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Don't Pass Us By

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# Table of Contents

Executive Summary ............................................................................................................. 1  
TOD .................................................................................................................................... 3  
Gentrification ..................................................................................................................... 5  

Case Studies
- Atlanta ............................................................................................................................... 6  
- Dallas ................................................................................................................................. 7  
- Los Angeles ...................................................................................................................... 8  
- Portland ............................................................................................................................. 9  
- San Francisco .................................................................................................................. 10  
- Seattle .............................................................................................................................. 11  

Existing Conditions Cedar-Riverside ................................................................................. 12  

Key Findings ..................................................................................................................... 14  

Recommendations
- Further Research ............................................................................................................ 16  
- Policy Implementation ................................................................................................... 16  

Bibliography .................................................................................................................... 21  

Appendix 1: Land Use within Quarter Mile ..................................................................... 28  

Appendix 2: EMV of Land within Quarter Mile ................................................................. 29
Executive Summary

This report consists of four distinct objectives. First, primers on transit-oriented development (TOD) and gentrification as an unintended consequence of TOD are provided. The purpose of these primers is to explain both processes individually as well as their relationship to each other. Second, existing conditions in the Cedar-Riverside neighborhood are presented, which can provide a baseline in order to analyze the area’s susceptibility to gentrification, and thus commercial displacement among the immigrant community. Third, case studies of commercial displacement as an unintended consequence of LRT within communities of color across the country are presented. These case studies provide an opportunity to discuss best practices in preventing displacement. Fourth, policies to mitigate commercial displacement in the Cedar-Riverside neighborhood are discussed.

The goals of this project were twofold: 1) Inform the WBCDC of the potential for commercial displacement due to Central Corridor LRT through case studies of similar communities around the country. 2) Discuss best practices to mitigate commercial displacement among the immigrant business community in the Cedar-Riverside neighborhood. There were several objectives that needed to be accomplished in order to achieve the goals of this project. First, research on transit-oriented development and gentrification was completed. Second, the existing community was defined through a windshield survey of current businesses. This list was given to the African Development Center, which will help the organization complete a market analysis of the neighborhood. GIS maps were created, using Hennepin County EMV data and property records to show the current land use and value within a quarter mile of the station. Demographic information was determined from 2010 Census data. Third, extensive interviews and online research of newspaper articles and community-based organizing campaigns were conducted to create case studies of commercial displacement. Fourth, policies to ensure equitable TOD were researched in order to provide a toolkit for mitigating commercial displacement in the neighborhood. The final outcome of this project is a website dedicated to case studies of commercial displacement in communities similar to Cedar-Riverside, and an analysis of best practices to guide community action in preventing it from occurring in the neighborhood.
Transit-Oriented Development in Practice

Reconnecting America, a national non-profit specializing in community development, defines Transit Oriented Development (TOD) as “a type of community development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and located within a half-mile of quality public transportation.” The main goal of TOD is to leverage public investment in transportation networks to create mixed-used neighborhoods that are less automobile-dependent and more focused on serving the pedestrian. TOD is becoming increasingly popular around the country, as cities and regions are focusing their economic development efforts around this strategy (Reconnecting America, 2012).

TOD is a development strategy, which means that it is primarily an outcome of concerted public and private investment efforts. An example of this in practice is Atlanta, where the regional transportation agency produced two very different development outcomes along its rail system. Located in the southwest area of Atlanta within a community of color, the West End station opened in 1982 sans a directed effort to encourage development in proximity to the station. Currently, the community is conducting a visioning process that will create a commercial improvement plan in the neighborhood. The goal of this visioning process is to begin implementing the needed infrastructure improvements to help spur economic development. Conversely, the Lindbergh Center station, which is located at the other end of the MARTA system just northeast of Atlanta, opened in 1984. A majority of land adjacent to the new station was owned by MARTA, who then sold it to private developers along with beneficial financing packages that ensured a successful sale (Washington, 2012). Currently, the station area is seen as an example of TOD due to its thriving mix of residential and commercial development.

The Atlanta case illustrates the fact that a transit system in and of itself does not produce commercial development. However, proximity to a light rail station does have a positive impact on the value of existing commercial development. The extent to which this occurs was defined as: how much accessibility is improved; the relative attractiveness of the locations near the station area; the real estate market in the region (Parsons Brinckerhoff, 1999). If these three conditions are such that the value of existing commercial development will not increase on its own through private sector development, the public sector may seek to intervene in order to achieve TOD goals at the corridor level. In this case, there are several station-area tools available to encourage development. These are:

- Innovative zoning, such as density bonuses, mixed-use zoning, and transfer of development rights will facilitate the type of development that will best serve a transit-using public.
- Design guidelines that emphasize a pedestrian-friendly (and pedestrian-interesting) and a “human scaled” environment are crucial to the creation of station areas that people will enjoy being in.
- Strategic selection of station areas that will take full advantage of land availability, development and/or redevelopment potential and local demand (Parsons Brinckerhoff, 2001).

