

**Supreme Court Ruling, HUD Rule Change are Victories for Fair Housing Advocates**

**Landmark Decision**

Since the Fair Housing Act became law in 1968, "unintentional discrimination" meant access to housing has not been so fair. In June, the Supreme Court ruled that the law prohibits housing policies that disproportionately harm minorities even when those policies weren't built on intentional discrimination.

**Quotes About the Supreme Court Ruling**

President **Barak Obama**—"The Court recognized what many people know to be true from their own lives: that too often, where people live determines what opportunities they have in life."

Conservative Justice **Anthony Kennedy** (writing on behalf of the majority).—"Recognition of disparate-impact claims is consistent with the FHA's central purpose" of ending discriminatory practices in housing. "These unlawful practices include zoning laws and other housing restrictions that function unfairly to exclude minorities from certain neighborhoods without any sufficient justification."



**Walter Mondale**

(Photo: Dorsey & Whitney LLP)

**Fair Housing Champion**

Former Vice President **Walter Mondale**, author of the 1968 Fair Housing Act commented on the Supreme Court ruling—" [Opponents] are arguing that it doesn't mean anything. I think it does. And the whole framework of the law is designed to eliminate discrimination and move toward integration."

**HUD Fair Housing Rules**

The 1968 Fair Housing Act required HUD and other federal agencies to proactively further fair housing choice through housing and urban development programs. Regulations clarifying what this meant and guiding how this should be accomplished were never developed.



This July, HUD released its final rule clarifying the obligations of entities receiving HUD funds to carry out the Fair Housing Act.

Cities, counties, states and public housing agencies will now take on a significant set of new requirements which can potentially benefit disadvantaged people by strengthening efforts to connect them to employment and other community opportunities. (Complete article at [MICAHA.org](http://MICAHA.org) - Minnesota Housing Partnership (MHP): What HUD's new fair housing rule really means.)

HUD Secretary **Julian Castro**.—"This important step will give local leaders the tools they need to provide all Americans with access to safe, affordable housing in communities that are rich with opportunity."

**PIONEER PRESS**

TwinCities.com

**SUNDAY WASHINGTON COUNTY**

JUNE 7, 2015

**LOW-COST HOUSING LOSES GROUND**



The monthly rent for Lois Bystrom's apartment in Arden Hills is rising from \$756 to \$1,025, and she says she will be forced to move due to the cost.

Critics say its scarcity, especially in suburbs, is a troubling sign

By Bob Shaw  
bshaw@pioneerpress.com

Lois Bystrom gets depressed just talking about it.

When the rent on her Arden Hills apartment soon jumps by a third, the 76-year-old widow will have to leave her home of the past eight years.

Bystrom, whose check-out-clerk pension already is stretched thin, says she won't be able to afford living there anymore.

"This is just incredible. I don't have any extra money," she murmured as she slumped into a chair. "I never thought at this stage of my life that this would happen."

Her next move won't be an easy

one. Low-cost housing in the metro area is drying up, to what by some measures is an all-time low.

According to a growing chorus of critics, the problem is that the suburbs—including Arden Hills—are not building housing that Bystrom and renters like her can afford.

"This is a matter of fairness," said Sue Watlov Phillips, executive director of Metropolitan Interfaith Council on Affordable Housing (MICAHA), a nonprofit advocacy group that recently filed complaints with the U.S. Department of Housing and Urban Development.

She said government policies have piled more low-rent housing into low-income neighborhoods, concentrating poverty, crime and

racial minorities in certain areas. Suburbs have dodged these inner-city problems by foot-dragging on affordable housing—even though it's cheaper to build it in the suburbs.

Defenders of the suburbs are fighting back. They argue that putting more low-rent housing in urban areas is necessary because it gives low-income people access to mass transit and services.

The debate—and the blame—is intensifying as low-cost housing becomes harder to find. The construction of new, "affordable" units slid to a record low in 2013, the latest year that figures are available.

LOW-COST HOUSING, 6A >

**MICAHA Fair Housing Complaints**

God works in mysterious ways. Over the last year, MICAHA filed Fair Housing Complaints prior to the actions of the Supreme Court and HUD. (Read more at [MICAHA.org](http://MICAHA.org))

We believe both of these actions carry out our goals:

Together, we are a welcoming community that loves and treats others the way we want to be loved and treated.

