Vacant Lands in Minneapolis and St. Paul:
An Examination of the Urban Land Market in the Central City

by Barbara Lukermann, Judith A. Martin, and Sandra de Montille
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Photos by Barbara Lubkemann, Judith Martin, and Judith Werner.

Edited by Judith Werner.

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INTRODUCTION

This study inventories and examines the pattern of vacant land in Minneapolis and St. Paul. The decision to carry out this analysis stemmed from prior research of Michael Chisholm and others in the United Kingdom which documented substantial supplies of vacant and derelict properties in the inner cities of England and Wales (Chisholm and Kivell 1987). Their studies concluded that basic imperfections in the urban land market existed and they suggested strategies for the public sector to begin recycling these lands to increase land use efficiency. The present research attempts to answer two questions: whether the younger, but fully built central cities in the United States might be following in the footsteps of the nineteenth century industrial cities of Europe; and whether the public sector's role in promoting increased efficiency is in any way comparable to the British experience. There are certainly American cities that more closely mirror the land use experiences of some British cities than Minneapolis and St. Paul. We are using the Twin Cities here as case studies to comparatively analyze the functioning of an urban land market, and to examine the public and private sector roles in land use change.

THE ISSUES

Whether or not vacant land in the central city constitutes a threat or an opportunity depends on one's perspective. If the issue is efficiency, then fully serviced urban land lying vacant points to market imperfections, and to forces causing inefficiencies. A large inventory of such land may result from major dislocations in the economy, from blighting influences, or simply from the market responding to growth on the urban fringe where land values and amenities offer safer and cheaper investment opportunities. There is also the possibility that land in a city may be environmentally inappropriate for human occupation. Considered from another perspective, a slim inventory limits a city's ability to attract new industry or to adjust its residential stock to shifting demand. The vacant land inventory thus represents a resource which allows the central city to compete with suburban or urban fringe sites while trying to maintain the economic viability of the core.

Chisholm and Kivell, in their study, concluded that "something is seriously amiss" if the market does not reabsorb vacant or derelict land over a period of decades. They posit a problematic supply-side deficiency in the urban land market rather than a lack of demand. A supply-side problem might exist when property owners (both private and public) have little incentive to sell their vacant land, or when they offer it at an uncompetitive price. If owners holding vacant land do not incur costs, and if landowners do not have to pay for any of the adverse effects of land remaining vacant, then inefficiencies prevail.

Many of the policy directives offered to accelerate the recycling of vacant land in the inner cities of the United Kingdom are supply-side initiatives, designed to force sales and new investments. The most visible initiative was the 1980 introduction of a mandatory Land Register, which required local governments to consider using this land themselves, or to make it available for sale. It is not clear that similar situations exist in United States cities, or in the Twin Cities in particular. Few planners or land economists in the United States have seen the presence of vacant land as a serious land use issue for central cities. More concern is directed toward abandoned structures, and particularly toward the growing supplies of abandoned housing in inner city neighborhoods.

Our inquiries to central city planning agencies in the United States (for those cities with populations over 250,000) yielded meager
supply

In the United Kingdom, the disposal of the municipals and of public inventories is a matter of concern. The government has been working to develop a detailed inventory of public inventories and to address the disposal of the land. Public inventories are being directed towards disposing of the land—significant increase in vacant land, extended functions of land. Significant increase in vacant land, extended functions of land—significant increase in vacant land.

The most frequent concerns are with the quality of the land and the burden of "junk" left on abandoned lots. If the loss of tax revenues, neglected and real dereliction in neighborhood, the loss of tax revenues, neglected and real dereliction in neighborhood. In this one city, the most frequent concerns are with the quality of the land and the burden of "junk" left on abandoned lots. If the loss of tax revenues, neglected and real dereliction in neighborhood.
INVENTORY OF VACANT LANDS

A serious definitional problem surrounds the idea of "vacant" land. In this study, we are including land that was never developed as well as land that has been cleared and not yet re-absorbed into the market. The fine line here between "vacant" and "under-utilized" is almost impossible to draw accurately. For example, railroad companies own land that they do not consider vacant because it is sometimes used for storage or is viewed as necessary to protect other operations. Several high value sites in and around the central business districts which were cleared during 1950s and 1960s urban renewal programs are currently "used" as surface parking lots, but this is an interim use until the marketplace dictates an investment commensurate with the land's potential value. Undeveloped acreage acquired by public agencies for "future parks or open space" certainly appears vacant on the landscape, but is not available on the open market. Nonetheless, parcels such as these are included in the inventory.

Lands acquired by state, county, or city agencies for inclusion in their parks and open space plans are in the inventory, but can be extracted as sub-sets of the supply in the following analysis. About 195 acres of "unimproved" land without any buildings were excluded from the Minneapolis inventory when it was determined that these parcels were, in fact, part of a developed adjacent property, and under the same ownership. Railroad holdings and sites used for parking on an interim basis have been retained in the inventories.

Until this study, the basis for comparing vacant lands in Minneapolis and St. Paul was a 1984 Metropolitan Council data base tabulated from digitized aerial photographs (Table 1). According to this source, vacant acreage in St. Paul is three times greater than in Minneapolis although the cities are approximately the same size. Based on a time series of photographs, the Metropolitan Council estimated that vacant land in Minneapolis decreased by 325 acres between 1980 and 1984; the St. Paul inventory decreased by 207 acres over the same years. A 1987 tabulation from the Minneapolis Property Management

The Ritz Block in downtown Minneapolis was cleared in the 1960s for a new hotel and cleared again in 1990.
CREATE THE NEW INVENTORY

<table>
<thead>
<tr>
<th>Source: Mahaffie County, 1964</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,948 acres of land</td>
</tr>
<tr>
<td>2,440 acres of land</td>
</tr>
<tr>
<td>62 acres of land</td>
</tr>
<tr>
<td>2 acres of land</td>
</tr>
<tr>
<td>3,948 acres of land</td>
</tr>
<tr>
<td>2,440 acres of land</td>
</tr>
<tr>
<td>62 acres of land</td>
</tr>
</tbody>
</table>

**Table 1. Classification of Vacant Lands, 1964**

- **Vacant**
- **Vacant (as specific)**
- **Vacant (as total)**
- **Total City Area**
- **Minneapolis**
- **Saint Paul**

The table above shows the distribution of vacant lands in Minneapolis and Saint Paul. The data is categorized into different types of vacant lands, such as those that are not under development, and those that are in various stages of development. The information is useful for urban planning and land use management. The table is complemented with a map for visual representation.
Figure 1. DISAGGREGATION OF THE DATA BASE FOR ANALYSIS

