

Economic Systems Livability Indicators

Livability Indicator Industrial Business Climate

Vision

Minneapolis will grow as the regional center for employment and industry, providing job and business opportunities. The Seward/Hiawatha industrial districts are designated as Industrial Employment Districts by the City and will be protected to accommodate industrial expansion and growth and to provide an opportunity for the City to support targeted industries and business clusters; non-industrial uses will be restricted from these districts. The character of Industrial Employment Districts will evolve toward providing high-quality jobs at facilities that have low negative impacts and high employment density.

Source: Minneapolis Industrial Land Use Study and Employment Policy Plan, Minneapolis Plan for Sustainable Growth

Why is this indicator important?

- Industrial land contributes to the tax base and tax revenues.
- Industrial sector contributes to the economic diversity and adaptability of the City.
- Types of industrial businesses, buildings and jobs are evolving to reflect new economic and technology.
- Industrial businesses can provide living-wage jobs accessible to people without four-year college degrees.

What do things look like?

Seventy-five (75) percent of the existing industrial businesses are north of 36th Street; 40% are between 31st and 36th. The largest concentration of industrial businesses is along Snelling Avenue within the Minnehaha North sub-area (north of 36th Street).

Manufacturing and wholesale distribution are the dominant industrial activities in the corridor representing 65% of all industrial businesses. The corridor contains four grain processing facilities, whereas, there were once seven facilities in the corridor. All six (6) office businesses are located in the Phillips Eco-Enterprise Center (Green Institute).



Only four of the seven grain processing facilities in the corridor remain

Mix of Business Types

| Type | Number |
|------------------------|-----------|
| Manufacturing | 44 |
| Wholesale Distribution | 22 |
| Construction | 13 |
| Office | 6 |
| Transportation | 8 |
| Information | 4 |
| Vacant | 9 |
| Total | 99 |

Location and Distribution of Industrial Businesses

| Area | Number |
|---------------------|-----------|
| Minnehaha North | 40 |
| Minnehaha & Lake | 22 |
| Hi-Lake | 13 |
| Minnehaha & 42nd St | 12 |
| Minnehaha & 38th St | 8 |
| Hiawatha & 46th | 4 |
| Total | 99 |

What do things look like?

Building appearances / conditions:

According to the 2008 market analysis for the corridor (McComb Group, Ltd), approximately 59% of the existing buildings were rated as C or D. Outside of the Minnehaha & Lake/Hi-Lake sub-areas, 72% of the existing buildings were rated as C or D. The largest share of buildings are C-rated, which reflects deferred building maintenance.

Building Rating System

| Rating | Description (Source: McComb Group, Ltd) |
|----------|---|
| A | New or recently renovated, well-maintained that project a positive image |
| B | Generally older with plain facades associated with lower cost industrial buildings |
| C | Not related to age, but reflect deferred maintenance that detracts from their appearance |
| D | Very unattractive and exhibit signs of deterioration and significant deferred maintenance |

Parking Space

Some industrial properties lack adequate space for on-site parking needs of employees.

Size of Business Space

Approximately 38% of the businesses occupy spaces of less than 10,000 sq.ft. Only 15% occupy spaces of 30,000 sq.ft. or greater. In general, the corridor offers a range of building sizes. However the predominance of older industrial buildings results in smaller building sizes than contemporary industrial buildings.

How to measure future success?

1. Building occupancy rates are at a healthy level.
2. Improvement in building appearance ratings.
3. Increase in industrial sector's tax base and tax revenues.
4. Increase in number of industrial jobs.

Trends Since 2004

- Seven new industrial businesses have started up since 2000.
- About 26% of existing industrial businesses have been in their current location five years or less.
- Substantial amount of industrial land reguided to non-industrial land uses by 38th Street Station Area Plan and 2008 Comprehensive Plan Update.
- Rezoning of 38th Street Station Area west of Hiawatha adopted in 2008; rezoning east of Hiawatha in 2009.
- Pedestrian Overlay District applied to areas within the transit station areas.



