

**Interchange Redevelopment Plan**  
**Prepared by the Hennepin County Interchange Project Office**  
**March 14, 2012**

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## 1. Introduction

The Interchange Redevelopment Plan has been prepared to facilitate redevelopment of The Interchange site located at 419 5<sup>th</sup> Street North, in the North Loop Neighborhood of Minneapolis. Hennepin County Housing and Redevelopment Authority (HCHRA) propose to include a parcel adjacent to the City of Minneapolis North Loop Redevelopment Project as an action to support new development on the Stage One LRT Focus Redevelopment Project and compliment redevelopment in the North Loop Redevelopment Project.

This proposed Redevelopment Plan will remove blight, increase business activity and density in the district, promote transit-oriented and sustainable development, promote green spaces and amenities for bicyclists and pedestrians, and increase the property tax base.

The Interchange Redevelopment Plan establishes a new redevelopment boundary adjacent to the North Loop Redevelopment Project and identifies redevelopment objectives and land use provisions.

## 2. Description of Project

### A. Boundary of Redevelopment Project

Under the authority of Minnesota Statutes 469.001 to 469.047 (the Housing and Redevelopment Authorities Act), approval of this redevelopment plan establishes a new redevelopment project as defined in Minnesota Statutes Section 469.002, subd. 14.

The Interchange Redevelopment Plan consists of one tax parcel as identified below. The project area is located within the North Loop Neighborhood and Ward 5 of Minneapolis within Hennepin County.

<b>Property Identification Number</b>	<b>Property Address</b>
2202924310055	419 5 <sup>th</sup> Street North

The North Loop Redevelopment Project Boundary Map is included in this redevelopment plan as Exhibit 1. The Stage One LRT Focus Redevelopment Project Boundary Map is included in this redevelopment plan as Exhibit 2. Documentation of the property's eligibility as a redevelopment project area is presented in Exhibit 3. A site plan is included as Exhibit 4.

### B. Objectives of Redevelopment Plan

Hennepin County seeks to achieve the following objectives through this addition to the North Loop Redevelopment Project:

- Eliminate blighting influences

- Increase business activity and density in the district.
- Increase the availability of goods and services.
- Promote transit-oriented and sustainable development.
- Promote green spaces and amenities for bicyclists and pedestrians.
- Clean contaminated property.
- Increase employment opportunities for local residents.
- Increase the property tax base.
- Increase private investment.
- Redevelop land that is underutilized to facilitate development.
- Encourage and facilitate the involvement of the community.

### **C. Types of Redevelopment Activities**

The objectives of this redevelopment plan may be accomplished through the following public and private redevelopment activities: acquisition, new construction, demolition, site preparation, environmental remediation, public improvements, construction of parking garages, project administration and other related activities.

### **D. Public Purpose**

Public purposes of this redevelopment plan include removal of blight or the causes of blight, prevention of the development of blight, redevelopment of an underused parcel, remediation of contaminated property, correct geotechnical soils, promotion of transit usage and tax base enhancement.

### **E. Citizen Participation**

A general discussion of redevelopment was conducted with the Interchange Working Group. The group is a forum for policy leaders formed to guide successful development and operation of The Interchange project. The group is comprised of representatives from Hennepin County and the Hennepin County Regional Railroad Authority, Metropolitan Council, Minneapolis City Council, Minnesota Ballpark Authority, and Minnesota Department of Transportation. The discussion touched occasionally on tools that could be used to address development issues like: revenue bonds; tax increment financing; or the Hennepin County Transit Oriented Development Program. Interchange Project staff have also met regularly with NorthLoop Neighborhood representatives to overview the Interchange Project. During these discussions staff covered the possibility of development on the project site and how it might be assisted by the County. Finally, this draft plan has been sent to the NorthLoop Neighborhood for its review. Interchange staff will meet with neighborhood representatives on March 21, 2012 to get comments and finalize this plan.

