtown desired by Lakeville's residents and businesses.

The experience of other cities shows that several factors are important ingredients for the successful implementation of Downtown plans.

Patience:

The vision for Downtown cannot be implemented overnight. The time frame for implementation reflects its evolutionary nature; it looks forward over a period of years. The desired change often requires the patience to wait for the right things to happen, rather than making changes simply to be seen as doing something.

Commitment:

Commitment to this Development Guide and patience go hand-in-hand. This Guide does not simply seek to attract development to Downtown; it also seeks to move Downtown toward a vision for the future. There is a difference. Commitment to the Development Guide means the willingness to actively promote public and private investments that achieve the vision, and to deter developments that do not fit. Not all of these decisions will be easy.

Public-Private Partnerships:

Implementation of this Development Guide requires a continuation of the public-private partnerships that have been found in Downtown Lakeville for many years. Both city government and businesses must actively work to achieve the vision for Downtown.

Financial Reality:

Implementing the Development Guide requires the careful investment of public funds, but the private side of the financial equation must not be overlooked. New development and existing businesses will pay for part of the improvements called for in the Guide. Implementing the Development Guide seeks to balance the investment in public initiatives with the creation of a financial environment that sustains businesses.

Strategic Investments:

If financial support for the Guide was unlimited, the need for strategic decisions would be less important. With limited funds, though, every expenditure is crucial. It is not possible to undertake immediately all of the initiatives described in this Development Guide. Needs and opportunities not contemplated in this Guide may arise in the future. Every investment must be evaluated for its impact on achieving the vision for the future of Downtown Lakeville.



Roles and Responsibilities

There is a temptation to give responsibility for implementation of the Downtown Development Guide to the City of Lakeville. Many of the powers and resources needed to undertake the actions described in this Guide are held by the City. The success of Downtown Lakeville cannot be made the sole responsibility of City government. Achieving the vision for Downtown requires ongoing collaboration of both public and private stakeholders. This section describes the roles and responsibilities of key parties.

Business and Property Owners

While the City influences the physical setting, Downtown remains a place of private activity. Individual businesses determine the type of goods and services available in Downtown. Individual businesses make decisions about how they operate. Property owners decide how to maintain and improve their buildings. Each of these factors plays a role in the long-term success of Downtown.

DLBA

The Downtown Lakeville Business Association (DLBA) has been an active participant in this project and previous planning for the Downtown. This involvement should continue into the implementation of the Guide.

Downtown is a collection of independent businesses. This independence adds to the character and quality of the Downtown environment. This same independence may also be a barrier to beneficial collective actions. The DLBA provides a means of organizing and engaging Downtown businesses. Roles for the DLBA include:

- » Provide a forum for discussion, consensus and action on issues of importance to the Downtown.
- » Advocate for City actions needed to undertake redevelopment projects and public improvements.
- » Provide business-oriented input to public decision making.
- » Collaborate with the City to attract businesses to Downtown.

City Council

The City Council sets the foundation for implementing this Guide consistent with the overall mission of the City. While other bodies (Planning Commission and EDC) play key roles in the implementation process, important redevelopment powers reside solely with the City Council. Among the powers that may be needed to undertake public initiatives in the Downtown are:

- » Allocate money in the annual budget to capital improvements in Downtown.
- » Approve the establishment of tax increment financing (TIF) districts.
- » Levy of special assessments for public improvements.
- » Issuance of general obligation bonds to finance redevelopment and improvement projects.





