

bloomington redevelopment

PHASE 1: PENN & AMERICAN



june 21, 2007



background

For the last three years, United Properties (UP) has been studying the redevelopment of the former Dodge dealership on the SEC of Penn & American (the Walser parcel). UP has a purchase agreement to acquire this property and is planning to close on the purchase in August. It was determined early in the process that the site was difficult to redevelop on its own because of access and incompatible adjacent uses. In order to undertake a redevelopment of the site, UP has attempted to assemble a Super Block bounded by Penn Avenue, American Boulevard, Knox Avenue and Reservoir Park. This area contains 11 parcels which are owned by five separate entities and occupied by 15 separate businesses. These businesses have leases of various durations with the last one expiring in January 2017. In addition to the 3.95 acre Walser parcel, UP currently has an agreement to purchase the five parcels owned by the Peerless Land Company which include:

1. The Mitsubishi Dealership
2. Red Lobster
3. Home Value
4. Savers / Southtown Bingo
5. Suzuki Dealership

In the planning process, UP has also engaged the owners of the adjacent parcels that it does not control. They are generally supportive of the master plan and indicate that they will cooperate with UP and the City to reconfigure access and internal circulation. It is likely that the Wendy's site will be renovated. The tenant of the KFC site plans to buy it and convert it to a new quick-service restaurant use. The owners of the multi-tenant retail building to the south of these parcels indicate that they are supportive of the redevelopment plans and that they would likely redevelop their parcel in the future.

The first phase of the redevelopment would include the Walser and Mitsubishi parcels together with the reconfiguration of the access and internal circulation of the three adjoining parcels to the east. This would provide for controlled access from Morgan Circle through a new system of internal streets. It is anticipated that the east parcels would be redeveloped in a second phase upon the successful completion of the first phase project.

While this site is very well located and enjoys the benefits of strong demographics together with tremendous visibility, the current condition in the greater Southtown area is somewhat degraded. The majority of the land is used for surface parking. There is little green space and a very poor pedestrian environment. Few transportation alternatives exist. Many of the buildings are old and of poor quality. The current access does not function well with current traffic conditions. Access and visibility for the interior parcels is poor. Internal circulation between parcels is poor. Virtually all of the land is underutilized, given its current market potential.

It is likely that the Southtown area will undergo significant change in coming years. Kraus Anderson, who controls the largest parcels, including the Southtown shopping center, Bennigan's and the former Southtown Toyota, has managed their leaseholds so that they expire together, allowing for a future redevelopment of their sites. Already, the improvements to American Boulevard have triggered significant interest in the area. Unfortunately, the fragmented ownership has made it difficult to assemble a sufficiently large site to accommodate a high quality project consistent with the goals set forth by City staff. This problem is exacerbated by the diverse needs of the adjoining property owners, traffic and parking concerns.

These conditions dictated the need for a more comprehensive planning process for the area. The intent was to engage the City, adjoining land owners and users to discuss the issues of common interest. United properties engaged Michael Lander of the Lander Group to join the team and help guide this process. The team includes:

- United Properties – Master Developer
- Lander Group – Design Team Lead and Urban Housing Developer
- ESG Architects – Urban Design & Architecture
- Close Landscape Architecture – Public Realm & Landscape Design
- Iteris – Transportation and Parking Consultants



master plan

On May 14, the development team presented the City Council with some preliminary ideas on a master plan for the greater Southtown area, an 80 acre study area bounded by I-494, Penn Avenue, 82nd Street and I-35W. This boiled down to 11 key design principles:

1. A district approach that leverages existing investments and creates a flexible master plan framework that provides guidance for future development and drives value for future phases through incremental change while respecting existing uses.
2. Create a grid of streets and blocks to allow for improved access, internal circulation, phasing and many more public spaces. This will also facilitate future changes as the market evolves allowing the district to adapt as the market changes.
3. A mix of market-driven land uses including retail, office, mixed ownership and mixed income housing, hospitality, entertainment and civic.
4. Increased density to a long-term target of .5 – 2.0 FAR.
5. Great architecture and well crafted buildings that frame and activate a high quality public realm with landscaped streets, bounded parking areas plazas and parks.
6. The addition of significant new green space together with new connections to existing green space and the surrounding neighborhood on a network of walkable streets.
7. Design for walkability.
8. Design for future transit connections, including a shuttle along American Boulevard and an online transfer station at I-35W to connect to other major districts and regional transportation.
9. Design for multi-modal transportation options including automobiles, bus, bike, walking, shuttle, light rail, air.
10. Market driven parking in different formats – including surface, on-street, underground and multi-story ramps.
11. Design for sustainability using LEED and LEED-ND standards and green building practices.

