



## Public Housing: Investment at Risk

Public housing in Minnesota requires significant capital investment due to aging housing stock, deferred maintenance and federal funding cuts. At issue is the state's means to preserve a vital public investment worth approximately \$2 billion.

### "Shovel Ready" Projects

Minnesota's Public Housing Authorities have a range of capital improvement projects that can be implemented immediately. **Investment in public housing results in job creation, enables communities across the state to meet housing needs for very low-income people, and preserves the existing public housing infrastructure.** Examples of shovel ready projects include:

- Virginia: Rehabilitation of 16 row-type buildings with 2 to 8 units each. (Project cost: \$3,500,000)
- Duluth: Health and safety upgrades to elevators serving 107 households in a high rise structure (Project cost: \$600,000)
- Minneapolis: Comprehensive rehab of 254 unit building (Project cost: \$7,844,325)

### The Benefits of Investing in Public Housing

- Making capital improvements allows housing authorities to reduce operating costs over time. For example, installing energy efficient heating, and cooling systems can significantly reduce utility costs.
- Every \$1 million spent on housing rehabilitation is estimated to produce 14 jobs and nearly \$2 million in economic activity in the year of construction.<sup>1</sup>

### Serving Seniors, Children & Disabled People

In 210 communities across Minnesota, 124 local housing authorities operate over 21,000 units of public housing serving more than 20,000 low income households. Most are headed by **seniors** and **people with disabilities**. About 12,000 children also call public housing home. The average annual income of those living in public housing is \$12,200. The majority of these households utilize this public resource less than five years.

### FEDERAL AID: ONLY A DROP IN THE BUCKET

The federal stimulus bill passed in February, 2009 provides about \$56 million in one-time aid to Minnesota public housing authorities.

However, there is a combined backlog of \$317 million in unfunded repairs for only the three largest public housing agencies in the state (Minneapolis, St. Paul, and Duluth). This does not include the backlog of the other 121 public housing agencies.

State funds can be put to use rapidly to create jobs, shore up public housing infrastructure and leverage additional federal dollars .

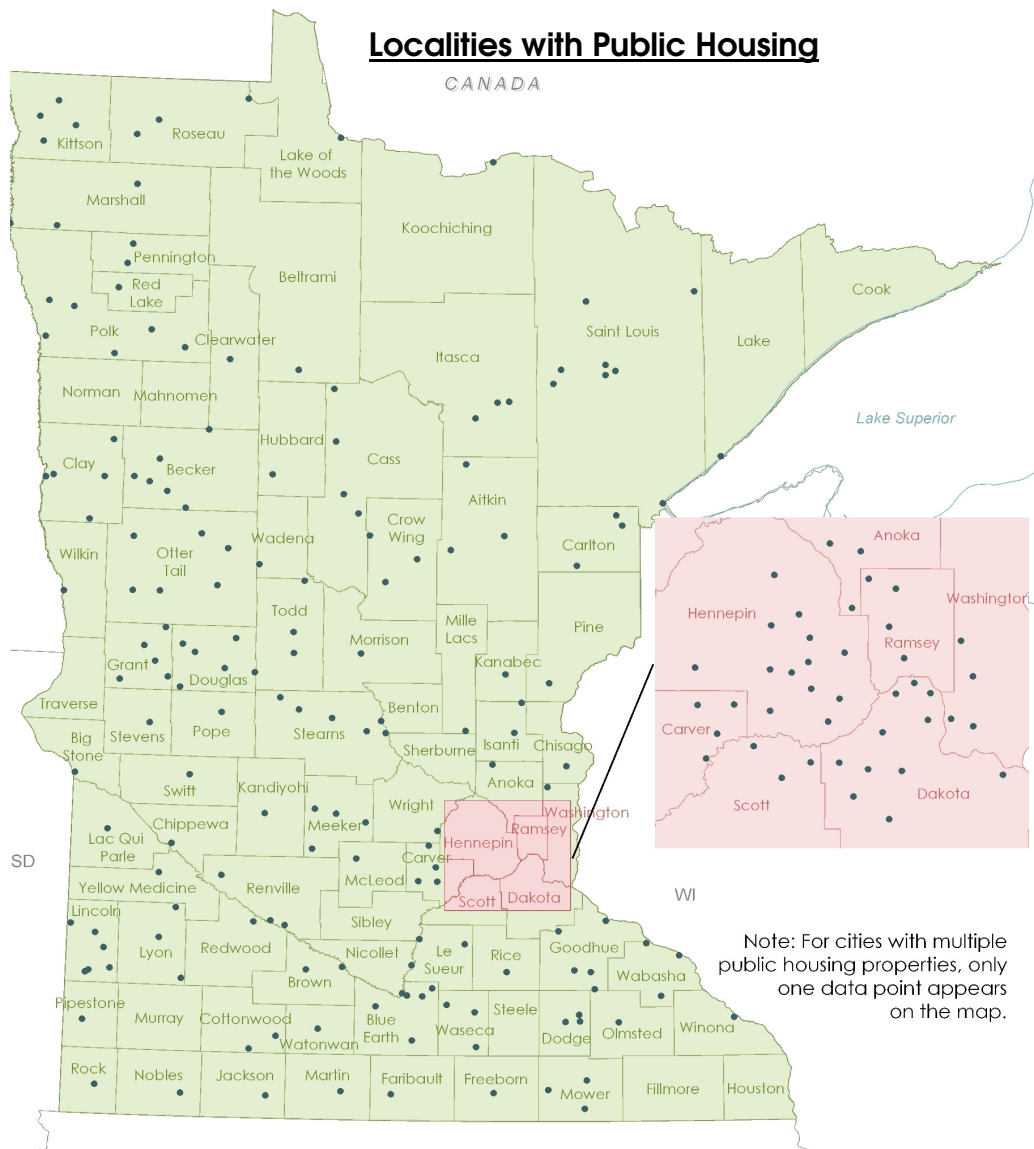
<sup>1</sup> MHP calculations based on data from "Housing as a Lever for Economic Recovery", Donjek Inc., Feb. 2009 and "The Economic Impact of Minnesota's Housing Investment", MHFA, Jan. 2009 available at [www.mhponline.org](http://www.mhponline.org).

## What's Happening in Public Housing

- The **public housing stock is aging**, with many properties requiring serious capital improvement. Only about 5% of public housing is less than 20 years old, with the majority of stock over 35 years old.
- **About 200 public housing units in Minnesota have already been sold** out of financial necessity, with hundreds more at risk.
- Meanwhile, public housing occupancy stands at 97% of units, which is considered **full occupancy** by industry standards. Tight rental markets ensure continued high demand for public housing.

## State Aid Falls Short

The sole state commitment of funds to public housing to date came in FY 2008 through a one-time expenditure by Minnesota Housing of \$5 million in preservation funds. 34 housing authorities applied for \$9.6 million in awards. **Only 24 housing authorities were awarded funding from this allocation, which provided assistance to only 8% of the state's public housing units.**



For more information about public housing in Minnesota, see "Public Housing: Investment at Risk", Minnesota Housing Partnership, 2008, at [www.mhponline.org](http://www.mhponline.org).