

Development Application  
**Penn Lake CityHomes**



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Project Site: 8525 and 8545 Penn Ave, Bloomington, MN

City of Bloomington Planning Case # **PL202000133**

### **Included in Application Submission**

- Development Application Narrative – Developer
- Site plan, landscape architectural – Civil Site Group
- Preliminary Plat – Harry S Johnson Co Surveyors
- Stormwater Report and Management plan – Civil Site Group
- ITE Trip Generation Modeling – Civil Site Group
- Architectural 3D Modeling and Sample Floor Plan - Firm Ground Architects and Engineers
- Shadow Study - Firm Ground Architects and Engineers
- Neighborhood Notification Map
- Development Team

### **Project Overview**

Penn Lake CityHomes LLC seeks to develop the site located at 8625 and 8645 Penn Ave South. The site currently contains an existing single-family home and a large, grassy hill. The location of this site makes it highly desirable for residential development. The proximity to the Penn and American District, nearby post-graduate campus, it being situated along an arterial collector street (86th) and county road Penn Avenue all support a medium density development. With the site being on a corner and on the perimeter of low-density residential areas it is ideally located to support a higher density.

The project will consist of a total of 15 for-sale units built in 3 phases. Each unit will have its own lot and block with the remaining site area to be community in common. An association will be created to govern the development. 20% of the units will be sold to households below 110% AMI with a deed restriction placed for 30 years requiring the units to be owner-occupied. The remaining units will be market rate. Several units will have the ability to be built ADA accessible. All units will be two story, three to four bedrooms, ability to incorporate main level living, and an included 2 stall garage.

Our application seeks approval for:

- A Comprehensive Land Use amendment from Low Density Residential to Medium Density Residential
- A rezoning from R-1 to R-3(PD)
- A preliminary and Final Development Plan
- A Type III Preliminary and Final Plat

### **Public Benefit**

Extensive new residential development has been and is occurring in Bloomington and surrounding communities for rental housing, both affordable and market rate. Unfortunately,

residential new construction for owner-occupied housing at attainable price points has been very limited in the south metro. The limited availability of land for redevelopment, especially parcels like the subject, are the primary driver of this scarce supply. Existing construction, for-sale housing is also at an all-time low in the region due to the lack of available land, thus the opportunity for would-be home buyers in Bloomington for new construction is extremely limited. A decision to promote availability of a variety of home ownership opportunities for future residents is warranted. We should question whether we want our residents and neighbors to be renters or to be stakeholders in our city and have a vested interest in its preservation and prosperity.

All conceivable future development in Bloomington in any of the residential districts will be highly surgical in nature. The Developer proposes some flexibility and variance in the ordinances as written in order to create home ownership opportunities. All of the requests are reasonable, provide a positive contribution to the character of the neighborhood, uphold stewardship of soil and water, and meant to maximize the utility of the site while preservation the nature of the neighborhood. As change being the only constant in the universe, the Developer does seek to provide an addition to the city that deviates from original planning for the zone and site. Creating single family, detached residences to this site would be a missed opportunity. Not only would it only allow for less than half of the proposed units, it would cause the cost of those units to be more than double the price point. The opportunity for most would-be resident homeowners to find ownership options on the site would not exist.

The extensive site preparation costs for fill removal are prohibitive for lower density development. The site was not connected to the city stormwater system, thus the stormwater management application adds additional extensive cost to the development. Lastly, in regards to utilities, the site was planned for single family development and as such adds extensive cost to abandon the existing stubbed in utilities and route new, appropriate-to-plan utility systems. These costs are what prohibit any future single-family development on the site.

