

REQUEST FOR COUNCIL ACTION

Date: July 23, 2012
Item No.: 13.a

Department Approval



City Manager Approval



Item Description: Discussion regarding the redevelopment of the Hagen Property at 2785 Fairview Ave. into market-rate apartments and the use of Twin Lakes TIF funds to assist in the project.

BACKGROUND

The Hagen property, located at 2785 Fairview Ave, currently contains a multi-tenant trucking terminal. In 2009, the City purchased approximately 2.05 acres of the property for future Twin Lakes right-of-way. The City was recently approached by representatives of the property and a developer regarding the redevelopment of the remaining 5.83 acres of the Hagen property into 215 market rate rental apartments.

The developers, AHMC from Eau Claire, Wisconsin, are proposing to construct three apartment over a three-year period beginning in the spring of 2013. They are proposing to have 1 and 2 bedroom units with high quality finish and amenities. The development will be served with underground parking for the tenants and a 4,500 square foot office/clubhouse. The developers Brian Solsrud and Cary Osborn will be present at the City Council meeting to provide some more detailed information about their project. Preliminary renderings and drawings of the site are included in Attachment C.

As part of the discussion with staff, the developers have identified a financing gap and have applied for TIF assistance. Staff has begun working with AHMC to determine if TIF is needed and if the project is eligible to receive assistance under the Twin Lakes Public Financial Participation Framework. Initial review indicates that the project will qualify for assistance and that a gap does exist in making the project feasible. From the initial analysis, it appears that the financial gap is due to higher per unit construction costs due to the higher finish of the units, unknown environmental remediation and soil costs, unknown road and utility costs of Twin Lakes Parkway, and the underground parking costs. Additional study will need to occur to better quantify the gap and potential assistance needed.

Staff would like for the City Council to have a discussion about the project in general and discuss the willingness of the City to provide assistance for the project. As mentioned previously, additional analysis will need to be done, so a final decision will need to be made at a later date, but before investing more time into the analysis, both staff and the developer would like to gauge the interest of the City Council in moving forward in exploring the City's involvement in assisting the project.

27 **POLICY OBJECTIVE**

28 Redevelopment of Twin Lakes has been a high priority for the City for many years. The proposed
29 multi-family housing development helps the area achieving a mix of uses.

30 **FINANCIAL IMPACTS**

31 At this time, it is unknown what amount assistance for the project is needed. The area lies within TIF
32 District 17/17A. TIF 17 has a small existing balance currently and is currently expected to assist in
33 paying for the road and utility improvements in Twin Lakes. TIF 17A has a healthier balance, but its
34 use is restricted to environmental remediation. It is expected that further analysis of the project will
35 bring forward specific recommendations on how these funds would be affected if assistance is given.

36 **STAFF RECOMMENDATION**

37 Staff believes that the proposed apartment development on the Hagen Property is very desirable and
38 consistent with the vision of Twin Lakes. Staff would recommend that the City continue to work with
39 the developers to determine if financial assistance is possible for the project.