## **F. Public Financing**

The financing for this project will be brought forth as new development plans are accepted and put into action. The project will generate income through the sale of property currently owned by Hennepin County. Options for any additional public financing may include but are not limited to the Hennepin County Environmental Response Fund, Transit-Oriented-Development funds, Metropolitan Council Tax Base Revitalization Account funds, Hennepin County bonds, and Transportation Economic Development funds.

## **3. Land Use Plan**

### **A. Future Land Use**

When development occurs, the developer will apply for appropriate zoning and land use.

### **B. Conformance with Approved City/County Plans**

The North Loop Small Area Plan designates the future land use of the area to be mixed-use, falling in the 'Lower Mix' North Loop land use district.

([http://www.ci.minneapolis.mn.us/cped/planning/rezoning/cped\\_north\\_loop](http://www.ci.minneapolis.mn.us/cped/planning/rezoning/cped_north_loop))

### **C. Land Use Restrictions**

A redevelopment contract between the County and the developer of the property within the project area will contain specific requirements regarding the terms and conditions under which County assistance is provided, including land use restrictions. Reference to the North Loop Redevelopment Plan, May 1, 1973, as amended and Exhibits 1 and 2.

## **4. Project Proposals**

### **A. Proposed Development Activity**

The HCHRA, the Hennepin County Regional Railroad Authority (HCRRA) and Hennepin County signed a Cooperative Agreement (A111215) agreeing to work jointly on the Interchange Multimodal Transportation Hub Project to establish a multimodal transportation hub and to create additional amenities important to the successful development of the multimodal site. The Stage One LRT Focus Redevelopment Project in this Redevelopment Area would establish parking, a plaza, sponsorship and commercial growth through the sale of land to identified developers for those specific project purposes.

## **B. Redevelopers' Obligations**

The general requirements to be imposed upon the redevelopers by the Contract for Sale are:

- A. Redevelopment of the land purchased in accordance with this Redevelopment Plan
- B. Commencement and completion of building improvements on the land within a reasonable period of time as determined by HCHRA.
- C. Prohibition of resale of the land prior to completion of building improvements unless otherwise approved by the HCHRA.
- D. Prohibition of discrimination on the basis of race, sex, color, creed or national origin in the sale, lease, transfer or occupancy of the land purchased from HCHRA.
- E. Dedication of the property to the sole uses permitted under this plan for a period of 20 years from the date of conveyance of the disposition parcel.
- F. Underground placement of all public and private utility services such as water, sewer, gas, electric, telecommunications, serving parcels of land to be disposed of under this Plan except where physical conditions such as relatively small parcels adjacent to existing uses not to be acquired and parcels sold to existing uses for expansion purposes would prohibit the underground placement of utilities.

## **5. Official Action to Carry Out Redevelopment Plan**

The HCHRA Board will review the Redevelopment Plan and, if approved, will submit the plan to the Hennepin County Board along with a statement of the method proposed for financing the project and a written opinion of the planning agency in support of the application for approval of the Stage One LRT Focus Redevelopment Project. Prior to approval of the Stage One LRT Focus Redevelopment, the Hennepin County Board must hold a public hearing. Within 30 days of submission of this plan to the Hennepin County Board, the Hennepin County Board must give written notice to the HCHRA of its decision on whether or not to approve the Stage One LRT Focus Redevelopment. If the project is approved, the HCHRA may take all action necessary to acquire and sell property, specify development requirements and place restrictions on the use future use of the property. The HCHRA may use all powers granted it under Minnesota Statutes Sections 383B.77 and 383B.79 and Chapter 469. It may also use joint authority available under the agreement signed with the HCRRA and Hennepin County (A111215).

