

CITY OF BLOOMINGTON
2215 WEST OLD SHAKOPEE ROAD
HENNEPIN COUNTY, MINNESOTA 55431

CITY COUNCIL MEETING

Approved Minutes
Special Meeting - Panel Discussion on Redevelopment
Meeting #3A

5:30 p.m.
January 27, 2003
Fire Station #1

Call to Order Mayor Gene Winstead called the meeting to order at 5:34 p.m.

Roll Call Present: Mayor Winstead, Councilmembers D. Abrams, S. Elkins, H. Harden, S. Peterson,
and V. Wilcox.
Absent: M. Fossum

Panel: Moderator Michael Schroeder, Hoisington, Koegler Group
Colleen Carey, The Cornerstone Group
Steve Belmont, Architect and Author
Robert Cunningham, Told Development
Rick Collins, Ryan Companies
Tom O'Neill, Dahlgren, Shardlow & Urban

Commissioners:

Mark Thorson (HRA)
Doug Bruce and Jan Schneider (Planning Commission)
Craig Carlson, Jan Dittbrenner, Steve Mahowald, and Andrew Tasi (TTAC)
Lloyd Bergquist, Audrey Kohlstedt, Ken Miyamoto, and Floyd Olson (Zoning Ordinance
Revision Steering Committee)

Staff: Mark Bernhardson, Dave Ornstein, Charlie Honchell, Jim Gates, Shelly Pederson, Chad
Smith, Larry Lee, Regina Harris, Bob Hawbaker, Stephanie Warhol, Clark Arneson,
Glen Markegard, Ron Whitehead, Jim Truax, and Barb Clawson.

Public Comment
Period

The Public Comment Period is not open during special/study meetings.

Regina Harris, Housing & Redevelopment Authority Administrator explained that this panel of experts in redevelopment was assembled at the request of the Council in conjunction with their work on strategic planning. She proceeded to introduce the panel members and the panel facilitator Michael Schroeder, Hoisington, Koegler Group who worked with the France & Old Shakopee Road Advisory Committee. At her request, the commissioners and others in attendance introduced themselves. She distributed a list of questions that the panel would be discussing.

1. What projects might the City look to as models for redevelopment in the "String of Pearls"?

Belmont: Hard to generalize the type of development that would be models for redevelopment given the varied locations of the pearls. Suggested looking at them individually to maximize their accessibility, if they're to remain retail sites. Exploit the uniqueness of each site.

Carey: The mixed-use development down along the north side of the riverfront is a model along with projects in St. Louis Park and Richfield.

Collins: Certain projects just won't work in some areas. For example, 50th & France wouldn't work at France & Old Shakopee Road.

Cunningham: The Excelsior & Grand Project used national models around the country where transportation was becoming more difficult. Recommended utilizing some of the ULI publications for ideas and that Addison Circle, north of downtown Dallas is a good example.

O'Neill: There are some national examples and the following local examples with regard to density: 66th & Lyndale and 76th & Lyndale in Richfield, Excelsior & Grand, Laurel Village in Minneapolis, Area B in Golden Valley, Centennial Lakes, Hopkins, and two sites in Burnsville.

2. What qualities make projects successful?

Cunningham: Regarding Addison Circle, density is working to drive the retail. It has multi-living above retail with structured parking and is aesthetically pleasing. Comparatively speaking, the St. Louis Park project has about 600 units while Addison Circle will have approximately 2,000 units when it's complete.

Carey: Believes successful projects in the Twin Cities have location and access to transportation. They have lots of people passing by them and access to amenities with an emphasis on pedestrian friendly streetscape and involve public/private partnerships.

O'Neill: Warehouse District in Minneapolis with an owner/renter mix. Renaissance on the River Project and The Landing. Believes a variety of housing styles and pricing is a critical component to any development.

Belmont: Need lots of population to sustain retail like in the case of Laurel Village on Hennepin Avenue. Lots of transient population supports that retail.

Carey: In order to do a mixed-use development that has a retail component, there has to be a strong retail site.

O'Neill: Stated there are ways to get commercial into a development without it being just retail. Like office service users, dry cleaners, etc.

Cunningham: There's a need to create more open space in proximity to high density development in order to provide a relief valve but it needs to be particular to the type of development.

Given the economic times, Olson inquired how the panel sees the role of local government in providing public subsidies and public infrastructure investment for the new developments and inquired if they saw any role for impact fees.

Cunningham: Believes the City needs to have a substantial involvement in a large redevelopment project. He added that anything that makes development more expensive or more difficult is counterproductive.

Olson stated that the question for those in local government is whether or not those currently living in a community should be made responsible through taxation to pay for the public infrastructure investment for the new developments, which will be needed to handle the 600,000 people projected to move into the Metropolitan Area over the next 20 years or should the developers of these properties be responsible.

Collins stated that part of the objective of more dense development in any one location is to avoid the need for additional infrastructure further out and locate the density closer in to where the infrastructure already exists.

O'Neill stated that in Burnsville, the City Council charged its staff with looking at the existing retail centers in the city to determine which ones would be good candidates for reuse or redevelopment in order to try to better utilize the sites to get more housing and something on their tax rolls at a much higher value than what is currently there.

Harden inquired as to the definition of "impact fees."

Olson replied with the following definition as defined by the Minnesota Supreme Court: "Type of exaction which is in the form of a predetermined money payment assessed as a condition to the issuance of a building permit or an occupancy permit of plat approval which is available to local government powers to regulate new growth and development and provide for adequate public facilities and services, and levied to fund large scale, off-site public facilities and services necessary to serve new developments in an amount which is proportionate to the need for public facilities generated by the new development." These are paid by the developer with the intent of retrieving them from the development rather than spreading the cost to all constituents.