40 **REQUESTED COUNCIL ACTION**

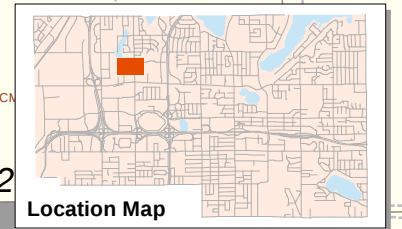
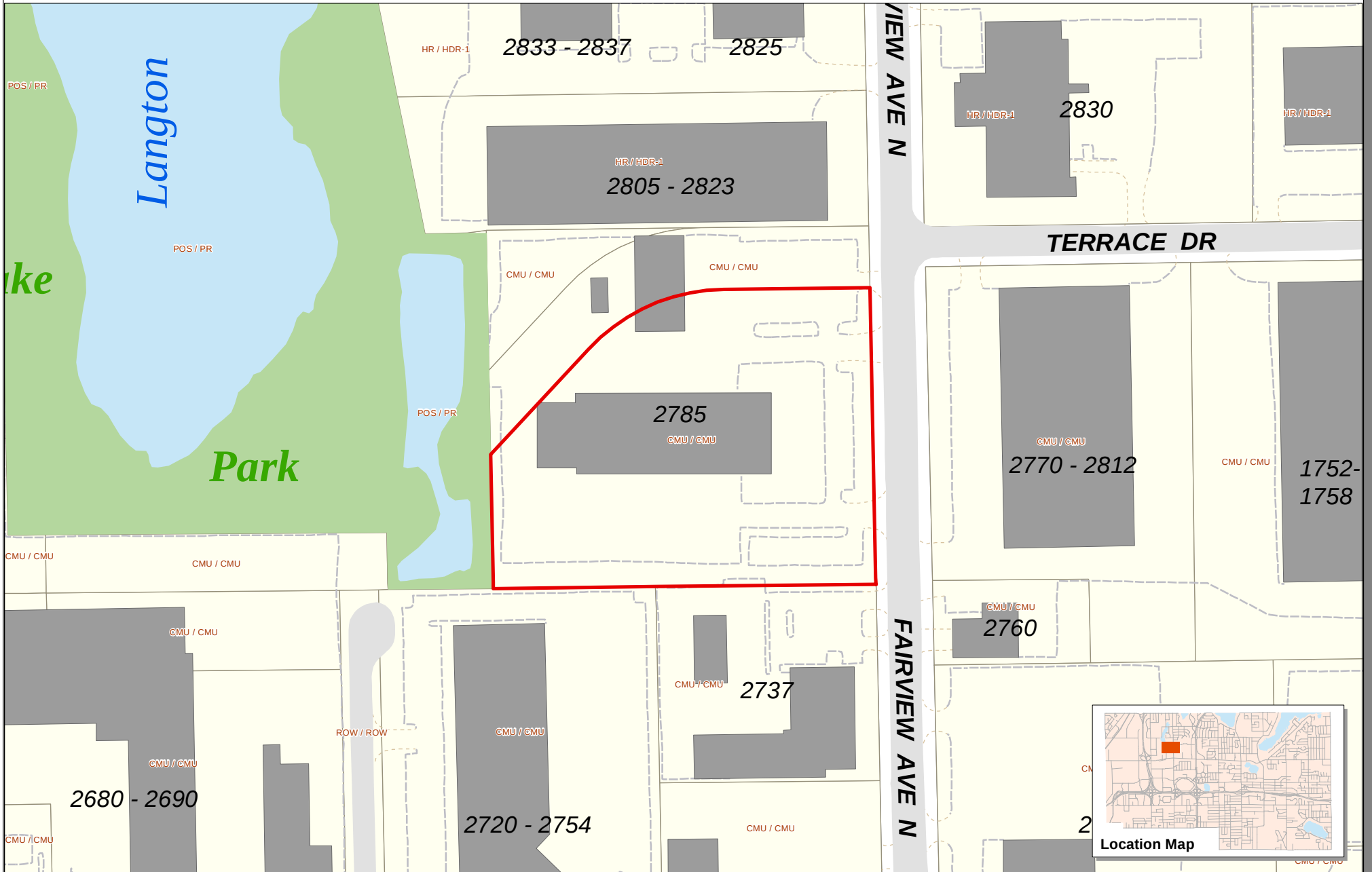
41 No final decisions are expected at this time. However, if it is felt that the project is desirable, the City
42 Council should direct staff to continue work with the developer to determine if financial assistance is
43 possible for the project.

44

Prepared by: Patrick Trudgeon, Community Development Director (651) 792-7071

Attachments: A: Map of Hagen Property
B: Aerial of Hagen Property
C: Graphics of proposed apartment building
D: Twin Lakes Financial Framework Worksheet

Attachment A for Hagen Property (2785 Fairview Ave)



Prepared by:
Community Development Department
Printed: July 18, 2012

Site Location

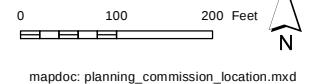
Comp Plan / Zoning
Designations
LR / LDR-1

Data Sources

* Ramsey County GIS Base Map (7/2/2012)
For further information regarding the contents of this map contact:
City of Roseville, Community Development Department,
2660 Civic Center Drive, Roseville MN

Disclaimer

This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The City does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and the City does not represent that the GIS Data can be used for navigational, tracking or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found please contact 651-792-7085. The preceding disclaimer is provided pursuant to Minnesota Statutes §466.03, Subd. 21 (2000), and the user of this map acknowledges that the City shall not be liable for any damages, and expressly waives all claims, and agrees to defend, indemnify, and hold harmless the City from any and all claims brought by User, its employees or agents, or third parties which arise out of the user's access or use of data provided.



