

Cannon Falls, MN

HARDWOOD ESTATES

Case Study



August 2025

Project Location

72nd Ave Way
Cannon Falls, MN 55009

Primary Contact

Laura Qualey
CannonFalls EDA/CEDA

Phone

651-329-5116

Email

laura.qualey@cedausa.com

Website



Background

Cannon Falls, MN is a community of 4,220 conveniently located between the Twin Cities and Rochester; Red Wing, Northfield and Hastings. It is the perfect location for a couple to raise a family and their children can attend a smaller school district while having the convenience of urban life and world renowned healthcare within 40 miles. However, Cannon Falls had zero residential lots for new homes to be constructed and they were experiencing the smallest growth percentage over their neighboring communities along the highway 52 corridor as well as other smaller communities within the County. In the last 10 years, the community had only grown by 135 people; and 236 over the last 20 years!

To break this cycle, the Cannon Falls Economic Development Authority (EDA) established a proactive response to their situation. Rather than waiting for private investment, the EDA stepped into the role of developer, leveraging municipal resources to construct the Hardwood Estates subdivision. With permission of the EDA Board, one of the Board Commissioners approached the land owner of Hardwood Estates in mid-2022 and negotiated a proposal for purchasing 40+ acres. The property was directly across the road from the school, in city limits, and had previously started a development with only six platted lots. The proposal was a down payment of \$200,000, 4-yearly installments of \$150,000 plus 5% interest on a Contract for Deed with a caveat that he releases the sections of land as they are developed. This would allow the EDA to develop the subdivision in phases and at the pace the market demanded. Once this purchase agreement was locked in and in place, the Board had a bigger ask on their plate.

The EDA Board approached the City's Finance Committee with their proposal and plan as to how they would purchase the land, but would need an inter-fund loan from the City in order to cover the costs for engineering, infrastructure and construction for the first phase; then with the lot sales generated, they would be able to pay for the next phases. They received a recommendation from the Finance Committee to proceed to Council, but they did not receive full support from Council, but they had enough votes to approve the funds for project to move ahead.

The EDA worked with their contracted City engineering firm, WHKS to plan, design and oversee the construction of the project which was designed for four phases and a 2.55 acre park. The first phase broke ground in 2023 and was completed in 2024 with 29 lots; the second phase began in late 2025 and was recently completed in August 2026 with 27 lots (2 of which were replatted from twin home lots to single family lots); and the remaining two phases will be combined into one final phase which is anticipated to break ground in 2027 for the remaining 46-52 lots totaling 100-106 lots. Two builders have been successful attracting buyers and building new homes in the development. There is no agreement with any builder, so any party is allowed to purchase a lot and build a home with whomever they choose. Lot prices are non-negotiable. Builders are attracted to the prices and appreciate that all costs are built into the price.

The results of the Hardwood Estates model proves that creative thinking, partnership and a municipality can successfully catalyze its own growth through disciplined, public-led real estate development. By stepping in to absorb early-stage land and infrastructure risks, rural communities can establish a pipeline that attracts homebuilders, increases the property tax base, and secures long-term population stability.

As of August 2026, this development has generated over \$1.89 million in lot sales for this project and by adding 18 new homes to the tax roll, it has added **\$8,326,866** of taxable market value to the community.

Project Description

Hardwood Estates housing development is owned by the Economic Development Authority of Cannon Falls and was created as a response to the lack of housing development that was occurring in the community. It was designed to provide housing for anyone during any time of their life cycle. It is 40+ acres on the easternmost edge of town located directly across from the Cannon Falls Area Schools and is flanked by two churches at the intersection of Hwy 19 and County 24. This development is nestled at the base of the bluffs, offering a sense of the countryside but with the amenities of the city. Once developed, this brand new neighborhood will have a mix of twin homes, villas and single family homes with a park to suit the community's needs.

