

## MEMORANDUM

**TO:** Lucy Galbraith, Director, Transit Oriented Development  
Amy Geisler, Development Manager, Transit Oriented Development

**FROM:** Gordon Hughes and Cathy Bennett, ULI Minnesota

**DATE:** May 15, 2016

**SUBJECT:** ULI Minnesota/Metro Transit Workshop

On behalf of ULI Minnesota, thank you for the opportunity to cohost the May 4, 2016, workshop introducing Metro Transit TOD Office's new public property database tool (the "Database Tool"). Our ULI MN workshop panel enjoyed our dialogue with the workshop attendees and hope our discussion was productive for you.

In preparation for the workshop, you asked our panel to focus on the following four questions:

- How could the Database tool be improved to make it more useful for connecting developers with TOD office opportunities?
- How can cities/counties/TOD office proactively use this tool to jumpstart development?
- What other tools and resources would be useful to the development community to encourage development?
- What are some of the challenges for doing development on publicly owned land?

### How could the Database Tool be improved?

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- **Integrate the Database Tool with other data sources.** Integrating data from Greater MSP, MnCAR and DEED would make the Database Tool more useful. Conversely, the Database Tool information could be provided as a GIS layer for Greater MSP, MnCAR and DEED.
- **Incorporate "transit demand drivers" into the Database Tool.** Information on transit ridership, demographics of riders and destinations of riders is not generally known by developers and brokers and would be very useful information to incorporate.
- **Links to station area plans.** How a particular parcel relates to the larger context is very important to developers. Providing direct links to station area plans, where possible, would be a driver to help developers understand local and regional goals for the area.
- **Provide a point of contact.** Finding contact information for staff people who are responsible for/knowledgeable about a particular publicly owned property is a point of frustration for developers and brokers. In some cases, this might not be a particular individual but rather an agency/departmental name. Cities, counties, State of Minnesota, and the Metro TOD Office would provide a very beneficial service by designating the individual/department responsible for each parcel and then incorporating this information into the Database Tool. Larger agencies may consider designating a "Go-to Guy", i.e. someone who does not otherwise have direct oversight responsibilities but can direct developers to the right person and reach across departments.

- **Overlay existing building footprints.** Where possible, it would be useful to illustrate building/hard surface footprints on developed parcels and an identification of the current building use.
- **Highlight parcels with high (re)development potential.** Some parcels, while publicly owned, have virtually no (re)development potential, e.g. most schools, libraries, city halls. It would be worthwhile if agencies could identify the “A Sites” on the Database Tool, i.e. those with high (re)development potential.
- **What are the priorities for improvement?** In the Panel’s opinion, the top three priorities for improvement to the Database Tool are:
  - Identify the right contact people in each agency.
  - Link to the vision, i.e. station area plans or other small area plans.
  - Identify the “A Sites”.

## How can cities/counties/TOD Office proactively use this tool?

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- **Tie in with Comprehensive Plans.** Introduction of the Database Tool coincides perfectly with the next round of comprehensive planning. The Database Tool will be very useful in helping cities reconcile public land (re)development opportunities with comprehensive plan goals, objectives and policies. It will also provide the basis for important community conversations about public lands potentially available for (re)development. Such discussions in advance of formal proposals reduce risk on the part of developers and will result in more interest by the development community in key opportunity areas.
- **Placemaking as a goal.** Some properties may not be appropriate for (re)development, but would be an important element in creating a great project on an adjacent or nearby property making sure the public properties are connected to privately held opportunities.
- **Share it widely.** The Database Tool is not only a great technical resource but also signals the interest and willingness of the TOD Office to be an advocate for TOD. This can be enhanced by sharing the Database Tool widely and indicating an interest in great TOD projects. Also, let the public have access to the Database Tool. This will result in more productive conversations about the future of important public properties.

## What other tools and resources would be useful?

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- **Knowledge about impediments to development are important to the development community.** More often than private property, publicly owned property can be encumbered with deed restrictions, easements and other encumbrances which can make (re)development very difficult or impossible. Good understanding of these encumbrances by the public owners will save valuable time and resources being spent on properties with very limited potential.
- **Cities/counties/the TOD Office can provide needed resources and partnerships that promote great (re)development.** Developers want to develop where they’re wanted – i.e. public agencies that are interested in great projects and are willing to work with the development community to achieve them. Property assemblage and environmental due diligence prior to developer engagement reduces risk and enhances the chances of securing great projects. The Database Tool helps agencies “know their inventory”, i.e. properties which are suitable and potentially available for (re)development.
- [ULI MN’s \(Re\)Development-Ready Guide](#) offers many suggestions for preparing such properties for (re)development and should be linked to the Database Tool as a resource.

## What are some of the challenges for doing development on publicly owned land?

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- **Developers look for predictability and flexibility on the part of cities.** Qualified developers who survived the Great Recession are selective about the communities in which they work and 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. This is especially true when developers are considering (re)development of public lands where emotions of nearby residents may run high. Communities that have done the “spade work” on their publicly owned properties during comprehensive planning will be particularly attractive to the development community.
- **Real estate is still a relationship business.** Developers are more reluctant than ever to respond to Requests for Proposals (RFP) and other solicitations that require a significant investment of time and capital. Instead, meet with a variety of developers to gauge interest, challenges and opportunity for particular locations to understand the market potential and possibilities.
- **Buying and holding properties is more difficult today.** Developers, even large, well-capitalized firms are more reluctant to take down and hold large development sites than they once were. This may be an advantage for publicly owned properties where cities/counties may be more amenable to holding properties and allowing phased developments as compared with privately held properties.
- **Risk goes up with complexity in a non-linear way.** Complexity is one of the biggest barriers to investment because developers are more and more unlikely to invest pursuit capital in deals they don’t understand or seem overly complicated. Public ownership of a property can appear to be another complication unless the city/county/TOD Office takes steps to remove the perceived uncertainty from the risk calculation.

## Final Thoughts

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The Panel was very complimentary of the work that the TOD Office has undertaken to make (re)development opportunities more widely known. The Database Tool is an important step in that direction. The work being undertaken to compile baseline data for existing station areas will also illustrate the value of TOD which will encourage further (re)development in other locations.

On behalf of ULI MN, thank you again for the opportunity to cohost this workshop.