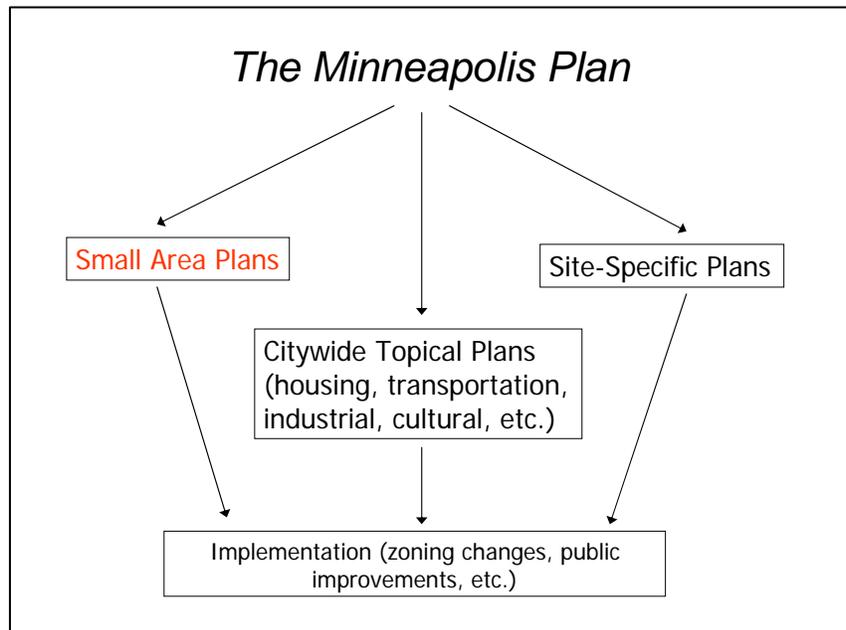


3. Summary of Research

This chapter provides a summary of the existing plans which currently impact the neighborhood, research on neighborhood conditions, and a historic and demographic profile of Cedar Riverside.

Comprehensive Plan

The City of Minneapolis' existing comprehensive plan, adopted in 2000, provides long term vision and strategy for the City as a whole. In contrast, small area plans such as this one provide more specific guidance for particular neighborhoods, while remaining consistent with the overall comprehensive plan. Once this small area plan is completed, it will be incorporated in some format into the comprehensive plan as others have been done in the past. Not all areas of the City have this level of guidance, but it is helpful where it does exist.



The land use section of the comprehensive plan organizes its policies in part by land use feature. These features are located throughout the City and defined by their function, density, and concentration of certain types of uses. Three major types of features present in the Cedar Riverside neighborhood are community corridors, transit station areas and activity centers.

Community Corridors are defined as having primarily a residential nature, with intermittent commercial clusters located at intersections. They have a range of traffic levels but are not generally high volume. The commercial uses along these corridors tend to be small-scale retail sales and services serving the immediate area. Urban form tends to be traditional, rather than auto-oriented, and many were formerly streetcar routes. Both Cedar and Riverside Avenue are classified as community corridors in the existing comprehensive plan.

Policy guidance in the comprehensive plan for Community Corridors includes: (1) strengthening residential character by developing appropriate housing, (2) encouraging street design that promotes a pedestrian-oriented environment while maintaining traffic flow, (3) encouraging mixed use development, (4) supporting small-scale commercial, but ensuring it does not negatively impact residential areas, and (5) encouraging routing of transit service on these corridors.

Activity Centers are defined as having a mix of uses that draw traffic from citywide and regional destinations, with activity all day long and into the evening. They may have residential, commercial, entertainment, institutional, and other uses. They tend to have traditional urban form with transit and pedestrian orientation. The area around the intersection of Cedar Avenue and Riverside Avenue, including Seven Corners, is classified as an activity center in the existing comprehensive plan.

Policy guidance in the comprehensive plan for Activity Centers includes: (1) supporting diverse commercial and residential development to maintain all-day activity, (2) preserving traditional urban form and encouraging new development to be consistent with traditional siting and massing, (3) developing parking strategies that accommodate high demand, promote shared facilities and minimize negative impacts, (4) encouraging development of pedestrian orientation along streets.

Transit Station Areas are defined in the existing comprehensive plan as approximately one half mile radius from light rail transit stations, with the intent of defining a ten-minute walk to the station. This is true for the Cedar Riverside Hiawatha LRT station, although the radius has been modified somewhat to take into account the freeway barriers. This covers a significant portion of the Cedar Riverside neighborhood.

Comprehensive plan policies for Transit Station Areas include (1) concentrating densities and mixed use development near these locations while transitioning appropriately to surrounding areas, (2) supporting the development of new housing types, (3) encouraging small-scale pedestrian-oriented services and retail uses, and (4) recruiting land uses that value the convenient access such locations provide.

