

CITIZENS LEAGUE REPORT

No. 142

**A Review of the Urban Renewal Program,  
Neighborhood Rehabilitation**

**May 1962**

(142)

Citizens League  
545 Mobil Oil Building  
Minneapolis 2, Minnesota

**APPROVED**  
BOARD OF DIRECTORS  
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TO: Board of Directors

FROM: Urban Renewal Committee, Stuart W. Rider, Jr., chairman

SUBJECT: Concerning Neighborhood Rehabilitation and the Harrison Project.

#### SCOPE OF REPORT

The purpose of the report is to review ~~the~~ one of the newest parts of the Urban Renewal Program, Neighborhood Rehabilitation. Included in this will be an examination of what this program consists of, what it attempts to accomplish, the means used to attain this end, the various problems encountered in the program and a report of the general findings and recommendations.

In addition to reviewing the general program of neighborhood rehabilitation the report also reviews the specific project which has been proposed for the Harrison area of the near north side of Minneapolis. The various problems encountered in Neighborhood Rehabilitation are then analyzed in terms of their application to this specific project and the report concludes with our findings and recommendations.

#### BACKGROUND AND RECENT DEVELOPMENTS

Neighborhood Rehabilitation is a part of the National Housing Act and was first introduced into the act in 1954. This concept of housing improvement differs from the more common method of slum clearance in that through the urban renewal homes are preserved and rehabilitated rather than acquired and demolished. To quote from the law:

"'Rehabilitation' or 'conservation' may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying and plans for a program of voluntary, repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition of buildings and improvements thereon where necessary to eliminate unhealthy, unsanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as described in clause (3) of the preceeding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan." Sec. 311 of the Housing Act of 1954.

The extension of federal aid to help in the improvement of partially blighted neighborhoods recognizes the peculiar problems of older areas of the city. These problems include population, traffic, varying condition of dwellings, public facilities that are often in a state of disrepair, conflicting land uses, the general inability of individual home owners to change the declining nature of their neighborhood by their single efforts and, in addition, the inability or unwillingness

of local government to take the steps necessary to reverse the trend.

With neighborhood rehabilitation the residents of these older, yet healthy neighborhoods and the City as a whole, have an opportunity to systematically upgrade a gradually declining area before it requires the more drastic slum clearance.

Urban renewal which includes both redevelopment or clearance and rehabilitation, is not new to Minneapolis. Two large clearance projects in Glenwood and Gateway Center have either been accomplished or are presently being completed. These involved the acquisition of all but a few structures within the project boundaries, the clearance of these buildings and the resale of the cleared land to private developers and public housing. This was necessary because of the extremely poor condition of most structures which precluded their improvement. Neighborhood Rehabilitation however, has not previously been attempted in Minneapolis and the proposed project in the Harrison neighborhood is the first such effort employing this means of urban renewal.

The procedures followed in a rehabilitation project are the same as that for redevelopment. The local renewal authority must first receive authorization from the local governing body and the Federal Urban Renewal Authority to make necessary surveys and plans and to prepare a plan for the rehabilitation of a particular area. This plan must then be approved by these parties before the project may begin.

The approval by the local governing body must include findings that "(1) the financial aid to be provided in the contract is necessary to enable the contract to be undertaken in accordance with the urban renewal plan; (2) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; (3) the urban renewal plan conforms to a general plan for the development of the locality as a whole; and (4) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan." Sec. 105, Housing Act of 1961.

In the Harrison area the Minneapolis Housing and Redevelopment Authority was given authorization by the Minneapolis City Council in July 1958, and by the Federal Urban Renewal Administration in January 1959 to proceed with the surveys and plans to prepare a plan for the rehabilitation of the neighborhood. In order to find out what the major problems in this area were, several small studies and a twenty per cent random sample of the 1,100 families in the area was made. As a result of this work the original Harrison Plan of more than a year ago contemplated the same improvements as the present revised plan with exception of the inclusion of a limited buffer drive on the northern edge of the area to eliminate through traffic from the residential streets. This plan did not envision the upgrading of Olson Highway from an expressway to a freeway and as a result did not anticipate changing the commercial center on Olson and Penn Avenues. However, the State Highway Department subsequently directed that this change would be necessary and the Housing and Redevelopment Authority had to revise the plan to accommodate it.

In the interim after the original plan and accompanying maps and their revisions were completed, the residents of the neighborhood were asked if they would like to organize their neighborhood into sections and blocks in order to meet more readily and discuss informally, this proposed plan. This was done as a means

of educating the residents as to the effect of this plan on their property and that surrounding them. In addition, thirty major meetings and many informal discussions have also been held over the past several months for further discussion.

The plan has also been presented extensively to the community in various interested groups, the City Planning Commission, the Capital Long Range Improvements Committee, and to the City Council and its Roads and Bridges Committee. This Committee further requested that the Housing and Redevelopment Authority send estimates of the cost of necessary improvements to affected property owners in the area. Following approval by the City Planning Commission the final remaining action before the plan may be implemented lies in its approval by the City Council and the Urban Renewal Administration. In accordance with the State Law, the City Council held a public hearing on May 16, 1962 and the plan is now directly before them for their approval.

