

**REQUEST FOR COUNCIL ACTION**

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**MEETING DATE:** February 6, 2023

**PREPARED BY:** Chuck Stifter, Parks and Recreation Director

**AGENDA ITEM:** 2023 Park Dedication Rates  
Residential Unit Fee and Commercial/Industrial Acre Fee

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**PREVIOUS ACTIONS:**

On February 7, 2022 the City Council established the per unit fee for single family residential subdivisions at \$4,236 through January 31, 2023

On February 7, 2022 the City Council established the per acre fee of \$6,500 per acre for industrial subdivisions and \$11,000 per acre for commercial subdivisions through January 31, 2023.

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**RECOMMENDED COUNCIL ACTION:**

Motion to modify the park dedication rate to \$4,156/unit for a single-family residential subdivision filed with Hennepin County for a period beginning February 1, 2023 and ending January 31, 2024 based on the City Ordinance.

Motion to continue the park dedication rate of \$6,500/acre for an industrial subdivision and \$11,000/acre for a commercial subdivision filed with Hennepin County for a period beginning February 1, 2023 and ending January 31, 2024 which amount is based on the City policy established pursuant to Resolution 88-120.

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**COMMENTS:**

The City Assessor annually prepares an assessment of the average value of raw land for residential, commercial and industrial property for the purpose of the city park dedication calculation. The Assessor's report shows no increase in value for residential, commercial, and industrial land. The City Park Dedication Ordinance allows, at the Park Board's discretion, a developer to make a cash contribution in-lieu of land to satisfy their park dedication obligation. City Ordinance (residential) and Resolution 88-120 (industrial/commercial) provides that the City Council shall annually establish the cash contribution rate for residential, industrial and commercial property.

Residential

The City Assessor has estimated that the average value of undeveloped residential land in Maple Grove to be \$133,000 per acre (see Attachment A). The cash in-lieu of land for residential properties is applied on a per dwelling unit basis. The current average density in the City is 3.20 units per acre (see Attachment B) and the dedication requirement is 10%. Therefore, the residential cash rate per unit is calculated by multiplying \$133,000 by 10% and dividing by 3.20, yielding a maximum cash rate of \$4,156 per unit.

This recommendation is formulated for the Council using the City Ordinance formula and consideration of a survey of park dedication fees from comparable cities (see Attachment C), staff is recommending that the fee be set at \$4,156 per unit (see Attachment D, page 1).

Per city code multi-family residential units receive a 20 percent reduction from the single-family cash rate, affordable residential units receive a 25 percent reduction from the single-family cash rate and memory care and assisted living units use the commercial rate.

Commercial/Industrial

The cash in-lieu contribution for industrial/commercial property is figured similarly. This year, the Assessor estimates the average land value of \$305,000/acre for commercial and \$185,000/acre for industrial. Since the commercial/industrial dedication is 7.5% of the per acre fee, that would yield a maximum of \$22,875/acre for commercial and \$13,875/acre for industrial. A review of the survey of other communities reflects that Maple Grove is historically in line with the comparable city average for both commercial and industrial fees. It has been the staff position that keeping our commercial and industrial rates in line with our direct neighboring cities is in our best interest for economic development. Staff is recommending the Council maintain the current per acre fee for commercial at \$11,000 and maintain the current per acre fee for industrial at \$6,500. This constitutes no change from 2023 for both the industrial rate and the commercial rate (see Attachment D, pages 2 and 3).

	2019	2020	2021	2022	<b>Proposed 2023</b>
Residential	\$4,233/unit	\$4,177/unit	\$4,332/unit	\$4,236/unit	<b>\$4,156/unit</b>
Commercial	\$11,000/acre	\$11,000/acre	\$11,000/acre	\$11,000/acre	<b>\$11,000/acre</b>
Industrial	\$6,500/acre	\$6,500/acre	\$6,500/acre	\$6,500/acre	<b>\$6,500/acre</b>

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**ATTACHMENTS:**

Attachment A - Assessed Land Values Memo

Attachment B – Residential Densities Memo

Attachment C - Park Dedication Survey of Comparable Cities

Attachment D – 2023 Park Dedication Worksheets

To: Chuck Stifter, Parks and Recreation Director  
CC: Heidi Nelson, City Administrator; Greg Sticha, Finance Director  
  
From: Markus Yager, City Assessor  
  
Date: November 22, 2022  
  
Subject: 2023 Assessed Land Values/Park Dedication Fees

The chart below indicates the typical values per acre that will be used for the 2023 assessment for developable vacant parcels in the City of Maple Grove.

**2023 ASSESSED LAND VALUES PER ACRE**

<b>Property Classification</b>	<b>January 2, 2022</b>	<b>January 2, 2023</b>	<b>Percent Change</b>
Residential	\$133,000	\$133,000	0.0%
Industrial	\$185,000	\$185,000	0.0%
Commercial	\$305,000	\$305,000	0.0%

Over the past year, there were a limited number of acreage sales that took place in Maple Grove. These sales did not demonstrate the need for any assessed value changes for vacant land for the 2023 assessment.