Everyone without exception has the opportunity to live in decent, safe, accessible and affordable homes (rental/homeownership) throughout our metropolitan area.

All communities have excellent schools, services, opportunities, and economic growth so everyone may become all God has created them to be.

This June 7 article in the Pioneer Press provided comprehensive coverage of issues around low-cost housing. Complete article at [MICAHA.org](http://MICAHA.org).



## Housing Opportunities Made Equitable (HOME Bill)



House HOME bill author Rep. Karen Clark drops bills.



HOME bill supporters join Sen. David Tomassoni. From left: David McGee, Vincent Britton, Sue Watlov Phillips, Tomassoni, LaMorris Britton, Rubi Lee.



Senate HOME bill author Sen. Fong Hawj with Carol La Fleur, NW Organizer; Amanda Kappes, Policy Coordinator, SW Organizer.

God continues to guide and bless the HOME Law Activities. The Minnesota Housing Finance Agency has invested \$21.3 million over the last two years to increase homeownership for minorities

and has proposed additional resources in their 2016 Affordable Housing Plan. HOMECA, HOME Law supporters and MICAH worked with Sen. Fong Hawj (D-District 67) and Rep. Karen Clark

(D-District 62A) to introduce legislation to increase resources in the 2015 Session. We are prayerfully hopeful to have it passed in 2016.

## St. Paul and Minneapolis

MICAH continues our work in St. Paul and Minneapolis promoting a welcoming and inclusive community for everyone.



MICAH's Spring Celebration was hosted by First Lutheran Church, St. Paul.

MICAH and One Family One Community were awarded a grant through One Minneapolis. MICAH staff Sue Watlov Phillips, Executive Director (back row) La Shella Sims, Lead Organizer and Queen, Executive Director One Family One Community with other One Minneapolis recipients.



MICAH supports Bethesda's annual Fellowship Without Walls community event in Elliot Park.

## Northeast Chapter—Ramsey & Washington Counties



We continue to grow. We look forward to the completion of the Piccadilly Square Senior Housing Development in Mahtomedi. We are actively involved in the RUSH and Gateway Corridors. We are excited about our upcoming Bus Tour and Legislative Breakfast (photo, left).



MICAH's Northeast Chapter Members meeting on April 14, 2015.



## Housing For All—North Hennepin & Anoka Counties

We are excited about the affordable housing developments in our NW suburbs. Our fall bus tour will highlight the new affordable housing development in St. Michael as we work with the City of Dayton and other communities to create additional workforce housing.



Housing For All meeting, Saint Joseph the Worker Church, Maple Grove, April 14, 2015. Members actively assist with planned renovations on the Hickory Ridge affordable housing complex.



The It's Time to Talk About Race Community Forum, Hennepin Technical College, Brooklyn Park, April 15, 2015.

## South Chapter

Working to strengthen MICAH's presence in the South Metro, leaders from local congregations are being invited to gather for focused community conversations. Recently All Saints Catholic Church hosted a Lakeville/Farmington gathering to provide an opportunity for these congregations to discuss local affordable housing issues and to learn about MICAH. Additional conversations are planned with the next gathering for Inver Grove Heights faith community leaders to take place at River Heights Vineyard Church.

Another outreach to the community will occur at the city-wide Eagan Streets Alive celebration where a MICAH South team will be staffing an informational table.

Our support continues for the Heading Home Dakota Plan to Prevent and End Homelessness and we'll take part in the 3<sup>rd</sup> Year community event and the launch of the newly formed Landlord Partnership. MICAH South is part of the emergency and long term shelter planning addressing the needs of Dakota County single men experiencing homelessness.

Legislators, Mayors and County Commissioners from the South Metro are invited to join housing experts for an upcoming informational bus tour co-sponsored by MICAH.



MICAH strongly supported the City of Carver, in their expansion of affordable housing, as they voted unanimously to support Carver Crossings on March 2, 2015.



In preparation for the 2015 session MICAH leaders hosted South Metro legislators for a breakfast conversation on housing needs and solutions at St. John Neumann Church in Eagan.

**MICAH is supported by: Congregations and Organizations, Individuals, Headwaters and Bush Foundation, Hugh J. Andersen Foundation, Integrated Community Solutions, Repolgle, and Ignatian Volunteer Corps.**



# Together, With God's Blessings, We are Bringing Minnesota HOME!

## MICAH Board of Directors 2015-2016

### PRESIDENT

**B. Aaron Parker, AIA**  
Metropoligo

### VICE PRESIDENT

**Reverend Dr. Arthur Agnew**  
Bethesda Missionary Baptist

### SECRETARY

**Nate Shotley**  
Brotherhood Brew

### TREASURER

**Yende Anderson**

New Americans Alliance for Development

### EXECUTIVE DIRECTOR

**Sue Watlov Phillips**  
Integrated Community Solutions, Inc.

**Daisy Barton**  
CROSS

**George Gorbatenko**

St. John in the Wilderness Episcopal Church  
**Abdullah Kiatamba**

African Immigrant Services (AIS)

**Jean MacFarland**

Mary Mother of the Church

**Donna Neste**

University Lutheran Church of Hope

**Alissa Pier, AIA**

ADL Pier Design Inc

**Farhio Khalif**

Voice of East African Women

**Gary Kwong**

New Brighton UCC

**Jean Lee**

Children's Hope International, R&R Family Centers



From left: Rep. Bob Gunther; Amanda Kappes; Rosalind Sampson, Accessibility Coordinator; La Shella Sims, Lead Organizer



Ticea Fletcher along with Rep. Karen Clark, reviewing H.F. 1398 (Dustin Luke Shields Act). The legislation would require lead testing and abatement for homes prior to sale and every five years for rental properties.



MICAH South Chapter Members at the Second Chance Coalition Day on the Hill, Jan. 29, 2015.



Supporters join Sen. Chris Eaton to testify on S.F. 432 which would double the current amount of MFIP grants.



Farhio Khalif (left) and Rep. Karen Clark testified on H.F. 612 to fund Voice of East African Women's domestic violence shelter.

## MICAH

463 Maria Avenue

Saint Paul, MN 55106

Email: [Info@micah.org](mailto:Info@micah.org)

[www.micah.org](http://www.micah.org)

<https://www.facebook.com/MICAH.twin.cities>

Summer 2015



Rep. Laurie Halverson with MICAH Executive Director Sue Watlov Phillips, April 29.

Please continue to pray and support us!

**MICAH**  
METROPOLITAN INTERFAITH COUNCIL  
ON AFFORDABLE HOUSING

What does God require of you, but to do justice, love mercy and walk humbly with God. MICAH 6:8



# Attachments



# Housing For All Bus Tour

Thursday, September 17th 5:30pm –7:30pm



## JOIN US

For an opportunity to tour workforce housing in our community and dialogue about why it's important.

## GATHERING 5:30 PM

Light dinner provided.  
Dayton Elementary, 12000 South  
Diamond Lake Rd, Dayton, MN 55327.

## BUS LEAVES AT 6:00 PM

## DETAILS

## BUS RETURNS AT 7:30 PM

The **Housing For All** Bus Tour will take participants on a tour of the Cornerstone Village workforce housing apartment community in St. Michael.

## CONTACT INFORMATION

To RSVP, email Caprice at [ca@mymobileagents.com](mailto:ca@mymobileagents.com) or call 763-200-1399.

**HOUSING FOR ALL** advocates for stable housing for people of moderate and low incomes in the northwest suburbs of Hennepin County.



Metropolitan Interfaith Council  
on Affordable Housing





# PIONEER PRESS

TwinCities.com

A MediaNews Group NEWSPAPER

## SUNDAY

WASHINGTON COUNTY

JUNE 7, 2015

# LOW-COST HOUSING LOSES GROUND



PIONEER PRESS: SCOTT TAKUSHI

The monthly rent for Lois Bystrom's apartment in Arden Hills is rising from \$756 to \$1,025, and she says she will be forced to move due to the cost.

## Critics say its scarcity, especially in suburbs, is a troubling sign

By Bob Shaw  
bshaw@pioneerpress.com

Lois Bystrom gets depressed just talking about it.

When the rent on her Arden Hills apartment soon jumps by a third, the 76-year-old widow will have to leave her home of the past eight years.

Bystrom, whose checkout-clerk pension already is stretched thin, says she won't be able to afford living there anymore.

"This is just incredible. I don't have any extra money," she murmured as she slumped into a chair. "I never thought at this stage of my life that this would happen."

Her next move won't be an easy

one. Low-cost housing in the metro area is drying up, to what by some measures is an all-time low.

According to a growing chorus of critics, the problem is that the suburbs — including Arden Hills — are not building housing that Bystrom and renters like her can afford.

"This is a matter of fairness," said Sue Watlov Phillips, executive director of Metropolitan Interfaith Council on Affordable Housing (MICAHA), a nonprofit advocacy group that recently filed complaints with the U.S. Department of Housing and Urban Development.

She said government policies have piled more low-rent housing into low-income neighborhoods, concentrating poverty, crime and

racial minorities in certain areas.

Suburbs have dodged these inner-city problems by foot-dragging on affordable housing — even though it's cheaper to build it in the suburbs.

Defenders of the suburbs are fighting back. They argue that putting more low-rent housing in urban areas is necessary because it gives low-income people access to mass transit and services.

The debate — and the blame — is intensifying as low-cost housing becomes harder to find. The construction of new, "affordable" units slid to a record low in 2013, the latest year that figures are available.

LOW-COST HOUSING, 6A >



## Fear, confusion as Court's call



## Low-cost housing

John Duffy, who has developed hundreds of metro-area affordable homes, said there's a new wave of people who can't afford where they live. "The housing shortage," he said, "is like a tsunami."

### WHAT IS 'AFFORDABLE HOUSING'?

Affordable housing is defined as costing up to 30 percent of a household's income, according to the Metropolitan Council, the Twin Cities' regional planning agency.

That means a family of four earning \$50,000 annually should pay less than \$1,250 a month, and a single person with an income of \$35,000 should pay no more than \$880 a month.

Affordability is like a teeter-totter, balancing income and cost. If the rent goes down, affordability goes up. If the rent goes up, affordability goes down.

Or — here's where it gets controversial — rents can go down when government helps pay for the homes.

It is those government-subsidized units that are drying up. About 81 percent of the area's cities — all of them suburbs — added no tax-subsidized affordable units in 2012, according to the Met Council. In 2013, the number of new affordable units dropped to 721, the lowest number ever recorded by the Met Council.

Since then, the construction has increased slightly. But it's still a "drop in the bucket" of the 53,000 new affordable units that the Met Council set as a goal by 2020, said Chip Halbach, director of the Minnesota Housing Partnership.

"We are slipping," he said. "Since the Great Recession, we have really been damaged."

### 'DE FACTO SEGREGATION'

MICAH director Phillips sees housing as a civil right. She said everyone should be able to live where they want to, with access to good schools and jobs. She said affordable housing allows nurses, teachers and police officers to live where they work.

In a complaint filed in November, MICAH charged the Met Council and the Minnesota Housing Finance Agency (MHFA) with concentrating affordable housing in urban areas.

"That means de facto segregation. That is not good for the community, and it's not good for the region," said Curt Boganey, city manager of Brooklyn Center, which joined the complaint along

### Where should affordable housing be built?

The Met Council has set targets for each city, with the number of new affordable units needed to be built between 2011 and 2020. This list includes east-metro cities over 5,000 population, in order of the size of their targets.

Minneapolis	4,224	Arden Hills	288
St. Paul	2,625	Stillwater	233
Lakeville	2,260	Roseville	201
Woodbury	2,057	Oakdale	184
Blaine	1,855	Vadnais Heights	136
Apple Valley	1,307	White Bear Township	113
Eagan	1,034	North St. Paul	108
Rosemount	1,000	West St. Paul	104
Cottage Grove	985	South St. Paul	104
Inver Grove Heights	872	Hastings	99
Lino Lakes	560	Shoreview	94
Forest Lake	551	Little Canada	72
Farmington	492	Mounds View	65
Lake Elmo	465	White Bear Lake	65
St. Paul Park	438	Mendota Heights	43
Maplewood	388	Mahtomedi	27

PIONEER PRESS

### Affordability winners and losers

The Met Council compiles "Housing Performance Scores" to rank on a 100-point scale how each city is progressing in hitting its affordable housing targets. This list shows east metro cities over 5,000 population.

