

MINUTES

**1. CONVENE CITY COUNCIL WORK SESSION MEETING**

Mayor Labadie called the meeting to order at 6:00 P.M.

**A. Roll Call**

Present. Mayor Labadie; Councilmembers Johnson, Labadie, Gorham, and Callies; City Attorney Shepherd; Interim City Administrator Shukle; City Clerk/HR Director Thone; Finance Director Rigdon; Planning Director Darling; Director of Public Works Brown; and, City Engineer Budde

Absent: Councilmember Siakel

**B. Review Agenda**

**Johnson moved, Gorham seconded, approving the agenda as presented. Motion passed 5/0.**

**2. PRE-APPLICATION SKETCH FOR A SENIOR COOPERATIVE**

**Location: 24250 and 24320 Smithtown Road  
Applicant: Lifestyle Communities**

Planning Director Darling gave a brief overview of the proposal for a fifty-six unit senior cooperative project that is being proposed on two parcels of land that straddle the City boundary between Tonka Bay and Shorewood. She explained that decisions that staff had identified that would need to be made if this development moves forward such as; if this use satisfies any community needs for Shorewood seniors; if this use is appropriate for the community, is this location a good fit for the building; and noted the need for a traffic study. She noted that the Planning Commission reviewed this proposal at their May 3, 2022 meeting and their comments are listed in the staff report. She stated that the Tonka Bay City Council had reviewed this proposal at their May 10, 2022 work session, but did not have a huge amount of time to devote to it. She stated that if the Council wanted to pursue this project in any greater detail, they way want to explore scheduling a joint work session meeting with Tonka Bay's City Council.

Ben Landhauser, Lifestyle Communities, 4938 Lincoln Drive, Edina, gave an overview of the history of Lifestyle Communities and their various brands. He explained that how their cooperative living works is that it is an owner occupied housing model that is not truly real estate because it deals with shareholders. He stated that means there is one master mortgage on the whole building and noted that this would be an age qualified community which means one part of a couple would need to be 62 years of age or older. He stated that there are no services provided in their building nor do they provide any kind of care for the residents. He stated that there are full-time and part-time employees, but they would be more traditional to apartments for things like building management and maintenance. He explained that for this building, residents would end up having one/fifty-sixth (1/56) ownership in the building, the amenity spaces, and the grounds.

He gave an overview of their expected demographic as being someone who already lives in the community that is looking for single level living with no ongoing maintenance requirements. He stated that they are attracted to these kinds of parcels because of the proximity of some goods and services that are walkable from the site. He stated that they are trying to minimize the overall mass of this building and noted that they have looked at building it as one building, but also as two distinct buildings so one would be in Shorewood and the other would be located in Tonka Bay. He stated that the buildings would share utilities but from a fire code perspective it would basically be two structures that are at a zero lot line. He explained that they are planning to have over 6,000 square feet in amenity space with great rooms, wellness studios, maker spaces, entertainment/hospitality suites, and a guest suite. He stated that the mix of units is from one bedroom/den that is about 1,200 square feet all the way up to the equivalent of a three bedroom unit that they refer to as a two bedroom/den which would be about 1,600 square feet. He stated that they do a lot of underground parking and noted that every home comes with one assigned space and based on their other cooperative buildings, they know that a ratio of 1.5 spaces per unit is a pretty accurate number for total spaces. He stated that in some of their other buildings they have things like electric bike charging stations, flex stall for vehicular charging, and bike/kayak/canoe storage. He noted that they can provide the City with information on their projected traffic volumes from similar recent projects where they have conducted full traffic studies. He stated that there will also be personal storage space available on every level of the building. He noted that the fourth floor steps back away from Smithtown Road about seventy feet so most of the mass ends up tucked against the trees, so when people are driving by it will feel like more of a three story building. He referenced the renderings they had submitted that show a bit how the building will look along with the rooftop patio space which has been very popular in their other buildings. He stated that they are very excited about the possibilities with this project and introduced CEO, Tim Nichols and Development Associate, David Williams.

Councilmember Gorham stated that one of the challenges of this site is going from very low traffic to high traffic with a fifty-six unit complex which will dramatically change the landscape. He asked about Lifestyle's research on this kind of housing and what they see as a benefit to the community.

