CITY OF PLYMOUTH
AGENDA
Regular City Council
Council Chambers
3400 Plymouth Boulevard, Plymouth, MN
January 14, 2025, 7:00 PM

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

1.1 Pledge of Allegiance (Cub Scout Pack 532)

2. ROLL CALL

2.1 Oath of Office for At Large Councilmember Joel Spoonheim, Ward 1 Councilmember Kim Nelson, and Ward 3 Councilmember Scott Aldrich (City Clerk Jodi Gallup)

3. PLYMOUTH FORUM - Individuals may address the Council about any item not contained on the regular agenda. A maximum of 15 minutes is allotted for the Forum. If the full 15 minutes are not needed for the Forum, the City Council will continue with the agenda. The City Council will take no official action on items discussed at the Forum, with the exception of referral to staff or Commission or Committee for future report.

4. PRESENTATIONS AND PUBLIC INFORMATION ANNOUNCEMENTS

4.1 Recognize Public Safety Citizen Academy graduates (Public Safety Director Erik Fadden)

5. APPROVE AGENDA - Councilmembers may add items to the agenda including items contained in the Council Information Memorandum for discussion purposes or staff direction only. The Council will not normally take official action on items added to the agenda.

6. CONSENT AGENDA - These items are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which event the item will be removed from the Consent Agenda and placed elsewhere on the agenda.

6.1 Adopt proposed minutes
1. December 10 Regular

6.2 Approve disbursements
1. Invoice Expense Distribution
2. City Council Resolution 2025-001

6.3 Approve liquor license renewals for 2025
1. 2024 POLD Report

2. City Council Resolution 2025-002

6.4 Approve reclassification of liquor license for Samarkand Restaurant L.L.C. d/b/a Samarkand Restaurant, 16 Nathan Lane North
1. City Council Resolution 2025-003

6.5 Award contract for the Four Seasons Water Quality Improvement Project (WR220004)
1. Location Map
2. Bid Tabulation
3. Recommendation Letter
4. City Attorney Memorandum
5. City Council Resolution 2025-004

6.6 Approve appointments to volunteer advisory boards
1. City Council Resolution 2025-005

6.7 Appoint City Council Secretary for 2025
1. City Council Resolution 2025-006

6.8 Appoint city health officer for 2025
1. City Council Resolution 2025-007

6.9 Designate official newspaper for 2025
1. City Council Resolution 2025-008

6.10 Approval of asphalt contract for 2025-2026 with DMJ Asphalt, Inc. for park trails, parking lots, and hardscape surfaces
1. Bid Results
2. City Council Resolution 2025-009

6.11 Approval of lawn maintenance contract for 2025-2026 with Valdes Lawn Care and Snow Removal, LLC
1. Bid Results
2. City Council Resolution 2025-010

6.12 Approval of yard waste site grinding contract for 2025 with Valdes Lawn Care and Snow Removal, LLC
1. Bid Results
2. City Council Resolution 2025-011

6.13 Approve amended and updated declaration for Aspen Hollow
1. Aspen Hollow Covenants
2. City Council Resolution 2025-012

6.14 Approve tobacco license application of KING SMOKES INC d/b/a King Smokes, 3505 Vicksburg Lane North #300
1. City Council Resolution 2025-013

6.15 Approve Change Order No. 4 for the Gleason Lake Drive Improvements Project (ST239001)
1. Location Map
2. Change Order 4
3. City Council Resolution 2025-014

6.16 Award contract for the Ponderosa Woods Stream Restoration Project (WR210003)
1. Location Map
2. Bid Tabulation
3. Recommendation Letter
4. City Council Resolution 2025-015

6.17 Approve 2025 membership dues for Bassett Creek, Elm Creek, and Shingle Creek Watersheds
1. Watershed Map
2. 2024 Watershed Annual Cost Breakdown
3. Bassett Creek Assessment
4. Elm Creek Assessment
5. Shingle Creek Assessment
6. City Council Resolution 2025-016

6.18 Approve amendment to cooperative agreement with Three Rivers Park District for the 36th Avenue Rehabilitation Project (ST250002)
1. Location Map
2. Improvements Layout
3. Amendment to Cooperative Agreement
4. City Council Resolution 2025-017

6.19 Appoint official depositories and signatory authority for 2025
1. City Council Resolution 2025-018

6.20 Authorize Finance Director or designee to do electronic fund transfers
1. City Council Resolution 2025-019

6.21 Approve lawful gambling premises permit application of District #284 Youth Hockey Association - Wayzata at Applebee's Neighborhood Grill & Bar, 3500 Vicksburg Lane North, Suite 100
1. City Council Resolution 2025-020

6.22 Approve National League of Cities (NLC) conference travel request
1. Policy
2. City Council Resolution 2025-021

6.23 Approve water treatment chemical prices for 2025
1. Bid Tabulation
2. City Council Resolution 2025-022

6.24 Approve temporary liquor license application of Luce Line Brewing Co., LLC at 3625 Fernbrook Lane North for an event on February 1
1. City Council Resolution 2025-023

6.25 Approve Fire State Aid Allocation Agreement with the Plymouth Fire Relief Association
1. Agreement
2. City Council Resolution 2025-024

7. PUBLIC HEARINGS

7.1 Public hearing on vacation of right-of-way and drainage and utility easement of Lots 6, 7 and 8, Block One, Osier Addition
1. Location Map
2. Right of Way Vacation Exhibit
3. Drainage and Utility Easement Vacation Exhibit
4. New Plat and Easement Exhibit
5. City Council Resolution 2025-025

8. GENERAL BUSINESS

8.1 Appoint Deputy Mayor, Council Coordinating Representatives and other agency appointments for 2025
1. Role of Council Coordinating Representative
2. City Council Resolution 2025-026

9. REPORTS AND STAFF RECOMMENDATIONS

9.1 Set future study sessions
1. Calendars
2. Memo on Bloomington Nexus Study and Opportunity Housing Ordinance
3. Bloomington Agenda Item
4. Creating an Effective and Competitive Housing Ordinance for Bloomington
5. Bloomington Nexus Study
6. OHO (Bloomington)
7. OHO Incentives Handout Update 3-18-2024 (Bloomington)

10. ADJOURNMENT

Regular City Council
January 14, 2025
Agenda Number: 1.1

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Pledge of Allegiance (Cub Scout Pack 532)**

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1. Action Requested:

2. Background:

3. Budget Impact:

4. Attachments:

Regular City Council
January 14, 2025
Agenda Number: 2.1

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Oath of Office for At Large Councilmember Joel Spoonheim, Ward 1 Councilmember Kim Nelson, and Ward 3 Councilmember Scott Aldrich (City Clerk Jodi Gallup)**

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1. Action Requested:
Take the oath of office.

2. Background:
Councilmembers elected at the November 5, 2024 election will take the oath of office as the first order of business.

3. Budget Impact:
N/A

4. Attachments:

Regular City Council
January 14, 2025
Agenda Number: 4.1

To: Dave Callister, City Manager

Prepared by: Karen Anderson, Public Safety Administrator

Reviewed by: Erik Fadden, Public Safety Director

Item: **Recognize Public Safety Citizen Academy graduates (Public Safety Director Erik Fadden)**

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1. Action Requested:
Recognize recent graduates of the Public Safety Citizen Academy.

2. Background:
N/A

3. Budget Impact:
N/A

4. Attachments:

Regular City Council
January 14, 2025
Agenda Number: 6.1

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Adopt proposed minutes**

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1. Action Requested:
Adopt proposed City Council minutes.

2. Background:
N/A

3. Budget Impact:
N/A

4. Attachments:
1. December 10 Regular

Proposed Minutes
Regular City Council Meeting
December 10, 2024

Mayor Wosje called a Regular Meeting of the Plymouth City Council to order at 7:00 p.m. in the Council Chambers of City Hall, 3400 Plymouth Boulevard, on December 10, 2024.

COUNCIL PRESENT: Mayor Wosje, Councilmembers Willis, Nelson, Cesnik, Peterson, Pointner, and Gregor.

COUNCIL ABSENT: None.

STAFF PRESENT: City Manager Callister, Deputy City Manager Solano, Public Works Director Thompson, Deputy Public Works Director/City Engineer Payne, Finance Director Rich, Assistant Finance Director Vadnais, Police Chief Fadden, Fire Chief Coppa, Community and Economic Development Director Fernelius, Parks and Recreation Director Tomlinson, Planning Manager McGuire, Senior Planner Berglund, Water Resources Supervisor Scharenbroich, Recreation Manager Hemp, Housing Manager Schmidt, Fleet and Facilities Manager Hanson, Recreation Supervisor Pearson, Recreation Supervisor Koch, Human Resources Director Timpone, City Attorney Mattick, and City Clerk/Administrative Coordinator Gallup.

Plymouth Forum

Scott Johnson, 15420 3rd Avenue N., thanked the City Council for the Plymouth Boulevard roundabouts and discussed safety measures during a police chase and zipper merging education.

Steve Japs, 4570 Weston Lane N., provided 2024 climate change information and suggested the City of Plymouth lead the charge in climate change.

Presentations and Public Information Announcements

(4.1) Recognize 2024 Plymouth Environmental Academy attendees

Water Resources Supervisor Scharenbroich and Environmental Quality Committee Chair Matthiesen reviewed the four topics for this year's academy and recognized the 2024 academy participants.

(4.2) Recognize and present State Farm Kyle Vitense Agency and Plymouth Lions with a plaque for 2024 sponsorship for Parks and Recreation

Recreation Supervisors Pearson and Koch presented and recognized the two platinum sponsors and provided both sponsors with a plaque.

(4.3) Recognize outgoing Council Member Catherine Cesnik

Mayor Wosje shared Councilmember Cesnik's work while on the council and thanked her for her service to the City of Plymouth. Mayor Wosje presented Councilmember Cesnik with a photo collage plaque.

Councilmember Cesnik thanked her fellow council members for their time on the council.

(4.4) Recognize outgoing Council Member Jim Willis

Mayor Wosje recognized Councilmember Willis for his multiple years of service on the council and his diligent and dedicated work on behalf of the City of Plymouth.

Representative Carroll also expressed his appreciation for Councilmember Willis's dedication to public service and wished him well in his future adventures.

Councilmember Willis thanked his family, past and present colleagues, and city staff. He expressed his pride for all the work past and present councils have done for the city.

Approval of Agenda

Motion was made by Councilmember Willis, and seconded by Councilmember Peterson, to approve the agenda. With all members voting in favor, the motion carried.

Consent Agenda

Councilmember Cesnik requested Item No. 6.22 be removed from the Consent Agenda and placed under General Business as Item No. 8.3.

Motion was made by Councilmember Peterson, and seconded by Councilmember Willis, to adopt the Consent Agenda that included the following items:

(**6.1**) Council minutes from special and regular meeting of November 26, 2024, and special meeting minutes of December 3, 2024.

(**6.2**) Resolution approving disbursements ending November 29, 2024 (Res2024-319).

(**6.3**) Resolution approving 2025 social services and community funding (Res2024-320).

(6.4) Resolution approving 2025 tobacco licenses (Res2024-321).

(6.5) Resolution approving 2025 target and trap shooting license for Plymouth Gun Club (Res2024-322).

(**6.6**) Resolution approving contract amendment one with Kleen-Tech for janitorial services (Res2024-323).

(**6.7**) Resolution ordering preliminary engineering report for the Frick's Garden Street Reconstruction Project (ST259001) (Res2024-324), Resolution receiving preliminary engineering report, ordering preparation of plans and specifications, and calling for a public hearing for the Frick's Garden Street Reconstruction Project (ST59001) (Res2024-325), Resolution approving plans and specifications, and ordering advertisement for bids for the Frick's Garden Street Reconstruction Project (ST259001) (Res2024-326), Resolution declaring cost to be assessed, and ordering preparation of proposed assessment for the Frick's Garden Street Reconstruction Project (ST259001) (Res2024-327), and Resolution for hearing on proposed assessment for the Frick's Garden Street Reconstruction Project (ST259001) (Res2024-328).

(**6.8**) Resolution approving cost share agreement between Independent School District 281 and the City of Plymouth for the 36th Avenue Rehabilitation Project (ST250002) (Res2024-329).

(**6.9**) Resolution approving 2025 refuse hauler licenses (Res2024-330).

(**6.10**) Resolution approving fuel purchases through the Cooperative Purchasing Venture (Res2024-331).

(**6.11**) Resolution approving vehicle lease payment annual expenditures (Res2024-332).

(**6.12**) Resolution approving final closeout for the 2022 Vicksburg Lane improvements (ST229005) (Res2024-333).

(**6.13**) Resolution accepting donations and sponsorships for City of Plymouth (Res2024-334).

(**6.14**) Resolution to authorize “No Parking” for the Station 73 Transit and Regional Improvement Program (ST230003) (Res2024-335).

(**6.15**) Resolution approving final closeout for the Wells No. 4, 5, and 16 Maintenance Project (WA239001) (Res2024-336).

(**6.16**) Resolution denying access to Dallas Lane North for Sarah and Brandon Spencer for property located at 14215 60th Place North (2024095) (Res2024-337).

(**6.17**) Resolution accepting streets for continual maintenance for Preserve at Meadow Ridge (2015113) (Res2024-338), Resolution accepting streets for continual maintenance for Carlson Ridge (2021086) (Res2024-339), and Resolution accepting utilities for continual maintenance for Kate Lorraine (2022039) (Res2024-340).

(**6.18**) Ordinance repealing Ordinance 2023-13, an interim ordinance prohibiting the operation of cannabis businesses (Ord2024-26) and Resolution approving summary publication of Ordinance No. 2024-26 (Res2024-341).

(**6.19**) Resolution approving the terms of an interfund loan in connection with a proposed tax increment finance district (Red Roof Inn) (Res2024-342).

(**6.20**) Resolution approving the terms of an interfund loan in connection with a proposed tax increment finance district (Towing Co) (Res2024-343).

(**6.21**) Resolution authorizing specification and bid gathering process for Plymouth Towne Square capital improvements (Res2024-344).

(**6.22**) (This item was removed from the Consent Agenda and placed under General Business as item No. 8.3).

(**6.23**) Resolution approving final closeout for the Plymouth Community Center (PCC) Renovation and Expansion Project (PC180001) (Res2024-345).

Public Hearings

(7.1) Public hearing and adoption of 2025 fees

Assistant Finance Director Vadnais reviewed the 2025 proposed rates.

Public Works Director Thompson stated the sewer fee is set by the city and the increased recycling fee was due to a contract extension.

Mayor Wosje opened the public hearing.

Mayor Wosje closed the public hearing.

Motion was made by Councilmember Willis, and seconded by Councilmember Pointner, to adopt Ordinance amending rates and fees (Ord2024-27), and Resolution approving summary publication of Ordinance No. 2024-27 (Res2024-346). With all members voting in favor, the motion carried.

(7.2) Public hearing on 2025 Budget; Property Tax Levies; 2025-2034 Capital Improvement Plan; and 2025 Classification and Compensation Plan

Finance Director Rich presented this item and discussed the process for finalizing the operating and capital budget. She also reviewed the strategic themes, department and budget goals, general fund revenues and expenditures, property tax levies (City of Plymouth), levy history, property tax impacts, and the updated general fund changes that included the elimination of street lighting utility fee and the discontinuation of the Hennepin County assessment fee.

Mayor Wosje opened the public hearing.

Mayor Wosje closed the public hearing.

Motion was made by Councilmember Pointner, and seconded by Councilmember Peterson, to adopt Resolution adopting the 2025 budgets (Res2024-347), Resolution approving 2025-2034 Capital Improvement Plan (Res2024-348), Resolution to authorize the 2025 HRA Levy (Res2024-349), Resolution adopting tax levies for taxes payable 2025 (Res2024-350), Resolution approving a general increase to wages and contributions to benefits plans for non-represented employees and setting the City Manager's compensation for 2025 (Res2024-351). With all members voting in favor, the motion carried.

General Business

(8.1) Approve conditional use permit amendment and site plan amendment request to allow an addition, parking lot expansion, and related improvements at the Slavic Church Golgotha, for property located at 12300 18th Avenue (Slavic Church Golgotha 2024011)

Senior Planner Berglund presented this item and noted a similar CUP amendment was approved for this property in 2014 but was never built. He stated the Planning Commission recommended approval and city staff stated it met all of the standards and requirements for the site plan amendment.

Senior Planner Berglund stated speeding, street parking, privacy, and potential loss of property value were the main concerns among residents.

Senior Planner Berglund reviewed the parking and traffic plan and explained the parking requirements. He stated the applicant submitted a traffic management plan and had public safety observe the traffic to ensure safe access in and out on any given Sunday. The Public Safety Department confirmed there were not any safety concerns.

In response to questions from the City Council, Senior Planner Berglund provided the following information:

- Parking is allowed on both sides of Magnolia and 18th Avenue
- Landscape plan was submitted to mitigate some of the privacy concerns and applicant has revised this plan
- Applicant is open to other options to help with the privacy and screening concern

City Attorney Mattick stated the applicant is adhering to the required standards.

Alexndr Belous, 12300 18th Avenue, applicant, stated he is willing to work with the city to create easier parking and consequently fewer cars on the streets. Mr. Belous also stated he is willing to plant various trees and adhere to other options for privacy if neighbors so desire.

Kathy Misk, 1800 Magnolia Lane N., shared the view from her home and expressed her dissatisfaction with the proposed expansion. She noted the potential loss of green space, deciduous trees, and privacy. She also noted the suspected increase in headlights and traffic noise and the difficult access in and out of her driveway.

Mike Misk, 1800 Magnolia Lane N., expressed his concern regarding the increased church population, traffic, and recommended a traffic survey.

Fire Chief Coppa stated the religious institution would not be over capacity given the use of structure but residents would have the ability to file a complaint in order to force a compliance check on capacity. He also noted EMS vehicles are able to pass through the street with parking and when snow is on both sides.

Senior Planner Berglund noted there is not a berm shown on the landscaping sketches but the city could make that a condition for residential privacy.

In response to questions from the City Council, Senior Planner Berglund, Public Works Director Thompson, and the applicant, Mr. Belous, provided the following information:

- Church will remain open during construction and materials will be placed at another location
- Staff is committed to working with residents regarding road striping and no parking signs
- Number of church members has not changed in 10 years
- Goal of this amendment would be to provide inside year-round services versus outdoor services during warmer months

Public Safety Director Fadden stated the city code limits traffic directors to current or retired police department employees, not parishioners of a church.

Motion was made by Councilmember Gregor, and seconded by Councilmember Willis, to adopt Resolution approving a Conditional Use Permit amendment and site plan amendment for Slavic Church Golgotha, for property located at 12300 18th Avenue (2024011) (Res2024-352). With all members voting in favor, the motion carried.

(8.2) Discuss 2025 Legislative Priorities

Deputy City Manager Solano presented this item and noted the lobbying services of Lockridge Grindal Nauen, PLLP, to represent the city's best interest. She noted the draft proposal changes are as follows:

- Bond request decreased from $32 million to $26 million
- Removal of County Road 73 from the priority list because it is already in progress
- Removal of School Resource Officers was discussed due to work on this in the previous session

The City Council discussed if it was necessary to keep the PERA duty disability priority in Plymouth's priorities because it is also included in the public safety priorities with the League of Minnesota Cities.

The City Council discussed potential legislation regarding water quality across the entire metro area. Public Works Director Thompson stated the City of Plymouth is part of the Minnesota City Stormwater Coalition which is currently advocating for cleaner water quality.

The City Council also suggested a list of priorities the City of Plymouth supports. City staff will create links to initiatives and priorities the city is a part of.

City Manager Callister recommended approval of the legislative priorities as it affects every municipality and their budgets. Deputy City Manager Solano added she will send additional documented priorities and create a list of metro-wide initiatives that Plymouth is part of to our legislators and City Council.

The City Council supported the 2025 legislative priorities with the exclusion of County Road 73 and the School Resource Officer priorities.

Motion was made by Councilmember Nelson, and seconded by Councilmember Peterson, to adopt the 2025 Legislative Priorities as revised. With all members voting in favor, the motion carried.

(8.3) Approve final payment for the Fire Station 2 & 3 Construction and Renovation Project (Previously Item 6.22)

Councilmember Cesnik requested this item be pulled and thanked Fire Chief Coppa for addressing the concerns with the closure of Fire Station #1.

Fire Chief Coppa thanked City Council for their support.

Motion was made by Councilmember Cesnik, and seconded by Councilmember Gregor, to adopt Resolution approving final payment to RJM Construction for the Fire Station 2 and 3 Construction and Renovation Project (FM210014.001 and FM210014.002) (Res2024-353). With all members voting in favor, the motion carried.

Reports and Staff Recommendations

There were no reports or staff recommendations.

Adjournment

Mayor Wosje recessed the regular meeting at 8:48 p.m. to reconvene as a social gathering at Rock Elm Tavern, 16605 County Road 24. The social gathering adjourned at 10:15 p.m.

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Jodi Gallup, City Clerk/Administrative Coordinator

Regular City Council
January 14, 2025
Agenda Number: 6.2

To: Dave Callister, City Manager

Prepared by: Tammy Geurkink, Accounting Specialist

Reviewed by: Andrea Rich, Finance Director

Item: **Approve disbursements**

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1. Action Requested:
Adopt resolution approving disbursements.

2. Background:
Attached are lists of city fund disbursements for the period ending 1/3/2025.

3. Budget Impact:
N/A

4. Attachments:
1. Invoice Expense Distribution
2. City Council Resolution 2025-001

Invoice Expense Distribution for Period Ended 1/3/25 Council Meeting 1/14/25

FUND	100	General Fund	1,738,234.51
	200	Recreation Fund	125,801.11
	210	Parker's Lake Cemetery Maint	0.00
	215	Destination Marketing Org Fund	25,889.94
	220	Transit System Fund	848,481.66
	234	Economic Development Fund	0.00
	240	Lawful Gambling	0.00
	250	Comm Dev Block Grant Fund	82,318.56
	254	HRA Section 8 Fund	865.00
	254	HAP Check Summary	329,292.57
	258	HRA General Fund	7,484.53
	308	2005A TIF #1-1	0.00
	310	2009A TIF #7-5A Refund 1998A	0.00
	312	2010A GO Open Space	0.00
	314	2012A GO Refunding 2004A	0.00
	315	2015A GO Open Space	0.00
	316	Plymouth Creek Center Bonds	0.00
	400	General Capital Projects Fund	1,314,288.57
	401	Minnesota State Aid Fund	0.00
	404	Community Improvement	0.00
	405	Park Replacement Fund	90.37
	406	Street Reconstruction Fund	642.98
	407	Project Administration Fund	0.00
	408	Park Construction	0.00
	409	Capital Improvement Fund	0.00
	412	Water Sewer Replace	0.00
	413	Improvement Project Construction	4,818,525.75
	417	Project Warranty Repairs	0.00
	418	Utility Trunk System Expansion	248.54
	420	Water Sewer Construction	0.00
	421	ENT-Water Resources Constrctn	0.00
	422	TIF 7-4 PTP Construction	0.00
	423	TIF 7-5 Rottlund (Const)	0.00
	424	TIF 7-6 Berkshire	0.00
	425	TIF Housing Assistance Program	0.00
	426	TIF 7-7 Stonecreek	0.00
	427	TIF 1-1 Shops at Plymth Crk	142.50
	428	TIF 1-2 Vicksburg Commons	0.00
	429	TIF HRA 1-3 Crossroads Station	0.00
	432	TIF 7-8 Quest	0.00
	433	TIF 7-9 Four Seasons	0.00
	434	TIF 7-10 Sands	0.00
	435	Plymouth Creek Center Expansion	0.00
	436	Doran Bassett Creek	0.00
	437	CON - Fire Stations	124,890.72
	438	TIF 7-12-Prudential/Blvd	5,900.00
	500	Water Fund	386,992.10
	510	Water Resources Fund	165,021.81
	520	Sewer Fund	1,492,289.08
	530	Solid Waste Management Fund	294,177.44
	540	Ice Center Fund	103,916.76
	550	Field House Fund	2,963.87
	600	Central Equipment Fund	261,258.35
	610	Public Facilities Fund	299,048.34
	620	Information Technology Fund	395,062.91
	630	Risk Management Fund	99,319.29
	640	Employee Benefits Fund	164,210.51
	660	Resource Planning	7,566.00
	700	Parkers's Lake Cemetery	0.00
	800	Investment Trust Fund	0.00
	850	Plymouth Town Square	0.00
	851	Vicksburg Crossing	0.00
Total Invoice Expense Distribution:			**13,094,923.77**

CITY OF PLYMOUTH

RESOLUTION NO. 2025-001

RESOLUTION APPROVING DISBURSEMENTS ENDING JANUARY 3, 2025

WHEREAS, a list of disbursements for the period ending January 3, 2025 was presented to the City Council for approval.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the payment of the list of disbursements of the following funds is approved.

US Bank – Check Register	
General & Special Revenue	$ 2,820,725.78
Construction & Debt Service	$ 6,264,729.43
Enterprise & Internal Service	$ 3,671,826.46
Housing Redevelopment	$ 8,349.53
Check Register Total	$ 12,765,631.20
US Bank – Housing Assistance Payments	
Housing & Redevelopment Authority	$ 329,292.57
	$ 329,292.57
GRAND TOTAL FOR ALL FUNDS	$ 13,094,923.77

Additionally, the US Bank Check Register amounts split by type of payment follow:

EFT	1,156,422.82
Check (#170803-171727)	11,609,208.38
Total	$ 12,765,631.20

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.3

To: Dave Callister, City Manager

Prepared by: Natalie Dorcy, Office Support Specialist

Reviewed by: Jodi Gallup, City Clerk

Item: **Approve liquor license renewals for 2025**

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1. Action Requested:

Adopt attached resolution approving liquor licenses renewals for 2025.

2. Background:

The city has received and reviewed applications for all liquor license categories, and those establishments are listed in the attached resolution. All approvals and issuance of licenses are contingent upon the city receiving all license fees, completed applications, taxes being current, and passing criminal background investigations completed by the Police Department.

The Place of Last Drink (POLD) Report identifies the location where a person last consumed alcohol when they are involved in an alcohol-related incident (DUI, assaults, and other offenses). Information collected by the investigating officer is entered into a database and used to identify patterns and to address problematic locations and serving practices. Attached is the 2024 POLD Report containing Plymouth alcohol serving retailers. There was a total of 29 POLD violations for Plymouth retailers in 2024, which was higher than the seven total violations in 2023.

3. Budget Impact:

License revenue received is contained in the 2025 budget.

4. Attachments:

1. 2024 POLD Report
2. City Council Resolution 2025-002

MEMO

PLYMOUTH POLICE DEPARTMENT

3400 PLYMOUTH BOULEVARD, PLYMOUTH, MN 55447

DATE: January 8, 2025

TO: Jodi Gallup, City Clerk

FROM: Erik Fadden, Public Safety Director

SUBJECT: 2024 Place of Last Drink (POLD) Report

Plymouth Alcohol Serving Retailers Listed as the Place of Last Drink (POLD) and frequency in 2024:

Cowboy Jack's – 20
Lucky's 13 – 1
Applebees – 2
Luce Line Brewing – 1
Oyami Sushi – 1
Sunshine Factory – 1
Northern Tap House – 1
Plymouth Community Center (Wedding Caterer: Lookout) - 2

Cowboy Jacks:
In 2024, Plymouth Officers arrested 20 individuals for DWI in which the drivers stated they were coming from Cowboy Jacks. The dates of arrests are listed below.

Dates:
01/01/24 @ 10:09 p.m.
01/05/24 @ 10:16 p.m.
01/06/24 @ 1:29 a.m.
01/15/24 @ 10:39 p.m.
02/26/24 @ 12:03 a.m.
03/03/24 @ 2:21 a.m.
03/07/24 @ 9:52 p.m.
03/30/24 @ 1:38 a.m
04/06/24 @ 9:48 p.m.
04/06/24 @ 11:37 p.m.
04/07/24 @ 10:55 p.m.
05/03/24 @ 9:34 p.m.
05/05/24 @ 1:05 a.m.
05/07/24 @ 11:13 p.m.
06/09/24 @ 12:28 a.m.
07/20/24 @ 10:14 p.m.
08/03/24 @ 2:07 a.m.
08/13/24 @ 10:06 p.m.
09/28/24 @ 2:24 a.m.
12/08/24 @ 2:12 a.m.

Lucky's 13
Date: 10/6/24 Time: 9:49 p.m. BAC: .23
Driver arrested for DWI.

Luce Line Brewing
Date: 01/30/2024 Time: 10:34 p.m. BAC: .10
Driver arrested for DWI

Oyama Sushi
Date: 04/01/2024 Time: 11:34 p.m. BAC: .11
Driver was arrested for DWI

Sunshine Factory
Date: 05/04/2024 Time: 10:42 p.m. BAC: .15
Driver was arrested for DWI

Northern Taphouse
Date: 08/13/2024 Time: 12:48 a.m. BAC: .13
Driver was arrested for DWI

Plymouth Community Center (Wedding Venue)
Date: 08/02/2024 Time: 10:50 p.m. BAC: .19
Caterer: Lookout
Driver was arrested for DWI

Date: 08/04/2024 Time: 9:35 p.m. BAC: refused
Caterer: Lookout
Driver was arrested for DWI

CITY OF PLYMOUTH

RESOLUTION NO. 2025-002

RESOLUTION APPROVING RENEWAL OF LIQUOR LICENSES FOR 2025

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the following licenses are approved for issuance for the license periods noted below:

Licenses issued for license period February 1, 2025 through January 31, 2026.

Combination Wine & 3.2 On-Sale

Licensee	*Venue*	*Address*
4 Community Theatre	4 Community Theatre	2705 Annapolis Ln. N.
Brew Park Plymouth, LLC	Brew Park	2605 Fernbrook Ln., Suite J
Clay Oven Plymouth Inc	Clay Oven	187 Cheshire Ln. N., Suite 100
Davanni's, Inc.	Davanni's Pizza & Hot Hoagies	3015 Harbor Ln. N.
ElMars NY Pizza LLC	ElMar's NY Pizza	15725 37th Ave. N, Suite 5
D&D of Minnesota, Inc.	Famous Dave's	11308 Hwy 55
M & W INC	Kyuramen	4345 Nathan Ln. N., Suite O
Mulligan's Indoor Golf LLC	Mulligan's Indoor Golf	3905 Annapolis Ln. N., Suite 155
Oyama MN Inc.	Oyama	4130 Berkshire Ln. N., Unit D
Pinedas Tacos 4 L.L.C.	Pinedas Tacos 4 LLC	64 Nathan Ln. N.
CSM Lodging Services Inc.	Residence Inn by Marriott – Ply.	2750 Annapolis Circle N.
TAKARA SUSHI INC	Takara Sushi	3505 Vicksburg Ln. N., Suite 100
Tea House Plymouth Inc.	Tea House Chinese Restaurant	88 Nathan Ln. N.
Lotus Group LLC	Thai Table	10100 6th Ave. N., Units 114 & 115
Eezy Experience, LLC	Urban Air Plymouth	3580 Holly Ln. N.

Off-Sale Intoxicating Liquor

Licensee	*Venue*	*Address*
SUPERVALU INC.	Cub Discount Liquor	4445 Nathan Ln. N.
Lake Ventures, LLC	Fresh Thyme Liquor	15760 32nd Ave. N., Suite B
Haskell's, Inc.	Haskell's	4130 Berkshire Lane, Suite G
Hy-Vee, Inc.	Hy-Vee Wine & Spirits	16605 Co. Rd. 24 #201
Plymouth Jim's Liquor INC.	Jim's Liquor	15705 35th Ave. N.
Lund Beverages, LLC	Lunds & Byerlys Wines & Spirits	3455 Vicksburg Ln. N.
Kelli and Gray, LLC	The Liquor Cabinet	10200 6th Avenue N. #101
Shree Ganesh Inc	MGM Wine & Spirits Plymouth	3900 Vinewood Ln. N. #1
Ragma Inc.	Paradise Liquor	12 Nathan Ln. N.
JD Christensen Liquors, Inc.	Plymouth Liquor Barrel	11000 Hwy 55
Target Corporation	Target Store T-0664	4175 Vinewood Ln. N.
Yayin Gadol, LLC	Top Ten Liquors	4190 Vinewood Ln. N., Unit 122-124
Wood and Associates, Inc.	Vicksburg Liquor	1115 Vicksburg Ln., Suite 5
Vinifera Wines and Ales, Inc.	Vinifera Wines & Ales	1400 Co. Rd. 101 N., Suite K5
Castle Royale Spirits LLC	Wandering Spirits	3435 Hwy 169 N. #B

3.2 Off-Sale

Licensee	***Venue***	***Address***
Jerry's Enterprises, Inc.	Cub Foods	10200 6th Ave. N.
Plymouth 1998 L.L.C.	Cub Foods #1633	4445 Nathan Ln. N.
SUPERVALU INC.	Cub Foods #1650	3550 Vicksburg Ln. N.
Lake Ventures, LLC	Fresh Thyme Farmers Market	15760 32nd Ave. N., Suite A
Holiday Stationstores, LLC	Holiday Stationstore #2746107	3020 Fernbrook Ln. N.
Holiday Stationstores, LLC	Holiday Stationstore #2746140	189 Cheshire Ln. #140
Holiday Stationstores, LLC	Holiday Stationstore #2746303	9700 Betty Crocker Dr.
Holiday Stationstores, LLC	Holiday Stationstore #2746317	2725 Campus Dr.
Holiday Stationstores, LLC	Holiday Stationstore #2746473	12650 County Road 10
Kwik Trip, Inc.	Kwik Trip #411	1605 Annapolis Ln. N.
Northern Tier Retail LLC	Speedway #3351	4325 Peony Ln. N.
Northern Tier Retail LLC	Speedway #4153	15805 61st Ave. N.
Northern Tier Retail LLC	Speedway #4341	5750 Nathan Ln. N.

Club & Sunday Liquor

Licensee	***Venue***	***Address***
Heinzen-Ditter Post No. 5903, Veterans of Foreign Wars of the United States, Incorporated	Heinzen-Ditter Post VFW 5903	19020 Hamel Rd.

On-Sale Intoxicating & Sunday Liquor

Licensee	***Venue***	***Address***
Apple Minnesota LLC	Applebee’s Neighborhood Grill & Bar	3500 Vicksburg Ln., Suite 100
Flippin Dough, LLC	Broadway Pizza Plymouth	13705 27th Ave. N.
Blazin Wings, Inc.	Buffalo Wild Wings Grill & Bar	3505 Vicksburg Ln. N., Suite 100
Moore's Dining LLC	Boss' Pizza & Chicken	2705 Annapolis Lane North, Suite A
Brinker Restaurant Corporation	Chili’s Grill & Bar	4000 Vinewood Ln. N.
The After Midnight Group III LLC	Cowboy Jacks	4120 Berkshire Ln. N.
Regency Midwest Ventures Limited Partnership	Crowne Plaza Minneapolis West	3131 Campus Dr. N.
Northwoods Entertainment LLC	Emagine Willow Creek	9900 Shelard Parkway
The Fox and Pantry LLC	The Fox and Pantry LLC	15725 37th Ave. N., Unit 7
KOBE JIJI LLC	Kobe Japanese Restaurant	15555 34th Ave. N.
Lago Plymouth LLC	Lago Tacos	3500 Vicksburg Lane North #500
10ate20 LLC	Latuff’s Pizzeria	10820 State Highway 55
Eclectic Culinary Concepts, Inc.	Lucky’s 13 Pub	3000 Harbor Ln. N.
MAHESHWARI FOODS LLC	Nawabi Hyderabad House Biriyani Place	3195 Vicksburg Ln. N., Suite D
Norish Enterprises, LLC	Northern Taphouse	220 Carlson Parkway N.
Mann Theaters, Inc.	Plymouth Grand 15	3400 Vicksburg Ln. N.
Red Robin International, Inc.	Red Robin America’s Gourmet Burgers & Spirits	2669 Campus Dr.
Rock Elm Plymouth, LLC	Rock Elm Tavern	16605 County Road 24, Suite 211
Rosengren & Associates, Inc.	Sunshine Factory Bar & Grill	4100 Vinewood Ln. N.
Trillium Woods LLC	Trillium Woods	5855 Cheshire Pkwy

Brewer Taproom On and Off-Sale

Licensee	***Venue***	***Address***
Luce Line Brewing Company LLC	Luce Line Brewing	12901 16th Ave. N., Suite 101

Permits issued for license period April 1, 2025 through March 31, 2026.

Consumption and Display

Licensee	***Venue***	***Address***
Absheron Palace LLC	Absheron Palace LLC	10760 Highway 55

BE IT FURTHER RESOLVED that approvals and issuance of licenses are contingent upon the city receiving all license fees, completed applications including requested documents, all taxes being paid, and criminal background investigations completed by the Police Department.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.4

To: Dave Callister, City Manager

Prepared by: Natalie Dorcy, Office Support Specialist

Reviewed by: Jodi Gallup, City Clerk

Item: **Approve reclassification of liquor license for Samarkand Restaurant L.L.C. d/b/a Samarkand Restaurant, 16 Nathan Lane North**

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1. Action Requested:
Adopt attached resolution approving reclassification of liquor license for Samarkand Restaurant L.L.C. d/b/a Samarkand Restaurant, 16 Nathan Lane North.

2. Background:
The licensee desires to change the classification of liquor license from a combination wine and 3.2 on-sale license and a consumption and display permit to an on-sale intoxicating and Sunday liquor license.

3. Budget Impact:
Licensee has paid the license fee.

4. Attachments:
1. City Council Resolution 2025-003

CITY OF PLYMOUTH

RESOLUTION NO. 2025-003

RESOLUTION APPROVING RECLASSIFICATION OF LIQUOR LICENSE FOR SAMARKAND RESTAURANT L.L.C. D/B/A SAMARKAND RESTAURANT, 16 NATHAN LANE NORTH

WHEREAS, Samarkand Restaurant L.L.C. d/b/a Samarkand Restaurant, 16 Nathan Lane North, has requested to change the classification of their liquor license from a combination wine and 3.2 on-sale license and a consumption and display permit to an on-sale intoxicating liquor with Sunday liquor; and

WHEREAS, the licensee has paid the license fee for the new classification.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the reclassification of liquor license for Samarkand Restaurant L.L.C. d/b/a Samarkand Restaurant, 16 Nathan Lane North, is approved with the license issued for license period February 1, 2025 through January 31, 2026.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.5

To: Dave Callister, City Manager

Prepared by: Ben Scharenbroich, Water Resources Supervisor

Reviewed by: Michael Thompson, Public Works Director

Item: **Award contract for the Four Seasons Water Quality Improvement Project (WR220004)**

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1. Action Requested:

Adopt attached resolution awarding the contract for the Four Seasons Water Quality Improvement Project (WR220004).

2. Background:

The project includes dredging accumulated sediment, fixing failing storm sewer infrastructure, creating two stormwater ponds, and restoring the 3.3 acre wetland in the southeast portion of the former Four Seasons Mall, in the southwest corner of the intersection of State Highway 169 and Rockford Road (County Road 9). The project is providing excess water quality treatment from what is required by the Bassett Creek Watershed Management Commission as part of the Cooperative Agreement to fund the project. Should the property redevelop in the future, excess water quality treatment could be utilized to meet water quality requirements at that time. On December 2, 2024, bids were opened for this project and seven bids were received as detailed in the attached bid tabulation. The low bid, submitted by Finch Excavating LLC, was 47.5% under the engineers estimate. After review and conversations with Finch Excavating, they have withdrawn their bid for the project due to a misunderstanding of the project scope. Staff reviewed the information submitted by the next lowest bid, New Look Contracting, Inc., to comply with the responsible bidder criteria and finds the information acceptable. Staff have previously worked with New Look Contracting, Inc., and believes they are capable of conducting the project in accordance with the approved plans and specifications. Work is anticipated to start later this winter and be substantially completed in the late spring of 2025.

3. Budget Impact:

This project is included in the amended Capital Improvement Plan (CIP) with a budget of $820,000. Including the current construction bid, the total estimated project cost is $691,000 and includes construction ($470,718.50), engineering and permitting ($156,880), and contingency ($63,401.50). Funding for the project would initially be from the Water Resources Fund and will be fully reimbursed by the Bassett Creek Watershed Management Commission.

4. Attachments:

1. Location Map
2. Bid Tabulation
3. Recommendation Letter
4. City Attorney Memorandum
5. City Council Resolution 2025-004

January 2025

City of Plymouth

Location Map
Four Seasons Water Quality Project (WR220004)

N W E S

0 70 140 280 420 560 Feet

THIS REPRESENTS A COMPILATION OF INFORMATION AND DATA FROM CITY, COUNTY, STATE AND OTHER SOURCES THAT HAS NOT BEEN FIELD VERIFIED. INFORMATION SHOULD BE FIELD VERIFIED AND COMPARED WITH ORIGINAL SOURCE DOCUMENTS.

BID TABULATION

Four Seasons Water Quality Improvements (#9402002)
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000
Bids Received: 12/02/2024 10:00 AM CST

DENOTES CORRECTED FIGURE

					Engineer Estimate		Finch Excavating LLC		New Look Contracting, Inc.		Peterson Companies	
Line #	Item #	Item Description	Units	Quantity	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
BASE BID												
1	2021.501	MOBILIZATION	LUMP SUM	1	$30,000.00	$30,000.00	$5,000.00	$5,000.00	$15,000.00	$15,000.00	$71,880.00	$71,880.00
2	2106.601	DEWATERING	LUMP SUM	1	$10,000.00	$10,000.00	$5,000.00	$5,000.00	$1,750.00	$1,750.00	$0.01	$0.01
3	2101.501	CLEARING & GRUBBING	ACRE	3.7	$4,000.00	$14,800.00	$1,500.00	$5,550.00	$6,350.00	$23,495.00	$6,174.00	$22,843.80
4	2104.503	SALVAGE AND REINSTALL FENCE	L F	500	$24.00	$12,000.00	$30.00	$15,000.00	$25.00	$12,500.00	$36.10	$18,050.00
5	2104.504	REMOVE BITUMINOUS PAVEMENT	S Y	153	$8.00	$1,224.00	$15.00	$2,295.00	$7.50	$1,147.50	$2.15	$328.95
6	2106.507	EXCAVATION - COMMON (EV) (P)	CY	7455	$30.00	$223,650.00	$5.00	$37,275.00	$25.00	$186,375.00	$21.90	$163,264.50
7	2106.607	EXCAVATION - COMMON (EV) (P) (SPECIAL)	CY	680	$35.00	$23,800.00	$35.00	$23,800.00	$25.00	$17,000.00	$29.10	$19,788.00
8	2105.601	SITE GRADING	L S	1	$10,000.00	$10,000.00	$12,000.00	$12,000.00	$4,000.00	$4,000.00	$46,080.00	$46,080.00
9	2360.604	BITUMINOUS PATCHING MIXTURE (SPECIAL)	TON	29	$250.00	$7,250.00	$375.00	$10,875.00	$300.00	$8,700.00	$278.00	$8,062.00
10	2501.502	15" RC PIPE APRON	EACH	2	$2,000.00	$4,000.00	$2,500.00	$5,000.00	$1,850.00	$3,700.00	$1,478.00	$2,956.00
11	2501.502	18" RC PIPE APRON	EACH	1	$2,500.00	$2,500.00	$2,100.00	$2,100.00	$2,150.00	$2,150.00	$2,126.00	$2,126.00
12	2501.502	24" RC PIPE APRON	EACH	1	$2,800.00	$2,800.00	$3,000.00	$3,000.00	$4,650.00	$4,650.00	$3,670.00	$3,670.00
13	2501.502	48" RC PIPE APRON	EACH	2	$3,200.00	$6,400.00	$9,000.00	$18,000.00	$10,000.00	$20,000.00	$8,866.00	$17,732.00
14	2503.503	15" RC PIPE SEWER DESIGN 3006 CL V	LF	181	$85.00	$15,385.00	$95.00	$17,195.00	$78.00	$14,118.00	$107.50	$19,457.50
15	2503.503	18" RC PIPE SEWER DESIGN 3006 CL V	LF	73	$110.00	$8,030.00	$95.00	$6,935.00	$95.00	$6,935.00	$87.00	$6,351.00
16	2503.503	24" RC PIPE SEWER DESIGN 3006 CL III	LF	8	$150.00	$1,200.00	$200.00	$1,600.00	$300.00	$2,400.00	$184.00	$1,472.00
17	2503.503	48" RC PIPE SEWER DESIGN 3006 CL III	LF	16	$220.00	$3,520.00	$400.00	$6,400.00	$375.00	$6,000.00	$344.50	$5,512.00
18	2503.602	CONNECT TO EXISTING STORM SEWER	EACH	5	$1,500.00	$7,500.00	$2,500.00	$12,500.00	$1,250.00	$6,250.00	$1,396.00	$6,980.00
19	2506.502	CASTING ASSEMBLY	EACH	1	$1,200.00	$1,200.00	$5,000.00	$5,000.00	$1,500.00	$1,500.00	$946.00	$946.00
20	2506.503	CONSTRUCT DRAINAGE STRUCTURE DESIGN 48-4020	L F	11	$1,100.00	$12,100.00	$500.00	$5,500.00	$700.00	$7,700.00	$577.50	$6,352.50
21	2506.602	CONSTRUCT DRAINAGE STRUCTURE DESIGN SPECIAL	EACH	1	$12,000.00	$12,000.00	$9,500.00	$9,500.00	$11,000.00	$11,000.00	$15,530.00	$15,530.00
22	2511.504	GEOTEXTILE FILTER TYPE 4	SQ YD	658	$5.00	$3,290.00	$2.60	$1,710.80	$3.50	$2,303.00	$1.75	$1,151.50
23	2511.507	RANDOM RIPRAP CLASS III	CU YD	165	$115.00	$18,975.00	$65.00	$10,725.00	$110.00	$18,150.00	$123.50	$20,377.50
24	2511.507	RANDOM RIPRAP CLASS IV	C Y	52	$150.00	$7,800.00	$65.00	$3,380.00	$125.00	$6,500.00	$117.00	$6,084.00
25	2571.524	DECIDUOUS TREE 4' HT CONT	TREE	8	$550.00	$4,400.00	$150.00	$1,200.00	$250.00	$2,000.00	$163.00	$1,304.00
26	2571.527	EMERGENT PLUGS	PLT	2800	$5.00	$14,000.00	$3.00	$8,400.00	$4.00	$11,200.00	$3.35	$9,380.00
27	2573.502	STORM DRAIN INLET PROTECTION	EACH	7	$250.00	$1,750.00	$100.00	$700.00	$175.00	$1,225.00	$157.50	$1,102.50
28	2573.503	SEDIMENT CONTROL LOG TYPE WOOD FIBER	LF	4100	$4.50	$18,450.00	$1.50	$6,150.00	$4.00	$16,400.00	$3.65	$14,965.00
29	2573.602	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	2	$1,500.00	$3,000.00	$800.00	$1,600.00	$2,000.00	$4,000.00	$3,150.00	$6,300.00
30	2574.507	COMMON TOPSOIL BORROW	CY	320	$55.00	$17,600.00	$30.00	$9,600.00	$1.00	$320.00	$39.80	$12,736.00
31	2575.504	ROLLED EROSION PREVENTION CATEGORY 20	SQ YD	4900	$3.00	$14,700.00	$1.50	$7,350.00	$4.00	$19,600.00	$2.60	$12,740.00
32	2575.504	TURF REINFORCEMENT MAT CATEGORY 76	SQ YD	130	$25.00	$3,250.00	$22.00	$2,860.00	$35.00	$4,550.00	$23.50	$3,055.00
33	2575.505	SEEDING	ACRE	4.2	$5,000.00	$21,000.00	$4,500.00	$18,900.00	$750.00	$3,150.00	$4,939.00	$20,743.80
34	2575.508	SEED MIX 21-111	LB	21	$5.00	$105.00	$1.00	$21.00	$25.00	$525.00	$3.50	$73.50

BID TABULATION

Four Seasons Water Quality Improvements (#9402002)
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000
Bids Received: 12/02/2024 10:00 AM CST

DENOTES CORRECTED FIGURE

					Engineer Estimate		Finch Excavating LLC		New Look Contracting, Inc.		Peterson Companies	
Line #	**Item #**	**Item Description**	**Units**	**Quantity**	**Unit Price**	**Extension**	**Unit Price**	**Extension**	**Unit Price**	**Extension**	**Unit Price**	**Extension**
35	2575.508	SEED MIX 25-131	LB	61	$15.00	$915.00	$10.00	$610.00	$25.00	$1,525.00	$13.80	$841.80
36	2575.508	SEED MIX 33-261	LB	8	$100.00	$800.00	$95.00	$760.00	$75.00	$600.00	$99.00	$792.00
37	2575.508	SEED MIX 34-182	LB	5	$250.00	$1,250.00	$240.00	$1,200.00	$275.00	$1,375.00	$368.50	$1,842.50
38	2575.508	SEED MIX 34-265	LB	24	$30.00	$720.00	$40.00	$960.00	$75.00	$1,800.00	$55.40	$1,329.60
39	2575.508	SEED MIX 34-266	LB	75	$85.00	$6,375.00	$35.00	$2,625.00	$75.00	$5,625.00	$42.30	$3,172.50
40	2575.601	PLANT MANAGEMENT - YEAR 1	LUMP SUM	1	$10,000.00	$10,000.00	$5,000.00	$5,000.00	$7,500.00	$7,500.00	$5,818.00	$5,818.00
41	2577.502	LIVE STAKES	EACH	1000	$8.00	$8,000.00	$4.00	$4,000.00	$6.00	$6,000.00	$4.95	$4,950.00
						$565,739.00		**$297,276.80**		**$470,718.50**		**$568,141.46**

BID TABULATION

Four Seasons Water Quality Improvements (#9402002)
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000
Bids Received: 12/02/2024 10:00 AM CST

DENOTES CORRECTED FIGURE

					Engineer Estimate		Blackstone Contractors LLC		Rachel Contracting, LLC		Twin Cities Utilities LLC	
Line #	Item #	Item Description	Units	Quantity	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
BASE BID												
1	2021.501	MOBILIZATION	LUMP SUM	1	$30,000.00	$30,000.00	$37,350.00	$37,350.00	$70,000.00	$70,000.00	$28,556.11	$28,556.11
2	2106.601	DEWATERING	LUMP SUM	1	$10,000.00	$10,000.00	$24,200.00	$24,200.00	$14,657.68	$14,657.68	$16,684.49	$16,684.49
3	2101.501	CLEARING & GRUBBING	ACRE	3.7	$4,000.00	$14,800.00	$6,243.24	$23,099.99	$9,150.00	$33,855.00	$6,540.32	$24,199.18
4	2104.503	SALVAGE AND REINSTALL FENCE	L F	500	$24.00	$12,000.00	$28.40	$14,200.00	$29.44	$14,720.00	$14.74	$7,370.00
5	2104.504	REMOVE BITUMINOUS PAVEMENT	S Y	153	$8.00	$1,224.00	$9.28	$1,419.84	$6.85	$1,048.05	$8.77	$1,341.81
6	2106.507	EXCAVATION - COMMON (EV) (P)	CY	7455	$30.00	$223,650.00	$27.73	$206,727.15	$25.80	$192,339.00	$31.96	$238,261.80
7	2106.607	EXCAVATION - COMMON (EV) (P) (SPECIAL)	CY	680	$35.00	$23,800.00	$29.25	$19,890.00	$53.80	$36,584.00	$31.96	$21,732.80
8	2105.601	SITE GRADING	L S	1	$10,000.00	$10,000.00	$21,300.00	$21,300.00	$15,000.00	$15,000.00	$25,730.05	$25,730.05
9	2360.604	BITUMINOUS PATCHING MIXTURE (SPECIAL)	TON	29	$250.00	$7,250.00	$343.97	$9,975.13	$269.00	$7,801.00	$299.25	$8,678.25
10	2501.502	15" RC PIPE APRON	EACH	2	$2,000.00	$4,000.00	$1,676.00	$3,352.00	$1,540.00	$3,080.00	$1,647.06	$3,294.12
11	2501.502	18" RC PIPE APRON	EACH	1	$2,500.00	$2,500.00	$2,310.00	$2,310.00	$1,640.00	$1,640.00	$1,742.65	$1,742.65
12	2501.502	24" RC PIPE APRON	EACH	1	$2,800.00	$2,800.00	$3,284.00	$3,284.00	$3,200.00	$3,200.00	$3,698.07	$3,698.07
13	2501.502	48" RC PIPE APRON	EACH	2	$3,200.00	$6,400.00	$7,713.00	$15,426.00	$7,250.00	$14,500.00	$8,636.78	$17,273.56
14	2503.503	15" RC PIPE SEWER DESIGN 3006 CL V	LF	181	$85.00	$15,385.00	$63.54	$11,500.74	$82.50	$14,932.50	$70.34	$12,731.54
15	2503.503	18" RC PIPE SEWER DESIGN 3006 CL V	LF	73	$110.00	$8,030.00	$82.90	$6,051.70	$92.00	$6,716.00	$78.98	$5,765.54
16	2503.503	24" RC PIPE SEWER DESIGN 3006 CL III	LF	8	$150.00	$1,200.00	$240.00	$1,920.00	$205.00	$1,640.00	$131.64	$1,053.12
17	2503.503	48" RC PIPE SEWER DESIGN 3006 CL III	LF	16	$220.00	$3,520.00	$611.25	$9,780.00	$430.00	$6,880.00	$393.81	$6,300.96
18	2503.602	CONNECT TO EXISTING STORM SEWER	EACH	5	$1,500.00	$7,500.00	$1,052.00	$5,260.00	$1,000.00	$5,000.00	$1,455.01	$7,275.05
19	2506.502	CASTING ASSEMBLY	EACH	1	$1,200.00	$1,200.00	$742.00	$742.00	$895.00	$895.00	$1,172.81	$1,172.81
20	2506.503	CONSTRUCT DRAINAGE STRUCTURE DESIGN 48-4020	L F	11	$1,100.00	$12,100.00	$1,198.18	$13,179.98	$860.00	$9,460.00	$475.79	$5,233.69
21	2506.602	CONSTRUCT DRAINAGE STRUCTURE DESIGN SPECIAL	EACH	1	$12,000.00	$12,000.00	$16,100.00	$16,100.00	$9,250.00	$9,250.00	$10,525.94	$10,525.94
22	2511.504	GEOTEXTILE FILTER TYPE 4	SQ YD	658	$5.00	$3,290.00	$2.29	$1,506.82	$1.25	$822.50	$5.78	$3,803.24
23	2511.507	RANDOM RIPRAP CLASS III	CU YD	165	$115.00	$18,975.00	$95.03	$15,679.95	$121.00	$19,965.00	$169.70	$28,000.50
24	2511.507	RANDOM RIPRAP CLASS IV	C Y	52	$150.00	$7,800.00	$98.65	$5,129.80	$117.80	$6,125.60	$192.01	$9,984.52
25	2571.524	DECIDUOUS TREE 4' HT CONT	TREE	8	$550.00	$4,400.00	$684.00	$5,472.00	$175.00	$1,400.00	$177.24	$1,417.92
26	2571.527	EMERGENT PLUGS	PLT	2800	$5.00	$14,000.00	$3.61	$10,108.00	$3.60	$10,080.00	$3.66	$10,248.00
27	2573.502	STORM DRAIN INLET PROTECTION	EACH	7	$250.00	$1,750.00	$192.00	$1,344.00	$285.00	$1,995.00	$294.95	$2,064.65
28	2573.503	SEDIMENT CONTROL LOG TYPE WOOD FIBER	LF	4100	$4.50	$18,450.00	$4.46	$18,286.00	$3.65	$14,965.00	$4.83	$19,803.00
29	2573.602	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	2	$1,500.00	$3,000.00	$968.00	$1,936.00	$1,790.00	$3,580.00	$3,148.16	$6,296.32
30	2574.507	COMMON TOPSOIL BORROW	CY	320	$55.00	$17,600.00	$52.19	$16,700.80	$15.00	$4,800.00	$54.47	$17,430.40
31	2575.504	ROLLED EROSION PREVENTION CATEGORY 20	SQ YD	4900	$3.00	$14,700.00	$2.45	$12,005.00	$2.80	$13,720.00	$2.84	$13,916.00
32	2575.504	TURF REINFORCEMENT MAT CATEGORY 76	SQ YD	130	$25.00	$3,250.00	$22.46	$2,919.80	$25.20	$3,276.00	$25.53	$3,318.90
33	2575.505	SEEDING	ACRE	4.2	$5,000.00	$21,000.00	$5,009.52	$21,039.98	$5,325.00	$22,365.00	$5,366.12	$22,537.70
34	2575.508	SEED MIX 21-111	LB	21	$5.00	$105.00	$14.29	$300.09	$3.80	$79.80	$3.82	$80.22

BID TABULATION

Four Seasons Water Quality Improvements (#9402002)
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000
Bids Received: 12/02/2024 10:00 AM CST

DENOTES CORRECTED FIGURE

					Engineer Estimate		Blackstone Contractors LLC		Rachel Contracting, LLC		Twin Cities Utilities LLC	
Line #	**Item #**	**Item Description**	**Units**	**Quantity**	**Unit Price**	**Extension**	**Unit Price**	**Extension**	**Unit Price**	**Extension**	**Unit Price**	**Extension**
35	2575.508	SEED MIX 25-131	LB	61	$15.00	$915.00	$13.11	$799.71	$14.90	$908.90	$15.01	$915.61
36	2575.508	SEED MIX 33-261	LB	8	$100.00	$800.00	$100.00	$800.00	$106.69	$853.52	$107.52	$860.16
37	2575.508	SEED MIX 34-182	LB	5	$250.00	$1,250.00	$360.00	$1,800.00	$397.00	$1,985.00	$400.15	$2,000.75
38	2575.508	SEED MIX 34-265	LB	24	$30.00	$720.00	$54.17	$1,300.08	$60.00	$1,440.00	$60.24	$1,445.76
39	2575.508	SEED MIX 34-266	LB	75	$85.00	$6,375.00	$40.00	$3,000.00	$45.65	$3,423.75	$46.01	$3,450.75
40	2575.601	PLANT MANAGEMENT - YEAR 1	LUMP SUM	1	$10,000.00	$10,000.00	$4,935.00	$4,935.00	$6,275.00	$6,275.00	$6,321.85	$6,321.85
41	2577.502	LIVE STAKES	EACH	1000	$8.00	$8,000.00	$8.10	$8,100.00	$5.35	$5,350.00	$5.37	$5,370.00
						$565,739.00		**$580,231.56**		**$586,608.30**		**$607,887.80**

BID TABULATION

Four Seasons Water Quality Improvements (#9402002)
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000
Bids Received: 12/02/2024 10:00 AM CST

DENOTES CORRECTED FIGURE

					Engineer Estimate		Urban Companies	
Line #	**Item #**	**Item Description**	**Units**	**Quantity**	**Unit Price**	**Extension**	**Unit Price**	**Extension**
BASE BID								
1	2021.501	MOBILIZATION	LUMP SUM	1	$30,000.00	$30,000.00	$45,000.00	$45,000.00
2	2106.601	DEWATERING	LUMP SUM	1	$10,000.00	$10,000.00	$50,000.00	$50,000.00
3	2101.501	CLEARING & GRUBBING	ACRE	3.7	$4,000.00	$14,800.00	$26,000.00	$96,200.00
4	2104.503	SALVAGE AND REINSTALL FENCE	L F	500	$24.00	$12,000.00	$52.00	$26,000.00
5	2104.504	REMOVE BITUMINOUS PAVEMENT	S Y	153	$8.00	$1,224.00	$15.00	$2,295.00
6	2106.507	EXCAVATION - COMMON (EV) (P)	CY	7455	$30.00	$223,650.00	$30.00	$223,650.00
7	2106.607	EXCAVATION - COMMON (EV) (P) (SPECIAL)	CY	680	$35.00	$23,800.00	$60.00	$40,800.00
8	2105.601	SITE GRADING	L S	1	$10,000.00	$10,000.00	$100,000.00	$100,000.00
9	2360.604	BITUMINOUS PATCHING MIXTURE (SPECIAL)	TON	29	$250.00	$7,250.00	$400.00	$11,600.00
10	2501.502	15" RC PIPE APRON	EACH	2	$2,000.00	$4,000.00	$1,750.00	$3,500.00
11	2501.502	18" RC PIPE APRON	EACH	1	$2,500.00	$2,500.00	$2,000.00	$2,000.00
12	2501.502	24" RC PIPE APRON	EACH	1	$2,800.00	$2,800.00	$6,000.00	$6,000.00
13	2501.502	48" RC PIPE APRON	EACH	2	$3,200.00	$6,400.00	$14,000.00	$28,000.00
14	2503.503	15" RC PIPE SEWER DESIGN 3006 CL V	LF	181	$85.00	$15,385.00	$100.00	$18,100.00
15	2503.503	18" RC PIPE SEWER DESIGN 3006 CL V	LF	73	$110.00	$8,030.00	$115.00	$8,395.00
16	2503.503	24" RC PIPE SEWER DESIGN 3006 CL III	LF	8	$150.00	$1,200.00	$135.00	$1,080.00
17	2503.503	48" RC PIPE SEWER DESIGN 3006 CL III	LF	16	$220.00	$3,520.00	$500.00	$8,000.00
18	2503.602	CONNECT TO EXISTING STORM SEWER	EACH	5	$1,500.00	$7,500.00	$2,500.00	$12,500.00
19	2506.502	CASTING ASSEMBLY	EACH	1	$1,200.00	$1,200.00	$1,250.00	$1,250.00
20	2506.503	CONSTRUCT DRAINAGE STRUCTURE DESIGN 48-4020	L F	11	$1,100.00	$12,100.00	$1,750.00	$19,250.00
21	2506.602	CONSTRUCT DRAINAGE STRUCTURE DESIGN SPECIAL	EACH	1	$12,000.00	$12,000.00	$20,000.00	$20,000.00
22	2511.504	GEOTEXTILE FILTER TYPE 4	SQ YD	658	$5.00	$3,290.00	$7.00	$4,606.00
23	2511.507	RANDOM RIPRAP CLASS III	CU YD	165	$115.00	$18,975.00	$150.00	$24,750.00
24	2511.507	RANDOM RIPRAP CLASS IV	C Y	52	$150.00	$7,800.00	$150.00	$7,800.00
25	2571.524	DECIDUOUS TREE 4' HT CONT	TREE	8	$550.00	$4,400.00	$179.00	$1,432.00
26	2571.527	EMERGENT PLUGS	PLT	2800	$5.00	$14,000.00	$3.75	$10,500.00
27	2573.502	STORM DRAIN INLET PROTECTION	EACH	7	$250.00	$1,750.00	$400.00	$2,800.00
28	2573.503	SEDIMENT CONTROL LOG TYPE WOOD FIBER	LF	4100	$4.50	$18,450.00	$7.00	$28,700.00
29	2573.602	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	2	$1,500.00	$3,000.00	$2,500.00	$5,000.00
30	2574.507	COMMON TOPSOIL BORROW	CY	320	$55.00	$17,600.00	$55.00	$17,600.00
31	2575.504	ROLLED EROSION PREVENTION CATEGORY 20	SQ YD	4900	$3.00	$14,700.00	$3.00	$14,700.00
32	2575.504	TURF REINFORCEMENT MAT CATEGORY 76	SQ YD	130	$25.00	$3,250.00	$26.00	$3,380.00
33	2575.505	SEEDING	ACRE	4.2	$5,000.00	$21,000.00	$5,410.00	$22,722.00
34	2575.508	SEED MIX 21-111	LB	21	$5.00	$105.00	$4.00	$84.00

BID TABULATION

Four Seasons Water Quality Improvements (#9402002)
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000
Bids Received: 12/02/2024 10:00 AM CST

DENOTES CORRECTED FIGURE

					Engineer Estimate		Urban Companies	
Line #	**Item #**	**Item Description**	**Units**	**Quantity**	**Unit Price**	**Extension**	**Unit Price**	**Extension**
35	2575.508	SEED MIX 25-131	LB	61	$15.00	$915.00	$15.00	$915.00
36	2575.508	SEED MIX 33-261	LB	8	$100.00	$800.00	$108.50	$868.00
37	2575.508	SEED MIX 34-182	LB	5	$250.00	$1,250.00	$403.50	$2,017.50
38	2575.508	SEED MIX 34-265	LB	24	$30.00	$720.00	$61.00	$1,464.00
39	2575.508	SEED MIX 34-266	LB	75	$85.00	$6,375.00	$46.50	$3,487.50
40	2575.601	PLANT MANAGEMENT - YEAR 1	LUMP SUM	1	$10,000.00	$10,000.00	$6,500.00	$6,500.00
41	2577.502	LIVE STAKES	EACH	1000	$8.00	$8,000.00	$5.50	$5,500.00
		TOTAL BASE BID				**$565,739.00**		**$888,446.00**

I hereby certify that this is an exact reproduction of bids received

Certified By: _____ ***License No.*** ***49170***

Date: ***December 2, 2024***

December 2, 2024

Honorable Mayor and City Council
City of Plymouth
3400 Plymouth Boulevard
Plymouth, MN 55447

Re: Four Seasons Water Quality Project
City Project No. WR220004
City of Plymouth
WSB Project No. 021322-000

Dear Mayor and Council Members:

Bids were received for the above-referenced project on Monday, December 2, 2024, and were opened and read aloud. Seven bids were received. The bids were checked for mathematical accuracy. Please find enclosed the bid summary. After conversations with the lowest bidding contractor, we understand they desire to withdraw their bid. The next lowest bid was submitted by New Look Contracting, Inc., Rogers, Minnesota in the amount of $470,718.50. The Engineer's Estimate was $565,739.00.

We recommend that the City Council consider these bids and award a contract in the amount of $470,718.50 to New Look Contracting, Inc. based on the results of the bids received.

Sincerely,

WSB

Jake Newhall, PE, PMP
Director, Water Resources

Attachments

ams

701 XENIA AVENUE S | SUITE 300 | MINNEAPOLIS, MN | 55416 | 763.541.4800 | WSBENG.COM

MEMORANDUM

To: City of Plymouth

From: City Attorney

Date: December 27, 2024

Re: Four Seasons Water Quality Improvement Project Bids

FACTS

The City of Plymouth sought competitive bids for the Four Seasons Water Quality Improvement Project. The bids were opened on December 2, 2024. Finch Excavating was the lowest bidder. Its bid was $173,441.70 below the next lowest bidder, New Look Contracting. When the City's Engineer communicated with Finch Excavating, it became clear that Finch Excavating had mistakenly misbid the project because they did not fully understand the plans and specifications. On December 3, 2024, Finch Excavating indicated they would withdraw their bid.

QUESTION PRESENTED

Can the City relieve Finch Excavating of its obligation to enter into a contract because of its mistake and accept the next lowest bid for the Project?

ANALYSIS

A bidder will be relieved of the obligation to enter into a contract because of a unilateral mistake if all of the following apply:

- The mistake is so substantial that it is unreasonable to suppose the contractor would have submitted the bid.
- The mistake was not the product of the bidder's gross negligence.
- The contractor gives prompt notice of the error to the city.
- The city has not changed its position in reliance on the bid and has suffered no damage other than the loss resulting from the bid mistake.

The contractor must sufficiently identify the error to permit the city to determine the contractor is entitled to relief. The contractor is given relief when the error is obvious to the city when the bid is read.

The mistake may stem from an error of judgment concerning the nature of difficulties of the work, the quality of the materials required, or other judgment factors.

In this case, Finch Excavating made an error in judgment concerning the Project that resulted in substantially underbidding the Project. Finch Excavating's mistaken bid was significantly lower than the next lowest bid. The mistake was recognized promptly and the City did not suffer any damage as a result of the mistake. Therefore, the City may relieve Finch Excavating of its mistaken bid.

When a low bidder refuses to sign a contract because of a material mistake in the bid the city may decide to accept the second low bid or reject all bids and re-advertise. When making that decision, the city should consider the time and expense involved in rebidding, as well as the possibility of higher bids on the second attempt.

CONCLUSION

The City may relieve Finch Excavating from its mistaken bid and award the Project to the next lowest bidder, New Look Contracting.

CITY OF PLYMOUTH

RESOLUTION NO. 2025-004

RESOLUTION AWARDING CONTRACT FOR THE FOUR SEASONS WATER QUALITY IMPROVEMENT PROJECT (WR220004)

WHEREAS, pursuant to an advertisement for bids for the Four Seasons Water Quality Improvement Project, bids were received, opened and tabulated according to State law, and the following bids were received complying with the advertisement:

Contractor	Total Bid
Finch Excavating LLC	$297,276.80
New Look Contracting, Inc.	$470,718.50
Peterson Companies	$568,141.46
Blackstone Contractors, LLC	$580,231.56
Rachel Contracting, LLC	$586,608.30
Twin Cities Utilities, LLC	$607,887.80
Urban Companies	$888,446.00
Engineer's Estimate	**$565,739.00**

WHEREAS, Finch Excavating LLC from Northfield, Minnesota withdrew their bid; and

WHEREAS, New Look Contracting, Inc. from Rogers, Minnesota, is the lowest responsible bidder complying with the minimum qualifications; and

WHEREAS, the City Engineer recommends awarding the project to New Look Contracting, Inc.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that:

1) The Mayor and City Manager are authorized and directed to enter into a contract with New Look Contracting, Inc. in the name of the City of Plymouth for the Four Seasons Water Quality Improvement Project according to the plans and specifications on file in the office of the City Engineer in the amount $470,718.50.

2) The total cost of the project is $691,000 and includes the improvements in the amount of $470,718.50, engineering & permitting in the amount of $156,880, and contingency in the amount of $63,401.50.

BE IT FURTHER RESOLVED, that the project would be funded from the Water Resources Fund.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.6

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Approve appointments to volunteer advisory boards**

---

1. Action Requested:
Approve attached resolution appointing individuals to fill vacant terms on various volunteer advisory boards.

2. Background:
The council conducted advisory board interviews on December 3 and directed staff to make the appointments on the attached resolution.

