



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: March 10, 2009
To: Council Member Lisa Goodman, Community Development Committee
Subject: Great Streets Neighborhood Business District program

Recommendation: Adopt target categories for commercial nodes, corridors, activity centers, and LRT station areas as defined by *The Minneapolis Plan for Sustainable Growth*

Previous Directives: (1) April 27, 2007, the City Council created the Great Streets program to provide resources to revitalize and sustain neighborhood business districts identified in *The Minneapolis Plan*. (2) September 5, 2008, the City Council forwarded a final draft of *The Minneapolis Plan for Sustainable Growth* to the Metropolitan Council for review. The updated comprehensive plan expands the number of designated neighborhood business districts.

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Approved by: Charles T. Lutz, Deputy Director CPED _____
Catherine A. Polasky, Director Economic Policy & Development _____
Presenter in Committee: Kristin Guild, Manager, Business Development

Financial Impact

No financial impact
Action is within the Business Plan

Community Impact

Neighborhood Notification: All neighborhoods were notified of the updates to *The Minneapolis Plan for Sustainable Growth*, the framework for the Great Streets program target areas addressed in this report.

City Goals:

* A safe place to call home * One Minneapolis * Connected communities * Premier destination

Sustainability Targets:

Economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth and reduce the need for car travel to obtain necessary goods and services.

Comprehensive Plan:

- 4.1 Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods.
- 4.3 Minneapolis will support development in Commercial Corridors where it enhances the street's character, improves its ability to accommodate automobile traffic, fosters pedestrian movement and expands the range of goods and services offered.

4.4 Minneapolis will continue to provide a wide range of goods and services for city residents, to promote employment opportunities, to encourage the use and adaptive reuse of existing commercial buildings, and to maintain and improve compatibility with surrounding areas.

Zoning Code: N/A

Living Wage/Business Subsidy Agreement: N/A

Job Linkage: N/A

Policy Framework and Background

On April 27, 2007, the City Council created the Great Streets neighborhood business district program. The program targets resources that support commercial activity to areas where commercial activity and vitality should be encouraged, as identified in *The Minneapolis Plan*, the City's comprehensive plan. On September 5, 2008, the City Council forwarded the final draft of the updated *The Minneapolis Plan for Sustainable Growth* to the Metropolitan Council for review. The updated plan expands the number of neighborhood business districts eligible for the Great Streets program.

Areas eligible for Great Streets resources when the program was adopted were commercial corridors, nodes and Hiawatha LRT station areas. With the modifications to the comprehensive plan, additional areas have been identified as appropriate for commercial activity and development. Under *The Minneapolis Plan for Sustainable Growth*, areas eligible for the Great Streets program will be the eighteen commercial corridors, sixty-five neighborhood commercial nodes, seven neighborhood Hiawatha Light Rail Transit (LRT) station areas, four Central Corridor LRT station areas, and eighteen activity centers designated in the plan (see attached map).

In order to target scarce program resources to the areas where City investment is most needed to sustain and revitalize business districts and most likely to be effective, we recommend grouping these new geographies into three categories as the Council did with the original commercial corridors at the program's inception. The three categories are intervene, support, and monitor.

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| Intervene | areas that are experiencing weak development interest or significant infrastructure or land assembly obstacles to attaining the City's commercial development goals; |
| Support | areas showing signs of resurgence, but that remain fragile and have some barriers to market development; and |
| Monitor | areas with strong market development and business activity. |

Categorization and Prioritization

There are significant economic differences between business districts within the city, and commercial revitalization requires the use of multiple strategies and varying levels of targeted public investment. Some commercial corridors require direct intervention in the development process to catalyze private sector investment and reduce risk for private investors. Others require fewer City resources for technical assistance, redevelopment, and limited financing support. Still others are economically and socially vibrant and have robust markets aligned to the needs and desires of area residents. Strategies for revitalization may even differ from one section of a business district, especially corridors, to another.

Common concerns in some neighborhood business districts include mismatches between the existing mix of businesses and neighborhood resident shopping desires; oversaturation of a few business types; vacant storefronts; crime and safety concerns, both real and perceived; and lack of destination businesses that draw people from outside of the immediate neighborhood.

The current economic climate has created further challenges for businesses of all sizes and reinforces the need to carefully target the City's limited resources for neighborhood business districts.