Mr. Landhauser stated that people only have a few rental options that are within a five minute drive to this site. He gave the example of their project in Mound where they began pre-sales in February which had already surpassed fifty-percent and will probably start construction later this year. He stated that they have found a lot of desire for situations where their children have moved to the area or this is where they have lived forever and want to stay in the community, but still downsize. He stated that to address the traffic, if the City looked at their Comprehensive Plan, they could probably get ten to twelve townhomes in there and noted that Truffle Hill is zoned for commercial, which means it could potentially be a restaurant. He explained that their traffic will probably be significantly less at peak times which will be the most impactful to the current residents. He stated the residents in this building will by and large be retired or are at a point where they can work at their leisure. He stated that based on their previous traffic studies their buildings end up having five to six trips in total per day per unit and the rest is spread throughout the day.

Councilmember Gorham noted that his questions was more in relation to demographics.

Tim Nichols, CEO, Lifestyle Communities, noted that this building, if approved, will be about their fortieth cooperative building. He reiterated the point that the people who live in these buildings will really be people from the community that do not 'need' to move, but 'want' a place that is close

**CITY OF SHREWOOD WORK SESSION COUNCIL MEETING MINUTES**

**MAY 23, 2022**

**Page 3 of 6**

to the things in their life. He stated that providing this type of space, allows other people to move into the community buy purchasing their home.

Councilmember Gorham stated that he understands that the idea is for people to be able to stay in the community, but expressed his disappointment with how expensive the Tonka Bay development was. He stated that Shorewood has a diverse economic population and many people have modest homes and noted that they could not afford to stay because of how expensive the units are in Tonka Bay. He asked how Lifestyle Communities ensures the affordability for people who live in modest homes.

Mr. Nichols explained that it is contractual with the cooperative so the affordability requires that the resale of these units does not increase any higher than two percent annually. He stated that they call it practical affordability.

Councilmember Callies stated that she is familiar with co-ops and explained that her parents had lived in Summerhill in Eden Prairie.

Mr. Nichols explained that building was one they built many years ago.

Councilmember Callies but stated that she would not consider these 'affordable' as that term is used in the affordable housing market. She stated that when people go to sell their share, they would not be getting equity and are basically getting only what they had put into it. She stated that this is a just a risk of a co-op and noted that it is a different type of model. She stated that her bigger questions are related to do with this project being split between Tonka Bay and Shorewood and noted that it seems to be a sort of a 'chicken and egg' scenario. She stated that it brings up questions as to whose regulations will be followed, if it will be combined.

Councilmember Johnson stated that the City had contemplated that kind of thing before with Waters in Excelsior and he thinks the cleaner result would be annexing one way or the other.

Mr. Landhauser noted that the Planning Commission had brought up a similar point and had asked a question about whether or not it would be easier if this was just one piece of property and one jurisdiction. He stated that the answer to that is yes but knowing that is not today's reality, so they have at least put a proposal together that if the two cities couldn't decide which one would relinquish their particular piece, the project could still move forward as long as they were able to get a Planned Unit Development (PUD) done in each jurisdiction. He explained that they could accommodate things like taxing differently on either sides of the building and have at least thought through all of those types of things. He stated that it would be in the two cities courts to decide if there is any part of the dialogue that wants to move to having this in just one jurisdiction versus the other. He stated that would not be Lifestyle Communities' call to make, but they are happy to be part of the conversation.

Councilmember Callies asked if Lifestyle Communities already owned the properties.

Mr. Landhauser explained that they have both pieces under contract and this is part of their due diligence process.

Mayor Labadie stated that Planning Director Darling had mentioned the possibility of getting the two cities together to discuss this project and asked how the Council felt about this possibility.

**CITY OF SHOREWOOD WORK SESSION COUNCIL MEETING MINUTES**

**MAY 23, 2022**

**Page 4 of 6**

She stated that she also has concerns about splitting the project between the two cities and about affordability.

Councilmember Johnson stated that they have mentioned that their Mound project is currently in pre-sales and asked what the price would be for a one-bedroom/den unit.

Mr. Landhauser stated that this is a limited equity co-op, so no one can pay 100% of their share value and they offer anywhere from 25, 35, 60 and 95 percent share contributions. He stated that the more equity they put in the lower their monthly member fee will be. He stated that the minimum share pricing for a one-bedroom den unit would be right around \$170,000 at 35% equity level and believes the largest would be right around \$255,000 as their minimum share.

David Williams, Lifestyle Communities, explained that the running monthly payments starts around \$2,200/month.

Mr. Nichols explained that with the correlating monthly payments, they bundle together as much of the costs as possible including real estate taxes, operating costs, cable television and high speed internet. He stated that from a cooperative perspective there is better buying power within the owner group of people to collectively bargain for a better price. He stated that there are a few things that are not included in the monthly payment, such as the electricity, gas, and landline telephone for the individual units.

