

Corridor Revitalization - Minneapolis Case Studies

In early 1999, the Minneapolis City Council established a policy of targeted investment in four key commercial corridors – sections of West Broadway, Central, Franklin and Lake. Efforts on West Broadway and Central Avenues adopted the Local Initiative Support Corporation's (LISC) Main Street with two new local organizations, the West Broadway Area Coalition and the Northeast Community Development Corporation, created to bring together the interests of both residents and businesses. The LISC approach employs a multi-faceted set of strategies executed by a local non-profit organization that focuses on building neighborhood consensus and organizational capacity, branding and marketing the corridors, strategic redevelopment, enhancing the streetscape and built environment, building a stable retail mix, and addressing public safety concerns.

On Franklin and Lake, the target corridor revitalization strategy was more diffuse. CPED provided financial support for some of the redevelopment activities of a number of effective local partners. Two of these partners, the American Indian Neighborhood Development Corporation (AINDC) and the Neighborhood Development Center, have achieved remarkable results on Franklin Avenue and Lake Street, respectively, following two very different models of community development.

Other City commercial corridors and nodes followed different paths to revitalization and success during this time, utilizing such resources as Neighborhood Revitalization Program funds, special assessments, and harnessing significant infrastructure investments. Both Nicollet Avenue (a.k.a. Eat Street) and the node of Lake and Lyndale are good examples of non-target area revitalizations.

While non-target areas were not eligible for some of the redevelopment financing sources and programmatic activities such as the LISC Main Streets approach and façade improvement programs, they remained eligible for all of the Business Finance division's economic development financing programs, Multifamily Housing Development resources, Neighborhood Revitalization Program monies and a number of other sources.

The key revitalization strategies utilized in recent years on four City corridors (Franklin, Lake, Central and Nicollet) are summarized below. Case studies of each corridor follow.

Franklin Avenue

- Ownership control
 - Eliminate problem businesses
 - Retail recruitment – neighborhood-serving anchors (grocery and pharmacy) and regional draw retailers
- Catalytic redevelopment (commercial, residential and office)
- Attention to design (for safety and area identity)

East Lake Street

- Institutional commitment
 - Jobs
 - Public safety
 - Development investment
- Catalytic redevelopment (commercial and institutional)
- Micro-enterprise lending
- Business training and incubators

- Marketing and branding

Central Avenue

- City partnership with LISC to support the Central Avenue Mainstreet Program (CAMP)
- Investment in parking area improvements (primarily Metropolitan Council)
- Design informed by Crime Prevention Through Environmental Design (CPTED) study
- Community policing conducted by Guardian Angels
- Retail needs analysis and recruitment

Nicollet Avenue

- Streetscape improvements
- Business lending
- Marketing and branding

Franklin Avenue

The American Indian Neighborhood Development Corporation (AINDC) is a prominent actor in the transformation of Franklin Avenue west of Hiawatha, using a combination of strategies all possible through ownership control and a strong hand in controlling the built environment and the business mix. As the landlord of the Franklin Circles shopping center, AINDC evicted the illegal businesses that drew spillover crime to the neighborhood, standing firm against political pressure orchestrated by some of the business owners. AINDC director Theresa Carr then worked with a professional commercial brokerage to recruit ALDI grocery and Snyder Drug, businesses that would provide essential goods at affordable prices to neighborhood residents, 70 percent of whom do not own cars. For a smaller retail space in the adjacent buildings newly branded as the Ancient Traders Market, AINDC recruited a restaurant that had the potential to become a regional draw, Maria's Café, now known throughout the Twin Cities for Columbian corn pancakes.

In 1999, the parking lot of the Franklin Circles Shopping Center was operating as an open drug bazaar, as documented by KSTP news in an exposé that year. AINDC, with City support, completely redeveloped the parking lot and the façades of the buildings surrounding it using Crime Prevention Through Environmental Design (CPTED) principles, creating a place that was clearly cared for and with "eyes on the street" from business owners, shoppers and even police officers within a new Safety Center sited prominently at the center of the shopping center. The Safety Center space is provided to the Minneapolis Police Department free of charge, has computers linked to the City's network to make it a convenient place for police officers to spend some time working, and houses a full-time civilian Crime Prevention Specialist (on the MPD payroll) who keeps a close eye on activities in the parking lot.

To grapple with a problem gas station across the street from the Ancient Traders Market, the former site of one of the City's top five largest volume of 911 calls, AINDC purchased the property and recruited the Franklin Street Bakery to locate a commercial bakery on the site. The Franklin Bakery now employs over 80 staff, many of them from the neighborhood.

