

Friendship Village Senior Living Community

8210 and 8100 Highwood Drive
Bloomington, Minnesota

Redevelopment Plan Narrative
12/07/17

I. Project Summary

Lifespace Communities ("the Owner") is proposing to redevelop portions of Friendship Village Senior Living Community located at 8100 Highwood Drive in Bloomington, Minnesota. The current campus is a 23.93-acre Continuum of Care Retirement Community, consisting of 296-Residential Living apartments, 6-Residential Living duplex townhomes, 56-boarding care apartments providing Assisted Living and memory care and a 66-bed Skilled Nursing facility.

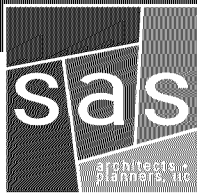
The proposed redevelopment will consist of a new 3-story healthcare building and a new 2, 3 and 5-story Residential Living building. The Owner has acquired an adjacent 1.75-acre property, which includes 2 existing commercial buildings, located at the southwest corner of the site. The healthcare center will be constructed, in part, on this new property. The new residential building will be constructed around the existing pond, creating views and accessibility to this underutilized water feature. When complete, the new buildings will be connected to the existing campus buildings, allowing residents to enjoy access to the existing building amenities, without leaving a climate controlled environment.

In response to comments from the Planning Commission and several follow-up meetings with city staff and regulatory agencies, the redevelopment plan has been revised to address the concerns identified in these meetings: A reduction in FAR and overall floor area to meet the requirements of the lower density RM-24 district. A reduction in the RL building height, from 4 stories to 2-stories, adjacent to the residential neighborhood to the east. Removal of 2-duplex townhouses (4 total units), allowing the expansion of the existing pond to approximately the same water surface area of the existing pond. The removal of 3-wings of the existing health center, to reduce the overall floor area and density of the campus. Additional emergency access onto the property, around the buildings and into the building courtyards.

II. Campus History

Friendship Village was built in 1979 and is in Bloomington, MN (on the Hyland Lake Park Reserve). Friendship Village is Minnesota's first True Life Care Community, which offers security for the future with an on-site health care center. Friendship Village also offers great amenities, such as, multiple dining venues, modern fitness center, beauty/spa, billiards and game room, craft room, as well as regularly scheduled activities and trips.

The current boarding care building and skilled nursing wing are functionally obsolete. Lifespace is executing a multi-year, multi-phased modernization and expansion of the Friendship Village campus, which will ultimately result in the replacement of the boarding care building and nursing facility. The new Assisted Living and Memory Care apartments will be registered through the Minnesota Department of Health as Housing with Services / Assisted Living.



III. Campus Phasing and Scope of Work

A. New 3-story Healthcare Center – Phase 1.

Phase I of the new Health Center will consist of 32-Memory Care apartments, 42-Assisted Living apartments and associated activity and support spaces. The Assisted Living and Memory Care will be registered with the Minnesota Department of Health as Housing with Services / Assisted Living.

The Assisted living apartments will consist of generously sized studio, 1-bedroom and 2-bedroom apartments, designed to cater to the needs of residents with a broad range of needs from relatively passive oversight, to those who require assistance with activities of daily living, such as bathing, dressing and medication administration. The apartments are designed with accessible bathrooms and a small kitchenette that includes a refrigerator, sink and microwave oven.

The common areas of the building will include gracious dining and activity areas designed to be functional and attractive for residents with, or without mobility impairments. By providing support for each resident at his or her level of need, residents are encouraged to maintain as much functional ability as possible as they age. The community will be staffed by licensed caregivers 24-hours per day. On-site staff will have the ability to respond to certain medical emergencies when the need arises.

