



# Influences and Economics of Urban Planning

**G**reen connections

**R**evue generation

**O**ur future community

**W**ork where you play



ULI Meeting  
June 20 - 23

JLL  
Metropolitan Design Center  
Minneapolis Downtown Council



# Confluences and Influences

*Global Warming*

*Water and Food in the Midwest*

*User vs. Developer Driven Market*

*Urban Focus with Millennials*

*Rapid Transit*

*Sustainable Solutions*

*Equity and Health*

*Cool Factor*

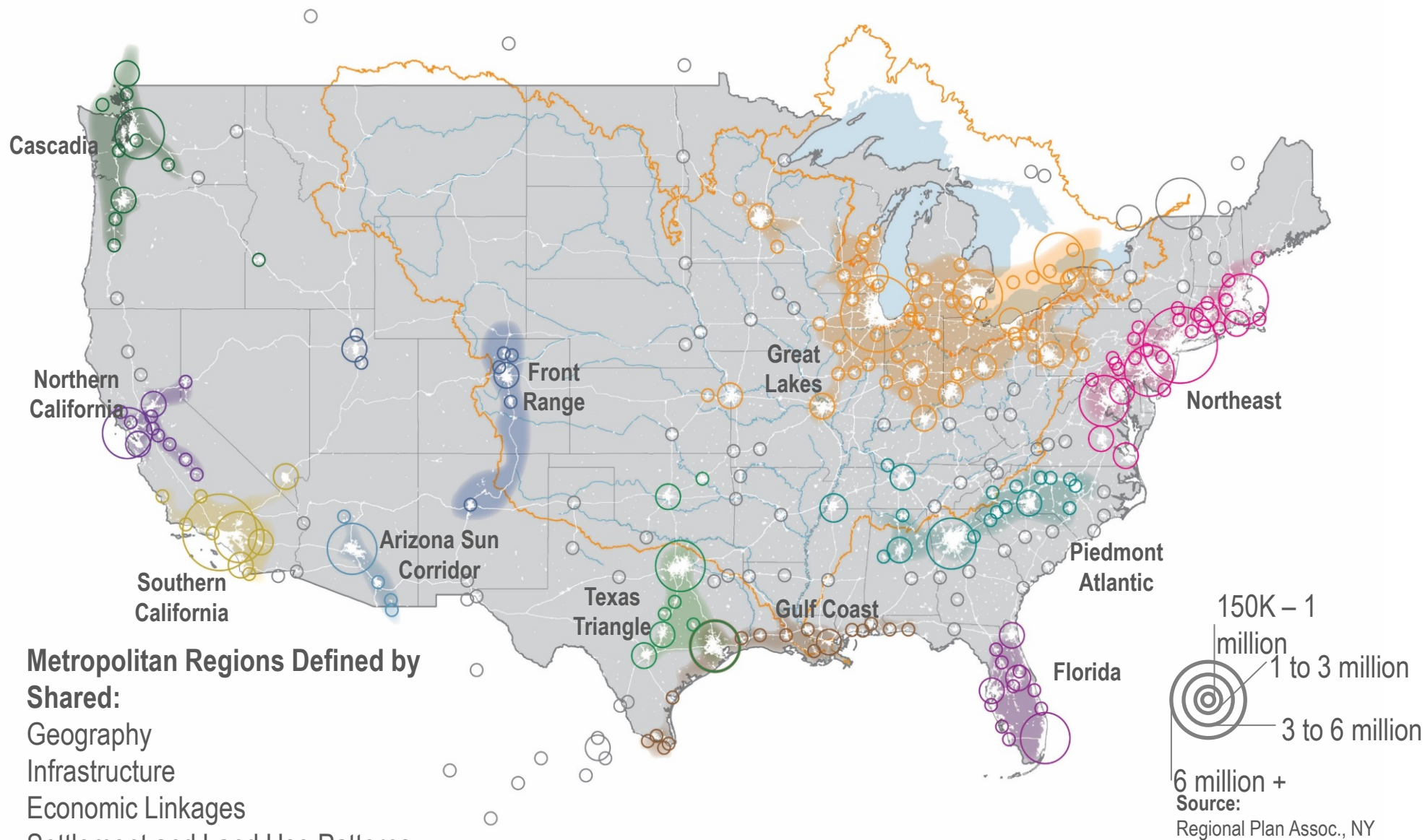


# Forces Shaping Our Future – Ready or Not

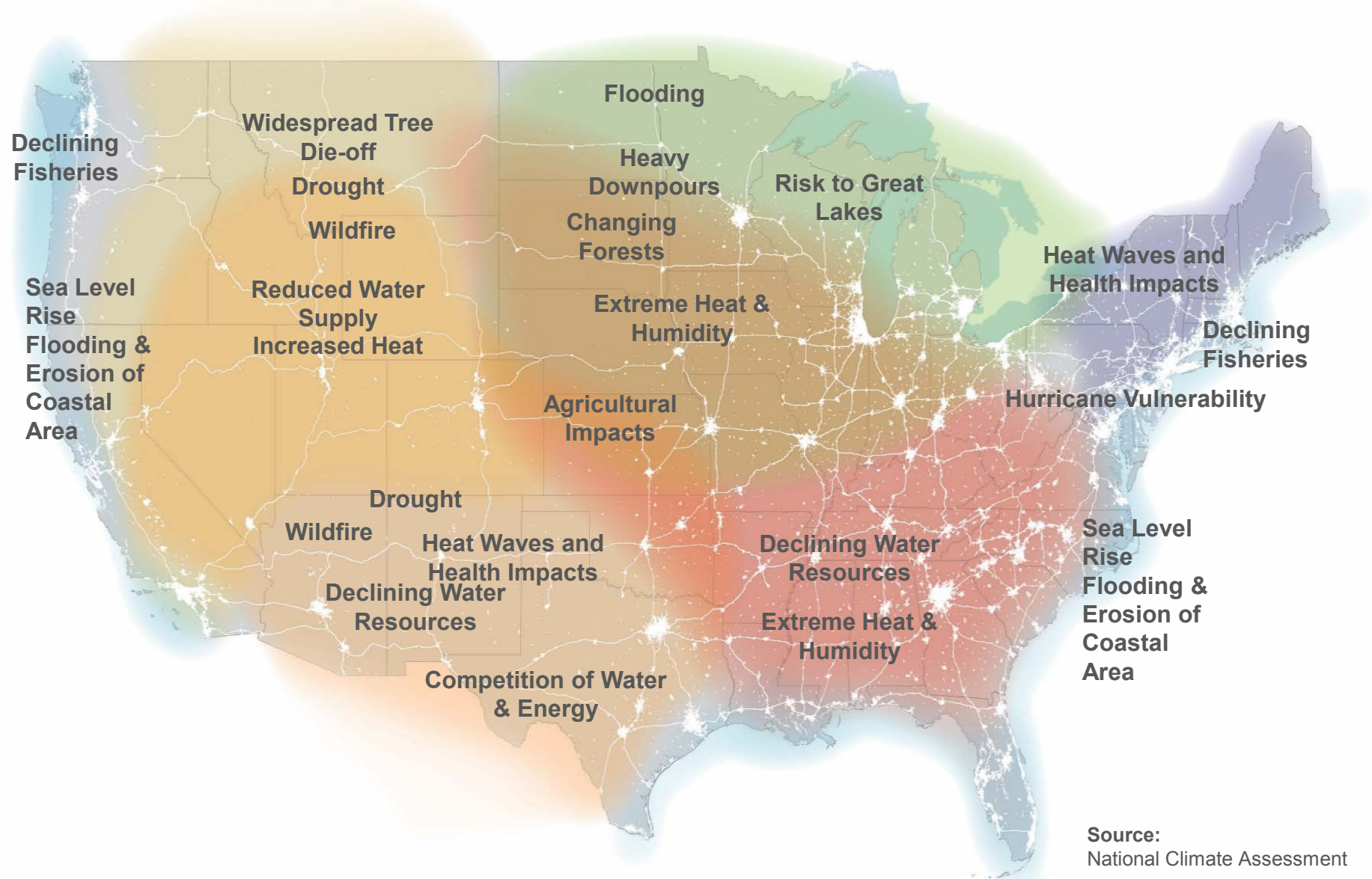
- US Cities trending towards mega regions based on similar characteristics.
  - Great Lakes most populous and largest mega region, and it sits almost exclusively in the watershed of our nation's greatest water resources.
  - Share economic/social conditions with similar urban contexts (e.g. post-industrial cities on river), we have a comparative set of urban strategies.
- Climate change, water scarcity and rising oceans likely will force population growth in Great Lakes
- California grows most of nation's produce, what happens without water?
- Millennial migration back to urban areas, reliance on public transportation
- Equity



# Emerging Mega-regions



# Future Climate Impacts



# Western Drought



## “It’s Not Just A California Drought Problem, It’s A Problem With Our Whole Food System”

In 2014, some 500,000 acres of farmland lay fallow in California, costing the state’s agriculture industry \$1.5 billion in revenue and 17,000 seasonal and part time jobs. Experts believe the total acreage of fallowed farmland could double in 2015 — and that news has people across the country thinking about food security.

<http://thinkprogress.org/climate/2015/05/05/3646965/california-drought-and-agriculture-explainer/>[4/14/2016 9:02:59 PM]

- Manufacturers are getting their usage capped to 2013 levels
- Farmers making more on water rights than growing crops



# Major Demographic Forces

## **Metropolitan Feel has a Millennial Appeal – 24% of the Population**

- 77 million Strong ages 18 – 36:
  - Prefer Cities to Suburbs
  - Subways to Driveways
  - Living in urban areas at a higher rate than any other generation

## **Drive Change as they Age - Baby Boomers – 24% of the Population**

- 77 million Strong ages 49 – 67:
  - Downsize the Enterprise
  - Home is near the Healthcare

***Both prefer to live in mixed use communities found in urban centers, where they can be close to shops, restaurants and offices***

Source: <http://www.nielsen.com/us/en/insights/news/2014/millennials-prefer-cities-to-suburbs-subways-to-driveways.html>



# Envision – A Multi-Cultural Venue Serving Many Purposes

- Strategic Economic Development
- Connectedness
- Equity
- Health
- Transportation
- Sustainability



## **Master Plan the area with input from residents, stakeholders and public leaders.**

Master plan for the site concentrates on sustainability, design, accessibility for vehicular, transit, bicycle and pedestrian connections, and an open community process.



## **Seek to be a sustainable new development in an urban context.**

The vital components of a sustainable design are not limited to buildings and site work but consider impacts to the broader community context. The goal of a sustainability is threefold – to reduce pollution, conserve energy and resources and to enhance natural and human systems.



## **Transformative**

It will not only reconnect these communities, but it also will act as a catalyst for economic development throughout the Twin Cities creating a cultural venue, community, equity and create job, economic and wealth building opportunities for its residents.





# Sustainability

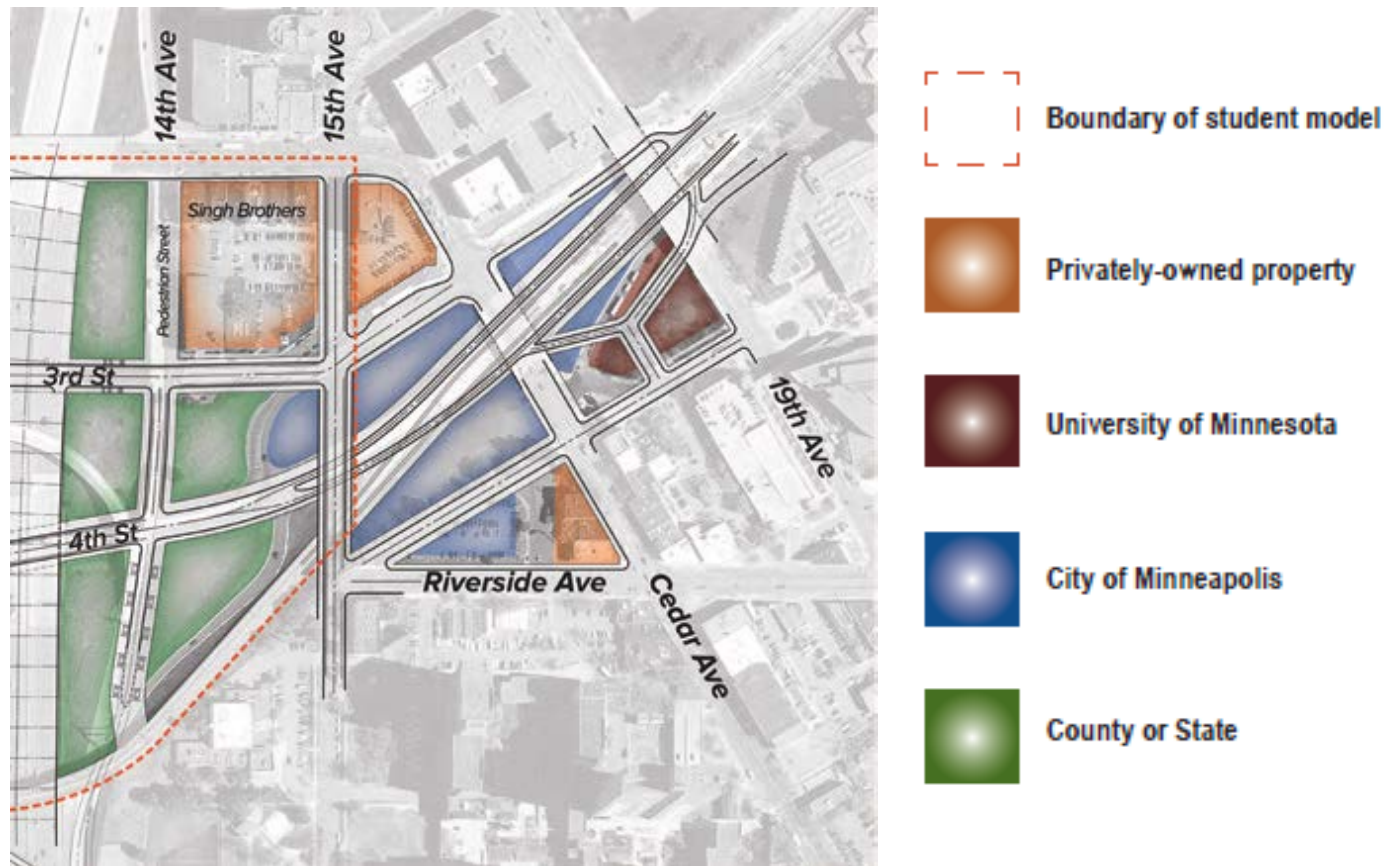


- Utilize unparalleled LEED strategies and technologies.
- Aim to achieve LEED – Neighborhood Development (ND) designation
- Design and implement sustainability best practices
  - **Energy:** Exploring alternative energy concepts such as central energy plant and geo - thermal
  - **Water Management:** Focusing on integration of sustainable storm-water management techniques to reduce rainwater runoff
  - **Transportation:** Implementing best practices for reduced vehicular and increased pedestrian traffic flow
  - **Materials:** Identifying sustainable materials for use in the construction of infrastructure and buildings with a focus on regionally produced materials



