**Notes from Minneapolis Downtown Council’s 2025 Plan**

**East Town Development Group Meeting**

**Tuesday, May 16, 2017, 9:00-10:00 a.m.**

**Abiitan Mill City, 428 South 2nd Street, Smith & Porter Restaurant + Bar**

**DOWNLOAD FEATURE PRESENTATION HERE:** [**https://www.dropbox.com/s/qnex7jul3b9fep2/Mill%20City%20Quarter%20Story%20Final%205\_11\_17.pdf?dl=0**](https://www.dropbox.com/s/qnex7jul3b9fep2/Mill%20City%20Quarter%20Story%20Final%205_11_17.pdf?dl=0)

1. **Welcome, Overview of Agenda, and Announcements**Dan Collison, Director of Downtown Partnerships for the Minneapolis Downtown Council/Downtown Improvement District, welcomed the audience to yet another “rainy” East Town Development Group meeting.

Then he reviewed the agenda and announced the following ETDG meetings:
* *Tuesday, June 20th, 9:00-10:00 a.m*. A technical and fundraising update of the Water Works project by Minneapolis Parks Foundation Executive Director Tom Evers ([https://www.minneapolisparks.org/news/2017/05/02/
2458/minneapolis\_park\_and\_recreation\_board\_minneapolis\_parks\_foundation\_seek\_community\_input\_on\_evolved\_water\_works\_design\_concept](https://www.minneapolisparks.org/news/2017/05/02/2458/minneapolis_park_and_recreation_board_minneapolis_parks_foundation_seek_community_input_on_evolved_water_works_design_concept)) at Padilla, 1101 West River Parkway. This just over $30 million riverfront project connects to the woonerf that is embedded in today’s projects.

Evers will be joined by Minneapolis Riverfront Partnership (<http://www.minneapolisriverfront.org/>) Executive Director Kathleen Boe who will provide a metanarrative of the riverfront from the Lower Gorge to the Above the Falls which includes the Upper Harbor Terminal project. This meeting will be held at Padilla Minneapolis (<http://www.padillaco.com/contact-us#officeMN>), 1101 West River Parkway.

Collison advised he continues to engage with the Upper St. Anthony Falls Lock and Dam effort to turn it into a visitor and interpretive center that would complement Water Works because these projects are of public interest and a regional draw of immense proportion; he’ll stay connected and highlight them as they progress.
* *Thursday, July 27th, 7:30-9:00 a.m.* (special date and time): Morning with Steve Cramer: Demystifying Affordable Housing Leadership Panel. More details to follow.
* *No meeting in August* in deference to the many businesses that typically take this month off.
* *Tuesday, September 28th, 4:30-6:00 p.m.* (special date and time): Happy Hour Networking Event regarding the Park & Portland Vision for Development with the BKV Group. It will be held at The Depot Minneapolis, 225 3rd Avenue South (<http://www.thedepotminneapolis.com/>). It is an interesting time to be highlighting parcels, adjacencies and pieces of in East Town in our work.
1. **Introductions**Carina Aleckson, Catholic Charities Opportunity Center
John Campobasso, Kraus-Anderson Construction
David Fields, consultant to Minneapolis CPED and ETDG
Tom Hayes, Hennepin County Medical Center
Varun Kharbanda, Timeshare Systems, Inc.
Michael Krantz, Metro Transit Office of Transit Oriented Development
Erwan Moison, Abiitan Mill City Community
Steve Minn, Lupe Development
Robin Mooney, Boarman Kroos Vogel (BKV) Group
Cathy Schmidt, Surfacequest
Ken Searl, Mill City Commons, Friends of the Mill District
Carletta Sweet, Downtown Minneapolis Neighborhood Association
Sara Thatcher, Goff Public
Marybeth Weisburg, Minneapolis Downtown Council
2. **Mill City Quarter Apartments, 322 South 2nd Street**Collison advised it takes the background and experience of Steve Minn, Vice Principal and Chief Financial Officer of Lupe Development (<http://lupedevelopment.com/steve-minn/>) to pull the complexity and magnitude of this type of development off and that it is a privilege to have him present before this group.

