

# Grandview Green

**A ULI Minnesota Technical Assistance Panel  
for the City of Edina, MN**

September 6, 2017



**Urban Land  
Institute**

Minnesota

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# GRANDVIEW GREEN SITE BACKGROUND

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## ABOUT TECHNICAL ASSISTANCE PANELS (TAPS)

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The Urban Land Institute Minnesota (ULI MN) conducts Technical Assistance Panels (TAPs) at the request of a community or public agency to provide an unbiased, interdisciplinary panel of volunteer real estate professionals who address a specific project, development or policy issue. The workshop is preceded by analysis of background information provided by the sponsor, planning sessions, community interviews, and site tours. The panel's findings and recommendations are documented in a written report. Panelists are ULI MN members and leaders from across the real estate and land use industries who volunteer their time and talent because of a commitment to making positive economic, environmental and social impacts in our communities.

### THE PANEL

Colleen Carey, *Cornerstone Group TAP Chair*  
Tom Fisher, *Minnesota Design Center*  
Bill Katter, *United Properties*  
Pat Mascia, *Briggs & Morgan*  
Bob Pfefferle, *Hines*  
Chris Wilson, *Project for Pride in Living*

### ULI MINNESOTA STAFF

Caren Dewar, *Executive Director*  
Cathy Bennett, *Housing Initiative*  
Gordon Hughes, *Advisory Services*  
David Baur, *Director*

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## ABOUT THE STUDY AREA

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The Grandview District is a mixed-use node located near the center of Edina Minnesota. The 80+ acre district straddles MN Highway 100 and is roughly bounded by Vernon Avenue on the west and north and Eden Avenue on the south and east. This area has served as a crossroads of commerce for more than 100 years. In the earliest days of the community, the Grandview area connected the Edina milling operation with the Hopkins and Eden Prairie farming communities to the west. The area transitioned as industrial uses grew in the first half of the 20<sup>th</sup> Century. As Edina and the Twin Cities grew, many successful commercial operations located in the Grandview area – motels, dinner clubs, supermarkets and a bowling alley. Over time, the motels were replaced with mid-rise apartment buildings and the industrial uses became condominiums and modern office space. Today, the Grandview District is a community scale retail district providing many goods and services as well as many employment opportunities.

The Grandview area includes 13 acres of publicly owned land and right of way (Figure 1). The conceptual vision for Grandview Green includes the construction of two green freeway covers, sometimes called “lids” or “caps,” that will create approximately 1.8 acres of new green space for public use. Related roadway improvements are intended to create safe and convenient access throughout the district. The creation of the Grandview Green amenity is likely to stimulate renewed development interest in the immediate area to better position the Grandview area to serve the community (Figure 2).

The area has a long and important history for the community. Before Edina became a village, Civil War veteran Beverly Yancey and his family purchased and settled a 127-acre area that included Grandview. The Yancey's became prominent African-American pioneers and community leaders in the village. Their family was instrumental in early developments including the decision to build the Minnehaha Grange Hall in 1879 and the later platting of the Grand View Heights area in 1910.

Grandview has also long been an important nexus within Edina for both transportation and business. What is now Vernon Avenue was the original route for Highway 169/212, and the Dan Patch Line provided passenger rail service through the district from 1915 to 1942. Area businesses commonly used “Grandview” in their names, including a cafe, market, two service stations, hardware, and a seed and garden supply store. Jerry's

Enterprises, a well-known local operator of, among other things, grocery and hardware stores also calls the area home.

The construction of Highway 100 changed the area significantly and created a dividing line between the eastern and western portions of Edina. Since 2014, the Edina Housing and Redevelopment Authority (HRA) has been exploring the possibility of constructing a green freeway cover over limited portions of Highway 100. In late 2016, the Edina HRA engaged a consultant team to study the feasibility of the concept. The study also assessed the economic development potential of new parcels created as a result of the concept. The study's major conclusions include:

- No major fatal flaws in the development of a green highway cover over limited portions of Highway 100.
- The area has the potential to support 2.4M sq. ft. in private development and 2,525 new parking spaces.
- After completion, property tax revenue is projected to increase from approximately \$2M to \$100M.
- There is a dramatic range in the level of public investment that could be needed for this project.
  - \$6.7 million if only one green freeway cover segment is constructed.
  - \$70-90 million if both green freeway cover segments as well as new roads and off-ramps and public parking ramps are constructed.
- Several public entities could potentially be involved in this project including MnDOT, the Metropolitan Council, Hennepin County, and the City of Edina.
- The initial economic analysis predicts the public investment will realize a 348% return on investment over a fifteen-year period.
  - Returns recognized as soon as the fifth year.
  - Assumes that public partners construct two segments for a total of \$12.18 million and contribute \$25 million towards new road construction.

As a next step, the City of Edina is pursuing additional studies focused on sustainability, transportation and utilities/energy. This ULI MN TAP report is also part of that process. In late 2017/ early 2018, Edina will host visioning sessions with residents, businesses, schools and churches to identify how a green lid concept will best serve Edina's future community. Topics such as community amenities, transportation and infrastructure, real estate development, safety, sustainability and collaborative public- private investment will be discussed. The City is also in active discussions on strategic partnerships with MnDOT, the Metropolitan Council and Hennepin County. A four-year development schedule, project budget, marketing materials and finance plan are in process as well.



**FIGURE 1. AERIAL PHOTO WITH PHASED PARCELS IDENTIFIED**

## Grandview Green Concept Parcels

- Parcel 1**     Approx. 27,000 SF
- Parcel 2**     Approx. 27,000 SF
- Parcel 3**     Approx. 46,000 SF
- Parcel 4**     Approx. 57,000 SF
- Pavilion 5a**    Approx. 2,000 SF
- Parcel 5b**    Approx. 11,000 SF
- Parcel 6**     Approx. 21,000 SF
- Parcel 7a**    Approx. 26,000 SF
- Parcel 7b**    Approx. 20,000 SF
- Parcel 8**     Approx. 17,000 SF
- Parcel 9**     Approx. 31,000 SF
- Parcel 10**    Approx. 85,000 SF
- Parcel 11**    Approx. 50,000 SF
- Parcel 12**    Approx. 86,000 SF
- Parcel 13**    Approx. 150,000 SF
- Parcel 14**    Approx. 34,000 SF  
Redevelopment site  
with Parcel 7b
- Parcel 15**    Redevelopment
- Parcel 16**    Redevelopment

**Total Parcels     13 Acres**



**FIGURE 2. CONCEPT VISION**



# PANEL FINDINGS

These findings are based on the panel's opinions and analyses as real estate, planning, design, finance, and development professionals regarding what would best position the Grandview Green area for success as part of a freeway lidding project. While the panel considers these ideas and suggestions sound, they are not directives. There is no substitute for developers with motivation and vision. Should partners come to the table with proposals that do not align with these findings but otherwise meet the City's goals, there should be no hesitation in moving forward.

