

Staying on Eat Street:  
Strategies to support community businesses on Nicollet Avenue and Lake Street

**Capstone Paper**

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**City of Minneapolis**



## EXECUTIVE SUMMARY

Eat Street is a cultural corridor home to many thriving small businesses owned by immigrants and persons of color. While not all Eat Street restaurant owners are immigrants, the immigrant experience is central to the Eat Street story. “It’s a mixed culture here. It’s not one kind of people. Different position, different cultures, and different people. You have all kinds, all kinds of people” (Eat Street at 20, n.d., Harry Singh, owner of Harry Singh’s Original Caribbean Restaurant). The focus of this semester long research project is to provide targeted strategies that the City of Minneapolis Community Planning and Economic Development (CPED) department can take to support the immigrant and person of color owned businesses along Eat Street as they plan and prepare for projected economic revitalization with the potential reopening of Nicollet Avenue at Lake Street.

Over the course of three months, the student research team interviewed 18 business owners, landowners, and community providers and city staff that provide technical assistance to small businesses across Minneapolis. Out of those conversations, a number of themes arose:

- Current City of Minneapolis Technical Assistance Programs: Good resources but many of the business owners we surveyed were not aware these services existed
- Additional Training: Mixed Feelings about Efficacy
- Lack of Trust and Connection with the City Government: Businesses do not feel heard and supported
- Property Taxes: Concerns from continual increases
- Renting versus Owning: Mixture along the corridor
- Other concerns raised: More parking, improved snow removal, construction vehicle traffic, assistance acclimating to higher minimum wage

These six themes guided the recommendations and strategies proposed. Eat Street has a rich history and vibrant culture and it is important the city provides targeted support to an area poised for future change. An analysis of commercial and residential parcels shows Whittier ranks in the middle of Minneapolis neighborhoods with regards to increases in assessed property values since 2016. This indicates that now is the time to put policies and practices into place that will help continue to build strong businesses and resist displacement. Without conscious effort now and into the future, the immigrant and person of color owned businesses along Eat Street might face displacement pressures. Thus, all of the recommendations are grounded by three principles meant to focus the work moving forward:

- **Build and Support Strong Businesses**
- **Resist Displacement**
- **Maintain Vibrancy along Eat Street**



## EXECUTIVE SUMMARY

These businesses are uniquely situated and the city must engage and support them as plans move forward to reopen Nicollet Avenue at Lake Street. The tenants provide guide points and questions to continually reflect on the strategies and policies the city implements to ensure that there is a targeted approach to the work. It is our hope that the city dedicates resources, both financial and staff time, to implement these recommendations to ensure there is continued vibrancy along Eat Street.

We recognize that the recommendations will need different levels of time and resources to implement. The recommendations are organized in terms of those that can be implemented in the short term, as they are connected to currently operating programs and those that are longer term and may take more time to establish through a policy change or allocation of resources. The full report provides further details on strategies and goals of each.

### ***Short Term***

#### **Recommendation: Enhance Outreach and Build Relationships**

- Create a neighborhood small business advocate
- Hold a series of local meetings at Eat Street businesses

#### **Recommendation: Align Existing Services and Program for Better Coordination and Awareness**

- Hold a quarterly staff meeting to bring together inter-departmental staff that work with small businesses.
- Connect with local businesses in innovative ways
- Enhance the city brand – Thank you notes and window decals

### ***Longer Term***

#### **Recommendation: Change City Policies to Enhance Business and Landowners' Resources**

- Create and conduct a business census to better track factors that may be tied to displacement
- Right of First Refusal
- Create a property tax incentive for commercial landlords and pilot on Eat Street
- Invest more funds into grants for business
- Explore with the Whittier Alliance opportunities to explore a commercial coop

## CONTENTS

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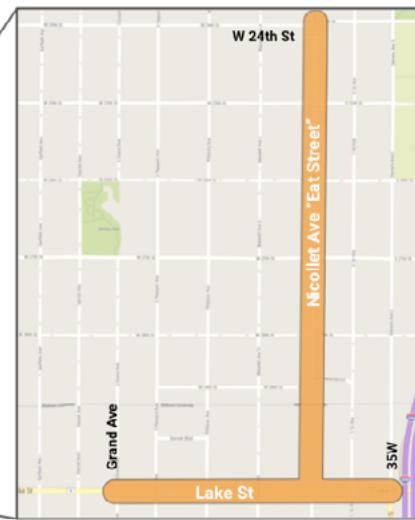
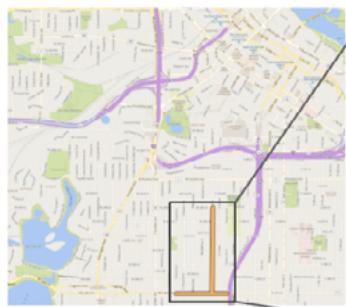
INTRODUCTION .....	1
HISTORY .....	2
LITERATURE REVIEW .....	6
METHODOLOGY .....	11
FINDINGS AND ANALYSIS .....	17
RECOMMENDATIONS .....	27
LIMITATIONS .....	37
EVALUATION PLAN .....	38
CONCLUSION .....	40
WORKS CITED .....	41
APPENDICES .....	44

## INTRODUCTION

Of the commercial corridors in the City of Lakes, few are as storied as “Eat Street”

As the City of Minneapolis grows, planners and policymakers look to ensure that businesses that have been a vital part of the city’s past continue to be an integral part of the city’s future. Of the commercial corridors in the City of Lakes, few are as storied as Eat Street, a section of Nicollet Avenue that has become home to a vibrant array of businesses owned by immigrants and persons of color. Worried that Eat Street might fall victim to commercial displacement trends seen in other US cities, Minneapolis’ Community Planning and Economic Development (CPED) staff are looking for ways to make business owners in this area more resilient to the pressures that may otherwise force them to move out of the corridor. This project aids in this effort by focusing on the challenges faced by targeted businesses in the Eat Street corridor within the section of Nicollet Ave between W 24th Street and Lake Street and the section of Lake Street between 35W and Grand Ave (Figure 1). Targeted businesses include, but are not limited to, businesses owned by people of color, indigenous people, immigrants, and women. By understanding the history of the study area, the needs of these businesses along with the pressures they face, this project aims to identify specific strategies CPED can use to empower these owners and allow them to thrive in an uncertain future.

**Figure 1: Map of Study Area**



## HISTORY

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The name, “Eat Street” originally came from a Star Tribune restaurant critic

Nicollet Avenue is one of the longest streets in the Minneapolis, MN metropolitan area, stretching roughly 18 miles from downtown Minneapolis and across the Minnesota River into Burnsville. The street was named for French explorer Joseph Nicolas Nicollet, a geographer and mathematician who came to Minnesota to study the Mississippi River and perform surveying for the Army Corps of Engineers (Eat Street at 20, n.d.). Eat Street is the stretch of Nicollet Avenue from Grant Street to 29th street. This area is known for its many diverse restaurants, coffee shops, and Asian markets. The name, “Eat Street” originally came from a Star Tribune restaurant critic, Jeremy Iggers. In 1997, after some pedestrian friendly road and sidewalk renovation, Mr. Iggers penned a guide to Nicollet’s diverse dining opportunities and the Star Tribune headline was “Eats Street”, the Minneapolis ad agency GdB short handed it to “Eat Street” and that is the name that stuck and is well known today.

The Eat Street area is located in the Whittier neighborhood; this land originally belonged to the Eastern Dakota people. The first residents settled Whittier in the mid-19th century and wealthy merchants built their mansions in the area. In 1890, the first electric streetcar line operated from Washington Avenue to West 31st Street via Nicollet Avenue (The Whittier Alliance, n.d.). In the early 20th century, middle-income families began moving to the area and many multi-family residences were built. The area grew steadily with the growth of the city until the population peaked in the 1950s. Between 1890 and the 1940s commercial growth blossomed along the streetcar routes of Franklin, Lake, Nicollet, and Lyndale. Nicollet Avenue businesses grew to serve neighborhood residents as well as commuters-first those who traveled by streetcar and later those who drove home from downtown via automobile. The streetcar system was dismantled in 1954 and in 1955; demolition of Nicollet Ball Park in the Lyndale neighborhood lead to failure at

Nicollet's southern end (The Whittier Alliance, n.d.) and the wealthier residents began to move away from Whittier to the suburbs.

I-35W was constructed and opened in 1967. The freeway is built in a curve around the neighborhood to spare the Mansion District and the Minneapolis Institute of Arts. The freeway cut off the Whittier and Phillips neighborhoods from one another. The construction displaced hundreds of residents and car commuters took to the freeway. "The neighborhood started to suffer from rising crime levels, forcing more residents to leave, and seemed stuck in a downward spiral" (The Whittier Neighborhood, 2018).

In 1971, the neighborhood convinced the city to begin construction on a pedestrian bridge across E 24th Street. Abandoned buildings and adult bookstores prompt the city to establish the Nicollet/Lake Economic Development District in 1972. Stores along Nicollet Avenue sat empty and property values declined. Several years

passed without economic activity, Target and Herberger's refused to build shopping centers. In 1975, Kmart agreed to become a tenant on the condition that the city close Nicollet Avenue at Lake Street so that it will have a sufficient parking lot and in 1977 Nicollet Avenue closed at the south end of the neighborhood. The closure of Nicollet at Lake Street paired with the development of Kmart sharply reduced the amount of traffic on Nicollet and reduced commercial capacity on the avenue. Deteriorated houses and businesses along the section contributed to a perception of decreased safety and declining neighborhood stability. The Whittier Alliance neighborhood association formed in 1977, amid bitter neighborhood protests about the closure of Nicollet, high crime, prostitution, and drug dealing in the neighborhood, and concerns about deteriorating housing stock. The coalition consisted of residents, businesses, religious and community organizations looking to revitalize the area.



Many entrepreneurs were able to purchase their buildings because of the low cost of property at the time

In 1978 the Kmart store opened at Nicollet and Lake St. It does not have a back entrance, so the Whittier residents called it the “Berlin Wall”. As a concession, Kmart agreed to have a mural painted on the back wall with a design chosen by neighborhood groups.

Crime and prostitution ran rampant in the area and with Nicollet now being cut off by Kmart, traffic decreased significantly. With crime and lowered traffic however, came opportunity for some. By the 1980s, Southeast Asian immigrants, seeking refuge from the Vietnam War, had moved into the neighborhood. Vietnamese, Hmong and Chinese immigrants took advantage of the low rents in Whittier to establish restaurants and grocery stores on Nicollet. “The neighborhood was slowly, organically developing into a United Nations-like collection of mom-and-pop restaurants and food-related markets. Most have gravitated to shopworn Nicollet for its affordable rents and convenient-to-downtown topography” (Nelson 2016). Many entrepreneurs were able to purchase their buildings because of the low cost of property at the time. The storefronts soon filled up and the neighborhood became desirable again. “Rents were reasonable and that was obvious to the people who were opening the businesses as well—that this was a good way to get started if you had almost nothing to start” (Eat Street at 20, n.d. Joanne Christ, co-owner of Black Forest Inn).

In 1990, the state of Minnesota and City of Minneapolis had established a 20-year, \$400 million program, Neighborhood Revitalization Program (NRP) dedicated to citizen-led neighborhood improvement efforts. Funded largely through tax increment financing, the NRP gave neighborhoods across the city the chance to define and address their own needs. In the early 1990s activists from the area as well as business owners banded together to improve the stretch of Nicollet between Grand and 29th Streets. Whittier was selected by lottery to become one of the six NRP pilot programs, catalyzing these grassroots improvement efforts. In July 1992, Whittier became the first to have its Action Plan approved by the NRP (Eat Street at 20, n.d.).

