Former Sam's Club Site
Land Use & Development Study

St. Louis Park

City Council Study Session

Monday, March 11, 2019

HKGi

St. Louis Park
MINNESOTA

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

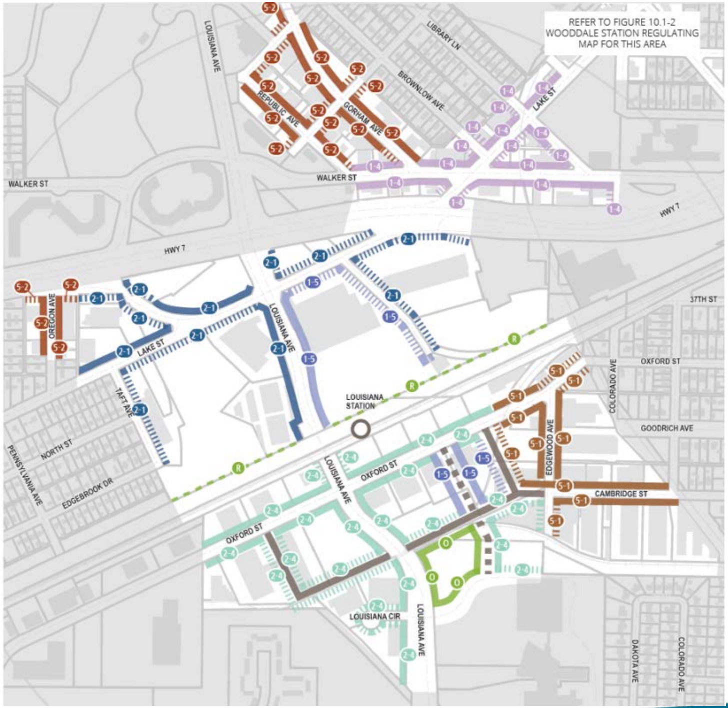
- Transitional Station Area Action Plan (TSAAP) – Louisiana Station (2013)
- Louisiana Avenue Station Framework + Design Guidelines (2014)
- Proposed Form-Based Code (2015)
- 2040 Comprehensive Plan Update (2019)

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)



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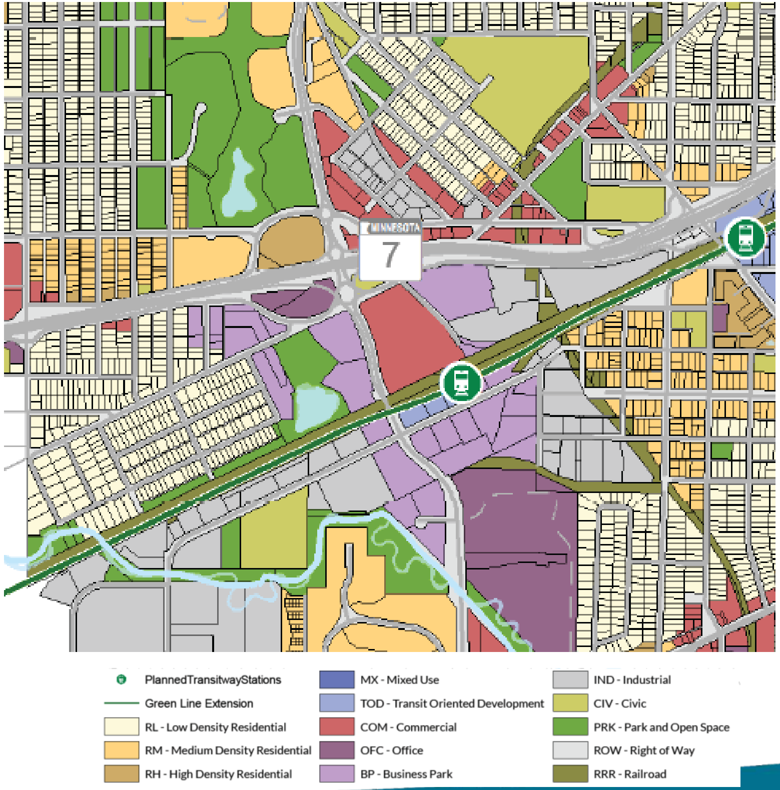
2040 Comprehensive Plan Update (2019)

- 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

	Light Industry	Office	Commercial / Retail	Multi-Family Apartments / Condos	Mixed Use: 1/3 residential, 1/3 commercial, 1/3 office	Mixed Use: 75% residential, 20% office, 5% commercial
Re-Use of Building (w/ possible minor infill)	**Very Likely**	Possible – only "class C" offices	Possible – repositioned as multi-tenant retail, with deed restrictions	Not Likely	Not Likely	Not Likely
Redevelopment of Site (demolition + new construction)	Not Likely	Not Likely for whole site	Not Likely – due to costs and deed restrictions	**Very Likely**	Not Likely – too much office and commercial	**Very Likely**

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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…)

Scenario 1
Industrial Re-Use

- Light industrial re-use of existing building
- Possible recirculation of site/more loading docks added
- Up to 20,000 SF of additional related office/flex

Scenario 2
Employment-Focused Re-Use with Infill

- Light industrial re-use of existing building
- Office - up to 80,000 sf of infill
- Retail - up to 20,000 sf of infill
- Hotel (100 rooms)
- Structured parking

Scenario 3
Multi-Family Residential Redevelopment

- 600-700 Units (50-60 du/ac)
  - Up to 6 story buildings
  - Likely a mix of Market, Senior, Affordable
- Minor Retail – up to 5,000 SF
  - Restaurant, Cafe, Convenience, etc

Scenario 4
Transit Oriented Mixed Use

- 75% Residential: 475-600 Units (50-60 du/ac)
  - Up to 6 story buildings
  - Likely a mix of Market, Senior, Affordable
- 20% Office: Up to 80,000 SF
  - Phased
  - Traditional or Medical Focused
- 5% Commercial: 10,000-15,000 SF Retail

Scenario Outlooks

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

DISCUSSION

Questions

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