

Public Input Results Meeting
February 25, 2015

Twin Lakes



Introduction

Agenda

- Introduction
- Public Input Results
- Analysis
- Next Steps

Why Redevelop Brownfields?

- Safety
- Tax base
- Blight
- Crime
- Quality of Life



Public Input Results

Respondents

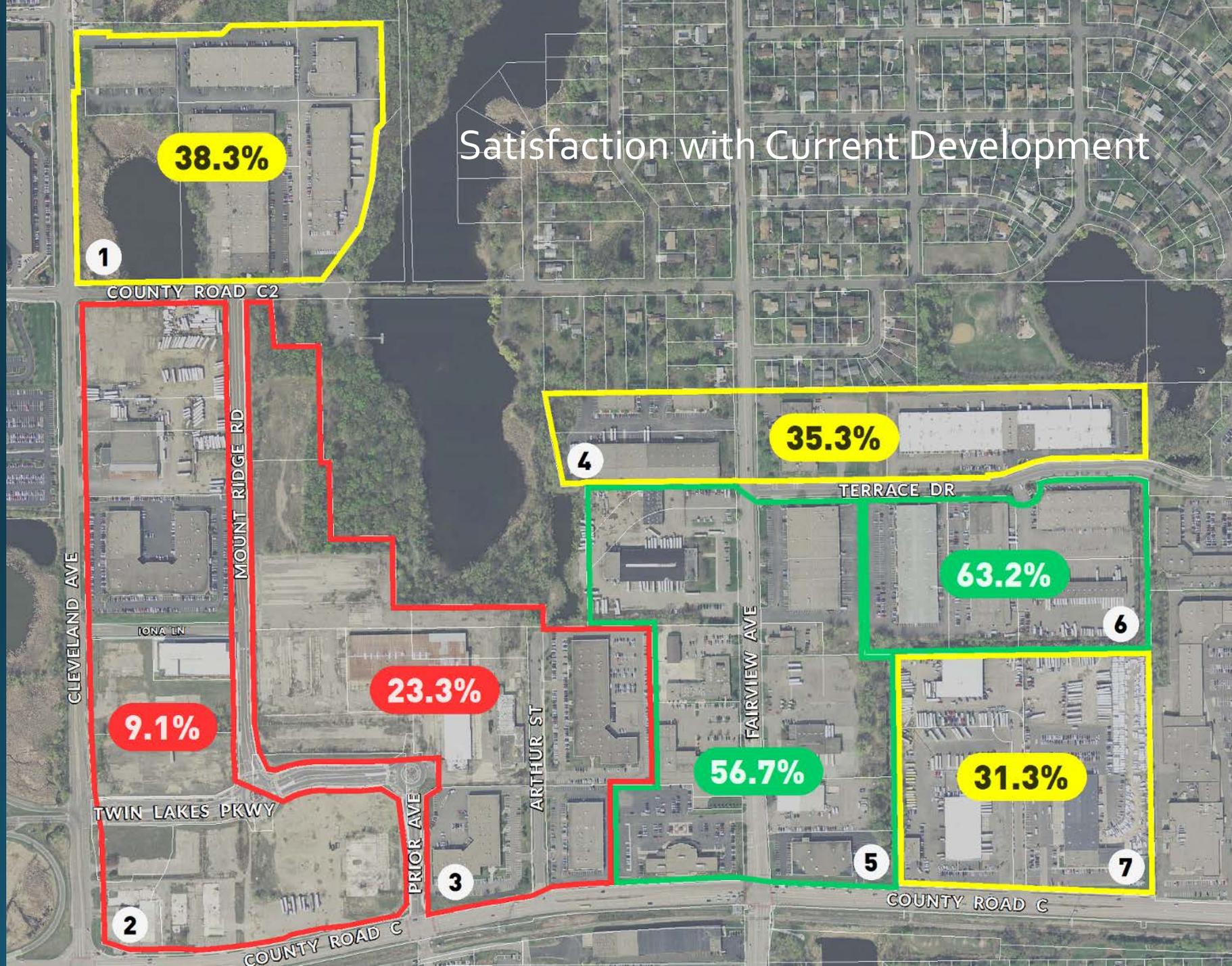
- 82.5% Neighborhood residents
- 11.1% Roseville residents from outside the neighborhood
- 3.2% Developer/landowner/broker
- 1.6% Twin Lakes business owner
- 1.6% Twin Lakes employee

