

BRIEF HISTORY — MINNEAPOLIS NEIGHBORHOOD DEVELOPMENT (Adapted From Remarks Prepared For Mayor's State of the City, 1987)

State enabling legislation in 1947 gave the City redevelopment powers. The Minneapolis Housing and Redevelopment Authority was formed as a separate public corporation to be the redevelopment agency, and to administer pre-war federal public housing turned over to the authority.

The first neighborhood redevelopment project was the Hi-Lo project in Northeast Minneapolis in 1949. The MHRA graded a previously undeveloped area, and provided infrastructure that permitted construction of single-family homes.

The MHRA also built Glendale Public Housing Project on an old gravel pit near the Prospect Park neighborhood in 1952.

Two major redevelopment projects were undertaken in the latter 1950's: (1) Gateway, (2) Glenwood-Lyndale. Both used federal funding assistance under Title I Urban Renewal legislation of 1949. Both were total clearance projects where the MHRA acquired the land, cleared it of existing structures, and resold it for new development. Federal funds covered two-thirds of the cost. Local funds were provided from bonds for public facilities in the renewal areas.

Gateway cleared out skid row along Washington Avenue. It spurred less redevelopment for many years than anticipated, but eventually resulted in complete reconstruction of the area with offices and housing.

Glenwood-Lyndale on the northside, a severely blighted area of mixed housing and industry, was rebuilt as the site of the largest MHRA public housing project, after most other neighborhoods in the City had rejected public housing. Concentration of that much public housing on one site is now acknowledged as a mistake. The MHRA also began an aggressive program of building senior citizen public housing throughout the City that continued to 1974.

The City reorganized and expanded its planning function after 1956, in part because of increasing neighborhood development pressures. The existing zoning ordinance dating from 1924 proved inadequate to prevent serious land use conflicts. A complete rezoning was undertaken from 1959 to 1963, with very heavy neighborhood involvement. The City also established the Capital Long-Range Improvement Committee (CLIC) in 1956, a citizens committee to de-politicize capital project decisions.

The City Planning Commission in 1959 adopted a map of neighborhoods and communities that became the basis for data, planning, and for neighborhood organization efforts in many areas. Neighborhoods were organized around neighborhood schools. Although schools no longer serve that role, neighborhoods of today are essentially as they were mapped in 1959.

In the early 1960's, the Planning Department undertook several neighborhood plans and helped organize a number of neighborhood groups. The most ambitious efforts were in the University community, where the Southeast Minneapolis Planning and Coordinating Committee (SEMPACC) used neighborhood anger at State freeway plans to build a strong umbrella organization that worked with the Planning Department to develop a comprehensive community plan.

Neighborhood plans were also completed for Harrison, Seward, St. Anthony, and Como neighborhoods. They provided the impetus for neighborhood rehabilitation or code enforcement projects in the 1960s and early 1970s. Amendments to federal urban renewal legislation in 1954 and 1959 made neighborhood rehabilitation projects possible. They required that rehabilitation projects involve no more than 30 per cent clearance of blighted structures, and upgrading of all remaining buildings to better than code standards. Federal low-interest loans and grants were provided to assist property owners in rehabbing their property. Federal funds supported two-thirds of total project costs. Harrison, St. Anthony (east and west), and Seward (east and west) neighborhoods were successfully rehabilitated.

The City also received Federally Assisted Code Enforcement (FACE) funds to provide similar assistance for less severely blighted neighborhoods. These projects involved no clearance, but required door-to-door code enforcement. Loans and grants were provided to help owners bring property up-to-code. Parts of Como and Jordan neighborhoods were upgraded in the 1960s and early 1970s under this program.

General neighborhood renewal plans (GNRP) were adopted for Near North, St. Anthony, and Seward neighborhoods in the 1960s. The intent was to put renewal and rehabilitation of larger areas on a long-term schedule with federal and city commitments to staged improvements. The GNRP concept was encouraged by the federal government as a means to avoid moving blight from one rehabbed neighborhood to the next. The Franklin and Grant areas were cleared of blighted structures in the Near North GNRP, but met difficulty in marketing land for new development. Franklin eventually was developed as Lyn Park, with the assistance of the Greater Minneapolis Metropolitan Housing Corporation, with single-family homes and townhouses. Efforts by neighborhood-based developers to build moderate income apartment housing in the Grant neighborhood proved less successful.

