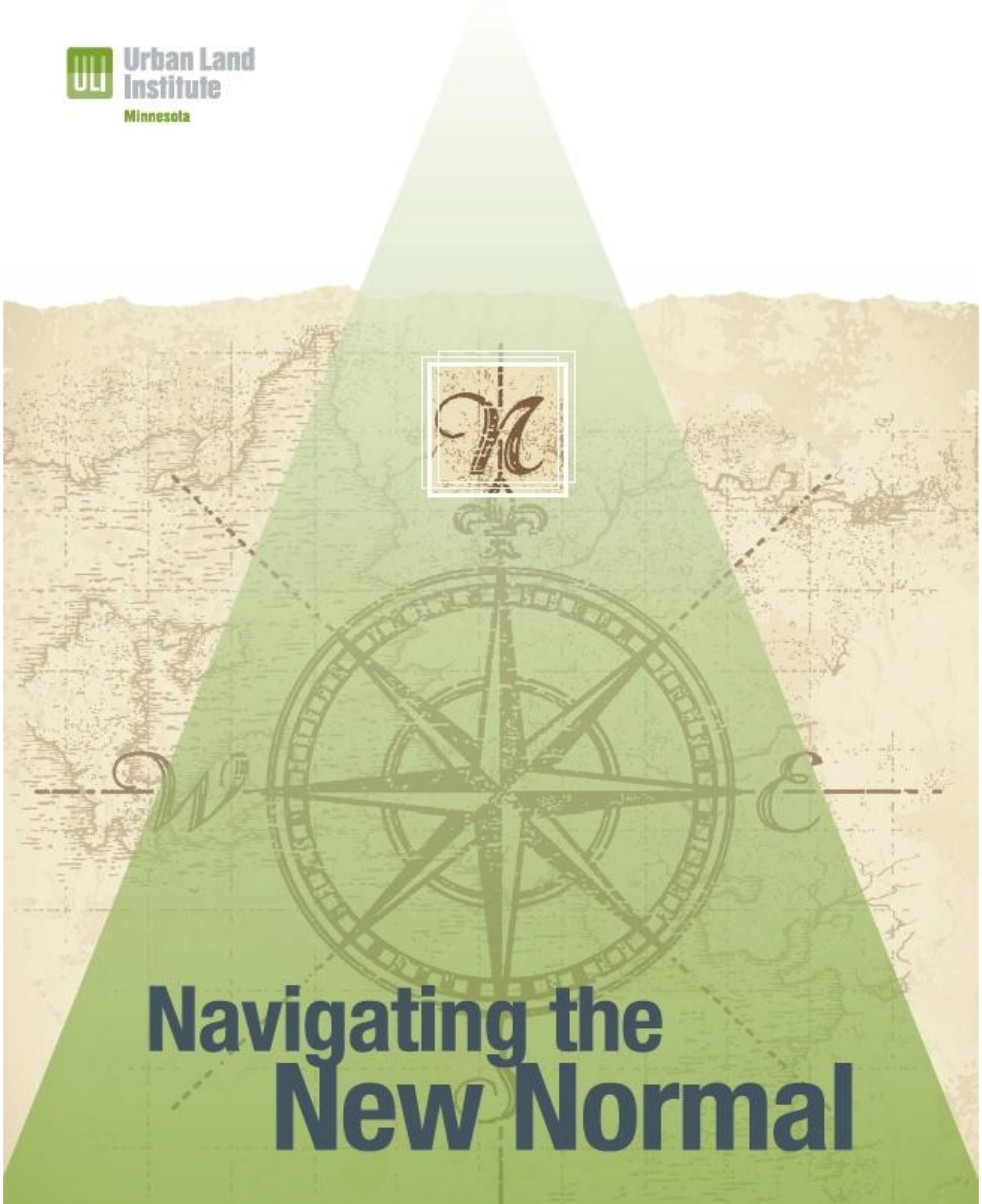
Urban Land Institute
Minnesota



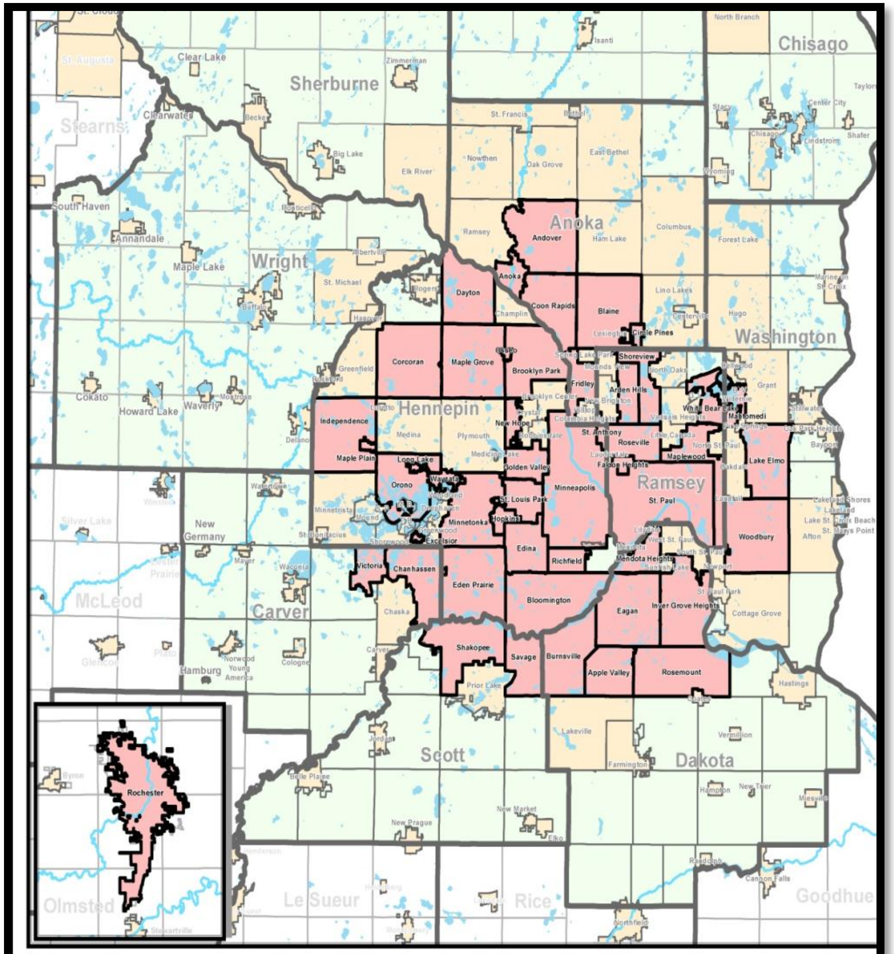
Navigating the New Normal

About ULI MN

ULI Minnesota actively engages public and private sector leaders to foster collaboration, share knowledge and join in meaningful strategic action to create *thriving, sustainable communities*.

Urban Land Institute
Minnesota

Regional Council of Mayors



- Minneapolis, Saint Paul and 48 other municipalities, in the developed and developing suburbs, are represented in RCM.
- Collaborative, non-partisan, solution-oriented

Urban Land Institute Minnesota

RCM Regional Council of Mayors

Our Strategic Issue Areas

ENVIRONMENT

Promoting action strategies that reduce greenhouse gas emissions, protect natural resources, and support healthy living.

HOUSING

Partnering to implement tools and strategies that support a full range of housing choices in connected, livable communities.

TRANSPORTATION

Building on national and regional best practices to connect transportation and land use systems.

JOBS

Fostering regional collective action to strengthen economic competitiveness and job growth.

Demographics

Energy & Commodities

New Normal

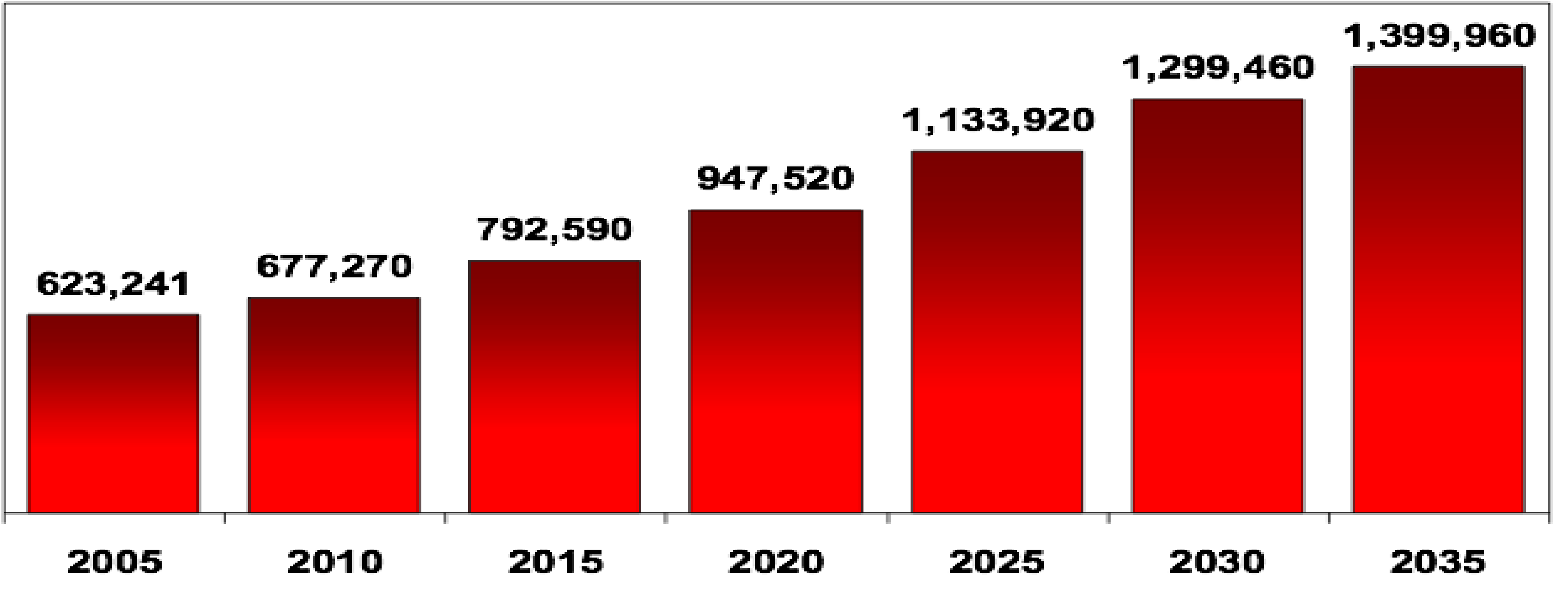
Preferences

Jobs/Income

"These things usually creep along at the speed of a glacier. Not so with aging. In demographic terms, this is a tsunami. It doesn't get much bigger than this……"