# Generates Incremental Tax Revenue

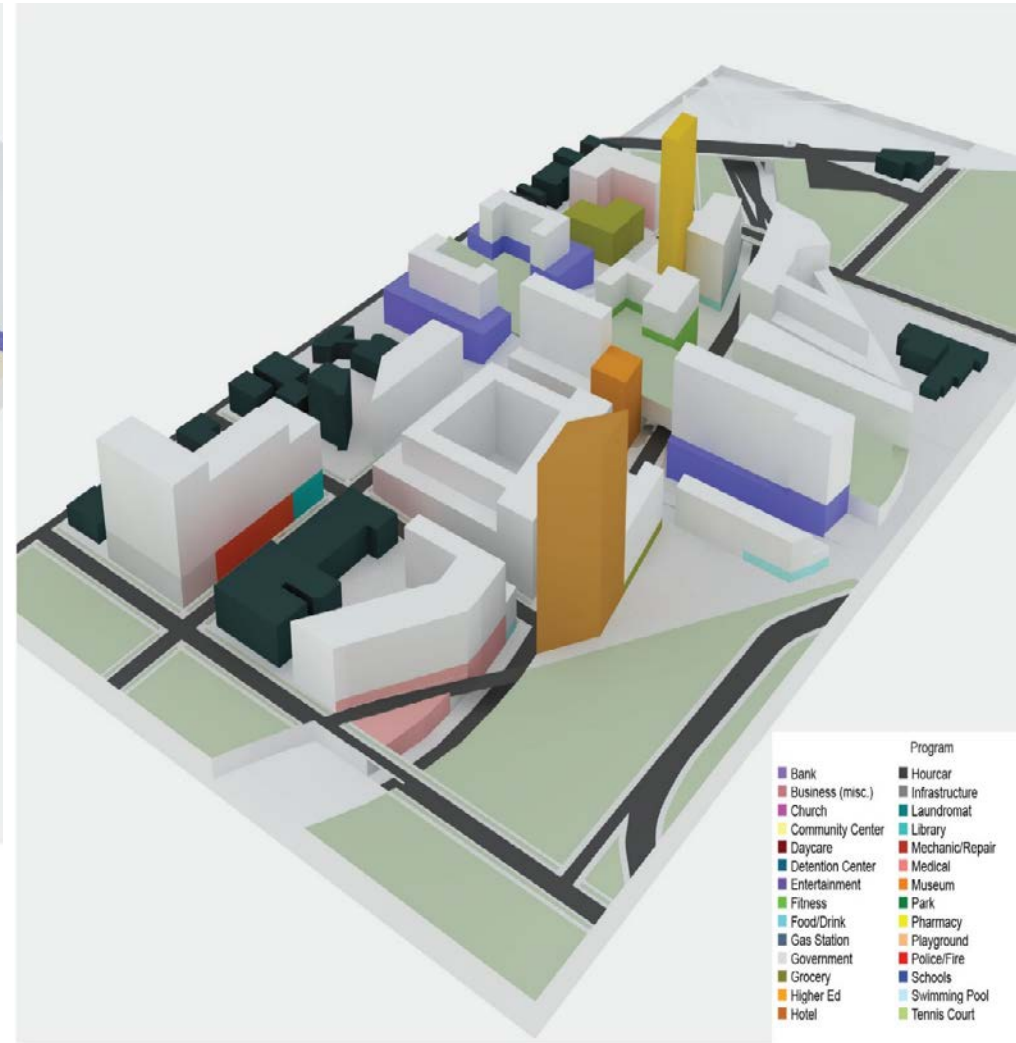
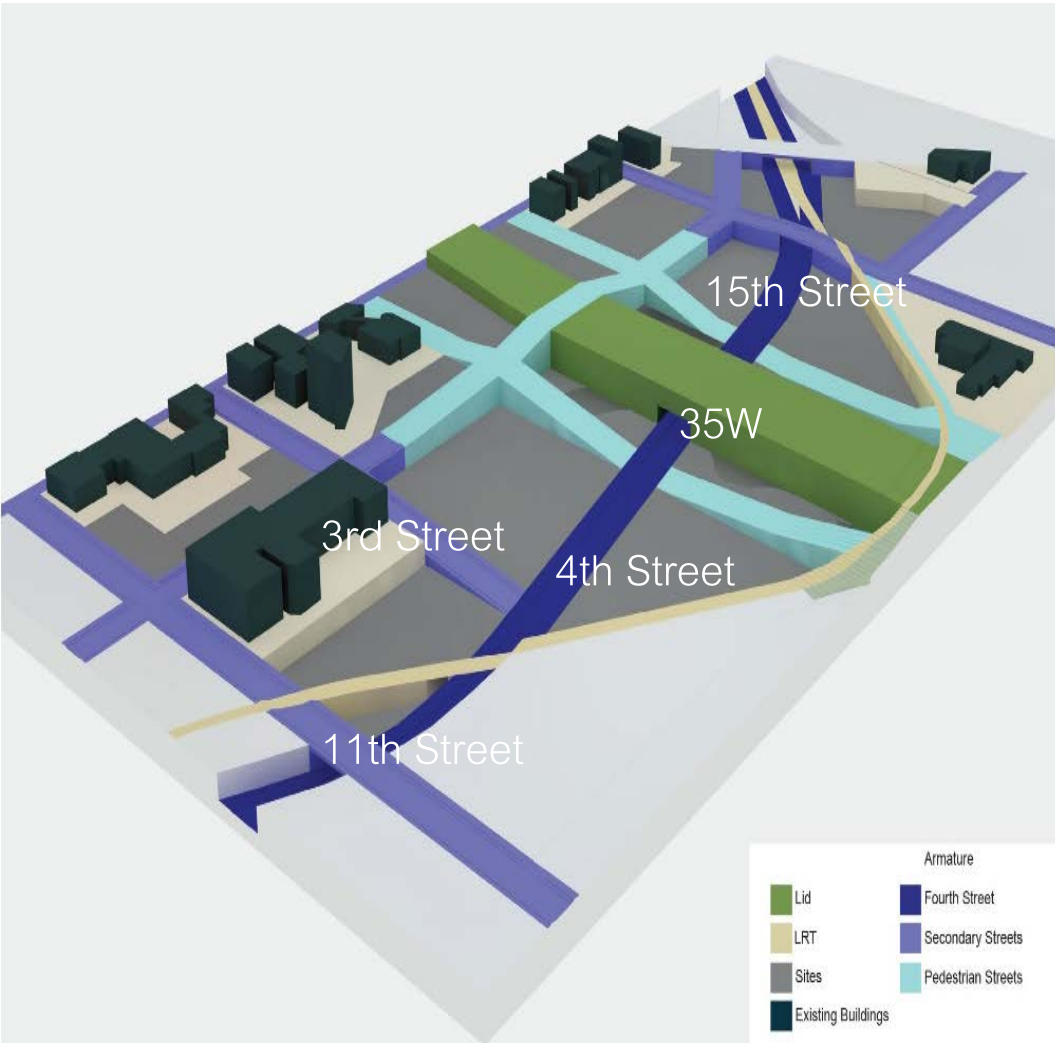
- Current property over I-35 off the tax roles – Simple to Acquire



