



## Request for City Council Committee Action from the Department of Community Planning & Economic Development

**Date:** April 17, 2014

**To:** Council Member Lisa Bender, Chair, Zoning & Planning Committee and Members of the Committee  
Council Member Elizabeth Glidden, Chair, Intergovernmental Relations, and Members of the Committee

**Subject:** Thrive MSP 2040, the Metropolitan Council's comprehensive development guide for the seven-county metropolitan area. Thrive MSP 2040 provides a framework for a shared vision for the future of our region over the next 30 years.

**Recommendation:** CPED staff recommends that the City Council direct staff to provide comments on Thrive MSP 2040 that are consistent with the material presented in the committee meetings on April 17<sup>th</sup>.

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### Background/Supporting Information

A draft of Thrive MSP 2040 was released for public comment on February 26, 2014. It was developed during 2013 through extensive public process. The public comment period for Thrive MSP 2040 ends on April 28, 2014 and adoption by the Metropolitan Council is scheduled for May 28, 2014.

With the help of Intergovernmental Relations staff, CPED is coordinating review and comment on the draft plan by various city departments. The following provides a general overview of the role of Thrive MSP 2040, the policy plans and subsequent system statements completed by the Metropolitan Council, and an overview of the comments CPED is collecting.

Every ten years the Metropolitan Council is required by state law to prepare a comprehensive development guide for the seven-county metropolitan area. Local municipalities within the 7-County Metropolitan Area must consequently develop comprehensive plans that are consistent with this regional development guide. Thrive MSP 2040 provides a shared vision for the future of our region over the next 30 years, setting directions and guidelines for the region's growth and development. Local communities such as Minneapolis are served by regional systems planned by the Council, including housing, transportation, wastewater collection and treatment, and recreational opportunities offered by regional parks.

## **Thrive MSP 2040 Purpose and Use**

Thrive MSP 2040 sets a vision that is applied by four policy plans: the Transportation Policy Plan, Water Resources Policy Plan, Regional Parks Policy Plan, and Housing Policy Plan. These plans provide a greater level of detail than is present in the overall Thrive MSP 2040 document. Each of these plans are currently being developed and will come forward for public review and subsequent Metropolitan Council adoption throughout 2014 and early 2015. The City of Minneapolis will have the opportunity to comment on these documents. A tentative schedule of the review timeline for these plans is outlined below.

Thrive MSP 2040 also includes forecasts for regional population, household, and employment growth from 2010 to 2040. The forecasts represent modelling done by the Metropolitan Council for the region and the local communities within the region.

### **Housing Policy**

Public review and comment on the draft Housing Policy Plan document scheduled for Summer 2014  
Expected Adoption by the Met Council: October 2014

### **Transportation Policy**

Public review and comment on the draft Transportation Policy Plan document scheduled for July – September 2014  
Expected Adoption by the Met Council: December 2014

### **Regional Parks Policy**

Public review and comment on the draft Regional Parks Policy Plan document scheduled for August-September 2014  
Expected Adoption by the Met Council: January 2015

### **Water Resources Management Policy**

Public review and comment on the draft Water Resources Management Policy Plan document scheduled for October-November 2014  
Expected Adoption by the Met Council: December 2014

### **Sustainability & Climate Change**

Review of the Thrive MSP 2040 document is the City's main opportunity to provide input. Future input on this topic is limited to how it interacts with the four policy plans identified above.

### **Economic Development**

Review of the Thrive MSP 2040 document is the City's main opportunity to provide input. Future input on this topic is limited to how it interacts with the four policy plans identified above.

### **Forecasted Growth**

Forecasts will be adopted with the Thrive MSP 2040 by the Metropolitan Council on May 28<sup>th</sup>. The City will have the opportunity to work with the Metropolitan Council to refine these numbers when system statements are issued in the fall of 2015 and as the City of Minneapolis develops the next Comprehensive Plan.

The adoption of Thrive MSP 2040 and the four policy plans listed above set the stage for local municipalities to begin their comprehensive planning process. Minneapolis' comprehensive plan will need to operate within the framework created by these plans. While CPED is already preparing for this pending update, the local comprehensive planning process begins in earnest in the fall of 2015 when the Metropolitan Council provides

communities with system statements – specific benchmarks for planning that are based on the above referenced policy plans.

