

## 7. Economic and Business Development

When West Broadway developed as a key westward corridor to the suburbs and the commercial hub of North Minneapolis, it served a broader market area than it does today. In the current language for classifying commercial districts, West Broadway would have been considered a “Community Business District,” drawing from a wide area with comparison goods offered by larger anchor stores like Target or car dealers. West Broadway is now classified as a “Neighborhood Shopping Center” meaning it has a supermarket along with other stores that offer convenience goods and services. Its retail environment is characterized by a number of small “Mom and Pop” establishments and a handful of franchises that provide needed goods and services to area residents such as beauty services, auto services, fast food and some apparel.



West Broadway and 4<sup>th</sup> Street, 1949.

West Broadway’s reduction in service area and economic impact was partly a consequence of changes in the economies of cities everywhere. Cheap gas, more affluent households, and increasing use of automobiles resulted in people going farther for goods and services, and spending a smaller portion of their incomes at the local commercial districts. Beyond this, West Broadway has suffered from issues of public safety, declining incomes and disinvestment in local property. A vital business district requires a complement of businesses that are well-presented and well-managed. West Broadway can take important steps in that direction, as it works toward both capturing a greater share of local spending and expanding its market reach.

As a commercial market area West Broadway serves the basic convenience needs (food, pharmacy, alcohol, etc.) of the local neighborhood. It does not offer extensive comparison goods (furniture, appliances, etc.) that would draw customers from outside the area. West Broadway is “oversupplied” or concentrated with salons, barber shops and auto parts and repair services. West Broadway also has an abundance of fast food outlets. Two of its franchises (KFC and Spin Cycle) are reportedly the most productive in the state/nation. Cub Foods, the major anchor for the district, has made a significant investment in their facility in recent years. West Broadway is a challenging location for retailers due to the low average income of the area’s consumers, poor image due to real and perceived crime, poor repair of stores and storefronts, unorganized parking and lack of identified themes or sub-districts to draw consumers.

### Existing Conditions

#### Demographics

West Broadway’s principal market area encompasses roughly 31,000 people in 9,300 households that live within a mile of West Broadway. This is about 8.2% of the City’s population and 5.7% of its households. In addition, the corridor serves more than 20,000 cars per day and almost a thousand bus riders. The traffic count on nearby I-94 is 125,000 vehicles per day. This

makes for a large base of potential shoppers that could be captured by a strengthened business district.

The West Broadway area has certain defining demographic characteristics that make it unique among commercial corridors in the Twin Cities. Its market area is more than 50% African American. (Whites are now 18% of the area's residents. The third largest racial/ethnic group is Asian with 16% of area residents.) With an average age of 25 (compared to 36 in Minneapolis overall) it is a young population with numerous babies, young children, and teens. These submarkets should be kept in mind because they can support clusters of goods and services. The area's concentration of African Americans can be the focus of specialty foods, fashion and music stores, restaurants and

entertainment options not found in other Minneapolis commercial corridors.

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**The profile of market area consumers**

- Larger than average sized households
- Younger than average population
- Half the buying power of the average Twin Cities household
- Split between families and singles is 70-30
- Even split of renters and homeowners
- 1 in 4 households is a single female with children under 18.
- Almost 30 % of households are without cars (compared to 20 % in Minneapolis overall)
- More than 50% are African American.



### ***Business inventory***

The current business mix along West Broadway was inventoried from Hennepin County property records and a windshield survey. The full results can be found in the Economic Development appendix. The majority of businesses are local serving, convenience good and services that cater to a lower income clientele including beauty salons, fast food, auto repair services and non-bank financial services, e.g. check cashing and pay-day loan services.

### ***Business owner input***

This West Broadway Alive process benefited greatly from large and small group discussions with business and property owners. Business owners consistently highlighted the need to address crime and safety issues such as disappearing inventory and harassment of customers. They appreciated the recent rollout of such measures as new beat cops on Broadway, video surveillance cameras, and shot spotters. Many report individual investments in security efforts that help but represent additional costs in an already challenging retail environment. Business and building owners described poor building conditions and the need for support storefront improvements, security lighting, rear parking. They also welcome new enthusiasm for the WBAC and prospects for more marketing efforts of the area.

