



Lee Blons

More rental subsidies could empty homeless shelters

A Minnesota Affordable Housing Policy Interview

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Beacon Interfaith Housing Collaborative Executive Director Lee Blons offers potential solutions to homelessness and the shortage of affordable housing in Minnesota—more rental subsidies to households and higher Minnesota Family Investment Program (MFIP) payments to families. She discusses Beacon's role in providing emergency shelter through its 100 member congregations and in developing and owning affordable housing projects in the Twin Cities area.

Present

Steve Anderson, Lee Blons, John Cairns (vice chair), Janis Clay (executive director), Paul Gilje, Lee Munnich, Dana Schroeder (associate director), Clarence Shallbetter, T Williams. By phone: Randy Johnson, Paul Ostrow (chair).

Summary

Beacon Interfaith Housing Collaborative Executive Director Lee Blons lays out two potential solutions to homelessness in Minnesota: (1) More rental subsidy vouchers for people who qualify, which she says could empty homeless shelters; and (2) A sizeable increase in Minnesota Family Investment Program (MFIP) monthly payments, which she says could end the problem of family homelessness.

She discusses the need for emergency shelter and affordable housing in the region and the state, as well as Beacon's role in providing shelter and developing affordable housing. Its 100 member congregations provide more than 15,000 nights of shelter each year for families who are homeless. Beacon owns 500 affordable housing units, 60 percent of which include onsite services to help residents transition from homelessness and become stable.

She says there are 100,000 households in the seven-county Twin Cities area that are paying more than 50 percent of their income on rent. It would cost more than \$700 million a year to provide adequate rent subsidies for those households. But she says Beacon believes the community has the abundance to make sure all of its members have affordable homes.

Without rental assistance, Blons says, providing low-income housing is a challenge, even in rural areas. She argues that it is not just an urban issue and that rural communities also need rental assistance. She notes that a 0.125 percent (1/8 of one percent) state sales tax would raise \$100 million that could be used to provide rental assistance throughout the state.

She says current local, county, state and federal funding is about enough to build 10 affordable apartment buildings, or about 400 units, each year. Because government capital funding is so limited, Blons says, the key funding for building affordable housing now comes through the IRS, in the form of low-income housing tax credits. She says Beacon's goal is to get tax-credit funding. She notes that the tax credits have bipartisan support, even if they don't offer the most efficient way to build housing.

Biography

Lee Blons is executive director of Beacon Interfaith Housing Collaborative, a position she has held since 2003. She has led the organization from a single church to a collaborative of 100 congregations of many faiths committed to ending homelessness.

Blons works with Beacon's board of directors to set the strategic direction of the organization to effectively accomplish its mission of developing affordable housing. She is responsible for the organization's overall operation, including financial management, fund development, public relations and housing development and operations.

Beginning as a community organizer, Blons has more than three decades of experience in nonprofit management of housing organizations in Virginia, Ohio and Minnesota. She was executive director of CARITAS, the largest homeless shelter program in Richmond, Va.; director of operations for Faith Housing in Columbus, Ohio; executive director of the Community Stabilization Project in St. Paul, Minn.; and executive director of All Parks Alliance for Change in St. Paul, Minn.

She has a B.A. degree in political science from Carleton College, where Paul Wellstone was her advisor. She was a Sloan Fellow in Science, Technology & Public Policy. In June 2012, she received a Distinguished Achievement Award from the Carleton Alumni Association for her career creating high-quality housing for low-income people and engaging others in the movement to end homelessness.

Background

The Civic Caucus is undertaking a review of the issue of affordable housing in Minnesota. The Caucus interviewed Lee Blons of Beacon Interfaith Housing Collaborative to learn about causes of homelessness, the lack of adequate affordable housing for extremely low-income people, and what Beacon and other organizations are doing to meet the need for shelter and affordable housing. See all the previous interviews in the affordable housing series on the [Civic Caucus website](#) .

