



Minnesota

FUTURE OF THE KMART SITE

Getting to a different outcome

Technical Assistance Panel, March 13 -15, 2023



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ON THE COVER: An aerial view of the study area.
(Google Earth)



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About the Urban Land Institute

The Urban Land Institute is a global, member-driven organization comprising more than 49,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide. ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific region, with members in 81 countries. ULI's extraordinary impact on land use decision-making is based on its members' sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns. Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. Drawing on its members' work, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at uli.org. Follow ULI on [Twitter](#), [Facebook](#), [LinkedIn](#), and [Instagram](#).

About ULI Minnesota

ULI Minnesota was founded in 2001 to serve the Minneapolis-Saint Paul region and the state of Minnesota. Our members are involved in all aspects of the development and city planning process – private, public, and non-profit. Membership in ULI Minnesota includes the research and resources of the oldest and largest network of cross-disciplinary real estate and land use experts in the world.

We are led by our local membership and work to engage public and private sector leaders to foster collaboration, share knowledge, and influence meaningful strategic action in the responsible use of land to create and sustain thriving communities. The mission of ULI Minnesota is made possible by the generous contributions of time and talent made daily by our membership.

ULI District Council Leadership

Lynette Dumalag, Founder, Sitio-Purok

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ULI Advisory Services: National and Global Programs

Since 1947, the ULI Advisory Services program has assembled well over 700 ULI-member teams to help sponsors find creative, practical solutions for complex land use challenges. A wide variety of public, private, and nonprofit organizations have contracted for ULI's advisory services. National and international panelists are specifically recruited to form a panel of independent and objective volunteer ULI member experts with the skills needed to address the identified land use challenge. The program is designed to help break through obstacles, jump-start conversations, and solve tough challenges that need an outside, independent perspective. Three- and five-day engagements are offered to ensure thorough consideration of relevant topics.

An additional national offering is the project analysis session (PAS) offered at ULI's Fall and Spring Meetings, through which specific land use challenges are evaluated by a panel of volunteer experts selected from ULI's membership. This is a conversational format that lends itself to an open exchange of ideas among diverse industry practitioners with distinct points of view. From the streamlined two-hour session to the "deeper dive" eight-hour session, this intimate conversational format encourages creative thinking and problem solving.

Learn more at americas.uli.org/programs/advisory-services.

Technical Assistance Program (TAP)

Urban Land Institute harnesses its members' technical expertise to help communities solve complex land use, development, and redevelopment challenges. Technical Assistance Panels (TAPs) provide expert, multidisciplinary, unbiased advice to local governments, public agencies, and nonprofit organizations facing complex land use and real estate issues. Drawing from its professional membership base, ULI offers objective and responsible guidance on various land use and real estate issues ranging from site-specific projects to public policy questions.

ULI Advisory Services identify creative, practical solutions for complex land use and development challenges.

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Panelists tour the area surrounding the study site.

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Panelists and community members discuss the neighborhood assets and community goals.

EXECUTIVE SUMMARY

The City of Minneapolis, having reacquired the 10-acre site at the junction of Nicollet Avenue and Lake Street in South Minneapolis, aims to reconnect Nicollet Avenue and explore redevelopment options that benefit the existing socioeconomically and culturally diverse community. The panelists were tasked with recommending strategies to mitigate displacement pressures while capturing positive impacts for existing stakeholders. They analyzed displacement pressures, studied successful strategies from other developments, and assessed the potential positive impacts of new development. They also explored wealth creation opportunities for low-wealth individuals and communities near the study area.

By conducting background research, demographic analysis, site visits, and stakeholder interviews, the panelists gained valuable insights into the study area's characteristics, challenges, and potential. The collected input informed their recommendations for the New Nicollet Redevelopment. During the initial days of the TAP, key themes and considerations emerged for the former Kmart site's redevelopment.

The study area's neighborhoods were recognized for their diversity and assets that could serve as a foundation for inclusive redevelopment. These assets included vibrant retail corridors, diverse communities, and cultural institutions. The panel emphasized the existing community's strength, including the underestimated wealth within immigrant communities due to intentional disconnection from traditional financing systems. They also emphasized the importance of understanding the nuances between neighborhoods and cultural communities for future engagement and development.

Local residents and stakeholders expressed excitement about the site's potential but stressed the need for meaningful community engagement that establishes trust and moves past specific engagement interactions to robust and continued participation. Throughout the process, stakeholders highlighted tensions and trade-offs that require acknowledgment and balance. These included concerns about safety, parking, the scale of development, wealth-building versus affordability, and differing definitions of ownership. Trust in both the City and major developers was identified as a challenge, with concerns about prioritization, breaches of community trust, and superficial

community benefits. Addressing these concerns head on and understanding the context of the site and the community will be important to overcoming these dynamics.

Displacement pressures on the site are increasing and widely felt, particularly among residents. Escalating rental rates and the presence of upwardly mobile demographics exert slowly building pressure on lower-income households and communities of color. Given that over 75% of housing units in the study area are rentals, population changes can occur rapidly. Paying close attention to displacement and implementing proactive measures are crucial for maintaining community well-being and inclusivity throughout the redevelopment process.

The panelists established five guiding principles for their recommendations, urging the City to prioritize them:

- Approach decisions with humility.
- Embrace complexity and incremental progress.
- Address systemic imbalances and inequities.
- Broaden the decision-making process and the scope of solutions by expanding the questions beyond the single site or a focused objective.
- Value community effort, input, and assets appropriately.

Recommendations

Overall, the panel's recommendations emphasize community voice, inclusive decision-making, and proactive strategies for investment and wealth generation to ensure the redevelopment benefits the existing community. These

recommendations cut across both anti-displacement and community wealth-building themes.

1. *Create a community governance partnership that can steer redevelopment and empower community stakeholders from the earliest stages of the process.*

By creating a community-oriented entity to govern the land disposition process and coordinate redevelopment, the City would be placing community leadership at the heart of this redevelopment. This would be a quasi-government entity, which would need to be authorized by the Minnesota Legislature, tasked with determining development principles, facilitating communication between developers, and providing ongoing community engagement and wealth-building opportunities. The panel recommended several potential sources of funds, public and philanthropic, to support both operating and development expenses. This approach is not an accelerated path to development – it assumes a gradual process over several years with full build out likely a decade away.

2. *Set the framework for a granular approach to development rather than seeking a Master Developer.*

The panel strongly recommends a different approach for the redevelopment of the site, shifting away from the traditional master developer model. Instead, they propose the community governance partnership above guide a gradual development process. This approach would involve soliciting a pool of potential developers through a Request for Information/Qualifications (RFI/RFQ), allowing for smaller parcel sizes and diverse project scales. This would support prioritizing underrepresented communities and involve a public-private community board in decision-making, deviating from the control of a single master developer. This alternative approach aims to address the challenges of the traditional model and promote inclusivity and flexibility in the redevelopment process.

3. *Actively seek opportunities to build community wealth, buy-in, and voice at each step in the development process.*

The development process presents various opportunities for wealth creation and economic growth that can be harnessed to address racial disparities. Economic

opportunities, such as workforce development and career pathways, can improve stability and quality of life without necessarily increasing wealth. Beyond construction, opportunities for wealth creation continue through land development and management, which can be facilitated by supporting emerging developers and establishing culturally sensitive property management firms. By focusing on both economic opportunities and wealth building throughout the development process, it is possible to promote equity and address racial gaps.

4. *Implement culturally competent models of ownership and financing that reflect a multi-cultural and multi-generational community.*

Different models of ownership and wealth-building are needed to fully reflect the community in this area. Panelists recommend several different models for exploration, including Neighborhood Investment Trusts and crowdsourced financing to support new developments; Community Land Trusts, Condos, and limited-equity cooperatives to enable a lower barrier to ownership opportunities; and lending circles and Islamic-compliant financing practices that respond to critical community needs.

5. *Acknowledge, value, and preserve the human and physical assets already in the community.*

Valuing the time, talent, and passion of community members is crucial, and they can be compensated for their contributions through feedback sessions and community committees. This includes supporting neighborhood pride, diversity, and solidarity by allowing existing residents to tell their own story through community branding and storytelling campaigns. Special attention should be given to “third places” where communities gather, ensuring their protection and providing supports during construction disruption. Additionally, preserving naturally occurring affordable housing (NOAH) is essential, as it offers cost-effective alternatives to new affordable housing. Strategies for NOAH preservation include expanding programs like the 4D program, increasing funding for the NOAH Preservation Fund, engaging with existing owners, supporting tenants with organizing and resources, monitoring vulnerabilities, and exploring protections for low-income homeowners.

