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New Study Shows \$2 Billion Worth of Public Housing in Minnesota at Risk

Multiple Years of Disinvestment Pose Serious Threat to Public Housing in 210 Minnesota Communities

St. Paul, Minn. (May 23, 2008) – Today, the Minnesota Housing Partnership (MHP) released a new report showing that substantial funding cuts and increased costs have put the state's public housing in serious jeopardy. The study says that Minnesota's public housing properties, estimated to be worth nearly \$2 billion, require renewed attention and funding inputs, or they will continue to face loss of units, financial crisis, deterioration of properties, and potential threats to the health and safety of residents.

Public housing is a vital safety net for people who are at risk for homelessness. The study found that in Minnesota, 36,000 low-income people live in public housing, including 12,000 children. The average income of a household in public housing in Minnesota is \$12,200, with most households headed by seniors or people with disabilities.

Through a comprehensive survey and HUD (U.S. Department of Housing and Urban Development) data analysis of the state's 124 housing authorities that own and operate buildings in 210 communities across the state, MHP found that federal and state investments are not keeping up with the needs of Minnesota's public housing infrastructure. 95 percent of Minnesota's government-owned housing is over 20 years old, with a majority of the stock over 35 years old.

Despite the aging structures' needs, the state's public housing capital funding dropped 29 percent between 2002 and 2007. Many survey-respondents said that acute and ongoing funding shortages have caused them to defer major systems maintenance and other significant capital improvements, such as renovating heating and cooling systems, elevators, and roofs as well as asbestos and mold abatement. This lack of investment shortens a building's life span and can threaten occupant safety.

"A potentially serious mold issue affects every unit and could even compromise the viability of the structure," the New Ulm EDA says of their Broadway Haus Apartments in the report. "Mold can especially affect the health of elderly persons and those with respiratory conditions. This is troublesome for a property that provides housing for seniors and disabled persons. HUD capital funding [at its current level] cannot cover the scope, and mold removal is just one of many capital funding needs."

On top of the capital funding shortfall, Minnesota's public housing properties are also experiencing operating funding shortfalls. In 2007, public housing across the country received only 83.5 percent of what HUD says these agencies need in subsidies to operate their buildings. In 2008, they received only 84.5 percent. The study shows 196 public housing units in Minnesota have been sold out of financial necessity in the past five years in response to this continued funding gap and aging infrastructure. Survey respondents indicated that at least 300 units are currently at risk of sale.

Please go to www.mhponline.org to find the full report, pictures, graphs, and more.

The Minnesota Housing Partnership is a statewide nonprofit organization that advances the preservation and creation of housing affordable to low- and moderate-income people as a means of strengthening communities and families. MHP provides local governments and nonprofit housing organizations access to loans, grants, and technical expertise to plan and construct housing, in addition to advocating and educating people on sound housing policies. MHP's work in Greater Minnesota is primarily supported by The McKnight Foundation.

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