

# The war over AFFORDABLE HOUSING

CONTINUED FROM 1A

## > Affordable housing

30 percent of their incomes on housing has never been higher — about 35 percent.

Much of the blame goes to the suburbs. Suburban cities have three-quarters of the area's population but only half of its affordable housing. The Metropolitan Council is calling for 86 percent of the area's new affordable housing through 2020 to be built in the suburbs — about one-third of all new construction.

As affordability pushes its way into the suburbs, it will be like a kettle in which issues of fairness, class, property values and crime will bubble and sometimes boil over.

Opponents say "affordable housing" has acquired the stink of the "welfare" label — a sign of a neighborhood in decline.

"I don't want Apple Valley to become the Phillips neighborhood of Dakota County," Apple Valley City Council Member Tom Goodman said in 2006 as he argued against an affordable-housing project. Phillips is a high-crime, racially diverse part of Minneapolis.

Proponents say having local employees living where they work reduces sprawl and congestion. The objections, they say, smack of snobbery.

Suburbs should open their doors to a greater diversity of incomes, races and ages, said John Slade, a congregational organizer with the Metropolitan Interfaith Council on Affordable Housing.

"Are we building God's kingdom on earth?" Slade said. "Does that kingdom accept all of God's children, or not?"

### NOT A RENTER'S MARKET

The scarcity of affordable housing has surprised experts. After all, home prices have been sinking for 18 months, to a median price of about \$205,000.

That makes it a buyer's market. But it's not a renter's market.

Thousands of homeowners evicted by foreclosures have been thrust into rental housing. Funding for affordable housing has been spiraling downward for years, and rents are getting pushed sky-high.

Housing is considered affordable if it consumes 30 percent or less of a household's income. Given the 2006 median incomes of the Twin Cities area, the Met Council says that an affordable home would cost about \$201,000, and affordable rent is \$883 monthly.

There are two kinds of affordable housing:

- Unsubsidized apartments or houses. These "market rate" units provide most of the affordable housing but are difficult to build in the suburbs because of political resistance, local regulations and the high cost of land.

- Subsidized housing. A federal program, for example, gives tax credit to developers of new units, who then offer a discount of about 30 percent to renters. This is the program most often used in the suburbs.

The Twin Cities metro area is lagging in goals set by the Met Council. In 1996, the council aimed for adding 86,000 affordable owned homes and 16,382 affordable rental units by 2010. So far, the metro area is on track to add only about 64 percent of the needed housing.

