

**Excerpt from the
Monday, August 5, 2002
CITY PLANNING COMMISSION
MINUTES
220 City Hall
Minneapolis, Minnesota 55415
4:30 p.m.**

4. **1021 and 1023 Morgan Avenue North (5th Ward - MS-86)**

Application by Morrison, Fenske and Sund for Dream Home Development for a minor subdivision to create two buildable lots. (Staff, Jim Voll)

Jim Voll presented the staff report.

The public hearing was opened.

Patti Marsh, 2306 Russell Av. N, indicated she was a 30-year resident of the North side. Willard Hay, Near North and Harrison were the neighborhoods immediately surrounding the Holman Consent Decree area. As a result, they were impacted communities within which a high density of poverty was permanently located. Of the 6,248 households in their community, 1,475, almost 25%, of those households were currently living in some form of Federally subsidized low-income housing. That was excluding the Holman Consent Decree area. This was subsidized, low-income housing that was not going away. It would continue to be located in their community. When scattered site, as opposed to site-based public housing came into being, MPHA bought a lot of single family houses in the area immediately surrounding the Sumner-Glenwood public housing projects and converted those homes to scattered site public housing units. In the late 1980's, early 1990's a house to house survey of that immediate area surrounding the Holman Consent Decree where this was located was completed. They found that the concentration of scattered site public housing units in that area was inordinately high. The number of scattered site units ranged anywhere from 25% to as high as 50% of the houses, per block. The area literally became an extension of the Sumner Glenwood Housing Projects because of the heavy concentration of scattered site public housing units that were placed there. It did not make sense to further increase this intentional concentration of poverty by allowing this lot to be subdivided so that a second subsidized low-income, absentee owned, rental property could be built right next door to the one that the developer was currently building. The developer went to the neighborhood groups housing committee to try to obtain lots, also through MCDA. This was a Hennepin County lot. In that meeting, they stated that they were building rental units for the express purpose of providing high quality housing for low-income Section 8 tenants. Their committee begged to differ that quality had anything to do with it. These were two-story, six bedroom manufactured houses with no basements. They had a four foot crawl space underneath. They were trailered in, in four sections and they were assembled by crane in less than a day. They were essentially a two-story double-wide trailer on a foundation. The quality of the construction was poor, just barely meeting minimum code. The size of some of the rooms was less than adequate. Two of the bedrooms were only 9' 7" x 9' 10", her closet was bigger than that. There was a very high probability that these homes as they were constructed, were unlikely to maintain their market value or increase in

value over time. Given the combination of high rental costs and less than adequate construction quality, a significant number of these homes were unlikely to become and maintain owner-occupied status, at least in the long run. Their neighborhood would continue to be stuck with these substandard houses long after the developer had made their money and moved on. This developer had recently acquired 28 such lots that they had either already built on, or were in the process of building on. All but five of them were on the North side, all in impacted neighborhoods. The math on the 28 units at \$2000/month equaled \$56,000/month, which equaled \$672,000/year guaranteed cash flow. Again, she emphasized that providing quality housing had nothing to do with it, this was all about “show me the money.” It was being done at the expense of their community, a seriously impacted neighborhood that needed and wanted quality built market-rate, owner occupied homes on the vacant land. Not more marginal construction, absentee owned, low-income rental units. They already had lots of those as the numbers would tell. To allow this lot split to occur and a second subsidized low-income rental property to be built right next door to the first one that they already built, did not fit the guidelines laid out in the Minneapolis Plan of preservation versus new production in impacted neighborhoods. It was also in direct opposition to the Federal Courts rulings in the Holman Consent Decree in which the de-concentration of poverty was mandated in impacted communities such as this. They were asking the Planning Commission to support the guidelines of the Minneapolis Plan, support the Federal Courts rulings in the Holman Consent Decree and support the communities wishes and vision for their neighborhood. All of which were in the best interest of the long term good health and viability of their community and the City. Please do not approve their request to subdivide this lot. They were stuck with one and wanted to keep it to one.

Todd Nowacki, 1407 Emerson Av. N, indicated that he supported the comments that were made by Ms. Marsh.

Fred Loso, 1619 Emerson Av. N, NRRC Residential/Commercial Task Force, stated that normally projects like this went before their committee and it was bypassed by the County selling directly to Dream Homes. None of these properties had ever seen any community process. He had second hand knowledge that one of the houses already built had no central heating system, it had electric space heaters for every room. The childrens bedrooms had control over the heat.

