

AGENDA

MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, March 9, 2004

6:00 p.m.

***Please note change in location**



**Mezzanine Conference Room
Minnetonka City Hall, Upper Level**

1. Call to Order.
2. Roll Call:

Paula Chatterjee	Peter St. Peter
Dan Duffy	Al Thomas
Dave Larson	Tony Wagner
Bunny Robinson	Bob Walker
3. Approve minutes of February 3, 2004 EDA Meeting.
4. Staff Report.

BUSINESS ITEMS

5. Highway Construction Update by City Engineer Lee Gustafson.

Action recommended is to receive the update.

6. Development Reviews.

- 6-unit housing development at 10413, 10405, 10401, and 10402 34th Circle West (Curt Fretham)
- 25-unit housing development at 2201 Crosby Road (Keith Waters)

Actions recommended are motions recommending the number of affordable/life-cycle units for the developments.

7. March 1 City Council Study Session update and continued discussion on lifecycle/affordable housing.

Action recommended is to hold the discussion.

8. Other Business.

The next regular EDA meetings are:

- Tuesday, April 13, 2004 at 6:00 p.m.
- Tuesday, May 11, 2004 at 6:00 p.m.

9. Adjourn.

**Minnetonka Economic Development Authority
Meeting Minutes**

**February 3, 2004
6:00 p.m.**

****Purgatory Creek Room**
Minnetonka Community Center, Upper Level**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 6:10 p.m.

2. ROLL CALL

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson, Peter St. Peter, Al Thomas, Tony Wagner, and Bob Walker.

Staff present: Geoff Olson and Elise Souders.

Others present: Neil Hering, Tom Threlkeld, Arnie Zachman, Dan Kelly, Richard Feerick, Terry Egge, Randy Hamborg, and Jeanne Mason.

3. APPROVE MINUTES

Robinson moved, Larson seconded a motion to approve the minutes of the December 9, 2003 EDA meeting. Duffy, Larson, St. Peter, Thomas, and Walker voted "yes". Wagner abstained. Motion passed.

4. STAFF REPORT

St. Peter welcomed EDA Commissioner Tony Wagner as the new Councilmember representative to the EDA and also noted Bob Walker and Paula Chatterjee had been reappointed for another term.

Souders reviewed the staff report, updating Commissioners on Dial-a-Ride, the Family Affordable Housing Program, Crown Ridge, Minnetonka Boulevard/County Road 101, WHAHLT, and Community Involvement Programs. She also noted upcoming events and the updated roster included as an attachment.

St. Peter asked that when Community Involvement Program submits their application the EDA be asked to review the proposal.

BUSINESS ITEMS**6. EDA RESOLUTIONS**

(This item was taken up out of sequence.)

Resolution approving the change in the indexing system used for affordable housing resale prices to 50% of the average annual percent increase of the metropolitan area.

St. Peter said the resolution was an outcome of previous discussions regarding the change Commissioners had recommended in the indexing system.

Walker moved, Robinson seconded approval of the resolution revising the indexing system to use 50% of the average annual percent increase as suggested previously.

Duffy asked why there was no mention in the resolution about where the average sales price of the metropolitan area comes from. St. Peter responded because the body, which puts out the information changes, as well as the number of counties included in the report, and therefore should not be put into the resolution.

Wagner clarified this would apply to units built after this point, and that the other units using the current indexing system would be grandfathered in.

Larson said he was surprised to see how much the average price went up when the system was changed from seven counties to thirteen counties.

All voted "yes". Motion carried.

Resolution approving the EDA's recommendation on the inclusion of 10% to 20% of the total units in multi-family developments as affordable housing.

St. Peter said this was a policy that the EDA had discussed previously during the housing needs study and a resolution should be put in place affirming this is what the EDA wants to happen.

Walker asked what drove the 10% to 20% range and a different set numbers was not used. St. Peter said after looking at other national examples it was typical to see inclusion rates between 8% to 25%.

St. Peter said the 10% to 20% numbers are a recommendation, a guideline to give to staff, and are not fixed numbers. Ultimately, he said, the City Council has the final say.

Duffy moved, Larson seconded a motion approving the EDA's recommendation on the inclusion of 10% to 20% of the total units in multi-family developments as affordable housing. All voted "yes". Motion carried.

