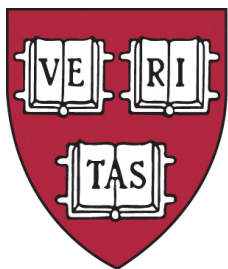


Profiles in Preservation

Sienna Green Apartments in Roseville, Minnesota



A Case Study in the Preservation of Affordable Housing
by Alexander von Hoffman

June 2014

The research for this series of case studies was conducted with the support of the John D. and Catherine T. MacArthur Foundation.

Joint Center for Housing Studies

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Preface

The following case study is one of a series of five investigations of projects conducted by nonprofit organizations to preserve affordable rental housing in the United States. These profiles were undertaken to illuminate the characteristics of subsidized housing and the process by which they are preserved — that is to say, refinanced and renovated.

The five subjects of the case studies were selected to represent a variety of geographic locations, communities, and real estate markets; a range of types of tenants: e.g., family, elderly, and formerly homeless; and different types and sizes of nonprofit owner organizations.

Each case explores the history of the particular property and its locale; the history of the organization that owned the property and how it came to own and preserve the property; the methods and challenges of renovating and refinancing the property; and the overall results of the preservation effort. The five profiles in preservation are part of a larger research project supported by the John D. and Catherine T. MacArthur Foundation, whose support the Joint Center for Housing Studies gratefully acknowledges.

Introduction: Preservation of Affordable Housing in the Suburbs

The popular image of subsidized housing, usually based on stereotypes of public housing projects, is a large monolithic complex located in an inner-city neighborhood inhabited mainly by poor African Americans or Hispanics. In fact, many federally subsidized housing projects developed since the 1960s are located outside the inner city.

The case under study here is an example.

Sienna Green is an affordable housing project located in Roseville, Minnesota, an inner-ring suburb of Minneapolis and St. Paul with a predominantly white population. The history of this development from 2005 to 2011 illuminates several ways that the preservation of affordable housing can take place in a suburban locale.

First, this affordable housing preservation project involved acquiring and renovating a market-rate multifamily rental complex and converting it to a predominantly subsidized rental property. The complex, Har Mar Apartments, had been built in the mid-1960s and had become an eyesore and a place of criminal activity, and as such was the type of property that suburban governments often seized and demolished. Thus, the “preservation” of Har Mar Apartments refers not only to maintaining housing for low-income households, but also to protecting a housing complex from destruction.

Second, the case highlights a nonprofit housing organization that expanded its activities from a central city neighborhood to the metropolitan area, including the suburbs. Partly for that reason, in 2007 the organization changed its name from the Central Community Housing Trust to Aeon. In recent years, many nonprofit housing and

community development organizations have had to consider extending their service areas, usually because their original territory had less need of community development or offered too little business to sustain the organization.

Third, the case traces the process of developing low-income housing in a suburban locale. The process went relatively smoothly, thanks to strong support from the city government and state housing finance officials and from the community development wing of a large investment bank. Yet the presence of some unsubsidized units in the Har Mar Apartments required the developer and underwriters to assess the demand for rental housing among low-income working people in this part of the metropolitan area and calculate what market rents low-income people would be willing and able to pay for newly renovated apartments in an inner-ring suburb.

An unusual aspect of this particular project is that the developer teamed up with the University of Minnesota and other advocacy organizations to establish environmental principles and goals in the rehabilitation of the Har Mar Apartments. Aeon's team members carried out the renovation partly as a demonstration research project that would discover environmental methods and materials useful to other low-income housing developers. This pilot project of a moderate rehabilitation of a housing complex did not depend on a suburban locale, but the relatively large suburban site afforded possibilities for environmental landscaping and engineering – as well as the construction of a new residential building – that would be impossible in smaller, more densely developed central city tracts. Aeon expressed environmental theme of the redevelopment by renaming the project, Sienna Green.

Finally, the study shows that the preservation of affordable housing in a suburb can garner local support. In Roseville, local officials and even many neighbors approved of improving a dilapidated housing complex for low-income households. In the latter stage of the project, some of the project's neighbors objected to the construction of a new edifice, though not to the renovation of the existing buildings, but their protests never reached the stage of organized resistance.

Roseville, an Inner-Ring Suburb

Roseville, Minnesota lies about six miles to the north of both Minneapolis and St. Paul. It was settled in 1850 as part of a township and existed well into the twentieth century as an agricultural community. In the 1930s, Roseville was a place primarily of farms and nurseries, but the increase in railroad and automobile commuting initiated a wave of suburban residential and commercial development. The construction of roads in the 1930s helped integrate Roseville into the Minneapolis-St. Paul metropolitan area. The paving of Snelling Avenue, a north-south industrial thoroughfare in St. Paul that coincided with the new state highway 51; Minnesota trunk highway 36, an east-west road; and U.S. highways 61 and 65 set the stage for the transformation of Roseville into a suburb.

The northeastern section of the metropolitan region nearer St. Paul was slower to develop than the areas outside Minneapolis, chiefly because after World War II St. Paul still contained tracts of vacant land that attracted most of the new development in the area for several years. When development finally did spill over St. Paul's boundaries, it

arrived first at Roseville. Roseville's leaders concluded that the community's destiny was bound up with the growth of the Minneapolis-St. Paul metropolitan area and in 1948 incorporated Roseville as a city, even though the population was still only 4,500. In the following decades, the expansion of roads and especially the construction of interstate highways 35E and 35W, along the paths of the older U.S. highways 61 and 65, accelerated Roseville's transition. The little city's population boomed, increasing to 24,000 by 1960.¹

Many of Roseville's new residents were middle-class households, many of whom came from St. Paul's ethnic neighborhoods. In 1960 professional, managerial, and clerical workers made up half the town's employed residents; another quarter were either skilled blue-collar workers, foremen, or factory operatives. The inhabitants were virtually all white.²

While it was growing as a residential suburb, Roseville also developed as the first major commercial node directly north of the Twin Cities. Development of the region's shopping centers began south of Minneapolis, where the population had increased the most. In 1956 the Dayton Company, the highly successful department store in downtown Minneapolis, extended its operations into the suburbs by building Southdale Center in the town of Edina, Minnesota. The Dayton Company hired well-known

¹ City of Roseville, "Roseville History," <http://www.ci.roseville.mn.us/index.aspx?NID=729>.