3. Budget Impact:
N/A

4. Attachments:
1. City Council Resolution 2025-005

CITY OF PLYMOUTH

RESOLUTION NO. 2025-005

RESOLUTION APPOINTING INDIVIDUALS TO FILL VACANT TERMS ON VARIOUS VOLUNTEER ADVISORY BOARDS

BE IT RESOLVED by the City Council of the City of Plymouth, Minnesota, that the following individuals are appointed to Plymouth volunteer advisory boards effective February 1, 2025, or sooner upon resignation of a member:

Name	Commission	Seat	Term Expires
Julie Olson	Planning Commission	At Large	January 31, 2028
Kevion Ellis	Planning Commission	At Large	January 31, 2028
Robert Blakely	Environmental Quality Comm.	Ward 1*	January 31, 2027
Andy Polzin	Environmental Quality Comm.	Ward 2	January 31, 2028
Genevieve Vavreck	Environmental Quality Comm.	At Large	January 31, 2028
Kate Dmytrenko	Environmental Quality Comm.	At Large	January 31, 2029
Riley Brown	Park & Rec. Advisory Comm.	Ward 4	January 31, 2028
Shailendra Singh	Park & Rec. Advisory Comm.	At Large	January 31, 2028
Jessica Montgomery	Park & Rec. Advisory Comm.	At Large	January 31, 2028

*moving from At Large to Ward 1 Seat

BE IT FURTHER RESOLVED that the City Council confirms the following appointments made by Mayor Wosje to the Housing and Redevelopment Authority:

Robert Swanson	Housing & Redevelopment Authority	Ward 3	January 31, 2030

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.7

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Appoint City Council Secretary for 2025**

---

1. Action Requested:
Adopt resolution appointing City Clerk Jodi Gallup as City Council Secretary for 2025.

2. Background:
The City Charter requires that the City Council appoint a secretary of the council: "The secretary must keep a journal of council proceedings and perform the duties required by charter, ordinance, or resolution. The council may designate any officer or employee of the city except the city manager, the mayor or a council member as its secretary." Historically, the City Clerk serves as Council Secretary.

3. Budget Impact:
N/A

4. Attachments:
1. City Council Resolution 2025-006

CITY OF PLYMOUTH

RESOLUTION NO. 2025-006

RESOLUTION APPOINTING CITY COUNCIL SECRETARY FOR 2025

WHEREAS, the City Charter requires that the City Council appoint a secretary of the council; and

WHEREAS, the secretary must keep a journal of council proceedings and perform the duties required by charter, ordinance, or resolution; and

WHEREAS, the council may designate any officer or employee of the city except the city manager, the mayor or a council member as its secretary; and

WHEREAS, the secretary position has historically been held by the City Clerk.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, that the City Clerk Jodi Gallup shall be appointed the city council secretary for 2025.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.8

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Appoint city health officer for 2025**

---

1. Action Requested:
Appoint Dr. Ronald McGown as city health officer for 2025.

2. Background:
The city code requires that a health officer conduct an investigation prior to taking action on certain health or environmental matters. Specifically, city code refers to health officer input with regard to garbage/refuse, inspections of licensed premises, and the city's water system. The city health officer's services are seldom, if ever, used during the course of a year, and the city is charged only for services rendered. Dr. Ronald McGown, from the Park Nicollet Medical Center, has agreed to continue serving as the city's health officer for 2025.

3. Budget Impact:
N/A

4. Attachments:
1. City Council Resolution 2025-007

CITY OF PLYMOUTH

RESOLUTION NO. 2025-007

RESOLUTION APPOINTING CITY HEALTH OFFICER FOR 2025

WHEREAS, the City Code requires that a health officer conduct an investigation prior to taking action on certain health or environmental matters; and

WHEREAS, the City Code refers to health officer input with regard to garbage/refuse, inspections of licensed premises, and the city's water system; and

WHEREAS, Dr. Ronald McGown, from the Park Nicollet Medical Center, has agreed to continue serving as the city's health officer for 2025.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, that Dr. Ronald McGown shall be appointed the city health officer for 2025.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.9

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Designate official newspaper for 2025**

---

1. Action Requested:

Adopt attached resolution designating the Plymouth Sun Sailor as the official newspaper for 2025.

2. Background:

City Code requires that the council designate an official newspaper at the first regular meeting of each year. The official newspaper is used to publish all legal notices for the year, such as public hearings, advertisement for bids, and adoption of ordinances. Not related to the designation of the official newspaper, staff also posts legal notices on the city's website as another method for the public to be informed. The city's official newspaper has been the Plymouth Sun Sailor since 1991.

3. Budget Impact:

N/A

4. Attachments:

1. City Council Resolution 2025-008

CITY OF PLYMOUTH

RESOLUTION NO. 2025-008

RESOLUTION DESIGNATING THE PLYMOUTH SUN SAILOR AS THE CITY OF PLYMOUTH'S OFFICIAL NEWSPAPER FOR 2025

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF PLYMOUTH, MINNESOTA That the Plymouth Sun Sailor is designated as the official newspaper for the City of Plymouth for 2025.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.10

To: Dave Callister, City Manager

Prepared by: Sonya Rippe, Project Supervisor

Reviewed by: Jennifer Tomlinson, Parks and Recreation Director

Item: **Approval of asphalt contract for 2025-2026 with DMJ Asphalt, Inc. for park trails, parking lots, and hardscape surfaces**

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1. Action Requested:

Adopt the attached resolution awarding the asphalt contract for 2025-2026 to DMJ Asphalt, Inc. for park trails, parking lots, and hardscape surfaces.

2. Background:

The city park system includes trails, parking lots and hardscape court surfaces. The repair or replacement of asphalt is needed after the useful life of the surface. The asphalt bid specifications were prepared and advertisements for bids were published in the Plymouth Sun Sailor on November 7 and November 14, 2024 for work to be performed in 2025-2026. The bid includes asphalt, removal, grading, base work, reclaiming, and installation. The bids were received and opened on December 5, 2024 at 9 a.m. Sealed bids were received from four contractors. Staff have reviewed the bids and are recommending that the City Council award the bid to DMJ Asphalt, Inc. for 2025-2026. Their qualifications and work performance are compliant with the City's Responsible Bidder qualification policy.

3. Budget Impact:

The trail and hardscape repair portion of the project is scheduled in the Capital Improvement Plan (CIP) for 2025 in the amount of $200,000, utilizing the Park Replacement Fund. Additionally, line item 100-40-411-41100-7500.107 in the Parks & Forestry operations budget in the amount of $211,000 annually is dedicated to repair and replacement.

4. Attachments:

1. Bid Results
2. City Council Resolution 2025-009

2025-26 Parks Asphalt Paving (#9367782)
Bid Opening: December 5, 2024 at 9:00 am

Item Code	Item Description	Unit	DMJ Asphalt Inc.	Bituminous Roadways Inc.	Aslakson's Services Inc.	Allied Blacktop Company
			Unit Price	Unit Price	Unit Price	Unit Price
1	Provide, install & compact asphalt	Per Ton	$114.00	$115.00	$129.65	$144.50
2	Provide, install & compact court/virgin asphalt mix	Per Ton	$142.00	$135.00	$173.62	$220.00
3	Provide, install & compact Class 5 gravel	Per Ton	$29.00	$31.00	$37.26	$78.75
4	Install & compact owner supplied con-bit gravel	Per Ton	$18.50	$20.00	$22.32	$48.82
5	Remove & haul away existing asphalt	Per Ton	$22.00	$28.00	$18.00	$42.50
6	Remove & haul away poor sub-soils	Per Ton	$30.00	$35.00	$22.00	$69.40
7	Remove & haul away vegetation from trail edges, prior to paving	Per Linear Ft	$2.00	$3.50	$3.75	$1.75
8	Grade & compact reclaimed asphalt	Per Linear Ft	$2.25	$2.75	$5.25	$3.00
9	Reclaim asphalt	Per Sq Yd	$2.25	$3.25	$3.85	$4.93
10	Provide & install tree root barrier	Per Linear Ft	$20.75	$20.00	$20.00	$40.00
Base Bid Total:			**$382.75**	**$393.50**	**$435.70**	**$653.65**

CITY OF PLYMOUTH

RESOLUTION NO. 2025-009

RESOLUTION APPROVING ASPHALT CONTRACT FOR 2025-2026 WITH DMJ ASPHALT, INC. FOR PARK TRAILS, PARKING LOTS AND HARDSCAPE SURFACES

WHEREAS, the city park system includes trails, parking lots and hardscape court surfaces; and

WHEREAS, the repair or replacement of asphalt is needed after the useful life of the surface; and

WHEREAS, the city has prepared specifications, advertised, received and opened bids on December 5, 2024 at 9:00 a.m.; and

WHEREAS, the following bids were received:

Item	Unit	DMJ Asphalt, Inc.	Bituminous Roadways Inc.	Aslakson's Services Inc.	Allied Blacktop Company
Provide, install & compact asphalt	Per Ton	$114.00	$115.00	$129.65	$144.50
Provide, install & compact court/virgin asphalt mix	Per Ton	$142.00	$135.00	$173.62	$220.00
Provide, install & compact Class 5 gravel	Per Ton	$29.00	$31.00	$37.26	$78.75
Install & compact owner supplied con-bit gravel	Per Ton	$18.50	$20.00	$22.32	$48.82
Remove & haul away existing asphalt	Per Ton	$22.00	$28.00	$18.00	$42.50
Remove & haul away poor sub-soils	Per Ton	$30.00	$35.00	$22.00	$69.40
Remove & haul away vegetation from trail edges, prior to paving	Per Linear Ft	$2.00	$3.50	$3.75	$1.75
Grade & compact reclaimed asphalt	Per Linear Ft	$2.25	$2.75	$5.25	$3.00
Reclaim asphalt	Per Sq Yd	$2.25	$3.25	$3.85	$4.93
Provide & install tree root barrier	Per Linear Ft	$20.75	$20.00	$20.00	$40.00

WHEREAS, DMJ Asphalt, Inc.'s qualifications and work performance are compliant with the city's Responsible Bidder qualification policy; and

WHEREAS, based on bid amounts, staff recommends accepting the bid from DMJ Asphalt, Inc.; and

WHEREAS, the trail, parking lot and hardscape repair portion of the project is scheduled in the Capital Improvement Plan (CIP) for 2025 in the amount of $200,000, utilizing the Park Replacement Fund and in the Parks & Forestry operations budget line item 100-40-411-41100-7500-107 in the amount of $211,000 annually.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, to award the asphalt contract for park trails, parking lots and hardscape surface repairs for 2025-2026 to DMJ Asphalt, Inc.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.11

To: Dave Callister, City Manager

Prepared by: Sonya Rippe, Project Supervisor

Reviewed by: Jennifer Tomlinson, Parks and Recreation Director

Item: **Approval of lawn maintenance contract for 2025-2026 with Valdes Lawn Care and Snow Removal, LLC**

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1. Action Requested:

Adopt the attached resolution awarding the lawn maintenance contract for 2025-2026 to Valdes Lawn Care and Snow Removal, LLC.

2. Background:

The city park system includes over 1,800 acres of parkland with over 350 acres being manicured. This contractor will be responsible for maintaining over 38 acres of city-owned property. The lawn maintenance bid specifications were prepared and advertisements for bids were published in the Plymouth Sun Sailor on November 7 and November 14, 2024 for work to be performed in 2025-2026. The bid includes maintaining turf grass areas on city-owned property. The bids were received and opened on December 5, 2024 at 10 a.m. Sealed bids were received from eight contractors. Staff have reviewed the bids and are recommending that the City Council award the bid to Valdes Lawn Care and Snow Removal, LLC for 2025-2026. Their qualifications and work performance are compliant with the city's responsible bidder qualification policy.

3. Budget Impact:

This is budgeted in line item 100-40-411-41100-7500.101 in the Parks & Forestry operations budget.

4. Attachments:

1. Bid Results
2. City Council Resolution 2025-010

2025-26 Parks & Forestry Lawn Maintenance (#9369601)
Bid Opening: December 5, 2024 at 10:00 am

Item Code	Item Description	Unit	Valdes Lawn Care and Snow Removal, LLC	Grounds Maintenance Service inc.	AnderSun Lawn Service	Outdoor Environments, Inc.	Jim's Lawn & Landscape LLC	Whipper Snapper Lawn Service	Clearscape Outdoor Services	Kamida Concrete Construction Inc
			Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price
1	44th Avenue Trail	LS	$436.34	$800.00	$990.00	$1,282.00	$286.00	$780.00	$1,575.00	$2,600.00
2	Circle	LS	$2,268.98	$2,900.00	$5,500.00	$4,613.00	$5,122.00	$5,102.19	$4,421.00	$6,500.00
3	Crooked Creek	LS	$1,396.30	$1,850.00	$1,700.00	$1,558.00	$1,378.00	$1,363.18	$2,365.00	$2,600.00
4	Fairway Greens	LS	$1,570.83	$5,500.00	$5,500.00	$6,150.00	$6,656.00	$6,640.63	$8,200.00	$7,800.00
5	Ferndale	LS	$157.08	$950.00	$800.00	$1,282.00	$494.00	$780.00	$1,350.00	$2,600.00
6	Gateway	LS	$1,134.49	$950.00	$1,400.00	$1,360.00	$1,144.00	$1,148.97	$1,575.00	$3,900.00
7	Gleanloch	LS	$1,047.22	$4,400.00	$5,100.00	$5,125.00	$5,200.00	$5,199.56	$4,950.00	$5,200.00
8	Heather Ponds	LS	$1,745.37	$2,800.00	$4,150.00	$3,588.00	$3,510.00	$3,505.32	$3,160.00	$3,900.00
9	Imperial Hills	LS	$1,902.45	$3,900.00	$4,400.00	$4,100.00	$4,420.00	$4,401.12	$4,950.00	$7,800.00
10	Lake Camelot	LS	$2,268.98	$6,000.00	$7,100.00	$6,662.00	$7,358.00	$7,341.70	$8,210.00	$9,100.00
11	Lions	LS	$3,054.40	$4,000.00	$5,300.00	$4,869.00	$5,278.00	$5,257.98	$4,950.00	$2,600.00
12	Northwest Greenway & Cheshire Pkwy	LS	$3,064.40	$3,900.00	$2,800.00	$2,563.00	$2,548.00	$2,531.62	$3,150.00	$2,600.00
13	Oakview Pond	LS	$872.69	$1,900.00	$1,800.00	$2,307.00	$1,846.00	$1,830.56	$1,575.00	$2,600.00
14	Parkers Lake Cemetery	LS	$3,316.20	$4,200.00	$4,500.00	$3,844.00	$4,108.00	$4,909.01	$3,895.00	$3,900.00
15	Prairie Ponds	LS	$2,530.79	$5,400.00	$4,800.00	$7,687.00	$8,320.00	$8,315.40	$8,100.00	$10,400.00
16	Queensland	LS	$1,832.64	$3,000.00	$3,200.00	$3,075.00	$3,458.00	$3,446.90	$4,250.00	$3,900.00
17	Reserve	LS	$3,228.93	$4,000.00	$4,900.00	$4,357.00	$4,810.00	$4,810.08	$6,250.00	$5,200.00
18	Shenandoah	LS	$2,181.71	$3,000.00	$1,700.00	$3,075.00	$2,964.00	$2,960.05	$3,150.00	$3,900.00
19	Southwood Green	LS	$1,745.37	$3,100.00	$1,900.00	$2,327.00	$2,028.00	$2,525.30	$2,375.00	$2,600.00
20	Woodland Trails	LS	$2,705.32	$4,500.00	$4,500.00	$4,100.00	$4,472.00	$4,459.55	$5,500.00	$6,500.00
Base Bid Total:			**$38,460.49**	**$67,050.00**	**$72,040.00**	**$73,924.00**	**$75,400.00**	**$77,309.12**	**$83,951.00**	**$96,200.00**

CITY OF PLYMOUTH

RESOLUTION NO. 2025-010

RESOLUTION APPROVING LAWN MAINTENANCE CONTRACT FOR 2025-2026 WITH VALDES LAWN CARE AND SNOW REMOVAL, LLC

WHEREAS, the city park system includes over 1,800 acres of parkland with over 350 acres being maintained; and

WHEREAS, the contractor will be responsible for maintaining over 38 acres of city-owned property; and

WHEREAS, the city has prepared specifications, advertised, received and opened bids on December 5, 2024 at 10:00 a.m.; and

WHEREAS, the following bids were received:

Contractor	Bid
Valdes Lawn Care and Snow Removal, LLC	$38,460.49
Grounds Maintenance Service, Inc.	$67,050.00
AnderSun Lawn Service	$72,040.00
Outdoor Environments, Inc.	$73,924.00
Jim's Lawn & Landscape, LLC	$75,400.00
Whipper Snapper Lawn Service	$77,309.12
Clearscape Outdoor Services	$83,951.00
Kamida Concrete Construction, Inc.	$96,200.00

WHEREAS, Valdes Lawn Care and Snow Removal, LLC's qualifications and work performance are compliant with the city's Responsible Bidder qualification policy; and

WHEREAS, based on bid amounts, staff recommends accepting the bid from Valdes Lawn Care and Snow Removal, LLC; and

WHEREAS, maintaining turfgrass areas is budgeted in the Parks & Forestry operations budget in line item 100-40-411-41100-7500.101.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, to award the lawn maintenance contract for 2025-2026 to Valdes Lawn Care and Snow Removal, LLC.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.12

To: Dave Callister, City Manager

Prepared by: Sonya Rippe, Project Supervisor

Reviewed by: Jennifer Tomlinson, Parks and Recreation Director

Item: **Approval of yard waste site grinding contract for 2025 with Valdes Lawn Care and Snow Removal, LLC**

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1. Action Requested:

Adopt the attached resolution awarding the yard waste site grinding contract for 2025 to Valdes Lawn Care and Snow Removal, LLC.

2. Background:

The yard waste site has been in operation since the early 1990s and is licensed by Hennepin County as a solid waste facility. The site allows residents to drop off wood and soft vegetative materials annually from the first Wednesday in April through the last Sunday in November and is open for Plymouth, Medicine Lake, Wayzata, and Long Lake residents. Plymouth residents pay for the operation of the site through a fee on their utility bill to fund the Solid Waste Fund. The operations are also funded by yearly financial agreements with the cities of Medicine Lake, Wayzata, and Long Lake. The 5-year average annual attendance is over 51,000 visits with 2020 being the most visited year on record with 64,988 visits. The yard waste site grinding bid specifications were prepared and advertisements for bids were published in the Plymouth Sun Sailor on November 7 and November 14, 2024 for work to be performed in 2025. The bid includes grinding and hauling wood waste and leaves. The bids were received and opened on December 5, 2024 at 9:30 a.m. Sealed bids were received from four contractors. Staff have reviewed the bids and are recommending that the City Council award the bid to Valdes Lawn Care and Snow Removal, LLC for 2025. Their qualifications and work performance are compliant with the city's Responsible Bidder qualification policy.

3. Budget Impact:

The grinding and hauling for the yard waste site is budgeted out of the Solid Waste

Fund and Parks and Forestry General Fund.

4. Attachments:

1. Bid Results
2. City Council Resolution 2025-011

2025 Yard Waste Site Grinding (#9369597)
Bid Opening: December 5, 2024 at 9:30 am

Item Code	Item Description	Unit	Valdes Lawn Care and Snow Removal, LLC	Minnesota Topsoil	Sylvester Custom Grinding, Inc.	Dakota Wood-Grinding, Inc.
			Unit Price	Unit Price	Unit Price	Unit Price
Yard Waste Site Grinding			*$30.00*	*$42.95*	*$48.00*	*$87.00*
1	Grinding & Hauling Wood	Per Ton	$12.00	$25.00	$28.00	$30.00
2	Hauling Leaves	Per Ton	$8.00	$17.95	$20.00	$27.00
3	Hauling Grinding By-Products	Per Ton	$10.00	$0.00	$0.00	$30.00
Supplemental Items			*$21.00*	*$24.00*	*$30.00*	*$5.50*
4	Delivered Mulch	Per Cubic Yard	$9.00	$5.00	$10.00	$2.50
5	Delivered Compost	Per Cubic Yard	$12.00	$19.00	$20.00	$3.00
Base Bid Total:			**$30.00**	**$42.95**	**$48.00**	**$87.00**

CITY OF PLYMOUTH

RESOLUTION NO. 2025-011

RESOLUTION APPROVING YARD WASTE SITE GRINDING CONTRACT FOR 2025 WITH VALDES LAWN CARE AND SNOW REMOVAL, LLC

WHEREAS, the city yard waste site has been in operation since the early 1990s and is licensed by Hennepin County as a Solid Waste Facility; and

WHEREAS, the site is open for Plymouth, Medicine Lake, Wayzata, and Long Lake residents; and

WHEREAS, the 5-year average annual attendance is over 51,000, with 2020 being the most visited year on record with 64,988 visits; and

WHEREAS, the city has prepared specifications, advertised, received and opened bids on December 5, 2024 at 9:30 a.m.; and

WHEREAS, the following bids were received:

Item	Unit	Valdes Lawn Care and Snow Removal, LLC	Minnesota Topsoil	Sylvester Custom Grinding, Inc.	Dakota Wood-Grinding, Inc.
Grinding & Hauling Wood	Per Ton	$12.00	$25.00	$28.00	$30.00
Hauling Leaves	Per Ton	$8.00	$17.95	$20.00	$27.00
Hauling Grinding By-Products	Per Ton	$10.00	$0.00	$0.00	$30.00
Supplemental Items					
Delivered Mulch	Per Cubic Yd	$9.00	$5.00	$10.00	$2.50
Delivered Compost	Per Cubic Yd	$12.00	$19.00	$20.00	$3.00

WHEREAS, Valdes Lawn Care and Snow Removal, LLC's qualifications and work performance are compliant with the city's Responsible Bidder qualification policy; and

WHEREAS, based on bid amounts, staff recommends accepting the bid from Valdes Lawn Care and Snow Removal, LLC; and

WHEREAS, the grinding and hauling for the yard waste site is budgeted out of the Solid Waste Fund and Parks and Forestry General Fund.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, to award the yard waste site grinding contract for 2025 to Valdes Lawn Care and Snow Removal, LLC.

APPROVED by the City Council this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.13

To: Dave Callister, City Manager

Prepared by: Chloe McGuire, Planning Manager

Reviewed by: Grant Fernelius, CED Director

Item: **Approve amended and updated declaration for Aspen Hollow**

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1. Action Requested:
Motion to adopt the resolution. Approval requires a 4/7 vote.

2. Background:
The city received the amended and updated covenants related to Aspen Hollow on December 8, 2024. The Homeowners Association (HOA) is updating their declarations and covenants, and since the city signed the initial documents, a consent of the city is required on any changes. The updated HOA documents largely remove reference to the developer, Pulte, since they are no longer involved in the project. The amended documents require the Mayor's signature. Staff and the City Attorney have reviewed and have no concerns about the amended documents.

3. Budget Impact:
N/A

4. Attachments:
1. Aspen Hollow Covenants
2. City Council Resolution 2025-012

December 8, 2024

To: **City of Plymouth Mayor**
City of Plymouth Administrator

From: **The Aspen Hollow Association Board of Directors**

RE: **Signature and Notarization of our Amended and Updated Declaration**

Dear Mayor and City Administrator,

I have sent you our Amended and Updated Declaration for our development/association. **We need both of your signatures along with a public notary signature/seal by December 15, 2024** (at which time I will pick this document up to bring to our notary to sign and notarize)…and then send it off to the Hennepin County Recorder's office to be officially filed.

We used the firm of Hellmuth & Johnson to draft this Declaration. We amended and updated our Declaration for the following reasons:

1. The Declaration was 10 years old.
2. We wanted to take the Pulte company out of the governing documents (they turned the association over to us more than 5 years ago).

In drafting the Amended and Updated Declaration, we also accomplished the following items:

1. We made sure that it was compliant with the most-recent MN State Statutes.
2. We made sure that it was complaint with the most-recent City of Plymouth Ordinances.
3. We made sure that it reflected the voices of the Aspen Hollow homeowners (through the results of a 2024 homeowners' survey).
4. We sent the Amended and Updated Declaration to the homeowners via certified mail with a 60-day window for homeowners to submit their approvals (or disapprovals). We needed 71 homes (out of 138) to have the majority to pass this Amended and Updated Declaration.

Would you kindly sign and notarize this document and notify me so that I can pick it up by December 15, 2024? We need this filed as soon as possible to move forward. Thank you.

Sincerely,

Jemarie-Lynn Sahr
President, Aspen Hollow HOA Board
jemlynnsahr@hotmail.com
612/743-2036

AMENDED AND RESTATED DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR ASPEN HOLLOW

This Amended and Restated Declaration of Covenants, Restrictions and Easements for Aspen Hollow ("**Declaration**") is made as of the **16** day of **December**, **2024**, by Aspen Hollow Association, a Minnesota non-profit corporation ("**Association**").

WHEREAS, a certain Declaration of Covenants, Restrictions and Easements for Aspen Hollow, dated November 19, 2014, was filed November 20, 2014, in the office of the Hennepin County Recorder as Document No. A10138562 and in the office of the Hennepin County Registrar of Titles as Document No. T05215832; as amended by that certain First Amendment to Declaration of Covenants, Restrictions and Easements for Aspen Hollow, dated August 15, 2016, filed August 22, 2016, in the office of the Hennepin County Recorder as Document No. A10346501 and in the office of the Hennepin County Registrar of Titles as Document No. T05373446; as amended by that certain Second Amendment to Declaration of Covenants, Restrictions and Easements for Aspen Hollow, dated May 4, 2018, filed June 22, 2018, in the office of the Hennepin County Recorder as Document No. A10564530 and in the office of the Hennepin County Registrar of Titles as Document No. T05539274 (together with any further amendments or modifications thereto, collectively, the "**Original Declaration**"); and

WHEREAS, the real property which is held, transferred, sold, conveyed and secured subject to the Original Declaration is located in the County of Hennepin, State of Minnesota, and is legally described on the **Exhibits A** attached hereto ("**Property**"); and

WHEREAS, the Association and the Owners desire to amend and restate the Original Declaration in accordance herewith, and to subject the Property to the covenants, restrictions, easements, charges and liens set forth herein, and

WHEREAS, Section 9.3 of the Original Declaration provides that the Original Declaration may be amended upon the consent of the Owners of fifty-one percent (51%) of the Lots; and

WHEREAS, pursuant to the terms of the Original Declaration, no other consent or approval is required to amend the Original Declaration for the purposes set forth herein; and

WHEREAS, pursuant to Minnesota Statutes § 515B.1-102(e)(2), the Property is generally exempt from the provisions of the Minn. Stat. Chapter 515B, the Minnesota Common Interest Ownership Act; and

WHEREAS, notwithstanding the foregoing, the Property is a "Common Interest Community", as defined in Minn. Stat. §515B.1-103(10), and therefore pursuant to Minn. Stat. §515B.1-102(g)(7) the Property is subject to the terms of Minn. Stat. §515B.2-118(a)(7), which provides as follows:

"If any provision of this chapter, the declaration, the bylaws, or the articles of incorporation requires the vote or consent of unit owners as a condition for the approval or effectiveness of an amendment to the declaration, the bylaws, or the articles of incorporation, the affirmative vote or consent of a unit owner is deemed to be granted if the association sends notice and a copy of the amendment, by certified United States mail, postage prepaid and return receipt requested, and (i) if a vote is conducted, the unit owner's vote is not cast against the

proposed amendment, or (ii) if consent is requested, the unit owner's written refusal to consent is not received by the association within 60 days after notice is mailed;" and

WHEREAS, the Association sought to amend the Original Declaration in conformity with the requirements of the Declaration, and the requisite percentage of Owners approved the proposed amendment, either by actively approving the proposed amendment or by failing to object to the proposed amendment within the time period set forth in Minn. Stat. §515B.2-118(a)(7); and

NOW THEREFORE, the Association, with the consent of the Owners of not less than fifty-one percent (51%) of the Lots, hereby declares that the Property shall be held, transferred, sold, conveyed, used and occupied subject to the covenants, restrictions, easements, charges and liens set forth herein; that all persons or entities having or acquiring any interest in the Property shall be bound hereby; and that the Original Declaration shall be revoked and superseded in its entirety by this Declaration upon its recording.

SECTION 1 DEFINITIONS

1.1 "Aspen Hollow " refers to the residential development subject to this Declaration.

1.2 "Assessments" shall mean and refer to all Assessments levied by the Association pursuant to this Declaration, including all annual Assessments, special Assessments and limited allocation Assessments.

1.3 "Association" shall mean Aspen Hollow Association, a Minnesota nonprofit corporation, whose members consist of all Owners as defined herein.

1.4 "Board" shall mean the Board of Directors of the Association (also known as the HOA Board).

1.5 "Bylaws" shall mean the Bylaws governing the operation of the Association, as amended from time to time.

1.6 "City" shall mean the City of Plymouth, a Minnesota municipal corporation.

1.7 "Common Areas" shall mean all parts of the Property except the Lots, including all improvements thereon, owned by the Association for the common benefit of the Owners and Occupants. The Common Areas are legally described in **Exhibit B** attached hereto.

1.8 "Common Expenses" shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including, without limitation, allocations to reserves.

1.9 "Common Interest Community" (also sometimes referred to herein as "CIC") shall mean the contiguous or noncontiguous real estate legally described on **Exhibit A** that is made subject to this Declaration, as more fully described in Minn. Stat. §515B.1-103(10).

1.10 "Eligible Mortgagee" shall mean any Person owning a mortgage on any Lot, which mortgage is first in priority upon foreclosure to all other mortgages that encumber such Lot, and which has requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.

1.11 "Governing Documents" shall mean this Declaration, the Bylaws and Articles of Incorporation of the Association, as each may be amended from time to time.

1.12 "Living Unit" shall mean a single residential housing unit, which is located on a Lot and which is designed or intended for use as living quarters for one family.

1.13 "Lot" shall mean any platted Lot subject to this Declaration upon which a Living Unit is located or intended to be located, as shown on the Plat, including all improvements thereon, but excluding the Common Areas.

1.14 "Member" shall mean all persons who are members of the Association by virtue of being Owners, as defined in this Declaration. The words "Owner" and "Member" may be used interchangeably in the Governing Documents.

1.15 "Nonprofit Act" shall mean Minnesota Statutes Chapter 317A, the Minnesota Nonprofit Corporations Act, as the same may be amended from time to time.

1.16 "Occupant" shall mean any person, other than an Owner, in possession of or residing on a Lot. Including without limitation a tenant or a guest.

1.17 "Owner" shall mean and refer to the record owner, whether they are one or more persons or entities, of the fee simple title to any Lot subject to the Declaration, but shall not mean or refer to the mortgagee of any such Lot unless and until such mortgagee has acquired title pursuant to foreclosure of said mortgage and the period within which the fee owner may redeem from such foreclosure has terminated. Where any such Lot is being sold by the fee owner to a contract vendee who is entitled to possession of the Lot, the contract vendee shall be considered the "Owner" of the Lot.

1.18 "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, or other legal entity capable of holding title to real property.

1.19 "Plat" shall mean the recorded plat of the Property, including any amended Plat or replat recorded from time to time.

1.20 "Property" or "Properties" shall mean all of the real property submitted to this Declaration, including the Living Units and all other structures and improvements located thereon now or in the future. The Property as of the date of this Declaration is legally described in **Exhibit A** attached hereto.

1.21 "Rules and Regulations" shall mean any Rules and Regulations promulgated by the Association pursuant to Section 4 hereof.

1.22 "Swimming Pool Lot" shall mean the Common Area legally described as Lot 3, Block 2, Aspen Hollow, Hennepin County while "Pool Area" means the area within the fenced pool area.

SECTION 2 DESCRIPTION OF LOTS AND APPURTENANCES

2.1 Lots. There are one hundred thirty-eight (138) Lots, all of which are restricted exclusively to residential use, as designated on the Plat. Each Lot constitutes a separate parcel of real estate. No additional Lots may be created by the subdivision or conversion of Lots. The Lot identifiers and locations of the Lots are as

shown on the Plat, which is incorporated herein by reference, and a schedule of Lots is set forth on **Exhibit A**. The Lot identifier for a Lot shall be its Lot and block numbers and the subdivision name.

2.2 Lot Boundaries. The front, rear and side boundaries of each Lot shall be the boundary lines of the platted Lot upon which the Living Unit is located or intended to be located as shown on the Plat. The Lots shall have no upper or lower boundaries. Subject to this Section 2, all spaces, walls, and other improvements within the boundaries of a Lot are a part of the Lot.

2.3 Access Easements. Each Lot shall be the beneficiary of an appurtenant easement for access to a public street or highway on or across any other Lot and the Common Areas, as shown on the Plat, subject to any restrictions set forth in the Declaration.

2.4 Use and Enjoyment Easements. Each Lot shall be the beneficiary of appurtenant easements for use and enjoyment on and across the Common Areas, and for use and enjoyment of any Limited Common Areas allocated to the Lot, subject to any restrictions authorized by this Declaration.

2.5 Utility and Maintenance Easements. Each Lot shall be subject to and shall be the beneficiary of appurtenant easements for all services and utilities servicing the Lots and the Common Areas, and for maintenance, repair and replacement as described in Section 12.

2.6 Encroachment Easements. Each Lot shall be subject to and shall be the beneficiary of the appurtenant easements for encroachments as described in Section 12.

2.7 Recorded Easements. The Property shall be subject to such other easements as may be recorded against it or otherwise shown on the Plat, including but not limited to the following:

a. That certain Grant of Permanent Trail Easement, dated October 6, 2014, recorded October 7, 2014, in the office of the Hennepin County Recorder as Document No. A10124631, as amended by that certain Amendment to Grant of Permanent Trail Easement, dated March 27, 2015, recorded March 30, 2015, in the office of the Hennepin County Recorder as Document No. A10175785.

b. That certain Grant of Permanent Trail Easement, dated March 19, 2018, recorded April 13, 2018, in the office of the Hennepin County Registrar of Titles as Document No. T5523463.

c. That certain Encroachment Agreement for Retaining Walls, dated September 18, 2014, recorded October 7, 2014, in the office of the Hennepin County Recorder as Document No. A10124632 and recorded October 7, 2014, in the office of the Hennepin County Registrar of Titles as Document No. T05205246, as amended by that certain First Amendment to Encroachment Agreement for Retaining Walls, dated December 21, 2015, recorded January 7, 2016, in the office of the Hennepin County Recorder as Document No. A10275797.

d. That certain Encroachment Agreement for Retaining Walls, dated April 27, 2016, recorded April 28, 2016, in the office of the Hennepin County Registrar of Titles as Document No. T05343176.

e. That certain Encroachment Agreement, dated March 19, 2018, recorded in the office of the Hennepin County Registrar of Titles on April 13, 2018, as Document No. T5523464.

f. Those certain Monument and Landscape Easements, as depicted on the Plat.

2.8 Easements are Appurtenant. All easements and similar rights burdening or benefiting a Lot or any other part of the Property shall be appurtenant thereto, and shall be permanent, subject only to termination in accordance with the terms of the easement. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Declaration.

2.9 Impairment Prohibited. No person shall materially restrict or impair any easement benefiting or burdening the Property; subject to this Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property.

SECTION 3 COMMON AREAS AND LIMITED COMMON AREAS

3.1 Common Areas. The Common Areas and their characteristics are as follows:

a. All of the Property not included within the Lots constitutes Common Areas. The Common Areas are owned by the Association for the benefit of the Owners and Occupants. The Common Areas include those parts of the Property described in **Exhibit B** or designated as Common Areas on the Plat. The Common Areas include, but are not limited to, the community swimming pool, the Pool area, the Swimming Pool Lot, and all related improvements located on the land described on **Exhibit B.**

b. Subject to Sections 4, 6 and 9, all maintenance, repair, replacement, management and operation of the Common Areas shall be the responsibility of the Association.

c. Common Expenses for the maintenance, repair, replacement, management and operation of the Common Areas shall be assessed and collected from the Owners in accordance with Section 6.

3.2 Limited Common Areas. The Limited Common Areas are those parts of the Common Areas reserved for the exclusive use of the Owners and Occupants of the Lots to which they are allocated, and the rights to the use and enjoyment thereof are automatically conveyed with the conveyance of such Lots.

SECTION 4 ADMINISTRATION

The administration and operation of the Association and the Property, including but not limited to the acts required of the Association, shall be governed by the following provisions.

4.1 General. The operation and administration of the Association and the Property shall be governed by the Governing Documents and the Rules and Regulations. The Association shall, subject to the Governing Documents and the rights of the Owners set forth in the Governing Documents, be responsible for the operation, management of, and decisions regarding, the Property, including the determination of Common Expenses and allocation thereof. The Association shall have all powers described in the Governing Documents and the statute under which it is incorporated. All power and authority of the Association shall be vested in the Board, unless action or approval by the individual Owners is specifically required by the Governing Documents. All references to the Association shall mean the Association acting through the Board unless specifically stated to the contrary.

4.2 Operational Purposes. The Association shall operate and manage the Property for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules and Regulations (ii) maintaining, repairing and replacing those portions of the Property for which it is responsible and (iii) preserving the value and architectural uniformity and character of the Property.

4.3 Binding Effect of Actions. All agreements and determinations made by the Association in accordance with the powers and voting rights established by the Governing Documents shall be binding upon all Owners and Occupants, and their lessees, guests, heirs, personal representatives, successors and assigns, and all secured parties as defined in this Declaration.

4.4 Bylaws. The Association shall have Bylaws. The Bylaws and any amendments thereto shall govern the operation and administration of the Association.

4.5 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents; provided, however, that such delegation shall not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law. Such professional management shall be by a managing agent appropriately licensed by the applicable governmental or quasi-governmental agencies.

4.6 Rules and Regulations. The Board shall have exclusive authority to approve, implement, and amend or revoke such reasonable Rules and Regulations as it deems necessary from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Property, provided that the Rules and Regulations shall not be inconsistent with the Governing Documents. The inclusion in other parts of the Governing Documents of authority to approve Rules and Regulations shall be deemed to be in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Owners.

4.7 Association Assets; Surplus Funds. All funds and real or personal property acquired by the Association shall be held and used for the benefit of the Owners for the purposes stated in the Governing Documents. Surplus funds remaining after payment of or provision for Common Expenses may be credited against future Assessments or added to operating funds, as determined by the Board.

SECTION 5 MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

5.1 Membership. Every Owner of a Lot subject to Assessment, except as herein provided to the contrary, shall be entitled and required to be a Member of the Association. If title to a Lot is held by more than one person, each of such persons shall be a Member. An Owner of more than one Lot shall be entitled to one membership for each such Lot. Each such membership shall be appurtenant to the Lot upon which it is based and shall transfer automatically by voluntary or involuntary conveyance of the title of that Lot. No person or entity other than an Owner may be a Member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to that Lot.

5.2 Transfer. A membership in the Association shall not be transferred, pledged or alienated in any way, and except upon the transfer of the record title of a Lot and then only to such transferee by assignment, intestate succession, testamentary disposition, foreclosure of mortgage of record, or other legal process. It shall be the responsibility of each Owner, upon becoming entitled to membership, to so notify the Association in writing, and until so notified, the Association may continue to carry the name of the former

Owner as a Member, in its sole discretion. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the transferee of title of such Lot, the Association shall have the right to record the transfer upon the books of the Association and issue a new membership to the transferee, and thereupon the old membership outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

5.3 Voting and Common Expenses. Voting rights and Common Expense obligations are allocated equally among the Lots, except that special allocations of Common Expenses shall be permitted as provided in Section 6 hereof.

5.4 Appurtenant Rights and Obligations. The ownership of a Lot shall include the voting rights and Common Expense obligations described in Section 5.3, above. Said rights, obligations and interests, and the title to the Lots, shall not be separated or conveyed separately, and any conveyance, encumbrance, judicial sale or other transfer of any allocated interest in a Lot, separate from the title to the Lot shall be void. The allocation of the rights, obligations and interests described in this Section may not be changed, except in accordance with the Governing Documents.

5.5 Authority to Vote. The Owner, or some natural person designated to act as proxy on behalf of the Owner, and who must also be an Owner, may cast the vote allocated to such Lot at meetings of the Association, provided, that if there are multiple Owners of a Lot, only the Owner or other Person designated pursuant to the provisions of the Bylaws may cast such vote. The voting rights of Owners are more fully described in the Bylaws.

SECTION 6 ASSESSMENTS

6.1 General. Assessments for Common Expenses shall be determined and assessed against the Lots by the Board, in its discretion, subject to the limitations set forth in Sections 6.2 and 6.3, and the requirements of the Bylaws. Assessments for Common Expenses shall include annual assessments and may include special assessments. Assessments shall be allocated among the Lots according to the Common Expense allocations set forth in Section 5.3, subject to the following qualifications:

a. Any Common Expenses associated with the maintenance, repair, or replacement of a Limited Common Area undertaken by the Association may be assessed exclusively against the Lot or Lots to which that Limited Common Area is assigned, on the basis of (i) equality; (ii) the actual cost incurred with respect to each Lot; or (iii) such other equitable basis as the Board may, in its reasonable discretion, determine.

b. Any Common Expense or portion thereof benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited on the basis of (i) equality; (ii) the actual cost incurred with respect to each Lot; or (iii) such other equitable basis as the Board may, in its reasonable discretion, determine.

c. The costs of insurance may be assessed in proportion to risk or coverage, as the Board may determine; and the costs of utilities may be assessed in proportion to usage, as the Board may determine.

d. Reasonable attorneys' fees and other costs if incurred by the Association in connection with (i) the collection of assessments, and (ii) the enforcement of the Governing Documents, against an Owner or Occupant or their guests, may be assessed against the Owner's Lot.

e. Fees, charges, late charges, fines and interest may be assessed as provided in Section 13.

f. Assessments levied under the Declaration to pay a judgment against the Association may be levied only against the Lots existing at the time the judgment was entered, in proportion to their Common Expense liabilities.

g. If any damage to the Common Areas or another Lot is caused by the act or omission of any Owner or Occupant, or their guests, then the Association may assess (i) the costs of repairing the damage, and/or (ii) any increase in insurance rates directly attributable to the act or omission of such Owner or Occupant, exclusively against the Owner's Lot, to the extent not covered by insurance.

h. If any installment of an assessment becomes more than thirty (30) days past due, then the Association may, upon ten (10) days written notice of the Owner, declare the entire amount of the assessment immediately due and payable in full.

i. If Common Expense liabilities are reallocated for any purpose authorized by this Declaration, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

j. Assessments under this Section shall not be considered special assessments as described in Section 6.3.

6.2 Annual Assessments. Annual assessments shall be established and levied by the Board, subject only to the limitations set forth herein. Each annual assessment shall cover all of the anticipated Common Expenses of the Association for the year. Annual assessments shall provide, among other things, for contributions to a separate reserve fund sufficient to cover the periodic cost of replacement of those parts of the Property that the Association is obligated to replace.

6.3 Special Assessments. In addition to annual assessments, and subject to the following limitations, the Board may levy in any assessment year a special assessment against all Lots for the purpose of defraying in whole or in part (i) the cost of any unforeseen or unbudgeted Common Expense; (ii) general or specific reserves for maintenance, repair or replacement; and (iii) the maintenance, repair or replacement of any part of the Property, and any fixtures or other property related thereto. Special assessments shall be due when designated by the Board of Directors and may be levied in a lump sum or in increments, as determined by the Board in its sole discretion.

6.4 Liability of Owners for Assessments. The obligation of an Owner to pay assessments shall commence at the later of (i) the time at which the Owner acquires title to the Lot, or (ii) the due date of the first assessment levied by the Board. The Owner at the time an assessment, or any installment thereof, is payable with respect to the Lot shall be personally liable for the share of the Common Expenses assessed against such Lot. Such liability shall be joint and several where there are multiple Owners of the Lot. The liability is absolute and unconditional. No Owner is exempt from liability for payment of his or her share of Common Expenses by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence

from or abandonment of the Lot, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or for their failure to fulfill any duties under the Governing Documents. The Association may invoke the charges, sanctions and remedies set forth in Section 13, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder.

6.5 Assessment Lien. The Association has a lien on a Lot for any assessment levied against that Lot from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines and interest charges imposed by the Association are liens, and are enforceable as assessments, under this Section. Recording of this Declaration constitutes record notice and perfection of any lien under this Section, and no further recordation of any notice of or claim for the lien is required.

6.6 Foreclosure of Lien; Remedies. A lien for Common Expenses may be foreclosed against a Lot under the laws of the State of Minnesota (i) by action, or (ii) by advertisement as a lien under a mortgage containing a power of sale, provided, however, that in a foreclosure by advertisement, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorneys' fees authorized by this Declaration or Bylaws, notwithstanding the provisions of Minn. Stat. §582.01, subdivisions 1 and 1a. (In a foreclosure by action, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorney's fees as the court shall determine). The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot so acquired. The Owner and any other Person claiming an interest in the Lot, by the acceptance or assertion of any interest in the Lot, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any assessment or charge against the Lot.

6.7 Lien Priority; Foreclosure; A lien under this Section is prior to all other liens and encumbrances on a Lot except (i) liens and encumbrances recorded before the Original Declaration, (ii) any first mortgage encumbering the fee simple interest in the Lot, and (iii) liens for real estate taxes and other governmental assessments or charges against the Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of the first mortgage or remedies provided in the mortgage, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to charges which accrued prior to acquisition of title pursuant to such sale or transfer. Notwithstanding the foregoing, if (i) a first mortgage on a Lot is foreclosed, and (ii) no Owner redeems during the Owner's period of redemption provided by Minnesota Statutes Chapters 580, 581 or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage or any person who acquires title to the Lot by redemption as a junior creditor shall take title to the Lot subject to a lien in favor of the Association for unpaid assessments for Common Expenses levied pursuant to this Declaration which became due, without acceleration, during the six (6) months immediately preceding the first day following the end of the Owner's period of redemption. No such sale or transfer shall relieve a Lot from liability for any assessments thereafter becoming due or from the lien thereof or shall relieve the person personally obligated to pay the lien of personal liability for assessments due prior to such sale or transfer or acquisition of premises. Any delinquent assessments, the lien for which is extinguished by reason of this provision, may be reallocated and assessed to all Lots as a Common Expense.

6.8 Voluntary Conveyances; Statement of Assessments. In a voluntary conveyance of a Lot, the buyer shall not be personally liable for any unpaid assessments and other charges made by the Association against the seller or the seller's Lot prior to the time of conveyance by the seller, unless expressly assumed by the buyer. However, the lien of such assessments shall remain against the Lot until satisfied. Any seller or buyer shall

be entitled to a statement from the Association setting forth the amount of the unpaid assessments against the Lot, including all assessments payable in the Association's current fiscal year, which statement shall be binding on the Association, seller and buyer.

6.9 Annual Assessment Due Dates. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each assessment period, and in lieu thereof, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed amount of the annual assessment shall be sent to every Owner subject thereto. Annual assessments shall be due and payable in monthly installments, in advance, on the first day of each month of the year, or other period for which the assessments are made, and special assessments shall be due when designated by the Board of Directors.

SECTION 7 USE RESTRICTIONS

All Owners and Occupants, and all Secured Parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of a Lot, covenant and agree that, in addition to any other restrictions that may be imposed by the Governing Documents, the occupancy, use, operation, alienation and conveyance of the Property shall be subject to the following restrictions:

7.1 General. The Property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents, as amended from time to time. All covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors and assigns.

7.2 Compliance with Declaration, Bylaws, and Rules and Regulations. Each Owner or Occupant of a Lot shall comply with the provisions of this Declaration, the Bylaws, and any Rules and Regulations of the Association or its representative, as lawfully amended from time to time, and failure to comply with any such provisions, rules or regulations, shall be grounds for action to recover sums due, for damages, or for injunctive relief.

7.3 Use of Common Areas.

a. *General.* There shall be no obstruction, littering, defacement or misuse of Common Areas, nor shall anything be stored in the Common Areas except in areas designated for such storage by the Board of Directors of the Association.

b. *Dual usage prohibited.* The lease or license of any Lot shall include the right of the lessee or licensee to use the amenities contained within the Association's Common Areas, to the exclusion of the Owner of said Lot. A Lot Owner who has leased or licensed his or her Lot may not continue to use the Association's amenities during the term of the lease or license.

7.4 Exterior Appearance of Lots and Living Units. No Owner or Occupant shall allow refuse or trash to accumulate on his or her Lot. Personal property may not be stored outside of a Living Unit, on a garage apron or elsewhere outside a Living Unit. Such prohibition shall apply to, without limitation, bicycles, garbage cans, motorcycles, and snowmobiles, all of which must be stored in the Living Unit. Use or storage of window air conditioning units in any Living Unit is prohibited. Only standard window treatments (*e.g.*, shades, curtains, blinds, etc.) may be used to cover windows; use of blankets, sheets, etc., as window

coverings is prohibited. Subject to regulation by the Board, lawn furniture and/or grills may be stored on patios through the winter months. Firewood must be stored in a garage or shed; storage of firewood outside a Living Unit, including on patios, is prohibited.

7.5 Subdivision Prohibited. Except as permitted herein, no Lot nor any part of the Common Areas may be subdivided or partitioned without the prior written approval of all Owners and all Secured Parties holding first mortgages on the Lots.

7.6 Residential Use of Lots. The Lots shall be used by Owners and Occupants and their guests exclusively as private, single family residential dwellings.

7.7 Transient Use Prohibited. Lots shall not be used for transient, hotel, commercial, business (except for individual client services businesses—such as: tax prep, tutoring, music lessons, etc.—see Rules and Regulations) or other non-residential purposes, except as expressly provided in Section 7.7. "**Transient Use**", which is prohibited herein, shall mean the lease, license or other agreement for the occupancy, possession or tenancy of a Living Unit, or a portion thereof, where the actual term of occupancy, possession, or tenancy is less than thirty (30) consecutive calendar days including, but not limited to the use of internet or smart-phone based "short term rental" or "vacation rental" services in relation to the Lot (e.g., AirBNB, VRBO (Vacation Rental by Owner), HomeAway, or any other similar service), or any occupancy that includes services customarily furnished to hotel guests, resorts, bed and breakfasts, and the like.

7.8 Business Use Restricted. No business, trade, occupation or profession of any kind, whether carried on for profit or otherwise, shall be conducted, maintained or permitted on any Lot, in any Living Unit or on the Common Areas; except

a. Owner or Occupant residing in a Living Unit may keep and maintain his or her business or professional records in such Living Unit and handle matters relating to such business by telephone or correspondence therefrom, provided that such uses are incidental to the residential use, do not involve physical alteration of the Living Unit and do not involve any observable business activity such as signs, advertising displays, bulk mailings, bulk deliveries, or visitation or use of the Living Unit by customers or employees (except for individual client service businesses [see Section 7.7];

b. no Owner or Occupant may operate a daycare or childcare facility on the Property; and

c. the Association may maintain offices on the Property for management and related purposes.

By way of explanation, and not intended to supersede the information contained elsewhere in this Section 7.8 or in this Section 7, generally, any business which could not be conducted, maintained or permitted on property classified by zoning regulations of the City as residential may not be conducted, maintained or permitted on the Property.

7.9 Non-Owner Occupancy. Occupancy of a Living Unit exclusively by Non-Owner Occupants ("**Non-Owner Occupancy**") shall be prohibited during the two (2) years following the date of any change in the ownership of the Lot on which the Living Unit is located ("**Prohibition Period**"). Upon the expiration of the Prohibition Period for a Lot, Non-Owner Occupancy shall be allowed for such Living Unit, subject to the terms of this Section 7.9, and subject to the commencement of another Prohibition Period.

Notwithstanding the foregoing, the following circumstances shall constitute exceptions to a Prohibition Period:

a. Estate Planning: a change of ownership of a Lot from an Owner to a trust created for estate planning purposes and occupancy of the Living Unit by the creators of the trust shall not be deemed a violation of this Section. This exception (b) requires application to and prior approval from the Board. Any Living Unit that is non-Owner occupied without first obtaining approval from the Association shall be deemed in violation of the prohibition and subject to enforcement.

b. Association Lot: Ownership of a Lot by the Association shall not be deemed a violation of this Section.

Any Non-Owner Occupancy of Living Units permitted under the terms of this Section 7.9 shall be subject to reasonable regulation by the Association, and subject to the following conditions: (i) no Unit shall be used for Transient Use, as defined in Section 7.7; (ii) no Lot or Living Unit may be subleased; (iii) all leases shall be in writing; and (iv) all leases shall provide that they are subordinate and subject to the provisions of the Governing Documents, the Rules and Regulations and the Act, and that any failure of the lessee to comply with the terms of such documents shall be a default under the lease. The Association may impose such reasonable Rules and Regulations as may be necessary to implement procedures for the leasing of Lots and Living Units, consistent with this Section. Owners and Non-Owner Occupants (such as renters or guests) must sign a contract stating that they will agree to, and abide by, the Aspen Hollow Declaration, Bylaws, and the Rules and Regulations before taking occupancy; and must give the Board of Directors the management company the Non-Owners' names and contact information within 30 days of occupancy—see Rules and Regulations for more details. All Rental Properties must receive a certification by the City of Plymouth before being rented.

7.10 Parking Restrictions. Parking areas on the Property shall be used only for parking of vehicles owned or leased by Owners and Occupants and their guests, and such other incidental uses as may be authorized in writing by the Association. Garages may not be used solely for storage, as their primary purpose is for parking of vehicles. The use of garages, driveways and other parking areas on the Property, and the types of vehicles and personal property permitted thereon, shall be subject to regulation by the Association, including, without limitation, the right of the Association to tow illegally parked vehicles or to remove unauthorized personal property. No trailers, boats, buses, motor homes, fish houses, campers, snowmobiles, bicycles, motorcycles or other types of recreational vehicles shall be stored outside of an Owner's garage or shed, parked on any Lot, or parked in the street adjacent to any Lot for more than 48 consecutive hours, and no motor vehicles (cars, trucks, etc.) parked in same locations for more than one consecutive week (if there are special circumstances, owner needs to contact the Board through the management company to receive approval—see Rules and Regulations for more details).

7.11 Animals. No animal may be bred, kept or maintained for business or commercial purposes, anywhere on the Property. However, the Board shall have the exclusive authority to prohibit, or to allow and regulate, by Rules and Regulations, the keeping of animals on the Property. The word "animal" shall be construed in its broadest sense and shall include all living creatures except humans. Dogs and cats may run freely on Owner's Lot, but must be leashed outside of it—see Rules and Regulations for more details.

7.12 Quiet Enjoyment; Interference Prohibited. All Owners and Occupants and their guests shall have

right of quiet enjoyment in their respective Lots, and shall use the Property in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use of the Property by other Owners and Occupants and their guests.

7.13 Compliance with Law. No use shall be made of the Property which would violate any then-existing municipal codes or ordinances, or state or federal laws, nor shall any act or use be permitted which could cause waste to the Property, cause a material increase in insurance rates on the Property, or otherwise cause any unusual liability, health or safety risk, or expense, for the Association or any Owner or Occupant.

7.14 Alterations to Buildings, Hardscaping, and Softscaping. No alterations, changes, improvements, repairs or replacements of any type, temporary or permanent, structural, aesthetic or otherwise (collectively referred to as **"Alterations," "Hardscaping," or "Softscaping"**) shall be made, or caused or allowed to be made, by any Owner or Occupant, or their guests, in any part of the Common Areas, or in any part of the Lots, which affects the Common Elements or another Lot, or which affects the structure of the Building or Hardscaping, or which is visible from the exterior of the Lot on the Buildings or Lots, without the prior written authorization of the Board, or a committee appointed by it, as provided in Section 8. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied—see Rules and Regulations for more details. Hardscaping are the hard materials used for landscaping (such as bricks, concrete, iron, etc.) and Softscaping are the soft (usually living) materials used for landscaping (such as trees, shrubs, gardens, etc.). Small Softscaping projects do not need Board approval but the Owners are responsible for maintaining the original grading and proper drainage for their Lot (Owners cannot change anything that could adversely affect adjacent Lots or public spaces). Owners are responsible for not planting or hardscaping within any easements or public spaces.

The following action items DO NOT need Board approval (see Rules and Regulations for more details):

a. planting trees
b. planting shrubs
c. planting a small garden (100 sq. ft. or smaller)
d. installing/planting landscaping around a house, shed, or other structure
e. installing lawn or garden decorations including a water fountain (3'x5' or smaller)
f. installing arches or trellises (8' high or smaller)
g. using pots (see Rules and Regulations for number and installation)

The following action items DO need Board approval (see Rules and Regulations for more details):

a. planting a large garden (larger than 100 sq ft)
b. installing large lawn or garden decorations (larger than 3'x5')
c. installing tall arches or trellises (taller than 8')
d. installing large water fountains (larger than 3'x5' or need electricity or plumbing)

7.15 Interference with Easement. Owners may not excavate, fill, grade, clear vegetation from or landscape any portion of a Lot that is subject to an easement or other rights in favor of the public, the City, or a private utility or communications company or allow structures, plantings, other materials or personal property to be placed, stored, or to remain within any portion of a Lot that is subject to an easement or other rights in favor of the public, the City, or a private utility or communications company, in a manner that may damage or interfere with the installation or maintenance of utilities or communication equipment; obstruct,

retard or change the direction or flow of drainage across the easements; or otherwise interfere with the rights of the City, the public or any easement holder.

7.16 Time Shares Prohibited. The time share form of ownership, or any comparable form of lease, occupancy rights or ownership which has the effect of dividing the ownership or occupancy of a Lot into separate time periods, is prohibited.

7.17 Access to Living Units and Lots. In case of emergency, all Living Units are subject to entry, without notice and at any time, by any public safety personnel (such as police, fire department, etc.). Entry is also authorized for maintenance purposes under Section 9, and for enforcement purposes under Section 13; for such maintenance and enforcement purposes, the Association shall use its best efforts to provide reasonable advance notice of entry to Owners (such as walking on homeowner's Lot to work on common area, or fix shared drainage issues).

7.18 Hazardous Activities and Waste: Alterations. Nothing shall be done or kept in any Lot or any Common Areas that will increase the rate of insurance on the Property, or the contents thereof, or result in increased water, sewer or other utility charges, without the prior written consent of the Board. No Owner or Occupant shall permit anything to be done or kept in any Lot or in the Common Areas that will result in the cancellation of insurance on the Property, or contents thereof, or that will be in violation of applicable law or ordinance. No waste shall be committed in the Common Areas. No Owner shall make any improvement or alterations to his or her Lot that impair the structural integrity or mechanical systems or lessen the support of any portion of the Property without the prior written approval of the Board, which written approval may be conditioned upon (i) the furnishing to the Association of complete plans and specifications for such alteration or improvement prepared by a licensed architect or engineer, and (ii) the furnishing to the Association of financial guarantees or assurances satisfactory to the Association that all claims for labor or material furnished in connection with such alternation or improvement will be fully paid and that no claims or liens will arise therefrom.

The following items are included as Hazardous, Disturbances, Safety/Crime, and Waste/Trash (see Rules and Regulations for more details):

a. Hazardous Materials. Owners and Non-Owners (such as renters, guests, family members) shall not conduct any activity nor maintain any item anywhere on or within their Lot (or inside dwellings, decks, etc.) which is unlawful or hazardous.

b. Disturbances. No noxious, offensive, or anything that interferes with neighbor's quiet and safe environment This includes, but is not limited to, those things carried out within the Association, by mail, email, social media, cellphone, or computer.

c. Firearms and Archery. Hunting and the discharge of firearms shall not be allowed anywhere within the Association.

d. Fireworks. State-approved fireworks may only be used (see Rules and Regulations for more details).

e. Safety/Crime. Owners are personally responsible and liable for any damage to the Association, other Owners and their families/guests and their properties by themselves, their renters/guests/family members, etc. All Owners, renters, guests, family members, visitors, etc. must be accompanied by the Owners while in the Association and are required to abide by all

federal, state, and local laws at all times (including the Aspen Hollow governing documents—the Articles of Incorporation, the Bylaws, the Declaration, and the Rules and Regulations). Failure to do so will incur penalty fines as stated in the Rules and Regulations.

f. Waste/Trash/Recycling. No Lot may be used as a dumping ground for rubbish. Trash, garbage, recycling and other waste shall be kept only in covered sanitary containers and stored inside the Owner's garage or in another area that is screened from the view of other persons located on other Lots or on public rights of way. Garbage and Recycling containers may not be placed outside except as specified in the Rules and Regulations.

g. Penalty Fines. The Rules and Regulations detail how much each of the penalty fines will be for the violations of each of the above-stated items (a.-f.) and all Owners must abide by them.

7.19 "Small Dish" Satellite-Type and Any Other Antennae. One "small dish" satellite antenna no larger than one (1) meter in diameter or antennae for purposes of receiving direct broadcast/satellite service, video programming services or television broadcast signals may be installed on a Lot, as permitted by federal law. However, the Board or an Architectural Control Committee (ACC) appointed by the Board may require that the antenna be installed so as to minimize its visibility from the front of the Unit and otherwise camouflage its appearance, unless such requirements would (1) unreasonably delay installation; (ii) unreasonably increase the cost of installation, maintenance, or use of the antenna; or (iii) preclude reception of an acceptable quality signal. Such installation shall be subject to all governmental laws, codes and ordinances, including any limit on the height of television broadcast antennae. The Board shall have the authority to impose further, reasonable requirements consistent with law. The Owner or Occupant of the Lot shall perform and pay for the installation, maintenance and repair of the antenna. Any and all damage caused by use of these devices shall be the sole responsibility of the Owner installing the device. Subject to federal law, short wave radio antennae are not allowed in the Association.

7.20 Solar Panels. If the Association elects, pursuant to Section 10.1(a) to insure the Living Units, then the Association shall deem such solar panels to be Alterations and subject to the provisions of Section 8. If the Association elects, pursuant to Section 10.1(a) to not insure the Living Units, then the Board or Architectural Control Committee (ACC) appointed by the Board may impose such reasonable Rules and Regulations as may be permitted pursuant to Minn. Stat. 500.216, Subd. 4 (or any successor statute) consistent with law.

7.21 Neighbor-to-Neighbor Disputes. The Association shall not be obligated to take enforcement action when a dispute under the Declaration or Rules and Regulations is solely a dispute between neighbors involving an alleged nuisance, discrimination, or offensive behavior, not involving a violation of the Association's architectural or maintenance standards. In any dispute between neighbors, Owners and/or Occupants must first work in good faith with each other to resolve their differences before the complaining Owner/Occupant reports an alleged violation of the Governing Documents to the Association. The Association may impose such reasonable Rules and Regulations as may be necessary to implement procedures for reporting an alleged violation of the Governing Documents, consistent with this Section. Such Rules and Regulations may include, but not be limited to, requirements that an Owner's complaint to the Association about a neighbor must: (a) be in writing; (b) give as much detail as possible concerning the dispute; (c) provide specific information about what informal efforts to resolve the matter were undertaken by the complaining Owner/Occupant(s); and (d) provide the name, address, phone numbers, and email address of the complaining Owner/Occupant(s).

7.22 Signage, Decorations, and Other Temporary Structures. See the Rules and Regulations for more

details.

The following Signages are allowed:

a. "Lot for Sale" or "For Rent"—one sign per Lot.

b. Security Services—two signs per Lot.

c. Permanent Signs—two signs per Lot (house, shed, porch, garden, etc.) No larger than 3'x5' each (example: "Welcome," "Home Sweet Home," address sign, etc.).

d. Political Signs—one small sign per candidate with candidate's name during election season. No anti-candidate signs, messages, or anything offensive. To be taken down one week after election.

e. Religious Holiday/Celebration/Event/Civil Holiday Signs (outside of the Oct. 1-Mar 31 holiday window)—can be up during the month of the religious holiday/celebration/event/civil holiday as part of the decorations.

f. Not allowed: Business signs, advertising signs (except by a service vendor at the home, where and only when, they are currently working), etc.

The following Decorations are allowed:

a. Holiday Decorations (Oct 1-Mar 31)—are allowed in Owner's Lots.

b. Religious Holiday/Celebration/Event/Civil Holiday Decorations—outside of the Oct 1-Mar 31 window may be up for the month of religious holiday/celebration/event/civil holiday.

c. Permanent Religious Decorations—are not permitted.

d. Permanent Religious Statues—one per Lot is permitted, no larger than 3'x5'.

Other Temporary Structures are allowed:

a. Camping Tents are allowed for 72 hours.

b. Awning Tents are allowed for one week.

c. Inflatable Structures are allowed for one week.

7.23 Pool Area and Swimming Pool Lot—Owners are responsible for their renters, guests, family member, visitors, etc. all obeying the Pool and Pool Area Rules (see Rules and Regulations for details).

SECTION 8 ARCHITECTURAL CONTROL

8.1 Restrictions on Alterations. The following restrictions and requirements shall apply to alterations on the Property:

a. Except as expressly provided in this Section 8, no structure, building, addition, deck, sunroom, seasonal porch, patio, fence, wall, enclosure, shed, pool, permanent play equipment, driveway alteration, hardscaping, window, exterior door, color change, or any other exterior improvements to, or alteration of, any Living Unit or any other part of a Lot which is visible from the exterior of the Lot (collectively referred to as "**alterations**"), shall be commenced, erected or maintained in a Lot, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing (or by email) by the Board of Directors or a committee appointed by it. Consent of the Board is NOT required to replace or restore windows, screens, doors, screen doors, storm doors, and garage doors to the same color, style, quality, and condition of the original construction, style, or color.

b. The criteria for approval shall include and require, at a minimum, (i) substantial uniformity of color, size, location, type and design in relation to existing improvements and topography, (ii) comparable or better quality of materials as used in existing improvements, (iii) ease of maintenance and repair, (iv) adequate protection of the Property, the Association, Owners and Occupants from liability and liens arising out of the proposed alterations, and (v) compliance with governmental laws, codes and regulations.

c. Approval of alterations that encroach upon another Lot or the Common Areas shall create an appurtenant easement for such encroachment in favor of the Lot with respect to which the alterations are approved; provided, that any easement for a deck or patio other than as originally constructed shall be approved by resolution of the Board of Directors and a file of such resolutions shall be maintained permanently as a part of the Association's records. The Association is not required to maintain alterations.

8.2 Review Procedures. The following procedures shall govern requests for alterations under this Section with the Approval Request Form:

a. Detailed plans, specifications and related information regarding any proposed alteration, in form and content acceptable to the Board of Directors, shall be submitted to the Board of Directors (or the management company) at least fourteen (14) days prior to the projected commencement of construction. No alterations shall be commenced prior to approval.

b. The Board of Directors shall give the Owner written, or emailed, notice of approval or disapproval. If the Board of Directors fails to approve or disapprove within sixty (60) days after receipt of said plans and specifications and all other information requested by the Board of Directors, the approval will be deemed rejected.

c. If no request for approval is submitted, approval shall be deemed to be denied.

d. All fees and costs incurred by the Association in conjunction with any such request for approval, including attorneys' fees and costs or fees and costs of other professionals, shall be borne by the requesting party. Any such fee or cost which the requesting party fails to pay shall be assessed to the subject Lot and Owner of such Lot, and shall be a lien against such Lot and the personal obligation of such Owner in the same manner and with the same priority and effect

as assessments under Section 6 hereof. Owners are responsible for obtaining any City approvals.

8.3 Remedies for Violations. The Association may undertake any measures, legal or administrative, to enforce compliance with this Section and shall be entitled to recover from the Owners causing or permitting the violation all attorneys' fees and costs of enforcement, whether or not a legal action is started. Such attorneys' fees and costs shall be a lien against the Owner's Lot and a personal obligation of the Owner. In addition, the Association shall have the right to enter the Owner's Lot and to restore any part of the Living Unit or Lot to its prior condition if any alterations were made in violation of this Section, and the cost of such restoration shall be a personal obligation of the Owners and a lien against the Owner's Lot. Owners may not have to pay fines or fees for anything that has been grandfathered in by Pulte or the Board by prior approval (check with the Board if something is grandfathered in or not).

8.4 Modification to Allow Access to the Disabled. Subject to the provisions of applicable law, an Owner, at Owner's expense, may make improvements or alterations to a Lot as necessary for the full enjoyment of the Lot by any person residing in the Lot who has a handicap or disability, as provided in the Fair Housing Amendments Act, United States Code, Title 42, Section 3601, et seq., and the Minnesota Human Rights Act, Chapter 363, and any amendments to those acts. The Association may not prohibit such improvements or alterations referred to in this Section, but may reasonably regulate the type, style and quality of the improvements or alterations as they relate to health, safety and architectural standards.

8.5 Hold Harmless. The Owner who causes an alteration to be made, regardless of whether the alteration is approved by the Board, shall be solely responsible for the construction standards and specifications relating to the alteration, and the construction work. The Owner, and not the Association, is responsible for determining whether any alteration is in violation of any restrictions imposed by any governmental authority having jurisdiction over the Property. In no event shall the Association's review or approval of plans, specifications or related information be deemed to constitute an opinion or statement by the Association as to the adequacy or structural soundness of the alterations or their compliance with governmental laws, codes, ordinances or regulations. The Owner shall hold the Association harmless and indemnify the Association, and its officers and directors, from and against any expenses, claims, damages, losses or other liabilities, including, without limitation, attorneys' fees and costs of litigation, arising out of (i) any alteration that violates any governmental laws, codes, ordinances or regulations; (ii) the adequacy of the specifications for construction of the alterations; and (iii) the construction of the alterations.

SECTION 9 OTHER RIGHTS AND OBLIGATIONS; MAINTENANCE

9.1 Maintenance by Association. The Association shall provide for all maintenance, repair, or replacement (collectively referred to as "**maintenance**") of the Common Areas (including Limited Common Areas), including specifically the Swimming Pool Lot, Pool Area, and the swimming Pool itself. In addition, the Association shall:

a. Provide for maintenance of the retaining walls, as defined in the Retaining Wall Encroachment Agreements described in Section 2.7.

b. Provide for maintenance of monuments and landscaping within the easements, as defined in the Monument and Landscape Easements described in Section 2.7.

c. Provide for maintenance of wetland buffer area posts, as depicted on the Plat.

d. Provide for maintenance of Cluster Box Unit mailboxes and related pedestals. Such maintenance, repair and replacement shall be in accordance with standards and policies established by the Association which shall comply, *at a minimum*, with United States Postal Service requirements for mailboxes.

e. Will not be removing snow on the sidewalks on, and in front of, the Swimming Pool Lot. Homeowners voted not to remove this snow because no one uses this sidewalk in the winter and it would increase dues.

All maintenance performed by the Association under this Section 9.1 shall be funded by annual assessments or, if necessary, special assessments, unless otherwise provided in this Section 9. Notwithstanding the foregoing, the Association reserves the right to levy and allocate the cost of any maintenance performed under this Section 9.1 to one or more Lots, and charge the cost to the Owner of each such Lot, pursuant to the provisions of Section 6.1 of this Declaration.

The Association shall have easements as described in Section 12 to perform its obligations under this Section 9.1. The Association may, by Rules and Regulations, further define its obligations within the categories of maintenance obligations set forth in this Section or added pursuant to Section 9.3, below.