5. AFFORDABLE HOUSING COMPONENT PROPOSED WITH A 13-UNIT TOWNHOUSE DEVELOPMENT AT 14201, 14213, AND 14225 EXCELSIOR BOULEVARD.

(This item was taken up out of sequence.)

Souders reviewed the staff report and recommended that two affordable units be included and that they be transferred to the city or an affordable housing organization designated by the city, at a cost not to exceed \$170,000 each.

St. Peter reviewed the process to be followed for the evening's meeting and referred to Olson to add additional comments. Olson said the Planning Commission, when they reviewed this item at their January 15th meeting, spent time negotiating with the developer so that there were some upscale features added to the architecture of the building, and also that there was one affordable unit included. He also commented that this site may help to bring additional redevelopment in the Glen Lake area. Olson said that the Planning Commission favored one affordable unit; however, they also said it was up to the EDA to make the recommendation to Council on the number of affordable units that should be included.

Wagner asked if the 155 affordable units mentioned in the staff report, that were counted toward achieving the Livable Communities goals, were new development or all of the affordable owner-occupied homes in the city. Souders replied the 155 were new units that had been built since 1995. Wagner asked if that included those units that may not be affordable now. Souders said the units that were counted were ones that were initially sold at an affordable price.

Wagner asked Olson if the Parker's Lake Road Condominiums was the Yellowstone development. Olson said they were and the new indexing system would be used on the affordable units included in that project.

Duffy inquired about the upgrades of the units and what the discussion by the planning commission was on screening and landscaping. Olson said the original plan had showed a fence; however, the neighbors were opposed to a fence. He said staff had received a revised landscaping plan and were satisfied with the changes.

St. Peter asked what the price range would be for the market rate units. Arnie Zachman, the applicant, responded that with the upscale features the prices would be \$450,000 to \$500,000. He said the original plan without the upscale features would have been \$350,000 to \$400,000.

St. Peter opened up the comment period.

Dan Kelly, attorney representing the applicant, provided some additional background information regarding the architectural component of the units. He said the difficulty

would be balancing the new, upscale look with a less expensive price. Kelly said Olson had described the Planning Commission meeting correctly in that there ended up being a lot of negotiating as to what architectural features would be acceptable to the city, what would be financially acceptable to the developer, and what would be acceptable for the inclusion of affordable units. The purpose of the negotiation, he said, was to make the development financially feasible to the developer, and also to have the development overall acceptable to the city. He said any affordable unit that would be developed would be at a loss to the developer. The lot costs alone he said were between \$130,000 and \$150,000. Kelly said the process with the Planning Commission was good and that one affordable unit was acceptable. He said more Planning Commissioners were leaning toward one affordable unit, and the developer was trying to satisfy the city's wishes and therefore one affordable unit would make it financially feasible for the developer to do this. Kelly also mentioned that the one affordable was consistent to what was shown in the staff report for other developments.

Randy Hamborg, Lakewoods Townhouses, said he is a supporter of affordable housing and is glad to see that it is developing in the city. He thought that looking at the size of this development, having only thirteen units, that two units would put a burden on the rest of the association. He was supportive of having more affordable units when past plans had showed a condominium because that burden would be able to be spread over more units. Hamborg said the families that would be looking for affordable units would do better in a detached single-family home instead. He felt the two affordable units would not work in this development and that possibly another affordable unit could be created elsewhere.

Terry Egge, 14429 Stewart Lane, said her role at the evening's meeting was as a neighbor. She said she is for affordable housing and is president of the WHAHLT board. Egge said because of her experience with WHAHLT she understands how hard it is to market townhouse units to people because families with children want single-family homes. By having seniors moving into these townhouses it frees up single-family homes for the families. She stressed the importance, being a townhouse owner herself, that the association dues associated with repairs could be burdensome to owners of these affordable units. Egge also clarified the Planning Commission's recommendation and said that they recommended one unit, but the recommendation to Council for the number of affordable units will come from the EDA.

Jeanne Mason, owner of the property, said the development is small and she felt one affordable unit was appropriate.

Zachman said when he originally started with the process, meetings that he had with staff indicated that one affordable unit would be fine, but staff had changed their mind and he might be forced to include two affordable units. He emphasized that the other buyers would have to subsidize not only the original cost of the units, but also the association dues.