If you have any questions about this information, please feel free to contact me.

*Disclaimers:*

*This information was prepared for the Maple Grove Parks and Recreation Department. The intended use of this information is to assist the Parks and Recreation Department in determining annual park dedication fees; this information is not intended for any other purpose.*

*This memo does not constitute an appraisal as defined by Minnesota Statute. It does not comply with the Uniform Standards of Professional Appraisal Practice (USPAP). A value estimate for a specific property would require a USPAP compliant appraisal report.*

**TO:** Chuck Stifter, Parks and Recreation Director

**FROM:** Peter Vickerman, Planning Manager

**DATE:** January 3, 2023

**SUBJECT:** Residential Densities for 2022

Attached is a list of residential plats and certain phased projects filed in 2022 with corresponding area, unit count and net densities.

The density calculations are net excluding wetlands, floodplains, extraordinary drainage and utility easements, parks, and arterial rights-of-way.

As you recall the totals for phased projects are based upon the total unit count in the approved preliminary plat and are, for purposes of this report, reported in the year in which they filed a first phase final plat. They will not be counted again in future reports.

The totals for 2022 as compared to 2021, 2020, and 2019 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Units Platted/Approved	1,106	818	672	390
Net Acres Platted/Approved	182.3	59.5	118.5	20.3
Average Net Density (units per acre)	6.1	13.8	5.7	19.2

When added to the existing residential inventory in the City, the totals are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Equivalent Units Platted/Approved	29,807	28,701	27,883	27,211
Net Acres Platted/Approved	9,321	9,139	9,079	8,961
Average Density (units per acre)*	3.20	3.14	3.07	3.04

\*The annual density calculations have been added to the citywide base density, which in 1986 was 2.28 units/acre. The exact criteria or means by which the base numbers were developed is not known.

cc: Heidi Nelson  
Department Directors

### 2022 Park Dedication Rate Survey

City	2021 Residential (per unit) Single Family	2022 Residential (per unit) Single Family	2021 Commercial (per acre)	2022 Commercial (per acre)	2021 Industrial (per acre)	2022 Industrial (per acre)
Andover	\$4,400	\$4,806	\$13,200	\$14,417	\$13,200	\$14,417
Apple Valley	\$1,935	\$1,973	\$1,272 / 1,000 Sq. Ft.- Retail, \$1881.50 / 1,000 Sq. Ft.- Office, \$636.00 / 1,000 Sq. Ft.- Institutional	\$1,272 / 1,000 Sq. Ft.- Retail, \$1881.50 / 1,000 Sq. Ft.- Office, \$636.00 / 1,000 Sq. Ft.- Institutional	\$128	\$128
Blaine	\$4,449	\$4,449	\$8,704	\$8,704	\$6,702	\$6,702
Bloomington	\$5,700	\$5,700	\$585	\$585 / 1,000 Sq. Ft.	\$402	\$402
Brooklyn Park	\$4,600	\$4,600	\$8,000	\$8,000	\$12,500	\$12,500
Burnsville	\$2,717	\$2,717	\$17,500	\$17,500	\$8,750	\$8,750
Chanassen	\$5,800	\$5,800	\$12,500	\$12,500	\$12,500	\$12,500
Champlin	\$4,370	\$4,370	\$8,323	\$8,323	\$7,283	\$7,283
Cottage Grove	\$3,400	\$4,400	\$6,000	\$7,800	\$6,000	\$7,800
Eagan	\$3,871	\$4,026	\$1,016	\$1,057	\$276	\$287
Eden Prairie	\$6,500	\$6,500	\$11,500	\$11,500	\$11,500	\$11,500
Falcon Heights	8%	8%	10%	10%	10%	10%
Fridley	\$1,500	\$1,500				
Golden Valley	6%	6%	6%	6% FMV	6%	6%
Inver Grove Hights	\$2,850	\$3,850	\$7,000	\$7,000	\$5,000	\$5,000
Lakeville	\$4,734	Low Density: \$4,971, Medium Density: \$3,382, High Density: \$2,593	\$7,693	\$8,078	\$4,558	\$4,786
Little Canada	\$3,500	\$3,500 – 1-8 units – 9+ units \$1,950	7% FMV or 10% of Land	7% FMV or 10% of Land	10% Land or 7% FMV	10% Land or 7% FMV
<b>Maple Grove</b>	<b>\$4,332</b>	<b>\$4,236</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$6,500</b>	<b>\$6,500</b>
Maplewood	\$3,540	\$3,540	9%	9%	9%	9%
Moundsview	\$3,500	\$3,500	10%	10% FMV	10%	10%
Oakdale	\$2,886	Single Family: \$4,272 >8 Units: \$3,451 <8 Units: \$2,547	Retail \$467 / 1,000 Sq. Ft., Office: \$534 / 1,000 Sq. Ft.	\$16,147.45/acre (0.055 acre x \$293,590/acre), or combination thereof	\$267	
Plymouth	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Roseville	\$4,250	\$4,250	10%	10% FMV	10%	10%
Shakopee	\$5,340	\$5,340	\$9,500	\$9,500	\$9,500	\$9,500
Shoreview	4%	0-2: 4%, 2.1-3: 5%, 3.1-4: 6%, 4.1-5: 7% 5.1+: 10%	Up to 0.1 but lower with staff discretion	10% FMV	Up to 0.1 but lower with staff discretion	10% FMV
St. Louis Park	\$1,500	\$1,500	5%	5% FMV	\$0	
Woodbury	\$3,500	\$3,500	\$6,000	\$6,000	\$6,000	\$6,000
<b>Average</b>	<b>\$4,034</b>	<b>\$4,217</b>	<b>\$9,062</b>	<b>\$9,292</b>	<b>\$6,980</b>	<b>\$7,603</b>
<b>Select Average</b>	<b>\$4,805</b>	<b>\$4,827</b>	<b>\$8,674</b>	<b>\$8,680</b>	<b>\$7,675</b>	<b>\$7,677</b>

