66TH STREET CORRIDOR PLAN
5th Avenue to Cedar Avenue

Land Use Planning Services Prepared For
Hennepin County and The City of Richfield

Damon Farber Associates, Inc.
in conjunction with
Marquette Advisors
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May 24th, 2011
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We would like to thank the many concerned citizens, business owners, City and County staff and local politicians who contributed their time and ideas to the Master Plan. It is the dedication and hard work of such individuals that make Richfield a thriving community today and will provide vision for it’s future.
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66th Street corridor walking tour.
The study area is located along 66th Street (County Road 53) in Richfield between 5th Ave and Cedar Ave, extending roughly a half a block on either side.
Executive Summary

Purpose
The 66th Street Master Plan seeks to improve the economic viability and market position of existing and future uses on the 66th Street Corridor, while enhancing the pedestrian character and enhancing the multimodal opportunities of the corridor. The plan addresses land use, transportation and open space aspects of the corridor and provides recommendations for future improvement.

Why Now?
66th Street between Cedar and Portland Avenues has seen significant change with the addition of Cedar Point Commons, upgrades to the Crosstown Highway, expansion of the airport and the changing demographics of the community. The proposed reconstruction of 66th street circa 2015 by Hennepin County provides an important opportunity to begin planning for the improvements. The timing is right to be ahead of the change and create a long term vision for land use, transportation and open space on the corridor that maintains 66th Street as a gateway to the community and a vital neighborhood and regional amenity. Planning is vital to the economic health and safety of the corridor.

What Does it Do?
The 66th Street Corridor Master Plan outlines land use, transportation, and open space goals. The Plan explores roadway configuration alternatives that strive to make 66th Street a more pedestrian friendly street with an improved visual character. It identifies new market driven land uses and patterns that seek to strengthen the unique districts within the corridor by encouraging growth of existing uses and introduction of new and complimentary ones. It seeks to strengthen Veterans Memorial Park as a community destination and enhance connections to it and other open spaces north and south of the corridor. This study is intended to be a resource for decision makers, City and County staff and potential private investors on the corridor.

What Doesn't it Do?
The Plan does not propose the specific redevelopment of any site along the corridor but seeks to guide future market driven redevelopment over a twenty year period. The Plan does not immediately change the road alignment or close any access drives for businesses/residents.

What Happens Next?
Hennepin County and the City of Richfield will use the Plan to guide economic development, transportation and land use decisions along 66th Street. Potential next steps include preparing a right-of-way strategy and roadway plans for the reconstruction of 66th Street, determining the City's financial role in redevelopment, and reviewing strategies for the redevelopment of City owned and vacant parcels.
The Plan

A Plan Based on Community Input
Hennepin County and the City of Richfield have partnered together to lead the Master Plan study with the Damon Farber Associates team. Business owners, land owners, and residents were involved in a walking tour of the corridor to assess existing conditions. Three open houses were held to provide input on plan direction and outcomes. The Richfield Planning and Transportation Commissions provided input and various City Council members also attended open houses. The following recommendations were developed in conjunction with community input.

Understanding the Marketplace
This 66th Street Corridor planning study comes at a period following a serious economic recession and contraction within the local and regional economies. Land-use and economic factors are current impediments to redevelopment along the Corridor. However, with sustained economic improvement and through creative public-private partnerships, there is potential for small scale infill and redevelopment projects which will enhance 66th Street as a commercial corridor, providing an increased mix of goods and services and housing for the East Richfield community. As well, the planned reconstruction of 66th Street may also function as a catalyst for new property investment in this area.

Housing
The Corridor currently contains several market rate apartment buildings, particularly in the western portion of the study area around Veterans Memorial Park. These properties appear to be generally well maintained. Our assessment of rental market data indicates that these and similar “workforce” affordable rental units throughout the area maintain high occupancy levels. The preservation and upgrade of existing workforce housing units will be important elements of planning along the Corridor.

Meanwhile, due to a short supply of developable land, limited parcel depth, and market factors new housing development along 66th Street will be challenged. Rather, the City has established a TIF district just north of 66th Street and west of Cedar Point Commons and is evaluating proposals for the construction of varied senior housing products in this area. Our analysis suggests that there is in fact demand for additional senior housing in East Richfield. Next steps include the refinement of the product mix and market positioning (prices/rents, and service level).

Retail
Cedar Point Commons, with Target and Home Depot, have greatly changed the complexion of the eastern portion of the Corridor, expanding the trade area by drawing customers from South Minneapolis.
and East Bloomington. Some businesses in the immediate area have experienced significant synergistic benefits, such as the Richfield Liquor Store and others in the area of 66th Street and Cedar.

The Corridor is also home to several well-established retail and service businesses, many of which have served the immediate neighborhoods and the Richfield community for many years. Although many businesses continue to maintain and invest in their properties, several buildings are in a state of disrepair, as owners struggle to sustain their operations. Commercial rental rates are low, which is a factor in some businesses choosing to locate here.

New retail and restaurant concepts in the short-term (2-3 years) will likely be focused within or near Cedar Point Commons, although new retail and restaurant concepts eventually may consider other locations along the Corridor. Target shoppers, however, must have a reason to travel westward along 66th Street. Through this Corridor Planning effort, Hennepin County and the City of Richfield can help to “set the stage” for new and existing businesses to better cultivate an expanded trade area related to Target customers. This will include market-related, transportation and land use elements as described in this report and the Corridor Plan.

**Office**

The lack of developable land, paired with traffic, access and parking issues will likely preclude large-scale corporate or multi-tenant office development along the Corridor. Small-scale infill office development and mixed-use developments with a small office component may become viable over the long-term (3-5+ years out). However, public-private partnerships will be required.
Demand for medical office space/clinics may increase if new senior housing is constructed in the area as is being contemplated near 66th Street & Cedar. A development which clusters existing health care providers in close proximity to senior housing would be appropriate and complementary to both land use categories.

**Transportation Recommendations**

66th Street serves the needs of local residents by providing access to local businesses, open space and Cedar Avenue. It also plays an important role in the regional transportation network. High traffic volumes, difficult access, and narrow sidewalks all contribute to visibility and convenience challenges facing business owners and residents. These challenges will only mount as volumes increase over time, threatening the economic viability of the corridor in the future. A comprehensive solution that addresses these issues and creates a vision for the corridor will make 66th Street a good place to do business an amenity for the neighborhood and a destination for visitors.

**Open Space Recommendations**

One of the key aspects that emerged during the Master Plan study was the importance of maintaining and enhancing Veterans Memorial park as a vital community asset but also as an important anchor on the west side of the corridor to compliment the Cedar Point Commons development at the east end. The plan also strives to improve connections to Taft and Christian Park, and expand quasi public open space on the corridor to reinforce a pedestrian character that does not exist today. Recommendations to enhance the open space along the corridor include the following:

- Reinforce Veterans Park as a regional draw on the corridor. Enhance facilities and programmed activities to draw people to the park and corridor throughout the year.
- Consider public private partnerships to provide community recreation facilities, amphitheater and other park amenity additions.
- Strengthen connections from 66th Street to nearby neighborhood parks by adding sidewalks/trails as necessary.
- Support regional storm water management strategies to compliment the Taft Park storm water management study. Reconstruction plans for 66th Street should incorporate the City of Richfield’s desire to protect existing City wells. Infiltration approaches should be reviewed with City of Richfield staff prior to implementation.
- Encourage developers and existing business owners to provide quasi-public spaces or outdoor dining areas along 66th Street to reinforce the pedestrian character of the corridor.
- Explore grant programs which provide business owners with financial support for improving the exterior of their buildings and
also the exterior parking lot edges and outdoor spaces of their properties.

**Future Land Use Recommendations**

The land uses along 66th Street are an eclectic mix of uses that provide a wide range of services to the community, a range of housing, and a diverse base of jobs. The 66th Street Corridor Plan seeks to create a flexible framework that provides opportunities for existing businesses to grow and identifies strategies for new private investment to be improved on the corridor. The intent is to capitalize on the unique attributes of the varied areas of the corridor. The 66th Street Corridor can be broken down into three distinct land use districts:

**Regional Commercial/Office** – This area is the eastern portion of the district closest to Cedar Avenue and consists of land uses that draw a broader market area. The plan recommends to continue to work on the successful build out of the Cedar Point Commons project and actively pursue other development opportunities to the south of 66th Street that are synergistic with existing uses and with the adjacent neighborhood.

**Neighborhood Mixed-Use District** – This area is the central portion of the corridor that primarily serves neighborhood and local service needs. The plan suggests that existing businesses expand on the corridor and reinforce this six block stretch as a neighborhood service district within a mix of compatible uses. Consider the introduction of higher density residential on the corridor as a catalyst for future commercial/office redevelopment and reinforce the corridor as a good place to live, work and shop. The scale and character should reflect sensitivity to the adjacent neighborhood.

**Residential Areas Around Veterans Memorial Park** – Continue to have

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**Regional Commercial/Office**

**Neighborhood Mixed-Use District**

**Residential around Veterans Memorial Park**
A strong residential presence on corridor and better define opportunities for higher density housing on the south side of 66th Street overlooking Veterans Memorial Park. Reinforce the 66th Street and Portland Avenue intersection as an important mixed-use community node.

- Address challenges of parking, future expansion of existing businesses and redevelopment with small parcel sizes.
- Work with property owners adjacent to existing City owned parcels to maximize future development opportunities.
- Consider potential future right-of-way expansion when reviewing new redevelopment proposals.
- Define building setbacks to provide for consistent right-of-way in the future.

**Architectural Standards**

There are 53 structures on the corridor today with over half of them constructed before World War II. A number of the businesses on the corridor have become cherished community destinations but this loyalty is due to the services provided within and not the architectural character of the buildings in which they are provided. Each district along the corridor possesses a distinct character, made of buildings, streets and open spaces that structure the patterns of activity and influence our impressions of the place and the quality of goods and services sold within. Development should be sensitive to the community context:

- Buildings should respond sympathetically to the scale, massing, materials and height of nearby buildings.
- To local development patterns.
- There should be visual and functional continuity of street frontages to help define the street and provide improved visibility to all businesses.

The areas around Veterans Memorial Park will continue to be desirable spaces for a mix of uses but also provide new opportunities for residential uses that will further support the central neighborhood service district and reduce the overall quantity of retail uses, improving the market position of others on the corridor.

**Streetscape**

A comprehensive streetscape that builds on elements for 66th Street is also envisioned to create a quality first impression as you enter the city as well as improve the identity for all land uses along the corridor. Studies show that streetscape improvements are not just about aesthetics but have shown the ability to increase a businesses bottom line by making a corridor more friendly for pedestrians and customers.

The 66th Street Corridor Plan provides a long term vision of a vibrant
An enhanced visual character can improve a business’ bottom line. The Canal Park street improvements in Duluth improved local business sales by 32% over a 3-year period.

community ‘Main street’ that reflects community input, is based on a thorough market analysis, and provides a flexible framework for future decision making. The plan provides for the continued growth of existing business and the information that will help sustain this corridor and community well into the future.
Transportation Context - existing transit bus stops and Average Daily Travelers in 2009 on the corridor.

Existing Conditions - the corridor provides an eclectic mix of uses that reinforces 66th street as an important community destination.
Introduction

1.1 Location and Context

The study area is located along 66th Street (County Road 53) in Richfield, Minnesota, between 5th Avenue and Cedar Avenue. For the purpose of this study, the parcels located along the corridor were reviewed to one half block north and south of 66th Street. The corridor carries 12,400 vehicles at the east end, and 11,200 on the west end per 2009 traffic counts. The 2030 forecast from Hennepin County Transportation Plan predicts 11,300, while the Richfield Comprehensive Plan forecasts 15,900 daily travelers. The traffic volume is likely to increase slowly over the next 20 years. The volume increase will likely vary depending on intensity and type of development/redevelopment that occurs in Richfield.

The 66th Street corridor is comprised of a diverse mix of uses, from multi-family and single family homes to offices, neighborhood commercial businesses and regional commercial. The corridor is also home to a few unique amenities like Veterans Memorial Park, the Richfield Ice Arena and a public pool and recreation center. If you live in the northern half of Richfield it is likely you travel on 66th Street a number of times a day. It is one of the primary vehicular corridors within the city and its future success is important to residents and business owners alike.

Most anytime of the day it is a vibrant street with high volumes of vehicles and patrons accessing local businesses to purchase goods and services. If you are looking for anything from a bouquet of flowers or an exotic fish or to fix your car or see your dentist, your needs can be met on 66th Street. It is a long and diverse corridor to say the least.

One of the most recently completed projects on the corridor is the Cedar Point Commons retail center, located just off Cedar Avenue on the east end of the corridor. There are also a number of vacant or undeveloped properties that exist along the corridor. The two roundabouts, located at Portland Avenue and 17th Avenue have also been recently completed, and have changed the face and function of both intersections. The BP Gas station and Mr. Tire auto service centers have been removed at the Portland Avenue interchange, and the Sinclair station on that corner is currently not in use.

The corridor has been separated into three distinct districts for this study. The districts are:

- Residential Park District (from 5th Ave to 11th Ave).
- Mixed-Use Neighborhood (11th Ave to Bloomington Ave).
- Regional Commercial/Office (Bloomington Ave to Cedar Ave).

Residential Park District

The Residential Park District begins at 5th Avenue and extends east to 11th Avenue. This district has a mix of mostly residential (single
and multi-family), public facilities, Veterans Memorial Park, and a few business on the south side of 66th Street. Most homes along the corridor were built in the nineteen forties, continuing into the nineteen fifties further south. Following the nineteen forties the corridor has seen a steady transformation into a diverse mix of uses. Some of the homes have disappeared and been replaced with commercial businesses or office space. The fifties and sixties development tended to build buildings closer to the street when 66th Street carried far less volumes of traffic and parking was on the street. The seventies and eighties saw a suburban model of development with buildings set back from the street with off-street parking located in front of buildings. More recent development has continued the suburban model of development with a number of exceptions.

**Neighborhood Mixed-Use District**

The neighborhood mixed-use district is a unique section of the corridor with many diverse uses from restaurants and single family homes to Montessori schools, auto repair shops, and dental offices. A residential neighborhood borders the corridor on both the north and south sides, and to the east is the Regional Commercial District with the MSP International Airport beyond Cedar Avenue. Similar to the Residential Park District, residential development began in the late thirties and forties, and continued into the nineteen fifties. Commercial redevelopment has followed in the more recent decades. The lot depths in this district tend to be narrow and make redevelopment a challenge without acquiring additional properties to provide the necessary parking for today’s development.

**Regional Commercial/Office District**

The most recent and only multi-block redevelopment project has been the installation of Cedar Point Commons. Cedar Point Commons occupies over six blocks extending north of 66th street, and serves as the gateway to those entering the corridor from Cedar Avenue. This area draws from a significantly wider market area than the neighborhood mixed-use district, bringing people from south Minneapolis to the corridor. Unfortunately, these visitors typically do not frequent other businesses on the corridor. The area to the south of 66th Street consists of the City’s liquor store, the largest office building in the study area and the largest City owned land providing a significant opportunity for continued growth in this area.

**1.2 Purpose of the Master Plan**

**What Is A Corridor Master Plan?**

A Corridor Master Plan is a document that outlines a long-range vision of typically 15 to 20 years for transportation improvements, land use and development strategies this City could use to help generate positive momentum. The plan examines the current conditions of
the area, develops a future vision based on input from residents and business owners of the area and then formulates specific goals, objectives and policies that will help implement that vision.

This plan is intended to identify and develop a long-range plan ensuring that the 66th Street Corridor continues to grow and change while addressing the needs and desires of the community. This master plan provides City decision makers and the community with a policy manual to guide future public improvements and private development in the corridor and provides a set of standards for developers, builders, architects and planners.

**Why Now?**

As the City of Richfield spread southward and 66th Street became a heavily traveled county road, the corridor filled with an eclectic mix of uses. Adjacent to the corridor, single family neighborhoods emerged with ample park space, making the area appealing to families. The neighborhoods have matured into attractive and desirable places to live. Richfield, with it’s proximity to Minneapolis, the airport and the Highway 494 commercial strip, make it a great place to live and do business. The residents and businesses owners know that the area possesses the qualities and attributes of community life that so many new communities across the region are trying to create.

Today, however, 66th Street is surrounded by diverse neighborhoods with varied needs and the corridor that was designed for nineteen sixties traffic is now carrying traffic far greater than it was designed for, making access to businesses, homes and offices a challenge. Traffic volumes will continue to increase and there are concerns it will further impact public safety, economic development and deteriorate the overall visual character of the corridor. Some of the concern focuses on the lack of pedestrian space on the corridor and speed of traffic, while other concerns stem from the lack of positive impact on local business from recent redevelopment in the Regional Commercial/Office District. 66th Street requires new investment and an updated vision for the future.

These concerns have raised important questions regarding the mix of uses, building location, architectural character and functional aspects of the corridor. Others acknowledge that change is inevitable, particularly for an area of the city laced with inherent assets and amenities such as Veterans Memorial Park, Swimming Pool, Ice Arena, proximity to neighboring parks such as Taft and Christian, and the appeal of established neighborhoods with public transportation to downtown Minneapolis and the greater metro area.

The 66th Street Corridor has experienced its share of change over the years. Sometimes it is the sale of an established property for private
development (such as the Cedar Point Commons development), other times it is exterior changes to a business, such as the remodel of Richfield Floral & Garden. No matter what the change, there will always be people who are concerned about the overall direction the corridor is headed. Change will occur, and it is usually a sign of a strong, healthy community. It means that residents and business owners want to live and invest there. It also means that property values will likely grow – an important asset to most families and land owners.

In response to these concerns, The City of Richfield and Hennepin County commissioned the assembly of the 66th Street Corridor Master Plan. The 66th Street Corridor Master Plan provides more detailed recommendations than are provided in the comprehensive plan. The master plan does not function to replace the comprehensive plan but rather to augment it. It builds on the goals, policies and implementation steps in the comprehensive plan to provide a finer level of detail.

1.3 Goals and Objectives
As a result of discussions with the community and the Richfield Transportation and Planning Commissions during the planning process, a set of goals and objectives for the master planning process and recommendations were developed. These include the following:

Corridor as Community Builder
- Supports a compatible mix of commercial, cultural, office, institutional and residential uses.
- Enhances the economic viability of businesses.
- Enhances the integrity of adjacent residential neighborhoods.
- Maximizes opportunities to contribute to a high quality of community life.
- Supports the physical connection to local trails, open space and other community institutions.

A Transportation Strategy
- Provides the ‘first step’ in collaborative discussions with Hennepin County regarding the future reconstruction of 66th Street by exploring adequate vehicular circulation as well as pedestrian and bicyclist movements for a “Complete Street”.
- Acts as a north/south linkage connecting adjacent neighborhoods and parks, including safe crossings for pedestrians.
- Provides adequate access and parking for businesses and residents.
- Performs a high-capacity/moderate speed road function for cars and trucks.
- Provides convenient access to mass transit.
An Opportunity to Provide People Friendly Public Spaces

- Provides a safe environment for pedestrians.
- Creates strategically located human-scaled spaces which are engaging to the eye.
- Includes an attractive streetscape that is good for business, good for pedestrians and can be maintained for the long run.
- Celebrates the historic role of 66th Street as a gateway and one of the main arteries within the City of Richfield.

The Kensington Park development at 76th Street & Lyndale, uses a great palette of materials that has created a quality aesthetic image.
Existing 66’ right-of-way

Existing 83’ right-of-way

Existing 100’ right-of-way

Existing right-of-way locations
Existing Conditions

2.1 Transportation

The segment of 66th Street through the City of Richfield is designated as County Road 53 and is under the jurisdiction of Hennepin County. The study segment of this roadway extends for a distance of about 1.2 miles, and roughly a half a block deep north and south. Throughout this entire length, 66th Street provides two lanes of traffic in each direction, with no center medians, or turn lanes, and a speed limit of 30 mph. Full access is provided at all public street intersections and private driveways. Vehicles making right turns are required to slow down quickly and enter small parking lots, which force trailing drivers to move into the left lane to pass the turning drivers. The same is true for drivers making left turns. Trailing drivers are required to move into the right lane to pass. Many communities with historic four lane configurations have determined that a three lane configuration provides the same level of service but safer turning movements for left turns.

One of the most unique and challenging aspects of the corridor is the varied right-of-way widths. There are three main right-of-way widths that exist on the corridor; 66 feet wide, 83 feet wide and 100 feet wide. The 83 and 100 wide right-of-way widths provide a wide range of opportunity.

2.2 Land Use and Zoning

Commercial

A variety of commercial uses exist within the study area consisting of neighborhood service retail and destination retail serving the larger Richfield and south Minneapolis community. The neighborhood mixed-use district in the center portion of the corridor has mostly small-scale shops and services typical of a neighborhood shopping district. The variety of businesses include: specialty grocery, dentist, auto oriented services, a laundromat, Montessori schools and miscellaneous office...
space round out the commercial mix in this district.

Anchoring the retail area east of the neighborhood mixed-use district is Cedar Point Commons. The Cedar Point Commons retail development was completed in 2008 with roughly 350,000 square feet of leasable area, sitting on 30 acres that was previously neighborhood retail and single-family residential. The Home Depot and Target stores within Cedar Point commons development are a regional draw, pulling in visitors from south Minneapolis and the neighboring suburbs. Other retail services here include a bank, shoe store, chain restaurants, coffee shop, and a vacant lot owned by Ryan Companies awaiting development. The area to the south of 66th Street consists of the largest office building within the study area, the Richfield Liquor store and a large area of City owned property that is awaiting redevelopment. Located west of the neighborhood mixed-use district is the residential park district. This portion of the corridor has the least amount of commercial retailers. The construction of the roundabout at Portland Avenue removed two of the four auto service/gas stations on that corner, leaving one abandoned and one still in operation. A floral and convenience store is located between Chicago & Elliott Avenues, on the south side of 66th Street. To the north are Veterans Memorial Park, Ice Arena, and swimming pool.

Residential
The study area is surrounded by well-established single family neighborhoods that offer convenient access to nearby shops and services. Multi-family apartment structures are located primarily on the western section of the corridor closest to Veterans Memorial Park, and single family homes are in good condition and streets are lined with trees and sidewalks.

The neighborhoods on the north side of the corridor are bound by Highway 62 to the north, Cedar Avenue to the east, and Veterans Park...
to the West. 66th Street is the southern border to that neighborhood, and is busy enough to isolate that pocket from the larger neighborhood south of 66th Street. Safe, well marked intersections are critical to the connection of these neighborhoods to the corridor and across it. A number of residential properties still exist directly on the corridor providing opportunity for commercial reuse. Single family residential is even more scarce east of Columbus Ave, making redevelopment on that end more likely with the availability of either abandoned or public owned lots, and the additional traffic visiting the Cedar Point Commons development.

Cultural and Public / Quasi-Public Institutions
Located within the study area are Richfield Ice Arena, Outdoor Pool, Mt. Calvary Lutheran Church and School, and two different Montessori schools. Also located close to the corridor is the new Richfield Municipal Center at the corner of Portland Avenue and 67th Street.

2.3 Parks and Open Space
One of the biggest assets of the corridor is Veterans Memorial Park located between Portland Avenue and 11th Avenue South. Home to numerous trails, a picnic shelter, playground, and mini-golf course, Veterans Memorial Park serves as a destination to visitors and residents alike.

Located three blocks north of the corridor is Taft Park, and two blocks south is Christian Park on the east end of the corridor. A connection to these two parks could be enhanced through the corridor at Bloomington Avenue which could tie into the plan being created by the Richfield Bicycle Task Force.

2.4 Architecture and Visual Aesthetics
Building architecture in the corridor includes an eclectic mix of styles, materials, heights and massing, representing many decades of construction without a coherent vision or standard. Buildings range from 1-2 stories and are randomly set back throughout the corridor making visibility to some businesses a challenge and contributing to the lack of a consistent district identity. The largest massing of new buildings is located at Cedar Point Commons on the east end of the corridor. Cedar Point Commons has a cohesive building material palette in comparison to the rest of the corridor. Many of the older buildings have few windows or entrances facing the street or are set back too far from the sidewalk, perhaps separated by parking or service areas. Many service areas are not properly screened from adjacent residential uses. Most of the older buildings are stick frame with wood siding or made of masonry block. Cosmetic improvements like new paint, new windows, doors or awnings would contribute to an improved pedestrian and visitor experience.

The three images above are of existing buildings on the corridor, all three use different materials, and provide a varied approach engaging the street.
Participants at the final open house.
Planning Process

3.1 Purpose

The planning process for the 66th Street Corridor Master Plan had the oversight of Hennepin County, Richfield City Staff, and was organized around a public consensus building process. The combination of these three perspectives provided the consulting team with wealth of both strategic insights and community aspirations that could be incorporated into the plan.

The project team members who live, work, shop and recreate in the 66th Street Corridor provided direction on the planning process, participated in community open houses, and a corridor walking tour. They reviewed the design solutions as they were refined between meetings and offered insights about the feasibility of plan components and recommendations. The consultant team met with the community four times total offering input and guidance between August of 2010 and February 2011.

The Master Plan for the 66th Street Corridor seeks to establish a vision for the future based upon the wishes and desires of the community and the realities of a market driven approach. At times, various community members expressed concerns over specific elements of the Master Plan, but the vision seeks to define a broad set of ideas for the future of the corridor. In fact, as people shared their views about the future of the corridor, it became evident that they all share a great desire to improve a corridor that is highly treasured and critical to the future health of the community. Issues regarding access, multi-family housing, location of commercial infill, future maintenance of street improvements and overall visual character are often contentious, but people recognize their positions are often highly charged because they truly care about the future of the corridor and the long term economic viability of their business.

It is the goal of this Master Plan to reflect the common vision shared by the community and provide positive direction for the future of the 66th Street Corridor. While community members may continue the debate after completion of the Master Plan, it should be done in the context of a commonly held vision. In this way, a statement of purpose should provide the way for shared values and a basis for cooperation as the community addresses future development changes.

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3.2 Public Outreach and Participation

A corridor walking tour, three public meetings and a meeting with the Transportation and Planning Commission were held and attended by members of the consultant team and the surrounding community. Information regarding these events was publicized on the City’s website, and by postcards mailed to citizens.

Corridor Walking Tour

The first chance for business owners and neighborhood residents to comment on the study was at a walking tour of the corridor held on August 12th, 2010. Twenty people were in attendance for the tour, including business owners, residents along the corridor, and interested land owners. The purpose of this tour included the following:

- An opportunity to meet business owners and residents on their turf and discuss issues where they occur.
- An opportunity for business owners and residents to provide input to the process at the very beginning prior to any concepts being developed.
- Present the planning process.
- Discuss the purpose of the Master Plan.
- Inform participants how they could stay involved in the process.

Participants were asked to make general observations regarding each block. The information gathered at the walking tour provided planning insights and direction for the preparation of concepts that followed and influenced recommendations made in the following open house. Please see Appendix B for Walking Tour Minutes and participant recommendations.

Open House One

The first community open house was held at Mt. Calvary Lutheran Church on September 15th, 2010. The purpose of this open house was an introduction and visioning session which included the following:

- Introduce purpose of the plan.
- Present study process & Schedule.
- Provide a project background.
- Answer Questions.
- Visioning session.

Members of the community were asked to review findings to-date and provide insight and comment on the direction of the concept. The visioning session asked attendees to identify corridor assets, liabilities, and what their vision was for the future of the corridor. The input gained from this effort moved the direction of the plan closer to a preferred master plan which was presented at the second community open house. See appendix C for open house one minutes and participant recommendations.
Open House Two
The second community open house was held November 30th, 2010 at Mt. Calvary Lutheran Church. The purpose of this meeting included the following:

- Present preliminary Right-of-Way sections.
- Present preliminary Land-Use diagrams.
- Present preliminary District concepts.
- Discuss refinements and next steps.
- Gain additional input regarding Plan recommendations.

This open house allowed community members the opportunity to review roadway sections, land use diagrams, and district concepts. The attendees were encouraged to ask questions regarding plan components or process issues, express concerns, and discuss likes and dislikes of the exhibits. Those comments were reviewed by Project Team members and influenced the recommendations made in the revised diagrams. See appendix D for open house two minutes and participant recommendations.

Open House Three
The third community open house was held January 31st, 2011 at Mt. Calvary Lutheran Church. The purpose of this meeting included the following:

- Present revised Right-of-Way sections.
- Present revised Land-Use diagrams.
- Present revised District concepts.
- Discuss refinements and final steps.
- Gain additional input regarding Plan recommendations.

This open house allowed community members the opportunity to review roadway sections, land use diagrams, and district concepts. The attendees were encouraged to ask questions regarding plan components or process issues, express concerns, and discuss likes and dislikes of the exhibits. Those comments were reviewed by Project Team members and influenced the recommendations made in the summary document. See appendix E for open house three minutes and participant recommendations.
Proposed land use diagram with bike route and pedestrian connections.
The 66th Street Master Plan is intended to act as a framework for future decision making regarding public and private investment in the corridor. The community driven planning process began with an exploration of a wide range of alternatives regarding transportation, land use and open space. The plans were then refined based upon community and staff input to arrive at a Master Plan that provides a more clear understanding of the street configuration trade-offs related to future reconstruction of the roadway, new land use alternatives that provide a synergy of uses to support new and old business development on the corridor and improved community linkages that support neighborhood desires for a safer and more connected community.

4.1 Exploration of Alternatives

**Streetscape and Pedestrian Improvements**

This study explores the trade-offs between the desire to make 66th Street a multi-modal street with provisions for on-street bike lanes, on-street parking and an enhanced and walkable pedestrian realm within the varied right-of-way configurations of the corridor. The study does not recommend a specific solution but, rather provides the information necessary to continue the discussion with Hennepin County as they begin to formulate a plan for the reconstruction.

66th Street is currently made up of three different right-of-ways (R.O.W.), 66’, 83’ and 100’. Part of this Master Plan study was to explore different road alignments for the corridor and allow the community to comment on the different ways 66th Street could be reconfigured. Six different sections were presented at the second open house in November, two sections illustrating a 66’ right-of-way configuration, and four more showing an 83’ right-of-way option. The 100’ right-of-way portions along the corridor would use the 83’ right-of-way street configurations. Two additional 66’ right-of-way sections were created in response to the feedback gathered.

4.2 Factors Influencing Reconstruction

One of the primary decisions moving forward as the County begins to formulate a right-of-way strategy is to determine an approach to the areas of the corridor that have a 66 foot wide right-of-way today. This width is too narrow to accommodate all of the alternatives related to bike lanes, parking and a quality pedestrian environment. Acquiring additional right-of-way to expand to 83 feet is also problematic because it will impact existing businesses parking and buildings in certain locations. One strategy communities have implemented in the past is to implement setbacks in these areas that require new development to be set back to the desired right-of-way width and wait until the future when all parcels in an area are compliant and then expand the improvements. This is the primary challenge for redevelopment occurring prior to the roadway design effort by County.
Residential Park District - 66’ R.O.W.
This street section would accommodate a 6’ wide sidewalk on both sides, 4’ boulevards, 15’ drive lanes, and a center turn median with extensive planting. This section does not accommodate bike traffic.

Residential Park District - 66’ R.O.W. with Bike Lane
This section would lose the 4’ wide boulevards on both sides, but gain 6’ bike lanes on the street. The sidewalks are also extended to 9’ wide.
Mixed-Use District - 66’ R.O.W. with Parking
This street section in the Neighborhood Mixed-Use District would accommodate an 8’ wide sidewalk on both sides, 8’ wide on-street parking, 11’ drive lanes, and a 12’ center left turn lane.

Mixed-Use Corridor - 66’ R.O.W. with Bike Lane
Similar to the previous section, this section would provide an 8’ sidewalk, it would also accommodate a 4’ wide planted boulevard, and a 6’ wide bike lane. On-street parking would be lost in this scenario.
Residential Park District - 83’ R.O.W.
The 83’ right-of-way accommodates more uses and generous proportions compared to the 66’ right-of-way. This section has a multi-use trail off the street on the park side, 11’ wide boulevard on both sides, 15’ drive lanes, a center turn median, and a 6’ wide sidewalk on the south side.

Residential Park District - 83’ R.O.W. with Bike Lane
Similar to the previous section, this section would not offer the multi-use trail, but rather an 8’ wide bike lane in both directions on street. Both sides of the street would have a 6’ sidewalk, 8’ boulevards with shade trees and pedestrian scale lighting, and the drive lanes would be reduced to 12’ wide.
Mixed-Use District - 83’ R.O.W. with Bike Lane
This 83’ right-of-way section in the neighborhood mixed-use district section has 8’ sidewalks, 6’ planted boulevards, 6’ bike lanes, 12’ wide drive lanes and a 13’ center left turn lane.

Residential Park District - 83’ R.O.W. with Parking
Similar to the previous section, this section would not offer the on-street bike lanes, but would have a 10’ wide lane for on-street parking. 14’ sidewalks would extend from the curb to the buildings. The drive lanes would be reduced to 11’, and left turn lane would be 13’ wide.
Alternative #1
This alternative emphasizes the continued growth of neighborhood mixed use along the corridor and specifically at the roundabout at Portland Avenue and 66th Street. An expanded civic draw at Veterans Memorial Park is intended to create a complimentary destination to the Cedar Point Commons property on the eastern edge of the corridor.

Alternative #2
This alternative explores the idea of reducing retail uses on the corridor by expanding multi-family housing and creating a more pedestrian friendly neighborhood mixed use district. It also enhances housing opportunities around Veterans Memorial Park.

Alternative #3
This alternative builds on the success of the regional mix of uses at the Cedar Point Commons development and proposes the western expansion of this mix of uses. It also explores a visible civic presence on the northeast corner of the Portland Avenue and 66th Street intersection.
4.3 Land Use Alternatives and Strategy

The existing land uses on the corridor subdivide into three unique districts previously identified. The land use alternatives explored below reflect a variety of approaches to how these districts can grow and where the borders between districts should extend or retract. The intent is to explore opportunities for existing business to grow on the corridor and opportunities for new private infill development. One of the primary challenges facing the corridor currently is the low rental rates that existing businesses operate under. The price of new construction may price existing businesses out and new businesses find it difficult to compete with adjacent low rates. One of the strategies explored introduces new office and residential uses to reduce the overall amount of retail, reinforce this area as a good place to work and live and continue to provide an eclectic mix of uses within the corridor.

Case Studies

The 66th Street Corridor Master Plan does not propose the specific redevelopment of any site along the corridor but seeks to guide future market driven redevelopment. However, a number of case studies were developed to test what redevelopment in the corridor might look like and to further study the potential challenges and opportunities. Sites within each of the three districts were chosen to test the feasibility of the master plan recommendations and to illustrate how the recommendations could be implemented within the corridor. Sites one and four were chosen because they anchor the corridor, Cedar Point Commons on the east, and the Richfield Pool, Ice Arena, and gateway to Veterans Memorial Park to the west. Site two was chosen because of it’s proximity to the park, multi-family residential units, and beginning of the neighborhood mixed use district. Site three was chosen because it represents the most diverse mix of uses within the corridor.
Open spaces should be designed for a range of activities.

Destinations should be connected to each other and buffered from parking.

Opportunity Site #1 Case Study
The 66th Street and Portland Avenue intersection is the western border of the study area and will continue to serve as an important node on 66th Street. This case study explores the potential of adding a community health and fitness center to the existing recreation center, further supporting the western edge as a community and regional draw. The intersection itself will continue to be a mix of residential and commercial uses. One of the primary challenges of development on a roundabout is providing safe and convenient access for users. The plan also illustrates the opportunity to provide quasi-public spaces to promote pedestrian use of the corridor. The introduction of small plaza spaces for outdoor dining and gathering can go a long way in creating a unique sense of place.

Opportunity Site #2 Case Study
This study explores the edge between the Park District and the Neighborhood Commercial/Office District. The mixed use building to the north of 66th Street incorporates the existing Montessori school at ground level and introduces new residential uses above that take advantage of this close proximity to retail and Veterans Memorial Park this site offers. The building is brought up to the street to reinforce the architectural edge of the corridor and provides parking behind the building. The residential buildings shown to the south of the corridor expand the Park District to the east to capitalize on its proximity to Veterans Memorial Park and reduce the amount of retail on the corridor further enhancing the core of the neighborhood service district. Buildings are set back from side streets to reflect the single family residential setbacks further south and maintain important view sheds to the park.
Opportunity Site #3 Case Study

This study explores the opportunity to enhance a portion of the Neighborhood Mixed-Use District as a pedestrian oriented neighborhood gathering location. Many comments were made during the open houses and meetings with the planning commission to create a destination similar to more urban destinations like the area around 48th and Chicago Avenue or the neighborhood destinations at 43rd and Upton in Linden Hills. This study introduces mixed use buildings facing the street that provide access points to parking behind. This concept also explores the idea of providing on-street parking and limited access. The western edge of the concept explores the possibility of providing apartments of higher density residential on the corridor. The narrow lot widths make redevelopment in this area a challenge but, developing a new pattern that emphasizes this area as a community destination should be a factor with any redevelopment proposal.
Opportunity Site #4 Case Study
This study focuses on the City owned property to the south of 66th Street in the regional commercial/office district. The plan extends Richfield Parkway to the south and expands the regionally focused uses along the southern edge of 66th Street. It also introduces new higher density housing to the south as a transitional use back towards the existing neighborhood to the south. Similar to the Portland Avenue and 66th Street roundabout, this plan seeks to mark this intersection as an important community node and gateway into the City of Richfield.

4.4 Connecting Community
One of the primary aspects of the plan is to link existing and proposed uses on and around the corridor with surrounding amenities and into a regional system of trails. There is a Bike Study running parallel to the development of this plan that will provide more detailed information but, the diagram below illustrates potential pedestrian and bike connections to the north and south of the corridor. The community recognized that on-street bike lanes, although desired, did not serve the needs of families and nearby residents. The desire was to have safer off-street connections away from the traffic and cars of 66th Street. There was also a desire to improve pedestrian connections across 66th Street and in direct connection with Metro Transit bus stops. This would concentrate crossings at important connections and provide a consistent rhythm of crossings on the corridor.
The other aspect of community connection that lacks today is the opportunity for public space on the corridor that reinforce this area as a community destination and a place for pedestrians. The plan suggests new development on the corridor consider contributing these spaces as the opportunities arise.
A reconfigured roadway with center medians could improve safety, simplify access, and improve aesthetic image of the corridor.
5.1 Conclusion

The 66th Street Corridor master plan proposes to improve the economic viability and market position of existing and future uses on the corridor by providing strategic guidance related to transportation improvements, land use and community access to open space. Specifically, the plan provides:

- A resource for decision makers as they begin to strategize the approach to reconstruction of 66th Street. It provides a greater level of understanding related to the trade-offs between the desire to provide ‘Complete Street’ solutions, minimize right-of-way acquisition and minimize impact to existing land owners.
- A more focused approach to growth of existing businesses and opportunities for new investment that provide synergy with the neighborhood and with adjacent uses.
- Improved community linkages that will inform the Bicycle Planning Study and the 66th Street reconstruction.
- The further investment in Veterans Memorial Park as a regional draw on the west end of the study area.
- The continued growth of residential uses and the reduction of under utilized retail uses in an effort to provide a more focused neighborhood destination.