St. Peter closed the comment period. He said that staff's recommendation is a recommendation and that the EDA can change it if they see it is appropriate to do so.

St. Peter also commented the City Council has the final decision and that staff, the EDA, and Planning Commission are all advisory.

Wagner asked Olson to clarify the density of the development. Olson said the density of the development was at the low end of medium density. Olson explained for the EDA Commissioners the range for medium density.

Thomas asked for an additional explanation behind staff's recommendation of two affordable units. Souders answered that the location of the development had been previously identified by the EDA as an area where affordable housing would be suitable, and using the criteria the EDA had to rate these areas, the Glen Lake area was rated positively on four of the five criteria and neutrally on the other. Souders also said the EDA's policy was that 10% to 20% of the units in a multi-family development be made affordable. She said two affordable units would be inline with this policy.

Duffy also added this was one of the top three areas the EDA had identified for potentially having some sort of mixed-use development and other redevelopment. He said he felt that having upscale features on this development would lead to other redevelopment in the area, and if in order to make that happen only one affordable unit was included that would be okay.

Larson said he attended the Glen Lake Planning Study Meetings. He said it was dollars versus density and that this property is zoned for office and he would rather see housing instead of an office building. He felt the entire Glen Lake area was ideal for young families and single mothers. Larson said he would like to see two affordable units included and that they be open to young families. He also mentioned he was concerned about the ability to maintain affordability with the units.

Robinson said she liked the idea of having two units and also that she liked the idea of being able to maintain affordability.

Thomas asked the applicant what he would do if the EDA recommended two affordable units to City Council. Kelly responded that at some point someone would have to pay for the affordable units and he wondered what sort of buyers would be willing to do that. He said buyers look at location, but also the size of the units and the price. Kelly said they could not say one way or another if they would go ahead, but two affordable units would make the project more difficult.

Thomas said he agreed with Duffy's comments about having one affordable unit with upscale features if that would help to lead toward more redevelopment for the area. He said he would like to have two units, but with one affordable unit it would create a certain design level for the whole area.

Wagner said the development would be medium density and in the past there has been a tradeoff between density and affordable housing, but because this development is at the low end of medium density he felt one affordable unit was appropriate.

St. Peter said that while that has been the case with density, the applicant is also requesting a guide plan amendment and a number of variances, so those requests need to be taken into account when deciding the appropriate number of affordable units. He said there is less area to develop and redevelop, and because of that, the city should seek to achieve as much as possible because land is only going to get more expensive. St. Peter made the recommendation that the \$170,000 number in staff's recommendation should be changed from now on to the Metropolitan Council's affordable housing price at the time of development because this number could potentially change prior to the development. He also suggested another possibility, instead of including two affordable units in the development, that the recommendation could be the inclusion of one affordable unit and one equivalent either as another affordable unit or as a financial payment for that unit. This would be a way to accomplish the policy objective, but it would not all have to be in the development. He said he was also concerned about the association dues.

Robinson asked for clarification on St. Peter's alternative possibility.

Duffy said looking long term, there would be more opportunities in Glen Lake to add affordable units.

St. Peter said the purpose is to accommodate both the goals of the developer and of the EDA. He said the long-term infill will focus on higher density. He also mentioned that association dues need to be looked at.

Egge said in her work with WHAHLT that they have not yet experienced association dues with townhouses. She also said she feels that the Glen Lake area needs a good starting point to develop properly.

Walker said land is a diminishing asset in the city. He also said the EDA has a policy of 10% to 20% inclusion of affordable units in multi-family developments, and by only including one affordable unit would create a precedence for future developments. Walker said he liked St. Peter's idea of having one affordable unit within the development and the second affordable unit either be included in the development or be provided as a financial payment. He thought this expresses the city's affordable housing policy and shows that they are serious about it. Walker thought the Glen Lake area was an important area.

Richard Feerick, 13995 St. Andrews Drive, said the affordable housing should have been included as part of the Planning Commission's negotiations with the developers.

St. Peter commented that what has been said previously in meetings with staff and the developer is not set in stone.