DATABASE

PRIVATE

Residential* Commercial* Industrial* Other*

Census tract

Taxable Tax exempt

Parcel

Size Assessed value

PUBLIC

Federal State County City Other

Residential* Commercial* Industrial* Other*

Census tract

Parcel

Size

* These are zoning designations. The Minneapolis database can also be disaggregated by "use-code."
The Private Inventory

Development Agency and Hennepin County hold vacant land. Maps 1 and 2 show vacant land by various zoning and ownership categories. Distribution of vacant land by various zoning and ownership categories, some of the key characterizations of the properties, maps 1 and 2 show the generally very small size, a profile of these lands (Table 3). Descriptions of vacant land include parcels that are privately-owned and randomly located within census tracts and do not represent actual land use. The data are from a very detailed pattern, hence it must be noted that the data are not be read at face value (see maps 1, 2). A map 2 shows the distribution of these parcels by census tract. Demonstration projects involving the sale of these parcels is held by the private sector (see maps 1, 2). Twenty-seven percent of the total vacant land in Minneapolis is.

**Table 2: Land Owned by Public Agencies in Minneapolis, 1988**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan</td>
<td>583.4</td>
</tr>
<tr>
<td>University of Minnesota</td>
<td>170</td>
</tr>
<tr>
<td>MDA of Minneapolis</td>
<td>477</td>
</tr>
<tr>
<td>City of Minneapolis</td>
<td>97</td>
</tr>
<tr>
<td>Ramsey County</td>
<td>19</td>
</tr>
<tr>
<td>State Government</td>
<td>1</td>
</tr>
<tr>
<td>Federal Government</td>
<td>448</td>
</tr>
</tbody>
</table>

Public agencies account for 7.5% percent of the vacant acres (1,413 acres of 18,499 acres). Most of which is owned by the federal government (448 acres). Public agencies own the majority of the vacant land in Minneapolis. The Public Inventories development are available for new private sector use.

**The Minneapolis Inventories**
Map 5. PRIVATELY-OWNED VACANT LAND PARCELS, MINNEAPOLIS 1988

Each dot represents one vacant parcel placed at random in its census tract

Total Parcels: 785

Map 6. PRIVATE INDUSTRIAL VACANT LAND, MINNEAPOLIS 1988

Acres

- 0 to 1
- 1 to 5
- 5 to 10
- 10 to 20
- 20 to 38

Total Acres: 235
Table 3. PROFILE OF PRIVATELY-OWNED VACANT LAND IN MINNEAPOLIS, 1988

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Parcels</th>
<th>Percent</th>
<th>Acres</th>
<th>Percent</th>
<th>Market Value (in millions of dollars)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking lots</td>
<td>351</td>
<td>45</td>
<td>117</td>
<td>24</td>
<td>45.9</td>
<td>53</td>
</tr>
<tr>
<td>Storage and tracks</td>
<td>130</td>
<td>16</td>
<td>266</td>
<td>54</td>
<td>23.8</td>
<td>27</td>
</tr>
<tr>
<td>Unused</td>
<td>304</td>
<td>39</td>
<td>108</td>
<td>22</td>
<td>17.2</td>
<td>20</td>
</tr>
<tr>
<td>Totals</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vacant Land Zoning Class</th>
<th>Number of Parcels</th>
<th>Percent</th>
<th>Acres</th>
<th>Percent</th>
<th>Market Value (in millions of dollars)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial land</td>
<td>218</td>
<td>28</td>
<td>235</td>
<td>48</td>
<td>21.7</td>
<td>25</td>
</tr>
<tr>
<td>Commercial land</td>
<td>233</td>
<td>30</td>
<td>50</td>
<td>12</td>
<td>41.8</td>
<td>48</td>
</tr>
<tr>
<td>Residential land</td>
<td>269</td>
<td>34</td>
<td>150</td>
<td>30</td>
<td>15.2</td>
<td>18</td>
</tr>
<tr>
<td>No zoning identified</td>
<td>65</td>
<td>8</td>
<td>48</td>
<td>10</td>
<td>8.2</td>
<td>9</td>
</tr>
<tr>
<td>Totals</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Comparison Between Taxable and Tax Exempt Vacant Land

<table>
<thead>
<tr>
<th>Description</th>
<th>Taxable Land</th>
<th>Tax Exempt Land</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Parcels</td>
<td>Acres</td>
</tr>
<tr>
<td>Totals</td>
<td>467</td>
<td>154</td>
</tr>
<tr>
<td>Percent</td>
<td>59</td>
<td>31</td>
</tr>
</tbody>
</table>

By zoning class

<table>
<thead>
<tr>
<th>Description</th>
<th>Taxable Land</th>
<th>Tax Exempt Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial land</td>
<td>126</td>
<td>68</td>
</tr>
<tr>
<td>Commercial land</td>
<td>165</td>
<td>40</td>
</tr>
<tr>
<td>Residential land</td>
<td>137</td>
<td>23</td>
</tr>
<tr>
<td>No zoning identified</td>
<td>39</td>
<td>23</td>
</tr>
</tbody>
</table>

By land use codes

<table>
<thead>
<tr>
<th>Description</th>
<th>Taxable Land</th>
<th>Tax Exempt Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking lots</td>
<td>74</td>
<td>41.2</td>
</tr>
<tr>
<td>Storage and tracks</td>
<td>17</td>
<td>1.4</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>63</td>
<td>13.2</td>
</tr>
</tbody>
</table>
Vacant real land remains in the downtown commercial district.

Within the private sector portion of the inventory the following

characteristics of the industrial land in these inner neighborhoods:

- 60 acres of vacant land in a tract. There is certainly no waste.
- 12 percent of the tract, located near the downtown core.
- The market for the tract, near the downtown, is strong and
- 100 percent of the land is suitable for commercial development.
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- 100 percent of the land is suitable for commercial development.
Vacant rail land on North 2nd Street is being marketed. The railroads, the distinction between “vacant” and “available” for development is very blurred. Some of their land holdings along the riverfront are indeed being prepared for development, but much of the rail property may not be available in the near future. Considered by use code alone, the numbers are quite small. If we extract railroad-held land, which owners often decline to classify as vacant, the inventory of all privately-held vacant land drops to 225 acres. If we further subtract the 117 acres used on an interim basis for parking lots, the amount of truly vacant property becomes a mere 108 acres. The lack of vacant land, rather than abundance, appears to be a long-standing issue. In 1959 an inventory of vacant industrial land identified 700 acres and indicated that even at this level desirable industrial sites were in short supply (Minneapolis Planning Commission 1960).