All 112 areas designated for commercial activity by the comprehensive plan are eligible for Great Streets resources, but greater competitive consideration is given to areas identified for intervention and support. Great Streets funding is directed toward investments that will stimulate the market and leverage private investment. For example, proposals for Business District Support grants from areas designated as intervene receive the most additional points while support areas receive more points than monitor areas. The Façade Improvement program has higher business or property owner match requirements for areas classified as monitor than for those categorized as intervene or support.

Categorization Methodology

There are a variety of possible indicators to evaluate the economic health of commercial areas. Staff analyzed estimated market value, median residential household income, and crime rates. Through extensive research and data analysis, we have learned that these particular data measures, in combination, provide a good indication of an area's retail health. These data measures provide a crucial objective snapshot of the economic health of a business district, but they do not always capture important factors such as a high proportion of vacant storefronts, recent changes in demographics, or more nuanced elements such as high business turnover. To capture that on-the-ground knowledge staff conducted citywide field surveys. Staff also actively engages with business associations and community development organizations to share their localized, up-to-the-moment knowledge. In a few cases, this knowledge of specific conditions supplemented the data measures in determining the recommended category. Program requests for proposals urge proposers to provide arguments and evidence for the need for public investment; these arguments augment staff's knowledge and assessments of current market conditions in the City's neighborhood business districts.

Based on this analysis, areas are recommended for designation as intervene, support, or monitor as shown in pages 5 and 6 of this report.

The data that informed the categorization are:

2007 Estimated Market Value per Acre: the sum of the market value of each parcel within the boundaries of a node, corridor, activity center, or LRT station area divided by the sum of the acreage of the same parcels. The market value of property is a widely-accepted indicator of economic strength because high property values indicate a strong demand for the available real estate. When the private market competes for space and customers in commercial areas the competition drives up real estate property values.

EMV % Change, 1999-2007: the percentage change in Estimated Market Value from 1999 to 2007. The 1999 figures were expressed in 2007 dollars. Comparing the 1999 and 2007 values shows whether an area is trending in a positive or negative direction.

Crimes per Acre, 2007/2008: Part I crime data for one year (quarters 3 and 4 of 2007 and quarters 1 and 2 of 2008) divided by the total acreage. Part I crime data, collected from the Minneapolis Police Department, is used by the U.S. Department of Justice as an indicator of the level of criminality of a community. Part I offenses generally include some of the most individually serious offenses (i.e., homicide or robbery), but also crimes of lesser seriousness when viewed as a group (i.e., theft) as indicators of a community's criminality. Many shoppers are reluctant to frequent areas with high crime rates, thus decreasing sales in these areas and weakening businesses' viability.

2000 Median Income: Median Household Income data is an estimate of the median income for the area, based on the 2000 Census. For areas with more than one census tract, an average was taken of the median income figure for the given tracts. Standard Area Median Income percentages (e.g. 50%, 80% AMI) were used as benchmarks. Low-income communities are not perceived as profitable areas by private investors often despite relatively high population densities that could support retail businesses. As a result these areas have lost and not attracted new businesses that provide goods and services.

Summary

The Minneapolis Plan for Sustainable Growth significantly expands the number of geographic areas eligible for Great Streets funding from 68 areas to 112. The eligible areas are the eighteen commercial corridors, sixty-five neighborhood commercial nodes, eleven LRT station areas, and eighteen activity centers designated in the plan. There are several cases of overlap among these areas. For example, almost all of the activity centers (with the exception of two), are on commercial corridors or within an LRT station area. Several LRT station areas also overlap.

With a 2009 budget of \$2.275 million, an average of just over \$20,000 per eligible area, Great Streets resources must be targeted in order to achieve the greatest impact. By applying the recommended target categories, City resources can be invested primarily in areas where the private market is weak, with support available to businesses located in any neighborhood business district identified in *The Minneapolis Plan for Sustainable Growth*.

Recommended target categories for business districts eligible for the Great Streets Program

