2. The Market in the City

The Market chapters develop the idea of choice, in employment markets, commercial and industrial activity, and in housing markets as well. The city's future depends on our understanding of market dynamics, to enhance and support existing choices that are already thriving, whether in the form of employment opportunities in Downtown Minneapolis or the different types of housing choices available throughout the city. Economic development activity will focus on four areas: The preparation of land attractive to investors; the access to and availability of capital resources for business owners; further skill development and training for the labor force; and the streamlining or simplifying of regulatory environments that inhibit investment in the city.

2.1 Minneapolis will increase its share of economic prosperity in the region.

2.2 Minneapolis will support the existing economic base by providing adequate land and infrastructure to make city sites attractive to businesses willing to invest in high job density and low impact, light industrial activity.

2.3 Minneapolis will continue to provide high quality physical infrastructure to serve the needs of business.

2.4 Minneapolis will develop its technological and information infrastructure in order to offer high quality working environments to businesses.

2.5 Minneapolis will focus resources and efforts on building a skilled and employable work force in livable wage occupations.

2.6 Minneapolis will focus resources and efforts on connecting residents to living wage jobs.

2.7 Minneapolis will continue to pursue the removal of barriers that prevent residents from holding living wage jobs.

2.8 Minneapolis will develop the existing economic base by emphasizing business retention and expansion.

2.9 Minneapolis will strengthen long-term confidence in the economy by building innovative public to private sector partnerships.

introduction

Minneapolis is a city with abundant resources in the form of its physical attributes, the diversity and skills of its population, and a shared vision for the city's future vitality and prosperity. While changing and facing new challenges, the city has thrived over the last fifteen years as the center of a buoyant regional economy. The next twenty-five years will provide an opportunity for the city to build on a combination of regional population growth and economic changes.

The challenges that accompany patterns of growth in the metropolitan area must be addressed in order to ensure that all residents have choices in their decisions about employment, housing, and the quality of life of the neighborhoods in which they live. The influence of the private market on the "quality of life" for which Minneapolis is known encouraged the design of the Market chapters. Understanding the trends and decision-making that influence market forces enables the city and its partner public agencies to improve and expand choices in terms of enterprise development, housing markets, and the provision of public infrastructure and institutions.

understanding market activity

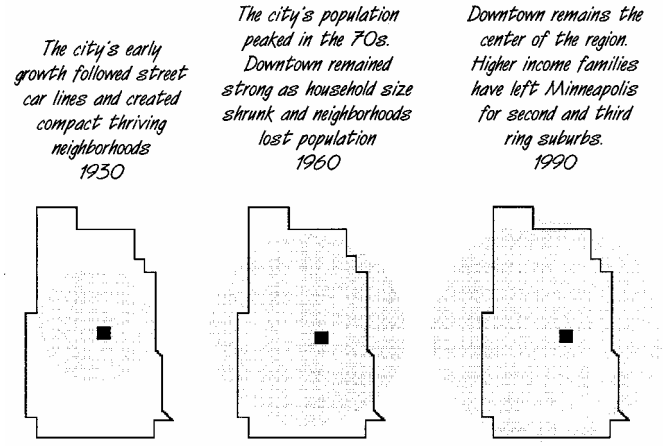
Understanding trends and behaviors that will influence future market activity prepares the city for its efforts to influence job and enterprise development, to encourage growth in new housing markets, and to stimulate neighborhood-based commercial activity. Our familiarity with the logic and behavior of private sector activity will be an invaluable asset in maintaining the level of development activity that has kept this region growing steadily over the last fifteen years. As the public sector becomes more fiscally constrained in its actions, the influence of market demand for certain types of jobs, certain kinds of housing and certain categories of commercial activities increasingly dominates the choices available to residents. City agencies maintain a very important role in influencing the range of possible market transactions. By providing encouragement to development proposals that are often overlooked in favor of the status quo, the city can assist in expanding choices. As public resources continue to be constrained, the extent of public intervention in new development will continue to decline. While the reach and activity of government investments may be constrained by trends at the national, state and municipal levels, the community must make a careful assessment about where and when to spend public money to realize the most effective gains and the most lasting benefit to the entire community.

