Outline

- Site Context
  - Previous Planning Efforts
  - Site Opportunities & Constraints
- Environmental Considerations
- Market Considerations
- Proposed Scenarios for Analysis
- Discussion
SITE CONTEXT
Site Location

• 13.5 Acre Site
  – On Louisiana Avenue
  – South of Highway 7
  – North of regional trail/railroad

• Former Sam’s Club site
  – 150,000 sf store
  – Auto-Fueling station in southeast corner of site
  – ~600 parking spaces

• Neighboring Uses:
  – North: Stormwater & pump house
  – East: Highway 7 Corporate Center
  – South: Cedar Lake Trail and LRT Station
  – West: Cardinal Glass & U-Haul Self-Storage
Previous Planning Efforts

• Transitional Station Area Action Plan (TSAAP) – Louisiana Station (2013)
• Louisiana Avenue Station Framework + Design Guidelines (2014)
• Proposed Form-Based Code (2015)
• 2040 Comprehensive Plan Update (2019)
Louisiana Avenue Station Framework + Design Guidelines (2014)

• Area focused on future employment
  – Redevelopment with 3-5 story offices – structured parking hidden
  – First floor commercial near LRT station
  – Pedestrian plaza/connections to Methodist Hospital emphasized

• Alternate use of Sam’s Club site not considered at that time
  – Small Louisiana-facing commercial development added to site
Proposed Form-Based Code (2015)

• Never formally adopted, but important to consider as form of site may change
• Frontage Type: Shop Frontage
  – Does not allow Residential
  – 2-8 stories in building height
  – Primary Street (Louisiana)
2040 Comprehensive Plan Update (2019)

- Future Land Use map currently unchanged from 2030 Plan
- Store closing triggered the need for reevaluation

- **COM** - Commercial
  - Allows wide range & scale of commercial uses, such as retail, service, entertainment, & office
  - Limited residential at 20-50 u/a

- **TOD** – Transit Oriented Mixed Use (New)
  - 75-85% residential 50-125 u/a
  - Rest of mix office, commercial, &/or civic

- **OFC** – Office
  - Employment centers of fairly intensive office & mixed use development with high floor area ratios (FARs) & building heights
  - 10% residential 50-125 u/a

- **BP** – Business Park
  - Significant employment centers that accommodate a diverse mix of office and light industrial uses & jobs
  - No residential & very limited commercial (10%)
Site Opportunities & Constraints

**Opportunities**

- Location/Proximity:
  - Future LRT Station
  - Regional Trail
  - Access to regional highways within the 694/494 loop
- Visibility:
  - Highway 7
  - Regional Trail
  - Future LRT Line
- Area prime for redevelopment
- Recent investments in Highway 7 & Louisiana Ave
- Employment Area with business parks & Methodist Hospital

**Constraints**

- Location/Proximity:
  - Electrical Substation
  - Highway 7 & Railroad (noise)
- Barriers to nearby public parks/open space
- Challenging bicycle/pedestrian environment
  - Not currently surrounded by walkable amenities
    - Railroads and Highway
  - Getting better with recent improvements
- Environmental Constraints
ENVIRONMENTAL CONSIDERATIONS
Environmental History

• In the Area
  – Reilly Tar (northwest)
  – National Lead Site (east) – MN “superfund” site
• On the Site
  – Presto Lite
  – Cardinal Glass
  – Old Sam’s Club Building
• Past Environmental Remediation
  – MPCA involvement from 2004-2008 when new Sam’s Club Building Built
  – Environmental conditions “capped” at that time
  – 2010 excavation beneath Fuel Station to remove unstable contaminated soils and fill with non-contaminated soils
Environmental Concerns

• Contaminated Soils
  – Any digging/disturbing of soil will need to be checked for contamination, and if found, treated on site before removing from site
  – Contamination mix makes soils more unstable
  – Significantly increases cost as height/bulk of structures increase

• High Water Table
  – Limit underground parking
  – Higher amount of de-watering (and onsite treatment) during construction

