

# St. Louis County CSAH 4 (Rice Lake Road) Economic Development Assessment

1/29/2024



## Project Overview

Rice Lake Road (CSAH 4) is a regionally significant roadway that serves the newly incorporated City of Rice Lake, acts as a key commuter and truck route for the Duluth metro area and connects to the communities on the Iron Range which is a nationally strategic mining, forestry, and recreation area. This project will lead to, and support, private investments in the commercial and residential development markets while generating new local job growth opportunities. It will connect places in the community while improving traffic capacity and operations of the Rice Lake Road corridor. As a result, the new Rice Lake Road will function as the downtown center of the City of Rice Lake.

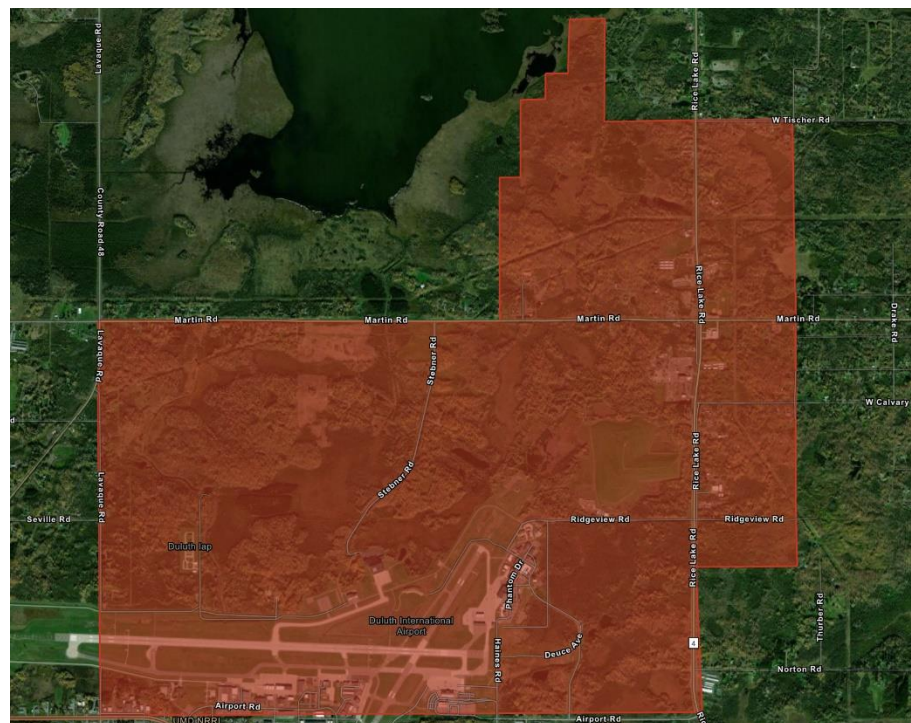
## Purpose

The purpose of this economic development assessment was to identify potential economic development and residential growth in the area that is likely to be spurred by the planned Rice Lake Road improvements.

## Study Area

The Duluth Airport Authority and associated businesses, which are south and west of the Rice Lake/Martin Road intersection, have an aggressive growth and development plan for the area. One of their interests is to provide local housing for employees and development for supportive businesses, retail, and services.

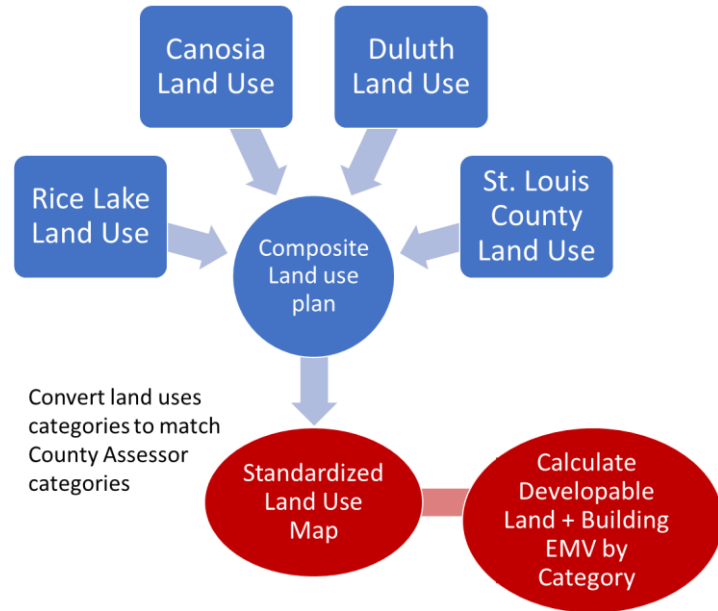
The planned improvements to Rice Lake Road opens up mixed use, commercial and residential land uses and includes trail connections that allow for people to walk or bike between their home, work, shopping, and services. As a result, this economic development assessment includes a larger geographic area than just the planned corridor improvements because it will function as a **neighborhood**.



