



# PLANNING COMMISSION STAFF REPORT

**PC MEETING DATE: APRIL 12, 2010**

## ITEM FOR PLANNING COMMISSION CONSIDERATION:

Consideration of a resolution finding that the modification to the Redevelopment Plan for the Richfield Redevelopment Project Area and establishment of the Woodlake Housing Tax Increment Financing District and Tax Increment Financing Plan are consistent with the Richfield Comprehensive Plan and consideration of a resolution finding that the disposition of 515 West 64th Street by the Richfield Housing and Redevelopment Authority is consistent with the Richfield Comprehensive Plan.

## I. RECOMMENDED ACTION:

**By motion: Adopt the attached resolution finding that:**

- 1. A modification to the Redevelopment Plan for the Richfield Redevelopment Project Area is consistent with the Richfield Comprehensive Plan; and**
- 2. Establishment of the Woodlake Housing Tax Increment Financing Districts and Tax Increment Financing Plan are consistent with the Richfield Comprehensive Plan; and**
- 3. The disposition of 515 West 64th Street by the Richfield Housing and Redevelopment Authority is consistent with the Richfield Comprehensive Plan.**

## II. BACKGROUND

This item is continued from the March 22, 2010 meeting.

Michael Development has made a proposal to develop the property at 6401 Lyndale Avenue (currently designated as Woodlake Plaza) with 90 units of upscale market-rate rental housing with an affordable component.

Currently, Woodlake Plaza contains approximately 25,000 square feet of retail space and contains tenants such as the Donut Connection, Golden Tan, and Metropolitan Financial Mortgage Company, as well as a number of vacant spaces. In recent years, occupancy and rental incomes have not been adequate to render this as a feasible retail development. The developers, who also own the existing development, have worked with market analysts to identify the most attractive use as market-rate rental housing with an affordable component.

The developers have created a concept plan for market-rate rental housing with 20-40% affordable units on the current site plus the inclusion of a small Housing and Redevelopment Authority (HRA)-owned property that immediately abuts the Woodlake Plaza center. Their initial financial analysis, however, identifies a funding gap for the project. In order to fill the gap, the developers will be requesting Tax Increment Financing (TIF) for the project in addition to their infusing more of their own equity than is customary in a development project. A copy of the conceptual site plan of the proposed development is attached.

On March 9, 2010 the Richfield City Council made a call for a Public Hearing to be held before the Council on April 27, 2010 regarding this potential TIF District. Before the Council can consider the establishment of a TIF District, state law requires that the Planning Commission provide a written opinion (typically in the form of a Resolution) regarding whether the redevelopment plan conforms to a general plan for the development of the locality as a whole.

The Redevelopment Plan also contemplates the conveyance by the HRA of a vacant property located at 515 West 64th Street to the developer. Minnesota Statutes also require that the Planning Commission consider whether the sale of a publicly owned parcel would be in conformance with the community's Comprehensive Plan. Since the Comprehensive Plan designation of 515 West 64th Street is the same as the remainder of the properties, all of the findings in this staff report also apply to a "finding of consistency" on the sale of that publicly owned property.

The following is an identification of the manner in which the proposed redevelopment plan conforms to the Comprehensive Plan:

### Land Use

Richfield's Comprehensive Plan identifies this area as "Mixed Use," which is a category that was created specifically to address development patterns in the area of 66th Street and Lyndale Avenue, and the Penn Avenue Corridor. The intent of this designation is to aid in the creation of a city center that would include a mix of residential, shopping, recreational and business uses. Residential housing in this area is intended to be high density, at 50+ units per acre. The proposed development is on a site of approximately 79,000 square feet; the 90 units, therefore, would achieve a density of approximately 50 units per acre.

Furthermore, the Land Use chapter of the Comprehensive Plan states the following:

"In order to continue to replace aging and outdated structures and to provide contemporary living and working environments, Richfield will need to continue to promote targeted redevelopment efforts. Redevelopment can occur in and around the local, community and regional commercial areas without threatening existing lower density residential neighborhoods. In fact, done correctly, redevelopment can help "protect" single-family neighborhoods by serving as a buffer to more intensive uses."

The Redevelopment Plan, therefore, meets the intended land use category as identified in Richfield's Comprehensive Plan as well as the "spirit and intent" of the plan with regards to redevelopment as a land use tool.

## Community Direction

A community survey was conducted as part of Richfield's Comprehensive Plan. Many of the results from that survey are consistent with the proposed Redevelopment Plan, including:

- 67% of the respondents said it is appropriate for Richfield to expand affordable housing opportunities;
- 76% of the respondents said it is appropriate for Richfield to pursue major redevelopment opportunities;
- 44% of the respondents said it is appropriate for Richfield to expand high density (25+ units/acre) opportunities (as opposed to 40% that said it was inappropriate and 16% that did not provide a response)

## Housing

The Housing chapter of the Comprehensive Plan provides several policies that relate to the proposed Redevelopment Plan, including the following:

Policy: Encourage the creation of "move up" housing through new construction and remodeling;" the proposed housing will be of a higher amenity level than the vast majority of rental housing in Richfield and would represent a "move up" for most existing apartment tenants in the community;

Policy: Promote additional housing diversity to serve families at all stages of their life cycle...;" the proposed development would offer a housing product that is not readily available in the current housing mix in Richfield.