Thomas asked the applicant if the one affordable unit in the development and a second affordable unit either included in the development or, as a financial payment would work. Kelly said it would seem to resolve some of the problem of having the other buyers subsidize the cost of the units, but there was still concern about the subsidizing

of association dues. He restated what was said in the Glen Lake Planning Study about the upscale features and that this property should be a gateway into the city. Kelly said the city had always said that one affordable unit would be okay. He said they may have to re-look at the architectural features again if two affordable units are recommended.

Larson said the Glen Lake Planning Study Meetings were a collection of people's thoughts and the majority did not want a condominium building included. He said he does not think that the developer will have any problems selling the buildings because of the area in which they are located and that the market will bear whatever price is set. Larson said that the EDA should follow the guidelines that they have set and that two affordable units are appropriate.

Zachman said the Glen Lake Planning Study was looking at fifteen to nineteen units, but he cannot put more than thirteen units on the property because of the variances needed.

St. Peter responded part of the trade-off to receive variances is to include affordable units, and that in the Enclave's development it did not require any variances, hence the reason why only one affordable unit was included.

Walker clarified what the Planning Commission's recommendation was. Kelly responded that what was in the staff report was not what was talked about at the meeting. Egge clarified that the Planning Commission recommended one unit, but that the judgment would be left up to the EDA to decide. Walker reminded the group that both Commissions are advisory.

Duffy asked for clarification on the prices for the market rate units.

Larson compared the features of the Glen Lake area with the Marketplace Lofts development in downtown Hopkins. He said many of the units at the Marketplace Lofts were selling easily even though they were more expensive and did not have much of a view, while these townhouses would have a much more appealing view.

Robinson moved, Larson seconded a motion to approve the recommendation "That two affordable housing units be included, and they be transferred to the city or an affordable housing organization designated by the city, at a cost not to exceed \$170,000 each."

Walker moved, Thomas seconded a motion to amend the original motion replacing the two affordable housing units with one affordable unit within the development and the second affordable unit be built in the development or be satisfied as a financial contribution.

Wagner clarified if this amendment would add a fourteenth unit or if there would be another affordable unit elsewhere. He said if there were fourteen units then that would go back to the Planning Commission.

On the amendment, Wagner, Walker, Thomas, Duffy, St. Peter, and Larson voted yes. Robinson voted. The amendment carried.

On the original motion, Robinson voted yes. Wagner, Walker, Thomas, Duffy, St. Peter, and Larson voted no. Original motion failed.

Larson moved, Wagner seconded a motion to amend the amended motion "That one affordable housing unit be included within the development, and a second affordable housing unit either be included in the development or as a financial contribution, the affordable unit(s) included in the development be transferred to the city or an affordable housing organization designated by the city, at a cost not to exceed the Metropolitan Council's definition of affordable housing at least sixty days prior to the closing on the affordable units."

All voted "yes." Motion carried.

7. CONTINUED DISCUSSION REGARDING RESIDENTIAL DENSITY AND LIFE-CYCLE/AFFORDABLE HOUSING.

Souders reviewed the staff report and said this was a continued discussion of the density and housing issues the EDA has looked at previously. She also noted at the March 1 Study Session of the City Council there will be discussion on land use and development issues including density and affordable housing.

The EDA felt that this item would be best to be tabled until after the March 1 Study Session.

8. OTHER BUSINESS

St. Peter mentioned another project, the Crane Lake Condominiums that may be coming forth for review. He said when this project comes to the EDA, that he will be excusing himself from the discussion and that staff will receive a letter noting this. Wagner said he would like the EDA to review the Crane Lake Condominiums prior to the Planning Commission meeting. Olson said the Crane Lake Condominiums are looking for concept approval first before any development reviews. Walker also added to make sure the developers were aware of the inclusion of affordable units.

Souders reminded Commissioners the next regular EDA meeting is March 9.

9. ADJOURN

Robinson moved, Thomas seconded a motion to adjourn. All voted "yes." Motion carried. The meeting adjourned at 8:20 p.m.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director
Elise Souders, Community Development Coordinator

DATE: March 3, 2004

SUBJECT: Staff report for March 9, 2004 EDA meeting

1. Change in meeting locations

Beginning with the April 13th meeting, all EDA meetings will now be held in the Boards and Commissions room in order to accommodate additional people who may be attending the meetings. The Boards and Commissions room is located on the lower level of city hall.

