

# 10. Economic Development

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## Organization

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## Purpose

The purpose of the Economic Development Chapter is to identify the objectives and strategies for the success of economic development in Northfield.

## A. Overview

Northfield is in an enviable position for a community of approximately 19,000 residents. The city boasts a number of assets and a unique character. An historic downtown, burgeoning riverfront, and distinctive retailers make Northfield a popular destination. Two nationally recognized liberal arts colleges, Carleton and St. Olaf, create intellectual capital that extends beyond students and faculty to a wide variety of cultural offerings for the community as a whole.

These attributes, in addition to a strong employment base and easy access to the Twin Cities, create conditions under which growth is highly likely. While rapid suburban development is a national pattern – resulting in communities with no real sense of identity – Northfield has defied the odds in maintaining both its own employment base and its downtown core. Preserving the city’s quality of place, however, will come at a cost. Northfield’s ability to offer a diverse mix of employment and housing opportunities, to maintain and enhance the downtown, and to provide the level of services that current and future residents demand will hinge on the community’s commitment to pursuing specific economic development objectives – and to do so in a highly visible and assertive manner. The following land use principles of Chapter 4 relate to economic development:

- Mixed-use will be the preferred development approach when accommodating retail and office uses.
- Priority areas for future development will be identified for all three areas (infill, redevelopment, and greenfield). It should not be implied that infill and redevelopment capacity must be consumed prior to approving any greenfield development.
- Neighborhood serving commercial will be small scale and integrated with the residential context.

## B. Goal

A goal is a policy statement that states a desired outcome in general terms. The goal for economic development is provided below. The goal was developed by considering key findings related to economic development and integrating public input generated as part of the 2006 Economic Development Plan update.

*Promote economic development by supporting existing businesses, by talent attraction and retention, by aggressive business recruitment, and by increasing the availability of*

commercial and industrial land. A further objective is to reposition Northfield to become more competitive in its economic development initiatives in relation to the Twin Cities and its neighboring communities.

C. Key Findings

The community’s opportunities and challenges were identified in the Comprehensive Economic Development Plan, adopted by the Economic Development Authority (EDA) in 2006, and are identified in Table 10.1. The information in this table highlights Northfield’s strengths, weaknesses, opportunities, and threats, commonly referred to as a SWOT analysis. Broadly speaking, economic development strategies emerge directly from the SWOT analysis. Weaknesses – even if not directly related to economic development – must be addressed, and strengths must be supported and reinforced. Similarly, threats to the economic well-being of the community must be anticipated and responded to before they become crises. Opportunities, on the other hand,

existing business expansion and new business development.

2. Maintain Northfield’s sense of place.
3. Attract and retain talent.

While all three strategies are of significant importance to the overall well being of the community’s economy, the first two strategies are discussed in greater detail below since these strategies clearly have a direct implication as to how Northfield physically grows and develops.

The 2006 Economic Development Plan contains a detailed explanation of all the strategies associated with maintaining and expanding the economy. A brief overview of two of the three primary strategies is described as follows:

**1. Diversify the economic base by increasing the availability of commercial and industrial land for existing business expansion and new business**

TABLE 10.1 NORTHFIELD SWOT ANALYSIS

Strengths	Opportunities	Weaknesses	Threats
Highly educated workforce	Riverfront development	Lack of commercial and industrial space and land resources	"Northfield is becoming an increasing suburban bedroom community."
Authentic & Thriving downtown business sector	Medical and related industries	Low rates of retention of graduates	Loss of independent retail downtown
Presence of St. Olaf and Carleton Colleges	Business expansion out of Minneapolis-St. Paul	Limited number of Employment opportunities	Under-developed
Growing healthcare sector	Expansion of existing businesses	Limited housing, social, and recreational opportunities for young adults	Land underutilized
	Draw from Twin Cities Labor Pool	Overpriced Housing	Limited diversity of retail downtown

Source: TIP Strategies

should be acted upon assertively and, if possible, collaboratively.