# Generates New Tax Review

## Concept

## Program Model

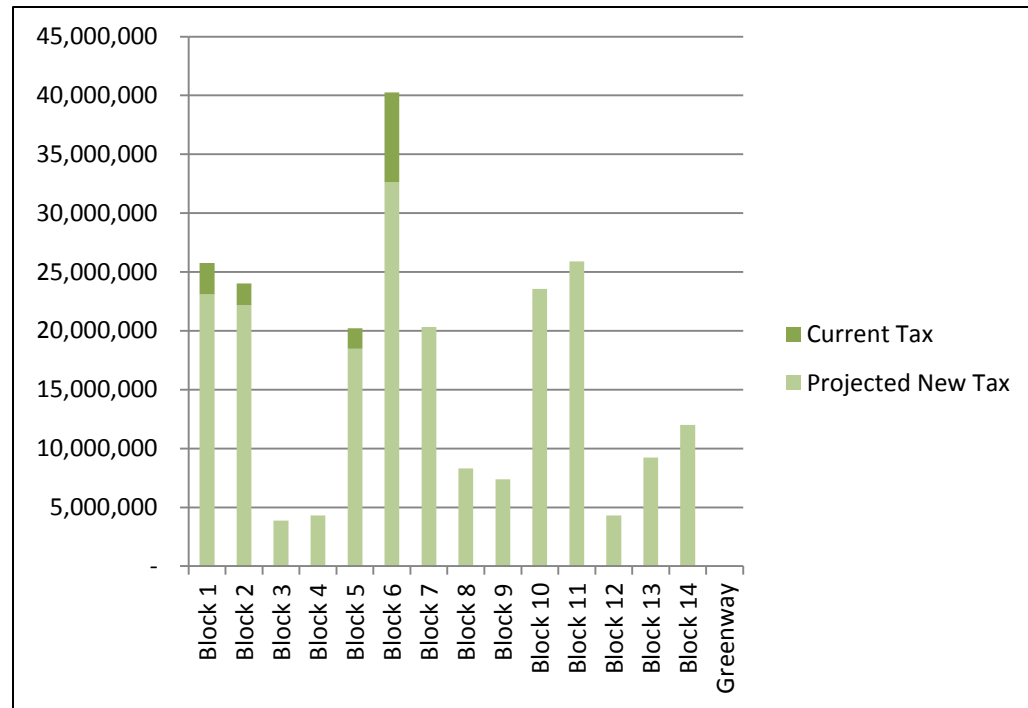


# Generates New Tax Revenues: 35W

## 10 Year Incremental Property Tax Revenue: \$215 Million

- Constructing New Buildings Generates Additional Tax Revenues
- These Revenues Provide Additional Resources for the City, County, Schools, and State to Serve its Citizens
- Not included Are The Increase In Nearby Property Values Not Contemplated In The Model

	Projected New Tax	Current Tax
Block 1	23,097,339	2,664,857
Block 2	22,173,445	1,853,739
Block 3	3,881,367	-
Block 4	4,312,630	-
Block 5	18,477,871	1,746,976
Block 6	32,650,844	7,596,111
Block 7	20,325,658	-
Block 8	8,315,042	-
Block 9	7,391,148	-
Block 10	23,572,762	-
Block 11	25,911,488	-
Block 12	4,312,630	-
Block 13	9,238,936	-
Block 14	12,010,616	-
Greenway	-	-
<b>Total</b>	<b>215,671,778</b>	<b>13,861,684</b>

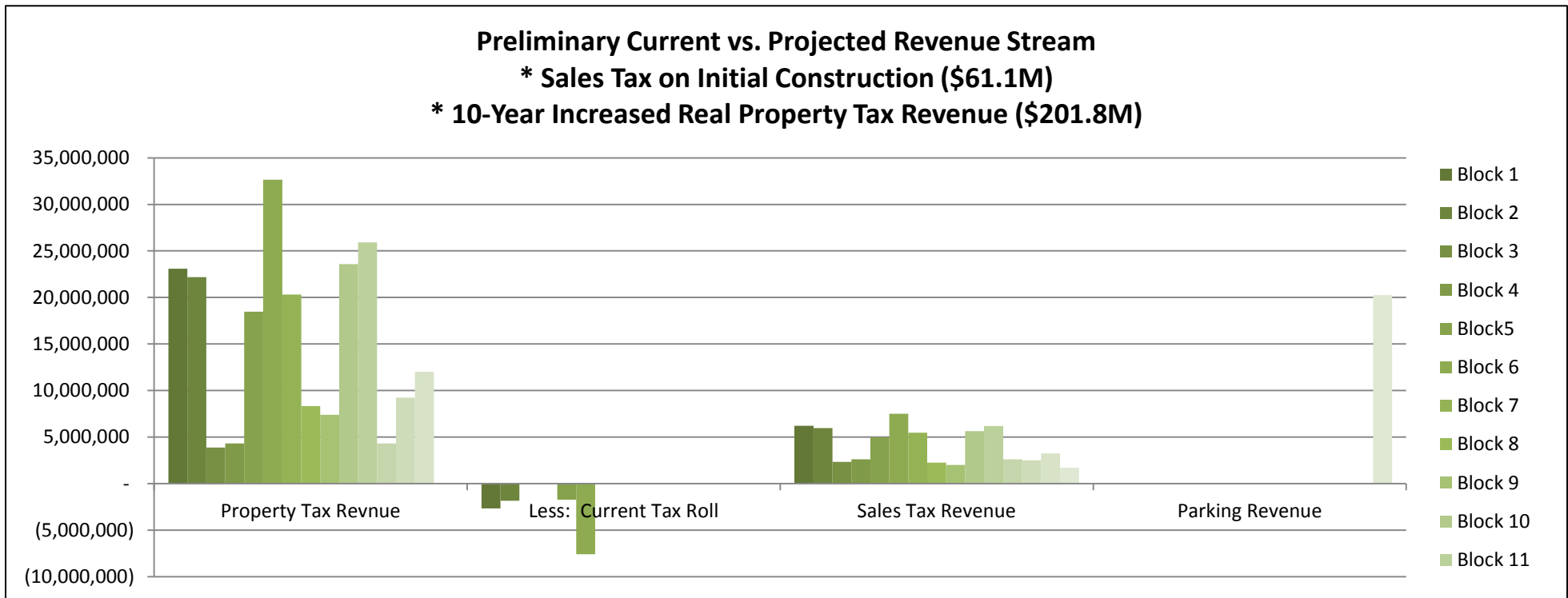


According to CSL, the economic activity from a new stadium will generate over \$26 million per year in tax revenue and over \$145 million in direct spending by Vikings fans inside the State of Minnesota



# Generates New Tax Revenues: 35W

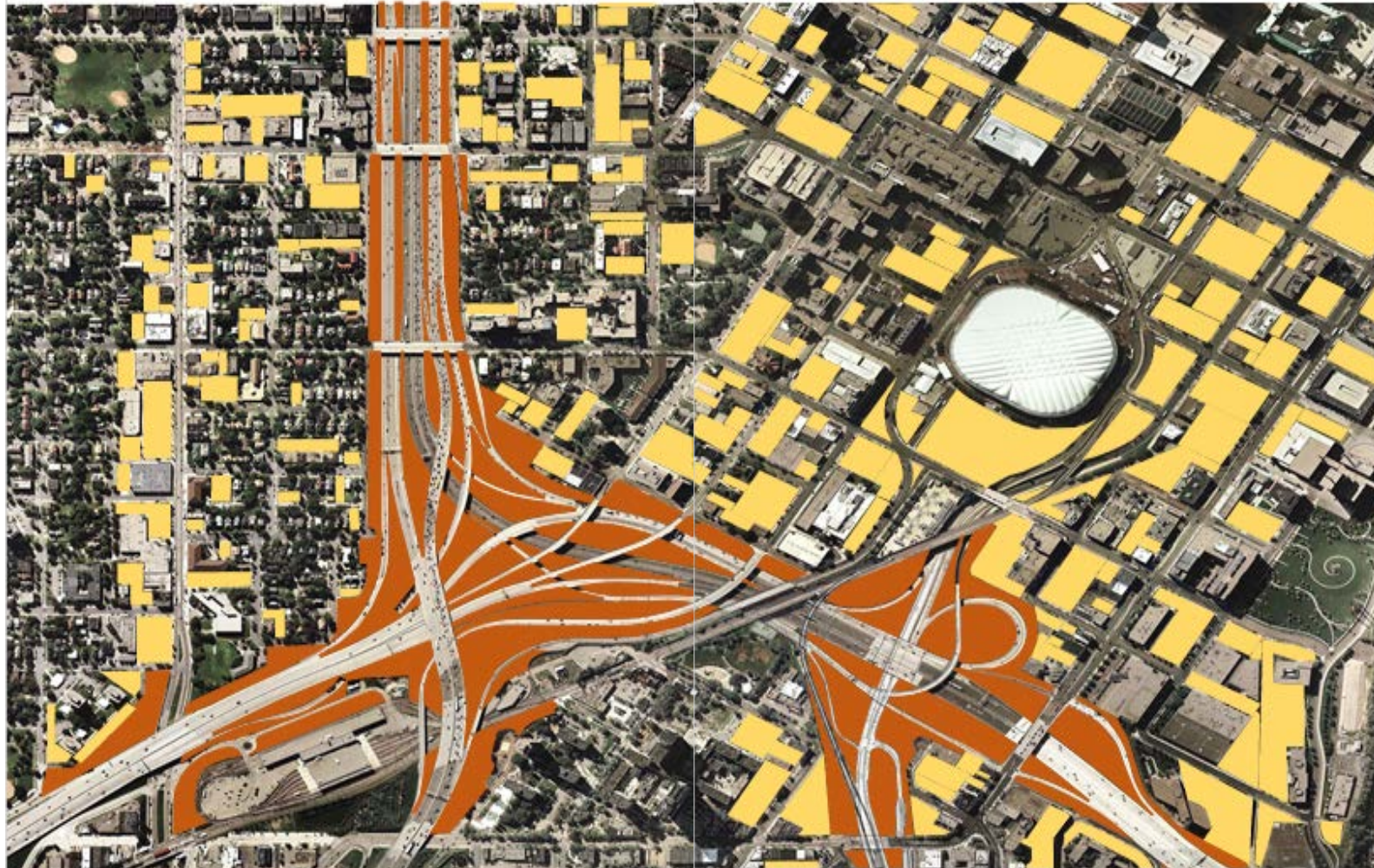
Estimated Incremental Tax Summary by Parcel – Incremental \$263M Over Ten Years





