



Approved: March 9, 2026

**CITY OF ARDEN HILLS, MINNESOTA
CITY COUNCIL WORK SESSION
FEBRUARY 9, 2026
5:30 P.M. - ARDEN HILLS CITY COUNCIL CHAMBERS**

CALL TO ORDER/ROLL CALL

Pursuant to due call and notice thereof, Mayor Grant called to order the City Council Work Session at 5:30 p.m.

Present: Mayor David Grant; Councilmembers Brenda Holden, Tena Monson, Emily Rousseau and Kurt Weber

Absent: None

Also present: City Administrator Jessica Jagoe, Public Works Director/City Engineer David Swearingen, Finance Director Joua Yang, Community Development Director Jake Reilly and Assistant to the City Administrator/City Clerk Julie Hanson

Councilmember Holden wanted Proactive Policing by the Sheriff added to the agenda.

Councilmember Monson requested that Item 3C be moved up into the 3B place.

Councilmember Weber said he would like a standing agenda item on Immigration Discussion.

Discussion ensued that an email regarding joining the Cities for Safe and Stable Communities was sent out to all Councilmembers. Discussion on this topic will be added to the Agenda tonight after the Proactive Policing discussion. There will be a standing agenda item on future agendas that leaves room for Immigration items, if they arise.

1. PUBLIC INQUIRIES/INFORMATIONAL

George Winneke 4175 Old Highway 10, Arden Hills – He wanted to discuss the booster station item. He said the property used to belong to his family. It was taken away under eminent domain. He was told it can never be built on. This is a utility, so maybe that’s why this is different. He would like someone to look into it and confirm if the City is allowed to build this utility here. He said he would prefer the project to be on the other side of 694. He has an agreement with the adjacent property owner, who own both properties in this area, that they will leave the property in its natural state. He was counting on this property being left in its natural state. He didn’t envision anything like this going in here. He is concerned because it looks like we are putting in a new water main and the booster station will sit 50

feet from the edge of the shoulder of the road and the station will be about 20 feet wide. He doesn't understand why it needs to be so high up on the hill. He would like to know what other properties were considered. This is servicing the arsenal. Put it up there. Don't put it down here. He understands there are reasons it is being proposed in this location, he doesn't agree with those reasons. He asked if we really need two buildings. If two buildings are necessary, he wouldn't want them to be more than one story high. He would like them to look residential. In general, he does not want that building there. He wishes he had a say over this property, but it was taken by eminent domain. He's been involved with this property for 77 years and has seen a lot of development in this area. The property was in his family for 116 years. It was taken away in 1960. He doesn't like it. He doesn't want it there. He's concerned about how far it sits back off the road. He would like to see one building. He is contesting this project.

2. RESPONSE TO PUBLIC INQUIRIES

None.

3. AGENDA ITEMS

A. 3499 Lexington Avenue Apartments Concept Plan

Community Development Director Reilly said Council will hear from the development team at Roers about a potential proposal for 167 units of market rate apartments on the property known as the Catholic United Financial Building. It sits on the corner of Lexington and Harriet. The presentation was provided to Councilmembers. He said there are Comprehensive Plan and Zoning Code updates that would need to happen in order to allow a project here. He pointed to the information in the packet that describes what is allowed today in the code and what is proposed. He has spoken with four separate developers about this location and all of them were seeking to provide at least this number of units of housing on this site. They feel the market studies suggest it is feasible. He stood for questions.

Councilmember Rousseau asked if this developer is aware that Council will be discussing affordable housing options.

Staff confirmed.

Councilmember Holden said this is on Lexington and a city road. She would require them to put a sidewalk on Benton Way. She asked if there will be a trail or some type of pass through to the retail center.

Community Development Director Reilly confirmed that is part of their stated intent. They are proposing a link to the shopping center to the north, as well as trail and sidewalk access across Lexington.

Councilmember Holden asked where the closest bus stop is.

Community Development Director Reilly answered elsewhere.

Councilmember Holden said the road has the capacity to handle that many additional cars. With 275 parking spots the fire department will have to look at it.

Community Development Director Reilly said the fire department will complete a review, as they would with any development of this kind.

Nick Asta, Developer and Sam Schroeder, Analyst for Roers introduced themselves and began the presentation.

Mr. Asta said Roers Companies is a developer, construction company and management company based in Plymouth. They have built just over 15,000 units in over 100 housing projects. The company is based here, with offices in Arizona, Texas and Florida. They have developed all types of housing projects. They build market-rate housing, senior housing, 55 plus active adult, affordable housing and work force style products. This proposal is for a standard, market-rate project. Their bread and butter is a suburban, four over one, 100–200-unit buildings, similar to what they are proposing today.

Mayor Grant asked for clarification that four over one means one story with concrete and four stories above that.

Mr. Asta confirmed. The one story is structured parking underground with four stories above that.