The Memory Care apartments are on the ground floor surrounding a secure garden courtyard. The Memory Care neighborhood will provide state-of-the-art secure environment, designed and operated specifically for residents with various levels of cognitive impairment. Each Memory Care resident will have a studio apartment with bathroom, including accessible shower. The neighborhood will have common areas for dining, bathing and activities that are an essential element of the resident's care plans. The neighborhood will maintain 24-hour staffing, including caregivers who are specifically trained to provide for the needs of Memory Care residents. Services will include three well balanced meals per day, housekeeping, laundry service, life enrichment activities, exercise programs and assistance as needed with bathing, hygiene, dressing, eating and medication management.

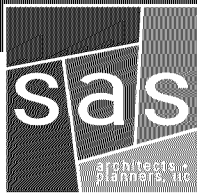
Phase I of the Health Center will include a satellite kitchen to service the building residents' various dining rooms and meals. This phase also includes a loading dock, which is designed to circulate deliveries, and trash removal through the lower level. A lower level parking garage will provide approximately 36 parking spaces.

The health center building will be submitted for permit in 2018 and will comply with all applicable codes having jurisdiction. Preparation of the site will include the demolition of the existing commercial buildings on the recently acquired site. This phase of the Health Center is proposed to start construction in the summer of 2018 and be complete within 14-months.

B. Completion of the Health Center – Phase 2.

Phase II of the Health Center will consist of 66-Skilled Nursing beds, dining, activity, support spaces and expansion of the lower parking garage. The Skilled Nursing health center will be licensed by the Minnesota Department of Health.

The first floor will consist of 16-private, short-term rehabilitation nursing suites, dining, activity, support and a physical/occupational therapy, which will serve the short-term rehabilitation residents, as well as other residents within the FVB community.



The two upper floors will consist of 25-private Skilled Nursing suites on each floor, in a household model neighborhood. Each floor/neighborhood will include a dining room, activity and support spaces and will be staffed with 24-hour licensed care. Each skilled nursing resident room will be a generous sized single bed suite, including a private, fully accessible bathroom with shower. Each nursing neighborhood will maintain 24-hour staffing, including nurses and caregivers who are specifically trained to provide for the needs of nursing care residents. Services will include three-well balanced meals per day, housekeeping, laundry service, life enrichment activities, exercise programs and assistance as needed with bathing, hygiene, dressing, eating and medication.

The new Skilled Nursing is designed to be a state-of-the-art replacement of the existing 66-bed, functionally obsolete, Skilled Nursing care center. The new Health Center will connect to the existing campus buildings, allowing residents internal ground level access to other building amenities. The lower level parking garage will be expanded to add approximately 41 parking spaces.

Preparation of the site will include the demolition of the existing boarding care building, after the existing boarding care residents are relocated to the completed Phase I portion of the Health Center. Phase 2 is proposed to begin construction in 2019, after the occupancy of the Phase 1. The total construction time is estimated to take 13-months.

The redevelopment of the existing nursing building will commence after the completion of the new HC building. The interior remodeling scope is yet to be finalized, but will include three-RL apartments and an added dining venue to meet the requirement of the added RL population and function more harmoniously with the existing commons.

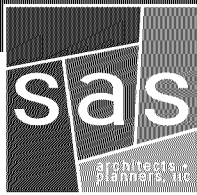
C. Residential Living Building (may be constructed concurrently with the health center)

The new 2, 3 and 5-story Residential Living building will consist of 98 apartments and a lower level garage for approximately 58 parking spaces. The Residential Living apartments will include a mix of one and two-bedroom apartments. Each residential living apartment will be fully appointed with a full kitchen, complete with a dishwasher and in-unit washer/dryer. The majority of apartments will include balconies and provide views of the pond and surrounding wooded area.

A skyway bridge will provide connection to the existing resident common areas and allow residents easy access to the array of activities in the existing campus buildings. Services will include dining, housekeeping, non-medical emergency response and other activities and amenities geared to residents experiencing the natural decline in functional ability associated with aging. The building will also include a 2-story activity lounge, providing residents with a pond view destination with outdoor patio and access to walking paths.

