

# upper~harbor

**Implementation Strategies for Wealth Creation and Community Ownership**

Collaborative Planning Committee  
September 2, 2020

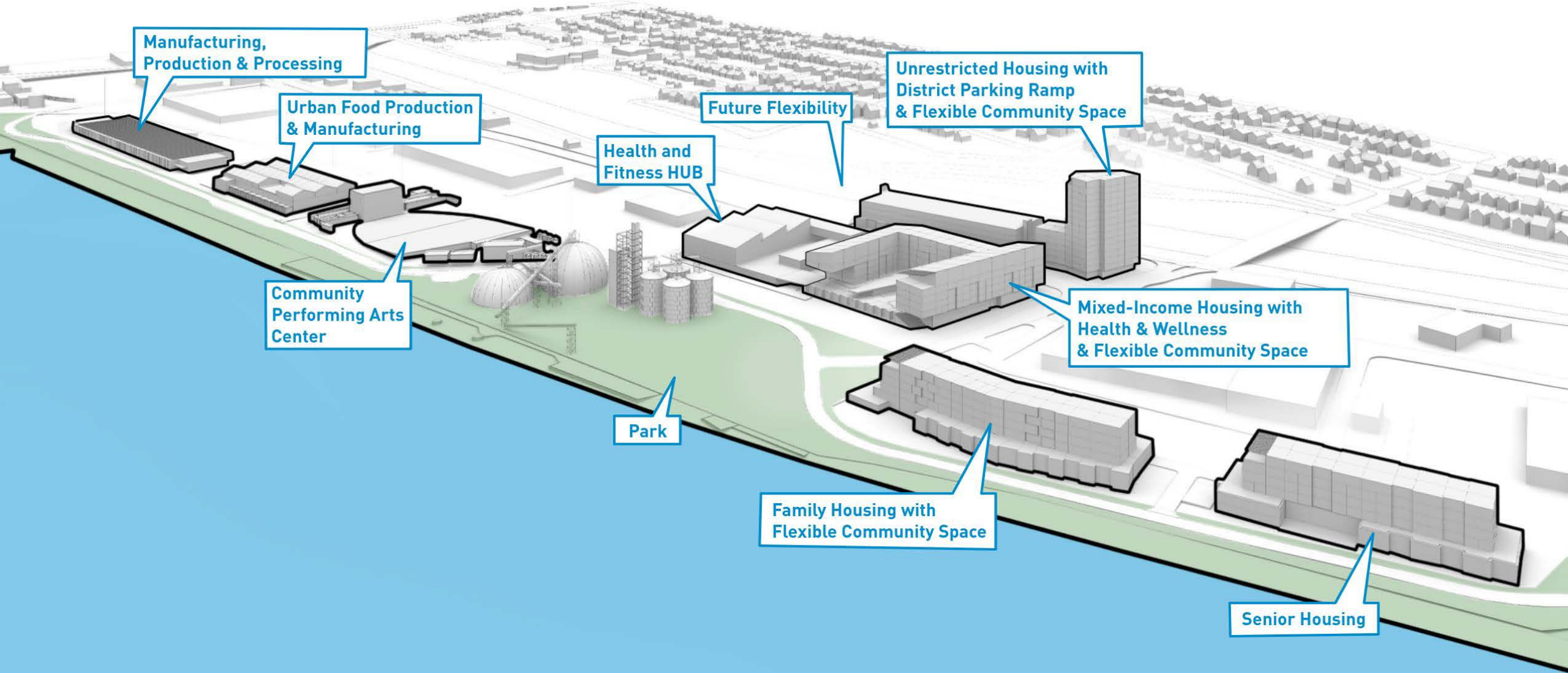
# Upper Harbor Terminal Equitable and Resilient Inclusive Development Matrix