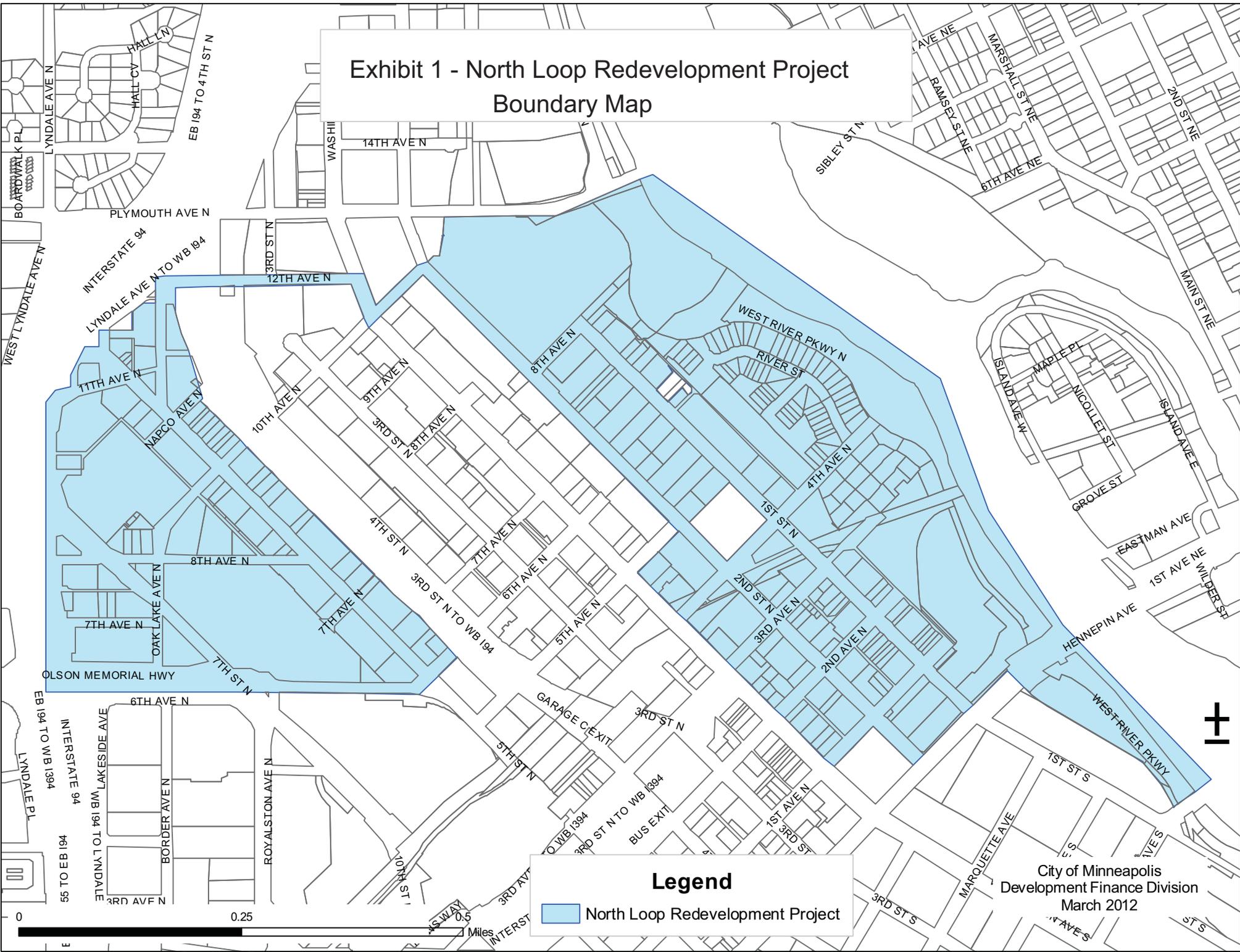
## **6. Procedure for Changes in Approved Redevelopment Plan**

This redevelopment plan may be modified as provided in Minnesota Statutes, Section 469.029, Subdivision 6:

A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of

the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located.