The Residential Living building will be submitted for permit in 2018 and will comply with all applicable codes having project jurisdiction. This project may begin construction as early as 2018, based on the achievement of the various conditions of finance. The total construction time is estimated to take 19 months.

The demolition of 2 duplex townhomes and the expansion of the pond, will take place in final stages of the construction.



IV. Civil Engineering

The proposed Friendship Village Redevelopment will require replacement of the existing infrastructure already in place. The sanitary sewer will need to be removed and replaced to align within our revised building and parking layout. The existing watermain will need to be removed and replaced within the project limits to maintain the looped system throughout campus. New hydrants will be installed, as well as new services for the proposed buildings.

In order to comply with the city and watershed stormwater management rules, best management practices will need to be installed to handle the runoff. These include a proposed infiltration basin, underground infiltration systems, and a biofiltration system. The existing storm sewer within the project area will be removed and replaced in order to convey drainage to these BMPs. The existing stormwater pond on the property will be used to manage the rate control of the runoff leaving the property. The existing stormwater pond has been delineated as a wetland. The proposed Residential Living building will impact a portion of this existing basin, but additional pond expansion and a modified outlet control structure will ensure the proposed rates of runoff will meet agency standards.

Since our previous application, this project has been revised to include additional expansion of the existing wetland, along with the removal of two duplex townhome buildings and the associated private drive. This revised plan restores the impacted volume of the wetland due to the Residential Living building. This revised plan was submitted and reviewed by the TEP panel. A findings of fact document was issued on October 26th, stating that this revised plan addressed the concerns of the TEP, and addressed the stormwater impacts that concerned the city. The wetland replacement

In order to mitigate for the wetland impacts on this project, offsite banking credits will be purchased. The wetland replacement plan was submitted, and is currently out for public comment until November 29th, 2017. This wetland replacement plan is scheduled to go to the city council on December 18th.

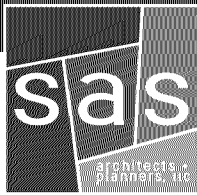
V. Zoning and Land Development

Lifespace Communities is requesting a Preliminary and Final Development Plan, Comprehensive Plan Amendment and Rezoning to a RM-24 Multiple-Family Residential Planned Development (RM-24 (PD)). Based on the current Bloomington, MN Code of Ordinances and review with Bloomington planning staff, a RM-24 (PD) is the most appropriate and necessary zoning designation to align with the proposed redevelopment needs of the community. Please refer to the zoning data chart on the drawings, which outlines the requirements of a RM-24 (PD) compared to the existing and proposed redevelopment.

1. Services and Amenities

One of the greatest assets of the FVB community is the availability of a vast array of on-campus services and amenities. We have attached a list of services and amenities and schedule of campus activities offered at Friendship Village. A partial list of amenities are as follows:

- Multiple dining venues, including large group formal dining, with custom menu choices and small less formal dining Café type venues for snacks and refreshments.
- State of the art Recreational Facility, which includes a large swimming pool, strength and aerobic fitness equipment, group activity classes such as yoga and aerobic exercise, spa, beauty salon, full – swing golf simulation and 9-hole outdoor putting green, game rooms and snack shop.



- FVB's Pavilion includes a large multipurpose space, which is used for entertainment, such as concerts, plays, lectures, parties and rummage/bake sales.
- Full service banking
- Beauty Salon/Barber shop
- Arts and Crafts
- Business Office / Computer Room
- Game rooms with billiard tables
- Library
- Guest rooms
- Woodworking shop
- Lounges and Party Rooms
- Gardening

2. Proximity to Single-Family Residential

Although the east boundary of the site is bordered by single family residential homes located on a ridge above the FVB campus, the overwhelming majority of the campus is bordered by expressways 169 & 494 to the west and north respectively, and the Anderson Lakes Park Reserve to the south.

The existing FVB property is on average 10-12 feet below the adjacent single-family neighborhood located to the east, which helps mitigate any impacts on the nearby homes. A shadow study, demonstrates that the shadows from the proposed redesigned, lower-profile Residential Living building, do not cast onto the nearby homes.

