

Appendix D

Developer Forum Summary

Developer Forum Summary

Nicollet-Central Transit Alternatives

June 24, 2012



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City of Minneapolis

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1. Developer Forum Summary

1.1. Purpose of This Memorandum

This memo provides an overview of the Developer Forum, held on May 28, 2013, as proposed in Task 1 of the scope of work. The Developer Forum was intended to solicit feedback from the development community on economic development potential in the Nicollet and Central corridor. The feedback received from developers will be used to qualitatively evaluate how the modes differ per evaluation criteria 3.3 and 6.2, as outlined in the Draft Detailed Evaluation Measures memo (dated April 2013).

1.2. Methodology

A forum setting was designed to gather 8 to 12 local developers who represent a broad cross section of the development community in Minneapolis. This includes developers that focus on both higher-density development in the downtown area as well as developers that focus on lower-intensity development in the neighborhoods. Invited representatives included a range of residential, commercial, mixed use and affordable housing developers. The forum was held for two hours so as not to over-burden participants, but still had adequate time to discuss the issues. The forum was hosted by the Community Planning and Economic Development department (CPED) at the Crown Roller Mill building on Monday, May 6, 2013.

1.3. Agenda

The forum was organized around the following agenda:

- | | |
|--|------------|
| 1. Welcome and Introductions – David Frank | 9:00 a.m. |
| 2. Overview of Project – Anna Flintoft | 9:10 a.m. |
| 3. Facilitated Discussion - David Frank | 9:20 a.m. |
| 4. Preliminary Results of Peer City Research – Charleen Zimmer | 10:40 a.m. |
| 5. Next Steps and Schedule – Anna Flintoft | 10:50 a.m. |
| ADJOURN | 11:00 a.m. |

1.4. Participants

A list of invitees was compiled by the Community Planning and Economic Development department (CPED), Public Works department, and the Mayor's office in April 2013. Representatives included residential, commercial, mixed use and affordable housing developers. A total of twenty-four developers were invited, and eight attended.

The forum was facilitated by David Frank, Anna Flintoff and Charleen Zimmer. Consultants from URS, AECOM, SEH and Biko Associates attended to listen and take notes.

Nicollet-Central Transit Alternatives

Table 1: Developer Forum Invitation List and Attendance

ORGANIZATION	NAMES	ATTENDED?	EMAIL
Ackerberg Group	Stuart Ackerberg JoAnna Hicks		stuart@ackerberg.com Joanna@ackerberg.com
Aeon	Gina Ciganik		gciganik@aeonmn.org
At Home Apartments	Mike Cashill		mcashill@athomeapartments.com
BKV Group	David Motzenbecker Gretchen Camp Jack Borman		dmotzenbecker@bkvgroup.com
Brighton Development	Peggy Lucas		plucas@brightondevelopment.com
Collage Architects	Pete Keely	X	pkeely@collagearch.com
Common Bond	Amanda Novak	X	Amanda.novak@commonbond.org
Excelsior Group	Chris Culp	X	Chris.culp@excelsiorllc.com
Greco Development	Arnie Gregory		agregory@grecolc.com
Greystar	David Reid Deanna Seppanen	X	dreid@greystar.com Deanna@seppanengroup.com
Hines	Bob Pfefferle	X	Robert_pfefferle@hines.com
Masters	Don Gerberding Elizabeth Liebhard	X X	don@mastermn.com
Previously Wellington	Tanya Bell Judd Fenlon		Tanya.lea.bell@gmail.com jfenlon@grandrea.com
Ryan Companies	Tony Barranco		Tony.barranco@ryancompanies.com
Shafer Richardson	Kit Richardson	X	krichardson@sr-re.com
Shamrock Development	Jim Stanton		jstanton@shamrockcompanies.com
Sherman Associates	George Sherman		gsherman@sherman-associates.com
	Brian Gorecki		brian@briangorecki.com

1.5. Facilitated Discussion Questions

The following list of questions was used to guide discussion during the forum.

1. Is there any opportunity for development in this corridor? How much development is possible from a market perspective?
2. Where are the best development opportunities? (use aerial mapping to identify specific areas) – if needed, walk through the corridor by segment)
3. What impact do you think transit (LRT, bus, commuter rail) currently has (or has had) on development in the City? Why or why not?