# Exhibit 1 - North Loop Redevelopment Project Boundary Map

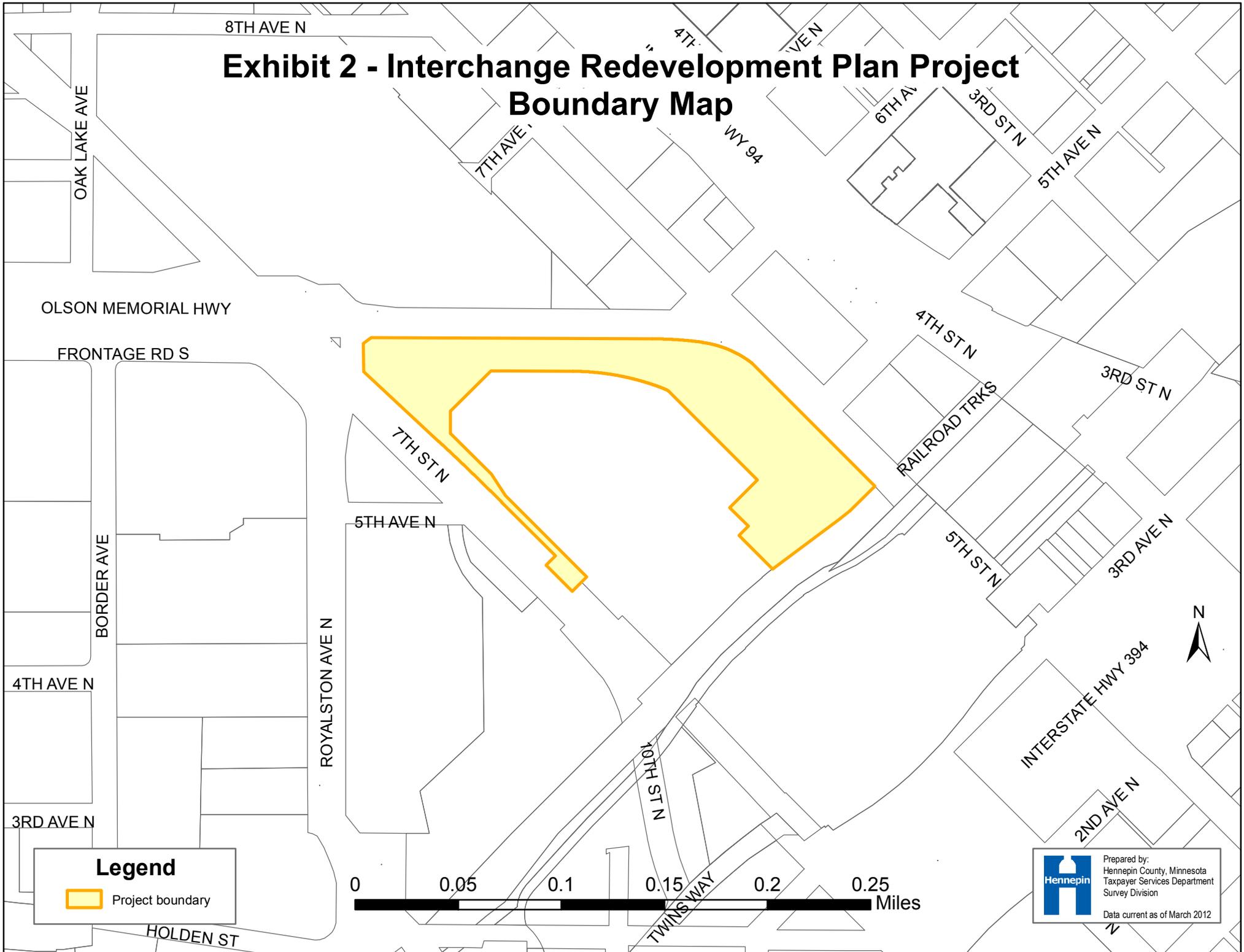


**Legend**

- North Loop Redevelopment Project

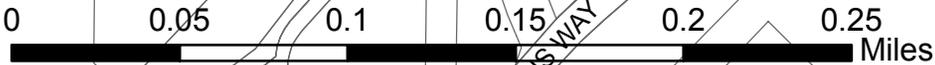
City of Minneapolis  
Development Finance Division  
March 2012

# Exhibit 2 - Interchange Redevelopment Plan Project Boundary Map



**Legend**

 Project boundary



 Prepared by:  
Hennepin County, Minnesota  
Taxpayer Services Department  
Survey Division  
Data current as of March 2012



