

# Housing Challenges in the Twin Cities

“

WE HAVE SEEN THE ENEMY AND IT IS US....”

- DEMOGRAPHERS ESTIMATE THAT BY 2040 ABOUT 800,000 MORE RESIDENTS IN TWIN CITIES SMSA (7 MN COUNTIES, 3 WISCONSIN COUNTIES)
- AND 15% LIKELY WITH INCOMES AT FEDERAL POVERTY LEVEL OR LOWER

# 2018 FEDERAL POVERTY LEVEL

## PERSONS IN FAMILY/HOUSEHOLD



48 STATES  
& D.C.

1	2	3	4	5	6
\$12,140	\$16,460	\$20,780	\$25,100	\$29,420	\$33,740

\*For families/households with more than 8 persons, add \$4,320 for each additional person



ALASKA

\$15,180	\$20,580	\$25,980	\$31,380	\$36,780	\$42,180
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For families/households with more than 8 persons, add \$5,400 for each additional person



\$13,960	\$18,930	\$23,900	\$28,870	\$33,840	\$38,810
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- I THINK THE MOST IMPORTANT “FACTOID” IS THAT MANY PEOPLE IN POVERTY WILL NEVER BE ABLE TO AFFORD TO PAY ANYTHING FOR HOUSING:
  - PHYSICALLY/MENTALLY DISABLED.
  - PEOPLE UNABLE TO WORK FOR MANY DIFFERENT REASONS INCLUDING DRUG DEPENDENCY
  - LACK OF JOBS FOR UNDER-EDUCATED, UNDER-SKILLED PEOPLE

- MET COUNCIL DATA:
- Addressing the issue of affordable housing, Metropolitan Council Director of Regional Planning Libby Starling reports that half of all rental households in the seven-county Twin Cities metro area are spending 30 percent or more of their gross income on housing-the definition of suffering a housing cost burden. And, even more dramatic, 100,000 metro-area households are spending *50 percent* or more of their gross income on housing.

- PROF JOHN ADAMS (RET. HHH GEOGRAPHER AND NATIONALLY RECOGNIZED EXPERT ON HOUSING ISSUES)
- “...the biggest weaknesses in Minnesota's housing market are on the demand side, pointing out the number of people who can't enter the market successfully. He says our greatest liability today is smugness about the nature of housing problems for these people and others and notes the ongoing challenge of what to do about people who are unable to achieve enough earning power to pay for housing and other needs.

- GREG RUSS, DIRECTOR MPLS HOUSING AUTHORITY UNTIL 8/1/19. NOW ED OF THE NEW YORK CITY PUBLIC HOUSING AUTHORITY:
- Approximately 10,500 people live in MPHA's 6,245 public housing units-either in high-rise or other MPHA buildings or in scattered-site units, which are mostly single-family homes. Another 15,500 people use 5,143 housing vouchers that pay a portion of their rent in privately owned apartments or homes. Households pay approximately 30 percent of their income toward rent and utilities and MPHA pays the rest. Both of these programs are federally funded.
- Federal capital funding falls far short of MPHA's needs for major repairs, renovations and redevelopment of public housing (annual budget today is \$14MM per year; need over the next years is \$14BB simply to maintain liveability in these units) now and into the future, Russ says. Federal restrictions make it impossible for local housing authorities to borrow or to mortgage their properties to raise capital. He says there are discussions going on about getting public housing more involved in private capital and equity markets.

- STEVE HORSFIELD, ED SIMPSON HOUSING

- According to Simpson Housing Services Executive Director Steve Horsfield, a shortage of affordable housing units in Minnesota is making the homelessness situation more dire. He says ***the state needs 10,000 more such units and must have more investment in entry-level housing, whether in public housing or in targeting of private housing.***
- That shortage is one of a number of causes of homelessness that Horsfield cites in his recent interview with the Civic Caucus. He discusses homelessness as an economic condition, ***saying that one-third of the guests at Simpson's 66-unit emergency shelter are working at any one time, but their wages are far below what it takes to pay for housing.***
- He also notes the zoning changes that have forced out most of the boarding houses in Minneapolis; the closing of the state-run residential mental health facilities, with few community programs ever developed to replace those facilities; and institutional racism.

- John Gutzman, ED St. Paul Housing Authority:
- PHA houses 22,000 people, Gutzmann says, about half in public housing (about 4,300 units) and half in housing subsidized by Section 8 vouchers (about 5,000 units). **He says only one in four households that qualify for the vouchers actually receives one.** And he notes that only 50 percent of people who apply for PHA public housing are admitted, after screening for income and other requirements and for criminal backgrounds.

- Mikkel Beckman, Senior Housing Staff Hennepin County
- “...it's virtually impossible to make a positive change in one's life. But, he says, "the political will to have housing opportunities available for everybody and to intervene in the market has a long way to go.”
- He says reducing evictions is the best way to prevent homelessness, noting that 3,000 evictions from Minneapolis are filed in Housing Court each year, disproportionately concentrated in just a few ZIP codes. ***He also notes the loss of naturally occurring affordable housing, mainly older apartment buildings in first-ring suburbs that are being bought by speculators. They do cosmetic upgrades to the buildings and then raise the rents beyond the level current tenants can afford.***

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