

MINNEHAHA-HIAWATHA COMMUNITY WORKS

Strategic Development Framework

A windshield survey of business properties listed for sale or lease was conducted in early September 2008 within the corridor area. The real estate or leasing agents of several larger properties were contacted to discuss the specific properties and the general area. The purpose of the interviews was to obtain anecdotal information regarding existing corridor conditions that may affect the sale or lease of industrial, office and commercial properties in the area. The comments from the interviews are intended to supplement the market analyses and retail/business survey conducted by the McComb Group.

The following lists the major “themes” or issues regarding business development within the corridor, based on the interviews with the real estate professionals. Additionally, thoughts and suggestions for actions and programs to address each issue or theme as part of the overall study or independently are presented based on the real estate comments to support the County Community Works principals for the corridor:

1. Additional parking is needed to allow for better utilization of certain industrial and business properties.

- ✓ County and City participants in the overall study should identify appropriate properties to be used for potential parking areas adjacent or near “under parked” businesses.
- ✓ The County and/or other public agencies should develop a program to acquire and “land-bank” the identified properties for future parking. The program should also determine a procedure for ultimate disposition of the property.

2. Consolidation of smaller properties is needed to allow for redevelopment.

- ✓ County and City participants in the overall study should identify the smaller properties where redevelopment is desired.
- ✓ The County may want to consider a “land banking” program specifically targeted to the identified properties.

3. Several real estate professionals noted issues with the City Pedestrian Overlay District boundaries and standards.

- ✓ The City should review the specific boundaries and provisions of the Pedestrian Overlay District within the study area to determine if the district or ordinance provisions are hampering City and County economic development and LRT station area redevelopment goals.

4. Certain parts of the corridor area are attractive to spanish-speaking business owners.

✓ Additional efforts (and techniques) are needed to involve the spanish speaking population in City and County economic development programs, and local business interest groups such as the Longfellow Business Association.

5. The corridor area lacks a “business identity” and is isolated from other neighborhoods in the City.

✓ Consideration should be given to establishing programs to attract businesses and support an environment that capitalizes on the unique characteristics of the corridor area. For example, a program aimed at encouraging “green” and/or LEED technology for industrial users would provide a unique and current niche in the marketplace.

✓ A tenant improvement program should be examined for the corridor area (such as the program established in Hayward, California) and tailored to the specific economic development principles for the Minnehaha-Hiawatha corridor.

Real Estate Interviews

1. Building located at 2610 32nd St. East
 - A. Noted problems with finding users for the existing industrial building due to the Pedestrian Overlay District requirements - the land use and zoning designation boundaries should be reviewed.
 - B. The Snelling/32nd area is in a transition from historic uses.
 - C. Traditional industrial uses are changing and going away from the historic smaller industrial manufacturing businesses to suburban type uses requiring larger parcels for large buildings with ample opportunities for parking.
2. Building located at 3709 Minnehaha Avenue
 - A. Majority of building is currently used as a warehouse for foreign/specialty cars with car business located in St. Louis Park. Other space leased to Romtell Upholstery, a spanish speaking business and a small office space is vacant.
 - B. Significant investment put into the building to upgrade interior, install fire protection system and complete office improvements. Off-street parking is limited to rear and truck access to overhead garage doors is from Minnehaha.
 - C. The marketplace is currently soft in the area and probably, several years away from larger redevelopment opportunities
 - D. Spanish-speaking businesses are expanding into existing business space in the area
 - E. Marketing to the spanish-speaking community is unique and contact should be made with the Centro Latino organization
3. Retail space located at 3258-3262 Minnehaha Avenue
 - A. Clients are generally turning offices to apartments – not a good office market now especially in the Minnehaha corridor
 - B. Retail property is staying on the market longer due to the economy and there have not been substantial drops in the asking price from property owners
 - C. Retail market is very local in this area and is own small niche.
 - 1.) Retail leasing market is not tied to LRT, workforce or housing.
 - 2.) Retailers care about visibility, parking and lease rate per square foot
 - D. Not much interest in the Minnehaha area.
 - 1.) Hard to get to the area from other residential neighborhoods – too isolated and inconvenient to get to
 - 2.) Same challenges as the eastern Lake Street corridor
 - 3.) Longfellow neighborhood is very isolated
 - E. Changing demographics will affect the area in the long term – but the south end of the Minnehaha-Hiawatha corridor is much more attractive than the north end

- F. Need to maintain parking as Minnehaha Avenue roadway is reconstructed
 - G. Continue to encourage storefront remodeling and building investment to attract new tenants
 - H. A tenant improvement program, such as providing low interest loans for tenant improvements would be beneficial for area.
 - 1.) A loan on the basis of a per square foot cap rather than lump sum is best
 - 2.) \$5.00 - \$10.00 per sq. ft. would be a reasonable amount for tenant improvements.
 - 3.) The program would need to be quick and easy for the owner
 - 4.) The marketing of the program should be made to real estate professionals, Longfellow Business Assn., as well as the community.
4. Building located at 3932 Minnehaha Avenue
- A. Parking is an issue for most industrial buildings in the corridor area, therefore, most tenants are transit dependent.
 - B. Opportunities for future industrial development are difficult to the small parcel size and difficulty in assembling land.
 - C. Smaller distribution businesses may find the industrial buildings attractive
 - D. There is not significant awareness in the area; if future business expansion is to occur – the area needs some sort of notoriety.
5. Building located at 3131 Snelling Avenue
- A. The building was acquired 25 years ago by Cottage Companies
 - 1.) Current business makes fixtures for various companies and employs many spanish-speaking people.
 - 2.) Owners are selling business because of owners' age and competition with overseas market.
 - 3.) Price has dropped slightly since it has been on the market.
 - 4.) Truck access designed for rolling stock
 - B. There is a strong influence of spanish-speaking people in the area.
 - 1.) Spanish population is becoming important for employment due to work ethic.
 - 2.) Bus service to area is important.
 - C. Area attractive for industrial users
 - 1.) Not a high crime area.
 - 2.) Access to downtown and other areas is good
 - 3.) Good nearby labor pool.
 - D. The Pedestrian Overlay district is a problem for industrial uses in the corridor and is frustrating redevelopment projects – the overlay district boundaries need to be relooked at especially in today's environment.

E. Industrial programs are needed to make the business base more attractive

- 1.) A program, such as tax breaks, is needed to allow companies to cut costs because industrial uses are very sensitive to economic markets and costs
- 2.) Beautification programs needed to improve the look of the area i.e. landscaping, storefront improvements, lighting, etc. to continue to attract businesses and maintain low crime rates.
- 3.) Look at program to buy homes in foreclosure or those located between businesses to strengthen the residential neighborhoods and industrial areas because jobs draw families into the area, esp. the spanish-speaking areas.
- 4.) The overall neighborhood bottomed out several years ago, but has steadily been improving and businesses are staying - LRT has helped the area.
- 5.) Specific programs oriented to industrial uses and tenant improvement programs that add quality and green technology, i.e. a LEED program for industrial uses (green roofs, rain gardens/vaults, etc.)