About [Beacon Interfaith Housing Collaborative](#) .

Beacon Interfaith Housing is a collaborative of 100 Twin Cities congregations committed to making sure all people have a home. The collaborative builds homes, shelters families and impacts policy. Beacon's vision is that all people have a home and its mission is that the collaborative of congregations will be united in action to create homes and advance equitable housing.

Creating homes. Beacon provides more than 500 homes, 60 percent of which include onsite services to help residents transition from homelessness and become stable.

Sheltering families. Through Beacon's Families Moving Forward program, Beacon congregations provide more than 15,000 nights of shelter each year for families who are homeless. Four out of five families leave Families Moving Forward for stable homes.

Impacting policy. Over the last five years, Beacon congregations and their partners in the Homes For All Coalition convinced lawmakers to include funds for homes in the state bonding bill.

Discussion

1. Homelessness and potential solutions.

There is not enough housing-nor, perhaps, emergency shelter beds-for homeless and low-income people. According to Beacon Executive Director Lee Blons, for single adults in Hennepin County-many of them men with mental illness or other disabilities-there is a waiting list of 800 people to get into permanent supportive housing. She said there is more

and more street homelessness now and people are wondering if we need more shelter beds.

One out of eight to 10 students in the Minneapolis public schools is either homeless on a given night or is highly mobile, moving four or five times during the school year.

Blons noted that the principal of St. Paul's Maxwell School has reported that half of his students have been homeless over the last three years. The school is in a pilot project similar to the one that the Minneapolis Public Housing Authority (MPHA) and the City of Minneapolis are starting to connect families to rental assistance and measure the impact on school success. She said the \$40 million the City of Minneapolis is putting into affordable housing is one-time money and is not sustainable.

If MFIP-theMinnesota Family Investment Program-payments were, say, \$1,000 per month, we wouldn't have a problem with family homelessness. "It's an economic problem," Blons said. "Very few people are evicted because of behavioral issues. We must shift the economics."

MFIP is the state's welfare-reform program for low-income families with children. MFIP helps families move to work and focuses on helping families. Blons said MFIP payments, which are \$532 per month for a mother with two children, have not increased since 1986. "Back then, if you lost your job, you could use MFIP as a safety net and the payment was enough to be able to pay rent," she said.

The amount of interest in housing and homelessness is really extraordinary in Minneapolis and is growing in Hennepin County. "Things are really shifting," Blons said.

But she said Minneapolis can't solve its own affordable housing problems with the resources it has. "They'll have to go out to the broader county or region," she said.

She noted that Hennepin County is the only county that offers a right to shelter for families with minor children. "If families show up at Hennepin County, they will be sheltered," she said.

What about making use of the excess space in the existing housing stock? An interviewer asked that question and suggested that perhaps there could be a way to marry people who need affordable housing with people of modest means who have excess room they could share. Then the subsidy could go to these people of modest means rather than to wealthy property owners and landlords. "You could have the public money going to people who need it," he said.

Blons said there are a few small programs that do that kind of matching, such as the **Host Homes program run by Avenue for Homeless Youth**, which matches homeless youth with families willing to host them. "But it can be hard to share space with strangers," she said.

2. Beacon Housing's role in providing affordable housing and shelter.

Beacon Interfaith Housing Collaborative is a collaborative of about 100 congregations in the Twin Cities that owns and operates 17 apartment buildings, the majority in Minneapolis. Blons said almost all of the 500 units Beacon owns are focused on households earning 30 percent or less of area median income, or about \$25,000 for a family of four and about \$18,000 for a single individual.

She said as a housing developer, Beacon has the technical development expertise to acquire real estate and go through the funding processes necessary to do that.

The congregations in the collaborative include churches, mosques and synagogues. Part of Beacon's role, Blons said, is to do education to equip people in the collaborative congregations to be active in the public arena on housing policy.

A lot of the housing Beacon provides has supportive services integrated right into the buildings. She said the housing and services are aimed at helping people come out of homelessness into stable homes. Beacon provides long-term, stable housing, so people can stay as long as they need, she said.