➤ Analysis Includes Both Increased Property and Sales Tax Revenues Generated From the Construction of Buildings In The Proposed Model



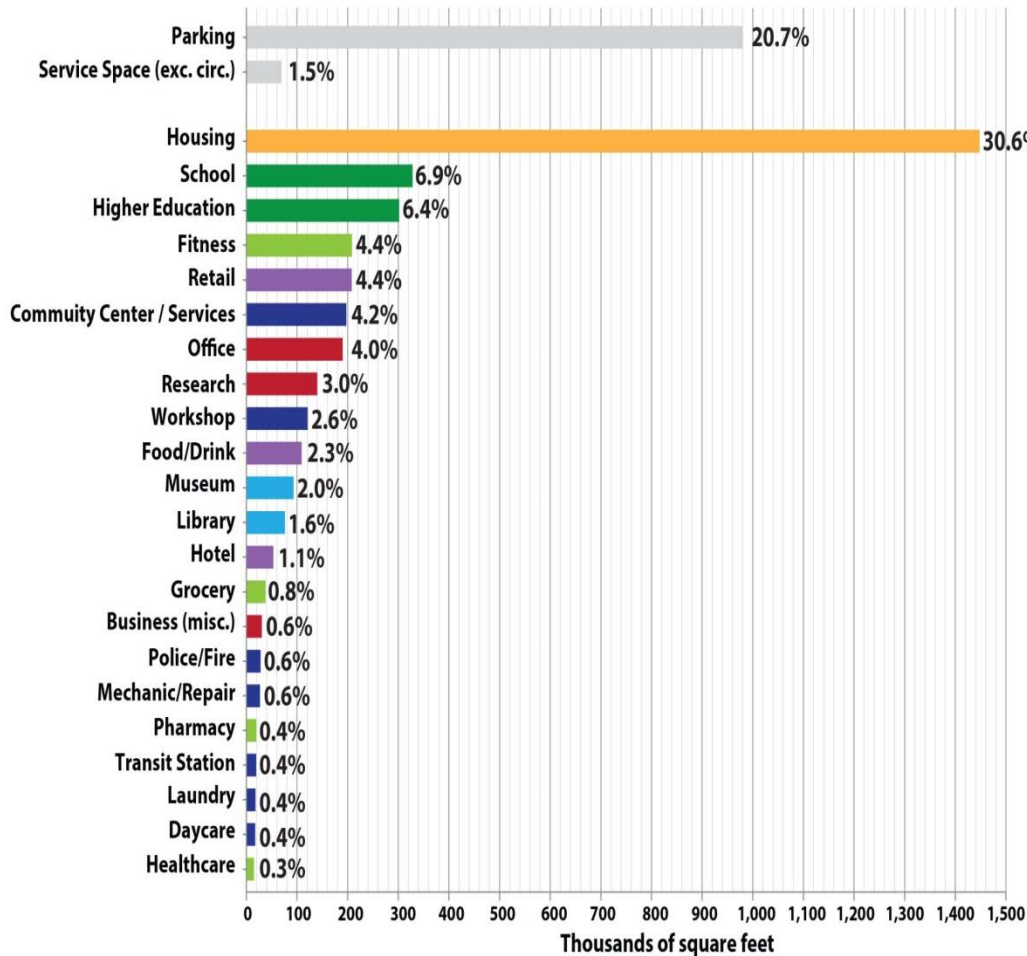
# Underutilized Land + Parking Lots



-  Parking Lots
-  Underutilized Land

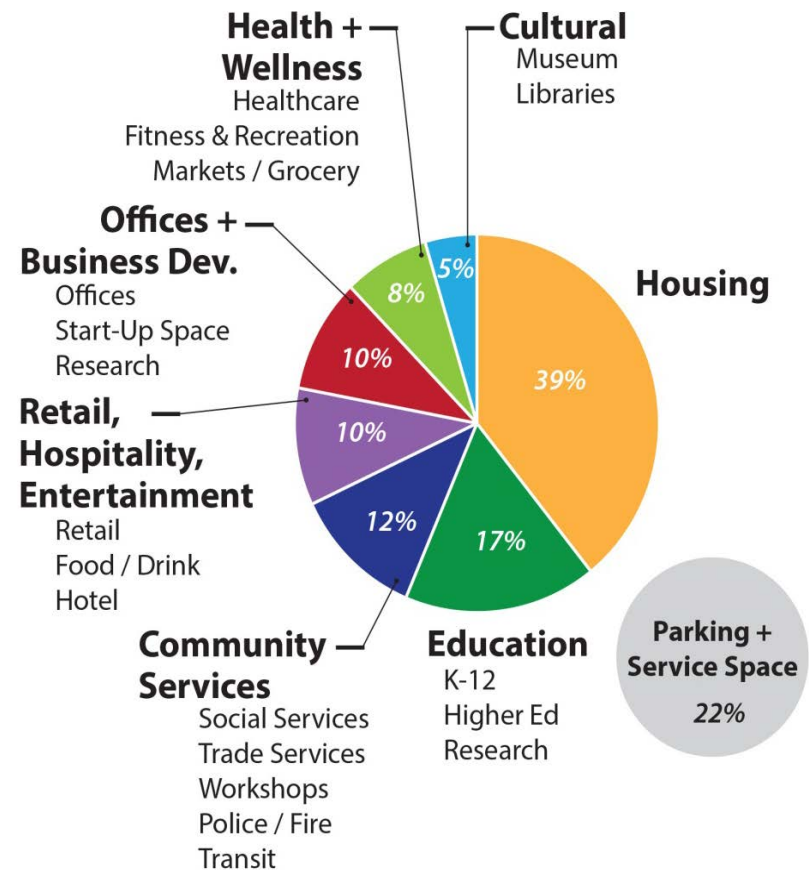


# Fall 2013 35W Lid Development Outcomes



**4.8 million SF Total Development**

Commercial: 1.3 million SF  
 Residential: 3.2 Million SF  
 Institutional: 0.3 million SF