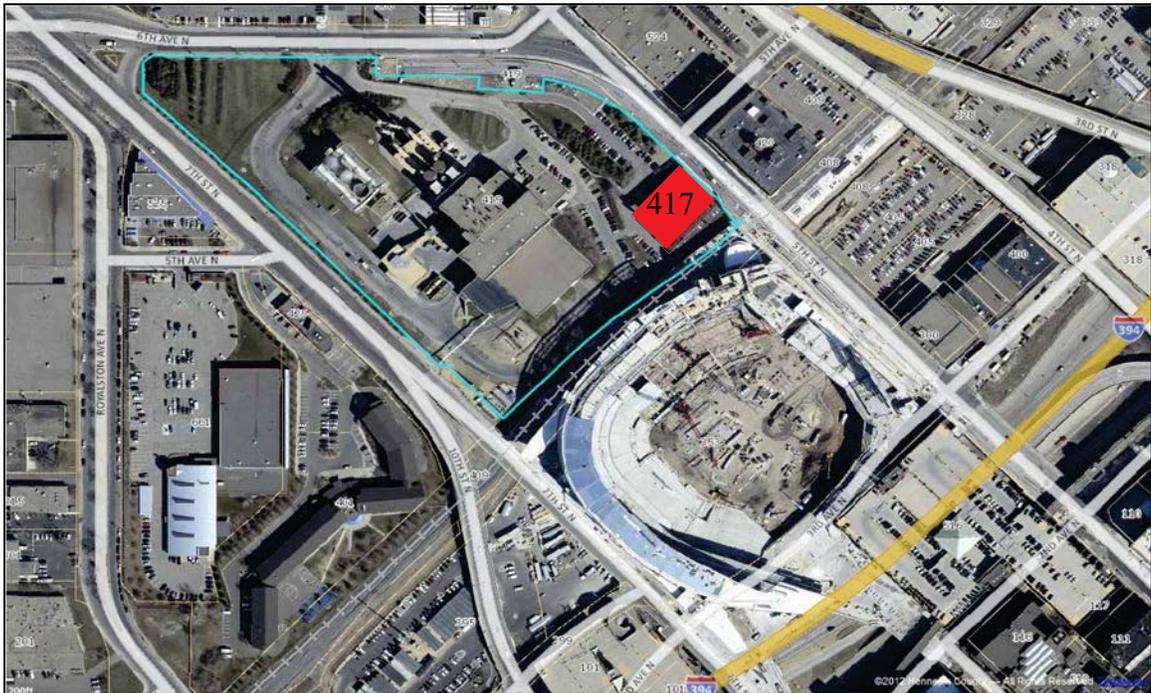
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March 13, 2012

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### **BLIGHT ANALYSIS FOR 417 FIFTH STREET NORTH – THE INTERCHANGE**

LHB was hired to inspect an office building at 417 Fifth Street North in Minneapolis, MN in order to determine if it meets the definition of “Blight” as defined by Minnesota Statutes, Section 469.002. The building sits on parcel 22-029-24-31-0055, which is proposed to be included in the City of Minneapolis North Loop Redevelopment Project in an effort to support new development on the Interchange project site.



### **CONCLUSION**

After inspecting and evaluating the building and site on March 12, 2012, and applying current statutory definitions for blight under *Minnesota Statutes, Section 469.002*, it is our professional opinion that this site and building qualify as a blighted area.

The remainder of this letter and attachments describe our process and findings in detail.

## **BACKGROUND**

The Interchange Redevelopment Plan has been prepared to facilitate the redevelopment of the Interchange site located at 417 Fifth Street North. Hennepin County Housing and Redevelopment Authority (HCHRA) proposes to include a modified version of the parcel in the City of Minneapolis North Loop Redevelopment Project area in an effort to support new development on the Interchange project site.

One of the objectives of the plan is to “eliminate blighting influences” in the project area. LHB has been hired to determine if the building and site at 417 Fifth Street North is blighted or is likely to influence blight in its current condition. LHB has conducted over 1,000 building evaluations in the past nine years to determine blighted conditions and is familiar with the requirements for determining blight.



View of 417 Fifth Street North from the other side of Fifth Street above the Commuter rail platform.

