

# Report details housing crisis in Minnesota

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In December 2013, the Minnesota Housing Partnership (MHP) and the Minnesota Chapter of National Association of Housing and Redevelopment Officials (NAHRO) released a report detailing the depth of the housing crisis caused by sequestration and other federal budget cuts. The report, titled “Out in the Cold: Sequestration and Federal Housing Programs in Minnesota,” shows how those cuts are increasing homelessness and causing great financial pain for wide layers of the population. In all, the cuts are resulting in poorer housing for sections of the working class in Minnesota, many of whom are children, elderly, or disabled.

The main federal housing programs, the Housing Choice Voucher Program (HCV or Section 8 Vouchers) and Public Housing, assist over 50,000 Minnesotans whose average income is under \$14,500 per year. Sixty percent of the households that receive assistance include someone who is elderly or disabled, and more than a third include children.

Since 2010, HCV and Public Housing have been cut on a national level by 8 percent and 25 percent respectively as adjusted for inflation, though these figures do not include comparable state funding cuts. HCV housing authorities have responded by using up program reserves, not issuing new vouchers, making waiting lists longer or closing them, cutting staff, and making current beneficiaries pay more. Public Housing, which is owned and operated by local housing authorities, has responded similarly but has also begun to defer capital spending on already run-down housing.

These cuts have resulted in increased homelessness and higher rates of poverty, as residents simply are not able to pay, or have chosen to live in the cheapest apartments available. Shortly after MHP and NAHRO completed the survey for its report, The Twin Cities Metropolitan Council asked 650 families to either move to a smaller unit or pay higher rent. The Council was

responding to a \$1.1 million budget deficit for its Metro Housing and Redevelopment Authority’s Housing Choice Voucher program. The decision affects approximately 1,300 children, and the Twin Cities’ low vacancy rate makes it uncertain whether those families who cannot afford higher rent will find alternative housing.

The increased homelessness inevitably caused by situations like the one just described will further an ongoing trend in the state. Homelessness has increased 32 percent in Minnesota since 2006, with an estimated 14,000 people homeless on any given night in 2012. The state is expected to lose between 2,500 and 3,200 vouchers by the end of 2014, aggravating the problem.

People getting assistance through the Public Housing program will see the conditions of their housing deteriorate further. Public housing in Minnesota needed an estimated \$300 to \$450 million in upgrades even before the budget cuts of recent years. In 2013, public housing agencies received only 82 percent of the costs of operating their units, leading them to forgo maintenance and improvements.

The staffing cutbacks have left program officials uncertain whether they will be able to continue functioning. The report quotes a housing administrator from Virginia, Minnesota, in the state’s economically devastated Iron Range, who stated, “If Section 8 funding for administration continues at these historically low levels, I am not sure that the HRA will be able to continue to operate the program.” The report notes that the average recipient in Virginia has an income of \$10,300 per year.

A Becker County housing authority staff member told the report’s authors: “With cuts coming from both federal and state agencies, we are forced to lay off staff. There will be a point when there is not an adequate staff left to provide the program administration. Then what?”

The MHP/NAHRO report ends by naively asking readers to appeal to their government representatives, but any appeals to the leaders of the two parties will fall on deaf ears. The cuts and their consequences are part of the ruling class's assault, carried out by its servants in the Democratic and Republican parties, on all social programs. Health care, education, food stamps and every other social program are under attack based on the lie that no money exists for them. This lie is endlessly repeated even as the Federal Reserve has spent \$85 billion a month for the benefit of the banks in response to the 2008 financial crash, an amount that was only recently reduced to \$75 billion and then \$65 billion per month.

The sharp turn in class relations, of which the cuts to housing programs are a part, has unsurprisingly been accompanied by a sharp growth in social inequality. In Minnesota since 2000, real income for renters has dropped 14 percent while rents have risen 8 percent, a trend that is similar throughout the US. In contrast, the country's richest 1 percent has realized 95 percent of the economy's growth since the 2008 crash, resulting in a situation where the 20 wealthiest individuals in the United States have assets equal to those of the bottom 150 million.



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