# Generates New Tax Revenues: Nicollet



## Legend

- = Phase I
- = Phase II
- = Phase III



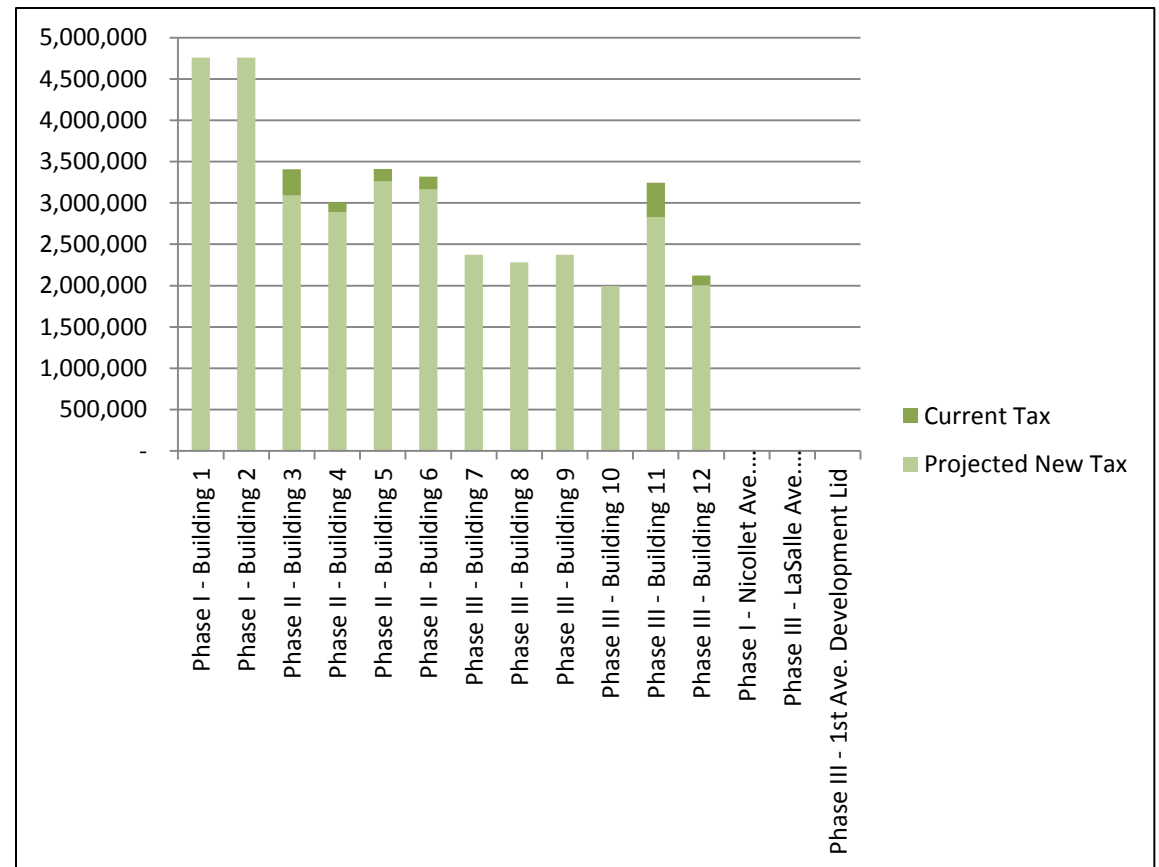


# Generates New Tax Revenues: Nicollet

## 10 Year Incremental Property Tax Revenue: \$35 Million

- Constructing New Buildings Generates Additional Tax Revenues
- These Revenues Provide Additional Resources for the City, County, Schools, and State to Serve its Citizens
- Not included Are The Increase In Nearby Property Values Not Contemplated In The Model

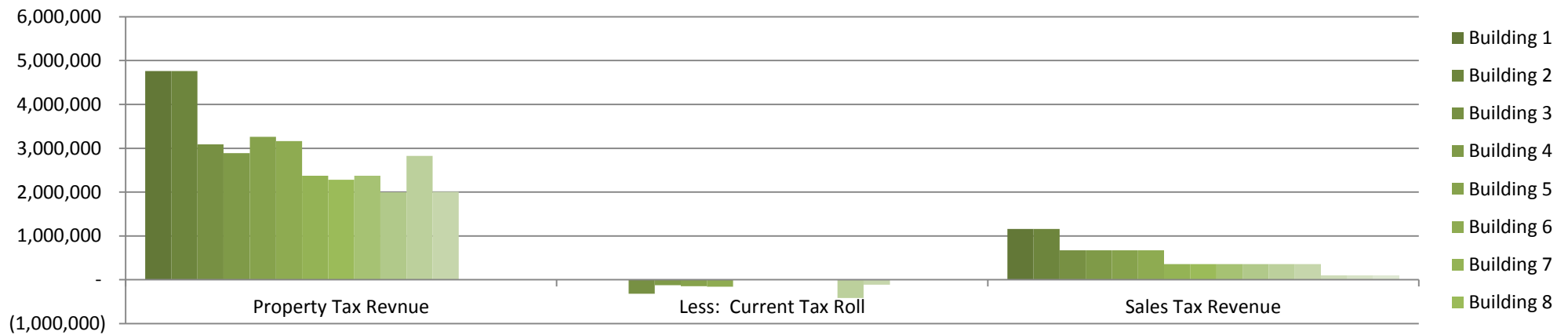
	Projected New Tax	Current Tax
Phase I - Building 1	4,759,176	-
Phase I - Building 2	4,759,176	-
Phase II - Building 3	3,088,542	317,879
Phase II - Building 4	2,887,077	122,993
Phase II - Building 5	3,259,555	150,147
Phase II - Building 6	3,161,782	157,555
Phase III - Building 7	2,375,617	-
Phase III - Building 8	2,280,451	-
Phase III - Building 9	2,375,617	-
Phase III - Building 10	1,994,955	-
Phase III - Building 11	2,827,177	417,681
Phase III - Building 12	2,008,088	112,851
Phase I - Nicollet Ave. Development Lid	-	-
Phase III - LaSalle Ave. Development Lid	-	-
Phase III - 1st Ave. Development Lid	-	-
<b>Total</b>	<b>35,777,212</b>	<b>1,279,106</b>



# Generates New Tax Revenues: Nicollet

Estimated Incremental Tax Summary by Parcel – Incremental \$43M Over Ten Years

**Preliminary Current vs. Projected Revenue Stream**  
**\* Sales Tax on Initial Construction (\$7.4M)**  
**\* 10-Year Increased Real Property Tax Revenue (\$35.7M)**







➤ Analysis Includes Both Increased Property and Sales Tax Revenues Generated From the Construction of Buildings In The Proposed Model



# Generates New Tax Revenues: Rondo (Selby – Dale)



<b>Legend</b>	
	= Residential Development
	= New Greenway
	= Office Development
	= Retail Development