Also during this time of critical turnaround, Hope Community Partners, Project for Pride in Living, Central Community Housing Trust, and Master Engineering, among others, developed hundreds of units of housing along and near Franklin Avenue –

affordable, supportive, and market rate – and the private housing and commercial market has responded as well. The Library Board invested \$4 million to renovate the Franklin Avenue branch library which is located across the street from the Ancient Traders Market and book ended by the new Many Rivers apartments. During the same period, Hennepin County and the City of Minneapolis reconstructed much of the roadway, investing nearly one million dollars in streetscape enhancements alone.

Seward Redesign has stabilized the eastern end of Franklin Avenue between Hiawatha Avenue and the Mississippi River, also in large part through property ownership and redevelopment. Building on a long history of involvement in strategic real estate redevelopment along Franklin Avenue, Seward Redesign has in recent years managed the redevelopment of a one-time light industrial building now housing seven tenants including entrepreneurial ventures such as the Shega Bakery, an East African injera bread bakery owned by 3M engineer Worku Mindaye. Seward Redesign also recruited the Northern Clay Center, the Movement Arts Center and Welna Hardware to Franklin Avenue, assisted in the rehabilitation and purchase of the buildings housing these businesses, and administered a CPED-funded Fix and Paint façade improvement program that has been employed up and down the avenue for highly visible improvements.

A perfect storm of development, managing the business mix, infrastructure investment, enhancing public safety, stabilizing the housing market, and creating great spaces converged around Franklin Avenue to transform it from a place of open drug dealing to a place that meets the retail and gathering needs of residents and draws people from around the City for breakfast and pottery. Now that Franklin Avenue has stabilized, crime is counteracted in the most effective way possible – the presence of people shopping, eating, chatting, and observing goings-on in the public realm of the street.

In 2000, the second year of AINDC's concerted work to transform their property on Franklin Avenue, serious crime declined and property values in the area rose. By 2005, the Estimated Market Value (EMV) of the targeted part of Franklin Avenue between Interstate-35W and the Mississippi River rose to \$1.4 million per acre, an increase of 118% in the six years since 1999. This surpasses the City's EMV per acre of \$1.1 million in 2005, as well as the Citywide rate of appreciation in this period (100%).

This work is ongoing, however. Continued recruitment of both bread and butter necessities and regional draw retailers, close attention to design and maintenance, and eyes on the street are essential to maintaining the vitality of the corridor. Examples of remaining or new work include: fully tenanting the Franklin Business Center, the first enterprise of AINDC, redevelopment work remains to be done adjacent to the LRT station, which is still predominantly an industrial area, retenanting the building that houses Smiley's Clinic (which plans to move to another location), and redeveloping the vacant Riverview Market. Many of these projects will attract significant private investment, but there is likely to be a continued need for gap financing to make some of the deals work.

East Lake Street

The Lake Street turnaround is no less remarkable but utilized a different set of strategies. One fundamental difference is the commitment made to the area by large institutional partners, providing physical anchors and jobs and providing resources

and leadership in public safety programs. In addition to these institutional commitments and improvements to public safety, East Lake Street owes a good portion of its on-the-street vibrancy to the small business training, micro-enterprise lending and development of business incubators undertaken by the Neighborhood Development Center (NDC).

Major institutions including Abbott Northwestern Hospital, Wells Fargo Bank, Children's Hospital, and Allina have anchored the Phillips neighborhood surrounding Lake Street, staking a claim in the neighborhood, making significant investments in the physical plant of their facilities, and providing thousands of jobs, many of which are held by neighborhood residents. The Phillips Partnership, comprised of these organizations, forged an alliance of residents, businesses and public officials to address public safety through enforcement and community policing strategies. The Citizens and Law Enforcement Action Network (CLEAN) now targets crime along Lake Street, Bloomington Avenue and Franklin Avenue, and a new Crime Prevention and Security Collaboration has formed in Midtown working with the Third Precinct of the MPD. A new Safety Center at Chicago-Lake also reinforces public safety in the area.

The Phillips Partnership has also invested significantly in the residential housing stock of the neighborhood through the Joseph Selvaggio Initiative, which demolished crack houses, improved slum apartments and assisted homeowners in the target area between the Abbott Northwestern Hospital and Wells Fargo campuses. The presence, commitment, and investments of the Phillips Partnership have made a remarkable difference in the climate of the neighborhood and of Lake Street as the commercial spine. Partnership members have not, however, occupied the derelict and vacant storefronts that lined the street a few years ago. Overwhelmingly, it has been entrepreneurial immigrant businesses that have created street-level vitality on Lake Street, most of them assisted in some way by the Neighborhood Development Center.