## Shopper survey

The shopping survey was completed by 146 respondents from a number of settings. It was hosted by five businesses along West Broadway— McDonalds, Cub, US Bank, Broadway Liquor Outlet, and Hollywood School of Dance. West Broadway Alive Steering Committee members completed the survey, as did attendees at the November 10 public meeting. Another set of surveys were given to North Minneapolis residents by students from a class at North High.

The survey form provided space for identifying where people did their shopping for groceries and other retail—and why. The comments that were filled in on the form were quite illuminating. Key findings of the survey are located at left.

### Key findings of the survey:

- Cub Foods ranked as a highly valued and frequented retail store on the avenue. Also mentioned were CVS and Walgreen's.
- A majority of respondents use the Cub Foods store on W. Broadway as their primary "food at home" provider. Rainbow in Robbinsdale and Wal-Mart were the next highest ranked grocery stores of these consumers.
- Brookdale, Mall of America and Rosedale ranked as the shopper first choice in non-grocery items largely due to available of apparel and lots of choice.
- For "eating out" – respondents chose downtown, and several mentioned Global Market, Uptown and Brookdale as eating destinations.
- Local fast food was highly frequented by respondents--especially McDonalds, Burger King and Wendy's. Shoppers valued the convenience, low prices, taste and service. Shoppers disliked their lack of cleanliness, and the people that loiter.

## Northway Community Trust/MJB Consulting

In 2006, Northway Community Trust hired MJB Consulting to evaluate the commercial corridors and nodes in north Minneapolis and evaluate the roles that each can and should play in a healthy overall north Minneapolis commercial landscape. This plan borrows heavily from MJB's excellent analysis. The Northway Community Trust/MJB Consulting (NCT/MJB) study suggests the following suitable development types for each of North Minneapolis' commercial districts:

The NCT/MJB study considers West Broadway at length. The following are some of its observations and recommendations:

- With such a large concentration of African Americans, urban areas such as Chicago and Milwaukee should be canvassed for possible retail outlets that could work for West Broadway
- New ground-floor storefronts should be highly visible from the avenue in highly-trafficked areas
- In order to reposition itself among competing retail centers, West Broadway should deliver comparison goods and sit-down restaurants
- West Broadway is an appropriate place for chains (realistic targets are the Burlington Coat Factory, Savers and Big Lots)
- The appropriate format for a restaurant would be "family" style with moderately-priced food, casual atmosphere and no alcohol (two that fit the profile are Ponderosa and Embers America)
- Cub Foods should be retained and supported (it is an important presence in future tenant-recruitment efforts)
- Redevelopment efforts in larger and deeper parcels, such as at Broadway Center, 718-800 Broadway and Hawthorne's Crossing, are advisable
- Gateway and arrival points such as the Interstate 94 connection should be enhanced as a welcome to North Minneapolis

## Challenges

Among the greatest challenges to be overcome in order to improve West Broadway are the following:

### *Real and Perceived Safety and Security Issues*

Consumers and residents rated West Broadway poor in terms of safety and security. One survey respondent wrote: “Get rid of all the druggies and ‘wanna-be thugs’ that plague the area.” Customers are driven away by disruptive or disorderly patrons or loiterers. Business owners also called this out as their #1 concern. Many business owners have invested in security improvements and personnel. In West Broadway Alive conversations, they expressed appreciation for the recent rollout of new public and private security measures, but there is universal agreement that more needs to be done.



### *Poor Physical Image and Upkeep*

Disinvestment and suburban style development over the last few decades have resulted in a corridor with little aesthetic character. Shopper surveys and community input at West Broadway Alive events indicate that visual improvements are needed to make the commercial districts/nodes more inviting and pleasant. Physical improvements such as lighting, parking, plantings and cleanliness are key elements of an attractive shopping district. Business and property owners reported limited ability to fund physical improvements in their properties

given poor market conditions. They suggested an increased public commitment to façade grant and rehab loans.

### *Limited Business Mix*

Convenience and selection are key issues for consumers – in addition to price and quality, many shoppers enjoy being able to choose from a variety of options. West Broadway does not have a wide variety of types of stores, nor does it have much depth among stores for shoppers looking to comparison shop. The varying commitment and wide mix of property ownership along West Broadway make it difficult to organize a concerted effort to market and redevelop individual shops toward a better business mix.

