

FAMILIES^{and} HOUSING

A SPECIAL REPORT

By the Governor's Task Force on Families



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The Housing Shortage: An Ugly Rumor?

"The housing shortage is an ugly rumor circulated by people who have no place to live."

The above bit of irony, by the comedian Henry Morgan, expresses better than charts of figures both the heart of the housing problem and the way various segments of society perceive it. Vacancy rates, inventories of housing stock, costs of home ownership, percentage of rental units converted to co-ops and condominiums, percentage of landlords who do (or who don't) discriminate against families: all of these figures have different meaning for different people, depending finally on whether or not they have been able to find a place to live which meets their individual needs, and whether or not their livelihoods depend on selling or renting places to live.

In Culver City, California, a municipal judge, in ruling that it is legal for property owners to discriminate against families with children, said, "If families with children offered to pay sufficiently high prices, the barriers excluding them would quickly crumble. Property owners are not by nature perverse. Being economically motivated, they will go where the money dictates. Householders with children should pay a greater portion of their incomes for housing or should supplement their incomes. To ask the property owner to bear the cost to force others living on the premises to absorb the disutilities created by children's presence are insupportable on logical grounds."

A Minneapolis landlord, a man in his late fifties with eleven grandchildren, owns two solid, comfortable, middle-aged buildings, both of which contain two-bedroom units. He has always rented these units to families with children until last year. "Don't get me wrong - I like kids," he said. "I don't think they make any more noise or fuss than some adults do. But make no mistake about it, they cost more to rent in terms of broken windows, screens, and just general upkeep. With us, not renting to people with kids is only one of many cost-cutting measures we've had to take. We've had to raise all our rents just to stay even. Even so, we seldom have any vacancies. I guess we can thank the housing shortage for that. Otherwise, with inflation being what it is, we'd be out of business."

On the other hand, David and Mary Lou can thank the housing shortage for having to leave a two-bedroom spacious apartment in an apartment complex. Their landlord also decided he could no longer afford to rent to families with children. David works as a computer technician for a large corporation; Mary Lou works as a homemaker and mother of their two sons, aged eight and twelve. They have no pets, and their landlord offered them excellent recommendations, since neither of their children had caused problems in the building. And so they set out on a search for a two-bedroom apartment. Given their current income and obligations, they decided on \$300 a month as the top figure they could pay for housing.

The first time they consulted the apartment guide in their city newspaper on a Tuesday in early March, 1979, they found 151 ads for unfurnished apartments, 53 of which specified "adults." Only 55 of the 151 ads were for two-bedroom apartments which did not say "no children." David and Mary Lou began calling the 55 advertised vacancies. Some were no longer available; some preferred not to rent to families with children, or with more than one child, or with male children, or with children over the age of five. Many, of course, rented for well over \$300 per month. They consulted an apartment locating service and were referred rather promptly to four vacancies which would accept two male children and which rented for under \$300. With their want ad cuttings and the four listings in hand, they began to make rounds. They were still making rounds three weeks later and finally settled on a two-bedroom apartment in what is called a "family complex" for \$305 per month.

"It's not at all what we had in mind," David said. "And I think we were being realistic. We certainly had no hopes of finding as large and comfortable a place as we had been in. But this..."

Mary Lou was more specific. "The walls are paper thin; it would be noisy even without 100 kids. And the rooms are all small. Very depressing. But I guess it will have to do. You really don't have much choice in the matter with two kids and not much money."

Vanishing Options

Certainly, the greatest single housing problem is poverty. Because of this, the federal government set up the Section 8 Housing Assistance Program, designed to help low and moderate income families pay rent. To qualify, a three-person family must earn under \$13,950; a four-person family, under \$15,500.

If a family qualifies for help, they pay no more than 25 percent of their annual income for housing; the federal government pays the balance.

Since David's income is \$17,500, his family would not have qualified for Section 8 assistance. But Ethel, a single parent, the mother of a ten year old boy and a twelve year old girl, could and did qualify. Her income from all sources was \$12,000 a year.

She and her children had been living in a pleasant two-bedroom apartment in a building which satisfied them in every respect except one: the rent was \$265 a month, which after taxes, was considerably more than 25 percent of her income. She applied for and received a Section 8 Certificate, which allowed her sixty days in which to find suitable housing, according to Section 8 standards.