#### SCOPE OF COMMITTEE ACTIVITY

Because of wide community interest and the impact urban blight has on the entire community the Board of Directors of the Citizens League assigned this project to its Urban Renewal Committee. The committee, under its Chairman Stuart W. Rider, Jr., has held 7 meetings and heard both the proponents and the opponents at three of its meetings. In addition, the committee has had several discussions with the staff of the Housing and Redevelopment Authority and with other interested and experienced persons. The committee has not inspected specific properties nor has it examined the various procedures by which certain properties have been designated for definite or possible acquisition. Neither has it surveyed the neighborhood to learn the view of individual residents.

The committee's purpose has been to review the proposed project generally, to hear both the proponents and opponents and finally evaluate this project and its affect on the community. Our review has produced the following recommendations and major conclusions.

### RECOMMENDATIONS

We urge the Minneapolis City Council to approve the Harrison Neighborhood Rehabilitation Project in substantially its present recommended and revised form.

### CONCLUSIONS

1. The general program of Neighborhood Rehabilitation appears to be a useful and helpful means by which neighborhoods that are partially blighted can be improved and restored to a healthy condition. This will result from intensive code enforcement, spot removal of deteriorated structures and extensive improvements of public facilities which will upgrade the condition of property, and improve the residential character of neighborhoods.

2. The Harrison Neighborhood seems to be well selected as the first project of this nature in Minneapolis. This results from an assessment of prevailing neighborhood spirit, the general good condition of dwellings in the area and its desirable location.

3. Because it will be the pioneer project employing this type of urban renewal, it would be desirable to see this project started in order to judge how effective Neighborhood Rehabilitation will be in preventing the spread of blight and restoring sound neighborhoods in the older areas of the City.

4. Strict enforcement of codes and the public improvements anticipated in this area would not be sufficient to meet the problems of blight which exist in the area, because it would leave some of the badly dilapidated structures standing. In addition, the City would receive no credit for its work as a part of the total cost of improving the area. The owners of property would normally be required to pay for two-thirds of the cost of public improvements instead of the one-third this project requires for paving.

The substantial cost to owners for improving their property may be eased by special Home Improvement Loans if they desire them, in addition to reduced assessment for City improvement. The primary responsibility and credit for the general upgrading as well as its success must be placed on the owners and residents of the neighborhood.

*claimed* 5. Adequate provision exists for relocating those displaced by the taking of their property either in the private market or in public housing if they qualify. ~~Inequities in the difference~~ between what an owner is compensated for his property and the cost of comparable housing elsewhere are the result of the laws governing eminent domain rather than any weakness in this proposal.

6. We realize there will be some businesses that will be displaced and forced to close. However, others will benefit in that they will receive moving expenses in addition to compensation for property which they would not receive if taken by the Highway Department for a new freeway on Olson Highway.

7. Some of the businesses will be permitted to relocate in a shopping center which is planned for the project. The area designated for this center may be unreasonably small if many of the present local merchants desire to locate within

it and consideration should be given to its expansion if this develops. The suggestion for pre-plan contracts between the Housing and Redevelopment Authority and the displaced business owners for relocation back into specified areas in the project seems to be impractical and probably unworkable. This is because of the problem of obtaining financing for a new building to be constructed in the future and the early determination of the profits of such a business. The present assurances which are written into the plan seem to be adequate to protect those neighborhood businesses that desire and are able to locate again in the area.

SUMMARY OF CRITICISMS OF THE PROPOSED HARRISON NEIGHBORHOOD PROJECT

Following are those criticisms of the proposed project which have been brought to the attention of the Urban Renewal Committee during the course of our review and the committee's general appraisal of the validity of the criticisms.

1. Criticism: Property owners of both homes and businesses are inadequately compensated for their property to the extent that they cannot buy a comparable house or buildings elsewhere in the City.

Committee Comment: The committee recognizes this <sup>problem</sup> ~~inequity~~ may exist particularly in blighted areas where the sale price of a building reflects the general condition of the neighborhood. However, this is not caused by the Urban Rehabilitation Program but rather by the limitation of the Laws of eminent domain which operate in this manner in any public taking of property.

2. Criticism: It is feared there will be insufficient housing in the City available for those displaced by the project.

Committee Comment: This argument is without merit in that present real estate data and information from the Housing Authority indicate a more than adequate supply to absorb those displaced.

3. Criticism: The Plan does not make adequate provision for those displaced to return to the area.

Committee Comment: It is recognized that the new housing to be built and the lots available for sale will not permit all of those displaced to return if they all desire to do so. However, since it is unlikely that a substantial number of the previous residents will want to return, the present provision to give priority in all new housing and in the sale of lots to this group seems to be adequate to meet the need.

4. Criticism: Displaced businesses will not be compensated for their goodwill.

Committee Comment: The committee recognizes this often substantial loss to business, particularly if they are dependent on the neighborhood. However, this too is a possible weakness in the laws of eminent domain and not a part of the Plan. In addition, these businesses would assume this loss in any case because the State Highway Department would eventually take them for the new freeway on Olson Highway.

