

# The COR: Market Panel Discussion

Log of Feedback from 10/27/2017

Panel Included: Ehlers, SEH, Maxfield Research, CBRE, and a former City Administrator. The City's Community Development Director, Tim Gladhill, facilitated this discussion. The Planning Commission generally oversaw this effort.

## Themes of Feedback

1. Structured Parking
2. Retail & Restaurants
3. Vertically Mixed Use
4. Community Center
5. Zoning District Flexibility

# 1. Structured Parking

## DESCRIPTION

- Construction of parking ramps is a strategy for implementing density goals within The COR-1 zoning district. Density within The COR-1 zoning district is one of the basic foundation pieces behind the original vision of The COR—and has been used as rationalization for funding various infrastructure projects within The COR (i.e. Ramsey station, various road improvements, The Draw, etc.). Density of development also helps push other desired uses within The COR (such as traffic for restaurants/ retail).
- The current COR master plan shows the construction of four parking ramps within the COR-1 zoning district (one already completed). Many people involved with the original visioning process of The COR expect the construction of additional parking ramps to occur.
- It is important to note, The COR-1 zoning district minimum FAR (floor area ratio) was updated in 2015 to .65. This new FAR does not force users to construct parking ramps (higher FARs do). This is unlike the previous minimum FAR within the COR-1 zoning district (.75 and 1.0).
- The City has received strong and consistent feedback from developers, real estate professionals, and businesses that parking ramps are very expensive and the Ramsey market cannot justify this additional development expense. Generally, developers are opposed to constructing parking ramps.

## FEEDBACK

### ***Market Panel/ Developer/ Real Estate Professionals***

- If the City expects additional structured parking within The COR, it is highly unlikely the private market will bring this to Ramsey alone. The only markets that see this type of development naturally, within the Twin Cities, are Minneapolis, St. Paul, and St. Louis Park. These markets have higher yield rates, which can justify the investment.
- If structured parking is a priority for Ramsey, the City should pro-actively prepare a plan to fund parking ramps. The City should generally be prepared to participate costs above and beyond standard surface parking. The City must lead this effort.
- Density within The COR-1 zoning district does benefit, and help push, the City's desire for restaurants and retail within The COR.

## 2. Retail & Restaurants

### DESCRIPTION

- Restaurants and shopping opportunities are a major component of the vision for The COR (often times referred to as retail). A strong expectation exists within the community for restaurants and retail to be delivered. At this point, many parties have grown concerned with the lack of progress.
- The COR Master Plan currently calls for about 40-50 acres of traditional suburban retail development (west end, near Armstrong Boulevard). Traditional suburban retail development is 1-story, box-like configuration, with surface parking.
  - Located adjacent to The COR are two areas also generally guided for traditional suburban retail development: (1) about 40-50 acres just west of Armstrong Boulevard, on the north side of U.S. Highway 10, and (2) about 40-50 acres located just south of The COR, across U.S. Highway 10.
- Concerns have risen that amount of land zoned for traditional suburban retail development within The COR is more than the market can sustain, now or into the future. It has been suggested, the west end of The COR proper should be reconsidered (for less traditional suburban retail zoning). It has been suggested the City place more of an emphasis on smaller scale retail and restaurants within The COR proper, and allow for the areas adjacent to The COR to satisfy the demand for traditional suburban retail.
- In order to attract retail development, staff has received two consistent suggestions:
  - (1) additional residential development is critical—including density of residential development
  - (2) obtain traffic generating users/ destination users are important—examples include big box retail projects, a community center, hotels, recreation opportunities (Lake Ramsey), office complexes, etc.

### FEEDBACK

#### **Market Panel/ Developer/ Real Estate Professionals**

- Generally, traditional retail development is very challenging to attract in today's economy (due to the major influence of the internet, push for smaller store footprints, etc.). Very little new, green-field, traditional suburban retail development has occurred since the Great Recession. This is not unique to Ramsey, the entire industry is very slow.
- Ramsey's geographic location is a major disadvantage for traditional retail development (Ramsey is stuck between two major retail nodes, and two major rivers).

- The city should also recognize, more rooftops are needed to attract retail and restaurants, especially in close proximity to The COR. Typically, communities (or demographic areas) need to achieve a population of 50,000-60,000 before they will start attracting traditional retail interest—Ramsey has a population of 25,000, and is expected to reach 40,000, at the high-end, in the long-run.
- The City should consider rethinking their retail strategy (how much land is available for retail, how much is needed/ can the market absorb, etc.).

