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RE: Comments of Carol Ann Pass, on
On Behalf of East Phillips Improvement Coalition, EPIC

East Phillips Improvement Coalition (EPIC) Public Comment on the Hiawatha Project

Question: Where does East Phillips Improvement Coalition (EPIC), the East Phillips Neighborhood organization, stand regarding Xcel's routing of overhead High Voltage Transmission Lines through the East Phillips neighborhood.

Conclusion: EPIC is not prepared as a neighborhood organization to jeopardize the positive impact of our immense past work and enormous investment in the reclamation and restoration of East Phillips, nor are we willing to risk the future completion of these and other new projects to accommodate overhead high voltage transmission lines through any route in any part of our neighborhood.

Our Case: East Phillips Neighborhood is bounded on the east by Hiawatha Avenue, on the west by Bloomington Avenue, on the south by Lake St. and on the north by 24th St. in south Minneapolis. It is a key neighborhood through which Xcel's High Voltage Transmission Lines are proposed to pass and is an urban core neighborhood of about 4,800 residents. As one of the four quadrants of the Phillips Community, it is a part of an area of about one square mile with a total population of almost 20,000 people. The Phillips Community has 7,016 children under the age of 18, 40% of whom live below the poverty level. A large proportion of these children and families live very near the proposed route of the Power Lines. The four neighborhoods are all very challenged by poverty, an already polluted landscape, limited education, large numbers of linguistically-isolated immigrants and an overall minority population of approximately 70%. Yet, surprisingly, many are homeowners and own small businesses. These are the very people of focus in the MPCA Environmental Justice Policy, as well as a variety of other Justice Policies, some of them Federal

East Phillips has had a long, unique and storied heritage of affordable, single-family, multi-ethnic home ownership filled with many immigrants and refugees who begin their new life in the United States and their first experience with family wealth and asset creation through home and business ownership here in this neighborhood. This economic and social fact is also true of many of our own ethnic groups, Native, African and Asian Americans. This has been characteristic of the Phillips Neighborhood since it began in the mid-nineteenth century. Yet, when the EPIC Board and membership began to focus work on the East Phillips Neighborhood in 1999, Phillips in general, and East Phillips in particular, was experiencing a full scale collapse in housing and an immense crime wave.

A radical increase in boarded buildings and vacant lots was occurring. Greater Phillips had 76 boarded buildings and 204 vacant lots in 1998 and the growth rate of this catastrophe was exponential. The boarded buildings and vacant lots intensified an unprecedented crime wave. Prostitution and drug sales soared. 1995 was the year of ‘Murderapolis, but this was 1998 and yet in Greater Phillips we were still seeing continued escalation of crime and further housing collapse, family asset loss and people leaving in droves. The impetus and the fear of actually ceasing to exist as a neighborhood if this rapid downward spiral were not stopped motivated the decisions of the first board members of EPIC as well as the other Phillips quadrants: Midtown, Philips West and Ventura Village.

East Phillips Improvement Coalition (EPIC) and the other Phillips quadrant neighborhoods all began ambitious projects to turn this around. They produced and implemented land use and redevelopment plans, and began to remove dangerous, toxic and blighted buildings, replacing them with new housing. East Phillips first focused on the 2900 block of Bloomington, north of Lake St., a seriously dangerous block of slum housing that was dragging down Mpls. City investment in the commercial node there. Land use and project planning of East Phillips Commons began and an attractive seven million dollar 34-unit apartment building was accomplished. Blighted buildings were removed, dollars needed were leveraged and a calamitous slum was replaced by new housing. The building, only the first phase of the larger development still to come, radically improved the sagging commercial economy of the Bloomington/ Lake intersection, in the very shadow of the Midtown Greenway, practically under the proposed route of the Xcel High Voltage Power Lines.

After this came the Village In Phillips Project on 24th St. and Bloomington Avenue, again to remove blighted and dangerous rental housing and replace it with Phase One of the overall Village Project, Franklin Station Town Homes, a twenty-eight unit series of town homes owned by homeowners, which was completed and sold by 2005. This 8 million dollar development again dramatically changed the character of the neighborhood, lessening the crime problems in a major way and bringing in stabilizing stakeholders in the form of home owning families.

Simultaneously EPIC worked to fill the huge number of vacant lots with affordable home ownership. From 2000 until now we have been partnering with area nonprofit developers to build or restore thirty-five homes at a development price tag of approximately 8 million dollars. We also used NRP dollars to leverage additional funds, offering 43 rehab grants of \$7000 a piece and 20 first-time home-buyer grants of \$10,000, totaling approximately \$300,000 in additional dollars for housing. All of this has added well over one hundred units of housing, most of it affordable home ownership, from 2000 to the present in East Phillips alone. The other quadrants of Phillips have accomplished similar turnarounds. All told, including the Midtown Exchange and there has been well over one hundred million invested in the future of the area, yet we have retained and enhanced our heritage of affordable and multi-cultural homeownership.

This effort has brought in many new families seeking a neighborhood where they could afford to have their own home and has changed the ratio of home ownership in East Phillips from just over 10 percent to 25 percent, unprecedented for almost any urban core anywhere. Significantly, our homeowner dollars went to over 70 percent minority buyers. The new stability from the new housing, both rental and homeowner, became readily apparent in decreased crime and the general appeal of the neighborhood. Families began moving back, filling our blocks.

More land use and redevelopment plans are in the works. The EPIC organization has assisted in acquisition on a large site on the Midtown Greenway for a future apartment building to continue the East Phillips Commons Project. Blighted buildings and their attendant crime issues have been removed and we are working to continue our redevelopment progress.