5. Criticism: The freeway on Olson Highway is unnecessary as is a service drive adjoining it.

Committee Comment: This argument has not been documented, particularly in view of the fact that the Highway Department has found, based on an extensive study, that such a change will be necessary. Further, the Department has expressed its intent regarding this route, and the portion of the route within Minneapolis in the Harrison area has been approved by the City Council.

6. Criticism: Businesses acquired will not be able to relocate in the neighborhood.

Committee Comments: While it is true that a considerable number of businesses will be displaced some of these are probably dependent on a larger market than this neighborhood and therefore could locate elsewhere without being harmed. It is probably true that some neighborhood merchants will be forced out of business. However, the Plan provides for a new small shopping center for several of them that are able and desire to move into this new center.

7. Criticism: Displaced businesses have the right, prior to Council approval of the project, to the assurance, through signing of specific contracts with the Housing & Redevelopment Authority, that they will be able to relocate in the area.

Committee Comments: Such early pre-Plan contracts would probably be unworkable and impractical because of the difficulty of businessmen in obtaining early financial support and their own lack of certainty in desiring to relocate in the area. The Plan guarantees for those local merchants who are able and desire it, the possibility of locating in the new shopping center. This provision, as with all written and approved parts of the Plan cannot be changed without the approval of the City Council.

8. Criticism: It is an infringement of individual freedoms to use the power of eminent domain to force certain property owners to improve their property to the extent of acquiring additional property to enlarge their lots.

Committee Comments: We are not in a position to judge the legal validity of this argument, it is of minimum importance in the Harrison Neighborhood since the use of this power could affect only two dwellings which otherwise meet minimum housing code standards. The committee feels that under the circumstances the project should not be jeopardized on this account.

9. Criticism: Because of proposed public and private improvements the assessed valuation of property in the project will be increased.

Committee Comments: While it is true that there probably will be an increase in the valuation for property tax purposes of improved homes and some slight increase because of paving, this is consistent with the prevailing general theory of property taxes that valuation should reflect the sale value of the property. Also this is a problem outside the scope of this project and is one of general concern to property owners throughout the City.



## DISCUSSION

### What is Neighborhood Rehabilitation?

Neighborhood Rehabilitation is a program of Urban Renewal whose main purpose as set forth by Congress in the Federal Housing Act of 1957 is to prevent older, yet basically sound neighborhoods in cities from slipping into slums. This is accomplished by encouraging and aiding property owners, in addition to enforcing the local codes, in selected project areas to improve their structures and bring them up to at least minimum code standards. In addition, the local government participates in this general uplifting of the neighborhood by improving public facilities such as parks and streets at minimal cost to the residents. Neighborhood rehabilitation is a systematic plan to upgrade gradually declining areas before they require the drastic slum clearance action which was necessary in Glenwood and Gateway Center. This approach to urban renewal differs from clearance in that most of the homes can be saved and residents continue to live in the neighborhood while only the dilapidated and non-conforming buildings are removed. At the same time, however, those dwellings that remain often require some work to bring them up to standard. This is accomplished within the plan through housing inspections and enforcement of the code. In practice, however, neighborhood rehabilitation can only be really successful if residents of the neighborhood desire it and are willing to dedicate some of their resources and much of their energy to improving the entire area in which they live. This program therefore, requires an even greater involvement by the residents of the area than any other form of urban renewal and as a result must be built on a base of understanding, cooperation and an identification with the neighborhood by all those living within it.

Because of the potential effect of such a program on the future ability of the city to cope with its problems of blight and decay and the resultant costly affects on law enforcement, schools, recreation, health and taxes, rehabilitation of neighborhoods is important to everyone in the entire city in addition to residents of the affected neighborhood. The renewal of any neighborhood has a definite affect in stabilizing the older areas of the city and thereby reducing the future cost of decay and slums. In addition, these improvements can have a psychological affect in creating a desire in adjacent neighbors to continue to keep up their property. Community wide groups have an interest in this particular project in the Harrison neighborhood because it is the first attempt in Minneapolis to employ these particular tools of urban renewal and it is desirous that the community try this project in order to judge their effectiveness. This is particularly so since rehabilitation has been suggested as a means of improving other neighborhoods in the city, notably the Hay-Lincoln, Hall, and North High area of North Minneapolis, the lower St. Anthony neighborhood of Northeast Minneapolis, and the Seward area of South Minneapolis.

### Why Harrison Neighborhood was Selected.

The Harrison neighborhood is a 42 block area of lower North Minneapolis, located just west of the renewed Glenwood Redevelopment Area and South of Olson Memorial Highway with Bassett's Creek and the Great Northern railroad tracks forming the south and west boundaries.

City surveys indicate that 60% of the homes in the neighborhood meet present city standards as established in the housing and zoning codes. However, some spot blight and disrepair exists in the remaining 40% of the structures. The entire area contains 723 buildings. Of these 169 are listed for possible acquisition and removal. Substantial repair will be needed in 20% of the remaining dwellings and only minor improvement necessary in about 50% of the remaining structures. There-

fore, action at this time would be worthwhile in that with only minimal clearance and general repair this neighborhood should be able to combat the spread of blight which has already begun to affect it.