The opening of Kmart was a move to revitalize the area but the closing of Nicollet Avenue, ironically, contributed directly to both its decline, and its eventual revival. Storefronts

*"It's a mixed culture here. It's not one kind of people. Different position, different cultures, and different people. You have all kinds, all kinds of people"*

*-Harry Singh, owner of Harry Singh's Original Caribbean Restaurant*

emptied and business owners moved out. Store owners and city, county, and state grants chipped in on a streetscape improvement plan. In 1997, the Whittier Alliance/Business Association completed the new branding scheme with a streetscape reconstruction along the entire corridor to include pedestrian oriented street lights, welcome banners, tree plantings, and fencing made the neighborhood safer. Over the following decades, immigrants started up dozens of restaurants and shops that began to revive Nicollet.

Today the residents of Whittier are almost 90% renters and half of the dwellings in the neighborhood are multi-family units (The Whittier Neighborhood, 2018). Whittier refers to itself as an international neighborhood and the population is much more diverse than Minneapolis as a whole. The area is approximately 56% Caucasian and home to Chinese, Vietnamese, Somali, Hispanic, Caribbean, and Black populations (Minnesota Compass, 2016). While not all Eat Street restaurant owners are immigrants, the immigrant experience is central to the Eat Street story. "It's a mixed culture here. It's not one kind of people. Different position, different cultures, and different people. You have all kinds, all kinds of people" (Eat Street at 20, n.d., Harry Singh, owner of Harry Singh's Original Caribbean Restaurant). "Communities from across the country look to Eat Street as a model for success" (Eat Street at 20, n.d.). More descriptive statistics are available in Appendix A.

## LITERATURE REVIEW

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### The likelihood of change and revitalization poses both opportunities and risks for current businesses

This storied history of Nicollet Avenue highlights the deep immigrant roots of the community. As was highlighted above, the building of Kmart and closure of Nicollet was a process of revitalization and ultimately helped create the thriving corridor of restaurants and businesses. The likelihood of change and revitalization of Nicollet Avenue at Lake Street in the future poses both opportunities and risks for the current small businesses. Preventing displacement is central to the work and strategies the city can use support the current business owners along Eat Street.

Much of the focus of the literature is on the residential effects of neighborhood reinvestment and change. There is emerging literature on commercial gentrification and displacement of local businesses. Chapple, Loukaitou-Sideris, Gonzalez, Kadin, & Poirier (2017) highlight that there are certain signs and factors that serve as indicators of a pattern commercial displacement. These include a turnover and decreased retention of local businesses and a disproportionate impact on minority owned businesses. Other indicators can include new businesses that cater to specific types of consumer and the opening of chain stores as small businesses leave. This pattern of displacement is commonly referred to as gentrification. Chapple, Loukaitou-Sideris, Gonzalez, Kadin, & Poirier (2017) define commercial gentrification as,

*Commercial gentrification means the intrusion of new businesses that force out a favorite food shop or longstanding retail store because of higher rents. For others, it means an influx of hip cafes, trendy retail boutiques, and gourmet fast food restaurants – places that change the fabric of their familiar neighborhood for better or for worse (p. 4).*

Similarly, Kennedy and Leonard (2001), use “the process by which higher income households displace lower

income residents of a neighborhood, changing the essential character and flavor of that neighborhood" (p. 6) as their working definition of gentrification. Although the focus is on residential change, both definitions highlight the impact on the fabric and character of the neighborhood. As Eat Street has a strong identity and character, special attention and engagement with the current businesses should take place to ensure there are not unwanted change to the character and flavor of the neighborhood.

These definitions reference a feeling or sentiment of the neighborhood and might be felt first by the longtime business owners and neighborhood residents. These changes are more challenging to measure. Measuring the predictors and effects of both commercial and residential gentrification is a challenge. Overall, commercial gentrification is an understudied field and there is a lack of empirical evidence on commercial gentrification (Chapple, Loukaitou-Sideris, Gonzalez, Kadin, & Poirier, 2017; Meltzer, 2016). There is a lack of business data collection at all levels of government levels measuring commercial vacancy rates, rent price changes, and business demographics (Kennedy & Leonard, 2001; Meltzer, 2016). There is a need for better data and analysis to understand the impacts of neighborhood change on targeted business owners. Much of the emerging research in the field focuses on the transit investment and its impact on neighborhood change. The findings from these studies have been largely mixed as some sites around new transit stops experience gentrification while others did not (Chapple & Jacobus, 2009; Ong, Pech, & Ray, 2014; Kahn, 2007).

When thinking about reinvestment and transit development is important to understand who benefits from these changes and whether it provides an opportunity or a challenge for existing business (Meltzer, 2016; Meltzer and

Schuetz, 2012). Meltzer (2016) studies this question by looking at whether gentrification is a "threat or boon to existing businesses". Specifically, she investigates how the shift in income and racial change within the neighborhood impacts the business (p. 1). Her research focuses on the displacement effects on businesses in gentrifying neighborhoods of New York City with non-gentrifying neighborhoods. Overall there was a consistent pattern in the retention and displacement of businesses across both gentrifying and non-gentrifying neighborhoods (p. 12). Meltzer further describes the mixed nature of the findings along with their nuances. In her study Meltzer did not find evidence of significant and systematic displacement of businesses located in gentrifying neighborhoods. However, she did notice that vacated business spaces did tend to sit open for longer in gentrifying neighborhoods. While Meltzer does not speculate the causes, the rising commercial rents in gentrifying neighborhoods could be the cause of these longer term vacancies (Meltzer, 2016).

Researchers are also concerned over rising rents and their impact on the ability of small business owners to survive (LaVecchia & Mitchell, 2016). One of the many findings through interviews with business owners, from Chapple, Loukaitou-Sideris, Gonzalez, Kadin, & Poirier, (2017) was the expressed concern, "... that rising rent costs were the most prominent aspect of neighborhood change putting pressure on their businesses' bottom line" (p. 5). Rent increases appear, anecdotally, to be an indicator for potential commercial displacement. LaVecchia & Mitchell (2016), explain a myriad of influences on the trend of rising commercial rents including: soaring commercial real estate prices; the increasing popularity of cities; the growth imperative of national chains; a limited and declining supply of small spaces; and a preference for national companies over independent businesses in commercial real



estate financing (p. 4-5). They find that rising rents are “occurring across a range of communities, with some of the most intense pressures falling on businesses in lower income neighborhoods” (p. 4). The research highlights the pressures of rising rents particularly on lower income communities.

“Greater attention by government is needed to maintain the cultural characteristics of neighborhoods and to support small local and ethnic businesses”  
-Ong , Pech, & Ray (2014)

Research on the negative impacts of commercial gentrification on immigrant and person of color owned businesses owners is beginning to emerge. Ong, Pech, & Ray (2014) studied the impacts of TOD on four Asian American neighborhoods in Los Angeles. Their findings showed slowing growth in the small and Asian operated businesses compared to other sites within the county. Their findings conclude, “Greater attention by government is needed to maintain the cultural characteristics of neighborhoods and to support small local and ethnic businesses” (p. 13). Cespedes, S., Crispell, M., Blackston, C., Plowman, J., & Graves, E. (2015) completed a case study on the Mission District of San Francisco and found a higher rate of closures for Hispanic-owned businesses when compared to other business closures in the area. Thus, while there is limited research, these emerging studies show the disproportionate impacts of transit oriented development and gentrification of person of color and immigrant owned business. This is of importance to the specific study area

along Nicollet Avenue and Lake Street as there are numerous immigrant and minority owned businesses serving the area. These owners may be at a disadvantage as neighborhood residents' preferences change or with the pending street openings and changes linked to the 35W construction.

Involuntary displacement is the unwanted consequence of investment in a local community. Giving business owners a choice and allowing them to stay in place is important. Local officials and city policies both play a role in ensuring local businesses are not displaced. Each community context is unique and the impact of commercial and residential gentrification may be different. Therefore, Chapple, Loukaitou-Sideris, Gonzalez, Kadin, & Poirier (2017) recommend that policymakers should look to the commercial neighborhood stakeholders to get information on gentrification trends, business closures and relocations and increasing rents. This is echoed by the findings outlined by Ong, Pech, & Ray (2014). Attention to the local stakeholders and businesses in addressing the issue is an important step for local government officials to gain a better understanding of the local trends in business closures and increasing rents.

Local institutes and professional organizations such as the Institute on Local Self Reliance and the National League of Cities are conducting outreach and toolkits to support the work of local officials and communities nationwide. Out of their toolkit on "Big Ideas for Small Business" the National League of Cities shares initial next steps local leaders can take:

- Familiarize yourself with the city's small business owners and entrepreneurs. Encourages connection to the local informal peer networks between local business owners (p. 26).
- Establish a task force to advise you on small business issues. Similar to reaching out the

local businesses owners with an eye towards to cultural characteristics of neighborhoods (p. 26; Ong, Pech, & Ray, 2014).

- Cross-train your city staff. This includes getting staff from the various departments interacting with local business owners to see how they can better serve them and understand the various departments one business owner must interact with (p. 26).
- Create a roadmap of all the regulatory steps to establish a small business in the city (p. 26).
- Explore the micro-lending capacity in the community and gauge local interest in using crowdfunding as a way to raise capital (p. 26).

LaVecchia and Mitchell (2016) recommend several ideas that local governments can implement ensure affordability and a thriving small business community. Across the country there are a number of ways cities are stepping up to keep space affordable. The report outlines six broad categories of leadership local elected officials, business owners and community leaders can deploy:

- Broaden Ownership
- Reduce the Power Imbalance in Landlord-Tenant Negotiations
- Zone for a Local Business Environment
- Set Aside Space for Local Businesses in New Development
- Create a Preference for Local Businesses in Public Owned Buildings
- Recognize Business as Cultural Landmarks (p. 5)

Communities around the country are piloting new ideas and practices.

In summary, small, local businesses play a vital part in communities. The risk for displacement of local businesses as neighborhoods change and cities make targeted investments is supported by the literature. Within each community the

Cities can work to support local businesses to ensure the local fabric and character in not negatively impacted

risk level is different and takes a localized and targeted approach with a specific focus and commitment to engaging the local business owners. Cities can work to support local businesses with an eye towards targeted business owners to ensure the local fabric and character of the community is not negatively impacted.

Zuk et. al (2015) conducted a comprehensive literature review on gentrification, displacement and the role of public investment. This comprehensive literature review looks across residential, commercial, and transit/public infrastructure investments and the effect they have on communities. In their own words, their key findings from the literature are:

- Influential early models of neighborhood change present processes of succession and segregation as inevitable, under emphasizing the role of the state (p. 5).
- Neighborhoods change slowly, but over time are becoming more segregated by income, due in part to macro-level increases in income inequality (p. 7).
- Racial segregation persists due to matters of immigration, “tipping points,” and other processes; however, racial integration is increasing, particularly in growing cities (p. 9).
- Neighborhood decline results from interaction of demographic shifts, public policy, and entrenched segregation, and is shaped by metropolitan context (p. 11).
- Gentrification results from both flows of capital and people. The extent to which gentrification is linked to racial transition differs across neighborhood contexts (p. 14).
- Cultural strategies can transform places, creating new economic value but at the same time displacing existing meanings (p. 15).
- Commercial gentrification can also transform a neighborhood's meaning, but research is mixed on whether it is positive or negative for existing residents and businesses (p. 17).
- New fixed-rail transit has a generally positive effect on both residential and commercial property values, but its impact varies substantially according to context (p. 20).
- Preliminary evidence suggests that BRT has limited or no effects on local property values (p.21).
- Proximity to high quality schools and parks, as well as access to highways increases home values (p. 23).

## METHODOLOGY

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For this project, a variety of data collection and analysis tools were implemented. These tools and techniques are a blend of traditional qualitative methods with more community-based approaches.

### *Existing Business/Property Value Assessment*



To determine the makeup of businesses as well as the prevalence of businesses that own property on Eat Street researchers conducted an analysis of existing businesses in the research zone. This was done utilizing the ReferenceUSA Business Database (2018) and then tabulating the data in Tableau. Researchers looked at the business type (restaurant, salon, etc.), age of businesses and the owner of each parcel. As many pieces of land are owned by limited liability corporations (LLCs), it was often difficult to determine exact ownership of many parcels. An effort was made to see which LLCs might be directly related to the tenant business and which might be tied to landlords. An assessment of displacement risk was also conducted using tax assessment data from the City of Minneapolis Assessor's Office. By using the difference in assessed property values from 2016-2017 as a proxy for potential rent increases, parcels were ranked based on the percentage change in their assessed value. Parcel rankings were then averaged by neighborhood and ranked based on their overall potential for commercial and residential displacement.

### *Sampling and Interviews*

In total, 18 in-person and phone interviews were conducted; eight business owners, two landowners, and eight service providers. Interviewees were half business owners, with a few landowners or business owners that also owned other parcels, and half staff from community development corporations that provide one-to-one

technical assistance to businesses and City staff. The interviewees were recruited using a respondent driven sampling (RDS) method (Heckathorn 1997). RDS works by having interviewees recruit subsequent interviewees creating “referral chains”. The exact method of recruitment can vary. In this project, most participants would either provide researchers with the name and contact information of other people to talk to. RDS is a useful technique for communities that are difficult to reach. This is especially true for communities which might be resistant to answering questions from government researchers. By having someone from the community as a “reference” trust can be built between the interviewee and the researchers. In other studies which interview immigrant communities in Minnesota, RDS has been implemented successfully (Wilder Foundation 2012). By having interviewees act as potential recruiters, the researchers can gain more credibility within the community and can gain uncensored insight into the most pressing issues impacting their community.

Key recruiters in this project included community development corporations and City of Minneapolis staff who had connections to community organizations. A few times interviewees also actively assisted researchers by introducing them to potential interviewees either by phone or online as well as providing researchers with useful context about the new potential interviewee. Interview questions were almost exclusively qualitative. They focused on: identifying key issues facing businesses currently, how the city can assist in addressing these issues, as well as questions about neighborhood changes, and what City of Minneapolis services were known and had been utilized. Responses to interviews were coded for themes and themes for all interviews were compared by multiple researchers to ensure inter rater reliability. The interview questions are available in Appendix B.

## *Surveying*

To supplement the interview responses, researchers conducted a survey of businesses in the Eat Street area. Ten people responded to the survey. The survey was administered in person. The only language researchers were able to provide the survey in was English. The survey questions were also almost exclusively qualitative but did ask some basic questions around building ownership, and desire to stay in Minneapolis. Survey questions were very similar to the interview questions but also included content around if respondents connected with other businesses in the area or relied on them for technical assistance and support. Survey responses were coded and analyzed using a similar procedure as interview questions. The survey is available in Appendix C.

## *Determining Recommendations*

To determine the most effective recommendations, researchers employed a multicriteria assessment grid (Crosby and Bryson 2005). This grid, which is available in Appendix D, rates policy recommendations on a variety of criteria. The point of such an assessment is to craft and focus recommendations, which can address the wide variety of issues facing business owners on Eat Street. Recommendations were first brainstormed among researchers; a list of criteria was then designed. The criteria are as follows:

- Feasibility of the recommendation.
- Ability of the recommendation to create positive structural change.
- Ability of the recommendation to direct resources to targeted business owners.
- Timing of the recommendation (can it be implemented in the short or long term?).
- Support of recommendation in interviews and/or literature review.

Each of the proposed recommendations was then assessed using these criteria on a scale of 1-5 with 5 indicating it very strongly met a criterion and 1 indicating it had not. For the timing criterion, a recommendation would either be assessed as a short or long-term recommendation. Scores across recommendations were then summed and averaged to get an understanding of what the best recommendations were. A multicriteria assessment is essential when tackling issues which are complex and contain multiple different facets. By implementing this method, the recommendations provided are better tailored to address the complex multifaceted issues facing businesses on Eat Street.

### ***Existing Business/Property Value Assessment***

As the city looks for ways to prevent commercial displacement in the study area, it is important to characterize the local businesses in the area now and understand the potential risk of displacement in context with trends seen elsewhere in Minneapolis. The sections below build an understanding of what makes the study area vibrant in terms of the services it offers as well as compares its displacement risk with neighborhoods throughout the city.

### ***Current Business Landscape***

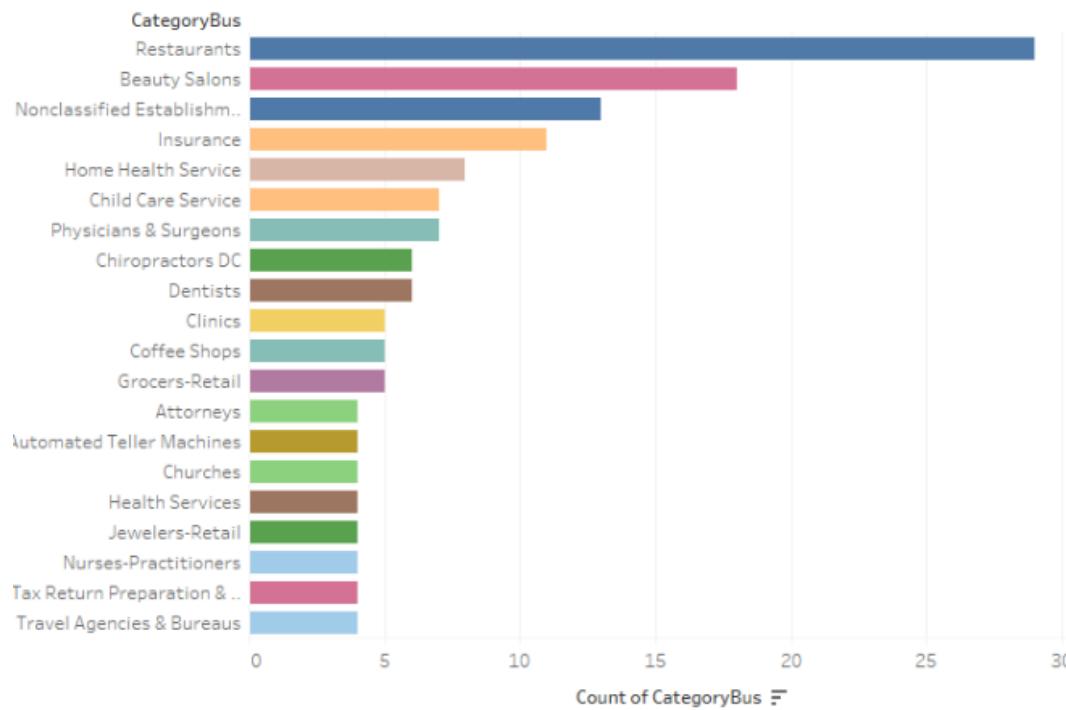
Data from the ReferenceUSA Business Database (2018) was used to get a better understanding of the businesses operating within the study area. Figure 2 displays the breakdown of business types found in the database and demonstrates the diversity of services offered in this area. Restaurants make up the greatest percentage of businesses in the area, followed by beauty salons and insurance-related businesses. The locations of businesses in the database are shown in Figure 3. The size of each circle represents the amount of time the business has been recorded in the ReferenceUSA database.

From this map we see that businesses with longer tenures (20+ years) are distributed throughout the Nicollet portion of the study area. Between these establishments are numerous business that have come into being within the past decade. With this layout, newer businesses can use the existing traffic to more established businesses to build their own customer base. This mechanism may have played a key role in the historical success of Eat Street and the surrounding areas. As the city looks for ways to maintain the character of Eat Street, finding ways to spur on the vibrant business ecosystem that has made this area unique in the city is key to the success of these efforts.

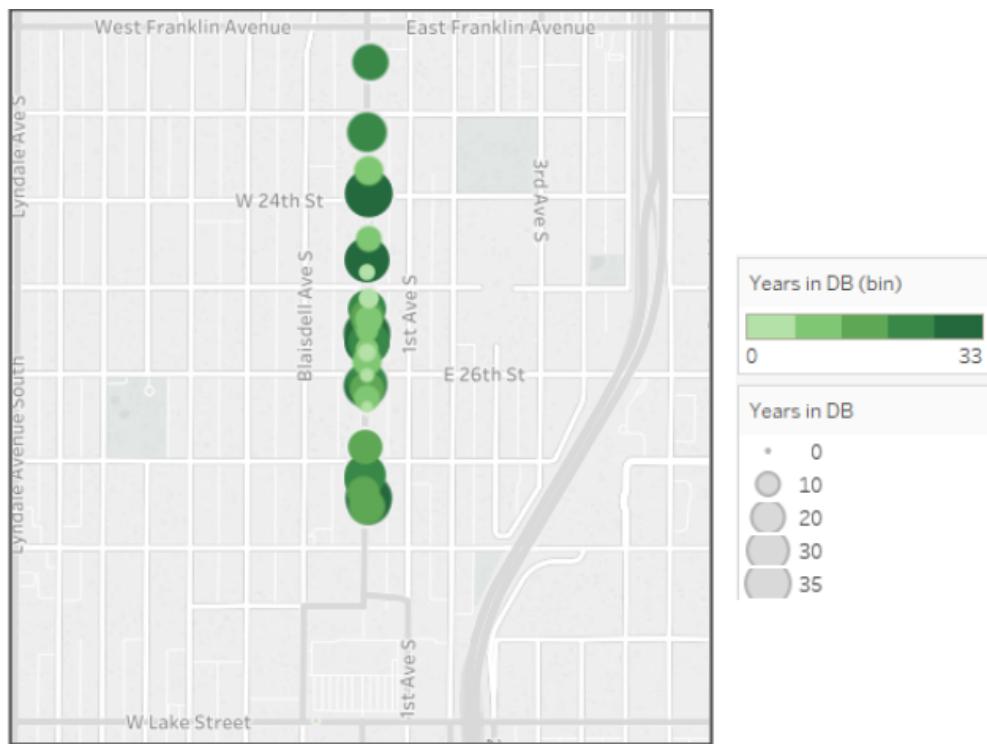
### ***Looking for Indicators of Commercial Displacement***

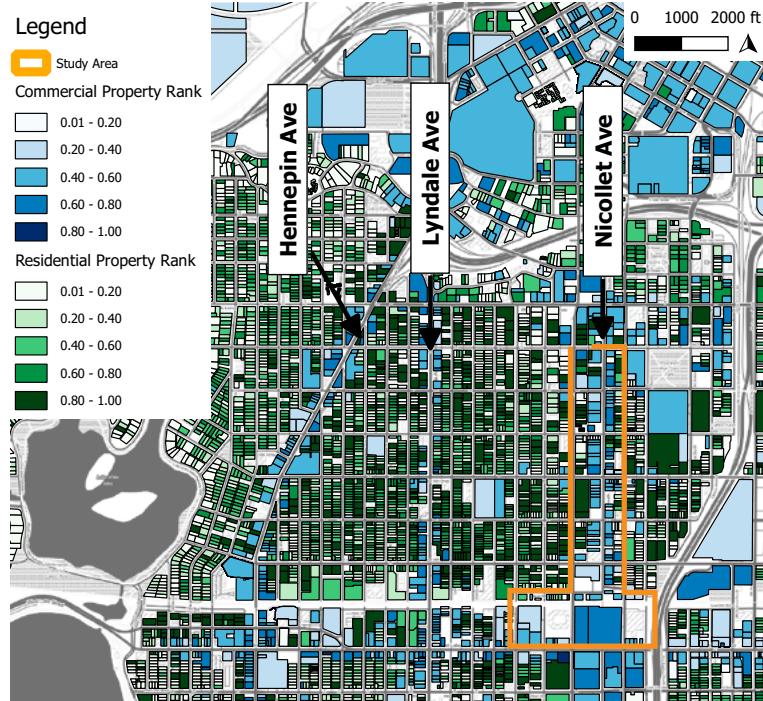
To better understand the threat of commercial displacement in the study area, it is first important to place it in context of the changes happening within Minneapolis as a whole. Focusing on the changes in assessed property value between 2016 and 2017 allows the changes in the study area to be compared against other areas in the city. Increases in assessed value indicate a change in building and/or land value that leads to a higher assessed property tax. As property taxes increase, landowners are likely to pass the increased costs on to their tenants by increasing rent. Thus, by using assessed value increases as a proxy for potential rent increase, these changes can be used to get a sense of how displacement pressures within the study area compare to the rest of the metro area. These calculations are done for both residential and commercial parcels to see if there is any correlation between increases in residential property and commercial property within the near vicinity. Once the changes in value for each property are calculated, they are given a percentile rank showing how they compare to the rest of the metro's parcels. A rank of

**Figure 2: Count of Business Types within Study Area**

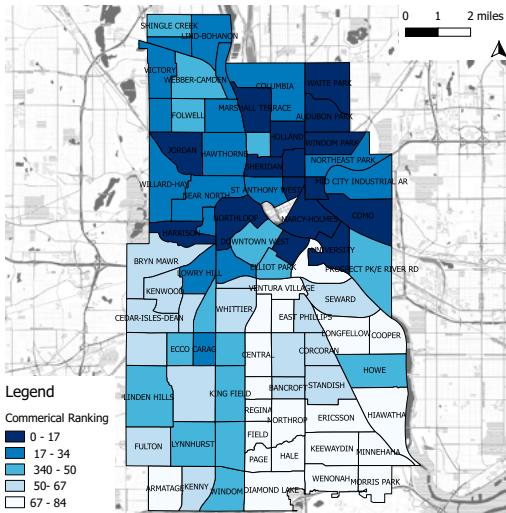


**Figure 3: Business Age within Study Area**





**Figure 4: Rankings based on parcel's change in property tax assessment between 2016 and 2017**



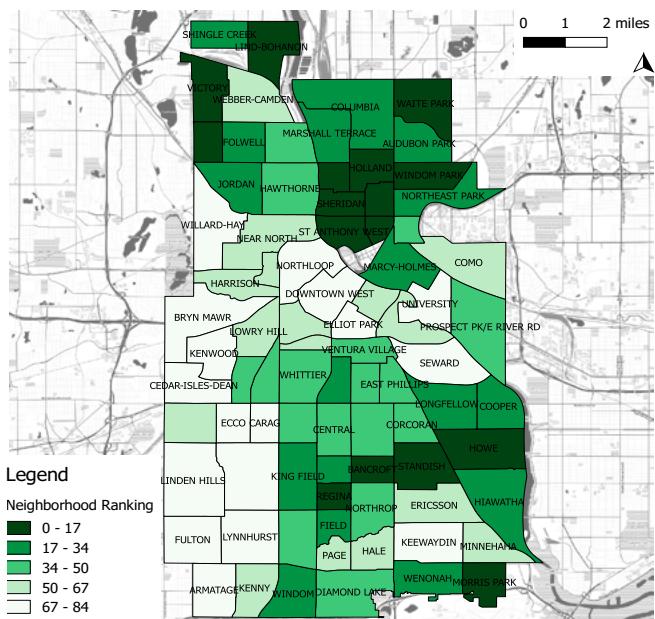
**Figure 5: Neighborhood Rankings based on average change in commercial property assessments**

0.99 indicates the change in the parcel's assessed value is greater than the change experienced by 99% of parcels within the same category.

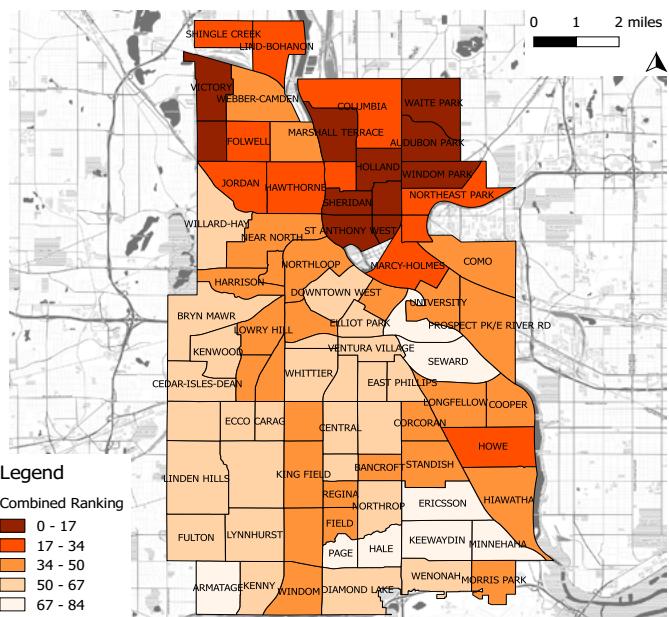
Figure 4 displays the parcel rankings with a focus on the area south of downtown which allows for comparison against the Hennepin and Lyndale commercial corridors. On the residential side of the spectrum, the area between Lyndale and Nicollet has number of parcels in the 80th percentile or above in terms of changes in value. The rankings appear to drop moving West approaching the lakes. This same variation, however, is not found when looking the commercial rankings. Qualitatively, the rankings of commercial parcels on Nicollet appears to be very similar to that of the commercial strips along Hennepin and Lyndale Avenues with most parcels ranking below the 80th percentile. Lake Street shows a similar pattern however it has a selection of parcels ranked above the 80th percentile of assessed changes. Under the assumption assessment increases are a proxy for displacement pressure, these initial maps show that the study area is in a similar situation as its surrounding commercial corridors.

Looking to generalize these findings at a wider scale and understand which areas are at greatest risk of displacement, the parcel rankings can be averaged

to create a ranking for each of the city's neighborhoods. As shown in Figure 5, 6 and 7 neighborhoods are ranked from 1 to 84, with 1 indicating the neighborhood with the highest average parcel percentile rank. These top-ranking neighborhoods show where there is a concentration of parcels undergoing a rapid increase in their assessed value. Whittier, the neighborhood that encompasses most of the study area, is near the middle of both the residential and commercial rankings. For context, the North Loop ranks highest in commercial assessment changes and the northeast neighborhoods of Minneapolis share the top rankings in terms of residential assessment changes. These rankings echo the pressures felt by those struggling to find affordable housing and commercial space as residents increasingly feel priced out of Northeast (Buchta, 2017) and businesses in the North Loop are facing substantial rent increases year after year (Painter, 2015). While these higher-ranking areas may now be showing signs of commercial and residential displacement, it does not mean Whittier and the study area will not see the same effects in the future. If anything, these lower rankings indicate now is the time to put policy and programs in place to protect vulnerable businesses before the risk of displacement increases.



**Figure 6: Neighborhood Rankings based on average change in residential property assessments**



**Figure 7: Neighborhood Rankings based on average change in residential and commercial property assessments**

## FINDINGS AND ANALYSIS

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Business  
owners are  
busy and were  
challenging to  
reach

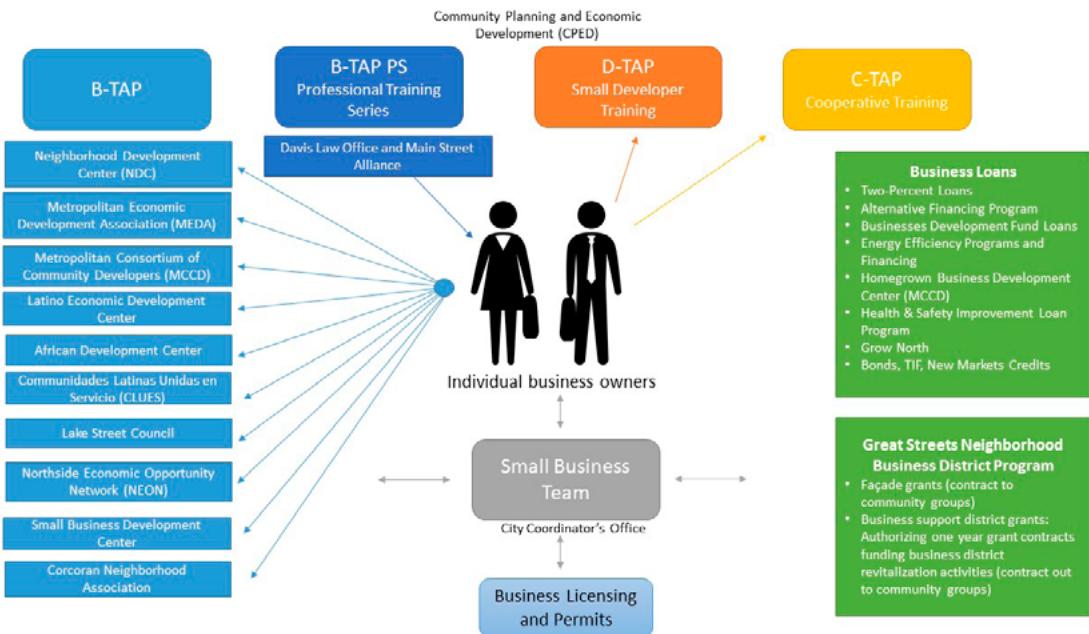
Mapping out potential pressures of displacement within the city provided context and understanding as we conducted interviews and the door-to-door survey. This section provides an overview of the themes and comments that arose from our conversations with technical assistance providers and business owners and staff. Businesses owners are busy and were challenging to reach. As described in the methodology, we did both targeted interviewing through referrals and a door-to-door survey to try to capture as many business owners as possible. Through our interviews and conversations with business owners and technical assistance providers, several themes arose. Each of these is described in detail below:

- Current City of Minneapolis Technical Assistance Programs: Good resources but many of the business owners we surveyed were not aware these services existed
- Additional Training: Mixed Feelings about Efficacy
- Lack of Trust and Connection with the City Government: Businesses do not feel heard and supported
- Property Taxes: Concerns from continual increases
- Renting versus Owning: Mixture along the corridor
- Other concerns raised: More parking, improved snow removal, construction vehicle traffic, assistance acclimating to higher minimum wage

### ***Current City of Minneapolis Technical Assistance Programs***

*Good resources but businesses lack awareness*

In assessing the possibility of creating an additional training program to specifically support businesses along Nicollet Avenue and Lake Street, we believed it was important to understand what programs the city currently offers and how businesses perceive and utilize them. Overall, the city offers numerous resources to support small businesses. As



**Figure 8: Flow chart of City of Minneapolis programs supporting small businesses**

There are a number of programs to support small businesses with no clear map of how a business may find out or connect to the resource

outsiders to the city's various business programs, we found it challenging to keep track of all the programs and how individual business owners might interact with the resources available to them. To gather a better understanding of the programs and touch points, we mapped out the various programs and how a small business owner may interact with the various resources, as shown in Figure 8.

As visualized, there are a number of programs to support small businesses with no clear map of how a business may find out or connect to the resource. The B-TAP one-to-one technical assistance training programs are operated by the list of community providers. Often business owners will contact and work directly with these providers without even knowing that the program is funded and operated by the City of Minneapolis. The left side of the document highlights a variety of loans including the city's two percent loans and the façade improvement grants. D-TAP, small developer training, and C-TAP, the cooperative training programs are newer programs to meet specific training and knowledge needs; businesses who wish to participate contact and attend trainings held directly by the city. There is also a relatively new small business team housed in the City Coordinator's office that offers business owners one point of contact to connect and access the multitude of city resources and permitting and licensing requirements.

During our interview with service providers, we learned of the newest Community and Economic Development (CPED) program, B-TAP PS, the professional series trainings.

Beginning in 2018, the city put out a Request for Proposal (RFP) for a service provider to put on a series of trainings on topics relevant for the city's small business owners. Davis Law Office and Main Street Alliance were awarded the contract to provide a three-part training series focused on:

- Session 1: 10 Things You Should Know to Protect Your Finances
- Session 2: 10 Things You Should Know to Before Signing a Lease
- Session 3: 10 Things You Should Know for People Management

The new B-TAP PS trainings are very similar to the topics that were to be explored through this project as part of new training program specifically targeted to the study area.

These trainings offer business owners a range of topics and are relevant to the needs of business owners in areas that may face displacement pressures. The training content is being developed, and based on our analysis, the city does not need to create a specific training for this geographic area. Instead the city can do outreach to the businesses to invite and encourage them to attend the already scheduled trainings. Davis Law Firm will be doing pro-bono follow-up with businesses who attend and need additional one-to-one support. This is a great resource the city should connect local Eat Street business owners to as it is of interest to their needs. As the city evaluates the pilot, there could be opportunity to revise the training as needed and repeat in the targeted geographic area.

**BTAP-PS is a great resource the city should connect local Eat Street business owners to as it is of interest to their needs**

Based on our findings, B-TAP and the city's other small business programs provide significant resources to support local small businesses. However, the small businesses surveyed within the study area of Nicollet Avenue and Lake Street are not aware these programs exist or that they are services supported by the City of Minneapolis. When asked which City of Minneapolis programs they had used or heard of, none named B-TAP, C-TAP, or D-TAP. One person mentioned that they worked with the African Development Center for a loan but did not

know that they were a provider with the City of Minneapolis. Three people mentioned the Façade Improvement grants and one person had purchased their sign with a grant. Again, the person did not know this was a program operated through the City of Minneapolis. No one referenced the B-TAP Professional Series. At the Whittier Business Alliance meeting, three people spoke about the Small Business Team as a resource at the city. Many mentioned that if they needed help with anything they would just call up the Small Business Team and get directed to the right person. They were all able to name the staff person they had worked with. Interviewees highlighted that they really liked the point person and direct, guiding nature of the Small Business Team housed within the City Coordinator's team. Based on our research and perceptions, the Small Business Team and CPED feel disconnected and there could be better coordination and connection of resources across departments. The businesses could directly name the Small Business Team and felt a positive connection to the support received. The Small businesses targeted and guiding approach to assisting businesses is a key takeaway and connects to the recommendations outlined in the next section.

This lack of awareness of current programs and the fragmentation of services is not unique to Minneapolis. Research conducted by Servon, Fairlie, Rastello, and Seely (2010) looked at the barriers to accessing programs aimed to serve small businesses. Their research focused on disadvantaged entrepreneurs in New York City. Through interviews, they found that many entrepreneurs are unaware of city resources that currently exist. "The majority had no knowledge of the city's Business Solution Centers (seven centers set up by the city to support the business community across New York City), for example" (p. 136). While the city created the centers as a resource, there is a lack of knowledge and outreach to underserved

communities. Capacity challenges faced within the service provider community includes, "a high level of fragmentation and inefficiency, duplication of services, inadequate infrastructure in terms of systems and staff to handle the demand for services, and slow incorporation of emerging best practices in the industry (p. 137). Their research concluded that cities can play a role in brokering relationships and creating programs or expanding existing initiatives. We believe that the city can focus on these two things and expand and enhance the existing resources to provide support to targeted business owners along Nicollet Avenue and Lake Street.

In addition to our conversations, we searched online for information and found no information on the B-TAP PS trainings. The Professional Series trainings are not listed anywhere on the main CPED or B-TAP website. The new business portal website, launched in late February 2018, does not link to trainings or events. A flyer was found through a Google search for the specific training topics and a Facebook event exists. No one can access trainings that are not advertised or easily accessed from main websites. We found a lack of availability and advertising for the new B-TAP PS trainings. If the city does not proactively advertise and outreach to targeted business communities, business owners will not attend the trainings or be aware of the available resources.

Staff from B-TAP provided us with data on the number of businesses with the study area had utilized B-TAP services. From 2014 to 2017, B-TAP core technical assistance served 1,019 businesses. In total all the programs have served 1,361 businesses (including repeats) over the same period, 2014-2017. Of the total served, 21 businesses in the study area used B-TAP services at least once, less than one percent of the total. The data we accessed did not provide the total number of businesses

in the city to compare the proportional use of B-TAP to other areas in the community. B-TAP programs are growing. In 2018 B-TAP core services, the one-to-one technical assistance programs provided by community partners, are projected to serve 415 businesses across the city. The other programs, C-TAP, D-TAP, P-TAP PS, are projected to serve 548 businesses. This indicates that the programs are growing, and more businesses are utilizing them. C-TAP, D-TAP, and B-TAP PS are newer programs and account for a portion of the growth in businesses served in 2018. It appears that the newer programs are working to meet needs that had not been met with B-TAP's core technical assistance services. Additionally, in an initial evaluation completed in 2016, the Innovation Team with the City of Minneapolis, found that B-TAP clients were more likely to be owners of color, 80% of B-TAP users, while they only make up 20% of all business owners in Minneapolis (B-TAP Program Evaluation, 2016). The program is targeting and serving more business owners of color. Data can tell a powerful story and its continued use is encouraged in the study area to explore how it is meeting the area's population.

Our interviews indicate a lack of awareness regarding the variety and extent of programs the city has to offer. When people know that programs exist, such as getting technical assistance from one of the contract providers, they do not know it is a City of Minneapolis program. The city continues to add small business supports and programs such as the Professional Series trainings and serve more businesses. However, there is a general lack of outreach and awareness. From our findings, there could be more direct outreach and support to the businesses within the Nicollet Avenue and Lake Street corridor regarding the availability of programs and supports through the city.

Numerous providers expressed that a business must have the cash flows and the income

to pay rent or mortgage to stay afloat. Many stressed the continued one-to-one technical business support is an important resource for the businesses along the study area. This is important for the sustainability of businesses. We encourage the city to keep investing and supporting community partners in the core one-to-one technical assistance programs. Ensuring the business owners know the programs and trainings exist will be an important connection.

### ***Additional Training***

#### *Mixed Feelings*

In our conversations, we heard some who felt that training is a place to bring business owners together to learn and others who feel like training is a waste of time. They expressed that there is a lack of buy-in from businesses and that it is often challenging for business owners to find the time to attend.

Lake Street Council, a local nonprofit that advocates and engages the Lake Street business community, conducted a business survey of their members and businesses along the entirety of Lake Street and shared their results with our team. In total, they received 228 responses. They asked questions regarding challenges the businesses face and the ways that Lake Street Council can better support them. What stood out most when asked about the programs/services Lake Street Council should prioritize, only five percent of partner organizations and 11 percent of non-partner organizations stated that they should host workshops or trainings. The other items that were low on the priority list were other general business advising and education on new business trends and cost savings measures. Comparatively, marketing the business corridor to attract visitors, providing financing and grant for business improvements were the most popular answers. Additionally, only ten percent of respondents expressed that they look to

government resources if they have a problem with their business.

This data indicates that there is a lack of appetite for training and education and more of a need to drive business and access to capital. Lake Street Council, Whittier Alliance, and Metropolitan Consortium of Community Developers (MCCD) staff echoed the lack of desire for training programs. Across many of our conversations with technical assistance providers they expressed, that business owners won't come to trainings. Reasons for this given by providers include a lack of time and prioritization of training. As a training provider, Davis Law Firm staff felt that trainings were a good opportunity. However, they stressed that direct and personal outreach and invitations are necessary. For those supportive of training, the topic was emphasized as important and will be a driver of whether people will attend. The sentiment that the training should provide tangible resources and things business owners can take away with them. Additionally, holding the training at a variety of times throughout the day can provide opportunities to a variety of small business owner's schedules. Training can also be a link to more specialized and personalized follow-up. This is the model that the Professional Series is following. Davis Law Firm plans to provide follow-up services to business who attend the training sessions. Thus, from the conversations we had there are mixed feelings about the effectiveness of training and whether this is the best tool for reaching and supporting small businesses.

### **Lack of Trust and Connection**

*Businesses do not feel heard and supported*

Business owners feel a lack of trust with the City of Minneapolis. They do not feel heard by the city. The service providers we spoke with echoed this lack of trust. Many expressed that business owners don't trust anyone who walks to the door with the City of Minneapolis.

They need to buy in that they need help. This is another reason to believe that simply adding another training to support business owners is not the best strategy or focus. If there is a lack of trust for the city, then adding training that is supported through the city may yield low turnout. Business owners desire to be heard by local officials and brought into the decision-making process. At a local business owner meeting, many expressed that they don't feel supported and that no one from the city seeks them out to listen. Many would like to have more input and a personal connection.

The City of Minneapolis has the opportunity to improve the relationship and image they portray with small businesses and ultimately build trust. There are opportunities for the city to work to repair relationships and to promote the programs and services available.

### **Renting Versus Owning**

Affordable rent and good lease terms are subject to change and have a large impact on the ability of businesses to stay in the location. Beginning this work, we felt understanding the makeup of owning versus rental would be important to understand the risk level for displacement. Ownership provides long term sustainability for businesses as they are no longer subject to changing rents or landlords who want to sell the building and kick them out. Service providers expressed that ownership does provide some guarantee, but it needs to be financially feasible for the business. Many businesses might not even know it is an option to purchase their building and how they would go about doing so. This is an area we targeted in our questioning and street outreach. From the businesses we talked to, a majority rented their space. When we asked those who rented if there was an interest in owning, many did not express a strong desire to own or said they could not answer since they were not the owner of the business.

The City of Minneapolis has the opportunity to improve the relationship and image they portray with small businesses and ultimately build trust

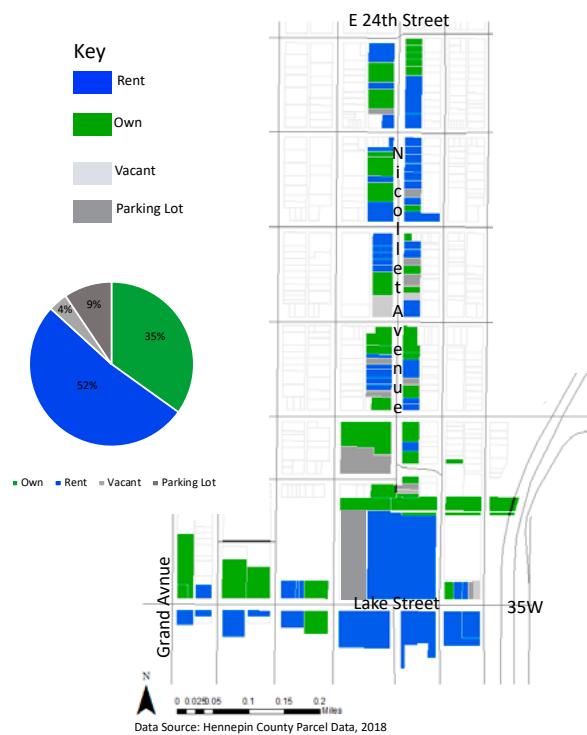
Based on our research, there is no data source that tracks which businesses own their property versus those that rent. Additionally, there is no data or information on the rents that are being charged per square foot or lease terms between the business and the landowner. It is very hard to know the risk of displacement, without complete rental data and information. Businesses are wary to share information on their rents and lease terms. The technical assistance providers we talked to expressed that an affordable rent is between six and eight percent of revenues. Affordability and rent is common and more agreed upon in the residential realm, but there is less discussion and understanding about what is affordable for commercial rentals. Rental prices and lease terms impact the control a tenant has on staying in place during any pending changes.

We were only able to speak with a small percentage of business owners to get confirmation on whether they rent or own their space. From the businesses we talked to, 56 percent rented and 43 percent owned the property. To try to get a better sense of the entire study area, we analyzed Hennepin County tax and parcel information and corroborated information with Google searches to gather which parcels were business owned and which were owned by a person unrelated to the business. Specifically, we looked at the taxpayer name and address and looked to decipher if it was connected to the business. A connection that would indicate that the business owned the property was the taxpayer address was the same as the business address or a connection between the LLC name and the owner of the business. If no connection seemed evident, we assumed they rented. This is not a perfect process and includes numerous assumptions but was the best possible for this analysis for a topic in which there is no comprehensive dataset.

Figure 9 shows a map of the parcels that are rented and business owned. From this assessment, we estimated that 52 percent rented and 35 percent owned. There are a handful of parking lots and vacant parcels that were identified. The percentages of renting versus owning is similar between those businesses we were able to talk to and those we did an online analysis of. In total, there are 65 unique landowners or LLC's listed as taxpayers in the

### Businesses on Eat Street: Own vs. Rent

**Figure 9: Visualizing business that own their building vs. renting it within the study area**



A majority of business rent their space highlight the importance of tracking and monitoring changes in rents

study area and a total of 106 parcels. This indicates in many instances one LLC or person owns a few properties. In doing this analysis, we found that there are a few longtime, deeply rooted businesses that own their properties also own other properties in the area. These are landowners the city should reach out to and work with to prevent displacement of tenants by leveraging their experience and influence. Overall, it appears that a majority of businesses rent their space which highlights the importance of tracking and continuing to monitor the changes in rents and businesses and identify potential displacement risk. The interest in owning their building varied amongst the people we talked to. In a few cases the door-to-door survey questions were answered by a manager and not the owner so they were unable to state whether owning was something the owner was interested in. Ultimately, data and information is a tool to help the city better serve the business community. Business-related data should be systematically collected to better understand the pressures from rising rents and which businesses rent and which own.

### Property Taxes

*Concerns from continual increases*

We were unable connect with many area landlords during our project. However, the few that we heard from expressed

concerns over continually increasing property taxes. A self-described “community invested” landlord expressed that it can be challenging to cover increased property taxes and not significantly raise their tenants rent. This person felt that many landlords might simply pass the increases directly to the tenant, but that their focus is to not raise rents too drastically. Linked to the conversation above, property taxes can be a barrier to the affordability of renting or financial feasibility of owning a property. While this report is not focused on property tax rates directly, there may be tools to support local landlords. Based on the parcel analysis from the previous section, we identified a total of 65 owners along the corridor. Engaging with these owners and better understanding the pressures they face from property taxes and how that effects renters is important. Property taxes are linked to affordable commercial rents and may need to be a part of the solution to keeping business along Nicollet Ave. and Lake St.

### ***Other Concerns Raised***

*Parking, snow removal, construction, and minimum wage rate*

Property taxes are linked to affordable commercial rents and may need to be part of the solution to keep businesses

Across our conversations with business owners and staff, many highlighted parking, snow removal, construction traffic and congestion, and the minimum wage as concerns that affect their ability to stay in their current location. A few mentioned the newly created developments and bike lanes in the neighborhood have taken away parking. These business owners see a link between business and ease of parking and moving through the area. While these infrastructure challenges are not the focus of this project, it is important to note that many businesses express that these things impact their ability to stay in their current location. As the city continues to focus on preventing displacement on Eat Street, we encourage city officials and staff to stay attune to the impact of infrastructure and construction on businesses.

In closing, out of the findings highlighted from our conversations and research, we do not recommend that the city pursue creating new trainings specific to the Nicollet Avenue and Lake Street corridor. The mixed sentiments on the effectiveness of training from service providers, previously surveyed businesses on Lake Street, and the

From our conversations and research, we do not recommend that the city pursue creating new trainings specific to the Nicollet Avenue and Lake Street corridor

lack of trust and communication led us to believe this might not be the most effective use of resources and utilized tool to prevent displacement of small businesses. Coupled with the fact that the city has newly created the B-TAP PS trainings, which are in the pilot phase, that are targeted to lease negotiations and financial stability; a separate training feels duplicative.

We ultimately feel that the city should better coordinate internally to promote and utilize the current programs and trainings. In the next section, we will focus on recommendations the city can pursue to support the targeted business owners along Nicollet Avenue and Lake Street.

## RECOMMENDATIONS

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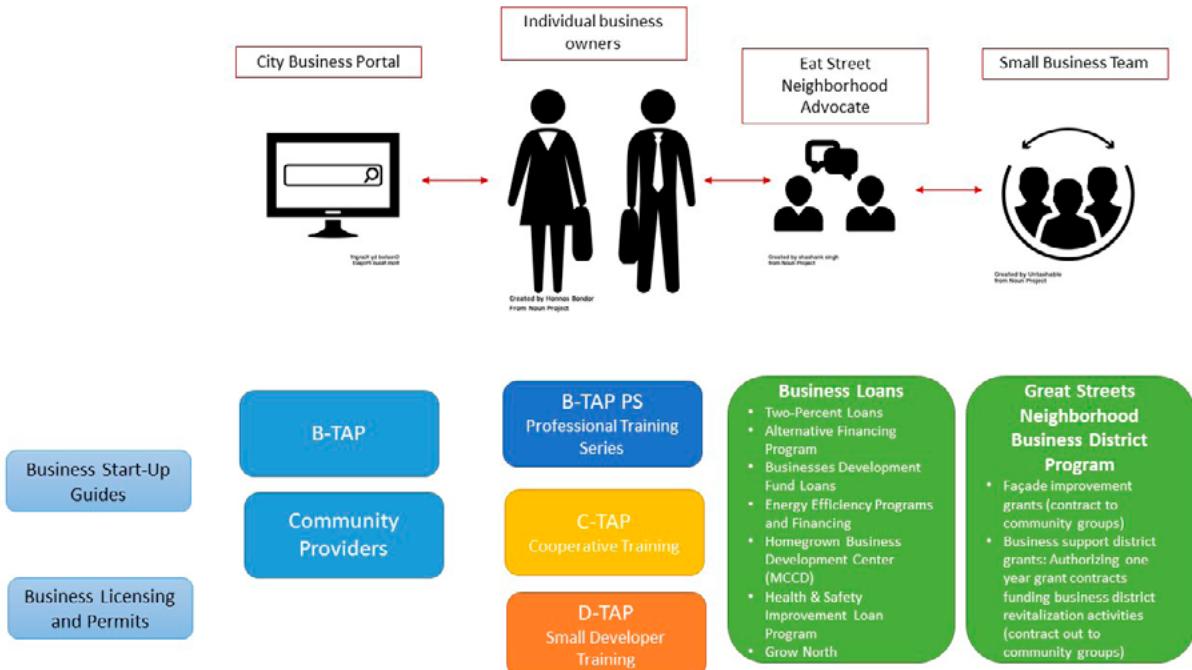
Without conscious effort now, businesses along Eat Street may face displacement pressures

The recommendations outlined below come out of themes we found from our research. As we have discussed, this area is home a diverse array of businesses owned by people of color, indigenous people, immigrants and women and have thrived for decades since the original closure of Nicollet. Eat Street has a rich history and vibrant culture and it is important the City provided targeted support to an area poised for future change. While our parcel analysis shows among other neighborhoods in the city, Whittier is experiencing lower increases in assessed property values, now is the time to put policies and practices into place that will help continue to build strong businesses and resist displacement. Without conscious effort now and into the future, the businesses along Eat Street may face displacement pressures. We have grounded these recommendations into three principles meant to focus the work moving forward:

- Build and Support Strong Businesses
- Resist Displacement
- Maintain Vibrancy along Eat Street

These businesses are uniquely situated, and the city must engage and support them as plans move forward to reopen Nicollet Avenue at Lake Street. It is our hope that the city dedicates resources, both financial and staff time, to implement these recommendations to ensure there is continued vibrancy on along Eat Street.

We recognize that the recommendations will need different levels of time and resources to implement. We have organized the recommendations in terms of those that can be implemented in the short term as they are connected to currently operating programs and those that may take more time to establish through a policy change or allocation of resources. This first series are indicated as short term followed by the longer term recommendations.



**Figure 10: Flow chart of City of Minneapolis programs showing how the proposed Neighborhood Advocate position can act as a vital connection point between business and services**

#### Short Term

#### Recommendation: Enhance Outreach and Build Relationships

Improving the relationship between the city and business owners is vital in resisting the forces of commercial displacement

Enhancing Outreach and Relationships is important to ensure that business owners can take advantage of the resources currently available and to be a part of the conversation for any changes or future needs. As previously highlighted, business owners do not know that there are available resources through the city and/or how to access them and some are distrusting of the city. Many business owners feel that the City of Minneapolis does not care about them and their only mission is to restrict what they can do through policy and governance. An overall attempt to improve the relationship between business owners and the city, as well as physically marketing what the city is doing to help the businesses, is vital to creating a supportive, working relationship between two parties that need to work together to enhance the City of Minneapolis as a whole. The following recommendations attempt to bridge the gaps found within this theme and continue to shift the practices of the city towards the lens of business owners. Enhancing outreach and building sustained relationships with the businesses owners along Eat Street will support strong businesses, resist displacement, and maintain vibrancy along the corridor.

## Create a neighborhood small business advocate

This new position, employed by the City of Minneapolis, would be active in the community as a local resource and advocate for the needs of the community businesses. This would be a person that would have local knowledge and ability to build trust within the communities. They would also act as a guide to services the city has to offer (see Figure 10).

The city can accomplish this in one of many ways:

- 1) create a part-time position for a current city staff member (or dedicate a small business team employee) that has specific cultural knowledge of the area.
- 2) Work with the Whittier Alliance to build out their business alliance staff to cover these duties.

The position can be set up how the city sees fit. The \$20,000 in funds available could be used to pay the individual for a 25% or 50% appointment. The city can work with the Whittier Alliance (physically located in the target area) to use their office space as a central hub. It is foreseen that the position will not have a steep learning curve and can make an impact on the community almost immediately. The job responsibilities would include:

- Routinely visit area businesses to ensure they are getting the support they need/want.
- Serve as a connection to the City of Minneapolis and a person that business owners can begin to trust and can come to with their issues.
- Organize as well as promote city-run trainings and events.
- Listen and begin to understand the local dynamics and pressures businesses are facing.

- Help gather data on the area businesses to continue to build a stronger understanding of the area needs.

The city currently has neighborhood liaisons and a community relations department, which focuses on the wider community and connections. The focus appears to be targeted at residents to be represented in the city government. The city neighborhood and community relations website states:

*“Neighborhood and Community Relations focus: When residents are informed, connected to their community and feel represented in city government, they are empowered to influence decisions that impact their lives” (Neighborhood and Community Relations, 2018).*

The needs of the local small businesses are different than the general focus on city residents. There needs to be a targeted connection between the businesses and city staff so they can begin to build long term relationships. This dedicated person will also be able to pick on local needs and the pressures businesses may be feeling from the beginning. The focus of the neighborhood small business advocate would be on building relationships and opening lines of communication between the city and the neighborhood businesses. To prevent displacement and ensure sustained vibrancy of local businesses along Nicollet Avenue and Lake Street, the city needs to be better connected to the needs and challenges the business owners face. This advocate would fit in with the current small business team and have a targeted geographic area. It ultimately allows for in time communication and understanding of the pressures the local business owners face.

This recommendation aims at building stronger businesses as well as improving the relationship City of Minneapolis with business owners, providing them with a direct connection to

There needs to be a targeted connection between businesses and the city

resources, and allows the city to gather better knowledge and data on the local businesses along Eat Street. Giving business owners a local contact who will advocate for them with the City of Minneapolis can improve tensions between the two parties.

### **Hold a series of local council meetings at Eat Street businesses**

The city council convenes at city hall for meetings having to do with city business, often creating guidelines for local business owners. The business owners in the Eat Street area may not have the time to attend such meetings. It is in the best interest of the City of Minneapolis to extend a courtesy to these business owners and show interest in their businesses at the same time. To do this, the Minneapolis City Council should hold neighborhood meetings within localized communities, and specifically within their businesses, rotating to a different business each meeting. This will give business owners the opportunity to discuss issues with city officials in a local and welcoming environment, and at the same time showing those business owners that the city does care about their livelihood as a business.

Research conducted by the League of National Cities stated, “Creating avenues for communication, especially avenues for local businesses to engage with policy makers, is one of the key ways local governments can encourage small business growth” (McConnell, McFarland, Common, 2012, p.14). This creates a direct line of communication by bringing the city leaders into their businesses and around the community.

A roving city meeting among local Eat Street business' will provide direct connection between the businesses and the city, provide revenue to the business, and enhance the relationship and goodwill between business' and the city. It will also provide an opportunity for councilmembers to get out into the area and begin to hear about changes issues faced by business owners.

## **Recommendation: Align Existing Services and Programs for Better Coordination and Awareness**

The city has numerous programs aimed at helping business get the training and services they need. While these services are available, the interviews with business owners revealed many of these programs are unknown to them. Furthermore, the services that are used are siloed from other programs that can augment and build on these interactions with business owners. For instance, the initial meeting with Lake Street Council-affiliated business owners revealed that they were aware of the city's Small Business Team but not aware of B-TAP. Statistics from B-TAP show they assisted 21 businesses in the study area between 2014 and 2018. B-TAP should analyze this usage data to better understand which businesses are underserved by the program to better align BTAP services and outreach to increase usage within the study area.

This bucket of recommendations is aimed at aligning the business programs within the city so they can build upon the existing connections with business owners to facilitate programming that better meets their needs.

### **Hold a quarterly staff meeting to bring together inter-departmental staff that work with small businesses.**

Promoting collaboration between the city's various business development efforts with the study area provides the building blocks for programs that can respond to developing business needs and trends in the area. From the city's standpoint, B-TAP service providers and other agencies are already working directly with business owners in these areas. Through quarterly meetings, city staff from the Small Business Team, B-TAP and others can discuss the work they've been doing with businesses

in the Eat Street area. Such meetings can help staff 'take the pulse' of the area and find ways in which they can work together to augment current business development engagements. At a minimum, these meetings can help staff understand the synergy between business development teams and provide transparency into existing engagements. In terms of timing, these meetings can be started within a matter of weeks once the staff and other agency stakeholders for these meetings can be identified.

This recommendation is aimed on helping to build stronger businesses by ensuring that the city can effectively use its resources and create programs more in line with local business needs.

### **Connect with local businesses in innovative ways**

By encouraging service providers to find innovative ways of reaching potential clients, B-TAP and other staff can learn from these efforts and better hone the techniques they use to connect business owners to services. This recommendation can be implemented as the B-TAP-PS series continues to grow in the coming months. A small pool of money can be made available to the service providers in these cases to pay for their marketing approach and report back on their results, so the staff can leverage these lessons in the future.

During our interviews we met with a provider about the B-TAP PS trainings. In our discussion we discussed the difficulty the city has in marketing its business development programs and convincing business owners to come to these sessions. To get past this difficulty in reaching businesses, they are advertising the program with targeted Facebook ads in addition to partnering with other organizations to connect with local businesses. One of these organizations, Main Street Alliance is a "national

network of small business coalitions" (The Main Street Alliance, 2018). Through this partnership they are able to connect directly with business owners through the community leverage their connections so that BTAP-PS services can reach a larger audience.

The outcome is to build stronger businesses, the city needs to better connect with business owners. By encouraging innovative forms of outreach this recommendation aims to connect more business to the services they need.

### **Enhance the City Brand**

As previously mentioned, the reputation of the City of Minneapolis among local business owners is not where it should be. The city puts a lot of time, money, and effort into helping businesses succeed and does not get the credit it deserves. There is a general lack of awareness regarding the services the city has to offer. There is a lack of trust with the city among business owners that we found, so building up the brand and connecting people to the resources would help bridge that trust. The following recommendations are easy to implement and can make a big difference in the perception of the city in the eyes of the local business owners. The City of Minneapolis needs to brand itself and highlight the programs in place that are helping local business owners.

The city can do this by sending handwritten thank you notes after project completion to thank the business for working with the city. Oftentimes businesses will receive help or funds and are not clear that the resources came from the City of Minneapolis. Current city administrative staff can take this small task on as a part of their normal work duties.

Another branding effort, previously used by the city, is to supply the business owner with a window decal denoting that the City of

Minneapolis completed their project. It should be noted that this type of branding will only be effective for physical improvements such as the Façade Improvement Grants and should not require a budget line to cover the cost, as it will be minimal.

Adding a personal touch and at the same time taking credit for providing a resource will not necessarily provide a specific result as compared to the principles that are trying to be achieved but it will help the overall relationship building as well as the reputation of the City of Minneapolis.

### **Long Term**

Ensuring that Eat Street stays vibrant and businesses are not displaced will take a long term approach. In connection to the more immediate actions recommended above, these longer-term recommendations involve city politics and buy-in and/or votes to implement. These recommendations are suggested as targeted strategies to provide a lasting future for targeted business owners.

### **Recommendation: Change City Policies to enhance business and landowners' resources**

### **Create a business census to better track factors that may be tied to displacement**

As demonstrated by the lack of research found on the topic, a clear understanding of the mechanisms that drive commercial displacement is particularly elusive. While topics like residential gentrification have fine-scale census data to make empirical claims, no similar dataset for businesses is available publicly within the Minneapolis. Without sufficient information about the businesses in the study area (e.g. date established, do they own their building, etc.) the changes in the area can only be described anecdotally. This recommendation focuses on

**It is necessary to collect data that helps the city understand the narrative of changes occurring in the study area so it can track the success of programs aiming to curb displacement**

collecting the data necessary to understand the narrative of change occurring in the area and track the success of any programs meant to curb this displacement.

Private datasets have been used by researchers to show that the business turnover within gentrifying areas happens at a similar rate to non-gentrifying ones. In a 2016 study Rachel Meltzer uses data from the National Establishment Time Series (NETS) provided by Walls and Associates to access small scale business data, including locations and employment statuses for businesses in New York City. The detail of this dataset and its ability to track business over time through a unique identifier, allowed her to track the address changes of businesses in context with other variables that are related to residential gentrification. Using this data, the study concluded that the rate at which commercial business move in gentrifying neighborhoods was not significantly different from non-gentrifying areas within New York City (Meltzer, 2016).

There are a variety of pathways that the city can take to collect information about businesses to identify where displacement is occurring and how it compares to general rates through the metro. One of these methods is to use a private dataset such as NETS that can be used to track local area business movements. These datasets provide detailed information about businesses but at a cost to the city both to purchase this data in addition to the time it takes to analyze it and draw meaningful conclusions. According to the Business Dynamics Research Consortium, access to the Minnesota NETS database costs around \$7,500 (2012). The city also has the option of creating its own business census either by conducting surveys and/or partnering with the state business licensing agency to establish a baseline of businesses in operation. Surveys while resource intensive, can allow the city to ask business owners a variety of questions and perhaps establish deeper connections with owners through these interactions. Moving forward any of these strategies first requires the city's business development units to think about what they want to track and other information they can gather to better support businesses. Example questions for such a census may include whether business owners rent or owns their building, current rent amount, and a rating of their relationship with their landowner. For such an initiative to

be effective it needs to be part of a continuing effort to collect and monitor this data to create effective training and policy guidelines in response to the census' findings.

This recommendation provides empirical tools the City of Minneapolis can use to understand commercial displacement within its borders. By doing so, the city can create programs that both build business more resilient to changing market conditions and maintain the vibrancy of Eat Street and beyond.

### **Right of First Refusal**

One important and relatively easy way to resist displacement of businesses is by requiring property owners to offer the land first to the renting business. This policy, called Right of First Refusal, prevents landlords from selling their property without letting the business know and giving the business the first chance at buying the land. Right of First Refusal not only gives business owners access to buying their building, it also helps prepare them for the likelihood that they will have a new landlord or possibly be displaced giving business much needed time to adapt and determine a possibly exit strategy that might keep them in the neighborhood. To be effective, a "grace" period for business to amass capital and or secure loans to buy the building should be implemented along with the policy. This period should be determined by weighing the abilities of businesses to access capital relatively quickly against landowner's legitimate right to quickly and efficiently sell their land.

As the city explores steps to establish a Right of First refusal policy it should also explore creating a funding source to help business owners be ready to move on purchasing the property quickly if needed. Salt Lake City has created a "Buy Your Building" plan to work with business owners interested in purchasing their land. The city has created a \$10 million funding

pool to lend down payment assistance to businesses that may not qualify for a traditional bank loan (LaVecchia, O., & Mitchell, S., 2016, p. 14). Partnering a fund with a right of first refusal policy builds in resources and support to the local owners interested in purchasing their space. Over half of the tenants along the corridor rent and could face rising rent pressures. This is an area to explore as an option for ownership for those who may be interested. We encourage that this would be a topic to talk explore in continued conversations with the local businesses. The business advocate could be a convener for these types of conversations.

This recommendation aims at providing business owners with direct pathways to ownership it also helps mitigate the impact of the economic shock associated with having a new building owner. Because this recommendation requires a policy change, it is anticipated that the city could start the initial conversations immediately, but the policy requires a longer timeframe. implementing this recommendation immediately.

### **Create a property tax incentive for commercial landlords and pilot on Eat Street**

Currently the mayor and city council of the City of Minneapolis are in the process of approving a pilot program for residential properties to receive a property tax break of 40 percent if 20 percent of their units are affordable to households with incomes at or below area median income. This pilot program links to a state-run program known as 4d and focuses on allowing naturally occurring affordable properties to participate (Assessment and Classification Practices Report, 2007). While this program is set up to serve residential properties, this model could be used to create a similar incentive program for commercial properties. Additionally, the city uses property tax abatements to fund historic property renovations. The purpose of this

program is to support reinvestment in historic areas to benefit the community. It indicates that city leadership is open to using property tax breaks to incentivize behavior.

Principles of property tax incentive program:

- Advocate to state legislature to add commercial properties to the 4d incentive program. Seattle is pursuing similar legislation to encourage incentives to commercial properties (Commercial Affordability Advisory Committee, 2016, p. 18).
- Target small, locally owned businesses. This program would not focus on incentivizing national and larger chains. Focus on landlords that commit to lease to local businesses and set affordable rent prices.
- Write a set of criteria and benefits that explicitly benefit the local immigrant and person of color owned businesses.
- Research and determine fair market rents and required lease terms. There is much more data and agreement on residential fair market rents. To determine the exact rates and amounts, city staff will need to engage local small business owners, technical assistance providers, and landlords to determine where rents should be set. Rental rates and incentives may look different along different commercial corridors. Therefore, it is recommended that city staff pilot the program along the Nicollet Avenue and Lake Street corridor. Lease terms should also be a requirement to receive property tax incentive to ensure longer term leases at affordable rents.
- Use as a tool to engage local landlords. It is important that city staff work to build relationships with local commercial landlords. The landlords hold a lot of power and control to what may happen along the corridor as the street changes. Engaging them in conversation is important.

Landlords hold power over the rent prices, lease terms, and general upkeep of the properties. Affordability and lease terms that work for the small business is a piece of the puzzle to ensuring businesses owners have a choice to stay. Tax incentives are a way to encourage desired behaviors and have been used in a variety of ways for residential properties. The mortgage interest deduction seeks to encourage homeownership; the homestead property tax credit seeks to encourage owner occupancy in properties. Based on analysis of data, property taxes are rising across the city and within this commercial corridor. While there is no data to show whether the property tax increases are causing direct rent increases, it is likely a contributing factor. A local landowner we spoke with brought up the idea of a property tax incentive program as a good way to engage landlords and encourage affordable rents along the corridor. It is a tool the city can employ to engage landlords in commercial affordability and we encourage continued conversations with landlords.

### **Invest more funds into grants and loans for business**

Technical assistance and policy change can accomplish a lot but without allocation of monetary resources directly to businesses, their ability to respond to and resist displacement will be limited. The Façade Improvement Grant was one of the most recognizable and positively mentioned programs the city offers. While the program has been quite successful in improving business façades, façades are not the only concern facing business owners. Given the dearth of non-loan funding options available to businesses, this need cannot necessarily be addressed by relying on other governmental agencies or nonprofits. While it might be tempting to expand funding solely for the Façade Improvement Grant, city staff should expand grant offerings to include: assisting

*Without an allocation of monetary resources, businesses' ability to respond to and resist displacement will be limited*

with purchasing equipment, weatherization, leasehold improvements, and other areas as indicated by businesses. While traditionally grants are given to nonprofit agencies and sometimes individuals, there needs to be a significant shift in eligible recipients especially as funders and other entities have realized the importance of businesses in making a difference. These funds can also be restricted to certain geographic areas depending on where there is the most need. It is also important that the method of payment be flexible for granting. Care should be taken to ensure that this method of payment does not present a burden to businesses who would have to cash flow expenses.

The City of Minneapolis can also provide forgivable loans. To have the loan forgiven, the city can also require businesses to meet certain standards such as meeting the minimum wage requirements, maintaining a certain profitability ratio or whatever they deem is necessary to mitigate risk of forgiving the loan. This provides funds and access to new forms of capital that supports businesses directly. Loans can aide several updates such as building structure, interior/exterior design updates, or purchasing tenant business equipment, or providing businesses with working capital. This recommendation can also provide assistance for tenants that are interested in purchasing their buildings, providing gap funding. An organization doing lending to nonprofits: Propel Nonprofits has experimented with this recommendation while they have not formally evaluated the results, preliminary exploration has revealed it has helped organizations build working capital and cash reserves two resources which are vital to preventing displacement (Propel Nonprofits 2018)

The goal of these funding sources is to provide businesses with needed resources to ensure their buildings are ready to conduct normal business activities and are attractive to consumers. The loans can be used as a sustainable way to support businesses in the future and ensure that businesses are not displaced due to temporary cash shortfalls or economic shocks.

## LIMITATIONS

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One of the largest limitations for this study was the sample size. In total only 26 people were surveyed or interviewed. As a result, there is a chance that the findings and recommendations are not representative of businesses in the study area. In addition, the interviewees were not selected from a random sample but were rather a convenience sample based on who the interviewees knew. Because the researchers had limited second language skills, we were unable to reach businesses where the owner has limited English proficiency. The time compressed nature of this project kept us from being able to conduct additional analysis and interviews which could have made our findings more representative of the constituents' desires in the study area. To solve these shortcomings, the City of Minneapolis should continue to research and determine what are the biggest obstacles to resisting displacement.

# EVALUATION PLAN

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To determine effectiveness of recommendations, some sort of evaluation metric must be implemented. To not evaluate the effectiveness of recommendations risks perpetuating inefficient programs and wasting tax dollars. The sections below are not intended to be a fully functional evaluation plan, rather they are to be used in creating one and determining what are the outcomes that program should be evaluated against.

## Timing and Type of Evaluation

To ensure the programs developed by the city remain effective, regular evaluations must be done. The evaluations should either be administered by city staff or through an external consultant. Ideally, given that economies can fluctuate rapidly, evaluation should be conducted at least once every five years.

Any evaluation done on the recommendations provided should contain both formative and summative elements (Chen 2015). Summative evaluation involves evaluating a programs ability to meet measurable objectives (e.g. did participants in a summer reading program increase their reading comprehension?). The specific measurable outcomes which can be measured against are summarized below:

- Did businesses that used City of Minneapolis services have a higher rate of ownership than businesses which did not participate?
- Did businesses that used City of Minneapolis services stay in their communities?
- Were businesses that used City of Minneapolis services better able to withstand sudden shocks and changes to the economy better than businesses which did not participate?

The best tool for collecting data at a reasonable cost will be focus groups and surveys

Formative evaluation in contrast, is focused on continuously improving programs and giving programs insight into what if anything, needs to be changed. Some examples of formative evaluation questions are provided below:

- How can the city more effectively provide services to targeted business owners?
- What types of programs are most effective in building business capacity to resist displacement?

While formative evaluation cannot necessarily be used to “prove” a program has met its intended outcomes, it is invaluable in helping programs continuously improve and better serve communities.

### Evaluation Methods

To determine the answers to the evaluation questions raised in the previous section, data will need to be collected and analyzed. Due to the large number of businesses within Eat Street, the best tools for collecting data at a reasonable cost will be focus groups and surveys. City staff can utilize similar questions that were asked for this project. For determining the answers to the summative questions, city staff can consider using existing data on business registration and tax receipts. They can cross reference this data with participants of city business assistance programs and create timelines to determine how much more successful businesses who receive assistance are compared to business which do not. The answers to formative questions can be determined through focus groups and listening sessions with businesses in the community. It is important to note that many small business owners are incredibly busy and as a result incentives or other things should be considered to convince people to participate.

## CONCLUSION

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The city is in a position to implement programs and policies to effectively prevent commercial displacement along Eat Street

In conclusion, we feel the City of Minneapolis is in a position to implement programs and policies that can effectively prevent commercial displacement along Eat Street. This initial inquiry begins to address the foreseen needs of the business owners in the study area. The recommendations should be used as starting point and are not exhaustive. Policies are most successful when they are a product of successful stakeholder engagement, which can be done through a neighborhood advocate. We stress the need for continual conversations with business owners and landlords in the study area. This is just a starting point to that conversation. In addition, the data currently held by the city begins to shed light on the issues business owners face but does not completely illuminate the situation. Our recommendations are a product of the time and place this research was conducted. As a result, we feel strongly that the City of Minneapolis should continue to revisit the core principles as a basis for subsequent policies and programs:

- Build and Support Strong Businesses
- Resist Displacement
- Maintain Vibrancy along Eat Street

By following these principles, programs can be designed that not only allow businesses to survive but thrive in a district which has brought so much cultural vibrancy to Minneapolis.

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*All photos courtesy of Jen Strait*

## APPENDICES

## APPENDIX A

### Descriptive Statistics from the Whittier Neighborhood

All data for this appendix was collected using Wilder Foundation's program: Minnesota Compass which uses American Community Survey and census data from 2012-2016.

Racial Demographics in the Whittier Neighborhood from 2012-2016	
White	56%
Black	18%
Asian	5%
Hispanic	17%
Multiracial	3%
Person of Color	44%

Descriptive Statistics from 2012-2016	
Median Income from 2012-2016	\$36,290
% of people below poverty line	24%
% Renter Occupied Housing	87%
% of people who moved to the neighborhood in the past 10 years	73%

## APPENDIX B

### Copy of Interview Questions

All data for this appendix was collected using Wilder Foundation's program: Minnesota Compass which uses American Community Survey and census data from 2012-2016.

We are graduate students from the Humphrey School of Public Affairs who are completing a semester long research project looking at ways the city and community organizations can support local businesses against displacement as neighborhoods change. We hope to ask this group a few questions and would be happy to talk one-to-one with folks as well. We are looking at ways the city could support businesses owners through the challenges around potential displacement. Share a brief overview of who we are and our other two teammates and that this is for a final culminating project before we graduate.

1. What are the top two challenges you face around keeping your business in its current location?
2. How could the city and community organizations assist you with these pending challenges?
3. Have you noticed changes in the surrounding community that are affecting your business? If so, what are the changes and what affects have they had on your business?
4. What City of Minneapolis services has your business utilized?

## APPENDIX C

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### Copy of Questions for Survey of Businesses Along Eat Street

Business Name:

Business Type (Restaurant, salon, office, etc.):

Address and or Street Intersection:

1. How long have you been at your current location?
2. Do you rent or own your building?
3. Do you have interest in purchasing your space?
4. Do you have concerns with increasing rents or lease terms? If so, please explain.
5. Are you able to consult with other businesses in the neighborhood or ask for advice on other businesses' experiences to strengthen your own business?
6. Have you used any of the city of Minneapolis business programs? Including B-TAP (show the flyer), business loans, facade improvement (administered by Whittier Alliance).
7. How did you learn about the resource?

## APPENDIX D

### Multi Criteria Assessment Grid

Alternative	The City Council could implement this recommendation.	This recommendation will create structural change	This recommendation will specifically help PoC and immigrant-owned businesses.	This recommendation can be implemented in the short term.	This recommendation can be implemented in the long term.	This recommendation has explicit support in the literature review.	This recommendation has explicit support in the interviews.	Sum
Create a neighborhood small business advocate	4.5	3.5	3.75	0	5	0	4	20.75
Hold a series of local council meetings at Eat Street businesses	5	3	2	5	0	1	3	19
Utilizing existing connections between businesses or between city-affiliated staff (such as BTAP providers) to gain insight on business needs and wants	5	3	3	5	0	2	5	23
Hold a quarterly staff meeting to bring together	5	3	2	5	0	1	4	20

inter-departmental staff that work with small businesses.								
Connect with local businesses in innovative ways.	4	4	4	5	0	3	4	24
Enhance the city brand – Thank you notes and window decals	4	3.5	4	5	0	1	4	21.5
Create and conduct a business census to better track factors that may be tied to displacement	2	2	2	0	5	4	4	19
Create a “Right of First Refusal Policy” to ensure renters have opportunity to purchase building if the	3.5	5	4.5	0	5	4	5	27

opportunity arises								
Create a property tax incentive for commercial landlords and pilot on Eat Street	1	4	4	0	5	3.5	3.5	21
Invest more funds into grants and loans for business	1.5	4.5	4.5	0	5	3.5	4	23
Explore with the Whittier Alliance opportunities to explore a commercial coop	2	4	3	0	5	4	5	23