- Thirty percent of the vacant land is zoned residential, comprising a total of 269 different parcels. Not surprisingly, the median parcel size is extremely small—6,500 square feet. The four largest parcels total 90 acres, and all are excess rail storage properties. The largest of these residential sites is a tract of 33.5 acres (in the process of being acquired from the railroads) located between Kenwood Parkway and Cedar Lake.*

Rail property north of Cedar Lake will be acquired for park land.

* This property is currently being acquired by a private nonprofit group. It will then be turned over to the city to become part of Minneapolis' large park and parkway system.
The various sites, sales a current use value or a highest and best use value for determining whether the value of land used for parking, to be reduced to the highest and best use value of all taxable vacant land is 541 million of the 555 million value of all taxable vacant land.

Parking lots within or next to downtown (except 3 locations). Parking lots are separated by railroad property on land being used as surface parking. Over 5250 acres of land and most of them are over 5250 acres of vacant land. (see Map 9).

The density of commercial zoning and the desirable development of commercial zoning. And the desirable density much higher density in areas with multi-family and 500 per square foot. This appears to average over 5,000 square foot in the core of downtown, which is a very high density. (see Map 9).

Most of the vacant land is valued by the assessor at less than 10 acres of vacant land, and most of them have under one acre. (see Map 9).
THE ST. PAUL INVENTORY

The vacant land situation in St. Paul differs considerably from that in Minneapolis: the amount of land classified as vacant is much greater, and the site characteristics of the vacant land are much more challenging. River bluffs, flood plains, and ravines along the Mississippi River constitute a major land resource that is unsuitable for urban development; much of this land has been acquired by the city and by county agencies for parkland and other environmentally sound uses. Extensive undeveloped open space and park areas owned by the state, county, and city that are classified as "vacant" have been kept in the inventory for consistency. For example, the 177-acre Pike Island, at the confluence of the Minnesota and Mississippi rivers, is owned by the Minnesota Department of Natural Resources (DNR), yet is officially considered vacant land, and is thus in the inventory.

The size of the inventory is much larger than was estimated in 1984 (5,632 vs. 2,445 acres). Excluding 556 very small parcels, the St. Paul vacant land inventory comprises a total of 5,632 acres, divided into 6,096 separate parcels. Slightly less than 40 percent of the vacant land is privately held (2,161 acres). The St. Paul inventory can be reduced to 3,660 acres by excluding all of the following: the DNR property on Pike Island, the Ramsey County Park and Open Space System, and the city's extensive open space holdings along the Mississippi River. But this exercise still leaves St. Paul with a vacant land base twice the size of the Minneapolis inventory.

The Public Inventory
St. Paul's publicly-owned vacant land is overwhelmingly concentrated in the Mississippi River gorge and flood plain areas and in the Port Authority's Midway district land holdings (Map 10). Half of the state-owned property is at Pike Island (177 acres), and while vacant, it is not available for urban development. Almost two-thirds of the city-owned acreage (1,110 acres) is in the vicinity of Pig's Eye Lake (Map 11). This includes a landfill and wood chipping site on the north, land on the peninsula adjacent to the barge fleeting area, a 503-acre parcel which is part of the Ramsey County Park and Open Space System, and other property around the lake which is not part of the county's open space. Other large tracts of vacant city property include 120 acres of undeveloped West Side land adjacent to the Holman Field airport, 162 acres of open space near Crosby Lake (where interstate 35E crosses the Mississippi River), and 63 acres in the Battle Creek Park region. Table 4 summarizes land ownership patterns among the various agencies. Vacant land that is owned by the city or by metropolitan agencies is not likely to be developed in the future; the only

Near wilderness surrounds the Pig's Eye Waste Treatment Plant in St. Paul.
not individually plat the vacant lots. However, the vacant areas are on their campuses, but they generally do not own the property. The zoning category 'vacant' pertains to property which can fall into any one of several categories: vacant, undeveloped, or developable. Characteristics of market value, land use, and zoning can yield vacant property in the same district that we did for Minneapolis.

 Lack of a use code prevents us from analyzing St. Paul's publicly-owned vacant lots.

The Private Inventory

The data show that the largest parcels are on the outskirts of the study area. The only parcels that are undeveloped are undeveloped residential parcels. The parcel sizes range from 0.1 acres to over 1,000 acres. The largest parcels are owned by the City of St. Paul and the Ramsey County Open Space System. Some 37 acres of county-owned land are also part of the open space system.

The map shows that there are 17 parcels in the study area that are undeveloped. These parcels are located in various parts of the city. Some are near the downtown area, while others are on the outskirts. The largest undeveloped parcel is over 100 acres. The smallest undeveloped parcel is less than 1 acre.

The table shows the acreage of each parcel. The largest parcel is located in the City of St. Paul and is over 3,000 acres. The smallest parcel is in Ramsey County and is 0.1 acres.

Table 4: Land Owned by Public Agencies in St. Paul

<table>
<thead>
<tr>
<th>Agency</th>
<th>1988 Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of St. Paul</td>
<td>1,724</td>
</tr>
<tr>
<td>Ramsey County</td>
<td>996</td>
</tr>
<tr>
<td>St. Paul Port Authority</td>
<td>643</td>
</tr>
<tr>
<td>Metropolitan Council</td>
<td>339</td>
</tr>
<tr>
<td>Federal Government</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>3,471</td>
</tr>
<tr>
<td>Total Acreage</td>
<td>7,888</td>
</tr>
</tbody>
</table>

The map shows the location of each parcel. The largest parcel is located near the downtown area. The smallest parcel is located in the far outskirts of the city. The parcel sizes range from 0.1 acres to over 1,000 acres. The largest parcel is over 3,000 acres. The smallest parcel is less than 1 acre.

Possible exceptions to this rule are the following: the Ramsey County Open Space System owns several parcels in the downtown area. The City of St. Paul owns several parcels in the outer areas of the city. The largest parcel owned by the City of St. Paul is over 1,000 acres. The largest parcel owned by the Ramsey County Open Space System is over 100 acres. The largest parcel owned by the St. Paul Port Authority is over 300 acres.

