



7500 West 78th Street
Edina, MN
55439

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Wednesday, February 17, 2021

Glen Markegard
Brian Hansen
Michael Centinario
City of Bloomington
1800 W. Old Shakopee Road
Bloomington, MN 55431-3027

RE: Aire Apartments
3 & 4 Appletree Square
Bloomington, MN 55425

Subject: Development Application PL2021.12

Glen, Brian & Mike,
Below is summary of the project:

1) Aire Apartments Narrative & Phasing

The redevelopment of the Crown Plaza hotel is the redevelopment of an underutilized & underperforming hotel into a mixed-use project, adding a much-needed affordable housing units while keeping a smaller hotel and also the potential for a future retail component. The proposed project is planned to be redeveloped in two phases: 1) the current application includes updating 135 of the current hotel rooms and the repurposing of the other 295 hotel rooms into 229 apartment units will be completed in 2021; 2) the retail redevelopment on the main floor is expected to be submitted for consideration by the Planning Commission and City Council in 2022 after the apartment building is fully occupied but is not part of the city approvals currently being requested..

The current development application is for Phase 1 only and no exterior changes to the existing site are proposed as part of this submittal.

2) Current PDP and FDP proposal

Adaptive re-use repositioning a portion of the existing 14 story 430 room Crown Plaza Hotel and Suites to serve the south metro apartment community with a naturally occurring affordable option. The existing structure is uniquely designed which allows us to convert the upper floors into 229 apartment units, consisting of 156 Studio/Alcoves, 48 One Bedroom and 21 Two Bedroom apartments while retaining 135 hotel rooms on floors 3-6. 20% of these units will be income restricted pursuant to the Opportunity Housing Ordinance (OHO),

in addition to the restricted units, most of the remaining units will be affordable to residents earning under the 80 % AMI income level. Existing amenities such as an indoor swimming pool, fitness area, coffee bar and a new amenity consisting of a rooftop social deck with fire pits and grill stations will all be available to all residents. Also, the hotel's central meeting and banquet spaces will be repositioned into more resident amenities, including flexible shared workspaces, multiple tenant/guest lounges, a game area and media/screen casting. The Aircraft Grill (full bar and restaurant) will remain operational as it exists today.

3) OHO incentives and PDP/FDP flexibility:

The redevelopment of the Crown Plaza hotel in the Aire Apartment building is a redevelopment of an underutilized & underperforming Hotel into a much-needed affordable housing option. The redevelopment will create 229 multi-family rentals; 35 of these units (15%) will be affordable to those at 50% AMI or below and 11 of these units (5%) will be affordable to those at 60% AMI or below. In addition, as stated above, many of the remaining unrestricted units will be affordable at 61% to 80% AMI rents, which are also needed in the area.

The Opportunity Housing Ordinance requires that 21 affordable housing units are needed to comply, we are restricting 46 units, more than double the required amount and based on the request of city staff 75% of those will be at the lower 50% AMI levels. We felt it was important to provide these additional units as this is a very unique project that is much more comparable to existing NOAH projects within the city than it is to many of the new projects being built. The unique nature of this location being so convenient to the light rail transit station and the numerous jobs available at the Mall of America, the Airport and all along the other areas adjacent to the transit system is a huge benefit to the residents but also creates the need for more flexible standards .

The flexibility requests we are making are related to the transit oriented nature of the project, the ever reducing need for car based transit, the amenity rich building we are creating along with the overall affordability of the project, there is no other affordable project within the city providing the high level of amenities we are able to provide in the Aire apartment, while still maintaining reasonable rent levels. The areas of flexibility being requested are unit size, storage units reduced by 50%, reduction of the number of overall parking stalls and to allow for only 95 covered parking stalls.

We are requesting that 64 of the units be allowed to be 350 square feet which is smaller than the 400 square feet limit that the current city code allows and slightly smaller than the 360 sq. ft. allowed in the OHO. As you can see from the unit designs included these units are still very nice and functional, you will not be able to tell the difference between and 350 sq. ft.



