

Commentary: Add public housing to the disinvestment crisis

By Dane Smith

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ST. PAUL - There's much ado these days about our crumbling public infrastructure, focused understandably on bridges, highways and even the falling slabs on the façade of the Minnesota Department of Transportation Building in St. Paul.

But neglect of public structures also is hitting home, literally.

We must add to our growing disinvestment list some \$2 billion worth of public housing in Minnesota, which have problems ranging from spreading mold in the Broadway Haus Apartments in New Ulm to cracking water pipes in the units owned by the North Mankato HRA.

Seriously declining federal aid over the last seven years, both for major repairs and routine maintenance, has led to loss of units, financial crises for local housing agencies and even threats to health and safety of residents. Some 200 units have been closed since 2002 and another 330 are at risk. This is no small problem.

Imagine a city the size of Mankato (population 35,000), and you'll have an idea of how many Minnesotans statewide live in public housing units, owned mostly by local government agencies and administered by community leaders, not federal or state authorities.

More pertinent information: The average income for households living in these 21,000 units is about \$12,000, only about one-fifth the average household. To head off stereotypes about what kind of people live in public housing, two-thirds of the households are headed by the elderly or disabled. About a third of the residents are children. About a fourth of the units are in Greater Minnesota.

The facts in this case are drawn from the findings of a recent study by the Minnesota Housing Partnership, entitled "Investment at Risk: Public Housing in Minnesota." The study can be found at www.mhponline.org.

In the context of a larger housing affordability crisis, outlined in a recent three-part St. Paul Pioneer Press series, the need to reinvest gets extra reinforcement from these statistics. Almost 60 percent of the national public housing units are 30 years old or older. And it costs a whole lot less to repair existing units, insured at an average of about \$90,000 per unit, than to build new ones at estimated prices of between \$130,000 and \$200,000.

Could be worse

On the sunny side, Minnesota, as usual, is better off (make that less worse off) than other states. And the two Tims who are directly responsible for housing policy in Minnesota's state government, Housing Finance Agency Commissioner Tim Marx and Gov. Tim Pawlenty, get relatively high marks for trying to solve problems and relieve the crisis.

Pawlenty's interest in housing issues goes back to his days in the Legislature and his goal of ending homelessness in Minnesota stands in strong relief against a general small-government mindset.

"Their record on housing is pretty good," said Chip Halbach, executive director of the Minnesota Housing Project. He added that Pawlenty has demonstrated a "high level of confidence in the competence of (Marx) and the state agency," which has long had a blue-chip reputation.

For the first time ever, the Legislature and Pawlenty in 2007 approved about \$5 million in general revenue and other state funding to address major repair needs. And the state's bonding bill contained some \$30 million for capital debt services on nonprofit housing bonds, as part of the state's plan to end long-term homelessness.

Jon Gutzmann, director of the highly regarded St. Paul Public Housing Agency, said you "have to give them (state officials) credit for providing state funding to replace federal funding. . . But it also signals how dire the situation is."

Worthwhile obligation

Leaving aside the murky question of which among the poor are deserving or undeserving, let's just go out on a limb and declare that taking care of vulnerable children and the vulnerable elderly and disabled is a worthwhile obligation. Providing decent shelter for everyone separates us from less prosperous and civilized places and is eventually good on the livability and prosperity front for all of us.

We can afford to take care of things like this and we can't afford not to. Minnesota's state-and-local government revenues as a share of personal income has dropped from a decade ago, and we are spending a couple billion per year less on public goods and services.

Meanwhile, those successful folks at the top of the income ladder have a greater share of wealth and income than they've had since the Great Depression, and their effective state-local tax rate is smaller than for all other income classes. A return to the more sustainable income tax rates of the 1990s, and reasonably higher rates on top incomes, would go a long way toward providing the revenue that would help us address our widening public disinvestment crisis.

Dane Smith is the president of Growth & Justice, a non-partisan advocate for fair taxation and smart public investment. Read more at www.growthandjustice.org