## Overview of Thrive MSP 2040

Thrive MSP 2040 identifies seven main land use policies intended to promote orderly, efficient, and sustainable development throughout the region while maintaining the area's high quality of life and economic competitiveness. These include:

- *Orderly and Efficient Land Use*: Align land use, development patterns, and infrastructure to make the best use of public and private investment.
- *Natural Resources Protection*: Conserve, restore, and protect the region's natural resources to ensure availability, to support public health, and to maintain a high quality of life.
- *Water Sustainability*: Conserve, restore, and protect the quality and quantity of the region's water resources to ensure ongoing availability, to support public health, and to maintain a high quality of life.
- *Housing Affordability and Choice*: Promote housing options to give people in all life stages and of all economic means viable choices for safe, stable, and affordable homes.
- *Access, Mobility, and Transportation Choice*: Sustain and improve a multi-modal transportation system to support regional growth, maintain regional economic competitiveness, and provide choices and reliability for the system's users.
- *Economic Competitiveness*: Foster connected land use options to provide businesses and industries with access to materials, markets, and talent.
- *Building in Resilience*: Promote sensitive land use and development patterns to achieve Minnesota's adopted greenhouse gas emissions goals at the regional scale, and to develop local resiliency to the impacts of climate change.

Thrive MSP 2040 then applies the policies introduced in the document to some specific geographic focus areas, using them as a lens through which the above listed policies can be best accomplished. These include:

- **Racially Concentrated Areas of Poverty (RCAP)** – are contiguous areas of one or more census tracts in which at least 50 percent of the residents are people of color and at least 40 percent of the residents live in households with incomes below 185 percent of the federal poverty line. (p. 44)
- **Station Areas on Existing & Planned Transitways** – The areas around transitway stations can accommodate regional growth; offer expanded living, working and shopping choices; increase the efficiency of existing infrastructure, and contribute to climate change mitigation and resiliency. (p. 45)
- **Water Supply Considerations** – The Mississippi River supplied water to early development in the region, but groundwater wells have been used to accommodate the region's outward growth. This increasing reliance on groundwater over time has become a significant issue. In parts of the region, groundwater levels are declining. In some cases, it is affecting, or has the potential to affect, lake levels. A pressing concern is the impact that future development could have on the reliability of groundwater as a water source. (p. 46)
- **Job & Activity Centers** – Job Centers are contiguous areas that have at least 7,000 jobs at a net density of at least 10 jobs per acre. In 2010, half of the region's jobs were located in one of 42 Job Centers; one in six of the region's jobs was in the four largest job centers: downtown Minneapolis, downtown Saint Paul, the University of Minnesota and the airport/Mall of America. Activity Centers are concentrated nodes of other activity, such as major educational institutions, shopping and airports. (p. 47)
- **Wastewater Service Area** – To further stewardship of the region's water and financial resources, the Council will continue to apply established wastewater

policies. Additionally, wastewater operations and investments will be aligned with other activities as part of the Council's new water sustainability approach. (p. 48)

- **Regionally Significant Ecological Resources** – To further stewardship of the region's water and financial resources, the Council will continue to apply established wastewater policies. Additionally, wastewater operations and investments will be aligned with other activities as part of the Council's new water sustainability approach. (p. 49)

Furthermore, the plan identifies and organizes around five outcomes for the region. The Metropolitan Council will leverage its investments, resources, and land use planning authority to realize these outcomes. As adoption of the policy plans occurs it is important for the City of Minneapolis to track and comment on how the Metropolitan Council intends to operationalize these outcomes in not only their existing business lines but also as they develop new programs to achieve these goals.

- **Stewardship:** Stewardship advances the Metropolitan Council's longstanding mission of orderly and economical development by responsibly managing the region's natural and financial resources and making strategic investments in our region's future. Several of the major challenges that the Council was established to address—such as an aging bus fleet and inadequately treated wastewater polluting the region's lakes, rivers, and streams—demonstrate the need for effective regional stewardship.
  - Fostering the conditions for shared economic vitality by balancing major investments across the region;
  - Protecting natural resources that are the foundation of prosperity;
  - Planning for and investing in infrastructure, amenities and quality of life needed for economic competitiveness;
  - Encouraging redevelopment and infill development across the region.
- **Prosperity:** Prosperity is fostered by investments in infrastructure and amenities that create regional economic competitiveness, thereby attracting and retaining successful businesses, a talented workforce, and, consequently, wealth. Regional economic competitiveness results from strategic, long-term public and private decisions that build on and grow our region's economic strengths relative to other regions. Collectively, the region must provide great locations for businesses to succeed – particularly the industries that export products or services beyond the metropolitan area and bring revenue into the region. Advancing prosperity involves:
  - Fostering the conditions for shared economic vitality by balancing major investments across the region;
  - Protecting natural resources that are the foundation of prosperity;
  - Planning for and investing in infrastructure, amenities and quality of life needed for economic competitiveness;
  - Encouraging redevelopment and infill development across the region.
- **Equity:** Prosperity is fostered by investments in infrastructure and amenities that create regional economic competitiveness, thereby attracting and retaining successful businesses, a talented workforce, and, consequently, wealth. Regional economic competitiveness results from strategic, long-term public and private decisions that build on and grow our region's economic strengths relative to other regions. Collectively, the region must provide great locations for businesses to succeed – particularly the industries that export products or services beyond the metropolitan area and bring revenue into the region. Advancing prosperity involves:
  - Fostering the conditions for shared economic vitality by balancing major investments across the region;
  - Protecting natural resources that are the foundation of prosperity;

- Planning for and investing in infrastructure, amenities and quality of life needed for economic competitiveness;
- Encouraging redevelopment and infill development across the region.
- **Livability:** Livability focuses on the quality of our residents' lives and experiences in our region and how places and infrastructure create and enhance the quality of life that makes our region a great place to live. With abundant and beautiful open space, an active arts community, a range of housing options, and a reasonable cost of living, the Twin Cities region is widely recognized for its high quality of life.

The Metropolitan Council's focus on livability is on creating and renewing vibrant places and underlying infrastructure, investing in regional parks and affordable housing, and collaborating with partners to achieve the full range of possibilities that make our region a great place to live. Livability adds value to our region by helping to retain and attract a talented workforce, increasing living choices, building community identity, highlighting the unique qualities of local places, and supporting individual decisions that reinforce those qualities. The Council is committed to increasing livability in the region through its authorities, its investments in infrastructure, and its collaboration with others to sustain and increase a high quality of life. Enhancing livability means:

- Promoting healthy communities and active living through planning and investments;
- Increasing access to nature and outdoor recreation through regional parks and trails;
- Supporting regional bicycle facilities to promote bicycling for transportation, recreation and healthy lifestyles;
- Providing housing and transportation choices for a range of demographic characteristics and economic means;
- Aligning resources to support transit-oriented development and walkable places.
- **Sustainability:** "Our greatest responsibility is to be good ancestors," Dr. Jonas Salk once said. And that responsibility calls us to live and act sustainably. Sustainability means protecting our regional vitality for generations to come by preserving our capacity to maintain and support our region's well-being and productivity over the long-term. The region's investments in prosperity, equity and livability will fall short over the long term if the region exhausts its resources without investing in the future. Planning for sustainability means:
  - Promoting the wise use of water through expanding water conservation and reuse, increasing groundwater recharge, and optimizing surface water and groundwater use;
  - Providing leadership, information and technical assistance to support local governments' consideration of climate change mitigation, adaptation and resilience;
  - Operating the region's wastewater treatment and transit systems sustainably.

### Thrive MSP 2040 Comments

Staff is supportive of the Metropolitan Council for proactively identifying and addressing the important topics that will shape our region over the next 30 years. A handful of policy shifts have taken place in this document when compared to its predecessor; the end result being a focus on growing employment, housing, and population where infrastructure already exists to support that growth. The plan does not expand the Metropolitan Urban Service Area (MUSA) Line; this is incredibly significant as Thrive MSP 2040 recognizes that the region has enough land capacity to accommodate forecasted growth within the region. The plan emphasizes densification and through its policies suggest the importance of the urban

core as the economic center of the region while acknowledging the interdependence of the municipalities distributed throughout it. Addressing issues identified in this document will strengthen Minneapolis' position as the hub of the region.

While the policies found in Thrive MSP 2040 are generally in line with many already functioning City of Minneapolis initiatives and policies, staff has identified issues below that the Metropolitan Council would be well served to address before moving forward with adoption of this document – or need to be fully addressed as the four policy plans are finalized later this year.

Thrive MSP 2040 also includes forecasts for population, household, and employment growth for the region and the communities within the region. The Metro area is forecast to gain 824,093 new residents and 550,508 new jobs by 2040. Minneapolis is forecast to accommodate 82,322 of those new residents and 74,268 of those new jobs between 2010 and 2040 (note that some of this growth has already occurred). With nearly 10 percent of the region's population growth and 13 percent of the region's job growth; Minneapolis carries the largest municipal share of growth within the region.