St. Paul	98	Rosemount	61
Minneapolis	97	West St. Paul	61
Eagan	82	Stillwater	58
Roseville	81	Cottage Grove	57
Apple Valley	80	Farmington	56
Blaine	79	Maplewood	55
Shoreview	79	St. Paul Park	54
South St. Paul	78	Mounds View	46
Woodbury	78	Arden Hills	45
Oakdale	74	Mahtomedi	44
Inver Grove Heights	73	Vadnais Heights	40
White Bear Lake	72	Lino Lakes	38
North St. Paul	71	White Bear Township	33
Hastings	70	Mendota Heights	27
Forest Lake	69	Little Canada	26
Lakeville	61	Lake Elmo	16

PIONEER PRESS

with Brooklyn Park and Richfield.

In addition, 15 state legislators wrote HUD in April to support the complaint, which claims the suburbs are home to 75 percent of the metro's population but only 41 percent of its affordable housing.

In a second complaint filed March 30, MICAH said Minneapolis and St. Paul are deliberately concentrating affordable housing in poor areas. This maintains racial segregation, the complaint says, because 85 percent of the units are in segregated areas or areas "in danger of re-segregating."

Three Minneapolis neighborhood associations joined with MICAH in the complaint.

The allegations are supported by the work of Myron Orfield, a University of Minnesota law professor who researches housing issues.

He said most affordable housing has been built near mass-transit stations, which are mostly in the core cities. One example is the \$28 million, 108-unit project under construction at the Green Line's Hamline Station in St. Paul.

The urban affordability

boom is forcing minorities to live where they do now — which is one reason segregation is becoming worse, Orfield said.

A report by Orfield called "Why are the Twin Cities so Segregated?" says that since 2000, the number of "severely segregated" schools increased from 11 to 83.

The percentage of low-income black residents living in high-poverty census tracts grew from 13 percent to 19 percent — it's currently about 4 percent in the comparable cities of Seattle and Portland.

Orfield doesn't directly blame the suburbs but the policies of the Met Council and state agencies for funneling housing subsidies away from suburbs.

"The white suburbs never reach their goals for affordable housing," said Orfield. "How are you going to meet your goals without subsidies?"

Other experts say suburbs sometimes do fight affordable housing. Many of them make affordable housing effectively illegal, said Tom Musil, professor of real estate at the University of St. Thomas.

He said the most common

excuse is exclusionary zoning — which permits only homes that only the more affluent — and mostly white — buyers can afford.

Musil said it takes only one regulation — requiring large lots for new homes — to ensure that housing will never be affordable. If a suburban lot is worth \$500,000, for example, the homes on that land will never be affordable for most people.

"A lot of communities are anti-growth," he said.

### AGE OF BUILDINGS

Don't blame us, say suburban and state officials.

While segregation is a problem, public policies have not made it worse, according to the Met Council, the MFHA and city officials.

Instead, they say, suburbs don't have their share of affordable housing because of the age of their buildings, stronger political resistance and less access to mass transit.

About one-third of the affordable housing in urban areas is affordable because the buildings are deteriorating, according to Alan Arthur, CEO of the nonprofit housing developer Aeon. When buildings age, the rent normally drops, which creates affordable housing.

Suburbs don't have as much affordable housing because the average age of their buildings is much lower than in Minneapolis and St. Paul, Arthur said. Eventually, suburban housing will age, rents will drop and affordability will equalize, he said.

Meanwhile, the political resistance to construction of affordable housing is stronger in the suburbs.

Professor Musil said that when an affordable project is proposed in the suburbs, neighbors often object, fearing damage to their property values. It happened in February in Vadnais Heights, for example, when the city council rejected a 64-unit affordable project amid a surge of neighborhood opposition.

"If you build it in white neighborhoods, you are going to go to a lot of community meetings," said Musil.

### MASS-TRANSIT ACCESS

Suburbs don't have affordable housing because of a lack of access to mass transit.

Even though building in the suburbs is cheaper, it's better for low-income people to have housing on bus and train lines, said Jonathan Sage-Martinson, director of the Department of Planning and Economic Development for St. Paul.

St. Paul is clustering its new affordable buildings along train and bus routes. "Look at the math," he said. "There is a strong correlation between transit and where we have invested."

Professor Orfield, however,

### Where can you afford to live?

Below are the top five east metro cities over 5,000 population with the highest and lowest percentage of affordable housing. That is defined as costing \$1,597 or less a month for a four-person household with an income of \$63,900.

