



MEMORANDUM

To: City of Watertown

From: Allison Streich, Carver County CDA

Date: December 9, 2025

Subject: CDA-Owned Land in Forest Hills Addition

Background

The Carver County CDA acquired 25.41 acres in the Forest Hills addition in 2016 through a donation from a private developer (with a tax-deductible donation letter provided). In 2017, we developed a concept plan envisioning:

- North end: Slab-on-grade homes
- Middle: Row homes and townhomes
- South end: Multi-family housing

The plan included selling the homeownership portion and retaining the southernmost section for CDA developed multi-family units, with some land trust homes incorporated in the for-sale portion. This concept was based on discussions with the city, focusing on senior housing options to allow residents to remain in Watertown. However, infrastructure costs, estimated at over \$1 million, made the project challenging.

Previous Communication

In 2020, we shared a letter outlining development challenges. Infrastructure costs had risen to \$2.4 million, making it financially unfeasible for the CDA to recover costs through home sales. Additionally, financing gaps for a CDA-owned rental building were too large.

Current Status

In 2008 and 2009, during the economic downturn, the CDA purchased land in the City of Waconia and the City of Carver. We had been working to develop multi-family projects in both cities when we acquired the Watertown land. Since 2020, CDA has prioritized other parcels due to the high infrastructure costs for the



Watertown land. We successfully funded and developed:

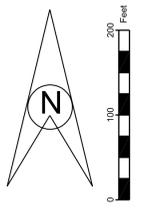
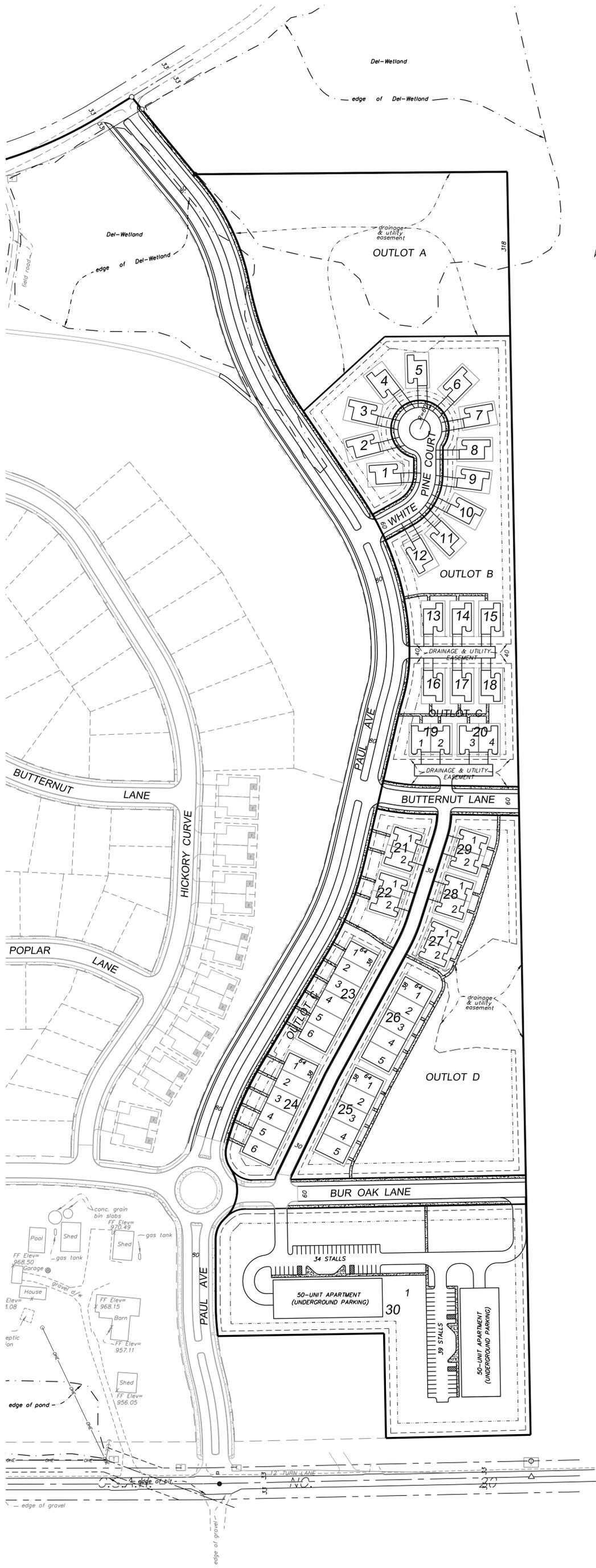
- Trail's Edge South (Waconia) – 60-unit affordable housing
- Carver Place (Carver) – 60-unit affordable housing
- Carver Oaks (Carver) – 43-unit affordable senior housing - Opening March 2026

For Watertown, we are now working with a developer to sell a portion of 5 acres of the southernmost parcel for a multi-family project, while retaining half for a senior rental development to be developed and owned by the CDA.