Many cities have implemented these policies in order to encourage development. However, the key missing piece in these strategies is equity. Oftentimes, increased property value leads to higher assessed value, which then increases the total tax owed by the property owner. Research
from the University of North Texas has shown that value in areas along their LRT corridor have increased substantially compared to areas not adjacent to the LRT corridor. Between the years 1994 and 1998, property values approximately doubled around 11 of the 15 total stations. Office rents within a quarter mile of the stations also increased, depending on business type. Retail businesses experienced a 6.2 percent increase in rent paid, and a 3.3 percent increase in occupancy (Weinstein, 2005). The magnitude of this tax increase can displace the existing community, especially in low-income neighborhoods. Thus, TOD development must include tools that maintain affordable housing and commercial space within the desired area of change.
Gentrification: An Unintended Consequence of TOD

Gentrification can be defined as the “process involving a change in the population of land users such that the new users are of a higher socio-economic status than the previous users, together with an associated change in the built environment through a reinvestment in fixed capital (Clark, 2005).” The key concept in this definition is that TOD facilitates reinvestment in fixed capital by increasing the desirability of neighborhood assets. An unintended consequence of TOD is gentrification in communities of color that are located adjacent to transit stations, because the public sector has the power to direct targeted investment within a neighborhood, which often favors owners and investors rather than the existing community.

The case of West Town, Chicago shows how powerful the public sector can be in facilitating investment that changes the character of an area from uses that serve a low-income population to an affluent one. The neighborhood, located adjacent to downtown Chicago, has first evolved from a European immigrant community in the 1950’s to a low-income Latino community in the 1970’s, and then to an affluent White community in the 1990’s (Wright et al, 2001). The final transition from a low-income Latino community to an affluent White community during the 1990’s is a story of how the gentrification process works, and specifically uncovers its deeper political, class, and racial components. By examining these components, it is possible to prevent it from occurring in similar communities across the country, such as Cedar-Riverside, Minneapolis.

Early in the 1970’s the West Town community was characterized as a low-income Latino population with disinvestment from both private developers and the public sector. The existing population found it extremely difficult to obtain mortgage financing and own property. This created a situation where the existing housing stock was available to be purchased cheaply from landlords for renovation into a higher use. As the decade advanced, private developers saw this situation as an opportunity to acquire housing, renovate it, and sell it for a profit. They capitalized on the neighborhood’s architecturally significant housing stock, its desirable location, and low cost to begin attracting a more affluent residential population. In order to accomplish this task, private developers needed public assistance with infrastructure investments, which they received. The increased property values from publicly financed improvements accelerated the gentrification process. By the 1990’s, the commercial district had changed from small immigrant entrepreneurs to higher uses, which Betancur calls the “final stage” of gentrification (Betancur, 2002). Thus, the West Town case study provides an example of the decades-long gentrification process, and is useful in assessing the vulnerability of Cedar-Riverside to its forces.
Case Study: West End Station in Atlanta, Georgia

The West End is an in-town neighborhood located adjacent to and southwest of Atlanta. The neighborhood is the oldest in-town suburb in the Atlanta metropolitan area, and is a registered historic district (Atlanta West End, 2012). The neighborhood is predominantly African-American, making up 95% of the population in 2010, while white residents make up 2% of the population (United States, 2012). At the city level, 38% of residents are white and 54% are African-American. Also in 2010, the median income was $24,087, which is about half the median income of the city as a whole. About 34% of the neighborhood lives in poverty, 10% higher than the city’s poverty rate (Atlanta, 2012).

Atlanta’s regional transit agency, named MARTA, built the existing light rail system in the late 1970’s (Sams, 2008). The West End station opened in 1982 and has had a negligible impact on the existing community. Both property values and the neighborhood business mix have remained relatively constant over time. The only major investments related to the MARTA station were two housing developments, which have fit into the existing community’s character. However, the Lindberg Center station, located across town and to the northeast of Atlanta, opened in 1984 and has catalyzed significant residential and commercial development (Sams, 2008). The main factor that determines the magnitude of change in these station areas is the directed investment subsidized by the city of Atlanta. The majority of land adjacent to the Lindbergh Center station was owned by MARTA, and the agency sold the properties to private developers with financing incentives in order to ensure the properties were sold (Washington, 2012).

The West End community has experienced the development inequality between the two stations, and has responded with a request to conduct a community visioning charrette. The main purpose of the charrette is to design and implement a commercial improvement district in order to foster a more welcoming sense of community for people to visit and shop. The theme of this commercial improvement district is “clean and green,” and is intended to implement infrastructure improvements such as flower beds, street cleaning, new storefronts, and public safety measures. The community hopes to spur development opportunities for the existing commercial district through this process (Washington, 2012).