### **Projected Timeline of Project**

- Complete application submitted by 12:00 PM on August 5<sup>th</sup> 2020
- Existing Structure Demo Application – Early August
- Soil Boring Tests – Mid August
- Formal DRC review on August 18<sup>th</sup>
- Neighborhood Meeting August 25<sup>th</sup>
- Planning Commission on September 10<sup>th</sup>
- City Council on October 5<sup>th</sup>
- Grading Permit Application on October 6<sup>th</sup>
- Metropolitan Council Comp Plan Change – November
- MPCA and Nine Mile Creek Watershed District Review – November
- Foundation and Footings Construction, Phase I – Early December
- Public Funds Applications to MN Housing and MetCouncil – Winter 2020

## **Rezoning and Density**

Housing needs continue to evolve in the greater region. Current trends indicate that the population will age steadily, households of varying ethnicity and economic status demand housing solutions that differ from what is currently available. Many studies have shown that a greater number of households will require less housing space and yet more utility. This market research points to less reliance on automobile ownership, less demand for expansive yards and oversized housing, and more dependence on access to amenities. Furthermore, household sizes are expected to decrease and the number of single and two person households is expected to grow. Our current housing stock largely lacks the variety, density, and utility to meet these needs. New housing will be needed to accommodate this shift in household demographic and change in household sizes.

Bloomington is a city with a wide range of accessible amenities. Its parks, waters, commercial-retail zones, transportation hubs and vast employment centers are just a few highlights of what it offers residents. Due to these amenities the demand for housing here is exceptional. Unfortunately, when this environment is coupled with the lack of available land for new residential development, the only solution is a change in density or a change in dwelling size. Our proposal is both – a medium density designation to offer a combination of more housing units, and yet open green space, and an efficient unit design to maximize utility for its resident owners.

## **Affordability**

The Developer seeks to promote homeownership. As such, careful consideration of area median income (AMI) is central to the proposal. At least 3 units will require buyers' household income to be under 110% AMI as provided by HUD for the Mpls-St. Paul-Bloomington region.

<b>Area</b>	<b>Unrounded FY 2020 MFI Estimate</b>	<b>Rounded FY 2020 MFI Estimate</b>
<b>Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area</b>	\$103,410	<b>\$103,400</b>

Thus, \$113,740 would be the maximum household income for these income restricted units. A price point of \$382,950 is the current limit for MN Housing down payment assistance programs and would be the maximum price point for at least 3 of the units. For analysis, we can determine affordability and housing debt ratios based upon these figures and few estimated variables:

Monthly Gross Income at 110% AMI	\$	9,478
Primary mortgage balance with 3% down payment	\$	371,462
Secondary mortgage - MN Housing down payment assistance loan	\$	17,000
Primary mortgage principal and interest payment at 4%	\$	1,773
Secondary payment at 4%, 10 year note	\$	172
Estimated monthly property tax	\$	385
Estimated monthly HO6 unit insurance premium	\$	35
Estimated monthly HOA dues	\$	275
Total estimated monthly housing expense	\$	2,641
Housing ratio		28%
Annual income to maintain a 31% housing ratio		\$102,214

The Developer expects to see a variety of economic demographics seek ownership opportunities in the association. Households with lower incomes than the area median may qualify for the amount of financing they need to purchase one of the units, with or without assistance. Additionally, as has been demonstrated by similar types of development, existing homeowners in the city may choose to sell their existing single-family home and acquire one of the units. This would then free up additional home ownership opportunities and provide existing residents a low maintenance ownership option.

### **Deed Restrictions**

Home ownership goals are paramount to this development. As such, the units that have income restrictions will also have 30-year deed restrictions created that require they be owner-occupied. Deed restrictions are common for properties that utilize public funds for their development, have income restrictions, or are designed by owners' associations to maintain the value of a property. For this development, the restrictions are two-fold: preservation of home ownership and maintaining value and security of the association. The language for the restrictions will be crafted to comply with housing regulations, are not meant to place undue burden on the owner and will not restrict open market financing.

### **ADA Accesibility**

The design of the units will incorporate the ability to custom construct doorways, walkways and other accessible features. Owner occupants needing accessibility features often struggle to find housing to accommodate their needs. The Developer will seek to provide these changes at time of construction at no additional cost to the buyer.

## **Traffic and Parking**

The development will have a single drive that flows through its center, connected to Penn Ave and 86<sup>th</sup> St at each end. The Penn Avenue connection will be a right-in, right-out (RORO) only connection. We have reviewed with Hennepin County traffic control and preliminary approval for this connection to the county road. It is yet to be determined if a center median on Penn is appropriate and will be completed if required. The county has given preliminary approval for either. The 86<sup>th</sup> Street connection can be made into a RORO if the city traffic engineer determines appropriate. The connection is distal the 86<sup>th</sup> and Penn intersection and visibility is high either way for a turn left or right.

