



quarterly  
report

City of Minneapolis  
Community Planning &  
Economic Development

Second Quarter, 2005



Volume 2, Number 2

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## Second Quarter Highlights

The second quarter saw major milestones in two important projects – Heritage Park and the Hennepin theaters – as well as approval of the largest bond issue in City history for Fairview Hospital and Clinics.

### Jobs

In April the City’s unemployment rate fell below 4 percent for the first time in recent history as Close the Gap placements and the economy improved. Close the Gap celebrated its first year in June, having placed 334 workers in jobs, and closing the employment gap to within 0.5 percent of the metro average. Step-Up exceeded its goal by placing 300 Minneapolis youth in summer jobs.

### Public Safety

The Downtown Security Collaborative, brought about by the partnership between CPED, Minneapolis Police and downtown businesses, is up and running and we are seeing great results. During this period the crime rate dropped by 13 percent in downtown

### Preservation of Cecil Newman Apartments

A \$5.3 million renovation is underway on this 64-unit affordable (Section 8) rental housing development adjacent to Heritage Park. Financing closed and construction started on April 11, 2005.

### Community Planning

CPED completed the draft Minneapolis Plan for Arts and Culture, draft Midtown Minneapolis Land Use Plan, and draft 38<sup>th</sup> Street/Hiawatha LRT Station Area Plan, all of which will proceed with formal City review and approval in the third quarter.

### Environmental Reviews

CPED processed environmental reviews for several major projects including the Pillsbury A-Mill project, Ackerberg/Lagoon Redevelopment

project, University of Minnesota Gopher Football Stadium project and the Nicollet Hotel Block project.

### Long-Range Plans

CPED began the formal planning process for the Industrial Land Use and Employment Policy Plan, Midtown Greenway Land Use Plan and the South Lyndale Corridor Plan.

### Heritage Park

The grand opening of Heritage Park was held in June, another major milestone in this \$275 million project.

### Theaters

CPED secured approval of lease terms for the Hennepin Avenue Theaters with Historic Theater Trust, Hennepin Theater Group and Clear Channel Entertainment.

McKnight Foundation awarded a grant to explore **Riverfront Development Corporation**.

CPED secured approval of financing for redevelopment of historic **Ivy Tower**.

This quarter CPED received approval of the **largest bond issue in City history** — \$480 million for **Fairview Hospitals and Clinics**.

### Housing

43 affordable rental units and 15 single family housing units were completed in this quarter and 24 residential lots were sold for development.

Feel free to contact me about these activities or, for further information about CPED, please see our web site.

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# Part I: Progress on Key Initiatives in 2005 Business Plan

## ▶ COMMUNITY PLANNING

### Complete, Prepare and Assist with Several Plans

(Contact: Pam Miner 673-3240)

- Midtown Minneapolis Land Use Plan (formerly titled Lake Street Development Objectives). Completed draft plan and presented to CPC Committee of the Whole. Formal CPC and City Council approval process to start in third quarter.
- Sustainability language amendment to *The Minneapolis Plan* approved by City Council on April 29 (City goal #6 amendment approved as well as 23 sustainability indicators approved).
- 38<sup>th</sup> Street LRT Station Area Plan. Completed draft plan and submitted to Communications and Graphics for final format. Formal CPC and City Council approval process to start in third quarter.
- Executed contracts with planning consultants for the Industrial Land Use and Employment Policy, South Lyndale Corridor Plan, and Midtown Greenway Master Plan. Steering Committees convened and planning processes started.
- Substantial involvement in Environmental Impact Statements (EIS) related to major developments and sports facilities, including Ackerberg Uptown Redevelopment proposal, Pillsbury A-Mill, Nicollet Hotel Block, and University Gopher Stadium.

## ▶ ECONOMIC POLICY & DEVELOPMENT

### Create New Riverfront Partnership

(Contact: Ann Calvert 673-5023)

- The McKnight Foundation awarded a grant of \$60,000 to fund a consultant-led study to explore ways to enhance the city's riverfront capacity
- A professional services contract was executed with the selected consultant and an updated timeline was established, with work to commence in the third quarter.

### Develop Plan for University Research Park

(Contact: Jim Forsyth 673-5179)

- Tax increment pooling for BioScience sub-zones made law.
- CPED agreement with Public Works transfers infrastructure planning and construction lead to Public Works.

- Wall Development is doing clean up of their site in the URP using grants from DEED, Met Council and Hennepin County. Wall has proposed selling or granting to the City a portion of the site for a regional storm water pond and for road right of way. Staff will evaluate the proposal.
- Housing developer, JPI, has proposed student housing on the Hubbard site. That site is zoned and planned as light industrial property. CPED and neighborhood evaluated and will probably reject the JPI proposal.
- Had several meetings with developers regarding a research company interested in the Research Park and needing a 100,000 square foot building.
- City Council approved a business subsidy agreement with Excorp Medical for Bioscience Zone credits.
- Minneapolis and Saint Paul began working together to plan and obtain funding for a connection between Interstate 35W and 35E (Granary Drive and Pierce Butler Road) that would serve the Research Park.

### Implement Business Toolbox

(Contact: Kent Robbins 673-5187)

- A draft of the toolbox was placed on the CPED Web site for comment; it is located at:  
[http://www.ci.minneapolis.mn.us/cped/toolbox\\_home.asp](http://www.ci.minneapolis.mn.us/cped/toolbox_home.asp)
- CPED staff visited fourteen companies using this material to discuss available economic development programs and services.
- A companion briefing packet for Business Finance program activity by ward was completed and delivered to Council Members.
- A new pilot Web site for the Lifesciences Corridor that includes property listings was completed and is available at: [www.mplsifesciences.org/](http://www.mplsifesciences.org/)

## ▶ WORKFORCE DEVELOPMENT

### Conclude the "Close the Gap" Campaign

(Contact: Chip Wells 673-5292)

- Close the Gap, a campaign to close the unemployment rate gap between Minneapolis and the metro area, celebrated a successful first year in June with an event that brought together City officials and community business and nonprofit partners who have worked on this effort. Close the Gap placed 334 participants in jobs with an average wage of \$10.09 an hour.

## Part I: Progress on Key Initiatives in 2005 Business Plan

- The program received over \$70,000 in matching funds under a provision of the Federal Food Support program during the second quarter.
- STEP UP exceeded its goal of placing 300 Minneapolis youth in summer jobs.

### ▶ HOUSING POLICY & DEVELOPMENT

#### Identify Funds to Complete the Heritage Park Finance Plan

(Contact: *Elfric Porte 673-5145*)

- Updated the financial strategy developed to meet the construction deadline as ordered by the Federal Court.
- Prepared funding request of \$3 million through 2010 and presented to the Capital Long-Range Implementation Committee.
- Submitted funding request to the Metropolitan Council for \$1 million.
- Prepared funding request for \$6 million in state funding.
- Held the Heritage Park Grand Opening celebration.
- Commenced construction of 22 Phase I For-Sale units.
- Completed the first part of the Phase III Rental units and residents began moving in. The final phase (Phase III) of the rental housing units to be completed during the 1<sup>st</sup> Quarter of 2006.

#### Implement Corridor Housing Strategies

(Contact: *Kevin Dockry 673-5075*)

- Non Profit Development Assistance approved for the Center for Neighborhoods for Corridor Housing Initiative implementation; to be largely focused on Hiawatha Avenue in 2005.
- Site nominations solicited for 2005 Higher Density Corridor Acquisition program funds.

#### Implement the Northside Home Fund

(Contact: *Elizabeth Ryan 673-5128*)

- Received a grant award of \$225,000 from Minnesota Housing Finance Agency to provide housing opportunities in the North Minneapolis communities.
- Received a \$50,000 grant award from the Family Housing Fund to support efforts of the Northside Home Fund demonstration project.

- Received a \$200,000 grant award from the Family Housing Fund to support efforts of the entire Northside Home Fund.
- Completed survey questions for the Northside Home Fund Demonstration project.
- The City, in consultation with the Northside Home Fund Advisory Board, selected the first cluster in April, located at 25<sup>th</sup> and James Avenues North.

#### Improve the Quality of Housing Stock

(Contact: *Elfric Porte 673-5145*)

- Completed Memorandum of Understanding with one neighborhood to implement the Neighborhood Revitalization Program (NRP) / CPED Lot Redevelopment Program, which helps acquire blighted properties and redevelop them.
- Single Family and Real Estate reviewed proposals for 47 new construction projects, and worked with developers to ensure their plans were appropriate for the neighborhoods' architectural styles.
- Completed and sold two rehabbed projects to first-time home buyers.
- Reviewed seven single-family ownership design proposals at Heritage Park to ensure that they meet the approved housing guidelines.

### ▶ DEVELOPMENT SERVICES

#### Implement Minneapolis One Stop and Related Customer Service Improvement

(Contact: *Steve Poor 673-5837*)

- Developed and began administering new development services customer service feedback survey.
- Continued working with One Stop partners to improve Preliminary Development Review process, facility restructuring, and incorporation of Development Coordinators into One Stop work flow.
- After thorough cost/benefit analysis, determined not to pursue implementation of an Integrated Voice Response System for Assessors and One Stop, opting instead to address issues through the 3-1-1 One Call project.

### ▶ COMMUNITY PLANNING

#### PLANNING

(Contact: Barb Sporlein 673-2616)

- Continued service on University of Minnesota Gopher Stadium Advisory Group discussing a number of issues related to the EIS, land use, transit, roadways, pedestrian circulation, SEMI Master Plan, Central Corridor LRT, etc.
- Minneapolis Arts and Culture Plan. Completed draft plan and public review and comment period and presented to Minneapolis Arts Commission for review and approval prior to formal City Council approval (expected in third quarter).
- Consulted with DNR staff regarding responses to DNR comments on draft update of the required Mississippi River Critical Area Plan. Staff expects to finalize the draft plan and submit to all required public agencies for review and approval by the end of 2005.
- Assisted Development Services staff with environmental reviews for major projects, including the Ackerberg/Uptown/Lagoon Redevelopment project, Pillsbury A-Mill project, Nicollet Hotel Block, and University Gopher Stadium.

### ▶ ECONOMIC POLICY & DEVELOPMENT

#### BUSINESS DEVELOPMENT

(Contact: Tom Daniel 673-5079)

- CPED's Business Development section is organized around four teams, as described below. Team and project highlights follow:

##### **Neighborhood Commercial and Mixed Use/ Transit Corridor**

(Contact: Mike Christenson 673-5122)

- City Council approved performance-based approach for funding of joint LISC and City Commercial Corridors Revitalization Program. Program will focus on Central Avenue—continuing support for Central Avenue Mainstreet Program—and West Broadway—directing activities to coincide with North Minneapolis economic development work plan.

- RFP issued for redevelopment of City-owned property on southeast corner of Penn and Lowry Avenues North. Proposals due August 30, 2005.
- Construction continues at Midtown Exchange. Closing on the hotel component occurred, and staff have continued to work on the bike station and Global Marketplace elements.

#### **Land Recycling and Infrastructure**

(Contact: John Harrington 673-5018)

- Staff recommended and the City Council approved remediation grant funding priorities for ten projects seeking \$4.2 million in grants. Metropolitan Council subsequently announced funding of five projects for a total of \$1 million.
- Staff prepared a land recycling campaign targeted at strengthening the program. Staff presented information on the importance of brownfields work to the Metropolitan Council.
- RFP issued for City-owned property at 1300 N. 2<sup>nd</sup> St. in the North Washington Industrial Park. One proposal was received by June 30 deadline.
- Team is exploring local business interest in supporting cost-shared parking management strategies at Cedar Riverside and the Bloomington-Lake node.

#### **Downtown**

(Contact: Tom Daniel 673-5079)

- Staff continues to support work of Downtown Security Collaborative. Second quarter included corporate donation and distribution of 30 hand-held radios to private building security and establishment of special Collaborative radio voice communication circuit. The new radio circuit and 30 previously installed remote controlled surveillance cameras are monitored 24/7 by the 1<sup>st</sup> Precinct. The County Attorney's Office and Minneapolis Police Department continue weekly training seminars.
- MCDA Board approved lease terms for Zimmerman & Reed as tenant in Saks property.
- City Council approved resolutions authorizing issuance of tax exempt TIF revenue bonds and taxable TIF pay-go revenue note for Ivy Tower redevelopment.

## Part II: Other Key Events and Milestones during the Second Quarter

### Riverfront

(Contact: Ann Calvert 673-5023)

- Two historic structures in the Grain Belt complex were conveyed to Artspace for continued use as artists' spaces with land sale proceeds of \$1.7 million.
- Construction began on a package of Mill Quarter public improvements, including two new streets and a storm water retention facility.
- Revised redevelopment contract terms were approved for four housing and mixed-use buildings on "Parcel D" in the Mill Quarter.

