

## **RNA monthly meeting – Tuesday, October 27, 2009**

### Guests/Panelists:

Jim Hinderaker (JH), Planner with the City of Fargo;

Jim Miller (JM), Executive Director of the NDSU Development Foundation, and

John Q. Paulsen (JQP), Chair of the City's Planning Commission and a member of the Board of Trustees of the NDSU Development Foundation.

### Announcements -

RNA President Amy Rand reminded those present about the neighborhood walkability study and encouraged additional volunteers to contact her. She also announced the RNA Enhancement Committee meeting coming up November 10, at 7:00 p.m. and the Planning Commission meeting scheduled for Thursday, November 12, at City Hall, public hearing at 9:00 a.m. The Roosevelt Neighborhood Land Use Plan will be presented to the Planning Commission for approval. People in the neighborhood are encouraged to attend.

Rand introduced Ken Enockson, RNA vice president, to serve as moderator for the discussion with the evening's guests. Following are the questions posed to the guests and a summary of their responses.

1. Can you speak to the history of when the Development Foundation started purchasing real estate along University Drive? What were the drivers for your organization to begin acquiring property in the neighborhood? What are the drivers now?

JM noted his connections to the neighborhood and then addressed the Development Foundation's history regarding acquisition of property in the neighborhood. In 1982 – after JM arrived at NDSU Development Foundation, the Foundation began with purchase of old School of Religion although after some resistance. Other properties along University were in deterioration. Board of Foundation authorized purchase of those properties as they became available since 1983. Owning these properties was seen as a means to provide a buffer between University and the neighborhood to the east. Focus has remained east of University – decision was made not to purchase property across 12<sup>th</sup> Ave. N. Same drivers today – provide buffer between University and particularly property to the east of the campus.

2. How are the Foundation's property acquisition decisions informed by the NDSU Campus Master Plan?

JM - The purchase of properties started well before the current NDSU master plan was developed. No discussion about what they would do with the properties.

Since NDSU's own long term plan focuses mainly on condensing more housing and academic buildings into its central core, how do the Foundation's acquisitions east of the campus complement that plan?

JM met with the planners who developed the NDSU Master Plan, and there was talk of possible development of after-retirement community and also classrooms/office space as possibilities, but no agreement that those ideas would necessarily be implemented.

3. Can you clarify what you mean when you describe the property acquisitions as a “stable buffer along the east side of the campus” (quoted from 10/27/09 *Forum* article)?

JM: When originally looking at those properties along University, remember that 18<sup>th</sup> St. N. was not on the “map.” Driving force to continue to get the properties – stabilize the neighborhood. Regulations imposed on the rentals owned by the NDSU Foundation – no furniture in front except lawn furniture. Foundation has tried to encourage their tenants to be good neighborhoods. Police reports that involve misuse of alcohol in the Foundation rentals result in removal of tenants within 24 hours - zero tolerance. No discussion; no appeal of removal. Also noted the City code re: maximum occupancy and indicated they try hard to maintain compliance.

4. Does the Foundation have any 5, 10, 20, and 50 year growth plans in place? If not, are there plans to do so?

JM: No plan for the future of the properties.

There are plans to make “green” space on the lot that was formerly burned (1646 N. University???) . Also plans to “green” the old grocery store property (corner of University and 15<sup>th</sup> Ave). Between 14<sup>th</sup> and 15<sup>th</sup> Ave. N. there are 31 properties; the Foundation owns 10 of them.

JQP: Foundation exists to support the mission of the University, and they do not want to see the neighborhood around it deteriorate.

JH: Noted that the University does not need to request zone change, etc., on University property (distinct from Foundation-owned property) when they want to build buildings, etc., on the campus. He noted that the corridors onto the campus are of interest to the University (and the Foundation); the appearance of those corridors is important for first impression as a “face” of NDSU. He noted the LUP is a compromise of needs of NDSU and needs of the neighborhood.

5. What is the purpose of Foundation property acquisitions along the west side of 12<sup>th</sup> St?

JM: Grocery store owner’s home directly east on 15<sup>th</sup> Ave. (corner of 15<sup>th</sup> Ave. and 12<sup>th</sup> St. N.) – no alley in that block. Noted the cul-de-sac allows access to the back of four homes there (1462 subsequently purchased by Foundation – owner was one of those concerned about loss of cul-de-sac when Foundation bought grocery store and owner’s home). No interest in more property on 12<sup>th</sup> St. N. and south of 15<sup>th</sup>, but the Foundation is interested in properties north of 15<sup>th</sup> (technically outside the Roosevelt neighborhood) along both University and 12<sup>th</sup> St. N.

There have been reports that a realtor representing the Development Foundation has been actively soliciting homeowners along 12<sup>th</sup> St. N. through mailings with offers to purchase their property. Can you speak to the authenticity of these claims? If true, what is the rationale for doing so?

JM: noted that the Foundation does own some property on 12<sup>th</sup> Ave. N. – the current Criminal Justice building (former fraternity and then YWCA Shelter) and the old Coop house on the corner of 12<sup>th</sup> Ave. N. and 12<sup>th</sup> St. N.; both purchased at University's request; also purchased the property on the SW corner of University and 12<sup>th</sup> Ave. N.; it is used to provide for Burgum Hall residents.