Purpose:

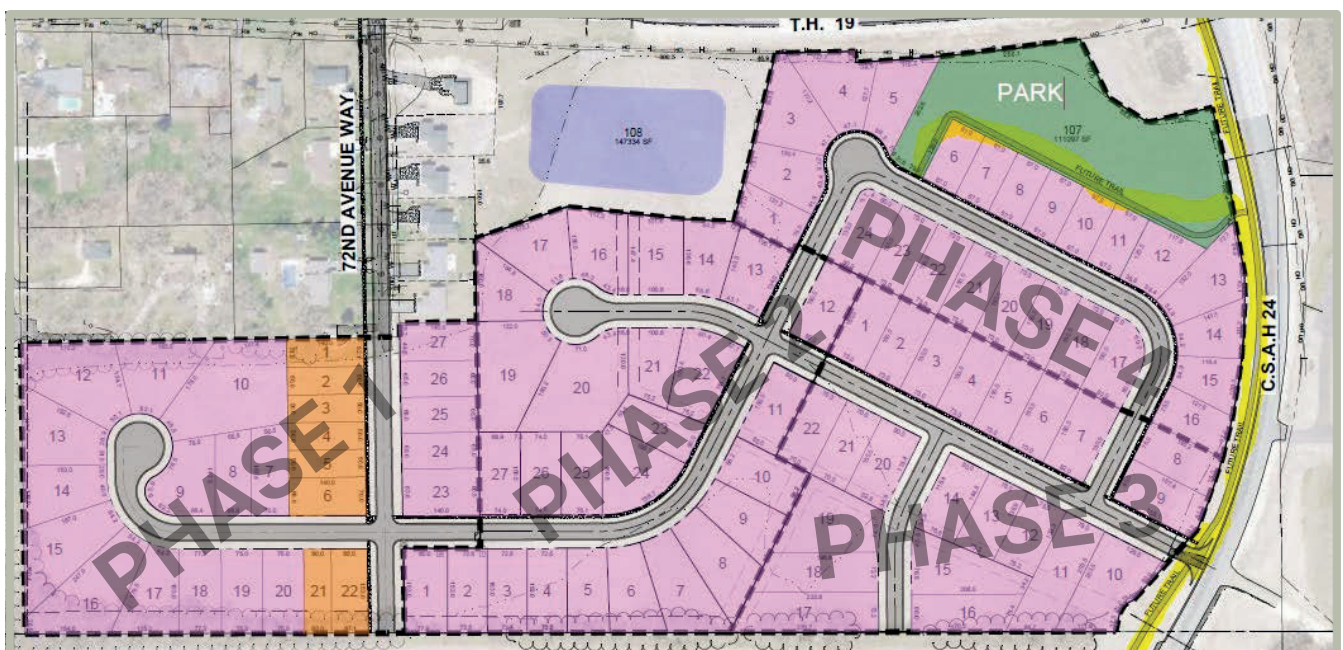
- Create a housing churn to provide new construction (move-over/down-sizing/up-sizing) and freeing up older inventory for first time home buyers.
- Increase school enrollment. Graduating class sizes are larger than incoming Kindergarten classes.
- Provide housing for workforce. Employers need a larger employment pool.
- Reach the population goal of 5,000 residents.

Who was Involved:

- **Cannon Falls EDA** – Initial Discussions, Planning and Approval of Plans, Pricing and Processes
- **CEDA** – Project Management of Marketing, Lot Sales, Real Estate Management, Closings, Promotion, Relationship Management with Builders and Realtors.
- **City Council** – Inter-fund loan for Infrastructure, Construction & Engineering Costs.
- **WHKS** – City Engineering Firm – Designed plans, construction oversight, consulting services.
- **Glenn Mulvihill** – Property owner; sold the land to the EDA on a Contract for Deed over 4 years; 5% interest and \$200,000 downpayment. Would release acreage as it was developed.
- **Fieldstone Family Homes** – Builder from Burnsville provided marketing, signage, realtors, model home
- **Johnson-Reiland Builders** – Builder from Dundas provided marketing, signage, model home

Incentives

- None



Project Funding

<i>Funding Source</i>	<i>Amount</i>	<i>Details</i>
City of Cannon Falls Interfund Loan (0% interest; 20 year term)	\$1,245,857.20, plus engineering costs	Phase 1 infrastructure, construction, utilities and engineering costs.
CF EDA	\$876,104.17	Cost of land, plus interest.