4. Do you think a transit investment is needed in the Nicollet-Central corridor to encourage or spur development? Why or why not? Does this differ in different segments of the corridor?
5. Do you think there is a difference between streetcar and enhanced bus in terms of ability to attract economic development to the corridor? How much? Why or why not?
6. Would an investment in transit infrastructure in the corridor cause you any concerns? (For example, maintenance, loss of on-street parking, cost, etc.)
7. What things should we be considering during design that might have engineering or design implications? (For example, station locations, station or pedestrian realm design, joint development, etc.)
8. Would you be open to sharing the cost for things (like the above) that are important to you – for example, the design of the station or pedestrian realm in front of your building? Would you want higher densities, naming rights, or other considerations for cost participation?
9. How much parking do you think would need to be provided on a transit corridor like this? What have you learned in transit oriented developments regarding parking ratios?
10. What kinds of mixed use developments should be considered to insure successful uses? First floor? Second floor? Upper floors?
11. What role, if any, might affordable housing play in future development in the corridor? Are there segments or locations that are suitable (or not suitable) for affordable housing? How could affordable housing best be included in the mix of development? Would you be willing to work with MPHA?
12. What things might the city do that would help to spur development along the Nicollet/Central Corridor either by bringing development sooner, increasing development density, concentrating development in this corridor? What are the current hindrances, if any?

1.6. Online Participation

All participants who were invited to attend the forum were sent a link via email to an online survey to provide additional comments, or in the event they did not attend, to provide their feedback to the questions noted above. No online surveys were completed.

2. Summary of Feedback

A summary of the key points raised during the Forum are presented in this section.

Participants' perceptions of the alternative modes (streetcar and enhanced bus) in terms of their potential to impact development in the corridor:

- Streetcar is perceived as a more permanent investment than a bus system.
- Riders perceive rail transit (streetcar, LRT) as higher quality, better value transit service than bus.
- Streetcar service in Minneapolis feels like a new idea, "cool", and capable of attracting a "creative class" of residents and employees.
- Rail transit adds economic value: land values along University have tripled since the announcement of LRT service.

Participants' perceptions regarding the development market in the corridor.

- The K-Mart site at Nicollet and Lake was perceived as having a very high potential for positive change.
- There is development potential in the area between I-94 and Lake, but shallow commercial street frontage backed by residential zones currently constrains redevelopment. Redevelopment cannot proceed at any large scale without zoning changes.
- Downtown is an important transfer point and destination, but participants did not envision streetcar as having a significant catalytic effect since the area is already highly walkable and transit-served.
- The East Hennepin opportunity area (including the Banks and Totino's projects) has market momentum, sometimes referred to as the "new Uptown".
- The service should run north to the Northrup King site if it extends beyond the East Hennepin opportunity area.

Participants noted policy and planning reforms that are needed to enable transit-oriented development:

- In some areas, current zoning constrains maximum development because of incompatible adjacent uses or insufficient buffer areas, mismatches between the zoning in place and adopted plans, and outdated limitations (parking minimums, use of alleys).
- Designating major transit transfer points as hubs or super-stations, supported by station-area plans, will attract developers and community support.
- Affordable housing needs to be considered, but land prices often become prohibitive after a transit investment is announced. Affordable housing at transit-supportive densities can be located two to three blocks off the alignment where price premiums are lower if zoning allows or with public subsidy / purchase assistance.
- Parking ratios should be market-driven and at the discretion of the developer. All acknowledged that the demand for parking won't go away, although some suggested that they would reduce provided parking, suspecting that buyers/users may leave cars parked longer between trips, or may be comfortable with parking spaces off-site.

Participants discussed their preferences related to service and amenities:

- Convenient pedestrian access to stations, especially at transfer points, is important.
- Desired station amenities include real-time information systems, heated shelters, and safety and security features.
- The participants appreciated the convenience and attractive urban design of shelters or stations integrated into buildings and developments. In principle, the participants were open to collaborating in this type of joint development in their projects.
- Reduction of traffic congestion in downtown, particularly buses, was perceived as an important benefit of streetcar.
- Maintaining efficient, fast, comfortable service with no or few transfers was perceived as important to making the system attractive to riders.

