



January 7, 2019

Glen Markegard, Planning Manager
Nick Johnson, Planner
City of Bloomington
Community Development Department
1800 West Old Shakopee Road
Bloomington, MN 55431

RE: Knox Landing; 8100 Knox Avenue Request for Platting Variance

Dear Mr. Markegard,

Knox Landing located at 8100 Knox Avenue South was approved on June 4, 2018 for a Type III Preliminary and Final Plat to subdivide one lot into two lots for future multi-family residential development; (Case #PL201800143).

The approval of Knox Landing's Plat has the following condition of approval: Satisfaction of payment of Parkland Dedication fees prior to recording of the Plat. We herein respectfully request a Variance as further explained below and a Change of Condition.

The Change of Condition requested is; Park dedication fees must be satisfied prior to the issuance of a building permit.

Below is further information and background on the Variance and Change of Condition request.

An unusual hardship exists that justifies the platting variance.

KPS, LLC dba Knox Landing are Owners and operators of 212 units of project-based section 8 (very low income 30% of AMI) Senior Housing. Knox Landing is governed by a Project Based Section 8 Housing Assistance Payment (HAP) contract administered by Minnesota Housing Finance Agency. The HAP contract is a 40-year contract; commencing in 1979 and terminating November 2019.

Prior to submitting for a 20-year renewal of its HAP contract; KPS sought the approval from MHFA to release the existing land and replat Knox Landing. Re-platting the site allowed for the Land Use Restrictive covenants (LURA); to remain on the Lot 2; existing Knox Landing location

only. These covenants are with respect to the HAP contract and income and rent restrictions at 30% of AMI and Senior Designation.

It would be impossible to develop Lot 1; new lot, with Lot 2's existing LURAs.

MHFA and Wells Fargo; servicing agent on behalf of Fannie Mae, require Knox Landing to re-plat and record its' plat as a condition for approval to release the surplus land; thereby renewing its HAP contract for an additional 20 years.

The release of these covenants provides for a clean Title and allows for future development of Lot 1 without any encumbrances.

With respect to Lot 2; Knox Landing occupied site, the Owner and HUD will then renew its Project Based Section 8 Housing Assistance Payment contract for an additional 20 years or until 2038 or continue to encumber the Knox Landing site with its existing Land Use Restrictive Covenants. The Plat also provides the Owners of Knox Landing favorable financing terms with Minnesota Housing Finance Agency on a renewal of its existing PARIF Loan.

Typically, a plat application is submitted in conjunction with a development plan. There is no immediate or near-term plan for Knox Landing. The product type will most likely be affordable; senior or family, however market rate or workforce housing has not been ruled out.

The timeframe for obtaining financing for affordable housing developments can average 2-3+ years. Competition for funding of affordable housing is very competitive, especially in the current market; wherein Preservation of existing affordable housing is a very large component. New construction Affordable products do not always score as high as Preservation developments. Gap funding is also very tight and extremely competitive and is typically required to subsidize affordable rents. The process is a Private/Public partnership and takes a considerable amount of time to successfully put a viable product together.

The unusual hardship is not the result of actions of the applicant; The Hardship of not knowing the level of development or the complexity of the financing; dependent on the development type that will occur in the future of the parcel is not the result of actions of the applicant.

In the meantime; Knox Landing does not have adequate cashflow or capital for inordinate expenses outside of standard operations. Paying Park Dedication Fees for a future development that may or may not occur causes a financial hardship.

The bifurcation of the site also provided for Outlot A; a 30-foot-wide outlot running parallel to the North boundary for the future extension of West 81 ½ Street per the Penn American District Plan. KPS, LLC has been working with the adjacent neighboring development to the North in drafting an easement which provides them roadway, sidewalk and related purposes over Outlot A. Our neighbor to the North has also provided an outlot to be used for the future extension of West 81 ½ Street. Upon completion of construction; KPS, LLC and the neighboring development to the North will deed both Outlots to the Housing and Redevelopment Authority on behalf of the City of Bloomington.

The neighboring development to the North would prefer to memorialize the easement prior to constructing roadway, sidewalk and related purposes. This would require approval from Knox Landing's existing lenders. Their response was to memorialize after the replat; thereby approval will not be required.

The platting variance requested is the minimum variance necessary to address the unusual hardship; the variance request is to defer collection of park dedication fees to the time when the amount of the development is known. This request defers the calculation and payment until the issuance of a building permit.

The platting variance will not conflict with the purpose and intent of the city code;

The purpose and intent of the park dedication fees will remain in full force. The request is to only defer the calculation and payment until time of building permit. At the time of permit, the park dedication requirements will be fulfilled.

The platting variance will not have a substantially detrimental impact on neighboring property owners or the public welfare. The variance will not have an impact on the neighboring property owners or the public welfare as the park dedication fees will be paid at time of issuance of a building permit.

Park Dedication fees are based on the level of development proposed. In the case there are no approved development plans for developing the site, KPS, LLC requests the park dedication fees be deferred until the plan is known. Deferring the park dedication fees until the building permit is issued allows the City of Bloomington to accurately determine the park dedication based on an approved development.

Respectfully,
KPS, LLC a Minnesota limited partnership

A handwritten signature in black ink, appearing to read 'Lori A. Boisclair', written in a cursive style.

Lori A. Boisclair
Chief Manager