

**MINUTES
CITY OF LONSDALE
CITY COUNCIL WORK SESSION
MAY 12, 2022**

1. CALL TO ORDER

Mayor Rud called a work session of the Lonsdale City Council to order at 6:00 p.m. in the City Council Chambers, 415 Central Street West.

2. PLEDGE OF ALLEGIANCE

Everyone stood and recited the pledge of allegiance.

3. ROLL CALL

Members Present: David Webb, Kevin Kodada, Tim Rud, Cindy Furrer, and Scott Pelava

Members Absent: None

City Staff Present: City Administrator Joel Erickson, City Planner Benjamin Baker, Public Works Director Russ Vlasak, and Police Chief Jason Schmitz

4. APPROVAL OF AGENDA

None

5. APPROVAL OF MINUTES

None

6. PUBLIC HEARINGS

None

7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS

None

8. APPROVAL OF THE CONSENT AGENDA

None

9. OLD BUSINESS

None

10. NEW BUSINESS

a. Discuss the City's Overall Housing Needs, Desires and Potential Housing Project

Erickson stated that at the April 28, 2022 meeting, the City Council approved scheduling a work session with the Planning Commission to discuss housing. He explained that Lance Manty has been in contact with City Staff, and that he was interested in potentially purchasing Outlot A, Willow Creek Commons 2nd Addition, 2.21 acres, to develop a small market rate rental townhouse development. Erickson stated that Staff provided Manty with contact information for the owners of the WELCO development, but the lots were sold a week earlier. Erickson said that Rud, Baker, and himself met at City Hall with Manty to review his development presentation. Erickson explained that in order for a townhouse development to take place, that the parcel would have to potentially go through a comp plan amendment, rezone, from B-2 to R-3, and platting process which would all require public hearings. Erickson explained that the City recently received a purchase offer from ALG Enterprises for the same parcel. He said that the ALG was looking to increase their lot inventory, since they have no developable lots in town. Erickson recommended that the Council and Planning Commission focus on two main items during the work session: 1) Lance Manty's housing project presentation, and 2) determine if the subject parcel should remain as B-2, Highway Commercial.

Rud welcomed Manty up to the front podium to present his development project idea. Manty stated that he grew up in a small town in northern Minnesota, that he is married to his wife Megan, that they have two young twins, and that he works for the Northfield Hospital in Anesthesiology. He explained that there was very little rentals to choose from, when his family was looking to move to the Lonsdale-Northfield area. Manty said that according to the 2012 Rice County Housing Study, Lonsdale could support 26-30 market rate rental units. Manty stated that no multi-family housing has been constructed over the past decade in Lonsdale to satisfy that need. He noted that he is not interested in constructing an apartment building. Manty said that he would be looking to construct 10-16 units on the parcel, depending on the layout and project finances. He stated that it would be his family's money invested into the project and work as mostly passive income and a future legacy for his children. Manty said that since the project is further away from the metro, that design would be key. Manty stated that he would surround himself with a team, including site design professionals. He noted that he would like to take the City's and neighbor's input to reduce the potential negatives and work towards positive design. He expressed his desire to get the project going and doors up as-soon-as-possible. He noted that one of the challenges will be the high build costs. He said that he wants to focus on the needs of the community and help achieve some of the EDA's goals to increase the tax base. Manty said that this is not a land grab and hold. Manty said that there seems to be only five or less main landowners/builders in town, and he mentioned that new perspective can bring creative solutions. He said that his family wants to bring value to the community and try to get a shovel in the ground by the end of the year. Rud opened the presentation up for questions/comments from the Planning Commission and Council members. Rud noted that noise and light issues can be dealt with through the City's site plan review requirements.

J. Kodada asked how many buildings would be constructed on the site. Manty said 10-12 units or 3-4 buildings. He stated that he would like to construct nice-looking 2-story buildings with 2-stall garages. Manty noted that he plans to pass the property off to his children someday. J. Kodada asked how Manty would keep the rentals looking nice over time and avoid forced leasing to less-desirable residents. Manty stated that if he doesn't use State funding that Minnesota cannot dictate who the landlord can rent to. Manty said that his wife will personally be managing the site, and he stated that they don't want to put up with phone calls and nonsense that comes with certain types of renters. He explained how they plan to do rental screening through background checks and income requirements. Manty said that the City's concerns are his concerns as well. He noted that word of mouth marketing is the best public relations. J. Kodada asked what would happen if the property were to sell after 5 years or if the business fails. Manty said that he wants to be a pillar in the community, and that the project will be an investment and legacy to pass on. He said that nobody can guarantee the future.

Lou Jirik stated that Opus and other developers are erecting rental housing everywhere. Jirik said that there aren't any projects like this in town, and noted that he doesn't have a problem with the project. Rud asked if Manty had a proforma completed for the project. Manty stated that he was looking at rents of \$1,900 - \$2,000/mo. for 2-3 bedrooms at 1,000 - 1,500 sq. ft. He noted that Northfield was leasing 900 sq. ft. units for \$1,800/mo. He estimated the construction costs to be around \$300 per sq. ft. Manty said that Elko-New Market may be developing an 80-unit complex soon, but he was looking at a different type of market. He said that he would not label the units exclusively to 55+, but he expressed openness to anyone interested in renting a nice unit. J. Kodada said that the subject property was not a bad spot. Freid wondered if the City should just leave it zoned as business, and he also wondered if the neighbors would be disgruntled. Pelava and Jirik suggested that the parcel location may be a perfect zoning transition fit. Manty explained that the parcel has already been set up perfectly with a screening berm and evergreen trees. Rud asked if the City would still have enough room for the future envisioned city-campus in the Willow Creek Commons area. Erickson said yes. K. Kodada said that the idea was good, but he suggested that a Planned Unit Development (PUD) be put in place to ensure high architectural standards and property values. Manty said that he wants to work with the City, be involved, and plan appropriately. Freid stated that he doesn't want rental housing projects to turn Lonsdale into Faribault. He asked Manty if he would be forced to consider less-than-acceptable renters if only 4 of 6 units were rented. Freid asked about yard care and snow removal. Manty stated that he would have to contract those services out. Benninghoff stated that many larger employers are looking for housing options for their employees. He said that this project could support workforce housing similar to the Mindak Construction-WELCO twin home project.

In the interest of time, Rud suggested that the work session wrap up, and that City officials take a couple of weeks to think about the potential project/rezone and provide feedback to Manty. Rud thanked Manty for an excellent presentation.

11. OTHER BUSINESS

a. Staff Reports
None

b. Council Reports
None

12. ADJOURNMENT

A motion was made by Kodada and seconded by Pelava to adjourn the meeting. Vote for: Webb, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 6:56 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator