

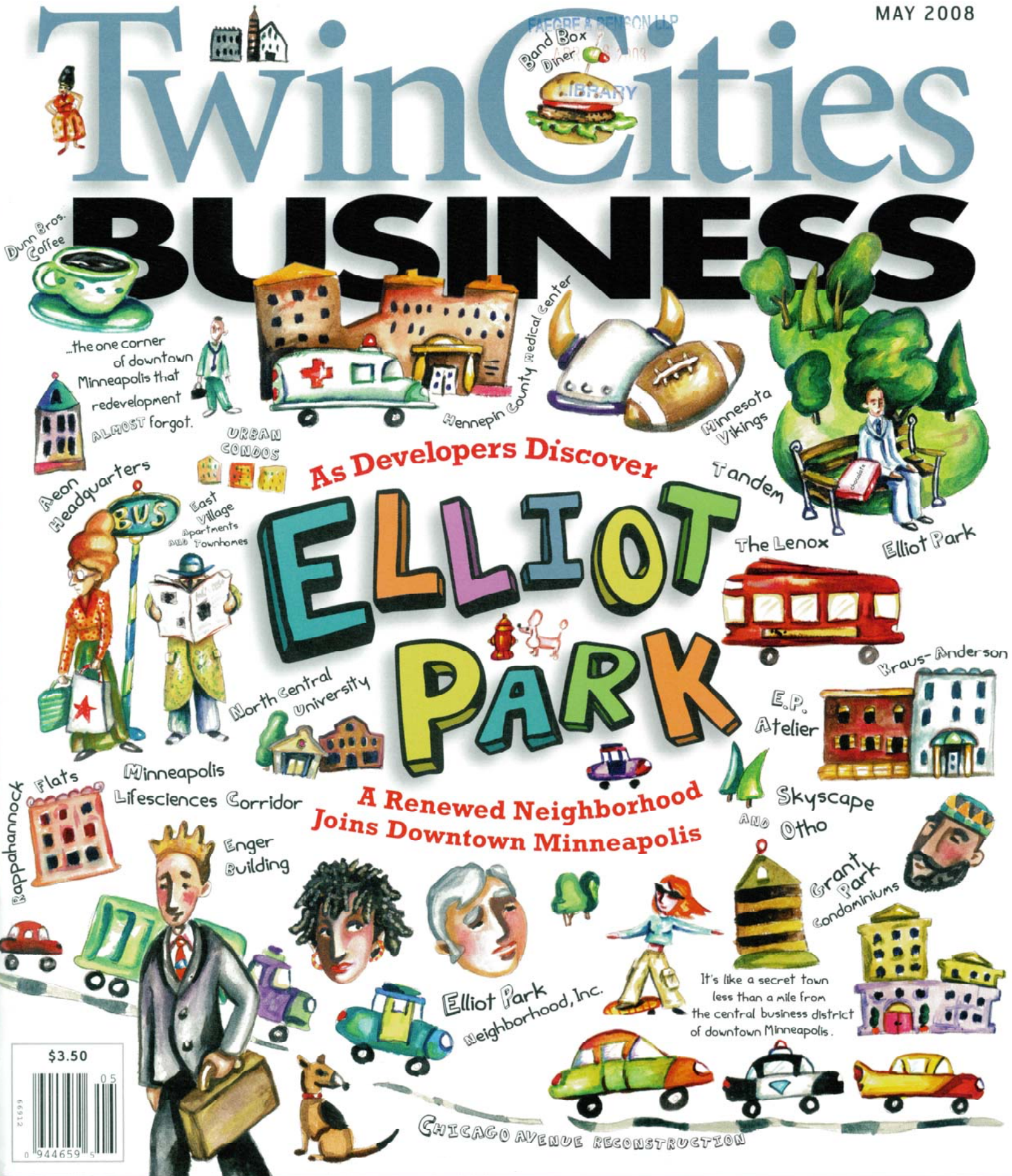
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Twin Cities BUSINESS

As Developers Discover

ELLIOT PARK

A Renewed Neighborhood Joins Downtown Minneapolis



\$3.50



Downtown's Next Renovation?

It's the last part of downtown to undergo redevelopment, but change has been happening in Elliot Park. Who will shape its future, and how?

by
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It's like a secret town less than a mile from the central business district of downtown Minneapolis. Where 11th Street, 14th Street, and Chicago Avenue converge is a small dreamscape of old storefronts and row houses. Most look vacant.

