



Development Activity Continues at Strong Pace in Washington County

By Liz Wolf

From new upscale apartments and affordable senior housing to new office space and industrial projects, strong development activity continues across Washington County, also known as “East Metro.”

The county stretches 41 miles from Forest Lake to Cottage Grove, and Chris Eng says he can connect a developer with any of the county’s 33 East Metro communities. Eng is the county’s first-ever economic development director, joining the Washington County Community Development Agency (CDA) in 2016. He says the East Metro has a diverse inventory of untapped land.

“I want to make it easy for site selec-



Chris Eng

tors,” Eng says. “You don’t have to go it alone. If you’re looking for opportunities in the East Metro, I can put you in touch with any of the communities with just one phone call.”

Here’s an update on some of the development occurring in Washington County:

Cottage Grove

One project that’s working its way through the Cottage Grove city-approval process is the redevelopment of the 3-acre former city hall site. The project calls for 108 units of market-rate apartments.

Cottage Grove Senior Planner John Burbank says the proposed two-story, 24,000-square-foot multifamily building would be an \$18.6 million capital invest-



Lighthouse Lofts in Forest Lake

ment. The developer is Minneapolis-based DK Design and Development.

“They’re working on their finances and the action [by the city] on Feb. 12th extended their letter of intent,” Burbank says.

Della Kolpin, president of DK Design and Development, says Cottage Grove hasn’t had a new market-rate housing development for years.

“I think since 1993,” she says. “They have a growing need for market-rate apartments within their city. We feel this is a great site. It’s close to schools, recreational areas, the library and has nearby amenities including the Hy-Vee development.”

Kolpin says her team is meeting with the city and has done some preliminary site plan reviews. Her goal is to start construction this fall.

Initially, plans called for ground-floor commercial space; however, Kolpin says they plan to work with the city to potentially do a comprehensive plan amendment to change it from mixed-use to residential only.

“When you look at the market study, the city could use more units than we’re able to provide [because of the size of the site], so we want to try and provide as many units as possible,” she says. “We would love to do mixed use. Absolutely. If it was twice the size.”

In other development activity, the city

of Cottage Grove owns a site on Hardwood Avenue that it’s marketing to hotel developers. The city conducted a market study report with Hospitality Marketers International and concluded the site could support an 80-room, limited-service, mid-scale hotel.

In industrial development, Airgas USA LLC acquired land in the Cottage Grove Industrial Park to build an air separation plant to produce liquid oxygen, nitrogen and argon that’s used by many industrial and medical facilities.

In retail, the former Home Depot building -- located on East Point Douglas Road -- has been redeveloped for new tenants including TJ Maxx, Home Goods stores and Planet Fitness.

Meanwhile, the city approved a master-planning process for the “Cottage View” area, which Burbank says will be the city’s next commercial growth area. The city received a grant through Washington County to develop schematics as to how that site could be redeveloped. It’s the site of the former Cottage View Drive-In theater, which closed in 2012.

Forest Lake

One recent project making headlines in Forest Lake is the new \$22 million Lighthouse Lofts, a five-story mixed-use redevelopment of the former Forest Lake City Hall site. The developer is Gaughan Cos.

The project includes 103 luxury apartments, a 3,300-square-foot Mallards Restaurant, a roof-top deck and clubroom with views of the lake, underground parking, a pet wash and a 4,000-square foot Snap Fitness. The project opened last fall.

Dan Hebert, senior vice president of commercial accounts for Gaughan Cos., says it’s the type of high-end, fully amenitized apartment project that renters would find in downtown Minneapolis.

The city sold the city hall building to Gaughan for \$1, and the city council approved \$1.34 million in tax increment financing for the redevelopment.

“It’s really a wonderful improvement in downtown Forest Lake,” Eng says.

Hebert says the project was “somewhat in their backyard,” as the developer is based in Forest Lake.

“We had a breakout session with the city staff about how we could redevelop it and help those guys kind of start to change the downtown of Forest Lake and provide more rooftops to help support retail downtown,” Hebert says. “We gave them our concepts and our ideas and they bought into it, and they were willing to give the land for \$1 and utilize TIF on the project.”

The project was about 65 percent leased at opening, Hebert says. “We’re sitting with about 10 vacancies right now,” he says, adding that the complex



Stillwater Commons

is attracting both baby boomers and millennials.

“The bigger picture here for Forest Lake is really a continuation of trying to reinvest in downtown,” Hebert adds. “The project has been well-received by the amount of preleasing we’ve had, so we’re looking for other people to reinvest in downtown.”

The new Forest Lake City Center was developed on U.S. Highway 61 in 2014, and city employees -- including the fire and police departments -- moved to that location.

Hugo

In Hugo, the rapidly growing Schwieters Properties LLC is expanding in the city’s Bald Eagle Industrial Park by adding a 145,000-square-foot manufacturing facility that will be open by March.

Upon completion, Schwieters will use the new building -- at the southwest quadrant of 140th Street and Fenway Avenue -- to manufacture floor panels and roof trusses as an expansion of their existing business in Hugo.

The company provides preassembled wall and floor panels and trusses to Twin Cities-area homebuilders as well as commercial and multifamily developers.