The plan is a reflection of the input received from stakeholders, residents, public officials and County and City staff members. It is a living document that should be used as a tool and resource for staff, public officials and potential developers to better understand the desires of the community and the potential that exists on this historic stretch of 66th Street.

5.2 Next Steps

Urban corridors are in a constant state of change and 66th Street is no different. There exists a number of immediate opportunities to revitalize the corridor. The planned reconstruction of the corridor will provide improved traffic flow, improved aesthetics and a new focus on multi-modal opportunities. The vacant and City owned parcels on the corridor that have already been cleared are ‘shovel ready’ sites that developers are exploring. The recommendations coming from the Bicycle planning study also offer an opportunity to reinforce the concepts developed in this plan. Potential steps moving forward include:

- The City of Richfield, Hennepin County and affected property owners should work corroboratively to create a strategic vision for improvements on 66th Street that will produce a 50 year vision for the Street and further reinforce 66th Street as a good place to do business, live and work.
- Explore with local providers the potential of a public private
partnership to provide increased health and fitness opportunities within the Veterans Memorial Park area for residents and strengthen the western anchor of the corridor as a community and regional destination.

- **Continue to actively partner with developers on City owned parcels on the corridor that further the goal of providing a safe, dynamic and eclectic mix of uses on the corridor that coincide with existing uses.**

- **Provide an interim strategy for potential redevelopment occurring on parcels adjacent to areas with 66 feet of right-of-way to minimize potential issues prior to the final determination of the right-of-way strategy with Hennepin County.**

- **Explore opportunities for grant support of existing uses to invest in the exterior of their buildings and sites.**
Outdoor spaces like this dining area at Kensington Park at the corner of Lyndale Avenue & 76th Street provide important public spaces that can contribute to making 66th Street vibrant and active.

An improved pedestrian experience similar to Lyndale Ave S can help to make 66th Street a good place to do business, and reinforces it as an important community destination.

Easy, safe and convenient spaces that connect parking areas to public plazas, like this alley on Lake Street, provide critical connections while increasing the amount of retail frontage and visibility for building tenants.
Appendices

Appendix A - Market Assessment
September 30, 2010

Mr. Tom Whitlock
Damon Farber Associates
929 Nicollet Mall
Minneapolis, MN 55402

R.E.: Richfield – E. 66th Street Corridor Plan
Real Estate Market Assessment

Dear Tom:

We are pleased to present this summary of our analysis and findings pertaining to the real estate market along the E. 66th Street Corridor in Richfield, MN and the surrounding area. Included in the report is a summary of real estate market conditions along the corridor and the broader market area, together with a review of relevant demography and economic conditions. Additionally, we have provided a summary of the potential for new commercial and residential development and/or redevelopment along the corridor, as well as key issues and suggestions derived from our analysis that have relevance to the 66th Street Corridor Plan now in process by the consulting team led by Damon Farber Associates.

Thank you again for inviting us to assist you with this important planning effort. We remain available to answer any questions you may have regarding our analysis, and look forward to working with you again in the near future.

Sincerely,

MARQUETTE ADVISORS

Brent E. Wittenberg
Vice President
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Marquette Advisors
INTRODUCTION

66th Street is a significant corridor within the City of Richfield, spanning from Cedar Avenue on the east to the City of Edina on the west. The East 66th Street Corridor Planning effort is a process to develop a plan for the eventual revitalization/redevelopment of the segment of 66th Street between Cedar Avenue and Portland Avenue. In July of 2010, the City of Richfield, in conjunction with Hennepin County, contracted with the planning firm, Damon Farber Associates (“DFA”) to lead this planning effort.

Marquette Advisors (“Marquette”) was retained by DFA to provide a summary analysis of real estate market conditions and key issues impacting the E. 66th Street Corridor. The work by Marquette will be utilized by DFA and other members of the project team to guide land use planning (the “Corridor Plan”) on behalf of Hennepin County and the City of Richfield. The “Corridor,” as defined by Hennepin County and the City of Richfield, spans from Cedar Avenue on the east to 5th Avenue on the west.

Specifically, Marquette Advisors was retained to provide the following services related to the Corridor Plan:

1. Marquette Advisors has reviewed all relevant planning documents as previously completed by or on behalf of the City of Richfield, together with current planning and property information related to the corridor planning area and the surrounding relevant market area.

2. Marquette has and continues to attend regular planning sessions with DFA and other members of the project team, as well as community meetings and workshops.

3. Marquette has reviewed of all relevant demographic and economic data, as well as residential and commercial real estate market information such as market pricing, rent levels, recent and historical supply and demand trends.
4. This document summarizes the market assessment and conclusions derived from this analysis. Specifically, the report identifies key issues related to the real estate market and current land use patterns which impact the current and/or future viability of residential and commercial development, redevelopment and/or revitalization along the Corridor.

5. It is important to note that this is NOT a market or financial feasibility study related to any specific development project(s) along the Corridor. Rather, this is a market assessment used to inform and guide the Corridor Plan by Damon Farber Associates. The Corridor Plan is being positioned as a long-term (20+ years) planning document. Thus, the market assessment is intended to provide a snapshot of current real estate market conditions, identify trends and the potential for future complimentary infill and/or redevelopment along the corridor over the long-term.

This research was completed during August and September of 2010.

Next Steps

Further input and consulting such as development financial feasibility modeling will be provided separately to DFA by Marquette. Marquette will work with DFA, the City of Richfield and Hennepin County to identify opportunity sites (a/k/a “opportunity” sites or nodes) to be evaluated for future development/redevelopment. Opportunity sites will be identified based on the outcome of the market study, land use and transportation planning, and City/County goals and objectives related to the long-term development of the Corridor. As well, Marquette will provide pro forma analyses as appropriate to assess financial feasibility of development/redevelopment of the opportunity sites. From here, the project team can assess the potential need for gap financing and suggest mechanisms (public/private partnerships) to support development which is in line with City/County goals and is appropriate within the context of the Corridor Plan.
E. 66TH STREET CORRIDOR – EXISTING CONDITIONS

The E. 66th Street Corridor spanning from Cedar Ave. on the east to 5th Avenue on the west contains a mix of both commercial and residential uses. An aerial view of the corridor and existing land use is provided on the following page.

There are a total of 55 parcels which front 66th Street within the defined Corridor. These parcels contain a total of 892,000 square feet (sf). Note that this excludes the 108-acre Veterans Memorial Park in the western portion of the Corridor and the Target & Home Depot parcels totaling 30 acres at the east end of the corridor (Cedar Point Commons). Total valuation of the corridor’s 55 parcels was $19,006,000 in 2009 according to Hennepin County Assessor’s records. Total land value as assessed was approximately $8,600,000 ($9.64 per sf), with total building and related improvements valued at $10,400,000 according to County Assessor’s records.

The following paragraphs discuss land use patterns within each segment of the Corridor.

West (Portland to 11th Ave. S.)

The western portion of the corridor contains a significant community and regional attraction, that being Veterans Memorial Park, along with the Richfield Ice Arena, a number of well-maintained single family homes, and medium-density multifamily housing. The majority of structures in this area were constructed during the 1950s and 1960s. Commercial development in this area includes Richfield Floral and Cinco de Mayo, a small Mexican grocery and c-store operation at 66th & Elliott. These improvements, too, are well maintained and have seen considerable investment/upgrade in recent years. Additional commercial development includes gas station/c-store operations on the south side of 66th at Portland Avenue. One of the stations (SW corner) was recently closed and vacated. A funeral home exists at the NE corner of 66th & Portland, immediately north of the transit stop.
66th Street Corridor

- Proposed Multifamily Redevelopment Area
- Home Depot
- Target
- Richfield Liquor Store

Legend:
- Study Properties
- City Owned Properties
- HRA Owned Properties
We find that properties in the west portion of the corridor are generally well maintained and complimentary to the larger corridor and surrounding neighborhoods. Veterans Memorial Park is a very significant community and regional asset.

**East (Cedar to 16th Ave.)**

The eastern segment of the corridor is mainly commercial, anchored by *Cedar Point Commons*, a 30-acre development by Ryan Companies at the NW corner of Cedar & 66th. Cedar Point Commons contains a 175,000 sf Super Target, as well as a 103,000 sf Home Depot. In-line space as constructed to date includes 31,300 rentable square feet, of which 15,250 sf remains vacant. Current tenants include Famous Footwear (5,671 sf), Chipotle (2,124 sf), Subway (1,653 sf), Verizon Wireless (3,421 sf), Caribou Coffee (1,875 sf) and Great Clips (1,251 sf). A 4,500 sf TCF Bank is also located within Cedar Point Commons. A pad site (Building 1 as shown on the plan) is now being marketed for a full-service restaurant user in the southeast corner of the development.

A second development phase is planned for Cedar Point Commons west of 17th Avenue, calling for four additional retail/restaurant buildings totaling 21,600 sf. We understand that the developers have recently been in discussions with an investor to construct a McDonald’s at the SW corner of 66th and 17th.

Cedar Point Commons is a major commercial hub in eastern Richfield. Because of the drawing power of Target and Home Depot, which extends into South Minneapolis and East Bloomington, this development brings an entirely new customer profile to the E. 66th Corridor. This is a very significant trend, and its implications are discussed in forthcoming sections.
Additional development in the eastern portion of the study area includes the Richfield Liquor Store at the SW corner of 66th & Cedar, as well as a low-rise multi-tenant office building just west of the Liquor Store, a larger 84,000 sf multi-tenant office building immediately behind the Liquor Store (6636 Cedar Ave. S.), and Mount Calvary Church and its affiliated pre-school building fronting both sides of 16th Avenue on the north side of 66th St. Two dental offices are located on the south side of 66th and there are two shallow vacant land parcels on the south side of 66th Street between 16th and 17th. These parcels back up to single-family residential neighborhood immediately to the south.

Additionally, there is an existing TIF district just north of 66th and west of Target which will include future multifamily residential development for a two-block area currently comprised of single family homes. These blocks are bound by 17th Avenue on the east, 16th Avenue on the west, Taft Park on the north and 65th Street on the south.

**Central (Bloomington Ave. to 11th Ave.)**

The central portion of the Corridor contains a mix of mostly older (1950s & 1960s) commercial buildings, including several small stand-alone retail and office structures, and two commercial strip centers. There is one gas station and several auto-repair and related businesses in this area, two dental offices, a commercial printing business, a small multi-tenant office building, three barber/beauty shops, a bar, and a commercial laundromat. There are two Montessori pre-school and child care operations in the central portion of the E. 66th St. Corridor. Other unique businesses include two pet (fish) stores, a pet hospital and two ethnic grocers (one Mexican and one African).

Several (not all) of the existing buildings are showing signs of disrepair as documented separately by the planning team. Aesthetics and curb appeal are generally inferior within this portion of the corridor as compared to the east and westerly segments. Nonetheless, the central portion of the corridor contains several retail and service businesses which have operated here for several years and continue to provide good service to the surrounding neighborhoods and
broader Richfield community. The business mix includes a number of property owners, while others are leasing space. The affordability of the real estate (relatively low rent levels) is one reason why these businesses continue to operate here. Several businesses have operated here for many years and have a well established customer base at this location, although they may not be able to afford significant property upgrades or higher rental rates as would be required in a new building.

We note that there is also some vacant land and vacant buildings within the central portion of the E. 66th St. Corridor. For one, there is a vacant parcel at NW corner of 66th & 14th. Additionally, we understand the Richfield HRA recently purchased two small vacant buildings (a former mortgage office and another residential structure) on the south side of 66th between 14th and 15th Avenues.

We also note that infill and redevelopment projects in this area will be a challenge due in part to the lack of depth of parcels here. Active public sector participation through land assembly would almost certainly be required in order to make redevelopment viable in this area.
RETAIL MARKET UPDATE

The following is a snapshot of retail market conditions along the Corridor and throughout Richfield and the broader Twin Cities Metro Area. As well, we provide a summary of retail market conditions along the subject corridor and assess the demand for additional retail and restaurant development in this area presently and over time.

Retail Trade Area

The very important first step in evaluating the demand for retail development at any location is accurately defining the primary trade area. The primary trade area is the geographic area from which stores and restaurants at a particular location will attract the majority of their customers. Certainly the trade area will vary, often substantially, depending on the type of business. Still, we know that most small businesses and those located in neighborhood commercial centers of less than 30,000 square feet (as would typically be found along the E. 66th St. Corridor) generally include a mix of restaurant(s), convenience stores, service businesses and specialty shops. While specialty shops can sometimes draw customers from a much larger geographic area, depending on the goods sold, the majority of business types located in neighborhood shopping centers attract most of their customers from within about a one-mile radius, or a five-minute drive time, along with some drive-by customers.

We have defined the primary trade area for retail development along the E. 66th Street Corridor based on our review of existing household and income data, traffic patterns and an examination of existing retail configurations and spending patterns in the area. The map on the following page shows the primary trade area surrounding the E. 66th Street Corridor in Richfield. The population residing within the primary trade area will be the primary source of business for stores and restaurants along the Corridor (Cedar Point Commons is an exception, as discussed later). Based on our review of traffic patterns, man-made and natural boundaries, and the location of existing retail centers and nodes, we know that there is considerable “leakage” of consumer dollars from the persons residing in the primary trade area to retail shops and restaurants at commercial...
centers throughout the surrounding market, notably Southdale Mall, Southtown, the Mall of America and various Richfield and Bloomington shopping centers.

The focus of our analysis was to examine consumer spending patterns and retail sales in the primary trade area, as well as leakage of consumer dollars to competing retail centers/nodes outside this area. The point of this analysis is to determine whether additional retail or restaurant development is supportable within the corridor at this time, and then to evaluate how this may change over time.

**Primary Trade Area**

**E. 66th Street Corridor, Richfield, MN**

Red line = 66th St. Corridor Planning Area
Green line = Primary Trade Area

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**An Expanded Trade Area — “Secondary Trade Area” (Target Impact)**

The Cedar Point Commons development has had a significant impact upon the customer point of origin and profile in this area. Developer representatives and local retail brokers have noted that the Target store, in particular, has quickly developed a strong draw into South Minneapolis and East
Bloomington. Because of this, we believe there may be an opportunity for current and/or future stores and restaurants along the E. 66th St. corridor to also benefit synergistically from Target’s presence and its attraction of customers from a much broader geographic area.

The map below shows the primary trade area for the E. 66th St. Corridor (green line), as well as the secondary trade area, which we estimate to comprise the approximate area from which the Target store draws most of its customers (blue line). We have estimated the trade area for Target based upon the location of other Target stores in the region, the surrounding transportation network, neighborhood demographics, commuting and shopping patterns.

**Primary and Secondary Trade Areas**

Primary Trade Area = Green Line  
Secondary Trade Area (approx. Target trade area) = Blue Line

To date, this “synergistic” benefit has been experienced primarily by businesses located within the Cedar Point Commons development itself, as franchise restaurants and small businesses located in the in-line space here benefit from patronage by persons coming to the area for the primary purpose of shopping at Target. Our review of store financials indicates that the Richfield Liquor Store has
also benefited, seeing approximately a 20% increase in store sales since the opening of the Target store. From our interviews with E. 66th St. Corridor businesses, we understand that this positive impact related to Target’s customer draw has generally not accrued to businesses located to the west along the Corridor. There are a variety of reasons for this, which are addressed later in this report and as part of the larger Corridor planning exercise. At the same time, we understand that to-date the Target development has also not had a significant negative impact upon existing businesses along the corridor, since they are generally differentiated from Target and its product mix. At this stage it is most important to note the positive impact of Target upon the corridor in terms of the expanded customer draw. A focus of this analysis and future planning initiatives should be to set the stage for the balance of the Corridor to benefit from the presence of Target as a major anchor and customer draw at the Corridor’s east end.

**Trade Area Demographics**

The following are key points regarding the trade area demographics. Data for 2000 is from the U.S. Census, while estimates (2010) and projections (2015) are from ESRI Business Information Solutions, a nationally recognized demographic and econometric forecasting firm. A table showing key demographic data for the primary and secondary trade areas is provided on the following page.

- The primary trade area has a 2010 resident base estimated at 6,022 persons and 2,501 households. With a median age of 41.4, the population base in the primary trade area is slightly older than the secondary trade area, which features a median age of 39.3.

- Nominal population and household growth is expected throughout the primary and secondary trade areas. This is due to the fact that the area is fully urbanized. However, it is important to note that these forecasts do not consider growth in the resident base through infill and redevelopment efforts.
### Demographic Characteristics

#### Richfield - E. 66th St. Retail Trade Area

<table>
<thead>
<tr>
<th></th>
<th>Primary Trade Area</th>
<th>Secondary Trade Area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>6,348</td>
<td>79,518</td>
</tr>
<tr>
<td>2010</td>
<td>6,022</td>
<td>79,487</td>
</tr>
<tr>
<td>2015 (projected)</td>
<td>5,961</td>
<td>81,557</td>
</tr>
<tr>
<td>2010 - 2015 Growth</td>
<td>-0.20%</td>
<td>0.52%</td>
</tr>
<tr>
<td><strong>Median Age in 2010</strong></td>
<td>41.4</td>
<td>39.3</td>
</tr>
<tr>
<td><strong>Households</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>2,575</td>
<td>34,158</td>
</tr>
<tr>
<td>2010</td>
<td>2,501</td>
<td>35,358</td>
</tr>
<tr>
<td>2015 (projected)</td>
<td>2,486</td>
<td>35,995</td>
</tr>
<tr>
<td>2010 - 2015 Growth</td>
<td>-0.12%</td>
<td>0.36%</td>
</tr>
<tr>
<td><strong>Median Household Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>$52,388</td>
<td>$48,852</td>
</tr>
<tr>
<td>2010</td>
<td>$68,394</td>
<td>$66,376</td>
</tr>
<tr>
<td>2015 (projected)</td>
<td>$77,364</td>
<td>$75,150</td>
</tr>
<tr>
<td><strong>Median Home Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>$126,794</td>
<td>$124,386</td>
</tr>
<tr>
<td>2010</td>
<td>$161,340</td>
<td>$157,102</td>
</tr>
<tr>
<td><strong>2010 Households by Income Level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household Income Base</td>
<td>2,501</td>
<td>35,358</td>
</tr>
<tr>
<td>&lt; $15,000</td>
<td>3.7%</td>
<td>4.9%</td>
</tr>
<tr>
<td>$15,000 - $24,999</td>
<td>4.7%</td>
<td>5.4%</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>8.0%</td>
<td>8.2%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>14.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>27.3%</td>
<td>25.7%</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>19.5%</td>
<td>18.1%</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>15.8%</td>
<td>16.5%</td>
</tr>
<tr>
<td>$150,000+</td>
<td>7.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>2010 Per Capita Spending on Retail (NAICS 44-45)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$10,600</td>
<td>$11,200</td>
</tr>
<tr>
<td><strong>2010 Per Capita Spending on Restaurants (NAICS 722)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,900</td>
<td>$2,100</td>
</tr>
</tbody>
</table>

**Sources:** U.S. Census, 2000 Census of Population and Housing. ESRI BIS estimates for 2010 and 2015.

- The estimated 2010 median household income for the primary trade area is $68,394, compared to $66,376 for the secondary trade area. Household incomes are forecast to increase at a rate of about 2.5% annually through 2015.
• Annual per capita spending on retail goods and services is estimated at $10,600 for persons residing in the primary trade area, compared to $11,200 for the secondary trade area. Annual spending at restaurants and drinking establishments is estimated at $3,750 and $2,100 per capita for the primary and secondary trade areas, respectively.

Retail Market Trends

In this section we address regional trends, focusing specifically on the performance of shopping centers in the region, as well as the supply of retail centers within the primary trade area, and several at its periphery which also attract shoppers who reside within the primary trade area.

Regional Retail Trends

The following are key points regarding the Twin Cities retail market environment, based on our review of market information and published reports such as the recent Nortmarq *Compass* report for mid-year 2010. Summary tables and graphs are also provided.

• The Twin Cities Metro Area has a total of about 67.5 million square feet of rentable retail space. Of that total, 20.1 million square feet (about 30%) is located in neighborhood shopping centers. Neighborhood centers are generally less than 30,000 square feet, representing the type of retail centers that might be located at infill sites or through redevelopment along the E. 66th Street Corridor. Those which are anchored by grocery stores or drug stores are typically somewhat larger. Neighborhood centers usually include a mix of restaurants, necessity/convenience retail, service businesses and specialty shops.

• Successful neighborhood shopping centers are supported by strong neighborhoods and/or nearby larger community or regional shopping centers or big-box stores which draw additional shopping demand to the area from outside what would otherwise comprise the primary trade area for a smaller neighborhood center.
The Twin Cities overall retail vacancy rate (including sub-lease availability) jumped from 8.9% in 2008 to 11.4% in 2009, before leveling off. Vacancy remained at 11.6% at mid-year 2010. Neighborhood centers showed a 15.7% vacancy rate, as many centers have struggled due to store closings/bankruptcies related to the recent economic recession. Re-leasing these vacant spaces remains difficult for shopping center owners, even though economic conditions have improved.

Table 2: Retail Vacancy and Absorption
Twin Cities Metro Area (2010 1st half)

<table>
<thead>
<tr>
<th>Center Type</th>
<th>Total Bldgs.</th>
<th>Net Rentable Area</th>
<th>Vacant Space</th>
<th>Vacancy % w/sublease</th>
<th>Absorption 2010 1st half</th>
<th>Absorption 2009 2nd half</th>
<th>Absorption - trailing 12 mos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>120</td>
<td>30,839,543</td>
<td>2,775,559</td>
<td>9.0%</td>
<td>49,559</td>
<td>41,986</td>
<td>91,545</td>
</tr>
<tr>
<td>Minneapolis CBD</td>
<td>17</td>
<td>1,574,001</td>
<td>346,280</td>
<td>22.0%</td>
<td>43,935</td>
<td>(11,554)</td>
<td>32,381</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>311</td>
<td>20,075,962</td>
<td>3,151,926</td>
<td>15.7%</td>
<td>(118,176)</td>
<td>7,023</td>
<td>(111,153)</td>
</tr>
<tr>
<td>Outlet Mall</td>
<td>3</td>
<td>788,440</td>
<td>37,845</td>
<td>4.8%</td>
<td>3,000</td>
<td>(7,100)</td>
<td>(4,100)</td>
</tr>
<tr>
<td>Regional Mall</td>
<td>9</td>
<td>11,808,064</td>
<td>1,204,423</td>
<td>10.2%</td>
<td>(28,991)</td>
<td>141,793</td>
<td>112,802</td>
</tr>
<tr>
<td>Specialty</td>
<td>17</td>
<td>2,027,969</td>
<td>251,468</td>
<td>12.4%</td>
<td>41,791</td>
<td>306,786</td>
<td>348,577</td>
</tr>
<tr>
<td>St. Paul CBD</td>
<td>9</td>
<td>355,390</td>
<td>34,117</td>
<td>9.6%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Market</td>
<td>486</td>
<td>67,469,369</td>
<td>7,801,618</td>
<td>11.6%</td>
<td>(8,882)</td>
<td>478,934</td>
<td>470,052</td>
</tr>
</tbody>
</table>

Source: Northmarq Compass, 2010 Mid-Year

The region experienced negative absorption of -8,882 square feet (sf) of retail space during the first half of 2010. Gains in some areas were offset by dramatic negative absorption in Neighborhood Centers, which lost tenants totaling -118,176 sf during the first half of 2010 alone. This was primarily the result of continued store closings within and near Brookdale Center, as well as Hollywood Video and Blockbuster store closings throughout the metro area. Limited positive absorption was noted in some Community and Specialty centers, as well as Downtown Minneapolis.
### Twin Cities Metro Area
#### Retail Vacancy & Absorption
1995-2009

#### Average Net Rental Rates

**Twin Cities Metro Area**

<table>
<thead>
<tr>
<th>Center Type</th>
<th>Avg. Quoted Net Rental Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009 - 2nd Half</td>
</tr>
<tr>
<td>Community</td>
<td>$19.23</td>
</tr>
<tr>
<td>Minneapolis CBD</td>
<td>$21.36</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>$15.29</td>
</tr>
<tr>
<td>Outlet Mall</td>
<td>$15.19</td>
</tr>
<tr>
<td>Regional Mall</td>
<td>$58.59</td>
</tr>
<tr>
<td>Specialty</td>
<td>$39.06</td>
</tr>
<tr>
<td>St. Paul CBD</td>
<td>$16.39</td>
</tr>
<tr>
<td>Total Market</td>
<td>$26.28</td>
</tr>
</tbody>
</table>

*Source: Northmarq Compass, 2010 Mid-Year*
- Because of the recent economic recession, new development activity has been very limited. Rates have dipped below the point that will support new speculative development. Some build-to-suit activity continues, along with user-driven demand, although developers have shelved several large speculative projects throughout the region. Only 290,000 sf of retail development is expected to be completed this year throughout the Twin Cities Metro Area.

- Landlords have been left with significant vacancies due to bankruptcies and store closings. According to Northmarq statistics, more than 70 empty big-box and junior boxes (spaces with 15,000+ sf) remain vacant. Meanwhile, Neighborhood Centers have been particularly hard hit. As a result, landlords are aggressively pursuing opportunities to re-lease now vacant space. Some have reduced rates, while many are offering concessions in an effort to lure new tenants. So, while asking rents averaged $26.86 (triple net), reportedly unchanged from a year ago, landlords in many cases are converting leases at a significantly discounted rate.

- Landlords have also become more accommodating of value-oriented retailers and deep discounters (i.e. dollar stores, thrift shops, consignment shops, etc.) and are more willing to divide larger boxes and junior box spaces to accommodate smaller stores.

- Some Neighborhood and Community Centers have fared better, as many grocers continue to do well. A number of casual dining restaurants have also expanded in the Twin Cities market. Grocery stores generally did well through the recession and continue to perform, as consumers are eating at home more frequently. However, grocers continue to compete for market share, with Wal-Mart and Target adding additional grocery, and smaller concepts such as Aldi, Save-A-Lot and Trader eyeing new locations in the Twin Cities.

- Casual dining concepts have also fared well in some submarkets, as consumers are opting down for less expensive dining options. We understand that SmashBurger, Five Guys, Burger Time and Burger Jones are all burger concepts actively considering sites in the
Twin Cities. Other restaurant concepts considering new outlets include Panera Bread, Buffalo Wild Wings, McDonald’s, Little Caesar’s and Panda Express.

- Mixed-use developments incorporating street level retail along with multifamily housing in upper floors were popular during the early to middle part of the decade. Local retail experts note that while mixed-use development, particularly vertical mixed use, is sometimes popular with planners, as well as nearby apartment and condo dwellers, they are susceptible to failure if they are not supported by a strong demographic base, offer easy access and high visibility, and ample parking. A small amount of retail can be successful within mixed-use developments, although the region now has several examples of failed mixed use projects with a commercial component that was too large, overpriced, insufficient surrounding customer demographics and/or failed to provide sufficient access or parking.

E. 66th St. Corridor Retail and Area Shopping Centers

Table 4 shows a listing of retail and service-retail businesses located along the E. 66th Street Corridor from Cedar Avenue on the east to Portland Avenue on the west. There are two small neighborhood commercial centers located within the East 66th Street Corridor, as well as the large Cedar Point Commons development near Cedar Avenue.

The **Flick Business Center** is located on the south side of 66th between 13th and 14th Avenues. The strip retail center was constructed in 1968 and contains 10,000 sf. The property is occupied by five tenants, including an office user (TKDA Architects) and five service businesses, including Distinctive Cleaning, DePaul Lettering, A-1 Vacuum and Chuck’s Body Shop. The property is currently 100% leased. Net rental rates here are estimated to be in the range of $8 to $10 psf.
Current Retail Businesses
E. 66th Street Corridor - Cedar Ave. to Portland Ave.

<table>
<thead>
<tr>
<th>Department Stores</th>
<th>Barber/Beauty Shops</th>
<th>Other Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>Dick's Barber Shop</td>
<td>VCA Animal Care Hospital</td>
</tr>
<tr>
<td>Home &amp; Garden</td>
<td>Ohana Styling</td>
<td>Adon Balloons and Signs</td>
</tr>
<tr>
<td>Home Depot</td>
<td>Expressions Salon</td>
<td>A-1 Vacuum</td>
</tr>
<tr>
<td>Grocery</td>
<td>Floral</td>
<td>Distinctive Cleaning</td>
</tr>
<tr>
<td>Cinco de Mayo</td>
<td>Richfield Floral</td>
<td>DePaul Lettering</td>
</tr>
<tr>
<td>Jalapeno's Market</td>
<td>Ecuadorian Roses</td>
<td>Clinton Press Printing</td>
</tr>
<tr>
<td>ADOM African Market</td>
<td></td>
<td>Maytag Laundry</td>
</tr>
<tr>
<td>Target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto Oriented</td>
<td>Food &amp; Beverage</td>
<td>Liquor</td>
</tr>
<tr>
<td>Richfield 66 (gas &amp; repair)</td>
<td>Frenchman's Pub</td>
<td>Richfield Liquor Store</td>
</tr>
<tr>
<td>Sinclair (gas) (closed)</td>
<td>Chipotle</td>
<td></td>
</tr>
<tr>
<td>T&amp;T Automotive (gas &amp; repair)</td>
<td>Subway</td>
<td></td>
</tr>
<tr>
<td>Carlberg Radiator</td>
<td>Caribou Coffee</td>
<td></td>
</tr>
<tr>
<td>Crest Auto Repair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhaust Pros</td>
<td>Clothing/Shoes</td>
<td></td>
</tr>
<tr>
<td>Chuck's Body Shop</td>
<td>Pets/Pet Supplies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Famous Footwear</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Something Fishy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A World of Fish</td>
<td></td>
</tr>
</tbody>
</table>

Source: GVA Marquette Advisors

The **East End Center**, located on the north side of 66th between 12th and 13th Avenues, contains 13,100 sf and is also currently 100% leased. Tenants include an ADOM African Market, VCA Animal Care Center, Something Fishy, and Adon Balloons and Signs. Net rental rates average $12 psf.

Additional street retail along the E. 66th Street Corridor includes two gas stations (T&T Automotive and Richfield 66), three small ethnic groceries, three barber/beauty shops, three auto repair/service centers, two floral shops, Frenchman’s Bar, the Richfield Liquor Store, Maytag Laundry (Laundromat), and the Richfield Liquor Store.

Table 5 summarizes neighborhood and community retail centers, both within and near the primary trade area. **Cedar Point Commons** includes a 175,000 sf SuperTarget and 130,000 sf Home Depot, as well as a TCF Bank branch. Other rentable space constructed to date contains 31,233 sf, of which 48.8% (15,526 sf) remains vacant. Current in-line tenants include two quick
service restaurants (Chipotle and Subway), Caribou Coffee, Verizon Wireless and Famous Footwear. Asking rental rates range from approximately $25 to $30 net. A pad site is also being marketed currently to full service and casual restaurant concepts under a proposed ground lease arrangement. A second phase is planned for the west side of 17th which will include another four retail and restaurant buildings totaling 21,600 sf.

The following are key points from our survey of area retail centers.

- The combined vacancy rate for the surveyed commercial centers was 3.4% at the time of our survey. However, this calculation includes several occupied big-box stores and anchor tenants. All of the current vacancy (50,425 sf), is in-line space. This includes 15,256 sf currently vacant at Cedar Point Commons. Another 21,000 sf is scheduled for Phase II. Current inline vacancy is indicative of a recent downturn in tenant demand related to a serious economic recession.

- Each of the area’s neighborhood and community shopping centers is considerably larger than that which could be supported along the E. 66th Street Corridor, which is comprised of smaller, shallow parcels. Nonetheless, these centers provide an indication of retail market conditions, tenant demand and supportable rental rates at prime commercial locations within and near the East Richfield market.

- Tenant demand at this time is weak. Cedar Point Commons, the area’s newest retail center with successful anchors Target and Home Depot, has more than 15,000 sf remaining in Phase I and another 21,000 sf to be built, plus an additional restaurant pad. We expect that market-leading retail and restaurant concepts will ultimately be drawn to this location first, prior to any general interest in infill or redevelopment sites along the 66th Street Corridor. Cedar Point Commons is asking $24.00 to $30.00 net at this time. This is representative of the benchmark that is required to support new construction in this market. Few store and restaurant concepts can afford such rent levels in today’s market.
<table>
<thead>
<tr>
<th>Center Name</th>
<th>Location</th>
<th>Total Sq. Ft.</th>
<th>Vacancy Sq. Ft.</th>
<th>Vacancy %</th>
<th>Net Rental Rates (per Sq. Ft.)</th>
<th>Anchor Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Pt. Commons</td>
<td>66th &amp; Cedar</td>
<td>337,000</td>
<td>15,258</td>
<td>4.5%</td>
<td>$24.00-$30.00</td>
<td>Target, Home Depot, VCA Animal Care Center, ADO II African Market</td>
</tr>
<tr>
<td>East End Center</td>
<td>66th &amp; 12th Ave.</td>
<td>13,100</td>
<td>0</td>
<td>0.0%</td>
<td>$12.00</td>
<td>Something Fishy, A-1 Vacuum, Distinctive Cleaning, Chuck’s Body Shop</td>
</tr>
<tr>
<td>Flick Business Ctr.</td>
<td>66th &amp; 13th Ave.</td>
<td>10,000</td>
<td>0</td>
<td>0.0%</td>
<td>$8.00 - $10.00</td>
<td>DePaul Lettering, Champ’s, Petco, Fed Ex-Kinko’s</td>
</tr>
<tr>
<td>Market Plaza</td>
<td>66th &amp; Nicolet</td>
<td>50,000</td>
<td>12,715</td>
<td>25.4%</td>
<td>$18.00</td>
<td>Casual Male Big &amp; Tall, Chuck’s Body Shop, DePaul Lettering, Champ’s, Petco, Fed Ex-Kinko’s</td>
</tr>
<tr>
<td>Richfield Shoppes</td>
<td>66th &amp; Nicolet</td>
<td>84,200</td>
<td>3,911</td>
<td>4.6%</td>
<td>$15.00</td>
<td>Marshalls, Michael’s</td>
</tr>
<tr>
<td>The Hub</td>
<td>66th &amp; Nicolet</td>
<td>132,100</td>
<td>13,327</td>
<td>10.1%</td>
<td>$4.00 - $18.00</td>
<td>Rainbow Foods, Casual Male Big &amp; Tall, Chuck’s Body Shop</td>
</tr>
<tr>
<td>The Hub West</td>
<td>66th &amp; Nicolet</td>
<td>78,300</td>
<td>0</td>
<td>0.0%</td>
<td>N/A</td>
<td>Best Buy, Petsmart, Sports Authority, Border’s, Lands End, Chuck’s Body Shop</td>
</tr>
<tr>
<td>Shops at Lyndale</td>
<td>I-494 &amp; Lyndale</td>
<td>233,000</td>
<td>1,540</td>
<td>0.7%</td>
<td>N/A</td>
<td>Best Buy, Petsmart, Sports Authority, Border’s, Lands End, Chuck’s Body Shop</td>
</tr>
<tr>
<td>Southtown</td>
<td>I-494 &amp; Penn Ave.</td>
<td>526,800</td>
<td>3,676</td>
<td>0.7%</td>
<td>$15.00 - $25.00</td>
<td>Target, Kohl’s, Bed, Bath &amp; Beyond, Herberger’s</td>
</tr>
<tr>
<td>Survey Total</td>
<td></td>
<td>1,404,300</td>
<td>50,425</td>
<td>3.4%</td>
<td>$4.00 - $30.00</td>
<td></td>
</tr>
</tbody>
</table>

Sources: MN Commercial Association of Realtors (MNCAR), GVA Marquette Advisors
• Other Richfield shopping centers such as The Hub and Market Plaza, as well as shadow centers and free-standing retail in the areas of 66th & Lyndale and 66th & Nicollet provide a full range of retail goods and services. This includes grocery, convenience retail, personal care products, clothing, and casual and full service dining. Rates at these centers vary greatly, from as low as $4.00 for small interior spaces to around $18 net for well located end-caps.

• Meanwhile, a wider variety of goods, including big box department stores, clothing and electronics is available at Southtown and the Shops at Lyndale, all within a five minute drive of the primary trade area. Southdale Mall, The Galleria and Mall of America offer a full array of goods and services, as well as entertainment and dining options typical of regional and super-regional shopping centers. All of these centers can be accessed within a 10-minute of the E. 66th Street Corridor.

**Retail Demand Analysis**

Table 6 on the following page illustrates an analysis of the purchasing power of consumers residing in the primary trade area. The analysis involves a comparison of retail sales (i.e. store performance) in the trade area with consumer spending data for the trade area’s resident base.

• The trade area (i.e. customer draw area) for various store types certainly varies. However, for purposes of our analysis we assume that the majority of demand for goods and services and restaurants located within neighborhood shopping centers along the E. 66th Street Corridor will come from persons residing within the defined “primary trade area.” Supplemental demand will come from persons working in or around this area (i.e. daytime population), as well as those customers arriving from the “secondary trade area,” which includes many of those shopping at Target and Home Depot who originate from South Minneapolis or East Bloomington.
### Table 6

#### Retail Sales & Consumer Spending Analysis

**East 66th Street Primary Trade Area**

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry Summary</strong></td>
<td><strong>Supply</strong></td>
<td><strong>Resident Demand</strong></td>
</tr>
<tr>
<td>Total Retail and Food &amp; Drink (Selected Store Types)</td>
<td>$78,350,000</td>
<td>$46,210,000</td>
</tr>
<tr>
<td>Total Retail (selected store types)</td>
<td>$75,350,000</td>
<td>$35,945,000</td>
</tr>
<tr>
<td>Total Food &amp; Drink (restaurants) (NAICS 722)</td>
<td>$3,000,000</td>
<td>$10,265,000</td>
</tr>
</tbody>
</table>

**Selected Retail Store Types**

- NAICS 4413: Auto Parts, Accessories, and Tire Stores: $0, $670,000
- NAICS 442: Furniture & Home Furnishings Stores: $0, $2,050,000
- NAICS 443: Electronics & Appliance Stores: $0, $2,315,000
- NAICS 444: Building Materials, Garden Equip. & Supply Stores: $25,000,000, $2,900,000
- NAICS 4451: Grocery Stores: $3,500,000, $10,920,000
- NAICS 4452: Specialty Food Stores: $0, $380,000
- NAICS 4453: Beer, Wine, and Liquor Stores: $4,300,000, $970,000
- NAICS 446: Health & Personal Care Stores: $0, $2,160,000
- NAICS 4481: Clothing & Clothing Accessories Stores: $800,000, $2,770,000
- NAICS 4511: Sporting Goods/Hobby/Musical Instrument Stores: $0, $485,000
- NAICS 4512: Book, Periodical, and Music Stores: $0, $375,000
- NAICS 4521: Department Stores (Excluding Leased Depts.): $35,000,000, $5,000,000
- NAICS 4529: Other General Merchandise Stores: $1,000,000, $3,625,000
- NAICS 4531: Florists: $750,000, $185,000
- NAICS 4532: Office Supplies, Stationery, and Gift Stores: $0, $180,000
- NAICS 4533: Used Merchandise Stores: $0, $40,000
- NAICS 4539: Other Miscellaneous Store Retailers: $5,000,000, $920,000

**Food & Drink**

- NAICS 722: Restaurants & Bars: $3,000,000, $10,265,000

#### Notes:

- **Column A**: Selected store types.
- **Column B**: Supply represents annual retail sales by business establishments within the defined trade area.
- **Column C**: Resident demand potential represents expected annual expenditures by consumers currently residing within the trade area.