• Contaminated Groundwater
  – Any stormwater retention will need to be fully lined, and piped off site as soon as possible
  – Requires creative solutions for landscaping/greenspace
Environmental Takeaways

• Any disturbance to the site (digging/construction) will require remediation
• Generally, remediation costs are more dependent on form (height, bulk, & weight) of buildings, rather than use (residential vs. office)
• Any projects on the site will require heavy involvement from the MPCA, so developers experienced with developing contaminated sites are recommended
• Range of funding opportunities for environmental issues/clean up
  – MnDEED
  – Metropolitan Council
  – Hennepin County
MARKET CONSIDERATIONS
Cost Assumptions

• Site Listed for $12,500,000
• Developers will view as two differing scenarios:
  – Redevelopment
    • Buy land not the building
    • Incur Remediation Costs
    • Incur Demolition Costs
  – Re-Use of the Building (w/possible infill)
    • Buy building (with the land)
    • Incurring retrofit costs to the existing building
    • Speculating on infill
Light Industrial Market

• Re-Use of building for light industrial land uses
  – A viable option in the market today
  – Prime location within 494/694 Loop
  – Could be manufacturing (1 job/500 SF) or distribution (1 job/1,000 SF)
  – Possibility of additional flex office space or add development based on reduced parking demand for industrial compared to the former retail use

• Redevelopment/New Construction
  – The purchase price of land ($20+/SF) is more than twice what industrial developers willing to pay for land
Office Market

- Re-Use of the building for office land uses
  - It is unlikely that traditional offices will want to invest in remodeling the building for use
  - Possibility of “Class-C” office users (call centers) to use the space (1 job/250 sf)
- Redevelopment/New Construction
  - Office is unlikely to be the primary driver of redevelopment
    - Suburban office without walkable amenities is not being built right now
    - Large scale office could wind up competing with West End
    - Likely requires significant pre-lease. The hospital is the most likely tenant.
  - FAR is likely 0.4 (surface parked) to 0.8 (structured parking)
  - Optimistically, under current market conditions, maximum office development would be less than 100,000 SF
Commercial Market

- Anticipated Wal-Mart may put deed restrictions on the property restricting uses that compete with Wal-Mart
- The struggles of many box and department store retailers (Sears, KMart, JC Penny, ToysRUs, others) means more supply and reduced demand for space
- Re-Use of the building for commercial land uses
  - It is unlikely that traditional commercial will occur with re-use of the building
  - Possible non-competing multi-tenant repositioning
- Redevelopment/New Construction
  - The cost of the site as well as lack of demand for such large retail sites make this very unlikely
Residential Market

• Re-Use of the building for office land uses
  – It is unlikely that multifamily developers will want to invest in remodeling the building for use

• Redevelopment/New Construction
  – Residential is the likely driver for redevelopment.
  – Developers are unlikely to go above 6 stories which caps densities around 60-75 Dwelling Units per Acre
  – Developers are unlikely to build more than 700 units on the site based on demand, risk, and anticipated absorption
    • This may change in a longer term, phased approach.
Alternative Re-Use

• There are many instances of large vacant “big-box” sites becoming transformed with creative redevelopment

• Difficult to predict marketability as they are often passion projects, lead by public entities, or for land/buildings that are inexpensive to purchase

• Not possible to study all these alternatives through this project scope, but important to consider how land use can influence possibility

• Possible uses: school, church, entertainment, library, museum, artist studios, fitness/wellness centers, co-working spaces, etc....
### Current Market Likelihood of Future Uses

<table>
<thead>
<tr>
<th>Current Market Likelihood of Future Uses</th>
<th>Light Industry</th>
<th>Office</th>
<th>Commercial / Retail</th>
<th>Multi-Family Apartments / Condos</th>
<th>Mixed Use: 1/3 residential, 1/3 commercial, 1/3 office</th>
<th>Mixed Use: 75% residential, 20% office, 5% commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Re-Use of Building</strong> (w/ possible minor infill)</td>
<td>Very Likely</td>
<td>Possible – only “class C” offices</td>
<td>Possible – repositioned as multi-tenant retail, with deed restrictions</td>
<td>Not Likely</td>
<td>Not Likely</td>
<td>Not Likely</td>
</tr>
<tr>
<td><strong>Redevelopment of Site</strong> (demolition + new construction)</td>
<td>Not Likely</td>
<td>Not Likely for whole site</td>
<td>Not Likely – due to costs and deed restrictions</td>
<td>Very Likely</td>
<td>Not Likely – too much office and commercial</td>
<td>Very Likely</td>
</tr>
</tbody>
</table>
PROPOSED SCENARIOS FOR ANALYSIS
Proposed Analysis

