

CITY OF MINNEAPOLIS COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT QUARTERLY REPORT—SECOND QUARTER 2004



TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: LEE SHEEHY, DIRECTOR OF CPED
CC: CPED STAKEHOLDERS AND PARTNERS

CPED's Quarterly reports are based on the key measures and initiatives identified in the department's business plan. There are several significant events that occurred this quarter, including substantial progress on the Midtown Exchange development. In June 2004, the City Council authorized the execution of a Redevelopment Contract with Ryan Companies US, Inc. for the Midtown Exchange project. The \$189 million project involves the adaptive reuse of the historic Sears retail and catalog facility. Upon completion, the 1 million-plus square foot mixed-use project will contain the headquarters of Allina Hospitals and Clinics, a Hennepin County service center, 364 apartments and condominiums, a new hotel tower, and the Global Marketplace, which will be the city's largest public market. The development will also include a new transit hub.



Looking beyond Midtown Exchange, other significant events during this period included:

- The **Antiques Minnesota** building received funding approval, including use of New Markets Tax Credits (NMTC). This is the first NMTC real estate deal for Minneapolis and one of the first in the country. The project is a 40,000 sq. ft. commercial rehab at Bloomington and Lake in South Minneapolis.
- Closing and construction start on **Heritage Park Phase 3**, 95 units of mixed-income rental housing. CPED provided Affordable Housing Trust Fund (AHTF) and Neighborhood Revitalization Program (NRP) funding in addition to low-income housing tax credits.
- Closing and construction start on **St. Barnabas**, 52 units of supportive housing for homeless youth. CPED provided AHTF and NRP funding plus low income housing tax credits.
- City Council approval of a **unified, consolidated city housing policy** and continued work on the 2004 housing policy agenda.
- The publication, "**Loans and Grants for Minneapolis Businesses**" has been updated and is now available. This directory provides a listing of loan and grant programs offered by public agencies and community organizations that serve Minneapolis businesses. For copies, call Jennifer Schultz at 612-673-5094.
- Developed **zoning and land use application manual for neighborhood groups**. The draft will be available late September/early October.

We look forward to your comments and feedback regarding our 2nd quarter report, and are already assembling the 3rd quarter, which we hope to have in your hands by the end of October.

**PART I: PROGRESS ON KEY DEPARTMENTAL
PERFORMANCE MEASURES THROUGH SECOND QUARTER 2004**

	2003 Actual (Annual)	2004 Projected (Annual)	2004 YTD (Six Months)	Comments
<u>Economic Development</u>				
Estimated Increase in Property Taxes due to ED projects (\$ in millions)	\$3.2	\$0.8	\$0.3	Depot Office Center, Metropolitan Lofts, Franklin Circles
# of new jobs projected by assisted projects	1,554	585	110	Depot Office Center
# of small business loans	170	185	79	
# businesses assisted by market advocates/case mgrs	n/a	5	1	
Real Estate Marketing Contacts	571	500	206	
\$ of contamination grants secured (\$ in millions)	\$4.7	\$1.5	\$2.5	Spring round of grants
Downtown housing units completed	605	928	22	Metropolitan Lofts
<u>Housing</u>				
# of new/conversion multi-family housing units completed	1,130	815	240	
# of rehabilitated multi-family housing units completed	433	575	724	
# of affordable (<50% MMI) units placed in service (subset of above two measures)	588	715	786	
# single family units completed	116	100	43	
# single family units rehabilitated	8	15	7	
# low/mod income (< 80% MMI) units completed	62	60	14	The standard language in redevelopment agreements is being revised to require developers to routinely provide this info
# home improvement loans	48	54	2	19 loans in process
# mortgage loans	2	50	62	28 loans in process
<u>Partnerships</u>				
Reduce crime below City average in Empowerment Zone	n/a	10% reduction	Estimated reduction of 8.5%	Police-Probation Partnership used as tool throughout the City
Launch or strengthen partnerships in four key commercial corridors	n/a	W Broadway, Lake Street, Franklin Ave, Central Ave	Progress Satisfactory	