Table 5: Summary of Findings

<table>
<thead>
<tr>
<th>Category</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant parcels</td>
<td>Over 1,000 acres</td>
</tr>
<tr>
<td>Undeveloped parcels</td>
<td>Over 3,000 acres</td>
</tr>
<tr>
<td>Total acreage</td>
<td>Over 7,888 acres</td>
</tr>
</tbody>
</table>

The map shows the location of each parcel. The largest parcel is located near the downtown area. The smallest parcel is located in the far outskirts of the city. The parcel sizes range from 0.1 acres to over 1,000 acres. The largest parcel is over 3,000 acres. The smallest parcel is less than 1 acre.

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Map 10. PUBLICLY-OWNED VACANT LAND IN ST. PAUL, 1988

Map 11. VACANT LAND OWNED BY THE CITY OF ST. PAUL, 1988

Acres

- None
- 0 to 10
- 10 to 25
- 25 to 75
- 75 to 1,870

Total Acres: 3,471

Acres

- None
- 0 to 10
- 10 to 20
- 20 to 50
- 50 to 1,150

Total Acres: 1,724
### Table 5. Profile of Privately-Owned Vacant Land in St. Paul, 1988

<table>
<thead>
<tr>
<th>Zoning Class</th>
<th>Acres (in millions)</th>
<th>Number of Parcels</th>
<th>Market Value (in millions)</th>
<th>Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>21 495</td>
<td>71</td>
<td>13.6</td>
<td>699</td>
</tr>
<tr>
<td>Commercial</td>
<td>2 233</td>
<td>6</td>
<td>35.6</td>
<td>228</td>
</tr>
<tr>
<td>Industrial</td>
<td>8 237</td>
<td>6</td>
<td>15</td>
<td>895</td>
</tr>
<tr>
<td>Other</td>
<td>8 488</td>
<td>0.7</td>
<td>16</td>
<td>73.2</td>
</tr>
<tr>
<td>Totals</td>
<td>7 336</td>
<td>0.8</td>
<td>16</td>
<td>73.2</td>
</tr>
</tbody>
</table>

### Table 6. Comparison Between Taxable and Tax Exempt Vacant Land

<table>
<thead>
<tr>
<th>Zoning Class</th>
<th>Acres (in millions)</th>
<th>Number of Parcels</th>
<th>Market Value (in millions)</th>
<th>Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>3 237</td>
<td>71</td>
<td>13.6</td>
<td>699</td>
</tr>
<tr>
<td>Commercial</td>
<td>1.44</td>
<td>6</td>
<td>35.6</td>
<td>228</td>
</tr>
<tr>
<td>Industrial</td>
<td>2 488</td>
<td>0.7</td>
<td>16</td>
<td>73.2</td>
</tr>
<tr>
<td>Other</td>
<td>8 488</td>
<td>0.7</td>
<td>16</td>
<td>73.2</td>
</tr>
<tr>
<td>Totals</td>
<td>7 336</td>
<td>0.8</td>
<td>16</td>
<td>73.2</td>
</tr>
</tbody>
</table>
Table 5. PROFILE OF PRIVATELY-OWNED VACANT LAND IN ST. PAUL, 1988, continued

**Railroad Holdings** (including CMC Real Estate Corporation, the Soo Line real estate subsidiary, which holds four sites (182 acres), with a $3.77 million value)

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total acreage</td>
<td>667</td>
<td>(31 percent of all private inventory)</td>
</tr>
<tr>
<td>Total number of parcels</td>
<td>401</td>
<td>(8 percent of all private inventory)</td>
</tr>
<tr>
<td>Total market value</td>
<td>$27.2 million</td>
<td>(24 percent of all private inventory)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Acres</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>By zoning class</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial land</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Commercial land</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Residential land</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>&quot;Exempt&quot; land</td>
<td>655</td>
<td></td>
</tr>
</tbody>
</table>

**Church Holdings**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total acreage</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Total number of parcels</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Total market value</td>
<td>$2.0 million</td>
<td></td>
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</tbody>
</table>
In St. Paul's far eastern Highland neighborhood, residential land

residential district of Macalester-Groveland. Industrial areas of the Highland and Superior districts lie to the

southwest, the highest land values are again downtown.

Minneapolis, The highest values are again downtown.

land values per square foot are generally lower than in

and along the north side of the river. The

south side of the river have more than ten

the extreme southeastern corner of the city (Map 17). Only

land, most of which is located on the east side, principally in

urban residential, St. Paul still has undeveloped residential

cent of all privately vacant land and 24 percent of its market value.

goes to vacant holdings and three of CMC comprise 31 percent

owned by three developers: Landmark Partners (20 acres),

Shea (20 acres) in the south and 20 acres at the southwest.

acres wide by 20 acres at the northeast.

are in the vicinity of P'g's Elks Club (Map 16). The Fred

located in the vicinity of P'g's Elks Club (Map 16). The Fred

St. Paul Aircond Company (12 acres); These three are

Real Estate Corporation of the former Chicago-Milwaukee-

these larger sites are owned by a private syndicate (CMC

hundreds of acres on these large parcels.

C.M. and 12 acres). These sites are

following:

Within St. Paul's private inventory of vacant land we find the

Macalester-Groveland neighborhoods and around C.M. on the site—some prominent in Minneapolis—Map 15.

large number of very small parcels are scattered through-
• Forty percent of the vacant land inventory is tax exempt. This category encompasses railroad holdings and those of non-profit organizations, and it comprises one-third of the total value of vacant property (see map 18). Commercial properties account for almost another third of the vacant land value, but only amount to 14 percent of the acreage. Average land values per acre range from a high of $122,000 for commercial property, to $29,000 for residential property. Average values per acre for industrial property are approximately $48,000; tax exempt property is valued at $53,000 per acre.

• The inventory of taxable property consists of a very large number of relatively small parcels (84 percent of all parcels). These small parcels carry approximately two-thirds of the market value of the privately-held land. Somewhat unexpected are the relatively small number of vacant acres owned by the churches, colleges, and universities located in St. Paul. This small inventory does not imply that these institutions lack space to add new buildings, rather it reflects the fact that such holdings are not subdivided into individual lots, and so do not appear in this data base as "vacant" land.

• The pattern of vacant industrial land mimics the pattern of railroad development. It is found near heavy industries such as the Ford Plant and North Star Steel, and just north of the downtown where Whirlpool, the breweries, and 3M have historically had their manufacturing plants (Map 19). But not all of this industrial land can be deemed "available" for future development. Much depends on whether the railroad companies are willing to release their holdings for private development. (Note that most of the railway holdings are classed as tax exempt.)
Each dot represents two vacant parcels placed at random in their census tract.

ST. PAUL 1988


The county assessor is carrying live properties with a total of 125 acres, in which each property is valued at over $1 million.