President Martin indicated that the building code would most likely not allow that.

Mr. Loso replied he didn't know that first hand, but was informed by someone who had toured one of their houses. He supported what Ms. Marsh said. They had worked for 20 years to try to build up the community and they would like to have a chance to keep doing what they were doing.

Commissioner Bradley asked if the heat was electric baseboard heat?

Mr. Loso replied that was his understanding.

Commissioner Bradley noted that electric baseboard heat was allowed by code.

Mr. Loso stated that was the standard and the high quality of housing.

Commissioner Bradley wanted to state that there was a distinction between a space heater and baseboard heat and wanted to clarify that.

Greg Rosenow, 1425 Dupont Av. N, indicated he was a 30 year resident and also supported the comments that Ms. Marsh made as well as the previous speakers. He wanted to point out that codes were minimum standards and that was what they were doing, the minimum.

Council Member Johnson Lee, 5th Ward, stated while she supported the neighborhood, it would have been nice for the builder to go to the Council Member and they had not done that or talked about any of the plans that they had for the North side. She supported the community and the neighbors.

The public hearing was closed.

Commissioner Krause motioned, Nestingen seconded to **continue** the public hearing to the August 19, 2002 Planning Commission meeting. **Carried**, Commissioner Bradley voted no.

President Martin asked staff to obtain information about the applicants refusal to meet with the community and the Council Member or why Hennepin County was coming forward with these and weren't going through any process.

Commissioner Bradley stated that his understanding was that these properties were Hennepin County tax forfeiture properties that were sold to the highest bidder, he was unsure of other criteria. He was going to speak to the issue of the community being impacted. Most of the Commissioners didn't know that he sat on the Near North Redevelopment Committee, which was essentially the Holman site, from its inception to its dissolution the early part of the year. For four years he sat there, and clearly the issue of affordable housing and this community was debated ad infinitum and he didn't know if the conversation had ended. This community and other communities in this city were impacted, which was a HUD definition that has more than its share of poverty, it has more than its share of minority residents. The Federal Judge issued, as part of the Consent Decree, that normal Holman units (public housing units) could be built back in this area on this site which would exceed 88 units. Through a series of dialogues, they had ended up with 200 public housing units going back on the site. If you extrapolate the issue of low-income housing and impacted communities, clearly the Near North communities, Central, parts of Phillips, part of University and Marcy Holmes were defined as poverty communities. What the Commission was being asked to do was assist that by putting two houses and splitting a lot to allow that to happen. He thought it created a dilemma because he didn't know that this city or any other city had a policy against poverty and the reason was that it was hard to eliminate poverty. He didn't think anyone had ever done it successfully. Minneapolis had an opportunity to start diminishing poverty by not building new affordable housing units in impacted communities. They could talk about what level was reasonable and acceptable, which might be another conversation. While they could continue this to get Hennepin County's input, he thought that putting housing for poor people in communities that were already impacted by poverty, created more poverty. He didn't think it was the good urban planning direction that they should go in.

Commissioner Schiff stated that he understood from his conversations with community members that one of the homes on these lots had already been built. What would be the impact of denying the lot subdivision?

President Martin replied that they would have a big yard.

Commissioner Schiff asked if they would have to move the home or anything like that?

President Martin replied no. She asked Director Ballentine to make inquiries with Hennepin County to find out why they were doing this and not going through the processes.

Director Ballentine indicated he was sitting on a task force between the County and the City on boarded, vacant and tax-forfeited property. Hennepin County staff got a change in State law that allowed them to do this through the last legislative session. They were currently negotiating with them about the impacts in the neighborhood. Ms. Marsh spoke with him and he had shared that with the members of the committee. They were not done deliberating, but it had been made clear to Hennepin County that this had been causing some adverse reactions in the City. While they were part of the tax payer system and were getting better prices for vacant land, it was having some consequences like this, especially when it hadn't gone through community scrutiny and they need to look at that. They did get the state law changed and they needed to get feedback about the effects of that in the community.

President Martin suggested telling the State Legislators about this also.

Commissioner Bradley indicated he had talked to the State Legislator who told him that the language was written with the intent that tax forfeited lots would go to the MCDA to be conveyed to the neighborhoods. There was a "typographical error" or a word or two that created a loophole that seemed to be that path the County had chosen to take. The Legislature acted in what they thought was the appropriate direction, but there seemed to be an ability for that to be interpreted in the way that it was being interpreted by the County.