

For reasonable accommodations or alternative formats, please contact Community Planning and Economic Development, Linnea Graffunder-Bartels, 612-673-5102, NewNicolletRedevelopment@minneapolismn.gov. People who are deaf or hard of hearing can use a relay service to call 311 at 612-673-3000. TTY users call 612-263-6850. Para ayuda, llame al 311. Rau kev pab, hu 311. Hadii aad caawimaad u baahantahay, wac 311.

New Nicollet Development Framework

DRAFT

City of Minneapolis
Spring 2025

Table of Contents

1. <u>Vision</u>	4	5. <u>Implementation</u>	36
• Development Guidelines	5	• Phasing	36
• Development Program	7	• Financing	39
• Site Arrangements	15	• Stormwater Management	40
		• Public Process and Roles	41
		• Future Actions and Accountability	42
2. <u>Process</u>	22		
• History	22	<u>Appendices</u>	43
• Previous Phases (I and II)	23	A. Anti-Displacement and Wealth	
• Phase III process	26	Building Citywide Strategies	
3. <u>Market Conditions</u>	27	B. Demographics	
• Rental Housing	27	C. Engagement Summary	
• For Sale Housing	28	D. Market Study	
• Retail	31		
• Office	32		
4. <u>Anti-Displacement and Wealth Building</u>	34		
• Project Strategies	34		
• Additional Opportunities	35		

Introduction

Background and Overview

The City of Minneapolis is redeveloping the former Kmart site known as the New Nicollet Redevelopment Project. This project site covers 10 acres of land between the Midtown Greenway, Lake Street, First Avenue, and Blaisdell Avenue. The City is ready to reconnect this commercial and cultural artery by constructing Nicollet Avenue between Cecil Newman Lane and Lake Street. The remainder of the site will be developed as a high-density, mixed-use, walkable area that serves the neighborhoods of south Minneapolis. With guidance from three phases of community input, City-led redevelopment of the site will again serve as a commercial and cultural crossroads, reflecting the needs of the communities who currently live there.

Phase I (August 2022 to January 2023) of the project gathered community input on general priorities for the site and established broad project goals. Feedback was translated into the [Desired Outcomes](#) document, which continues to guide the project. Phase II (May 2023 to March 2024) identified the design concepts for the street and public spaces on the site. The New Nicollet Concept Layout, led by Public Works, identified the layout (travel lanes, sidewalks, etc.) for approximately 0.2 miles of Nicollet Avenue between Lake Street and Cecil Newman Lane. The New Nicollet Public Space Framework, led by Community Planning and Economic Development, outlined the location and types of public spaces on the site. The final street and public space concepts were approved by the City Council and the Mayor in spring 2024 (see more information on pages 22-24).

This document is the culmination of Phase III of the project, which looked at development outcomes and design considerations for future projects on the site. The vision established in this plan represents the input of thousands of stakeholders and years of work building toward a new future for the project site that will meet the needs of those who live, work, and visit the area.

Connecting Projects

The New Nicollet vision will be accomplished through three closely related initiatives. Participants from all three have been involved throughout this planning process.

The reconnection of Nicollet Avenue is being led by Minneapolis Public Works. Construction is expected to begin in 2025.

The design and creation of a new public park will be led by the Minneapolis Park & Recreation Board (MPRB).

The redevelopment of the site will be led by the private sector, facilitated and guided by Community Planning and Economic Development (CPED). The initial solicitation of interest for the first phase is expected in 2025.

Using This Report

Chapter 1 shows the vision for how this site can develop, including guidelines, programs, and site layout.

Chapter 2 provides context for the process, including the site's history, prior phase summaries, and current phase summary.

Chapter 3 describes market conditions as they relate to different development types proposed.

Chapter 4 summarizes the city's commitment to anti-displacement and wealth building here.

Chapter 5 outlines implementation steps, including phasing, financing, development process, roles, and accountability.

Appendices include more in-depth supporting information.

1. Vision

DRAFT

A Crossroads of Communities and Cultures

Located in the heart of South Minneapolis, the New Nicollet site sits at the intersection of two of Minneapolis's most active and diverse commercial corridors, one of its most used bicycle and pedestrian trails, and within a vibrant mix of cultural communities. Nicollet Avenue is home to many local businesses and restaurants, including the area just north of the site known locally as Eat Street. Lake Street is in many ways the central spine of South Minneapolis, connecting the lakes of Bde Maka Ska and Lake of the Isles on the west side to the Mississippi River on the east side of the city. The Midtown Greenway, located along the north edge of the site, is a busy and nationally recognized bicycle and pedestrian thoroughfare.

Compared to Minneapolis as a whole, this area's population includes more immigrants and non-English speakers. Population changes in the 1960s brought more African Americans, Southeast Asians, Mexicans and other Hispanic immigrants, and Somalis. Their presence can be seen in businesses on "Eat Street" and Lake Street, and in Karmel Mall, one block to the west. The diversity of the area provides opportunity for the future of development here. The existing need for new housing options, new businesses, and expanded public amenities contribute to the demand for new development. Beyond this, the interweaving of cultures and peoples enhances its possibility to be a unique place in the city and region. The site can attract interest and investment, and serve as a point of pride for both new and established residents.

Taken together, there are few sites in the city of Minneapolis, or the Twin Cities region that are better connected to the broad array of neighborhoods, employment centers, regional parks and trails, and cultural centers that call South Minneapolis home. This project is an opportunity to create a new community focal point that serves as an important neighborhood hub for gathering and daily needs. It can also be a destination with unique public spaces, thriving local businesses, and a diverse and active residential community.



Development Guidelines

The project is guided by a set of development guidelines that reflect community input, adopted City policy, project goals, and market realities. These guidelines are about achieving direct, meaningful, and measurable benefits to the diverse neighborhoods surrounding the site. They are also about catalyzing positive change for the broader community and

city, strengthening the area's economic vitality, neighborhood vibrancy, and long-term sustainability. Future development proposals should be evaluated against these guidelines to ensure conformity with the intended outcomes of this plan.

1. Balanced Growth

Prioritize the integrity of the vision over the expediency of its delivery.

New Nicollet is planned to develop in phases over time. Economic and market conditions will change. Future development opportunities might look different from what's possible today. Some elements of the development program may take longer to become reality than others. The vision of this framework responds to years of community input and the community will continue to be engaged as development of the site unfolds.

2. Complete Development

Develop a cohesive place from the very first phase.

The first phase of development is designed to generate momentum and garner support for the long-term vision of the site. Phase 1 will deliver new affordable apartments, retail space, and community –serving space adjacent to a new park to create a sense of place.

3. Housing Focus

Advance the housing potential of the site.

During the last three years of engagement, the community identified more housing and a variety of housing choices as top priorities for the site. The development program prioritizes housing as the primary land use across all six development parcels. Diverse housing options are included to meet community needs, including affordable homeownership, affordable apartments, and supportive housing options. Market-rate apartments are included to provide a range of options to households of varying economic and demographic backgrounds.

4. Community Needs

Meet economic and social community needs through intentional ground-floor tenancing and engaging public spaces.

The development program includes multiple mixed-use buildings with retail space on the ground floor. These ground floor spaces will aim to address community needs by including grocery, recreation, and community-supporting services. The new park and additional public spaces will provide new opportunities for people to recreate and socialize.

Development Guidelines - cont'd

5. Partnerships for Public Space

Pursue innovative approaches to provide high-quality public spaces.

New Nicollet will include spaces designed for public use, including the two-acre public park from the Minneapolis Park & Recreation Board, the mid-block bike and pedestrian promenade, and additional small green or gathering spaces. These amenities will require partnerships to build, fund, operate, and maintain them. Future developers and private owners will need to contribute and certain elements will require subsidy. The project will explore partnerships across sectors to create a mix of public spaces.

6. Expanded Opportunity

Create opportunities for emerging developers and small businesses in development projects.

To ensure a diversity of developers and small businesses are able to participate in the creation of New Nicollet, the development plan features parcels and projects of all sizes. When requesting proposals for land development, the City will encourage the involvement of small and emerging developers and construction companies.

7. Tax Base

Transfer land to create new streams of tax revenue.

Redevelopment of the currently vacant site according to the development program will enhance the tax base and generate new tax revenue streams. The City will transfer the land to entities capable of generating new tax revenues, thereby increasing the tax base and facilitating funding for essential public services.

8. Economic Viability

Design projects that are achievable with the existing toolkit the City of Minneapolis uses to support projects aligned with City goals.

The development program includes projects that are feasible either independently or with existing public financial tools. For projects that are not yet feasible, the phasing strategy allows time for the market viability to improve.

Development Program

The proposed development program guides the future for new buildings and activities on the site. It is driven by four main considerations:

- Community Priorities
- Market Conditions
- Site Opportunities and Constraints
- Land Use and Zoning

Community Priorities

One of the desired outcomes for the New Nicollet site emerging from Phase 1 engagement was Housing Affordability and Wealth Building. This theme was confirmed in the engagement for Phase 3 when Increased Housing Diversity rose to the top of potential priorities (See the Appendix for a summary of Phase 3 engagement). This priority aligns well with current market conditions which suggest that housing has the strongest demand for near-term development potential.

In addition to affordable rental housing, there is a strong desire for affordable home ownership opportunities at the New Nicollet site. The proposed development program includes affordable townhomes, a model which has seen success in the Twin Cities market in recent years.

Another key priority for the site is opportunities for business development that serves community needs. This includes preference for a new grocery store, as well as additional small businesses and other retail and employment uses. Affordable grocery stores and culturally relevant establishments are needed to support current communities living in the

neighborhood. This can include a balance of both small, locally-owned businesses and large-scale retailers that can provide deeper affordability of goods and services. It can also serve as a safety net to prevent displacement of existing businesses along the surrounding commercial corridors. Furthermore, commercial spaces with smaller square footage can better accommodate small, local businesses. The development program includes space for these uses, with consideration for how they can function successfully in terms of good visibility and multimodal access.

Beyond housing and commercial businesses, there is a desire for community space to build connections and capacities for individuals and groups within the community, and a desire for culturally relevant public spaces. This relates to the previously identified desired outcome for Space for Community Services. The development program includes the provision of approximately 13,000 square feet of indoor community space, approximately 3,000 square feet of which is reserved for a park and recreation indoor use, and the remainder of which is envisioned to house a local community-serving nonprofit use.

Other community priorities included enhanced public realm and sustainability. Both of these are incorporated directly in the development program, including a range of guidance and options for future decision making.

Market Conditions

Market conditions suggest that housing offers the best short-term opportunity for site development, particularly for affordable housing options. Despite existing local options, there remains a strong unmet

demand for a grocery store and other retail uses that can meet daily needs. While demand for retail uses remains strong, there is already a significant amount of existing retail on Lake Street. New spaces in recent development projects have been slow to fill, leading to long-term vacancy in new storefronts. These market conditions suggest that the retail space supplied by new development on the New Nicollet site should be right sized to the expected community demand and unique business environment.

Site Opportunities and Constraints

The New Nicollet site is, in many ways, ideally located to attract new development. The site sits at the intersection of two of Minneapolis's busiest commercial corridors, and intersects with two high-frequency transit routes, the Metro B-line BRT, and the 18 local service bus line. The Midtown Greenway, located just to the north of the site, is one of the busiest bicycle and pedestrian thoroughfares in the region. Additionally, the site is one block from the I-35W and Lake Street Station with Orange Line service to downtown Minneapolis and express bus service to the University of Minnesota campus. The site also provides easy access to and from the interstate for vehicles.

The presence of two one-way streets on Blaisdell and 1st Avenues and limited on-street parking present unique constraints for vehicle access, loading, and parking support for commercial and housing uses. Attracting a grocery store will require special consideration for the unique loading, access, and visibility needs associated with the use (see [Section 3 Market Conditions](#) for more detail).

Development Program - cont'd

Land Use and Zoning

Minneapolis 2040 has guided the New Nicollet site for high-intensity mixed use development, creating potential development capacity that exceeds current market demand. Under the plan, the site is guided for the Destination Mixed Use land use category, under which “retail uses are required at the street level of all development...to encourage pedestrian activity beyond the typical daytime business hours.” Additionally, the site is guided for the Transit 15 built form category which, “is typically applied along high-frequency transit routes, adjacent to METRO stations, in neighborhoods near downtown, and in downtown.” The Transit 15 built form overlay zoning district has a minimum height of four stories, and a maximum height of 20 stories when certain bonuses are achieved.

Minneapolis 2040, the City’s comprehensive plan, went into effect on January 1, 2020. The plan included future land use and built form guidance for every property in the city. Since the adoption of Minneapolis 2040, the City of Minneapolis has conducted three years of community engagement and has completed a site and market analysis for the New Nicollet site. The development program for the site is based on current market conditions.

The development program envisions a new site layout with multiple development sites. Some of the development sites may not meet the minimum commercial requirement (Parcels 5 and 6) and the for-sale townhomes on Parcel 4 may not meet the minimum height requirement. For the sites that do

not meet the requirements, a comprehensive plan amendment to allow less commercial space on each development site or to reduce the height of the buildings on Parcel 4 would be required. If needed, the City of Minneapolis will pursue a comprehensive plan amendment for the individual parcels that require a change to meet the development program envisioned.

Development Program Summary

Analysis of the community priorities, market conditions, and site constraints led to the development of a recommended development scenario. This is a high-level concept for the site, designed to provide guidance for the type, size, scale, and mix of uses to be developed here. It is intended to ensure the plan advances the City’s stated goals and provides substantial community benefit. It also provides the flexibility needed for future opportunities and market changes that may not have been anticipated. See [Section 5 Implementation](#) for how this will be used to guide implementation.

This development program represents a combination of what is feasible on the part of the private market with little to no special intervention. It also provides for the addition of several “reach” elements that were identified by the community as high priorities for the project to achieve.

Recommended Scenario

The recommended development scenario includes:

- 500-600 rental housing units, with a mix of market rate and subsidized affordable housing

- Limited retail uses concentrated at the corner of Lake Street and Nicollet Avenue
- 10,000-15,000 sf of indoor community uses (park board recreation space + community-serving nonprofit(s))
- A 20,000-30,000 square foot full-service grocery store at the corner of Lake Street and Nicollet Avenue
- 20-25 affordable ownership townhomes
- Affordable subsidized housing
- Enhanced public realm featuring interconnected gathering places

This scenario reflects the prioritization of several “reach” elements through the public process. Reach elements are defined as features which the private market likely will not produce without public support and/or resources. Since public resources are limited, the Phase 3 process sought to prioritize the elements with the greatest potential public benefit. The reach elements were evaluated based on level of subsidy required, degree of difficulty to complete, and expected timeline for implementation. The top priority elements identified through extensive public engagement included Housing Diversity, Enhanced Public Realm, Grocery, and Sustainability. These elements are incorporated into the development program in the following ways:

Development Program - cont'd

Housing Diversity

- Incorporate subsidized housing that is affordable at 30%, 50%, and 60% of AMI, including supportive housing.
- Incorporate subsidized ownership townhomes.

Enhanced Public Realm

- Implement structured parking below grade to maximize at-grade open space and public amenities.
- Require developers to include open space amenities that are safe and accessible to the public or provide public benefits in the form of placemaking, public health, stormwater management, etc.
- Explore public-private partnerships to implement the mid-block walking and biking promenade as a high-quality public amenity with enhanced landscaping and materials.
- Implement a publicly accessible pedestrian walkway along the south side of the greenway at the west block connecting Blaisdell Avenue to Nicollet Avenue.
- Integrate walkup residential units, public-facing residential amenity space, community spaces, and/or commercial frontages adjacent to the public park, publicly accessible outdoor spaces, and public right of way where feasible.
- Encourage public art to be integrated into publicly accessible outdoor spaces and/or spaces and structures that are visible by the public.

Grocery

- Attract a grocer to locate on the east block at the intersection of Lake Street and Nicollet Avenue.
- Implement a modest amount of surface parking internal to the site or building to support grocery store needs.
- Implement loading of the grocery store internal to the site and allow for through-block loading access with a single curb cut on Nicollet Avenue.

Sustainability

- Prioritize development projects using sustainable design strategies that improve wellness for people while reducing energy costs in support of long-term affordability in alignment with the [2023 Minneapolis Climate Equity Plan](#).
- Townhomes: Support participation of townhomes in the Minneapolis Homes Sustainability Certification Addendum, including following Enterprise Green Communities criteria and achieving sustainability certification focused on energy efficiency, electrification, and healthy buildings.
- Multifamily and Mixed Use: Prioritize market-rate and affordable development projects that implement Minnesota Housing criteria for Enhanced Sustainability Requirements focused on energy efficiency, electrification, and healthy buildings. Projects applying to the Affordable Housing Trust Fund will be required to incorporate sustainable elements

consistent with the “Minnesota Overlay and Guide to the Green Communities Criteria” mandatory criteria, as well as Photovoltaic/Solar Hot Water Ready for projects with flat roofs.

- Prioritize gas-free or nearly gas-free development proposals.
- Support developers in awareness of and application for existing sustainability subsidies, especially for design elements that have the additional benefit of improving scoring and the likelihood of selection for local and state funding.
- Encourage innovative stormwater strategies, including visible stormwater infrastructure for people to connect with, and pursue grant funding to support these strategies.
- Incorporate sustainable design opportunities, including:
 - Building design requirements (entrances along sidewalk, parking behind/underground, etc) that support walking, biking, and transit use.
 - Green spaces that introduce shade trees and landscaping to reduce the heat island effect.
 - Public spaces that contribute to healthy communities through recreational activities and community gathering.
 - Expansions to walking and biking networks through the site, including to the Midtown Greenway.
 - Potential private green spaces that could

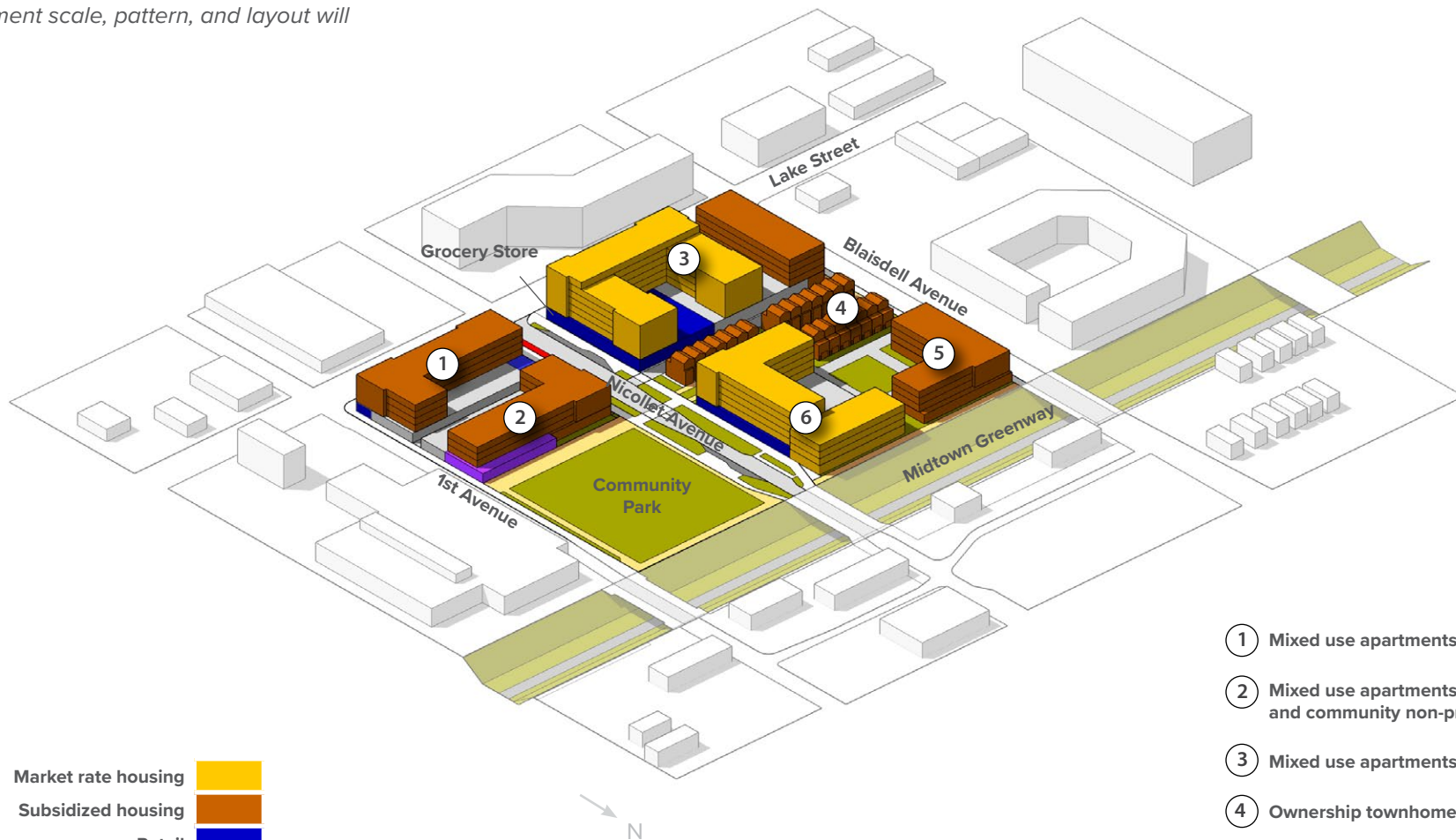
Development Program - cont'd

include community-supported agriculture, community gardens, and green roofs.

- Solar Access
 - Pockets of lower density let in more sunlight, providing opportunities for green spaces and solar energy sources.
 - The east-west orientation of some parcels will allow for optimal solar exposure on the south side of buildings (that is, the sun can heat buildings in the winter while being blocked in the summer to prevent overheating).
 - The City acknowledges that sustainability standards will change over time as climate technology and funding requirements evolve

Development Program - cont'd

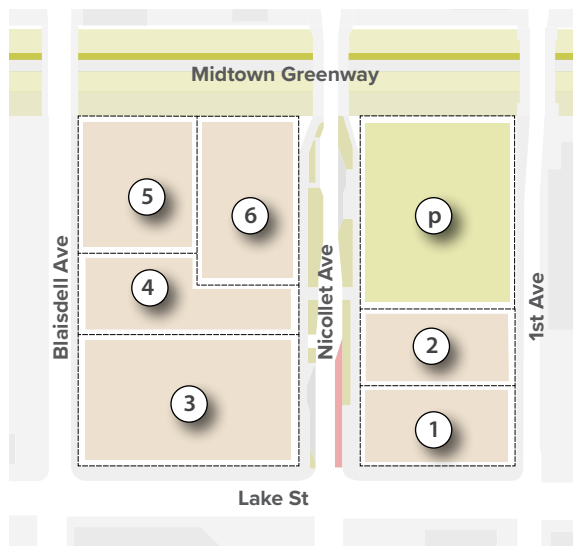
This development concept is an example of how the site might develop. The actual development scale, pattern, and layout will vary.



Market rate housing ■
 Subsidized housing ■
 Retail ■
 Community use ■

- ① Mixed use apartments
- ② Mixed use apartments, MPRB space, and community non-profit space
- ③ Mixed use apartments / grocery
- ④ Ownership townhomes
- ⑤ Apartments
- ⑥ Mixed use apartments

Development Program - cont'd



Proposed Parcel Map

This table demonstrates how a proposed development program could be constructed based on site dimensions, policy and regulatory guidance, and market conditions. The parcel order (1-6) is the expected timing of development. All numbers are estimates, with flexibility regarding exact quantities and dimensions.

The development details will be confirmed via the processes for approving exclusive development rights and land sale terms.

Parcel	1	2	3	4*	5*	6*	p**	total
Subsidized Rental Units	70 units	60 units	53 units		65 units	36 units		284 units
Market Rate Rental Units			180 units			144 units		324 units
Subsidized Ownership Units				21 units				21 units
Stories	5	4	4-7	3	4	4-6		
Gross Square Feet	100,000 gsf	85,000 gsf	295,000 sf	42,000 gsf	65,000 gsf	185,000		772,000 gsf
Building Footprint	30,000 sf	30,000 sf	65,000 sf	16,800 (800 each)	16,500 sf	30,000 sf		
Parcel Size	33,000 sf / .75 acres	33,000 sf / .75 acre	75,000 sf / 1.72 acres	40,000 sf / .9 acres	38,000 sf / .85 acres	45,000 sf / 1 acre	70,000 sf / 1.6 acres	
FAR	3.0	2.5	3.9	1.05	1.7	4.1		
Retail	8,000 sf (retail)		25,000 sf (grocery) 5,000 sf (retail)			2,000 sf (retail)		40,000 sf
Parking	85 (below grade) 50 (enclosed at-grade)	85 (below grade) 30 (enclosed at-grade)	185 (below grade) 85 (at-grade enclosed)	21 (at-grade enclosed)	100 (below grade)	128 (below grade)		583 (below grade) 186 (at-grade enclosed)
Community Use		13,000 sf						13,000 sf
Public Park							70,000 sf	

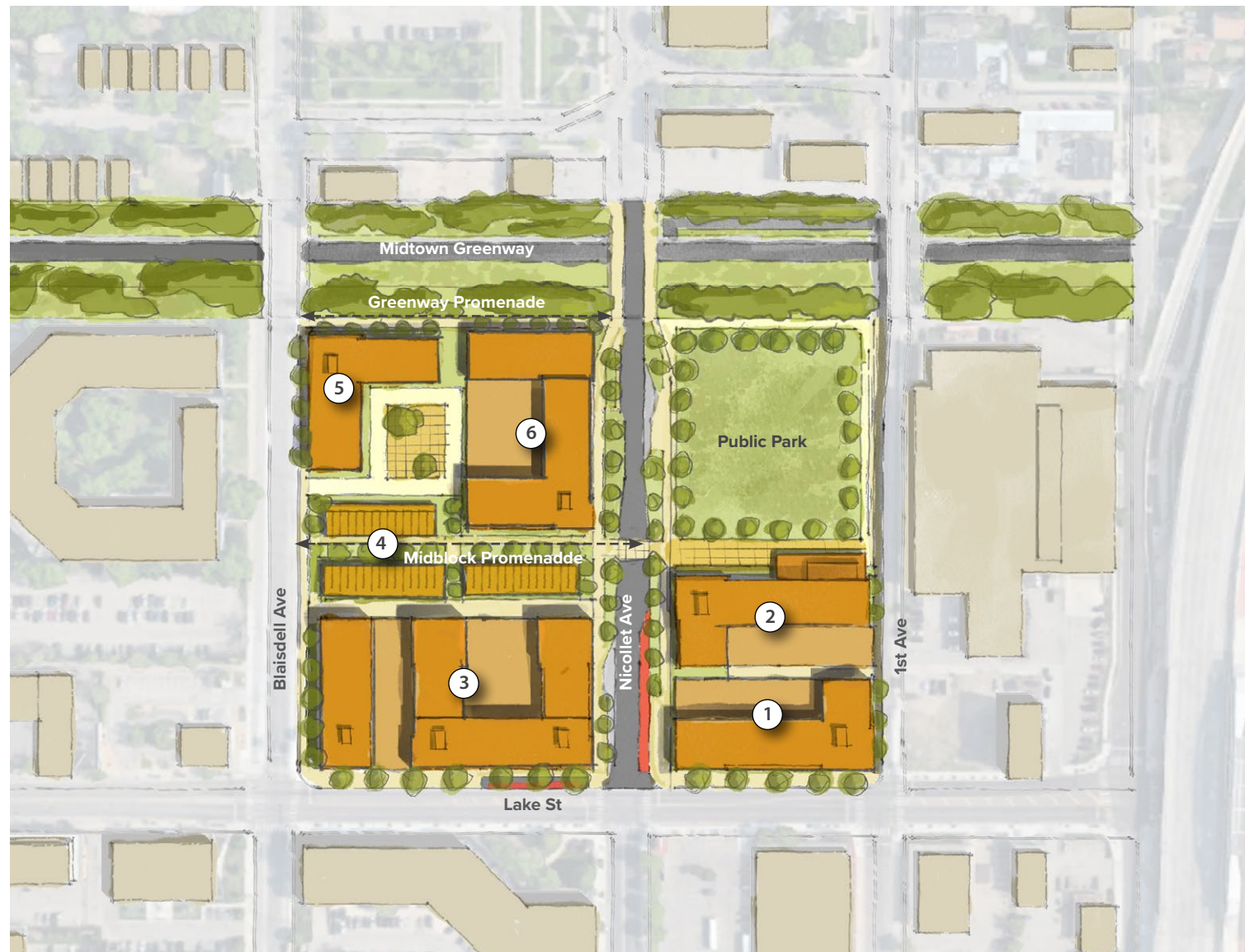
Development Program Table

* Will require a comprehensive plan amendment to achieve this development program (see page 8).

**Park size and design subject to change based on agreement between the City of Minneapolis and the Minneapolis Park & Recreation Board and future park planning process.

Development Program - cont'd

This development concept is an example of what the site might look like. The actual development scale, pattern, and layout will vary.



Illustrative Site Plan

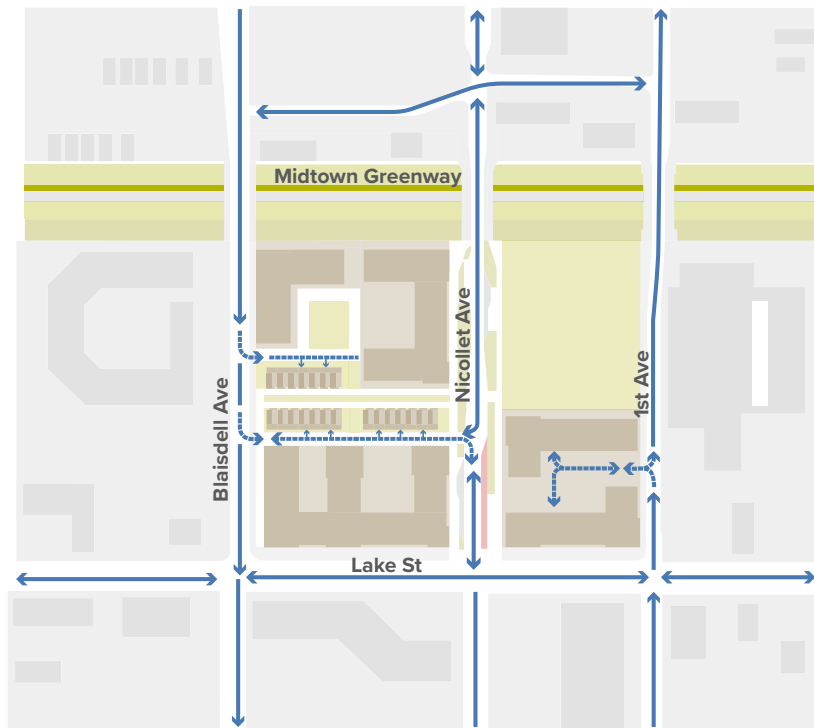
DRAFT



This development concept is an example of what the site might look like. The actual development scale, pattern, and layout will vary.

Site Arrangements

These drawings show how vehicle and bike circulation might work in and around the site. This provides a sense of how people and freight would travel to and through the site.



Vehicular Circulation

 Public Street
 Private Drive

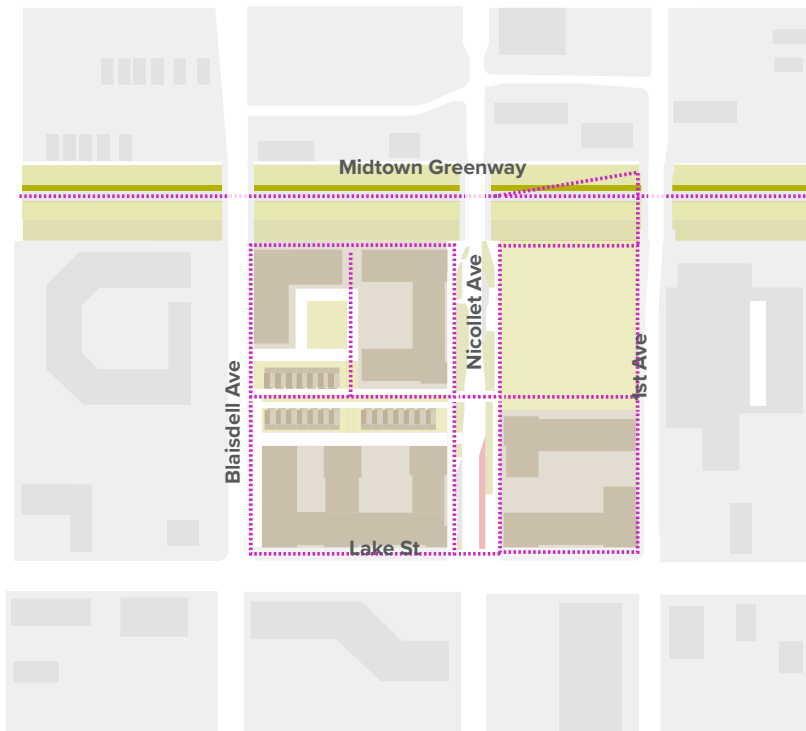


Bicycle Circulation

 Existing Bikeway
 Planned Bikeway

Site Arrangements - cont'd

These drawings show how pedestrian circulation might work within the new development, as well as the primary ground floor uses. This provides a sense of the ground level experience on the site.



Pedestrian Circulation



Ground Floor Use

- Residential
- Commercial / Retail
- Community Use

Site Arrangements - cont'd



The drawings on pages 17-21 show different scenarios for locations where public space and privately-owned public space meet buildings and streets. Each showcases best practices related to accessibility, sustainability, materiality, and overall site experience for people. These are presented as ideas for how these spaces could possibly be designed, but they do not represent what the site will actually look like.