2. Minnetonka Heights

Activities at Minnetonka Heights continue for a variety of programs. The Youth program, in addition to after-school activities, has been working with the YMCA to offer different field trips. The Minnetonka School District has also begun to offer classes at Minnetonka Heights including ECFE programming and ELL classes. In late 2003, management conducted a survey of their residents, and one of the results showed that more senior programming was needed. Currently, programs for the seniors include helping with mail projects, attending programming held by the Minnetonka Senior Center, and attending Hopkins Center for the Arts events. The Parent Leadership Program is continuing and a resident has taken on putting together programming for this group. Other programs occurring at Minnetonka Heights include: welcome baskets for new families, a housekeeping workshop, a workshop in starting a savings account, and Minnetonka Fire and Police gave a workshop in fire safety. Also, Minnetonka Community Education is looking at holding activities on-site, especially for teenagers in the summer.

3. Highway 7/Williston Road

Commissioners asked for an update regarding the old Total gas station on the northwest corner of Highway 7 and Williston Road. This property is now owned by Holiday, and in previous discussions with staff, have told the city that they would be removing the building. However, because Holiday has not removed the building staff has explored other alternatives, including having the city demolish the building. Unfortunately, there are legal and liability barriers that make this a poor choice.

4. Dial-a-Ride

The daily ridership average for January 2004 was 39.09 rides per day. The numbers will now be higher than last year's numbers because of the way that the Metropolitan Council has asked them to be reported. Before, it was only fare paying passengers that were counted, and any contracted trips (such as when the EDA used the bus in the past) were not counted. Now, because of the increase in contracted trips by the Minnetonka Senior Center, the Metropolitan Council has asked that these numbers be included each month as well.

5. Metro Transit Strike

As Commissioners are probably aware, the Metro Transit bus drivers officially began their strike at 2:00 a.m. Thursday, March 4th. Eight of Minnetonka's seventeen routes will continue to run as normal. These routes were contracted out by the Metropolitan Council at an earlier date to be run by independent transit providers, and therefore are not part of the same union Metro Transit drivers are. The Dial-a-Ride will also continue to operate its same hours during the strike.

Upcoming Events

Wednesday, March 17th—Boards and Commissions Training
6:00 p.m.
Minnetonka Community Center

Commissioners should have received an invitation to this event, an invitation & agenda are also included in the attachments. Please let Elise know if you will/will not be attending.

Wednesday, March 31st—Sensible Land Use Coalition Program
“Fiscal Cramdown” featuring Minnetonka City Manager
John Gunyou and Dave Strom from the
Taxpayers League of Minnesota.
11:30 a.m. to 1:30 p.m.
DoubleTree Park Place (St. Louis Park)

**If you are interested in attending please let Elise know by Tuesday, March 23rd.*

Tuesday, April 12th—EDA Meeting
6:00 p.m.
Boards and Commissions Room

Attachments

- Boards and Commissions Training invitation and agenda
- Sensible Land Use Coalition program information
- “Loft-style living is making a move to the suburbs”
Star Tribune January 30, 2004
- “Woodbury: Suburb eyes community land trust”
Pioneer Press December 28, 2003
- “Livable Places Update” January 2004

Upcoming EDA Meetings

Updated March 1, 2004

Meeting Date All meetings at 6:00 pm unless otherwise noted	Item Description	Room/Special Notes
Tuesday, March 9	Regular EDA Meeting	Mezzanine Conference Room <ul style="list-style-type: none"> • Construction Update • Development Reviews • 3/1 Council Study Session follow-up
Tuesday, April 13	Regular EDA Meeting	Boards and Commissions <ul style="list-style-type: none"> • Development Reviews • Election of Officers
Tuesday, May 11	Regular EDA Meeting	Boards and Commissions
Tuesday, June 8	Regular EDA Meeting	Boards and Commissions
Tuesday, July 13	Regular EDA Meeting	Boards and Commissions
Tuesday, August 10	Regular EDA Meeting	Boards and Commissions
Tuesday, September 21 <i>(Please note the date)</i>	Regular EDA Meeting	Boards and Commissions
Tuesday, October 12	Regular EDA Meeting	Boards and Commissions
Tuesday, November 9	Regular EDA Meeting	Boards and Commissions
Tuesday, December 14	Regular EDA Meeting	Boards and Commissions

Items to be Scheduled



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director

DATE: March 3, 2004

SUBJECT: Highway Construction Update

As EDA Commissioners know, there are several highway and roadway construction projects in the works for 2004-2006. City Engineer Lee Gustafson will attend the March 9th EDA meeting to provide an overview of the actual design and timing of these highway projects. Lee will also talk about the implications this construction poses for traffic on other roads in Minnetonka. For example, the Excelsior Boulevard bridge over I-494 will be impassable for about 10-12 months, and the road closed for that period.