## GRANDVIEW GREEN CAN BE A SHOWCASE FOR FREEWAY LIDDING PROJECTS

- Because of Edina's strong market fundamentals and enthusiastic, ambitious city leadership, the panel believes the vision for reimagining the Grandview Green area through the construction of freeway lids is positioned to succeed.
- ULI Minnesota previously conducted a Technical Assistance Panel for MnDOT that evaluated freeway lidding opportunities, and one of the challenges at that time was identifying the right location for the first such project. Grandview Green might be the ideal candidate to serve as a showcase for lidding projects elsewhere in the region and the state. The City and its partners, especially MnDOT, should seek to develop a model that can be replicated elsewhere while being responsive to the unique circumstances of each site.

"This is an opportunity to put east and west Edina back together."

**Bill Katter, United Properties**

## IDENTIFY A MECHANISM FOR CAPTURING VALUE AND SHARING RESPONSIBILITIES

- Lid projects will raise the value of the surrounding land, which is a boon to property owners, and the panel believes it is important that the parties who will benefit from these raised values should also have a role to play in development, maintenance and programming of the sites. This will be important for developing a replicable model for lid projects.
- To ensure that those who benefit from lids also contribute to their expenses, it is necessary to identify and implement tools for capturing the rising values. This may entail state legislative changes to allow new methods of value capture, such as a new type of Tax Increment Financing (TIF) district or other special taxation powers.
- While it is important that value capture benefits Grandview Green, it is also important that it not be retained *exclusively* for this single location. In order to create a replicable model for lid projects across the region and state, MnDOT must be able to use value created at one location to facilitate the delivery of improvements at other locations. There should be a clear delineation as to how value accrues to the City, MnDOT and other public partners and it should be established up front.
- The property owners immediately adjacent to the Grandview Green lids are public entities—MnDOT and the City of Edina. The panel believes both the City and MnDOT should play a role in the development of the lid and its infrastructure so that both parties benefit from the enhanced value of the surrounding land while also bearing some of the risk and expense associated with the projects.
- Expand the area under evaluation to include adjacent properties, especially the commercial buildings to the west and include them in a lid district. These are properties that should help shape the vision for Grandview Green, and they will also benefit from the lid project and should contribute to its development and maintenance. This will also help defray the risk and costs to the City and MnDOT for delivering the infrastructure improvements to make the area succeed.

## GETTING TO IMPLEMENTATION

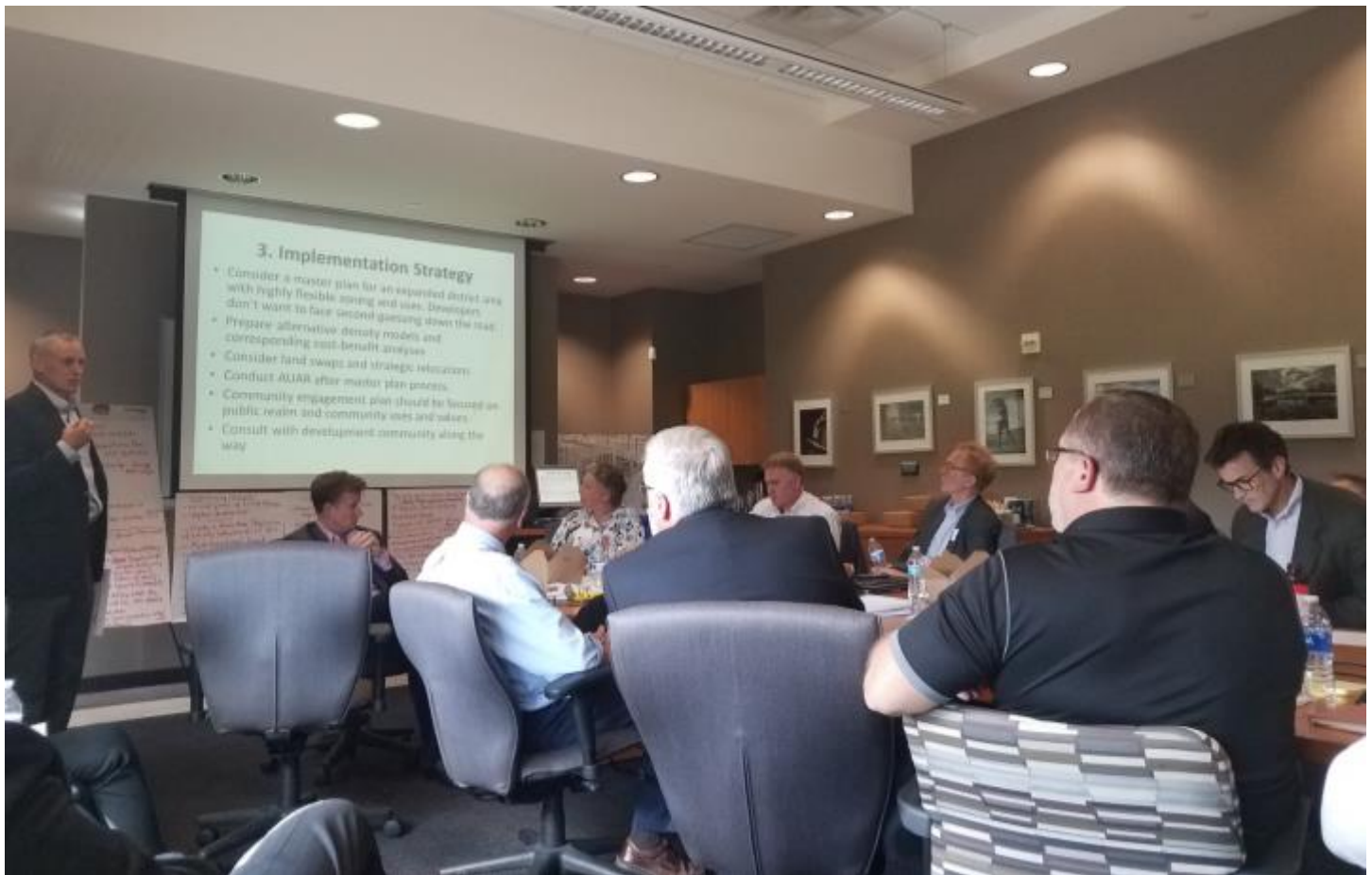
The panel was impressed by the City's ambitious vision, and it recognizes that developing an implementation strategy is critical to making Grandview Green a reality. A detailed set of recommendations for implementation is provided in the [Panel Response to Questions](#) section. Developing value capture mechanisms will be a big part of this. Here are some immediate steps to take.