TOP 5	percent
St. Paul Park	98
New Brighton	96
South St. Paul	96
North St. Paul	95
West St. Paul	92
BOTTOM 5	
Woodbury	46
Arden Hills	46
Mahtomedi	45
Lake Elmo	35
Mendota Heights	28

PIONEER PRESS

said the need for mass transit is exaggerated.

According to his research, about 80 percent of the people in subsidized housing in St. Paul have cars. That means they could live in the suburbs if they could find housing they could afford.

Likewise, the state says it's not at fault.

"We think the facts speak for themselves. We are disappointed about the filing of the complaint," said MHFA Commissioner Mary Tingerthal. She said one-third of its housing money is given to cities and counties — which then decide how to spend it.

"They do their own allocation," said Tingerthal.

That agency and the Met Council have championed affordable housing for decades, officials say.

The MHFA has not allocated money to poor areas — or the cities which brought the complaint. "Last year, we gave no allocation (for affordable housing) to Brooklyn Park or Brooklyn Center. We gave one to Richfield, and it was turned back."

### MET COUNCIL GOALS

Some suburbs welcome affordable housing.

For decades, Woodbury has zoned for affordability. Planners expect that half of the units in the 2,000-acre Phase 2 project will be apartments and townhouses — not all of them technically "affordable," but much cheaper than single-family homes. In addition, the city has worked with Habitat for Humanity to build 73 affordable homes.

"Affordable housing is our responsibility," said Dwight Picha, Woodbury's community-development director.

But Woodbury is an exception.

The Met Council issues Housing Performance Scores to rate progress toward meeting affordable housing goals. The worst performers? Sunfish Lake, May Township, West Lakeland Township,

Grant, Denmark Township, and Stillwater Township — which all scored in the single digits in a 100-point scale.

The Met Council is trying to close the gap. In April, it announced a program to encourage suburban landlords to accept renters who get federal rent subsidies. In a report issued in December, it set a goal of placing 89 percent of new affordable housing in suburbs by 2030.

The goals would concentrate affordable housing in fast-growing suburbs, including Woodbury, Eagan and Lakeville, which would add more affordable housing than Minneapolis and St. Paul combined.

But housing advocates say the Met Council is toothless when it comes to enforcing its housing goals.

Eric Hauge said the agency has good intentions but lousy results. Hauge, the tenant organizer with advocacy group HomeLine, said the Met Council should enforce state rules that require cities to take their share of affordable housing.

"That is why we have the Met Council," he said.

But in a legal response to the complaints, the Met Council said it doesn't have the power to enforce affordable-housing goals.

That's in contrast to the power it wields when it comes to sewer systems and highways. In those areas, the Met Council owns the multibillion-dollar projects and can levy fines in the millions to make cities cooperate.

But housing is different. It is not owned by the Met Council, which has no control over the rents set by thousands of private landlords.

All it can do is award grants to cities that create affordable housing. The Livable Communities grants, however, have a small impact — creating or preserving an average of 933 units a year since 1995, compared with the goal of adding 53,000 new units by 2020.

And cities — such as Andover — are free to opt out. They can forgo the grants, which frees them from any obligation to build affordable housing.

As officials argue, Lois Bystrom is waiting.

In her waning days in her Arden Hills apartment, she recalled the impact of a \$50 rent increase in September "Everyone said, 'Oooo, \$50!'" Bystrom said.

But she was stunned to learn in December about the increase taking effect this summer — \$269.

In her apartment, she watched as flame-like patterns faded in her fake fire place.

"There are six women living here who are more than 90 years old," she said. "We are all in a state of shock."

Bob Shaw can be reached at 651-228-5433. Follow him at twitter.com/BshawPP.



# Low-income housing costs can be surprisingly steep

By Bob Shaw

bshaw@pioneerpress.com

New low-income housing can cost as much — or more — as any other kind.

Ironically, government-subsidized “affordable housing” is often built at twice the cost of market-rate homes.

“They are so expensive because of the dysfunctional nature of how they are produced,” said Alan Arthur, CEO of nonprofit housing developer Aeon in the Twin Cities.

The homes are called “affordable” because low-income people can afford the subsidized rents. But they are more expensive to build, with the government paying the cost.

Critics say giving low-income people such expensive homes is like feeding the hungry with caviar. It’s wasteful, they say, at a time when affordable housing is becoming a crisis.

“The shortage is devastating. It is definitely getting worse,” said Eric Hauge, tenant organizer with Homeline, a nonprofit Minnesota advocacy group.