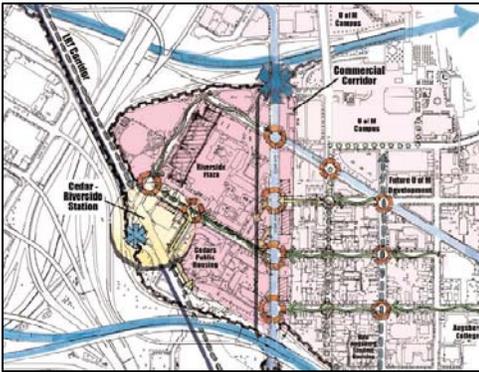
Many other sections in the existing comprehensive plan have bearing on the Cedar Riverside area. These include:

- An emphasis on reinforcing traditional urban form
- The need to preserve a diversity of housing types with a range of levels of affordability
- Support for development of a strong transit system that reduces dependence on the automobile
- Growth that preserves the natural environment, including a system of parks and open spaces

Incidentally, the City’s comprehensive plan is being updated at the same time as the Cedar Riverside Small Area Plan is underway. This provides an opportunity to ensure the vision for the neighborhood is consistent among both documents. The land use features in Cedar Riverside are being reviewed and updated as part of both of these planning processes, and coordination between the two will ensure the approach is consistent.

Additional City-Adopted Plans

As discussed in the section above, the transit station area for the Hiawatha LRT covers a significant portion of the Cedar Riverside neighborhood. Like other transit station areas, this one has additional specific guidance from a station area plan, the Franklin-Cedar/Riverside Station Area Master Plan (City of Minneapolis, 2001). While some of the recommendations will be reviewed and updated as part of this small area plan process, this plan will continue to provide policy guidance for parts of the neighborhood. A summary of some of the main policy points is given below:



An image from the Franklin/Cedar Riverside Station Area Master Plan

- Commercial and residential rehabilitation and redevelopment in the area surrounding the LRT station
- Transit gateway feature and improved bus service and facilities in the vicinity of the LRT station
- Pedestrian improvements along streets, including more lighting and landscaping, and better sidewalks and crosswalks
- Improved parking facilities and parking management in the area

Cedar Riverside is also impacted by planning for the Mississippi River Corridor Critical Area. A citywide Critical Area Plan has recently been completed and incorporated into the comprehensive plan, in accordance with state requirements. In the Cedar Riverside neighborhood, the Critical Area covers much of the land east of 19th Avenue South and Riverside Avenue. The goal of this plan is to protect the natural, cultural, historic, commercial, and recreational value of the river corridor.

Within the district of the Critical Area Plan which passes through Cedar Riverside, land use policies include: (1) retaining the diversity of land uses and transportation while making the riverfront accessible to the public, (2) encouraging development that expands public access to and enjoyment of the river including parks and open space, and (3) supporting development that would benefit from river views or is related to the river. The plan also notes that the City does not have jurisdiction over land controlled by the University of Minnesota, which has its own critical area plan.

Previously Completed and Concurrent Plans

As mentioned above, there have been a number of plans done for the Cedar Riverside neighborhood in the past, with varying scopes and recommendations. Additionally, there are some planning efforts that were ongoing at the same time this plan was being developed. These are listed

below, with brief descriptions. For a more complete summary of these plans, see Appendix C.

Past Planning Efforts

Cedar Riverside has seen a number of planning efforts in recent decades, beginning with the extensive urban renewal plans of the 1960's and 1970's that culminated with the development of some of the neighborhood's largest buildings. The current small area planning process builds on the insights from these past efforts. Recent plans considered include:

- *Expanding Horizons in Cedar-Riverside: Opportunities for Walking, Biking, Open Space, and Community and Economic Development* (Metropolitan Design Workshop, 2004) – Design-oriented review of neighborhood land use issues, with recommendations related to community and economic development, bicycle and pedestrian movement, and green and open spaces.
- *Cedar Riverside Business Association Recruitment Study* (University of Minnesota, 2005) – Survey of businesses regarding participation in the neighborhood business association and concerns that need to be addressed, including safety, parking, appearance, and housing.
- *Cedar-Riverside Neighborhood Parking Study* (City of Minneapolis, 2006) – Inventory of parking facilities, costs, and usages, supplemented by surveys of area businesses, residents, and visitors to determine parking needs and concerns.
- *Cedar Riverside NRP First Step Plan* (West Bank Community Coalition, 2007) – Extensive neighborhood-wide process of identifying issues facing the area and formulating a work plan to address these issues. Collected a substantial amount of community input, which was used as a resource by this plan. Issues include community building, improving the physical environment, diversifying housing options, and enhancing human services provision.
- *Report to the West Bank CDC: Community Organizing in Cedar-Riverside, Present and Future* (Randy Stoecker, 2002) – A report by a sociologist identifying strategies for community organizing in Cedar Riverside and the capacity of the West Bank CDC to be involved, as well as potential issues to organize around.
- *Hiawatha LRT Corridor Transit-Oriented Development Market Study* (Minneapolis Community Development Agency, 1999) – A market study for the entire LRT corridor, with specific recommendations for individual stations. For the Cedar Riverside station, these include adding amenities, improving pedestrian connections, and linking development to local institutions.
- *Walking and Bicycling to Hiawatha Light Rail Transit in Minneapolis* (Metropolitan Council, 2002) – Evaluates the conditions and completeness of walkways and bikeways at Minneapolis LRT stations

on the Hiawatha line. Contains specific recommendations for bicycle and pedestrian facility upgrades, linked to City's bikeway master plan.