In response to concerns about impacts on existing residences to the east, a significant amount of effort and care has been used in the redesign of the proposed Residential Living building. Modifications intended to reduce off-site impacts include reducing the overall building length, modifications to the orientation of the building, and reducing the height/stories at the end of the residential living building closest to the east property line and existing duplex townhomes.

Traffic generated by the property does not access the adjacent single-family residential neighborhood. The campus has 2 entrance locations. Traffic can enter at the north of the property from Marth Road, and at the south from Highwood drive. Neither entrance requires resident and/or service vehicles to traverse through the single-family residential neighborhood to the east.

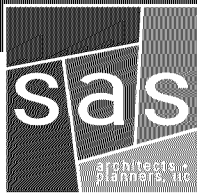
A trip generation report, included with this submittal demonstrates that the trips generated by the proposed redevelopment are minimal and much less than generated by other multi-family uses.

A. Deviations

The following deviations are being requested either as deviations through the RM-24 (PD) District or through a variance request.

1. Parking

As determined by the planning division, a parking study was conducted for the existing and proposed development. The parking study considered the existing conditions, proposed development, parking at various times of day, city code requirements, the Institute of Transportation Engineers, parking Generation Manual, and 2016 Resident Staff and Visitor Data. The final parking study, dated February 17, 2017, concluded that the parking quantity for the proposed development would be sufficient. At the time of the study, the proposed



redevelopment included a total of 631 parking spaces, which is greater than the estimated peak demand of 569 spaces identified in the parking study.

Since the parking study was published, the total number of new Resident Apartments was reduced from 106 to 101 apartments and the demolition of 2 duplex townhomes (4 total dwelling units), which correlates to a reduction of 13 parking spaces.

The owner requests a deviation from the city code required number of parking spaces from 695 spaces to 626 spaces on the current plan, within 10% of the required number of spaces and deemed sufficient by the parking study for this redevelopment.

At the request of the Fire Department, the proposed redevelopment eliminates 47 existing parallel parking spaces along the main circulation drive. Thus, this deviation is believed to be in the best interest and safety of the public and the community.

2. Building Height

The owner is requesting a deviation from the maximum allowable building height of 4 stories / 60', to 5 stories / 75 feet. This increase is requested to accommodate a reduction in the Residential Living building height from 4 stories to 2 stories along the east property line, adjacent to the residential neighborhood.

3. Parking Setback

The owner requests a deviation from the required parking setback distance along the west property line, adjacent to Hwy 169 / Townline Avenue. The west property line is considered a side property line abutting a public street, which requires a 20' setback, in lieu of the typical 5' sideyard setback. Between the west property line and Marth Road, MNDOT has installed sound barrier walls. The walls are approximately 40' west of the west property line at the narrowest point.

The owner requests a parking setback deviation to allow for new parking along the west property line and the elimination of existing parallel parking along the main circulation ring drive, which is believed to be in the best interest and safety of the public and community.

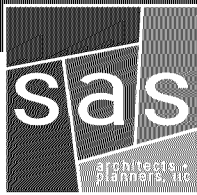
4. Retaining Wall Setback

The owner requests a deviation from the retaining wall setbacks for any retaining walls over 4 feet in a front, side, or rear setback. The majority of retaining walls are located within the setbacks along the 40-foot sound walls along Highway 169 and Marth Road.

5. FAR

In addition to the above-referenced deviations, the owner is also requesting a variance to the floor area ratio (FAR). The flexibility of the PD District allows a 20% increase over the base RM-24 District FAR of .50 to a maximum FAR of 0.60. The proposed project is a 0.61 FAR. The Property is approximately 25.68 acres. In 2015 the Minnesota Department of Transportation (MnDOT) condemned a 23,495-square foot parcel of land (the "MnDOT Parcel") along the north of the Friendship Village property. If the MnDOT Parcel had not been condemned, the proposed FAR would meet the 0.60 maximum with the PD-24 FAR allowance. However, as a result of the loss of the MnDOT Parcel, the FAR is 0.61. Accordingly, Lifespace is seeking an FAR increase of 0.01, to 0.61

No additional code deviations are requested.



