

Minutes of the

MEETING OF THE LAND USE ADVISORY COMMITTEE

Thursday, January 21, 2021

Committee Members Present:

Phillip Klein, Gerald Bruner, Dan Roe, Chair Wendy Wulff, Noah Keller, Karl Drotning, Kathi Hemken, Jennifer Geisler, Steve Morris, Mark Nelson, Suado Abdi, Trista Matascastillo, Courtney Schroeder, April Graves

Committee Members Absent:

Jonathan Bottema, Kathi Mocol, Mitra Jalali Nelson, Vince Workman

CALL TO ORDER

Chair Wulff called the WebEx meeting of the Council's Land Use Advisory Committee to order at 4:02 p.m. on Thursday, January 21, 2021.

APPROVAL OF THE AGENDA

Chair Wulff asked for a consensus to approve the January 21, 2021 agenda. The agenda was approved.

APPROVAL OF THE MINUTES

Chair Wulff asked for a motion to approve the November 19, 2020 minutes. It was motioned by Klein and seconded by Hemken to approve the minutes.

Secretary Dingle performed a roll call vote:

Ayes: 9 (Bruner, Geisler, Hemken, Keller, Klein, Matascastillo, Morris, Roe, Wulff)

Nays: 0

Abstain: 2 – Nelson, Schroeder

The minutes were approved.

BUSINESS

Appointment of Vice Chair – Wendy Wulff

Wulff stated, in accordance with the Bylaws of the Metropolitan Land Use Advisory Committee (Article II - Membership, B. Officers, 2. Committee Vice Chair), the Committee Chair shall name a Vice Chair from among the Committee members. The Land Use Advisory Committee must approve the Vice Chair.

Chair Wulff stated she would like to appointment Phillip Klein as the Vice Chair for 2021.

It was motioned by Geisler and seconded by Hemken to recommend that the Land Use Advisory Committee (LUAC) approve the appointment of Phillip Klein as the Committee's Vice Chair for 2021.

Secretary Dingle performed a roll call vote:

Ayes: 13 (Abdi, Bruner, Drotning, Geisler, Hemken, Keller, Klein, Matascastillo, Morris, Nelson, Roe, Schroeder, Wulff)

Nays: 0

Abstain: 0

The motion was approved.

INFORMATION

Urban Land Institute (ULI) Minnesota Navigating Your Competitive Future Developers Panel – Cathy Bennett, ULI Minnesota, and Angela Torres, Local Planning Assistance

Torres explained the purpose of today's discussion, outlined in the materials provided, and introduced Cathy Bennett from Urban Land Institute (ULI) of Minnesota.

Bennett stated she would moderate the panel and gave a quick introduction of ULI and the guest panel for today's discussion (biographies included in the materials). Developers who participated in the panel were as follows:

- Cecile Bedor, CommonBond
- Colleen Carey, The Cornerstone Group
- Sam Newberg, CBRE
- Nawal Noor, Noor Companies

Bennett noted that questions are welcome throughout the discussion.

Each panelist gave a little background on themselves.

Bennett directed her first question at Carey and asked how are developers responding in relation to the pandemic, and how do you believe the committee should be reviewing their policies on land use as they invest in infrastructure.

Carey discussed how to move forward with the pandemic, climate change, racism, etc. She stated cities are going to need to be more flexible as there is a lot of change on the way. She discussed folks who are working from home and will want to keep doing so. With the increase in productivity companies are seeing with teleworking, she feels it will be continued to some degree. They are seeing a need for changes to housing demands and better broadband. She feels office space is going to be downsized and also sees changes to uses of empty office space as well as retail space. One thing that hasn't changed is the need for affordable housing. She discussed the need to relook at single-use zoning districts. She also discussed changes to infrastructure needs and the coming of driverless cars, which will change parking needs. Carey also talked about the need for more walking/biking paths and discussed equity in all of these changes.

Bedor discussed the shifting of market demands that are going to require shifts in the market for cities and the Met Council. She discussed affordable housing needs and affordable technology needs. She discussed mass transit, which is needed by so many, however, so many others are working from home that demand overall is down and it's not sustainable.

Bennett read a question in the chat from **Matascastillo** - Our current transit infrastructure is car-centric, how do we think about infrastructure serving people who aren't working from home (often lower income)? Could prioritizing transit-dependent and multi-modal systems they use combined with climate equity launch us into a more equitable infrastructure.

Noor discussed distinction between urban and suburban and also communities of color versus white communities. She discussed clean air and asked, how do we create modes of transit with clean energy and also equitable.

Bennett turned the discussion to market trends and what we are seeing.

Newberg noted a lot of things were trending before Covid, i.e., Best Buy renovating half of their stores due to online shopping. He stated in downtown Minneapolis 10-15% of office workers are in the office. He will be surprised to see how much office space will be freed up going forward. He asked if this could be converted to affordable housing. On a more global perspective, the Twin Cities will be in a good position overall regarding higher education and parks, etc.

Bennett discussed affordable housing and asked about increased support. She also asked if there were any recommendations on increased access in equitable access.

Bedor asked about the debt level of some of the vacated office space. She stated there is more support for affordable housing from a financial standpoint, however, not from a neighborhood perspective. She noted that Woodbury has a housing task force to work on this. She stated at the Capitol there is more attention that could lead to more resources for affordable housing. She stated there's a lot of effort around housing trust funds. She discussed the high cost of lumber right now. She also discussed the NIMBY (not in my backyard) that is a continued challenge that won't go away and is really challenging for elected officials. The need continues to increase in terms of Met Council, and she asked if they can get together as a cohort to align priorities. She discussed funding sources and the complexities of meeting goals.

Bennett discussed smaller companies and difficulties with higher costs.