- **Further define your vision and values.** As you present this concept to stakeholders within Grandview Green and the community, the lids themselves should be described as a tool for achieving bigger and broader goals. Be clear about community benefits. It is more than expanding the tax base. Consider defining the area as the civic heart of the City.
- **Engage major property owners within the Grandview area as soon as possible** to share your vision. Their buy-in is critical, and identifying possibilities for land swaps now could get the ball rolling on the project and significantly reduce the cost of land acquisition at a later date.
- **Build a robust community engagement process to inform the vision.** Create improved visuals and stories to strengthen residents' and stakeholders' connection to the place. Tell the story of the place including its past and its future. Identify who will live, work and play in the area as it grows and evolves.
- **Be realistic for today while also being future-forward.** Look for opportunities to innovate and incorporate new technologies that will make the area resilient and sustainable. Position the area to be flexible in terms of land use and zoning requirements so it can adapt to changing market preferences and community needs over time. Consider how major changes like autonomous vehicles might affect the area down the road while also seeking improved transit, walkability, and cycling connections right now.

Look for ways to incorporate “Tactical Urbanism” into the implementation of Grandview Green to empower citizens to feel ownership for how the area develops and to get quick feedback about what works and what doesn’t.

**PANELIST BOB PFEFFERLE OF HINES DISCUSSES IMPLEMENTATION STRATEGY**



# PANEL RESPONSE TO QUESTIONS

In 2016, ULI Minnesota conducted a Technical Assistance Panel at the request of MnDOT to evaluate freeway lidding opportunities along the I-94 corridor and on I-35W in Minneapolis and Saint Paul. Many of the issues and challenges that affect Grandview Green were also considered by that TAP, particularly with respect to legal and financial considerations and implementation strategy. Additionally, some of the panelists for the MnDOT TAP also participated in the Edina TAP. ULI Minnesota and the Edina TAP panelists encourage the City and its partners to refer to the MnDOT TAP as supporting material.

## [MnDOT TAP Report](#)

The City of Edina posed several questions to the Edina TAP panel concerning three areas of interest: the attractiveness of the overall concept, legal and financial considerations and implementation strategies. The following are the panel's responses to these questions.

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## 1. ATTRACTIVENESS OF OVERALL CONCEPT

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The panel considers Grandview Green to be an attractive location for redevelopment as part of a highway lid project. Edina is a community with sound economic fundamentals, and the site is in a convenient and strong trade area with great household market demographics. The fact that all of the parcels that are most important to the lid vision are under public ownership is also a distinct advantage—for both developers and for the City and MnDOT. Because none of this land is currently generating taxes, private redevelopment will generate additional tax revenue that could be utilized to facilitate public infrastructure costs. Combined, these factors significantly increase the ability to deliver a lid, including contributing to the cost of the infrastructure and planning for long-term maintenance, and the ability to increase revenue from added taxes and the market desirability of the area. If the City provides a vision for high quality green space, trails, and pedestrian connectivity, “private development will be all over it,” as panelist Pat Mascia said.

### ***Question 1. What is the right type of development (commercial, residential, retail, etc.?) for a property located on the edge of an urban highway but near neighborhoods with single family homes?***

The principal issue for the City to consider in finding “the right type of development” for Grandview Green is the density that will be advocated and allowed, whether it be commercial, residential or retail. The Grandview area currently serves Edina as a “community-scale” shopping and dining area with medium density apartments, condominiums and offices. It is the only retail area of this type west of Highway 100 in Edina. The conceptual plan presented to the panel illustrates a significant densification which will dramatically change the Grandview area and potentially its surroundings.

The feasibility study showed the Grandview Green footprint has the potential to build out 2.4 million square feet of residential and commercial floor area on 13 acres. This equates to a FAR (floor area ratio) of over 3.5. In addition, the City's consultants foresee a significant increase in density for the area to the west of the publicly owned properties. For comparison purposes, Edinborough, in southeast Edina, which offers a mix of uses which may be similar to Grandview, comprises approximately 1.5 million square feet on about 25 acres for an FAR of about 1.5. This comparison to Edinborough is provided to assist the City in visualizing Grandview Green's development potential relative to an existing development in Edina.

In the panel's opinion, this is a great place for the high-density development envisioned and would encourage the City to continue with refinements of the plan for further community discussions. But, the City will need to determine if this magnitude of redevelopment is appropriate for Grandview. While it is located on Highway 100 and is bisected by a rail corridor (both of which support higher densities) it also adjoins to the east one of the most iconic single-family neighborhoods in the Twin Cities (the Country Club District) and nearby residential



neighborhoods on all other sides. Whatever the ultimate mix of commercial and residential in Grandview Green, the City must first and foremost come to grips with the scale of this undertaking and then be prepared to support it, politically and financially, as development ensues.

Because of the site's convenient location and Edina's strong market, the panel believes most types of development *could* succeed at Grandview Green. As such, zoning ought to be flexible to allow the market to lead the process. The City should consider creating a lid district that is subject to special zoning or perhaps a form-based code. This is an area that has the potential to be an 18-hour community that includes opportunities for live, work and play. For that to happen, the City needs to be open-minded and flexible as developers come forward. At the same time, the City should set guidelines that make it clear what kinds of projects will not be accepted to ensure it achieves desirable outcomes. Existing land uses may or may not integrate well with the vision. The City should develop a plan for either incorporating these uses and/or transitioning them over time to ones that better fit the vision. Community engagement will help with this significantly. Clarity in the City's vision saves both the City and developers time and money.

The panel understands that the City hopes to use the new tax generation from the public lands to cover the public investment in Grandview Green. Given that goal, it would be a useful exercise to understand what would be the *lowest* level of density that could support the infrastructure costs and to start from that point and move up as appropriate. While the panel believes that this area can and should support increased density, it also encourages the City and its partners to be certain that a lid project can pencil out at a lower level of density than some of the estimates for potential property tax generation suggested might occur. As the area grows naturally and incrementally over time, it is possible that more intense development could work well and meet less resistance, especially on parcels to the south and west of the area that are farther from single-family neighborhoods.

The panel's thoughts on the fit and probability of different development types for the study area are shared below in more specificity in an approximate order of most-to-least likely.

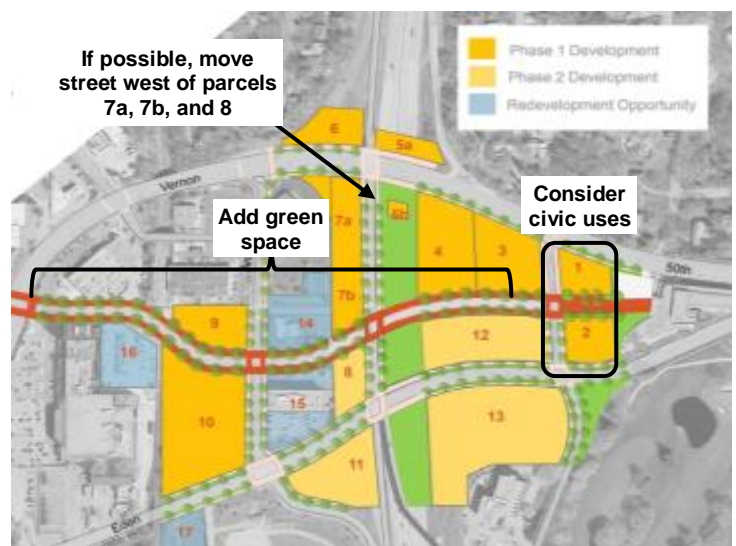
## CIVIC INSTITUTIONS AND USES

Creating a top notch public realm at Grandview Green is paramount to the district's success. Constructing green freeway lids at this location is an opportunity to reconnect the eastern and western sides of Edina at an area that is already home to City Hall on the east and a library to the west. As such, the panel believes additional civic uses should be strongly considered, and community feedback will be instrumental in figuring out what the uses would be.