Mr. Asta said they looked at the City Vision when putting this project together. They tried to include as many of the aspects as they could in this design. What stood out for them is the live, work, play aspect of living, working and playing within the community. They are proposing a modern, high-quality project. It's adjacent to retail and another apartment building. It mixes in well with the neighborhood and adds to the housing stock. There are strong employers in town, offering residents the advantage of living where they work. There are a lot of larger units on this property. We have seen a shift of people wanting to work from home and wanting the extra space to allow for that flexibility. This project will be highly amenitized. There will be trails and sidewalks as was already mentioned. There will be a pool deck with ample green space and pickleball. They have a high-end architect who they work with on multiple projects. They are very thoughtful with the design and know how to preserve the character of the neighborhood.

Mr. Asta showed a high-level site plan. They think it would be wise to have connectivity from this project to the retail center. There are some existing trails they could connect into, as well. They are trying to use the storm water basin as a nature aspect. They were thoughtful of the single-family homes across the street. The height of the building is taller than the building to the west and they are hoping to minimize the impact of that taking advantage of the grade change, berming and tree lines to help blend it into the neighborhood. He pointed out the water management area where they are hoping to add some amenities and noted the pool deck with grill stations, pool deck, lounge area and green space.

Councilmember Holden said she can see a sidewalk on Lexington. That would be the only strip of sidewalk on Lexington. How will people get to the Shoreview side where they can walk on a sidewalk. She asked if they are willing to install a crossing light and pay for it at the Regional Trail connection. This won't be any help to the residents to walk to work.

Mr. Asta said that is something they can explore. He presumes that most people would actually drive to work.

Councilmember Holden said this is an active community, maybe people will bike. The only way to Boston Scientific or Land O'Lakes is to travel on the Shoreview side. If they are going to put a sidewalk there, she wants them to figure out how people will get to the other side.

Mayor Grant said he isn't sure how far the sidewalk goes down Lexington, but he would like to see this development extend it all the way down to Harriet on the Arden Hills side and across Harriet down to the end of the property. That would make that triangle walkable. If someone lives in this building and wanted to walk to work at Land O'Lakes or Boston Scientific, they aren't going to want to cross Lexington twice. He said even an east west section on Harriet would be a nice amenity and complete the project.

Mr. Asta said they are showing a sidewalk around the entire property that connects to the retail area. He shared an example of two projects they are working on in Plymouth that depicts how they hope to connect the apartments to a pond with trails and a lot of green space.

Councilmember Monson said this proposal is for 167. She asked how many units the example properties have.

Mr. Asta said one is a 207-unit building that is currently being built and the other concept hasn't started construction but is slightly larger. He noted one of the examples is five stories, so if Council can imagine that example with one less floor, it's similar to what they're proposing for this project.

Councilmember Holden said she sees some stone on the corner walls. She asked how much EFIS is in this project.

Mr. Asta said he would look into the City's design requirements to make sure they are meeting those requirements. They try to break up the facade with glazing and different color variations so it's not one long linear line.

Councilmember Holden asked if he is aware of the Crepeau Nature Preserve in this neighborhood.

Mr. Asta is not familiar.

Councilmember Holden said it's a nature preserve and it's quiet. She said it's not that much further for a sidewalk. If they are looking to give additional amenities, that may be an option.

Councilmember Weber said that the nature preserve is Bethel's property. It's not a city-owned trail. He believes it's a cooperative agreement. It's a privately owned trail. He asked why affordability wasn't approached on this project. The documents outline 80-100% market-rate. He assumes that is 100%.

Mr. Asta confirmed but said 100% isn't the max. In some areas, 120% is market. He wanted to share his thoughts on economics and some different ways they have approached projects. Arden Hills is a desirable area and land is not cheap. The same can be said about construction pricing.

The same can be said about interest rates in the capital markets. It is challenging to find projects that pencil out and work while still providing an economic return to those putting money into them. They have gotten around that with market rents, which is being proposed here, or some kind of subsidy. In other cities, tax increment financing (TIF) is common. They have done tax credit projects, which starts another conversation. He isn't sure if that is a discussion today. On the other side there is grant money and soft funds. In addressing affordability their thought is, instead of providing artificially capped rents, they are looking at providing more supply to the market. The other projects in Shoreview perform really well and are able to continue increasing rents because there is no additional supply in the market. The employers in the area need places for their employees to live. If they bring in a new housing supply to the market, it will ultimately put downward pressure on the overall ecosystem of housing. If that continues to happen, there will be a stable middle-ground on market rents. If developed with affordable units, Minnesota's 4d tax treatment means the property doesn't pay property taxes. In the proposed scenario, the property would be paying full property taxes, that will probably be about \$500,000, or more per year. He said he believes that's 10 times what the property is currently paying. There are other mechanisms that can be implemented. Inclusionary zoning in Eden Prairie requires that 20% of the units are 50% area median income (AMI). They hire a financial consultant and they offset it with a TIF District.

Councilmember Weber asked him to speak to the benefit of the residents of Arden Hills, if it isn't affordability.

