

**By Sarah McKenzie**

Once a sea of surfacing parking lots, the Downtown East area has been dramatically reshaped by new development and transformed into one of the most thriving places in Minneapolis.

Approximately \$91 million in public funds have leveraged roughly \$569 million in private investment in the area, bringing more than 5,000 jobs, hundreds of new housing units, hotels, restaurants, retail and 4.2 acres of new green space to a section of downtown that had long been in need of revitalization.

The development has led to a dramatic expansion of the City's tax base. The area, anchored by the U.S. Bank Stadium, The Commons and Wells Fargo office towers, will generate an estimated \$14.1 million in new property taxes in 2018, bringing an additional \$3.5 million to the City's coffers.

The slice of the city recently hosted ESPN's X Games and will take center stage for 10-days of festivities leading up to Super Bowl LII in late January-early February 2018.

"I'm extremely proud of what we've achieved in Downtown East. We set a bold vision, did the hard work of bringing it to life, and now we can all enjoy a thriving, revitalized area in the heart of our city that is welcoming to everyone," said Mayor Betsy Hodges.

"This is all part of a broader transformation – with the beautiful, green and accessible Commons, our spectacular Riverfront, and the soon-to-be-complete revamped Nicollet Mall, I'm confident people will keep seeing more reasons to come downtown," Hodges said.

City Council Member Jacob Frey (Ward 3) said there's been a push for diverse uses in Downtown East.

"Rather than separate commercial from residential, entertainment and retail, we said throw them all together in one big melting pot. It creates a dynamic on the street with constant inflow and outflow of people through the day and night that makes for a happening neighborhood," Frey said. "We want everyone to feel welcome."

Frey also has high hopes for Washington Avenue. "We aim for a consistent experience all the way down Washington Avenue. If we do this right, this could be our Champs-Elysees," he said.



(Top photo) An aerial photo of Downtown East. ©2016 Erdahl Aerial Photos. (Above) Downtown East before redevelopment transformed it. Photos courtesy of Ryan Companies U.S. Inc.

### ‘Stars aligned’

Several factors came into play at the right time to make the dramatic transformation of Downtown East possible.

Plans for a new stadium to replace the Metrodome, Wells Fargo's aspirations for a new campus and the Star Tribune's decision to sell five blocks of land and find a new home for its newspaper operations set the stage for a new vision for the area.

"The stars aligned here in a lot of different respects," said Chuck Lutz, the deputy director for the City's Community Planning and Economic Development Department (CPED).

Then Mayor R.T. Rybak encouraged Wells Fargo to consider Downtown East for a new urban campus instead of heading to the suburbs.

"All of a sudden there was a site and Wells Fargo got the vision of what this area could be. They really wanted to have a new urban park—a major public amenity," he said.

After talks with area stakeholders and the community, the idea for The Commons came into sharper focus—a green space serving as a welcome respite for an area of town dominated by concrete and pavement.

Reflecting on the renaissance of the area, Lutz noted how different it feels now.

"It's been monumental," he said. "Now Downtown East really is part of downtown. It's not only just the new offices and the Commons, restaurants are also driving traffic down here."

The City Council approved a financing plan for the \$400 million Downtown East project in December 2013. It authorized the City to issue about \$62 million in bonds to acquire land for The Commons and pay for basic improvements. The bonds also helped finance a portion of the parking ramp next to the stadium and other site preparation costs.

Minneapolis-based developer Ryan Companies agreed to privately finance \$350 million for the Wells Fargo office towers, housing and retail portion of the development.

The Minnesota Sports Facilities Authority (MSFA) agreed to pay \$26.8 million toward a portion of the parking ramp and a skyway linking the ramp to U.S. Bank Stadium.

The City's 30-year bonds will be repaid by net revenues from the two publicly owned parking ramps next to the stadium. Ryan Companies has pledged to guarantee the debt service payments on the bonds for the first 10 years.





A view of U.S. Bank Stadium from The Commons. Photo by Sarah McKenzie

Ryan Companies has since moved its headquarters to Downtown East in the Millwright Building, 533 S. Third St.

