

# Quarterly Report Fourth Quarter 2007



## Department of Community Planning & Economic Development—CPED

105 Fifth Ave South - Room 200  
Minneapolis, MN 55401  
[www.ci.minneapolis.mn.us/cped](http://www.ci.minneapolis.mn.us/cped)

Mike Christenson –Director  
(612) 673-5122  
[Mike.christenson@ci.minneapolis.mn.us](mailto:Mike.christenson@ci.minneapolis.mn.us)



**Our Mission:** The Department of Community Planning and Economic Development works with local and regional partners to preserve and enhance our natural and built environment, plan for growth, and advance the physical and human development of the city.



### Draft Plan Released for Public Review

The draft [Minneapolis Plan for Sustainable Growth](#) was released on December 1, 2007; this plan provides a policy framework for all planning, development, and other investment decisions made by the City of Minneapolis. The draft will be available for public review through mid-February 2008. A series of public open houses on the draft plan were held in January 2008.

Public comments are welcome until February 15 by:  
Online: [www.minneapolisplan.info](http://www.minneapolisplan.info)  
Email: [update@minneapolisplan.info](mailto:update@minneapolisplan.info)  
Phone: 673-2098 (Haila Maze, Senior City Planner)

### The Wellstone

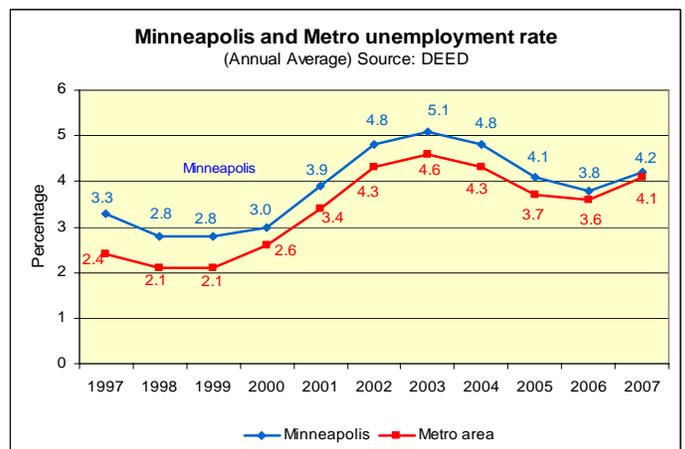
Located at the northeast corner of Franklin & Portland, the [Wellstone](#) features 49 units of mixed income townhome-style rental units and over 7,000 sq. ft. of commercial space that will house a restaurant and



second floor auxiliary community space. A below-grade parking garage will preserve much of the site for shared green space, playground and landscaping. Four units are designated for individuals experiencing long-term homelessness. The City contributed \$1.2 million of Affordable Housing Trusts Funds to this \$13.1 million project

### City/Metro Gap in Unemployment Rates Closing

As of the end of 2007, the gap in unemployment rates between the City and the metro area has virtually been eliminated. This reflects several years of expanded local focus on workforce development and job placements. Since 2004, the City of Minneapolis has invested \$6.7 million for the Close the Gap program. These funds were used to expand the capacity of our nonprofit partners to place low income residents into jobs, prepare youth with work readiness skills through the STEP UP program, and support entrepreneurs by funding the Neighborhood Development Center.



### Revenue bond financing in 2007 hits all-time high

2007 saw the single largest annual issuance of revenue bonds by the City with the issuance of \$641 million in revenue bonds. These bonds were used to finance various capital projects by area hospitals, nursing homes, nonprofit organizations and manufacturing companies. The two largest were for major renovations at Abbott Northwestern Hospital, and construction of the new Children's Hospital. Since 1972, the City of Minneapolis has issued over \$5 billion in revenue bonds for over 450 projects.

## Part I: Key Accomplishments and Milestones for the Quarter

### 1) Plan and develop a vibrant, sustainable community

#### [Community Planning](#)

Contact: Karin Berkholtz 673-3240

#### **Long-range planning**

- [The Minneapolis Plan for Sustainable Growth](#) - Draft chapters to the updated comprehensive plan and the accompanying maps and documents were posted to the city's website for public review and comment. Outreach to neighborhoods and neighboring jurisdictions continued, with 28 NRP and neighborhood organization staff attending one workshop in mid-December. Staff began a series of consultations about the plan with elected officials in advance of the January 2008 open house events and the 45-day public review period.
- **Small Area Plans and Rezoning Studies** - Staff completed work on four small area plans and two rezoning studies. The four small area plans are [Cedar-Riverside](#), [West Broadway Alive](#), [38<sup>th</sup> & Chicago](#), and the [Uptown Small Area Plan](#). The two rezoning studies are for [Bassett Creek Valley](#) and the [38<sup>th</sup> Street Transit Station](#) area. The plans and rezoning studies are in public review; the formal approval process will conclude in early 2008.

