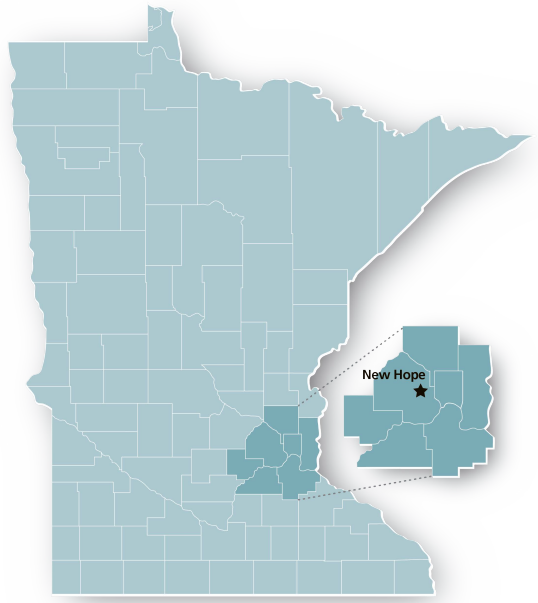
CITY OF NEW HOPE, MINNESOTA

ECONOMIC DEVELOPMENT REPORT

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

SEPTEMBER 1, 2020

OVERVIEW & HISTORY



LOCATION

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

HISTORY

In the early 1900s, New Hope was a farming-rich community. The area was settled as part of Crystal Lake Township and became the home for many family farms. As housing developments spread west from Minneapolis in the 1930s, the residents of Crystal Lake Township began the movement to incorporate the township. In 1936, the city of Crystal was incorporated. Forming a city, though, was not supported by all residents in the township. The rural residents in the western half of the township broke away from the city of Crystal and formed their own township. The resistant residents, mostly farmers, were unhappy about paying taxes for projects such as street lighting and sanitary sewer. The name the farmers selected for their new township was a reflection of the time, New Hope.

Many residents along the New Hope-Crystal border formed groups and requested to be annexed by Crystal in order to receive what were the most modern city services at the time. Others, however, were happy to be part of New Hope township and remained separate from Crystal. Therefore, pockets of New Hope residents were created along the eastern boundary. By the early 1950s, the rapidly developing township of New Hope chose the fate it had eluded just over 15 years earlier. In 1953, New Hope incorporated as a city to prevent losing more of its land and residents to Crystal via annexation. This move was again opposed by the farming community of New Hope, but housing developments between 1936 and 1953 had made farmers a minority in New Hope.

When the township was incorporated, it had 600 residents. The city grew rapidly and was home to over 2,500 people by 1958. This rapid population growth continued through the 1960s, and by 1971, there were 24,000 residents in New Hope. The population of the community has declined slightly since 1971.

POPULATION (2010 CENSUS)	SIZE/AREA	YEAR FORMED
20,339	5.1 square miles	1953
BUSINESSES	**JOBS**	**SHOPPING CENTERS**
480	11,080	5
SCHOOL DISTRICT	**SCHOOLS**	**PARKS/ACREAGE**
Robbinsdale Area (281)	5	18/200

SUMMARY OF ACTIVITY

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

BUSINESSES & ASSISTANCE PROGRAMS

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

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

BUSINESS SUBSIDY PROGRAM

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

- Provides a diversity of housing not currently provided by the private market.
- Provides a variety of housing ownership alternatives and housing choices.
- Promotes affordable housing for low- or moderate-income individuals.
- Promotes neighborhood stabilization and revitalization by the removal of blight and the upgrading in existing housing stock in residential areas.
- Removes blight and encourages redevelopment in the commercial and industrial areas of the city in order to encourage high levels of property maintenance and private reinvestment in those areas; including façade improvement.
- Increases the tax base of the city to ensure the long-term ability of the city to provide adequate services for its residents, while lessening the reliance on residential property tax.
- Retains local jobs, increases the local job base, and provides diversity in that job base.
- Increases the local business and industrial market potential of the city.
- Encourages additional unsubsidized private development in the area, either directly or through secondary "spinoff" development.
- Offsets increased costs of redevelopment over and above the costs that a developer would incur in normal development.
- Accelerates the development process and achieves development on sites that would not be developed without this assistance.

LOAN PROGRAMS

The city has partnered with the lending center at the Center for Energy and Environment (CEE) to offer a convenient one-stop service that provides commercial and non-profit property owners in New Hope access to a comprehensive array of financing and rehabilitation services. The CEE Loan Program provides financing to New Hope businesses making cost-effective, energy efficiency improvements. Nonprofit organizations that are interested in reducing their energy costs are eligible to apply for funds through the CEE to help finance energy-efficient projects implemented in properties owned and/or occupied by nonprofit entities. Deferred home repair loans are also available to residents of New Hope through Hennepin County. Loans that address basic safety, maintenance, and health concerns, as well as home improvements are offered at 0% interest and deferred until the sale of the home, or forgiven after 15 years.

