

LEGAL AID SOCIETY OF MINNEAPOLIS

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August 20, 2003

Gaynell Schandel, Manager
Grants and Special Projects
Room 302 City Hall
350 South 5th Street
Minneapolis MN 55415

Re: Draft 2002 CAPER

Dear Ms. Schandel:

Thank you for the opportunity to comment on the City's 2002 CAPER. The Legal Aid Society of Minneapolis provides free civil legal help to seniors, people with low incomes, and people with disabilities in Hennepin County. Most of our clients live in Minneapolis. On behalf of our clients, we offer the following response to the draft CAPER, first in summary and then in detail.

Summary of Recommendations

- **Format.** Include a plain-English summary with simple budget charts in CAPERs and Action Plans.
- **Process.** Create a citizen participation model, somewhat like MPHA's, which involves citizens, community groups, and advisory boards in drafting action plans, not just in commenting on them.
- **Lead Hazards.** Include a detailed summary of lead reduction and prevention efforts. Address non-compliance by property owners with lead disclosure laws and lead repair orders.
- **Fair Housing.** Direct Civil Rights staff to report their fair housing outcomes each year and include those in the CAPER. Improve number of complaints investigated and resolved and number of trainings provided. Direct Civil Rights staff to report to the Council (and include in the CAPER) on all of the action steps in the Fair Housing Action Guide and how the City is implementing them.
- **CDBG and HOME.** Continue to refocus federal dollars on affordable rental housing, where the need and the benefit are greatest. Find other consistent revenue streams to complement the federal dollars.
- **Shelter.** Staff and elected officials should work with shelter providers and the County to overcome regulatory barriers and neighborhood opposition and successfully site new, small-scale shelters. Report in CAPER on progress toward creating new shelters.

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Format

The CAPER is a very hard document to understand and use, even for lawyers. The Introduction states that "HUD would like to see that communities provide citizens with a comprehensive report on Consolidated Plan activities in a format that is understandable and demonstrates strategies undertaken." The CAPER does not meet that goal. Please direct staff to include in its Action Plans and CAPERS a unified, plain-English narrative that explains what the City's Consolidated Plan goals are and what steps are being taken to meet those goals, along with a two page budget summary that shows how federal funds are being spent.

Process

The City's Con Plan process includes public notices and public hearings, but it does not meaningfully engage citizens in drafting the plan or providing input for the decisions. Please direct staff to create a model in which staff consult with the public and with the City's advisory boards (including the Community Advisory Board on Homelessness, the Housing Trust Fund Advisory Committee, and the Fair Housing Implementation Committee) to help draft the Action Plans, not just to comment on the Action Plans once drafted. The Minneapolis Public Housing Authority has a public process for its HUD Agency Plan that does gather citizen input as part of drafting its plan. While not perfect, MPHA's process is a good starting point for an improved model. Any citizen participation model should include getting input directly from city residents, particularly tenants with low incomes.

Lead Hazards

Please direct staff to work with Children's Environmental Health to supply a more detailed narrative of lead hazard reduction efforts, so that citizens can understand and comment on the City's progress toward its goal of eliminating lead hazards by 2010. This will be particularly important for the 2003 CAPER, now that the City is directing CDBG funds to lead hazard reduction work. The City's lead hazard reduction efforts have been, by and large, a success story, but important problems remain: for example, widespread noncompliance by landlords with the lead disclosure laws, and a large number of noncompliant property owners (over 100) with intent to condemn notices for failing to make lead-related repairs.

Fair Housing

The City's fair housing performance continues to be surprisingly weak. The City allocates roughly \$350,000 per year in CDBG dollars to the Civil Rights Department for its Fair Housing Initiative, in addition to its general fund support for the Department. Yet the City does not require or receive meaningful, measurable fair housing outcomes for its dollars. Please direct Civil Rights staff to report on how many fair housing complaints they have investigated, how many they have resolved, how many fair housing trainings they have provided, and what other outcomes they have achieved, and include this data in each year's CAPER.

Also, the City has not taken significant actions to implement the action steps identified in the

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Metropolitan Twin Cities Fair Housing Action Guide of April 2002, beyond its participation in the Fair Housing Implementation Committee. Please direct Civil Rights staff to implement all the action steps contained in the 2002 Action Guide and report in each year's CAPER on progress toward all the steps.

CDBG and HOME Spending

The great success story in the City's housing performance for the last year has been its focusing of CDBG and HOME dollars where they are most needed and most productive: on rental housing affordable to people earning less than 30% of the metro median income (the 2003 MMI is \$75,300). The Mayor, the Community Development Committee, the Council, and the MCDA all deserve praise for the successful reprogramming of CDBG and HOME dollars and the creation of the Affordable Housing Trust Fund, which allows for greater citizen participation and accountability in the spending of those dollars.

The City needs to maintain and expand its focus on affordable rental housing. Home ownership is an important part of housing policy, particularly for communities of color. However, home ownership rates are at historic highs, and home ownership continues to be the form of housing most subsidized by the government, through the mortgage deduction. More and more of our clients are becoming homeowners. However, home ownership no longer leads very directly to the accumulation of equity and personal wealth. With over 1,000 subprime mortgage loans being made in Minneapolis each year, many or most of which include terms commonly considered predatory, home equity is, increasingly, ending up in the hands of finance companies, not people with low incomes.

In the meantime, an increased vacancy rate, particularly for high end rentals, has not led to reduced rents for people with low incomes, nor has it made a significant dent in the number of people living outside or in shelter. One problem is that the rental market has become increasingly stratified, with ever increasing numbers of people effectively frozen out or ghettoized due to reasons both illegal (skin color, national origin, family status, disability, etc.) and legal (low income, criminal record, bad credit, and rental record). In addition to more effective fair housing enforcement, we need to target our housing dollars on transitional and supportive housing owners who work successfully with tenants that the private market refuses to serve.

Finally, we need to find consistent revenue streams to supplement the federal dollars; without an HRA levy, and with severely shrunken TIF dollars available, the City needs to be creative in finding new ways to fund housing development. The Housing Trust Fund Coalition and the Legal Aid Society have prepared a wide menu of revenue options; the City needs to pursue some of those options.

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Emergency Shelter

The critical need in the area of shelter is for new, small-scale, service intensive shelters that can effectively move people from homelessness to permanent housing. Current conditions include large numbers of people living on the streets or staying in large, overcrowded, secure-waiting or overflow spaces where they do not receive adequate help finding housing. The greatest barriers to siting new shelters are neighborhood opposition and zoning code restrictions (such as the requirement that shelters be in religious institutions). The City has a policy of spending its ESG money on capital, rather than operating costs. In order to spend its money on capital most effectively, the City should work closely with shelter providers to overcome both regulatory barriers and neighborhood opposition and create new shelters that can replace the street living conditions and the overflow and secure waiting spaces that are not safe, not humane, and do not move people into permanent housing.

Thank you for the opportunity to comment.

Sincerely,



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cc: Mayor Rybak, City Council