

DOWNTOWN MINNEAPOLIS NEIGHBORHOOD ASSOCIATION

Minutes from the Board Meeting on Monday, July 15, 2019

Mill City Museum Mill Ruins Building

710 South 2nd Street, 7th Floor Cargill Room

I. Call to Order and Introductions

Chair Joe Tamburino called the Board meeting to order at 5:50 p.m.

Other Board members in attendance were:

Kevin Frazell
Stephanie Hill
Pam McCrea, Vice Chair
Tomek Rajtar
Joey Senkyr
Carletta Sweet, Secretary
Dianne Walsh, Treasurer

Board Member Max Ericson was absent.

Staff member Christie Rock Hantge was also present.

Guests in attendance included:

Jan Breyer, Washburn Lofts
Anne Carrier, Stone Arch Lofts
Tom Carrier, Stone Arch Lofts
Nick Cichowicz, NCEC Commissioner
Rick Cornejo, Humboldt Lofts
Larry Dole, The Legacy Condominiums
Kelly Doran, Doran Companies
Jude Edling, Park Avenue Lofts
John Edwards, Wedge LIVE!
Rosalind Fendi, Park Avenue Lofts
Steve Fletcher, Ward 3 Council Member
Mike Garvin, TE Miller Development, MN Multi-Housing Assn Board
Denny Hunt, Park Avenue Lofts
Richard Kieman, Sherman Associates
Anita Kunin, Washington Avenue Lofts
Shane LaFave, Sherman Associates
Dave Lucas, Stone Arch Lofts
Peggy Lucas, Stone Arch Lofts
Randy Manthey, The Carlyle Condominiums
Alisa Mulhair, Sonder
Lisa Olson, Park Avenue Lofts

Jayme Pelerine, Park Avenue Lofts
Alan Polska, Stone Arch Lofts
Ken Prchal, North Star Lofts
Carrie Preston, Radio DJ, writer and producer
Mary Racciatti Humboldt Lofts
Tom Racciatti, Humboldt Lofts
Paul Reyelts, Schafer Richardson Development
Thomas Schmid, Washburn Lofts
Will Sutton, Stone Arch Lofts
Deb Thorson, North Star Lofts
Steve Thorson, North Star Lofts
Karen Wald, Park Avenue Lofts
Rick Wald, Park Avenue Lofts
Bob Walsh, Bridgewater Lofts
Dale White, RiverWest Condominiums
Dave Zwickley, The Legacy Condominiums

II. Consideration of Agenda

Sweet moved and Hill seconded a motion to approve the Board meeting agenda as submitted. Tamburino called for discussion. The motion passed.

III. Consideration of the Consent Agenda

Treasurer Dianne Walsh advised she reviewed all the financial documents received from Hantge and found no issues. Thereafter,

Frazell moved and Sweet seconded a motion to approve the consent agenda which included the Board meeting minutes dated June 17, 2019; F2019 Budget vs. Actual for the period ending June 30, 2019; and the Neighborhood Coordinator / Finance Coordinator staff report for June 2019 (Invoice #054), all of which were made available online for advance review. Tamburino called for discussion. The motion passed.

IV. Short-Term Rentals at The Vicinity

After Alisa Mulhair, General Manager at Sonder (<https://www.linkedin.com/in/alisa-mulhair>), and Shane LaFave, Director of Multifamily Development at Sherman Associates (<https://www.sherman-associates.com/about/>), introduced themselves, LaFave provided a big picture overview of The Vicinity project from an owner/developer perspective.

During the early part of the construction period when short-term rentals and Sonder (<https://www.sonder.com/about>) became an option for SA to consider, they took a look at the market and found they weren't the only development company around Minneapolis looking at or had short-term rental projects up and running. As part of the market exploration, they discovered a gap between traditional hotels and traditional long-term apartments for professionals in town for training, empty nesters wanting to live here during the summer, families vacationing, etc., who wanted to come and stay for weeks or months but **not** a full year. This gap became a cool opportunity to work with Sonder.

SA also looked at the redevelopment agreement they had with the City which specified they had to deliver 118 rental apartments and 4 for-sale condominiums, but it does not specify the rentals need to be for X amount of weeks or months, which they are doing whether they work with Sonder.

And SA also looked at Sonder as a company to determine if this was the right partner to have and the answer was a resounding yes.

Once SA decided to pursue short-term rentals with Sonder, they went to the City to let them know they were having discussions and the City's response was thanks for letting them know. SA subsequently advised the City they wanted to move forward and the City's response was again thanks for letting them know. At that point SA didn't think they needed to come before the DMNA because they thought it was an important opportunity for the project and a part of the market in which they previously participated, e.g., East End, and after talking with City staff, they weren't advised coming before the DMNA was the next step. However, looking back as a Monday morning quarterback, they should've come sooner. Having heard feedback at the June 10th Board meeting and subsequent thereto, they've had several meetings with Sonder and now have a revised proposal. As stated previously, their intention is to continue working with the DMNA and the neighborhood. SA's office is a block from here, they've done several projects in the neighborhood and they intend to do more while working cooperatively with the community.

Mulhair gave a brief history of Sonder and her 25-year civic engagement as a St. Anthony West Neighborhood resident (<https://stawno.org/board/>) who, similarly to the DMNA audience, is passionate about development in her neighborhood. She was intrigued with Sonder because it provides a professionally run, flexible and unique solution for ways to experience Minneapolis. This community, specifically, offers some of the best of Minneapolis from its history, restaurants, riverfront and event facilities and it's an amazing community that Sonder wants to be a part of in a positive way.

Mulhair advised they're here tonight because they heard the feedback and have been working diligently over the last several weeks with SA, Council Member Fletcher and other City officials, and people within the neighborhood to understand their concerns and to be able to address them in a compromising way.

When she first joined Sonder a year ago, her first initiative was to meet with the City to understand the regulations, how to be a positive partner, and 100% compliant, which is what Sonder has done and they've provided full transparency, in fact more than any other short-term rental in the city.

Sonder signed a contract with SA for 94 of the 116 multifamily units; it's legal and compliant to all City regulations. Based on the concerns expressed by this community about the number of short-term rentals in The Vicinity, they stepped back and are offering a compromise to deliver an amenity to the neighborhood in a reduced impactful way that, given the hundreds of thousands of dollars they've invested and operational considerations, is fair.

The first adjustment to their proposal relates to the number of short-term rentals; they're recommending reducing it by 73% or 25 units, which leaves 97 housing units available for 69 market rate, 24 affordable, and 4 condominiums.

Another adjustment relates to concerns expressed over longer-term residents intermingling with short-term guests; based on Sonder's worldwide experience, they as well as lenders, developers and residents advocate for separate floors, hence they're offering the 5th floor for all 25 short-term rentals.

Yet another adjustment relates to concerns expressed over parties and external disruptions in the neighborhood. When reviewing the plans and where the predetermined affordable units would be, they've shifted one of the units to the 6th floor penthouse level – a significant step for SA to take – in order to have a dedicated 5th floor and no Sonder units on a floor with the largest balconies.

Additionally, although there is a public dog park on site they thought about how to minimize the impact to the community, hence there will be no pets except for emotional support animals.

As a reminder, 80% of Sonder guests are here for business, i.e., couples traveling and their families and providing a place with a living room and kitchen ultimately provides more affordability and comfort for families.

Lastly, Mulhair shared the type of guests who'll be coming to the community based on their live STR units over the past 6 months, how people are changing the way they live and wanting greater flexibility, and Sonder's Net Promoter Score (<https://www.qualtrics.com/experience-management/customer/net-promoter-score/>) which is 82% in Minneapolis indicating people love Sonder, being in the community, and having the convenience of having an apartment.

Tamburino asked for input from CM Fletcher who provided an update on what's happening at the City (<https://www.minnpost.com/metro/2019/06/the-minneapolis-city-council-wants-another-shot-at-reining-in-short-term-rentals/>).