the city as the region's center, past and present

When the city of Minneapolis began to grow alongside Saint Anthony's Falls on the banks of the Mississippi River over 100 years ago, it served as a gathering place for resources, labor and trade; first for agricultural and then later for industrial goods produced within the region. The young city acted as the primary trading marketplace for its inhabitants and served a large hinterland that extended through the Upper Midwest Region. It offered excellent transportation connections in the age of river and railroad transport. Channeling an abundant energy source at the Falls created an extensive supply of power for new industry locating in Minneapolis. Both skilled and unskilled labor was plentiful and the economic "boom" that occurred first in timber, then flour milling in the late 19th century, employed thousands of laborers who had immigrated to Minneapolis at that time.

Today, Minneapolis offers its residents and the larger population of the Upper Midwest a place of research and innovation, a hub of transportation routes, a center for arts and cultural programming, and a concentration of wealth production and service delivery. The city showcases new technologies, offers experiences of urban living that redefine how we think about our neighbors and the larger community, and also provides the traditional comforts of amenities and beauty we search for in our homes and neighborhoods. The diversity and competitiveness of the regional economy, fueled by the economic engine of downtown Minneapolis, have brought sustained prosperity and wealth to the Twin Cities area over the last two decades.

The challenge of the coming years is to continue to grow so that we maintain the city's strong influence over the metropolitan region and the Upper Midwest. Minneapolis' strengths come from its special attributes. Whether it is the bustle and activity of downtown or the attractive residential neighborhoods that form the building blocks of the city's livability, growth in the form of new households and new job opportunities is necessary to maintain the city's economic health, vitality and diversity.



The circles represent wealth moving out form the center city over time: downtown (the square) has retained a strong presence in the city and the region even as many city neighborhoods lost people and some of their job base.

the urban economy: an overview

Enhancing the urban economy in Minneapolis is described in two sections of the discussion on economic development. The first section of this focus on the urban economy relates to the overall approach the city will adopt in regards to economic development activities. Many of these approaches are spelled out in detail in the city's Economic Development Strategy, approved in June of 1995. These policies can be described as targeting land, labor or capital. The following section includes the next two chapters called *Marketplaces* and emphasizes place. In the *Marketplaces: Growth Centers* chapter, designating districts in the city called growth centers to attract concentrations of jobs, housing, mixed uses and amenities, turns the attention of investors, business owners, workers and residents to specific areas of the city within the metropolitan region. These areas are described as growth centers because of their current characteristics or their potential for future mixed uses development. Additionally, the corridors of the city can also accommodate growth of jobs, housing, mixed uses and amenities, typically served by existing transit. The final "markets" chapter (*Markets: Neighborhoods*) focuses on neighborhoods, discussing the corridors as a locus of some of the economic and housing activity that takes place within those boundaries. The city's housing policies are expanded on in this chapter, with a place-specific focus as well as a discussion of overall city policy.

2.1 Minneapolis will increase its share of economic prosperity in the region.

Implementation Steps

Create a growth center concept approach to economic development, housing investment, transit service planning and investment in amenities to focus major investments in the city.

Facilitate investments in land preparation through pollution clean-up and land assembly activities.

Continue to maintain high quality physical and information infrastructure that serves the needs of businesses and residents.

Support efforts that build skills and connect residents to living-wage jobs.

investments in land, labor, capital and partnerships

Increasing the city's share of regional economic prosperity for all residents is the overriding goal of the city's economic development strategy. The city's investments in future economic vitality focuses not only on place-specific solutions in the form of growth centers, but also relies on four essential factors that together explain much of the dynamics of economic transactions that make up a city's economy. Land and infrastructure is the first of these variables. Developing the labor force through training, education and support services is a second crucial priority. Thirdly, the expansion of capital and technical assistance resources is critical, particularly in an economic climate that is increasingly oriented to advancing technology and communications networks. Finally, cultivating partnerships between the public and private sectors is essential to sustained success in encouraging long-term growth and economic vitality.

land readiness and light industrial land use

Industry is important to the city. It provides jobs, a tax base, and economic vitality to the region. Historical patterns of industrial development have resulted in the concentration of heavy industries with regional impacts within city limits. At the same time, the legacy of pollution and contaminated land passed down from the heavily industrialized economic activity of previous generations is a serious obstacle to generating new economic development at the end of this century. Pollution remediation and environmental clean up are specific initiatives that demand city leadership and continuing partnership with the state in order to persuade decision makers about the business logic of potential investment choices in the city.