Projects to be covered in the overview include:

<u>Project</u>	<u>Schedule</u>
• I-494 (Highway 212 to County Road 6)	2004-2006
• Eastbound I-394 bottleneck at 494	2005-2006
• I-394 westbound ramp at Ridgedale Drive	TBA
• County Road 101 (Highway 7 to Minnetonka Boulevard)	2004-2006
• County Road 73/Minnetonka Boulevard intersection	2005
• Baker Road/Excelsior intersection	2004

These projects will have a great impact on residents and businesses over the next three years. Accordingly, Minnetonka is planning a major communications campaign to help people cope with traffic delays and inconveniences.

Lee will present the update to Commissioners and invites your questions about these projects.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director

DATE: March 5, 2004

SUBJECT: Affordable housing request for a 6-unit, single-family home development on 34th Circle West.

Background

Curt Fretham is proposing to build six single-family homes on a vacant two-acre site at the end of 34th Circle West (see enclosed maps).

This proposal requires the following city approvals:

- Rezoning from Planned Unit Resident Development (PURD) to Planned Unit Development (PUD) with a master development plan.
- A preliminary plat of the property.
- Right-of-way vacation on 34th Circle West

The development has been referred to the EDA regarding the affordable housing aspect. The Planning Commission is scheduled to consider the development approvals at its meeting of March 18.

Staff is recommending that one affordable house be included among the six new houses being proposed. We recommend this because the six lots are a 50% increase over what is allowable under a previous approval, and a change in wetlands on the site.

Development Proposal

A PURD was approved for this site in 1978. The plans called for two single-family homes and two, two-unit duplexes, or six total units to be built.

In the more than 25 years that this site has remained vacant, the wetland located on proposed Lot 3, Block 2, has gotten larger. As a result, this lot, which was planned for a duplex, has become unbuildable due to the restrictive setbacks from the two streets and the wetland. The city attorney has advised staff that reasonable use of this site would be four units, not the six that were previously approved.

Planning staff believes a rezoning to PUD for six units is justified if the project includes affordable housing, and there is better protection of the site's natural features.

Affordable Housing

As mentioned, reasonable use of the site now would be for four units: the duplex at the end of the cul-de-sac, and two single-family homes on the west side of 34th Circle. Therefore, to justify increasing the number of units from four to six, and rezoning the site to PUD, staff recommends that one of the units be for affordable housing. However, the applicant has not agreed to provide affordable housing for this project.

Minnetonka's zoning ordinance states that the overall density of a PUD development must be within the range specified in the comprehensive plan (1-4 units per acre). Density of the proposed development would be 3 units per acre. Because the density is on the upper end of the scale, staff believes the city's affordable housing request is justified.

Protection of the Site's Natural Features

Also, planning staff does not believe that the applicant has minimized impact to the wetland and the mature trees on the site. Of most concern are the trees on the west side of Lots 1-3 of Block 1. Because of the proposed shared driveway for the westerly houses and the proposed house designs, these trees would mostly be removed. The applicant would like to remove these trees so homeowners would have a view of the golf course to the west. However, these are very high quality mature oak and cherry trees. Staff believes they should be preserved. Therefore, as a condition of any approval of this plan, the homes must be constructed away from these trees and conservation easements placed over the area to permanently protect them. To adjust the building pads on the site to accommodate the conservation area, the shared driveway should be eliminated. This would also reduce impervious surface over the site. Additionally, there are areas in which mature trees could be saved around the cul-de-sac, simple by modifying the grading plans.

There is another large oak on proposed Lot 2, Block 2. This tree was required to remain as part of the previous site plan approval for this site, although the applicant now proposes a shared driveway over this tree. Therefore, as a condition of development approvals for this site, the driveways must be relocated, and this tree protected.

