

## Regional Council of Mayors: January 9, 2016

### EXECUTIVE DIRECTOR'S REPORT

#### [Program Sponsorship Opportunities: Real Estate Diversity Initiative \(REDi\) and UrbanPlan](#)

ULI Minnesota is excited to announce two program-specific sponsorship opportunities. Sponsoring these programs enhances our standard sponsorship benefits by enabling your company or organization to be specially aligned with these valuable programs and recognized at events and on marketing material that promote them.

#### **URBANPLAN**

UrbanPlan is a realistic, engaging and academically challenging classroom-based curriculum providing high school students a hands-on experience with the issues, tradeoffs and economics of urban redevelopment. Beginning with Roseville Area High School and expanding to Saint Paul Central last year, UrbanPlan has been an important ULI Minnesota program for 12 years. We need your help as we expand even further with 200 additional students at the School for Environmental Studies in Eagan this spring!

[UrbanPlan Sponsorship Flyer](#)

#### **REAL ESTATE DIVERSITY INITIATIVE**

The new ULI MN REDi program will empower people of color and female real estate professionals to step into the role of real estate developer by providing education, experience, and a new professional network. This important initiative will help address underrepresentation in the real estate industry, and we need your support to sustain it and make it a success for years to come!

[REDi Sponsorship Flyer](#)

### **MSP TALENT ATTRACTION AND RETENTION**

#### [MSP Newcomer Journey](#)

#### **MATT LEWIS, GREATER MSP**

[Link to presentation](#)

Since GREATER MSP's inception, it has been a close partner with the RCM and has shared data frequently at RCM meetings. Strategy Manager Matt Lewis was on hand to share the findings of a comprehensive study on the experience of newcomers to the MSP region which came out of GREATER MSP's recognition that there was no organization that focused on talent attraction and retention for the region holistically.

Focusing on newcomers is important because there are more than 70,000 working age people who move to the MSP region each year, and it is valuable to know why they come and why they choose to stay or leave. Newcomers are also more likely to share both positive and negative experiences than long-time residents, which provides stronger insights into how our region is performing. Finally, newcomers are important because bringing them here is expensive for our business community with an estimated cost of \$75,000 to employers when relocating people to the region who own homes elsewhere.

The GREATER MSP research explores the experience of newcomers to our region from the point where they begin considering moving here through efforts to retain them. The results suggest a balance between encouraging trends and challenges that the region needs to address. Here are some key takeaways, with additional data available in the presentation.

- **AMONG TOP 25 U.S. METROS:** MSP region is #1 at retaining professional talent; however, we are only #19 attracting new talent to come here in the first place.
- **+1,719 NET MIGRATION OF 25–34 YEAR OLDS:** Important because this is the most mobile segment of the workforce. "We have our heads above water," Matt Lewis said, which is better than other metros in the upper Midwest which are net-negative in this demographic.
- **NEWCOMER SATISFACTION:** Overall, 89% are satisfied with the quality of life in the MSP region while 73% indicate they are likely to stay here within the next 3–5 years. This drops significantly for people of color. About 72% are satisfied with quality of life and just 50% say they are likely to remain for the next 3–5 years.

- **OTHER METROS:** Chicago is by far the top prior location for MSP newcomers, followed by New York and Los Angeles. When considering MSP, the top other metros considered were Seattle, Denver and Chicago.
- **DURING CONSIDERATION:** Quality of career opportunities and housing costs were the top two comparative attributes for MSP against other regions while weather and safety were the top concerns. Though safety was listed as a concern, MSP rates favorably once people begin researching.
- **WHEN PREPARING TO MOVE:** Housing affordability and proximity to their job opportunity were the top comparative attributes. Making friends and deciding where to live were the top concerns.
- **WHERE NEWCOMERS LOCATE:** Among the GREATER MSP survey sample, 2/5 moved to Minneapolis, roughly 1/5 to Saint Paul, and the remainder were scattered fairly evenly throughout the MSP region.

In addition to the data, Matt also promoted the launch of a new effort called MSP Hello, which will facilitate events for newcomers, provide neighborhood guides, and help with digital marketing for the region. You can learn more, including how you can participate in this effort, by visiting [makeitmsp.org/msp-hello](http://makeitmsp.org/msp-hello).