D. Priority Strategies

The 2006 Economic Development Plan describes three priority strategies for the community. These are:

- I. Diversify the economic base by increasing the availability of commercial and industrial land for

**development.**

The availability of land for commercial and industrial expansion and recruitment continues to be at the forefront of community discussions. Strong residential demand and limited annexation powers have combined to drive up land costs, making even available property unattractive for development. Without specific commitments to offer suitable land for commercial and industrial expansion, it is reasonable to expect that future

growth will be dominated by housing. These predictions have important implications for Northfield. Because of the higher property class rate assigned to nonresidential property, commercial and industrial property typically generates more tax revenue than residential property. Businesses also generally require fewer public services, such as police and fire, often making them a net gain to the City's tax base. Commercial and industrial development also has a "multiplier effect" as spending generated by companies and their workers circulate through the local economy.

In addition to the direct fiscal implications, uncontrolled residential growth can create a number of unintended consequences. These include increasing commute times (because residences and businesses are further apart) and demographic shifts (as developers cater to specific markets, such as senior housing or upper income markets), as well as the impact of market forces themselves. Strong residential demand creates dramatic rises in housing costs and speculation, while weakening demand can leave the community with vacant housing units, falling home values, and deteriorating neighborhoods.

If this situation is to be resolved given the current competitive environment, increasing the availability of commercial and industrial land for existing business expansion and new businesses attraction is of utmost importance. In fact this issue is the highest priority for the Northfield EDA. This can be accomplished by accommodating the expansion needs of existing businesses, marketing the community strengths, and recruiting targeted commercial and industrial businesses. The City and the EDA are exploring alternative locations for commercial/industrial development that involve the

identification of sites that are suitable for infill development, redevelopment and the creation of a new business and industrial center as identified on Map 10.1.

On Map 10.1, numerous locations for infill development and redevelopment have been identified along Hwy 3 and along the Cannon River corridor. Two possible locations for a new business and industrial center are also identified as:

- Westerly of the Northfield Hospital.
- Westerly of the existing industrial area along Armstrong Road and Industrial Boulevard south of Hwy 19.

