

Minneapolis committee split on condo proposal

The measure would require developers to let the city know when and how they would turn apartments into condominiums.

By [Terry Collins](#), Star Tribune

A stringent measure aimed at curbing the affordable housing shortage in Minneapolis brought on by condominium conversions divided a City Council committee so much Wednesday that it agreed to disagree.

After a spirited public hearing attended by dozens of people, the six-member Public Safety and Regulatory Services Committee split 3-3 on the proposed ordinance, which would require developers to notify the city when and how they would convert apartments to condos. It now will go before the full council on Feb. 9.

Under the proposal, developers also would have to obtain a permit and pay a \$2,000 fee for the first unit converted and \$800 each for additional conversions. They also would have to pay a possible relocation fee for displaced tenants.

A report from the city's regulatory services department says that conversions have slowed and that they will probably average about 300 units a year -- down from a peak of 1100 in 2004.

Yet a report by the nonprofit Housing Preservation Project said that since 2000, more than 3,200 rental units in Minneapolis have been converted to condos, about 4 percent of the city's total rental housing.

And according to a recent report by HousingLink, a local fair-housing organization, a majority of the city's condo conversions have been in low- to moderate-rent neighborhoods.

Real estate agent Pat Paulson told the committee that the conversions were the perfect solution to the city's housing problems over the past five years and that homeownership went up during that time. "We should not be surprised, and we should not fear the conversions," Paulson said. "When markets are left alone and not manipulated by outside influences, they always do what's best for the majority of the participants and stakeholders."

Ordinance supporters say they are not anti-conversion and that even though the trend is slowing, it is cyclical and the city must be prepared for it.

"What we witnessed is a rash of conversion done in a manner to maximize profits for the developer, but at the financial risk of the tenants and buyers," said Adele Della Torre of the Minneapolis Affordable Housing Coalition. "Do we have the wisdom to be proactive to mitigate the damage the next time it happens?"

Bill Gerst, representing the Minneapolis Area Association of Realtors, said the city should concentrate on enforcing the state's existing condo-conversion law, adding that additional fees and regulations "would make homeownership less affordable for those residents who need it most."

Council Member Cam Gordon, the ordinance's sponsor, said the measure would allow the city to better keep track of conversions and provide "safeguards" to homeowners. Council President Barbara Johnson voted against, saying she's not convinced there's a shortage of affordable housing.

Council Member Ralph Remington, who is not on the committee but who spoke at the hearing, said his ward has the most condo conversions. He reminded colleagues that they recently adopted a 10-year plan to end homelessness that identified "a shortage of affordable housing" as a root cause.

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