



Fourth Quarter, 2004

Volume 1, Number 4

In	this	issue
		13346.

Progress on Key Initiatives	í
Economic Policy & Development	2
Housing Policy & Development	Ź
Partnerships	:
Planning/Community Planning	1
Planning/Development Services	4
Workforce Development	4
Key Events and Milestones	Ę
Economic Policy & Development	Ę
Housing Policy & Development	Ę
Planning	E
Progress on Key Department	
Performance Measures	7
Economic Development	7
Housing	7
Partnerships	1
Planning	8
Workforce Development	8

Fourth Quarter Highlights

CPED's fourth quarter contributed to several City success stories. Each of these successes affected or changed people's lives and the life of our city. Here is a sample of successes in 2004 that set the foundation for our work in 2005:

Department-wide

- Requested proposals for new management of City-owned theaters
- Developed systems to work more closely with Public Works and regional stakeholders on state and regional transportion efforts, including rebuilding Interstate 35W with Bus Rapid Transit
- Developed systems to work more closely with the Neighborhood Revitalization Program (NRP)
- Continued work with Regulatory Services and other City departments to improve efficiency and decision-making for Minneapolis One Stop
- Began preparation for the transfer of CPED's property management function to Public Works and Public Works' real estate function to CPED

Planning

- Developed two new neighborhood planning guides, Guide for Developing Small Area Plans and the Land Use and Zoning Guide
- Issued Requests For Proposals setting the stage for significant work in Industrial Land Use Policy; Limited Equity Co-Op and Perpetual Affordable Housing Pilots, riverfront development, the South Lyndale Land Use Plan and the Midtown Greenway Master Plan
- Completed four public art projects and one major public art conservation, made significant progress on creating the Minneapolis Plan for Arts and Culture

Economic Development

• Midtown Exchange (formerly Sears), a \$189 million mixed-use historic development, is

- under construction with a ground breaking workforce agreement that may serve as a model for other large projects
- Secured \$4.3 million in remediation and contamination grants, part of \$60 million in overall public funding that helped leverage \$294 million in private investment on brownfield sites
- Placed more than 4,000 workers in permanent jobs, plus an additional 1,300 summer youth placements.
- Added eleven new small businesses to the Lifesciences Corridor
- Three Minneapolis companies were the first in the state to earn state bioscience zone tax exemption
- City and County opened Neighborhood Probation House at 2539 Irving Avenue No to address crime

Housing

- 1,707 permits for new housing units approved, tying Minneapolis at the top of the region in new housing construction
- 11 percent increase in median home values in Minneapolis
- \$20 million in competitive proposals funded by the Affordable Housing Trust Fund, supporting production of 1,549 new and rehabilitated units and leveraging \$228 million in private investment
- Initial meetings of Northside Home Fund Board held, setting priorities and goals

Thank you for your support. Please let me know if you have questions or thoughts. I also encourage you to familiarize yourselves with the CPED Web presence at

www.ci.minneapolis.mn.us/cped/

Lee E. Sheehy, Director 612-673-5125 lee.sheehy@ci.minneapolis.mn.us

Part I: Progress on Key Initiatives from 2004 Business Plan

ECONOMIC POLICY & DEVELOPMENT

Market advocacy

(Contact: Tom Daniel 673-5079)

In 2004, CPED worked with firms to help them navigate the City's planning, zoning and regulatory processes. In 2005, market advocacy will be focused on working with the business community through the "Business Toolbox," the City's package of resources and services for Minneapolis businesses.

Expand small business loan programs

(Contact: Bob Lind 673-5068)

New in 2004, the Commercial Corridor/Commercial Node 2 Percent Commercial Loan Program has taken off by financing a number of projects already. Staff has also closed on the first two Capital Acquisition Loans that are backed by the New Market Tax Credits program from the Community Reinvestment Fund.