Industrial building in the Corridor

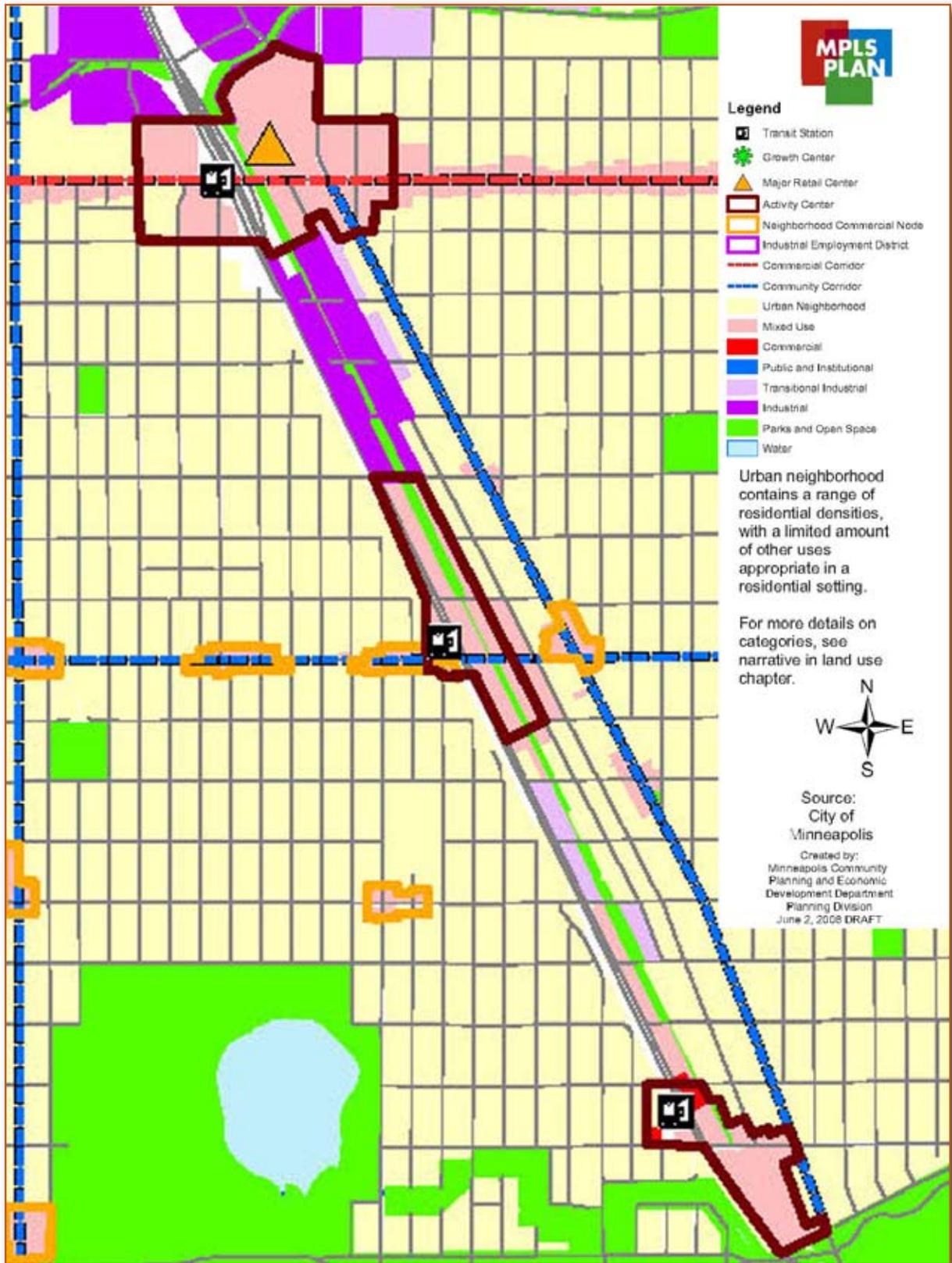


Industrial building in the Corridor



Industrial building in the Corridor

Minneapolis Plan for Sustainable Growth Future Land Use



Livability Indicator Commercial Business Climate

Vision

Thriving commercial business districts are located within the corridor in the form of community activity centers, commercial corridors, and neighborhood commercial nodes. These unique and complementary commercial business districts provide essential goods, services, gathering places, jobs, and entrepreneurial opportunities for Minneapolis residents and workers.

