


## COUNCIL COMMUNICATION

	Number:	<b>22-187</b>	Meeting:	<b>April 18, 2022</b>
	Agenda Item:	<b>38</b>	Roll Call:	[ ]
	Submitted by:	<b>Erin Olson-Douglas, Development Services Department Director</b>		

### AGENDA HEADING:

Resolution to approve the Conceptual Development Plan and the Parcel Development Agreement for The Meridian, a 174-unit multi-family housing project, located at the northeast corner of SW 11th Street and Murphy Street.

### SYNOPSIS:

Sherman Associates (Jackie Nicklaus, Senior Developer, 233 Park Avenue South, Suite 201, Minneapolis, MN 55415) proposes to construct a 5-story, 174-unit, multi-family housing project on 2.7-acres at the northeast corner of SW 11th Street and Murphy Street in Gray's Landing. The building is proposed to mirror the existing Nexus apartment development with an L-shaped building with frontage along SW 11th Street and Murphy Street.

### FISCAL IMPACT: NONE

### ADDITIONAL INFORMATION:

- These actions by City Council provide for the necessary land transactions to allow the construction of this project in the Gray's Landing Development Area. Each of the projects will fall under a Minimum Assessment Agreement and be constructed under Conceptual Development Plans approved by the Urban Design Review Board.
- An \$8.5 million Section 108 U.S. Department of Housing and Urban Development (HUD) loan, along with Developer equity and other project financing elements, was a significant source for the necessary tasks to acquire, clear and remediate the land, construct streets and utilities and redevelop the former industrial brownfields area that is now called Gray's Landing formerly known as Riverpoint West.
- Sherman Associates continues to pay the semi-annual payments on the Section 108 loan, as well as bringing forward new projects to create new tax increment. This new taxable valuation creates the tax increment (TIF) that is the funding source for making semi-annual payments on the Section 108 HUD Loan.

- The approved Master Development Agreement allows for a total of \$2.8 million in TIF to be used in subsequent projects within Gray's Landing through June 30, 2036. After 10 years of tax abatement, The Meridian will be receiving a percentage of TIF as shown in the Parcel Development Agreement. The Developer has allocated \$641,456 (NPV) of project-generated TIF for this project over three (3) years. The project will also receive 10 years of tax abatement at a declining scale 8 (8) years of 100%; 60%, 40%. Payments are expected to start in December 2033 and continue through June 2036. The payments will stop when either the \$2.8 million cap is reached or by June 30, 2036.
- This project joins Holiday Inn Express, the Edge at Gray's Landing, the Nexus, New Horizons Daycare, and Gray's Landing Office building to create over \$75 million in new construction in Gray's Landing.
- The project is proposed to include a pool, dog park, dog wash station, sauna, hot tub, game room, fitness room, bike storage, rooftop terrace, and an outdoor amenity area. The building will provide a mix of studio, alcove, 1-bedroom; 1-bedroom plus den; 2-bedroom; 2-bedroom plus den; and 3-bedroom units. Parking is provided through 1-level of underground parking, as well as surface spaces. There will be on-street parking on Murphy Street and 11th Street, as well.
- While not part of the original Master Development Agreement, Sherman has agreed to provide 10% of the units at 80% AMI.
- The project will be using MidAmerican's Commercial New Construction program. In addition, Sherman plans to utilize air source heat pumps, and will provide 14 EV charging stations, with conduit to add up to 36 total charging stations, as demand requires.
- Construction is anticipated to start in spring/summer 2022 and be completed in fall 2023.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 9, 2019

Roll Call Number: [19-1408](#) and [19-1409](#)

Action: Items regarding the Gray's Landing Project:

- (A) [Approving](#) First Amendment to Contract for Loan Guarantee Assistance with the U.S. Department of Housing and Urban Development regarding the Section 108 Loan used. ([Council Communication No. 19-387](#)) Moved by Boesen to adopt. Motion Carried 7-0.
- (B) [Ratifying](#) Third Amended and Restated Urban Renewal Development Agreement with River Point West LLC (George Sherman, President). ([Council Communication No. 19-388](#)) Moved by Boesen to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: January 18, 2022

Resolution Number: N/A

Action: Motion to recommend approval of the final conceptual development plan, as presented by Hanley. Seconded by Hielkema. Yes-7. No-0. Abstain-0. Absent-3.

Board: Plan and Zoning Commission

Date: October 7, 2021

Resolution Number: SITE-2021-000017

Action: Motion for approval of the Public Hearing Site Plan and the Design Alternatives requested in Parts A, B, C, and D, subject to any comments by the Urban Design Review Board, and compliance with all administrative review comments. Yes-10. No-0. Abstain-0. Absent-4.

- A) To allow on-site surface parking when parking is only permitted within a building in a “DX2” Mixed Use District, per City Code Section 135-2.4.3.C.17.
- B) To allow a primary frontage build-to-zone of up to 29 feet, which is approximately 14 feet beyond the maximum build-to-zone threshold of 15 feet, per City Code Section 135-2.4.3.A.3.
- C) To allow one (1) principal entrance on the primary façade, which is 50% less than the two (2) that are required, per City Code Section 135-2.4.3.19.
- D) To waive the requirement that entrances along the primary frontage of a building must be recessed between 3 and 8 feet from the portion of the primary frontage façade closest to the street, per City Code Section 135-2.4.3.20.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- The Office of Economic Development is continuing to work with Sherman Associates on other development parcels within Gray’s Landing.

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