Parcels 1 and 2, those closest to City Hall, and parcel 12 are particularly good locations for additional public facilities such as art and/or flexible performance space. Given its size and proximity to the lid, parcel 12 may be particularly well-suited for a larger civic venue. The panel also encourages the City to look for ways to enshrine the history of the area into its uses including recognizing the Yancey family farm that once occupied the area as well as other elements of the area's past.

The panel encourages the City to expand its vision for green space within the district to go beyond the green lids themselves as that land alone will not be enough to drive pedestrian activity through the area. Additional spots of green such as pocket parks are good civic uses that provide places of respite as people move throughout the district. Pedestrian and cycling trails along a ribbon of green that links the

### MAP OF RECOMMENDATIONS FOR CIVIC USES



western and eastern sides of the area could draw movement from one side to the other to create a stronger connection between City Hall and the library. If possible, the panel encourages the City to consider aligning the proposed road along the western edge of the proposed lid areas to run on the west side of parcels 7a, 7b, and 8 to allow new buildings to directly abut the green space. Allowing the lids to serve as a front yard for buildings on both sides will enhance the value of those parcels and improve the utility of the public space.

Most importantly, it is critical for the City to identify where it wants green space *before* soliciting proposals for developers. Asking them to carve out green space after the fact can drive up costs and lengthen timelines to get projects built. If developers choose to provide additional greening as part of a proposed project, whether as private amenities or public space, it should add to the expectation outlined by the city as part of a master plan.

## RESIDENTIAL

Though the area could be desirable for a wide range of development types, the panel sees multi-family residential projects as the most immediate fit and the ones best suited to lead development. Grandview Green should be a place that works for people of all ages. The location and desirability of Edina as a community will attract young people and also provide downsizing options for seniors in relatively dense multifamily structures. With all of the parcels in phases 1 and 2 owned by public entities, there should be ample opportunities to incorporate a mix of affordability in an area that may otherwise command fairly high prices. Modestly dense housing projects would likely be most appropriate at the northeastern edges closest to the single-family neighborhoods and can step up closer to the lid area in both height and density. In the long term, it is possible that taller structures might make sense, particularly to the west of the district, and the panel believes a variety of heights will add to the visual interest of the area.

Our region is falling behind in providing a full range of housing choices, expanding transportation options and growing our workforce. We face a labor shortage of more than 100,000 workers in the region, and the shortage is largest in lower skill jobs that are critical to our economic strength. Workers for these jobs face gaps in the transportation network and a disconnect between where jobs are and where they can afford to live. Grandview Green offers an opportunity to narrow this gap in Edina to serve workers in the retail, healthcare and restaurant industries who currently work in the City but may not be able to find affordable housing nearby. Providing residential options at a variety of price points is the first step.

The panel believes Grandview Green ought to focus on flexible, vertically integrated uses. As such, residential projects will likely include some ancillary service retail to provide the amenities residents desire, and some of these services already exist in the properties adjacent to the area (e.g. Starbucks, Edina Liquors, Walgreens, etc.), The City and its partners should explore whether existing property owners and businesses would be interested in swapping their current sites to populate new developments on the parcels located adjacent to the lid. This can facilitate the redevelopment of some of the existing strip retail that lies next to the study area, and this idea will be addressed further under legal and financial considerations.

## RETAIL, DINING AND ENTERTAINMENT

It is important for Grandview Green to emerge as its own distinctive place. Beyond the service retail that is likely to support residential development, a key consideration for the City is to differentiate the area within both Edina and the region. Positioning Grandview Green as another location for high-end destination retail runs the risk of cannibalizing the success at 50<sup>th</sup> and France or the Southdale area. At a minimum, it sets up these areas to compete for the same pool of tenants rather than complement each other as distinct and valuable pieces of the larger whole that is Edina. This is not about forcing a particular persona for the area, and it is not about the outright prohibiting of users that might also fit at 50<sup>th</sup> and France or elsewhere. It's about establishing Grandview Green as a distinct place in Edina.

Civic uses of the area will help, and the City should think about other ways to make the location a particular destination with its own character. The uniqueness of the freeway lid model creates opportunities to be innovative. Perhaps a portion of the green space could be set aside for community gardens, which in turn is used by a restaurant adjacent to the lid and/or as part of a local farmer's market. A public arts and performance

space could encourage the development of the area as an arts district. The important thing is to be open to the possibilities and mindful of the relationship this place has with others in Edina and regionally.

## OFFICE AND HOSPITALITY

Given the site's location within the metro, the City should consider a portion of the site for use as a modest corporate campus. A company of sufficient size could create an accelerated buildout timeline compared to a more gradual and incremental accumulation of general office users, but that also comes with having the area's success tied more closely to a single user. District parking will be important to this area no matter what uses emerge and an office campus would drive a much larger parking need even if this area also emerges as a transit hub. Understanding whether the surrounding infrastructure can adequately accommodate an influx and exodus of vehicles associated with typical business hours will be important for determining how large an office presence can be supported.

Setting aside the notion of a corporate campus, some multitenant office use could emerge as the district matures. As entertainment and services fill in to accommodate residents, the area will become more attractive for small office users who are drawn to similar amenities. Edina's growing importance as a hub for medical services could position this as a good location for such tenants. Similar to the idea of relocating existing nearby service retail, some nearby small office users may also be enticed to new facilities near a lid.

Hospitality is likely to follow the same pattern. It will not lead development, but as the area fills in it will become increasingly marketable. The presence of a thriving neighborhood combined with the convenient location within the metro will make a hotel a likely land use option at some point. The timeline for this could be significantly accelerated if the area does become home to a small corporate campus or if other office uses filled in quickly.

## INDUSTRIAL

In general, the panel does not view industrial as the best fit for the area; however, this is an example of where flexible uses and zoning are beneficial. Modern industrial projects can include things like maker spaces, some medical uses, and research facilities without the sort of noxious side effects that are associated with industrial projects of the past. Creative developers and designers can incorporate them into mixed-use environments that complement other uses rather than detracting from them, and the panel encourages the City to be open to such possibilities while being clear about what uses or side effects are truly unacceptable. This could be important if a desirable corporate client came forward that required some lab space as part of its buildout.