- ① Mid-block promenade
- ② Walk-out residential units
- ③ Enhanced landscaping



Mid-block Promenade, looking east toward new Nicollet Ave and park



Promenade Examples

Site Arrangements - cont'd



- ① Sidewalk seating
- ② Mid-block crossing



New Nicollet Avenue, looking south toward mid-block crossing



Streetscape Examples

Site Arrangements - cont'd



- ① Residential amenity
- ② Community programs
- ③ Public park



Programmed park edge, looking west toward Nicollet Ave and mid-block crossing



Park Programming Examples

Site Arrangements - cont'd



- ① Greenway promenade
- ② Walk-out residential units
- ③ Internal connections

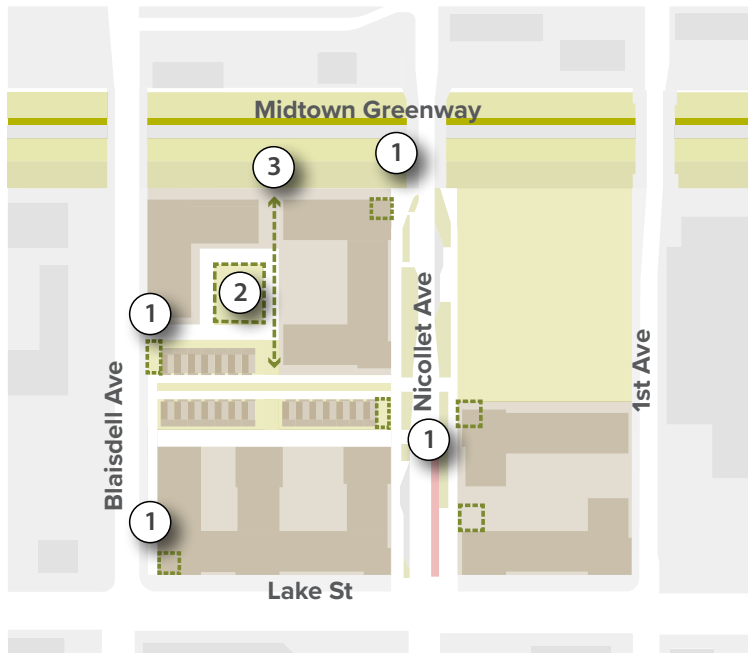


Midtown Greenway edge, looking southwest



Example Walk-up Units

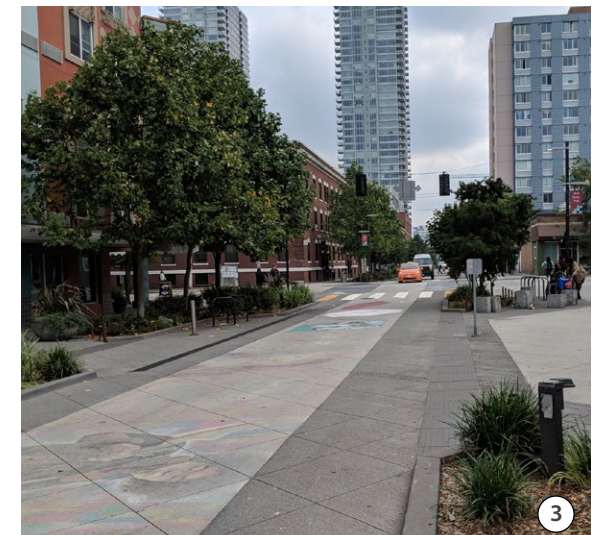
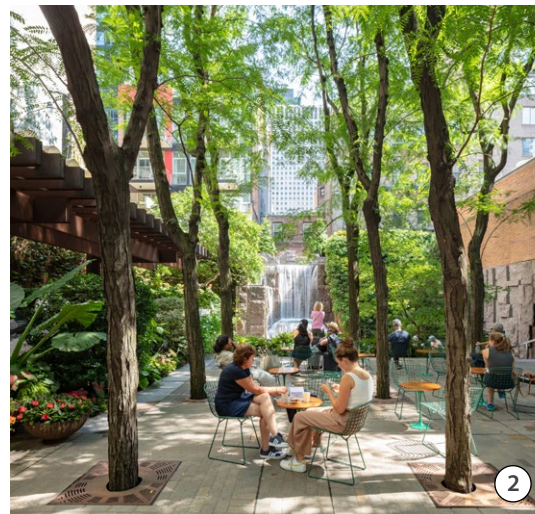
Site Arrangements - cont'd



Potential Privately Owned Public Space Locations

- ① Pocket park
- ② Internal courtyard
- ③ Shared alley / walkway

These images show recommendations for locations where privately-owned public space could be implemented to create an interconnected network of public spaces. Privately-owned public spaces could provide additional opportunities for public art, placemaking, connections, and community gathering. These are presented as ideas for how these spaces could possibly be designed, but they do not represent what the site will look like.



Example Privately Owned Public Spaces

2. Process

DRAFT

History

This section includes a summary of the site's history. For a more detailed account, see the [Imagining a New Nicollet Storymap](#) on the project's webpage.

Traditional mixed use commercial districts like those on Lake Street and Nicollet Avenue grew originally in the era of streetcars, with walkable, transit-oriented corridors being the norm. However, following the development patterns of many cities throughout the United States in the post-WWII era, suburbs grew outside of the city and the development of the Interstate Highway System and federal home loan programs encouraged the outmigration of white, middle-to-upper-class residents. This phenomenon — combined with the discontinuation of streetcar service in 1954 in Minneapolis — spurred the decline of the booming commercial district along Lake Street.

In the 1970s, the City of Minneapolis demolished buildings at the Nicollet Avenue and Lake Street intersection in hopes of encouraging new development, including developing a plan for a neighborhood scale mixed-use district. But market conditions were unfavorable, and the site remained vacant. The anticipated funding for redevelopment fell through and, by 1976, the city made the difficult financial decision to accommodate a Kmart — the only retailer interested in this site.

In 1977, Kmart and SuperValu leased 10 acres of land after the City of Minneapolis sold the site to real estate investors. This development closed the block of Nicollet Avenue between 29th Street and Lake Street. The resulting impacts on the neighborhood were profound. The interruption of north/south vehicular and pedestrian traffic, the erasure of small-scale storefronts along Lake Street, and the insertion of a big box store with a vast expanse of parking created an urban void that disconnected and isolated these two urban blocks. Kmart has been a barrier to a vibrant and thriving urban corridor connecting south Minneapolis to downtown for decades.

It did not take long before the City realized the mistake. Thirteen years after selling, in 1989, the City Council approved the formation of a Nicollet-Lake Task Force to examine reopening Nicollet Avenue at Lake Street and again redeveloping the intersection. In 2020, the City of Minneapolis regained control of the site and is now embarking on redeveloping that same 10-acre site and re-connecting Nicollet Avenue.

Phase 1 : Launch and Listen

Phase I of engagement, called Launch and Listen, was focused on creating open dialogues with community members where city staff and the consultant team asked questions and listened. The goals of Phase I were to:

- Learn from communities within the engagement focus area.
- Understand the communities' priorities, significant challenges, and positive outcomes desired for the site.
- Translate those learnings into the project's [Desired Outcomes](#) document, which will guide future engagement and recommendations for the redevelopment and the new block of Nicollet Avenue.

The City of Minneapolis hosted or participated in 21 engagement events from August 2022 through January 2023 and received over 10,000 responses to an online survey. The [Phase I Engagement Summary](#) provides a summary of the feedback received from community members and stakeholders during each of these events, the types of engagement that occurred, who was reached, highlights from the survey, and brief summaries of the themes that emerged from conversations in the community. This engagement supplied crucial feedback that informed the development of the Desired Outcomes document. The engagement focus area extends one half mile in each direction beyond the project site. It includes portions of the following neighborhoods: Central, Lyndale, Whittier, and Phillips West.

Desired Outcomes

The purpose of the [Desired Outcomes](#) document is to capture the community's vision and needs based on what was heard throughout Phase I: Launch and Listen engagement, from August 2022 to January 2023. Community members shared their stories, experiences, and ideas on what is most important to accomplish at the New Nicollet site. They shared ideas on what the City should prioritize and elevate in the next steps of the project. The engagement team learned from residents, renters, homeowners, business leaders, families, community elders and more throughout the Phase I of engagement and heard a common theme: build for who is here now. There is an ongoing fear of displacement from a community that they helped build. This document will guide the future redevelopment and reconnection work. The community's vision focused on six themes that demonstrate their desires for the site and new roadway, and what a successful redevelopment looks like for them. These six themes are (in no particular order):

- Housing affordability and wealth building
- Culturally relevant community spaces
- Connecting people to places
- Space for community services
- Business opportunities and success
- Designing for inclusivity, safety and sustainability

Phase 2 : Public Space and Street Concepts

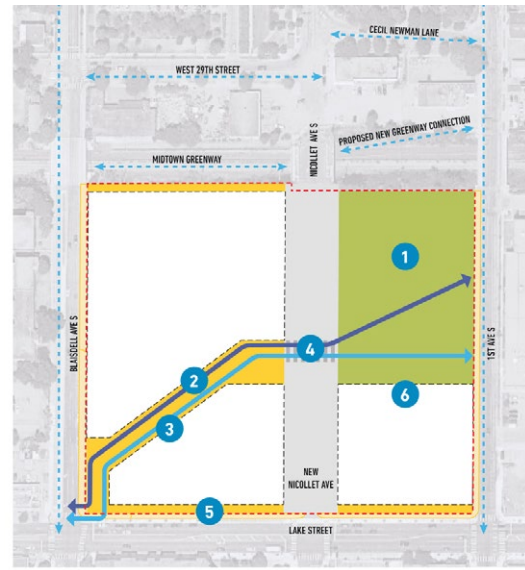
The purpose of Phase 2 was to identify a concept layout for the new block of Nicollet Avenue and to advance the planning for the public spaces on the New Nicollet site.

Public Space Framework

The [New Nicollet Public Space Framework](#) was adopted by the Minneapolis City Council and the Mayor in April 2024. The document outlines an approach for a public space network, made up of interconnected outdoor gathering spaces and pedestrian connections that provide space for socializing, entertainment, exercise, shopping, and/or cultural events.

The Public Space Framework reflects the values of the nearby cultural communities and includes a new Minneapolis Park & Recreation Board (MPRB) park in the northeast quadrant of the site; a walking and biking promenade to allow east-west access through the site; indoor recreation space for the Minneapolis Park and Recreation Board in a future mixed-use building on the site (Minneapolis Park & Recreation Board would rent rather than own); and additional small green or gathering spaces created by future development on the site.

The New Nicollet Public Space Framework also identified cultural and historic themes, stories, and narratives that can inform future artists who may create public artworks on and around the New Nicollet site. The themes were collected in the summer of 2023 during engagement with local business owners, residents, and creatives. Artists who may be invited to create art as part of future private development on the site should refer to the public art portion of the Framework as they develop their designs.

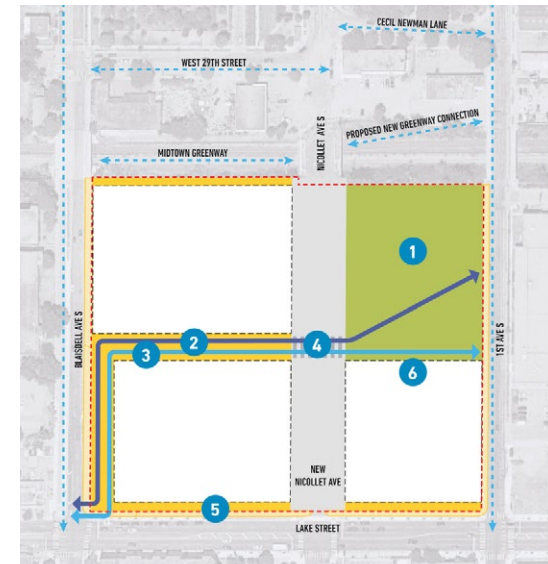


Approved Public Space Concept





- 1 **Proposed MPRB Park**
- 2 **Diagonal Pedestrian Circulation ***
- 3 **East West Diagonal East West Bicycle Circulation ***
- 4 **New Nicollet Midblock Crossing**
- 5 **Building Setback for Additional Public Space**
- 6 **Recommended Location for Possible MPRB 'Storefront' Recreation Space ****

Promenade Orientation

The walking and biking promenade included in the adopted public space concept was originally shown as moving diagonally through the west block. This orientation may be difficult for future developers who want to build on the southwest corner. To address this, the concept offered more flexibility on the west side; developers would be allowed to adjust the path's layout in different ways. This flexibility will help developers design their parcels to meet practical needs like vehicular access and trash removal.



Alternative Implementation of Promenade

-  **Pedestrian Circulation**
-  **Bicycle Circulation**
-  **Existing Bicycle Circulation**
-  **Project Boundary**
-  **Suggested Developable Areas**

During the Development Plan process, these two promenade orientations were further analyzed. The alternative orientation (straight east-to-west) was identified as the orientation that allowed the other elements of the development program to best be integrated into a cohesive vision for the site. For this reason, this Development Plan selects the alternative implementation of the promenade over the original diagonal concept.

Phase 2 : Public Space and Street Concepts - cont'd

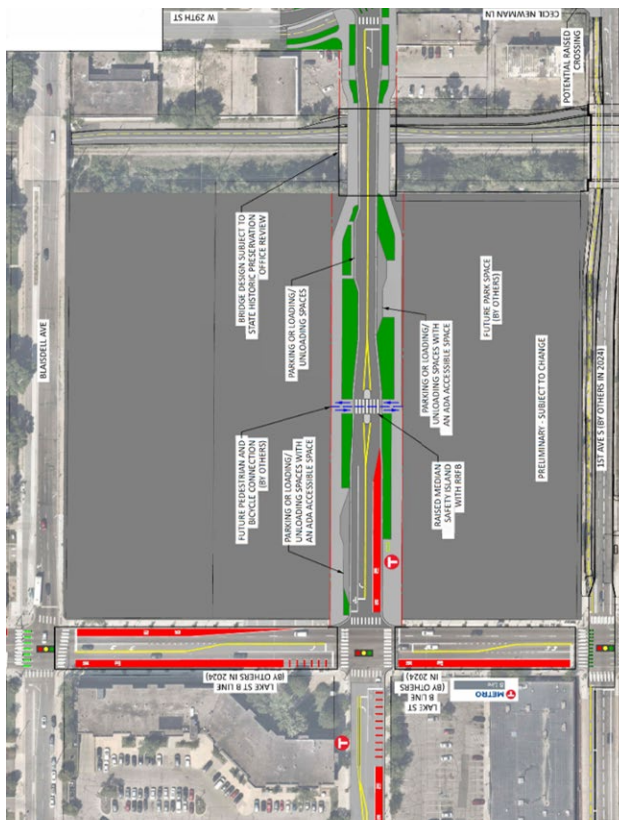
New Nicollet Concept Layout

The [New Nicollet Concept Layout Plan](#) was approved by the Minneapolis City Council and the Mayor in April 2024.

The New Nicollet Avenue Concept Layout opens Nicollet Avenue for people walking, taking transit, driving, and for emergency vehicles. There is no dedicated bikeway proposed on the new Nicollet Avenue, but the layout includes several key improvements for people biking on the All Ages and Abilities Bikeway Network adjacent to the site.

The layout provides:

- Wide pedestrian spaces with green space to collect and treat stormwater and space for sidewalk cafes
- An ADA accessible ramp to the Midtown Greenway from the existing bikeway network on 1st Avenue and a wider trail to access the narrow Midtown Greenway trail section between Nicollet Avenue and Blaisdell Avenue
- Pedestrian and bicycle crossing infrastructure improvements on Cecil Newman Lane and 29th Street
- Rerouted transit service to Nicollet Avenue, with transit advantages to enhance transit speed and reliability while balancing pedestrian and bicycle safety and connectivity
- A reconnected street grid for all users and all modes of transportation
- Space for parking or loading/unloading to support existing and future area businesses and development



New Nicollet Concept Layout

New Nicollet Public Art

Public Works received funding to include public art into the project's public infrastructure, including the right-of-way for the new Nicollet Avenue. Artists Lori Green and Juliette Perine Myers were selected to design and build an original artwork for the site and to identify potential opportunities for additional public art on the site in the future. Their artwork is a kinetic sculpture with benches. Located near the future new Nicollet Avenue bridge over the Midtown Greenway and adjacent to the future Minneapolis Park & Recreation Board park, the artwork will be inclusive, accessible, and welcoming to everyone and provide a place for both rest and interaction. Additional future artworks integrated into public infrastructure could include light poles, benches, and trashcans.



Concept rendering of public art designed for the New Nicollet right-of-way

Phase 3: Development Framework Plan

The purpose of Phase 3 has been to develop a cohesive, community-centered vision for the development of the site. The purpose is to create guidance that allows the city to proceed with implementation through:

- Releasing RFPs to solicit development interest, including guidance to inform development review
- Making any necessary City regulatory or policy updates to ensure consistency
- Coordinating with agency partners regarding public infrastructure and public space design and construction
- Working with funding partners regarding public subsidy or other involvement in projects
- Proceeding with other necessary action steps to advance the vision for New Nicollet

To achieve these ends, Phase 3 included three primary elements: market analysis, scenario development and public engagement. The market analysis looked at current and forecasted market conditions to determine the feasibility of various development types, focused on what may require public subsidy versus what could be achieved without it. The scenario development process combined insights from site evaluation, market analysis, and public engagement to create a recommended concept. Public engagement – both from the current phase and prior – informed the framing, prioritization, and selection of the concept.

In this phase, the community was engaged through pop-up and community events, a developers' mixer,

an open house, and an online survey. Rather than repeat what was done in prior phases, engagement in this phase focused on what reach elements were most highly desired, so as to focus the scenario development efforts on what would benefit the community the most. While the public overall was encouraged to engage, neighborhoods immediately adjacent to the site were prioritized for targeted outreach, including to specific cultural communities. The developers' mixer was used to raise interest and awareness of the development in advance of a future request for proposals, particularly targeted smaller and diverse development partners.

The project team engaged the focus area neighborhoods and the larger public from June–November 2024. There were 13 events and online engagement opportunities. In total, the project team heard over 2,765 responses and comments about what is most important to include in the New Nicollet site. We heard that the top priorities are:

- Affordable housing, including housing with supportive services
- Homeownership opportunities to prevent displacement
- Well-connected public spaces
- A grocery store
- Sustainable development
- Economic growth through small retail spaces for local businesses

See the Appendix for a more detailed summary of engagement results.

3. Market Conditions

DRAFT

Overview

A comprehensive approach informed the development plan for New Nicollet, combining market analysis, financial analysis, and developer interviews to uncover real estate opportunities at the site. The market analysis provided insights into future demand and achievable pricing, while the financial analysis leveraged this information to assess the economic feasibility of various development scenarios.

In addition, developer interviews supplemented this research, helping to contextualize the findings with firsthand perspectives on market conditions, construction timelines, and practical considerations that could influence project scope, density, and timing. Together, these methods ensured a well-rounded understanding of which development opportunities were not only feasible but also aligned with market realities and financial goals.

Rental Housing

Market-Rate

In recent years, the four neighborhoods surrounding New Nicollet—Central, Lyndale, Phillips West, and Whittier—have seen steady growth in their market-rate rental housing inventories. Collectively referred to as the “study area,” these neighborhoods added nearly 1,000 market-rate rental apartments from 2018 to 2023, with new deliveries occurring in the form of four- to seven-story developments. Moving forward, there are likely to be compelling opportunities for similar types of development at New Nicollet. In total, there is demand for up to 905 market-rate rental apartments at New Nicollet over the next 15 years, including 400 units in the next five years alone.

However, several barriers could limit the ability of the market to provide this housing, especially in the near term. One such barrier is the current cost environment; while construction costs have experienced meaningful increases in recent years, market-rate rents have held relatively steady, leading to a gap between the rents that are achievable in the study area and the ones

that are necessary to support new development projects. Along with public safety concerns and potential new public policies (e.g., rent control), developers point to this rent gap as one of the most common reasons why market-rate rental apartment development is likely to slow in the study area in the coming years.

Implications for New Nicollet:

Market-rate rental apartments would help to achieve a number of development program components for New Nicollet, increasing the number and diversity of housing options available at the site. Despite strong demand, the economic viability of this use is likely to pose a challenge in the near term, until rents have increased and/or costs have moderated. For this reason, market-rate rental apartments are unlikely to be included in a first phase of development at New Nicollet, but they could play major roles in future phases. Rental apartment development is likely to focus on mid-rise buildings, primarily constructed with wood, due to the significantly higher costs of high-rise construction requiring concrete. This approach aligns with the development plan, which envisions four- to six-story structures.

Affordable

The study area is home to a sizable affordable housing inventory, which plays an important role within the region. With diverse options for households ranging from families to older adults, this inventory has expanded in recent years, with 270 units constructed since 2020. However, there continues to be tremendous need for income-restricted housing. In total, there is demand for more than 2,300 affordable housing units at New Nicollet over the next 15 years—a substantial number that the site is unlikely to accommodate, but that highlights the pressing need for this use within the local community.

Rental Housing - cont'd

Unlike market-rate rental apartments, affordable rental apartments are already economically feasible to construct, assuming conventional levels of state and/or city subsidies. Developers are generally bullish on this opportunity, and they point to particularly strong interest in larger unit types (i.e., at least two bedrooms) given the shortage of these units in the market. However, developers and other stakeholders also stress the need for accompanying community infrastructure that can help support these households once on-site, such as a grocery store, affordable childcare, and other neighborhood services.

Implications for New Nicollet:

Affordable rental apartments are a critical use for New Nicollet, helping to address a priority community need. Unlike market-rate rental apartments, affordable rental apartments could play a major role in the first phase of development, given the likelihood of both market and economic feasibility today. Any such development is likely to take place in the form of mid-rise product, as has been delivered in the study area in recent years.

For-Sale Housing

Market-Rate

In recent years, for-sale condominium development has been limited to luxury units in Downtown Minneapolis or the most affluent neighborhoods in the metropolitan area due to the costs associated with constructing mid-to-high-rise condominiums. Despite demand for middle-market condominiums, there is misalignment between the development cost and the sale price, limiting the ability to deliver this product at New Nicollet. Given the current cost environment for labor and materials, middle-market condominium units cannot be sold at prices that are high enough to cover the cost of development.

In contrast, market-rate townhomes present an economically viable development option. Demand for up to 230 units is projected over the next 15 years, which is likely more than the site can physically accommodate. However, the lower-density nature of townhomes often makes them less advantageous for larger sites, where higher-density residential uses, such as rental apartments, can better capitalize on available space and maximize returns. Consequently, market-rate townhome developments are typically confined to smaller-scale projects on scattered infill sites rather than expansive sites in central locations, such as New Nicollet.

Implications for New Nicollet:

Market-rate townhomes are both market supportable and financially viable to deliver at New Nicollet, but they may not be its highest-and-best use. While market-rate townhomes align with goals to create homeownership opportunities, the higher price points of new product may place it out of reach for many area residents. Additionally, the lower-density nature of townhomes may limit their ability to drive site value, generate returns for the city, or maximize benefits for residents, suggesting other uses should be prioritized on-site unless market-rate homeownership becomes a specific and intentional objective for New Nicollet.

Affordable

Affordable for-sale townhome developments have become more common due to strong demand and subsidy availability. The current metropolitan development pipeline includes five planned and under construction projects that will add at least 100 new townhomes across the metropolitan area, addressing some demand for affordable for-sale housing in the region. However, need for this product is likely to persist.

At New Nicollet, there is projected demand for more than 500 affordable townhomes over the next 15 years. Although the site can only physically support a fraction of this number, the sheer amount of demand highlights the intense need for attainable homeownership options in the neighborhood. Yet affordable townhomes, similar to market-rate townhomes, are unlikely to be the highest and best use for New Nicollet due to their low density. Additionally, affordable for-sale housing would require community infrastructure, ranging from grocery to household services, to support households on-site.

Implications for New Nicollet:

Affordable townhomes are a highly attractive use that would create ownership opportunities, increase housing, and diversify housing types at New Nicollet. In theory, affordable townhome development could occur as early as the first phase, enabling it to play a role in imbuing New Nicollet with a sense of place early in the development process. However, the use requires a direct public subsidy to be brought to fruition, which could push development to future phases if near-term subsidies are dedicated to other uses, such as affordable rental apartments.

Market Opportunity Matrix : Housing

		CUMULATIVE DEMAND AT SITE (IN UNITS)			OPPORTUNITY AT SITE			
LAND USE	DESCRIPTION	NEAR TERM (0-5 YEARS)	MID TERM (6-10 YEARS)	LONG TERM (11-15 YEARS)	SITE FIT	SUPPLY / DEMAND BALANCE	ECONOMIC VIABILITY	LIKELY MARKET OPPORTUNITY
RENTAL HOUSING								
Market-Rate Rental Apartments	Rental apartment building with mix of unit types and sizes	400	655	905	STRONG	MODERATE	MODERATE	MODERATE / STRONG
Market-Rate Rental Apartments (Family-Size)	Rental apartment building with a program skewed toward larger unit types and sizes, oriented toward families	5-10% of Total Market-Rate Rental Apartments			MODERATE	MODERATE	WEAK	MODERATE / WEAK
Affordable Rental Apartments	Rental apartment building, restricted to households at or below a certain income threshold	1,030	1,675	2,315	STRONG	STRONG	STRONG	STRONG
Affordable Rental Apartments (Family-Size)	Rental apartment building with a program skewed toward larger unit types and sizes, restricted to households at or below a certain income threshold	15-20% of Total Affordable Rental Apartments			STRONG	STRONG	MODERATE	STRONG
FOR-SALE HOUSING								
Market-Rate Condominiums	For-sale condominium building predominately at market-rate price points	35	55	75	MODERATE	MODERATE	WEAK	MODERATE / WEAK
Market-Rate Townhomes	For-sale townhomes predominately at market-rate price points	55	140	230	STRONG	STRONG	STRONG	STRONG
Affordable Townhomes	For-sale townhomes oriented toward low- to moderate-income households, likely developed by a nonprofit organization or an affordable housing provider	85	295	505	STRONG	STRONG	STRONG	STRONG

Retail

Today, the study area is home to a wealth of small businesses which help to serve surrounding households. While an analysis of spending patterns suggests these households are well-served by the quantity of retail available to them, many businesses operate in older and lower-quality spaces, suggesting quality could be improved. As a result, there is demand for a moderate amount of neighborhood retail—including a mix of food and beverage, hard and soft goods, and services—at New Nicollet, totaling up to 39,000 square feet over the next 15 years. For food and beverage in particular, the reconnection of Nicollet Avenue creates an opportunity to build upon the success of Eat Street, which highlights market appetite for newer dining options. In addition, there is also unmet demand for a grocery store, with support for a conventionally sized (e.g., 20,000 to 30,000 square feet) user at New Nicollet as soon as the first phase of development.

Despite strong demand, several challenges could hinder the creation of a successful ground-floor retail environment at New Nicollet. A primary obstacle to helping businesses transition to newer and higher-quality spaces is the cost of construction; for ground-floor spaces to be financially viable, both developer interviews and financial analyses reveal that many tenants would need to pay higher rents than they are accustomed to. Beyond this financial hurdle, developers report that public perception of safety has dissuaded new tenants from moving into the market, and inconsistent foot traffic has caused some tenants to relocate. Finally, grocery stores tend to be highly selective in choosing new sites, requiring careful attention to access, loading, and parking to ensure marketability. At New Nicollet, such a store will be crucial for anchoring the retail environment and driving foot traffic, and—without one—supporting the full scale of retail for which there is demand could prove difficult.

Implications for New Nicollet:

Attracting a grocery store should be a key priority for New Nicollet. In addition to addressing community needs, a grocery store would drive foot traffic, helping to support other businesses at the site. Grocery stores are highly discerning in the site selection process, and attracting one to New Nicollet will require creating optimal conditions to support its operation.

While site selection criteria can vary from one user to the next, experience in similar urban areas suggests that key factors could include a prominent location, convenient access, efficient loading areas, and sufficient parking—ideally including at-grade spaces with direct access to the store.

The scale of ground floor retail, which includes the other smaller spaces within the development, requires careful consideration as well. To support small businesses, rents must be set below levels that typically justify new construction, necessitating subsidies—either through direct public funding or indirect revenue from other vertical uses. The amount of ground floor retail in the development plan is less than projected demand for such space, due to the current mismatch between rents required to support new construction and the rents affordable to small businesses.

Office

Across Minneapolis, the corporate office market has faced headwinds in the wake of the COVID-19 pandemic, with shrinking office footprints leading to a net reduction in occupied space. Along with the fact that most corporate office users tend to prefer locations with established concentrations of professional services firms, these challenging fundamentals suggest any corporate office development at New Nicollet is highly unlikely.

At the same time, the medical office market has continued to expand, with new development being met with strong demand. While the study area is home to relatively little medical office today, there is a large concentration of this space nearby, around Abbot Northwestern Hospital, Midtown Medical, and Children's Minnesota Hospital. Distinguishing medical office at New Nicollet from the space that already exists would hinge on the attraction of a clinic or other healthcare provider, with a focus on serving the surrounding community. Developers point to the recent opening of Whittier Clinic as a clear precedent, and—if the site can attract such a user—medical office development could be economically viable as early as the first phase of development.

Implications for New Nicollet:

There is potential for medical office at New Nicollet, though this use is opportunistic and requires the right tenant to be implemented. Given the speculative nature of this opportunity, the development program does not identify a dedicated space for medical office. However, a neighborhood-serving medical user—such as a primary care provider, a dentist office, or a physical therapist—could be accommodated in one of the ground-floor commercial spaces envisioned in the program, in the event of interest from such a group.

Market Opportunity Matrix : Retail and Office

		CUMULATIVE DEMAND AT SITE (IN SQUARE FEET)			OPPORTUNITY AT SITE			
LAND USE	DESCRIPTION	NEAR TERM (0-5 YEARS)	MID TERM (6-10 YEARS)	LONG TERM (11-15 YEARS)	SITE FIT	SUPPLY / DEMAND BALANCE	ECONOMIC VIABILITY	LIKELY MARKET OPPORTUNITY
RETAIL								
Grocery & Drug	Full-service grocer (e.g., Cub, Fresh Thyme Market, etc.), serving the surrounding household base	31,800	32,300	32,700	STRONG	STRONG	MODERATE	STRONG
Food & Beverage	Mix of fast casual and sit-down food and beverage concepts	21,900	23,300	24,700	STRONG	STRONG	MODERATE	STRONG
Hard Goods	Retail establishments that primarily focus on selling durable and tangible products, such as hardware, electronics, furniture, etc.	2,500	2,500	2,600	MODERATE	WEAK	MODERATE	MODERATE / WEAK
Soft Goods	Retail establishments that primarily offer non-durable, tangible items such as clothing, footwear, accessories, and home textiles	2,000	2,100	2,200	MODERATE	WEAK	MODERATE	MODERATE / WEAK
Entertainment & Fitness	Larger user such as a gym, bowling alley, etc., or smaller concepts like fitness studios, escape rooms, etc.	N/A	N/A	N/A	WEAK	WEAK	MODERATE	WEAK
Services	Basic household services, such as nail salons, barbershops, etc.	8,600	9,000	9,700	STRONG	MODERATE	MODERATE	MODERATE / STRONG
OFFICE								
Corporate	Build-to-suit office building, likely serving a regionally or nationally recognized user	OPPORTUNISTIC; Unlikely to materialize			WEAK	WEAK	WEAK	WEAK
Medical	Clinic or office space that serves local practices	USER-DRIVEN			MODERATE	MODERATE	STRONG	MODERATE / STRONG

4. Anti-Displacement and Wealth-Building Strategies and Opportunities

DRAFT

The New Nicollet redevelopment will reconnect and serve the people who live here, especially in the four neighborhoods surrounding New Nicollet—Central, Lyndale, Phillips West, and Whittier. The project creates opportunities for intentional anti-displacement work, wealth-building, and economic opportunity. Anti-displacement work focuses on building processes that enable people to remain living or working in their community of choice and building places where people feel a genuine sense of belonging, especially through periods of change. Anti-displacement strategies intentionally address the impacts of systemic racism, and they enable community members to have influence and choices over their future and the future of their neighborhood. Wealth-building work complements anti-displacement work by focusing on economic development strategies that create stability and intergenerational opportunities for community members where they already live and work.

Guiding Strategies for Anti-Displacement and Wealth-Building at New Nicollet:

- Deliver redevelopment outcomes that respond to the community's Phase I Desired Outcomes and Phase III development priorities.
- Use a phased approach to development with smaller parcels that create opportunities for emerging developers to participate in the project.
- Approach each step in the development process as an opportunity to pursue economic opportunity and wealth-building for lower-income community members.
- Encourage alternative models of ownership and financing that support a mixed-income, multi-cultural, and multi-generational community.
- Celebrate and preserve existing community assets.

New Opportunities for Anti-Displacement Work and Wealth Building at New Nicollet

Many City programs related to housing, small business support, and workforce development already implement anti-displacement and wealth-building strategies city-wide. Those strategies can also serve New Nicollet and are described in the Appendix. There are also opportunities at New Nicollet for the City alone or in partnership with others to take specific actions beyond the existing programs.

Housing Opportunities

- Preserve existing affordable housing. Work with community partners who can identify and do proactive outreach about the City's NOAH Program and 4D Programs to vulnerable multifamily properties in the Focus Area. Encourage property owners to consider selling to local nonprofits, or a developer participating in programs catering to new and emerging developers, such as the City's Developer Technical Assistance Program (DTAP).
- Support existing housing tenants. Work with community partners who can do proactive organizing and outreach to existing tenants to ensure that renters are aware of their rights and available resources.
- Create affordable opportunities for homeownership. Explore creative financing strategies, including a land trust model, to provide affordable homeownership opportunities in the townhomes phase of the development plan.
- Create new affordable rental housing. The development plan calls for many new units of affordable rental housing to ensure New Nicollet provides housing options for a wide range of household incomes. The City funding programs that New Nicollet projects are expected to apply to prioritize units that serve large families, people in need of supportive housing, and households with extremely low incomes.

Commercial Development Opportunities

- Explore opportunities for affordable commercial space for small businesses. Explore creative financing strategies, including the commercial land trust model, to make commercial space more affordable for entrepreneurs.
- Protect “third places” where the community gathers, including cultural institutions and beloved businesses. Support these places during construction disruption with wayfinding, facade improvements, and technical assistance.

Opportunities to Incorporate into Future Requests for Proposals (RFPs)

- Plat the site into parcel sizes that present opportunities for small and emerging developers.
- Implement the City’s Small and Underutilized Business Program (SUBP) for construction projects that are subsidized by City assistance over \$175,000 to provide

opportunities for Minority-owned Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) to be included in the work.

- Encourage the involvement of development and construction companies owned by small and emerging businesses.
- Encourage connections with existing apprenticeship and training programs (e.g., Apprenticeship Outreach Office at Minneapolis Careerforce, Summit Academy, Dunwoody) during construction phases to generate job opportunities for local residents.
- Encourage public art beyond the public right of way. The street right-of-way will include functional public art adjacent to the new park. New development can include additional public art that enhances a sense of belonging for existing community members. Phase II of the New Nicollet project identified themes for future public art to showcase neighborhood pride and community storytelling.

5. Implementation

DRAFT

Phasing

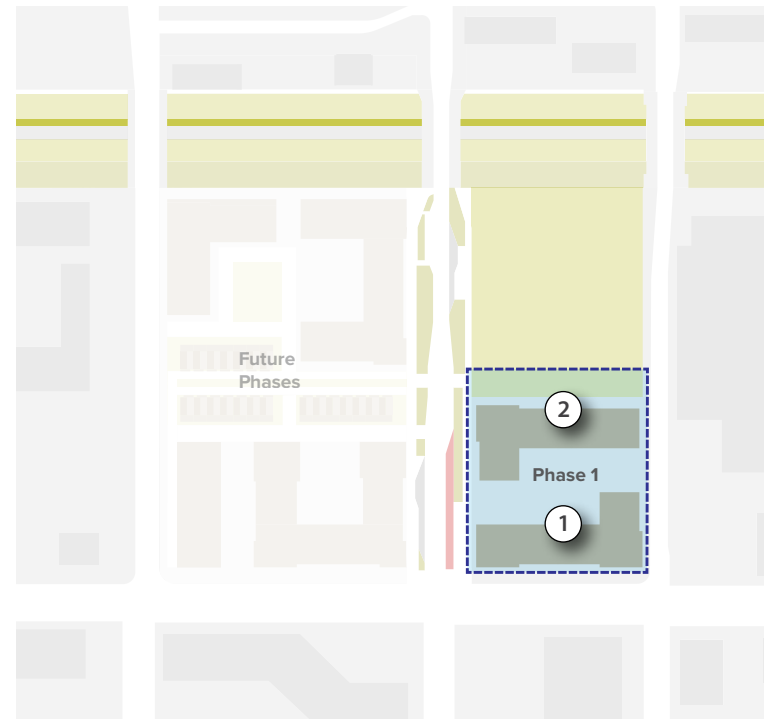
The development plan for New Nicollet envisions a parcel-by-parcel approach to redevelopment, with various projects carried out by different developers. Oftentimes, large-scale redevelopment efforts involving multiple developers face the challenge of funding shared on-site infrastructure, which is essential for—and yields benefits to—many stakeholders. However, the advantage of a block-by-block approach is that it minimizes the need for shared infrastructure, making it more feasible for the private sector to cover the costs associated with bringing the vision for New Nicollet to fruition.