### *Lack of Marketing Concept*

There is no overall approach to attracting people to support businesses along West Broadway. Nor is there agreement on who comprises the target market. To some extent individual businesses will inevitably have to identify their own market and marketing strategy. But the load is lightened considerably where there is a district identity and outreach.



## Civic Involvement and Political Commitment

Making Broadway a healthy and self-sustaining environment will require both public and private sector investments. While West Broadway is a current priority for both the community and elected officials alike, sustained engagement and advocacy will be required in order to ensure that investment and action continues over the necessary multi-year time frame.

## Stagnant Residential Growth and Low Purchasing Power

Purchasing power is a function of number of households, income of households, and how much of that disposable income can be captured locally. This plan has a number of strategies designed to capture a greater share of the spending of residents in the nearby neighborhoods rather than allow it to “leak” out of the neighborhood to competing commercial areas. Adding housing can help to increase the purchasing power of the community, as well as to diversify the household mix so that Growth Given recent changes in the financial marketplace by adding middle income residents. But developing housing is currently a very challenging proposition in the West Broadway corridor, as is discussed in more depth in chapter 6 of this plan.

## Recommended Strategies

West Broadway offers a number of opportunities for the future given a concerted effort with a market-based revitalization strategy. Some general objectives include:

- **Improve the business mix.** Make strategic improvements to the overall business mix in order to make commercial areas more useful and attractive
- **Make West Broadway a destination.** Increase the market area and overall consumer demand by building the destination character of parts of West Broadway
- **Marketing and branding.** Develop and implement a marketing program for West Broadway

### What makes for a successful commercial node?

- Shoppers with money to spend
- An attractive and accessible district
- The right product and service mix
- Image and recognition in larger marketplace

Location	Action/Development Type	Comments
West Broadway & Penn	Retail	
Penn-Lowry	Convenience Goods/Services and Doctors’ offices, free market development	Proximity to North Memorial Medical Center
Emerson-Lowry	Ethnic specialty district (Hmong)	
Lyndale-Lowry	Supra-convenience node	
Plymouth-Penn	Highly-visible businesses with convenient parking	
Glenwood Avenue	Mixed-use development	Site-demolished Gas station
44th-Penn	Low-rent	Like Johnson Street NE or Downtown Bryn Mawr
42nd-Lyndale	Signage, place-making	

- **Facade improvements.** Provide support for the improvement of facades of existing storefront buildings on West Broadway
- **Support businesses.** Provide a full menu of support for West Broadway businesses
- **Add housing.** Build housing and attract middle income residents in order to increase consumer demand for local businesses
- Improve shopper parking and pedestrian flow.

These strategies are discussed in more detail below.

### 1. Improve business mix

The commercial corridor of West Broadway currently serves local residents' shopping needs in a number of categories: groceries, fast food, clothing (limited), health care, banking/ financial services and other services. The avenue also offers residents of the surrounding neighborhoods a number of places to worship, pursue recreational activities and learn. Market research and surveys of nearby residents found that many local residents bypass West Broadway in favor of shopping areas that are farther away. There are many reasons for this, including the issues of safety, and the lack of an attractive retail setting. Beyond these concerns, which are considered in preceding chapters,

residents report that the product and service mix is not appealing. This signals a failure of the existing commercial areas on West Broadway, but it also signals an opportunity. It means that neighborhood residents could be attracted back to West Broadway if a better mix of goods and services was offered.

We have identified market demand for more stores than are currently thriving on the avenue. Using Claritas data, a shopper survey, and responses to questions asked at West Broadway Alive events, a number of retail and service categories were identified as new market opportunities. The Northway Community Trust/MJB Consulting study of north Minneapolis commercial districts also generated

some relevant information.