***Question 2. How does the addition of a green freeway cover influence the surrounding property from a real estate development perspective?***

## SURROUNDING PROPERTY WILL SEE INCREASED VALUE

Simply put, the freeway covers will make the surrounding properties significantly more valuable and attractive for development, and this effect may happen quickly. This is an especially important consideration for the strip retail in the Grandview area, and it will carry over to the single-family neighborhoods as well. Panelists suggested the upward effect on property values could, over time, radiate outward from the area for several miles.

Because of this effect, the panel believes it is critical for the City and its partners to view the parcels adjacent to the publicly owned property, such as Jerry's and the funeral home, as Phase 3 to the initial two phase lid project. The process of engaging with the community to create the long-term vision for Grandview Green should absolutely include these sites, and policy decisions such as creating a "lid district" or special zoning should include these nearby areas as well. These properties will benefit in the upside to the project, and including them in a lid district will ensure they contribute to the maintenance and programming of the public improvements in the lid area.

Additionally, as mentioned briefly above, the City and its partners ought to evaluate whether some of these parcels can be acquired ahead of the actual construction of the lid so that the City can better control their destinies. Because the panel believes the lid will significantly raise the value of the area, it will become increasingly expensive and difficult to do this over time. Many of the existing retail users are services that could be an excellent fit for future residential users in the lid area, so strategic swaps of land could benefit both sides. Businesses would have an opportunity to move into new mixed-use facilities in the area, and the City would be able to plan redevelopment of adjacent properties in a way that better integrates them with the vision for broader Grandview area.

## PARKING, TRANSIT, AND CYCLING

In addition to the impacts on land values, the demand on the area's infrastructure will also change dramatically based on what is envisioned. Early conceptual plans for Grandview Green show that the City and its consultants are thinking about these impacts and recognize that parking will be an important component of making the area successful. While other modes of transportation are growing in importance, this location will still serve a large number of automobile trips. The flexible district parking solutions shown to the panel, where stalls are constructed below grade and possibly beneath the lids, will help meet the need for parking while keeping the area attractive. The panel believes that minimal surface parking should be included in the buildout of this area. The City and MnDOT should also take into consideration that infrastructure built for Grandview Green is likely to arrive as autonomous vehicles become more common, though it may or may not take place before widespread adoption. Parking needs should be evaluated with this in mind, and the street grid design should take it into account as well. Consider where it may make sense to leave room for drop off zones, both for autonomous vehicles and for ride sharing providers.

Parking should not be the only transportation solution for the area. A denser Grandview Green area built atop and along green freeway lids will require and benefit from enhanced transit service beyond what exists today. This is important for both Edina and the region as part of the need to better connect workers and job centers. In its partnerships with MnDOT, the Metropolitan Council, and Hennepin County, the City should consider this location for a transit hub that serves multiple goals.

- Improved transit connections will complement the vision of the area as a walkable community and lower the pressure on the infrastructure that would come with only providing access via private automobile.
- There is an opportunity to better connect key Edina destinations including 50<sup>th</sup> and France and Southdale with a circulator service that may be Edina-specific or integrated into other transit routes.
- Grandview Green is relatively close to several proposed Green Line Extension stations along the Southwest LRT corridor. As residents fill the area, fast and convenient access to and from LRT stops and/or express buses to job centers provides another commuting option and further enables a car-light lifestyle. This becomes especially valuable if the area develops as a corporate campus or other job center.
- The rail right of way associated with the old Dan Patch Line should be taken into consideration as well. It may be a somewhat distant future possibility, but the line's routing right under the Grandview Green area positions it well for expanded rail service down the road, such as a Green Line spur.
- Finally, the City should pursue improved cycling connections through this area and nearby, particularly to 50<sup>th</sup> and France and for nearby residents. This can reduce car trips and encourage healthy lifestyle choices among those who live close by. The panel encourages looking for where it makes sense to restrict spaces for pedestrian or bike use only, such as to the west of Arcadia where the proposed new, central street bisects the area or even the entirety of that street apart from emergencies or special occasions.

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## 2. LEGAL/FINANCIAL CONSIDERATIONS

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The legal and financial aspects of making Grandview Green a reality have aspects in common with those addressed in ULI Minnesota's TAP for MnDOT. The recommendations here incorporate some of the insights developed as part of that report as well thoughts specific to this site.



**Question 1. What are the fundamental development considerations needed in a long-term lease with a government agency like the City or MnDOT?**

### LEASING IS LEAST-PREFERRED OPTION

Before addressing the question regarding what lease considerations *might* work, it is critical to note that any lease arrangement is viewed as a least-preferred option compared to ownership. If it is possible to sell the land or the air rights, that is what the development community would prefer, and it may provide immediate revenue to the public entities for the purposes of delivering the necessary infrastructure. Projects based around leased properties will be more difficult to finance regardless of whether they are for residential, mixed-use or any other type of property, which could have a depressive effect on what gets built. The Department of Housing and Urban Development, for example, will not participate in a ground lease according to the panelists.

Though developers would prefer to purchase air rights or the land, there may be reasons for the City or MnDOT not to sell. First, selling upfront may limit long-term revenue for either the City and MnDOT or for lid maintenance and/or an endowment to fund operations. Second, leasing may allow the City to control what is developed to achieve specific goals that may not be achieved through a direct sale. Third, MnDOT may wish to preserve the possibility of recapturing leased areas for transportation purposes in the future.

### IF LEASING IS A MUST, BE CREATIVE

While leasing is a more difficult proposition for the private sector, it can work in some cases. In general, commercial lessors would require 50-60 years at a minimum although the I-670 at Union Station project in Columbus, OH was successful using a much different model. In Columbus, the city gave the developer a 20-year lease for the platforms with up to 10, 5-year renewable terms for up to a total of 70 years. The developer pays \$1 rent each year and receives 100% real estate tax abatement for 10 years. The panel is skeptical about how this model would be received locally, but it is a precedent that should be explored and considered.

Certainty is important for developers and especially so for housing. For residential, if title ownership is not possible, a minimum of 99-year lease may work for some housing. Federal tax credit programs may prohibit shorter lease terms than 99-years and the federal tax credit program is currently the primary funding source for affordable and mixed-income housing. The upshot of a long lease timeframe is that it provides a steady, ongoing revenue source which can be reinvested into an endowment for maintenance and upkeep of the lid structures and/or to the City and MnDOT for the surrounding roadways. MnDOT in particular may want mechanisms in place to capture value at this location to deliver equity-focused outcomes at other possible lid locations.