However, the history of the city's development has found residential and industrial uses in close proximity to each other. Many industries generate off-site odor, dust, noise and vibration. A large number of these industries also generate significant off-site truck traffic, which can be particularly troubling to existing neighborhoods. The location of non-office uses, such as light industry or manufacturing activity, demands a different kind of consideration about where these uses should be located and how they should operate, based primarily on the impact these kinds of activities have on neighboring uses.

Managing these impacts is the key to future livability in Minneapolis' neighborhoods. Heavy industrial uses that create negative impacts on their surroundings can sometimes be buffered with natural or built features to shelter surrounding areas from the

most negative impact. Those heavy industrial uses currently operating with a negative impact on their surroundings and generating relatively low job counts will be encouraged to mitigate their impact and encouraged to relocate when possible. The diversity of the existing industrial base must continue to be developed in the future, and city agencies will continue to identify appropriate areas for the retention and expansion of existing industry as well as the development of new industry. With appropriate attention to the form and design of these industrial activity areas, businesses can operate competitively and successfully in the larger regional economy, create minimal impacts for their neighbors, and contribute to the economic health of individual residents and neighborhoods. The chapter on City Form addresses some of the more specific recommendations that will guide the form and design of Industrial/Business Park Opportunity Areas. (See Map 1.2.1)

2.2 Minneapolis will support the existing economic base by providing adequate land and infrastructure to make city sites attractive to businesses willing to invest in high job density, low impact, light industrial activity.

Implementation Steps

Identify appropriate areas for the retention and expansion of existing industry and the development of new industry in specific industrial and business park opportunity areas.

Promote light industrial uses as the preferred use of industrial land, but discourage warehouse or distribution uses in areas where truck traffic will negatively impact residential neighborhoods.

Continue to protect a healthy physical environment that is attractive for private investment and compatible with neighborhoods.

Engage in pollution clean up and land readying activities to be able to provide clean and competitive sites.

Encourage federal, state and metropolitan support for pollution clean up and land readying activities.

Allow for a limited amount of heavy industrial uses where appropriate, but minimize negative impacts on their surroundings.

Relocate conflicting heavy industrial uses from impacted areas as more appropriate sites in the city or the region become available.

Encourage heavy industry to locate at appropriate sites, such as those that have with immediate freeway access, are distant from natural or cultural amenities, and with no significant residential uses in the immediate vicinity.

TABLE 2.1 ***Industrial/Business Park Opportunity Areas***
Southeast Minneapolis Industrial Area SEMI Refined Master Plan See Chapter 12 for overview of policy guidance and detailed land use maps
North Washington Industrial Park/ Jobs Park
Upper River
Mid City Industrial Area
Shoreham Yards/Columbia Park*
Humboldt Yards/Hennepin Community Works*
Hiawatha Corridor (including Seward Industrial Park)*
* component of Potential Growth Center
Source: The Minneapolis Plan, Land Use Policy Map

infrastructure

Minneapolis functions as the business center of the Upper Midwest because of its location at the crossroads of rail, highway and air connections. The energy resources, the intensive coverage of fiber optic cable in downtown Minneapolis, the existing network of rail transshipment facilities and the excellent air transportation connections at the Minneapolis-Saint Paul International Airport all add more appeal to the city's location at the heart of a bustling region. Future growth and development of the economic base depends on the continued development of these essential transportation and information networks. Helping to provide businesses with optimal conditions to be able to compete in the regional, national and international marketplace is one aspect of city government's economic development efforts now and in the future.