² John S. Adams, *Minneapolis-St. Paul: People, Place, and Public Life* (Minneapolis: University of Minnesota Press, 1993), 106; United States Census, census tracts Roseville, MN, 1960.

architect Victor Gruen to design Southdale as a large-scale, completely enclosed shopping center, said to be the first in the United States.³

Meanwhile, Roseville had become the site of a number of stores, whose owners wanted to take advantage of its location, just northeast of Minneapolis and northwest of St. Paul and at the intersection of connecting automobile corridors. In 1961 the emerging cluster of commercial establishments inspired the development of an enclosed shopping mall in Roseville off Snelling Avenue south of County Road BW. The owners, Harold and Marie Slawik, named Roseville's new shopping center the Har Mar Mall, using the first syllables of their first names. The location must have been favorable for retail stores catering to middle-class customers, because the next year the Dayton Company introduced its first discount store, Target, in Roseville. In May 1962 the company opened a large one-story Target store and supermarket with a parking lot of greater area on a site directly north of the Har Mar Mall on the other side of County Road BW (where its entrance was located). Of course, the Target chain would grow to become one of the largest retail store companies in the United States.⁴

Three years after the Har Mar Mall opened, Maurice Goldman, a local real estate developer, built an apartment complex on the opposite side of Snelling Avenue from the mall, on the service road near the clover-leaf exchange at Minnesota Highway 36. One of several such rental housing projects built in Roseville during the 1960s, Goldman's complex was composed of five buildings, two and a half stories in height, including a

³ Timothy Mennel, "Victor Gruen and the Construction of Cold War Utopias," *Journal of Planning History* 3 (May 2004): 116-50.

⁴ Jean Hopfensperger, "Staples, D'Amico Give Har Mar Mall a Boost," *Minneapolis Star Tribune*, February 1, 2008; "Target through the Years," <https://corporate.target.com/about/history/Target-through-the-years>.

half-underground floor. He named the development the Har Mar Apartments after the mall across the street. Goldman had developed other apartment buildings around the Minneapolis-St. Paul area and apparently owned properties in downtown Minneapolis. Judging by two of his extant Minneapolis apartment buildings, Goldman had a taste for apartment buildings with a distinct architectural character and dwellings on the ground floor.⁵

The Har Mar Apartments belongs to a common but often overlooked type of residence within metropolitan areas. In the postwar era, developers constructed multi-unit rental buildings on locales on suburban sites next to shopping centers, highways, and commercial strips. Such sites are favorable places for such residential development because the land is inexpensive, zoning is lenient, and the absence of neighbors obviates local opposition to multifamily buildings. Yet proximity to transportation corridors makes reasonably priced apartments appealing to moderate-income workers who wish to live in the suburban sectors of great cities. Typically the market for such buildings is composed of single people and couples, and Har Mar Apartments was no exception: of the 120 apartments, 90 percent contained one bedroom and the rest had two bedrooms.⁶

⁵ Goldman told Gina Ciganik that he owned properties along the Nicollet Mall in downtown Minneapolis, which he sold to the Target Corporation. City of Roseville Housing and Redevelopment Authority [Dennis Welsch] (hereafter RHRA), "Har Mar Profile," 2003; Gina Ciganik, interview with author, Minneapolis, Minnesota, September 25, 2013; Department of Building Inspections, City of Minneapolis, Minneapolis Plan Vault Collection, table of contents listings for Maurice Goldman Apartment Building, 5700 and 5712 34th Ave S, and Maurice Goldman Apartment Building, 525 University Ave SE, both extant; M. Goldman and J. Liss Apartment Building, 2218 Golden Valley Rd., and Goldman Apartment Building, 900-02 Irving Ave N, of which neither address currently contains an apartment building.

⁶ RHRA, "Har Mar Profile."

In the following years, both commercial and residential projects continued to appear in this corner of Roseville. In 1969, the Dayton Company chose Roseville as the site for its third large enclosed shopping mall in the Minneapolis-St Paul region. The department store corporation built Rosedale Center, about a half mile north of the Har Mar Apartments off Snelling Avenue on the other side of Minnesota Highway 36.⁷

In 1971 another apartment complex, Rosewood Village, comprising 201 units in three long three-story buildings, was built immediately west of the Har Mar Apartments. Like Har Mar Apartments, Rosewood Village was a rental residential property, but it appears to have aimed at slightly higher-income tenants. Graced by landscaped grounds and a pond, Rosewood Village contained such amenities as a swimming pool, a playground, and a nicely furnished function room. The preponderance of two-bedroom units – 126, with one-bedroom units making up the remaining seventy-five – bespoke a market that included larger and better-off households. Reflecting its relative value in the Roseville housing market, Rosewood Village would become a resident-owned condominium in 1981.⁸

The real estate development in the Snelling Avenue area and throughout the city allowed Roseville to grow. By 1970, it had about 34,500 inhabitants, and ten years later the population peaked at 35,800. By 1980 the population of Roseville had declined slightly to 33,500, and since then it has remained at about that figure. Meanwhile the town's ethnicity diversified. The white population of the town fell to 95 percent in

⁷ The second regional mall Dayton-Hudson Corporation developed was Brookdale Center in Brooklyn Center, a town northwest of Minneapolis. Hopfensperger, "Staples, D'Amico Give Har Mar Mall a Boost."

⁸ <http://www.rosewoodvillage.org/>; Donna Como, e-mail communication with author, December 10, 2013.

1990, about 90 percent in 2000, and 81 percent in 2010. The share of foreign-born residents had climbed to 11.5 percent in 2010. Besides Caucasians, according to the 2010 U.S. Census, the largest racial group in Roseville was “Asian,” which includes the Hmong people of Cambodia. The next largest group was black or African American, whose share of Roseville’s population had climbed to 6 percent. A significant segment of this group was made up of Somali refugees, whom like the Hmong have made the Minneapolis-St. Paul area a destination. Hispanic immigrants, many of them undocumented, have also arrived in Roseville, where their presence has been noticed particularly in the school system.⁹

Har Mar Apartments

While Roseville evolved, the Har Mar Apartments went to seed. As the years went by, Har Mar’s owner, Maurice Goldman, who was aging himself, seemed to spend less time supervising the management of the property. People remember seeing broken window blinds, derelict cars in the parking lot, and the police arriving frequently to investigate various sorts of crimes. While shopping for a condo in the area in 2003, Donna Como observed that the Har Mar complex looked neglected, almost like a slum.¹⁰

Inside the buildings, maintenance did not keep up with the deterioration brought on by age and use. Some of the walls had holes in them, and other walls in basement units suffered water damage from flooding on the site. In the buildings’ hallways railings had

⁹ U. S. Census data; “A Selection of Viewpoints about Backlash,” *Rights Stuff Newsletter* (Fall 2009), http://mn.gov/mdhr/education/articles/rs09_3forum.html.