Since it was not necessary to move in order to qualify for the program, she approached her landlord with the Certificate. He refused to go along with it, saying that he didn't care to get involved with all the paper work the federal government requires. So she began her sixty day search for new quarters. She found another acceptable two-bedroom apartment which rented for \$265 a month, but was told that Section 8 rules would not permit her to rent anything but a three-bedroom apartment, because her two children are of different sexes. Since she was unable to locate, within sixty days, a three-bedroom apartment which rented for a maximum of \$308 (non-elevator building) or \$338 (elevator building), her Certificate expired. Her solution was one suggested by the Culver City judge: she went to work three nights a week as a cocktail waitress and remained in her original two-bedroom apartment.

Norma is also a single parent. She has six children. Unlike Ethel, she does not work full-time. She has a history of chemical dependency and evictions for not paying the rent. Most recently, she and her children have been living in a large, old, ramshackle house in an area of the city which is being "gentrified," i.e., affluent individuals and companies are buying and restoring old buildings in formerly decaying neighborhoods. Norma has a year of sobriety behind her, has paid off many of her debts, and neither she nor her children have been troublesome in her present location. But the house has been sold, and she must move.

Who bought the house? Mike and Jan, a couple in their mid-thirties without children, who earn more than \$40,000 between them. They have extensive plans for remodeling and restoring their home. They feel genuinely sorry about displacing Norma and her children. But as they tell their friends: she'll get relocation money and undoubtedly other assistance from the city, county, state or federal government. And as their friends tell them: the increased taxes on their house, on the whole rejuvenating neighborhood, will

contribute, in the long run, to Norma's welfare and that of her children.

Poverty is usually the greatest problem connected with any social issue, whether it is health, education, transportation--- or housing. But eradicating poverty, if such a thing were possible, would not solve the problems of Norma, Ethel, or David and Mary Lou. Unless Norma is able to find housing for herself and her children, financial assistance will not help much. Without suitable quarters, what good is a Section 8 Certificate to Ethel? And the only alternative open to David and Mary Lou is home ownership, a far-reaching and sometimes frightening commitment.

Take the case of Phil and Ellen, who moved to Minnesota recently from the East Coast. Most people would not feel that poverty was their problem. Phil earns \$35,000 a year. Like David and Mary Lou, they have two children, aged eight and twelve. Even though Phil's income allowed them greater latitude in selecting a rental unit, a survey of available rental housing convinced them that buying was the only answer for them. Ellen's parents loaned them money for a down payment; her father told them investing in real estate was a very sound financial move. Phil's colleagues simply assumed he'd buy a house. They told him he wouldn't be able to rent anything in the area he'd want his family to live in. Besides, rent was just money down the drain. Thus, in spite of the fact that Phil and Ellen had no desire to buy a house, and so far have not been able to perceive what many refer to as "the joys of owning your own home," they now live in an attractive, three-bedroom house with a beautiful yard and garden.

"I say we live in it," Phil said. "We're a long, long way from owning it." He added that more than a third of their income is going for housing. "It would be nice to be able to afford an occasional modest vacation once in a while. Or a steak. Or tickets to the theater. But all that's out---at least for the next few years."

A Home of One's Own!

"The overwhelming preference of the American family in housing is the single-family home, preferably owned, preferably detached," according to Nathan Glazer, writing in the Journal of Marriage and the Family.

In Minnesota, that preference is even more pronounced. 73 percent of all housing units in the state are single-family homes,

70 percent owner-occupied. Minnesota ranks fourth out of the fifty states in home ownership.

Yet the present cost of buying and maintaining a house has risen and is rising so fast that only 12 percent of Minnesota families have sufficient income to purchase new single-family housing. The median cost of a house climbed to more than \$43,000 last year. Property taxes have risen an average of 10 percent since 1970, 13 percent since 1960. Utility costs have soared and will continue to soar as the energy crisis worsens. Assuming a down payment of 30 percent and with mortgage interest rates standing now at 10.5 percent, the total cost of that \$43,000 house will be slightly more than \$100,000, with \$70,000 of that amount going for interest on the mortgage loan.

When those figures are compared with the median yearly income of a male headed Minnesota family with two or more earners---\$18,690---it is clear why 88 percent of Minnesota families can no longer afford home ownership.

In 1976, the Governor's Commission on Minnesota's Future issued a comprehensive report called Housing in Minnesota; it stated flatly: "Today's usable housing inventory is essentially filled, the vacancy rate being a scant 3 percent." (Vacancy rate here refers to both "for rent" and "for sale" vacancies.)