Mr. Asta said it is increasing the tax base and increasing housing options. He said the newest apartment building in town is at least 10 years old. If someone wants to work, live and play in Arden Hills, it would mean living in an older house or older apartment. Simply increasing the tax base allows other residents to have a lesser tax burden.

Councilmember Weber said this is a significant increase in density, to more than 25% over the maximum. Not knowing how this pencils out for them, wouldn't the same benefits come from someone who stays within that density guideline?

Mr. Asta said to a lesser extent. Fewer units equals lesser tax base. He can't say for certain, but he would be surprised to learn that someone could get the numbers to work with something like that. It goes back to the cost of construction, land and capital markets.

Councilmember Weber said it sounds like there is some competition for this property. He looked up this property on the Ramsey County site and he believes this property pays taxes. So this is an increase in taxes due to improvements.

Mr. Asta believes they paid \$60,000 in taxes last year.

Mayor Grant said Catholic United isn't a huge building. It's a huge parking lot with a sizeable chunk of land.

Discussion ensued that Catholic United Financial owns the entire property and Transwestern is the broker.

Mayor Grant said his assumption is there is more than one interested party. He asked if he is wrong about that.

Community Development Director Reilly said he has been approached by at least four separate residential multi-family developers to talk through requirements and hurdles. He gave them all the exact same information. Roers is here because their conversations with Transwestern and the property owner has led them to this point. All of the people he spoke to wanted to put at least 150 units on this parcel and many wanted to put more than 200.

Mayor Grant said that is driven by the cost of land, cost of acquisition and cost of demolition. None of that comes cheap. It has to pencil out or it won't be financially viable. He asked if Mr. Schroeder is a financial analyst.

Mr. Schroeder confirmed he works with the numbers and works hand and hand with Mr. Astra to find a model that works for the company.

Mayor Grant said we face an interesting scenario here. Our land is relatively expensive, therefore it lends itself to a market rate environment. Council is aware of that.

Councilmember Rousseau is happy to see interest in diverse apartments. We've had a number of 55-plus developments and she sees a need for the workforce in their 20s and 30s. People will rent, if they can find it, to get into the Mounds View school district. She noted a 1-bedroom is \$1,400/month and a 3-bedroom is \$2,200/month. She asked what the square footage is.

Mr. Astra said this project has slightly larger units with a 2-bedroom being 1,100 square feet and a 3-bedroom being close to 1,500 square feet.

Councilmember Monson said the B2 District has density of 20-units per acre. She asked what the new ordinance would allow. Have we had the density discussion and talked about where we want to go with that ordinance?

City Administrator Jagoe said we have looked at strategies with regards to off-street parking requirements, lot size, setbacks and impervious surface coverage requirements. We have not looked at density per acre.

Councilmember Monson likes this project. In the world we live in, you need to have a lot of units. She thinks this is a great location for a multi-family project. She likes that the sidewalks are already proposed. She thinks the affordable housing will be the key component for further discussion. Overall, this looks good to her. She asked if the pool is proposed to be on the roof, or on the ground.

Mr. Astra said it's both. It's not on the roof, but it is above the parking structure.

Councilmember Weber said he also thinks this is an excellent property to be turned into residential. However, affordability is a huge sticking point for him. He said Council can discuss with the anticipated increase of tax revenue, TIF may be something worth discussing.

Mayor Grant would like to see a corporate campus on this land, but that is probably not in the cards. In the absence of that, he wants to see a Class A apartment building. It seems like that's what this is. He is in favor of it. He isn't hung up on the affordable housing issue. We're looking at 80%. He's more concerned about it being a Class A development than he is about affordability.

He'd like to see it, but he's not sure this is the place. TCAAP has a property that may scale the economies the other way where we can get affordability into Arden Hills. He said this is as close to downtown as we get, and he wants it to be a high-quality place.

Michael Salmen with Transwestern joined the conversation. He said they sell vacant land and buildings that are vacant or will become vacant. Many of those parcels are being purchased by developers who tear down what exists and redevelop the land. On behalf of the owner, Transwestern went out to find someone who can use the building in its current condition. That's usually their best buyer. They have exhausted that path. The developers who are still interested want to build 150-200-unit buildings. They are conscious of the fact that is more than what is allowed. The developers have been vetted and they looked to find the best developer that could accomplish a Class A project. They have settled on the Roers proposal, pending City Council's comments. He said none of the developers he spoke with were talking about doing affordable units due to the cost. Most of the land that they sell around the Twin Cities with an affordability component, there is some incentive provided by the city they are building in. It is difficult to build affordability into a project, without that.

Councilmember Weber said the ordinances he's seen, the incentive is additional density. This development is already asking for that. He understands there are a lot of factors that play into it but it should be recognized that exceeding the density by over 25% for any zone in Arden Hills is already a significant incentive.

Mr. Salmen appreciates that point and he thinks everyone, including Roers, will acknowledge that is an incentive. The developers he talked to about this site were asking if TIF was available and we were told, very clearly, that there was probably no financial incentive vs. density incentive. Most of the developers he spoke with said they wouldn't be able to do it without a TIF incentive.