#### **Planning for public art and culture**

- [Art in the Mayor's Office](#) - The theme for 2008 is the city's sesquicentennial and a celebration of water. There were 32 submissions, a three-fold increase in the number of submissions over past years, and the jury selected six artists who will display their work over the course of the year.
- **Artist in Residence** - CPED's artist-in-residence program wrapped up in December 2007.
- **TLC's *What Not To Wear* shoots in Minneapolis** - Stacy and Clinton came to town with their team for a makeover of a Twin Cities Magazine employee. The one day shoot brought \$125,000 to the city in the form of flights, hotels, car rentals, equipment, staff and catering.
- [Minneapolis-Art.com](#) - Staff completed this website which is devoted to the City's arts and cultural organizations and includes an events calendar.

#### **Planning for efficient multimodal transportation**

- **ULI Advisory Services Panel** - [The Urban Land Institute](#) (ULI) conducted an Advisory Services Panel process for the south bank of the river, including downtown and [Cedar-Riverside](#), from December 4-7. Highlights of the ULI Panel process included a briefing by City staff and MnDOT, a site tour of the south bank area, interviews with key public and private sector stakeholders, and panel working group sessions. The ULI Panel presented their findings on December 7 to an audience that included several media outlets. A written report will be prepared and presented to the City in January.
- **Airport Noise Settlement** - The settlement stems from an airport noise lawsuit brought in 2005 against the [Metropolitan Airports Commission](#) (MAC) by three cities and the [Minneapolis Public Housing Authority](#). The \$127 million settlement provides \$100 million more in noise relief than the MAC originally offered and is nearly double the amount in a proposed settlement of a separate class action lawsuit. The settlement awaits approval from the [Federal Aviation Administration](#).

## Development Services

*Contacts: Steve Poor, zoning administration and enforcement, 673-5837; Jason Wittenberg, land use applications and Planning Commission, 673-2297; Jack Byers, preservation and design, 673-2634*

Two zoning code text amendments were adopted by the City Council in the fourth quarter: a series of housekeeping changes to correct or clarify code provisions and a change to allow construction of accessory structures to certain non-conforming uses.

Staff processed 55 zoning letters upon customer request and responded to 707 zoning-related customer service requests generated through 3-1-1 (93% met the service level standard).

Staff processed Certificates of Appropriateness for four notable historic landmarks: Shubert Theatre, Foshay Tower, Minnehaha Park-Wabun picnic area and De La Salle Archeology Plan.

Staff participated in and provided leadership for the [National Trust for Historic Preservation Conference](#).

The land use applications for the following major development projects were approved:

- Creekside Commons, 5400 Stevens Ave. S., new residential building with 30 dwelling units
- Fairview Children's Hospital, 606 24th Ave. S., 250,000 sq. ft. addition to an existing hospital
- Fairview Health Services Data Center, 323 Stinson Blvd., 25,000 sq. ft. addition to an existing office/warehouse building
- [Four Sack Flats](#) phase II, 518 2nd St. SE, new residential building with 96 dwelling units
- Ice House Redevelopment, 2528 Nicollet Ave., mixed use development with 76-room hotel and 37,700 sq. ft. of commercial space; combination of new construction and existing buildings
- [Minnesota Urban Ballpark](#), 600 3rd Ave. N., new 40,000-seat major league baseball stadium
- Nokomis Senior Living, 3717 23rd Ave. S., new mixed use building with 77 assisted living units and 550 sq. ft. of commercial space
- Olin 4, 5310-5338 Minnehaha Ave., new residential building with 83 dwelling units
- [The Minnesota Shubert Performing Arts and Education Center](#), 508 Hennepin Ave., performing arts center, including 79,000 sq. ft. addition to existing building

## **2) Promote private sector growth to build a healthy economy**

### Business Finance

*Contact: Bob Lind 673-5068*

- The City closed on \$474 million in revenue bond financing for the [Allina Health System](#) that included various improvements to the [Abbott Northwestern Hospital](#) as well as the refinancing of outstanding debt.
- The City closed on \$103 million in revenue bond financing for the construction of the new [Children's Hospital](#) on Chicago Avenue, and various improvements to the existing hospital facilities.
- The City closed on a \$75,000 Commercial Corridor/Commercial Node 2% Loan for the [Roberts Shoe Store](#) at 740 E. Lake Street, in participation with a \$300,000 loan from U.S. Bank. The project consisted of the upgrading and replacement of plumbing and HVAC systems in the building.