OUTSTANDING BUSINESS AWARD PROGRAM

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

BUSINESS NETWORKING GROUP

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

OPEN TO BUSINESS

Open to Business is a partnership between New Hope and the Metropolitan Consortium of Community Developers (MCCD), an association of nonprofit community development organizations serving the Twin Cities. With the help of a matching grant from Hennepin County, the city works with MCCD to provide business consultation services and financial advice to small local business owners and aspiring business owners. The program offers help in several areas, including:

- Business plan assistance
- Financial management
- Bookkeeping set-up and training
- Loan packaging
- Real estate analysis
- Marketing assistance
- Strategic planning
- Professional referrals

Entrepreneurs can meet with a business advisor one-on-one at New Hope City Hall by scheduling an appointment. Open to Business facilitated one loan of $105,000 and one credit building loan of $240 in 2013, one credit building loan of $240 in 2014, one direct loan of $12,035 in 2016, and two direct loans of $100,000 and $25,000 leveraging over $1,000,000 in outside capital in 2017. In 2018, one loan for $240 was facilitated and approved through the program. Open to Business provided services for three new businesses and one existing business in 2019.

EMPLOYMENT

There are approximately 480 commercial/industrial/service businesses in the city, 17 of which opened in 2018 and 26 of which opened in 2019. These businesses account for approximately 10,360 jobs in the city. The city's 15 largest employers, which are listed below, account for nearly 4,900 of those jobs.

MAJOR EMPLOYERS

Employer	Products/Services	New Hope-Based Employees (Total Employees)
Independent School District 281	Education	791 (1,852)
Hy-Vee	Grocery & convenience store	632
Minnesota Masonic Home/ North Ridge Care Center	Skilled nursing care facility	560
St. Therese Home of New Hope	Skilled nursing care facility	544 (1,117)
Horwitz	Mechanical contractor	345
Perrigo	Pharmaceutical and medicine manufacturing	323
Intermediate District 287	Education	266 (943)
City of New Hope	Government agency	262 including seasonal staff
YMCA	Health club	228
Liberty Diversified International	Stationery supplies	200
Parker - Hannifin Oildyne Division	Hydraulic component production	172
Dakota Growers Pasta Company	Macaroni & spaghetti	159
Waymouth Farms, Inc.	Salted & roasted nuts & seeds	150
Good Samaritan Society	Skilled nursing care facility	136
Avtec	Warehousing & metal finishing	102

PLANNING & DEVELOPMENT

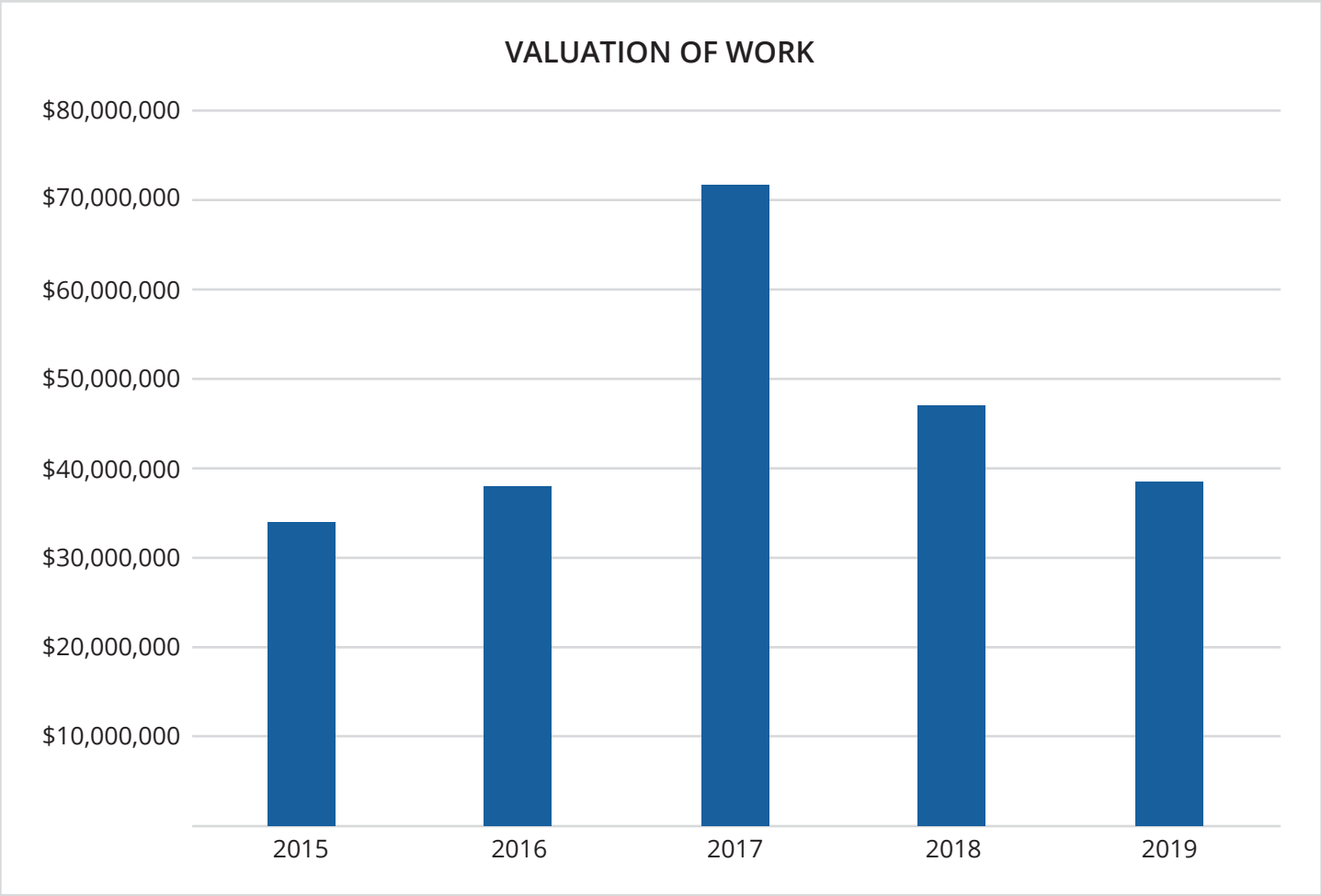
The city continues to see sustained growth and development as major redevelopment projects come to fruition. Overall development activity has increased steadily since 2012 and the city anticipates that growth will continue over the next several years.