The City has picked up the planning process and plans to continue with the development and refinement of the master plan. This process will include all of the adjoining land owners together with the larger community. It will test a variety of uses to ensure that the grid functions both for the existing and future needs of its users.

phase 1 redevelopment plan

The first phase of the redevelopment will be the on the 7.78 acre parcel that is comprised of the Walser Parcel and the Mitsubishi parcel. Because the Mitsubishi lease runs through May of 2009, the redevelopment would not start until that time. The first tenants would take occupancy in first quarter of 2010.

Key objectives were to develop a plan that addresses current market demand, supports the design principals set forth in the preliminary master plan and is economically feasible. This is the first attempt to fit an actual plan into the framework set forth in the preliminary master plan.

The development program includes approximately 200,000 square feet of commercial space which is comprised of:

- 100,000 square feet of multi-tenant retail space in seven structures
- 40,000 square feet of medical office space on two floors over retail
- 60,000 square feet of professional office on three levels over retail

In addition, the current plan shows 58 units of housing. These homes could be either rental or for-sale. They would include two level town homes on the new street with two floors of flats above. All of the housing is oriented to the south. Because the future market conditions are unknown, this is shown as a proof-of-concept but is not included in the current project economics. The development team believes that it is a very good use for the site and desires to build it, if it proves feasible at the time the project moves forward. The housing project economics will need to be self-supporting. The commercial portion of the project does not depend upon the housing for its feasibility.

In order to be economically feasible, this project will require a subsidy of \$9.4 million. This is driven by the very high cost of assembling the site together with the need for structured parking for the commercial only plan.

The first phase plan includes 1,063 parking spaces. 250 of these are on the surface and 813 are within structures, both above and below grade. This provides sufficient parking for the commercial and housing.

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key challenges

There is significant tension between what our prospective guests crave in an urban environment and how they actually live. This is also changing rapidly. The design team has made an effort to design a project that will work today accommodate future transportation options and an improved pedestrian environment throughout the project area. The existing pedestrian environment is very poor. The overriding objective of the design team is to create a vibrant active street for pedestrians.

The key challenges faced by the development team in designing the first phase of the project relate primarily to parking and traffic. The team feels the need to meet a current market condition where many of the guests will be occasional users arriving in single occupancy vehicles. Access and parking conditions must be straight-forward and comfortable for guests with current suburban sensibilities while allowing for a very active, pedestrian friendly environment at the street level. This dictates a need for four-sided architecture and creates special challenges for the provision of services. The plan creates an environment where every arriving vehicle enters through a surface parking environment and where the visual orientation within the project is always maintained. Structured parking is provided on flat floors with open perimeters that allow guest to maintain visual connections with their destinations. There will be natural light on three sides of the above-grade parking structure. Below grade parking will be reserved for tenants and potential residents. The whole project is very porous, providing both vehicles and pedestrians with a variety of choices with very easy internal circulation.

Service areas are carefully integrated into the project. Many are in spaces that will serve multiple uses, at different times of the day. Others are screened so that all views into the project are of high quality architecture.

One of the most important principles is the recognition of the need to concentrate the pedestrian activity. This dictates an approach with A and B frontages. "A" frontages are those where the highest quality pedestrian environment exists. "B" frontages are those that are primarily experienced from inside vehicles. These need to be attractive and provide important visual apertures into the higher quality people places.

Throughout the project, connections are maintained to adjacent areas. Way finding will be made simple by providing for visual vistas that always include, people, great architecture and storefronts.