Create Riverfront Development Corporation

(Contact: Ann Calvert 673-5023)

Staff submitted a request for grant funding and distributed a Request for Proposals (RFP) seeking a consultant. The consultant will work with stakeholders to examine the options in creating a new organization to supplement and enhance riverfront development efforts in Minneapolis.

Recommend City role in theater operation

(Contact: Tom Daniel 673-5079)

Negotiations began with the first-ranked respondent to the theater management RFP. It is anticipated staff will return to the City Council with a proposed term sheet at the end of the first quarter.

HOUSING POLICY & DEVELOPMENT

Affordable Housing Trust Fund

(Contact: Donna Wiemann 673-5257)

- Second round Emergency Shelter Grants in December, the City Council approved \$471,000 for four projects (total of \$701,500 year-to-date).
- The total combined Affordable Housing Trust Fund funding awards for 2004 exceeded \$20 million. Staff recommended 11 projects to receive more than \$7 million in CPED

funding. In addition, recommendations for \$1 million of Empowerment Zone funding and \$3.2 million of NRP funding are being finalized.

Limited Equity Co-op Pilot Program

(Contact: Donna Wiemann 673-5257)

Three RFP responses received; one since withdrawn. Final underwriting and analysis nearly complete.

Heritage Park Finance Plan

(Contact: Elfric Porte 673-5145)

The Heritage Park Finance Plan identifies funding necessary to complete the project. During the fourth quarter of 2004, the Council approved capital funding of \$5.7 million over the next five years which reduced the outstanding budget gap to \$15.1 million. Staff continues to explore avenues to secure funding to address the remaining gap.

Higher Density Corridor Housing Initiative

(Contact: Kevin Dockry 673-5075)

The Higher Density Corridor Housing Initiative is used to assemble sites for mixed-income rental and ownership multifamily housing developments on or near community, commercial and transit corridors (as defined in The Minneapolis Plan). Thirty-three properties have been reviewed for possible acquisition, while three properties are in the CPED acquisition process.

Perpetual Affordability Pilot Project

(Contact: Tiffany Glasper 673-5221)

Staff received and processed six proposals, recommending City Council approval for three, which the City Council granted for a total of \$215,000. The remaining \$285,000 will be made available on a first-come, first-serve basis. Staff continues to work with the approved developers to insure that affordability goals are met.

Northside Home Fund

(Contact: Elizabeth Ryan 673-5128)

The City has committed \$1 million to the Northside Home Fund. Staff developed guidelines to the program's Eminent Domain Pilot Project, which the City Council approved. The Family Housing Fund committed additional funding of \$250,000. Staff developed implementation strategies to take effect in 2005. Tom Fulton of the Family Housing Fund agreed to chair the Northside Home Fund's Advisory Board.

Part I: Progress on Key Initiatives from 2004 Business Plan

Market Advocacy

(Contact: Luther Frank 673-5034)

Staff organized a Northside realtors round table to discuss development challenges and opportunities. The round table has so far discussed issues such as incorporating economic development strategies in community development efforts, the City's role in marketing the underserved and challenged areas of the city and collaborative endeavors between the City and the private sector.

PARTNERSHIPS

Northside Partnership

(Contact: Mike Christenson 673-5122)

The City facilitated the purchase of Neighborhood Probation House. Employment programs placed 191 Northside residents in jobs. Close the Gap received \$500,000 in additional commitments. At-risk youth pilot jobs program is complete, with 25 people placed.

Minneapolis Lifesciences Corridor

(Contact: Mike Christenson 673-5122)

Staff has completed the Web site mock-up. Eleven companies moved into the Elliot Park Lifesciences Incubator. Minneapolis companies received the first two JOBZ tax credits. Staff applied for New Market Tax Credits. The Phillips Eye Institute expansion broke ground.

City-University Partnership

(Contact: Mike Christenson 673-5122)

New five-phase plan developed and reviewed with the Minneapolis City Council and staff from Hennepin County and the University of Minnesota. Excorp Medical opened at 739 Kasota Avenue SE.