Councilmember Holden asked if affordable apartments are based on the total cost of the project, including demo and everything else. Or is it based on the apartment building, itself.

Community Development Director Reilly sought clarity. He asked if the question is whether or not the cost of rent is directly related to the total cost of development.

Councilmember Holden said obviously it isn't, but she confirmed that is the question. She said market rates are about the same as everyone else around the area. By the time they do the demolition, cleaning the site, maybe they do a phase 1 and everything else. All that adds up. When talking about affordability on the price of the apartment rent is based on the total project cost or is really just based on the finished building.

Community Development Director Reilly said it is based on what the market will bear for the cost of the place to live.

Councilmember Holden thinks that's not a great answer because in Arden Hills they can have everything at market rate and they can be full.

Councilmember Monson said we can't control the housing market. We can only do what we can within our footprint. She said the ordinance says it's 20 units per acre. She asked how long we have had this density number.

City Administrator Jagoe would have to verify, but she believes it was amended when we introduced the multi-family to the B2 District for New Perspectives. She believes that was 2018 or 2019.

Councilmember Monson asked if the amendment was to allow up to 20 units per acre.

City Administrator Jagoe said multi-family residential was added to the B2 District.

Councilmember Monson said we are in a totally different world today than we were in 2018 and 2019. She gets the thought process that identifies that 27 is way higher than 20. It's hard for her to reconcile that when we know the market is really 25. She wants to set the baseline at market, but we also have to follow the ordinance. If we want to do density and give affordability, our code is out of date.

Community Development Director Reilly wanted to clarify his comment about rents. It is what the market will bear and in this scenario we're talking about a price point that is what HUD also says is our fair market rent. When they look at how they're going to subsidize something down to an affordable price for somebody who qualifies. The base line is that 40% of the units go for less and 60% go for more and that's the price point that Roers has identified here. This is the price point that they would be looking at if they built market rate anywhere in the metro.

Councilmember Rousseau said she was wondering about the \$1,400 per month. She looked at some older apartments for her college age daughter and thinks this sounds pretty great. The average age of a first-time home buyer is 40 years old now. She would like to have places where 20 and 30 year olds can have homes, even if they aren't able to build equity.

Community Development Director Reilly said their initial proposal was almost 10 units an acre higher but they increased the number of larger units and decreased the overall number of units. They reconfigured their units to accommodate what Councilmember Rousseau is talking about.

Councilmember Rousseau wondered if the school district gets a heads up.

Community Development Director Reilly said that would be a wise thing to do.

Councilmember Rousseau said she knows the elementary school is setting out what their goals are.

Mayor Grant said Directory Reilly talked about what the market will bear. The market has to bear the cost of the land and the demo. Maybe in order to get a development like this to pencil out to 80-100% AMI is not a bad spot to be in. It may not be as deep as some others want but you are still getting a relatively affordable, quality development. That's what's important. From a city perspective, we want a good product that will stand the test of time.

Councilmember Weber would argue that the land value is impacted by the cost of demolition. The land value is going to go down and that doesn't impact the construction costs. He thinks the rent prices are good. They're phenomenal, actually. He isn't sure what they're based on. He is wondering how they arrived at those numbers and if there is any assurance that can be built in.

Mr. Asta said there are no assurances. This project won't open for three or four years. That's the concept behind market rents. It is determined by the market. It's hard to say exactly, but when working with financing partners they need to project where they think it will land. They use other properties in the area to determine that.

Community Development Director Reilly said Mayor Grant seems to be trying to get to the land cost side of the equation. He is interested in knowing if the Council has appetite for the City to work with some of our granting partners like Metropolitan Council, Ramsey County, DEED and the MPCA to apply for grants to help write down some of the cost of development.

Mayor Grant understands that may be Director Reilly's interest. He wanted to ask if the applicant has gotten what they came for, out of this discussion. He said what Director Reilly is talking about is weeks or months down the road. He is hearing Council say there was no push back from residential vs. business. There is general agreement on the plan. There is a little bit of concern about affordability, but not unanimously. There's a little concern on trails, where they are and what they connect to. That's a small item in the overall equation. Another comment was regarding building materials. He thinks all of those details would come out with a proposal. He asked Council if that is a fair assessment.

Councilmember Weber believes the desire for affordability was understated.

Mayor Grant said he acknowledged there was some concern over affordability. Brokers and builders hearing this would walk away knowing we're not opposed but we need to hear more.

Mr. Salmen said as the broker representing the owner he needs to assess the probability of getting to a closing someday. The Roers team wants to know that as well. He thinks they have the information they need to consider if they want to move forward or not.

Mayor Grant advised them to continue working with Director Reilly.

Mayor Grant noted that the agenda order had been rearranged at the beginning of the meeting but said, due to the amount of time spent on the first item, it may be better to revert back to the original order, since Bolton and Menk is presenting and he would have to stay through the Council Meeting if we begin the Affordable Housing Discussion now.

Council agreed.

