

Recap of East Downtown Council's Business Forum
Thursday, May 19, 2016
11:30 a.m. – 1:00 p.m.
Guthrie Theater's Level 5 Café
818 South 2nd Street
Downtown East Neighborhood of Minneapolis

- **Welcome and Introductions**

EDC President Paul Mellblom introduced himself, welcomed the audience to the May business forum, and thanked Hillary Hart, General Manager of the Guthrie Theater (<http://www.guthrietheater.org/>), for hosting.

He advised the Minneapolis City Council is still working through the process to create a Paid Sick Time ordinance; however, the EDC Board has not taken a position because when discussed, some were pro and some were con and as a result the Board decided, as a more grassroots-based organization, not to take a position either for or against. Mellblom then encouraged the audience to reach out to their City Council Member to express their opinion. For more information, visit <http://www.ci.minneapolis.mn.us/meetings/legislation/WCMSP-175563>.

Mellblom explained as a result of the district branding process, he is excited to formally announce that *East Town* is the new district name. Although the new name is getting all of the oxygen right now, it is important as a district to create a contiguous sense of identity from Elliot Park to Downtown East to the riverfront Mill District so that those coming to the area can have lunch at the Band Box, stroll over to the Commons Park, attend an event at U.S. Bank Stadium, and then come here to the Guthrie Theater and walk on the Endless Bridge, all while feeling they're in the same district.

Then he acknowledged two new members:

- Tammy Hartman, VP of Public Affairs at Clear Channel Outdoor (<http://clearchanneloutdoor.com/>); and
- Phil Hansen, CEO at American Red Cross Minnesota Region (<http://www.redcross.org/local/minnesota/chapters/twin-cities>).

The audience was then asked to introduce themselves.

Lastly, he announced that due to an emergency, Minneapolis Park and Recreation Board Superintendent Jayne Miller will not be presenting.

EDC Executive Director Dan Collison advised the EDC is comprised of small, medium and large size organizations and thanked them all for their support. Then he gave the platinum members an extra handshake and pat on the back:

- Allied Parking
- CenterPoint Energy
- Clear Channel Outdoor
- ESG Architects
- Hennepin County Medical Center
- Kraus-Anderson
- Minnesota Adult & Teen Challenge
- Minnesota Vikings
- Mortenson Construction
- NRG Energy
- PadillaCRT
- Ryan Companies

- Valspar
- Wells Fargo
- Xcel Energy

- **Upcoming Events**

Collison announced the following upcoming events:

- The June 16th business forum will be a joint event with the Minneapolis Downtown Council to discuss *Growing the Minnesota Workforce through New and Innovative Means*. The featured speakers will be Peter McLaughlin, Hennepin County Commissioner for District 4 (<http://www.hennepin.us/your-government/leadership/4th-district>); Peter Frosch, Vice President of Strategic Partnerships at Greater MSP (<https://www.gretermsp.org/about-gmsp/meet-the-greater-msp-partnership-staff/#Peter-Frosch>); and Steve Cramer, President and CEO, Minneapolis Downtown Council/Downtown Improvement District (http://www.downtownmpls.com/news_article/show/416006-downtown-council-profiles-steve-cramer). This event will take place at North Central University's Trask Worship Center.
- The closure of the westbound I-94 ramp to South 5th Street from May 18th through June 1st to reconstruct a new westbound I-94 bridge/ramp to South 7th Street in downtown Minneapolis. For more information or to sign up for email project updates, visit www.mndot.gov/metro/projects/i94minneapolis/.
- The Minneapolis Riverfront Partnership's Riverfront Vitality Forum on Thursday, May 26th, 6:30 p.m., at the Mill City Museum (<http://www.minneapolisriverfront.org/>). We're watching all major economic growth along the riverfront in Minneapolis and this free event will feature an array of panelists who will discuss the river ecology after the Upper St. Anthony Falls lock's closure in June 2015.
- It's Minneapolis Bike Week from May 16-22, 2016 (<http://www.mpls bikeweek.org/>).
- The 6th annual Northern Spark dawn to dusk event on June 11th and 12th (<http://2016.northernspark.org/>).
- The Minneapolis Aquatennial, July 20-23, 2016 (<http://www.aquatennial.com/>) featuring the CenterPoint Energy Torchlight Parade and Target Fireworks on the riverfront.
- Visit the DMNA's website (<http://www.thedmna.org/>) and EPNI's website (<http://elliotparkneighborhood.org/>) for neighborhood meetings and events.

