

MPR News | Minnesota Now Minnesota Now - Lakeville's population is booming. So why is the city pressing pause on new housing? 01KQAPTA1MANFEC34981GSWBX1

NINA MOINI: The city of Lakeville's population is booming. It grew 12% from 2020 to 2024, according to census data. That's compared to statewide growth of 2%.

Despite Lakeville's growth, the city is putting a pause on building new housing. A one year moratorium was passed by the city council last week. Joining me now to explain more about it is Lakeville Mayor, Luke Hellier. Thanks for being with us, Mayor.

LUKE HELLIER: Hey. Thanks for having me. I appreciate it.

NINA MOINI: I want to set the scene a little bit for our audience. I understand this pause came to be because of some of the policy proposals going through the State Capitol at the state level. And I understand for the past several years, there have been attempts that have failed to pass legislation that would allow for more homes, like duplexes or multi-family homes to go in more places. And cities have argued in the past that it shouldn't be a one-size-fits-all approach, and I understand this year's bill allows for some more flexibility.

Would you tell us from your perspective how the bill going through the Capitol or policies at the state level interact with what you're doing at the city level in Lakeville?

LUKE HELLIER: Sure. I appreciate it. I think the bill that is moving through this year is in a little bit better form than what has been produced previously, but there's still pretty significant impacts, not only on Lakeville. And I think it hurts us a little bit more because of still growing city and having open and developable land.

And then those that require some pretty significant changes to commercial zoning, for instance, to require residential or commercial property as an impact on our overall diversification of our tax base.

NINA MOINI: And you also have to work with the Metropolitan Council's 2050 plan, I understand, which helps to guide more long-term regional development for the Twin Cities and the surrounding area. How does their vision fit with what's going on with Lakeville's vision for housing?

LUKE HELLIER: Yeah, that's right. I mean, right now, on average, Lakeville's overall density is about 4.8 units per acre. The Met Council's new target for 2050 plan is 3.5. So we're doing pretty good when it comes to the overall density on where the Met Council has seen us overall.

But at the end of the day, if the legislation at the Capitol passes, it basically makes the comprehensive plan process moot. And I think the Met Council probably would want to have a say in the fact that they've got some goals and visions for the metro area in particular, but this legislation would basically make that irrelevant.

NINA MOINI: So you're looking at what's in the best interest of your city, and then you're looking at how it's going to interact with the regional area and other state planning, but tell us a little bit more about Lakeville's population and just how much it's grown.

I have to tell you, I grew up in Apple Valley, and a lot of the folks that I grew up with are moving to Lakeville or they've already moved to Lakeville with their families. It just seems like it's the spot in the South Metro from my perspective anyway. What do you think about that? What types of stories are you seeing of this population growth?

LUKE HELLIER: Sure. Well, I can tell you about the numbers. From 2002 to 2022, we went from 38,000 to nearly 78,000. So in 20 years we more than doubled.

Between 2020 and 2024, we added almost \$7,000 people, which is more than the cities of Minneapolis and St. Paul combined. And I think part of it is we've got a great place to live. We have awesome schools, we have three different school districts that serve our city that are all well-known and well-regarded.

We have a great parks and trails system, and I think part of it too is-- in general, one of the things out of the pandemic was businesses more willing to allow people to remote work or do some flex scheduling. I think people were more willing to drive out and live in the city like Lakeville if they wanted to commute a couple days a week versus having to go downtown or to Bloomington or wherever on a daily basis. So there's some of those things that are all at play that came together, which is why we've been adding nearly 600 housing units a year the last five years in a row.

NINA MOINI: What are some of the other reasons, I wonder, to hit pause now on new housing with all of that considered and all of the interest in the area?

LUKE HELLIER: Well, there's immense pressure on our schools. We are at a point now where this fourth grade class in Lakeville, we call that the pandemic kids. Those are kids whose parents held them back from starting school during the pandemic.

So we've got a big bubble coming in the second, third, and fourth grades, which is requiring us to invest pretty substantially in the middle schools. The school district has a referendum in May for \$130 million or so to expand the three middle schools to help meet that demand. And not that far after North and South High schools are going to have to have some expansion.