**PART I: PROGRESS ON KEY DEPARTMENTAL
PERFORMANCE MEASURES THROUGH SECOND QUARTER 2004 CONTINUED...**

	2003 Actual (Annual)	2004 Projected (Annual)	2004 YTD (Six Months)	Comments
<u>Partnerships...</u>				
Development medical conferencing facility in Lifesciences Corridor	n/a	Achieved	Boards Done	
# of lab expansions or start-ups	n/a	2	6	See article in August <u>Mpls Business Journal</u>
Establish Lifesciences Capital Fund	n/a	Established	Established	
Establish City-University Partnership	n/a	Established	Established	
<u>Planning</u>				
% of Small Area plans approved by Council	100%	95%	0	Several studies underway
% involved residents confident that their input will be valued	70%	80%	n/a	Survey being developed
# film permits issued	212	200	69	The 69 film projects had a combined budget of \$4.5 million; also had one public art acquisition
# clients assisted at service counter	8,225	8,295	3,782	Plus 12,764 phone calls processed
# of building permits	7,905	7,800	4,143	
# land use apps reviewed	1,083	1,345	564	All but 1 met state mandated timeframe; plus four environmental reviews
# of HPC apps reviewed	341	185	65	Plus 56 staff admin reviews; one historic survey completed
# land use amendments prepared	6	10	3	Plus 27 pending
<u>Workforce Development</u>				
Gap in unemployment rate for City versus Metro	1.1%	.6%	.68%	
# Agreements w/ emerging enterprises	n/a	2	2	
# Job Linkage New Hires	4,122	4,500	2,061 (est.)	Estimate only as reports are annual
# business visited	44	55	23	

PART II: PROGRESS ON KEY INITIATIVES FROM 2004 BUSINESS PLAN ECONOMIC POLICY AND DEVELOPMENT

MARKET ADVOCACY Contact: Tom Daniel at 612.673.5079

CPED is continuing its market advocacy role and is refining its approach in working with developers and our regulatory partners.

EXPAND SMALL BUSINESS LOAN PROGRAMS Contact: Bob Lind at 612.673.5068

The Commercial Corridor/Commercial Node 2% Loan Program is up and running. The Common Bond Fund marketing efforts to manufacturing companies, city managers and economic development staff continues throughout Hennepin County with a number of potential projects for 3rd and 4th quarters of 2004.

CREATE RIVERFRONT DEVELOPMENT CORPORATION Contact: Ann Calvert at 612.673.5023

CPED has initiated discussions with partners to explore the scope of a process for exploring the potential of establishing a new riverfront development corporation or other organization to supplement and enhance riverfront development efforts in Minneapolis.

RECOMMEND CITY ROLE IN THEATER OPERATION Contact: Phil Handy at 612.673.5010

CPED has facilitated the development of policy goals for the theatres and has developed an RFP for the operation and programming of the theatres. The RFP was issued in August.

HOUSING POLICY AND DEVELOPMENT

AFFORDABLE HOUSING TRUST FUND Contact: Donna Wiemann at 612.673.5257

First round funding awards (\$7,493,309 approved for 12 projects, 679 units); second RFP issued June 9th with ESG (proposals due August 6th), NRP AHRF and EZ (proposals due September 22nd). The Seed Money program was first offered in the spring 2004 AHTF RFP. One proposal was received and approved (Linden Hills Townhomes, \$1M, for capitalization of new public housing units in a non-impacted area). The remaining Seed Money Funds are offered in the current (fall 2004) AHTF RFP.

LIMITED EQUITY COOP PILOT PROGRAM Contact: Donna Wiemann at 612.673.5257

RFP issued June 9th; proposals due August 6th.

HERITAGE PARK FINANCE PLAN Contact: Elfric Porte at 612.673.5145

Earlier this year, staff estimated that the funding gap for the court-mandated portion of the finance plan was \$9.4 million. The Mayor's 2005 budget recommendation included \$4.7 million (\$3.2 million in net debt bonds and \$1.5 million in Water and Sewer bond proceeds). Additionally, the Mississippi Watershed Management Organization five-year capital funding plan identifies \$3.0 million for the Heritage Park's project (\$1.0 million per year for years 2005-07). Meanwhile, staff is proposing to City Council to reallocate \$2.9 million remaining in state bonding authority from University Research Park to this project. Staff is continuing to work on identifying sources for the \$11.0 million of non-mandated project components.



HIGHER DENSITY CORRIDOR HOUSING INITIATIVE Contact: Kevin Dockery at 612.673.5075

11 responses to the RFP were received in May; these were reviewed and a short list of five projects/sites was created.

PERPETUAL AFFORDABLE PILOT PROJECT Contact: Earl Pettiford at 612.673.5231

The 2004 budget earmarks \$500,000 for a perpetual affordability pilot program. Staff developed guidelines for the program and presented to City Council for approval. In early summer, an RFP was prepared and submitted to neighborhood groups and developers. The proposals were due on August 6, 2004.

PART II: PROGRESS ON KEY INITIATIVES FROM 2004 BUSINESS PLAN CONTINUED... HOUSING POLICY AND DEVELOPMENT CONTINUED...