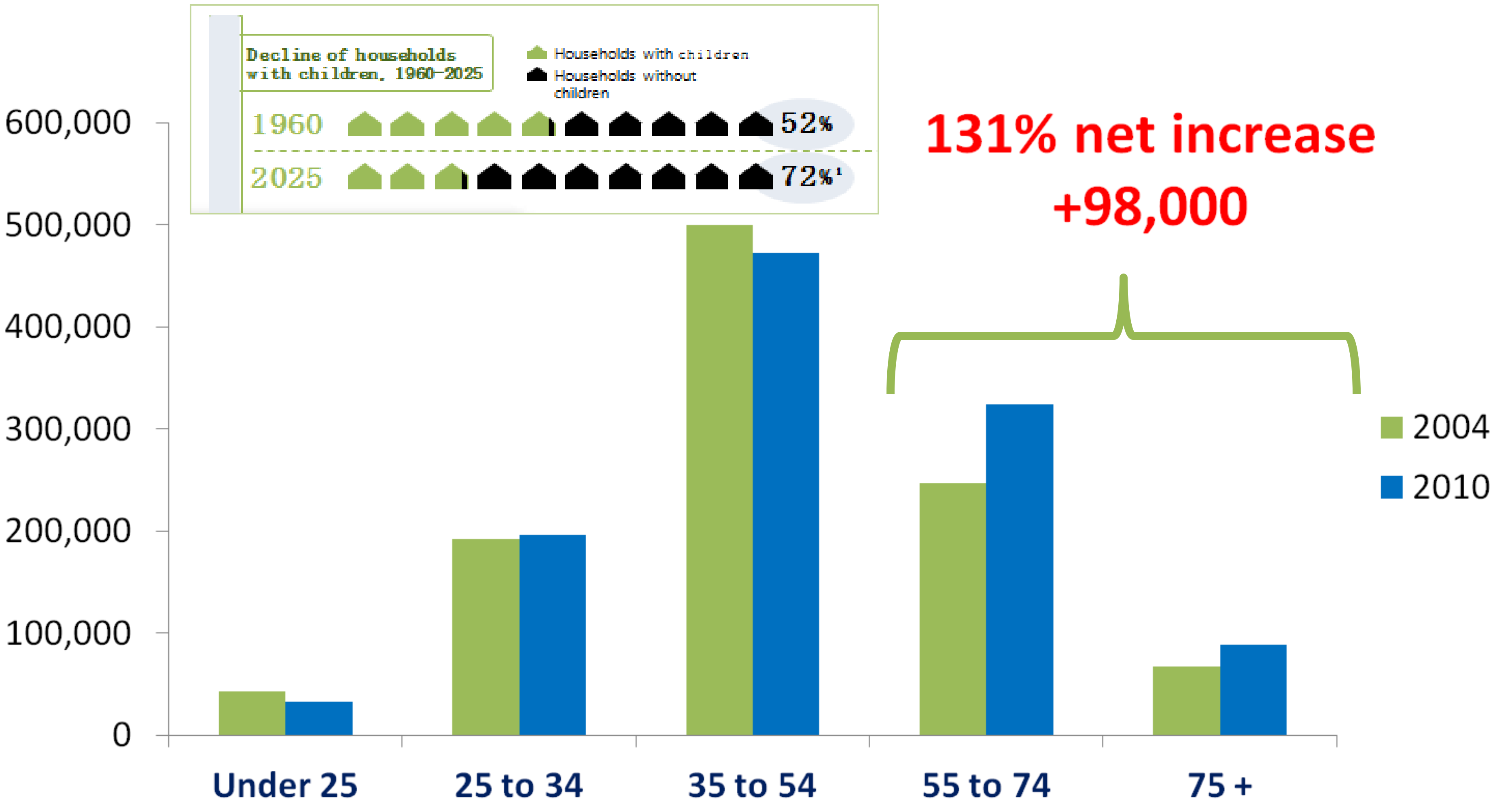
Thomas Gillaspy, MN State Demographer

Projected Minnesota population ages 65+



Minnesota State Demographic Center projections

Growth in # - Older Households



Source: ULI MN Community Change Data; Excensus, LLC – 2004-2010

- 1,112,879 - Occupied Housing Units (2011) in 7-Co. Area
- +65,083 – Net Household Change (2004-2011)

Population Characteristics are Changing

Over
80million
Gen Ys today (1979-96)

~75million
Baby Boomers (1946-64)

GENERATION Y

Overall, it is estimated that Gen Y influences "as much as half of all spending in the U.S. economy"

Over 35% of Gen Ys households earn above $75,000

They represent
$1.6 trillion
In earning power

Gen Y represents the greatest magnitude and spending power

Represents almost 30% of today's population

WHAT'S BEEN SAID ABOUT GEN Y:

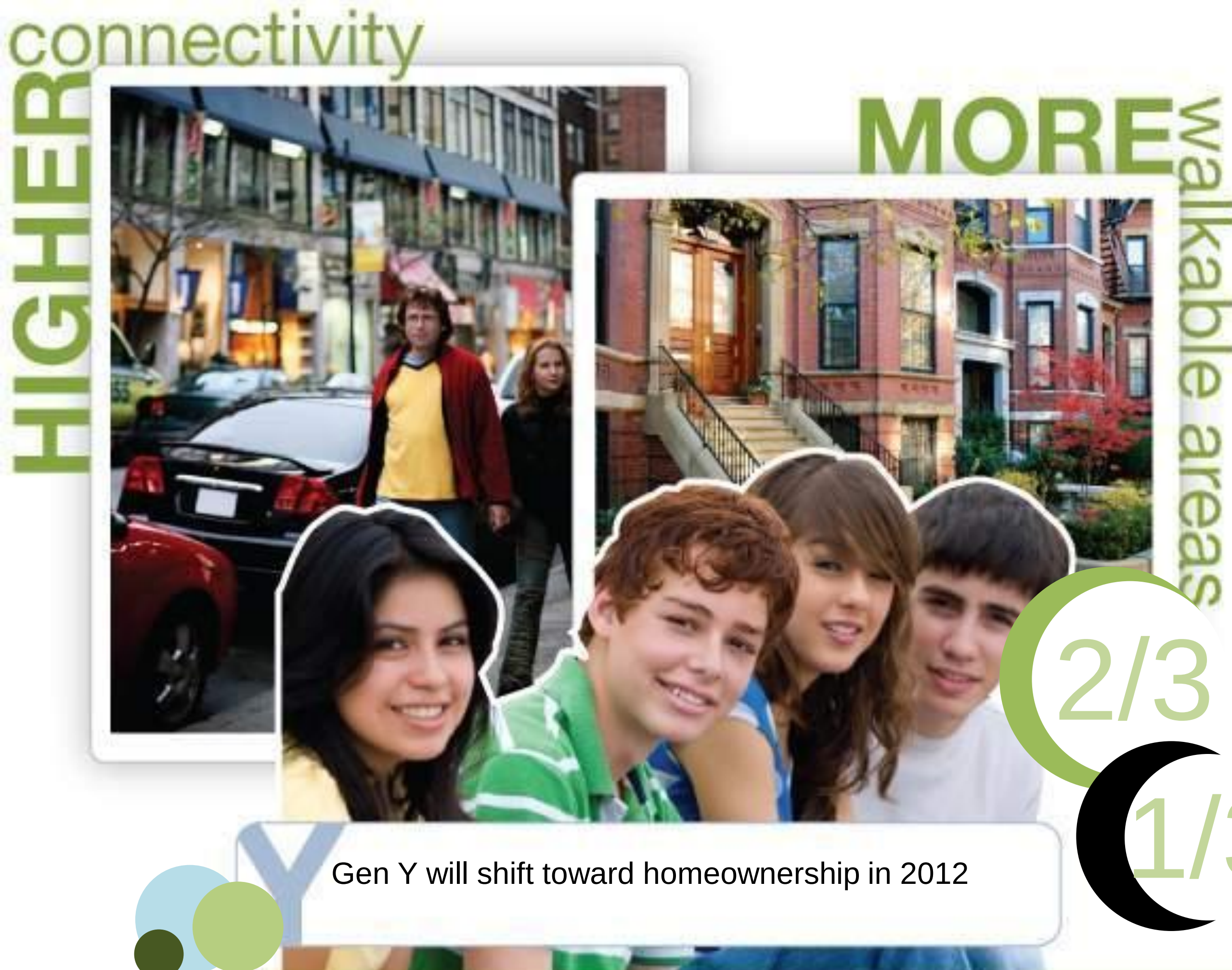
- *Most digitally connected generation; smart phones, Facebook, Twitter*
  - *Knowledge is power and its just a click away*
- *Delaying adulthood compared to other generations*
- *Marrying later, kids later*
- *Closer to their parents than Boomers were*
- *Sense of entitlement, narcissism, and rejection of social conventions*
- *High expectations of advancement, salary, mentoring*
- *Switch jobs frequently, lack loyalty, OR*
- *Coming of age with great recession made frequent change necessary*
- *Want to live in urban environments, desire walkability*
- *Less religious*

Baby Boomers seeking active lifestyles, more interaction

Boomers have made “third places” like Starbucks, Barnes and Noble, and Borders their “community center”

National Association of Realtors, Smart Growth America. 2004.
Robert Charles Lesser Company.