Then he entertained questions from the Board followed by some from the audience. Because of its relevancy to today's discussion, LUC Chair Kevin Frazell then reported on what transpired at the LUC meeting on Thursday, July 11th. He advised a significant amount of time was spent on this proposal and after a motion and substitute motion, Walsh offered a second successful motion to continue to support the Board's position of 0-10% pending the reaction of the community. If the community found that percentage acceptable, then the Board would find it acceptable.

Then, because the LUC was told SA's 20% proposal was all or nothing, Walsh inquired whether they were willing to further negotiate. LaFave advised since there's the desire to have no intermingling on any floor, at 10% there would be and Sonder would have to decide. Mulhair hasn't heard the justification for that percent and she tried to portray through stats and quotes from lenders and developers on why a designated floor makes the most sense/best experience and solution for a building in hopes the DMNA could understand and deviate from a decision made without context. Sonder thinks it's a disadvantage and inappropriate for the building to be at 10% or less. East End lives with Sonder guests and they're incredibly positive; there are a lot of people in the community besides the people in this room who understand the needs and are favorable.

Tamburino then solicited input from each Board member present and provided his own perspective. Thereafter,

Senkyr moved and Sweet seconded a motion to approve a compromise with Sherman Associates to allow Sonder to sublease the entire 5th floor of The Vicinity for short-term rental units, which is a total of 25 units. Tamburino called for discussion. The motion passed with Walsh opposing.

V. Neighborhood & Community Engagement Commission Update

District 5 Commissioner Nick Cichowicz thanked the DMNA for its support over the years and advised this is his last official meeting as its NCEC representative. Then he reported on the following:

- NCEC elections are scheduled for Wednesday, July 17th at Crown Roller Mill. Cichowicz, who has served for 4 years, is not seeking re-election to give other voices the opportunity to serve. There are two people running for the District 5 seat about whom can be found on the City's website. The elected person will hold the seat through the end of the year. The Neighborhood and Community Relations Department advised the NCEC will be in place with the new Commission for 2-6 months; there had been a recommendation not to have elections or appointments beginning in July which the NCEC rejected. Cichowicz surmises the Commission will continue until the end of the year and then there'll be a new Commission focusing on community engagement and that the Neighborhood Revitalization Program Policy Board will be expanded to include designated neighborhood representatives.
- Neighborhoods 2020's revised Framework was approved by the City Council on May 17th (<http://www.minneapolis.gov/ncr/2020>) which included two staff directives: work on citywide engagement, and bring in a third party to do more community engagement. A scope of service was put out to hire a third party to handle engagement that closes on July 1st.
- As he transitions out, there'll be a lot of work over the next 6 months and the opportunity for neighborhoods to comment and dive into the details of the future of Neighborhoods 2020. The DMNA came back with some positive comments about the Framework and the City took them into account. It's exciting that other groups are going to be engaged, the Work Groups, and the opportunity to build a cohesive plan and by the end of the year/early January will have something passed by the City that will come into play by 2021; we'll have a year to ramp up to the new funding program.

Cichowicz asked the DMNA to be very diligent in helping this continue to move forward and a part of the process by talking to its new NCEC Commissioner and Ward Council Member. For more information, visit <http://www.minneapolis.gov/ncr/index.htm>.

VI. City's Proposed Renter Ordinance by the Minnesota Multi-Housing Association

Mike Garvin, Vice President at TE Miller Development which owns two downtown properties, introduced himself as well as Kelly Doran, Founder and Principal at Doran Companies, and then provided a brief summary of the proposed ordinance amending Title 12, Chapter 244 of the Minneapolis Code of Ordinances related to Housing, a copy of which was distributed. He also described its impact and unintended consequences, as well as options.

The proposed ordinance would cap security deposits at a maximum of one month's rent and gives property owners two options for screening potential renters: use inclusive screening criteria outlined in the ordinance or conduct an individualized assessment. The inclusive screening criteria places

limitations on consideration of criminal background, rental history – including eviction history – and prohibits use of a credit score.