And so part of it is to help give those guys a breather, the school board, to think through how their growth goes and allow the city to reset. And it's just one of those situations where we're growing at such a rapid pace, and at the same time, we have a lot of undeveloped acreage still to go.

NINA MOINI: There is a housing shortage as well, an affordable housing shortage of statewide, basically everywhere. And advocates for the bill at the Capitol say that it would help alleviate that. What do you think about just the state of affordable housing in the area? Does the pause help that long-term goal?

LUKE HELLIER: Well, a couple of things. One is new construction rarely creates quote unquote "affordable housing." We've got a Ron Clark project. It's a federal tax credit project that's being constructed right now. It's a 40 unit apartment building, income restricted that will open up sometime later this year.

And some of these changes, the legislature, it was a little bit more of an affordable project to build. There were changes with prevailing wages which has now increased the cost of that apartment building by \$200,000 an apartment unit, which makes the overall project more challenging for people to live in, eventually.

The other part is, there's about 1,000 seniors in Dakota County that are on a wait list to get into CDA housing or income restricted housing. We've got a handful of apartments in Lakeville already for that, and we're going to be working with the county to build another one. When those folks get to downsize and move into income restricted apartment, then the home that they're living in today then becomes what we call naturally occurring affordable housing so that families can move into. It's a little bit of a domino effect.

The most affordable product for anybody to move into is already existing in the market. And so we've got to create as many levers and encourage the development from builders to meet some of these demands that can then open up other housing stock.

NINA MOINI: And the moratorium doesn't mean that current construction will stop. So any housing projects that are already underway will continue. Do you have a sense for how many projects that is or just the scale of that?

LUKE HELLIER: Yeah. Lakevillebusiness.com lists, all of the projects that are currently under-- there's probably two dozen that are happening right now. There's probably another half a dozen that are in the early stages that are exempt. And then we've got about 1,300 platted lots that are also exempt. So that's something that already exists. It's gone through all the regulatory process, and no one has just started the building on it.

So there's actually a pretty significant amount of stock for building to still keep going. Really, the moratorium is on any new raw piece of land, and we just didn't think it would be fair to basically halt projects that are already underway.

NINA MOINI: As you look at all of this land that is available, what kinds of conversations are you having about how that would be best used? It sounds like there could be a need for more schools in the longer term, how do you plan for something like that, and how it might be used?

LUKE HELLIER: It's a great question. In the '90s we were building out at a summer percentage, and the school district built four elementary schools in about span of a decade and added on to a couple more. Other than one that opened three years ago, we hadn't had a new elementary school in about 20 years open in Lakeville.

And so I think the school board now is taking a look at that to say, "Do we need to work at a faster pace in either expanding buildings or opening new buildings?" We actually had a joint meeting with the school board last night, probably the first time in 10 years, where the council and school board got together in an open meeting to talk about all these type of things. And I think it was a really good starting point.

NINA MOINI: I do want to just, before I let you go, bring it back to this session at the State Capitol. And it sounds like you're not really sold on some of the bills that are making their way through the legislature right now. Can you talk about what you're hoping comes out of this session, in particular as it relates to Lakeville and your goals?

LUKE HELLIER: Well, when it was announced that we were pursuing a moratorium, I had a long conversation with Spencer Igo. Spencer and I have known each other for many years. He's a state rep from Grand Rapids and is one of the authors of the bill.

And I think there were probably four or five subdivisions in the legislation that from Lakeville's perspective, makes sense, and he's working on that. So hopefully there's potential for a compromise. And to be honest, part of it is because last year I sat down for over two hours with every builder in my city to ask, "Hey, how can we be better at creating a framework for more attainable housing for those in the city?"

We adopted about five of the six things that they recommended, which are some of the things that are in this bill. So we're already doing a lot with the legislature, thinks we should be doing. It's just a matter of having the ability to set our own path or our own vision as a city versus having the state telling us what to do. So that's really what it comes down to.

So I think at the end of the day, there's probably some compromise to be made. It's just a matter of-- there's so much division at the Capitol, I'm not really certain that anything can happen this year.

NINA MOINI: Mayor Hellier, thanks so much for your time. We really appreciate it.

LUKE HELLIER: Thank you. Have a good day.

NINA MOINI: That's Lakeville Mayor, Luke Hellier.