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Visioning / Design Concept

Located in the South Loop District of Bloomington Minnesota, the vision and design concept is intended to align with select goals/visions of the City of Bloomington's South Loop District.

"Bloomington's South Loop District is a distinctive urban center where people build their lives around work and community. It's a trendy neighborhood at the crossroads of the metro area's transportation networks, yet it's only moments away from the quiet, unspoiled beauty of the Minnesota Valley National Wildlife Refuge."

The project's intent is to create visual, physical and experiential connections to the LRT and bus transit systems and the Minnesota Valley National Wildlife Refuge. The design approach is based on community that embraces creative placemaking, environmental awareness, sustainability, quality of life, safety and comfort. Awareness of the project's accessibility to the Minneapolis-St. Paul International Airport is also taken into consideration.

The materials selected for this project seek a refined modern north aesthetic that caters to professionals and people seeking an active lifestyle. Large windows, interior shared resident amenities and shared outdoor spaces, bicycle and pedestrian paths, pollinator and bird friendly landscaping work together to create healthy and inspiring connections to the outdoors.

The building is oriented to maximize solar exposure, connections to American Boulevard, the Minnesota Valley National Wildlife Refuge and river valley views.

Project Description/Approach

Rosa Development, under a Site Development Agreement with the City of Bloomington, dated April 16, 2019 is proceeding to develop its Phase I project. To date, Rosa has met the following milestone requirements below:

- ID Phase I project boundaries: Required milestone: August 1, 2019 Submitted: July 31, 2019
- Amend AUAR: Determined as not required
- Opportunity Housing introduction meeting with staff - complete
- Submit Concept Master Plan: Required milestone – October 31, 2019 Submitted: October 2, 2019
- Submit Project proforma (incentives: Required milestone: October 31, 2019 Submitted: October 29, 2019 initial meeting, submission post Confidentiality Agreement execution
- Informal DRC review was held on December 3, 2019.

The overall site is an approximately 12-acre parcel of land known as the Park 'N Fly at 3700 and 3750 American Boulevard East in Bloomington, MN. The owners of the land have been long-term property owners in the City of Bloomington, and are proposing to retain long-term ownership of this Phase I project, continuing their investment in the City of Bloomington.

The subject property currently consists of a surface parking lot on the 3700 American Boulevard parcel (of approx. 1,036 stalls), and a multi-level parking garage on the 3750 American Boulevard parcel (of approx. 1,050 stalls). The Master Plan proposes multiple phases of development over time dependent on market conditions.

The Phase 1 project will be a multifamily apartment building consisting of two buildings of 183 units connected by a circulation link similar to a “skyway”. A variety of units and floor plans will be offered with studio, studio/alcove, 1-bedroom, 2-bedroom and 3-bedroom units available.

The building to the north will be 5 levels of wood construction over 1 concrete podium level. The building to the east will also be 5 levels of wood construction over 1 concrete podium level and is also comprised of a south building section of 2 levels of wood construction over 1 level of concrete podium.

Parking will be located below grade in the basement level and on Level 1. Level 1 will be below grade except at American Boulevard East where active use is planned. Construction will consist of precast columns and a beam structure with CMU foundation walls and spread footings.

Phase 1 has 237 structured parking stalls, 10 surface parking stalls and 15 parallel parking stalls on the access road west of Phase 1, for a total of 258 stalls. The number of provided resident parking is appropriate for a transit-oriented community, and therefore deviates from current City Code. The code requires 350 stalls based on the proposed unit mix. The project is seeking approval to deviate from City Code relative to required parking. The project is located in close proximity to a light rail transit stop and the airport.

The exterior of the building will be comprised of the following materials; stucco (“primary” material), wood-look metal panel (“primary” material), and fiber cement siding (“alternative” material). The project will utilize the Opportunity Housing incentive for 75% alternate materials on non-street facing facades. For clarity, an exhibit is attached that clearly details the exterior materials specified for this project.

The project has been designed to include amenities that are important to today’s renters: amenities that will provide opportunities for a live-work-play environment. Amenities will include a dynamic 2-story Lobby, a main floor clubroom opening onto the outdoor pool plaza, a fitness room, a secondary clubroom called a “skylub” with views of the Minnesota River Valley and national wildlife preserve, Maker space – with the hope of housing a City artist in residence, a dog park with dog wash, dedicated coworking space for residents, a rental center for outdoor equipment, a Leasing Center, and back of the house space (Offices, Workroom, Reception, Storage), as well as a resident mail room and package center. Outdoor amenities include an abundance of green space, walkways to sidewalks linking to the nearby light rail stop and at the plaza area, grilling stations, outdoor seating and gathering areas, fire pits, and an outdoor swimming pool.