- **District Branding Update**

Collison explained now that the district has been renamed to *East Town*, the EDC is in an interim phase of how it will articulate itself. For those following the public process, the EDC received a tremendous amount of pro bono effort from PadillaCRT, grant support from Minneapolis CPED and the McKnight Foundation, and a lot of effort from the Board and staff, all towards bringing the three distinct areas of the district together.

A complete brand framework was developed based on three brand pillars: a *vibrant*, a *multifaceted* and *connected* community, and each of those pillars will drive EDC's vision and programs.

After almost 2 years of listening, the following consistent themes emerged: "east" must be in the name; it needs to work with the park; strong desire for simplicity; needs to relate to existing community names; and a low appetite for unusual names. Some wanted to keep it East Downtown, but interestingly that is not a formal neighborhood name; it's Downtown East but was

inappropriate for naming the entire district.

The EDC Board will be voting in a couple weeks on a new name for the organization to align with the new name of the district, e.g., *East Town Business Association*, *East Town Business Partnership*. The next 3 months the public will witness a transition in the membership renewal and correspondence materials whereby both old and new names and logos will be featured to avoid confusion.

Collison displayed and described the logo designed by PadillaCRT's creatives; it demonstrates a commitment to the new park as the heart of the district (shown in green) within a script letter "e". Beside the name and logo, the other graphics released, although preliminary, are designed to encourage participation by district stakeholders to market the area to the region, state and nation. Collison hopes the membership will begin to use and activate the graphics.

- **The Rapid Growth of Housing and Hospitality in East Town**

- **Housing.** Collison shared he leads a task force of the MDC's 2025 Plan Development Committee comprised of over 60 varied businesses, elected officials and nonprofits that has been looking closely at housing and other Plan-related endeavors. What is happening in housing and hospitality in East Town is unprecedented and stunning to watch.

Based on a marketing study entitled *Economic Development in the Downtown East and Elliot Park Neighborhoods of Minneapolis* funded by Minneapolis CPED and conducted by the EDC, in 2010, 307 acres of land and nearly 100 city blocks in East Town were comprised of 16% housing, and 25% combination of commercial and vacant parking lots or 39 acres of vacant land. What has happened since then is an amazing amount of growth. The 2010 census shows 8,000 people housed in 3,800 households between the two neighborhoods, and nearly a third of the current housing inventory added between 2000 and 2010 that includes condominiums, mixed-use, and affordable housing.

Currently, 8% of all regional housing growth is taking place in downtown Minneapolis. Of those aged 25 to 44 who moved last year, 32% came from out of state, a surge in millennials who want to live downtown. There's a total of 5,130 units between Downtown East and Elliot Park with the latter being the larger of the two. There's been an increase in almost 1,500 residents, or 530 units; tame compared to the North Loop but that's about to change due to the numerous emerging projects that have either broken ground or plan to break ground within the next 18 months:

- Kraus-Anderson's full block, mixed-use development (<http://www.startribune.com/kraus-anderson-begins-work-on-new-headquarters-and-block-redevelopment/374819401/>);
- Jim Stanton's Portland Tower condominiums (<http://portlandtowerminneapolis.com/>);
- Sherman and Associates' The Encore townhomes and apartments (<http://mplsencore.com/>);
- House of Charity's transitional housing development (<http://www.houseofcharity.org/house-of-charity-is-expanding/>);
- Weidner Apartment Homes multifamily development (<http://finance-commerce.com/2016/04/weidners-first-minneapolis-project-clears-city-hurdle/>);
- First Covenant Church's mixed-use, multifamily development (<http://minneapolis.suntimes.com/mpls-business/7/84/278611/ryan-first-covenant-church-plan-mixed-use-project-near-stadium>);
- Sherman and Associates' East End mixed-use development (<http://www.sherman-associates.com/eastend/>);
- Iron Clad mixed-use development (<http://ironcladmn.com/#welcome>); and

- Jim Stanton's Legacy condominiums (<https://www.minnpost.com/twin-cities-business/2016/05/are-condos-making-comeback-downtown-minneapolis>).

