

Upper Harbor Terminal Collaborative Planning Committee Minutes

Adjourned Meeting
November 18, 2020 - 5:00 pm
Online Meeting

Members Present: Markella Smith (Chair), Jashan Eison, William "Bill" English, Tanessa Greene, Britt Howell, Mary Jamin Maguire, Channon Lemon, Melissa Newman, Alexis Pennie, Grace Rude, Courtney Schroeder, and Makeda Zulu-Gillespie (Quorum: 9)

Members Absent: Vanessa Willis (Chair), Gayle Smaller, and Princess Titus

Staff : Hilary Holmes

Call To Order

1. Roll Call.

Quorum Present

2. Adoption of the agenda.

Action Taken: Adopted

Moved: English. Second: Howell.

11 yay – 0 nay – 0 abstain

3. Acceptance of minutes

[Nov 14, 2020 Upper Harbor Terminal Collaborative Planning Committee](#)

Action Taken: Accepted as Amended

Amend 11/14 minutes agenda item #3 acceptance of minutes motion to read “Adopt minutes as amended...”

Moved: Rude. Second: Newman.

10 yay – 0 nay- 1 abstain (Eison)

Reports

4. City Update (Erik Hansen, City of Minneapolis)

Action Taken: No action taken

Unfinished Business

5. Continued Recommendation Points Discussion

[11-18-20 UHT CPC_ Updated Recommendation Points .pdf](#)

[11-14-20 UHT CPC Proposed Community Entity Process.pdf](#)

[2-22-20 UHT CPC Design Day Dot Voting Posters.pdf](#)

Action Taken: Continued to meeting of Dec 2, 2020

Joanna Hicks, Element, project manager consultant for City of Minneapolis, provided a summary of affordable housing options for Phase 2 parcels (1A & 7A) based on discussion from 11/14 Committee meeting, which addressed clarifications requested from Committee – overall site will be subject to the restated and amended Unified Housing Policy (UHP) of City of Minneapolis adopted August 1, 2020. This policy governs parcels that are City owned. Both phases will be considered large development project under the policy. Large development projects can meet the affordability requirement on a blended basis provided that the City is provided adequate assurances that the affordable units will be delivered, only buildings or phases that include at least 20% of units for rental and 10% of units for ownership will be considered eligible for City financial assistance. For Phase 1 both of the housing parcels exceed the affordability levels required by UHP and as shown in the housing charts Brandon Champeau (United Properties) presented, regardless of option chosen all of the affordability scenarios exceed the UHP across the overall site on a blended basis.

Ms. Hicks recapped the conversation per parcel (1A and 7A). Balance on n affordability and market rate units, in overall project to create mixed-income community as Committee has expressed support for, and what impacts of the decision on future ground lease revenue generated on housing parcels and what community can do with the ground lease revenue over the 99 years that the ground lease in in place to support wealth creation and anti-displacement and anti-gentrification initiatives.

Ms. Hicks presented 3 options per parcel and 3 combined options for Phase 2 that work for the development team, based on the conversation at the 11/14 Committee meeting. [11-18-20 UHT CPC Housing Affordability Options Phase 2 Detail](#)

Committee question what is the overall objective. Committee started out with mixed-income, mixed-use housing and had percentages that Committee was in agreement on, and Committee is talking about housing that is needed. Want to see Option C explored by current development team(s) and to be clear about what the timing would be for that. This project should not and cannot resolve all of the affordable housing issues in North Minneapolis and that was not Committee's original goal. The original goal was 1/3, 1/3, 1/3 and that is the overarching goal to be delivered in context of what is fundable, how developers can make that happen, and it achieves overall mixed-income, mixed-use that was originally intended. If it can't be funded for 5 or 6 years, then ought to consider if there is a better option.

Committee comment agree and need to look at this as a whole. The ground lease payments will directly impact what type of programming or assistance can be provided to stop gentrification, to help small business, to help with tax payments- the ground lease payment is going to help with those efforts and need to consider pros and cons of each option. When a decision is made

in one section of this plan it will directly affect other options on other part of the plan, and don't want to lose sight of the whole picture, lose sight of affordability and also don't want to lose sight of the mixed-income. While this one project can't fix all of the issues, but direction Committee is heading, is solving small portions of these really big problems.

Ms. Hicks noted all of the options presented hit the overall 1/3, 1/3, 1/3 goal across the whole site. The question had come up – if development trying to hit that in each building.

Committee comment if things are pushed out to Phase 2, then there are years that ground lease payments won't be received for these other efforts. Committee needs to consider amount of the ground lease payments and when these payments would be received for these other efforts.

Committee comment only issues/cons not just affordability and financing – also the dynamic of fully market rate building that is high rise and the implications of that.

Committee question about ability to compete for affordable housing funding. Committee response that Devean George is an affordable housing developer and was brought on because he does have affordable housing experience and a few locally.

Mr. Champeau confirmed this and that other local affordable housing developers have reached out, and that while they all have great credentials and experience, they don't bring the same thing to the table as Devean in this case – Devean is this right partner for United Properties on this project. Mr. Champeau responded to a question that they are not under contract – that Mr. George and Mr. Champeau agree that it does not make sense to get attorneys involved and negotiate a joint venture agreement when the Coordinated Plan is not yet approved and final documents and final costs aren't in, this would be tackled early 2021.

Committee comment would be helpful to understand how partnership would be in terms of competition for gap funding. And what if something happens to the partnership, where does that leave the project.

Mr. George responded to the gap funding question – it is a process, put together pro forma that tells what rents are affordable/what rents can charge, then construction number and then come up with the gap. Then the developer writes applications and figure out way to fill that gap through different sources from the State, other deferred loans, foundations or City of Minneapolis. The gap is competitive, so all developers with affordable housing projects are applying for those funds, making a compelling case for why the project needs these sources to fill the gap. The same dollars that Aeon or CommonBond, George North is going after too. Mr. George noted that all of his projects have been funded and that his story and applications are more compelling. Big developers and small developers are all submitting applications to the same funders, it all goes into the same pool.

Mr. Champeau and Mr. George are ok with including George North/Building Blocks as the affordable housing developer if that makes Committee more comfortable, since there is not a

formal deal done yet If for some reason the join venture doesn't work, then Mr. Champeau expects that Mr. George would take that on or take on another partner at that point, but Mr. Champeau doesn't think they need to go there – could list Mr. George as affordable housing developer and formal agreement will be worked out as part of the redevelopment agreement process and final approval.

Committee comment that for the pros/cons, the goal is to have mixed-income which would defray potential gentrification of market rate, also that buildings that are all affordable could concentrate poverty. There are pros & cons for both – if buildings are mixed income then less chance of gentrification effect but also don't want to concentrate poverty.

Committee comment the terms and conditions of building the affordable units would remain, regardless of if the United Properties and Mr. George partnership splits. They have to deliver on what was committed to the community.

Committee comment – The nature of this project has been tackling really challenging issues and trying to find innovation on behalf of our community. All the easy decisions were made a long time ago. We're talking about financing models that were built in a system that perpetuated gentrification and displacement. Challenge is to find solutions that made be limited, not widely used, or require more of this region to invest in a solution that prevents us from going the way of most metros in the country. If there aren't mixed-use or intentionally make sure that all income levels can be a part of this development even though it doesn't resolve every issue for North Minneapolis or our City it will contribute to a place where only affluent people can live. This is bigger than this project. We can find a way to find a model that will help resolve this affordability, or profit & loss challenge, so that people can have place & space and feel welcomed regardless of their income on this site. We're up against a timeline there is and will be a housing shortage in Minneapolis. Committee contribution and work here is to create models that others can emulate, and have asked for other models to be brought to the table to demonstrate how to have mixed-use affordable housing in this senior complex and for it to be profitable, or to ask regional partners to address the systemic issues that got us here in the first place and help us close the gaps.

Committee comment reiterate that any decision made on these options for Phase 2 directly affect decisions made on the rest of the project.

Mr. Champeau noted that the estimates for ground lease payments over the 99 years as shown did not include inflation – ground leases will have an annual inflation. In a ground lease structure the owners of the building make payments every year, so rather than buying the land would make an annual payment to continue to own the building that's on that land. So those payments will increase with inflation every year. That is the power of these ground lease payment going back into a community fund, especially if accounting for inflation.

Committee note that the document that outlined what the ground lease payments can be used for should be considered as part of this conversation. Ms. Hicks noted that the

ownership/ground lease graphic had this info and is on page 26 of the 10-28-20 Draft Coordinated Plan, also 10-21-20 Community Entity Opportunities and Roles document. Committee comment that Wells Fargo has set up a multi-million dollar fund to help mitigate some of the damages they have done to North Minneapolis, and there are a lot of corporate headquarters around here and asking them to weigh in and mitigate some of the disparities they have created.

Committee comment – this is a complex problem, but if there was market rate and affordable housing that were in separate buildings. How does that look and feel for the project - have there actually been detrimental effects or are there studies or informed opinions outside of the optics and gut instinct, for a high tower of market rate overlooking affordable, even if that affordable is overlooking the most beautiful river in the country. That is one piece of information would still like to get.

Committee question – understand the power dynamic, but if we're supposed to be targeting our own people to take on those market rate apartments, it's important for our youth and our other generation regardless of age, to see that. Right now all that is on the river is affordable, so how do we mix in the market rate? There will have to be a compromise of some sort, and need to figure out where that compromise is going to be. This one development is not going to solve all of the issues.

Committee comment should go as high as possible in the high-rise by the freeway since it's the farthest away from the river, it's a good place to have something tall with good views, and would people pay market rate. Mr. Champeau responded that the development will create a new community on the river here with access to the park and great views.

Committee comment that this has been discussed and answered and voted on and the Committee is still at a stand still and need to come to an agreement and some terms because we can't keep prolonging this. Would Committee prefer to have 7A be affordable and have the rich people be on the river, and haven't discussed 7B which was proposed as flexible, perhaps more affordable building could be built on 7B and adjacent to 7A that would be market rate. It's not going to fix and resolve every housing situation we have, but we have to get to a place where we agree on it and maximize as much as we can and increase the density level in all of these spaces. Get to a place where we can get together and build as a community.

Committee comment doesn't think the Committee has made a decision on Phase 2 that was the decision was left on the table. Cannot in good conscience vote in favor of that, and surprised Committee can't see economic power dynamic that would be setting up, we don't have assurances from City yet if we're able to prioritize ADOS communities within BIPOC community within the affordable housing. We aren't going to get that from the City in market rate housing. Agree we don't get to see this in the North side very often because those with higher incomes have left. We haven't tested the market and that's a lot of units that have to be filled. Would be setting up a negative situation, a segregated community. Only understood until recently the challenge of financing a mixed-income building. We do need to compromise, but we won't have

any control over who moves into that market rate building. This is not a good look for gentrification, and can't compromise on this and push for community to have much larger voice in this process.

Committee comment to push back on that. There are 8% of units that would still be affordable, would be majority market rate. And if there is still another site that could be affordable next to it – if we're pushing for less apartments in general a mixed-income medium density building on the freeway will hurt us in the long run when we think about what we can do with these ground lease payments, and there is so much we can do in North Minneapolis with those funds. There's so much we can do to disrupt gentrification if we use those funds wisely.

Committee comment it is important to be creative but understand what the pros & cons are. In regards to mixed-income in a building it's not really done, and what we're doing is already a really innovative project. There is a lot of research of mixed-income buildings standing by themselves or mixed-income neighborhood that have evolved but not a purposeful development. Important qualities for multiple buildings – management really matters and could be addressed by community entity role, resources and amenities matter like the Hub and the businesses that are there, and design really matters. Could the Draft Coordinated Plan have a couple of options in it to address this, and maybe include in public comment. It does not seem necessary to have it mixed-income in every single building, but to work as a mixed-income community across several buildings.