2.3 Minneapolis will continue to provide high quality physical infrastructure to serve the needs of business.

Implementation Steps

Develop and maintain the city's infrastructure to ensure the long-term success and competitiveness of Minneapolis in regional, national and global markets.

Support the current location of the Minneapolis-Saint Paul International Airport but alleviate its impact on residents.

Maintain the city's physical transportation facilities so that the design, condition or management of the city's streets and alleys, sidewalks, and skyways do not pose a threat to the well being of citizens and users.

Encourage the development of major freight transshipment facilities at peripheral/arterial interchanges and highway/rail junctions to reduce conflicts with other activities.

Continue to protect facilities such as radio beacons, and other aids used in airport navigation, from physical encroachment and electronic interference.

Evaluate the importance of rail service to industries located in the city and formulate appropriate recommendations based on both industry needs and neighborhood livability.

Minneapolis must also enhance its competitiveness by maintaining high paying industries in the city. Some of these industries include printing and publishing, machinery and metalworking, biomedical technologies, and computer and software related manufacture. These industries demand high quality working environments in their communications and technological infrastructure. The city must remain attractive to these industries by maintaining and improving the high amenity environment and physical infrastructure to attract these industries to the city, through the provision of high amenity environments in order to ensure the growth of jobs of the future rather than the declining marketability of jobs of the past. Businesses located in Minneapolis, but operating in national and international markets, have excellent resources within their grasp in the form of connections to essential information networks. The presence of high quality information infrastructure and the availability of skilled employees will provide the basis for sustained growth in the future; the city's prosperity will continue to grow as long as the region is able to provide these two essential elements needed for daily business operations.

2.4 Minneapolis will develop its technological and information infrastructure in order to offer high quality working environments to businesses.

Implementation Steps

Plan for the installation and management of fiber optic networks in the public right-of-way at designated growth centers such as the downtown and other activity nodes in the city.

Expand the city's understanding of the role of the telecommunications industry, its needs and necessary public and private sectors, and be prepared to respond proactively.

Promote the use of "best available technology" in upgrading communication linkages to the region and the world.

building a skilled work force for the economy of the future

In order to meet the needs of developing and growing business in the regional economy, the city's labor force must be well educated, appropriately skilled and adequately prepared for job opportunities that emerge in the region's growing employment marketplace. For all residents to enjoy the benefit of economic growth and wealth creation, economic development efforts must focus on preparing a qualified, ready to employ resident work force.

Economic growth and diversity over the last decade in other U.S. cities has come from tertiary industries such as electronics and computer-related activities and aeronautics. In the metropolitan region, growth has come in service sector jobs, as well as in the transportation, machinery and fire, insurance and real estate sectors. These firms rely heavily on technology and require significant educational achievement and skills development from their labor force. Investments in post secondary education and job training have demonstrated that the community understands very clearly the benefit of investment in human capital.

Although the region as a whole has seen growth across many sectors, including the "horizon industries" described above and that are expected to see much growth in the next 20 years, many of these jobs are located outside of the central city. The lowest paid service occupations, general service sector jobs, are held by a disproportionately large share of city residents. Data from the 1990 census indicates that average wages in the service sector are approximately two thirds the level of wages in all other occupations. The loss of jobs in certain key sectors has been much more acute in the city than in the metropolitan region; precision production, craft, and repair operations dropped 22.5% for city residents, but registered a 7% increase throughout the metropolitan area. This shift of job creation in certain sectors to the suburbs has meant a steady decline in earnings for some central city households, in addition to long travel times and high transit costs. These changes reflect a sectoral shift away from a manufacturing base relying on skilled industrial labor to economic activity that operates in close connection with information technology, automation, and telecommunications infrastructure.

the need for livable wage occupations

This kind of fundamental economic shift from manufacturing and industrial activity to service and technology-based industry demands that workers acquire new skills. It also requires a shift in the nature and structure of vocational and occupational training for those people entering the work force for the first time. The transition from high school to livable wage occupations must be facilitated for residents entering the work force. Current trends suggest that city residents are finding it increasingly difficult to find employment that pays living wage levels, as technological and structural change alters the character of economic activity considerably. Yet, work that pays livable wages is available in the region; the unemployment rate is approximately 6% for the metropolitan area, although some neighborhoods register unemployment rates of 10% and greater.