**Question 2. We are considering “infrastructure” to include new roads, the new green freeway cover/bridge, below-grade district parking and utilities. How would the development community view infrastructure development in terms of construction responsibility and cost as it relates to implementation, lease agreements and the development of privately-owned buildings on or around infrastructure?**

### PUBLIC ENTITIES SHOULD BUILD THE INFRASTRUCTURE

The panel believes that it is very doubtful that the development community will take on the burden of front-ending the cost of lid and other infrastructure development. The panel believes that MnDOT needs to build, own, and maintain the lid structures, and the City should build the roads, parks and public realm improvements. Rather than looking to the private sector to take on construction of the public infrastructure, the panel recommends creating a broadly-defined assessment district to include the parcels in phases 1 and 2 as well as those immediately adjacent that stand to benefit from the lid development. By expanding the size and definition of the district, the City can spread some of the costs to a larger pool of properties to finance the building and maintenance of the public facilities. MnDOT and the City of Edina can then recover costs using special assessments, TIF, and possibly a tax specific to this special service district. It may be necessary to pursue legislation to create a new kind of TIF district for this purpose.

Centennial Lakes in Edina can serve as a model for a potential method of financing the public costs in Grandview Green. At Centennial Lakes, the City was responsible for constructing the park and ponding system which were financed by bonds that were repaid by tax increments from the development. Other offsite improvements such as streets, utility infrastructure, landscaping, and lighting were financed by the City and repaid through special assessment levied against the private development sites.

District parking can also provide a revenue stream for maintenance and operations of the lids and public infrastructure if it is built and operated by the City or MnDOT. This can be done both as publicly available parking and by leasing portions of the parking to specific users, such as a housing or office. This model can help lower the costs for development around the lid area. Structured parking is difficult to finance for the private sector, and developers are loathed to take on the burden of front-ending the cost of district parking. This affects other outcomes, such as who can afford to live in the area and what types of retail or services can thrive there. Because the City envisions a relatively dense, walkable area, it would be wise to look at building the parking such that it can be repurposed for other uses in the future if demand changes and/or if driverless cars become mainstream in the region. This is another reason for it to be publicly owned. It allows the City or MnDOT to control the long-term destiny of the structures.

Publicly-led infrastructure development also allows for more and better district-wide solutions. The panel sees this as an opportunity for innovative and ambitious solutions for stormwater and district energy and other sustainability-focused goals. This is a chance for the City and its partners to showcase cutting-edge solutions that demonstrate what is possible from lid projects that can be replicated elsewhere in the region and nationally.

***Question 3. If private entities develop the infrastructure, who repairs and replaces the infrastructure and for what warranty period?***

As outlined in the previous question, the panel does not view infrastructure development by private entities as a viable approach for what is envisioned at Grandview Green. The area is desirable and the concept of a lid area will be enticing, but the private sector will wait for public entities to take the first steps. Putting the public realm and infrastructure in place will set the table for private development to flourish. This can be done while still minimizing risk to the City. For example, it is not necessary—nor is it recommended—to have district parking fully constructed prior to pursuing private developers. The key is to have a plan and a vision in place for delivering a parking solution that helps developers buy in and get onboard for their own projects. It may also be possible to build in phases so that the City does not get too far ahead of private demand. Private entities understand the need for the City and/or MnDOT to recoup costs for construction and maintenance. So, while they are unlikely to deliver the infrastructure itself, they will respond favorably to a well-designed plan for the district that includes fair and reasonable mechanisms to pay for such things.

Short term repairs and maintenance should be differentiated from long term structural repair and replacement. A special services district such as at 50<sup>th</sup> and France can spread the costs of day-to-day maintenance and repairs to benefitted properties. However, it is unlikely that the City/MnDOT can rely on private assessments to fund long-term structural repairs and replacement of the lids and the cost of this type of work will fall to the public sector.

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### **3. IMPLEMENTATION STRATEGY**

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***Question 1. How is the concept best implemented? Previous examples in MN were solely public sector driven but delivered few direct economic benefits. What are the general principles of an implementation strategy to achieve community benefits and job creation/ tax base improvements?***

## GENERAL RECOMMENDATIONS FROM THE MNDOT TAP REPORT

The analysis in the MnDOT TAP report are relevant to Grandview Green. In particular, it included a set of recommendations specifically focused on implementation that should help inform this area as well, particularly as this project can serve as a template for replication elsewhere. Among its key recommendations, those most directly applicable to this site include:

- **Form a 501(c)(3) nonprofit organization** and identify a fundraising champion to raise money for recreational and cultural amenities and to fund maintenance and operations through an endowment.
- **Put an experienced, professional leader in charge** of managing and delivering the lid project as a whole and set an aggressive timeline.
- **Make freeway bridge locations development-ready** when rebuilt and do as much as possible now so that neighborhoods and the development community can seize opportunities as they arise.
- **Mandate a mechanism to ensure the inclusion of affordable housing** to deliver a full range of housing choices in the lid area.
- **Use the lid area as a showcase for art, architecture, design, and innovative engineering and technology best practices** by engaging artists, architects and designers who will want opportunities to showcase their work. Look to the future of transportation and study emerging best practices.
- **Practice effective community engagement and support cultural connections by** working with community leaders and valuing public art, greenspace, and great design throughout the district.

## RECOMMENDATIONS SPECIFIC TO GRANDVIEW GREEN

Grandview Green is an extraordinary opportunity for Edina. However, it will require the commitment of the City's elected and appointed officials to realize this opportunity. Qualified developers are looking for predictability and flexibility. Developers are much more reluctant to invest pursuit capital in cities which have not invested the time and energy needed to achieve a commonly held vision. So, the first step of an implementation strategy is to further refine the vision and get comfortable with the density of development illustrated by the concept plan. Don't test the community's reaction to the vision at a rezoning hearing for a specific project. This work and the commitment of the City's elected officials has to take place long before the consideration of a specific proposal.

The panel identified several other recommendations specific to the Grandview Green study area, which are grouped below in an approximate order for execution. These processes will often be iterative, so it may be the case that the City and its partners are moving back and forth between phases or are engaged in more than one at once.

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## VISION AND ENGAGEMENT

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- **Strong and consistent political leadership is critical.** Building community buy-in starts with elected leaders demonstrating their belief in the vision and its importance to Edina as a community.
- **Find a community leader who can be an ambassador for the project.** In addition to political leadership, it is important to have someone who is a recognized community leader advocating for Grandview Green. This could be prominent business owners, a leader of an important civic institution, or anyone else who has credibility and trust as a leader within the community.
- **Socialize the Grandview Green concept in the community by focusing on the public realm and community uses and values.** What makes this a pivotal project for the community? Provide more detailed illustrative site plans to help visualize the concept. Collect and tell stories about the district, its history, and why people would want to be there. Focus on the opportunity to reconnect the east and west sides of the city. Talk about land uses as a range of possibilities rather than focusing on the buildings themselves.

- **Branding will be important.** The panel sees this area as the potential civic center of Edina, but it will be community feedback that helps truly develop the identity for the area. This is an area where an engaged community leader can help move the project forward.
- **Start discussions as soon as possible with major property owners within Grandview who are adjacent to the publicly owned properties.** These individuals are critical to the long-term success of this undertaking. Be prepared to listen and incorporate their interests.