Attachment B for Hagen Property (2785 Fairview Ave)



Prepared by:
Community Development Department
Printed: July 18, 2012



Site Location

Data Sources

* Ramsey County GIS Base Map (7/2/2012)

* Aerial Data: Pictometry (4/2011)

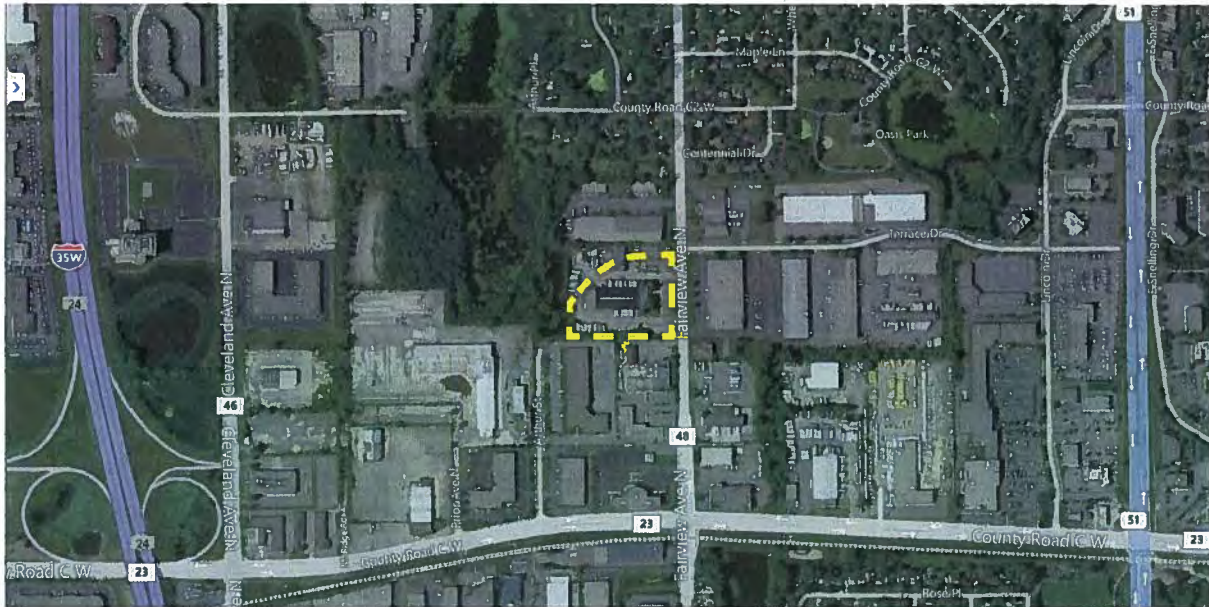
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Disclaimer