The analysis using **Claritas MarketPlace** data shows almost \$56 million in unmet retail opportunity in the market area. The majority of this is in auto-related businesses. This small area analysis within a metropolitan region compares supply and demand only within the boundaries of the

#### Potential Recapture of Sales Leakage

Category	Demand – Supply	Sales per Sq. ft.
Electronics and Appliances	+\$1,976,943	\$276.64
Building Materials and Garden	+\$3,677,802	\$289.14
Specialty Food Stores	+\$791,821	\$276.79
Clothing Stores	+\$1,706,520	\$198.73
Jewelry, Luggage and Leather Goods Stores	+\$722,465	\$292.79
Sporting Goods, Hobby and Musical Instrument Stores	+\$1,147,413	\$171.34
Books, Periodical and Music Stores	+\$1,054,548	\$155.38
Other General Merchandise Stores	+\$6,010,379	\$171.10
Office Supply, Stationery and Gift Stores	+\$1,148,850	\$172.14
Used Merchandise	+\$228,267	\$137.38
Full-Service Restaurants	+\$7,766,293	\$301.85
Fast Food	+\$784,036	\$259.48
Bars	+\$204,013	\$129.34

(Consumer Expenditure data analysis for Northway Trust by MJB Consulting, 2007) *Note:* It is important to note that in many of these categories the market demand in square footage, while undersupplied, is smaller than a typical store; thus, it would not support such development.

defined market area. It does not account for the fact that many businesses such as high ticket item auto dealers cluster together so that consumers can comparison shop. It also ignores the proximity of other shopping areas. However, some of these gaps do offer potential development opportunities in the West Broadway marketplace. Strong retail opportunities are in:

- *General Merchandise (\$26 million),*
- *Clothing (\$8 million),*
- *Home Centers (\$6.6 million),*
- *Sporting Goods, Hobby, Books, etc. (\$3.6 million)*
- *Lawn and Garden (\$2.4 million)*
- *Hardware Stores (\$2.2 million)*

The following chart is from the NCT/MJB study. It shows there are opportunities to recapture “leakage” from other shopping areas in certain commercial categories.

Community perceptions can add to what is learned through professional analysis because it comes from direct experience. For instance, a business inventory may show abundant square footage of specialty clothing, but if it is all of the same type, or targets very narrow market niches, residents will still report a need for clothing stores. Some of the businesses identified by the public are listed in the box at left.

During the planning process, property owners and developers discussed a strategy for attracting retailers that involved working together on some event sponsorship, website and other marketing of available properties. Another strategy is to make a leasing agent available to property owners as a free or reduced cost service. When the property owner had a vacancy, the leasing agent would bring seek out candidate tenants that would be not only reputable businesses that can pay the lease, but that would also contribute to the overall business mix that is desired in different parts of West Broadway.

It’s important to note that diversifying the business mix doesn’t imply that local or existing businesses are bad or unwanted. What’s envisioned is making a retail recruitment service available to commercial property owners when he or she has a vacancy in the normal course of events. Local businesses give an area character and would be an important part of a new business mix just as it is with existing businesses.

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**The public identified a need for more or better commercial establishments in the following categories:**

- Grocery store
- Bookstore
- Discount retailer
- Bakery
- Restaurants (sit-down)
- Sporting goods
- Music club
- Theater
- Workout/health center
- Warehouse club
- Specialty clothing store
- Café
- Building materials store
- Garden store
- Many others

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**Recommended Strategies: Business Mix Recommendations**

Provide the services of a leasing agent, at a no cost or reduced cost basis, to assist property owners in finding reliable tenants that also contribute to the overall business mix in the commercial district.

Create a website and/or other mechanisms that can draw attention to West Broadway commercial areas, and market vacant and available retail space.

## 2. Make West Broadway a destination

West Broadway is not currently viewed as a destination commercial area by Minneapolis residents. The majority of its market is drawn from the adjacent neighborhoods. But the market analysis done by Northway Community Trust, and this study's research, tell us that it may be possible to change that. The location of West Broadway in relationship to other competing shopping areas puts it in position to attract a larger market if the area begins to feel more safe and attractive, and a useful range of destination goods and services is offered. Consequently, this study recommends that steps are taken to attract a mix of destination goods and services of general appeal. Beyond this, there are certain market niches that could be capitalized upon to attract more targeted submarkets to West Broadway. These include culturally focused and arts related offerings. In geographic terms, there is value in clustering destination goods and services so as to make the trip convenient and worthwhile for a destination shopper. This study proposes that the West Broadway/Lyndale intersection is the best location for a cluster of regional or sub-regional destination establishments. This area is conveniently accessible to Interstate 94, and many of the properties are suitable for a concentration of destination businesses because of their depth as well as the length of their frontage along West Broadway. On the south side of West Broadway these parcels include the Broadway Center shopping center, the first 100 feet of the Cub Foods site along West Broadway, and the fast food properties between 5<sup>th</sup> Street and Interstate 94. On the north side of West Broadway, they include the blocks between Lyndale and Bryant Avenues, and the Marigold Foods site.