Carey stated that she used the following example of what might be considered a standard size project and ran numbers to see if it could be done without the use of public assistance. Using an example with 18,000-20,000 square feet of retail space and 50 units of housing, then 100 units of housing, etc., she tried to figure how much could be spent on the land to make it work. She said it couldn't be done because the land costs too much especially when there is a building or business to be taken down or relocated. She stated that in Richfield, they're paying \$95.00 per square foot to purchase the buildings and then they have to tear them down and the acquisition costs are \$6 million just for the land - for a project with 110 units of housing and 28,000 square feet of retail. She stated that adding impact fees would not make the project viable but tax increment financing works to fill the gap.

Collins remarked that many projects utilizing public subsidies are considered "demonstration" projects and that once the market has been proven viable, subsequent projects follow with much less or no subsidy, as there is much less risk to the developer.

Abrams inquired how the City should begin to develop some of the smaller sites in Bloomington.

Collins suggested a prioritization of the string of pearls and focus on one or two sites maximum to plan a redevelopment of a sizable scale over a 10-15 year timeframe that would allow the City time to acquire properties at a more reasonable market price rather than at a condemnation price so that a meaningful project could be developed. Then send out Request for Proposals (RFP's) to engage the market development community and consultants to get formal responses from developers.

3. Mahowald inquired of the panelists what were some of the difficulties they experienced with sites within the Minneapolis/St. Paul area when proposing an increase in density and how were the problems resolved and what were the design issues.

Cunningham replied that because residents fear an increase in traffic when higher density is being proposed, it would be helpful for staff to conduct a traffic analysis early on to calm the fears of the surrounding neighbors.

O'Neill stated that higher density masks other issues such as affordable rental housing, which can become an obstacle in redevelopment because people have a concern with that type of housing.

Collins elaborated on rental housing stating that people fear there will be an increase in police calls and other service calls, a higher load will be put on the school system relative to the amount of taxes paid, and that it may result in a decrease in their property value. Regarding traffic studies, he stated that it's usually the developer's responsibility to do one. However, the City could engage the services of a traffic consultant to look at a specific location to determine how much traffic could be supported within peak periods and translate it into how much additional density could be accommodated without unnerving the adjacent citizenry.

Carey suggested the City could jump-start a development by having site control after acquiring the properties and before getting the RFP's.

Belmont stated that residential development generates less traffic than commercial properties of the same size. He stated that amenities enhance the desirability of higher density residential.

4. Elkins inquired if developers would initiate more mixed-use developments if the zoning laws in most cities weren't a hindrance.

Collins stated that zoning tends to isolate uses and that every use is forced to have free-standing parking to satisfy its highest demand for parking, which is one of the mixed-use development's most costly elements, unless it can be utilized 24 hours per day.

5. Responding to Kohlstedt's inquiry regarding who does the higher density residential projects appeal to, younger or older residents, Cunningham stated that the Excelsior & Grand development is occupied by people of all ages and at all stages of life.

Collins added that the City should look at the surrounding amenities that would appeal to people when prioritizing its redevelopment sites.

6. Regarding transit-oriented development, Cunningham stated it is very important for the first or second ring community. It helps if a transit stop can be located within a development.

Collins stated that although transit-oriented developments might reduce the need for parking, investment developers look for projects that ensure adequate parking in order to be competitive.

Elkins commented that the mix of uses might be more significant than the availability of transit in minimizing the need for parking.

Belmont stated that commercial development in suburbs usually doesn't generate much transit ridership compared to high density housing with the exception of the Mall of America, as it's a major transit destination.

Winstead commented that transit appears to be very desirable for the housing element in order to commute to the job.

Collins stated that transit needs to be part of a bigger system in order to be more viable.

7. Elkins inquired of the panel why the City should invest money in building neighborhood centers with mixed uses.

Cunningham stated that there has to be a payback to the community that the residents feel connected to in order for a community to afford the investment. The payback, he explained, could be the creation of lifecycle housing to appeal to the empty nesters, the young person just graduating from college, etc. in a dense housing project.

Carey stated that the growth of population and the availability of land are not proportionate, therefore, the creation of higher density housing is developing a more responsible community, region, and world.

O'Neill stated that as Bloomington supports a large employment base, it might have some responsibility to provide housing for future workers who may want to live in this city. He also stated that redevelopment is good when land can be better utilized, like replacing an old strip mall that has a ridiculous amount of parking with some better uses like housing and scaled back retail.

Collins stated that the most effective approach could be to allow the market to work by letting the developers bring in the projects on whichever site they choose. A risk of not planning and focusing on specific areas is the deterioration of areas due to residential flight, job flight, or due to deterioration of retail and that the more things deteriorate before redevelopment takes place, the tougher it is to get that redevelopment to happen.

8. The Panel was asked to summarize their comments regarding what they would look for the City to deliver to the developer to help move a project forward, beyond financing and beyond site control.

Cunningham responded that it has to be viewed as a partnership between the community, the City, and the developer in order to make it successful.

Carey concurred adding that cities should choose developers that they trust and want to work.

Collins stated that the City should focus on the zoning of certain areas, prioritize them such that the zoning does not preclude mixed use, consider conducting traffic and environmental studies to help a developer assess potential risks of a particular location, and stressed the idea of a partnership between the City and the developer.

O'Neill suggested prioritizing sites down to one or two, taking a long-term view regarding housing, and possibly pruning back the retail element.

Belmont stated the emphasis should be on housing and that retail should be centralized to a downtown area to reduce the dependency on automobiles.

Harris and Winstead thanked the panelists for sharing their knowledge on the subject and stated that it would be beneficial to have them back again in the future.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 6:59 p.m.

Barbara Clawson
Council Secretary