NORTHSIDE PARTNERSHIP *Contact: Elfric Porte at 612.673.5145*

The 2004 budget earmarks \$1.0 million dollars to the Northside Partnership. Staff leveraged these dollars in the creation of what is now termed the Northside Home Fund. The Northside Home Fund (NHF) is a program funded by the City and its partners to preserve the housing stock and increase housing choices. Commitments to date include:

Minnesota Housing Finance Agency:	\$20,000,000
Franklin National Bank:	20,000,000
City of Minneapolis:	1,650,000
<u>General Mills Foundation</u>	<u>200,000</u>
Total	\$41,850,000

MARKET ADVOCACY *Contact: Elfric Porte at 612.673.5145*

Staff held an open house for developers, housing partners and stakeholders to develop strategies in improving the working relations. This effort will be an ongoing endeavor.

PARTNERSHIPS

NORTHSIDE PARTNERSHIP *Contact: Mike Christenson at 612.673.5122*

The "Close the Gap Unemployment Fund" is approximately halfway home, the NHF Board has been assembled, the Probation House proposed, and the Northside Community Crime Initiative (NCCI) Committee has been established by General Mills executive Ellen Luger.

MINNEAPOLIS LIFESCIENCES CORRIDOR *Contact: Mike Christenson at 612.673.5122*

Six labs are opening in the Elliot Park neighborhood, the Minneapolis Lifesciences Consortium continues to function, the Mayor and Councilmember Goodman convened an inaugural lunch for the Minneapolis Lifesciences Capital Fund, and a website is soon to be operational.

CITY-UNIVERSITY PARTNERSHIP *Contact: Mike Christenson at 612.673.5122*

CPED celebrated its partnership with the University to create 200 employer-sponsored jobs in Step-Up! 2004 and is working to announce a Northside Center for the University in the latter-half of 2004.

PLANNING—COMMUNITY PLANNING

PREPARE AND/OR ASSIST WITH PLANS *Contact: Pam Miner at 612.673.3240*

- Lake St./Nicollet Development Objectives. *Status: Meetings held with neighborhood groups and business organizations throughout the 2nd and 3rd quarters; meeting with Hispanic community held 7/24/04. Draft report scheduled to be completed during the 3rd Quarter.*
- City-wide Transportation Plan (Public Works lead). *Status: Waiting for Public Works to initiate; assigned staff to Steering Committee.*
- Mississippi River Critical Area Plan (required by MNRRA, DNR and Met Council). *Status: After several attempts, no comments received from DNR on the draft submitted in 10/03. Staff is preparing final plan for formal submission in the 3rd Quarter.*
- Environmental Sustainability Plan (City Council Resolution 2003R-133). *Status: Established new timeline for completion. First draft to be completed by 9/16/04, when it is to be presented to the Environmental Coordinating Committee.*
- Lowry Hill East Rezoning Study. *Status: Staff completed study; CPC Committee of the Whole tabled the study August 12th.*
- South Lyndale Small Area Plan. *Status: Traffic study completed. The Corridor Housing Initiative process is underway. Master planning to begin in early 2005 using capital funds designated for this project.*
- Bassett Creek Valley Rezoning Study. *Status: Working with the neighborhood association on a developer-driven implementation step of the Bassett Creek Valley Plan. Rezoning process is on hold.*
- Upper Harbor Terminal (planning process participant, not the lead). *Status: Participated in study process. Presentation of study findings to CPC COW on August 12th; City Council study session on August 27th.*

PART II: PROGRESS ON KEY INITIATIVES FROM 2004 BUSINESS PLAN CONTINUED... PLANNING—COMMUNITY PLANNING CONTINUED...

- **Midtown Greenway Land Use Plan.** Status: Staff is drafting an RFP which is expected to be distributed in the 3rd or 4th quarter. The land use planning effort will commence before the end of the year. The project will build upon the Lake Street Development Objectives which is a land use planning effort that includes an emphasis on integrating Lake Street with the Greenway.
- **LRT Planning.** Status: For 38th Street, consultant work completed, final staff work is expected to be completed in the 3rd quarter; the plan will be submitted to the Planning Commission and City Council for consideration. For 50th Street, Hennepin County will lead this planning effort; plan not yet initiated; staff assigned to team.

EXPAND RESEARCH ACTIVITIES AND PRODUCTS Contact: Cecilia Bolognesi at 612.673.2495
Expanded the 1st Quarter Minneapolis Trends Report to include more market data and analysis (posted on web page).
Completed 2004 State of the City Report (posted on web site). Began work on detailed neighborhood profiles.