Source: Minneapolis Plan for Sustainable Growth

Why is this indicator important?

- Thriving and convenient commercial business districts are fundamental to creating and sustaining a healthy city and neighborhoods.
- Convenient access to commercial business districts reduces residents' travel needs, costs and time.
- Commercial business districts provide opportunities for business entrepreneurs and employment.

What do things look like today?

Six existing commercial business districts are located within the corridor:

- Minnehaha & Lake
- Hi-Lake
- Minnehaha North (scattered between 31st and 36th)
- Minnehaha & 38th
- Minnehaha South (scattered between 39th and 45th)
- Hiawatha & 46th

The corridor contains a mix of commercial district types and sizes. Minnehaha & Lake has the largest concentration of retail and service establishments along the corridor with approximately 40 businesses in 2008. Hi-Lake, which consists primarily of the Hi-Lake shopping center, contained approximately 16 businesses in 2008. Together, these two commercial districts serve as a community-scale shopping area. The corridor contains four (4) neighborhood commercial districts that contained an average of 25 commercial businesses in each district.

Commercial building appearances are important since they significantly influence shoppers' first impression of the businesses and contribute to the overall image of the commercial business districts. Building appearances were evaluated as part of the 2008 market analysis



Retail business in Corridor



Big box retail at 46th Street

completed for the corridor by McComb Group, Ltd. With the exception of the Hi-Lake node, which was recently redeveloped and upgraded, the largest proportion of buildings (55%) fell within the B-rating, which are generally older buildings with ordinary facades and/or lower cost construction. Approximately 40% of the buildings fell within the C-rating, which generally reflect deferred maintenance that detracts from their appearance.

The commercial business districts face significant competition from nearby retail areas, which contained a combined total of more than 350 stores in 2008. The most significant competing districts are West Lake Street, East Lake Street, Highland Park (St. Paul), Nokomis, and the Global Market.



Retail space in corridor



Coffee shop - 46th Street

How to measure future success?