B. Booster Station Aesthetics

Ryan Peterson with Bolton and Menk is the sub-consultant to Kimley Horn on the TCAAP/Rice Creek Commons public improvement project. Their primary focus is the sewer/water public utilities. They completed a refresh of the preliminary engineering report that was completed ten years ago. Part of that was to create a reliable water supply for the units that will be built there. The update of that preliminary engineering report indicated that a booster station would be needed in the west part of town to augment the existing booster station on the east, so there will be a reliable water supply when development occurs. A booster station is placed on the division between the two pressure zones in town. There is a north pressure zone and a south pressure zone. The north line is generally 694. That is why we dialed in to this particular intersection. The existing watermain also runs along Old Highway 10/Old Snelling Avenue. We know we need one. Ramsey County is the

partner and they want to see this move forward so it's ready to go when public improvements are completed and ultimately for development. Having a reliable water supply is needed to fight fires and to fulfill the needs for affordable water supply.

Councilmember Weber asked if this will be used to fill the new water tower in Rice Creek Commons and to boost pressure for that water tower.

Mr. Peterson said a water tower is proposed there. The two aren't necessarily tied together, but they are both needed to provide adequate water supply.

Councilmember Holden said this is old information. The last report wanted the booster station south of 694.

Mr. Peterson said as long as we're in that general area, we'll be fine. We can't stray too far from that location. They felt the north side will work better because there are fewer trees, the grading is a little easier and the proposed location is a bit further away from the closest house than the one on the south. The building would sit significantly closer to a home, if it were built on the north. The booster station can function at either location.

Councilmember Holden said she checked her old notes and saw the reason given for placing it on the south was "utility reasons".

Mr. Peterson said the watermain runs north and south on Old Highway 10 so they would be able to access that from either location.

Mayor Grant asked if he means less expensive when he says the area is better. He heard comment that it is less expensive on the north than the south. However, he hasn't heard anyone quantify the cost differences.

Mr. Peterson said they aren't far enough along to do a cost estimate.

Mayor Grant asked what they are basing in on when he said it will work better on the north than the south.

Mr. Peterson said they would be further away from the closest house. The topography has a lesser ditch. There is an opening at the top of the area. From a functionality of the booster station is equal.

Councilmember Weber asked if this is part of Ramsey County's project.

Public Works Director/City Engineer Swearingen confirmed. It will be included with the spine road construction.

Councilmember Weber said that will be no cost to the City.

Public Works Director/City Engineer Swearingen confirmed. When analyzing the sites there is a clear difference. The north area is more constructable. The other side has a lot of elevation change and a lot more tree impacts. The north site was the preferred site for Ramsey County Public Works. If they keep it within their own right-of-way (ROW), there's not need to get any ROW from MnDOT, south of the site.

Councilmember Weber said that matters, especially being that the ROW is entirely the County's. He said the resident at the proposed location has been there forever and the resident on the other side has been there about a year. He doesn't know if that matters but he thinks it's worth considering.

Councilmember Monson said having this alternative site discussion without a map is difficult. She doesn't know if this conversation is supposed to be about the site or about selecting the aesthetics. She noted there is about 10 minutes remaining. If we need to have a discussion on an alternative site, she would ask that this be tabled until we have the information to complete the discussion. She asked if we're having the aesthetics conversation.

Mayor Grant said we're getting back to the aesthetics. He said Bolton and Menk has provided four models. He asked if there is a way to minimize the size of the booster station by building it into the grade or something of that nature.

Mr. Peterson said the original size was 30x40. It has been shrunk to 20x30. There are two big motors that have to be housed and employees need to be able to move around in there. It can't get much smaller.

Mayor Grant asked if it can be built sub-grade so it's isn't as tall. That could be helpful in terms of aesthetics.

Mr. Peterson said anything is possible. He said the grade goes up a little so we could build a retaining wall and sink it down a little. That would increase the cost. Maybe that's worth it, to reduce the concern.

Mayor Grant said retaining walls are expensive. He was thinking more like a basement or walk-out.

Mr. Peterson said this is an at grade, slab on grade building. He doesn't see it being like a walk out.

Councilmember Holden said a flat roof makes it look institutional. She said of the options presented, the simple gable one will blend in better than anything else.

Councilmember Monson asked why Option 3 has extra height. Is it just visual?

Mr. Peterson confirmed. It isn't functional.

Councilmember Monson said regardless of where it is built, making it look like a residential home would be helpful. She likes Option 3 but would like to see it as a single story. She doesn't like option 1. Her personal preference is Option 4. However, when keeping the impacts to neighbors in mind, she's okay with another design. She wanted to clarify that if there is going to be a discussion on alternate locations, we should do that at the next work session.

Mayor Grant thinks option 1 looks institutional, 3 is too tall and 4 has a slanted roof. He doesn't like any of those. He thinks option 2 minimizes the height and looks a little residential.

Councilmember Weber likes option 4 the best. He thinks option 3 sort of resembles the nearby resident's house, at least in color.

Councilmember Holden asked if option 3 could be built at 16 feet.