#### Sources:

- ESRI Business Information Solutions; GVA Marquette Advisors

- **Column A** of Table 6 shows a variety of retail store types by NAICS code, while **Column B** illustrates the current retail sales performance for each store type within the primary trade area. We reviewed retail sales estimates from ESRI Business Information Solutions, a nationally recognized econometric forecasting firm. The ESRI estimates are based on adjusted 2007 data from the Census of Retail Trade. However, several businesses are new to the corridor, specifically those within Cedar Point Commons. Therefore, for several NAICS categories, Marquette Advisors developed sales estimates...
based on our review of the current retail business mix along the Corridor and an analysis of nationally reported statistics for these stores. Retailers such as Target, Home Depot, Chipotle, Subway and Caribou Coffee do not report sales data for individual stores. However, SEC filings and other published reports provide statistics regarding average store performance and average sales levels per square foot for these businesses. Therefore, Marquette Advisors sales estimates reflect our review of these industry reports based on our analysis of the business mix and traffic within the Cedar Point Commons development. Our sales estimates for Target, Home Depot and the various restaurants and retail stores within Cedar Pont Commons equate to about 75% of the national average per store type. We believe that these estimates are somewhat conservative.

- **Column B** shows that total sales at the selected retail stores and restaurants along the corridor are estimated to be approximately **$78,000,000**. This includes an estimated $65,000,000 in combined sales at Target and Home Depot, with other businesses on the E. 66th Street Corridor generating about $17,000,000 in annual sales.

- **Column C** presents estimates of annual spending by persons residing within the primary trade area. Trade area residents spend an estimated **$46,000,000** on the selected product categories annually. Here we are effectively measuring the “demand” for retail goods and restaurants from residents of the primary trade area. When demand (consumer spending) exceeds supply (retail sales), this can be indicative of a situation where the area could possibly support the development of a new store. However, by comparing the data in **Columns B & C** we see that the primary trade area is probably not “under-retailed.” The fact that total sales at stores and restaurants along the corridor actually exceed consumer spending by a significant amount is reflective of the impact of the Cedar Point Commons development. This development (Target, especially) attracts significant consumer spending from outside the primary market area. With a few exceptions, the other stores along the corridor serve a much more localized customer draw.
• There are exceptions to the trend noted above, where consumer demand appears to exceed store sales in the trade area. This means that there is current “leakage” of consumer dollars to businesses located outside the boundaries of the defined primary trade area. For example, consumers in the primary trade area spend an estimated $10.9 million at grocery stores, although estimated grocery store sales within this area are just $3.2 million. However, this does not mean that the trade area needs another grocery store. The $3.2 million in grocery store sales is understated, because it does not account for grocery sales which are actually captured at the SuperTarget, which is designated as a department store per NAICS classification. Moreover, it is unrealistic to assume that grocery stores located along the E. 66th Street Corridor will capture all grocery expenditures by trade area residents. Some of this spending will continue to flow to well-established nearby stores such as Rainbow and Cub Foods, which are outside the primary trade area but still quite convenient for trade area residents.

• Based on our review of consumer spending and retail sales estimates, one category which appears to be under-represented within the primary trade area is restaurants. Total restaurant and bar sales within the primary trade area are estimated at approximately $3,000,000 annually. Meanwhile, annual consumer spending by trade area residents at restaurants and bars is estimated at $10,265,000. We are also aware that there is significant additional demand from the secondary trade area, related to Target and Home Depot customers coming to this area, as well as airport employees. We expect that additional restaurant concepts will be introduced over the next 12 to 24 months which will accommodate this demand for restaurants. We expect that these new restaurant concepts will locate within the Cedar Point Commons in-line space (current vacancy), pad sites or the Phase II buildings.
The “Target Impact”

Nationally, Target store sales averaged $287 per square foot last year. Even if the Richfield Target generated sales at just 75% of the national average ($215 psf), this would equate to more than $35,000,000 in annual sales. We know from our review of annual consumer spending that residents of the primary trade area spend about $5,000,000 collectively at department stores each year. Only a portion of this, say 50% at the high-end, is captured by the Richfield Target store. This means that the Richfield Target is importing more than 90% of its customers from outside our primary trade area, including significant penetration into South Minneapolis and also East Bloomington.

Clearly Target and other discount retailers can in some circumstances have a negative impact upon businesses within the same area that offer a similar product line. However, this does not appear to be the case with respect to East Richfield and the E. 66th Street Corridor. Rather, the fact that Target is importing customers from a much expanded trade area could present an opportunity for synergistic benefit and increased sales at E. 66th Street Corridor businesses in the future. This positive “synergy” associated with a nearby location is thus far accruing primarily to those businesses and restaurants within or very close to Cedar Point Commons. The Richfield Liquor Store has already benefited significantly from Target and its expansion of the trade area. Liquor Store sales have increased by approximately 20% since the opening of the Richfield Target store.

We also examined consumer spending by residents of the broader secondary market area. This analysis showed that these consumers spent an aggregate of about $75,000,000 at department stores last year. Our sales estimates suggest that the Richfield Target store captured approximately 40% to 50% of department store spending by persons residing in the secondary trade area. Meanwhile, the $600,000 sales increase at the Richfield Liquor Store equates to just 4% of consumer spending at liquor stores by residents of the secondary trade area. Capturing just a small share of the much expanded secondary market can have a significant impact for smaller retail businesses. This $600,000 sales increase is very substantial from the standpoint of
the Liquor Store operation and the City, although its “market share” of overall liquor spending by persons in the secondary trade area is quite small.

Persons residing in the secondary trade area spend an estimated $675,000,000 annually at retail stores and restaurants, excluding department stores and gas stations. If those same consumers allocated 3% to 5% of their expenditures to stores and restaurants within the E. 66th Street Corridor (similar to the Liquor Store capture rate) this would equate to between $20,000,000 and $30,000,000 in annual sales. This should equate to about 50,000 to 60,000 sf of additional store space supportable in the area. We expect that a large share of this demand will be accommodated within existing and planned new space in Cedar Point Commons.

**Key Conclusions – Retail Analysis**

Current market data suggests that demand for new retail space is suppressed at this time. Moreover, rental rates have declined to a point that will not support new construction of retail space for-lease. Residents of the primary trade area surrounding the E. 66th Street Corridor are generally well served by existing retail along the Corridor or within a short distance to nearby shopping centers.

We have calculated “short term” potential for approximately 50,000 to 60,000 sf of retail and restaurant space along the corridor over the next two to three years. We expect that new retail and restaurant concepts will focus initially upon the remaining space within Cedar Point Commons, but eventually may consider other locations elsewhere along the Corridor as this space is absorbed. City and/or County participation in development through land assembly and public-private partnerships in financing will likely be required to support infill and redevelopment, however.

The new Target store continues to import customers from a much expanded draw area, although synergistic benefits to-date have accrued mostly to other businesses within or very near to Cedar
Point Commons. A longer-term opportunity may exist for more businesses located westward along the E. 66th Street Corridor to capture additional sales from Target customers coming to the area to shop.

Target shoppers, however, must have a reason to travel westward along 66th Street. Through this Corridor Planning effort, Hennepin County and the City of Richfield can help to “set the stage” for existing businesses and new businesses to better cultivate an expanded trade area related to Target customers. This will include market-related, transportation and land use elements as described in this report and the Corridor Plan.

**OFFICE MARKET UPDATE**

The following is an overview of office market conditions along the E. 66th Street Corridor, throughout Richfield and the broader Twin Cities Metro Area. Included is a summary of existing office properties along the Corridor, as well as current market rental rates and occupancy levels for multi-tenant office buildings here and in the surrounding market. This provides valuable insight regarding the current and potential future demand for additional office development on or near the E. 66th Street Corridor, and supportable rental rates.

**Regional Office Market Trends**

The following are key points regarding the Twin Cities office market environment, based on our review of market information and published reports such as the recent Nortmarq Compass report for mid-year 2010. Summary tables and graphs are also provided.

- The Twin Cities Metro Area has a total of about 72.3 million square feet of rentable office space in multi-tenant buildings. Of that total, 5.6 million square feet is located within the “South/Airport” submarket, of which Richfield is a part.
The Twin Cities overall office vacancy rate (including sub-lease availability) jumped from 18.4% in 2008 to 22.3% in 2009. At mid-year 2010 the regional office vacancy rate stood at 22.8%.

Vacancy in the South/Airport submarket, at 25.9%, was second highest among metro submarkets to the Northwest metro. Negative absorption in this submarket totaled -145,397 sf during the past twelve months.

The Twin Cities office market was overwhelmed with negative space absorption, linked to the serious economic recession of 2008/2009. Negative absorption totaled more than 1.8 million square feet metro-wide in 2009, but slowed to -290,000 sf during the first half of 2010. Economic conditions have improved in the region, triggering some improvement in the job market, although leasing activity continues to lag as office users are slow to pull the trigger on new space. The recent Northmarq Compass report notes that leasing volume is running at about 50% of pre-recession levels, with much of that activity being renewals at discounted rates.
<table>
<thead>
<tr>
<th>Submarket &amp; Property Class</th>
<th>Net Rentable Area (SF)</th>
<th>Net Vacant Space</th>
<th>Sublease Space</th>
<th>Percent Vacant</th>
<th>Percent Vacant w/ Sublease</th>
<th>2nd Half 2009</th>
<th>1st Half 2010</th>
<th>Last 12 Months</th>
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<tbody>
<tr>
<td>Twin Cities Total</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Class A</td>
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<td>21.00%</td>
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<td>-60,092</td>
<td>-452,298</td>
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<td>24.10%</td>
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<td>Class C</td>
<td>6,327,556</td>
<td>1,673,559</td>
<td>103,995</td>
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<td>25.70%</td>
<td>-110,979</td>
<td>41,470</td>
<td>-56,509</td>
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<td>22.80%</td>
<td>-387,214</td>
<td>-208,755</td>
<td>-1,076,009</td>
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<td>South/Airport</td>
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<td>25.90%</td>
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<td>15.90%</td>
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<td>-29,013</td>
<td>-145,397</td>
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<td>Minneapolis CBD</td>
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<td>Class A</td>
<td>14,459,723</td>
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<td>16.20%</td>
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<td>29.40%</td>
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<td>-28,314</td>
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<td>21.70%</td>
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<td>-132,829</td>
<td>-477,267</td>
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<td>26.80%</td>
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<td>-197,613</td>
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<td>19.20%</td>
<td>-101,069</td>
<td>-39,443</td>
<td>-140,452</td>
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<td>Class C</td>
<td>1,069,121</td>
<td>273,044</td>
<td>604</td>
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<td>25.60%</td>
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<td>-8,577</td>
<td>-13,278</td>
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<td>Subtotal</td>
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<td>1,622,724</td>
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<td>22.60%</td>
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<td>-45,869</td>
<td>-351,283</td>
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<td>862,704</td>
<td>190,656</td>
<td>11,285</td>
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<td>23.40%</td>
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<td>-85,080</td>
<td>-92,762</td>
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<td>Class B</td>
<td>1,102,734</td>
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<td>30.80%</td>
<td>-11,114</td>
<td>95,029</td>
<td>83,165</td>
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<td>Class C</td>
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<td>10,861</td>
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<td>Class A</td>
<td>8,431,432</td>
<td>1,849,737</td>
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<td>110,338</td>
<td>53,036</td>
<td>193,074</td>
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<td>4,914,821</td>
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<td>261,307</td>
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<td>35.50%</td>
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<td>-1,661</td>
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<td>2,980,625</td>
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<td>-81,077</td>
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<td>St. Paul CBD</td>
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<td>424,648</td>
<td>118,429</td>
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<td>22.20%</td>
<td>-10,158</td>
<td>-28,261</td>
<td>-36,359</td>
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<td>Class B</td>
<td>3,702,861</td>
<td>846,333</td>
<td>26,867</td>
<td>22.90%</td>
<td>23.60%</td>
<td>107,166</td>
<td>20,725</td>
<td>127,811</td>
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<tr>
<td>Class C</td>
<td>724,655</td>
<td>261,307</td>
<td>14,823</td>
<td>36.10%</td>
<td>38.10%</td>
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<td>158</td>
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<td>Subtotal</td>
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<td>24.60%</td>
<td>90,268</td>
<td>-5,318</td>
<td>94,899</td>
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<tr>
<td>West</td>
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</tr>
<tr>
<td>Class A</td>
<td>4,489,327</td>
<td>577,105</td>
<td>305,824</td>
<td>12.90%</td>
<td>18.70%</td>
<td>-72,443</td>
<td>-4,761</td>
<td>-77,204</td>
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<td>Class B</td>
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<td>18.40%</td>
<td>-33,552</td>
<td>-19,754</td>
<td>-53,306</td>
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<td>Class C</td>
<td>554,379</td>
<td>10,106</td>
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<td>18.30%</td>
<td>18.30%</td>
<td>15,817</td>
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<td>19.10%</td>
<td>-90,178</td>
<td>-21,033</td>
<td>-111,211</td>
</tr>
</tbody>
</table>

Source: Northmarq Compass, 2019 mid-year
### Table 8

#### Multi-Tenant Office, Average Rental Rates, 2009-2010

<table>
<thead>
<tr>
<th>Submarket / Property Class</th>
<th>2nd Half 2009</th>
<th>1st Half 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Avg. Net Rate</td>
<td>CAM</td>
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<tr>
<td><strong>Twin Cities Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>$15.11</td>
<td>7.39</td>
</tr>
<tr>
<td>Class B</td>
<td>$10.70</td>
<td>5.36</td>
</tr>
<tr>
<td>Class C</td>
<td>$8.79</td>
<td>3.26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$12.87</td>
<td>6.18</td>
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<td><strong>South/Airport</strong></td>
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<tr>
<td>Class A</td>
<td>$14.22</td>
<td>5.86</td>
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<tr>
<td>Class B</td>
<td>$11.90</td>
<td>4.94</td>
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<td>Class C</td>
<td>$6.04</td>
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<td><strong>Subtotal</strong></td>
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<td><strong>Minneapolis CBD</strong></td>
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<tr>
<td>Class A</td>
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<td>7.79</td>
</tr>
<tr>
<td>Class B</td>
<td>$9.94</td>
<td>5.40</td>
</tr>
<tr>
<td>Class C</td>
<td>$9.49</td>
<td>2.30</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$13.11</td>
<td>6.67</td>
</tr>
<tr>
<td><strong>Northeast</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>$13.57</td>
<td>5.14</td>
</tr>
<tr>
<td>Class B</td>
<td>$10.91</td>
<td>4.15</td>
</tr>
<tr>
<td>Class C</td>
<td>$8.09</td>
<td>1.65</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$11.90</td>
<td>4.46</td>
</tr>
<tr>
<td><strong>Northwest</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>$12.93</td>
<td>5.92</td>
</tr>
<tr>
<td>Class B</td>
<td>$10.10</td>
<td>4.26</td>
</tr>
<tr>
<td>Class C</td>
<td>$7.88</td>
<td>3.30</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$10.65</td>
<td>4.59</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>$15.60</td>
<td>7.05</td>
</tr>
<tr>
<td>Class B</td>
<td>$11.70</td>
<td>5.43</td>
</tr>
<tr>
<td>Class C</td>
<td>$8.78</td>
<td>3.44</td>
</tr>
<tr>
<td><strong>St. Paul CBD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>$12.08</td>
<td>7.60</td>
</tr>
<tr>
<td>Class B</td>
<td>$6.35</td>
<td>4.35</td>
</tr>
<tr>
<td>Class C</td>
<td>$5.93</td>
<td>3.10</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$8.77</td>
<td>5.64</td>
</tr>
<tr>
<td><strong>West</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>$16.57</td>
<td>8.45</td>
</tr>
<tr>
<td>Class B</td>
<td>$11.81</td>
<td>5.93</td>
</tr>
<tr>
<td>Class C</td>
<td>$8.57</td>
<td>3.50</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$14.07</td>
<td>7.98</td>
</tr>
</tbody>
</table>

Source: NorthMarq Compass, 2010 Mid-Year
Employment growth has resumed in the metro area, although regional employment as of August 2010 remained about 100,000 jobs short of pre-recession levels according to Current Employment Statistics (CES) from the MN Department of Employment and Economic Development. Improvement in the office market will be tied to employment growth. Most market observers suggest that the metro vacancy rate will continue to hover around the 20% mark for several months.

Weak demand fundamentals have also created downward pressure on rents. Landlords are working hard to retain current tenants, and to replace those lost over the past several months. Many are cutting rents in an effort to retain or recruit new tenants. Within the South/Airport submarket, Class A net rental rates averaged $14.20 psf as of 2010 mid-year, compared to $11.77 psf and $8.81 psf for Class B and C space, respectively.

Leasing activity has reportedly been very slow within the South/Airport submarket. However, in the coming months two significant tenants will be seeking to fill large space requirements. Both are Federal Government Service Administration (GSA) and related to the feds’ plans to redevelop its office properties at Fort Snelling and the Mpls. Veterans Hospital. The GSA is currently seeking two 250,000 sf spaces and are reportedly considering buildings such as the former 265,000 sf Delta Airlines building in Eagan, a 325,000 sf former US Bank office building on Shepard Rd. in St. Paul, and the Best Buy Corporate Campus, as Best Buy is now marketing a portion of its corporate campus as sublease space. There are no buildings within or near to the E. 66th Street Corridor in Richfield which could accommodate such a large space requirement.