Commercial Nodes, by Category and Sector

Sector	Intervene (9)	Sector	Support (18)	Sector	Monitor (38)
N	Lowry Ave N & Emerson Ave N	E	13th Ave NE & University Ave NE	E	16th Ave SE & Como Ave SE
N	Lowry Ave N & Lyndale Ave N	E	22nd Ave NE & Johnson St NE	E	37th Ave NE & Central Ave NE
N	Lowry Ave N & Penn Ave N	E	29th Ave NE & Johnson St NE	E	University Ave & Bedford St SE
N	Plymouth Ave & Penn/Oliver Ave N	E	Lowry Ave NE & Marshall St NE	S	38th St E & 42nd Ave S
N	West Broadway & Penn Ave N	E	Lowry Ave NE & University Ave NE	S	42nd St E & 28th Ave S
S	25th St E & Bloomington Ave	N	42nd Ave N & Fremont Ave N	S	42nd St E & Cedar Ave S
S	35th St E & Bloomington Ave	N	42nd Ave N & Lyndale Ave N	S	46th St E & Bloomington Ave S
S	38th St & 4th Ave S	N	42nd Ave N & Thomas Ave N	S	48th St E & Chicago Ave S
S	38th St E & Chicago Ave S	N	44th Ave N & Penn Ave N	S	50th St E & 34th Ave S
		N	45th Ave N & Lyndale Ave N	S	50th St E & Hiawatha Ave
		N	Glenwood Ave & Van White Blvd	S	52nd St E & Bloomington Ave
		S	38th St E & 23rd Ave S	S	54th St E & 34th Ave S
		S	38th St E & 28th Ave S	S	54th St E & 43rd Ave S
		S	38th St E & Bloomington Ave	S	54th St E & Chicago Ave
		S	38th St E & Cedar Ave S	S	54th St E & Minnehaha Ave
		S	38th St E & Minnehaha Ave S	S	56th St E & Chicago Ave
		S	42nd St & Bloomington Ave S	S	60th St E & Portland Ave
		SW	38th St & Nicollet Ave	S	Cedar Ave S & Minnehaha Pkwy E
				SW	36th St W & Bryant Ave S
				SW	36th St W & Lyndale Ave S
				SW	38th St W & Grand Ave S
				SW	40th St W & Lyndale Ave S
				SW	43rd St & Nicollet Ave
				SW	43rd St W & Sheridan Ave S
				SW	44th St W & France Ave S
				SW	46th St & Nicollet Ave
				SW	46th St W & Bryant Ave S
				SW	48th St & Nicollet Ave
				SW	50th St W & Bryant Ave S
				SW	50th St W & Penn Ave S
				SW	50th St W & Xerxes Ave S
				SW	54th St W & Lyndale Ave S
				SW	54th St W & Penn Ave S
				SW	58th St W & Lyndale Ave S
				SW	60th St & Nicollet Ave S
				SW	60th St W & Penn Ave S
				SW	Diamond Lake Rd & Nicollet Ave
				SW	Penn Ave S & Cedar Lake Rd S

LRT Station Areas (1/2-mile radius) by Category

Intervene (2)	Support (7)	Monitor (2)
Cedar-Riverside	Franklin Ave	50th St/Minnehaha Park
Blegen (Central Corridor)	Lake St	VA Medical Center
	38th St	
	46th St	
	Union (Central Corridor)	
	Huron Blvd (Central Corridor)	
	University and 29th (Central Corridor)	

Commercial Corridors and Activity Centers (AC) by Category and Sector

Sector	Intervene (5)	Sector	Support (20)	Sector	Monitor (17)
DT	Chicago Ave - South of 8th St S	DT	Hennepin Ave - Downtown	DT	Chicago Ave - North of 8th St S
E	Cedar Ave	DT	Warehouse District (AC)	DT	Mill District (AC)
E	Cedar Riverside (AC, includes 7 Corners)	E	Central & Lowry (AC)	DT	Nicollet Mall
E	Riverside Ave	E	Central Ave - NE	DT	Washington Ave
N	West Broadway	E	Dinkytown (AC)	E	Central Ave - South
		E	Grain Belt Complex (AC)	E	East Hennepin (AC)
		E	Stadium Village (AC)	E	Hennepin Ave - East
		E	University Ave	SW	50th & France (AC)
		N	Glenwood Ave	SW	Excelsior Blvd
		S	38th St LRT (AC)	SW	Hennepin Ave - South
		S	46th St LRT (AC)	SW	Lagoon Ave
		S	Chicago & Lake (AC)	SW	Lake St - West
		S	Franklin Ave	SW	Lyndale Ave - South
		S	Franklin Ave LRT (AC)	SW	Lyndale Ave - Walker
		S	Lake St - East	SW	Lyn-Lake (AC)
		S	Lake St - Midtown	SW	Nicollet Ave - South border
		S	Lake St LRT (AC)	SW	Uptown (AC)
		SW	Eat Street (AC)		
		SW	Nicollet & Lake (AC)		
		SW	Nicollet Ave - South		