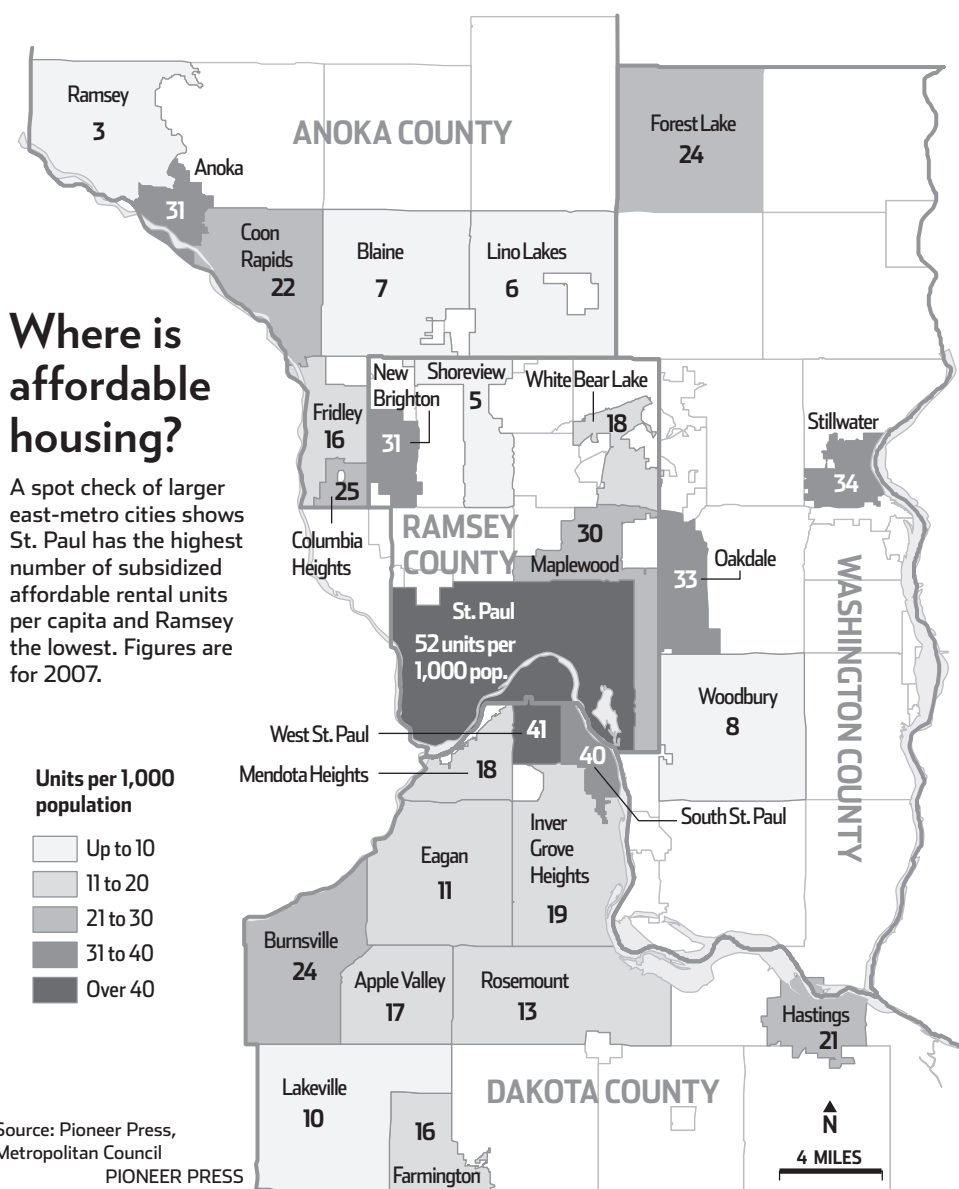
Overall, Minnesota's reputation as a place where housing is affordable is slipping — it had the nation's second-highest rate of affordable housing in 2000 but dipped to 14th in 2006.

That raises alarms for Tom Fulton, president of the non-profit Family Housing Fund, which seeks to produce and preserve affordable housing. He said families forced to spend too much on housing —



**Stephanie Williams and her 8-month-old son, Chetan, play in their town house at Sienna Ridge complex in Woodbury. She's grateful for the space, and doesn't understand neighborhood opposition to Sienna Ridge. "We work just as hard as anyone else. It's just that our wages aren't as high," said Williams, 28. She and her husband make about \$41,000 a year and qualify for subsidized housing.**

PIONEER PRESS: BRANDI JADE THOMAS



along with \$4-per-gallon gas and high food prices — teeter on the brink of poverty.

"It starts to throw families into perpetual financial crisis," he said. "Kids suffer."

Unless the suburbs provide more affordable housing, people will be shunted into economic ghettos, said Chip Halbach, director of the Minnesota Housing Partnership.

When communities separate the rich and not-so-rich, they also separate people by age, race and social class, he said.

Halbach said that when suburbs create building codes only for large, expensive homes, they zone out their own police officers and teachers. They zone out young people starting their families and careers. They zone out the disabled and senior citizens.

"Do we want a mixture of people?" Halbach said. "Or do we want, in essence, a gated community that is homogeneous?"

### 'BAD ACTORS'

Traditionally, affordability has not found a home in the suburbs.

Suburbs live on the image of wealth, offering a refuge from

perceived urban problems of crime, inferior schools and congestion. Subsidized housing — particularly to conservative, Republican-leaning suburbanites — tarnishes that image.

When officials consider adding affordable housing, they must confront constituents like Jojo Tores.

She lives only one block from her 7-year-old son's school in Forest Lake. Yet the boy takes the bus — one hour in the morning, one hour in the afternoon.

Why? Because he'd have to walk past the Forest Ridge affordable-housing complex. Tores calls it "not as scary as I thought," but she says she doesn't want to take chances with her son's safety.

Planning commission member McCaskey, who used to live near the Forest Ridge site, said people who qualify for rent subsidies don't belong in that neighborhood.

"Part of the problem is that they are bad actors to begin with," McCaskey said. "They are low-income because they have reasons for being low-income — such as the inability to be employed."

In Woodbury, Greg and Judy Bogut argue that subsidized

wrecks property values. Worse, they say, it isn't fair.

"Judy and I busted our hump for a lot of years. We put everything we had into this house," said Bogut, standing in the stylish \$575,000 home he built in 2006.

But last year, the first building in a 41-unit affordable housing complex called Sienna Ridge was built just across the cul-de-sac from his house.

Why, he asked, should someone get a subsidy to live in his neighborhood?

"Should we give subsidies for people to live in North Oaks?" Bogut said. "People all over the world want to live in North Oaks. Well, that's just too bad. I live here, and no one is offering me a helping hand."

Bogut hasn't met his neighbors and doesn't want to.

"It's the housing, not the people," he said.

Today, his house looks lonely — one of only two homes built in the 38-lot Wyncrest development. The lots aren't selling, and the project is nearly bankrupt — which the developer says is partly because of Sienna Ridge.

"Affordable housing next to \$500,000 homes is crippling,"

said Wyncrest co-owner Jeff Forshee.

"When someone pays half a million dollars for a home, they are buying the neighborhood, too. I wish the world was not that way, but it is."

He said Woodbury officials deliberately picked an affordable-housing site with few neighbors — to minimize political fallout.

"If our project were booming, they would not have pulled this stunt," Forshee said. "Then I would have 15 homeowners helping me in this fight."

### ONE MAYOR'S CASE

Generally, McMansions and malls create more tax revenue for suburbs than affordable housing can, said Tim Marx, commissioner of the Minnesota Housing Finance Agency.

"It's a perfectly rational decision" to reject affordable housing, said Marx, whose agency paid \$745 million in 2007 to subsidize renters and first-time homebuyers.

But when all suburbs reject affordable housing, suburban workers must commute daily from core areas, he said. Some suburbs are now accepting affordable housing to ease congestion, as well as to boost business growth.

"My reason is selfish," said Forest Lake Mayor Stev Stegner, explaining his support of Forest Ridge. He said businesses will be attracted to his city if it offers housing for workers to live nearby.

"Many (occupants) have entry-level jobs. They will get hired and move up the ranks. To say you don't want them here is short-sighted," Stegner said.

"I hope Forest Lake becomes a model," he said.

### IF ARRESTED, YOU'RE OUT

Another argument against affordable housing is that it generates crime. Opponents cite such urban nightmares as Cabrini Green in Chicago, but they could just as well point to Gentry Place Townhomes in Oakdale.

There, police receive an average of two calls per apartment per year — eight times more than the calls per unit in Cedric's Landing, a nearby complex where rents are not subsidized.

"It's not race and it's not income," said Oakdale police community affairs officer Michelle Stark. "It's the management."

Police chiefs agree. "Affordable housing does not, in itself, attract a criminal element," said Apple Valley Police Chief Scott Johnson, who monitors crime in several

### PART 1 OF 3

**Today:** The shortage of affordable housing.

**Monday:** Pushing affordability in the suburbs.

**Tuesday:** Regulations are affordability's worst enemy.

subsidized-housing complexes.