### BUSINESS FINANCE

(Contact: Bob Lind 673-5068)

- Issued \$546 million in tax-exempt revenue bonds - which included the single largest revenue bond by the City of Minneapolis - for the Fairview Hospitals and Clinics.
- Translated basic description of business assistance programs into Spanish, Somali, Hmong, Vietnamese, Lao, and Oromo in our effort to make City services accessible to residents who speak limited English.
- Annual audit of the 34 business associations completed in anticipation of new funding authorization for 2006 activities.

### HOUSING POLICY AND DEVELOPMENT

#### MULTIFAMILY

(Contact: Cynthia Lee 673-5266)

- RFPs issued for AHTF, ESG, LIHTC and new combined Affordable Ownership programs.
- LIHTC RFP – 13 proposals received requesting \$5.2M of credits.
- LCDA, AHIF, SHIF and CoC proposal ranking.
- Closing on Kateri and PLUS program ESG projects.
- President's Row project closed.
- 33<sup>rd</sup> and Nicollet project closed.
- Cecil Newman project closed.
- Urban Village/Midtown Lofts phase 1 and Zinsmaster Apartments projects completed.
- Presentations for the Corridor Housing strategy for the Ash awards process.
- Preliminary bond approval for SAMA.
- Final bond approval for Allbright townhomes.
- Exclusive development rights approved for Parcel F.

#### SINGLE-FAMILY

(Contact: Elfric Porte 673-5145)

- Received Council approval on the disposition of 32 parcels for new single-family housing developments and green space.
- Sold two renovated homes to first-time home buyers.
- Reviewed plans for the single-family ownership units to be built at Heritage Park.
- Held Grand Opening of Heritage Park.
- Demolished two blighted structures.
- Completed and issued Completion Certificates on 15 owner-occupied housing units.
- Closed 20 land sales with developers.

### DEVELOPMENT SERVICES

(Contact: Steve Poor 673-5837)

- Brought forward revisions to the City's Building and Zoning Codes related to Sign Provisions. The changes approved by the City Council eliminated the Annual Sign Registration program; consolidated categories of Sign Hanger Licenses; eliminated the need for special council permits for signs and; eliminated redundancies related to sign provisions in both codes.
- Completed work on phase II of the City's Development Review Fee Study. The results of the study identified the proper allocation to CPED of the Plan Review revenue collected by Regulatory Services; identified new development review fees; and identified existing fees that should be raised to move toward full cost recovery as allowed by law.

## Part III: Progress on Key Departmental Performance Measures

[\$ in millions]	2003 Actual	2004 Actual	2005 Projected	2005 (1 <sup>st</sup> Quarter)	2005 (2 <sup>nd</sup> Quarter)	Comments
<b>ECONOMIC DEVELOPMENT</b>						
Estimated increase in property taxes due to Economic Development projects	\$3.2	\$0.4	\$0.8	\$0.18	\$0.10	
# of new jobs projected by City-assisted projects	1,554	378	447	68	63	
# of small business loans	170	115	158	18	29	
\$ value of business loans	\$282	\$246	\$300	\$4.3	\$548.4	
# of businesses assisted by City market advocates/case managers	n/a	7	50	16	14	
Real estate marketing contacts	571	522	200	48	81	
\$ amount of contamination grants secured	\$4.7	\$4.2	\$1.5	0	\$1.0	Metropolitan Council only
Acreage of land to be recovered due to secured cleanup grants	n/a	n/a	5–25 acres	0	12 acres	Metropolitan Council only
Attendance at City-owned entertainment venues:						Theater numbers for 2002-2004 do not include Hennepin Stages
Historic theaters	428,458	429,399	500,000	107,000	230,136	
Target Center	pending	pending	2,000,000	515,000	164,000	
# of Empowerment Zone businesses funded	50	40	5	4	3 (est.)	5 organizations received grants from the EZ
# of Empowerment Zone businesses receiving technical assistance	414	402	20	49	20 (est.)	
<b>HOUSING</b>						
# of <b>new/converted</b> multifamily housing units <b>completed</b> (# located downtown)	1,151* (461)	650 (0)	1,193 (578)	97 (52)	72 (0)	
# of <b>rehabilitated</b> multifamily housing units <b>completed</b> (# located downtown)	418* (69)	1,240 (381)	560 (0)	12 (0)	43 (0)	
# of multifamily units <b>affordable</b> to households earning less than 50 percent of metro median income (subset of above two categories)(# located downtown)	594* (142)	1,283 (220)	751 (52)	64 (52)	43 (0)	
# of multifamily units <b>under construction</b> (# located downtown)	2,122 (0)	1,345 (471)	1886 (25)	231 (25)	180 (0)	
# of single-family units (new construction) <b>completed</b>	116	80	80	20	15	
# of single-family units <b>rehabilitated</b>	8	10	13	1	2	