Low-income apartments in St. Paul’s Green Line Hamline Station are being built for \$400,000 each. That puts them among the top 12 percent of comparable units for sale in St. Paul, according to the website Zillow.com.

For every one of those units

built, two median-priced homes in St. Paul could be purchased.

Other affordable units also cost more than market-rate housing. For \$296,000 apiece, affordable units were built in the Project for Pride in Living in St. Paul. In Minneapolis, the Franklin-Portland Gateway project in 2012 produced 97 affordable units for \$260,000 to \$341,000 each.

## Why does low-income housing have such high price tags?

Developers and housing advocates say it’s because of high financing costs, expensive urban locations, housing regulations and a failure to embrace lower-cost types of housing.

## Affordable housing costs more because of the cumbersome way it is financed.

In newly built affordable projects — defined as costing 30 percent of a household’s income — government subsidies normally pay 50 percent to 90 percent. The money can come from dozens of federal, state and local programs.

While a private developer can make a single call to a bank to finance a project, a typical affordable project requires funding from about 15 sources, according to Aeon’s Arthur.

“That means 15 lawyers, 15

sets of rules for compliance,” he said.

The Gateway project in Minneapolis, for example, received money from more than two dozen funding sources, Arthur said. In the various stages of that project, government programs paid for up to 92 percent of the cost.

But government subsidies are the only way to build affordable housing, said Jonathan Sage-Martinson, director of St. Paul’s Department of Planning and Development.

He said private developers won’t build affordable housing where cities want it. Sage-Martinson is trying to blend households of various incomes, but to do that, he must deal with the awkward financing process of bundling investors.

“The only way we are able to pull together funding is to have a variety of investors,” he said.

## Affordable housing costs more because it tends to be built in cities, not suburbs.

It costs about \$38,000 less to build comparable units in the suburbs compared with St. Paul, said Myron Orfield, a University of Minnesota law professor who has written extensively about affordable housing.

Even though building is less expensive in the suburbs, it’s concentrated in the core cit-

ies. Minneapolis and St. Paul — with 25 percent of the metro-area population — have 51 percent of the affordable housing.

But St. Paul’s Sage-Martinson said the extra cost is worth it. Building in cities allows low-income people access to public transportation, which allows people without cars to get to work, schools and shopping areas.

## Affordable housing costs more because of regulations.

In Minnesota, you can be busted for speeding, drug use or stealing — or for building affordable housing, because of regulations. Experts say new homes can no longer be legally built to be affordable, defined as costing \$1,250 a month for a family of four earning \$50,000 a year.

The regulations are needed to ensure minimum levels of quality, said Libby Starling, the Metropolitan Council’s manager of regional policy and research. “We need to meet the community standards of decency,” she said.

But others say state and city regulations make low-cost building impossible.

“We are at a point where we can’t create affordable housing and have it be safe and healthy,” said Sage-Martinson. “We are at a point where we can’t make it cheaper and

meet our basic codes.”

Home builders must comply with hundreds of rules regarding high-efficiency appliances, fire sprinklers, window size and placement, and even the type of glue to be used. And no exceptions are made for affordable housing.

“These are all based on great ideas,” said John Duffy, a Twin Cities developer of affordable housing. “But they all add up.”

Regulations pose a quandary for housing advocates, too. Is it better to boost quality? Or help more low-income people?

“We support safety and healthy standards. At the same time, if people do not get housing, they are going to live in the streets,” said Sue Watlov Phillips, director of the Metropolitan Interfaith Council on Affordable Housing.

## Affordable housing also costs more because officials turn down lower-cost options.

Mobile-home parks, for example, are full of affordable housing. Units are for sale in the metro area for \$30,000 to \$60,000.

“You could make the argument that if we just bought 1,000 mobile homes, that would be better than what (low-income residents) have now,” said developer Duffy.

Hundreds of foreclosed

homes are sitting vacant in the metro area, too. Housing advocates have asked if these could be renovated for low-income residents, but regulations make the rehabbing expensive and difficult.

Less expensive housing could be built, said professor Orfield, but the “poverty housing industry” is fighting against it. He said big developers have made millions with expensive apartments near transit lines, and they don’t want suburbs to build cheaper, lower-profit housing.

“They would not like that. They are spending \$300 million a year on bricks and mortar,” said Orfield.