Several new developments are proving that tough-minded management keeps crime low.

At Sienna Ridge, renters are meticulously screened, especially for criminal records. They sign "no-crime leases," which mean they can be evicted if arrested.

Manager Jenel Sauber said one tenant of another complex with similar rules recently shoplifted \$200 in groceries from a Cub Foods store — and was immediately kicked out.

When management is competent, residents aren't all that different from their neighbors.

To prove the point, Dakota County produced a calendar featuring 12 months of affordable-housing complexes and their happy occupants.

"I want to get the visuals out there, so there is not so much to fear," said Mark Ulfers, director of the Dakota County Development Agency, which manages affordable housing for the county.

John Duffy, who built Forest Lake's Forest Ridge and Woodbury's Sienna Ridge, said his renters blend into the community.

About half his renters are single parents. Roughly 75 percent work in the community, and more than 99 percent have full-time jobs. His renters have an average household income of about \$35,000 per year — and a family with several children can have a household income of close to \$50,000.

"What (opponents) consider 'poor' is sometimes a joke. I mean, \$50,000 a year?" said the Minnesota Housing Partnership's Halbach.

"There is a paranoia, a sense of elitism, that is harmful to the community overall. The attitude of the suburbs is: It's a cruel world. I made it, and it's up to you to make it. If you can't, too bad."

### 9-FOOT CEILINGS

Duffy makes sure even his buildings blend in.

The new generation of affordable complexes is vain almost to a fault — indistinguishable from unsubsidized town houses.

Duffy's developments feature arched windows, 9-foot ceilings, exterior stonework, multicolored facades and two-car garages.

"They can't look like barracks or high-rise public-housing facilities," said Dakota County's Ulfers. But they can't look too lavish, either, he said, or they trigger public protests.

Over time, with good management, the protests die down, Duffy said. In a few years, the complexes become part of the neighborhood — and they don't hurt property values.

The renters don't see what all the fuss is about.

"We work just as hard as anyone else. It's just that our wages aren't as high," said 28-year-old Stephanie Williams, a Rasmussen College student who moved into Sienna Ridge last month.

Between her waitressing job and her husband's job at Best Buy, they make \$41,000 a year. As she unpacked boxes recently, she paused to pick up her 8-month-old boy. "Cha cha cha! You little show-off!" she said, as the baby fought off a barrage of kisses.

She looked around the town house.

"I just feel so blessed," she said, "to live here."

Bob Shaw can be reached at 651-228-5433.

### WHAT IS AFFORDABLE HOUSING?

Housing is deemed affordable if it costs 30 percent or less of a household income. In the Twin Cities, the Metropolitan Council considers a \$201,000 home and rent of about \$883 a month affordable.

- **Most affordable housing is market-rate housing:** mostly older homes and mobile homes that happen to be cheap. Suburbs can encourage developers to build market-rate housing, but usually the costs of land and

materials are too high. Another problem — new market-rate housing often inflates in value and becomes unaffordable.

- **Subsidized affordable housing** is more controversial. It includes:

- > **New housing subsidized by a federal tax credit** to a private developer, who then rents the units at about a 30 percent discount. This is how most affordable units are built in the suburbs. For example, Sienna

na Ridge in Woodbury charges occupants about \$750 a month for a unit that would normally rent for \$1,100.

- > **Public housing** usually refers to federally subsidized units administered by local agencies such as St. Paul's Public Housing Agency. In St. Paul, about two-thirds of public housing is occupied by the elderly or people with permanent disabilities, according to agency director Jon Gutzmann.

- > **Section 8 housing**, a federal program that pays up to two-thirds rent, is targeted for impoverished households and is rare in the suburbs. Section 8 vouchers can be used anywhere; some buildings cater to Section 8 recipients.

- **Habitat for Humanity** homes account for a small fraction of affordable homes, offering occupants reduced interest rates in exchange for help building the house.