Mr. Peterson confirmed. They could have a hybrid between options 2 and 3, if we want to extend the roof and make it look more like a house.

Councilmember Rousseau said option 1 is a no. She likes option 2 because it's short. She doesn't like the height of option 3. She'd like to see a blend of those two.

Mr. Peterson said he is hearing Council wants a hybrid between options 2 and 3 and keep it as short as possible.

Councilmember Holden asked if option 2 is so tall is because of the grade of the roof.

Mr. Peterson confirmed. It is a little steeper.

Public Works Director/City Engineer Swearingen said he heard Council express interest in discussing the site of this building. He said he can meet with Ramsey County and Bolton and Menk to see if there is a cost analysis we can do on each site. He reminded that Ramsey County is paying for this so he is unsure how that factors in. We have to move forward with design because lead time for these buildings is extensive. He will get information to Council as soon as he has it.

Councilmember Holden said for 15 years we have talked about this being on the south side. This is a major change.

Public Works Director/City Engineer Swearingen said that was a preliminary design report that never made it to the design phase. We're at the design phase now. He will look into this deeper and update Council.

Council recessed the Work Session at 6:53 pm.

Council reconvened the Work Session at 8:30 pm.

C. Affordable Housing Policy Discussion

Community Development Director Reilly said he would like to get feedback on the draft ordinance language. He tried to incorporate all of the comments from the previous discussion, along with what he has heard from other municipalities and developers about what works well for them. He created a market-based Arden Hill specific approach that doesn't borrow from any one specific other municipality. He has noted what the existing comprehensive plan says about units per acre and some other information that puts together development considerations with the inclusionary housing policy concept.

Councilmember Holden asked how this document differentiates between the TCAAP property. How do we make sure that if this is passed, it won't be used there. That's a completely different animal.

Community Development Director Reilly said this would apply only in the zoning categories that are outside of the ones referenced for Rice Creek Commons. They have different land use descriptions and different zoning districts.

Councilmember Holden said she would like that to be specifically referenced to avoid confusion.

Councilmember Weber said love it. Ship it.

Councilmember Monson said the memo outlines inclusionary housing, zoning code reforms, reduce required parking and selectively increase maximum densities. She is concerned that we aren't at market with our density requirements today and we need to fix that. Is that what this section is about or something that has to go through HKGi?

Community Development Director Reilly said the zoning code consultants were not asked to address density in their rewrite. However, we have the opportunity to do it because we are in the middle of revising things.

Councilmember Monson asked if Staff would recommend we go through the consultants or do it here?

Community Development Director Reilly said the most cost-effective way would be for Council to talk through it and we can incorporate into those edits as they move through that process.

Councilmember Monson asked if there is a risk to slowing down the consultant's process by us adding things in.

City Administrator Jagoe said the timing of it is possible. She is trying to move the accessory dwelling unit discussion to the March Work Session. She thought if Director Reilly can pull something together to talk about densities, we can do that in parallel. However, she can't speak to this evening to his availability to pull both topics together by the March meeting.

Councilmember Monson wants us to have a realistic density so we can get housing here. She also knows someone is trying to come in and wants 167 units. She doesn't think this will be in place before that application comes in, but she's paying attention to it. The affordable housing fund is a recommendation. She noted in the memo it states, "civil penalties and damages collected under this ordinance shall be deposited into the housing trust fund and used exclusively for affordable housing programs and initiatives."

Community Development Director Reilly said that was supposed to be removed until we can have the conversation about the affordable housing fund.

Discussion ensued on how additional density can be calculated over the base amount on different housing development types. Further discussion ensued, and examples were given, regarding the development proposed tonight and other re-developable locations in the city.

Mayor Grant said he is sensitive to developers being able to develop in Arden Hills on property that is expensive, while at the same time trying to push the levels of affordability that limit their ability to pencil out. He has no problem with 80% AMI on 10% of the units.

Councilmember Rousseau likes the options outlined in the packet. She wondered if a housing redevelopment authority maps out the key areas where they anticipate housing will come up as an option.

Community Development Director Reilly said we can evaluate it. We can have a housing needs and housing supply study done again. The last one was done for Rice Creek Commons and it's a little old. Now is a good time to do a study in preparation for the Comprehensive Plan. There are dollars from other agencies available to pay for those kinds of things. That would help us understand where our desirable development sites are and what kinds of products would be of interest. The Ramsey County Community and Economic Development Team have contracted with Urban3, a consulting group that does visualizations of tax capacity and identifying the best options for high-value development in a community. They are offering each municipality in the County the opportunity to have a place-based resource.

Councilmember Rousseau likes the idea of the very low income, low income and workforce housing percentages. She suspects that if we go lower than 80% AMI there will have to be some incentives from the city. She wants to understand how many spaces would there be if we support 5% of units are very low income. What does that look like?

Councilmember Holden asked how this would work with a PUD. A developer isn't going to propose including sidewalks, landscaping or playground equipment if this is in place. We're more limited on what we can request through the PUD because they won't have the money to do it.