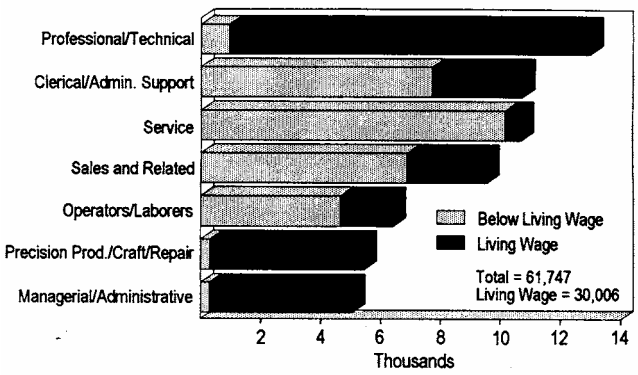
The Changing Economic and Labor Force Status of Minneapolis Residents

Positive Indicators	Negative Indicators
Continued lower rates of metropolitan unemployment and higher rates of employment growth than the U.S. as a whole.	Between 1979 and 1989 the City of Minneapolis added 20 additional census tracts in which the income of more than 25 percent of the population was classified as below the poverty level.
A net increase of 231 000 jobs for the seven county metropolitan Twin Cities area between 1980 and 1990, with a net increase of 13 000 jobs within the City of Minneapolis.	The unemployment rate for all city residents increased from 4.8% in 1980 to 6.7% in 1990. Unemployment for people of color increased from 11.6% in 1980 to 15.6% in 1990.
A net increase of around 40 000 Minneapolis adults age 25 or older with some post high school education between 1980 and 1990.	

Source: Changes in the Minneapolis Labor Force and the Growing Living Wage Employment Gap, Minneapolis Planning Department

Livable wages can be defined in vastly different ways, depending primarily on the size of household and the earning ability of household members. The City of Minneapolis has adopted the benchmark of 110% of the poverty level for a family of four. Translated into a full-time or nearly full-time working schedule, this wage rate provides yearly income in the $12,000 to $15,000 per year range. As a floor rate, this wage level would lift a family of two or three persons above the Department of Commerce's Lower Living Standard. The average household size in Minneapolis is 2 to 3 persons, making this estimation of a livable wage an appropriate one. (Source: Changes in the Minneapolis Labor Force and the Growing Living Wage Employment Gap, 1993.) The March 1997 passage of a City Council resolution requires that businesses receiving financial assistance from city agencies greater than $100,000 will be required to hire city residents at livable wage levels, defined as 110% of the federal poverty level.

proportion of living wage jobs created per year by occupation: metropolitan area, 1989 - 1996



Source: Minnesota Regional Employment Outlook to 1996, MN Department of Jobs and Training, December 1992
Minnesota Regional Employment Outlook to 1996, MN Department of Jobs and Training, February 1992
Minnesota Salary Survey, MN Department of Jobs and Training, August 1990

prepare people to work

Some job seekers require more specialized training to become eligible for living wage jobs; others need assistance and resources that can teach the importance of job readiness skills-the importance of arriving to work on time or the need to work the required hours. Other potential employees need assistance in securing transportation to and from the workplace, and day care for their children. The opportunity for individuals to earn a living, adequate to support their households, is essential to the livelihood of many residents and thus city neighborhoods. Livable neighborhoods rely on working individuals, strong families, healthy children, resourceful public facilities (such as libraries, schools and parks) and active social organizations. Earning a livable wage is the first step towards that success.

2.5 Minneapolis will focus resources and efforts on building a skilled and employable work force in livable wage occupations.

