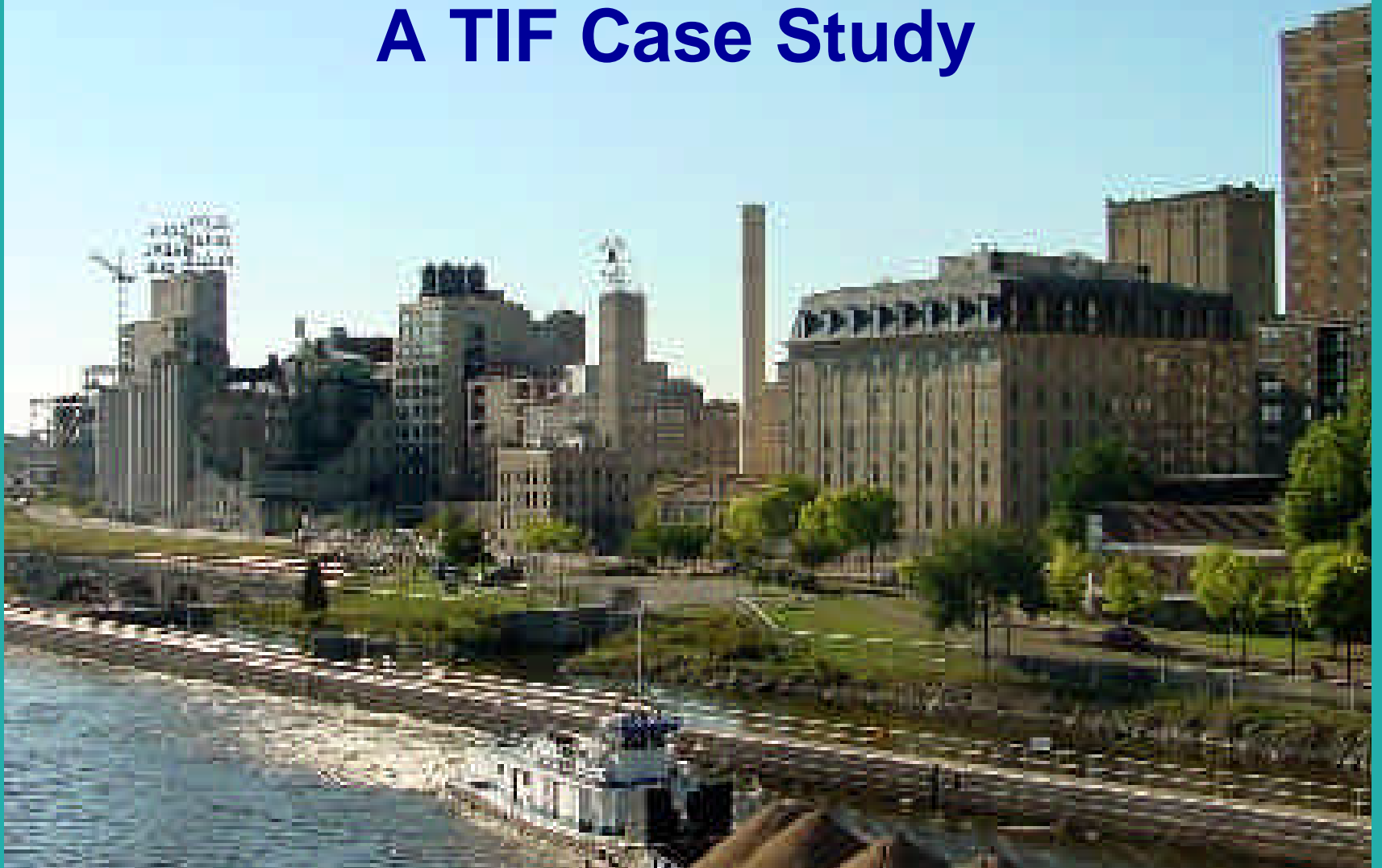


# Minneapolis Riverfront Revitalization: A TIF Case Study



## Use of TIF in Minneapolis

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- First used in 1971 as new financing mechanism in previously established urban renewal areas and redevelopment project areas
- TIF districts as subset of project area not established until advent of Minnesota TIF Act in 1979
- Minneapolis is major user of TIF within Minnesota, with over 100 active TIF districts
- Since 1975, Minneapolis Tax Increment Policy has guided use of TIF