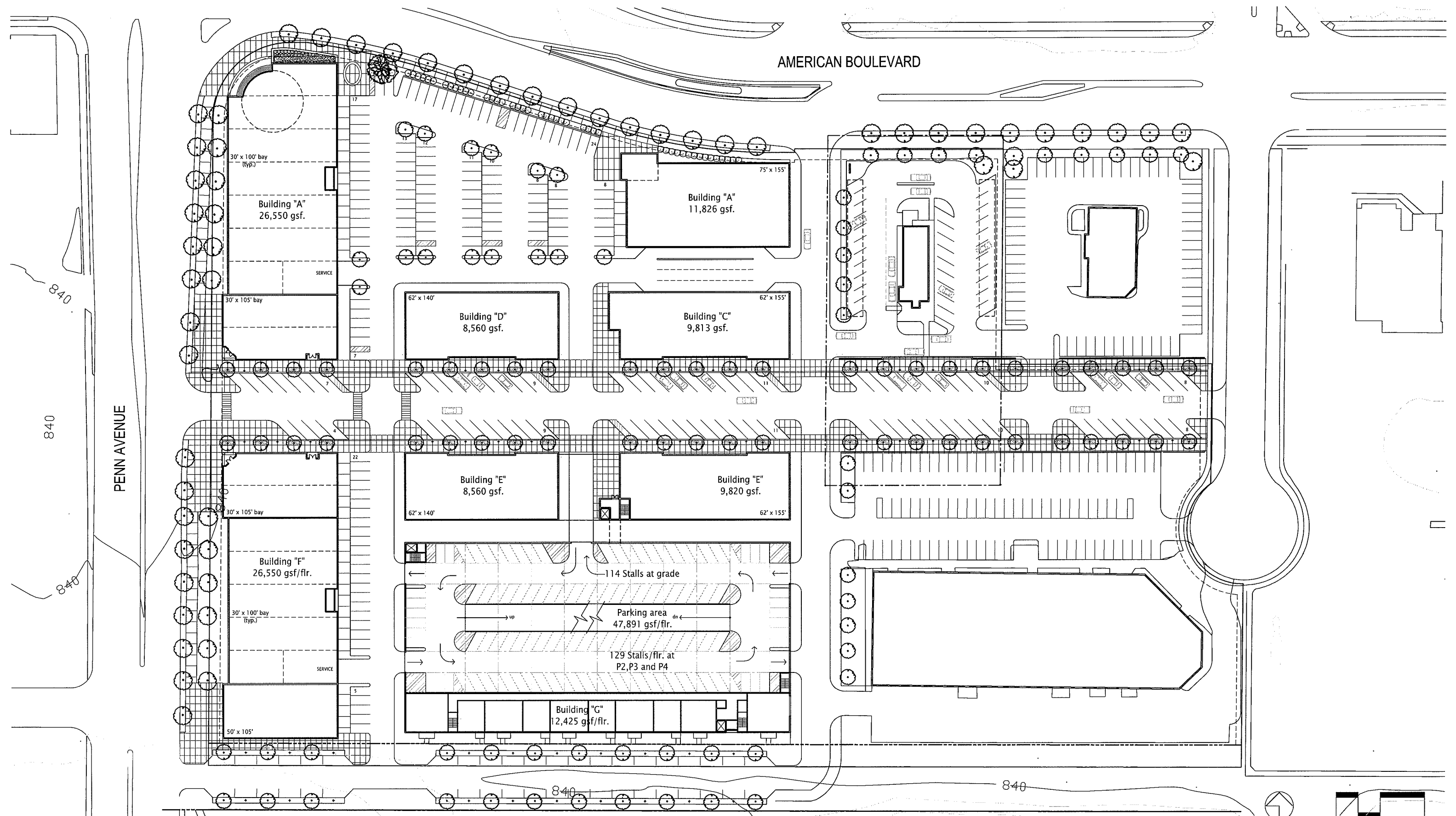
A key test of the concept is how it might fit with future development on adjacent parcels and the degree to which this fits with the design principles. For illustrative purposes, the design team has included a second sketch showing one possible scenario. This is intended to show how the first phase could drive value downstream. It is important to note that this for discussion only. The development team does not control these parcels.

A key benefit of a traditional urban grid of streets and blocks is that development can occur in phases. Similarly, subsequent generations of redevelopment can occur at any time without the need to redevelop an entire project. There are many examples of similar districts that have evolved a great deal over time in very small increments. These include 50th & France in Edina, Lake Street in Wayzata and Grand Avenue in St. Paul.

There are many details such as access, parking and storm water treatment that will still require much thought and careful coordination with Planning, Engineering and Public Works staff. The plan will challenge many existing notions. The truth is that all of the existing places we most want to emulate could not be built today to be in compliance with existing codes.

This pattern of development can also facilitate fragmented ownership and a mix of uses while maintaining a sense of place. From the perspective of the public, this will feel like an urban place with municipal parking. It is anticipated that a special services district will be created to oversee the operation and maintenance of common areas and to pay for their operation. There are many successful examples of this throughout the country. In the Twin Cities, this has been done both at 50th & France and Centennial Lakes. The 50th & France association spans two municipalities and includes a large number of individual owners. Parking, streets and other infrastructure can be privately or municipally owned.