Committee comment, if we go back to the beginning of the project and what the park, venue and united properties were going to receive the big push back was ownership of land, the big question was not about financing. Now we've flipped the script and its going to be leased and there is a n opportunity for the community to own the land, and now it's all a question of funds. We can't have everything. If United Properties is still listening, where the money comes from for what we're requesting. We're not coming to the table with our checkbooks and the City is doing what they can, but they can do more. As a community we're getting to continue to own this land and now we're picking apart the housing and we know that there's not funding to support it. Knowing that other affordable housing is coming close to UHT, would Committee feel comfortable allowing some market rate to be there know that affordability is coming with other projects? It's taking care of our community, bringing more housing and not pushing our people out.

Committee comment that we're not against market rate housing, but against the way we're setting it up. Open to compromising but not hearing anyone mitigating these issues. There has to be room in here to be creative so we can mitigate these potential issues. Good point was raised to have community be a part of that if its not going to delay the project too much more. Want to hear solutions about how it's addressed rather than an either/or.

Committee comment want to think out of the box, but want to suggest pulling in foreclosed properties- housing and vacant land – to make sure people can have home ownership. People had to move out of North from the tornado and want to come back, and know people that make

more than \$150,000 and want to move back in to be closer to their relatives. There are many Black folks at many income levels that would like to come home. Use Hennepin County since they also assisted in taking homes from Black folks.

Committee comment that not all Black folks are coming back to North at the income level they left – if putting in all this affordable housing that might be pushing people out. The tornado was 10 years ago and people can grow a lot financially in that time. Yes, understand there are a lot of low income, and a lot that aren't considered low income that are Black and would like to be part of this development.

Committee comment there needs to be a creative way to give preference to people from displaced cultures and communities need to figure out a way to do that. And regarding the park that is a small amount and a lot of us were looking for more. The greenspace along the river is important so that there's access to the river no matter where you live.

Committee comment appreciate conversation even though feeling constraints on time of Draft Coordinated Plan and get development up and running, this is really what we're here for. Want to set historical context, the reason that ADOS don't have the money to buy this land is because of 400 years of working land and not being allowed to own land or being paid fair wages and want to alleviate all of us of the burden of the fact that there has been systemic racism we have all been traumatized and disenfranchised and few of us can present a check has nothing to do with the community but the systemic racism that was the founding and creation of American wealth. And every time African Americans have accessed an opportunity we rise to the occasion we do have people that are affluent and we have people that have the ability to live in the market rate housing, but our fight is not for the people that have access and the opportunity is to look at the land development holistically we are building land and building up high rise apartments condos and great spaces in the Twin Cities metro without this conversation every taking place. There are hundreds of housing units where affordable housing won't even be considered. Our fight is for this particular plot of 48 acres to try to help create a model that can be deployed throughout the region and nationally and don't want us to carry the burden of the oppression and racism that put us in this situation but to hold our heads up high and understand that we have wealth when given the opportunity to create wealth and that is what this conversation is about and it is complex and no one is saying that this conversation is about either/or, we are trying to find a model that allows access an opportunity for all whatever that blend is.

Committee comment that we need to find common ground and create the opportunity for people to live and grow and play and work.

Committee comment within this one development we'll have at least 65% that's affordable, that would only be 35% market rate, how are we not hitting all the bases, with 20% of the units at 30% AMI that's huge. And having affordable units on the river that is a huge win. We have in the first phase affordable units that are affordable to Northside residents we are the first ones in and the first ones on the river. We've already made that recommendation if that's not good

enough than I don't know what is. Don't want to forget that the high rise will directly impact the ground lease payments and the businesses that are there.

Committee comment we need to do market rate that's not the issue. How do we mitigate for gentrification.

