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No room for the needy

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MUNCIE -- Affordable housing in Muncie is no more than a no-vacancy sign to many people who need shelter.

Just look at the numbers.

When the new Millennium Place neighborhood just south of downtown Muncie opened with 85 units, they were filled immediately with a waiting list of 200 people. Demand for Muncie and Delaware County public housing and Section 8 rent subsidy adds another 800 people to the list.

"You can see the demand by the waiting lists," said Guillermo Rodriguez, Muncie Housing Authority (MHA) executive director.

Two out of three people or families eligible for public housing or Section 8 subsidy don't get help, according to a 2005 federal housing report.

The 2000 Census (offering the most recent comprehensive statistics available) shows that more than 5,133 homeowners and renters -- or 17 percent of all Delaware County households -- meet the threshold for public housing assistance. To qualify for assistance, 30 percent of monthly adjusted household income must not exceed the fair market rent or mortgage.

"This explains the long waiting lists," said Bill Shaw, spokesman for the Indianapolis office of the U.S. Department of Housing and Urban Development (HUD).

While need is rising -- particularly because job wages are stagnant -- resources are falling.

Federal HOPE VI housing funds were tapped for the \$12.3 million grant being used to build Millennium. But such federal money has declined nationally from \$500 million to about \$100 million over the past five years.

And federal Community Development funds were cut by \$350 million nationally last year, with Muncie suffering a 10-percent decline in CD money for affordable housing.

To swim against the tide of rising need for housing assistance, public and private organizations that focus on affordable housing in Muncie are using a variety of strategies. (See 'Solutions in action' segment at the end of this article.)

But the disparity between need and availability is a stark reality for those who have trouble finding a home.

Terrie Reynolds wonders where people are supposed to go to get affordable housing. A former housekeeper, Reynolds can no longer work because of a disability. She gets \$629 a month from Social Security and has to pay for her own medication and oxygen.

"I need a roof over my head," Reynolds said.

Reynolds, 51, went to the MHA but was discouraged when she learned of the waiting lists. She currently lives with a friend but might have to move in with one of her grown children.

"What are the elderly to do? Live in the streets?" Reynolds asked. "I worked all these years, paid taxes and helped pay for programs for people like me, and I cannot get any help."

Crime swept away

Emma Davis, who raised 10 children in Munsyana Homes, was one of the fortunate seniors to get living space in Millennium Place, which replaced the decrepit Munsyana public housing complex along South Madison Street.

"I love it here," she said.

The pretty bright houses and apartments replaced the old concrete block buildings of Munsyana that opened in 1941. The new homes and apartments have modern appliances and fixtures, central air and cable and Internet hookups. They look much like other new apartments in Muncie.

After a generation, Davis said the neighborhood had declined into crime, violence and drug dealing. She says all of that was swept away when Munsyana was torn down.

"If they get the right people running this, it will last," said Emma Price, a longtime Munsyana and now Millennium resident and member of the MHA board of commissioners. "Some people still think this is a place to be afraid of, but that is all gone."

Deputy Police Chief James Peters Jr. agreed, saying crime in the old "low end" was down since Millennium was built.

"The management of Millennium is doing more screening, and they are doing more enforcement of the rules," said Peters.

However, hot spots for crime, Peters said, are nearby -- in neighborhoods such as the Old West End and Avondale.

Promoting reinvestment

The local housing authority partnered with Flaherty & Collins (F&C) Properties, Indianapolis, which is building and managing Millennium using a mixture of public and private money. Total cost of the Millennium neighborhood and surrounding development will run about \$45 million. About 67 percent of the money came from private and philanthropic financing.

Millennium will be home to a combination of people from different socio-economic groups, which will help promote neighborhood reinvestment and family self-sufficiency, said Duane Miller, F&C vice president for community development.

F&C manages similar HOPE VI projects in Indianapolis called Concord Village, and Eagle Creek, and there is one other HOPE VI project -- in Gary -- being built in Indiana.

When finished, Millennium will provide 160 apartments and 384 bedrooms, housing an estimated 600 or more people. That does not include Howard Square for seniors and Passageway, a family shelter. Together, Howard Square and Passageway offer 40 apartments and 70 bedrooms.

In all, the new affordable housing buildings in the local HOPE VI project will be home to as many as 800 people, according to property managers.

But it won't be nearly enough.

"There is a big demand for affordable housing in Muncie," Miller said. "By all means, this will not max us out."

Private management

Recent affordable housing strategies from HUD have pointed to more developer and privately funded housing for people of low and moderate income. Section 8 pays a portion of a person's rent in private housing, and many of the HOPE VI projects nationally have been developer built and managed.

Last year, HUD subsidized 96,455 units of affordable housing in Indiana, spending more than \$545 million.

"We have a lot of affordable housing," said Shaw, who also worked in Chicago. "That is not the big hurdle."

The gap between affordable housing and need springs from low wages more than anything else, according to federal housing officials and policy experts.

Indiana's low median income, especially in places like Muncie, makes more people eligible for housing assistance. Muncie's median household income in 1999 was \$26,613, compared to Indiana's at \$41,567.

“To the extent that we have an affordable housing problem, (it comes from) wage stagnation,” said David Reingold, associate professor of public policy at Indiana University.

Low income makes it difficult for many first-time home buyers to keep a mortgage and maintain a home, even with help from the government or a non-profit group that built the home, Reingold said.

“Look at the mortgage foreclosure rates in Indiana,” he said “They are through the roof.”

Indiana led the nation in foreclosure rates in 2002, according to the Mortgage Bankers Association of American, at about 2.41 percent, double the national average of 1.18 percent.

“Indiana is a state with very high rates of home ownership compared to the nation,” said Patrick Barkey, director of economic and policy studies at Ball State University’s Miller College of Business. “We have more risk households who own rather than rent.”

Trying to raise the income of low-paid workers is extremely expensive based on the average investment of \$1,000 in job training for every \$100 increase in wages, according to Reingold.

“It is still much less expensive to build a house than to improve the human capital,” he noted.

Solutions in action

Housing strategies being used locally have proved successful, Reingold said.

One of the strategies is to mix people of different income levels in neighborhoods like Millennium and to scatter affordable housing nearby. This strategy is used in a component of the Millennium project where the Muncie HOME Center will build 44 homes mainly in the Industry Neighborhood on the city’s near southeast side.

And then there’s the charitable approach. Greater Muncie Habitat for Humanity is building 23 new homes in the Whiteley neighborhood.

“Charitable organizations generally have a better knowledge of what their community does,” said Reingold. “And they have a mission of helping people in need.”

The HOME Center was funded a decade ago by a Lilly grant and has built 44 new homes, including homes in the Blaine School neighborhood, for low- and moderate-income residents.

“I believe the concept of mixed-income neighborhoods will only enhance the success of the project,” said Penny Leach, HOME Center director. “It allows everybody to live in the neighborhood.”

Irene Michael just moved into the Blaine neighborhood after living for a decade at Gillespie Apartment, a public housing complex for seniors.

“It’s a good neighborhood,” said Michael, who lives on a fixed income.

A 2003 study on affordable housing by the Center on Urban and Metropolitan Policy at the Brookings Institute, Washington, D.C., confirms Muncie and non-profit housing groups are taking the right direction by providing affordable housing.

Housing policy must go beyond just building homes, the study showed. Programs have to build household wealth and protect family health and stability. Housing policy also should promote racial and economic diversity and link housing with support services.

The basic goal of any affordable housing strategy remains to preserve and expand the supply of good-quality housing, along with making existing housing more affordable and available. And balanced metropolitan growth should be a factor in the policy, the study showed.

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