The report went on: "Furthermore, distribution of vacancies is uneven throughout the eleven economic development regions, with the lowest rates occurring in areas of greatest housing demand. Minnesota's over-all vacancy rate is very low by national standards; a higher vacancy rate is thought desirable by most authorities in order to allow for the mobility traditionally considered an American birthright."

The report predicted that vacancy rates are not likely to improve in the near future. By 1985, there will be 112,000 more young families (husbands and wives 20 - 34 years old) in the state than there were in 1975. As a result, Minnesotans will need approximately 45,000 additional housing units each year during the decade 1975-1985, about double the number of units ever produced in a single year in Minnesota.

The report concluded its findings for this aspect of the state of the state's housing: "There is little historical evidence to suggest Minnesota will be capable of meeting production at that level. Thus, there will very likely be an absolute shortfall of units, which is bound to affect most severely the poor and the near-poor."

Reports from the Metropolitan Council and St. Paul's Housing Information Office (the only city in the state with such an office),

indicate that the future is already here.

- During 1978, St. Paul's Housing Information Office aided 2,660 clients to obtain rental housing. Of these, 50 to 60 percent were for families with children.
- Metropolitan Housing Redevelopment Authority's waiting list for Section 8 rental assistance contains the names of more than 800 families in need of three to five-bedroom housing units.
- Only 2 percent of the rental units which meet the Housing Urban and Development's Fair Market Rent Limits contain more than two bedrooms.

Yet according to Minnesota Housing Finance Agency data, four bedroom units represent less than 0.4 percent of all multi-bedroom units in operation under construction, or in process.

Case histories and anecdotes, figures and analytical predictions all point to the same fact: that a housing problem, in some form, exists for an overwhelming number of Minnesota's families with children. Economic factors have altered and can alter the housing picture more than any other factors. The availability of mortgage money, taxes, energy costs, the inflation index, all influence in a very direct way the situations of David and Mary Lou, Phil and Ellen, Ethel, Norma and all the landlords in the state.

Changing Attitudes and Values

But the ethos of a society, its values, attitudes, assumptions, also have considerable effect on its housing problems and policies.

Consider, for example, the recent back-to-the-cities movement. Twenty years ago, suburbs were thought to provide ideal living conditions; ten years ago, "back-to-the-land" was popular as a remedy for the debilitating effects of city life. Now, many of those emigrants have found that suburbs have problems too, that life in the country involves more than clean air and quiet nights, that energy and transportation figure prominently in life style, and that cities, after all, have a lot to offer. Thus, many of them are moving back, or staying put, buying older houses and enjoying more living space and more convenient living arrangements than either the suburbs or the countryside are able to provide.

In an old historic neighborhood of St. Paul, the poor, near-poor and elderly are being displaced by the affluent, near-affluent and young. According to a study by Sonia Noronha Mykletun for the University of Minnesota's Center for Urban and Regional Affairs, three-fourths of the newcomers in this area are in their twenties and thirties. Nearly two-thirds of the households are childless. Chiefly professional with upper-middle incomes, 81 percent are college graduates.

Who are they displacing? The elderly on fixed incomes, minority families, AFDC families, all of whom lived in dilapidated homes not because they wanted to, but because they had no money to buy or refurbish, let alone restore, their housing. Where are they moving? To public housing, to some form of subsidized housing when waiting lists permit, to other sections of the city where "gentrification" has not yet begun.

This situation is not unique. The same phenomenon is taking place all over the country. U. S. News & World Report (February 19, 1979) estimates that 100,000 people are being displaced annually, nationwide, as a result of the back-to-the-cities movement, that 150,000 families in Washington, D. C. alone will be displaced during the next four years, that evictions in that city were already up 1,000 percent in 1978, mostly because of conversion of apartments to condominiums.

"Displacement is going to be one of the biggest political issues of the 1980's" Joseph F. Timilty, Chairman of the National Commission on Neighborhoods, predicts.

The recent and apparently growing aversion to children represents another change in American values and attitudes which, like the back-to-the-cities movement, is having significant impact on many aspects of the housing problem. Indeed, these two attitude changes often seem to go hand in hand. Twenty years ago, a young married couple simply assumed, along with the rest of society, that children would be a part of their future. Nowadays, however, to become a parent or not to become one is often a difficult decision. During the past decade, the birthrate in the United States has declined steadily. The Pill has been blamed, as well as a variety of other seemingly unrelated causes, i.e., economic crunch, liberalized abortion laws, inflation, a new narcissism, the women's movement, and the psychological and financial costs of child-raising.

But whatever the reasons, as Ellen Goodman, a nationally syndicated columnist, wrote: "There is a growing belief that each family should be on its own, a feeling that kids should be cared for totally by Those Who Choose to Have Them and kept out of the way of the rest of the Child-Free World."

Another columnist, Maureen Murphy, wrote in the Los Angeles Times: "Today, speak of renting to families and the word 'children'

becomes an epithet. Brats. Vandals. Little monsters. Children! Filthy. Rude. Noisy. Everyone who ever lived near one of these rude, boisterous little monsters has a horror story. Even adults who are ordinarily benign, even adults who have been parents, even adults who have been children..." Some children are indeed brats, but so are some adults. To generalize about any group is unfair.

Two of the reasons given most frequently for refusing to rent to families with children are that children disturb other residents, and that their presence costs a landlord more money in repairs and maintenance. Rock vibrations and late parties, loud television and marital fights can be just as disturbing as crying babies, running feet and wails in the halls.

The Minnesota Multi-Housing Association, an organization which represents over 1,000 owners of rental property throughout the seven-county metro area, conducted an opinion survey in which fifty of its building managers were questioned on the differences between renting to adults only and to families with children.

The managers were asked: "Based on your experience, do you evict for disturbing other residents more or less frequently for residents with children than for adults only?"

- 70 percent replied: "No difference between the two groups."
- 12 percent replied: "Less frequently."
- Less than one-fifth of the total sample said that they were forced to evict more families with children.

The second allegation---that it costs more to rent to families with children, is obviously true. Anyone who has observed children wearing out patches on grassy lawns, tracking mud across a floor, and losing hairbrushes down toilets would not challenge this point.

But for those who do need documentation, the results of the Manager Opinion Survey reveal:

- 81.8 percent agreed with the statement: "Maintenance costs are higher for apartments rented to residents with children."
- None agreed with the statement: "Maintenance costs are higher for apartments rented to adults only."
- The remaining 18.2 percent thought there was no difference in maintenance costs.

In the survey, the most costly damage associated with children were broken windows and damaged walls e.g., writing on walls, peeled wallpaper, gouges in woodwork. Litter, trash, damage to common areas was ranked first by 20 percent of the respondents, while 14 percent cited carpet damage, including burns, and 8 percent, damage to landscaping caused by vandalism and rough play.

No matter what the group or what the issue, stereotypes form the basis for most discriminatory attitudes and actions. Stereotypes are insidious because they usually contain some truth. Too often, however, individuals struggling to rationalize their prejudiced attitudes and actions present partial truths as the whole truth, thus creating a new definition which can cause more damage than an outright lie.

A single parent can be a victim of stereotyping on two counts. First by definition, a parent has a child or children. Second, a single parent is usually widowed, unmarried or divorced.

On the other hand, homeowners also elicit stereotypes. Here too, the effects can be negative. Homeowners, people believe, are more reliable persons than renters; they have a higher social status, are better citizens, better caretakers of property and better parents. But none of the above statements contain any more truth about individual homeowners than they do about individuals in other groups. Persons with high social status often rent penthouses; many solid, stable citizens live in rooming houses; many home renters shovel their sidewalks and mow their own lawns. And many parents in large cities, both in Europe and America, have raised fine families within the confines of an apartment.

Yet despite the facts, most Minnesota families dream of owning a single-family detached dwelling on one-quarter acre, or on a large lot. With space to call their own, children can run and play, make as much noise as they like and grow up to be happy and well-adjusted.

A fictional child, Eloise, (Eloise, by Kay Thompson, Simon and Schuster, New York, 1955.) grew up in New York's Plaza Hotel. She writes: "I live down at the end of the hall. Sometimes I take two sticks and skidder them along the walls. And when I run down the hall I slomp my feet against the woodwork which is very good for scuffing and noise. Sometimes I slomp my skates if I want to make a really loud and terrible racket...Oh my Lord, there's so much to do. Tomorrow I think I'll pour a pitcher of water down the mail chute."

While society has sympathy for widows and widowers, the unmarried parent and the divorced parent are almost always viewed uneasily, in spite of the growing tolerance for both situations. Parents without partners are usually seen by landlords as potentially undesirable tenants. About nine out of ten single-parent families are headed by women. Thus, in addition to the commotion a child or children may cause, women who head households bring out other stereotypes, i.e., women are less reliable than men in making rent payments; unmarried women will have boyfriends and wild parties; welfare recipients are shiftless and lazy.