A 25-foot buffer with conservation easement around the wetland on the east side of 34th Circle would also be required. The development itself would not negatively impact the

wetland if proper erosion control measures were taken during home construction. Any negative wetland impact would likely be from future homeowners sodding and fertilizing the area around the wetland, which would add nutrients to the wetland that could further degrade the quality of these environments. A wetland buffer is required around the wetland on the property, and the conservation easement, would require this area to be left in the natural condition. Lawns would not be permitted in this area. Installation of tree protection fencing would be required around all of the trees that are to be saved before a grading permit would be issued.

The existing drainage from the site flows from west to east from the golf course toward the wetland. Additional drainage flows from the south to the north toward the wetland from the lot at the end of the cul-de-sac. These patterns would generally remain the same. The applicant must adequately control the drainage around the three western homes. A swale or drainage wall must be located 20 feet from each of these homes to direct drainage along the side yards into the stormwater retention area.

EDA and Planning Commission roles

As EDA Commissioners know, many residential developments are now being referred to the EDA regarding affordable housing, and to the Planning Commission regarding the approvals for the physical development.

In order to have the best possible recommendations forwarded to the city council, it is important for the EDA and Planning Commission to respect the role each plays in this process. For example, while it is very important for the EDA to understand the physical aspects of a development proposal, it is not appropriate for the EDA to formally comment on or make recommendations about these aspects of the application. Similarly, it is not the Planning Commission's role to make recommendations about affordable housing.

Staff recommendation

Staff recommends the EDA adopt a motion making a recommendation to the City Council as follows:

That one of the six new houses be an affordable unit. This would be accomplished by selling the house to the city or its designee for \$170,000 or less, or by indexing the re-sale price, at the city's option. Plans and specifications for the house would have to be approved in advance by city staff.

Staff will review this information in further detail at the EDA meeting.



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: March 5, 2004

SUBJECT: Life-cycle housing component proposed with a 25-unit residential development at 2201 Crosby Road

Background

Keith Waters of Keith Waters and Associates, Inc. has submitted to the city an application for a single-family residential development located at 2201 Crosby Road (An area map and location map are included for your reference). The proposal is for 25 total units—19 single-family homes and 3 duplexes.

The Planning Commission reviewed this proposal at their March 4, 2004 meeting, and the City Council will be reviewing it at their March 29 meeting. The EDA is asked to review the affordable/life-cycle housing component of the development.

Development Proposal

The site is 24 acres in size, of which 13 acres will be outlots for the purpose of conservation easements and open space. All existing structures on-site will be removed and plans include wetland restoration. The homes would be centered around the “Village Green” area (a site plan is attached) with garages located in the rear of the home. The 17 single-family homes located around the Village Green area would have space available above the garage to construct an accessory dwelling unit (ADU).

The applicant is requesting a rezoning, preliminary plat, and conditional use permit for the accessory apartments (ADUs). The Planning Commission reviewed the proposal at their March 4th meeting and recommended to the City Council on a 5-2 vote that the project and the conditional use permit for the accessory apartments be approved.

Affordable Housing Component

The applicant is proposing to offer life-cycle housing in the form of ADUs in lieu of affordable housing units. Each of the 17 single-family homes located around the Village Green area would be designed to contain an ADU. A minimum of six of the ADUs would be constructed initially. If the ADUs are not constructed when the house is first built, there will be an option of finishing them at a later date, as all 17 of the Village Green single-family units will have framed-in space and utility rough-ins to accommodate construction at a later date if desired. The ADUs would be located above the garage, attached to the home, and would be approximately 950 square feet or 35% of the total gross living area of the house. Also included in the finished ADUs would be a living room, breakfast table, kitchenette, sleeping room, bath, washer and dryer, and would be accessed separately from the rest of the home (floor plans are included as an attachment).

The Planning Commission reviewed the ADU concept because accessory apartments require a conditional use permit. In the staff report, it was recommended that the conditional use permit for the accessory apartments be approved with the condition that at least six homes are constructed with finished ADUs. The Planning Commission was split on the ADU discussion. Some Commissioners felt that the inclusion of ADUs would set a precedent of having double-dwellings in a single-family area, there was concern that the city was trading life-cycle housing for affordable housing, and also a concern that the ADUs may never be rented to anyone but immediate family. Although some Commissioners agreed it might only be rented to family, they said it is still providing life-cycle housing to those members.

