Who Owns Downtown?

by Judith A. Martin

"Who owns the city?" At first, the answer to this question seems fairly obvious. The people who own the property are the city's owners. But are a city's property owners the only ones who have an interest in the city and a voice in what happens to it? What about those who live in a particular city for decades but own no property? Do they have a role to play in determining the city's future? What about occasional visitors and tourists? Do they have rights of any kind to a place they don't inhabit? Like many questions that appear simple, the answers to this one are varied, and can be contradictory. But our responses to this question, now and in the near future, will determine the kind of urban society that we inhabit for generations to come.

Directly applied to contemporary downtown spaces, the issue of ownership is an important one. To give it a context, we have only to conjure an image of bag ladies and grey-suited businesspeople crossing paths on downtown streets (that is, in cities without skyways or tunnel systems where these groups can conveniently avoid one another). These two groups uncomfortably share space, and little else. Like the old Sunday comics directive to find "what's wrong with this picture," this image feels strange. It suggests that, treated seriously, the issue of city ownership involves more than the title to buildings.

In recent years, the downtown areas of American cities have comprised some of the most contested terrain to be found in our country, in part because this issue of ownership is ambiguous. Planners and designers have spent decades creating private spaces that are widely considered to be
public—such as the now-common indoor atria of tall office buildings. Typically such spaces will feature shops and cafes, and will sometimes even have places to sit down, but they also have security guards to make sure that only the right kinds of people tarry there. The multiple messages of such spaces underscore the complexity of the downtown ownership question.

Actors in the Downtown Scene

At the most basic level, owners of large buildings, owners of businesses, and retail merchants probably feel the highest degree of downtown ownership. They pay property taxes on downtown spaces and face special assessments when improvements are made. When blue ribbon committees are formed to worry about downtown issues, this group is much in evidence. But not all downtown businesspeople have the same interests in, or the same goals for, downtown. Owners of restaurants and bars, for example, often attract a different clientele than do retailers. One group may be more interested in serving downtown workers, while another may want to draw in people who do not frequent downtown. Their differing perspectives mean differing agendas when the question of what downtown is to be, and who it is to serve comes up.

Developers are another major downtown interest group. Even those who are not necessarily active in a particular area feel an inherent sense of ownership. Developers who function on a national level, as many now do, view all downtowns as sites that are crucial to their continued ability to make investments and profits. The Catholic, and often speculative, investment interests of national or international developers pose their own problems. While local businesspeople, residents, and public officials view new development through the prism of an area's particular past, outside developers are usually more interested in future income. And even local developers can raise suspicions, for developers are widely thought not to have the best interests of the city at heart. Recent successful efforts to limit the height and bulk of skyscrapers in San Francisco illustrate the challenges that all developers face when the competing values present in a downtown harden into public policy.

Public officials, both elected and unelected, have their own stake in downtowns. While typically only one or two city council members represent a downtown, many other council members and many other kinds of officials field complaints when something is perceived to be wrong. Public officials have a very real ownership stake in the care and maintenance of public facilities like streets, sidewalks, parks, and public safety. In addition, virtually every city department has an administrative role in downtown, from obvious actors like police, building inspectors, and planners to traffic engineers and meter readers. Public officials, almost alone, must balance the perspectives of all the other players as they weigh thoughts about development and increased tax base against concerns for fairness and the common good.

People who work downtown, and find themselves there on a regular and predictable basis, constitute another group with concerns for downtown. Downtown workers do more than just work in a downtown location. They may have no particular emotional attachment to downtown, but they know certain aspects of it better than almost anyone else. Moving through all of a downtown's nooks and crannies as they eat out and shop at lunchtime, this group notices every small change. They use downtown pathways that are crucial if this area is to survive economically. Downtown workers provide a kind of glue that holds the enterprise together, even though they do not really own any particular piece of it.

Then there are the special users of downtown—people who go there only occasionally and for a particular reason, like an evening at the theater or a visit to an art museum. Such people think about downtown only when they need to. They want it to be predictable and legible, though they may care very little about small changes in ownership or land use. And, in any case, this group wants to know where to park.

There have always been people who lived in downtowns, but until recently their presence has not been very important. Occupants of single room housing, the dominant form of downtown housing for decades, did not leave much of an imprint. But in many cities downtown residents with good incomes are now a part of the ownership equation—the result of a planning belief that a lively and successful downtown should do everything it could to attract residents with high disposable incomes. This new group has sometimes proven an uneasy fit. Downtown residents who have been assiduously courted by developers and politicians expect to see their concerns addressed. Like the business owners, but unlike most workers, politicians, and special users, downtown residents may also be property tax payers. As such, they make demands, sometimes for services (like schools) that have long since disappeared from most downtowns. In many cities, this new group of residents is already a force to contend with and their influence is likely to grow.

In some ways the above groups clearly overlap: some downtown residents also own businesses, or work downtown. But there is another group of people who use downtown regularly and predictably, largely because there is nowhere else in the city that they fit. These are the homeless, the dig- gient, and the chemically-dependent. These people have no particular claim on downtown, but they are served by institutions, including churches, that often own large tracts of downtown property. Such institutions are remnants and reminders of earlier times, when our downtowns were less exclusive. Both the institutions and the people they serve pose major problems to other users of downtown. Businesspeople, workers, and residents try to ignore the presence of this group. Indeed, the fact that these people roam the city streets is deemed a civic catastrophe. But this group must be considered part of the downtown presence—and a part that is not likely to disappear.

Downtown spaces must respond to the different demands placed on them by all these actors in the downtown scene. But few downtown spaces are compatible for such disparate groups. The occasional users of downtown, for example, those attending cultural events, don't like to encounter street people, especially if they are harassed or panhandled. Passive street people are less objectionable, especially if they're on the opposite side of the street. The extent to which our downtowns make it possible for different groups to use the same spaces may be one measure of our civility. And to some degree, as citizens, we must decide whether we want our cities to be civil in this respect, and how to accomplish it if we do.

The Downtown Conflict Up Close

In the winter of 1987, as part of a project funded by the Minneapolis Downtown Development Task Force, CURA sponsored several focus group interviews. The focus groups were to elicit views and opinions about downtown Minneapolis from several different types of users: building owners and managers, retailers, owners of entertainment establishments, shoppers, and residents. As these groups talked and responded to a set of questions, it became increasingly obvious that various users had quite distinct, even conflicting, views about how downtown Minneapolis functioned and who it should serve.

To begin with, each person drew an outline map of downtown. (See Figure 1). Clearly, perceptions of what users considered to be downtown reflected their own interests and patterns of use. The narrowest view, by far, belonged to the shoppers. It is probably a view also held by many occasional users. This version of downtown Minneapolis is restricted to not much more than the Nicollet Mall; it extends eastward a bit to include some nearby office buildings (which also have shops), but stops dead at Hennepin Avenue. Businesspeople (owners, managers, retailers, and entertainers) had a larger view of downtown: it crossed Hen-

Cover photo: Nicollet Mall is a pedestrian area that doesn't easily accommodate relaxation. People perch wherever they can, but you seldom find business executives sitting on street planters. The opposite side of the street here has recently been transformed into The Conservatory, an upscale shopping emporium.
Figure 1. Perceptions of Downtown Minneapolis by Different User Groups

- Business people
- Shoppers
- Residents

nepin Avenue to include the warehouse district, and most notably, went to the east five blocks beyond the shoppers’ view to include the Metrodome. Residents had the most comprehensive view of downtown. For them, it ranged all the way from the riverfront to I-94, and pointedly included the Walker Art Center/Guthrie area, but excluded the Metrodome. For residents, this expanded view of downtown is essential to convincing themselves that they can get all the services they need close to home.

With respect to the role played by downtown in a widely dispersed metropolitan area, there was no agreement. Residents had the most positive view, claiming that downtown is “unique,” convenient to get around in, and has much more going on than the suburbs. Shoppers (defined as those who lived in the suburbs, but shopped downtown at least once a month) were slightly more cautious in their enthusiasm, but generally thought that the variety of goods available downtown was much better than in suburban shopping malls, and that downtown was crucial for its arts and cultural resources. The businesspeople were the most hesitant about downtown; they agreed that it should be the center of the metropolitan area, but saw that there are problems in competing with the suburbs for customers.

Apart from having separate notions about where downtown actually is and what it is for, these user groups also had different perceptions of the area’s strengths and weaknesses. Businesspeople and shoppers largely agreed about downtown’s strengths: owners and retailers highlighted Nicollet Mall, the skyways, recent development activity, the headquarters function of the area, shopping in general, good security, and the varied cultural activities; shoppers praised the variety of retail merchandise available, the arts and entertainment resources, the cosmopolitan feeling, special functions (such as Dayton’s flower show), the skyways, and the relative safety of the area compared to other downtowns. Residents viewed downtown’s strengths both more broadly and more specifically. Among the factors they cited were: all the cultural resources, dime buses and the $2 downtown cab zone, the small shops (but not the downtown malls), the warehouse district with its nightlife, the cleanliness, the prompt snow removal, the ability to walk everywhere, and, most strongly, the mix of people.