Doran and Garvin expressed strong reservations about the proposed ordinance that, although well intended, it is ill-conceived and would potentially do more harm than good. They also felt there has not been enough outreach done to gain input from stakeholders. CM Fletcher disagreed because there isn't enough housing, where there is housing there are people who are systematically being left out of the market, there are people using blanket disqualifier, and there have been ongoing discussions with renters, property owners, housing experts and other community stakeholders who have helped shape the proposed ordinance. If someone's going to be discriminated against based on their credit score or criminal history, there's not going to be a lot of enforcement. This is about setting some good norms that will make sense because right now a lot of people are needlessly disqualifying people based on some really unfair criteria.

CM Fletcher also stated the ordinance builds on a growing body of work City leaders have advanced to address the challenges facing renters. Minneapolis is a majority renter city with 89,000 households renting their home. Renters are more likely to be low-income than homeowners, and people of color are more likely to be renters than white people. Renters are vulnerable to challenging market conditions, including low vacancy rates and limited affordable housing options. Doran and Garvin believe the ordinance will actually cause rents to go up. They shared a resolution they'd like the DMNA to consider adopting that Ventura Village approved.

After several questions were posed including those related to individual assessments, during which Doran advised Probation Officers would not endorse the ordinance and an exemption is applicable if the building is financed through Housing and Urban Development (HUD), the Board decided to invite Doran and Garvin back once it has the opportunity to delve into it more thoroughly.

The public can comment on the proposed ordinance at a public hearing on Wednesday, August 28th during the City's Housing Policy & Development Committee (<https://lims.minneapolismn.gov/File/2018-00308>).

For another perspective, also read MinnPost's article at <https://www.minnpost.com/metro/2019/07/minneapolis-officials-get-an-earful-about-proposed-rules-on-renter-screening-security-deposits/>.

VII. Land Use Committee Report (Continued)

As a follow on to Frazell's earlier report on STR and because McCrea chaired most of the July 11th meeting, she reported on the remaining projects:

- 2. 800 Washington Avenue South.** Sandra Rieger, Founder and President at Sandra Rieger & Company (<https://www.linkedin.com/in/sandrarieger>), and Colin Oglesbay, Principal at Dwyer Oglesbay Architects (<https://www.linkedin.com/in/colin-oglesbay-90828a15>) provided an update on the design of the project (<http://www.ci.minneapolis.mn.us/www/groups/public/@cped/documents/webcontent/wcmsp-219346.pdf>); it started at 9 stories, but they're seeking a variance to increase the height to 14 stories to make the financials work.

Although the LUC was comfortable in approving the height variance, no Letter of Support was forthcoming until after AECOM presents to the LUC its commitment to making some unique and amazing public realm improvements at the August 5th LUC meeting.

LUC member Thomas Schmid then provided a brief update on the subcommittee meeting he and Randy Manthey had with Rieger and Oglesbay who actively invited them into the process to review the public realm improvements. He and Manthey proposed a number of concepts to reduce the chances of it becoming a negative public space that seem to have been taken seriously. Schmid believes in general that the LUC has to be careful about simply endorsing higher floors and similar kinds of things without getting something in return.

3. **Water Works.** Bruce Chamberlain, Founding Principal of Loam (<https://loam-inc.com/>), provided an update on this \$22 million plus project, the largest MPRB capital improvement project to date. Groundbreaking is scheduled for August 28th (<https://www.minneapolisparcs.org/news/2019/08/28/minneapolis-park-and-recreation-board-minneapolis-parks-foundation-commemorate-groundbreaking-at-water-works/>). The MPRB secured the Sioux Chef to operate the restaurant, Owamni Yamni, the Dakota name for what is called St. Anthony Falls in English. The restaurant will open in the spring 2021.

The LUC took no action on this item.