Implementation Steps

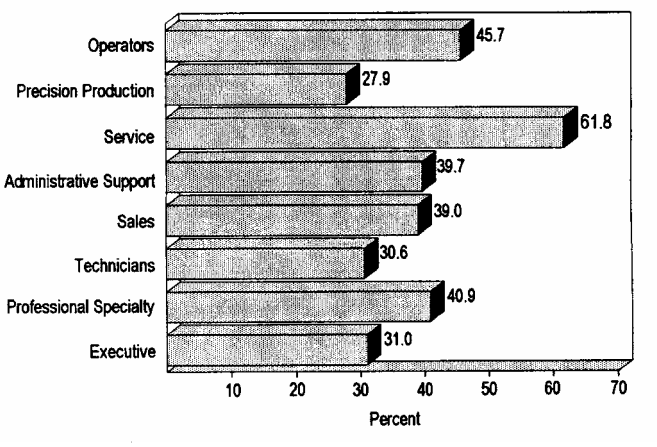
Promote the work readiness of city residents and the development of skills that respond to emerging opportunities in advanced technological firms that pay livable wages.

Encourage the participation of schools, libraries and major institutions, such as hospitals and other corporations, in building residents' work-readiness skills.

Create vocational and occupational training for job seekers in partnership with corporate citizens and educational institutions.

Support youth employment, apprenticeship and mentorship initiatives.

percent share of city jobs held by city residents by occupation



Source: U.S. Bureau of the Census, Public Use Micro Data Sample, 5%, 1990

connect residents to living wage occupations

Although the solution to the problem of inadequate wage levels is first answered by investing strategically in occupational training and skill development, other measures can be taken. Residents need to be better informed about the living wage level work opportunities available to them. Job linkage services offered collaboratively by the county and the city, as well as job postings and networks accessible at career centers and public institutions like the libraries, are important connectors for working residents. Interagency collaboration aimed at linking residents to job opportunities will be critical to the success of welfare-to-work and other programs targeting job creation and employment goals.

2.6 Minneapolis will focus resources and efforts on connecting residents to living wage jobs.

Implementation Steps

Continue to link job creation for unemployed and underemployed residents to city assistance programs.

Aggressively work to inform Minneapolis residents of jobs that are available throughout the metropolitan region.

Promote efforts at coordinating development for new business sites and housing construction within the city.

Support alternative transportation options developed in partnership with employers, workers and other agencies that transport residents to workplaces outside of the city.

remove barriers to employment

Some city residents face obstacles in their efforts to find employment in the metropolitan area. Obstacles arise not only from a lack of experience or knowledge, but also as the result of systemic barriers present in our community. Investing in the labor force requires attention to both kinds of obstacles. Work readiness is a broad term, covering everything from the habits and expectations of employees and employers to the availability of satisfactory options for child care or transit so that residents are able to arrive at their workplace ready to do the tasks expected of them. Larger, deep-seated obstacles, such as racism and prejudice, must be identified and eliminated so that residents do not encounter discrimination in their search for work. Ensuring that the transit system works efficiently and effectively to serve the transportation needs of workers and residents traveling to and from their homes is another top priority.

2.7 Minneapolis will continue to pursue the removal of barriers that prevent residents from holding living wage jobs.

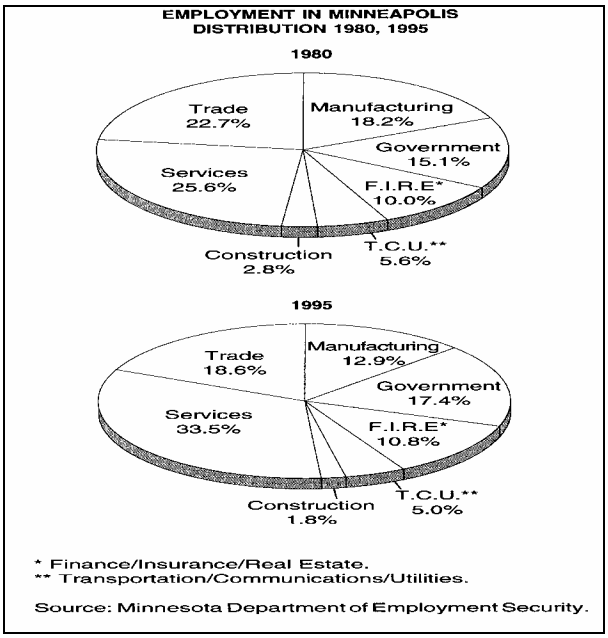
Implementation Steps

Improve public transportation that links workers to jobs.

