

Seward Redesign's Founding and Early Years

Recollections of 1969-1976 by David Raymond

Trinity Lutheran Church lost its building when Interstate 94 was built through Minneapolis in the 1960's. This building was on the dividing line between the Cedar Riverside and Seward neighborhoods in Minneapolis. Trinity moved to the Riverside Presbyterian Church building in the heart of Cedar Riverside. This building is now the People's Center. When Riverside Presbyterian closed Trinity moved to an old fire station, which is now Mixed Blood Theater. It later moved in with Our Lady of Perpetual Help Catholic Church, and when that church closed Trinity moved into the new chapel at Augsburg College. Along the way it rebranded itself as "Trinity Lutheran Congregation" to reflect its nomadic nature.

Trinity's Norwegian Free Church roots gave the congregation a strong social commitment. God's kingdom was to come on earth as well as in heaven. Because Trinity didn't have to support an aging building it was able to devote resources—people and financial—to its commitments. Trinity sponsored and helped settle a number of refuge families, some from the housing projects of Chicago and many from Viet Nam and other countries in distress.

In the course of this effort Trinity leaders learned firsthand that affordable rental housing in South Minneapolis was in short supply and shoddy. Instead of complaining, Trinity's leaders decided to take action. In 1969 Trinity formed a non-profit housing corporation, Neighborhood Research and Development, Inc. (NRD). Its goal was to build quality housing for lower income families in Trinity's community. NRD was one of the first church-sponsored non-profit housing groups in the Twin Cities and the first that targeted housing for families.

This new non-profit quickly encountered an obstacle in its own neighborhood. A developer, Cedar Riverside Associates, bought up most of the land in the neighborhood and persuaded the federal government to include the area in a "New Town" program. This effectively eliminated any development opportunity for NRD in the Cedar Riverside neighborhood.

In late 1970 the city and the federal department of Housing and Urban Development prepared an urban renewal plan for the west half of the Seward neighborhood, just across I-94 from Cedar Riverside. This plan called for demolishing most of the homes in this working class neighborhood to provide land for new development. Such urban renewal could provide land for NRD to carry out its goal of providing family housing.

The urban renewal plan, however, was bitterly fought by an ad hoc group in the area that wanted to see most of the housing preserved. The organizers of the ad hoc group were veterans of the antiwar movement. They were effective at community organizing and protest, and were able to secure wide-spread neighborhood support against the city and HUD plan. In 1971 these organizers won control of the officially sanctioned Project Area Committee (PAC), which was a group established by the city and HUD to provide citizen input in the urban renewal efforts.

One member of the NRD board lived in Seward and observed this protest first hand. This person was highly skeptical of NRD's ability to function as a developer in such a charged atmosphere. The new leaders were distrustful of any outside organization—profit or nonprofit—with designs on their community and they trusted churches even less than they trusted the government.

In spite of the turmoil, Seward West was the only nearby area where NRD might have any development opportunity, so the board decided to send two board members, Harlan Christianson and David Raymond, to meet with the new PAC leaders. Christianson, the president of NRD, was a teacher and rental property owner with political savvy. Raymond was barely out of college and inexperienced, but he shared some of the antiwar movement background of the PAC leaders. After some discussion, the PAC made it clear that NRD was not welcome in Seward West. As a matter of fact the PAC was looking into forming its own non-profit housing corporation.

At the next NRD board meeting Raymond and Christianson reported on their meeting with the PAC. Trinity's senior pastor, Sheldon Torgerson, wanted to know what the PAC's goals were. Christianson and Raymond said that it appeared that the PAC wanted to preserve the current fabric of the community, which had a healthy mix of ages, and races and incomes in spite of the poor condition of most of the houses. This was to be accomplished by rehabbing the houses that were basically sound and by building new small-scale infill housing on the lots where houses had to be demolished.

After mulling this over, Torgerson said that "if they don't trust us maybe we should trust them." The board sent Christianson and Raymond back to the PAC to explore ways for the two organizations to work together based on their shared goals without concern for NRD or church control.

The outcome of these discussions was a plan to restructure the NRD board to vest primary control with the PAC. Two members would be appointed by Trinity, six would be appointed by the PAC, and two advisory members could come from other entities. The name would be changed to Seward West Redesign, Inc. Both Trinity and the PAC quickly agreed to these changes, which were formally implemented in November, 1972. Trinity appointed Raymond and Richard Mork, one of Trinity's pastors to serve on the reconstituted board. One advisory seat on the board went to the director of the housing arm of the Catholic archdiocese, and the other went to a housing organization, GMMHC, that was an arm of the Greater Minneapolis Chamber of Commerce. Six seats went to PAC appointees. Trinity allocated about \$2,000 to the group.

Seward Redesign began meeting twice a month to plan its role in the development of Seward. The representatives from GMMHC and the archdiocese shared their expertise, and the GMMHC agreed to serve as a fiscal agent with rehab projects and it agreed to provide a letter of credit to assist with financing new development. A PAC appointee was elected as the first president of Seward Redesign. He was followed by one of Trinity's appointees, Raymond, who was elected president in late 1973.

In the meantime the PAC got the urban renewal plan modified to show which houses would be rehabbed and which had to be demolished. By this time the city had purchased most of the homes in the neighborhood.

The PAC identified five houses and one duplex, scattered throughout the neighborhood that were ready for rehab. The city agreed to sell these houses to Redesign for one dollar each, and Redesign engaged a contractor to prepare plans and do the work. Redesign planned to sell these first homes to modest-income people in the neighborhood whose homes were scheduled for demolition. The buyers would receive relocation benefits that would provide their down payment. The city would not close on these houses, however until Redesign had lined up mortgage financing for the balance of the purchase price.

This restriction created a major hurdle. FHA loans were the only viable mortgages available. The FHA appraiser who inspected these homes was aghast at their condition and the uncertainty of the neighborhood. . Redesign's plans called for new basements under four of the houses and extensive remodeling with all new mechanical systems in all six. In spite of this the appraiser determined that they could not qualify for FHA mortgages even after extensive rehab. The local FHA office no experience with extensive rehab and was uncomfortable with inner city locations. After some pressure the director of the local HUD office intervened and FHA financing was approved.

At the same time Redesign was working on infill housing on six newly-vacant lots on Milwaukee Avenue at East 24th Street. Redesign engaged an architect and prepared plans for 12 two-bedroom townhomes in two clusters across the street from each other. Redesign arranged for financing with the newly-formed Minnesota Housing Finance Agency, and secured a subsidy agreement with HUD which allowed these townhomes to be rented to moderate income families. The city agreed to sell the land for \$1,200. The project was organized as a "limited partnership." Redesign would have a 1% interest but would be the general partner and control the project. The remaining 99% of the partnership interest was sold to a limited partner, who provided all of the equity required. The limited partner had no control but received a modest annual dividend and significant tax shelter. This project was called the Milwaukee Avenue Townhomes.

Redesign bought the six houses and closed on the Milwaukee Avenue Townhouses project in mid-1974. The townhouse project was the second project funded by the Minnesota Housing Finance Agency, The construction of these 18 housing units created excitement in the neighborhood and gave people hope that the revised urban renewal plan might work.

The six houses were sold at prices to cover the rehab costs. Sale prices in 1974-75 ranged from \$19,500 to \$25,000. In 1975 the townhomes were completed and quickly leased.

While this construction was underway Redesign started plans for a bigger townhouse project on three separate parcels in the southeast corner of the neighborhood. This project, called the Matthews Park Townhouses, had a total of 24 homes designed for moderate income families. It was also organized as a limited partnership and financed by the Minnesota Housing Finance Agency.

Redesign managed to develop these 42 homes with no office, no staff and no money beyond the modest amount provided by Trinity. GMMHC played a key role in providing both credit and credibility, and the archdiocese representative provided experience and support. Redesign was able to persuade its architects, contractors, and financing consultants to work on speculation with payment at the closings, and its board members volunteered their time to staff the organization.

By David Raymond
October 2011