Document Familiarity

- 75% Comprehensive Plan
- 56.3% Imagine Roseville
- 43.8% Community Survey

Existing Development Satisfaction

Satisfaction with Current Development

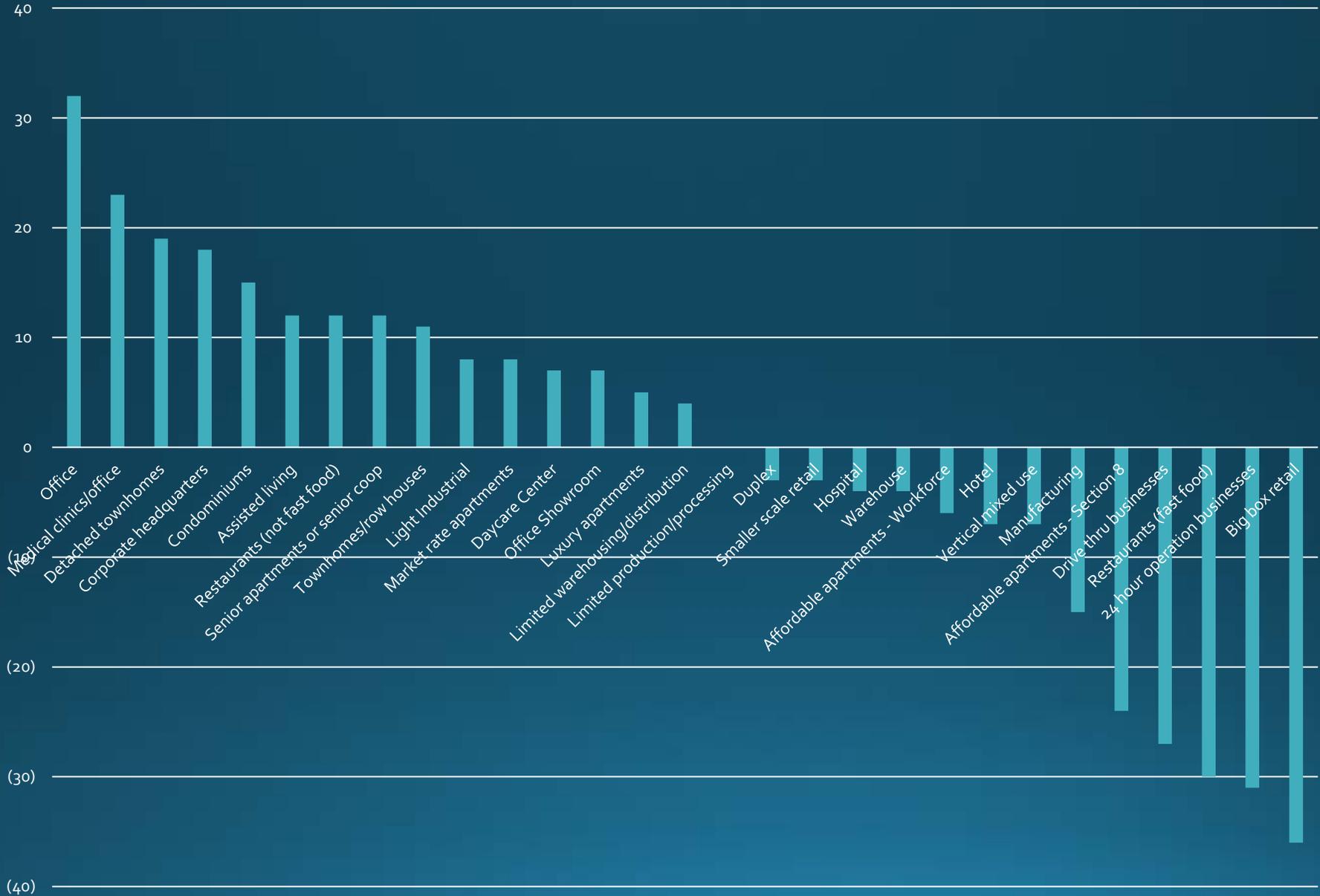


Land Use Preferences

Subarea 1



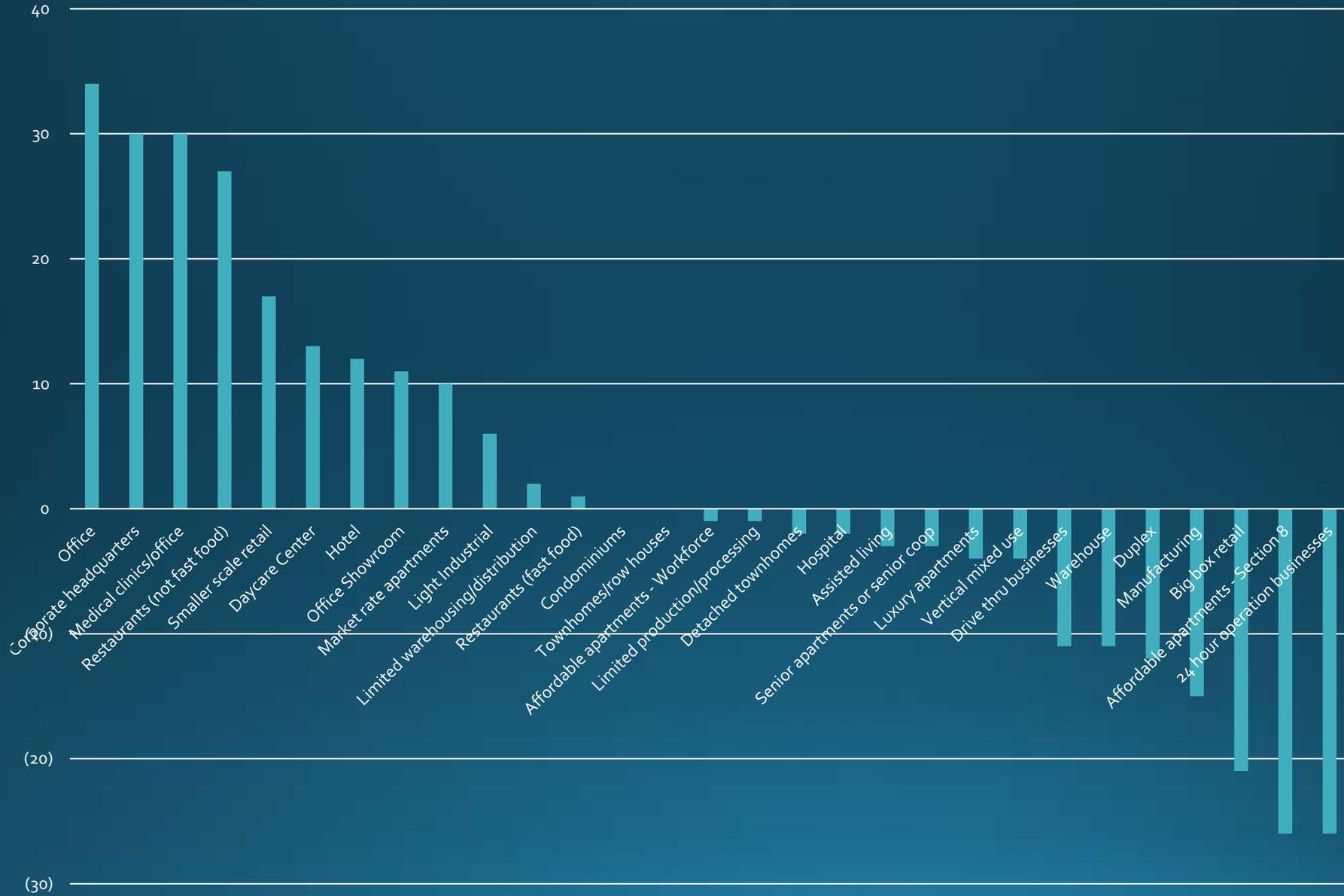
Sub Area 1: Land Use



Subarea 2