# TIF in Minnesota, Pre- and Post-1979

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## **Pre-1979:**

- Large geographic areas
- Broad eligibility standards
- No durational limits
- Little regulation on collection or expenditure of increment
- Proactive long-term planning

## **Post-1979:**

- Smaller geographic areas
- Stricter eligibility standards
- Durational limits
- Limits on areas where increment may be spent
- Response to specific development proposals

(Minnesota Tax Increment Financing Act available online in CDFA's TIF Resource Library)

# Active Minneapolis TIF Districts

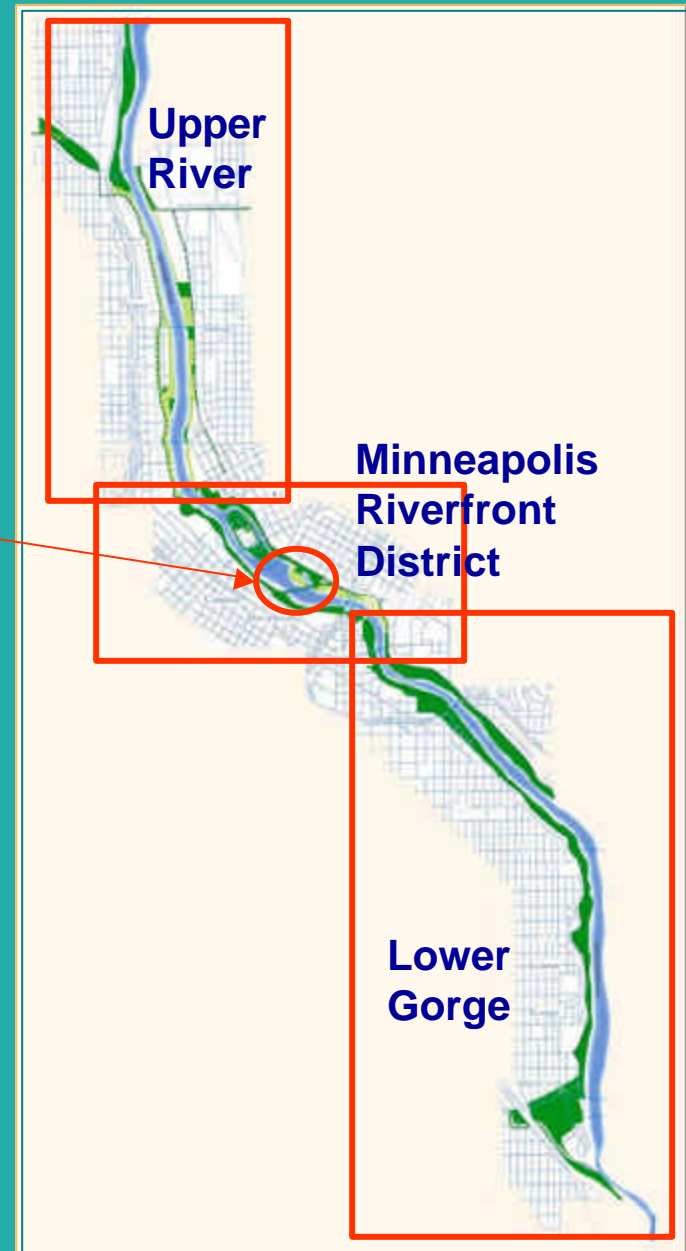
Type of TIF District	Number
Pre-1979	15
Redevelopment	58
Housing	23
Economic Development	1
Renewal & Renovation	1
Soils Condition	1
Other	<u>2</u>
	101

# Current Trends in Use of TIF in Minneapolis

- Over the last four years, 85% of the developments assisted with TIF have been rental ownership housing projects.
- Since 2000, over 70% of the new TIF districts used pay-go notes as their funding mechanism.
- The percent of total tax capacity captured in the City's TIF districts has been stable since 2000, from 14.5% in 2000 to 14.7% in 2007.