In 1962, the federal government advanced the Community Renewal Program (CRP) to solve problems it was encountering around the country in coordinating urban renewal with other plans and programs. Minneapolis used the federal funds for a major effort to get all actors in City government, business and neighborhood leadership to agree on a set of priorities to guide residential, commercial, and industrial renewal and rehabilitation. It resulted in the adoption of the "Decision 67" program by the City in 1967.

The Decision 67 program set out 5 and 15 year priorities. Near-south side, north side, and northeast neighborhoods were high on the list of priorities for revitalization, as well as Cedar-Riverside, and Industry Square near downtown.

Considerable planning and programming was also done under the Decision 67 program for community commercial areas and neighborhood facilities. Merchants in commercial areas were reluctant, however, to take actions recommended. The City had more success in developing combined school-park-community centers such as Bethune and Seward. The Decision 67 program also launched the City's first planning for equal housing opportunity, as well as cooperative planning of social programs with the Community Health and Welfare Council (then the planning arm of the United Way).

The Kennedy Administration "War on Poverty" was launched in 1964. The Community Health and Welfare Council, initially the lead agency, helped to set up the Citizen's Community Centers, offering neighborhood social services in several locations.

The Johnson "Great Society" programs launched in 1967 included three of major significance to the City: (1) the Model Cities Program, (2) the Pilot City demonstration, and (3) the New Communities program. All emerged just at the time the City adopted the Decision 67 priorities. They became the implementation vehicles for those priorities -Model Cities to address southside neighborhood physical and social needs, Pilot City to address northside social service needs, and New Communities to begin work on Cedar-Riverside as a "New-Town In-Town".

The Pilot City program was a demonstration of how federal inter-agency resources could be coordinated to create a multi-purpose neighborhood service center to meet the needs of poverty neighborhoods. It coincided in Minneapolis with civil disturbances on Plymouth Avenue, intense neighborhood confrontations and power struggles (both with City Hall and among neighborhood groups and movements of different philosophies). The program, based on very heavy community involvement, was successful in establishing Pilot City Health and Regional Centers, less successful in demonstrating federal inter-agency cooperation and funding continuity.

The Model City program initially emphasized (at both federal and local levels) physical rejuvenation of neighborhoods. It also borrowed heavily from "War on Poverty" concepts of "maximum feasible participation of the poor". When grafted on a volatile local neighborhood environment, where a new militancy on behalf of the poor and minorities vied with more conservative attitudes of older neighborhood leadership, the result was to shift drastically the focus of the program.

Program control passed effectively into the hands of new coalitions of neighborhood residents, whose priority centered more on social programs and advocacy than on physical rehabilitation (this occurred in virtually every Model City program across the country). The Federal government again failed conspicuously to coordinate its own resources effectively, so that funds for neighborhood rehabilitation were not forthcoming in the amounts anticipated.

Model City left fewer visual marks on south side neighborhoods than on the agendas and style of citizen participation. It did complete some rehabilitation and redevelopment in Central neighborhood, the Urban American Indian Center, and what is now the Little Earth housing development.

The "New-Town In-Town" in Cedar-Riverside also occurred in an unusual local context. A single developer had secured tenuous land control over most of the neighborhood, and became the dominant implementing entity. Federal involvement was primarily in providing loan guarantees. The City was involved primarily in acquisition of a few remaining parcels and providing public facilities.

When changing neighborhood population and values brought adamant resident opposition to planned densities and an environmental lawsuit, the project came apart. The developer's carrying costs on the land were such that he could not afford delay in bringing cash producing new development on-line. Neighborhood residents also eventually won the political support to change the renewal plan to lower densities.

Settlement of the environmental lawsuit included agreements with federal agencies and lending institutions that, in effect, replace the private developer with neighborhood based development and neighborhood controlled plans.

Revitalization efforts continued in other parts of the City in the late 1960s and early 1970s. They generally followed Decision 67 priorities, but with fewer resources in the Vietnam era than Decision 67 had contemplated. Federal Title I rehabilitation projects mutated to the Neighborhood Development Program (NDP) in 1968. These substituted year-to-year, flexible programming for rigid multi-year project plans. The MHRA converted almost all of its rehabilitation projects to NDP. Annual allocations of federal funds were divided among NDP project areas, and used on activities determined heavily by project area committees of neighborhood residents.