9.2 Maintenance by Owner. If any item in this Section 9.2 results in an Alteration (as defined in Section 8) then the item shall be subject to the Architectural Control requirements of this Declaration and shall require the approval of the Association. Except for the maintenance required to be provided by the Association under Section 9.1 or 9.3, all maintenance of the Living Units and Lots shall be the sole responsibility and expense of the Owners thereof. Any alteration to a Lot shall be maintained at the Owner's sole cost and expense unless the Association undertakes to provide for such maintenance in accordance with the provisions of Section 9.3, below. The Owners and Occupants shall have a duty to promptly notify the Association of defects in or damage to those parts of the Property which the Association is obligated to maintain. The Association may require that any exterior maintenance to be performed by the Owner be accomplished pursuant to specific uniform criteria established by the Association. The Association may also undertake any exterior maintenance that the responsible Owner fails to or improperly performs and assess the Lot and the Owner for the cost thereof, including specifically the following:

a. Maintenance of all landscaping within the Lot, including without limitation, lawns, trees, weeds and plants.

b. All snow removal within the Lot (including adjacent sidewalks).

c. Maintenance of the entire Living Unit and all other structures located within the Lot.

9.3 Optional Maintenance by Association. In addition to the maintenance described in this Section the Association may, with the approval of Owners who have authority to cast in excess of fifty percent (50%) of the total votes in the Association, in person or by proxy at a meeting called for such purposes, undertake to provide additional exterior maintenance to the Lots or Living Units.

9.4 Damage Caused by Owner. Notwithstanding any provision to the contrary in this Section, if, in the

judgment of the Association, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of any Owner or Occupant, or their guests, or by a condition in a Lot that the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected (and enter upon any Lot to do so), and the cost thereof may be assessed against the Lot of the Owner responsible for the damage. This refers to the following items (see Rules and Regulations for details):

a. Lawn Maintenance—Owner is responsible to keep lawns in good condition and mown (no longer than 8 inches high) and is responsible for mowing the boulevards and mailbox areas adjacent to Owner's Lot. This includes trimming around trees, fences, landscaping, sidewalks, driveways, etc. so that all of the lawn is evenly mown.

b. Weed Maintenance—Owner is responsible for keeping weeds under control or removed within Owner's entire Lot, gardens, pots, sidewalks, driveways, around trees, etc. so as not to be seen from the sidewalk or street, and to prevent weeds from spreading into neighbor's yards.

c. Tree Maintenance—Owner is responsible for removing dead trees within the Owner's Lot during the growing season (May-October). Owner is not responsible for dead trees within a wetland (dead trees must remain as part of the wetland ecosystem).

d. Snow Removal—Owner is responsible for snow removal of private driveways, private sidewalks, city sidewalks adjacent to Lot and around mailbox cluster and fire hydrants adjacent to Lot.

e. Home, Shed, and Other Permanent Structures' Maintenance—Owner is responsible for keeping their structures and homes' materials looking sturdy, level, and in good condition at all times. Owner shall also remove all items that should not be (out-of-season signs, decorations, lights, etc.).

f. Remedies and Penalties—see Rules and Regulations.

9.5 Damage Caused by Association. Notwithstanding anything to the contrary contained herein, if the need for maintenance for any part of a Lot or the Common Areas is caused by the negligence of the Association, or by a condition that the Association has negligently allowed to exist, then the Association shall be liable only for damages resulting from its negligence.

9.6 Maintenance Responsibilities Defined by Board of Directors. Notwithstanding any provisions to the contrary, the Board of Directors shall have the sole and exclusive authority to define the scope of maintenance and repair to be provided by the Association, including, but not limited to, the authority to assign to an Owner the obligation for routine maintenance of any Limited Common Areas allocated to an Owner's Lot. The Board of Directors is hereby vested with the authority to interpret the Governing Documents and rule on any ambiguities contained therein. The Owners shall be legally bound by any decisions of the Board of Directors pertaining to the determination of the Association's maintenance obligations and the scope and extent thereof.

SECTION 10 INSURANCE

10.1 Required Coverage. The Association shall obtain and maintain, at a minimum, a master policy or policies of insurance in accordance with the insurance requirements set forth herein, issued by a reputable insurance company or companies authorized to do business in the State of Minnesota, as follows:

a. Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent (100%) of the insurable "replacement cost" of the property covered by the policy, less deductibles, exclusive of land, footings, excavation and other items normally excluded from coverage.

i. The policy or policies *shall* include the Common Areas.
ii. The policy or policies *shall* include personal property owned by the Association, if any.
iii. The policy or policies *may, but need not*, also include the Living Units, and if the policy of policies include the Living Units, then the policy or policies *may, but need not*, cover the following items within Living Units: (i) ceiling or wall finishing materials; (ii) floor covering; (iii) cabinetry; (iv) finished millwork; (v) electrical, heating, ventilating and air conditioning equipment and plumbing fixtures serving a single Living Unit; (vi) built-in appliances; or (vii) other improvements and betterments, regardless of when installed.

The policy or policies shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonably available. Such policy or policies shall include such additional endorsements, coverages and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the Federal Housing Administration ("**FHA**") or Federal National Mortgage Association ("**FNMA**") as a precondition to their insuring, purchasing or financing a mortgage on a Lot. The Board may also, on behalf of the Association, enter into binding written agreements with a mortgagee, insurer or servicer, including without limitation the FHA or FNMA, obligating the Association to keep certain specified coverages or endorsements in effect.

b. Comprehensive public liability insurance covering the use, operation and maintenance of the Common Areas, with minimum limits of $1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing a mortgage on a Lot.

c. Fidelity bond or insurance coverage against dishonest acts on the part of directors, officers, manager, trustees, employees or persons responsible for handling funds belonging to or administered by the Association if deemed to be advisable by the Board or required by the regulations of the FHA or FNMA as a precondition to the purchase or financing of a mortgage on a Lot. The fidelity bond or insurance shall name the Association as the named insured and shall, if required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing of a mortgage on a Lot, be written in an amount equal to the greater of (i) the estimated maximum of Association funds, including reserves, in the custody of the Association or

management agent at any given time while the bond is in force, or (ii) a sum equal to three months aggregate assessments on all Lots plus reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.

d. Workers' Compensation insurance as required by law.

e. Directors and officers' liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.

f. Such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners.

10.2 Premiums; Improvements; Deductibles. All insurance premiums shall be assessed and paid as a Common Expense. The insurance need not cover improvements and betterments to the Lots installed by Owners, but if improvements and betterments are covered, any increased cost may be assessed against the Lots affected. The Association may, in the case of a claim for damage to a Lot, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against one or more of the Lots affected in any reasonable manner, or (iii) require the Owners of one or more of the Lots affected to pay the deductible amount directly.

10.3 Loss Payee; Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Owners and secured parties, including Eligible Mortgagees, which suffer loss. The Association, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

10.4 Waivers of Subrogation. All policies of insurance shall contain waivers of subrogation by the insurer against the Association, or an Owner, members of the Owner's household, officers or directors, as applicable, and, if available, waivers of any defense based on co-insurance or of invalidity from any acts of the insured. Nothing in this section shall prohibit any Owner from subrogating his or her individual insurance coverage (as differentiated from the insurance obtained and maintained by the Association) against the individual insurance coverage of another Owner.

10.5 Cancellation; Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least thirty (30) days prior written notice to the Association, to the FHA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees.

10.6 Restoration in Lieu of Cash Settlement. All policies of property insurance maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable (i) without the prior written approval of the Association (or any Insurance Trustee), or (ii) when in conflict with provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

10.7 No Contribution. All policies of insurance maintained by the Association shall be the primary

insurance where there is other insurance in the name of the Owner covering the same property, and may not be brought into contribution with any insurance purchased by Owners or their Eligible Mortgagees. Nothing in this section shall prohibit an Owner's individual insurance coverage (as differentiated from the insurance obtained and maintained by the Association) from providing "gap coverage" for any deductible under the Association's policy assessed to an Owner pursuant to Section 10 hereof.

10.8 Effect of Acts Not within Association's Control. All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

10.9 Owner's Personal Insurance. Each Owner shall obtain additional personal insurance coverage at his or her own expense covering fire and other casualty to the Lot, personal property or personal liability, as well as those items set forth in Section 10.1(a) hereof, which are not covered by the Association's policy or policies. In addition, such coverage shall include loss assessment coverage in an amount at least equal to the deductible under the Association's policy or policies. Each Owner shall be responsible for any deductible or related expenses to said personal property or personal liability insurance coverage. All insurance policies maintained by Owners shall provide that they are without contribution as against the insurance purchased by the Association. If an Owner fails to obtain the additional personal insurance coverage required by this Section 10.9, then such Owner shall remain personally liable for all amounts that would be or could be covered by such required additional personal insurance, including but not limited to the deductible under the Association's policy or policies.

SECTION 11 EASEMENTS

11.1 Easement Areas. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat unless vacated by action of the municipal authority. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot shall be maintained continuously by the Owner of the Lot except for improvements owned by a public authority or a utility company.

11.2 Easement for Encroachments. Each Lot and the Common Areas, and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Lot for walls, air conditioning systems, utility installations and other appurtenances (i) which are part of the original construction on the adjoining Lot or the Property, or (ii) which are added pursuant to Section 8. If there is an encroachment by a building or improvement located in a Lot, upon another Lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, an appurtenant easement for the encroachment, for the use, enjoyment and habitation of any encroaching building or improvement, and for the maintenance thereof, shall exist; provided that with respect to improvements or alterations added pursuant to Section 8, no easement shall exist unless the same have been approved and constructed as required by this Declaration. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

11.3 Easement for Public Utilities. The Property shall be subject to non-exclusive, appurtenant easements for all utilities, water and sewer, septic, metering and control devices, cable television and other electronic communications, and similar services, which exist from time to time, as constructed or referred to in the

Plat, or as otherwise described in this Declaration or any other duly recorded instrument, including, but not limited to, an easement benefiting the City and running under, over and through the Property for maintenance, repair and replacement of public utilities such as water, sewer and sanitary and storm sewer services. Each Lot, and the rights of the Owners and Occupants thereof, shall be subject to a non-exclusive easement in favor of the other Lots for all such services, including without limitation any sewer or water lines servicing other Lots. Each Lot shall also be subject to a non-exclusive easement in favor of the Association, the City and all utilities companies providing service to the Lots for the installation and maintenance of utilities metering devices. Utilities and related services or systems shall be installed, used, maintained and repaired so as not to interfere with the use and quiet enjoyment of the Lots by their Owners nor affect the structural or architectural integrity of the Living Units.

11.4 Easement for Maintenance, Repair, Replacement and Reconstruction. Each Lot, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on and over the Lots for the purposes of maintenance, repair, replacement and reconstruction of Lots, and utilities serving the Lots, to the extent necessary to fulfill the Association's obligations under the Governing Documents. In addition, the Association shall have a reasonable right of entry to and upon each Lot to effect emergency or other repairs which the Owner has failed to perform.

11.5 Recorded Easements. The Property shall be subject to such other easements as may be recorded against it or otherwise shown on the recorded plat of the Property, including but not limited to those easements described in Section 2.7.

11.6 Easements are Appurtenant. All easements and similar rights burdening or benefiting a Lot or any other part of the Property shall be appurtenant thereto, and shall be permanent, subject only to termination in accordance with the terms of the easement. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Declaration.

11.7 Impairment Prohibited. No person shall materially restrict or impair any easement benefiting or burdening the Property, subject to this Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property.

11.8 Continuation and Scope of Easements. Notwithstanding anything in this Declaration to the contrary, in no event shall an Owner or Occupant be denied reasonable access to his or her Lot or the right to utility services thereto. The easements set forth in this Section shall supplement and not limit any easements described elsewhere in this Declaration or recorded, and shall include reasonable access to the easement areas through the Property for purposes of maintenance, repair, replacement and reconstruction. All easement rights shall include a right of reasonable access to maintain, repair and replace the utility lines and related equipment.

SECTION 12 COMPLIANCE AND REMEDIES

12.1 Right of Action of Association. Each Owner and Occupant, and any other Person owning or acquiring any interest in the Property, shall be governed by and comply with the Governing Documents and Rules and Regulations and any amendments thereto, and decisions of the Association. A failure to comply shall entitle the Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the Governing Documents, the Rules and Regulations, and in law and equity.

12.2 Entitlement to Relief. The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Owner or by an Owner against the Association or another Owner to enforce compliance with the Governing Documents, Rules or decisions of the Association. However, no Owner may withhold Assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents or Rules as a measure to enforce such Owner's position, or for any other reason. See Rules and Regulations for more details.

12.3 Sanctions and Remedies. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement anyone or more of the following actions against Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents or Rules (see Rules and Regulations for more details):

a. Undertake specific performance of any Owner's maintenance obligations described in Section 9 and assess the cost thereof against the responsible Owner and Owner's Lot.

b. Commence legal action for damages or equitable relief in any court of competent jurisdiction.

c. Impose reasonable late charges as determined by the Board, for each past due Assessment or installment thereof, and interest at eight percent (8%) per annum or the highest rate permitted by law, accruing beginning on the first day of the month after the Assessment or installment was due. An Assessment or installment of an Assessment shall be due on the first day of the month in which payment is due.

d. In the event of default of more than thirty (30) days in the payment of any Assessment or installment thereof, all remaining installments of Assessments, together with all costs of collection and late charges, assessed against the Lot owned by the defaulting Owner may, upon not less than ten (10) days' advance written notice to the defaulting Owner, be accelerated and shall then be payable in full.

e. Impose reasonable fines, penalties or charges for each violation of the Governing Documents or the Rules and Regulations of the Association.

f. Restore any portions of the Property damaged or altered, or allowed to be damaged or altered, by an Owner or Occupant or their guests in violation of the Governing Documents or Rules, and to assess the cost of such restoration against the responsible Owners and their Lots.

g. Enter any Lot in which, or as to which, a violation or breach of the Governing Documents or Rules exists which materially affects, or is likely to materially affect in the near future, the health or safety of other Owners or Occupants, or their guests, or the safety or soundness of any Living Unit or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Lot which is causing the violation, provided, however, that any improvements which are a part of a Lot may be altered or demolished only pursuant to a court order or with the agreement of the Owner.

h. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure of mortgages by action or under a power of sale in the state where the Property is located.

12.4 Rights to Hearing. In the case of imposition of any of the remedies authorized by Section 12.3 (a), (b) (d), (e), (f) or (g) of this Section, the Board shall, upon written request of the offender, grant to the offender a fair and equitable hearing. The offender shall be given notice of the nature of the violation and the right to a hearing, and at least ten (10) days within which to request a hearing. The hearing shall be scheduled by the Board and held within thirty (30) days of receipt of the hearing request by the Board, and with at least five (5) business days' prior written notice to the offender. If the offending Owner fails to appear at the hearing, then the right to a hearing shall be waived and the Board may take such action as it deems appropriate. The decision of the Board and the rules for the conduct of hearing established by the Board shall be final and binding on all parties. The Board's decision shall be delivered in writing to the offender within fifteen (15) days following the hearing, if not delivered to the offender at the hearing.

12.5 Lien for Charges, Penalties, Etc. Any Assessments, fines, penalties, charges or interest imposed under this Section shall be a lien against the Lot of the Owner or Occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as Assessments under Section 6. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Board gives written notice following the hearing. All remedies shall be cumulative, and the exercise of, or failure to exercise, any remedy shall not be deemed a waiver of any right to pursue any others.

12.6 Costs of Proceeding and Attorneys' Fees. With respect to any collection measures, or any measure or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Governing Documents or Rules, whether or not finally determined by a court or arbitrator, the Association may assess the Owner involved and his or her Lot with any expenses incurred in connection with such enforcement, including, without limitation, fines or charges previously imposed by the Association, reasonable attorneys' fees, and interest (at the highest rate permitted by law) on the delinquent amounts owed to the Association. Such expenses shall also include any collection or contingency fees or costs charged to the Association by a collection agency or other Person acting on behalf of the Association in collecting any delinquent amounts owed to the Association by an Owner or Occupant. Such collection or contingency fees or costs shall be the personal obligation of such Owner and shall be a lien against such Owner's Lot.

12.7 Liability for Owners' and Occupants' Acts. An Owner shall be liable for the expense of any maintenance, repair or replacement of the Property rendered necessary by such Owner's acts or omissions, or by that of Occupants or guests in the Owner's Lot, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Owner or Occupant. However, any insurance deductible amount and/or increase in insurance rate resulting from the Owner's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Lot.

12.8 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of other Owners to enforce the provisions of the Governing Documents or Rules as provided therein.

SECTION 13 AMENDMENTS

Any amendment to this Declaration must be approved by Owners of Lots to which are allocated at least fifty-one percent (51%) of the total votes in the Association. Owner approval may be obtained in writing,

via (i) mailed or electronic ballot, (ii) at a meeting of the Association duly held in accordance with the Bylaws, or (iii) any other manner of providing approval permitted by applicable law. The affirmative vote or consent of a Lot Owner is deemed to be granted if the Association sends notice and a copy of the proposed amendment, by certified United States mail, postage prepaid and return receipt requested, and (i) if a vote is conducted, the Lot Owner's vote is not cast against the proposed amendment, or (ii) if consent is requested, the Lot Owner's written refusal to consent is not received by the Association within 60 days after notice is mailed. Any amendment of this Declaration must be in writing, which writing must be properly recorded or filed in the office of the Hennepin County Recorder. An Affidavit of the Secretary or President of the Association as to the outcome of the vote shall be adequate evidence thereof for all purposes including, without limitation, the recording of the amendment.

SECTION 14 MISCELLANEOUS

14.1 Severability. If any term, covenant, or provision of this instrument or any exhibit attached hereto is held to be invalid or unenforceable for any reason whatsoever, such determination shall not be deemed to alter, affect or impair in any manner whatsoever any other portion of this instrument or exhibits.

14.2 Construction. Where applicable the masculine gender of any word used herein shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa. References to a statute, or any section thereof, shall be deemed to include any statutes amending or replacing said statute and the comparable sections thereof.

14.3 Notices. Unless specifically provided otherwise in the Governing Documents, all notices required to be given by or to the Association, the Board of Directors, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 2.2 of the Bylaws shall be effective upon receipt by the Association.

14.4 Conflict among Documents. In the event of any conflict among the provisions of this Declaration, the Bylaws or any Rules and Regulations approved by the Association, this Declaration shall control. In the event of a conflict between the Bylaws and the Articles of Incorporation, the Articles of Incorporation shall control, and as between the Bylaws and the Rules and Regulations, the Bylaws shall control.

[Remainder of page intentionally blank. Signature and acknowledgement page follows.]

[This is the signature page for Amended and Restated Declaration of Covenants, Restrictions and Easements for Aspen Hollow]

IN WITNESS WHEREOF, the undersigned has caused this Amended and Restated Declaration of Covenants, Restrictions and Easements for Aspen Hollow to be executed as of the day and year first above written.

Aspen Hollow Association

_____

Jemarie-Lynn Sahr, President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2024, by Jemarie-Lynn Sahr, the President of Aspen Hollow Association, a Minnesota nonprofit corporation, on behalf of the corporation.

_____

Notary Public

This instrument drafted by: Hellmuth & Johnson (JAH) 8050 W. 78th St. Edina, MN 55439
(952) 941-4005
9423407

AFFIDAVIT OF SECRETARY

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The undersigned, Secretary of Aspen Hollow Association, a Minnesota nonprofit corporation, being first duly sworn and upon oath, hereby swears and certifies, pursuant to the applicable provisions of Minnesota law and the Declaration, that the Amended and Restated Declaration of Covenants, Restrictions and Easements for Aspen Hollow, has been duly approved by a vote of the Board of Directors of the Association, and in writing by the requisite number and percentage of Owners, in compliance with the requirements of Minnesota law and the Declaration.

Aspen Hollow Association

_____
_____, Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Subscribed and sworn to before me this ____ day of _____, 2024, by _____, Secretary of Aspen Hollow Association, a Minnesota nonprofit corporation.

_____
Notary Public

CONSENT OF CITY

Section 9.3 of that certain Declaration of Covenants, Restrictions and Easements for Aspen Hollow, dated November 19, 2014, was filed November 20, 2014, in the office of the Hennepin County Recorder as Document No. A10138562 and in the office of the Hennepin County Registrar of Titles as Document No. T05215832 (as amended, the "Original Declaration") provides that Sections 1.2, 2.9, 5.12 and 6.2 of the Original Declaration may not be amended without the written consent of the City. The City hereby consents to the Amended and Restated Declaration of Covenants, Restrictions and Easements for Aspen Hollow.

CITY OF PLYMOUTH,
a Minnesota municipal corporation

By: _____
Its: Mayor

By: _____
Its: City Administrator-Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

This foregoing instrument was acknowledged before me this _____ day of _____, 2024_, by _____ and _____, the Mayor and City Administrator-Clerk, respectively, of the City of Plymouth, a Minnesota municipal corporation, on behalf of the municipal corporation.

_____
Notary Public

EXHIBIT A TO

AMENDED AND RESTATED DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR ASPEN HOLLOW

SCHEDULE OF LOTS/LEGAL DESCRIPTION OF PROPERTY

LOTS:

Lots 1 through 12, 14 through 33, Block 1;
Lots 1 through 2, 4 through 17, Block 2;
Lots 1 through 24, Block 3;
All in Aspen Hollow, Hennepin County, Minnesota;

Lots 1 through 6, Block 1;
Lots 1 through 24, Block 2;
Lots 1 through 8, Block 3;
Lots 1 through 3, Block 4;
All in Aspen Hollow 2nd Addition, Hennepin County, Minnesota;

Lots 1 through 16, Block 1;
Lots 1 through 9, Block 2;
All in Aspen Hollow 3rd Addition, Hennepin County, Minnesota.

COMMON AREAS:

Lot 3, Block 2, Aspen Hollow, Hennepin County, Minnesota;

Note: Each Lot's identifier is its lot and block numbers and the subdivision name.

EXHIBIT B
to

AMENDED AND RESTATED DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR ASPEN HOLLOW

DESCRIPTION OF COMMON AREAS

Lot 3, Block 2, Aspen Hollow, Hennepin County, Minnesota;

CITY OF PLYMOUTH

RESOLUTION NO. 2025-012

RESOLUTION APPROVING AMENDED DECLARATION FOR ASPEN HOLLOW

WHEREAS, the Aspen Hollow Association Board of Directors ("Aspen Hollow") has requested that the City of Plymouth sign their Amended and Restated Declaration of Covenants, Restrictions, and Easements for Aspen Hollow (the "Amended Declaration"); and

WHEREAS, the Declaration of Covenants, Restrictions, and Easements for Aspen Hollow (the "Original Declaration") was dated November 19, 2014 and filed November 30, 2014 as Document No. A10138562 and T05215832; and

WHEREAS, the City of Plymouth approved the Final Plat for Aspen Hollow in 2014 under project number 2014008F; and

WHEREAS, the Original Declaration requires written consent of the city; and

WHEREAS, the City Attorney and city staff have reviewed the request and recommend approval of the Amended Declaration; and

WHEREAS, the Amended Declaration has been requested by Aspen Hollow to remove the developer, Pulte, from the governing documents since the association was turned over to Aspen Hollow more than 5 years ago;

WHEREAS, the City Council agrees to the Mayor, City Clerk, City Manager and/or their designee signing the required paperwork for the Amended Declaration.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the Amended Declaration is approved.

APPROVED by the City Council this 14th of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.14

To: Dave Callister, City Manager

Prepared by: Natalie Dorcy, Office Support Specialist

Reviewed by: Jodi Gallup, City Clerk

Item: **Approve tobacco license application of KING SMOKES INC d/b/a King Smokes, 3505 Vicksburg Lane North #300**

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1. Action Requested:
Adopt attached resolution approving tobacco license application of KING SMOKES INC d/b/a King Smokes, 3505 Vicksburg Lane North #300.

2. Background:
KING SMOKES INC d/b/a King Smokes has submitted an application for a tobacco license located at 3505 Vicksburg Lane North #300. This is an existing establishment currently owned by North Star Plus 2 LLC d/b/a Jad Tobacco. The new tradename of the establishment will be King Smokes.

3. Budget Impact:
License fee has been received.

4. Attachments:
1. City Council Resolution 2025-013

CITY OF PLYMOUTH

RESOLUTION NO. 2025-013

RESOLUTION APPROVING TOBACCO LICENSE APPLICATION OF KING SMOKES INC D/B/A KING SMOKES, 3505 VICKSBURG LANE NORTH #300

WHEREAS, KING SMOKES INC d/b/a King Smokes, has submitted a tobacco license application for King Smokes located at 3505 Vicksburg Lane North #300; and

WHEREAS, the license fee has been received.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the tobacco license application submitted by KING SMOKES INC for King Smokes at 3505 Vicksburg Lane North #300 is approved for a license period to expire December 31, 2025.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.15

To: Dave Callister, City Manager

Prepared by: Michael Payne, City Engineer/Deputy Public Works Director

Reviewed by: Michael Thompson, Public Works Director

Item: **Approve Change Order No. 4 for the Gleason Lake Drive Improvements Project (ST239001)**

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1. Action Requested:

Adopt attached resolution approving Change Order No. 4 for the Gleason Lake Drive Improvements Project (ST239001).

2. Background:

This project included improvements to Gleason Lake Drive and surrounding streets as shown on the attached map. Construction of the project started in 2023 and was completed in 2024. During construction, diesel range organic (DRO) material was discovered in isolated areas within the project. Due to the levels of DRO discovered, some of the soil excavated from the project was considered "regulated" which limited where it could be placed or hauled to. This also resulted in the contractor not meeting some completion deadlines for the project and a portion of the work that was to be completed in 2023 carried over to 2024.The contractor has submitted numerous claims for extra costs incurred and delays resulting from the discovery of regulated material in the project area. A portion of these claims were addressed when the contractor and city mutually agreed to Change Order No. 1, which amounted to $119,743.97, and was approved by council on October 24, 2023. Project staff and the contractor negotiated extensively in effort to resolve the remaining claims during construction but were unable to reach an agreement. On December 16, 2024, the city and contractor engaged in mediation and were able to reach an agreement on the approximately $1.4 million in outstanding claims submitted by the contractor. The settlement includes payment of $825,000 to the contractor, which constitutes payment of $425,000 due on the original contract amount, and an additional payment of $401,500, which is reflected in Change Order. No. 4.

3. Budget Impact:

Council previously approved a total budget of $6,753,300.09. The value of Change Order No. 4 is $401,500. The final closeout of the project, which will include the total project cost as completed and funding sources, will be brought before council for approval at a later date after the final payment and paperwork process with the contractor has been completed.

4. Attachments:

1. Location Map
2. Change Order 4
3. City Council Resolution 2025-014

City of Plymouth

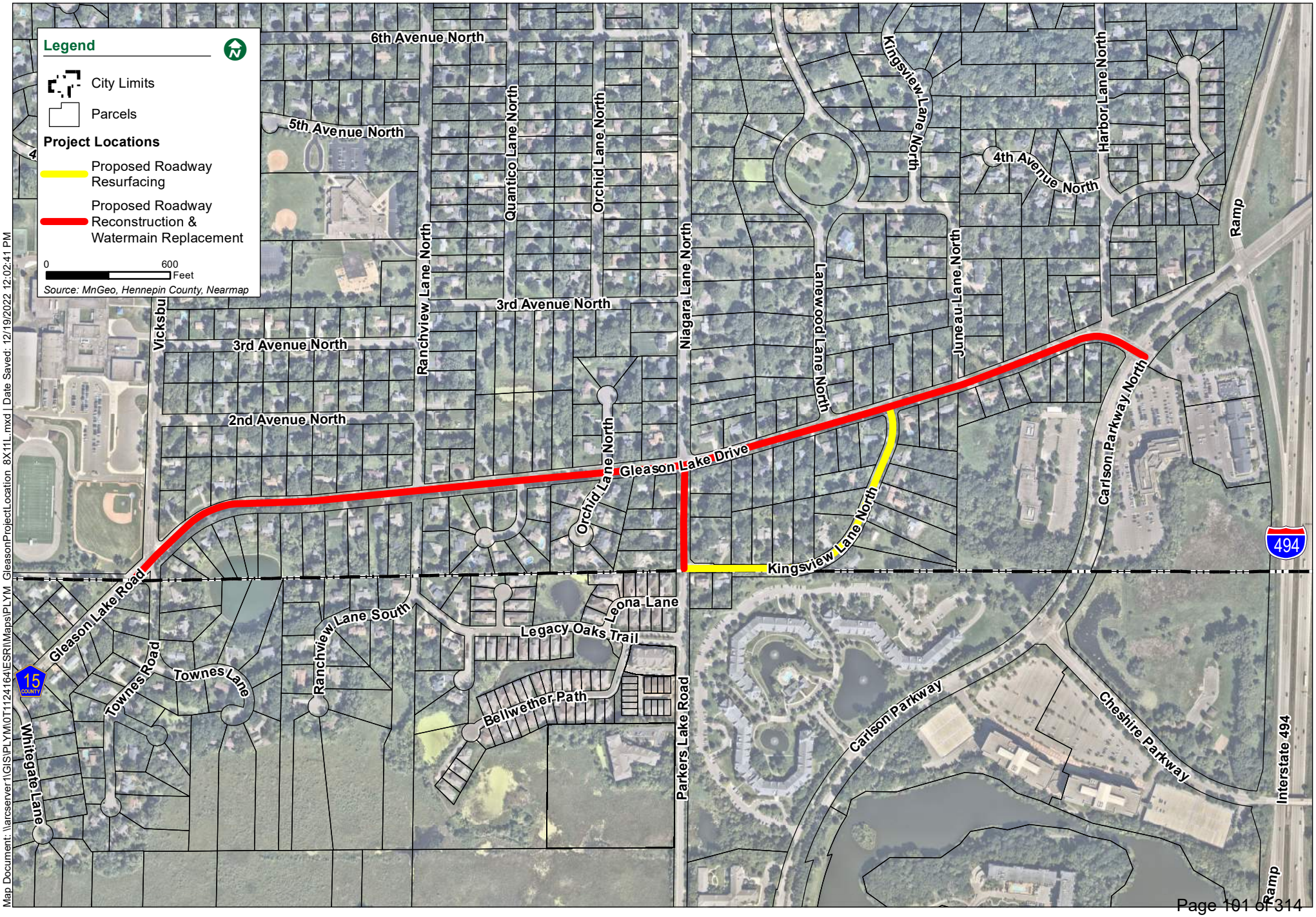
2023 Gleason Lake Dr Improvements

Plymouth, MN

Project Location

December 2022

BOLTON & MENK
Real People. Real Solutions.



Map Document: \\arcserver1\GIS\PLYM\0T1124164\ESRI\Maps\PLYM_GleasonProjectLocation_8X11L.mxd | Date Saved: 12/19/2022 12:02:41 PM

City of Plymouth

Change Order No. 4

City Project Number ST239001

Project Name	2023 Gleason Lake Drive Improvements
Owner	City of Plymouth
Contractor	Kuechle Underground, Inc.
Total Change Order Amount to Contract	**+ $ 401,500.00**
TOTAL AMOUNT TO BE PAID:	$ 401,500.00
DATE OF PAYMENT:	

This Contract is between the City of Plymouth, and Contractor as follows:

Issue:

The contractor contends that it incurred additional costs and delays resulting from the discovery of regulated soils within the project area.

The Engineer has determined the Contract needs to be revised in accordance with the contract documents.

Resolution:

1. Payment for this work will be at Negotiated Unit Prices as provided in the contract documents, as shown in the estimate of cost.
2. The substantial completion date of October 27, 2023 is revised to July 3, 2024 to facilitate the release of liquidated damages.

Estimate Of Cost:

Item No.	Description	Unit	Unit Price	+ or – Quantity	+ or – Amount $
CO 4	Regulated Material & Extended Construction Duration	Lump Sum	$401,500.00	+ 1	+ $401,500.00
				Net Estimated Change (Change to Contract Amount)	**$ 401,500.00**

Estimate Approved by City of Plymouth: _____ Date: _____

Print Name: Mike Payne Phone: 763-509-5539

Estimate Approved by Contractor: Jeremy Kuechle Date: 1-7-2025

Print Name: Jeremy Kuechle Phone: 320-398-8888

ATTACHMENTS: By signing this agreement, the Contractor acknowledges receipt of the specified attachments (if applicable.)

- ☐ Plans _____
- ☐ Specifications _____
- ☐ Other _____

City of Plymouth

Change Order No. 4

City Project Number ST239001

Actual Cost to be Paid:					
Item No.	Description	Unit	Unit Price	+ or – Quantity	+ or – Amount $
CO 4	Regulated Material & Extended Construction Duration	Lump Sum	$401,500.00	+ 1	+ $401,500.00
				Amount to be Paid within Change Order	**$401,500.00**
				Date Accepted In-Place, for payment	**01/14/2025**

Paid Amount Agreed by City of Plymouth: _____ Date: _____

Print Name: Mike Payne _____ Phone: 763-509-5539 _____

Paid Amount Agreed by Contractor: _____ Date: _____

Print Name: _____ Phone: _____

ATTACHMENTS SUPPORTING PAID ITEMS:

- ☐ Plans
- ☐ Other _____

O:\Projects\Current Projects\2020-2029\23-ST239001 Gleason Lake Drive Reconstruction\Payments\Kuechle Underground\Change Order 4 Draft.docx

CITY OF PLYMOUTH

RESOLUTION NO. 2025-014

RESOLUTION APPROVING CHANGE ORDER NO. 4 FOR THE GLEASON LAKE DRIVE IMPROVEMENTS PROJECT (ST239001)

WHEREAS, the City of Plymouth as the owner, and Kuechle Underground, Inc. as the contractor, have entered into an agreement for the Gleason Lake Drive Improvements Project. Said agreement was approved by the City Council on April 11, 2023; and

WHEREAS, changes were made during construction that are not covered under the city's contract with Kuechle Underground, Inc.; and

WHEREAS, regulated soils were discovered in isolated areas within the project; and

WHEREAS, the contractor submitted claims for extra costs incurred and delays resulting from the discovery of regulated material in the project area; and

WHEREAS, a portion of these claims were accommodated and addressed with Change Order No. 1, which was approved by the City Council on October 24, 2023; and

WHEREAS, the agreed settlement between the city and the contractor for the remaining claims includes Change Order No. 4.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that Change Order No. 4 in the total amount of $401,500 is approved.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.16

To: Dave Callister, City Manager

Prepared by: Ben Scharenbroich, Water Resources Supervisor

Reviewed by: Michael Thompson, Public Works Director

Item: **Award contract for the Ponderosa Woods Stream Restoration Project (WR210003)**

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1. Action Requested:

Adopt attached resolution awarding the contract for the Ponderosa Woods Stream Restoration Project (WR210003).

2. Background:

The proposed project consists of stream erosion improvements, bank slope grading, storm sewer pipe maintenance, and minor dredging of accumulated sediments. Also included will be vegetation enhancements that will help reduce erosion in the stream/channels and improve water quality in Medicine Lake. It is anticipated that some tree removals will be necessary. The project is located north of 18th Avenue North, east of Kirkwood Lane North and west of West Medicine Lake Drive. On December 18, 2024, nine bids were opened for this project as detailed in the attached bid tabulation. The low bid, submitted by Sunram Construction, Inc., was 34.5% under the engineers estimate. Staff reviewed the information submitted by Sunram Construction, Inc. to comply with the responsible bidder criteria and finds the information acceptable. Staff have previously worked with Sunram Construction, Inc. and believes they are capable of conducting the project in accordance with the approve plans and specifications. Work is anticipated to start later this winter and be substantially complete in the late spring of 2025.

3. Budget Impact:

This project is included in the Capital Improvement Plan (CIP) with a budget of $400,000. The total estimated project cost based on the low bid is $363,000 and includes construction ($238,685), engineering and permitting ($90,630), and contingency ($33,685). Funding for the project will initially be from the Water Resources

Fund and will be fully reimbursed by the Bassett Creek Watershed Management Commission.

4. Attachments:

1. Location Map
2. Bid Tabulation
3. Recommendation Letter
4. City Council Resolution 2025-015

City of Plymouth

Ponderosa Woods Stream Restoration Project

Project # WR210003

N

0 80 160 Feet

1 inch = 260 feet

Document Path: N:\PROJECTS\Public_Works\ENGINEERING\SurfaceWaterResources\LocationMaps\PonderosaStreamRestoration\PonderosaStreamRestoration.aprx Date Saved: 12/20/2024 1:31 PM

BID TABULATION

Contract: Ponderosa Woods Stream Restoration Project (#9439277)
Owner: City of Plymouth, MN
Solicitor: City of Plymouth, MN
Bid Open: 12/18/2024 - 09:00am

City of Plymouth

					Engineer Estimate		Sunram Construction, Inc.		Shoreline Landscaping & Contracting		Geomorphic Restoration	
Item No	Item Code	Item Description	Unit	Quantity	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	2021.501/00010	MOBILIZATION & DEMOBILIZATION (LIMIT TO 5% OF PROJECT TOTAL)	LS	1	$17,500.00	$17,500.00	$11,345.00	$11,345.00	$9,830.00	$9,830.00	$14,750.00	$14,750.00
2	2051.501/00010	SITE ACCESS AND STAGING AREA RESTORATION	LS	1	$5,000.00	$5,000.00	$3,175.00	$3,175.00	$3,800.00	$3,800.00	$2,000.00	$2,000.00
3	2573.521	STREET SWEEPING	Hr	6	$120.00	$720.00	$135.00	$810.00	$68.30	$409.80	$100.00	$600.00
4	2573.501/00025	WOOD CHIP EXIT TO CONSTRUCTION SITE	Ea	1	$1,500.00	$1,500.00	$500.00	$500.00	$1,250.00	$1,250.00	$1,000.00	$1,000.00
5	2573.503/00060	SEDIMENT CONTROL LOG TYPE STRAW	Ln Ft	120	$5.00	$600.00	$4.00	$480.00	$2.95	$354.00	$5.00	$600.00
6	2573.503/00020	SILT FENCE	Ln Ft	100	$5.00	$500.00	$4.00	$400.00	$3.10	$310.00	$5.00	$500.00
7	2573.522	INLET PROTECTION - TYPE SPECIAL	Ea	7	$200.00	$1,400.00	$150.00	$1,050.00	$160.00	$1,120.00	$100.00	$700.00
8	2101.501/00021	BUCKTHORN REMOVAL AND TREATMENT	Acre	4.3	$10,000.00	$43,000.00	$2,200.00	$9,460.00	$3,255.00	$13,996.50	$2,500.00	$10,750.00
9	2101.501/00020	CLEARING AND GRUBBING (~142 TREES)	LS	1	$35,500.00	$35,500.00	$25,725.00	$25,725.00	$42,500.00	$42,500.00	$35,500.00	$35,500.00
10	2564.521	TRAFFIC CONTROL (LANE CLOSURE WITH FLAGGING)	LS	1	$5,000.00	$5,000.00	$3,500.00	$3,500.00	$4,350.00	$4,350.00	$1,000.00	$1,000.00
11	2531.503/00010	REMOVE & REPLACE CONCRETE CURB AND GUTTER	Ln Ft	65	$100.00	$6,500.00	$88.00	$5,720.00	$93.00	$6,045.00	$55.00	$3,575.00
12	2104.503/00205	SAW CUT BITUMINOUS PAVEMENT, FULL DEPTH	Ln Ft	62	$25.00	$1,550.00	$25.50	$1,581.00	$15.00	$930.00	$10.00	$620.00
13	2104.504/00120	REMOVE & REPLACE BITUMINOUS PAVEMENT	Sq Ft	456	$50.00	$22,800.00	$14.25	$6,498.00	$8.00	$3,648.00	$15.00	$6,840.00
14	2104.502	REMOVE & DISPOSE EXISTING MANHOLE STRUCTURE	LS	1	$3,500.00	$3,500.00	$1,780.00	$1,780.00	$2,355.00	$2,355.00	$3,500.00	$3,500.00
15	2506.502	FURNISH & INSTALL NEW SUMP MANHOLE STRUCTURE WITH SAFL BAFFLE	LS	1	$7,500.00	$7,500.00	$15,990.00	$15,990.00	$12,400.00	$12,400.00	$7,500.00	$7,500.00
16	2105.607/00015	COMMON EXCAVATION - SPECIAL WASTE (P) (OFF SITE DISPOSAL)	Cu Yd	150	$75.00	$11,250.00	$61.75	$9,262.50	$38.65	$5,797.50	$90.00	$13,500.00
17	2105.607/00015	COMMON EXCAVATION (P) (OFF SITE DISPOSAL)	Cu Yd	575	$25.00	$14,375.00	$27.65	$15,898.75	$22.21	$12,770.75	$40.00	$23,000.00
18	2105.607/00016	STREAMBANK REGRADING	Ln Ft	710	$40.00	$28,400.00	$8.00	$5,680.00	$23.45	$16,649.50	$26.00	$18,460.00
19	2511.507/00014	RIPRAP, CLASS III - ANGULAR	Ton	22	$90.00	$1,980.00	$74.25	$1,633.50	$98.50	$2,167.00	$100.00	$2,200.00
20	2511.507/00014	RIPRAP, CLASS III - FIELDSTONE	Ton	875	$90.00	$78,750.00	$74.25	$64,968.75	$98.50	$86,187.50	$100.00	$87,500.00
21	2511.509/00020	GRANULAR FILTER MATERIAL	Ton	335	$60.00	$20,100.00	$68.00	$22,780.00	$42.00	$14,070.00	$90.00	$30,150.00
22	2575.505/00021	SEEDING	Acre	4	$2,500.00	$10,000.00	$1,260.00	$5,040.00	$2,850.00	$11,400.00	$250.00	$1,000.00
23	2575.508/25131	SEED, MIXTURE 25-131 LOW MAINTENANCE TURF	PLS POU	55	$10.00	$550.00	$4.20	$231.00	$7.80	$429.00	$10.00	$550.00
24	2575.508/34261	SEED, MIXTURE 34-261 RIPARIAN SOUTH & WEST	PLS POU	8	$35.00	$280.00	$25.25	$202.00	$26.32	$210.56	$40.00	$320.00
25	2575.508/36711	SEED, MIXTURE 36-711 WOODLAND EDGE CENTRAL	PLS POU	125	$60.00	$7,500.00	$23.00	$2,875.00	$18.21	$2,276.25	$50.00	$6,250.00
26	2575.504/00320	TEMPORARY EROSION PREVENTION BLANKET, CATEGORY 20	Sq Yd	1090	$4.00	$4,360.00	$2.35	$2,561.50	$3.08	$3,357.20	$3.00	$3,270.00
27	2575.504/00337	TEMPORARY EROSION PREVENTION BLANKET, CATEGORY 37	Sq Yd	640	$6.00	$3,840.00	$7.05	$4,512.00	$4.35	$2,784.00	$5.00	$3,200.00
28	2575.509/00010	HYDRO MULCH	Ton	4	$2,500.00	$10,000.00	$1,260.00	$5,040.00	$2,350.00	$9,400.00	$3,000.00	$12,000.00
29	2571.502/	SHRUBS, DEEP CELL PLUGS	Ea	216	$50.00	$10,800.00	$8.50	$1,836.00	$6.85	$1,479.60	$20.00	$4,320.00
30	2571.502/05060	TREES, #10 CONT	Ea	10	$350.00	$3,500.00	$235.00	$2,350.00	$385.00	$3,850.00	$150.00	$1,500.00
31	2571.502/	TREES, #20 CONT	Ea	10	$600.00	$6,000.00	$580.00	$5,800.00	$680.00	$6,800.00	$225.00	$2,250.00
				Total Bid		**$364,255.00**		**$238,685.00**		**$282,927.16**		**$298,905.00**
							Sunram Construction, Inc.		Shoreline Landscaping & Contracting		Geomorphic Restoration	

BID TABULATION

Contract: Ponderosa Woods Stream Restoration Project (#9439277)
Owner: City of Plymouth, MN
Solicitor: City of Plymouth, MN
Bid Open: 12/18/2024 - 09:00am

City of Plymouth

					Park Construction Company		New Look Contracting, Inc.		Vada Constrcing, LLC		MNL	
Item No	Item Code	Item Description	Unit	Quantity	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	2021.501/00010	MOBILIZATION & DEMOBILIZATION (LIMIT TO 5% OF PROJECT TOTAL)	LS	1	$16,000.00	$16,000.00	$15,000.00	$15,000.00	$12,500.00	$12,500.00	$15,000.00	$15,000.00
2	2051.501/00010	SITE ACCESS AND STAGING AREA RESTORATION	LS	1	$2,200.00	$2,200.00	$1.00	$1.00	$6,500.00	$6,500.00	$4,500.00	$4,500.00
3	2573.521	STREET SWEEPING	Hr	6	$216.00	$1,296.00	$1.00	$6.00	$150.00	$900.00	$300.00	$1,800.00
4	2573.501/00025	WOOD CHIP EXIT TO CONSTRUCTION SITE	Ea	1	$1,440.00	$1,440.00	$1.00	$1.00	$1,750.00	$1,750.00	$1,500.00	$1,500.00
5	2573.503/00060	SEDIMENT CONTROL LOG TYPE STRAW	Ln Ft	120	$3.85	$462.00	$10.00	$1,200.00	$5.00	$600.00	$10.00	$1,200.00
6	2573.503/00020	SILT FENCE	Ln Ft	100	$5.15	$515.00	$10.00	$1,000.00	$5.00	$500.00	$10.00	$1,000.00
7	2573.522	INLET PROTECTION - TYPE SPECIAL	Ea	7	$261.00	$1,827.00	$200.00	$1,400.00	$200.00	$1,400.00	$300.00	$2,100.00
8	2101.501/00021	BUCKTHORN REMOVAL AND TREATMENT	Acre	4.3	$1,200.00	$5,160.00	$1,360.00	$5,848.00	$2,750.00	$11,825.00	$3,700.00	$15,910.00
9	2101.501/00020	CLEARING AND GRUBBING (~142 TREES)	LS	1	$21,500.00	$21,500.00	$25,000.00	$25,000.00	$66,000.00	$66,000.00	$72,000.00	$72,000.00
10	2564.521	TRAFFIC CONTROL (LANE CLOSURE WITH FLAGGING)	LS	1	$7,460.00	$7,460.00	$13,500.00	$13,500.00	$5,500.00	$5,500.00	$10,000.00	$10,000.00
11	2531.503/00010	REMOVE & REPLACE CONCRETE CURB AND GUTTER	Ln Ft	65	$105.00	$6,825.00	$65.00	$4,225.00	$70.00	$4,550.00	$120.00	$7,800.00
12	2104.503/00205	SAW CUT BITUMINOUS PAVEMENT, FULL DEPTH	Ln Ft	62	$2.25	$139.50	$10.00	$620.00	$4.00	$248.00	$40.00	$2,480.00
13	2104.504/00120	REMOVE & REPLACE BITUMINOUS PAVEMENT	Sq Ft	456	$24.60	$11,217.60	$26.00	$11,856.00	$17.00	$7,752.00	$25.00	$11,400.00
14	2104.502	REMOVE & DISPOSE EXISTING MANHOLE STRUCTURE	LS	1	$2,660.00	$2,660.00	$2,100.00	$2,100.00	$1,710.00	$1,710.00	$2,700.00	$2,700.00
15	2506.502	FURNISH & INSTALL NEW SUMP MANHOLE STRUCTURE WITH SAFL BAFFLE	LS	1	$40,000.00	$40,000.00	$15,000.00	$15,000.00	$13,650.00	$13,650.00	$19,000.00	$19,000.00
16	2105.607/00015	COMMON EXCAVATION - SPECIAL WASTE (P) (OFF SITE DISPOSAL)	Cu Yd	150	$69.70	$10,455.00	$98.00	$14,700.00	$93.50	$14,025.00	$40.00	$6,000.00
17	2105.607/00015	COMMON EXCAVATION (P) (OFF SITE DISPOSAL)	Cu Yd	575	$44.30	$25,472.50	$57.00	$32,775.00	$27.00	$15,525.00	$20.00	$11,500.00
18	2105.607/00016	STREAMBANK REGRADING	Ln Ft	710	$14.70	$10,437.00	$15.00	$10,650.00	$22.50	$15,975.00	$20.00	$14,200.00
19	2511.507/00014	RIPRAP, CLASS III - ANGULAR	Ton	22	$125.00	$2,750.00	$150.00	$3,300.00	$199.00	$4,378.00	$110.00	$2,420.00
20	2511.507/00014	RIPRAP, CLASS III - FIELDSTONE	Ton	875	$90.30	$79,012.50	$94.00	$82,250.00	$105.00	$91,875.00	$130.00	$113,750.00
21	2511.509/00020	GRANULAR FILTER MATERIAL	Ton	335	$76.50	$25,627.50	$91.00	$30,485.00	$70.00	$23,450.00	$100.00	$33,500.00
22	2575.505/00021	SEEDING	Acre	4	$1,230.00	$4,920.00	$1,435.00	$5,740.00	$4,100.00	$16,400.00	$3,000.00	$12,000.00
23	2575.508/25131	SEED, MIXTURE 25-131 LOW MAINTENANCE TURF	PLS POl	55	$5.05	$277.75	$6.00	$330.00	$6.00	$330.00	$5.00	$275.00
24	2575.508/34261	SEED, MIXTURE 34-261 RIPARIAN SOUTH & WEST	PLS POl	8	$66.70	$533.60	$78.00	$624.00	$50.00	$400.00	$30.00	$240.00
25	2575.508/36711	SEED, MIXTURE 36-711 WOODLAND EDGE CENTRAL	PLS POl	125	$41.00	$5,125.00	$48.00	$6,000.00	$20.00	$2,500.00	$40.00	$5,000.00
26	2575.504/00320	TEMPORARY EROSION PREVENTION BLANKET, CATEGORY 20	Sq Yd	1090	$3.40	$3,706.00	$3.95	$4,305.50	$4.00	$4,360.00	$3.00	$3,270.00
27	2575.504/00337	TEMPORARY EROSION PREVENTION BLANKET, CATEGORY 37	Sq Yd	640	$4.20	$2,688.00	$4.90	$3,136.00	$6.50	$4,160.00	$5.00	$3,200.00
28	2575.509/00010	HYDRO MULCH	Ton	4	$4,360.00	$17,440.00	$5,000.00	$20,000.00	$2,800.00	$11,200.00	$3,300.00	$13,200.00
29	2571.502/	SHRUBS, DEEP CELL PLUGS	Ea	216	$19.50	$4,212.00	$21.50	$4,644.00	$15.00	$3,240.00	$15.00	$3,240.00
30	2571.502/05060	TREES, #10 CONT	Ea	10	$523.00	$5,230.00	$577.00	$5,770.00	$400.00	$4,000.00	$250.00	$2,500.00
31	2571.502/	TREES, #20 CONT	Ea	10	$636.00	$6,360.00	$701.00	$7,010.00	$750.00	$7,500.00	$500.00	$5,000.00
				Total Bid		**$322,948.95**		**$328,476.50**		**$354,703.00**		**$397,685.00**
					Park Construction Company		New Look Contracting, Inc.		Vada Constrcing, LLC		MNL	

BID TABULATION

Contract: Ponderosa Woods Stream Restoration Project (#9439277)
Owner: City of Plymouth, MN
Solicitor: City of Plymouth, MN
Bid Open: 12/18/2024 - 09:00am

City of Plymouth

Item No	Item Code	Item Description	Unit	Quantity	Veit & Company, Inc. Unit Price	Veit & Company, Inc. Amount	Dimke Excavating, Inc. Unit Price	Dimke Excavating, Inc. Amount
1	2021.501/00010	MOBILIZATION & DEMOBILIZATION (LIMIT TO 5% OF PROJECT TOTAL)	LS	1	$26,000.00	$26,000.00	$34,100.00	$34,100.00
2	2051.501/00010	SITE ACCESS AND STAGING AREA RESTORATION	LS	1	$20,000.00	$20,000.00	$11,800.00	$11,800.00
3	2573.521	STREET SWEEPING	Hr	6	$181.00	$1,086.00	$235.00	$1,410.00
4	2573.501/00025	WOOD CHIP EXIT TO CONSTRUCTION SITE	Ea	1	$1,443.00	$1,443.00	$2,360.00	$2,360.00
5	2573.503/00060	SEDIMENT CONTROL LOG TYPE STRAW	Ln Ft	120	$5.40	$648.00	$4.45	$534.00
6	2573.503/00020	SILT FENCE	Ln Ft	100	$3.00	$300.00	$5.90	$590.00
7	2573.522	INLET PROTECTION - TYPE SPECIAL	Ea	7	$337.00	$2,359.00	$250.00	$1,750.00
8	2101.501/00021	BUCKTHORN REMOVAL AND TREATMENT	Acre	4.3	$1,883.00	$8,096.90	$9,440.00	$40,592.00
9	2101.501/00020	CLEARING AND GRUBBING (~142 TREES)	LS	1	$55,000.00	$55,000.00	$71,545.00	$71,545.00
10	2564.521	TRAFFIC CONTROL (LANE CLOSURE WITH FLAGGING)	LS	1	$15,000.00	$15,000.00	$6,500.00	$6,500.00
11	2531.503/00010	REMOVE & REPLACE CONCRETE CURB AND GUTTER	Ln Ft	65	$124.50	$8,092.50	$89.00	$5,785.00
12	2104.503/00205	SAW CUT BITUMINOUS PAVEMENT, FULL DEPTH	Ln Ft	62	$11.10	$688.20	$23.00	$1,426.00
13	2104.504/00120	REMOVE & REPLACE BITUMINOUS PAVEMENT	Sq Ft	456	$20.60	$9,393.60	$19.00	$8,664.00
14	2104.502	REMOVE & DISPOSE EXISTING MANHOLE STRUCTURE	LS	1	$5,500.00	$5,500.00	$2,000.00	$2,000.00
15	2506.502	FURNISH & INSTALL NEW SUMP MANHOLE STRUCTURE WITH SAFL BAFFLE	LS	1	$25,000.00	$25,000.00	$18,000.00	$18,000.00
16	2105.607/00015	COMMON EXCAVATION - SPECIAL WASTE (P) (OFF SITE DISPOSAL)	Cu Yd	150	$103.00	$15,450.00	$89.00	$13,350.00
17	2105.607/00015	COMMON EXCAVATION (P) (OFF SITE DISPOSAL)	Cu Yd	575	$104.50	$60,087.50	$80.00	$46,000.00
18	2105.607/00016	STREAMBANK REGRADING	Ln Ft	710	$24.85	$17,643.50	$8.50	$6,035.00
19	2511.507/00014	RIPRAP, CLASS III - ANGULAR	Ton	22	$204.00	$4,488.00	$206.00	$4,532.00
20	2511.507/00014	RIPRAP, CLASS III - FIELDSTONE	Ton	875	$174.15	$152,381.25	$206.00	$180,250.00
21	2511.509/00020	GRANULAR FILTER MATERIAL	Ton	335	$138.50	$46,397.50	$206.00	$69,010.00
22	2575.505/00021	SEEDING	Acre	4	$596.00	$2,384.00	$1,260.00	$5,040.00
23	2575.508/25131	SEED, MIXTURE 25-131 LOW MAINTENANCE TURF	PLS POl	55	$7.75	$426.25	$5.15	$283.25
24	2575.508/34261	SEED, MIXTURE 34-261 RIPARIAN SOUTH & WEST	PLS POl	8	$35.75	$286.00	$68.25	$546.00
25	2575.508/36711	SEED, MIXTURE 36-711 WOODLAND EDGE CENTRAL	PLS POl	125	$29.80	$3,725.00	$42.00	$5,250.00
26	2575.504/00320	TEMPORARY EROSION PREVENTION BLANKET, CATEGORY 20	Sq Yd	1090	$1.90	$2,071.00	$3.50	$3,815.00
27	2575.504/00337	TEMPORARY EROSION PREVENTION BLANKET, CATEGORY 37	Sq Yd	640	$4.20	$2,688.00	$4.31	$2,758.40
28	2575.509/00010	HYDRO MULCH	Ton	4	$2,504.00	$10,016.00	$4,462.00	$17,848.00
29	2571.502/	SHRUBS, DEEP CELL PLUGS	Ea	216	$62.60	$13,521.60	$20.00	$4,320.00
30	2571.502/05060	TREES, #10 CONT	Ea	10	$775.00	$7,750.00	$536.00	$5,360.00
31	2571.502/	TREES, #20 CONT	Ea	10	$924.00	$9,240.00	$651.00	$6,510.00
				Total Bid		**$527,162.80**		**$577,963.65**
						Veit & Company, Inc.		Dimke Excavating, Inc.

Technical Memo

To: Ben Scharenbroich
Water Resources Supervisor
3400 Plymouth Blvd
Plymouth, MN 55447

Date: January 02, 2025

Subject: Ponderosa Woods Stream Restoration Project (WR210003)
Recommendation to Award Contract

We have reviewed the 9 bids received for this project following the bid opening on Wednesday, December 18, 2024, at 9:00 AM, held virtually on Zoom from Plymouth City Hall. The design estimate for this project was $364,255.00. The lowest bid for the project is by Sunram Construction, Inc. for a total award price of $238,685.00.

We have worked with this contractor previously on several stream restoration projects and the bid pricing for the project is within a reasonable cost range. We have reviewed the recent submittals, qualifications and experience of the bidder and it appears that they are capable of completing the work as specified.

Midwest Wetland Improvements, LLC recommends awarding the project to Sunram Construction, Inc. as the lowest, responsive, responsible, and qualified Bidder.

Sincerely,

Lucius Jonett, PLA (MN, WI, ND, IA)
Landscape Architect

Midwest Wetland Improvements, LLC
P.O. Box 448
Victoria, MN 55386

MN: (952) 261-9990
WI: (715) 207-9850
Email lucius@midwestwetlands.com

CITY OF PLYMOUTH

RESOLUTION NO. 2025-015

RESOLUTION AWARDING CONTRACT FOR THE PONDEROSA WOODS STREAM RESTORATION PROJECT (WR210003)

WHEREAS, pursuant to an advertisement for bids for the Ponderosa Woods Stream Restoration Project, bids were received, opened and tabulated according to State law, and the following bids were received complying with the advertisement:

Contractor	Total Bid
Sunram Construction, Inc	$238,685.00
Shoreline Landscaping & Contracting	$282,927.16
Geomorphic Restoration	$298,905.00
Park Construction Company	$322,948.95
New Look Contracting, Inc.	$328,476.50
Vada Contracting, LLC	$354,703.00
MNL	$397,685.00
Veit & Company, Inc.	$527,162.80
Dimke Excavating, Inc.	$577,963.65
Engineer's Estimate	**$364,255.00**

WHEREAS, Sunram Construction, Inc. from Corcoran, Minnesota is the lowest responsible bidder complying with the minimum qualifications; and

WHEREAS, the City Engineer recommends awarding the project to Sunram Construction, Inc.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that:

1) The Mayor and City Manager are authorized and directed to enter into a contract with Sunram Construction, Inc., in the name of the City of Plymouth, for the Ponderosa Woods Stream Restoration Project according to the plans and specifications on file in the office of the City Engineer in the amount $238,685.

2) The total cost of the project is $363,000 and includes the improvements in the amount of $238,685, engineering and permitting in the amount of $90,630, and contingency in the amount of $33,685.

BE IT FURTHER RESOLVED, that the project would be funded from the Water Resources Fund with reimbursement to be provided by the Bassett Creek Watershed Management Commission.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.17

To: Dave Callister, City Manager

Prepared by: Ben Scharenbroich, Water Resources Supervisor

Reviewed by: Michael Thompson, Public Works Director

Item: **Approve 2025 membership dues for Bassett Creek, Elm Creek, and Shingle Creek Watersheds**

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1. Action Requested:

Adopt attached resolution authorizing payment for 2025 membership dues for the Bassett Creek Watershed Management Commission, Elm Creek Watershed Management Organization, and Shingle Creek Watershed Management Organization.

2. Background:

In 1982 the Minnesota Legislature approved the Metropolitan Area Surface Water Management Act (Minnesota Statutes 103B.201 to 255) which requires local units of government in the seven-county metro area to prepare and implement comprehensive surface water management plans through membership in a watershed district, management commission, or management organization. Four watersheds have boundaries in Plymouth including Bassett Creek Watershed Management Commission, Elm Creek Watershed Management Organization, Shingle Creek Watershed Management Organization, and Minnehaha Creek Watershed District.

Bassett Creek, Elm Creek, and Shingle Creek watersheds were established through joint powers agreements between municipalities and the city is responsible for a proportionate share of the annual operating costs for each of these three organizations. Generally, operating costs include administrative, engineering, legal, water quality monitoring, and education activities. The joint powers agreement for each watershed outlines the procedure for member assessments which are based primarily on property values and proportion of watershed area. Minnehaha Creek was established as a watershed district and exercises independent taxing authority to fund annual operating costs and therefore the city does not pay a membership assessment. Staff leverages these partnerships to assist in meeting the terms of the Municipal Separate Storm

Sewer System (MS4) and Total Maximum Daily Load (TMDL) mandates.

The city's membership assessments for Bassett Creek, Elm Creek, and Shingle Creek watersheds in 2024 totaled $367,550.00. The city's membership assessments in 2025 total $384,346.00 an increase of $16,791.00 or 4.6%. The attachment includes membership assessment information as well as a comparison of the operational costs to Plymouth per acre between Bassett Creek, Elm Creek, and Shingle Creek watersheds.

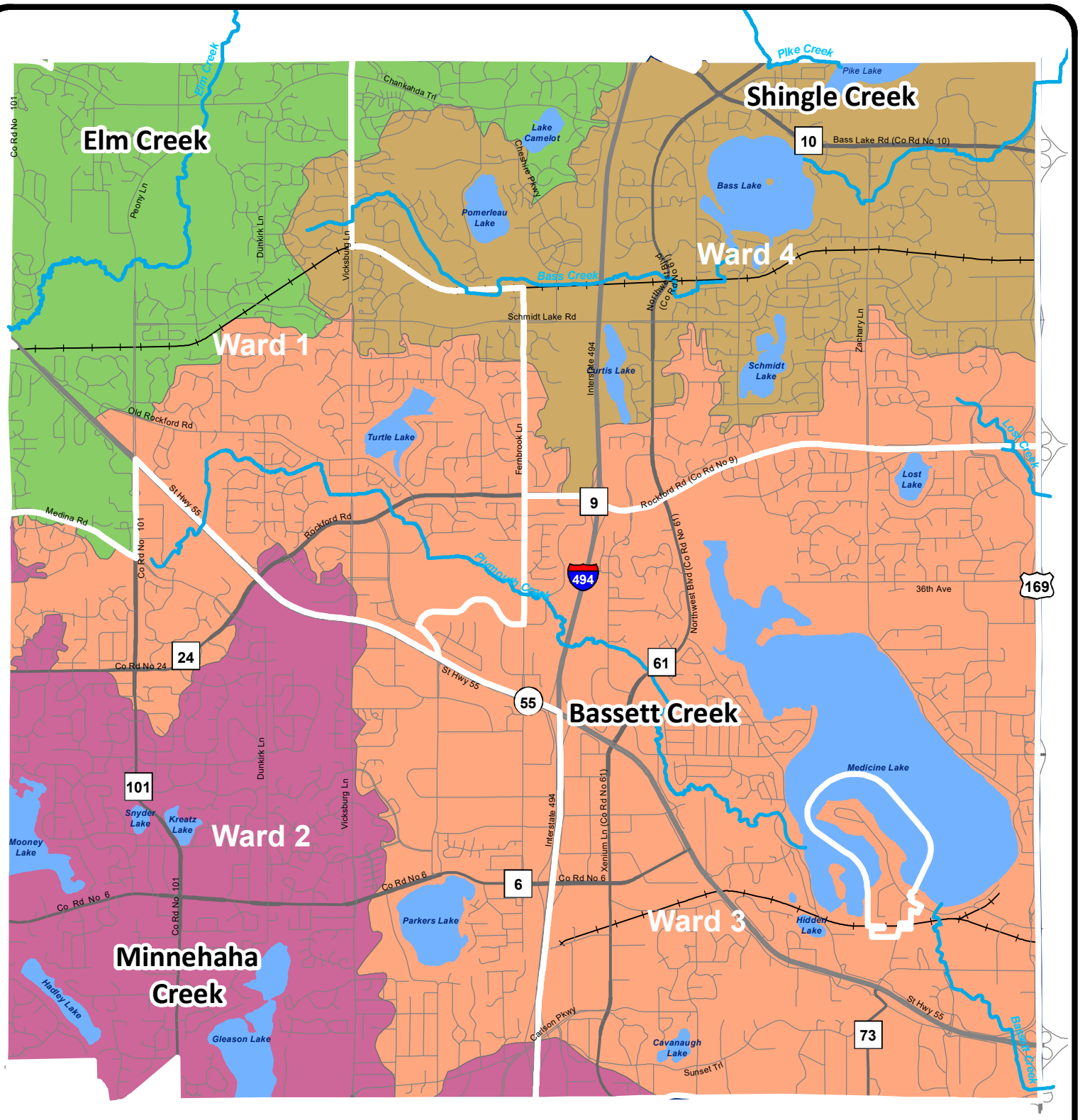
For comparison, Minnehaha Creek Watershed District, will collect approximately $159,251 for operational expenses in 2025 from Plymouth residents, or $42.66/acre. Funds are used for operational expenses including planning, permitting, education, operations, communications, support services, research, and monitoring.

3. Budget Impact:

Watershed membership assessments for Bassett Creek, Elm Creek, and Shingle Creek watersheds were included in the approved 2025 budget for $395,000. The 2025 dues in the amount of $384,346. will be funded through the Water Resources Fund.

4. Attachments:

1. Watershed Map
2. 2024 Watershed Annual Cost Breakdown
3. Bassett Creek Assessment
4. Elm Creek Assessment
5. Shingle Creek Assessment
6. City Council Resolution 2025-016



Watersheds in Plymouth

- Creek
- Bassett Creek
- Elm Creek
- Minnehaha Creek
- Shingle Creek

N

0 1 Miles

October 2024

City of Plymouth

THIS REPRESENTS A COMPILATION OF INFORMATION AND DATA FROM CITY, COUNTY, STATE AND OTHER SOURCES THAT HAS NOT BEEN FIELD VERIFIED. INFORMATION SHOULD BE FIELD VERIFIED AND COMPARED WITH ORIGINAL SOURCE DOCUMENTS.

City of Plymouth

2024 Watershed Annual Cost Breakdown

Watershed	2023 Assessment / Levy	2024 Assessment / Levy	2023-2024 Change ($)	2023-2024 Change (%)	2024 Operational $ per Acre
Bassett Creek	$ 273,027.00	$ 279,012.00	$ 5,985.00	2.15%	$ 23.49
Elm Creek	$ 30,740.14	$ 29,717.00	($ 1,023.14)	-3.44%	$ 10.41
Minnehaha Creek*	$ 159,244.21	$ 153,746.55	($ 5,497.66)	-3.58%	$ 41.19
Shingle Creek	$ 58,495.26	$ 58,826.00	$ 330.74	0.56%	$ 13.43
Grand Total	**$521,506.61**	**$521,301.55**	**($ 205.06)**	**-0.04%**	**$ 22.82**

*Note: Minnehaha Creek Watershed District has independent taxing authority rather than member assessments for operational costs.

Bassett Creek Watershed Management Commission

INVOICE
Notice of Annual Assessment
2025 Assessment to City of Plymouth
From Bassett Creek Watershed Management Commission

December 2, 2024

City of Plymouth
Jodi Gallup, City Clerk
3400 Plymouth Blvd.
Plymouth, MN 55447

Remit Payment by February 1, 2025 to:

Bassett Creek WMC
c/o City of Plymouth
3400 Plymouth Blvd.
Plymouth MN 55447
Attn: Ryan Vadnais
Electronic payments:
A/C: 104799382791 Rout: 091000022

Description	**Amount Due**
Fiscal Year 2025 (February 1, 2025 – December 31, 2025)* *Please note the 11-month fiscal year. The BCWMC is shifting its fiscal year to a calendar year beginning January 1, 2026 Annual operating funds for administration, monitoring, studies, education, and other projects and programs performed by the Bassett Creek Watershed Management Commission	$298,709
TOTAL	**$298,709**

Complete 2025 operating budget, notes and assessment tables can be found at:
https://www.bassettcreekwmo.org/document/annual-report-budget

If you have questions regarding this assessment contact:
Laura Jester, Administrator
Bassett Creek Watershed Management Commission
laura.jester@keystonewaters.com
952-270-1990

elm creek
Watershed Management Commission

3235 Fernbrook Lane · Plymouth, MN 55447
Telephone (763)553-1144 · FAX (763)553-9326

Invoice Number:
332

Invoice Date:
December 20, 2023

Due Date:
January 31, 2024

Sold To:

City of Plymouth
3400 Plymouth Blvd
Plymouth, MN 55447

Description	Amount
2024 Member Assessment	29,717.00

Please make check payable to Elm Creek WMO
and mail to:

Judie A. Anderson, Deputy Treasurer
Elm Creek WMO
3235 Fernbrook Lane
Plymouth, MN 55447

Subtotal	29,717.00
Total Invoice Amount	29,717.00
Payment/Credit Applied	
TOTAL NOW DUE	**29,717.00**

If you have questions regarding this invoice, please call 763-553-1144.

Judie A. Anderson, Deputy Treasurer

3235 Fernbrook Lane · Plymouth, MN 55447
Telephone (763)553-1144 · FAX (763)553-9326

Invoice Number:
326

Invoice Date:
December 20, 2023

Due Date:
January 31, 2024

Sold To:

City of Plymouth
Attn: Ben Scharenbroich
3400 Plymouth Boulevard
Plymouth, MN 55447

Description	Amount
2024 Member Assessment	58,826.00

Please make check payable to Shingle Creek WMO and mail to:

Judie A. Anderson, Deputy Treasurer
Shingle Creek WMO
3235 Fernbrook Lane
Plymouth, MN 55447

Subtotal	58,826.00
Total Invoice Amount	58,826.00
Payment/Credit Applied	
TOTAL	**58,826.00**

If you have questions regarding this invoice, please call 763-553-1144

Judie A. Anderson, Deputy Treasurer

CITY OF PLYMOUTH

RESOLUTION NO. 2025-016

RESOLUTION AUTHORIZING PAYMENT FOR 2025 MEMBERSHIP ASSESSMENTS FOR THE BASSETT CREEK WATERSHED MANAGEMENT COMMISSION, ELM CREEK WATERSHED MANAGEMENT ORGANIZATION, AND SHINGLE CREEK WATERSHED MANAGEMENT ORGANIZATION

WHEREAS, the City of Plymouth is party to joint powers agreements with the Bassett Creek Watershed Management Commission, Elm Creek Watershed Management Organization, and Shingle Creek Watershed Management Organization; and

WHEREAS, the watershed membership assessments were included in the 2025 Budget as approved by the City Council; and

WHEREAS, financing will come from the Water Resources Fund in the amount of $298,709.00 for the Bassett Creek Watershed Management Commission, $29,654.00 for the Elm Creek Watershed Organization, and $55,983.00 for the Shingle Creek Watershed Management Organization.