Next Steps

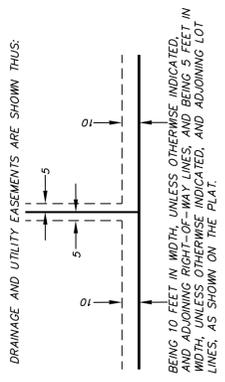
We plan to issue an RFP for the remaining 20 acres, awarding additional points to proposals that include land trust homes (affordable homeownership model). If the City has any questions, please let us know. We will share the RFP once we are ready to release it.

Thank you for your time and consideration.



22 ROW-HOME UNITS
 14 TWINHOME UNITS
 18 DETACHED VILLAS
 100 APARTMENT UNITS

BUILDING SETBACKS:
 FRONT: HOUSE/PORCH=15'
 GARAGE = 20'
 SIDE: 10'
 REAR: 25'
 FROM WETLAND: 50'
 FROM PAUL AVE, BUR OAK LANE & BUTTERNUT LANE: 30'



PROJECT NO:	17-0329
DATE:	7/5/17
CONCEPT PLAN	
FOREST HILLS CARVER CDA WATERTOWN, MN	
DESIGNED	CSO
DRAWN	CSO
CHECKED	CHECKED
BY:	
DATE:	
DESCRIPTION:	
www.ottoassociates.com 9 West Division Street Buffalo, MN 55313 (763)682-4727 Fax: (763)682-3522	
OTTO ASSOCIATES Engineers & Land Surveyors, Inc.	
Cara M. Schwahn Otto License # 40433	
Date:	7/5/17
SHEET NO. 1 OF 1 SHEETS	

memo



To: Mayor Washburn
Shane Fineran, Watertown City Administrator

From: Julie Frick, Carver County CDA Executive Director

Date: March 10, 2020

Re: Carver County CDA Land

Thank you for your time recently to discuss the CDA's property in the Forest Hills development. Below is a summary of our discussion.

History

In 2016 the CDA acquired, through a donation, the easterly portion of the Forest Hills development, which was platted as an outlot for future development. This portion of the property was vacant at the time of the acquisition. Since the acquisition, the CDA has been looking at how to develop this 26-acre parcel and/or sell for development.

Current Concept

The current concept by the CDA envisions a mix of housing types on the site. The CDA would develop, own, and manage a 50-unit multi-family rental building for seniors on the south end of the site, with the possibility of a second building in the future. The remaining acreage is envisioned to be sold and developed with a mix of owner-occupied units such as townhouses, twin and patio homes and single-family homes at the north end of the property.

Challenges

This project presents several unique challenges. These challenges must be overcome before the CDA can move this project from concept to implementation.

The first challenge is the cost of constructing the road needed for the development. The original plat was developed in 2006, with some of the site grading and road work already completed on the CDA's parcel. For the CDA to sell the remaining land to a developer, the roadway (Paul Avenue) needs to be constructed as a collector street. The cost to do this exceeds \$2.4 million and because some preliminary work on the roadway has already been done, significant changes to this would be even more costly. While the intent is that the CDA would likely sell the owner-occupied lots, after review of what the lots could be sold at, the CDA is unable to recoup its cost of construction making this scenario financially unfeasible. The CDA also considered partnering with developers to construct the roadway thereby sharing the upfront cost. The

uncertainty of the real estate market and insufficient demand for the needed unit price point also makes this option not viable.

The second challenge is the cost of developing the multi-family rental building the CDA will own and manage at the south end of the property. Based upon a market study the CDA completed, a 50-unit senior, affordable building is feasible from a market demand; however, a financing gap of \$4.5 million exists with a development of this size. CDA staff has reviewed many potential funding sources but is unable to identify a source which would address the financing gap. Building a larger building at approximately 70 units is more financially feasible, but it cannot happen without market demand.

We appreciate the city's support of the CDA in trying to move this development forward, and we will continue to work to explore all options.

Sincerely,

Julie M. Frick
Executive Director
Carver County CDA