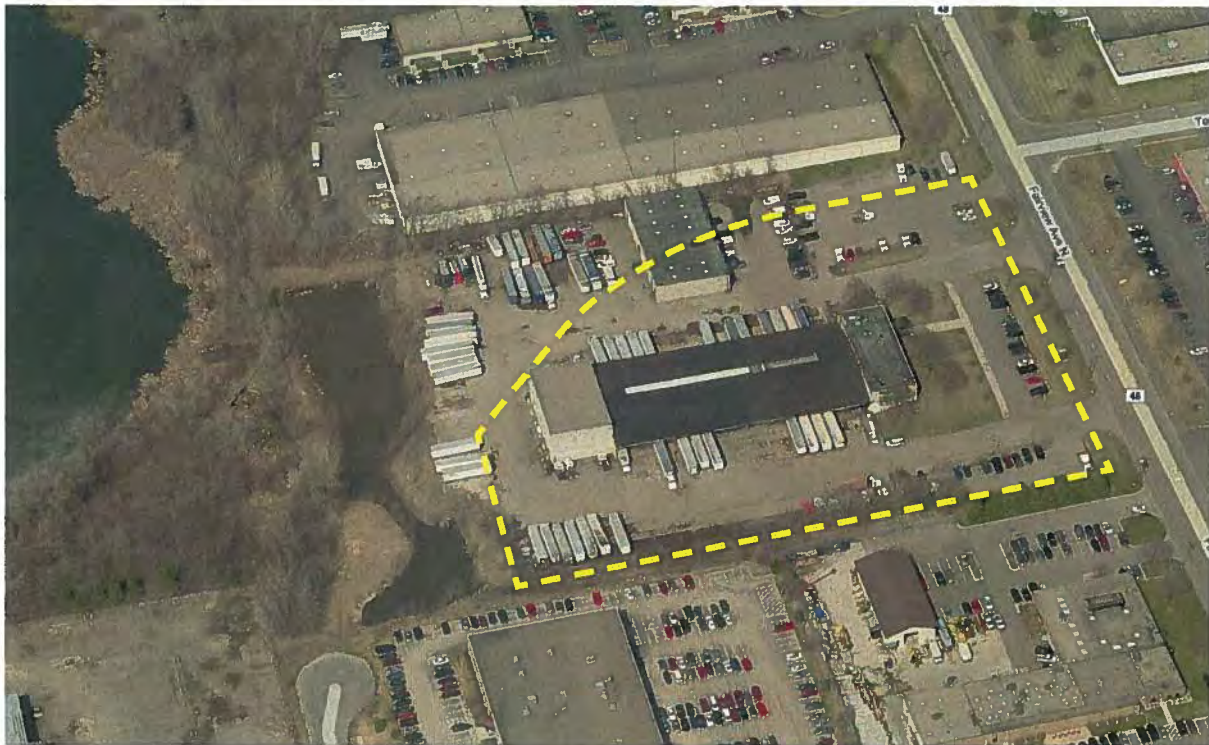
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0 50 100 Feet





Site Location



Current Site Conditions

Please note that these massings are for discussion purposes. The articulation does not yet represent any actual design intent - it is purely to suggest that the exterior will be articulated in some manner



View looking North West



View looking South East

AHMC - Roseville, Twin Lakes Feasibility - 3 Phase, All 4 levels
B4

Building 1										
Levels	Description	Gross SF	Est. Efficiency	NRSF	Parking		Surface Lot SF	Surface Stalls	Lobby Amenities	Res. Units
					Strut. Parking	Strut. Stalls				
Sub 1	Parking	22,000	340	-	22,000	65				
1	Units	22,000	80%	16,850			21,600	70	750	20.9
2	Units	22,000	80%	17,600						21.8
3	Units	22,000	80%	17,600						21.8
4	Units	22,000	80%	17,600						21.8
Totals		110,000		69,650	22,000	65		70	750	86

Unit Mix			
Unit Type	Avg. SF	Unit Mix	Bedrooms
Studio	550	5%	4
1 Bed Sm	650	30%	26
1 Bed Lg	750	35%	30
2 Bed Sm	1,050	25%	43
2 Bed Lg	1,200	5%	9
			-
Avg. Size	808	100%	112

Key Ratios	
Average Unit Size	808
Total Res. Units	86
Total Res. Bedrooms	112
Total Res. Parking	135
Stalls Per Unit	1.56
Stalls Per Unit - Covered	0.75
Stalls Per Bedroom	1.20
Avg SF (GSF) / Unit	1,275.31