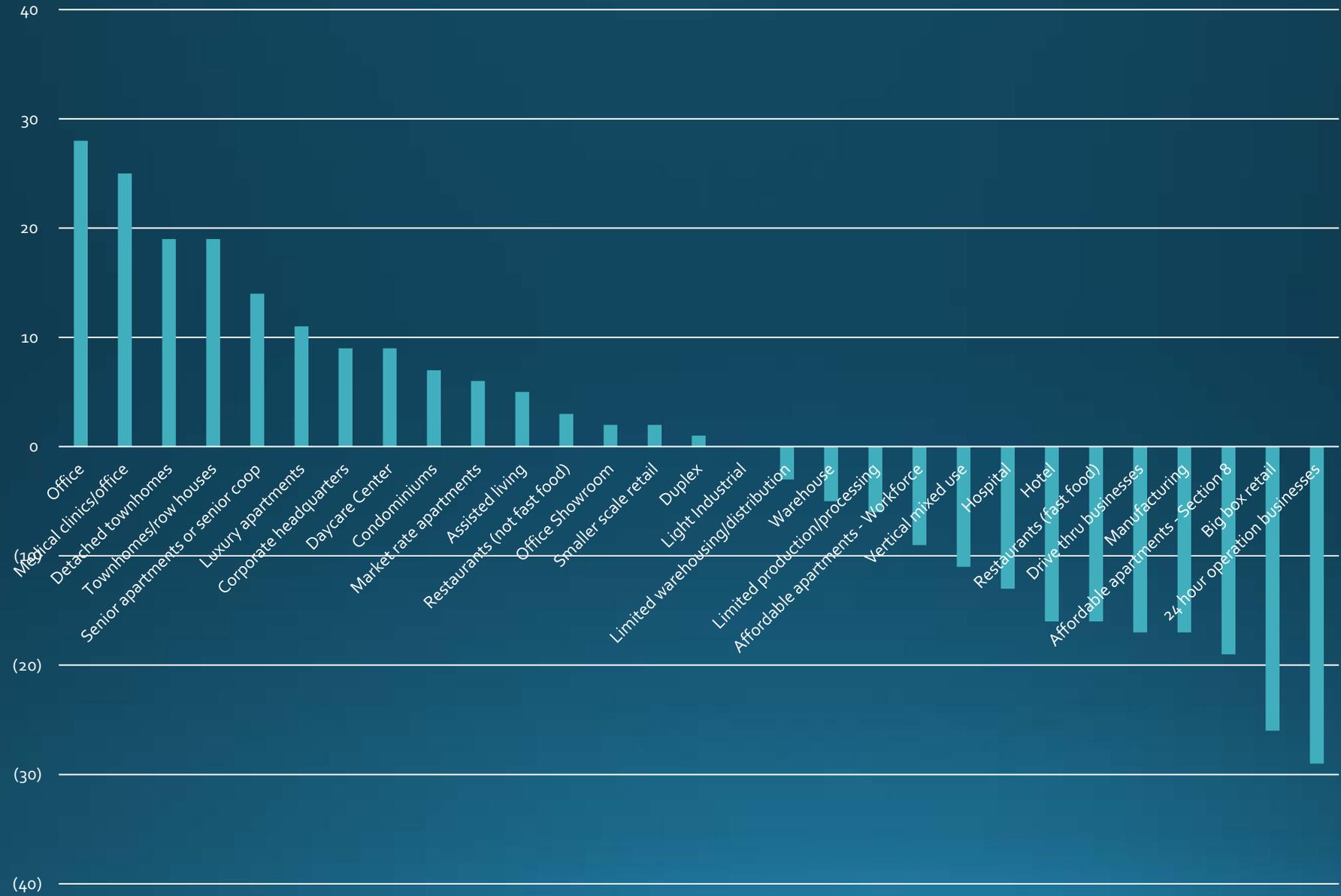
Subarea 2: Land Use



Subarea 3



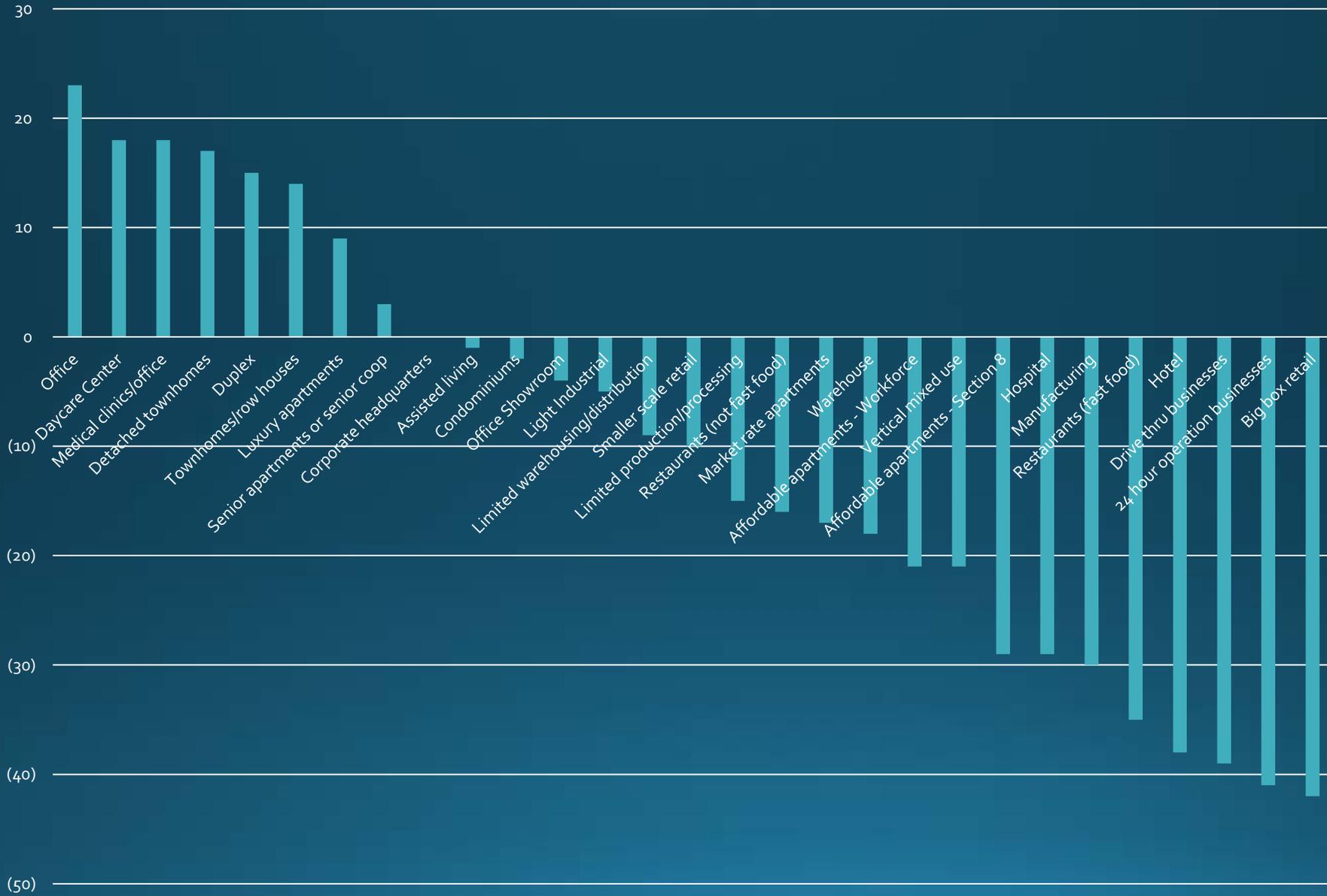
Subarea 3: Land Use



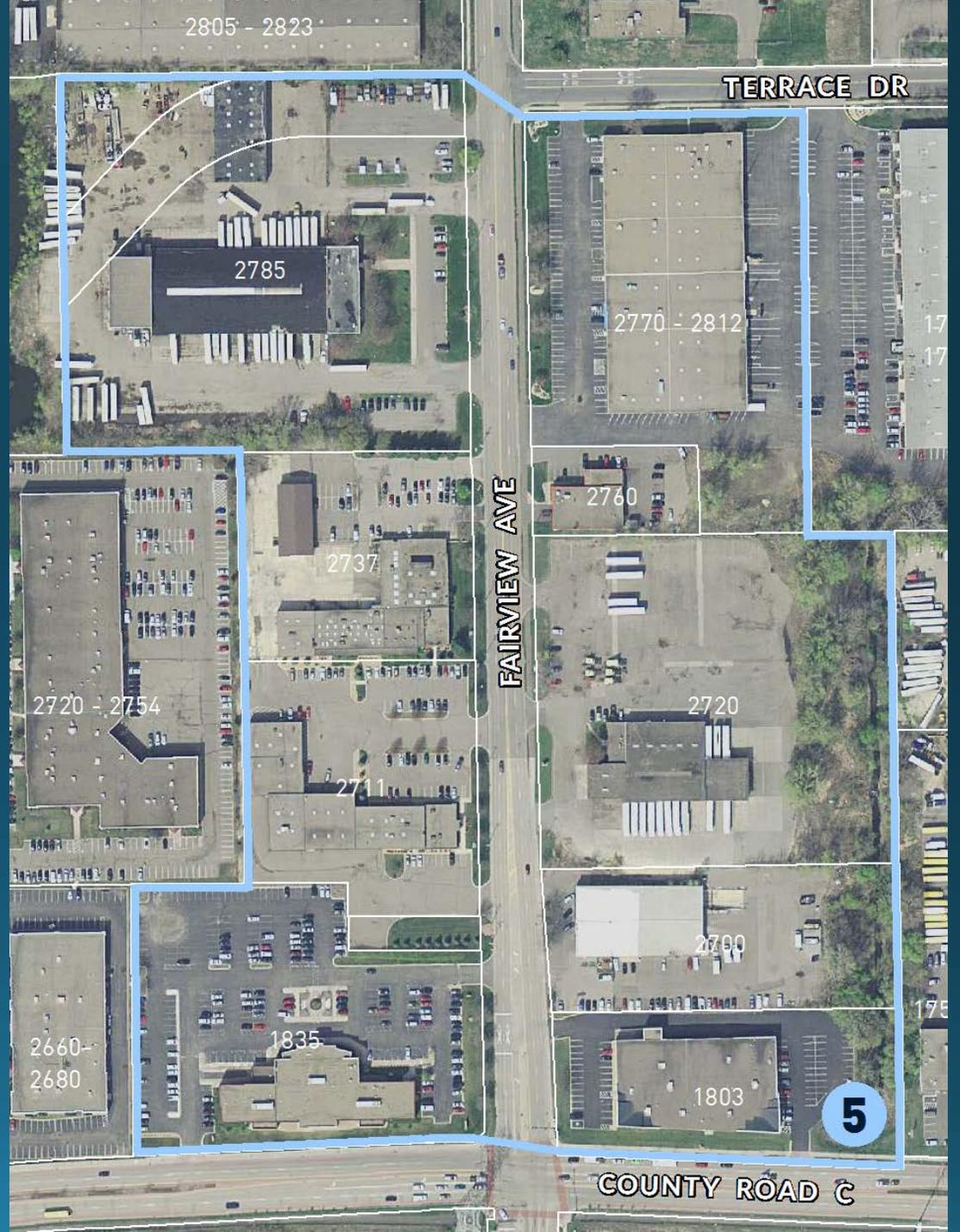
Subarea 4



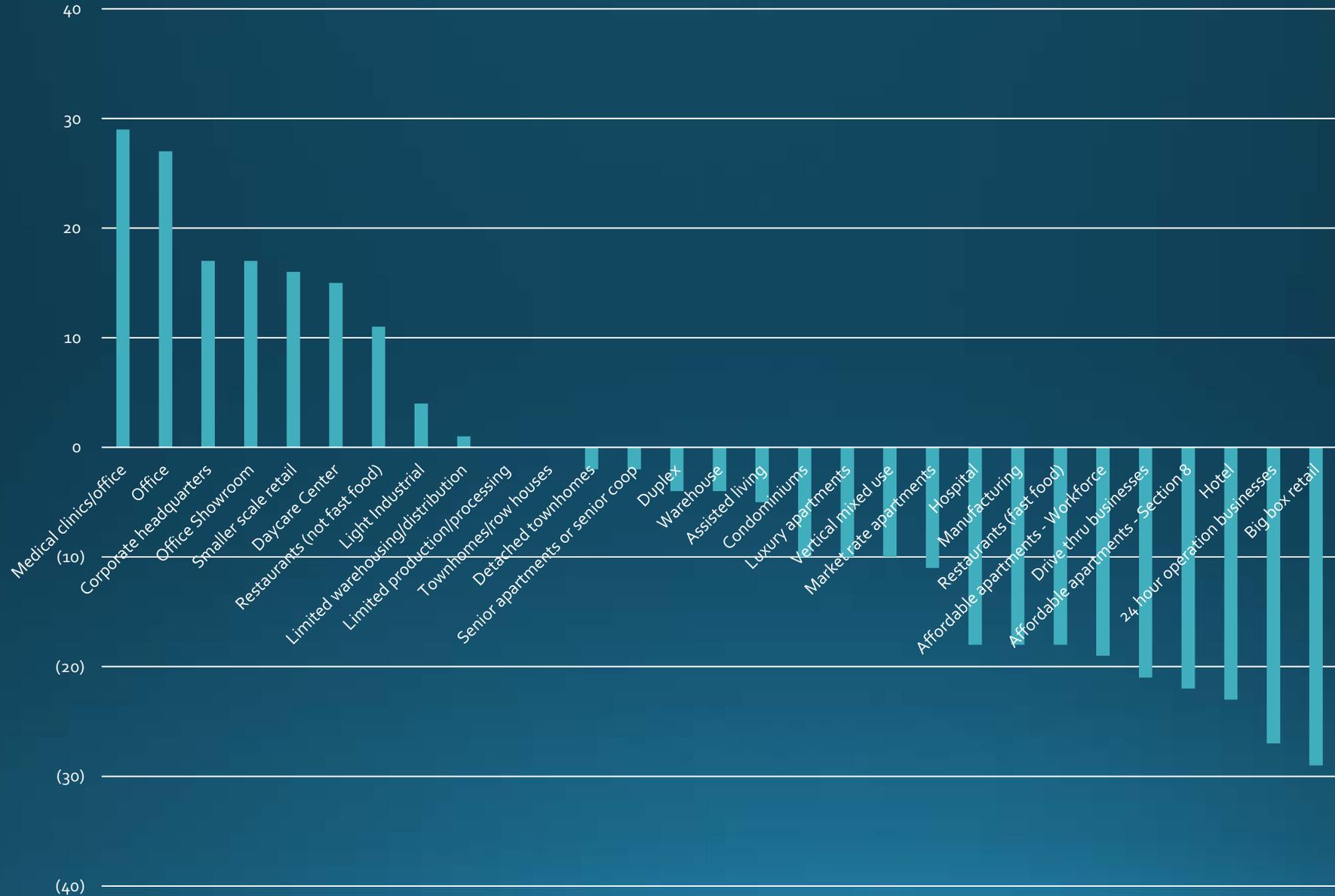
Subarea 4: Land Use



Subarea 5



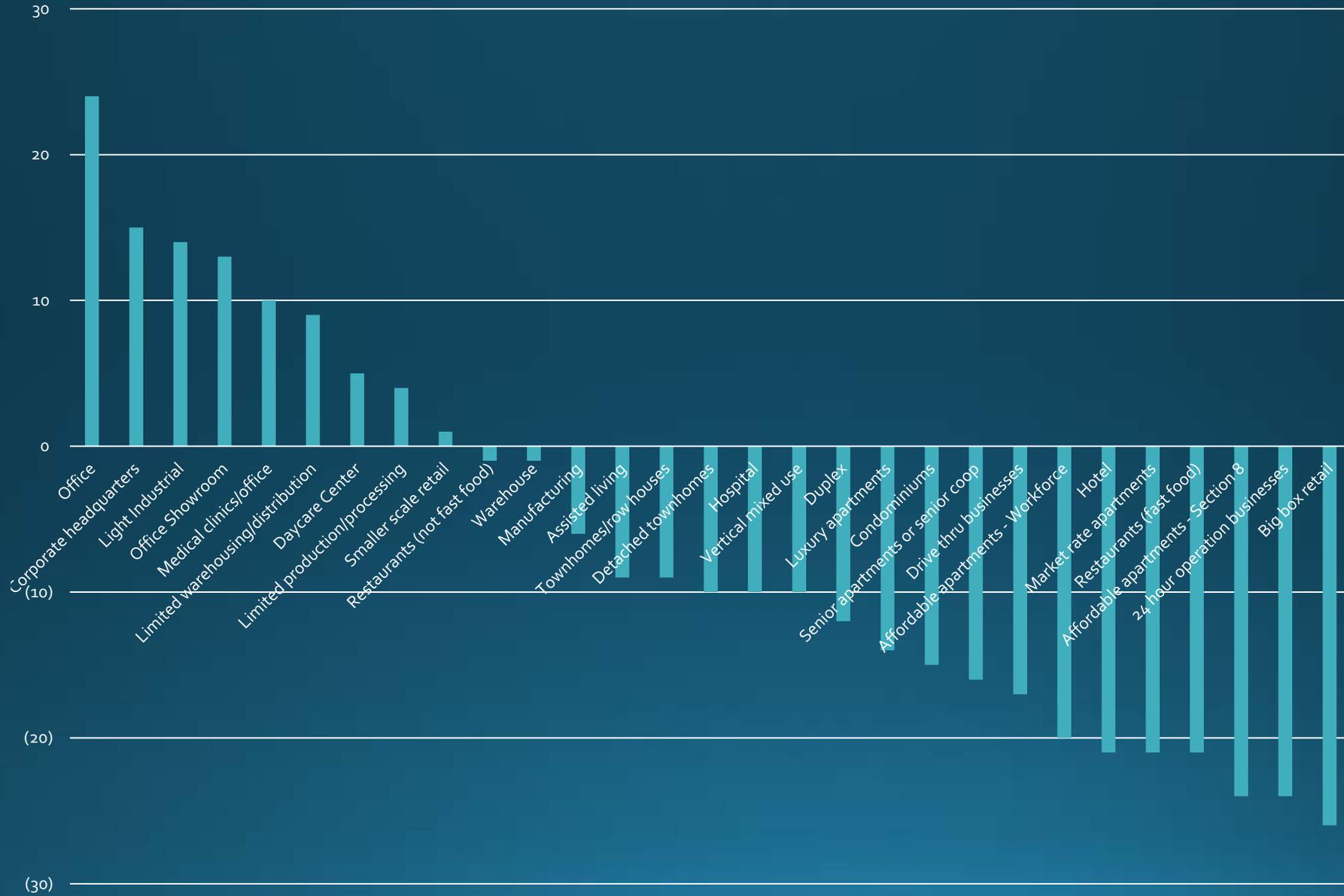
Subarea 5: Land Use