On Lake Street, the Neighborhood Development Center (NDC), a non-profit community developer founded and backed by Western Bank, has followed a model of providing entrepreneurial business training, developing retail incubator space and micro-enterprise lending with transformational effects on East Lake Street, particularly between Chicago and Bloomington avenues. With City financial assistance, a former furniture store was converted to retail and commercial office spaces now known as Plaza Verde. Another derelict building was transformed into the Mercado Central, a Latino market with numerous clothing, music, household goods and food vendors, most of which were started by local entrepreneurs who attended NDC's business training courses and many of which obtained seed loans from NDC. The City's 2% Commercial Corridor/Node Loan program has also been tapped by many of these businesses. According to a 2005 Wilder Research evaluation report, 34% of the businesses assisted by NDC occupy a building that was formerly vacant. Small businesses are piece-by-piece reactivating large swaths of Lake Street, reasserting the historic commercial vibrancy of the street.

In June of this year, NDC opened the Midtown Global Market to great acclaim. The market is a 62-stall food emporium drawing on the diverse array of peoples from around the world in the lower level of the Midtown Exchange. The Global Market provides fresh food and produce to employees and residents of the Midtown Exchange and the surrounding neighborhood. The Midtown Global Market provides some restaurateurs and grocers a second or even third store, reaching a much

broader market than their original location, and for others it offers a dynamic, vital location for their debut.

Hennepin County is currently reconstructing the Lake Street roadway which will provide a smooth and varied street with retained on-street parking and sidewalks wide enough for planters or café seating as well as streetscape amenities when completed. The Midtown Greenway, a new trail built in a historic freight rail bed just a block north of Lake Street, has the potential to draw new visitors to the commercial corridor, and could be used for a streetcar or light rail line in the future. Also under construction is the East Lake Branch Library, a \$4.5 million project to be completed in 2007. And within the Midtown Exchange alone, there are 149 new market rate housing units and 219 affordable units.

The Lake Street Council has played a strong role in marketing the corridor and supporting businesses in recent years. The Lake Street Council has developed a Lake Street Ambassadors program, hiring youth through the City's StepUp employment program to maintain clean sidewalks and interact with businesses and shoppers along the corridor. Their innovative 21 Hop + Shop partnership with MetroTransit should be a model for all commercial and transit corridors. Over 80 businesses on Lake Street provide discounts to transit pass or current transfer holders, strengthening the link between commerce and transit and between the Hiawatha LRT and the Lake Street #21 bus route.

Between 1999 and 2005, the EMV for the targeted section of East Lake Street between Nicollet and Minnehaha rose from \$392,500 per acre to \$1.05 million, an increase of 169%. While there remain pockets of disinvestment, and some of the immigrant businesses are fragile, Lake Street is now a vibrant place with pedestrians rambling between storefronts, signaling to through traffic on this major transportation corridor that Lake Street is a safe and desirable place to visit.

As small businesses continue to fill in the gaps between anchor institutions and incubators, we anticipate that there will be a continued need for public investments for gap financing for risky, catalytic redevelopment projects, façade improvement programs to encourage well-designed and maintained storefronts, and possibly for technical assistance to businesses to help them identify broader markets and diversify their range of goods offered.

Central Avenue

Work to revitalize the City's commercial corridors did not begin suddenly in 1999. Concerted work on Central Avenue revitalization dates to the *Making Central Avenue Great* planning process which began in the mid-1990s and was memorialized in a plan document September 1997. In 1998, the Holland neighborhood contracted with University of Minnesota Humphrey Institute graduate student Katherine Geisen-Kisch to evaluate the relationship between the built environment and public safety along the avenue. Her Crime Prevention Through Environmental Design (CPTED) recommendations for improvements to the avenue, particularly to a number of parking lots which were run down and perceived as unsafe, were implemented through funding primarily from the Metropolitan Council.

In 1996, LISC partnered with the National Trust for Historic Preservation to bring to urban areas the well-known National Trust's Main Streets commercial revitalization program, initiated by the Trust in the mid-1980s to reinvigorate the historic buildings of small town Main Streets throughout the nation. LISC brought their expertise in

urban community development and economic development finance to the new partnership, and added public safety to the list of strategies for revitalization. The partnership with the National Trust has been dissolved, and LISC no longer uses the "Main Street" name (their program is now called Commercial Corridor Revitalization Program), but the strategies employed remain as follows:

- Organizing and mobilizing business owners and the surrounding community.
- Creating marketing and promotional activities that bring customers to businesses, expose new people to the corridor and neighborhood, and help to redefine the perception of the corridor.
- Rebuilding the physical environment and improving the local infrastructure to create a sense of safety for customers and an inviting, customer-friendly atmosphere. This includes mixed-use housing development, commercial space redevelopment and/or industrial development, in some cases.
- Assisting businesses to stabilize and expand, as well as bringing new businesses into the corridor.
- Reducing crime and enhancing public safety in order to build the local market for goods and services.