Building 2										
Levels	Description	Gross SF	Est. Efficiency	NRSF	Parking		Surface Lot SF	Surface Stalls	Lobby Amenities	Res. Units
					Strut. Parking	Strut. Stalls				
Sub 1	Parking	19,500	340	-	19,500	57				
1	Units	19,500	80%	14,850			21,000	70	750	18.4
2	Units	19,500	80%	15,600						19.3
3	Units	19,500	80%	15,600						19.3
4	Units	19,500	80%	15,600						19.3
Totals		97,500		61,650	19,500	57		70	750	76

Unit Mix			
Unit Type	Avg. SF	Unit Mix	Bedrooms
Studio	550	5%	4
1 Bed Sm	650	30%	23
1 Bed Lg	750	35%	27
2 Bed Sm	1,050	25%	38
2 Bed Lg	1,200	5%	8
			-
Avg. Size	808	100%	99

Key Ratios	
Average Unit Size	808
Total Res. Units	76
Total Res. Bedrooms	99
Total Res. Parking	127
Stalls Per Unit	1.67
Stalls Per Unit - Covered	0.75
Stalls Per Bedroom	1.28
Avg SF (GSF) / Unit	1,277.07

Building 3									
Levels	Description	Gross SF	Est. Efficiency	NRSF	Parking			Lobby Amenities	Res. Units
					Strut. Parking	Strut. Stalls	Surface Lot SF		
Sub 1	Parking	23,500	340	-	23,500	69			
1	Units	23,500	80%	18,050			21,000	70	750
2	Units	23,500	80%	18,800					
3	Units	23,500	80%	18,800					
4	Units	23,500	80%	18,800					
Totals		117,500		74,450	23,500	69		70	750

Unit Mix			
Unit Type	Avg. SF	Unit Mix	Bedrooms
Studio	550	5%	5
1 Bed Sm	650	30%	28
1 Bed Lg	750	35%	32
2 Bed Sm	1,050	25%	46
2 Bed Lg	1,200	5%	9
			-
Avg. Size	808	100%	120

Key Ratios	
Average Unit Size	808
Total Res. Units	92
Total Res. Bedrooms	120
Total Res. Parking	139
Stalls Per Unit	1.51
Stalls Per Unit - Covered	0.75
Stalls Per Bedroom	1.16
Avg SF (GSF) / Unit	1,274.43

* Please note: The numbers above are mathematical estimates from S.F. areas. The decimal points are included as the units have not been designed and/or laid out.

