# Tracking light rail development

## Understanding trends and community impacts

## Definitions

**LRT corridors**

1/2 mile buffer from each LRT line, including:

* Hiawatha
* Central
* Southwest
* Bottineau

**LRT station areas**

1/2 mile radius from LRT station

**Tax year**

Data collected in January of that year that reflects the previous year

**Improvement**

New construction – including both new development and remodeling or other improvements to existing properties -- that are reflected in the property’s assessed value

## Website

hennepin.us

Light rail transit (LRT) corridors are seeing more investment and real estate development than the county as a whole. These investments can help create housing options with access to transit, stimulate local economies, create jobs, and enhance the livability of communities. They can also lead to increased property values, taxes and housing costs, which may create financial strain on existing communities and contribute to the potential for displacement.

To better understand and respond to investment and development trends in LRT corridors and their potential impact on communities, Hennepin County is actively tracking and evaluating a variety of property-related data in transit corridors.

Data points being collected and analyzed include:

* Estimated Market Values (EMV)
* Taxes paid
* Parcel improvements
* Property types
* Property sales

Initial findings show that compared to Hennepin County as a whole, LRT corridors see:

* More property improvements
* Higher growth in Estimated Market Value (EMV)
* Greater increase in property taxes paid

## LRT corridors see more property improvements

Most improvements concentrated in station areas downtown

* From 2016 to 2019, there were $2.8 billion of improvements within 1/2 mile of 50 existing and proposed LRT stations along the four LRT corridors in Hennepin County.
* In 2019, five overlapping station areas in downtown Minneapolis (Target Field, Hennepin, Nicollet, Government Center, and Downtown East) had approximately $386 million of improvements.

### Hiawatha LRT Corridor:

* $3.9 billion in property improvements near Hiawatha LRT stations (including downtown) since opening in 2005 accounted for 14% of countywide improvements during the same time.
* 31% of development has been condo/coop, 30% commercial, and 32% apartments.
* From 2005 to 2019, the percent of improvements within Hennepin County that occurred within ½ mile of the 14 Hiawatha LRT stations outside downtown Minneapolis grew from 1.1% to 5.3%.

### Central LRT Corridor (including downtown):

* $2.3 billion in property improvements in the Central LRT Corridor since opening in 2014 accounted for 17% of countywide improvements during the same time.
* Of all improvements made in the corridor since 2014, 60% have been apartments and 27% have been commercial development.

## Properties in LRT corridors see higher growth in estimated market value

### Average per-parcel EMV in Hennepin’s four LRT corridors increased at a higher rate than the rest of the county from 2005 to 2019

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| --- | --- | --- | --- |
| **Corridor** | **Average per-parcel change in corridor (2005 to 2019)** | **Average per-parcel change in remaining area of Hennepin** | **Difference between corridor and Hennepin** |
| 1/2 mile of Hiawatha | + 65% | + 38% | + 27% |
| 1/2 mile of Central | + 46% | + 38% | + 8% |
| 1/2 mile of Southwest | + 52% | + 39% | + 13% |
| 1/2 mile of Bottineau | + 60% | + 40% | + 20% |

* The EMV of parcels within the Hiawatha Corridor, which has been open the longest, increased an average of27 percentage points more than the rest of Hennepin County from 2005 to 2019.
* In 2005, the EMV of properties in Hiawatha LRT station areas outside downtown was $2.7 billion – increasing 83% to $4.9 billion in 2019. That number is 32 percentage points higher than the county as a whole (51% increase in market value from 2005 to 2019).

### Increase in per-parcel EMV occurs across most property types

* Across all four corridors, the change in average per-parcel EMV is particularly noteworthy for apartments, industrial, coops, and vacant properties. In each case, the corridors grew at rates much higher than the county as a whole.
* In only two property types – commercial and single family homes – the results were more mixed, with average per parcel EMV in some corridors growing more slowly or at the same rate as the county as a whole.

## Increased property values along LRT corridors strengthen the tax base

* The total property tax paid by properties in the 14 Hiawatha LRT station areas outside downtown Minneapolis increased 106% from 2005 ($58 million) to 2019 ($119 million). That is 29 percentage points more of an increase than the county as a whole (77%) during the same time.
* Properties in the 14 Hiawatha LRT stations outside downtown paid 3.6% of all property taxes in the county in 2019, up from 3.1% in 2005