## Process

### Map Land Use

The first step was to calculate the developable land that would reasonably be developed over the next 50+ years because of the planned improvements to Rice Lake Road corridor. This was done by mapping the future land uses, as shown in the comprehensive plans of the City of Rice Lake, Town of Canosia, City of Duluth, and St. Louis County, into a composite and standardized future land use map.



### Developable Area

The second step was to determine the developable area. Any land restricted from development were removed, such as areas in airport operations and flight patterns (green and gray shaded areas, respectively) and the former land fill site (royal blue). Lands undevelopable due to other constraints were also removed, including:

- Steep slopes (greater than 18%)
- Shoreland overlay for Wild Rice Lake
- Wetlands and water bodies
- Existing roads

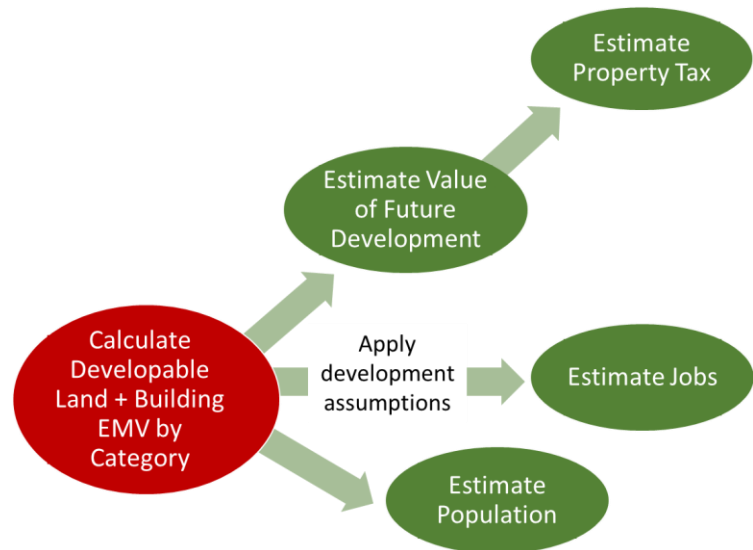
See Attachment A for a map showing the study area, developable land, constrained areas and planned land use and.

Based on this analysis, there are over 1,500 acres for commercial, industrial, and mixed-use development and 670 acres for residential development.

Future Commercial/Industrial (C/I) Land Use	Assessors Class Codes	Total Acres	Developable Acres	Undevelopable Acres
Commercial	233	912	519	393
Industrial	234	451	309	142
Mixed Use: 50% Comm + 50% Residential 1 units	233/201	590	426	164
Mixed Use: 60% Comm + 40% Apartment 4+ units	233/205	318	216	102
Mixed Use: 50% Comm + 50% Residential 2-3 units	233/200	3	2	1
Mixed Use: 50% Comm + 50% Residential 1-3 units	233/203	79	62	17
		<b>2,353</b>	<b>1,533</b>	<b>820</b>
<b>Future Residential Land Use</b>				
Residential 1 unit (2200 s.f. homes, 1.5 u/a)	201	534	360	174
Residential 1-3 units (1600 s.f. twin homes, 4 u/a)	203	3	2	1
Res Units 2-3 units (1600 s.f. twin homes, 6 u/a)	200	468	241	227
Apartment (1,200 s.f. units, 4+units)	205	88	65	24
		<b>1,093</b>	<b>668</b>	<b>425</b>
<b>Total</b>		<b>3,446</b>	<b>2,201</b>	<b>1,245</b>

## Development Assumptions

The next step was to estimate the potential amount of commercial, industrial, residential, and mixed-use development that could be built on the site. Area developers were contacted and recent developments in the area were reviewed to make assumptions about density and intensity of development (using Floor Area Ratio), value of land per acre, and construction cost per square foot by land use type, as shown in the table below.