¹⁰ Donna Como, telephone interview with author, Roseville, Minnesota, November 21, 2013; Ciganik, interview.

come apart, some light fixtures lacked bulbs, and deteriorating carpeting had been repaired with fragments of fabric.¹¹

Not only the physical condition, but the social composition of Har Mar Apartments stood out from most of the rest of Roseville. In 2000 the average income of Har Mar Apartment tenants was only \$16,178, less than half of the average for multifamily structures in Roseville and a quarter of the average for the city (\$60,233). In 2000 the city was still overwhelmingly Caucasian, but only 70 percent of Har Mar's residents called themselves white. Thirteen percent of the tenants at Har Mar were classified as Asian, 11 percent as African American, 2 percent white Hispanic and 1 percent Native American. At 27 percent, the racial minority share of the Har Mar population exceeded that of the local planning district (18 percent), and far surpassed that of Roseville as a whole (10 percent).¹²

Many residents did not stay long. Between 1999 and 2003, the rate of residential turnover was a remarkable 68 percent, far higher than 38 percent rate for multifamily structures in Roseville and 30 percent for rental units in Roseville. It became increasingly difficult to replace the tenants who departed. By 2006 the Har Mar complex was a little more than half occupied.¹³

The Har Mar Apartments had become a run-down, low-rent complex catering to a poor and frequently transient clientele. In comparison to some privately owned subsidized properties – for example, the Skyview Apartments in Scranton, Pennsylvania

¹¹ Mardell Partners, "Complete Appraisal and Summary Report, Har Mar Apartments, May 2, 2006," Part I, 16-17.

¹² RHRA, "Har Mar Profile"; U.S Census SP 4 and SF 1, 2000.

¹³ Occupancy had fallen to 57 percent by 2006. RHRA, "Har Mar Profile"; "The Land and its People," Roseville Comprehensive Plan – 2002 Update, 26; Mardell Partners, "Complete Appraisal," 17.

before it was renovated – Har Mar Apartments was not a hellhole, but as far as City of Roseville officials were concerned, it was a trouble spot. They saw a residential complex suffering from damage and neglect and being used as a place to deal drugs. The police were called there frequently to investigate crimes and disorderly conduct. City officials placed Har Mar Apartments on a list of properties that they would like to see improved, if the right party came along.¹⁴

Fortuitously, in 2005 Gina Ciganik, a Roseville resident, contacted the city’s community development department to see if they knew of any places available for developing low-income housing. Ciganik worked as the vice president for housing development for a nonprofit housing company, Central Community Housing Trust (CCHT), now called Aeon, which was looking to expand its operations into the suburbs of the Twin Cities. The community development officials brought out their list of possible sites for housing. One site was open land which lent itself to construction; another had a vacant commercial building that could be demolished.¹⁵

The officials also mentioned a large apartment complex, where the police were called regularly and junked cars sat in the parking lot. They told Ciganik the owner was an older gentleman who would likely be retiring soon and might be willing to sell. She immediately chose this property. The complex appealed to her because it was located in a suburban community, on major bus lines, close to schools and jobs, and involved

¹⁴ Ciganik, interview; Craig Klausing, interview with author, St. Paul, Minnesota, September 26, 2013; Patrick Trudgeon, interview with author, Roseville, Minnesota, September 25, 2013.

¹⁵ Burl Gilyard, “Central Community Housing Trust Continues Suburban Push with Roseville Deal,” *Finance & Commerce* (Minneapolis), June 29, 2006; Ciganik, interview.

preserving existing residences. Of all the sites, the Har Mar Apartments met the criteria that she and her organization had set for their housing acquisition.¹⁶

Enter Aeon

The founders of Ciganik's company were housing activists and idealistic church leaders who in the mid-1980s had been involved in efforts to preserve housing in and near downtown Minneapolis. Since the 1960s urban renewal projects had destroyed many dwellings, and a 1985 plan to expand the city's convention center threatened another 350 units. The advocates called for funds to rebuild the housing, and in 1985 the Minneapolis city council responded by including monies for a replacement housing fund in the bond to pay for the convention center expansion. Realizing that the construction of the new homes would need a responsible builder, the housing advocates in February 1986 organized the Central Community Housing Trust.¹⁷ Two years later, in 1988, a charismatic housing advocate, Alan Arthur, became the group's president and has served in that capacity ever since.

The first project the new organization built was Buri Manor, thirty-eight single-room apartments for minimum wage workers in the Elliot Park neighborhood, which lies due east of the convention center. For the next few years CCHT developed most of its housing in the Elliot Park area and the nearby downtown neighborhoods, earning a reputation for its sensitive restoration of old buildings, particularly in the South 9th

¹⁶ Ciganik, interview.

¹⁷ Gene Rebeck, "As Affordable Housing Once Again Becomes an Issue, Aeon Is Building on its History—and its Portfolio," *Twin Cities Business*, November 2008.

Street Historic District. In the 1990s, the group spread its work further south in the city into the Phillips neighborhood, and also diversified by developing apartments for formerly homeless adults and youth as well as residences for low-income families and individuals. In 2004 CCHT branched out into neighboring St. Paul, converting a 1904 warehouse, the Crane Ordway building, into loft-style apartments for the chronically homeless.¹⁸

By 2005 CCHT had developed 1252 dwelling units, which housed more than 350 formerly homeless persons, more than 200 very low-income families, and more than 500 individuals who earned the minimum wage at their jobs. By then, CCHT was in the middle of an ambitious strategic plan that set goals of increased housing production not only through new development but also through acquisition and preservation of existing housing. The plan also called for CCHT to expand its geographic reach still further throughout the Twin Cities metropolitan area. The nonprofit was bidding to become a regional affordable housing developer.¹⁹

Taking advantage of the moment of expansion into places where the organization was not known, in 2005 CCHT's leaders decided to change the name of the organization. Since it now aimed to serve the metropolitan area, the reference to central Minneapolis – “Central Community” was the name of the planning district which it originally served – was no longer accurate, nor was CCHT any longer legally designated a housing trust. To

¹⁸ Aeon, “About Aeon Fact Sheet,” 2012, http://www.aeonmn.org/files/aeon/files/fact%20sheets/2012%20Fact%20Sheets/Organization%20Fact%20Sheets/About_Aeon_Fact_Sheet.pdf; Aeon, “About” page, Facebook; Rebeck, “Affordable Housing Once Again Becomes an Issue.”

¹⁹ The plan also called for increasing CCHT's asset management functions. Alan Arthur and Judith Turnock, “Production Power: Do More & Better,” PowerPoint presentation, Experts Online speaker series, Organizational Development Initiative, Local Initiative Support Corporation (LISC) July 7, 2005.

help springboard the organization into a broader geographic area and better identify its goals, CCHT officials in September 2007 changed the group's name to "Aeon." The new name was a form of the word eon, which can mean indefinite length of time. To the organization, the new title expressed "the timelessness captured in our mission and showcases our commitment to creating and sustaining long-term community assets."²⁰

With a mandate to expand the geographic area of housing development, Ciganik set about searching for properties in the suburbs. The first property she identified was in Chaska, a third-ring suburb twenty-six miles southeast of Minneapolis. Once largely farm fields, Chaska since the 1960s had been developed as the site of large "new town" projects. As part of the new town development employing traditional neighborhood designs, CCHT/Aeon developed Clover Field Marketplace, a mixed-use complex. Opened in 2008, the four-story building combined 117 apartments for low-income people with 7,500 square feet of commercial space and included a community room, fitness room, and play space for young children. It offered a range of sizes of dwellings: one-, two-, and three-bedroom apartments for diverse residents – about a quarter of the units were earmarked for those earning up to half the area median income, another quarter for those earning between 50 and 60 percent of the area median income, and a little less than half for those able to pay market rates. Aeon's first suburban project was a green-field type of development, that is to say, new construction on more or less vacant land. Following the principles of traditional neighborhood design, Clover Field

²⁰ CCHT, Name Change Plan, n.d. (c. 2005); Aeon, "A Defining Year: 2007 Annual Report," 3.