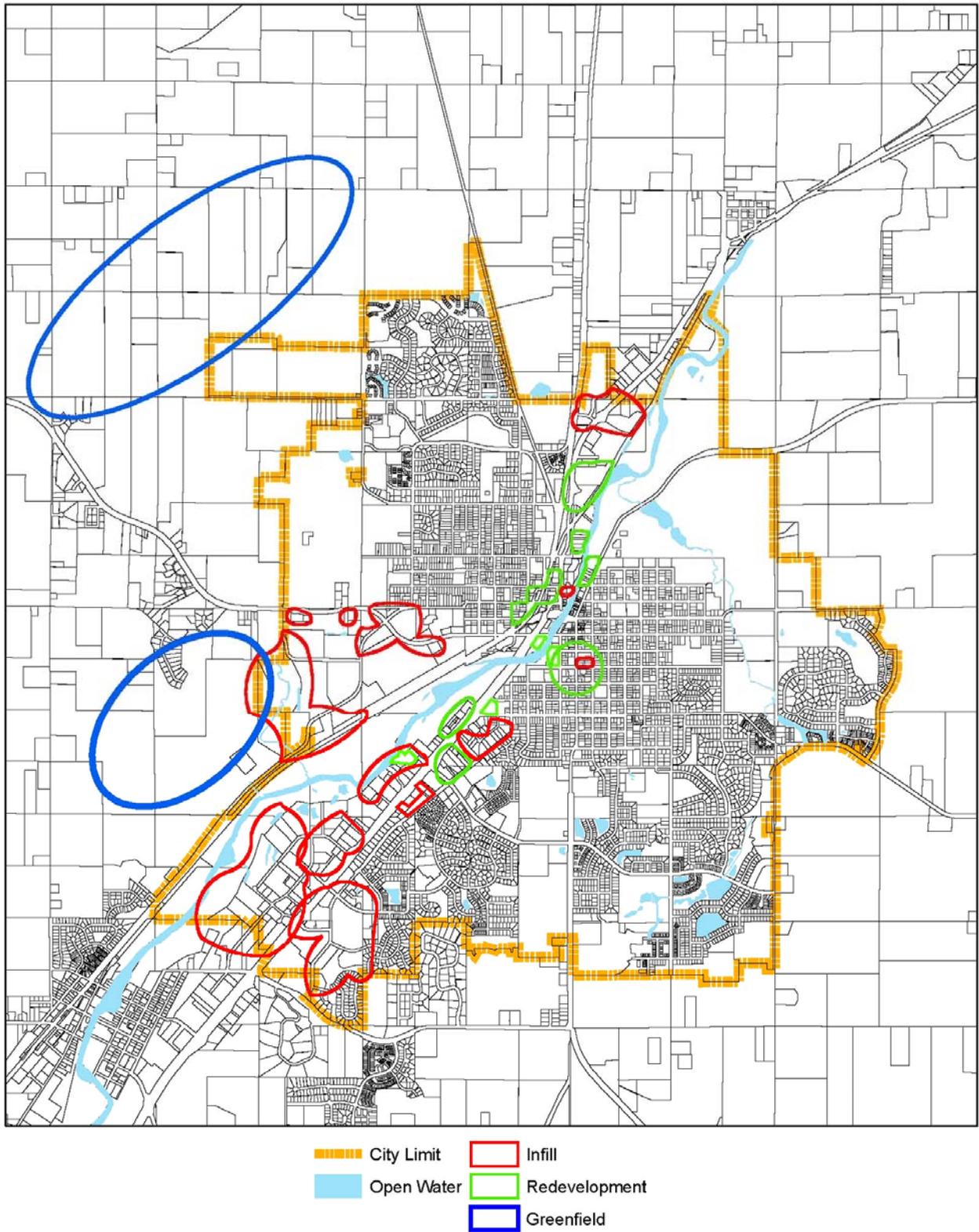
Because of market considerations and the potential negative impacts of too much commercial and industrial development, the size of the new business and industrial center should relate to the overall pattern of the community. The 2006 Economic Development Plan recommends that the business and industrial center be 120 acres. Currently, commercial and industrial land uses represents 14.7 percent of the total land area of the city. As Northfield continues to grow and expand, the City should attempt to maintain a similar proportion of land devoted to commercial and industrial uses to sustain the overall health and vitality of the community.

Ultimately, the size of this new center will also be influenced by such factors as infrastructure feasibility, landownership realities, intergovernmental agreements and absorption influences.

## **2. Maintain Northfield's sense of place.**

The downtown area is essential to Northfield's sense of place. It is widely recognized that retail is a key indicator of the health of downtown. On

MAP 10.1 POSSIBLE LOCATIONS FOR COMMERCIAL AND INDUSTRIAL DEVELOPMENT



Source: City of Northfield

this point, Northfield's story is no different than that of many other communities. Independent retailers, most of who are working with the thinnest of profit margins, are often unable to absorb rising costs or to offset even a small amount of competition from national chain stores. Faced with dramatic increases in property taxes and competition from larger retailers locating on Hwy 3, the future of Northfield's independent retailers is vulnerable.

In addition to its historic character, downtown Northfield has an asset that many communities do not — the Cannon River. Once pivotal to the city's existence, the river has faded in importance from an economic development standpoint. Despite recent developments, linkage to the downtown is still unfocused. Activating the entire riverfront by orienting development to it and encouraging uses that maximize a riverfront location can help invigorate the downtown and integrate it with other areas of the city.

Recent development proposals, including a redevelopment project called The Crossing at Hwy 3 and 2nd Street West set the tone for additional redevelopment and infill projects along the river. Emphasis should be placed on orienting new development to the river. This means ensuring that buildings have access to the river as well as to the street, create additional pedestrian areas along the riverfront, require common architectural elements and adequate lighting, and encourage uses that relate to the riverfront. These uses could include sporting goods stores (with equipment rental options), cafés, and offices with river views as well as professional services and business support activity.