Between now and 2030, CPED is anticipating a demand in growth of 3,025 additional units, and the demand by annual household income is: 26% for those making less than \$35,000 (787 units); 32% for those making between \$35,000 and \$74,999 (968 units); and 42% for those making \$75,000 and above (1,271 units). If this demand were met, there potentially would be a total of 16,000 new residents by 2030, an increase of 6,500 people in East Town.

Collison then introduced Andrea Brennan, Director of Housing Policy and Development at City of Minneapolis, and expressed gratitude for her coaching and insights when he was delving deeper into the housing dynamics in East Town. Then he provided a brief summary of her biography (<http://www.ci.minneapolis.mn.us/news/employees/WCMS1P-137327>).

Brennan explained she is responsible for helping to ensure the City's housing policies and programs are oriented toward current and future needs of the City. Her work involves community stabilization, strengthening, revitalization, preservation, and assisting in the production of new affordable rental and owner-occupied housing for individuals in all life cycles including those with special needs, seniors, and large families.

An example of the community strengthening work she's involved in is the Green Homes North program (<http://www.ci.minneapolis.mn.us/cped/housing/GreenHomesNorth>). The goal is to build 100 new energy efficient homes in North Minneapolis. Launched in 2010, they are currently signing contracts with home builders for the 80th home, and expect to have contracts in place for the remaining 20 units by the end of the year.

Production goals, established by the Metropolitan Council and agreed to by the City, include 424 new rental units annually that are affordable to households at or below 60% of Area Median Income. The City has historically been successful in meeting that goal; it prioritizes the housing needs of residents and dedicates resources to help meet those needs.

The City Council's goal is to invest \$10 million annually in the Affordable Housing Trust Fund (http://www.ci.minneapolis.mn.us/cped/rfp/AHTF_home). Since 2002, the City has invested over \$100 million resulting in the preservation of approximately 9,200 affordable housing units. That's the good news.

One of the challenges they're facing is despite the City's investment and commitment to producing and preserving affordable housing units, it is not keeping pace with the loss of affordability attributable to the good news that the economy is strong and growing and the bad news that housing costs are accelerating at a faster pace than incomes, particularly for those with low and moderate incomes. According to the U.S. Department of Housing and Urban Development (HUD) and Metropolitan Council data, Minneapolis has about 11,000 fewer rental housing units that are affordable to households at or below 50% of AMI or \$35,000. This is a challenge when trying to be a competitive city and have sufficient people who are able to work jobs and find an affordable place to live.

Another data indicator for affordability is what is referred to as the housing cost burden rate. Housing is considered affordable if a household pays no more than 30% of its income for housing. In 2000, of households with 50% of AMI, 64% were cost burdened. In 2015, that number has increased to 74% and is putting Minneapolis in the category of some of its peers as a less affordable city.

There are also challenges on the ownership side; costs are rising and reports on MLS (<http://www.mls.com/>) indicate that the number of units that are affordable to households

making up to \$100,000, there's only 100 citywide and an impediment to those trying to move into homeownership for the first time. Minneapolis also has one of the worst racial disparity gaps in homeownership rates in the country. The homeownership rate among white households is 58% and only 25% among households of color, a homeownership gap of 33%. The City finds this an unacceptable state of affairs and is working to structure programs and policies to make a significant impact on this gap. They are not alone on this; the Minnesota Housing Finance Agency and a host of nonprofits, partners and developers are working with them on these goals.

Given all of these challenges, the City take into consideration the way it does business, e.g., consider combining the affordability index with transportation and ensuring affordable housing is located along transit lines and places where there is good walkability and complete communities. The City needs to be more strategic about this and in identifying opportunities for land assembly toward that purpose.

The City is doing some data analysis and has hired a national consultant to help think through how they can work better with the private sector to incentivize more mixed income developments and are hoping it will bear some good policy ideas for discussion among elected officials and policymakers.

Brennan then entertained a few questions from the audience. For more information, visit <http://www.ci.minneapolis.mn.us/cped/housing/index.htm>.

- **Hospitality.** Collison introduced Melvin Tennant, President /CEO of Meet Minneapolis, and provided a brief summary of his biography (<https://www.linkedin.com/in/melvin-tennant-ii-ma-cae-08a79a8>). East Town is going to be host to millions of people and Tennant is one of the main reasons the Super Bowl is coming here in 2018.