Despite Minneapolis carrying the largest municipal share of the region's growth the forecasts do not appear to be fully aligned with policies of the Thrive MSP 2040 and if followed may create challenges in achieving the outcomes called for in the plan. Additionally, the trends may not be representative of more established national trends regarding higher value being placed on walkable, amenity rich urban environments that have resulted in more urban development; trends that over the past few years are evidenced by development activity in Minneapolis and other Urban Center cities throughout the country. From 2009-2013, looking back five years, Minneapolis issued 25 percent of the region's new dwelling unit permits. In both 2012 and 2013, the City's regional share of new dwelling units permitted was over 30 percent. This is a significantly greater share than the 10 percent increase in population and households that is forecast by the Metropolitan Council from 2010-2040. CPED recognizes the challenges in forecasting and allocating growth, but believes that based on national trends, local micro-trends, and the policies called out in Thrive MSP 2040 that Minneapolis and the Urban Center Cities' share of the region's growth should be increased.

While there is future opportunity to comment on the projections for employment, households, and population, staff emphasizes the importance of these numbers in the context of the region's greater policy framework. Allocation of these numbers should not only be based on known market conditions, but should reflect the policy goals identified by the region. As the region continues to make investments, these projections will be used, for example, in federal funding applications for transit projects. Staff strongly encourages the Metropolitan Council to align the projections with policies outlined in Thrive MSP 2040, the forthcoming policy plans, and projected demographic and economic shifts.

*CPED and Intergovernmental Relations staff are coordinating with City departments on comments for the focus areas identified below. More detail will be provided on April 17<sup>th</sup>.*

## **Housing**

In general the policies expressed in Thrive MSP 2040 are aligned with adopted City goals. Many of Minneapolis' housing efforts are supported and are consistent with the housing themes in Thrive MSP 2040 including: the preservation and creation of new affordable housing, promoting affordable and workforce housing in transit station areas and other transit rich areas with access and proximity to job and activity centers, investing in affordable housing in higher income areas, and increasing the supply of life cycle housing.

Several of the policies in Thrive MSP 2040 indicate that there may be additional resources or more focused use of existing resources (technical assistance and/or funding) that may help the City achieve some of its housing goals around senior housing, lifecycle housing, and affordable housing. CPED is supportive of these policies and looks forward to see how the Metropolitan Council operationalizes the policies through its policy plans, system statements, and programs. CPED looks forward to collaborating with the Metropolitan Council on their implementation.

The forecasts that accompany Thrive MSP 2040 indicate that Minneapolis will gain 82,322 (10 percent) of the region's new residents by 2040. Urban Center Cities will gain 160,693 (19 percent) percent of the region's growth. CPED recognizes that recent development trends only represent a short time period and do not alone represent enough information to inform 30 year forecasts. However, CPED believes that these recent local trends are emblematic of larger more established national trends that indicate a sustained and growing preference for urban living. CPED believes the combination of these trends in location preferences, current and planned infrastructure investments, policies and values identified in both Thrive MSP 2040 and city goals, and existing amenities of Minneapolis and the Urban Center Cities should result in these communities having a larger proportion of the region's growth.

### **Transportation**

Transportation, particularly transit, takes a lead position in the policies of Thrive MSP 2040. Its policies address topics from transit supportive density and the connectivity of development patterns to street design and other dependent elements of transit service. Overall the plan makes strong statements about not expanding the highway system by adding lanes or new segments. There is a strong focus on intensification of land uses around existing and planned transitways as well as highway corridors that may be future transitways. The overall policies are consistent with the policies of Minneapolis.

For the first time in its planning the Metropolitan Council is recognizing the need for regional level planning and coordination for bicycle and pedestrian infrastructure. CPED is extremely supportive of this and believes that this will not only help focus regional attention on local issues, but also provide assistance and leadership in other communities that will help provide more bicycle access to and from Minneapolis.

The forecasts for employment and housing growth show significant growth in the Suburban, Suburban Edge, and Emerging Suburban Edge communities. At the same time Thrive MSP 2040 states that the region will not add additional highway lanes, instead focusing on other program and technology investments to make the existing infrastructure more efficient. In addition Thrive MSP 2040 identifies the goal of reducing vehicle miles traveled (VMT) in the region. CPED supports this goal and its implications for land use and planning. However, CPED is concerned that the way growth is distributed in the projections does not line up with the stated policy intent.

### **Regional Parks**

The Metropolitan Council is responsible for regional park & open space planning. CPED has been in conversation with Minneapolis Park and Recreation Board staff regarding Thrive MSP 2040. Of particular interest at this time is understanding how the Metropolitan Council intends to utilize their authority to leverage positive outcomes in regional Water Resources and Sustainability/Climate Change through Parks & Open Space initiatives.