EPIC’s continued work in development on behalf of East Phillips is taking place in the effort to build a Community Center in one of only two parks in Minneapolis, which have no center and no programs, East Phillips Park. Located in one of the poorest and most diverse neighborhoods in

Minneapolis, East Phillips Park has been ignored for thirty years with little attention and almost no funding other than what it took for police to sometimes collect the pimps and prostitutes working in the park. After a colossal effort on the part of the whole community, we broke ground last fall on a beautiful 4 million dollar Community Center, to be completed this coming fall.

The Xcel Power Lines Project May Undermine Major Community Progress and the Neighborhood Economic Future:

The EPIC board members and many neighborhood volunteers have developed professional skill sets in the rigors of transforming the neighborhood from the cliff edge it was on to the now-viable living space it has become. We have also learned a great deal from managing and marketing this critical renewal process about how hard it is to stem blight and neighborhood collapse in low income and minority areas once it reaches considerable proportions. We have learned how quickly blight brings in crime, real estate speculators and absentee landlords, how damaging such a downward spiral is to already struggling families and about their loss of tenuous economic and social assets from such trends. We have also learned of the fragility of business and economic interests in low income, minority neighborhoods, the difficulty of bringing them back and how important it is to maintain them and not let them slide in the first place. This has informed in a major way our understanding of and response to the Hiawatha Project.

We are not prepared to see the exhaustive work of a generation of community volunteers be turned back and see our neighborhood revert to its former struggling and tragic past in the face of the Xcel Power Line Project nor are we willing to see our key economic and cultural asset, the Midtown Greenway, be damaged as a future engine of development and enhancement, as it would be, given the Xcel Project, especially the overhead transmission lines. If this project is to happen at all, it must be an underground project, as Xcel has done in the Downtown population areas of greater affluence.

Economic Impact and the False Claims of the DEIS:

The claim in the DEIS on page 232 that “The project is not expected to result in a direct economic hardship to minority and low income populations” is simply false as is the claim on page 188 that “Transmission lines will not directly impact the residential property values”. We have found universal consensus among developers interviewed regarding the negative financial consequences on residents, businesses, future development, and lost property tax revenue to the City due to lack of future development, especially on the Midtown Greenway. Expert witness Dean Dovolis of DJR Architecture states that “the increased risk of loss of market value and probable insurability problems would be enough to cause developers to put their investment dollars elsewhere”.

Furthermore, there is no study in the DEIS citing convincing evidence of these claims of no damage to property values. There is a strange referral to a difference between ‘real’ vs. ‘perceived’ property values. The only meaningful value relevant to this discussion is the market value, namely what someone is willing to pay for it. Any other “virtual value” is simply subterfuge and philosophical sophistry. This issue can only be resolved by consultation with those dealing in these markets, namely expert witnesses, as we have done, who have predicted serious negative property value loss based on their experience.

An additional supporting observation is the fact that the FHA mortgage guidelines, which must be met if one is to qualify for insurance, “prohibit mortgage support for homes in the fall zone of high voltage transmission towers or support structures.” (DEIS Page 189) Not all of the routes trigger the full impact of this insurability problem directly, but any insurance company and/or developer will be aware of this issue and the insurance and safety problems it is a response to, increasing the probability of loss of future economic development and creating a setting for triggering major property value loss. This will impact the area whether or not the property is actually in the “easement serving the high-voltage transmission lines”.

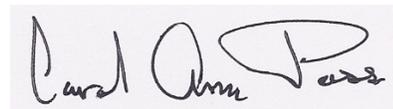
The Economic Justice Issue not adequately addressed in the DEIS:

Many of the home and business owners came here as refugees having fled problems with large governmental or private entities, which, among other negatives, made asset loss a chronic condition and wealth creation impossible in their native land through confiscation, theft or elevated risk. As such, the overhead power lines pursued by Xcel Energy would have similar negative real and ethical consequences as well as major economic implications, regardless of Xcel's stated intent, since this would be a loss forced on these people without their consent and detrimental to their lives, clearly a serious moral issue. However, because the property value loss is either denied or sidestepped in the DEIS, the economic future issue and the economic justice issue is never seriously, honestly and transparently addressed.

Executive Order 12898 (President Clinton) states that "... each Federal agency shall make achieving environmental justice part of its mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority populations and low-income populations in the United States...." While this policy has tended to be applied to air pollution issues, the justice issue in the present case should also be understood as a justice issue in like manner. It is a forced asset loss issue as surely as is confiscation in a foreign country or failed state, since the implication for the family is the same. They lose their wealth in the form of their property's resale value loss. Federal dollars and possibly Federal review may make this a Federal issue, but regardless of that concern, the EPIC membership believes that the Hiawatha Project may violate this Executive Order. In addition, Executive Order No. 12250 requires "effective" implementation of laws prohibiting discriminatory practices in programs receiving Federal financial assistance. I am unaware if the Hiawatha Project will be receiving Federal assistance, but again, such assistance may require conformity to Executive Order 12250 as well.

The EPIC organization has as part of its mission the protection and enhancement of the economic life of its people, particularly those chronically underserved. As such, the EPIC membership will not accept or stand down in the face of the obvious loss of resale value to low-income and/or minority owners of businesses and homes, especially those who are first-time home or business owners. We will respond in whatever way necessary to disallow what is both an important ethical as well as economic threat to our residents.

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A handwritten signature in black ink that reads "Carol Ann Pass". The signature is written in a cursive, flowing style.