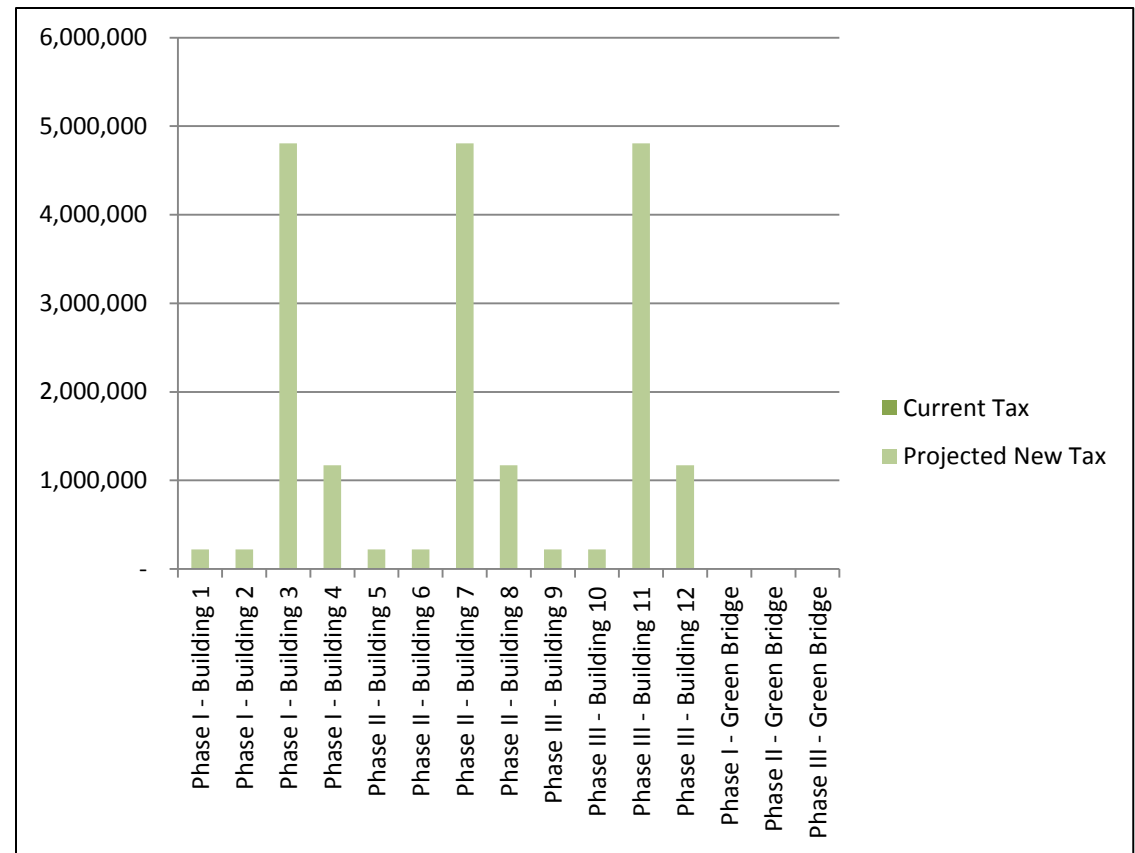


# Generates New Tax Revenues: Rondo (Selby – Dale)

## 10 Year Incremental Property Tax Revenue: \$19 Million

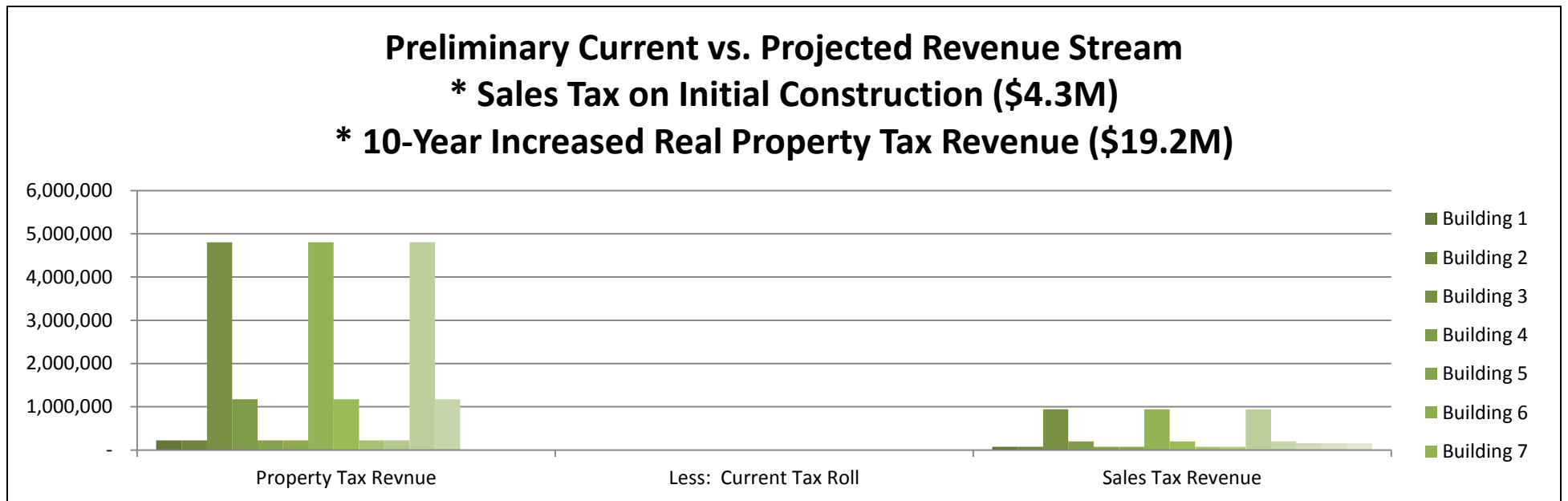
- Constructing New Buildings Generates Additional Tax Revenues
- These Revenues Provide Additional Resources for the City, County, Schools, and State to Serve its Citizens
- Not included Are The Increase In Nearby Property Values Not Contemplated In The Model

	Projected New Tax	Current Tax
Phase I - Building 1	221,175	-
Phase I - Building 2	221,175	-
Phase I - Building 3	4,806,843	-
Phase I - Building 4	1,172,112	-
Phase II - Building 5	221,175	-
Phase II - Building 6	221,175	-
Phase II - Building 7	4,806,843	-
Phase II - Building 8	1,172,112	-
Phase III - Building 9	221,175	-
Phase III - Building 10	221,175	-
Phase III - Building 11	4,806,843	-
Phase III - Building 12	1,172,112	-
Phase I - Green Bridge	-	-
Phase II - Green Bridge	-	-
Phase III - Green Bridge	-	-
<b>Total</b>	<b>19,263,916</b>	<b>-</b>



# Generates New Tax Revenues: Rondo (Selby – Dale)

Estimated Incremental Tax Summary by Parcel  
Ten Year Projections - \$23.5 Million



➤ Analysis Includes Both Increased Property and Sales Tax Revenues Generated From the Construction of Buildings In The Proposed Model



# Park Lids Provide a Cultural Green Space Connection

- Provides CBD Parks for events and play – Today over 35,000 residents in Minneapolis and 27,000 in St. Paul do not have these amenities and both cities project to grow their populations
- Creating a cultural destination
  - Event location / outdoor performance venue
  - Space for recreational sports activities (softball, soccer, lacrosse, playground, skating rink, etc.)
  - Botanical gardens
  - Bike and walking paths



# Our CBD Property Tax Practices Cannot Support The Residential Growth

- CBD Residential Property Tax dollars for schools and parks are not spent in the CBD
- Practice must change to support the residents of the respective CBD's



# History of Taxation – City of Minneapolis

- Most of the CBD tax revenue has historically gone to support the greater Minneapolis area, not the CBD.
- With over 30,000 residents, the City does not spend any of the tax revenue generated by the CBD residents on schools and parks in the CBD.
- There is no other City of 30,000 people that does not provide parks and schools locally.