Tony Barranco, Ryan's vice president of real estate development, said the transformation of Downtown East has been "as dramatic as any urban development I've ever seen."

"Now we have to keep the momentum going and going," he said.

Barranco said Ryan continues to work on the last piece of its Downtown East development—a parcel adjacent to the U.S. Bank Stadium on the same block as the MSFA parking ramp. He said the developer is in talks with potential anchor tenants for an office development on the block.

Sherman Associates has been another major player in the transformation of downtown's east side.

It recently unveiled the Encore, a new 123-unit apartment development next to Gold Medal Park.

It also has a major mixed-use development under construction at Washington and Chicago avenues called the East End. Once complete in spring 2018, it will include 180 units of apartments, a Trader Joe's grocery store and two restaurants.

Nearby, Sherman Associates is also converting historic Thresher Square into a 183-room Canopy Hotel. The hotel is scheduled to open in October.

In November, Sherman Associates plans to start construction on 205 Park, a six-story apartment development across the street from the East End project. Up to 20 percent of the roughly 130-unit project will have affordable rents based on 60 percent of the area median income.

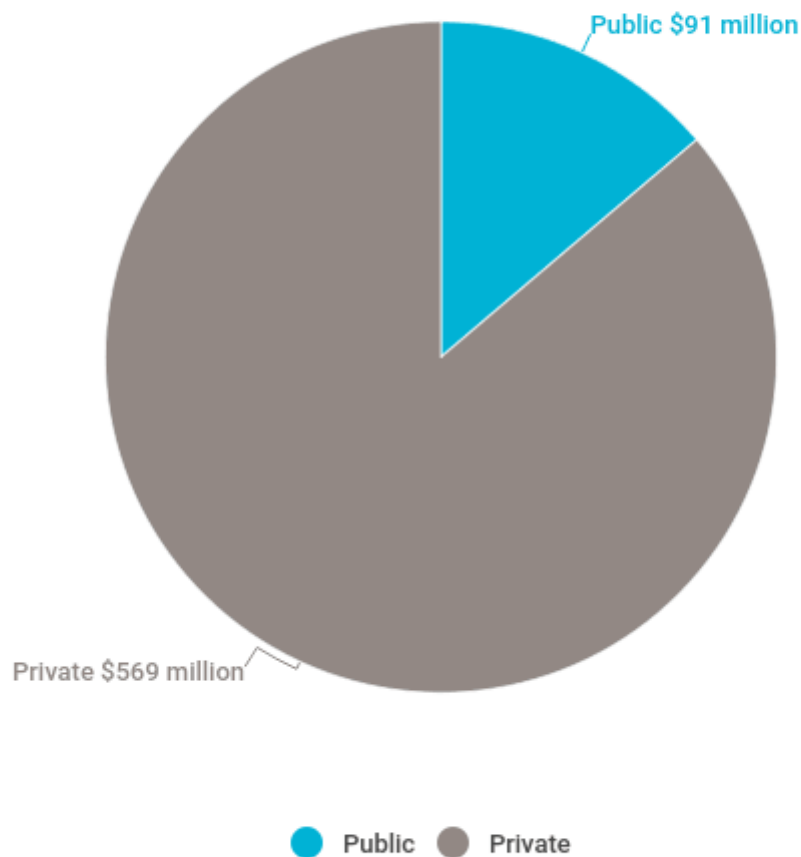
The developer has other projects in the pipeline for the area, too, and plans to announce more details soon.

In coming years, George Sherman, principal for the development company, said he would like to see more retail on downtown's east side to serve the growing residential and office populations.

"[Downtown East] is very livable and walkable. It's already very beautiful," he said. "My hope is that it is even more vibrant in years to come."

# Downtown East: Public funds leveraged by private dollars

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Park, Portland ripe for more development

Dan Collison, lead pastor of First Covenant Church and executive director of the East Town Business Partnership, has high hopes for the East Town Apartments project and would like to see more affordable housing built in the area, as would other boosters of the area.

