



# Community Development Committee

**Business Item**

Item: 2008-147

**Meeting date: June 16, 2008**

<b>ADVISORY INFORMATION</b>	
<b>Date:</b>	June 11, 2008
<b>Subject:</b>	City of Apple Valley Request for an Additional Extension of Livable Communities Demonstration Account (LCDA) Grant #SG004-127
<b>District(s), Member(s):</b>	District 16, Brian McDaniel
<b>Policy/Legal Reference:</b>	473.253 Livable Communities Demonstration Account
<b>Staff Prepared/Presented:</b>	Guy Peterson, Director, Community Development Division (651)602-1418 Paul Burns, Manager, Livable Communities (651)602-1106
<b>Division/Department:</b>	Community Development/Livable Communities

## Proposed Action

Respond to a request from the City of Apple Valley to approve a one-year, second extension of the Livable Communities Demonstration Account (LCDA) grant SG004-127 for the Harmony Commons project. The City has requested that the grant be extended to June 30, 2009.

## Background

The Metropolitan Council awarded a \$2,356,244 LCDA grant to the City of Apple Valley in February 9, 2005 to help build a parking garage as part of its' Harmony Commons project.

On May 30, 2007, Livable Communities staff processed an administrative amendment to extend the grant to June 30, 2008.

The City sent a letter (attached) seeking an additional one-year extension to the grant agreement, and explaining the circumstances that necessitated the request, and further outlining progress made to date on other projects in the City's downtown redevelopment efforts.

City representatives will be on hand at the Committee meeting on June 16 to present their request.

## Rationale

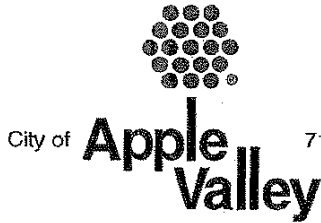
Grants may be extended administratively only once, for a period not to exceed one year. Any requests for additional extensions are decided by the Council at the recommendation of the Community Development Committee. The Council has approved requests for grant extensions for five other projects in the past.

## Funding

A \$2,356,244 grant. The grant amount would remain the same.

## Known Support / Opposition

The City supports the proposed extension. Staff is not aware of any opposition.



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May 12, 2008

Mr. Paul Burns  
Manager – Livable Communities Program  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

RE: Livable Communities Grant Extension – City of Apple Valley

Dear Mr. Burns:

On behalf of our Mayor and City Council, please accept this letter as our official request for an additional one year extension for our current \$2,356,244 LCDA grant. This one year extension is intended to run through June 30, 2009.

Given current market conditions, the pace of development in the City's Central Village area has slowed to the point where the developer will need an additional 12 months in order to complete the next phase of the project—the addition of underground parking on the Village site of Founder's Circle.

We believe the City and the Metropolitan Council continue to share a vision of developing compact, higher density, walkable, livable places such as Founder's Circle. Although revised to reflect the current market, the Founder's Circle element of the Central Village development remains consistent with the vision shared by the City and the Metropolitan Council. In fact, the Apple Valley City Council voted unanimously at their May 8<sup>th</sup> meeting to support the project. We sincerely hope the Metropolitan Council will offer its support as well.

Please feel free to contact me at 952-953-2578 or Associate City Planner Margaret Dykes at 952-953-2569 should you need additional information.

Sincerely,

CITY OF APPLE VALLEY

Tom Lawell  
City Administrator

*Home of the Minnesota Zoological Garden*

**City of Apple Valley  
LCDA Grant Extension  
Background Material**

**Background**

In 2005, the City was awarded an LCDA Grant in the amount of \$2,356,244 for the construction of a below-grade parking structure at the Landmark Corner of the Harmony Commons development. The City's application requested \$3.2 million for 237 parking spaces in the garage. The site is located in the Apple Valley Central Village, which is an approximately 65 acre development using mixed-use development and increased residential density to create a vibrant, livable pedestrian-oriented urban area adjacent to the City's Downtown near the intersection of Cedar Avenue and Dakota County Road #42. The Central Village is slated to have over 1,400 housing units, and approximately 300,000 sq. ft. of commercial uses, and is the first transit-oriented development to come on line to coincide with the Cedar Corridor BRT, which becomes operational in September 2009. The Apple Valley Transit station is approximately 1/3 mile away - a 5 to 10 minute walk or a 2 to 5 minute bike ride.