Discussion

The inclusion of ADUs into a development proposal is a new concept for the city and has not been done previously. While the city does allow ADUs to be constructed with a conditional use permit, it is typically the individual homeowner that adds an ADU to their home rather than the developer initially incorporating them into the building plans. The developer has provided information on how the ADUs would work (included as an attachment).

The development of the ADUs focuses more on life-cycle housing rather than specifically on affordable housing; however, there is an affordability component associated with building ADUs. ADUs are utilized by a wide variety of groups, from young adults to elderly seniors. They provide the homeowner with extra income to help with mortgage payments, making their home more affordable. ADUs may also be a source of affordability for the renters as well. Because ADUs tend to be smaller in size, and because rental agreements tend to be made between the homeowner and the renter, rents for ADUs can be more affordable than a conventional apartment building.

There are local examples where ADUs have been incorporated, including Clover Field in Chaska, that the EDA toured last summer. A total of thirty-four ADUs (a mixture of attached and detached units) will be built at Clover Field, with one-half to be rented by the owner of the house of the lot they are located on, and one-half to be owned and rented by the Clover Field Association. Currently, sixteen of the ADUs have been constructed and all of those have been rented. The one problem that ADU renters and owners have encountered at Clover Field are problems with heating the living space, creating high electric bills this winter. These problems have mainly occurred with the ADUs that are located above detached garages and not connected to the main part of the house.

The ADUs may not always necessarily be used as third-party rental units. Throughout the lifetime of an ADU there may be many changes in how the unit is used. While it may be rented by a third party at some point in time, it may also be used for young adults living with their family while starting a new career, or it may be used for elderly parents who need some assistance, and it may also be used as an extra space area for the family currently living there, along with other scenarios.

Recommendation

In this request, the EDA is being asked to review the affordable/life-cycle housing component. The developer is proposing a minimum of six ADUs will be built and all seventeen "Village Green" homes have framed-in space and utility rough-ins available for future construction of this space. The ADUs help provide more life-cycle housing rather than affordable housing.

Typically, the city has asked that affordable units be included in a development rather than life-cycle housing units. The focus of this development however, has been on a conservation type development rather than the addition of affordable units; however, the developer has agreed to construct ADUs. The inclusion of ADUs will offer life-cycle housing opportunities and potentially affordable rental opportunities as well. Because ADUs have never been included in a development previously, staff is unsure how the purchasers of the units will receive the concept.

Staff recommends the EDA adopt a motion making a recommendation to City Council as follows:

That a minimum of six accessory dwelling units be constructed, and the seventeen Village Green homes have framed-in space and utility rough-ins for future construction of accessory dwelling units. The accessory dwelling units would provide life-cycle housing in lieu of affordable housing.

Staff will review this information in further detail at the EDA meeting.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director

DATE: March 5, 2004

SUBJECT: Follow-up to the March 1 City Council Study Session on the city's development policies

Background

The city council planned for some time to have a study session discussion on the city's development policies. This discussion allowed the new council to discuss several important policy areas and to determine whether or not changes need to be made.

A copy of the staff report for the study session meeting is enclosed. As indicated in the report (and as previously discussed by the EDA), staff believes higher residential densities at appropriate locations can help achieve affordable housing and environmental protection goals. Discussion questions posed to the council included:

- Is the council willing to accept higher densities to achieve environmental protection and affordable housing goals? If not, will council consider requiring stricter standards?
- Is council willing to consider specific requirements to achieve environmental protection goals? If so, what standards should be applied and under what circumstances?
- Is the council willing to consider specific requirements and/or the use of public funds to achieve affordable housing goals? If so, what standards should be applied and under what circumstances?
- Does the council want to address other policies such as the development of lots-behind-lots, and design standards for building size, massing, appearance, orientation, and so forth?

All councilmembers were present, and participated in discussion about these questions. Follow-up to the study session will occur as described below.

Follow-up Sessions

City staff will be preparing material for a follow-up study session by the council, and we expect this will be refined by the council to reflect a consensus position. This study session is tentatively scheduled for April 14.

Following that work, the council intends to hold a joint session with the EDA and Planning Commission to discuss the development policies.

Staff would like to take a few minutes at the EDA meeting to discuss this process. Commissioners Thomas and Wagner may want to offer additional insight on the council discussions.