Preferences



Gen Y will shift toward homeownership in 2012

- **41%** - plan to rent for at least 3 years.
- **77%** - plan to live in urban walkable area.

2/3 say that living in a walk able community is important

1/3 will pay more to walk to shops, work, and entertainment

Gen Y seeks diversity, walk ability, and proximity to jobs

In-town areas and inner suburbs will remain on an upward trajectory

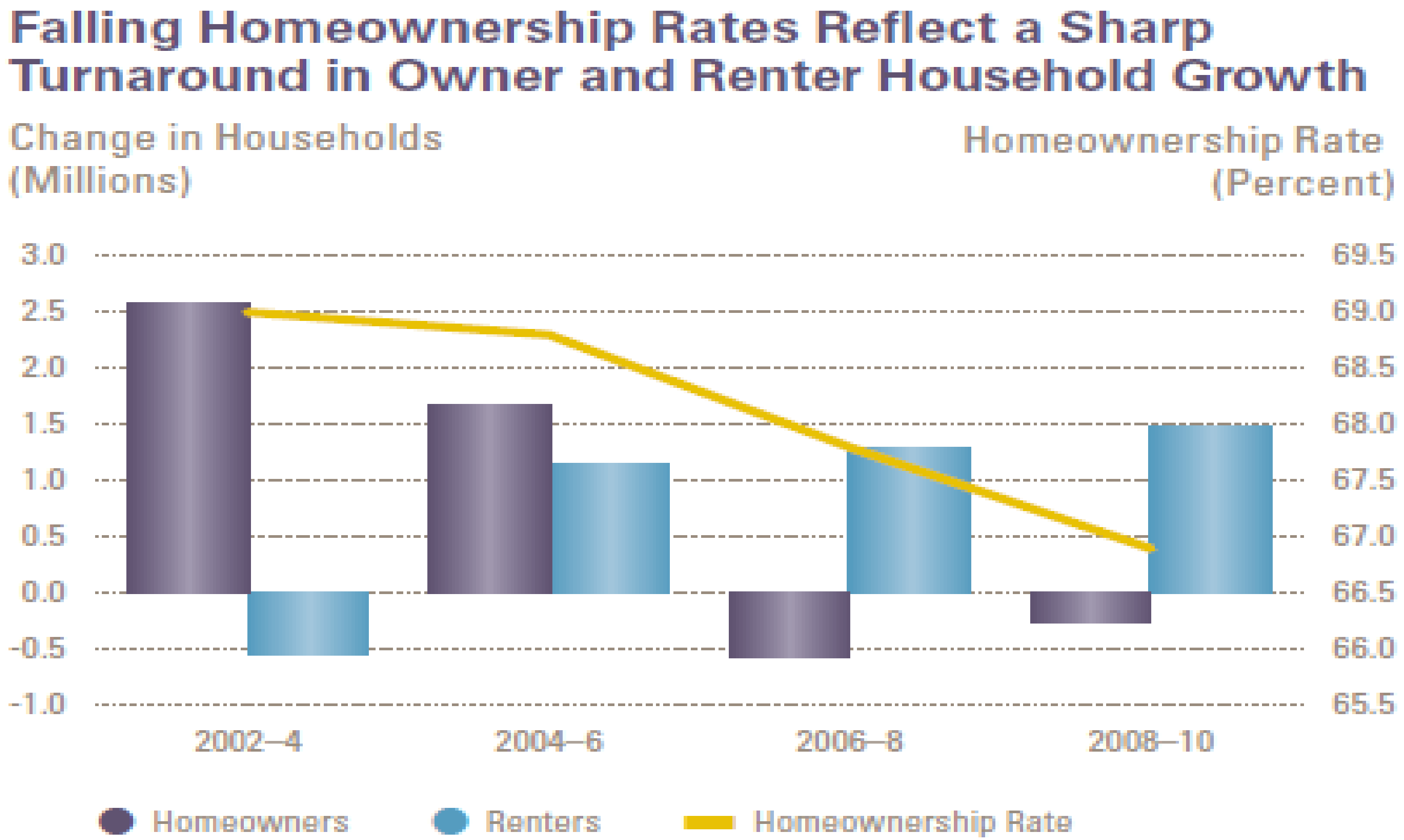
Robert Charles Lesser & Co. LLC.

GEN Y: GREATEST URBAN INTEREST

- **About 10.5% currently live downtown…**
- **…another 7% would like to live downtown, or about 18%**
- **About 30% would like to live in the City**
- Urban places with appeal to Gen Y:
  - Have a virtual, wired world co-existing with the physical environment
  - Incorporate technology
  - Cool places to hang out and text each other…
  - Fun restaurants and bars
  - Music and art

SOURCE: RCLCO; National Association of Realtors Survey

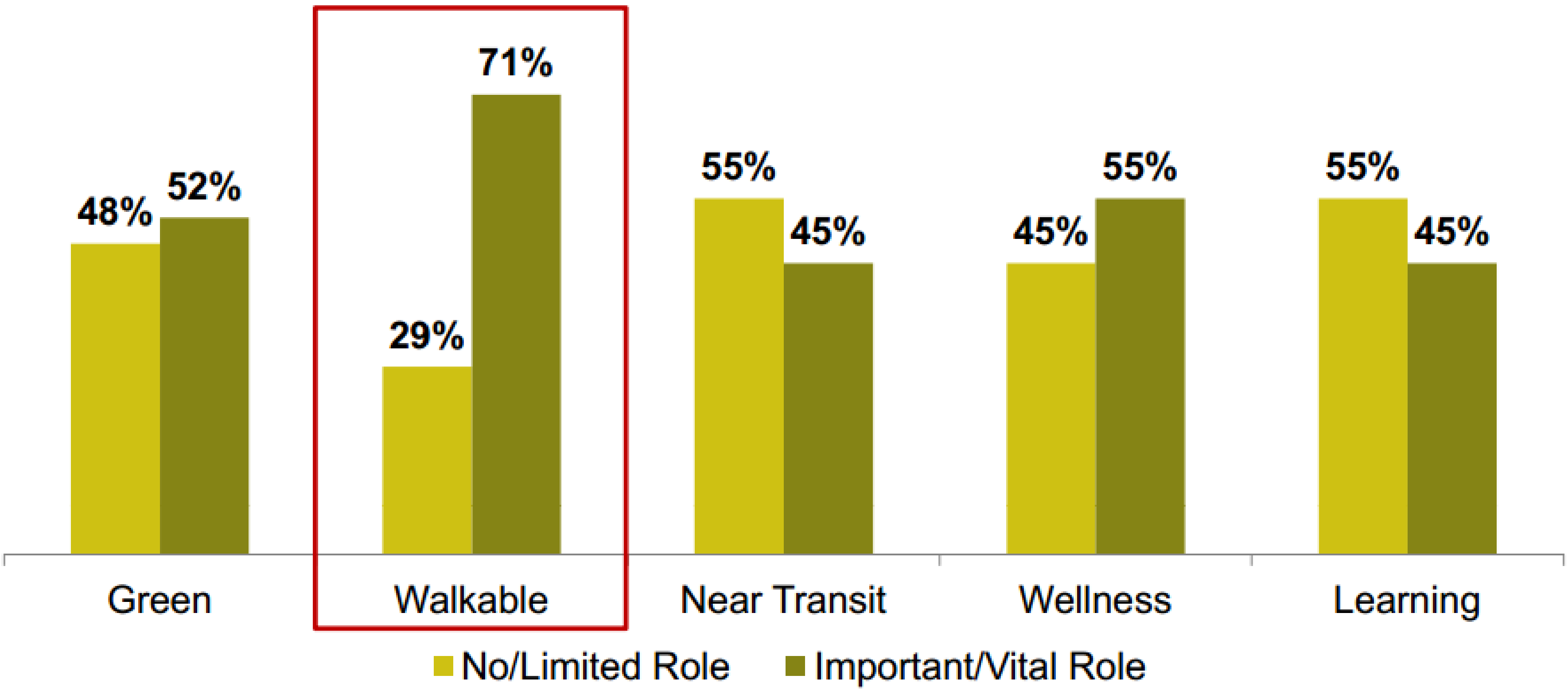
Change in Housing Choice



Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

WALKABLE MOST IMPORTANT COMMUNITY FEATURE TO GEN Y

Survey Question:
How important are the following community features in your home or community selection process?