**2004 Grant-Approved Project**

The Landmark Corner building was located on a 3.5-acre lot southwest of the intersection of Galaxie Avenue and 153<sup>rd</sup> Street W. The site plan showed a 77-room hotel, approximately 50,000 sq. ft. of commercial, 46 residential units, and 325 underground parking spaces, with another 27 spaces on the surface of the parking lot. The underground parking lot was to be constructed under the entire triangle-shaped parcel. Again, the LCDA grant was awarded for the construction of 237 parking spaces in the underground garage.

The Landmark Corner was determined to be a catalyst for the Central Village development, and as such, was critical to the completion of the Central Village. The developer of the property was listed as New Century Inc., and the developer intended to have the underground garage completed by the end of 2005 or beginning of 2006.

**2006 Plan Revision**

In 2006, the developer submitted revisions to the master development plan and changed the name of the master development from Harmony Commons to Founders Circle. The City approved the plans in July 2006. The site plan for the Landmark Corner, now called the Village site, was modified so that the hotel was moved to a lot just north of the Village site, and the number of residential units increased to 197 units and the commercial increased to approximately 60,000 sq. ft. In February 2006, the City received a letter from Jan Gustafson of the Metropolitan Council stating that the proposed site changes did not affect the LCDA grant and no amendment of the grant award was necessary.

In April 2007, the City requested an extension of the End Date of the grant agreement from June 30, 2007, to June 30, 2008. This extension was granted.

### 2008 Plan Revision

The developer has determined changes must be made to the plan for the Village site based on unforeseen changes to the residential market. The developer is now proposing 129 residential units on the site and approximately 40,000 sq. ft. of commercial uses. The plan shows 204 underground parking spaces which will be available to residents of the building and the general public. Please note that no changes have been made to the boundary of the project. There have not been any boundary changes to the Central Village, and the underground garage will be in the same location.

On May 8, 2008, the Apple Valley City Council voted unanimously to approve the revised site plan for the Village building, formerly the Landmark Corner, in the Founders Circle development. The revised site plan shows one vertically integrated mixed use building and one single-use commercial building on the 3.5 acre lot. The mixed-use building will have approximately 34,000 sq. ft. of commercial uses on the first floor and 129 residential units on floors 2-4 above the commercial. The other 6,000 sq. ft. commercial building is for a single-user, potentially a retail or office user. The site also allows for sustainable stormwater management improvements. The site has 373 on-site parking spaces, of which 204 are in an underground garage. The garage is for the residents of the Village building and the public.

The City is requesting the full LCDA grant be retained for the construction of the 204-space underground parking garage.

The developer has stated that if the grant is extended, the underground garage will begin Fall 2008, and be completed Spring 2009. The entire Founders Circle development is expected to be completed by 2015.