The City Council must be engaged in the vision for Downtown and prepared to take action as needed. Actions by the City Council can enhance the Downtown in other ways. Some examples include:

- » Community events to make Downtown a focal point
- » Keep civic institutions concentrated in Downtown
- » Avoid subsidizing projects that include businesses that should not be located in Downtown
- » Provide staff capacity and resources needed to plan and undertake projects in Downtown
- » Maintain the support of the Arts Center

Planning Commission

The Planning Commission has the lead responsibility for evaluating the application of land use controls needed to implement the Guide. The Planning Commission advises the City Council on issues involving the establishment of and compliance with the Comprehensive Land Use Plan and the zoning, subdivision, and sign ordinances. The Commission also reviews residential, commercial, and industrial development proposals and makes recommendations to the City Council according to the goals and objectives of the comprehensive plan and requirements of the zoning, subdivision, and sign ordinances. The Planning Commission plays a key role in integrating the Development Guide with the update of the Comprehensive Plan.

Economic Development Commission (EDC)

The Economic Development Commission (EDC) plays a role in shaping City participation in specific projects and support programs. The EDC assists with the development of a comprehensive plan designed to enhance the quality of, and provide balance to, the business and residential communities. The EDC seeks to encourage business development and promote long-term economic growth in Lakeville.

Arts Center Board

The Lakeville Area Arts Center Board will provide advice and guidance on aspects of the plans for Downtown that affect the Arts Center. The Board advises the City Council on matters pertaining to the promotion, development and accessibility of the arts. Its purpose is to promote the Arts Center as a community gathering place that fosters creative expression and offers a variety of artistic and educational opportunities.

School District

Independent School District 194 is an important stakeholder in Downtown. There are six public schools located within 1.5 miles of Downtown. The Area Learning Center is located in Downtown. If the School District decides to relocate this function, its current site becomes available for redevelopment.

Priority Actions

Update the Comprehensive Plan

It is essential that the Downtown Development Guide Update be considered in the Comprehensive Planning process. The “Land Use Controls” section of this chapter discusses options for using the Comprehensive Plan to implement this Guide.

Lakeville Mall

The key to the future of the Lakeville Mall is the Post Office. Action should focus on discussions with the Post Office about long-term plans. The desired outcome would be a plan to relocate the distribution functions and retain the retail functions in Downtown. The plan for postal facilities influences other decision making for the Lakeville Mall.

Residential Development

The City should encourage residential redevelopment, particularly in the western portion of the study area with a variety of medium and higher-density developments. Isolated industrial and single-family residential uses within the study area boundary offer the best opportunity for transition to higher-density residential uses. A mixture of apartments, condominiums, townhomes or row-houses, and even slab-on grade patio homes could create a broad mix of new construction housing offerings, all of which will help support Downtown businesses and bring continuous vitality to the Downtown.

Circulation

Iberia Avenue

The transportation planning process should be used to conduct a technical evaluation of extending Iberia Avenue to 210th Street. If the Iberia Avenue extension improves the local system, then a preliminary engineering study would be desirable. This study would better define the design and cost of the improvements. If the proposed extension is found to be undesirable, then the City must review land use plans and evaluate the implications for future development.

North Holyoke Avenue

The North Holyoke Avenue area, as well as other single-family neighborhoods surrounding Downtown, should receive special attention in the Comprehensive Plan update.

This review should evaluate the need to change land use policies and regulations to encourage the long-term stability of these neighborhoods. Another implementation step is to determine the commitment to additional proposed sidewalk and streetscape improvements. If supported by the City, the next step is to explore timing and funding options.

Pedestrian Connections

The Guide identifies several public initiatives to improve pedestrian connections to Downtown. These initiatives should receive additional attention:

- » Proposed trail and bike lane improvements should be added to the Parks, Trails and Open Space Plan.
- » The wayfinding concept should be evaluated for application outside of the Downtown.
- » The design for a wayfinding system should be established.
- » Funding for these initiatives should be included in the City’s capital improvements program.



Land Use Controls

Implementation of the Downtown Development Guide will benefit from a review, assessment, and updating of land use controls relevant to Downtown Lakeville to support the future Downtown vision and initiatives. The Downtown Development Guide's Urban Design Framework envisions Downtown redevelopment that benefits from an increased mix of uses, flexibility in building heights and density, flexibility in parking solutions, and pedestrian-oriented design of buildings and sites. A preliminary review of existing land controls relevant to Downtown Lakeville has identified issues and opportunities related to potential inconsistencies, redundancies, and confusion with the various requirements.

