After Minneapolis public housing fire, lack of federal funding comes to light

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The fire at the Cedar High Apartments, left, has put the spotlight on declining federal funds and the problems of deferred maintenance in public housing.

Earlier this fall, the interim executive director of the Minneapolis Public Housing Authority described how inadequate funding means “hard decisions and tough choices” about what to fix in the agency’s 42 high-rise buildings.

Tracey Scott said during an Oct. 28 interview that in MPHA’s case, that’s meant repairing boilers, heaters, plumbing, electrical systems and replacing fire alarms. But like housing authorities nationwide, they have had to make do with a lack of federal funding.

“Our priority is to make sure that life and safety are always taken care of,” Scott said. “Quite simply that’s the hard choice you have to make because you would like to replace a kitchen cabinet but that has to come second to life and safety. We have to make choices.”

Four weeks later, on Nov. 27, a fire broke out on the 14th floor of the agency's Cedar High apartments that killed five residents and injured four others. Now, housing authorities and lawmakers are reckoning with the life-or-death consequences of deferring needed building maintenance and renovations. The absence of sprinklers is raising questions about the housing authority's maintenance priorities. It has also placed a focus on the agency's estimated $152 million in needed maintenance and renovations, including $69 million for plumbing and fire systems, according to the agency's 2020 report.

Nationally, funding for public housing capital needs declined 31% from 2001 through 2017. Statewide, Minnesota public housing authorities have an estimated $354.9 million in critical maintenance and repairs, according to a report released in March by the Minnesota chapter of the National Association of Housing and Redevelopment Officials (NAHRO).

On Thursday, Minnesota Democratic Sens. Amy Klobuchar and Tina Smith wrote to Housing and Urban Development Secretary Ben Carson demanding answers on what HUD is doing to install sprinkler systems in high-rise buildings and asking what HUD will ask for from Congress to help. The agency's 2020 budget request proposed zeroing out its capital fund.

U.S. Rep. Ilhan Omar, D-Minneapolis, announced last week that she will introduce legislation requiring public housing units nationwide to be equipped with sprinklers "so that we never see another devastating tragedy like the one that befell the residents of my district." Omar introduced a bill last month that would include allocating $1 trillion over a decade to affordable housing, including creating 12 million new public and affordable housing units and a permanent fund for public housing maintenance.

"Make no mistake: we as lawmakers bear responsibility for the deplorable conditions of our public housing. It is time we address it once and for all," Omar said in a Dec. 5 tweet.

Public housing authorities rely on two pots of money from Congress: the operating fund and capital fund. The operating funds help with administrative needs and everyday maintenance issues while the capital needs fund pays for more substantial repairs and projects including overhauling units, heating, electrical, sewage systems and more.

Housing authorities nationwide have blamed Congress for failing to spend enough to preserve the public housing units available. In 2018, Congress increased funding for capital needs after years of declining support. The agency received $14.8 million from the federal government in 2019 but spent $2 million more than that this year. MPHA used state grants and moved around funds from elsewhere in its budget to come up with the needed cash. In 2020, it's anticipating spending $20.1 million on more repairs and building updates.

Scott compared the building maintenance to car repairs where "after a while the engine may start to wear down even if on the inside it looks beautiful."

"We're a public agency and the mission is that we provide quality, well maintained homes

for families to thrive and these are members of our community that need support and that helping hand," Scott said. "We are providing a roof today, but if we don't maintain it there would not be a roof tomorrow."

Fire Department officials have not determined the cause of the Cedar-Riverside building fire, other than to say it was an accident. The 25-story structure at 630 S. Cedar Av. has partial sprinkler coverage on the main floor and lower mechanical equipment rooms but no sprinklers on the upper levels where people lived. The building was created before government codes in the late 1970s and early 1980s started widely requiring sprinklers in high-rise buildings. MPHA estimated it would cost $867,502 to install a sprinkler system in the building.

MPHA has sprinklers inside apartments in 16 of its high-rise buildings. During the Oct. 28 interview, Laura Dykema, director of planning and development for the Minneapolis Public Housing Authority, said housing codes have changed over the last several decades and that the agency is trying to slowly install sprinklers, but it comes down to funding.

"As we do major modernization, we try to install those wherever possible but we haven't gotten to all of the buildings yet," Dykema said. "They have fire alarm systems which we actually replaced all of those original panels recently ... but that's one example that we can't just go and do [it] at all of our buildings right now."

Sunia Zaterman, executive director for the Council of Large Public Housing Authorities, said members of Congress understand the importance of public housing in their districts but haven't had the "organized political will and bipartisan support that we need." The budget process is also so rigid that authorities can only hope at best that Congress maintains previous funding levels.

"We are at the turning point in part because the affordable housing crisis is so heightened in our communities," Zaterman said. "This is such an essential resource, the understanding that we have to invest is more pervasive and people are beginning to understand that ... but we haven't had the reflection in our funding yet."

That's why public housing agencies nationwide have had to find creative solutions to rake in more cash to fast-track repairs and upgrades. That includes low-income housing tax credits and working with private and nonprofit developers.

In MPHA's case, the agency has been approved for two federal programs that they applied for with the sole intent of using the funds for needed public housing repairs. Those programs, the Rental Assistance Demonstration program and Section 18, will help bring in a boost of millions of dollars over several years for maintenance on high rise buildings and single family homes, according to MPHA officials. Those efforts have received pushback from tenant advocates worried about displacement and privatization.

Greg Russ, chair of the New York City Housing Authority who led the MPHA until earlier this year, called the Minneapolis apartment fire “heartbreaking” and a “human tragedy.” During his time with MPHA he said the agency was “never shy” about its need for funding. He pointed out that’s why the agency applied for programs like RAD to lay the groundwork for future funding. But having all public housing install sprinklers would be an expensive feat.

“We don’t have enough funding to keep basic systems in place nationally and have to pick and choose when we do get the capital money,” Russ said. “If someone advocates for better fire and sprinkler systems, fine, but I don’t know if that’s going to have an impact on the federal appropriations process.”

Minnesota public housing authorities have also tried to scrounge for funds from the Legislature. Homes for All, a coalition of housing organizations, pushed unsuccessfully for a $60 million bond.

The group plans to advocate for a $100 million bond for public housing rehabilitation.

Shannon Guernsey, executive director of the Minnesota chapter of the NAHRO, said that housing groups are feeling good about their chances of getting the bond approved and “really taking a big bite out of this pretty big backlog.” The bond would help supplement what the federal government gives to the housing authorities.

“I don’t think it lets the federal government off the hook at all,” Guernsey said. “Instead it’s a recognition of the reality of the backlog and that it is more effective to preserve them, and if we lose them, it will cost us more to try and recreate them.”