## 3. Mixed Use

### DESCRIPTION

- The original vision for The COR was a mixed-use development. Unfortunately, the definition of mixed-use is not clear for The COR—a formal policy does not exist. Below are the three general perspectives:
  - (A) Mixed-use is focused on The COR-1 Zoning District only. This zoning district should have a mix of uses within each individual development project (for example, commercial/ office below and apartments above within the same building). Some people refer to this as vertical mixed-use strategy. Some desire the city take a strong stance on vertical mixed-used policy for The COR (make it required with The COR-1 Zoning District).
  - (B) Mixed-use is focused on The COR-1 Zoning District. This zoning district should have a mix of uses within certain geographic areas (i.e. office building next door to an apartment complex). Some people refer to this strategy as a mix of uses within a block. This alternative still allows for option A above to occur—however, it does not require option A. This is the current method currently being deployed by staff.
  - (C) Mixed-use is focused on The COR as a whole. The COR, as a whole, should have a mix of uses located within close proximity to each other (i.e. we have a district for apartments, retail, business park, etc.). The COR-1 Zoning District should be flexible, and allow for various uses (as the market demands). Again, this alternative still allows for option A and B above to occur—however, it does not require option A or B.
- This item has become an issue because three different perspectives exist. When actual development projects have come forward to the City (e.g. PSD apartment, Residence at The COR apartment, Common Bond), the city has dealt with this item on a case-by-case basis, with no formal policy to follow. As a result, some people feel the City is not following our vision for a vertical mixed used development (within The COR-1 Zoning District).

### FEEDBACK

#### **Market Panel/ Developer/ Real Estate Professionals**

- Generally, new vertically mixed-use development is very challenging to attract in today's economy, specifically in suburban areas. This is due to:
  - Developers' lack of knowledge/ comfort/ specialization in vertical mixed use projects. Outside of major cities/ downtown areas, vertical mixed use is very uncommon.
  - Financial institutions unwillingness to fund projects. Many developers have told the City—even if we wanted to complete a vertically mixed use project, we couldn't—our bank won't fund it. We would need to cover that portion of our project with equity.

- History of un-successful vertically mixed-use projects. In fact, many areas that do have vertically mixed-use projects are struggling to fill their ground level store fronts today, and many of those projects are located in the highest demand markets within the Twin Cities (i.e. uptown, St. Louis Park, etc.).
- If the City expects vertical mixed-use projects within The COR-1 Zoning District, it is highly unlikely the private market will bring this to Ramsey alone--the City should pro-actively prepare a plan to subsidize/ encourage this activity. The City should generally be prepared to financially participate. The City will need to lead this effort.

## 4. Community Center

### DESCRIPTION

- The original vision for The COR calls for a community center. The scope of what a community center shall include has been loosely discussed over the past decade. No consensus vision exists today.
- The City has identified a \$4,000,000 contribution to a community center with their 10-year Capital Improvement Plan (CIP). That plan contemplates a partnership style community center.
- Below are some example methods to deliver a community center, or a component of community center services.
  - **Private Partnership:** some people refer to the Champlin Lifetime Fitness as a potential model to consider (for a partnership). Champlin provided a \$1.00 annual ground lease, and a parking ramp to Lifetime Fitness—in return for a nice facility, and discounted rates for residents, specifically for seniors. Private clubs do pay property taxes. This option provides Ramsey with the least level of control over programs, services, and rates.
  - **Non-Profit:** another example is the YMCA. Typically the YMCA will require a 50-60% project contribution from the local community. It is estimated, a Ramsey YMCA could range in costs from \$15M-\$25M, depending on the scope of series and building design. The YMCA does not pay property taxes. The YMCA does a good job of partnering with the local community to define expected programs, services, and rates.
  - **City Owned:** If the city were to construct a community center alone, many speculate a minimum upfront capital investment ranging from \$15M-\$25M, and significant annual operating expenses. This option does not generate property taxes. This option provides Ramsey with the highest level of control over programs, services, and rates.

### FEEDBACK

#### **Market Panel/ Developer/ Real Estate Professionals**

- The City needs to define their plan for a community center. The market panel strongly cautions the City against planning for a full-fledged, city-owned, community center. The capital costs are very high, and even higher are operation costs.
- The market panel suggested the City should consider different options for amenities (i.e. parks, Lake Ramsey, splash pads, limited facilities, non-profit users, etc.), or a partnership situation (i.e. with a Lifetime Fitness) rather than a city-owned community center.

## 5. Zoning District Flexibility

### DESCRIPTION

- The COR development has five general zoning districts that establish the underlying legal land use regulations that help guide/ restrict/ influence development. The implementation of zoning districts within The COR is one method to help achieve the City's vision (dense urban core, business park in east, retail in the west, residential in the north).
- Naturally, in order to have a zoning district, borders of said zoning district need to be geographically defined. As a result, arbitrary lines have been drawn across The COR, where one district begins, and another ends. Unfortunately, these zoning districts don't necessarily follow clean parcel lines, and often times don't perfectly align with market demand (i.e. proposal from developers).
- Regarding COR zoning districts, the City commonly caught in the dilemma outlined below:
  - (A) Receiving requests from developers and businesses that want to adjust the borders of certain districts. In other words, not follow the zoning regulations specified on the property in which their project is proposed/ desired—and rather follow market demand. In this situation, the city is pressured to be business/ developer friendly, and to better respond to the market demand. This alternative can result in unplanned projects (i.e. Casey's).
  - (B) Implementing the vision of The COR by enforcing existing zoning standards (districts). This alternative can result in losing potential projects (i.e. Dominion).

### FEEDBACK

#### ***Market Panel/ Developer/ Real Estate Professionals***

- The market panel was generally impressed and supportive of what Ramsey has accomplished, and generally encouraged Ramsey to maintain a strong vision, and not to waiver from their vision/ design standards.
- The market panel encouraged the planning commission and city council to make sure their visions are aligned—as not doing so could be obstructive to the success of the development. The city needs to act as a team.