The recommended phasing of the project balances consideration of market feasibility and building value over time, alongside the need to deliver community results.

Phase 1

The first phase of the project will focus on the southeast quadrant of the site, identified in the development program as parcels 1 and 2. These parcels were chosen for their proximity to Lake Street, their relatively manageable size and the limited need for additional public infrastructure improvements beyond the standard public right of way. Additionally, parcels 1 and 2 are directly adjacent to the proposed future Minneapolis Park & Recreation Board community park. Developing the first phase of the site in coordination with the delivery of the public park space will help to reinforce the success of the development and the park by creating a complete place from the first phase, a stated development guideline.

It is anticipated that the first phase of development will be mixed use with a primary focus on new rental housing. Parcel 2 will also include approximately 3,000 square feet of public park program space and an approximately 10,000 square foot community-serving nonprofit use. The new housing units in Phase 1 are expected to be primarily subsidized affordable units. The main reason for pursuing subsidized units in the first phase is that market conditions are unlikely to deliver market rate development in the short term without public subsidy.



Phasing Diagram

Phasing cont'd

Conversations with affordable housing developers reveal that current funding constraints make it difficult to secure sufficient subsidies for larger affordable housing projects, generally those with more than 60 to 80 rental units. Due to the limited size of viable subsidized housing projects, it is likely that Phase 1 will be broken up into two separate projects on parcels 1 and 2. While this increases the likelihood of success for each individual project, breaking the site into two parcels creates some challenges for site efficiency. For this reason, it may be preferable for the city to solicit development of both parcels at the same time and allow for the option of a single development group to propose projects for both parcels, allowing for some coordination and shared infrastructure. Market conditions or funding opportunities may provide the opportunity to develop parcels 1 and 2 at the same time as one larger project, which would be preferable from a design efficiency perspective.

A request for proposals (RFP) to solicit development partners should include the opportunity to develop either parcel 1 as a single project or both parcels as a coordinated project. If pursued as individual projects, it is preferable to develop parcel 1 first as its adjacency to Lake Street maximizes the chance for project success.

The recommended phasing of the project balances consideration of market feasibility and building value over time, alongside the need to deliver community results. Unit counts, building height, parking counts, and other program elements are intended to be flexible and may respond to market conditions or development proposals that achieve project goals through a different combination of elements.

The proposed development program for Phase 1 includes:

Parcel 1:

- Approximately 70 subsidized rental housing units
- Approximately 8,000 square feet of retail space
- Approximately 85 structured parking spaces.

Parcel 2:

- Approximately 60 subsidized rental housing units
- Approximately 3,000 square feet of public park programmed space
- Approximately 10,000 square feet of community-serving nonprofit space
- Approximately 85 structured parking spaces.

Phasing cont'd

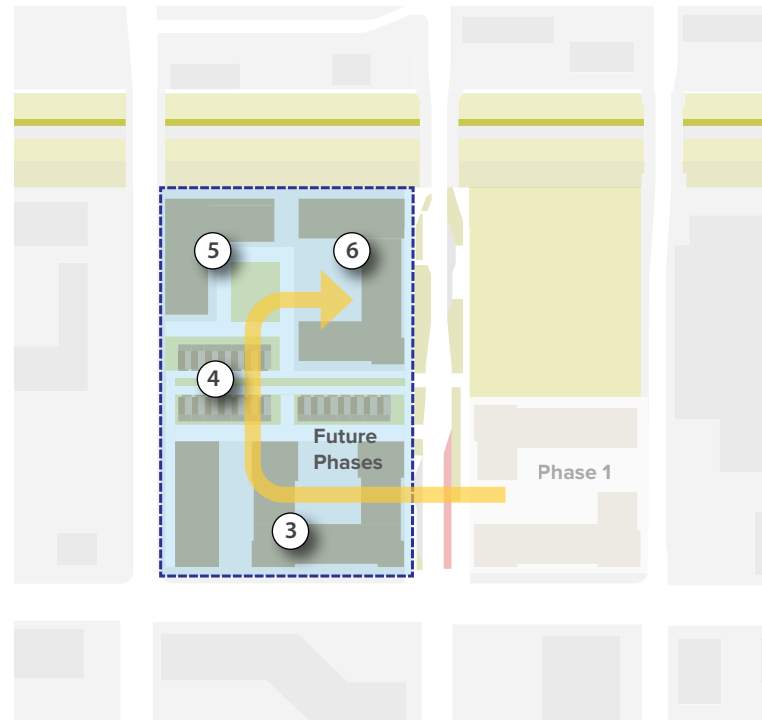
Future phases:

Developing the west side of Nicollet Avenue, including parcels 3, 4, 5, and 6 could occur in a number of ways. Evolving market conditions, the successful completion of Phase 1, and the response of the development community will likely influence the path forward.

The City aims to pursue individual RFP's for the west block. In that case, it is recommended that the City pursue a clockwise progression from sites 3 through 6. Site 3 contains the proposed grocery store, a strongly desired community outcome. The sooner this program element can be achieved, the more attractive the remainder of the site will be to future development. It is also possible that securing a grocery tenant will take time and should parcels 4-6 become viable before parcel 3, the City could choose to pursue those projects first. Regardless of site progression, the west block will require careful coordination of site infrastructure as the proposed development program relies on shared vehicle access and circulation.

Alternatively, the City may decide to pursue a master developer to execute the majority, or the entirety of the west block. This strategy would have several advantages including the ability to coordinate site infrastructure delivery. A master development entity could partner with smaller development entities to execute different projects within the broader site program, enabling the inclusion of emerging developers and reducing the burden on the City to act as a coordinating agent in the development process.

Among other considerations, the city would like to ensure small and diverse development partners have a chance to participate. Either option would provide opportunities, in either a lead or support role, consistent with the scale, resources, and goals of these development partners.



Phasing Diagram

Financing

A financial analysis was conducted to inform the development plan. This analysis evaluated the viability of different land uses, ensuring that individual projects are economically feasible and that the first phase can be delivered in the near term. Additionally, the analysis identified elements of the development plan that will require financial support to move forward. Ultimately, the goal was to ensure that the vision outlined in the development plan is broadly executable, relying on existing public financing tools the City of Minneapolis and other public funders already have in place without the need for radical changes or new supports.

In general, the primary aspect of the development plan that will require public-private funding strategies is the affordable housing component. Typically, 25% to 50% of the cost of constructing income-restricted housing is covered by a combination of public funds, nonprofit contributions, grants, and other subsidized capital sources. In Minneapolis, examples of these capital sources include the City of Minneapolis Affordable Housing Trust Fund, the Minneapolis Homes: Financing program, the Hennepin County Affordable Housing Incentive Fund, and Minnesota Housing Deferred Loan programs, among others.

Outside of affordable housing, the primary use likely to require subsidized capital is the community space, which is envisioned to occupy 13,000 square feet on the ground floor of the first phase of development. The remaining uses in the development plan are economically viable for the private sector to deliver as typical market-driven projects. However, additional funding may be needed to support City priorities within these projects that are beyond the scope of normal market conditions. For example, small businesses may require financial assistance to establish and grow within the new ground-floor spaces being developed at New Nicollet.

It will be critical to fully utilize existing incentives to advance sustainability goals, particularly where additional funding is needed. RFPs will include information to support developers' awareness of existing sustainability subsidies.

Stormwater Management

In addition to sustainable site design, the New Nicollet redevelopment represents an opportunity to improve stormwater management in response to changing climate and storm patterns. The large size of the development parcel provides an opportunity to think big and creatively about how to best address stormwater management across the entire site.

Stormwater infrastructure is a necessary engineering requirement to meet on parcels half an acre or more in the city, but it can also be an opportunity for stormwater management systems that allow people to experience a connection to the urban water cycle and see moments of beauty. The pedestrian Midblock Promenade may be an ideal opportunity for visible, above-ground infrastructure at a scale for people to connect with. Underground tanks are typical for large developments that lack open space for surface treatment. However, innovative stormwater strategies are more likely to receive funding from watershed management organizations.

There will likely be two different approaches to stormwater management on the east and west of Nicollet Avenue. In addition, stormwater on Nicollet Avenue itself will have its own separate management system.

East Block

Given the greater availability of open space on the east block, the stormwater feature could celebrate water, feature passive recreation, and create habitat. The City will not use park property to manage stormwater from the street right-of-way, however a future agreement between the City and MPRB could explore whether park property could treat stormwater from private development on parcels 1 and 2.

West Block

Achieving aggregated stormwater management on the west is more challenging as there may be four or more phases of development. While a larger district system is less costly to construct and maintain, the first development would need to bear that cost and maintain it until future development occurs.

This approach would make development easier for subsequent projects but more complicated and costly for the first. The ability for one large system would be more feasible if a master developer approach is chosen for the west block. Consolidated management would ensure that stormwater was managed for the whole site during a long development timeframe, reducing runoff earlier on. A large shared tank may be more easily filtered and utilized in buildings for flushing toilets than multiple smaller systems. Aggregated stormwater management on the west is ideal if it is found to be feasible at the time of the first development.

The opportunity for shared stormwater infrastructure may also be a reason to develop multiple parcels at the same time or in a more coordinated manner, particularly on the west. This will require further exploration as the development gets underway.

Public Process and Roles

Beyond the Development Framework, community members and other groups will have continued opportunities to participate in shaping the vision for New Nicollet. The Development Framework aims to establish the most viable approach to redevelopment at the site, providing a framework for the City of Minneapolis to guide the process and for private sector partners to implement it. As individual projects within this framework are proposed, each will go through the City's approval process, which will include opportunities for community engagement.

Along the way, key partners will include the following:

The City of Minneapolis

The City of Minneapolis will approve the Development Framework, paving the way for individual development projects to move forward. Following the approval of this plan, the City will begin a developer solicitation process to select private sector partners whose approaches align with the stated vision for these projects. The City will act as the land use authority through the regular entitlement process. On select projects, the City may also serve as a funding partner, providing grants, subsidies, and other capital resources from its existing toolkit to support affordable housing development and advance other public goals.

Developers and Investors

As part of the developer solicitation process, developers will propose innovative approaches to advance the plan's vision and achieve the City's goals for New Nicollet. Once selected, developers will secure funding for their projects, collaborating with the City of Minneapolis, Hennepin County, the State of Minnesota, and other groups to obtain grants, subsidies, and other capital resources when eligible and necessary. Ultimately, developers will deliver the projects to market, bringing the Development Framework to life.

Importantly, the Development Framework features buildings and projects of varying scales, including ones suited for smaller and emerging developers. This intentional approach aims to promote equitable access to the opportunities created through the development process.

Public

As with the preparation of the Development Framework, public input will remain a key part of the planning and development of individual projects. As projects are proposed, each will follow the City's land sale and land use approval processes, which will include opportunities for community engagement and feedback. The following section outlines how the public can be involved in the City's official processes and beyond.

Official Actions

This planning document will be reviewed and approved by the City Council and Mayor. Where applicable, the City and Metropolitan Council will need to approve corresponding updates to the City's Comprehensive Plan, *Minneapolis 2040*.

The City will issue requests for proposals to solicit the interest of development teams in the project site, typically one phase at a time. Selection of a development team or teams will require official city action.

Once a development team is selected, there will be multiple rounds of approval related to the proposed development. This will include land use applications, and may include grant and other financial assistance applications, and/or actions related to infrastructure development.

All official approvals will require staff and officials to consider whether a recommended action is in alignment with city plans and policies.

Public Engagement

At each stage in the above approval processes, there also will be an opportunity for the public to provide feedback that informs the decision process. This may include official public hearings, comment periods, and presentations with Focus Area neighborhoods. Public comments will be made part of the public record for official actions.

One important period of engagement will precede each Request for Proposals (RFP). Before RFPs are released, the community will have an opportunity to provide feedback on the development objectives included in the RFP. Development objectives should reflect both the intention of this framework document as well as new information and current market realities, and public feedback will help ensure that development proposals continue to respond to the community's desired outcomes.

Accountability Framework

This report proposes a three-tiered accountability framework to confirm that the project delivers the desired outcomes:

- Principle driven guidance.
The development program established here provides the basis for development guidance, rather than a specific site plan or program. This is designed to provide some flexibility to respond to market conditions and opportunities, and to make adjustments so that development remains feasible but still accountable to the vision presented in this framework.
- Ongoing review and oversight.
The official public process for land sale and development approvals provides general assurance that goals, priorities, and other guidance are followed. Public feedback will continue to be collected through the project webpage.
- Regular outcome reporting.
Due to the stature of this project, implementation will no doubt be closely tracked by the community. There will be regular progress reporting on the project webpage on future major milestones.

DRAFT

Appendix A

Citywide Anti-Displacement and Wealth Building Strategies

Appendix A:

Citywide Anti-Displacement and Wealth Building Strategies

DRAFT



The New Nicollet Development Framework includes recommendations for anti-displacement and wealth-building strategies specific to the New Nicollet Redevelopment project. In addition, there are many City programs related to housing, small business support, and workforce development that already implement anti-displacement, wealth-building, and cultural placekeeping strategies city-wide. Some strategies require partnerships with community groups, service providers, and technical experts because the City can't do this work alone. The City is also already investing in the New Nicollet Redevelopment project Focus Area with new affordable housing developments, workforce development initiatives (that is, investment in people's skills, knowledge, networking, and capacity-building), and public art projects. Below is a description of the programs and policies that the City already has in place -- of which residents and businesses in the New Nicollet Redevelopment area can take advantage -- and highlights of recent City investments in the area.

Housing

City investments in preserving and building more affordable housing maintain and expand opportunities for low- and moderate-income community members to live in areas that undergo redevelopment. Affordable housing includes both rental housing and homeownership. Affordable rental housing builds household stability and opportunity, and affordable homeownership builds generational wealth. Legal and financial support for renters help households remain in their home of

choice or find a better option nearby.

Support For Renters

The City can help renters find the following resources:

[Right to counsel:](#) The City partners with HOME Line, a non-profit that provides free and low-cost legal and advocacy services for renters.

[Eviction prevention policy:](#) The City has rules around how evictions can happen and resources for renters who are at risk of eviction.

[Tenant screening reform:](#) The City's inclusive screening criteria limits what information a property owner can use to deny a renter's application.

[Relocation assistance:](#) Renters may be eligible for financial assistance to relocate in certain situations.

[Advance Notice of Sale:](#) City ordinance requires that building owners take steps to inform residents when their building is being sold.

[Stable Homes Stable Schools:](#) This program offers funding for housing stability and rental assistance to allow families to continue living in their school attendance zone.

Affordable Housing Development And Preservation

[Affordable Housing Trust Fund:](#) The City offers financing for the development and preservation of multifamily rental housing that is affordable.

[Low-Income Housing Tax Credits:](#) The City is a suballocator of Housing Tax Credits, which offer reduced tax liability to owners and investors in eligible low-income new construction, rehabilitation and/or acquisition of existing rental buildings.

[NOAH Preservation:](#) This City fund helps housing providers and emerging real estate developers acquire unsubsidized housing to preserve affordability and prevent displacement.

[4d Affordable Housing Incentive Program:](#) This program preserves affordable homes in Minneapolis by helping rental property owners get property tax reductions if they agree to keep 20% or more of their rental units affordable.

[Inclusionary Zoning policy:](#) This local policy creates mixed-income communities by requiring affordable units within new housing developments.

Business Assistance

The City of Minneapolis offers the following resources and assistance for people who want to start, maintain, or expand a business in the city. This work helps to prevent the displacement of small businesses, especially in areas of the city that may need extra support.

Information Assistance

[Business Technical Assistance Program \(BTAP\):](#) This program provides free business consulting on topics like developing business plans, applying for loans, legal, and business operations.

Small Business Team: City staff team that provides information and assistance for business owners and entrepreneurs in navigating City requirements, regulations, and resources.

Small Business Financing

Two percent loans: The City offers financing for building improvements and certain equipment in participation with a private lender.

Alternative financing: The City offers financing that conforms with Islamic law to be used for building improvements and certain equipment.

Façade grants: Business owners can apply for matching grants to improve the front of their buildings.

Site Acquisition And Development

Ownership and Opportunity Fund: This program provides forgivable loans for commercial real estate acquisition in economically challenged areas.

Brownfield grants (environmental remediation): This program helps developers and property owners apply for public funds to investigate and clean up polluted properties.

Other Citywide Anti-Displacement Efforts

The City of Minneapolis engages in citywide efforts to change the larger forces that contribute to displacement, focusing on redressing and repairing the systemic imbalances inequities faced by

marginalized communities. The following policies and programs provide both quantitative support, such as providing housing, job training, along with qualitative support, such as lifting up the identity of and creating a sense of belonging for existing cultural groups.

Unified Housing Policy: The Unified Housing Policy combines the City's housing goals and policies to guide investment in residential and mixed-use developments when the City provides financial assistance or sells land for development. The UHP requires that at least 20% of the new rental homes built at New Nicollet be affordable to households earning 50% AMI or below, and that at least 10% of new ownership homes be affordable to households earning 80% of area median income or below. The UHP includes the City's Inclusionary Zoning requirements, as well as the Community Preference Policy, which provides preference opportunities to those who have either experienced or are at-risk of experiencing involuntary displacement from identified Minneapolis neighborhoods due to extreme economic forces or housing crisis. The Community Preference Policy applies to the New Nicollet project area. The City's ability to apply the Community Preference Policy to a specific project depends on the details of that project's funding stack.

Cultural Districts: These culturally rich designated areas can receive additional economic support. The New Nicollet site is located within the [East Lake Street Cultural District](#).

Cultural District Ambassador Program: This program supports one ambassador in each Cultural District to advance community-building, well-being, and

economic vitality through arts and culture.

Cultural Districts Arts Fund: This fund provides economic support to local artists, creative entrepreneurs, arts advocates, and arts & cultural organizations in the Cultural District to support existing and new festivals as well as cultural spaces' programming.

Arts & Culture Vibrant Storefronts: A rental subsidy rolling opportunity to support and grow creative opportunities within the ecosystem of downtown and other parts of the city with the goal of increasing vibrancy, innovation, and sustainability. The Arts & Cultural Affairs department brings together property owners with individual artists and arts organizations by providing funding to subsidize rental costs. This yields a dual advantage: ensuring stable tenants for property owners and furnishing essential space for the local creative community.

Art in Public Places program: This 30-year-old program integrates public art into City planning, service design and infrastructure to contribute to the City's vibrancy and the livability of public places, to build pride in the community, and to celebrate cultural heritage.

Wealth-Building and Economic Opportunity Initiatives

The following programs provide economic opportunities for low-wealth individuals and communities, allowing them not only to stay in place but also to thrive and support future generations.

Capacity Building and Technical Assistance Supporting Entrepreneurs and Emerging Developers

Business Technical Assistance Program (B-TAP):

This program supports small and mid-sized businesses by offering business owners free education and consulting.

Developer Technical Assistance Program (DTAP):

This program offers free classes, workshops, and advice for small and emerging real estate developers.

Cooperative Technical Assistance Program (CTAP):

This program provides free classes and financial support for new cooperatives in Minneapolis.

Pathways to homeownership

Minneapolis Homes: This collection of programs helps create affordable homes in the city with programs to buy, fix and build property. Programs to teach people how to access homeownership are also included. The intention of Minneapolis Homes is to end racial disparities in homeownership.

Down payment assistance: The City provides low- and moderate-income homebuyers with down payment assistance to purchase a primary residence in Minneapolis.

Rehab loans: The City provides flexible, affordable financing options for low-and moderate-income homeowners to reinvest in their homes and make necessary repairs.

Financing and Development: The goal of the Minneapolis Homes: Financing program is to

eliminate racial disparities in homeownership and develop one to 20 units of ownership housing affordable and accessible to low to moderate income households throughout the City of Minneapolis. The program sells City-owned properties and provides financing for affordable ownership developments that meet City goals.

Collaboration with land bank and land trust programs: working with partner organizations, the City helps to hold land for affordable homeownership opportunities that are perpetually affordable.

City-owned land disposition: The City owns vacant land and structures and makes them available to buy for rehabilitation or new construction as affordable housing, including 1–2-unit homes. Program goals include reducing racial disparities in homeownership and improving access to housing development opportunities.

Pathways to employment and higher paying jobs: The City's Employment and Training Division helps job seekers access consistent work, competitive wages, skills-based training, relevant education, and career advancement. These services are intentionally located in the areas of Minneapolis most impacted by institutional racism, generational poverty, and housing shortages.

Small and Underutilized Business Program (SUBP) Program: This program ensures construction contracts are offered to small and underutilized businesses, which is required for projects receiving City funding/subsidy over \$175,000.

Prevailing Wage: Many City-funded projects must pay wages that meet City or Federal prevailing

wage requirements.

HUD Section 3: Many affordable housing construction projects utilizing federal funding must agree to hire low-income employees who live near the project site. The City's Affordable Housing Trust Fund often includes federal funds.

Highlighted Initiatives in the New Nicollet Focus Area

Affordable Housing Initiatives in the Focus Area

Opportunity Crossing

- City financing: AHTF, Bonds, 4% Housing Tax Credits, TIF, LCDA-TOD pass-through grant
- The Opportunity Crossing affordable housing project is part of a six-story, mixed-use building at 3030 Nicollet Avenue that will include a new Wells Fargo bank and other commercial space. The project includes 110 new apartments, of which 109 are affordable at 50% AMI or below. Designed for larger families, eighty-five of the apartments will have two or more bedrooms. The building includes small common gathering spaces on each floor, each with an age-themed focus, such a dedicated play space for younger children, a homework space for middle school students, and a co-working space for adults. Outdoor amenities will include a large playground and lawn, community garden space, and grills near a patio. The project includes twelve units with Housing Support rental

assistance with six units designated for those identified as high priority homelessness and six for people with disabilities.

Simpson Apartments

- City financing: AHTF
- Project for Pride in Living (PPL) partnered with Simpson Housing Services (SHS) to construct a new, dignified, service-enriched mixed-use development at 2740 1st Avenue South targeting emergency shelter needs and high-priority homeless individuals. The first two floors will be a 72-bed shelter facility owned and operated by SHS. Hennepin County's Health Care for the Homeless will have a fully equipped medical exam room as part of the shelter project. Floors 3 and 4 will consist of 42 efficiency units that will be owned and operated by PPL, including 32 units affordable at 30% AMI and 10 affordable at 50% AMI.

Whittier Community Housing Rehab & New Construction

- City financing: AHTF, Bonds, 4% Housing Tax Credits
- The Whittier Community Housing project at 2609 Blaisdell Avenue combines rehabilitation of an existing 45-unit affordable housing building with the addition of an attached new construction multifamily building with 40 units of affordable housing. All 85 units are affordable to extremely low-income households. Eight (8) of the units are set aside for high priority homeless households who also qualify for supportive housing.

Lake Street Housing Phase 3

- City financing: Bonds, 4% Housing Tax Credits, & TIF
- The Lake Street Housing Phase 3 project will be a 6-story, new construction building at 550 West Lake Street containing 110 rental homes, including 66 units affordable at 50% AMI and below. The project includes a mix of 0-, 2-, 3-, and 4-bedroom units, with six units set aside for persons experiencing homelessness. The project also features townhome style walk-up units along Garfield Avenue.

Economic Development Investments in the Focus Area

Partnership in Property Commercial Land Trust Acquisition: The City of Minneapolis acquired tax forfeited commercial property at 19 East 26th Street and then sold the property to Partnership in Property Commercial Land Trust (PIPCLT) specifically to preserve affordable commercial space along the East Street corridor in advance of the New Nicollet redevelopment. PIPCLT will improve the building and retain ownership in the land while selling the building and ground-leasing the land to a business. The building will be more affordable since a new owner only needs to acquire the building value of the property not the land value. When that business wishes to sell the building, it may only sell to PIPCLT or a Qualified Person under the terms of the ground lease. In this way, PIPCLT will ensure that the building remains affordable in perpetuity.

Workforce Development Investments in the Focus Area:

[CareerForce Center at 777 East Lake](#). Some specific services provided at this location:

- Dislocated Worker Services for people laid off from work
- Career exploration and planning services
- Connections to education and training resources
- Job search assistance, including resume revisions and interview prep
- Vocational Rehabilitation Services to help people with disabilities in preparing for, finding, and keeping a job, and living as independently as possible
- Collocation with CLUES, which offers no-cost housing assistance, English language and other classes, health and wellness resources, youth and elder programs, immigration aid and more to individuals and families who dream of a better future.

Public Art investments in the Focus Area

[New Nicollet Public Art Themes](#): The City hired local artists to engage the public in the New Nicollet area to identify possible themes for future public art on the site.

[Public art on the new Nicollet site](#): The City has hired local artists to design public art along the new Nicollet Avenue streetscape and to identify opportunities for additional future public art on the site.

Appendix B

Demographics

Appendix B: Demographics

DRAFT

The area around the New Nicollet site is one of the most diverse in the Twin Cities metro area. This diversity both opens up opportunities and informs the future guidance of the site.

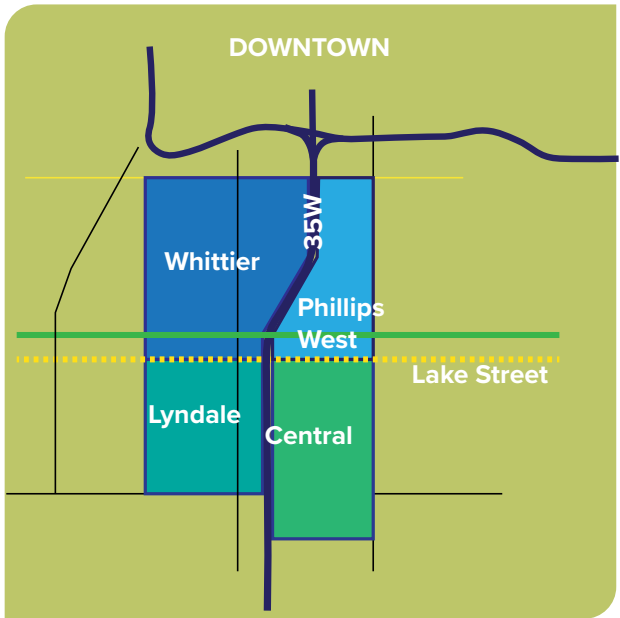
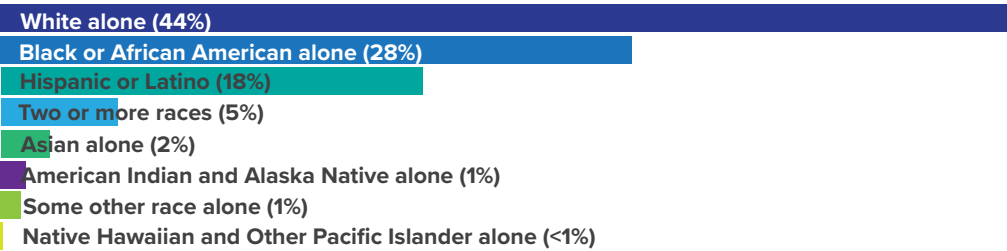
The demographics over the next two pages reflect the composition of the four-neighborhood area shown on the map below.

The project worked to ensure input from people representing the area's diversity was collected, and that their priorities informed the Development Framework.

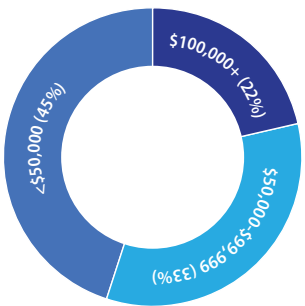
Data source: U.S. Census Bureau, 2018-2022 American Community Survey

Race & Ethnicity

The area has a majority Black, Indigenous, People of Color (BIPOC) population.

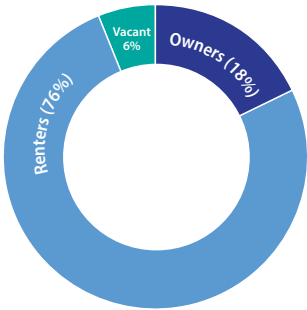


Household income



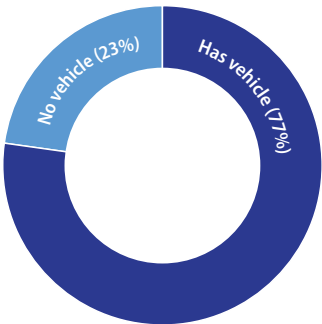
Almost half of households in the area make less than \$50,000.

Renters & Owners



More than three quarters of the households in the area are renters.

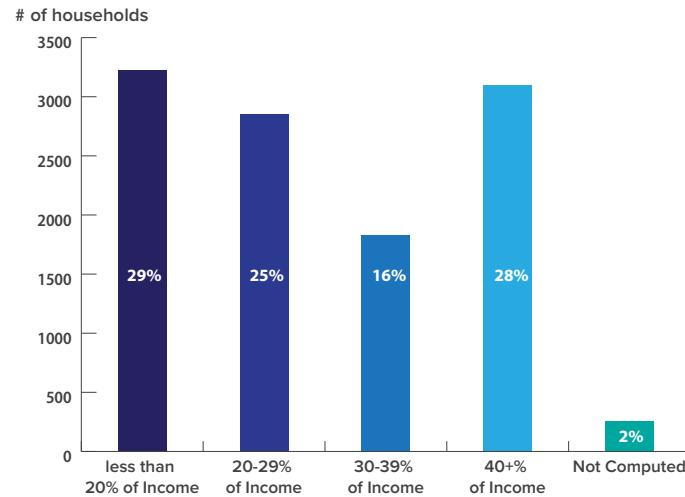
Vehicle Ownership



Almost a quarter of the households in the area do not have access to a car.

Rent as % of household income

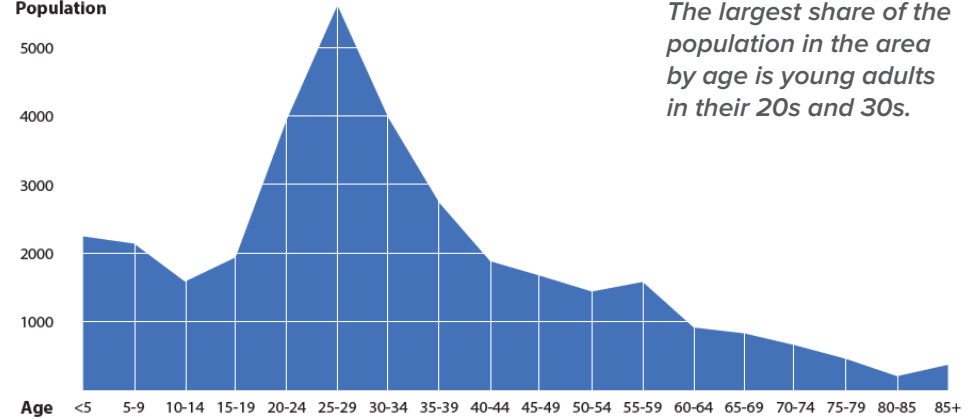
At least 44% of renters are considered cost burdened, paying more than 30% of their income on rent.



Age

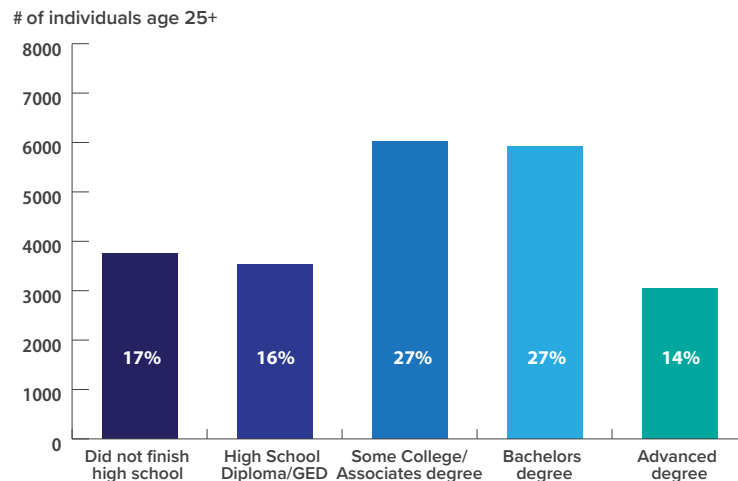
Population

The largest share of the population in the area by age is young adults in their 20s and 30s.



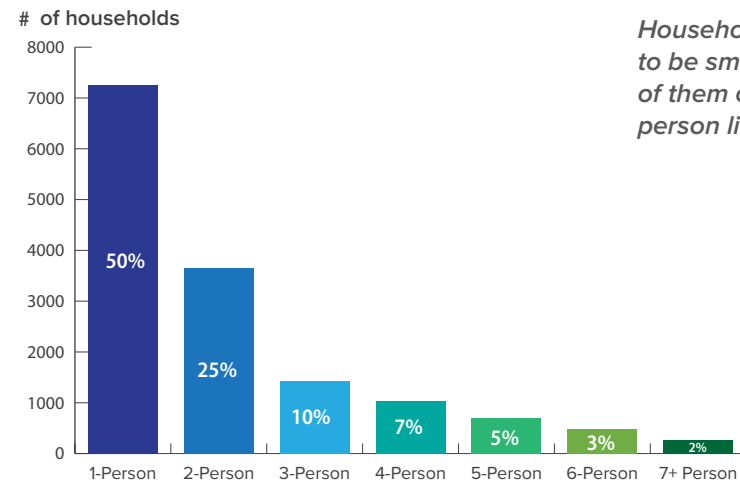
Educational attainment

Educational attainment levels of people 25+ years of age vary widely.



Household size

Household sizes tend to be small, with half of them consisting of a person living alone.