NOW, THEREFORE BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA:

1. The City Council authorizes payment of membership assessments for the Bassett Creek, Elm Creek, and Shingle Creek watersheds totaling $384,346.00.

2. Funding shall be from the Water Resources Fund.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.18

To: Dave Callister, City Manager

Prepared by: Michael Payne, City Engineer/Deputy Public Works Director

Reviewed by: Michael Thompson, Public Works Director

Item: **Approve amendment to cooperative agreement with Three Rivers Park District for the 36th Avenue Rehabilitation Project (ST250002)**

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1. Action Requested:

Adopt attached resolution approving amendment to cooperative agreement with Three Rivers Park District for the 36th Avenue Rehabilitation Project (ST250002).

2. Background:

The 36th Avenue Rehabilitation Project includes improvements to 36th Avenue from Zachary Lane to Highway 169. Improvements to be constructed with the project are detailed in the attached layout and include pavement rehabilitation, reconstruction of Kilmer Lane to align with the intersection of Lancaster Lane, installation of a traffic signal at the Kilmer Lane/Lancaster Lane/36th Avenue intersection, reconstruction and realignment of Three Rivers Park District's regional trail, pedestrian safety improvements, access and routing improvements at Plymouth Middle School, and curb and utility replacement as needed.

The city has previously entered into a cooperative agreement with Three Rivers Park District for the Bassett Creek Regional Trail. The city also previously entered into an amendment to the agreement to realign the regional trail to be fully on the south side of the road and for the Park District to fund improvements related to the trail. The trail is currently located on the south side of 36th Avenue from Highway 169 to Pilgrim Lane, the north side of 36th Avenue from Pilgrim Lane to Zachary Lane, and on the south side of 36th Avenue west of Zachary Lane.

The city is acquiring the permanent and temporary easements necessary to properly construct the project and this amendment would further clarify the rights of the city

when acquiring the easement on behalf of the Park District. The Park District is funding the easement acquisition necessary for the trail and the amendment would increase the district's cap on acquisition costs to $500,000 from $200,000.

Construction of the project is scheduled for 2025.

3. Budget Impact:

The total project cost outlined in the proposed 2025-2034 Capital Improvement Plan is $10.2 million, which includes easement acquisition, design, and construction costs. The cost of the easement acquisition is estimated to be $400,000. Under the terms of the amendment to the cooperative agreement, Three Rivers Park District would fund improvements to the regional trail and for easement acquisition necessary for the trail.

4. Attachments:

1. Location Map
2. Improvements Layout
3. Amendment to Cooperative Agreement
4. City Council Resolution 2025-017

N

0 940 Feet

36th Avenue Rehabilitation Project
City Project ST250002

City of Plymouth

THIS REPRESENTS A COMPILATION OF INFORMATION AND DATA FROM CITY, COUNTY, STATE AND OTHER SOURCES THAT HAS NOT BEEN FIELD VERIFIED. INFORMATION SHOULD BE FIELD VERIFIED AND COMPARED WITH ORIGINAL SOURCE DOCUMENTS.

CITY OF PLYMOUTH

36TH AVENUE REHABILITATION

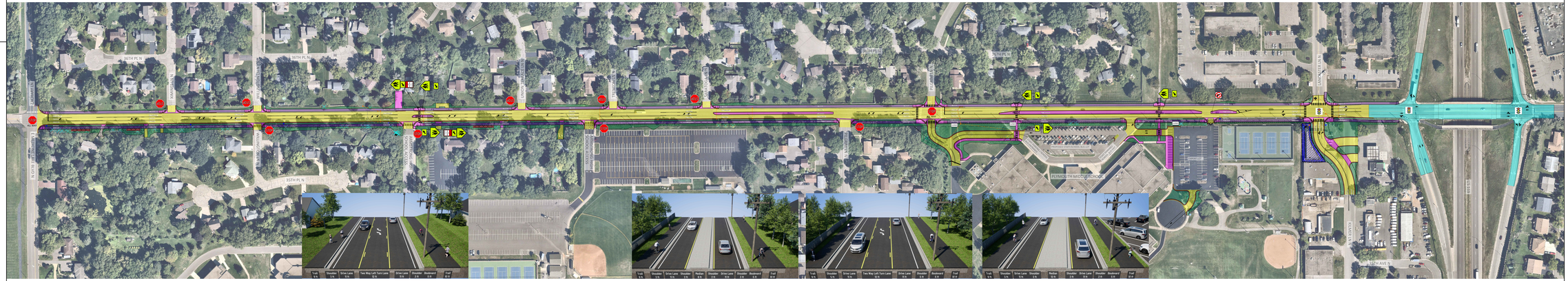
36TH AVE (ZACHARY LN TO KILLMER LN)

LEGEND

- PROPOSED BITUMINOUS PAVEMENT IMPROVEMENTS
- HWY 169 BRIDGE IMPROVEMENTS (BY OTHERS)
- PROPOSED CONCRETE WALK, DRIVEWAY APPURTENANCE & MINIC CONCRETE
- PROPOSED CONCRETE CURB & GUTTER
- PROPOSED BITUMINOUS MILL/TRIM
- TURF RESTORATION
- EXISTING CURB & GUTTER
- PROPOSED RETAINING WALL
- RIGHT OF WAY
- PERMANENT EASEMENT
- TEMPORARY EASEMENT
- STORM STRUCTURE
- STORM SEWER PIPE
- HYDRANT
- PROPOSED LIGHTING UNIT
- PROPOSED PEDESTRIAN PUSH BUTTONS
- PROPOSED TREE REMOVAL
- CLOSED — ACCESS CLOSED

0 20 40 80 120

City of Plymouth



CITY OF PLYMOUTH
AND
THREE RIVERS PARK DISTRICT

SECOND AMENDMENT TO THE JANUARY 12, 2021 BASSETT CREEK REGIONAL TRAIL COOPERATIVE AGREEMENT AND JULY 23, 2024 FIRST AMENDMENT

This Second Amendment to the January 12, 2021 Bassett Creek Regional Trail Cooperative Agreement and July 23, 2024 First Amendment (the "Second Amendment"), by and between Three Rivers Park District, a public corporation and a political subdivision of the State of Minnesota ('Park District'), and the City of Plymouth, a Minnesota municipal corporation ('City'), is hereby made and entered into this 14th day of January, 2025, by and between the Park District and City.

WHEREAS, Park District is a political subdivision of the State of Minnesota authorized by statute to acquire, establish, operate, and maintain park facilities and regional trail systems; and

WHEREAS, City and Park District supported the expansion of the regional trail system within the City, and specifically, the Bassett Creek Regional Trail ("Regional Trail") corridor connecting Theodore Wirth Regional Park and French Regional Park; and

WHEREAS, City and Park District entered into the Bassett Creek Regional Trail Cooperative Agreement (the "Agreement") for the Regional Trail establishing the planning, design, construction, operation, maintenance, and funding responsibilities of the Regional Trail on January 12, 2021; and

WHEREAS, City and Park District entered into the First Amendment to the Agreement (the "First Amendment") to adjust the alignment and reconstruct the Regional Trail between Zachary Lane and Highway 169 along 36th Avenue as part of the City's 36th Avenue Rehabilitation Project ("Project") on July 23, 2024; and

WHEREAS, City and Park District desire to further amend the Agreement and First Amendment to clarify the Property Rights responsibilities and increase the Park District reimbursement contribution to the City; and

NOW THEREFORE, in consideration of the mutual covenants herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Park District and City agree as follows:

Except as herein provided, the terms, conditions, and provisions of the Agreement and First Amendment shall remain in force and apply to and govern the provisions of this Second Amendment.

1. Section B of the Agreement is hereby amended to state that the City is acting as the Park District's property rights agent and will obtain property rights on the Park District's behalf to provide a Regional Trail corridor which is a minimum of 20 feet wide between Zachary Lane and Hwy 169 unless otherwise agreed to as part of the Park District's design review and approval of the Project. The City intends to fulfil this responsibility by acquiring a trail, drainage, and utility easement where it does not already have the necessary property rights in place. Upon completion of the Project, the City will convey the trail portion of the easement to Park District and will retain the drainage and utility portion of the easement.

If the Park District ever moves the location of its Regional Trail or abandons the Regional Trail in this location, then the Park District will convey the acquired trail easement back to the City.

2. Section B of the First Amendment is hereby amended to state that where the City fulfills its property acquisition obligations and conveys fee title or easement rights to the Park District, the Park District shall reimburse City for the costs to acquire property rights, up to a total of $500,000. If City's acquisition costs for the property rights for the Project exceed $500,000, the parties may reevaluate the reimbursement options.

3. Execution. This Second Amendment may be executed in counterparts, each of which when so executed and delivered shall be an original, but such counterparts together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have entered into this Second Amendment as of the day and year first written above.

City of Plymouth,
a Minnesota municipal corporation

_____ Date _____
Jeffrey Wosje
Its Mayor

_____ Date _____
Dave Callister
Its City Manager

[Remainder of page left intentionally blank.]

THREE RIVERS PARK DISTRICT,
a public corporation and political subdivision
of the State of Minnesota

_____ Date _____
Board Chair

_____ Date _____
Superintendent
and Secretary to the Board

CITY OF PLYMOUTH

RESOLUTION NO. 2025-017

RESOLUTION APPROVING AN AMENDMENT TO THE COOPERATIVE AGREEMENT BETWEEN THREE RIVERS PARK DISTRICT AND THE CITY OF PLYMOUTH FOR THE BASSETT CREEK REGIONAL TRAIL

WHEREAS, The City of Plymouth and Three Rivers Park District previously entered into a Cooperative Agreement on January 12, 2021, and amended the agreement on July 23, 2024, for the District's Bassett Creet Regional Trail, which connects Theodore Wirth Regional Park with French Regional Park; and

WHEREAS, the 36th Avenue Rehabilitation Project is listed in the 2025-2034 Capital Improvement Plan; and

WHEREAS, the City of Plymouth and Three Rivers Park District desire to amend the agreement to realign and reconstruct the regional trail between Zachary Lane and State Highway 169 as part of the above referenced project; and

WHEREAS, the City of Plymouth will act as the land acquisition agent for the project, including easements necessary for the regional trail; and

WHEREAS, the agreement and amendment established the rights and responsibilities of each part associated with the project.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the amendment to the Cooperative Agreement with Three Rivers Park District is approved and the Mayor and City Manager are authorized to execute the amendment.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.19

To: Dave Callister, City Manager

Prepared by: Andrea Rich, Finance Director

Reviewed by: Maria Solano, Deputy City Manager

Item: **Appoint official depositories and signatory authority for 2025**

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1. Action Requested:

Adopt attached resolution approving the designation of official depositories for banking services and signatory authority for 2025.

2. Background:

Each year, the city designates official depositories for banking services. The city primarily holds funds at US Bank.

US Bank was awarded the contract by council on June 23, 2015, as the city's official depository effective July 1, 2015. The transition of banking services to US Bank was completed in 2016. The city's policy is to do a request for proposal on banking services periodically with best practice being every 5-7 years. In light of the city's planned enterprise resource planning system (ERP) implementation in 2025/26, staff recommends not changing the banking relationship in order to mitigate risk. In the interim, staff have worked with US Bank to strengthen fraud prevention and enhance current processes.

US Bank will continue to serve as the official depository. Signatory authority resides with the Mayor, City Manager, Finance Director and Assistant Finance Director.

3. Budget Impact:

NA

4. Attachments:

1. City Council Resolution 2025-018

CITY OF PLYMOUTH

RESOLUTION NO. 2025-018

RESOLUTION APPOINTING OFFICIAL DEPOSITORY FOR CITY FUNDS AND SIGNATORY AUTHORITY FOR 2025

WHEREAS, State Statute requires the city to designate depositories for city funds; and

WHEREAS, the City of Plymouth periodically solicits proposals from service providers to seek the most qualified provider at a responsible cost.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, that US Bank is designated as the official depository for 2025.

BE IT FURTHER RESOLVED that the persons holding office as Mayor, City Manager, Finance Director and Assistant Finance Director of the City of Plymouth are authorized to act for this municipality in the transaction of any banking business with US Bank (hereinafter referred to as the "Bank") from time to time and until written notice to the Bank to the contrary, to sign checks against said accounts, which checks will be signed by the Mayor, City Manager and Finance Director. The Bank is hereby authorized and directed to honor and pay any checks against such account if signed as above descried, whether or not said check is payable to the order of, or deposited to the credit of, any officer or officers of the city, including the signers of the check.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.20

To: Dave Callister, City Manager

Prepared by: Andrea Rich, Finance Director

Reviewed by: Maria Solano, Deputy City Manager

Item: **Authorize Finance Director or designee to do electronic fund transfers**

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1. Action Requested:

Adopt attached resolution authorizing electronic funds transfers in accordance with State Statute 471.38.

2. Background:

A local government may make certain payments by electronic funds transfer as described in State Statute 471.38. Electronic funds transfers are defined as any transfer of funds that is initiated by electronic means, including but not limited to check, credit cards, debit cards, automated clearing house (ACH) or wire transfers, both within and between separate financial institutions. This statute allows use of electronic funds transfer for the following payments:

- Claim for payment from an imprest payroll bank account or investment or excess money;
- Payment of tax or aid anticipation certificates;
- Payment of contributions to pension or retirement fund;
- Vendor payments; and
- Payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund.

The statute has been amended to require that certain policy controls be enacted in order for a local government to utilize electronic funds transfers including that the governing body annually delegates the authority to make electronic funds transfers on behalf of the city. Staff is recommending the Finance Director or designee be the

authority.

3. Budget Impact:

NA

4. Attachments:

1. City Council Resolution 2025-019

CITY OF PLYMOUTH

RESOLUTION NO. 2025-019

RESOLUTION APPROVING ELECTRONIC FUNDS TRANSFER TRANSACTIONS

WHEREAS, a local government may make certain payments by electronic funds transfer as described in State Statute 471.38. Electronic funds transfers are defined as any transfer of funds that is initiated by electronic means, including but not limited to check, credit cards, debit cards, and automated clearing house (ACH) or wire transfers, both within and between separate financial institutions; and

WHEREAS, this statute allows use of electronic funds transfer for claims for payment from an imprest payroll bank account or investment of excess money, payment of tax or aid anticipation certificates, contributions to pension or retirement funds, vendor payments, and payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund; and

WHEREAS, the statute has been amended to require that certain policy controls be enacted in order for a local government to utilize electronic funds transfers including that the governing body annually delegates the authority to make electronic funds transfers on behalf of the city; and

WHEREAS, the Finance Director or designee would be the authority as outlined in the policy.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the Finance Director or designee is authorized to accept and make payment by electronic funds transfer.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.21

To: Dave Callister, City Manager

Prepared by: Natalie Dorcy, Office Support Specialist

Reviewed by: Maria Solano, Deputy City Manager

Item: **Approve lawful gambling premises permit application of District #284 Youth Hockey Association - Wayzata at Applebee's Neighborhood Grill & Bar, 3500 Vicksburg Lane North, Suite 100**

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1. Action Requested:

Adopt attached resolution approving lawful gambling application of District #284 Youth Hockey Association - Wayzata at Applebee's Neighborhood Grill & Bar, 3500 Vicksburg Lane North, Suite 100.

2. Background:

District #284 Youth Hockey Association - Wayzata have submitted a lawful gambling application to conduct pull-tabs, bar bingo, tipboards, electronic pull-tabs, electronic linked bingo, and paddlewheel at Applebee's Neighborhood Grill & Bar, 3500 Vicksburg Lane North, Suite 100. This organization and location meet the requirements of Section 1105 of the city code to hold a lawful gambling premises permit.

Additionally, charitable organizations that conduct lawful gambling within the city must:

- Contribute 10% of the organization's net profits derived from lawful gambling to a fund administered and regulated by the city, for distribution by the city for purposes authorized under State Statute 349.12, Subd. 25.
- Expend 75% of its lawful purpose expenditures within the local trade area (corporate limits of the city or any municipality contiguous to the city)

3. Budget Impact:

District #284 Youth Hockey Association - Wayzata have paid the $250 investigation fee

required for the new premises permit application.

4. Attachments:

1. City Council Resolution 2025-020

CITY OF PLYMOUTH

RESOLUTION NO. 2025-020

RESOLUTION APPROVING LAWFUL GAMBLING APPLICATION OF DISTRICT #284 YOUTH HOCKEY ASSOCIATION - WAYZATA AT APPLEBEE'S NEIGHBORHOOD GRILL & BAR AT 3500 VICKSBURG LANE NORTH, SUITE 100

WHEREAS, District #284 Youth Hockey Association - Wayzata has submitted a premise permit application to conduct lawful gambling at Applebee's Neighborhood Grill & Bar at 3500 Vicksburg Lane North, Suite 100; and

WHEREAS, this organization and the location meet the requirements of Section 1105 of the Plymouth City Code.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the lawful gambling application of District #284 Youth Hockey Association - Wayzata at Applebee's Neighborhood Grill & Bar at 3500 Vicksburg Lane North, Suite 100 is approved.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.22

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Approve National League of Cities (NLC) conference travel request**

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1. Action Requested:

Approve request for Mayor Wosje and Councilmembers Gregor, Spoonheim, Nelson, Peterson, Pointner, and Aldrich, along with City Manager Callister, to attend the National League of Cities (NLC) conference.

2. Background:

Per policy, the mayor and council members should have travel events approved in advance by a vote of the City Council at an open meeting including an estimated cost of the travel. Mayor Wosje and Councilmembers Gregor, Spoonheim, Nelson, Peterson, Pointner, and Aldrich, along with City Manager Callister, have requested attending the National League of Cities (NLC) Congressional City Conference.

This conference brings together more than 2,000 elected and appointed city leaders to focus on the federal policy issues that are important to local governments. NLC is a bipartisan organization who advocates for cities in Washington, D.C. through full-time lobbying and grassroots campaigns.

The conference will be held March 10-12 in Washington, DC, which provides a unique opportunity for city leaders to share insights with members of Congress, the White House, and federal agency representatives and advocate on behalf of NLC's federal action priorities, which can specifically benefit potential Plymouth projects. The conference includes training sessions with similar communities to gather tangible takeaways on infrastructure, public safety, community resilience, and federal regulation to make our community stronger.

3. Budget Impact:

The breakdown of approximate conference costs per attendee:- Conference registration: $780
- Hotel rates: 3 nights: $1,214
- Round trip airfare: $450
- Meals (Per Diem) total: $250

The total cost associated with attending this conference is approximately $2,694 per attendee. The expenses will be paid for using the council training budget.

4. Attachments:

1. Policy
2. City Council Resolution 2025-021

EXPENSE REIMBURSEMENT AND TRAVEL POLICY

Policy

The City of Plymouth supports the growth and development of employees for the increased efficiency and effectiveness of the organization. This policy establishes guidelines and procedures for the payment and reimbursement of travel and other city expenses incurred by employees and officials in the conduct of approved official city business.

Applicability

This policy applies to all employees and city officials including temporary, regular full and part-time employees, the mayor, Council members and members of city commissions or committees.

Authorization

- Employees must receive written supervisor approval for reimbursement of expenses.
- Supervisors shall approve mileage reimbursement only to conduct official city business due to lack of availability of a city vehicle or inappropriateness of staff vehicles for the intended work objective.
- The city manager shall provide notification of anticipated travel to the City Council in advance of the event, or as soon as possible in case of an emergency.
- No reimbursement will be made for attendance at events sponsored by or affiliated with political parties.

Expense Reimbursement Procedure

- All reimbursement requests shall be submitted within 30 days of the date incurred to the finance department for processing.
- The city manager may, under unique circumstances, approve reimbursement for items submitted after the 30 day limit.
- Expense reimbursements less than $25 may be submitted to petty cash for payment with detailed documentation and appropriate approvals.
- Expense reimbursements in excess of $25 will be paid by check but separate from payroll checks.
- The city will reimburse mileage at the standard IRS rate per mile. Motorcycles or similar vehicles do not qualify for mileage reimbursement.
- Employees shall submit a completed reimbursement form to their supervisor for written approval with detailed documentation (e.g., mileage form, receipts, conference agenda, GSA rates, etc.).

Travel

Out of Area Travel

Defined as official travel outside the seven-county metropolitan area (Anoka, Dakota, Hennepin, Ramsey, Scott, Washington and Carver) for an event/activity which may or may not require overnight lodging. The following are reimbursable expenses for official city business:

A. Registration fees
B. Transportation
C. Lodging (single rate)
D. Per diem for meals

B. Transportation
- Where possible, employees are to use city vehicles in the conduct of city business.
- Costs shall generally be based on a comparison between the cost and convenience of the lowest available air fare and travel by Personally Owned Vehicle (POV) or city vehicle with associated meals, lodging, parking and loss of work time costs. The city manager must approve any exception to this general rule.
- Ground transportation, including buses, taxis, rental cars and parking shall be reimbursed if receipts are provided. The most cost effective and efficient mode of ground transportation shall be used.
- Travel to and from the worksite (commuting) is not eligible for reimbursement, including evenings and weekends.
- Travel may be reimbursable when an employee proceeds directly from their residence to official city business away from their regular or secondary worksite. Only the distance from their residence to the alternative destination minus the distance of their typical commute to their regular worksite is eligible.

C. Lodging
- Accommodations shall be appropriate to the purpose of the trip.
- Rates for accommodations shall be comparable to those of other facilities in the area.
- The hotel hosting a convention shall be deemed to be an appropriate accommodation.
- The city will pay the single rate if the employee or official is accompanied by a guest or family member.

D. Meals
- Workshops, events or training in which meals are not included in the registration or fee, and public purpose is met in accordance with the Meal and Refreshment Policy, meal costs shall be reimbursed.
- Expenses for meals, including a maximum gratuity of 20% when applicable, will be reimbursed in accordance with the US General Services Administration (GSA) Domestic Per Diem rates (www.gsa.gov) including the first and last day of travel.
- Per diem meal expenses at the applicable daily rate do not require receipts.

- Reimbursement for alcoholic beverages is prohibited.
- If meals are provided at a conference/workshop and are included in the registration/fees, an employee may not request per diem for that specific meal.

Metro Area Travel

Defined as official travel inside the seven-county metropolitan area for an event/activity.

- Transportation
  - Travel to and from the worksite (commuting) is not eligible for reimbursement, including evenings and weekends.
  - Travel may be reimbursable when an employee proceeds directly from their residence to official city business away from their regular or secondary worksite. Only the distance from their residence to the alternative destination minus the distance of their typical commute to their regular worksite is eligible.
- Meals
  - City-required attendance at day-long training/workshops with morning and afternoon sessions when no meal is provided between the two sessions. Meals before or after the event are not reimbursable.
  - Expenses for meals, including a maximum gratuity of 20% when applicable, will be reimbursed in accordance with the US General Services Administration (GSA) Domestic Per Diem rates (www.gsa.gov).
  - Reimbursement for alcoholic beverages is prohibited.
  - If meals are provided at a conference/workshop and are included in the registration/fees, an employee may not request per diem for that specific meal.

Mayor, City Council, Commissions or Committees

- When possible, the mayor and council members should have out of area travel events approved in advance by a vote of the City Council at an open meeting including an estimated cost of the travel. In evaluating the request, the City Council will consider whether:
  - They will receive training on issues relevant to the city or to their role as the mayor or as a council member.
  - They will meet and network with other elected officials to exchange ideas on relevant topics or the role of local elected officials.
  - They will tour a facility or function that is similar in nature or under consideration by Plymouth where the purpose for the trip is to study the facility or function to bring back ideas for consideration.
  - They were assigned by the City Council to visit another city for the purpose of establishing a goodwill relationship such as a "sister-city" relationship.

- They were assigned by the City Council to testify on behalf of the city before congress or to meet with federal officials on behalf of the city.
- Sufficient, budgeted funding is available to pay for the trip.

- The mayor and Council members receive monthly compensation as set forth in the Plymouth City Code, which is intended to defray certain costs (e.g., transportation to/from city meetings, ribbon cuttings and training) incurred for official city business. Expenses incurred by the mayor and Council members are reimbursable as outlined below:

Council Salary Includes (i.e., no reimbursement):	**City staff will pay on behalf of Council:**	**Council eligible for reimbursement of the following (in addition to salary):**
Transportation costs: Ride-hailing services, taxi, parking, mileage reimbursement, car rental	Airfare for approved out of state travel	Per Diem (meals) during the following approved events: • LMC annual conference • NLC city summit • NLC congressional conference • Other out-of-area approved conference
Meals/food outside of conferences approved for per diem	Conference/event registration fees for approved/budgeted events	
	Hotel/lodging expense for approved conferences/events	

- Reimbursable expenses are subject to other sections of this policy.
- The city manager or designee shall approve City Council travel expense reimbursements.
- The City Council may authorize funds in the budget to defray the costs of events for which they are invited to represent the city.
- City board and commission members serve on a purely voluntary basis. The city does not reimburse any ordinary out-of-pocket expenses. Requests for reimbursement of other than ordinary expenses shall be considered on a case-by-case basis and requires city manager approval.
- No reimbursement will be made for attendance at events sponsored by or affiliated with political parties.

References

For further information, please reference the following information or consult your supervisor or department director.

- *Equipment and Vehicle Operation – Plymouth Safety Policy*
- *Fleet Operation, Maintenance and Replacement Policy*
- *Resolution No. 2005-412, November 8, 2005 – Elected official Out-of-State Travel Policy*

Res. No. 2024-265, September 24, 2024; supersedes: Res. No. 2024-086, February 20, 2024, Res. No. 2003-175, April 8, 2003 – Travel and Expense Policy, Res. No. 94-460, August 1, 1994; Res. No. 94-401, July 18, 1994; Res. No. 96-649, November 20, 1996; Res. No. 95-223, April 4, 1995; Res. No. 94-399, July 18, 1994

Res. No. 93-253, May 3, 1993 – Mileage Reimbursement Policy and Procedures

Res. No. 83-199, April 11, 1983 – Policy Relating to Reimbursement of Ordinary Expenses to City Council, Commission and Board Members

Res. No. 80-730 – Urging and Directing Members of Advisory Commissions to Physically View and Inspect Properties and Sites Which are Subject of Commission Deliberations

Res. No. 2011-080, March 8, 2011

CITY OF PLYMOUTH

RESOLUTION NO. 2025-021

RESOLUTION APPROVING NATIONAL LEAGUE OF CITIES CONFERENCE TRAVEL REQUEST

WHEREAS, per the Expense Reimbursement and Travel Policy, the mayor and council members should have out of area travel events approved by a vote of the City Council at an open meeting; and

WHEREAS, Mayor Wosje and Council Members Gregor, Spoonheim, Nelson, Peterson, Pointner, and Aldrich, along with City Manager Callister, have requested to attend the National League of Cities Congressional City Conference in Washington, D.C. from March 10-12; and

WHEREAS, this conference brings together more than 2,000 elected and appointed city leaders to focus on the federal policy issues that are important to local governments; and

WHEREAS, this conference includes training sessions with similar communities to gather tangible takeaways on infrastructure, public safety, community resilience, and federal regulation to make our community stronger; and

WHEREAS, the conference costs are budgeted for within the 2025 council training budget.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that the National League of Cities conference travel request is approved.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.23

To: Dave Callister, City Manager

Prepared by: Abbie Browen, Public Works Operations Manager

Reviewed by: Michael Thompson, Public Works Director

Item: **Approve water treatment chemical prices for 2025**

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1. Action Requested:

Adopt attached resolution approving water treatment chemical prices for 2025.

2. Background:

The city purchases chemicals for use in water treatment at both the Central and Zachary Water Treatment Plants, as well as the Vicksburg Reservoir. Bids were publicly opened on January 8, 2025. Two bids were received, and staff recommends approval of all prices submitted by Hawkins, Inc. and Shannon Chemical Corporation. While chemicals will typically be purchased through the company with the lowest price, approving both bids will ensure the city has an alternative supply source in case of long wait times or if the quality or quantity of a chemical is not available from the company with the lowest price. Bids received this year for Fluoride, Permanganate and Orthophosphate increased by 3-4%, while Chlorine costs per gallon decreased by 4.5%. The higher prices compared to previous years are due to the tightening markets for raw material supplies, escalating energy costs, and increasing packaging and freight costs. Chlorine prices reached a peak in 2023 due to post-pandemic supply chain issues and have somewhat stabilized with price reductions in both 2024 and 2025.

3. Budget Impact:

The total cost for water treatment chemicals throughout a given year vary based on demand (residential use, process water, and irrigation) but is largely dependent upon precipitation. During dry years, the total expenditures go up due to irrigation demand, however this is offset by revenues. The 2025 Water Fund budget includes $468,000 for chemicals, which is projected to be adequate based on a typical year of production.

4. Attachments:

1. Bid Tabulation
2. City Council Resolution 2025-022

BID TABULATION
2025 Water Treatment Chemicals
City Project #WA25003

	ITEM		HAWKINS, INC		SHANNON CORP.
1	Sodium Hypochlorite, 12.5%, Bulk Gallons	$	2.14		No Bid
2	Zinc Orthophosphate, mini-bulk	$	12.63	$	19.77
3	Hydrofluosilicic Acid, 23-25%, mini-bulk	$	5.40		No Bid
4	Sodium Permanganate, 20%, NSF 60 Cert., mini-bulk	$	17.73	$	24.77

CITY OF PLYMOUTH

RESOLUTION NO. 2025-022

RESOLUTION APPROVING WATER TREATMENT CHEMICAL PRICES FOR 2025

WHEREAS, the city has prepared specifications, advertised, received bids, and opened bids on January 8, 2025; and

WHEREAS, the following bids were received:

Item	Hawkins, Inc.	Shannon Corp.
Sodium Hypochlorite, 12.5%, bulk gallons	$2.14	No Bid
Zinc Orthophosphate, mini-bulk	$12.63	$19.77
Hydrofluosilicic Acid, 23-25%, mini-bulk	$5.40	No Bid
Sodium Permanganate, 20%, NSF 60 cert., mini-bulk	$17.73	$24.77

WHEREAS, Hawkins, Inc. and Shannon Chemical Corporation provided bids complying with the minimum qualifications; and

WHEREAS, chemicals are typically purchased through the company with the lowest bid price, but instances may come up where the city needs to purchase from another bidder; and

WHEREAS, the City Engineer recommends approving bids from both companies.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, that the bids submitted by Hawkins, Inc. of Roseville, Minnesota, and Shannon Chemical Corp. of Malvern, Pennsylvania are accepted.

BE IT FURTHER RESOLVED that the funding shall be from the Water Fund in the amount of $468,000.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.24

To: Dave Callister, City Manager

Prepared by: Natalie Dorcy, Office Support Specialist

Reviewed by: Maria Solano, Deputy City Manager

Item: **Approve temporary liquor license application of Luce Line Brewing Co., LLC at 3625 Fernbrook Lane North for an event on February 1**

---

1. Action Requested:

Adopt attached resolution approving a temporary liquor license application of Luce Line Brewing Co., LLC at 3625 Fernbrook Lane North for an event on February 1.

2. Background:

Luce Line Brewing Co., LLC has submitted a temporary liquor license application and certificate of liquor liability insurance coverage to serve alcohol at Plymouth's Fire & Ice event being held at Plymouth Creek Playfield, 3625 Fernbrook Lane North, on February 1. Staff has reviewed the application and required insurance and has found no reason to deny the license.

3. Budget Impact:

The fee of $50 has been received.

4. Attachments:

1. City Council Resolution 2025-023

CITY OF PLYMOUTH

RESOLUTION NO. 2025-023

RESOLUTION APPROVING TEMPORARY LIQUOR LICENSE APPLICATION OF LUCE LINE BREWING CO., LLC

WHEREAS, Luce Line Brewing Co., LLC has submitted a temporary liquor license application for an event at 3625 Fernbrook Lane North on February 1; and

WHEREAS, the required fees and certificate of liquor liability insurance have been received.

NOW, THEREFORE BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, that the temporary liquor license application for Luce Line Brewing Co., LLC at 3625 Fernbrook Lane North on February 1 is approved.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 6.25

To: Dave Callister, City Manager

Prepared by: Maria Solano, Deputy City Manager

Reviewed by:

Item: **Approve Fire State Aid Allocation Agreement with the Plymouth Fire Relief Association**

---

1. Action Requested:

Adopt resolution authorizing a fire state aid allocation agreement between the City of Plymouth and the Plymouth Fire Relief Association.

2. Background:

The City Council is asked to approve a two-year agreement with the Plymouth Fire Relief Association (PFRA) in which twenty percent (20%) of the fire state aid will be retained by the city for the city's annual contribution to Police and Fire Public Employees Retirement Association (PERA) eligible personnel. The remaining fire state aid will be transmitted to the relief association.

State Statute 477B.042, Allocation of Fire State Aid for Relief Associations, allows the city and the Plymouth Fire Relief Association to develop an allocation agreement of fire state aid. Allocating twenty percent (20%) to the city will allow for sharing of state funds towards the city's PERA obligations while still meeting financial obligations to the relief members.

The Plymouth Fire Relief Association approved the agreement at their meeting on November 21, 2024. If approved by the City Council, the agreement will be submitted and filed with the State Auditor by the March 1st deadline.

3. Budget Impact:

Plymouth's Fire State Aid allocation for 2024 was $705,453.74. Per state statute, Fire State Aid Allocation amounts for 2025 and 2026 will be calculated on or before October 1 of each year.

4. Attachments:

1. Agreement
2. City Council Resolution 2025-024

FIRE STATE AID ALLOCATION AGREEMENT

PLYMOUTH FIREFIGHTERS RELIEF ASSOCIATION
AND
THE CITY OF PLYMOUTH

This Fire State Aid Allocation Agreement ("Agreement") is made and entered into by the Plymouth Firefighters Relief Association, PO Box 47101, Plymouth, MN 55447 (the "Association") and the City of Plymouth, 3400 Plymouth Boulevard, Plymouth, MN 55447 (the "City") with an effective date as described below.

Recitals

WHEREAS, the City qualifies to receive state fire aid under Minnesota Statutes Chapter 477B for retirement benefits of certain employed firefighters; and

WHEREAS, the Association is incorporated to receive and manage retirement benefits under Minnesota Statutes Chapter 424A on behalf of current and former firefighters employed by the City; and

WHEREAS, the City contributes to the Public Employees Retirement Association (PERA) under Minnesota Statutes Chapter 353 for eligible Police and Fire personnel; and

WHEREAS, the City satisfies the requirements of Minnesota Statutes section 477B.042, subd. 2(a), for allocation of state fire aid pursuant to written agreement with the Association; and,

WHEREAS, the Association wishes to enter into an agreement with the City to effectuate such allocation.

NOW, THEREFORE, intending to be bound by the mutual covenants contained herein, the sufficiency of consideration is hereby considered satisfactory, the parties agree to the following Agreement:

1. Allocation of State Fire Aid from City to Association. The fire state aid allocation to be used for municipal contributions made to PERA on behalf of Police and Fire eligible personnel for 2025 and 2026 shall be as follows:

    a. For the years ending on December 31, 2025 and December 31, 2026, twenty percent (20%) of the fire state aid will be retained by the City for the City's annual contribution to Police and Fire PERA eligible personnel, and the remaining fire state aid will be transmitted to the relief association.

2. Term of Agreement. This Agreement will expire on December 31, 2026, unless mutually extended by written consent of both the City and the Association.

3. Effective Date. This Agreement is effective as of the date of filing with the Office of the State Auditor in accordance with Minnesota Statutes Section 477B.042, subd. 5.

4. Statutory Authority and Control. This Agreement is entered into and governed by Minnesota Statutes Section 477B.042. Any relevant statutory requirements therein apply to this Agreement and the parties expressly agree to comply with the same.

5. Amendments. This Agreement may be amended, modified, altered, or in any way changed only by the mutual written consent of both the Association and the City.

6. Recitals. The above recitals are hereby incorporated in and made part of this Agreement as if fully set forth herein.

7. Headings. The headings set forth in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision herein.

8. Governing Law. This Agreement shall be controlled by the laws of the State of Minnesota.

9. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original.

10. Severability. To the extent permitted by law, the provisions of this Agreement are severable. If any portion hereof is, for any reason, held by a court of competent jurisdiction to be contrary to law, such decision shall not affect the remaining provisions of this Agreement.

11. Entire Agreement. This Agreement supersedes all prior oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous written agreements or understandings between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned parties have entered into this Agreement as of the date set forth above.

CITY OF PLYMOUTH

Date: _____ By _____
Jeffry Wosje, Mayor

Date: _____ And _____
Dave Callister, City Manager

PLYMOUTH FIREFIGTHERS RELIEF ASSOCIATION

Date: _____ By _____
President

CITY OF PLYMOUTH

RESOLUTION NO. 2025-024

RESOLUTION AUTHORIZING A FIRE STATE AID ALLOCATION AGREEMENT BETWEEN THE CITY OF PLYMOUTH AND THE PLYMOUTH FIRE RELIEF ASSOCIATION

WHEREAS, State Statute 477B.042, Allocation of Fire State Aid For Relief Associations, was passed May of 2020, allowing municipalities and their affiliated relief association to develop an agreement that allocates fire state aid between the relief association and the public employees police and fire retirement plan by entering into an aid allocation agreement; and

WHEREAS, the agreement must specify the percentage of the fire state aid, a dollar amount, or a formula for determining the amount of fire state aid that will be transmitted to the relief association annually, the period of time covered by the agreement and the date on which the agreement expires and must be agreed upon by the municipality and the relief association and submitted to the state auditor by March 1; and

WHEREAS, the agreement may be modified or terminated, provided that the modification or termination is in writing and signed by the parties if the amount of fire state aid paid to a municipality or independent nonprofit firefighting corporation by the commissioner changes by an amount greater than 50 percent of the prior year's amount or if the calculation for the supplemental state aid is changed in any form.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA that;

1. For the years ending on December 31, 2025 and December 31, 2026, twenty percent (20%) of the fire state aid will be retained by the city for the city's annual contribution to Police and Fire PERA eligible personnel, and the remaining fire state aid will be transmitted to the relief association.
2. This Agreement will expire on December 31, 2026, unless mutually extended by written consent of both the city and the Fire Relief Association.

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 7.1

To: Dave Callister, City Manager

Prepared by: Robert Glisky, Graduate Engineer

Reviewed by: Michael Thompson, Public Works Director

Item: **Public hearing on vacation of right-of-way and drainage and utility easement of Lots 6, 7 and 8, Block One, Osier Addition**

---

1. Action Requested:

Hold public hearing and adopt attached resolution for vacation of right-of-way and drainage and utility easement of Lots 6, 7 and 8, Block One, Osier Addition. Approval requires a 6/7 vote of council.

2. Background:

Robert Walters, of NQ Plymouth LLC, property owner of Lots 6, 7 and 8, Block One, Osier Addition, is requesting a vacation of city right-of-way and drainage utility easement of Lots 6, 7 and 8, Block One, Osier Addition (18130, 18120 and 18110 Highway 55, respectively) in conjunction with platting the parcels for redevelopment. The redevelopment project has been approved, and filing of the plat is waiting on the vacations. This plat will also dedicate the necessary new easements to the city.

The routine notification to utility companies and the Minnesota Department of Transportation revealed no conflict with the proposed right of way and easement vacation. A notice of the public hearing was published as required and adjacent property owners were duly notified by mail. City staff has reviewed the proposed vacation and has no objection.

3. Budget Impact:

The $450 fee was paid by the petitioner to cover the city's cost of administration and publishing the public hearing notice.

4. Attachments:

1. Location Map
2. Right of Way Vacation Exhibit
3. Drainage and Utility Easement Vacation Exhibit
4. New Plat and Easement Exhibit
5. City Council Resolution 2025-025

Document Path: \\fsch\gis\PROJECTS\Public_Works\ENGINEERING\LocationMaps\ArcGIS Pro\LocationMaps.aprx Date Saved: 1/6/2025 8:45 AM

City of Plymouth

18110-18130 Highway 55

Right-of-Way and Easement Vacation Location Map
Plymouth City Council, January 14, 2025

N

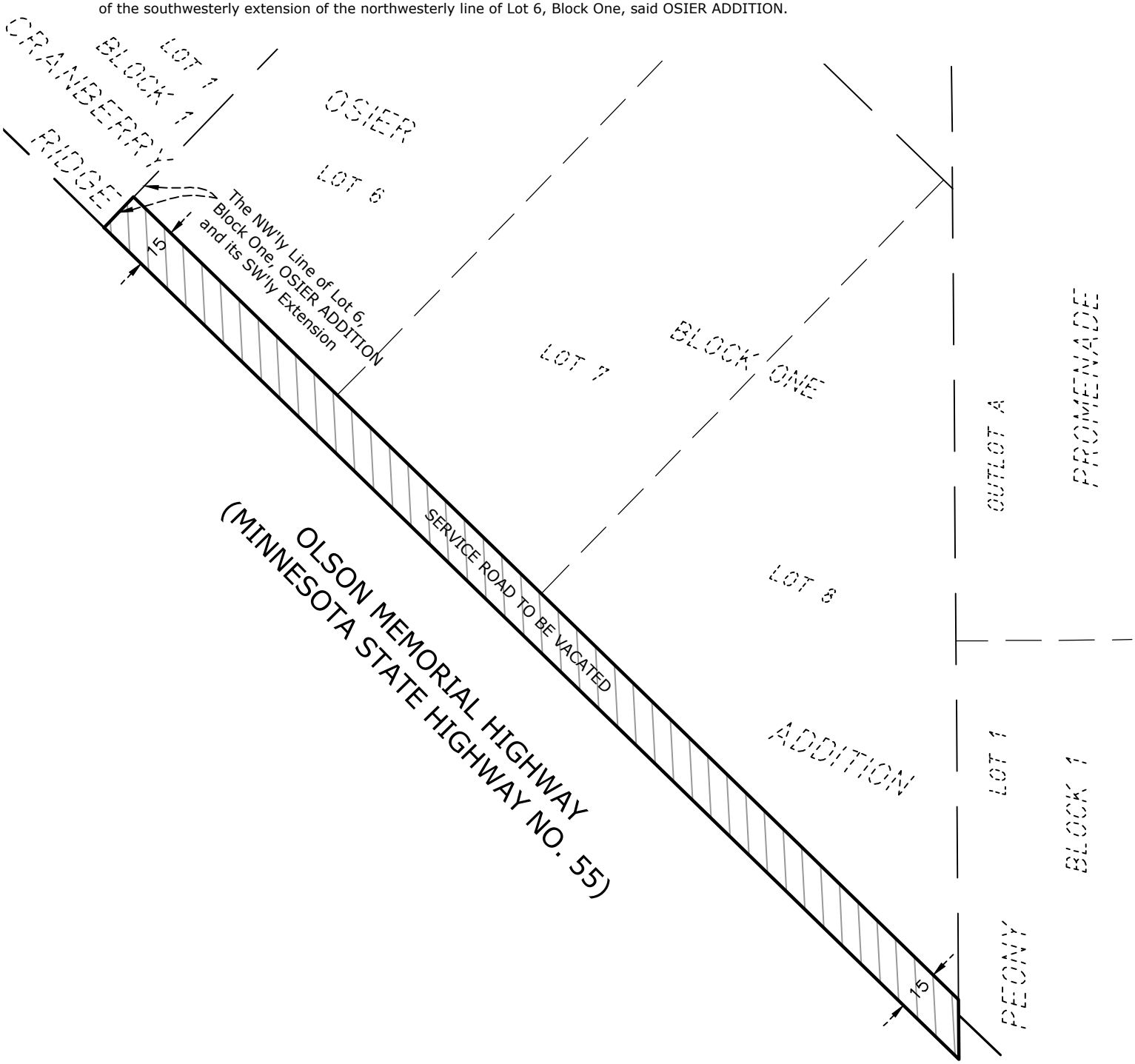
0 80 Feet

1 inch = 80 feet

Road Vacation Exhibit
Service Road, Osier Addition
City of Plymouth, Hennepin County, Minnesota

DESCRIPTION

All that part of the Service Road as dedicated in the recorded plat of OSIER ADDITION, Hennepin County, Minnesota, lying southeasterly of the southwesterly extension of the northwesterly line of Lot 6, Block One, said OSIER ADDITION.



MINNESOTA CERTIFICATION

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Dated this 29rd day of May, 2024

Rory L. Synstelien Minnesota License No. 44565

N

0 50 100

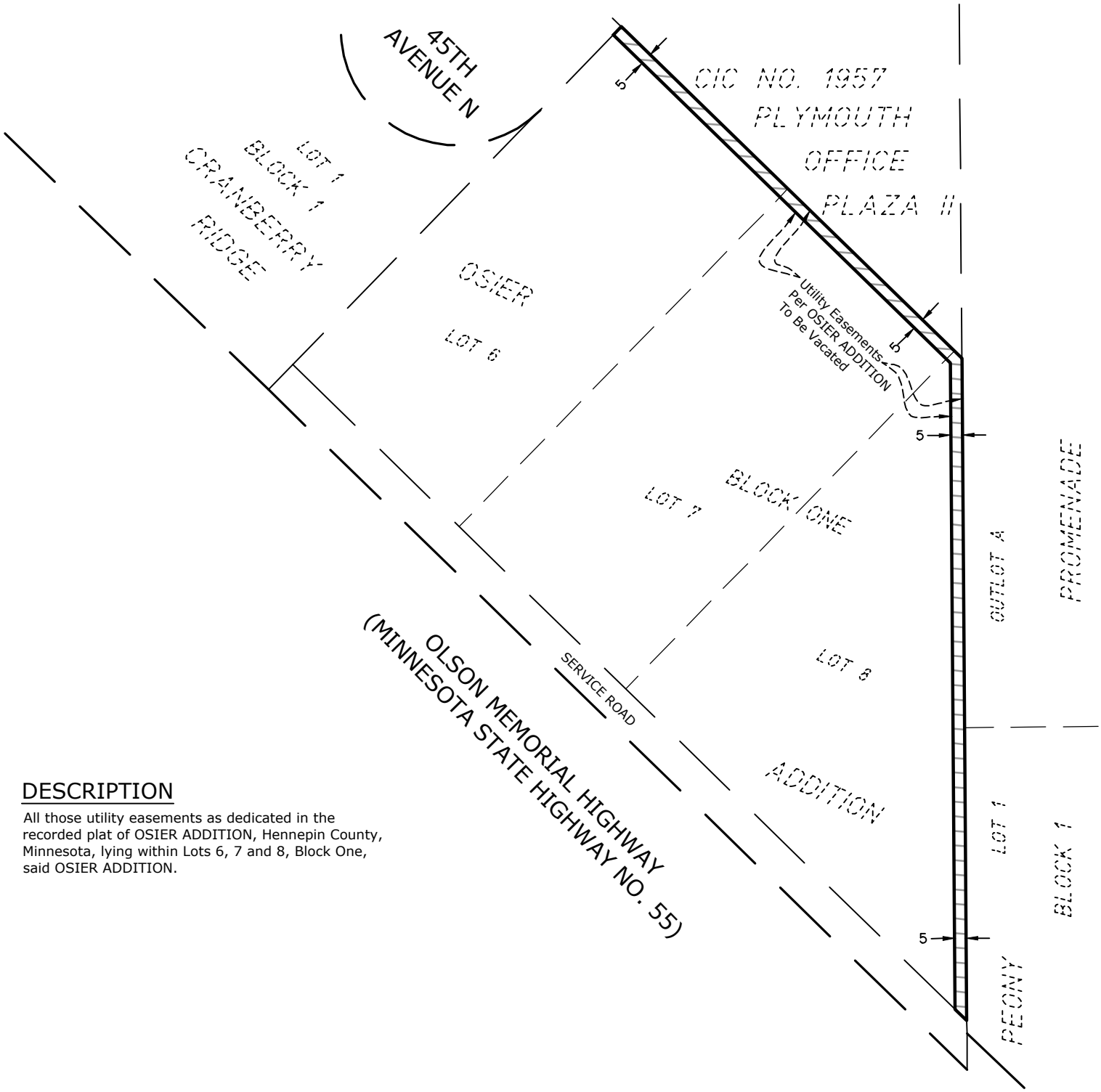
SCALE IN FEET

CivilSite GROUP

5000 GLENWOOD AVENUE
GOLDEN VALLEY, MN 55422
CivilSiteGroup.com

Drawn By: DS
Project No. 23475.01 SHEET 1 OF 1

Utility Easement Vacation Exhibit
Lots 6, 7, 8, Block One, Osier Addition
City of Plymouth, Hennepin County, Minnesota



DESCRIPTION

All those utility easements as dedicated in the recorded plat of OSIER ADDITION, Hennepin County, Minnesota, lying within Lots 6, 7 and 8, Block One, said OSIER ADDITION.

MINNESOTA CERTIFICATION

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Dated this 29th day of May, 2024

Rory L. Synstelien Minnesota License No. 44565

N

0 60 120

SCALE IN FEET

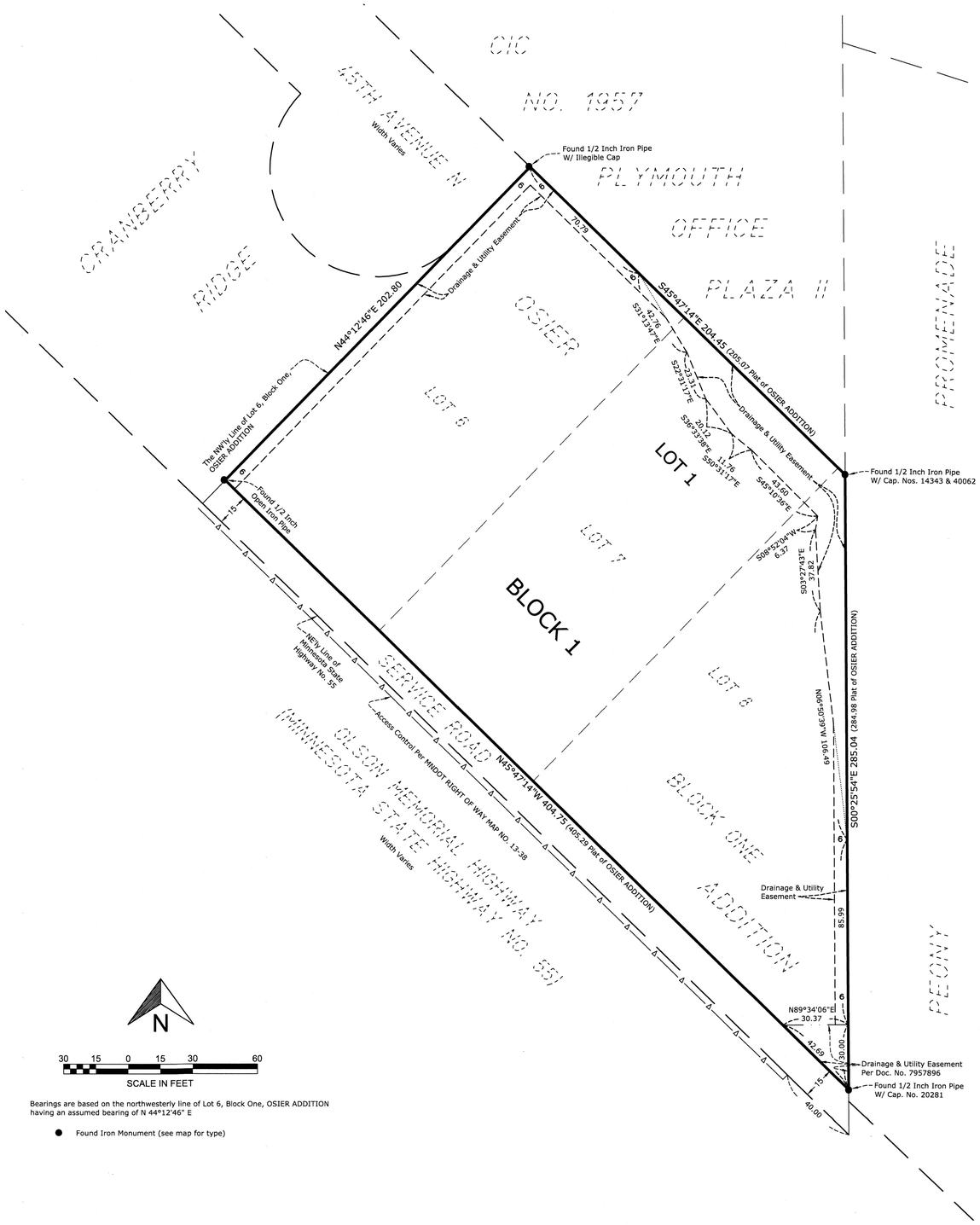
CivilSite GROUP

5000 GLENWOOD AVENUE
GOLDEN VALLEY, MN 55422
CivilSiteGroup.com

Drawn By: CJ
Project No. 23475.01 SHEET 1 OF 1

OSIER 2ND ADDITION

C.R. DOC. NO _____



Bearings are based on the northwesterly line of Lot 6, Block One, OSIER ADDITION having an assumed bearing of N 44°12'46" E

● Found Iron Monument (see map for type)

KNOW ALL PERSONS BY THESE PRESENTS: That NQ Plymouth, LLC, a Minnesota limited liability company, fee owner of the following described property:

Lots 6, 7 and 8, Block One, OSIER ADDITION.

Has caused the same to be surveyed and platted as OSIER 2ND ADDITION and does hereby dedicate to the public for public use the drainage and utility easements as created by this plat.

In witness whereof said NQ Plymouth, LLC, a Minnesota limited liability company, has caused these presents to be signed by its proper officer

this 16th day of December, 2024.

SIGNED: NQ Plymouth, LLC

By: _____ Its: Authorized Representative

STATE OF Minnesota, COUNTY OF Hennepin

This instrument was acknowledged before me this 16th day of December, 2024, by Brian Farrell, its Authorized Representative

of NQ Plymouth, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public, Signature _____ Notary Public, Printed Name Cody E. Johnson My Commission Expires: January 31, 2024

Notary Public Ramsey County, Minnesota

SURVEYORS CERTIFICATE

I Rory L. Synstelien do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been or will be set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this 12th day of December, 2024

_____
Rory L. Synstelien, Licensed Land Surveyor
Minnesota License No. 44565

STATE OF MINNESOTA, COUNTY OF HENNEPIN

This instrument was acknowledged before me this 12TH day of December, 2024, by Rory L. Synstelien.

Notary Public, Signature _____ Notary Public, Printed Name Cody E. Johnson My Commission Expires: January 31, 2027

Notary Public Ramsey County, Minnesota

CITY COUNCIL, CITY OF PLYMOUTH, MINNESOTA

This plat of OSIER 2ND ADDITION was approved and accepted by the City Council of the City of Plymouth, Minnesota at a regular meeting thereof held

this 5th day of August, 2024, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03, Subd. 2.

City Council, City of Plymouth, Minnesota

By: _____, Mayor By: _____, Clerk

COUNTY AUDITOR, Hennepin County, Minnesota

I hereby certify that taxes payable in 20____ and prior years have been paid for land described on this plat, dated this _____day of _____, 20_____.

Daniel Rogan, County Auditor

By:_____, Deputy

SURVEY DIVISION, Hennepin County, Minnesota

Pursuant to Minnesota Statutes Section 383B.565 (1969), this plat has been approved this _____ day of _____, 20_____.

Chris F. Mavis, County Surveyor

By:_____

COUNTY RECORDER, Hennepin County, Minnesota

I hereby certify that the within plat of OSIER 2ND ADDITION was recorded in this office this _____ day of _____, 20_____, at _____O'Clock _____M.

Amber Bougie, County Recorder

By:_____, Deputy

CivilSite GROUP

CITY OF PLYMOUTH

RESOLUTION NO. 2025-025

RESOLUTION APPROVING THE VACATION OF RIGHT OF WAY AND EASEMENT OF LOTS 6, 7 AND 8, BLOCK ONE, OSIER ADDITION

WHEREAS, a public hearing with respect to said vacation was scheduled for January 14, 2025, in accordance with Minnesota Statutes 412.851 and the City Charter Section 12.06; and

WHEREAS, a notice of publication of said hearing was published and posted at least 10 calendar days prior to the meeting of January 14, 2025; and

WHEREAS, all property owners adjacent to the proposed vacation and the Minnesota Department of Transportation were duly notified by mail; and

WHEREAS, the City Council held a public hearing on January 14, 2025, to inform any and all interested parties relevant to the vacation of right of way and easement of Lots 6, 7 and 8, Block One, Osier Addition; and

WHEREAS, it was determined by the City Council that said right of way and easement is not needed for public purposes.

NOW, THEREFORE BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLYMOUTH, MINNESOTA, that the following right of way and easement be vacated:

Right of Way Vacation Description:

To vacate all that part of the Service Road as dedicated in the recorded plat of OSIER ADDITION, Hennepin County, Minnesota, lying southeasterly of the southwesterly extension of the northwesterly line of Lot 6, Block One, said OSIER ADDITION.

Easement Vacation Description:

To vacate that part of Lots 6, 7 and 8, Block One, OSIER ADDITION according to the plat on file and of record in the office of the county recorder, Hennepin County, Minnesota described as follows:

All those utility easements as dedicated in the recorded plat of OSIER ADDITION, Hennepin County, Minnesota, lying within Lots 6, 7 and 8, Block One, said OSIER ADDITION.

BE IT FURTHER RESOLVED that recording of this vacation resolution shall be accomplished with the recording of the replacement drainage and utility easement granted by the petitioner.

APPROVED by the City Council on this 14th day of January, 2025.

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS

The undersigned, being the duly qualified and appointed City Clerk of the City of Plymouth, Minnesota, certifies that I compared the foregoing resolution adopted at a meeting of the Plymouth City Council on January 14, 2025, with the original thereof on file in my office, and the same is a correct transcription thereof.

WITNESS my hand officially as such City Clerk and the corporate seal of the city this _____day of _____, _____.

_____
City Clerk

Regular City Council
January 14, 2025
Agenda Number: 8.1

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Appoint Deputy Mayor, Council Coordinating Representatives and other agency appointments for 2025**

---

1. Action Requested:

Discuss appointments and adopt attached resolution appointing Deputy Mayor, Council Coordinating Representatives and other agency appointments for 2025.

This item requires a 4/7 vote for approval.

2. Background:

Council should discuss and select a Deputy Mayor, individuals for the Council coordinating representatives and other agency appointments for 2025. A column has been added to the draft resolution showing the 2024 appointments for reference.

3. Budget Impact:

NA

4. Attachments:

1. Role of Council Coordinating Representative
2. City Council Resolution 2025-026

Role of Council Coordinating Representative

The City of Plymouth is a home rule charter city operating under the Council-Manager form of government. Under this plan the City Council is the policy-establishing legislative body. To assist in obtaining information required to make policy decisions, the City Council is advised by voluntary advisory commissions. To be well informed, the Council must also maintain a close liaison between itself and other organizations, agencies and governmental bodies serving City residents. Consequently, the Council has deemed it appropriate to establish Council Coordinating Representatives (CCR's). Each Councilmember is assigned as a CCR to one or more bodies annually, generally in January.

The singular, essential function of a CCR is to assure two-way communication between the City Council and the body to which the Council member serves as CCR. In performing this function, the CCR must be both a listener and communicator. To keep the Council appropriately advised of that body's activities, the Council member must be aware of issues which have or will be facing the body, the objectives of the organization, its resources and other matters which might influence the organization's ability, desire, or capacity to accomplish its day-to-day ends. With this information, the CCR is able to both provide the Council with information and actions taken by the body, as well as an appreciation for why or how those actions took place, and what may be expected in the future.

The CCR must also be a good listener to advise the Council of the impact of its actions, positions, plans or lack of action upon that respective body. This is essentially a matter of maintaining a high degree of trust and cooperation.

A CCR is also responsible for advising the body of the City Council's positions on various issues, and the impact that the body's action may have on the City.

To be an effective CCR, the Council member should periodically expect to provide other Councilmembers with a short verbal report to keep them advised of the actions or conditions affecting the body or agency they represent.

CITY OF PLYMOUTH

RESOLUTION NO. 2025-026

RESOLUTION AMENDING APPOINTMENTS FOR DEPUTY MAYOR, COUNCIL COORDINATING REPRESENTATIVES AND REPRESENTATIVES TO OTHER AGENCIES

BE IT RESOLVED by the Plymouth City Council that the following amended appointments are made for 2025:

Board/Commission/Agency	2024 Appointments	2025 Appointments
Deputy Mayor	Willis	Peterson
Planning Commission	Pointner	Pointner
Park & Recreation Advisory Commission	Cesnik	Nelson
Environmental Quality Committee	Gregor	Gregor
Housing and Redevelopment Authority	Wosje	Wosje
Destination Marketing Advisory Board	Gregor	Gregor
School District 279 (Osseo)	Nelson	Pointner
School District 281 (Robbinsdale)	Pointner	Aldrich
School District 284 (Wayzata)	Gregor	Spoonheim
School District 270 (Hopkins)	Cesnik	Spoonheim
Municipal Legislative Commission (one elected and one appointed)	Wosje (elected) Callister (appointed)	Wosje (elected) Callister (appointed)
Northwest Suburban Cable Comm. (one appointed and one resident)	Willis (elected) Kastner (appointed)	Willis (resident) Kastner (appointed)
Northwest Suburbs Community Access Corp.	Kastner	Kastner
Suburban Rate Authority	Nelson (elected) Thompson (alternate)	Nelson (elected) Thompson (alternate)
Plymouth Civic League	Wosje	Wosje
Suburban Transit Association	Peterson (elected) Gregor (elected alternate)	Peterson (elected) Aldrich (elected alternate)

APPROVED by the City Council on this 14th day of January, 2025.

Regular City Council
January 14, 2025
Agenda Number: 9.1

To: Dave Callister, City Manager

Prepared by: Jodi Gallup, City Clerk

Reviewed by: Maria Solano, Deputy City Manager

Item: **Set future study sessions**

---

1. Action Requested:

Schedule study sessions and/or add topics as desired. The calendar through the end of the year is attached to assist with scheduling.

2. Background:

Pending study session topics (at least three council members have approved the following study items on the list):
- Proclamation discussion

Council requests for meeting topics:
- Discuss inclusionary housing policy update (see attached memo); Date: TBD

Staff requests for meeting topics and/or changes:
- Schedule ERP vendor selection discussion and proclamation discussion on January 28 at 5 p.m.
- Schedule advisory boards and commissions recognition event on February 25 at 5:30 p.m.
- Move regular March 11 Council Meeting to March 13 due to National League of Cities Conference
- Schedule yard waste site management discussion; Date: TBD

3. Budget Impact:

N/A

4. Attachments:

1. Calendars
2. Memo on Bloomington Nexus Study and Opportunity Housing Ordinance
3. Bloomington Agenda Item
4. Creating an Effective and Competitive Housing Ordinance for Bloomington
5. Bloomington Nexus Study
6. OHO (Bloomington)
7. OHO Incentives Handout Update 3-18-2024 (Bloomington)

City of Plymouth

January 2025

SUN	MON	TUES	WED	THUR	FRI	SAT
			1 NEW YEAR'S DAY CITY OFFICES CLOSED	2	3	4
5	6	7	8 7:00 PM ENVIRONMENTAL QUALITY COMMITTEE MEETING Medicine Lake Room	9 6:00 PM PARK & REC ADVISORY COMMISSION MEETING Council Chambers	10	11
12	13	14 7:00 PM REGULAR COUNCIL MEETING Council Chambers	15 7:00 PM PLANNING COMMISSION MEETING Council Chambers	16	17	18
19	20 DR. MARTIN LUTHER KING JR.DAY CITY OFFICES CLOSED	21	22 10:00 AM DESTINATION MARKETING ORGANIZATION ADVISORY BOARD MEETING Medicine Lake Room	23 7:00 PM HOUSING AND REDEVELOPMENT AUTHORITY MEETING Council Chambers	24	25
26	27	28 7:00 PM REGULAR COUNCIL MEETING Council Chambers	29	30	31	

City of Plymouth

February 2025

SUN	MON	TUES	WED	THUR	FRI	SAT
						1
2	3	4	5 7:00 PM PLANNING COMMISSION MEETING Council Chambers	6 5:00 PM COUNCIL STRATEGIC WORKSHOP Plymouth Community Center Cedar Room	7 10:00 AM COUNCIL STRATEGIC WORKSHOP Plymouth Community Center Cedar Room	8
9	10	11 7:00 PM REGULAR COUNCIL MEETING Council Chambers	12 7:00 PM ENVIRONMENTAL QUALITY COMMITTEE MEETING Medicine Lake Room	13 6:00 PM PARK & REC ADVISORY COMMISSION MEETING Council Chambers	14	15
16	17 PRESIDENTS DAY CITY OFFICES CLOSED	18	19 7:00 PM PLANNING COMMISSION MEETING Council Chambers	20	21	22
23	24	25 7:00 PM REGULAR COUNCIL MEETING Council Chambers	26	27 7:00 PM HOUSING AND REDEVELOPMENT AUTHORITY MEETING Council Chambers	28	

3400 Plymouth Boulevard
Plymouth, MN 55447

OFFICIAL CITY CALENDAR

763-509-5080
plymouthmn.gov

City of Plymouth

March 2025

SUN	MON	TUES	WED	THUR	FRI	SAT
						1
2	3	4	5 7:00 PM PLANNING COMMISSION MEETING Council Chambers	6	7	8
9	10	11 7:00 PM REGULAR COUNCIL MEETING Council Chambers	12 7:00 PM ENVIRONMENTAL QUALITY COMMITTEE MEETING Medicine Lake Room	13 6:00 PM PARK & REC ADVISORY COMMISSION MEETING Council Chambers	14	15
16	17	18	19 7:00 PM PLANNING COMMISSION MEETING Council Chambers	20	21	22
23 30	24 31	25 7:00 PM REGULAR COUNCIL MEETING Council Chambers	26	27 7:00 PM HOUSING AND REDEVELOPMENT AUTHORITY MEETING Council Chambers	28	29

City of Plymouth

MEMORANDUM

DATE: January 10, 2025

TO: Mayor and City Council
Dave Callister, City Manager

FROM: Grant Fernelius, CED Director
Steven Schmidt, Housing Manager

SUBJECT: Request for Future Study Session on Inclusionary Housing Update

---

Staff has been asked by several councilmembers to schedule a future study session to discuss an update to the inclusionary housing policy topic. In particular there is interest in learning more about the work that was done by the City of Bloomington to adopt what is now known as the Opportunity Housing Ordinance (OHO), which requires a minimum level of affordability in all residential development projects of a certain size.

Bloomington initiated the ordinance after conducting a nexus study. A copy of the study and additional background documents are attached. Staff is seeking feedback from the full council on whether to schedule a future study session to discuss the topic further. In addition, staff would like input on the timing of this discussion.

Request for Council Action

Originator	Item
Planning	**City Code Amendment - Opportunity Housing Ordinance**

Date
02/25/19

Description

GENERAL INFORMATION

Applicant: City of Bloomington

Request: Review and Public Hearing – Draft Housing Opportunity Ordinance – Amendment to chapters 2, 9, and 14 of the City Code

CHRONOLOGY

12/20/18	Planning Commission (study)
01/14/19	City Council (study)
01/22/19	Bloomington Housing and Redevelopment Authority
01/22/19	Bloomington Board of Health
01/24/19	Planning Commission – public hearing (continued)
01/28/19	Bloomington Human Rights Commission
02/14/19	Planning Commission – public hearing
02/25/19	City Council – public hearing

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REQUEST

In 2018, the City Council directed staff to prepare a comprehensive ordinance to encourage creation of new affordable housing units and preservation of existing affordable housing in Bloomington. During preparation of the ordinance, input was obtained from housing developers, affordable housing advocates, the chamber of commerce, various city commissions and the City Council.

On January 24, 2019, the Planning Commission opened the public hearing. Discussion and comments received are summarized in the attached meeting minutes. The public hearing was help open until the Planning Commission meeting on February 14, 2019, where one additional comment was received. The Planning Commission discussed the ordinance, noting some items and recommended approval.

At the meeting, staff will provide a brief overview of the draft Housing Opportunity and Preservation Ordinance, which is included in the attachments. Modifications to the ordinance since the February 14, 2019 Planning Commission meeting include: minor revisions to incorporate language related to promoting health,

clarifying the effective date, and linking the requirements of 9.06(d) with the provision of financial assistance (red text). The effective date proposed for the ordinance is September 1, 2019.

BACKGROUND

The City recognizes that providing housing opportunities for all members of the community is fundamental to maintaining a stable, balanced, and equitable community. As housing costs have outpaced income growth, an increasing number of households struggle to find stable housing they can afford. This is not unique to Bloomington; housing affordability is an issue across the region and the nation. It's also not simply a housing issue, businesses are experiencing challenges in recruiting and retaining workers who can't access affordable housing near where they work. Over the past few years, Bloomington has engaged housing advocates, developers, residents, businesses and other community members in discussions about how to address housing affordability and stability. This ordinance is one of several strategies the City has identified to address affordable housing issues.

From the outset, it was determined that the approach should strive to incentivize creation of new affordable housing units without hindering the market for new housing development. To do that, a nexus study was completed to examine the area housing market and identify quantifiable justifications for the ordinance requirements. The nexus study provides the foundation for specific requirements in the ordinance. Key findings include:

- The greatest need is for housing units affordable to households with incomes at or below 60% of area median income (AMI).
- The minimum amount of new affordable units required should reflect the induced demand for affordable units resulting from development of market rate units. This was determined to be 9% [For example: 100 new market rate units creates demand for 9 affordable units]. As such, the ordinance requires at least 9% of units in a housing development to be affordable to households at 60% AMI or below.
- An option to pay a fee into a housing trust fund rather than build affordable units is one means of providing compliance flexibility. The proposed payment in lieu of $9.60 per leasable square foot reflects an amount supportable by the market and applies to the interior square foot space of the unit.
- It is important to routinely evaluate and update thresholds stated in the ordinance (percent of required affordable units; payment in lieu) to respond to changing market conditions.
- Incentives, such as density bonuses and parking flexibility, offset the costs to create affordable units; however not all incentives provide similar values and the highest returns are achieved when multiple incentives are bundled in a single project. Thus, it is important to provide flexibility to identify the incentives that best fit a specific development proposal and location.