Using a slide presentation, Tennant explained MM is responsible for marketing Minneapolis to the world as a destination for all sorts of travel and events. There is a team (<http://go.minneapolis.org/partners-amp-community/meet-minneapolis/staff-list-contact>) of about 63 people mostly headquartered in Marquette Plaza at 250 Marquette Avenue (<http://marquetteplaza.com/>), several are located at the Minneapolis Convention Center selling that facility, and 2 are based in Washington, DC.

The footprint that East Town represents is the fastest growing part of the city; it was underdeveloped for so long and he is proud that all the entities came together to make sure when the new stadium was built it wasn't just about the stadium, but also an impetus to so much more development surround it.

Minneapolis and St. Paul visitors are rising. According to MM's latest statistics, there were 31.6 million visitors, an aggregate number as it's hard to get segmented visitor counts for any of the surrounding communities, but consider it as one community. Visitor spending continues to rise as well, i.e., \$7.5 billion, and East Town is a big part of that figure.

Tennant provided data on the number of meetings, conventions and sporting events secured for the community in recent years; not just Convention Center events but also at other hotels throughout the community.

He also discussed hotel occupancy; a great way to measure the success of the industry. According to the Smith Travel Report, year to day they are slightly downtown from 2015 but very close to catching up.

They continue to have growth in leisure and hospitality jobs in Minneapolis; currently there are 33, 453 Minneapolis residents working in the industry and represents 10% of the overall

workforce of the city.

Tennant then described the proposed hotel developments in Minneapolis. Currently there are about 7,300 rooms within the city limits that are collecting and submitting hotel and hospitality taxes. If all of the proposed developments come to fruition, it would be an additional 2,400 rooms or a one third increase in inventory. According to his list there are about 1,300 rooms of the 2,400 that are physically under construction citywide.

There are 15 hotel projects within the downtown footprint and 5 in East Town in various stages of development, i.e.: Finnegan's Brewtel, Hyatt Centric, Moxy, Radisson Red, and Thresher Square. If all come to fruition, they will add another 790 rooms for this area. To put that into perspective, the largest hotel in Minneapolis is the Hilton Minneapolis with 821 rooms, the second largest is the Hyatt Regency with 645 rooms, and the third largest Marriot City Center with 583 rooms. Tennant commented that if anything does not ring true and someone has more current information, please let him know.

He also described the restaurants and other amenities these hotels will bring to the area as well as the assets of the Armory, a significant facility in terms of hosting the Super Bowl and the Final Four. The Commons Park was originally conceived to be the place where the tailgating party would take place prior to Super Bowl Sunday. However, it is not big enough so alternative spaces are being considered and the Armory will play an important role.

Tennant indicated there have been discussions, perhaps by Council Member Frey, about naming the Commons Park to commemorate Prince for the opening this summer with temporary management by Minneapolis Downtown Improvement District, and then by Green Minneapolis.

He then listed some of the events that will be held at U.S. Bank Stadium that MM has secured: 2016 International Champions Cup; 2016 Ryder Cup; 2017 National Sports Forum; 2018 Super Bowl; 2018 NASC Sports Event Symposium; and 2019 NCAA Men's Final Four. The stadium will also be used for special events, board dinners, opening receptions as a nice alternative to an outside function at a restaurant or other venue. It's a great asset to have in the community.

Thereafter, Tennant entertained questions from the audience during which he explained there are long range plans that exist for the community, i.e., the MDC 2025 Plan and the Minneapolis 2040 Plan, but a couple years ago MM began to look at intentional efforts to make Minneapolis a more marketable destination at a certain point in the future. What was discovered is a lot of regions and countries that are developing Tourism Master Plans, a 10- to 20 year plan that develops initiatives to overcome objections to increase marketability. MM's plan is called Destination Transformation 2030; it is being co-chaired by the Mayor, MM's Chairman of the Board, and Carlson Companies' CEO. There are a number of steering committee members representing all sectors of the community, and are conducting a lot of focus groups and research to see what people think we are as a destination, and begin to think aspirationally what we should be.

For more information, visit <http://www.minneapolis.org/>.

- **Closing Remarks**

Collison advised the EDC will do its best to make East Town exciting and holistic community as it works on everything from riverfront revitalization to diverse housing perspectives so that it becomes a home and host to the world. East Town is an emerging district with a little over 300 identified businesses, and for the next 10 years fasten your seatbelts. All are invited to work together to create an incredibly vibrant community that can be marketed regionally and nationally.

Then he thanked the audience for attending, the Board President, Executive Coordinator and Board for their service.