PREPARE PLANNING MANUAL FOR NEIGHBORHOODS Contact: Pam Miner at 612.673.3240
Draft completed and submitted to Communications Department for final formatting. To be distributed to neighborhood groups and others in 3rd quarter.

USER SURVEY OF PARTICIPANTS IN PLANNING PROCESSES Contact: Pam Miner at 612.673.3240
Staff work underway and expected to be completed in the 4th quarter. It will be distributed to participants in recently completed planning processes; results will be analyzed and used to improve future planning processes.

PLANNING—DEVELOPMENT SERVICES

IMPLEMENT ONE STOP DEVELOPMENT REVIEW CENTER CUSTOMER SERVICE IMPROVEMENTS
Contact: Blake Graham at 612.673.3241
Continued improvement under this initiative. Several improvements to the Preliminary Plan Review process. Updated zoning information in KIVA (except for Shoreland and Floodplain Overlay parcels which will be completed in the 3rd quarter). Participated in Development Fee Study commissioned by Regulatory Services. Ongoing discussions with Rocco Forte and others about role of Minneapolis One Stop Development Coordinators and other organizational issues.

REVISE ZONING CODE Contact: Blake Graham at 612.673.3241
Three text amendments have been approved by City Council; 27 text amendments are pending in various stages.

ORGANIZATIONAL CHANGES Contact: Blake Graham at 612.673.3241
Cross training not yet completed; KIVA updated almost complete; employed case management approach in two cases (Midtown Exchange and 700 Washington); completed roll out of automatic phone system; and continued to update forms.

WORKFORCE DEVELOPMENT

IMPROVE DELIVERY SYSTEM Contact: Chip Wells at 612.673.5292
On a biennial basis, the Workforce Council reviews the performance of the delivery system and makes adjustments to improve the system. The system continues to show the ability to expand as more resources become available.

"CLOSE THE GAP" CAMPAIGN Contact: Chip Wells at 612.673.5292
A total of \$2.5 million has so far been committed to this effort; the total goal is \$4.5 million.

CAREER LADDERING Contact: Chip Wells at 612.673.5292
The Career Institute Partnership (CIP) is the partnership between the City and West Metropolitan College Presidents to evaluate current programs and investments while looking to expand laddering partnerships. It is led by MCTC President Phil Davis and will operate under foundation grant support.

PART II: PROGRESS ON KEY INITIATIVES FROM 2004 BUSINESS PLAN CONTINUED... WORKFORCE CONTINUED...

CONSTRUCTION COALITION *Contact: Chip Wells at 612.673.5292*

METP supported a new pre-apprentice program developed by the Construction Careers Coalition and approved by the Minneapolis Building Trades and the Minnesota Department of Labor and Industry. It will be initially implemented at Midtown Exchange by Ryan Companies.

NORTHSIDE PARTNERSHIP *Contact: Chip Wells at 612.673.5292*

METP is negotiating a contract with the Minneapolis Urban League to develop and maintain a listing of qualified minority contractors, place and retain forty individuals interested in the trades, and develop and implement a small business program for contractors and sub-contractors who are interested in entrepreneurship.

PART III: OTHER KEY EVENTS AND MILESTONES ECONOMIC POLICY AND DEVELOPMENT

NEIGHBORHOOD COMMERCIAL AND MIXED USE *Contact: Tom Daniel at 612.673.5079*

- The City Council approved the **Midtown Exchange** redevelopment project (1.2 million sq. ft. mixed use).
- The **Antiques Minnesota** building received funding approval, including use of NMTC. This is the first NMTC real estate deal for Minneapolis and one of the first in the country (40,000 sq. ft. commercial rehab).
- **Greenleaf Lofts** at 2000 Nicollet began construction (27 units; 5,600 sq. ft. commercial, 39 parking spaces).
- **LISC** was funded for another year (year 5) at \$100,000 to offer staff support to West Broadway and Central Avenue through April 30, 2005.

INDUSTRIAL/COMMERCIAL EMPLOYMENT *Contact: Tom Daniel at 612.673.5079*

- **Canadian Pacific** property in North Washington Industrial Park was acquired. This parcel will be combined with City property resulting in a nearly two-acre industrial site.
- The **Minnesota Innovation Center** received approximately \$900,000 in remediation grants from the Metropolitan Council and Hennepin County for a proposed research park.
- The City Council authorized a **new contract for the operation of the Upper Harbor Terminal**. The contract will ensure no city losses and gives the City a share in revenues.
- The **Upper Harbor Terminal Redevelopment Study** was substantially completed.