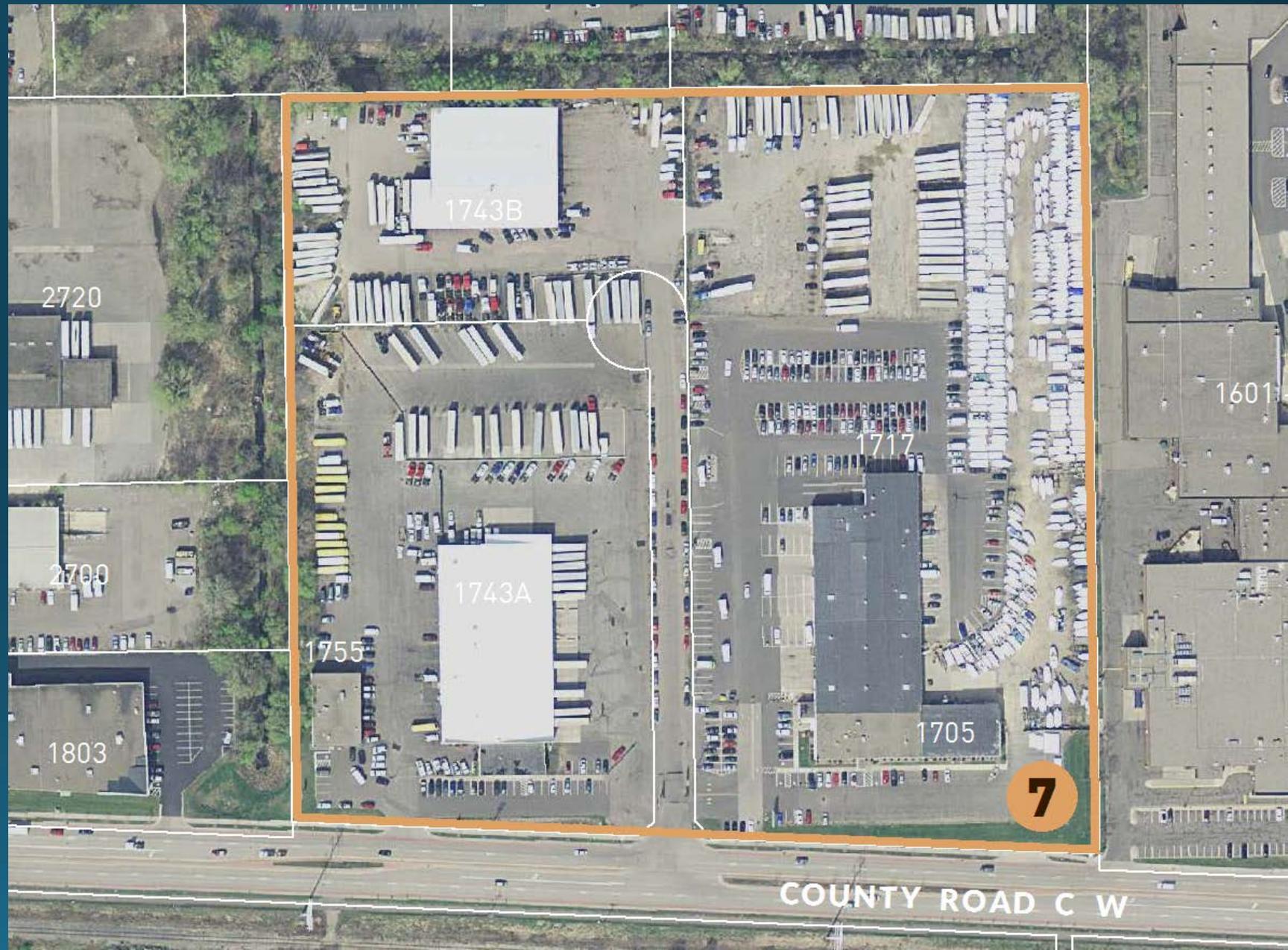
Subarea 6



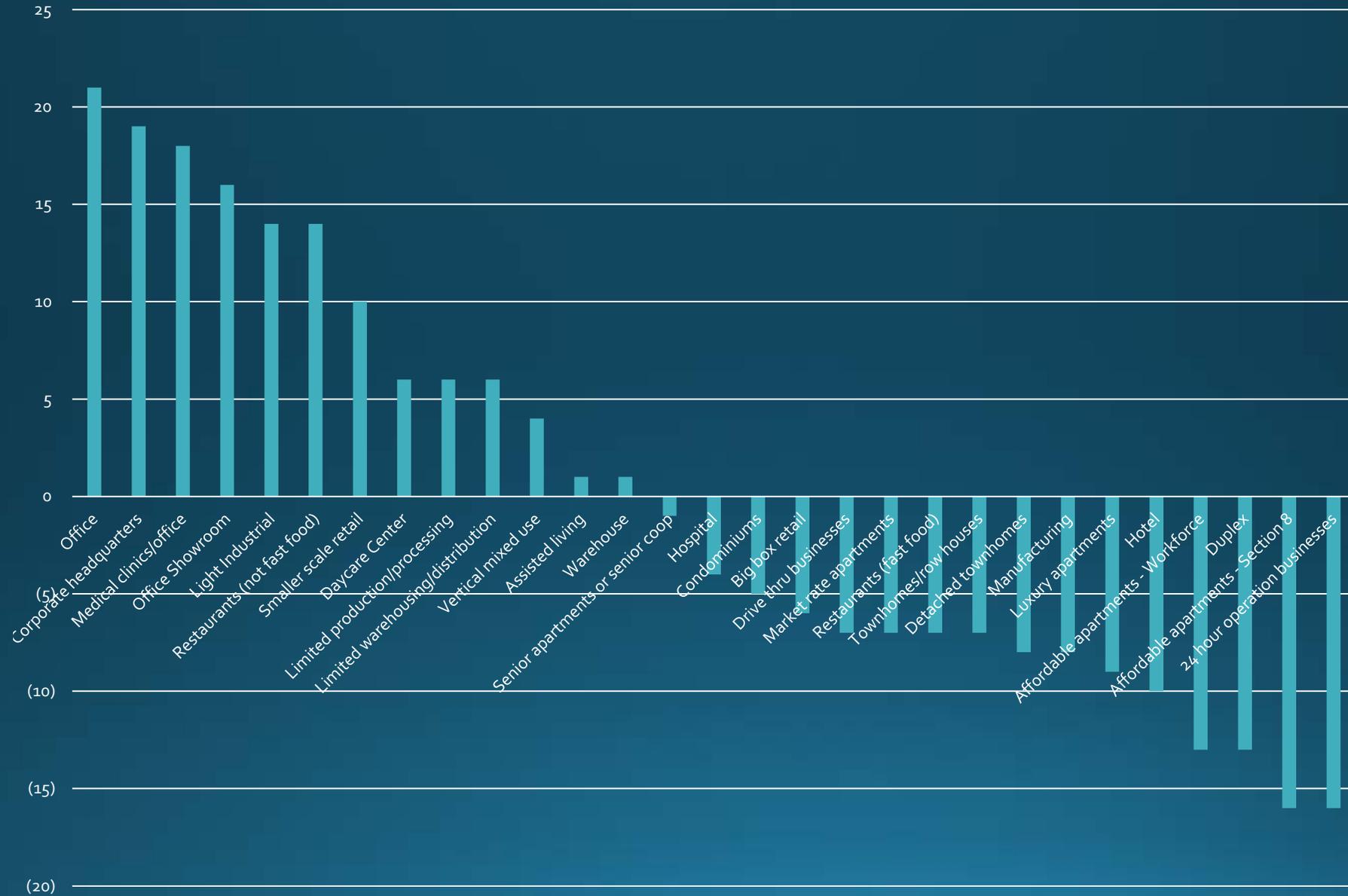
Subarea 6: Land Use



Subarea 7



Subarea 7: Land Use

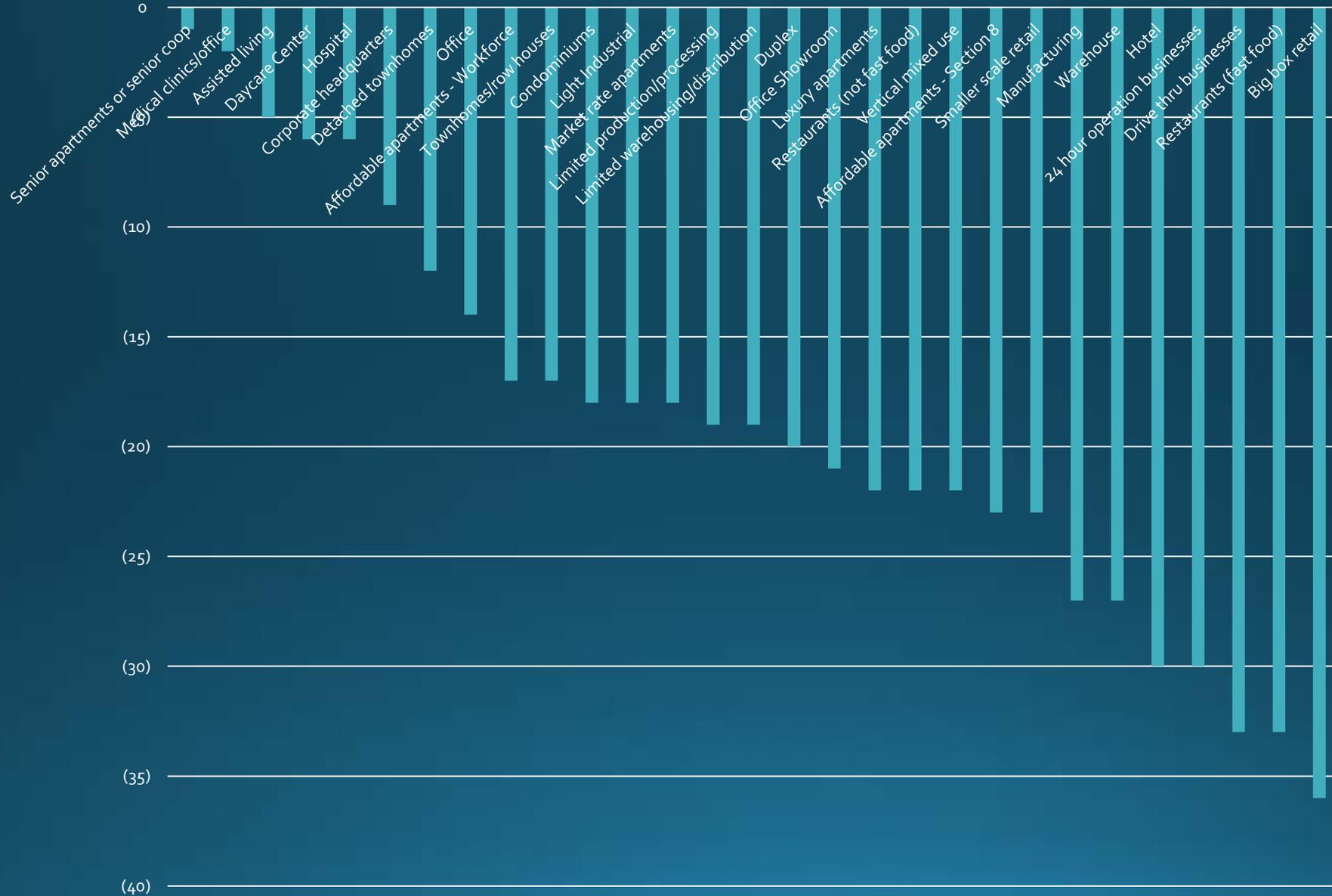


Land Use Summary

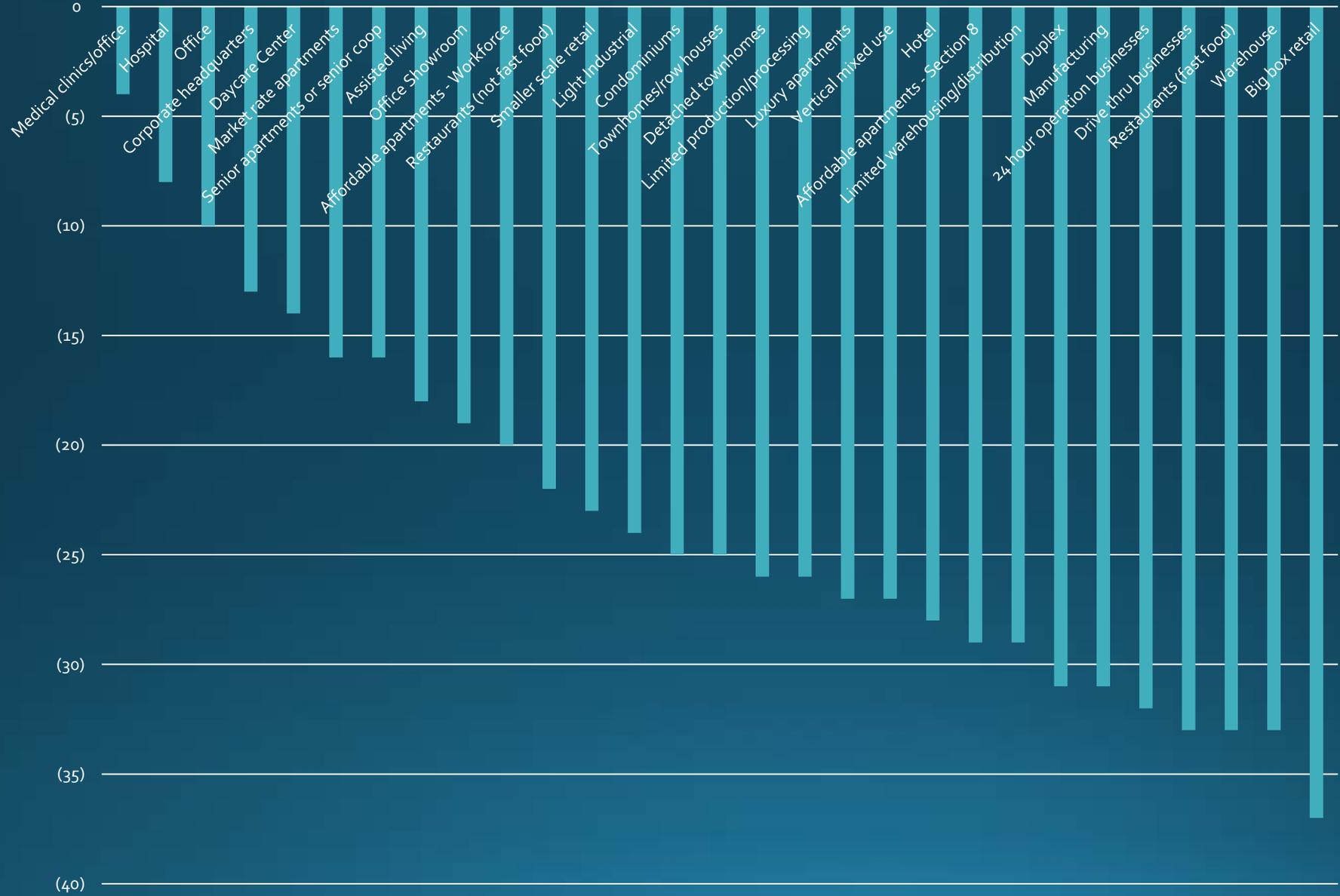
- Some form of office is most popular in all subareas
- Mixed
- Most flexibility (1, 2, 3, 7)
- Areas 1, 3 and 4 most residential choices
- Areas 5 and 6 no residential
- Areas 2 and 7 almost no residential
- Some limited industrial may be acceptable
- Input results are more limited than what is allowed in the regulations
- Big box retail is unpopular but if it were to go somewhere, area 7 would be best