The Harrison Neighborhood was selected as the first project of this nature in Minneapolis because of the community spirit in the area, the generally good condition of the homes, and its desirable location. The unified community spirit which exists in this area is the result of an identification on the part of a substantial number of the residents with this area as "my neighborhood". This attitude has existed for many years going back to a large Finish Community which settled here and continues to support it. Many of the families are 2nd and 3rd generations of the original settlement and evidence a desire to remain in the neighborhood.

The stable character of the residents is observed by the fact that 60% of the project area is homed owned with single family dwellings predominating. In addition, the neighborhood has generally good community facilities in surrounding parks, an elementary school, churches and commercial centers.

From a locational point of view the Harrison area is also desirable in that it adjoins the Glenwood Urban Renewal project on the east. This project which involved total clearance of the worst slum in the city has seen the construction of new dwellings and public facilities which have definitely benefited Harrison. In fact, one of the public improvements in that project, the Harrison Park, will be a part of the local contribution to the cost of the project. The location of Harrison is close to downtown employment and shopping and can be quickly reached either by Olson Highway or Glenwood Avenue. The entire neighborhood is desirably surrounded by parks on the east and west, by a future depressed freeway on the north and by a park and railroad tracks on the south. It is thus a pleasantly isolated and yet integral part of lower North Minneapolis, close to services and pleasant to live in.

#### What will Neighborhood Rehabilitation Accomplish in the Harrison Area.

The total renewal of the Harrison neighborhood will require the acquisition of blighted structures and reuse of the cleared land for housing, freeways and a new commercial center. More importantly it will also see a concentrated enforcement of city codes by city inspectors in addition to substantial public improvements.

As was previously noted there may be a possible 169 buildings removed from the area. However, this group is divided into 93 which will definitely be acquired and 76 that may possibly be acquired. Of the 93 under definite acquisition, 57 will be needed for extended right of way for a freeway on Olson Highway, 10 for the new Penn-Olson Shopping Center, 3 for the Glenwood-Cedar Lake Shopping area and the remaining 23 will consist of various spot parcels throughout the area that are in a critical state of disrepair, and are a blighting influence on the neighborhood.

The additional 76 properties scheduled for possible acquisition are scattered throughout the neighborhood and are presently in serious violation of the housing or zoning codes. In order to remain the owners will be required to rehabilitate their structures in compliance with the appropriate city codes and regulations. If they do not desire to bring their property up to these standards then the Housing and Redevelopment Authority will acquire and remove them. The Housing Authority anticipates that approximately one-half of the owners will choose the option to remain and complete the rehabilitation while the Authority will have to acquire the remaining 40-45 that do not desire to do this.

More than rehabilitation will be required for 13 of the properties under possible acquisition. Eleven of these 13 dwellings, in addition to being below code standard, are in violation of platting regulations in that they occupy 25 ft. lots. This severe crowding has had a detrimental affect on these properties. In order to alleviate this the Housing Authority will acquire the alternate dwellings and sell the cleared land to the adjoining property owners. These remaining owners must then purchase the adjoining  $12\frac{1}{2}$  ft. piece of land for approximately \$350-450 or else the Housing Authority will take their property and assemble the entire tract for resale. These properties are at the ends of blocks and contradict the otherwise east-west platting in the block and could otherwise be entirely cleared and resold in conformance with this regular platting.

The general improvement of the major number of the remaining 554 structures will be accomplished through encouraging owners to make improvements and by enforcement of city codes by the city. This will be done by having inspectors check each home for violations of the codes and then informing the owner of what he must do to bring the property up to standards. Some of this has already been accomplished as the Housing Authority has informed owners of dwellings which have been inspected of the approximate cost of repairs they must make. Within a reasonable time following this inspection the inspectors may then begin to enforce the code by the usual means of issuing warnings and then tags for violations if the owner has not taken action to remedy them.

The inspectors used in the project will be supplied by the city on a contractual arrangement with the Housing Authority. The cost of the 2 inspectors detailed to this area will be included as a part of the total project costs and divided between the Federal government and the City on the regular 2/3-1/3 basis. The inspectors will be located in an office within the project area so that affected owners may consult with them about their property and what they must do to bring it up to the standard.

Property owners will also be asked to comply with a voluntary code which covers many aspects of home improvement concerned with the appearance of the property but not covered by the housing code. These standards, which are important for the continued maintenance of the appearance of the neighborhood, are directed at the exterior appearance of the structure and the general upkeep of the surrounding property. However, these standards cannot be enforced by the city.

Public improvements in Harrison are substantial and include street paving, curbs and gutters, new sidewalks where the present ones are inadequate in addition to some work in Bassett's Creek Park. These improvements, with the exception of one-third of the paving cost which will be assessed to the property owners, will be part of the project costs to be paid with urban renewal funds. Normal City procedure is to assess the property owner for two-thirds of the paving cost and all of the other costs.

The City has scheduled the Harrison area for repaving as part of the city-wide residential paving program. In anticipation of approval of the project the City Engineer has notified all the utilities to make their underground repairs to prepare the street for repaving. The various utilities have either completed this work or are presently engaged in it. The City Paving Engineer anticipates paving next year if the project is approved. Should project approval be delayed or rejected the paving would also be delayed.