**East Richfield Office Buildings**

We also identified and surveyed several office buildings along the subject E. 66th Street Corridor, as well as multi-tenant buildings near 66th at its intersections with both Nicollet and Lyndale. The characteristics of these buildings are summarized on the table on the following page.
<table>
<thead>
<tr>
<th>Building Name/Location</th>
<th>Yr. Blt.</th>
<th>Total Sq. Ft.</th>
<th>Current Vacancy Sq. Ft.</th>
<th>%</th>
<th>Net Rental Rates (PSF)</th>
<th>CAM &amp; Gross Rental Rates</th>
<th>Tenant profile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buildings on 66th St. Corridor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6607 18th Ave. SE</td>
<td>1970</td>
<td>8,200</td>
<td>800</td>
<td>9.8%</td>
<td>n/a</td>
<td>n/a</td>
<td>$19.00 Insurance, legal, service, professional</td>
</tr>
<tr>
<td>1300 E. 66th Street</td>
<td>n/a</td>
<td>3,400</td>
<td>660</td>
<td>19.4%</td>
<td>n/a</td>
<td>n/a</td>
<td>$19.00 HVAC Systems Tech., Latino Express Taxi Dispatch</td>
</tr>
<tr>
<td>1717 E. 66th St.</td>
<td>1968</td>
<td>7,000</td>
<td>0</td>
<td>0.0%</td>
<td>Single-User</td>
<td></td>
<td>Dental Health Care Center</td>
</tr>
<tr>
<td>1515 E. 66th St.</td>
<td>n/a</td>
<td>24,555</td>
<td>0</td>
<td>0.0%</td>
<td>Single-User</td>
<td></td>
<td>MN Evangelical Assoc.</td>
</tr>
<tr>
<td>1520 E. 66th St.</td>
<td>1978</td>
<td>7,823</td>
<td>0</td>
<td>0.0%</td>
<td>n/a</td>
<td>n/a</td>
<td>Insurance, service, professional Cedar West Family Dental, Richfield Orthodontic</td>
</tr>
<tr>
<td>1537 E. 66th St.</td>
<td>1962</td>
<td>6,000</td>
<td>0</td>
<td>0.0%</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>56,978</td>
<td>1,460</td>
<td>2.6%</td>
<td></td>
<td></td>
<td>$19.00</td>
</tr>
<tr>
<td><strong>Other Nearby Office Buildings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6636 Cedar Avenue</td>
<td>1988</td>
<td>84,070</td>
<td>28,000</td>
<td>33.3%</td>
<td>$10.00-$12.00</td>
<td>$9.60</td>
<td>$19.60-$21.60 Legal, service, medical Houlihan’s, Allina, Metro Dental, Richfield Dialysis, Richfield Chamber of Commerce</td>
</tr>
<tr>
<td>Woodlake Center -- 66th &amp; Lyndale</td>
<td>2000</td>
<td>98,000</td>
<td>7,700</td>
<td>7.9%</td>
<td>$18.50</td>
<td>$11.50</td>
<td>$30.00</td>
</tr>
<tr>
<td>Bremer Bank Building -- 6500 Nicollet</td>
<td>1965</td>
<td>22,860</td>
<td>6,581</td>
<td>28.8%</td>
<td>$5.50</td>
<td>$8.50</td>
<td>$14.00-$30.00 Bank, professional</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>204,930</td>
<td>42,281</td>
<td>20.6%</td>
<td>$5.50-$18.50</td>
<td>$9.87</td>
<td></td>
</tr>
</tbody>
</table>

Sources: MNCAR, GVA Marquette Advisors
• There is an approximately 57,000 sf of office space along the E. 66th Street Corridor from Cedar to Portland. This space is located in six buildings, the largest of which is the MN Evangelical Association building at 1515 E. 66th Street. Two of these buildings are dental offices, at 1537 and 1717 E. 66th Street. Multi-tenant buildings are located at 18th & 66th, as well as 1717 and 1300 66th Street. Rental rates are quoted on a gross basis, at $19 psf.

• The largest multi-tenant office building within close proximity of the E. 66th Street Corridor is located immediately south of the Richfield Liquor Store at 6636 Cedar Avenue. Built in 1988, the property contains 84,070 sf, of which 28,000 sf (33.3%) is presently vacant. Asking rental rates range from $10.00 to $12.00 psf on a net basis, or about $19.50 to $21.60 psf including common area maintenance expenses (CAM) and taxes. The building is occupied by a mix of legal, professional and medical firms, but has maintained an elevated vacancy rate for several months.

• The Woodlake Center at 66th and Lyndale contains 98,000 sf, with a 7.9% vacancy rate at the time of our analysis. The property contains a Houlihan’s restaurant on the main floor, along with several medical and professional tenants, and the Richfield Chamber of Commerce. Asking rents here are $18.50 psf net, or about $30.00 psf gross. The Bremer Bank Building at 6500 Nicollet contains 22,850 sf, with a 6,581 sf vacancy (28.8%), and asking rents of just $5.50 psf net and $14.00 psf gross.

**Key Conclusions – Office Analysis**

Demand fundamentals for multi-tenant office space remain weak. Very few user groups are seeking space in today’s market, creating downward pressure on office rental rates. Vacancy in the South/Airport submarket stood at 25.3%, roughly double what is generally considered to be a healthy equilibrium vacancy rate. The largest office building near the E. 66th Street Corridor, at 6676 Cedar, contains 84,070 sf of rentable area, of which more than 28,000 sf is vacant at this
time. Six smaller office buildings are located along the E. 66th St. Corridor, totaling about 55,000 sf, of which only 2.6% was vacant at the time of our survey. However, this includes a number of modest single-user and owner-occupied buildings. Older multi-tenant buildings along the E. 66th Street Corridor are advertising space available today at a $19.00 psf gross rate. Current tenants along and near the Corridor include mostly small firms and service providers such as insurance agents, counselors, and small service businesses, along with three dental offices. Medical offices tend to be more focused around the 66th & Lyndale area due to the presence of major senior housing communities there.

Current demand fundamentals and market rental rates are not supportive of new construction at this time in the East Richfield market. Continued economic improvement and sustained employment growth over a significant period of time will be required to absorb current excess vacancy in this area, and others throughout the region. Long-term demand may support smaller redevelopment or infill construction on a small scale. We would expect demand from professional service firms and possible an uptick in demand for medical office space, particularly if new senior housing is constructed in the area as is being contemplated near 66th & Cedar.

**HOUSING ANALYSIS**

The E. 66th Street Corridor contains several older 1950’s and 60’s vintage apartment buildings, generally in the western portion of the study area between about 12th and Portland. Our analysis showed that the buildings are generally well maintained and provide quality workforce-affordable rental housing. For two primary reasons, we do not believe that construction of market rate multifamily housing along E. 66th Street will be viable in the near term. For one, parcels have very limited depth. Secondly, market rents in this area are not sufficient so as to ensure financial feasibility. Rather, we have focused our analysis upon the multifamily TIF district which is located just north of 66th Street and west of the Cedar Point Commons development. We expect that future multifamily construction near the Corridor will be focused
in this area. Further, we believe that this site is best suited for senior housing, and have thus focused our analysis upon the surrounding senior housing market environment in order to determine what level of demand may be supportable at this location. This analysis follows.

**Senior Housing Market Area**

We have determined the primary market area for senior housing in East Richfield based on man-made and geographic boundaries, traffic & commuting patterns, the location of existing senior rental properties in the area, health care facilities, and our general knowledge of the senior housing market in the Twin Cities. As depicted on the map below, we estimate that the market area for senior housing in East Richfield will include the City of Richfield and a portion of south Minneapolis, which includes a section of the Nokomis and Southwest Minneapolis neighborhoods.

**E. Richfield Senior Housing Market Area**
A Variety of Senior Housing Products

Senior Housing is typically defined as an age-restricted housing product designed specifically to service seniors, generally those aged 62+ or 65+, although the market has developed a wide range of product types over the past several years. The four major senior housing product types and a brief description of each are provided below. The choice of product type will depend on the level of care needed on a case-by-case situation, in addition to household income levels and financial assets.

**Independent Senior Housing** – This is the least service-intensive of all senior housing products. These properties offer virtually no support services or health care, but restrict tenancy to those ages 55 or 62 and over. Typically, independent senior housing communities will attract persons aged 65 and older. Apartment-style rentals are most popular, although condominiums, cooperatives and townhomes have also been developed throughout the region. Some of these communities do provide limited activities for residents, as well as scheduled transportation to medical appointments or shopping centers.

**Congregate Senior Housing** – This type of senior housing offers support services such as transportation, meals and housekeeping. These services are offered either for an additional cost (congregate-optional services), although such services are sometimes included in the monthly rents/fees (congregate service-intensive). Congregate senior housing tends to attract an older and more frail resident population compared to independent senior housing. Congregate units are also much more likely to be occupied by a single person (75% to 85%) than independent senior communities, where often times 50% or more of the units are occupied by couples.

**Assisted Living** – Assisted Living is the most service-intensive product type and offers the highest level of services, just short of those available in a skilled care/nursing home environment. Assisted living typically includes at least 2 meals
per day, along with all of the support services found in Congregate housing. The most distinguishing features of an Assisted Living community are that it provides 24-hour staffing and emergency response, along with the availability of personal care assistance (bathing, dressing, grooming, etc.). Assisted living facilities tend to attract people age 80 and older who need assistance with the ADL’s (activities of daily living) mentioned above.

**Memory Care** – This type of senior housing is a specialized Assisted Living product, specifically designed and programmed for persons afflicted with Alzheimer’s disease or other dementias. These facilities include all the same services as Assisted Living, plus additional safety through secured-access doors and/or wander-guard systems. They also feature a higher staff-to-resident ratio. Furthermore, special active (stimulating) and passive (calming) programming is involved to respond to the needs of the resident base.

**Demographics**

The potential resident base for senior housing in East Richfield will include mainly income-qualified senior households in the surrounding Market Area who need and/or desire a multifamily living environment, either with or without meals and personal care services. In the forthcoming paragraphs we summarize our analysis of the current and projected senior household base in the Market Area. The purpose of this analysis is to determine the size of the current and projected market demand for senior housing.

**Household Incomes**

Table 10 on the following page shows estimated and projected incomes for senior households by age in the 66th Street Corridor Market Area for 2010 and 2015. The figures are based on data
from ESRI Business Information Solutions, a nationally-recognized demographics data services firm. Household income data will be used later in estimating market demand for senior housing.

### Table 10

**Senior Households by Income, 2010-2015**

**E. 66th St. Corridor Market Area**

<table>
<thead>
<tr>
<th>Household Income</th>
<th>55-64 No.</th>
<th>55-64 %</th>
<th>65-74 No.</th>
<th>65-74 %</th>
<th>75+ No.</th>
<th>75+ %</th>
<th>Total 55+ No.</th>
<th>Total 55+ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>281</td>
<td>4.9%</td>
<td>239</td>
<td>7.6%</td>
<td>605</td>
<td>13.7%</td>
<td>1,125</td>
<td>8.5%</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>240</td>
<td>4.2%</td>
<td>308</td>
<td>9.7%</td>
<td>722</td>
<td>16.3%</td>
<td>1,270</td>
<td>9.6%</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>385</td>
<td>6.8%</td>
<td>375</td>
<td>11.9%</td>
<td>637</td>
<td>14.4%</td>
<td>1,397</td>
<td>10.5%</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>767</td>
<td>13.5%</td>
<td>470</td>
<td>14.9%</td>
<td>711</td>
<td>16.1%</td>
<td>1,948</td>
<td>14.7%</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>1,277</td>
<td>22.4%</td>
<td>749</td>
<td>23.7%</td>
<td>729</td>
<td>16.5%</td>
<td>2,755</td>
<td>20.7%</td>
</tr>
<tr>
<td>$75,000-$99,000</td>
<td>1,199</td>
<td>21.1%</td>
<td>310</td>
<td>9.8%</td>
<td>472</td>
<td>10.7%</td>
<td>1,981</td>
<td>14.9%</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>937</td>
<td>16.5%</td>
<td>448</td>
<td>14.2%</td>
<td>339</td>
<td>7.7%</td>
<td>1,724</td>
<td>13.0%</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>299</td>
<td>5.3%</td>
<td>134</td>
<td>4.2%</td>
<td>124</td>
<td>2.8%</td>
<td>557</td>
<td>4.2%</td>
</tr>
<tr>
<td>$200,000+</td>
<td>310</td>
<td>5.4%</td>
<td>126</td>
<td>4.0%</td>
<td>90</td>
<td>2.0%</td>
<td>526</td>
<td>4.0%</td>
</tr>
<tr>
<td>Total Households</td>
<td>5,695</td>
<td>100.0%</td>
<td>3,159</td>
<td>100.0%</td>
<td>4,429</td>
<td>100.0%</td>
<td>13,283</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Median Income**

- Current Year Estimates (2010)
  - Less than $15,000: $72,138
  - $15,000-$24,999: $54,299
  - $25,000-$34,999: $39,161
  - $35,000-$49,999: $56,012

- Projections (2015)
  - Less than $15,000: $56,012
  - $15,000-$24,999: $39,161
  - $25,000-$34,999: $56,012
  - $35,000-$49,999: $56,012

<table>
<thead>
<tr>
<th>Household Income</th>
<th>55-64</th>
<th>65-74</th>
<th>75+</th>
<th>Total 55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>213</td>
<td>217</td>
<td>477</td>
<td>907</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>161</td>
<td>254</td>
<td>499</td>
<td>914</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>315</td>
<td>357</td>
<td>492</td>
<td>1,164</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>574</td>
<td>450</td>
<td>486</td>
<td>1,510</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>1,419</td>
<td>1,067</td>
<td>829</td>
<td>3,315</td>
</tr>
<tr>
<td>$75,000-$99,000</td>
<td>1,233</td>
<td>417</td>
<td>541</td>
<td>2,191</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>1,320</td>
<td>860</td>
<td>560</td>
<td>2,740</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>473</td>
<td>331</td>
<td>216</td>
<td>1,020</td>
</tr>
<tr>
<td>$200,000+</td>
<td>462</td>
<td>287</td>
<td>115</td>
<td>864</td>
</tr>
<tr>
<td>Total Households</td>
<td>6,170</td>
<td>4,240</td>
<td>4,215</td>
<td>14,625</td>
</tr>
</tbody>
</table>

**Median Income**

- Current Year Estimates (2010)
  - $81,326
  - $67,737
  - $53,220
  - $69,785

- Projections (2015)
  - $56,012
  - $56,012
  - $56,012

<table>
<thead>
<tr>
<th>Household Income</th>
<th>55-64</th>
<th>65-74</th>
<th>75+</th>
<th>Total 55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>-68</td>
<td>-22</td>
<td>-128</td>
<td>-218</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>-79</td>
<td>-54</td>
<td>-223</td>
<td>-356</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>-70</td>
<td>-18</td>
<td>-145</td>
<td>-233</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>-193</td>
<td>-20</td>
<td>-225</td>
<td>-438</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>-142</td>
<td>318</td>
<td>100</td>
<td>560</td>
</tr>
<tr>
<td>$75,000-$99,000</td>
<td>34</td>
<td>107</td>
<td>69</td>
<td>210</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>383</td>
<td>412</td>
<td>221</td>
<td>1,016</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>174</td>
<td>197</td>
<td>92</td>
<td>463</td>
</tr>
<tr>
<td>$200,000+</td>
<td>152</td>
<td>161</td>
<td>25</td>
<td>338</td>
</tr>
<tr>
<td>Total Households</td>
<td>475</td>
<td>1,081</td>
<td>-214</td>
<td>1,342</td>
</tr>
</tbody>
</table>

**Median Income**

- Current Year Estimates (2010)
  - $9,188
  - $13,438
  - $14,059
  - $13,773

Sources: ESRI; Marquette Advisors
Studies have shown that seniors are often willing to pay in excess of 40% of their incomes for independent senior housing, compared to roughly 50% to 60% for “congregate” housing, and about 80% to 90% percent or even more for assisted living or memory care housing. Further, the proceeds from the sale of a home, as well as financial assistance from adult children are often used as supplemental income for some seniors to afford the appropriate housing and care environment.

- The ESRI 2010 income estimates show a median household income of about $56,012 for Market Area adults aged 55 and over. This is up from roughly $36,854 in 2000, reflecting about a 4.0% annual growth rate.

- The younger senior age cohort (65-74) will typically have higher median incomes when compared to the older age cohorts. This is primarily due to younger couples being married with two pensions and Social Security benefits. In 2010, the median household income for those aged 65-74 was estimated at $54,300, while the median for the age 75+ cohort was $39,160.

- A senior household earning $54,300 per year (the median income for households aged 65 to 74 in 2010) could afford a monthly housing cost of about $1,810, allocating 40% of the household’s annual income towards housing. Comparatively, a senior household earning $39,160 (the median for households age 75+) could afford a monthly housing cost of about $1,630, allocating 50% of income towards housing.

- By 2015, the median household income for the 65-74 age cohort is projected to increase to $67,740, up about 25% from 2010, while seniors age 75 and over is projected to increase to $53,220, up about 36% from 2010.
Tenure by Age of Householder

In addition to current income sources, many senior households are able to derive additional income to be used for senior housing by investing the proceeds from the sale of a single family home. This supplemental income can be used to cover the costs associated with residency in a senior housing community. Table 11 shows data on the tenure by age of householder for the older adult and senior households for the 66th Street Corridor Market Area and the Metro Area, according to Census data.

- Homeownership rates typically decline as householder’s age. In 2000, about 86% of households age 65 to 74 owned their homes (roughly 2,620 households) in Market Area, compared to about 82% Metro-wide. The 75 and over age group owned about 82% of all households (3,833 households), compared to 66% for the Metro Area.

- As seniors age, they may no longer desire, or be able or willing to maintain their single-family homes. Some prefer to move to housing that offers them greater freedom from maintenance and/or offers support services. Seniors typically begin to consider moving into senior housing in their early 70s.

<table>
<thead>
<tr>
<th>Table 11</th>
<th>Senior Tenure by Age of Householder - 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>66th &amp; Portland Market Area</td>
<td>Age of Householder</td>
</tr>
<tr>
<td></td>
<td>55-64</td>
</tr>
<tr>
<td>Number of Households</td>
<td>3,085</td>
</tr>
<tr>
<td>Homeownership Rate</td>
<td>85%</td>
</tr>
<tr>
<td>Metro Area</td>
<td></td>
</tr>
<tr>
<td>Number of Households</td>
<td>102,583</td>
</tr>
<tr>
<td>Percentage</td>
<td>85%</td>
</tr>
<tr>
<td>Sources: ESRI, GVA Marquette Advisors</td>
<td></td>
</tr>
</tbody>
</table>
Home Values

Table 12 presents a summary of home resale data for the East Richfield Senior Housing Market Area from 2006 through August of 2010. This data is from the Multiple Listing Service of Minnesota (Northstar MLS). Home values will help dictate the amount of equity a senior will be able to derive upon the sale of their home, which can be utilized towards monthly fees for senior housing. Seniors’ homes are often older and therefore, to better gauge the potential equity that seniors would be able to achieve, we have examined sales data for homes that are at least 15 years old.

- The East Richfield Market Area has also felt the effects of the financial and mortgage crisis, as the average resale price of single-family homes declined in each of the past three years to a low of about $204,400 in 2009. The market has shown considerable improvement during 2010, however, as the average sale price increased to $228,364, up nearly 12% from 2009.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sales</th>
<th>Median Sale Price</th>
<th>Annual Change</th>
<th>Average Sale Price</th>
<th>Annual Change</th>
<th>Average Days on Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>66th Street Corridor Market Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>1,193</td>
<td>$239,900</td>
<td>-</td>
<td>$274,407</td>
<td>-</td>
<td>53</td>
</tr>
<tr>
<td>2007</td>
<td>1,099</td>
<td>$238,500</td>
<td>-0.6%</td>
<td>$269,518</td>
<td>-1.8%</td>
<td>55</td>
</tr>
<tr>
<td>2008</td>
<td>1,049</td>
<td>$210,272</td>
<td>-11.8%</td>
<td>$233,526</td>
<td>-13.4%</td>
<td>65</td>
</tr>
<tr>
<td>2009</td>
<td>1,228</td>
<td>$189,400</td>
<td>-9.9%</td>
<td>$204,390</td>
<td>-12.5%</td>
<td>53</td>
</tr>
<tr>
<td>2010*</td>
<td>644</td>
<td>$203,000</td>
<td>7.2%</td>
<td>$226,880</td>
<td>11.0%</td>
<td>55</td>
</tr>
</tbody>
</table>

*Through August

Sources: Northstar MLS, Marquette Advisors
Total home sales declined from 1,193 in 2006 to 1,049 in 2008, but increased to 1,228 in 2009. Sales volume has slowed in 2010. This year, the Market Area is on pace to see about 966 homes sold.