### Other Central Village Projects

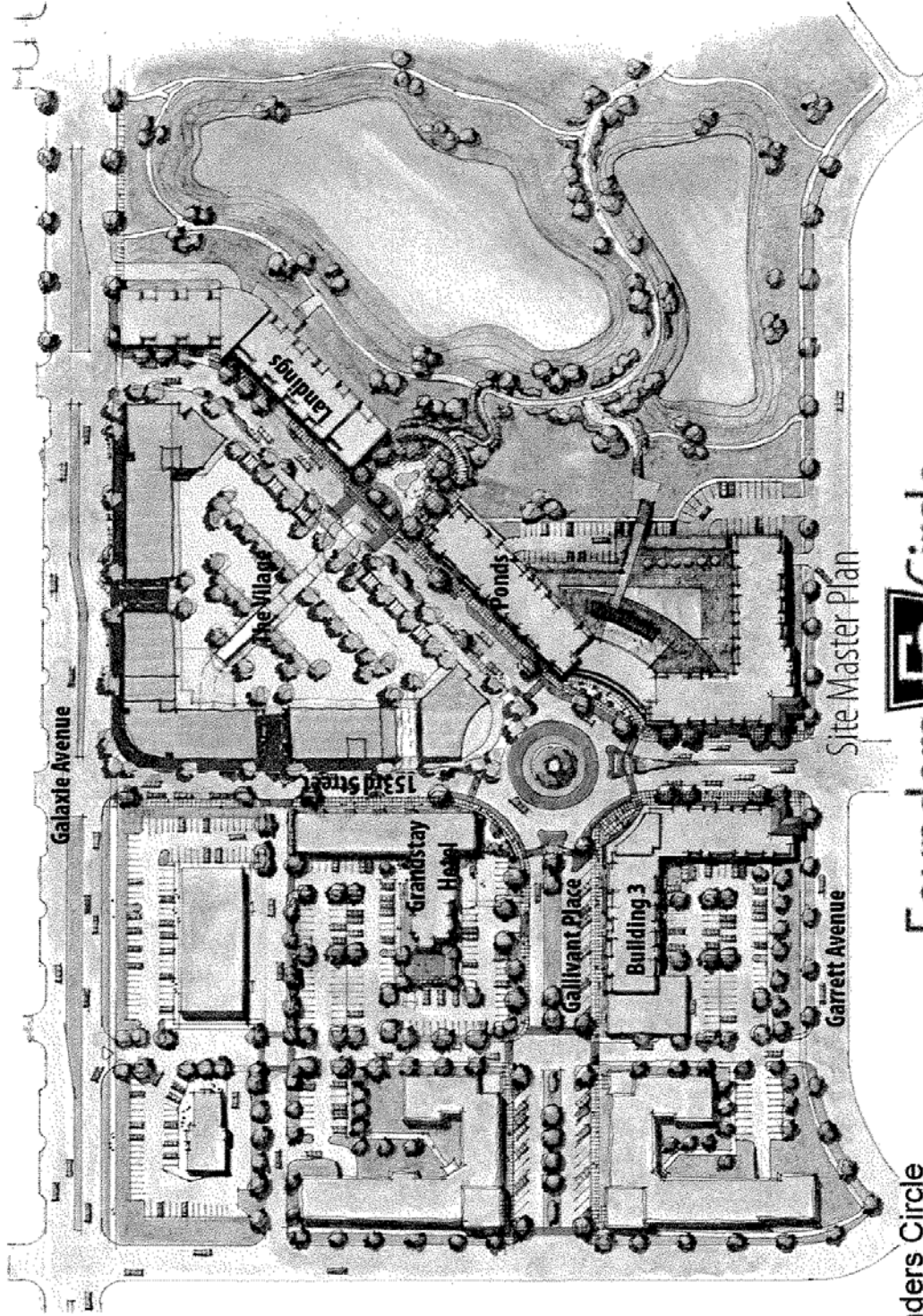
A number of sites in the Central Village have been developed by the private sector. These include Enjoy!, a 15,000 sq. ft. full-service restaurant; RE/Max Real Estate, a 16,000 sq. ft. office building; the Grandstay Hotel and shops, a 78-room hotel with 11,000 sq. ft. of commercial uses; and The Shops on Galaxie, a 44,000 sq. ft. mixed-use building with office and retail and 72-underground parking spaces. Also developed in the Central Village are the Legacy Square townhomes, a 105-unit owner-occupied development with 100 units affordable to residents at 80% of the median area income; and, the Haralson Apartments, a 36-unit apartment with half the units reserved for residents with a history of mental illnesses, and half for residents at or below 50% of the median area income.

Additionally, the City has made substantial public investments in this area. These include Kelly Park, a 2.5-acre urban park costing \$1.1 million, with approximately an approximately \$425,000 grant from the Metropolitan Council; and the Legacy Park, a 2.6-acre park costing \$750,000 in public money. Park improvements are paid for by the City.

Other public infrastructure and street improvements include a planted median in Galaxie Avenue; construction of roadway improvements including a roundabout at 153<sup>rd</sup> Street and Founders Lane, on-street parking spaces along Galaxie Avenue, 153<sup>rd</sup> Street, Founders Lane, Gallivant Place, Galant Lane, Fontana Lane, Gabella Street, and Fortino Street. The City has also undertaken major reconstruction of a City stormwater pond to create a 2-cell system with walking paths that connects to the City's sidewalk and trail system. Total investments in public infrastructure and streets total more than \$8 million. Though the property owners in the Central Village have assumed responsibility for the majority of public street and infrastructure improvements in the area, the subsidy for the parking provided by the grant allows the project to be financially feasible and is necessary to offset this large commitment to public infrastructure.

It is critical that the full amount of the grant be retained because the Village site is the centerpiece development of the Central Village, an area destined over a 10- to 15-year period to become a fully built-out vibrant, urban-style neighborhood for living, working, shopping and recreation. The Central Village replaces what might have been low density, single story mid-sized boxes of commercial uses and warehouse space.