Commercial buildings are likely to be far greater than on vacant land. Commercial buildings in most of St. Paul's downtown, opportunities in underused sites, and downtown commercial, to support new developments, are vacant, and also some small commercial, to support new developments. Most commercial strips have fewer than five acres per site. These strips include commercial functions of older commercial strips along former diminishing functions of older commercial strips along former private street, and along West 77th Street (map 20). Despite the property can be found in the Midway district, the north end of Opportunity is develop or redevelop vacant commercial lands.
INSTITUTIONAL MECHANISMS FOR RECYCLING IN URBAN LAND MARKETS

The stark reality for Minneapolis and St. Paul is the cramped supply of land available to sustain a continuous process of economic rejuvenation and to uphold each city's competitive position in both metropolitan and national marketplaces. Land on the fringes has been and will continue to be cheaper than in the developed core. So the strategy for most United States cities has been to promote public sector involvement in core area recycling efforts. This section describes the context for post-World War II recycling efforts in general, and the specific public interventions that have been applied in Minneapolis and St. Paul. The description encompasses mechanisms to preserve or upgrade developed sites, as well as those designed to absorb vacant land. In several instances the mechanisms themselves have created vacant land, while the market has lagged behind in absorbing the newly vacant parcels.

Since 1950, Minneapolis and St. Paul have reshaped large residential, commercial, and industrial areas using any and all available local, state, and federal financial tools. These recycling and reshaping activities mirrored those of many other American cities, and were perhaps a bit more aggressive than most. The redevelopment choices made by the two cities reflected their particular circumstances at mid-century. Minneapolis was nearly fully developed with almost no vacant land, while St. Paul still had a large, unbuilt section east of its downtown. This meant that Minneapolis, in particular, had to displace existing uses to promote new types of development. Both cities were determined to rebuild the worn-out older areas closest to their downtowns. The institutional mechanisms* created to acquire, clear, and resell land already in use are of some interest. They help to explain the current paucity of vacant land in both cities.

HOUSING MARKETS

It is a truism that cities require different strategies to cope with whatever housing problems they face, and these strategies depend on a city's age and stage of development. Housing needs in New York City differ demonstrably from those in Los Angeles, and filling up available land (either again, or for the first time) entails a different process than creating vacant land within an already built-up area. In this arena the Twin Cities occupy something of a middle ground. Today neither city has much undeveloped land sitting around waiting for a use, but an undersupply of vacant land has not prevented these cities from creating new residential opportunities. Over a fairly long period of time both cities have managed to rebuild large segments of their housing stock by consciously creating land on which new housing could be built.

The Local Context

The destruction generated by World War II in German cities and elsewhere in Europe effectively cleared out much of the oldest and most substandard housing. In the United States comparable large scale urban clearance and rebuilding projects resulted from specific government policy, rather than from war damage. Between 1949 and 1972 the federal Urban Renewal Program encouraged United States cities to identify and remove their worst slums.** Working in concert with the Federal Highway Program, whole neighborhoods of slum housing were transformed. The Housing and Redevelopment Authorities of Minneapolis and St. Paul (HRAs) demolished thousands of units of substandard housing during these years; thousands of units were also replaced, either by private developers, or by the HRAs. The form of these replacements varied from market rate single-family homes,

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* Institutional mechanisms* refers here to public programs and projects that intervene in the largely private real estate market so as to induce development that would otherwise be perceived as impossible or too risky.

** Similar efforts took place in certain European cities—especially in Britain—where older structures that managed to survive the war were assaulted by peacetime rebuilding philosophies.
Land remains vacant from soil clearance when renewal efforts failed. Recently, Minneapolis has been trying to react to this problem by focusing on the development of new single-family homes in areas of good quality single-family housing. It is often more expensive to redevelop a house than it is to just keep the house in place. The city and county have had some success in redeveloping older housing units, but there is still room for improvement. A new development program is being considered to provide more housing units in the city. The goal is to provide a higher quality of life for the residents. This is an ongoing process, and the city is working on finding solutions. The question of government intervention in the housing market is also being considered. To address the issue of high-rise apartments for the elderly, the city is looking at new programs to help address the problem.
From the 1950s through the 1970s the HRAs worked with and through private developers, usually where the scale of the project was ambitious and much larger than what had previously existed. In Minneapolis such efforts included: the Knutson Company’s designation as developer for the downtown Gateway project (only partially meant for residential use), Cedar-Riverside Associates’ designation as developer for the 340-acre Cedar-Riverside “New Town-In Town” project (primarily residential), and Bor-Son’s designation as developer for the city’s largest Section 236* project (over 600 units) at Franklin and Riverside Avenues. The first two projects proved to be too large even for their private developers to pull off successfully. Changes in market demand and local opposition contributed to the problems the developers faced. Through these years the HRAs seldom acted as developer or assumed a partnership role. Most of the city’s investment in new housing projects was made through in-kind contributions—new streets, new schools, new firehouses, or other capital investments which amounted to one-third of the total project cost. As with other aspects of city governance, this has changed dramatically since the mid-1970s, to the extent that both cities now function as full development partners, using various city revenue sources.

In recent years the production of low and moderate income housing has shifted away from the traditional HRA approaches. Today most low-cost housing in both cities is built by local community development corporations or by nonprofit developers. Quite often the funding for these projects comes from sources similar to those that funded the urban renewal projects. Federal money is funneled through the local development agency, Planning and Economic Development (PED) in St. Paul, and Minneapolis Community Development Agency (MCDA) in Minneapolis. But as federal resources for low-cost housing have dwindled through the 1980s, the slack has been taken up by state-funded housing programs (notably those of the Minnesota Housing Finance Agency) and by foundations and nonprofits (such as the Minneapolis-St. Paul Family Housing Fund). City development agencies have also become more adept at linking successful commercial projects to the production of housing. By the late 1980s Minneapolis had created a pool for receipt of tax increment proceeds over and above those needed to pay off bonds. In part, this money has been used to support low- and moderate-income housing projects that might not have been built if such a revenue source had not existed.

Recent Housing Efforts
As of 1990, Minneapolis had multiple programs in place to help create new housing units. Within the city’s development agency alone (MCDA), there were more than 150 identifiable projects directed at producing housing outside of the downtown and riverfront area. About half were rehabilitation or reuse efforts, over a quarter were on property that had previously been residential, and less than a quarter were on land not previously used for housing. All told, over 11,000 units were involved in MCDA’s various site-specific programs and this did not include public housing units. Of the 11,000 units, approximately 2,100 were market rate and over 1,300 were designated for the elderly. Another 650 units were in various stages of development, as were several hundred single room occupancy units. The full array of available programs included community development block grants (CDBG) and revenue bonding efforts, energy and rehabilitation loans, and urban homestead programs.