DOWNTOWN AND CENTRAL RIVERFRONT *Contact: Tom Daniel at 612.673.5079*

- **Target Center management** was assigned to a new partnership comprised of the Minnesota Timberwolves and Neederlander Group. Capital improvements, including seating replacement, are underway.
- **Park Avenue West Lofts** began construction (38 units, 77 spaces)
- **Extension of Park Avenue** between Washington Avenue South and Second Street South began construction.
- **Progress continued on the Guthrie** including the closing on the “air rights” parcel for the scene shop and start of construction of ramp (1,002 spaces).
- The **Parcel E Liner land sale** was approved (68 units, 30,000 SF commercial, 95 parking spaces).

BUSINESS FINANCE *Contact: Bob Lind at 612.673.5068*

- The publication, “**Loans and Grants for Minneapolis Businesses**” has been updated and is now available. This directory provides a listing of loan and grant programs offered by public agencies and community organizations that serve Minneapolis businesses. For copies, call Jennifer Schultz at 612-673-5094.
- As a result of the consolidation of Planning, MCDA, METP, and the Empowerment Zone into CPED, staff has assembled a comprehensive listing of economic and employment service programs for Minneapolis businesses in a new publication called “**The Minneapolis Business Toolbox**.” The **Toolbox** can be accessed on the City’s web site using this address: http://www.ci.minneapolis.mn.us/cped/toolbox_news.asp.

PART III: OTHER KEY EVENTS AND MILESTONES CONTINUED... HOUSING POLICY AND DEVELOPMENT

MULTI FAMILY *Contact: Cynthia Lee at 612.673.5266*

- Closing and construction start on **Heritage Park Phase 3**, 95 units of mixed-income rental housing. CPED provided AHTF and NRP funding plus low income housing tax credits.
- Closing and construction start on **St. Barnabas**, 52 units of supportive housing for homeless youth. CPED provided AHTF and NRP funding plus low income housing tax credits.
- Closing on the **Boulevard**, a mixed-use project with 24 mixed-income rental units. CPED provided AHTF and NRP funding plus low income housing tax credits.
- Obtained land sale approval for **Humboldt Greenway Phase 2** (108 units).
- Preliminary development rights approved for **4550 Humboldt (CommonBond)** for up to 45 units of mixed-income rental housing serving persons with Multiple Sclerosis.
- Project Analysis Authorization approved for **Franklin Portland** – Jourdain, 41 units of rental housing (CCHT).
- Preliminary development rights approved for **Karamu West**, 52 units of mixed-income ownership housing on Plymouth Avenue (NRRC).
- **Many Rivers West** land sale, TIF and HRB approvals, to develop 26 units of mixed-income rental housing on Franklin Avenue.
- Funding approval of \$1M for **Linden Hills Townhomes** under the Seed Money program for 5 new public housing units.
- Preliminary housing revenue bond approval for **Midtown Exchange** (\$21 million).



SINGLE FAMILY *Contact: Elfric Porte at 612.673.5145*

- Closing and **construction starts on 32 single-family development lots** for owner-occupied households.
- Completed appraisals on all **non-buildable lots** and issued offers to adjacent property owners to buy them as sideyards. It is hoped that with this effort we will successfully dispose of all our non-buildable lots, thus eliminating future maintenance costs.
- **Negotiations reached with Hennepin County on the sale of real property** to the City of Minneapolis for \$1.00. MCDA will acquire not more than 15 tax-forfeited parcels in 2004 and no more than 10% in 2005. It further requires that the MCDA/CPED will develop these parcels within an eighteen month period. These parcels are limited to Minneapolis' Targeted neighborhoods as selected by the City of Minneapolis.
- Plan review and approval of **single-family for sale units in the Heritage Park** development.

OTHER KEY EVENTS *Contact: Elfric Porte at 612.673.5145*

- Obtained City Council approval of a **unified, consolidated city housing policy** and continued work on the 2004 housing policy agenda.
- CPED is one of several multifamily funders participating in the **MHFA Common Practices initiatives**. Work is underway on developing common applications, due diligence and loan documents with the goal of providing better customer service.
- Execution of the lead paint **MOU with Hennepin County** to administer HUD lead paint grants. Development of potential **ESG Operating program**

PLANNING

KEY EVENTS *Contact: Barb Sporlein at 612.673.2616*

- Executed contract with consultant to conduct a **historic and cultural context study of Minneapolis Public Schools**. This study is needed before any individual historic designations can be considered.
- Developed **zoning and land use application manual for neighborhood groups**. The draft will be submitted to Communications for final formatting in the 3rd quarter.
- Implemented **new construction residential moratorium in North Minneapolis**, including processing waiver applications, and began work on developing permanent development controls and design review process.