DRAFT

Appendix C

Engagement Summary

DRAFT

“The form and how the development engages the street is very important, create spaces for people with activities at ground level. Program could change over time.” - Survey respondent

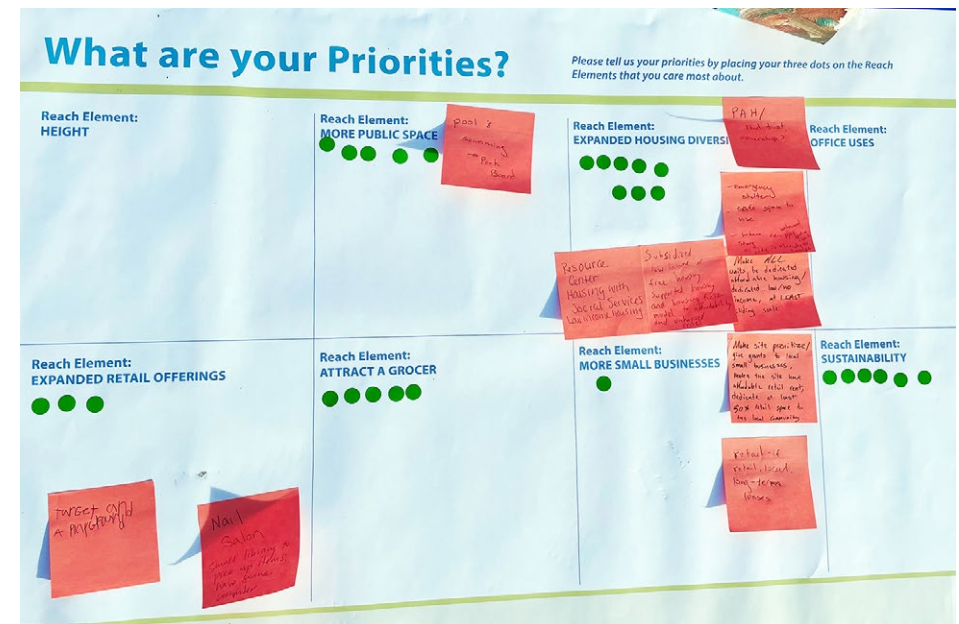
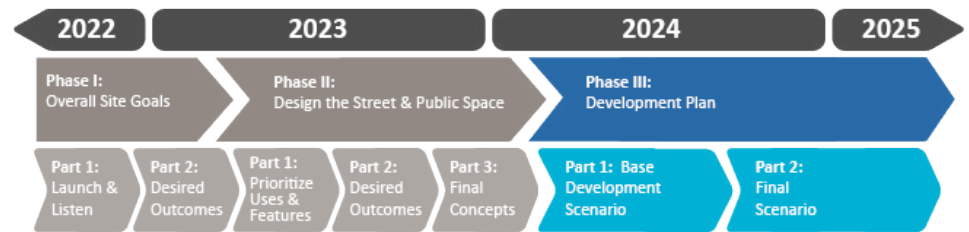
Overview

From June 2024 through December 2025, the New Nicollet Redevelopment project team – in collaboration with local community partners - The Whittier Alliance, Lyndale Neighborhood Association, Fortune Relief and Youth Empowerment Organization (FRAYEO), Phillips West Neighborhood Organization, and Lake Street Council - worked closely with residents, businesses, and community members to gather input on what is most important to include in development at the New Nicollet site. Through 14 in-person and virtual events, 2,245 survey responses, nearly 1,000 open-ended comments, and 520 in-person interactions, the communities' voice has been heard and is at the heart of shaping this project.

Building the Future of Nicollet

The City of Minneapolis has involved the community in Phase III to bring the New Nicollet Redevelopment Plan to life through three key efforts: reconnecting Nicollet Avenue, developing new public spaces, and redeveloping the surrounding area. Stakeholders emphasized the importance of new housing, community needs, public spaces, and economic opportunities. They also stressed that the project should follow guidelines shaped by community input, city policies, and market needs to ensure meaningful benefits for the diverse neighborhoods nearby.

Phase III Timeline



Polling Board from the Whittier Really Really Free Market



Refer to:

+ Public Engagement Framework

Phase III, Part 1 Community Engagement

Part 1 Goals + Process (June - November, 2024): Building upon Phase I & II community input to apply themes and values, and prioritize key features and amenities regarding the development of the site.

Engagement Goals & Strategies

During Phase I (2022), the City focused on gathering input about the project's overall goals. In Phase II (2023), the City sought feedback on public space and the design of the new Nicollet Avenue roadway.

The goal of Phase III (2024-2025) was to produce a Development Plan that includes: 1) Establishing objectives for the design and use of future structures on the site, 2) evaluating how market conditions may impact the project's feasibility and outcomes, and 3) exploring potential approaches to property ownership and partnerships.

Part 1 of community engagement focused on gathering feedback on future buildings and their uses on the New Nicollet Redevelopment site. Building on insights from Phases I & II engagement reports and a comprehensive market study, the project team created a "base development scenario" along with "reach" elements for community review. These elements, explained in greater detail in the next section, were presented for feedback. Ultimately, the community was asked to identify their top priorities, needs, and preferences for the elements, with the most favored choices shaping the final development plan.

Community engagement strategies included the following:

- Pop-up and community events
- Developer's Mixer
- September Open House
- Door-to-door outreach surrounding the project site
- Online survey (September - November)
- Neighborhood meetings
- Comment submissions



Nicollet Open Streets on September 26, 2024



Developers Mixer on September 6, 2024



Open House on September 25, 2024

Part 1, Base Development Scenario and Reach Elements

Base Development Scenario

The base development scenario reflects what private developers are likely to build over time based on community feedback and a comprehensive market study. It includes:

- **Housing:** 600–800 apartments in 4- to 7-story buildings, with ~50% subsidized affordable units and 100% rental apartments.
- **Retail:** Spaces near the intersection of Lake & Nicollet.
- **Community Spaces:** ~10,000 square feet for community-based indoor use and ~3,000 square feet for parks and recreation indoor use.

Reach Elements

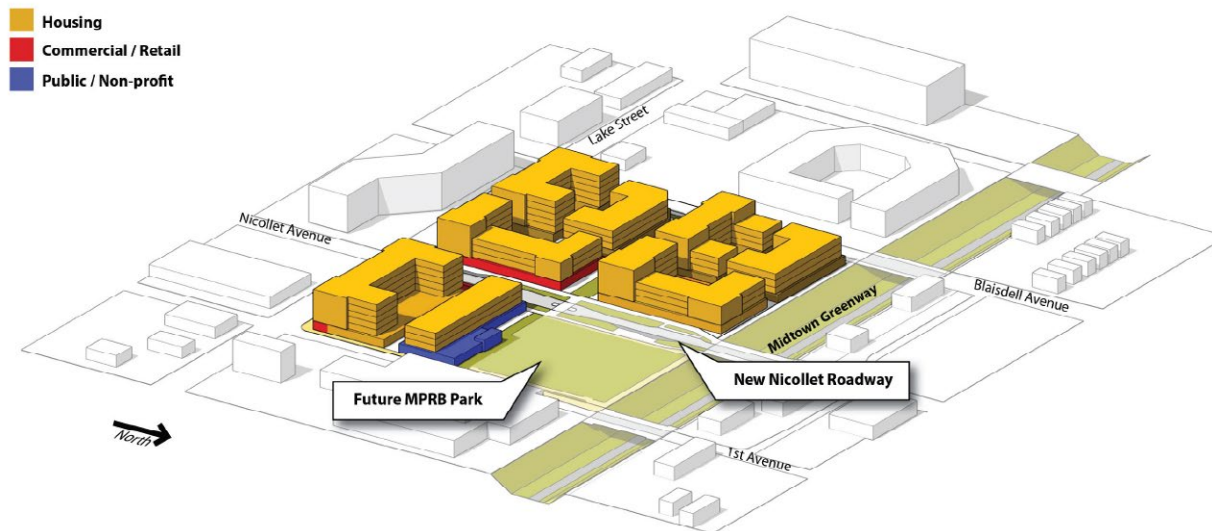
The scenario development process also identified potential reach elements—features that go beyond the base scenario to better reflect community aspirations. These would require additional government tools, resources, or incentives to be realized. Each “reach” element was scored on three measures of implementation: amount of public subsidy, degree of difficulty, and time to implement.

- **Subsidy** is a measure of the financial assistance required on the part of the city to make something happen. It represents the financial gap between what the market can deliver and what the public wants.

- **Degree of difficulty** is a measure of the amount of coordination required of the city and the private market, site constraints that may complicate project implementation, and the political will to achieve a certain outcome.
- **Implementation** is a measure of how long it may take to see a particular reach element be built. Long-term elements are 20 years or more. Medium term elements are 10-20 years away, while short term elements are likely to occur within 5-10 years.

The Base Development Scenario has eight (8) reach elements:

- Building height
- Enhanced public realm
- Expanded housing diversity
- Office Uses
- Expanded retail offerings
- Attract a grocer
- More small businesses
- Sustainability



Base Development Scenario

Part 1, Pop-up & Community Events Summary

Part 1, Engagement Overview

EVENT	DATE
Whittier Alliance Housing and Land Use Meeting	7/16/24
PWNO: Neighborhood Development Committee	7/16/24
Lyndale (LNA) Housing Committee	9/4/24
Developers Mixer*	9/6/24
Simpson Housing Focus Group	9/24/24
September Open House*	9/25/24
Nicollet Open Streets	9/26/24
Owners Door-to-Door Outreach to Business and Residential Apartments	10/30/24
Whittier Really Really Free Market	11/2/24
Horn Towers Resident Meeting	11/9/24
Karmel Mall Business Roundtable	11/12/24 & 11/13/24
Whittier Alliance Community Dinner	11/14/24

Whittier Alliance Housing and Land Use Committee

Ten Whittier residents attended the July meeting. The project team gave a background and timeline on the project and asked attendees about their development priorities.

Key Takeaway:

- Concerns about pedestrian safety and bike crossings.
- Will this project look different in person versus the concept design?
- One block east is a major transit stop. How should we handle this?
- How to stay involved

Phillips West Neighborhood Development Committee

Ten Phillips West residents attended the July meeting, where the project team provided an overview of the development. Residents shared their feedback and expressed their interests in the project during the discussion.

Key Takeaway:

- PWNO is mostly interested in housing affordability and prevention of residents being priced out of their own neighborhoods. Food accessibility and free recreational gathering spaces might be key to helping combat these problems.



Nicollet Open Streets on September 26, 2024

Lyndale Housing Committee Membership Meeting

Project team members engaged with about 15 Lyndale neighborhood residents at their September Housing Committee meeting about ideas and implementation related to the development plan.

Key Takeaway:

- Most of the feedback was asking questions about Phase II street design and upcoming Phase III work. Questions were about current use of the site, commercial/retail space, small businesses, land ownership, grocery store, timing of development connected to the project site.

Part 1, Pop-up & Community Events Summary continued

Simpson Housing Focus Group Community Cookout

Project team members engaged with about 6 shelter guests from Simpson Housing Services who participated in a focus group with project staff. They were also invited to take the survey.

Key Takeaway:

- Huge interest in affordable and supportive housing
- Public safety was important
- Other day-to-day shopping are needed, outside of a grocery store

Nicollet Open Streets

Approximately 110 people from the community shared their wishes and needs for the New Nicollet Development. Project team informed people of the project and invited them to take the survey.

Key Takeaway:

- Safety concerns
- More trees for shade
- Indoor year round farmers market
- Retail space for any business that needs parking and a loading dock
- Environmentally sustainable “green” systems

Door-to-Door Outreach

After the open house, outreach partners canvassed businesses and residential apartment complexes near the project site, informing them of the project and inviting them to take the survey. No formal feedback was collected. The outreach area included businesses and apartments within a ½ mile radius of the site.

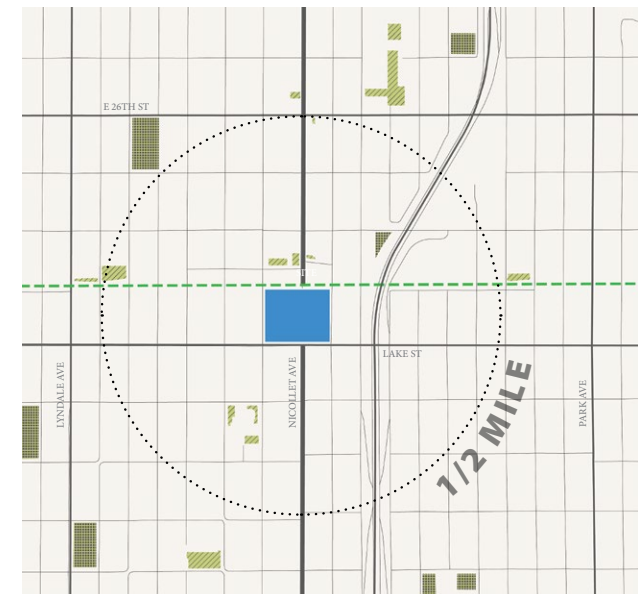
Whittier Really Really Free Market

Engagement team members talked with about 13 local residents about the New Nicollet Development during the monthly community event called the Whittier Really Really Free market.

Key Takeaway:

- Need for housing with social services
- Resource center
- Affordable retail for small business with long term leases
- Safe spaces
- Playground

Outreach Map



Part 1, Pop-up & Community Events Summary continued

Horn Towers Resident Meeting

Approximately 100 residents - primarily seniors (approximately 80%) and predominantly East African (99%), with most speaking little to no English - from the Horn Towers community shared their wishes and needs for the New Nicollet Development. The project team provided information about the development and encouraged residents to participate in the survey. Invitation flyers were distributed to over 600 residents by placing them under their doors, and posters were displayed on entry doors and at lobby check-in areas.

Residents expressed strong interest in affordable housing with supportive services provided on-site, emphasizing the need for services to come to them due to limited driving ability. A preference for two-bedroom apartments was noted, primarily to accommodate a child who could assist with care as they age, rather than for extended family living. Some residents were confused about the distinction between the New Nicollet Project and the Wells Fargo Project, as well as the timeline for New Nicollet's development. Regular annual meetings at Horn Towers were recommended to keep residents informed, particularly about key decisions, such as the features of the first development parcel and plans for the park site, including indoor and outdoor uses.

Karmel Mall Business Roundtable

Project team members engaged with about 20 East African business leaders and the owner of Karmel Mall to hear what they need in the area and development site.

Key Takeaway:

- They want a Somali developer, feel like they will “get” what they need and things like a prayer room and washing areas will not be overlooked
- Home ownership options
- Concern that not enough parking to support the development
- Public bathrooms with a way to wash arms and feet are important as is a prayer space and feet is important, as is a prayer space

Whittier Alliance Community Dinner

Project team members hosted a table at the well-attended Whittier Alliance Community Dinner, engaging with approximately 40 of the 70 attendees from the Whittier Neighborhood. Attendees were invited to participate in the survey. Community members expressed enthusiasm about connecting with the city and learning more about the project.



Horn Towers Resident Meeting on November 9, 2024

“Position the RFP to look to several developers, not just one master developer which could take it out of the community’s hands; having someone outside the community can’t relate as well to community.” - Panelist

Developers Mixer

The project team partnered with ULI Minnesota to hold a Developers Mixer at the Eat Street Crossing on Nicollet Avenue. Approximately 60 attendees attended the networking event designed to connect local developers - large to small scale and BIPOC - with the City of Minneapolis.

The panel discussion with local developers, the project manager, and moderator Platform CRE asked panelists about the unique opportunities, challenges, and advice regarding developing this rare site.

Key Takeaway:

- Prioritize smaller, emerging developers. Pair smaller developers with established firms
- Strengthen links along Lake Street, reducing isolation and car reliance
- Improve safety and activate the Greenway with community-focused development
- Address market instability, unproven submarkets, and lingering effects of the 2020 unrest
- Support BIPOC developers and wealth-building opportunities
- Ensure ongoing and equitable community engagement
- Set clear, realistic goals with patience for long-term success



Attendees listening to the Developers Panel



Developers Mixer on September 6, 2024



Developers Panel at the Mixer

“Glorious signature architectural elements at Nic & Lake.” - Open house attendee

Community Open House

In September, the project team held an Open House at the Abyssinia Cultural Center on Lake Street, drawing over 50 attendees who explored concepts for the New Nicollet Redevelopment site.

At the event, the project team sought input on what is achievable on the site today with minimal intervention or subsidy, given current site and market conditions. These conditions currently support a limited range of potential outcomes and program elements. While many of these outcomes align with the community’s needs and desires, more ambitious features—such as taller buildings, enhanced public spaces, or specific retail options—may require additional public investment or involvement.

Key takeaway:

- There was a strong sense of interest in exploring how the community’s needs could be met within these constraints, while also considering the potential for future growth and improvements with further support
- Great interest for affordable housing and homeownership options for those in the community
- Strong desire for a small affordable grocery store like Aldi or Trader Joe’s that provides low-cost groceries
- Creating safe pedestrian environments on the site and near Lake Street
- Excitement for art on public infrastructure
- High levels of anticipation for the development of the project



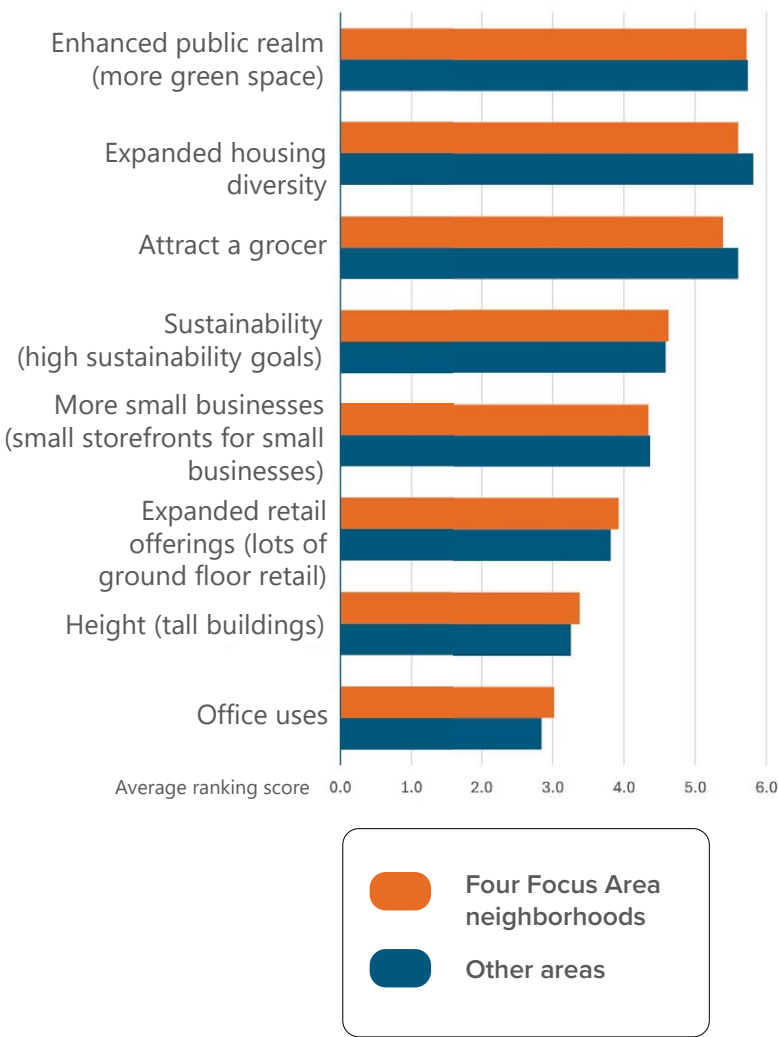
Open House on September 26, 2024

Ranking Priorities

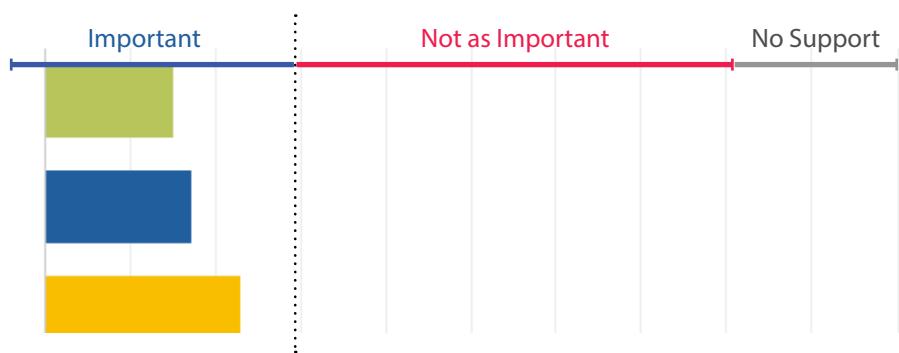
In addition to in-person events, the survey asked the general public to also weigh in on development priorities. The survey received 2,245 responses overall.

Comparing the survey responses from the four Focus neighborhoods—Phillips West, Lyndale, Whittier, and Central—to overall participant feedback is important for understanding how localized priorities align with or differ from broader community input. This analysis helps ensure that the development guidelines reflect the unique needs, concerns, and aspirations of residents most directly impacted by the project. The comparison data shows that the city and the neighborhoods share the same top priorities.

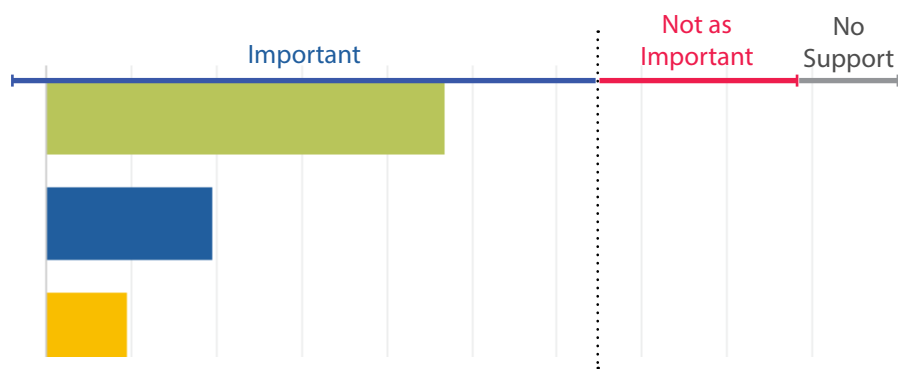
More detailed responses to survey questions can be found on the following pages.



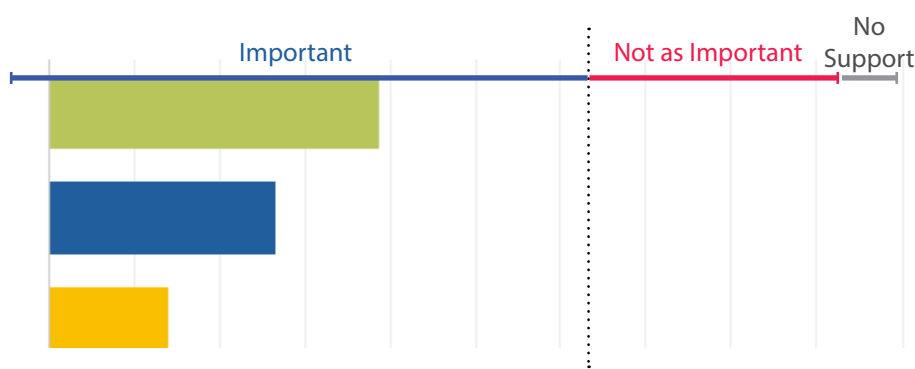
Q1. How important is it to you to have tall buildings on the site (8 stories or taller)?



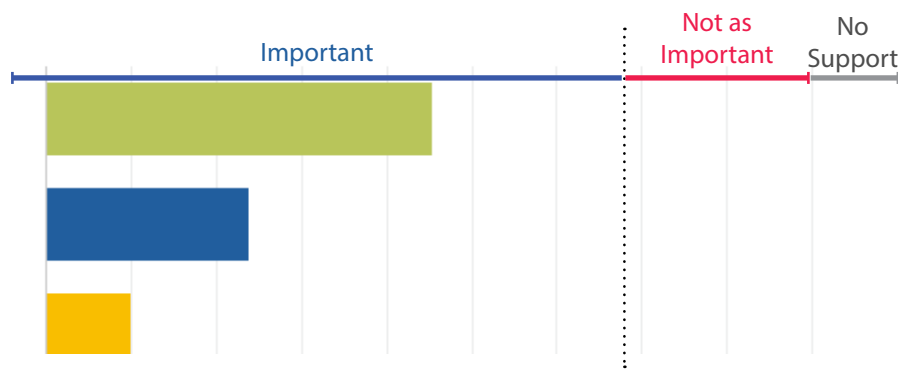
Q3. How important is it to you to have more than 20% of apartments be subsidized affordable?



Q2. How important is it to you to have more public spaces than the public park and mid-block connection on the site?



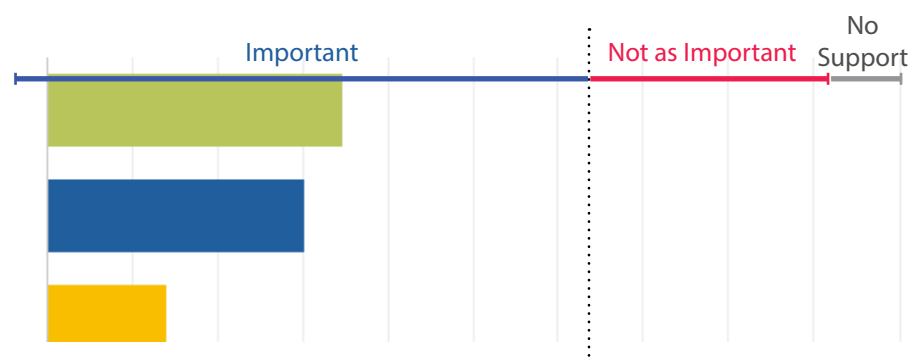
Q4. How important is it to you to have subsidized affordable housing available to very low-income households on the site?



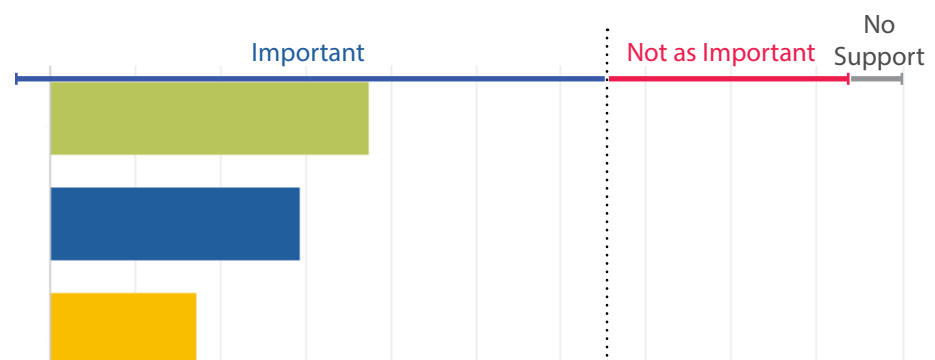
KEY

- Very Important
- Somewhat Important
- No Preference/Not Sure
- Not Very Important
- I Don't Support this Outcome

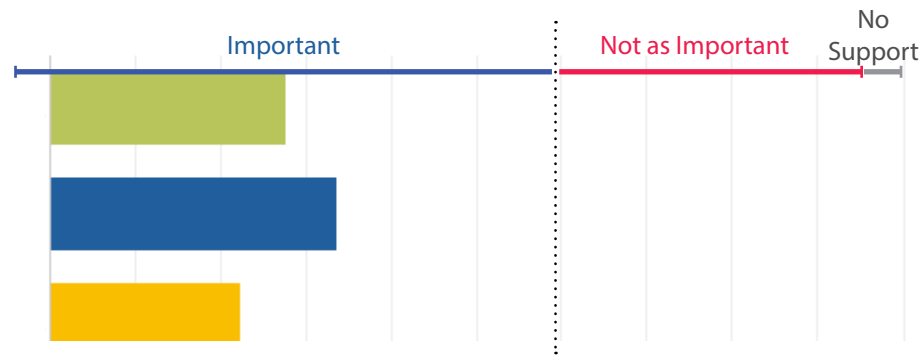
Q5. How important is it to you to have affordable ownership townhomes on the site?



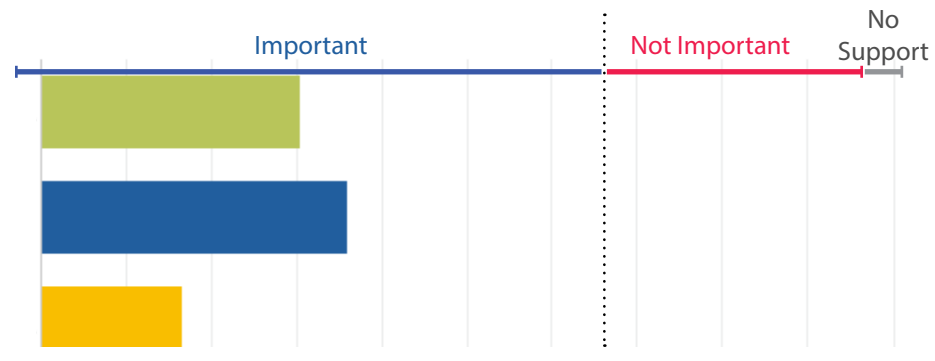
Q7. How important is it to you to have housing with supportive services on the site?



Q6. How important is it to you to have 3- and 4-bedroom apartments on the site?



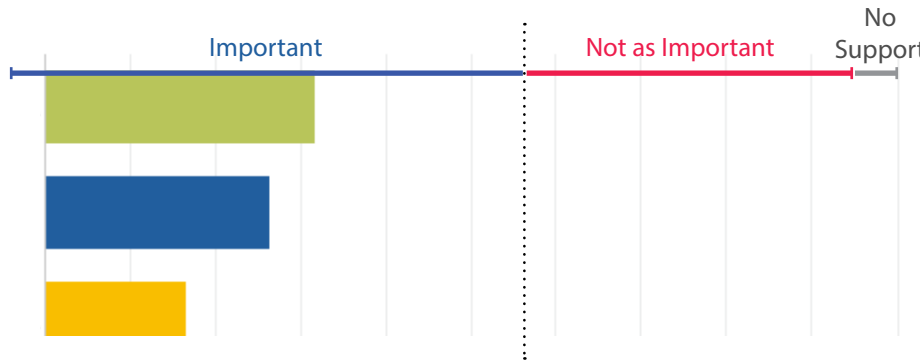
Q8. How important is it to you to have a wider variety of uses on the site including office, medical, or employment uses?



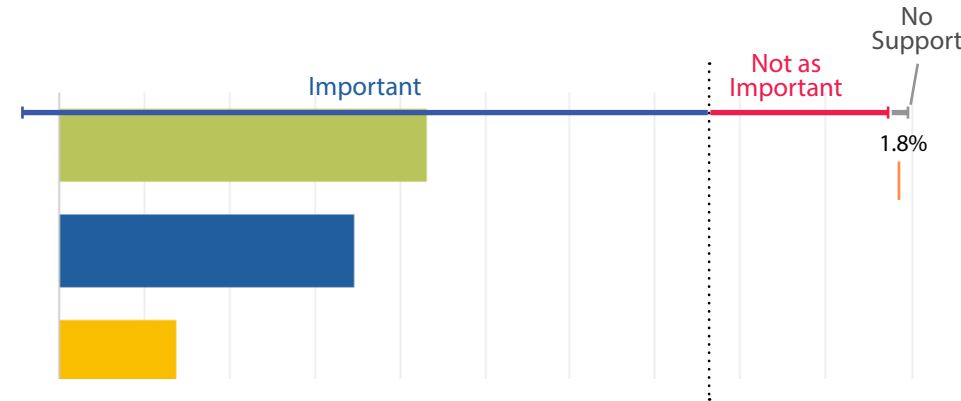
KEY

- Very Important
- Somewhat Important
- No Preference/Not Sure
- Not Very Important
- I Don't Support this Outcome

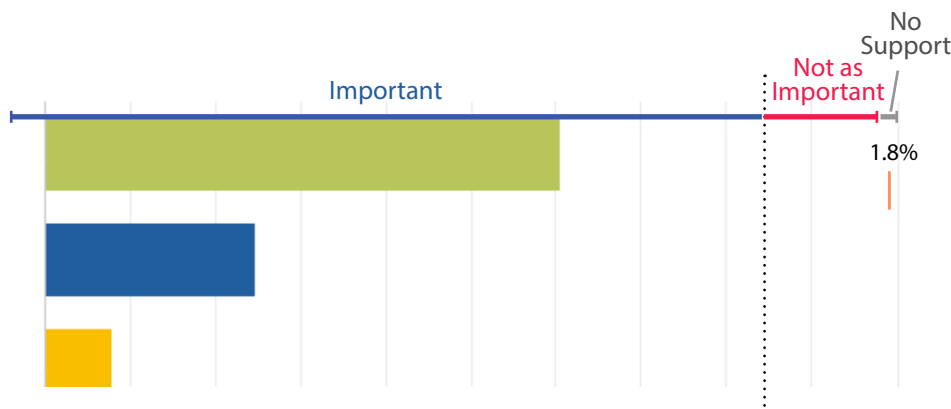
Q9. How important is it to you to have retail space along Lake St and Nicollet Ave on the site (not just at the intersection)?



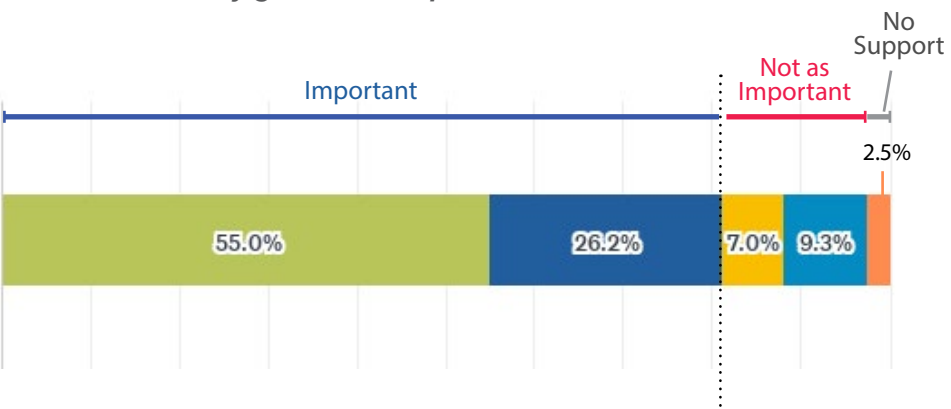
Q11. How important is it to you to have small businesses on the site?



Q10. How important is it to you to have a grocery store on the site?



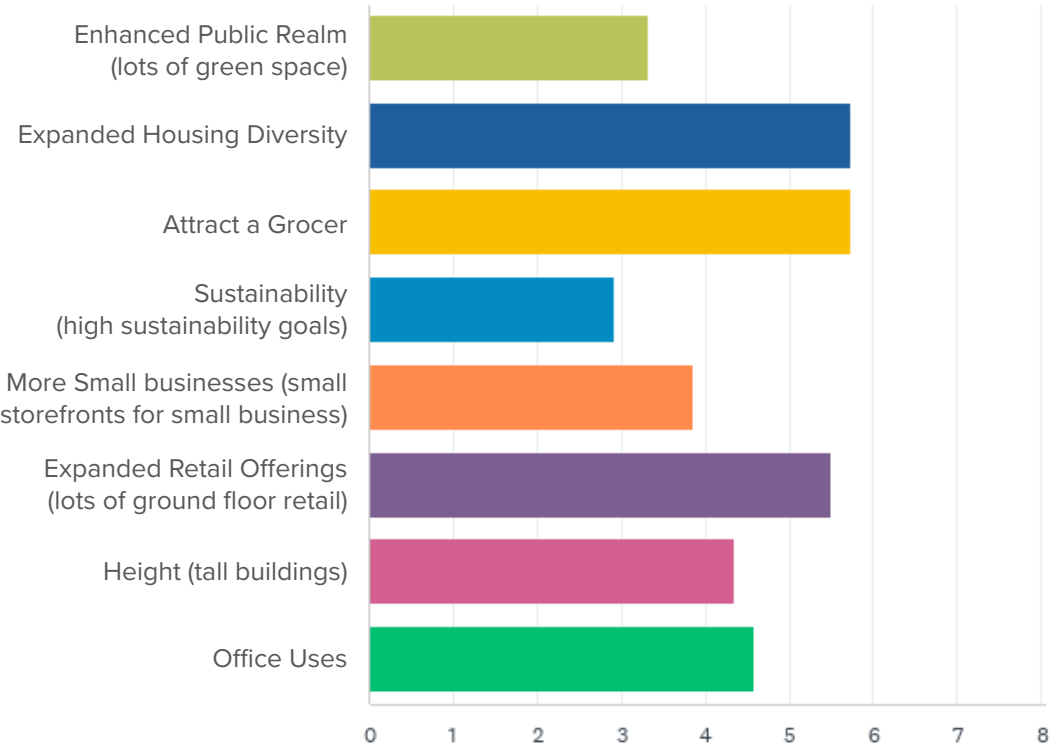
Q12. How important is it to you to require projects to meet very high sustainability goals and requirements?



