Poor families struggle to find housing in a tight market

“We just don’t have the supply being built fast enough for the lower-income folks. … There’s not enough units.” -- Markus Klimenko, Hennepin County homeless and housing initiatives manager

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Anita Hill, center, was one of 36,000 to apply for a Section 8 voucher. “I’m just kind of in limbo,” she said.  (Photo: Richard Tsong-Taatarii)

Taneisha Terrell is always watching for “leasing” or “rent” signs on apartments. She constantly scans websites and booklets. For five months, she and her 1-year-old daughter have lived in an Eagan homeless shelter and hunted for a home.

Terrell has a lot of competition. Empty nesters, millennials and people hurt by the housing crash are also hunting for an apartment. Even as developers race to build thousands of new rentals, the Twin Cities vacancy rate remained at under 3 percent at the end of last year, according to the Minnesota Housing Partnership.

It’s a good sign for landlords, who can afford to be picky. But people with low incomes, past evictions, big families and criminal histories are being turned away — even if they have a coveted housing voucher that entitles the landlord to guaranteed payment from the federal government.

“We just don’t have the supply being built fast enough for the lower-income folks,” said Markus Klimenko, Hennepin County’s homeless and housing initiatives manager. “They get edged out. There’s not enough units.”

Counties and housing agencies are looking into incentive programs and spending more time convincing landlords to rent to people who are homeless.

But advocates said those are just stopgap measures, and the region needs more affordable housing.

Last week nearly 36,000 people applied for Section 8 vouchers when the Metropolitan Council opened its waiting list for the federally funded rental assistance program for the first time in eight years.
Meanwhile, families in the metro area who waited years for vouchers are returning them, unused, because they cannot find a place to rent. Renters have up to 120 days to secure a place before the voucher expires.

In the past six months, 38 percent of the families who received vouchers in Dakota County could not find an apartment before the expiration date, according to the Dakota County Community Development Agency.

Terrell is one of several people at Dakota Woodlands shelter with an unused voucher.

That did not happen in the past, shelter director Beth Bromen said. Four years ago, when Bromen took the job, she said the 22-bedroom family shelter was usually half full. Now, there are usually a dozen families on a waitlist to get in. The average stay is four to six months.

In St. Paul and Minneapolis, Dorothy Day and Higher Ground shelters have opened overflow rooms. Dorothy Day is planning an expansion.

Those shelters for adults end up accepting people from the suburbs where there are few options for the homeless, said Tracy Berglund, director of housing stability at Catholic Charities, which runs the facilities.

Meanwhile, openings at shelters that can accommodate families are hard to come by. Anita Hill said she and her 3-year-old daughter, Cora, spent nights riding the Green Line back and forth between Minneapolis and St. Paul, before finally securing a spot at Dakota Woodlands.

Hill is one of the 36,000 people who applied for a Section 8 voucher last month.

"I'm just kind of in limbo, waiting to see if I qualify," she said.

Even if she does, many apartments in Dakota County don’t participate in the program or cost more than the voucher.

The average rent in that county increased by $60.98 over the past two years. The average rent for a two-bedroom apartment is now $1,009.62, according to the Community Development Agency. The vacancy rate is just 1.86 percent, according to the agency.

A rate of 5 percent is considered well-balanced in the housing industry.

Solutions to a housing gap

With the high demand for housing, landlords can charge more and pick perfect tenants.

"If you have any blemishes on your record that really, really creates a big problem," said Minnesota Housing Partnership Director Chip Halbach.

Landlords are looking further into a tenant’s past, said Julie Grothe, director of Delancey Services, a program at nonprofit Guild Incorporated that helps people with a history of homelessness. She knows someone who was rejected because of a felony conviction from 25 years ago.

Holiday Acres in West St. Paul has a few open units, site manager Michelle Krause said, but that’s because they cost more than the Section 8 vouchers. Unlike other property managers, Krause said, she is willing to work with people who have vouchers.

"In West St. Paul especially, that is what is here. So that’s what we do," Krause said, but they still have to be the right person. "There has to be a good vibe."

People who are “on the fringe” lose out in a tough rental market, said Greg Mailand, president of Mailand Management, which has 37 buildings around the Twin Cities.
“If you’ve got more than one person applying for an apartment, you’re going to take the one that makes the most sense for you, the one that fits your criteria the best,” Mailand said.

Counties and agencies are channeling more time and money into building relationships with landlords.

Dakota County is looking into creating a position focused on that outreach and forming a fund that would compensate landlords for damage or missed rent.

Case managers in Hennepin County are spending more time helping each family find an apartment, Klimenko said.

Catholic Charities’ housing staff “exploded” from one person in 2006 to 20 people, Berglund said. They started by “cold calling units and making friends” to build a network of landlords willing to work with the homeless, she said.

Those efforts are good but there needs to be more public investment in affordable housing, Halbach said, noting a gap between what people can afford and what’s available.

“Something’s got to fill that gap. You can’t wish it away,” Halbach said.

A few weeks ago, Terrell was waiting to hear from a property manager about an apartment.

It was a rare find: nice enough and affordable. Then the call came, and the people she had pinned her hopes on said her old landlord advised them not to rent to her.

"It was extremely frustrating," Terrell said. "The anticipation and waiting, and thinking that nothing could really stop you. And all of a sudden it stopped you. It was a bit discouraging, especially when you’re looking for things in your price range and it’s few and far in between."

The Metropolitan Council estimated the region needs to add 5,667 affordable units per year to meet the need by 2020. Fewer than 3,000 units have been built over the past three years.

While federal housing funds have waned, the state Legislature stepped up last year and invested $100 million in affordable housing, which is expected to help build or rehabilitate 5,000 units.

“You can’t create those overnight,” Klimenko said. Meanwhile, he said, “You just hope [the rental market] doesn’t get tighter. And it could.”