ORDINANCE OVERVIEW

Approach

Two key objectives in structuring the ordinance were to provide flexibility and clarity. Developers will be granted significant flexibility to choose how they want to comply with the ordinance requirements and identify which tools and incentives they propose to use. City staff will work with developers to ensure the tools and incentives fit the specific site and development proposal. Tools and incentives can be applied to all approaches except the payment in-lieu option. The four approaches developers may choose from include:

1. *Build affordable units on site:* Build the required minimum 9% affordable units on the development proposal site.
2. *Pay the in-lieu rather than build affordable units:* Proceed with development proposal for 100% market rate units and make in-lieu payment to the Housing Trust Fund prior to issuance of a certificate of occupancy.
3. *Provide affordable units via other compliance options, including*:
    - Build required affordable units off site
    - Dedicate land to be used for development of required affordable housing
    - Partner with an affordable housing developer who would build the required units
    - Acquisition and conversion/rehabilitation of existing market rate units to affordable units
4. *Purchase, rehabilitate and preserve existing affordable housing.* Developer may purchase and deed restrict existing affordable housing units.

Applicability & Minimum Requirements

The ordinance would apply to both new residential development and substantial rehabilitation as follows:

New Residential Development

- All new multi-family residential or townhome development with 20 or more units would be required to provide at minimum of 9% of the units affordable to households with incomes at 60% AMI or below.
- All new single-family residential development with 20 or more units would be required to provide a minimum of 9% of the units affordable to households with incomes at 110% AMI or below.

Purchase or Substantial Rehabilitation

- Naturally Occurring Affordable Housing Units of 20 or more units that receive some form of financial assistance from the city or HRA and that are purchased or undergo substantial rehabilitation must preserve at least 9% of the units as affordable to households with incomes at 60% AMI or below.

Tools & Incentives

The ordinance describes a number of tools the developer may choose to apply to a project. These would be identified in an *Affordable Housing Plan* that must be submitted with the development application. In conjunction with development review, staff would work with the developer to test the proposed tools and incentives to ensure they would be effective for the specific project.

Some of the tools and incentives are structured so that the amount of benefit increases proportionate to the amount of affordable housing proposed. In addition, higher benefits are provided for developments that provide units affordable to a mix of AMI levels (30%, 50%, and 60%).

Available tools and incentives:

Building and Site Design:

- Density bonus
- FAR bonus
- Height bonus
- Parking Reduction
- Enclosed parking space conversion allowance
- Unit size reduction
- Alternative exterior materials allowance

- Storage space reduction

Process and Fees:
- Development fee waivers or deferment
- Landscape fee in-lieu reduction
- Expedited plan review

Financial:
- Land write down on city owned land
- Housing TIF
- Project based vouchers

Other

The ordinance describes several implementation objectives, including:

- *Dispersion* – opportunity housing units should be provided throughout the city to avoid concentration of low-income households.

- *Integration* – opportunity housing units within a development must be mixed and not clustered to segregate from market rate units.

- *Design* – construction quality and exterior design of opportunity units must be comparable market rate units within the development.

- *Phasing* – if the development proposal and Affordable Housing Plan includes phasing, the opportunity units must be provided proportionately and concurrently with the market-rate units.

- *Timing of Construction* – certificates of occupancy for market-rate units may not be issued until a certificate of occupancy is issued for a proportionate number of opportunity units.

Documentation and Approval Requirements

The ordinance spells out requirements for determining compliance. Required documentation varies depending on the approach taken.

- *Affordable Housing Plan* – Any development that results in creation or preservation of affordable housing units must include an affordable housing plan. The plan must be submitted with the development application and describe the proposed compliance approach (e.g., build on site, build off site, preserve existing units, etc.) and the tools and incentives that will be used. The plan will be reviewed by staff in conjunction with the normal development review. The proposed approach, tools and incentives will be evaluated to ensure appropriateness and effectiveness for the specific development. If necessary, the plan may need to be modified to ensure compliance with the ordinance. Developers choosing to make a payment in-lieu of developing affordable units are not required to submit an affordable housing plan.

- *Affordable Housing Agreement* – An affordable housing agreement between the developer/applicant and the City must be executed prior to issuance of building permit. The agreement stipulates the commitments and obligations of both the applicant and City to implement the agreed on compliance approach and tools and incentives. An agreement would also be required for NOAH rehabilitation.

- *Payments In-Lieu of Creating Affordable Units* – Developers choosing the payment in-lieu of approach must submit the required payment to the City after the building permit is issued for their market rate residential development, but prior to issuance of a certificate of occupancy. The in-lieu payment will be deposited into the City's Affordable Housing Trust Fund, which will be established with this ordinance. The required payment is based on the leasable market rate unit square footage at a rate established in the City's payment in-lieu policy. As noted earlier, the payment determined to be justifiable for current market conditions is $9.60 per leasable square foot. This amount will be routinely evaluated to ensure it reflects current market conditions. It is also noted that developers may choose a combination of payment in-lieu and provision of affordable units.

Monitoring and Compliance

As stated above, this ordinance is intended to be responsive to changing economic and market conditions. In addition, to ensure compliance over time, routine monitoring is needed to affirm that opportunity units remain available to the intended households and income levels.

The ordinance describes several ways that compliance will be monitored, including:

- *Annual City Review* – the Community Development Department will update household income limits and rental limits as published by HUD.

- *Annual Report* – the project developer/owner must submit an annual report to City describing the number of opportunity units, vacancy, monthly rent amounts, and monthly incomes for tenants in opportunity units. This report must provide sufficient documentation affirming that opportunity units are leased to eligible households at affordable rents.

Implementation and Evaluation

The ordinance provides for regular evaluation and review of the ordinance requirements to ensure they respond to changing market conditions.

- *Annual Status Report* – staff must provide a report to the City Council by Oct 1 each year that summarizes activity under the ordinance.

- *Comprehensive Evaluation* - Every five years, the City will conduct a more thorough evaluation of the ordinance and its effectiveness.

Establish Housing Trust Fund

The ordinance provides for establishment of an affordable housing trust fund that will collect funds related to the City's affordable housing programs described in the ordinance. It stipulates that all funds and earnings be expended exclusively on activities that providing housing affordable to households with incomes at or below 60% AMI. Some examples of eligible expenditures include:

- Acquisition and construction of affordable housing units;
- Gap financing for creation of affordable housing units;
- Enhancement/leverage of county, state, and federal affordable housing programs;
- Purchase and/or rehabilitation and preservation of NOAH units;
- Rehabilitation of existing single-family, owner-occupied units to retain affordability;
- Provision of low cost financing or grants to support creation of affordable accessory dwelling units;
- Development fee waivers and/or deferral;
- Land acquisition and/or land banking for affordable housing creation; and
- Relocation assistance.

Effective Date

The ordinance provides for a phase-in period to allow developers, staff, and others time to test, understand, and refine, if appropriate, the ordinance provisions. The ordinance is proposed to go into effect approximately six months after the date of City Council adoption (September 1, 2019). During the phase-in period, staff will develop the policy guidelines and supporting technology associated with the ordinance, and staff will work with applicants to demonstrate how the provisions would apply. This would be voluntary. Any residential development application submitted prior to the effective date would not be required to comply with the ordinance. A developer considering a market rate residential project, who is not ready to submit a formal application by the effective date, could submit a pre-application concept plan for review by City staff within the six month period. If a complete application for final site and building plan or final development plan approval is submitted to the City before September 1, 2021, compliance with the ordinance would not be required.

OFFICIAL REVIEW AND APPROVAL

A public hearing before the Planning Commission was opened on January 24, 2019 and continued to February 14, 2019. The Planning Commission recommended approval of the ordinance and forwarded to the City Council for review, public hearing, and potential adoption.

REQUESTED ACTION

The Planning Commission and staff recommend approval of the Opportunity Housing Ordinance through the following motion:

In Case PL2019-2, I move to adopt an Ordinance amending Chapters 2, 9, and 14 of the City Code to encourage creation of opportunity housing units and preservation of existing affordable housing buildings.

Creating an Effective and Competitive Inclusionary Housing Ordinance for Bloomington, MN

A study of options to produce affordable housing units while remaining economically attractive for development

November 2018

DAEDALUS ADVISORY SERVICES

TABLE OF CONTENTS

I - Executive summary 5
A pressing need 5
IHO design and implementation lessons learned 5
Development cost impacts and incentives 6
Recommendations and next steps 6
II - Introduction 7
Context and need for the study 7
Consultant's approach to the assignment 7
III - Situation Review 8
Section overview 8
Economic profile 8
People and demographic changes 10
Incomes over time 11
Housing stock and key trends 13
Affordable housing in particular 15
IV - IHO Lessons Learned 16
Background and selection of relevant IHO programs to analyze 16
1. Montgomery County, MD 18
2. Denver, CO 20
3. Evanston, Il 22
4. Carlsbad, CA 24
V - Quantifying potential impacts 27
Approach 27
Modeling approach and key assumptions 28
Model results without incentives 31
Incentives analysis 32
Incentive modeling 34
Relevance to the IHO 36
Top-down analysis 37
VI - Results and Discussion 39
VII - Sources 42

I - Executive summary

A pressing need

Nearly a third of Bloomington's households earned less than $35,000 per year in 2017. According to the American Communities Survey of the US Census Bureau, these households are largely renters and, among renters, 85% or more live in housing stress, where their housing costs consume 30% or more of their gross income.

As the population of Bloomington grows, the housing stressed population may find itself under even more pressure as more people chase a housing supply that is growing more slowly than its population growth rate.

One mechanism that other jurisdictions have used to add new affordable housing units is an Inclusionary Housing Ordinance (IHO). An IHO creates a legal requirement for developers to reserve a portion of the total units that they produce for households earning less than a defined income threshold. An IHO can provide workforce housing for those earning from 110% down to less than 30% of an area's median income (AMI).

The public policy logic is that there is insufficiently available naturally occurring affordable housing (NOAH) and the portion that is available shrinks through redevelopment and rental increases, so additional supply must be brought to market to provide sufficient housing for those lower incomes households. Private sector developers tend to not produce these units on their own, so public policy requirements for the inclusion of these units is predicated on establishing a nexus between the influx of new incomes into an area and the resulting demand for low income labor and housing needs. BAE Urban Economics is conducting the nexus study for Bloomington's proposed IHO.

Typically an IHO is not the only tool used to address affordable housing needs and it may be used with a package of incentives for both market rate and affordable housing developers to ensure that the area's overall unit creation level is maintained and even increased over time for households across the income spectrum.

IHO design and implementation lessons learned

Having discussed IHO lessons learned with the administrators of IHO programs in four different jurisdictions across America (chosen because of either similarity with Bloomington's size and scale or a unique implementation approach of their IHO), a number of themes emerged regarding what makes a successful IHO.

First, developers are partners not competitors. Affordable housing units are built under an IHO only because market rate units are being built. Second, IHOs have direct impacts on the financial returns available from a project and cities should consider the resources they are willing to use to help developers to make their returns acceptable to their debt and equity capital sources. Thirdly, IHO flexibility in the application of rules, such as allowing developers to offer land or units in other locations or to partner with non-profit affordable housing partners, can create success for all parties. Fourth, IHOs require education of developer partners and city employees. Understand the training and staffing levels needed for effective rollout and sustainable management. Finally, successful IHOs are clear: they set easy to understand guidelines for affordable housing requirements, while allowing creative, flexible solutions that are targeted to the right resident populations in different parts of the city.

Development cost impacts and incentives

Financial modeling of both example and an actual multi-family housing project shows that the majority of steel-based vertical construction methods do not make financial sense given current rents in Bloomington. Low to mid-rise developments currently pencil out and make financial sense. Incentives can be used to offset the costs of the required inclusionary units. Incentives can be of two types: regulatory and financial. Regulatory incentives are those such as parking requirements and maximum unit counts per acre that the city can modify either through planning waivers, overlay zones or other administrative actions. Regulatory incentives tend to either lower the cost of required construction (such as parking stalls) or increase the project's potential to earn revenue (though density bonuses). Financial incentives, such as direct grants, tax increment financings or low-interest loans, are each powerful, but come at a direct fiscal cost to the city, in most cases requiring a pool of capital be available before these incentives can be widely in use.

Using the financial model of a real project that was submitted to the city's planning and zoning office, our estimates of financial impact for the prior incentives uses a baseline project that produces approximately 4% on an internal rate of return basis when 20% of the units are reserved for 30% AMI households. Using a combination of parking reductions, density bonuses, TIF funding and deferred permit fees, the project's rate of return increased to almost 14%. That return is nearly market rate, but ignores additional costs to the developer of needing to use a different construction method to add the bonus units (moving from stick over podium to steel construction). Taking the additional construction costs into account, the returns would not be as high as under the stick over podium approach, but would be much higher than without the incentives.

We estimate the total cost to the city of providing 20% of the equity investment needed for 344 average annual affordable housing units using a top-down approach (population-driven approach) at $7.2M / year. This number can be substantially less if the city provides less than 20% of total affordable housing equity commitments or if it uses a more creative mechanism of financing those units (project level TIFs, housing trust fund income or other approaches).

Recommendations and next steps

An IHO can be implemented in Bloomington with little impact on direct market rate unit creation if offsetting incentives to developers are provided. Since financial incentives have real costs to the city, there are additional research efforts needed to determine how much of the total potential affordable housing investment to fund and how best to fund it. In addition, nuances can be added to the IHO that take into account development activities (or lack thereof) in different areas of the city and attempt to balance development trends. NOAH housing should be additionally examined to create mechanisms to preserve its stock into the future, and the details of major renovation activities falling within the purview of the IHO should be further refined to maximize affordable unit creation without excessively dampening the resale market for existing multi-family housing.

II - Introduction

Context and need for the study

Economic development is not simply a process of attracting and retaining employment opportunities. A comprehensive approach to it evaluates how best to attract and retain labor in an area while minimizing environmental impacts from transportation while capturing tax expenditures. When employees find housing difficult or expensive to obtain and must move to different cities and commute into the area with the jobs, the additional wear and tear on roads, requirements for day-time parking and loss of tax revenues cumulatively reduce a city's economic development potential. Mitigation measures largely focus on enhancing the residential housing offerings to avoid the aforementioned negative externalities.

Bloomington is a mid-sized city of 88k persons, with a tight housing market (residential vacancy rate under 2%) and a solid employment base. A recent report by Maxfield Consulting shows that the city requires approximately 5,300 units through 2030. These incremental additions to the city's housing stock include 1,800 – 2,200 affordable housing units to adequately house its population in conditions that are not above 30% of household income (not considering the current need for affordable housing from the in place resident population in Bloomington).

The City Council is considering an Inclusionary Housing Ordinance (IHO) that would require market rate housing developers to reserve a portion of any new rental or for sale units for households that earn under 120% of the Area's Median Income (AMI).

The city, along with BAE Urban Economics, is calculating the percentage of the units to be reserved for affordable housing as well as the estimated in-lieu fee to be charged using a NEXUS study for the first task and an excel model for the second one.

Because any IHO is unlikely to be able to generate enough units to provide affordable housing for the various groups identified in the Maxfield report, and because IHOs can in theory exacerbate housing pressures by reducing the number of total units built and raising the costs of those that are built, Daedalus Advisory Services was brought in to provide analysis of the IHO's structure and potential impact on the city's competitiveness.

The core question we wanted to answer is: how can Bloomington maximize the benefits of an IHO and what other measures would help to alleviate its affordable housing pressures *while impacting the city's competitiveness as little as possible*?

Consultant's approach to the assignment

Our approach recognizes that other jurisdictions have IHO experience that can be tapped to avoid their mistakes and provide crucial guidance to Bloomington's proposed IHO. Further, because of the nuances of property development, any potential IHO had to include developer inputs and extensive financial modeling to understand the constraints under which they operate. Finally, since the IHO is one part of a wider affordable housing strategy, we did not attempt to define all possible affordable housing strategy options, but rather to focus on the development of a strong IHO onto which we could add additional affordable housing (and even market rate housing) policies incrementally over time.

III - Situation Review

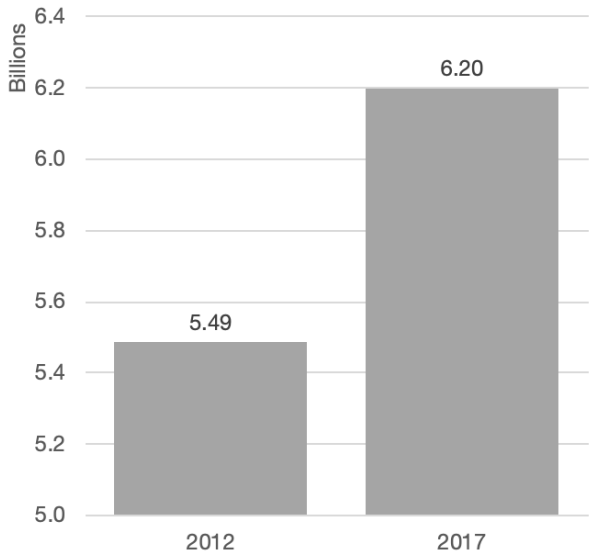
Section overview

Bloomington's economy, population, income and housing trends provide a basis for understanding the size and growth rate of factors important to the city's affordable housing situation. Using published reports and independent research, the following summary of the city's situation shows that Bloomington is a growing city with a strong economic base that continues to attract residents and grow incomes.

Economic profile

Bloomington's gross domestic product (GDP) reflects all goods and services (including government spending) produced within the city's administrative borders. As no direct measure of the city's GDP exists, the best estimate of it uses an area-wide per capita GDP figure and applies it to the city's population. This approach shows that Bloomington's GDP was $5.5B in 2012 and $6.2B in 2017 – an average annual growth rate of nearly 2.5%

Figure 1: City of Bloomington's GDP



The city's close proximity to downtown Minneapolis, transport routes, the international airport and the Mall of America have helped it continue to grow and thrive as a suburban center for various industries. The Minneapolis Metropolitan Statistical Area (MSA) is a world-class hub of companies with both national and international corporations, including eighteen Fortune 500 companies with headquarters in the area, including (among others) UnitedHealth Group, Target, Best Buy, US Bank, 3M, CHS, U.S. Bancorp, and General Mills Cargill, the largest private company in the country, is also based there.

Bloomington's economy employs 46,000 people, with most employment concentrated in professional services (the census categories of "Management of Companies & Enterprises; Finance & Insurance; and Real Estate, Rental & Leasing.") The largest industry sector is Healthcare & Social Assistance, Retail trade, and Manufacturing, and the highest paying industries are agriculture/processing, forestry, fishing, hunting, professional services, and utilities. Employment has grown slowly, recording a small growth from 2015 to 2016, of 0.19%,

According to data from the American Communities Survey (ACS) survey of the Census, this chart illustrates the share breakdown of the primary jobs held by residents.

The most common categories of jobs held by residents of Bloomington, MN, sorted by number of employees within a category are Administrative; Sales; and Management. Compared to other census places, Bloomington, MN has an unusually high number of residents working in Computer & Mathematical; Business & Financial Operations; and Architecture & Engineering.

Figure 2: City of Bloomington's employment by employment sectors

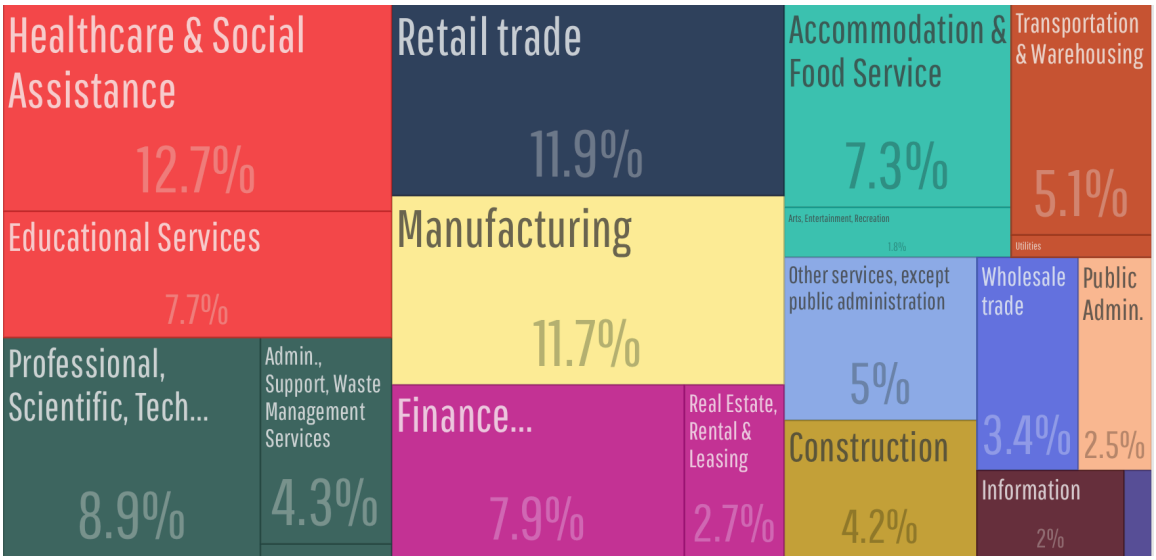
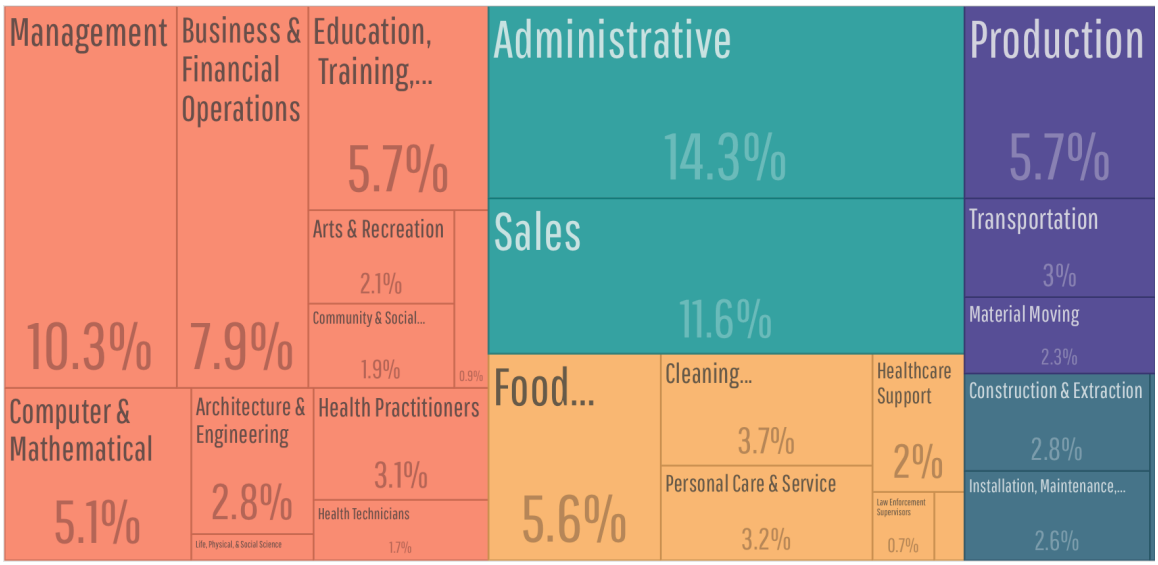


Figure 3: City of Bloomington's employment by job types



The most common employment sectors are Healthcare & Social Assistance, Retail trade, and Manufacturing. This chart shows the share breakdown of the primary industries for residents of Bloomington, MN, though some of these residents may live in Bloomington, MN and work somewhere else. Census data is tagged to a residential address, not a work address.

In terms of specific employers, the table below shows that some 25,000 workers are employed by ten companies/groups -- nearly 27% of the total jobs in the city.

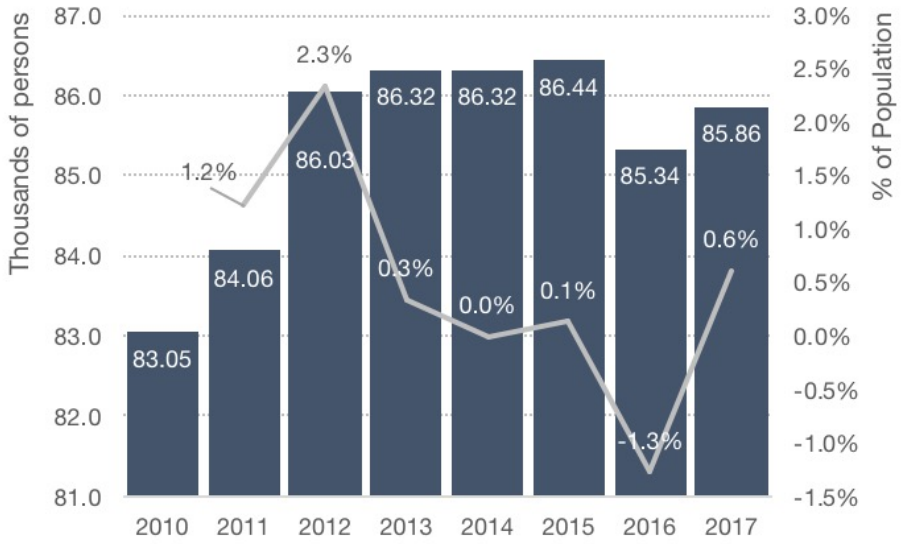
Top 10 Employers in Bloomington, MN – 2016		Total Employees
1	Mall of America Tenants (retail/entertainment)	13,000
2	Health Partners (health insurance provider)	3,234
3	Bloomington School District (education)	1,940
4	Seagate Technology (computers/manufacturing)	1,580
5	Donaldson Companies, Inc. (automotive equipment)	1,002
6	The Toro Company (lawn equipment/snow blowers)	990
7	NCS Pearson, Inc. (education services and assessment)	959
8	Barr Engineering (engineering firm)	727
9	General Dynamics Advanced Information System (defense)	678
10	Express Scripts (pharmacy benefit management)	638
	Total Top 10 Employers (approx. 27% of total)	**24,748**

Other major employers include Express Scripts, Holiday Station Stores, Thermo-King/Ingersoll Rand Corp., and the City of Bloomington.

People and demographic changes

The City of Bloomington's population is estimated by the Census Bureau's American Communities Survey (ACS) 2017 figures to be roughly 85,860 persons. The population has been growing by nearly a half percent per year on a average basis since 2010. A minor drop in population in 2015 may reflect sampling differences more than an actual population decline.

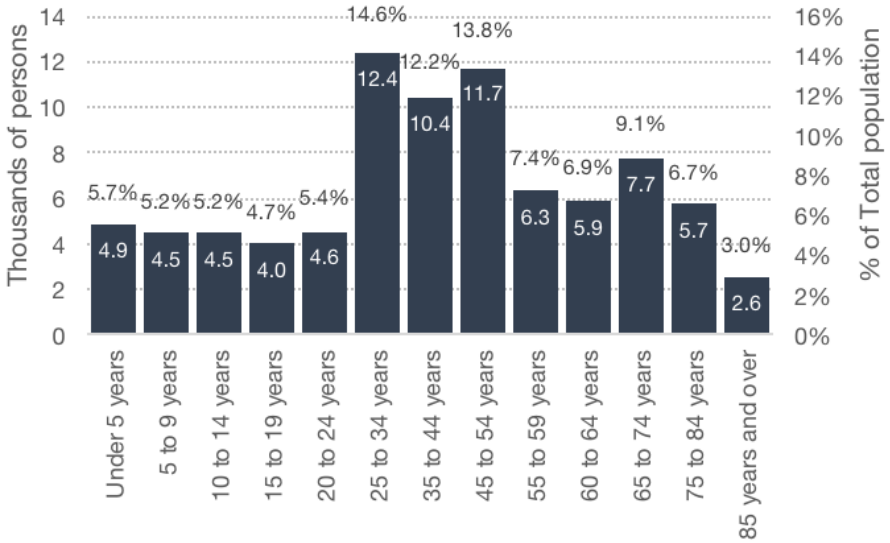
Figure 4: City of Bloomington's Population



Between 2010 and 2017, the city's population grew by approximately 2,800 people, reflecting the continued growth of the city after the global financial crisis.

The age structure of the population in 2017 shows the relative allocation of each age cohort within the overall population. The large portion of the population (nearly 40%) between 25 and 54 years old. 32% of the population is 55 or older. 28% of the population is under 25.

Figure 5: City of Bloomington's Age Structure of the Population

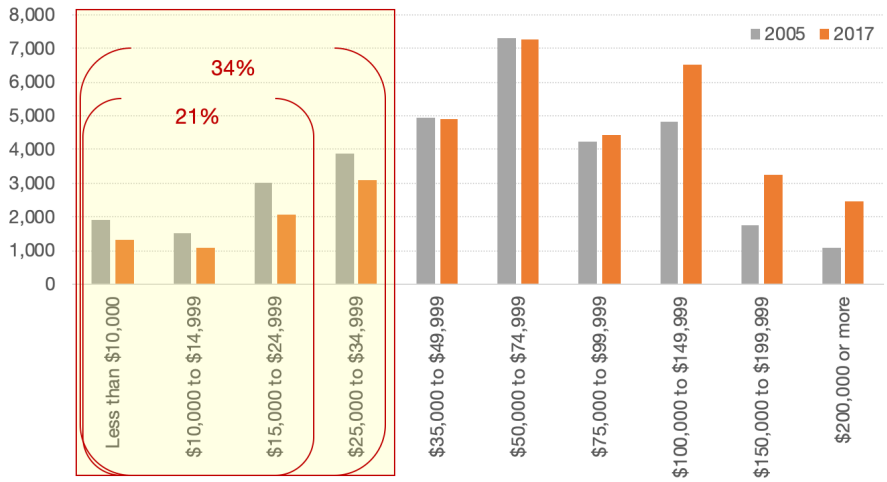


The population in the City of Bloomington is forecast to grow by 7.6% (6,297 people) and 2,760 households (7.7%) between 2010 and 2020. Population growth is expected to continue to 2030, with a forecast population growth of 2.3% (2,055 people) and 1,315 households between 2020 and 2030. The portion of the population aged 65 and older is projected to increase through 2040, reflecting the baby boom generation's cohort.

Incomes over time

The average annual personal income in Bloomington in 2017 is $36,430 a year, nearly $8,000 higher than the US average of $28,555. The average annual median household income in Bloomington in the same period is $63,053 a year, nearly $10,000 higher than the US average of $53,482.

Figure 6: City of Bloomington's Population by Income Bracket



Within the City of Bloomington, approximately

one-third of the households in 2017

A 16.0% increase in median incomes is forecast between 2017 and 2022 as incomes rise from $63,902 to $74,100. Even with rising incomes, roughly 40% of Bloomington's 2017 population with incomes of $50,000 or more choose to rent versus buy.

Homeownership preferences differ by age cohort, with large numbers of households under 35 renting, then becoming homeowners as they age and have children before downsizing and often again becoming renters when the children have moved away from home. The data shows this pattern in Bloomington. Households ages 25 to 34 had a homeownership rate of 41.0%. Households ages 75+ had a homeownership rate of 82.0% while those ages 85% decreased to 65.6% as the oldest households often move to facilities with on-site medical or support services.

Additional data points about Bloomington's population that bear keeping in mind are that married couple households with and without children increased between 2010-2017, indicating likely future needs for housing units that allow for baby rooms. That said, householders living alone grew by the greatest amount of all household types.

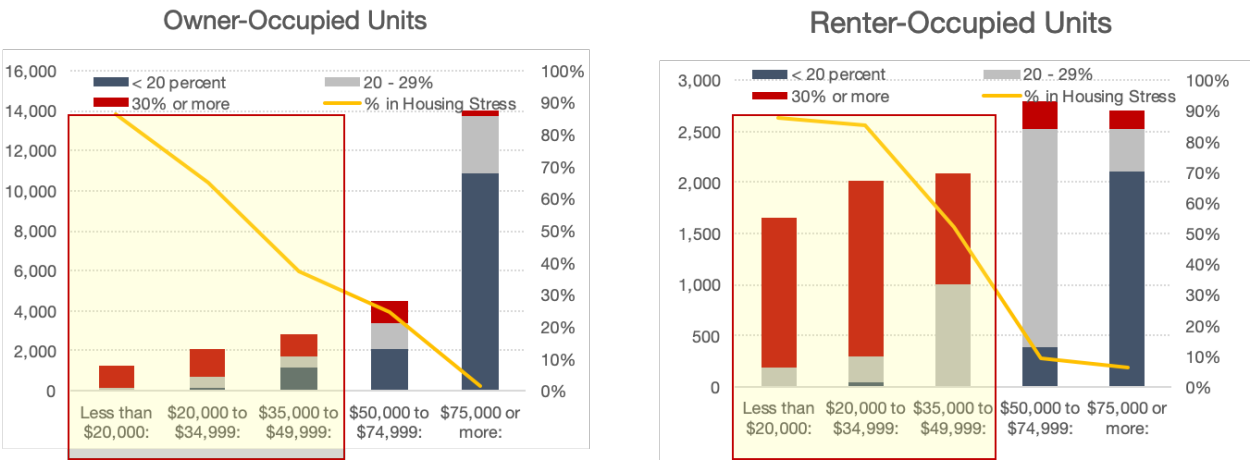
Renter households were most likely to contain one person, 43% of renter households, followed by two-person households, accounting for 30% of renter households. Family and non-family households who owned homes tend to have higher occupancies than renter households.

Most households did not move (86.5%) within the last year, and as you would expect, the portion of residents who did move was likely to be between 18 to 34 and then moving within Hennepin County. Mobility drops after age 34, but rises again beginning with households age 65 to 74 and 75 years or older. However, fully 90% or more of householders ages 55+ did not move within the last year. Older age cohorts may elect to relocate to alternative housing and the oldest households may choose to relocate to housing that provides additional support services.

Housing stress

The generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay three times annual income for rent and three and a half times annual incomes for homeownership. Paying more than that amount is considered to put the

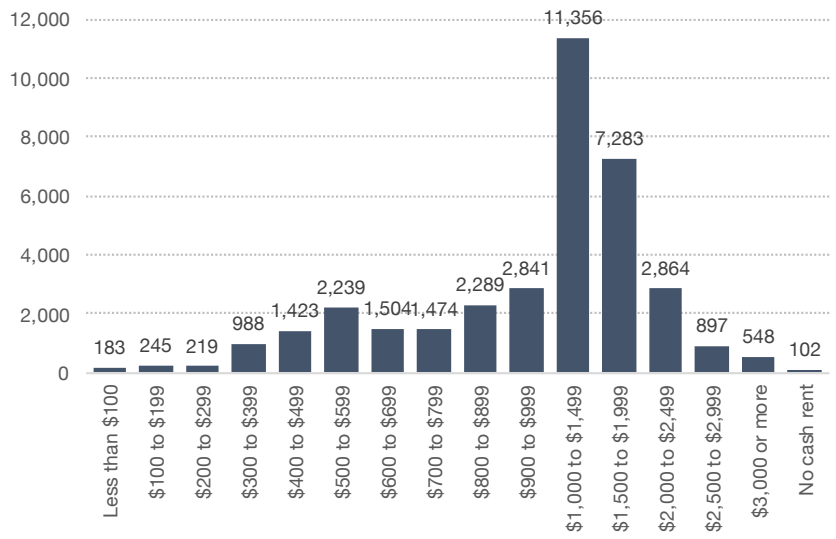
Figure 7: City of Bloomington's Households in Housing Stress



household in "housing stress," indicating that those households may have financial difficulties because of the money they must pay just to support their housing costs.

ACS data for 2017 show that owner-occupied units with occupant incomes under $50k/year have higher levels of housing stress than incomes over that level. Some portion of the lower income levels among homeowners may be fixed income seniors, however, as very low income households tend to find it difficult to finance a home purchase. Except for the lowest two income brackets, most homeowners in Bloomington are not in housing stress. On the other hand, the vast majority of renters are in housing stress if earning under $50k/year. Under $35/year, all but a small portion of the renter households are paying more than the rule of thumb limits for housing costs, being definitionally in housing stress. This portion of the rental market would be targets for future affordable housing efforts.

Figure 8: City of Bloomington's Households by Month Rent Level



Another way of looking at housing stress is to view a histogram of housing costs by occupied housing units. On this view, roughly 36% of the market pays under $1000/month for housing costs. Another 31% of area households pay between $1,000-1,500/month. The remaining 32% pays more than $1,500/month. This higher side of the monthly housing curve mostly matches the city's income levels. At the lowest income levels (under $15k/year in household income), there rental cost numbers show approximately 1,600 units being rented at that rate, but 2,400 households earning that amount or less – an 800 unit mismatch (assuming all 1,600 low rent units are being occupied by households with low incomes).

Housing stock and key trends

The current number, cost and types of housing structures are an integral part of understanding opportunities and constraints to an area's housing cost picture. Areas with a large stock of recently built housing tend to be higher priced than areas with older housing stock – though the condition of the available properties will often be worse and may lack modern amenities. Permit data gives an indication of the quantity of construction activity in different periods, a view of units produced by decade throughout the city's history.

Developers delivered 15,000 units between 2013 - 2016, according to Cushman Wakefield's 2018 research report on the Bloomington housing market. Yet, demand for units remains high. In 2017 the market absorbed 3,500 new apartment units easily and residential vacancy continues to hover around 2.5%. With potentially 5,000 apartments projected to open during or near 2018, vacancy rates may begin to rise to a healthier level of 4–5%.

We will use Maxfield Consulting as one of the core analysis components of the area's affordable housing needs, adding to it where needed (particularly with GIS-based snapshots of various topics).

In the 2000 – 2016 period, 16 single-family homes were permitted each year on average in Bloomington, townhomes, 10 and multifamily units (including senior and general occupancy rental), 145. Since 2010, 116 single-family, 36 duplex and townhome units and 1,468 multifamily units have been permitted in Bloomington.

Figure 9: City of Bloomington's Population by Income Bracket

Issued Permits in Bloomington (2000-2015)

Year	Single Family	2-4 Units	Townhomes	Multi-Family	Total Units
2000	32	6	0	76	114
2001	16	4	23	21	64
2002	28	2	0	47	77
2003	21	0	17	96	134
2004	15	2	39	60	116
2005	18	0	50	358	426
2006	16	0	27	50	93
2007	11	0	5	0	16
2008	3	0	0	86	89
2009	5	0	3	196	204
2010	3	0	0	0	3
2011	21	0	3	621	645
2012	27	0	16	0	43
2013	21	0	10	250	281
2014	12	0	5	77	94
2015	17	0	0	395	412
Total	266	14	198	2,333	2,811

New multifamily rentals are, as is expected, priced at the top of the market (per square foot rents of $1.80 per square foot or higher). Older rental properties more affordable to a more households than newly developed properties, even with recent rent increases. As development costs and rental rates rise, developers may see slower absorption, which, together with increasing interest rates, would create the conditions that tend to limit the appeal of new development (though the market has not yet arrived at that state).

As of 2016, Bloomington was estimated to have 38,116 housing units: 66% owner-occupied and 34% renter-occupied. These percentages are similar to Hennepin County's 62% owner-occupied rate and the Twin Cities Metro Area rate of 73%.

1970 was the median year of construction in Bloomington and Hennepin County versus 1985 in the Twin Cities Metro Area. 64% of Bloomington's housing stock was built in the 1950's, 1960's, and 1970's, with the peak period being the 1950's. Nearly 24.4% of the area's housing was built in that decade, compared with Hennepin County's peak of 19% in the 1940's. This construction pattern likely reflects post war suburbanization and increasing car ownership.

Compared to Hennepin County and the Twin Cities Metro Area, 9.0% of Bloomington's housing stock was built since 2000 compared to 13.7% of Hennepin County's and 16.2% of the Twin Cities Metro Area's housing stock.

The Twin Cities metro residential construction activity in 2017 was at its highest level since the recession and back to its 45-year average after 12 years below it, according to the

Metropolitan Council's analysis of last year's municipal building permits. Indeed, even with recent construction activity and planned developments working through permitting, the Twin Cities area faces a housing challenge: Its population is projected to grow more quickly than its housing stock: the metro-area population is forecast to reach 3.5 million in 2030, up 21 percent from 2.9 million in 2010. Bloomington will feel the effects of this area-wide housing need and is well-placed to be seen as an affordable location within the Twin Cities metro area.

Multifamily construction accounted for 60 percent of the total units permitted in 2017. Since 2010, multi-family permits averaged roughly 64 percent of the net change (additions less destruction of housing stock) in metro-area housing. This trend of multi-family permitting appears set to continue for the foreseeable future, even as it has slowed in other parts of the state and country.

Affordable housing in particular

Turning our attention to the portion of the market that is under current or projected housing stress (largely as a function of having income lower than average rents), Maxfield Consulting has created a summary table of potential unit-level demand. The summary includes market rate, shallow subsidy (down to 50-60% AMI), and deep subsidy (under 50%). The shallow subsidy units are those that can be considered workforce housing, while the deep subsidy units reflect deeper challenges that often require supportive services.

As part of the analysis, Maxfield Consulting also looked at the senior housing market, recognizing that that portion of the population base is growing quickly and that they often have fixed incomes that can quickly become under stress from housing costs.

Their analysis shows that nearly 2,900 units of non-senior housing and another 2,500 units of senior housing may be needed in Bloomington from 2017 to 2030. This is a conservative estimate that is driven by existing population trends remaining more or less as they were projected to be in 2017.

Figure 10: Summary of Bloomington's Housing Demand

Summary of Bloomington housing demand for net new housing units
As of April 2017

	2017-2030	Annually
General occupancy	2,861	220
Rental units	**1,913**	**147**
Market rate	849	65
Shallow subsidy	745	57
Deep subsidy	319	25
For sale units	**948**	**73**
Single family	227	17
Multi family	721	55

	2017	2030
Age restricted (senior)	2,467	3,472
Market rate	**1,897**	**2,742**
Adult few services (active adult)	861	1,409
Ownership	*264*	*538*
Rental	*597*	*871*
Congregate	417	402
Assisted licing	371	553
Memory care	248	378
Shallow subsidy	**570**	**730**
Active adult - shallow subsidy	465	537
Active adult - deep subsidy	105	193

Source: Maxfield Research and Consulting 2017, Daedalus Advisory Services

Of the projected units needed, approximately 1,800 are considered traditionally affordable, and perhaps 2,200 if the band for affordable housing is extended up to 120% AMI. This total would translate to 220-250 units/year built between now and 2030 to support projected population growth. Existing needs for affordable housing are not included in these unit numbers as the analysis is focused on incremental housing needs from population growth and assesses affordable needs primarily from an income band perspective.

IV - IHO Lessons Learned

Background and selection of relevant IHO programs to analyze

In an era of decreasing federal subsidies for affordable housing and increasing financial burdens on governments at the local and state levels, implementation of an inclusionary housing policy seems promising. In addition, the combination of higher demand for housing and insufficient creation of supply has inevitably pushed up real estate prices across many jurisdictions. City governments and housing policy advocates are interested in solving this problem using a number of mandatory, voluntary and creative financing, inclusing public private partnership methods.

Inclusionary housing ordinances, in tandem with other programs can stimulate the production of affordable housing units through often, mandatory interventions in local zoning codes. Under such inclusionary zoning, without significant financial subsidies from local governments developers are required by law to build a designated percentage of affordable housing in new residential or mixed-use developments. There are at least an estimated 500 inclusionary housing programs in jurisdictions nationwide, with several jurisdictions that are administering decades old programs.

According to Thaden's report[1] – "the most comprehensive investigation on inclusionary housing conducted to date, this study identifies 886 jurisdictions with inclusionary housing programs located in 25 states and the District of Columbia at the end of 2016. The vast majority of jurisdictions with inclusionary housing are located in New Jersey (45 percent), Massachusetts (27 percent), and California (17 percent).

Although comprehensive data on impact and program characteristics was not available for the majority of programs, the study did find that 373 jurisdictions reported a total of $1.7 billion in impact or in-lieu fees for the creation of affordable housing. Jurisdictions also reported creating a total of 173,707 units of affordable housing, which predominantly excludes additional units created with the $1.7 billion in fees:

- 443 jurisdictions reported creating 49,287 affordable homeownership units;
- 581 jurisdictions reported creating 122,320 affordable rental units; and
- 164 jurisdictions reported an additional 2,100 affordable homes."

While the range, scope and depth of inclusionary housing policies is wide, we have selected the following 4 cities as case studies for Bloomington:

[1] Inclusionary Housing in the United States: Prevalence, Impact, and Practices Working Paper WP17ET1, Emily Thaden, Ph.D. Grounded Solutions Network, Ruoniu Wang, Ph.D. Grounded Solutions Network

Table 1: Sample Cities with on-going IHO programs

	City	Description and Rationale
1.	Montgomery County, MD	Surrounding Washington DC. Pioneer in affordable housing and significant unit production track record. Innovative program addressing urban and peri-urban areas experiencing rapid economic growth and housing costs. Achieved more than 12,000 units delivered since inception, refined mix of incentives, attention to un-intended consequences, highly integrated approach with other local housing initiatives.
2.	Denver, CO	New IHO program (since 2013), revised 2014 designed to address fast growth with wide range of incentives designed to stimulate production in specific locations. IHO design is unit production focused, with innovations addressing off-site and in-lieu payments.
3.	Carlsbad, CA	Northern suburban city near San Diego, CA. Strong desire for economic integration. Positive unit production experience; 2,000+ units delivered since 1993.
4.	Evanston, IL	Northern suburb of Chicago, IL with major university anchor. New IHO launched 2016, with revisions underway for 2018. Progressive IHO design to bring in isolated groups, strong connect with economic objectives and sustained job growth.

1. Montgomery County, MD

Overview: Montgomery County, MD has a population of 1.04M people with a median age of 39 and a median household income of $99,763. Between 2015 and 2016 the population of Montgomery County, MD grew from 1.04M to 1.04M, a 0.36% increase and its median household income grew from $98,917 to $99,763, a 0.86% increase. The population of Montgomery County, MD is 44.5% White, 19.1% Hispanic, and 17.8% Black. 41% of the people in Montgomery County, MD speak a non-English language, and 84.8% are U.S. citizens.

IHO Objective and Design: According to the county's program website, "Montgomery County's moderately priced dwelling unit (MPDU) program is one of the nation's first mandatory, inclusionary zoning laws. It was implemented 1973 to help meet the goal of providing a full range of housing choices in the county for all incomes, ages and household sizes. An MPDU is a county government-regulated unit that is required to be affordable to households earning 65 percent of area median income (AMI) for garden-style apartments and 70 percent for high-rise apartments.

Program Highlights:

The program's implementation involves both the public and private sectors, with the local government performing regulatory and administrative functions, and the building industry producing the housing. Between 12.5-15% of the total number of units in every subdivision or high-rise building of 20 or more units must be moderately priced, according to the MPDU regulation.

Effective October 31, 2018, developments with less than 20 but more than 10 units are required to make a payment to the Housing Initiative Fund in lieu of an MPDU requirement on-site. A goal of the Montgomery County Housing Policy states that affordable housing should be available to people of all incomes. To help achieve this goal, the County Council passed the Moderately Priced Housing (MPH) Law in 1974. A provision of the MPH Law requires that between 12.5% and 15% of the houses in new subdivisions of 20 or more units be moderately priced dwelling units (MPDUs). The MPH Law requires that 40% of the MPDUs be offered to the Housing Opportunities Commission (HOC) and other non-profit housing agencies for use by low and moderate income families. Connecting MPDU eligibility expressly to household income as opposed to the MPDU sale price and financing information. MOCO does not permit TIF's as part of the IHO, since financial advisors recommended against potentially impacting County's credit rating.

Requirements:

- 15 percent MPDUs in planning areas in which at least 45 percent of the United States Census tracts have a median household income of at least 150 percent of the countywide median household income.
- Typology includes detached and semi-detached homes (duplexes), townhouses, garden condominiums and high-rise condominiums and apartments.
- Sales prices and rental limits are reviewed annually and are revised to reflect changes in construction costs.
- Agreement must requires a specific number of MPDUs must be constructed on an approved time schedule; in single-family dwelling unit subdivisions, each MPDU must

have 3 or more bedrooms; and in multi-family dwelling units subdivisions, the number of efficiency and one-bedroom MPDUs each must not exceed the ratio that market-rate efficiency and one-bedroom units respectively bear to the total number of market-rate units in the subdivision.

- MPDUs are built along with or before other dwelling units; no or few market rate dwellings are built before any MPDUs are built; the pace of MPDU production reasonably coincides with the construction of market rate units; and the last building built must not contain only MPDUs.

Incentives

Density bonus: current 22% bonus density provision. The percentage of MPDUs required varies from 12.5% to 15% of the total number of units in the development, with the actual percentage for any particular development based upon the density bonus achieved. Developments that receive no density bonus are still required to provide 12.5% of the total number of units as MPDUs. In the recent past, density bonus as n incentive proved to be of limited value to MOCO developers mainly due to lot sizes and height issues in key development sites and corridors.

Fee waivers: At present, the development fee waiver is popular with developers. Other fees such as the Systems Development Charge (SDC) imposed by the Washington Sanitary Sewer Commission (WSSC), and the development impact tax collected by DPS may also be waived for MPDUs upon request and approval. MPDUs also qualify for "green tape" processing status at DPS.

Unit requirements: Allowing the MPDU requirement to be calculated based on floor area ratio instead of a percentage of total units. The FAR-based method permits market-rate projects to satisfy the MPDU requirement as a percentage of square feet of the building, allowing units to be larger than are offered as a percentage of total market-rate units.

In-lieu payments: MOCO rarely sees or allows “in lieu” payments, some exceptions are seen for high price condo projects or where HOA costs are also very high, or for strict environmental purposes. These are typically set at 3% of gross price in practice. These payments work out to a slightly better deal as compared to incorporating units – works well as an incentive. Funds go to Housing Initiative Fund (HIF) which has a broad program to support.

Other features: Housing policy or IHO can refer to new sources of “land” – e.g., parking lots – MOCO deliberately designed a sub-program “parking lots to places” and these included gas stations and lost industrial spaces. This allowed more land for development and affordable units.

- Same with Adaptive Housing – going from office to residential has merit in tight markets.
- MOCO does not permit TIF’s as part of the IHO, since financial advisors recommended against potentially impacting County’s credit rating.

2. Denver, CO

Overview: Denver, CO has a population of 693,060 people with a median age of 34.4 and a median household income of $61,105. Between 2015 and 2016 the population of Denver, CO grew from 682,545 to 693,060, a 1.54% increase and its median household income grew from $58,003 to $61,105, a 5.35% increase.

The population of Denver, CO is 54% White, 30.2% Hispanic, and 9.2% Black. 25.9% of the people in Denver, CO speak a non-English language, and 90.8% are U.S. citizens.

IHO Objective and Design: Denver is at a pivotal point in its search for more affordable housing, where despite extremely low unemployment (2.2%), high workforce participation (90%+), and solid city economic growth, housing costs are growing at such a rapid pace that incomes cannot keep up. There are about 150,000 renter households in Denver; about 61% of these households earn less than $50,000. Half of Denver's renters pay more than 30% of their income for housing; nearly a quarter of these households pay more than 50% for housing.

Program Highlights: The Inclusionary Housing Ordinance requires 10% affordability in new, for-sale developments of 30 or more units. Revisions to Denver's Inclusionary Housing Ordinance (IHO) were passed by Council in two phases. The first round of revisions to the IHO, passed in June of 2013, supported better-educated homeowners, and created circumstances that increase a family's ability to avoid foreclosure and build wealth in diverse neighborhoods. The second phase, guided by an economic study of Denver's housing needs, was passed by City Council in August 2014, and recalibrated the developer requirements to help build more homes, and provide a more flexible range of options to do so.

Denver Inclusionary Zoning Required or voluntary participation of new developments:

- Required participation of all new developments and also existing buildings that are being substantially rehabilitated or remodeled to provide dwelling units (Section 27-104). Applications for building permits must include a Moderately Priced Dwelling Unit (MPDU) plan otherwise they will not be approved by the City and County of Denver Community Planning and Development Agency (CPDA) (Section 27-106).
- Alternatives to providing MPDUs include building more MPDUs at one or more other sites in the same or adjoining statistical neighborhood, or a contribution to the special revenue fund that is equal to 50% of the price per MPDU that is not provided. The prices are determined by CPDA and their table of current maximum sales prices (Section 27-106).
- Developers also receive incentives for building MPDUs as a reimbursement of $5,000 per unit built, up to 50% of the total units in a development, and $10,000 per MPDU built that is affordable for households earning no more than 60% AMI, up to 50% total units built. However, the reimbursement amount is limited to the amount available in the special revenue fund, and is awarded by the director of CPDA (Section 27-107).
- Supplemental incentives include density bonuses of up to 10% if one unit is MPDU, parking requirement reduction of up to 20% if one MPDU is built for every 10 spaces reduced, and expedited processing of building plans if all MPDU requirements are met in plan (Section 27-108).

Minimum project size (#of units): Developments with a total of 30 or more units are required to provide 10% MPDUs, which are affordable to households earning no more than 80% of AMI. Developments with 3 or more stories, elevators, and 60% structured parking, must also

provide 10% of total units as MPDUs, which are affordable for households earning no more than 95% AMI. Maximum purchase prices for MPDUs is determined by the CPDA and is adjusted according to number of bedrooms with a maximum down payment of 5% (Section 27-105).

Guidelines for location and design of affordable housing within market-rate developments: MPDUs are required to be indistinguishable from market-rate units and depending on the size of the development they must be dispersed in two or more locations throughout the development. In single-family developments MPDUs must have 2 or more bedrooms, and in multi-family dwelling units the ratio of one bedroom units must not exceed that of the market-rate units (Section 27-106).

Limits to determine household eligibility for affordable units (AMI range):

Eligibility is determined by AMI calculation adjusted for household size, low and moderate household income are targeted with incomes no more than 80% or 95% AMI depending on the development. Unit must also be the primary residence of eligible household (Section 27-110).

Results

Since this ordinance was put into effect in 1976, the city has experienced the construction of over 15,051 units. The table below shows production since 2010:

Year	For Sale	For Rental	Total
2010	60	170	230
2011	113	0	113
2012	152	77	229
2013	141	435	576
2014	169	167	336
2015	150	185	335
2016	84	245	329

Since the program's inception in 1976, average annual production through 2016:

- For sale 244
- Rental 124
- Total 367

Approximate numbers of MPDUs under control

- For sale 1,344*
- Rental 2,230

** units under private ownership, not including units owned by the Housing Opportunities Commission (HOC)*

3. Evanston, Il

Overview: Evanston, IL has a population of 75,472 people with a median age of 35.3 and a median household income of $71,317. Between 2015 and 2016 the population of Evanston, IL declined from 75,603 to 75,472, a 0.17% decrease and its median household income grew from $70,041 to $71,317, a 1.82% increase.

The population of Evanston, IL is 58.9% White, 16.8% Black, and 11% Hispanic. 23.6% of the people in Evanston, IL speak a non-English language, and 89.5% are U.S. citizens.

IHO Objective and Design: The purpose of IHO is to promote public health, safety, and welfare of the residents of Evanston by requiring residential developments or developments which contain a residential component to include a certain percentage of dwelling units in a proposed development to be priced affordably for low and moderate income households or make a financial contribution to the Affordable Housing Fund in accordance with the terms of the adopted ordinance.

Program Highlights: The amended Inclusionary Housing Ordinance (IHO) was implemented in January 1, 2016.

- General Requirement: For privately funded developments, 10% of the total number of dwelling units in a covered development shall be affordable dwelling units. For properties receiving public funds, 20% of the total number of dwelling units in a covered development shall be affordable dwelling units
- A development containing five (5) or more dwelling units in a TOD area or a development containing ten (10) or more dwelling units outside a TOD area. Coverage includes: a) development that is new residential construction or new mixed use construction with a residential component.; b) development that is the renovation, repurposing or reconstruction of an existing multiple-family residential structure that changes the use from rental to owner occupied units or vice versa, and c) development that will change the use of an existing building from nonresidential to. Residential, and d) a development built in phases.
- The fee in lieu amount per affordable dwelling unit shall be either one hundred thousand dollars ($100,000) for units in a TOD area or seventy- five thousand ($75,000) per affordable dwelling unit in a non-TOD area. The fee in lieu is subject to annual review and revision by the city council.
- Alternative Equivalent Proposals will be reviewed - an applicant may propose to meet IHO requirements by an alternative equivalent action, subject to the review and approval by the City Council. A proposal for an alternative equivalent action may include, but is not limited to, the construction of affordable dwelling units on another site, or acquisition and enforcement of affordability restrictions on existing market rate dwelling units so as to render them affordable dwelling units, or fewer on-site affordable units at prices affordable to households at lower income levels, such as 30% AMI.

Incentives:

- Expedited Application Process
- Fee Deferral: All city required fees related to the covered development shall be for plan review, building permit fees or other similar development review fees for the non-affordable dwelling units, which are not subject to a fee waiver, shall be deferred for payment until the issuance of the first temporary certificate of occupancy for a non-affordable dwelling unit. The project applicant shall not receive a fee deferral from payment for any other City fees associated with the covered development, including but not limited to right-of-way fees, demolition fees, and fees related to the commercial portion(s) of the development.
- Fee Waiver: All projects with a covered development which must comply with the requirements of the IHO shall be exempt from all plan review, building permit fees or other similar development review fees for the affordable units. Whenever a project includes a combination of affordable and market rate housing units, fees shall be pro-rated appropriately as determined by the IHO office.
- Bonuses: Density, height, and FAR (floor area ratio) requirements provided in Title 6 are hereby amended for covered developments that provide on-site affordable units, the development is entitled to the following bonuses:

Development Bonus	In TOD Area	Outside TOD Area
Density	20% bonus	10% bonus
Height	10% bonus	5% bonus
FAR	10% bonus	5% bonus

- Parking reductions

Parking Bonus	In TOD Area	Outside TOD Area
0-1 Bedroom	0.5 parking space	0.75 parking space
2 Bedrooms	1 parking space	1.25 parking space
3+ Bedrooms	1.25 parking space	1.5 parking space

Results

- Since this ordinance was put into effect in 2016, the city has experienced the construction of over XXX units.

4. Carlsbad, CA

Overview

Carlsbad, CA in northern San Diego County has a 2017 population of 112,008 people with a median age of 42.3 and a median household income of $97,145. Between 2015 and 2016 the population of Carlsbad, CA grew from 110,830 to 112,008, a 1.06% increase and its median household income grew from $90,597 to $97,145, a 7.23% increase. The population of Carlsbad, CA is 73.8% White, 14.1% Hispanic, and 7.5% Asian. 17.6% of the people in Carlsbad, CA speak a non-English language, and 94.9% are U.S. citizens.

IHO Objective and Design

The City of Carlsbad adopted the Inclusionary Housing Program in 1993 as an outgrowth of the 1990 Housing Element review. The Program was designed to assist the City in reaching its lower-income housing goals. Specifically to ensure that all residential development, including all master planned and specific planned communities and all residential subdivisions provide a range of housing opportunities for all identifiable economic segments of the population, including households of lower and moderate income. It is also the policy of the city to:

- Require that a minimum of fifteen percent of all approved ownership and qualifying rental units be restricted to and affordable to lower-income households; subject to adjustment based on the granting of an inclusionary credit;
- Require that for those developments which provide ten or more units affordable to lower-income households, at least ten percent of the lower-income units shall have three or more bedrooms;
- Under certain conditions, allow alternatives to on-site construction as a means of providing affordable units; and
- In specific cases, allow inclusionary requirements to be satisfied through the payment of an in-lieu fee as an alternative to requiring inclusionary units to be constructed.

Program Highlights

Covers all residential market-rate dwelling units resulting from new construction of ownership units, including the conversion of apartments to condominiums and to new construction of rental units where the developer receives direct financial assistance, offsets, or any incentive. Any developer not receiving direct financial assistance, offsets, or other incentives may voluntarily agree to provide inclusionary rental units.

- For development of seven or more units, not less than fifteen percent of the total units approved are to be affordable.
- For those developments which are required to provide ten or more units affordable to lower-income households, at least ten percent of the lower-income units shall have three or more bedrooms.
- Alternative to the construction of new inclusionary units is acceptable. Alternatives may include, but not be limited to, acquisition and rehabilitation of affordable units, conversion of existing market-rate units to affordable units, construction of special needs housing projects or programs (shelters, transitional housing, etc.), and the construction of second dwelling units.

- Offsite construction can satisfy affordable housing requirements if shown that objectives can be met by allowing some or all of the inclusionary units associated with one residential project site to be produced and operated at an alternative site or sites.
- Offsets will be offered by the city to the extent that resources and programs for this purpose are available.
- For any qualifying residential development or development revision of less than seven units, the inclusionary requirements may be satisfied through the payment to the city of an in-lieu fee.
- In-lieu fees to be paid for each market-rate dwelling unit are 15% of the subsidy needed to make affordable to a lower-income household one newly constructed, typical attached-housing unit. This subsidy shall be based upon the city council's determination of the average subsidy that would be required to make affordable typical, new two-bedroom/one-bath and three-bedroom/two-bath ownership units and rental units, each with an assumed affordability tenure of at least fifty-five years.
- All in-lieu fees are to be paid to a housing trust fund. At the discretion of the city council, where a developer is authorized to pay a fee in lieu of development, an irrevocable dedication of land or other non-monetary contribution of a value not less than the sum of the otherwise required in-lieu fee may be accepted as an alternative to paying the in-lieu fee.
- Consultant study recommends that the City consider an impact fee that does not exceed $20,000 per unit or $20 per SF.

Incentives

Affordable housing projects that qualify can utilize from the following incentives or concessions:

- A reduction in site development standards or a modification of zoning code or architectural design requirements (excluding State Building Standards), that results in identifiable, financially sufficient and actual cost reductions. A reduction/modification to standards or requirements may include, but is not limited to, a reduction in minimum lot size, setback requirements, and/or in the ratio of vehicular parking spaces that would otherwise be required.
- Approval of mixed use zoning in conjunction with the housing development if: (i) commercial, office, industrial or other land uses will reduce the cost of the housing development; and (ii) the commercial, office, industrial, or other land uses are compatible with the housing development and the existing or planned future development in the area where the proposed project will be located.
- Other regulatory incentives or concessions that result in identifiable, financially sufficient and actual cost reductions.
- The city council may, but is not required to, provide direct financial incentives, including the provision of publicly owned land, or the waiver of fees or dedication requirements.

For qualifying projects:

- One incentive or concession for projects that include at least 10% of the total units for lower-income households, at least five percent for very low-income households, or at least 10% for persons and families of moderate income in a common interest development.
- Two incentives or concessions for projects that include at least 20% of the total units for lower-income households, at least 10% for very low-income households, or at least 20% for persons and families of moderate income in a common interest development.
- Three incentives or concessions for projects that include at least 30% of the total units for lower-income households, at least 15% for very low-income households, or at least 30% for persons and families of moderate income in a common interest development.

Results

Since this ordinance was put into effect in 1993, the city has experienced the successful construction of over 2,000 units of housing affordable to low, very low and extremely low income households.

V - Quantifying potential impacts

Approach

To evaluate the likely impact of in lieu fees on the financial returns of multi-family unit development as well as any potential social housing subsidiary (a city-led effort to directly create new affordable housing units), Daedalus designed and built a custom excel financial model. We did not model potential incentives to offset the costs imposed by the IHO in this model, but in a separate model for an actual project in planning currently.

This model evaluates four strategies:

1 – All market rate units with no in-lieu fees

2 - All market rate units with $50k per affordable unit in-lieu fees

3 - All market rate units with $100k per affordable unit in-lieu fees

4 – An 80-20% market – affordable development

Each strategy runs iterations along a line of increasing unit counts, from five to three-hundred units, to understand how potential returns change as unit numbers increase.

The model assumes a standard land cost per acre of $750,000 that is applied according to a scaled use of land for a given number of units (see image at right).

Land area	
DU/Acre	Req'd acres
25	0.20
25	1.00
60	0.83
60	1.67
60	2.50
90	2.22
90	3.33

There are numerous differences across the inputs and discount rates for each of the strategies and unit counts in the model, but we generally tried to maintain changes to only the most important elements.

The model's project cost estimates include land, building and parking hard costs, soft costs and financing costs. RS Means data provides our hard cost estimates for building costs, parking and soft costs come from a combination of industry knowledge and discussions with local developers. Financing costs come from the model (for interest carry during construction) and industry knowledge for lender point averages and rates.

As there are many types of construction approaches, materials and finishes, we used samples from RS Means that were appropriate for the scale of units that we evaluated. It is not practical to attempt to model all potential construction types for all potential developments or redevelopments. The scale differences in the strategies above give users a clearer understanding of how a notional developer's decision-making may be impacted by changes to incentives or fees.

Our intention with modeling the strategies and unit iterations is to allow a conversation among the city's key stakeholders that takes into account how best to craft legislation that does not create conditions that reduce the number of total residential units being developed, while also providing calculations of potential in-lieu fees to determine their impact on the project's returns.

Modeling approach and key assumptions

Financial models require input assumptions about a range of items: the property itself (size, bedrooms, common areas, etc), the timing of the key events in the property's lifecycle, development costs (land, construction, soft and financing costs), sales rates (cap rates and sales period), and financing details for the construction and permanent loans. For a standard real estate financial model, it is not uncommon to have more over 100 input items, once input rates and quantities are accounted for.

When creating multiple models, such as we have done in this exercise, the input challenge quickly becomes vast. To manage this many model options, we have set some inputs as fixed across all models, such as the square footage needed for a parking stall (330), while allowing for flexible inputs for rental rates, discount rates and hard costs that would apply to some or all of the models at once.

Figure 11: Development costs per square foot by strategy and project

	Active?	Option	Units	Land acq cost	Land prep co	Hard costs	Parking	Soft costs	In Lieu	Dev fee	Contingency	Units	Total $/GSF
	Yes												
Market	Yes	1	5	$ 40.71	$ 2.71	$ 110.00	$ 8.82	$ 20.29	$ -	$ 4.25	$ 7.09	5	$ 193.87
	Yes	2	25	$ 16.96	$ 2.71	$ 170.00	$ 8.82	$ 27.63	$ -	$ 6.28	$ 10.46	25	$ 242.86
	Yes	3	50	$ 16.07	$ 2.57	$ 170.00	$ 8.35	$ 25.89	$ -	$ 6.20	$ 10.34	50	$ 239.42
	Yes	4	100	$ 15.17	$ 2.43	$ 185.00	$ 28.09	$ 26.24	$ -	$ 6.04	$ 12.09	100	$ 275.06
	Yes	5	150	$ 15.17	$ 2.43	$ 165.00	$ 28.84	$ 23.44	$ -	$ 5.49	$ 10.99	150	$ 251.36
	Yes	6	200	$ 10.11	$ 2.43	$ 210.00	$ 29.22	$ 29.74	$ -	$ 6.78	$ 13.57	200	$ 301.85
	Yes	7	300	$ 10.11	$ 2.43	$ 205.00	$ 29.59	$ 29.04	$ -	$ 6.65	$ 13.30	300	$ 296.13
	Yes												
Market $50k IL	Yes	8	5	$ 40.71	$ 2.71	$ 110.00	$ 8.82	$ 20.29	$ 13.57	$ 4.25	$ 7.09	5	$ 207.44
In lieu fee	Yes	9	25	$ 16.96	$ 2.71	$ 170.00	$ 8.82	$ 27.63	$ 13.57	$ 6.28	$ 10.46	25	$ 256.43
$ 50,000	Yes	10	50	$ 16.07	$ 2.57	$ 170.00	$ 8.35	$ 25.89	$ 12.85	$ 6.20	$ 10.34	50	$ 252.28
	Yes	11	100	$ 15.17	$ 2.43	$ 185.00	$ 28.09	$ 26.24	$ 12.14	$ 6.04	$ 12.09	100	$ 287.20
	Yes	12	150	$ 15.17	$ 2.43	$ 165.00	$ 28.84	$ 23.44	$ 12.14	$ 5.49	$ 10.99	150	$ 263.49
	Yes	13	200	$ 10.11	$ 2.43	$ 210.00	$ 29.22	$ 29.74	$ 12.14	$ 6.78	$ 13.57	200	$ 313.99
	Yes	14	300	$ 10.11	$ 2.43	$ 205.00	$ 29.59	$ 29.04	$ 12.14	$ 6.65	$ 13.30	300	$ 308.26
	Yes												
Market $100k IL	Yes	15	5	$ 40.71	$ 2.71	$ 110.00	$ 8.82	$ 20.29	$ 27.14	$ 4.25	$ 7.09	5	$ 221.01
In lieu fee	Yes	16	25	$ 16.96	$ 2.71	$ 170.00	$ 8.82	$ 27.63	$ 27.14	$ 6.28	$ 10.46	25	$ 270.00
$ 100,000	Yes	17	50	$ 16.07	$ 2.57	$ 170.00	$ 8.35	$ 25.89	$ 25.71	$ 6.20	$ 10.34	50	$ 265.13
	Yes	18	100	$ 15.17	$ 2.43	$ 185.00	$ 28.09	$ 26.24	$ 24.27	$ 6.04	$ 12.09	100	$ 299.34
	Yes	19	150	$ 15.17	$ 2.43	$ 165.00	$ 28.84	$ 23.44	$ 24.27	$ 5.49	$ 10.99	150	$ 275.63
	Yes	20	200	$ 10.11	$ 2.43	$ 210.00	$ 29.22	$ 29.74	$ 24.27	$ 6.78	$ 13.57	200	$ 326.12
	Yes	21	300	$ 10.11	$ 2.43	$ 205.00	$ 29.59	$ 29.04	$ 24.27	$ 6.65	$ 13.30	300	$ 320.40
	Yes												
Affordable	Yes	22	5	$ 40.71	$ 2.71	$ 110.00	$ 8.82	$ 20.29	$ -	$ 4.25	$ 7.09	5	$ 193.87
	Yes	23	25	$ 16.96	$ 2.71	$ 170.00	$ 8.82	$ 27.63	$ -	$ 6.28	$ 10.46	25	$ 242.86
$ -	Yes	24	50	$ 16.07	$ 2.57	$ 170.00	$ 8.35	$ 25.89	$ -	$ 6.20	$ 10.34	50	$ 239.42
	Yes	25	100	$ 15.17	$ 2.43	$ 185.00	$ 28.09	$ 26.24	$ -	$ 6.04	$ 12.09	100	$ 275.06
	Yes	26	150	$ 15.17	$ 2.43	$ 165.00	$ 28.84	$ 23.44	$ -	$ 5.49	$ 10.99	150	$ 251.36
	Yes	27	200	$ 10.11	$ 2.43	$ 210.00	$ 29.22	$ 29.74	$ -	$ 6.78	$ 13.57	200	$ 301.85
	Yes	28	300	$ 10.11	$ 2.43	$ 205.00	$ 29.59	$ 29.04	$ -	$ 6.65	$ 13.30	300	$ 296.13

The input assumptions that we focused on were those that tend to be the most important for determining underlying project fundamentals (core costs, rental rates, cap and discount rates).

