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**Advancing Affordable Housing and Shoring up our Civic House
Minneapolis Downtown Council
July 26, 2018**

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Introduction

For those of you that don't know, Steve¹ and I go back a bit—35 years to graduate school—and both of us have had various perches in housing and community development since then. The dean of the Humphrey School at that time reminded us that “where you stand most often depends on where you sit.” So here is where I have sat: a lawyer in private practice representing cities and developers in a variety of projects and financings, a city official (that one across the river) in the 1990s when the Metropolitan Council's theme was “Trouble at the Core,” the state housing finance commissioner in the early 2000s, and a nonprofit housing developer and social service provider focused on those experiencing homelessness in two regions—New York City and now Greater MSP with Catholic Charities, which provides homes and shelter to over 1,800 people each night. These multiple perches have taught me the importance of understanding where others are sitting, and why, before taking a hard and fast stand. Let me offer some perspective on our current housing challenges from my perches as a set up for Mike Ryan², a sophisticated private developer and civic leader who will get into more specifics about what can be done right now.

We are in an affordable Housing Crisis

“Crisis” is a loaded word that should be used sparingly. But I cannot recall a time when we have had such a strong consensus among leaders in the government, business, media, nonprofit and faith sectors, on a bipartisan basis, that housing stability for everyone is a basic building block for a strong community and that we are in a housing crisis that is affecting the vitality of Minneapolis and the entire region. The facts don't lie: According to City of Minneapolis and Metropolitan Council, since 2000 rents in the City have increased by 11%, renter median income is down 14%, and 15,000 units affordable for those earning less than 50% of area median income (about \$38,000) have been lost. Fourth quarter 2017 Minneapolis vacancy rates were at about 2%, well below the “healthy” standard of 5 percent.³ On a regular basis we read of the human toll such as a mom and a dad working low wage jobs at a fast food restaurant who can't pay rent increases and are forced out. We have learned that zip code and race in this region largely define destiny; that economic and social mobility in our most challenged neighborhoods is stalled.

¹ Steve Cramer is President and CEO of the Minneapolis Downtown Council and has previously served on the Minneapolis City Council, led the City's and Hennepin County's economic development and housing agencies, and was executive director of Project for Pride and Living and housing and community development nonprofit agency.

² Mike is Market Leader North Region for Ryan Companies and President RYAN A+E, Inc.

³ GVA Marquette Advisors on CPED Trends Website: vacancy rates range from 0% for three bedroom to 2.6% for two bedrooms.

Catholic Charities serves those most in need. We are a leader at solving poverty, creating opportunity, and advocating for justice in the community.

Our crisis, however, is about a 4.0 on a “Richter Scale” in comparison to cities like Seattle and San Francisco which are at 6.0 and higher, where housing prices are squeezing out a shrinking middle class, threatening economic growth, and leaving thousands on the streets or in make-shift camps causing a public health crisis as well. We need to put our thumbs on the Richter scale now and move our score down before current trends move it up.

Five Recommendations for Tackling this Crisis

Let me offer five non-exclusive and interconnected recommendations for tackling this crisis.

1. Seek first to understand. “Affordable housing” can both be made too simple (e.g. “it is just an income problem”) or overly complex and provoke paralysis (the “alphabet soup” of financing tools.) Good solutions will emerge when a critical mass of stakeholders and decision makers understand the complexities—and there are many— as we all work in our “lanes” to advance specific strategies. The complexities include the relationship of housing stability to health and mental health care (our Board colleague Jon Pryor at Hennepin Health Care recently wrote about this in *Minnesota Physician*), education, transportation/transit, land use and density, redlining and its current impact on racial inequities, poverty and its concentration, criminal justice, real estate markets and financing, construction innovation, evolving demographic trends and consumer preferences.

This offers an opportunity to build an ecosystem of trust that allows for investment and progress across the housing continuum and a way to resolve constructively competing policy and resource allocation priorities. I should, for example, understand Mike Ryan’s need to attract national capital, just as he needs to understand that state housing bonding, rental assistance and social services are critical to solving homelessness.

2. Let’s Not Go Backward. To move forward, we can’t go backward. We must maintain our current affordable housing and shelter capacity. Full disclosure: Catholic Charities is working to preserve one of our developments in downtown Minneapolis and we are getting great support. And we know there are others at risk. In addition, our Minneapolis Public Housing Authority provides homes to over 26,000 low income people. MPHA’s new CEO, Greg Russ, is a Board colleague of ours. The national government has grossly underfunded our public housing stock for a generation. It is critical that all of us work with Greg and the MPHA to preserve and enhance this necessary resource for the community. Finally, this state and Minneapolis and Hennepin County in particular, have made tremendous progress in reducing homelessness with the strong support of the Downtown Council and the 2025 Plan’s goal to end street homelessness. But we are seeing the impact of this housing market, as current increases in the unsheltered population could be a leading indicator that we are sliding backward. Our shelters are full, often over capacity, including at our new Higher Ground Saint Paul which opened 18 months ago. In addition, as many as 300 people are spending the night on the Light Rail trains. This is affecting the quality of this important transit resource, and Metro Transit rightly wants to focus on its core business. We need to maintain the progress on solving homelessness and support our regional transit system, which means we are going to need to be creative short-term as we continue to focus on the long-term.

3. Circle of Concern v. Circle of Influence. The housing crisis in Minneapolis and the region can only be solved by public sector actions at the national, state, regional and local level working in strong partnership with the private, philanthropic and nonprofit sectors. Moving with speed, scale and intensity to make major progress in the short-term is not likely without the robust and full partnership of the national, state and regional governments. We should not give up on making housing and urban development a national priority. But for now we should not delude ourselves that Washington will come to the rescue. We can be hopeful that the Governor’s Housing Task Force—whose report is due out anytime--will inform candidates and assist in making housing a priority for the next Administration and legislature. We can also be thankful that bonding for affordable housing was a major success last session when not much else got done. But St. Paul will not solve all of our problems either. So let’s bring it down to Minneapolis, our local community. What can we do here with the national, state and regional tools and resources we do have and with the private sector? This is what the Downtown Council has been working on.

4. There Are Some Rules that Can’t Be Changed. There is a book out now *Astrophysics for People in a Hurry*. It reminds us that you can’t change the law of gravity. If you work with it well, you can make things fly; if you don’t, you fall flat. The analogy to housing and many things in our world is “you can’t repeal the law of supply and demand.” You can work with it, set the incentives right and development can happen and markets can achieve public purposes; if you ignore it or think it doesn’t matter, investment and critical partnerships are at risk. So “we”, the City and all of us, have to work to understand “the market”, what influence our City can have and work with it, all while being wary of the “law of unintended consequences.” This does not mean we should be tepid or timid in our approach; in fact, extraordinary creativity is necessary, and we certainly can’t be tardy—it’s time to act.

5. Build a Better Civic House to Support Affordable Housing. Lincoln has a famous housing quote, though it had nothing to do with housing: “A house divided against itself cannot stand.” During 35 years of doing this work, there have been times that I have been as concerned about affordable housing and our urban areas as I am now, but I have never been more concerned about the “house” to which Lincoln refers. So as we do our work locally, let’s work to shore up our “civic house” as well.