SOURCE: RCLCO Consumer Research

Built Environment is a Direct Reflection of the Underlying Economy

Agriculture Economy

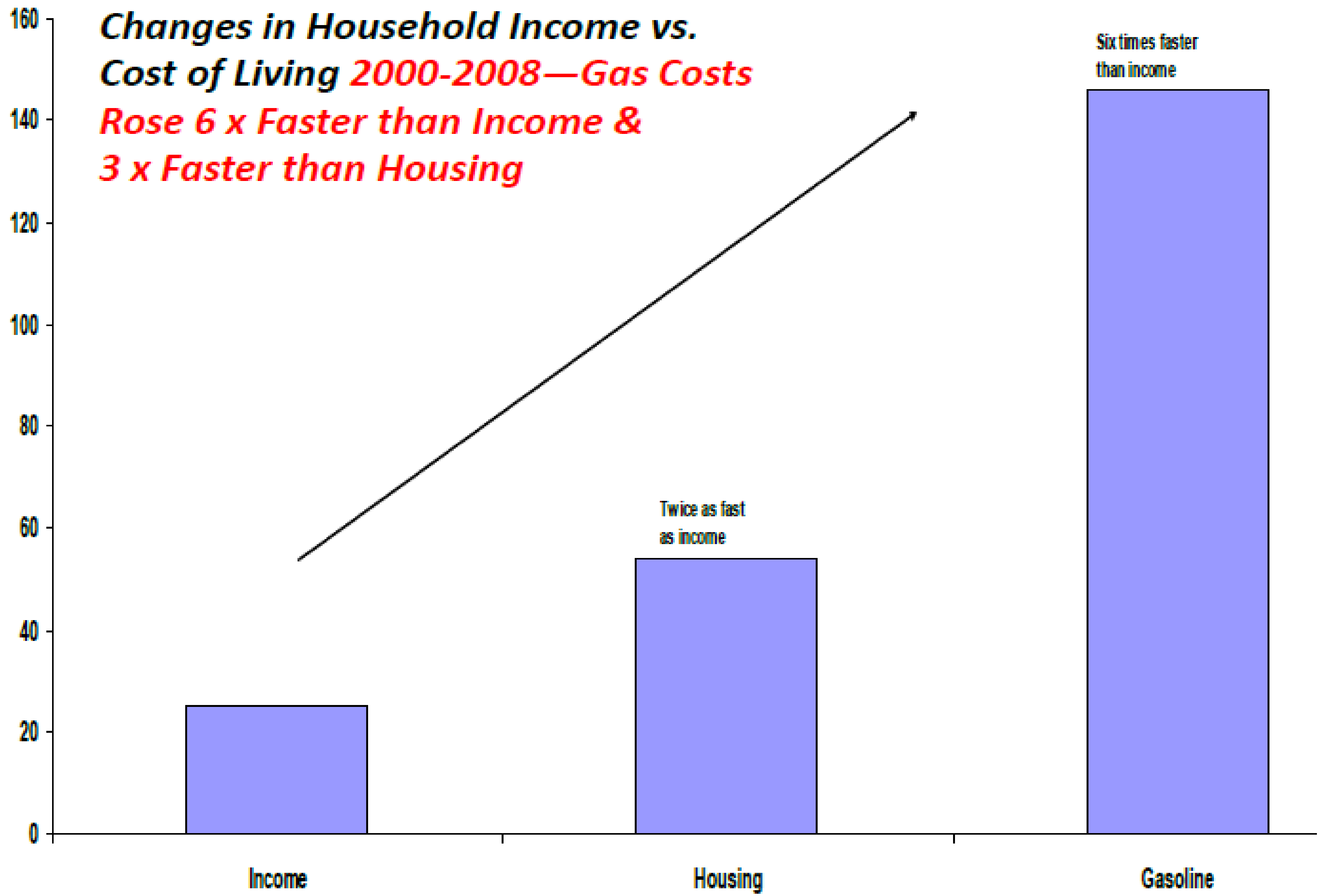
- 1st version of the American Dream
- "40 Acres and a Mule"

Industrial Economy

- 2nd version of the American Dream
- Drivable Sub-urban…"See the USA in Your Chevrolet"

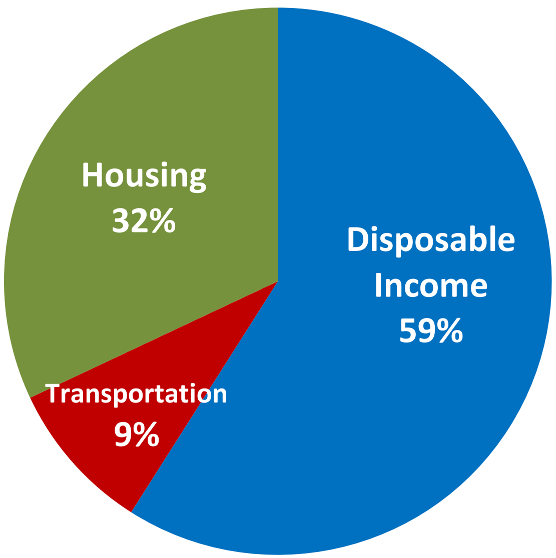
Knowledge/Experience Economy

- Current/Future version of the American Dream
- ***Option*** of Walkable Urban and Drivable Sub-urban

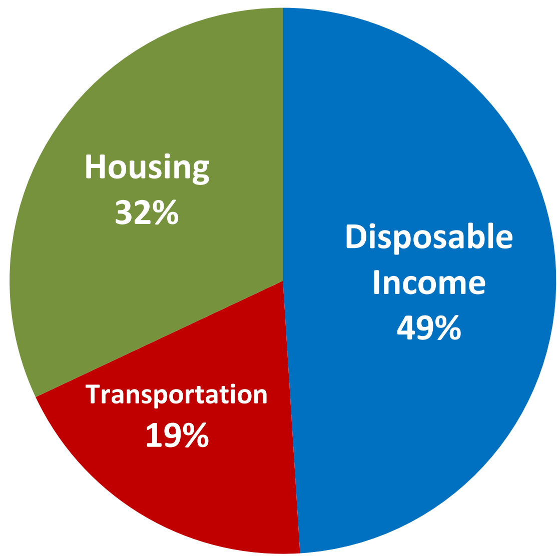

Changes in Household Income vs. Cost of Living 2000-2008—Gas Costs Rose 6 x Faster than Income & 3 x Faster than Housing
160
140
120
100
80
60
40
20
0
Twice as fast as income
Six times faster than income
Income
Housing
Gasoline

U.S. Household Spending: Walkable, Average & Drivable

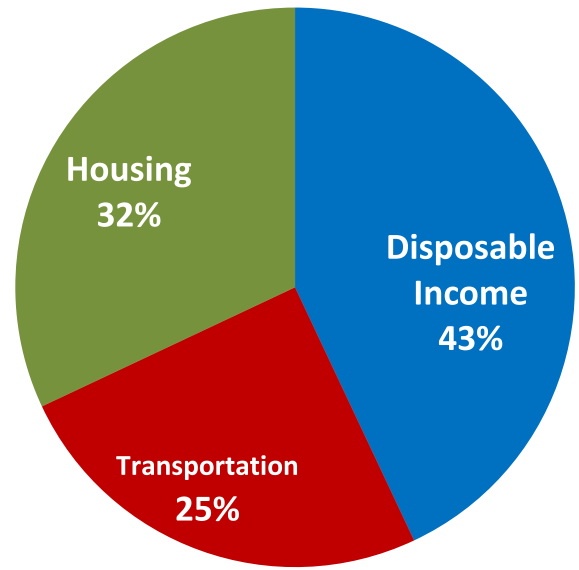
Walkable Urban



Average US

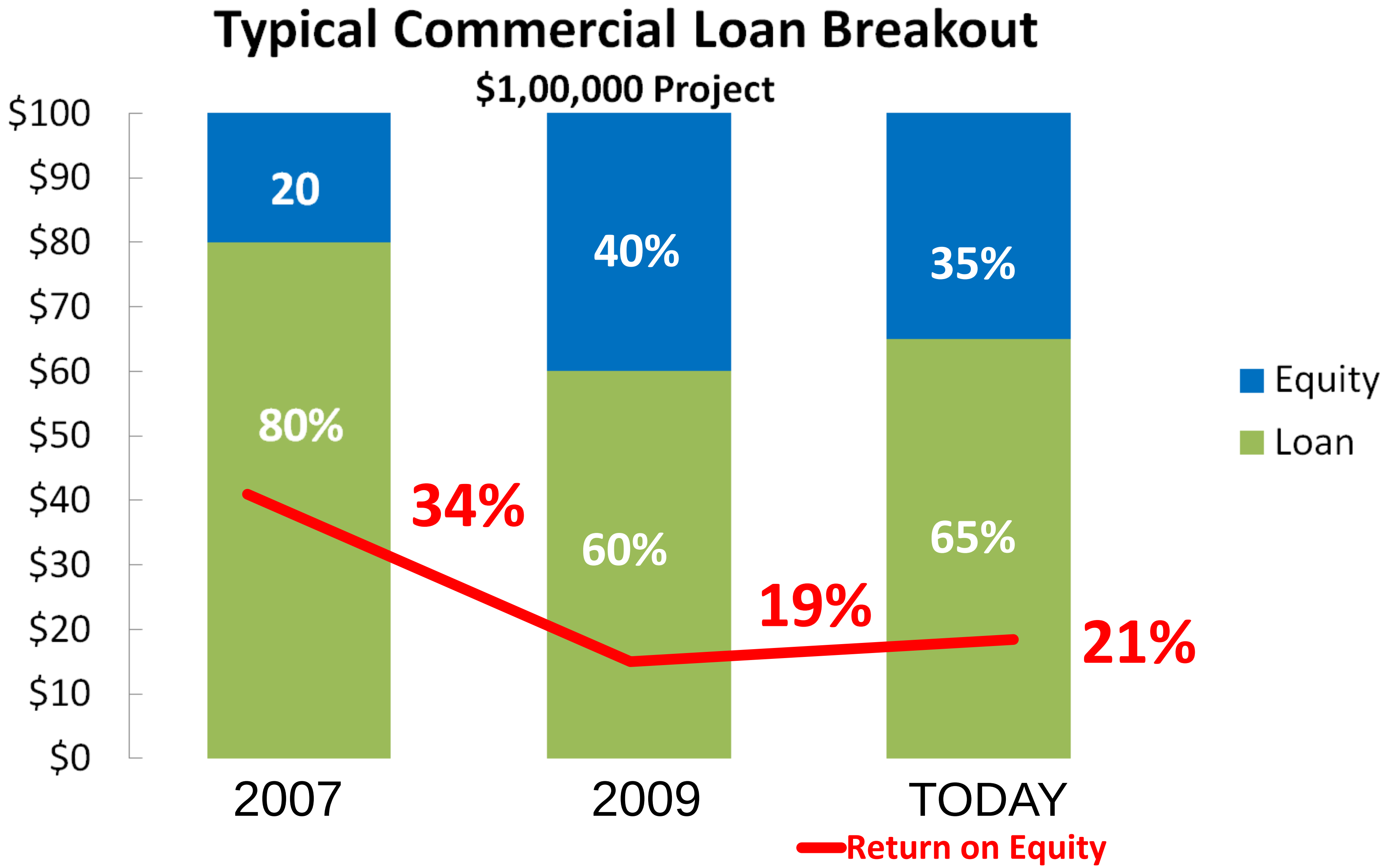


Drivable Sub-urban



Get rid of one car from the household fleet: >$100 K increase in mortgage carrying capacity