Additionally, the Village demonstrates that it is still possible to build a properly sized, mixed-use development in today's difficult economic environment in the Metropolitan area. The City supports the downsizing of the development because we are concerned that all development in the City be right sized, and financially feasible. Trade area and market place data secured by the developer reportedly helps to support their proposal, and shows that the project meets the "but for" test. Again, the grant is critical to the development of the site, and, ultimately, the Central Village.



Founders  Circle

Founders Circle  
Development, LLC

# 2008 Approved Site Plan

Commitment for For-lease Housing + Retail  
with future conversion to condos.

- 129 luxury condos for lease
- 39,600 square feet of retail below
- Construction starting fall '08  
with completion of garage spring '09  
and housing + retail fall '09

Goal for For-sale housing + Retail/Office

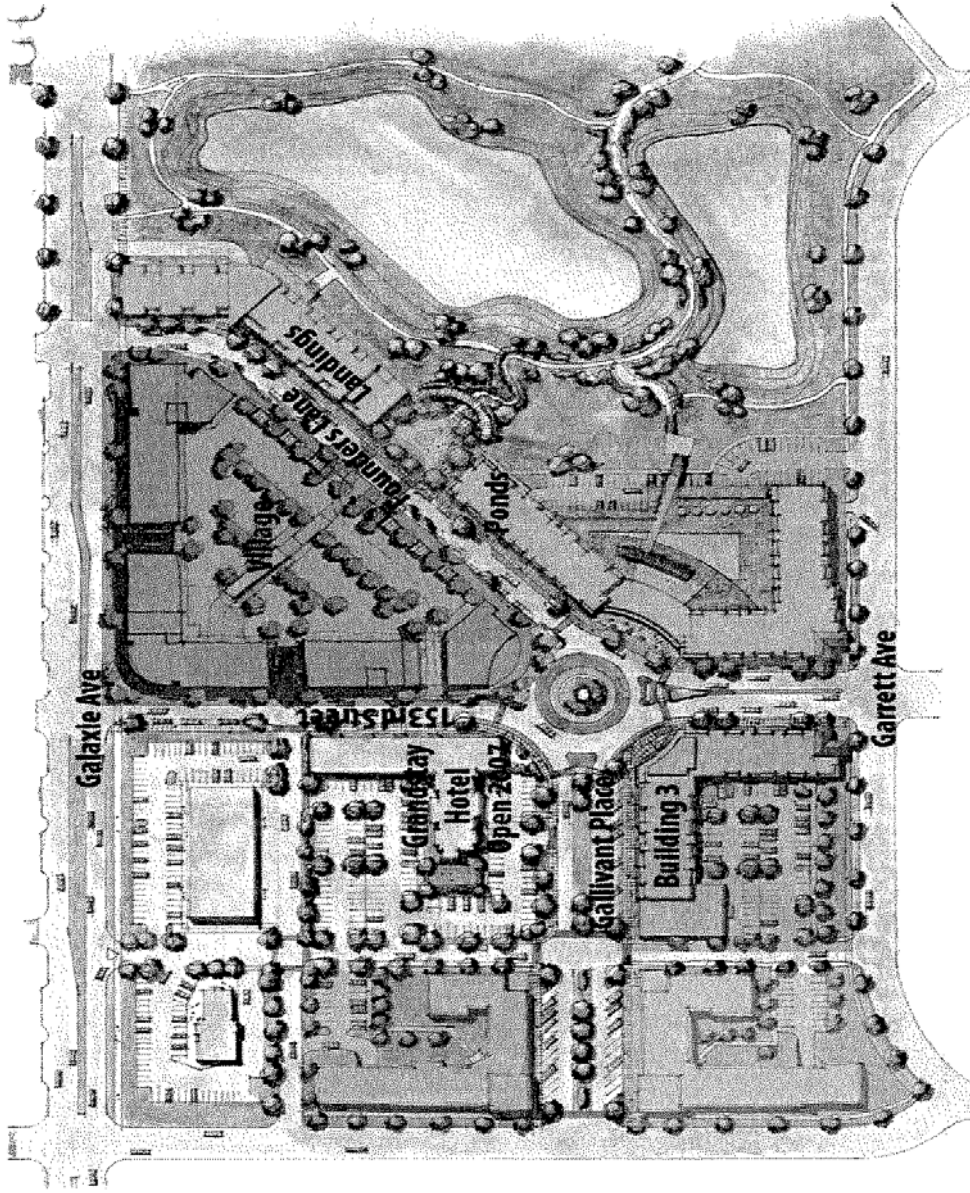
- 113 Condominium units
- 23,400 square feet of retail/office
- Construction starting 2009  
with completion 2012

