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April 18, 2014

Michael Larson, Sector Representative
Metropolitan Council
390 Robert Street North
St Paul MN 55101-1805

Subject: City of Crystal comments regarding revised 2040 Forecasts and Thrive MSP 2040

Dear Mr. Larson:

The City of Crystal has reviewed the revised 2040 forecasts and applicable sections of Thrive MSP 2040. The city appreciates Metropolitan Council's February 2014 revisions to its 2040 forecasts, which are likely to be much closer to what will actually occur in comparison to the October 2013 preliminary forecasts. The city accepts the revised forecasts subject to the conditions on page 3-4 of this letter. The city is concerned about some of the language in Thrive MSP 2040, especially in the implicit mandates it creates for the local comprehensive plan update process. The city's comments regarding Thrive MSP 2040 are on pages 4-6 of this letter.

METROPOLITAN COUNCIL'S REVISED 2040 FORECASTS FOR CRYSTAL

A. Employment:

| <u>2000 Estimate</u> | <u>2010 Estimate</u> | <u>Prelim. (Oct 2013) 2040 Forecast</u> | <u>Revised (Feb 2014) 2040 Forecast</u> |
|----------------------|----------------------|---|---|
| 5,638 | 3,929 | 6,100 | 5,500 |

Employment ~~+2,171~~ +1,571 or ~~+55.3%~~ +40.0% from 2010-2040

Regarding the employment forecast, the city cannot foresee where in Crystal almost 1,600 jobs would be added unless the Crystal Airport is closed and redeveloped. However, by itself the employment forecast should have no significant impact on the next Comprehensive Plan Update due in 2018.

B. Population:

| <u>2000 Census</u> | <u>2010 Census</u> | Prelim. (Oct 2013) <u>2040 Forecast</u> | Revised (Feb 2014) <u>2040 Forecast</u> |
|--------------------|--------------------|--|--|
| 22,698 | 22,151 | 28,300 | 23,300 |

(Population +6,149 +1,149 or +27.8% +5.2% from 2010-2040)

Regarding the population forecast, the city accepts 23,300 as a realistic number, but it should be noted that even a slight change in average household size could easily drive the population higher or lower.

C. Households:

| <u>2000 Census</u> | <u>2010 Census</u> | Prelim. (Oct 2013) <u>2040 Forecast</u> | Revised (Feb 2014) <u>2040 Forecast</u> |
|--------------------|--------------------|--|--|
| 9,389 | 9,183 | 12,400 | 10,000 |

Households +3,217 +817 or +35.0% +8.9% from 2010-2040

Based on our experience with Metropolitan Council's review process for Crystal's most recent Comprehensive Plan Update, the households forecast warrants more discussion because it may have a significant impact on the Comprehensive Plan Update due in 2018.

HOUSEHOLDS VS. HOUSING UNITS

The Metropolitan Council forecast is for households (occupied housing units) thus excluding vacant units. However, for land use planning, all housing units should be counted, whether occupied or vacant, because it is housing units, not households, which are built upon the land and regulated by the city's Comprehensive Plan and land use controls.

Based on actual and anticipated development activity, Crystal anticipates little or no net gain in housing units from 2010-2014. An affordable senior rental building (The Cavanagh) will come online in 2015 with new apartment units to accommodate 130 of the 817 additional households forecast by 2040. That leaves 687 households to be added in 2016-2040, meaning an average of 27.5 per year. This is not really plausible in Crystal unless the city gets a "credit" for households that would be accommodated in housing units that existed but were vacant in 2010. (See below.)

***CITY PROPOSAL - ADJUSTED HOUSEHOLD FORECAST
637 additional housing units from 2010-2040***

Due to the 2000s real estate boom and subsequent crash, there was a surge of foreclosures that in turn resulted in a surge of vacancies. The 2010 household count occurred when vacancy was

unusually high. Specifically, the 2010 Census showed a 4.6% vacancy rate in Crystal. As of April 2012, Metropolitan Council estimated that Crystal's vacancy rate had dropped to 4.2%. The most recent low was 2.8% in April 2008.