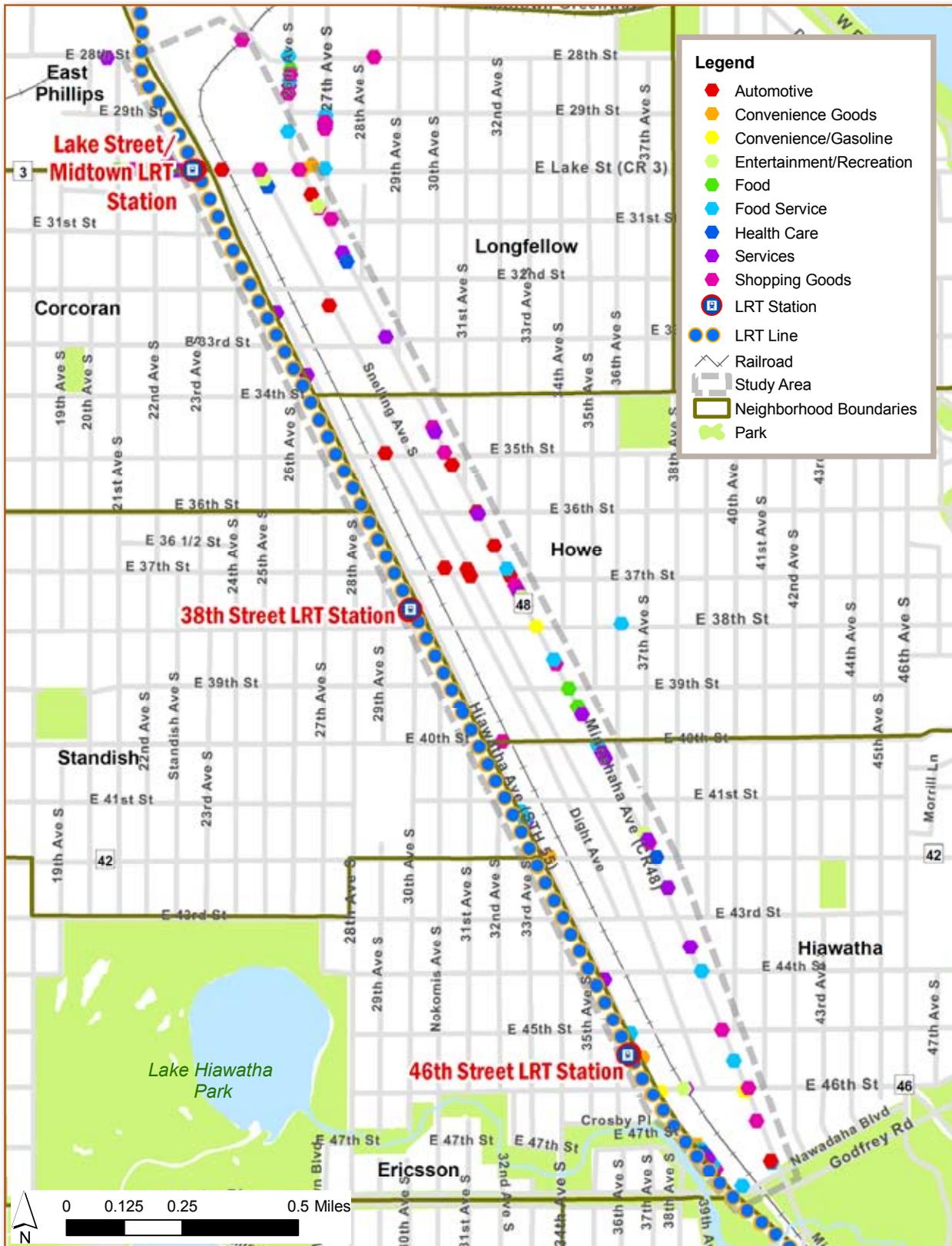
1. Building occupancy rates are at a healthy level
2. Growth in the number of commercial businesses
3. Growth in the square footage of commercial business space
4. Growth in commercial sales
5. Increase in diversity/mix of commercial businesses