- *Light Rail Transit Ridership Survey: Cedar Riverside Station* (West Bank CDC, 2006) – Survey of 101 riders at the Cedar Riverside LRT station. Indicates riders' general satisfaction with transit service, while raising some concerns regarding the availability of desired services within the neighborhood.
- *The Arts Quarter: University of Minnesota West Bank (South) District Plan* (University of Minnesota, 2000) – Master plan for southern portion of West Bank campus, including plans for a new art building, additional parking, residential development along Riverside Avenue, and a better interface with the neighborhood.
- *A Livable Campus: University of Minnesota Twin Cities Campus Master Plan* (University of Minnesota, 1996) – Now in the process of being updated, this is the university's overall master plan. On the West Bank, in addition to similar policies to the Arts Quarter plan, it indicates a new north-south mall at the northern end of campus, additional student housing, and better linkages between the neighborhood, campus, and the river.

Concurrent Planning Efforts

The timing of the small area plan is excellent in terms of potential for coordination with other planning efforts in the neighborhood. These include:

- Cedar Riverside First Step Plan, Neighborhood Revitalization Program implementation – A continuation of the NRP process mentioned above, this provides a good opportunity to collaborate on shaping a vision for the neighborhood. The full action plan was adopted by the WBCC and NRP in November 2007, with implementation to follow.
- University of Minnesota campus master plan update – An update to the plan described above.
- Campus planning activities at Augsburg College and Fairview Hospital – Both institutions are planning for major improvements to their campuses, including new development along Riverside Avenue.
- *Access Minneapolis Citywide Transportation Action Plan* – This plan, portions of which have been approved, will provide significant guidance for City transportation priorities, as well as identifying and prioritizing specific transportation needs. Particular attention is being paid to developing a primary transit network of high-frequency buses and transitways.
- City of Minneapolis citywide comprehensive plan update – An update to the comprehensive plan described above, which will culminate in 2008. This plan will provide more detailed land use guidance citywide than the existing comprehensive plan.

- MNDOT Downtown Minneapolis freeway study – A review of the city’s freeway system and development of recommendations for upgrading facilities to meet current and future demand. May provide an opportunity to link Cedar Riverside better to downtown, as well as more completely connect I-35W and I-94. This is being coordinated with plans to replace the 35W bridge, which also impacts the neighborhood.
- Planning for Central Corridor LRT – This proposed LRT route will have a station in Cedar Riverside and connect it via an east-west corridor to many local and regional destinations. Timing provides an opportunity for the small area plan process to inform this process and provide analysis specific to the Central Corridor LRT.

Identified Issues

The plans listed above were reviewed, and a compilation was made of the common issues facing the neighborhood that were identified as part of the various planning processes. There was significant overlap between plans, with some strong themes emerging. Many of these themes were consistent across a diverse range of individuals and organizations. These issues are summarized below, and described further in Appendix C:

- Economic development
- Bicycle and pedestrian movement
- Transportation and parking
- Institutions and major projects
- Public spaces and parks
- Public safety
- Housing
- Communication
- Human service provision

Not all of these topics are within the scope of the Cedar Riverside small area plan. For instance, the plan has little impact on planning for human service provision, although it is certainly a priority. However, most of these topics have been incorporated into the plan and addressed directly.

Historical Context

The Cedar Riverside neighborhood has a long and intriguing history, punctuated by numerous waves of immigrants and the lasting impact of urban renewal efforts. The purpose of this document is not to give a full account of the story, but to highlight some important elements that set the context for this particular planning effort.



Bohemian Flats, late 19th century

In 1854, Cedar Riverside was first officially recognized as a community by the government. At that time, the neighborhood was referred to as “Murphy’s Farm,” and was comprised of approximately 200 people, mostly recent immigrants of Scandinavian descent. In subsequent decades, it grew and prospered as a home for workers at the nearby milling operations on St. Anthony Falls.

By the mid 1880’s, it had also gained the reputation for being home to a number of bars along Cedar Avenue, and hence a destination for entertainment and nightlife. However, Dania Hall, a local landmark and gathering place built in 1886, was alcohol free. The neighborhood became known as “Snoose Boulevard” (from a Scandinavian term for snuff).

As the population grew, institutions were established to serve them. Originally established as a Lutheran seminary, Augsburg College located in the neighborhood in 1872. Fairview Hospital was organized in 1916 from a smaller clinic.

From the 1880’s to the mid 1900’s, the neighborhood continued its growth as a working class neighborhood, predominantly composed of German, Swedish, and Norwegian immigrants, but also home to Danes, Slovaks, Poles, French Canadians, and Irish. Many new immigrants lived here in small homes and boarding houses. Some started businesses and others focused on establishing themselves as Americans. When they were more settled, as a signifier of success, they moved into larger homes and other surrounding neighborhoods. They still returned to the neighborhood for shopping, entertainment and socializing.

The neighborhood remained a working class community until the late 1950s and early 1960’s, when major infrastructure and development projects began to impact the neighborhood. At that time, the construction of I-35W and I-94 began. The construction of the highways, which were completed by the early 1970’s, interrupted the street grid and separated Cedar Riverside from surrounding neighborhoods.

