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The crunch in affordable housing

Good news, bad news in subsidized housing: Rental waiting lists open in the Twin Cities area, but the demand still greatly exceeds the supply.

By [Curt Brown](#), Star Tribune

LaToya Bell hopes to launch a career in radio technology and improve her family's housing situation.

But right now, she and her two young sons are spending nights in church basements and days at a family shelter in St. Paul.

She became hopeful when she heard that the long-dormant waiting lists for federally subsidized rental housing -- formerly known as Section 8 -- were opening up this year in St. Paul, Minneapolis and the suburbs.

"I knew that was my chance and thought it would be a quick process," she said. "I don't want a handout, I just need a hand."

But nearly 11,000 people e-mailed, faxed or called to get an application from the St. Paul Public Housing Agency two weeks ago when it opened its Housing Choice Voucher Program waiting list for the first time since 2002.

That could mean a wait of several years for hundreds of families such as Bell's that are seeking affordable housing.

Experts say the crunch stems from rising rents and shrinking paychecks.

It's a national problem, as demonstrated by high demands for vouchers recently in San Jose, Calif.; Columbus, Ohio, and Austin, Texas, among other cities.

"It's simple economics and a disparity between wages and rents. I don't think there are a lot of entry-level jobs that pay enough for people to be able to pay their rent," said Tom Streitz, the deputy director of the Minneapolis Public Housing Authority.

The Minneapolis Housing Authority plans to refresh its voucher waiting list for the first time in four years later this summer.

And when the Met Council opens its own waiting list Tuesday for the first time in five years, a flood similar to that in St. Paul is expected for subsidized rents in 100 suburban communities. A random draw will determine the rankings of the 5,000 people who make the Met Council list.

"I'm trying to get on every list I can because I sincerely want to improve my kids' situation," Bell said. "But 11,000 people applying? I think I'm a lucky person, but come on. It's kind of discouraging."

'Simple economics'

The crunch for subsidized housing is nothing new. But the flurry of people rushing to get on the waiting lists is telling. "It brings some light to the demand that's been there for a long time and it's a symbol of the pent-up demand for affordable housing across the area," said Lyle Schumann, director of resident services for the St. Paul Public Housing Agency.

State Housing Finance Commissioner Tim Marx said the 11,000 renters asking for voucher applications in St. Paul shocked him.

"We know the federal government is significantly underfunding housing vouchers," Marx said. "As a result, people are paying much more for housing than they should -- especially those at low and moderate income levels."

People who qualify for housing vouchers pay one-third of their income toward

rent, and the federal government picks up the other two-thirds. Many seniors and disabled people qualify for the vouchers.

To qualify, a family of four can't earn more than \$39,250; a single person, no more than \$29,500.

But the number of vouchers has declined by nearly 150,000 nationally because of federal budget cuts since 2004, said Eric Hauge, a tenant advocate for the HOME Line, a Minnesota housing organization.

Other factors have worsened the housing shortage, including the conversion of rental apartments into condominiums and the rise in foreclosures.

From 2000 to 2005, U.S. Census figures show, Minnesota apartments renting for \$700 or less dropped by 22 percent, a loss of 60,000 units. The median income of renters, adjusted for inflation, dropped 15 percent from \$31,588 to \$26,755 during the same time span.

Opening up the waiting lists doesn't mean more vouchers, just updated lists. In St. Paul, renters returning applications by the end of the month today will be randomly ranked. Their wait could range from six months to six years.

Streitz said it's a coincidence that three of the state's biggest voucher providers are all updating their waiting lists practically at the same time.

"You get a big pool and people churn through their lists and you need to refresh them," he said. "We're not surprised that the demand for affordable housing in the Twin Cities continues to be very dramatic."

Minnesota numbers

It's not just a Twin Cities problem. St. Louis County, which includes Duluth, leads the state in households spending more than one-third of their income on housing, according to Chip Halbach, director of the Minnesota Housing Partnership in St. Paul.

In Minnesota, the housing crunch might be even worse than other states, experts say. In 2000, one in 15 Minnesota households was paying half its income on housing; that number jumped to one in eight by 2005, the largest leap in the nation, according to an analysis of census figures by the Minnesota Housing Partnership.

Another census analysis by the McClatchy News Service earlier this year showed Minnesota outpacing the rest of the country in the growth of the number of severely poor, counted in 2000 and again in 2005.

Minnesota's number of severely poor, 194,000 in 2005, made up less than 4 percent of the state's population. That's tied for second lowest, worse than only New Hampshire.

But from 2000 to 2005, there was a 62 percent jump in the state's severely poor, defined as those at half the poverty line. That works out to \$9,900 for a family of four or about \$5,000 individually.

Projections from the Legislature and the Met Council, meanwhile, suggest that the state needs to build and preserve 10 times more affordable housing to meet anticipated needs by 2020.

"As bad as the situation is now," Halbach said, "it doesn't look like this situation is going to turn around."

That's why LaToya Bell is putting her name on the waiting lists. And also why she's not getting her hopes up.

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