Mayor Labadie asked for details on the drawings that they had showed in their presentation and asked specifically for clarification on what the dashed lines indicated.

Mr. Landhauser explained that the dash lines are a reference for setbacks and noted that the closest dash line is fifteen feet, then twenty feet, then twenty-five, and then thirty feet. He stated that how they have the building modeled right now is that the setback from Smithtown Road right-of-way is twenty-five feet and from the access to the Public Works facility is around twenty-two feet, the north property line is forty-eight feet, and the westerly line is also about twenty-five feet. He stated that those setbacks are things that they are willing to discuss changing, if necessary.

Mayor Labadie stated that she thinks that will definitely have to be discussed. She stated that another big concern she has is that the underground parking stalls would access the structure by going up the private drive. She stated that she has had a text conversation with Chief Tholen and Chief Mackey about this issue and found out that the police uses that access to get their squads in and out and are concerned that traffic could impact their response time. She stated that she is also concerned about Public Works vehicles getting in and out for example during a nighttime blizzard because they are large vehicles. She stated that she thinks this needs more discussion and the opportunity should be given to both of the Chiefs to give input on this proposal.

Councilmember Gorham stated that in terms of massing and topography, the site is already on a hill, and he does not want to turn this into 'Mount Artessa' that everyone can see from miles away and asked that they take a close look at how it is massed and how they navigate the topography.

Mr. Landhauser stated that they are trying to preserve as many of the trees as possible and noted that the rendering they submitted was not perfect but explained that they would try to nestle the main level down into the hill as far as possible. He assured the Council that they will be cognizant of that issue as they really start playing with it.

## **CITY OF SHOREWOOD WORK SESSION COUNCIL MEETING MINUTES**

**MAY 23, 2022**

**Page 5 of 6**

Mr. Nichols stated that since the people moving in are owners, they are as interested in how it looks from the outside-in as they are from the inside-out. He suggested that the Council go take a look at some of their buildings because he thinks they have been good stewards and have brought very good architecture, are a good neighbor, and are being the catalyst for setting up a good opportunity for people coming in from around the area to live in the building.

Mayor Labadie stated that she also thinks that fifty-six units feels like it is too much and that the structure is very tall for something that is already on a hill.

Planning Director Darling noted that Planning Commissioner Huskins is available if the Council had any questions regarding the Planning Commission discussion.

Councilmember Gorham stated that he thought one point that was made in the Planning Commission discussion was the turn onto Smithtown.

Planning Commissioner Huskins stated that he had used the analogy of the event that was held this past weekend of people trying to navigate their way into the Public Works area and then come back out. He stated that trying to make a left hand turn out of there became very congested, so the Planning Commission thought some form of traffic control may be needed at that intersection. He stated that the larger point he feels the Commission made is what was mentioned by Mayor Labadie about the traffic of the Public Works vehicles as well as the Public Safety vehicles coming in and out of that road. He stated that one of the other Commissioners was concerned about the length of time for building the structure, which is around thirteen months because that will also have an impact on the area. He stated that he believed the applicant had stated that typically in that situation they would find a property nearby to house vehicles and materials so it wouldn't be all on the site itself.

Mayor Labadie stated that this was all the discussion they had time for tonight, but noted that she would anticipate that there will be a joint meeting between Tonka Bay and Shorewood to discuss the project.

Planning Director Darling stated that she will look to get a joint meeting scheduled with the Tonka Bay City Council in about a month.

Mayor Labadie stated that she did not think Tonka Bay had a Planning Commission, but suggested that it would be good to extend an invitation to this meeting to Shorewood's Planning Commission.

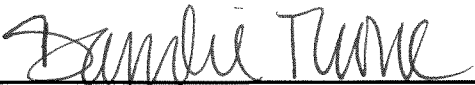
Councilmember Callies stated that this is beginning to sound a bit unwieldy and asked if Planning Director Darling could have a conversation with the Tonka Bay administrator and see what they are thinking before there is a meeting.

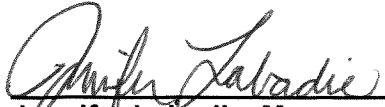
Planning Director Darling stated that she suspects that there will be many of those types of conversations before the meeting is scheduled.

### **3. ADJOURN**

**Callies moved, Johnson seconded, Adjourning the City Council Work Session Meeting of May 23, 2022, at 6:53 P.M. Motion passed 4/0.**

ATTEST:

  
\_\_\_\_\_  
Sandie Thone, City Clerk

  
\_\_\_\_\_  
Jennifer Labadie, Mayor