The Problem: Capital Market

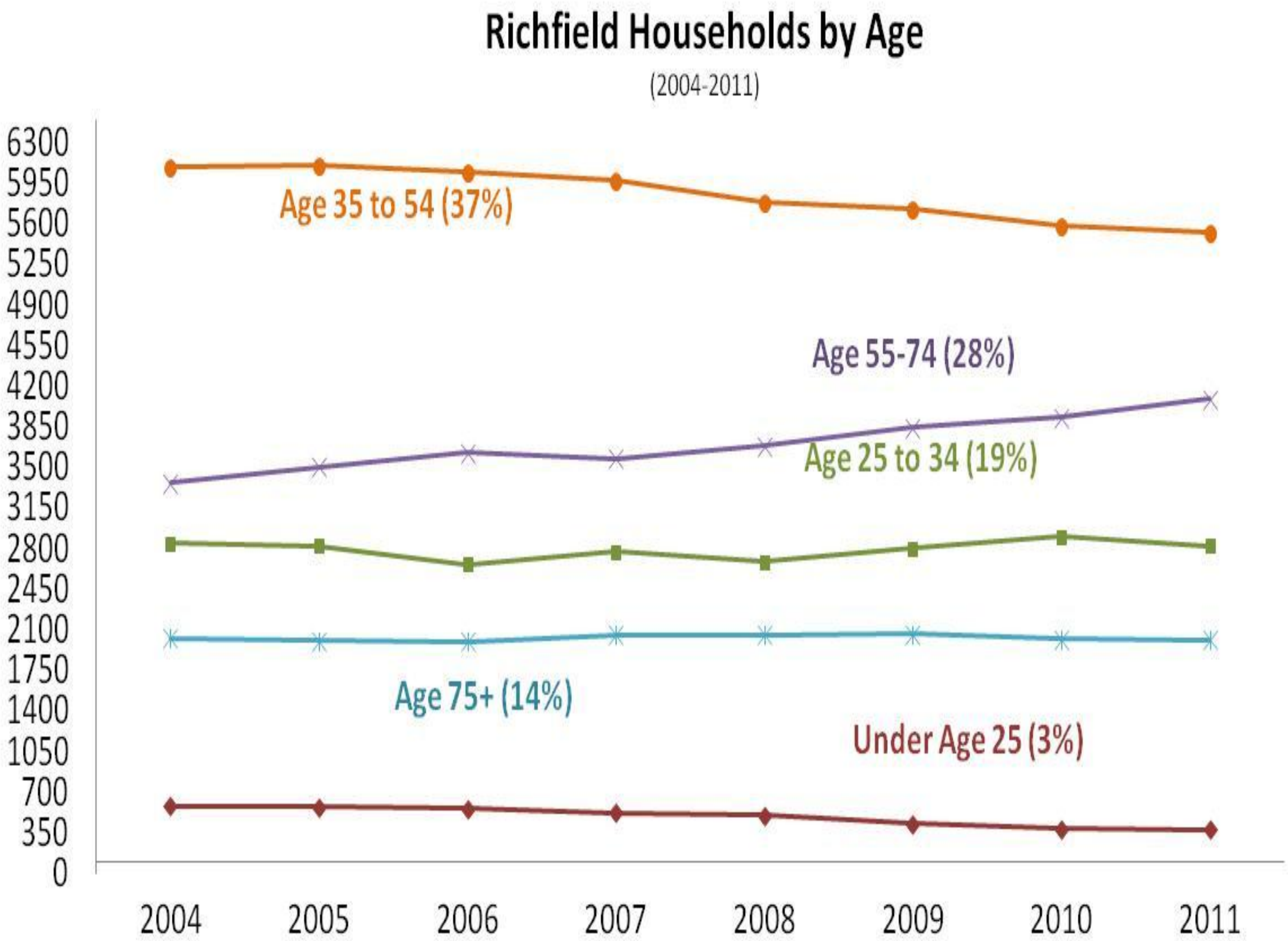


Potential Impacts to Cities

- Shifts in demand for local goods/services
- Shrinking local tax bases/ school impact
- Job markets impacts & transportation systems
- Demand for New Housing Types

Community Change in Richfield

Household Distribution

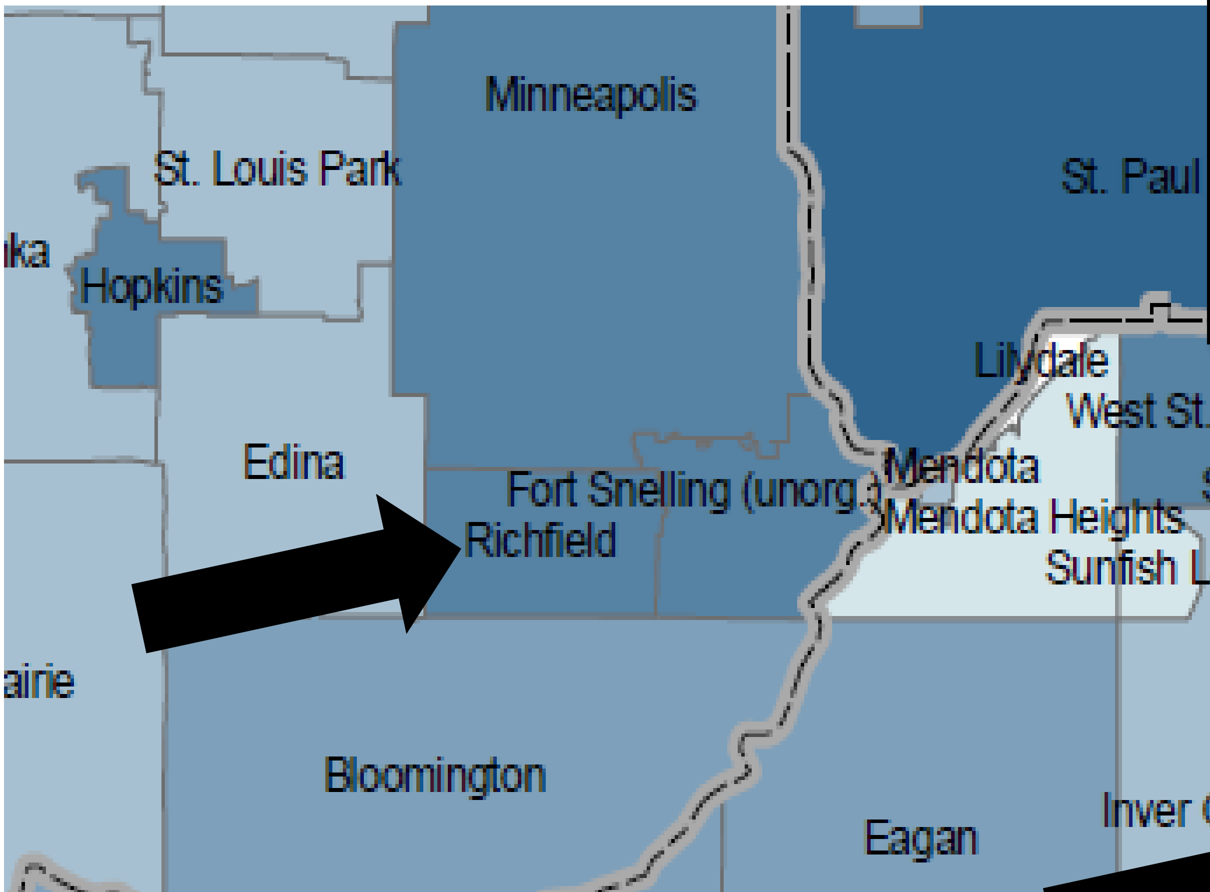


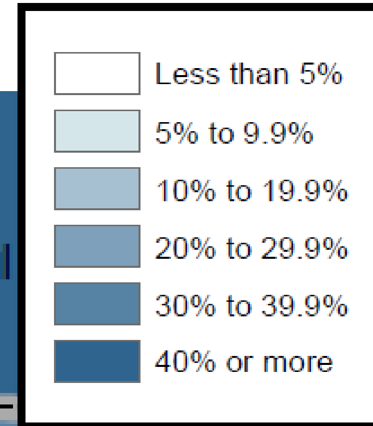
% Change 2004-2011
-9.3%
21%
-1%
-1%
-34%
-1%