- The City closed on a \$75,000 Commercial Corridor/Commercial Node 2% Loan for the [Red Stag Supperclub](#) at 509 First Avenue N.E., in participation with a \$100,000 loan from Wells Fargo Bank. The project consisted of leasehold improvements and equipment for the start up of the new restaurant, which is the first LEED-certified, registered restaurant in Minnesota.

### [Business Development](#)

Contact: *Kristin Guild 673-5168*

### **Neighborhood Commercial and Transit Corridors**

- The City Council authorized for City gap financing for the \$10 million [Seward Co-op](#) expansion on Franklin Avenue. This was the first loan authorized through the new [Great Streets](#) neighborhood business district program. The Co-op and its private and City partners celebrated a snowy groundbreaking in early December.
- The City Council authorized eleven [Great Streets](#) program grants to business associations, community development corporations and neighborhood organizations to provide a wide range of services to business districts and businesses. The grants leverage over \$300,000 in private and foundation resources. The services include direct business technical assistance on business planning, tax withholding, and bookkeeping, market analyses and retail recruitment strategies and business district marketing initiatives
- The sale of the [Franklin Business Center](#) by its non-profit owner to a private investor signaled the growing strength of the market on Franklin Avenue and generated repayments of City investments related to the original development.
- The City Council authorized a loan of \$100,000 to the [Midtown Global Market](#) to support an operational shift toward more fresh foods. A validated parking system was created for the market, supported by Hennepin County grant funds.
- The City Council authorized the sale of a City-owned building long leased by the [West Bank School of Music](#) to that organization.



### **Land Recycling and Infrastructure**

- The State of Minnesota ([Department of Employment and Economic Development](#)) approved \$214,402 in grants for pollution cleanup and/or investigation grants for two (2) Minneapolis projects in the fall 2007 funding round.
- [The Metropolitan Council](#) approved \$1,149,400 in pollution cleanup and/or investigation grants for six (6) Minneapolis projects in the fall 2007 funding round.
- [Hennepin County](#) approved \$1,275,481 in pollution cleanup and/or investigation grants for eight (8) Minneapolis projects in the fall 2007 funding round.
- Remaining space in the [Humboldt Industrial Park](#) project (marketed as the Minneapolis Business Center), was leased by Pinta (a manufacturer of high technology acoustic tiles) and G&K (a supplier of work uniforms). With the other tenants, ThyssenKrupp elevators and Cinequipt (movie, video and sound recording equipment rental), the 128,800 sq. ft. building now houses businesses that employ 224 people.

## Downtown

- Dec. 7 the City Council approved the [ballpark](#) design; a special process was utilized per the legislation. Minor revisions, acceptable to the ballpark partners, were made to the recommendations of the Ballpark Implementation Committee approved Oct 31, 2007. Through this process, the city was able to enhance the design and pedestrian experience around the ballpark.
- Five municipal ramps sold in 4<sup>th</sup> Qtr to Alatus Management LLC:
  - Centre Village
  - Downtown East
  - Seven Corners
  - Loring
  - Gateway
- Total sale proceeds to City for the sale of the ramps are approximately \$65 million.

## Riverfront

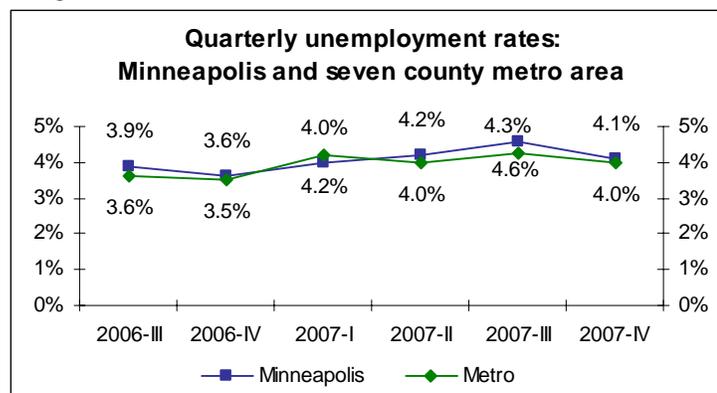
- [Coloplast](#) began construction of its new headquarters on West River Road in North Minneapolis, after having received City approvals for: a) a package of tax increment assistance, and b) an application for a state Minnesota Investment Fund forgivable loan, as well as environmental remediation grants from DEED and the Metropolitan Council.
- As part of the [Riverfront Organization Study](#) and as recommended by the Riverfront Blue Ribbon Task Force, the decision was made to seek formal approval to create a new nonprofit organization to support continued riverfront revitalization.
- A historical survey of the Upper Harbor Terminal and related resources was completed. The study found that two areas related to the Upper Harbor development would be eligible for historic district designation (nationally and locally).



## 3) Promote economic self-sufficiency for individuals and families

### [Minneapolis Employment & Training Program](#)

Contact: Deb Bahr-Helgen 673-6226



As the above graph shows, quarterly average unemployment rates for the City and metro area have tracked very closely for the past 6 quarters, reflecting continued program emphasis on job placements as well as the city's relatively strong job growth during this period.

#### 4) Develop and preserve life-cycle housing throughout the city

##### Multi-Family Housing

Contact: Kevin Walker 673-5266

- Four new-construction projects with City grants and/or financing completed construction:
  - Central Avenue Lofts, a 66-unit mixed-income rental project;
  - [Eat Street Flats](#), a 63-unit ownership project;
  - Saint Anne's Senior Housing, a 59-unit mixed-income project;
  - [Saint Anthony Mill's Apartments](#), a 93-unit mixed-income rental project;
- In addition, rehabilitation work was completed on the [Structured Independent Living](#) project, five single-family homes for veterans.
- Financing closed on seven additional projects totaling 206 units with City grants or financing. This included:
  - 1822 Park – rehabilitation of an existing affordable rental project.
  - [Vantage Flats](#) – a transit-oriented mixed-income rental development with green features at 54th & Minnehaha Avenue;
  - Van Cleve Apartments East – the first phase on this 35-unit mixed-income rental portion of a multi-phase project;
  - The [Wellstone](#), the 49-unit mixed-income third phase of the Franklin-Portland Gateway project.
  - LSS Park Avenue Apartments, a mixed-income rental project.
  - 2011 Pillsbury, rehabilitation of a 27-unit single-room-occupancy project for formerly homeless individuals.
  - East Phillips Live Work, a duplex at 29th and Bloomington.

Saint Anthony Mill's Apartments



##### Single-Family Housing

Contact: Elfric Porte 673-5145

- Two Occupancy Certificates were issued at Heritage Park, bringing the total number of homes to 73.
- Three owner-occupied units sold during the quarter at Heritage Park.
- Sixteen single-family housing units were completed citywide.
- Four properties were demolished and site prepared for development.
- Through the [Century Homes Program](#), 3 housing units were completed and ready for occupancy. All will be sold to owner-occupants.
- Through the [Home Ownership Program](#), one housing unit was completed and ready for occupancy. It will be sold to an owner-occupied household with income below 80% of the metropolitan median income.



### ***Progress on the Five-Point Housing Strategy***

- Through the Strategic Acquisition Fund, in partnership with the [Greater Metropolitan Housing Corporation](#), 31 purchase agreements were submitted for acquisition.
  - 10 were rejected
  - 21 accepted (12 closed)
- CPED acquired an additional 11 properties (5 to support the [Northside Home Fund](#) cluster efforts).
- In partnership with CPED, the Department of Regulatory Services issued one Director's Order for demolition.
- As a member of the Nuisance Condition Process Review Panel, CPED participated in the review of 11 appeal hearings of 249 Demolition Orders (five were in North Minneapolis). The panel's recommendations included five demolitions and two restoration agreements; four were carried over.
- The City of Minneapolis, City of St. Paul, the [Minnesota Home Ownership Center](#) and the [Foreclosure Prevention Funders Council](#) hosted two Borrowers workshops for homeowners at risk of foreclosure. As a result, 260 families attended the workshops and dozens of other callers were referred to counseling organizations.