The 1.8% difference between the 2008 and 2010 vacancy rates should be multiplied by the 2040 households forecast to estimate how many of those households can be accommodated in units that existed but were vacant in 2010. $1.8\% \times 10,000$ households in 2040 = 180 of the 817 additional households accommodated in existing housing units. This "credit" of 180 households would mean that an increase of 637 housing units would be sufficient to accommodate an increase of 817 households from 2010-2040.

In summary:

- 817 Metropolitan Council Forecast: Increase in households from 2010 to 2040
- 180 "Credit" for unusually high vacancy rate that existed in 2010
- = 637 Adjusted Forecast: Increase in housing units from 2010 to 2040
- 0 No net change in housing units 2010-2014 (estimated)
- 130 The Cavanagh opens in 2015 with 130 new housing units
- = 507 Increase in housing units from 2016 to 2040 (avg. 20.3 units per year after 2015)

After The Cavanagh opens in 2015 with 130 new units, the Adjusted Forecast would mean an average of 20.3 new housing units per year from 2016-2040. This is just a bit below the pace of the 2000-2007 development boom. Given the difficulty and unpredictability of redeveloping sites with existing uses, this pace would be ambitious, yet plausible. But as always, the pace of development ultimately depends on market forces overcoming the many barriers to redevelopment of existing uses.

CITY COMMENTS – REVISED 2040 FORECASTS

The City of Crystal accepts the revised 2040 forecasts subject to three conditions:

1. That Metropolitan Council acknowledge the difference between households and housing units, specifically that the number of households was depressed in the 2010 baseline due to a high vacancy rate. Therefore, for land use planning purposes, the city shall receive a credit of 180 households presumed to be accommodated in units that were existing but vacant in 2010. This means that, for the purposes of updating the city's Comprehensive Plan, the forecast increase in new housing units from 2010 to 2040 will be 637, not 817.
2. Crystal will accommodate the increase in housing units through a combination of the following:

- a. In part by preemptive land use guidance, where appropriate as determined by the city and identified in a 2040 Planned Land Use Map to be included in the city's next Comprehensive Plan Update due in 2018; and
 - b. In part by redevelopment of existing uses, the location and extent of such sites being unknowable at the time of the Comprehensive Plan Update, and instead to be determined as redevelopment opportunities arise over time.
3. Crystal will not use its 2040 Planned Land Use Map to guide a particular quantity of land a certain way to "hit" the household / housing unit forecast or other forecasts. This approach is only appropriate for cities on the developing edge of the metro area where vacant land is abundantly available. In the case of Crystal and other developed suburbs ("Urban Communities" in Thrive MSP 2040), there is no way to know which existing uses will actually be redeveloped by 2040. Instead, the city will identify potential redevelopment areas (see item 2b above) to help guide developers and other interested parties to those parts of the city where market forces and physical conditions provide more fertile ground for redevelopment. This approach was explained at length in the city's previous Comprehensive Plan Update and the city will use a similar approach in the next update.

CITY COMMENTS – THRIVE MSP 2040

The City of Crystal offers the following comments regarding Thrive MSP 2040:

1. Under "Orderly and Efficient Land Use", "Community Role":

Page 87 *"Plan for forecasted population and household growth at average densities of at least 10 units per acre, and target opportunities for more intensive development near regional transit investments, at densities and in a manner articulated in the 2040 Transportation Policy Plan."*

The city objects to a density mandate, whether specifically indicated (10 units per acre) or yet to be determined (Transportation Policy Plan). The city also objects to Metropolitan Council turning its forecasts into a mandate for the comprehensive plan to guide a specific quantity of land for redevelopment for a particular use or density. Density mandates may have a place in areas with abundant vacant land, but not in communities that are already developed with existing homes and businesses.

Page 87 *"Identify areas for redevelopment..."*

The city has identified numerous potential redevelopment areas, and will continue to do so, but will not go further. Changes to the state's eminent domain laws in 2006 mean that, even if a city wants to make

redevelopment happen in a particular area, it cannot make a property owner sell to make way for redevelopment. Furthermore, most potential sites in Crystal are comprised of parcels with multiple owners, meaning that a single holdout may stop a project even if all of the other owners want to sell. The city will use its map of potential redevelopment areas to help guide developers and other interested parties to those parts of the city where market forces and physical conditions provide more fertile ground for redevelopment. As specific redevelopment proposals emerge, amendments to the Comprehensive Plan and land use controls will be considered in the normal manner by the Planning Commission and City Council.