Beacon owns 125 homes for 18- and 19-year-olds who are experiencing homelessness. Services provided to the youth help equip them to move forward with their education and employment, Blons said.

Beacon also provides homes and services to a lot of single adults who might be experiencing untreated mental illness or untreated chemical dependency, she said. "We believe that different people benefit from different models, so we have a Housing First model," she said. "But we also provide sober housing at Lydia Apartments in Minneapolis."

Beacon's Great River Landing, which will be opening in Minneapolis this summer, will provide 72 units for people coming out of incarceration. "We do a lot of different kinds of housing, focusing on those most in need," she said.

At any one time, Beacon's Families Moving Forward (FMF) program shelters eight homeless families in Hennepin County and four families in Scott County. Blons said Beacon's member congregations take turns sheltering families and together provide 15,000 nights of shelter for families each year. She said FMF is the only emergency shelter program operating in Scott and Carver Counties. She said FMF transitions four out of every five homeless families in the program into stable housing.

She said Beacon invites people in hosting congregations who learn about homelessness firsthand to show up at the Legislature and to change public perceptions and ultimately, public will, about homelessness and low-income housing.

Beacon has been increasing its housing out from Minneapolis into the suburbs.

Blons mentioned the 66 West development near Southdale in Edina. She said the development is the first affordable rental housing in Edina since 1991. The units are for suburban young people coming out of homelessness.

The development of Beacon's Lydia Apartments, which involved Plymouth Congregational Church, faced strong opposition. Blons said neighbors picketed Plymouth Church every Sunday to try to stop it from developing a vacant nursing home into supportive housing for adults with chemical dependency and mental illness. She said the neighbors sued the city, the church and Beacon to try to prevent the development, but the defendants prevailed when the lawsuit reached the Minnesota Court of Appeals.

Lydia has now been open for 15 years, she said, and Beacon has proposed doubling the size of the apartment building from 40 units to 80 by expanding into an underutilized parking lot next door. She said neighbors have expressed their approval for the proposed expansion. "This demonstrates that well-managed, well-maintained housing can be an asset to a neighborhood," Blons said. "Beacon has the reputation of an organization that understands how to be a good landlord and a good neighbor."

3. Need for rental assistance vouchers.

About 100,000 households in Minnesota get housing subsidies of about \$600 million a year from the federal government through public housing or housing vouchers.

But, Blons said, only one out of four households that qualify for a rent subsidy actually gets one, both nationally and locally.

We could empty the shelter programs if there were rental assistance for everyone who qualifies. Blons said rental assistance is a way to more effectively impact a greater number of people. It would cost over \$700 million a year to meet the demand for rent subsidies in the metro area and the funding would have to continue year after year, she said.

Unlike with vouchers, there is no resource limitation for homeowners to get a mortgage interest deduction, because it's considered an entitlement. Blons said we spend more in federal tax expenditures in the U.S. (\$42.1 billion) to make housing more affordable to households earning more than \$200,000 per year than we spend (\$34.6 billion in federal expenditures) to make housing more affordable for all households earning \$30,000 or less per year.

That's 22 percent more spent on households earning more than \$200,000 per year-virtually none of which have severe cost burdens paying for housing-than on households earning less than \$30,000 per year-16.2 million of which encounter severe cost burdens paying for

housing. HUD defines households with severe cost burdens as those paying more than half their income for housing. (Data from 2014.)

Often public policy is created by people who own homes. Blons said we often don't treat tenants as though they are a positive part of the community. But, she said, tenants make up about half the population of any major city. "We believe so much in the American dream," she said. "We don't understand people renting for life."

The Governor's Task Force on Affordable Housing, appointed by former Governor Mark Dayton, discussed the need for more rental assistance. Blons said federal Section 8 vouchers can be "project-based"-attached to a particular building-or given to families who can pick their own apartments. The vouchers pay the difference between 30 percent of a household's income and the actual rent.