In 1999, the Minneapolis City Council entered into a six-year partnership with the Local Initiatives Support Corporation (LISC), to utilize a LISC Main Street approach to revitalizing Central Avenue using these strategies. The Northeast Chamber of Commerce worked with LISC on developing the Central Avenue Mainstreet Program (CAMP), and in 2002, the Northeast Community Development Corporation (NECDC) was created to convene resident and business interests specifically along Central Avenue. A 2004 evaluation report of CAMP commissioned by LISC found that Central Avenue business owners believe that the CAMP program created a stronger connection among businesses and improved the safety and appearance of the neighborhood. As the ongoing support of the City and LISC has ended after six years, the CAMP program has ended. However, the program effectively developed the capacity of the NECDC to address revitalization on Central Avenue and provides a foundation for continued NECDC work with Central Avenue businesses and property owners.

Between 1999 and 2005, the EMV for the targeted section of Central Avenue rose from \$518,500 per acre to \$1.3 million, an increase of 151% (Charts 1 and 2). The Northeast CDC has completed market studies and retail leakage phone surveys in the neighborhood, is engaged in a number of real estate development projects including an important site at Central and Lowry, has successfully lobbied for a Central Avenue Corridor Housing Initiative, currently in process, and supported community policing efforts of the Guardian Angels this summer in response to an increase in property crime.

Despite this good work by NECDC, the vacant square footage on Central Avenue has nearly doubled in the past six months, to approximately 20,000 square feet. NECDC was alert to this issue and requested assistance from the City and LISC to embark on a retail recruitment program. A contract of \$25,000, matched by LISC commercial corridor resources, was approved by the City Council on May 26, 2006, and NECDC director John Vaughn and a retail consultant are beginning to analyze which business types may succeed on the corridor and to work with property owners in recruiting these businesses.

The retail recruitment strategies will inform the real estate development activities of NECDC and will be incorporated into the Corridor Housing Initiative work, utilizing

the CHI process as another opportunity for both public engagement around preferences for the avenue and education on the market realities for commercial development. Central Avenue, while it has experienced many successes, remains one of the City's four laggard corridors, measured by Estimated Market Value (Chart 1), and will likely continue to need some degree of support for NECDC corridor activities and redevelopment projects in the next few years. We have had preliminary conversations with LISC about a continued partnership on Central Avenue working with NECDC.

Nicollet Avenue

Nicollet Avenue started from a stronger position than most of the others highlighted here, using Estimated Market Value as a measure of market strength (see Chart 1). By 1999, the corridor had already moved beyond its most derelict period. Regional draw anchor businesses such as the Black Forest Inn remained through the most difficult years, when there was little private investment on the avenue and crime was a huge concern. Problems remained, however, and Nicollet between Lake Street and downtown Minneapolis was not yet known far and wide as "Eat Street," though that brand identity was coined in the late 1990s. The Stevens Square community, which abuts Nicollet for only three blocks between Interstate 94 and Franklin Avenue, recognized the avenue as the neighborhood's front door. What people thought of Nicollet as a place to live and play, they would think also of Stevens Square.

Together, the Stevens Square Community Organization and the Whittier Neighborhood Association invested nearly \$800,000 of their Neighborhood Revitalization Program funding for a corridor study and redevelopment and business loan funds. The recommendations of the corridor study were:

- 1) Invest in well-defined commercial nodes and corridors
- 2) Redevelop under-utilized commercial areas
- 3) Encourage quality urban design and pedestrian-friendly environments
- 4) Manage traffic flow and reduce traffic speed.

(http://www.ci.minneapolis.mn.us/citywork/planning/nicollet/Nicollet_Avenue_Report.pdf)

An additional \$310,000 of NRP dollars were invested in streetscape improvements which provided neighborhood residents and businesses leverage and a seat at the table for the planned reconstruction of the avenue. Streetscape improvements include benches, planters, and banners which proclaim the street's brand and identity – Eat Street. The catchy name, which genuinely builds upon a strength of the avenue, home to a variety of excellent ethnic restaurants, is now so well known that real estate advertisements claim proximity to Eat Street as an asset.

Chart 1: Change in Estimated Market Value (per acre), 1999-2005