• Each Scenario will be analyzed by:
  – Site sketching to see what could fit on the parcel
    • Including circulation, parking, green space
  – Understand impacts/needs for environmental remediation
  – List of pros + cons
  – Steps to implement (land use, zoning, CIP needs, others...)
<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Industrial Re-Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Light industrial re-use of existing building</td>
<td></td>
</tr>
<tr>
<td>• Possible recirculation of site/more loading docks added</td>
<td></td>
</tr>
<tr>
<td>• Up to 20,000 SF of additional related office/flex</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario 2</th>
<th>Employment-Focused Re-Use with Infill</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Light industrial re-use of existing building</td>
<td></td>
</tr>
<tr>
<td>• Office - up to 80,000 sf of infill</td>
<td></td>
</tr>
<tr>
<td>• Retail - up to 20,000 sf of infill</td>
<td></td>
</tr>
<tr>
<td>• Hotel (100 rooms)</td>
<td></td>
</tr>
<tr>
<td>• Structured parking</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Scenario 3</th>
<th>Multi-Family Residential Redevelopment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 600-700 Units (50-60 du/ac)</td>
<td></td>
</tr>
<tr>
<td>• Up to 6 story buildings</td>
<td></td>
</tr>
<tr>
<td>• Likely a mix of Market, Senior, Affordable</td>
<td></td>
</tr>
<tr>
<td>• Minor Retail – up to 5,000 SF</td>
<td></td>
</tr>
<tr>
<td>• Restaurant, Cafe, Convenience, etc</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario 4</th>
<th>Transit Oriented Mixed Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 75% Residential: 475-600 Units (50-60 du/ac)</td>
<td></td>
</tr>
<tr>
<td>• Up to 6 story buildings</td>
<td></td>
</tr>
<tr>
<td>• Likely a mix of Market, Senior, Affordable</td>
<td></td>
</tr>
<tr>
<td>• 20% Office: Up to 80,000 SF</td>
<td></td>
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<tr>
<td>• Phased</td>
<td></td>
</tr>
<tr>
<td>• Traditional or Medical Focused</td>
<td></td>
</tr>
<tr>
<td>• 5% Commercial: 10,000-15,000 SF Retail</td>
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</tbody>
</table>
## Scenario Outlooks

<table>
<thead>
<tr>
<th></th>
<th>Scenario 1 Industrial Re-use</th>
<th>Scenario 2 Employment Focused Re-use w/Infill</th>
<th>Scenario 3 Multi-Family Residential Redevelopment</th>
<th>Scenario 4 Transit Oriented Mixed Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Feasibility Today</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Mid</td>
</tr>
<tr>
<td>Time to Complete</td>
<td>Low</td>
<td>High</td>
<td>Mid</td>
<td>Mid</td>
</tr>
<tr>
<td>Level of Public Assistance</td>
<td>Low</td>
<td>Mid</td>
<td>Mid</td>
<td>Mid</td>
</tr>
<tr>
<td>Additional Jobs</td>
<td>Mid</td>
<td>High</td>
<td>Low</td>
<td>Mid</td>
</tr>
<tr>
<td>Additional Housing</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Complexity</td>
<td>Low</td>
<td>Mid</td>
<td>Mid</td>
<td>High</td>
</tr>
<tr>
<td>Level of Impact</td>
<td>Low</td>
<td>Mid</td>
<td>Mid</td>
<td>High</td>
</tr>
</tbody>
</table>
Questions

• Do the proposed scenarios for analysis make sense to study?