KEY

- Very Important
- Somewhat Important
- No Preference/Not Sure
- Not Very Important
- I Don't Support this Outcome

Q13. Rank the proposed reach elements in order of importance to you from 1 (most important) to 8 (least important)



Open-ended Comments (866 responses)

Transportation and Accessibility (407 mentions)

- Advocacy for prioritizing pedestrian and bike-friendly infrastructure over car-centric development.
- Requests for transit connectivity to Lake Street, Downtown, and the Greenway.
- Emphasis on minimizing traffic congestion while ensuring accessibility for all forms of transportation.

Green Space and Public Amenities (384 mentions)

- Support for functional green spaces with features like community gardens and performance areas.
- Concerns about public green areas becoming unsafe or underutilized.
- Ideas for integrating native plants, sustainable design, and spaces for community interaction.

Economic Development and Retail (326 mentions)

- Desire for small, independent businesses and cafes rather than large chains or excessive office spaces.
- Suggestions for grocery stores or markets focusing on affordability and walkability.
- Recommendations for spaces that attract foot traffic and encourage local economic growth.

Parking and Traffic Management (301 mentions)

- Divergent views on the necessity of parking,

with some favoring underground parking and others opposing it.

- Suggestions for designated loading zones, bike parking, and minimized car dependency.
- Calls for efficient traffic flow to avoid bottlenecks and ensure access to businesses.

Housing and Affordability (291 mentions)

- Strong demand for deeply affordable housing, especially for low-income families and disabled residents.
- Mixed opinions on balancing subsidized housing with market-rate units to maintain economic diversity.
- Concern over poorly managed subsidized housing and its impact on the community.

Arts, Culture, and Community (201 mentions)

- Requests for spaces supporting arts, such as theaters, galleries, and music venues.
- Desire to reflect local diversity through cultural and artistic programming.
- Emphasis on creating a vibrant, inclusive environment with public art and gathering spaces.

Safety and Security (182 mentions)

- Calls for enhanced security measures, including lighting, CCTV, and police presence.
- Fear of green spaces becoming encampments or hubs for drug activity.

- Desire for safe pedestrian areas and crime prevention through design.

Homelessness and Social Services (111 mentions)

- Mixed views on integrating resources for unhoused populations, with some prioritizing supportive housing.
- Suggestions for day shelters, addiction treatment facilities, and mental health services.
- Concerns over displacement and the long-term solutions for homelessness in the area.

Sustainability and Design (81 mentions)

- Strong preference for energy-efficient, sustainable buildings with quality materials.
- Interest in innovative architectural designs that incorporate solar panels, green roofs, and rain gardens.
- Calls for durable and aesthetically pleasing structures avoiding a “cookie-cutter” look.

Community Input and Process (33 mentions)

- Frustrations with perceived biases in surveys and lack of diverse input.
- Calls for more engagement with current residents, including unhoused individuals.
- Emphasis on transparency, accountability, and aligning the project with community needs.

DRAFT

Appendix D

Market Study



Market Overview

New Nicollet Redevelopment
Minneapolis, Minnesota

Prepared for City of Minneapolis

October 2, 2024



55+

Years in
Business

400+

Engagements
Annually

>100

Employees
Globally

» RCLCO | REAL ESTATE ECONOMICS

Economics and market research services backed by 55+ years of analyzing trends and consultation to the best minds in real estate.

» RCLCO | MANAGEMENT CONSULTING

Collaborative and actionable strategy planning, and operational, portfolio, and capital consultation to real estate enterprises.

» RFA | RCLCO FUND ADVISORS

Customized real estate advisory to institutional investors built on a legacy of thought leadership and analytical rigor.

We Partner with Clients to Look Around the Corner

Since 1967, RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

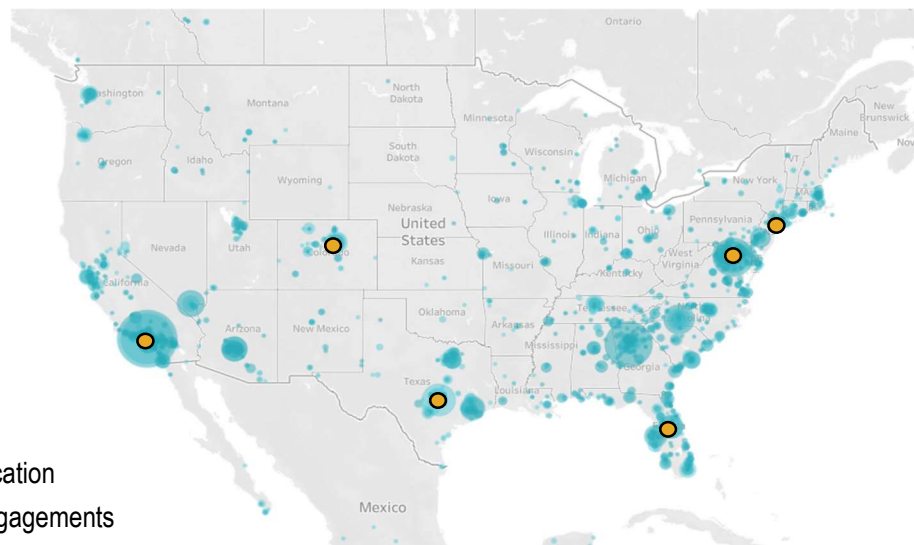
RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 55 years and thousands of projects – RCLCO brings success to all product types across the United States and around the world. RCLCO is organized into three service areas: real estate economics, management consulting, and advisory services for institutional investors through RCLCO Fund Advisors.

Where We Work

KEY

● RCLCO Office Location

Larger dot = more engagements



Learn more about RCLCO at [RCLCO.com](https://www.rclco.com)

Project Director

Erin Talkington, Managing Director

P: (240) 396-2353 | etalkington@rclco.com

Project Manager

Jacob Ross, Principal

P: (240) 404-6811 | jross@rclco.com

Additional Authors

Grace Amoh, Senior Associate

TABLE OF CONTENTS

Summary of Findings	5		
▶ Market Opportunity Matrix – Rental Housing	6	▶ For-Sale Landscape	28
▶ Market Opportunity Matrix – For-Sale Housing	7	▶ For-Sale Pipeline	29
▶ Market Opportunity Matrix – Retail & Office	8	▶ For-Sale Product Type Distribution	30
		▶ New Condo Pricing Vs. Home Prices IN Cma	31
Rental Market Overview	9	▶ Condominium Sales Activity By Home Price	32
▶ Market-Rate Rental Apartment Overview	10	▶ Townhome Sales Activity By Home Price	33
▶ Market-Rate Rental Apartment Trends	11		
▶ Affordable Rental Apartment Overview	12	Retail Market Overview	34
▶ Affordable Rental Apartment Trends	13	▶ Existing Retail Inventory	35
▶ Ratio of Market-Rate and Affordable Units	14	▶ Retail Spending Patterns	36
▶ Market-Rate Rental Apartment Landscape	15	▶ Landscape of Grocery Options	37
▶ Affordable Rental Apartment Landscape	16	▶ Age of Retail Inventory	38
▶ Rental Apartment Pipeline	17	▶ Retail Demand At Site	39
▶ Total Multifamily Renter Leasing Activity	18		
▶ Total Renter Composition	19	Office Market Overview	41
▶ Share of Rental Units Affordable At Each Ami Level	20	▶ Office Market Trends	42
▶ Market-Rate Rental Leasing Activity For New Units	22	▶ Medical Office Market Trends	43
		▶ Landscape of Medical Office	44
Seniors Housing Overview	23	▶ Nearby Medical Office Performance	45
▶ Affordable Senior Apartments	24		
▶ Independent and Assisted Living	25	Disclaimers	46
For-Sale Market Overview	26	Supporting Exhibits	49
▶ For-Sale Price Distribution	27	▶ Glossary	50

Summary of Findings

MARKET OPPORTUNITY MATRIX – RENTAL HOUSING

The New Nicollet site presents a strong opportunity for various types of affordable housing; while the site is also a logical fit for market-rate apartments, the current market and cost environment may limit potential in the near term

				CUMULATIVE DEMAND AT SITE			OPPORTUNITY AT SITE			
LAND USE	DESCRIPTION	PROJECT ANALOG	LIKELY PROJECT SCALE (UNITS / SF)	NEAR TERM (0-5 YEARS)	MID TERM (6-10 YEARS)	LONG TERM (11-15 YEARS)	SITE FIT	SUPPLY / DEMAND BALANCE	ECONOMIC VIABILITY	LIKELY MARKET OPPORTUNITY
RENTAL HOUSING										
Market-Rate Rental Apartments	Rental apartment building with mix of unit types and sizes	Akin	150 Units	400	655	905	STRONG	MODERATE	MODERATE	MODERATE / STRONG
Market-Rate Rental Apartments (Family-Size)	Rental apartment building with a program skewed toward larger unit types and sizes, oriented toward families	The Aubrey	100 Units	5-10% of Total Market-Rate Rental Apartments			MODERATE	MODERATE	WEAK	MODERATE / WEAK
Affordable Rental Apartments	Rental apartment building, restricted to households at or below a certain income threshold	Lake Street Dwelling	100 Units	1,030	1,675	2,315	STRONG	STRONG	STRONG	STRONG
Affordable Rental Apartments (Family-Size)	Rental apartment building with a program skewed toward larger unit types and sizes, restricted to households at or below a certain income threshold	Lake Street Dwelling West	100 Units	15-20% of Total Affordable Rental Apartments			STRONG	STRONG	MODERATE	STRONG
Affordable Seniors Apartments	Rental apartment building, restricted to older adults at or below a certain income threshold	The Hillock	100 Units	15-20% of Total Affordable Rental Apartments			MODERATE	STRONG	STRONG	STRONG
Independent / Assisted Living	Market-rate seniors housing community offering varying levels of care for older adults	Abiitan Mill City	150 Units	N/A	N/A	N/A	WEAK	MODERATE	WEAK	WEAK
Transitional Housing	Temporary accommodation for individuals or families who are experiencing homelessness or are at risk of homelessness	Simpson Community Shelter and Apartments	40 Units	200	325	450	STRONG	STRONG	STRONG w/ operating subsidy	STRONG Requires operating subsidy and non-profit partner
Supportive Housing	Long-term housing with supportive services to individuals or families who have experienced chronic homelessness, have disabilities, or have other needs that necessitate support	Park7	50 Units				STRONG	STRONG	STRONG w/ operating subsidy	STRONG Requires operating subsidy and non-profit partner

MARKET OPPORTUNITY MATRIX – FOR-SALE HOUSING

Market-rate and/or affordable townhomes represent available strategies to create homeownership opportunities at the New Nicollet site; meanwhile, condominium development is unlikely to be viable given cost of construction

				CUMULATIVE DEMAND AT SITE			OPPORTUNITY AT SITE			
LAND USE	DESCRIPTION	PROJECT ANALOG	LIKELY PROJECT SCALE (UNITS / SF)	NEAR TERM (0-5 YEARS)	MID TERM (6-10 YEARS)	LONG TERM (11-15 YEARS)	SITE FIT	SUPPLY / DEMAND BALANCE	ECONOMIC VIABILITY	LIKELY MARKET OPPORTUNITY
FOR-SALE HOUSING										
Market-Rate Condominiums	For-sale condominium building predominately at market-rate price points	Portico at the Falls	40 Units	35	55	75	MODERATE	MODERATE	WEAK	MODERATE / WEAK
Market-Rate Townhomes	For-sale townhomes predominately at market-rate price points	Highland Bridge	50 Units	55	140	230	STRONG	STRONG	STRONG	STRONG
Affordable Townhomes	For-sale townhomes oriented toward low- to moderate-income households, likely developed by a nonprofit organization or an affordable housing provider	Harrison Townhomes (Twin Cities Habitat for Humanity)	25 Units	85	295	505	STRONG	STRONG	STRONG	STRONG

MARKET OPPORTUNITY MATRIX – RETAIL & OFFICE

Retail is poised to play an important role at the New Nicollet site, and there is demand for a full-service grocery store with inline F&B and services; other forms of commercial development are likely to be highly opportunistic

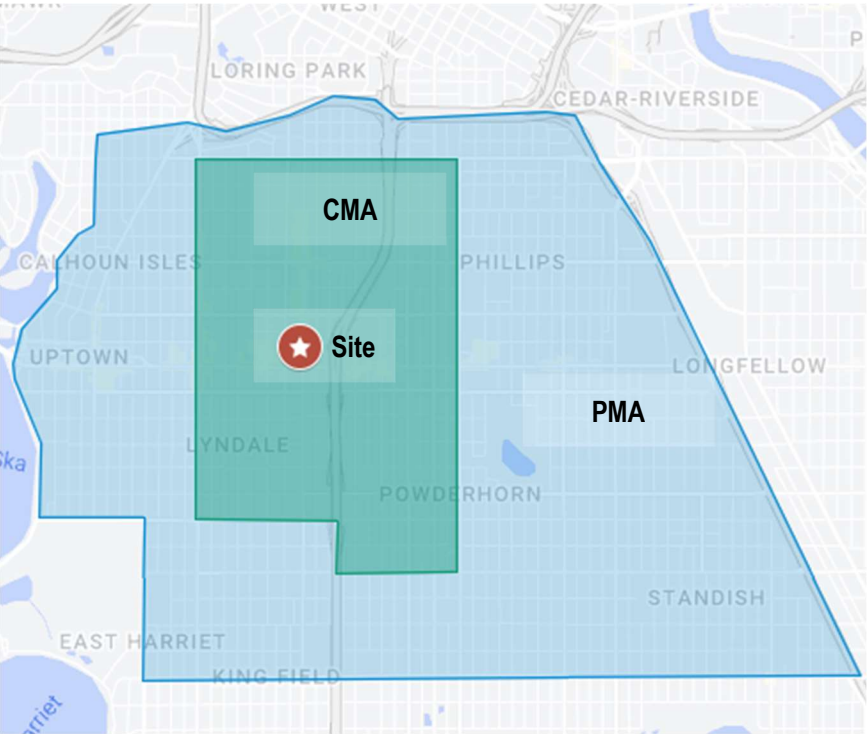
				CUMULATIVE DEMAND AT SITE			OPPORTUNITY AT SITE			
LAND USE	DESCRIPTION	PROJECT ANALOG	LIKELY PROJECT SCALE (UNITS / SF)	NEAR TERM (0-5 YEARS)	MID TERM (6-10 YEARS)	LONG TERM (11-15 YEARS)	SITE FIT	SUPPLY / DEMAND BALANCE	ECONOMIC VIABILITY	LIKELY MARKET OPPORTUNITY
RETAIL										
Grocery & Drug	Full-service grocer (e.g., Cub, Fresh Thyme Market, etc.), serving the surrounding household base	Fresh Thyme Market (Excelsior & Grand)	25,000 SF	31,800	32,300	32,700	STRONG	STRONG	MODERATE	STRONG
Food & Beverage	Mix of fast casual and sit-down food and beverage concepts	El Quanaco Bakery Y Café (501 E Lake Street)	2,000 SF	21,900	23,300	24,700	STRONG	STRONG	MODERATE	STRONG
Hard Goods	Retail establishments that primarily focus on selling durable and tangible products, such as hardware, electronics, furniture, etc.	Electric Fetus (2000 4th Avenue S)	1,500 SF	2,500	2,500	2,600	MODERATE	WEAK	MODERATE	MODERATE / WEAK
Soft Goods	Retail establishments that primarily offer non-durable, tangible items such as clothing, footwear, accessories, and home textiles	Proper Minneapolis (Greenleaf Apartments)	1,500 SF	2,000	2,100	2,200	MODERATE	WEAK	MODERATE	MODERATE / WEAK
Entertainment & Fitness	Larger user such as a gym, bowling alley, etc., or smaller concepts like fitness studios, escape rooms, etc.	Vertical Endeavors (2540 Nicollet Avenue)	15,000 SF	N/A	N/A	N/A	WEAK	WEAK	MODERATE	WEAK
Services	Basic household services, such as nail salons, barbershops, etc.	Honeycomb Salon (3504 Nicollet Avenue)	1,250 SF	8,600	9,000	9,700	STRONG	MODERATE	MODERATE	MODERATE / STRONG
OFFICE										
Corporate	Build-to-suit office building, likely serving a regionally or nationally recognized user	MoZaic East	100,000 SF	OPPORTUNISTIC; Unlikely to materialize			WEAK	WEAK	WEAK	WEAK
Medical	Clinic or office space that serves local practices	Hennepin County Medical Center Whittier Clinic	40,000 SF	USER-DRIVEN			MODERATE	MODERATE	STRONG	MODERATE / STRONG

Rental Market Overview

MARKET-RATE RENTAL APARTMENT OVERVIEW

The areas near the subject site tend to be less expensive and better occupied than other areas of the city and region

Submarket-Market Overview of Market-Rate Rental Properties, April 2024;
Minneapolis, MN

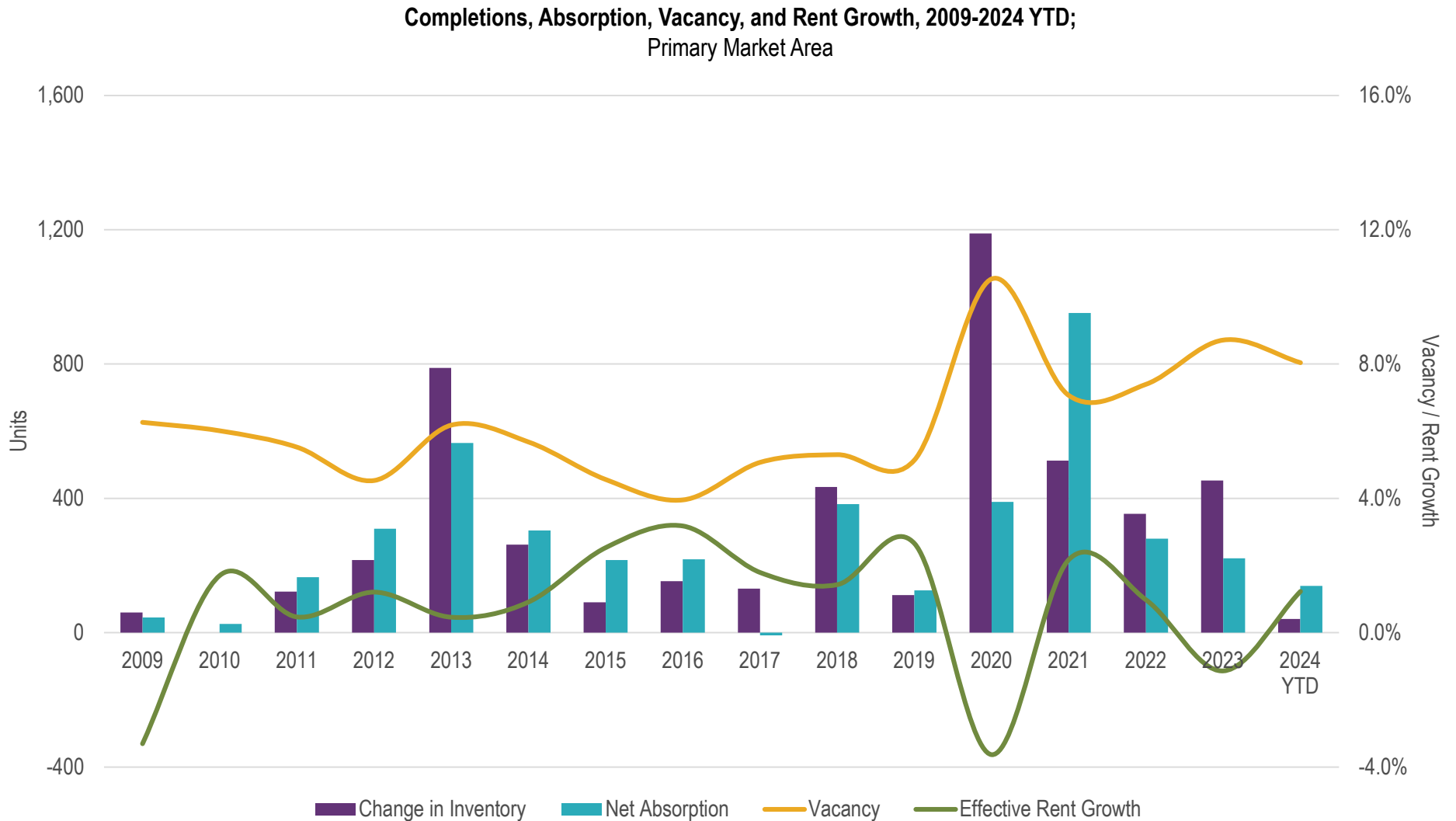


	COMPETITIVE MARKET AREA	PRIMARY MARKET AREA	CITY OF MINNEAPOLIS	MINNEAPOLIS MSA
CURRENT CHARACTERISTICS (2024 YTD)				
Properties	104	300	735	2,547
Units	4,501	15,067	57,403	248,251
Avg. Effective Rent	\$1,137	\$1,233	\$1,520	\$1,485
Vacancy	7.5%	8.0%	9.9%	8.7%
SHORT-TERM TRENDS (2019-2023)				
Avg. Rent Growth	0.6%	0.2%	0.6%	1.9%
Avg. Vacancy	6.4%	7.8%	9.0%	7.0%
Avg. Net Absorption	95	394	2,236	7,613
Avg. Completions	138	524	2,711	9,726
LONG-TERM TRENDS (2009-2023)				
Avg. Rent Growth	1.1%	0.7%	0.8%	1.7%
Avg. Vacancy	5.3%	6.3%	7.4%	5.9%
Avg. Net Absorption	54	279	1,393	4,415
Avg. Completions	68	325	1,618	5,113

*Note: Above trends are for buildings with 20+ units that are market or market/affordable.
See definitions for market, market/affordable, and affordable in the Glossary on page 50.
Source: CoStar; RCLCO*

MARKET-RATE RENTAL APARTMENT TRENDS

Increased development activity for market-rate units has been met with strong absorption, but has led to slightly elevated vacancy rates as new properties continue to lease up

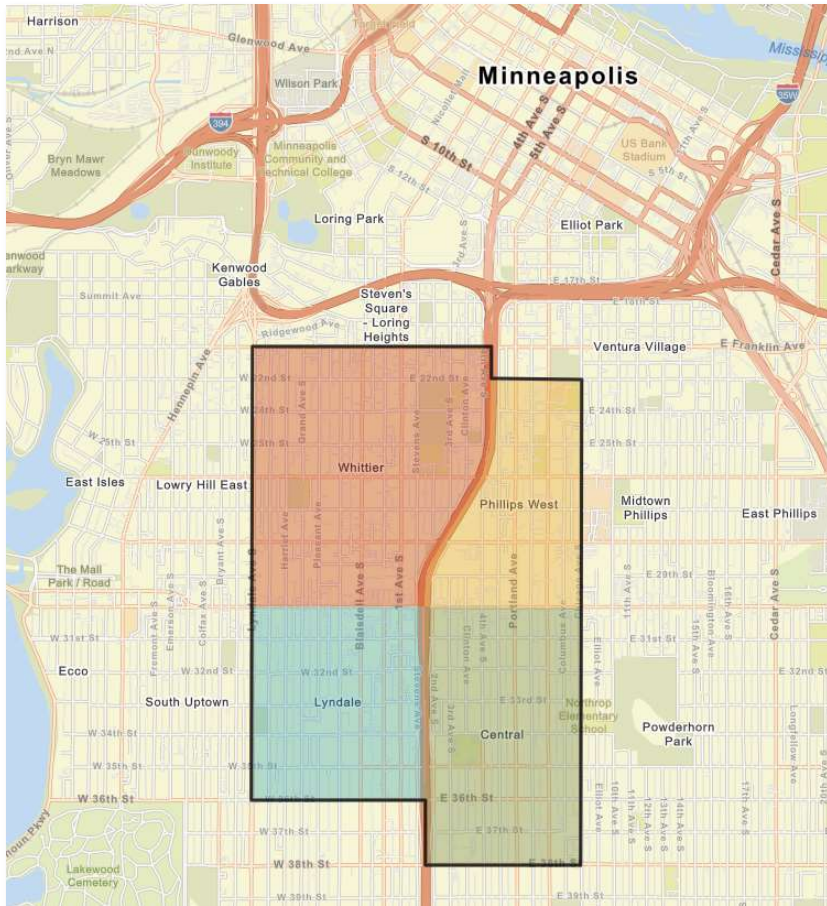


Note: Above trends are for buildings with 20+ units that are market or market/affordable. See definitions for market, market/affordable, and affordable in the Glossary on page 50.
Source: CoStar; RCLCO

AFFORDABLE RENTAL APARTMENT OVERVIEW

Rent growth at affordable properties has increased faster than that of market-rate properties though average rents are still between 15-35% lower than market-rate units in larger geographies. Affordable rents are very close to the market rate in neighborhoods near the site

Submarket-Market Overview of Affordable Apartment Properties, April 2024;
Minneapolis, MN



COMPETITIVE MARKET AREA	PRIMARY MARKET AREA	CITY OF MINNEAPOLIS	MINNEAPOLIS MSA
----------------------------	------------------------	------------------------	--------------------

CURRENT CHARACTERISTICS (2024 YTD)

Properties	20	44	154	544
Units	1,422	3,619	14,487	44,103
Avg. Effective Rent	\$1,177	\$1,077	\$1,031	\$1,108
Vacancy	7.5%	6.7%	4.6%	4.6%

SHORT-TERM TRENDS (2019-2023)

Avg. Rent Growth	1.8%	1.6%	1.8%	2.4%
Avg. Vacancy	5.9%	5.7%	4.3%	4.3%
Avg. Net Absorption	35	92	362	1,292
Avg. Completions	53	126	436	1,504

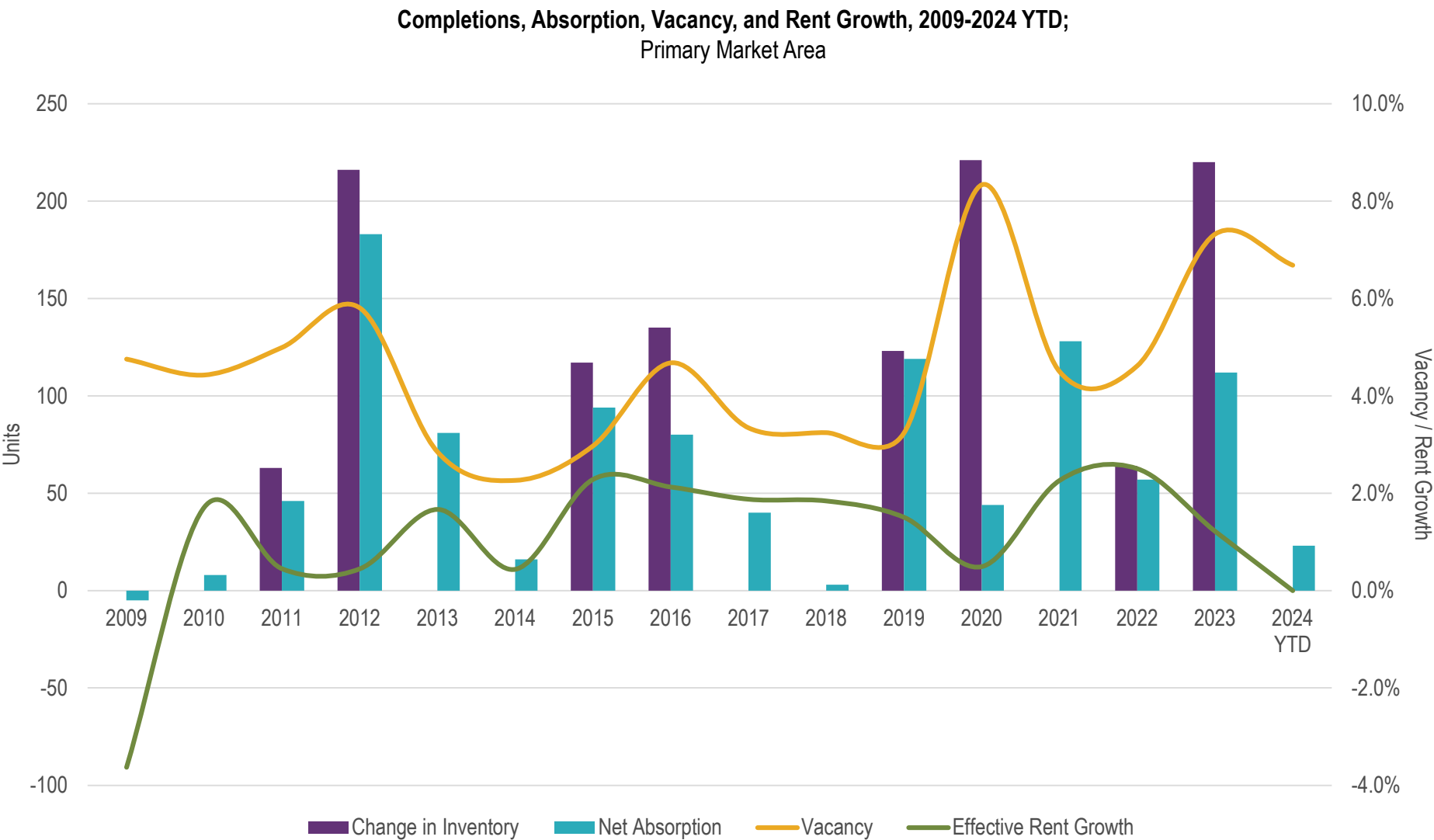
LONG-TERM TRENDS (2009-2023)

Avg. Rent Growth	1.3%	1.1%	1.3%	1.8%
Avg. Vacancy	4.4%	4.6%	3.5%	3.8%
Avg. Net Absorption	17	67	252	751
Avg. Completions	22	77	271	789

Note: Above trends are for buildings with 20+ units that are affordable.
See definitions for market, market/affordable, and affordable in the Glossary on page 50.
Source: CoStar; RCLCO

AFFORDABLE RENTAL APARTMENT TRENDS

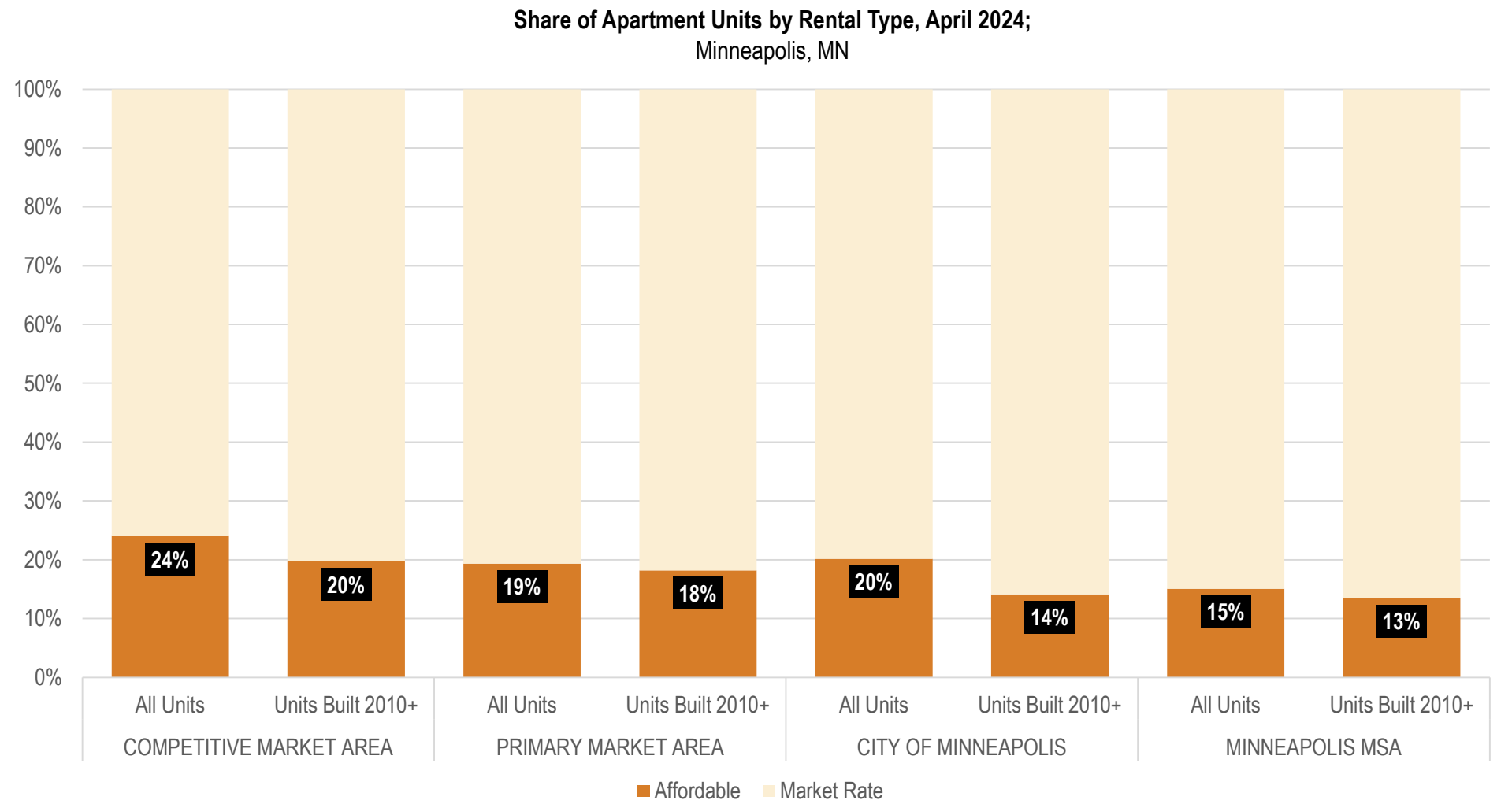
Development of affordable units has been consistent but at a smaller scale than market-rate properties



Note: Above trends are for buildings with 20+ units that are affordable. See definitions for market, market/affordable, and affordable in the Glossary on page 50.
Source: CoStar; RCLCO

RATIO OF MARKET-RATE AND AFFORDABLE UNITS

Nearly a quarter of units within the focus neighborhoods near the subject site are affordable units, slightly more than other areas of the Minneapolis MSA

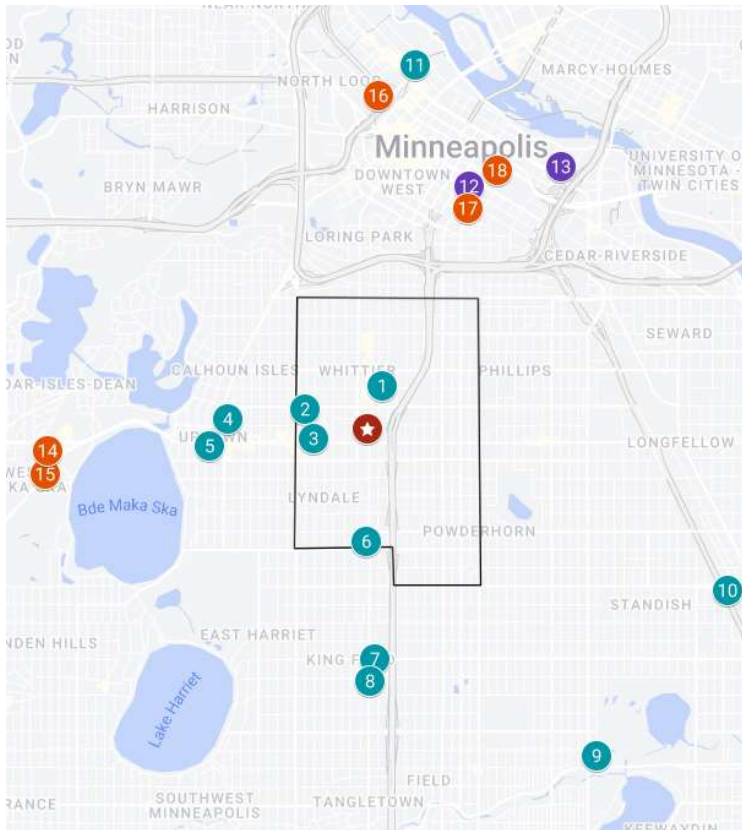


Note: Above trends are for buildings with 20+ units. Market rate includes buildings with market and market/affordable rents. See definitions for market, market/affordable, and affordable in the Glossary on page 50. Source: CoStar; RCLCO

MARKET-RATE RENTAL APARTMENT LANDSCAPE

Most new apartments near the subject site are wood-frame over podium with rents of \$2.30 to \$2.40 per square foot; denser high-rise product is located only in the highest value markets, such as West Calhoun or Downtown, that can support the higher rent levels of more than \$3.00 per square foot

Select Recently Built Market-Rate Rental Apartment Communities, April 2024;
Minneapolis, MN



Map Key	Property Name	Year Built	Number Of Stories	Number Of Units	Vacancy %	Avg Unit SF	Avg Rent	Avg Rent/SF
1	Blaise Apartments	2021	5	51	6.3%	444	\$1,004	\$2.26
2	Odie Apartments	2020	5	67	1.5%	815	\$1,898	\$2.33
3	Lago	2022	7	132	9.1%	596	\$1,407	\$2.36
4	The Bohem	2023	7	143	41.8%	817	\$2,100	\$2.57
5	Daymark Uptown	2020	6	328	9.5%	825	\$1,940	\$2.35
6	Akin	2023	6	204	45.6%	641	\$1,494	\$2.33
7	Rosa at Kingfield	2023	5	79	15.2%	612	\$1,624	\$2.65
8	The Aubrey	2022	4	47	4.4%	1,092	\$2,434	\$2.23
9	Noko Apartments	2021	4	130	2.3%	722	\$1,955	\$2.71
10	CityLine Apartments	2022	4	102	10.3%	453	\$1,285	\$2.83
11	The Intersect	2024	7	96	11.4%	823	\$2,059	\$2.50
12	Moment Apartments	2023	10	222	28.7%	791	\$2,125	\$2.69
13	Forte on the Park	2022	12	225	16.5%	827	\$2,211	\$2.67
14	The Mezz at West Lake Quarter	2022	20	98	11.2%	803	\$2,077	\$2.58
15	The Gateway at West Lake Quarter	2023	21	151	50.3%	825	\$1,985	\$2.59
16	North Loop Green 360	2024	36	450	88.7%	949	\$3,633	\$3.83
17	The Larking	2022	16	341	12.0%	671	\$1,794	\$2.67
18	4th & Park Apartments	2024	25	350	95.8%	789	\$2,411	\$3.05
Average		2022	11	179	37%	774	\$2,175	\$2.81
Podium / Wrap Average		2022	5	125	17.3%	720	\$1,763	\$2.45
Mid-Rise Average		2023	11	224	22.6%	809	\$2,168	\$2.68
High-Rise Average		2023	24	278	62.0%	817	\$2,585	\$3.17

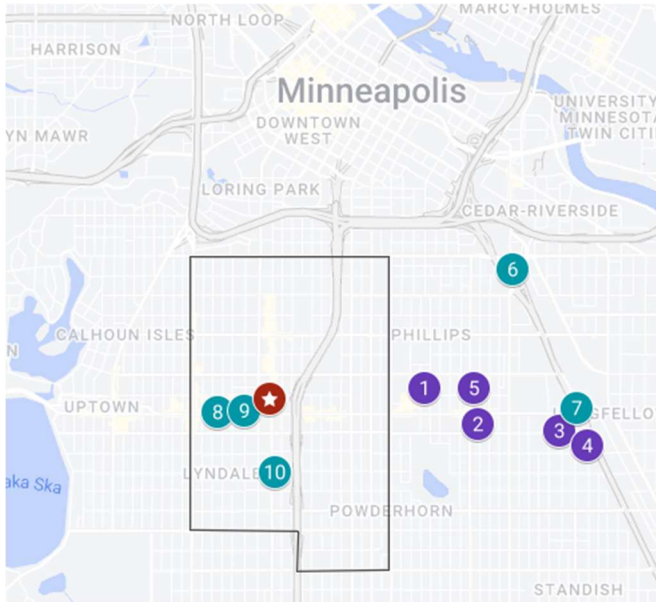
Note: Higher vacancy rates for high-rise and mid-rise product due to recent deliveries currently in lease up
See definitions for market, market/affordable, and affordable in the Glossary on page 50.