# City of Minneapolis

## Minneapolis Property Taxes

- 2013 Certified Levy: \$280.9M  
Source:  
[http://www.revenue.state.mn.us/propertytax/Pages/ptlevies\\_13c.aspx](http://www.revenue.state.mn.us/propertytax/Pages/ptlevies_13c.aspx)
- 2013 estimated market value of locally assessed real property: \$32B  
Source:  
<http://www.revenue.state.mn.us/propertytax/Pages/statistics-imv.aspx>
- 2013 estimated market value of personal property: \$406M  
Source:  
<http://www.revenue.state.mn.us/propertytax/Pages/statistics-imv.aspx>



# City of Minneapolis

## Parks

- In 2013, 7% of every property tax dollar paid by Minneapolis residents goes towards Parks
- 74% of the Parks budget is funded by property taxes
- 2013 operating budget: \$59.5M
- 2013 property tax revenue for Parks: \$47.6M

Source: <http://www.minneapolisparcs.org/documents/about/budget/2014/BudgetHistoryProjections.pdf>



# City of Minneapolis

## Schools

- In 2013, 26% of every property tax dollar paid by Minneapolis residents goes towards Schools  
Source:  
<http://www.minneapolisparcs.org/documents/about/budget/2014/BudgetHistoryProjections.pdf>
- 20% of the Schools budget is funded by property taxes  
Source:  
[http://financeandbudget.mpls.k12.mn.us/uploads/our\\_city\\_our\\_schools\\_1\\_30\\_13.pdf](http://financeandbudget.mpls.k12.mn.us/uploads/our_city_our_schools_1_30_13.pdf)
- 2013 operating budget: \$518M  
Source:  
[http://financeandbudget.mpls.k12.mn.us/budget\\_documents](http://financeandbudget.mpls.k12.mn.us/budget_documents)
- 2013 property tax revenue for Schools: \$100.1M  
Source: <http://www.mpls.k12.mn.us>



# City of Minneapolis

Minneapolis Public Schools have approximately \$518M in total revenue, \$102M of which comes from property taxes

- Minneapolis
  - Per Pupil Operating Levy (2011) - \$3,645
- Edina
  - Per Pupil Operating Levy (2011) - \$2,477
- Minnetonka
  - Per Pupil Operating Levy (2011) - \$2,436
- South St. Paul
  - Per Pupil Operating Levy (2011) - \$1,735



# Possible Solution

- Cap tax revenues on existing residential and all new developments must fund parks and schools in the CBD
- With 30,000 residents at an average home value of \$300,000 - \$500,000 taxes range from \$3,000 - \$6,000 per unit
  - At 15,000 units at an average price of \$300,000 taxes generated are \$45 million. 7% = \$3.2 million annually
  - At 15,000 units at an average price of \$500,000 taxes generated are \$75 million. 7% = \$5.25 million annually



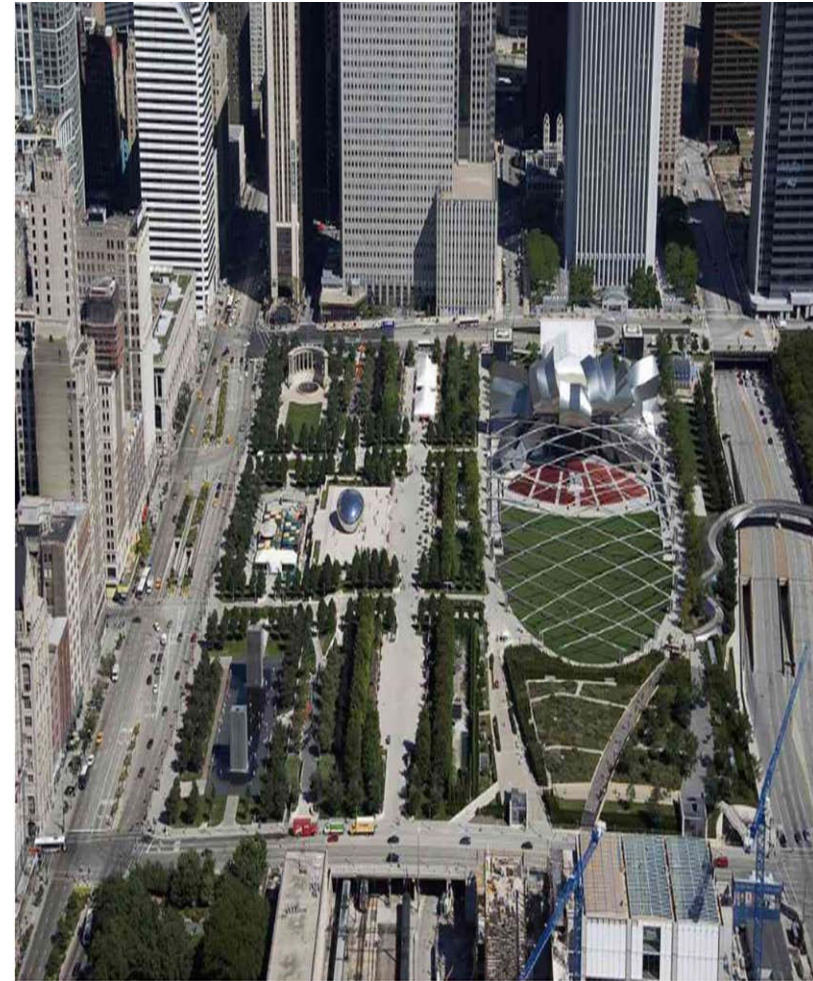
# Success Stories: Chicago - Millennium Park

## Financial Success

- Generates over \$2 Billion in incremental tax revenue
- Brings over 3 million visitors whose attendance translates into significant revenues for Chicago businesses – over \$2.5 Billion
  - Average expenditures of visitors per day:
    - International visitors: \$300
    - Overnight domestic visitors: \$150

## Community Success

- Quality of life which includes cultural opportunities is a major consideration.



2011 Study by Texas A&M and DePaul University

MILLENNIUM PARK QUADRUUPLE NET VALUE REPORT TEXAS A&M UNIVERSITY AND DEPAUL UNIVERSITY



# Success Stories: Chicago - Millennium Park

## Business Attractor

- Existence of Millennium Park played a role in attracting Boeing and BP subsidiary, Innovence to locate their Corporate headquarters in Chicago.
- Chicago also has to compete with cities with more favorable weather to retain existing and attract new businesses.



# Success Stories: Dallas – Klyde Warren Park

## Financial Success

- Projected Additional development: \$350 million; Actual over \$1 Billion
- Visitors generated over 25% increase in museum donations; as a result, arts district museums discontinued admittance fees
- According to the Insight Research Corporation's economic impact study, Klyde Warren Park is estimated to create \$350 million in economic benefit, including 182 new jobs and \$12.7 million in tax revenue annually.





# The Twin Cities Need Urban Cool Factors

## The Millennium Park Effect

### *Creating A Cultural Venue With An Economic Impact*

Edward K. Uhler, FAIA states, Northern cities with a cold climate and a diminishing industrial base have to create new opportunities to compete in today's global economy. Retaining their existing population and businesses, maintaining healthy tax base, attracting new business, retaining and enhancing convention business and expanding tourism visits are among the critical economic elements that a city must have to be successful.

- Need sites with sustainable “Cool Factor” to attract Tech Business and Outside Companies
- Urban and talent relationship nationwide trend
  - Twitter – San Francisco
  - Amazon – Seattle
  - Venture Capital Groups – San Francisco



# Next Steps

- Create a visionary committee of all stakeholders to:
  - Create a repeatable model
  - Design and Engineer options
  - Plan and implement projects
  - Determine public/private funding
  - Leverage revenues from property taxes to:
    - Offset housing costs to create equity
    - Serve as a revenue source to maintain roads and bridges
- Set up 501C3's to fund-raise and hire a professional fundraiser





## Metropolitan Design Center



The Metropolitan Design Center addresses urban issues in the Twin Cities region and beyond, helping communities realize opportunities in their built and natural environment that stimulate economic prosperity, encourage social vitality, and enhance human and environmental health.

## Minneapolis Downtown Council



Founded in 1955, and one of the oldest central business districts in the nation, the Minneapolis Downtown Council (MDC) is a membership-based entity that works to create an extraordinary downtown. The MDC's collaborative developments of Intersections: The Downtown 2025 Plan was designed to help downtown businesses, community leaders and citizens build on downtown assets and implement future goals. Today, more than 240 companies make up our membership and help us create an extraordinary downtown