3. Detailed Feedback

Detailed notes on the discussions that took place during the Forum are presented below. Conversation was candid, and quotes or statements by the participants (direct or paraphrased) are recorded below anonymously.

3.1. Discussion of the Alternatives

David and Anna provided an overview of the alternatives. Streetcar was described as running in mixed traffic, so not taking lanes, and stopping about every two blocks. It will be smaller and require less infrastructure investment than LRT. It will use tracks & overhead power. It will operate on Nicollet Mall.

Anna explained that enhanced bus is the “bus equivalent to streetcar” – same service, stop spacing, type of stop facilities, but with a bus vehicle. It will feature different buses, longer, more distinctive looking, slightly smaller than streetcar, same frequency of service (fewer stops than regular bus), stops at extension of sidewalk into parking lane (raised curb 10-14”) to align with either streetcar or bus (like in Portland which uses a 10” curb).

3.1.1. Questions/Comments about Enhanced Bus:

- Can buses be manufactured to level board at current curb height? *Response: Yes, to a certain degree.*
- Why does it need special buses? *Response: Articulated buses for larger loads and buses that allow for multi-door boarding and other passenger amenities.*
- Can buses be repurposed to regular bus if ridership is low? *Response: yes, but not concerned that there won't be enough demand – these routes are currently among highest: 20k daily ridership (1/2 between Lowry and Lake in central area).*
- How has the 46th Street BRT stop affected the neighborhood? *Response: This seems to be a non-issue for neighbors from a traffic perspective.*

3.1.2. Questions/Comments about Both Alternatives:

- What does this do to commute time between 46th and Downtown? *Response: Run time analysis is still in progress, but the service is expected to see some advantage over current travel times. This project is not about speed but about improving service and making development more attractive – this is a local route, riders are largely not work commuters.*
- This is a fundamental question for developers, if you can reduce travel times, property becomes more valuable and the further people are willing to walk. As we start looking at sites, we need to understand the walk shed. The farther a person is from their destination, the less likely they are to walk.
- You need to identify transfer points and designate these as development nodes – this could trigger redevelopment of these areas. Even if it increases transfers and decreases ridership in short term, over the long term it could improve and encourage downtown living.
- We should take a broader definition of transit: LRT is commuter, streetcar is circulator. 46th is not that far from downtown. Streetcar should be part of urban life, the way to get around, the way you get to and around downtown – the point is to create a more pedestrian oriented urban environment, speed is not that important, people will get used to it.
- Transit needs to be easy, clean and reliable - only then could it displace drivers.

3.1.3. Questions/Comments about Streetcar:

- Are there any studies of people’s perception of streetcar vs. bus? *Response: There are some studies that indicate that people prefer LRT over bus even if bus is faster; the project is doing peer city research, but*

few systems have been implemented (many are still in planning stages) so there aren't many points of comparison.

- Streetcar is an attraction; it seems more permanent. Bus infrastructure / schedules are subject to change, and are not a permanent attraction/asset. LRT was perceived as unlikely when initially introduced. We are missing an opportunity to provide a transportation asset if we go with enhanced bus.
- Will the increased cost of streetcar result in increased fares? *Response: the project is assuming the same fares. For capital costs, streetcar systems generally cost \$30-60 million per mile; enhanced bus systems typically cost \$15-60 million per mile, depending on the extent of amenities. Streetcars cost more to operate per hour than bus, but per-rider costs depends on ridership; the project team is developing numbers now and these are factors that will be included in the evaluation.*
- If you do a short segment, will you maintain current buses or eliminate them? *Response: With the proposed short starter line, buses on Central will stay same; local buses will run on Nicollet south of Lake but will have reduced stops between Lake Street and downtown.*
- If you do a short streetcar segment, will you maintain current buses or eliminate them? *Response: With the proposed short starter line, buses on Central will stay same; local buses will run on Nicollet south of Lake but will have reduced stops between Lake Street and downtown.*
- Will there be more traffic on the Mall? *Response: Some buses on Nicollet Mall will be replaced with streetcar but there will still be buses on the Mall serving longer distance trips.*
- Is the objective to get all buses off Mall? It will get the downtown business community more excited about this project if you reduce buses on the Mall. You are not going to achieve a grand vision of transit if you keep buses there and never get rid them. *Response: The long term goal is to remove buses from mall but this will not happen with the current proposal.*
- Did you consider a loop on two streets (for example, Lyndale and Nicollet) instead of two directions on one street? *Response: It is more consistent with current and future land uses to keep the route on Nicollet (instead of Blaisdell or Lyndale); Lyndale is also a different transportation market than Nicollet.*
- Should streetcar routes be on commercial streets, or is a residential street acceptable? *Response: based on peer city experience (e.g., Portland), streetcars should run on commercial streets.*
- This seems the opposite of what you want – shouldn't a train be faster? *Response: Frequency is important too – not just speed/travel time – streetcar will be a more local service with bus providing express trips.*