The Foundation is interested in acquiring other properties - he likened the practice of having a realtor contact residents to other solicitation of prospective buyers. Only designed to alert residents of the Foundation's interest, not intended as pressure to see at this point. No additional plans for acquiring properties along 12<sup>th</sup> Ave. N., but the Foundation continues to be interested in properties along University Drive to the east of the campus and north.

6. What plans, if any, does the NDSU Development Foundation have for investing in the area south of NDSU?

See above. No interest in additional property south of the campus.

7. If the Foundation has no plan in place for redevelopment of their properties, what is the main purpose for purchasing the properties?

JM: Viewed as part of the Foundation investment portfolio. The Foundation would not be interested in relinquishing the properties.

8. Are they considered a revenue stream as rental properties or future sale to a developer? In essence, what is the rationale for continued acquisition of neighborhood properties by the Foundation?

See above – part of Foundation's investment strategy.

9. Since the university and the NDSU Foundation have such a large footprint in the neighborhood, what ways do you see for the Foundation work to engage with neighborhood residents to help plan for a common future and the well-being of our neighborhood?

JH: Land Use Plan speaks to that – tried to engage all stakeholders in developing the LUP. The LUP addresses all the key issues – it will be applied as changes arise in the neighborhood.

JM: Anything done in the future will take neighborhood concerns into consideration.

JQP: Strong working relationship with the Foundation (they serve as a holding pond for protection of University and Roosevelt neighborhood interests) is dependent on working with leaders of the campus. Wants strong relationship with both the Roosevelt neighborhood and the University. New leadership at NDSU will be opportunity to continue to develop good relationship among the Roosevelt neighborhood, the University, and the Foundation.

10. (Question for entire panel)

One major concern of neighborhood residents is the impact institutions like MeritCare,

NDSU and the NDSU Development Foundation have when they acquire additional housing stock within the neighborhood. There are several effects: a further decrease in single-family dwellings, the resulting drop to the student population at our elementary school, the potential erosion of the tax base, and the seemingly inevitable deterioration of the property if it is converted into a rental. What can we (NDSU, the Foundation, the City of Fargo and neighborhood residents) do to mitigate these effects?

JH: The LUP a big step forward – some tools available to help: UMU, low interest loans, are both possible helps to avoid further deterioration in the neighborhood. He also noted the continuing issue of parking in the neighborhood and the intention to continue to address that concern.

JM: Foundation wants to be a good neighborhood. Most of the Foundation acquired properties were already rental properties. Foundation has tried to set down some rules for its renters. Becky Holm (231-6800) at the Foundation is the liaison with property management firm (Abbott Property Management). People can call Holm if there are issues related to Foundation-owned properties that neighbors want addressed.

[Background re taxes: the Foundation does not pay taxes on the existing structures. This gives a distinct advantage to the Development Foundation over other rental property owners. It is also a major loss of revenue to the City and school district.]

11. (Question for John Q. Paulsen) We understand that the Foundation Board of Trustees has a subcommittee responsible for real estate. What possibilities do you see for that group and representatives of the RNA to interact?

JQP: The committee is really a major policy committee – not managing the day-to-day matters. More productive to work directly with the Foundation (JM and Becky Holm) and to have conversations like tonight.

JM: Agrees. He encouraged contacting the Foundation when there are problems.

JQP: Strong interest among Planning Commission members to support the neighborhood and maintain the school. Planning staff passionate about working with the neighborhood. As reps of City government they are very committed to maintaining the older neighborhoods that provide the residential core of the City.

### **Current property management**

12. Several questions and concerns were raised about the condition of Foundation properties in the neighborhood (the term “neglect” has been used on several occasions). Others have expressed frustration with the process of registering complaints or concerns about the upkeep of a particular property or the number of renters in a unit.

JM: Described process of acquiring a new property; use of assessment, etc., regular steps used to acquire property.

Abbot Property Management is the firm used by the Foundation; there is a maintenance cycle for major repairs such as roofs. Some money spent on improvement. There is a

management budget for the properties for maintenance, etc. Return on investment would be decreased if property is not maintained.

As rental properties, when they are used for the noninstitutional purposes, they are taxable and the Foundation does pay taxes on those properties.

In a follow-up, JM reported that the Foundation pays taxes ONLY on the land they own and not the buildings/homes on their properties.

13. Who should residents contact when they encounter problems with Foundation owned property upkeep or tenants?

See above.

14. Can the Foundation establish a liaison with neighborhood residents to fast track the above-mentioned issues or perhaps an escalation process when following normal channels of communication don't seem to be resolving an issue?

See Becky Holm (Foundation liaison) above.

15. How does the Foundation ensure that city codes are being met for those properties in our neighborhood that are owned by the Foundation (e.g. number of tenants/unit, lawn care, weed control, snow removal, etc.)?

See above.

JM: Reviewed current properties in the Roosevelt neighborhood that are owned by the Foundation.

Foundation owns all but 3 properties along University Drive between 15<sup>th</sup> Avenue N. – 17<sup>th</sup> Avenue N. Foundation will keep the “dirt” (the land owned in the neighborhood) but might lease it for some kinds of development (such as an after-retirement community mentioned above). To maintain the buffer, the Foundation has to keep ownership of the land itself.