Other changes were impacting the neighborhood as well. The University of Minnesota, originally established on the east bank of the Mississippi in 1854, crossed over the river to expand its campus. The Washington Avenue bridge was built in 1962, and was soon followed by a series of classroom buildings for management, economics, and social sciences. This brought an influx of students to the Cedar Riverside area, and with them the counterculture movement of the 1960’s and 1970’s.

Since much of the existing housing was in deteriorated condition, it was targeted for an ambitious urban renewal plan. This plan was originated in 1968 and envisioned a modern, high density urban community. Numerous older buildings were demolished, blocks were consolidated, and new development was planned. The centerpiece of this was the construction of Riverside Plaza (formerly Cedar Square West) in 1973, the first project funded through the federal government’s “New Town in Town” pilot



Riverside Plaza (formerly Cedar Square West) was constructed in the 1970’s



Augsburg Old Main



Widstrom Tenement



Riverside Park Pavilion



Joachim Vedeler Building

program. Future phases were to follow, and the organizers envisioned a community where people of all ages and incomes could live side by side.

This master plan met with strong opposition from the neighborhood, in large part by elements of the student population that had adopted the area as their own. A lawsuit followed, and the urban renewal plan was replaced in 1981 with a dramatically different one that focused on preserving existing affordable housing and coordinating with the neighborhood to address residents' needs.

Subsequent growth in the neighborhood structure has been incremental. However, Cedar Riverside's convenient location and large number of affordable rental units has continued to attract waves of immigrants. While past years have seen an influx of Southeast Asian immigrants, there is currently substantial growth in populations from East Africa.

Historic Resources

The City did a historic resources inventory for the Cedar Riverside neighborhood in 2003. It identified the following properties:

Currently designated:

- Augsburg Old Main, 731 21st Ave S – local landmark and national register
- Widstrom Tenement, 617-621 19th Ave S – local landmark

Recommended for designation:

- Former Fire Station G (Mixed Blood Theatre), 1501 4th St S
- Minneapolis Brewing Company Saloon, 1516 7th St S
- Holzermann Building, 417-423 Cedar Ave S
- Riverside Park Pavilion, 2830 Franklin Terrace S
- Joachim Vedeler Building, 2200 Riverside Ave

Considered for future study:

- Parks and parkway system
- University of Minnesota's West Bank Campus
- Riverside Plaza, formerly Cedar Square West
- Children's Gospel Mission
- Commercial building at 413-415 Cedar Ave S

Demographic Context

The demographic makeup of the Cedar Riverside neighborhood is an intriguing, dynamic picture. The neighborhood has played host to waves of new immigrants ever since its original settlement. Some have chosen to settle permanently in the neighborhood, while others have moved on once they have become more established.

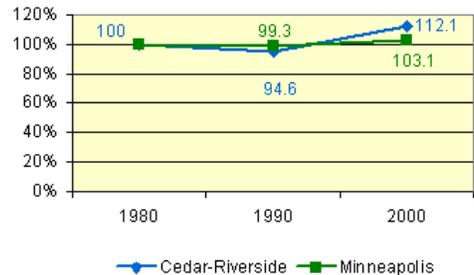
Population

The population of Cedar Riverside grew faster than the city as a whole between 1990 and 2000, more than recovering the population lost between 1980 and 1990.

The Cedar-Riverside neighborhood population increased 12.1% between 1980 and 2000, compared to a 3.1% rise in Minneapolis.

Cedar-Riverside / Minneapolis

Percent change of population
1980 = 100 percent



Source: Minneapolis Community Planning and Economic Development with data from the U.S. Census of Population and Housing (SF1)

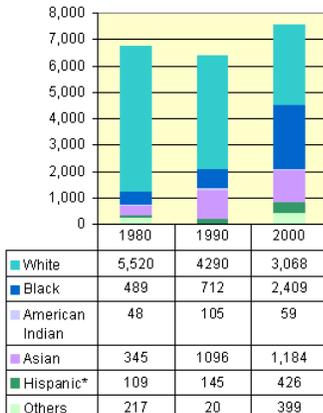
The population is also younger than it used to be. Between 1980 and 2000, the population of children increased by 18% percent and adults increased 6%, while the senior population decreased 36%.

This shift in population and age distribution was accompanied by a shift in racial and ethnic makeup of the population.

While the White population declined steadily from 1980 to 2000, the population of Black, Asian, and Hispanic residents all increased. The group with the greatest increase was Blacks, from 7% of the population in 1980 to 32% in 2000.

In the context of larger trends, these statistics point to the fact that new immigrant populations have been the primary driver of population growth in Minneapolis in recent years.