DEVELOPMENT ACTIVITY

From 2015-2019, $228,853,933 of reinvestment was approved in the city through construction permits. The city is striving to increase momentum to continually increase the tax base, while providing the highest level of services to residents, businesses, and property owners. Building permits for the construction of a new city center aquatic center and community theater were issued in 2019, accounting for nearly $18 million of the $38 million in work for the year. The large increase in valuation of work in 2017 can be attributed to IronWood, a 182-unit luxury apartment project valued at $43 million.

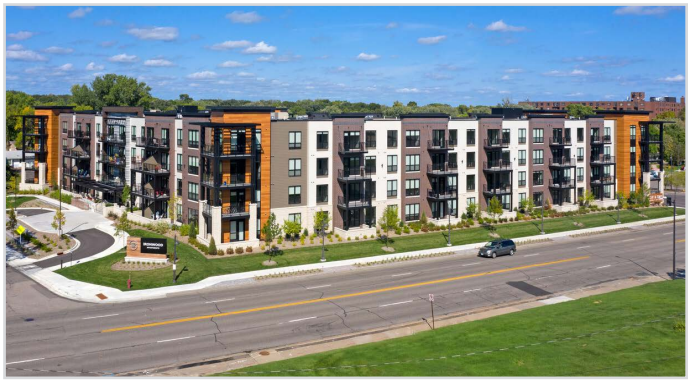
DEVELOPMENT ACTIVITY BY YEAR

	2015	2016	2017	2018	2019
Permits issued	2,169	2,607	2,652	2,441	2,459
Fees collected	$512,461	$602,391	$867,289	$506,883	$452,267
Valuation of work	$33,976,062	$37,740,765	$71,895,249	$46,952,876	$38,288,981



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

IronWood

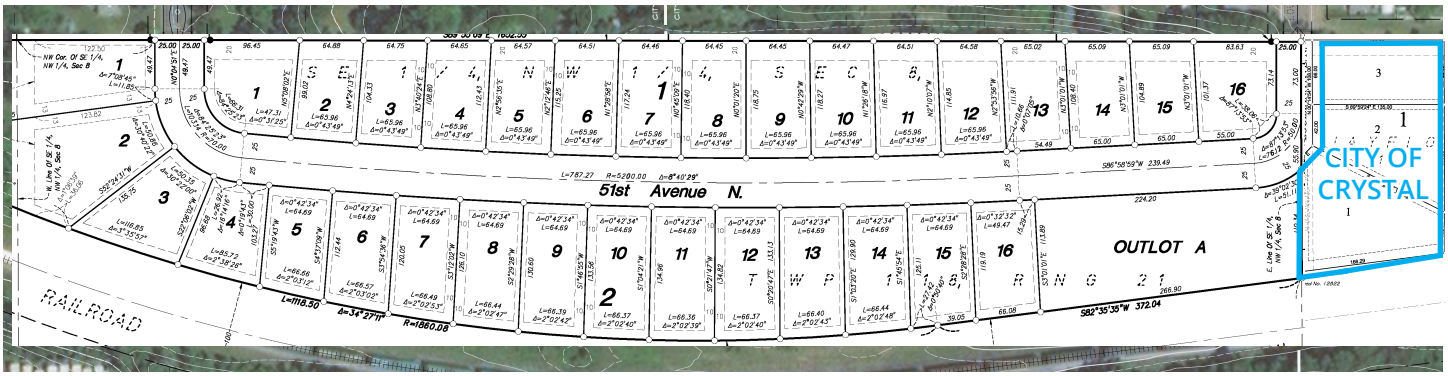


Alatus, LLC constructed a four-story, 182-unit luxury apartment building on the site previously owned by the city, adjacent to the New Hope Village Golf Course. The city completed a market feasibility study in the spring of 2015 to determine what type of redevelopment was best suited for the site and concluded that luxury apartments were the most viable option. The final plat and vacation of easements for the project were approved in February 2017 and construction of the $43 million building began in the summer of 2017. Residents began moving into the building in early 2019. Amenities include a pool deck, an indoor/outdoor entertainment suite, work-from-home spaces, create space/do-it-yourself workshops, panoramic views of the New Hope Village Golf Course, a fitness center, studio, an indoor sauna, a resident coffee bar, and a pet spa.