Marketplace provided pedestrian access to nearby stores, restaurants, and an elementary school.

The Making of Sienna Green

Sienna Green I

Aeon's second suburban housing project differed sharply from the first. Its location, Roseville, was a changing first-ring suburb close to Minneapolis and St. Paul. The property, Har Mar Apartments, was an existing and deteriorating structure, in an already developed area. Its rents were not subsidized, as its tenants paid market rates. Unlike Clover Field Marketplace or upscale developments, the market rents at Har Mar were quite low. Har Mar Apartments was located near a strip mall and highways. The site lacked walkways and was dominated by its main feature, a giant parking lot. The arrangement of the site tended to isolate the Har Mar tenants and made walking treacherous.

Far from being daunted by the site's challenges, Ciganik actually felt the site was "a fabulous location." Because the apartment complex was located near the Rosedale Center and Har Mar shopping malls and many other retail stores, Ciganik declared in 2006 that "keeping housing available for their workforce is critical." Hence, the apartment complex should serve the store employees and their families with good housing they could afford. In addition, she noted the site was near transportation – a major bus route ran along Snelling Avenue – so that residents could get to their jobs and other destinations. Ciganik liked that the site was large enough to construct new

buildings with additional residences, which she planned to build. Ciganik was perhaps most enthusiastic about rehabilitating apartment buildings, which she felt was less expensive than new construction. “You can preserve a lot more units,” she asserted, “at half the cost.”²¹

That it was a market-rate property distinguished Har Mar Apartments from many affordable housing preservation projects as well. Although some nonprofit groups buy unsubsidized and privately owned single-room-occupancy (SRO) buildings,²² most nonprofit “preservation deals” involve subsidized housing whose subsidies were in danger of terminating. Nonetheless, low-rent buildings such as the Har Mar Apartments were and are also endangered. If the finances and physical condition of such places degenerate enough, the local government frequently arranges to have them torn down. And in the early 2000s some in Roseville’s city wanted to do just that. To save low-rent housing, CCHT would convert a for-profit market-rental apartment complex into a nonprofit subsidized entity.

At the time it acquired Har Mar Apartments, CCHT planned to renovate the original buildings and construct an additional multifamily building on the site. In the existing buildings, Ciganik hoped to respond to the needs of immigrant families by combining some units to create two-bedroom apartments. The new building would also contain a mix of single- and two-bedroom apartments. The total number of units in the complex would increase from 120 to 150 units, to be rented to households earning 30 to 60

²¹ Gilyard, “Central Community Housing Trust”; Ciganik, interview.

²² Mercy Housing Lakefront in Chicago is an example (see the case study, “Malden Arms Apartments in Chicago, Illinois”); Common Ground in New York City is another, although it has also converted buildings to SRO use.

percent of the area median income. As we shall see, circumstances would cause Ciganik and her CCHT colleagues to change these plans.²³

Acquisition

CCHT's bylaws and customary practice dictated that all their projects must have demonstrable local support, through a neighborhood organization or local government. It was not difficult for Ciganik to obtain such support. To begin with, the neighbors in the nearby condominiums were happy to hear that Har Mar Apartments would be improved. Although some were wary of a subsidized low-income development, the people who saw Har Mar most frequently were anxious to clear up the blighted conditions there. City officials concurred. Roseville Mayor Craig Klausung and the city council welcomed CCHT and its improvement project. Speaking of CCHT, the mayor told a business journal reporter, "I like [their] ability to take properties which have the potential to become problem properties and turn them around and update them and make them much more attractive facilities." Ciganik also sounded out staff members of the Minnesota Housing Finance Agency (MHFA), which allots federal tax credits in the state, and they liked the site and the project.²⁴

Ramsey County officials also backed the project, which was also helpful because they could offer financing for low-income housing projects. Ramsey County strongly supported the production of affordable housing for many years, having set up a Ramsey County Housing and Redevelopment Authority in 1993 and a county housing trust fund. The Ramsey County Housing and Redevelopment Authority disbursed federal

²³ Gilyard, "Central Community Housing Trust"; Ciganik, interview.

²⁴ Gilyard, "Central Community Housing Trust"; Har Mar Purchase Resolution, n.d.; Como, interview.

community development block grants and HOME Investment Partnership Program funds. Through its St. Paul projects, such as the Crane Ordway renovation, CCHT was well known to Ramsey County officials.

In May 2006, CCHT bought the Har Mar complex for \$4,050,000. The bulk of the financing came from a loan from the Marshall & Ilsley Corporation, better known as the M & I Bank until it was acquired by the BMO Harris Bank in 2008. But a key part of the acquisition financing was a no-interest loan of \$550,000 from the Ramsey County Housing and Redevelopment Authority. Another small loan came from the Minnesota Housing Partnership, an organization comprised of local community groups and nonprofit housing developers, which provided predevelopment loans to its members.²⁵

Wrinkles in the Process

Few low-income housing development projects run absolutely smoothly, and the effort to preserve Har Mar was no exception. Originally CCHT proposed to fund the rehabilitation and new construction on the site as one development. The officials at MHFA, however, felt that the size of a project that included both a complete renovation of the existing buildings and the construction of a new apartment house was too large. They recommended that CCHT develop the property in two phases. Since the success of the deal largely depended on MHFA's approval, CCHT's officers followed the agency's advice. The developer broke the plan in two, designating Phase I as the renovation of

²⁵ Aeon, Minnesota Multifamily Rental Housing Common Application for Sienna Green I (Har Mar Apartments), July 8, 2009; Minnesota Housing Finance Agency, Sienna Green I finance summary, n.d. (c. 2008).

the existing buildings and Phase II as new construction of a building for low-income residents.²⁶

Yet when CCHT proposed the budget for Phase I, some funders objected that the proposed rents were too high. For example, one of the MHFA's criteria for approving low-income housing tax credits was evidence that there would be sufficient market demand to keep the project rented. In analyzing MHFA data on the metropolitan area and specific projects in the MHFA portfolio, the officials concluded that CCHT should maintain the Har Mar's twenty unsubsidized units, which were unrestricted by subsidy regulations, at the current rents, and underwrite the project accordingly. If CCHT underwrote the project with excessively high rents and was unable to fill the units, the cash flow would be lower than expected, which might in turn endanger the long-term financial health of the building.²⁷

Ciganik, however, was convinced that working people would want the newly renovated apartments because they would be of higher quality than those available for comparable rents in low-end apartment buildings in the Roseville area. Underwriting at higher rents would allow CCHT to attract a higher amount of investment capital, reducing the amount of government subsidies. Perhaps cognizant that Har Mar was currently more than half vacant, MHFA officials did not want to take the chance.