One storefront has the mysterious name "Del Kingsriter Center for Intercultural Relations" above its opaque black windows. Another says "Eshkol Mission" in small gothic letters. Around the corner, there's a small grocery store, and, of all things, a 1930s-era diner. Pedestrians are few and far between.

This curious intersection is the heart of Elliot Park, the city neighborhood you may never have heard of, and the one corner of downtown Minneapolis that redevelopment almost forgot.

Other downtown neighborhoods—Loring Park, the Warehouse District, the riverfront—have all become centers of urbane redevelopment, with condominium developers rehabbing old buildings and putting up new ones. As well-to-do newcomers have moved in, retail businesses have followed.

That hasn't happened yet in Elliot Park. But it's what the neighborhood's champions are working toward.

The area has attracted two successful, large-scale condominium projects that have boosted its prospects in the new millennium. And its mix of high-end and affordable housing is drawing residents who want a distinctly urban experience.

Those who move in will find they have influential neighbors who could have a lot to say about what happens next in Elliot Park. Hennepin County Medical Center is updating and expanding facilities as its business model changes. Aeon (formerly the Central Community Housing Trust) is headquartered in the neighborhood and manages numerous low-income properties here. North Central University, a small Pentecostal institution, has been in Elliot Park since 1930 and is a major landowner in the area. (The Kingsriter Center is, in fact, one of its facilities.)

Ten times a year, Elliot Park is also home to the Minnesota Vikings. While funding is still a big question mark, team owners dream of a new stadium on the Metrodome site and an ambitious mixed-use development project surrounding it.

A Familiar Tale of Urban Decline

Elliot Park resembles a three-dimensional mosaic.

Within its bounds—Fifth Avenue South to Interstate 35W, Fifth Street South to Interstate 94—is a collection of fragments set haphazardly in concrete.

Elegant brownstones look adrift in a vast sea of parking lots. Lovingly restored buildings are separated by vacant lots from what might charitably be called works in progress, many of them boarded up. Social-service providers are a presence as are small churches, many unattached to their original denomination. A few single-story business structures are sprinkled throughout, their bland postwar exteriors revealing almost nothing about what goes on inside.

There also are businesses that bespeak at least a touch of prosperity—a Wells Fargo bank, the headquarters of construction company Kraus-Anderson. Hennepin County Medical Center is a four-block anchor on the neighborhood's north end, but its bulk (like that of the Metrodome) also feels like something of a barrier to entry.

A "narrative" written by the neighborhood association, Elliot Park Neighborhood, Inc. (EPNI), as part of an application for development funds from the Minneapolis-based McKnight Foundation nicely summarizes perceptions of the area:

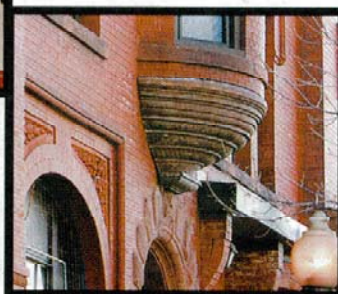
"Elliot Park often has been regarded as a neighborhood in a geographic sense only—serving variously as a vast parking lot for downtown, a warehouse for the poorest and most transient residents, a pass-through nether region for freeway-access streets, a service center for the needy and afflicted, and a gigantic tailgating facility for prodigal Metrodome patrons. Whether viewing the neighborhood from aerial photographs or on forays afoot, it is immediately apparent that so much of the landscape is virtually featureless due to the overwhelming presence of surface parking lots, unnecessarily wide one-way pair streets, and vacated or underdeveloped parcels of land."

That's not how things were in Elliot Park a century or more ago. Check out the corner of 10th Street and Park Avenue. On a slightly raised lot stands a handsome Italianate mansion. Now occupied by real estate businesses—and with much of its magnificent interior tile

work still intact—the Hinkle-Murphy mansion reveals something that would surprise most people who see Elliot Park only from the commuter arteries of Seventh and Eighth streets: This was once a classy part of town.

You can get a deeper sense of that on Ninth Street, with its turn-of-the-last-century brownstones and row houses. These were residences for people seeking an easy commute to downtown in the pre-automobile age, often attorneys, doctors, and captains of local industry. David Fields, community development coordinator for EPNI,

calls these "the condos of the 19th century."



There were hospitals in Elliot Park then, too. The largest, Minneapolis Community, evolved into the fortress-like Hennepin County Medical Center. Swedish, Asbury Methodist, and St. Barnabas have all closed or moved away, most of their buildings absorbed by HCMC or North Central University.

Over time, Elliot Park's well-heeled residents moved farther and farther out of downtown. After World War II, blocks were cleared for parking needed by suburban commuters. The old housing stock was no longer in demand by a postwar middle class hungry for detached housing and lots of private green space.

Elliot Park became poorer and poorer. The building of the interstates in the '60s and '70s isolated the neighborhood from the rest of south and southeast Minneapolis. And in the late 1970s, construction of the Metrodome clear-cut yet more blocks. The Dome's boosters imagined that development would sprout up naturally around the stadium. But outside of a couple of bars that never happened.

Elliot Park's business district lingered on into the 1970s. Then one by one, the storefronts turned out their lights. Like inner-urban neighborhoods across the country, Elliot Park slid into permanent decline.

Or not.

Luring Wallets

In the mid-1970s, perhaps Elliot Park's lowest ebb, residents formed EPNI to address crime and blight. In the 1990s, they set up the Neighborhood Improvement Company to redevelop some of the area's worse-for-wear structures.

Its first project was turning a historic set of row houses on 16th Street into the Old-Town-In-Town cooperative. At the same time,



Elliot Park actively embraced its status as a low-income neighborhood (see sidebar, page 46).

Several social-service agencies and facilities operate here—chemical dependency treatment programs, transitional housing for various groups, assisted living for seniors. Perhaps the largest of these entities is Aeon, founded in 1986 and now one of the largest affordable-housing developers in the metro area.

“Aeon purchased a lot of old apartment buildings that otherwise would have been demolished,” preserving the historic structures and turning them into affordable housing, says EPNI Executive Director Susan Braun. It now has 836 units in 12 buildings in the neighborhood, including the St. Barnabas Apartments for homeless youth and the Alliance Apartments for recovering alcoholics.

In the 1990s, Minneapolis’s Neighborhood Revitalization Program also started channeling funds into Elliot Park.

Braun says that in those years, EPNI began to realize that it “needed to diversify the economy, as in bringing people into the neighborhood with means. Because you can’t attract retail when such a large portion of the neighborhood population is low income.” Her colleague Fields calls it “luring more wallets.”

Many urban neighborhoods have looked suspiciously upon development as a dark conspiracy of The Man to push The People out of their homes and crush small businesses. But Elliot Park has “a neighborhood association filled with people who want development. It’s not common!” says Minneapolis City Council member Lisa Good-

man, whose ward covers much of downtown and south Minneapolis, including Elliot Park.

Some wallets had already found their way into the neighborhood, coming in to rehab old brownstones. One of the earliest renovations was the 41-unit Rappahannock Flats on Ninth Street, a 1900 structure that was converted to condos in 1982. Selling prices now average between \$149,000 and \$160,000.

In the late 1990s, Aeon purchased a group of 1880s brownstones called the Lenox with plans to turn them into low-income rental housing. With EPNI pressing for the Lenox to be owner occupied, Aeon sold in 2002 to Ned Abdul, who has owned numerous older properties in the central city. Abdul converted the Lenox into 24 condos and added underground parking. Units have sold for between \$315,000 to \$340,000.

Picturesque buildings like the Lenox are one of the factors that makes Elliot Park an attractive up-and-coming area. Andrea Christenson, a vice president with the Minneapolis office of real estate services company Colliers Turley Martin Tucker (she is handling retail-space sales for the Skyscape condo development in Elliot Park), believes that Elliot Park has benefited from the demand for housing in all the downtown neighborhoods. A significant percentage of these new downtowners are empty-nesters, a demographic isn’t being affected by the current economic crisis. The rising cost of gasoline, she adds, should continue to make downtown living appealing.

Bigger Developers Come In

If condo sales are a measure, the neighborhood’s appeal is real, if not yet door busting.

In 2001, construction began on the Grant Park, a remarkably ambitious condominium project in Elliot Park. Urban Condos, LLC, a development partnership primarily comprising locally based Apex Asset Management and Opus construction, built the 327 units, which include brownstone-style townhomes and a 27-story central tower.

Despite the project’s size and its unit prices of \$170,000 to \$800,000, EPNI was eager to see it built, Braun says. Grant Park would bring increased home ownership to the neighborhood and “start to escalate the economic level and diversity.”

It wasn’t an easy sell. Goodman recalls bringing the developers to the site at Grant and Portland avenues in 1999, where they saw not only the old industrial structure that occupied it, but also several locals shooting up IV drugs in the open air.

Tom Dillon, an Urban Condos partner, says the development team needed about a year to “get comfortable with the site” and its sur-

VIEWS FROM THE STREET AND FROM THE HIGH-RISE

One of the things that makes Elliot Park so fascinating is that upscale condo owners and lower-income residents have, so far, resided side by side with remarkable harmony.

Equally remarkable has been the plunging crime rate in Elliot Park. When Luther Krueger, a community crime prevention specialist with the City of Minneapolis, began covering the neighborhood in the mid-'90s, "things were just nuts," he says, mostly because of a dozen problem properties where drug dealing and even homicides were rampant.

Krueger says neighborhood vigilance pushed laggard landlords into making tenant background checks or selling to more responsible owners.

Still, the realities of Elliot Park can be a surprise for condo buyers. Newcomers "are taken aback" by homeless people walking through the neighborhood from one social service provider to another, says Susan Braun, executive director of neighborhood association Elliot Park Neighborhood, Inc. "So there's been some of that kind of tension, where people that come in haven't recog-

nized what the history of the place is and what the intentions are." Many condo buyers "thought they simply bought a view of downtown," she adds wryly.

But condo residents are beginning to attend EPNI meetings, joining its board, and getting involved in neighborhood improvements. "They're looking for a true urban experience," Braun says, "and welcome the fact that we're trying to create a sustainable, economically, culturally, racially integrated diverse community."

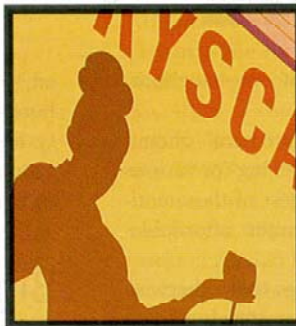
—G. R.

roundings. But Goodman kept pushing the location, and EPNI kicked in \$300,000 of Neighborhood Revitalization Program money. Urban Condos was also reassured when it was able to presell about 160 units before construction began. The project was sold out in May 2005.

Then last June, the 27-story Skyscape condo project opened at 10th and Portland. With lower price points than Grant Park (most units fall in the \$200,000 to \$300,000 range), it's designed to appeal to a younger crowd. Skyscape was Chicago-based condo developer Tandem's first project in Minneapolis, and after 10 years of smaller infill developments, its first high-rise.

"It seemed like the right product for the right spot," says Paul Dincin, a Tandem principal. "We felt that there was a market for reasonably priced urban homes for downtown workers."

Dincin says the 252 units are now 70 percent occupied, not bad in a flattened market. Unlike Grant Park, Skyscape has retail space on its first floor, partly occupied by Otho, a "pan-Asian" restaurant. Another restaurant is expected to open this fall.



reason for outsiders to come in, says Diane Ingram, who heads the East Downtown Council, a business-promotion group that covers "Downtown East" from Elliot Park to the river.

In 2004, Ingram and her business partner, Shar Kanan, were retail pioneers of a sort, opening E. P. Atelier, a boho-eclectic combination of coffeehouse, gift shop, music club, and art gallery a few steps from the Hinkle-Murphy. Business has been OK, though Ingram hasn't yet seen a big boost from the condos. She's hopeful that when Otho—which opened in November—puts out tables as the weather warms, it will bring pedestrian traffic to the area, business to her door, and other retailers into the neighborhood.

Some prospects are more welcome than others. Braun's observation is that, in other cities, the most interesting neighborhoods have retail that has "grown organically out of the needs of the neighborhood. Not ones where businesses have come in from the outside and done the market research and brought in a branch of a retail chain."

Shopping for Retail

Not all of Elliot Park's condo projects have succeeded.

An ambitious development called 1010 Park would have built tall towers around the Hinkle-Murphy mansion and knocked down the Enger Building, a former mortuary and sometime art gallery that's much loved by the locals. The developers, Omni Investments in Little Canada, ran out of money when the condo market cooled last year. The site is now in the hands of Redwood Falls-based Minnwest Bank. Omni had until late April to come up with the money to reclaim it.

But what Elliot Park needs more than another residential development is more retail. "What this neighborhood needs is a destination," a

Pharmacy giant CVS considered moving into the first-floor space at Skyscape. But "the CVS business model was not compatible with the pedestrian type of commercial retail experience we want downtown," Fields says. "They insisted on a drive-through; they insisted on a certain amount of parking that we weren't willing to concede."

Ultimately, the sidewalk in front of Skyscape was widened, and that stretch of 10th Street was narrowed. Fields calls this "rightsizing the street" based on the traffic load it typically takes. Narrower streets

slow traffic, create greater "pedestrianization," and encourage business development, he says.

"When [retail development] starts, it builds on itself," Fields notes. In Elliot Park's case, the start has been elusive so far, though Otho may prove to be the needed catalyst.

What's Next—and Who

EPNI doesn't have much financial bait for hooking retail entrepreneurs, but there are a few potential lures.

One is Minneapolis's Great Streets program, which partners with private lenders and other funders to provide loans and grants for improving the city's business districts. Adopted last spring by the city council, Great Streets expands a motley group of programs that have helped renovate commercial corners on Lake Street and Franklin Avenue.

EPNI is also trying to trigger retail development through its Centennial Commons initiative in Elliot Park's old business district. Centennial Commons would include housing, retail, and office space. EPNI has access to some private financing, but would like to get more.

In the meantime, the neighborhood might get help toward further development from other entities based there.

Hennepin County Medical Center has been participating in meetings on neighborhood economic development—in part because the hospital has some of its own economic development work to do. On January 1, 2007, HCMC shifted from being a county hospital to operating as a "public-benefit corporation," technically separate from the county. It's busy repositioning itself as a "hospital of choice," notably among the growing number of downtown residents. After considering a move out of downtown, HCMC chose instead to put \$80 million into interior improvements, including updating and expanding its intensive care units and inpatient bed capacity.

Now the hospital plans to cluster its various outpatient clinics—currently spread across several buildings in Elliot Park—into a new facility near its campus. HCMC hopes to nail down a site sometime this year, and wants to make sure the project is "harmonious with folks in terms of quality of life in the Elliot Park neighborhood," says Michael Harristhal, the hospital's vice president of public policy and strategy.

HCMC is one of the medical institutions and businesses along Chicago Avenue north of Lake Street that formed the Minneapolis

Lifesciences Corridor a few years ago. The idea was to promote the creation and clustering along the corridor of businesses that could commercialize medical technology developed at the University of Minnesota and other hospitals, clinics, and companies in the area.

After establishing a business incubator in a former HCMC building in 2004, the group slipped under the radar. But it could become more active again next year.

Dave Durenberger, a member of the Lifesciences Corridor executive committee, says the group is looking forward to the city's planned 2009 reconstruction of Chicago Avenue, which it believes will encourage the creation of med-tech companies there. Infrastructure and cosmetic improvements along the stretch from 28th Street to Washington Avenue should also make Chicago more appealing to the

thousands of health care workers in the area that Elliot Park hopes will become neighborhood residents and shoppers. The idea is to make Chicago less of a throughway and more of a parkway.



But the player that might have the biggest impact on Elliot Park is the Minnesota Vikings. Last year, Zygi Wilf, the team's lead owner and a long-time real estate developer, bought some open land around the Metrodome. Wilf hopes to open the 2012 season in a new stadium on the Metrodome site, surrounded by what he's calling the "Winter Garden," a complex incorporating new retail, housing, and office space. Lester Bagley, the team's vice president of public affairs and stadium development, says the idea remains very much alive, but depends on whether the state will help finance the project.

In February, the financially strapped *Star Tribune* put its extensive property holdings around the Metrodome, including its headquarters building, up for sale. The Vikings, who pulled out of a *Strib* land deal last year, haven't made a new offer as of early April.

The condo boom brought Elliot Park a great step forward. With the economy uncertain and the real estate market stalled, the neighborhood's next direction is unclear. New investors and developers are needed. Otherwise, Elliot Park may remain a secret a little while longer. **TCB**

Gene Rebeck is senior editor of Twin Cities Business.