With ingress and egress at each end of the central drive, a two-way accessibility is proposed. The drive is wide enough to accommodate traffic flow in both directions and leaves ample space for emergency vehicle access and maneuvering.

The site is situated along bus transit (MNDOT route 539 stops on Penn directly in front of site) that will likely connect with the new BRT orange line terminal on 35W and 82<sup>nd</sup> Street to downtown Minneapolis. This transit line also easily connects to many corporate campuses, medical centers, schools, shopping, the airport and light rail.

It is the Developer's opinion that although this amenity is available, unit owners will still primarily depend on their individual vehicle for transportation. To limit vehicle congestion in the association, the bylaws will place restrictions on the number of vehicles allowed per unit owner. With 15 Units in the community, and 63 onsite parking spaces. At the time each Unit is purchased each owner/resident will be given a parking permit for each space assigned to his/her Unit. Of the 63 onsite parking spaces, 3 spaces will be designated as guest parking spaces. The designated 3 guest parking spaces will only allow for parking 4 hours at a time with no overnight parking. Each unit Owner will have 4 total parking spaces – 2 enclosed in the garage space and 2 in the unit driveway. Guests who desire a longer period of parking will need to use the unit driveway of which they are a guest. Unit owners will not be allowed to use the 3 designated guest parking spaces for their own use at any time.

It is possible to create an additional 5 guest parking spaces, but the Developer prefers the additional green space in lieu of parking area.

In order to ensure access by public safety vehicles, no parking is permitted at any time, for any length of time, anywhere on the property other than in a designated parking space. All residents and guests must observe all posted signs regarding parking, whether located on the Property or public streets.

## **Stormwater**

As the most challenging aspect of this site, a workable design has been created in great detail by our civil engineer. It is noted that Upper and Lower Penn Lake are DNR impaired water bodies and currently all of the run-off from the site either flows to the lake or onto neighboring parcels. The site is not connected to the city stormwater system. Our objectives for the stormwater plan were six-fold:

- Maintain stormwater on-site
- Improve the watershed onto neighboring parcels
- Protect Penn Lake
- Utilize a system that has minimal maintenance
- Select a system with no mechanical operations
- Minimize aesthetic impact to the association
- Promote the maximum green space area

Run-off rate and quality must not increase from what is there today – over 90 percent grass. It is our opinion this project is designed to meet water quality, rate, and volume retention standards. Additionally, both Upper and Lower Penn Lake have approved TMDL's with approved Waste Load Allocations (WLA). The stormwater management plan demonstrates overall improvement in runoff conditions from existing conditions.

- Achieves a net reduction of pre-project discharge rates for the 2-, 10-, & 100-yr events using Atlas 14 precipitation data.
- Achieves no net increases in stormwater discharge volume from pre-project conditions on an average annual basis.
- Captures and retain on-site a volume equivalent to 1.1 inches of runoff from the new and/or fully reconstructed impervious area

## **Shadow Study**

A few notes on the included shadow study: the impact to neighboring parcels is minimal. The shadows do not reach the living quarters of any neighboring structures. The phases only slightly shadow parts of any other phase at very limited times. Overall the plan as proposed offers a great amount of sunlight to the green spaces.

## **Deviations Requested from City Code**

### **§ 21.203.04 TOWNHOUSE RESIDENTIAL (R-3) DISTRICT.**

- (a) *Intent.* The Townhouse Residential (R-3) District is intended to provide appropriate development standards for predominantly townhouse and rowhouse style development.