In a tight rental market, many landlords are unwilling to look beyond these stereotypes, to take a chance on the fact that many single parents are honest, hard-working citizens whose children are the same as those in other families.

Perhaps Eloise did not grow up to be a happy and well-adjusted person; perhaps she did. But in any case, the outcome undoubtedly had more to do with her mother's child-raising practices ("She goes to Europe and to Paris, and when she goes to Miami she stays at the Roney and sends for me if there's some sun.") than with her living in the Plaza Hotel. Eloise, in a single-family detached dwelling might well have caused permanent damage to the house while building a campfire in the family room or digging a tunnel to China on a neighbor's property.

It is also claimed that homeownership is a wiser financial investment than renting. Like all stereotypes, there are some truths in this statement. Real estate can be a sound investment, if people have the money to invest. If a family can afford the initial down-payment, has money to spare for unexpected repairs and maintenance, if the combined costs of mortgage payments, interest, taxes and insurance do not exceed 25 percent of the family's income, if utility costs have been calculated realistically, then it is wiser financially to buy rather than to rent. The tax savings alone would make it worthwhile.

What many advocates of homeownership fail to notice is that the tax breaks they receive from federal and state governments are in one way a form of subsidized housing. Indeed, government spends more than three times as much yearly subsidizing homeowners as it does subsidizing all other forms of housing for the elderly, the poor and the near-poor.

"The high rate of homeownership in this state is, in part, the result of state and federal tax policies," according to James Solem, director of the Minnesota Housing Finance Agency. "Existing policy provides an incentive for single-family home ownership. It also provides a disproportionate benefit for middle and upper income families." In addition, it encourages the profligate use of land and energy, complicates the transportation problems which, in turn, complicate many other problems.

"Tax policies," Solem concludes, "which provide incentive to acquire single family detached dwellings, must be re-examined."

At the present time all signs, whether they are labelled "Energy", "Transportation", "Land Use", or "Money"---point to a future where it will no longer be feasible for most people to own a single-family detached dwelling. Like it or not, Minnesotans will have to revise their long standing preference for homeownership. The day is near when the multi-family rental unit will no longer be merely a housing way station.

The implications of this change will be felt most acutely by families with children. What, then, can government do to broaden the housing options for families?

What Can Be Done?

Legislation which prohibits discrimination against families with children exists presently in at least eight states: Arizona, Delaware, Illinois, Massachusetts, Michigan, New Jersey, New York and Oregon.

The statute in Illinois became law in 1909. Yet in spite of the fact that the state's attorney in each of the state's 102 counties is responsible for enforcing this law, according to the DePaul Law Review (1975), nearly half of them, in responding to a questionnaire, stated that they were not aware of the statute; nor, in the opinion of more than 75 percent of the same respondents, were the state's landlords or prospective tenants aware of it.

Minnesota, as it considers similar legislation to help families with children solve their housing problems, should keep in mind that in order to be effective, such a statute must be widely publicized. It should also provide for uncomplicated complaint procedures, prompt hearings, and penalties which might take the form of something besides modest dollar fines.

Regulation of taxes is the most potent tool available to government as it attempts to design policies. The housing picture for families in Minnesota could be altered far more radically by the use of wider tax breaks to encourage construction of new rental housing, by tax incentives for property owners to become, or to remain, landlords, by the modification of the large subsidy given to Minnesota's homeowners. Ideal would be a combination of anti-discriminatory legislation with redesigned tax policies.

Meanwhile, some measures addressed to the immediate crisis in rental housing for families with children would seem to be in order. Two such suggestions have been made, and others will undoubtedly be forthcoming in the future.

- Declare a moratorium on eviction of tenants who refuse to buy their quarters as condominiums or co-ops. Such a measure has already been taken in Brookline, Massachusetts.
- Institute a system of fines for specific damages to property, the fines to be levied against all tenants, those with and those without children. The fine system could be in addition to the usual damage deposit and might better protect the investments of landlords than "adults only" policies do. In addition, it might prove to be an effective method of educating all people to take care of their own environment.

Landlords and tenants, conservatives and liberals, investors and developers, families with children and those without them, must stop glaring at each other across tables and try to help each other promote solutions to a problem which is not hypothetical, which will not go away, and which has only one final solution--- more decent and affordable rental housing for all Minnesotans. Whatever means are used to achieve that end, it is essential that people be given as much consideration as dollars, that compromise replace confrontation, and that facts about the current and coming housing crisis replace wishes and unrealistic dreams.

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