As a result of their discussion, the two parties agreed to slightly higher rents than what current tenants were paying. After the rehab was complete, the CCHT, now called Aeon, was happy to discover that new tenants – it did not raise the rents of the original

²⁶ Diana Lund, telephone interview with author, Minneapolis, Minnesota, October 11, 2013.

²⁷ Lund, interview; Ciganik, interview.

tenants – would indeed lease the units at higher rents. (Some working people earned so little, however, that even low rents would take up more than half their income; to help such very low-income households CCHT obtained project-based Section 8 subsidies for thirty of the units.)²⁸

CCHT’s plan to combine some of the Har Mar units to create two-bedroom apartments for families ran aground when Ciganik realized that breaking down walls would trigger a new set of fire and building code requirements. The state code exempted old buildings from recently adopted requirements under a “grandfather clause,” but the demolition of even one wall removed the exemption for all five buildings. In that case, the fire code would require an all new sprinkler system, and the building code would require elevators for handicap accessibility. Meeting all the requirements, Ciganik concluded, would “blow the budget” and make it impossible to finance the renovation. To avoid the great expense of meeting the code, CCHT decided to keep all the original units as single-bedroom apartments.²⁹

An even larger obstacle was the failure of CCHT to get financing approved, which delayed the start of rehab work scheduled for the spring of 2007. The key to funding most low-income development projects today is obtaining low-income housing tax credits. The federal government allots the tax credits to state governments, which then

²⁸ Ciganik, interview.

²⁹ Ciganik, interview.

distribute the credits to developers, who can use the credits or sell them to an equity investor or a “syndicator” who finds investor-partners for the project.³⁰

In the case of the Har Mar project, the syndication proceeds would provide half of the total permanent financing sum of \$17.6 million. But twice in its annual process of awards, the MHFA rejected CCHT’s application for 9-percent low-income tax credits. Since other funders were reluctant to commit the rest of the financing until the tax credits were awarded, missing out on the tax credits postponed the project for two years.

It is not unusual for state agencies to turn down applications for various reasons before eventually approving them, but the lengthy process of obtaining approval prolongs the time that owner-applicants must pay upkeep costs, taxes, pre-construction charges, and interest on project financing. If the developer does not have its own capital reserves to use, waiting for the housing tax credits can strain the company’s finances. CCHT had enough reserves to handle the delay, but some other nonprofit companies do not.³¹

The delays in financing the deal created dilemmas in managing Har Mar Apartments. Even though Har Mar Apartments was only about half full, those tenants who were there could provide income to pay operating costs and possibly some of the interest on

³⁰ There are two categories of low-income housing tax credits, 9 percent and 4 percent, which are approximately the respective amounts of credit an owner can claim. The former type are more valuable and therefore in demand because they offer a greater amount of tax credit and their supply is limited by the federal and state allotment processes. It is easier to obtain allotments for the latter, which have often been combined with financing from tax-exempt bonds.

³¹ Caroline Horton, interview with author, Minneapolis, Minnesota, September 25, 2013; Aeon, “A Defining Year: 2007 Annual Report”; Ramsey County Board of Commissioners minutes, August 11, 2009, 10.

the acquisition loans. But in order to maintain about the same number of tenants as came with the building, CCHT had to tell current and prospective tenants that conditions of the building and site were going to improve.

At first the organization's officials were confident that their application to MHFA was a strong one and that tax credits were forthcoming. They indicated to the tenants that improvements were on the way, while trying not to be too specific about the date to avoid raising false expectations. And CCHT's officials decided that any repairs of the apartments that were too dilapidated to rent could wait for the general renovation. Then the CCHT's first tax-credit application was denied. Still optimistic about their chances for the next year's round of applications, the officials continued to rely on what income the rest of the entire property could produce, although they did assess the cost of interim improvements necessary to manage the building as it was for a little longer.³²

But the following year when the application again failed to win an award of tax credits, the group's officials decided they could not continue to manage the property on the assumption of imminent financing. If there were any more delays, tenants would cease to believe the promised improvements would ever happen. CCHT's officials asked the property management company to assess what it would take to make the substandard apartments rentable and reviewed the results with their asset manager. In the end, they felt obliged to use some of the predevelopment funds to renovate some of the least damaged apartments as well as to replace noticeable public features such as the carpets in the corridors. Guided by their own cost-benefit analysis, the officials

³² Horton, interview.

calculated that over the following year if not longer, the repaired apartments could generate a net cash flow that would repay the improvement costs into the redevelopment fund.³³

On its third try Aeon, as the organization was now called, won the coveted tax credits and was able to line up the financing for the Har Mar project. The MHFA allocated the all-important low-income housing tax credits, which would net the project almost \$9 million. But the MHFA also provided a first mortgage of \$2.8 million; another \$3.6 million through the Tax Credit Assistance Program (funds for which were provided through the American Recovery and Reinvestment Act of 2009); and deferred loans along with its funding partners, the Minnesota Family Housing Fund and Roseville and Ramsey County governments.

Interestingly, in this case, the nominal “syndicator” of the tax credits, U.S. Bancorp Community Development Corporation (USBCDC), did not act as a middleman by pooling the tax credits and investments. Instead, USBCDC became an equity investor and took the tax credit, rather than trading it away. Its parent company, U.S. Bancorp, which is one of the nation’s largest financial services companies and has headquarters in Minneapolis, was one of the few large banks that earned profits during the recession and therefore needed tax credits.³⁴

Finally, with all the financing in place, Aeon was able to commence construction. In August 2009 it held a groundbreaking ceremony on the Har Mar site. The actual renovation work lasted only about a year, a third of the time it had taken to obtain

³³ Horton, interview.

³⁴ Vihar Sheth, telephone interview with author, Minneapolis, Minnesota, September 17, 2013.

funding. Of the 120 apartments, seventy went to those earning 50 percent or less of the area median income, thirty were subsidized with Section 8 funds, and twenty were moderately priced market-rate units.³⁵

An Idealistic Rehabilitation Project

From the start, CCHT officials envisioned the Har Mar Apartments project as an opportunity to enhance the environment both inside and outside the building. Before drawing up the final plans, they laid out ambitious goals to which they asked their architect, civil engineer and landscape architect, and environmental consultants to agree. Besides the fundamental task of producing affordable dwellings, CCHT officials pledged to redevelop the Har Mar property “in a manner that fosters community, sustains the environment, protects residents’ health, and ensures long-term affordability for residents.”³⁶

To foster community, they planned to institute the urban design principles of Christopher Alexander and Oscar Newman to create a central building or entrance, small parking lots, varying degrees of public-private spaces, landscaped outdoor grounds, and a hierarchy of open spaces and paths. The Har Mar redevelopment was also to be a pilot project in the group’s new Sustainability Initiative, a partnership with two local environmental entities, the Green Institute and the Center for Sustainable

³⁵ Caroline Horton, interview with author, Minneapolis, Minnesota, September 25, 2013; Aeon, *Annual Report*, 2007; Ramsey County Board of Commissioners minutes, August 11, 2009, 10; Aeon, “Sienna Green Apartments: Creating Quality Homes for Families and Individuals in Roseville,” Fact Sheet, September 11, 2012.