Source: CoStar; RCLCO

AFFORDABLE RENTAL APARTMENT LANDSCAPE

The newest affordable properties have been built close to the site and have larger average unit sizes compared to those at market-rate properties, largely due to the greater availability of two and three-bedroom units; rents at most of these properties range from \$1.50 to 1.70 square foot

Select Recently Built Affordable Rental Apartments in Nearby Neighborhoods, April 2024;
Minneapolis, MN



Map Key	Property Name	Affordable Type	Year Built	Number Of Stories	Number Of Units	Vacancy %	Avg Unit SF	Est. Avg. Rent	Est. Avg. Rent/SF
1	Midwell Apartments	Restricted	2023	5	86	0.0%	806	\$1,350	\$1.68
2	Bloom Lake Flats*	Subsidized	2023	4	42	17.4%	N/A	\$952	N/A
3	Southsider Apartments	Restricted	2019	4	123	18.6%	649	\$1,315	\$2.02
4	Blue Line Flats	Subsidized	2016	4	135	4.5%	901	\$1,169	\$1.28
5	Greenway Heights*	Restricted	2015	4	42	4.5%	1,045	\$955	\$0.91
6	Mino-Bimaadiziwin	Affordable	2020	6	110	6.4%	N/A	\$1,269	N/A
7	22Twenty on Lake	Subsidized	2015	6	75	9.7%	702	\$1,062	\$1.51
8	Lake Street Dwelling	Restricted	2020	6	111	2.6%	672	\$1,258	\$1.87
9	Karmel Square	Subsidized	2023	8	92	56.3%	1,170	\$1,914	\$1.64
10	3301 Nicollet Apartments*	Restricted	2022	6	64	1.8%	N/A	\$954	N/A
Average			2020	5	88	12.3%	828	\$1,263	\$1.53
Podium / Wrap Average			2020	6	90	15.5%	845	\$1,319	\$1.56
Low-Rise Average			2019	4	86	8.9%	815	\$1,205	\$1.48

Note: For communities with an asterisk, rent and/or unit size data is unavailable from CoStar. In these cases, rents are estimated based on available data on unit mix and affordability levels on site.

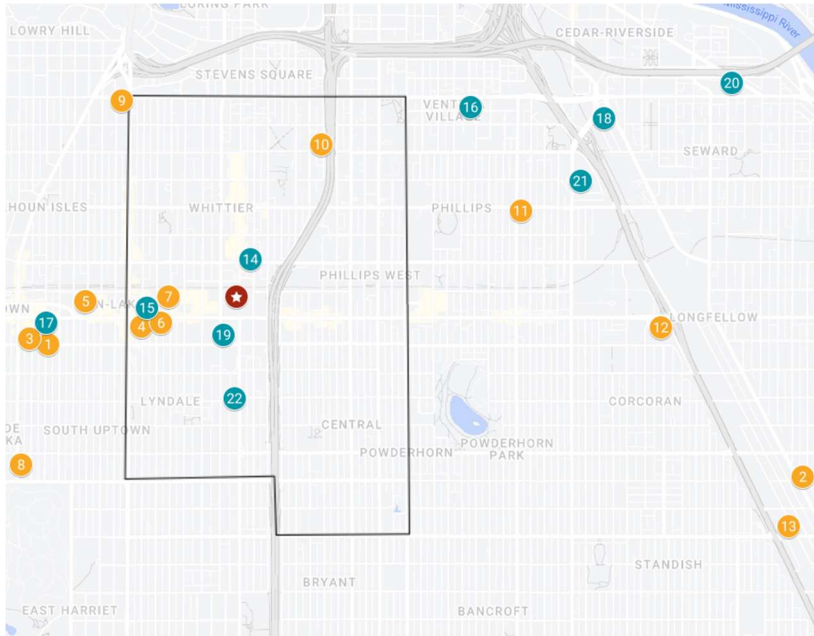
Note: See definitions for affordable, rent subsidized and rent restricted in the Glossary on page 50.

Source: Affordable Housing Trust Fund; Clare Housing; Metro Council; CoStar; RCLCO

RENTAL APARTMENT PIPELINE

There are several projects planned near the subject site, most of which are wood-frame over podium, suggesting that product type dynamics and supportable rent levels are unlikely to change in the near term

Rental Apartment Pipeline, April 2024;
Primary Market Area



MAP KEY	PROJECT	DEVELOPER	EST. OPENING	STORIES	PRODUCT TYPE	TOTAL UNITS
PLANNED/PROPOSED						
1	Fremont Avenue	Elliot Capital	2025	6	Podium	78
2	3561 Minnehaha Avenue		2025	5	Garden	32
3	Seven Points Uptown	Northpond Partners	N/A	7	Mid-rise	272
4	601 West Lake Street		N/A	5	Podium	46
5	Buzza Lofts of Uptown II		N/A	6	Podium	135
6	429 West Lake Street	North Bay	N/A	6	Podium	95
7	29th & Grand		N/A	7	Podium	94
8	Hennepin Court II		N/A	5	Podium	22
9	2003 Aldrich Avenue South	Randolph St Realty	N/A	6	Podium	46
10	2316 South 4th Avenue		N/A	4	Podium	72
11	26th & Bloomington		N/A	6	Modular	86
12	L&H Station 2B	Privately Owned	N/A	6	Podium	175
13	Checkerboard		N/A	N/A	Podium	500
14	Simpson Community Apts	Watson Forsberg Co	2025	4	N/A	42
15	2945 Garfield Ave	Lupe Development	2025	6	N/A	91
16	1213 E Franklin Ave		N/A	7	N/A	83
17	1301 W Lake St		N/A	N/A	N/A	120
18	Wadaag Commons	Noor Development	N/A	N/A	N/A	32
19	Opportunity Crossing	PPL	N/A	N/A	N/A	110
20	Agra	Wellington	N/A	N/A	N/A	155
21	Little Earth of United Tribes	Little Earth Corp.	N/A	N/A	N/A	212
22	The LOMA	One Stop African Market	N/A	N/A	N/A	62
Planned Totals						2,560
Market-Rate Planned						1,653
Affordable Planned						907

Note: See definitions for market, market/affordable, and affordable in the Glossary on page 50.

Source: CoStar; Axiometrics; RCLCO

TOTAL MULTIFAMILY RENTER LEASING ACTIVITY

RCLCO projects that approximately 2,600 households will move to a different rental apartment unit in the PMA each year, with 70% of this demand coming from households below 60% of area median income (“AMI”)

Annual Multifamily Renter Leasing Activity by Lifestage and AMI Band, 2023-2028;
Primary Market Area

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
LESS THAN 30% OF AMI	347	265	154	88	78	932
	13%	10%	6%	3%	3%	36%
30% TO 50% OF AMI	187	246	52	88	14	587
	7%	10%	2%	3%	1%	23%
50% TO 60% OF AMI	87	126	7	31	3	255
	3%	5%	0%	1%	0%	10%
60% TO 80% OF AMI	140	150	22	44	8	363
	5%	6%	1%	2%	0%	14%
80% TO 100% OF AMI	63	123	5	16	12	218
	2%	5%	0%	1%	0%	8%
100% TO 120% OF AMI	22	49	0	19	2	92
	1%	2%	0%	1%	0%	4%
120% OF AMI OR MORE	8	88	6	16	9	127
	0%	3%	0%	1%	0%	5%
TOTAL	854	1,046	245	302	126	2,574
	33%	41%	10%	12%	5%	100%
LESS THAN 60% OF AMI	622	637	213	207	95	1,773
	35%	36%	12%	12%	5%	100%

Note: Multifamily renter activity is based on households in the PMA that rent in a building of at least five units.

Source: Esri; American Community Survey PUMS; RCLCO

TOTAL RENTER COMPOSITION

The distribution of all renters by AMI is similar to that of annual multifamily renters; however, there is a greater representation of larger or older household types, such as families, mature professionals and empty nesters as these types of households are less likely to move frequently

Annual Renter Composition by Lifestage and AMI Band, 2023-2028;
Primary Market Area

ECONOMIC SEGMENT	LIFESTAGE					TOTAL
	POST-GRAD	YOUNG PROFESSIONAL	FAMILY	MATURE PROFESSIONAL	EMPTY NESTER	
LESS THAN 30% OF AMI	515	708	751	561	1,057	3,591
	5%	7%	8%	6%	11%	37%
30% TO 50% OF AMI	279	693	404	627	192	2,195
	3%	7%	4%	6%	2%	23%
50% TO 60% OF AMI	138	348	111	225	38	859
	1%	4%	1%	2%	0%	9%
60% TO 80% OF AMI	190	434	188	356	72	1,239
	2%	4%	2%	4%	1%	13%
80% TO 100% OF AMI	98	395	61	114	105	775
	1%	4%	1%	1%	1%	8%
100% TO 120% OF AMI	44	167	22	134	24	390
	0%	2%	0%	1%	0%	4%
120% OF AMI OR MORE	23	346	48	156	74	647
	0%	4%	0%	2%	1%	7%
TOTAL	1,286	3,090	1,584	2,172	1,563	9,696
	13%	32%	16%	22%	16%	100%
LESS THAN 60% OF AMI	931	1,748	1,266	1,412	1,287	6,645
	14%	26%	19%	21%	19%	100%

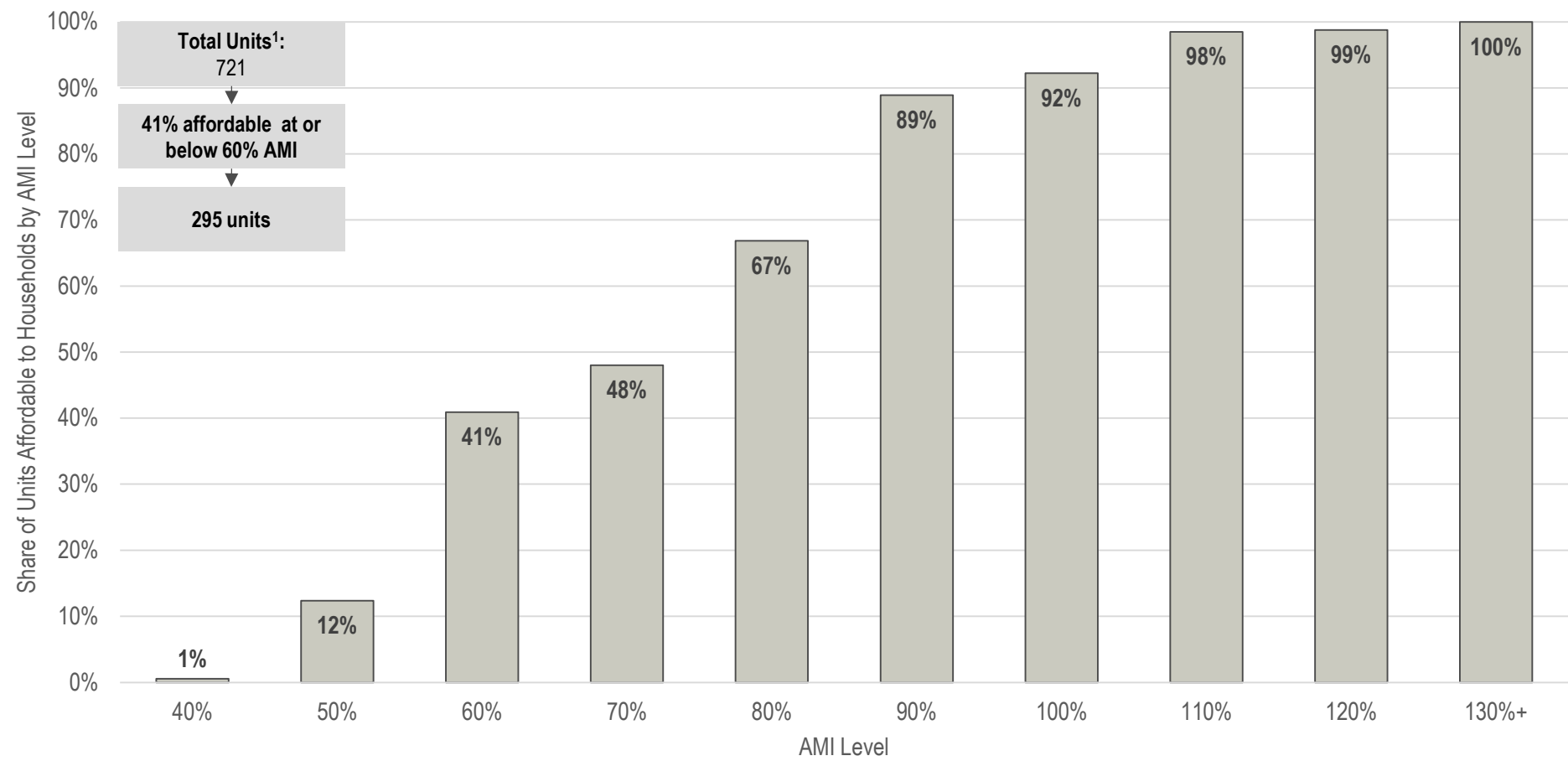
Note: All renter activity is based on households in the PMA that rent in any type of building, e.g., apartment, townhome, or single-family detached home.

Source: Esri; American Community Survey PUMS; RCLCO

SHARE OF RENTAL UNITS AFFORDABLE AT EACH AMI LEVEL

At the five newest market-rate properties near the subject site, most units are affordable to households at 80% of AMI, indicating that market-rate product is often able to serve moderate income households

Estimated Percentage of Units that are Affordable to Households at each AMI Level, April 2024;
Primary Market Area

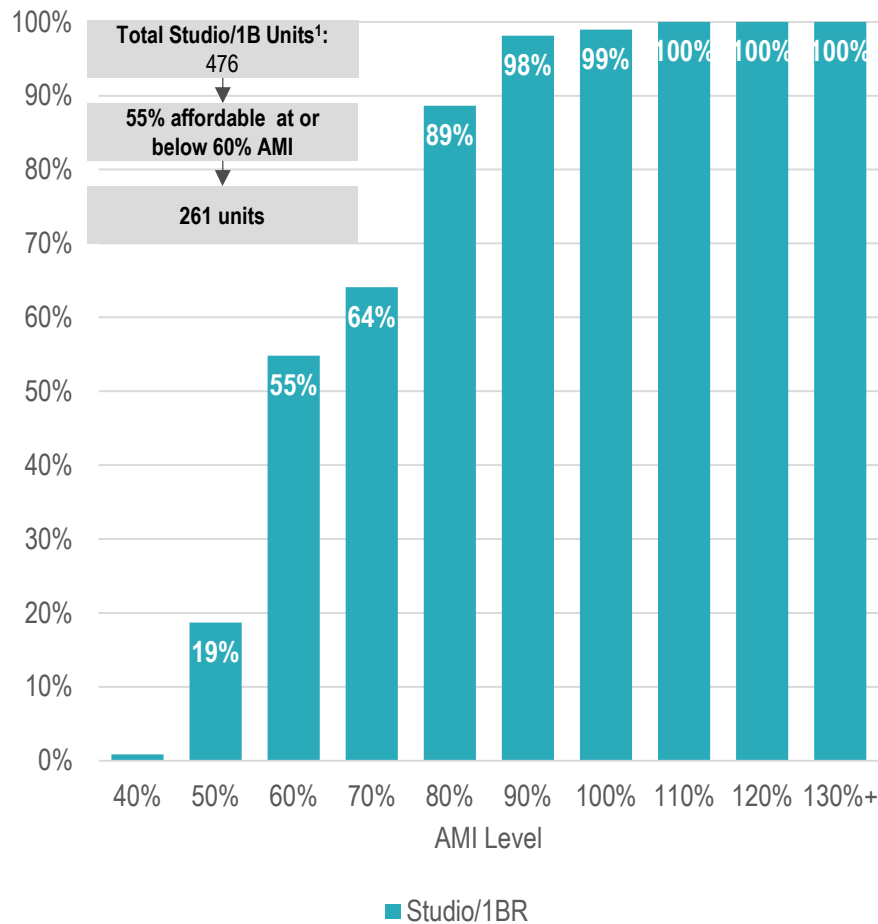


Note: Unit affordability is based on units at Blaise, Odie, Lago, The Bohen and Daymark Uptown
Note: Affordability is based on spending at most 30% on rent.
Source: CoStar; HUD; RCLCO

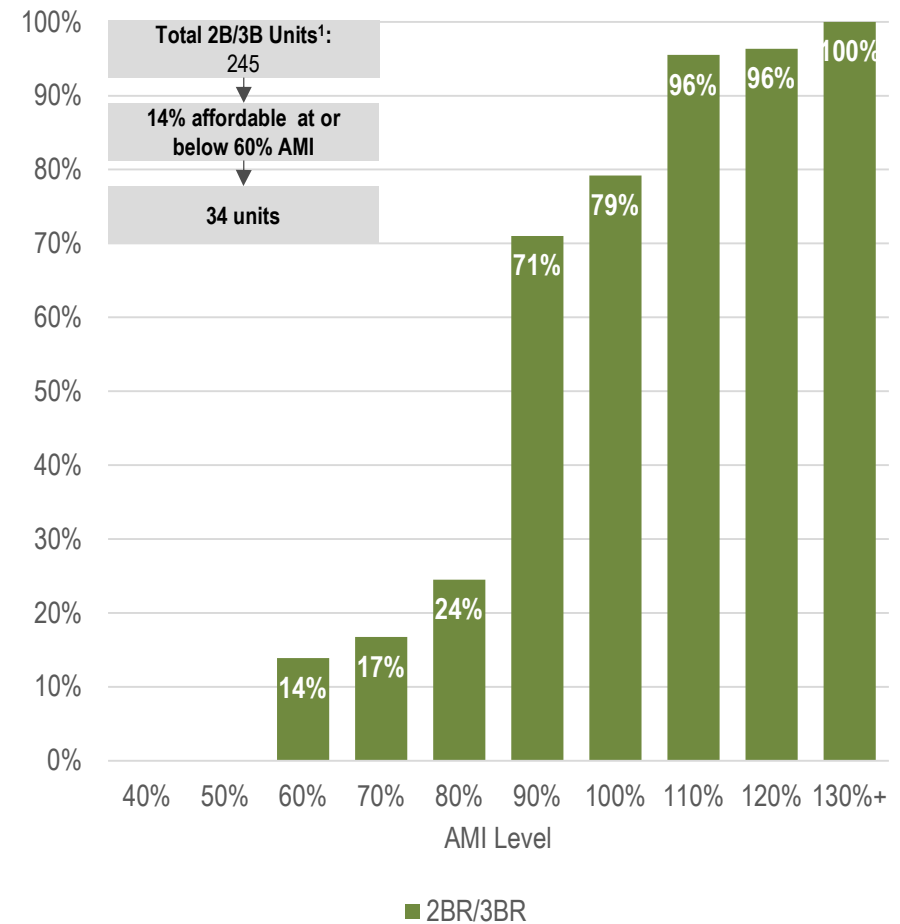
SHARE OF RENTAL UNITS AFFORDABLE AT EACH AMI LEVEL

Market-rate properties prioritize smaller units that are more accessible to singles and affordable to households at lower AMI levels than units for families; large unit types are less common at market-rate properties and tend to be more expensive which often leaves families with limited options they can afford at market-rate properties

Share of Affordable Studio/1BR Units by AMI Level, April 2024;
Primary Market Area



Share of Affordable 2BR/3BR Units by AMI Level, April 2024;
Primary Market Area



Note: Unit affordability is based on units at Blaise, Odie, Lago, The Bohen and Daymark Uptown

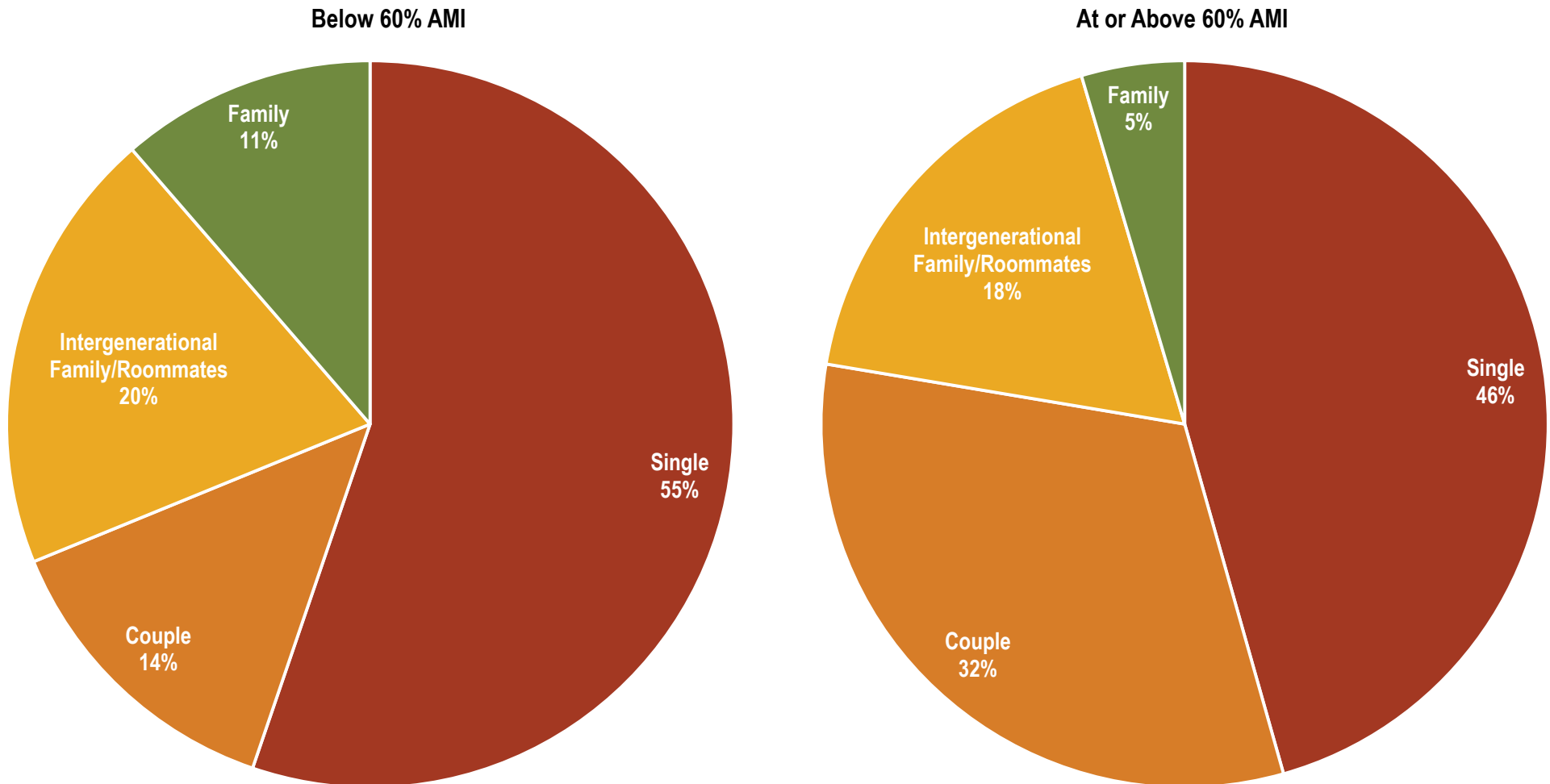
Note: Affordability is based on spending at most 30% on rent.

Source: CoStar; HUD; RCLCO

MARKET-RATE RENTAL LEASING ACTIVITY FOR NEW UNITS

While families represent a finite amount of rental leasing activity for units affordable to households below 60% AMI, they are often most in need; meanwhile, market-rate demand comes from singles and couples

Annual Multifamily Renter Leasing Activity for Household Type and AMI Level, 2023-2028;
Primary Market Area



Note: Multifamily renter activity is based on households in the PMA that rent in a building of at least five units.

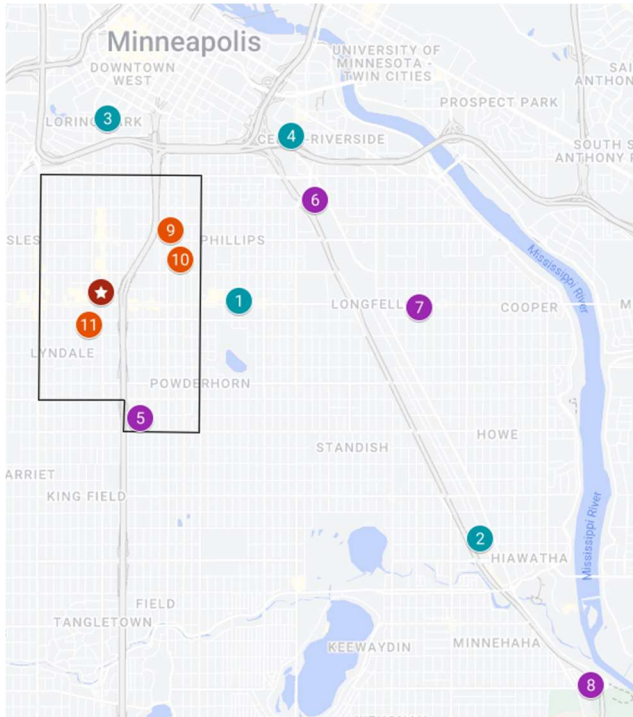
Source: Esri; American Community Survey PUMS; RCLCO

Seniors Housing Overview

AFFORDABLE SENIOR APARTMENTS

Affordable senior housing near the site tends to be a mix of product types that are well-occupied, and rent subsidized; although a sizeable amount of affordable senior housing has delivered in recent years, all of it has been low to mid-rise product, indicating that high-rise construction is no longer supportable in this part of the market

Senior Apartment Competitive Set, April 2024;
Minneapolis, MN



Map Key	Property Name	Affordable Type	Year Built/ Renovated	Number Of Stories	Number Of Units	Vacancy %	Avg Unit SF	Avg Rent/Unit	Avg Rent/SF
1	Spirit on Lake	Restricted	2013	4	46	4.5%	804	\$975	\$1.20
2	The Hillock	Affordable	2022	4	100	0.0%	740	\$1,087	\$1.47
3	Loring 100	Subsidized	1982	14	107	2.0%	525	\$945	\$1.80
4	Cedar High Apartments	Subsidized	1974/2018	10	543	2.6%	751	\$737	\$0.98
5	Sabathani Senior Housing	Restricted	2022	3	48	10.4%	686	\$1,086	\$1.58
6	The Cooperage	Controlled	2014	3	60	0.1%	538	\$846	\$1.57
7	Minnehaha Commons*	Affordable	2019	3	43	4.5%	N/A	\$1,088	N/A
8	Riverview Apartments	Subsidized	2012	3	42	3.7%	540	\$849	\$1.57
9	Ebenezer Tower	Subsidized	1970	23	191	4.5%	428	\$730	\$1.71
10	Ebenezer Park	Subsidized	1978/2018	17	200	4.4%	598	\$1,017	\$1.70
11	Horn Towers	Subsidized	1970	22	250	4.3%	503	N/A	N/A
Average			1998	10	148	3.4%	607	\$857	\$1.41
Mid-Rise Average			1998	8	199	2.3%	722	\$823	\$1.14
Low-Rise Average			2017	3	48	4.4%	586	\$960	\$1.64
Hi-Rise Average			1973	21	214	4.4%	510	\$877	\$1.72

Note: Rent data for Minnehaha Commons is estimated based on available data on unit mix and affordability levels on site.

Note: Rent data for Horn Towers is unavailable in CoStar, and an estimate is not shown due to the fact that rents are determined based on each tenant's ability to pay.

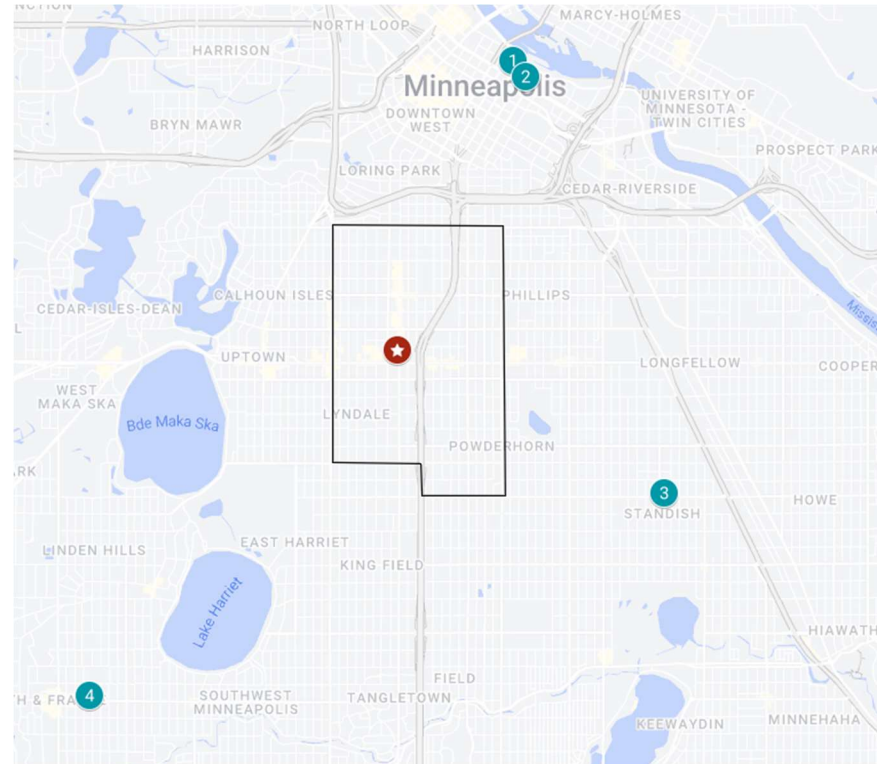
Note: See definitions for affordable, rent subsidized, rent controlled, and rent restricted in the Glossary on page 50.