Trends Since 2004

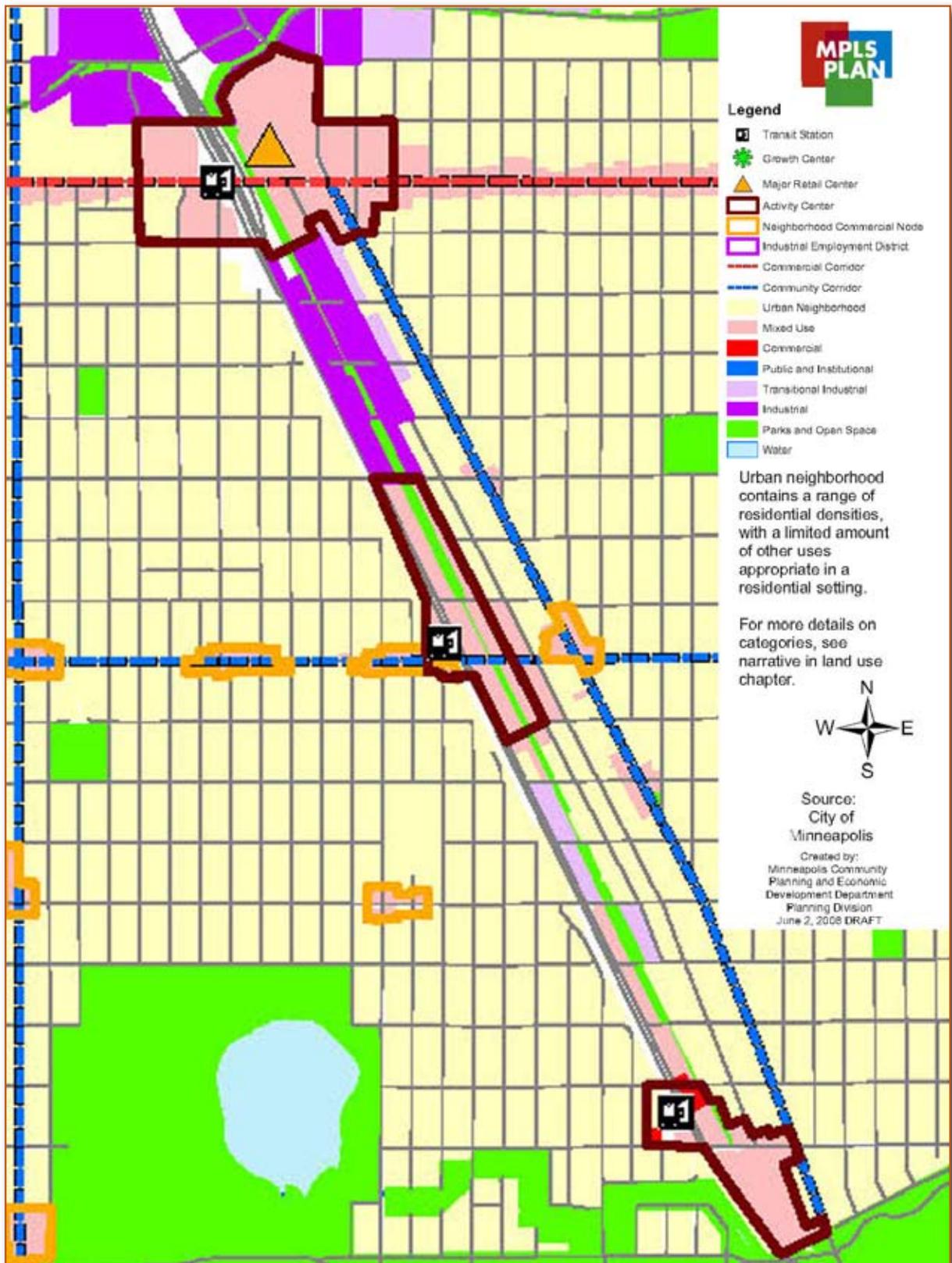
- Substantial number of vacant, “for lease” and “for sale”, properties.
- 29 new retail and service businesses opened within the corridor: 11 in Lake Street districts, nine in 38th Street district, and nine in 46th Street district.
- Hi-Lake Center was redeveloped and upgraded with additional businesses that front onto Lake Street.
- New mixed-use residential/retail buildings at Minnehaha & Lake, Hi-Lake, and Minnehaha & 46th commercial districts.
- New big-box retail center opened at Cedar Ave & 66th St. in Richfield

Livability Indicator Commercial Business Climate

Commercial Business Location and Type



Minneapolis Plan for Sustainable Growth Future Land Use



Livability Indicator Residential Investment & Stability

Vision

Public and private investment creates a stable, healthy and engaged neighborhood. Turnover and vacancies in all types of housing result are limited. Property owners not only properly maintain their structures, but choose to invest rather than moving outside the neighborhood.

Source: Minneapolis Plan for Sustainable Growth.

Why is this indicator important?

- Investment helps maintain an attractive community appearance.
- Stronger neighborhoods created through better resident connections.
- Local labor force and customer base supports businesses.
- Residential turnover brings new households, including families, into the neighborhood and supports local schools

What do things look like?

Renter-occupied units comprise two-thirds (66%) of all the housing within the study area. This is, in part, because of the greater number of multi-family units than single-family units in the study area. As described in the Housing Options Indicator, over half (or 1,131 units) of all units in the corridor are multi-family units. In single-family detached structures, owners occupy 86% while in single-family attached structures, owners occupy 48% of units.

Vacancy rates can be an indication of the attractiveness and stability of a neighborhood. Higher rates may be an indication of more residential turnover and a lack of investment. Vacancy rates are available by neighborhood through the U.S. Census. A comparison of the 1990 and 2000 Census shows that the vacancy rates for Hiawatha, Howe and Longfellow all decreased for both renters and owners. The 2000 vacancy rate for all three neighborhoods is under the city-wide average of 0.7% for owner-occupied units and 2.8% for renter-occupied units.