It should be noted that almost all residential land in Minneapolis has had housing on it at some time in the past, so there is very little “vacant” land per se. In recent years there have been several areas in which the city has tried to fill up land that was obviously vacant, but in almost every case these vacancies existed because of some prior city action. A small amount of this land was land that had remained undeveloped after urban renewal projects, like the Lyn Park project, or was land intended originally for other uses, like the defunct Interstate 335 connector. A much larger supply of vacant residential land was and is on sites that have been recently cleared in order to remove blighted

* Lower moderate income housing.
The structure of the program demands cooperation between housing inspectors and maintenance a vacant housing inventory. The city's Department of Community Services funds several city agencies, as well as the participation of neighborhood organizations, to identify as many vacant or blighted (abandoned) single-family homes of five or more acres of vacant or substandard (blighted) single-family homes or vacant lots.

These efforts have led to the designation of $5 million in federal Community Development Block Grant funds to the neighborhood. The city has established a program to remove these properties and to promote housing improvements. The program is designed to increase the number of vacant or blighted units, and to increase homeownership.

In St. Paul, the Department of Planning and Economic Development has been responsible for implementing this program. They have produced housing and other neighborhood improvements that have been successful. The program is designed to increase homeownership, and to promote housing improvements. They have produced housing and other neighborhood improvements that have been successful. The program is designed to increase homeownership, and to promote housing improvements.

In the center of St. Paul, the former Schweppe's mill has been built on the site of the former packaging plant.
Housing Division within PED provides technical assistance to nonprofit developers who work on vacant housing, and also advises the HRA Board about acquisitions. Neighborhood groups (the district councils) are expected to communicate local priorities to the city and to help recruit developers. Representatives from all these groups meet regularly to rank properties on the vacant housing list in terms of health and safety concerns, economic viability, and what the neighborhood wants to happen.

Properties that merit quick attention face three options. The first focuses on abatement measures. The city can try to persuade the owner to remedy code violations, either through court orders or through liens against the property. In extreme cases, called "emergency abatement," the mayor can order a building immediately demolished, even without a public hearing, and assess the owner for the cost of demolition. The second, more complicated option is for the city to begin acquisition proceedings, and eventually sell the property to a developer, who must then improve it (through rehabilitation or new construction) and market the property. The city will always try to negotiate with an owner before eminent domain is actually used. Developers who participate in this process are closely monitored by both the city and the local district council.

If acquisition occurs, several options exist. St. Paul expects that ten houses per year will go into the HUD-financed Urban Homesteading Program, which makes homes available to owners in exchange for their commitments to repair, occupy, and maintain the dwelling. St. Paul also expects to acquire twenty-four homes per year that will be re-used as low and moderate income housing. Another fifteen or sixteen HUD and VA foreclosed properties will be resold each year to nonprofit developers. Using all of these programs fully, the city will recycle about fifty vacant dwellings annually.

The final option, for extremely deteriorated vacant housing, is for the city to acquire the property specifically for demolition and re-use as a neighborhood commercial site, or, in the case of extremely small sites, to be left vacant as a side yard or community gardens, or to become part of a land bank (Komoto 1988).

**Public Housing Efforts in Perspective**

The institutional housing efforts described here are fairly traditional public sector mechanisms. They all deal with vacant houses, vacant residential land, and new residential developments in an interventionist manner—trying to have an impact before a problem property becomes a blighting influence on the entire neighborhood. This is probably an adequate approach as long as the inventory of vacant properties is a manageable size, as it is in both Minneapolis and St. Paul. Problems arise when the number of vacant properties overwhelm whatever institutional mechanisms are in place. This is not likely in either city in the near future.

The public efforts of both Minneapolis and St. Paul in regard to housing underscore how strongly each city has felt about maintaining a reasonable supply of housing at all income levels. The public agencies—MCDA in Minneapolis and PED in St. Paul—each have a housing division charged with monitoring the status of housing within the city. Though both agencies have an overriding development agenda, they have aggressively involved themselves in the housing arena, in part from a belief that without an appropriate residential structure, economic development will be impossible to sustain. This approach has pushed the cities into active partnership with neighborhood groups, especially those with development ambitions, and with local for-profit and nonprofit developers. Every public effort to intervene in the housing market is first sent for comment to the affected neighborhood, and known local housing developers are often actively sought as partners for the city agencies. The current process is quite a departure from the heyday of large public housing projects and rehabilitation efforts of decades past. Nowadays neighborhoods must not only be consulted, and to some extent approve what the city wants to do, but they are also requested to propose what public activities should occur. This is not to say that the current process is perfect, or that neighborhoods always get what they want. But there are ample opportunities for neighborhoods and small local developers to influence decisions in a meaningful way.
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The Local Context

To assess vacant industrial and commercial land,

- industrial employers, though one much smaller scale than typical
  merchandized between Minneapolis and St. Paul, have lost some market
  wide when they focus in Minneapolis and St. Paul and industrial and commercial
  and some of the more

- small industrial employers have located some of the stronger and best funded government

- since, these sectors are concentrated and larger. This section

- these sectors have focused on non-residential land, both industrial and commercial


NON-RESIDENTIAL MARKETS
new economic development. While this is not an easy process, and success cannot be assumed, both cities have been active participants in the game of attracting new industry.

We can demonstrate how aggressively both cities have pursued industrial development by highlighting one example: the nearly seventy-acre Kasota Industrial Park in southeast Minneapolis, near the St. Paul border. This former swamp area was owned by the Burlington-Northern railroad, which in the early 1970s was beginning to cut back its services within the Twin Cities and elsewhere. The railroad had proposed a joint venture with a developer, and when that fell through, the city stepped in. The first city effort was to build a road through the area on land dedicated by the railroad. Within a short time, the city purchased the entire parcel, using $3 million in bonds, and established a tax-increment financing district. Land within the new industrial park sold for a dollar per square foot. Demand was so great that the area was filled within eighteen months, and paid for itself in seven years.