VI. Resident and Neighbor Meetings

Lifespace has been transparent regarding the redevelopment process by hosting a number of resident and neighborhood community meetings, allowing for question and answer sessions. Most recently a resident meeting was held on 11/08/17 to present the current proposal. The neighbors within 500' of Friendship Village have been mailed invitations to attend a meeting, which was held on 11/29/17. Several neighbors attended the meeting for a presentation and to participate in a question and answer session.

VII. Summary

As evidence of the care and consideration that went into the planning of the Friendship Village redevelopment project, Lifespace spent a great deal of time in due diligence and architectural study before establishing the current plan of redevelopment. Initial due diligence and engagement of necessary consultants began in August 2014. In response to information discovered during due diligence, the project planning and architectural designs continued to be refined through November of 2017. In that time, financial models, market studies, Lifespace Board of Directors presentations, and continuous architectural concepts varying significantly from one schematic to another were conducted. Multiple site options were considered with respect to the scope and design of the project. Through multiple meetings with city staff, Fire Department, TEP, WCA, USACE engineers we worked together to develop the current redevelopment plan proposal. The current plan was approved by the Lifespace Board of Directors, as a compromise that promises the most amenities and services for the residents in a financially feasible model. It is important to note that the costs of construction are not paid by a fund that Lifespace holds apart from resident revenue. The business model for a not-for-profit senior living community is built entirely on revenue received from the residents. The challenge for any not-for-profit senior living provider is to provide the best services and amenities at a cost that the residents can afford. It is very important to note that the proposed development will not come at any additional expense to the current residents at Friendship Village. To support the business model, the revenue created by the residential living expansion will support the debt needed to construct a new Health Center building and renovate and expand the common amenities available to the residents. The current residents will retain tremendous value for the fees that they pay while "inheriting" brand new amenities. We look forward to continuing our work on this exciting project with the City of Bloomington and the community.

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December 7, 2017

Mr. Glen Markegard
Mr. Nick Johnson
City of Bloomington
1800 W. Old Shakopee Road
Bloomington, MN 55431

Re: Friendship Village – FAR Variance Findings

Dear Glen and Nick:

On behalf of Lifespace Communities, Inc. (“Lifespace”) dba Friendship Village Bloomington, I am writing regarding the redevelopment of the Friendship Village campus (the “Property”). Lifespace is requesting multiple land use applications, including a rezoning to Multiple Family Residential (RM-24) District and Planned Development (PD) Overlay. This letter is intended to supplement the rezoning requests and provide the findings required for the approval of a variance to increase the FAR of the Friendship Village campus as a result of the proposed expansion (the “Project”).

The flexibility of the PD District allows a 20% increase over the base RM-24 District FAR of 0.50, to allow a maximum FAR of 0.60. The proposed FAR is 0.61. The Property is approximately 25.7 acres. In 2015 the Minnesota Department of Transportation (MnDOT) condemned a 23,495-square foot parcel of land (the “MnDOT Parcel”) along the north of the Friendship Village Property. If the MnDOT Parcel had not been condemned, the proposed FAR would meet the 0.60 maximum. However, as a result of the loss of the MnDOT Parcel, the FAR is 0.61. Accordingly, Lifespace is seeking an FAR increase of 0.01, to 0.61.

Lifespace’s requested variance to the FAR meets the findings of City Code section 2.85.04 as follows:

1. The variance is in harmony with the general purposes and intent of the ordinance;

The variance request is in harmony with the general purposes and intent of the ordinance. The intent of the FAR maximum is to limit the overall bulk and massing on the Property. Here, the Property is more than 25 acres in a location isolated from the majority of any other development within the City. The proposed increase 0.01 is negligible over the 25-acre site and imperceptible without consulting the construction drawings. Moreover, the effective FAR without the condemnation of the MnDOT Parcel would be 0.60.