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unit vs. a 400 sq. ft. unit. We are also requesting to distribute those smaller units not just to the affordable units but to the total project, why should only the affordable units be allowed to be smaller when the whole community can benefit from a slightly smaller unit at a lower overall rent.

We are also asking for flexibility in the total number of parking stalls provided, we are providing 300 stalls along with reducing the number of covered stalls required to 96. The OHO allows for flexibility in both of these areas, but because of the type of project we are creating and the heavily transit focused nature we are asking for additional flexibility beyond the prescribed OHO reductions. The city has obtained a parking study that was updated for the overall project area showing all the current and future uses, it clearly shows that the 300 stalls we have available are more the amount needed for our project. The reduction of the covered stalls requested is supported both by the parking study, the transit nature of this project and the unit mix, but probably more relevant is comparing the rent levels of this project to other NOAH projects within the city, those existing projects have very few, if any covered stalls. We have 96 covered stalls and 204 additional uncovered stalls in the adjacent ramp which will comfortably handle the hotel/apartment project and all the uses we have proposed. Also, as clarification 46 of those 96 covered stalls will be reserved for the 46 OHO units as required by the ordinance.

The requested OHO incentives and the additional FDP / PDP flexibility being requested are needed to accomplish this redevelopment as proposed. We feel the public benefit created is the 46 restricted affordable units being provided along with the many other NOAH affordable units that will be created along with the direct access to the high quality transit system which more than justifies the additional flexibility requested.

We are currently requesting no financial assistance for the project in addition to the allowed OHO incentives requested as part of this approval.

4) The Preliminary & Final Development Plans (PDP & FDP) are provided:

- a. The attached plans show this development as Phase 3 to the American Square PDP/FDP that was approved on 6/22/20.
- b. The conversion from hotel to apartments is a major revision to the Appletree Square preliminary development plan (PDP). The final developments plans are the plans that represent the physical changes to the site. In terms of uses, multiple-family is a permitted use. Restaurants and retail are permitted limited uses.



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5) Parking Requirements:

- a. The existing parking for the current Hotel will remain unchanged which currently provides 300 parking spaces in the adjacent parking ramp. The OHO and PDP/FDP flexibility being requested conforms to the results of the attached Parking Study update dated 2/16/21 from Alliant Engineering which supports that the current parking is sufficient for the change in use of the building that we have proposed. The new study estimates peak demand at 286 parking spaces. We are also requesting OHO and PDP/FDP flexibility with regards to the 1 to 1 covered parking stall requirement, we are asking to have only 96 covered parking stalls.

6) Building Storage Requirements:

- a. 115 Storage units are provided as part of our proposal. Minimum size 4'x 3'. This is based on the OHO flexibility of 50% allowed.

7) Unit Sizes:

- a. The unit sizes will range from 350 square feet to 1,200 square feet. We are requesting OHO and PDP/FDP flexibility with regards to the 64 units that are under the minimum 400 square feet requirement.
- b.

8) Traffic:

- a. A traffic forecast from Wenck Engineering will be provided in our submittal under additional documents.

9) Site Photometric Plan:

- a. A Site photometric Plan will be provided to the City prior to the issuance of a building permit. This plan will be prepared to meet City requirements for light level cut-offs.

10) Survey:

- a. Included as part of our development application we have updated the survey for the property and is provided in our submittal under additional documents.



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11) Floor Area Ratio (FAR) updated information:

- a. Lot Area = 78,756sf (1.808ac)
- b. Per the below chart we have updated the FAR's & Building Areas that were submitted as part of the American Square development.