Noor discussed investments needed for pre-development dollars in affordable housing and noted every year it gets more complex.

Bedor discussed complex applications and who can answer those questions.

Noor added that every real estate developer requires an attorney, which adds to pre-development costs.

Bennett discussed the Met Council's goal of advancing racial equity and asked, what are the challenges?

Noor stated every community should be built on a foundation of equity. She discussed racial disparities and the two biggest obstacles. Access to capital when most minority and female-owned businesses don't get the investment. Also lack of collateral. She stated that less than 1% of developers are women or persons of color. She asked, where do we go from here? She discussed working on meeting the needs of African Americans needing 3-4 bedrooms. The gap is much larger. She noted we need to think about how to change the application process to make our projects fundable. She suggested points for equity. She asked, how do we think about equity with a different lense?

Bennett asked for questions from the Committee.

Matascastillo thanked the panel and stated as a Ramsey County Commissioner and head of the HRA, it's exciting. She asked if there are any quicker solutions. She added they often have so few resources and asked, how do we do this on the local level and how do we get the Met Council on the same page?

Carey stated there's a number of things to help developers, however, there's a lot of risk involved. She stated if the process was more streamlined and less risky, that would help. She noted projects take three years, and that's a long time to put money out there. She asked how can we speed the process up. She also discussed NIMBY (not in my backyard) and stated this is another risk. This is another place we could eliminate risk. She summarized, help with upfront cash, speeding up timelines, and getting support from cities would be beneficial. She noted mixed-income projects can help with neighborhood opposition.

Bedor discussed a project (mixed use) that had only one investor because it was viewed as too risky. She agreed that the risk problem is a really important one.

Noor added that any public agency funding projects have inclusion goals, however, they require bonding and very few small companies have the equity to do this. She asked if bonding is required, could a capital fund be made to help with this?

Bruner stated his experience with government projects is that 20% is spent with engineering, architecture, etc. He asked, what percent is spent before the dirt is moved? He also asked, are lots of agencies, too many?

Carey stated architecture fees are about 4%, however, 20% could be spent before the shovel is in the ground and may include soil study, market study, earnest money, etc.

Bruner agreed but just feels 20% before starting is high. He also asked, are prices of government projects higher than private entities?

Bedor noted that once the shovel is in the ground it's all for construction. Regarding costing more for government projects, it sometimes can cost more, however, there are some contractors that may not do as good of a job. She discussed wage theft and noted that you get what you pay for.

Wulff noted a NIMBYism question in the chat.

Carey discussed the challenges with NIMBYism. She discussed making a plan for housing goals and setting the table to get the type of development they want.

Wulff added that in Lakeville, 20 years ago, there was a lot of discussion around affordable housing and the good track record with good development.

Drotning discussed a recent project that was tabled at the City Council level due to three neighbors that abutted the property.

Roe noted they made sure they were thoughtful about affordable housing in their comprehensive plan and that zoning was appropriate, etc. Putting it in place ahead of time makes it easier for developers.

Bedor agreed and discussed flexibility needed from cities. She added if even one variance is needed, it has to go through the Planning Commission and Council and then this is when NIMBYisms come in and can block a project.

Hemken stated they asked a developer to bring in the management company so they could ask questions and have the public ask how things will be handled. They found that to be very helpful.

Noor stated cities need to have standards but believes affordable housing needs to be mixed use. She discussed the need to think about what we want our cities to look like in 20-30 years. A lot of seniors live in apartment that are stacked (20 stories) and discussed isolation. She stated we need to think about future development.

Graves discussed an opportunity site in Brooklyn Center that has been in the works for over 6 years. She discussed the perception that engagement hasn't been diverse enough. Her frustration is that there are some that don't want it to move forward and asked for tips or assessment tools to address concerns.

Bennett stated that ULI does have a Technical Assist Panel that could evaluate the Master Plan. She noted that they are constantly looking at ways to engage people.

Bedor stated Ryan Companies did an amazing job with the Ford site. She suggested looking at what they did and how they did it.

Wulff asked the panel, what do you wish land use decision makers knew?

Carey stated she would go back to the risk part of the equation. She doesn't feel cities know the risk involved for developers and they would love to work with cities.

Bedor responded, streamlining a process – five meetings to make a change is too much. She added, parking requirements that are reasonable and that development is viewed as an asset.

Newberg stated the best intention land use plan doesn't include control of property – that's always a wild card. This is where quality zone code comes in.

Bennett discussed a developers proforma workshop in the hopes that this will help to educate on risks and what it takes to put developments together. She also noted trying to shift the idea behind investments. It's not a subsidy, it's an investment in their future.

Matascastillo stated she has heard from nonprofit developers that banks are requiring more collateral. She asked, could counties cosign? She stated they have good credit but not so much money.

Bedor suggested doing a letter of credit that might unleash some capitol.

Matascastillo discussed new developers or female developers and how to help.

Carey discussed pre-development loans that helped her get started. She didn't think they were still available, but something along these lines.

Bedor agree that this was great. She stated LISK, a national organization, is one but something local would be great.

Noor stated there are no bad ideas. She suggested counties could go to the Legislature to get a bond to create a fund like this and added that every city and county has investment dollars.

Beard discussed the Met Council doubling the amount of predevelopment fund.

Wulff thanked the panelists for all of their feedback.

Bennett stated ULI has the capacity to do this type of workshop with cities and appreciates all of the comments.

Travel Behavior Inventory Household Survey Results and Follow-up Survey on Covid-19 Effects
– Ashley Asmus, Metropolitan Transportation Services

Chair Wulff suggested moving this topic to a future meeting due to the time.

ADJOURNMENT

Business completed the meeting adjourned at 6:00 p.m.

Respectfully submitted,

Sandi Dingle
Recording Secretary