In many ways the perceived weaknesses of downtown Minneapolis were most interesting. For example, every group of weaknesses far outnumbered the strengths, and sometimes a factor cited as a strength was also cited as a weakness. The owners and retailers had the strongest criticisms. Among them were a set of concerns about how downtown is generally perceived. They worry about its image, about the widespread perception of safety problems and of “undesirables” on the streets, about the scarcity and perceived high cost of parking, and about downtown’s lack of evening entertainment. Another set of concerns focused on Nicollet Mall and retailing in general. Oddly enough, many blamed skyways (which they generally liked) for having diffused retailing. This group’s sense of physical deterioration was strong, especially on Nicollet Mall and on Hennepin Avenue. Finally, they had some concerns that underscored their sense of being too often left out of the decision-making process. Here they mentioned the city’s lethargy in fostering needed changes; they charged that mall property owners were not getting sufficient services; and they voiced a general feeling that a great deal of planning by the city yielded too few products.

For shoppers, the weaknesses of downtown fell into fairly circumscribed areas. The first major area was parking—its cost, and the “overly aggressive” meter readers. Another group of complaints focused on issues of design and physical appeal, including the diminishing number of window displays, the lack of parks (“like St. Paul has”), the rapidly changing store interiors, and a uniform dislike of City Center.

Residents’ dislikes were also fairly focused, and had much to do with their perceptions that the city promoted the idea of living downtown, but didn’t know how to treat people once they became residents. This group’s major complaint involved cars—notably the city’s towing policy, and their guests’ difficulty in finding parking. A second area of complaint centered on downtown’s lack of neighborhood retailing like grocery stores, gas stations, and hardware stores. Finally, they were concerned about quality-of-life issues: the lack of greenery, the growing amount of noise, the increase in graffiti and panhandling, and the deteriorating condition of Nicollet Mall and Hennepin Avenue.

The lists of weaknesses underscore some of the district concerns that these groups harbor, and indicate how difficult achieving consensus will be. Take skyways as an example: all groups had at least some positive comments, but the problems they identified varied greatly. For the retailers, skyways seemed to defeat the original purpose of the Nicollet Mall. Owners noted that every new project had to be linked to the existing system, while recognizing that this concentrated activities. Shoppers complained that the skyway system confused those who only use it occasionally, and that internal directions are not very clear. Residents found the skyways mostly unavailable—for them the system doesn’t exist because it is closed late at night when they most need it. Shoppers and residents alike noted security problems in the skyways. Taken together, these responses point out a set of potential problems, but no clear or obvious solution that will satisfy all.

A question about the uniqueness or importance of downtown elicited similar differences. The business groups had a fairly traditional response: downtown is the cen-
ter of the metropolitan area, and is an important resource for out-of-towners. They were less certain what role it played for local residents. Shoppers claimed that downtown is unique, because they felt a need to dress up for downtown shopping. Residents agreed that downtown Minneapolis is important, mainly due to the convenience that living there offers them. However, many thought that the image of downtown Minneapolis is too vague and that downtown St. Paul’s image is far more distinctive.

Significantly, all groups thought that downtown Minneapolis has lost prestige, as well as some functions, in recent years. The business groups stated the case best: “people have forgotten about downtown.” They worry that downtown retailing and entertainment may never again really be distinguished from the suburban competition. Residents were less worried about downtown being forgotten, sometimes they even complained about the general public infringing on their territory. But they also cited recent changes that they perceived as mostly negative, notably the surfeit of upscale condominiums. Shoppers shared this sense of recent slippage; they associated it with the loss of long-time retailers like Power, Penney’s, and Young-Quinlan. For all groups there was a clear sense that downtown Minneapolis no longer plays the central role it once did, and an undercurrent of concern that the losses are irreversible. Owners, retailers, and shoppers all want to see more of the right people attracted to downtown, in part to counteract the significant numbers of street people, though no one was quite sure how to do this.

When asked what one thing they would change about downtown Minneapolis to improve it, no group was entirely united. Among the businesspeople the most frequent responses called for a solid core (uninterrupted by gaps of empty blocks) and for broader, extended uses of downtown. Shoppers most often cited the need to distinguish downtown’s retailing from that of the suburbs, to expand (or revive) the retail base, and to connect the disparate parts of the downtown. Residents had a laundry list of wished-for improvements, with parking and convenience shops the most pressing. That each of these groups has such distinct notions about how to make downtown Minneapolis a better place (from their own perspectives) underscores the challenge facing any city that looks for consensus in this area, or that seriously tries to address downtown problems.