The city created a redevelopment Tax Increment Financing (TIF) district in conjunction with the project that authorized the expenditures for land/building acquisition, site improvements and preparation, utilities, administrative costs, and other qualifying improvements. In 2007, the city purchased five, 12-unit buildings. With land acquisition, relocation costs, and demolition, the city invested nearly $2.2 million into the project. In 2017, the city sold the property to Alatus, LLC to facilitate the construction of the building for $1.443 million. The TIF district allows the city to recoup the land write-down costs and administrative fees associated with the development.

Windsor Ridge

SVK is constructing 32 new single-family homes on an 8.7-acre undeveloped site that was owned by the city for many years. In the fall of 2018, the city received six proposals from four developers for the site. After careful consideration, SVK was selected as the preferred developer for the site. SVK is in the process of developing 32 new single-family homes on 65-foot wide lots. The estimated sales prices for the homes range from the mid-$300,000's to the low $400,000's. At the end of 2019, eight homes were under construction or completed. SVK anticipates that the project will be completed in 2021. The city of Crystal is also working with another builder to develop 3 lots east of project.



Police Department & City Hall

A new police department and city hall for the city of New Hope was completed in 2019. The City Council approved a bid from Terra General Contractors for $14.78 million in December of 2017 for the new building. The sale of $18.435 in general obligation capital improvement plan bonds at the interest rate of 2.6339% was also approved to pay for project.

The city began working with a consultant in 2013 to review the space needs of the police department and city hall, identify deficiencies of the existing building, and determine if an updated and expanded or new police station and city hall facility was needed. In September 2015, a space needs citizen's task force recommended that a new police station and city hall be constructed to replace the existing facility. The task force evaluated several potential sites for the building and considered soil boring information. In September 2016, the task force recommended that the new municipal building be constructed on the civic center site where the existing swimming pool is located, due to the fact that the pool also needed to be replaced. In January 2017, the city entered into a five-phase contract for design and construction services with Wold Architects and Engineers for the new police station and city hall. In August 2017, the City Council approved design development phase plans and authorized Wold to proceed to the next phase of the design process – the preparation of construction documents. A groundbreaking for the building took place on January 5, 2018, and the building was substantially completed in July 2019.

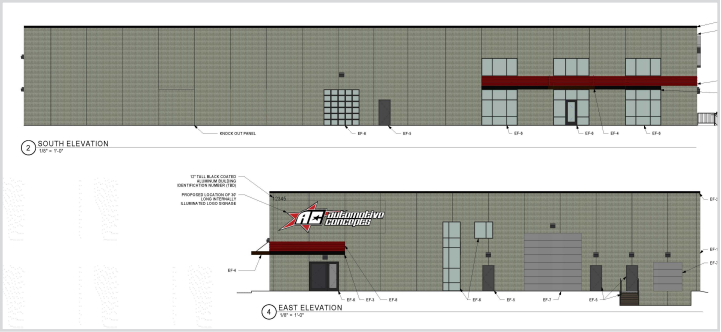
The new 66,000-square foot building provides much needed space for the police department and addresses many deficiencies of the previous city hall. It has more than twice the square footage of the previous building, most of which is in the police station/garage and public areas in city hall. It also resolved deficiencies of the previous building, such as a leaky roof, an HVAC system in poor condition, an inadequate electrical system, and exterior maintenance issues. The new police station includes a larger lobby with adequate seating and two adjacent interview rooms to provide privacy for victims, as well as a secure location to talk with suspects. It includes improved facilities for officers such as a larger roll call room equipped with technology, individual workstations, and ample locker room facilities. There are larger, more secure areas for the storage of evidence and records, and a 31-stall underground heated garage large enough to store all police squads. The new city hall provides additional public space, including two large meeting rooms equipped with technology and designed to adapt to a variety of uses, and two small conference rooms between three staff counters. The council chambers has been specifically designed to televise meetings and accommodate overflow crowds.

Now Mart

A 5,060-square foot gas station and convenience store opened in December 2018 and a 3,780-square foot car wash opened in August of 2019 at 7201 Bass Lake Road. The $8.471 million project replaced a previously underutilized retail building.

The development includes several environmentally conscious improvements, including a stormwater collection system that retains all rainwater onsite and re-uses it for the car wash. A filtration system recycles and reuses water that is used by the car wash.