Cedar-Riverside: Ethnic distribution



*Hispanics could be any race

Source: Minneapolis Community Planning and Economic Development with data from the U.S. Census of Population and Housing (SF1)

Most Common Reported Ancestries in Cedar-Riverside

| 1980 | 1990 | 2000* |
|-----------------|--------------------------|----------------------------|
| German (518) | German (508) | Subsaharan African (1,912) |
| Norwegian (283) | Norwegian (195) | German (656) |
| Swedish (253) | Swedish (166) | Norwegian (412) |
| English (195) | Irish (158) | Irish (252) |
| Irish (164) | Subsaharan African (154) | Polish (187) |

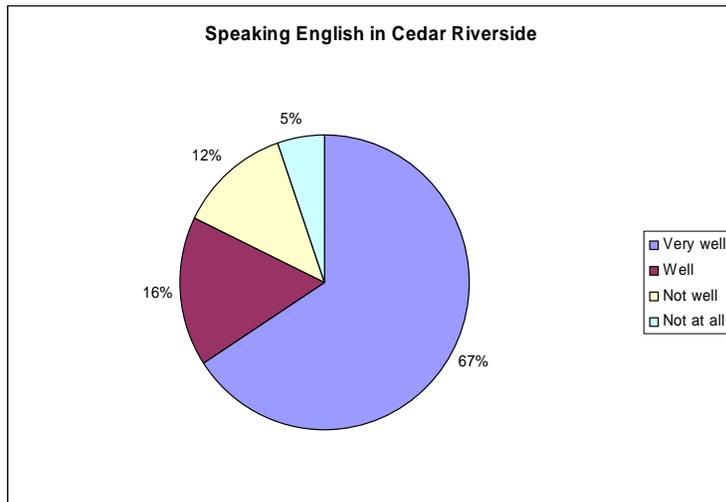
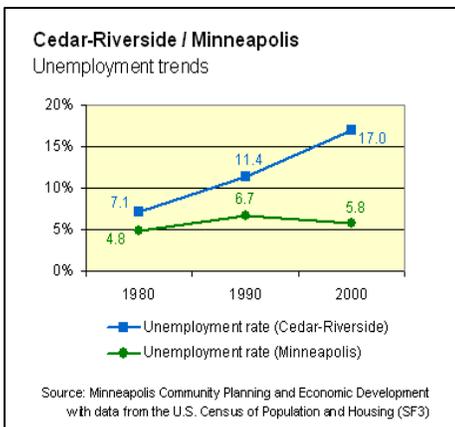
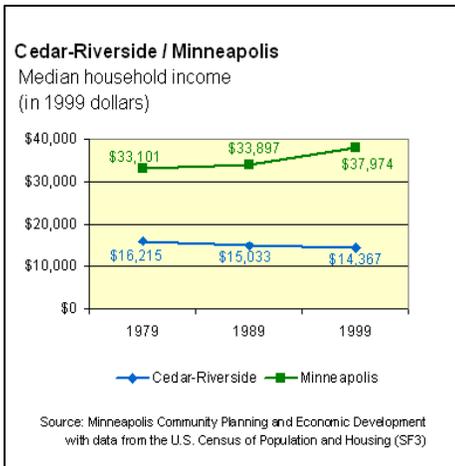
* Represents a change in Census Tract boundaries - not directly comparable

Household composition shifted as well. While it remained below citywide averages, household size increased from 1980 to 2000. The percentage of

those living alone, particularly the elderly, decreased. Meanwhile, the percentage of families with children under the age of 18 increased substantially.

These demographic shifts, particularly from 1990 to 2000, reflect a large influx of new immigrants, primarily from East Africa. In fact, the most common ancestry cited among residents of the neighborhood in the 2000 Census was Somali, and more than one quarter of residents identified themselves as originating from East Africa. Based on reports from the neighborhood, this proportion likely has grown since then. Although statistics on ancestries are not available at the neighborhood level prior to recent decades, substantial evidence suggests that the neighborhood has always had a mix of diverse nationalities and ethnicities.

As in the past, the presence of new immigrants can contribute to language barriers. In fact, the percentage of Cedar Riverside residents identified in the 2000 Census who speak English “not well” or “not at all” is 18% -- three times more than the citywide average 6% level.



Additionally, 31% of households in Cedar Riverside were classified as “linguistically isolated,” as opposed to 6% citywide. By Census definition, a linguistically isolated household is one in which no person aged 14 or over speaks English at least “Very well.”

There are many multilingual households in Cedar Riverside. Only 48% of neighborhood households speak just English.

These statistics reflect both the neighborhood’s rich cultural diversity, as well as the challenges faced in effectively communicating among various groups. And since Census numbers tend to underreport counts of recent immigrants and non-English speakers, actual numbers are likely higher.

Employment and Income

Since many are recent immigrants, it is not surprising that a number of the residents of Cedar Riverside face some economic struggles. Indeed, the presence of many units of affordable housing makes Cedar Riverside an

attractive destination for those who are looking to establish themselves, find jobs, attend school, and improve their economic status.

The unemployment rate in Cedar Riverside has remained consistently higher than the citywide rate, and increased substantially from 1980 to 2000. Additionally, average household income levels dropped during this time period.

While these trends may seem disappointing, they do not necessarily represent a permanent state for the neighborhood. It is worth remembering that some of the original residents in the 19th century were so poor, their homes were built out of scrap lumber that floated downstream from the St. Anthony Falls milling operations. As shown in past waves of immigrants to Cedar Riverside, once new residents have had a chance to become accustomed to their surroundings, they have an opportunity to become integrated into the economy and society.