Source: Property Websites; Rent Café; Common Bond; CoStar; RCLCO

INDEPENDENT AND ASSISTED LIVING

Most independent and assisted living facilities are market-rate properties, with new product typically delivering in Downtown Minneapolis or in more suburban areas

**Independent and Assisted Living Facilities Competitive Set, April 2024;
Minneapolis, MN**



Map Key	Property Name	Level of Care	Secondary Type	Rent Type	Year Built	Stories	RBA
1	Abitan Mill City	IL, AL, MC	CCRC	Market	2017	5	225,000
2	Millers Landing Senior Living	AL, MC	Assisted Living	Market	2016	10	92,081
3	Minnehaha Senior Living	IL, AL	Apartments	Market	2011	4	110,200
4	The Waters on 50th	AL, MC	Apartments	Market/Affordable	2014	4	121,012

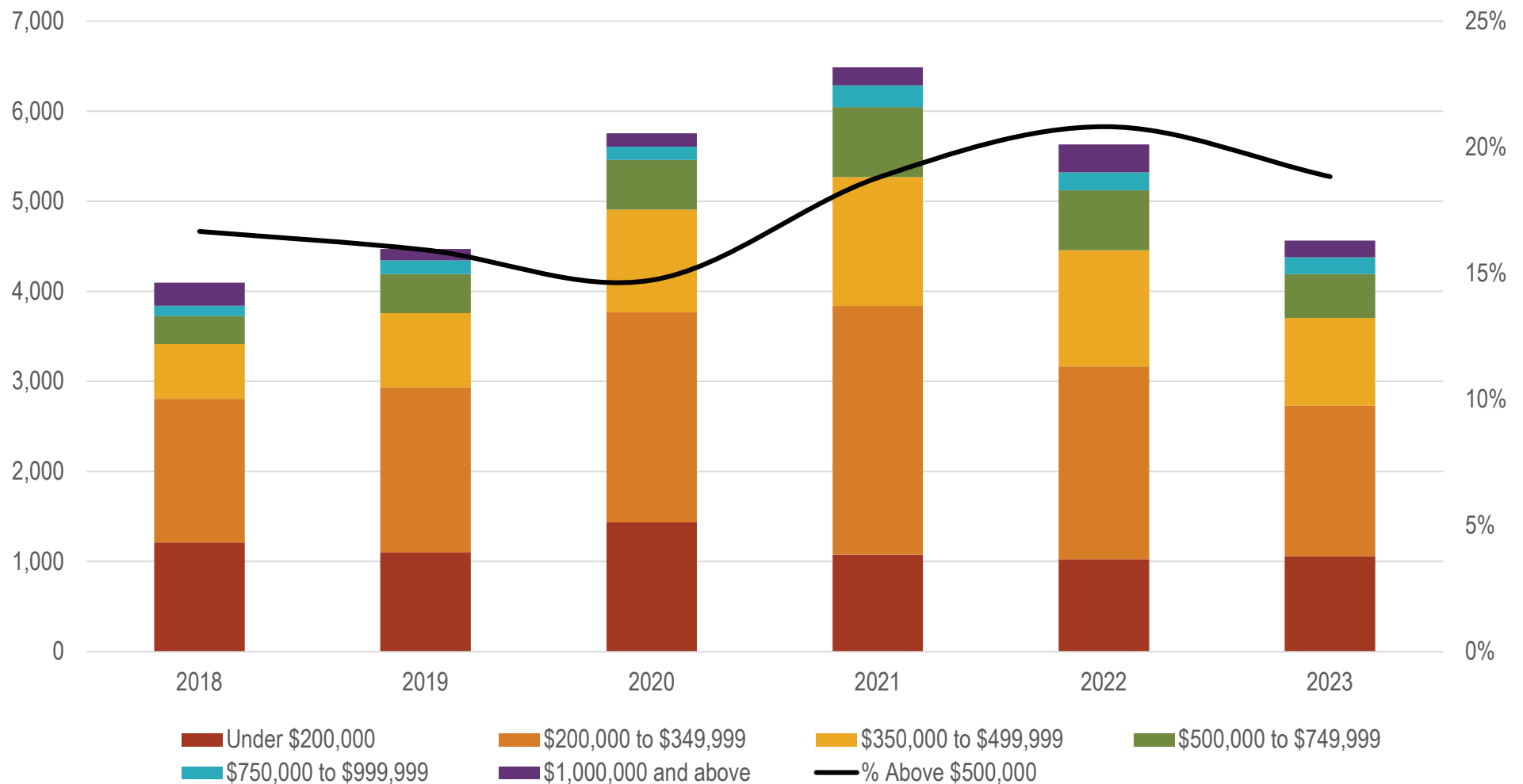
*Note: See definitions for market and market/affordable in the Glossary on page 50.
Source: CoStar; RCLCO*

For-Sale Market Overview

FOR-SALE PRICE DISTRIBUTION

Even as homes sales activity has moderated in recent years, the shift towards higher home prices has persisted

Volume and Price Distribution of Sales, 2018-2023;
City of Minneapolis, MN

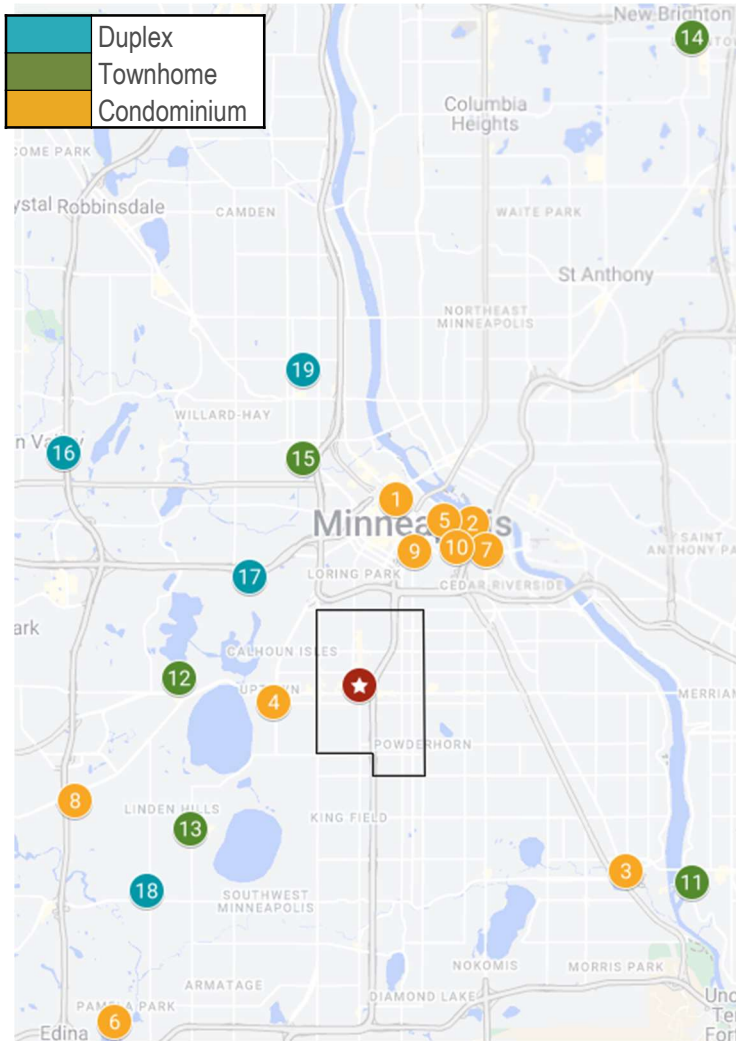


Source: Realquest; RCLCO

FOR-SALE LANDSCAPE

There has been minimal new for-sale development near the subject site; most new development has occurred in downtown or west of the lakes targeting price points of \$500k+

Map of Competitive Set Communities, April 2024;
Minneapolis, MN



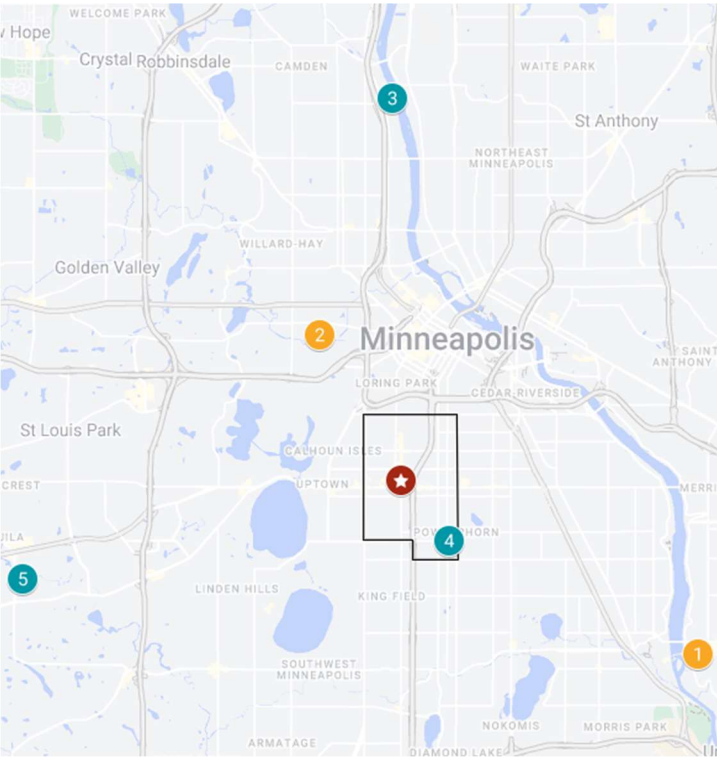
MAP KEY	PROPERTY	HOUSING TYPE	YEAR BUILT	TOTAL UNITS	STORIES	AVG. PRICE	AVG. SIZE	AVG. \$/SF
1	Four Seasons Residences	Market Rate	2022	34	36	\$3,533,000	2,669	\$1,324
2	Eleven on the River	Market Rate	2022	122	42	\$1,862,000	2,091	\$890
3	Portico at the Falls	Market Rate	2021	24	4	\$644,000	1,338	\$481
4	De La Pointe	Market Rate	2019	9	6	\$1,495,000	2,748	\$544
5	The Vicinity	Market Rate	2019	94	7	\$707,000	1,574	\$449
6	Edina Flats	Market Rate	2019	15	2-3	\$1,062,000	2,360	\$450
7	The Legacy Condominiums	Market Rate	2018	374	17	\$648,000	1,558	\$416
8	Wooddale Flats	Market Rate	2016	33	3	\$514,000	1,664	\$309
9	Portland Tower	Market Rate	2017	112	17	\$528,000	1,410	\$374
10	Stonebridge Lofts	Market Rate	2014	164	12	\$755,000	1,563	\$483
11	Rowhomes @ Highland Bridge	Market Rate	2022	69	3-4	\$854,000	2,395	\$357
12	2820-2824 Saint Louis Ave	Market Rate	2021	3	3	\$718,000	2,364	\$304
13	Linden Row	Market Rate	2021	3	2	\$1,408,000	2,536	\$555
14	Midtown Village	Affordable	2020	53	3	\$360,000	2,144	\$168
15	1004-1010 Van White Blvd	Affordable	2015	4	2	\$282,000	1,507	\$187
16	5510/5520 Lindsay St Duplex	Market Rate	2020	2	1	\$333,000	1,682	\$198
17	Kenwood Duplexes	Market Rate	2018	4	2	\$1,850,000	2,960	\$625
18	3925-3927 W 49th St Duplexes	Market Rate	2017	2	1	\$1,025,000	2,632	\$389
19	2408-2410 Dupont Ave N	Affordable	2020	2	2	\$243,000	1,622	\$150

Source: Redfin; RCLCO

FOR-SALE PIPELINE

New condo development is not occurring unless it is in an area that can command top-of-market pricing; most communities in the pipeline feature townhome,s though the lack of these communities in in-town neighborhoods suggests unfavorable land economics

Map of For-Sale Pipeline, April 2024;
Minneapolis, MN

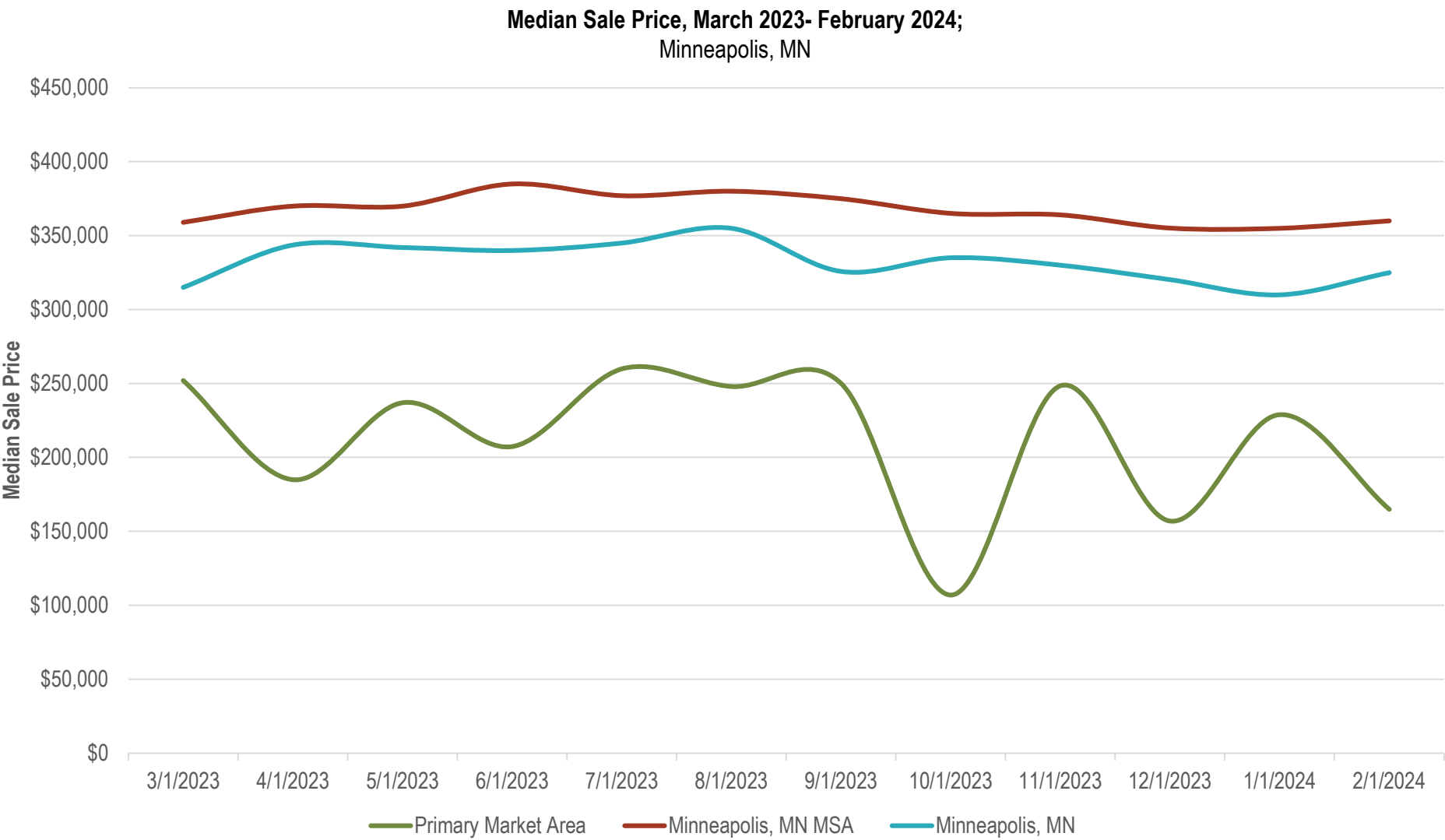


MAP KEY	PROJECT NAME	PRODUCT TYPE	HOUSING TYPE	EST. DELIVERY	UNITS	DEVELOPER
1	The Rowhomes at Highland Bridge	Townhome	Market Rate	2025	69	Pulte
2	Harrison Townhomes	Townhome	Affordable	2024	17	Habitat for Humanity
3	Upper Harbor Redevelopment	N/A	Market Rate	2025+	N/A	N/A
4	38th Street Thrive	N/A	Affordable	2025+	N/A	N/A
5	Alatus Townhomes	Townhome	Market Rate	2025	33	Alatus

- Under Construction
- Planned

FOR-SALE PRODUCT TYPE DISTRIBUTION

Homes in the PMA tend to sell at lower prices points than those elsewhere in the city of Minneapolis and its MSA, suggesting the PMA is likely to see similar barriers to condo development as other parts of the market

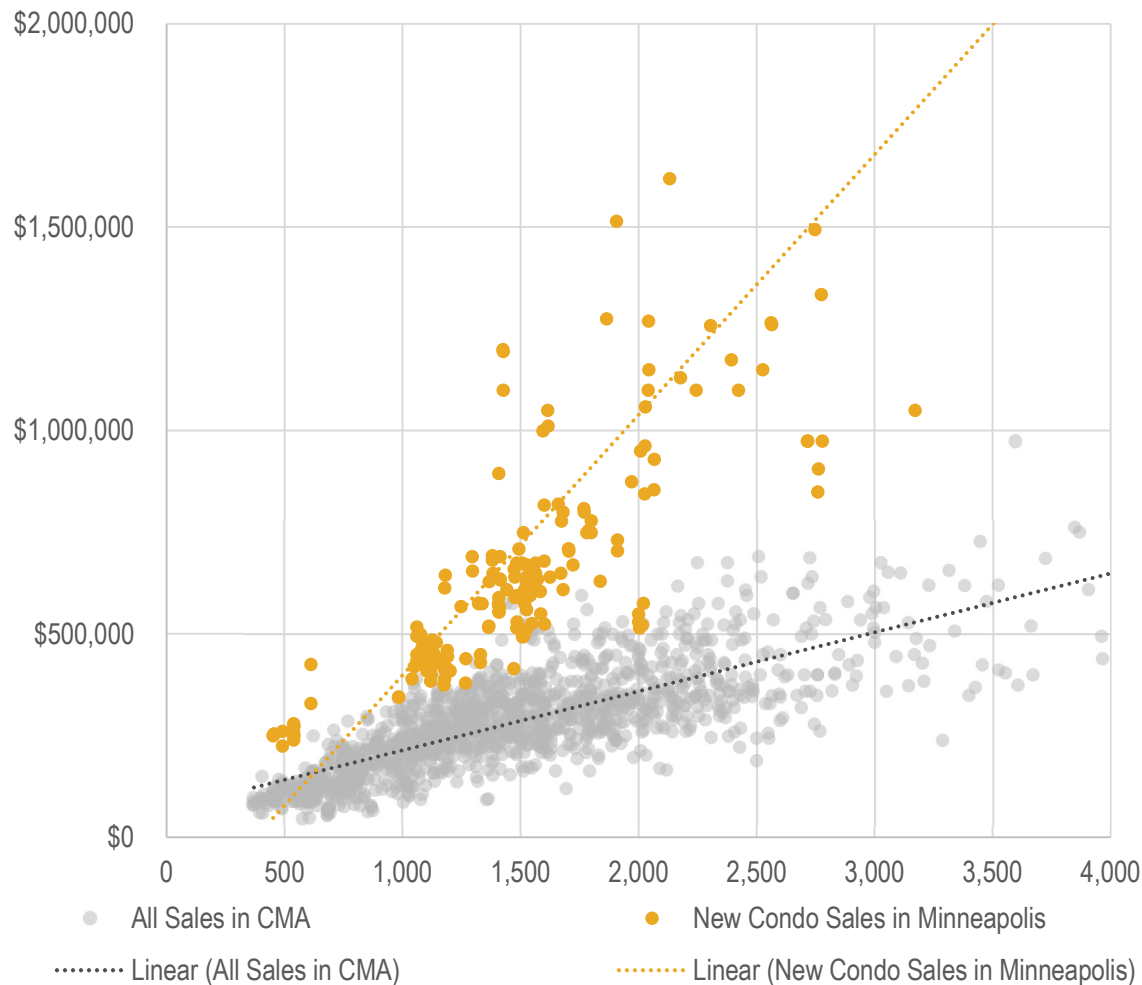


Source: Redfin; RCLCO

NEW CONDO PRICING VS. HOME PRICES IN CMA

New condominium pricing is substantially higher than home pricing in the CMA; while 57% of new condominium sales were \$500K or more, only 5% of sales in the CMA reached these prices

Sale Price to Size, 2021-2024;
CMA vs. City of Minneapolis, MN



Source: Redfin; RCLCO

CONDOMINIUM SALES ACTIVITY BY HOME PRICE

Most demand for condominium units is for homes priced below \$500K; the mismatch between market demand and current pricing may inhibit the ability to support for-sale supply at the subject site

**Annual Condo Sales by Age and Affordable Home Price, 2023-2028;
Primary Market Area**

AFFORDABLE HOME PRICE	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
UNDER \$200,000	13	62	9	3	6	92
	3%	15%	2%	1%	1%	22%
\$200,000 - \$349,999	10	80	18	2	4	114
	2%	19%	4%	1%	1%	27%
\$350,000 - \$499,999	3	72	17	2	2	96
	1%	17%	4%	0%	1%	23%
\$500,000 - \$749,999	2	53	14	2	2	73
	0%	13%	3%	0%	1%	17%
\$750,000 - \$999,999	0	7	2	0	1	11
	0%	2%	0%	0%	0%	3%
\$1,000,000 AND OVER	1	20	8	1	1	30
	0%	5%	2%	0%	0%	7%
TOTAL	28	294	68	10	16	417
	7%	70%	16%	2%	4%	100%

Source: Esri; American Community Survey PUMS; RCLCO

TOWNHOME SALES ACTIVITY BY HOME PRICE

Townhome sales activity is similarly concentrated at home prices below \$500K and will face similar challenges in bridging the difference between affordable prices and attractive land economics

Annual Townhome Sales by Age and Affordable Home Price, 2023-2028;
Primary Market Area

AFFORDABLE HOME PRICE	AGE					TOTAL
	UNDER 25	25-34	35-54	55-64	65+	
UNDER \$200,000	29	37	7	2	5	79
	9%	12%	2%	1%	1%	26%
\$200,000 - \$349,999	24	48	12	1	3	89
	8%	16%	4%	0%	1%	29%
\$350,000 - \$499,999	7	43	12	1	2	65
	2%	14%	4%	0%	1%	21%
\$500,000 - \$749,999	4	32	10	1	2	49
	1%	10%	3%	0%	1%	16%
\$750,000 - \$999,999	0	4	2	0	1	8
	0%	1%	1%	0%	0%	2%
\$1,000,000 AND OVER	1	12	5	1	1	20
	0%	4%	2%	0%	0%	6%
TOTAL	65	177	48	6	13	309
	21%	57%	16%	2%	4%	100%

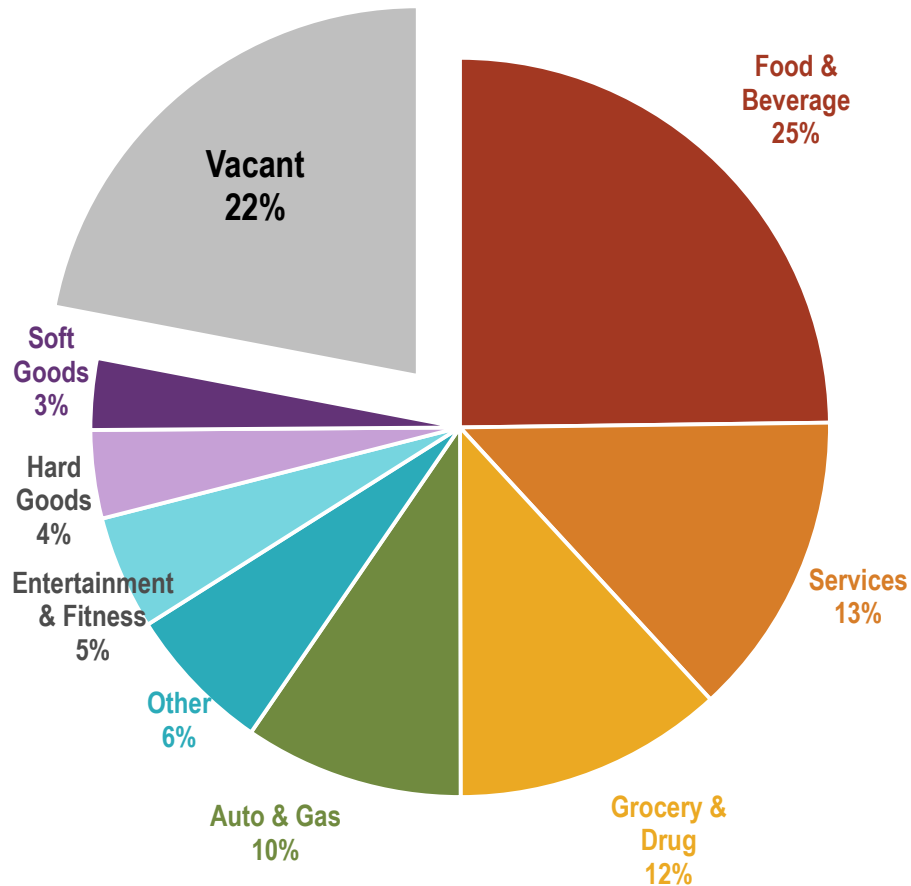
Source: Esri; American Community Survey PUMS; RCLCO

Retail Market Overview

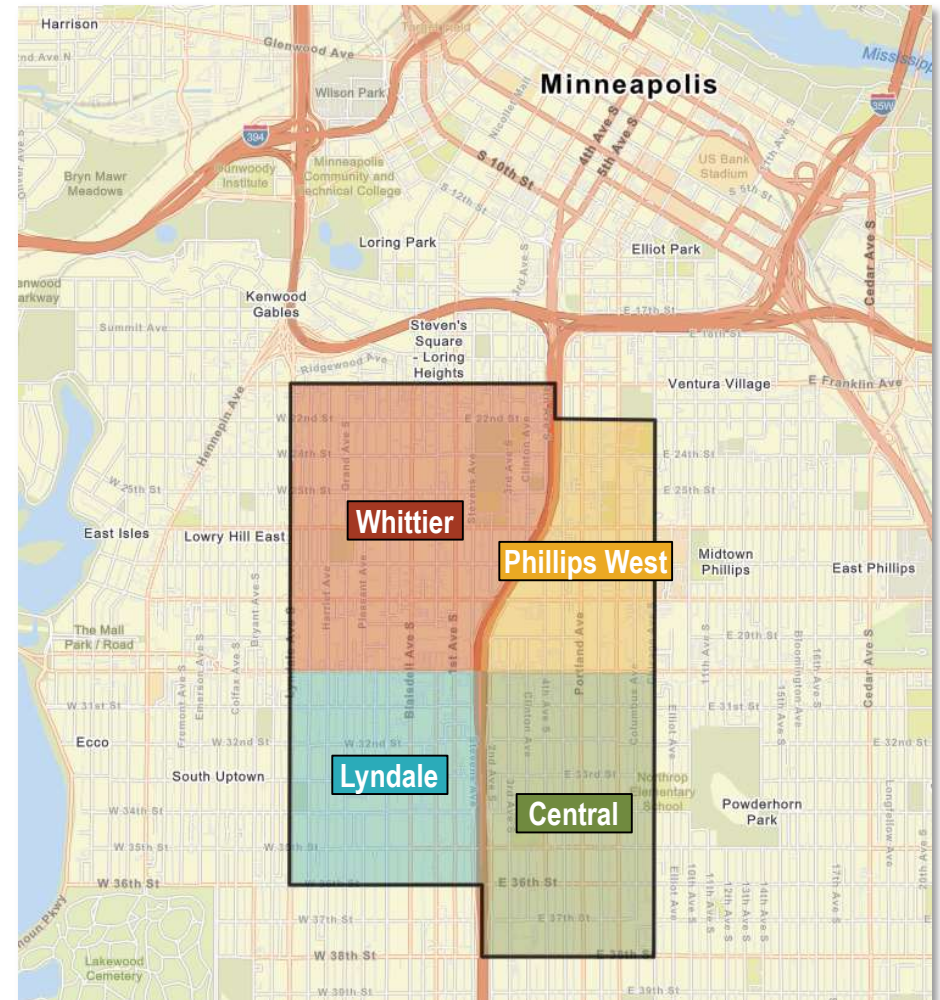
EXISTING RETAIL INVENTORY

The neighborhoods surrounding the subject site offer a diverse mix of retail, with a vacancy rate that is currently elevated at approximately 22%

Distribution of Retail Inventory by Square Footage, April 2024;
Focus Area Neighborhoods



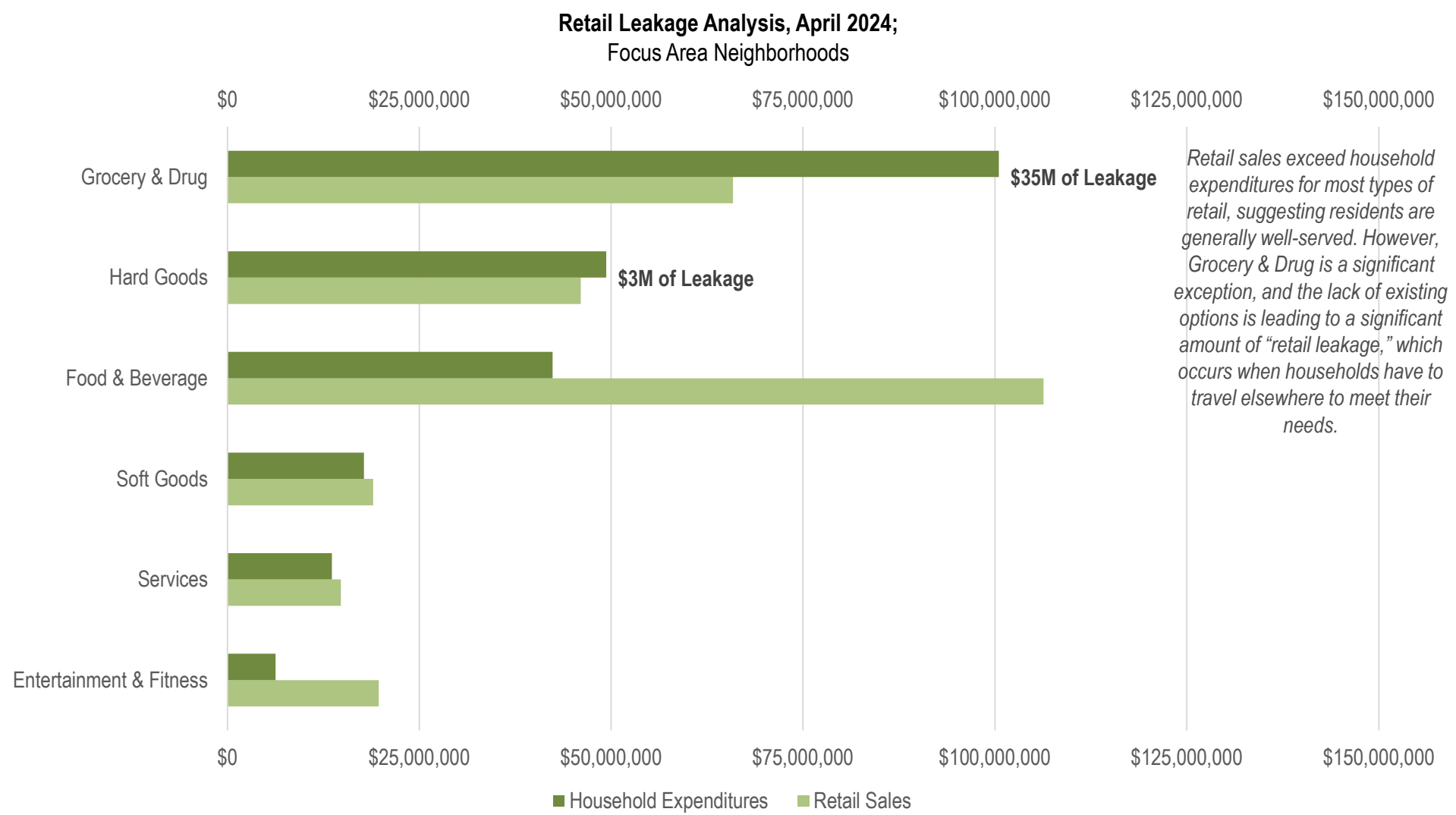
Map of Focus Area Neighborhoods, April 2024;
Minneapolis, MN



Source: CoStar; Esri; RCLCO

RETAIL SPENDING PATTERNS

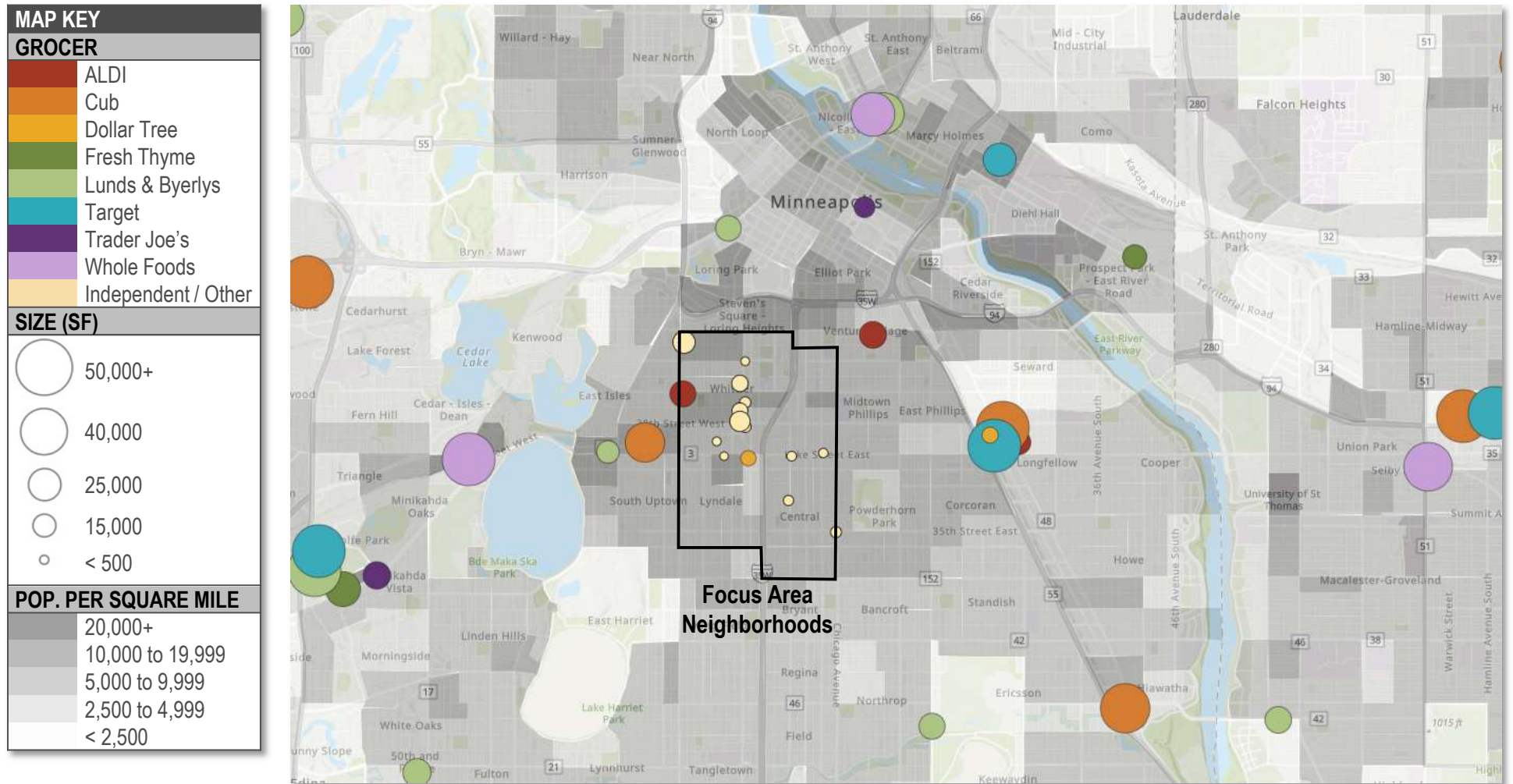
An analysis of spending patterns suggests the neighborhoods around the subject site are generally well-served by the quantity of retail options, apart from grocery stores



