

Richfield Corridor Housing Initiative

Workshop III – Developers Panel: 72nd & Penn Avenue South

November 8, 2007

6:30 – 8:30 p.m.

St. Nicholas Episcopal Church, 7227 Penn Ave S

Panelists:

- **Michael Lander** – LanderGroup
- **Chris Wilson** – Project for Pride and Living
- **Gina Ciganik** – Aeon
- **Colleen Carey** – The Cornerstone Group
- **Judith Wurdock** – CommonBond
- **Tom Melchior** – LarsonAllen (market analysis consultant)

Facilitator: **Barbara Raye**, Center for Policy Planning and Performance

Hosted by:

- Richfield City Council and HRA
- Corridor Housing Initiative

Introduction (Barbara Raye, Facilitator):

Purpose of the process is:

- To define community goals for development of the three sites (76th & Lyndale, 77th & Pleasant, and 72nd & Penn).
- To determine what is feasible or likely for development on these sites.
- To identify the potential benefits and concerns for development

- Final recommendations will be submitted to the Richfield City Council and HRA for consideration.
- Community input is advisory.
- Control of development is determined by market conditions and public policy.
- Reminder that the 72nd and Penn site is privately owned, maintaining the rights of private property and ability to sell to whomever they wish.

Panel Discussion:

Tom Melchior – LarsonAllen:

- The site is surrounded by single family homes and should be residential, not dense (perhaps town homes or two-story condos).
- The condo market is currently weak, but will return.
- The market for apartments is strengthening, especially affordable housing and luxury housing (the cost of land doesn't allow for middle markets)
- It could be affordable or mixed income.
- Foreseeable options include 1.) 10 – 12 housing units per acre of mixed income or affordable rental, 2.) condos, or 3.) single family homes with very small lots (to be determined by land value).

Bruce Palmborg (City staff) – The Metropolitan Council has identified the need for Richfield to include 1500 new housing units, 900 of which should be affordable housing, by 2030.

Community Member – Concern that apartment management issues might be jarring to the cemetery.

Michael Lander – The Lander Group:

- Local control is important, but must also respond to / consider city and regional needs.
- City of Richfield should work from a coherent plan for how the city moves into the future.
- Penn is a major corridor – important to link transportation and housing.
- New denser housing on major corridors
- Richfield has many smaller housing and apartments – should consider a greater array of housing types to broaden options for residents.
- Could build single family homes on the site or 40 units per acre depending on the needs of the community.
- New housing is usually built for 1 – 2 occupants. Larger families aren't building new housing.
- There is an insatiable need for affordable housing – which is constrained by lack of resources.
- Could be a community center or neighborhood scale commercial (i.e. coffee shop on corner)
- As a developer, I see a wide range of options for this site.
- Consider the option of a tower (smaller footprint) to preserve the green at the base.
- Real estate economics will tell you that the owner will know the zoning code of the site, and will base the value of the site on what it permits. If the zoning were changed, there could be provisions that allow the City to capture the increased value for a community purpose.

Community member – Richfield has successful low-rise multifamily and successful high-rise multifamily housing. I question the reality of how confirmed we are around the need for more density. What we need is quality.

Community member - This site is located five blocks from Best Buy, providing the opportunity for live/work in Richfield. Best Buy should be at the table. I also wish the cemetery committee would have been here to listen to the discussion.

Facilitator – This workshop was not designed to put owners on the hot seat. We are here to learn about the possibilities of the site from the perspective of developers.

Chris Wilson – Project for Pride and Living (PPL):

- In full disclosure, Project for Pride and Living (PPL) is in discussions with the owner of the 72nd and Penn Avenue site to acquire for a community center for living and learning, a project in collaboration with Partnership Academy (a Richfield organization that provides a charter school). The project would also include a housing component.
- PPL and Partnership Academy wants to work with the community on the final product if the discussions go further.
- Clearly this is a residential area, suggesting a residential-type use.
- A school or church would be a complementary use (not wildly out of place).
- It doesn't feel like a good commercial site (a commercial node is close by), and not good office use.

Community member – There is a declining enrollment in the Richfield Public Schools - why build new schools? We are reducing support for public schools – losing city assets.

Lisa LaDue (Partnership Academy) - The charter school is an attraction to young families. The district doesn't have to give consent to start a new charter school. The contract is between the state and the binding entity (charter school). Partnership Academy provides Latino / Hispanic services, as well as a charter school in which 90% of the students speak Spanish. The charter school is in English, providing ELL. Richfield Public School District is ramping up its ELL, but the services are currently not comparable to those provided by Partnership Academy.

Community member – How sustainable is the school if the Richfield District provides stronger ELL services?

Lisa LaDue (Partnership Academy) – The school has many aspects in addition to ELL. It has a strong community base, and business partners.

Community member – Will the school pay taxes?

Chris Wilson (PPL) – The charter school does not pay taxes, but the other uses intended for the site, including housing and a community center, is taxable.

Colleen Carey – The Cornerstone Group:

- I don't see the site as office or retail. Other locations along Penn would work better for that.
- My question is "What does the community need? What's missing? What's appropriate for the site?"
- A great community has a wide range of housing types.
- Richfield has a few housing types, but the range could be broader. (For example: Higher quality rental housing – 2 ½ story walk-ups).
- Need flexibility for offering different housing options.
- The site suggests residential, but the housing market is horrible right now.
- We've done too much sprawl, consuming land / space without regard for the impact on future generations. We need more compact development, and density can be done very well (e.g. Lake Street between Lyndale and Hennepin, Linden Hills). Three story buildings can cover the cost of underground parking, which limits surface parking and can provide more green space.