Committee comment important to keep all of these things in perspective, make sure that the housing addresses the needs of the community and make sure it is not causing any harm to the riverfront but making it a net positive for the river and for the park. Not sure the money can from the ground lease can be used to confront gentrification head on when the same finance models are being used that have perpetuated gentrification, since we don't have assurances from the City to prioritize ADOS, and the benefits that will materialize. Density does not equal affordable housing and make sure that this project does not set a bad precedent along the riverfront.

Motion to propose an affordability strategy for Phase 2 with Option B on Parcel 1A and option C on Parcel 7A.

Moved: Pennie

Second: Maguire

1 yay – 10 nay – 0 abstain

Motion did not pass.

Motion to We recommend that United Properties contract with an ADOS realtor to help fill the rental and ownership housing, with a record of “over outreaching” people who have been displaced.

Moved: Zulu-Gillespie

Friendly Amendment: Lemon

Second: Smith

10 yay – 0 nay – 0 abstain

Mr. Champeau restated the ownership options proposed are 1A= 6 townhomes, 1B= 15 townhomes, 6A= 17 townhomes and Parcel 7A= 15 townhomes. All would be ownership options and affordability strategy to pursue partnership with organizations that can provide perpetual affordability or down payment assistance, and mix of those units would be affordable and market rate.

Committee comment that ground lease payments could go towards down payment assistance. When we talk about that much of a fund there is so much we can do, it could change the game. We're not doing the Northside justice if we're not pushing for the bigger ground lease payments. Townhome ownership is creating wealth. Having enough people in the high rise building to help businesses to create wealth.

Committee comment that talked earlier about having a chart for affordability options that puts every housing unit and ground lease payments and ownership implications. Have also asked City and developer to bring back models from 11/14 meeting.

Ms. Holmes noted that next scheduled meeting date is 12/2, and schedule is for Committee to recommend release of Draft Plan for public comment at this meeting, updated Draft (from 10/28 working draft) to be sent out with meeting packet.

Committee comment pushing amount of time for public comment period, we need to be mindful that this process cannot go on forever, and mindful we are having very robust conversations. Black and ADOS Northsiders will benefit from this but can't benefit from it if we don't make decisions, and they can't benefit from it if we prolong this process to the point that this development is not financially feasible for anyone.

Committee comment the housing options chart requested will help. Does anything preclude Draft Plan going for public comment with a Plan that's not 100%, when we know public comment could augment and change what we create in the end. Go to community with a Plan that is 70% vetted and 30% directional and Committee continues the work.

Ms. Hicks suggested that in the Implementation section for Phase 2 housing to lay out the options that are being considered and note that there is not a consensus and include what the Committee has expressed.

Committee comment to confirm that with this whole Plan we are aiming for 65% affordable with all of the scenarios. (Mr. Champeau confirmed that is with 1A and 7A as market rate.) This is a concrete way we can achieve mixed-income and have a direct benefit to community for having that market rate there.

Committee comment there was a chart already created from March 11th – if that could be updated to be reflective of the 65% affordable. Regarding the Mapping Community Benefits document can the property tax cap be added, it needs to be included, and this needs County and State involvement. UHT will be the purpose of this property tax increases. City has been working on rental caps around the city.

Ms. Hicks stated the benefits are the same titles that are in the documents about the redevelopment agreements attached to this meeting agenda (agenda item #6). Suggestion that for recommendations that are outside of what the developer can negotiate with the City can land in the foreword. Perhaps a recommendation for how ground lease payments would be used.

6. Proposed Community Benefits

[11-14-20 UHT CPC Proposed Community Benefits in Future UHT Agreements.pdf](#)

[11-14-20 UHT CPC DRAFT City-Developer Community Benefits-Housing Parcels.pdf](#)

[11-14-20 UHT CPC DRAFT City-Developer Community Benefits-Jobs Parcels.pdf](#)

[11-14-20 UHT CPC DRAFT City-Developer Community Benefits-CPAC.pdf](#)

Action Taken: Continued to meeting of Dec 2, 2020

Adjournment 7:46pm

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Next Upper Harbor Terminal Collaborative Planning Committee meeting: Dec 2, 2020

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