Policy: Promote the development... of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission it is to promote low to moderate income housing;" the proposed redevelopment is seeking the creation of a Housing TIF District to assist in keeping rents affordable. A Housing TIF District does not require that the area be "blighted" or that existing buildings be "substandard," instead, it requires that 20-40% of the housing units be affordable to households at 60% to 80% of the area median income.

## Transportation

While the proposed Redevelopment Plan does not include any major transportation infrastructure impacts or improvements, it does meet the spirit and intent of Transportation Goal 5: which is: Encourage development of areas where vehicle use is minimized. It does so by:

- Providing "pedestrian-friendly and transit-friendly building and site design through measures such as higher density development and growth, which is located along major transportation routes;" and,
- Being developed at "the location of commercial activity at focused points in the City ("downtown" areas)."

While a review of the Comprehensive Plan resulted in the identification of the consistencies identified above, there were no aspects of the proposed Redevelopment Plan that were in conflict with Richfield's Comprehensive Plan.

### III. BASIS OF RECOMMENDATION

#### A. POLICY

- Pursuant to Minnesota Statutes, the Planning Commission is required to review Redevelopment Plans and comment on conformance to the City's Comprehensive Plan (typically by means of a Resolution).
- A finding that the Redevelopment Plan is consistent with the Comprehensive Plan would not construe the granting of any land use approvals; the developer will likely have to return to the Planning Commission at a later date in order to seek land use approvals (either a rezoning or a site plan approval) with more detailed site and building plans and a land use application.

#### B. CRITICAL ISSUES

- The City Council has made a call for a Public Hearing to be held at their April 27, 2010 meeting to consider final approval for the establishment of this TIF District and modification of the Richfield Redevelopment Project Area.

#### C. FINANCIAL

- Ehlers Associates, Inc., the HRA's financial consultant, has prepared the tax increment financing plans for the district
- The developer is seeking up to \$822,000 in TIF funds. Their financial documentation shows that this development could not occur without this level of public assistance. As a comparison, the Oaks on Pleasant development (which is the only other non-age-restricted rental development that has been developed in Richfield in the past 25 years) received a portion of the \$10 million in TIF that was approved for the entire Urban Village development (which also includes the Wood Lake Centre office/retail development, The Pines senior housing development, a parking ramp and a McDonald's restaurant).
- The Comprehensive Plan includes Tax Increment Financing as a recommended implementation tool.

#### D. LEGAL

- Chapter 469 of the Minnesota State Statutes requires that whenever the City adopts or modifies a redevelopment plan, the Planning Commission must review the plan for consistency with the City's Comprehensive Plan.
- Minnesota Statutes also require that the Planning Commission consider whether the sale of a publicly owned parcel would be in conformance with the community's Comprehensive Plan.

### IV. ALTERNATIVE RECOMMENDATION(S)

- Reject the attached Resolution and find that the proposed Modified Plan and disposition of City and HRA parcels does not conform to the Comprehensive Plan and/or that the sale of 515 West 64th Street does not conform to the Comprehensive Plan.

V. ATTACHMENTS

- Resolution
- Conceptual site plan and rendering
- Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area and establishment of the Woodlake Housing Tax Increment Financing District and Tax Increment Financing Plan

VI. PRINCIPAL PARTIES EXPECTED AT MEETING

- A representative of Michael Development.

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY OF RICHFIELD PLANNING COMMISSION  
FINDING THAT A MODIFICATION TO THE REDEVELOPMENT PLAN FOR  
THE RICHFIELD REDEVELOPMENT PROJECT AREA AND  
ESTABLISHMENT OF THE 2010-1 WOODLAKE HOUSING TAX INCREMENT  
FINANCING DISTRICT AND TAX INCREMENT FINANCING PLANS AND THE  
DISPOSITION OF THE PROPERTY LOCATED WITHIN SUCH DISTRICTS  
(515 WEST 64TH STREET) CONFORM TO THE GENERAL PLANS FOR THE  
DEVELOPMENT AND REDEVELOPMENT OF THE CITY ARE CONSISTENT  
WITH THE RICHFIELD COMPREHENSIVE PLAN**

**WHEREAS**, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, (the "HRA") has proposed to adopt a Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area (the "Redevelopment Plan Modification") and the HRA and City Council for the City of Richfield, Minnesota, (the "City") have proposed a Modification to the Redevelopment Plan for the Richfield Redevelopment Project Area and establishment of the 2010-1 Woodlake Housing Tax Increment Financing District and Tax Increment Financing Plan are referred to collectively herein as the "Modifications", and

**WHEREAS**, it is anticipated that the HRA will convey and transfer lands owned by them within the Districts (at 515 West 64th Street) for uses consistent with the Modifications and Tax Increment Plans, and

**WHEREAS**, the City and HRA have submitted the Modifications to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Sections 469.027 and other law, and

**WHEREAS**, the Commission has reviewed the Modifications, Tax Increment Plans, and proposed sales in accordance with the provisions of Minnesota Statutes, Section 469.356, subd. 2 and Section 469.027 to determine their conformity with the general plans for the development and redevelopment of the City as described in the Comprehensive Plan for the City.

**NOW, THEREFORE, BE IT RESOLVED** by the Commission that the Modifications, Tax Increment Plans, and proposed sales conform with the general plans for the development and redevelopment of the City as a whole.

Adopted this 12th day of April 2010 by the Planning Commission of the City of Richfield, Minnesota.

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Rick Jabs, Chairperson

ATTEST:

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Thomas Rublein, Secretary