A substantial change in the plan from the initial proposal of about a year ago is the upgrading of Olson Highway from an expressway to a freeway. The State Highway Department has definitely indicated its intent to do this and has issued the preliminary design for the entire route. The portion within Minneapolis, including that bordering along the northern boundary of Harrison, has been formally approved by the City Council. A problem remains in (1) negotiating the final disposition of Harrison area properties which will be taken for the freeway; (2) the transfer of these costs to the Highway Department, and (3) the time at which this will be accomplished. As a part of this clearance for the freeway, the State Highway Department in its plan for the freeway has included a frontage road along the freeway from Knox to Oliver. This road which is an extension of the previously proposed Buffer Drive will initially aid in eliminating through traffic from the residential streets and will be a part of the local contribution to the total project costs.

The city will also receive credit for a share of the local grants in aid already made eligible by the Harrison park-playground. These improvements and those contemplated in the plan should do much to improve the general appearance of the neighborhood and help to stabilize it.

#### Means Used to Accomplish the Project

The various urban renewal tools which will be employed to accomplish this project include the public taking of spot parcels and the enforcement of city codes and regulations in addition to the voluntary code. To aid owners in this work, special loans will be available through FHA and possible special loans for businessmen by the Small Business Administration.

The taking of land in either the definite or possible acquisitions will follow the normal procedure employed for this purpose by the Housing and Redevelopment Authority. This includes an appraisal of the fair market value for all properties to be acquired by two independent professional real estate appraisers hired under contract with the Housing and Redevelopment Authority. On the basis of this, the Authority will make an offer to the owner and attempt to negotiate the sale of the property. If an agreement cannot be reached within 60-90 days, then the Authority will file for condemnation proceedings wherein the court, through its appointed commissioners will make an appraisal and award the compensation given to the owner. Either the owner or the Authority may then appeal and request a jury trial, at which the final determination will be made. The Authority after filing for condemnation will give the owner 90% of the estimated value of the property, thereby permitting the individual to move when he desires, even before the final award by the court.

The major new feature of this method of urban renewal, the concentrated enforcement of city codes and regulations, will be performed by city inspectors to be contracted for by the Housing and Redevelopment Authority. By this means it is expected that structures that are presently declining or have various weaknesses can be corrected and improved. The inspectors will make a thorough inspection of each structure looking for possible violations of city housing, health, fire and zoning codes. The owners will then be notified of these and given a reasonable time in which to remedy the situation or at least take action evidencing intent to make the necessary repairs. If they refuse to do so, the local codes will be enforced by issuance of warnings and later by tags which carry with them fines for the violations.

In order to make it possible for low income owners to make these repairs and finance them, a special provision, Section 220, of the National Housing Act, provides that mortgage insurance assistance and home improvement loans be provided by the Federal Housing Administration, which will permit longer-term financing of the necessary home improvements at a lower rate of interest than the normal home improvement loans. As stated by the Senate Committee reporting on the bill in 1954, "(This) committee believes this (assistance) to be an integral part of any program that has as its objective the elimination and prevention of slums and the rehabilitation of our cities." Through the availability of these loans it will be possible for many of the affected property owners with insufficient income to remain in the neighborhood and conform with the code standards.

Likewise, the Small Business Administration has recently indicated that special loans will be available for businesses displaced from the area that desire to relocate and re-establish their business, provided they qualify for such a loan. By this means it is hoped that some of the Olson-Penn merchants may find it economically feasible to relocate in a new shopping center in the project, in addition to aiding those businesses that desire to locate elsewhere.

A provision of an earlier plan, which would have made the voluntary code, which is slightly above the existing city code, the basis of enforcement in the area for 25 years and have restricted the use and minimum condition of properties for such a period, has been removed from the plan. This provision, which was very controversial, has been eliminated, other than for those properties which are acquired by the Authority. Property so acquired will be subject to the higher code and when the land is sold there will be a deed restriction limiting its use to the standards of the plan. This restriction, which would have lasted for 25 years, may also be reduced, so that, following development of the land in conformance with the plan, the buyer would then be given a certificate of compliance releasing him from this higher standard and leaving the housing code as the basic standard.

As a part of the plan, rezoning of the area will permit a greater density west of Penn Avenue but reduce it east of Penn. This will generally recognize the present use and in no way permit extensive changes in the character of the neighborhood. Thus, if apartments are built, they must conform to the general density pattern and provide sufficient surrounding land to meet the residential development around them. It is not anticipated, because of this density restriction, that the cleared parcels will be sold for multiple dwellings but rather for single and double family dwellings. The rezoning in the plan will also eliminate the commercial strip along Glenwood Avenue and permit only the present commercial establishments to continue their operation. Further commercial use is contemplated in a small neighborhood shopping center which would be south of the present Olson-Penn commercial center.

As a result of the plan, the rezoning, and improvements in the neighborhood, the area will continue to be primarily residential with approximately the present number of families. The homes that are cleared will probably permit somewhat more intensive residential use than in the past. However, this is not thought to be so significant as to do more than replace the number of persons displaced by the project. There will be no public housing but primarily a continuation of the present neighborhood of private single family dwellings. In addition, a large part of future land use will be allocated to the freeway on Olson Highway and to a lesser extent a small enlargement of the park adjoining Bassett's Creek. A substantial change in land use will occur in the block between Oliver and Penn, which is planned for the new neighborhood shopping center to replace the existing one which will be taken by the freeway.