Goal for For-sale housing + Retail

- 137 Condominium units
- 37,947 square feet of retail
- Construction starting 2011  
with completion 2013

Goal for senior housing

- 60 Senior housing units
- Construction starts 2011  
with completion 2013

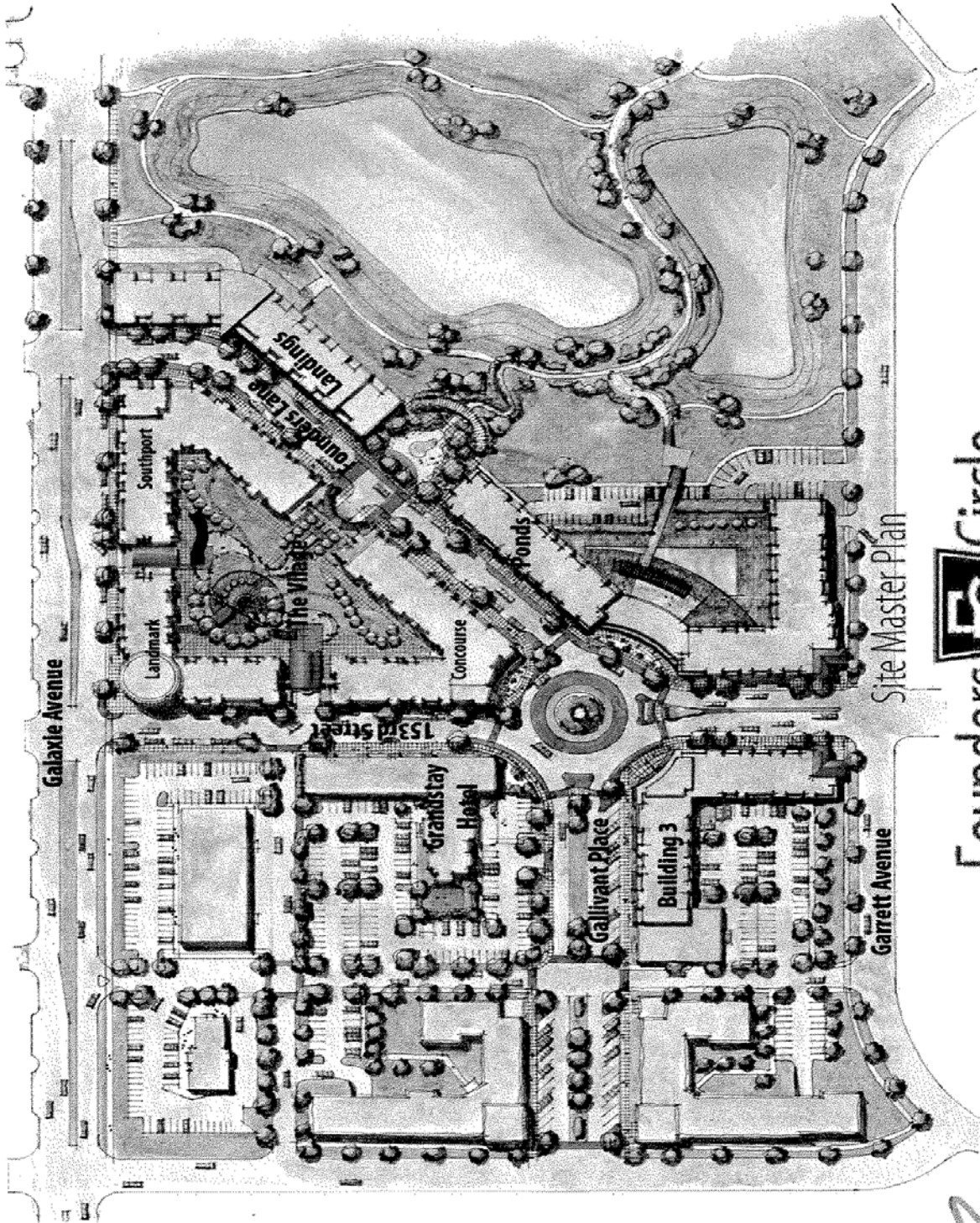


Site Plan - Phasing

Founders Circle  
Development, LLC







# Founders **FC** Circle

**2006 Approved Plan**