**§ 21.301.02 STRUCTURE PLACEMENT.** Setback requirements:

<i>Zoning District</i>	<i>Along Streets**</i>	<i>Rear</i>	<i>Side Not Along Streets</i>
	<i>Minimum</i>	<i>Minimum</i>	<i>Minimum</i>
<b>R-3</b>	30 feet*	30 feet	10 feet

A deviation of 10' from code is requested along Penn Avenue and 86<sup>th</sup> Street for front setbacks. The need for the reduced setback is to allow for the proposed number units required to support the development and the interior drive width. The setbacks as proposed also support the extensive stormwater management systems and allow for sufficient green space. The public benefit of this allowance is support of the site plan as designed, thus allowing attainable price points. Without the ability to incorporate the number of units as designed, the project is not financially feasible and thus none of the attainable units would be made available for residents.

Other considerations in proceeding with the reduced setback:

- To allow for internal circulation of a tight site
- Internal inward focused parking and garage access to limit the headlight impacts on adjacent property owners and visibility of parked automobiles
- Reduce noise emission levels on adjacent residences by locating parking and activity areas to the middle of the site, allowing the building to buffer the noise impacts to adjacent homes
- The southwest corner of the site has a greater setback from the street as the city has additional right-of-way space between site boundaries and street edge

**§ 21.301.01 DEVELOPMENT INTENSITY AND SITE CHARACTERISTICS**

<i>Zoning District</i>	<i>Site Area</i>	<i>Site Width</i>	<i>Density</i>		<i>Impervious Surface Area</i>
	<i>Minimum</i>	<i>Minimum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Maximum</i>
R-1A	65,000 sq. ft.	see (A & B) below	NA	NA	see (C) below
<b>R-3</b>	<b>20,000 sq. ft.</b>	<b>120 feet</b>	<b>NA</b>	<b>8 U/ac.</b>	<b>70%</b>

- 15 units should have 8 guest parking spots other than the driveway
  - Each unit has 2 internal and 2 driveway spaces with an additional 3 visitor spaces. We could work with staff to add up to 5 visitor stalls, by converting the east end to head-in stalls



- End of tier parking islands not present
  - The end of tier parking island was modified to protect the parking stalls while allowing the fire truck to maneuver/drive over the island (with D4-12 curb)

#### Green space calculations

### SITE AREA TABLE:

SITE AREA CALCULATIONS				
	EXISTING CONDITION		PROPOSED CONDITION	
BUILDING COVERAGE	1,624 SF	2.0%	22,744 SF	28.6%
ALL PAVEMENTS	2,033 SF	2.6%	23,253 SF	29.2%
ALL NON-PAVEMENTS	75,916 SF	95.4%	33,576 SF	42.2%
 TOTAL SITE AREA	 79,573 SF	 100.0%	 79,573 SF	 100.0%
 IMPERVIOUS SURFACE				
EXISTING CONDITION	3,657 SF	4.6%		
PROPOSED CONDITION	45,997 SF	57.8%		
DIFFERENCE (EX. VS PROP.)	42,340 SF	53.2%		

The public benefits for the project include attainable new housing, additional tax revenues and strengthening area property values. Also, the possibility of bringing public housing funds from the state and regional sources (MN Housing Impact Funds, MetCouncil Livable Communities Grants) home to Bloomington should also be viewed as a benefit. Although this project doesn't fit within the Opportunity Housing Ordinances stated requirements (20 units or more), the Developer believes the intent of the OHO ordinance was to support additional development like this project. Development of this nature is desperately needed in the region and Bloomington has all the ingredients to support such a project.

#### Landscaping

Included in the landscape architectural plan is a planting map. The Developer's intent is to exceed any code requirements for plantings of trees and shrubs. The aesthetic appeal of the association is very important as it is a prominent location in the city, is a cornerstone of two arterial streets and will set the bar higher for overall neighborhood appeal. Developer will retain a professional landscape designer for softscape material selection. Plant materials will also be used to shroud the view of the stormwater features and help the development blend into the neighborhood. Softscapes can also change the feel of the interior of the development, making the interior street feel more walkable and improve sustainability.

## **Phased Construction**

The three structures proposed will be constructed in three phases. The NE 6 unit structure as Phase I, the NW 5 unit structure along Penn Ave as Phase II and the 4 unit structure along 86<sup>th</sup> Street as final Phase III. The shell of Phase I will include one completed unit for marketing as the model and the remaining units built out to accommodate demand. Phase II and Phase III will be completed in a similar fashion, with all phases and units expected to be completed and sold by 2022.