City Subsidies

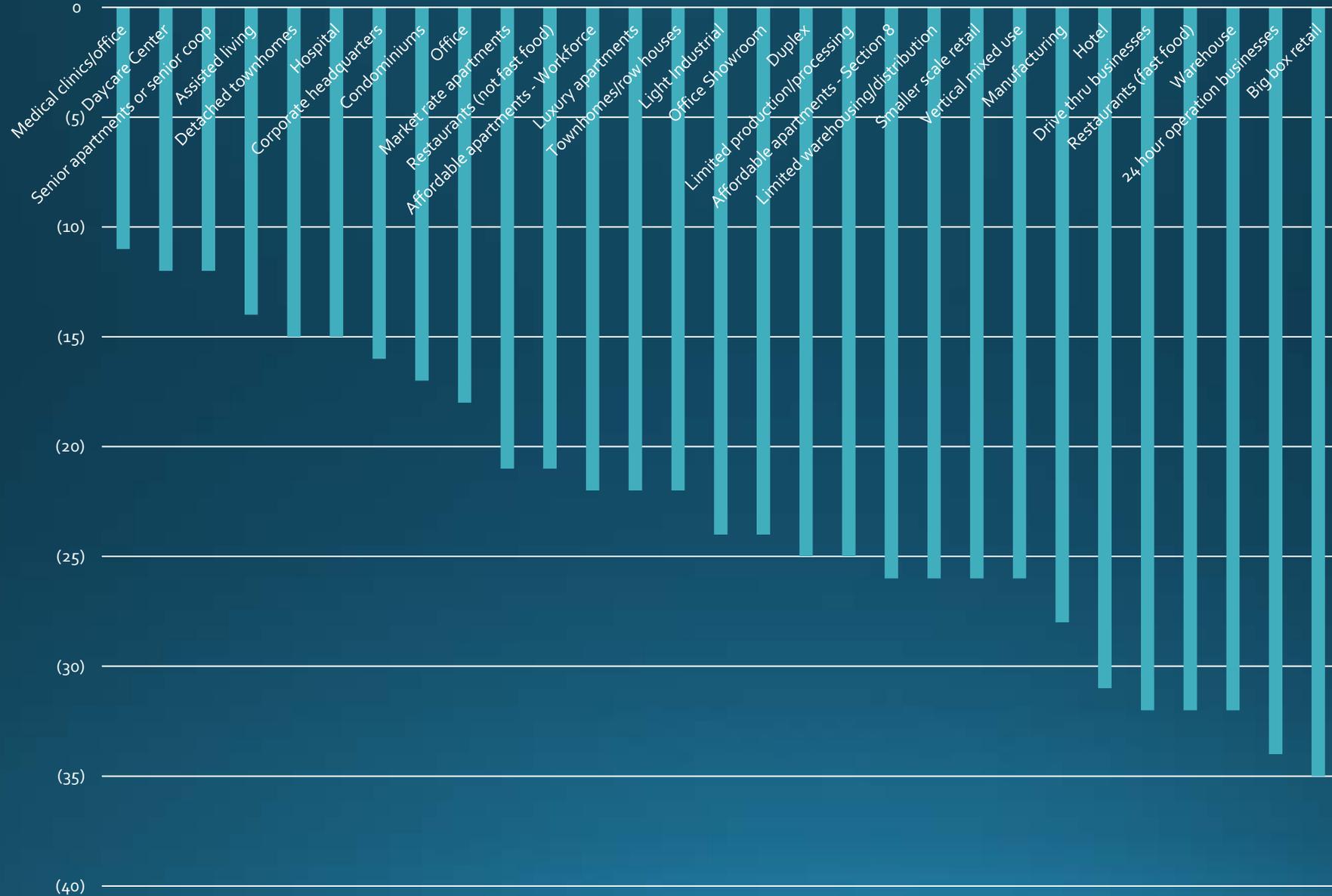
Subarea 1: Subsidies



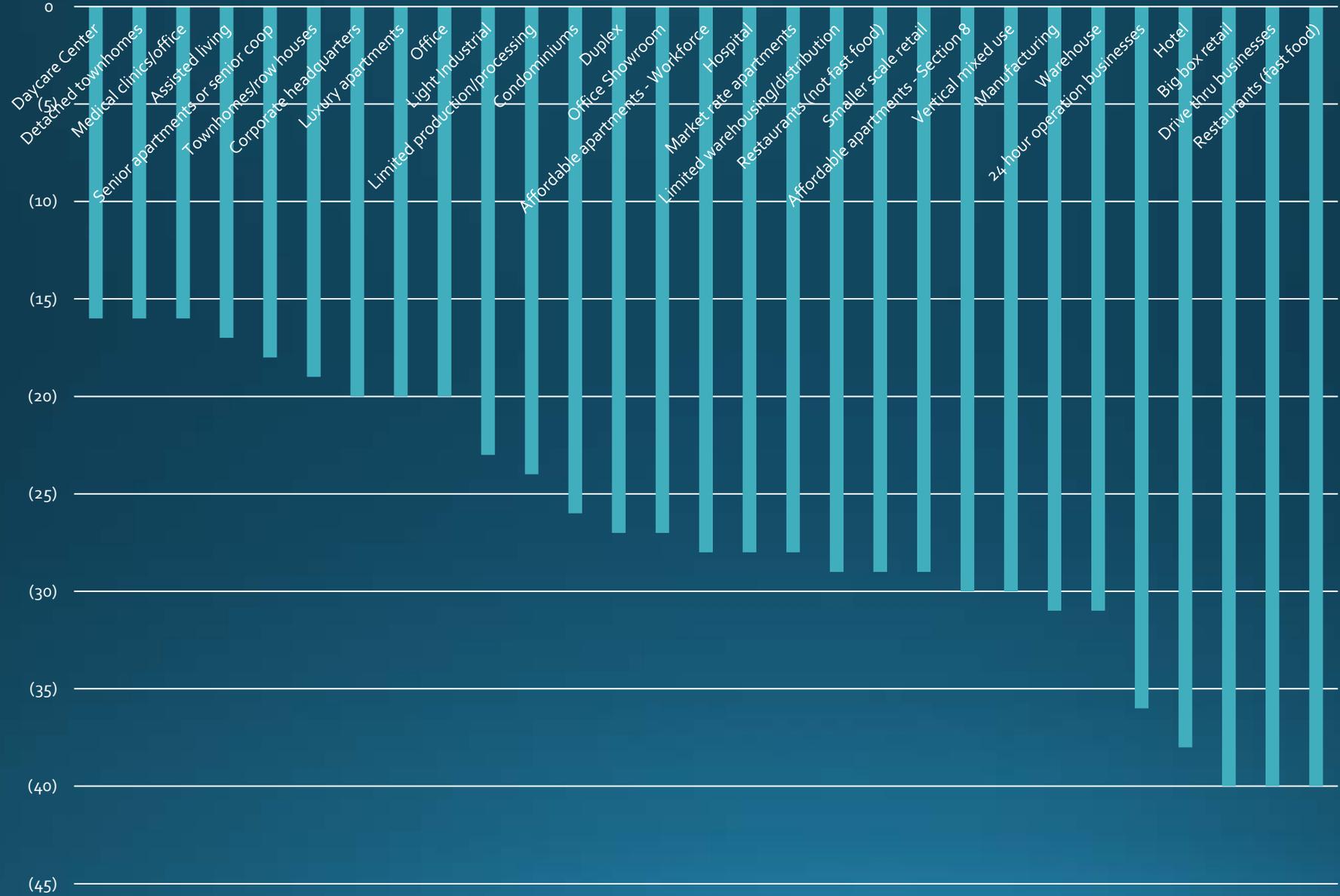
Subarea 2: Subsidies



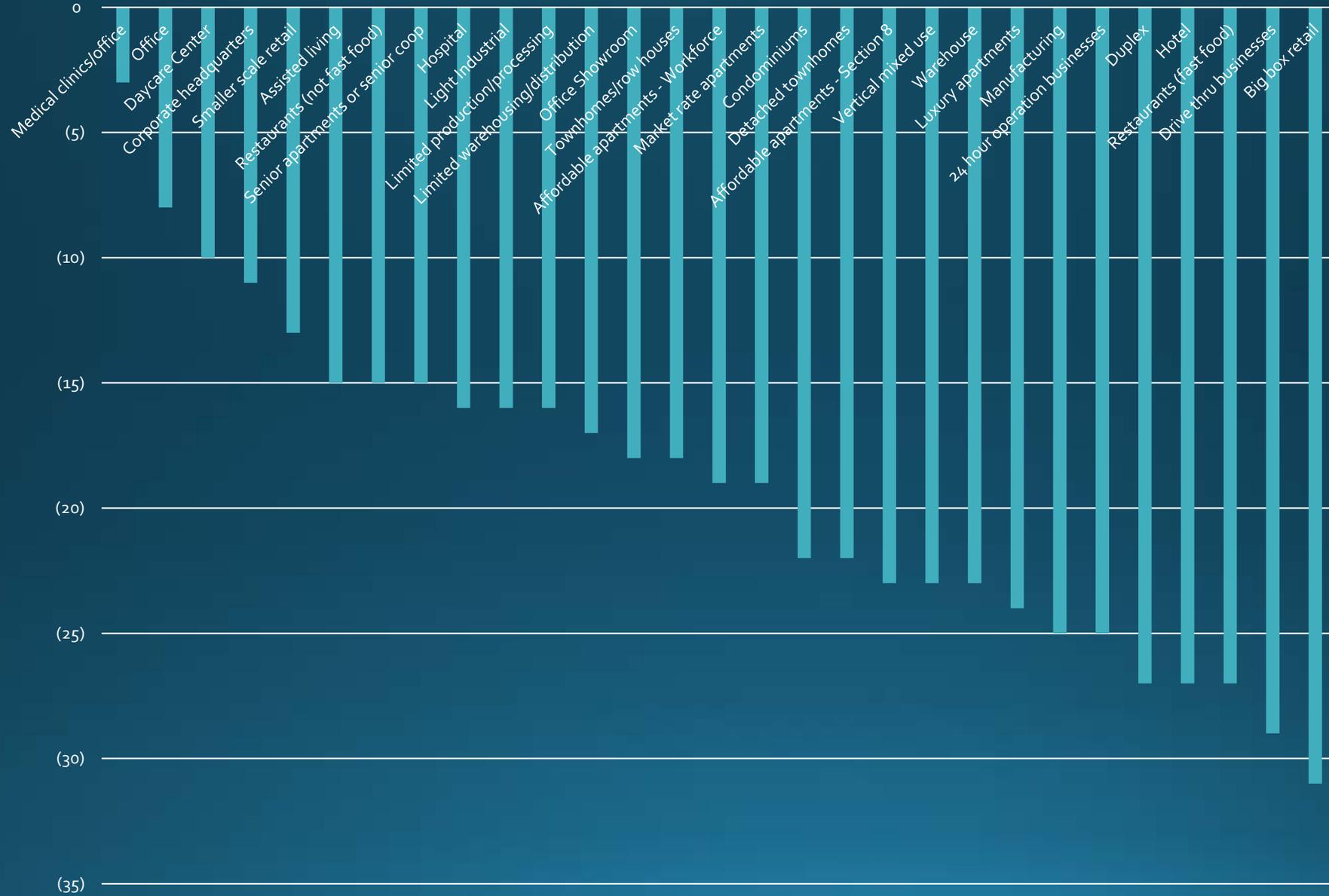
Subarea 3: Subsidies



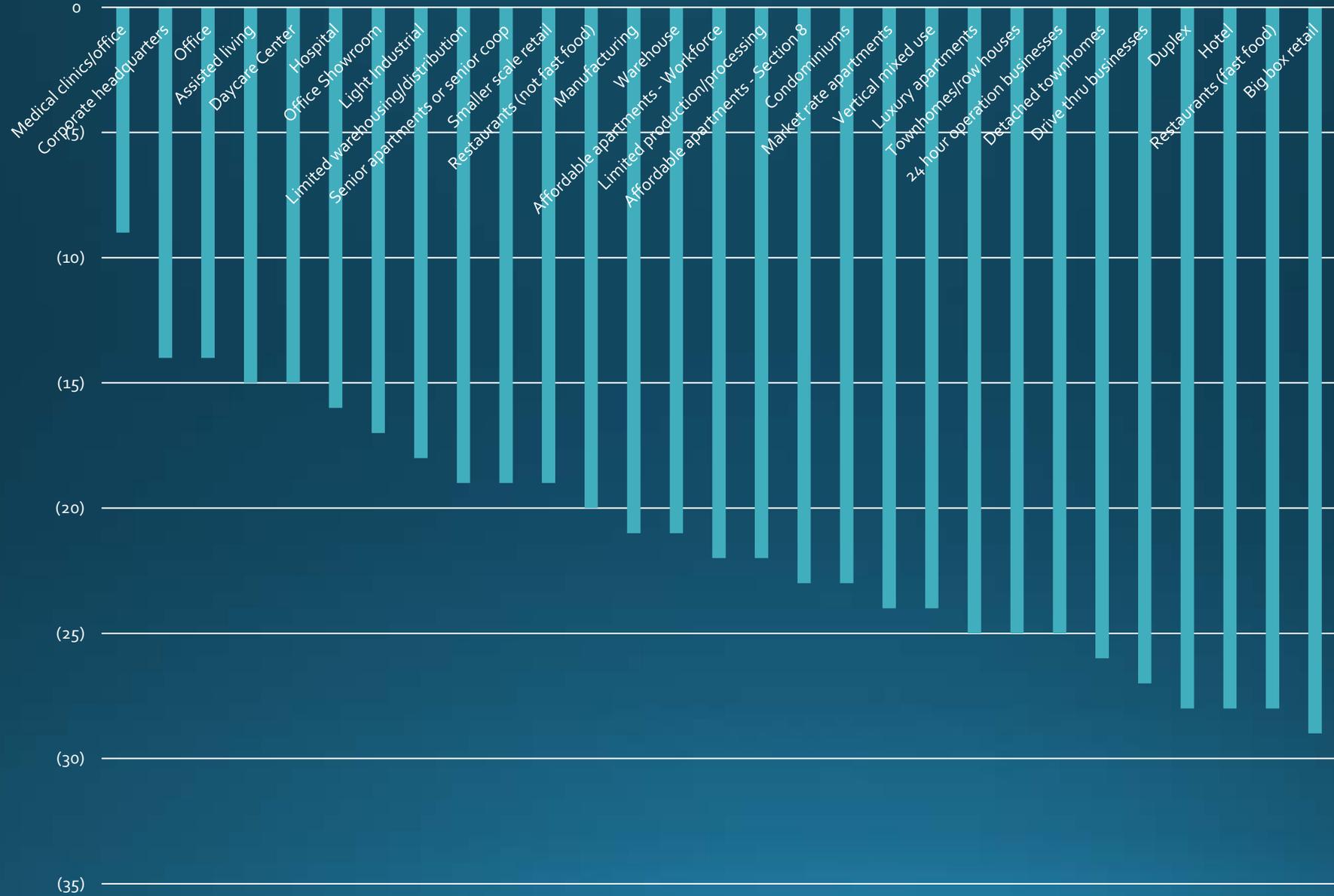
Subarea 4: Subsidies



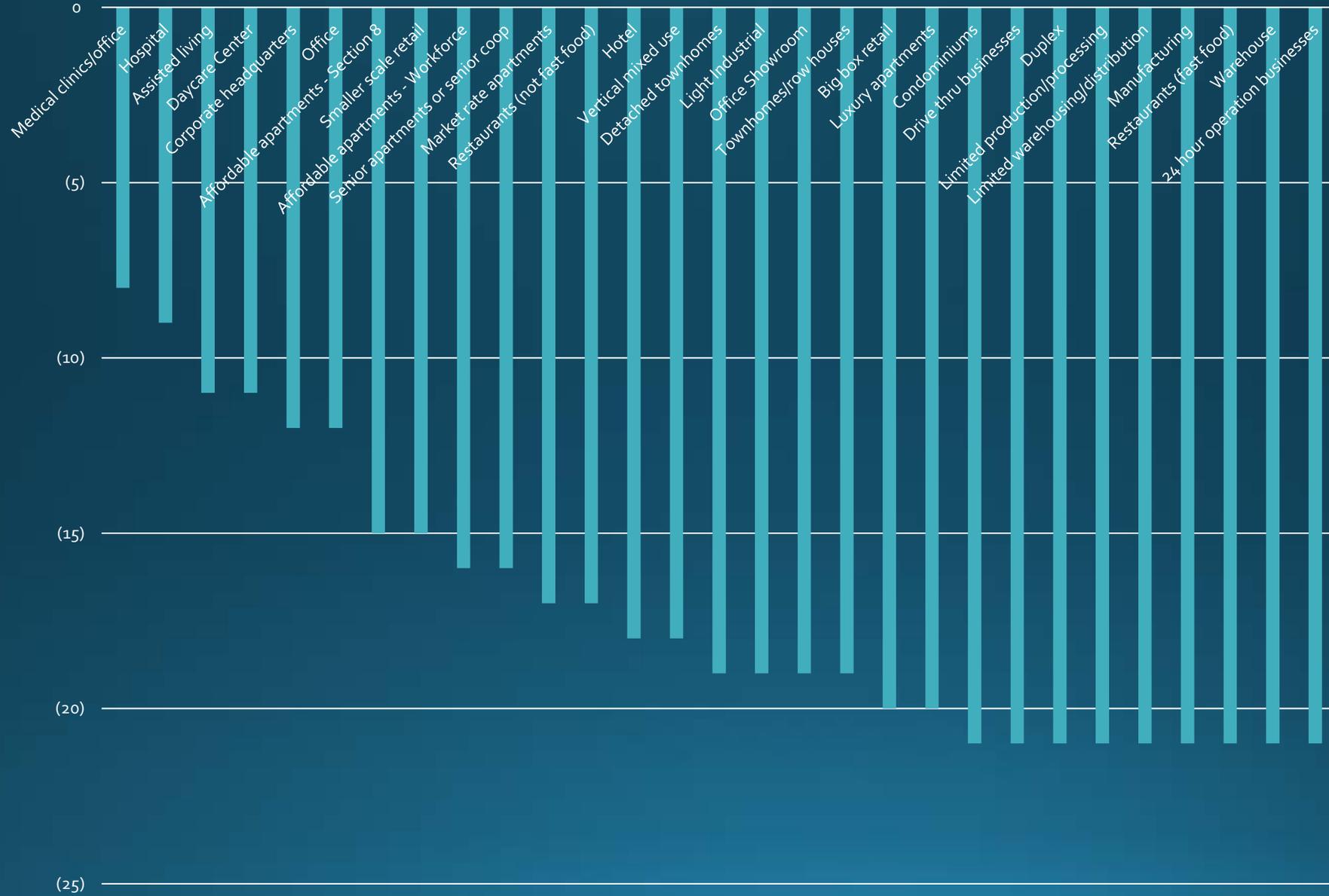
Subarea 5: Subsidies



Subarea 6: Subsidies



Subarea 7: Subsidies



Written Answers

*"Our fatigue is often caused not by work,
but by worry, frustration and
resentment."*

-Dale Carnegie

Positives

Positives

- Parks/water quality/wildlife
- Greenspace
- Lower height buildings
- Medical/McGough Offices

Negatives

Negatives

- Walmart
- Traffic
- Too much impervious pavement
- Trucking/trailers
- Blight/aesthetics/pollution
- Tall apartments/Sherman

Open Ended

Open Ended

- Opposition to Walmart/big box/retail
- Opposition to Twin Lakes Parkway/traffic
- Opposition to subsidies
- Opposition to buildings taller than three stories
- Opposition to Sherman
- More greenspace
- More office

Analysis

Brownfields
are Difficult

Brownfield Redevelopment

This



Not This



Brownfield Redevelopment

- Not just “What”
- Need to consider “Where”, “Why”, “How”, and “When”

Signs your Brownfield Redevelopment will be Unsuccessful

- Designer driven
- Inwardly focused
- Main solution is call developers/brokers/companies
- Main solution is billboards or other marketing
- Main solution is seek master developer

Effective Brownfield Redevelopment

- Comprehensive Understanding of Brownfields
 - Safety concerns
 - Instability
 - Extent/costs
 - Restricted areas
- Market
- Competition
- Design/Regulations
- Risk strategies
- Incentives (usually)

Market Overview

Raw Land

- Apartment vacancies still at historic lows leading to strong demand for apartments based on convenience to Minneapolis
- Senior housing land demand is strong throughout the Metro
- Low retail vacancy and willingness to pay historically high rents is driving retail demand
- New entrants in grocery market (Hy-Vee, Whole Foods, Fresh Thyme) driving large sales of land
