

# Benson Cottage Square

Case Study

Benson, MN

August 2025



**Project Location**  
7<sup>th</sup>/8<sup>th</sup> Streets N.,  
Benson, MN  
56215



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## Background

The Benson Cottage Square project consists of 23 slab-on-grade duplexes – each offering 2-bedroom/one bath and 3-bedroom/two bath rental units (46 total units) sized at approximately 1,020 sq. ft. and 1,115 sq. ft. respectively. Units include a two-car garage, individual laundry, large walk-in closets, covered patio/entrances and were designed with accessibility in mind.

This project is located on a site where infrastructure had been installed in 2007 for a project that never materialized due to the housing crash. For years, the site sat undeveloped until talks between the City of Benson and Swift County began in 2021 as a response to a growing number of housing inquiries and persistent low vacancy rates. City and County administration, along with the Swift County HRA and Benson EDA, recognized the need to explore residential development. Duplexes were chosen to align with the existing infrastructure and neighborhood design.

Once the project was defined and ready for construction, six developers were considered with CS Nelson Properties of Sauk Centre being selected for their willingness to partner with the city, proven success in small communities, and readiness to begin construction. As part of the development agreement and requirement of TIF, at least 20% of the units must be rented to households earning less than 50% of the county's median income.

The construction of the project was broken into three phases, expanding each time due to the unexpected high demand. Phase 2 began in 2023, *four years earlier* than originally planned and was completed in 2025. Phase 3 of the project was originally thought to be a long shot and was not even scheduled for construction, but again, due to the high demand, it is now slated for construction in the fall of 2025. While the original intent was to provide senior-friendly, single-story living, the duplexes ended up attracting a mix of younger families, seniors, and workforce tenants.



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# Project Description

Selecting a project type that matched the preexisting infrastructure helped to reduce costs and speed up the construction process. In addition, the exterior design of the units fits well with the surrounding neighborhood. Accessibility features such as zero step entries, walk-in closets, wide entrances/hallways, open floorplans, and walk-in showers catered to the appeal of both seniors and families.

## Purpose:

- Address the urgent housing shortage in Benson.
- Supply more housing options for seniors.
- Provide workforce housing for local manufacturers and service employees.
- Ensure that any new development would fit seamlessly into the existing neighborhood.

## Who was Involved:

- City Administration – Initial planning & infrastructure installation
- County Administration – Initial planning & discussions
- CS Nelson Properties – Developer
- David Drown Associates – TIF (Ph. 1 & 2)
- Swift County HRA – Initial planning & discussions; funding (LHTF)
- Benson EDA – Planning & incentives
- Ehlers Public Finance Advisors – TIF
- Taft Law – Development agreement

## Incentives

- Tax Increment Financing (TIF) to cover infrastructure installation of Phase 3
- Waived building permit, inspection, and utility access fees (all phases)
- City provided the land for \$1 per parcel with claw-back clauses
- Installed full infrastructure for Phase 3 (sewer, water, stormwater, electric, lighting, curb/gutter, streets, utility hookups)
- Swift County Local Housing Trust Fund (LHFT) helped pay for underground utilities and site prep



# Project Funding

| Funding Source                              | Amount        | Details   |
|---|---------------|---|
| City of Benson Interfund Loan (4% interest) | \$1,513,890   | Primarily infrastructure for Phase 3, reimbursed by TIF   |
| Swift County Local Housing Trust Fund       | \$330,000     | Was used by the developer for underground utilities, excavation, sewer, water, and ground mitigation for the foundations. |
| CS Nelson Properties                        | Not Disclosed | Private financing   |

The estimated cost per unit is around \$150,000.

## Timeline

| Year             | Description  |
|------------------|--|
| Feb 2021         | Initial conversations between City, County, HRA and EDA                  |
| April/May 2021   | Interviewed potential developers   |
| November 2021    | Selected CS Nelson Properties as developer                               |
| End of 2021      | TIF District established   |
| June-Dec. 2022   | Phase 1 construction (4 duplex buildings, 8 units)                       |
| July '23-May '25 | Phase 2 construction (8 duplexes, 16 units)                              |
| February 2024    | Swift County Housing Study completed                                     |
| Summer 2025      | Phase 3 site preparation (removal of trees, infrastructure installation) |
| Sept '25-Dec '26 | Phase 3 construction (11 duplexes, 22 units)                             |



# Outcomes

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## Public Response

- Overwhelmingly positive – neighbors were pleased to see the previously vacant land developed
- Minor concerns about noise and wildlife near retention ponds, which were mitigated through site planning and education
- Publicity was limited intentionally due to high demand, though the project was covered in local newspapers and mentioned in city social media features

## Challenges

- Staff turnover among key City and County staff
- Housing study from the early 2010s had suggested no further housing was necessary due to declining population trends
- City needed to cover significant costs of infrastructure upfront before TIF reimbursement
- Community concerns about fairness in incentive distribution were addressed through transparency and outreach

## Who's Living There?

- Retired seniors
- Young families
- Employees of local manufacturers (some sharing units)
- Approximately 40% of current renters have relocated from other communities

## What's Been Rewarding?

- Development of long-unused land
- New residents moving to Benson
- Increase in local tax base
- Sparked other private investment nearby (additional twin and single-family homes)

## What's Next for Benson?

- Exploring Phase 4 (preliminary only)
- Working on SCDP grants for rehab and owner-occupied housing
- Planning new incentives for single-family housing development
- Continue to implement recommendations from the 2024 Swift County Housing Study