The late 1960s and early 1970s also brought increasing private support in response to needs of disadvantaged populations and neighborhoods. Private business provided a loan to acquire facilities for Pilot City Health Center (1967). Honeywell supported housing rehabilitation in Phillips neighborhood, Dayton-Hudson "adopted" and provided funding assistance for Whittier neighborhood, and the Downtown Council found equity sources for Elliot Park rehabilitation. The Greater Minneapolis Metropolitan Housing Corporation was formed by private firms to coordinate private efforts in housing development.

The Nixon administration brought an overhaul of the way federal programs were administered. In order to secure congressional support, the Nixon administration placed moratoria on most federal categorical grant programs to cities. This coincided with Mayor Stenvig's political efforts to neuter the MHRA.

The City Council hence secured state legislation permitting tax-increment financing, and set up a redevelopment capability in City government. The first tax-increment projects -Loring Park and Nicollet-Lake -completed land assembly and clearance just as the 1973 recession dried up investment capital. The Downtown Council played an important role in guaranteeing financing for the first Loring Park Development, whose success brought in other investors and resulted, eventually, in major addition to downtown housing and amenities.

The Nixon administration secured congressional approval for replacement of many federal categorical programs in 1974 with Community Development Block Grants (CDBG) and general revenue sharing. The CDBG program provided an annual entitlement to the City which could then decide locally what activities would be undertaken (the list of activities was much the same as had existed under the categorical programs; what was different was the local approval process).

CDBG also brought new citizen participation processes which largely reflected efforts of those involved in Model Cities and similar community action to retain power to affect City decisions, as their former program base phased out under the new block grant program. City elected officials were largely receptive to citizen input. Many had come to office through the neighborhood participation process.

The results tended to shift emphasis in the use of federal funds away from Title I type projects within defined boundaries, toward broad housing and social service programs of different types, available across much of the City. The City and MHRA increasingly relied on tax increment for project area activities, with a consequently greater emphasis on economic development projects than had been possible under the federal programs.

Three years into the CDBG program in 1975, the federal government concluded that funds around the country were being scattered too widely to have the effect on cities it desired. Cities were required to concentrate CDBG activities within "Neighborhood Strategy Areas". The intent

was to achieve measurable improvement of these areas according to a schedule of planned activities.

Because social services funded from CDBG could be provided only to residents of Neighborhood Strategy Areas (NSA), there was strong pressure to designate as many and as large NSAs as possible. Minneapolis designated seventeen NSAs. Although CDBG-funded activities were more concentrated than in the first two years of the program, NSAs were considerably larger and less focused than the old Title I rehabilitation areas had been. Participation in rehabilitation activities within NSAs, for example, was primarily voluntary (as opposed to door-to-door rehabilitation standards).

About 1982, the federal government dropped the NSA requirements, but retained strong requirements that CDBG funds be spent either for the benefit of low and moderate income areas, or the elimination of slums and blight. The City, through the Minneapolis Community Development Agency (which had merged the former MHRA and City development activities in a single development agency) set out priority I and Priority II areas for CDBG-funded programs. These priority areas, based on extent of substandard housing and proportion of low and moderate income families, remain in effect.

The late 1970s and early 1980s also saw a great deal of development of innovative financing methods, using a variety of resources. Tax-exempt revenue bond financing, urban development action grants after 1978, tax-increment financing, private contributions, and funds recaptured from development loans have all been used to provide a wide range of housing development and rehabilitation activities, primarily for low and moderate income households. The role of neighborhood-based non-profit development corporations in using these funding resources for neighborhood and housing improvement increased significantly. Most MCDA programs operate within the Priority I and Priority II area boundaries under guidelines and criteria set out by the City. Most recently, the MCDA has worked with neighborhood groups to develop concentrated improvement activities in its "Comprehensive Block" program.

Since 1980, federal assistance for neighborhood revitalization and housing development has declined by more than half. Local and private funding sources have not been sufficient to offset these losses. In 1987, the City secured State assistance for neighborhood improvement through the Urban Redevelopment Action Program (URAP). A much larger State commitment will be sought from the 1989 legislature.

(Statistical information on past and current programs to be provided by MCDA).