2. The variance is consistent with the Comprehensive Plan;

The proposed variance is consistent with the Comp Plan guidance for the Property and for development along I-494. The Comp Plan designates the Property as High-Density Residential. The High Density Residential designation “allows residential development greater than 10 dwelling units per acre. Typical development includes multiple story apartments and condominiums.” Comp Plan 2.14 Land Use. The increased FAR allows for Lifespace to construct the multiple-story Residential Living building, as well as the modernized and expanded Health Care Center with Memory Care as called for in the Comp Plan.

The proposed variance also supports Strategy 1.2, which is to “Promote additional high density development along the I-494 Corridor.” The variance allows for Lifespace to design a Project that brings higher density in a location that is largely isolated from other uses. The higher density and massing is appropriate in this location and consistent with the Comp Plan.

The Project also supports Strategy 4.1, which is to “Promote the development of housing to serve the needs of current and future residents.” Friendship Village of Bloomington, both currently and its expanded form, are intended to meet the needs of seniors living within Bloomington, allowing them to remain in their community while getting the supportive service and maintenance-free lifestyle they seek.

3. The applicant for the variance establishes that there are practical difficulties in complying with the zoning ordinance. Economic considerations alone do not constitute practical difficulties;

The variance request is necessitated by practical difficulties relating to the condemnation of the MnDOT Parcel. Lifespace has made several revisions in response to comments from the City staff and planning commission in order to reduce the FAR of the Project. The revisions include the removal of three (3) wings of the existing health center and two (2) duplex townhomes (four (4) units total). With the revisions, the Project can meet the 0.60 FAR when accounting for the MnDOT Parcel that was condemned through eminent domain over the opposition of Lifespace. These circumstances constitute a practical difficulty that warrants approval of the variance.

4. The property owner proposes to use the property in a reasonable manner not permitted by the zoning ordinance;

Lifespace proposes to use the Property in a reasonable manner that is not allowed without the variance. The proposed campus expansion will modernize the existing Friendship Village campus, which has been at this location for 40 years, and ensure long term viability of the campus. The expansion of the campus includes the addition of the Residential Living building and a new, modern Health Care center. The additional offerings on campus will provide the services and amenities that seniors expect and provide nearly 100 new residential units in the City that will allow seniors to continue to remain in Bloomington. The proposed expansion is reasonable and appropriate.

5. The plight of the landowner is due to circumstances unique to the property not created by the landowner; and

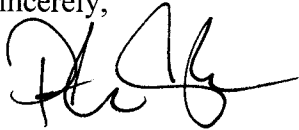
The variance is required as a result of the condemnation of the MnDOT Parcel, which is a circumstance that was not created by Lifespace. If not for the condemnation, the proposed Project would meet the 0.60 FAR. Lifespace also sought to acquire the additional lot area necessary to comply with the 0.60 maximum, but the City, County and MnDOT have not been willing to provide the additional lot area. These circumstances are unique to the Property and beyond the control of Lifespace.

6. The variance if granted will not alter the essential character of the locality.

The variance will not alter the essential character of the locality. The Property is currently at nearly maximum development capacity. In order to accommodate the proposed expansion, Lifespace will remove several structures, including three (3) wings of the existing health center and two (2) duplex townhomes (four (4) units total). The removed structures will be replaced and supplemented by the new Health Care Center with Memory Care units, as well as the Residential Living building. The expanded offerings are entirely consistent with Friendship Village's continuum of care model and will provide for a more efficient use of the campus. The Project will also allow for several improvements, including recreational access to the pond, which will contribute to the essential character of the community.

Lifespace's proposed variance is consistent with the above required findings and we respectfully request that the City approve the variance along with the related applications for the Project.

Sincerely,



Peter J. Coyle, for
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