The average market time has fluctuated from 53 days to a peak of 65 days in 2008, and has averaged about 58 days over the past five years. Today, a single-family home in East Richfield Market Area is expected to be on the market for just under two months (about 55 days).

A majority of senior homeowners own their homes free and clear, and thus would have access to a sizeable financial resource in the equity they can realize from the sale of their homes. While the interest earned on investing these funds can help to offset the monthly costs associated with living in a senior housing facility, many seniors are also willing to
begin spending down assets in order to live in a housing environment which meets their lifestyle preferences and care needs. For example, a senior who owns his or her home outright and has a home valued at $203,625 (the 2010 median resale price of homes in the Market Area) would likely be able to derive approximately $189,370 from a sale after factoring in marketing/real estate commissions and moving costs at roughly 7%. Should this equity be invested in an interest-bearing account with a 3% annual return, it would produce an income of $5,680 annually (or $473 per month). This income could be used to offset the cost of senior housing, without spending down assets.

**Existing Senior Housing Supply**

Table 13 shows the existing supply, as well as any pending senior housing developments in the East Richfield Senior Housing Market Area. We have included market rate independent senior rental communities, as well as congregate, assisted living and memory care housing. We have also identified owner-occupied senior cooperatives and condominiums, which will later be considered penetration analysis and demand calculations.

**Independent Living**

- We identified three market rate independent senior living projects in the subject Market Area, all of which are located in the City of Richfield. These properties include: Gramercy Park of Lakeshore Drive (160 units), Lake Shore Drive Condominiums (178 units), and Woodlake Point (157 units). Gramercy Park is a cooperative and requires an entry fee or down payment. Lakeshore Drive and Woodlake Point are both owner-occupied senior condominiums. All ownership properties also require monthly association fees.
## Table 13

### Existing and Proposed Market Rate Senior Housing Inventory

**E. 66th St. Corridor Market Area**

<table>
<thead>
<tr>
<th>Existing Senior Housing Communities</th>
<th>Location</th>
<th>Type</th>
<th>Year Built</th>
<th>Independent</th>
<th>Congregate</th>
<th>Assisted Living</th>
<th>Memory Care</th>
<th>Rental Rates</th>
<th>Monthly Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior Ownership &amp; Co-op Units</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,085-$2,383</td>
</tr>
<tr>
<td>Gramercy Park Cooperative of Lakeshore Drive</td>
<td>Richfield</td>
<td>Co-op</td>
<td>2000</td>
<td>160</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$1,085-$2,383</td>
<td></td>
</tr>
<tr>
<td>Lake Shore Drive Condominiums</td>
<td>Richfield</td>
<td>Condos</td>
<td>1982</td>
<td>178</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$267-$434</td>
<td></td>
</tr>
<tr>
<td>Woodlake Point</td>
<td>Richfield</td>
<td>Condos</td>
<td>1986</td>
<td>157</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$240-$515</td>
<td></td>
</tr>
<tr>
<td><strong>Total Unit Inventory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>495</td>
</tr>
<tr>
<td><strong>Congregate with Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,166-$1,887</td>
</tr>
<tr>
<td>Mainstreet Village</td>
<td>Richfield</td>
<td>Rental</td>
<td>2000</td>
<td>0</td>
<td>69</td>
<td>0</td>
<td>0</td>
<td>$1,166-$1,887</td>
<td></td>
</tr>
<tr>
<td>Village Shores</td>
<td>Richfield</td>
<td>Rental</td>
<td>1995</td>
<td>0</td>
<td>145</td>
<td>0</td>
<td>0</td>
<td>$1,119-$1,748</td>
<td></td>
</tr>
<tr>
<td><strong>Total Unit Inventory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>214</td>
</tr>
<tr>
<td><strong>Assisted Living</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,532-$3,243</td>
</tr>
<tr>
<td>Mainstreet Village</td>
<td>Richfield</td>
<td>Rental</td>
<td>2001</td>
<td>0</td>
<td>0</td>
<td>31</td>
<td>0</td>
<td>$2,532-$3,243</td>
<td></td>
</tr>
<tr>
<td>Village Shores (AL)</td>
<td>Richfield</td>
<td>Rental</td>
<td>1995</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>0</td>
<td>$2,504-$3,383</td>
<td></td>
</tr>
<tr>
<td>The Pines</td>
<td>Richfield</td>
<td>Rental</td>
<td>2000</td>
<td>0</td>
<td>0</td>
<td>82</td>
<td>0</td>
<td>$2,130-$4,985</td>
<td></td>
</tr>
<tr>
<td><strong>Total Unit Inventory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>134</td>
</tr>
<tr>
<td><strong>Memory Care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,130-$2,130</td>
</tr>
<tr>
<td>The Pines</td>
<td>Richfield</td>
<td>Rental</td>
<td>2000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>$2,130-$2,130</td>
<td></td>
</tr>
<tr>
<td><strong>Total Unit Inventory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Development Pipeline</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>751</td>
</tr>
<tr>
<td>York Gardens 2nd Addition (Pending)*</td>
<td>Edina</td>
<td>Rental</td>
<td>2011</td>
<td>-</td>
<td>-</td>
<td>47</td>
<td>29</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>The Waters of Edina (Planned)*</td>
<td>Edina</td>
<td>Rental</td>
<td>2012</td>
<td>-</td>
<td>-</td>
<td>101</td>
<td>38</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>Bloomington Bethany Senior Housing</td>
<td>Bloomington</td>
<td>Rental</td>
<td>2011</td>
<td>138</td>
<td>-</td>
<td>64</td>
<td>38</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>Portland Commons</td>
<td>Bloomington</td>
<td>Rental</td>
<td>2011/2012</td>
<td>77</td>
<td>89</td>
<td>-</td>
<td>-</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>Wealshire of Bloomington</td>
<td>Bloomington</td>
<td>Rental</td>
<td>2011</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>130</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>215</td>
</tr>
</tbody>
</table>

*Memory Care units also include Care Suites

Source: GVA Marquette Advisors
• The three projects have a total of 495 units and a mixture of unit types. **Gramercy Park Coop of Lakeshore Drive** was built in 2000 and has mixture of 1BR, 2BR and 3BR units. The entry price ranges from $47,710 to $103,677, with monthly association dues of $1,085 to $2,383. **Lakeshore Drive Condominiums** were built in 1982 and has a unit mix of 1BR floor plans, 1BR+Den units, and 2BR units. Association fees range from $267 up to $434 per month. **Woodlake Point** was built in 1986 and has a mixture of 1BR’s, 1BR/D’s and 2BR’s, with association fees ranging from $240 to $515 per month.

• Additionally, the **City Bella** community at 66th & Lyndale is a co-operative high-rise which, although not age-restricted, contains a number of senior residents. From our familiarity with this project and interviews with other industry experts we estimate that approximately 75% of City Bella’s 138 units are occupied by seniors.

**Congregate (Housing with Services)**

• We identified two congregate/optional services properties in the Market Area. These projects include Mainstreet Village (69 units) and Village Shores (145 units), both in Richfield.

• The two congregate with services projects feature a combined 243 units. The rents at **Mainstreet Village** begin at $1,166 for a one-bedroom unit and go up to $1,887 for a two-bedroom unit. Rents at **Village Shores** begin at $1,119 for a one-bedroom and go up to $1,748 for a two-bedroom unit. These properties offer additional care services, available on an a la carte basis.

**Assisted Living**

• We identified three assisted living communities for a total of 156 units in the Market Area, all in Richfield. The largest project is **The Pines** with a total of 78 units. **Village Shores** has 47 units and **Mainstreet Village** has 31 units. These properties offer unit
types ranging from studio/efficiency units up to two-bedroom units. Rents ranged from $2,500 per month up to $3,000 per month for studio units, $2,500 up to $3,450 for one-bedroom units, and $3,323 up to $4,985 for two-bedroom units. Assisted Living projects typically include at least two meals per day and assistance with at least three activities of daily living (ADL’s). These services are included in the monthly fee.

Memory Care

- We identified only one memory care facility (*The Pines*) in the East Richfield Market Area. The Pines features a total of four memory care beds (double-occupancy rooms) with rents at $2,130 per month per resident.

Planned and Proposed Senior Housing Developments

As of September 2010, there were no pending senior housing developments in the City of Richfield. We did identify two projects located in the City of Edina and three projects in the City of Bloomington, but based on their locations we would not consider them to be directly competitive with new senior housing developments along or near the E. 66th Street Corridor. They may be peripherally competitive, however, as these developments may attract a small percentage of their residents from the subject Market Area.
Senior Housing Demand Estimates

The following paragraphs summarize our calculations of market demand for senior housing in the East Richfield Senior Housing Market Area. Our calculations are summarized by product type, and are based upon our review of the age/income-qualified senior resident base in comparison with the supply of senior housing units available within and near the subject Market Area.

Independent & Congregate Senior Housing Demand

In determining demand for independent & congregate senior housing, we estimate the potential market to include those households that are both age- and income-qualified. Seniors age 55 and older are defined as the age-qualified market, although such developments typically attract seniors age 65 and older. Detailed demand calculations are provided in Table 14.

- The minimum household income required to afford independent or congregate senior rental housing at approximately $1,000/month and up is estimated at $30,000 per year. Additionally, however, we include senior homeowners with incomes of $20,000 to $29,999, since these seniors may be able to supplement their incomes with the proceeds from the sale of their home. Our calculations indicate there are an estimated 11,210 senior households in the Market area with incomes of $30,000+, as well as those within incomes of $20,000 to $29,999 who own their homes.

- We then adjust to include appropriate short-term capture rates for each age cohort. We use 1.0% of households age 55 to 64, about 6.5% of households age 65 to 74, and 20.0% of households age 75 and older. These capture rates are based on our review of the income-qualified household base compared with the resident base for independent senior housing communities in the metro area. This results in short-term demand potential for about 882 independent senior units in the Market Area in 2010.
### Table 14
Projected Demand Senior & Congregate Rental Housing, 2010 and 2015
66th Street Corridor Market Area

#### 2010 Demand

<table>
<thead>
<tr>
<th></th>
<th>Age 55-64</th>
<th>Age 65-74</th>
<th>Age 75+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Households with incomes of $20,000-$29,999</td>
<td>313</td>
<td>342</td>
<td>680</td>
<td>1,335</td>
</tr>
<tr>
<td>(times) Homeownership Rate</td>
<td>84%</td>
<td>78%</td>
<td>72%</td>
<td>76%</td>
</tr>
<tr>
<td>(equals) Potential Market</td>
<td>263</td>
<td>267</td>
<td>490</td>
<td>1,019</td>
</tr>
<tr>
<td>(plus) Estimated Income Qualified Household Base ($30,000+ Income)</td>
<td>4,982</td>
<td>2,425</td>
<td>2,784</td>
<td>10,191</td>
</tr>
<tr>
<td>(equals) Potential Local Market Base</td>
<td>5,245</td>
<td>2,692</td>
<td>3,274</td>
<td>11,210</td>
</tr>
<tr>
<td>(times) Product Short-Term Capture Rate</td>
<td>1.0%</td>
<td>6.5%</td>
<td>20.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>(equals) Short-Term Demand Potential</td>
<td>52</td>
<td>175</td>
<td>655</td>
<td>882</td>
</tr>
<tr>
<td>(minus) Existing Independent Senior &amp; Congregate Rental Units*</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(equals) Excess Local Demand Potential</td>
<td>189</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(plus) Estimated Additional Demand from Outside the Market Area @ 10%</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(equals) Total Short Term Demand (3 Years) in 2010</td>
<td>210</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(minus) Projected New Independent Senior Rental Units (not including subject project)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(equals) Projected Short-Term Surplus or (Shortage) (Next 3 Years)</td>
<td><strong>210</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 2015 Demand

<table>
<thead>
<tr>
<th></th>
<th>Age 55-64</th>
<th>Age 65-74</th>
<th>Age 75+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Households with Incomes of $25,000-$34,999</td>
<td>315</td>
<td>357</td>
<td>492</td>
<td>1,164</td>
</tr>
<tr>
<td>(times) Homeownership Rate</td>
<td>84%</td>
<td>78%</td>
<td>72%</td>
<td>77%</td>
</tr>
<tr>
<td>(equals) Potential Market</td>
<td>265</td>
<td>278</td>
<td>354</td>
<td>897</td>
</tr>
<tr>
<td>(plus) Estimated Income Qualified Household Base ($35,000+ Income)</td>
<td>5,481</td>
<td>3,412</td>
<td>2,747</td>
<td>11,640</td>
</tr>
<tr>
<td>(equals) Potential Local Market Base</td>
<td>5,746</td>
<td>3,690</td>
<td>3,101</td>
<td>12,537</td>
</tr>
<tr>
<td>(times) Product Short-Term Capture Rate</td>
<td>1.0%</td>
<td>6.5%</td>
<td>20.0%</td>
<td>7.3%</td>
</tr>
<tr>
<td>(equals) Short-Term Demand Potential</td>
<td>57</td>
<td>240</td>
<td>620</td>
<td>918</td>
</tr>
<tr>
<td>(minus) Existing Independent Senior &amp; Congregate Rental Units*</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(equals) Excess Local Demand Potential</td>
<td>225</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(plus) Estimated Additional Demand from Outside Market Area @ 10%</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(equals) Total Short Term Demand (3 Years) in 2015</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(minus) Projected New Independent Senior Rental Units (not including subject project)</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(equals) Projected Short-Term Surplus or (Shortage) (in 2015)</td>
<td><strong>220</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Accounts for a 5% Vacancy Rate

Source: Marquette Advisors
• We then subtract the existing competitive senior rental units and market overlap with existing senior ownership units (including 75% of all senior condominiums and cooperatives) in the Market Area, accounting for a 5% vacancy rate. Subtracting for the current unit inventory indicates there is local demand for another 189 independent senior units in the Market Area.

• Some additional demand will come from outside the defined Market Area. We estimate that 10% of the additional demand for independent senior rental housing will be generated by seniors currently residing outside the Market Area. This demand will consist primarily of parents of adult children living in the Market Area, individuals who live just outside the Market Area and have an orientation to the area, as well as former residents who desire to return. This results in additional demand for 21 units, equating to **short-term demand for about 210 independent senior units in 2010, including age-restricted rentals with no services and congregate housing.**

• Table 14 also shows our estimate of demand by 2015, adjusting for growth in the income/asset-qualified household base over time and expected changes in the senior unit supply. We did not identify any planned senior rental units located within the subject Market Area, but we did identify five planned/pending projects just outside of the Market Area in Edina and Bloomington. We estimate that only about 10% of these units would be competitive with the proposed project in 2015, meaning that only about 10% of the resident base for these new properties will come from our defined Market Area. Adding the various demand sources and then subtracting for the projected unit totals results in revised demand for up to 220 units by 2015.
Assisted Living Demand

Table 15 presents calculations of demand for assisted living units in the East Richfield Market Area. The availability of intensive support services such as meals, housekeeping, and personal care at assisted living facilities usually attracts older, frailer seniors. Hence, the age-qualified market for assisted living housing is defined for our analysis purposes as persons ages 75 and over.

- The first step in determining the potential demand for assisted living housing is to identify the age/income-qualified market, based on a senior’s ability to afford the monthly fees at an assisted living facility. Based on our review of household income and age data for the Market Area, we estimate roughly 52% of all senior households would be income/asset qualified ($40,000+ incomes), which results in an estimated household base of 1,750.

- Because demand for assisted living housing is need-driven, the age/income-qualified market is reduced to account for the potential market that needs assistance. Studies indicate that about 35% of all seniors age 75 and over need assistance with at least three activities of daily living. We apply this proportion to the age/income-qualified household base, which results in a potential assisted living market base of 613 seniors in 2010. We estimate that roughly 70% of the age/income-qualified market needing significant assistance with ADLs will be able to remain in their homes with the assistance of a family member or home health care agency. The remaining 30% will need assisted living housing within the next three years. We apply this short-term penetration rate which gives us local potential demand for 184 assisted living units in 2010.

- Additional demand will also come from residents that are currently living outside of the Market Area. We estimate about 20% of demand will be generated persons currently residing outside of the Market Area. Because of the availability of services, Assisted Living housing tends to draw seniors from a greater distance compared to Independent
Senior Housing products. We then subtract existing and pending assisted living units in the Market Area (subtracting for a 7% equilibrium vacancy rate). As of September 2010, there are a total of 149 existing units and no pending assisted living units. **In total, our calculations indicate demand for 81 assisted living units in the East 66th Street Corridor Market Area in 2010.**

<table>
<thead>
<tr>
<th>Table 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Projected Demand for Assisted Living Senior Housing, 2010 and 2015</strong></td>
</tr>
<tr>
<td><strong>66th Street Corridor Market Area</strong></td>
</tr>
</tbody>
</table>

### 2010 Demand

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Householders Age 75+</td>
<td>4,429</td>
</tr>
<tr>
<td>(times) Senior Homeowners</td>
<td>76%</td>
</tr>
<tr>
<td>(equals) Estimated Age 75+ Homeowners</td>
<td>3,366</td>
</tr>
<tr>
<td>(times) Estimated % Income/Asset Qualified for Assisted Living Senior Housing</td>
<td>52%</td>
</tr>
<tr>
<td>(equals) Estimated Age/Income Qualified Household Base</td>
<td>1,750</td>
</tr>
<tr>
<td>(times) Estimated % Needing Assistance with 3+ Activities of Daily Living (ADL's)</td>
<td>x 35%</td>
</tr>
<tr>
<td>(equals) Age/Income Qualified Market Needing Assistance</td>
<td>613</td>
</tr>
<tr>
<td>(times) Short-term capture rate</td>
<td>x 30%</td>
</tr>
<tr>
<td>(equals) Local market demand potential</td>
<td>184</td>
</tr>
<tr>
<td>(plus) Estimated Additional Demand from Outside Market Area @ 20%</td>
<td>+ 46</td>
</tr>
<tr>
<td>(equals) Potential Short-Term (2010) Market Base</td>
<td>230</td>
</tr>
<tr>
<td>(minus) Existing Assisted Living &amp; Memory Care Units*</td>
<td>- 149</td>
</tr>
<tr>
<td>(equals) Excess local demand potential</td>
<td><strong>81</strong></td>
</tr>
<tr>
<td>(minus) Planned &amp; proposed assisted living &amp; memory care units (not including subject project)</td>
<td>- 0</td>
</tr>
<tr>
<td>(equals) Projected Short-Term Unit Demand (as of 2010) (Over 3 Years)</td>
<td><strong>81</strong></td>
</tr>
</tbody>
</table>

### 2015 Demand

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Householders Age 75+</td>
<td>4,215</td>
</tr>
<tr>
<td>(times) Senior Homeowners</td>
<td>76%</td>
</tr>
<tr>
<td>(equals) Estimated Age 75+ Homeowners</td>
<td>3,203</td>
</tr>
<tr>
<td>(times) Estimated % Income/Asset Qualified for Assisted Living Senior Housing</td>
<td>63%</td>
</tr>
<tr>
<td>(equals) Estimated Age/Income Qualified Household Base</td>
<td>2,018</td>
</tr>
<tr>
<td>(times) Estimated % Needing Assistance with 3+ Activities of Daily Living (ADL's)</td>
<td>x 35%</td>
</tr>
<tr>
<td>(equals) Age/Income Qualified Market Needing Assistance</td>
<td>706</td>
</tr>
<tr>
<td>(times) Short-term capture rate</td>
<td>x 30%</td>
</tr>
<tr>
<td>(equals) Local market demand potential</td>
<td>212</td>
</tr>
<tr>
<td>(plus) Estimated Additional Demand from Outside Market Area @ 20%</td>
<td>+ 53</td>
</tr>
<tr>
<td>(equals) Potential Short-Term (2015) Market Base</td>
<td>265</td>
</tr>
<tr>
<td>(minus) Existing Assisted Living &amp; Memory Care Units*</td>
<td>- 149</td>
</tr>
<tr>
<td>(equals) Excess local demand potential</td>
<td><strong>116</strong></td>
</tr>
<tr>
<td>(minus) Planned &amp; proposed assisted living &amp; memory care units (not including subject project)</td>
<td>- 45</td>
</tr>
<tr>
<td>(equals) Projected Short-Term Unit Demand (as of 2015) (Over 3 Years)</td>
<td><strong>71</strong></td>
</tr>
</tbody>
</table>

*Accounts for a 7% vacancy rate

**Source:** Marquette Advisors
Again our calculations indicate demand for Assisted Living by 2015, adjusted to account for growth in the age/income household base and changes in the Assisted Living unit supply in nearby markets. Our calculations indicate demand for Assisted Living will decline to about 71 units by 2015 due to projected supply increases in neighboring communities.

