

A Guide for Future Residential Development In Elliot Park Neighborhood

Adopted by the Board of Directors of Elliot Park Neighborhood, Inc. (EPNI)

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Introduction

Rather than serve as a prescriptive set of guidelines, this overview of the housing potential in Elliot Park neighborhood is responding to the present period when private markets are essentially the only significant force driving new home construction. Gone are the various programs, both federal and local, that once helped leverage housing development in urban core neighborhoods. These included programs sponsored by such federal agencies as HUD and such local innovative initiatives as the Minneapolis Neighborhood Revitalization Program that helped boost housing development between the 1960s and 2000. What consequence, then, can be given to EPNI creating a set of “guidelines” to direct residential development when non-profit leverage and public stimulus monies are no longer truly significant factors? Except for the occasional beneficence of foundations and access to very limited low income housing tax credits by non-profit development agencies, community-based housing development is at the mercy of private market *pro formas*.

Therefore, this document, after giving a brief history of housing patterns in Elliot Park neighborhood and a description of current (2013) housing market conditions, will offer some observations and principles by which EPNI may attract and guide future residential development. These observations and principles are the result of determinations made by an EPNI Housing Guidelines Task Force of some six community volunteers who evaluated information from various sources in order to evolve a picture of housing needs in Elliot Park neighborhood. Characteristics and qualities of prospective new housing in Elliot Park for the upcoming decade or so will be discussed here in terms of Density, Demographic, and Design.

A primary resource for the task force was a set of coded maps created by students in a graduate-level Geographic Information Systems (GIS) class at the University of Minnesota’s Humphrey Institute. EPNI submitted a proposal to Instructor Jeff Matson to have a thorough demographic profile of housing characteristics in the neighborhood mapped out in order that our task force might readily see what patterns emerge in clear graphic presentations.

The GIS students accessed a wealth of demographic data to compose the maps. But other resources were used, especially by EPNI staff in preparation for and to supplement interpretations of the GIS mapping. These sources, used as reference throughout this Guide, include: *The Elliot Park Master Plan (2002)*; *The Downtown East/North Loop Master Plan (Minneapolis CPED 2003)*; *The Centennial Commons: Elliot Park Neighborhood Design Guidelines (2008)*; *An Economic Analysis of Downtown East and Elliot Park Neighborhoods (East Downtown Council & Minneapolis CPED 2010)*; *Minneapolis East Downtown Parking Lot Study (Minneapolis CPED 2013)*; *Baseline Housing Measures Report (McKnight Foundation 2011)*.

Historical Profile of Housing in Elliot Park

Non-Native American settlement patterns in the area now identified as Elliot Park neighborhood began with scattered pioneer buildings in the mid-nineteenth century. By the 1870s most of the area had been platted, and by the 1890's the rapid growth of Minneapolis and the fact that Elliot Park was the only Downtown neighborhood with its own parks made it a fashionable area in which to live. Mansions sprang up along Park Avenue; and many of the buildings making up the present South Ninth Street Historic District (multi-family brownstone row residences for the new managerial and working classes) were built. Maximum residential density was reached between 1890 and the 1920s as rising land values spurred the construction of apartment buildings and apartment hotels. By mid-twentieth century, Elliot Park was characterized by residential and small business structures that congregated to fill most blocks at mostly three-to-four story heights. Throughout this period, the residential demographic of Elliot Park neighborhood reflected middle and lower middle class families and single workers closely associated with Downtown core industries and businesses.

By the 1960s the neighborhood still retained some commercial nodes (notably along Chicago Avenue and Tenth Street), but its appearance and feel had become somewhat scruffy. Elliot Park became more and more of a transient neighborhood and large parcels of property were cleared of buildings to make way for either surface parking lots or expanding institutional mega structures. In the 1970s and 80s government programs to rehabilitate and build reasonably priced housing helped the neighborhood organization save a number of threatened older residential properties. The Neighborhood Improvement Company (NIC) was formed which renovated or constructed over 500 residential units, including housing for seniors, Section 8 renters, as well as moderate-income co-ops and condominiums. Elliot East condominiums and Old Town In Town (an equity co-op), both contributing 19th century brownstone buildings in the South Ninth Street Historic District, were restored and protected as housing resources. And in the late 1980s Central Community Housing Trust (now Aeon) was formed as a non-profit affordable housing development corporation, which saved a number of neighborhood buildings from demolition and restored them to rental housing. Aeon has since built several new low-income apartments to supplement their stock of older renovated buildings and now owns and manages some 1000 units in Elliot Park neighborhood.

During the 1990s, EPNI took advantage of funding from the Neighborhood Revitalization Program (NRP) to both provide leverage monies for new housing and loan programs for housing improvement. Most notably, East Village Apartments and Grant Park Homes used EPNI gap financing grants to add a total of more than 500 units of home ownership, low income and market rate rental housing. And during the housing boom of the early 2000s, the condominium market expanded in Elliot Park both through new build developments such as Skyscape and rehabilitation of historic residential brownstones such as the Lenox. By 2007 it appeared that Elliot Park neighborhood's residential population would continue to grow faster than almost any other neighborhood in Minneapolis.

Present Conditions and the task of the Housing Task Force

In fact, Elliot Park (always considered a “marginal” neighborhood for potential gentrification) was the first and hardest hit of the Downtown neighborhoods by the housing bust. Except for Aeon’s low income rental Alliance Addition virtually no new housing has been put on the market in the past five or six years. Despite the acknowledged renaissance of Downtown living, Elliot Park neighborhood has been ignored by the market during the past few so-called “economic recovery” years. Remaining housing leverage programs such as those once available through the NRP have been de-funded and scrapped. The complex of underutilized yet over-priced land (such as that used by surface parking lots), an almost overwhelming big institutional footprint (Hennepin County Medical Center, North Central University, Augustana Care), and a reputation for hosting a poor and transient population accessing social services, appears to continue to impede new housing prospects in the neighborhood. Anyone familiar with the neighborhood over a period of years can note these conditions just from observational experience.

In 2012, to implement one of the goals of EPNI’s latest strategic action plan, a housing inventory was undertaken to test the experiential and observational assumptions about the character of residential settlement in Elliot Park neighborhood. The inventory was a research project, which then spawned the formation of the Housing Guidelines Task Force that would formulate some kind of guidelines to define and direct future residential development in Elliot Park. A number of well-researched resources provided orientation and data to measure against the goals for housing development as stated in EPNI’s master plan and the 2013 Revised and Adopted 3-5 Year Strategic Plan. Pursuing diversified housing opportunities is the first Focus Area in that plan, with the stated outcome to be: “Elliot Park is home to a diversity of residents through development of mixed market housing that complements the historic nature of Elliot Park” (*detailed goals and strategies can be reviewed in the Strategic Plan, pages 2 through 4*). Specifically, recent studies such as the McKnight Foundation’s Baseline Housing Report and the CPED-sponsored Economic Analysis of Downtown East and Elliot Park provided current market and demographic data. And the just-issued *Minneapolis East Downtown Parking Lot Study* has provided a thorough forensic on what drives land use in Elliot Park and presents several case studies, prospective property development *pro formas*, and recommended strategies for bringing development to the district and the neighborhood.

As mentioned, the most revealing resource was the GIS mapping created by the Humphrey Institute class. Nine maps were produced to meet the requirements that EPNI specified to provide informational profiles on housing patterns in Elliot Park. As EPNI staff and the housing task force studied the maps, a gestalt seemed to emerge that would help formulate some provisional conclusions about the character of the neighborhood and the kind of residential population that would best serve the future of Elliot Park both socially and economically. The following observations and recommendations on housing in Elliot Park are the result of reconciling what is apparent in graphic representation with what is observed, what is known through the data, and EPNI’s strategic planning goals for housing development.

(Readers are invited to access these maps themselves at this point, before proceeding with the rest of this report. Also, for a brief encapsulation of the latest demographic data on Elliot Park that can be referred to while reading, access the Minnesota Compass neighborhood profile of Elliot Park issued in 2011 after the 2010 census:

<http://www.mncompass.org/pdfs/neighborhood-profiles/Minneapolis-ElliotPark-102011.pdf>).

- An anomaly puzzling to all trying to reconcile the 2010 Census statistics with housing development in Elliot Park between 2000 and 2010: the 2000 Census indicated a residential population of 6,476; the 2010 Census number is 6,693, despite the fact that at minimum it is estimated some 700 plus new housing units (with nearly 90% occupancy rate) were added to Elliot Park since 2000. A likely more accurate population number of 7,586 are given at real estate market-based City- Data: <http://www.city-data.com/neighborhood/Elliot-Park-Minneapolis-MN.html>. It could be that the 2010 Census missed many households, especially considering the composition of so much of the neighborhood population, which includes students at North Central University, residents of Augustana Care, and the burgeoning East-African/Somali population.
- Much the same can be said about statistics reflecting the low “household income” of Elliot Park neighborhood. Again, does household income necessarily reflect accessible assets, though not necessarily earned income, in a neighborhood with a large number of students and nursing home residents?
- The number of workers employed in neighborhood institutions and businesses would appear to nearly equal the residential population. This is not the same of course than the number of employed residents in Elliot Park. Hennepin County Medical Center alone, it is estimated, employs between 5,000 and 6,000 workers. What does this unique demographic imply about the potential for retail development in the neighborhood, given we are talking about the buying power of an employment force as well as residents?
- What does this large workforce in the neighborhood suggest for future housing development?
- Contrary to cursory perception, the amount of “vacant” land (including parking lots) in most of Elliot Park neighborhood consists of parcels less than one acre in size. The exceptions, such as the Thrivent parking lot block, the three-quarter block parking lot of Kraus Anderson, and the half block Smith commercial parking lot on Chicago Avenue, because of location present mostly different potential development scenarios other than housing. The GIS maps illustrate that in fact by far the greatest density of housing in the neighborhood exists in the sectors south of Ninth Street.
- In addition, the footprint of institutions in Elliot Park is enormous (see GIS map “Elliot Park Major Institutions Locations”), dominating land use in northern and eastern sectors of the neighborhood. In some ways, this pattern suggests two distinct Elliot Park neighborhoods: one north of Ninth Street and east of Chicago Avenue; another to the south and west, bordering on the I-35 freeway and the downtown core respectively.
- The Elliot Park poverty rate and median household income level appear woeful. The median household income in 2010 was \$27,700, although it has been consistently rising over the years. Over two-thirds of housing units consist of non-family or householder living alone. The Black/African American population is 34%, with the total “minorities” population at about 45%

- The GIS maps illustrate that fully half of the total residential units in Elliot Park can be defined by “affordable housing” measures (housing which costs are to some extent subsidized). The percentage of rental units is still around 90%, despite the addition of new ownership housing since 2000. This ownership housing is confined mostly to the condominiums west of Park Avenue and a concentration of single family homes on a few in the “southside” sector of the neighborhood.
- Residential density of Elliot Park, although much declined in the past half-century, is still nearly three times that of the city as a whole, and is markedly concentrated in the southern and western sectors of the neighborhood.

Conclusions and Recommendations

Based largely on the observations above as well as on what is known about current housing markets, the Housing Guidelines Task Force made a number of suggestions regarding how EPNI might guide future residential development.

Density

During EPNI’s master planning process, the urban design consultant team estimated that Elliot Park neighborhood could likely sustain up to three times its residential population at that time (approximately 6500 in year 2000). Increased density of housing would achieve a number of desirable goals specified in the Master Plan and EPNI’s most recent Strategic Action Plan. Infill development is critically needed to eliminate the large amount of acreage presently occupied by surface parking lots. Development on these surface parking lots would mend the fractured and vacant urban fabric of Elliot Park, creating occupancy and connections that would restore vitality to languishing sectors of the neighborhood. Such development would also bring passive properties back to contributing use, increasing the tax base and the diversity of residential and retail opportunity in Elliot Park.

Some principles and strategies for achieving these goals would include:

- Limited non-profit institutional or social services land use expansion in order to prioritize bringing a more durable tax base to the neighborhood.
- Residential development should be prioritized because increased housing density will attract more neighborhood retail and business investment.
- Generally speaking, as EPNI’s planning initiatives have indicated, residential density (in terms of population per block) can be increased in the “Downtown Sector” of Elliot Park (roughly west of Park Avenue and north of Grant or Tenth Avenues) and decreased as one proceeds into the Centennial Commons sector and Park Commons eastern sector.
- More residential density in Elliot Park must be guided by the principles governing the design of buildings, city blocks, and district networks presented in EPNI’s various planning documents in order to achieve the best balance between housing, greening, public spaces, retail services, and pedestrian and transit connections.

Demographic

What kinds of residential populations are anticipated and desired in Elliot Park? This involves a broad range of demographic issues concerning not only household incomes and occupancy, but

also economic conditions in the neighborhood. Measured by income, Elliot Park remains, according to census data, one of the poorest of Minneapolis neighborhoods, with a median household income of \$27,806 in 2011, compared to \$46,689 city-wide. Income per capita is around \$17,000 in Elliot Park versus nearly \$30,000 for all of Minneapolis. This translates into a poverty level of nearly 38% compared to about 17% for the city as a whole. Racially and ethnically Elliot Park is one of Minneapolis' most diverse neighborhoods, with a 47% non-white population. And despite the increase in home ownership condominium units since 2000, the percentage of renters in Elliot Park is about 85%, fifty percent of which are classified as "cost burdened," which basically means that they are paying so much in rent that they cannot afford reasonable outlays for such things as food, clothing, transportation.

This fundamental data, plus more regarding employment, occupations, vehicle ownership, educational attainment and such suggest some parameters within which to plan for future housing development in Elliot Park.

- The median rent paid for apartments in Elliot Park is about \$560 compared to \$730 for Minneapolis as a whole. (These numbers are increasing markedly in 2013 as rental market vacancy rates decline below two percent). Elliot Park historically has had a quality stock of so-called "affordable" rental housing, largely due to the extensive portfolio of units Aeon has developed and maintained. As long as these properties are locked into the 15- 20- 30-year Low Income Housing Tax Credits financing, they will remain affordable compared to market rate rental.
- More market rate residential, both owner and rental, should be welcomed to the neighborhood in order to continue to raise household incomes that will in turn attract more retail and commercial services. The "complete community" Elliot Park aspires to become as defined in EPNI planning documents cannot be realized if income levels and poverty rates remain as presently constituted.
- A true mix of housing types and costs across the spectrum is appropriate to Elliot Park's status as an inner urban neighborhood located so centrally to the Downtown business core, the thriving Riverfront, and the University of Minnesota West Bank. The stereotypical issues of "gentrification" and "affordable" housing (see note in succeeding section) should not direct the development of housing choices in the neighborhood.
- In siting new housing it is important that a divided neighborhood does not evolve, segregated by household incomes. EPNI should work with housing policy agencies and organizations to help make possible more residential development that involves the integration of diverse household profiles.
- A major goal of "Intersections: Downtown 2025 Plan" by the Minneapolis Downtown Council is to double the downtown neighborhoods population in the next twelve years. The existence of under-utilized land in Elliot Park should be an incentive to attract much of the new housing development into the neighborhood and all of East Downtown. EPNI should collaborate with efforts to make the necessary land use, market and regulatory changes to ensure new residential, affordable to all, is easier to develop.
- Consider both existing and potential new populations for enhancing the residential base of the neighborhood. Given Elliot Park's proximity to so many Downtown businesses and amenities, the neighborhood should be attractive to those who wish to live as well as live and work in the urban core. A potent latent pool of future residents in Elliot Park is represented by the employment market. Hennepin County Medical Center alone

employs some 5,000 workers on different shifts throughout the day. How many of these might wish to conveniently live in the neighborhood in which they work?

- Follow the changing demographics and markets while still adhering to EPNI's stated goal: "Elliot Park is home to a diversity of residents through development of mixed market housing that complements the historic nature of Elliot Park." New urban trends such as transit oriented development, living and working downtown, households with children, corporations wishing to locate in downtown cores, accessibility to health services, and growing senior and student/entrepreneur populations all offer opportunities for customizing future housing development in Elliot Park. The standard one-bedroom- with -garage stall ownership or rental residence is no longer a one size fits all accommodation appropriate to anticipated and desired markets for downtown living. Studio sized units and family-friendly designed residences will be necessary to both attract and retain a population along the entire socio-demographic spectrum.

Design

- The "Elliot Park Neighborhood Urban Design Guidelines: The Centennial Commons" should be used to guide the site placement and design elements of housing development. The guidelines describe an integrated system of development at the building, block, and district levels. The South Ninth Street Historic District buildings are used as touchstones in terms of such building characteristics as street face and façade, height, scale and materials patterns. But adaptation to the requirements of the 21st century neighborhood, such as building height relative to placement on the block to accommodate residential density, also are specified in the neighborhood design guidelines. In addition, residential development to fill in the many gaps in the current neighborhood fabric must also contribute to creating interconnecting blocks by means of through-block pathways and courtyards, a lively and welcoming pedestrian environment, and openness of access to sidewalks and the public realm.
- New housing also should strive to meet the standards of sustainability in their materials and functions. LEED (Leadership in Energy & Environmental Design) building certification is a laudable goal, but not always achievable or meaningful outside a more district-wide application of sustainable development practices. For this reason, at this juncture in the neighborhood's development, following the broader guidelines of LEED ND (LEED for Neighborhood Development) in building new residential is recommended. LEED ND offers broader categories for defining sustainability, including measurements of affordability, diversity, access to public transit and green amenities.

A Note on Affordable Housing

The issue of affordable or low income housing has long been of major importance to Elliot Park Neighborhood. Elliot Park hosts one of the largest percentages of affordable household units in the Minneapolis St. Paul metropolitan area. The GIS map of "Elliot Park Affordable Properties" indicates that fully half the household units in the neighborhood can be classified under some category of "affordable" housing. But these numbers are only the surface reflectors of a much more complex matter when referring broadly to "affordable housing." The first thing to ask when one speaks of "affordable" housing is: "affordable to whom?" Certainly it appears that quarter million dollar condominium units are "affordable" to those who own them. But if you

use the standard formula for determining housing affordability of roughly 30% of median gross household income, it could very well be that many more expensive market units might not fall into the range of being “affordable” in relation to a household’s income. A residential ownership market that is unstable can be more disastrous for the economic health of a community than a stable affordable rental market, as we recently have witnessed.

Generally the Housing Guidelines Task Force concluded that a diversity of housing choices should be the overall goal of new residential development in Elliot Park. Acknowledging the vicissitudes that govern the housing market, and acknowledging that there is more to the question of “affordable” housing than the generic categorization denotes, some preliminary observations and recommendations for directing decisions about what kinds of affordable housing to welcome to Elliot Park include:

- All affordable housing is not the same. A neighborhood such as Elliot Park that is home to so much quality “low income” housing must understand the variety and spectrum of affordable housing choices. First, whether realistic or not, recognize that by definition for financing and development, “affordable” housing is formally described as not costing more than 30% of gross household income.
- The standard for measuring is determined by the *median* gross annual income of a statistical area. In the case of Minneapolis/St.Paul/Bloomington, that number, adjusted for inflation, in 2012 was \$66,282 real median household income (median family income, another statistical category, is \$82,255). This means that a monthly cost for housing must be no higher than about \$1600 to qualify for definition as affordable. Housing that is not deemed affordable is then defined by various percentages of unaffordability.
- In the complicated world of affordable housing development, classifications of affordable housing generally range between low- income Section 8 subsidized housing (below the 30% level) up to households with 80% of median income. For example, then, a household income of about \$53,000 annually in Minneapolis might still qualify for some affordability subsidy.
- Residential treatment housing, transitional housing, supportive housing are different kinds of temporary social service-based accommodations and are not the same as affordable, low-income, or subsidized housing. These facilities are governed by entirely different sets of rules and regulations usually prescribed by local-state departments of health and human services. It is critical for the neighborhood to appreciate the differences between these and affordable residential housing developments. And in some cases, which do exist in Elliot Park, it is crucial to appreciate how some housing can offer long-range residency as well as availability to social services provided by outside agencies and organizations.
- Rather than try to become expert in the *pro forma* of affordable housing development, Elliot Park residents and workers should, when considering housing proposals, familiarize themselves with the categories defining affordable housing. Using the resources of Minneapolis CPED Housing Development Division is the best way to do this. Also, our citizenry can be educated on how affordable housing is developed by consulting local affordable housing developers with sterling reputations and a historical presence in Elliot Park, such as Aeon, PPL, Brighton, and Common Bond.

- One of the unique characteristics of Elliot Park neighborhood is its stock of quality affordable rental housing. When responsible developers create affordable housing by using the various sources of low-income housing financing there are distinct advantages, which include commitments to: 1) maintain the housing as affordable for a period of years (usually between 15 and 30) through use of low income housing tax credits; 2) to well manage and maintain the properties, as opposed to for-profit absentee landlords who might exploit the market for low-income housing by offering substandard properties.
- A primary objective for Elliot Park neighborhood is to attract more market-rate and ownership residential development that will raise the economic profile of the neighborhood and encourage more retail services that will help make available for residents of all income levels the amenities of a truly complete community.
- Future affordable housing development should focus on projects that offer independent living and on residential markets with the most potential in Elliot Park neighborhood. This, for example, could include reasonably priced housing for workers at such large institutions as Hennepin County Medical Center who may wish to live close to their place of employment without incurring commuting costs. More senior housing and student housing is a large potential market in Elliot Park that defy the conventional categorization of “low income.” Such residential can be “affordable” while still representing deeper, non-income based wealth.