## Key Value: Wealth Creation and Community Ownership

### Objectives:

- Housing and commercial ownership opportunities for people from Black, Indigenous, and People of Color communities in the Upper Harbor Terminal redevelopment
- Increased participation from entrepreneurs from Black, Indigenous, and People of Color communities in construction and service contracts
- Increase the number of Minneapolis-based businesses owned by Black, Indigenous, and People of Color; and increase businesses with Black, Indigenous, and People of Color ownership that are still in business after 5 years
- Income and racial inequalities are reduced through workforce agreements, high quality job opportunities, and careers pathways
- Land trust models are evaluated and implemented where feasible
- Commercial space is attainable and affordable to Black, Indigenous, and People of Color communities.
- Innovative community ownership models will be explored and implemented
- The site is designed to support wealth creation through the exploration and implementation of circular economy models
- Innovative solutions, such as an anaerobic digester, integrated utility hub, modular construction manufacturing, robotics, 3D printing, and biochar and/or similar solutions, directly benefit and employ job creation, wealth creation, community ownership strategies
- Revenues in energy generated from public infrastructure benefit the immediate community and public first
- Naturally occurring affordable housing and commercial stock is preserved in the UHT area

# Upper Harbor Terminal – Overall Site Program (Scenario 4)



# Ownership Opportunities

**Option 1: City Redevelopment Agreement** requires First Ave to charge ticket fee; Community Entity (CE) can decide what activities First Ave spends these fees on but CE cannot receive the funds directly. City can enforce agreement.

**Option 2: Community Benefits Agreement** with First Ave/UP and a neighborhood group; funds to go to Community Entity to support programs. City cannot enforce the CBA, but the CE has more control over the use of the funds.

City has Right to Purchase at FMV at end of compliance period

**Affordable Housing:**  
Owned in LLC by LIHTC Investor & Developer

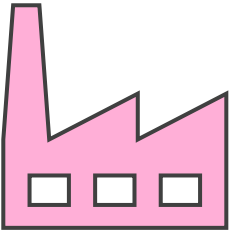


**Commercial Space**  
*Owned & Managed By \*Community Entity*

**Townhomes:**  
For sale, individual home owners/occupiers; perpetual affordability possible through Land Trust partnership



**HUB Space(s)**  
*Owned & Managed By \*Community Entity*



**Business Park/Production Buildings**  
Owned by Developer. Leasing will be consistent with financeable, commercially reasonable leasing practices.



Ticket Fee Proceeds (\$3/Ticket)

Operator: First Avenue

**City of Minneapolis**  
Master Leases Building, Controls Facility for Government Program for 62.5 years/Selects Operator

**OWNER OF RIVERFRONT: MPRB**




**OWNER OF DEVELOPMENT PARCELS: CITY OF MINNEAPOLIS**

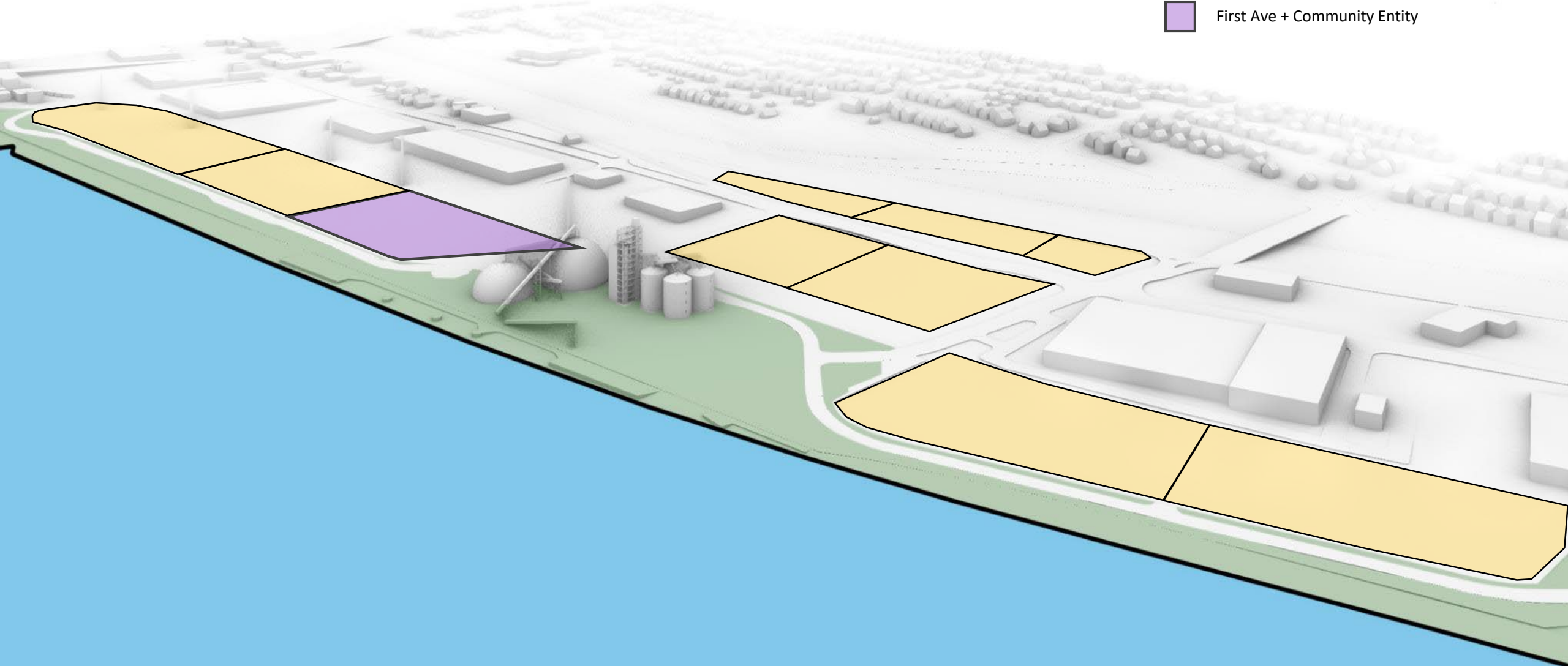
**FINANCEABLE (LONG-TERM) GROUND LEASES**