### Relocation of Persons Displaced by the Project.

Because of the clearance of some homes and the particular hardship cases caused by code enforcement, it is expected that approximately 233 of the 1,100 families in the area will be displaced. For these persons the relocation staff of the Authority will offer assistance in locating housing within Harrison or elsewhere in the City. This staff will be centered at a location within the project to aid in the immediate problems of those affected by Authority action. New homes for sale or rent will be offered to such displaced persons for a period of at least 90 days before they are offered to others. In addition, residential moving expenses up to \$200 will be paid.

The majority of those displaced will go into private housing. General real estate data indicate that there are approximately 900 dwellings units per month available for between \$40-50 and an additional 945 available at \$50-60 per month. It is unknown to what degree these units may be substandard, but it seems reasonable that approximately 145 families would have no difficulty in finding adequate housing in the private market within the three-year period of this project.

Of the total 233 families displaced, approximately 90 would qualify, because of their income, for public housing. If they should desire to go into this housing, there are sufficient available units for them. With over 1,000 units of public housing for families and a 25% turnover per year, there are approximately 20-25 units available per month. In addition, there will be 1,050 units of housing for the elderly in the next few years. In their case money received for property acquired as part of the plan will not be considered when the asset limitations are determined. Persons displaced by the project will have priority for admission to public housing if they are eligible.

Some of the displaced residents will have the opportunity to buy back into the area if they desire, as there will be 22 lots for sale for single or two-family dwellings. The possibility of the Housing & Redevelopment Authority's either renovating present structures or constructing new ones to accommodate those displaced would require their operation as units of public housing, which seems undesirable given the close concentration of such housing in Glenwood.

The problems of relocation in this project are not as difficult as either those in Glenwood or Gateway Center because of the smaller number, the generally better economic situation of those displaced, and the increased amount of public housing available. In fact, in the past year the Housing & Redevelopment Authority has successfully relocated 150 persons displaced by sites for housing for the elderly. By comparison, the relocation of families in Harrison is significantly smaller, since the period for relocation is longer and should thereby permit a smoother assimilation of those displaced by the private housing market and public housing.

### Relocation of Displaced Businesses.

The displacement of businesses and their relocation presents many more difficult and complex factors than that encountered in individual and family relocation. A major problem in the resettlement of businesses is the loss of goodwill and the resultant need to rebuild patronage. This is particularly acute for those merchants that depend almost entirely for their market on the local neighborhood trade. For other businesses that look to a larger area, possibly including the whole city, the problem is less acute as presumably any central location would fulfill their needs. In addition to the difficulty of finding new locations, there is also the problem of the marginal operator that will probably be forced out of business if he is displaced, as he will lack the capital necessary to begin a new enterprise.

Within Harrison these problems are seen in the plight of the businesses located on Olson Highway because they will be taken for the future right-of-way for the freeway. On this street there are presently 21 commercial establishments situated particularly at Penn Avenue & Olson Highway and in one block between Knox and Logan Avenues. The nature of these two concentrations is substantially different in that businesses in the latter location generally depend on a large market which is brought to the area via Olson Highway. Businesses located here include two furniture stores, a woodworking supply company, a TV repair shop and a miscellaneous office. However, between Penn and Olson the commercial establishments are more dependent on local neighborhood trade and presumably would be damaged if required to move out of the area. In this block, and the intersections of Oliver and Penn, one finds two gas stations, one drugstore, one clothing store, one cleaners, one meat market, two grocery stores, one dairy store, one hardware store, one beauty shop, one taproom and an auto parts store. As can be seen, most of these stores are dependent on the local neighborhood, especially the food and dairy stores, drugs, laundromat, cleaners, hardware, and beauty shop, in addition to possibly a gas station and the taproom. Since the freeway will ultimately take them, it would probably be desirable if they were acquired by the Housing and Redevelopment Authority, since they will receive moving and relocation expenses in addition to compensation for their property which they would not receive if condemned by the Highway Department.

Because of the dilemma of these businesses and the desirability for the neighborhood to have these shopping facilities, in addition to concern by groups, the Housing & Redevelopment Authority contracted for a market survey which indicated that the neighborhood could support a limited neighborhood shopping center within the area. The survey suggested this could best be located directly south of the present commercial core on Olson & Penn since it would be central to the neighborhood and adjacent the previous business location. It would provide space for four or five businesses of a local nature, such as a food store, hardware, drugstore, laundromat and cleaners, and a beauty shop, in addition to a possible gas station. This new shopping center was further incorporated in the Plan and now requires the Housing and Redevelopment Authority to submit the cleared land in this designated area to the existing businesses for a period of six months before it can be offered on the open market. In fact, it may be possible for those businesses that desire to locate in the new center to continue at their present sites until the new facility is constructed and then move into it with no loss of goodwill. In the event that the price for the property is reduced later to make it more attractive, local businesses would again be given first chance to submit bids on the land at the new price. The new commercial core will require the acquisition of 11 houses. Many of these dwellings are in poor condition, but a few are still substantially adequate.