# Attachment D

## 2023 Park Dedication Rate Recommendation SINGLE FAMILY RESIDENTIAL

- Single Family Residential Rate History

<u>Year</u>	<u>Land Value</u>	<u>Density</u>	<u>Rate</u>
2016	\$115,000	2.88 units/acre	\$3993
2017	\$127,000	2.96 units/acre	\$4290
2018	\$127,000	2.98 units/acre	\$4262
2019	\$127,000	3.00 units/acre	\$4233
2020	\$127,000	3.04 units/acre	\$4177
2021	\$133,000	3.07 units/acre	\$4332
2022	\$133,000	3.14 units/acre	\$4236

- Residential rate is based on the following formula:
  - Average Residential Land Value x 10% ÷ Average Density = Allowable Rate
  
- Survey of 2022 Park Dedication Single Family Residential Rates - *Exhibit C*
  - Average Residential Rate .....\$4,827/unit  
*Comparable Cities (Blaine, Brooklyn Park, Burnsville, Eagan, Eden Prairie, Plymouth, Woodbury)*
  
- **2023 Single Family Residential Rate Calculation**
  - Land Value.....\$133,000 (0.0% increase from 2022)
  - Density .....3.20 units/acre
  
- **2023 Single Family Residential Rate Recommendation**
  - \$133,000 per acre x 10% ÷ 3.20 = **\$4,156/unit**

# Attachment D

## 2023 Park Dedication Rate Recommendation COMMERCIAL

- Commercial Rate History

<u>Year</u>	<u>Land Value</u>	<u>Actual Rate</u>	<u>Allowable Rate</u>
2016	\$220,000	\$11,000	\$16,500
2017	\$250,000	\$11,000	\$18,750
2018	\$265,000	\$11,000	\$19,875
2019	\$280,000	\$11,000	\$21,000
2020	\$280,000	\$11,000	\$21,000
2021	\$305,000	\$11,000	\$22,875
2022	\$305,000	\$11,000	\$22,875

- Commercial rate is based on the following formula:
  - Average Commercial Land Value x 7.5% = Allowable Rate
- Survey of 2022 Park Dedication Commercial Rates - *Exhibit C*
  - Average Commercial Rate.....\$8,680/acre  
*Comparable Cities (Blaine, Brooklyn Park, Burnsville, Eagan, Eden Prairie, Plymouth, Woodbury)*
- **2023 Commercial Rate Calculation**
  - Land Value.....\$305,000 (0.0% increase from 2022)
  - \$305,000 per acre x 7.5% = \$22,875/acre (ALLOWABLE)
- **2023 Commercial Rate Recommendation**
  - Maintain current rate of \$11,000/acre for 2023.

# Attachment D

## 2023 Park Dedication Rate Recommendation INDUSTRIAL

- Industrial Rate History

<u>Year</u>	<u>Land Value</u>	<u>Actual Rate</u>	<u>Allowable Rate</u>
2016	\$150,000	\$6,500	\$11,250
2017	\$155,000	\$6,500	\$11,625
2018	\$155,000	\$6,500	\$11,625
2019	\$170,000	\$6,500	\$12,750
2020	\$170,000	\$6,500	\$12,750
2021	\$185,000	\$6,500	\$13,875
2022	\$185,000	\$6,500	\$13,875

- Industrial rate is based on the following formula:
  - Average Land Value x 7.5% = Allowable Rate
  
- Survey of 2022 Park Dedication Industrial Rates - *Exhibit C*
  - Average Industrial Rate.....\$7,677/acre  
*Comparable Cities (Blaine, Brooklyn Park, Burnsville, Eagan, Eden Prairie, Plymouth, Woodbury)*
  
- 2023 Industrial Rate Calculation
  - Land Value.....\$185,000 (0.0% increase from 2022)
  - \$185,000 per acre x 7.5% = \$13,875/acre (ALLOWABLE)
  
- **2023 Industrial Rate Recommendation**
  - Maintain current rate of \$6,500/acre for 2023.