Total Household Change 2004-2011

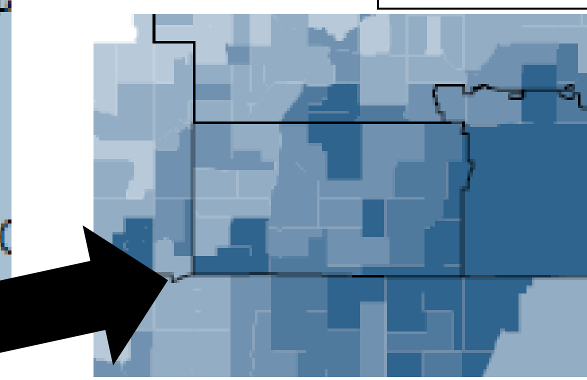
Richfield Resident Diversity

Percent People of Color (2010 Census)





Block Group % People of Color

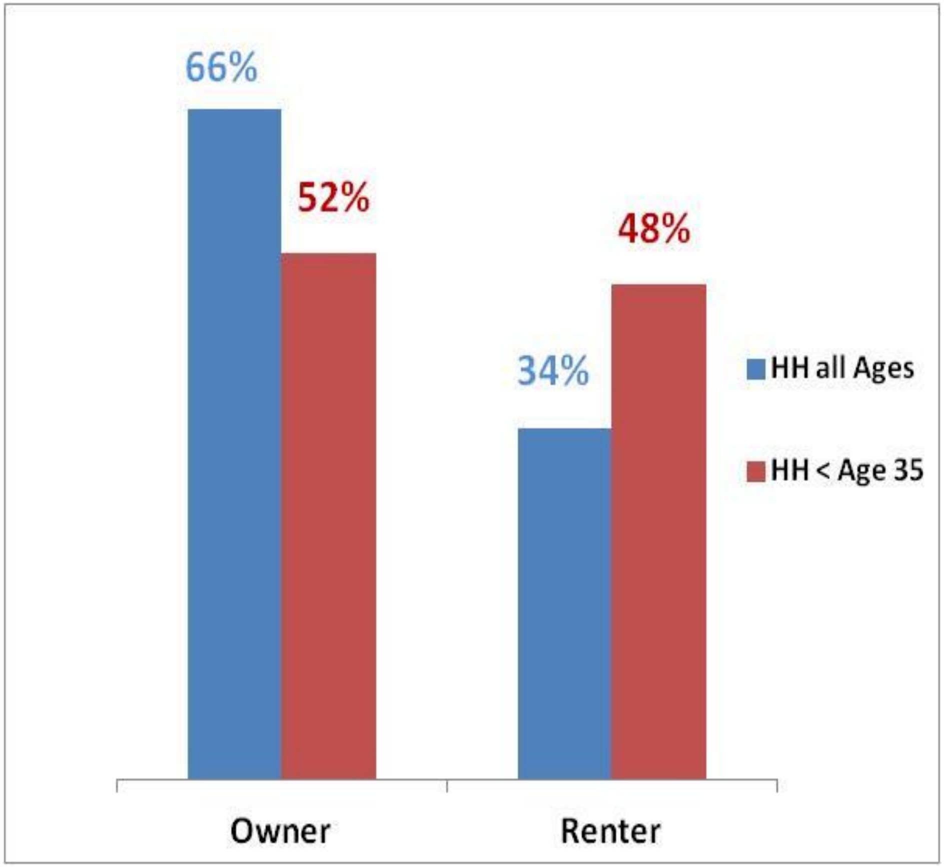


What Type of Homes do Richfield Residents Live in?

(2011)

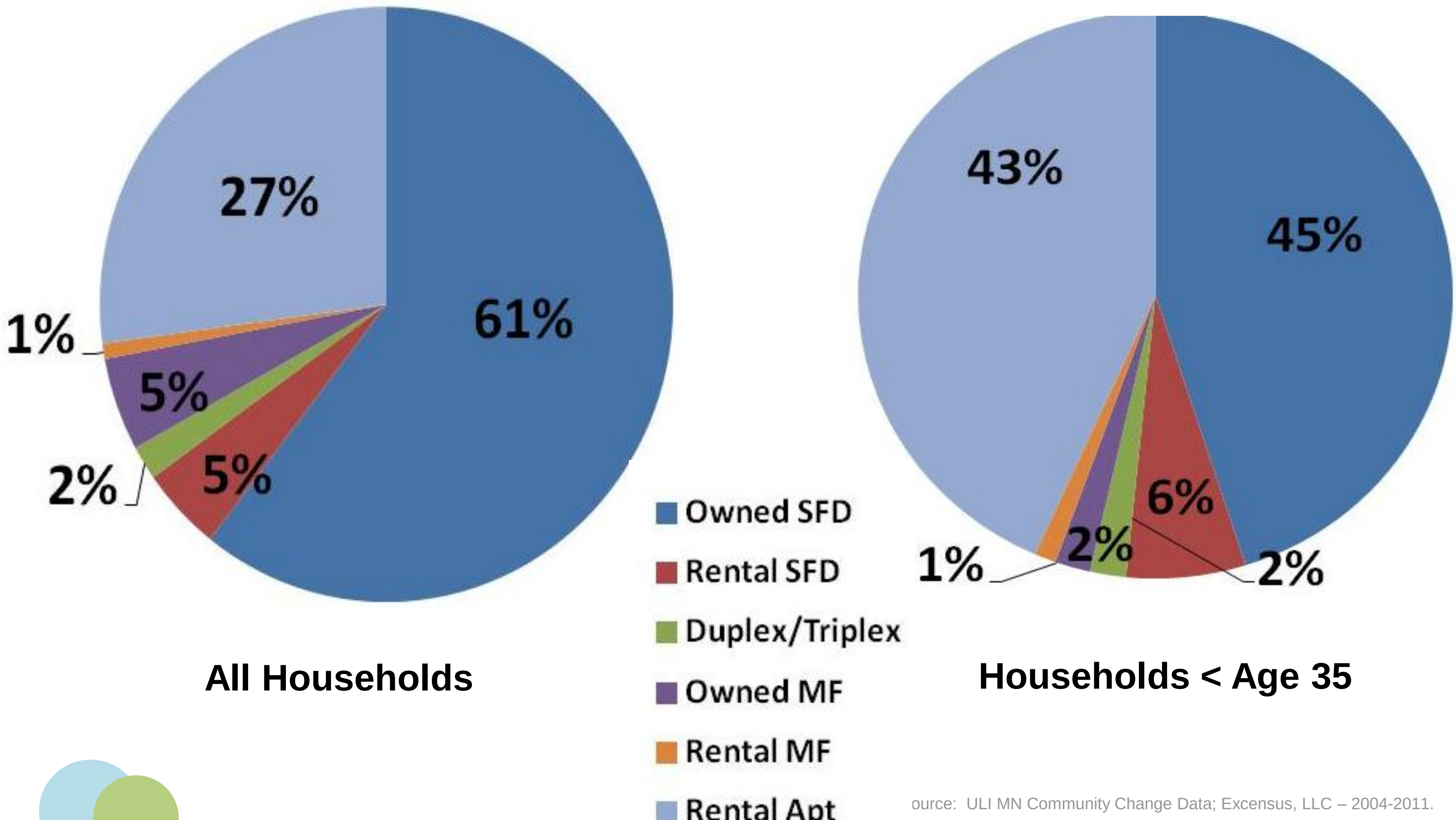
	All HH's	HH < Age 35
	65%	52%
	8%	5%
	27%	43%

Comparison Owner/Renter
All HH/Young HH



Source: ULI MN Community Change Data; Excensus, LLC – 2004-2011.

Side by Side Breakdown by Housing Type
Richfield Residents - All Households and Younger HH's