³⁶ Central Community Housing Trust, “Values Statement for Har Mar Apartments,” n.d.

Building Research of the University of Minnesota. Combining environmentalist ideals with business practicality, the group's statement declared that

we will strive to improve durability, energy efficiency, indoor air quality, and manage storm water at the site. CCHT will also strive towards ecological sensitivity in materials selection. Through the rehabilitation of these five buildings CCHT's goal is to save present building materials rather than demolish the buildings and send more construction waste to a landfill. In incorporating the sustainable building techniques mentioned, CCHT will focus on proven technologies to produce the greatest gain and most efficient use of financial capital. We will make decisions in the rehabilitation that will allow us to maintain affordable rents, as well as result in lower operating costs for the property.³⁷

The CCHT's officers hoped that the rehabilitation of Har Mar Apartments would serve as a model for recycling and renovating existing buildings, for both themselves and their counterparts in other nonprofit low-income multifamily developers. To ensure an understanding of the lessons from the experiment, the development team would employ energy modeling, product research and review, price estimating, installation

³⁷ Ibid.

monitoring, and post-rehabilitation tracking and testing to produce quantifiable performance results.³⁸

The three-way partnership between CCHT, the University of Minnesota's Center for Sustainable Building Research, and the Green Institute came about through their respective relationships with the McKnight Foundation, a Minnesota-based family foundation. CCHT had come to the McKnight Foundation seeking support for incorporating environmentally healthy techniques into its development projects. The Center for Sustainable Building Research had approached the foundation about funding of the center's efforts to identify ways to make construction of affordable housing environmentally sustainable. Seeing the similarity in the goals of the two parties as well as those of a local social-activist environmental organization named the Green Institute, foundation officials encouraged the parties to collaborate.³⁹

As a result, CCHT, the center, and the Green Institute agreed to team up on three of Aeon's affordable housing projects, one of new construction, one of substantial rehabilitation, and one of moderate rehabilitation. The project involving the Har Mar apartments was of the moderate-rehabilitation type, and the first of the three collaborations. As the project was planned and carried out, representatives of the Center for Sustainable Building Research, the architects, the engineers, and Aeon's project manager met frequently to decide their overall goals for different aspects of the rehabilitation work and ways to implement them.

³⁸ Ibid.

³⁹ William Weber, interview with author, Minneapolis, Minnesota, September 26, 2013.

The team's primary environmental goals in the renovation of Har Mar Apartments were also practical, in that they were intended to correct problems in the existing buildings. Creating a high quality for the indoor environments would ensure no mold, lead, radon, or other hazards survived the renovation. Providing efficient water systems would prevent water leaks such as those that had damaged some of Har Mar's basement apartments. Energy efficiency would lower utility bills, which would make living in the project less expensive and therefore more affordable. It involved, according to William "Billy" Weber of the Center for Sustainable Building Research, "intensive cost and quality comparison and environmental targeting."⁴⁰

Incremental Environmental Measures

The logic of improving – as opposed to rebuilding – the existing complex dictated environmental measures that were incremental and mundane, as opposed to the dramatic new technologies that might be employed in a new building. The primary task was to rehabilitate all of the 120 apartments, removing all lead and asbestos and replacing all the bathrooms and kitchens. To combat mold and mildew the Aeon team members focused on ventilation systems that minimized the amount of moisture trapped in the apartments, especially the bathrooms. They chose soft batt, rather than rigid boards, for insulation in the exterior walls to allow the buildings to breathe without trapping moisture, and also employed batt insulation in the interior walls, which gave

⁴⁰ Weber, interview.

residents the added benefit of a sound barrier between units. Adding insulation to the roof reduced the loss of heat in the winter and cool air in the summer.⁴¹

The installation of low-flow plumbing fixtures cut down on the use of water, and new energy-efficient windows reduced the demand for heating and cooling. Aeon's team used flooring material and floor finishes with low amounts of volatile organic compounds, which are generally dangerous chemicals, and carpet tiles made of recycled fabrics. The new appliances that Aeon bought for each apartment carried the EnergyStar label, meaning they were officially certified as energy efficient consumer products.⁴²

Besides conserving natural resources, many of these environmentally sustainable devices lowered usage costs. The efficiency of EnergyStar appliances, for example, meant that their purchase paid back their cost in a relatively short time. Similarly, the low-flow plumbing fixtures, energy-efficient windows, and improved insulation cut down on the expense of utilities.

The experience of working on the rehabilitation of the multifamily project would influence the thinking of Weber and his colleagues. Where once they felt it necessary to prescribe the precise means or products in a project, they are now inclined to set overall performance goals and work out the methods from there. Such an approach, Weber explains, poses a different kind of question than they used to ask. "It's not like 'what

⁴¹ Aeon, "Sienna Green Apartments"; Minnesota Housing Partnership, "Sienna Green," April 2013, <http://www.mhponline.org/impact/sienna-green>.

⁴² Although Weber feels a centralized heating and cooling system would have been more efficient, the development team concluded that the cost would have been prohibitive; residents were thus given control of their own individual air conditioners. Weber, interview.

toilet do we put in?’ It becomes ‘what’s our water target and how are we doing to handle that?’ or ‘how energy efficient are we going to strive to be?’”⁴³

Redesigning a Built Site

The environmentally-minded renovation of Har Mar Apartments also entailed redesigning the site. Before the renovation, the five apartment buildings sat in a large and amorphous parking area that directly fronted the service road. At the rear of the buildings there was a scruffy lawn with a single walkway, which connected the back doors. To the redevelopment team, the chief problems the site presented were poor drainage, which led to floods that had damaged lower floor apartments; isolation; and general unsightliness.

To deal with the flooding, the engineers installed a storm water management system that drained run-off rain water into planted grounds and pools that allowed for natural filtration. Using clusters of plains grasses and other plants, the landscape designers turned these functional rain gardens into attractive landscape features, which residents could enjoy from their windows or by following new footpaths that wound through the gardens. To further protect the garden-level from moisture, the team re-graded the grounds and installed new exterior moisture barriers below grade.⁴⁴

The designers also transformed the landscape to create a more enjoyable and useful environment. Throughout the property they added new plantings, including 120 trees. The designers broke up the existing expanse of asphalt by creating small parking areas

⁴³ Weber, interview.

