

**MINUTES OF THE ZONING COMMITTEE**  
**Thursday, July 30, 2020 - 3:30 p.m.**

PRESENT: Baker, DeJoy, Grill, Hood, Lindeke, and Rangel Morales  
EXCUSED: Edgerton and Ochs  
STAFF: Bill Dermody, Samantha Langer, Allan Torstenson, and Peter Warner

The meeting was chaired by Commissioner Baker. He stated that the chair of the Planning Commission had determined that due to the COVID-19 pandemic it is neither practical nor prudent for the Zoning Committee to meet in person, and therefore the meeting was being conducted remotely, with all members of the Zoning Committee attending the meeting remotely and the public able to submit comments by noon on the day before the meeting and monitor the meeting remotely. All written testimony is published online and made available to the Zoning Committee members for review before the meeting.

**1880 Old Hudson Road CUP - 20-048-857 - Conditional use permit for 85' building height., 1880 Old Hudson Road, SW corner at Hazel Street N**

Bill Dermody presented the staff report with a recommendation of approval with a condition for the conditional use permit. He said District 1 submitted a letter recommending denial for the project as proposed, but if affordable units were included they would support the conditional use permit. There were no other letters submitted in support or opposition.

Commissioner Lindeke asked about the rents that were cited in the letter submitted by the District Council Land Use Committee and where the numbers came from. Mr. Dermody said they numbers appear to be an anecdote from an area property manager and he can not verify if they are correct.

In response to Commissioner Baker, Mr. Dermody said that there is no commitment to affordable units in the application. There are not any separate commitments with the City or anyone else, but he has learned that the applicant has begun to entertain the idea of having affordable units as part of this project. There have been conversations with City staff and Councilmember Jane Prince.

In response to Commissioner Rangel Morales regarding possible time to lay this application over to address the concern about affordable housing, Mr. Dermody said that the 60 days to process the application are up on September 4, 2020. He said it would be difficult to get a commitment to affordable housing in a couple of weeks. He said ultimately it is a question for the applicant about whether they are willing to pursue a commitment and how quickly they could act on it.

Michael Margulies, DJR Architecture, 2007 W Franklin, Minneapolis, said he is assisting the developer with respect to financial structuring. He addressed the issue of affordable housing, and said as conceived, this project did not have an affordable component. They have since had conversations with Councilmember Jane Prince and the Housing Director about how to include affordable housing. They have done some modeling and had some discussions about whether TIF would be available in order to close the gap that the affordable housing component would create. To create a meaningful affordable housing component would entail a significant expense and gap. They cannot make any commitments at this point and a TIF process is very involved.

Eli Zmira, DJR Architecture, 1675 Ford Parkway, Saint Paul, said that 67 additional units would be added with the additional height they are requesting. He said they had a good discussion with the District Council and architecture wise the District Council was very supportive. They also mentioned their concern with affordable housing, but he is unable to make a firm commitment right now.

In response to Commissioner Rangel Morales, Mr. Zmira said there are a total of 149 units in the building. There are 54 studio units, 75 one bedroom units, and 20 two bedroom units.

In response to Commissioner Rangel Morales, Mr. Margulies said at this point it is hard to imagine a meaningful affordable housing commitment without some type of TIF or tax abatement assistance. If they did a TIF they would need to create a housing TIF district and that would impose statutory minimums in terms of affordable housing, either 20% at 50% AMI or 40% at 60% AMI. Without TIF they do not know if they can do a meaningful commitment based on the gap that already exists.

In response to Commissioner Linkdeke, Mr. Margulies said he has not seen the letter from the District Council. He said he thinks they were referring to rents from the first phase. He said the rents would be approximately between \$2.10 and \$2.25 per square foot.

In response to Commissioner DeJoy, Mr. Margulies said it is difficult to answer what the rate in the area due to different types of apartment building in the area. The market rate for a new one bedroom apartment is about \$2.15 per square foot. If you took an average one bedroom at 575 square feet that puts the rent around \$1200 per month, a 700 square foot two bedroom apartment would be around \$1400 per month. He said these formulas work really well for new apartments not necessarily for a more mature apartment building that doesn't have the same features and amenities. He added in some cases, particularly the studios, they are pretty close to naturally occurring affordable. For example, if their studios are \$1050, that is pretty close to what the set rates are for 60% AMI. There is a feature of this development that actually satisfies what affordability is at 60%. The problem is that they can't achieve that proportionately all the way through all of the sizes of the units without creating a significant gap. He thinks this will end up being something equivalent to a fairly natural occurring affordable housing development in total.

In response to Commissioner Baker, Mr. Zmira said that they do not have any micro apartments in the development. Their units are a little bit smaller than phase one with the intention of gearing it more towards market rate. They have had a lot of discussion with the developer and they decided to go a little smaller on size so that the rents will be lower.

Commissioner Baker said that one of the reasons there are so many questions around housing affordability is because it has become an important issue to many members on the Zoning Committee and Planning Commission. They want to see that the projects that move forward in the City are really thinking about the needs of the City. The affordability component is something that they want applicants to take seriously and see how to potentially include that in the process of their project.

In response to Commissioners, Mr. Margulies said this project has 54 studio units at 485 square feet and they are able to offer it at affordable rates.

Commissioner Rangel Morales said that according to the Met Council Affordable Housing Guidelines an efficiency bedroom at \$2 per square foot is about \$900 and that falls within the 60% AMI income.

In response to Commissioner Rangel Morales, Mr. Margulies said he is not able to commit to the pricing that they have commented on today. These are rents that are projected today for a project that has not started and may not come online until Spring 2022. It is hard to predict exactly what the rents will be. They will be approximate to what they have stated now, but it also depends on construction costs. If they are subject to a restriction, they would need help with the gap through TIF.

The public hearing was closed.

Commissioner Anne DeJoy moved approval with conditions of the conditional use permit. Commissioner Kristine Grill seconded the motion.

Commissioner DeJoy asked if there are other financial resources and tools that can be used, other than TIF, to help developers create more affordable units in their projects.

Mr. Dermody said there are other tools including a housing trust fund, but he does not know the housing tools in detail.

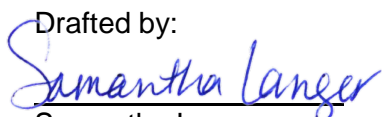
Commissioner DeJoy said that if we are going to continue to expect developers to have an affordable component there should be tools available to make that happen.


Commissioner Lindeke said that these seem to be affordable rents for new construction. This is the type of project he would like to see at this location. Without an inclusionary policy in place it is hard for developers to know what the Committee is looking for.

Commissioner Rangel Morales said that he was hesitant about the project at first, but after running the numbers, and seeing that it does fall within the guidelines of a minimum of 60% AMI, he is inclined to vote in favor. He also has concerns of continuing to ask developers to include affordable housing within their plans and the difficulties that presents. He hopes that in creating business with developers they find some way to give back to the community.

The motion passed by a vote of 5-0-0.

Adopted                      Yeas - 5              Nays - 0              Abstained - 0

Drafted by:  
  
Samantha Langer  
Recording Secretary

Submitted by:  
  
Bill Dermody (Aug 28, 2020 08:57 CDT)  
Bill Dermody  
City Planner

Approved by:  
  
Dan Edgerton (Aug 28, 2020 13:27 CDT)  
Dan Edgerton  
Chair









# 1880 Old Hudson Road minutes

Final Audit Report

2020-08-28

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