The relatively large opportunity sites in the West Broadway/Lyndale area provide an opportunity to assemble the critical mass of commercial offerings that is needed to re-brand West Broadway as a destination. Retail businesses should be pursued that are unique to the region or have a regional draw (such as bigger box discount, hardware or electronics stores). The Northway Foundation/Mike Berne study suggested that urban retailers such as Burlington Coat Factory and Super Savers be pursued, as well as sit-down restaurants such as Embers and Ponderosa.

Racial diversity is one of the hallmarks of the West Broadway community. In the past this has been a detriment to attracting shoppers from across the region, but commercial areas in other cities have been successful in making this a market strength. Culturally-focused stores and restaurants can help brand the area as a regional destination for minority consumers—particularly African-American. This could include some upscale establishments. A focus on fashion and culture would augment the breadth



of existing offerings in the beauty, hair care, and music categories. A Magic Johnson affiliated Starbucks might do well. The NCT/MJB study also suggested looking at Chicago and Milwaukee for examples that could work for West Broadway. The culturally specific focus can blend into a more general character emphasizing goods and services for a hip, urban and culturally diverse market.

West Broadway can also build on the strength and draw of its arts facilities. To a limited extent, the avenue already draws the larger community to arts and cultural offerings, but these are episodic (Juneteenth, FLOW, Peace Ball and other community celebrations). The Capri Theater puts on theater, music and film events of various kinds. Its owner, Plymouth Christian Youth Center, is moving ahead with plans to rehabilitate its interior and step up programming. When this has been completed, it will draw people to West Broadway more frequently. Juxtaposition Arts has plans to expand its facilities and programming. Additional arts facilities and events on West Broadway can build on this foundation.

Events are a terrific way to attract the attention of the broader community to an area. In the last few years, West Broadway has become the primary focus of an extremely successful art crawl/festival called FLOW. This plan suggests the development of a festival space along the south side of the Hawthorn Crossings Shopping Center that can be programmed regularly as a farmer's or arts market, and that can be utilized as an events space for other community events.



### **Recommended Strategies: Build a Destination Recommendations**

Support redevelopment in the Broadway Lyndale area that offers a strong mix of sub-regional destination business establishments.

Give priority to attracting destination businesses of broad appeal, as well as those that would build West Broadway's identity as a destination for culturally focused, urban goods and services, and a place with a vibrant arts scene.

Design and build a unique and attractive public space along the West Broadway sidewalk at Hawthorn Crossings, programming it for a regular weekly market event, as well as for larger community events.

### 3. Market West Broadway

Image and recognition in the larger marketplace is a key to West Broadway's revitalization. The identified themes in the Overarching Themes graphic were developed early in the West Broadway Alive process. They call out characteristics that are existing assets of the West Broadway community. They provide guidance for building a marketing campaign. The following messages flow from the Overarching Themes:



- **West Broadway is your local main street**, with mom and pop stores, and a diversity of the goods and services you need for your daily lives.
- **West Broadway is a unique destination** offering category stores, ethnic goods and services, and art/music offerings.
  - **West Broadway is multi-cultural**, with products, services and employees that reflect the diversity of the community
  - **West Broadway is a place for the arts**, with arts performance, arts education, and a visual environment that reflects the bold and creative artistic culture of the community

JUXTAPOSITION ARTS SCULPTURE GARDEN



During the course of the West Broadway Alive study, parallel work occurred focused on marketing North Minneapolis as a whole. This was undertaken by the Northside Marketing Task Force with the support of Northway Community Trust. The outcome of this process included messaging and logos that accentuate the strengths of North Minneapolis, and its desirability as a place to live. These products were unveiled on Saturday, November 10. Future efforts to develop a marketing plan for West Broadway should build on the themes and approaches that were developed for North Minneapolis as a whole.