### **Water Resources Management**

Thrive MSP 2040 addresses water resources and CPED & Government Relations staff are coordinating with other departments for comments.

## **Sustainability/Climate Change**

This is the first time the regional plan directly addresses climate change. CPED plans to submit comments that are highly supportive of the inclusion of this topic. CPED is working with the City Coordinator's office to provide more detailed input.

As noted in the transportation comments above, CPED is concerned that the 2040 projections present some challenges for the region in accomplishing the goals of Thrive MSP 2040.

## **Economic Development**

While the Metropolitan Council does not have statutory authority over regional economic development, Thrive MSP 2040 identifies how the Metropolitan Council can work through its land use, transportation, and other authorities to support economic development.

In general the policies of Thrive MSP 2040 are consistent with and support adopted Minneapolis policies around economic development, workforce development, and access to employment. Thrive MSP 2040 recognizes our region's competitive advantage with its multimodal freight system of railroads, barges, and the highway system. It identifies CP Shoreham Yards as one of the region's two intermodal transfer facilities highlighting its importance to the regional and local economy.

There is specific attention in recognizing industrial uses as regional assets and Thrive MSP 2040 identifies the need to understand the inventory of industrial sites across the region. CPED is supportive of this and sees it as a critical step to inform a regional economic development strategy. Thrive MSP 2040 demonstrates a focus on understanding the supply and demand for industrial land as well as its accessibility to workers. The document states "Prioritize transit investments that connect lower-income areas to job opportunities." It also raises the issue of transit dependency. Transit access and level of service are equity issues in the region, and CPED is highly supportive of economic development strategies that address equity concerns.

The connectivity between job and activity centers and residents is brought up several times in the document in different areas and indicates the Metropolitan Council's desire to connect both residential and employment rich land use areas with transit. This bodes well for Minneapolis as we already have strong access in some areas that will be reinforced by these policies, but the City also has areas that could be better connected within the City and region to increase access to job opportunities.

The forecasts that accompany Thrive MSP 2040 show that Minneapolis will gain 74,268 new jobs, roughly 13 percent of the region's job growth. This is the highest growth rate of any municipality in the region. However, CPED feels that the forecasted growth does not reflect the existing and planned transportation infrastructure in the region and while Minneapolis is projected to gain more jobs than any other community, CPED believes our existing policies and plans indicate we can accommodate more employment than is projected.

## **Forecasted Growth**

As noted throughout this summary, Thrive MSP 2040 includes forecasts for population, household, and employment growth for the region and the communities within the region. The Metro area is forecast to gain 824,093 new residents and 550,508 new jobs by 2040. Minneapolis is forecast to accommodate 82,322 of those new residents and 74,268 of those new jobs between 2010 and 2040. With nearly 10 percent of the region's population growth and 13 percent of the region's job growth; Minneapolis carries the largest municipal share of the region's growth.

Even without a shift in current land use policy the City of Minneapolis has the land capacity to accommodate this growth and more. These forecasts are vitally important in determining

regional competitiveness for a variety of funding programs. Making sure that these numbers are representative of market conditions, changing demographics, and community desires will be extremely important as the regional planning process moves forward.

Recent micro-economic trends in building permit activity, as well as macro level demographic shifts and economic preferences lead CPED staff to believe that these projections, particularly for population growth are too low for Minneapolis. It is the Met Council's intent to amend these numbers as the four policy plans are finalized throughout this year. The direction that each of those plans take will have an influence on the ability of different parts of the region to accommodate growth. Furthermore, the distribution of these jobs and residents will have a major impact on how goods, services, and general travel occur within our transportation system. Funding decisions will be made based on their distribution.

### **Recommendation**

Staff looks forward to providing more details on the Thrive MSP 2040 document as well as comments from colleagues throughout the City at the upcoming City Council briefings. Staff also looks forward to continued collaboration with the City Council, other City departments, and our local and regional partners to plan for our region and our city's future.

CPED staff recommends that the City Council direct staff to provide comments on Thrive MSP 2040 that are consistent with the material presented in the committee meetings on April 17<sup>th</sup>.

### **Attachments**

- A. [Thrive MSP 2040](#)
- B. Forecast table
- C. Thrive MSP 2040 City Designations Map
- D. Thrive MSP 2040 Share of Population Growth Map
- E. Thrive MSP 2040 Share of Job Growth Map