Community Development Director Reilly doesn't think that's an assumption that bears out in the marketplace.

Councilmember Holden asked if there will be enough area for playgrounds if we increase the maximum coverage by 10%. She wonders where the 10% came from or how it was vetted out.

Community Development Director Reilly said those are all things that are options. The density bonus compensates for required affordable units. With lot coverage increases the developer would be able to decide which option works best for them. If they're strictly marketing to families, they won't create a site that doesn't allow them to have a successful lease-up rate for families.

Councilmember Holden said then we won't get as much density.

Community Development Director Reilly confirmed or we would get more 1- and 2-bedroom units and fewer family units if they use a bigger piece of the land.

Councilmember Holden said according to Ramsey County the biggest need isn't 3 bedrooms. If we do affordable housing, how does that work in an apartment? She has heard before that they cluster the affordable units in one area of the building?

Community Development Director Reilly said that can't happen, based on the proposed language. They have to be distributed throughout and cannot be concentrated in any single building, floor or section. They must be proportionately distributed across all unit types and indistinguishable from market rate units.

Councilmember Holden asked if that is our rule.

Community Development Director Reilly confirmed it's our proposed rule. Generally, what happens is developers who are volunteering to include affordable units offer a certain number of each unit type available at the affordable rate and they lease them up, as applications come in. Someone can pick the unit they want and if they are income qualified they pay the income qualified rate, if not, they pay the standard market rate.

Mayor Grant said he doesn't think any two developments will ever be the same. In a PUD environment the developer can ask for concessions on density or affordability. He asked if that was correct.

Community Development Director Reilly said yes, unless there is a minimum density that can't be met. The underlying zoning still applies. We would have to do something to allow for the increase in density.

Mayor Grant said a PUD enables flexibility for both the developer and the city.

Community Development Director Reilly said for everything except for the number of units per acre.

Mayor Grant said everything else can be negotiated.

Community Development Director Reilly confirmed.

Mayor Grant said if a developer is doing 167 units, why would they not make it a PUD?

Community Development Director Reilly said many cities don't allow them.

Mayor Grant said he wants that to be an option.

Councilmember Monson said the reason we are having this conversation is because we have specifically been told that we can't ask for affordable housing in exchange for density, unless it's in our ordinance. She asked if the drafted material today is middle of the road, is it aggressive?

Community Development Director Reilly said he went towards the more aggressive side.

Councilmember Monson assumes that will hold them to higher standards. They will have to do more if they want to get more. She wants to have this but she doesn't want it to be super aggressive. She would like to see it be more middle of the road. She doesn't want it to be so restrictive that they just go to a different city. She asked if this is ready to move on and be reviewed by the planning commission. She asked if Director Reilly needs anything else from Council before he feels it's ready for that review. She would like to move this to the planning commission quickly because she thinks it may take them more than one meeting to discuss.

Councilmember Holden agrees the policy should be middle of the road. She asked what staff would change in the information provided to make it a little less aggressive. She said this is just the base. We can still demand more as part of a PUD.

Community Development Director Reilly confirmed. It's all negotiable. If we want this to go to the Planning Commission in March, he would want to send it there with at least a 7.5% minimum number of units for low income and workforce housing.

Councilmember Holden asked how increasing the lower income at 50% to 7.5% impacts it?

Community Development Director Reilly said there is an argument that the region needs more units at 50% or less so there is a higher need for that. Meaning we want that to be at the same level as the others. Developers target market rate. The market rate is that 80-100% of the AMI.

Councilmember Holden said we want to make sure people aren't walking away from developing here. She said this is more aggressive than Shoreview.

Community Development Director Reilly confirmed.

Councilmember Weber is willing to adjust the numbers in section 8.1. He recognizes that aiming for 60% to get a density bonus is ideal, he doesn't think it's realistic. He thinks 80% is better. We haven't seen one of these developments get fully vetted and reviewed with analyzing their finances to determine how well they are coming out. Keeping densities at a moderate number allows the city to get the benefits we want, through negotiation.

Mayor Grant doesn't want us to price ourselves out of the market by going over the top with affordability. We need to be middle of the road.

Community Development Director Reilly said these percentages are options. It's not all in one. They can pick more than one. He's hearing we don't want to incentivize anyone to produce income units targeted to people who are below 50% of AMI.

Mayor Grant thinks we're starting to price ourselves out of the market when we're forcing that into the equation. There are other communities that went in big-time and developers just don't try in those communities.

Councilmember Weber asked for confirmation that if a developer comes in and offers affordability with 5% of their units being 50% AMI, they qualify. They wouldn't also need to 7.5% and 10%. If they come in with 10% of their units being 80% AMI, they qualify and don't need to do the other two.

Community Development Director Reilly confirmed

Mayor Grant said he's still at 15%, 5% and 0%.

Councilmember Weber said if we put 0 in there that means they can do 0 at 50% AMI and still qualify.

Mayor Grant is saying you would take that whole line item out.

Councilmember Rousseau would be willing to send this to the Planning Commission. She asked if it would be valuable for them to also have the neighboring communities' markets, for them to consider.