The Overarching Themes and the Marketing Task Force work for north Minneapolis provide starting points for a marketing plan for West Broadway. This study recommends that a professional branding and marketing plan be completed for West Broadway, building on these materials. The plan should include specific verbal and graphic products that would be used to draw customers to West Broadway. Implementation of the marketing plan through various communication and outreach mechanisms would follow.



## Recommended Strategies: Market West Broadway

### Recommendation

Develop and implement a professional branding and marketing plan for West Broadway that builds on the work of this plan and the North Minneapolis marketing plan developed by the Northside Marketing Task Force.

Organize community events that bring people and positive attention to West Broadway.



#### 4. Encourage Building Façades Upgrades

Improving the appearance of existing buildings is a necessary part of providing safe, clean and attractive retail areas on West Broadway. The Design Guidelines chapter of this plan includes guidelines for façade treatments that will build a collective identity for storefronts on the street, while representing something of the community's character. In order for this to be effectively implemented, large numbers of business and property owners need to make improvements to their storefronts. There is a problem, however, in that many of the existing businesses are not reaping financial returns sufficient to support big investments in their buildings.

This plan recommends that funding be made available to assist property owners and business owners with storefront improvements. Moreover, assistance should be structured so as to facilitate the improvement of many businesses in a given area so that there is a visual improvement to a relatively quick visual improvement to the district as a whole. One approach to pursuing this could be to offer an additional financial incentive to property or business owners where a cluster of businesses on a block collectively commit to improving their facades.

## Recommended Strategies: Façade Upgrades

### Recommendations

Provide financial assistance for façade improvements on West Broadway and encourage business participation in the program.

Provide an additional financial incentive to each business or property owner participating if they can achieve a high level of participation in a given commercial block or district.

#### 5. Support Businesses

Revitalization strategies need to enhance the profitability and success of existing small businesses and new ventures on the avenue. As part of this study, an inventory was developed which looked at the availability of support for businesses and business districts along West Broadway. It found that financial support and technical assistance to businesses are available and improving. The Northside Economic Opportunities



automobiles. These issues are considered in depth in Chapter 5 of this report

## Redevelopment

Although attracting new development to West Broadway is of the highest importance, current market conditions make it extremely difficult to do so. New rental or ownership housing competes with existing North Minneapolis housing stock that is priced very low due to long-standing neighborhood conditions and the current foreclosure crisis. In a similar fashion, unless built for an identified tenant, new retail or office space has to compete with neighboring commercial space priced at half the rent that new space must generate to cover construction costs.



Despite the difficulty of the market environment, there is a surprising amount of development currently in process along West Broadway. Of the seven active projects listed in the box at left, one of them is a new housing development. The remaining are all commercial renovation and expansion projects with identified tenants. Of the commercial projects, two are by non-CDC nonprofit organizations. Three are by CDCs or community minded developers. And one is by a local business owner. The City is playing, or being asked to play, a financial role in every one of these developments.

These active projects signal that a market for new development does exist on West Broadway. But that must be qualified in several important ways. The timeline for these and other recent projects on West Broadway is sometimes very long as a result of the need to assemble multiple sources of public and philanthropic financial support. And there are important kinds of development that are not being built in this market. These include almost all kinds of new construction projects, as well as housing development that is not rent- and income-restricted. Taking further steps toward revitalizing West Broadway will require finding ways to attract increased development activity, and to stimulate the types of development that are not yet occurring on West Broadway.

This study attempted to better understand the challenges developers face in taking on West Broadway area projects, and thereby to identify tangible strategies for surmounting those challenges. Information was gathered through a developer focus group, and through one-on-one conversations with five developers that are experienced in doing projects in challenging environments. A focused conversation also happened with Minneapolis development staff. These conversations resulted in a much improved understanding of how developers think about working in North Minneapolis, and the insights and ideas that were offered were of tremendous value.