The primary land use controls in place for the Downtown area are part of the City's zoning ordinance, including but not limited to the following:

- » zoning districts,
- » off-street parking requirements,
- » general yard, lot area and building requirements,
- » signs, and
- » fencing/screening/landscaping.

Downtown Lakeville is controlled by a wide range of existing zoning districts which include the following:

- » Commercial
 - » C-CBD, Commercial – Central Business District
 - » C-3, General Commercial District
 - » O-R, Office/Residential Transition District
- » Industrial
 - » I-CBD, Industrial – Central Business District
- » Residential
 - » RS-CBD, Residential Single-Family – Central Business District
 - » RST-1, Single and Two-Family Residential District
 - » RM-1, Medium-Density Residential District
 - » RH-1, Multiple-Family Residential District
- » PUD, Planned Unit Development District
- » P-OS, Public and Open Space District

In addition to the zoning ordinance, other land use controls currently applicable to Downtown Lakeville include the Historic Fairfield District of Downtown Lakeville Design Guidelines and the Corridor & Gateway Design Study (referenced in the Fencing/Screening/Landscaping section of the Zoning Ordinance) from 1999. As these two documents are guidelines rather than ordinances, they are not requirements today. It appears that some aspects of these guidelines may be incorporated into the zoning ordinances, such as building heights and outdoor seating areas in the C-CBD, while other aspects are not. This situation can cause confusion and inconsistencies between what is required and what is recommended but not required.

It is recommended that the City consider developing a Downtown overlay district that would apply to all properties in the Downtown area, or at least the Downtown

core area, while leaving the base zoning districts in place. An overlay district could address an increased mix of uses, flexibility in building heights and density, flexibility in parking solutions, and pedestrian-oriented design of buildings and sites. Other standards that could be considered include maximum building setbacks, minimum building frontages, and front facade building materials.

As part of creating a new downtown overlay district, it is likely that the three CBD districts (C-CBD, RS-CBD, and I-CBD) will also need to be updated to avoid redundancies and inconsistencies. Since these three zoning districts are only applicable to Downtown, it may be appropriate to address mixed uses within these base zoning districts rather than the new overlay district; essentially evolving the CBD districts into mixed-use districts.

Design guidelines for mixed-use and residential uses should be developed in concert with the Downtown zoning overlay district to ensure the desired character of development can be achieved.

In addition, the off-street parking, signs, fencing/screening/landscaping, and general yard, lot area and building zoning sections should be reviewed and updated as necessary to avoid redundancies and inconsistencies, as well as address existing references to the historic downtown district and corridor/gateway design guidelines.

Tools for Public Investments

The vision for Downtown will continue to require investment by the City of Lakeville. Downtown has benefited from City investment in public improvements. The City may find public benefit from further investment in Downtown through the participation in private redevelopment projects.

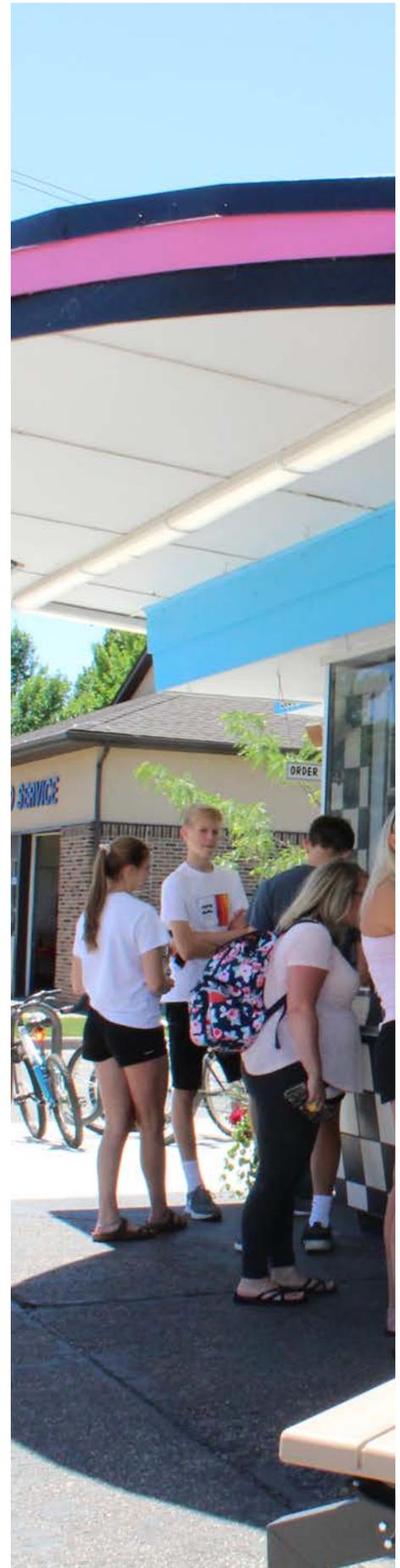
This section highlights the primary finance tools available to support public investments in Downtown, both through public improvements and participation in private redevelopment projects. The primary finance tools available to cities have not changed significantly over the years and are limited. This information is not intended to be an exhaustive guide, but rather a high level overview, a starting point, for further investigation. The use of these tools may be subject to requirements not discussed in this section. In addition, the statutes that govern these tools can be changed by the State Legislature.

Tax Increment Financing

Tax increment financing (TIF) is the primary development finance tool available to Minnesota cities (Minnesota Statutes, Sections 469.174 through 469.1794). TIF is simple in concept, but complex in its application. Through tax increment financing, the property taxes created by new development (or redevelopment) are captured and used to finance activities needed to encourage the development. The challenge in using TIF lies with the complex and statutory limitations. These complexities make it impractical to provide a thorough explanation of tax increment financing as part of this plan. Instead, this section highlights the use of TIF as it relates to the implementation of the plan.

Past Use of TIF

Tax increment financing has played a role in Downtown Lakeville for many years. The initial use of TIF was in 1980 with the establishment of Redevelopment Project No. 1 (Central Business District). It provided the legal framework for the establishment of TIF districts, the collection of tax increment revenues and the expenditure of funds.





The boundaries of Redevelopment Project Area No. 1 are geographically defined and generally encompass the Downtown and the adjacent surrounding commercial and residential areas. Project Area No. 1 defines target area for the use of TIF in and around the Downtown. The City has the authority to modify the boundaries as needed to meet its objectives.

The City has made effective past use of tax increment financing as a tool for improving Downtown. An example of a few of the past projects undertaken with TIF include:

- » Winsor Plaza Senior Housing Project
- » Main Street Manor Mixed-Use Project
- » Lakeville Senior Center
- » City-owned parking lot at 207th Street and Holt Avenue
- » Holyoke Avenue sidewalk between 202nd Street and 205th Street
- » Downtown Street Reconstruction Project
- » Lakeville Area Arts Center

These projects show the potential importance of TIF as a tool for implementing the Downtown Development Guide. Although changes in state law have prohibited some of these uses (i.e. governmental buildings), TIF has a variety of useful applications.

Future Use of TIF

Tax increment financing can be used to finance many actions needed to facilitate redevelopment, including land acquisition, site preparation, parking, and public improvements. In addition, TIF creates a means to borrow money needed to pay for redevelopment costs. The City can issue general obligation bonds to finance certain qualified expenses. These bonds may be supported with tax increments and other legally available revenues.

