

TIM NELSON: Hennepin County plans to convert the former Lumen Hotel in downtown Minneapolis into housing for people who make below 30% of the area median income. That's one of several hotels the county has bought to create more accommodations for low-income residents.

Kelly Busch is a reporter with the *Minneapolis Saint Paul Business Journal*. And she's back to talk about that story and a few other business stories that have caught her eye. Kelly, welcome back.

KELLY BUSCH: Hi, Tim. Thanks.

TIM NELSON: So let's talk about the Lumen Hotel first. The county acquired a number of hotels in the area in 2020 to use as extra shelter for unhoused people so they could socially distance for COVID. Is this something that's happening a lot in the local real estate landscape?

KELLY BUSCH: Yes. So right now, Hennepin County is undertaking a big initiative to turn five properties in the metro area into independent living buildings. So in all, the five buildings will bring a total of 170 independent living units to the twin cities.

And these are properties that the county already owns. And they range from former hotels, like you mentioned, to apartment buildings. And these properties are located in Minneapolis's Stephens Square and Wyndham neighborhoods, as well as near the U of M campus. And the last one in question, which you've already brought up, is the former Lumen Hotel building in downtown Minneapolis.

And this is what we focused our reporting on at the *Business Journal* this past week. And here, the county is converting the former hotels 55 rooms into single-room, independent living units for people making at or below 30% of the area median income.

TIM NELSON: And can you tell me a little bit more about the building and when we can expect it to open and people to move in there?

KELLY BUSCH: The downtown building was constructed in the early 1910's when it was known as the Federal Plaza Building. And that's the name the county plans on retaining for use of its new project.

After opening in the early 1910's, the building was later used as a charter school and office space. And to jump us to present day, work began in 2015 to turn that building into the Lumen Hotel which was geared toward extended stays. Then the pandemic hit. And in late 2020, the county stepped in and bought the building for \$12 million and had plans to use it as a shelter for COVID positive people.

Now with the county's plan, crews are working to convert the hotel rooms, which were primed for conversion already. They already have bathrooms and kitchenettes. So most of the work involves installing new HVAC systems, checking for code compliance, and making small updates to ensure the building is comfortable for residents. So if all goes according to plan, the building will open by the end of the year.

TIM NELSON: And we got news last week that the medical marijuana company Vireo sued Minnesota over its new THC laws. Now, they were one of the founders of the medical cannabis industry in Minnesota. Why are they suing the state that set up the business?

KELLY BUSCH: Right. So Vireo Health of Minnesota is just one of two distributors of medical marijuana in Minnesota. And it's suing the state and local governments over the sudden legalization of hemp-derived THC edibles which I'm sure your listeners will remember happened at the end of the last legislative session.

And so last session, cannabis products derived from hemp were legalized by the Minnesota legislature. However, the use of products made from marijuana are still tightly regulated here in the state. So Vireo, being one of the makers of marijuana-derived products in Minnesota, decided to sue.

So in its lawsuit, Vireo claims that Minnesota laws unconstitutionally discriminated against the company. Specifically, it's arguing that it's facing unfair regulation over essentially the same product. Vireo says its products are chemically similar to the now legal products because both come from the same plant species.

TIM NELSON: So is Vireo asking the court to block these products from other people or that other people are offering?

KELLY BUSCH: Yeah. Vireo doesn't seem to be asking the court to block hemp-derived THC. It's more so asking the court to let it sell its products in the state. It's worth noting that Vireo could sell its own hemp-based edibles right now. But the company said in the lawsuit that it would have to drastically change its business to do so.

TIM NELSON: And I want to go back downtown. There's been some news lately about that Dayton's project building in Minneapolis. What's going on there? It sounds like it's filling in a little more.

KELLY BUSCH: Yeah. It is. We got word last week that Prudential Financial signed a lease at the Dayton's project. It's for a new office that reaches 28,000 square feet. So it's on the larger side of office leases. And Prudential is going to be consolidating staff from its Plymouth campus to the site which is a site that it recently sold to developers for a whole new other development that's going to be happening there in the coming years.

But in downtown, Prudential will be based out of the building starting next year. Its new office is going to be client-facing and will accommodate at a maximum 200 to 300 people. But on a daily basis, it's going to be around 100 people because of hybrid work schedules and whatnot. And Prudential liked the space because it wanted a unique, original office space with high-tech options and good amenities. And it was looking for an office within walking distance to food options which you have plenty of in downtown.

TIM NELSON: So is this a sign that business is coming back downtown, that people are going to be back in the skyways now?

KELLY BUSCH: Yeah. It's really difficult to say how much of an impact the lease will have on downtown entirely. Downtown's return is still in flux. Companies are still figuring out their hybrid work models and how much office space they actually need with their remote workers. Still, the experts, that we talked to and continue talking to at the *Business Journal*, tell us that any new leases in downtown is positive for the city.

It runs opposed to a lot of notions that some people hold about downtown being dead because it's going to bring a few more people back to downtown. The *Business Journal* will keep reporting on downtown activity. So you'll have to stay tuned to see how it plays out. You can find more of a reporting on local business news at mspbj.com.

TIM NELSON: Great. Thank you so much.

KELLY BUSCH: You too.

TIM NELSON: Kelly Busch is a reporter with the *Minneapolis St. Paul Business Journal*.