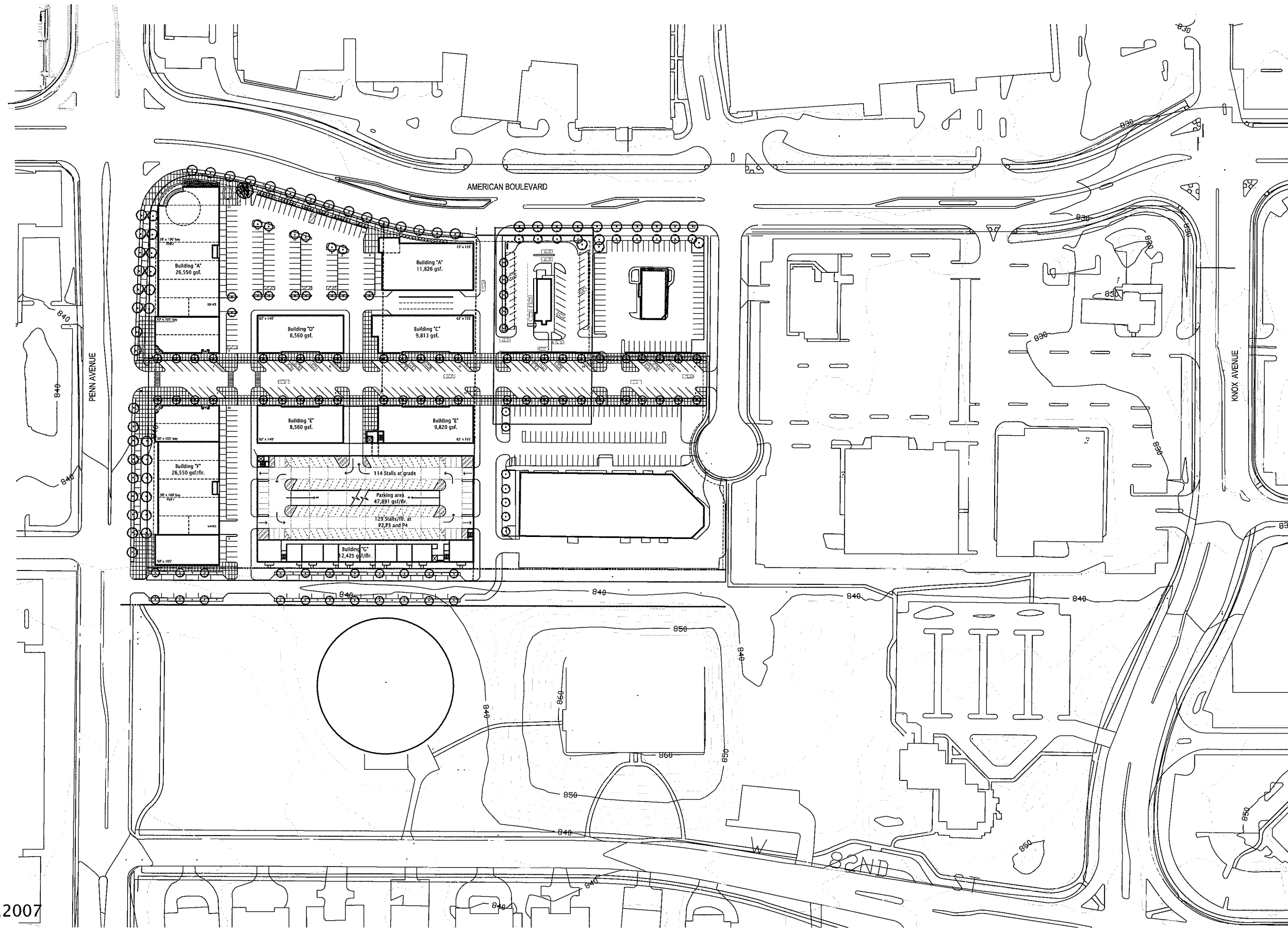
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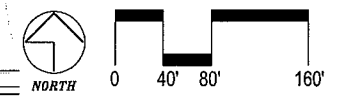
PENN AND AMERICAN BOULEVARD

Bloomington, Minnesota

PHASE I: SITE PLAN



October 26, 2007



PENN AND AMERICAN BOULEVARD
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PHASE I : SITE CONTEXT PLAN



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UNITED
PROPERTIES

LANDERGROUP
urban development



GLOSE
LANDSCAPE ARCHITECTURE+

ITERIS

BLOOMINGTON REDEVELOPMENT
PHASE 1: PENN & AMERICAN
Bloomington, Minnesota

Proposed "A" Street Study Sketch
Looking West



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**BLOOMINGTON REDEVELOPMENT
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Bloomington, Minnesota

"A" Street Precedents



American Boulevard Streetscape Section at Proposed New Retail



Precedents for Automobile Parking Court Viewed from American Boulevard

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**BLOOMINGTON REDEVELOPMENT
PHASE 1: PENN & AMERICAN**
Bloomington, Minnesota

American Boulevard Streetscape Design