**OWNER OF MUSIC VENUE LAND: FA+CE**

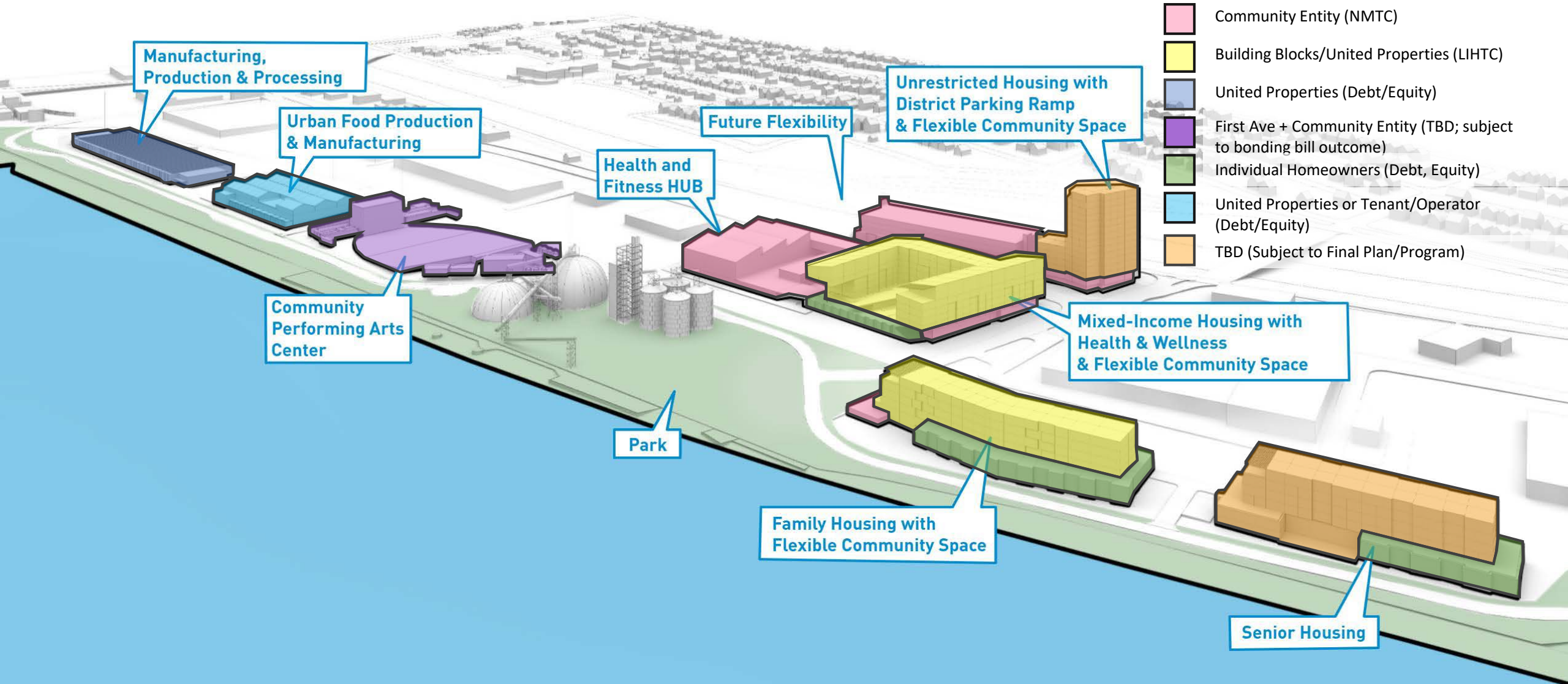
*\*Community Entity (CE) to be determined. Could be existing organization (ex. Building Blocks), new CDC, or other.*

# Proposed Land Ownership by Parcel

-  City of Minneapolis
-  Minneapolis Park & Recreation Board
-  First Ave + Community Entity



# Proposed Project Ownership (Primary Financing Strategy)



- Community Entity (NMTC)
- Building Blocks/United Properties (LIHTC)
- United Properties (Debt/Equity)
- First Ave + Community Entity (TBD; subject to bonding bill outcome)
- Individual Homeowners (Debt, Equity)
- United Properties or Tenant/Operator (Debt/Equity)
- TBD (Subject to Final Plan/Program)

# Role of a Community Entity

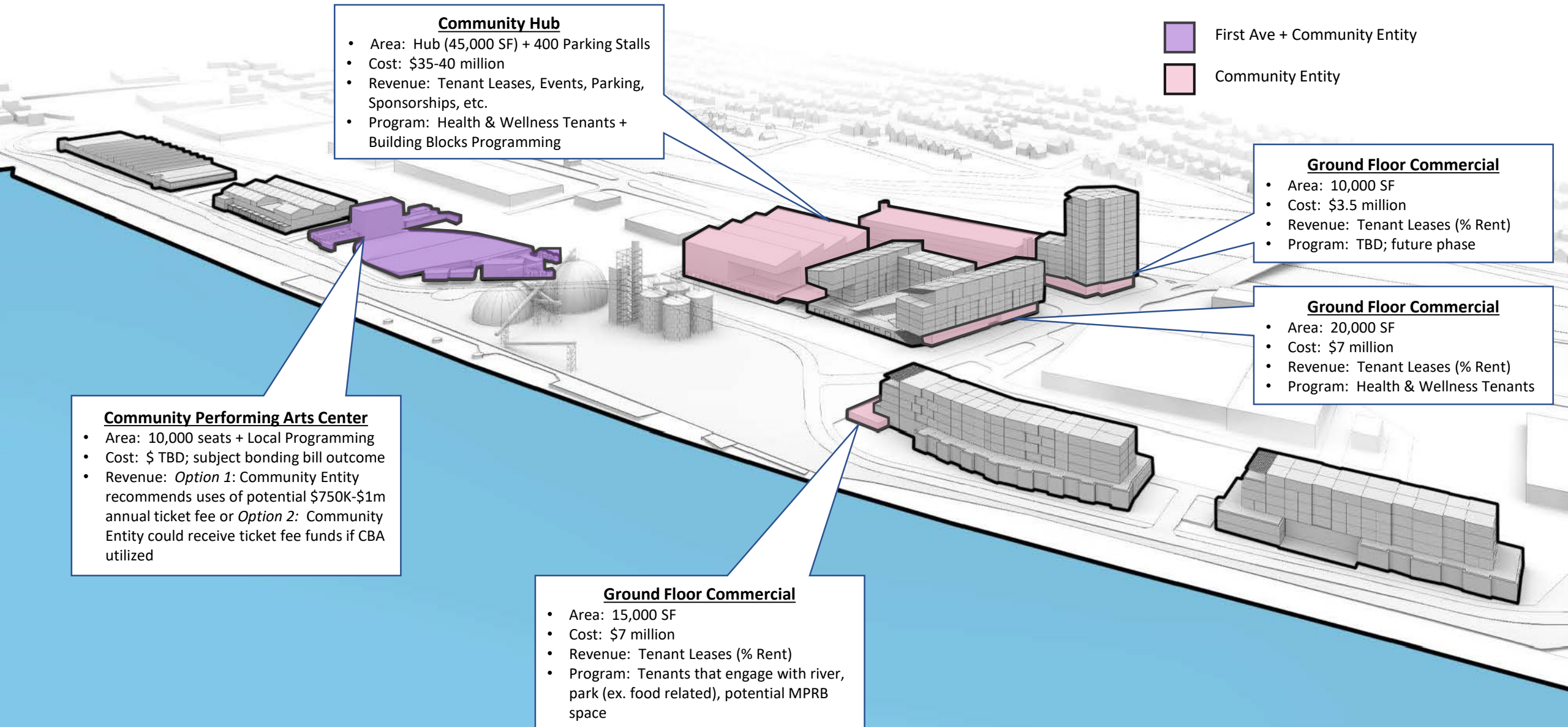
Community benefits of the Upper Harbor Terminal redevelopment assume future participation by a (*to be determined*) Community Entity (CE) or entities in the following roles:

- Ownership of the land under the Community Performing Arts Center (CPAC) in partnership with First Avenue (FA+CE)
- Either separately or in combination with the CPAC land ownership, the ability for the Community Entity to either
  - **Option 1:** Decide on the use of the ticket fees (fees would be required in a City Redevelopment Agreement)
  - **Option 2:** Receive the proceeds from the ticket fees (ticket fees are enforced through a Community Benefits Agreement (CBA))
- Potential ownership and/or operation of the Community Hub
- Potential ownership and/or operation of ground level commercial space
- Potential CBA for commitments that cannot be required or enforced by the City

*Discussion:* What is the role of the CPC in recommending entities?

(Any recommendation must comply with City Ethics Policy/Conflicts)