In these conversations certain challenges related to doing new development in the West Broadway area were voiced over and over. The broadest concern had to do with concerns that there was insufficient market for the product. With new housing, for instance, this was

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### Active Development Project on West Broadway

- 201 W Bdwy—Master Development/Irv's Bar
- 800 W Bdwy—AINDC/YWCA Development
- 1100 W Bdwy—Juxtaposition Arts expansion
- 2000 W Bdwy—Legacy, Multifamily rental housing
- 2027 W Bdwy—PCYC, Capri Theater
- 2119 W Bdwy/Delisi's—Ackerberg, Delisi's, KMOJ
- 2220 W Bdwy/Bean Scene—Dean Rose, Restaurant Expansion



sometimes phrased as a question about who would want to buy or rent in the West Broadway area at this point in time. To attract buyers or renters to the development, units would need to be priced at a level that would not cover the cost of the project. Drilling down, the most commonly voiced reason for the depressed market was public safety. It is difficult to attract new businesses and residents to an area where safety is a real concern, and the perception of safety is worse. For developers, public safety concerns also affect access to project capital because lenders are reluctant to put money into what is perceived as a risky environment. Design was the third factor that was repeatedly cited by developers. The degraded and chaotic visual environment makes it difficult to attract good quality residential or commercial tenants to new development.

The conversations with developers yielded a wealth of potential approaches to addressing these concerns and making it more inviting for developers to undertake development in the West Broadway area. Clearly all positive steps to improve the West Broadway environment will improve the prospects for additional development. This includes realizing current development projects, and undertaking some of the business-oriented and design improvement strategies recommended this plan. Beyond these actions the following are ideas that came out of the conversations with developers. Each of these strategies merits further consideration.

- **Transit development.** Of all the strategies discussed, this was seen as the single greatest difference-maker. The proposed streetcar line terminating initially at West Broadway and Emerson could create market interest in the West Broadway/Lyndale and West Broadway/Washington areas that could yield development at a much larger scale than what might result in its absence. The experiences of cities like Portland reinforce the value of streetcars in stimulating new development in challenged communities.
- **Information on market demand.** Although the general market for residential development is not great, there may be submarkets that could be attracted to West Broadway area housing if better understood. More detailed market research can be conducted on groups such as Hmong immigrant families, African American professionals, artists, North Memorial staff, people that go to church in North Minneapolis, people that already live in the neighborhood that are ready and able to move up to new housing. An extension of this strategy might be to solicit groups that are interested in partnering with a developer to occupy or part-occupy a new developer. Participants benefit by moving into a housing development where they will have a known community. Developers benefit by pre-selling (or pre-renting) units and having a stable core of residents from the outset.
- **Site assembly.** Site assembly is costly for developers because it takes lots of time, and because until the final acquisition is made and the project can proceed, interest must generally be paid on the financing of earlier acquisitions. Site assembly by a public

development agency can make a development opportunity attractive that would not otherwise be of interest to a developer.

- **Adjacent conditions.** Development interest in a site can be enhanced if issues related to surrounding and nearby properties are attended to. These can include criminal activity, neglect of the yard or house exterior, or the need for major rehabilitation or structural replacement. A related strategy is to undertake large project areas because that allows a developer to create much of the environment for the development. **Financial enhancements.** One developer suggested that predevelopment money is the hardest to come by, and felt that the most strategic use of municipal resources would be to make a large predevelopment fund available to developers. Another developer asked for the City to consider backing TIF funds with municipal bonds because that increases the value of the tax increment for the developer. A third idea was advanced for ownership housing projects in impacted neighborhoods. The affordability criteria for ownership dwelling units financed by the city (through the Affordable Ownership Housing Program) in disadvantaged areas should be adjusted so that households at 80% of Area Median Income could be built. That would allow the developers to sell the units at a better price while contributing to a city goal of de-concentrating poverty in disadvantaged communities. A fourth need that was identified were gap financing resources that could be used to finance market rate units in mixed income developments in the West Broadway Area.

### **Economic Development: Redevelopment Strategies Recommendations**

Build the case for building a West Broadway streetcar line.

Undertake market research on potential residential submarkets.

Expand the number of West Broadway project areas in which the City is undertaking site assembly for development.

Commit to remedying issues with adjacent properties as an element in recruiting developer interest to the West Broadway area.

Explore ways of making additional financial resources available in some of the areas identified in these developer interviews—predevelopment resources, gap resources for market rate units in mixed income developments, city-backed TIF, and expanded flexibility in the use of city programmatic resources.