

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

COMMITTEE OF THE WHOLE

Wednesday, March 21, 2012

3:30 p.m.

Members Present: Chair Susan Haigh, James Brimeyer, Steven Chávez, Jon Commers, Gary Cunningham, Steve Elkins, Richard Kramer, Harry Melander, Jennifer Munt, Edward Reynoso, Sandra Rummel, Lona Schreiber, Roxanne Smith, Gary Van Eyll, Wendy Wulff

Members Absent: John Đoàn, Adam Duininck

CALL TO ORDER

A quorum being present, Chair Haigh called the Committee of the Whole to order at 3:40 p.m. on Wednesday, March 21, 2012.

APPROVAL OF AGENDA

It was moved by Van Eyll, seconded by Cunningham to approve the agenda for the meeting of March 21, 2012. **Motion Carried**

APPROVAL OF MINUTES

It was moved by Smith, seconded by Kramer to approve the minutes for the meeting of March 7, 2012. **Motion Carried.**

1. Regional Development Framework Update – Framing Presentations

The first presenter Michael Langley, CEO of Greater MSP introduced himself to the Committee of the Whole and provided a brief overview of Greater MSP, which is a regional economic development partnership for the 13 county metropolitan statistical area. He announced the relocation of a Global Corporate headquarters from Massachusetts to Minnesota and we should congratulate ourselves as a very attractive place for investment and job creation. The relocated business, Stream Global, with 35,000 employees develops business processes and provides technical services to companies like Microsoft and Apple. He gave example of best practices used in other cities; Pittsburgh, 850 decision makers for water and sewer decisions, here we have one and by having this form of government, saved 2-3 billions of dollars over twenty years by organizing on a regional level.

Mr. Langley had 5 key issues to regional excellence:

1. Excellence in our Brand and Image
2. Excellence in our Education/Workforce
3. A Culture of Innovation and Entrepreneurship
4. A Culture of inclusiveness and diversity

5. Excellence in our infrastructure

Major issues and challenges to be addressed:

Population demographics: over the next 30-40 years 130 million more people in the U.S. consisting of 90% minority populations

Regional sustainable development – economy, environment, social cohesion - not just economic growth but sustainable development

Aging infrastructure amidst increased need

Increased need for reliance on regional solutions/super-regional collaboration- reliance on other regions for technology, water mgmt, water resources, transportation. Export Metropolitan Council's best practices with other regions.

Greater MSP is working with ULI, the Met Council and Regional Partners to conduct Reality Check 2.0 to provide a strong framework, long-range partners, planning scenarios, for example Denver's FasTracks program.

The recommendations to the Framework offered by Mr. Langley:

- stronger focus on rail (urban, commuter, regional, rail)
- more focus and incentive for TOD
- increased focus and investment in water/sewer capacity, quality and global best practices
- address global leadership in IT infrastructure in partnership with the private sector
- focus on the importance of "healthy lifestyles" with housing option, transportation infrastructure, parks, clean air and water, that will attract investors and create strong economy with opportunities for all the citizens in the region

Mr. Langley closed with stating the committee needs to understand business's perspectives more broadly and the need of closer relationships between business leaders and the Metropolitan Council and understand the needs of the business community. He advised looking at the results of Reality Check 2.0 as a valuable informational approach for the Framework, with valuable input on Corridors of Opportunities, and where economic growth is likely to occur. He stated the economic region is broader and more impactful beyond the seven county area. How the committee addresses the fact that of a larger metro region as a part of our economy will be increasingly important in the years to come. He suggests strong support for MAC very important to future. If we had world class international facilities today, would have more interest businesses and would be an asset.

Chair Haigh asked the Committee members if there were any questions.

Brimeyer asked when the next Reality Check 2.0 forum is planned.

Langley responded late this summer or early fall.

Schreiber asked for an example of Business using water technology.

Langley stated he has some research reports, for example of a research report from Ecolab, addressing global needs and will submit to the committee at a later date.

The next presenter, Jeff Spartz, executive director from the Association of Minnesota Counties (AMC) discussed the chronic structural deficit in the metro and statewide and the projected changing demographics and fiscal deficiencies.

The budgetary problems that began about five years were exacerbated by a serious recession and slow recovery. New deficits of several billion dollars are expected to continue in each biennium through at least 2025-2030.

The change in demographics as the baby boomers age they will need more public services. Most will have smaller incomes to tax.