▶ PLANNING/COMMUNITY PLANNING

Prepare and/or assist with plans

(Contact: Pam Miner 673-3240)

 Lake Street/Nicollet Development Objectives – public comment period extended. Met with all affected neighborhood organizations for more input.

- Citywide Transportation Plan (led by Public Works) assigned staff to steering committee.
- Mississippi River Critical Area Plan (required by Mississippi National River and Recreation Area [MNRRA],
 Department of Natural Resources [DNR], and Metropolitan Council) halfway through processing comments received on the draft document from DNR. Revising document to meet DNR compliance.
- Sustainability Plan (City Council Resolution 2003R-133)
 Environmental Coordinating Team and Planning Commission Committee of the Whole reviewed and approved the new planning direction. Draft language to amend the comprehensive plan is before the Planning Commission. Review and public comment is under way.
- South Lyndale Small Area Plan Corridor Housing Initiative process completed. RFP for planning services completed and released.
- Bassett Creek Valley Rezoning Study preparing a master plan implementation strategy with the neighborhood implementation group.
- Midtown Greenway Land Use Plan RFP is drafted and before the Permanent Review Committee, Ways and Means Committee and Zoning and Planning Committee for approval.
- Industrial Land Use Plan RFP is drafted and before the Permanent Review Committee, Ways and Means Committee and Zoning and Planning Committee for approval.
- LRT Planning Transit Station Area Pedestrian Overlay
 District study completed and approved by the City Planning Commission and Zoning and Planning Committee.

Expand research activities and products

(Contact: Jeff Schneider 673-5124)

Staff developed two new census-related products: historical profiles of neighborhood demographic trends and an update to the Community Development Block Grant target area map. Staff completed an updated demographic projection of the Central LRT Corridor in conjunction with the Metropolitan Council.

Part I: Progress on Key Initiatives from 2004 Business Plan

▶ PLANNING/DEVELOPMENT SERVICES

Implement Minneapolis One Stop customer service improvements

(Contact: Steve Poor 673-5837)

Working with the City's new results manager, Steven Bosacker, established performance measures for Minneapolis One Stop. Improved Preliminary Plan Review process, participated in facility planning and conducted staff training.

Revise zoning code

(Contact: Steve Poor 673-5837)

Nine text amendments were approved by the City Council in 2004. Two development moratoria expired (Lowry Hill East and floodplain), one moratorium remains in effect (Northside new residential construction).

Organizational changes

(Contact: Steve Poor 673-5837)

Assisted with enterprise KIVA upgrade and related staff training; updated land use applications, participated in development of Minneapolis One Stop Integrated Voice Response (IVR) planning.

▶ WORKFORCE DEVELOPMENT

Close the Gap campaign

(Contact: Chip Wells 673-5292)

The Close the Gap campaign is reducing unemployment in Minneapolis by placing Minneapolis residents into living wage jobs and job retention services. The campaign will bring Minneapolis' unemployment rate in line with that of the entire metro area. Our efforts have placed 200 youths into private sector summer employment in 2004, entered into contracts with nonprofit employment and training providers to place more than 300 unemployed people into full-time work, and funded entrepreneurship classes in the Business Career Center at the Antiques Minnesota building.

Construction Coalition

(Contact: Chip Wells 673-5292)

The Minneapolis Employment and Training Program supported a new pre-apprentice program called Building Minnesota. This program was developed by the Construction Careers Coalition and approved by the Minneapolis Building Trades and the Minnesota Department of Labor and Industry. Two informational sessions were held with 106 people in attendance, 61 people completed the three day orientation and 27 individuals are ready for pre-apprenticeship hiring. Two individuals have been hired at Midtown Exchange in the pre-apprenticeship program and four others were hired directly as apprentices at a local company.

