



DATE: July 10, 2013

TO: Mayor, Council and City Manager

FROM: Doug Grout, HRA Administrator 
Larry Lee, Community Development Director 

RE: Penn American District Rezoning

Regarding the proposed C-5 rezoning for properties in the Penn American District, several statements were made with regard to the north phase of United Properties' (United) development and the market for redevelopment during the May 6th Council hearing. This memo updates the HRA's view on redevelopment and rezoning in the District.

- South Phase. United Properties, StuartCo and the City of Bloomington/HRA invested \$45 million in the first redevelopment phase (the Genesee Apartments and retail). The phase is consistent with the C-5 zoning district and development district design standards. The developers/investors anticipate that surrounding development will be consistent with these design and zoning standards to protect and enhance the investments they have made and are planning to make.
- North Phase. The north phase concept includes \$25 to \$35 million of commercial/retail development in two buildings. United is negotiating leases, and is in the final planning stages of a redevelopment to be constructed in 2014 and 2015. This final site plan will be submitted for Planning Commission and City Council review later in 2013. Uses include a grocery store, underground parking and mixed office/retail. At this time, the plan is consistent with the C-5 zoning district and development district design standards across the combined north phase and south phase planned development. United's success in lining up tenants for the north phase indicates there is a market for the type of commercial development described in the District Plan. The mix of uses in the north phase and leasing success of the south phase should leverage residential redevelopment on other sites.
- Penn American District Plan. The Penn-American District Plan's theme is to promote pedestrian-oriented, high-density, mixed-use development that will in turn serve as a catalyst for future redevelopment of other parcels in the District. Because of its location advantages (highway access, available transit and developable sites), Penn American

parcels are part of a limited resource suitable for transit-oriented development along the American Boulevard corridor and the I-35W corridor as discussed during Metro Transit's presentation on the Orange Line BRT route at the July 1 Council Study meeting.

- Future Redevelopment of the Wendy's and Sonic Parcels. The HRA Administrator has been in contact with the owners of the Wendy's and Sonic parcels regarding their future plans. If both owners express interest in selling their parcels, the HRA will attempt to facilitate the parcel assembly. If either party is not interested in selling, then the owners can continue to operate with non-conforming characteristics if the City Council rezones to C-5.
- Future Redevelopment of the Peerless Land Parcels. The potential for mixed-use, transit-oriented redevelopment of these parcels seems promising. These parcels will be closer to the future Metro Transit BRT station location than the United Properties parcels are. Two of the BRT station location options are immediately adjacent to the Peerless property. In addition, uses proposed for the United Properties' redevelopment, especially the grocery store, will make additional residential redevelopment of the Peerless property even more attractive.
- HRA's Ability to Assist Additional Penn American Redevelopment. The Bloomington HRA will recoup a portion of its investment in the first two United Properties' developments through the sale of the land in the north phase. As HRA development account funds are replenished, the HRA will have resources to assist other redevelopment projects that meet the City's objectives expressed in the District Plan. The properties proposed for rezoning are in an existing Development District, which is a statement of the HRA's intent to potentially assist development within the area. As with United's redevelopments, the HRA anticipates funding from a variety of sources. Development consistent with the draft vision for the Penn American District will have a much better chance than lower intensity development of qualifying for external resources such as Livable Communities Grants. As with all redevelopment, the availability of tax increment financing (individual parcels must meet qualifications for a TIF District in State law), the impact of existing leases on the timing and cost of redevelopment, land values and the presence of a development partner with financing and viable redevelopment options for a site are all factors that will determine the HRA's interest and ability to assist.