The City will continue to work with the EDA, the Northfield Downtown Development Corporation, the Northfield Area Chamber of Commerce, the Northfield Enterprise Center, the Northfield Housing and Redevelopment Authority and the Rice County Economic Development office to strengthen the retail environment, increase the range of professional services, and provide a range of housing options. The expansion and revitalization of the entire riverfront will accomplish many of these objectives. The City and the EDA currently provide financial support to many of the entities.

## E. Objectives and Strategies

Several factors shape the philosophy of economic development in this plan. First and foremost is the

definition of economic development as outlined in the Economic Development Plan:

*“Economic development is the application of public resources to stimulate private investment.”*

With this in mind, the role of the public sector gains clarity that other definitions obscure. Public officials and local government employees do not create jobs or generate wealth. But they do control significant resources. Directing these resources effectively and efficiently is their paramount duty. Effective programs should be judged by how well public resources can create a response from private investors. An understanding of trends affecting the practice of economic development across the United States frames the concept of economic development in Northfield. The strategies outlined below are designed to build on the city's existing assets, while recognizing that change is an inevitable part of growth and that the growth the community will experience should be both manageable and sustainable.

Outlined below are three objectives and 11 strategies. The objectives indicate a specific policy direction and help organize strategies. Strategies are detailed actions necessary to initiate or complete an objective such as a program, policy or project. These objectives and strategies when combined with the more detailed implementation matrix of the Economic Development Plan will serve as an effective guide to ensure a coordinated approach to the enhancement of the economy of Northfield.

### **Objective 1: The City will make sufficient land resources available for the needs of existing and future businesses in line with the strategies outlined in the 2006 Economic Development Plan.**

ED 1.1 Land resources within the community that are served or can be easily served by infrastructure and are suited for commercial and industrial intensification and redevelopment will be zoned appropriately to enable full and efficient utilization.

ED 1.2 Land resources that are adjacent to the city limits of Northfield and are relatively easy to serve with the extension of infrastructure should be pursued for future commercial and industrial development.

ED 1.3 The City will support strategies of annexation that are designed to provide additional land resources for commercial and industrial development, and that are in compliance with the overall objectives of the Comprehensive Plan.

ED 1.4 The areas that have been identified west of the Northfield Hospital and west of the existing industrial area and south of Hwy 19 should be viewed as priority areas for additional evaluation and possible annexation into the city. When these areas are considered for annexation, the City will review the requests with a Master Plan for the area.

**Objective 2: Expanding and revitalizing the Cannon River corridor will be a pivotal part of the strategy to maintain the historic character that is Northfield.**

ED 2.1 Sites that are suitable for land infill and intensification along the Cannon River south of 5th Street should be identified, and strategies to encourage new investment in these areas should be pursued.

ED 2.2 Any infill and intensification along the Cannon River corridor should be oriented to maximize the advantage that the river corridor creates for such opportunities.

ED 2.3 Development design along the Cannon River should incorporate the following concepts:

- A distinctive pattern of architectural and urban design elements that includes many of the design concepts that have been developed from the Downtown Streetscape Framework Plan.
- Link existing pedestrian improvements, including walks and trails, with similar improvements that are required as infill and intensification occurs along the corridor.
- A development pattern that emphasizes pedestrian scale, minimizes building setbacks, ensures the public's health and safety by protecting the floodplain, and discourages large parking areas in front of buildings.

ED 2.4 Encourage further intensification in downtown as a means to maintain and add to the vitality of this area. Downtown intensification should focus on retail uses,

professional services, arts activities including opportunities for live-work development, businesses that support other businesses, and downtown housing.

**Objective 3: Support the economic vitality of the community through business retention and recruitment.**

ED 3.1 Target the retention and recruitment of those industries having the highest potential for success in Northfield, as outlined in the Economic Development Plan, such as healthcare and medical, information technology, and logistics.

ED 3.2 Seek opportunities for the Northfield Hospital to be a stimulus for economic development.

ED 3.3 Promote economic development opportunities that arise from the development of intellectual capital at Carleton and St. Olaf Colleges.