Housing

Cedar Riverside’s housing market is as unique as its population. The presence of several large rental housing developments and comparatively small areas of owner occupied housing means that consistently around 90% of residents live in rental units. In fact, with 1,300 units, Riverside Plaza alone contains around half the units in the neighborhood.

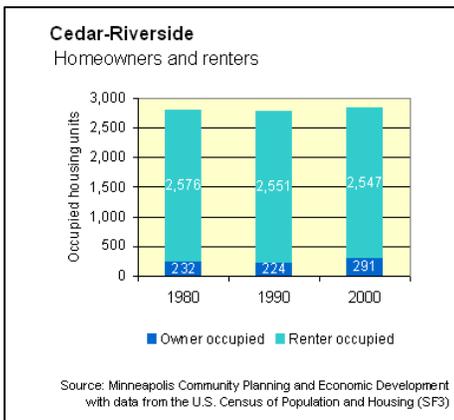
Not surprisingly for a largely built-out urban neighborhood, there has been little new construction of housing in recent years. In fact, the neighborhood experienced a net loss of 34 housing units between 1980 and 2000. This is despite the significant rise in population during this time period, which points to a substantial increase in household size accompanying changing demographics.

However, there has been a growing demand for the units that do exist. After the percentage of vacant housing units peaked in 1990 at 9.2%, the vacancy rate then fell to 2.7% in 2000. Additionally, the median value of an owner-occupied housing unit in Cedar-Riverside increased 88% between 1980 and 2000, while it decreased by 1% in Minneapolis as a whole. While it is unclear what caused this major change, it is likely related in part to a switch in ownership structure of some co-op properties. By comparison, rent is at lower levels. The percentage of subsidized units here has consistently kept median gross rent levels below the overall city median level.

Consistently higher percentages of people in Cedar Riverside live below the poverty level than in the city as a whole. Interestingly, the poverty rate declined from 1989 to 1999, despite a decrease in median income during that same period. However, the percentage of people over 65 living in poverty increased. Regardless of these various shifts, the neighborhood continues to contain one of the largest concentrations of low income housing in the City.

Comparison with Workers

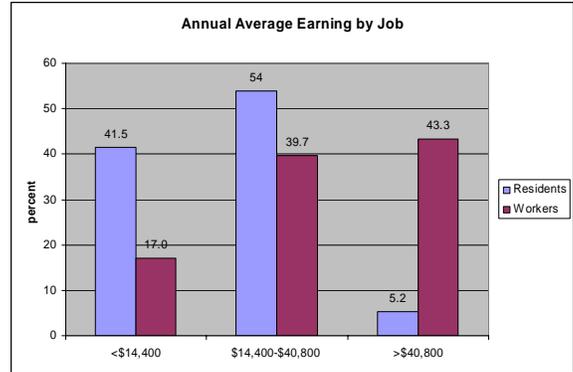
Place of work data shows that there is a significant contrast between residents in Cedar Riverside and the employees that work there.



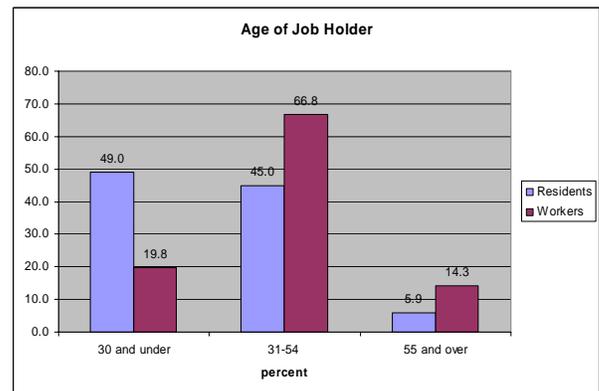
According to 2003 Census data, only 5.2% of residents in Cedar Riverside made more than \$40,800 per year, while 43.3% of workers in the neighborhood did.

Additionally, workers in the neighborhood tend to be significantly older than residents of the neighborhood.

Comparing the industry mix shows another dimension to this disparity. Workers are concentrated in two industries: health care/social assistance (64%) and management of companies and enterprises (20%).



Meanwhile, workers are spread across health care/social assistance, retail trade, administration/support/waste management, and accommodation/food services. Health care remains the biggest employer – not surprising, due to the dominant presence of Fairview Hospital. It is worth noting that this tabulation does not include public-sector jobs, such as some at the University of Minnesota.



The majority of residents find employment somewhere in Minneapolis (59%), with St. Paul (17%)

and Bloomington (6%) being the next most common destinations. By comparison, 44% of workers come from Minneapolis, with others spread throughout the region.

Market Research

Market findings in the Cedar Riverside neighborhood generally derive from a study done in the Spring 2007 entitled *Real Estate Market Opportunities and Constraints Analysis*. This study, authored by consultants, was done as part of the small area planning process since it was determined additional information was needed on this topic. This report presents summary analyses of the Cedar Riverside area’s prospects for business and market-rate real estate development. In addition to technical market findings, the document includes analyses of key issues that influence the area’s economic potential. The full market report can be found in Appendix D.