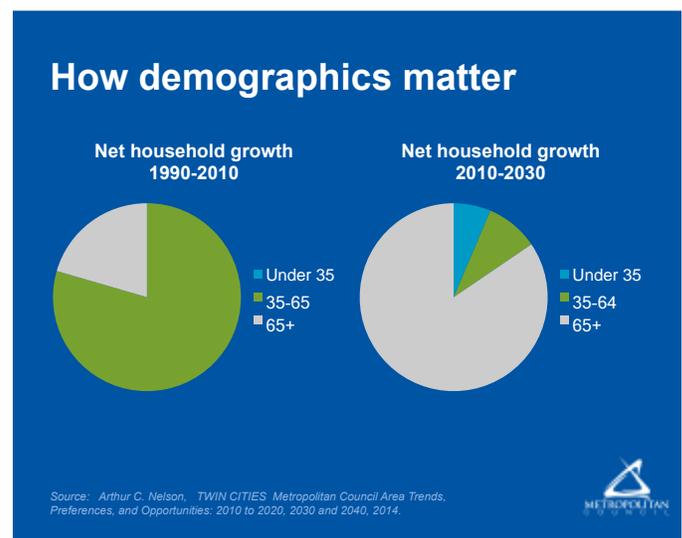
## Housing in the MSP Region: Understanding Today and Tomorrow

**LIBBY STARLING, METROPOLITAN COUNCIL**

[Link to presentation](#)

Data in the GREATER MSP presentation suggested that housing affordability was a strong attribute for MSP compared to peer and competitor regions like Seattle and Denver. Libby Starling with the Met Council took a deeper look at the region's housing supply with data and analysis to answer one key question: Do we have the housing stock we need to house our residents and workforce tomorrow and today? The question was addressed by looking at how two factors are affecting the demand for housing and affordability in the region.

The first factor discussed was the impact of changing demographics. The region is getting much older very quickly. In 1990, just one in ten people in the MSP region was aged 65 or older, and by 2040 it is projected that one in five will fall into that group. From 2010 to 2040, the Met Council expects that 75% of household growth will occur among the age 65+ cohort while less than 20% will be in households with children. The chart at right illustrates how stark a change this is from the preceding 30 year period. A much older population and slower growth in school age children has implications for the types of housing products that will be needed and desired as well as for the continued demand of much of the existing housing stock, particularly large single family homes.



Demographic trends figure to have a long-term impact on our housing market, but an issue that is already presenting challenges is the mismatch between where jobs are located and where the people who work those jobs can afford to live. This was the second key factor in Libby's presentation. To illustrate the problem, she shared data on the salaries associated with several growing occupations and what level of housing those wages can support. Amazon's presence is rapidly increasing in the MSP region, and among the examples in the Met Council data it pays the highest starting salary for full-time work at just over \$35,000/yr (~\$17/hr). At 30% of monthly income, which is considered affordable, someone with this salary can afford a bit under \$900/mo in rent or mortgage. This number falls below the median, non-subsidized rent for both efficiencies and 1 bedroom units in MSP. Other growing occupations fall much shorter of being able to sustainably afford housing, even with subsidized rents. The other piece to this trend is the disconnect between where these growing occupations are located compared to the places in the region where housing is affordable at these wages. The gap between these can create long and expensive commutes for workers who will struggle to afford them.

## What Housing Types Are We Missing and Why?

**TOM FISHER, METROPOLITAN DESIGN CENTER**

[Link to presentation](#)

The Met Council data raised questions about what housing products are needed in our region, both now and in the years to come. Tom Fisher's presentation focused on what types of housing we have in excess, what types are not being built in our market but are happening elsewhere, and finally what might be done about it. Expensive single-family homes, post-war houses needing rehab, apartment buildings needing rehab, and scattered empty lots in otherwise developed

neighborhoods were all identified as products we have in excess of current and future demand trends.