Provide a wider range of child and elder care services.

Promote on-site day care as an employment assistance program.

Remove the barrier of racism and prejudice in residents' search for employment.



capital and technical resources for businesses

Changes in the global economy have reshaped the types of occupations found throughout the region. Corporate downsizing and sectoral shifts in the economy continue to redefine employment and vocational opportunities for young and mid-career residents alike. Home-based businesses and the growth of cottage industry have been one way that people with relevant skills cope with economic shifts. The ability to run a small business from the home also feeds an entrepreneurial spirit that may otherwise never be kindled in the face of considerable obstacles such as start-up costs or overhead. Home-based businesses are a well-developed trend in the current economic climate, exactly the kind of activity that the city must accommodate as the nature of work and the composition of the labor force changes over time.

Special offices already established at various public agencies assist entrepreneurs and investors in the process of information gathering and securing approvals for all aspects of a business program. For example, the BusinessLink service at the MCDA offers a clearinghouse of information about financing programs and other funding tools that are at the disposal of city agencies. The Minneapolis Public Library also operates a section for small business planning, offering services that range from information searches to workshops for business owners at the downtown site. The library acts as a major resource for both print and digital resources, offering extensive services both by telephone and on a walk-in basis.

2.8 Minneapolis will develop the existing economic base by emphasizing business retention and expansion.

Implementation Steps

Encourage home occupations within limitations in order to promote individual entrepreneurs and business formation, while protecting the character of residential areas.

Encourage existing capital equity pools to serve the business and financial needs of disadvantaged populations and to publicize the availability of such resources.

Promote business start-ups, retention and attractions. Foster a healthy business environment by encouraging access to the resources and information necessary for successful operation.

Many of the city's most entrepreneurial and innovative occupations can be found among the owners and employees of micro-businesses and home-based businesses. The relative ease of establishing certain businesses from the home, such as food preparation, small-scale craft production as well as professional or technical services, makes home based business more and more attractive in today's rapidly changing economic climate. A 1994 McKnight Foundation sponsored study showed that there were over 200 home-based businesses located in Central neighborhood alone. Among these were businesses providing information services and other businesses that offered both skilled and unskilled trades and services. As the report stated, these individual entrepreneurs are creating their own jobs, and they will likely remain invisible for the most part until they grow and mature, ideally with the help of a strong informational and technical infrastructure that provides support and assistance along the way.

Source: Central Neighborhood Study, Final Report, Betty Mosely, Training and Development Resources

building innovative public/private partnerships

Simplifying the regulatory aspect that investors encounter as they establish their business will contribute significantly to economic growth and the perception of the business climate in Minneapolis. The city is committed to improving coordination between various agencies and eliminating unnecessary barriers to standard procedures regarding approvals or permits. Delivering efficient, effective services is a focal point of the city's commitment to fulfilling its regulatory role in such a way that business development is stimulated. The City of Minneapolis recognizes that it can influence the investment process by participating as an active and interested partner in private sector initiatives. The city will demonstrate its commitment to long-term growth and economic development.

2.9 Minneapolis will strengthen long-term confidence in the economy by building innovative public to private sector partnerships.

Implementation Steps

Advance efforts to improve the coordination of economic development activity among various government jurisdictions, the business community, neighborhoods and non-profit agencies.

Continue to streamline regulatory and development processes.

putting it together

The urban economy and the housing market are, for the most part, the domain of private market transactions. The overall health of an economic market is built on series upon series of exchanges; this is what gives them a vibrant and dynamic character. The city will apply its expertise in job and enterprise development, in the opening of new housing markets and in the stimulation of neighborhood commercial businesses, by continually monitoring how the market is functioning. By studying trends and behaviors, and making reasonable estimations about future patterns and directions, the city can develop its contribution to the health of the community's employment, business, commercial and housing markets. Connecting people to financial, technological or physical resources provides residents with the essential tools they need to participate fully in a given market transaction, whether it is a job search, establishing a business, choosing their home or shopping at neighborhood stores.