Timeline

<i>Year</i>	<i>Description</i>
August 2022	EDA discussed the idea of negotiating a deal with the land owner for the property.
December 2022	EDA made downpayment of \$200,000 to land owner and close on the property.
April 2023	Concept Plans reviewed by EDA
September 2023	Phase 1 bid awarded to Albrightson Construction for \$1,245,857 . Received 18 bids total!
October 2023	Phase 1 site prep begins (removal of trees, grading & most of infrastructure in ground for Hardwood Estates for 29 lots completed by December.
April 2024	City Council approves Interfund Loan for EDA
August 2024	Phase 1 construction complete; 7 building permits issued; 16 purchase agreements signed.
October 2024	EDA Approves proceeding with Phase 2.
May 2025	Phase 2 Pre-Plat presented to Planning Commission for 27 lots
August 2025	Phase 2 bid awarded to Northwest Asphalt for \$1,123,093.98 .
September 2025	12 building permits issued; 5 more purchase agreements signed for Phase 1.
October 2025	Phase 2 site preparation begins (removal of trees, infrastructure installation)
December 2025	Lot sales for Phase 1 totals \$1.4 million.
April 2026	Phase 2 construction begins again for final infrastructure, grading and streets.
July 2026	EDA approved proceeding with next phase but combining Phase 3 & 4 into ONE phase to reduce expenses and mobilization costs. Final phase will create 46-56 lots.
August 2026	Phase 2 complete and houses are going up! 7 lots sold; 7 purchase agreements signed; 4 pending contracts. Lot sales total \$1,889,450! 27 houses built.

Cannon Falls
Come for a day. Stay for a lifetime!

Outcomes

Public Response

- Employers and School Board were supportive of the opportunity for new residents to have the ability to buy a home. (Housing Churn)
- The Parade of Homes brought hundreds of people to the community over the past couple of years that have come to tour the model homes in Hardwood Estates. This is great for the community.
- As houses are being built in the second phase it is more visible to people traveling into town it is creating more attention to the development.

Challenges

- Getting buy-in from all Council Members to cover significant costs of infrastructure upfront.
- Navigating the art of becoming a developer.
- We are still in need of a Safe Route to School from the development to the elementary and middle/high school as a busy highway lies in between them.

Who's Living There?

- 11 sets of homeowners are new residents to Cannon Falls. Some are retired, some still working and like the location of being between the Twin Cities and Rochester.
- 3 Boomerang couples built new homes and moved back to Cannon Falls. *Boomerangs are people that grew up in the community, graduated and returned after being away.*
- 3 couples moved into town and sold their place in the country as this is their 'age in place' home.
- One couple sold their home in town and built their dream home they will retire in. Their previous home was purchase by a younger couple that was new to the community.

What's Been Rewarding?

- Seeing the rooftops going up in the development
- New residents moving to Cannon Falls and seeing new friendships being made.
- Increase in local tax base. Taxable Market Value of first 18 homes built from 2024-2026 **\$8,326,866!**
- Spreading the word about the success of this development with other rural communities to encourage them to replicate it on their own scale.

What's Next for Cannon Falls

- Cannon Falls is finishing up its Comprehensive Plan in late 2026 which is a wonderful way to end the year.
- The City is also beginning a Master non-modal streets, trails and parks plan to align with other capital improvement projects for the community to align with goals that are outlined in the new Comp Plan and a recent Active Transportation Plan from 2025.
- With the new housing that is under construction and new residents moving in, the City is ready to make changes that align with a vision for the future.