4. **240 Portland Avenue.** No design changes have been made on this 22-story market rate apartment building at the corner of Washington and Portland Avenues by Sherman Association. Construction is anticipated to start as soon as the projects closes (Q1 2020), which is dependent on when SA is able to secure Tax Increment Financing. The total construction timeframe is 26 months.

The LUC took no action on this item.

The next Land Use Committee is scheduled for Monday, August 5th.

VIII. Old / New / Other Business

- A. **Pedestrian Safety Signage at Park Avenue and South 2nd Street.** Pursuant to an email Hantge forwarded from CM Fletcher who has received a number of calls from constituents, including one from Noah Eisenberg, about the need for pedestrian crossing signs at a couple of intersections in the DMNA neighborhood and particularly at Park Avenue and South 2nd Street, Fletcher advised because Public Works has a bunch of intersections on its to-do list as well as other projects going on throughout the city, this won't be a high priority. However, last year the North Loop Neighborhood Association rectified its issue by purchasing temporary cones similar to what can be found by the Guthrie Theater to slow traffic, and they have been effective.

After a brief discussion involving the location of the signage and cost which is estimated to be around \$300, the expenditure of which will need to be confirmed by Bob Cooper at CPED Development Finance,

Walsh moved and McCrea seconded a motion to allocate up to \$300 for the purchase of a pedestrian safety sign for the intersection of Park Avenue and South 2nd Street. Tamburino called for discussion. The motion passed.

- B. National Night Out.** This event will take place on Tuesday, August 6th at The Commons. The DMNA is hosting in partnership with Green Minneapolis and Izzy's Ice Cream. GM has secured *The Goonies* movie and the DMNA will have an information table and will distribute water bottles.
- C. DMNA Day at the Mill City Farmers Market.** The July 20th date has been cancelled; the next one is Saturday, October 5th which McCrea plans to attend. McCrea also advised she still has a lot of water bottles and encouraged the Board to help raise awareness by attending our own building's board meetings at which we could share information about us and distribute the water bottles as well as the survey. Tamburino will bring McCrea some T-shirts back immediately after the instant meeting.
- D. Joint DMNA-NLNA Crime and Safety Public Forum.** They are co-hosting a public forum on crime and safety at Open Book on Wednesday, August 7th at 6 p.m. Tamburino is working on securing speakers and preparing the presentation which will include statistics from the 1st Precinct and the delay in the 911 response. Walsh, who attended the Personal Safety Workshop at The Commons on June 18th, recommended inviting a Metro Transit representative to present on safety on transit. Hantge will create a flyer for the event and distribute it via the Website, Facebook, eblasts and targeted outreach to residential building owners and managers. Tamburino is also talking with Manthey and Schmid about the role public realm improvements play in public safety, aka Crime Prevention through Environmental Design, of which he'll include successful examples.
- E. Police Substation at 205 Park Avenue.** Tamburino advised the opening is still planned for some time in November. DMNA will not have access to the interior of the space, but the MPD will allow us to have a locked mailbox on the outside of the building. This will eliminate the need for a mailbox at the UPS Store in the IDS Center.

IX. DMNA Outreach and Collaboration

McCrea advised they have hundreds of surveys and will continue to collect and wade through them. Thereafter, Walsh will conduct an analysis of the data.

For a complete listing of the organizations and committees in which the DMNA is engaged, please reference the Outreach and Collaboration Chart prepared by Sweet included in the July 2019 Board materials on the DMNA's website.

X. Next Board Meeting

The Board decided to take the month of August off, pending any urgent agenda items. The next regularly scheduled board meeting will be on Monday, September 16, at 5:45 p.m., at the Mill City Museum.

Hantge advised she reserved Open Book for the annual meeting on Monday, October 28, 6:00 p.m.

XI. Adjournment

There being no further business,

Sweet moved and Senkyr seconded a motion to adjourn the meeting. Tamburino called for discussion. The meeting adjourned at 8:45 p.m.

Signed this _____ day of _____, 2019

Chair

Secretary