Future Commercial/Industrial (C/I) Land Use	Floor Area Ratio (FAR)	Land Value/Acre	Construction Cost/S.F.
Commercial	0.21	\$100,000	\$238
Industrial	0.063	\$100,000	\$183
Mixed Use: 50% Commercial + 50% Residential 1 units	0.14	\$100,000	\$242
Mixed Use: 60% Commercial + 40% Apartment 4+ units	0.21	\$100,000	\$242
Mixed Use: 50% Commercial + 50% Residential 2-3 units	0.21	\$100,000	\$242
Mixed Use: 50% Commercial + 50% Residential 1-3 units	0.18	\$100,000	\$242

Future Residential Land Use			
Residential 1 unit (2200 s.f. homes, 1.5 units/acre)	0.08	\$100,000	\$221
Residential 1-3 units (1600 s.f. twin homes, 4 units/acre)	0.15	\$100,000	\$221
Res 2-3 units (1600 s.f. twin homes, 6 units/acre)	0.22	\$100,000	\$198
Apartment (1,200 s.f. units, 4 or more units)	0.91	\$100,000	\$247

S.F.: Square Feet

## Summary

### Full Build-Out

Based on these assumptions, at full buildout in 40 to 50 years, the area could support nearly 9,000 employees and over 4,000 housing units. This scenario would generate \$80 million in annual property taxes.

Future Commercial/Industrial (C/I) Land Use	Total Building Value	Total EMV Land + Building	Employment	Annual Property Tax
Commercial	\$1,129,839,176	\$1,181,735,011	5,105	\$29,332,317
Industrial	\$156,056,706	\$186,967,569	384	\$4,640,797
Mixed Use: 50% Comm + 50% Res 1 units	\$640,877,039	\$683,427,446	1,993	\$12,722,720
Mixed Use: 60% Comm + 40% Apt 4+ units	\$477,956,215	\$499,546,858	1,214	\$9,299,589
Mixed Use: 50% Comm + 50% Res 2-3 units	\$3,465,754	\$3,622,312	9	\$67,433
Mixed Use: 50% Comm + 50% Res 1-3 units	\$116,262,125	\$122,442,140	289	\$2,279,389
	<b>\$2,524,457,014</b>	<b>\$2,677,741,336</b>	<b>8,993</b>	<b>\$58,342,245</b>

Future Residential Land Use			Housing Units	
Res 1 unit (2200 s.f. homes, 1.5 u/a)	\$262,535,962	\$298,534,311	540	\$3,705,020
Res 1-3 units (1600 s.f. twin homes, 4 u/a)	\$3,502,810	\$3,750,464	10	\$46,546
Res 2-3 units (1600 s.f. twin homes, 6 u/a)	\$458,151,552	\$482,254,643	1,446	\$7,481,397
Apt (1,200 s.f. units, 4+units)	\$634,181,999	\$640,647,364	2,140	\$9,938,603
	<b>\$1,358,372,324</b>	<b>\$1,425,186,782</b>	<b>4,136</b>	<b>\$21,171,566</b>

<b>Total</b>	<b>\$3,882,829,338</b>	<b>\$4,102,928,118</b>		<b>\$79,513,811</b>
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S.F.: Square Feet

U/A: Units/Acre

EMV: Estimated Market Value

### 2024-2029 Development

There are several private development projects that are in the planning stages and likely to be under construction in the next few years. Based on conversations with area county and city planning staff, developers, property owners, businesses, and the Duluth Airport Authority, it is estimated that roughly 60 to 70 acres could be developed by the end of the decade. Based on that information, 270 new employees and 124 new housing units generating nearly \$2.4 million in property taxes could be built over the next five (5) years.

	Developable Acres	Total Bldg S.F.	Total EMV Land + Building	Employment	Annual Property Tax
C/I	46	321,540	\$80,332,240	270	\$1,750,267

				Housing Units	
Residential	20	182,557	\$42,755,603	124	\$635,147
<b>Total</b>	<b>66</b>	<b>504,097</b>	<b>\$123,087,844</b>		<b>\$2,385,414</b>

S.F.: Square Feet

EMV: Estimated Market Value

## 2029-2048 Development

Once the Rice Lake Road improvements are complete, it is expected that development will take off, similar to development in adjacent Hermantown. Assuming two (2) percent of the study area is developed per year, by 2048, 880 acres or 40% of the site would be developed.

	Developable Acres	Total Bldg S.F.	Total EMV Land + Building	Employment	Annual Property Tax
Commercial/Industrial (C/I)	613	4,287,205	\$1,071,096,534	3,597	\$23,336,898
				Housing Units	
Residential	26	1,027,015	\$256,258,946	3,592	\$8,468,626
<b>Total</b>	<b>880</b>	<b>6,721,298</b>	<b>\$1,641,171,247</b>		<b>\$31,805,524</b>

S.F.: Square Feet

EMV: Estimated Market Value



## Attachment A: Developable Area and Planned Land Use