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## PLANNING

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- **Identify mechanisms for capturing value and sharing costs up front.** These include the TIF and special service district concepts mentioned above, and may also include new models not yet developed. Putting these mechanisms in place up front will increase certainty and help with buy-in for both the private sector and for public sector partners as well.
- **Determine organizational responsibility for each aspect of public improvements.** As noted above, the panel recommends that MnDOT build, own, and maintain the lid structures, and the City should build the roads, parks and public realm improvements.
- **Conduct a lid-area study to develop a master plan** for the expanded district area and determine its boundaries as soon as possible. The Master Plan should allow for flexible zoning and uses. Developers will not want to face second-guessing down the road. Creating a vision and goals for the public realm as early as possible will build community interest and support and help developers envision themselves in the area.
- **Prepare alternative density models** and corresponding cost-benefit analyses to determine project viability at different buildout levels. Start with what is the *least* that can happen to make the infrastructure pencil out and move up from there to minimize risk.
- **Consider using the [Alternative Urban Areawide Review \(AUAR\)](#) process** to facilitate alternative density models. This should be done after completing the master plan to help understand the cumulative impacts of development to the district and set the baseline for maximum densities.
- **Affordable housing for workers employed in Edina should be a priority for Grandview Green.** All cities must think about and plan for where workers can live and how they will get to jobs so businesses in their communities can grow and thrive. Edina is no exception, and Grandview Green can be an opportunity to provide housing at more affordable price points in Edina. An implementation strategy for affordable housing will likely need to vary somewhat between rental opportunities and for sale opportunities. Edina had a great program in place for ownership opportunities in Edinborough and Centennial Lakes which could be expanded into Grandview Green.
- **Get a firmer picture of the district parking needs.** Determine how it will be funded and who will build it. The private sector likely cannot afford to front end parking costs. Identify potential phasing for construction.

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## TRANSITIONAL TACTICS

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- **A master developer is not recommended.** While this could be done, the panel felt having a private sector team between the public and the city could add complications that make the process more challenging. **In a sense, the City is the master developer.**
- **Consider liability issues you may not have foreseen so far.** For example, when Hwy 12 became I-394, there were lawsuits for loss of visibility.
- **Look for opportunities for sustainability and shared uses across the district** such as stormwater collection, garbage and recycling, and possibly district energy generation.



- **Start thinking about how work might be phased.** This is closely related to identifying shared use opportunities. Developing a plan for how infrastructure and public realm improvements might be phased will improve efficiency, speed time to delivery, and save money.
- **Begin looking for strategic opportunities for land swaps and relocations.** Think about how the City can work with existing property owners who may be interested in relocation within or outside of Grandview to aid in accomplishing the vision for the area.
- **Consider holding one or more sites in Grandview Green specifically for affordable or mixed-income housing.** The cost of land, especially in places like Edina, is a major impediment for housing developers. If a site or two were reserved for affordable housing at a discounted price, it is likely that the rest of the financing package will come together.
- **In addition to Edina’s Affordable Housing policy, more flexible zoning standards in Grandview may also incentivize affordable housing.** One idea would be to “automatically” allow a commercial property to become mixed use with the inclusion of a certain percentage of affordable units.

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## IMPLEMENTATION PRACTICES

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- **Streamline processes for entitlements, approvals, and permitting where possible.** This will make investment in the area more enticing while also accelerating the speed to market for developments. Because lid-adjacent development is a new model for Minnesota, making the process more predictable for the private sector will help reluctant investors to try something they see as unproven.
- **Stay in contact with the development community as you move forward.** Through public engagement and its own analyses, the City will determine the goals for this area; however, keeping private sector leaders in the loop along the way can help ensure the City is developing a plan that will be attractive for development. This will also help build trusted relationships that will bear fruit down the road.
- **Keep Edina community members engaged by embracing “Tactical Urbanism” where appropriate.** Tactical Urbanism is an iterative and flexible process for delivering public realm improvements that helps community members feel a sense of ownership in how a place develops. Many parts of Grandview Green will need to be built to a finished state all at once, but allowing for community-led, iterative design where possible will help sustain support for the project during its buildout.
- **Be prepared for your pivotal moments.** Developers know that projects have “pivotal moments” where the outcome of a decision or the rise of a challenging issue can determine whether a project moves forward or gets scrapped. Making it through these difficult times requires strong leadership and decision-making, and it is a good idea to be prepared for how you will handle these situations as they arise.

# CONCLUSION

The City of Edina's vision for the future of the Grandview Green has transformative potential, both for Edina itself and for the possibility of freeway lid projects throughout the MSP region and the state of Minnesota. If executed effectively it can create a new civic hub; provide valuable housing, commerce, and amenities; and reconnect the eastern and western sides of the City while showcasing how modern transportation infrastructure can integrate with these uses effectively. Edina's strong market fundamentals and willing leadership make it an excellent option for building the region's first freeway lid built for more than just public sector uses.

To make these ambitious goals a reality, the City and its partners (i.e. MnDOT, Hennepin County, and the Metropolitan Council) must develop mechanisms for capturing the value generated by building freeway lids and for sharing construction and maintenance responsibilities among agencies. Although the private sector is unlikely to take on the burden of building infrastructure, properties within and adjacent to Grandview Green will benefit from the lid project and should therefore contribute to construction, maintenance, and programming. It is also important to think about how this model can be replicated at other locations under consideration for lids. An ideal value capture model will serve the unique needs of each location and also allow pooling of funds so that MnDOT can facilitate improvements at other strategic locations.

In addition to developing a replicable model, garnering community support for this project will be critical. The ULI Minnesota panelists commend the City of Edina for the detailed and comprehensive work it has completed thus far in conceptualizing Grandview Green, and they recommend further refining the vision and values for the area through a robust community engagement process. This site is situated between City Hall, an important commercial node, and prominent single-family neighborhoods. Articulate to these constituencies why Grandview Green is important to the City's future while involving them in shaping what it will be.

Grandview Green has been an important location since it was settled by the Yancey family nearly 150 years ago, and building green freeway covers to reunite the City of Edina where it was divided by Highway 100 is the type of future-forward vision that will keep it important for another 150 years. What is required now is leadership and commitment to see it through. This means political leadership, the support of civic leaders and community members, and engagement with the business community and partner agencies to get everyone marching in the same direction. The panel believes the City of Edina has what it takes to succeed, and it wholeheartedly encourages the City to keep this vision moving forward.

“Start from and return frequently to your vision and values. Remind yourself why you've started down this path because things will change and won't always work out how you think. Don't be afraid to make mistakes. You have to make some mistakes to do innovative, creative things.”