3.2. Development Opportunities

3.2.1. General Comments

- We need to designate major focus nodes at major transfer points or “super stops.” That would say: “build here.”
- This is not just about transit/streetcar, this is about the area. Add other improvements (lighting, safety, etc.) that will signal to the development community that the city is solving problems and investing in infrastructure and the community fabric.
- Show more options at “super stops” with express service – “combo platter.”
- Think about rezoning certain nodes – linear development is limited in scope, but if the City makes a concentrated effort to rezone, then designate commercial nodes and allow alleys to allow access.
- Are there any thoughts of doing linear area plans (I.e., a corridor plan) and a land use plan for corridor to address such issues? Need to address system issues, not neighborhood/small area zones that are too small; this all stems from desired land uses that will lead to zoning reform.

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- Need density around transit, this is ok further south, but is there enough to make it successful, or is it just limited to surrounding blocks? The issue is certainty and ease of the permitting/process – it helps both transit and development community.
- Streetcar is not designed to promote development; it's designed to replace buses.
- Real potential for retail/commercial – this sector suffers from zoning constraints, especially at super stops. Need to address land use changes if we are going to implement something as transforming as streetcar.

3.2.2. *Opportunities South of Downtown*

- The biggest impediment and opportunity is K-Mart – this site has the potential to be a major development; it is underdeveloped right now; density could support services.
- 46th to K-Mart have good potential.
- Investments within several blocks east and west of Kmart and I-35W along Lake St. has stalled out over the past decade (coincident with the limits of Lake St. reconstruction). Investment is more likely once Lake St. reconstruction is completed (I-35 and Lake BRT station) and Nicollet is reconnected (K-Mart site redevelopment).
- There is great potential between I-94 to Lake but the lots are too shallow in some areas: ½ block deep off a commercial corridor. Zoning and ordinances preserve residential uses. You can't put grocery on commercial frontage because there is no access from rear in abutting residential – you really need a full block of commercial zoning.

There is a fair amount of interest 2-3 blocks off Nicollet, consolidating parcels on the residential side (4-40 unit projects, market rate apartments and condos).

3.2.3. *Opportunities in Downtown*

- Hiawatha corridor is not as cool as Nicollet. This project (on Nicollet) would be building onto an existing market. Hiawatha is next to 6 lanes of traffic – a major physical barrier.
- Doesn't matter; downtown is small and easy to walk around.

Not on Nicollet, maybe in a softer area like the nearby Elliot Park Neighborhood.

3.2.4. *Opportunities North of River*

- Developers would make projects bigger (gave example of Totino's) if they knew the streetcar was a certainty, and would the change matrix on parking ratio.
- "Banks building" parking lot – streetcar would reconstitute that opportunity.
- Streetcar could help density in the northeast, but need to have jobs downtown. Improved urban neighborhoods add to attractiveness for downtown employers (creates cool urban areas) where talent wants to live and work. He has seen some of this impact through LRT – creative class, etc. intangible benefits.

3.3. Concerns Related to Development

3.3.1. *Impact of Enhanced Bus on Development*

- Perception is that enhanced bus is just another flavor of an old mode, without the appeal that streetcar brings. "Enhanced bus is the new Chevy."
- Minneapolis has a lot of transit lines but they don't operate like a system – when you see investment in streetcar, people feel like they have more options.
- Bus is cheaper but better than nothing.

- Establish the service with a streetcar, but supplement with less expensive service. Roll up and change over time.