First Covenant Church, Ryan Companies and the Community Housing Development Corporation are collaborating on the East Town Apartments—a workforce housing development geared toward people and families who work in downtown’s core. The proposed six-story apartment building would feature 169 units of affordable housing at 9th Avenue and Sixth Street in the Elliot Park neighborhood.

While the growth spurt has been substantial, Collison said he would welcome more activity. The East Town Business Partnership has identified 31 potential development sites adjacent or near the Park and Portland corridors.

One of the most notable developments underway in Elliot Park is the Kraus-Anderson development on the block bound by Fifth Avenue South, Portland Avenue, Eighth and Ninth Streets.



An illustration of the Kraus-Anderson development. Image courtesy of Kraus-Anderson. Kraus-Anderson, a development and construction management company, is building a new five-story, 100,000-square-foot headquarters on the block along with a 17-story apartment building, the Elliot, an eight-story Marriott Autograph Collection hotel; and the Finnovation Center, a three-story building featuring a Finnegan’s microbrewery, event center, offices for Finnegan’s and other social entrepreneurial startups.

Hennepin County Medical Center is also in the midst of a major expansion project. Its new six-story outpatient care center, located between 8th and 9th streets and Chicago and Park avenues, is expected to open April 2018.

“Whereas the stadium, the five-block [Wells Fargo] campus and the LRT hub were the heart of the last five years, we see Park and Portland as the heart of the next five years,” he said.

While enthusiastic about all the construction cranes in the area and shiny new buildings, community leaders need to also focus on ensuring the area remains energized and activated, Collison said. The Commons, for instance, recently announced its summer schedule that is packed with activities for people of all ages—everything from hip-hop dance to Ping-Pong games.

“We all have a lot more work to do to continue to animate the spaces. It’s one thing to have a bunch of buildings, but now we have to do place making. We really need to animate these spaces,” he said.

Despite the work ahead, Collison is grateful for all the investment to date and the collective will from so many players—both in the public and private sector—that made it possible.

“We were really privileged to have these five years of catalytic reinvestment that so greatly surpassed anyone’s expectations, and it really came on the wings of new urbanism,” Collison said. “We want to be a host to millions, home to thousands, an inviting space to all near and adjacent neighborhoods and be an important space for downtown.”





# Results of Downtown East Public/Private Investments

Public investments leveraged hundreds of millions of dollars of private investments resulting in **jobs, housing, public amenities**, and a **dramatic expansion of the City's tax base**.

## City Financing

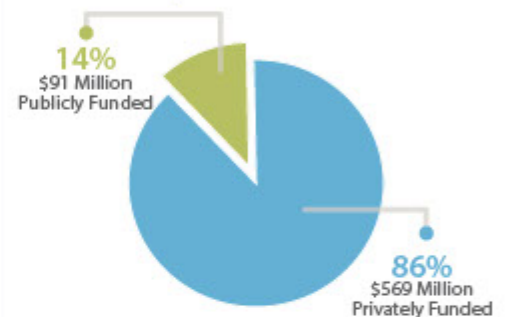
**\$62 million in bond financing to:**

- Acquire land, design and build elements of The Commons
- Finance portion of construction costs of a new public parking ramp

## How the City is Repaid

- The City's 30-year bonds will be repaid (\$3.5 million in 2020) from net revenues from two publicly owned parking ramps located adjacent to U.S. Bank Stadium. The City is guaranteed debt service payments on the bonds for the first ten years by Ryan Companies, a key Downtown East Developer.

## Public Funds Leveraged by Private Dollars



## Outcomes

New Property Taxes in 2018 (estimated): **\$14.1 million**  
City share: **\$3.5 million**

1.28 Million Square Feet of Office Space



Major Skyway Addition

1 Grocery Store



2,000 Public Parking Stalls

5,000+ Jobs



4.2 acres of Green Space

375 Apartments



347 Hotel Rooms

56,000 Square Feet of Retail



2 Restaurants

