

APPENDIX A. SUMMARY OF DEVELOPER INTERVIEWS

Previous sections of this report discussed a number of important factors that influence development potential along the Southwest LRT Corridor, including existing land use, recent development momentum, availability of sites, demographic characteristics, employment structure, and current market dynamics of real estate sectors. In order to augment data presented in previous sections of the report, the research team interviewed local developers familiar with the Southwest LRT Corridor to solicit their impressions of the development potential along the Corridor.

The purpose of the interviews was to provide insight into the issues and concerns of those actively engaged in redevelopment. The development community, of course, is not a monolithic entity as there is a great degree of differentiation and specialization. Therefore, working with input from the Southwest LRT Corridor Community Works Technical Implementation Committee, every attempt was made to contact a variety of developers with different backgrounds and specialties in order provide as broad a spectrum of feedback as possible. Specialties included industrial, commercial, and residential development. Backgrounds included everything from small developers focused on renovation and rehabilitation to those who target larger, master planned sites with multiple uses and long-term buildouts.

Although a wide background of skill sets was desired among those interviewed, there was a concerted effort to focus on those familiar with the Southwest Corridor and/or the development of TOD. A total of nine developers were interviewed, all of whom have developed projects along the Southwest Corridor. All but one of those interviewed have experience developing both housing and commercial properties. Furthermore, six of the nine interviewed have experience developing mixed-use projects that included both a residential and commercial component. Therefore, most of those interviewed were familiar with both the Southwest Corridor and developing projects that could be classified as TOD in their density, mixture of uses, and integration with the surrounding urban fabric.

In every instance, those interviewed were provided an aerial map of each station along the corridor as well as a map of the entire corridor. This was meant to help interviewees familiarize themselves with the corridor and to help with referencing examples of development opportunities and/or challenges. A discussion guide was also prepared to provide continuity of questioning between interviews. Nonetheless, every attempt was made to probe initial responses and to make the interview a conversation as much as possible in order to encourage candid feedback from each interviewee.

The results of the interviews were incorporated into the analysis and report findings, and are summarized below to protect confidentiality. Because many of the stations close to one another share similar characteristics and influences, the Corridor has been analyzed in three segments: 1) the Minneapolis stations from Royalston to West Lake; 2) the Cedar Lake Regional Trail stations from Belt Line to Shady Oak; and 3) the southern stations from Opus to Mitchell Road.

THE NORTHERN SEGMENT: ROYALSTON TO WEST LAKE

Of the three segments, the Minneapolis segment has the greatest variation among its station areas. The stations closest to downtown Minneapolis (Royalston and Van White) are dominated by longstanding industrial uses, many of which are publically owned. This presents a lot of opportunity for significant redevelopment, which was noted in many of the interviews. However, in nearly every case, each interviewer that noted the development potential of these station areas also highlighted a number of

challenges, including potential environmental obstacles related to poor soils, plans for a rail layover yard that will impact valuable sites, poor alignment that does not take full advantage of high visibility roadways, and land speculation related to the possible relocation of a football stadium. As a result, these industrial station areas near the downtown are envisioned to remain industrial areas or perhaps transition to commercial uses over time.

Feedback from the interviews was consistent in that these industrial station areas should remain jobs focused and that housing is not a priority. Furthermore, the infrastructure issues identified in the interviews suggests that significant redevelopment – a new football stadium notwithstanding – is likely to be a more long term scenario, especially since connections in some areas is quite poor and will require substantial investment. Nonetheless, visibility from Interstates 394 and 94 strongly influence interest in these areas and there are a number of important nearby amenities (e.g., Sculpture Garden, Bryn Mawr Park, Loring Park, Walker Art Center, etc.) that were noted in the interviews that some felt could be leveraged as part of a new development.

Further west at the Penn Avenue station, perceptions of development potential are very divergent. On the one hand, high visibility and good vehicular access from Interstate 394 could spur redevelopment into much more intense commercial uses, such as a corporate campus or other private use tower. On the other hand, poor connections to the neighborhoods north and south of the station will severely limit the trade area, greatly restricting any development potential. Moreover, the lack of available sites beyond the parcels immediately adjacent to the station suggests that redevelopment potential over the long term` is limited as well.

The West Lake station area has the strongest development potential for housing and retail due to its favorable demographics, existing sense of place, and nearby amenities such as the Minneapolis Greenway and Lake Calhoun and Lake of the Isles. It has by far the largest population base of any of the station areas along the Southwest LRT Corridor and household incomes are relatively high. The biggest challenge to redevelopment in the West Lake station area is its own success. Commercial and multifamily properties have very high rental rates. Therefore, finding underutilized properties that are valued low enough to make redevelopment financially feasible will be nearly impossible.

Furthermore, proximity to nearby lakes, which helps marketability of the area, can be a hindrance due to potential height limitations for properties that fall within a shoreland zoning district. Such regulations are important because they will limit the amount of density that can be achieved. This is important because density is one of the ways in which developers can offset the high cost of site acquisition. Another challenge limiting development potential is poor accessibility and traffic. It was noted during the interviews that there are very few north-south connections through the station area and that traffic is a persistent problem where Excelsior Boulevard and County Road 25 converge into Lake Street.

