

Elk River prepares to renew its downtown

BY SCOTT D. SMITH
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Elk River is closer to redeveloping its downtown than it has been for 30 years.

The city has launched an effort to revitalize the entire 67-acre central business district over the next 10 years through rehabilitating and removing properties.

Its first focus will be on a few blocks between Highway 10 and the Mississippi River, where the greatest redevelopment potential lies.

It has chosen developer MetroPlains for that project and is hammering out a preliminary development agreement that could lead to more projects in the future. That's expected to take about a year, then construction would start shortly thereafter.

St. Paul-based MetroPlains competed for the assignment, beating out finalists TOLD Development Co. of Eden Prairie and a team led by Plymouth-based Best and Hempel. The city chose MetroPlains because of its extensive experience redeveloping historic buildings and districts as well as the positive response the firm received from the community, said Cathy Mehelich, Elk River's director of economic development.

"We see the opportunity present in Elk River as very strong," said LaVern Hanson Jr., vice president at MetroPlains Development. Elk River already has a strong downtown, and the revitalization effort would add to what is already there, he said.

MetroPlains' concept plan included a \$21 million revitalization of two blocks in the riverfront area.

One site is known as the Brick Block where plans call for 80 housing units and 8,000 square feet of retail. Work at that site will need to incorporate some existing brick buildings that have small-town charm. The other site is known as the bluff site, which sits along the Mississippi River and would offer river views to residents. Plans call for 96 units and 10,000 square feet of retail there.

In both cases, the retail would be on the first floor. The buildings would not reach higher than two or three floors to keep with the character of the district, Hanson said.

The housing units will likely be a mix of for sale and rental units. The mix and pricing is yet to be determined, he said.

Retail in the downtown would be small and service oriented, said Hanson. Some of the businesses include an art store, a dry cleaner, two bakeries and a meat market. As with most small towns, major retailers have set up outside of the downtown. Elk Park Center, which is anchored by a Target store, is located along Highway 169. Wal-Mart and Home Depot also have opened stores nearby in the past few years.

The community has long wanted to inject some vigor into its quaint downtown. The district has fared better than most as the retail focus shifted to Highway 169, but city leaders have long believed the downtown has stagnated and did not take advantage of its location along the Mississippi River.

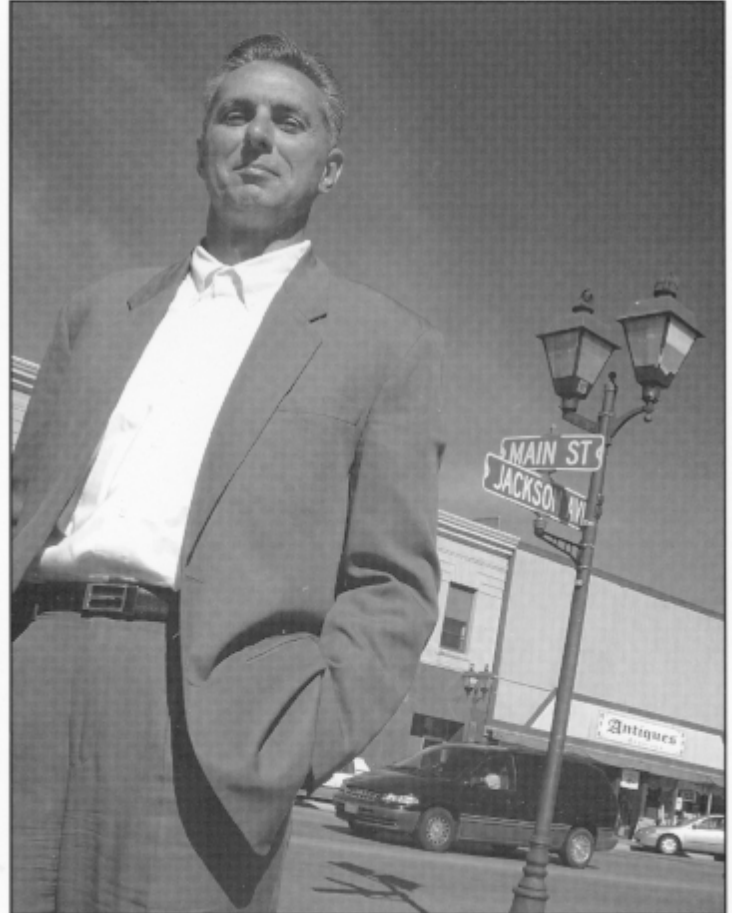
"This has been the furthest we've been in a redevelopment project in its 30 years," Mehelich said. "We're all very excited about that."

Mehelich said city officials are considering using tax-increment financing to help pay for the project. The city's commitment and positive market forces make the timing right for such a project, sources said.

Elk River is a growing community at the very fringes of the Twin Cities metro area. It is expected to add 3,850 people and 1,510 households between 2000 and 2010, according to a report conducted for the city by Minneapolis-based Maxfield Research.

Maxfield's market analysis found that Elk River's downtown area will see demand for more than 500 housing units, 14,000 square feet of retail and between 19,000 and 39,000 square feet of office space by 2010.

Gary Dreher, vice president of TOLD, said Elk River has a great downtown that needs some new construction to get more people moving through it. TOLD had proposed about 160 new housing units. But Dreher said the market has softened and the economics of building those homes might be harder than previously thought. Other challenges include assembling about a half-dozen properties and negotiating the city's contribution to the project.



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LaVern Hanson of MetroPlains Development said Elk River's downtown needs more housing and service-retail space.



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The city of Elk River wants to redevelop its entire downtown by redeveloping some buildings and removing others. It will start with two small sites.

"Our view of what was needed there was additional housing to help revitalize the current business center's downtown and to open up the river and make it more of a focal point," Dreher said.

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