"We need to make the private rental market work," she said. "Without a subsidy, landlords can't meet the housing needs of really, really low-income people. So what you end up with are the bottom-feeders-the landlords who are willing to have substandard housing and cheat people out of their security deposits."

"The problem is so large we need to grow the supply of vouchers," Blons said.

She explained that the Section 8 vouchers come from the federal government through public housing authorities and, as in the case of Beacon's Lydia Apartments, some are attached to buildings. She said public housing authorities can attach 20 percent of their vouchers to buildings. The rest of the vouchers go to individuals who use them to rent apartments in the private market.

Blons said when someone applies to live in Lydia Apartments, they don't go through the Minneapolis Public Housing Authority's voucher waiting list. She pointed out that there is now a HUD mandate that there be a coordinated county entry system for housing for people who are homeless. In order to get into Lydia Apartments, she said, Hennepin County now prioritizes who's at the top of the waiting list to get referred to Lydia.

"So there's now one person in Hennepin County deciding where the homeless single adults go," she said. Under this system, she said, the street outreach team or shelter case managers lose relationships with people applying for their programs. As a result, sometimes the people referred by the county for housing don't show up, she said.

The Minnesota Housing Partnership estimates that for the Twin Cities, it would cost more than \$700 million per year to provide rent subsidies for the 100,000 households who are paying more than 50 percent of their income on rent. As a comparison to that

figure, Blons said the Twin Cities community spent over \$200 million last year celebrating Halloween. "Our organization believes we do have the abundance to make sure all of our neighbors have affordable homes," she said.

Without rental assistance, providing low-income housing has been a challenge, even in rural areas. Blons said the AMI in a city like Warroad-just like in Minneapolis-is really low. Rural cities like Warroad are questioning the effectiveness of the housing tax credits, because-even using the tax credits-the rents on new affordable housing units would be higher than the market in their cities. "They need rental assistance in Warroad," she said. "It's not just an urban issue."

She said if we decided to put state resources into rental assistance, a 1/8-of-one-percent statewide sales tax (0.125 percent) would raise \$100 million. This could go into the existing Section 8 infrastructure across the state, so we could put rental assistance throughout whole state, she said. "It would be politically harder at the Legislature if not much money was going to outstate areas," Blons said.

Rental assistance could be person-based, so every community could get a portion of the rental assistance, she said. So, for example, three households might get helped in Warroad if that were the proportion of households needing rental assistance there, compared to the rest of the state, she said. "This is public policy we want to think more about and then build a coalition for it," Blons said. "We think the political calculation is that the rural communities are in as desperate need of this as are the urban communities."

Given the current national environment, the chances of getting more federal money are very limited, Blons said. "Can we take this on at the county or state level?" she asked.

Minnesota provides a long-term housing support subsidy for people with disabilities. Blons said the support includes individual or project-based vouchers, along with some money for services. She said technically, the money is an income supplement, but it acts like a voucher. The funding comes through the Minnesota Department of Human Services (DHS), not the Minnesota Housing Finance Agency (MHFA).

Blons said this housing support program has been growing because the DHS budget is so large that nobody notices it. "If it went into the MHFA budget, people would think it was large," she said.

4. Capital funding for building affordable housing.

There's about enough money in the Twin Cities on an annual basis from local, county, state and federal funding to build only about 10 affordable apartment

buildings- about 400 units-each year. "It's very limited," Blons said. "It costs about \$250,000 to develop one unit of affordable housing. We only are funding the building of 400 units, but 100,000 households are paying more than 50 percent every month for housing."

The key funding for building affordable housing in this country now comes through the IRS, in the form of low-income housing tax credits. "It is no longer through HUD," Blons said. The growth of any HUD funding was stopped in the 1980s, she said, which correlated with the rise in homelessness in the 1980s. She said HUD funding was always more focused on extremely low-income housing through public housing and Section 8 vouchers.