The Port Authority and MCDA/MIDC have quite intentionally "created" an inventory of vacant industrial and commercial land over the years, sometimes long in advance of a demonstrated need. There have been some impressive achievements in industrial parks. The Port Authority, with a reliable income stream from its barge terminal, careful revenue management, and creative use of revenue bonds, became a driving force in creating a private market for St. Paul's vacant industrial land. The authority leases or sells properties, using this money to leverage private investments and to provide a reserve fund. Since its first projects of the early 1960s, the Port Authority has financed, prepared, and marketed over 2,500 acres of new industrial land in ten separate industrial parks ranging in size from 9 acres to 1,700 acres (Martin 1989).*

The largest amount of this acreage was undevelopable marsh. Most of the rest had been unused railroad land. A very small amount had been residential land that was poorly sited. Most of St. Paul's industrial parks are now full—only 85 acres remain of the original 2,500—and most sizable parcels inside St. Paul have already been put to use. The city's last large parcel, 70 acres in the Midway area, is currently being developed as Westgate Office-Industrial Center, using over $25 million in tax increment financing.

A similar story can be told for Minneapolis, though to date far less land has been available for industrial development. Since the late 1940s industrial interests have had to fight for attention in Minneapolis as major rezoning ordinances (1948, 1962, and 1981) converted industrial land to other uses. Still, six industrial parks with a total of 967 acres have been created and nearly filled since the early 1960s. Given Minneapolis' lack of large undeveloped sites, industrial parcels have been carved from a wide range of sources: surplus railroad land, former swamp land, a gravel pit, surplus highway land, and former

* This number includes the 200-acre Energy Park, a mixed-use project combining light industry with residential, commercial, and service uses.

Former industrial land is being marketed as Westgate Industrial Park by the St. Paul Port Authority.
set up through PFD. The premises of Recofel within the city, on the other hand, is the same. Its services include business and personal services, training their professional groups in addition to providing loans and other kinds of financial assistance. It has also developed a number of industrial projects and a dozen or more small-scale commercial, retail, and industrial projects. This development has also helped to create an environment for small-scale neighborhood retail and commercial services. It has been successful in transforming these efforts into a strong foundation for commercial development in neighborhoods. Some of these projects include the commercial development of street-level business, commercial development of vacant land, and the development of vacant land for retail and commercial use. The commercial development of vacant land has also helped to create an environment for small-scale neighborhood retail and commercial services. Some of these projects include the commercial development of street-level business, commercial development of vacant land, and the development of vacant land for retail and commercial use.

Commercial development, including neighborhood-level busin...
There is one dilemma that affects commercial and industrial reuse of land in both cities: internal conflict within neighborhoods about their goals and objectives for redevelopment. Apart from the development agencies, few people consider vacant industrial or commercial land an asset. But many city residents are quite particular about what kind of development occurs in their neighborhood, and they will adamantly oppose whatever does not reflect what they want the area to become or to remain. In both cities, neighbors have recently organized to get rid of “adult” bookstores and theaters. In this case, residents may prefer a vacant building or vacant land to the present use for this kind of business. In other situations, some neighborhoods have lobbied against industrial redevelopment on land that is zoned industrial, arguing that new industry, even light industry, is incompatible with residential uses. This familiar “not in my back yard” syndrome raises questions of equity. A city may easily be able to persuade poor neighborhoods that a nearby industrial use is positive, because the attraction of potential jobs far outweighs aesthetic considerations. Middle-income neighborhoods, with more political clout, are more inclined to resist such development. This kind of conflict carries serious implications for future industrial and commercial development throughout Minneapolis and St. Paul.
A THEORETICAL FRAMEWORK FOR INTERVENTION

While the foregoing analysis suggests that Minneapolis and St. Paul have developed successful institutional mechanisms to balance supply and demand in their central city land, we have not yet offered an explanation of how the land market functions. A recent literature review on this subject highlights several theories about vacant urban land: why certain sites cease being used; why certain properties continue to remain vacant; and why vacant land (and structures) fail to have interim uses (Cameron, Monk, and Pearce 1988). While this theoretic discussion is based on experiences in the United Kingdom, some aspects of it may be relevant to the Twin Cities.

Any serious discussion of vacant land must draw distinctions between land that has never been used, and land that was once used, but now that use has ceased, leaving either a cleared site or an abandoned building. In Minneapolis and St. Paul, the bulk of the vacant land supply consists of parcels that fall into the second category. Land will be in the first category for very explicit reasons: 1) the land has been too costly to develop, 2) it is environmentally sensitive and has been legally protected, or 3) the land is “excess property” and not yet needed for urban uses. St. Paul, in the early 1950s, had an abundance of land that had never been used, but today that inventory has shrunk to a relatively small area in the southeastern corner of the city. Almost all of St. Paul's environmentally sensitive lands are owned either by the county or the city. In Minneapolis almost none of the vacant land is land that has never been used.

The models reviewed by Cameron, Monk, and Pearce, to explain the pattern of uses ceasing on formerly improved land, make the important distinction between publicly-owned vacant land (primarily “left overs” from renewal schemes or infrastructure projects) and private sector land (sites with supply constraints such as poor location or inappropriate size, sites held for future speculation, or sites where there have not been financial pressures to develop). Forces that explain the cessation of use are broadly divided into four.

1. Economic obsolescence. A falling demand for land results from macro-level economic changes, as national or international markets and new technologies precipitate changes in the local economy. Both Minneapolis and St. Paul contain examples of these forces at work. The many closed grain elevators resulted from a decision to shift flour milling to Buffalo and other St. Lawrence Seaway ports. Abandoned railroad lines and freight depots attest to the replacement of rail transport by long distance trucking. And several prominent closed breweries reflect the consolidation of this industry into a few massive nationally-advertised brands.

2. Locational obsolescence. A further demand deficiency shifts competitive advantage to other locations. This factor is probably best typified by the post-war migration of purchasing power and retailing activity from central cities to nearby suburban communities. Both St. Paul and Minneapolis have fought the trend, using tools such as tax increment financing to redevelop downtown and vigorous subsidies to create new transportation links, but with only partial success.

3. Physical obsolescence. Buildings and sites can become obsolete because of lack of maintenance, because they are too small to be developed, because of changing accessibility, or because buildings do not comply with modern code requirements. Blighted neighborhoods that were cleared during urban renewal projects clearly exemplify these forces, as do the warehouse districts on the edge of both Minneapolis and St. Paul, though the warehouses have now been discovered by artists, boutique owners, and restaurants in the market for low-cost space.

4. Social forces. Both supply and demand factors can alter a property owner’s commitment to a site, and simultaneously reduce the market for adjacent properties. Contemporary examples include abandoned houses and crack houses in
The Grain Belt Brewery in Minneapolis is the centerpiece of one of the city's largest intact vacant industrial sites.