**KEY ISSUES RELEVANT TO THE E. 66th STREET CORRIDOR PLAN**

Based on our analysis of real estate market conditions, we identified the following key issues that we feel should be considered in the development of the E. 66th Street Corridor Plan.

**Housing**

- The Corridor currently contains several market rate apartment buildings, particularly in the western portion of the study area. Fieldwork indicates that these buildings appear to be generally well maintained. Our assessment of rental market data indicates that these and similar “workforce” affordable rental units throughout the area maintain high occupancy levels.

- We suggest that the City and/or County support the upgrade and preservation of these existing workforce housing units over time along the Corridor. Renovation and upgrade of existing affordable rental and ownership units along the Corridor and in adjacent neighborhoods should be supported, possibly through subsidized low- or no-interest loan programs and creative incentive programs.

- However, the construction of additional market rate multi-family housing along the Corridor will be a major challenge for two primary reasons: 1) the small size of parcels fronting 66th Street and the lack of depth of those parcels, and 2) new construction will not be financially feasible without significant public subsidy, based on current construction costs in comparison with market rental rates.
• Still, the City can work to support the private sector development community over the long term through creative public-private partnerships involving quality infill and redevelopment which increase the supply and diversity of housing along the Corridor and in the surrounding neighborhoods. Appropriate support mechanisms may include land assembly and land write-down, promoting the use of Section 42 Low-Income Housing Tax Credits, Tax Increment Financing, and other creative financing direct and indirect subsidy programs, as well as passive support mechanisms such as density bonuses.

• We understand that the City is targeting multifamily development for a two-block area north of E. 66th Street, just west of Cedar Point Commons. Our review of this location and surrounding neighborhood and demographic data suggests this area is best-suited for senior housing. We understand that the City is currently evaluating developer proposals for this area. Our calculations indicate market demand for approximately 210 independent senior units and 80 assisted living units at this time in the East Richfield Market Area.

Retail

• Our market analysis indicates that demand for retail space is suppressed at this time. Rental rates have declined to a point that will not support new construction. Residents of the primary trade area are generally well served by existing retail along or near the E. 66th Street Corridor. The new Target store continues to import customers from a much expanded draw area, although synergistic benefits to-date have accrued mostly to other businesses within or very near to Cedar Point Commons, not extending westward along the Corridor.

• A longer-term opportunity may exist, however, for businesses located to the west along E. 66th Street to capture additional sales from Target customers coming to the area to shop.
- We estimate that there is potential market support for approximately 50,000 sf of additional retail & restaurant space in the Corridor in the short-term (next two to three years). We expect that most, if not all, of this demand will be accommodated within existing space and future development phases at Cedar Point Commons. Another 15,000 sf of existing space is still available here, with another 21,000 sf planned in a second construction phase.

- Eventually, however, following the build-out and absorption of Cedar Point Commons (likely 18 to 24 months), new retail and restaurant concepts eventually may consider other locations along the Corridor. Target shoppers, however, must have a reason to travel westward along 66th. Through this Corridor Planning effort, Hennepin County and the City of Richfield can help to “set the stage” for existing businesses and new businesses to better cultivate an expanded trade area related to Target customers. This will include market-related, transportation and land use elements as described in this report and the Corridor Plan.

- Over the long-term (three to five years) it is possible that a smaller amount 20,000 to 30,000 sf of additional retail/restaurant space could be supportable in a new infill neighborhood center to the west along the Corridor. However, as with residential development, it is likely that public sector land assembly and creative public-private partnerships in financing will be required in order to support commercial development due to site constraints (limited parcel depth) and current market economics.

- Our analysis shows that there are six auto repair-oriented businesses located along the E. 66th Street Corridor. Most of these businesses have been operating here for several years and provide good service to the surrounding neighborhoods and the larger Richfield community. While these are long-standing businesses providing an important service to the surrounding community, at least three of the auto repair properties (along with other commercial businesses) are showing signs of deferred maintenance. Design, aesthetics and streetscape may not be priority elements to an auto repair business. Further, the cost
of maintaining and improving these buildings in many cases may in fact exceed the financial return from doing so. At the same time, the affordability of the existing real estate, regardless of its appearance, is one reason these repair shops continue to operate in this area. We suggest that the City work with such property owners in developing incentives and/or loan programs for property upgrades.

- Meanwhile, we note that auto repair businesses are not in all cases a complimentary neighboring land use, and this too may hinder the potential for infill or redevelopment within the Central portion of the E. 66th Street Corridor. Perhaps there would be an opportunity for the development of a multi-tenant auto care and service center somewhere along the Corridor, perhaps within Cedar Point Commons. This may allow for clustering some of the auto-oriented businesses within a new quality facility, also freeing up additional property along the Corridor for redevelopment. Clearly, a primary impediment will be the ability of existing repair shop owners to afford the rental rates that would be required to support a new multi-tenant facility as described.

**Office**

- Short-term demand for office space is weak, given fundamentals inherent to the current economy. The area’s largest office building (84,000 sf) is 30% vacant at this time. A few older, smaller office buildings are also located along the corridor, and although they show higher occupancy levels, rental rates here are not supportive of new construction.

- The lack of developable land, paired with traffic, access and parking issues will likely preclude large-scale corporate or multi-tenant office development along the Corridor. Small-scale infill office development and mixed-use developments with a small office component may become viable over the long-term (3-5+ years out). However, public-private partnerships will be required.
We would expect an increase in demand for medical office space/clinics in the area if new senior housing is constructed in the area as is being contemplated near 66th & Cedar. A development which clusters existing health care providers in close proximity to senior housing would be appropriate and complementary to both land use categories.

**Additional Development Considerations**

Lastly, from our analysis it is evident that the Cedar Point Commons development has significantly changed the complexion of the eastern portion of the E. 66th Street Corridor. It functions as a major anchor in this area, greatly expanding the E. 66th Street trade area by importing customers from South Minneapolis and East Bloomington.

The western portion of the E. 66th Street Corridor also has a significant asset, that being Veterans Memorial Park. The park serves the Richfield community well, and events here such as the 4th of July Parade and the region’s third-largest farmers market attract people from throughout the Twin Cities Metro area and beyond. However, we believe that an opportunity may exist to enhance this community asset through the development of a health club/fitness facility. A private club such as Lifetime, LA Fitness or Bally’s would probably not be viable due to market economics, demographics, facility requirements and corporate business modeling. However, we believe that a joint public-private venture with the YMCA may in fact be supportable on some scale at this location, and should be considered. Such a facility would be complimentary to Veterans Memorial Park and the City of Richfield as a whole, and Could have a major impact upon the e. 66th Street Corridor, giving it a strong west anchor, just as Cedar Point Commons and the recently developed Target store is anchoring the east end of the Corridor.

We suggest that the City and/or County begin to evaluate the potential for construction of a YMCA (or similar model) at Veterans Memorial Park. This should include evaluating in detail the market and financial feasibility of such a project, including a “right sizing”
analysis, identifying how and where such a facility might fit on the site, and exploring funding sources and public/private partnerships in order to move forward.
Appendix B - Walking Tour Minutes
66th Street Corridor Plan

Subject: Corridor Walking Tour - Comments and Observations
Date: 08/12/2010

Attendees: City of Richfield, Head of Transportation Committee, Three Residents, Richfield Floral & Garden, 66th Street Laundromax, Something Fishy business owner and Building owner, Hennepin County, Mt. Calvary Lutheran Church, Damon Farber Associates, GVA Marquette Advisors, Wenck Associates.

Traffic & Safety:

• Desire for safer pedestrian crossings (north/south) across 66th Street. Drivers coming out of the roundabouts are not stopping for pedestrians
• Desire for bike paths/trails with connectivity to the north and south as well as along 66th Street (path in Veteran's Park is too secluded and can be uncomfortable for individual users)
• Desire for traffic calming along 66th Street (vehicles travel too fast). People driving the corridor are not stopping to frequent the businesses---perhaps don’t even realize they are there
• Desire to have pedestrian safety improved while walking along 66th Street (sidewalk is too narrow and close to passing vehicles)
• Desire to have fewer business entrances directly off 66th Street (try to eliminate conflicts with vehicles slowing down to turn, vehicles passing quickly)
• Need for improved streetscape including improved sidewalks set back from 66th Street, increased/improved plantings (amenity zone), uniform setbacks, and cohesive design standards

Land Use:

• Potential unique business opportunities related to ethnicity of neighborhoods
• Importance of VISIBLE and proximate parking to businesses. Important for customers to see that there is easy parking, immediately adjacent to store
• Desire for more sit-down type restaurants to draw people to the corridor
• Need for consistent building setbacks, improved building appearances
• Desire to retain existing businesses, but limit or reduce number of repetitive types of business (i.e., automotive service, dental)
• Desire to see existing properties make improvements and/or removal of substandard buildings along the corridor
• Presence of unique retailers on corridor (Something Fishy, Richfield Floral & Garden)
• Presence of auto-oriented businesses on corridor (repair, service) could be clustered
• Presence of current business mix is partially location-oriented, but also due to affordability. Buildings may not look great, but they are affordable for these businesses, and that it in part is why they have chosen to locate here
• The Cedar Point Commons development has had an uncertain impact on sales in existing businesses in the corridor. No one on tour reporting big jump in sales. Some talking about stable sales, which is probably good in many cases considering the economy. So maybe would have been worse without Cedar Point Commons
Miscellaneous:

- Desire to have the power lines put underground and out-of-sight
- Buses cause significant vibrations (especially in residential properties)
- Desire to institute a business association/networking group for the corridor
- Presence of blight and desire for city to be pro-active in addressing this
- Property taxes are too high (commercial)
- Periodic flooding issues need to be corrected along 66th Street south of Veterans Memorial Park
Appendix C - Open House One Minutes
66th Street Corridor Plan
Subject: Introduction and Visioning Session public meeting
Date: 09/15/2010  Time: 6-8pm  Location: Mt. Calvary Lutheran Church
Attendees: City of Richfield, Hennepin County, Damon Farber Associates, GVA Marquette Advisors, 23 residents, business owner’s, and stakeholders (see attached sign-in sheets).

This was the second public meeting for the project following the walking tour held on August 12th, and the first visioning session for residents, business owners, property owners, and stakeholders to help shape the future of 66th Street. The meeting started with a brief introduction of the project, a recap of what we observed on the walking tour, and concluded with the attendees forming small groups and listing corridor assets, corridor liabilities, and what they saw as a future vision for the project. The following is a summary of the responses.

1 - Corridor Assets
   Parks & Open Space
   • Veterans Park, Pool, Ice Arena
   Corridor Institutions
   • Bernie’s and Appleseed Montessori Schools
   • Mt. Calvary School and Church
   Corridor Business
   • Existing neighborhood businesses
   • Liquor store
   • Florists
   • Dental offices
   Miscellaneous
   • Public transportation

2 - Corridor Liabilities
   Image & Identity
   • Poorly maintained homes, businesses
   • No curb appeal, no landscaping
   • Overhead utility lines
   Transportation
   • Pedestrian - vehicular conflicts
   • Too many driveways on 66th street
   • Sidewalks too close to street
   • Corridor is set up for cars
   • Only two bus shelters
   Miscellaneous
   • Airport noise
   • No family restaurants
   • Frenchman’s bar
3 - Future Vision

Image & Identity
- Curb appeal, landscaping
- Well maintained facilities
- Plant more trees for sound abatement

Transportation
- More bus shelters
- Two lanes with center turn lane
- Convert road into parkway
- Airport access at end of 66th street
- Public transit alternative, light-rail
- Centennial lakes “like” trail system link

Land Use/Redevelopment
- Support current businesses while promoting new business development/redevelopment
- Larger lots – redevelopment of whole blocks deep
- Community gathering cluster, plaza with small shops
- Professional business as opposed to retail
- Expand on legion park theme & programs (ice arena, area sports)
Appendix D - Open House Two Minutes
66th Street Corridor Plan
Subject: Present Preliminary Land Use & Opportunity Sites Concepts
Date: 11/30/2010  Time: 6-8pm  Location: Mt. Calvary Lutheran Church
Attendees: City of Richfield, Hennepin County, Damon Farber Associates, Wenck Associates, GVA Marquette Advisors, 40 residents, business owner's, and stakeholders (see attached sign-in sheets).

This was the third public meeting for the project following the visioning session held on September 15th, and the first session to present preliminary land use plans and opportunity sites concepts. The meeting started with a brief recap of the visioning session, and moved into the land use alternatives and the design concepts for the four different locations along 66th Street. After the introduction and explanation of the different concepts, the attendees were asked to place green, yellow, and red dots on the concepts. Attendees were also encouraged to leave comments on the boards in response to what we had proposed. The following is a summary of the ratings given to each concept and comments given.

66’ Right of Way Sections
Section #4
• 7 green dots, 2 yellow, 1 red
• “What about 4th of July parade route?”
• “Like boulevard, green space, sidewalk away from road traffic”
Section #5
• 2 green dots

83’ Right of Way Sections
Section #6
• 2 green dots
• “I believe traffic counts are much higher than 11,000 day now, this volume of traffic needs more solutions.”
Section #7
• 2 green dots, 2 yellow
• “What about a bike trail on 65th Street or just have a bike lane on one side of the road?”
Section #8
• 6 red dots (all placed on bike lanes)
• “Want to see a solution with the bike trail pulled off roadway for kids to get to pool safely from their neighborhoods.”
Section #9
• 4 green dots (2 in street parking lane), 5 yellow, 2 red dots (in center turn lane)
• “No parking on 66th Street here”

Opportunity Site #1 - 66th and Portland Ave
Sketch A
• 2 green dots, 1 yellow
Sketch B
• 1 green, 4 yellow, 8 red
Sketch C
• 13 green, 3 yellow

Opportunity Site #2 - 10th Ave to 12th Ave
Sketch A
• 3 green dots, 4 yellow, 5 red
Sketch B
• 1 green, 1 yellow
• “Not too fond of high density housing on south side, it restricts park from neighborhoods”
Sketch C
• 1 yellow
• “Get rid of frechman's or make them fix it up”

Opportunity Site #3 - 13th Ave to Bloomington Ave
Sketch A
• 7 green dots, 4 yellow, 2 red
• “Pretty walk areas with pathways and flowers”
Sketch B
• 8 green, 3 red
• “12th Ave to Bloomington no parking on 66th street”
• “Fix up front faces of shops - make it look more uniform & up to date”
Sketch C
• 1 green, 5 yellow, 3 red

Opportunity Site #4 - 66th and 17th Ave
Sketch A
• 2 yellow, 3 red
Sketch B
• 3 green, 2 yellow, 5 red
Sketch C
• 11 green
Appendix E - Open House Three Minutes
66th Street Corridor Plan
Subject: Present Revised Land Use & Opportunity Sites Concepts
Date: 01/31/2011  Time: 6-8pm  Location: Mt. Calvary Lutheran Church
Attendees: City of Richfield, Hennepin County, Damon Farber Associates, Wenck Associates, GVA Marquette Advisors, 30 residents, business owner’s, and stakeholders (see attached sign-in sheets).

This was the fourth public meeting for the project following the visioning session held on September 15th, and the final session to present revised land use plans and opportunity sites concepts. The meeting started with a brief overview of the revised land use diagram, street sections, and district concepts, and concluded with visitors forming small groups and filling out the comment sheets provided. The following is a summary of the comments provided by the attendees.

Transportation

1. Single lane will significantly impact how buses flow and needs to be looked at further.
2. If there is no on street parking, business lots will continue to restrict occupancy.
3. Plowing will need to improve in single lane model.
4. Will narrowing road to only 2-3 lanes cause frustration for traffic flow?
5. Bike trail needs to be off the roadway.
6. On 66’ R.O.W. having single lane in each direction and no bike lane looks too tight for emergency vehicles.
7. Would rather see the same road configuration for entire corridor regardless of changing R.O.W.
8. It’s more important to keep the amount of lanes that we have for cars on 66th street. Keep bike path off 66th street and keep this road open for the purpose of people driving and getting to and from where they need to go – don’t bottle neck with extras.
9. Keep the leisurely bike trails out of the busy traffic areas.
10. The 83’ R.O.W. would best be served with on street parking.
11. With approximately six months out of the year with snow, it seems the best use of 66th street would be parking on street which is lacking now.
12. The 83’ R.O.W. with parking makes the most sense in an area that is trying to accommodate commercial expansion.
13. The two lane configuration with a turn lane is a good idea, but show sufficient room for snow stacking.
14. The focus for 66th street should be for accommodating motorized traffic, not biking.
15. Bike trail should be on a quiet street, such as 65th, and have somehow the streets blocked so it is a green bike parkway, no cars, with less traffic intersections.
16. Appreciate bike paths with serious attention to safety – we need to guarantee safe bikeways for our kids.
17. Taking 66th street from four lanes down to two lanes will put additional traffic on the residential side streets.
18. Bicycle access would be wonderful if it can be separated from the roadway.
19. Don’t replace lanes for cars with lanes for bikes. Do bring bikes a block off of 66th street.
20. Keep roundabouts out of Richfield, The residents don’t like them.
21. Keep residents back from the 66th Street corridor.
22. One lane east and west is not enough, we need 5 lanes, 2 east & west with one turn lane.
23. We like the boulevards, provides a place for snow, and keeps pedestrians safe from traffic.
24. Not sure about reducing the amount of lanes on 66th Street, cars are using the street to avoid
crosstown.
25. A park and ride is needed on 66th Street.

Open Space
1. I like the idea of a community center in the park.
2. Crossings to Veteran’s park should not just align with bus stops
3. The crossing by Park Ave needs a button to cross the street.
4. The bike path shown from Taft Park to Veterans Park on 63rd street would be ideal because it provides access without obstructing the roadway.
5. What is the cost associated with boulevard trees? 6’ wide seems too narrow.

Land Use
1. As a business owner along 66th street I have concerns with either business or all residential along the corridor. I believe you will lose business along the corridor if all housing goes in.
2. Until redevelopment occurs please try to get existing businesses to improve the appearance of their exteriors. More landscaping, paint, etc. would greatly improve their appearance.
3. Business cannot have “economic viability” if signage is hidden by trees and parking is inadequate.
4. Senior housing would be a nice idea for the park.
5. We don’t need high-density, low-income housing across from Veteran’s park, don’t want loitering in the park.
6. I don’t know about the plans to build higher density housing closer toward the airport.
7. Many of the parcels under consideration for redevelopment are very small or not very deep, this presents a challenge for future use.
8. High density housing usually decreases in value over the long term.
9. Redevelopment area #2: it would be impractical to redevelop the Montessori School, I would exclude that from the plan.
10. Multi unit, medium density around Veteran’s park makes a lot of sense.