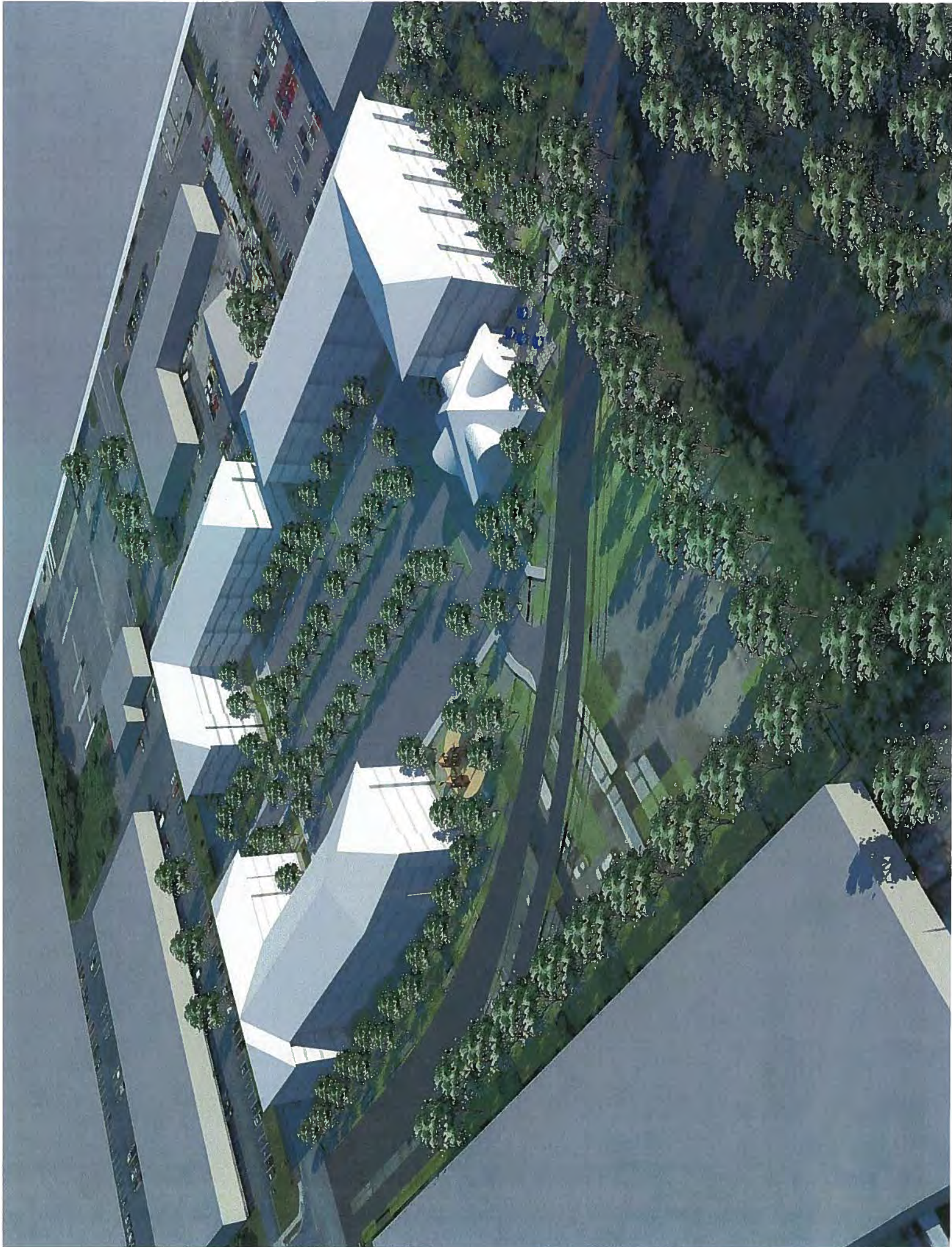
Totals									
Levels	Gross SF	NRSF	Parking		Surface Lot SF	Surface Stalls	Lobby Amenities	Res. Units	
			Strut. Parking	Strut. Stalls					
Totals	325,000	-	65,000	191	-	210	2,250	255	



Target for City Required Parking

Key Ratios	
Average Unit Size	808
Total Res. Units	255
Total Res. Bedrooms	331
Total Res. Parking	401
Stalls Per Unit	1.57
Stalls Per Unit - Covered	0.75
Stalls Per Bedroom	1.21
Avg SF (GSF) / Unit	1,275.52

Amenity Building	4,500
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Twin Lakes Public Financial Participation Framework

Introduction

Since 1988, the City of Roseville has worked to spark investment in the 275-acre Twin Lakes Redevelopment Area. The City initiated the creation of a Master Plan for the area, which has been updated several times since its inception. Over time, the importance of this project has become deeply rooted within the community, which is demonstrated by the adoption of Twin Lakes Master Plan into the City's Comprehensive Plan.



Twin Lakes Redevelopment Area

During the initial phases of redevelopment activities, public financial participation is often requested by developers to assist in off-setting the increased development costs associated with development on these more complicated sites. With limited financial resources and community expectations high, the City of Roseville has established a Public Financial Participation Framework to identify objectives and criteria by which to consider future financial requests for projects within the Twin Lakes Redevelopment Area.

The following framework, which has been developed with consideration to community goals articulated through the Imagine Roseville 2025 process, the Twin Lakes Master Plan (2001), and the Twin Lakes Design Principles, describes general policies that the City of Roseville will use when considering if to participate, what type of activities to assist with, and parameters of participation. These policies are intended to clarify what is within the realm of consideration when public financial participation is considered for elected officials, city staff, the public, and the development community.