Northside Partnership

(Contact: Chip Wells 673-5292)

The Minneapolis Employment and Training Program implemented a contract with the Minneapolis Urban League to:

- develop and maintain a list of qualified minority contractors
- employ and retain forty people interested in the trades
- develop and implement a small business program for contractors and sub-contractors who are interested in entrepreneurship

Part II: Other Key Events and Milestones during fourth quarter

ECONOMIC POLICY AND DEVELOPMENT

Downtown and Central Riverfront

(Contact: Tom Daniel 673-5079)

- Extended agreement for one year for management and operation of **Hennepin Stages** at 824 Hennepin Avenue.
- Largely completed construction on the **Park Avenue West Lofts** (38 units, 77 parking spaces).
- Completed construction on the extension of Park Avenue between Washington Avenue South and Second Street South.
- Continued progress on the Guthrie construction, including construction of the parking ramp (1,002 parking spaces) and design work for the new segments of Chicago and Ninth avenues between Washington Avenue South and Second Street South and for the second phase of the Chicago Plaza.
- Continued construction on the Mill Quarter parking ramp.
- The Mill City Museum and overall redevelopment of the Minneapolis Riverfront District were selected for a joint Top Honor award by the Waterfront Center, and the Mill City Museum received a national award from the American Institute of Architects.
- Completed the workout and settlement of terms with Brookfield on Saks ground lease default of June 2002.
 Executed all associated agreements including: extension of ground lease, amendment of redevelopment agreement and new sales agreement. This ends litigation in this matter. Settlement included restructuring Dain/ Neiman loan which now brings current annual payments and a new guarantor.
- Ivy Tower project approved and amended to include housing and affordable housing along with boutique hotel, on-site below-grade parking, health club and supportive retail. Change in Ivy Tower development program required formal amendment to underlying redevelopment and tax increment plans.
- **Stimson Building** sale approved. Primary use/anchor tenant will be destination theme restaurant on main floor with offices on the second floor and basement dance club. All uses will complement the neighboring Pantages Theatre. Grand opening anticipated for late 2005.

Business Finance

(Contact: Bob Lind 673-5068)

• The guide book, "A Practical Guide to Starting a Business in Minneapolis" has been revised and updated and is now available on the CPED web site at the following address: http://www.ci.minneapolis.mn.us/cped/starting-a-business.asp; for hard copies, call Jennifer Schultz at 612-673-5094.

HOUSING POLICY AND DEVELOPMENT

Multifamily Housing

(Contact: Cynthia Lee 673-5266)

- Closed on **Lindquist** apartments
- Closed on Clare apartments
- Closed on **Homewood** apartments
- Closed on River Run
- Closed on Many Rivers West
- Closed on Midtown Exchange rental
- Issued Walker Library RFP
- Closed on Elliot Avenue and Portland Place stabilization
- Coordinated Nicollet Hotel Block pre-proposal conference
- Convened Community Advisory Board on Homelessness and Minnesota Housing Finance Agency (MHFA) meeting to discuss safe havens
- Presented Minneapolis senior housing initiatives to the Vital Aging Network
- Provided PowerPoint presentation for public meeting on NRP housing policy alignment
- Developed new program framework for the Northside Home Fund
- Developed and delivered a PowerPoint presentation on tax credit **suballocator issues** at a National Association of Housing and Redevelopment Officials (NAHRO) seminar
- Selected as finalist for the Ash Institute's Innovations in American Government Awards for our Corridor Housing strategy, submitted supplementary application for final rounds
- Reviewed numerous new NRP Phase II plans

Part II: Other Key Events and Milestones during fourth quarter

Single Family Housing

(Contact: Elfric Porte 673-5145)

- Reviewed and approved plan for single family for-sale units in Heritage Park
- Processed the proposals received for the Perpetual Affordability Program
- Completed and processed the Request for Proposals for the Work Force Housing Program
- Assisted with the review of four neighborhoods' NRP
 Phase II plans
- Completed the inventory and filing of all 100 parcels for the Scattered Site Tax Increment District



Planning

(Contact: Barb Sporlein 673-2616)

- Worked with CPED Economic Development and Housing divisions to more fully integrate planning and development efforts and to provide direction for decisions on citywide capital improvements and program investment.
- Worked with Rocco Forte, new director of Regulatory Services, and Steven Bosacker, new results manager, on various Minneapolis One Stop policy, organization and operation issues.
- Minneapolis Plan for Arts and Culture During the fourth quarter of 2004, Planning staff took primary responsibility for working with various committees and advisory groups to substantially revise the draft plan and recommendations submitted by the consultant.