- Industrial in strategic positions

Office

- Economy growing steadily
- Increasing emphasis on office space efficiencies causing companies to reduce the size of their office space
- Loss of 122,751 s.f. of office absorption in Metro (4Q 2014)
- Metro vacancy rose to 14.3%
- Areas of strength in high amenity areas (West End, DT Minneapolis, Centennial Lakes, and Normandale Lakes)
- Class B & C offices showing weakness
- Action is focused on renovation, not new construction
- 1 million s.f. of office space shrinkage in DT St. Paul over last decade but still 18.7% vacant (worst in the Metro)

Medical Office

- Vacancy rose to 10.5% (Metro)
- 300,000 s.f. opened in 4Q (Metro)
- 800,000 s.f. under construction (Metro)
- 613,000 s.f. planned for future (Metro)
- Highest vacancies in the St. Paul market at 24.1%

Apartment

- Metro vacancy below 3%
- 4,000 new units in 2014
- 5,000 – 6,000 new units in 2015
- Pre-leasing and stabilization exceeding lender expectations
- Class B & C properties not experiencing competition due to low rents
- New deliveries continue to have rents rise faster than existing apartments

Retail Market

- Metro vacancy improved to a tight 5.5%
- 517,246 s.f. of additional space was absorbed
- National (chain) retailers pushing rents higher due to shortages of space
- Hy-Vee seeking large sites to accommodate 90,000 s.f. new stores (former Rainbow stores 50,000 – 60,000 s.f.)
- Roseville retail market has only 3.1% vacancy

Industrial

- Vacancy dropped to 8.6% (Metro) 7.9% locally
- Highest demand for bulk warehouse
- Roseville one of the strongest markets
 - St. Jude Medical distribution center
 - Meritex (129,655 s.f. spec)
 - IRET properties (220,556 s.f.)

Incentives

Most Subsidized Redevelopment

- Corporate headquarters
- Office
- Residential
- Low intensity uses

Unsubsidized Redevelopment

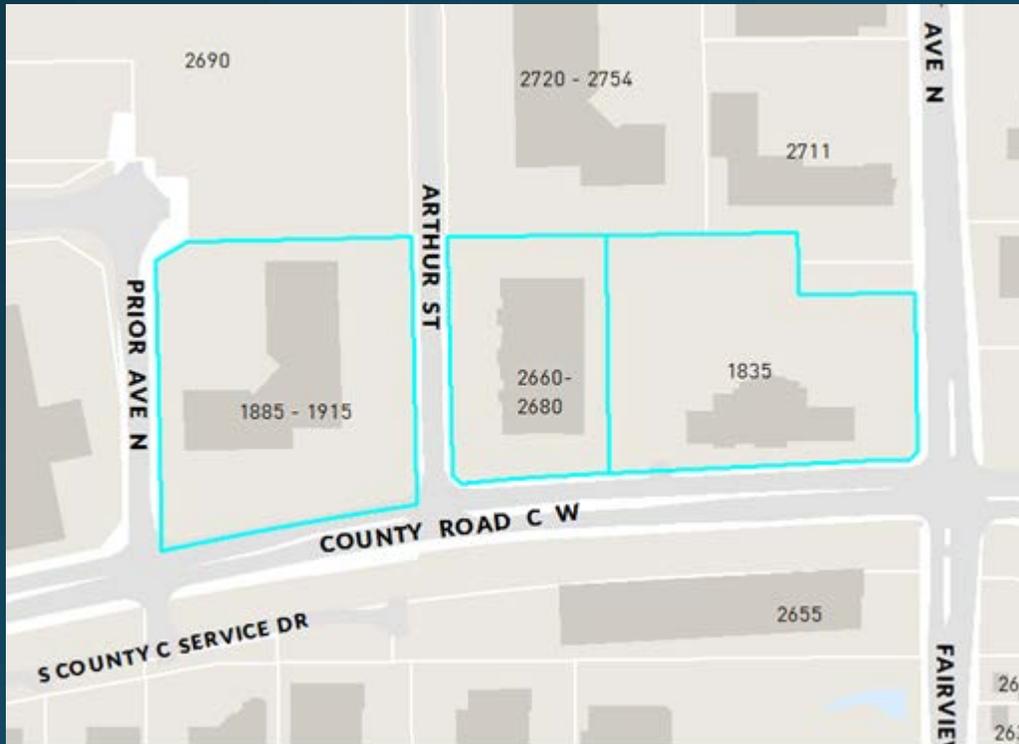
- Big box retail
- Fast food
- Gas station
- Drug store
- Assisted living
- Senior cooperative
- Hotel