All construction on site will occur within the days and hours of Monday – Saturday, 8am-6pm. The site is a large, grassy hill currently and will require approximately 18,000 yards of fill to be removed.

## **Unit Design**

The design goals provided to our Architect:

- Maximize efficiency of the unit space, both internal and external
- Create an opportunity in each unit for single level living
- Each unit convertible to ADA accessibility standards
- Conform to the neighborhood, yet advance the modernization at the same time
- Variegated exteriors to delineate the units
- Phase II along Penn units to have more urban, walk-out on to sidewalk feel (Bostonian)
- Phase III to maximize view of Lower Penn Lake, large windows, upscale and higher luxury
- Meet affordability goals
- Maximize appeal of interior finishes
- Meet all state and local building codes

All units have a 2-stall garage on the main level at slight grade with the street.

All units with a basement will be unfinished space. It is TBD on how many units will have a full basement or partial basement. For safety reasons, the Developer's opinion is to have at least a partial basement in each unit.

Phase I units will include three bedrooms and two baths. One bedroom on the main level that can also act as a den/office or additional living space if desired by the end buyer.

Phase II units will include four bedrooms and two baths. Again, one bedroom on the main level is incorporated in the design.

Phase III units will be a mix of three and four bedrooms and two baths, with one bedroom on the main level.

## **Building Materials**

All units to be sprinkled in accordance with state and local building codes and to meet the Fire Marshall's requirements.

A sampling of building materials to be used in the project:

### **Exterior Materials**

- Concrete driveways
- Architectural shingle
- LP/hardy board siding
- Brick veneers
- Double hung, double pane aluminum windows
- Tyvek moisture seal
- Steel exterior doors
- Sidelights
- Exterior low-pollution lighting
- Aluminum soffits, gutters, downspouts

### **Interior Materials**

- 2x6 wood frame construction
- LVT flooring
- Granite or quartz countertops
- Tile flooring and backsplash
- Stainless appliances
- Solid wood doors
- Sound barrier walls
- LED lighting
- Smart-Home ready
- Fiber Optic connectivity
- 120 amp service

Wherever possible the Developer will work with the Architect and Contractor to utilize renewable, low V.O.C materials. Our opinion is the added cost of green construction materials return greater value to the owners and will be utilized as often as possible. The Developer will also explore with Xcel Energy any possibilities to incorporate solar panel power generation on site.

## **Snow Removal**

The HOA will contract with a property maintenance company with the ability to remove snow from the site in extreme events. The stormwater catch basins are not to be used for snow storage, however the site has ample green space for storage of snow of most weather events. The Association shall provide for snow and ice removal on individual driveways and common driveways and parking spaces, all in accordance with the snow removal policies established by the Association. All contracts for snow removal shall include a specific provision addressing off-site storage of snow removed from the Property.

## **Association Governance and Maintenance**

Penn Lake CityHomes HOA will be created by Developer to govern the association. This includes contracting for maintenance of all common areas, stormwater systems, structural exteriors, landscaping and flat surfaces. The HOA will enforce parking permits, the entirety of the bylaws,

which will also include specific rental restrictions limited to no more than 20% of the association, and manage finances. It will secure and maintain the HOA master insurance policy and will be charged with obtaining the association's FHA and Fannie Mae approval for financing. Once the HOA is created, a management company such as First Service Residential in Bloomington or Gassen Management will be selected to create and maintain record keeping for the unit owner-appointed board.

### **Why "CityHomes"**

The term "townhome" is an old and outdated property description. It portrays a 1980-something attached dwelling structure that was built of substandard materials, thin walls, and has an overbearing association management office. "CityHomes" highlights a refreshed description of efficient living; sound security from the surrounding environment of traffic, airplanes, and emergency vehicles. It offers freedom to explore the region without the burdens of property maintenance and the opportunity to live in a modern dwelling. It brings technology together with comfort and maximizes spaces and minimizes

## **Development Team Contacts**

### **Project Architect and Structural Engineering**

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### **Association Governing Documents**

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