Part III: Progress on Key Departmental Performance Measures

	2003 Actual	2004 Projected	2004 Actual	Comments
ECONOMIC DEVELOPMENT				
Estimated increase in property taxes due to Economic Development projects	\$3.2 million	\$0.8 million	\$0.4 million	Lower amount due to delay in completion of certain projects
# of new jobs projected by assisted projects	1,554	585	378	•
# of small business loans	170	185	115	•
# of businesses assisted by market advocates/case managers	n/a	. 5	· · 7	•
Real Estate marketing contacts	571	500	522	
\$ of contamination grants secured	\$4.7 million	\$1.5 million	\$4.2 million	•
Downtown housing units completed (certificates of completion obtained)	605	928	624	Does not include units developed without CPED assistance or projects that have not yet had certificates of completion issued (e.g. Grant Park, 327 units)
HOUSING				
# of new/conversion multifamily housing units completed	1,130	815	650	•
# of rehabilitated multifamily housing units completed	433	575	1,240	•
# of affordable (to households earning less than 50 percent of metro median income) units (subset of above two categories)		715	1,283	
Units closed/construction start (715 affordable)	2,122	1,800	1,345	· ·
# of single family units (new construction) completed	116	100	· 80	
# of single family units rehabilitated	8	15	10	
# of low/mod income affordable (to households earning less than 80 percent of metro median income) units completed	62	60	42	Does not include privately developed units
# of home improvement loans	48	. 54	9	Program implemented and 30 loans in process
# of mortgage loans	2	50	198	
PARTNERSHIPS		·	·	
Reduce crime below City average in Empowerment Zone	n/a	10% reduction	Approximately 9% reduction	
		•		. 5

Part III: Progress on Key Departmental Performance Measures

	2003 Actual	2004 Projected	2004 Actual	Comments
PARTNERSHIPS (continued)				
Launch or strengthen partnerships in four key commercial corridors	n/a	West Broadway, Lake Street, Franklin Avenue Central Avenue	· ·	·
Develop plan for medical conferencing facility in Lifesciences Corridor	n/a	n/a	No longer goal of partnership	
# of lab expansions or start-ups	n/a	. 7	7	· ·
Establish Lifesciences Capital Fund	n/a	Established	Established	Mayor and CD chair convened lunch
Establish City-University Partnership	n/a	Established	Under way	University Research Park Plan
PLANNING				
# of small area plans prepared by staff and approved by City Council	4	5	0	Staff reviewed a number of small area plans developed by other entities including eight NRP Phase II plans and dozens of development proposals
% involved residents confident that their input will be valued	n/a	n/a	n/a . n/a	Survey will not be developed and administered until 2005
# of film permits issued	212	200		Total production budget of \$9.6 million
# of art projects completed	3	11	5	
# of clients assisted at zoning service counter	8,225	8,295	8,041	Also processed 24,514 calls made to the zoning phone line
# of building permits reviewed	7,905	7,800	8,100	· ·
# of land use applications reviewed	1,083	1,345	1,197	All but one reviewed within state-mandated time frames
# of Heritage Preservation Commission applications reviewed	180	185	175	Plus staff reviewed 142 demolition permit requests
# of zoning code text amendments adopted	6	10	9	Plus 22 pending amend- ments; staff administered three development moratoria, two of which were unexpected
WORKFORCE DEVELOPMENT				
Gap in unemployment rate for city vs. metro	1.1%	.6%	.84%	
# of agreements with emerging enterprises	n/a	2	2	
# of Job Linkage new hires	4,122	4,500	4,612 (est.)	· ·
# of businesses visited	44	. 55	36	