## Minneapolis: the city built by a waterfall

- 11.5 miles of the Mississippi River flows through Minneapolis
- Centered on St. Anthony Falls
- Three river reaches, each with its characteristic topography, history, and land use

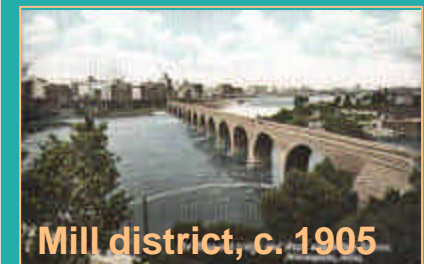


# The Minneapolis Riverfront District: Based on the power of St. Anthony Falls

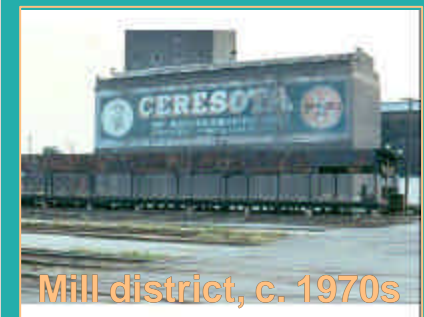
- Birthplace of the city
- Falls drove industry that made Minneapolis “Flour Milling Capital of the World” 1880 – 1930
- Blighted & under-used by 1960s
- 1970s a turning point decade: *Mississippi/Minneapolis* plan approved, redevelopment projects created; historic district designated; regional park planning initiated; Clean Water Act approved



St. Anthony Falls c. 1850s



Mill district, c. 1905



Mill district, c. 1970s

1850s and 1905 photos courtesy of Minnesota Historical Society

# INTRODUCTION TO REDEVELOPMENT TOOLS & STRATEGIES

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- **Establish a vision** and align planning/regulatory tools
- **Remove barriers** to private investment (e.g., pollution, incompatible/blighting land uses, unused rail lines)
- **Add infrastructure** necessary to support private investment (e.g., streets, utilities, transit, parking)
- **Build on strengths** and **provide amenities** to attract private investment (e.g., parks/trails, historic or natural features, cultural/entertainment attractions, streetscaping)
- **Create opportunities** (e.g., assemble development sites, offer financing programs)



# Guiding goals/principles of Minneapolis Riverfront District redevelopment

- Remove barriers to revitalization and add infrastructure as necessary to support public access and new development
- TIF used to remove incompatible land uses, rail lines, blighting influences and pollution
- TIF used to install or renovate roads and provide structured parking



Hennepin Ave. bridge



Rail line in 2<sup>nd</sup> St. c. 1970



New segment of Park Avenue

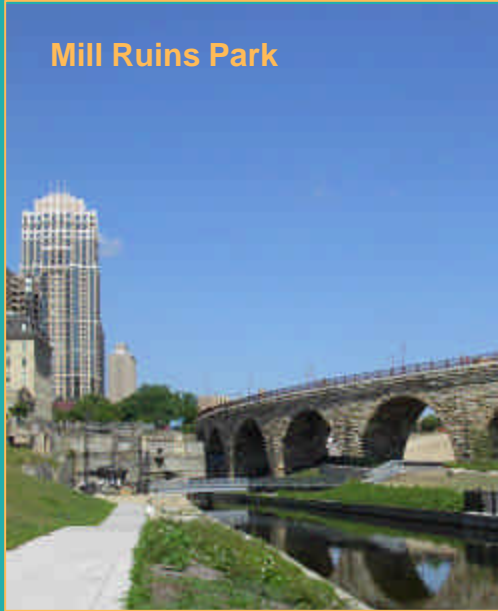
- Open public access to the riverfront as a social and environmental asset and amenity

- TIF used to help construct the West River Parkway, connecting to the 52-mile Minneapolis Grand Rounds parkway system
- Regional park funds and TIF used to assemble land and create almost 140 acres of new riverfront parkland
- TIF used to provide site for new Guthrie Theater, encouraging river-adjacent cultural, hospitality, and entertainment venues

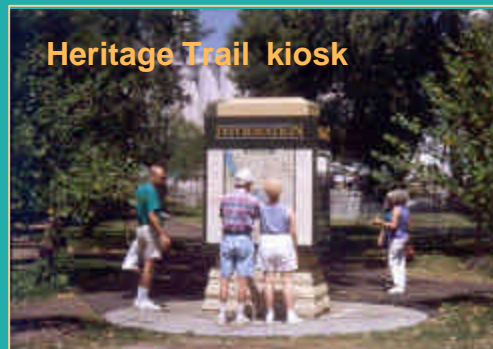
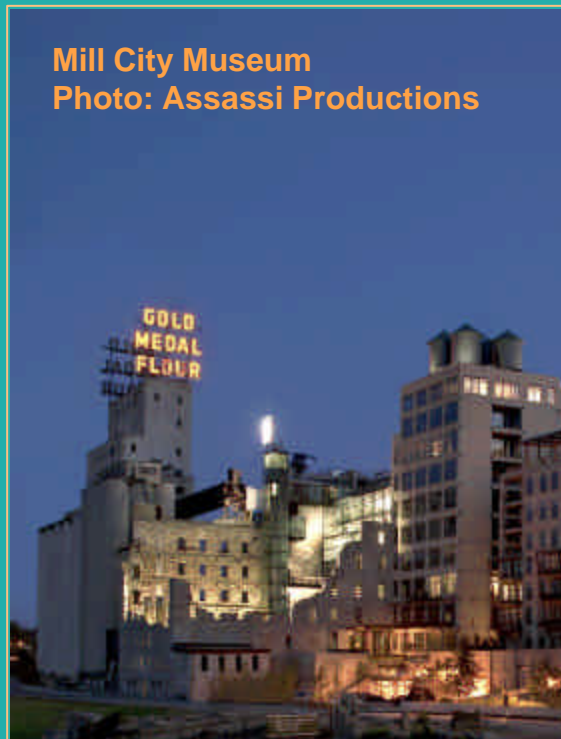


Central Riverfront parks

© 2002 GlobeExplorer, AirPhotoUSA



- Preserve the area's history and communicate its significance to the public
- TIF used to assist preservation and reuse of historic structures
- TIF used to develop the Mill City Museum and redevelop the Milwaukee Depot



**1990: St. Anthony Falls Heritage Zone Interpretive Plan**



- Create a vibrant new mixed-use community with enough housing to be a true neighborhood...

Almost 4,400 new housing units completed or in construction, over a thousand more planned; many assisted with TIF

photo courtesy of Chris Gregerson



Landings townhomes

photo courtesy of Chris Gregerson



Riverplace



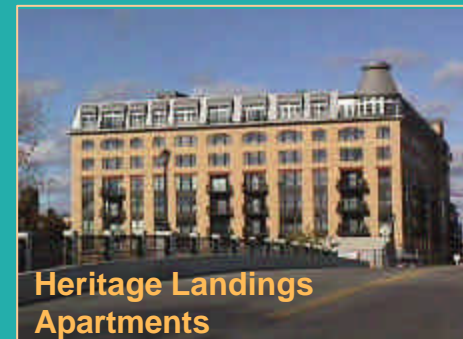
Lourdes Square townhomes



Nicollet Island home



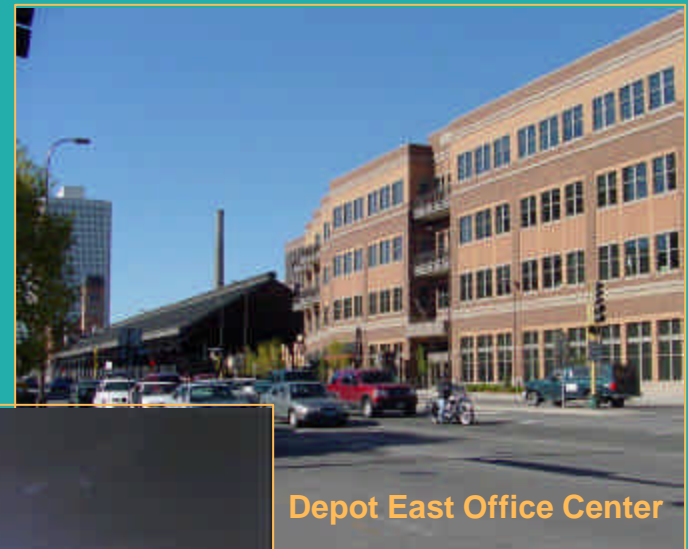
North Star Lofts



Heritage Landings Apartments

## ...that's also an **economic powerhouse** generating jobs, taxes & economic activity

- 8,300 jobs preserved and 1,400 jobs created
- 4.3 million sq. ft. new office, commercial & industrial space
- Much of this development assisted with TIF



# Central Riverfront redevelopment 1975-2010



## 1975-1980

-  Parks
-  Development projects

## 1981-1990

-  Parks
-  Other public infrastructure
-  Development projects

## 1991-2000

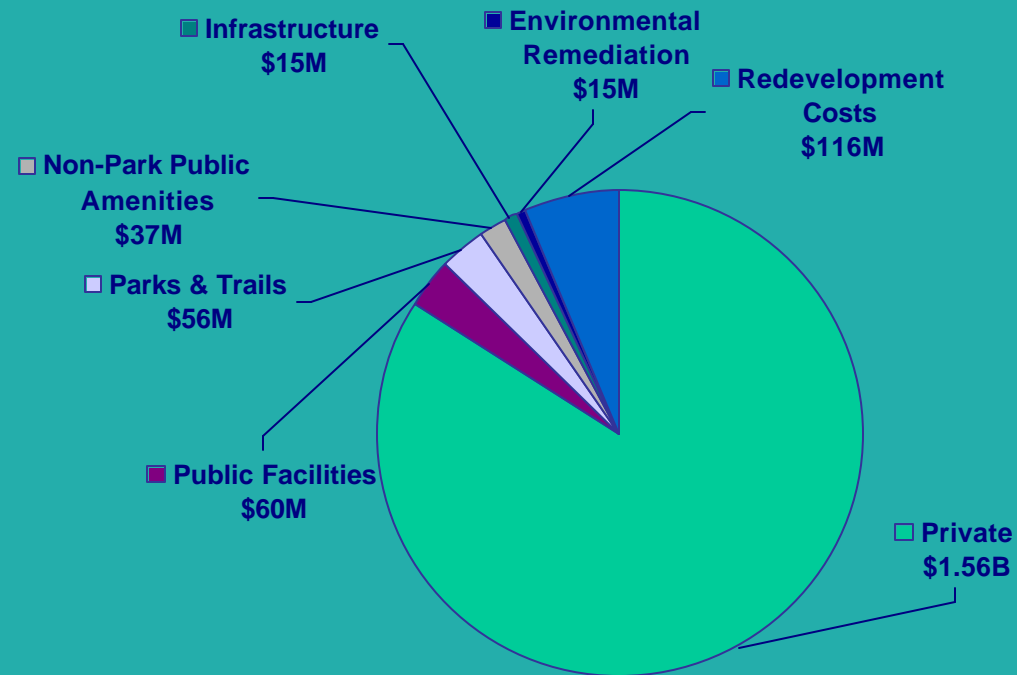
-  Parks
-  Other public infrastructure
-  Development projects

## 2001-2010 (incl. current proposals)

-  Parks
-  Other public infrastructure
-  Development projects

# MINNEAPOLIS RIVERFRONT DISTRICT INVESTMENTS\*

Strategic public investments (multiple sources) of \$299 million, including \$159 million in TIF  
Leveraged private/nonprofit investment of almost \$1.56 billion



\* Figures shown are as of mid 2007



# A Case Study within the Minneapolis Riverfront District: the Mill District



# THE MILL DISTRICT SUCCESS STORY

## Informed by:

- 1983 *Mills District Plan*
- 1998 *Historic Mills District Master Plan*
- 2001 *Update to Historic Mills District Plan*

## BEFORE:

Largely abandoned industrial area, limited access, forbidding, no public spaces



## AFTER:

Improved access; recreational, cultural & historic attractions; housing & jobs



# Barriers Removed & Infrastructure Added



**1970s:**

Rail lines limited access

Pollution discouraged investment



**2007:**

New streets added,  
sites cleaned,  
surface parking replaced by  
structured parking

# Amenities Added to Build on Strengths



Sand & gravel operation looking downriver in 1980's

## BEFORE:

No public riverfront access, history crumbling



## AFTER:

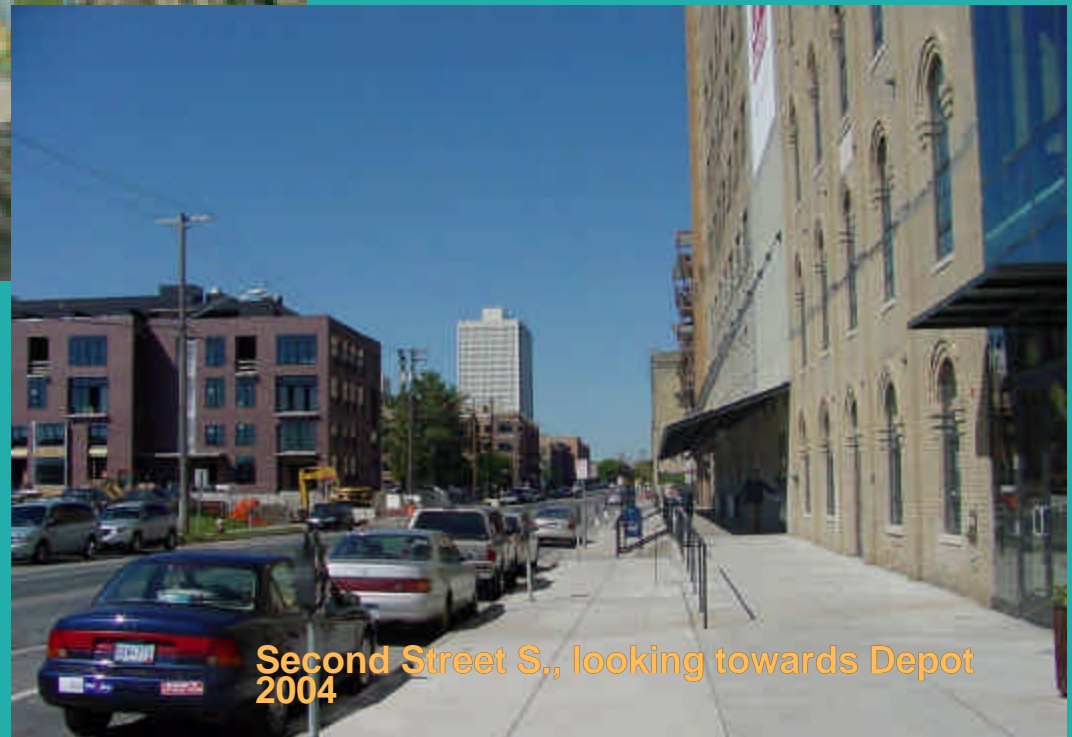
West River Parkway & Mill Ruins Park provide recreational access & green edge; history preserved; new attractions added

# A New Residential Community



Second Street S., looking towards Depot 1980's

**1980:**  
7 Housing Units



Second Street S., looking towards Depot 2004

**2007:**  
Over 1,000 Housing Units  
(with more planned)

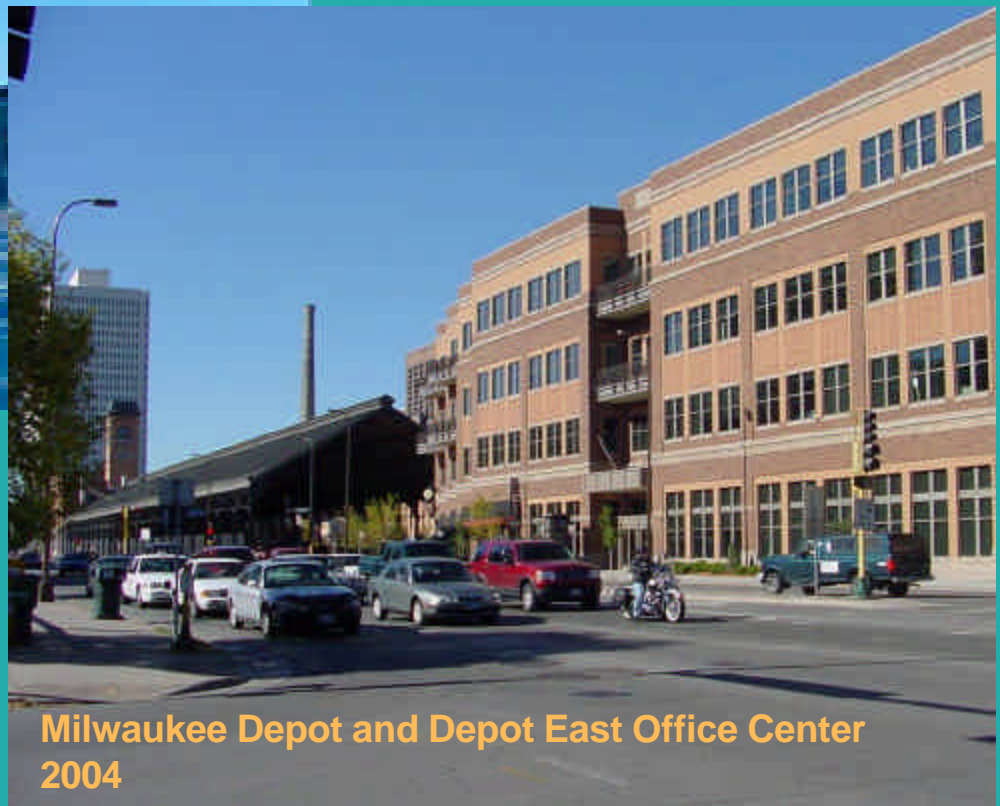
# Jobs & Economic Activity



Milwaukee Road Depot Train Shed 1970's

**1980:**  
Minimal number of jobs

**2007:**  
800,000+ sq. ft of commercial space, 366+ hotel rooms, 2,000 permanent jobs, hundreds of construction jobs



Milwaukee Depot and Depot East Office Center 2004

# Increased Real Estate Taxes



Second Street S., East of Fifth Ave. 1980's

**1994 EMV:**  
\$25 million



Second Street S., East of Fifth Avenue 2007

**2006 EMV:**  
\$334 million

# Some lessons learned

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- Patience and persistence are mandatory
- Respect the market
- Areas in transition are intimidating to potential investors
- Have a plan, but be ready to evolve
- Parks, trails and amenities are important development tools
- Partners are vital, and partnerships need nurturing; keep elected officials in the loop



"But the river is what most charmed and amazed us. It had not yet frozen over and was flowing with a lively sparkle through winding gorges which are still beautiful, although here, as everywhere else, the convenience of the waterway has been exploited ... Of course it will not always be so. Eventually the Twin Cities will realize that their river can be, and ought to be, a wonderful and life-giving amenity without losing any of its utility."

**Tyrone Guthrie,  
A New Theatre, 1964**

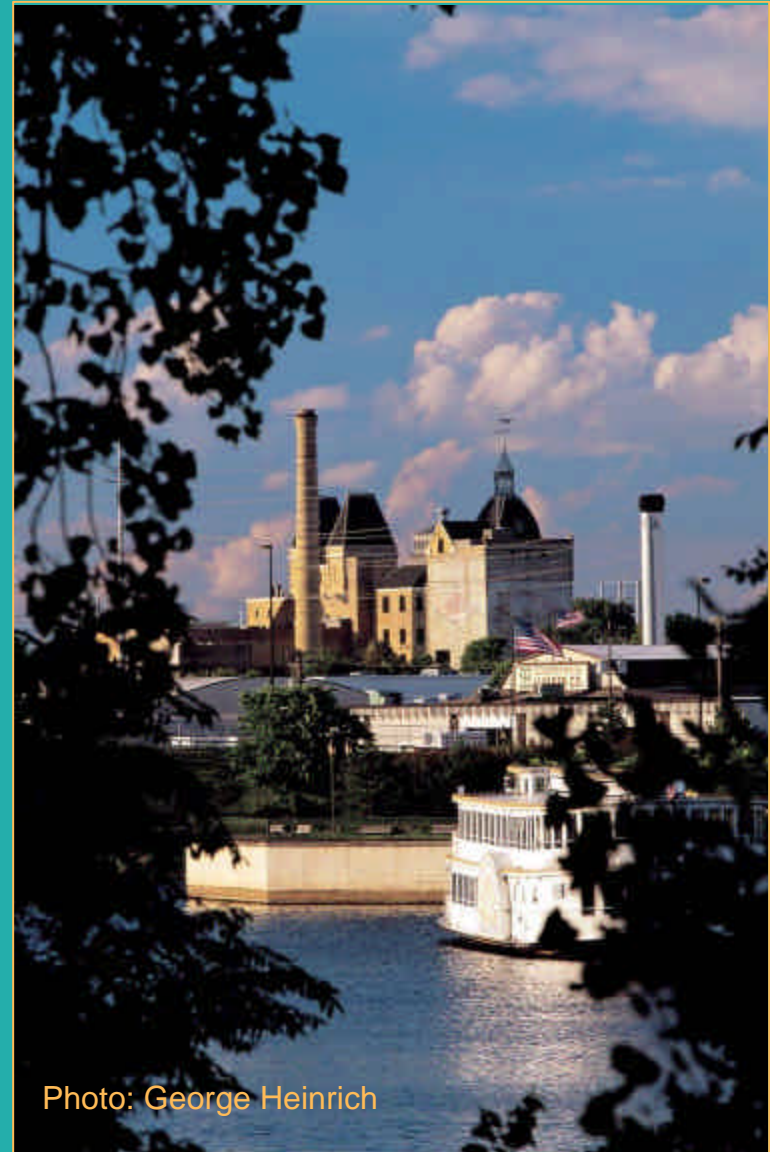


Photo: George Heinrich



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**For more information:**  
**[www.ci.minneapolis.mn.us/cped/riverfront.asp](http://www.ci.minneapolis.mn.us/cped/riverfront.asp)**