But low-income housing tax credits have always been focused on workforce housing aimed at households with incomes of \$30,000 to \$50,000, she said, which is also a need in the market. "But when the HUD money dried up, the tax credits are now the ones I go after," Blons said. The tax credits are aimed at housing for households below 60 percent of area median income-a more moderate type of subsidy, she said. Then she adds housing vouchers to make the units affordable to very low-income households.

She said the tax credits, which actually end up going to corporations, have bipartisan support. "It's not the most efficient way to build housing," she said, "but it exists because it's got a political base."

Beacon's goal is to get tax-credit funding. Blons explained that the tax-credit money comes from the IRS and is allocated to state housing finance agencies to decide who gets that money. The MHFA makes that decision in Minnesota, she said. Only about 20 percent of that money actually goes to households that are below 30 percent of AMI, she said.

The agency has chosen to do some sub-allocations to cities, which have some power to decide which projects get the tax credits. She noted that the City of Minneapolis has enough tax credits to do one to 1-1/2 apartment buildings a year. "It's very limited," she said.

The City of Minneapolis has focused those credits on really low-income people, Blons said. The area median income (AMI) for the seven-county area is \$80,000 for a family of four, while the median income for Minneapolis is \$40,000. That means that about half the households in Minneapolis actually qualify for low-income housing, she said.

She said Minneapolis provided half of the tax credits for Beacon's 72-unit Great River Landing apartments, which provide housing for people coming out of incarceration. The state gave the other half.

State housing infrastructure bonds, which have been growing, were developed about five years ago, when the state decided to make some major capital investments in affordable housing. Blons said housing infrastructure bonds go into the state bonding bill

and are currently at the level of about \$100 million. It's a pot of money, she said, for which affordable-housing project proposals compete.

"It's a really significant amount of funding," she said. "It's increased the number of affordable housing buildings that can get built by about 50 percent in the Twin Cities." She said Governor Tim Walz is proposing increasing the bonding to \$150 million. "Our advocacy has been part of this," she said.

Government agencies and nonprofit organizations working on affordable housing are extraordinarily cooperative in the Twin Cities. "There are certainly challenges," Blons said. "If I could get funding from a single government entity rather than four or five, it would certainly be more efficient." But, she said, it is pretty well coordinated, because the cities and the state do talk and time their applications together.

"The goal is that if a project is going to get funded, let's make sure it's 100-percent funded," she said. "Funding half of a project is not helpful."

"But I think competition is really good," she continued. "We compete with other nonprofit and for-profit developers. It makes us develop a really good product."

She said there is a once-a-year application for tax credits, which is a highly competitive process.

Private-sector players must recognize the need to increase resources for affordable housing. An interviewer made that comment and Blons responded that some corporations are stepping up to do that. She mentioned that United Health Care is an investor in housing tax credits and is choosing to invest in supportive housing, believing that will improve health care. "But," she said, "we don't see a lot of major philanthropy in providing affordable housing."

She said housing tax credits are being proposed at the state level, but said they are pretty regressive. "What's the right tax policy?" she asked.

As the problem of affordable housing gets bigger, there's more thinking about workforce housing. Beacon does some work in Scott County, Blons said, and the majority of the people who live there drive out of the county to work, while others drive into the county to work. The people who live there don't work there.

Amazon, located in Shakopee in Scott County, is busing employees in because there is not enough housing available there for people who hold the Amazon jobs.

She said the county developed its 50 by 30 plan-now called Live, Learn, Earn-which is aimed at achieving 50 percent of the county's workforce living and working in Scott County by 2030.

Could affordable housing funds be used more efficiently by focusing on existing housing rather than new housing? An interviewer asked that question and Blons responded that rent subsidies *are* used in existing housing. "It's to help people who already live in that apartment right now, but struggle to pay the rent," she said. "The rent subsidy goes into the existing private rental market. The amount of low-income housing that is built as new housing is really, really small."