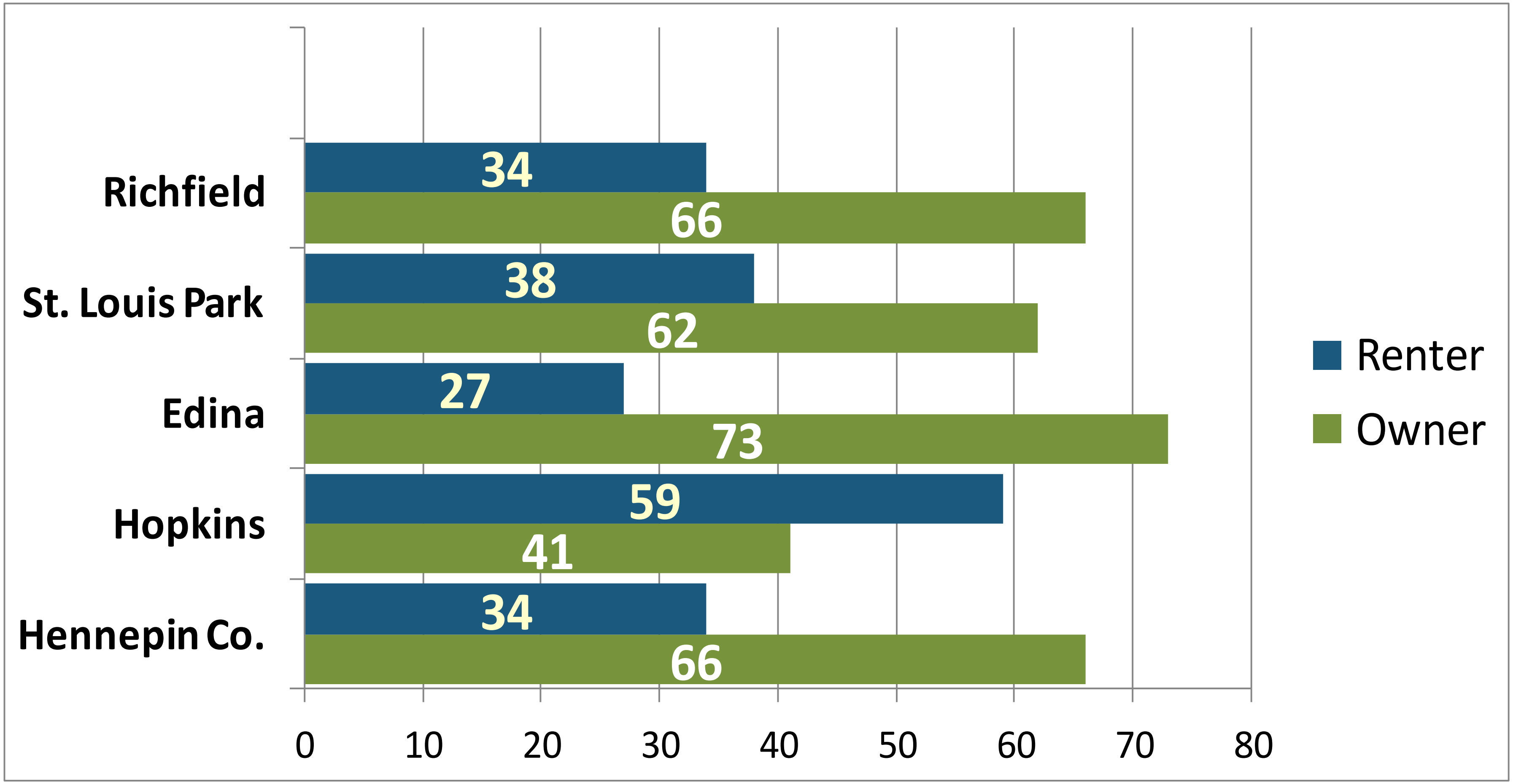
All Households

Households < Age 35

ource: ULI MN Community Change Data; Excensus, LLC – 2004-2011.

Richfield Compared to Other Cities/County

Percent Households Owner/Renter Occupied



Source: ULI MN Community Change Data; Excensus, LLC – 2009, 2011

Where did Richfield Residents Move?

(Top Destinations - 2004-11)

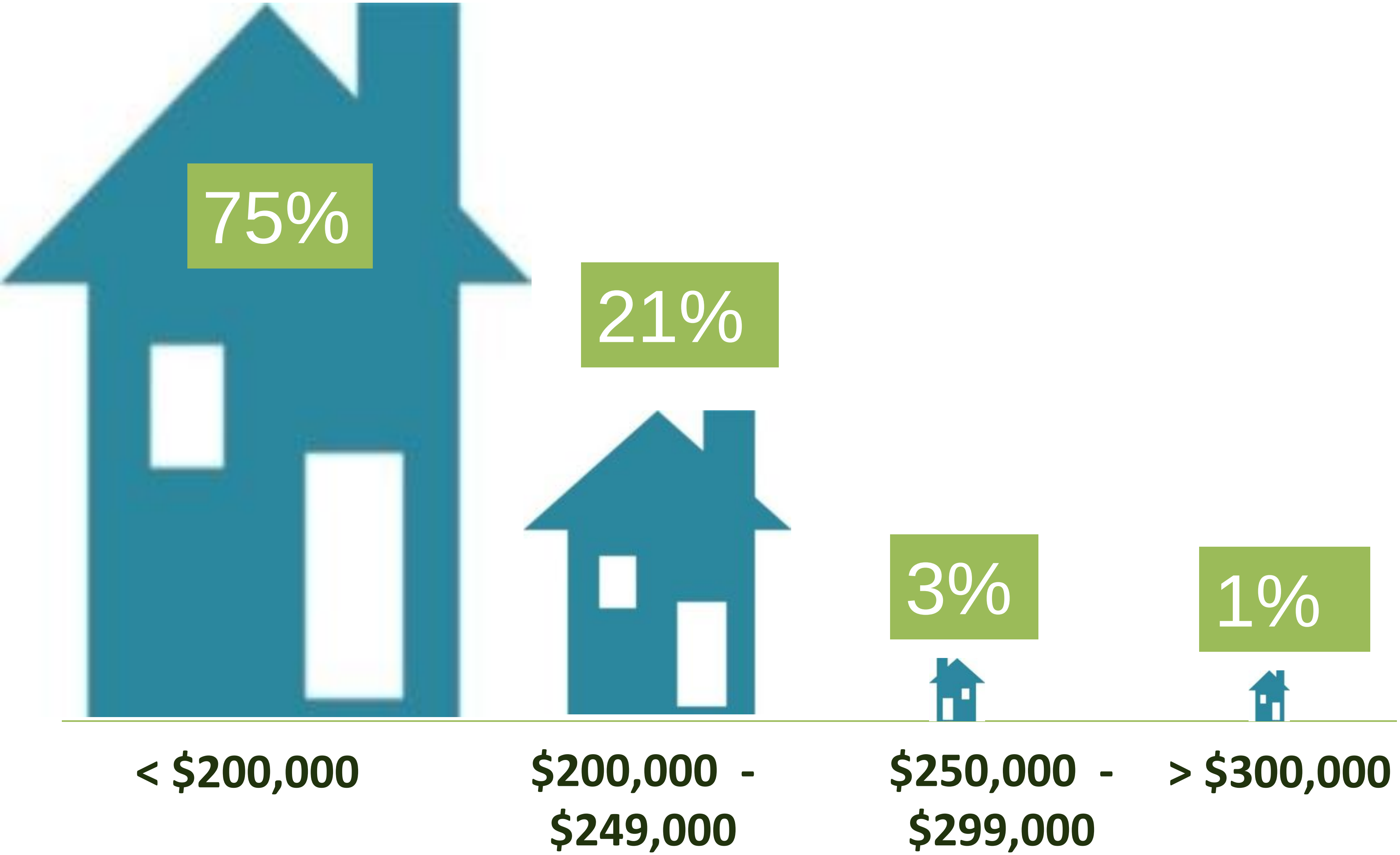
4,156 residents moved
(between 2004-2011)

City	%
Richfield	23%
Bloomington	15%
Minneapolis	14%
Edina, Burnsville	5% each
Eden Prairie, Eagan	3% each
Lakeville, Apple Valley, Shakopee	1% each