The findings of this analysis are based upon a research process that entailed first-hand observations, statistical research, general economic research, and interviews with local business proprietors, property owners, real estate developers, and others. Research also included reviews of existing planning documents. Many of these documents provide extensive and still-valid statistical analyses and qualitative descriptions. These various research tasks informed an analytical process that blends the gathered anecdotes, insights, trend information and other statistics with judgment based on planning and real estate market experience.

Site and Location

The neighborhood contains three major regional institutions – the University of Minnesota, Fairview Hospital and Augsburg College – that collectively comprise the dominant sources of employment in the area. Besides the large institutions, Cedar Riverside’s businesses include the City’s most notable concentrations of restaurants, bars, independent theater venues, and cultural institutions, as well as the area’s oldest and most recognized new immigrant-owned strip of retail space.

Cedar Riverside enjoys a unique combination of assets. These include:

- Direct access to two interstate highways, I-35W and I-94;
- Direct proximity to Downtown Minneapolis;
- Direct proximity to the Mississippi River and the West River Parkway;
- A light rail transit station, with a second station planned along the forthcoming Central Corridor.
- Large daytime employment base with nearly 6,000 workers; features three major institutions, including the University of Minnesota, with its schools of law, business and government, Augsburg College, and the Fairview Hospital
- Reputation as a destination for eclectic eating, drinking and entertainment ranging from live music to experimental theatre and modern dance.

Among its constraints, the area is challenged by:

- Significant physical elements separating the area from Downtown, including I-35W and its system of entry/exit ramps.
- A series of internal barriers, including Washington Avenue’s trench alignment, which separates Seven Corners from the rest of Cedar Riverside; a confusing internal street system with isolated dead-end blocks, and the area’s various overpasses and underpasses.
- Inconvenient and confusing public parking arrangements, which constrain business potential.

- A pattern of properties characterized by small, oddly configured lots and complex easements between properties; this constrains the assembly of efficient development parcels as well as the prospects for coordinated development.
- Real and perceived security issues.

Demographic Trends

Overall, Cedar Riverside’s statistical profile portrays a community predominantly comprised of a transitional immigrant population and a young transient population, both with low buying power. Cedar Riverside’s most prominent residential properties include the concentration of high-rise towers in Riverside Plaza and The Cedars, student housing buildings, and apartment properties scattered throughout the area. Median household income in Cedar Riverside is estimated at \$17,500, well below the figures of \$48,000 and \$65,000 for the City and County, respectively.

Other areas in Central Minneapolis feature similarly high percentages of renters, young people, and households with low incomes. Such areas include the University of Minnesota (East Bank) neighborhoods, Marcy Holmes, and Elliot Park. Loring Park and Northeast neighborhoods contain older, more established households with median incomes of roughly \$41,000, which still fall below City and County medians.

It should be noted that growth projections for built-out urban areas are driven by redevelopment (increasing density or changing uses) rather than new development; and by investments and reuse of older properties rather than by foreseeable migration patterns or vital statistics. As a result, projections for such areas rarely anticipate substantial growth and should not be regarded as determinative of market potential. Redevelopments are potential products – not drivers – of urban development policies.

Residential Market

Based on the location, character, and market realities of the neighborhood, the residential market analysis was directed primarily toward potentially supportable market-rate multi-family development or redevelopment. As contextual background, the analysis first described the region’s condominium development trend and Cedar Riverside’s general residential market. The analysis then focused on Cedar Riverside’s potential for condominium development, followed by a discussion of rental apartment trends and niches.

Over a long-term time frame and given improvements in the Cedar Riverside environment, various forms of market-rate residential development may prove feasible – for instance, expanded ownership housing opportunities. Such developments could enhance other opportunities for existing as well as new businesses. However, within a short-term time frame in which current conditions continue, the following summarizes Cedar Riverside’s market-rate residential development outlooks:

- The Minneapolis condominium market currently suffers from oversupply and declining sales. While the market will offer opportunities in selected niches over time, over the next several years Cedar Riverside does not offer a competitive location for such projects.
- Given likely development costs, in the short-term future (e.g. 3-5 years) absent funding assistance (e.g., tax credit equity), developers will not likely seek opportunities to build new general-occupancy market-rate rental apartment buildings.
- Rental housing specifically targeted to student residents offers short-term as well as long-term opportunities. Recent developments targeting this niche have proven successful from a market performance as well as a financial perspective. In this niche, Cedar Riverside provides the preferred location to serve an underserved and growing market.

Commercial Market

In Cedar Riverside, the prevailing retail market comprises predominantly small (e.g., less than 10,000 square feet of floor area) individual buildings situated along the street front. Some of these buildings offer off-street parking; many rely on nearby parking lots, on-street spaces, and foot traffic. With some exceptions, most of these buildings are physically oriented toward streets within the neighborhood rather than the adjacent interstates. In general, retail buildings have maintained high occupancies. While some buildings have experienced significant turnover over time, few have remained vacant for extended periods of time.