The urban knapweed economy is a narrative that resonates with residents, politicians, and community leaders. The narrative emphasizes the need for sustainable economic development, the challenges of vacant industrial sites, and the potential for transformative change. The grain belt brewery exemplifies how once-vacant industrial areas can become vibrant community hubs, but it also highlights the economic and social challenges that need to be addressed.

For the most part, urban neighborhoods are defined by their past, not their future. Vacant industrial sites, while often seen as eyesores, are also seen as potential for new development. The Grain Belt Brewery is an example of how a once-vacant site can be repurposed to serve the needs of the community.

The narrative of the Grain Belt Brewery is not just about preserving history, but also about creating opportunities for the future. It is a story of community engagement, economic development, and environmental sustainability. The Grain Belt Brewery is a reminder that vacant industrial sites can be transformed into vibrant community hubs, but it also highlights the challenges that need to be addressed.

The narrative of the Grain Belt Brewery is not just about preserving history, but also about creating opportunities for the future. It is a story of community engagement, economic development, and environmental sustainability. The Grain Belt Brewery is a reminder that vacant industrial sites can be transformed into vibrant community hubs, but it also highlights the challenges that need to be addressed.
This remnant of land in the Near Northside of Minneapolis was cleared during the urban renewal period.

reduce their inventories of vacant land as quickly as possible. Local governments here are more likely to be part of the solution rather than part of the problem.

THE VACANT LAND MODEL
After analyzing the data on Minneapolis and St. Paul we constructed a transactional model of the current system for re-absorbing vacant land into the market (Figure 2). This model emphasizes a complex set of stakeholders with vested interests in or incentives for moving the land into reuse. The cessation of use, and the factors which propel vacancy, are comparable to those described above and operating in the United Kingdom; the emphasis on stakeholders and their roles in reabsorption of the land is different.

We assert that the land market will function efficiently only when vacant property becomes the focus of entrepreneurial activity—both for public and private stakeholders. The public sector will be attempting to protect neighborhood quality, to enhance the tax base, to create new jobs, and to accommodate varied constituencies. The private owners are more likely to center on financial gain or prestige and recognition for their accomplishments. Financial institutions will seek to avoid risk and loan default. For all of these stakeholders' perception of the market demand will be colored by their goals. The linkage of diverse goals among interested stakeholders has long been the objective, but stakeholders may either facilitate or constrain new development depending upon their view of the risks involved. A large part of the public sector's activity in this sphere has been to reduce the risk for the private sector. A neighborhood's interests can be at direct odds with a city council's interests in expanding the tax base; competition for financial subsidies or for relaxed planning controls can favor one location over another. The outcomes under this model are conditioned not only by market forces but also by the achievement of intended goals.

CONCLUSIONS
Chisholm and Kivel's description of United Kingdom cities accumulating large inventories of vacant, derelict, or abandoned properties stands in marked contrast to the Twin Cities where, for example, vacant sites represent only 2 percent of the total market value of land in Minneapolis. Several disparate factors contribute to the active and seemingly well-functioning local land market: the moderate size of these two cities (350,000 and 250,000 residents respectively); their diversified economic bases; the relatively low incidence of poverty; and the presence of entrepreneurial local governments. There are few large developable or improved sites that have ceased being used, have been cleared, and held off the market. Because abandoned structures (such as Minneapolis' Grain Belt Brewery) and the inventory of abandoned houses are excluded from this specific study, it is not fair to conclude that an equilibrium between supply and demand exists. Indeed, from this study we conclude that the under-used or abandoned properties in the cities are more critical land market issues than the inventory of cleared or never used sites.

One obvious question that this study raises is why the St. Paul vacant land inventory, which is proportionately larger for both publicly-
Figure 2: Framework for Creation and Absorption of Vacant Land
and privately-held land, is almost four times larger than the Minneapolis vacant land inventory. Answers to this question are not mysterious. First and foremost is the differing topography and the extensive amount of environmentally fragile land in southeastern St. Paul. Extensive acreage has been acquired for the Ramsey County open space system in this part of the city and it still remains as unimproved property. Another factor is the larger railroad holdings and never developed residential land in this same part of St. Paul. The St. Paul Port Authority holds significantly more vacant land than MCDA in Minneapolis, although both agencies see the undersupply of a vacant land inventory as a significant deterrent to expanding the local property tax base.

Despite the fact that almost two-thirds of the combined vacant land inventory is owned by public agencies, there is no evidence of land hoarding by public bodies. By far, the largest portion of the publicly-held inventory is not considered "developable." A large number of extremely small parcels are either vacated streets and alleys, or remnants of early urban renewal projects and highway rights-of-way. The inventory of land held by city development agencies is, for the most part, being actively marketed for both residential and non-residential uses.

Two examples of market inefficiencies have been identified. The first is railroad properties in both cities. Little incentive exists for the railroad companies to divest themselves of any surplus land, since they pay no property taxes on most of it. Instead, taxes are levied on gross earnings of these companies. This is not to infer total indifference toward incorporating some vacant railroad property into the productive land market. As described earlier, St. Paul's Energy Park and Minneapolis' Kasota Industrial Park both included former rail owned property, and the Cedar Lake abandoned rail yards are about to be acquired and incorporated into the Minneapolis park system. A significant proportion of the larger parcels of privately-held vacant land, however, is still owned by rail companies.

The second market inefficiency is the surface parking lots in the central business districts, particularly in Minneapolis. Most of these sites are remnants of 1950s and 1960s renewal projects, and they account for three-quarters of the market value of Minneapolis' privately-held vacant land. Carrying an average market value of just under $13 per square foot, these sites are underused, but the income generated from surface parking offers the current land owners a profitable use. It is thus not clear whether the lack of demand for a more intensive use or the lack of incentive to market the property is the more dominant force maintaining surface parking lots.

Both cities have created strong public agencies that foster new development on vacant and cleared sites. These agencies have been particularly successful where sites could be offered without obsolete structures, and they have aggressively used their powers of eminent domain as well as their abilities to write-down site costs in order to promote development. During the past two decades most local governments have become more entrepreneurial; and Minneapolis and St.
Land owners in the redevelopment process have been forced to make the public sector a valuable partner with private investors. The public sector has been slow to respond to the amount and distribution of incentives prevalent with respect to the amount and distribution of incentives prevalent in the Chicago and Kansas City study. Unlike the Chicago and Kansas City study, we cannot say there is a serious supply-side problem. Unlike the Chicago and Kansas City study, we cannot say there is a serious demand-side problem.
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