Project ownership is in early discussions with the City’s Parks and Recreation Department for dedication of a public easement to allow for use of greenspace on the property that is adjacent to American Boulevard. This easement area is approximately 8,500 sf and could be considered a “pocket-park”. Discussions are also occurring with the City’s placemaking staff in hopes that this area can be activated and contribute to a series of connected greenspace within the City’s South Loop District.

Federal Aviation Administration

The proposed building and all construction equipment will not exceed the 150 foot height limit per the Federal Aviation Administration ("FAA"). The project team is submitting to the FAA to obtain a "No hazard determination" response.

Peak hour & average day water demand/wastewater flow Analysis

Water usage for the Phase I development is estimated to be 20, 130 gallons per day. This is based on 183 units at 110 GPD (gallons per day). The estimated average waste water flow is 20, 130 gallons per day for 183 units. Peak water usage is estimated to be 434 GPM.

Flexibility Requests

- 1) Applicant asks for the allowed 20% FAR reduction to accommodate potential market changes in the future.
- 2) Request for parking flexibility, a deviation from code due to proximity to public transit.
- 3) Note: Applicant is asking for deferral of Park Dedication fees for the second lot created in the platting process.

Opportunity Housing

Rosa Development Phase I submits a Housing Plan concurrent with this application for approval of a Preliminary and Final Development Plan. In summary, this Phase I project proposes to provide on-site compliance with 20% of its units as affordable at the 50% AMI level. Details of the commitment to provide these units are described in detail in the Housing Plan submittal and Exhibits A, B and C.

Financial Summary

During pre-development, Rosa encountered several economic factors that resulted in the project not meeting even minimum investment return thresholds. The project team went through an extensive value engineering process to reduce cost. Even with value engineering there remains a significant gap in financial feasibility, that but for financial subsidy, would prohibit this development project from moving forward.

The combination of economic factors contributing to less than minimum investment thresholds are listed below:

- Affordable housing component with rents that do not support new construction – 20% of the units at the 50% AMI level
- Flat rents (note that lenders will not underwrite assuming any future increase in Year 1 rents)
- High construction costs
- Rising operating costs and future cost risk
 - Highest ever number of units in metro area has decreased multifamily labor supply and is pushing wages higher with competition for talent
 - Insurance costs continue to rise

- Real estate taxes
- Complexity of mixed-income developments increase operating costs and present some lease-up risk
- Mitigation of a high-water table on the subject site increasing initial capital costs and operating costs due to the requirement for dewatering

Because of these economic constraints this development would not happen solely through private investment in the "reasonably foreseeable future."

If this development does not move forward the City will not see a net increase in market value for this site compared to the likely development that could occur without TIF along with the other project benefits listed below.

For these reasons, Rosa, is making application to the City of Bloomington Port Authority as well as seeking incentives under the City of Bloomington's Opportunity Housing program.

Project Benefits

The Rosa development will provide public benefits to the City of Bloomington, and the overall community by providing the following:

- Affordable housing equaling 20% of the units at the 50% AMI level
- New development resulting in additional private investment with the opportunity to spur additional development in the area
- Job creation, both permanent and temporary (during development)
- Enhancement of the City's economic base
- Contribution to the fulfillment of the City's Comprehensive Plan
- New, high quality development that has intentionally aligned itself with the City's vision for the South Loop District in its design, site orientation and amenities
- Significant increase in the City's tax base.
- Opportunity for public access to greenspace
- Leverages the investment in public transit with its proximity to the LRT
- The possibility of providing space for an artist/maker space in residence coordinating with the City's placemaking program

Opportunity Housing Policy Incentives Requested to Mitigate Gap

- Housing TIF and incentive request (submitted to the Bloomington Port Authority)
- Parking Reduction
- Alternative Exterior Materials Allowance, 75% of qualifying facades (as detailed on attached Exhibit)
- Storage Space Reduction
- Development Fee Reimbursement Reduction of 30% (building permit, park dedication and SAC fees)

Submittals attached to the Rosa Development Phase I Preliminary & Final Development Plan application include:

- Master Plan
- Project Narrative
- ITE Trip Generation
- Peak hour & average day water demand/wastewater flow
 - (in Project Narrative)
- Site Plan
- Building Plans – Schematic
- Utility Plan
- Grading/erosion control/drainage plan
- Landscape plan
- Stormwater plan & report
- Photometric plan
- Project renderings
- Housing Plan & Exhibits (A-Exterior Materials, B-Site Plan, C-Identification of Affordable Units)
- Preliminary Plat submittal

Submittals sent separately (to Bloomington Port Authority):

Tax Increment Financing Application & Exhibits

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