THE TASK: BACKGROUND AND SCOPE

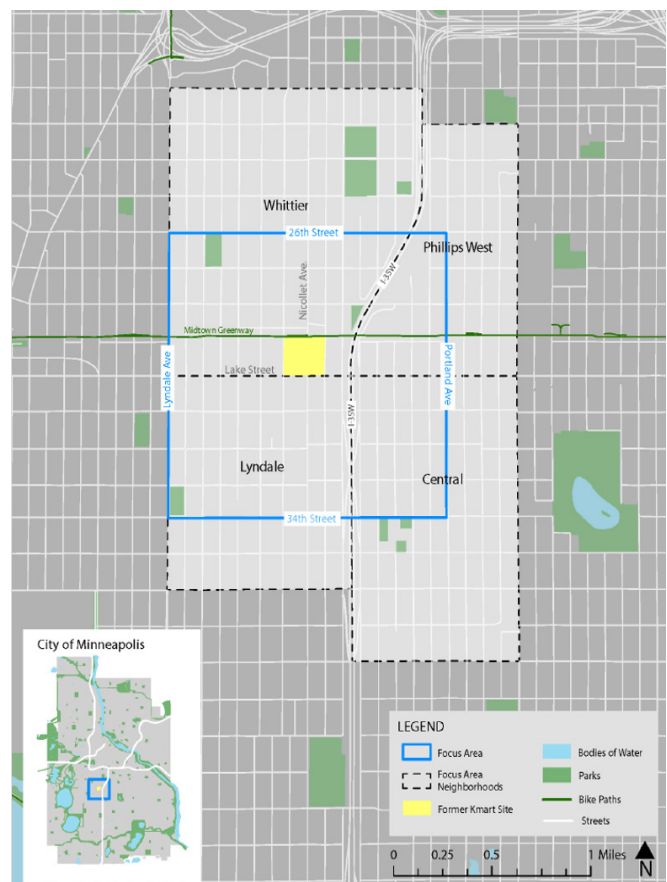
Background

In 1972, the City of Minneapolis purchased two full city blocks, spanning a total of 10 acres, located between the current Midtown Greenway rail trench, Lake St, 1st Ave, and Blaisdell Ave. The acquisition aimed to revitalize the area, which had experienced increased commercial vacancies due to white flight and store closures. Four years later, the City sold the property to a real estate owner who leased properties for Kmart stores across the country.

As part of the deal, the City agreed to close Nicollet Ave to allow for the construction of a large surface parking lot in front of the building. The closure of Nicollet Ave disconnected the Nicollet and Lake commercial corridors and reoriented the flow of pedestrian and vehicular traffic. Moreover, the Kmart failed to revitalize the surrounding area or bring in any other larger scale commercial developments. Just over a decade later, recognizing the mistake, the City Council established the Nicollet-Lake Task Force to examine the reopening of Nicollet Ave at Lake St and explore redevelopment options for the intersection, but it took until 2020 for the City to regain control of the site and signal its intent to redevelop the 10-acre area and reconnect Nicollet Ave.

This TAP comes in the middle of a [robust community engagement process](#) to explore the needs and opportunities of the reconnection. The City of Minneapolis tasked the Panelists with looking deeply at this site and the four neighborhoods it connects, with a focus on anti-displacement and community wealth-building. Anti-displacement efforts aim to prevent the involuntary displacement of individuals and communities, particularly those who are vulnerable to economic, social, or racial disparities. Wealth-building focuses on opportunities for individuals and for communities to accumulate and deepen assets and resources.

The link between anti-displacement and wealth-building lies in their shared goal of creating inclusive and equitable communities. By preventing displacement and preserving affordable housing options, residents have the opportunity to build stability and retain their assets. Additionally, when



wealth-building strategies are integrated into community development efforts, individuals and communities can access resources and opportunities to build wealth, generate income, and improve their overall economic well-being.

To understand the displacement concerns and wealth-building opportunities comprehensively, panelists embarked on a thorough examination of the study area, which encompasses portions of the Whittier, Lyndale, Phillips

West, and Central neighborhoods. This investigation involved reviewing extensive background research, analyzing demographic data, visiting the area to observe the physical and social landscape, and engaging in meaningful stakeholder interviews. By employing this multifaceted approach, the panelists gained valuable insights into the unique characteristics, challenges, and potential of the study area. Such an in-depth understanding served as a foundation for developing informed strategies that address both the pressing issue of displacement and the opportunities for wealth-building within the community.

The study area is home to around 10,000 households, with a median household income of \$45,386, although there is significant variation in income levels from block to block, reflecting the socio-economic diversity of the neighborhoods. (For context, HUD's Area Median Income [AMI] for a family of four in the MSP Metro is \$124,900 and Minneapolis' median household income is \$70,099.) Economically, this is a vibrant and diverse urban environment, home to approximately 850 businesses that collectively employ over 10,000 people.

One notable characteristic of the study area is the vast range of housing typologies and price points available. From historic houses to modern apartment buildings to supportive housing, the neighborhoods offer a variety of housing options to support different preferences and budgets. However, rents have been consistently increasing over the past decade at a slightly faster pace than City averages, and this upward trend is projected to continue, posing affordability challenges for many residents. The area does benefit from excellent connectivity to public transit, allowing residents and visitors to easily navigate the neighborhoods and access other parts of the city. However, there are also significant physical barriers within the study area that can pose challenges to mobility and community connectivity – the former Kmart site itself being the largest north-south barrier, I-35W as the significant east-west barrier, and the busyness of Lake Street and natural divide of the Greenway as additional barriers.

Both before and after the Kmart development, small businesses have played a significant role in the study

area, which has a deep history of entrepreneurship. These businesses contribute to the local economy, provide employment opportunities, and add character to the neighborhoods. The presence of these small businesses reflects a legacy of community-driven economic development and highlights the resilience and resourcefulness of the residents. It also reflects the diversity brought by different immigrant communities over the decades. In the 1980s, East Asian immigrants established restaurants and grocery stores on Nicollet Avenue, several of which still exist today. Karmel Mall, an anchor for the East African community, was developed in 2005. It serves as a cultural and commercial center, offering a diverse range of shops, boutiques, restaurants, and services, as well as space for community members to connect.

The 10-acre site now under the City's control sits at an important crossroads. It is the junction of two major commercial corridors in Nicollet Ave and Lake Street. To the south, Lake Street is an emerging transit corridor, with a new multi-model transit hub at I-35 and future Bus Rapid Transit line (BRT) along Lake Street. To the north, the Midtown Greenway is an invaluable pedestrian and cyclist thoroughfare. The area has well-established business communities reflecting East African, Asian, and Latino communities, as well as others. The surrounding blocks have a mix of housing types, including public housing, shelters, and newly constructed apartments both affordable and market rate. There are nearby artistic and institutional anchors that enrich the neighborhoods, and an engaged community. The City has committed that the New Nicollet Redevelopment will "reconnect and serve the people who live here," and that it reflect and create opportunities for the existing community. This scope of work focuses on what is necessary to make that happen.

Convening Questions

The panel was tasked with two distinct but interrelated scopes, with supporting questions under each. These questions guided the stakeholder interviews and panel direction, leading to the development of a set of cross-cutting recommendations that addressed the core goals of both areas of work.

Anti-displacement: How do we mitigate displacement pressures facing residents and businesses in the area immediately adjacent to the former Kmart site while also capturing potential positive impacts of development for existing residents and businesses?

- What are the most critical displacement pressures facing residents and businesses in the study area and particularly in proximity to the site? What are the driving factors behind these pressures, and which are within the City’s ability to mitigate?
- Which targeted strategies (particularly place-based) have proven successful elsewhere at preserving the ability for current residents and businesses to continue living and working in major development areas and could be replicated for the Former Kmart Site?
- What are the potential positive impacts (e.g., increased accessibility, economic opportunity) from new development and how can those be measured and accrued most readily to existing residents and businesses?

Wealth building: What wealth creation opportunities does this development site provide, and how can the City deploy innovative strategies to ensure low-wealth individuals and communities, particularly those in proximity to the area, can benefit from those opportunities?

- What are the range and types of wealth creation opportunities created by such a development site (on the project site and in the adjacent study area)?
- What innovative or emerging approaches could enable community wealth-building opportunities on the development site, including alternative ownership structures?
- How can the City match wealth creation opportunities

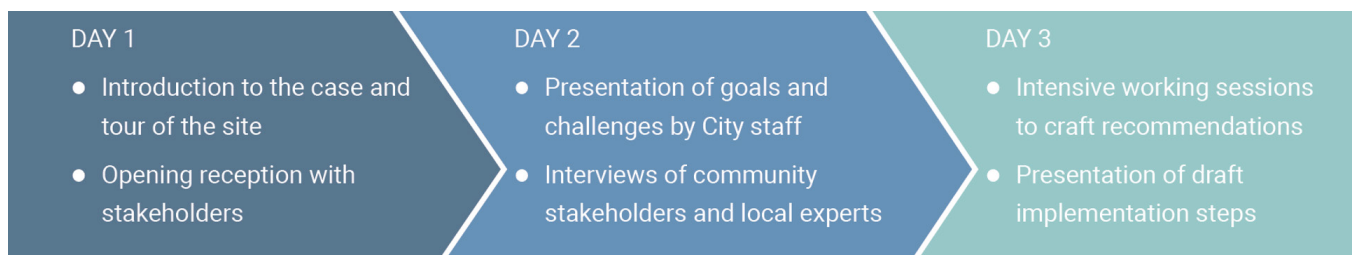
on the development site with low-wealth individuals and communities, particularly those already in proximity to the study area?

TAP Process

The TAP process, objective and instructive by design, equipped the panelists with briefing materials prior to the TAP work session, a half-day walking tour and site visits through the community, and interviews with stakeholders to help further inform the panel around the housing issues facing the city and their hopes for the future.

- The tour included all four neighborhoods in the Kmart site study area (Whittier, Lyndale, Central, and Phillips West), multiple housing developments, the commercial corridors of Nicollet Avenue and Lake Street, and two cultural malls – Karmel Mall and Plaza Mexico.
- The stakeholder interviews provided the panel with input from over 40 residents, city staff, area business owners, property owners, developers, community organizations and city council members.
- City staff and staff from the Whittier Alliance presented on the framing of the opportunity and the [community engagement](#) to date, including the [Desired Outcomes](#) document.
- Additional analysis was contributed by JLL and Cushman Wakefield, to assess the market conditions, trends, and pressures, and provided to the TAP panelists.

The background materials, market analysis, site tour, and interview insights all deepened the panelists’ knowledge of the issues facing the City and the New Nicollet Redevelopment. Collectively, this input informed the approach that the panelists took when making their recommendations for this report.



ASSESSMENT AND OBSERVATIONS

Qualitative Assessment

During the first two days of the TAP, Panelists spoke with dozens of local residents, business owners, and community stakeholders. Through these conversations, several key themes emerged.

1. Most people feel a deep energy and excitement about the potential of this site.
 - a. The former Kmart site is large enough to allow for many opportunities, but the goals and hopes are equally large and the site may not be sufficient for the expectations for community and cultural centers, entrepreneurial opportunities, affordable housing, and wealth-building goals. Managing those expectations will be critical, and transparent communications will be a key enabler.
 - b. While the TAP focus was on the site, the surrounding area will feel the impact from whatever happens there, both in opportunity and risk, and the displacement conversation is about the surrounding area.
 - c. People are ready to show up effectively and earnestly in this process, but there is also engagement fatigue and a frustration that it's not clear how or whether the feedback will actually be used.
2. These neighborhoods form a strong and diverse community with many assets that can be the foundation for an effective and inclusive redevelopment.
 - a. These assets include:
 - i. Strong organic 'bones' of retail corridors with an ecosystem of entrepreneurs;
 - ii. Dense and vibrant surrounding neighborhoods;
 - iii. Critical mass of diversity, and a 'diversity of the diversity' which is a powerful and uncommon opportunity; and
 - iv. Additional assets in the arts and cultural institutions which could be more deeply connected to these conversations.
 - b. Redevelopment plans should consider that existing community wealth and ability are underestimated because there is a strategic and intentional disconnection from the traditional financing system, particularly within immigrant communities.
 - c. The cultural diversity of the area is a strength, and it will be vital for the City to understand the nuances between different neighborhoods, even different blocks, as well as the differences across different cultural communities, which will impact any future community engagement and development. This is a multi-cultural community, but not necessarily a community where multiple cultures are mixing within shared spaces.
 - d. Respecting the existing community includes avoiding the assumption that participation in the dominant system is the right or best solution.
3. As this work moves forward, different values need to be held in tension and decisions should be approached with humility. Stakeholders shared many of these tensions during interviews; including:
 - a. Safety remains an ongoing concern, but this does not mean everyone feels safe with the police.
 - b. Parking considerations need to be addressed, but people will take the "transportation of least resistance," and there is significant evidence that excessive parking [increases car usage](#).

- In order to balance existing needs and future community goals, the City should ensure [demand management](#) strategies are utilized on the site.
- c. High cost of development suggests the need for higher density and larger scale, but the right solutions to meet community needs may look more fine-grained (*e.g.*, avoiding superblocks and focusing on a human-scale pedestrian experience and smaller retail spaces).
 - d. Wealth-building and affordability can be fundamentally at odds (*e.g.*, what benefits homeowners hurts renters).
 - e. Different communities define ownership differently (*e.g.*, land trusts and co-ops are compelling to some communities and do not feel like authentic ownership in others).
 - f. Non-profits compete with for-profits for investors, gap financing, and impact investment and can effectively block opportunities for emerging for-profit developers and real wealth creation for these entrepreneurs.
 - g. Kmart did address a critical need for affordability and breadth of goods, and not everyone is glad it's gone.
4. One of the greatest areas where there is need to hold conflicting values in tension is the balance between organic and directed/regulated development.
 - a. Much of the area's character and strength comes from what has naturally developed; avoid the temptation to over-regulate.
 - b. Recreating these organic spaces is a challenge, both in the ability to compete successfully with existing spaces (*e.g.*, rent levels, established traffic/reputation) and comes at a cost (*e.g.*, mechanisms for low-barrier entry, build-out subsidies, development and operational costs for placemaking/community assets).
 - c. Use this site as a catalyst but make sure it is allowed the potential for organic growth, both on and adjacent to the site.
 - d. Cities can get stuck following rules even when the origin and purpose of those rules is unclear; understand the "why" and embrace the need to be creative and to allow for creativity of others.
5. Youth are critical to this conversation and should be at the table when decisions are made about their future.
 - a. Anti-displacement is not just a function of an individual household or business, but a community identity and access that is multigenerational. This project is a long-term project, and needs people involved for the future. Engaging youth is an opportunity to build stewardship and strengthen that community investment.
 - b. Youth are often not at the table in these conversations, despite being a significant demographic. Young adults (ages 16-24) are a critical constituency.
 - c. Economic mobility and opportunity mechanisms should be started in high school.
 6. Largest impact from the physical reconnection will come in bridging the experiences north and south of the site.
 - a. Currently, there are very different experiences (built form, amenities, neighborhood feel) on the north and south sides of the development site. Reopening this street can create and connect those differing experiences. (For example, the numerous neighborhood-scale grocery stores on Nicollet between 28th & 26th Streets are generally unknown to neighbors south of Lake.)
 - b. This reconnection is an important opportunity and there are specific needs around transit access with opportunities for excellent downtown access, but there are real concerns about the "drive through" potential.
 7. Neither the City nor major developers are trusted actors.

- a. The City has a big role to play as the landowner, but there is wariness that the City will prioritize an easier or more financially beneficial strategy. This observation does not mean the City should abdicate their role, just that it is critical City actors bring self-awareness to the process.
 - b. Additionally, major developers are not trusted, and the history of the City contracting with master developers is one many residents are wary about, having seen breaches of community trust in the past.
 - c. There is a feeling that the existing development community lacks a deep understanding of what equity means and that community benefits are often superficial, without truly bringing wealth and opportunities back to the community.
 - d. While the engagement to date has been robust, there are real concerns that this is a box-checking exercise – if the City does what has always happened or if the outcomes are not different, this level and type of response from the community won't happen again. Even though there have been meaningful conversations to date, the [Public Engagement framework](#) provided by the City illustrates that the community voice is primarily in the "Inform" and "Consult" levels of the IAP2 Spectrum of Public Participation, which feels insufficient to many in the community.
 - e. Mistrust is deepest within communities of color, driven by a lack of cultural understanding related to businesses and how to develop relationships and how to meet people where they are, related to policies and recommendations. No single actor was identified as the source of this mistrust, which arises from multiple misconnects with the dominant system and culture over many experiences and across multiple public agencies.
 - f. Throughout this process, it will be critical to address the important history of the site, from decades past to the impact of the 2020 civil unrest.
8. The interim dynamics will need to be as closely monitored and managed as the outcomes.
 - a. Stepping into this will require capacity and capacity building, taking the path that is less 'efficient' and less proven, both inside and outside of government. Moving forward, the City should be prepared to hold true to a vision that works for the community, even when it is different and difficult (and it will be both). Consider what steps are needed to enable consistent community vision across different terms of political leadership.
 - b. When looking at land ownership and control, there are real people at play here who can be engaged in a different and relational way to determine what happens with the surrounding area; this requires knowledge, patience, and vision, and can serve to turn existing owners into allies.
 - c. There will be an ongoing need for technical assistance for businesses and residents (e.g., insurance, leases, legal, accounting, etc.).
 - d. The City must address needs of existing businesses being impacted by construction – these impacts happen to the community not by their own doing or their own fault and can be deeply disruptive.
 9. There is no one solution – going forward, the City will need to be comfortable living in this complexity and diversity.
 - a. Don't choose one path that excludes one community or another – there are many communities here and communities are not monolithic.
 - b. Constant evaluation and reflection is needed, alongside real accountability.
 - c. Widen the focus - in geography, in timeline, in steps process – to be mindful of anti-displacement and wealth building along the way.

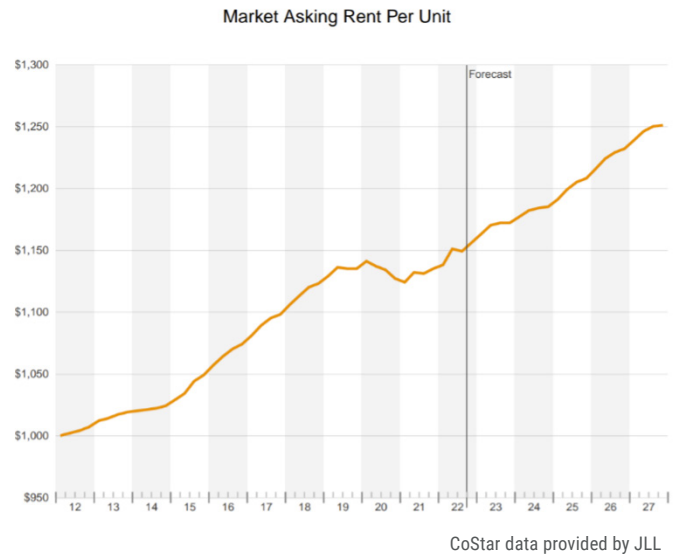
Quantitative Assessment

In preparation for the TAP, several different data and market analyses were completed, with a particular focus on understanding the displacement pressures. In general, the Panelists believed the displacement concerns to be understandable and driven by several market factors.

First, rents in the study area have continued to escalate since the Great Recession, with only a slight dip during 2020. Rental rates are forecasted to continue to escalate another 9-10% over the next five years. Because such a high percentage of the study area (more than 75%) of housing units are rentals, significant population change can happen very suddenly. While not dramatic, this increase is in contrast to what we see across the city. According to HousingLink’s Minneapolis [rental housing briefs](#), one-bedroom rents in Minneapolis are at the same level they were four years ago, and actually decreased since 2018.

Additionally, panelists looked at the Tapestry Segmentation Report, provided by Cushman Wakefield, which uses demographic and socioeconomic factors to determine and type the groups who are mostly likely be drawn to a certain neighborhood. This tool is used by developers and can thereby inform development and marketing strategies in ways that have powerful impacts on communities. This analysis illustrates the pressure from “Metro Renters,” a fast-growing and upwardly mobile population largely in their 20s and 30s to the west and north of the study area and the “Emerald City” demographic (younger families living in lower density urban neighborhoods) to the south. Both of these typologies are more likely to be white and more likely to be middle or high income than the census tracts immediately surrounding the site. These pressures, combined with rent forecasts, do not predict a rapid demographic change, but a slowly building pressure on lower income households and households of colors, particularly during property sales.

In addition, in the business and commercial survey conducted by the Whittier and Lyndale neighborhood associations, more than 70% of businesses in the blocks immediately adjacent to the site currently rent, and more than 70% were also BIPOC owned businesses. While most



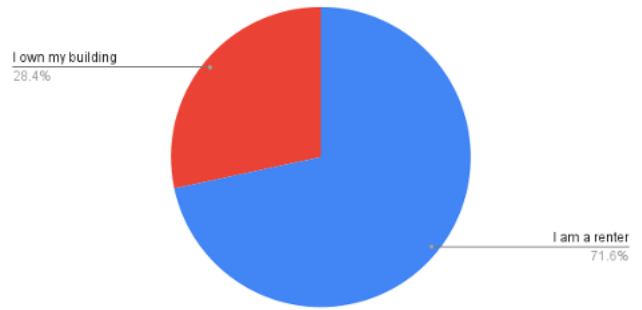
of these business representatives saw an opportunity in the Kmart redevelopment, there is an inherent vulnerability in leased property, particularly when the development potential of the site is so far above the current scale of development, which is the case with the new Built Form guidance in Minneapolis 2040, along both Lake Street and Nicollet Avenue. Should the landowners choose to sell, there is limited recourse for tenants.

The Panelists recommend that the City formally define and monitor displacement, which is a complicated concept with both qualitative and quantitative elements. Cultural and economic displacement can occur even if the housing stock is stabilized, and voluntary displacement can result in a changed neighborhood as much as involuntary displacement. [“Turning the Corner in the Twin Cities”](#), a 2019 study conducted by CURA, LISC, and Wilder identified four different types of displacement: (1) residential, (2) commercial, (3), cultural, and (4) political. This study offers several tools for monitoring different dimension of displacement, and close attention to early warning signs will be critical.

The Panel was encouraged by the continuing efforts to build affordable housing in these four neighborhoods and the high levels of participation in the 4d program, as a tool for NOAH preservation. Continued investment in these areas will be critical to ensuring economic

diversity and protected housing options for lower-income households. Additionally, panelists observed that the mixed typology of housing, particularly north of Lake Street, naturally creates economic variation in housing prices. This model of organic growth, also highlighted during stakeholder interviews, is challenging to replicate in a concentrated development site, but development on the site should acknowledge that diversity of built form and unit typology and intentionally encourage and support this scale of development in the surrounding blocks.

Do you rent or own the building where you operate your business?



Data from the survey conducted by Whittier Alliance and Lyndale Neighborhood Association as part of the 2020-2021 Great Streets Business District Support grant.



Panelists visiting Karmel Mall with Whittier Alliance staff.

RECOMMENDATIONS

The two challenges put before the panel – addressing displacement risks and identifying opportunities for community wealth building – are two fundamentally linked questions about the rights and stake of a community. It is important to first start by addressing each term.

First, what do we mean by **anti-displacement**? Anti-displacement strategies account for a legacy of systemic racism, that is direct and indirect, long- and short-term. It allows community members, whether they work or live in the community, to exert influence, autonomy, and choice over their future. Anti-displacement is, fundamentally, about creating and sustaining a sense of belonging. Second, what do we mean by **wealth-building**? Wealth-building confronts the same legacy of oppression, but is future-looking and forward-focused. Wealth-building creates tangible assets,

but more than that, it offers stability and intergenerational opportunity.

The six recommendations identified by the panel each have implications for both of these areas. Ultimately, wealth building opportunities enable choice, and a sense of empowered belonging encourages households to invest and seek opportunities for building wealth within that community. The image below illustrates a few examples of how recommendations serve both ends.

Cross-cutting recommendations



Create a community governance partnership that can steer redevelopment and empower community stakeholders with governing rights from the earliest stages of the process.

One of the core themes that emerged was the need for trusted actors and the patience for a fine-grained approach. To enable this, the grounding recommendation for the panel is the creation of a community-oriented, accountable alternative to the master developer approach for large-scale development. For the purposes of these recommendations, we will refer to this public-private entity as the **New Nicollet Development Partnership (NNDP)**.

The New Nicollet Development Partnership will lay out the framework for development, govern the land disposition process, and coordinate the redevelopment process with a focus on on-going investment and wealth-generation strategies. To ensure alignment with political leadership and deep community ties, the governing board of NNDP should include ex officio roles for public agencies and elected officials (e.g, City Council, CPED, MPHA) and strong representation from community-rooted stakeholders, both residents and representatives of community businesses and organizations. It may also be valuable to add non-voting board seats for additional subject matter experts. The New Nicollet Development Partnership will be tasked with:

- Determining the principles under which the site will be developed and ensuring a feedback loop through the process;
- Developing affordable land disposition approach or ground lease strategy (or combination thereof);
- Acting as the central point of convergence as development happens, facilitating communication, negotiation, and mediation between the different developers; and
- Providing on-going engagement strategies and community wealth building opportunities, including structured community investment opportunities, payouts from the return and/or ground lease.

Careful attention should be applied to the governing structure of the NNDP, which would function as a quasi-governmental entity. Within Minnesota, there are examples in the [Destination Medical Center Corporation](#) and proposed redevelopment authority in the Rondo neighborhood in Saint Paul. The governing board should include government, resident, business, and technical/SME stakeholders, with intentional consideration to the representation of resident ethnic and cultural groups. The board should both include existing community intermediaries (such as neighborhood and business groups) and engage historically underrepresented communities. This provides the opportunity to start building trust in a new way, and defining the structure and principles for the board can begin before an official partnership is established.

The roles and responsibilities of the NNDP will evolve over time, but the Agency must have the capacity to coordinate and execute a “big picture” development vision, including overall site layout, infrastructure, and land disposition, within bounds established at the outset by the City of Minneapolis. Additionally, the Panel recommends that the City establish a TIF District this year, such as Redevelopment District, rather than wait on tax increment to enable affordable housing down the road. While affordable housing dollars are undoubtedly an important community need, a redevelopment district could direct funds earlier upstream, including the potential for adjacent site acquisition and infrastructure investments that could reduce development costs for both housing and commercial development opportunities. This allows more flexibility for the type of uses on the site and could help mitigate some of the City’s initial costs, allowing for City to explore alternative investment options for projects down the road.

Initial operating dollars could come from a combination of local, state, and philanthropic dollars, in support of a new, community-grounded model. The City should also explore mapping all public lands in the vicinity and consider rolling them into the land base for this NNDP. (Redevelopment TIF dollars can be used to acquire adjacent properties as well.) As discussed in the community observations section, while change in the area will be driven by the development on this

single site, the impacts to the community are widespread, and the identification and inclusion of other parcels can enable a more holistic approach. Land ownership would still be held by the City, unless and until a land sale is part of a development proposal.

Additionally, the State of Minnesota could explore the creation of a **Community Investment Program**, such as those in [Michigan](#) and [Pennsylvania](#). These programs are state-level tax credit programs that drive investments and/or donations to and through place-based organizations. They provide long-term, sustainable support for locally based revitalization work in neighborhoods and rural communities. This type of program requires special legislation and is not within the power of the local government but is something the City of Minneapolis could advocate for, as another way to strengthen and capitalize place-based entities, enable local control, and even work to achieve local community reinvestment act goals.

One example of such a model is the [Mueller](#) community in Austin, Texas. Mueller is a public-private partnership between the City of Austin and Catellus Development Corporation to redevelop the former Robert Mueller Municipal Airport (RMMA) into a 140-acre planned community. This development came from a citizen vision from the 1980s and was carried through in a development partnership with Catellus in 2002. While Catellus does occupy more of a master developer role, many entities work together to ensure the goals of the development are met, including a [Plan Implementation Advisory Commission](#), the Mueller Foundation (an affordable housing focused place-based non-profit), and a New Construction Council (which operates as a quasi-independent planning board). The collaboration of these entities are charged with meeting the community-crafted goals, a task at which this innovative and award-winning partnership has been succeeding. The [development agreement](#) lays out specific goals and tracking requirements, ranging from minority-owned businesses participation to affordable housing, and includes a repurchase right for the City.

At a smaller scale, the [Georgetown Steam Plant Community Development Authority](#) (GSCDA) is a non-profit partnered

with Seattle Light (a public utility) to [oversee the development and preservation](#) of the historic Georgetown Steam Plant. The GSCDA's primary goal is to promote the cultural, educational, and economic development of the Georgetown neighborhood through the preservation and activation of the steam plant. It works in collaboration with various community stakeholders, government agencies, and nonprofit organizations to ensure the steam plant's long-term viability and enhance its role as a community asset. The GSCDA is responsible for managing the operations, maintenance, and programming of the steam plant. In addition to its preservation efforts, the GSCDA also collaborates with partners to explore sustainable and adaptive reuse strategies for the steam plant.

It is worth noting that this approach is not the path to accelerated development. The early stages of this could begin now—an Advisory Board could be established that could develop into a more formal governing commission and entity after enabling legislation is passed and the existing and planned community engagement can directly feed into the goals and planning for the site, but this would likely delay issuing any formal RFPs or developer agreements for a few years. Reopening of the street and clearing of the site could move forward, and it would be advisable to consider how the public space plan fits into this timeline as well as interim uses. The [Stackt market](#), an award-winning commercial pop-up in Toronto, offers one model that creates community spaces and retail offerings (on leases as short as a month for pop-up experiences, or longer if desired). This proposal is plan focused on inclusive and community-driven development, and that approach comes at a slower pace, both in when RFPs are issued and in the form they take, as discussed in the next recommendation.

Rather than seeking a Master Developer, set the framework for a granular approach to development, without dictating each element or prioritizing efficiency.

The focus on the initial recommendation to create the New Nicollet Development Partnership is that such a

body would be better able to guide a gradual development process, which flips the framework from a single RFP and a master developer to a process of multiple RFPs, with underrepresented communities in the driver's seat.

It has been common practice in the Minneapolis-Saint Paul region, with major redevelopment projects, to bring in a Master Developer who then brings in additional partners, as needed, to meet local goals and RFP requirements (e.g., Highland Bridge and the Heights in Saint Paul, Upper Harbor Terminal in Minneapolis). This approach allows the City to layout a range of goals while allowing a streamlined point of contact with a single developer. While there are beneficial efficiencies to this approach, this type of RFP is generally accessible to only a small number of development companies, because of the high bar of public interest goals and a sophisticated development scheme. This also means the number of competitive respondents for the City to select from tends to be very small. In stakeholder interviews, some of the larger developers in the region who have been successful in such style of RFPs in the past indicated that the expectations for this development may be beyond the capacity of a single developer to achieve.

For multiple reasons – the challenge of running a competitive bid for a master developer, the uniform development approach that could result, and the barrier such RFPs create for emerging developers – our panel strongly recommends a different approach for this site. Understanding the challenges this could create for City staff and processes, we believe the proposed New Nicollet Development Partnership could run this process as the redevelopment agency, rather than funneling the development process through the City.

The NNDP could then take a more creative approach, potentially soliciting for a pool of potential developers with an RFI/RFQ to develop a group who could help inform the development of smaller parcel sizes and a range of project scales and types, including those more conducive to emerging developers. Additionally, even on larger development projects, the approach to targets for disadvantaged business enterprises (DBEs) could also be flipped, with an expectation that the DBE serves as the prime contractor, and other developers could take the role

as a sub-contractor to them. This leaves important and on-going decisions about partnerships and sub-elements of the larger development in the hands of a public-private community board, rather than fully in the control of a single Master Developer.

This type of model also allows for the creation of a community development corporation (CDC) to take on a portion of the new development. The CDC is not the same as the community governance partnership but could be a critical tool to serve as one of the responding developers. CDCs are a type of nonprofit organization that focuses on promoting community development and improving the quality of life in a specific geographic area or community. They actively involve community members in decision-making processes, ensuring that the initiatives and programs implemented align with the priorities and aspirations of the community.

In Minneapolis, [Redesign](#) is a powerful example of the potential of a CDC, and they have been invaluable as a community entity for decades in the Seward and Longfellow neighborhoods and even more critical in the wake of the 2020 unrest. This model is already being considered by the City as part of the [38th Street THRIVE Strategic Development Plan](#) and could be replicated here. Whether through existing organizations like [Whittier Alliance](#), or a new multi-neighborhood entity, a CDC could develop specific community-driven projects, including the culturally relevant community spaces which are part of the [Desired Outcomes](#) document.

Community nonprofits can help enable projects that major developers would shy away from, because of long timelines and the need for complex funding sources. One example is the 11-acre [Freedom West 2.0](#), a development proposal anchored by a long-standing housing cooperative in San Francisco. Freedom West Homes Corporation partnered with MacFarlane Partners, an African American-owned and operated real estate investment and development firm on a [\\$2 billion revitalization plan](#). It's an ambitious plan, which has [struggled to raise funds](#) at the target pace, but committed, place-based partners help ensure a long-term commitment to the project, which includes over 2,300 housing units and a range of commercial and community uses.

Actively seek opportunities to build community wealth, buy-in, and voice at each step in the development process (e.g., land, development, structures, businesses, jobs).

Wealth is not created at just one point in the development process or accrued by just one party. There are opportunities all along this process, a supply chain of wealth opportunities, which can be expanded to include those who have so often been excluded.

There are opportunities for both economic opportunities (e.g., workforce development, career pathways) and wealth building, and while these can be complementary, they are not interchangeable. Economic opportunities can increase stability and quality of life – through good jobs rooted in the community – without necessarily increasing wealth. Wealth is often intergenerational, and racial disparities in wealth outpace and persist racial disparities in income. According to the [Federal Reserve](#), the wealth gap is 2-3 times larger than the income gap between Black and Latino households and white households in America.

Strategies for this site can include both economic opportunities and wealth building. For example, during construction, there are existing apprenticeship and training opportunities (e.g., Summit Academy, Dunwoody) that could connect with this development and local hiring goals to generate job opportunities. Additionally, depending on the development model adopted, there could be “last mile” modular strategies or factories that worked on this site, even as an interim use and staging site. The Portland Metro has a [Construction Career Pathways](#) program that brings a regional approach to developing, supporting, tracking, and driving work to BIPOC and female employees and business owners in the construction sector. This program also includes specific anti-harassment protections and support on employee retention. Labor shortages in the construction sector, particularly in skilled trades, make this industry a top candidate for developing employees. (It is worth noting that the heavy unionization of the construction sector can be a double-edged sword in closing racial gaps. While [racial gaps in wages are historically smaller](#) in a unionized

workforce, white men are still [overrepresented](#) as a share of unionized construction workers and there are many [documented concerns](#) about exclusive referral and access practices within construction unions.)

With a wealth-building focus, BIPOC-owned development and construction companies could play a significant role. Public projects often have targets for disadvantaged business enterprises (DBEs) that can ensure a portion of contracts go to historically underrepresented business owners, but an even more powerful model would put DBEs in the place of the prime contractor, with the ability to bring in other companies, including larger companies and subcontractors as needed.

Opportunities continue long after the development is in the ground. In the longer-term, there are businesses that develop and manage the land. This is a significant opportunity for emerging developers that includes development at multiple scales and supports and guarantees are needed to make this effective. Additionally, the City could explore creating and supporting new property management companies, perhaps through an expansion of the Developer Technical Assistance Program (DTAP), which could help equip culturally-sensitive property management firms that could not only create new community businesses, but also more effectively and justly manage properties in the long role.

Implement culturally competent models of ownership and financing that reflect a multi-cultural and multi-generational community.

This development should enable a spectrum of ownership models that are culturally relevant and focus on creating intergenerational wealth. Differing models will be needed to connect to the diversity of ages and cultures. Below are several models worth exploration:

- **Community Land Trusts:** Community Land Trusts (CLTs) separate the ownership of land from the ownership of the structures built on that land, in order to create a lower-cost ownership and equity building opportunity. The CLT retains ownership of the land

while selling or leasing the homes or buildings on that land to individual residents or businesses. The residents or businesses typically enter into long-term leases or limited-equity ownership agreements, which allow them to use and occupy the property while ensuring that it remains affordable and protected from speculative market forces. While CLTs came to prominence around affordable home ownership, there are increasing efforts to explore [CLTs for commercial properties](#) as well. In the Twin Cities, the [Rondo Community Land Trust](#) now has several commercial properties, and [Partnership in Property](#) is working to acquire property from the City within the study area for a small business. Commercial CLTs can also be used to help incubate and launch businesses that later move into market buildings. In New Orleans, [Crescent City CLT](#) further supports their commercial spaces with business training and support. (Our panelists did note that limited equity trusts were not seen as a full or viable ownership model among some of the area's immigrant communities.)

- **Neighborhood/Community Investment Trusts:**

[Neighborhood investment trusts](#) (NIT) are an emerging financing mechanism designed to facilitate community-driven investment and development in specific neighborhoods or communities. It is a model that combines elements of real estate investment, community development, and shared ownership. In this model, a pool of capital is raised from various sources, such as individual investors, philanthropic organizations, and government entities. This capital is then used to acquire and develop properties within a targeted neighborhood or community.

- **Crowdsourced financing:** This has been an exciting tool for raising community-aligned capital for such projects as the [Fair-Haired Dumbbell](#) in Portland, Oregon, which [raised \\$1.5 million in equity](#) from small investors, most close to the \$3,000 level. These community investors expect to make a return, estimated at 5% per year for the next three to five years. The [Edmondson Village Shopping Center](#), in Baltimore, is also using crowdfunding,

via the [smallchange.co platform](#), for a 300,000+ SF development led by a Black-owned commercial real estate investment company. It should be noted that this financing model, similar to the Neighborhood Investment Trust, is not a high-return investment opportunity, nor one that will generate significant wealth. It also requires community members to tie up some of their liquid assets, and so should be done with careful protections and backstops for community investors. At the same time, this sort of meaningful stake in the neighborhood brings multiple other benefits – ownership, voice, engagement, and a modest financial opportunity.

- **Lending Circles and Esusu:** Lending Circles are informal financial arrangements where a group of individuals come together to pool their resources and provide financial support to each other. These are often used by individuals who have limited access to formal financial institutions or who prefer community-based lending. Because they are, by nature, informal, there is not necessarily a role for the City to sponsor or create these circles but acknowledging them as a genuine resource will expand the understanding of the resources entrepreneurs and others bring to projects. Similar to lending circles, [Esusu](#) involves a group of individuals coming together to save money collectively. However, unlike lending circles where funds are rotated, Esusu focuses on individual savings contributions. Esusu's roots are in West Africa, but the model has been expanded and [digitized](#), particularly within the Caribbean and African immigrant communities. These informal systems can be particularly important in the context of lending that is compliant with [Islamic Finance](#).
- **Islamic lending models:** [Islamic lending](#) uses profit-sharing and risk-sharing arrangements instead of interest-based loans. Examples include mudarabah, where the lender provides funds and the borrower contributes labor, and murabaha, where the lender purchases an asset and sells it to the borrower at a higher price. Leasing (Ijarah) and partnership-based financing (musharakah) are also common. Islamic lending promotes ethical considerations and socially

responsible financing aligned with Islamic values and is rapidly expanding around the globe, including within the United States. At the same time, it has [met challenges with US regulations and expectations](#), and practices compliant with Islamic lending have [faced additional barriers](#) in Minnesota. When forming opportunities around the Kmart site, attention to [understanding these non-interest-bearing financing models](#) will be critical to inclusive opportunity.

- Condos and limited-equity co-ops:** Condominiums are a type of real estate ownership where individuals own individual units within a multi-unit property and have exclusive ownership and control over their units while sharing ownership of common areas. They can freely sell or rent their units and benefit from property appreciation. A limited-equity cooperative (limited-equity co-op) is a housing cooperative where residents collectively own and govern the entire property. Limited-equity co-ops restrict the equity that residents can build to maintain affordability and prevent speculation. Shares in the cooperative are priced below

market value, and there are resale price restrictions. Both can be effective homeownership strategies but may be a challenge for the area right now, given the cost of new construction and the relatively affordability of other condos in the surrounding area. Conversion could be a more effective model, both for condos and limited-equity co-ops. This could be partnered with the Renter Opportunity to Purchase Policy. Successful conversions in other cities have generally relied on the support of non-profit organizations or public agencies to provide technical assistance. For example, [Manna Homes](#), in Washington, DC has assisted in the conversion of over 1,900 units of affordable ownership. The [Urban Homesteading Assistance Board](#), formed in 1974 in New York City, combines tenant advocacy with co-op conversion support. While this recommendation cannot be applied to the vacant 10-acre site, it could be a strategy for affordability and equity in the immediately surrounding area.



Panelists tour the area surrounding the study site.

ULI



Panelists delivering a summary presentation at the end of the 3-day TAP process.

Acknowledge, value, and preserve the human and physical assets already in the community.

These are asset-rich neighborhoods, as described in the observation section of this report. It is critical to acknowledge and celebrate these strengths.

Some of this is the human side. For example, the panel recommends supporting neighborhood pride and solidarity and celebrating the diversity that exists and how it has changed and evolved. For example, consider NeighborWorks' [Neighborhood Marketing Campaign](#), which assists community groups in developing a brand and a storytelling campaign that ensures existing residents tell the story of who they are and who they want to be, rather than outside marketing pressures. The City of Minneapolis [Great Streets Business District Support \(BDS\) grant program](#) has similar goals.

Additionally, "third places" where communities gather, are worth particular attention. Protecting cultural institutions or even just beloved businesses could include supports during construction disruption, from wayfinding to façade improvements to financial supports and technical assistance. Local non-profits, such as the Lake Street Council and Whittier Alliance, have a proven track record in directing supports to small businesses in the wake of the 2020 civil unrest and can be valuable channels for the City to connect with and support these businesses. Lessons from the [Central Corridor Funders Collaborative](#) during the green line extension, and the work already underway to mitigate potential displacement around the planned blue line extension, can be applied to New Nicollet.

Community assets also include the time, talent, and passion community members bring to the table, and this should be properly valued. This could take the form of valuing and compensating the time community members give to shape and enrich the project through feedback sessions and community committees. Additionally, should a community investment trust or investment cooperative be established, perhaps as part of the NNDP model, such a trust could offer the opportunity to earn shares (rather than purchase them) through sweat equity. This is an

opportunity to offer tangible, financial ownership stakes to those without the traditional tools of access. While our panelists were uncertain that this model had been tried on a community investment trust level (a relatively new model in itself), earned equity stakes are a common tool in development and entrepreneurial businesses, in which a defined percentage ownership stake is earned by labor and expertise, instead of through financial investment.

An earned-investment share would be a novel model, but could create both a modest investment opportunity and a real sense of buy-in. As acknowledged above, community investment trusts have not demonstrated the level of financial returns that translates into meaningful wealth-building, but those shares are still a credible stake in the voice, life, and future of a project. For individuals in leadership roles, this could be earned by the facilitation, expertise, and time invested by, for example, serving on the NNDP board. For other community members, even something like a community plant day or a community art day could be an opportunity for folks to create a beautiful public space and earn an investment share by a day of their time. This sort of opportunity connects a family more deeply to a place – they helped build a vibrant space and they tangibly own a share of that space (in the form of a governing trust).

Physical assets are equally important to preserve. Housing affordability is central to any anti-displacement strategy, and naturally occurring affordable housing (NOAH) must be a core component. NOAH housing is housing available on the open market at rent levels that are affordable to low- and moderate-income households, generally because the buildings are an older housing stock. Approximately 70% of the rental housing stock within the 1.4 square mile study area currently rents for less than \$1,000/month and 79% of the housing stock was built before 1980, according to 2016-2020 American Community Survey (ACS) data. This is an area rich in these older, more affordable buildings.

Preserving NOAH is so critical because these properties can be acquired at effectively half the cost of building new affordable housing. In the Twin Cities region, new development costs an estimated \$300,000 per unit,

compared with approximately \$150,000 per unit to purchase and renovate NOAH properties. Because these buildings can be acquired at such a relatively reasonable price, just as they are an opportunity for non-profit buyers to preserve affordability, they are also at risk of investors acquiring to upscale and either rent at significantly higher levels or flip. This area has already seen an increase in property sales and a decline in the number of NOAH properties, increasing the risk of resident displacement.

Several strategies are part of effective NOAH preservation, including:

- **Expanded utilization of the [4d program](#):** This innovative program incentivizes landlords to voluntarily enroll their buildings in 10-year affordability restriction in exchange for reduced property taxes and other incentives. Minneapolis has done great work with this program, and the four neighborhoods in the study area are excellent candidates for further buildings to be enrolled. Targeted outreach to landlords, particularly small landlords, could increase uptake in the 4d program.
- **Increased funding for the NOAH Preservation Fund:** Another innovative Minneapolis tool, this fund provides buyers of NOAH with a financial incentive of up to \$35,000/unit in a zero-interest, deferred loan in exchange for affordability commitments. The City could consider additional bonuses or priority eligibility for properties in priority neighborhoods/census tracts experiencing transition, such as the ones in the study area.
- **Early engagement with existing owners:** Many multi-family property owners in the area are local owners with modest real estate portfolios who have owned buildings in this area for a long time. These owners may be open to discussing future plans to sell to the City, local non-profits, or a newly-formed community development corporation (CDC) rather than the open market, particularly if they look to dispose of assets as part of a retirement plan or inheritance process. These property owners are also community stakeholders and may be motivated by values other than maximizing financial gain to agree to a model

that gives back to their community.

- **Support existing tenants with organizing, policy, and financial resources:** The City of Minneapolis already contracts with HOME Line for tenant assistance and provides resources on a City website and a hotline number, but in times of transition, proactive efforts can be critically important. Door-knocking, mailers, and partnership with local organizations (from faith-based organizations to schools) can help ensure that renters are aware of their rights and the resources that are available to them. This can also help in identifying buildings where property managers or owners are not honoring their obligations and further intervention may be required.
- **Monitor vulnerabilities:** Several tools exist to help monitor the vulnerability of NOAH properties, by geographic area or at a property level. Whittier Alliance worked with CURA and the Humphrey School to develop one such tool, which could be expanded to be a real-time database instead of a one-time tool. The previously mentioned [Turning the Corner](#) report offers another, and [another model out of Philadelphia](#) identified NOAH vulnerable areas through three different criteria: (1) poor condition, (2) moderate to high displacement risk, and (3) a strong real estate market. Creating and maintaining a standardized tracking tool—at the parcel level if possible—is critical for the sort of targeted outreach for both owners and tenants described above. The earlier this outreach and intervention can be done, the better, to ameliorate increased market pressures from the new development.
- **Explore protections for low-income homeowners:** While renters make up the majority of the study area, long-time homeowners may also need protections to account for rising property values and the commensurate tax increases. Cities such as Washington, DC have enacted programs such as the [Lower Income Homeownership Exemption Program](#) that allow for tax abatement within specific districts (approved economic development zones) where the City worries about displacement. DC also offers an [Assessment Cap Credit](#) that ensures a homeowner's

real tax bill limits property taxes to a no more than 10% increase in assessed home values. This will not change how the property is reflected on tax roles but, through the credit, limits the hit to homeowners.

Beyond NOAH housing, it should be noted that there are more than 2,100 units of protected affordable housing in the study area right now, across 32 properties, according to data provided by [HousingLink](#). Maintaining these protections past the current affordability window will be crucial. Affordability protections on at least fourteen of these properties are scheduled to expire before 2030.

The City should also explore Community Preference Policies, which allow for the individuals who are directly impacted by a development to receive preferential treatment for accessing subsidized units in future development and for wealth-building programs.

(The [current Community Preference Policy](#) for homeownership in Minneapolis only includes two of the neighborhoods in the study area.) These policies reduce displacement and provide assurance to long-term residents that they can stay as the community develops. In addition, targeting wealth creation programs to existing residents and those who may be marginalized increases access and opportunities to reduce gentrification and displacement. This policy should be enacted prior to future value increases. In this, it can be helpful when the pace of development is slightly more gradual, so that there is time to ensure protections for existing residents are put in place. Continued exploration of [Renter Opportunity to Purchase](#) policy, referenced in the last recommendation, could also be valuable in mitigating displacement.



Panelists (from left to right): Taylor Smrikárova, Ivan Alvarado, Nawal Noor, Michael Spotts, Taidgh McClory, Diem Van Groth, Margaret Kaplan, Donna Moodie, Angela Carlberg, AJ Cari.

CONCLUSION

The New Nicollet redevelopment presents a clear and compelling opportunity for getting to a different outcome, a more just and equitable outcome, than developments of the past. This is a vital connecting parcel, linking neighborhoods, cultural groups, commercial corridors, and transit lines. This is already a multi-cultural community, and with intentionality, all can be welcomed into the future of the development with opportunities for tangible stakes—in representation and in ownership—in the model.

The proposed New Nicollet Development Partnership model in the first recommendation could be a crucial tool for ensuring transparency and community voice, but even if that were not pursued, there are many other opportunities to make sure engagement is genuine and robust and to build (or rebuild) trust with community stakeholders. Supporting the creation of local CDCs, engaging with emerging developers, and clearly defining and monitoring displacement, all are moving steps closer to an equitable process. It's critical that the City offer meaningful transparency about inputs, trends, decision rights, and finances, and ensure engagement is not simply a pre-development process.

At the same time, the Panelists fully acknowledge that the City is actively seeking an equitable and inclusive approach and working to correct past mistakes through this process. The reality is that, were this an easy thing to achieve, it would have been done before. The recommendations in this report are challenging but would represent a wholly different approach to what the City does when it has the opportunity to control the development of a critical piece of land.

In closing, the panelists offer the following guiding principles to steer the course in this new work:

- **Approach decisions with humility:** Recognize that there is no single answer, community, or perspective. Allow solutions and answers to evolve organically.
- **Embrace complexity and incremental progress:** Traditional engagement methods may lead to outcomes disconnected from the community they are intended to serve. Embrace the complexity of the issues and be open to incremental steps towards positive change. It's not bad to move slow.
- **Address systemic imbalances and inequities:** Focus on redressing and repairing the imbalances and inequities faced by marginalized communities. By doing so, we can rebuild wealth and create opportunities for everyone in Minneapolis.
- **Broaden the decision-making process and the scope of the question:** Expand the aperture and consider the broader community impacts of decisions. Use an equitable framework to ensure that decisions benefit all segments of the community. Staying too tight to a single site or governing process limits the potential of the solution.
- **Value community effort, input, and assets appropriately:** Recognize the importance of community relationships, input, and assets. Invest in building trust, compensate for time, and acknowledge the community's potential for decision-making power.

STAKEHOLDER INTERVIEWS

Stakeholders Interviewed

- **Leila Adan**, Somali Mall Association
- **Kenya McKnight Ahad**, Black Women's Wealth Alliance
- **Asad Aliweyd**, New American Development Center
- **Paul Bauknight**, The Center for Transformative Urban Design
- **Malika Billingslea**, Project for Pride in Living
- **Brandon Bomar**, Target
- **Nate Broadbridge**, SK Coffee & Resident
- **Kaley Brown**, Whittier Alliance
- **Council Member Aisha Chugtai**, City of Minneapolis
- **Oscar Corral**, Lake Street Council
- **Ukashe Dakane**, FRAYEO
- **Ned Dodington**, Greystar
- **Shannon Dotson**, Resident
- **Adam Erickson**, MCAD
- **Jeff Hall**, Hall Sweeney Properties
- **Brigid Higgins**, Resident
- **Bernadette Hornig**, Hornig Properties
- **Jim Kumon**, Heirloom Properties
- **Sarah Linnes-Robinson**, Lyndale Neighborhood Association
- **Zakcq Lockrem**, Resident
- **Morgan Luzier**, Lyn-Lake Business Association & Resident
- **Miluska Novoto**, Hortensia PLLC
- **Joe Peris**, Ryan Companies
- **Lynn Pingol**, MaKee Company
- **Michael Pink**, Left Lane Ventures
- **George Rishmawi**, DLR Group & Resident
- **Meggie Sanchez-Garcia**, Whittier Alliance
- **Allison Sharkey**, Lake Street Council
- **Virajita Singh**, The Minneapolis Institute of Art
- **Erin Sjoquist**, Keller Williams & Resident
- **Anthony Taylor**, Cultural Wellness Center
- **Claire VanderEyck**, Schafer Richardson
- **Fartun Weli**, Isuroon
- **Tammy Wong**, Rainbow Restaurant



TAP day one kickoff meeting with panelists, hosted at Whittier Alliance.

ABOUT THE PANEL



Ivan Alvarado
Senior Development Associate
Alatus

Ivan Alvarado is a Senior Development Associate at Alatus LLC, a multifamily development company specializing in market rate and affordable housing in Minnesota. Prior to entering commercial real estate, Ivan worked in the public sector as a project specialist and judicial paralegal facilitator. These experiences shaped Ivan's perspective on engaging the private sector to develop social change. While pursuing an MBA with a focus on Real Estate Development, Ivan accepted an opportunity to work as an Asset Manager for local real estate developer, The Ackerberg Group, managing several commercial properties throughout the Twin Cities.

As a Senior Development Associate at Alatus, Ivan combines his expertise managing commercial and multifamily assets to create immediate value to all stakeholders of the Alatus team, including owners, investors, and community partners. Through his knowledge of the needs of the end users and his desire to change communities, Ivan brings a different perspective and background to these important development conversations that impact new housing projects. Ivan is also now one of the tri-leaders of the Commercial Real Estate Diversity Collaborative (CREDC), an organization that seeks to make the CRE industry representative of the communities they operate in by providing scholarships to undergraduate students of color.



AJ Cari
Senior Program Officer
LISC Puget Sound

AJ Cari is a Senior Program Officer at LISC Puget Sound and leads its Housing Equity Accelerator program. AJ has always been driven to serve his community in ways that create access to opportunities, reduce barriers and ultimately uplift neighborhoods as diverse and thriving places to live, work and play. AJ brings experience in community and economic development including housing, new markets tax credits, finance and small business support.

As an affordable housing developer at Beacon Development Group, he worked with housing providers across the state of Washington to bring housing projects from inception to operations. He developed more than \$130M in projects that ranged from rural and farm worker housing to historic rehab, serving families, veterans and formerly homeless individuals. At the City of Seattle Office of Economic Development, as a Small Business Finance Advisor and Asset Manager, AJ managed the city's NMTC and HUD 108 programs, overseeing a portfolio of more than 15 projects worth over \$300M, as well as the allocation of \$28M of NMTC leveraging a total of \$100M in community development projects. Additionally, as a Small Business Advocate, AJ provided support and technical assistance to small businesses.



Angela Carlberg
Senior Director
Community Development
Advocates of Detroit

Angela Carlberg is a community organizer and agent of change, facilitating new imaginations at the intersections of race, gender, policy, and organizational development. Angela is the Senior Director of Community Development Ecosystem Building at Community Development Advocates of Detroit (CDAD). With over 15 years of experience, Angela is working alongside government, academic, nonprofit and philanthropic institutions to design a sustainable community development delivery system where Detroiters thrive.

Notable career moves include project managing for procurement, racial and health equity for Ramsey County, Minnesota. Angela led the development of a racial equity theory of change and designed an infrastructure that would support, align and advance efforts countywide. She served as strategic advisor, coach and advocate for community driven processes. While at The Democracy Collaborative (TDC), Angela managed a portfolio of projects and primary leadership to promote new work to establish community wealth building systems that are democratic and reparative. She cultivated relationships with grassroots and grassroots cross-sector leaders across the DC Region to establish a national model grounded in these principles. The clarity and expertise that Angela brought to issues of race and gender made her one of TDC's most sought-after thinkers and facilitators—by her peers on staff and by partners in the field.



Margaret Kaplan
President
Housing Justice Center

Margaret Kaplan began her legal career with the Housing Preservation Project. She began her career as a community organizer, fighting for the rights of manufactured home community members with All Parks Alliance for Change. After law school, Margaret joined HJC under its former name Housing Preservation Project, where she worked on a range of

issues including preservation of federally subsidized housing and manufactured home community preservation. She then returned to APAC as the Legal and Public Policy Director where she helped resident associations fight for their rights in parks, represented resident associations in court, and helped push legislation to support manufactured homeowners, including a law that prevented deceptive lending practices and creation of the relocation trust fund for homeowners displaced through park closures.

She spent four years at the Center for Urban and Regional Affairs as the Operations Director for the Minnesota Center for Neighborhood Organizing, working to ensure that people affected by decisions had the tools and skills to organize and advocate on issues ranging from education to transportation to police community relations to housing. Most recently she spent six years as the Community Development Director at Minnesota Housing, where she worked to create connections between community needs across the state of Minnesota and the programs and policies of Minnesota Housing. Margaret was also a policy fellow with the North Star Policy Institute.



Taidgh McClory
Founder & Managing Principal
T.H. McClory LLC

Taidgh H. McClory is the founder of T.H. McClory, LLC, a leading social impact enterprise dedicated to devising and implementing equity, inclusion & diversity strategies for the commercial real estate industry. McClory's career in commercial real estate and advertising has spanned over 24 years and includes expertise in strategic planning, commercial real estate brokerage, marketing, brand planning, market research, and economic development. He most recently served as Director of Social Impact & Inclusion for MP Boston and before that Managing Director/Partner at CBRE/New England, where he led sales management, business development and civic engagement across the NE region.

A civic leader and champion of diversity & inclusion, McClory is an active member of Real Estate Executive Council (REEC), a national trade organization convening

executives of color in the commercial real estate industry. As part of REEC, McClory serves on the Steering Committee for the Real Estate Exchange (REEX), a summer college and career immersion program aimed at building the next generation of students of color by connecting them with knowledge, networks and access to the commercial real estate industry.

McClory serves on the Urban Land Institute; Responsible Investment Property Council; the board of Massachusetts Economic Alliance (MassEcon); the Executive Council of Diversity & Inclusion for The Partnership, Inc.; as well as other initiatives.



Donna Moodie
Executive Director, Capitol Hill Ecodistrict
Evp Community Development, Community Roots Housing

A creative and inspiring community leader, Donna Moodie specializes

in navigating the complex crossroads of art, commerce, government, and the environment to develop transformational and sustainable solutions to a wide range of chronic community challenges.

Drawing upon decades of experience as a successful entrepreneur, community advocate, and non-profit leader, she is known for her ability to cut through red tape and bring together diverse stakeholder groups in unique ways to drive positive change. Roles in which she's demonstrated these qualities include serving as the Founding Board Member of the Capitol Hill Housing Foundation (now Community Roots Housing), as well as positions as Commissioner of the Seattle Center Advisory Commission and Chair of the Central District Forum for Areas & Ideas and the Seattle Small Business Advisory Council.

In addition to her more recent nonprofit leadership roles, Donna serves on the board of numerous leading community/philanthropy organizations (Grist, Arte Noir, Seattle Foundation) and is also an acclaimed restaurateur and serial entrepreneur - having founded Marjorie Restaurant, Marco's Supperclub, and Lush Life in addition to her work serving as a consultant to numerous hospitality properties.



Nawal Noor
Founder & CEO
Noor Companies

Nawal Noor is the Founder and CEO of Noor Companies a social enterprise corporation working on

projects that bring public and private partnerships. She is a serial entrepreneur and strategic problem solver who brings over 10 years of successful corporate finance, audit, strategy and marketing experience working for Ecolab, a \$16B global leader in healthcare, life sciences, water, hygiene and energy technologies and services, hospitality, healthcare and food based in St. Paul Minnesota.

The first East African developer and general contractor in Minnesota, Noor Companies builds affordable housing and employs and trains workers historically left out of real estate development and construction. Nawal has hired individuals who have been incarcerated as well as youth interns who can learn the business and see a place for themselves within it. She is currently working to scale her model and create solutions to entrenched economic disparities. Nawal also spent four years in asset and project management for Aeon (formerly CCHT), a nonprofit developer, owner and manager of high-quality affordable apartments and townhomes, which serve more than 4,200 people annually in the Twin Cities area. Nawal is a Lean Six Greenbelt Project Manager. Nawal was an AALF Josie R. Johnson 2016 Fellow.



Taylor Smrikárova
Director Of Real Estate Development
Redesign, Inc

Taylor Smrikárova joined the Redesign team in 2020. Her

work is focused on the intersection of real estate development, architecture, urban-focused design, and community orientation. She believes that the development process itself adds beauty in creating occupiable art.

Prior to joining the Redesign team, Taylor worked in mixed-use development at The Excelsior Group; in

both commercial real estate and architecture at THOR Companies; and in office renovations at RSP Architects. She also worked in residential architecture at Nelson Architects; commercial mortgages at Capital One; and assisted homeowners during the Home Affordable Refinance Program (HARP) after the 2008 crisis while at Dorner Law & Title Services.

Her passion is real estate development that not only satisfies investors but also uplifts end users from all walks of life. She values the full urban experience and gets excited about large and difficult mixed-use developments that feature mixed income housing. Taylor holds a Bachelor of Science in Architecture from Northeastern University and a Master of Real Estate Development from the University of Maryland. She also serves on the Management Committee of ULI Minnesota.



Michael Spotts
Director of Real Estate
Development
Habitat For Humanity DC &
Northern Virginia

Michael A. Spotts is Director of Real Estate Development for Habitat for Humanity of Washington, D.C. and Northern Virginia. Prior to joining Habitat in 2022, he was the founder and President of Neighborhood Fundamentals, LLC and served as the Senior Visiting Research Fellow for the Urban Land Institute's Terwilliger Center for Housing.

He has over 15 years of experience providing research and technical assistance to on-the-ground practitioners in both the public and private sectors, at every level of government, and in urban, suburban and rural areas. Prior to founding Neighborhood Fundamentals, he worked for Enterprise Community Partners, Inc. from 2009-2017 as part of the Public Policy team. During this time, he conducted research and analysis of affordable housing and community development policies. Michael serves on the board of directors for the Northern Virginia Affordable Housing Alliance and previously served on the board of directors of the Arlington (VA) Partnership for Affordable Housing.



Diem Van Groth
Strategic Advisor
Reconnect Rondo

Diem Van Groth is a seasoned executive and trailblazer with twenty-plus years of global

experience and expertise in corporate strategy, business development, enterprise sales, and project management. At the age of sixteen, Diem started in the mailroom of Midwest Federal Bank and then interned in the Corporate Finance Department of investment bank Dain Bosworth, now Royal Bank of Canada, two years later. Diem has worked across the US and globally in Hungary, Vietnam, Namibia, and New Zealand.

Diem is the founder of GVBACK LLC, the creators of the first digital immersive and interactive college metaverse in the US, www.gvbackapp.com, and the strategic advisor to ReConnect Rondo Inc. (RCR), the organization leading the creation of an African American Cultural Enterprise District connected to a land bridge in St. Paul, Minnesota.

Diem created www.gvback.com and www.theurbanimpact.org to promote one-hour service projects globally and highlight community organizations and people on the frontlines of building communities where everyone can thrive. Diem is the executive producer for the independent feature film *Trace The Line*, shot in 2020 during the pandemic and social justice summer.



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