Other countries have creative housing solutions. Some have retro-fitted railroad cars and shipping containers with bathrooms, windows and kitchens, creating housing that low-income people can afford without subsidies.

“If we put our minds to it, I think we could do something like that,” said developer Arthur.

But for the most part, officials argue that such options would be degrading.

“We do not want to warehouse people,” said Tom Musil, professor of real estate at the University of St. Thomas.

Bob Shaw can be reached at 651-228-5433. Follow him at [twitter.com/BshawPP](https://twitter.com/BshawPP).



***Heading Home Dakota  
3<sup>rd</sup> Annual Report Card Event and  
Landlord Partnership Launch***

**Wednesday, September 23<sup>nd</sup>  
Program from 9:00 am – 10:30 am  
Grace Lutheran Church  
7800 West County Road 42, Apple Valley**

All are welcome!

- *Celebrate progress on the Heading Home Dakota Plan*
- *Learn about:*
  - *Homelessness in today's rental market*
  - *Results of the landlord engagement study*
  - *Promising new initiatives*
- *Help end homelessness by joining this community-based effort!*

8:30 – 9:00 am	Registration, resource tables and network
9:00 – 10:30 am	Program and presentations
10:30 -11:30 am	Tour The Link youth resource center, visit resource tables, and talk to housing program experts

Questions? Contact Rebecca Bowers, Heading Home Dakota Coordinator, (651) 554-6029 or

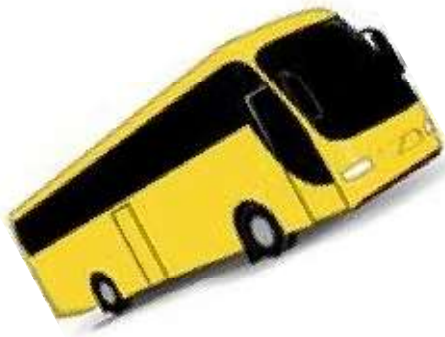
Jean MacFarland, Chair, Heading Home Dakota Community Engagement/Education committee (952) 894-2033



# South Metro Elected Officials Housing Bus Tour

**Tuesday, October 27<sup>th</sup> 8:00 - 10:30AM**

**Elected officials are invited** to join key South Metro housing experts on an informational tour (at no cost to you) that features shelter and housing stops to learn firsthand about local homelessness and housing concerns, prevention strategies and potential solutions.



**Check-in: 8AM**

**Easter Lutheran Church on the Hill  
4200 Pilot Knob Road, Eagan**

**Bus departs: 8:15AM Promptly**

**Bus returns: 10:30AM**

For information & RSVP contact Jean MacFarland at  
[jeanmacfarland@comcast.net](mailto:jeanmacfarland@comcast.net) or 952-894-2033 **by October 20**

**Sponsored by** faith-based, non-partisan organizations working to ensure that everyone has decent, safe, accessible and affordable housing.



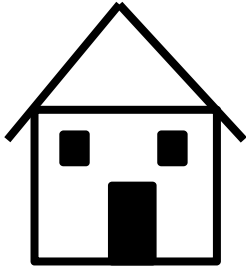
**Metropolitan Interfaith Council on Affordable Housing**

**Coalition for Affordable Transitional Community Housing**

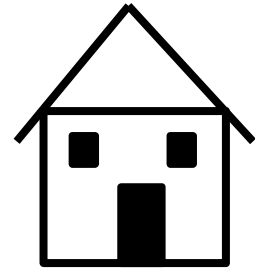
**Plus other community partners.**



**Wilder Research Survey needs over  
1,000 volunteers**



**Thursday, Oct. 22, 2015**



***Will you join us in surveying  
homeless families, single adults and youth in  
Dakota County?***

Every three years this confidential survey of thousands of households statewide collects valuable information to better understand the causes, circumstances and effects of homelessness. It is the most comprehensive information and data on homelessness in Minnesota.

Survey results will be used to secure funding and promote efforts toward services and permanent, affordable housing for all!

This valuable data can help move our  
**Heading Home Dakota Plan**  
forward in ending homelessness.

Training provided Tuesday, Oct. 13, 1 - 3pm  
Or as arranged.

For information and signup  
contact Jean MacFarland at 952-894-2033  
or [jeanmacfarland@comcast.net](mailto:jeanmacfarland@comcast.net)