⁴⁴ Aeon, “Sienna Green Apartments”; Weber, interview; Minnesota Housing Partnership, “Sienna Green.”

which contained beds of plants. These were connected by curvilinear driveways, which lowered the possible car speeds of people driving on the property. The team members added a new sidewalk along the frontage road, which allowed pedestrians to enter and exit the property. Later they constructed another sidewalk from the property to County Road B2, which gave pedestrians a safe route to the intersection where the bus stopped.⁴⁵

To compensate for parking spaces lost to greenery, Aeon's representatives persuaded Roseville officials to allow parking along the frontage road and count the spaces toward the project's parking quota. Aeon's staff members had done this recently in Chaska, which allowed them to argue that another suburb had approved this arrangement. Later in the second phase of the development, they added an underground parking garage beneath the new residential building, which gave them room to build a play area for little children.⁴⁶

The team also used the project to experiment with the most environmentally efficient roof colors for the Minnesota climate. The climate of the Minneapolis-St. Paul metropolitan area produces not only the well-known cold and snowy winters, but also warm summers in which the temperature is often above 80° Fahrenheit. To see whether it was most effective year-round to use colors that reflected or absorbed sunshine, the team had two of the building roofs painted white and the three other roofs painted black. The Center for Sustainable Building Research has been monitoring the building

⁴⁵ Aeon, Sienna Green II PUD Amendment Narrative, March 9, 2011, 2, attachment C in City of Roseville Request for Planning Committee Action, "Request by AEON for consideration of a preliminary plat, public easement vacation, and planned unit development agreement amendment," April 6, 2011.

⁴⁶ Ciganik, interview; Aeon, "Sienna Green Apartments."

temperatures to see which is preferable. This is part of a larger effort by the design team to use data from the energy performance for the five rehabilitated buildings to assess which techniques and materials were most environmentally efficient. Aeon officers hope that the project, which they renamed Sienna Green, will help guide the decisions of other low-income housing developers who are rehabilitating suburban housing projects for long-term sustainability and affordability.⁴⁷

For the Aeon team, the rehabilitation of Har Mar Apartments as Sienna Green represented a way of protecting the environment while providing low-income people with good housing. Saving the buildings from likely destruction and using them for housing was “recycling on a grand scale,” Gina Ciganik declared at the outset of the project. “Why not keep that infrastructure?” she asked. “You can preserve a lot more units at half the cost.” In the end, the incremental approach to environmental efficiency was highly cost-effective. Despite the deterioration of the economy immediately after the purchase of the property, Ciganik estimates that the total development cost of Sienna Green was about \$145,000 per dwelling unit, significantly lower than the average of \$200,000 per unit to build new housing. This amounted to a savings of between \$5 million and \$6 million compared to building the same number of new units on the site.⁴⁸

Sienna Green II

From Gina Ciganik’s point of view, one of the assets of the Har Mar Apartments’ site was its large area. Even before completing the renovation of the existing buildings in 2010, Aeon began planning the construction of a new residential building on what had

⁴⁷ Ciganik, interview; Weber, interview; Minnesota Housing Partnership, “Sienna Green.”

⁴⁸ Gilyard, “Central Community Housing Trust”; Ciganik, interview; Weber, interview.

been part of the parking lot. After two years of planning, Aeon obtained financing to build a four-story building containing fifty apartments and, to compensate for the loss of parking, an underground parking area. According to an MHFA document, the building would cost \$12.7 million, of which \$9.7 million came from tax credit equity and \$2.5 million from a mortgage provided by the MHFA through its Low and Moderate Income Rental program.⁴⁹

Construction of the building commenced in the summer of 2011 and was completed in July 2012. The new building was primarily made up of the larger apartments that could not be placed in the existing buildings. Thirty of the apartments had two bedrooms and sixteen had three bedrooms, and all were available to households earning 60 percent or less of the area median income (AMI). In addition, the new building contained four one-bedroom apartments, which were designated for individuals who had been homeless and whose incomes were at or below 30 percent of the area median income.⁵⁰

The Impact of Preserving Low-Rent Apartments in a Suburb

⁴⁹ The purpose of the MHFA program is to “provide first mortgage amortizing debt for multifamily rental housing with rents affordable to low- and moderate-income households. MHFA, *Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) Programs Procedural Manual*, revised April 2013, http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_005386.pdf; MHFA, “Sienna Green Phase II Development Summary,” n.d. A newspaper article printed in fall 2010 stated, “The total cost of Phase II is \$11.6 million. Of that, \$7.7 million comes from a private syndication, \$938,610 in tax-increment financing that the city has dedicated, \$440,224 from a deferred developer's fee, \$214,752 from Aeon and \$202,100 from a 2009 Met Council grant. That leaves a funding gap of \$2.1 million. The \$300,000 in LHIA money will cover part of that, and the remaining \$1.8 million is expected to come from Minnesota Housing, formerly the Minnesota Housing Finance Agency.” Bill Clements, “Snapshots of Affordable Housing Projects in Twin Cities Area,” *Finance & Commerce*, November 23, 2010.

⁵⁰ Aeon, “Sienna Green Apartments.”

Most of the parties who were involved in one way or another with the preservation of Har Mar Apartments viewed it as a success. Aeon officials and their partners, such as Billy Weber of the Center for Sustainable Building Research, feel they accomplished their goal of creating affordable housing in a suburban locale in ways that protected the environment. The officials of the city of Roseville and the state housing finance agency are also pleased that Aeon revamped a deteriorated apartment complex into well-designed and attractive affordable housing. The representatives of the syndicator-partner, U.S. Bancorp Community Development Corporation, are pleased with the project first because it has proved to be a sound investment, but also because this affordable housing is aesthetically pleasing and well located to serve people who work in the suburbs.⁵¹

The Sienna Green complex, composed of the renovated Har Mar Apartments and the newly constructed Sienna Green II apartment building, has provided homes to people who might not otherwise have found lodging in Roseland. To begin with, it offered 170 rental apartments in a town in which rented quarters made up only 3 percent of the total available housing stock.

Furthermore, these apartments were occupied by people who otherwise would be hard pressed to find rents they could afford. Sienna Green I, the original Har Mar complex, was occupied mostly by individuals and couples as well as some tenants who had lived there before the renovation. As of December 31, 2012, about two thirds of

⁵¹ Weber, interview; Klausung, interview; Trudgeon, interview; Lund, interview; Teresa Vork, interview with author, Roseville, Minnesota, September 26, 2013; David Witt, interview with author, Roseville, Minnesota, September 26, 2013; Sheth, interview.

the households of Sienna Green I earned less than 50 percent of the Minneapolis-St. Paul metropolitan area median income. More than a third of the total was very poor, earning less than 30 percent of the area median income. The tenants of Sienna Green II, mainly families, on the whole had lower earnings: more than three quarters of the households earned less than 50 percent of the area median income and almost half earned less than 30 percent. All in all, 32 percent of the households of both Sienna Green I and II earned less than the official poverty-line income, and 23 percent earned between 100 and 200 percent of the poverty-line income.⁵²

Sienna Green was highly integrated by race and ethnicity, more so than Roseville as a whole, which the 2010 census recorded as more than 80 percent white. In contrast, about 40 percent of the occupants of Sienna Green, the existing complex, were classified as Caucasian, 32 percent as African American, 12 percent as African immigrants (mainly Somali), and 10 percent as either Asian or Pacific Islanders. In Sienna Green II, which contained mainly family residences, Somalis and other African immigrants predominated, making up more than 70 percent of the total. The remaining households included African Americans at 10 percent, Caucasians at 8 percent, and Asian or Pacific Islanders at 5 percent. Thus, the new complex offered affordable housing in the suburbs to newly arrived immigrant families.⁵³

Sienna Green has proved to be popular among low-income households looking for a place to live, as evidenced by an extremely low vacancy rate, lower than the 10 percent

⁵² Aeon, "Demographic Summary of Sienna Green I and II," December 31, 2012.

⁵³ United States Census, Profile of General Population and Housing Characteristics: 2010, Roseville, Minnesota, http://factfinder2.census.gov/bkmk/table/1.0/en/DEC/10_DP/DPDP1/1600000US2755852; Aeon, "Demographic Summary."

rate at which Aeon was obliged to underwrite the project. As of the end of 2012 the annual turnover rate of apartments was 27 percent, but the overwhelming majority of those who moved out had lived there for more than a year. Furthermore, the turnover rate at the family building (Sienna Green II) is virtually nil so far and not likely to rise much.

The direct testimony of two residents interviewed who had lived in Har Mar Apartments before the renovation was that they were delighted with the change and Aeon's management of it. The residents were especially impressed by the new community room that the company had placed on the ground floor of the new building and which all tenants were entitled to rent for special occasions that required a large room.⁵⁴

The chief problem with the complex arose when Roseville residents and officials complained that the bright color scheme on the Sienna Green I (Har Mar Apartments) was reminiscent of the primary colors used on Riverside Plaza, a large housing complex in Minneapolis that was built in the 1970s but became infamous as a center of crime in the 1990s. Aeon subsequently arranged to have the buildings repainted in more subdued colors.⁵⁵

Only the neighbors who live in the nearby condo complex, Rosewood Village, have mixed feelings about the project. The neighbors were happy that the Har Mar Apartments would no longer blight the neighborhood, but some were unhappy about

⁵⁴ Ciganik, interview; Mary Kabapolisi, interview with author, Roseville, Minnesota, September 26, 2013; Helen Davis, interview with author, Roseville, Minnesota, September 26, 2013.

⁵⁵ Ciganik, interview.

the new building on the site. A few, imagining Section 8 and public housing residents who would create problems, were apprehensive of subsidized housing going on the site and/or formerly homeless people living next door. They did not publicly oppose the project on these grounds, however, choosing instead to see how it would turn out. Many responded philosophically, feeling that even if they didn't like the project there was little they could do to stop it. Craig Klausung, the mayor at the time, heard much more consternation about a proposal to allow a pawnbroker to set up shop in an adjacent strip mall than he did about the Har Mar-Sienna Green project.⁵⁶

The neighbors first became truly upset during the construction of the new residential building when a contractor cut down a number of trees that were not on the list. Some Rosewood Village residents believed the trees to be ancient "gorgeous oaks." Aeon officials apologized, although they identified the cut trees as cottonwoods, a more prosaic species. To mollify the unhappy condo owners, Aeon officials explained that the contractor had made a mistake and consulted with Rosewood Village representatives to decide on where new trees would be planted.⁵⁷

A number of residents of Rosewood Village, particularly those who lived on the upper floors, were enraged when they realized the new building was going to change their view of the surroundings. Aeon officials had invited Rosewood Village residents to view the architectural plans for the new building, but most people are unable to picture what an architectural design will look like when it is built. To the condo residents,

⁵⁶ Como, interview; Klausung, interview.

⁵⁷ Como, interview; "Public Hearing regarding the Vacation of the Public Highway Easement that covers the small triangle directly north and adjacent to Sienna Green," City of Roseville City Council Meeting Minutes, May 9, 2011, <http://www.ci.roseville.mn.us/Archive.aspx?ADID=1096>.

Sienna Green II appeared much closer, bigger, and taller than they had expected. Some felt it must be the tallest or second tallest building in Roseville. In fact, the tallest building in Roseville is Rosedale Tower, a nine-story office building, and the town contains other office buildings over four stories. Most of Roseville's multifamily residential structures, however, are three stories high, which perhaps influenced the condo owners' expectations. Because of the placement of Sienna Green II, furthermore, the views from some of the windows of the Rosewood Village condos now were in line with the new building, and the residents of those condos felt they lost their privacy. (Perhaps it is worth noting that the foreground view to the north from both these condos and the new building is composed of highways, a cloverleaf exchange, and shopping malls, scenery which some people might find unattractive.) The unhappy condo dwellers became disillusioned with Aeon and its president, Alan Arthur, who they felt only appeared when he wanted to persuade them to support the company's proposals.⁵⁸

More recently some Rosewood Village residents have objected to the free use of the Rosewood Village playground by children who live in Sienna Green. They are unhappy that the children do not leave the premises when they are told and that their parents seem indifferent to the situation. That almost all of the Sienna Green families are poor Somali immigrants adds an ethnic and class undercurrent to the dispute. Nonetheless, no one has raised the racial background of the Sienna Green families as an issue.

⁵⁸ Como, interview.

Indeed, some Somalis live happily at Rosewood Village, so this dispute seems more complicated than a purely racial conflict.⁵⁹

Conclusion: Affordable Housing Preservation in the Suburbs

For all the disgruntlement, the reactions to the preservation of Har Mar Apartments and its transformation into the Sienna Green complex resembled those that often occur in the course of real estate development, unsubsidized as well as subsidized, in suburbs. The opposition, such as it was, displayed little antipathy toward the idea of low-income housing *per se*. Instead, negative reactions took the form of objections to change in general and opposition to what were perceived as detrimental alterations – elimination of trees and the new building’s obstruction of views. Both the previous history of the Har Mar Apartments – as a run-down apartment complex – and the location on the commercial edge of a residential district worked to mitigate any sustained organized opposition.

In the end, most of the participants and observers of Aeon’s Sienna Green housing preservation project approved of the results. Although the process, like most development projects, had its share of delays and conflicts, the history of Sienna Green demonstrates that preservation of existing apartment complexes in the suburbs can be a viable and environmentally responsible way to provide low-income households with a place to live.

⁵⁹ Como, interview.