### **5) Partner effectively to promote regional growth and investment**

#### **Enterprise Initiatives**

*Contact: Mike Christenson (673-5122) or Chuck Lutz (673-5196)*

#### **Central Corridor Light Rail Transit**

- CPED staff continued working with colleagues from the City of St. Paul, Hennepin and Ramsey counties, University of Minnesota, and Metropolitan Council on various inter-jurisdictional committees engaged in the preliminary engineering phase of the project, leading up to key scoping decisions in the first quarter of 2008.

#### **Minnesota Urban Ballpark (Twins)**

- CPED staff contributed to the conclusion of the work of the Ballpark Implementation Committee, a joint City-County design review committee. The ballpark design and site plan were recommended for approval by the Ballpark Implementation Committee, City Planning Commission, and the City Council; major construction is underway. Work continues on the associated Transportation Management Plan and nearby Cedar Lake Bike Trail design.

## Part II: Progress on Key Departmental Performance Measures

Note: numbers in **bold** reflect revisions from previously published numbers due to updated information

\$ in millions unless noted otherwise	2005 Actual	2006 Actual	2007 Target	2007 1 <sup>st</sup> Quarter	2007 2 <sup>nd</sup> Quarter	2007 3 <sup>rd</sup> Quarter	2007 4 <sup>th</sup> Quarter	2007 Annual	Comments
<b>Goal 1: Plan and develop a vibrant, sustainable community</b>									
# of milestones achieved for major long range planning projects	n/a	5 plans approved; 5 plans presented for approval; including the update of the Mpls Plan	Substantial completion of the Comp Plan update  Start/complete 7 small area plans and resulting 7 rezoning studies	Completed text drafts of comp plan content chapters  drafted land use feature boundaries  6 small area plans approved	Received 1,253 responses to on-line survey and conducted 7 targeted focus groups for The Minneapolis Plan update  The 29 <sup>th</sup> & University Rezoning Study was completed	Two rezoning studies completed: Franklin/ Nicollet and Lyndale Avenue	The draft update to the Comprehensive Plan started its public review period December 1 <sup>st</sup> .  Four small area plans completed and out for public review.  Two rezoning studies completed with approvals pending.		
arts and culture coordination:									
# film/video permits issued	187	212	190	30	80	56	33	199	
\$ amount of film production budgets	\$8.9	\$9	\$9.5	\$2.8	\$3.67	\$1.74	\$1.18	\$9.4	
# of public art installations or major renovations:	3	4	5	1	0 (3 permits for public art)	5 (Incl. 1 gift ) 7 permits for public art	0	6 (Incl. 1 gift)	
# of building permits reviewed for zoning compliance	7,039	6,725	6,000	1,034	1,808	1,776	1,359	5,977	
# of land use applications reviewed	895	894	750	152	231	220	216	819	
# of Heritage Preservation Commission applications reviewed	183	198	200	11	18	54	45	128	
# of historic demolition permits reviewed	191	205	200	35	54	56	37	182	
# of zoning code text amendments adopted	11	12	10	1	5	5	2	13	

<i>\$ in millions unless noted otherwise</i>	2005 Actual	2006 Actual	2007 Target	2007 1 <sup>st</sup> Quarter	2007 2 <sup>nd</sup> Quarter	2007 3 <sup>rd</sup> Quarter	<b>2007 4<sup>th</sup> Quarter</b>	<b>2007 Annual</b>	Comments
# of state and federal environmental reviews conducted	45	27	20	7	2	3	1	13	
% of 3-1-1 service requests responded to within 2 days	NA	NA	90%	88%	92%	94%	93%	3,370 total service requests; 92.6% met service standard	

## Goal 2: Promote private sector growth to build a healthy economy

# of new jobs projected by City-assisted projects	659	2115	742	<b>46</b>	<b>64</b>	166	42	318	
# of small business loans	176	189	190	25	21	25	24	95	
\$ value of <b>public</b> portion of business investment/loan	\$3.7	\$4.4	\$15.8	\$0.8	\$1.3	\$1.5	\$0.5	\$4.1	
\$ value of <b>private</b> portion of business investment/loan	\$612.9	\$331.0	\$226.5	\$17.3	\$4.5	\$36.3	\$585.4	\$643.5	
\$ amount of contamination grants secured	\$4.3	\$4.11	\$3.5	0	<b>\$3.07</b>	0	\$2.65	\$5.72	
Acres of land to be recovered due to secured cleanup grants	36.2	39.1	10-25	0	<b>47.48</b>	0	8.61	56.09	
Attendance at City-owned entertainment venues:									
Hennepin Ave Theaters	<u>615,676</u>	<u>374,270</u>	<u>TBD</u>	<u><b>83,145</b></u>	<u>111,060</u>	<u>60,468</u>	<u>180,166</u>	<u>434,839</u>	
Target Center	1,155,244	940,924	TBD	<b>457,856</b>	166,326	99,783	273,059	997,024	