It would be desirable to develop the new center as a unit. However, this would still permit individual merchants to own their property, but would simply be a means of integrating the various stores. No definite architectural plans for the center exist, as this will be a part of the negotiations between the various businesses, their needs, and the Authority. As constructed, this provision of the Plan is greatly dependent on the cooperation of the small businessmen presently operating in the neighborhood, as the site is not sufficient for the construction of a large supermarket, which the market study indicated the area would not be able to support. Present large commercial shopping centers exist on both Glenwood and Cedar Lake Road and in the Glenwood Shopping Center on Girard and Olson Highway, both of which are close to the neighborhood.

Even with this provision, however, it is recognized that there will be certain businesses that will probably be forced to close. These include three of the present food and dairy stores, the clothing store, the book store, one of the gas

stations and the taproom. In regard to the food and drug stores, a problem presently exists in that a couple of the small groceries are profitable only because the operator has low rent by living in the rear of the store. This kind of operation would not be permitted in any new store and, as a result, it is questionable whether these particular merchants would be able to survive in a new building with its higher rental and overhead. The problem of the taproom concerns the ability of the business to get a license elsewhere and may largely depend on the attitude of the people in the area and the action of the Council. The other businesses seem to be oriented to the neighborhood to a lesser extent than the above mentioned and may be able to find locations which are as satisfactory elsewhere. It is quite possible that certain businesses may desire to leave the area, thereby relieving the competition for the new shopping center.

### Objections to the Project

The major opposition to the project has come from three organized groups, the Plymouth-Olson-Glenwood Association, the Glenwood Civic League, and the Glenwood-Olson Neighborhood Association. Their concern has been with the displacement and relocation of individuals and businesses and the situation of the remaining owners after the project is completed.

The objections raised against the Plan which have to do with the displacement and relocation of individuals include the unfair compensation for property, the inability of displaced owners to come back into the area, and the inadequate housing available in the city for those to be relocated.

The argument about unfair compensation of property centers on the fact that owners are insufficiently compensated to buy a similar dwelling elsewhere in the city. This inequity, if it exists, is the result, however, of the operation of the laws of eminent domain under which property is taken for public purposes. In accordance with these laws, the government is not permitted to pay more than the value of the property in its existing location. As a result, if a home is within a low value area, this will have a direct affect on the value of the home and probably reduce it if compared with its location in another higher cost area. This problem of the difference between compensation and the cost of comparable housing elsewhere is one which particularly affects those displaced from blighted neighborhoods and slums. However, in Harrison this situation is not as severe as it was, for instance, in Glenwood, since the general condition of property in this area is substantially better, and fair market values should reflect this. It may even be possible that many of the owners of acquired property will be able to buy comparable housing for the compensation they receive for their home.

The matter of the ability of persons displaced by the project to come back into the area has already been discussed. It is recognized that there simply will not be room within the new houses in the neighborhood for all those displaced to return if they desire. However, there will be a limited number of new houses and rental units made available, and these must be offered to such displaced persons for a period of at least 90 days before they are offered to others. In addition, there will be approximately 22 lots for sale which previous owners in the area may buy. It is extremely unlikely that all of the displaced residents will desire to come back into the area and existing provisions of the Plan do make some limited allowance for them to do so.

To the objection that there is an inadequate amount of housing available in the city for those displaced it is to be noted that the data of real estate listings make it apparent that there will be adequate housing for those to be relocated, both within the private and public housing markets. The present supply of private hous-



ing is more than sufficient to absorb those displaced. Since the project will be carried out over the next three years, it is reasonable to assume that housing would be available even if the present market should decline.

The difficulties of businesses that are acquired by the Authority and their relocation, as suggested, are more complex and difficult. However, the same problems of disparity between the compensation owners receive for their buildings and the cost of comparable structures elsewhere are encountered in business dislocation as in residential displacement. In addition, there is the further loss of goodwill, particularly in the local neighborhood establishment, which is not included in the compensation. This is analgous to the loss of neighbors and friends, in addition to attachments to their homes, suffered by home owners. However, again, this is the result not of the Plan but the operation of the laws regarding the public taking of property which do not provide for such compensation. However, the businesses are paid for all their moving expanses.

In the case of businesses located on Olson Highway, the Plan is beneficial since the properties will be acquired for the freeway in any event. As a result, the additional relocation service and the moving expenses which the Housing Authority can provide is an incentive, because the Highway Department cannot pay for these expenses. The problem which results, however, is a matter of timing, since it is unlikely the State will acquire the property for seven years, while the Housing Authority will complete acquisition within the next three years. However, unless these properties are included in the Plan, they will not be later eligible for the relocation cost when the State begins to take them in addition to the fact that unless the new shopping center is provided in the Plan some businesses will not be able to move back into the area. There has been some objection to the plans of making Olson Highway a freeway and the construction of the service drive to the south of the roadway. This decision, however, was the result of the Twin Cities Area Transportation Study (TCATS) which indicated the need for a high capacity freeway from west of Minneapolis into the central business district, generally in the vicinity of Olson Highway. The Highway Department does not anticipate that even the addition of lanes from the present median strip separating the roadways on Olson Highway would be sufficient to meet the demands of traffic desiring to use this route into the City. The service drive which is now included is an extension of the buffer drive of an earlier plan for the area, which would have eliminated five of the commercial buildings in addition to 15 residences. The purpose of this drive was to eliminate through traffic from residential streets. This problem of internal neighborhood traffic will probably intensify as Olson Highway becomes more crowded and unable to handle the traffic until it is improved or converted into a freeway. The heavy vehicle movement through the neighborhood has a detrimental effect on the value of the property and creates additional hazards for residents of the area.