Currently, Atlanta is undergoing an innovative transit project called the Beltline, which will create a ring of parks and trails encircling Atlanta (Atlanta Beltline, 2012). The Old Fourth Ward, a historically African-American community, is rapidly changing in response to new housing and retail development. The first Beltline park is located in the Fourth Ward neighborhood and opened in 2008, however adjacent property values began increasing in 2006 (Immergluck, 2008). Creative Loafing, a local magazine, awarded the neighborhood as “Best Next Hot ‘Hood” in 2010 (Creative Loafing, 2010). This designation reflects the high-end nature of the new development, while mixed-use and affordable developments are being constructed outside of this investment area.
Case Study: Uptown/Cityplace Station in Dallas, Texas

Historically, the two neighborhoods adjacent to downtown Dallas were ethnic enclaves. To the east of the city was a neighborhood called “Little Mexico”, which was a Mexican immigrant community from the 1910s until the 1980s. Today, this neighborhood has transformed into the Arts and West End Districts of Uptown Dallas, and Pike Park is the final landmark that designates this former neighborhood (Olivera, 2012). To the west of the city was a neighborhood called “Freedmen’s Town,” which was settled by African-American’s immediately after Emancipation in the late 19th Century. The area was an enclave separated from the city of Dallas, and remained as such until it was designated a historic landmark district in 1986 (Prior, 2005). It is currently named the State-Thomas neighborhood, an affluent area within Uptown. (Burnett, 2012).

The Dallas Area Rapid Transit (DART) agency began operating an LRT system in 1996, and has since expanded to become the country’s largest LRT operator in terms of track miles. The original system consisted of two lines and now operates four, which has greatly increased the level of transit accessibility in the region. Currently, the Uptown and West End areas are served by Cityplace Station, which opened in 2000 and is connected to three of the four LRT lines. The area’s high level of transit connectivity has made this a desirable place for new development (Cityplace, 2012).

A group of property owners in the Dallas area anticipated that the LRT system would increase property values in the area, so they formed a Public Improvement District (PID) in 1992. The purpose of the PID was to complete infrastructure projects in the area and was financed by a 2% ad valorem tax. The tax funded improvements such as: enhancement of public safety and security; the design and construction of public infrastructure improvements; the maintenance of common areas, lighting, pedestrian amenities and linkages. This PID was renewed in 1999 and 2005 because it has been the strongest of any in the city, and the numerous improvements have made the area now known as Uptown one of Dallas’ most desirable places (Wierzenski, 2012). This desirability is reflected in the fact that it has the highest office rents and occupancy levels in the city, and one of the best multifamily markets in the region. Further, the retail and restaurant industries are thriving (Uptown, 2012).

The designation of Freedmen’s Town, now known as the State-Thomas neighborhood, as a historic district and the creation of the PID in 1992 has resulted in significant changes to the area. The existing immigrant community was displaced in favor of a more affluent residential community, followed by high-end commercial development. Currently, Uptown is home to the largest concentration of antique shops and art galleries in Dallas, indicators of a vibrant and affluent neighborhood. These changes were facilitated in part by increased accessibility brought by the DART LRT system, and in part by directed investment from the PID.
Case Study: Mariachi Station in Boyle Heights, Los Angeles, California

The Boyle Heights neighborhood is located adjacent to East Los Angeles, and has historically been an immigrant reception area. The neighborhood was populated by numerous immigrant groups throughout the 20th Century, but the non-Hispanic population left the area during the latter decades of the century. Today, Boyle Heights is nearly 100% Hispanic (94%). In 2000, the median household income was $33,235, while the median household income for the city of Los Angeles was $46,226. Due to the low-income nature of the community, housing overcrowding is an issue. The population density of the neighborhood is 13,008 per square mile, while the at the city level it is 7,350. Another factor affecting the overcrowding issue is the demolition of public housing in the neighborhood, which has pushed residents into the decreasing number of remaining housing structures (ELACC, 2012).

The Los Angeles regional transit agency, named Metro, began operating a LRT system in 1990 and has been extending the line since due to its popularity. Boyle Heights is served by the Gold Line LRT, which opened in 2003 but has been the slowest of the Metro system’s lines with the lowest ridership (Ridership, 2012). An extension began operating in 2009, which travels through the Eastside of the metro area with four of the eight stations located in Boyle Heights (Facts, 2012). These stations have increased transit accessibility for residents, while creating unintended consequences for the existing community.

Mariachi Plaza is one of the more prominent stations within Boyle Heights, and its construction nearly displaced a thriving immigrant business community. The area currently named Mariachi Station was initially nicknamed Mariachi Plaza in the early 20th century, as mariachi musicians would use the space as a pickup location to play at local parties and events. Their business decreased by 90% during the construction period. In addition, the area is becoming more expensive due to the increased transit accessibility (Rosenberg, 2008).