# Community Entity - Primary Real Estate Opportunities





# Community Ownership Roles & Opportunities

Role	Community Ownership Opportunity	Limitations/Risks	Recommendation/Outcome
CPAC Land Ownership	Ownership of the land under the CPAC, Community Entity in partnership with First Ave (FA+CE) which will be master leased to the City of Minneapolis.	Not involved in the master operator agreement between City of Minneapolis and First Avenue as operator.	FA + CE Ownership of the CPAC Parcel
CPAC	Local Management/Program Partner (FA+CE) Help shape community programming  <i>Option 1:</i> Community Entity would make recommendations on use of \$3/ticket fee proceeds or <i>Option 2:</i> Community Entity could receive ticket fee proceeds if a CBA is created between the Community Entity and Developer.	<ul style="list-style-type: none"> <li>• Ticket fee depends on receipt of State bonding.</li> <li>• Community Entity cannot receive ticket fee proceeds if fee is required by City Redevelopment Agreement. Community Entity can receive ticket proceeds if ticket fee is part of a CBA.</li> <li>• First Ave would need to be managing partner of FA+CE.</li> </ul>	RFP to Partner with a Community Entity (CE)
Community Hub	<ul style="list-style-type: none"> <li>• Create the Vision</li> <li>• Establish the Program/Strategic Partnerships</li> <li>• Management</li> </ul>	<ul style="list-style-type: none"> <li>• Must secure significant funding to build</li> <li>• Must fund operational shortfalls</li> <li>• Must work with Parcel 7/ramp timing</li> </ul>	Building Blocks (Lead Developer) + Partners
Ground Floor Commercial	<ul style="list-style-type: none"> <li>• Investor/Landlord of ground floor space</li> <li>• Develop programs to provide affordable &amp; attainable commercial space to BIPOC businesses</li> <li>• Establish program to achieve community goals, recruit &amp; support tenants</li> <li>• Opportunities for ongoing revenue through rents</li> <li>• Crowdfunding opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Guarantor of NMTC loan</li> <li>• Must secure significant funding to build</li> <li>• Must fund operational shortfalls</li> <li>• Must work with Building Blocks/United Properties and be able to meet timeline of Parcels 1B and 6A housing developments</li> </ul>	RFP to Partner with a Community Entity (CE)
Home Ownership	<ul style="list-style-type: none"> <li>• Investor/Occupier</li> <li>• Consider Perpetual Affordability through Local Community Land Trust</li> </ul>	Market conditions	Does the CPC want to recommend a land trust model to maintain affordability or traditional owner-occupied homes?

# Future Opportunities for Community Collaborations

Role	Collaborations	Needs/ Limitations	Recommendation/Outcome
Community Convener	Continued role to connect community resources & strategic partners to the Upper Harbor project: <ul style="list-style-type: none"> <li>• Small Business Resources</li> <li>• Supporting Organizations (i.e. NEON, MEDA, others)</li> <li>• Capacity Building (ex. Local CDFI)</li> <li>• Next phases of engagement</li> </ul>	Must work with developer within the proposed implementation plan timelines.	
Entrepreneur & Small Business Integration	Create a plan that prioritizes Ground Floor Commercial Space for Small/Local Business Opportunities  Provide business recruitment, lending and support to BIPOC entrepreneurs ensure success.	<ul style="list-style-type: none"> <li>• Developer must meet financial obligations (i.e. needs creditworthy tenants to meet bank obligations and ensure enough revenue available to pay mortgage)</li> <li>• Gap between North Minneapolis commercial rents &amp; rents required for new construction even with subsidies</li> </ul>	
Food Strategy & Tenancy	Individuals or organizations with experience developing and operating community food-based businesses to establish the vision for the UHT food strategies, tenant recommendations, and implementation plan.	Developer needs to meet financial obligations and will ultimately select tenants.	

# Community Hub Discussion

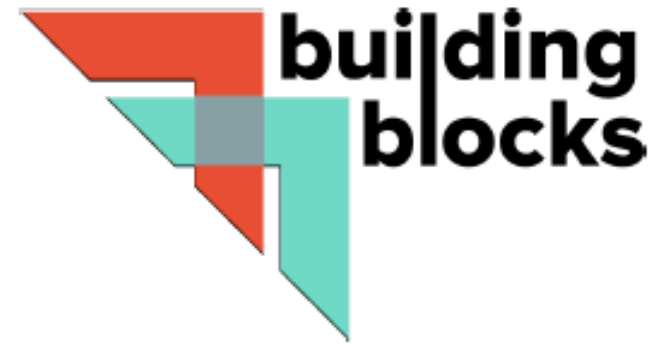
Vision

Program

Partners

Questions/Discussion

Next Steps



**GeorgeGroupNorth**