

Monday, July 24, 2017

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City of Minnetonka
14600 Minnetonka Blvd
Minnetonka, MN 55345

RE: Shady Oak Crossing Project Narrative

Ron Clark Construction is proposing a three-story, 49-unit apartment building on the property located at 4312 Shady Oak Road.

The proposed apartment building would have underground parking, resident community room, exercise room, onsite manager's office and an outdoor play area.

It is proposed to have a mix of 1, 2 and 3 bedroom apartments and they currently expect the unit rents to be between \$800 and \$1200 per month. (See attachments).

Zoning for the property is currently B-2, limited business district. The city's comprehensive plan guides the property for commercial use.

Rezoning and Comprehensive Plan: The proposed residential use requires a rezoning and guide plan change.

The proposed housing component would qualify the project for public benefit under the planned unit development zoning district.

A complementary high density residential comprehensive plan re-guidance would align with the zoning density of 31 units/acre. (49 units/1.58 acre).

Building Design: The proposed 3 story building with a flat roof and two story components at each end represents significant first step in the redevelopment of the Shady Oak Road corridor between Highway 7 and Excelsior Boulevard.

This existing commercial building is dilapidated and unlikely to be a candidate for remodeling.

Other residential redevelopment in the area includes The Oaks of Mainstreet townhome development (late 1990s) at the corner of Shady Oak Road and Mainstreet.

The proposed apartment building incorporates a flat roof design and an articulated façade, underground parking and common building entry accesses.

Changes from Original design:

The proposed 3 story Apartment building has been redesigned in response to input from the neighbors, Planning Commission and Council.

The initial design presented at the 'Request for Interest' interview before the City Council was a 56-unit building with a gable roof. To address the collective concern for the overall size of the building we have reduced the number of units from 56 to 49 by removing two units from each end of the building and one unit from the outside corner. We also changed the gable roof to a flat roof.

These changes have reduced the building height to two stories as viewed from Shady Oak Road from the north, Main Street from the south and from the existing neighbors to the west.

Perimeter grades have been raised and retaining walls have been added to reduce the amount of exposed foundation from the base of the building. The building height as measured from average grade is now 35'-37' compared to the original proposed building height of 52'.

The Community Open House on January 11, 2006 sponsored by the Cities of Hopkins and Minnetonka presented a Shady Oak Road Redevelopment Study that showed all residential options for this site to be three stories.

Site Design: Similar to the existing building, this proposal would site the apartment building toward Shady Oak Road while providing greenspace to separate the building from the sidewalk.

Surface parking and a tot lot are provided on the west side of the building.

Underground parking is accessed from Oak Drive Lane.

Site and building design considers the relationships of public and private spaces.

A strong relationship of the sidewalk, front yard space and the building's first floor is essential for great spaces.

Changes to Site Design:

The original proposed site plans had the entrance to the parking garage coming directly from Oak Drive Lane without an opportunity for the stacking of cars entering on to Shady Oak Road.

The building now has shifted south to allow the garage entrance to come from the surface parking lot to the west to now have only one entrance from Oak Drive Lane. This change allows for the stacking of cars entering Shady Oak Road.

As the building exterior has changed to a flat roof for a more 'Urban' design the building placement is now toward and connected to the sidewalk along Shady Oak Road while providing greenspace to separate the building from the sidewalk.

Significant landscaping and retaining walls will be placed at the north end of the building to screen the parking garage entrance. All efforts will be made to protect the existing trees as well as adding additional trees, landscaping and fencing to screen the existing neighbors from the surface parking.

Stormwater Management:

The current property is covered with 1.22 acres of impervious surface and primarily drains to the wetland. The new development stormwater management system for the site will convey all site runoff to a new basin installed on the adjacent property to the West. The impervious area for the new development provides a 32% reduction from the existing site condition. The development will meet all management standards required by the City of Minnetonka, the Nine Mile Creek Watershed District and the MPCA NPDES Permit.

Traffic: The city consultant has prepared a traffic study of the area and it clearly shows that the new use will have less traffic than other currently allowed uses and the effect on the surrounding intersections is minimal.

We had discussions with the city and county about adding a right turn lane on Oak Drive Lane and the county said it was not needed and as such would not be allowed.

Financing: The project will be financed through the Minnesota Housing Finance Agency (MHFA) 9% tax credit program, The tax credit financing program is a public/private partnership whereby the tax credit investor receives federal tax credits for a 10 year period which we are able to convert into Equity for the project, this allows for a small mortgage but in return the rents must be kept at a level set by MHFA for 30 years, with a Tenant's income restricted to 60% of the Median Income for the County., which currently for a family of 4 is \$54,240/year.

In addition MHFA does annual inspections of the property and require us to set aside about \$250,000 in reserves at closing and to set aside another \$22,050/year for major repairs and replacements. This assures that the building will be maintained at a high quality and continue to be an asset to the city for years to come.

If the project is approved by the city, we will be applying for tax credits in 2018 and if selected would plan to start construction on early 2019.

Professional Management: Steven Scott Management will be our management company, they are a highly respected local company.

We will have an onsite resident caretaker as well as a building manager who is at the building a minimum of 30 hours per week, along with a Senior Manager who oversees the building management.

As part of the maintenance and management of the building we are in each unit, normally monthly or bi-monthly to maintain equipment and to do a quick inspection to confirm no lease violations or undo wear and tear is happening.

Each resident in the household must pass extensive credit, criminal & housing history checks

The leases are also very clear as to our right to evict or non-renew a tenant for either a major lease violation or continued smaller issues. They also sign a Drug-free/Crime-free lease addendum.

Smoking is not allowed anywhere in the building.