Community member – Concern that if we allow density, it will set a precedent for the rest of Penn Avenue.

Colleen Carey (continued):

- Penn Avenue is not a desirable place for single family homes (difficult to have drive ways connect with Penn).
- The glue of quality is design – can mix types of housing more effectively.
- Don't put all seniors and young people on the edges of the city (the only places where density is currently allowed).
- To address the concerns over multi-family housing - more units usually equates to better management (providing more shared resources to address problems).

Community member – Design appeal for the street is crucial. Richfield lacks high end rental. The City tries to buffer single family homes from the major thoroughfares. High end, beautifully designed housing would be a home run.

Faciliator – Existing assets want to stay in the community and grow. But they often create competing values. How can we balance important values with what’s financially feasible?

Gina Ciganik (Aeon):

- High quality housing is important, but also keep in mind what the connections are. How do we create good connections that integrate areas together? Front porches are an excellent example of ways to get people connected and interacting.
- We often speak of market rate rental, but we don’t realize that market rate rental is often comparable to affordable rental in certain areas.

Who lives in affordable housing?

Fair market rates in the Twin cities:

Efficiency \$619	One Bedroom \$725	Two Bedroom \$882	Three bedroom \$1,168
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Income levels for Affordable Housing:

	Low income (50% Metro Median Income)	Moderate Income (80% Metro Median Income)	Median Income (100% Metro Median Income)
1 person household	\$26,950	\$43,120	\$53,900
Affordable rent	\$674 rent	\$1,078 rent	\$1,348 rent
Affordable ownership	\$95,000 purchase	\$138,000 purchase	\$172,000 purchase
2 person household	\$30,800	\$49,280	\$61,600
Affordable rent	\$770 rent	\$1,232 rent	\$1,540 rent
Affordable ownership	\$99,000 purchase	\$158,000 purchase	\$197,000 purchase
3 person household	\$34,650	\$55,440	\$69,300
Affordable rent	\$866 rent	\$1,386 rent	\$1,733 rent
Affordable ownership	\$111,000 purchase	\$177,000 purchase	\$222,000 purchase
4 person household	\$38,500	\$61,600	\$77,000
Affordable rent	\$929 rent	\$1,540 rent	\$1,952 rent
Affordable ownership	\$119,000 purchase	\$197,000 purchase	\$246,000 purchase

Community member – Downtown Richfield (66th and Lyndale site) is more appropriate for high end rental.

Judith Wurdock – CommonBond:

- CommonBond is talking with the Richfield Community Council about the housing needs in the City of Richfield.
- I live in Brooklyn Park, and have experienced how affordable housing can bring areas down.
- CommonBond provides a range of housing from serving homeless people to mixed income projects.
- The Vicksburg development in Plymouth is one of our housing projects that represents a good model that could be replicated on this site.
- All CommonBond projects include an advantage center that provides services to residents, and provides good management of affordable housing.

Community member – Will affordable housing affect the tax base?

Affordable housing brings millions of dollars of investment into an area. A study done by the University of Minnesota concludes that affordable housing development increases the surrounding tax base (typically because of the removal of blight).

Examples of successful developments that represent what could be done on the 72nd and Penn Avenue site:

- East Village near downtown Minneapolis (Aeon) – 3 acre site, 180 units / 20% affordable, underground parking, includes commercial retail (coffee shops, convenience stores, etc.).
- Vicksburg in Plymouth (CommonBond) – Town homes in 4 -5 unit clusters, 50 units total, green space, porches.
- Boone Avenue (PPL) – mixture of condominiums and rental.
- Wood Lake in Richfield
- Edinborough in Brooklyn Park (?)

Chris Wilson (PPL) – To construct a new single family home is \$200K (not including land costs). A new apartment unit is between \$60K - \$80/\$130K. Add in an another additional 20% for soft costs (i.e. architects, legal fees). Then add in the land cost. If you put 8 – 10 single family homes on the site they would be about \$450K per home. Is that price comparable to the surrounding values? Could those homes be sold at that price?

Community member – The cemetery is a quiet place. It concerns me to have a school so close to the cemetery. I can see some density, and I understand that single family housing would be too expensive.

Lisa LaDue (Partnership Academy) – The current charter school location is right next to the Assumption cemetery and we have not had any issues.

Community member – The stark realities of development can be frustrating, but are real. When we think of what we want, we need to also consider what's reality.

Community member – Consider single family houses with no yards (perhaps 16 – 20 units, or 20 – 22 town home units). These could be places for seniors that would be different from a high rise housing option.

Community member – If a good density project doesn't make it (like Crossroads), then my preference would be to make it a park.

Barbara Raye, Facilitator – Our purpose this evening is to surface development options and alternatives. Thank you to our panel, and to the community members that participated in this very interesting conversation. The meeting notes will be posted on the web site (www.housinginitiative.org).

The fourth and final Richfield Corridor Housing Initiative 72nd & Penn Avenue community workshop will be on:

Wednesday, January 16, 2008
St. Nicholas Episcopal Church, 7227 Penn Avenue South
6:30 – 8:30 p.m.

We will be defining the recommendations for development objectives at the 72nd and Penn Avenue site. Those recommendations will be submitted to the Richfield City Council, Planning Commission, and Richfield Housing and Redevelopment Authority (HRA) for their consideration.