American Square - Bloomington					Existing Overall FAR		FDP Overall FAR		Full PDP Overall FAR	
Building	Lot Size in Acres	Lot Size sq. ft.	Gross Building Sq. Ft.	Individual Building FAR	Lot Size sq. ft.	Gross Building Sq. Ft.	Lot Size sq. ft.	Gross Building Sq. Ft.	Lot Size sq. ft.	Gross Building Sq. Ft.
Office Building 8009 34th Ave S	1.35	58,899	267,036	4.53	58,899	267,036	58,899	267,036	58,899	267,036
Office Building 8011 34th Ave S	1.91	83,360	119,504	1.43	83,360	119,504	83,360	119,504	83,360	119,504
Crown Plaza Hotel 3 & 4 Appletree Square	1.81	78,756	290,915	3.69	78,756	290,915	78,756	290,915	78,756	290,915
Market Rate Apartment 3701 American Blvd E	3.81	166,172	234,021	1.41	166,172	-	166,172	234,021	166,172	234,021
South Lot - Workforce Apartment 6 Appletree Square	1.73	75,208	84,082	1.12	75,208	-	75,208	-	75,208	84,082
North Lot Mixed Use Building 3601 American Blvd E	2.20	95,861	176,563	1.84	95,861	-	95,861	-	95,861	-
Current Shared Outlot	1.20	52,264			52,264		52,264		52,264	
	<u>14.016</u>	<u>610,520</u>	<u>1,172,121</u>		<u>610,520</u>	<u>677,455</u>	<u>610,520</u>	<u>911,476</u>	<u>610,520</u>	<u>995,558</u>
				FAR Ratio	1.11		1.49		1.63	



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12) Team response to staff comments from the 2/2/21 DRC Pre-Application Meeting

- a. We have provided as a separate document, responses from our team to comments and quotations raised at the DRC meeting.

13) Project Anticipated Employment

- a. Apartment Building Staff
 - i. Management (3)
 - ii. Engineering (3-4)
 - iii. Cleaning (1)
- b. Hotel Staff
 - i. Overall Full & Part-Time Staff (45-48)

14) Project Team

- a. Kaeding Management Group
 - i. Carl Kaeding
 - ii. Brody Nordland
- b. Reprise Design
 - i. Brian Johnson
 - ii. Jim Herget
- c. Turn-Key Associates
 - i. Tom Duffy
- d. Steven Scott Management
 - i. Brenda Hvambsal
- e. Ron Clark Construction
 - i. Mike Waldo
 - ii. Mike Roebuck

15) Project Construction Schedule

- a. Phase 1: Hotel conversion
 - i. Start 5/2021
 - ii. Complete 12/2021
- b. Phase 2: Retail
 - i. The Phase is dependent on future approvals from the city, if those approvals are received, we would like to start in 2022



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16) Proposed City Schedule

- a. 2021.02.02 Pre-Application DRC
- b. 2021.02.17 Application submittal
- c. 2021.03.02 Post Application DRC
- d. 2021.03.25 Planning Commission Mtg
- e. 2021.04.05 City Council Mtg

17) Plans & Information uploaded to website

- a. Project Narrative
- b. Team responses to staff DRC comments
- c. Development Application
- d. Building Floor Plans & Unit Plans (Reprise Design)
- e. Unit Counts
- f. Property Survey (Alliant Engineering)/Legal Description
- g. OHO Plan
- h. Sewer & Water demand estimate
- i. PDP/FDP updated plans
- j. Traffic Counts
- k. Parking Study

We look forward to working with you and the rest of the staff on this project. Please review our application as well as the additional information uploaded to the website portal and please let us know if you have any comments/questions and if any additional information is needed.

Aire Apartments
Project Team

Unit Types - Apartment						
Floor	Studio A	Studio B	Alcove	1 BR, 1 BA	2BR, 2 BA	Total per Floor
2	4	0	0	2	0	12
3	0	0	0	0	0	0
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	0	0	0	0	0	0
7	10	3	11	5	3	32
8	8	3	11	6	3	31
9	8	3	11	6	3	31
10	8	3	11	6	3	31
11	10	3	11	5	3	32
12	8	3	11	6	3	31
13	8	3	7	8	3	29
Total per Unit Type	64	27	73	44	21	229

Unit Types - Hotel			
Floor	Hotel Room	Suites	Total per Floor
2	0	0	0
3	26	0	26
4	25	1	26
5	28	13	41
6	28	13	41
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
11	0	0	0
12	0	0	0
13	0	0	0
Total per Unit Type	107	27	134