Rachel Juba, community development director at the city of Hugo, says the company’s expansion plans include this

new manufacturing building as well as a 45,000-square-foot warehouse building and two smaller office/warehouse buildings of 12,000 and 15,000 square feet that will be built in future phases, all of which have preliminary approved.

Schwieters already has four existing buildings in Hugo, and this newest building is directly across the street from its campus headquarters.

A “story behind the story” is that the future of rail had been uncertain at Hugo’s industrial park. Minnesota Commercial Railroad operates the rail. However, the operator recently was able to secure state funding to repair and upgrade a 6.5-mile section of the freight line from White Bear Lake to its last stop at the Hugo park.

Juba says that state funding was one of the reasons that Schwieters kicked off its expansion.

“That was a huge deal. That provides them an option for import and export of products,” she says.

Also in Hugo, MWF Properties is going through the approval process for a 45-unit affordable workforce housing project, northeast of the Festival Foods Shopping Center. Juba says the developer received tax credits through Washington County, and this will be the city’s first affordable housing project.

Also, Juba says quite a bit of development is occurring along Highway 61

including TGK Automotive Specialist recently built a new 12,000-square-foot headquarters and the new Good Life Senior Living housing project opened. In addition, O’Reilly Auto Parts pulled a building permit earlier this year for a site on Highway 61.

In addition, the city owns 4.3 acres on Highway 61 that it’s marketing for sale. It could be used for a mixed-used development with a restaurant/entertainment use, as well as commercial, boutique retail, office and housing.

“We want it to be something that’s a destination or a restaurant user that community members have been asking for,” Juba says.

If development criteria are met, a developer is eligible to purchase the property for \$1.

Oakdale

Oakdale is in the planning phase of a 206-acre development off Interstate 694 near 36th Street, on property owned by 3M Co. The area had been planned for a multi-use business and industrial park. However, 3M is no longer interested in developing the property and is selling it. The city’s plans are for the site to become a large-scale residential project.

In other future project, a site located west of Tanners Lake, near Interstate 94 and Century Avenue, could become a mixed-use development.

And there's also development opportunity around the upgraded intersection of Highway 36 and Hadley Avenue where there are several big parcels of land. Bob Streetar, community development director for Oakdale, says at this time there's no change in the status of these projects, but they remain active.

Stillwater

The old Stillwater Lift Bridge closed in August 2017, and the new St. Croix River Crossing is getting a lot of attention for the uptick in development in downtown Stillwater.

"Most of our commercial investment has really been concentrated in the downtown core," says Stillwater City Planner Abbi Jo Wittman.

The new bridge has helped eliminate a lot of the commuter traffic that was trying to get through downtown Stillwater, which would often cause backups.

But Wittman says it's not only the bridge attracting new business and people to Stillwater. The Brown's Creek State Trail opened so bicyclists can ride from St. Paul to Stillwater.

"It's the new bridge, the closing of the historical lift bridge, the reduction of traffic, the opening of the trails – it all came together at one time and it's big for downtown Stillwater," she says.

Several hotels have opened downtown including the 40-room boutique Lora hotel, which is the renovation of the former Joseph Wolf Brewery complex on Main Street. It's the city's first new hotel in more than two decades.

Also, the 52-room Hotel Crosby at 232 Main St. N. in downtown opened last fall, and the Water Street Inn broke ground in October on a 20-room expansion, which will be completed this summer.

In other downtown activity, there are plans to reuse the historic National Guard Armory in downtown. Developer Matt Wolf, president of CVII Holdings, acquired the property with plans for an adaptive reuse that calls for mixed-use residential and commercial space. It was reported that it could be renovated into luxury apartments and a draft distillery.



Outside of downtown, the Goodman Group is developing a senior-living complex called The Lakes at Stillwater. Also, a new 13,500-square-foot commercial office building called Stillwater Commons is being built and will be anchored by Summit Management.

Woodbury

Woodbury has a number of multifamily projects underway including the Glen at Valley Creek, a Washington County CDA project that will include 42 units of affordable senior housing. It's scheduled to open in July.

The Preserve at CityPlace, a 253-unit, luxury apartment complex, being developed by Omaha, Neb.-based Commercial Investment Properties (CPI), should break ground in spring. It's on the CityPlace campus.

"That's an exciting project and will likely be a 16- to 18-month buildout," says Woodbury City Planner Eric Searles. "It will complete the residential side of the live/work/play aspect of our CityPlace development."

CPI also developed the Ascend at Woodbury, which is 305 units of upscale apartments as part of the city's Urban Village project.

And Dominion is developing The Legends of Woodbury, a 216-unit, affordable senior housing development. Construction is expected to be completed in May.

In commercial development, Raising Cane's is opening in March on Radio Drive.

A Texas Road House is in the application process for CityPlace.

MSP Commercial is developing a new 40,000-square-foot building off I-494 at the intersection of Tamarack Road and Weir Drive, in which Summit Orthopedics will be the anchor.

Launch Properties is proposing a development at Tamarack Road and Bielenberg Drive, which is going through the application process. It's a multi-phase commercial project that has a medical pad, hotel pad, credit unit pad, and multi-tenant office pad, Searles says.

Also, Aris Clinic is building a new 16,000-square-foot clinic near Woodwinds Hospital campus. And last fall, the 3rd Act Craft Brewery and Goddard School opened in the Urban Village.