THE MIDDLE SEGMENT: BELT LINE TO SHADY OAK

This segment of the Corridor was considered by most interviewees to have the strongest redevelopment potential. There are a number of important characteristics of this segment that led to this conclusion. First, the economics of redevelopment are favorable. Each one of the six stations along this segment share a history tied to the railroad and, as a result, has a significant amount of aging, obsolete industrial buildings that are ideal for redevelopment. Second, each station along this segment, with the exception of Shady Oak, has a strong population base that provides for a built-in market that would support new development. Third, many of the station areas along this segment, due to the mixture of existing uses, have a sense of place that people are attracted to. This is especially important to many of the smaller developers interviewed because they do not have the resources for large scale projects that radically alter

the character of an area and thus help stoke market demand. Instead, they rely on inserting new projects into areas with an existing sense of place to help them market their developments.

Despite the relative strength of this segment of the Corridor to attract new development, there are some attributes unique to each station area that can either enhance or hinder development potential. In the Belt Line station area, for example, attitudes among those interviewed were generally very positive as the area had a number of amenities and was relatively close to downtown Minneapolis. However, it was also noted that the industrial uses in the area, particularly to the south and west of the station, would not likely change thus limiting redevelopment opportunities. It was also noted that circulation through the area can be challenging.

The Wooddale and Louisiana station areas were often mentioned in the same breath by many of those interviewed. Most felt that these two areas shared a lot of characteristics, but that Wooddale had gone through a fair amount of recent redevelopment and therefore potential was more limited than compared to the Louisiana station area. At Louisiana, some of those interviewed felt strongly about its potential because of the number of old, industrial buildings south of the station, the number of hospital jobs nearby, and even the traffic generated by the Sam's Club that could serve to attract additional retail. Generally, Louisiana was not considered a housing area, but more of a jobs location. The redevelopment potential in the Louisiana station area, though very positive, was clearly more of a long term opportunity. As one interviewee put it, "...no charm, but intriguing station area."

Further west at Blake Road and Downtown Hopkins development potential appears more imminent than compared to other station areas even along this segment of the Corridor. Factors favoring redevelopment in the Blake Road station area include a very strong population base, a station stop not encumbered by adjacent highways, several strategic sites available for redevelopment, a number of underutilized properties, creation of new green space along Minnehaha Creek, and an example of new high profile development at Excelsior Crossing. Downtown Hopkins has a very strong sense of place, which was considered highly attractive to many of those interviewed. The barrier to development at the Downtown Hopkins station, though, is the overwhelming need to create an effective crossing for pedestrians at Excelsior Boulevard because 1) Main Street is the commercial heart of the area that needs to be connected to, and 2) the areas immediately south of the station area are severely limited in their development potential.

The final station stop in this segment of the Corridor is Shady Oak, which is probably least unlike any of the other stations in this segment. It has very few residents living within a 10-minute walk of the station stop. It consists almost entirely of older, industrial properties. And, significant new connections need to be made to even access the station area. Despite these differences with other stations in this segment, a number of those interviewed commented that they could imagine this area changing, though it would take a strong vision and significant rehabilitation. Some noted that this area could use a TIF district. Others noted that any new development needs to be oriented toward Excelsior Boulevard as much as possible to take advantage of the visibility from the roadway since there will be very little visibility of parcels immediately adjacent to the station stop.

THE SOUTHERN SEGMENT: OPUS TO MITCHELL ROAD

The southern segment of the Southwest LRT Corridor from Opus to Mitchell Road would serve areas characterized as employment centers, as opposed to the other two segments, which are characterized by a greater mixture of uses. This segment of the Corridor is also the newest, with most development having occurred within the last 35 years. Therefore, the development pattern is almost entirely automobile oriented with many of the stations adjacent to existing highways.

This segment of the Corridor was consistently considered by those interviewed as having the most significant barriers to redevelopment. Although this segment features the most vacant land and a number of infill opportunities on large parking lots and open lawns, the prevailing attitude among those interviewed is that this segment of the Corridor has too many recently constructed buildings for redevelopment to be economically feasible. Furthermore, several of those interviewed noted that the stations in this segment of the Corridor generally lack a grid of streets, which limits TOD development opportunities because of poor pedestrian connections among the various properties.

Despite the generally negative attitude among those interviewed toward the development potential of this segment of the Corridor, there was a decided split among the three stations toward the northern end of the segment (Opus, City West, and Golden Triangle) versus those at the end of the line (Mitchell, Southwest, and Town Center). At the north end of the line, the Opus and Golden Triangle stations, being somewhat older in their development history, were often noted for having a substantial number industrial buildings that were likely ripe for redevelopment. These two station are also removed from the highway, which some felt opened up more opportunities for redevelopment. The Golden Triangle station was even noted by one as having a semblance of a grid. Also, both of these station areas were considered very strong non-retail employment centers.

City West was almost universally considered as having strong development potential because of United Health Group's plans to build a major headquarters facility at the station.

Although the three station areas at the end of the line were widely regarded as having a number of significant barriers that would limit development potential in the short term, there were a number of positive attributes that could help attract redevelopment in the long term. Land availability would be the biggest asset of the Mitchell Road station area, as this area probably has the most amount of vacant land. Southwest Station has several corporate campuses within the walkshed that could be easily expanded to add more workers and thus potentially support additional development. The Town Center station is considered to have potential by developers, however the "highest and best use" from a developer's perspective for many sites will be big box retail or other uses that benefit from highway access. Development of a mix of uses consistent with TOD principles is likely to require public sector intervention.