Community Development Director Reilly confirmed he can do that.

Discussion ensued regarding what the AMI in Arden Hills is. Median Family income in the metro is \$132,400. at the income at 80% AMI for a family of four is \$104,200, 60% is \$79,400 and 50% is \$66,200.

Councilmember Monson said she feels good sending this to the planning commission with the explicit instruction that we are trying to be middle of the road.

Councilmember Weber said he likes the options on the table, as they are.

Community Development Director Reilly corrected his earlier statement to clarify that the percentages as proposed are the same as Shoreview. The difference is the number of family-sized units in a building. He increased the requirement for family-size units but created fewer options to simplify things.

Councilmember Weber would like the question posed to the Planning Commission and see how they feel about that, or if they express interest in expanding it.

Councilmember Holden said if we do 50% AMI at 5%, that's just more money that the City has to come up with to help fund it, if somebody chose that.

Community Development Director Reilly said these are requirements. It's telling them they have to do this, or nothing at all. If someone says they can't do it unless we give them money, we direct them to the section that outlines what additional options they can do, in addition to what's required.

Councilmember Holden said if this goes to the Planning Commission she wouldn't want them to change everything. What is the Planning Commission's job on this?

Community Development Director Reilly said they are tasked with making a recommendation to City Council and Council can ultimately decide.

Councilmember Monson said Director Reilly can deliver the messages he heard here this evening.

Councilmember Weber doesn't think it would serve the Planning Commission to blow up an ordinance like that. They watch the meetings. They put a lot of effort into helping us do what we do.

Councilmember Holden didn't say they don't put in effort. She asked what their job is because sometimes they become more of the policy makers when they give it to us, after we passed it to them, and it comes back significantly changed.

Council had consensus to move this topic on to the Planning Commission.

D. Proactive Policing (added to the agenda)

Councilmember Holden said recently something showed up on the Ramsey County Sheriff's Department reports called proactive visits. She asked City Administrator Jagoe to look into. She said technically we are being billed for them to do their patrol.

Councilmember Weber added his wife stated this sounds like directed patrol. She is a supervisor for Minneapolis 911.

Councilmember Holden asked if we are being charged for each one of these. That is in the formula for how we pay. We don't want proactive visits. This is part of their contract. We need to look at the contract and figure out what this is.

Councilmember Weber completely agrees. He thinks this equates to them finding a way to bill us for the extra expenses they are seeing right now.

Mayor Grant said Staff will look into proactive visits and learn if we are being billed. In the past a proactive visit was if a deputy driving down the street and they see a resident outside. They stop and say and ask how things are going. We need to find out what these proactive visits are and determine if we are being billed for them.

Councilmember Holden added we want to know how it differentiates between patrol and being community oriented.

City Administrator Jagoe said she did share their response with Council on what proactive visits are. She is hearing the question of are we being billed and find out what the contract says.

Councilmember Rousseau said if it is determined that they are billing us in a different way with the proactive visits, we should clarify if they are doing that in any other space. She heard a rumor that they are going to start charging us for booking people. We want to make sure they haven't changed other processes.

Councilmember Holden would like to see an audit. Anytime someone goes to Kirkwood they say we don't get billed for it but it's in our report because someone brings in something up there that has nothing to do with Arden Hills. She doesn't believe the numbers.

Councilmember Weber said the same thing goes for responses to county roads and highway. Any city that is not a contract city doesn't get billed for that. That's their responsibility to patrol and respond to those areas.

Staff will research what we're being billed for.

E. Cities for Safe and Stable Communities Discussion (added to the agenda)

Mayor Grant said the Safe and Stable Communities group has hired a lobbying firm. He isn't sure what they're lobbying for. A number of cities have signed on. He's heard there is a cost.

Councilmember Holden would like to know what they are lobbying for or will costs increase after we join.

Councilmember Weber said one of the primary goals for him since this whole immigration enforcement started was to work with other cities. As a group we will be much more influential and will get better outcomes. If this serves that end, he is for it.

Mayor Grant said we were a member of a coalition before. You lose a little bit of your own voice, to some degree. You have less direct control over what the message is. When you are in a coalition you are one of many. That can be positive because you have some power, but your voice is one of a few. By yourself, your voice is your voice.

City Administrator Jagoe will research and ask some additional questions regarding what they are lobbying for. She understands the coalition cost to get in is \$5,000 spread across all of the cities that join. So as more cities join, the cost is reduced. That contract goes through April. If the coalition continues beyond April, there may be additional costs to remain in the coalition.

This item will be brought back for further discussion when the questions that were raised are answered.

F. Code of Conduct

Not Discussed.

G. Rice Creek Commons/TCAAP Discussion

Not Discussed.

H. Agenda Planning

Not Discussed.

4. COUNCIL/STAFF COMMENTS

None.

ADJOURN

Mayor Grant adjourned the City Council Work Session at 9:28 p.m.

Jen Estling
Deputy Clerk

David Grant
Mayor