

# **Minneapolis-St. Paul**

**People, Place, and Public Life**

**John S. Adams and Barbara J. VanDrasek**



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FIGURE 57. Cedar Square West in Minneapolis, completed in the 1970s. The first and only project completed an ambitious effort to build the first federally subsidized New Town in Minneapolis, carrying out a redevelopment plan for the Cedar-Riverside neighborhood adopted by the Minneapolis City Council in 1968. The master plan for the one-hundred-acre site provided 12,500 housing units for 30,000 people. Phase I with 299 units and about 3,000 residents (left) was completed. Ralph Rapson, architect.

PHOTO COURTESY OF CEDAR-RIVERSIDE PLAZA.



FIGURE 58. Greenway Gables at the southwest edge of downtown Minneapolis. An example of successful new market-rate housing at the core of the city.

PHOTO BY CITY OF MINNEAPOLIS, PLANNING DEPARTMENT/GRAPHICS, I. M. HOLLEY.

city and its obligation and desire to keep forced displacement to a minimum. A study of the effects of renewal in the Seward community, southeast of downtown, reported that almost two out of three persons who relocated did so voluntarily, glad to sell their hard-to-market homes to the city and leave the neighborhood, or to use renter-relocation payments to purchase homes. About one in five who would have been content to stay were forced to relocate when they could not afford to upgrade their houses to meet city codes and could not find suitable replacement housing within the Seward neighborhood. So, although the Seward renewal succeeded in stabilizing the neighborhood's housing stock, there were social costs.

**The City at Large** The need for continuous renewal presents a challenge not only in the central business district but throughout the city. The deteriorating Loring Park neighborhood drew back affluent residents with apartment, condo, and townhouse developments

such as Greenway Gables, Loring Green, and Loring Way (fig. 58). The Calhoun Square shopping complex at Lake Street and Hennepin Avenue became an even stronger anchor for the thriving Uptown commercial district. An especially creative reuse of a historic structure is the award-winning renovation of the four-building Munsingwear complex at Lyndale and Glenwood avenues just west of downtown, now International Market Square, boasting a five-story glass-roofed atrium and festival hall.

In 1982, the Minneapolis School Board owned twenty-five buildings no longer used as schools, presenting a reuse challenge to the city. The former Marshall-University High School became a center for community and nonprofit groups. The Douglas School Project on Fifteenth Street just south of downtown produced condos and townhouses. Others were converted to low- and moderate-income housing or razed to make room for new housing. A few of the schools were rented as office, child-care, or storage space, and one junior high school was converted into an elementary school. These short-term adaptations will allow some of the buildings to be put back into use as schools as the need arises.

## Rebuilding and Revitalizing St. Paul

**Early Postwar Initiatives** St. Paul's public renewal programs began with the federal urban renewal law of 1949. The Housing Authority subsequently undertook several federally aided projects. Others began under the Port Authority, which was created by the legislature to manage and develop river port facilities and its extensive holdings along the river. The State Capitol Approach Area redevelopment was launched under the State Veteran Service Building Commission. In addition, a large public housing program built more than three thousand units.

Like Minneapolis, St. Paul's initial emphasis was on clearance and redevelopment in which the worst nineteenth-century slum areas were replaced by new and different uses. Today, the major blighted areas are gone and emphasis has moved to rehabilitation and conservation—retaining the basic character of communities and neighborhoods but updating the physical plant.

Interest in downtown redevelopment began with a plan by Victor Gruen's firm, which was commissioned in 1958 by a group of St. Paul businessmen. The popular plan failed to materialize when the Minnesota highway department declined to reroute I-94 to the north of the capitol, but the Housing and Redevelopment Authority responded soon with other plans, encouraged by support from the Chamber of Commerce and the Metropolitan Improvement Committee, a group of labor leaders, professionals, and business persons organized to promote citywide renewal and improvement especially for commercial uses. In 1962, the planning board approved the twelve-block, forty-three-acre Capital Centre renewal project in the heart of downtown. All but a few of the structures had been built before 1920, and most were replaced.

The redevelopment effort, financed primarily by City Urban Renewal Bonds, replaced downtown infrastructure and created a fifteen-block skyway system, the largest public system in the United States at the time, expanded by 1992 to connect thirty-six blocks (fig. 59). Between 1964 and 1978, significant office, financial, parking, and residential uses were developed, but retailing still lagged behind. To address the retailing deficit, the Seventh Place Redevelopment Project was begun, financed by local tax increments and federal Urban Development Action Grants. The result was a block-long pedestrian mall and the four-level, mixed-use Town Square Park complex, which opened in 1980.