The Association of Minnesota Counties believes that three policy options must be discussed for solving the structural deficits:

1. Reductions in public expenditures/services – evaluate program and reduce or eliminate those providing relatively low value added.
2. Raise revenue – a need for new revenues, who pays and at what levels.
3. Redesign government-create new approaches to service delivery, for example more self-service when suitable. Some services must remain face to face, for example a required meeting between an offender and a probation officer. We need to evaluate all parts of a job, those that don't require human interaction are done by a machine or a less highly skilled worker.

Spartz stated the Bush foundation funded an effort in the fall of 2011 to bring local jurisdictions together around the state to discuss how they can better serve their constituencies.

Spartz stated he thought the metro region is of the most balkanized areas he's ever seen. What size should local government be? He suggested functional consolidation; obtaining services from elsewhere. SCALE services for cities with more the 75,000 residents. Cities could work together; build a redesign tool for the tool box that includes the MAGIC Act (Minnesota Accountable Government Collaboration and Accountability Act. The Magic Act provides counties with the same set of authorities that statutory cities have for solving community problems and enables counties to engage in redesign experiments that permit the waiving of state imposed process rules.

The goal of redesigning local government is to minimize the burden of our aging population, housing, healthcare, transportation, etc.

Spartz thanked the committee and Chair Haigh asked if there were any questions from the committee and there were none.

The next presentation is David Siegel, Executive Director of the Builders Association of the Twin Cities and he provided the committee with a brief overview of his organization. The BATC represents builders, developers, and suppliers with a 1,000 members/associates in 13 counties. And the BATC is a major sponsor of the annual Parade of Homes event.

The BATC associates were affected by the collapse of the housing market, the builders/remodelers that survived had to be very agile, and recovery is happening but it is fragile. And he predicts the housing market will look different. New homes vs rentals.

Siegel commented on result of a recent poll that people still strongly value home ownership, 75% surveyed stated homeownership is important but financing has changed.

However, homeowners want to know what is in the walls, roof, floors, and demand energy efficiencies.

The new MN Green Path program certifies efficiency and home performance in new home construction and remodeling projects. Homes are given a HERS index scores indicating how energy efficient is the operation of your home. Siegel gave the example of former anchorman Don Shelby's new energy efficient hobby farm.

The challenge to Green building is regulations increasing the cost. The impact of new codes increases the cost \$10-15 thousand per home. For every \$1,000 increased in cost reduces the affordability of the home. Siegel suggested a balance in need for regulations and need for durability.

Siegel concluded with a statement that Transit Oriented Development contributes to a diverse housing market and he applauds the Metropolitan Council for its efforts to reduce housing burdens and homelessness.

Chair Haigh asked if the committee had any questions.

Brimeyer asked Siegel about the cost of the Shelby house.

Siegel responded it was very expensive for a 2200 sq foot house, Shelby knew it would be expensive but wanted to share the story of sustainability.

Cunningham asked what is the builder's perspective of TOD.

Siegel stated it is a broad picture of market demand.

Elkins asked if there has been a move to build more rental housing.

Siegel responded not so much, most of the BATC members who survived when the housing market tanked want to build homes. However, many did move to remodeling waiting for the demand for new housing.

Commers asked which segments of housing market have the largest inventories, what is the demand for sustainability.

Siegel responded he did not have analysis information but will get back to the committee.

Elkins asked with today's property values are there more tear downs of existing homes/buildings for re-build ups?

Siegel responded a few more than in the past, but now the trend is large volume builders are looking for smaller project.

Chair Haigh commented on the alignment of investment, more investment, more building.

The next speaker is Edward Goetz, University of Minnesota, Center for Urban & Regional Affairs.

Mr. Goetz introduced himself to the committee and provided a brief overview of his consortium; a collection of people regarding public health, education, Humphrey Institute, College of Design.

Goetz discussed urban competitiveness, how is competitiveness measured. Where in the region are we strong?

Study compared peer metro areas; Denver, Portland, Seattle, St Louis,

Goetz stated we're strong in most dimensions; health, environment, economy, education, population.

Looks good compared to PEER metro areas. Measures of social cohesion; poverty rates, child poverty rates, share of owner occupied housing, ranking in the top 15-25 % of all metro areas. Rankings are especially high in area of education and health.

Not so good in two areas;

The disparities between whites and non-whites, especially the size of disparities in education, health, income, broken down by race we drop to the bottom 10%.

Environment and transportation, our per capita carbon footprint around 50% for top 100 cities, vehicle miles travelled are the same but carpooling is very low compared to the top 100 cities.