By contrast, there are a swath of product types that have fallen out of favor in our region but which could increase affordability if we find the tools, policies and incentives to make them feasible and appealing once more. Thinking of housing as a spectrum that ranges from a detached single-family home up to mid and high rise apartment buildings, the products we lack are collectively part of what is known as “the missing middle.” Examples include:

- Side-by-side duplexes
- Two and three family homes
- Bungalow courts with 8–10 units
- Fourplex and multiplex apartment buildings



He also identified several reasons why these housing types are no longer commonly built in the MSP region, including:

- **REDUCTIVE ZONING:** many communities have almost no residential zoning apart from single family homes and a few places for large apartments. “Missing middle” products are effectively prohibited as a result.
- **BANKS FLEEING SMALL BUILDERS:** Banks have become much more conservative in their lending practices, and small builders have suffered as they are viewed as riskier investments.
- **DISAPPEARING SMALL-SCALE DEVELOPERS:** This is the flipside of the item above. Fewer banks willing to lend to small developers for smaller projects means fewer people willing and able to build those products.
- **COST OF REGULATIONS:** The MSP region is not the most expensive in which to develop, but neither is it near the lowest. The combined cost of land and regulation compliance makes it hard for small projects to pencil out.

Finally, he identified a few things that cities can consider to help make these products more feasible, many of which boil down to permitting more types of housing arrangements than most communities allow today. Some examples are listed below, with additional ones available in the full presentation:

- **POCKET NEIGHBORHOODS:** Smaller scale homes that share common greenspace and amenities.
- **ACCESSORY DWELLING UNITS:** Permitting homeowners to add small units to their existing properties.
- **COMMUNITY LAND TRUSTS:** Allow buyers to own their homes but pool the cost and maintenance of the land.
- **LIVE-WORK HOUSING:** Combined retail/office/housing spaces that allow a small business owner to save costs.

## COMING UP

The next meeting of the Regional Council of Mayors will be Monday, February 12th from 11:30 a.m. to 1:30 p.m. in the Seattle Room at Dorsey & Whitney, 50 South 6th Street, Minneapolis, MN.

## ATTENDEES

### Mayors

Mary Giuliani Stephens	City of Woodbury (Co-Chair)
James Hovland	City of Edina (Co-Chair)
Debbie Goettel	City of Richfield (Chair, HRC Initiative)
Mike Maguire	City of Eagan (Chair, Housing Initiative)
Elizabeth Kautz	City of Burnsville (RCM Founder)
Kirt Briggs	City of Prior Lake
Chris Coleman	City of Saint Paul
Bob Crawford	City of Elko New Market
Molly Cummings	City of Hopkins
Bill Droste	City of Rosemount
Jerry Faust	City of St. Anthony
Marvin Johnson	City of Independence
Denny Laufenburger	City of Chanhassen
Julie Maas-Kuske	City of Maple Plain
Tim McNeil	City of Dayton
Paul Reinke	City of Oakdale
Marty Schneider	City of Long Lake

Mike Webb  
Gene Winstead

City of Carver  
City of Bloomington

## Guests

Steve Elkins, Metropolitan Council; Larry Lee, City of Bloomington; Scott Neal, City of Edina; Bob Butterbrodt, Wells Fargo & Co.; John S. Adams, University of Minnesota; Burke Murphy, CSW; Rich Forschler, Faegre Baker Daniels; James Lenhoff, Ehlers; Mike Ericson, City of Centerville; Julie Esch, Mortenson; Colleen Carey, The Cornerstone Group; Carolyn Olson, Greater Metropolitan Housing Corporation; Ani Backa, Xcel Energy; James Tucker, Target Corporation; Jay Lindgren, Dorsey; Max Musicant, The Musicant Group; Jeremy Jacobs, Mortenson; Gilbert Anthony, Blue Cross Blue Shield of Minnesota; Bake Baker, McGough; Nick Koch, HGA; Bob Engstrom, Robert Engstrom Cos; Libby Starling, Metropolitan Council; Tom Fisher, University of Minnesota; Pat Mascia, Briggs and Morgan; Matt Lewis, GREATER MSP

## ULI Minnesota

Aubrey Austin, Cathy Bennett, Caren Dewar, David Baur, Gordon Hughes