Automotive Concepts



In September of 2019, the New Hope City Council approved a Tax Increment Financing (TIF) contract for Automotive Concepts, located at 2919 Nevada Avenue North, to facilitate the construction of a 22,500 square foot building. Automotive Concepts specializes in vehicles customization, and the new building will serve as their "clean" facility, focusing on body work, and installation of tires and wheels, etc. The owner of the business anticipates the building will add about 35 new jobs. The TIF agreement would pay the developer $150,000 over the next nine years at an interest rate of 4.45%. The start of the project was delayed due to changing economic conditions.

Cooper High School

A $7.38 million renovation project was completed at Cooper High School in the summer of 2019. The project included substantial improvements to the school's main entrance and the auditorium. The façade on the main entrance was replaced with more glass and the interior was reconfigured to improve security within the building. The theater and auditorium were also remodeled. The project was completed in the summer of 2020.

CubeSmart Self Storage

The previously vacant industrial building at 3216 Winnetka Avenue North was converted into a CubeSmart self-storage facility between 2018 and 2019. The $3.758 million project included a 23,000-square foot addition to the second floor at the southwest corner of the building. Building improvements included several exterior modifications and improvements, including the second floor addition, fresh paint on the existing building, new roofing, additional windows, parking area improvements, and a new outdoor storage area. The facility opened to the public in March of 2019, and includes around 800 storage units that are available for rent.

Hy-Vee Aisles Online

A 960-square foot drive-through kiosk with three drive-through grocery pick-up lanes was approved for construction in the Hy-Vee parking lot at 8200 42nd Avenue North in July 2019. The structure includes an overhead canopy and new curbing and landscaping around the building. The $550,000 addition is intended to reduce congestion and streamline the pick-up process for customers who purchase groceries online. The start of the project was delayed due to changing economic conditions.

Holy Trinity Church

Holy Trinity Church received approval in October 2018 to expand their school and daycare center at 4240 Gettysburg Avenue North by approximately 11,123 square feet with a second floor-addition over the existing school area. The addition adds more classrooms, a large playroom for students, and upgrades to the childcare center. The private school in New Hope has an infant through preschool program and a kindergarten through eighth grade school. The $1.85 million project also included a 1,140 square foot expansion of the main floor entryway. The expansion was completed in the fall of 2019.

Arizona Taco Co.

Arizona Taco Co. opened at 9428 36th Avenue North in September of 2019. It is located in the Post Haste Shopping Center at 36th Avenue North & Highway 169. After his first visit to Minnesota, Chef Ernie Mejia decided to relocate from Arizona and open an authentic taco restaurant in New Hope. He is "committed to bringing the authenticity of Arizona's taco culture to Minnesota." Approximately $130,000 was invested into the restaurant build-out, which features indoor seating and take-out options.

AbelConn, LLC

The Minnesota Department of Employment and Economic Development (DEED) approved a $100,000 Minnesota Investment Fund loan for AbelConn, LLC, in 2019. The business is located at 9210 Science Center Drive and has operated in New Hope since 1961. The loan was intended to help in completing approximately $860,000 in leasehold improvements to the building to accommodate 16 new jobs. AbelConn, LLC specializes in chassis, board, and component design for electronics used in the aviation and military industries. One criteria of the loan was that a local municipality sponsor the request by holding a public hearing and adopting a resolution of support. The city was to act as a pass through entity for the loan. A stipulation of loan being forgiven required the business to meet job creation and wage commitment goals within two years. The start of the project and issuance of the loan was delayed due to concerns about ceiling height and space limitations at the building.

EMPLOYMENT AND ECONOMIC DEVELOPMENT

HOUSING

LOAN PROGRAMS

Loans and financing for home improvement projects are available to residents of New Hope through the Center for Energy and Environment and Hennepin County.

Center for Energy and Environment

The city has partnered with the lending center at the Center for Energy and Environment (CEE) to offer a convenient one-stop service that provides residential property owners in New Hope access to a comprehensive array of financing and rehabilitation services. The Home Improvement Loan Program encourages and supports the preservation of existing housing by providing loans to improve the basic livability and/or energy-efficiency of the borrower's home. The Low Interest Loan Program provides loans and funds to homeowners to make improvements to their properties. An emergency deferred loan is also available for homeowners that have emergency improvement needs but do not qualify for other home improvement loan or grant programs. The program is funded with Economic Development Authority (EDA) funds. The following loans/subsidies/leveraged funds have been issued to New Hope residents through CEE since 2015:

	2015	2016	2017	2018	2019
Loans/Subsidies/ Leveraged Funds	4	5	9	4	4
Amount	$40,693	$46,096	$78,682	$71,438	$68,091