Tax Abatement

Tax abatement acts like a simpler and less powerful version of tax increment financing. With TIF, the City controls the entire local property tax revenue from new development. Under the abatement statute (Minnesota Statutes, Sections 469.1812 through 469.1815), the City, County and school district have independent authority to grant tax abatement. Acting alone, the City cannot generate the same amount of revenue from tax abatement as TIF. Nonetheless, tax abatement provides a valuable tool for the Downtown initiatives. Certain projects may be of sufficient importance to encourage County and/or school district abatement and achieve additional funding capacity.

Uses

Tax abatement in Minnesota works more like a rebate than an abatement. The City (and other units abating taxes) adds a tax levy equal to the amount of taxes to be abated. The revenue from the abatement levy can be returned to the property owner (developer) or retained by the City and used to finance development activities. Tax abatement can be used to finance key redevelopment actions in the Downtown; such as land acquisition, site preparation and public improvements.

Tax abatement is perhaps best suited as an incentive for reinvestment in existing property. While TIF deals with only the value from new development, abatement can apply to both new and existing value of property. This power provides the means to

encourage building rehabilitation and storefront improvements. The City could agree to abate all or part of the city share of taxes to encourage reinvestment tied to the plan for Downtown.

The statute grants the authority to issue general obligation bonds supported by the collection of abated taxes. The proceeds of the bonds may be used to pay for (1) public improvements that benefit the property, (2) land acquisition, (3) reimbursement to the property owner for improvements to the property, and (4) the costs of issuing the bonds.

Limitations

State law places several important limitations on the use of tax abatement:

- » In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater;
- » If one political subdivision declines to abate, then the abatement levy can be made for a maximum of 20 years. If the city, county and school district all abate, then the maximum period drops to 15 years;
- » Taxes cannot be abated for property located within a tax increment financing district.

The statutes governing tax abatement should be reviewed to understand other limitations and procedural requirements for tax abatement.

Special Assessments

Public improvements are often financed using the power to levy special assessments. The use of special assessments for the majority of public improvements is governed by Minnesota Statutes Chapter 429. Additional authority related to parking facilities comes from Minnesota Statutes, Section 459.14.

Uses of Special Assessments

A special assessment is a means for benefiting properties to pay for all or part of the costs associated with improvements, and to spread the impact over a period of years. The method of spreading the assessments and the terms of the assessments are set by the City. The primary legal constraints on special assessments are:

- » The amount of the assessment cannot exceed the benefit the property receives from the improvement. The benefit is measured by the increase in property value.
- » The method assessment must be uniformly applied to the same type of property.

Special assessments can be used to finance all of the public improvements needed to implement the Guide. Eligible improvements include streets, sidewalks, street lighting, streetscape, and parking.

This authority provides a tool for borrowing money to finance public improvements. Chapter 429 conveys the power to issue general obligation improvement bonds to finance the design and construction of public improvements. Important factors in the use of improvement bonds include:

- » A minimum of 20% of the cost of the improvement must be assessed against benefited properties.
- » Beyond the 20% threshold, any other legally available source of municipal revenue may be used to pay debt service on improvement bonds.





- » Improvements bonds are not subject to any statutory debt limit.
- » Improvement bonds may be issued without voter approval.

Housing Improvement Area

The City has the power to establish a special taxing district to make improvements in areas of owner-occupied housing (Minnesota Statutes, Sections 428A.11 through 428A.21). This tool may have application both in Downtown and in the surrounding neighborhoods.

The housing improvement area is similar in concept to the special service district. It is a special taxing district that can be used to finance a variety of improvements. However, there is an important administrative difference with the housing improvement area: the City has the ability to assign the procedures for imposing fees and administering the area to another "authority," such as a local HRA/EDA or the Dakota County CDA.

A housing improvement area is a defined collection of parcels. The area may cover a single redevelopment project or a broader section of the Downtown area.

The City has the power to levy a fee on the housing units in the area. This fee may work like a property tax or may be spread using another approach determined by the City. The fee can be collected through the property tax system.