**Colleen Carey, Cornerstone Group**

# TAP PANELIST BIOS

## COLLEEN CAREY

## TAP CHAIR

**FOUNDER AND PRESIDENT**

**THE CORNERSTONE GROUP**



Colleen Carey is the founder and president of The Cornerstone Group, Inc. Since the formation of The Cornerstone Group, Colleen has participated as a developer in over \$200,000,000 of multifamily housing developments. She has worked on projects ranging in size from 5 units to 1,303 units, raising over \$30,000,000 in private equity investments. Ms. Carey brings 25 years of experience in the field of real estate development and finance. Prior to establishing The Cornerstone Group, she served as the Executive Director of Twin Cities Housing Development Corporation (TCHDC). Prior to her work at TCHDC, she held the position of Project Manager for Turner Development Corporation. Ms. Carey currently serves as the Chair of the Board of Directors of the Minnesota Land Trust and of the Minnesota District Council of the Urban Land Institute (ULI). In addition, she currently serves

on the Board of the Illusion Theater and the Tubman Center. She has served on numerous other professional and community organization boards. She holds an MBA in Real Estate from the University of Wisconsin-Madison. She is LEED Accredited Professional (AP) and a licensed Minnesota real estate broker.

## TOM FISHER

**DIRECTOR**

**MINNESOTA DESIGN CENTER**



Thomas Fisher is a Professor in the School of Architecture, the Dayton Hudson Chair in Urban Design at the University of Minnesota, and the Director of the Minnesota Design Center. Recognized in 2005 as the fifth most published writer about architecture in the United States, he has written 9 books, over 60 book chapters or introductions, and over 400 articles.

## BILL KATTER

**PRESIDENT AND CHIEF INVESTMENT OFFICER**

**UNITED PROPERTIES**



As president/chief investment officer in the Development Department, Bill's responsibilities include office, medical office, retail and industrial development and investment in the Twin Cities market. In that role, he oversees land acquisition and entitlement, selection of contractors, leasing efforts on development projects and the capitalization of office/industrial investments and developments. He is also responsible for new investment into office, medical office and industrial assets for United Properties investment portfolio.

Before joining United Properties, Bill was director of real estate equities for Thrivent Financial for Lutherans from 1994-2003. In that role, he oversaw the acquisition, disposition and asset management of all Thrivent's investment properties located across the U.S. Bill began his career in real estate in 1989 with Welsh Companies as a property manager. Bill is a member of the National Association of Industrial and Office Properties (NAIOP) and obtained his Real Property Administrator (RPA) designation through the Building Owners and Managers Association (BOMA).

## PAT MASCIA

SHAREHOLDER

BRIGGS AND MORGAN



Pat is a member in the firm's Financial Institutions and Real Estate section and has nearly 25 years of experience as a commercial real estate lawyer, investor, asset manager, finance and dispositions professional and developer. Pat rejoined Briggs in March of 2014 after working in commercial real estate and development for 17 years. Most recently, he worked for Duke Realty Corporation where he was Senior Vice President-Minneapolis/St. Paul Operations. There, he was responsible for the management, operations and profitability of Duke Realty's Minnesota operations, including all land acquisition, leasing, property management, asset management, construction and development. Prior to working for Duke, Pat worked for Opus Properties as Vice President of Dispositions, Finance and Investments where he was responsible for leading Opus' Buyer Coverage Program and all disposition and

finance activities for the Opus investment funds and other Opus related entities. In this capacity, Pat closed over \$1 billion of commercial real estate borrowing, acquisition and disposition transactions. Opus U.S. Corporation initially hired Pat as Associate General Counsel where he served as counsel to Opus North Corporation, Opus South Corporation and Opus East, LLC, including the family of commercial real estate investment funds headed by Opus Properties (now known as Founders Properties), which included institutional and private investors. A frequent speaker on various commercial real estate topics, Pat also has frequently testified to the Minnesota Legislature on various topics impacting the commercial real estate industry. While in law school, Pat was Lead Articles Editor of the *Creighton Law Review*.

## BOB PFEFFERLE

DIRECTOR

HINES



Bob is a Minnesota native who grew up in Golden Valley and attended St. John's University. He joined Hines in 1988 and has been active in the Twin Cities since 1996. He is responsible for acquisition, development, and leasing of projects located in the Minneapolis/St. Paul metropolitan area, including the recent North Loop developments - Dock Street Flats apartment project and the new mass timber office building – T3 (Timber, Transit, Technology). In addition to his day-to-day responsibilities, he is involved with local chapters of BOMA, ULI, NAIOP, Minnesota Commercial Area Realtors (MNCAR), Minneapolis Downtown Council as well as other non-profit organizations.

## CHRIS WILSON

SR. DIRECTOR, REAL ESTATE DEVELOPMENT

PROJECT FOR PRIDE IN LIVING



At PPL, Chris Wilson is responsible for all commercial and housing development activity from project inception through completion. PPL currently has under construction or recently completed projects totaling in excess of \$45M with additional projects totaling about \$70M in the pipeline. Mr. Wilson has been with PPL for over 20 years, joining the organization in a Construction Management role after previous service overseeing the Summer Youth Program. Mr. Wilson also oversees the Emergency Repair Program, which provides repair services to low income homeowners. Mr. Wilson has more than thirty years of project management and architectural experience. He holds an Architecture degree from the University of Minnesota and a B.A. in English from the University of Chicago.



# ULI MINNESOTA

## ABOUT US

ULI Minnesota is a District Council of the Urban Land Institute (ULI), a 501(c)(3) nonprofit research and education organization supported by its members and sponsors. Founded in 1936, ULI now has more than 40,000 members worldwide representing the full spectrum of land use and real estate development disciplines, including developers, builders, investors, architects, public officials, planners, real estate brokers, attorneys, engineers, financiers, academics and students.

As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information and experience among local, national and international industry leaders and policy makers dedicated to creating better places.

## REGIONAL COUNCIL OF MAYORS

Supported by ULI Minnesota, the nationally recognized Regional Council of Mayors (RCM) was formed in 2004 and represents Minneapolis, Saint Paul and 52 municipalities in the developed and developing suburbs and Greater Minnesota. This collaborative partnership provides a nonpartisan platform that engages mayors in candid dialogue and peer-to-peer support with a commitment towards building awareness and action focused on housing, sustainability, transportation and job growth.

## ADVISORY SERVICES

ULI has a long history of providing unbiased, market-based solutions and best-practice advice on land use and building resilient and competitive communities through Advisory Services. At ULI MN, three advisory service options are offered to policy leaders. Each option, including the Technical Assistance Panel (TAP), engages ULI MN real estate professionals who volunteer their time and talent to contribute their wisdom and expertise.

For more information, visit [minnesota.uli.org](http://minnesota.uli.org).

“With the assistance of a ULI MN Technical Assistance Panel (TAP), our city has moved forward on a key redevelopment project that expands rental housing options for residents. The TAP provided immeasurable assistance and was vital in guiding the strategic direction for the property.”

**Mayor Sandra Martin, City of Shoreview**



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