Hennepin County

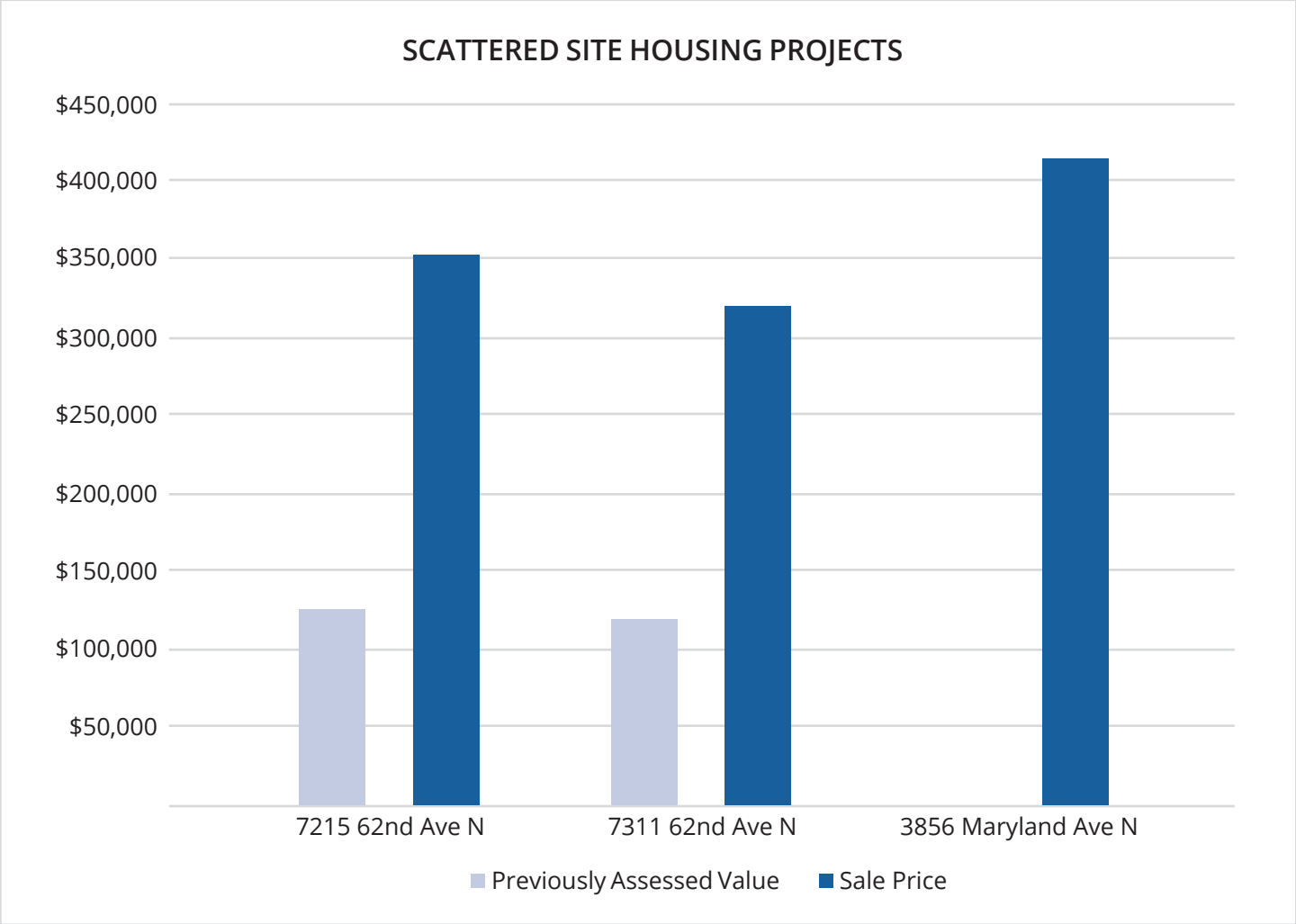
Hennepin County's Home Rehab Program enables income-qualified residents to request loans that address basic safety, maintenance, and health concerns, as well as home improvements. Loans up to $30,000 at 0% interest are available to residents of New Hope. No monthly payments are required and the loans may be forgiven after 15 years if residents continue to live in and own their home. The program is funded with Community Development Block Grant (CDBG) funds allocated to Hennepin County through the Department of Housing and Urban Development. The following loans have been issued to New Hope residents through Hennepin County since 2015:

	2015	2016	2017	2018	2019
Loans	1	1	1	1	1
Amount	$30,000	$30,000	$6,840	$12,600	$28,965

SCATTERED SITE HOUSING

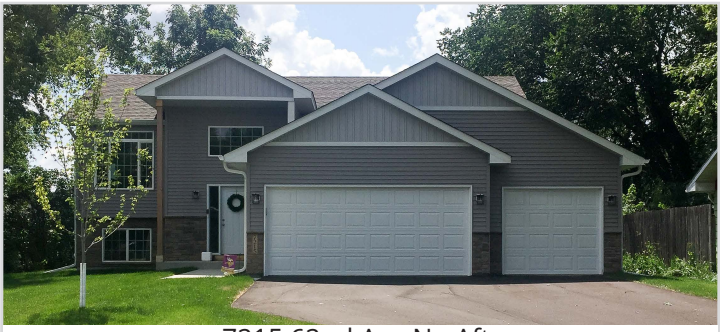
Over the years, the city has utilized its Economic Development Authority (EDA) to acquire several properties as part of the Scattered Site Housing Program. The primary focus of the program is to target distressed single-family properties throughout the city, with the goal of improving residential neighborhoods. The program currently emphasizes two primary activities: demolition and rehabilitation. When homes are demolished, the vacant lot is sold to a builder for the construction of a new single-family home. Homes that are rehabilitated are sold on the open market with no income restrictions. The following scattered site housing projects were completed and sold over the last year:

Address	Previously Assessed Value	Sale Price	Percent Increase	Project Type
7215 62nd Ave N	$125,000	$350,821	181%	Demolition
7311 62nd Ave N	$118,000	$319,900	171%	Demolition
3856 Maryland Ave N	$0 (park land)	$413,921	N/A	New construction



SCATTERED SITE HOUSING

7215 62nd Ave N - Before



7215 62nd Ave N - After

7311 62nd Ave N - Before

7311 62nd Ave N - After

3856 Maryland Ave N - Before

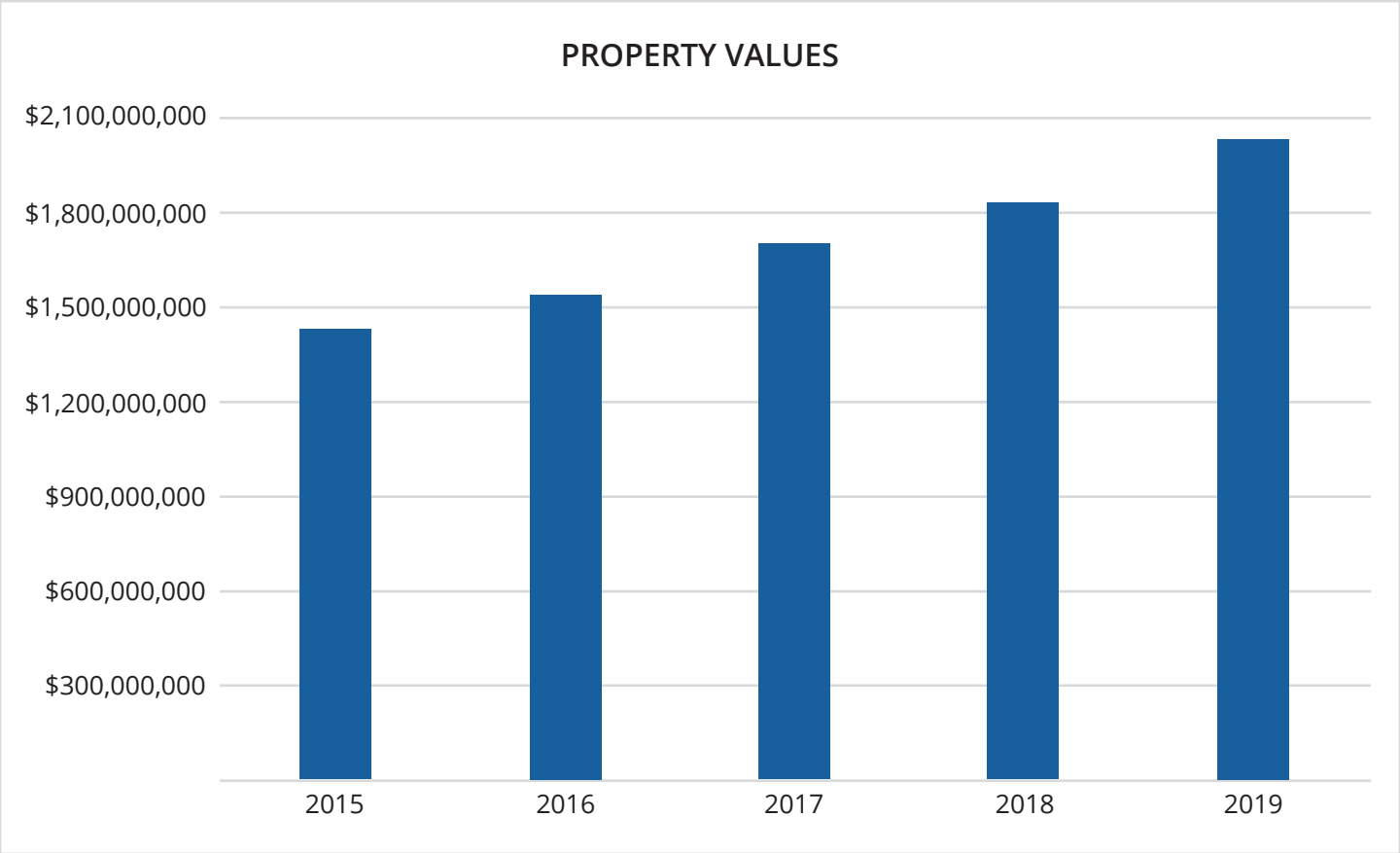
3856 Maryland Ave N - After

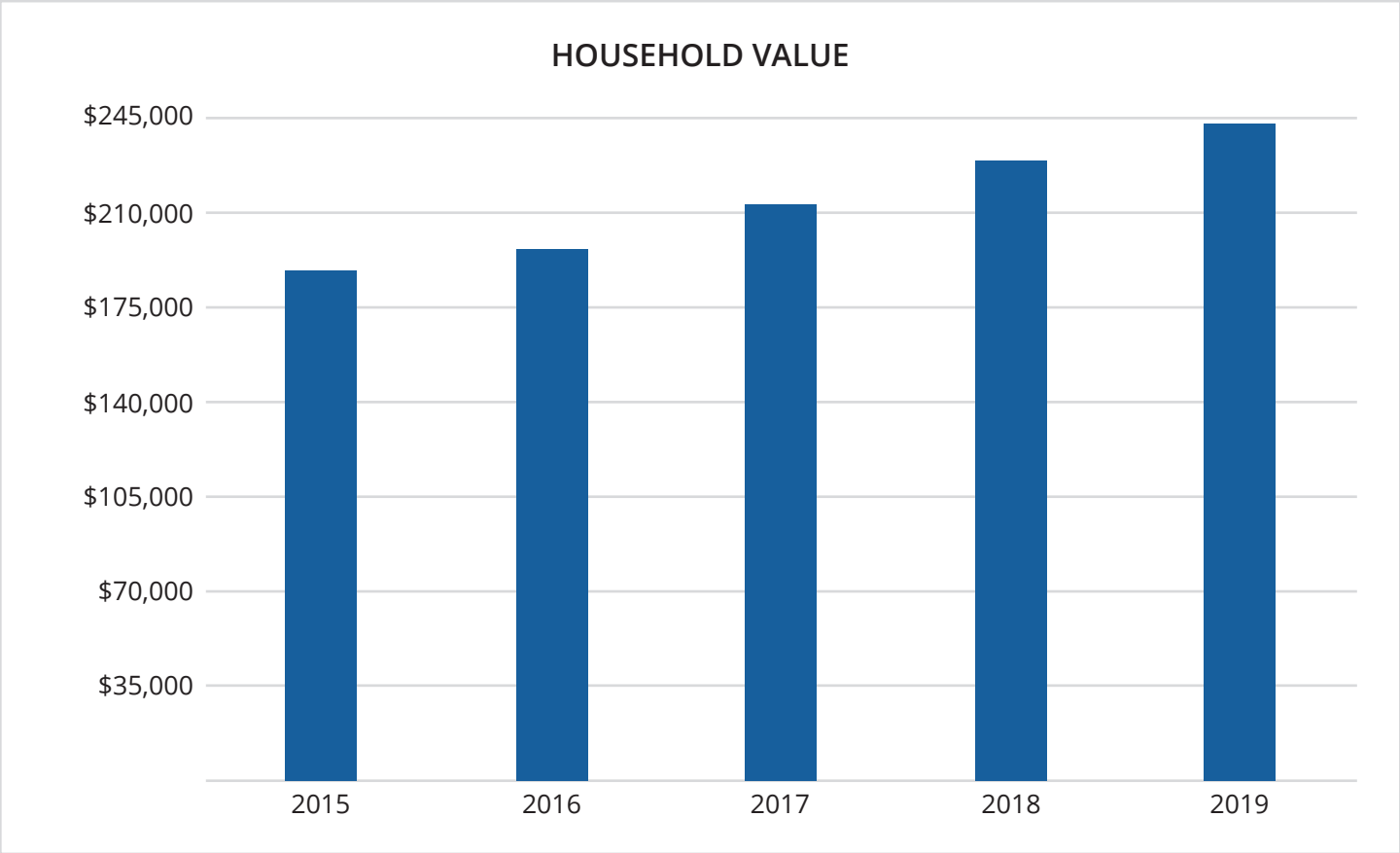
In addition to these completed projects, there are eight other scattered site homes under construction or projects in progress as of when this report was published. Homes sold in 2020 will be showcased in the 2021 Economic Development Report.

- Demolition and rebuild at 5201 Oregon Avenue North (new home sold for $408,320 in 2020).
- Rehabilitation at 3924 Utah Avenue North (rehabilitated home sold for $375,000 in 2020).
- Demolition, lot split, and rebuild at 5353 Oregon Avenue North (two new homes under construction and projected to sell for $365,000 and $375,000).
- Demolition and rebuild at 6027 West Broadway (new home under construction and projected to sell for $343,298).
- Demolition and rebuild at 4215 Louisiana Avenue North (selecting builder).
- Demolition and rebuild at 7227 62nd Avenue North (Purchase Agreement signed).
- Rehabilitation with Habitat for Humanity (selecting property).

PROPERTY VALUES

	2015	2016	2017	2018	2019
Taxable market value	$1,430,939,117	$1,535,054,114	$1,697,092,365	$1,831,436,951	$2,021,382,123
Percent change	7.23%	7.28%	10.56%	7.92%	10.37%



MEDIAN HOUSEHOLD VALUES

	2015	2016	2017	2018	2019
Median Household Value	$188,500	$196,000	$213,000	$229,000	$244,000
Percent change	4.72%	3.98%	8.67%	7.51%	6.55%