Source: Excensus, LLC, 2011

Richfield Single Family Home Tax Values

2011 tax assessment



Source: ULI MN Community Change Data; Excensus, LLC – 2011

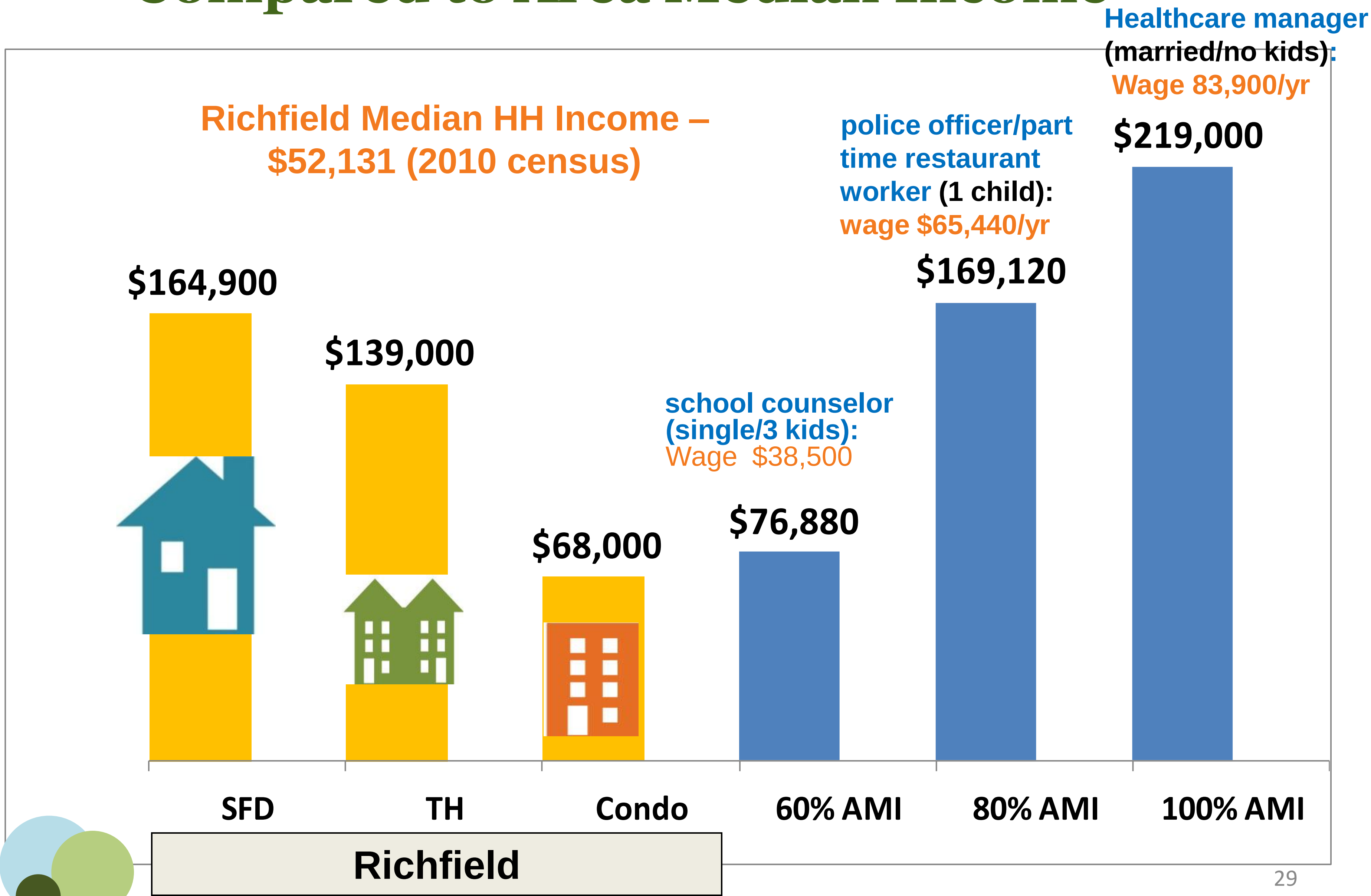
Richfield Single Family Home Tax Values

Under age 35 - 2011

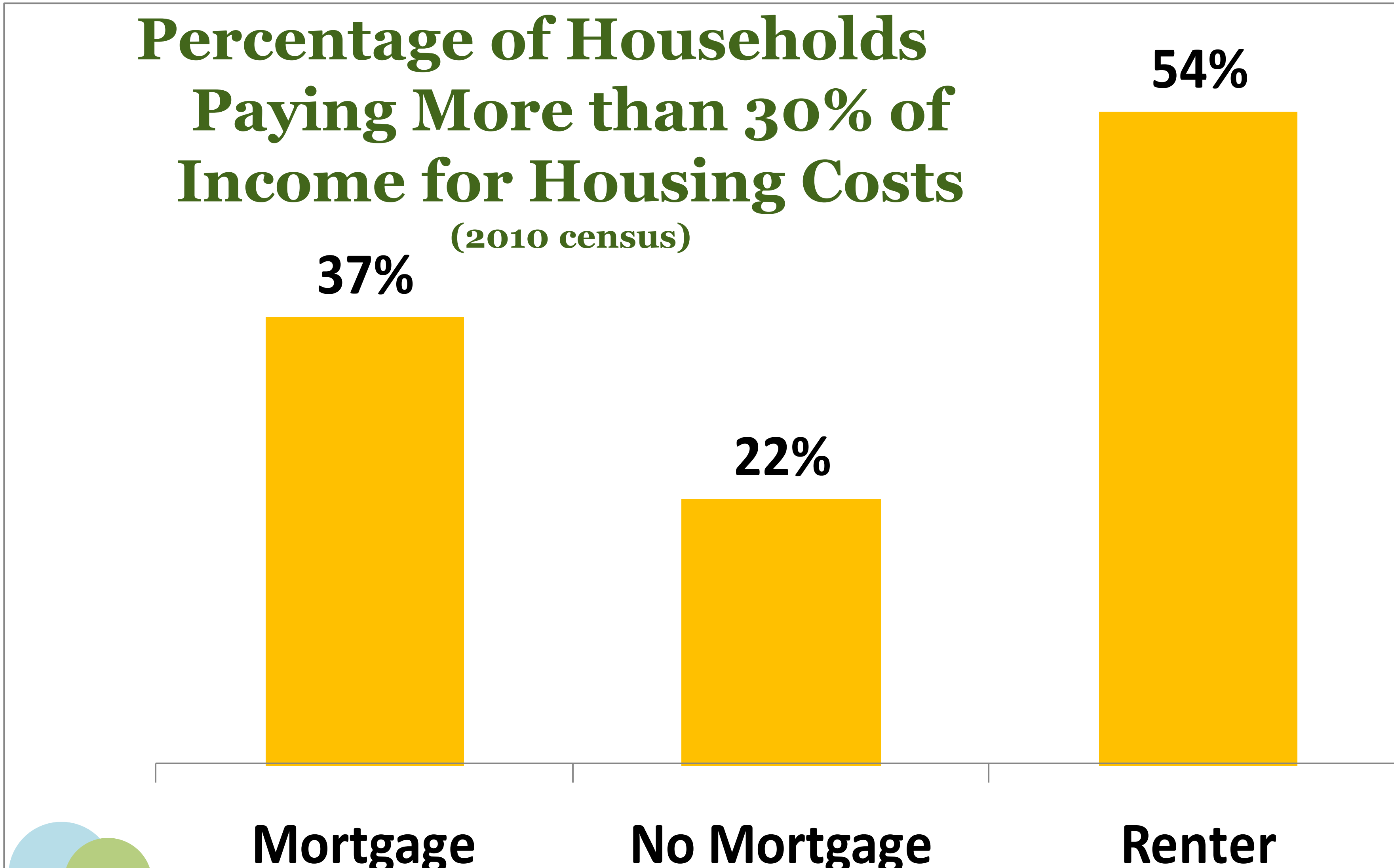
< $200,000	$200,000 - $249,000	$250,000 - $299,000	> $300,000
83%	15%	1.4%	0.4%

Source: ULI MN Community Change Data; Excensus, LLC – 2010

Median Home Sale Price (2012) Compared to Area Median Income



Richfield Cost Burdened Households



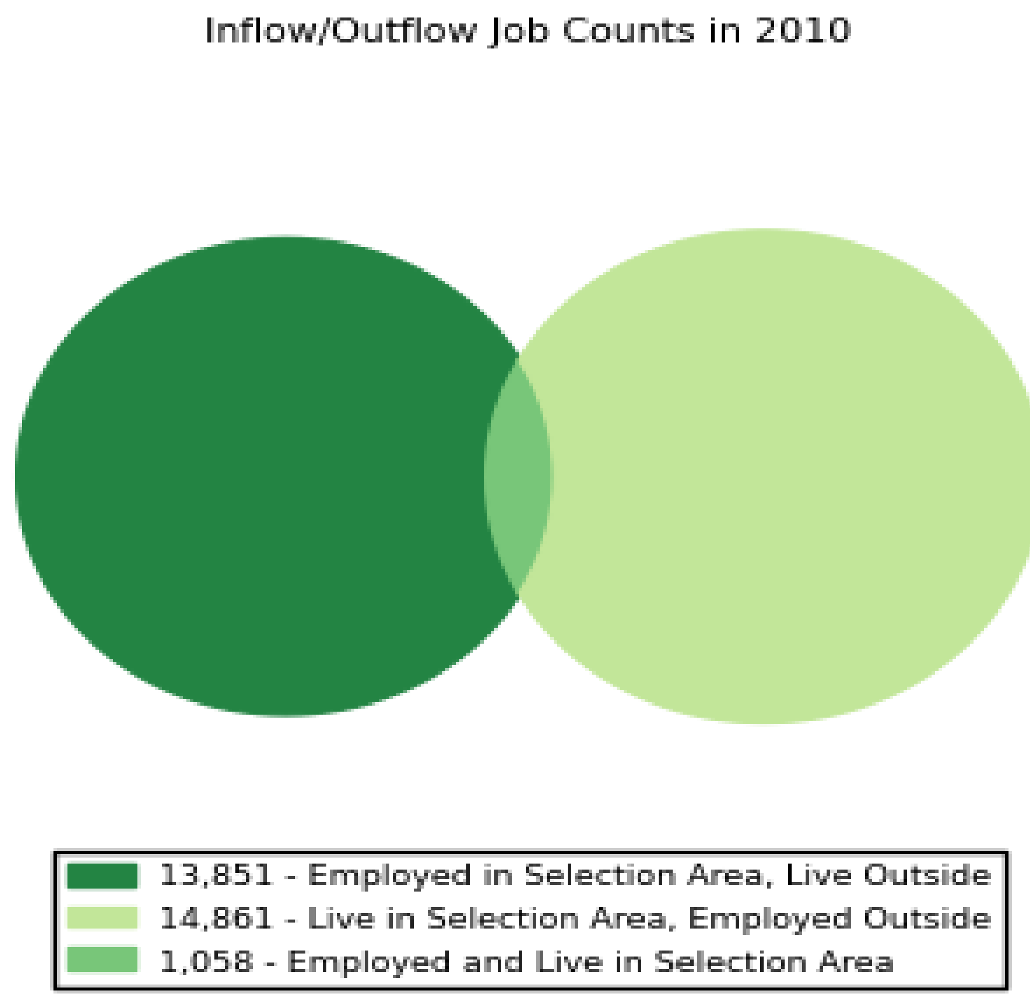
Richfield Labor Force
Change in Primary Jobs

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2010).

City of Richfield 2010 - Top 5 Major Industry Sectors – % share		% change (05-10)
Accommodation & Food Service	25%	43%
Educational Services	13%	51%
Retail Trade	12%	12%
Management of Companies	11%	-10%
Administrative & Support, Waste Management	9%	296%

Source: Excensus, LLC, Census LEHD

Richfield– Labor Force/Resident Workers



Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2009)

Where Employees Come From & Residents Work

Labor Pool

	City	%
14,909 jobs	Minneapolis	13%
	Richfield	7%
	St. Paul, Bloomington	6% each
	Burnsville, Eagan	3% each
Eden Prairie, Lakeville, Apple Valley, Edina, Brooklyn Park St. Louis Park		2% each

Commuting

	City	%
15,919 residents working	Minneapolis	22%
	Bloomington	13%
	Edina	9%
	St. Paul	7%
	Richfield	6.5%
Eden Prairie, Minnetonka, Eagan, St. Louis Park		3-4% each

Richfield working residents 2010 Age Distribution:	
Under Age 30	**27%**
30-54	**55%**
Over 54	**<u>18%</u>**
	100%

Richfield working resident wages		Under 30
< $1,251 per mo	20%	**34%**
$1,251-$3,333 per mo	36%	**41%**
> $3,333 per mo	**<u>44%</u>**	**<u>25%</u>**
	100%	100%

Impact of the New Normal
How will Richfield Respond?

- **Changing demographics** and **housing preferences** will impact the supply and demand for new housing choices.
- Future residents will likely desire **walkability, access to services** closer to home and **less time driving.**
- **Difficulty in accessing private capital** increases the complexity of (re)development.

Industry Leader Panel Discussion