## **DEFINITION OF BLIGHTED AREA**

*Minnesota Statutes, 469.002, Definitions*, defines “blighted area” as any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

## **PROCESS**

In order to make blight findings, LHB inspected the exterior of the building and surrounding site on March 12, 2012. We did not inspect the interior of the building on March 12 because the building was locked and we had been inside on several occasions previously and were familiar with the layout and condition of the interior spaces.

In addition to inspecting the building and site, we reviewed pertinent planning documents within the City of Minneapolis, including the *City of Minneapolis Comprehensive Plan*, the *North Loop Small Area Plan*, and the *Warehouse District North Loop Neighborhood Design Guidelines*. The purpose for

reviewing these documents is to determine if the current configuration and condition of the building is capable of meeting the goals of the City moving into the future.

### **FINDINGS**

This building does not display the typical dilapidated conditions that we often associate with blight. In fact, the building is in relatively good condition, which would be expected with a building recently occupied by Hennepin County employees. The only signs of dilapidation occur in minor instances near the dock on the West side of the building and in the pavement surfaces on the site.



View of loading dock on West side of building

Several City plans (identified above) suggest that this area is being guided from I3 (General Industrial District) to a pedestrian friendly, mixed use District. The public investment of the Twins ballpark and adjacent transit hub are intended to catalyze private investment on surrounding parcels, creating a denser and richer urban fabric than the empty parking lots of the past.

The question we ask is, can this building make the transition as an asset to the proposed pedestrian friendly mixed-use environment, or will it be a blighting influence? We believe it will be a blighting influence.

The factors for a blighted area that we identify with this site and building are:

1. Obsolescence
2. Obsolete layout
3. Faulty arrangement or design

### **Obsolescence**

417 Fifth Street North has served well as an office building for Hennepin County staff. However, we do not believe the building could compete very well in the private marketplace as a modern office building. The floor plan and exiting layout limits the usefulness as a multi-tenant building. The proportion of windows to exterior wall surface is low which puts this building at a disadvantage with other competing properties since daylight is an important requirement in the new world of sustainable office space.

