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## 4. Housing

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## 4.1 Overview

The neighborhoods surrounding Lowry Avenue are characterized by single-family detached houses oriented primarily to north-south streets. There is a mix of owner-occupied and rental housing, and the condition of the housing varies significantly. Vacant lots and houses in foreclosure are scattered throughout the five neighborhoods, but well-kept century-old homes in good condition are prevalent as well. They exert a stabilizing effect and establish a design standard.

Along Lowry Avenue, the housing pattern is less clear. Most housing is single family, but multi-family buildings are common as well. Commercial and institutional buildings are interspersed. Some buildings are oriented toward Lowry, and others toward the side street. There are various building types and design styles.

In neighborhoods north of Lowry, at least 75 percent of housing units were owner-occupied in 2000, the most recent year of available Census data. Jordan neighborhood has a 60% owner-occupancy rate. In Hawthorne it is 25%. Vacancy rates are rising in all neighborhoods except Cleveland, and the foreclosure crisis has impacted all neighborhoods, leaving them with empty buildings and lots, and many houses for sale.

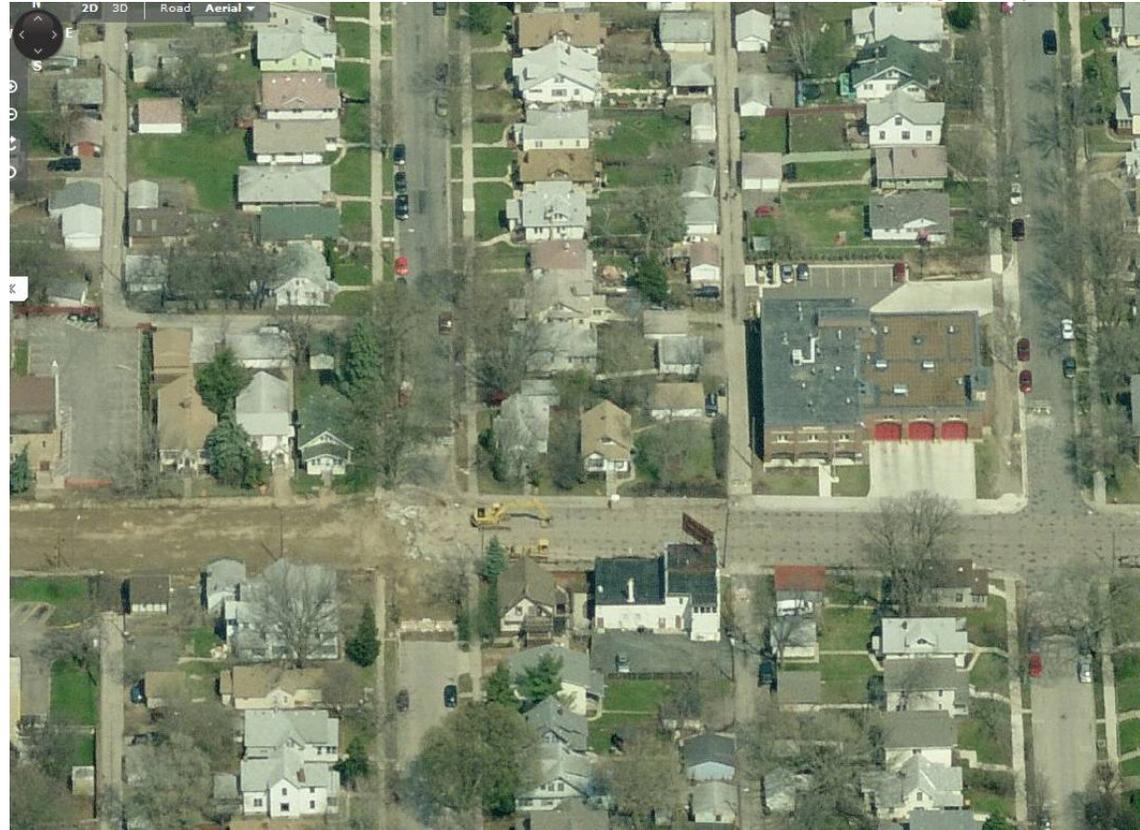
In 2000, median home values in the six Census tracts adjacent to Lowry Avenue were 56% to 72% of the City's median. Because of the extra housing supply available and the lack of confidence in the market, sale prices of homes have plummeted in the area in the last few years, along with associated housing values. This undermines renovation and reinvestment efforts, and makes it harder to

attract new development. The silver lining is that low housing prices can make it easier to assemble property for larger residential development projects.

In some respects, the housing market seems to be improving again. The median sale price in North Minneapolis rebounded by 57 percent from the start to the end of 2009, and one new residential development—the Hawthorne Eco-Village—is underway—albeit slowly.

This is good news for Lowry Avenue, as the entire metro region has witnessed the impact of job losses, tighter access to capital for home purchase and renovation, and diminished housing values. Still, the Lowry Avenue market is more sensitive to the negative impacts of these shifts, due to homogeneity of the housing stock and perceptions of the neighborhood that already limit the audience of homeowners and investors.

Housing at Lowry & Newton



## 4.2 Housing Objectives

Attracting new development to Lowry Avenue is a key component to this plan's revitalization strategy. It is important to increase the density of both residents and activity, because that supports local businesses and high quality transit service, and it dampens criminal activity. Vibrant, safe places require people.

Having stated the importance of housing development, it is also vital to attend to the character of the housing, and the household mix that is being attracted to the community.

City housing policy highlights the importance of broadening the residential market in disadvantaged communities. That means creating a healthy mix of rental and ownership housing, and attracting middle income households in addition to housing low income residents. These objectives are perfectly relevant for the Lowry Avenue corridor.



Achieving these goals on Lowry is complicated by the fact that new housing in low-income areas generally requires financial subsidy. And programs offering subsidy place significant constraints on the housing that is created. Most forms of public subsidy are better suited to rental housing than for-sale housing. And most require that tenants be income qualified—meaning that household income cannot be higher than a certain threshold—over a 15 to 30 year time frame.

Beyond this, the market may not support certain ownership or higher end housing products at the current time.

Given these constraints a housing mix that is ideal from a policy perspective may not be achievable on Lowry in the current funding and market environment.

This does not diminish the importance of setting clear goals and objectives. They can support the pursuit of programmatic changes that would relax income qualification requirements in disadvantaged communities. And they can be employed with housing developers by tying the extension of local financial support to the satisfaction of city and community objectives to the extent that it is practicable to do so.

In all cases, high quality design and strong property management should be non-negotiable. They are necessary to ensure that new housing is a community asset. Fortunately, there are a number of local housing developer that have a strong track record on both fronts.

The following housing objectives relate to the purposeful mix of housing that should be attracted to Lowry Avenue over time.

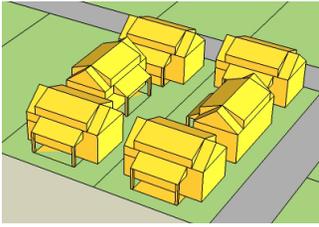
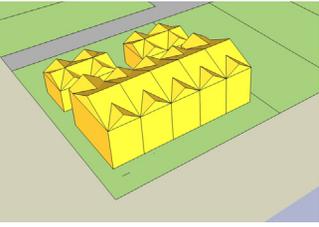
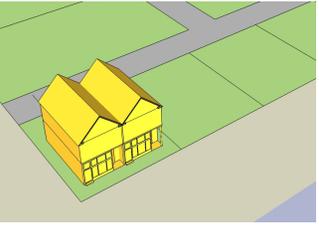
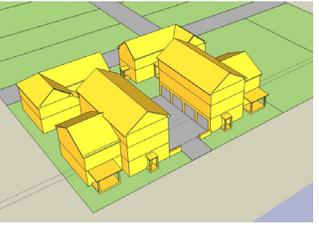
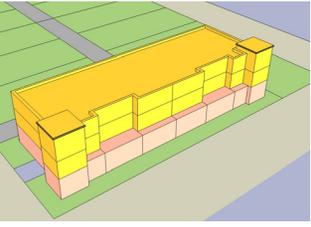
- **Rental and Ownership.** A balance of ownership and well-managed rental housing should be pursued.
- **Economic Balance.** Affordable, income-qualified housing should be balanced with housing that is targeted to middle and even higher income households.
- **Scale and Design.** A mix of housing styles is desired including well-detailed apartment or condominium flats, townhouses and rowhouses, and others.
- **Market Niches.** Lowry Avenue housing should be designed for and marketed to a wide demographic and cultural spectrum—families and singles, seniors, artists, local church members, employees of area institutions, etc.



### 4.3 Housing Types

There are many reasons for diversifying the types of housing available on Lowry Avenue. Doing so will assist in opening up new residential markets for developers. And it will assist in accommodating the needs of households of different sizes and at different life stages.

Within the medium to higher density continuum of new housing that is recommended for Lowry Avenue, the following general housing types should be encouraged.

Cottage Cluster	Townhouse	Live-Work House	Courtyard Building	Mixed-Use Building
				
				
<p>Detached buildings in a tight formation.</p> <p><b>Units:</b> 6 on 2 lots.  <b>Market:</b> those who want detached housing but no yard maintenance, increased sense of safety due to proximity to neighbors, new construction. Ownership.</p>	<p>Mid-size living units in an attached multi-family building.</p> <p><b>Units:</b> 3+ on 2+ lots.  <b>Market:</b> those who want small living units in a multi-family building, small outdoor space, private garage, new construction. Ownership or rental.</p>	<p>Small living units above and connected with ground floor work spaces in an attached multi-family building.</p> <p><b>Units:</b> 2 on 1 lot.  <b>Market:</b> those who want to work at home but in a separate space with a storefront. Ownership.</p>	<p>Small living units with outdoor community space in an attached multi-family building.</p> <p><b>Units:</b> 40+ on 3+ lots.  <b>Market:</b> those who want small living units, no maintenance, lower cost than detached housing. Ownership or rental.</p>	<p>Small living units above commercial spaces in an attached multi-family building.</p> <p><b>Units:</b> 24+ residential, 2+ commercial, on 4+ lots.  <b>Market:</b> those who want small living units, no maintenance, lower cost than detached housing, underground parking, new construction. Ownership or rental.</p>

## 4.4 Redevelopment Strategies

Although attracting new housing development is an important aspect of revitalizing the Lowry Avenue corridor, it is certainly easier said than done. Fostering new development in the heart of North Minneapolis faces significant challenges. Important among these are the following:

- **Site assembly.** New development on Lowry will often require the acquisition of multiple properties. And preparing the site for development may involve related activities such as demolition of existing structures, and relocation of existing occupants. This increases the cost of development. It also increases risk to the developer, because the time it takes to complete site assembly once initiated is often uncertain. Developers incur holding costs in this interim period related to property maintenance and interest on development financing.
- **Residential market.** A developer will not build if they are not confident that they will be able to cover their costs by sale or rental of the property. Such return on investment is related to the expected sale or rental income that the property will generate. In a community that faces the livability and public safety challenges of the Lowry Avenue area, a project's expected financial return may not be very high. This challenge is heightened by the fact that there is little new housing available on Lowry, so there are not comparables that developers can look at to gauge what the market is. Criminal activity, vacant or unattractive storefronts, and problem properties can all discourage a potential developer that is envisioning marketing a new residential product on Lowry.

These challenges must be addressed in a vigorous

way in order to attract new development to Lowry Avenue. After a few attractive and well-managed housing developments have been created on Lowry, the perceived challenges of building housing will be reduced, and it will be somewhat easier to attract subsequent projects.

### Strategies

The following are primary strategies for fostering new housing development on Lowry Avenue.

- **Third party site assembly.** The challenges of developing new housing on Lowry are daunting without expecting a developer to do land assembly. In strategically important opportunity areas, the public sector and related intermediaries will need to take on the acquisition and holding costs related to readying multi-parcel development sites. It is a complicated strategy that is explored in more detail below.
- **Branding Lowry as a great place to live.** One of the greatest barriers to housing development on Lowry is that there are no examples that market Lowry Avenue as a desirable address for housing. But market recognition can to some extent be built—or at least augmented. “Living on Lowry” can become a phrase that celebrates the unique assets of living in an affordable yet hip, engaged, and diverse community with all the assets and amenities inherent in North Minneapolis. This goes beyond any single slogan to include marketing the many unique features of the Lowry Area, and ensuring that first new residents on Lowry have a terrific experience in their community.

- **Marketing Lowry to developers.** Information about Lowry Avenue and its retail market area can be assembled to interest prospective developers in Lowry. This may open their eyes to the attractive qualities of the place, the success that certain anchor businesses are having, and the strengths of neighborhood assets. A prospectus should be developed of opportunity sites, and materials about target markets for residential development. Other information to include: a list of area amenities, the zoning map, and an inventory of development-related support and resources.
- **Rezone property.** The regulatory environment can be prepared for multifamily development by proactively rezoning property along Lowry. Consistent with the recommendations in the Land Use and Development chapter of this document, zoning should support medium density housing development along Lowry, and high density mixed use development at the two neighborhood commercial nodes.



## 4.4 Redevelopment Strategies

continued

- **Expand the market—Product mix.** Although there is a demand for a variety of housing types in North Minneapolis, there is a limited supply of some types. For example, rowhouses are scarce but may be attractive to some residents.
- **Expand the market—Household mix.** Lowry is not suited to only one type of household. Nearby parks and schools make the area suitable for families. Other characteristics could attract price-conscious urban hipsters. Residential submarkets may also be associated with existing communities. These include employees of large local institutions such as North Memorial Hospital, members of local churches, Hmong households from across the Twin Cities, artists, and GLBT (gay/lesbian/bisexual/transgender) households. Broadening the target market can open up new possibilities, and shed light on needed environmental improvements. Real estate market consultants could assist in the identification of these candidate submarkets, and the development of tailored marketing approaches to each. Collaborating with an identified submarket in the design of a new development may reduce risk for a developer. And environmental improvements can be paired with specific target markets. For example, it may be easier to attract families with children if “safe routes to schools” strategies are implemented in collaboration w/ area schools.
- **Employer assisted housing.** Employer assisted housing (EAH) can leverage the interest and resources of a major area employer. It refers to strategies that assist employees with their housing needs. In some instances the employer provides a benefit such as downpayment

assistance to employees for purchasing a home near the employer. In others the employer participate more directly in the creation of housing suitable for its employees. North Memorial Hospital is on the doorstep of Lowry Avenue, and would be a suitable candidate for partnering on employer assisted housing strategies.

- **Address problem properties.** A high priority must be placed on dealing with blight or unruly behavior at properties near potential development because they will dampen developer interest and quickly erode the living conditions of new residents. A specific strategy should be developed for each problem property, utilizing approaches such as incentives and management support along with a willingness to regulatory enforcement, legal action and police interventions.
- **Financial support.** Supporting a development financially is a very direct way to improve the development pro forma, as well as reduce risk for the developer. This can come in many forms. Gap financing falls under this heading, and for first developments on Lowry there may need to be a willingness to make gap financing available that goes beyond what is normally considered appropriate. A particular challenge is identifying gap financing for ownership housing, an important part of the housing mix. Predevelopment money is another category of financial support that in some instances may be key to inviting developer interest, as predevelopment activities are difficult to finance privately. Where site assembly flows through public ownership, public land write-downs to support desirable development can be considered.

### Site Assembly

Public or third party site assembly may sometimes be necessary in order to attract developer interest. The recession’s silver lining is that more property is available at lower cost. But the resources of governments and partnering institutions are always constrained, and there are significant holding costs associated with maintaining a property inventory. This plan highlights the importance of continued property acquisition on Lowry Avenue. But it also proposes criteria for evaluating and prioritizing acquisitions. Specifically, acquisition opportunities should be evaluated utilizing criteria that includes the following.

- **Development Opportunity Map.** Is the acquisition candidate in one of the development opportunity areas identified in this plan’s Development Opportunity Map?
- **Adjacency.** Some property by its adjacency to an already assembled development opportunity, would result in an ability to do a higher quality development. A notable example of this is the lots on the south half of the county owned 701 and 801 blocks of Lowry Avenue.
- **Blighting influences.** Acquisition may be the most effective approach in the long-run for some problem properties not responsive to supportive outreach and regulatory actions.
- **Market strength.** The stronger and more stable west end of Lowry may generate expected returns on investment that offset somewhat larger site assembly costs.