Recommendations:

- RDF is very good as a blueprint, like target-infill, existing infrastructure. Blue Print concept – growth cities/corridors, more statements –guidelines for development and recommendations for minimum densities
- goals for affordable housing, Fair-Share allocation, enforce monitoring of local governments, measure capacity of local governments
- incorporate transit systems
- expectations of TOD and mixed use
- advice – regional special disparities caused by two reasons:
 Limited means=limited access
 Poor conditions = poor performance

How to make opportunities available for all?

No questions from the committee.

The next speaker is Myron Orfield, University of Minnesota, Center on Race & Poverty.

Mr. Orfield introduced himself to the committee. He stated we are twice as racially segregated than since the Civil Rights Act. We went from the most progressive with the bi-partisan 1968 Fair Housing act to falling far behind.

Orfield explained through maps of the twin cities region the neighborhood types with white and non-white neighborhoods from the 1990 to 2010 the changes in diversity. Another map depicted the percentage of minority elementary students attending area schools. Stating schools and housing are related. The maps indicate growth in non-white neighborhoods, seeing a positive aspect of racially integrated neighborhoods in the suburbs.

Hard to remain racially integrated, segregation is a choice. Steering – schools hard to remain racially integrated. Increased poverty, increased dropout rates, all shape the housing market. Orfield states there is a connection between non-integrated schools and prisons.

Minnesota has the largest mortgage disparities in the country for white vs black. Practice of steering occurs because black families cannot get credit.

Orfield stated in the long-term steering is counter-active, no economic need for steering. He suggests returning to a policy that ensures opportunities; jobs, housing, schools and return to a commitment for a cohesive society.

The committee had no questions.

BREAK (5 min.)

The next speaker is Chip Halbach, Executive Director of Minnesota Housing Partnership. Mr. Halbach explained the mission of Minnesota Housing Partnership; promote affordable homes and preserve housing for low and moderate income people.

Halbach stated he has two themes to present to the committee:

1. Support alignment of housing, and housing goals should reflect the greatest need
2. Inadequate funding for housing is a critical barrier and should be a Council priority

Statewide housing burden, more households are burdened by housing costs; some paying 30% to 50% of income for housing. Severe and moderate housing burdens are increasing. A fourth of renters are paying half of their income for housing.

This burden is disproportionately households of color, extremely low income population and projected populations in the next decade 2/3 of households will be extremely low income seniors.

Halbach encourages the Council to look beyond the 60% AMI, for example, the \$1100 monthly rent for a two bedroom unit at 30% AMI is \$550. Tens of thousands will be considered very low income.

Halbach discussed resources and existing inventory.

Minnesota housing "low cost threshold" new units, Twin Cities:

\$215,000 for families

\$185,000 for singles

\$400 million needed annually to build 2,000 units to meet need. Possible funding through bonding and state appropriations, federal housing tax credit, block grants. However there has been a steady decline in funding from the state.

Halbach commented on changes in the existing affordable inventory. Statewide over 10,000 units are at risk for conversion to market rate. The number of units in the Twin Cities renting at \$650 or less fell 53% from 2006-2011.

Halbach concluded with recommendations to the Committee:

- encourage Council to create goals for extremely low income households
- identify strategies and resources to help communities meet the need for affordable housing
- create a framework that can accommodate changes in population, housing prices, and supply of existing affordable housing

Chair Haigh asked why are the number of rental units decreasing.

Halbach stated even though he hasn't seen the analysis, he speculates at that rent level buildings are torn down, and the price has escalated on other rentals.

Elkins stated in Bloomington, many housing units are near the end of their economic life, the inner ring suburbs housing stock is 50-60 years old.

Halbach stated a Harvard study explains the depreciation of older units and the need for re-investment.

Elkins stated some properties the land is worth more without the structure. He asked what kind of subsidy is needed to build in an affordable price range.

Halbach stated the entire capital has to be paid for in addition to a \$400-600/month operating costs.

Melander commented there's no economic upside to affordable housing. Preserving the stock from the 60's and 70's is a huge cost. But people need to live in clean and fair housing.

Jim Erkel, Land Use & Transportation Program Director for the Minnesota Center for Environmental Advocacy spoke next to the Committee and provided a handout on density trends in 25 Metro Regions and growth forecasts of population and developed land in the Twin Cities Region.

Erkel first discussed the EPA new standard for 2014 and the cost to business for Region's non-attainment; 1999 \$250M/yr, expected current cost is \$300M/yr.