Townhome Subsidy Example

- 18.26 acres
- Acquisition cost (current assessor's value): \$9,572,300
- Value of townhome land (clean and structurally sound) \$1.50 - \$2.50 per s.f. of land
- Sales price to townhome developer: \$1,590,812 (\$2/s.f.)
- Land transaction subsidy needed: \$7,981,488
- Additional subsidy needed for cleanup, demolition, relocation
- Value as retail (\$10-\$20 per s.f.): \$7,954,056 - \$15,908,112

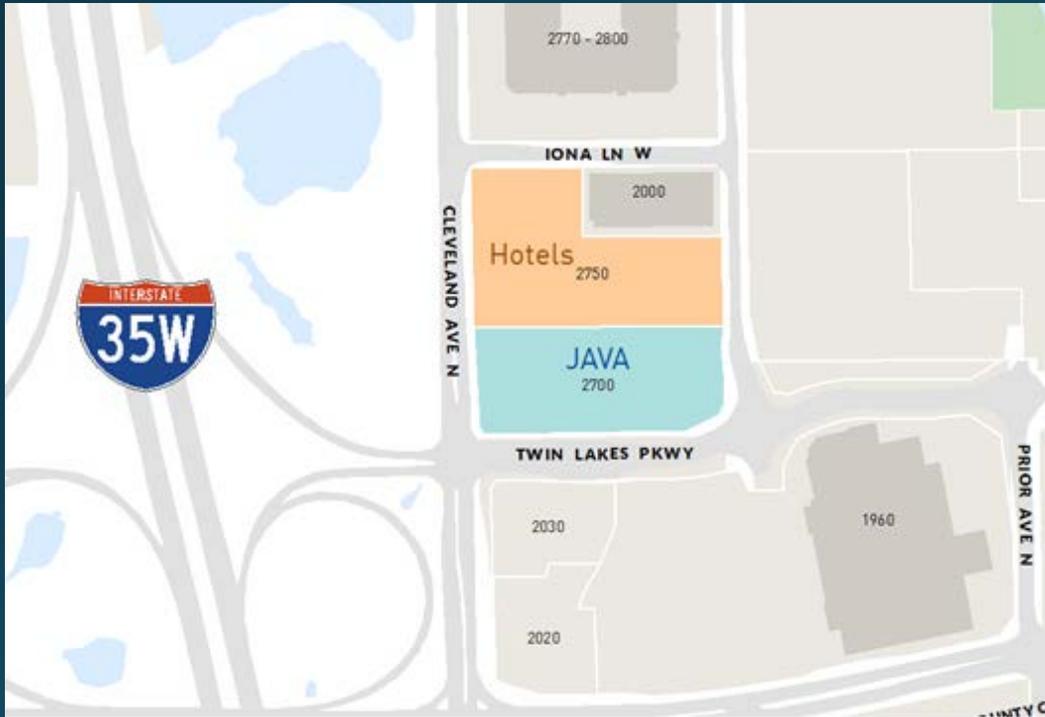
Local Examples

Medical Complex (CR – C & Fairview)



- 10.9 acres
- City subsidized development
- \$647,000 annual taxes
- \$59,358 taxes per acre

Former truck terminal



- 6.9 acres
- \$159,000 taxes annually
- \$23,043 taxes per acre

Pik Terminal



- 25.0 acres
- \$300,114 annual taxes
- \$12,005 taxes per acre

Competition

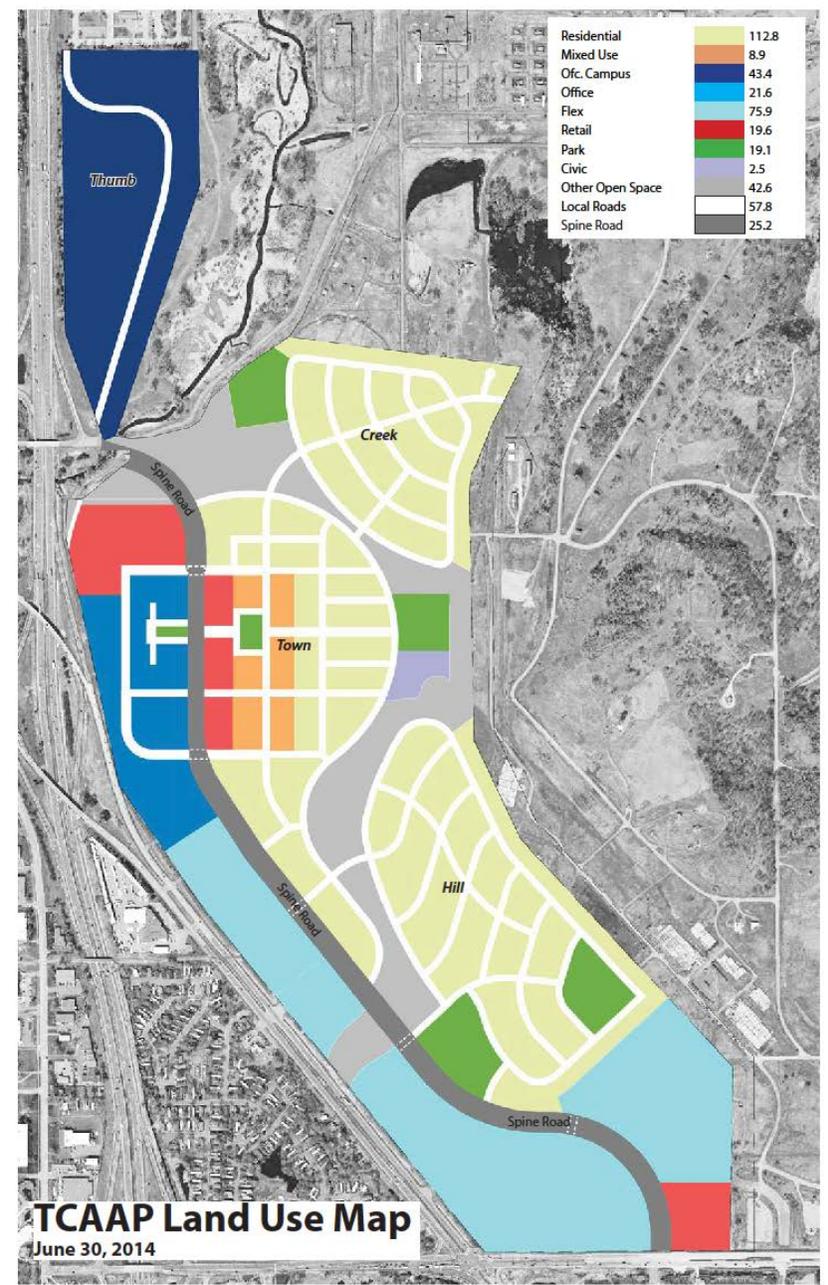


- API headquarters (2007)
- 124 unit apartment (2012)
- CSI headquarters (2015)



TCAAP

- \$30 million investment



Decommissioning Phases

2011 – Ford Plant closes

2012 – Equipment removal, material abatement and demo prep

2013 – Buildings demolished; corner façade disassembled

2014 – Slab & foundation removal; environmental testing

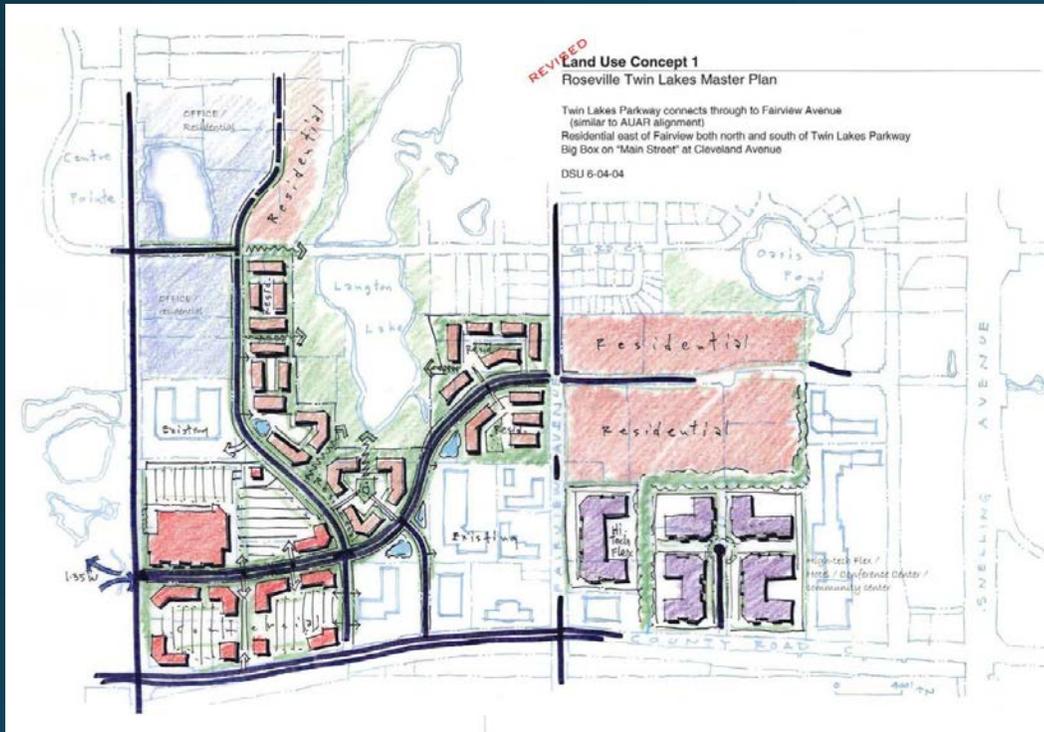
2015 – Environmental testing; grading and seeding; site **“FOR SALE”**



Competitiveness Chart

Name	Ownership	Brownfield	Subsidy	Highway Access	Amenity	Timing
Twin Lakes	Multiple/Private	Not cleaned	Unknown	Excellent	Parks/Lakes	Potentially long
New Brighton	Public	Known & cleaned	Yes	Excellent	Long Lake	Short
TCAAP	Public	Soon to be cleaned	Yes	Excellent	Open space	Soon to be short
Ford	Private	Soon to be cleaned	Yes	Good	Mississippi	Soon to be short

Market Changes 2004-2014



- 2006 State law on eminent domain
- Recession
- Competition
- Time

Next Steps

Next Steps

- Ongoing community dialog
- Touch base with the City Council (tentatively March 23)

Neenah Before



Neenah After



Wausau Before



Wausau After



Questions