## Part III: Progress on Key Departmental Performance Measures

[\$ in millions]	2003 Actual	2004 Actual	2005 Projected	2005 (1 <sup>st</sup> Quarter)	2005 (2 <sup>nd</sup> Quarter)	Comments
<b>HOUSING (continued)</b>						
# of single-family units <b>affordable</b> to households earning less than 80 percent of metro median income (subset of SF units completed)	62	42	40	11	9	
# lots sold for single-family development or side yards	120	64	80	4	24	
# and average amount of <b>home improvement</b> loans	48 loans \$11,289	9 loans \$13,728	45 loans \$ 13,000	3 loans \$16,560	21 loans \$20,647	
# and average amount of <b>mortgage</b> loans	2 loans \$112,760	198 loans \$178,460	150 loans \$180,000	27 loans \$178,880	164 loans \$182,615	
# and average amount of <b>down payment assistance</b> loans	13 loans \$13,103	96 loans \$4,563	105 loans \$5,000	22 loans \$4,000	124 loans \$7,535	
<b>PLANNING/COMMUNITY PLANNING</b>						
# of small-area plans prepared by staff and approved or amended by City Council	4	0	6	0	1	Sustainability Comp Plan language/city goal #6 amendment/sustainability indicators approved. Progress made on several city-wide and small area land use plans.
% involved residents confident that their input will be valued	n/a	n/a	80%	n/a	n/a	New survey instrument developed and started distribution in second quarter. There should be response data to report next quarter.
# film permits issued	212	190	195	48	55	Total project budgets = \$4.1 million
# of public art projects installed or renovated (major conservations)	3	5	4	0	0	1 public art dedication (West End Commons) and completed conservation assessment of 23 artworks.
<b>PLANNING/DEVELOPMENT SERVICES</b>						
# of building permits reviewed	7,905	8,100	7,900	894	2,349	Plus, 5,242 counter customers served; 6,605 zoning calls processed, 2,529 zoning enforce- ment calls processed
# of land use applications reviewed	1,083	1,197	1,400	188	239	189 City Planning Commission apps; 50 Board of Adjustment apps

## Part III: Progress on Key Departmental Performance Measures

[\$ in millions]	2003 Actual	2004 Actual	2005 Projected	2005 (1 <sup>st</sup> Quarter)	2005 (2 <sup>nd</sup> Quarter)	Comments
<b>PLANNING/DEVELOPMENT SERVICES (continued)</b>						
% land use applications processed within state-mandated timeframes	99+%	99+%	99+%	100%	100%	
# of Heritage Preservation Commission applications reviewed	180	175	200	36	50	39 Certificates of No Change and 11 Certificates of Appropriateness
# of properties designated for historic preservation	n/a	n/a	2	1	0	Completed Minneapolis Public Schools Historic Context Study. Secured grant to conduct survey of historic resources in Lowry Hill East/East Isles area
# of historic demolition permits reviewed	n/a	n/a	160	40	38	
# of zoning code text amendments adopted	6	9	10	1	3	Revision to site plan chapter; antiques/collectibles permitted uses in C-1 district; residential design review. Administered 2 development moratoria—the northside new 1-4 unit residential which expired 4/29/05 and Loring Hill which was enacted 4/1/05.
# of state and federal environmental reviews conducted	16	24	30	18	19	17 federal and 2 state reviews. Final EIS for Pillsbury A-Mill and petition for EAW for Lagoon project (denied)
<b>WORKFORCE DEVELOPMENT</b>						
Metro unemployment rate	4.6%	4.4%	4.3%	4.2%	3.7%	
City unemployment rate	5.5%	5.1%	4.5%	4.5%	4.2%	
Gap in unemployment rate for city vs. metro	.9%	.7%	.2%	.3%	.5%	
# of Job Linkage new hires	4,122	4,607	4,700	1,152 (est.)	2,000 (est.)	