MEMO: REDEVELOPMENT UPDATE

Update from Streetfront Development and Good Neighbor Homes, July 18, 2025

Background

In January, 2025, city staff issued a Letter of Interest Request for redevelopment teams interested in the city-owned parking lot site at 5th and Washington. Streetfront Development and its development partner Good Neighbor Homes submitted a letter of interest focused on the municipal liquor store, street-level parking, a retail promenade, and for-sale housing. In March, the city selected Streetfront to advance into a due diligence and predesign phase.

Experience

Streetfront Development has created walkable housing options across the housing spectrum from affordable apartments to luxury condominiums. Our work includes historic renovations in Litchfield, Minnesota where we revitalized 1880s main street buildings with commercial ground floors and naturally-occurring affordable apartments upstairs. In 2023 we completed 24 market rate apartments in Saint Paul that are perfect for young professionals. In partnership with Good Neighbor Homes, we are about to break ground on The Fletcher, a 15-unit condominium building in the Linden Hills neighborhood of Minneapolis. It will feature large floorplans ranging from 1600 to 2400 square feet with indoor parking and sizable terrace balconies. Good Neighbor Homes also runs a property management business focused on multi-family apartments bringing a wealth of knowledge on operations and execution.

Progress Update

- Received conceptual cost analysis from a qualified general contractor familiar with this scale and type of project
- Completed tariff risk analysis. Found approximately 1% of hard costs are exposed to tariff risks.
- Interviewed local real estate agents and construction companies for for-sale market context

Program Concepts Under Review

- Mixed-use Condos & Retail:
    1. First floor retail anchored by Municipal Liquor store and other retail.
    2. Second/Third floor residential will be for-sale upscale condos.
    3. Parking will be located to facilitate easy shopping on first floor retail, replace some of existing contract parking, and provide parking for the residences.
- Mixed-use Senior Co-Op & Retail:
    1. First floor retail anchored by Municipal Liquor store and other retail.
    2. Second/Third floor residential will be for Senior Co-op housing.
    3. Parking will be located to facilitate easy shopping on first floor retail, replace some of existing contract parking, and provide parking for the residences.
- Commercial-Only Building:
    1. First floor retail anchored by Municipal Liquor store and other retail.
    2. Office use will be studied for second floor.
    3. Parking will be located to facilitate easy shopping on first floor retail and replace existing contract parking.

Challenges & Risks

For-Sale Pricing: Construction costs for 2,000 square foot for-sale condo units would require sale prices well above $1 million, which initial feedback indicates is too far above local market guidance. Further study is warranted.

Parking Cost Pressure: City's desired parking counts and building height restrictions require deeper underground construction, adding $1.0 to $1.5 million per additional level. Integrated develop/design/build process will help highlight best balance of cost and parking provided. Initial guidance is to limit the structured parking to 1 or 2 levels.

Next Steps:

1. Interview additional local market experts for broader market perspective
2. Interview senior co-op operators to evaluate feasibility
3. Continue economic and proforma analysis to identify viable sources and uses
4. Model financials for each scenarios and make recommendation to Staff/EDA

Design Considerations

We feel two site plan enhancements would benefit the project.

- First, the streetscape area marked in orange could be head-in parking that would offer significant convenience to the main floor retail, particularly the municipal liquor store.
- Second, the alley area in green could be a retail promenade or "paseo" with café tables and welcoming, walkable landscaping and inviting lighting.

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GOOD NEIGHBOR HOMES