Beginning with All-In costs per square foot (land, hard, soft and financing costs), the table at right summarizes costs by the number of units in a development. The costs rise as structural component costs increase for larger buildings (from wood to steel, for example). These costs are not completely linear because although there may be a breakpoint at 100 units, there may not be an economy of scale until more units are built within that construction method.

All in development costs range from $193.87 / gross square foot for a five-unit building to $296.13 / gross square foot for a three hundred-unit building. As the building size increases, we selected options from RS Means that were appropriate for the scale of construction being proposed. For up to fifty- units, we estimated a hardi-board over stick project. For one hundred units, we proposed brick over steel. For one hundred to two hundred units, we proposed an exterior insulated finishing product over steel. Finally, for the three-hundred unit building, we went back to brick over steel. In all cases over one hundred units, we added two additional elevators (typically 2500 or 3500 pound options) to RS Means' default options.

Unit sizes were held constant for all building sizes at 700 square feet (net). The model did not attempt to create variations on unit types (studios, 1, 2 and 3 bedrooms) and then estimate the allocation of those units within each potential building. The likelihood that we could allocate the units as a developer would in a specific location or to match the specific market details is low. Instead, the model maintains a single unit type and size to focus attention on how the building performs under the controlled changes within the various options.

Market rents in the model began at $1250 per unit per month for a five unit building and escalated to $1,600 per unit per month in a three-hundred-unit building. Those rent levels on a per net square foot level range from $1.79 to $2.29 and essentially have to increase along with construction costs for any project of this size to even potentially generate a financial profit. Even set at these rent levels (as we shall see), the larger projects are not feasible without even higher rents.

Figure 12: Development inputs by strategy and project

	Active?	Option	Units	Market	Affordable	NSF/Unit	Net to Gross	M-rent	A-Rent	M $/GSF	A $/GSF
	Yes										
Market	Yes	1	5	5	0	700	95%	$ 1,250	$ 500	$ 1.79	$ 0.71
	Yes	2	25	25	0	700	95%	$ 1,300	$ 500	$ 1.86	$ 0.71
	Yes	3	50	50	0	700	90%	$ 1,350	$ 500	$ 1.93	$ 0.71
	Yes	4	100	100	0	700	85%	$ 1,400	$ 500	$ 2.00	$ 0.71
	Yes	5	150	150	0	700	85%	$ 1,450	$ 500	$ 2.07	$ 0.71
	Yes	6	200	200	0	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes	7	300	300	0	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes			100%	0%						
Market $50k IL	Yes	8	5	5	0	700	95%	$ 1,250	$ 500	$ 1.79	$ 0.71
In lieu fee	Yes	9	25	25	0	700	95%	$ 1,300	$ 500	$ 1.86	$ 0.71
$ 50,000	Yes	10	50	50	0	700	90%	$ 1,350	$ 500	$ 1.93	$ 0.71
	Yes	11	100	100	0	700	85%	$ 1,400	$ 500	$ 2.00	$ 0.71
	Yes	12	150	150	0	700	85%	$ 1,450	$ 500	$ 2.07	$ 0.71
	Yes	13	200	200	0	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes	14	300	300	0	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes			100%	0%						
Market $100k IL	Yes	15	5	5	0	700	95%	$ 1,250	$ 500	$ 1.79	$ 0.71
In lieu fee	Yes	16	25	25	0	700	95%	$ 1,300	$ 500	$ 1.86	$ 0.71
$ 100,000	Yes	17	50	50	0	700	90%	$ 1,350	$ 500	$ 1.93	$ 0.71
	Yes	18	100	100	0	700	85%	$ 1,400	$ 500	$ 2.00	$ 0.71
	Yes	19	150	150	0	700	85%	$ 1,450	$ 500	$ 2.07	$ 0.71
	Yes	20	200	200	0	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes	21	300	300	0	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes			80%	20%						
Affordable	Yes	22	5	4	1	700	95%	$ 1,250	$ 500	$ 1.79	$ 0.71
	Yes	23	25	20	5	700	95%	$ 1,300	$ 500	$ 1.86	$ 0.71
$ -	Yes	24	50	40	10	700	90%	$ 1,350	$ 500	$ 1.93	$ 0.71
	Yes	25	100	80	20	700	85%	$ 1,400	$ 500	$ 2.00	$ 0.71
	Yes	26	150	120	30	700	85%	$ 1,450	$ 500	$ 2.07	$ 0.71
	Yes	27	200	160	40	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71
	Yes	28	300	240	60	700	85%	$ 1,600	$ 500	$ 2.29	$ 0.71

Because affordable rents differ depending on a number of factors, such as the number of people in a household, unit size and whether utilities are included in the rental rate, the model uses a common estimate of $500 per unit per month ($.71 per net square foot). The affordable rental rate does not change throughout the model's various strategies or unit size options.

Common areas and circulation in the buildings increased as the unit count grew. From 5% in the five unit building to 15% in the three-hundred-unit building (roughly 37,000 gross square feet).

Figure 13: Development inputs by strategy and project

	Active?	Option	Units	Market	Affordable	$/Acre Land cost	$/Total Land prep	$/GSF Hard	Parking	% Land + Ha Soft	% Prior Dev fee	In Lieu	Permits / unit	DSCR	Am Period - Y	Perm rate	U-Dis Rate	L-Dis Rate
	Yes																	
Market	Yes	1	5	5	0	$ 150,000	$ 10,000	$ 110.00	$ 32,500	18.0%	3.0%	$ -	$ 6,000	1.20	30	5.75%	7.00%	10.00%
	Yes	2	25	25	0	$ 312,500	$ 50,000	$ 170.00	$ 162,500	16.0%	3.0%	$ -	$ 6,000	1.20	30	5.75%	7.00%	10.00%
	Yes	3	50	50	0	$ 625,000	$ 100,000	$ 170.00	$ 325,000	15.0%	3.0%	$ -	$ 6,000	1.20	30	5.75%	7.00%	10.00%
	Yes	4	100	100	0	$ 1,250,000	$ 200,000	$ 185.00	$ 2,315,000	14.0%	2.5%	$ -	$ 6,500	1.20	30	5.75%	8.00%	12.00%
	Yes	5	150	150	0	$ 1,875,000	$ 300,000	$ 165.00	$ 3,565,000	14.0%	2.5%	$ -	$ 6,500	1.20	30	5.75%	8.00%	12.00%
	Yes	6	200	200	0	$ 1,666,667	$ 400,000	$ 210.00	$ 4,815,000	14.0%	2.5%	$ -	$ 7,000	1.20	30	5.75%	8.00%	12.00%
	Yes	7	300	300	0	$ 2,500,000	$ 600,000	$ 205.00	$ 7,315,000	14.0%	2.5%	$ -	$ 7,000	1.20	30	5.75%	8.00%	12.00%
	Yes			100%	0%													
Market $50k IL	Yes	8	5	5	0	$ 150,000	$ 10,000	$ 110.00	$ 32,500	18.0%	3.0%	$ 50,000	$ 6,000	1.20	30	5.75%	7.00%	10.00%
In lieu fee	Yes	9	25	25	0	$ 312,500	$ 50,000	$ 170.00	$ 162,500	16.0%	3.0%	$ 250,000	$ 6,000	1.20	30	5.75%	7.00%	10.00%
$ 50,000	Yes	10	50	50	0	$ 625,000	$ 100,000	$ 170.00	$ 325,000	15.0%	3.0%	$ 500,000	$ 6,000	1.20	30	5.75%	7.00%	10.00%
	Yes	11	100	100	0	$ 1,250,000	$ 200,000	$ 185.00	$ 2,315,000	14.0%	2.5%	$ 1,000,000	$ 6,500	1.20	30	5.75%	8.00%	12.00%
	Yes	12	150	150	0	$ 1,875,000	$ 300,000	$ 165.00	$ 3,565,000	14.0%	2.5%	$ 1,500,000	$ 6,500	1.20	30	5.75%	8.00%	12.00%
	Yes	13	200	200	0	$ 1,666,667	$ 400,000	$ 210.00	$ 4,815,000	14.0%	2.5%	$ 2,000,000	$ 7,000	1.20	30	5.75%	8.00%	12.00%
	Yes	14	300	300	0	$ 2,500,000	$ 600,000	$ 205.00	$ 7,315,000	14.0%	2.5%	$ 3,000,000	$ 7,000	1.20	30	5.75%	8.00%	12.00%
	Yes			100%	0%													
Market $100k IL	Yes	15	5	5	0	$ 150,000	$ 10,000	$ 110.00	$ 32,500	18.0%	3.0%	$ 100,000	$ 6,000	1.20	30	5.75%	7.00%	10.00%
In lieu fee	Yes	16	25	25	0	$ 312,500	$ 50,000	$ 170.00	$ 162,500	16.0%	3.0%	$ 500,000	$ 6,000	1.20	30	5.75%	7.00%	10.00%
$ 100,000	Yes	17	50	50	0	$ 625,000	$ 100,000	$ 170.00	$ 325,000	15.0%	3.0%	$ 1,000,000	$ 6,000	1.20	30	5.75%	7.00%	10.00%
	Yes	18	100	100	0	$ 1,250,000	$ 200,000	$ 185.00	$ 2,315,000	14.0%	2.5%	$ 2,000,000	$ 6,500	1.20	30	5.75%	8.00%	12.00%
	Yes	19	150	150	0	$ 1,875,000	$ 300,000	$ 165.00	$ 3,565,000	14.0%	2.5%	$ 3,000,000	$ 6,500	1.20	30	5.75%	8.00%	12.00%
	Yes	20	200	200	0	$ 1,666,667	$ 400,000	$ 210.00	$ 4,815,000	14.0%	2.5%	$ 4,000,000	$ 7,000	1.20	30	5.75%	8.00%	12.00%
	Yes	21	300	300	0	$ 2,500,000	$ 600,000	$ 205.00	$ 7,315,000	14.0%	2.5%	$ 6,000,000	$ 7,000	1.20	30	5.75%	8.00%	12.00%
	Yes			80%	20%													
Affordable	Yes	22	5	4	1	$ 150,000	$ 10,000	$ 110.00	$ 32,500	18.0%	3.0%	$ -	$ 6,000	1.20	30	5.75%	6.00%	9.00%
	Yes	23	25	20	5	$ 312,500	$ 50,000	$ 170.00	$ 162,500	16.0%	3.0%	$ -	$ 6,000	1.20	30	5.75%	6.00%	9.00%
$ -	Yes	24	50	40	10	$ 625,000	$ 100,000	$ 170.00	$ 325,000	15.0%	3.0%	$ -	$ 6,000	1.20	30	5.75%	6.00%	9.00%
	Yes	25	100	80	20	$ 1,250,000	$ 200,000	$ 185.00	$ 2,315,000	14.0%	2.5%	$ -	$ 6,500	1.20	30	5.75%	7.00%	11.00%
	Yes	26	150	120	30	$ 1,875,000	$ 300,000	$ 165.00	$ 3,565,000	14.0%	2.5%	$ -	$ 6,500	1.20	30	5.75%	7.00%	11.00%
	Yes	27	200	160	40	$ 1,666,667	$ 400,000	$ 210.00	$ 4,815,000	14.0%	2.5%	$ -	$ 7,000	1.20	30	5.75%	7.00%	11.00%
	Yes	28	300	240	60	$ 2,500,000	$ 600,000	$ 205.00	$ 7,315,000	14.0%	2.5%	$ -	$ 7,000	1.20	30	5.75%	7.00%	11.00%

Soft costs decline as a percentage of total project costs, from 18% down to 14% in the highest unit count options. Financing costs are separately calculated and are not included in these figures.

Permits are set at $6000 per unit until projects reached 200 units, at which point the model assumes that permit fees would rise to $7000 per unit, reflecting higher city-issued fees for the larger projects.

In lieu fees for options that include such are set at $50,000 or $100,000 per affordable unit. The model's default affordable housing mix is set at 80% market rate and 20% affordable units. The two strategy options that include in-lieu fees are designed to take the base market rate strategy, apply the default affordable rate unit calculations to each project size, but then paying the specified in-lieu fee rather than building those units.

The development period interest rate is set at 7.5% on an interest only loan for construction, that is then taken out by a permanent loan at 30 years and 5.75% with a loan to value (LTV) maximum of 70% or Debt Service Coverage Ratio (DSCR) of 1.2. In reality, commercial projects like those modeled here would likely have shorter term debt (often a ten-year loan term with a longer amortization period), but the thirty year term approximates those continuous refinancing events.

Lease up activities are constrained to a maximum of twelve months following an eighteen-month development period. Stabilized operations begin the month following the end of lease up and operating expenses are held to 35% of income. Sales values are determined by the Net Operating Income (NOI) of the year after the notional sale's date (in line with financial theory that an investor is buying the capitalized value of the next year's cashflow).

The model separates out costs into those that are due to financing and all other costs. The non-financing costs reflect the costs of developing the property using only the developer's own capital (an all equity investment). The model allocates equity against these costs and brings unfunded costs into an area where loan points and interest can be added to the total unfunded balance. The all equity cashflow logic in the model takes the NOI, adds to them the all equity-funded investment cashflows and additional capital expenditure for replacement reserves, then adds the final sales value. The total resulting cashflows are the unleveraged cashflows for the

project. For the leveraged cashflows, the unleveraged cashflows are added to the loan points and interest costs and / or debt payments.

Date specific (and highly accurate) Internal Rate of Return (IRR) and Net Present Value (NPV) calculations are run against each cashflow stream (unleveraged and leveraged) to show how project's financial returns. Discount rates for the unleveraged cashflows are set at 7.0%, which is not at the low end of most market measures, and at 12% for the riskier, leveraged cashflows (riskier because debt obligations add complexity and legal challenges to the project if debt payments are not made). Like the unleveraged cashflows, the leveraged cashflow discount rate is not particularly high by market standards. The net present value discount rate was set at 12%, indicating a 12% profit target for the project.

Model results without incentives

The model's results are best read from the left-hand column down and then across when comparing the different strategies or from left to right when evaluating a particular unit count within a strategy.

Using unleveraged cashflows as an example, the market strategy shows nominal profits of between $634k for a five-unit building and $26M for a three-hundred-unit building. As in-lieu fees are added for affordable units that were not built onsite, those same nominal profits drop to a range of $566k to $23M for a $50k per affordable unit in lieu fee, or $516k to $20M for a $100k in lieu fee. Building the affordable units onsite reduces nominal unleveraged profit to $345k to $5M for the range of unit counts.

Figure 14: Development returns by strategy and project

	Active?	Option	Units	U-CFs	L-CFs	U-XIRR	U-NPV	L-XIRR	L-NPV	Dev$/unit	L-NPV$/unit
	Yes										
Market	Yes	1	5	$634,652	$374,929	10.94%	$168,008	18.43%	$115,239	$160,686	$23,048
	Yes	2	25	$2,386,186	$986,751	7.18%	$44,974	7.71%	($196,897)	$199,616	($7,876)
	Yes	3	50	$4,858,289	$1,960,348	7.04%	$19,987	7.34%	($478,065)	$207,468	($9,561)
	Yes	4	100	$6,605,269	$347,026	4.22%	($4,233,781)	0.53%	($4,713,017)	$251,562	($47,130)
	Yes	5	150	$14,303,171	$4,933,432	6.32%	($2,696,627)	5.52%	($3,633,094)	$230,500	($24,221)
	Yes	6	200	$16,510,708	$2,509,260	4.75%	($8,070,229)	1.75%	($9,238,367)	$275,914	($46,192)
	Yes	7	300	$26,181,343	$5,289,948	5.08%	($10,764,237)	2.51%	($12,583,349)	$270,827	($41,944)
	Yes										
Market $50k IL	Yes	8	5	$566,315	$303,700	9.47%	$108,931	14.08%	$59,200	$171,468	$11,840
In lieu fee	Yes	9	25	$2,136,186	$717,173	6.24%	($193,456)	5.30%	($428,302)	$210,399	($17,132)
$ 50,000	Yes	10	50	$4,358,289	$1,421,193	6.13%	($456,873)	5.04%	($940,875)	$218,251	($18,817)
	Yes	11	100	$5,605,269	($731,287)	3.49%	($5,181,371)	-1.07%	($5,613,346)	$262,344	($56,133)
	Yes	12	150	$12,803,171	$3,315,965	5.51%	($4,118,013)	3.54%	($4,983,587)	$241,282	($33,224)
	Yes	13	200	$14,510,708	$352,626	4.08%	($9,965,409)	0.24%	($11,039,026)	$286,697	($55,195)
	Yes	14	300	$23,181,343	$2,054,998	4.39%	($13,607,008)	0.94%	($15,284,337)	$281,610	($50,948)
	Yes										
Market $100k IL	Yes	15	5	$516,315	$249,786	8.34%	$61,245	10.83%	$12,920	$182,251	$2,584
In lieu fee	Yes	16	25	$1,886,186	$447,605	5.35%	($431,886)	3.14%	($659,704)	$221,181	($26,388)
$ 100,000	Yes	17	50	$3,858,289	$882,057	5.28%	($933,733)	2.98%	($1,403,679)	$229,033	($28,074)
	Yes	18	100	$4,605,269	($1,809,560)	2.80%	($6,128,961)	-2.55%	($6,513,663)	$273,127	($65,137)
	Yes	19	150	$11,303,171	$1,698,556	4.74%	($5,539,398)	1.73%	($6,334,063)	$252,065	($42,227)
	Yes	20	200	$12,510,708	($1,803,920)	3.44%	($11,860,589)	-1.16%	($12,839,661)	$297,479	($64,198)
	Yes	21	300	$20,181,343	($1,179,821)	3.74%	($16,449,778)	-0.52%	($17,985,289)	$292,392	($59,951)
	Yes										
Affordable	Yes	22	5	$345,961	$127,198	6.60%	$24,399	6.21%	($39,853)	$160,686	($7,971)
	Yes	23	25	$968,642	($224,051)	3.19%	($660,648)	-1.73%	($974,902)	$199,616	($38,996)
$ -	Yes	24	50	$1,963,922	($506,420)	3.12%	($1,406,099)	-1.88%	($2,055,811)	$207,468	($41,116)
	Yes	25	100	$621,166	($4,753,655)	0.43%	($7,044,689)	0.00%	($7,827,557)	$251,562	($78,276)
	Yes	26	150	$5,033,963	($2,968,297)	2.44%	($7,026,224)	-3.30%	($8,406,447)	$230,499	($56,043)
	Yes	27	200	$2,979,547	($9,029,236)	0.94%	($14,418,812)	0.00%	($16,259,629)	$275,914	($81,298)
	Yes	28	300	$5,884,602	($12,017,796)	1.25%	($20,278,437)	-5.68%	($23,097,610)	$270,827	($76,992)

Once debt is considered, those nominal profit levels fall even more. The market-only strategy delivers $374k to $5M in after debt nominal profit, falling to $303k to $2M for the range of units with a $50k in lieu fee. With that fee doubled to $100k, returns are only nominally positive up to the fifty-unit level, with returns of $249k for a five-unit building, $882k for a fifty-unit building, -$1.8M for a one hundred unit building before becoming positive again (remember that

construction costs are not perfectly linear, creating breakpoints with unexpected financial results), before ending the range with -$1.2M for the three-hundred-unit option. The affordable housing strategy losses money for all but the very first option (the five-unit building).

The returns just discussed were all nominal, that is, they did not account for the time value of money. Just as you would value $1M more now than you would in fifty years, so would investors. Inflation, risk premiums and debt costs also add real costs to that innate preference. For those reasons, investor discount future returns by a number that reflects the costs of the above factors. As noted previously, the model uses 7% to discount unleveraged cashflows and 12% for leveraged cashflows.

Under the discounted cashflows approach (U-NPV = unleveraged net present value, L-NPV = leveraged net present value), essentially none of the project evaluated here can generate sufficient profit to be financially feasible.

This result may be counter-intuitive as new residential construction is ongoing across Bloomington, but it makes sense in the context of high (and rising) construction costs and a relatively low ceiling on rental rates. Actual developers would spend a large amount of time refining the design and construction materials to reduce costs, negotiating with the city for regulatory exemptions to lower costs for parking (as a common example), securing land at lower costs than are assumed in this model or negotiating better debt terms. In those cases, profits are generated through a multi-pronged approach of incremental savings or revenue enhancements (to say nothing of taking risks by targeting rental rates that are higher than the current market rates to justify the costs of development).

To understand how far from achieving the target profit rates each strategy and unit count is, just look at the L-NPV column. The negative numbers shown there indicate the exact amount that the project must gain to achieve its profit target. As an example, for the 300 unit building with a $100k per affordable unit in-lieu fee, the current negative net present value is -$17.9M. To hit the 12% profit return threshold, the project must gain that much value from either reducing construction costs by an equal amount, adding revenue such that the total discounted value of the added value is equal to the negative NPV or some combination of the two approaches. A developer may reduce construction costs by $2M through additional value engineering, request a TIF of $10M from the city or county and raise rents across the market units to close the hole.

Incentives analysis

As an extension the financial analysis exercise, our team was instructed by the City of Bloomington to work with an actual project from a multi-family developer active in the city to test how a project's financials would change with potential incentives.

To protect the developer's privacy, we are modifying some aspects of his project's details and only discussing high level final returns with and without the incentives.

Our analysis included four incentive types:

1) Parking reductions: reducing the requirements for onsite parking stalls

2) Density bonuses: adding market rate units when requiring affordable units in a project

3) Tax increment financings (TIFs): capturing the future growth in a project's tax revenues to offset development costs

4) Fee deferrals: time shifting when development fees for permitting, parks and other requirements are due

The parking reduction incentive helps developers by reducing the requirement to have parking stalls onsite based on the development plan and activity onsite. Residential units, for example, often have a requirement for at least one parking stall per residential unit (with per bedroom adjustments being common). Reducing the parking requirements directly impacts how a development site can be used spatially as well as reducing the costs of parking, which averages roughly $35,000 for an underground stall, $25,00 above ground and $6,500 on grade. Not all parking reduction is created equal, however. Having too few parking stalls onsite with no alternatives nearby may make a project unmarketable and hence unprofitable because potential tenants may want some amount of parking onsite. This incentive then is important but often loses its benefit after an approximately 30% reduction in parking requirements.

Density bonuses directly impact the revenue generating potential of a project. Typically, a jurisdiction will allow some additional percentage of the originally allowed market rate units to be added to the market rate total. As an example, assume that a developer can build 100 units by zoning regulations with 20% being affordable (80 market rate units and 20 affordable units). A 30% density bonus would grant the developer an additional 24 market rate units (104 market rate and 20 affordable units). This incentive is quite powerful when the market can absorb the additional units at full market rates. In declining markets or specific locations where demand may not be very strong, additional market units may make the project harder to finance or lease-up. Like parking reductions, general economic conditions will partially determine the effectiveness and attractiveness of this incentive.

Tax increment financing (TIF) often takes the form of a payment to a developer with the periodic costs of that debt covered by the increase in the value of the land and other tax basis of the property. As an example, assume a parcel of land generates $100 in property taxes now (ignore other potential taxes for the moment). Under a proposed property development plan, the property would generate $250 in land taxes. The extra $150 in property taxes each year can be used to service the debt placed on the property. While there are variations on this approach, the conceptual logic tends to be similar: capture the incremental value creation as the mechanism to repay debt.

Developers often ask for a TIF because of a regulatory burden that has been placed on them for a public purpose. As shown in the financial analysis earlier, the ability to offset a portion of administratively required parking or affordable housing costs using a TIF goes very far towards getting a project into the black (financially speaking). For this reason, there is little downside for most developers (outside of debt service coverage risk if the project bears any direct repayment liability). A municipality on the other hand must balance its ability to borrow through General Obligation (GO) bonds or other methods as well as the impact on its credit rating of issuing additional debt.

Fee deferrals cover two distinct options. The first option would be simply time shifting when fees are due, but requiring all fees to be paid (though the city has the option of waiving fees as well). For this option, the logic used was that if a project had either 1) 20% or more of its units as affordable to 60% - 80% AMI, or 2) more than 10% of units were affordable to those earning 30% AMI or below, then most fees associated with development (permits,

development and parks dedication – water tap fees were excluded from the formula) could be paid twelve months after the Certificate of Occupancy (CofO). The reasoning behind this timing is that developers often refinance their property from the construction loan into a permanent loan once stabilized operations have been reached (at the end of the lease up period). Allowing developers up to twelve months after the CofO to pay their development fees reduces their capital outlay upfront and allows the fees to be paid out of the refinancing proceeds (which are often higher than what is owed on the construction loan). The second option is that the fees themselves can shift from a development cost to an operating one by making the fee payable as an interest-bearing note over a fixed period. The advantage for developers of this approach is that under a long-enough financing period, the additional cost burden on operations may be spread over the operating units as an operating cost. The disadvantage for developers of this approach is that unless the financing period is longer than ten years, the large fees associated with development will likely reduce NOI, which in turn reduces the total that can be borrowed as a permanent loan. In addition, the city's finances would be impacted for a longer time period, even with a quasi-market rate of interest (6% in the model runs that we performed). The deferred fee option simply provides an additional layer of flexibility to developers to make their numbers work.

Incentive modeling

We used the developer's model for a nearly 200 unit project as a base on which to graft the incentives in relevant areas (such as unit counts by selected strategy). Three strategies were used: one with 20% of the units at 60% AMI, one at all market rate rentals and one at 20% of the units at 30% AMI.

The model evaluated each of these strategies to determine their financial returns without any incentives and using the developer's estimates for equity and debt, rents and construction costs.

Figure 15: Development returns without incentives for an example project

COMPARATIVE CHART OF FINDINGS
10 Year hold

	20% at 60% AMI	All Market	20% at 30% AMI
Unleveraged			
IRR	4.84%	5.58%	4.37%
NPV	$ (24,343,905)	$ (21,469,781)	$ (26,128,441)
Leveraged			
IRR	5.95%	8.28%	4.57%
NPV	$ (11,203,765)	$ (8,084,769)	$ (13,140,342)

Financial returns for those scenarios are shown to the right and conform to intuitive expectations as well as the general returns guidance from the earlier modeling exercise. In these results the all market returns were 5.58% on an unleveraged basis and 8.28% once debt was included. With 20% of the units at 60% AMI, returns dropped to 4.84% (unleveraged) and 5.95% (leveraged). Reducing the AMI levels even more to 30% drops returns to 4.37% and 4.57% (unleveraged and leveraged, respectively). The declining return to debt shows that the project's debt costs are becoming a liability given the rent levels. As total rental income drops, the total amount that can be borrowed drops (because one loan sizing test verifies how much "extra" NOI exists over the required debt payment). If the project costs remain the same, then reducing the

amount that can be borrowed means that the required equity level rises. All things being equal, the more equity in the project, the more profit it must generate to generate identical IRRs.

Applying the incentives one at a time (not cumulatively until the final model run) to the 20% of units at 30% AMI strategy, the results show that a 30% parking reduction provides a slight lift to the returns (unleveraged returns rise from 4.37% to 4.73%). The impact here may be even higher if the developer can further shift some of the remaining parking stall from underground to above ground. The parking reduction did not use the city's capital or borrowing capacity.

Figure 16: Development returns with selective incentives applied

COMPARATIVE CHART OF FINDINGS
10 Year hold

	No city money	No city money *+42 market units*	City money	Deferred fees to city **Permit, parks & dev*	
	20% at 30% AMI				
	With 30% parking reduction	With 30% density bonus	With TIF	With deferred development fees*	With all incentives shown
Unleveraged					
IRR	4.73%	5.69%	6.25%	4.27%	7.70%
NPV	$ (23,904,288)	$ (21,015,993)	$ (18,435,393)	$ (26,595,600)	$ (11,565,952)
Leveraged					
IRR	5.60%	8.66%	9.45%	4.31%	13.77%
NPV	$ (11,257,781)	$ (7,606,651)	$ (7,976,329)	$ (14,248,669)	$ (1,668,405)

Using a 30% density bonus to the project provided a very strong increase in the returns, from 4.37% unleveraged to 5.69%, and even higher with debt, from 4.57% to 8.66%. This powerful incentive mechanism did not use the city's capital or borrowing capacity. The density bonus does require the ability for the additional units to be financed and absorbed by the market, however, to be effective.

The TIF incentive provides the highest direct lift to the project's returns. In this project, the TIF was applied not as a one-time payment into the project but as a series of payments over a specified period of time to support NOI. Returns rose from the baseline unleveraged return of 4.37% to 6.25%, and with debt returns jumped from 4.57% to 9.45%. This option does rely on the city's ability to make the financing work (though the financing package is backstopped by the property's tax basis rise).

Deferred development fees in this example converted $675,000 in fees into a six year note at six percent annual interest. The impact on NOI was worse than if the fees had been paid in advance (though potentially also time shifted until the permanent loan was put in place). Additional analysis on acceptable financing periods may yet make this option attractive to developers. The impact to the city's finances would be immediate for projects that qualify in that monies due to the city would not be paid right away, but over time. With proper planning, this impact too may be mitigated.

Collectively, the incentives lifted the developer's financial returns from 4.37% to 7.7% on an unleveraged basis and from 4.57% to 13.77% on a leveraged basis – and at that number the returns begin to approach acceptable market rates (though both debt and equity financing for such a project may yet be a challenge, even with the incentives).

Developers have told us directly that expedited approvals may be among the most powerful incentives that the city could offer them and would not cost the city anything directly. The model iterations that we ran did not include any impact from such an incentive, but our understanding of that incentive's benefit is primarily that it lets the developer keep capital at risk for a shorter period and take a project to market faster – which reduces the risk of a project launching into a soft market.

Relevance to the IHO

For the purposes of analyzing the IHO, the model's financial returns indicate a number of issues that ought to be considered when setting the in-lieu fees and any affordable unit percentage.

The first point is that although returns for smaller projects appear to be less impacted by the in-lieu fees and affordable requirements, those returns are really predicated on much lower construction costs than the larger buildings use. Developers of small unit buildings are building economy-level residential dwellings of often just one or two stories. They tend to operate with a small team and low cost base. Adding administrative and compliance burdens to their operations may push many (if not most) out of multi-family construction and into single family, which obviously impacts total multi-family unit production of small unit count buildings.

The second point is that profits are not guaranteed in residential development, particularly as unit counts rise. Although the returns to scale do exist when economic factors work in the developer's favor, such as when rents are rising faster than construction costs, current economic conditions appear to be closer to a tipping point: costs for construction labor and materials appear to be rising faster than rents (which are in turn related to the underlying growth in area wages). With interest rate hikes occurring and more likely over the coming two or three quarters, the underlying cost basis for new residential multi-family projects will increase as well.

The third point is that the in-lieu fees by themselves are not typically sufficient to make a project unprofitable and will likely be offset over time through lower land values, slightly higher market rate rents and slightly lower developer profits. The affordable unit percentages appear to be more financially burdensome than the unit requirements.

The fourth point is that incentives can offset the costs of the policy requirements and may be considered a useful mechanism of achieving affordable housing public policy goals. But for the creation of new rental units, affordable housing tends to be those units that are "naturally occurring," that is, older or in less desirable locations. The stock of housing that fits the naturally occurring criteria increases generally only as properties age. The city may consider that adding additional affordable units is worth the cost as it provides economic competitiveness beyond the cost of the incentives. Consider that a city with employees close to their employment will travel fewer road miles (reducing infrastructure cost and traffic congestion), spend their incomes within the city's limits, stimulating addition retail opportunities, and increasing the city's prestige as a place that is home for residents across all income levels (a form of brand equity).

Since not all incentives cost the city capital or borrowing capacity, use market demand for additional market rate units and developer preferences for speed of permitting to their fullest extent before negotiating for city-funded incentives.

Top-down analysis

One way of evaluating the Bloomington market is from the top-down, that is, estimating the number of households that an IHO would potentially apply to, then creating an estimate of annual needs for units within this group. Once an annual unit estimate can be made, an average development cost per unit can be applied to understand the total potential cost of providing those units.

Since, however, developers typically only invest approximately 35% of the total development cost of a project, the total amount estimated to be needed in a given year to provide affordable housing units can be multiplied by this percentage to reflect the non-debt costs that would be spent on their provision. With this number in mind, the City of Bloomington can consider a range of options to provide some or all of those funds (a full discussion of this approach is beyond the scope of this brief analysis, but we can speculate on potential options here).

First, we begin with an analysis of the estimated population that would be under housing stress (definitionally spending more than 30% of their income on housing costs) and to whom affordable housing units would be targeted.

Figure 17: Top-down estimate of annual affordable housing unit need

Households likely to be affected by the IHO

	Total	% in housing stress	Adjusted	% who move in a year	Inc units needed annually
Less than $10,000	1,312	100%	1,312	5%	66
$10,000 to $14,999	1,094	95%	1,039	5%	52
$15,000 to $24,999	2,078	90%	1,870	5%	94
$25,000 to $34,999	3,099	85%	2,634	5%	132
Total	**7,583**	90%	**6,856**		**344**

New development cost / unit	$	300,000
Annual household unit need		344
Total affordable housing unit cost	$	103,200,000
Adjusted for equity required (35% of total)	$	36,120,000

The American Community Survey figures for the City of Bloomington in 2017 show 7,583 households with under $35,000 in annual earnings. The earlier analysis of housing stress showed 88% of renter households under $20,000 / year were in housing stress, dropping only slightly to 85% for households between $20,000 and $34,999 / year. Since the household income data and housing stress data have different income measurements (the scales are more finely cut in the income numbers), we used conservative estimates of households in housing stress for the income bands between $0 and $24,999. Under gradually falling assumptions that begin with an assumption that everyone living on less than $1,000 per month is likely in housing stress and then reducing the percentage in housing stress by 5% for each

income band until arriving at the 85% figure that was shown in the ACS renter housing stress data. Now, not all households in these annual income categories are renters. Some are elderly homeowners, others may be temporarily unemployed or under-reporting income. At the same time, there are households in housing stress at incomes above the $34,999 / year level.

By constraining the analysis to the lower income levels and ignoring a bit of the nuance about whether every single household within these bands is in housing stress and none above the cutoff are, we can more easily get to a defensible figure of potential households that may need affordable housing units.

This defensible figure is approximately 6,856 and could be refined with additional data, but likely reflects a fair estimate of the average number of households in Bloomington that may benefit from affordable housing units. If we assume that 5% of these households in each income band move (change housing units within Bloomington) within a given year, then the lower income households in the city would need approximately 344 affordable units in a year to absorb those movers.

If each new unit costs approximately $300,000 to build, then the 344 affordable housing units reflect annual costs in 2018 dollars of $103M, of which 35% ($36M) would be the actual investor's share (the rest coming from bank loans). This $36M is the portion that the City of Bloomington could use as an internal benchmark to estimate how much it would be willing to fund from whatever sources it has available.

As an example, if Bloomington had a goal of offsetting 20% of the total estimated equity need for affordable housing units and (much like tax credit applications), asked developers to submit applications in a competitive process for the available funds, it would need $7.2M in funding.

The funding needed for the $7.2M could come from a range of sources, whether IHO-related funds, additional permit fees, special assessments or TIF districts.

VI - Results and Discussion

Results of our analysis show….

Focus	Functional Area	Implications for Bloomington
1. Inclusionary Housing Ordinance	Overall	▪ Control period of 30 years is commendable, but consider ensuring that control period resets to "0 year" when for-sale property changes hands. This will keep the net stock of units growing. ▪ Under Applicability, "New Construction – where the threshold is 5 units or more, consider the impact on small developers. The low cut-off will probably have only a minimal impact on the total number of affordable units and would add to administrative burden. ▪ Forecast the number of units needed by market characteristics and by income segment and align BIHO in a nuanced way to incorporate needs of different AMI segments and cohorts within the jurisdiction. ▪ Review administration burden of BIHO - 2-3 FTE's appears standard for mature programs. ▪ Include more direct language for monitoring and evaluation of this ordinance in § 9.22. ▪ § 9.23 - Detail who will do income verification and eligibility at outset and then annually? ▪ Be prepared to make several revisions or amendments soon after announcing and first round of projects are submitted for approvals. ▪ Add a definitions section that covers key terms and requirements. ▪ Consider separate authorization for Housing Trust Fund – need more detail and easier to manage and amend.
	§ 9.08, 9.09 9.11 Incentives	▪ Assess if providing a "menu of alternative compliance options" works better for unit production goals, e.g., converting market-rate units, extending the affordability period on existing affordable units, in-lieu fees, transfer of existing units to a nonprofit developers, bank and transfer more than the minimum number of units at one site and count those against another site), alternative housing (e.g., special needs, single-room occupancy, shelters), and land dedication to non-profits.

		▪ Under Density bonuses, consider if the height bonus is truly important to developers and if yes, determine how much bonus is ideal. ▪ Under Development Fee Waivers – examine if these can be graduated to more relevant to the target area. ▪ Assess if housing policy or IHO can refer to new sources of "land" – e.g., single level ageing strip malls, parking lots, gas stations that can be repurposed and incentivized for development and affordable units. ▪ Same with Adaptive Housing – going from office to residential has merit in tight markets. ▪ Due to complex nature of incentives and bonuses, offer preliminary review for developers pro-forma to confirm key assumptions and requirements.
	§ 9.13 In-lieu payments	▪ If unit production focused, especially in the short-term, then "in lieu" payments may be less efficient. Aim to make unit production more attractive than paying in-lieu payments. ▪ Consider offering fulfillment via partial in-lieu payment and partial unit production. ▪ Incentivize priority locations and housing types. ▪ Illustrate specifically how and where In-lieu payments will be utilized.
2. Impact Fee	Nexus Impact Fee Calculation	▪ Consider expressing as a % of gross square footage in addition to per unit. This can allow for finer calibration of fee structure and perhaps wider acceptability among developers.
3. Financial Feasibility	Small developer exclusion	▪ Small developers are less able to absorb additional costs and compliance pressures. Even with profitable small scale development, IHO burdens may not justify multi-family development activities.
	Project profitability	▪ In the current part of the economic cycle in Bloomington's situation of little available land, rising factor costs and few properties pushing rental rates higher, multi-family developer profits are generated largely by "fine-tuning" projects through cost cutting and selective rental increases. ▪ Project profits are not inherent for larger unit counts without the ability to materially shift costs lower and rents higher (or offset / defer those costs that cannot be shifted).

		▪ Model results show that market rate returns are not possible under the standard cost and rental scenarios we used (which were in turn based on RS Means and industry averages). ▪ Since multi-family development is ongoing, the best estimate about most project's profitability is that they have created the profit in their projects through advantageous land purchases, value-engineering construction, subsidy or rental increases – or all of the above.
	In-lieu fees and affordable requirements	▪ In-lieu fees alone are typically not sufficient to push a project from profitable to unprofitable. ▪ The requirement for affordable units creates more downward pressure on profits than do in-lieu fees.
	Incentives	▪ Incentives can be varied in type and do not necessarily cost the city anything, such as reducing regulations on parking requirements or maximum unit densities. ▪ Permitting speed is often cited by developers as a key incentive to improve their time to market. ▪ In terms of pure power, the density bonus and TIF each generate substantial lift to a project to which they are applied (assuming that the additional market rate units can be financed and absorbed).
	Top-down analysis	▪ Perhaps 344 affordable units per year are needed in the city to provide new affordable housing units to the households in income bands under $35k/year. ▪ These units reflect $103M in total development costs, with the equity (investor) portion being $36M. ▪ Under a 20% example target of city funds for affordable housing support, the city would need $7.2M per year for its commitments. ▪ The funding sources for the affordable housing commitments can come from a range of sources, currently TBD (but possibly, TIF districts, special assessments and fees).

VII - Sources

US Census Bureau – American Communities Survey Data, most recent year and going back five years (most often 2012-2017 data)

Bureau of Labor Statistics most recent year's data for employment

City of Bloomington (for project guidance and permit data)

Maxfield Consulting, "Comprehensive Housing Needs Assessment for the City of Bloomington", May 2018 Revision

Daedalus Advisory Services (for development industry guidance)

Montgomery County, MD (for IHO experiences)

Evanston, IL (for IHO experiences)

Boulder, CO (for IHO experiences)

Carlsbad, CA (for IHO experiences)

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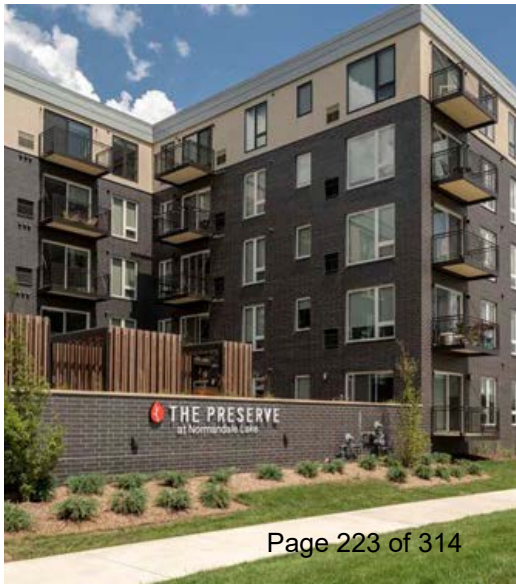
City of Bloomington, Minnesota

Affordable Housing Nexus Study and Feasibility Analysis

November 9, 2019



bae urban economics

November 9, 2019

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Dear Mr. Johnson:

We are pleased to present the Affordable Housing Nexus Study and Feasibility Analysis report. It has been a pleasure working with you and your staff on this project.

Sincerely,

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Table of Contents

INTRODUCTION 1
HOUSING NEEDS ASSESSMENT 2
Rental Housing Market Overview 2
Rental Housing Affordability 4
NEXUS ANALYSIS FOR NEW HOUSNG 8
The Nexus Methodology 8
Estimated New Housing Demand 8
Estimate Impacts on Industries and Employment 9
Cost to Provide Affordable Workforce Housing 14
Maximum Justifiable Fees 15
FINANCIAL FEASIBILITY ANALYSIS 17
Methodology and Analysis 17
PUBLIC OUTREACH AND ENGAGEMENT 21
Overview of the Public Outreach Sessions 21
Overview of the Council Study Session 22
RECOMMENDED POLICY UPDATES 23
Policy Options and Preliminary Recommendations 23
APPENDIX A: ECONOMIC IMPACTS ANALYSIS FOR PLANNING (IMPLAN) OVERVIEW 78
APPENDIX B: STAKEHOLDER ENGAGEMENT WORKSHOP PRESENTATION 78
APPENDIX C: CITY COUNCIL WORKSHOP PRESENTATION 78

Table of Tables

Table 1: Multifamily Rental Housing Market Overview, City of Bloomington, ... 3
Table 2: Multifamily Rental Housing Market Overview, Selected New Construction, City of Bloomington, August 2018 4
Table 3: Estimated Affordable Rental Rates, Hennepin County, 2018..... 6
Table 4: Household Income Required to Rent New Housing..... 9
Table 5: Household Income Level by Industry 12
Table 6: Employment Generation by Income Level from New Rental Housing Project with 100 Units..... 13
Table 7: Financing Gap, Rental Housing..... 15
Table 8: Maximum Affordable Housing Impact/In-Lieu Fee Calculation..... 16
Table 9: Static Proforma Feasibility Analysis for Low-, Mid-, and High-Rise Rental Housing.... 19
Table 10: Inclusionary Housing Requirement Equivalency by Income Level..... 24

Table of Figures

Figure 1: Multifamily Rental Rate and Vacancy Trends, City of Bloomington,Q2 2009 to Q2 2018 2

INTRODUCTION

This report documents the quantitative nexus, or relationship, between new market rate rental housing development and the need for additional affordable housing in the City of Bloomington. This is done using the industry standard approach of estimating the new employment generated by the new development due to new household spending, then by estimating the likely combined household incomes associated with new worker households. This study also evaluates the cost of providing new affordable housing units and translates those costs to represent the maximum per square foot fee that would need to be assessed on new residential development to adequately offset induced demand for affordable housing. Based on this nexus, the study evaluates the impact of these "maximum justifiable" fees on the financial feasibility of new development. The report concludes with recommendations for development of an inclusionary housing policy and fee schedule that are intended to ensure that the ordinance is justifiable and legally defensible and 2) that impact fees (also known as in-lieu fees) are set at levels that adequately account for the cost of providing affordable housing and encourage on-site production of affordable housing units, while not creating undue constraints to the financial viability of new market rate housing developments.

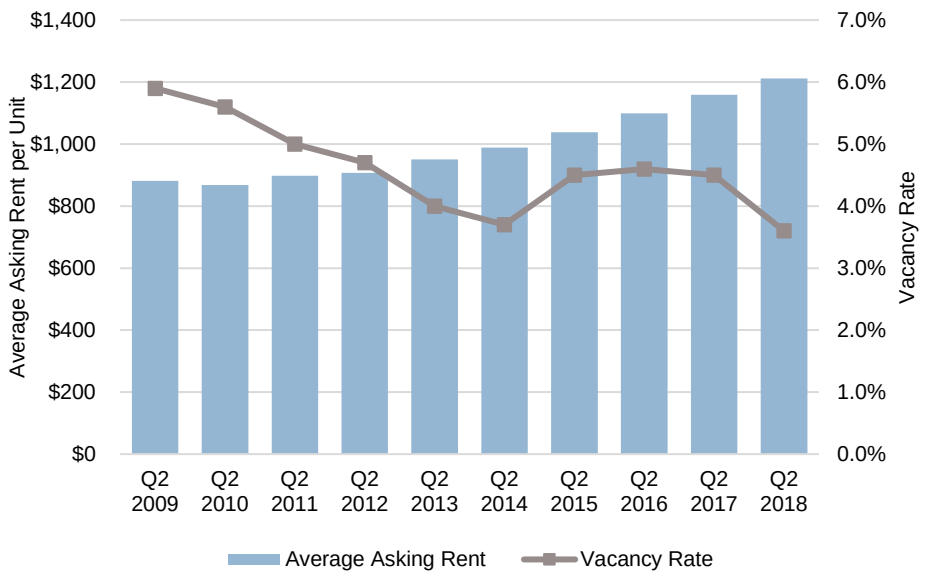
HOUSING NEEDS ASSESSMENT

For the purposes of this research, BAE conducted an abbreviated affordable housing needs assessment intended to provide the City with some insight into the minimum household income that is required to comfortably afford an average market rate rental housing unit. The City also completed a Comprehensive Housing Needs Analysis in May 2018, which provides additional in-depth analysis and is available on the City's website.[1]

Rental Housing Market Overview

Following the onset of the Great Recession in 2008, the average rental rate for multifamily housing in Bloomington remained relatively stable, until roughly 2012 when rates began to increase at an average rate of around five percent per year. As illustrated in Figure 1, average vacancy in Bloomington decreased steadily from 2009 through 2014, before stabilizing, with some fluctuation, at around 4.5 percent between 2014 and 2017. As of the second quarter of 2018, vacancy rates again dropped below four percent.

Figure 1: Multifamily Rental Rate and Vacancy Trends, City of Bloomington, Q2 2009 to Q2 2018



Sources: CoStar, 2018; BAE, 2018.

[1] Maxfield Research & Consulting. (May 2018). *Comprehensive Housing Needs Analysis for the City of Bloomington, Minnesota*. Bloomington, MN: Bloomington Housing and Redevelopment Agency. Available at: https://www.bloomingtonmn.gov/sites/default/files/media/1854-01%20Bloomington%20Housing%20Needs%20Analysis_05_05_2017%20%28002%29_0.pdf

Based on data from CoStar, which tracks rental housing properties with 50 units or more, the majority of the larger multifamily rental complexes in Bloomington include mostly one- and two-bedroom apartments, with studio and three-bedroom units accounting for only 10 percent of the total stock. Vacancy among all unit types is relatively low at 5.5 percent or below. Average market rate rents across all larger complexes range from $935 for a studio to $1,529 for a three bedroom, with one- and two-bedroom units priced in between at $1,100 and $1,351, respectively. The average rental rate for larger complexes increased by 4.6 percent since the second quarter of 2017. The average rental rate for one-bedroom units increased the most at 5.8 percent, while rate increases among other unit sizes were below four percent. For additional details on current rental housing market conditions, please refer to Table 1, below.

Table 1: Multifamily Rental Housing Market Overview, City of Bloomington, Q2 2017 and Q2 2018

City of Bloomington	Studio	1-Bedroom	2-Bedroom	3-Bedroom	All Sizes (a)
Inventory, Q2 2018 (units)	**542**	**4,302**	**3,798**	**348**	**9,173**
Percent of Units (b)	6.0%	47.9%	42.2%	3.9%	100%
Occupied Units	520	4,142	3,661	342	8,842
Vacant Units	22	160	137	6	331
Vacancy Rate	5.4%	4.4%	4.1%	4.5%	4.3%
Avg. Asking Rents, Q2 2017 - Q2 2018					
Avg. Asking Rent, Q2 2017	$906	$1,040	$1,302	$1,473	$1,159
Avg. Asking Rent, Q2 2018	$935	$1,100	$1,351	$1,529	$1,212
% Change Q2 2017 - Q2 2018	3.2%	5.8%	3.8%	3.8%	4.6%
Under Construction, Q2 2018 (units)	32	16	16	0	64
Deliveries, Q1 2010 - Q2 2018 (units)	1,341	763	439	28	2,571

Notes:
(a) The totals for each unit size do not sum to the total for all units because some units in the CoStar database lack classification by number of bedrooms.
(b) Percent of units for which the number of bedrooms is known.

Sources: CoStar, 2018; BAE, 2018.

To identify current average rental rates for newly built rental housing, BAE contacted a selection of newly developed properties that were recommended by City staff. These include Luxembourg, IndiGo Apartments, The Covington, Genesee Apartments and Townhomes, and One Southdale Place. The Preserve at Normandale Lake was also identified but indicated by Staff to be targeted toward the very top of the market and, thus, is not representative of most of the new housing expected to be built in Bloomington in the near future. Table 2, below, reports the average rental rate and square footage by unit type at these properties. Note that the weighted average rents at these new complexes are notably higher than the market-wide average at nearly $1,800 per month, compared to roughly $1,200 per month.

Table 2: Multifamily Rental Housing Market Overview, Selected New Construction, City of Bloomington, August 2018

Unit Type	Total Units	Per Unit Sq. Ft.	Per Unit Rent	Rent Per Sq. Ft.
Studio	85	575	$1,400	$2.43
1-Bedroom	806	830	$1,629	$1.96
2-Bedroom	457	1,176	$2,086	$1.77
3-Bedroom	20	1,391	$2,233	$1.60
All Units	**1,368**	**938**	**$1,776**	**$1.89**

Note:
(a) Based on a survey of the following projects:

The Preserve at Normandale Lake
Luxembourg
IndiGO Apartments
The Covington
Genesee Apartments & Townhomes
One Southdale Place

Sources: Apartment Complex Owners and Managers, 2018; BAE, 2018.

Rental Housing Affordability

To assess the relative affordability of rental housing in Bloomington, BAE calculated what households at different income levels could afford to pay. This analysis assumes that households may reasonably dedicate up to 30 percent of their income to housing without becoming overly cost burdened. This is consistent with applicable local, state, and federal standards. The analysis also accounts for a reasonable utility allowance using data published by HousingLink.org for the Bloomington Housing and Redevelopment Agency (HRA).[2]

Special Note on Income Limits

There are a wide variety of income limits published by various state and federal agencies. The most common source for data on the maximum income for households within the commonly accepted income categories (i.e., extremely low-, very low-, low-, moderate-, and above moderate-income) is the U.S. Department of Housing and Urban Development (HUD). HUD publishes income limits annually for two of its largest funding programs, the Home Investment Partnerships Program (HOME) and the Community Development Block Grant (CDBG) Program. HUD uses a simple formula to calculate the maximum household income within each income category by household size, but also makes adjustments to the income limits based on a variety of factors, including accounting for high-cost markets. The income categories are defined as a percentage of the HUD Adjusted Median Family Income (HAMFI). HUD publishes income limits for the extremely low- (30 percent of HAMFI), very low- (50 percent of HAMFI), and low-income (80 percent of HAMFI) categories, as well as a fourth breakout for households earning 60 percent of HAMFI. HUD does not typically report the median income by household size, except for four-person households. The use of various adjustments, as well as the lack of

[2] Available at: https://www.housinglink.org/SubsidizedHousing/HousingAuthorityWaitingList/bloomington-hra

published median income data, makes it difficult to use the HUD income limits for analyses that do not rely on the standard income categories provided in the dataset.

For this analysis, the City of Bloomington wanted to evaluate what an ideal income threshold would be for use in an inclusionary housing ordinance (IHO). This required BAE to calculate income limits for non-standard income categories as a percentage of the area median income (AMI), such as moderate-income (120 percent of AMI). With the City's approval, BAE chose to use income limits for Hennepin County that are published by Minnesota Housing, the state's housing finance agency.[3] The income limits used are effective as of April 1, 2018 and are for projects placed in services on or after that date (Table K).

Affordable Rental Rates

Using the income limits from Minnesota Housing and the Bloomington HRA utility allowances, BAE calculated the maximum rental rate that could be considered affordable to households within an array of income categories by unit size. The analysis assumes that households of different sizes can occupy different sized units, assuming either one person per bedroom or one person per bedroom plus one additional resident (e.g., two parents and one child). Based on a comparison between the affordable rental rates reported in Table 3 and the average rental rates reported in Table 1, BAE determined that households at 60 percent of AMI and below would struggle to afford an average priced housing unit, regardless of unit size, without incurring an undue housing cost burden or living in overcrowded conditions.[4] This means that households earning 60 percent of AMI or below are likely to struggle to locate and secure market rate rental housing in Bloomington that is reasonably affordable, either in newly developed or existing properties. The data indicate that households earning the median income could likely afford the current weighted average rent for newly constructed studio or one-bedroom units, while two- and three-bedroom units are not affordable at median incomes, but area affordable to moderate-income households (120 percent of AMI) and above.

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[3] Available at: http://www.mnhousing.gov/wcs/Satellite?cid=1362997094928&pagename=External%2FPage%2FEXTStandardLayout

[4] Households face an undue cost burden when housing costs, including cash rent and utilities, exceed 30 percent of income. Overcrowding is often defined in two different ways. The definition used here specifies that a household is overcrowded if the number of persons living in the unit exceeds one person per bedroom, plus one.

Table 3: Estimated Affordable Rental Rates, Hennepin County, 2018 (Page 1 of 2)

	Income Limits/Household Size				
Income Category (a)	1 Person	2 Person	3 Person	4 Person	5 Person
Median Family Income: $94,300					
Extremely Low (30% AMI)	$19,830	$22,650	$25,470	$28,290	$30,570
Very Low (50% AMI)	$33,050	$37,750	$42,450	$47,150	$50,950
60% AMI	$39,660	$45,300	$50,940	$56,580	$61,140
Low (80% AMI)	$52,880	$60,400	$67,920	$75,440	$81,520
Median (100% AMI)	$66,100	$75,500	$84,900	$94,300	$101,900
Moderate (120% AMI)	$79,320	$90,600	$101,880	$113,160	$122,280

	Unit Size				
Affordable Rents (b)	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
Utility Allowance (c)	**$76**	**$86**	**$106**	**$114**	**$131**
Extremely Low (30% AMI)					
1-Person	$420	$410			
2-Person		$480	$460		
3-Person			$531	$523	
4-Person				$593	$576
5-Person					$633
Very Low (50% AMI)					
1-Person	$750	$740			
2-Person		$858	$838		
3-Person			$955	$947	
4-Person				$1,065	$1,048
5-Person					$1,143
60% AMI					
1-Person	$916	$906			
2-Person		$1,047	$1,027		
3-Person			$1,168	$1,160	
4-Person				$1,301	$1,284
5-Person					$1,398
Low (80% AMI)					
1-Person	$1,246	$1,236			
2-Person		$1,424	$1,404		
3-Person			$1,592	$1,584	
4-Person				$1,772	$1,755
5-Person					$1,907
Median (100% AMI)					
1-Person	$1,577	$1,567			
2-Person		$1,802	$1,782		
3-Person			$2,017	$2,009	
4-Person				$2,244	$2,227
5-Person					$2,417
Moderate (120% AMI)					
1-Person	$1,907	$1,897			
2-Person		$2,179	$2,159		
3-Person			$2,441	$2,433	
4-Person				$2,715	$2,698
5-Person					$2,926

- Continued on Next Page -

Sources: Minnesota Housing, Multifamily Tax Subsidy Projects, Table K, 2018; HousingLink.org, Bloomington Housing and Redevelopment Authority, Utility Allowance, 2018; Apartment Owners and Managers, 2018; BAE, 2018.

Table 3: Estimated Affordable Rental Rates, Hennepin County, 2018 (Page 2 of 2)

Notes:

(a) Based on the Minnesota Housing Finance Agency Housing Tax Credits and Tax Exempt Bond Income and Rent Limits for 2018.

(b) Affordable rents equal up to 30 percent of gross monthly income, minus a utility allowance.

(c) Based on the utility allowance published by HousingLink.org for the Bloomington Housing and Redevelopment Agency (HRA). Includes all electric utilities, except for natural gas heat and water heating, with water, sewer, and trash collection included in the monthly rental rate.

Sources: Minnesota Housing, Multifamily Tax Subsidy Projects, Table K, 2018; HousingLink.org, Bloomington Housing and Redevelopment Authority, Utility Allowance, 2018; Apartment Owners and Managers, 2018; BAE, 2018.

NEXUS ANALYSIS FOR NEW HOUSNG

This following chapter quantifies the link between new rental residential development and changes in demand for additional below market rate (BMR) housing. The resultant demand for BMR housing, as well as the estimated cost of providing BMR units, are used to estimate the per square foot fee that could be levied, allowing the City of Bloomington to subsidize new BMR housing development, thus offsetting the new induced affordable housing demand.

The Nexus Methodology

The current industry standard methodology for conducting residential nexus analysis is typically broken down into the following five steps:

1. Identify the number of new housing units included in the new market rate development and to identify the target pricing (i.e., average rental rate).

2. Estimate the minimum income associated with new resident households based on standard affordability criteria (i.e., 30 percent of income to housing, including rent and a reasonable utility allowance).

3. Identify how new household spending associated with occupant households will contribute to local job growth, particularly in the retail and service sectors.

4. Convert jobs to worker households, identifying the number of new worker households by income level, which is synonymous with new housing demand.

5. Calculate the maximum justifiable fee based on the estimated financing gap per affordable housing unit demanded by new worker households per market rate unit.[5]

Estimated New Housing Demand

As noted above, the first step in this analysis is to determine the affordable housing need generated by new rental housing development. To do this, BAE uses the weighted average rental rate among selected new rental housing developments as a benchmark for the current market rate rents that can be supported within newly constructed apartment projects. Assuming that each household spends no more than 30 percent of their income on housing, BAE then estimates the household income associated with newly occupied units. BAE then uses the Impacts Analysis for Planning (IMPLAN) software package to identify the number of new jobs by industry that would be created due to new household spending. BAE then uses

[5] The affordable housing financing gap is the difference between the cost of developing a given unit, minus the value that the unit can support when occupied at below market rates. The financing gap for a rental unit is equal to the difference between the cost of development, minus the value of the permanent loan that could be supported based on the net operating income of the unit (i.e., gross rental receipts, minus operating expenses).

the U.S. Census Bureau's Public Use Microdata Sample (PUMS) dataset to identify the combined household incomes (i.e., for households with multiple wage earners) associated with households containing workers employed in the impacted industry sectors, to identify the portion of new workforce housing demand that would require below market rate housing.

Estimated Household Incomes in New Market Rate Housing Developments

Expenditures made by households who occupy newly constructed market rate housing units are the first in a chain of actions that lead to additional induced demand for new affordable housing for workforce households that cannot afford to rent market rate housing. Household expenditures on goods and services are correlated to household income levels, and the cost of housing dictates the income necessary to afford that housing without overpayment.

Table 4 presents the annual household income required to rent a newly constructed multifamily apartment unit in Bloomington. Assuming that households spend no more than 30 percent of their income on housing costs, including rent and utilities, the income required to rent a newly constructed two-bedroom multifamily unit in Bloomington is $75,842 per year.

Table 4: Household Income Required to Rent New Housing

Average Monthly Rent (a)	$1,800
Utility Cost (b)	$96
Monthly Housing Costs for New Unit	$1,896
Annual Housing Costs	$22,752
Household Income Required (c)	$75,840
Number of Households in Development (d)	100
Aggregate Household Income (Millions)	$7,584,000

Notes:
(a) Based on the weighted average rental rate at a selection of newly constructed projects identified by City staff as likely to be representative of future development projects in the City of Bloomington.
(b) Based on the utility allowance published by HousingLink.org for the Bloomington Housing and Redevelopment Agency (HRA). The figure used here represents the mid-point between the reported utility allowance for one- and two-bedroom apartment units. Includes all electric utilities, except for natural gas heat and water heating, with water, sewer, and trash collection included in the monthly rental rate.
(c) Assumes that housing costs do not exceed: 30% of income
(d) This analysis assumes that the hypothetical development project contains a total of 100 units. This assumption provides for ease of analysis and does not impact the results of the analysis.

Sources: HousingLink.org, Bloomington Housing and Redevelopment Authority, Utility Allowance, 2018; BAE, 2018.

Estimate Impacts on Industries and Employment

Having estimated the household incomes associated with the rental of new market rate housing in Bloomington, the next step is to identify how the household expenditures of those new households translate to new demand for goods and services. That new spending consequently supports new jobs in goods and service-producing industries. To estimate the effect of new household spending on employment generation, this nexus study uses IMPLAN, a widely-accepted and utilized input-output economic impact modeling software and data package. At the heart of the model is an input-output dollar flow table. For a specified region,

the input-output table accounts for all dollar flows between different sectors of the economy, including households, businesses, and the government. Using this information, the IMPLAN software models the way income injected into the economy is spent and re-spent across all sectors, generating waves of economic activity, or so-called "economic multiplier" effects. Appendix A provides a summary of the IMPLAN economic impact software and data package.

The IMPLAN model measures economic activity using a number of different metrics, including jobs, and is able to estimate the number of jobs generated by a given economic "event." For the purpose of this analysis, the economic "event" is household spending by occupants of new residential units in Bloomington. For example, by expanding the local demand for grocery store products, these household expenditures generate additional jobs for cashiers and courtesy clerks at grocery stores patronized by the households. The process initiated by household expenditures continues as these workers and the businesses they work for spend money in subsequent transactions, supporting employment at places other than the initial point of sale, such as wholesalers supplying retail stores, or truck drivers delivering goods to those stores. In turn, these businesses and workers spend money to generate additional activity in the local economy. These are all parts of the impacts linked to the household expenditures that IMPLAN tracks through the economy of the specified region; in this case, Hennepin County.

The IMPLAN model is customized to reflect the economic characteristics of a specified region. The nexus analysis considers regional employment generation, rather than jobs generated in Bloomington exclusively, because household spending in Bloomington creates jobs throughout the region. If the analysis solely considered workers living in Bloomington, it would effectively discount the needs of worker households that do not have incomes necessary to live in Bloomington. In other words, the analysis examines employment effects in Bloomington and beyond its borders linked to housing development in the City in order to address the City's "fair share" of regional housing need. Housing need is based on the number of households rather than the number of jobs. As such, jobs are translated into households by dividing the number of jobs in each income category by the average number of workers per worker household in Hennepin County.[6]

Estimate of Household Incomes of Workers in Affected Industries

Worker households often have more than one person who contributes to household income.[7] In some instances, economists estimate household income for workers by simply multiplying worker earnings, by industry, by the average number of workers per worker household. This methodology relies on the unsatisfactory assumption that, on average, each employed household member generates the same amount of income as other workers in his or her

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[6] Average workers per worker household from American Community Survey (ACS), 2012-2016.

[7] A worker household is defined as a household with one or more employed persons. They may be wage and salary workers, or self-employed/sole proprietors.

household. Given the diversity of household composition, this assumption is not appropriate. For example, a household may include a teacher and a doctor, with significantly different individual earnings.

To address this issue, this analysis makes use of a detailed data set published by the U.S. Census Bureau called the Public Use Microdata Sample (PUMS). The dataset is derived from a five percent sample of all households published as part of the American Community Survey (ACS). This data source allows cross-tabulation of variables, such as industry of employment and household income. This analysis uses the most recent available PUMS data for Hennepin County, based on the 2012 through 2016 five-year ACS survey period.

BAE queried the PUMS data to identify the number of households, by income category (controlling for household size), by industry. This generated a household income distribution by industry, constructed based on income categories, as defined by Minnesota Housing, benchmarked against AMI, and adjusted based on household size and percentage of that AMI. The resulting household income distribution by industry is shown below, in Table 5.

Housing Demand Generated by Household Expenditures by Income Level

As mentioned above, new worker housing demand is a function of the level of household spending associated with households that occupy new market rate housing units. Table 6 applies the income distribution by industry to the number of jobs generated in each industry as a result of spending by households residing in new rental housing units. As shown, the new household spending associated with a new 100-unit apartment complex supports a total of 35 new worker households across various income groups, with approximately nine of those households earning incomes of 60 percent of AMI or below.

Table 5: Household Income Level by Industry

NAICS Code	Industry	Estimated Household Income as a Percent of AMI (a)						Total
		Extremely Low *(30% AMI)*	Very Low *(50% AMI)*	*(60% AMI)*	Low *(80% AMI)*	Moderate *(120% AMI)*	Above Moderate *(>120% AMI)*	
Private Sector								
11, 21	Agriculture & Natural Resources	3.8%	1.1%	6.3%	8.5%	22.0%	58.3%	100%
23	Construction	5.1%	6.9%	3.8%	10.5%	25.9%	47.7%	100%
31-33	Manufacturing	3.0%	5.5%	4.0%	7.8%	21.2%	58.4%	100%
42	Wholesale Trade	3.6%	2.9%	3.3%	9.1%	21.7%	59.4%	100%
44-45	Retail Trade	5.5%	9.6%	5.7%	10.2%	23.1%	45.9%	100%
48-49, 22	Transportation, Warehousing, & Utilities	4.3%	10.4%	5.9%	8.7%	25.1%	45.5%	100%
51	Information	2.2%	3.8%	6.2%	9.0%	23.3%	55.4%	100%
52-53	Finance, Insurance, & Real Estate	1.9%	3.8%	2.9%	8.7%	18.1%	64.6%	100%
54-55	Professional, Scientific, & Technical Services, & Mgmt of Companies	2.1%	2.9%	2.3%	6.1%	17.8%	68.8%	100%
56	Admin, Support, & Waste Mgmt Srvcs	10.6%	13.1%	4.8%	15.1%	20.6%	35.8%	100%
61	Educational Services	6.9%	9.2%	3.3%	9.6%	20.8%	50.2%	100%
62	Health Care & Social Assistance	6.1%	8.6%	6.5%	10.5%	19.7%	48.5%	100%
71-72	Leisure & Hospitality	10.5%	14.2%	7.4%	13.8%	22.3%	31.8%	100%
81	Other Services Except Public Admin	6.2%	12.1%	3.9%	14.3%	22.2%	41.3%	100%
All Government	Government	3.8%	4.7%	3.3%	8.5%	24.7%	55.0%	100%

Note:

(a) Based on a cross tabulation of Public Use Microdata Samples (PUMS) from the 2012-2016 American Community Survey. These incomes were compared to household income limits published by the Minnesota Housing Finance Agency for 2016 and as calculated by BAE to determine the percentage of households falling into each income category. The analysis controlled for household size, to address the varying HUD income limits for each household size.

Sources: American Community Survey, 2012-2016 Public Use Microdata Sample, 2018; Minnesota Housing Finance Agency, 2018; IMPLAN, 2018; BAE, 2018.

Table 6: Employment Generation by Income Level from New Rental Housing Project with 100 Units

			Estimated Jobs by Percent of AMI (a)					
NAICS Code	**Industry**	**Total Jobs** (b)	**Extremely Low** *(30% AMI)*	**Very Low** *(50% AMI)*	*(60% AMI)*	**Low** *(80% AMI)*	**Moderate** *(120% AMI)*	**Above Moderate** *(>120% AMI)*
Private Sector								
11, 21	Agriculture & Natural Resources	0.01	0.00	0.00	0.00	0.00	0.00	0.01
23	Construction	0.47	0.02	0.03	0.02	0.05	0.12	0.23
31-33	Manufacturing	0.23	0.01	0.01	0.01	0.02	0.05	0.14
42	Wholesale Trade	1.40	0.05	0.04	0.05	0.13	0.30	0.83
44-45	Retail Trade	8.64	0.47	0.83	0.49	0.88	2.00	3.96
	Transportation, Warehousing, &	1.53	0.07	0.16	0.09	0.13		0.70
48-49, 22	Utilities						0.38	
51	Information	0.92	0.02	0.03	0.06	0.08	0.21	0.51
52-53	Finance, Insurance, & Real Estate	7.83	0.15	0.30	0.22	0.68	1.42	5.06
54-55	Professional, Scientific, & Technical	2.79	0.06	0.08	0.06	0.17		1.92
	Services, & Mgmt of Companies						0.50	
56	Admin, Support, & Waste Mgmt Srvcs	2.82	0.30	0.37	0.13	0.43	0.58	1.01
61	Educational Services	1.97	0.14	0.18	0.06	0.19	0.41	0.99
62	Health Care & Social Assistance	12.58	0.77	1.08	0.82	1.33	2.48	6.11
71-72	Leisure & Hospitality	9.14	0.96	1.30	0.68	1.26	2.04	2.91
81	Other Services Except Public Admin	6.72	0.42	0.81	0.27	0.96	1.49	2.77
All Government Employment		0.19	0.01	0.01	0.01	0.02	0.05	0.10
	Total Jobs	**57.26**	**3.44**	**5.25**	**2.97**	**6.32**	**12.04**	**27.24**
	Workers per Households (c)	1.65	1.23	1.38	1.43	1.45	1.69	1.88
	Number of Households	**34.66**	**2.80**	**3.79**	**2.08**	**4.34**	**7.12**	**14.53**
	Percent of Base Project (d)		**2.8%**	**3.8%**	**2.1%**	**4.3%**	**7.1%**	**14.5%**
	Cumulative		*2.8%*	*6.6%*	*8.7%*	*13.0%*	*27.3%*	*34.7%*

Notes:
(a) Based on 2016 Tax Credit Income Limits; 80% to 120% limits calculated by BAE.
(b) Job estimates are the output of the IMPLAN model, and shows employment generated by household spending. Columns to right may not sum to Total Jobs due to independent rounding.
(c) Average number of workers per worker household by income category calculated based on American Community Survey PUMS Analysis, 2012-2016.
(d) Represents induced workforce housing demand within each income bracket as a percentage of the original project (i.e., 100 market rate units).