Annual operating costs of Town Square Park are assessed to benefitting property owners. The complex was expanded with the construction of the St. Paul Center in 1985, connecting Town Square with the new World Trade Center.

The third phase of St. Paul's downtown redevelopment began in 1989, aimed at enhancing the city's status as a government and cultural center and at bolstering economic activity in the central business district. This phase was financed by the sale of \$18 million in tax increment bonds.

**Revitalized Leadership** By 1977, St. Paul development interests had nibbled at the bait but had not been hooked on several downtown renewal projects. Still, optimistic city boosters predicted great changes: a twin office tower, a major chain hotel, a pedestrian mall and enclosed galleria, and to put the final jewel in the crown, a \$56 million elevated transit system.

Difficulties in luring successful development throughout the 1970s made the city skeptical of new suitors. St. Paul is a city of only moderate size, with a population of 272,000 and a location on the slower-growth side of the metro region. Its professional hockey team had left for lack of fans, its sports stadium had no teams, a major hotel renovation plan had fallen flat, and the civic center was standing idle for most of the year. Some St. Paulites attributed the city's low self-esteem to its economic downturn in the 1920s and 1930s at the same time that Minneapolis was flourishing. Whatever the cause, infusion of new leadership was the cure for the city's sagging ego.

In 1976, George Latimer was elected mayor of St. Paul. He immediately emerged as the city's most enthusiastic booster as well as an extraordinarily effective leader. He "hit the ground running," aided in part by a 1972 city charter change to a "strong mayor" form of



used mostly for industrial parks. The Port Authority has maintained its semiautonomous status, issuing more than \$550 million in industrial revenue bonds since 1965, but it is required to obtain city council approval for any development project before revenue bonds are sold to finance it. It is the state's largest landlord (after the state of Minnesota itself) and has financed more industrial development in St. Paul than has any bank.

The combined and coordinated efforts of the mayor and the council, the PED, and the Port Authority proved highly successful in downtown real estate development following the mid-1970s. The city of St. Paul, which erected only one major downtown building between 1930 and 1959, managed after 1977 to draw more than \$1 billion in public and private investment to downtown. Cooperative planning and promotion by the city enabled it to leverage \$52 million in federal UDAG grants into \$740 million in private funds, mostly through industrial revenue bonds and tax increment financing.

Following extravagant activity through the 1980s, with Port Authority grants and loans to real estate developers for hotels, office space, and retailing, and the bankruptcy of several projects, the Port Authority narrowed the scope of its activities. A new mission statement focuses the agency on financing industrial and commercial developments and away from retail and special-use facilities such as hotels and restaurants. The Authority's new Business Development Finance Program has strict lending criteria and a \$5 million cap on loans for any individual project.

If St. Paul has a guiding credo for the way it redevelops its downtown, it is to learn from the mistakes of others and remain true to the character of the city. In the eyes of boosters and residents alike, St. Paul is a city proud of its working-class heritage that dislikes

pretension or aspirations to be something it is not. While Minneapolis can succeed with a strictly upscale retail avenue, St. Paul strives for a more mixed-use, small-scale approach with housing, offices, and retailing side by side in each complex. Minneapolis's riverfront is becoming almost completely recreation, festival-retailing, and upscale housing, but St. Paul's remains a working port with industrial parks, mixed-income housing, and all-level retailing.

**St. Paul Redevelopment Projects** Among the pioneering projects in St. Paul's downtown "rebirth" have been the Science Museum of Minnesota and the Landmark Center. The Science Museum and the Omnitheater, opened in 1978, draw patrons from all over the Midwest with their participatory approach to public education in the sciences. The Children's Museum moves from Bandana Square into the central business district in 1994, rounding out the day for visiting families. The Landmark Center, a \$12.5 million renovation of a nineteenth-century federal court building, provides space for public social and cultural events and exhibitions and is perhaps the city's most visible link to its past (fig. 60). Completed in 1902, the building originally was designed to serve as post office, customs house, and courthouse; it eventually became the headquarters of all federal offices in the Upper Midwest. In 1970, the structure was saved from the wrecker's ball by a group of historically minded citizens, and it opened its doors in its current role in 1978.

The mixed-use Town Square complex opened in 1980, complemented soon after by the \$12 million renovation of the adjacent Dayton's department store. Oxford Development Corporation, which owned major developments in both downtowns in the early 1980s, deliberately chose the names "City Center" in Minneapolis and "Town Square" in St. Paul, acknowledging

**FIGURE 60. Landmark Center on the north side of Rice Park, downtown St. Paul. The former federal courthouse was carefully restored and redecorated to become the city's most active and effective community center. Its neighbors around the park include the restored St. Paul Hotel (east side), the St. Paul Public Library and James J. Hill Reference Library (south), and the Ordway Music Theatre (west).**

PHOTO COURTESY OF CITY OF ST. PAUL, DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT.



the distinctive “small big city” and “big small town” characters of the two cities.<sup>2</sup> Several new office buildings, hotels, and housing developments filled remaining gaps, and all were linked by three miles and \$9 million of public skyways.

In 1985, St. Paul deployed a new \$68 million hot-water district heating system serving seventy downtown buildings and homes for space heating, domestic hot water, and industrial processes. With the completion in 1983 of the twenty-five-story Amhoist Tower (with offices and condos and hope to be St. Paul's answer to the IDS Center), and the opening of the \$99

million, forty-story World Trade Center in 1986, the downtown core seemed ready to join the big leagues.

The 1985 opening of the \$46 million Ordway Music Theatre, financed with more than \$30 million in philanthropy from some of St. Paul's oldest founding families, added the needed final touch to St. Paul's “renaissance” as a home for significant cultural events—the St. Paul Chamber Orchestra, Minnesota Opera, Schubert Club, and Minnesota Orchestra—and a boost to life-after-five in the city's downtown streets. During the 1990s, the city is promoting the cluster of institutions between the Science Museum and the Civic

Center as a "cultural corridor" that will renew the city center's economic vitality and that already is attracting nearly five million visitors each year.

The designation of St. Paul's Lowertown area, formerly the city's primary wholesaling and manufacturing district at the east end of the central business district, as a National Register Historic District has contributed to its attractiveness for development, both aesthetically and financially. Every historic district has a determined "period of significance," defined as the most important era in the district's historical development. A structure within the district is deemed "contributing" if it dates to the period of significance and has not been altered from its original appearance. Other structures are considered "noncontributing" and thus ineligible for special tax status. Owners and developers of the thirty-nine contributing buildings in the Lowertown historic district qualify for 20 percent tax breaks on the costs of income-producing renovation.

There is federal, state, and local involvement in historic preservation. Federal and state rules govern actions by public agencies or publicly funded projects that threaten state- or nationally designated sites. Local authority provides greater protection because it regulates private-sector activities that affect locally designated structures or sites.

Minnesota's Municipal Heritage Preservation Act of 1971 authorizes divisions of state government to establish local Historic Preservation Commissions, which identify historic sites and ensure their preservation by nominating them for protection to their city council. City councils can designate sites and then use the permit review process to protect them from the actions of private individuals.<sup>3</sup>

The Lowertown Redevelopment Corporation was formed in 1978 with a \$10 million grant from the McKnight Foundation, with which it was able to draw

more than \$350 million in private investment for thirty-five different projects. Displacement of working artists in the loft district has been mitigated to some extent by public and nonprofit help to renovate warehouse space for low-rent work lofts, to be owned and managed by artist-tenants. By 1990 there were 104 loft-style units in downtown St. Paul.

By the early 1990s, St. Paul's success at attracting development dollars had exceeded its success at drawing people and businesses back to downtown. Core developments were overbuilt by some estimates, but downtown boosters insist that eventually demand will catch up with supply, and that in the long term the downtown building boom strategy will be vindicated.

The Lowertown development also has met with mixed success. The \$140 million Galtier Plaza stood with empty apartments and office space after its first year, and its retail business was faltering as well. Refinancing enabled developers to pay off \$21 million in Port Authority revenue bonds, to reduce interest payments, and to offer below-market interest rates to condo buyers. The city of St. Paul lost \$9 million on the project, but recoups that loss with property tax revenues over five years.

The building was sold in 1989 for \$14 million. In 1990, a revised strategy brought a facelift, popular nightclub entertainment, and downscaled retailing into the lower levels of Galtier, filling 85 percent of the storefronts. By 1991, the building's 100,000 square feet of office space was 85 percent leased, and 90 percent of the apartments and 70 percent of the condominiums were occupied.

St. Paul planners remain undaunted by the slow take-off of their vigorous downtown revitalization efforts. The district heating system has expanded to 22.7 million square feet in large buildings and single-family residences in downtown and adjacent areas—