He suggested an assessment of the Council and Regional roles, stating the Council and the Region are under performing.

He stated the existing framework indicates growth out to 2030, but the 2010 census compared to 2010 growth, the Census is off by 100k. The 2007 7-county metro projections 90% of new households will be married with no children, or single.

He stated a need for integration, with an emphasis on Metro Systems, must represent all plans and policies.

Framework should include funding for transit with a projected ROI and should include specific measures of Council performance and monitoring.

The committee had no questions.

The next speaker is Russ Adams, Executive Director of Alliance for Metropolitan Stability. Mr. Adams provided a brief explanation of the Alliance for Metropolitan Stability as a coalition of grassroots organizations that work together to advance racial, economic and environmental justice in economic growth and land development in the Twin Cities region.

Adams stated land use is a social justice issue with racial and environmental components. The Corridors of Opportunity project is advancing equity and making the region more competitive. Trends indicate residents want more compact development near jobs and transit.

Adams encouraged the Metropolitan Council's leadership to invest in the region creating an impact on economic development.

Adams discussed having a strong political culture and that we're not there yet like other cities. He suggested public participation with cities and local groups working together. This strong community engagement component aided Chicago in their planning efforts.

Adams the committee what I we do about racial disparities? How can we move forward? He stated we have untapped potential, and should focus on the positive, instead of the negative, the public is fatigue over disparities issue. He suggested the committee to

read in the newsletter he distributed a story on the Harrison Neighborhood (page 7) as example of a neighborhood reclaiming some of its power by creating its own development plan. Then he directed the committee to some equity questions on page 10 of his newsletter;

- Fiscal equity: Will the use of public funds reduce racial disparities rather than increasing them or neglecting to consider them?
- Transportation equity: Will transit access (or lack thereof) differentially impact people of different racial and economic statuses?
- Housing equity: Will the use of public funds for housing development differentially impact people of various racial and economic backgrounds?
- Employment equity: Are jobs created and retained as part of a strategy to reduce poverty across different racial and ethnic lines?
- Environmental equity: Are environmental hazards distributed unevenly across residents based on race, ethnicity or socioeconomic status?
- Zoning and planning equity: Are zoning and planning policies adversely impacting people differently based on socioeconomic, ethnic or racial status?

In closing Adams pointed out the statistics on the regional changes in population and especially the increased populations of color in communities. He asked where is the next corridor? Our regional transitways help develop businesses in communities, to be a global market place to meet cultural and racial needs. The demographic certainly indicate more diversity, and the RDF can help reach goals.

The committee had no questions.

The next speaker is Ethan Fawley, the Transportation Policy Director of FreshEnergy. Fresh Energy's goal is an energy system that sustains our economies, human health, and the environment. Through advocacy, research, and collaboration, we deliver laws to make clean energy more available, fight global warming, and provide less polluting, more efficient transportation options.

His first recommendation:

- Meaningfully consider energy and the connection between land use and energy,
- Gas prices/energy trends, oil today is not getting any cheaper, becoming more volatile, impact on families and the economy
- Support transit options and higher densities
- Reduction goals – greenhouse gas emissions
- Climate change impacts; 35th straight year of above average temperatures; more flooding/drought, long term cost burdens
- Threat of nonattainment
- Energy efficiencies in housing and electric vehicles

2nd recommendation

- Regional Benchmarks-does this investment/plan/decision achieve goals? Using models to examine policies, such as Vehicle Miles Travelled (VMT), people are driving less, fewer miles driven reduces pollution.
- Additional recommendations:
- Make policy-based growth allocations
- Focus investment in key growth areas
- Break down barriers between the Systems
- Implement a meaningful regional Complete Streets policy
- Provide more info on long-term infrastructure cost burden
- Lots of public engagement is essential to build support for implementation.

Chair Haigh asked for questions from the committee.

Chávez commented in the mid 90's he was a vice chair of a minority advisory committee, and as a Latino he was grateful to hear about equity, however none of today's presenters were Black, Asian, or Latino. He stated land use is a social issue, focus on the theme.

With no further questions or comments Chair Haigh thanked the speakers. She directed the committee to complete the framing questions and submit to staff. She also informed the committee of the request to complete an electronic survey from Libby Starling.

OTHER BUSINESS

There was no other business. Noted the next meeting on April 4th will start at 3:30

Business completed, the meeting adjourned at 6:30 p.m.

Respectfully submitted,

Michele Wenner, Recording Secretary