Sources: American Community Survey, 2012-2016 Public Use Microdata Sample, 2018; Minnesota Housing Finance Agency, 2018; IMPLAN, 2018; BAE, 2018.

Cost to Provide Affordable Workforce Housing

This section describes the methodology used to estimate subsidies needed to provide affordable housing, in the form of below market rate rental apartments. As discussed earlier in this report, there are standard criteria for estimating the maximum monthly rent that a household at a given income level can reasonably afford without incurring excessive costs. The accepted methodology for calculating rental housing subsidies is to compare the estimate cost to develop a given housing unit with the maximum permanent loan amount that can be supported based on the rent that households at the target income level can afford to pay. The remaining gap is then assumed to be equal to the subsidy that would need to be secured by a developer in order to construct the unit.

Cost to Provide Affordable Rental Units

Table 3, provided earlier in this report, calculates the maximum affordable monthly rent that households at each income level can afford to pay based on standard affordability criteria, which calls for renters to spend no more than 30 percent of their household income on monthly rent and utilities. The resulting figures represent the range of maximum monthly rents that an affordable housing operator could charge tenants at each income level.

Table 7 documents a series of calculations that estimate the net operating income that an affordable housing developer would earn, when renting apartments at the restricted rent levels, for households at each income level. The net operating income (NOI) is equal to total scheduled rents, less a vacancy allowance and operating expense charge. NOI ranges from negative $119 per month (i.e., operating subsidy required from other sources) to $1,460 per month, for units rented to extremely low- and moderate-income households, respectively.

The net operating income determines the amount of money that an affordable housing developer can borrow in order to secure funding to develop affordable housing. This amount is a function of the loan underwriting terms for the developer's permanent mortgage. Table 7 assumes prevailing bank lending terms, including a 1.15 debt service coverage ratio, a 30-year loan term, and a fixed interest rate of 4.75 percent per year. A debt service coverage ratio of 1.15 means that the project's monthly net operating income must equal 1.15 times the monthly required loan payment. Table 7 shows that the monthly supportable debt service per unit ranges from $0 for an extremely low-income unit to $1,270 for a moderate-income unit. Based on the estimated monthly debt service amounts and the loan term and interest rate, Table 7 reports that the maximum supportable loan amounts for apartment units range from $0 for the extremely low-income unit to $243,513 for the moderate-income unit.

Next, Table 7 presents an estimated development cost of $259,784 per workforce apartment unit, based on *2019 Housing Tax Credit Cost Containment Thresholds* published by Minnesota Housing. Then, the bottom line of Table 7 presents the results from subtracting the supportable loan amounts for each household income level from the estimated apartment

construction cost, yielding financing gaps that range from $259,784 per unit for extremely low-income units, to $16,271 for moderate-income units.

Table 7: Financing Gap, Rental Housing

	Income Level				
	Extremely Low *(30% AMI)*	**Very Low** *(50% AMI)*	*(60% AMI)*	**Low** *(80% AMI)*	**Moderate** *(120% AMI)*
Household Income Limit (a)	$22,650	$37,750	$45,300	$60,400	$90,600
Maximum Affordable Monthly Rent Per Unit (b)	$480	$858	$1,047	$1,424	$2,179
Monthly Operating Expenses (c)	$566	$566	$566	$566	$566
Vacancy (d)	7%	7%	7%	7%	7%
Net Operating Income Per Unit (e)	($119)	$232	$407	$758	$1,460
Net Operating Subsidy from Other Sources (f)	$119	$0	$0	$0	$0
Monthly Supportable Debt Service Per Unit (g)	$0	$201	$354	$659	$1,270
Loan Amount (h)	$0	$38,618	$67,793	$126,238	$243,513
Affordable Unit Development Cost (i)	$259,784	$259,784	$259,784	$259,784	$259,784
Financing Gap Per Affordable Unit (j)	**$259,784**	**$221,166**	**$191,991**	**$133,546**	**$16,271**

Notes:
(a) Based on the Minnesota Housing Finance Agency Housing Tax Credits and Tax Exempt Bond Income and Rent Limits for 2018 assuming an average two-person household.
(b) Affordable rents equal up to 30 percent of gross monthly income, minus a utility allowance based on the utility allowance published by HousingLink.org for the Bloomington Housing and Redevelopment Agency (HRA). Includes all electric utilities, except for natural gas heat and water heating, with water, sewer, and trash collection included in the monthly rental rate.
(c) Based on an average expense ratio of 35 percent for units rented at the moderate income level.
(d) Based on the standard underwriting criteria for tax credit affordable housing as reported by Minnesota Housing.
(e) Affordable monthly rent minus operating expenses and vacancy.
(f) Operating subsidy is necessary for units that generate a negative net operating income based on the restricted rent level.
(g) Net operating income plus operating subsidy, divided by the debt coverage ratio: 1.15
(h) Assumes the following financing terms:

Interest Rate	4.75%
Term of Loan	30 years

(i) Based on the 2019 Housing Tax Credit Cost Containment Thresholds, as published by Minnesota Housing.
(j) Total development cost per unit minus the per unit supportable loan amount.

Sources: Minnesota Housing, Multifamily Tax Subsidy Projects, Table K, 2018; HousingLink.org, Bloomington Housing and Redevelopment Authority, Utility Allowance, 2018; BAE, 2018.

Maximum Justifiable Fees

Table 8 8 synthesizes information from Table 3 through Table 7, to calculate the maximum justifiable housing impact, or in-lieu, fees that could be charged to market rate housing developers to offset the costs associated with of satisfying new induced housing demand. The upper part of the table summarizes the estimated new induced housing demand, by income level, resulting from construction and occupancy of 100 new market rate rental housing units. Note that these values are cumulative. For example, to identify the estimated induced demand for housing among households earning 60 percent of AMI or less, sum the reported values for the three income categories ranging from 30 percent to 60 percent of AMI. The second section reports the estimated average financing gap per affordable unit, by income

level. The third section shows the total dollar value associated needed to close the financing gap for the newly demanded housing units. The fourth section calculates the relative fee that could be charged per market rate housing unit by dividing the total financing gap by 100. BAE also estimated the per square foot equivalent, assuming an average unit size of 938 square feet for new market rate construction. Note, again, that the maximum justifiable fee estimates are cumulative. Thus, if the inclusionary housing policy is ultimately designed to offset the costs associated with providing housing to households earning 60 percent of AMI or less, recognizing that households earning more than 60 percent of AMI can likely secure market rate housing, it would be appropriate to sum the maximum justifiable fee estimates associated with the income levels equal to 60 percent of AMI or less. In this example, the maximum justifiable fee would equal approximately $19,663 per market rate unit, or $20.97 per leasable square foot within the market rate component of a project.

Table 8: Maximum Affordable Housing Impact/In-Lieu Fee Calculation

New Employee Households (a)	
Extremely Low (30% AMI)	2.80
Very Low (50% AMI)	3.79
(60% AMI)	2.08
Low (80% AMI)	4.34
Moderate (120% AMI)	7.12
Total, Affordable Housing Need	**20.14**

Financing Gap Per Unit	
Extremely Low (30% AMI)	$259,784
Very Low (50% AMI)	$221,166
(60% AMI)	$191,991
Low (80% AMI)	$133,546
Moderate (120% AMI)	$16,271

Affordability/Financing Gap (a)(b)	
Extremely Low (30% AMI)	$728,374
Very Low (50% AMI)	$838,638
(60% AMI)	$399,265
Low (80% AMI)	$580,100
Moderate (120% AMI)	$115,837
Total, Affordability/Financing Gap	**$2,662,214**

Max. Justifiable Fee (c)	**Per Market Rate Unit**	**Per Market Rate Sq. Ft.** (d)
Extremely Low (30% AMI)	$7,284	$7.77
Very Low (50% AMI)	$8,386	$8.94
(60% AMI)	$3,993	$4.26
Low (80% AMI)	$5,801	$6.19
Moderate (120% AMI)	$1,158	$1.24

Notes:
(a) Per 100 market rate housing units.
(b) Calculated by multiplying the number of w orker households at each income level by the financing gap per unit at each affordability level.
(c) To identify the fee sufficient to address demand across a range of incomes, sum the values for each target income category.
(d) Assumes an average market rate unit size, across all unit types, of approximately 938 square feet.

Sources: BAE, 2018.

FINANCIAL FEASIBILITY ANALYSIS

This chapter presents the results of preliminary feasibility analysis for prototype projects completed by BAE, and then discusses commentary received from the development community regarding the methodology and findings from the preliminary analysis.

Methodology and Analysis

The following financial feasibility analysis uses static pro-forma financial modeling techniques, which involve estimating the developer's costs to undertake the project and the value of the completed projects, in order to calculate the estimated profit accruing to the developer.

At the direction of City staff, BAE conducted this analysis using three different rental housing prototype projects. These include a "low-rise" prototype on 3.44 acres at 25 dwelling units per acre (du/a), a "mid-rise" prototype on 4.59 acres at 60 du/a, and a "high-rise" prototype on 2.75 acres at a density of 90 du/a. The low-rise prototype is intended to represent the type of rental apartment housing that Bloomington has typically seen built during prior cycles, while the mid-rise prototype represents the type of multifamily housing that is more commonly being built within the current market. The high-rise prototype is intended to represent a type of multifamily development that the City would like to see more of in the near future, as the market dictates. The purpose of these three prototypes is to help the City better understand how an inclusionary housing requirement may reasonably impact profitability, making sure that the policy requirements do not unduly burden developers while encouraging the production of the required below market-rate housing.

Assuming that rental housing prices and consumer preferences regarding unit size and finish quality are dictated by consumers and the market et. al, this analysis uses the same basic distribution of units by size and price for each of the three prototypes. The unit size distribution and pricing are based on the characteristics of the newly constructed apartment projects summarized in Table 2. Parking requirements are as estimated by the City. The City of Bloomington currently offers a variety of "flexibility measures" with regard to parking requirements. The total off-street parking requirements applied here account for a typical package of flexibility measures and a typical average number of spaces per unit based on a review of recently approved projects. Development and financing cost information for each prototype was collected through interviews with developers from throughout the Minneapolis-St. Paul region. Wherever possible, BAE uses cost estimates specific to developments in Bloomington, though for some line items, regional estimates were considered adequate, due to the presence of a regional market for construction labor and materials, for example.

As reported in Table 9, the low-rise development prototype is currently the most profitable with a yield on cost (YOC) of 6.53 percent.[8] This is just over the minimum hurtle rate of return necessary for a regional developer to consider moving forward with the project of 6.25 percent. By comparison, the mid-rise prototype provides a YOC of 4.55 percent, while the high-rise prototype provides the lowest overall YOC of 3.98 percent. These results generally highlight that the current returns to multifamily rental housing development are relatively small. Nonetheless, BAE estimates that under baseline conditions, the low-rise rental housing project that is subject to the inclusionary housing policy could reasonably absorb up to an additional $9,000 of cost, per market rate unit, in the form of an affordable housing impact, or in-lieu, fee charge. At this level, the YOC for the low-rise development would be reduced to the minimum acceptable level of 6.25 percent.

Please note, however, that there are mid-rise development projects that were recently constructed, or are under development, in Bloomington. There are a number of possible explanations for why the pro-forma modeling exercise differs from real life experience. For example, the unit size distribution for at least one of the known mid-rise projects skews more toward studio and one-bedroom units, compared to the unit size distribution used for this analysis, though the assumptions used here are based on a review of recently developed projects. Assuming sufficient market demand for such units, smaller sized units tend to be less costly to build per unit (even though the per square foot cost is typically higher) and more revenue efficient (i.e., higher rent per square foot). Also, a number of the projects identified in this research also received additional incentives and financial support from local governments, including regulatory relief and subsidy by-way of tax increment financing (TIF). Also, depending on when the developer of the property acquired their land, the land costs associated with the pro-forma financial modeling exercise may overstate such costs, as the model uses an estimate of the current average market rate land price per housing unit.

[8] Yield on Cost (YOC) is defined as net operating income (NOI) divided by total development cost.

Table 9: Static Proforma Feasibility Analysis for Low-, Mid-, and High-Rise Rental Housing (Page 1 of 2)

Development Program (a)

Development Assumptions	Low Rise	Mid Rise	High Rise
Site Size (Acres)	3.44	4.59	2.75
Density (Units/Acre)	25	60	90
Number of Units	86	275	247
Studio	*5*	*17*	*15*
1-Bedroom	*51*	*164*	*148*
2-Bedroom	*28*	*91*	*82*
3-Bedroom	*2*	*3*	*2*
Average Rental Rate	$1,762	$1,756	$1,755
Studio	*$1,460*	*$1,460*	*$1,460*
1-Bedroom	*$1,570*	*$1,570*	*$1,570*
2-Bedroom	*$2,130*	*$2,130*	*$2,130*
3-Bedroom	*$2,250*	*$2,250*	*$2,250*
Average Unit Size	933	927	926
Studio	*600*	*600*	*600*
1-Bedroom	*800*	*800*	*800*
2-Bedroom	*1,200*	*1,200*	*1,200*
3-Bedroom	*1,400*	*1,400*	*1,400*
Leasable Area (Sq. Ft.)	80,200	254,800	228,600
Common Area Adjustment	*30%*	*30%*	*30%*
Gross Area (Sq. Ft.)	104,260	331,240	297,180
Off-Street Parking Standards (b)	168	534	479
Studio (1.8 per unit)	9	30.6	27
1-Bedroom (1.8 per unit)	91.8	295.2	266.4
2-Bedroom (2.2 per unit)	61.6	200.2	180.4
3-Bedroom (2.6 per unit)	5.2	7.8	5.2
Average Approved Reduction (c)	10%	15%	20%
Required Off-Street Parking	151	454	383
Spaces Per Unit	*1.75*	*1.65*	*1.55*

- Notes on Following Page -

Major Assumptions

Development Cost Factors	Low Rise	Mid Rise	High Rise
Land Acquisition (Per Unit)(d)	$31,400	$31,400	$31,400
Site Preparation (Per Site Sq. Ft.)	$10	$8	$6
Parking (Per Space)	$7,000	$20,000	$20,000
Hard Cost (Per Leasable Sq. Ft.)	$122	$190	$210
Permit & Fees (Per Unit)	$7,415	$7,915	$8,415
Housing Impact Fee (Per Unit)	*$0*	*$0*	*$0*
CitySAC Fee (Per Unit)(e)	*$1,415*	*$1,415*	*$1,415*
All Other Fees (Per Unit)(f)	*$6,000*	*$6,500*	*$7,000*
Soft Costs (% of Hard Costs)	20%	20%	20%
Financing Costs (% of Const. Cost)	2.2%	3.2%	4.2%
Project Pricing			
Rental Rate (Per Sq. Ft./Month)	$1.89	$1.89	$1.89
Vacancy Rate	5%	5%	5%
Collections Loss	3%	3%	3%
Operating Expense	30%	30%	35%
Profitability Metrics			
Capitalization Rate (CAP)	5.5%	5.5%	5.5%
Yield on Cost (YOC)	6.25%	6.25%	6.25%
Construction Financing			
Annual Interest Rate	4.5%	4.5%	4.5%
Loan Fees (% of Loan Amount)	0.75%	0.75%	0.75%
Loan Term (Months)	12	18	20
Loan to Cost Ratio	65%	65%	79%
Draw down Factor	65%	65%	65%
Permanent Financing			
Debt Service Coverage (DSC)	1.25	1.25	1.25
Annual Interest Rate	4.75%	4.75%	4.75%
Loan Term (Years)	10	10	10
Amortization (Years)	30	30	30

Major Assumptions

Development Costs	Low Rise	Mid Rise	High Rise
Land Acquisition	**$2,700,400**	**$8,635,000**	**$7,755,800**
Site Preparation	$1,498,464	$1,599,523	$720,000
Parking	$1,055,880	$9,074,600	$7,664,000
Hard Cost	$9,784,400	$48,412,000	$48,006,000
Permit & Fees	$637,690	$2,176,625	$2,078,505
Housing Impact Fee	*$0*	*$0*	*$0*
CitySAC Fee	*$121,690*	*$389,125*	*$349,505*
All Other Fees	*$516,000*	*$1,787,500*	*$1,729,000*
Soft Costs	$1,956,880	$9,682,400	$9,601,200
Construction Costs	**$14,933,314**	**$70,945,148**	**$68,069,705**
Interest Expense	$283,920	$2,023,267	$2,604,943
Loan Fees	$47,320	$224,807	$260,494
Financing Costs	**$331,240**	**$2,248,074**	**$2,865,437**
Total Development Cost	**$17,964,954**	**$81,828,223**	**$78,690,942**
Cost Per Unit Built	$208,895	$297,557	$318,587
Project Revenue			
Gross Scheduled Rents	$1,821,316	$5,786,426	$5,191,432
Less Vacancy/Collections	$145,705	$462,914	$415,315
Adjusted Annual Rents	$1,675,611	$5,323,512	$4,776,118
Less Operating Expenses	$502,683	$1,597,054	$1,647,761
Net Operating Income (NOI)	$1,172,928	$3,726,458	$3,128,357
Yield on Cost (YOC)	**6.53%**	**4.55%**	**3.98%**

Sources: Local Developers and Contractors; City of Bloomington; BAE, 2018.

Table 25: Static Proforma Feasibility Analysis for Low-, Mid-, and High-Rise Rental Housing (Page 2 of 2)

Notes:
(a) All development assumptions are as specified by the City of Bloomington, with the exception of pricing, unit size, and the common area adjustment, which were defined by BAE. Pricing and unit size assumptions are based on a comparison between six comparable projects (two for each prototype) identified by the City of Bloomington.
(b) The number of parking spaces is based on minimum off-street parking standards currently in use by the City of Bloomington.
(c) The City of Bloomington offers several fleximility measures (transit reduction, TDM reduction, shared parking reduction, on-street parking reduction, and proof of parking) that are commonly used for multifamily residential project. The reductions applied here are based on a review of the flexibility measures associated with past approvals conducted by the City of Bloomington. .
(d) The average land cost per newly built residential unit is a weighted average based on a review of comparable land sales in the greater Bloomington area in 2015 and 2016, which was provided to BAE by the City of Bloomington.
(e) Includes a new fee for sanitary sewer expansion needed to accommodate increased densities.
(f) Includes all other municipal fees including building permits, inspection fees, certificate of occupancy, plan review fees, utility permits, application fees, impact fees, and other miscellaneous muniticipal charges.
(g) Based on project net operating income (NOI) divided by the target developer yield on cost (YOC). This analysis uses YOC, since most developer interviewed for this research anticipate holding the property following completion. An alternative is to use the exit capitalization rate (CAP) that better reflects the ratio of NOI to market sales value.

Sources: Local Developers and Contractors; City of Bloomington; BAE, 2018.

PUBLIC OUTREACH AND ENGAGEMENT

For the purposes of this research, BAE partnered with Daedalus Advisory Services,[9] which are working under a related contract on behalf of the City of Bloomington, to facilitate to public outreach sessions and one City Council study session regarding the inclusionary housing policy and related nexus and feasibility analyses.

Overview of the Public Outreach Sessions

The two public outreach sessions were held on September 27th, 2018. To encourage diverse participation, one of the outreach session was held in the morning, with another session held in the evening. Both sessions covered the same material. Both sessions included a diverse range of participants, including both for-profit and non-profit housing developers, affordable housing advocates, and members of the general public (both tenants and home owners). The sessions began with presentations from the consultant teams, including BAE and Daedalus. The material covered included a summary of the goals and intended purpose of the inclusionary housing ordinance, a review of pertinent background data regarding affordable housing need in Bloomington, a review of the residential nexus methodology and data, and a discussion regarding preliminary findings, including the maximum justifiable inclusionary housing percentage and in-lieu fee amount, as identified through the nexus study, as well as the preliminary results of the development feasibility analysis. Attendees were provided an opportunity to review the preliminary development assumptions used as part of the static pro-forma development feasibility analysis. Attendees were also afforded ample opportunities to ask questions. For more details on the information presented, please refer to Appendix B.

Comments and Observations

Attendees at both of the public outreach sessions were quite respectful of one another, regardless of differences in viewpoint. A good faith effort was made to identify common ground approaches that appealed to all sides. Attendees generally indicated that they were pleased that the City is pursing a "balanced approach" toward addressing a diversity of housing needs while respecting the realities of contemporary real estate development. Attendees expressed a hopefulness that the consultant team's recommendations can encourage adoption of an inclusionary housing policy that can drive new affordable housing development (i.e., create new units) without curbing market rate residential unit production.

The developers in attendance generally did not express concerns regarding the nexus and feasibility analysis research findings. They did, however, add that it is important that all stakeholders understand the meaning and differences between the different profit metrics reported as part of the research being conducted by BAE and Daedalus. They also identified a

[9] https://www.daedalusservices.com/

brief assortment of incentives and/or concessions that would be useful to them in offsetting the burden imposed by the inclusionary housing ordinance requirements. These included reductions to parking requirements, reduced or waived storage requirements, reductions and/or deferral of City imposed impact and processing fees, and the relaxation of requirements regarding materials and finishes. Housing advocates, by comparison, were most concerned about ensuring that the ordinance provides tools that can help the City meet the needs of the most vulnerable populations and highlighted that the total need for affordable housing in the community is even greater than was presented by the consultants.

Overview of the Council Study Session

The City Council study session was held on October 29th, 2018 at 6:00 pm in the Haeg Conference Room at the Bloomington Civic Plaza. While the session was open to public observers, the focus was on providing the City Council with information and receiving their questions. No public comment period was provided. Similar to the public outreach sessions, the City Council study session began with presentations from the consultant teams, including BAE and Daedalus. The material covered included a summary of the goals and intended purpose of the inclusionary housing ordinance, a review of pertinent background data regarding affordable housing need in Bloomington, a review of the residential nexus methodology and data, and a discussion regarding preliminary findings, including the maximum justifiable inclusionary housing percentage and in-lieu fee amount, as identified through the nexus study, as well as the preliminary results of the development feasibility analysis. The presentation also included a set of preliminary recommendations and outlined an array of policy options that the City may want to consider when developing the policy. For more details on the information presented, please refer to Appendix C.

Comments and Observations

Members of the Bloomington City Council expressed a diversity of opinions regarding the information presented, including strong support from Mayor Winstead and other Council members. Council Member Baloga expressed some doubt regarding whether the nexus study accounts for all economic factors contributing to induced demand, including asking whether changes in labor productivity were factored into the analysis. The Council Member also asked whether the consultant team had spoken with individuals cited in a recently published article regarding the proposed inclusionary housing policy in Minneapolis. Other Council Members expressed concern regarding the loss of existing naturally occurring affordable housing units. Additional concern was expressed regarding the likelihood that adoption of an inclusionary housing policy might impact the willingness of property owners to maintain their properties and discourage the creation of urban “slum” housing. Another Council Member asked about the ability to incorporate “green incentives” for water and energy improvements. Council Members made a wide variety of other comments and asked many insightful questions. The Council subsequently provided direction for Staff to work with the consultant team and to return to the Council with a policy for their review and consideration.

RECOMMENDED POLICY UPDATES

The preceding analyses identified the maximum inclusionary housing percentages that could be justified for use as part of a new inclusionary housing ordinance, based on the induced demand for housing generate as a result of new development. Based on the maximum justifiable inclusionary percentage, the preceding section then calculated the maximum affordable housing impact fee that could be justifiably charged to new development as an alternative to requiring construction of inclusionary housing units.

The feasibility analysis indicates market rate development is currently only marginally feasible, but that in some cases could support payment of a reduced impact, or in-lieu, fee. Recognizing that static pro-forma models represent a simplified, point-in-time, perspective on development feasibility, and that such models cannot be fully representative of all development applications that the City may encounter, BAE recommends the use of caution when considering potential impact fee amounts and inclusionary policy provisions.

The recommendations provided below incorporate the input collected during the developer and community outreach processes and City Council study session. This includes consideration of developer and community perspectives regarding who should bear the burden of funding affordable housing, the relationship between impact fee levels and potential project feasibility, as well as opinions and preferences regarding potential alternative methods for complying with the inclusionary housing requirements. The recommendations also recognize the potential for the City to leverage other local, state, and federal funding sources using housing trust fund dollars, which may allow the City to establish an impact fee amount that is lower than the maximum that would otherwise be justifiable, thereby facilitating project feasibility, while still generating funds sufficient to build much needed affordable housing.

Policy Options and Preliminary Recommendations

When establishing or updating inclusionary housing policies, most jurisdictions generally strive to achieve a balance between community benefit and project feasibility. The goals are often to 1) ensure that the inclusionary housing percentage and impact fee levels adequality mitigate for the impacts of new home construction; 2) that the imposition of such requirements does not overly discourage new development; 3) that the inclusionary policy provides incentives for developing the required inclusionary housing units; and 4) that the fee is high enough to generate sufficient funds to subsidize construction of the units that otherwise would have been built. To these ends, BAE recommends that the City consider the policy options:

Setting the Inclusionary Percentage

Based on the analysis presented earlier in this report, BAE recommends targeting the inclusionary housing ordinance to offset induced housing demand among households earning 60 percent of AMI or less. This is because households with incomes above this level are likely

able to afford housing at current market rates and are thus more readily served by the open market. Meanwhile, households with incomes of 60 percent of AMI or less are much less likely to be able to afford market rate rental housing and, thus, require assistance. As demonstrated by the nexus analysis, this new demand for housing is a direct result of new household spending generated as a result of new development; thus, imposition of an inclusionary housing requirement internalizes the impacts associated with induced housing demand that are not otherwise being readily addressed by the market.

BAE also recommends providing developers with the option of building units at any level at or below 60 percent of AMI. For this purpose, BAE developed a rough equivalency table designed to ensure that a developer would provide roughly the same value to the community, regardless of which income level is targeted. The table is based on the estimated financing gap associated with meeting the induced housing demand at incomes of 60 percent of AMI and below of $1.97 million. The equivalency table divides this total cumulative financing gap amount by the relative financing gap associated with providing housing at each income level. For example, to identify the total number of units to be provided if targeted at 60 percent of AMI, divide $1.97 million by the per unit financing gap of $191,991. This generates a total requirement of 10.24 units. Similarly, if the developer preferred to target households with incomes of 30 percent of AMI or below, divide $1.97 by the per unit financing gap of $259,784. This generates a total requirement of 7.57 units. BAE then recommends rounding down to the nearest whole number and allowing developers to account for the remaining fractional unit through a prorated in-lieu fee payment.

Table 10: Inclusionary Housing Requirement Equivalency by Income Level

Cumulative Financing Gap (@ 60% of AMI and Below)	**$1,966,276**	
	Financing Gap Per Inc. Unit	**Total Req. (BMR Units)**
Extremely Low (30% AMI)	$259,784	7.57
(40% AMI)	$250,456	7.85
Very Low (50% AMI)	$221,166	8.89
(60% AMI)	$191,991	10.24

Source: BAE, 2018

Setting the Impact or In-Lieu fee

Due to concerns regarding the impact of fees on project feasibility, and recognizing that affordable housing developers often leverage other funding sources as well, BAE recommends setting the baseline impact fee at around $9.60 per market rate leasable square foot (including market rate units only for calculation purposes). This would generally produce approximately $9,000 per market rate housing unit developed, which is about the maximum that BAE estimates can be supported by the market. It would similarly generate around $100,000 per affordable housing unit required under the inclusionary housing policy, which is roughly comparable to the in-lieu fee charged in other surrounding communities. Charging the

fee on a per square foot basis reduces the disincentive to develop smaller housing units, which are often more affordable compared to larger units. BAE also recommends including a provision in the inclusionary housing policy that makes the in-lieu fee option available to developers only in cases where they can demonstrate that it is not feasible to develop the required units while taking advantage of the available incentive options (to be discussed later).

The recommended affordable housing impact fee amount and structure seeks to balance the various policy objectives articulated above. The proposed fee level represents a substantial reduction from the justifiable maximum, recognizing current challenges to development feasibility; the typical funding structure for affordable housing projects; and the desire to reduce the incentive for developers to pay the in-lieu fee instead of building inclusionary units.

Alternative Compliance Options

Recognizing the preference of the community that inclusionary housing units be incorporated within market rate housing projects, the City may wish to consider requiring on-site construction of inclusionary housing units within market rate housing projects, and offering the impact fee and other alternative compliance methods as options only in those cases where the developer can demonstrate a clear need or community benefit. Note, however, that this creates additional uncertainty for developers and may function as a disincentive to develop in Bloomington, compared to surrounding jurisdictions. Also, such a requirement can create an administrative burden to the City by requiring that City staff review and accept financial documents provided by the developer that demonstrate the need for an in-lieu fee option. This would add additional time and expense to the process to allow for review and negotiation.

The City may also want to consider offering any of a number of alternative compliance options that may suit the circumstances and the needs of the City and the Developer. These may include, but are not limited to:

- Development the required housing units off-site;
- Purchase and deed restriction of existing units (e.g., NOAH);
- Payment of the inclusionary housing impact/in-lieu fee;
- Donation of suitable land of equal or greater value;
- Partner with non-profit developer to construct required units;
- Other options as proposed by the developer and deemed appropriate by the City Council to meet the objectives of the inclusionary housing ordinance.

The City may also want to consider incorporating a provision authorizing the reduction of inclusionary housing requirements on a case-by-case basis as necessary to encourage feasibility, provided that the project in question meets other community development objectives. One example of a project that meets community development objectives is one that includes housing designed to be affordable to low- or moderate-income households at market rates by providing smaller units (i.e., affordable by design).

Incentives and Concessions

The City should consider including provisions as part of the inclusionary housing ordinance that authorize the use of incentives and other concessions to offset the costs of providing required inclusionary housing on-site as part of mixed-income developments while simultaneously promoting project feasibility. BAE recommends considering different types of regulatory relief and expedited review, such as parking reductions, setback reductions, open space reductions, fee waivers or deferrals, ministerial approval (i.e., does not require a hearing), etc. Some of these incentives may be made available to any developer interested in building required inclusionary housing units on-site, such as parking reductions or fee deferrals. Other incentives, such as the use of Tax Increment Financing (TIF) may be reserved and scaled for use by developers who commit to providing additional affordable housing or deeper levels of affordability, such as restricting units to 30 percent of AMI, versus 60 percent.

Housing Trust Fund

The City should consider establishing parameters to direct the ways in which housing trust fund dollars may be spent. For example, the City may restrict the use of funds to construction of new deed restricted housing units. However, the City may also want to consider allowing use of trust fund dollars to buy down additional affordability (i.e., pay a developer a reasonable cost to deed restrict housing units to levels that are affordable to households below the level required under the inclusionary housing ordinance). The City may also want to consider allowing the use of trust fund dollars to purchase and/or rehabilitate existing housing units, including naturally occurring affordable housing (NOAH), in exchange for establishment of new deed restrictions requiring a desired level of affordability. A similar provision may also allow the use of funds for the purchase and/or preservation deed restricted affordable housing that may otherwise be at risk of conversion to market rate.

APPENDIX A: ECONOMIC IMPACTS ANALYSIS FOR PLANNING (IMPLAN) OVERVIEW

Economists use regional and national input-output models as a tool to understand the complex interactions among the various parts of an economy. The economic model used in this analysis, IMPLAN ("IMpact analysis for PLANning"), is a computer software package that automates the process of developing input-output models for regions within the United States. The IMPLAN model is well respected as the industry standard for projecting economic impacts resulting from current or future economic activities often called "events." In this study, the increase in household expenditures of the residents of newly-constructed housing projects in Windsor make up the "events" that the analysis uses as the IMPLAN model's inputs.

At the heart of the IMPLAN model is a county-level trade flow called the Social Accounting Matrix (SAM) constructed from the production functions of 536 industries, using data from a variety of sources including the Bureau of Economic Analysis, Bureau of Labor Statistics, and US Census. The SAM uses each county's observed economic relationships between government, industry, and household sectors, allowing IMPLAN to model payments between industries, between households and industries, between government and industries, and between government and households. Thus, for a specified region, the input-output table estimates the dollar flows between the different sectors within the economy. IMPLAN then applies county-level price and wage data, as well as considering the availability of goods within the analysis region, to estimate the impacts specific to this area, which for this analysis defined as Sonoma County.

Once the selected economic events have been entered into the model, IMPLAN reports the following types of impacts:

- **Direct Impacts**. Direct impacts refer to the set of producer or consumer expenditures applied to the predictive model for impact analysis. It is the amount of spending available to flow through the local economy. IMPLAN then displays how the local economy will then respond to these initial changes. The direct impacts may equal up to the amount of spending input into the model, depending on a variety of factors.
- **Indirect Impacts**. The indirect impacts refer to the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to income and taxes. For capital projects this would include payments for construction inputs such as wood, steel, office supplies, and any other non-labor payments that a construction firm would purchase in the building process.
- **Induced Impacts.** The induced impacts refer to an economy's response to an initial

change (direct impact) that occurs through re-spending of income according to household spending patterns. When households earn income, they spend part of that income on goods and services locally, such as food and healthcare. IMPLAN models households' disposable income spending patterns and distributes them through the local economy.

For the analysis of the potential impacts of new housing in Bloomington using the IMPLAN model, BAE determined the household income required to rent or purchase market rate housing. For multifamily rental housing, condominiums, and single-family houses, BAE assumed a 100-unit project as a benchmark; the income associated with a single residence would not be enough to generate job impacts in the IMPLAN model.

The 100-unit project incomes were then entered into IMPLAN as a change in household income; since the "event" consists solely of this income change, all the impacts per IMPLAN are induced incomes linked to the expenditures of the new households.

The impacts of concern for this analysis are the jobs generated by that income. The detailed output provides jobs by each of the 536 IMPLAN sectors. For this analysis, BAE has collapsed those sectors into major industry sectors by NAICS code. The distribution by income generated by the PUMS analysis is then applied to this total number of jobs by industry.

APPENDIX B: STAKEHOLDER ENGAGEMENT WORKSHOP PRESENTATION

Bloomington City Hall
Council Chambers
September 27, 2018

****AGENDA****

8 am - Team meeting at Bloomington City Hall Auditorium

9:00 - 9:15 AM

- Eric Johnson, MPA, PhD, Introduction and Overview of Program - Nexus Study and Modeling Effort in Support of an Inclusionary Housing Ordinance for Bloomington
- Eric Johnson – Purpose of today's meeting

9:15 – 10:00 AM

- BAE Presentation on the Bloomington Nexus Study
- Daedalus Advisory Services' Presentation on the IHO and Competitiveness
- Questions and answers on the presentation

10:00 – 10:55 AM

-Stakeholder input - open discussion around these topics

-
- Opportunities and impediments to developing affordable housing
- Incentives and costs of developing affordable housing
- Inclusionary housing policy options
- Affordable housing needs in Bloomington not already covered
- Other issues not otherwise addressed

10:55 to 11:00 AM

- Next Steps and Meeting Wrap-Up

11:00 - 1:00 PM Lunch

1:00-1:15 PM

- Eric Johnson, MPA, PhD, Introduction and Overview of Program - Nexus Study and Modeling Effort in Support of an Inclusionary Housing Ordinance for Bloomington
- Eric Johnson – Purpose of today's meeting

1:15 – 2:00 PM

- BAE Presentation on the Bloomington Nexus Study
- Daedalus Advisory Services' Presentation on the IHO and Competitiveness
- Questions and answers on the presentation

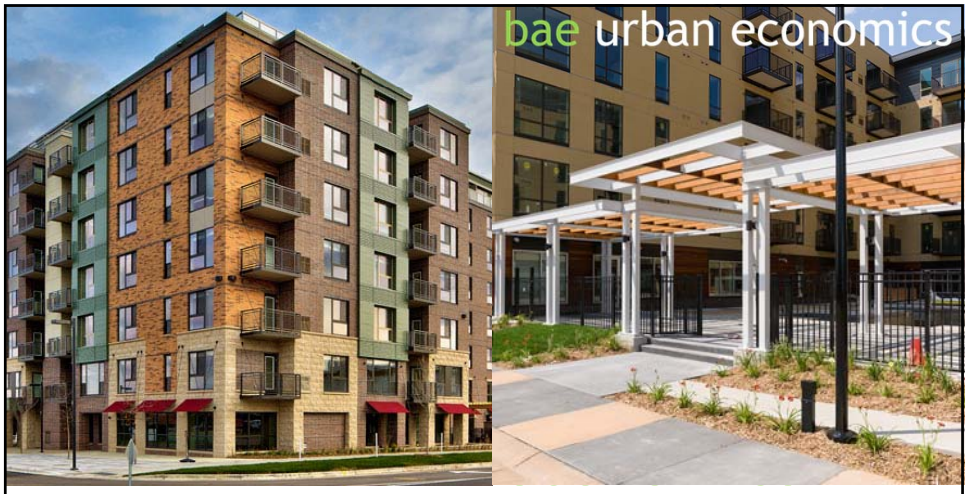
2:00 – 2:55 PM

- Stakeholder input - open discussion around these topics

- Opportunities and impediments to developing affordable housing
- Incentives and costs of developing affordable housing
- Inclusionary housing policy options
- Affordable housing needs in Bloomington not already covered
- Other issues not otherwise addressed

2:55 to 3:00 PM

- Next Steps and Meeting Wrap-Up



AFFORDABLE HOUSING NEXUS STUDY

City of Bloomington

Community Outreach Session: September 27, 2018

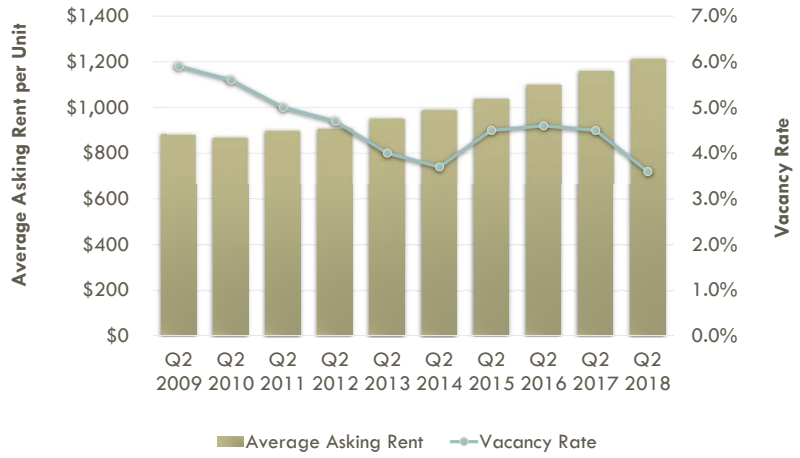
INCLUSIONARY HOUSING POLICY

- Bloomington is developing an inclusionary housing policy
  - Other nearby cities (e.g., Edina) have similar policies
  - Sometimes, more of a political than analytical process
- Bloomington engaged BAE Urban Economics to conduct an affordable housing nexus and fee study
  - Provide a quantifiable justification for setting the inclusionary percentage and in-lieu fee amount

HOUSING NEXUS & FEE STUDY

- Industry standard methodology for establishing nexus
  - Step 1 – Identify income necessary to rent new units
  - Step 2 – Estimate new employment supported by new units
  - Step 3 – Estimate proportion at each income level
  - Step 4 – Calculate Financing Gap for Inclusionary Units
  - Step 5 – Calculate Maximum Justifiable Fee

RENTS & VACANCY RATES



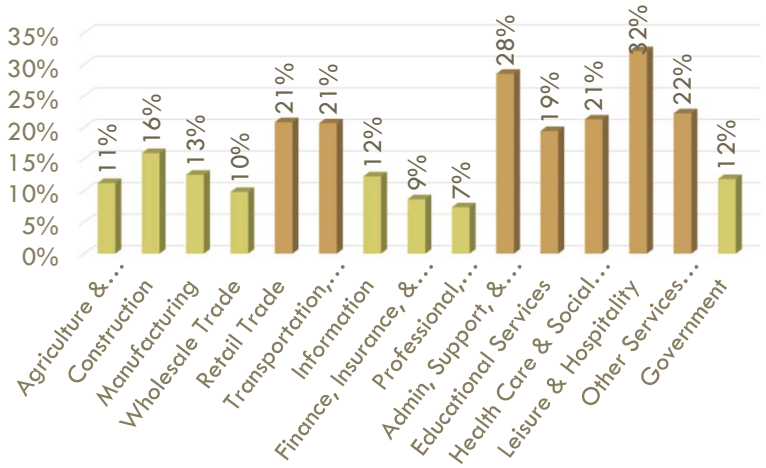
AFFORDABLE RENTAL RATES AND AVERAGE MARKET RATE RENTS

60% AMI				
1-Person	$916	$906		
2-Person		$1,047	$1,027	
3-Person			$1,168	$1,160
4-Person				$1,301
Low (80% AMI)				
1-Person	$1,246	$1,236		
2-Person		$1,424	$1,404	
3-Person			$1,592	$1,584
4-Person				$1,772
Average Market Rent	$935	$1,100	$1,351	$1,529

HOUSEHOLD INCOME CATEGORIES

	Income Limits/Household Size			
Income Category	1 Person	2 Person	3 Person	4 Person
Median Family Income: $94,300				
Extremely Low (30% AMI)	$19,830	$22,650	$25,470	$28,290
Very Low (50% AMI)	$33,050	$37,750	$42,450	$47,150
60% AMI	$39,660	$45,300	$50,940	$56,580
Low (80% AMI)	$52,880	$60,400	$67,920	$75,440
Median (100% AMI)	$66,100	$75,500	$84,900	$94,300
Moderate (120% AMI)	$79,320	$90,600	$101,880	$113,160

WORKFORCE HOUSEHOLDS EARNING 60% AMI OR LESS



NEW APARTMENT RENTAL RATES

Unit Type	Total Units	Per Unit Sq. Ft.	Per Unit Rent	Rent Per Sq. Ft.
Studio	85	575	$1,400	$2.43
1-Bedroom	806	830	$1,629	$1.96
2-Bedroom	457	1,176	$2,086	$1.77
3-Bedroom	20	1,391	$2,233	$1.60
All Units	**1,368**	**938**	**$1,776**	**$1.89**

Note:
(a) Based on a survey of the following projects:

Luxembourg
IndiGO Apartments
The Covington
Genesee Apartments & Townhomes
One Southdale Place

INCOME NEEDED TO AFFORD MARKET RATE APARTMENTS

Average Monthly Rent (a)	$1,800
Utility Cost (b)	$96
Monthly Housing Costs for New Unit	$1,896
Annual Housing Costs	$22,752
Household Income Required (c)	$75,840

MARKET RATE AND AFFORDABLE NEXUS

- Use the IMPLAN 3.0 software package to estimate new jobs supported by new household spending
- Use the Public Use Microdata Sample (PUMS) to identify:
  - Average number of workers per household by industry of employment
  - Average household income by industry of employment
- Identify the number of workforce households supported by new resident spending by income category

WORKFORCE HOUSING DEMAND INDUCED FROM MARKET RATE DEVELOPMENT

Industry	Total Jobs (b)	Estimated Jobs by Percent of AMI (a): Extremely Low (30% AMI)	Very Low (50% AMI)	(60% AMI)	Low (80% AMI)	Moderate (120% AMI)	Above Moderate (>120% AMI)
Total Jobs	**57.26**	**3.44**	**5.25**	**2.97**	**6.32**	**12.04**	**27.24**
Workers per Households (c)	1.65	1.23	1.38	1.43	1.45	1.69	1.88
Number of Households	**34.66**	**2.80**	**3.79**	**2.08**	**4.34**	**7.12**	**14.53**
Percent of Base Project (d)		**2.8%**	**3.8%**	**2.1%**	**4.3%**	**7.1%**	**14.5%**
Cumulative		*2.8%*	*6.6%*	*8.7%*	*13.0%*	*27.3%*	*34.7%*

COST TO DEVELOP AN AFFORDABLE HOUSING UNIT

- Reviewed information on tax credit projects from Minnesota Housing
  - 2017 Cost Containment Report
  - 2019 Thresholds for Cost Containment

Region	Activity Type	Building Type		Applicable Cost Threshold
Minneapolis Metro	New Construction	Singles		$223,952
Minneapolis Metro	New Construction	Families/Mixed		$259,784
Minneapolis Metro	New Construction	Large Families		$273,457

Sources: Minnesota Housing; BAE, 2018.

MAXIMUM JUSTIFIABLE FEES

- Calculate the financing gap for below market rate units
  - Rental units: Based on cost to build the unit, minus the value of the permanent loan that can be supported by projected rents.
- The maximum justifiable fee equals the financing gap, times induced new housing demand

MAXIMUM JUSTIFIABLE FEES

	Income Level				
	Extremely Low *(30% AMI)*	**Very Low** *(50% AMI)*	*(60% AMI)*	**Low** *(80% AMI)*	**Moderate** *(120% AMI)*
Household Income Limit	$22,650	$37,750	$45,300	$60,400	$90,600
Maximum Affordable Monthly Rent Per Unit	$480	$858	$1,047	$1,424	$2,179
Monthly Operating Expenses	$566	$566	$566	$566	$566
Vacancy	7%	7%	7%	7%	7%
Net Operating Income Per Unit	($119)	$232	$407	$758	$1,460
Net Operating Subsidy from Other Sources	$119	$0	$0	$0	$0
Monthly Supportable Debt Service Per Unit	$0	$201	$354	$659	$1,270
Loan Amount	$0	$38,618	$67,793	$126,238	$243,513
Affordable Unit Development Cost	$259,784	$259,784	$259,784	$259,784	$259,784
Financing Gap Per Affordable Unit	**$259,784**	**$221,166**	**$191,991**	**$133,546**	**$16,271**

MAXIMUM JUSTIFIABLE FEES

New Employee Households	
Extremely Low (30% AMI)	2.80
Very Low (50% AMI)	3.79
(60% AMI)	2.08
Low (80% AMI)	4.34
Moderate (120 AMI)	7.12
Total, Affordable Housing Need	**20.14**

Affordability Gap (Per BMR Unit)	
Extremely Low (30% AMI)	$259,784
Very Low (50% AMI)	$221,166
(60% AMI)	$191,991
Low (80% AMI)	$133,546
Moderate (120 AMI)	$16,271

Affordability/Financing Gap	
Extremely Low (30% AMI)	$728,374
Very Low (50% AMI)	$838,638
(60% AMI)	$399,265
Low (80% AMI)	$580,100
Moderate (120 AMI)	$115,837
Total, Affordability/Financing Gap	**$2,662,214**

Max. Fee (Per Market Rate Unit)	
Extremely Low (30% AMI)	$7,284
Very Low (50% AMI)	$8,386
(60% AMI)	$3,993
Low (80% AMI)	$5,801
Moderate (120 AMI)	$1,158

IMPACTS ON DEVELOPMENT FEASIBILITY

- Used pro-forma financial models to assess the impact of the maximum fee on development feasibility
- Considered three rental housing prototypes
  - "Low-Rise" – Wood frame construction at 25 du/a
  - "Mid-Rise" – Wood frame w/ concrete podium at 60 du/a
  - "High-Rise" – Concrete construction at 90 du/a
- See handout for details on the pro-forma models

PRELIMINARY IN-LIEU FEE FINDINGS

- Maximum feasible fee appears to be approximately $10,000 per market rate unit
- This represents approximately 1/2 of the maximum justifiable fee
- The equivalent in-kind contribution would be approximately 9 additional units affordable to households at 60% of AMI for every 100 new market rate rental units

QUESTION AND ANSWER

INPUT ON DEVELOPMENT FEASIBILITY ASSUMPTIONS

Land costs

Hard construction costs – per square foot

Soft costs

Financing costs

Market rate rents

Apartment operating costs

Profit requirements (Yield on Cost)

Other

WHAT KINDS OF ASSISTANCE WOULD HELP FEASIBILITY?

- Parking reductions?
- Density bonuses?
- Other modifications to development standards?
- Funding to assist in achieving deeper affordability/increased inclusionary percentages?
- Other types of assistance or incentives?

INPUT ON POLICY OPTIONS

- To what projects should inclusionary policy apply?
  - All new housing development
  - Rental housing projects only
  - Projects over a certain size (e.g., 5+ units)
  - New development only (excludes remodels)
  - **Other options of interest?**

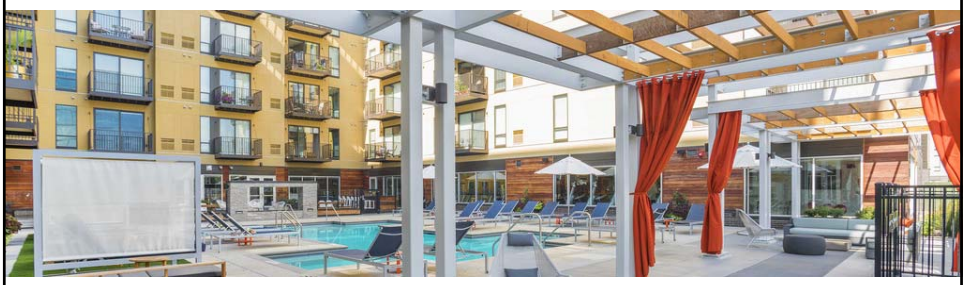
INPUT ON POLICY OPTIONS

- How to comply with the inclusionary requirements?
  - Build required housing units on-site
  - Build required housing units off-site
  - Pay a fee in-lieu of building units
  - Dedicate land of equal value
  - Deed restrict existing housing units
  - **Other options of interest?**

INPUT ON POLICY OPTIONS

- Other important considerations:
  - Impact of fees on development feasibility?
  - Adopt the maximum fee or something less? Why?
  - Should changes be phased in, or apply to current pipeline?
  - Are compliance options disincentives to build units?
  - Are developers prepared to build/manage inclusionary units?
  - Are there other options or partnerships that could add value?

WRAP-UP AND NEXT STEPS



ADDITIONAL COMMENTS/QUESTIONS?

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APPENDIX C: CITY COUNCIL WORKSHOP PRESENTATION

CITY OF BLOOMINGTON MINNESOTA

Request for Council Action

Originator	Item
Community Development	**Affordable Ordinance Development**
Agenda Section	Date
Study Item	Monday, October 29, 2018

Requested Action

Staff is seeking feedback and direction from the City Council on the research findings and preliminary policy recommendations for the creation of an affordable housing ordinance. Daedalus Advisory and BAE Urban Economics will present the findings of the affordable housing ordinance research work taken place over the past several months.

Item created by: Eric Anthony Johnson (CD Director)

Presenter: Eric Anthony Johnson (CD Director) and Daedalus Advisory and BAE Urban Economics

Description

With rising housing costs and extremely low vacancy rates, concerns about the lack of affordable housing across Bloomington and the Twin Cities metro region have been growing. The challenges include but not limited to:

- Tight demand and supply, and rising rents have intensified the affordable housing challenge in Bloomington
- Affordable units comprise 12% of the total rental unit stock, with 0% vacancy.
- Many buildings have closed wait lists
- Market rate units show a tight demand-supply situation - <2% vacancy
- Average monthly rent for a two bedroom apartment is $1,896 including utilities
- Annual housing costs for a new unit is $22,752 with a required annual income of $76,000 needed to afford.
- The greatest housing need is for individuals and families making between 30-60% of area median income.

The City Council has prioritized the creation of an affordable housing ordinance as part of a series of strategies to support addressing the issue. At the study session, City Staff in concert with Daedalus Advisory and BAE Urban Economics will present key research findings and policy recommendations related to creating a comprehensive affordable housing ordinance rooted in economic analysis, stakeholder engagement, nexus study and best practices.

Attachments:

10/29/2018 Powerpoint Presentation

DAEDALUS ADVISORY SERVICES

bae urban economics

Analysis supporting a proposed Inclusionary Housing Ordinance for Bloomington

October 2018

1

DAEDALUS ADVISORY SERVICES

bae urban economics

Agenda

- Introduction & background
- Policy options
- Research findings
- Preliminary recommendations
- Next steps
- Comments & questions

2

DAEDALUS ADVISORY SERVICES

bae urban economics

What is an Inclusionary Housing Ordinance (IHO)?

Inclusionary housing refers to a range of local policies that tap the economic gains from rising real estate values to create affordable housing—tying the creation of homes for low-or moderate-income households to the construction of market-rate residential or commercial development.

(Source: Adapted from Inclusionary Housing, Creating and Maintaining Equitable Communities, 2015 Lincoln institute of Land Policy, Cambridge, Mass. 2015.)

- The primary objective of an IHO is to increase the supply of and preserve affordable housing units, and promote localized economic and community integration
- Difficult to estimate the affordable units created using IHO's but one estimate ranges between 100,000 to 150,000 nationwide since the late 1980s across 27 states and Washington DC

3

DAEDALUS ADVISORY SERVICES

bae urban economics

Agenda

- Introduction & background
- Policy options
- Research findings
- Preliminary recommendations
- Next steps
- Comments & questions

4

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Bloomington's affordable housing ordinance is being developed around a structured approach and including provisions that cover a range of issues

- Approach: Nexus study, development testing, best practices, lesson learned and stakeholder engagement as the foundation of the work
- AMI focus: 60% of AMI and below (i.e., identified need)
- Comprehensive approach with flexibility as a foundation
- Percent affordable units on all new developments and substantial rehabilitation
- Creation of a payment in-lieu of on-site units
- Creation of an affordable housing trust fund
- Development fee deferral initiative
- Introduction of regulatory incentives tools (geared toward developments that focus on addressing the identified need) Bundling of resources to support reaching the greatest need (60-30% AMI as a collective).
- Introduction of substantial rehabilitation
- ADU's
- Affordable housing plan
- Transition period
- Right of first refusal

5

DAEDALUS ADVISORY SERVICES

bae urban economics

Agenda

- Introduction & background
- Policy options
- Research findings
  - Need for affordable housing
  - Key definitions
  - Nexus study
  - Lessons learned from IHOs
  - Stakeholder responses
  - Incentives analysis
- Preliminary recommendations
- Next steps
- Comments & questions

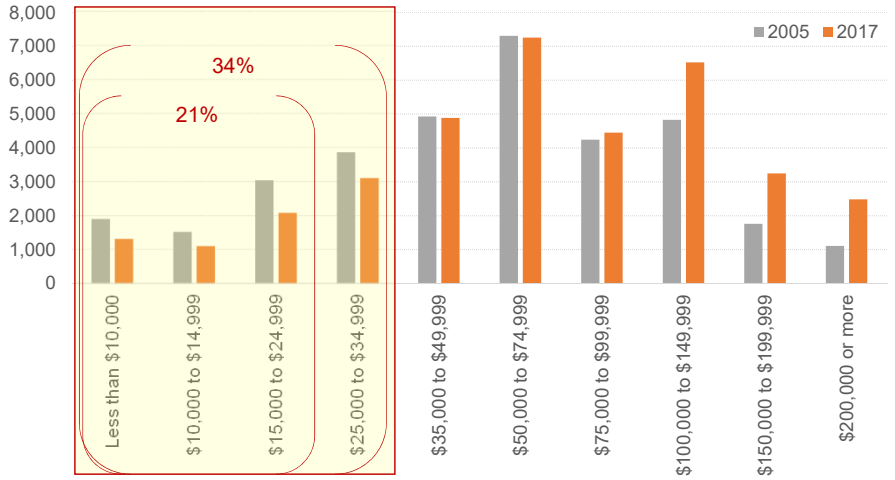
6

DAEDALUS ADVISORY SERVICES

bae urban economics

The focus for most affordable housing efforts is the lower end of the income scale

Households by income bracket



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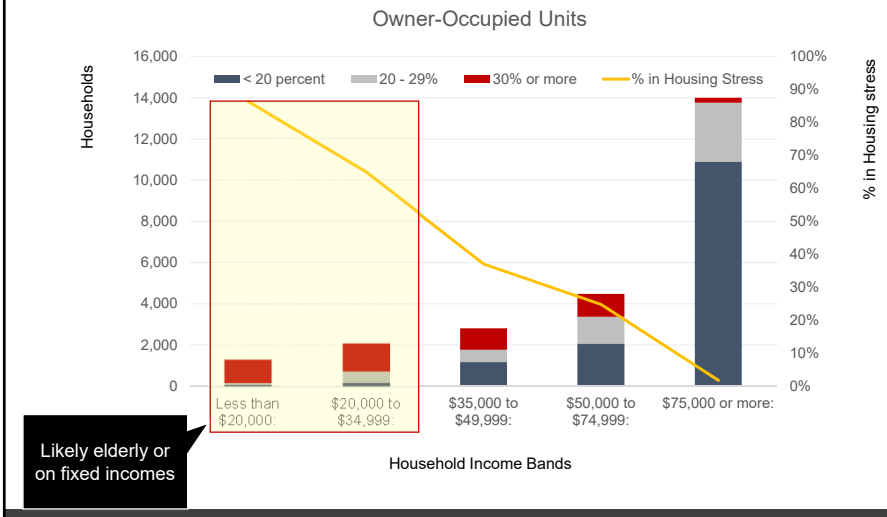
Housing stress among home owners shows little over $75k in income / year, but increasing amounts as you move down the income scale



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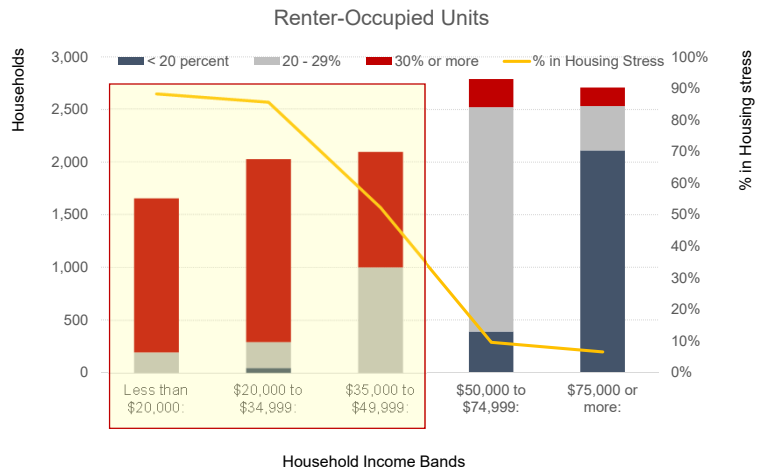
Housing stress in the lower income renters, in particular, is acute, with more than 90% being in definitional housing stress



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Households at or below 60% of area median income are likely to struggle to locate and secure housing without overpaying (>30% of income)

60% AMI				
1-Person	$916	$906		
2-Person		$1,047	$1,027	
3-Person			$1,168	$1,160
4-Person				$1,301
Low (80% AMI)				
1-Person	$1,246	$1,236		
2-Person		$1,424	$1,404	
3-Person			$1,592	$1,584
4-Person				$1,772
Average Market Rent	$935	$1,100	$1,351	$1,529

10

DAEDALUS ADVISORY SERVICES

bae urban economics

To better understand the IHO and nexus process, it may be helpful to review some key definitions

- Affordable Housing – Where the cost to own or rent the housing unit does not exceed 30 percent of income
- Induced Demand – New demand for housing created as a result of new household spending
- Housing Nexus – A clearly defined relationship between new housing development and resulting induced demand for housing
- Inclusionary Housing – The percent of a new housing project required to be affordable at a given income level
- Financing Gap – The difference between the cost to create a housing unit and the revenue it generates
- In-Lieu Fee – A payment made by a developer in exchange for being released from the requirement to build inclusionary housing
- Area Median Income (AMI) – The median income of households in Hennepin County

11

DAEDALUS ADVISORY SERVICES

bae urban economics

Nexus studies typically follow an industry standard methodology that defines the relationship between development and housing demand.

- Industry standard methodology for establishing nexus and informing inclusionary housing policies
  - Step 1 – Identify income necessary to rent new units
  - Step 2 – Estimate new employment supported by new units
  - Step 3 – Estimate proportion at each income level
  - Step 4 – Calculate Financing Gap for Inclusionary Units
  - Step 5 – Calculate Maximum Justifiable Fee

12

DAEDALUS ADVISORY SERVICES

bae urban economics

The first step is to identify pricing for newly built project. BAE reviewed a selection of new projects, which all had a similar unit mix and pricing.

Unit Type	Total Units	Per Unit Sq. Ft.	Per Unit Rent	Rent Per Sq. Ft.
Studio	85	575	$1,400	$2.43
1-Bedroom	806	830	$1,629	$1.96
2-Bedroom	457	1,176	$2,086	$1.77
3-Bedroom	20	1,391	$2,233	$1.60
All Units	**1,368**	**938**	**$1,776**	**$1.89**

Note:
(a) Based on a survey of the following projects:

Luxembourg
IndiGO Apartments
The Covington
Genesee Apartments & Townhomes
One Southdale Place

Sources: Apartment Managers, 2018; BAE, 2018.

13

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Step two in the nexus process is to identify the minimum income required to afford market rate rents in newly built multifamily housing project.

Average Monthly Rent	$1,800
Utility Cost	$96
Monthly Housing Costs for New Unit	$1,896
Annual Housing Costs	$22,752
Household Income Required	$75,840

Sources: Apartment Managers, 2018; BAE, 2018.

14

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The next step is to use an input-output economic model to estimate the number of jobs by industry that are supported by new household spending.

- Use the IMPLAN 3.0 software package to estimate new jobs supported by new household spending
- Use the Public Use Microdata Sample (PUMS) to identify:
  - Average number of workers per household by industry of employment
  - Average household income by industry of employment
- Identify the number of workforce households supported by new resident spending by income category

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Then, BAE uses Census data to convert jobs by industry to worker households by income level, accounting for multiple wage earners

		Estimated Jobs by Percent of AMI (a)					
Industry	**Total Jobs** (b)	**Extremely Low** *(30% AMI)*	**Very Low** *(50% AMI)*	*(60% AMI)*	**Low** *(80% AMI)*	**Moderate** *(120% AMI)*	**Above Moderate** *(>120% AMI)*
Total Jobs	**57.26**	**3.44**	**5.25**	**2.97**	**6.32**	**12.04**	**27.24**
Workers per Households (c)	1.65	1.23	1.38	1.43	1.45	1.69	1.88
Number of Households	**34.66**	**2.80**	**3.79**	**2.08**	**4.34**	**7.12**	**14.53**
Percent of Base Project (d)		**2.8%**	**3.8%**	**2.1%**	**4.3%**	**7.1%**	**14.5%**
Cumulative		*2.8%*	*6.6%*	*8.7%*	*13.0%*	*27.3%*	*34.7%*

Sources: U.S. Census Bureau, Public Use Microdata Sample, 2018; BAE, 2018.

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The first step in identifying a justifiable fee is estimating the average cost to build an affordable housing unit.

- Reviewed information on tax credit projects from Minnesota Housing
  - 2017 Cost Containment Report
  - 2019 Thresholds for Cost Containment

Region	Activity Type	Building Type		Applicable Cost Threshold
Minneapolis Metro	New Construction	Singles		$223,952
Minneapolis Metro	New Construction	Families/Mixed		$259,784
Minneapolis Metro	New Construction	Large Families		$273,457

Sources: Minnesota Housing; BAE, 2018.

17

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The next step is to calculate the difference between the permanent loan that BMR rents can support and the cost of building housing.

- Calculate the financing gap for below market rate units
  - Rental units: Based on cost to build the unit, minus the value of the permanent loan that can be supported by projected rents.
- The maximum justifiable fee equals the financing gap, times induced new housing demand

18

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The maximum justifiable fee is calculated by multiplying the induced demand by the financing gap, then dividing by the number of units.

Income Level	New Employee Households	Financing Gap Per Afford. Unit	Cumulative Gap (Per 100 mrkt. Units)	Maximum Justifiable Fee	
				Per Mrkt. Unit	Per Mrkt. Sq. Ft.
Extremely Low (30% AMI)	2.80	$259,784	$728,374	$7,284	$7.77
Very Low (50% AMI)	3.79	$221,166	$838,638	$8,386	$8.94
(60% AMI)	2.08	$191,991	$399,265	$3,993	$4.26
Induced Housing Need	**8.68**		**$1,966,276**	**$19,663**	**$20.97**

19

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The next step is to test whether new development can support an impact/in-lieu fee, and if so, how much?

- Used pro-forma financial models to assess the impact of the maximum fee on development feasibility
- Considered three rental housing prototypes
  - "Low-Rise" – Wood frame construction at 25 du/a
  - "Mid-Rise" – Wood frame w/ concrete podium at 60 du/a
  - "High-Rise" – Concrete construction at 90 du/a
- Pro-forma models based on developer input and current development cost and revenue data
- Indicates an average project could support up to a $9,000 in-lieu fee
- Also considered how incentives can offset the cost of providing the required inclusionary units (presented later by Daedalus)

20

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We have interviewed four peer jurisdictions to understand Lessons Learned about their implemented IHOs

Montgomery County, MD	Evanston, IL	Denver, CO	Carlsbad, CA
• pioneer in implementing IHO, • 12,000+ units delivered since inception, • In-lieu fees as last resort • refined mix of incentives, but flexible, • highly integrated approach	• since 2016, bring in isolated groups, • 10%, 20% (if public funds), 5-10 units • $75-100K in-lieu (to be moved up) • targeted areas, e.g., TOD • Alternative compliance possible	• new program • unit production oriented • wide range of incentives, but flexible • strong developer input/outreach • clear processes	• since 1990's with several iterations • 15%, >7 units • 2,000+ units delivered since 1993 • Alternate compliance possible

21

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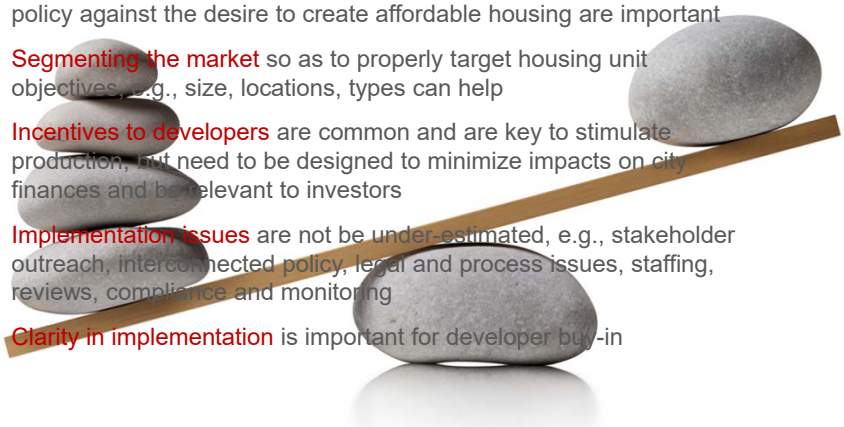
Balancing market trends and IHO compliance is emerging as a key theme to successfully designed and implemented IHOs

- Variation in approaches by cities and jurisdictions with economic integration and unit production seen often as main driver
- Local market conditions and balancing the economic impacts of a policy against the desire to create affordable housing are important
- Segmenting the market so as to properly target housing unit objectives, e.g., size, locations, types can help
- Incentives to developers are common and are key to stimulate production, but need to be designed to minimize impacts on city finances and be relevant to investors
- Implementation issues are not be under-estimated, e.g., stakeholder outreach, interconnected policy, legal and process issues, staffing, reviews, compliance and monitoring
- Clarity in implementation is important for developer buy-in



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A wide range of incentives can be used singly or jointly for policy successes

DIRECT		INDIRECT		OTHER	
Development Fee Waivers / Reductions	Cash grants	Density bonus	In-Lieu payment	Off site location	Housing type choice
		Expedited review	Exemptions	Mixed-use options (zoning)	Other waivers
		Geographic focus	Zoning variances	Parking options	Interior variances

23

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Stakeholder workshop feedback on initial approach was largely positive

- A broad range of interests: for profit and non-profit developers, housing advocates, tenants and home owners
- Respectful, common ground approaches from all sides
- Generally happy that we chose a balanced approach towards housing needs and the realities of developing property
- Were hopeful that our recommendations could create new affordable units without curbing overall unit production

24

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Stakeholder workshop feedback on initial approach was largely positive

- Developers generally did not express concerns nexus findings or feasibility findings
- Developers noted that it is important that all stakeholders understand the meaning and differences between various profit metrics
- Developers indicated the following types of incentives/concessions would be useful in conjunction with inclusionary requirements:
  - Reduced parking requirements
  - Reduced/waived storage requirements
  - Fee deferrals/reductions
  - Relaxed requirements for materials/finishes
- Housing advocates were concerned about reaching the most vulnerable populations and thought the need was even greater than we presented

25

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We evaluated incentive impacts using an actual project. Results give an idea of IHO impacts without incentives

Financial return estimates for example 174 unit building			
	20% @ 60% AMI	All Market	20% @ 30% AMI
Unleveraged (no debt)			
IRR	4.8%	5.9%	4.3%
NPV (10%)	($24M)	($21M)	($26M)
Leveraged (incl. debt)			
IRR	5.9%	8.3%	4.6%
NPV (10%)	($11M)	($8M)	($13M)

26

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Incentives offset the IHO's cost and revenue impacts on development projects. Not all incentives are valued similarly.

Financial return estimates with incentives for 20% at 30 AMI case

	Parking reduction	Density bonus	TIF	Fee deferral	All incentives
	No city money	*No city money + 42 units*	*City money*	*Delayed fees for permit, parks and dev*	
Unleveraged (no debt)					
IRR	4.7%	5.7%	6.3%	4.3%	7.7%
NPV (10%)	($24M)	($21M)	($18M)	($26M)	($12M)
Leveraged (incl. debt)					
IRR	5.6%	8.7%	9.5%	4.3%	13.8%
NPV (10%)	($11M)	($7.6M)	($7.9)	($14M)	($1.7M)

Market limitations on parking reductions

Market limitations on additional units

27

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Agenda

- Introduction & background
- Policy options
- Research findings
- Preliminary recommendations
- Next steps
- Comments & questions

28

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Preliminary Recommendations

- Based on this analysis, BAE/Daedalus recommend:
  - Structuring the IHO to incentivize housing construction
  - Set inclusionary percentage at ~9% to account for induced demand created at 60% of AMI and below
  - Set the in-lieu fee at ~$9.60 per leasable square foot of market rate residential area
    - Does not penalize developers for smaller units
    - Based on a supportable fee of ~$9,000 per market rate unit
    - Would generate ~$100,000 per inclusionary unit needed
  - Allow developers to request payment of in-lieu fee, if justified
    - Create a set of incentives to encourage construction and to offset the cost of providing inclusionary units

29

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In-lieu fee of roughly ~$9.60 square foot on market rate units can raise ~$100,000 per inclusionary housing unit needed

In-lieu Fee (Per Mrkt. Sq. Ft.)	# of Mrkt. Rate Units	Ave. Unit Size	Total In-Lieu Fee Payment	Incl. Units Required	Trust Fund Contribution Per Incl. Unit
~$9.60	100	938	~$900,000	9	~$100,000

30

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The policy options for Bloomington involve a number of considerations

- Apply the IHO to
  - All new rental housing development
  - Projects over 20 units
  - New development and major renovations (exclude minor remodels)
  - All areas of the city
  - All at once after public notice, but allowing existing permitted and in process projects to be grandfathered in

31

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Compliance issues also require evaluating a range of potential options

- Allow developers flexibility in meeting the requirements
  - Give preference to building required housing units on-site, but allow off-site options under specific conditions
  - Allow the payment of a fee in-lieu of building units
  - Allow Dedication of land of equal or greater value
  - Deed restrict existing housing units

32

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Housing, population and economic trends shift constantly. Policy should reflect consideration of those factors as well

- Other important considerations that require additional policy discussions
  - Faster permit processing and development fee deferral options?
  - Adopt the maximum fee or something less?
  - Are compliance options disincentives to build units?
  - Are developers prepared to build/manage inclusionary units?
  - Should the City use other resources to encourage (i.e., buy) deeper affordability, such as provide TIF subsidy?
  - Is the policy prepared to withstand economic change?
  - How flexible should it be to accommodate unique circumstances?
  - Are there other options or partnerships that could add value?