Cedar Riverside tenants include a wide range of independently operated businesses, with concentrations of ethnic markets and restaurants, independent specialty retailers, and eating/drinking/entertainment venues. Interviews indicate that most businesses draw market support from well beyond Cedar Riverside. Individually and collectively, Cedar Riverside has gained the status as a destination that can draw clientele from throughout the City and even the entire metropolitan area.

The following summarizes the above discussions and then identifies some additional issues for consideration in planning and policy decisions.

- Based on the foregoing, retail outlooks offer promise in the areas along Riverside Avenue, particularly in proximity to Fairview Hospital and/or the I-94 interchange. In general, a reasonable – and conservative – estimate of potential worker spending power among the local institutions if tapped would most likely amount to roughly \$1,000 per person per year on goods and services in Cedar Riverside. Among Fairview’s 3,000 workers, this would amount to a total about \$3 million annually. This spending would contribute substantially to new as well as existing businesses near the hospital along Riverside Avenue. Moreover, given a greater supply of options, it is likely that per-worker spending would substantially exceed the \$1,000 standard.

- Other retail opportunities focus primarily on the improvement and re-tenanting of small street front spaces, rather than on projects involving large-scale new development or demolition and redevelopment. In focusing on such street front spaces, however, the increasing inventory of multi-family buildings in other districts – such as downtown and its neighboring districts – will offer a competitive range of alternative locations for small retailers serving the general market area.
- A substantial new retail center development (e.g., more than 20,000 square feet) in or around Cedar Riverside could exert profound impacts on the community. Such developments – particularly in mature, built-out markets – pull many of their tenants from among the existing businesses in older, lower quality properties. While prospective tenants would face higher rents in the newly constructed retail center, such costs would be offset by enhanced visibility, immediately adjacent surface parking, and more suitable spaces. As a result, existing tenants who were most able to afford higher rents would be the most likely to move into the new development. If this were to occur in Cedar Riverside, vacancy rates would increase in Cedar Avenue’s lower-visibility locations. This could in turn generate a downward spiral in tenant quality, property maintenance and local security. If this pattern were established, it may hasten more drastic redevelopment initiatives that may fundamentally redefine the area and its prevailing character.
- The Cedar Riverside Small Area Plan should not emphasize multi-tenant office space as a key component. While office development interest and activity should be accommodated, for the most part this will be limited to: local institutions seeking additional space; small buildings for nonprofit offices; and relatively small owner-occupied buildings such as banks or other local service providers.
- Independent cultural venues comprise an important component of Cedar Riverside’s fabric. This element must be recognized as essential to the community’s identity and vitality. As such, future plans must include measures to enhance and support (and certainly not constrain) the ability of these venues to flourish. Such measures should involve parking (on-street, off-street, shared) arrangements, local security, and possibly an umbrella organization responsible for marketing, signage, and other issues.

Key Findings:

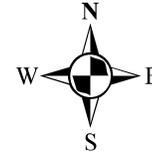
- **Competitive Development Location:** Despite enjoying strategic access to highways, light rail transit and Downtown Minneapolis, as well as a strong employment base and unique reputation, Cedar Riverside suffers from significant (internal and external) barriers, inconvenient public parking arrangements, difficult property configurations, and real and perceived security issues. Given these factors, other areas near Downtown Minneapolis (e.g., Northeast Minneapolis, Elliot Park, Loring Park, North Loop, downtown East) are better positioned to capture economic activity that may “spill over” from downtown.

- **General Residential Development Prospects:** Over a long-term time frame, given improvements in the Cedar Riverside environment, various forms of market-rate residential development may prove feasible with reasonably high densities. Within a three to five-year time frame, however, prospects for market-rate development are limited. While the area supports a strong demand for rental apartments, absent funding assistance (e.g., tax credit equity) developers would not likely seek opportunities to build new general-occupancy market-rate rental apartment buildings.
- **Student Housing:** Rental housing specifically targeted to student residents offers a healthy short-term as well as long-term opportunity. In this niche, Cedar Riverside provides the preferred location to serve an underserved and growing market. While the private market may be inclined toward student rental housing in Cedar Riverside, the community has a preference for more homeownership opportunities.
- **Office Market:** Prospects in Cedar Riverside are limited. Such office prospects would face substantial competition from Class-B and Class-C properties in districts such as the North Loop, Downtown East, Northeast Minneapolis, Uptown, and several other locations that would offer greater appeal than Cedar Riverside for Class-B and Class-C tenants.
- **Retail Market Issues:** Cedar Riverside maintains promise for retail development in the areas along Riverside Avenue, particularly in proximity to Fairview Hospital and/or the I-94 interchange. Other retail opportunities focus primarily on the improvement and re-tenanting of small, street front spaces, rather than on projects involving large-scale new development or demolition and redevelopment. Such street front retail potential will probably not involve new retail centers, but will focus instead on improved existing spaces as well as on ground-floor space in new residential buildings.

Map 3.1: Existing Land Use Features

Legend

- Activity Center
- Transit Station Area
- ▬ Commercial Corridor
- ▬ Community Corridor
- Study Area
- ▬ Roads
- ▬ Water



0 0.0375 0.075 0.15 Miles

Approved April 18, 2008