Finding Downtown’s Place as Urban Society Evolves

Several points stand out as these different strains of thought compete for attention. The first is that the ownership of downtown Minneapolis is widely dispersed, and that many people have a keen interest in its current condition and in its future. But even among the real property owners (businesspeople as well as residents), there is disagreement about what the priorities should be. If the city focuses its efforts on reviving Nicollet Mall and on shoring up the retail position of downtown, this will be perceived to be at the expense of issues that downtown residents care about—and this does not even begin to measure the distance between the concerns of these two groups and those of the neighborhoods. Too often city residents, who may wish the downtown well but have no particular connection to it, take each visible sign of progress downtown to mean that resources are being diverted away from projects in their own neighborhoods in order to help the downtown. Having budget figures to conclusively prove that this is not true does little to change the perception.

A second point is that while feelings of downtown ownership may be fairly widespread, public perceptions of who belongs in downtown have become more constrained. It was not that long ago that downtown Minneapolis, like most good-sized cities, had a sizeable nearby supply of single room occupancy housing and small inexpensive apartments, as well as retail and support services for the people living in these units. As downtown has become more specialized, and coincidentally lost much of its housing stock to new development, current users of downtown have become less and less tolerant of the former users and residents. It is one thing for occasional shoppers to bemoan the loss of J.C. Penney’s, but it is quite another thing for those consumers who had to depend on mid-range and lower cost retail outlets.

These narrowing perceptions of downtown are disturbing because they suggest a growing societal intolerance. When occasional users of downtown—the shoppers in this sample—refer to more regular users of downtown as “ riff-raff,” this characterization speaks not just about intolerance, but about fear, ignorance, and feelings of insecurity. To many people, the idea of a traditional downtown—a place where people from all walks of life intersect and interact—now seems scary. In response to such fears, downtown itself has been reshaped; it has turned inward, become malled, and lost much of its public function. Not everyone is happy with these transformations, but they are consistent with the large scale social changes of the past three decades.

A third point generated by the focus groups concerns the relative importance of downtown in a now widespread metropolitan area. We can no longer assume that downtown is the most important spot in any region, not for retailing, not for business, and not for entertainment. Downtown is now only one of a number of office/retail/leisure-time spaces in any metropolitan area, and its suburban competition offers most of what downtown does, as well as free parking. The big exception lies in the cultural arena. The downtowns of the Twin Cities still harbor the bulk of the “high culture” opportunities in this metro area—the art museums and galleries, concert halls and theaters—and they draw people downtown. To the extent that these remain viable and popular institutions, downtown will continue to have a special role to play, but it can never grow complacent. For both local downtowns, the one bright spot may be traffic. Because many suburbs now have traffic jams that are as bad or worse than those in the downtowns, some suburbs may be losing the competitive advantage they once took for granted, just at the time that the

At First Avenue North and Glenwood, buildings are being demolished to make way for the new basketball arena. Increasingly low density and low income-generating parts of downtown are being turned to “higher and better” uses.
Life Insurance Companies and Farm Foreclosures

by Dave Senf

Low farm income, falling land values, high interest rates, and heavy debt combined during the mid-1980s to create the worst economic conditions for farmers since the Great Depression. The farm credit crisis, which appears now to have peaked in 1985-86, significantly accelerated the rate at which farmers left agriculture. While most walked away through voluntary liquidation, many others were forced out through involuntary liquidation or foreclosure. As foreclosures and other debt settlement arrangements between farmers and lenders mounted, agricultural lenders (including federal land banks, the Farmers Home Administration, commercial banks, and insurance companies) acquired substantial amounts of farm and ranch lands.

The transfer of agricultural land to lenders has raised a long term concern about who will eventually be farming this repossessed land and how they will be farming it. Will the disposal of forfeited farmland by creditors accelerate the long-term trend toward an increasing concentration of farmlands in the hands of a few owners? And what does the acquisition and disposal of farmland by creditors mean for rural communities, both from an economic and social perspective?

Tracking Foreclosures

Research at CURA over the last two years has tracked the farmland acquisitions and disposal activities of one group of lenders, the life insurance companies. Unlike other farm lenders that have rapidly increased their farmland holdings during the farm credit crisis, insurance companies already owned agricultural land. A number of insurance companies had been actively investing in farmland during the 1970s. Nationally, agricultural land holdings by insurance companies valued at $806 million in 1982. The industry held an estimated 1.4 million acres in that year, with large holdings in Arkansas, California, Colorado, Illinois, Indiana, Florida, Mississippi, North Carolina, and Oregon.

As Figure 1 shows, between 1982 and 1987 the value of agricultural land held by insurance companies tripled to $2.4 billion. By the end of 1987 the industry owned an estimated 5.2 million acres of farm and ranch property, more than any other group of agricultural lenders. Almost all of the increase in agricultural land holdings resulted from foreclosures and deed givebacks. Between 1982 and 1987, insurance companies completed foreclosures or deed givebacks on over 5,000 farm properties valued at over $2.7 billion and covering over 4 million acres. Figure 2 tracks the actual...

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