Using a slide presentation, Minn gave an overview of what it took to pull this 6-story, 150-unit project together; it’s a dual development under one master developer. His firm, Lupe Development, and his partner, John Wall of The Wall Companies (<https://www.wallcompanies.com/>), had the master developer assignment with the City.

In 2008, for the third time the City issued a Request for Proposal for the redevelopment of Parcel A, the site on the northeast side of South 2nd Street between 3rd and 5th Avenues ([http://www.minneapolismn.gov/www/
groups/public/@cped/documents/webcontent/convert\_286301.pdf](http://www.minneapolismn.gov/www/groups/public/%40cped/documents/webcontent/convert_286301.pdf)), which had the following check list:
* Pay cash for the site;
* Negotiate 200 car parking rights until 2022 for tenants of the Crown Roller Mill building (<http://crownrollermill.com/>);
* Work with Mill Place (<http://www.journalmpls.com/news/development/2016/03/icm-buys-mill-place-buildings-plans-1-5m-renovation/>) to connect the site because it owns a strip of land traversing the site from its location to South 2nd Street;
* Clean up environmental issues as a result of being a former creosote production yard for the Eastern Minneapolis Railroad;
* Connect to the river;
* St. Anthony Falls Historic Preservation District and State Historic Preservation Office (SHPO) requirements;
* Six story height limit;
* No drive-through retail;
* Senior and affordable options preferable
* No Tax increment financing (TIF); and
* Connect to existing street grid.

At the initial meeting with Community Planning and Economic Development, out of 40 people interested, only 2 subsequently responded to the RFP. At that time, the market issues they had to overcome were:

* Workforce employment downtown was squeezed out of limited housing choices, especially hospitality;
* No downtown housing choice for back office workers for employers recruiting metropolitan wide;
* Difficulty in assembling large contiguous parcels in downtown;
* Growing Baby Boomer population needing senior housing but none had been built in downtown for 30 years; and
* High-end owners surrounding the site. The Carlyle Condominiums, arguably the most valuable piece of residential real estate in downtown, were concerned an “affordable” development would diminish their value, and RiverWest Condominiums which presumed the un-obliterated views of downtown was theirs by right. They ultimately worked through those relationships.

And the site issues they had to resolve were:

* Title claims by railroad: The two sites were bisected by the old Minneapolis Eastern Railroad right of way which merged subsequently four times with the Burlington Northern and it took 4 years of litigation to resolve.
* Alleys to be vacated and realigned; and
* Land swaps to be negotiated.

Financing for the project began in 2013 when they received a $2 million Metropolitan Council Livable Communities Program grant to demonstrate how private and public entities can work to unify a parcel; and the Department of Employment and Economic Development (DEED) gave an early investigation grant for environmental cleanup.

By 2014, with a little steam behind them, the City and County started to get on board. Then they went to the Minnesota Housing Finance Agency (MHFA) to ask for support and were told to demonstrate business and public support for the target audience. The MDC was one of nine business and trade organizations that pledged support for the MHFA funding identifying, in particular, the needs of the hospitality industry who were having trouble recruiting and retaining employees that couldn’t find a place to live downtown. They quickly glommed onto the hospitality industry as the target audience for the affordable side of the project, while they looked for a partner for the senior housing side of the project and ultimately found Ecumen.

Beginning in 2012, they began giving what ultimately would become four presentations to SHPO, and what it and the Metropolitan Council approved was that the rail corridor be preserved and turned into a pedestrian and bike trail, i.e., the woonerf (<https://en.wikipedia.org/wiki/Woonerf>). But for the foresight of the Beryl Miller family who owned Mill Place and had an early vision for the riverfront, this project would not have come to fruition. Mill Place was willing to provide a public easement over the parcel for access to MCQ and Abiitan, and bike and pedestrian use; MP’s only requirement was that improvements be made by the master developer and, after exceeding a certain budget, it would pay its fair share. Now all three properties share a maintenance agreement and parking revenue goes toward maintenance of the woonerf. MCQ would not have had enough public housing dollars to construct the woonerf improvements unless there were a public amenity component; making it a public easement dedicated to a public amenity allowed them to use their bond monies for the woonerf improvements. These public space improvements include (1) the woonerf itself that divides the two projects and will ultimately connect to the riverfront trail system and Water Works site (<https://mplsparksfoundation.org/projects/water-works/>), part of a public easement worked out with the MPRB; (2) the MCQ plaza; (3) the patio outside of Porter’s Café; and (4) the Abiitan plaza.

A major issue in constructing the woonerf was what to do with water runoff because: there’s an 8 foot drop from South 2nd Street to the riverfront and water flows like a waterfall after it rains; no need to exacerbate MP’s already damp basement; need to drain water from MCQ and Abiitan; no need to exacerbate RiverWest’s history stemming from the surface parking lots; need surface area for the woonerf parking to be a success; need drainage plan for landscaping; and City’s storm system on South 2nd Street was almost near capacity which would require a $4 million upgrade.

To address these water drainage issues, they developed an innovative storm system under the woonerf: water infiltrates through pervious pavers into the galley system of five 48” diameter x 400’ long storage container pipes then percolates into the soil. There is sufficient soil around each pipe to support truck traffic on the site and percolate correctly into the aquifer and not into the City’s storm system on South 2nd Street and they can hold a 20-year storm event for 4 days.

As they approached the finish line to their design, in exchange for its Livable Communities grant, the Metropolitan Council had a short transit-oriented development wish list:

* A bus stop, which they integrated into the building on 3rd Avenue South
* Minimized surface and below ground parking, it’s 1:1 for the residential components of each project
* Shared parking with Mill Place and Crown Roller office buildings
* HOURCAR® to cut single occupied vehicle (SOV) ownership; there’s one for the commercial lot that is getting good use
* River road and street grid are connected via designated trail
* Service retail onsite to reduce SOV trips; there is a 15,000 square foot site at the corner of 3rd Avenue and South 2nd Street. Just after they signed letter of intent with CVS Pharmacy, CVS acquired the 54 pharmacies of Target in Minnesota and are now pausing to digest. They still think it’s a destination use and prefer not to chop is up into smaller retailers.

Minn advised there were 54 contract documents signed between the three parties during the development of this project, e.g.: cross-alley easement for vehicles and deliveries; storm water easements; land swaps; woonerf shared maintenance agreement; memorandums of understanding with The Carlyle and RiverWest related to management of construction; and an agreement to have one architect (BKV Group), one engineering firm, and one general contractor. Now there is a management board in place on which Erwan Moison serves along with the Mill Place partners who manage the woonerf for cooperative maintenance.

They removed 1,500 truckloads of soil from the site during construction and ended up with a high walkability project, i.e., bus service along 3rd Avenue, a Nice Ride Minnesota station along South 2nd Street, and a pedestrian plaza between the two projects. The 150 publicly supported/privately managed affordable units were 100% leased by January 2017 and has 210 underground stalls (150 for its residents and 60 for Mill Place) plus 20 surface stalls adjacent to the ground floor retail. The surface parking stalls along the woonerf are by permit only for Mill Place during the day and shared with the public during the evenings and weekends. The cantenary light system was installed over the woonerf in early April for a more festive feel, and 10 stainless-steel etched historic panels will be installed in May.

In closing, Minn recapitulated the timeline of this project from 2008 when the RFP was issued up through delivery of the two developments in 2016. Thereafter, he entertained questions from the audience during which he advised Mill Place building includes the Freight House where the Dunn Brothers is located along with the Train Shed where Riley Hayes Advertising is located which was Eastern Minneapolis Railroad’s repair shop. Minn also provided the rental rate range for the 20% of units at 50% of Area Median Income as well as for the 80% of units at 60% AMI.

Minn explained they tend to be attracted to complicated deals and look at themselves as problem solvers; if they can solve a thorny problem by dedicating time and tenacity to it they can be successful. They’ve done a similarly complicated problem across the river called Stone Arch Apartment which has been in place for almost 15 years which had 30 railroad voltage power lines, easements, bad zoning. One epilogue to the woonerf in terms of future projects, it was cutting edge at the time but there have been 10 new projects proposed with woonerfs and Paul Burns, Manager of Livable Communities at the Metropolitan Council, couldn’t decide at the last affordable housing conference whether to take points away from projects that have them. But they like this work and will continue doing it.

For more information about MCQ and its amenities, visit <http://www.millcityquarter.com/>.

1. **Abiitan Mill City, 428 South 2nd Street**Erwan Moison, Executive Director of Abiitan Mill City (<https://www.linkedin.com/in/erwan-moison-61b21138>) thanked Minn for his project and noted that some of the workers at Abiitan now live at MCQ. Then he gave a brief overview of Ecumen (<http://www.ecumen.org/>) which owns and manages Abiitan and 40 other communities across Minnesota and in six other states. Abiitan is a new concept and, unlike other Ecumen properties that are located in “island-like” communities in the suburbs, is in the heart of the Mill District near the Central Riverfront with access to everything it has to offer, and the community in which it is located can come within its walls to dine at Smith & Porter Restaurant + Bar opened 4-9 p.m. daily and 4-10 p.m. weekends, or Porter Café opened daily from 7 a.m. to 4 p.m. (<http://www.smith-porter.com/>), and receive group or private personal training at the intergenerational G-Werx Fitness Studio (<http://www.gwerx.com/downtown-minneapolis/>). Residents can also enjoy room service and catering.

Abiitan means “to live in” in Ojibwa, and this is a first-of-its-kind, 55+ luxury senior living, entrance-deposit community developed from a culmination of multiple focus groups with Mill City Commons (<http://millcitycommons.org/>) who they partner with, along with other cultural institutions, to arrange lifestyle programming (e.g., recitals at MacPhail, Thai Chi Chih, art lectures).

There are 86 units on floors 1, 3, 4 and 5 ranging from 574 square foot studios to 2,204 square foot 2-bedroom/2 baths + den units. Entrance deposits range from $89,500 to $338,500 and are 100% refundable to you or your estate when you decide to leave. Since the cost to develop in downtown Minneapolis is 25-30% more expensive than the suburbs, the entrance deposits are applied to pay down the debt on the building. Focus groups preferred the entrance deposit structure to keep the monthly fees manageable. Monthly service fees range from $1,900 to $6,900 and include:
* Utilities: electric, gas, water, trash, cable TV and wifi
* Monthly dining allowance to Smith & Porter and Porter Café
* Light housekeeping every 2 weeks
* 24-hour emergency response
* 24-hour on-site staff
* Maintenance-free living
* Concierge services available
* Security in evenings
* Life style programming

There are 48 studio and 1-bedroom apartments on the second floor for those with dementia and Alzheimer's; they receive Ecumen’s award-winning Awakenings™ program (<http://www.ecumen.org/blog/ecumen-receives-national-award-excellence-dementia-care#.WSoCF8tTEb0>. MC has no entrance fee but monthly service fees range from $6,400 to $6,700 and includes all meals, daily housekeeping, life engagement programs, personal grooming, bathing, health care services, 24-hour staff. Security deposits range from $1,000 to $2,000 and are fully refundable based on condition of apartment at move-out. Also available on this floor are the following health care services:

* Medication management and administration
* Personal grooming
* Diabetic management
* Companion for personal events
* Escort to medical appointments
* Nursing services through Abiitan care staff or through Ecumen’s Medicare-certified Home Care agency
* Billed on an a la carte basis. You only pay for what you use.

Other features of the development include 179 underground heated parking stalls at a cost of $110 per stall per month. Storage units are available in the parking garage at $15 to $65 per month, and pets are welcome after an in-person interview at a fee of $1,000.

Abiitan is only 40% occupied but they anticipate it will be full within the next 12 to 18 months. For more information about its services and amenities, visit <http://abiitan.org/>.

Thereafter, Moison entertained questions from the audience during which he advised this type of product was demanded by residents living in the area who wanted services delivered to wherever they choose to live; they want to move in a place considered normal but have a healthcare safety net. They like it here and everything is within a walkable distance. There are a couple of this product on the East Coast and a couple on the West Coast, but this is a one-of-a-kind in the Midwest and they are trying it out to see how it works and what to do better next time.

A lot of the residents travel a lot, but they don’t do monthly rentals and refer those in need of short-term stays to The Depot.

1. **Closing Remarks**

Collison thanked Minn and Moison for their presentations and for hosting, Cathy Schmidt for her assistance in organizing, and the audience for attending. Then he reminded them of the next ETDG meeting on June 20th at Padilla. Thereafter, Moison gathered those wishing to tour Abiitan.