33

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Agenda

- Introduction & background
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- Research findings
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- Next steps
- Comments & questions

34

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Next Steps

- Finalize Nexus study results
- Finalize investor impact model
- Get input from other affordable market players, as needed
- Finalize draft set of incentives
- Get input on regulatory options and incentives
- Advance IHO draft

35

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Agenda

- Introduction & background
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- Research findings
- Preliminary recommendations
- Next steps
- Comments & questions

36

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Comments and questions?

37

Homebuilders concerned about proposed Minneapolis "inclusionary zoning" rule

Resistance is building to a proposed Minneapolis requirement that developers reserve 10% to 20% of new rental units for affordable housing.

OCTOBER 28, 2018 — 3:20PM

NEAL ST. ANTHONY @STANTHONYSTRIB

Resistance is building among housing developers and business community allies to a proposed Minneapolis requirement that developers reserve 10 to 20 percent of new rental units for affordable housing.

Kelly Doran, a developer and Minneapolis resident who has been one of the city's most prolific builders of market-rate apartment housing since 2009, warned Mayor Jacob Frey and the City Council in a letter this month that builders and investors would pull out in response to a blanket policy.

"I know that is my company's position," Doran wrote.

Doran is part of a coalition formed this year of for-profit and nonprofit developers focused on affordable as well as overall housing supply in housing-pressed Minneapolis.

Building Minneapolis Together, led by Downtown Council President Steve Cramer, the former CEO of affordable housing developer-manager Project for Pride in Living, has joined with Doran and other developers to argue the unintended consequence of an "inclusionary zoning" ordinance of 10 percent or more affordable units could kill a lot of planned housing.

"I keep telling council members that you can require whatever you want, but it's a matter of math," Cramer said.

In a position paper, the coalition embraces the "vast majority" of credible housing experts who contend the expansion of housing supply should be the primary goal, and policies that would "constrain new supply directly results in higher rents across the entire market … thus exacerbating housing affordability."

Council President Lisa Bender, guided by populist sentiment and a city consultant that recommended inclusionary zoning, said it's the best way to create thousands more affordable units without additional cost to the city.

Frey, who has proposed a record $40 million in subsidies toward low-income housing from a variety of sources next year, is holding his fire on the proposed ordinance.

"The ordinance should complement other efforts so that it doesn't stymie our work to address [the overall] housing shortage amid low vacancy rates," Frey said in an interview. "I'm committed to working with council colleagues to make sure this is done thoughtfully."

In an interview, Doran said requiring 10 percent of units go to low-income renters in the Expo, a $100 million 368-unit apartment complex he is building with co-developer Gary Holmes of CSM Corp. on a former parking lot near St. Anthony Main would drive up the cost by $8 or $9 million and require raising base rents on unsubsidized units by $100 or more, starting with $1,000-a-month units.

"There's unanimity that there's an affordable housing problem," Doran said last week. "There are more thoughtful ways to a solution."

Basically, the business lobby says the blanket requirement will wound or kill the housing business in town, particularly in what's likely the late stages of a long economic recovery that is being threatened by higher interest rates. That's compounded by rising construction and labor costs.

The building coalition said to meet demand the city must add "7,500 new housing units today plus 5,000 new housing units every year to reach equilibrium, representing a capital need of $3.1 billion [this year] and $1.25 billion every year thereafter."

That would get the vacancy rate to about 5 percent.

Cramer and others argue that institutional investors, insurance companies, pension funds and other investors will balk over a restrictive ordinance. The group wants to work with the city on raising subsidy money available for affordable housing, possibly by millions through dedicating the tax increment from new developments to a housing fund, or other means. They also recommend more affordable-housing construction on vacant, city-owned land.

Alan Arthur, longtime CEO of nonprofit developer-manager Aeon said inclusionary zoning has shown limited success in some cities.

"However, it is not the [solution] and avoids the real challenge," Arthur said. "We are heading toward the greatest housing problems for low-income people since the Great Depression. It will cost billions in private and public dollars. We just can't argue policy tweaks."

In short, Arthur notes that wages have eroded for working people, a third of Minnesota's new jobs pay less than $15 an hour and rents are up.

"The federal government has backed away from funding affordable housing [in real-dollar terms] since the 1980s," he said. "We're headed toward being short up to 200,000 units of affordable housing [in Minnesota]."

CEO Deidre Schmidt, of CommonBond, the area's largest affordable housing developer-owner, is concerned an ordinance could "disrupt the market" and that not all for-profit developers can handle a mix of tenants, including support services that nonprofit managers often provide.

"Regardless of what occurs in Minneapolis, I hope the city continues to invest local resources in construction, rehabilitation and preservation," she said. "The level and dependability of such investments is critical for those of us who do this work because of our mission, not a mandate like inclusive zoning. The very low-income households cannot afford housing without rent subsidies. This isn't just a supply issue."

Neal St. Anthony has been a Star Tribune business columnist and reporter since 1984. He can be contacted at nstanthony@startribune.com.

CHAPTER 9: HOUSING OPPORTUNITY AND PRESERVATION

Section

Article I: General Provisions

9.01 Findings

9.02 Purpose

9.03 Authority

9.04 Definitions

9.05 Reserved

9.06 Opportunity housing requirement

Article II: Developer Options

9.07 On-site

9.08 Off-site

9.09 Payment in lieu of affordable units

9.10 Dedication of land in lieu of construction of opportunity housing units

9.11 Purchase and rehabilitation of naturally occurring affordable housing (NOAH)

9.12 Acquisition, conversion, and rehabilitation of existing market rate units

9.13 Collaboration with an affordable housing developer

9.14 Combination of methods to provide opportunity housing

Article III: Affordable Housing Tools and Incentives

9.15 Affordable housing tools and incentives

9.16.01 Density bonus

9.16.02 Site area reduction

9.16.03 Site width reduction

9.16.04 Reserved

9.16.05 Open space reduction

9.17 Floor area ratio bonus

9.18 Height bonus

9.19 Parking reduction

9.20 Enclosed parking space conversion allowance

9.21 Minimum unit size reduction

9.22 Alternative exterior materials allowance

9.23 Storage space reduction

9.24 Landscape fee in-lieu reduction

9.25 Development fee reimbursement

9.26 Development fee deferment

9.27 Expedited review of plans

9.28 Land write-down for affordable housing on city-owned land

9.29 Affordable housing trust fund

9.30 Housing tax increment financing (TIF)

9.31 Project based housing vouchers (PBV)

Article IV: Affordable Housing Plan

9.32 Affordable housing plan requirements

9.33 Rental price levels for affordable units and economic stability

9.34 Eligibility for affordable units

Article V: Affordable Housing Agreement

9.35 Affordable housing agreement

Article VI: Dispersion, Integration, Design, Phasing, and Construction of Opportunity Housing Units Objectives

9.36 Objectives

Article VII: Monitoring and Compliance

9.37 Compliance of affordable housing agreement and affordability controls

Article VIII: Affordable Housing Trust Fund

9.38 Establishment of trust fund

9.39 Applicable housing trust fund eligible activities

9.40 Financial oversight of the affordable housing trust fund

Article IX: Implementation Evaluation and Enforcement

9.41 Reserved

9.42 Implementation and evaluation

9.43 Severability

9.44 Penalty

Article X: Reserved

Article XI: Affordable Housing Tenant Protection

9.45 Affordable housing building sale

ARTICLE I: GENERAL PROVISIONS

§ 9.01 FINDINGS.

The City Council finds and declares the following:

(a) The health, safety and economic welfare of the present and future residents of Bloomington depends on the availability of a range of housing choices affordable to persons and families who comprise the city's workforce;

(b) Stable, safe, and affordable housing has measurable health benefits for persons and families;

(c) There is a need to encourage and assist in the development of affordable housing for families who are part of the workforce in Bloomington who fall within the extremely low to low income categories;

(d) The preservation of naturally occurring affordable housing (NOAH) is of concern to the City of Bloomington, as rental housing costs are increasing and creating tools and incentives for the redevelopment or substantial renovation of NOAH units, which may impact their relative affordability, is a city priority;

(e) The City of Bloomington's Comprehensive Plan Update Forward 2040, as required by the Metropolitan Council, establishes the portion of Bloomington's regional share of affordable housing under Housing goal #3 at least 842 new units of affordable housing and under Housing Strategy #2.1 states the city will encourage most new housing, especially high density housing, to be located near transit, amenities, services and employment; and

(f) The City Council of the City of Bloomington find it to be in the best interests of the residents of this community to develop initiatives to provide various affordable housing programs to aid in the development, financing and acquisition of affordable housing.

(Ord. 2019-16, passed 2-25-2019)

§ 9.02 PURPOSE.

The provisions of this chapter are further supported by robust quantitative and qualitative research and financial feasibility testing to estimate the new demand for below market rate housing generated by development and occupancy of new market rate housing and the need to maintain the city's existing naturally occurring affordable housing. The research indicates that development of 100 housing units priced at average market rates generates demand for an additional nine housing units for households at 60% of the area median income and below. This link between the creation of new market rate housing and the increased need for affordable housing forms the basis for establishment of the opportunity housing requirement and associated in lieu of payment as described in § 9.09.

To further the financial feasibility of creating opportunity housing and to understand the requirements impact on developing

projects, the Community Development Department will develop financial modeling guidelines approved by the City Council to assist developers in determining the types of tools applicable and useful for their project.

Additionally, as of the adoption of this section, the city has approximately 3,500 units of naturally occurring affordable housing, of which the preservation and related substantial rehabilitation of the same is critical to meeting the range of housing needs in our community.

The purpose of this chapter is to:

(a) Maintain a balanced community that provides housing for households at all income levels;

(b) Ensure the opportunity for housing that is affordable to the employees of businesses that are located in or will be located in the city and the region;

(c) Implement the affordable housing goals, policies, and objectives contained in the City of Bloomington's 2040 Comprehensive Plan and City Council's Strategic Priorities;

(d) Ensure that this chapter supports the continued creation and preservation of all housing types at all income levels and does not constrain market rate housing creation and preservation within the city;

(e) Establish an affordable housing program that offers an array of tools, incentives and compliance options for promoting flexibility in development while at the same time is adaptable to changing economic circumstances and market conditions;

(f) Allow for the City Council to periodically review and revise these requirements for changing economic circumstances and to ensure responsiveness to local housing needs and real estate market conditions; and

(g) Allow a bundling of more than one of the city's affordable tools, options, and methods toward a single development in an effort to provide the greatest chance of reaching the extremely low and very low income populations in need of affordable housing.

(Ord. 2019-16, passed 2-25-2019)

§ 9.03 AUTHORITY.

(a) M.S. § 462.358, subd. 1a, provides that a municipality may adopt and maintain in effect any law, ordinance, rule, or other measure that is adopted for the purpose of increasing the supply of affordable housing using land use mechanisms such as affordable housing ordinances, notwithstanding any other provisions of the law;

(b) M.S. § 462.358, subd. 11, provides that a municipality may enter into an agreement with an applicant that provides for a portion of housing units be affordable with established pricing and long-term affordability, notwithstanding any other provisions of the law; and

(c) M.S. § 473.859 requires municipal comprehensive plans to promote the creation of affordable housing for low and moderate income individuals and families.

(Ord. 2019-16, passed 2-25-2019)

§ 9.04 DEFINITIONS.

The following words and terms, when used in this chapter, have the following meanings unless the context indicates otherwise.

ACCESSORY DWELLING UNIT. See ***DWELLING, ACCESSORY***.

AFFORDABLE. Housing is ***AFFORDABLE*** when no more than 30% of the gross income of the household is required to pay for such housing and utility costs, fees and charges.

AFFORDABLE HOUSING BUILDING. A multiple-family dwelling, where at least 9% of the units are let for an amount that is affordable to households at or below 60% of AMI.

AFFORDABLE HOUSING DEVELOPER. A developer of housing whose portfolio serves households at or below 60% of AMI.

AFFORDABLE HOUSING PLAN. The plan submitted by a developer as part of a final site and building plan or final development plan approval pursuant to this chapter and Chapters 19 and 21.

AFFORDABLE HOUSING TRUST FUND. A trust fund established by the City Council for the purpose of collecting and disbursing funds for affordable housing programs in accordance with the requirements set forth in Article VIII.

AFFORDABLE RENTS. The rent and utilities for the affordable opportunity housing units will be based on HUD Fair Market Rents for the Metropolitan Statistical Area, which includes Bloomington, Minnesota.

AREA MEDIAN INCOME (AMI). The median household income as most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for household size and number of bedrooms.

BLOOMINGTON HOUSING AND REDEVELOPMENT AUTHORITY (HRA). The Housing and Redevelopment Authority in

and for the City of Bloomington that was created by an act of the Legislature of the State of Minnesota entitled "Municipal Housing and Redevelopment Act" approved and in force April 23, 1947 and by Special Law, Chapter 616, 1971 as amended by Special Law, Chapter 344, 1977, and that operates as the city's public housing agency and whose purposes include administration of a Section 8 Housing Choice Voucher and other public housing programs.

DENSITY BONUS UNIT. A unit as a result of an increase in density permitted above the per acre limit established by the city code.

DESIGNATED TRANSIT AREA, TIER I. The area within a one-half mile walk of a transit stop or station for transit lines designated METRO by Metro Transit, measured from the closest general purpose door of the development to the nearest qualifying transit stop or station.

DESIGNATED TRANSIT AREA, TIER II. The area within a one-half mile walk of a transit stop or station that offers at least hourly service weekdays between 7:00 a.m. and 6:00 p.m., measured from the closest general purpose door of the development to the nearest qualifying transit stop or station.

DEVELOPMENT. A new or existing residential housing development at a site, including a mixed use development with a housing component, for which approvals have been or are being sought from the city.

DWELLING. One or more rooms designed for residential use by a single family that contain cooking, living, sanitary and sleeping facilities and that are physically separated from any other dwelling units in the same structure. Types of ***DWELLINGS*** are:

(A) ***DWELLING, SINGLE-FAMILY.*** A building designed or used for residential occupancy by one household with or without an approved accessory dwelling unit.

(B) ***DWELLING, ACCESSORY.*** A secondary dwelling unit, but not a manufactured home built on a permanent chassis, located on the same lot as a single-family dwelling unit, either physically attached to, within, or detached from the single-family dwelling unit. Accessory dwelling units must be developed in accordance with the standards set forth in § 21.302.03.

(C) ***DWELLING, TWO-FAMILY.*** A building designed or used for residential occupancy by two households in separate dwelling units fully separated by an unpierced wall extending from ground to roof or an unpierced ceiling and floor extending from exterior wall to exterior wall, except for a common stairwell exterior to both units, including both duplexes and double bungalows but not including accessory dwelling units.

(D) ***DWELLING, MULTIPLE-FAMILY.*** A building that includes three or more dwelling units.

ELIGIBLE HOUSEHOLD. A household with an annual income at less than or equal to the required AMI of an opportunity housing unit.

HOUSEHOLD. One person or more living alone or two or more persons sharing residency.

HOUSING TAX INCREMENT. Increments from a housing district that can be used to finance affordable housing projects or public improvements that are directly related to the project, as well as administrative expenses pursuant to state law.

INCOME. Household income adjusted for household size includes:

(A) ***EXTREMELY LOW INCOME.*** Household income at or below 30% of AMI.

(B) ***VERY LOW INCOME.*** Household income above 30% to at or below 50% of AMI.

(C) ***LOW INCOME.*** Household income above 50% to at or below 60% of AMI.

(D) ***MODERATE INCOME.*** Household income above 60% to at or below 115% of AMI.

INCOME LIMITS. The Department of Housing and Urban Development (HUD) sets income limits based on Median Family Income estimates and Fair Market Rent area definitions. Multifamily Tax Subsidy Projects (MTSP) Income Limits are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under section 42 of the Internal Revenue Code (the Code) and projects financed with tax exempt housing bonds issued to provide qualified residential rental development under section 142 of the Code.

MARKET RATE UNIT. A residential dwelling unit marketed for sale or lease above 115% of AMI.

NEXUS STUDY. An analysis that estimates new affordable housing demand generated in response to new market rate residential real estate development due to spending by new resident households.

NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH). Existing owner-occupied or rental residential housing that is (a) affordable for at least 20% of the units to a household at or below 60% of AMI, (b) classified in the Class B and C real estate categories, and (c) was constructed between 1940 and 1990.

OPPORTUNITY HOUSING UNIT. A housing unit that has income and affordability restrictions pursuant to this chapter.

OPPORTUNITY FUND. Private investment vehicle, certified by the United States Department of Treasury, to aggregate and deploy capital for eligible uses on property in an opportunity zone.

OPPORTUNITY ZONE. A census tract in the City of Bloomington that has been designated by the United States Department of Treasury as eligible to receive private investments through opportunity funds.

OWNER. The individual or entity who holds title to a property as indicated in Hennepin County's property records.

PRIMARY RESIDENCE. The legal and verified permanent residence of a household.

DISTRICT PLAN. An adopted plan focused on one or more sites within an area that is intended to guide development, land use, transportation, preservation and other factors over a number of years or in several phases for a specific area or district.

RESIDENTIAL DEVELOPMENT. A residential or mixed use development, that includes any single family, duplex, townhouse, condominium dwelling, or other residential unit. ***RESIDENTIAL DEVELOPMENT*** includes the conversion of rental housing to condominiums or similar residential uses if applicable.

SITE. A lot, or group of adjacent lots intended, designated or approved to function as an integrated unit, that is proposed for development in accord with the provisions of this code and is in a single ownership or has multiple owners, all of whom execute a joint application for development.

SUBSTANTIAL REHABILITATION. When the cost of improvement of an affordable housing building exceeds 20% of the value of the property, excluding land, after improvements.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2022-30, passed 6-6-2022; Ord. 2022-39, passed 8-8-2022; Ord. 2024-5, passed 3-18-2024)

§ 9.05 RESERVED.

§ 9.06 OPPORTUNITY HOUSING REQUIREMENT.

(a) *New residential construction, regardless of type of dwelling unit* For newly constructed, converted, or infill multi-family or townhome residential developments with 20 or more newly created units, at least 9% of the newly created units must be affordable to households at or below 60% of AMI. For newly constructed or infill single-family detached residential developments with 20 or more newly created units, at least 9% of the newly created units must be affordable to low income family households up to 115% AMI.

(b) *Calculating affordable units.* In determining the number of opportunity housing units required under this chapter, any decimal fraction less than 0.5 is rounded down to the nearest whole number and any decimal fraction of 0.5 or more is rounded up to the nearest whole number. For purposes of § 9.18 (density bonus), any additional units authorized and approved as a density bonus are not counted in determining the required number of affordable units.

(c) *Phasing.* Developments subject to this chapter include but are not limited to development that is undertaken in phases, stages, or otherwise developed in distinct parts.

(d) *Preservation and rehabilitation.* When a NOAH property with 20 or more units that receives some form of financial assistance from the city or HRA is transferred or is otherwise conveyed to a new owner or member of the prior owner or undergoes substantial rehabilitation, then at least 9% of the units must be preserved as affordable to households at or below 60% of AMI through approval of an affordable housing plan and execution of an affordable housing agreement. This section does not apply to a NOAH property of 19 or fewer units. "Financial assistance" only includes direct financial assistance from the city or HRA and does not include participation in the 4d property tax program or the Section 8 housing choice voucher program.

(e) *City assistance*. In consideration of the 9% requirement of this section, a developer or owner of a NOAH property preserving opportunity units in accordance with this chapter may utilize the options and tools as provided in this chapter.

(f) *Opportunity housing requirement*. The requirements of this section are generally referred to in this chapter as the "opportunity housing requirement."

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021)

ARTICLE II: DEVELOPER OPTIONS

§ 9.07 ON-SITE.

In consideration of and as a way of providing the developer with tools and flexibility to meet the requirements of this chapter, a developer may meet its opportunity housing requirement by the construction of all required opportunity housing units on the site of the proposed residential development.

(Ord. 2019-16, passed 2-25-2019)

§ 9.08 OFF-SITE.

(a) In consideration of and as a way of providing the developer with tools and flexibility to meet the requirements of this chapter, a developer may meet its opportunity housing requirement by the construction of opportunity housing units on a site different from the site of the residential development as follows:

(1) *For-sale residential development.* Off-site opportunity housing units equivalent to no less than 9% of the total dwelling units in the residential development must be made available for purchase at a housing cost to those households earning no more than 110% of the area median income.

(2) *Rental residential development.* Off-site rental opportunity housing units numbering no less than 9% of the total

dwelling units in the residential development must be made available for rent with a housing mix of extremely low, very low and up to 60% AMI households.

(3) *Additional requirements*. All opportunity housing units constructed off-site of the residential development must also comply with all of the following requirements:

(A) The site of the opportunity housing conforms to the city's affordable housing dispersion objective set forth in § 9.36;

(B) The site has a comprehensive plan designation authorizing residential uses and is zoned for residential development at a density to accommodate at least the number of required opportunity housing units within the residential development;

(C) The site can accommodate the development of the opportunity housing units;

(D) Environmental review for the site has been completed for the presence of hazardous materials and geological hazards, and all such hazards are or must be mitigated to the satisfaction of the city prior to acceptance of the site by the city;

(E) The construction schedule for the off-site opportunity housing units must be included in the affordable housing plan pursuant to § 9.32 and the opportunity housing agreement pursuant to §9.35; and

(F) Construction of the off-site opportunity housing units must be completed prior to or concurrently with the market rate residential development pursuant to § 9.36(e).

(4) *Location.* Where the market rate residential development is located in a district plan area, the following will apply:

(A) The off-site opportunity housing units for the residential development must be located within the same district plan area.

(B) If at the time of submission of the affordable housing plan pursuant to §9.32, the developer has petitioned and provided credible documentation in writing to the Community Development Department that there is insufficient available land within the district area plan to construct the off-site opportunity housing units, the opportunity housing units may be constructed upon a site approved by the city in another area in the city.

(5) *Incentives.* In cases where opportunity housing units are constructed off site, the tools and incentives described in Article III apply only to the site hosting the opportunity housing units.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019)

§ 9.09 PAYMENT IN LIEU OF AFFORDABLE UNITS.

(a) Based on research conducted in support of this section and pursuant to §§9.01 through 9.03, a verified payment in lieu rate is hereby established as set forth in City Code Appendix A per square foot and is calculated based on the leasable market rate unit square footage of the interior unit only, and not the total building square footage. For sale unit in lieu payment is calculated based upon the livable square footage only.

(b) The opportunity housing requirement in §9.06 may be satisfied by making a payment to the Affordable Housing Trust Fund established by this chapter in lieu of constructing the opportunity housing units, provided that such payment is received by the city prior to the issuance of the building permit for the project.

(c) If a developer chooses not to construct a portion of the required opportunity housing units mid project, the developer may make a payment in lieu of developing the remaining units that is proportional to the requirement of this section, provided that such payment is received by the city prior to the issuance of the building permit for the project.

(d) If a developer chooses the in lieu payment, the fee in-lieu must be paid to the Affordable Housing Trust Fund, but the developer may assign the in lieu payment to another housing development when it is:

(1) To a development by the same developer that will include at least the sum amount of units that is no less than 9% of the total dwelling units in the developer's original housing development in addition to 11% of the total dwelling units in the proposed development, affordable to households at or below 60% AMI provided the development receives city final development plan approval within 24 months of issuance of building permit for the market rate development;

(2) To a development by different developer that will include at least the sum amount of units that is no less than 9% of the total dwelling units in the developer's original housing development in addition to 11% of the total dwelling units in the proposed development, affordable to households at or below 60% of AMI provided the development receives city final development plan approval within 24 months of issuance of building permit for the market rate development; or

(3) To a NOAH property in the city to maintain, rehabilitate, and preserve the existing affordable housing units within 24 months provided the developer submits a maintenance repair plan and enters into an affordable housing agreement approved by the city.

(e) The payment amount will be reviewed by resolution of the City Council when research is conducted in support of this section and pursuant to §§ 9.01 through 9.03 or when otherwise determined necessary by City Council or staff.

(f) A developer that chooses to make a payment in lieu of the opportunity housing requirement in §9.06 is not eligible for

the affordable housing tools and incentives described in §§ 9.15 through 9.31.

(g) Interest earned from in lieu payment held in the Affordable Housing Trust Fund will be exclusively directed to the Affordable Housing Trust Fund. The Affordable Housing Trust Fund will retain, manage, and utilize the earned interest for affordable housing activities.

(h) If the requirements of § 9.09(d) are not met by the stated deadline, in lieu payment will be released to the Affordable Housing Trust Fund for affordable housing activities.

(i) If a housing development pursuant to the requirements of § 9.09(d) receives city final development plan approval but the approval expires or is cancelled by the developer for any reason, in lieu payment will be released to the Affordable Housing Trust Fund for affordable housing activities.

(j) If a NOAH project pursuant to the requirements of § 9.09(d) enters into an affordable housing agreement approved with the city but loses its status as NOAH, in lieu payment will be released to the Affordable Housing Trust Fund for affordable housing activities.

(Ord. 2019-16, passed 2-25-2019; Ord. 2020-40, passed 11-23-2020; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.10 DEDICATION OF LAND IN LIEU OF CONSTRUCTION OF OPPORTUNITY HOUSING UNITS.

(a) The opportunity housing requirement in §9.06 may be satisfied by the dedication of land in lieu of constructing opportunity housing units within the development when the Community Development Department determines that all of the following requirements will be met:

(1) Marketable title to the site(s) is transferred to the city, or an affordable housing developer approved by the city, prior to the commencement of construction of the residential development pursuant to an agreement between the developer and the city, and such agreement is determined by the City Council, at its sole discretion, to be in the best interest of the city;

(2) The site(s) has a comprehensive plan designation authorizing residential uses and is zoned for residential development at a density to accommodate at least the number of otherwise required opportunity housing units within the residential development and conforms to city development standards;

(3) The site(s) can accommodate development of the opportunity housing units;

(4) Sufficient infrastructure to serve the site(s) proposed to be dedicated including, but not limited to, streets and public utilities, must be available at the property line with adequate capacity to serve the maximum allowable residential development pursuant to zoning regulations;

(5) Environmental review of the site(s) has been completed for the presence of water, hazardous materials, radon, lead, environmental toxins, and geological hazards and all such hazards are or will be mitigated to the satisfaction of the city prior to acceptance of the site by the city;

(6) The assessed value of the site(s) upon the date of dedication is equal to or greater than the in lieu of payment in effect at the date of dedication;

(7) The site(s) proposed to be dedicated complies with the dispersion objective pursuant to §9.36; and

(8) Any applicable requirements in the opportunity housing guidelines.

(b) The city will not be required to construct opportunity housing units on the site(s) dedicated to the city, but may sell, transfer, lease, or otherwise dispose of the dedicated site(s). Any funds collected as the result of a sale, transfer, lease, or other disposition of sites dedicated to the city under this section will be deposited into the city's Affordable Housing Trust Fund and used in accordance with the provisions of § 9.38 and City Charter.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2024-5, passed 3-18-2024)

§ 9.11 PURCHASE AND REHABILITATION OF NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH).

(a) As an alternative to the requirements provided in section9.06(a) or 9.09, a developer may purchase and substantially rehabilitate NOAH units in a manner that preserves long-term affordability.

(b) A developer that proposes to use the alternative described in subsection (a) above must submit an affordable housing plan for review and approval by the Community Development Department that demonstrates how the proposal will achieve the objectives of this chapter by creating opportunity housing equal to or excess of the value of the required opportunity housing units. The value determination must consider the number and type of units that would be preserved, affordability, and the duration of affordability.

(c) A qualified developer, with the consent of each party with a legally recognized interest, seeking to acquire a NOAH property with at least 20 dwelling units in the city in order to preserve the property as having at least 20% of the units affordable to households at or below 60% of AMI for ten years may apply to the city for assistance, at a per unit rate listed in City Code Appendix A in order to submit its first year application to the State of Minnesota for a property tax reduction certification, commonly known as 4d classification. The requirements of a qualified developer are set forth in the opportunity housing guidelines.

(Ord. 2019-16, passed 2-25-2019; Ord. 2020-40, passed 11-23-2020)

§ 9.12 ACQUISITION, CONVERSION, AND REHABILITATION OF EXISTING MARKET RATE UNITS.

The opportunity housing requirement in §9.06 may be satisfied by the acquisition and substantial rehabilitation of existing market rate units for conversion to opportunity housing units affordable to households at or below 60% AMI only when the Community Development Department determines that the following requirements are met:

(a) Two market rate dwelling units must be acquired and substantially rehabilitated for each opportunity housing unit required, and the overall development must achieve a minimum of 20% opportunity housing units;

(b) The developer provides notice and temporary relocation assistance to existing residents in the units to be rehabilitated and as further required by the opportunity housing guidelines;

(c) The site is zoned for residential development at a density that can accommodate the number of units after the requirements of § 9.12 are met;

(d) The site complies with applicable building and housing code requirements;

(e) A physical needs assessment must be performed by the developer to the satisfaction of the city on each dwelling unit to be acquired and rehabilitated, the site upon which the development is located, and any associated common area, and include:

(1) Items identified for repair, replacement, and maintenance at the time of the assessment and within three years of the assessment;

(2) A plan to complete all identified repairs, replacement, and maintenance prior to the approval of the dwelling unit as an opportunity housing unit; and

(3) Description of the method by which a capital reserve for repair, replacement and maintenance will be established, initially capitalized, and maintained for the duration of the affordability term.

(f) Environmental review of the site has been completed for the presence of water, hazardous materials, radon, lead, environmental toxins, and geological hazards, and is clear of all such hazards to the satisfaction of the city;

(g) The construction schedule for the units to be substantially rehabilitated are included in the affordable housing plan pursuant to § 9.32;

(h) The rehabilitation of the dwelling units are scheduled to be completed prior to or concurrently with the market rate residential development pursuant to § 9.36(e);

(i) The number of bedrooms in the dwelling units to be rehabilitated must be substantially the same as the market rate residential dwelling units, as set forth in the opportunity housing guidelines; and

(j) The term of affordability of the opportunity housing units must be provided pursuant to §9.37 and must commence upon initial occupancy of the opportunity housing units.

(Ord. 2019-16, passed 2-25-2019)

§ 9.13 COLLABORATION WITH AN AFFORDABLE HOUSING DEVELOPER.

The opportunity housing requirement in §9.06 may also be satisfied through partnership with an affordable housing developer , wherein the developer or a related interested party negotiates a financial contribution to an affordable housing developer that is equal to or no less than the equivalent in lieu of payment set forth in § 9.09 in exchange for construction and deed restriction of the required opportunity housing units within the city. This option may only be used when the city is not providing any other additional funds to the same affordable housing developer for the same development. In cases where opportunity housing units are constructed off site, the tools and incentives described in Article III apply only to the site hosting the opportunity housing units.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019)

§ 9.14 COMBINATION OF METHODS TO PROVIDE OPPORTUNITY HOUSING.

The developer of a development may propose to use any combination of methods in §§9.07 to 9.13 to meet the requirements of § 9.06. Said proposal must:

(a) Be described in the affordable housing plan submitted to the city pursuant to §9.32;

(b) Meet the requirements of this chapter and the opportunity housing guidelines;

(c) Demonstrate the provision of substantially the same or greater level of affordability and quantity of affordable housing as required pursuant to § 9.06; and

(d) Be approved by the City Council.

(Ord. 2019-16, passed 2-25-2019)

ARTICLE III: AFFORDABLE HOUSING TOOLS AND INCENTIVES

§ 9.15 AFFORDABLE HOUSING TOOLS AND INCENTIVES.

(a) The developer of any of the following types of development that creates 20 or more total dwelling units or preserves 20 or more NOAH units is eligible to use any of the following affordable housing tools and incentives for which it qualifies:

(1) New residential rental and for-sale construction;

(2) New mixed-use development with a residential rental or for-sale component;

(3) Purchase of an existing naturally occurring affordable housing complex;

(4) Renovation and acquisition of a multiple-family residential structure that preserves or increases the number of residential units from the number of units in the original structure;

(5) Conversion of an existing single-family residential structure to a multiple-family residential structure;

(6) Development that changes the use of an existing building from nonresidential to residential;

(7) Development that results in the conversion of rental residential property to condominium property; and

(8) Development located in the opportunity zone.

(b) For developments that include existing units affordable to households with incomes at or below 60% of AMI, to qualify for the tools and incentives of this article a development must have a net gain in total housing units on the site(s) of the development affordable to households with incomes at or below 60% of AMI that is equivalent or greater than the number required in § 9.06.

(c) A development that complies with the requirements of this chapter by payment pursuant to §9.09 is not eligible to use the affordable housing tools and incentives described in this article.

(d) To use the tools and incentives described in this article, prior to issuance of a certificate of occupancy, the developer of a qualifying development must provide the city with record evidence of a covenant that maintains the opportunity housing units as affordable rental housing to households at or below 60% of AMI or affordable owner-occupied housing to households at or below 110% of AMI, or both as applicable, for a period of no less than 20 years.

(e) Use of an individual tool or incentive described in this article is prohibited if the City Council determines that the resulting development has the potential to negatively impact the surrounding neighborhood and that the negative impacts outweigh the positive benefits of the opportunity units created.

(f) The City Council may, at its sole discretion, allow use of the incentives for developments that create or preserve less than 20 units where the City Council finds it to be in the public's interest.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021)

§ 9.16.01 DENSITY BONUS.

(a) To incentivize the creation of opportunity housing units, a residential development within a designated transit area and within zoning districts regulating development intensity through units per acre maximums qualify for the following density bonuses for each affordable unit provided at varying household income levels as follows:

(1) Each extremely low and very low income household unit qualifies the overall development for two bonus dwelling units up to a maximum of a 50% increase over current zoning; and

(2) Each low income household unit affordable to households at or below 60% of AMI qualifies the overall development for one bonus dwelling unit up to a maximum of a 50% increase over current zoning.

(b) In no instance may density bonus units be allocated to parcels designated by the comprehensive plan for residential densities of less than five dwelling units per gross acre.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021)

§ 9.16.02 SITE AREA REDUCTION.

(a) To incentivize the creation of opportunity housing units, a residential development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may reduce the required minimum site area as follows unless the City Council determines that the reduction is likely to create a specific adverse public health, safety, or welfare impact or would otherwise conflict with local, state, or federal regulations, rules, or laws:

(1) A development with at least 9% of its units qualifying as extremely low income affordable housing may reduce minimum site area requirements by up to 50%;

(2) A development with 9% of its units qualifying as very low income affordable housing may reduce minimum site area requirements by up to 25%; or

(3) A development with 9% of its units qualifying as low income affordable housing may reduce minimum site area requirements by up to 10%.

(b) The minimum site area reductions provided in this section are not cumulative. Each qualifying development is eligible

for only one minimum site area reduction of 10%, 25%, or 50% depending on the level of affordability provided.

(Ord. 2021-1, passed 3-8-2021)

§ 9.16.03 SITE WIDTH REDUCTION.

(a) To incentivize the creation of opportunity housing units, a residential development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may reduce the required minimum site width as follows unless the City Council determines that the reduction is likely to create a specific adverse public health, safety, or welfare impact or would otherwise conflict with local, state, or federal regulations, rules, or laws:

(1) A development with at least 9% of its units qualifying as extremely low income affordable housing may reduce minimum site width requirements by up to 50%;

(2) A development with 9% of its units qualifying as very low income affordable housing may reduce minimum site width requirements by up to 25%; or

(3) A development with 9% of its units qualifying as low income affordable housing may reduce minimum site width requirements by up to 10%.

(b) The minimum site width reductions provided in this section are not cumulative. Each qualifying development is eligible for only one minimum site width reduction of 10%, 25%, or 50% depending on the level of affordability provided.

(Ord. 2021-1, passed 3-8-2021)

§ 9.16.04 RESERVED.

§ 9.16.05 OPEN SPACE REDUCTION.

(a) To incentivize the creation of opportunity housing units, a residential development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may reduce the required minimum usable open space as follows unless the City Council determines that the reduction is likely to create a specific adverse public health, safety, or welfare impact or would otherwise conflict with local, state or federal regulations, rules, or laws:

(1) A development with at least 9% of its units qualifying as extremely low income affordable housing may reduce minimum usable open space requirements by up to 50%;

(2) A development with 9% of its units qualifying as very low income affordable housing may reduce minimum usable open space requirements by up to 25%; or

(3) A development with 9% of its units qualifying as low income affordable housing may reduce minimum usable open space requirements by up to 10%.

(b) The minimum usable open space reductions provided in this section are not cumulative. Each qualifying development is eligible for only one minimum usable open space reduction of 10%, 25%, or 50% depending on the level of affordability provided.

(Ord. 2021-1, passed 3-8-2021)

§ 9.17 FLOOR AREA RATIO BONUS.

(a) To incentivize the creation of opportunity housing units, a residential development within a designated transit area and within zoning districts regulating development intensity through floor area ratio maximums qualify for the following floor area ratio bonuses for each affordable unit provided at varying household income levels as follows:

(1) Each extremely low and very low income household unit qualifies the overall development for 2,000 square feet of bonus floor area ratio up to a maximum of a 50% increase over current zoning.

(2) Each low income household unit affordable to households at or below 60% of AMI qualifies the overall development for 1,000 square feet of bonus floor area ratio up to a maximum of a 50% increase over current zoning.

(b) In no instance may floor area ratio bonuses be allocated to parcels designated by the comprehensive plan for residential densities of less than five dwelling units per gross acre.

(Ord. 2019-16, passed 2-25-2019)

§ 9.18 HEIGHT BONUS.

(a) To incentivize the construction of a mixture of opportunity housing units for households at or below 60% of AMI, the developer of a multiple-family development with at least 9% of its total dwelling units affordable to households at or below 60% of AMI qualifies for a height bonus of one additional story and 10 additional feet above the height limit set forward on the City's height limits map.

(b) This section may not be interpreted to allow a height bonus that exceeds the requirements and limitation of the Federal Aviation Administration or the MSP Airport Zoning Ordinance.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021)

§ 9.19 PARKING REDUCTION.

(a) To incentivize the creation of opportunity housing units, a residential development with at least 9% of its total dwelling units affordable to households at or below 50% of AMI qualifies for car parking reductions provided that the development agreement required pursuant to § 9.35 affirms that the owner will not charge opportunity housing units in the residential development for access to parking. Potential parking reduction incentives are based upon the level of affordability as follows:

Affordability provided:	***Projects located in the Designated Transit Area, Tier I:***	***Projects located in the Designated Transit Area, Tier II:***	***Projects located outside a Designated Transit Area:***
9% of units qualifying as very low or extremely low income	15%	10%	5%
20% of units qualifying as very low income	25%	20%	10%
50% of units qualifying as very low income or 20% of units qualifying as extremely low income	35%	30%	15%
100% of units qualifying as very low income or 50% of units qualifying as extremely low income	45%	40%	20%

(b) The car parking reductions provided in this section are not cumulative. Each qualifying development is eligible for only one parking reduction of 5% to 45% depending upon the level of affordability provided.

(c) In mixed use developments, potential parking reduction incentives may only be applied to the parking requirement created by the residential portion of the development.

(d) Opportunity housing units must have access to parking spaces that are comparable in quality and design to parking spaces accessible to market rate units. For example, if a development has enclosed and unenclosed parking spaces, the development agreement required pursuant to § 9.35 will affirm that the availability of enclosed and unenclosed parking spaces to opportunity housing units will be proportional to the availability of enclosed and unenclosed parking spaces to market rate units.

(e) If a development seeks a parking reduction incentive at or above 30%, the City Engineer or their designee may require a parking study, prepared by an independent traffic engineering professional, to help the City Council determine if the parking incentive reduction is appropriate for a particular development, or if it should be adjusted, when there is evidence that the proposed parking supply reduction may negatively impact the surrounding public roadway network or adjacent land uses.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2022-30, passed 6-6-2022; Ord. 2024-5, passed 3-18-2024)

§ 9.20 ENCLOSED PARKING SPACE CONVERSION ALLOWANCE.

(a) To incentivize the creation of opportunity housing units, a residential development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may convert required enclosed parking spaces to unenclosed parking spaces depending on the level of affordability provided as follows:

(1) A development with 9% of its units qualifying as extremely low income affordable housing qualifies to convert 50% of required enclosed parking spaces to unenclosed parking spaces provided that the affordable housing agreement required pursuant to § 9.32 provides that the owner will make all parking spaces accessible to the opportunity housing units without charge;

(2) A development with 20% of its units qualifying as extremely low income affordable housing qualifies to convert 100% of required enclosed parking spaces to unenclosed parking spaces provided that the affordable housing agreement required pursuant to § 9.32 provides that the owner will make all parking spaces accessible to the opportunity housing units without charge;

(3) A development with 9% of its units qualifying as very low income affordable housing qualifies to convert 50% of required enclosed parking spaces to unenclosed parking spaces provided that the recorded affordable housing agreement required pursuant to § 9.32 provides that the owner will make all parking spaces accessible to the opportunity housing units without charge; or

(4) A development with 9% of its units qualifying as low income affordable housing qualifies to convert 10% of required enclosed parking spaces to unenclosed parking spaces provided that the recorded affordable housing agreement required

pursuant to § 9.32 provides that the owner will make all parking spaces accessible to the opportunity housing units without charge.

(b) The enclosed parking space conversion allowances provided in this section are not cumulative. Each qualifying development is eligible for only one enclosed parking space conversion allowance of 10% to 100% depending on the level of affordability provided.

(c) In mixed use developments, potential enclosed parking space conversion allowance incentives may only be applied to the required enclosed parking spaces created by the residential portion of the development.

(d) Opportunity housing units must have access to parking spaces that are comparable in quality and design to parking spaces accessible to market rate units. For example, if a development has enclosed and unenclosed parking spaces, the development agreement required pursuant to § 9.35 will affirm that the designation of enclosed and unenclosed parking spaces to opportunity housing units will be proportional to the designation of enclosed and unenclosed parking spaces to market rate units.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.21 MINIMUM UNIT SIZE REDUCTION.

(a) To incentivize the construction of opportunity housing units affordable to households at or below 60% of AMI, a residential development that includes at least 9% opportunity housing units affordable to households at or below 60% of AMI, may reduce minimum unit size by the following amounts:

(1) Each extremely low income opportunity housing unit qualifies for a 30% unit size reduction;

(2) Each very low income opportunity housing unit qualifies for a 20% unit size reduction; or

(3) Each low income opportunity housing unit that is affordable to a household at or below 60% of AMI qualifies for a 10% unit size reduction.

(b) The minimum unit size reductions provided in this section are not cumulative. Each qualifying development is eligible for only one minimum unit size reduction of 10%, 20%, or 30% for the opportunity housing units depending on the level of affordability provided.

(Ord. 2019-16, passed 2-25-2019)

§ 9.22 ALTERNATIVE EXTERIOR MATERIALS ALLOWANCE.

(a) To incentivize the construction of opportunity housing units affordable to households at or below 60% of AMI, a residential development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may use the alternative exterior materials of fiber cement, engineered wood, exterior insulation finishing system (EIFS), and 20 year warranty metals on façades not facing public streets where otherwise not allowed by the city code as follows:

(1) A development with 9% of its units qualifying as extremely low income affordable housing may cover up to 100% of qualifying façades with the listed alternative exterior materials;

(2) A development with 9% of its units qualifying as very low income affordable housing may cover up to 75% of qualifying façades with the listed alternative exterior materials; or

(3) A development with 9% of its units qualifying as low income affordable housing may cover up to 50% of qualifying façades with the listed alternative exterior materials.

(b) The alternative exterior material allowances provided in this section are not cumulative. Each qualifying development is eligible for only one alternative construction material allowance of 50%, 75%, or 100% depending on the level of affordability provided.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021)

§ 9.23 STORAGE SPACE REDUCTION.

To incentivize the construction of opportunity housing units, a multiple-family development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may reduce the required number of storage spaces outside the dwelling unit by 50% provided that the development agreement pursuant to § 9.35 provides that the owner will make storage space accessible to the opportunity housing units without charge. A multiple-family development that includes at least 20% of its total dwelling units affordable to households at or below 50% of AMI may reduce the required number of storage spaces outside the dwelling unit by 75%. A multiple-family development that includes at least 10% of its total dwelling units affordable to households at or below 30% of AMI may reduce the required number of storage spaces outside the dwelling unit by 90%.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.24 LANDSCAPE FEE IN-LIEU REDUCTION.

To incentivize the construction of opportunity housing units affordable to households at or below 60% of AMI, a residential

development that includes at least 9% of its total dwelling units affordable to households at or below 60% of AMI may reduce the fee in lieu for providing landscaping on a constrained site, where such fee in lieu is approved by the city council, as follows: developments with 9% mix of its total units qualifying as extremely low or very low income opportunity housing units may reduce the fee by 100%.

(Ord. 2019-16, passed 2-25-2019)

§ 9.25 DEVELOPMENT FEE REIMBURSEMENT.

For any development located within the Gateway Area, upon a showing of demonstrated need, the city will consider reimbursing all or a portion of the zoning application fees, building permit fees, park dedication fees, sewer availability charge (SAC) fees and related infrastructure fees from the Affordable Housing Trust Fund for a development in which a minimum 20% of units are affordable to a mix of households with incomes at or below 50% of AMI, as follows:

Developer provides at least:	The city may provide up to:
20% affordable units per building	30% fee reimbursement
25% affordable units per building	40% fee reimbursement
30% affordable units per building	50% fee reimbursement
40% or more affordable units per building	75% fee reimbursement
50% or more affordable units per building	100% fee reimbursement

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021)

§ 9.26 DEVELOPMENT FEE DEFERMENT.

(a) The city may consider development fee deferrals from the Affordable Housing Trust Fund for zoning application fees, building permit fees, park dedication fees, sewer availability charge (SAC) fees and related infrastructure fees to a qualifying development under the following circumstances:

(1) When a residential development includes more than the required 9% of its total dwelling units as opportunity housing affordable to households at or below 60% of AMI, when calculated before any applicable density bonus, the development may be eligible to defer up to the full amount of its development fees until 12 months after the development obtains its certificate of occupancy. The city will charge an annual interest of 5% during the deferral period.

(2) When a residential development includes at least a 20% of its total dwelling units as opportunity housing affordable to households at or below 60% of AMI, when calculated before any applicable density bonus, the development may be eligible to defer up to the full amount of its development fees until 24 months after the development obtains its certificate of occupancy. The city will charge an annual interest of 5% during the deferral period.

(b) The interest paid to the city during the deferral will be deposited into the Affordable Housing Trust Fund.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.27 EXPEDITED REVIEW OF PLANS.

The developer of a residential development that provides opportunity housing affordable to households at or below 30% of AMI will be eligible to move to the front of the review queue for building permit applications by the Community Development Department.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.28 LAND WRITE-DOWN FOR AFFORDABLE HOUSING ON CITY-OWNED LAND.

For a developer proposing a development with a mix of opportunity housing affordable to households at or below 60% of AMI for multiple-family developments and moderate income up to 110% of AMI for home ownership projects, at a minimum threshold of 20%, the city may, upon a showing of demonstrated need, reduce land costs to achieve the 20% threshold to support the development reaching affordability. Any sales price reduction must be allowed by the City Charter and city code and approved by the City Council. Where a land write-down is approved, the city will require at least a 20 year deed restriction on those units identified as affordable for extremely low, very low, and low income households to ensure long-term affordability.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019)

§ 9.29 AFFORDABLE HOUSING TRUST FUND.

The city may consider awarding funding from the Affordable Housing Trust Fund under Article VIII. §9.39.

(Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.30 HOUSING TAX INCREMENT FINANCING (TIF).

Where eligible under applicable state laws and when consistent with the city's TIF policy, the city may, upon a showing of

demonstrated need, consider the use of a housing TIF district as a way to incentivize the creation of housing developments that are affordable at a minimum 20% of units which include a mix of opportunity housing units affordable to households at or below 60% of AMI. TIF will only be used proportionately in exchange for more affordable units or a greater level of affordability or both, and will not be used to finance market rate projects.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019)

§ 9.31 PROJECT BASED HOUSING VOUCHERS (PBV).

The city, through its HRA, shall allocate project-based vouchers annually in support of the creation of opportunity housing units for households at or below the extremely low and very low median income limits at or below 50% of AMI.

(Ord. 2019-16, passed 2-25-2019)

ARTICLE IV: AFFORDABLE HOUSING PLAN

§ 9.32 AFFORDABLE HOUSING PLAN REQUIREMENTS.

(a) *Affordable housing plan.* Each residential development to which this chapter applies must submit an affordable housing plan to the city as a part of the application for final site and building plan, final development plan, or NOAH preservation in accordance with the requirements of § 9.06. An affordable housing plan is not required for a development in which the affordable housing obligation is satisfied by a payment pursuant to § 9.09.

(b) *Content.* The affordable housing plan must include the following:

(1) A summary of the tools, methods, and related approaches used to meet the requirements of §9.06;

(2) The development philosophy and description of project performance metrics including, but is not limited to, development returns such as return on costs, return on equity, and both leveraged and unleveraged internal rate of return to assist the city in analyzing public participation;

(3) The number, location, description of the structure such as but not limited to attached, semi-attached, or detached, size and cost of the proposed market rate and affordable units;

(4) Description of affordable housing tools and incentives being requested as described in §§9.15 through 9.31;

(5) A site plan and floor plan depicting the location of the affordable and the market rate units;

(6) The income levels to which each affordable unit will be made affordable;

(7) The methods to be used to advertise the availability of the affordable units;

(8) For a phased development, a phasing plan that provides for the timely development of the number of affordable units proportionate to the number of market rate units for each proposed phase of development;

(9) Written confirmation that households with U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher rent assistance will be considered for tenancy in rental development;

(10) Written confirmation that compliance with monitoring and auditing requirements as described in §9.37 will be met;

(11) The methods to be used to maintain affordability and the duration over which affordability will be maintained; and

(12) Any additional information reasonably requested by the Community Development Department to assist with evaluation of the affordable housing plan.

(13) Written documentation of how the development meets the objectives described in §9.36.

(c) A developer or owner may propose an alternative method to meet the opportunity housing requirement pursuant to § 9.06 that does not strictly comply with §§9.07 through 9.14 and the tools and incentive sections §§ 9.15 through 9.31. Based on evidence specified in the affordable housing plan, the Community Development Department must make a recommendation to the City Council on whether to approve such an alternative if the alternative will provide as much or more affordable housing at the same or lower income levels, and of the same or superior quality of design and construction, and will otherwise provide greater public benefit than compliance with the requirements of this chapter.

(d) Upon submittal, the Community Development Department will determine if the affordable housing plan is complete and conforms to the provisions of this chapter and the opportunity housing guidelines. The decision of the Community Development Department may be appealed pursuant to § 2.85.05 of the city code.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.33 RENTAL PRICE LEVELS FOR AFFORDABLE UNITS AND ECONOMIC STABILITY.

(a) The affordable housing plan must establish unit rents per income level type and unit size and be leased to eligible households. The monthly rent of the opportunity housing unit at the time of lease signing must be affordable to households at or below 60% of AMI.

(b) After the signing of the initial lease with an eligible household, to support economic sustainability of the household

and the development, and to minimize turnover of an otherwise eligible household due to income growth or loss, the lease may be renewed to the same household as follows:

(1) Unless in conflict with the requirements of other funding, an extremely low, very low, or low income household whose household income rises may remain an eligible household for one additional period of up to five years provided the household income does not exceed 140% of the applicable median income adjusted for family size.

(2) An extremely low, very low, or low income household whose household income falls below the income level for which the household originally qualified due to loss of employment that is not the result of a local, state or federal crime and the household is otherwise in good standing as a tenant, may qualify to receive partial rent assistance from the Affordable Housing Trust Fund, if eligible funding is available, for up to two years provided the household can meet the requirements of the opportunity housing guidelines.

(3) As a household transitions out of eligibility for an opportunity housing unit, the next unit of similar size and type that becomes vacant must be assigned an affordable rent and be made available to a household whose income is at or below the unit's required AMI as established in the development agreement required pursuant to § 9.35.

(c) Upon the request of the city, a household or property manager must submit documentation in a form acceptable to the city that the household remains eligible for an opportunity housing unit.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.34 ELIGIBILITY FOR AFFORDABLE UNITS.

No household may purchase or lease an opportunity housing unit created as a result of this chapter unless the household is a qualifying household pursuant to the requirements of this chapter and the household occupies the opportunity housing unit as its primary residence.

(Ord. 2019-16, passed 2-25-2019)

ARTICLE V: AFFORDABLE HOUSING AGREEMENT

§ 9.35 AFFORDABLE HOUSING AGREEMENT.

(a) Prior to the issuance of a building permit for any units in an affordable housing development or any development, including NOAH preservation, in which an opportunity housing unit is required, the applicant must have entered into a development agreement with the city. The development agreement must set forth the commitments and obligations of both the city and the applicant, including those requirements and limitations set forth in this chapter, such as, but not limited to, the affordable housing plan.

(b) The applicant must execute any and all documents deemed necessary by the city in a form to be established by the city, including without limitation, covenants, deed restrictions, and related instruments, including requirements for income qualification to ensure the continued affordability of the opportunity housing units in accordance with this chapter.

(c) The development agreement may contain a right of first refusal statement providing the city, or another entity, with the option to purchase the property to preserve the opportunity housing units before the development is placed on the open market for resale.

(Ord. 2019-16, passed 2-25-2019)

ARTICLE VI: DISPERSION, INTEGRATION, DESIGN, PHASING, AND CONSTRUCTION OF OPPORTUNITY HOUSING UNITS OBJECTIVES

§ 9.36 OBJECTIVES.

Developments with opportunity housing units must meet the following objectives:

(a) *Dispersion*. Opportunity housing unit dispersion means the distribution of opportunity housing units throughout all areas of the city in order to avoid concentrations of only affordable housing and to encourage racial and economic integration. Opportunity housing units built pursuant to this chapter must meet all requirements of the city code and any additional requirements for units as specified in this chapter.

(b) *Integration*. Opportunity housing units in a housing development must be mixed with, and not clustered together or segregated in any way from market rate units in the housing development. Opportunity housing units in a housing development must be distributed across all unit sizes proposed in the housing development, including: efficiencies, one, two, and three or more bedroom units.

(c) *Design*. Except as otherwise provided in this chapter, opportunity housing units must be comparable in construction quality and exterior design to the market rate units constructed as part of the development. For developments in which in-unit amenities are not included with all dwelling units, the in-unit amenities must be offered to opportunity housing units in a proportionate amount to market rate units.

(d) *Phasing plan*. If the development contains a phasing plan, the phasing plan must provide for the proportionate development of opportunity housing units concurrently with the market-rate units. The phasing plan must not provide that

the opportunity housing units are the last built units in a development.

(e) *Timing of construction*. A certificate of occupancy for market rate units within the development must not be issued until a certificate of occupancy is issued for a proportionate amount of opportunity housing units within the development. In phased developments, opportunity housing units must be constructed and occupied in proportion to the number of units in each phase of the residential development.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

ARTICLE VII: MONITORING AND COMPLIANCE

§ 9.37 COMPLIANCE OF AFFORDABLE HOUSING AGREEMENT AND AFFORDABILITY CONTROLS.

(a) The Community Development Department may promulgate rules, policies, and guidelines as necessary to implement this chapter and such rules, policies, and guidelines must be approved by the city council. On an annual basis, the Community Development Department will publish or otherwise make available the U.S. Department of Housing and Urban Development household income limits and rental limits applicable to affordable units within the city and determine an inflation factor to establish a resale price of an opportunity housing unit.

(b) The affordable housing development agreement must compel the applicant or applicant's agent responsible for managing opportunity housing units in a rental development to submit an annual report to the Community Development Department by February 1 for the previous calendar year that includes the following information for each development site:

(1) A list of all opportunity housing units;

(2) Vacancy information;

(3) The monthly rent for each opportunity housing unit;

(4) Monthly income for tenants of each opportunity housing unit;

(5) Information sufficient to determine whether tenants of rented units qualify as extremely low, very low, low or moderate-income households; and

(6) Any other information as required by the city, while ensuring tenant privacy rights.

(c) For all sales of for-sale opportunity housing units, the parties to the conveyance must execute and record such documentation as required by the affordable housing development agreement. Such documentation must include the applicable provisions of this chapter and provide, at a minimum, each of the following:

(1) The opportunity housing unit must only be sold to and occupied by eligible households for the first 20 years from the date of the initial certificate of occupancy; and

(2) The opportunity housing unit must be conveyed subject to restrictions that maintain the affordability of such opportunity housing units for eligible households.

(d) In the case of rented opportunity housing units, the owner of the housing development must execute and record such documentation as required by the affordable housing development agreement. Such documentation must include the applicable provisions of this chapter and provide, at a minimum, each of the following:

(1) The opportunity housing units must be leased to and occupied by eligible households;

(2) The opportunity housing units must be leased at rent levels affordable to eligible households for a period of 20 years from the date of the initial certificate of occupancy; and

(3) Subleasing of opportunity housing units is not permitted without the express written consent of the Community Development Department.

(Ord. 2019-16, passed 2-25-2019)

ARTICLE VIII: AFFORDABLE HOUSING TRUST FUND

§ 9.38 ESTABLISHMENT OF TRUST FUND.

The city will establish an Affordable Housing Trust Fund for the purpose of collecting funds related to the city's affordable housing programs pursuant to this chapter. Such funds will include but not be limited to payment of fees in lieu of opportunity housing units and shared appreciation dollars collected at the closing of sales of designated properties. The funds in the Affordable Housing Trust Fund and all earnings from investment of said funds will be expended exclusively to provide rental housing affordable to households at or below 60% of AMI and home ownership opportunities affordable to households at or below 115% AMI.

(Ord. 2019-16, passed 2-25-2019; Ord. 2024-5, passed 3-18-2024)

§ 9.39 APPLICABLE HOUSING TRUST FUND ELIGIBLE ACTIVITIES.

(a) The funds collected for deposit in the Affordable Housing Trust Fund may be utilized for the following affordable housing activities:

(1) Acquisition and construction of affordable housing units;

(2) Gap financing for affordable units created at the extremely low, very low, and low income levels;

(3) Enhancement of county, state, and federal affordable housing programs;

(4) Purchase or rehabilitation, or both, and long-term preservation of NOAH units to be affordable to households at or below 60% of AMI;

(5) Home rehabilitation of existing single family owner-occupied units to retain affordability;

(6) Low cost financing or grants in support of accessory dwelling unit creation affordable to households at or below 60% of AMI;

(7) Predevelopment services in support of affordable housing creation;

(8) Development fee reimbursement and deferral of fees in support of affordable housing creation;

(9) Land acquisition and land banking for affordable housing creation;

(10) Housing and economic development services in support of housing creation for low income families of two or more, non-disabled individuals, veterans, and homeless population;

(11) Support for paying the difference between affordable rents and market rate rents to preserve affordable housing due to loss of subsidy of expiring tax credit developments or sale of NOAH property;

(12) Infrastructure improvements;

(13) Relocation assistance; and

(14) Other activities to support affordable housing as determined by the City Council.

(b) The City Council from time-to-time may authorize by resolution additional activities that may be funded through the Affordable Housing Trust Fund.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021; Ord. 2024-5, passed 3-18-2024)

§ 9.40 FINANCIAL OVERSIGHT OF THE AFFORDABLE HOUSING TRUST FUND.

The City Manager, or designee, will administer and supervise the Affordable Housing Trust Fund account and the city's Finance Department will administer the fund.

(Ord. 2019-16, passed 2-25-2019; Ord. 2024-5, passed 3-18-2024)

ARTICLE IX: IMPLEMENTATION EVALUATION AND ENFORCEMENT

§ 9.41 RESERVED.

§ 9.42 IMPLEMENTATION AND EVALUATION.

(a) The Community Development Director, may establish rules, policies, and guidelines to be approved by the City Council to assist in the implementation, administration, and evaluation of this chapter.

(b) On or before October 1 of each calendar year, the Community Development Director, or designee, will provide a report to the City Council on the implementation of this chapter.

(c) The City Attorney's Office is authorized to enforce the provisions of this chapter and all associated agreements, instruments, and other requirements by administrative or judicial action or any other proceeding or method permitted by law.

(d) The city may, at its discretion, take such enforcement action as is authorized under the city code and any other action authorized by law or by any regulatory document, restriction, or agreement executed under this chapter.

(e) Failure of any official or agency to fulfill or undertake any requirement of this chapter does not waive an applicant, developer, owner, or other legally obligated party's requirements of this chapter.

(f) No permit, license, map, or other approval or entitlement for a development will be issued by the city, including without limitation a final inspection or certificate of occupancy, until all applicable requirements of this chapter have been met to the satisfaction of the city.

(g) The remedies provided for herein are cumulative and not exclusive and do not preclude the city from any other remedy or relief to which it otherwise would be entitled under law or equity.

(Ord. 2019-16, passed 2-25-2019; Ord. 2021-1, passed 3-8-2021)

§ 9.43 SEVERABILITY.

If any section, subsection, paragraph, sentence or clause of this chapter is held to be unconstitutional, the remaining portions will remain valid and in force. The City Council hereby declares that it would have passed each section, subsection, sentence, paragraph, and clause despite the finding of unconstitutionality of one or more of the sections, subsections, paragraphs, sentences, or clauses.

(Ord. 2019-16, passed 2-25-2019; Ord. 2024-5, passed 3-18-2024)

§ 9.44 PENALTY.

Violation of any provision of this chapter will be a misdemeanor. Civil penalties may also be issued pursuant to § 2.15 of the city charter and § 1.19 of this city code. However, nothing in this ordinance will be construed to limit the city's other available legal remedies for any violation of the law, including without limitation, criminal, civil and injunctive actions.

(Ord. 2019-30, passed 8-5-2019; Ord. 2024-5, passed 3-18-2024)

ARTICLE X: RESERVED

ARTICLE XI: AFFORDABLE HOUSING TENANT PROTECTION

§ 9.45 AFFORDABLE HOUSING BUILDING SALE.

(a) *Definitions.* The following definitions apply in this article of the city code. Defined terms remain defined terms, whether or not capitalized.

(1) ***AFFORDABLE HOUSING*** building means a rented multiple-family dwelling, where at least 9% of the units rent for an amount that is affordable to households at or below 60% of AMI, as most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for household size and number of bedrooms.

(2) ***AFFORDABLE HOUSING UNIT*** means a rental unit in an affordable housing building that rents for an amount that is affordable to households at or below 60% of AMI, as most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for household size and number of bedrooms.

(3) ***CAUSE*** means the tenant or a member of the tenant's household materially violated a term of the lease.

(4) ***TENANT PROTECTION PERIOD*** means the period that commences when a real estate closing transfers ownership of an affordable housing building and runs through the end of the three calendar months following the month in which written notice of the transfer is delivered to each affordable housing unit tenant.

(b) *Relocation assistance*.

(1) If during the tenant protection period the new owner of an affordable housing building terminates or refuses to renew any affordable housing unit tenant's rental agreement without cause, then upon terminating or refusing to renew the tenant's lease, the new owner must pay to the tenant the equivalent of three months' rent, as relocation assistance, no later than the day upon which the tenant vacates the unit.

(2) If during the tenant protection period the new owner of an affordable housing building raises any affordable housing unit tenant's rent, or rescreens an existing affordable housing unit tenant, and the tenant gives written notice to the new owner to terminate the rental agreement, the new owner, must within 30 days of receiving tenant's written notice of termination of the rental agreement, pay to the tenant the equivalent of three months' rent as relocation assistance.

(c) *Notice to tenants.* Whenever ownership of an affordable housing building is transferred or is otherwise conveyed to a new owner or member of the prior owner, the new owner must within 30 days after the real estate closing that transfers or conveys ownership of the affordable housing building deliver written notice to each affordable housing unit tenant of the building that the property is under new ownership and all of the following information:

(1) The name, mailing address, and telephone number of the new owner.

(2) The following statement: "Bloomington City Code Section 9.45 provides for a three (3) month tenant protection period for affordable housing unit tenants. Under Section 9.45, an affordable housing unit tenant may be entitled to relocation assistance from the new owner if the new owner terminates or does not renew the tenant's rental agreement without cause within the three (3) month tenant protection period. An affordable housing unit tenant may also be entitled to relocation assistance from the new owner if the tenant terminates his or her rental agreement because the new owner raises the rent or initiates a tenant rescreening process within the three-month tenant protection period."

(3) Whether there will be any rent increase within the three month tenant protection period with the amount of the rent increase and the date the rent increase will take effect.

(4) Whether the new owner will require existing affordable housing unit tenants to be rescreened to determine compliance with existing or modified residency screening criteria during the three month tenant protection period and if so, a copy of the applicable screening criteria.

(5) Whether the new owner will terminate or not renew rental agreements without cause during the three month tenant protection period, and if so, notice to the affected affordable housing unit tenants whose rental agreements will terminate and the date the rental agreements will terminate.

(6) Whether the new owner intends to increase rent, require existing affordable housing unit tenants to be rescreened to determine compliance with existing or modified residency screening criteria, or terminate or not renew affordable housing unit rental agreements without cause on the day immediately following the tenant protection period.

(d) *Notice to the city.* The new owner must deliver a copy of the notice required by subsection (c) of this section to the City Community Development Director at the same time notice is delivered to tenants.

(e) *Required tenant protection period.* The new owner or member of the prior owner of an affordable housing building must not terminate or not renew a tenant's rental agreement without cause, raise rent, or rescreen existing tenants during the tenant protection period without providing the notices required by subsections (c) and (d) of this section.

(Ord. 2019-16, passed 2-25-2019; Ord. 2019-30, passed 8-5-2019; Ord. 2022-14, passed 4-25-2022)

Bloomington Opportunity Housing Incentives

Updated 3-18-2024

	Incentive	Low Income (Capped at 60%) 51% to 60% AMI	Affordability Very Low Income 31% to 50% AMI	Extremely Low Income at or Below 30% AMI
§9.16.01	Density Bonus	1 additional unit allowed per low-income unit provided capped at 50% density increase	2 additional units allowed per very low-income unit provided capped at 50% density increase	2 additional units allowed per extremely low-income unit provided capped at 50% density increase
§9.16.02	Site Area Reduction	May reduce minimum site area requirements by up to 10%	May reduce minimum site area requirements by up to 25%	May reduce minimum site area requirements by up to 50%
§9.16.03	Site Width Reduction	May reduce minimum site width requirements by up to 10%	May reduce minimum site width requirements by up to 25%	May reduce minimum site width requirements by up to 50%
§9.16.05	Open Space Reduction	May reduce minimum open space requirements by up to 10%	May reduce minimum open space requirements by up to 25%	May reduce minimum open space requirements by up to 50%
§9.17	Floor Area Ratio Bonus	1,000 SF additional floor area allowed per low-income unit capped at 50% FAR increase	2,000 SF additional floor area allowed per very low-income unit capped at 50% FAR increase	2,000 SF additional floor area allowed per extremely low-income unit capped at 50% FAR increase
§9.18	Height Bonus	1 story/10 feet	1 story/10 feet	1 story/10 feet
§9.21	Minimum Unit Size Reduction	10% for low-income units only	20% for very low-income units only	30% for extremely low-income units only
§9.22	Alternative Exterior Materials	50% of qualifying facades (not facing public streets)	75% of qualifying facades (not facing public streets)	100% of qualifying facades (not facing public streets)
§9.23	Storage Space Reduction	50% reduction	50% or 75% reduction when providing 20% of units at under 50% AMI	50%, 75%, or 90% reduction when providing 10% of units at under 30% AMI
§9.24	Landscaping Fee in Lieu Reduction	NA	100%	100%
§9.25	Development Fee Reimbursement	Sliding scale upon showing of demonstrated need	Sliding scale upon showing of demonstrated need	Sliding scale upon showing of demonstrated need

	Incentive	**Low Income (Capped at 60%)** 51% to 60% AMI	**Affordability Very Low Income** 31% to 50% AMI	Extremely Low Income at or Below 30% AMI
§9.26	Development Fee Deferments	Eligible for 12-month deferral with 9% qualifying units and 24 months with 20% qualifying units	Eligible for 12-month deferral with 9% qualifying units and 24 months with 20% qualifying units	Eligible for 12-month deferral with 9% qualifying units and 24 months with 20% qualifying units
§9.27	Expedited Review of Plans	NA	NA	Eligible
§9.28	Land Write Down	Potentially Eligible	Potentially Eligible	Potentially Eligible
§9.30	Housing TIF	Potentially Eligible	Potentially Eligible	Potentially Eligible

Parking Reduction

§ 9.19

Affordability provided:	*Projects located in the Designated Transit Area, Tier I:*	*Projects located in the Designated Transit Area, Tier II:*	*Projects located outside a Designated Transit Area:*
9% of units qualifying as very low or extremely low income	15%	10%	5%
20% of units qualifying as very low income	25%	20%	10%
50% of units qualifying as very low income or 20% of units qualifying as extremely low income	35%	30%	15%
100% of units qualifying as very low income or 50% of units qualifying as extremely low income	45%	40%	20%

Enclosed Parking Space Conversion

§ 9.20

Low Income (Capped at 60%) 51% to 60% AMI	**Affordability Very Low Income 31% to 50% AMI**	**Extremely Low Income at or Below 30% AMI**	**Extremely Low Income at or Below 30% AMI**
9% of its units qualifying as low-income affordable housing qualifies to convert 10%	9% of its units qualifying as very low-income affordable housing convert to 50%	9% of its units qualifying as extremely low-income affordable housing qualifies to covert 50%	20% of its units qualifying as extremely low-income affordable housing qualifies to convert 100%