## Goal 3: Promote economic self-sufficiency for individuals and families

Metro unemployment rate	3.7%	3.6%	3.6%	4.2%	4.0%	4.3%	4.0%	4.12%	
City unemployment rate	4.1%	3.9%	3.8%	4.1%	4.2%	4.6%	4.1%	4.25%	
Gap between City and metro unemployment rates	0.4%	0.3%	0.2%	-0.1%	0.2%	0.3%	0.1%	.125%	
# of adult placements	1,453	1156	1000	249	213	250	263	975	
Average hourly wage of adult placements	\$10.58	\$10.51	\$10.75	\$11.36	\$11.35	\$11.07	\$11.23	\$11.25	

<i>\$ in millions unless noted otherwise</i>	2005 Actual	2006 Actual	2007 Target	2007 1 <sup>st</sup> Quarter	2007 2 <sup>nd</sup> Quarter	2007 3 <sup>rd</sup> Quarter	<b>2007 4<sup>th</sup> Quarter</b>	<b>2007 Annual</b>	<b>Comments</b>
# of dislocated workers placed	512	372	233	67	355	61	69	138	
Average wage of dislocated workers placed	\$17.17	\$18.25	\$18.44	\$21.03	\$18.39	\$20.53	\$19.15	\$19.77	
<b>Goal 4: Develop and preserve life-cycle housing throughout the city</b>									
New/converted Multi-Family Units w/ financing closed @ 30% AMI	112	49	55	18	0	0	15	33	
New/converted Multi-Family Units w/ financing closed @ 50% AMI	195	88	230	0	0	6	81	87	
New/converted Multi-Family Units w/ financing closed @ 60% AMI	81	111	65	0	0	0	53	53	
New/converted Multi-Family Units w/ financing closed @ 80% AMI	81	14	20	0	5	0	0	5	
Preserved/stabilized Multi-Family units w/ financing closed @ 30% AMI	363	177	160	3	30	12	33	78	
Preserved/stabilized Multi-Family units w/ financing @ 50% AMI	98	27	220	13	<b>31</b>	61	12	117	
Preserved/stabilized Multi-Family units w/ financing @ 60% AMI	33	0	35	0	<b>119</b>	0	0	119	
Preserved/stabilized Multi-Family units w/ financing @ 80% AMI	1	0	5	0	<b>0</b>	2	0	2	
New/converted Single-Family units w/ financing closed @ 50% AMI	6	21	5	2	6	1	3	12	
New/converted Single-Family units w/ financing closed @ 60% AMI	81	12	5	0	0	0	0	0	

<i>\$ in millions unless noted otherwise</i>	2005 Actual	2006 Actual	2007 Target	2007 1 <sup>st</sup> Quarter	2007 2 <sup>nd</sup> Quarter	2007 3 <sup>rd</sup> Quarter	2007 4 <sup>th</sup> Quarter	2007 Annual	Comments
New/converted Single-Family units w/ financing closed @ 80% AMI	15	15	15	1	1	3	0	5	
Preserved/stabilized Single-Family units w/ financing closed @ 80% AMI	N/A	3	5	0	0	0	0	0	
Preserved/stabilized Single-Family units w/ financing @ 60% AMI	7	1	5	1	0	3	0	4	
# and average amount of home improvement loans	51 loans \$12,892	108 loans \$12,509	100 loans \$9,500	8 loans \$6,928	18 loans \$15,431	9 loans \$10,841	4 loans \$14,392	39 loans \$11,898	
# and average amount of mortgage loans	369 loans \$184,099	287 loans \$179,355	275 loans \$175,000	78 loans \$172,675	78 loans \$181,511	91 loans \$175,382	122 loans \$173,944	369 loans \$175,878	
# and average amount of down payment assistance loans	273 loans \$7,347	193 loans \$5,516	200 loans \$5,250	31 loans \$7,801	52 loans \$5,390	54 loans \$5,788	62 loans \$5,409	199 loans \$6,097	