About 75% of the neighborhood population lives in rental housing, and is thus sensitive to rent increases (ELACC, 2012). Land owners and speculators anticipated the increased value the Gold Line LRT brought to the community, and land prices adjacent to the stations doubled. In addition, some landlords began evicting existing tenants as they anticipated their ability to attract higher income tenants and redevelopment opportunities (Fujioka, 2012). The potential effects of the increased property value adjacent to stations are significant, as the line is affectionately called the “Sushi-Torta Express.” This name derives from the Gold Line’s alignment, which connects the Japanese and Hispanic immigrant enclaves adjacent to downtown (Burum, 2009). If the current residents relocate to more affordable neighborhoods, the existing business community serving these residents may follow their exit.
Case Study: Interstate Corridor in Portland, Oregon

Northeast Portland is home to a conglomeration of neighborhoods that comprise the African-American community. The Interstate Corridor is a stretch of roadway that connects these neighborhoods and runs parallel to the Yellow LRT line. The main commercial corridor is Williams Avenue, which was the heart of the Jazz and Soul music scenes in the 1960’s and 1970’s (Portland, 2011). Northeast Portland has been experiencing significant demographic changes since the late 1990’s. For example, the population of the Woodlawn neighborhood was 33% white in 2000, which increased to 53% in 2010. At the same time, the African American population decreased by the same magnitude (Hannah, 2011). Further, businesses along the Corridor have since changed to reflect the demands of the new neighborhood demographics (Hannah 2, 2011).

Tri-Met, the regional transit agency, completed its first LRT line in 1998, and planned to expand based on the system’s initial success. Named the Yellow line, the extension’s alignment was planned to run parallel to the existing Interstate Corridor (TRIMET, 2012). The initial plan was voted down by the city of Portland; however Tri-Met discovered that the residents of the Corridor itself wanted the line to be constructed. The agency responded to this community input by creating an urban renewal area (URA) to finance the line, which allowed for it to be constructed while bypassing local funding and be supported by Federal grants. Created in 2000, the URA funded $28 million of the $350 million total project cost (Policy Link, 2008). The Yellow line opened in 2004 and connects downtown Portland to Portland State University, acting as a catalyst for redevelopment in the area.

The URA created several subsidized loan programs for businesses and new or first-time homebuyers. An unintended consequence of these financing mechanisms was the impact on the African-American community. The increased feasibility of redevelopment coupled with the ongoing gentrification process in the area to create significant impacts. For example, the median home price increased over 100% in each of the Northeast neighborhoods between 2000 and 2010. This increase resulted in more than one-third of all households spending more than 30 percent of their income on housing costs, and 17 percent spending more than 50 percent. The subsidized loans were intended for all residents; however 56% of the money available from the Portland Development Commission’s homeowner and homebuyer assistance program went to white residents (Thomas, 2011). Thus, homeownership became unaffordable to the existing African-American community, who then relocated to southeast Portland or outside of the city. The existing business community along Williams Avenue changed to reflect the demands of the new residents, which meant that the African-American serving businesses followed the residential exit. Today, the neighborhood is described by realtors as a “newly revived area that is one of the hippest places to shop, dine and drink (McDonald Group, 2012).”
Case Study: The Mission District in San Francisco, California

The Mission District is located in Southeast San Francisco and is adjacent to downtown. Historically, the neighborhood has been predominately Hispanic since Mexican and Central American immigrants settled the area in the 1940’s (Yee, 2010). Currently, about one third of the city’s total Hispanic population resides in the Mission district. The Hispanic population made up 52% of the neighborhood’s population in 1990 and has been decreasing since that time. Currently, the Hispanic population makes up 41% of the neighborhood while at the same time the white population has increased from 52% to 57% (Worth, 2011). The Mission District contains higher rates of poverty than the city as a whole. In 2000, the median per capita income was $13,951, while the median income at the city level was $34,556 (ANDNET, 2006). Nonetheless, the District contains a thriving commercial district characterized by street vendors, performers, and ethnic establishments. This video highlights the area’s vibrancy: http://asu.news21.com/2010/san-franciscos-mission-district/.

The regional transportation agency, named Bay Area Rapid Transit (BART), has been operating light rail lines since 1972, and there are two stations within the Mission District. Located at 16th and 24th streets, these stations are eight blocks from each other and both opened in 1973 (BART, 2012). At the time they opened, these stations did not have a significant impact on the existing community. However, the neighborhood’s high level of transit accessibility has been a contributing factor in attracting a more affluent and white community over the four decades since its opening.

The Mission District was known as the miracle mile during the 1940’s and 1950’s because it was the second busiest commercial district in the city. BART construction disrupted the commercial activity and the area has not fully returned to its previous level of vibrancy. The BART disruption has been coupled with numerous economic factors such as increasing wages, educational attainment, and housing preferences to create the current neighborhood conditions. Valencia Street is an extension of the Mission’s commercial center, where the majority of businesses are locally-owned and serves the low-income Latino community (Brewer-Cuentos, 2012). In 1998, 50% of the businesses that existed in 1990 had gone out of business in the area. In one instance, the owners of El Herradero restaurant faced a 63% rent increase during this time period (Yee, 2010). Another example that highlights neighborhood change is a popular Taquiera, which operated its main production facility in the Valencia area. The building owner changed several years ago and raised the rent in response to market conditions, which caused the Taquiera to go out of business. A Jewish deli moved into the space and requested that an existing community mural be replaced with a graphic that reflects the new owner’s aesthetic (Brewer-Cuentos, 2012).
Case Study: Rainier Valley in Seattle, Washington

The Rainier Valley is located in Southwest Seattle. The neighborhood is known as the most diverse in the Pacific Northwest due to its large immigrant population. In 2010, the neighborhood population was 40% Asian with the majority being Vietnamese, 29% white, and 27% black. Additionally, 29% of residents are foreign-born (Seattle, 2006). The Rainier Valley contains a diverse mix of entrepreneurs and small businesses, which are predominantly in the service and retail industries. Prior to Central Link LRT construction, 46.5% of businesses were Asian-owned, and 18.1% were black-owned (King, 2009).

The Seattle region’s transit agency, Sound Transit, planned an extension of its existing light rail system, called Central Link, that would connect north Seattle to the Seattle-Tacoma airport. The agency began construction on the line in 2004 and it became operational in 2009. The track alignment was designed to pass directly through the Rainier Valley’s commercial district which is located along Martin Luther King, Jr. Boulevard (Sound Transit, 2012). The construction period impacted the small, minority-owned businesses within the commercial district and changed the character of the community.

The U.S Environmental Protection Agency requires an Environmental Impact Statement to be submitted prior to LRT construction. When Sound Transit submitted its draft Statement, the Agency issued a response noting that the negative environmental impacts were concentrated along the MLK corridor in the Rainier Valley. In addition, the cost per mile was $47 million in this area, a mere 1/3 of the cost per mile in the more affluent northern Seattle section. Finally, the concentration of eminent domain was greater in the Rainer Valley than northern Seattle. In the Rainier Valley, Sound Transit would have to purchase over 300 properties, 69 of which would be commercial or industrial sites. In the northern section, the total number of properties purchased was 49, as much of the route would be underground (Brune, 1999).

The MLK Business Association formed in 2008, with the goal “to foster, grow, and assist the businesses and make our area a destination second to none.” The majority of its members were concerned that the light rail would decrease traffic, which would have the impact of decreasing their revenues. They were also concerned that the line would create a negative perception and increase traffic accidents (Mohamath, 2012). The actual impacts of the Central Link LRT on the business community were a number of closures and relocations. In total, 28 businesses left the area, including a 40% decline in the number of black-owned businesses, a 20% decline in asian-owned businesses, and a 19% decline in white-owned businesses (King, 2009).

The Central Link LRT also impacted property values in the vicinity of the stations. The University of Washington’s Department of Geography studied the impact and found that property values increased by 87% within an eighth mile of the station. The value increased by a lesser magnitude as the distance from the station increased. For example, property value increased by 76% within a quarter mile of the station and 32% within a half mile of the station (Lee, 2011). According to one business owner, this increase has been a significant burden on the existing commercial district and community (Mohamath, 2012).
Existing Conditions: Cedar-Riverside, Minneapolis

Located adjacent to downtown Minneapolis, the University of Minnesota-West Bank, and Augsburg College, the Cedar-Riverside neighborhood is a unique and diverse place. The following description of the neighborhood’s existing demographic, socio-economic, and physical conditions will provide a baseline to analyze the potential for displacement from the Central Corridor LRT investment.

The 2010 Census provides the most recent demographic information for the neighborhood. The current population is 8,094, or 2.1% of the city’s population of 382,578. The population aged 18 to 24 is 41% of the neighborhood, which is considerably higher than the city as a whole, where that population category makes up 15% of the total. The ethnic profile of the neighborhood is 37% white, 45% black, and 10% Asian. The total number of residents that are employed is 1,883 and the total number of residents between the ages of 18 and 64 is 6,088. The majority of employed residents work in either Minneapolis or St. Paul. The percent of residents that walked or took public transportation to work is 56%, which is higher than the city’s rate of 28%. Further, 45% of households have no vehicle, while at the city level that statistic is 17%. Half of the neighborhood population has an income level below poverty. Renters make up 91% of the neighborhood, compared to 50% in the city as a whole. The median rent is $433, which is substantially lower than the median rent in Minneapolis of $761 (MN Compass, 2011). This Census data illustrates that the Cedar-Riverside neighborhood is very diverse ethnically, young people make up a large proportion of residents, most residents are low-income and live in rental housing, and are transit-dependent.

The Cedar-Riverside neighborhood is located in between Interstates 94 and 35W. The main thoroughfares are Cedar Avenue, which runs North-South, and Riverside Avenue, which runs East-West. The location of transit ways in and around the neighborhood creates the conditions for three distinct pedestrian districts, which are: University of Minnesota, Augsburg College, and Riverside Plaza. These districts serve different populations within the neighborhood. The University of Minnesota district serves faculty, staff, and students, and is located north of the Washington Avenue trench along Cedar Avenue/Washington Avenue. The Augsburg College district serves faculty, staff, and students, and is located along Riverside Avenue. The Riverside Plaza district serves local residents, and is located south of the Washington Avenue trench along Cedar Avenue. There is a lack of way-finding and pedestrian-oriented corridors to connect these districts, which results in divergent commercial corridors (Metropolitan Design Center, 2004).

The total number of jobs in the neighborhood is 7,975, which is about 2.6% of the city’s total jobs (301,271). The distribution of jobs by educational attainment, worker age, and earnings roughly approximates the distribution of jobs within the city as a whole. The industry with the largest concentration of jobs in the neighborhood is health care and social assistance at 22%, which is about ten percent higher than the city’s concentration. 12% of jobs are in accommodation and food services, which is also much more concentrated than the city as a whole (8.3%) (MN Compass, 2011). The University of Minnesota’s Fairview Hospital, along with the many other institutions located within the neighborhood, accounts for the high number of health care and social assistance jobs. The accommodation and food service jobs support these institutions, many of which are owned and/or operated by immigrants. The neighborhood
is divided into four commercial markets which roughly mirror the pedestrian districts. They are: Seven Corners, Cedar-Riverside, South Cedar, and Riverside Avenue (King, 2007). Each of these markets serves different clients, however the high number of low-income residents means that the purchasing power of local residents alone cannot support a thriving commercial corridor. Thus, the local institutions and outside visitors are in a better position to spur new development. However, the existing community has several assets that could be utilized to spur development within the neighborhood. These are: personal and community investment, entrepreneurship and small business ownership, transportation and employment connections, economic opportunities, unique cultural elements, ethnic and cultural diversity (Metropolitan Design Center, 2004).

The City of Minneapolis’ Small Area Plan for Cedar-Riverside addresses its development potential and possible issues. First, the plan states that city-owned parking lots are too small for redevelopment, so they should remain in their current use. Second, the plan states that the Cedar/Riverside intersection should be comprised of commercial uses that serve the local community. Third, the neighborhood should attract medium density housing and prevent commercial uses from spilling over into existing residential areas. Fourth, the plan envisions infrastructure improvements to both Cedar and Riverside Avenues in order to attract new development from institutions. These recommendations guide future development plans for the City of Minneapolis (Minneapolis, 2008).
Key Findings

The information learned from the five case studies of commercial and residential displacement, along with the primers on TOD and gentrification, have resulted in three key findings and best practices. These best practices can help the West Bank CDC anticipate the impact of the Central Corridor LRT on immigrant businesses in the Cedar-Riverside neighborhood. The policy implications offer possible mechanisms to mitigate the gentrifying effect of the Central Corridor LRT and effectively preserve the community’s common values and interests.

First, Light Rail Transit (LRT) causes property values adjacent to the line to increase substantially. There is an inverse relationship between property value and distance to the station and the increase is extremely localized, occurring within a half mile radius of the station. The key factor driving property value increases is speculative purchasing from private investors. The increase in property value results in higher rent and ownership costs, pushing out the existing community members who cannot afford the increase. As seen in the case of Atlanta’s Beltline and Los Angeles’ Boyle Heights neighborhood, property value increases can occur when the project is announced, which can be years ahead of any physical changes to the neighborhood. Thus, a best practice in preventing displacement is to intervene early. This is crucial for a non-profit such as the West Bank CDC because of the limited capital available for property acquisition. By creating opportunities for non-market housing and commercial space before speculative land purchases, displacement among the immigrant community can be prevented.

Second, LRT investment is often coupled with public polices in order to achieve TOD goals. These often take the form of development incentives, or public subsidies such as Tax Increment Financing (TIF) which can have unintended consequences of the existing community. The main consequence is displacement because the existing community lacks the capital and access needed to participate in these development incentives. Thus, outside capital flows into the neighborhood with the goal of maximizing profit, not to maintain the existing community’s character. A best practice in preventing displacement is to ensure adequate engagement among the existing community. As in the case of Portland’s Interstate URA, the subsidy went to people who already had the ability to purchase homes, who then received a subsidy in acquisition costs. The existing community was not able to connect with the subsidy being offered and was displaced as a result. Community organizations must work with local government to ensure that the existing population receives the benefit being offered to the community at large.

Third, the timeline for change ranges from pre-LRT development to decades after the line is operational, with commercial displacement occurring at the end of this process. The presence of this timeline shows that LRT investment does not cause neighborhood change in and of itself, but is an important factor in assessing the desirability of the neighborhood. The main factor in determining when neighborhood change may occur in relation to LRT investment is the level of development interest in the station area. The level of development interest can be associated
with the gentrification process, as speculative investors begin upgrading the housing stock. This can be seen in San Francisco’s Mission District and Atlanta’s West End. The main factor causing this disparity is the level of susceptibility to gentrification pressures. Thus, a best practice to prevent displacement is to assess the neighborhood’s susceptibility to gentrification. This can be done through community mapping and includes indicators such as availability of amenities and transit accessibility, share of rental population, share of non-family households, and share of public housing units (Chapple, 2009). Once this is complete, community organizations can determine the appropriate course of action to prevent displacement.
Recommendations

Further Research

In order to successfully prevent commercial displacement in the Cedar-Riverside neighborhood, further research must be completed. Community mapping is a tool that will assess the neighborhood’s susceptibility to gentrification. The process will identify renter-to-homeowner rates, vacancy and abandonment rates, affordability indexes (rent or mortgage as percentage of household income) and spatial analyses of race and poverty (Rose, 2011). This is briefly covered in the existing conditions section, but needs to be completed more robustly. As seen in the case of West Town, gentrification is a process rooted in the political and social context of a neighborhood. This process must be examined by the West Bank CDC within the context of Cedar-Riverside’s political and social atmosphere in order to determine what policy options from those identified are most appropriate to implement. Once identified, a feasibility study for implementation of these measures should be completed.

Policy Implementation

The following are best practices to provide equitable development, which may help to prevent commercial displacement in Cedar-Riverside. These are determined to be best practices due to their ability to easily extract latent potential within the existing community to produce outcomes that benefit their neighborhood (Bardach, 2009). They are presented as recommendations for community action with an analysis of their individual pros, cons and implications. In every best practice, there is an element of non-market financing to remove land from speculative investment. As seen in the case of West Town and the other case studies, businesses operate to serve local residents and their exit usually follows residential displacement. Thus, the following recommendations involve affordable housing strategies along with space for small businesses.

Community Land Trust

A community land trust (CLT) is a non-profit organization with open membership and an elected board of trustees. The trust purchases and holds the land, then leases to residents who own units on that land. The land lease period is long term and renewable, usually for a period of 99 years, which makes it affordable. Thus, residents are able to have ownership in the trust and pass the equity stake onto heirs. Also, resale value is limited so that the unit remains affordable to new buyers (National Community Land Trust, 2012). Two local examples are the Rondo Community Land Trust and the City of Lakes Community Land Trust. There are both pros and cons to implementing a land trust in the Cedar-Riverside neighborhood.

The pros of implementing a CLT are available resources and community-building potential. Financing for a land trust may be available through The Metropolitan Council’s Land
Acquisition for Affordable New Development (LAAND) program offered through the Corridors of Opportunity Initiative. The program requirements are that projects must be completed on parcels where adjacent land is planned to be developed by 2020, including commercial development; 20% of units must be affordable to households earning 60% of the area median income and 80% of the greater Minnesota area median income (Metropolitan Council, 2011). This program can allow the West Bank CDC to acquire and hold vacant property that is otherwise prohibitively expensive for future development. This will prevent the parcel from succumbing to speculative private investment and allow the existing community an affordable housing option. This could prevent commercial displacement as well if the land trust set aside units for small businesses. A CLT could be a community-building tool in the neighborhood, which will also help prevent displacement. One tenet of the CLT model is that a portion of residents must sit on the nonprofit board. This is a mechanism for the large renter population to acquire greater ownership in the neighborhood and build a stable, lasting community.

The downsides of implementing a CLT in the Cedar-Riverside neighborhood are the availability of capital and vacant land. Although funding is available through local government, this process is competitive and may not be sufficient to acquire the land for development. According to the San Francisco Federal Reserve, a CLT work best when the land is purchased without debt, as it lowers the annual cost paid by unit owners (Community Land Trusts, 2008). Another challenge to implementation is lack of vacant property available to be developed in the neighborhood. The location must be strategic and large enough to meet the demand for a mix of affordable housing and commercial space.

The implication of a CLT in the Cedar-Riverside neighborhood would be higher levels of community ownership and the prevention of resident and commercial displacement. In order to be successfully implemented, the West Bank CDC must work with the City of Minneapolis and other government agencies to identify the funds available for acquisition and vacant property to build on.

Community Benefits Agreement

A community benefits agreement (CBA) is a project-specific, negotiated agreement between a developer and a broad community coalition that outlines the project’s contributions to the community and ensures community support for the project. The agreement is a legally binding clause in the development contract in order to ensure its implementation (Partnership for Working Families, 2012). CBA’s empower communities, especially marginalized communities, by ensuring that development projects provide positive benefits such as affordable housing units, job training programs, local hire, youth programs, and environmental remediation.

The pros of CBA’s are their ease in securing positive outcomes for the community without public subsidy and coalition building experience for participants. A CBA can be attached to a City-issued Request for Proposals (RFP). If the City is willing to adopt the
agreement language, then it represents a simple mechanism for achieving community goals and preventing displacement. The City can ensure these goals are met without the bureaucratic process involved with grants or other subsidy programs, speeding up development process. CBA’s can also be a means to ensure community engagement in a marginalized community. As is seen in the Portland case study, the lack of sufficient community engagement among the African American community resulted in them not receiving benefits that were intended for the community as a whole. The process of creating a CBA must include a large number of stakeholders in the neighborhood who must all agree on the document. This process can result in building new or stronger partnerships among community members.

The challenges of CBA’s are effective leadership and holding a preferable bargaining position. The process of creating a CBA is dependent on the ability of leaders in the community to organize and build a coalition that agrees on a shared goal for the neighborhood. This process is difficult to accomplish without training and guidance from experienced practitioners if one is not already established in the community. Further, the community must have an attorney to ensure the final agreement is legally binding and in good order. A second challenge of CBA’s is to maintain a preferred bargaining position. The developer must feel compelled to sign the agreement, knowing that the project will not be accomplished without the community’s support. This means that the community and local government must work together in order to give the same message to the developer when a project is proposed. If these conditions are not met, the agreement could fall short of its intended goal and leave the neighborhood in an unfavorable situation with a project that does not meet the existing community’s needs.

If the West Bank CDC decides to implement a Community Benefit Agreement with a potential developer, the implication would be a win-win situation for both parties. The community will be able to secure affordable housing and/or commercial space to prevent displacement. A local example is the Longfellow Community Council, which signed a CBA in 2008; about seven years after the Hiawatha LRT became operational. The agreement came out of a community visioning process for TOD in the area, and stipulated that 30% of commercial space be set-aside for small businesses and that the developer use a local hire process to fill the space (Alliance for Metropolitan Stability, 2012).

**Tax Increment Financing**

Tax increment financing (TIF) is an economic development strategy that captures the increased property values within a district in the form of revenue for local government. This revenue is redirected from traditional taxing units to the TIF authority, which then appropriates the funds. Often, TIF is used to subsidize large development projects through bonding. There are two types of TIF district designations, redevelopment and economic development. In order to designate redevelopment, the presence of blight must be proven. The main feature of TIF is its assumption that the assessed value of property within the district will increase significantly over a relatively short period of time in order to repay the bond (Wayne County, 2012).
The positive aspect of designating a TIF district in the Cedar-Riverside neighborhood is the ability to direct the additional revenue from anticipated property value increases to prevent displacement. An economic development TIF authority could be created to support a business incubator or cooperative in the neighborhood. The district would legally mandate funds towards these projects, creating a reliable stream of money.

The main challenge of creating a TIF economic development district in the Cedar-Riverside neighborhood is the existing commercial market. The success of a TIF district depends on the strength of the commercial district. A weak retail market will not generate sufficient revenue to support the intended outcomes from the TIF authority (Policy Link, 2008). Another challenge is that economic growth within the TIF district may come at the expense of growth outside the TIF district. Thus, the additional revenue generated by the TIF district merely shifts the existing value of land from one area to another instead of creating new value (Dye, 2006). The final challenge of this policy is preventing the unintended consequences seen in other areas such as Portland.

Implementing a TIF economic development district in the Cedar-Riverside neighborhood would have varying implications. The tool is a powerful way to generate revenue for specific purposes, which means that the community must be engaged fully to ensure that intended outcomes are met. The success of the district might come at the expense of an adjacent location in terms of development opportunity, skewing benefit/cost analyses to produce outcomes that are not in line with stated community goals. For instance, a large retail project could be constructed without the support of a large customer base. In another case, the assessed property value may not appreciate as anticipated, or the initial value is too low to generate the needed revenue for projects in the neighborhood.

Limited-Equity Housing Cooperative

A Limited-Equity Housing Cooperative (LEHC) is similar to a land trust in that it is operated by a non-profit corporation who owns the building and the residents own a share of the corporation. The main difference between the two resident-controlled models is that the LEHC works best as a mechanism to convert government-operated public housing into an ownership vehicle for low-income residents. The key feature of an LEHC is the balance of equity accrual and long-term affordability. However, a significant amount of participation is required by residents to maintain the building. These can be converted from public housing, keeping rents affordable while creating an enhanced sense of community and ownership.

The positive aspects of an LEHC are similar to those of a CLT. The low-income community is able to build equity and a sense of ownership collectively, which can mitigate some of the risk of individual homeownership. The LEHC has an advantage over a CLT because it converts a building from one operating model to another without having to purchase land. This can make the model feasible for an organization such as the West Bank CDC by reducing
the acquisition cost. The LEHC is resident-owned, so the corporation can decide to include commercial space within the building, preventing displacement among business owners.

There are fewer challenges to a LEHC than a CLT because the land acquisition piece is removed from the formula. First, financing a LEHC requires subsidy from local government or foundations in order to maintain affordability. Second, the building must have a minimum of 50 units in order to be eligible for federal government subsidy. Third, the non-profit corporation operating the LEHC must be properly trained in management, finance, and accounting in order to ensure its stability. Finally, there must be adequate participation from residents and strong community support for the LEHC, as it is a form of collective ownership (Policy Link, 2012).

The policy implications of a LEHC are to prevent displacement of the existing community and build social capital through collective ownership. The West Bank CDC could use the following local government financing mechanisms to implement this project in the Cedar-Riverside neighborhood. First, an economic development TIF district could be created to generate the funds needed for acquisition. Second, the City of Minneapolis’ Affordable Housing Trust Fund provides funds to “help finance the production and the preservation/stabilization of affordable rental housing projects (City of Minneapolis, 2012). The main challenge to implementing non-market housing such as a LEHC is financing. Thus, property and/or land must be acquired prior to substantial increases in value take effect.
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