



Legislation Text

File #: Res. 2020-027, **Version:** 1

City Council Meeting Date: March 10, 2020

To: Mayor and City Council
City Administrator

From: David E. Bennett, City Engineer

Consider Resolution Approving a Reduction in Park Dedication for Fifth Street Lofts.

Action Requested:

The Northfield City Council approves Resolution approving a reduction in Park Dedication for Fifth Street Lofts.

Summary Report:

This item was before Council on February 18, 2020 and postpone until March 10. The developer is requesting a 50% reduction in park fees for this project. The developer has indicated the project invests \$13,300,000 in the downtown and will increase the property values/property taxes by 580%. In addition, the developer has said independent market research firms often use a rule of thumb that a household has been shown to spend between \$15K-\$20K in the community resulting in an economic impact of over a \$1,000,000.

The Developer believes that Northfield City Code allows for a full waiver of park fees related to this project, however understanding park needs the developer is requesting a 50% reduction.

Rebound Stencil Development has requested Council consider a 50% reduction in park fees for this redevelopment project. Northfield City Code, Chapter 34, Section 5.2.6 establishes certain park dedication requirement for this project. With a project of this type, land dedication is not an option for the developer due to the compact nature of the proposed redevelopment of this site. Therefore, City Code allows for a Cash-in-Lieu requirement for park dedication.

The Cash-in-Lieu amount is dedicated based on the Estimated Market Value as indicated by the County Assessor. For residential development such as this project, the cash-in-lieu requirement is 10% based the projects density. A table summarizing the fees is summarized below:

2019 Market Values

Park Dedication (Cash-in-Lieu of Land)			
Dwelling Units Per Acre =	79 Units	.75 Acres	105 Units/Acre
8 or More Units Per Net Acre = 10% of Estimate Market Value			
Parcel 2206225081 Market Value			\$ 52,000.00
Parcel 2206225082 Market Value			\$ 375,200.00
Parcel 2206225097 Market Value			\$ 152,700.00
Total Market Value			\$ 579,900.00
Park Dedication (Cash-in-Lieu of Land)			\$ 57,990.00
Developer Requested 50% Reduction			\$ 28,995.00

Northfield City Code, Chapter 34, Section 5.2.6 (C) provides for waiver reduction of park land dedication or cash-in-lieu of land dedication requirements based on meeting at least one of the waiver requirements.

(C) Waiver of Requirements. Upon a request by the developer, the city council, may waive or reduce the requirements of this section for development in the C1 (Downtown), ED-F (Economic Development) or N2 (Neighborhood General) districts where the city council finds:

- (1) That the vitality resulting from development or redevelopment occurring in areas zoned C1 district is of greater benefit to the city in comparison to parks, trail and open space improvements;
- (2) That development in areas zoned ED-F district which results in significant increases in tax revenues to the city or significantly increases employment opportunities is of greater benefit to the city in comparison to parks, trail, or open space improvements;
- (3) That development in areas zoned N2 district which allows for the construction of affordable housing units of a type, price, or amount that is determined to be of greater benefit to the city in comparison to parks, trail, or open space improvements; or
- (4) That city-assisted development or redevelopment projects achieve public objectives.

In reviewing the waiver provisions, staff believes that this project meets both requirements 1 and 4 listed above.

Waiver 1 Findings: the property is zoned C1 and is a redevelopment project that will add to the vitality of the downtown. This vitality resulting from the redevelopment is greater benefit to the City, and it meets objectives in the City Strategic Plan for Economic Development and Affordable Housing.

Waiver 4 Findings: The EDA and City Council are providing assistance to this project, to support the redevelopment, densification, and investment that will support a strong vibrant downtown. This again aligns with the strategic plan for affordable housing as 10% of the units will be affordable.

Had this fee been identified when the business subsidy had been requested it would have likely been calculated into the developer request for assistance. Staff has requested input from our independent financial analyst Nick Anhut, with Ehlers to provide an opinion related to the justification from a project financing perspective related to city assistance on this project. This opinion was not available at the time of publishing this agenda but will be provided as a supplemental agenda item.

Staff believes the full waiver is eligible but supports the request of the developer to contribute \$28,995 in park dedication fees which is a 50% reduction in the park fee calculation.

Alternative Options:

- A. Staff believes this project meets the provision in City Code that would allow for a waiver of park fees. The developer has requested a 50% reduction, an alternative consideration would be to reduce the park fees by 100%. This would be consistent with the ordinance to allow the waiver in this case.
- B. Staff believes this project meets the provision in City Code that would allow for a waiver of park fees. The developer has requested a 50% reduction, an alternative consideration would be to reduce the park fees by 10%. This would align with city code waiver c(4) that the City assisted with the redevelopment project with TIF. One of the reasons for participating with TIF is that 10% of the units will be affordable. Council could consider a 10% reduction to align with the 10% affordable units. However, there is no guidance for this type of waiver calculation so is just a different approach.
- C. The Ordinance is written in a manner that does not require the Council to approve a waiver even if it is eligible. Therefore, the Council could choose not to reduce the park fee dedication amount even if no justification to do so is met.

Financial Impacts:

Total park fee is \$57,990 and 50% reduction is \$28,995.

Total park fee is \$57,990 and 10% reduction is \$5,799, resulting in a park fee of \$52,191.

Tentative Timelines: