

City, Hennepin County invest in SRO housing

by Alex Schlee

The City of Minneapolis has come under fire in the past few years for not taking enough action on homelessness and affordable housing. However, some aid has come in the form of COVID relief funds from the federal government, which the city and Hennepin County plan to invest in an expansive affordable housing initiative over the next few years.

According to Katie Topinka, community planning and economic development research and outreach manager for the City of Minneapolis, the city has taken strides toward making record investments in affordable housing. In 2021, the city added 284 new units of affordable housing, and 350 more are under construction using \$5 million in funding from the American Rescue Plan Act (ARPA). However, the biggest push Minneapolis made this year against homelessness was the approval of a zoning ordinance that would allow Single Room Occupancy (SRO) housing. The Minneapolis City Council approved the ordinance in July 2021.

While offering more traditional studio apartments at Central Avenue Apartments, Alliance Housing, which co-owns that site with RS Eden, is one of few entities currently offering SRO housing anywhere in the city.

“We should use these one-time federal funds for long-term impact.”

**—Julia Welle Ayres,
Housing Development &
Finance Director, Hennepin County**

According to Hennepin County Housing Development and Finance Director Julia Welle Ayres, SRO housing may be one of the better weapons in the arsenal in the fight against homelessness. It follows a model similar to dormitories, where a unit consists of a single bedroom, while amenities such as bathrooms and kitchens are common for the whole building. They are inexpensive to produce and maintain, resulting in more affordable rent. The target market for these units is low-income people who are either homeless or on the verge of homelessness.

Homeless advocacy group Freedom From the Streets pushed hard in the first winter of the pandemic, when homeless people camped in local parks, to get people into hotel rooms that would offer people more dignified, private, and sanitary living conditions during the crisis; SRO housing is the same idea, but more permanent and stable than hotels.

Hennepin County used to have SRO housing in the 1970s, but it was phased out due to neglect, disrepair, and rising crime rates in areas where SRO units existed, resulting in strong pushback from many neighborhood groups. As these buildings shut down one by one, no replacement

model was brought in to fill the gap.

“Not having inexpensive, dignified housing led to a wave of homelessness in the ‘80s and ‘90s,” Welle Ayres explained.

Hennepin County works closely with the City of Minneapolis on the SRO housing front. When most of the city’s SRO housing was shut down, the city stopped issuing permits to construct new units to replace them. Now, both the city and the county want to make up for lost time in different ways.

“We’re trying to own that and learn from the past to create quality, cheap housing,” said Welle Ayres.

Welle Ayres said the county and city have different approaches when it comes to creating SRO housing. The county has taken a more straightforward approach, buying buildings and converting them into SRO units, whereas Minneapolis offers incentives to prompt developers to construct SRO units or include a percentage of them in new developments.

Hennepin County allocated \$46 million in ARPA funding to equitable housing recovery activities, including an estimated \$8 million for SRO development. Welle Ayres said while deciding how to best use the Rescue Plan money, the county considered a push to get as many people out of shelters as possible to be their best investment.

“We should use these one-time federal funds for long-term impact,” she said.

Hennepin County purchased four buildings, to be turned into 165 units of SRO housing in 2020. An “SRO task force” assembled by the county will use these buildings as a case study in how to best approach future SRO developments. Their first report is available online at hennepin.us/sro-report, and will be used as a road-map for using future funding.

Money not used for SRO development will go toward funding other forms of affordable housing. Welle Ayres said it will primarily be used to jump start new housing projects, preserve existing and naturally occurring affordable housing and buy down rent in buildings and units that fit a certain criteria as potentially affordable. Welle Ayres said housing in areas with easy access to readily available grocery stores and public transit would be the primary target.

The county wouldn’t be your landlord if you lived in one of their units. Hennepin County is seeking property managers who can steward these buildings on their behalf. Welle Ayres hopes that a good management system will keep this generation’s SRO housing in better condition than the last. These units are meant to be mid- to long-term homes (the average tenure of SRO tenants is four years before they move on to larger-scale living). Managers will be needed to keep them affordable and in good shape for a long time.

Alliance Housing, Inc. has been one of the most successful SRO developers in the Twin Cities, along with The American Indian CDC and Catholic Charities. The county hopes to work with them on future projects.

Alliance Housing was born out of the vision of St. Stephens’ emergency shelter staff and residents in 1991, and they con-

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**—Barbara Jeanetta,
Executive Director,
Alliance Housing**

tinue to operate affordable housing developments in Minneapolis. Alliance Housing owns two 30-unit buildings, and several duplexes with individual rooms rented out in the Camden and Hawthorne neighborhoods in North Minneapolis. They also built studios at Minnehaha Commons two years ago, and co-own Central Avenue Apartments in Northeast with RS Eden, an agency for people recovering from drug and alcohol addiction.

“Our clients, they’re not rich people, but they can afford our rent and have a little left over,” said Barbara Jeanetta, executive director of Alliance Housing.

Because the city stopped issuing permits for them in the ‘70s, Alliance fought to preserve what little still exists of the city’s SRO housing. They buy buildings with existing licenses and refurbish them. Now that the city is issuing permits again, Alliance hopes to be able to design and build their own facilities.

Maintenance and renovation work on their properties is their top priority, to keep them falling into disrepair like the last generation of SRO. Because they’re a nonprofit, money from rent goes toward building maintenance instead of property manager’s profits.

“You can’t do this on some corporate management model where one manager has thousands of tenants,” said Jeanetta. Every facility has an on-site caretaker and a strict set of regulations. No guests are allowed past 10 p.m., and they keep close tabs on tenants’ behavior. “We deal nose to nose with people ... remember when you moved in, and remember the expectations.”

One SRO housing development is already fully operational in Hennepin County. Three more are still in use as pandemic response resources to keep shelters less crowded, but are not yet outfitted to be permanent homes. The county plans to convert them to permanent housing by summer of this year.

“The county is really proud to have housed 432 people during the pandemic, in permanent housing, out of shelters,” said Welle Ayres. Most of those people, she said, were long-term shelter tenants who now finally have their own space to live in.

“We’re hoping now that we’ve proven the model, we’ll find those partners who want to work with the county.”

Ideally, Hennepin County would like to create 1,500 SRO units over the next ten years to get all people with SRO-level income out of the shelter system. For now, there is no official plan, but Welle Ayres hopes that the success of the county’s first SRO developments kickstarts interest and proves the model further to keep the momentum rolling.

“I want people to know about this hidden population. About 200 people per night are in shelters, but have income to pay for housing like this,” said Welle Ayres. “Without this missing piece [SRO housing], we’re overstretching the other pieces: shelters and Section 8 housing.”

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