How often single-family homes are sold is an indicator of residential stability and investment. While some sales may be the result of people moving within the neighborhood, many are likely due to people moving outside the area. An examination of City of Minneapolis Assessors data shows that between 2003 and 2007, only 25% percent of single-family detached homes and 11% of single-family attached homes were sold within the corridor. Of the single-family detached homes sold, 83% were sold only once.

Frequency of Homes Sold 2004 to 2007

| Unit Type & Times Sold | Number | Percent |
|-------------------------------|--------|---------|
| Single-Family Attached | | |
| Not Sold | 199 | 89% |
| Once | 21 | 9% |
| Twice | 4 | 2% |
| Three Times | 0 | 0% |
| Total | 224 | 100% |
| Single-Family Detached | | |
| Not Sold | 428 | 75% |
| Once | 122 | 21% |
| Twice | 20 | 3% |
| Three Times | 3 | 1% |
| Four Times | 0 | 0% |
| Five Times | 1 | 0% |
| Total | 574 | 100% |

What do things look like?

Starting in 2007 there was a significant increase in the number of foreclosures across the county. This trend affected homeowners in the study area neighborhoods as well. As shown in the table there was over a 200% increase in the number of foreclosures in the Howe and Longfellow neighborhoods. This is greater than the city-wide average of 90%. An examination of how these neighborhoods compare to others in Minneapolis shows that in 2008 Hiawatha ranked 43rd out of 82 neighborhoods in the number of foreclosures from highest to lowest, while Howe ranked 24th and Longfellow ranked 26th.

Number of Foreclosures 2006 to 2008

| Neighborhood | Number | | | Percent Change | |
|--------------|--------|-------|-------|----------------|----------|
| | 2006 | 2007 | 2008 | 06 to 07 | 07 to 08 |
| Hiawatha | 12 | 19 | 18 | 58% | -5% |
| Howe | 12 | 37 | 41 | 208% | 11% |
| Longfellow | 12 | 21 | 36 | 75% | 71% |
| Minneapolis | 1,607 | 2,895 | 3,077 | 80% | 6% |

One measure of the strength of private investment is through an examination of the building condition assigned by the City of Minneapolis Assessor. A map showing the condition for each parcel in 2008 is provided in the Condition of Existing Building Indicator. An historical look at the overall neighborhood condition shows that the Hiawatha, Howe and Longfellow neighborhoods generally have a higher percentage of properties identified as average minus, fair or poor than the city average. However, it also shows that from 2004 to 2008 each neighborhood had the same or fewer parcels with that designation.

One challenge with the maintenance and upkeep of the corridor's apartment buildings is that they are dispersed among more than 45 different properties.

Over half of all properties have fewer than 15 units. However, 43% of all units are on properties with more than 80 units.

Properties Classified as Average Minus, Fair or Poor by Assessor

| Neighborhood | All Other Residential | | | | Apartments | | | |
|--------------|-----------------------|---------|--------|---------|------------|---------|--------|---------|
| | 2004 | | 2008 | | 2004 | | 2008 | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Hiawatha | 403 | 19% | 175 | 8% | 16 | 31% | 8 | 19% |
| Howe | 410 | 16% | 356 | 13% | 7 | 30% | 6 | 29% |
| Longfellow | 289 | 20% | 257 | 18% | 30 | 46% | 30 | 43% |
| Minneapolis | 16,795 | 17% | 16,494 | 15% | 1,159 | 28% | 1,253 | 31% |

How to measure future success?

1. Maintain balance of owner- and renter- occupied units.
2. Multi-family vacancy rates.
3. Number of foreclosures.
4. Number of homes repeatedly sold.
5. Housing condition average or better.
6. Number and/or value of building permits for home improvements.

Trends Since 2004

- Less than 45 of single family homes in the project area have sold more than once since 2004.
- The general condition of housing in the project area has improved, more so than compared to the City as a whole.
- Property foreclosures have increased consistent with the trends in Minneapolis on average.

Livability Indicator Residential Investment & Stability

Frequency of Home Sales