LANDSCAPE OF GROCERY OPTIONS

Relatively few larger and/or national grocery stores operate in the neighborhoods around the subject site, even though these neighborhoods are some of the most densely populated within the region

Map of Grocery Stores and Population Density, April 2024;
Minneapolis, MN, Metropolitan Area

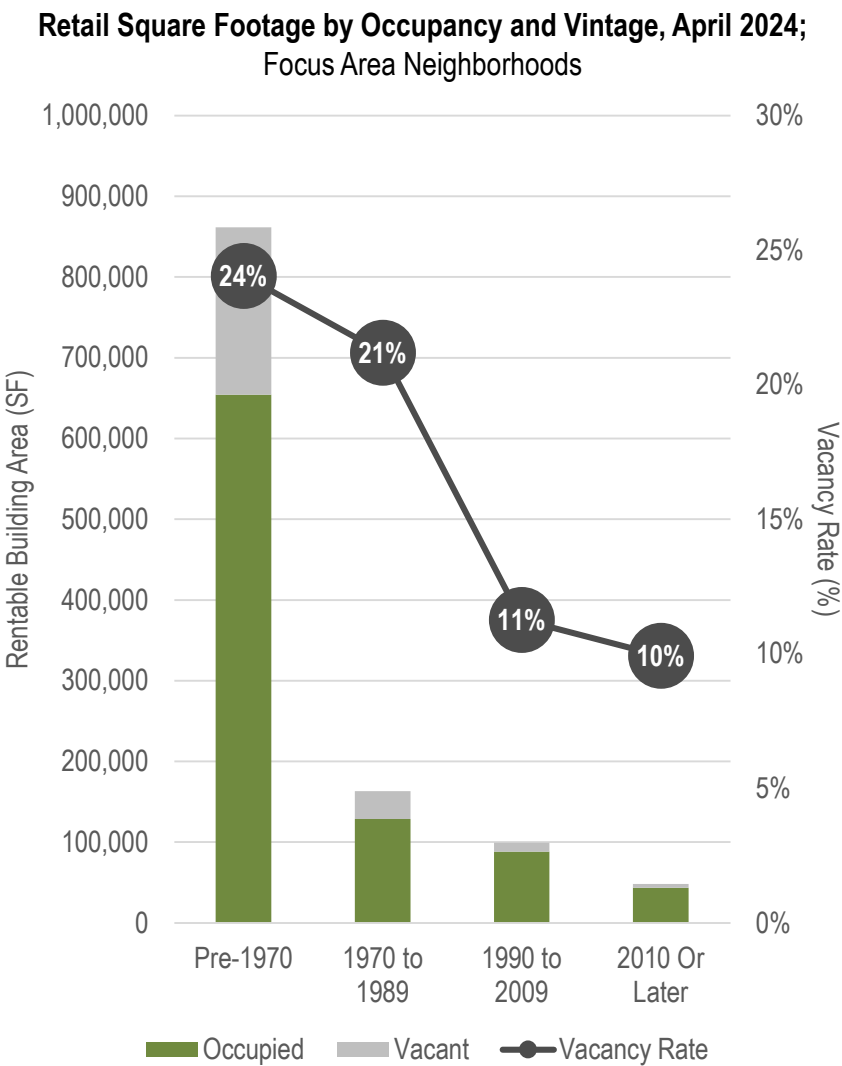
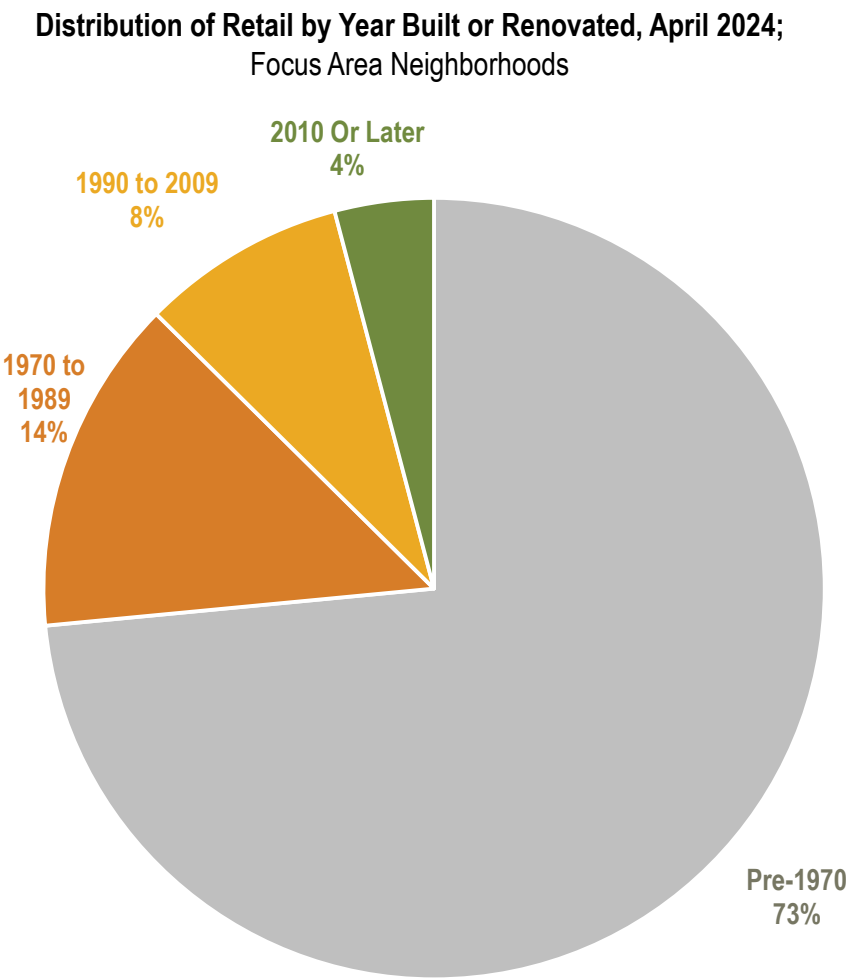


Note: Above map does not display Independent / Other grocers outside of the focus area neighborhoods.

Source: Esri; CoStar; RCLCO

AGE OF RETAIL INVENTORY

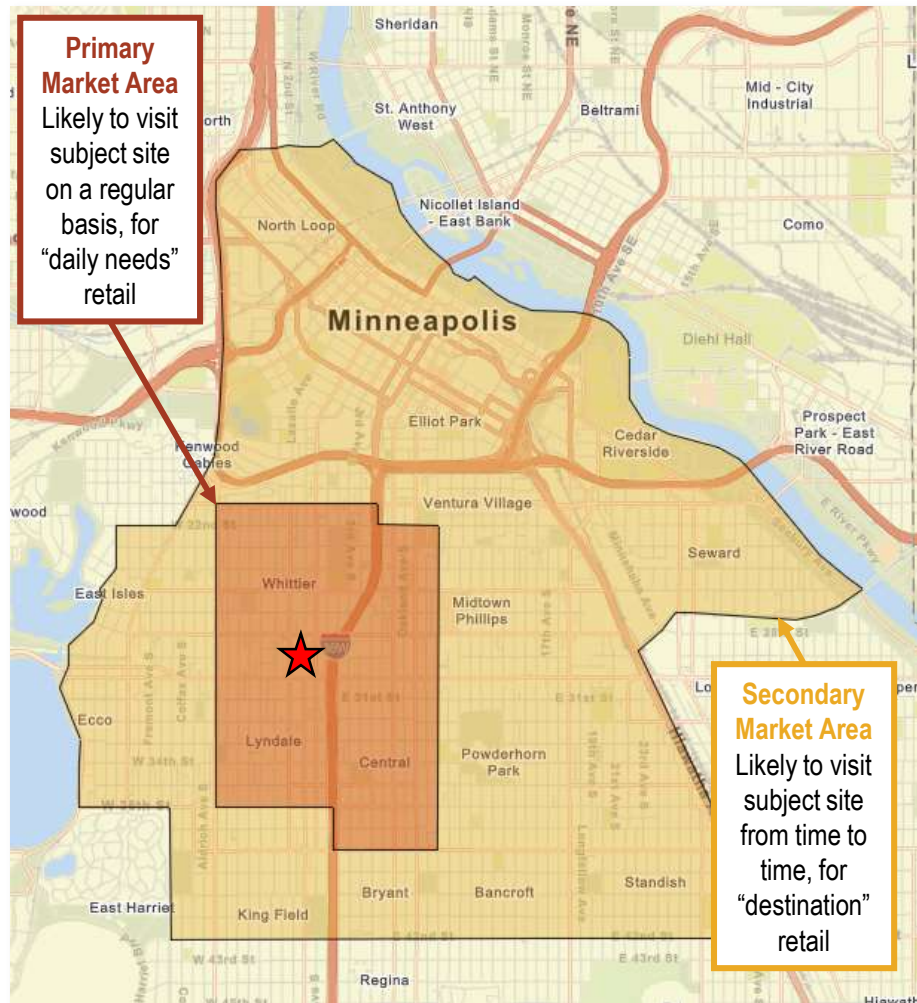
While households are generally well-served by the quantity of retail options available to them, the quality of retail spaces is somewhat lacking, as nearly three-quarters of retail square footage is more than 50 years old



RETAIL DEMAND AT SITE

Retail at the subject site is likely to draw from various parts of the market area, including a “Primary Market Area” immediately around the site and a “Secondary Market Area” spanning a larger swath of the region

Map of Trade Areas, April 2024;
Minneapolis, MN



Summary of Market Audiences in Trade Areas, April 2024;
Minneapolis, MN




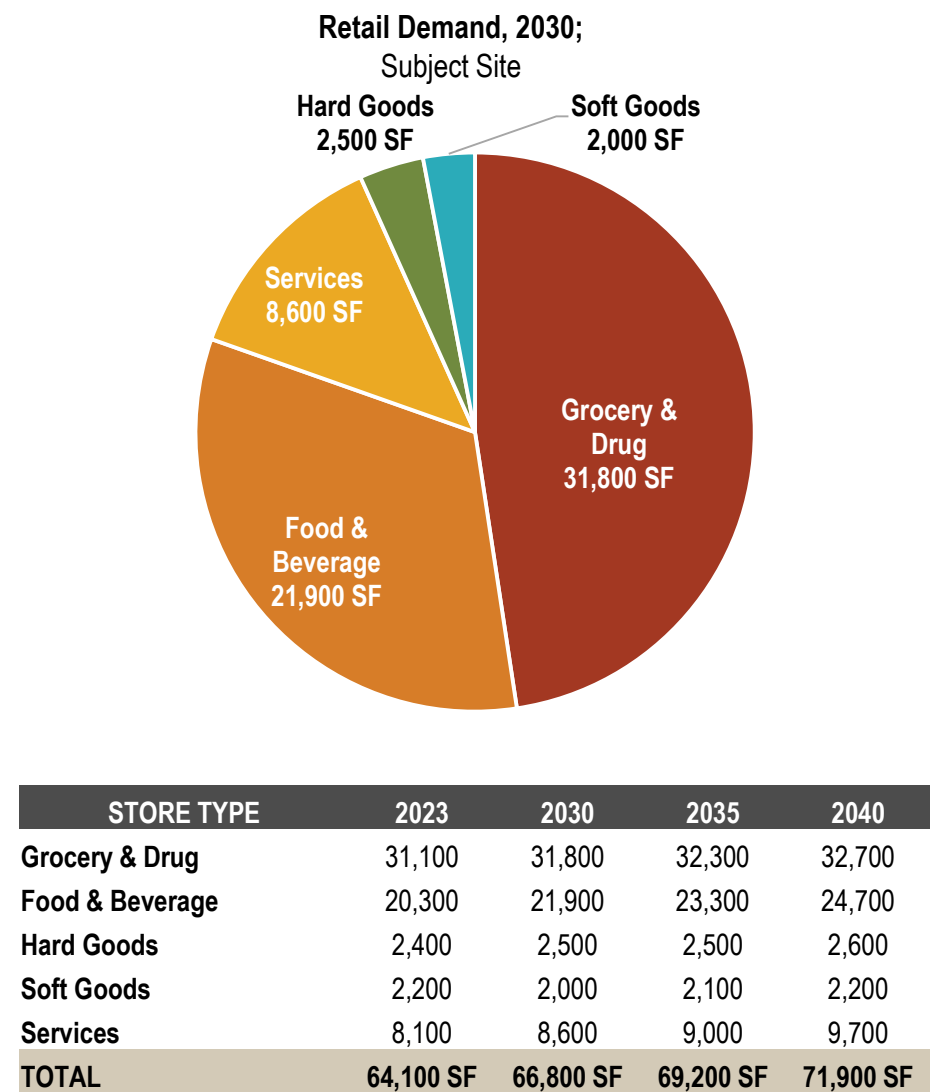
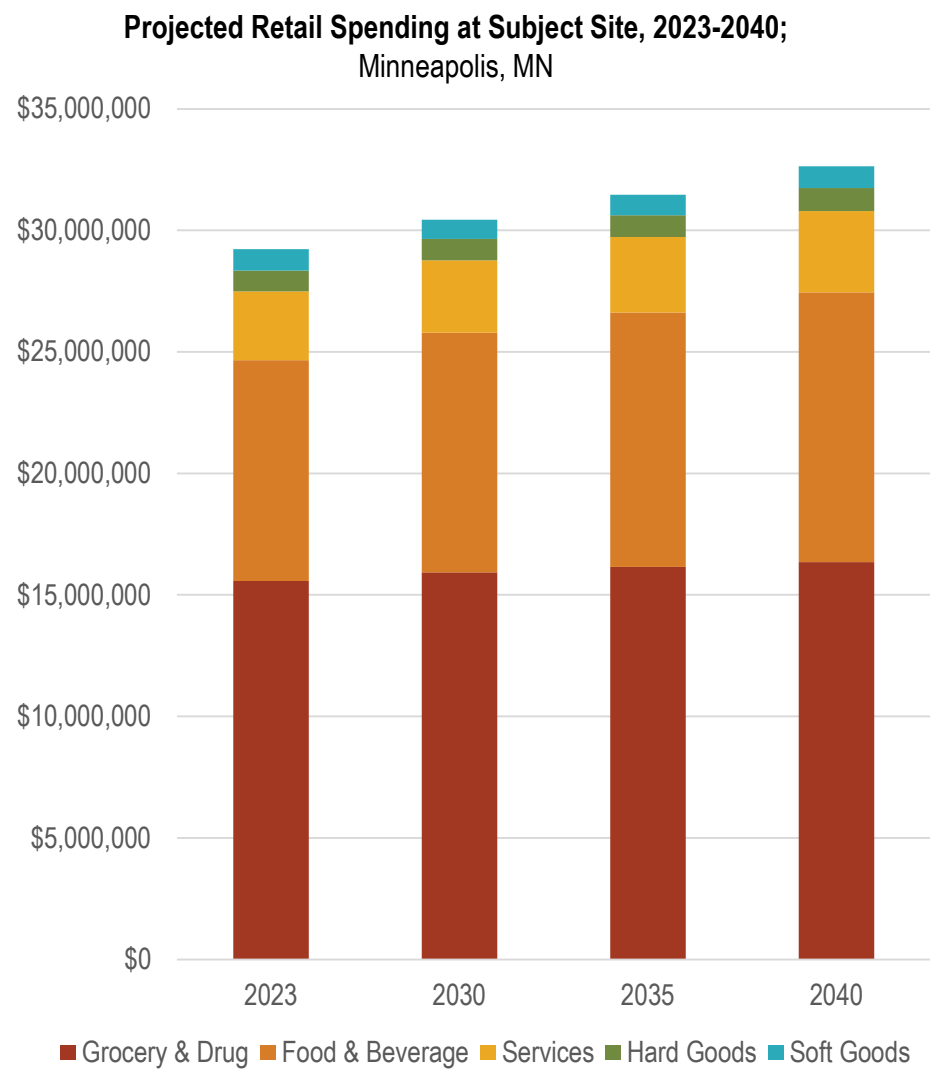
MARKET AUDIENCE	NUMBER	TOTAL ANNUAL SPENDING	POTENTIAL ANNUAL SPENDING AT SUBJECT SITE
 PMA Households	15,000 Households	\$289 Million \$18,700 / Household	\$23 Million \$1,460 / Household
 PMA Employees	6,000 Employees	\$48 Million \$7,900 / Employee	\$2 Million \$390 / Employee
 SMA Households	65,000 Households	\$1,645 Million \$25,000 / Household	\$4 Million \$65 / Household
TOTAL	87,000	\$1,982 Million	\$27 Million

Image Source: Reason Magazine; YouWorkForThem; City of Minneapolis
Source: Esri; RCLCO

RETAIL DEMAND AT SITE

RCLCO projects demand for a full-service grocery store at the subject site, along with 30,000 to 35,000 square feet of food and beverage, services, and other inline retail

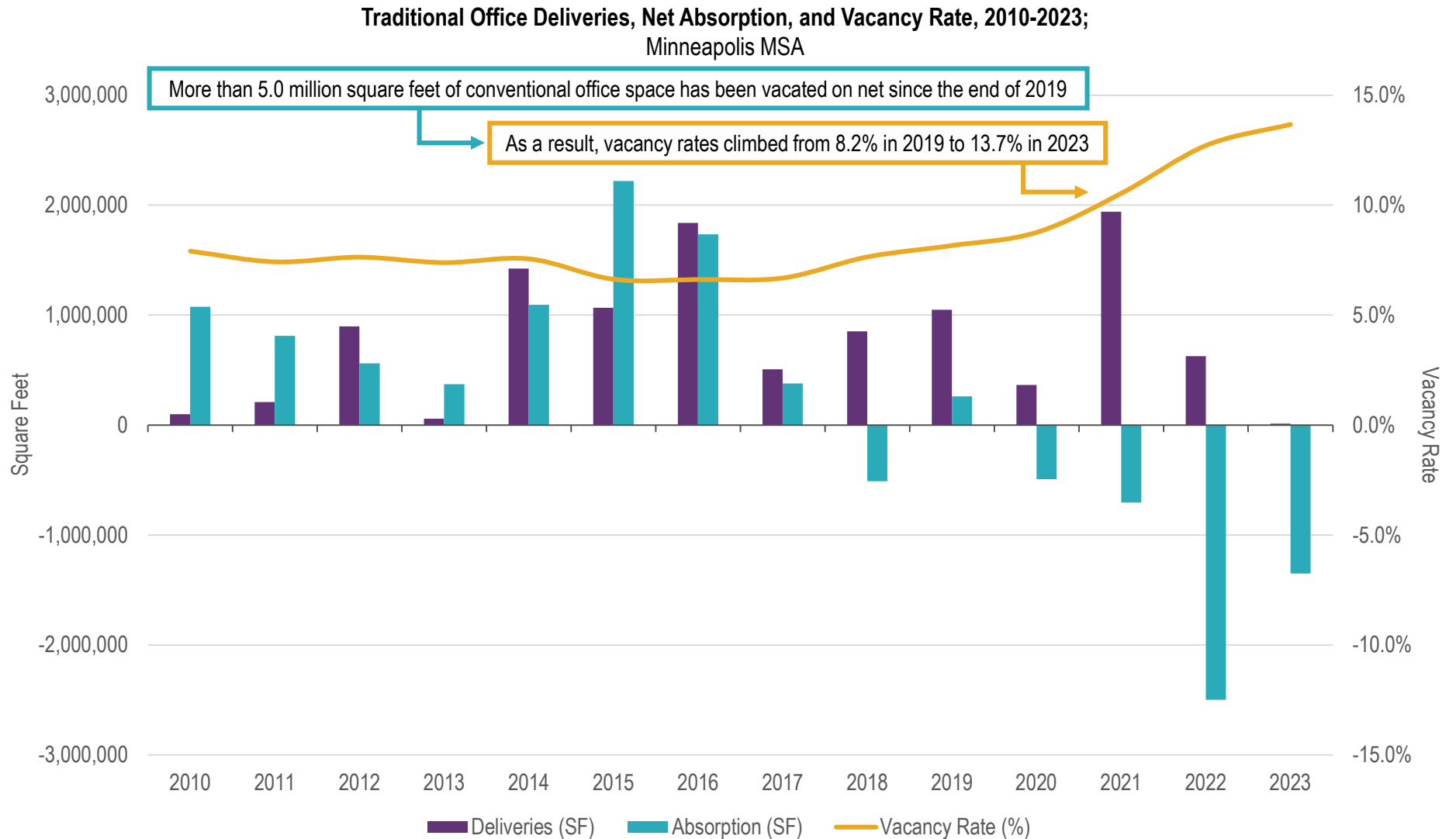


Source: Esri; RCLCO

Office Market Overview

OFFICE MARKET TRENDS

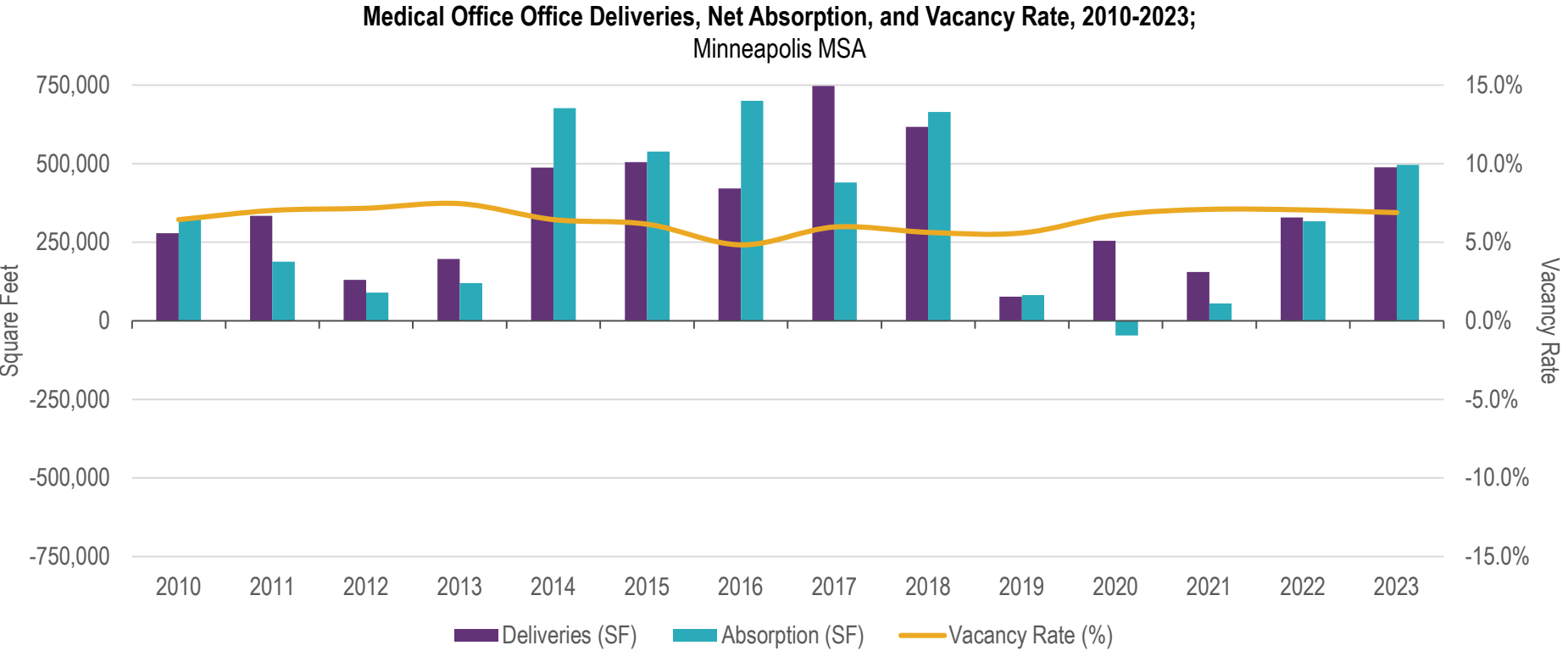
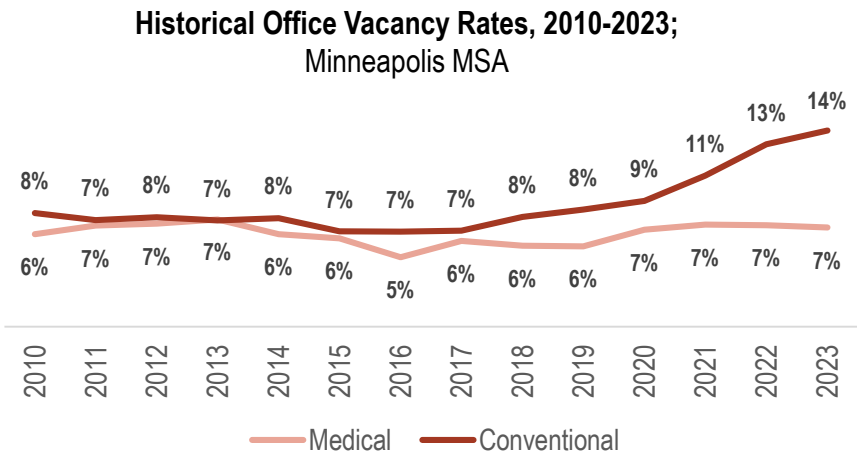
The conventional office market has faced headwinds in the wake of the COVID-19 pandemic, leading to a 5.0 million square foot reduction in occupied space since the beginning of 2020



Source: Esri; RCLCO

MEDICAL OFFICE MARKET TRENDS

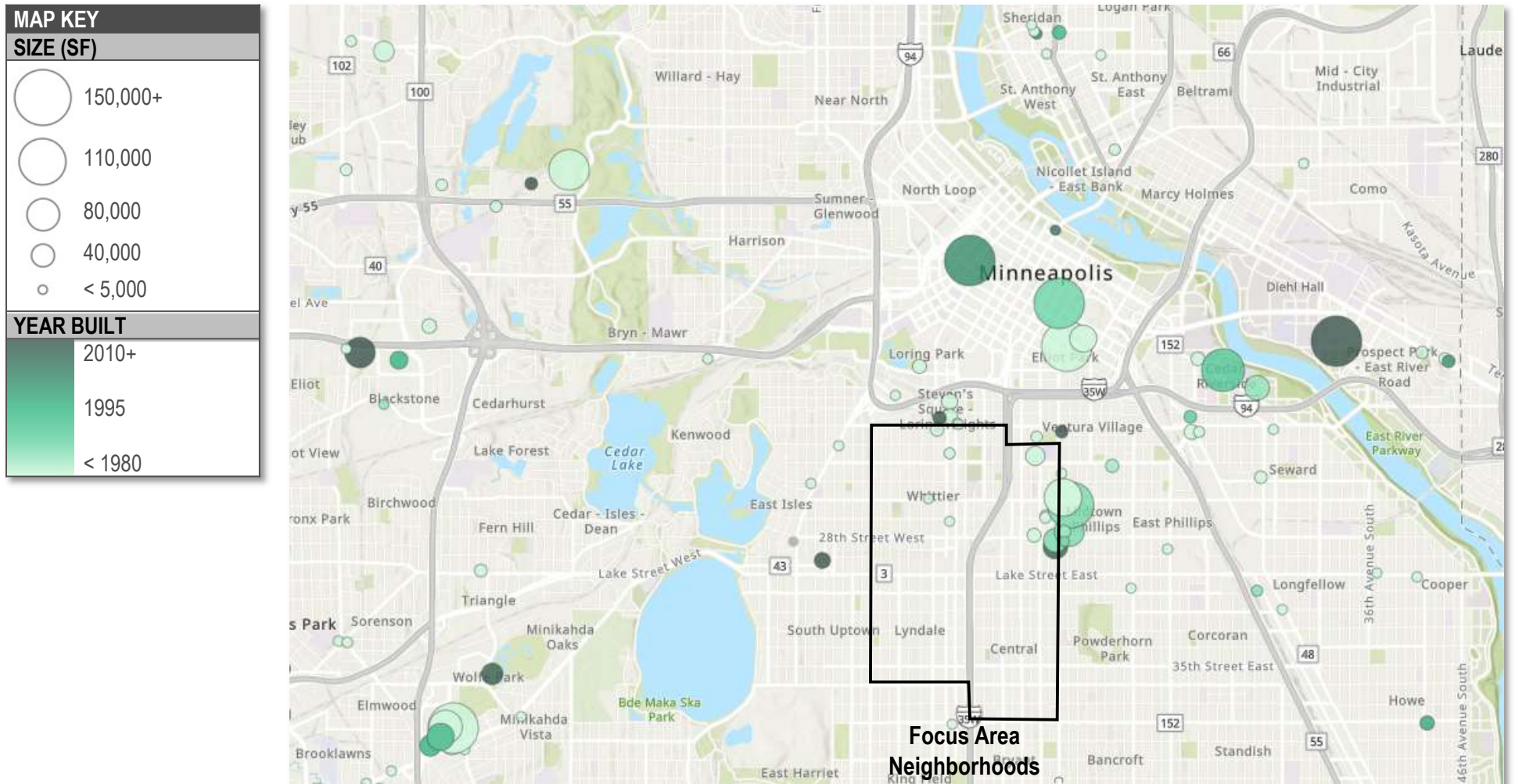
In comparison, the medical office market has fared relatively well, with steady absorption and stable vacancy rates even following the COVID-19 pandemic



LANDSCAPE OF MEDICAL OFFICE

While the neighborhoods around the subject site have relatively little medical office, there is a large concentration of this space nearby, around Abbott Northwestern Hospital, Midtown Medical, and Children's Minnesota Hospital

**Map of Medical Office by Rentable Building Area and Year Built, April 2024;
Minneapolis, MN, Metropolitan Area**



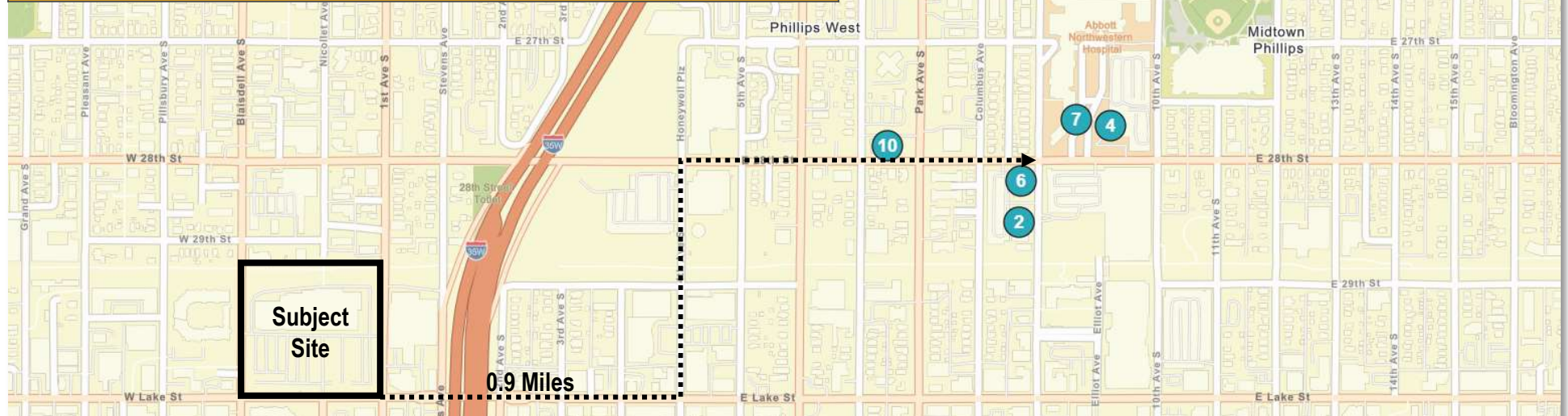
Source: Esri; CoStar; RCLCO

NEARBY MEDICAL OFFICE PERFORMANCE

Situated less than a mile from the nearby hospitals, the subject site is generally well-located to build off this established concentration of medical office, though the amount of existing vacant space suggests there is not a pressing need at present time

Map of Nearby Medical Office, April 2024;
Half-Mile From Abbott Northwestern Hospital

MAP KEY	PROPERTY NAME	ADDRESS	RBA (SF)	YEAR BUILT	VACANT SF	VACANCY RATE
1	2753 Chicago Ave	2753 Chicago Ave	10,000	2023		0.0%
2	Midtown Professional Building	2828 Chicago Ave S	56,239	2008	39,012	69.4%
3	910 Medical Place	910 E 26th St	62,000	1987	2,549	4.1%
4	Minneapolis Heart Institute	920 E 28th St	76,000	1986	15,045	19.8%
5	Piper Building	913 E 26th St	135,660	1986		0.0%
6	2800 Medical Building	2800 Chicago Ave	53,603	1986	17,636	32.9%
7	Abbott Northwestern Hospital	800 E 28th St	14,305	1984		0.0%
8	1315 E 24th St	1315 E 24th St	16,031	1983		0.0%
9	Medical Office Building	2545 S Chicago Ave	103,855	1971		0.0%
10	2750 Park Ave	2750 Park Ave	18,235	1957		0.0%
11	Memorial Blood Center	2304 Park Ave	37,621	1956		0.0%
TOTAL			583,549		74,242	12.7%



Source: CoStar; RCLCO

Disclaimers

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 12 to 24 months, and then return to a stable and moderate rate in 2025 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.



Supporting Exhibits

GLOSSARY

Key Terms

RCLCO utilized CoStar as a primary source for the multifamily data. Below are key terms as defined by CoStar.

- ▶ **Market Rent:** Rents that are set by the owner/operator and are independent of any regulatory conditions or restrictions.
- ▶ **Market/Affordable:** A portion of the community's rents are discounted or below market (e.g., a market-rate community with an affordable housing component per inclusionary zoning requirements).
- ▶ **Affordable:** All of the community's rents are discounted or below market. Affordable properties must be further categorized with an Affordable Subtype.
 - » **Rent Restricted:** Properties classified as Rent Restricted most commonly have rental rates based on Area Median Income (AMI). These properties typically receive tax-advantaged equity and/or debt financing, including Low-Income Housing Tax Credits (LIHTC). Low-income renters at these communities typically have an annual household income that is less than 80% of AMI but greater than 30% of AMI. This is the most common type of Affordable Subtype classification.
 - » **Rent Subsidized:** Rents are subsidized by the Department of Housing and Urban Development (HUD) Section 8 or other federal programs. Low-income renters at these properties typically earn less than what is needed to qualify for Rent Restricted housing and pay rent and other housing costs at a rate equal to a specific percentage of their annual household income.
 - » **Rent Controlled:** Rental rates for individual rent-controlled units can only be increased by a certain amount each year. Other restrictions pertaining to rental rate increases may exist as well, depending on the specific program at the property.

RCLCO | REAL ESTATE
ECONOMICS

RCLCO | MANAGEMENT
CONSULTING

RFA | RCLCO FUND
ADVISORS

RCLCO
REAL ESTATE CONSULTING

rclco.com