3.3.2. Concerns Related to Service and Design

- A streetcar seems clean (maintenance & green) but reducing streets for pedestrian amenities or transit lane is not received well. Panache comes from these kinds of amenities.
- Development along the line will come, but land use and zoning needs to be compatible with market conditions.
- I would love to see real-time info (schedule, rider info) – “make it like every other system.”
- People need to realize commuting by car in downtown is a hassle, the way to remove the hassle (through transit options) in downtown Minneapolis is limiting vehicle accessibility. Parking costs and hassle are rising but there are not easy, convenient alternatives.
- People are concerned about security issues – safety, security, lighting.
- Increased ridership will diminish security concerns. Need to address this initially and it might take care of itself.
- Make it safe feeling (no wrappers that diminish visibility in or out).
- It’s cold much of the year – how to makes stations/waiting areas more comfortable?
- Every TOD development project will be contentious and will be appealed if land use and zoning are not fixed.
- Cars will still exist – the ability to live on transit line is great, but people will need cars still – connect to HourCars / car rental – support this through zoning and codes – the project always goes back to land use.

3.3.3. Concerns Related to Parking

- Parking is one of top 3 concerns of buyers. Parking generates revenue for developers.
- Parking is still important (ex. Hennepin & Washington project). I am not building less, too afraid to not build enough. And I’m making revenue on spaces – why should I change my model?
- Some places ask for maximum parking, not minimum now. Ratios vary by type of project and target buyer.
- I would drop parking ratios from 0.7 to 0.5 immediately if streetcar were constructed.
- Some developers will build less parking in response to transit, some will not.
- Developers could decouple / unbundle parking – doesn’t have to be co-located. Doesn’t disagree that people will have fewer cars, but the ones they have may stay parked for longer periods of time. Won’t eliminate provision of parking.
- The City should leave this up to developers and what the market bears – need to prove out how this will work.

3.4. Co-branding / co-development with transit

- Example at 50th & Xerxes – incorporated bus stop into development (awnings, looks like part of building) – it worked & helped get project passed. Bus was not perceived as detractor, in fact community embraced it; looks very appropriate.
- Not sure how much could this work for streetcar with car in street? But interested in this kind of thing...
- Would be a great amenity for users, whether residential, retail.

3.5. Affordable housing

- As soon as an area is designated as development area, non-profit developers can't compete price-wise anymore (ex. Central Corridor – as soon as announced, prices tripled).
- Identify sites; have the City buy them and then have the developer buy through that medium.
- Don't need to be ON the line – 2-3 blocks in is fine if zoning supports – need density permissions.

3.6. Starter Line

- Should go both north and south of downtown – should have a commitment to long term solutions.
- Should go north and hit the three major east-west bus lines. Is University a future streetcar line?
- Going north expands the Downtown, from a user's perspective.
- St. Anthony is "new Uptown" – much more accessible to downtown – and Uptown is struggling, perceived now as only a drinking spot.
- Think about the George Sherman redevelopment (K-Mart site) – Lake Street is a riper candidate.
- Would have to go up to Northrup King if going north (1/2 mile north of Broadway).
- "Gotta be at Lake – the rest is extra"; if it doesn't work there, it won't work.
- Where will the maintenance facility to be located? *Response: this is under evaluation.*

3.7. Questions for Peer Research

- Ask what mistakes not to repeat – ask for a critique of our approach.
- Create cheat sheets for use in the public, like: "here's how it worked in Portland" – for use in outreach to neighborhoods – need some real data to help understand and communicate.
- Need peers that are cold, snowy – snow removal, freeze/thaw cycles. How about Canada, Europe?
- Some older cities have different perception/transit behavior and distinction of urban core vs. outlying areas, but newer cities might be more auto-oriented like U.S.

3.8. River Crossing

Anna noted that the alignment has been determined except for the River crossing. She asked what the group thought about each option, from a development perspective. Responses included:

- Hennepin seems easier, rather than to cut through.
- Put it on both – it doubles exposure.
- 1st Avenue would benefit since Central is already developing.
- Feels strange to go to on Third but maybe makes more sense if you put it that way.

3.9. Project Next Steps

The project team is evaluating ridership, capital cost, etc. to present to the public over the summer. The project's recommendation will include mode, alignment, termini. Other questions that came up at the end of the forum:

- Is this 100% publicly funded?
- What is the relationship between transit investment cost and streetscape investment – is there a threshold that makes a difference to economic development and ridership?