Twin Lakes Public Financial Participation Determination

For all projects requesting financial assistance, the requestor must demonstrate (to be verified by the City) that the project is unlikely to proceed without the infusion of City funds. Beyond need, developers must demonstrate how their project will advance the city's overarching objectives. On the following page are eight community objectives and twenty-three scoring criteria by which to measure potential achievement of these objectives. The objectives include a mix of uses, enhanced aesthetics, environmental quality and sustainability, relationship to parks, transit and transportation options, diverse employment opportunities, diverse tax base, and diverse housing options. In order for the City to consider financial assistance for an individual project, the project must work toward achieving one-third of scoring criteria (eight criteria) within at least four of the objective categories.

Objectives and Scoring Criteria**1. Mix of Uses**

- ☒ Overall Use Mix: Contributes toward the desired mix of uses within the project area described in the Twin Lakes Master Plan
- ☐ Needed Services: Provides a needed service in Roseville.
- ☒ Community Spaces: Incorporates community spaces, such as plazas and greenspaces, into the project that are open for use by the general public

2. Enhanced Aesthetics

- ☒ Blight Elimination: Removes, prevents, or reduces blight or other adverse conditions of the property
- ☒ Urban Design: Achieves a walkable, pedestrian friendly environment, creates a strong “public realm,” and internalizes parking to the project as indicated in the Twin Lakes Design Principles
- ☒ Building Quality: Uses high quality, long-lasting building and construction materials
- ☒ Structured Parking: Replaces large, surface-parking lots with parking structures integrated into the overall project design

3. Environmental Quality and Sustainability

- ☒ Environmental Remediation: Cleans up existing soil and groundwater contamination
- ☐ Green Building: Is designed to a LEED-Silver rating or higher
- ☒ Green Infrastructure: Uses innovative stormwater management techniques, such as rain gardens/bioretention, porous pavement, or underground holding chambers
- ☐ Environmental Preservation: Preserves or improves quality of wetlands, wildlife habitats, or other natural areas inside or outside of parks.

4. Relationship to Parks

- ☒ Park Connections: Provides connectivity to the neighboring parks
- ☐ Buffers: Offers a buffer between the adjacent park and the new land uses
- ☐ Mitigates Environmental Impacts: Addresses environmental impacts related to park resources

5. Transit and Transportation Options

- ☒ Multimodal Transportation: Integrates bus, bicycle, and pedestrian connections into the project
- ☐ Transportation Demand Management: Works to reduce the number of trips to the project area by implementing various transportation demand options

6. Diverse Employment Opportunities

- ☐ Job Creation: Creates or retains a wide-range of professional-level, family-sustaining jobs
- ☐ Businesses Attraction/Retention: Attracts or retains competitive and financially strong businesses to Roseville

7. Diverse Tax Base

- ☒ Tax Base: Diversifies the overall tax base of the City
- ☐ Enhanced Tax Base: Maximizes tax-base potential within the redevelopment area

8. Diverse Housing Choices

- ☒ Unmet Housing Markets: Provides housing options not currently realized in the Roseville market (e.g. market-rate apartments, mid-sized single-family homes)
- ☐ Affordable Housing: Provides affordable housing opportunities.

Priority Funding Activities

The following is a list of activities, fundable under state statute, in which the City may consider financial participation.

- Cleanup of environmental contamination
- Construction of public infrastructure (e.g. utilities, roads, and sidewalks)
- Streetscaping
- Public, structured parking facilities
- Site improvements (e.g. soil correction)
- Land acquisition (e.g. right-of-way acquisition)
- Others on a case-by-case basis

General Financial Participation Parameters

If it is determined that the City will financially participate in a project, the following are the general parameters by which a development agreement will be negotiated.

Grants

- The City will apply for available regional, state, and federal grant funds to offset city costs associated with City-led project elements.
- The City will consider applying for regional, state, and federal grant funds to assist developer costs for projects that provide a demonstrated community benefit.
- If limited funds available, City will give priority to City-led elements.

Tax Increment Financing (TIF)

- Pay-as-you-go Financing: Initial financing of eligible improvements will be the responsibility of the developer with the City repaying the developer for eligible costs as revenue is generated (Developer-led project elements)
- Upfront Capitalization: Upfront financing for public improvements (City-led project elements)
- Financing Terms: Minimum financing for the shortest terms for the project to proceed.