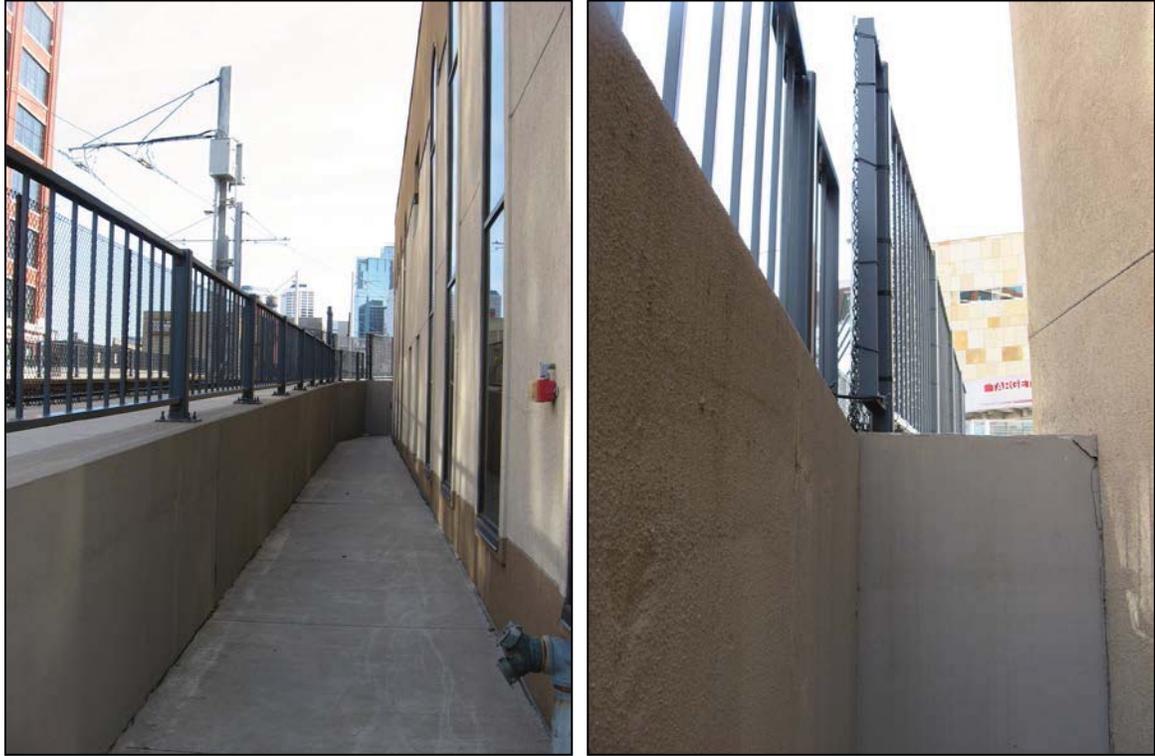


View from back parking lot. Note elevation differences from the ballpark plaza (on right) and LRT tracks (straight ahead). Also note the difference in glazing proportions on this building compared to newly renovated office space in the Ford building across the street.

Parking spaces are located inconveniently throughout the site, with the majority of the spaces on the lower back side of the building. Guests visiting this building for the first time by automobile will be lucky to find the entrance to the site, passing the entrance to the HERC, through two gates, and up a hill only to find that they will likely need to drive around to the back of the building to find a parking space. Pedestrians actually have a much harder time accessing the building as it is virtually impossible to reach due to the elevation of the LRT tracks and ballpark plaza on two sides of the building.

In a private market situation, these building and site deficiencies will be too difficult to overcome and the most likely outcome will be minimal investment in the building, low rents and eventual dilapidation of the building, causing negative impacts to surrounding properties.

The neighborhood design guidelines suggest that architecture should reinforce the image and character of the neighborhood which is largely brick and stone on the nearby warehouses and new ballpark. This building has a rather bland stucco finish and based on the market realities described above, will not be improved in the future.



The elevation of the LRT tracks along Fifth Street (to the left) is significantly higher than the building site, making pedestrian access difficult. The pedestrian path connecting a door on the East side of the building ends in a dangerous dead end (photo on right).

### **Obsolete Layout**

As indicated above, the current floor plan, exit locations and parking layout do not lend themselves to a competitive private market office building situation.

### **Faulty Arrangement or Design**

The biggest indicator of potential for blight is the arrangement of this building on the site. Several of the City and neighborhood plans mentioned above propose a mixed-use pedestrian-oriented future for this area. The fact that this building is sitting in a hole between the HERC, the Twins ballpark, and the light rail tracks makes it impossible to contribute as a mixed-use development.

Currently, the only pedestrian access is also the only vehicular access through a long and winding road from 6<sup>th</sup> Avenue North near the entrance to the HERC. In order to make this site viable for pedestrians, the elevation will have to be dramatically altered so future buildings can be situated where pedestrians have access.



TEAM CREDENTIALS

***Michael A. Fischer, AIA LEED AP - Project Principal/Blight Analyst***

Michael has twenty-four years of architectural experience as project principal, project manager, project designer and project architect on municipal planning, educational, commercial and governmental projects. He is a Senior Vice President at LHB and currently leads the Minneapolis office. Michael completed a two-year Bush Fellowship at the Massachusetts Institute of Technology in 1999, earning Masters Degrees in City Planning and Real Estate Development. Michael has served on over 35 committees, boards and community task forces, including a term as City Council President and Chair of the Duluth/Superior Metropolitan Planning organization. He is currently a Planning Commissioner in Edina, Minnesota. Michael was one of four architects in the country to receive the National "Young Architects Citation" from the American Institute of Architects in 1997.

Thank you for the opportunity to prepare this blight analysis. Please contact me at (612) 752-6920 if you have any questions.

LHB INC.

A handwritten signature in black ink that reads "MA Fischer". The signature is stylized and includes a horizontal line extending to the right.

MICHAEL A. FISCHER, AIA, LEED AP  
SENIOR VICE PRESIDENT



**Exhibit 4 - Interchange Development Parcel Opportunity Site Plan**