2. Under “Housing Affordability and Choice”, “Community Role”:

Page 88 *“Designate land in the comprehensive plan to support household growth forecasts...”*

Again, the city objects to Metropolitan Council turning its forecasts into a mandate for the comprehensive plan to guide a specific quantity of land for redevelopment for a particular use or density.

Page 89 *“Plan for an adequate supply of affordable housing along regional transitways at station areas.”*

Because housing, affordable or otherwise, is not a regional system under M.S. Chapter 473, the city objects to any mandate for specific number, density, type or cost of housing. Crystal is already one of the most affordable suburbs in the metropolitan area, and the city is focused on preserving the vast majority of its housing units rather than redeveloping them. The city is also concerned about the open-ended nature of the term “adequate supply”, because it depends on how that term is defined – and by whom. The city will identify potential redevelopment areas in its Comprehensive Plan Update, especially areas near a planned station with high frequency transit service. The city anticipates, but cannot ensure, that developers and the market will respond positively to high-frequency transit service.

3. Under “Access, Mobility, and Transportation Choice”, “Community Role”:

Page 89 *“Develop comprehensive plans that focus growth in and around regional transit stations and near high-frequency transit services, commensurate with planned levels of transit service and the station typologies (land use mix, density levels) identified in the 2040 Transportation Policy Plan.”*

The city objects to the use of the Transportation Policy Plan to mandate specific land uses and densities in already-developed areas, whether or not they are near a transit station. As stated in the preceding item, the city will identify potential redevelopment areas in its Comprehensive Plan Update, and will look closely at any areas near a planned station with high frequency transit service. The city anticipates, but cannot ensure, that developers and the market will respond positively to high-frequency transit service. As specific redevelopment proposals emerge, amendments to the Comprehensive Plan and land use controls will be considered in the normal manner by the Planning Commission and City Council.

Page 89 *“Adopt development requirements that improve the user experience, circulation and access for bicyclists and pedestrians.”*

It should be up to the city to determine whether it needs to adopt any official controls to accomplish this item. The city will review this subject as it prepares the next Comprehensive Plan Update, just as it did when preparing the previous update. The city objects to this item being turned into a mandate, such as a requirement that the city adopt a model ordinance provided by Metropolitan Council or another party.

Page 89 *“Adopt complete streets policies that improve safety and mobility for all road users.”*

It should be up to the city to determine whether it needs to adopt policy changes to accomplish this item, whether or not the city uses the term ‘complete streets’. As with the preceding item, the city will review this subject as it prepares the next Comprehensive Plan Update, just as it did when preparing the previous update. The city objects to this item being turned into a mandate, such as a requirement that the city adopt a model policy provided by Metropolitan Council or other party.

4. Under “Building in Resilience”, “Community Role”:

Page 90 *“Adopt local policies and ordinances that encourage land development that supports travel demand management (TDM) and use of travel options.”*

It should be up to the city to determine whether it needs to adopt any policies or official controls to accomplish this item. In Crystal’s case, there is very little employment relative to other cities, so TDM may not be necessary, appropriate or effective here. The city objects to this item being turned into a mandate, such as a requirement that the city adopt a model policy/ordinance provided by Metropolitan Council or other party.

Thank you for the opportunity to comment on the revised 2040 forecasts and Thrive MSP 2040. The City of Crystal looks forward to receiving Metropolitan Council's policy plans and system statements as they are prepared between now and fall 2015. In the meantime, please direct any questions to City Planner John Sutter at (763) 531-1142 or john.sutter@crystalmn.gov.

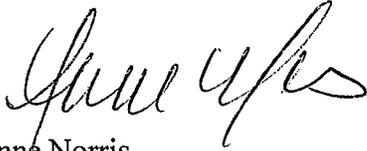
Sincerely,



Jim Adams
Mayor



Richard VonRueden
Chair, Planning Commission



Anne Norris
City Manager

Cc: Todd Graham, Metropolitan Council Research – Demographics & Population
Dennis Farmer, Metropolitan Council Research – Employment & Economy
Libby Starling, Manager, Metropolitan Council Research
James Brimeyer, District 6 Representative, Metropolitan Council
Susan Haigh, Chair, Metropolitan Council