A representative of the Plymouth-Olson-Glenwood Association indicated there has been a general lack of communication by the Housing and Redevelopment Authority with local merchants in the area in order to give them an opportunity to explain where they would like to relocate. They feel that the Housing Authority should discuss this with the affected businesses and then allocate the land in the neighborhood in accordance with their desires. To implement this suggestion it was proposed that before the plan is finally accepted written guarantees be given those businesses desiring to relocate in the area and that their general location be specifically determined in the Plan. There is some uncertainty to what degree this agreement must exist between all business interests but it was indicated that it should include a majority of the businesses. This suggestion, however, of prearranged agreement would appear to be difficult to implement and probably impractical. This re-

sults because of the difficulty of small businesses to conclude such an agreement years before they actually move. Various circumstances in the interim might dictate that such a future operation would be unprofitable and the merchant would then have to back out with resultant affects on the plan which would have provided space for the business. There is also the difficulty of forcing a contracting party that is unable to meet his part of the bargain to comply and construct a building for a business he decides will be unprofitable. Furthermore, many of the existing small businesses are limited in their ability to continue operations profitably within the present location to say nothing of a future more expensive operation in a new building.

It is feared that the procedures and manner which the Housing & Redevelopment Authority employe in handling the businesses in the Harrison project will be the model for future Authority Action in other areas such as Plymouth Avenue. For this reason businessmen outside of the project are interested in what action occurs in Harrison. This factor evidences the importance of this project as the first of its type in Minneapolis and the concern that it be carefully drawn and executed. However, there is nothing to suggest that the identical problems and solutions to business displacement in Harrison will necessary be the basis for future rehabilitation and clearance elsewhere. It is to be expected that the experience of the Authority gained in each project would be reflected in improvements in future work of this nature at other areas of the city.

The final concern for the situation of the property owners that will remain centers on the increased value of their property and the resultant increase in assessed valuation and taxes in addition to the cost of assessments for paving.

Because of the upgrading and improvement of a substantial number of presently partially deteriorated dwellings and the general improved appearance of the neighborhood it is likely that the value of all of the properties will increase. This will protect the present and future neighborhood environment, prevent property values from decreasing and attract people and investments back into the neighborhood. This should be reflected in a higher sale value of properties throughout the area. However, because of the improvements which are made and the higher valuation of their property this will result in increased taxes for those making such improvements. This seems reasonable for the majority because of the increased sale value of their homes but it also affects certain persons of low income that would be unable to sustain this increase. Alternatives to provide for this group and encourage more than minimal rehabilitation might include a list of improvements which could be made without an increase in assessed valuation. This should be explored with the assessor. Another suggestion is a tax moratorium on improved properties but this is a matter for legislative consideration as are other suggestions which affect property taxes not only in this area but throughout the City.

The increased cost of owners of increased assessments seems to be minimized as the major cost of public improvements will be absorbed in the local contributions to the project. The costs of sidewalks, sewer and gutters, where needed, will be entirely absorbed by the local contribution as will 2/3 of the paving cost. Thus this proposal appears to be a definite asset to owners of property as they will undoubtedly benefit from increased valuation of their property at as slight a cost to them as practically possible.

The final argument over the Plan goes to the underlying concept of urban renewal and the extension of the power of eminent domain to force owners of property to make improvements with the threat that if they do not do so the Authority will take the

property, improve it, and then offer it for resale. This may be a possible infringement of individual freedoms. Most of what is accomplished in Neighborhood Rehabilitation, however, is primarily through the use of the police powers in the enforcement of city codes and regulations. The area of disagreement, however, may pertain to those properties under possible acquisition for reasons other than violation of the codes. In Harrison this would apply to probably only two of the thirteen small lot owners who otherwise conform with minimum housing standards but violate the platting regulations in occupying small lots. On the basis of the small number involved, and their uncertain situation, the committee does not feel that this matter is of such consequence to jeopardize or revise the Plan.

#### Support for the Project

General support for the Harrison project has come from within the project as seen in the Harrison Neighborhood Council, a formal neighborhood organization, which was established by residents concerned with present problems and the future improvement of their neighborhood. Membership in this group is free and open to all property owners and renters in the Harrison Neighborhood. In addition the Capital Long Range Improvements Committee of the City Council and the City Planning Commission in addition to other community groups have endorsed the Plan.

Because the success of the project depends so much on the support of the residents of the area this must be obtained. In addition, however, the proposed Plan as presently submitted to the City Council is a definite asset to the city not only for the future of this neighborhood but all older areas in the city which are experiencing similar problems to those in Harrison.