Uses of Housing Improvement Area

The statute allows each city to define the nature of housing improvements. This tool can be used to finance any form of public improvement, including streetscape, parking and trails. A housing improvement area can also be used for private improvements that are part of new or existing housing developments.

Limitations for Housing Improvement Area

The City does not have the unilateral power to establish a housing improvement area. The process must be initiated by petition of property owners. In addition, the actions to establish the area and impose the fees are subject to veto by the property owners. These potential complications become moot if the area is set up at the beginning of the development process. Typically, there is a single property owner at this stage of the process. In existing neighborhoods, this tool allows residents to take the initiative to improve local parks.

The establishment of a new special service district after June 30, 2028, will require enactment of a special law authorizing the establishment.

General Property Taxes

General property taxes can be used to finance many of the services, improvements, facilities and development activities needed to implement the master plan. Taxes may be levied through the General Fund, to pay debt service on bonds, and as a levy for the EDA or HRA. The ability to use property taxes provides another resource for Downtown.

Other City Funds

While property taxes are the largest and most obvious source of City revenues, other funds may play a role in implementing the Guide. The use of other City funds should be factored into capital improvements planning and earmarked for Downtown. Some potential funding sources include:

- » Utility revenues. Monies from municipal utilities may be available to certain portions of Downtown improvement projects.
- » Park dedication fees. New development contributes money (or land) towards the creation of the local park system. Revenues from park dedication may be available to support park and trail improvements.
- » State aid for roads. The City receives money from the State for the construction and maintenance of roads. These roads must be part of the City's designated state aid street system.

Commercial Rehabilitation Loans and Grants

Through HRAs and EDAs, cities have broad powers to facilitate the revitalization of existing buildings. State law also creates specific statutory authority for loans by cities. The City may establish a program to make loans to finance the rehabilitation of small and medium-sized commercial buildings (Minnesota Statutes, Section 469.184). The program can be funded through the issuance of revenue bonds or obligations payable solely from all or a portion of the revenues derived from or other contributions to the program. Other revenues of the City (tax increment or tax abatement proceeds, for instance) could be used to assist the program.

Other Revenue Sources

The City should continue to be informed and pay attention to other revenue sources that exist or may become available from Dakota County, the State of Minnesota, the Metropolitan Council or other sources. Downtown redevelopment projects often rely on a myriad and ever-changing source of revenues and programs to achieve City objectives. There are examples of other cities within Dakota County successfully securing other revenue sources, including from the Metropolitan Council's Livable Community grant program funds. The grant program funds innovative redevelopment projects that efficiently link housing, jobs, services, and transit in an effort to create inspiring and lasting livable communities.

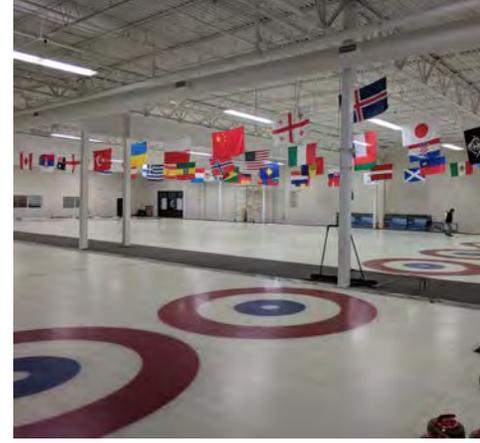
Achieving the Vision

Lakeville's Downtown has a rich past and a promising future. This Guide builds on the momentum from the 2006 Downtown Development Guide, with the goal of evolving Downtown into a vibrant and beloved destination for Lakeville's residents and visitors. This update seeks to leverage market opportunities for additional retail and restaurants, expanded housing options, and focuses public investments on key amenities and infrastructure to create a dynamic district for the community. For more information, or to play a part in helping to achieve the vision laid out in this plan, contact the Community and Economic Development Department:

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LAKEVILLE

Downtown Development Guide Update

