

Courting developers for Penn-American district

by Adam Voge

Published: July 16th, 2013

United Properties and StuartCo took something of a risk when they collaborated on a mixed-use project in Bloomington.

The area surrounding the project is one of several that Bloomington city officials hope to redevelop, touting highway access and future inclusion on transit lines. As recently as a few years ago, several vacant car dealerships dotted the area.

The city hasn't adopted a [formal plan](#) to develop the Penn-American District, a 140-acre area in the southwest quadrant of Interstate 494 and 35W and bordered by West 82nd Street to the south and Russell and Penn avenues to the west. But it has been courting builders with its vision for the future.

"I think our project was probably the first leg" for the plan, said Ryan Dunlay, vice president of development for Minneapolis-based StuartCo, which took over operations of the recently completed 234-unit Genesee apartment and town home complex at 8055 Penn Ave. S. "To bring housing to that area means people are in that area."

Bloomington planners continue to move forward with a plan for Penn-American, which could be finalized and adopted by December. Area developers are taking notice.

"We're impressed with the (city's) vision," Dunlay said. "We took a chance, and it seems to be working."

If all goes according to plan, Metro Transit's [Orange Line Bus Rapid Transit](#) route could stop either inside or adjacent to the district. City planners see that as a plus for future redevelopment of the district, which they hope will one day be a mix of retail and office space, apartments, hotels and public-use areas.

"It creates a node," said Larry Lee, Bloomington's community development director.

All those factors — and the steady presence of the Kraus-Anderson-owned Southtown Shopping Center at 7801 Southtown Center — helped entice United Properties to build in the area. A United executive says the company would have built on the property even without the city's plan, but local officials' vision helped them commit more resources.

"We could have done a simple retail development on this corner and done very well with it," said Brandon Champeau, United's assistant vice president of development. "But the city — they helped us envision something bigger."

Bloomington-based United opened a 14,000-square-foot [mixed-use space](#) on the same parcel as Genesee last year. Champeau said about half the complex's retail and office space is leased, including deals with Moe's Southwest Grill, Scottrade and others. The other half is drawing interest.



Bloomington city officials hope to entice developers to the Penn-American district with a long-term vision that includes rapid bus transit and access to two interstate highways. United Properties and StuartCo have already collaborated on a mixed-use housing, retail and office space development, called the Penn & American complex (above). (Staff photo: Bill Klotz)

Bloomington officials expect the redevelopment of the Penn-American district to make up a healthy chunk of future growth in the city. The area was one of three identified as major contributors to the city's economic development in the future; the others are the South Loop area near the Mall of America and the Normandale Lake district on Normandale Boulevard.

The Penn-American district is among the most attractive areas on the planned Orange Line, Lee said, largely because of its access to one of the busiest intersections in the metro. He hopes the likelihood of future transit development attracts more attention to Bloomington.

"You hear this talk about transit-oriented development a lot, but you have to have the potential for it, too," he said.

Count StuartCo and United as two companies who see the potential — and expect results.

"As it sits today, everybody knows something is coming," Dunlay said, adding he'd be happy to see more retail or office expansion to provide a draw for Genesee. "The sooner that gets going, it just helps complete the neighborhood."

United will soon submit plans for what it calls the north phase of Penn-American. The project will sit on about 3 acres and provide more retail and office space.

Established businesses in the area could adjust if the district grows as planned. Ken Vinje, director of properties and redevelopment for Kraus-Anderson Real Estate, said his company would consider redeveloping the Southtown Center to accommodate more high-density development.

"Long term, if you start looking at that whole area, we could want to go higher-density and see what more we can do," he said.

The city should adopt a formal plan for the area this year. In the meantime, they've been applying those ideals to ongoing and future development.

Lee said he expects development in the area to precede the Orange Line, which could go into service by 2019. The line won't be critical to the area's development, but Lee said it would help.

"It's better for people who want to hire people, because you get access to a bigger pool of people using transit," he said. "It's just part of the mix that makes the whole area work better."

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